

UNIVERSITY OF KWAZULU-NATAL

**A Comparative Analysis of Business Strategies for
Professional Cricket and Rugby in South Africa since 1994**

by

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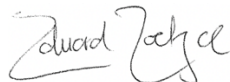
DECLARATION

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I thank God for His grace and blessing as I experience this journey. I have been truly blessed beyond my wildest dreams.

Sport has been a big part of my life and rugby, especially, has provided me and my family with great opportunities and life experiences. Having grown up in South Africa as a young boy in the 1990s, I lived through the birth of our country's democracy and the changes and challenges that all citizens of our rainbow nation experienced together. The road is long and the journey is not yet finished. I truly believe in South Africa, and in our history, where the best is yet to come.

My wife, Seren, my rock who supported me through every stage of this study, never kept count of the sacrifices made while I pursued my passion. I thank you for being an amazing woman and I am proud to call myself your husband. I thank my three boys - Daniel, Benjamin and Christian for having to put up with their Dad working late and being absent while writing this thesis. I've missed friends and family during this journey and I look forward to catching up.

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At times I felt that there was no light at the end of this research tunnel and my relief on reaching the end on this journey was immense. I do believe that there is further research and development to be done, as the field of inclusive innovation in South African sport is an evolving subject, and the only certainty is etched in my conviction that "*we don't know what we don't know yet*".

ABSTRACT

This study is focused on professional sport in South Africa, in particular the three most popular sporting codes in South Africa: football (soccer), rugby and cricket. Its aim is to develop a business model which will transform and develop South African sports organisations into inclusive and successful businesses. South African sports teams are internationally competitive, but within the country sport has to deal with several challenges. These include breaking the historical negative associations of rugby and cricket, transforming these sports so they are considered inclusive, and financing their growth and development.

The literature review examines the history of sport in South Africa, the nature of inclusive sport, the transformation process required for inclusivity, and sport as business. Rugby, cricket and football have different histories in South Africa, and have different levels of transformation. The research philosophy used is pragmatism, associated with mixed-methods research. Both quantitative data, using survey results, and qualitative data, with semi-structured interviews, are employed. These choices are validated in the conclusion.

While football is considered by government to be fully transformed in terms of the Transformation Charter, this is not yet the case for rugby and cricket. It is argued in this thesis that these sports need to transform rapidly, not just to satisfy government, but also for good business reasons, in reaching a much enlarged market. Broadcasting rights are increasingly the major source of income for sporting bodies, with stadium attendance declining. Rugby and cricket are currently broadcast on pay-TV DSTV Premium channels, which brings substantial income, but a limited audience. Free-to-air SABC only broadcasts international rugby and cricket matches, as sports of national interest. It is argued that ways need to be found to increase the reach of rugby and cricket, on DSTV Compact or SABC. Another current challenge is the player drain, with many high-profile players playing overseas, which has a negative effect on stadium attendance and revenue. In an attempt to provide a sustainable model for the funding of transformation and development of sport in South Africa, the potential of using a B-BBEE solution was investigated as a case study.

RACE TERMINOLOGY

The terms used to describe different races in this paper is in accordance with the *Constitution of the Republic of South Africa Act of 1993*. It is necessary to use these terms in this dissertation in order to understand the South African racial context described within this study.

According to the Broad-Based Black Economic Empowerment Act:

“black people” means African, Coloured or Indian persons who are natural persons and:

1. are citizens of the Republic of South Africa by birth or by descent; or
2. are citizens of the Republic of South Africa by naturalization before the commencement date of the *Constitution of the Republic of South Africa Act of 1993*; or
3. became citizens of the Republic of South Africa after the commencement date of the *Constitution of the Republic of South Africa Act of 1993*, but who, but for the Apartheid policy that had been in place prior to that date would have been entitled to acquire citizenship by naturalization prior to that date (Government of South Africa, 2014).

“white people” refers to all people with origins in Europe, the Middle East or North America.

Due to the nature of the research done in this paper, and to correctly explain the history of rugby, cricket and football in South Africa, I will use the terms “African”, “Indian”, and “Coloured” as well as “black”.

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ACRONYMS

ABSA	Amalgamated Banks of South Africa
AFS	Annual Financial Statements
AMPS	All Media and Products Survey
ANC	African National Congress
ASA	Athletics South Africa
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
BRC	Broadcasting Research Council (of South Africa)
BRC TAMS	Broadcasting Research Council Television Audience Measurement Survey
CAPI	Computer-assisted personal interviewing
CAWI	Computer-assisted web interviewing
CEO	Chief Executive Officer
COO	Chief Operating Officer
CSA	Cricket South Africa
CSRU	City and Suburban Rugby Union
CWC	Cricket World Cup
DS-CAPI	Double (or dual) screen computer-assisted personal interviewing
DSTV	Digital Satellite Television
DVD	Digital Video Disc
ED	Enterprise Development
EDUTRUST	Education Trust
EME	Exempt Micro Enterprise
EPG	Eminent Persons Group
EU	European Union
FIFA	Fédération Internationale de Football Association
FTA	Free to Air
FTP	Future Tours Programme
GDP	Gross Domestic Product
GE	Generic Enterprise
GIR	Get Into Rugby
GPRS	General Packet Radio Service
HSBC	Hongkong and Shanghai Banking Corporation
IBA	Independent Broadcasting Authority (before 2000)
ICASA	Independent Communications Authority (from 2000, incorporating IBA)
ICC	Imperial Cricket Conference (1909-1965)
ICC	International Cricket Conference (1965-1989)
ICC	International Cricket Council (from 1989)
IoDSA	Institute of Directors in Southern Africa
IRB	International Rugby Board
KFC	Kentucky Fried Chicken
KZN	KwaZulu-Natal
KZNRU	KwaZulu-Natal Rugby Union
LFA	Local Football Association
LSM	Living Standards Measure
MoA	Memorandum of Agreement
NCB	Natal Cricket Board
NDP	National Development Plan
NPC	Non-Profit Company

NPO	Non-Profit Organisation
NRL	National Rugby League (Australia)
NSA	Netball South Africa
NSC	National Sports Council
NSL	National Soccer League
NSRI	National Sport and Recreation Indaba
NSRP	National Sport and Recreation Plan
PC	Personal Computer
PPFPA	Preferential Procurement Policy Framework Act
PR	Public Relations
PSL	Premier Soccer League
PVR	Personal Video Recorder
QC	Quality Control
QSE	Qualifying Small Enterprise
RDP	Reconstruction and Development Programme
RFU	Rugby Football Union
ROI	Return on Investment
RPC	Regional Performance Centre
RWC	Rugby World Cup
SABC	South African Broadcasting Corporation
SABCB	South African Bantu Cricket Board
SABRB	South African Bantu Rugby Board
SACBOC	South African Cricket Board of Control
SACOS	South African Council of Sports
SACRFB	South African Coloured Rugby Football Board
SAFA	South African Football Association
SAICCB	South African Independent Coloured Cricket Board
SAICU	South African Indian Cricket Union
SAMCB	South African Malay Cricket Board
SAMRA	South African Marketing Research Association
SARFU	South African Rugby Football Union
SARLA	South African Rugby Legends Association
SARU	South African Rugby Union
SASCOC	South African Sports Confederation and Olympic Committee
SED	Socio-Economic Development
SETA	Sector Education and Training Authority
SOM	Stadium Operational Model
SRSA	Sport and Recreation South Africa
STP	Strategic Transformation Plan
TAM(S)	Television Audience Measurement (Survey)
TMC	Transformation Monitoring Committee
TV	Television
UCB	United Cricket Board
UCBSA	United Cricket Board of South Africa
UE	Universe Estimates
UK	United Kingdom
UN	United Nations
WPCRU	Western Province Coloured Rugby Union
YDF	Youth Development through Football
YoY	Year on Year

Chapter 1: Nature and Scope of the Study

“Sport has the power to change the world. It has the power to inspire. It has the power to unite people in a way that little else does. It speaks to youth in a language they understand. Sport can create hope where once there was only despair.”

Nelson Mandela, Laureus World Sports Awards Ceremony 2000 (laureus.com, 2017)

1.1 Background to Research – Transformation in Sport in South Africa

Sport has been a fundamental part of South African culture historically. It represents a microcosm of South African society (Department of Sport and Recreation, 2013) and has had an undeniable socio-political impact, from community level through to national and international competitions. Minister of Sport, Makhenkesi Stofile, said in 2008, *“Sport must be a catalyst for the building of a non-racial, non-sexist, democratic, prosperous and free South Africa. It must build social cohesion and build a proud South African nation of all South Africans”* (Höglund and Sundberg, 2008, p.815).

Sport is no longer just a recreational activity for people who aim to lead a healthy lifestyle. Nowadays it has huge commercial value, and professional sport generates large revenues. The undeniable fact remains that sport matters, and it matters to all South Africans. Sport has a huge impact, is recognised as a means of fostering social cohesion, and is known to increase civic pride (Wicker, Prinz and von Hanau, 2012). Sporting success by a country’s national team is a proven source of national pride, and can often be used as an instrument to bridge political and social divides (Heere, Walker, Gibson, Thapa, Geldenhuys and Coetzee, 2013).

However, despite its intrinsic value to all South Africans, sport in this country is also associated with division. The legacy of apartheid has meant that while historically sport in South Africa has often been seen as a unifier of the country, it has just as often been seen as a divider of the nation.

South Africa has a rich sporting history. The success of various sporting codes in the country has provided many opportunities for fostering national pride and identified as a catalyst in building the identity of the rainbow nation (van der Merwe, 2007). Sport has the power to bring people together, to cross racial divides and to bring closer together different demographical groups that have been separated by physical, economic or political barriers (Department of Sport and

Recreation, 2009). According to the Transformation Charter for South African Sport, transformation is “*a process of holistically changing the delivery of sport through the actions of individuals and organisations that comprise the sport sector to ensure that there is increased access and opportunities for all South Africans, that the socio-economic benefits of sport are harnessed, and that the constitutional right to sport is recognised*” (Department of Sport and Recreation, 2011, p.4).

In recent years South Africa has turned to sport as a reconciling factor in a nation which has often been divided by political events and policies. Sport in South Africa has always been aligned along racial lines. After 1948 the Nationalist government came to power and purposefully demarcated all areas of society according to racial categories (Cupido, 2014). Apartheid in South Africa was a system of racial segregation involving political and economic discrimination against all black people - African, Coloured and Indian South Africans (Taliep, Gamielien and West, 2015). Opposition to the government and its policies was dealt with harshly, and South Africa was increasingly isolated from the international arena. Sport was a primary battle ground on which the struggle against apartheid was fought.

1992 signified a transformation in South Africa. After years of incarceration by the apartheid government Nelson Mandela was released from prison. On 27 April 1994 the first democratic elections were held in the country, and the ‘rainbow nation’ was born. A new constitution for the country was established in 1996 (Bekker & Leildé, 2003).

After the 1994 elections Nelson Mandela became the first black president of South Africa. This fundamental change ended political and economic sanctions against South Africa and heralded the reintroduction of South Africa into the international sporting arena. Two triumphs secured the rainbow nation’s position back in the sporting world - in 1995 South Africa won the Rugby World Cup and in 1996 football’s African Cup of Nations. The 1995 Rugby World Cup victory represented an ‘orchestration of national identity’, in which class and race discrepancies in South African were momentarily put aside in a spirit of reconciliation. South Africa’s triumphant status was commoditised for both an internal audience and an international market (Merrett, Tatz and Adair, 2017). Since 1994, the South African Government has embarked on a dynamic process of promoting change in South Africa through a democratic constitution, the introduction of new policies and laws, and focused on non-racialism and non-sexism ethics (SRSA Strategic Management, 2011).

The image of Nelson Mandela in a Springbok jersey, handing over the Rugby World Cup trophy to Springbok captain Francois Pienaar is considered an iconic moment in South Africa’s history

and a symbolic moment in the country's new-found democracy. Mandela's spirit of reconciliation helped to hasten the transformation process and to ensure that sporting teams became more representative of South Africa's demographic make-up.

The South African Government's *White Paper on Sport (1997)* was based on the theme 'Getting the Nation to Play'. Its purpose was to take sport and recreation to everyone. The Department of Sport and Recreation set goals in order to realise these objectives, which were to:

- increase the level of participation in sport and recreation activities
- raise sport's profile in the face of conflicting priorities
- maximise the probability of success in major events
- place sport at the forefront of efforts to educate the public about HIV/AIDS
- reduce the level of crime.

Transformation was the central goal, as sport impacts on allied facets such as health, economics, education, crime, nation-building, international relations and nurturing national unity (Bayer, 2010).

1.1.1 Representation in Sport

An important strategy utilised to achieve representation has been the enforcement of quotas, a system whereby a set number of players in a squad must represent a community other than white. In rugby, for example, quotas at top club team levels ensure the inclusion of black and coloured players in their squads (Höglund and Sundberg, 2008). The quota system is not unique to South Africa. In America in the late 1960s, a system called affirmative action, or positive discrimination, was implemented as a way of addressing past injustices. Where possible, a member of a minority group, with reasonable qualifications for a job, but previously debarred by law or custom from reaching certain levels or positions, should be given the job ahead of other mainstream competitors (Merrett, Tatz and Adair, 2017). The Malaysian Constitution protects ethnic Malays and promotes their inclusion in all spheres of society, in much the same way as the South African Constitution provides for measures to redress the imbalances of the past (Department of Sport and Recreation, 2013). In Malaysia, the strict quotas resulted in a significant increase in the participation of ethnic Malays, despite the fact that the national hockey and badminton teams dropped in terms of their world rankings. When these formal quotas were relaxed, the number of Malays selected in the respective national teams reverted to pre-quota levels, based on the

inference that the strict quota system did not provide a sustainable model for successful transformation (Department of Sport and Recreation, 2013). The South African quota system initially used more flexible targets, resulting in a noteworthy increase in black players, while the national team have largely continued to perform at pre-transformation levels or better (Department of Sport and Recreation, 2013).

The South African government grew impatient with the slow rate of transformation in sport and issued strong ultimatums to various sporting codes. In 2012 An Eminent Persons Group (EPG) on Transformation in Sport was established to manage a system to evaluate, advise and report on sport's transformation status and its effectiveness in terms of the Transformation Charter. The EPG was tasked to ensure that the Sports Ministry has adequate information and insight to assess transformation status, and to be in a position to formulate interventions aimed to improve the rate and effectiveness of transformation at all levels and areas of South African sport (Department of Sport and Recreation, 2015). The EPG is tasked by the Minister of Sport and Recreation, and required to keep an oversight role on sports transformation throughout South Africa. Their definition and description of transformation sets the tone for proper performance management and measurement, and the EPG Report is presented to the Minister of Sport, who then decides on appropriate action for individual sporting federations should they not meet the required targets. In a statement in April 2016, Minister of Sport, Fikile Mbalula, suspended the privileges of SA Rugby, Cricket South Africa and Athletics SA from bidding for international tournaments due to a lack of transformation. This announcement was made following the release of the EPG Report on Transformation in Sport in Pretoria. Mbalula further said that "*In respect of the South African Football Association (SAFA), I am delighted that SAFA has met its transformation targets. I will, however, issue a Ministerial directive to SAFA as a consequence of their poor drive to penetrate and roll out football in former Model C schools and private schools*" (Department of Sport and Recreation, 2018, p.14).

Initially the transformation plan for sport in South Africa was from the bottom up. A “catch-up strategy”, funded by Government, was proposed in under-developed areas so that more young people from disadvantaged areas are afforded the opportunity to unlock their potential. It was proposed further that off-the-field transformation should also be promoted and administration, coaching and technical structures should be transformed (Department of Sport and Recreation, 2011).

In an attempt to speed up the transformation process of sports the Department of Sport and Recreation put in place a target of at least 50% ‘generic black’ representation for a team or federation to be regarded as having been transformed (EPG Transformation Committee, 2017).

Within that 50% representation the expectation is that half of those will be black African. Generic black is defined by the Department of Sport and Recreation as 'black African, Coloured and Indian'. Black African is not specifically defined by the department but is generally accepted as meaning a South African of an indigenous African tribe (SARU, 2014).

The effect of these targets was that the South African Rugby Union (SARU) was committed to:

- Increased black participation to 50% by 2019 in all SARU domestic competitions.
- Increased black participation in all national teams to 50% by 2019.
- Increased black participation at executive and board level provincially and nationally to 50% by 2019.
- Increased black participation in team management at national level to 50% by 2019.
- Increased black coaches and referees involved at provincial and national level to 50% by 2019 (SARU, 2014).

During 2013 Cricket South Africa (CSA) held a Transformation Indaba which adopted wide-ranging resolutions, including the rapid Africanisation of cricket as a strategic priority (Cricket South Africa, 2016). Cricket managed to increase their generic black ('non-white') representation sufficiently in all its structures, that the sport achieved the target of 50% set in 1994. The government therefore decided that the 50% should be elevated to 60%. In addition, a target has been set to improve black African representation in sport (Department of Sport and Recreation, 2015).

From 1994, and the birth of South African democracy, and for the larger part of the 2000s, moral reasons for transformation were dominant. However, because of prevalent linguistic, ideological, political, socio-economic and cultural divisions, these reasons proved divisive and not upheld by everyone. Negative consequences of this approach included 'black' participants being stigmatised and labelled as 'quota' players, and Coloured and Indian representation in national teams increasing at the expense of black Africans (EPG Transformation Committee, 2017). The effects on white participants were just as negative, as they felt overlooked and discarded in their own country. Oregan Hoskins, former president of SARU, points out how intricate the situation is where black aspirations must be balanced against white fears (Hoskins, 2014).

After the peaceful transition to democracy in 1994, former President Nelson Mandela used the 1995 Rugby World Cup as a vehicle to bridge the country's social and political divides. This presented a unique opportunity to reconstruct the fragmented sport and recreation landscape. A unified sports codes and system was established, fortified by principles of democracy, equity,

transparency, demographic representation and increased participation (EPG Transformation Committee, 2015).

The contribution that sport can provide to the future of our country is far-reaching, both in terms of the recreational value of participation in sports to individuals, as well as the social cohesion that is gained from a successful national team. In May 2018 President of South Africa Cyril Ramaphosa said in a speech that we should acknowledge that in the past a particular racial group had reaped economic and other benefits. They must therefore recognise that, *“we have a responsibility to contribute so that we can build a new nation from the ashes of apartheid The ANC believes South Africa belongs to all who live in it. The Freedom Charter is clear.”* (Matthews, Lionel, Drus, First, & Lipman, 1955).

The focus of this study will now turn to the commercial contribution professional sport can make to the country, with the aim of creating inclusive business strategies for sport, encompassing transformation and commercial viability.

1.1.2 Popularity of sporting codes in SA

A survey conducted in South Africa by Sponsorlink (2015), aimed to determine the population's interests in various sports. The survey determined that the top three sports in South Africa were football, rugby and cricket, with more than 60% of participants stating that they are extremely interested in these sports. The Sponsorlink survey therefore positioned these three sports as the three most popular sports within South Africa (Sponsorlink, 2015).

In another study conducted by Frontiers (2015) to determine the three most supported sporting codes in South Africa, the correlation with the Sponsorlink study is clear, as the same three sports occupied the top three positions. The Springbok Rugby brand leads with 68% support, followed by the Proteas Cricket Team with 65% and Bafana Bafana, South Africa's national football team, the third most popular brand at 50% (Frontiers, 2015b). All of these studies were conducted with a target group from Living Standards Measure (LSM) 5+ and aged 18–50+.

The commercial power of the world of sport is stronger than ever, and an important contributor to the economy. In South Africa, where unemployment was documented at 27% during the first quarter of 2017, the highest recorded unemployment since 2003, job generation through sport plays an important part (Stats SA, 2017).

The three top South African sporting codes, rugby, cricket and football, generate significant revenue and contribute a large number of jobs throughout diverse sectors.

In 2016, the revenue of the South Africa's three national sporting bodies were:

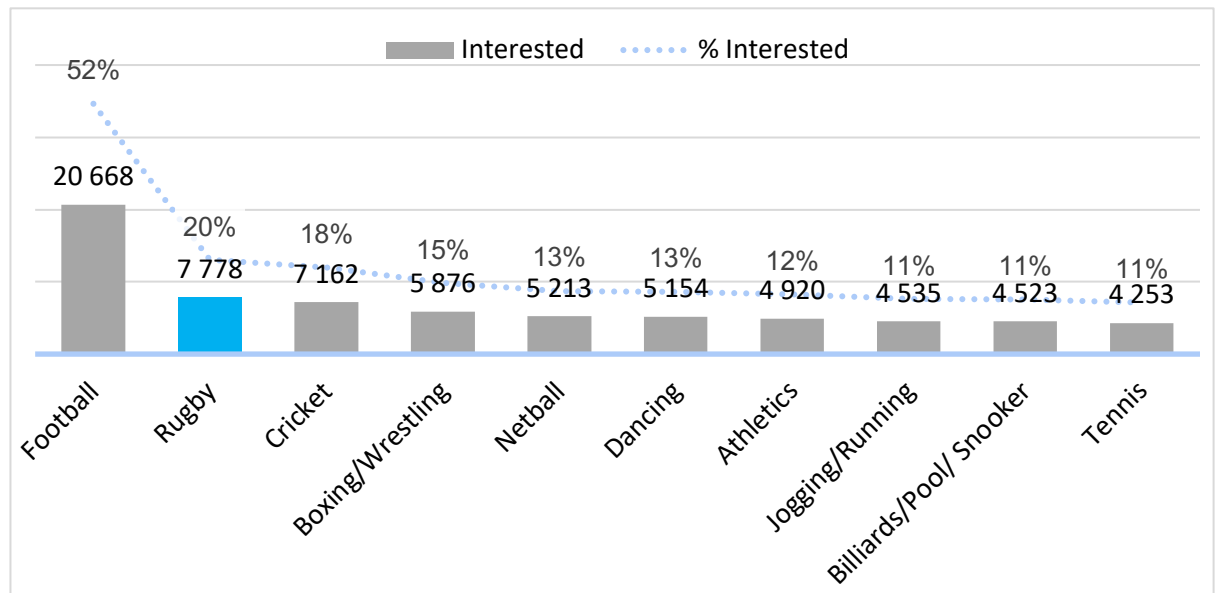
- Rugby: R 1 224 737 267 (SARU, 2017)
- Cricket: R 822 929 000 (Cricket South Africa, 2016)
- Football: R 1 140 046 000 (SAFA, 2016).

An economic impact study done on the rugby test match between the Springboks and the All Blacks (New Zealand's international team), that was played at Kings Park in Durban on 8 October 2016, provided valuable data on the economic impact of such a mega-sport event. The purpose of an Economic Impact Study is to analyse the economic contribution which an organisation, industry or event makes to a specific region. The objective is to measure the change to the economic base that would not otherwise have occurred if, in this instance, the game had not taken place. The study usually measures changes in business revenue, profits, wages and/or jobs. The economic impact of sport extends far beyond the players and the teams. During the 2016 Springboks versus New Zealand test match, hosted in Durban, the crowd attendance was 52 595 and the unique television audience was 2 501 311. (Unique television audience numbers are based on 25 minutes of consecutive viewing.) The total economic impact of the event for the city was calculated as R 437 002 864 (Nielson, 2016).

- **Levels of Interest in Sport**

The popularity and levels of interest of the South African population in sports is an essential element of this study. The results of a report commissioned for this study which aims at providing an overview of sports interest in South Africa, revealed the top 10 sports by level of interest in South Africa.

Figure 1: Levels of Interest in Sport

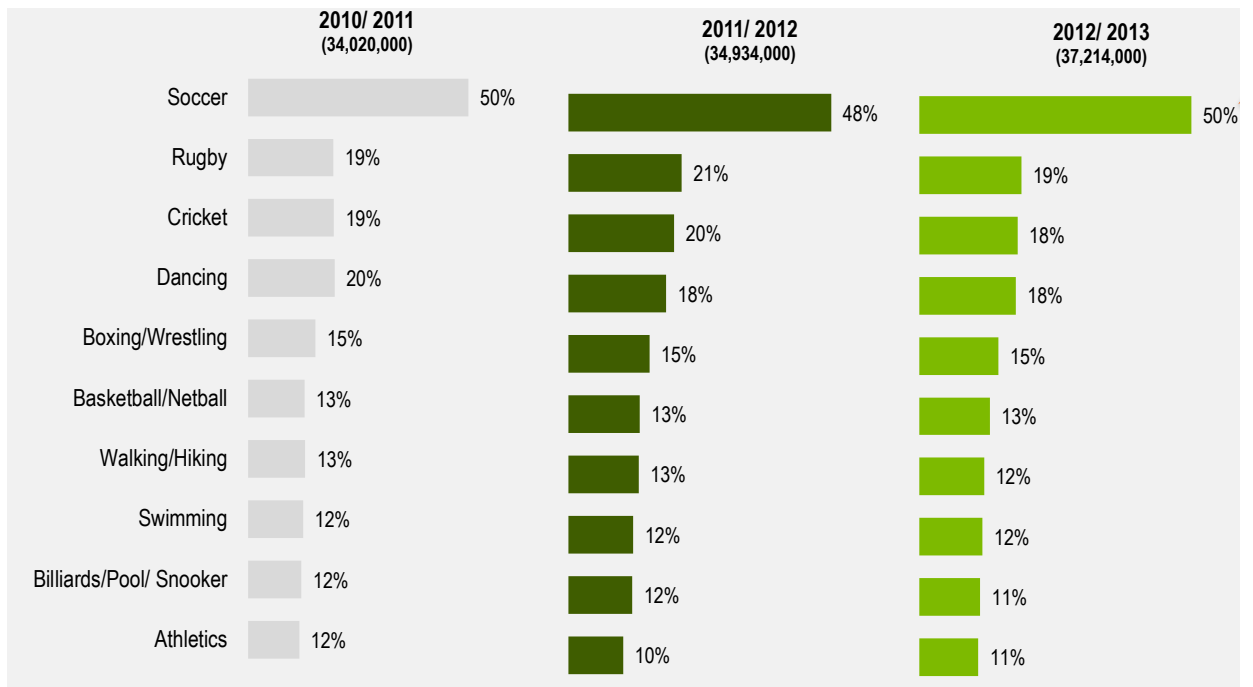


Source: Nielsen Sports, 2018

The top three sports in South Africa as seen in Figure 1, are football with a 52% level of interest among South Africans, rugby with a 20% interest in second place and then cricket with 18%, the third highest level of interest among the South African population (Nielsen Sports, 2018). Having established that football enjoys the highest level of interest in South Africa, followed by rugby and cricket it is important to compare the on-field success of these sports with their popularity.

To ensure the validity of the above information provided in Figure 1, data received from Repucom covering the period 2010-2013, shows that the same three sports, football, rugby and cricket have been the most popular sports in South Africa for close to a decade.

Figure 2: Popularity of Sports in South Africa



Source: Repucom 2013

Given the data provided in Figures 1 and 2, it is evident that football, rugby and cricket are the top three most popular sports in South Africa, and can be deemed as sports of national interest within the South African sporting landscape. Graham Abrahams, Head of Regulatory Affairs and Enterprises at SuperSport, describes a sport of national interest as follows: *“There is a major difference between what is regarded as a sport of national interest and what is regarded as a popular sport. People tend to confuse that, and it is not a South African thing, it’s a global thing. So sport of national interest essentially, in terms of a generally accepted description, is where a national team is involved, competing regularly on the international stage, against other international teams.”* (Personal Interview: Abrahams, 2016). The three sporting codes football, rugby and cricket have all competed at international level and therefore match the definition provided by Abrahams. The Eminent Persons Group on transformation in sport (EPG) includes football, rugby and cricket in their reports and refers to the importance of these sports to be transformed, in order to promote social cohesion and nation building throughout society, with increased interaction across race and class, through sport (EPG Transformation Committee, 2015).

- **The Role of Social Media**

Social media have changed the way people consume sport, due to consumers having realised that they can be central to their own world of entertainment and media. Social media fans check into their favourite team or athlete's activities, anytime they choose, from anywhere in the world (PWC, 2014). Fans have become unprecedentedly empowered, obtaining their own voice through social media. The change in their behaviour is clear as relationships between fans and brands become interactive and complex. Fans have high expectations of their favourite teams, and are focused on *bona fide* experiences as participants (Repucom, 2015a). Social media platforms, like Facebook and Twitter, have become a great means of fan engagement. By providing unique content, these platforms have opened new revenue opportunities for professional teams, as well as opportunities to get to know their fans better, through clever fan engagement.

In a study conducted on the social media footprints on the most popular sporting codes in South Africa, football, rugby and cricket outperformed all the other sporting codes in the country, with teams or organisations from these three sports occupying the top 10 positions on both social media platforms investigated, namely Facebook and Twitter.

Table 1: Top 10 South African sports bodies on Twitter.

Ranking	Twitter Account	Followers	Sporting Code
1.	Kaizer Chiefs	405 000	Football
2.	Cricket South Africa	398 000	Cricket
3.	Orlando Pirates	271 000	Football
4.	South African Rugby	247 000	Rugby
5.	Official PSL	214 000	Football
6.	Stormers	112 000	Rugby
7.	Bafana Bafana	96 900	Football
8.	The Sharks	75 000	Rugby
9.	Blue Bulls	61 300	Rugby
10.	Sundowns	58 900	Football

Source: Repucom, 2015b

Table 2: Top 10 South African sports bodies on Facebook.

Ranking	Facebook Account	Followers	Sporting Code
1.	Cricket South Africa	2 200 000	Cricket
2.	Kaizer Chiefs	2 000 000	Football
3.	Springboks	1 000 000	Rugby
4.	Orlando Pirates	518 000	Football
5.	The Sharks	452 000	Rugby
6.	Official PSL	295 000	Football
7.	Stormers	286 000	Rugby
8.	Sundowns	276 000	Football
9.	Bafana Bafana	206 000	Football
10.	Blue Bulls	195 000	Rugby

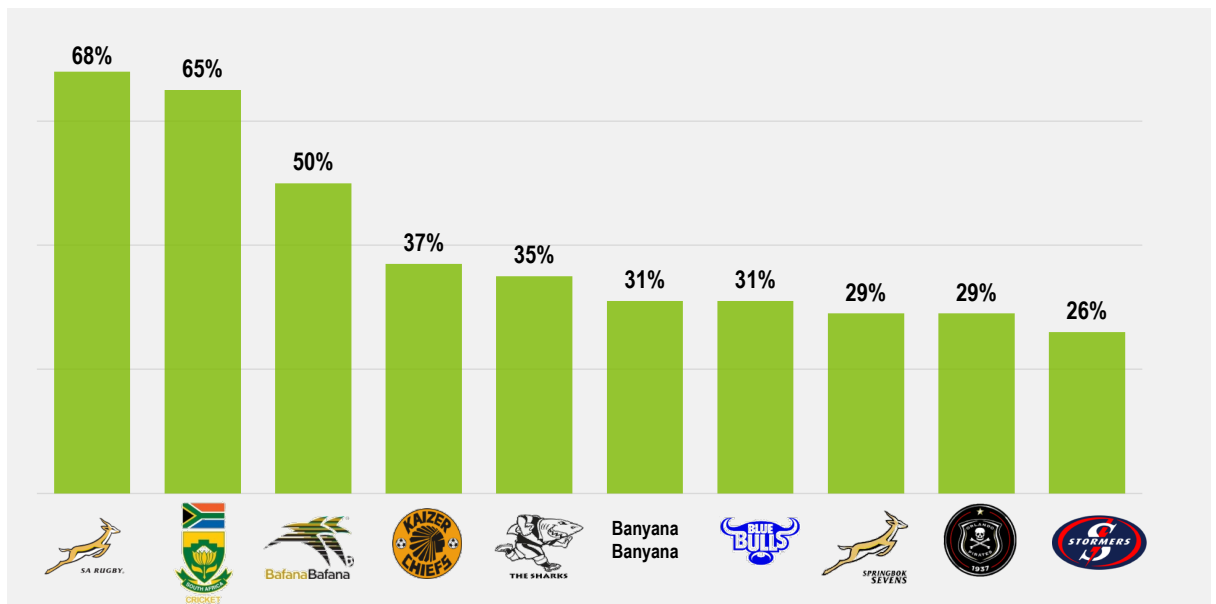
Source: Repucom, 2015b

The results from the social media platforms confirm that cricket, rugby and football are the biggest sports in terms of social media, with no other sport outside of the three making the top 10 on both Facebook or Twitter.

- **Strength of brand and team support**

The brand of a professional sporting franchise, whether a national or provincial team, is extremely important. The strength of the brand relates to return on investment for sponsors and stakeholders. Research into the support and strength of South African sporting brands has backed up the previous findings outlined in this chapter. The top three sporting brands in South Africa, as per the Sponsorlink study, are the Springboks, Proteas and Bafana Bafana. (Frontiers, 2015a). The strength of the brand creates value for the organisation through providing larger commercial opportunities that ultimately increase revenue. Increased brand loyalty leads to mutually beneficial synergies between the brand and stakeholders, and contributes substantially to product and service innovation, which creates increased value (Bruns, 2009).

Figure 3: Strength of Brand



Source: Sponsorlink Frontiers, 2015a

Figure 3 above confirms the position of the three top sports in the country as discussed. It is important to note that the correlation between interest in sport, social media presence and brand value is not 100% accurate. Rugby is noted as the strongest brand in South African sport at 68%, with only a 20% interest in the sport. Cricket is the second biggest brand in South African sport at 65% but only scores 18% interest among South Africans. Football, which is by far the most popular sport in terms of interest at 52%, scores third place on team brand support with 50%. This is 18% less than the Springboks and 15% less than the Proteas.

So why does football, the sport with the biggest level of interest in South Africa and the largest social media following among the top three sports, only score third on brand strength of the national team? In order to formulate a response, the three sporting codes will be investigated to provide a view within the South African context. Chapter 4 contains the detailed comparative analysis of the three sporting codes.

1.2. Problem Statement

Whilst sport plays an integrating role in South Africa, the legacy of apartheid is still evident within the sporting fraternity of the country. The studies done by Sponsorlink (2015) were conducted with the target group being LSM 5+ and aged 18–50+. This was done specifically to highlight the population with the financial means to support sport through stadium attendance or through purchasing supporter merchandise. The demographic profile for rugby fans in the LSM 5+ group was 48% black with 38% white, cricket was 50% black with 34% white, and football was 75% black with only 13% of white people considering themselves as avid football supporters (Gwanzura, 2016).

The reality in South Africa is that a large percentage of the country's population is in the LSM bracket 1–4, which constitutes mostly black South Africans (SAARF, 2014). In 2016, black South Africans made up 81% of the total population in South Africa (Statistics South Africa, 2016). The white population in South Africa made up 7 % of the country's total population, and 99.9% of white South Africans fall into the LSM bracket of 5–10. The above economic inequality is an unfortunate legacy carried over from apartheid.

Bernard Magubane (in Alegi and Bolsmann, 2010), explored the close relationship between football and urban African society, and found that during apartheid football was immensely popular amongst black communities, infused with political, social and cultural meaning (Alegi & Bolsmann, 2010). Rugby and cricket were also popular sports among black South Africans, with the first black cricket clubs formed as early as 1869 (Gemmell, 2007), and rugby flourishing amongst the black communities with the first black rugby teams playing matches as early as 1878 (Odendaal, 1995). Therefore, the fact remains that black South Africans had a long and remarkable sporting history in South Africa, including cricket and rugby (Smiles, 2012).

The assumption is made that the current inequalities within rugby and cricket in South Africa evolved through the legacy of apartheid (Merrett, Tatz and Adair, 2011). The three sports rugby, cricket and football were all popular sports, and enjoyed by black communities in the late 1800s (Cornelissen, 2011). The fact that the white population in South Africa had better access to adequate facilities and opportunities lead directly to the current participation and support level across the three sporting codes (du Toit, 2013).

The South African government has since 1994 implemented various transformation strategies to accelerate transformation in sport in South Africa and to promote inclusive sports participation and opportunities by focusing on previously disadvantaged communities and areas (Department

of Sport and Recreation, 2013). When it comes to transformation in sport in South Africa, football is deemed to be fully transformed and inclusive (Sport24, 2016). In 2016 Minister of Sport Fikile Mbalula suspended all rights of cricket and rugby from bidding for, and hosting, international tournaments, due to the lack of transformation. During the same address, Mbalula said that the South African Football Association (SAFA) had met its transformation target (Ngoepe, 2016).

The minister's actions in banning rugby and cricket from hosting international events clearly speaks to the need to address the government's concerns about the rate of transformation. In 2016 SARU and CSA had a combined revenue in excess of R 2 billion. The fact that rugby and cricket are big businesses in South Africa is impossible to deny when looking at the revenue generated by the sports. South African rugby and cricket are internationally recognized and regularly compete in international tournaments, with South Africa having won the Rugby World Cup in on two occasions, 1995 and 2007. Due to the popularity of the sports and their international success, broadcasting rights are a big revenue generator for both rugby and cricket. In 2016 cricket generated 50% of R 414 000 000 through television broadcasting rights, an increase of 223% from the previous year, due to superior content (Cricket South Africa, 2016), with rugby generating R 653 900 000 through the selling of their media and broadcasting rights, compared to R 328 000 000 in 2015 (Steyn, 2015).

In order to create an inclusive and successful business model for professional rugby and cricket in South Africa, it is important for both these sports to be seen as transformed and considered as inclusive in the South African context.

1.3 Research Questions and Objectives

The objective of this study will be to create and develop a successful and inclusive business model for professional sport in South Africa.

The focus of the study will be aimed at team sports that fall into the top three team sports in South Africa, measured through:

- Popularity
- International success
- Professional and commercial structure.

The research objectives of this study will be to:

- Define what an inclusive sport looks like in the South African context, according to the requirements set out by government.
- Explore why transformation in certain sporting codes is more successful than in other sporting codes.
- Analyse the current commercial model of the individual sports and determine the success of the existing business models.
- Develop a new inclusive strategy for professional sport in South Africa.

The research questions that correspond with the research objectives are:

- a) What is considered an inclusive sport in South Africa, and how do rugby, football and cricket compare?
- b) How do the holistic demographic profiles of the selected sporting codes compare in South Africa between 1994 and 2017?
 - What was the player demographic and how has it evolved?
 - What was the supporter demographic in 1994 compared to 2017?
 - What was the sponsor profile of the sports in 1994 compared to 2017?
- c) How does the commercial success of the professional sporting codes compare to their success in transforming the sport?
- d) How has the popularity of each individual sport evolved between 1994 and 2017?
 - The number of people actively participating in the sport.
 - What are the trends in stadium attendances?
 - How do current broadcasting numbers compare to historic numbers?

What are the factors enabling or preventing each sport to be commercially successful and fully inclusive?

1.4 Significance of the Study

The outcome of the research done in this study will contribute to the knowledge and understanding of the commercial models of professional sporting bodies in South Africa, which have to meet transformation targets that ensure each sport is representative of the population of South Africa. This study will be significant in that it will:

- Provide a comparative view of different professional sports and their commercial success.
- Create new strategies or build on existing methods that will allow for commercial sport organisations to be inclusive and successfully transformed.
- Grow and support the theory of inclusive innovation within professional sport.

The study will also provide better understanding and insights into the history of South African sports and into why sport in South Africa needs to transform.

1.5 Scope of the Study

The study will cover the three most supported team sports in South Africa as shown in a study done by Frontiers sport – football, rugby and cricket (Frontiers, 2015b). The focus will be on participation, support and commercial success of the sport in South Africa. The objective of the study has two important elements, *viz.* to examine the commercial success of professional sport in South Africa, and to see how that correlates with the transformation requirements set out by government. The study is limited due to the fact that it only considers team sports that are professional, and those that compete on the international stage. The other limitation will be the LSM group that will be studied. The Living Standards Measure groups LSM 5 – 10 have been identified and will be used as the sample group for the research data, as these LSM groups are most likely to have the financial means to support professional sport.

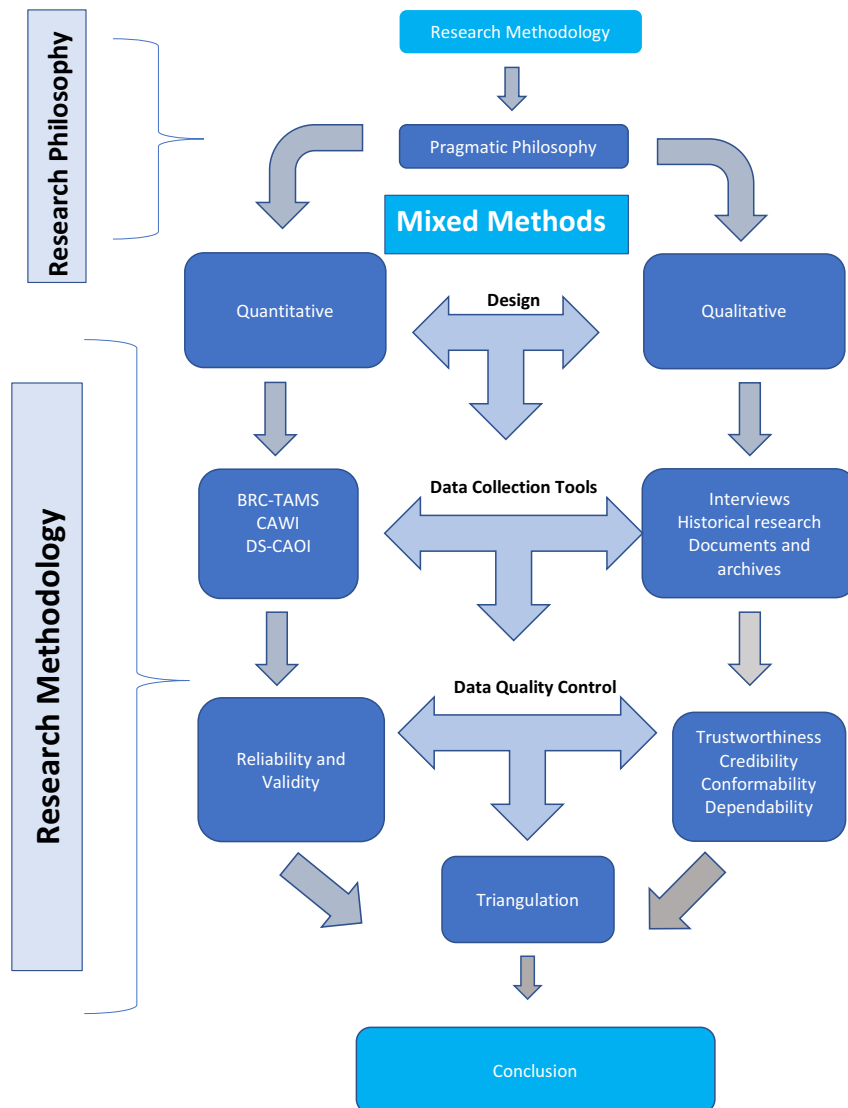
The three sporting codes have been chosen by applying strict criteria that cover the following areas:

- Commercial and professional structures in South Africa.
- On-field success of South African teams within the sport.
- Popularity of the sport in South Africa.
- International profile of the sporting code.
- Was the sport inclusive pre-1994?

1.6 Research Methodology

The current study aims to analyse comparative business strategies for professional cricket and rugby in South Africa since 1994, as a means to propose an inclusive business strategy for the future of these sports.

Figure 4: Research Methodology Flow Chart



Source: Own Research

The philosophy underpinning the research lends itself to a philosophy of pragmatism. The philosophy of pragmatism in this research centres around the findings' practical consequences. Saunders and Tosey state that a pragmatic philosophy should enable credible, reliable and relevant data to be collected that support subsequent action (Saunders and Tosey, 2012). Pragmatism uses

a mixed method approach, meaning both deductive and inductive research approaches can be applied in the pragmatic philosophy. Pragmatism can combine both positivism and interpretivism within the scope of a single investigation. Due to the mixed method approach, the research conducted in this thesis will follow both quantitative and qualitative research strategies (Dudovskiy, 2017). This will be explained more fully when discussing the methods in Chapter 3.

The priority of pragmatism in focussing on results, rather than the methods used to obtain those results, justifies the inclusion of both quantitative and qualitative methods in a single chapter, rather than a division into two chapters. It will be shown how the two methods complement each other in reaching a conclusion, and it is these conclusions which determine the structure.

1.6.1 Quantitative data methods

The research will examine data from statistical records and research reports since 1994, supplemented by information derived from historical accounts, on past and current strategies related to inclusive professional sport in the South African context, to collect quantitative data that focuses on such aspects as the demographics of participants in the two sports as well as supporter profile dynamics. In addition to examining research reports, such as those published by Repucom, and analysing the successes of various transformation programmes (Hoskins, 2014), the opinions and experiences of stakeholders, including financial experts, heads of franchises, journalists, and players themselves will be considered. To fully engage a comparative analysis of the different data collected for cricket and rugby, additional quantitative data on the LSM of current supporters was collected through three different methods:

1. **Computer-assisted web interviewing (CAWI)**, that will target LSM 5+ between the ages of 18–50+ years old who have access to the internet. The reason for this method is that this sample group are generally the most active in attending live sporting events and has the means to spend money on sports merchandise.
2. **Computer-assisted personal interviewing (DS-CAPI)** will be used. The reach of this method is much bigger than the CAWI method, as it targets the population of 15+, with the LSM 1–10. The DS –CAPI method can be considered as nationally representative.
3. **Broadcasting Research Council of South Africa’s television audience measurement survey method (BRC TAMS)**. This method will allow for data around TV viewership. The criteria to form part of this sample group are individuals 4 years of age and older with Eskom mains electricity and a working TV set. The BRC TAMS methodology is nationally representative of the nation and offers a large database of just under 45 000 000 people (Nielsen Sports, 2017).

Table 3: Data Capture Methods

DATA CAPTURE METHODS		
CAWI	DS-CAPI	BRC TAMS
LSM 5+	LSM 1 – 10	LSM 1 – 10
Age 18 – 50+	Age 15+	Age 4+
Sample group: Active, and sports fans	Sample group: Nationally representative Need access to computer	Sample group: Nationally representative Biggest sample: up to 45 million people

Source: Own Research

The population sample for the various methods differed due to the unique process each method applies in gathering data. The data derived from these methods will be quantitative. The reason for the need for the quantitative data is to track the change in physical participation numbers, as well as supporter demographics amongst participants and fans of cricket and rugby. The information gathered through the methods set out in Figure 5 will then be used to test against the qualitative research data, gathered through the review of historical research on documents and archives pertaining to the specific field.

1.6.2 Qualitative data methods

The qualitative data methods consist of historical research, documents, archives and interviews (both unstructured and semi-structured). The following individuals were selected to assist in the inductive research through semi-structured interviews:

- Graham Abrahams: Head: Regulatory Affairs & Enterprises at SuperSport
- Gary Teichmann: CEO The Sharks, Springbok Captain 1995 – 1999
- Jurie Roux: CEO SARU
- Mark Alexander: President SARU
- Corrie van Zyl: General Manager CSA
- Chris Nenzani: President CSA

The interviews were conducted by the researcher. There were no formal surveys or questionnaires, rather the interviews were driven by strategic questions encouraging conversation, within the interviewee's area of expertise.

1.6.3 Data Quality control

- **Quantitative research**

The two ways to control the quantitative data collected during the research will be reliability and validity. Reliability is the consistency of the measurement. This is to ensure that the measurements or criteria will be the same every time the data collection is done. The data collection methods, BRC TAMS, DS-CAPI and CAWI, were done by Nielsen Sports on behalf of the researcher, to ensure the reliability of the data. The validity of the quantitative data is important to the research, as it ensures that the correct data is collected, with the specific LSM groups and age of the sample group set out in each of the three methods, the validity of the process is correct and will ensure the accuracy of the measurement.

- **Qualitative research**

Due to the nature of qualitative research it is often harder to ensure trustworthiness of the data collected.

Guba proposes four criteria to ensure a trustworthy study (Shenton, 2003):

- a. Credibility
- b. Transferability
- c. Dependability
- d. Conformability

Triangulation of the qualitative data was done to ensure the validity of the data. During the interviews, conversational interviewing was alternated with structured-question interviewing. The use of the two different methods, or approaches, is known as methodology triangulation.

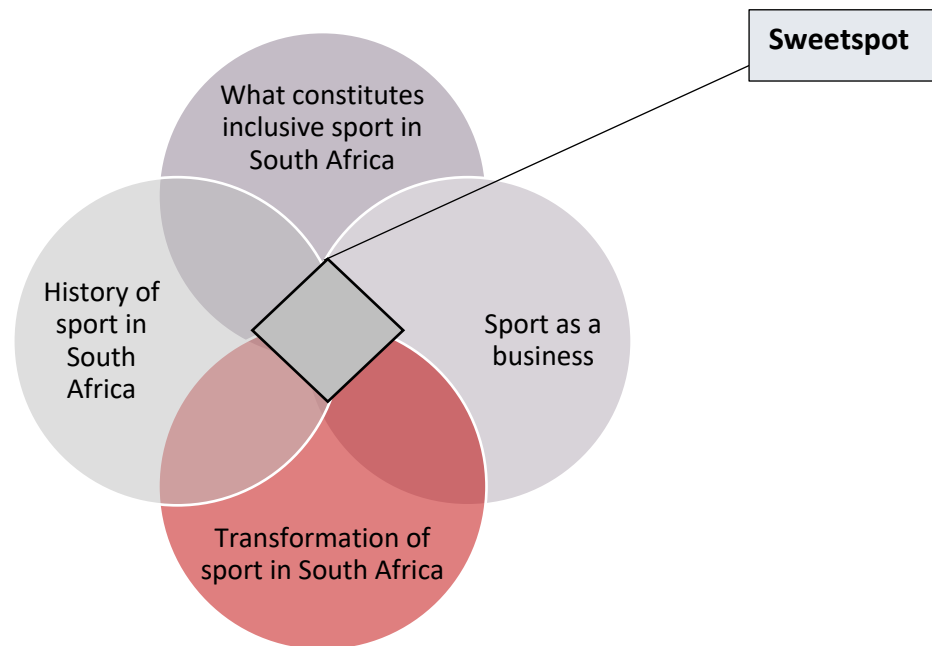
1.7 Literature Review

The research will focus on professional sport in South Africa, with the aim of proposing a business model that will develop South African sports organisations into inclusive and successful businesses. The three most popular sporting codes in South Africa, namely rugby, cricket and football have been identified as the focus area for the research.

The scope of this review aims to cover the four main areas identified in the development of the conceptual proposal, namely:

- History of sport in South Africa; focusing on the reasons for inequality and need for transformation.
- What constitutes inclusive sport in South Africa.
- Sport as a business.
- Transformation of sport in South Africa.

Figure 5: Literature review - Venn Diagram



Source: Own Research

The Venn diagram outlines the four research areas that form the focus of the literature review. The aim will be to research literature relating to the four areas to determine what literature exists that encompasses all four areas.

The academic contribution of the study aims to encompass the area illustrated in Figure 6, the area where the circles overlap illustrates where the literature review produced current literature available that covers all four of the research areas.

The goal of the literature review is to review the literature currently available and relevant to the chosen research topic. The fact that the legacy of apartheid resulted in an inequality within the country is well documented. That inequality can be seen in participation levels throughout the various sports, and still exists to a certain extent more than twenty years after the end of apartheid (Department of Sport and Recreation, 2011). Historically certain sports, like rugby and cricket, have excluded people of colour from participation at any representative level (Department of Sport and Recreation, 2013). The need for transformation in sport in South Africa is well documented and essential for the survival of professional sport in South Africa.

Sport offers many different ways to enhance national pride and promote social cohesion (van Hilvoorde, Elling and Stokvis, 2010). It is clear from the literature reviewed pertaining to the four chosen topics (history of sport in South Africa, transformation in sport, sport as a business and what constitutes inclusive sports), that sport does influence national pride. The literature available on the history of sport in South Africa shows a number of commonalities, highlighting the inequality brought on by apartheid, the need for transformation, and the importance of transformation to ensure the future of sport in South Africa (du Toit, 2013).

Football, rugby and cricket can all be regarded as sports of national interest due to the number of people participating in each sport, as well as the commercial revenue generated by the individual sports (SuperSport & MNet, 2001). The literature reviewed in this section consisted of both quantitative literature, such as financial statements and annual reports, as well as qualitative journal articles on the subject of sport and business.

The social impact of sport in society (Gemmell, 2007) and the role sport can play in reconciling a nation (Höglund and Sundberg, 2008) emphasize the power that sport and inclusive sporting organisations can play in South Africa.

The structure of the review will follow a sequential approach, commencing with the literature pertaining to the history of sport in South Africa, followed by transformation in sport in South Africa, then literature available on inclusive sport and what constitutes inclusive sport in the South African context, and finally sport as a business.

1.8 Division of Study

The study is divided into the following chapters:

- **Chapter 1: Nature and Scope of the Study.** This chapter deals with the background to the topic of interest, the South African sports industry, the problem statement and research objectives. It also provides a brief overview of the research process applied.
- **Chapter 2: Literature Review.** This chapter is an evaluative report of the information found in the literature related to the study. This chapter provides the context for the study.
- **Chapter 3: Research Design and Methodology.** This chapter discusses the research design and methodology utilised, as well as the two components used in the research, an analysis of the past and present state of sport in relation to business, and participant and supporter demographics; followed by the formulation of an appropriate model for the future.
- **Chapter 4: Comparative Analysis of Selected Sporting Codes.** This chapter provides a comparative analysis of rugby, cricket and football.
- **Chapter 5: Commercial Analysis of Football, Rugby and Cricket.** This chapter considers the historical and current business models of sports in South Africa.
- **Chapter 6: Factors affecting Commercial Sport in South Africa.** This chapter looks at the transformation and commercial structures of the three sports and provides an analytical view on access to sport, particularly football and rugby broadcasting, the player drain faced by cricket and rugby, and declining stadium attendances in both cricket and rugby.
- **Chapter 7: Practical Business Plan for a Rugby Franchise.** This chapter proposes a new business model for sport in South Africa. It uses the concepts of B-BBEE funding, in particular the two elements of Enterprise and Supplier Development, and Socio-Economic Development, and proposes the formation of two new entities to enable funding.
- **Chapter 8: Discussion, Conclusions and Recommendations.** This chapter discusses the main conclusions and recommendations. It will also discuss the study's limitations and contributions, and suggest areas for future research.

1.9 Conclusion

This chapter deals with the background to the focus of this study, the South African sports industry, the problem statement and research objectives. It also provides a brief overview of the research process applied.

While sport plays a significant role in South Africa and on the competitive world stage, this is located historically within South Africa's past. It has to break the negative stigma attached to rugby and cricket due to the legacy of apartheid; it needs to fight for systemic change in the structures governing sporting federations in the country; and it has to transform these sports, for them to be considered inclusive sports, and to be embraced by all the demographic and cultural groups that make up the rainbow nation.

The research problem includes identifying and formulating the antecedents that are preventing sport from being fully inclusive, and what the enabling factors are that will allow the sport to become fully inclusive in the South African context. The stated research problem guided the formulation of the research objectives, and also provided clear-cut direction throughout the research process on the study's overall aim, which is to provide a comparative analysis of inclusive business strategies for professional cricket and rugby in South Africa since the new democratic process inducted in 1994.

The following research objectives were formulated: firstly, define what an inclusive sport in the South African context will look like according to the requirements set out by government; secondly, explore why transformation in certain sporting codes is more successful than in others; thirdly, analyse the current commercial model of the individual sports; and fourthly, develop a new inclusive strategy for professional sport in South Africa.

In order to achieve the first objective (define what an inclusive sport in the South African context will look like according to the requirements set out by government), it was essential to understand the history of sport in South Africa and to deconstruct the events that led to rugby, cricket and football each having their own unique identity in the South African sporting landscape. Formulating a historical picture of the legacy of apartheid on professional sport in the South African democratic society is integral to provide the context for the remainder of the research.

Chapter 2: Literature Review

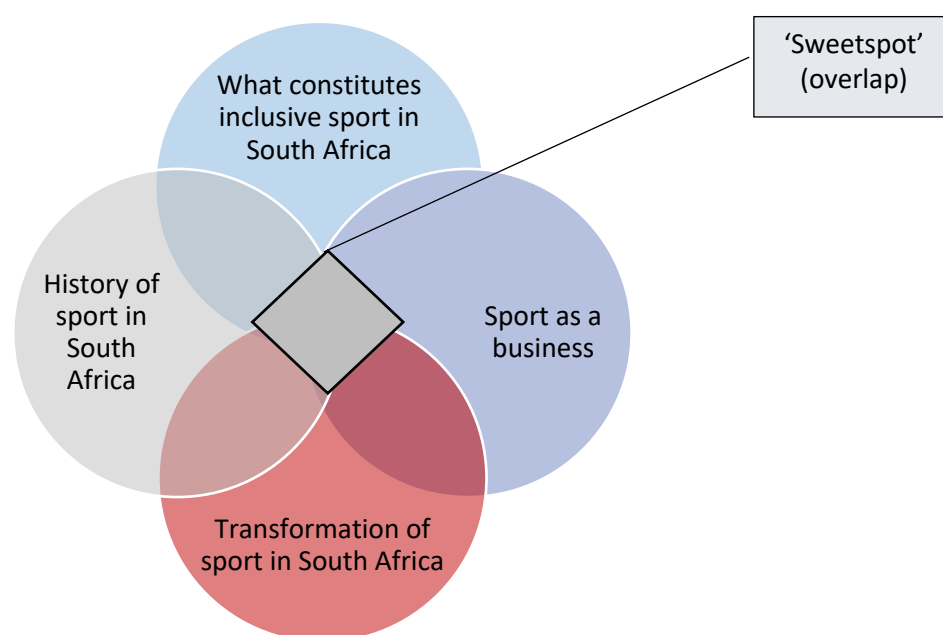
A review of ongoing and completed studies, as well as reports pertaining to the four identified areas, has been conducted and is included in this chapter. The aim of this review is to collect and analyse the available resources, to apply the research questions set out in Chapter 1, and use them to formulate strategies. This research is focused on professional sport in South Africa, with the ultimate aim of creating a sustainable business model that will develop South African sporting franchises and federations into inclusive and successful businesses. Cricket, rugby and football are the three sports that fit the criteria of:

- Commercial and professional structures in South Africa.
- On-field successes of South African teams within the sport.
- Popular sports in South Africa.
- International profiles of the sporting code.
- Inclusivity of the sport pre-1994.

The scope of this literature review aims to cover the four main areas identified in the development of the conceptual proposal in Chapter 1, namely:

- History of sport in South Africa; focusing on the reasons for inequality and the need for transformation.
- Sport as a business.
- What constitutes inclusive sport in South Africa.
- Transformation of sport in South Africa.

Figure 5 (repeat): Literature review - Venn Diagram



Source: Own Research

The inequality resulting from apartheid is well documented, and is evident in participation (or non-participation) levels throughout the various sports. More than twenty years after the end of apartheid, this inequality still exists to some extent (Department of Sport and Recreation, 2011). Certain sports like rugby and cricket are said to have historically excluded people of colour from participation at any representative level (Department of Sport and Recreation, 2013). The need for transformation in sport in South Africa is also well documented, and is essential for the survival of professional sports in South Africa.

Sport offers many different ways to enhance national pride and promote social cohesion (van Hilvoorde, Elling and Stokvis, 2010). It is clear from the literature reviewed pertaining to the four chosen topics, that sport does influence national pride. The literature available on the history of sport in South Africa shows a number of commonalities, highlighting the inequality brought on by apartheid, the need for transformation, and the importance of transformation to ensure the future of sport in South Africa (du Toit, 2013).

Football, rugby and cricket can all be regarded as 'sports of national interest' in terms of the definition given in Chapter 1 (the sport has a national team which competes regularly against other international teams). They are also 'popular sports' in terms of the numbers of people participating, as well as the commercial revenue generated by the individual sports (SuperSport & MNet, 2001). The literature reviewed in this section consists of both quantitative literature,

such as financial statements and annual reports, as well as qualitative journal articles on the subject of sport and business.

The social impact of sport in society (Gemmell, 2007) and the role sport can play in reconciling a nation (Höglund & Sundberg, 2008) emphasise the power that sport, and inclusive sporting organisations in particular, can play in South Africa.

2.1 The History of Sport in apartheid and post-apartheid South Africa

A rich historiography records the influence of sport on South African society, and presents strong evidence for the argument that sport played an important role in the formation of identities and the maintenance of racial separation. For example, during apartheid, rugby was associated with values of masculinity, cultural pride and supremacy by some members of the Afrikaner community, while football developed as a major sport amongst the country's black population especially the working class (Cornelissen, 2011).

Apartheid has had a huge impact on the history of sport in South Africa, and the legacy of apartheid on the current state of South African sport is well documented through this section of the literature review. Cornelissen notes that while sport received in-depth attention in apartheid South Africa, there has been comparatively little work done in recent years on the place and role of sport in post-apartheid South Africa (Cornelissen, 2011).

Ashwin Desai covers sport in post-apartheid South Africa and focuses on various sports including rugby, cricket and football through case studies, statistical analysis and anecdotal stories, and promotes the theory that sporting events can be a contributor to social cohesion (Desai, 2010). Desai writes that the emergence of post-apartheid South Africa spawned numerous articles on the value of sport in dismantling barriers and acting as a catalyst for nation building. He uses the example of Nelson Mandela wearing the number six jersey of World-Cup-winning Springbok captain Francois Pienaar during the final of the 1995 Rugby World Cup. This signalled the acceptance of the Springbok, a decades-long symbol of oppression, as the emblem for the national rugby team (Desai, 2010). Desai further states that rugby, once the symbol of Afrikaner nationalism, became the sport that would help to initiate the rainbow nation and provide South African citizens of all races with a common sense of 'South African-ness'. Desai writes that cricket, like rugby, was historically seen as a whites-only sport, with only white players chosen to play for South Africa. There were different governing structures for Indian, coloured and black South Africans playing cricket. The expensive equipment needed to play competitive cricket

made it even more difficult for cricket to be accessible to all South Africans. So historically cricket was seen as an elitist sport, not easily accessible for people from poor backgrounds.

Controversially, Christopher Merrett, Colin Tatz and Daryl Adair claim that sport is an example of how a domain can be 're-racialized' in the quest to right previous wrongs. They mention that historically rugby was seen as the bastion of white Afrikanerdom, while cricket was seen as a predominantly English-speaking game. The two sports bound whites together in South Africa, and separated them from everyone else. Even though football had little interest amongst white South Africans, the national football team was not allowed to have any black or coloured representation (Merrett, Tatz and Adair, 2011). Their research speaks to the historical divide within South African sport formed through the country's apartheid history. They conclude in stating that an 'arithmetic quota' system is a logical extension of the system that was the root of the problem it aims to address (Merrett *et al.*, 2011).

The adoption of racial quotas in the late 1990s was aimed at a re-racialisation of South African society in an attempt to reverse the effects of apartheid. The effect of Thabo Mbeki's race populism meant that black African hegemony was chosen over a diverse nation, in effect discounting the injustices suffered by groups other than African. Race quotas are considered necessary for redressing previous injustices, but who decides when normality has been achieved statistically? A strong argument against quotas in the South African case, is that they are not about redress and transformation, but rather about reinforcing the political dominance of a national government dominated by a black elite (Merrett *et al.*, 2011). Rugby and cricket, but not football, have been under constant scrutiny from the ruling African National Congress (ANC), the explanation being that these sports were seen to be the domain of white South Africans. Through now featuring black players, these sports challenge this connection.

Merrett, Tatz and Adair further argue that sport has been re-racialized, despite the multicultural promise of the rainbow nation. With an insistence on quotas of black players, South African sports returned to the old and denounced racial divisions. The non-racial arguments that were at the heart of the anti-apartheid movement have been ignored by a cause that, according to the authors, patently looks like a form of retribution (Merrett *et al.*, 2011).

The fact is that inequality in South African sport exists and the strategies set out to address the issue are covered in various government mandated publications, such as *Development and Transformation in Sport* (Department of Sport and Recreation, 2013), and the *Transformation Charter for SA Sport* (Department of Sport and Recreation, 2011). These publications point to a different viewpoint than that of Merrett, Tatz and Adair.

The government funded publications like the *Transformation Charter for SA Sport* and *Development and Transformation in Sport* focus heavily on the effects of apartheid. In both publications the aim is to utilise sport as a means of creating social cohesion between all South Africans, through the establishment of a competitive and demographically representative sport system in South Africa, guided by values of equal opportunity, fairness and just behaviour, equitable resource distribution, empowerment and affirmation (Department of Sport and Recreation, 2013). In 2013 Minister of Sport, Fikile Mbalula stated in the journal '*Think Sport*', that the perpetuation of the apartheid sport systems without transformation instruction was inherently problematic. The article further stated that the South African sport sector recognises that the imperative of addressing historical and social inequalities, as stated in the *Constitution of the Republic of South Africa*, applies equally to sport and each of its component parts.

The *Transformation Charter for South African Sport* states that a major and irreversible transformation movement was triggered when Nelson Mandela was released from prison in 1992. The Charter points out that in order to reverse the historical impact of apartheid in South Africa, there has to be change. This change has to include an orchestrated redesign of the total sport organisation's inherent architecture, achieved by working simultaneously along the four dimensions of reframing, restructuring, revitalisation and renewal (Department of Sport and Recreation, 2011).

Booth (2003) writes that during the 1970s and 1980s, the South African apartheid regime was an international pariah, with international action against the Republic leading to mounting pressure to abolish apartheid. This global action also included an international sporting boycott against South Africa competing internationally, and hosting international teams in South Africa (Booth, 2003). Booth assesses the effectiveness and significance of the sport boycott over the 30 years from 1960 to 1990. In the 1960s, the boycott simply sought to de-racialize South African sport. During the 1970s the sports boycott was one of a number of resistance strategies aimed at isolating the South African regime and forcing it to abandon apartheid. In the late 1980s, the focus of the boycott shifted as proponents reappraised it as a strategy to build non-racial democratic sporting structures that would assist the transformation to a post-apartheid society. Booth writes that most western nations did not have racial mixing in sports, the only difference being that by the late 1960s the South African government remained the lone advocate of legal segregation (Booth, 2003). The historical connections with international sports initially made it hard to boycott South Africa, with South Africa being a founding member of both the International Rugby Board (IRB) and the International Cricket Conference (ICC).

The constitutions of international sports federations also assisted South Africa, with the Olympic Charter prohibiting discrimination against any person or country on the basis of race. An argument used by some countries was that apartheid was a government policy and that the Olympic movement should not become involved in political issues, or use the Olympic Games to drive political agendas. Apartheid sport increasingly came under pressure from the international community, and South Africa's traditional sporting allies came under increasing pressure to distance themselves from South Africa and to end all sporting ties with South Africa. Booth writes that the turning point was when South Africa refused to allow Basil d'Oliveira, a Coloured South African who emigrated to England, to represent England during a proposed cricket tour of South Africa in 1968. The international sporting community was obliged to expel South Africa. Rugby initially was the exception, as historical rugby opponents stood by South Africa, but eventually the cost proved too much with protesters disrupting rugby tours, and by the mid 1980s, as Booth states, even international rugby had abandoned South Africa (Booth, 2003).

Isolation took its toll and the South African government finally acknowledged the role sports plays in international relations. With the mounting pressure on South Africa, the government formalised a new policy called 'Multi-nationalism'. This policy divided South Africa into ten black 'nations', which allowed black sports people to compete against white South Africans. Multinational sport was a minimalist approach to apartheid reform, as white officials remained in charge and it did not extend to club or provincial competitions (Booth, 2003). Booth states that this de-racialization demonstrated the effectiveness of the sports boycott, but that it failed to end sporting isolation. The South African Council of Sports (SACOS) an organisation promoting non-racial sports, through their then president Hassan Howa, in 1977 coined the slogan, '*no normal sport in an abnormal society*'.

Both domestic and international pressure led State President F.W. de Klerk to un-ban the ANC in 1990. This started the process of South Africa's return to international sport, with most international federations lifting their boycotts by 1992. There are viewpoints supporting the argument that the sports boycott contributed to the decision to abandon apartheid. Although this is not proven, there is enough evidence that it had at least an indirect role in the move to abandon apartheid (Booth, 2003).

Smiles examines the South African sporting landscape in the context of the country's history. He looks at the complex nature of local sports, and offers suggestions for restructuring sports, specifically rugby, from grassroots level all the way through to the professional game. He also presents possible syntheses between transformation strategies aimed at meeting political targets and merit-based initiatives (Smiles, 2012). Smiles states that very few South Africans have an

understanding of the deeper social significance of rugby for the different cultural groups in South Africa. He provides valuable insights into the origin of rugby in South Africa, from when it was introduced by the British army, then formally established in the mid-nineteenth century through the school system in Cape Town.

Smiles writes that black players were never allowed to represent South Africa at home or abroad, with the reason often given by whites being that no blacks were good enough to represent South Africa. This was proven as incorrect with black sportsmen moving abroad and achieving success, amongst others the English cricketer Basil d'Oliveira mentioned earlier, and boxer Jake Tuli (also known as Jacob Ntuli) who moved to Britain and became the British Empire Flyweight Champion in 1953 (Smiles, 2012). Smiles provides valuable insights onto the historical structures of African and Coloured federations, and into the development of rugby within the Coloured and African communities. The number of active clubs between 1912 and 1940 confirm the fact that rugby was played by the Coloured population in the Western Cape and by Africans and Coloureds in the Eastern Cape and Transvaal. Virtually no rugby was played by Africans in Natal or in the Orange Free State. Indian rugby, at that time, was virtually non-existent. In spite of the lack of facilities, some African schools also played rugby. However until the end of the 1950s, the white SA Rugby Board accorded little attention to black rugby (Smiles, 2012).

Odendaal (1995) writes that “the time has come to bury the myth that current inequalities in rugby evolved naturally; that they existed because black South Africans were not interested in the game or were not suited to it, psychologically, emotionally or physically.” A similar view can be taken on all sports where black participation is below what is needed or required to consider the sport to be transformed. The history of South Africa and the impact that apartheid had on rugby can be applied to sports in general within the South African context. The assumption that rugby and other sports do not have black participation because black people are not interested in sport, or that they are not good enough to make the teams, are examples of “deep-seated and enduring racism in South African sport and society.” If rugby, and sport in general, are to thrive and grow in South Africa, overt and hidden forms of racism need to be addressed (Odendaal, 1995). Odendaal states that contrary to general knowledge, black South Africans had a long and remarkable rugby and sporting history in South Africa. He observes that overseas scholars and African university intellectuals took a long time to recognise the use of football (and sport in general) as an academic study in its own right and for its use in social analysis. Odendaal believes “it is puzzling and paradoxical that the topic has not gained more legitimacy in African studies in light of people’s interest in soccer” (Odendaal, 1995, p.78). This is discussed further below.

Black and Nauright write that black and white rugby both “emerged from a strong imperial background and were situated in the wider process of sporting expansion emanating from Britain during the nineteenth century” (Black and Nauright, 1998). Funding for black sport in the apartheid era was limited. Prominent rugby administrators were wealthy individuals who excelled at asking whites for money, and historically sport was seen as an instrument of economic and political power. Governments have attempted to gain domestic and international advantages through sport, and in South Africa the apartheid government used sport to exclude certain races and promote the white elite (Black and Nauright, 1998).

Despite the massive popularity of football in South Africa very little has been written about it. In the mid-1970s, many researchers became captivated by the game, with professional organisations and academic journals devoted to football. However, “South African universities have been relatively slow compared to the international output of studies” (Alegi and Bolsmann, 2010a). Alegi and Bolsman argue that the “underdeveloped soccer literature” is as a result of the neglect of football in intellectual and academic circles in this country. “Many conservative and progressive scholars find football (and sports) research superficial and in this country banal; the former dismiss it as the embodiment of ‘low culture’, while the latter denigrate it as an ‘opium of the masses’, a distraction from engaging with truly pressing concerns such as poverty and class struggle, environmental degradation, gender inequality, unemployment, homelessness, the HIV/AIDS pandemic, crime, corruption and so on.” From the 1950s football expanded and became popular in the urban areas, and integral to the social protest movement against the minority white government.

Those resourceful South African sport scholars who do publish continue to emphasise rugby and cricket, rather than football (Alegi and Bolsmann, 2010a). Alegi and Bolsman emphasise the majority of South Africans’ love for football. Nelson Mandela’s presidential inauguration in 1994 was festive and included an Ellis Park football match between South Africa and Zambia in Johannesburg. Mandela’s helicopter landed on the pitch at halftime and the huge crowd erupted in a thunderous roar as the President stepped out onto the field. The crowd, as well as the team seemed electrified, and South African went on to win the match 2 – 1 (Alegi and Bolsmann, 2010a). The lack of correlation between the academic output and the ground swell of support for the sport can also be attributed to the effects of apartheid: the inequality between the richer white population that preferred to play rugby and cricket, and the poorer black communities that preferred to play football.

Smiles, Odendaal, and Black and Nauright, write extensively about the history of African and Coloured rugby in South Africa, and their accounts demonstrate that rugby had a historical

following within the African and Coloured communities. It can also be argued that, were it not for apartheid limiting the resources and opportunities available for members of the African and Coloured communities, more African and Coloured sportsmen would have played rugby at a competitive level. These authors provide valuable insights into the history of black rugby in South Africa and all emphasise the social, historical and political significance of rugby within the wider South African society.

In her paper, “Prologue: Sport past and present in South Africa: (Trans)forming the Nation?”, Scarlett Cornelissen speaks to the societal value that sport plays in the politics and identity of the country. She uses as a case study the Fédération Internationale de Football Association (FIFA) World Cup staged in South Africa in 2010, and whether the money spent was justified or not in terms of true value added to South African society (Cornelissen, 2011). She also claims that from the government perspective after 1994 the FIFA World Cup undoubtedly represented the pinnacle of the achievements of the ‘Rainbow Nation’ (Cornelissen, 2011). However, the event widely regarded as a defining moment in democratic South Africa came in 1995 when Nelson Mandela wore a Springbok jersey when presenting South African captain Francois Pienaar with the Rugby World Cup.

2.2 Sport as Business

The section of literature relating to sport as business had to be narrowed down in order to be relevant to the study, with the eventual focus being predominantly on sports within the South African context.

The three sports federations used as case studies for the research were prioritised, and the quantitative data needed to ascertain the financial position of each federation was collated through consulting the individual reports of Cricket South Africa (Cricket South Africa, 2016), the South African Rugby Union (SARU, 2017b) and the South African Football Association (SAFA, 2016). The importance of consulting the Annual Financial Statements (AFS) and the Annual Reports from the three chosen sports, was to be able to construct a view on the financial strength and health of each federation. The AFS also provide a detailed and accurate view on the growth of the federations and provide information on the revenue streams available to the individual sports, as well as the information on the sponsors and number of licensed players registered within each sport in South Africa. The Annual Reports provide information on the organisational make-up of the specific organisations, with information pertaining to, but not limited to, company organograms, information on the board of directors, organisational and corporate governance

reports, as well as transformation and development reports. This information will assist in concluding a comparative business analysis between football, rugby and cricket from a business point of view.

A further quantitative report that proved valuable in this study was 'Entertainment and Media Outlook: 2014-2018'. This report by PricewaterhouseCoopers (PWC) provides insight into trends relating to revenue streams within sports; predictions of how these will change in the future, and the commercial impact they will have on sport as an industry (PWC, 2014). It is evident that consumer behaviour in most industries has changed, and this is particularly true in sport. Fans 'consume' sport in different ways, and the various options available to fans on how they consume sports have changed significantly in the last few years. The PWC report on entertainment and media outlook points to an annual Year on Year (YoY) growth of on average 6.7% in the sporting industry, while the YoY growth of the internet was 22%. The fact that internet business grew three times compared to sport, shows that people spend more time on the internet. Given the fact that sport has grown by 6.7% and live sporting attendances have decreased, one may conclude that more people consume sport via the internet, rather than at live events, due to new and superior digital offerings (PWC, 2014). The PWC data further points out that sports will account for more than 10% of consumer revenue throughout the period 2014-2018, aided by, for example, the expansion of Super Rugby in 2016 to feature a new South African team, which boosted media rights (PWC, 2014).

Vassiliki Avgerinou presents similar findings to the PWC report concerning potential changes and future developments of the commercial model of professional sport (Avgerinou, 2007). Increased broadcasting revenue, international player movement and the increasing globalisation and commercialisation of sport has driven player salaries to unprecedented levels. The financial challenges faced by professional teams in both South Africa and Europe, together with the dislocation between professional sports and their traditional supporter bases, portrays the new reality in the world of professional team sports, and raises the question of how economics interferes with it.

Avgerinou argues that, "all things being equal, the closer the competition between teams, the greater the interest in the sport and, therefore, the greater the likelihood of total attendance." He further states that unlike other industries, in the sports industry "no single team can supply the entire market" and monopoly is not profitable due to the joint production of the product. Demand is created directly for spectators at the stadium and fans watching at home, but also indirectly producing sales and advertising revenue for newspapers and television companies driven by the championship and the standings (Avgerinou, 2007). Avgerinou provides "an economic process"

for professional sports: inputs (talent, coaching), combine with the capital (stadium) to produce the output (match) that is sold to the customers (fans, ticket holders, TV audience). Unlike other industries, sports production needs a competitor. One of the key short-term factors that attracts customers, whether in the stadium or as part of a broadcasting audience, is the uncertainty of outcome of an event, while long-term factors include population, per capita income, reputation of referees and administrators, and the public's familiarity with the team, especially the star players (Avgerinou, 2007).

The last point made by Avgerinou, vital in the context of this research, is the uniqueness of South African sport, with the pressing need for transformation of the professional teams, and the danger this poses to the professional game. Should consumers of sports feel that their teams are not allowed to pick their best players and performance gets adversely affected, it might be detrimental to the commercial aspects of sport. Reduced spectators at live matches as well as a decrease in broadcasting audience will have a negative impact on an already under-pressure industry. It is therefore vital that the transformation of sport should answer to economic and social concerns.

Gerhard Steyn (2014), provides a research presentation on the threats posed to the professional game in South African rugby, and the key points that need to be taken into consideration in providing a quality product to ensure the commercial success of rugby in South Africa (Steyn, 2014). His findings are that professional rugby franchises are finding it increasingly difficult to maintain team performance as a result of challenging market conditions. They are generally not able to compete with remuneration levels offered by overseas clubs, and this is being exacerbated by flat ticket and suite sales which, in turn, are caused by inconsistent team performances (Steyn, 2014). Both the quantitative reports by PWC (2014) and Steyn (2014) will, together with new commissioned data gathered specifically for this study, provide a basis to build on the presented hypothesis, and finally specify an inclusive business model for sport in South Africa.

The difference between sport as a business in developed and developing countries is explored in the 2011 research paper by Luiz and Fadal. The findings of their study point to the fact that the country's population, social and financial resources play a major role in determining the success of its sport. In their opinion, South Africa is an interesting case of underachievement, taking into account the high level of resources at its disposal (Luiz and Fadal, 2011). The study further points to the value of sports in creating "direct economic benefits through employment, revenue from events, consumables and general taxation. Sport can be considered a composite sector that contributes to hospitality and tourism, to the textile industry through the manufacture of sports clothing, and to employee productivity through activity and health. Sport has assumed an ever-greater role within the globalisation process and in the regeneration of national identity." A

nation's sporting success, or lack of success, can be attributed to various factors, including social, financial and human resources available to the country. Various countries have excelled despite their limited social and economic ability. These are usually countries that focus on multi-sport competitions rather than team sports. With multi-sport competitions and individual sports more medals can be won than in team sports, where a single team can win only one medal. In individual sports a country can win up to three medals in one event, should their athletes win gold, silver and bronze medals (Luiz and Fadal, 2011). Luiz and Fadal go further in saying that, notwithstanding the importance of economic resources, local traditions push individuals in the direction of the most popular local sport within that country. India, for example, has a tendency to promote cricket as opposed to athletics, due to their cultural affinity towards cricket. In Kenya long distance running is another example of how traditions influence participation in sport (Luiz and Fadal, 2011). Luiz and Fadal conclude their study with the claim that money has a material influence on sporting results and the more resources available to invest in sport, the more consistent results will be achieved within the specific sporting discipline. Amongst African countries, South Africa is an interesting case of underperformance, given South African resources compared to other African countries. South Africa has the largest Gross Domestic Product (GDP) on the continent, but regularly fails to perform in the African Cup of Nations football tournament and is ranked 15th amongst African countries. This underperformance of South Africa reveals internal problems and inconsistencies, and the authors recommend further study within this important area (Luiz and Fadal, 2011).

Both Bolligelo and Grundlingh cover transformation and address the commercial side of rugby. In his dissertation, Bolligelo provides interesting insights into the transition that rugby experienced when developing from an amateur sport into a professional sport in 1995. He raises an interesting point, namely that even when rugby was perceived to be amateur, some players derived commercial benefits from playing. Bolligelo aptly names the phenomenon "Shamateurism" and claims that it was the unofficial onset of professional rugby (Bolligelo, 2006). In his research Bolligelo found that, implicitly or explicitly, money has always played an important role in rugby in South Africa. Even before the advent of professionalism in South Africa, it was generally accepted that payment was acceptable, as long as it was not for actually playing rugby (Bolligelo, 2006). Bolligelo further mentions the special situation of rugby in South Africa, in that, since the 1995 Rugby World Cup, where South Africa won at home, professional rugby in South Africa had more 'downs' than 'ups'. It seems that the transition from amateur to professional rugby in South Africa was harder than anticipated. Problems on and off the field surfaced within South African rugby, with at least nine of the fourteen provinces on the verge of bankruptcy (Bolligelo, 2006). Bolligelo further discusses the inequality within South African rugby due to the unequal financial situations of the different unions, with the four main unions

(Western Province, The Sharks, Lions and Blue Bulls) generating substantially more revenue than the other ten unions. He further argues that the unequal contests between these unions and those who are under financial pressure does not make for good rugby, as they result in a decrease in spectators at these matches and a decrease in viewership. This in turn affects SARU's finances and their ability to perform their duties.

Grundlingh describes the different interests that specific stakeholders have in the game and how this may vary over any specific period (Grundlingh, 2005). Traditionally rugby in South Africa subscribed to the belief that money nourishes the financial health of the federation and provinces, but the most important commodity - the player - was completely left out of the equation. In 1995, with the dawn of professional rugby, it became clear that an amateur structure now had to manage a professional game. Grundlingh states that the negotiations behind the scenes to facilitate this move from amateur to professional were coupled with 'cloak-and-dagger' activities that drove some players and administrators apart. The broadcasting rights to professional rugby were sold to pay-for-view broadcasters and, to the dismay of politicians, it in essence ensured that rugby became an elitist sport through the exclusion of a large number of viewers (Grundlingh, 2005).

Grundlingh provides a comparison between the interplay of the commercialism of a professional sport and the ANC government's drive to transform the demographic representation of the teams within the prevailing white culture of rugby in South Africa. The need to transform the sport has often clashed with the competitive commercial environment of professional sport, where a provincial coach, incentivised through performance bonuses, might be hesitant to include a promising black player in a pressure game at the expense of a more experienced white player. Sponsors, though they may wholeheartedly endorse the government's vision for black representation in sport, are more concerned about success and the higher exposure for them that success brings, than they are about transformation. The shareholding and ownership structure of provincial teams in South Africa is also discussed in the paper. The current constitution of SARU prescribes that all provincial franchises have a minimum 51 percent shareholding through their amateur structure, made up from predominantly amateur clubs domiciled within the respective province. This structure limits the commercial growth potential of a professional franchise (Grundlingh, 2005). The government's view that all citizens have the right to play sport has complicated matters in the professional era, where it has been reasoned that the right of access to sport by all residents is only applicable to amateur sport, as professional sport is based on economic and commercial foundations and is not the *milieu* for sustainable learning process and long-term development. The inherent tension between government expectations and professional sport therefore needs to be addressed to ensure the sustainability of professional rugby in South Africa.

For his dissertation, Strydom aims to establish how funding models affect the performance of teams (Strydom, 2015), whereas Kosik provides a more in-depth view of the cyclical nature of sport funding where it relates to government budgets (Kosík, 2012). Both Kosik and Strydom point to the fact that, even though government funding can be seen as relatively easily obtained though government's social responsibility towards its citizens, it is linked to the greater economy, and therefore economic factors directly affect the funding made available to sport by a government or national sports federation. The growing pressure on transformation, and the development of sports at grassroots level in South Africa, provide opportunities for professional sporting franchises, through the various Broad-Based Black Economic Empowerment (BBBEE) codes and scorecards, to provide a new funding model for the development of previously disadvantaged black South Africans. This potential funding model needs further investigation, and whatever structure is proposed needs to be verified through accredited BBBEE verification agents, to ensure the credibility and compliance of the structure (Standard Bank, 2008).

The impact of mega sporting events on a country and the legacy it leaves to the host nation after the event has passed, are looked at by van der Merwe in the South African context. South Africa hosted the Rugby World Cup in 1995, the Cricket World Cup in 2003, and the FIFA Football World Cup in 2010. The cricket and rugby World Cups were seen as more symbolic compared to the more business-like approach taken by FIFA during the Football World Cup (van der Merwe, 2007). Van der Merwe argues that the financial benefit and economic impact of mega sporting events in emerging democratic societies like South Africa are generally harder to predict compared to developed economies. Mega-event hosting by developing nations is often seen as a double-edged sword - on the one hand it holds the promise of growth through creating jobs, upgrading infrastructure and international exposure; and on the other hand it is often seen as being controversial and, if not carefully organised, can result in massive financial losses (van der Merwe, 2007). Van der Merwe performed a comparative analysis between the 1995 Rugby World Cup and the 2003 Cricket World Cup, then applied his findings to the 2010 FIFA World Cup (which was still in the future).

He further explains how the British used rugby, cricket and football as a means "to socialise the locals into a British way of life. Cricket, because of its elitist image and purportedly [gentlemanly] status, was seen as the embodiment of British identity, whilst rugby was to gain ascendancy as the chosen sport of the Afrikaans community." Thus rugby and cricket were perceived as a means of creating unity amongst the white population, and of maintaining social distance from the rest of the population. The working-class image of football in England appears to have been similarly transplanted and inserted into the structure of African society, and with time manifesting itself as

the chosen sport of the black, working-class masses (van der Merwe, 2007). A number of researchers have reported how rugby and cricket have historically been sports for the white population within South Africa, with football the preferred sport of the black population.

Van der Merwe analyses the distinct manner in which these sports manifest themselves in contemporary South Africa. His brief analysis of these sports' histories sheds some light on the diversity of the FIFA (football) 2010 World Cup from the 1995 Rugby World Cup, and the 2003 Cricket World Cup. What is particularly important in his study is that the 2010 FIFA World Cup was the first world cup hosted by South Africa, with a stronghold amongst the historically disadvantaged black population. Van der Merwe points to the fact that the political significance of the game has undergone fundamental changes within South Africa in the recent past, and football has come to be seen as a sport that has the power to provide a bridge between black and white nationalism. Football "is commonly referred to as 'the people's game', due to the fact that it relates to a diverse audience and can provide a fairly effective vehicle for ethnically plural, emergent democratic societies through its multicultural aspirations" (van der Merwe, 2007). Therefore, the FIFA event could more easily penetrate some of the more impoverished sections of South African society, whereas given their elitist, white support base, the Rugby and Cricket World Cups were unable to do. However, given its diversity, South Africa transpires as a strong case study of a developing nation which seeks to utilise sport mega-events for generating a range of positive by-products. Van der Merwe argues that "politicians and sports administrators have commonly drawn from the country's experience in the realm of politics, and in particular, its relative success in overcoming a legacy of racial discrimination, as its moral authority for hosting such events." The combining of the political with the sporting arena was a good strategy during the Rugby and Cricket World Cups. However, with FIFA having a more hands-on approach to their flagship event than the IRB or the ICC, there was less scope for South Africa to self-style the event outside the FIFA mould (van der Merwe, 2007).

An economic impact study done on the rugby test match between the Springboks and the All Blacks (New Zealand's international team) played at Kings Park in Durban on 8 October 2016, provided valuable data on the economic impact of such a single event. The purpose of an Economic Impact Study is to analyse the economic contribution which an organisation, industry or event makes to a specific region. The objective is to measure the change to the economic base that would not otherwise have occurred if, in this instance, the game had not taken place. The study usually measures changes in business revenue, profits, wages and/or jobs. During the match the combined average TV audience (SABC and SuperSport) was 1 945 608. The match achieved the highest average audience across all games on SuperSport (409 869). The combined total unique audience (SABC and SuperSport) was 2 501 311, and the match-day stadium attendance

was 52 595 (Nielson, 2016). The total economic impact of the event on the city of Durban and the KZN region was R 437 002 846 (Nielson, 2016).

Tien, Lo and Lin did a study on the economic benefits of mega events, with their primary focus being the Olympic games (Tien, Lo and Lin, 2011). The comparison between this study and that of van der Merwe is important to this research, as Tien, Lo and Lin examine the long-term effects and infrastructure cost impact of hosting mega events, compared to the social impact and national pride they provide to the hosting nation which van der Merwe considers. They start their paper with the research question, “Is it worth staging a mega event, such as the Olympic Games?” Similar to the findings of van der Merwe, Tien, Lo and Lin found that through hosting the Olympic Games, a country does not derive long-term benefits, but hosting does produce a short-term impact on the GDP and unemployment (the significant impact only occurs before the Games, not during or after the Games). Hence, hosting the Olympic Games only generates a short-lived impact on the host country. The research has shown that the infrastructure built for a mega sporting event might often be underutilised after the event, and the cost of maintaining these state-of-the-art venues can become a burden, especially on developing economies. Despite established intelligence, the hosting of the Olympic Games has not proven to be a significant tool for achieving major economic objectives, nor does it generate sustainable long-term impacts for the cities that stage the events, although it does have sizable short-term impacts (Tien, Lo and Lin, 2011).

Cornelissen writes that during the late twentieth century in South Africa, the role of capital in the professionalisation and commercialisation of major sports such as rugby, cricket and football is related to the wider transformation of major sports in the country. Changing forms of sponsorships is tied to particular powerful domestic and international interest groups (Cornelissen, 2011). The country’s economic strategy of hosting sport mega events can be considered as “an instance of South Africa’s quest for marketing power, a tailoring of the state apparatus to adapt to the pressures of globalisation.” Cornelissen’s thought-provoking assessment of the political processes that surrounded the planning and hosting of the [FIFA] tournament contends that the World Cup was a political project intended to bolster South Africa’s status as a leading power in the developing world, but believes, like Van der Merwe, that it is a project which may have bequeathed some material and political costs on South Africa’s elites (Cornelissen, 2011).

When discussing quotas to address racial inequality and accelerate transformation, Merret, Tatz and Adair claim that “the argument against quotas falls foul of a number of uncomfortable facts.” Professional sport depends on national and local patriotism to generate capital and large profits. Sports administrators speak proudly of “marketing and branding sport, turning it into big business,

an area in which all governments claim justifiable regulatory concern.” In South Africa, employers of over 50 people are subject to the Employment Equity Act and black empowerment regulations that in effect require racial quotas (Merrett, Tatz and Adair, 2011). In order to attract international investment into a professional sporting franchise, the following questions are raised: How will the international investor feel regarding the uniquely South African challenges, and restrictions? Will the need for transformation in South African sport hamper the commercial potential, especially from international companies? Merret, Tatz and Adair describe the South African sporting landscape as being a *“healthy, participative recreation governed by fair rules and codes of morality that has become a multi-million Rand enterprise run by ruthless businessmen, employing cynical players and watched by often overwrought spectators. An unholy alliance of commercialism and nationalism, enhanced by a touch of the circus, which has provided politicians with plausible excuses to interfere”* (Merrett et al., 2011, p.769).

Whannel speaks of the changing face of live sports and the changing role that live sports has assumed in the last few years, from being considered purely live sporting events into becoming increasingly television and media events. The way that television and social media has impacted on sporting events is described by Whannel as dramatic (Whannel, 2009). Through increasingly growing technology, television and digital experiences have in some ways become superior to the experience of live spectatorship. The ways in which television and digital media have transformed the delivery of sport made it more attractive for sponsors and advertisers through it having the capacity to reach a bigger audience than ever before. Alongside the technological and aesthetic transformations came an economic transformation. Whannel explains how these transformations together have fragmented the sense of location and grown sport into a truly global product (Whannel, 2009). This might potentially pose a threat to South African sporting business as the South African consumer might opt against local presentations with the easy access to international sport available through increasing media and television offerings.

Finance Minister Pravin Gordhan, in a published speech two weeks after the conclusion of the 2010 FIFA World Cup, said that the benefits of the World Cup to South Africa, as well as to the rest of Africa, were not so much about the new infrastructure and tourist and credit-card spending, but more about changing perceptions about South Africa and, indeed, the rest of Africa. During his speech he outlined the infrastructure upgrade in South Africa thanks to the FIFA World Cup; from stadiums, rail, bus and rapid-transport systems, the upgrading of existing airports, the construction of a new airport, the Gautrain, to the improvements to our roads, freeways, and broadcast and telecommunication systems (Gordhan, 2010). According to Gordhan, the government put R33 billion into preparations for the FIFA World Cup, and investments that formed part of the long-term development plan for South Africa. This funding came from South

African taxpayers and acted as a catalyst for expanding the above-mentioned infrastructure, but also for skills development, employment creation and economic growth (Gordhan, 2010). The GDP for 2010 was one percent higher than it would have been without the FIFA World Cup, and that is notwithstanding the non-quantifiable benefits which would be realised over time.

Gordhan highlights three lessons learnt from the delivery of the 2010 FIFA World Cup:

- Firstly, complex challenges need to be disaggregated into a number of clearly defined undertakings with budgets and cash flow. The complex 2010 FIFA World Cup project was disaggregated into 24 projects, enabling institutions involved to focus on what was required to deliver on time and ultimately ensure a successful event.
- Secondly, using clearly defined projects, a ‘roles and responsibilities matrix’ needs to be put in place and indicate which organisation do what work, and by when. The ‘roles and responsibilities matrix’ was a highly effective instrument for delivering the infrastructure on schedule, and apportioned accountability and responsibility in delivering the 2010 FIFA World Cup projects.
- Thirdly, the 2010 FIFA World Cup had an immovable deadline that all parties had to work towards and therefore an overall program with individual project schedules, targets and deadlines was prepared. This kept the overall project tight with little room to manoeuvre and miss deadlines (Gordhan, 2010).

According to Gordhan the public sector infrastructure program had a commitment of R 846 billion for the three years following the World Cup, with 45% of those funds committed to the electricity, freight, rail and ports sectors. Investing significant resources in these sectors would ensure security of supply of electricity, improved quality of freight and shipping services and therefore growth in our exports, specifically mining and the manufacturing base (Gordhan, 2010). The indirect benefits of the infrastructure investments were highlighted by Gordhan: ensuring that the lights remain on and clean drinking water emerges from the taps, people and goods move efficiently around the country; goods are efficiently and quickly shipped abroad at reasonable cost – all crucial to support the new investments, raise the productivity of workers and increase exports. Society at large benefits when goods and services can be accessed more easily and are more widely distributed throughout the country; something that is not possible if facilitating infrastructure is absent or not functioning properly (Gordhan, 2010). The real impact of the 2010 FIFA World Cup, and the most important legacy according to Gordhan, was the “renewed confidence in ourselves as a nation that the hosting of the tournament brought about.” Subsequent conversations in South Africa focused how to build on this to tackle our most pressing social challenges: public education, health, and unemployment (Gordhan, 2010).

2.3 What qualifies as an inclusive sport in South Africa, and what constitutes inclusive innovation in South African sport?

The subject of inclusive innovation in South African sport is extremely important when one considers the historical background of sport in the country. Yet little to no literature currently exists around inclusive innovation in South African sports. Inclusive innovation is a concept originating in developing countries, where poverty results in the exclusion of many of their people, primarily from access to the satisfaction of their basic needs, and also from the benefits of scientific and technological advancement. Other terms, such as innovation for the bottom of the pyramid, below-the-radar innovation, pro-poor innovation, and frugal and reverse innovation, are also associated with efforts to address the needs of low-income people.

The United Nations (UN) defines inclusive innovation as the inclusion of groups that are currently marginalised in some aspect of innovation. Most often identified is the group with the lowest income, often with a focus on women, the youth, persons with disabilities and ethnic minorities (Trade and Development Board, 2014). The World Bank offers a further definition of inclusive innovation as “any innovation that helps expand affordable access to quality products and services that create and increase livelihood opportunities for excluded populations” (The World Bank, 2013). It identifies five features characterising inclusive innovation: affordable access; sustainable production; goods and services that help create livelihood opportunities; orientation towards excluded population, primarily those at the base of the pyramid; and significant outreach (The World Bank, 2013). Sengupta defines inclusive innovation further as follows: [an] “innovative model and tools focussing primarily on the marginalised section of the society by involving new technology” (Sengupta, 2016).

In order to thoroughly comprehend and successfully apply any model of inclusive innovation, it is important to firstly understand the meaning of ‘inclusion’. The Oxford dictionary defines ‘inclusion’ as “including everything or something as part of a group of things”, in other words to include connotes addition and/or incorporation. Sengupta states that “*the success of innovative inclusion cannot be guaranteed without the process of governance because socio-economic policies need state support to effectively distribute benefits and resources. It is important to understand inclusion not merely as presence, but as active participation of maximum numbers of communities, classes and groups; they should be autonomously speak and opine for themselves without pressure from any agency or state*” (Sengupta, 2016, County Cricket Website).

The literature above points to the fact that inclusive innovation contains inherent potential and can produce noteworthy impacts in any arena – it can be fairly rudimentary, occur in previously existing systems, or even developed from cutting-edge research. Inclusive innovation as described by George, Mcgahan and Prabhu refers to an innovation that benefits the disenfranchised, addresses the issues around inequalities, and provides solutions to rectify such issues (George, Mcgahan, & Prabhu, 2012). Gemmel writes that in South Africa *“inclusion is tied in with the initiatives of the post-apartheid administrations, and therefore there is a big role for sport in assisting with political projects designed to bring the country together”* (Gemmel, 2007, p.49).

Kersting writes that the need for inclusive sport in South Africa is undeniable because strong racial nuances still persist in sport. While football is the sport of choice among the black majority, rugby and cricket tend to be supported by the white minority. Kersting’s study explores the way in which short-term, acute and positive sentiments of patriotism, stirred up by major sports events such as the FIFA World Cup or Rugby World Cups, can affect longer-established processes of national identity, nationalism and even xenophobia in any particular context. Kersting defines national identity as a cohesive force that holds a nation together in various forms of social constructs. People are socialised through mutual experience, and within a common culture and a territorial and geographical setting. South Africa is a country with a high level of nationalism and sport patriotism, but other group identities such as race are stronger (Kersting, 2007). Kersting states that in order to create an inclusive environment where sport will thrive and be considered to be inclusive, pride in democratic performance, in societal values and in peaceful policies will in turn lead to sport patriotism that can be used to promote certain values like team spirit and discipline, as well as tolerance, equity, multiculturalism and democracy. In countries concerned with nation-building and state-building, large-scale sporting events can present unique occasions to strengthen common bonds. Kersting believes that inclusive sports can be seen as a nation builder for South Africa (Kersting, 2007).

Boshoff writes that sport is a highly pervasive institution of society and it tends to permeate the entire social fabric of any given country. The importance of sport is not hard to discern in South Africa, where it has pervaded the lives of many residents. The ANC recognised the significance of sport as a social institution through its incorporation into the party's Reconstruction and Development Programme (RDP), an economic programme designed to improve the socio-economic conditions of underprivileged communities. This commitment to sport was embedded through the establishment of a Ministry of Sport following the ANC's victory in the country's first democratic elections after April 1994 (Boshoff, 1997). Boshoff paints a clear picture of the ANC government identifying the need for sport to act as a catalyst for social cohesion. However, more than 20 years after the first democratic elections, although sport has provided definite moments

of pride and nation building to South Africa, the fact remains that sport has not as yet been the proverbial glue that binds the rainbow nation together.

Burnett's 'sport for development' strategy provides different angles to inclusive innovation through sports, by referring to the strategies as top-down, bottom-up and outside-in approaches (Burnett, 2017b), all with the ultimate goal of engaging sport for social impact in South Africa. The role of development in creating and promoting inclusive sport is determined and argued by Burnett, who, using comparative case study analysis, compares active community clubs, school sport mass participation and Youth Development through Football (YDF). The conclusion of the case study is that the success of development programmes will inevitably depend on the collective association and goal achievement within the development framework (Burnett, 2017a).

A Norwegian case study, carried out by Hanstad and Skille, researches the relationship between elite sport and mass sport in South Africa, where elite sport is expected to promote inclusiveness through transformation programmes (Hanstad and Skille, 2010). The study provides valuable insights into the relationship between elite and mass sports in a developed country and how it can be applied in a developing context. The salient point raised by Hanstad and Skille is that the relationship between elite and mass sports is best understood as "a complexity of figurations where economic, strategic and other aspects interplay." In summary, elite sport does not generate mass sport *per se*, but it may contribute indirectly. In the end, mass sport is not prioritised to elite sport; apparently, the former is 'prioritised' only when the latter is prioritised first (Hanstad and Skille, 2010). Therefore when applying the findings from Hanstad and Skille to our developing economic scenario in South Africa, there is an argument for the mass-participation development programmes to especially promote rugby and cricket as inclusive sports amongst poor and rural communities.

'Reconciliation through Sports' by Höglund and Sundberg researches the role that sport can play in reconciling and promoting social cohesion in countries that have been affected by political turmoil. The article uses South Africa as a case study and explores the different ways that sport can play a role in reconciliation in various states (Höglund and Sundberg, 2008). Höglund and Sundberg believe that to better understand the determinants of successful pro-reconciliation sport initiatives, the different actors, activities and mechanisms must be identified through which reconciliation can be achieved. They analyse pro-reconciliation initiatives in South African sports, and link these processes to theories on reconciliation after conflict, providing important contributions to the study of the inter-linkages between sport and peace building (Höglund and Sundberg, 2008). They identify four processes: 1) the utilisation of symbols and symbolic acts of reconciliation; 2) the application of sport policies to create fair representation; 3) the breaking

down of stereotypes and negative attitudes through inter-communal sport initiatives; and 4) individual development (Höglund and Sundberg, 2008). Through their study and research they promote the theory that reconciliation is understood not only as a process of forgiveness at the political level, but also as integration of separate racial, ethnic and socio-economic groups. They also point out that it needs also to be recognised that sport carries a potential for conflict and division, and should not be seen as automatically being a vehicle for nation building and social cohesion in once-fragmented societies.

The Höglund and Sundberg article is important to this section of the literature review process as it was one of the first articles that provided insights into reconciliation attempts, driven through sports, in South Africa. The authors also point out that an important step in a national reconciliation process is to move away from conflict identities to a more inclusive and bridging national identity. Such processes can be set in motion by the introduction of new national symbols. The three sporting codes that form the subject of this research study were all played under the Springbok emblem during apartheid, but since South Africa's readmission to international sport, the South African national football team is known as Bafana Bafana, and the cricket team as the Proteas. Only the national rugby team still plays under the Springbok emblem, as they did during apartheid. Should Höglund and Sundberg be correct in their statement around the need for new national emblems to move away from conflict identities, the fact that rugby chose to persist with the Springbok emblem might explain the reason why rugby still struggles to fully establish itself as an inclusive national sport. This is despite the fact that it is more successful than football and cricket: rugby is the only sport in which South Africa has won the world cup twice - in 1995 and in 2007. Höglund and Sundberg claim that participation in sports can break down stereotypes, transform negative attitudes about 'the others', and empower communities to create a more homogeneous and less conflict-prone society. Conflict prevention aspects of such integration include: the creation of social cohesion and opportunities for youth through individual self-development. In addition to participation in sport serving to break down stereotypes, sport can also have indirect and positive side effects on integration, if sporting opportunities are increased more generally. Tournaments and leagues give people the chance to interact with members of other communities and this will have a positive impact on social cohesion and, ultimately, inclusive sport (Höglund and Sundberg, 2008).

Cornelissen's article, published after the country hosted the 2010 FIFA World Cup, focusses on analysing the identity and social impact of sport in South Africa, and provides insight into how the hosting of the football world cup offered an occasion to promote and present a cohesive national identity to the world. The article points to the fact that, from a government point of view, the hosting of the football world cup represented one of the pinnacle achievements in South

Africa after 1994 (Cornelissen, 2011). The debates around the FIFA World Cup and its socio-economic or socio-cultural legacies leave a substantial impact on the political consciousness of South Africans because they reflect a long-standing intellectual problem – how to grasp the dynamics between sport, politics and identity in the country, and how to understand the role that sport has historically played in societal processes (Cornelissen, 2011).

Rugby and cricket, but not football (a sport dominated by Africans), have been under the watchful eye of the ANC's revisionist ideologues because historically, these two sports have been the domain of white South Africans, and a *cause célèbre* of apartheid zealots (Merrett *et al.*, 2011). By featuring black players, cricket and rugby rightly challenge this connection. However, the question remains: will having players of different races playing for the Springboks and the Proteas be enough to erase the effects of 30 years of apartheid, for both cricket and rugby to be considered inclusive in the South African context? Merret, Tatz and Adair answer this question as follows:

“Genuine integration in South African sport can only happen in the wake of substantial structural changes in society. Inevitably, these will take time, and a great many mistakes. Right now, the ANC, much like several other African post-colonial regimes, is focused on its own aggrandisement; this black, middle class elite wields unprecedented power – too often in its own interests rather than those of its broad constituents. In the context of sport, this has meant an inordinate fascination with the politics of race and representation at the elite level, and insufficient attention to programmes and resources needed to improve sports participation at grassroots level” (Merrett *et al.*, 2011, p.771).

According to Merret, Tatz and Adair, the only true way for inclusive change to happen and be sustainable will be to have a transformed sport on the field underpinned by substantial structural changes in society.

Sport definitely has the power to unite a nation and promote inclusivity amongst different cultures. Alegi and Bolsman note that Ahmed Kathrada, the former political prisoner incarcerated with Nelson Mandela for 26 years, commented that, following the announcement (in 2004) of the allocation of the 2010 Football World Cup to South Africa, there was an outburst of euphoria which surpassed that of 1990 (when Nelson Mandela was released): *“The scenes of jubilation, the spontaneous outpouring of celebration following FIFA's decision, the solidarity of pride and unity evoked by a sporting event should serve as a shining example to black and white alike”* (Alegi and Bolsman, 2010a, p.1). Alegi and Bolsman also point out that, during apartheid, rugby and cricket were seen as predominantly white sports, with government resources used to provide top infrastructure and facilities for these sports, while football was seen as the sport of the masses and mostly played by black South Africans, with limited facilities. Alegi and Bolsman argue that white football was more popular and meaningful than generally acknowledged, and that it was at

the forefront of globalising football in the early twentieth century. Their analysis of white football reveals how local football authorities challenged the domination of rugby and cricket historically in South Africa between the 1890s and the 1940s. Alegi and Bolsmann also consider the challenges of professionalism and anti-apartheid football in the 1950s and early 1960s, and the failed 1967 policy of ‘multi-nationalism’, which eventually led to the demise of elite white football in 1977 (Alegi and Bolsmann, 2010a). Alegi and Bolsman’s argument on the popularity of white football during apartheid raises a question similar to promoting rugby and cricket amongst black South Africans to eradicate the effects of apartheid: should the South African government not provide programmes to promote football amongst white South Africans to truly promote an inclusive sporting landscape in South Africa?

2.4 Transformation in Sport in South Africa

The Transformation Charter for South African Sport defines transformation of sport as a process of “holistically changing the delivery of sport through the actions of individuals and organisations that comprise the sport sector to ensure:

- increased access and opportunities for ALL South Africans, including women, persons with disabilities, youth, children and the elderly in sport and recreation.
- the socio-economic benefits of sport are harnessed.
- the constitutional right to sport is recognised.”

(Department of Sport and Recreation, 2011)

The concepts of, and need for, transformation and empowerment are often unclear, emotional, oversimplified, and therefore controversial. The impact on the country’s long-term future is often neglected and the importance of transformation insufficiently emphasised. This invariably results in emotionally confusing and divisive interaction amongst South Africans (Department of Sport and Recreation, 2011).

The main aim of transformation in South African sport has been to develop a unified and successful nation that competes on the international stage with teams that are accepted by the whole nation and representative of the population of South Africa. The success of transformation will lie in the redesign of the sporting landscape to incorporate the four dimensions set out in the transformation charter of reframing, restructuring, revitalisation and renewal. To ensure the success of transformation, a high level of strategic thinking and planning initiatives are needed to ensure alignment with critical issues related to the achievement of focused, defined and measurable transformation objectives and goals (Department of Sport and Recreation, 2011). The

Transformation Charter provides important and valuable input into the reasons, strategies and processes behind the government's motivation for transforming sport in the country. It points out two drivers of transformation, the first being the altruistic driver – people who believe transformation is the right thing to do and are buying into the process – and the second those who believe that it is a key success factor for team survival and long-term competitiveness (Department of Sport and Recreation, 2011).

The Charter also divides the South African population into three distinct categories. The first group has both feet positioned in the past and views transformation processes as intrusive and discriminatory. The second group has one foot in the past and the other in the future; they are apprehensive and unsure, and are sometimes concerned about the country's future. Thirdly, there are those who have both feet firmly planted in the future and are actively engaged in dealing with the problems facing South African society. The challenge for the government will be to ensure that all three groups become actively engaged and buy into the vision of a transformed and unified South African society. The Charter claims further that it is "strategically suicidal for transformation to be viewed solely from a restrictive political rather than a holistic perspective. Transformation refers to each and every component of South African society, including sport and all its sub structures" (Department of Sport and Recreation, 2011).

The National Sports Council (NSC) raised concerns about expectations around transformation in sport, due to the immediate re-admission of South Africa to international sporting bodies without qualification. Many of the development programmes closed down, with the appointment of black development officers, without adequate resources or moral support from a still predominantly white sporting structure (Booth, 2003). The general feeling amongst ANC politicians was that the opportunity was lost to negotiate a deeper, more meaningful structural change within South African sport once the country was readmitted into the international arena, with the sentiment being, rightly or wrongly, that there was less urgency for significant change, due to the fact that white South Africans achieved their goal of again participating on the international stage. Booth further describes 'sports unity' as typically consisting of a black ceremonial head and a sprinkling of 'culturally diverse' personalities among a core of establishment administrators, who refused to relinquish their uniforms and banners. In 1993, SA Rugby's director of development, Ngconde Balfour, resigned, accusing senior administrators of using development as a smokescreen for international tours (he later became Minister of Sport). Similar accusations were made against other sporting codes including, amongst others, swimming and athletics (Booth, 2003). The transformation of sport in South Africa was seemingly under pressure within 18 months of the readmission of South Africa to the international arena.

Smiles looks at the relationship between sport and politics since democracy in 1994, and also at the principles, processes and integrity of transformation, and what will be required for transformation to be successful. The cultural diversity within South Africa provides a conflict zone within sport, and both black and white South Africans who cling to the past are seen by Smiles as dangerous obstacles to transformation (Smiles, 2012). According to Smiles, South African politicians and administrators will have to be mindful of the fact that, in order to achieve their transformation goals, the intention should not be to 'reinvent the wheel', but rather to build on the historical areas that are already considered African, Coloured and Indian sporting strongholds, and pump resources into them, instead of trying to develop every area in the country evenly. Smiles points to the continuing lack of facilities in black areas as indicative of the fact that the playing fields are far from level, and there clearly is a need to go back to the drawing board if the aim remains to produce provincial and national teams that will achieve transformation targets and be representative of the South African population (Smiles, 2012).

Smiles also addresses the labels that have been used as negative aspects of transformation in South Africa, and he emphasises that discrimination, prejudice and stereotyping are major stumbling blocks in the rugby integration process since the new democratic dispensation. Tokenism and 'window dressing' have often been used to label players and officials who have been selected for teams or positions where they have replaced white players and officials. Tokenism can have the same connotation as 'façade', which means a false appearance. The lack of certain sectors of society to transform their thinking poses a material threat to the success of transformation programmes in South African sports (Smiles, 2012). Smiles further investigates how to address the concern of labelling and presents a solution which uses empowerment instead: empowerment as a process focusing on increasing personal, interpersonal, social-economic and political power, thereby enabling people to improve their circumstances. Rugby transformation can empower both officials and players to "to give authority to do something". Smiles proposes that transformation should shift from negativism to positivism, as well as from individualism to collectivism (Smiles, 2012).

Grundlingh argues that in order to accurately gauge the impact of professionalism on South African rugby, one has to take into account the vagaries of South African politics. He outlines the relationship between commercialism and the ANC's drive to transform sports, and the still prevalent white-dominated culture of rugby in South Africa (Grundlingh, 2005). In a comparative analysis of black representation in rugby on a national level in South Africa between 1994 and 2005, Grundlingh shows that, statistically, there was not a big enough pool of black players to sustain government transformation targets. The transformation programmes that were implemented in 1994 failed more than 10 years later, and questions were asked around the

capability of black players to play certain sports. Minister of Sport Makhenkesi Stofile regarded it as essential to “kill the myth that... black people cannot play certain sporting codes because they are black.” (Grundlingh, 2005) The slow rate of transformation started attracting political pressure and Butana Komphela, Chairperson of the Parliamentary Portfolio Committee on Sport and Recreation, an outspoken advocate of transformation in rugby, announced in mid-2007 that legislation was being prepared to render transformation charters for sport legally enforceable. This legislation was never passed by parliament. However this incident did point towards a more combative stance from government when it comes to transformation, and especially a perceived slow rate of transformation.

Grundlingh questions why, given the government’s overwhelming power, it waited for such a lengthy period after 1994 before contemplating the adoption of more stringent measures (Grundlingh, 2005). According to Grundlingh, it is clear that an inherent tension exists between the government’s transformation drive and the financial dictates of the professional game. Andre Markgraaf, former Springbok coach and rugby administrator, warned that the government was scared of sponsors that didn’t want to be dictated to by government directives. The government at the time responded by saying, through Minister Stofile, that *“We know what your imperatives are about obtaining the maximum exposure for your products and the best return on investment for your marketing or advertising ‘buck.’”* He implored: *“But please remember, these things are only possible if there is social cohesion and national pride in a country! Will you please help build those in South Africa.”* (Grundlingh, 2005. p.9.) It was clear that the pressures of transformation were spilling over from the playing field into the boardrooms, and even high-level businessmen got involved. An urgent meeting was held in Stellenbosch to discuss the direction of rugby in the country, and, according to Grundlingh: *“All the big names in rugby were there, and on the face of it the whole exercise seemed perfectly legitimate. What confused me was the presence of one individual, though. When I asked why he was present, I was told that he represented a powerful group of businessmen, who were all extremely wealthy and influential. ‘People with money like that’ I was told, ‘hold the real power in South African rugby. They pull the strings. Needless to say, whatever, the man asked for at the meeting, he got. All his suggestions were approved without question”* (Grundlingh, 2005. p.10). Grundlingh’s theory seems to echo the sentiments raised by Smiles earlier in this section, when Smiles referred to certain black players and administrators who were made to feel like tokens, and that they were being used as ‘window dressing’ to appease politicians.

Grundlingh provides an interesting hypothesis when he argues that in a sense it is ironic that professionalism can be viewed as retarding the process of societal transformation: if it was not for the political shifts of the early 1990s, and had the ANC not been elevated to become the ruling

party in South Africa's new democracy, the country's sporting ban might well have continued. In the absence of credible international competition, the introduction of professional sport and professional leagues in South Africa might never have happened. The irony is that the ANC government's market-oriented economic policies provided the platform and economic landscape which allowed the commercialisation of sport to flourish (Grundlingh, 2005).

Du Toit analysed the playing time of professional senior rugby players across all levels of South African rugby between 2007 and 2012, and looked at the implications his findings might have for transformation. He focused on the efficacy of SARU's development programmes, and tried to ascertain if there was a change in ethnic profiles amongst the various unions from 2007 to 2012. Du Toit used the following definition: "Transformation can be understood as a process of increasing the representation of players of colour in all teams, so that representative teams reflect the demographics of the population and are selected on merit. Once an equal environment with equal opportunities is established, transformation processes would no longer be needed" (du Toit, 2013. p.24). It is interesting to note that, for Du Toit, transformation has an end point as well as a starting point. One would assume that the starting point would be the same as all the other articles used in this literature review, being the readmission of South Africa into the international sporting arena. The difference for Du Toit, however, is that he feels once an environment of equal opportunities has been established, transformation processes will no longer be necessary (du Toit, 2013).

Transformation programmes implemented in cricket between 1996 and 2008 showed increased representation of players of colour in the provincial cricket competition. SARU implemented various initiatives to accelerate the transformation of rugby, but the success of the various methods was difficult to determine, because a clear measurable definition of transformation did not exist (du Toit, 2013). Rugby identified the shortcomings of measuring transformation purely by counting the number of players of colour in a team – their argument being that purely counting heads would be misleading and not a true reflection of transformation. A system based on simply counting heads is misleading as it does not distinguish players selected on merit from 'token' players in the team, players who are selected just to achieve the required racial demographics within the squad. Such players would not contribute much to the playing team and therefore mask the 'real' transformation of the team (du Toit, 2013).

The Transformation Charter of 2012 provides a transformation scorecard, which requires the total number of black people throughout the system, from players through to coaches and administrators. Du Toit argues that this system again defines transformation based on head counts. Du Toit offers a solution for measuring the success of transformation, and proposes a system to

record the total playing time of players in a season. This approach would circumvent the problem of ‘token’ players in a team, selected merely to make up numbers so the team could measure up to the required demographics. This approach of quantifying transformation programmes is in alignment with the National Sports Plan, with which all sporting governing bodies are expected to comply (du Toit, 2013). In analysing the specialised transformation programmes implemented by SARU, du Toit finds that these programmes have not had the desired effect in transforming the game. Given the nature of high performance sport, the interpretation of du Toit’s findings needs to be carefully considered. Du Toit argues that an athlete’s talent needs to be developed in a structured way. A long-term programme in an appropriate children’s environment needs to be established in order for a child to develop the characteristics essential for good sporting performance. Du Toit points out that there are significant differences between children of heterogeneous ethnic origins, with white children, generally bigger and scoring higher in the fitness tests than Coloured and African children. These differences were largely eliminated with controlled socio-economic statuses. It is therefore evident that the social inequality of South Africa has an impact on the transformation of sport in South Africa. The poverty that affects large portions of our black population negatively effects the foundation years of children who are being raised in these low socio-economic environments. These children will always be disadvantaged on a competitive level, due to differences in maturity and growth (du Toit, 2013).

Padayachee, Desai and Vahed weigh in on the argument over the meaning of transformation: merit *versus* affirmative action, beneficiaries of change and the pace of transformation. Their case study was cricket in KwaZulu-Natal (KZN) between 1994 and 2004. They state that the lack of change in racial composition since 1990 at the levels of leadership, coaching and players has failed to transform cricket into a ‘people’s game’(Padayachee, Desai and Vahed, 2004). They point out that cricket establishments, following the government lead in prioritising the empowerment of minorities, have created enmities along the fault lines of race and class. They use the example of a power struggle that played out in KZN cricket between African, Indian and Coloured administrators, a struggle that revealed the divided nature of post-apartheid South African society, notwithstanding attempts to define South Africa as a ‘rainbow nation’ (Padayachee *et al.*, 2004).

During the 1999 English cricket tour of South Africa, Minister of Sport Ngconde Balfour intervened in the selection of an all-white Gauteng team to play the touring English. He insisted on the inclusion of one black player and said afterwards that two things are non-negotiable: the first is transformation and the second is representivity, and the government has to step in and assist if federations cannot do it themselves. This intervention caused the national team to call for a meeting with the Transformation Monitoring Committee (TMC), during which players

expressed unease about the relationship between ‘excellence’ and ‘transformation’. They felt ‘insecure’ because they lost their match fees when they were ditched to make way for black players (Padayachee *et al.*, 2004). This raised uncertainty and animosity at provincial cricket level, with a journalist addressing the issue of player quotas in the *Daily News* newspaper in KZN. Writing in his weekly column, he commented that “it’s tough being an uMlungu” (white man).

This apprehension amongst white cricket players became manifest when a number of high-profile white players with British passports emigrated to England. KwaZulu-Natal lost Kevin Pietersen, previously of Maritzburg College, a young off-spinner and hard-hitting batsman who went on to become an England great. Where white commentators sensationalised this and predicted that a mass exodus of players leaving South Africa was to follow, historian Andre Odendaal believes that such moves are due to the strength of the British currency, and that the concerns of white journalists are unfounded: “It’s always seen as Whites being threatened, and the effect of that is to make the victims of yesterday the problems of tomorrow” (Padayachee *et al.*, 2004, p.272).

The struggle between transformation and race is not limited just to black and white. Several complicated ‘patterns of prejudice’ exist. ‘Black’ itself is contested, and struggles have surfaced between Africans, Indians and Coloureds over power and opportunity. The reference to ‘Black African’ in the Transformation Charter is a source of concern to many Indians and Coloureds who feel excluded. This definition in the Charter has been a catalyst for various debates around the racial make-up of transformed teams. Padayachee, Desai and Vahed state that sport is an important element of South African popular culture, and while it is recognizably a source of pleasure, it is equally a site of contestation. Cricket, football and rugby are meant to cross language, race and class barriers, and draw both spectators and participants to a common nationhood. While significant changes have occurred in cricket since 1990 and even though these are on-going, they are not transforming cricket into the peoples’ game, and these struggles reveal the fragmented nature of post-apartheid society (Padayachee *et al.*, 2004).

Taliep, Gamielien and West researched the cricket bowling performance of different racial groups at a junior provincial level in South Africa, in order to see if there are discrepancies between different races and also to ascertain if the transformation programme in cricket has been successful, and if so, to what extent. The findings of their study proved similar bowling averages of different racial groups. However, the relatively few black bowlers in the top 20 wicket-takers each year could be as a result of either a lack of highly-skilled black bowlers, or the lack of opportunity for black bowlers to bowl in appropriate tournaments. This study proved significant, as it shows that the number of African, Coloured and Indian players playing cricket at a high level

has increased (Taliep, Gamieldien and West, 2015). This study is important to this literature review as the findings are recent (2015) compared to other studies in similar fields.

Gemmel considered the history of inclusion of black South Africans in cricket under the following points:

- Firstly, black people have always taken an interest in cricket, and enjoy a long history of playing the sport.
- Secondly, black people were excluded from advancing in cricket because of racist attitudes and government policies. Despite this, black players continued to play cricket, which suffered from the lack of comparable resources available to the white population.
- Thirdly, inclusion is integral to the initiatives of the post-apartheid administrations, and therefore sport plays an enormous role in assisting with political projects designed to bring the country together.
- Finally, advances made in cricket must be considered alongside those made by the population in general (Gemmell, 2007).

Gemmel claims that transformation often gets blamed when South Africa does badly on the cricket field, that white people feel victimised and transfigured into modern day D'Oliveiras. Gemmel poses the question: "Should we not stop looking back and rather look forward?" He points out that after a slow start, black cricket is making progress within disadvantaged communities, and the number of first-class players has increased from 20% in 1998 to 41% in 2003. In January 2002, the *Sunday Times* reported that seven of the 12 bowlers in the Standard Bank Cup limited-overs competition were black, at that stage of the season; three of the top 13 batsmen averaging over 50 were black in the Super Sport four-day competition; six players of colour represented the South African 'A' team in the 2002-2003 season, five were selected for the World Cup squad in 2003, and a further six for the tour to England following the World Cup (Gemmell, 2007). It was clear that transformation in cricket was working and, considering the increased participation at high level as outlined in the study by Gemmel, there was merit in the transformation programmes of the United Cricket Board (UCB, from 2006 Cricket South Africa, CSA). Transformation in cricket is about how it is perceived by the population, and about securing a base for its survival and growth, with much to gain in the long term (Gemmell, 2007).

The Report of the EPG (Eminent Persons Group) in Sport is a government-funded report commissioned by Minister of Sport and Recreation in May 2012, following a resolution of the National Sport and Recreation Indaba (NSRI) held in November 2011. The NSRI resolved that "a Transformation Commission be appointed to drive, closely monitor and vigorously evaluate transformation policies and implementation within the sports movement" (EPG Transformation

Committee, 2015). The primary task of the EPG is “to provide the Minister of Sport and Recreation with strategic policy advice on the status of transformation within the sports sector in all its facets. The EPG is also charged with the responsibility of advising the Minister of Sport and Recreation on the implementation of the Transformation Charter and its score-card, in line with the National Sport and Recreation Plan (NSRP), which is embedded in the National Development Plan (NDP) of the Republic of South Africa.” Minister of Sport and Recreation Fikile Mbalula started the EPG reports with initially, as he referred to them, the ‘big five’ sporting federations; Athletics South Africa (ASA), Cricket South Africa, (CSA), South African Football Association (SAFA), Netball South Africa (NSA) and South African Rugby Union (SARU). These federations are to provide the EPG secretariat with data that will then be imported into a score-card. It is on the basis of this score-card that the EPG makes its findings and recommendations to the Minister of Sport and Recreation (EPG Transformation Committee, 2016). The federations are then provided with transformation targets that they agree to meet. The federations signed a Memorandum of Agreement (MoA) with the Department of Sport and Recreation in 2015, agreeing to meet the transformation targets that were set out for them by the Minister. The MoA further stipulates the roles and responsibilities of each federation in the agreement and lays out strict punitive measures to be taken in the event of non-compliance.

These punitive measures include:

- Revoking a federation’s right to host and bid for major and mega international tournaments in South Africa, in line with the *National Sports and Recreation Act* and also as a result of not recognising the federation;
- Withdrawal of the government’s recognition of the particular federation as a National Federation in terms of the above Act, whereafter the Minister may publish such a decision in the *Government Gazette*;
- Suspension or withdrawal of government funding to the federation in terms of the same Act, if applicable
- Withdrawal of the federation’s opportunity to award national colours, through the South African Sports Confederation and Olympic Committee (SASCOC), to players who participate under the auspices of that particular federation to represent South Africa nationally and internationally;
- Terminate the existing five-year agreement in writing due to non-compliance; or
- Request the Minister to consider issuing a directive in terms of the Act, as SRSA deems fit and appropriate, which may include, but is not limited to, the withdrawal of political support and endorsements for sponsorships.

(EPG Transformation Committee, 2017)

The effect that the above punitive actions will have on a federation are extremely serious, as in effect it will prevent international competitions and, due to the negative publicity, will reduce revenue through sponsorships and hence the ability to host international mega events. The Minister applied these punitive measures in 2016 when releasing the 2016 EPG Report in Pretoria. Minister Mbalula said, "*I have resolved to revoke the privileges of Athletics South Africa (ASA), Cricket South Africa (CSA), Netball South Africa (NSA) and South African Rugby (SARU) to host and bid for major and mega international tournaments in the Republic of South Africa, as a consequence of the aforementioned federations not meeting their own set transformation targets, with immediate effect.*" (Ngoepe, 2016, Website News, p.24). He committed to reviewing his decision when considering the results of the 2016/2017 Transformation Barometer report.

The EPG Reports are extremely valuable literature in this study, due to the fact that they compare federations and different sports, and outline transformation from players through to administrators of sport in South Africa. The report is now in its fifth year with the initial five federations increased to cover nineteen federations in total. The additional federations are: volleyball, amateur boxing, table tennis, softball, chess, swimming, hockey, gymnastics, tennis, rowing, bowls, jukskei and basketball.

2.5 Assessment

Sport is tied intimately to issues of national pride, with the potential to transcend deep divides in fragmented societies. But it also has the capacity to further polarize and expose underlying schisms. Further complications arise from the fact that sport is big business. The literature review conducted in this proposal points to the necessity for an inclusive strategy for professional rugby and cricket in South Africa. The fact that football is deemed to be successfully transformed, on the field through the racial make-up of the national team, and through the majority of South Africans supporting football (Alegi and Bolsmann, 2010b), allows for the research to focus primarily on rugby and cricket.

Sports offer many different ways to enhance national pride and promote social cohesion (van Hilvoorde *et al.*, 2010). It is clear from the literature reviewed pertaining to the four chosen areas, (history of sport in South Africa, sport as business, transformation in sport and what constitutes inclusive sports), that sport does influence national pride. The literature available on the history of sport in South Africa shows a number of commonalities, highlighting the inequality brought

on by apartheid, the need for transformation, and the importance of transformation to ensure the future of sport in South Africa (du Toit, 2013).

Football, rugby and cricket can all be regarded as sports of national interest, due to the number of people participating in the specific sport, as well as the commercial revenue generated by the individual sports (SuperSport & MNet, 2001). The literature reviewed in this section consisted of both quantitative literature, such as financial statements and annual reports, as well as qualitative journal articles on the subject of sport and business. The quantitative and qualitative research undertaken, as well as the literature reviewed, all indicate that transformation at every level of sport is paramount to professional rugby and cricket's future success in South Africa.

The social impact of sport in society (Gemmell, 2007) and the role sport can play in reconciling a nation (Höglund and Sundberg, 2008) emphasised the power that sport and inclusive sporting organisations can play in South Africa.

The history of sport in South Africa and its transformation demands placed on federations aimed at correcting the wrongs of apartheid have constantly created friction and debate between policy-makers, sport administration bodies, sportspersons and the public at large. To a significant extent these replicated the unresolved issues and simmering tensions within democratising South Africa and has led to a *milieu* in which sport plays the ambivalent role of unifier and divider.

The struggle between transformation and race is not just limited to black and white people. There are several complicated 'patterns of prejudice'. 'Black' itself is contested and struggles have emerged between Africans, Indians and Coloureds over power and opportunity. The reference to 'Black African' in the Transformation Charter is a source of concern to many Indians and Coloureds who feel discounted. This definition in the Charter has been a catalyst for various debates around the racial make-up of transformation of teams.

Rugby and cricket, but not football (dominated by Africans), have been under the watchful eye of the ANC's progressive ideologues. Historically these two sports have been the domain of white South Africans, and a *cause célèbre* of apartheid zealots (Merrett *et al.*, 2011). By featuring black players, cricket and rugby rightly challenge this relationship. However, the question remains, will having players of different races playing for the Springboks and the Proteas be enough to erase the effects of 30 years of apartheid, and be considered inclusive in the South African context?

As this literature review points out, sport was once a divider and has since proven to be a nation builder if approached in the correct manner, and when allowing people to participate in their sport

of choice without restriction and prejudice. Sport can overcome all cultural and racial boundaries, and in a developing country like South Africa, with a large unemployment rate, sport can also provide careers for individuals and an overall economic impact for a country. An economic impact study done on the rugby test match between the Springboks and the All Blacks at Kings Park in Durban in October 2016 provided valuable data on the economic impact of such an international sporting event.

The argument to ensure that professional sport is successful and inclusive in South Africa is a strong one, due to the positive social and economic impact this industry can have on the South African society and economy. In a report issued by SARU in 2017, the number of professional rugby players currently in South Africa was given as 989, and the total salary bill paid to these players was R 479 384 849 (SARU, 2017a). These statistics prove the value that professional rugby holds as an industry in South Africa. A similar exercise for cricket and football, shows that the effect these professional sports have in South Africa cannot, and should not, be ignored.

Höglund and Sundberg challenge the notion that a national identity built on nationalism can be reconciliatory. In between pinnacles of victory, unity is likely to evaporate if no real changes in society are apparent. Symbolism does not necessarily denote true transformation. The dependence on victory also means that “symbolism is a tool that can only be selectively used, meaning that it is not a viable tool for continuous nation building”(Höglund and Sundberg, 2008).

This extensive literature review has revealed that many authors and researchers have been identified as valuable contributors in a specific area of study within this research. There are however certain researchers and authors whose studies overlap more than one area within this review. The following authors proved valuable through multiple sections of the review. Historian Andre Odendaal was cited in many of the articles reviewed, and provided valuable information on the history of rugby, cricket and football in South Africa, as well as providing valuable literature on the need for transformation of sport in South Africa. Ashwin Desai covers sport in post-apartheid South Africa and focuses on various sports, including rugby, cricket and football, through case studies, statistical analysis and anecdotal stories. He promotes the theory that sporting events can be a contributor to social cohesion, gives insights on the need for inclusive sports in South Africa, and provides information on what constitutes inclusive sport in the South African context. The information gathered from Desai with regards to the history of black sport in South Africa, as well as his view on transformation of both cricket and rugby was found particularly useful for this study.

Grundlingh states unambiguously that it is a misconception to regard rugby as a historically exclusively white game. Substantive academic work on the development of black rugby in South Africa has effectively dispelled that notion. With regard to identity and ethnicity, the character and particular culture of sport are not pre-ordained. Grundlingh makes the point that any particular sport is not intrinsically associated with a particular set of meanings or social values, and what it represents is “not laid down like some commandment etched in stone.” Rather, a sport is an “embodied practice in which meanings are generated, and whose representation and interpretation are open to negotiation and contest.” Sports and sporting events cannot be understood without reference to relations of power: who attempts to control how a sport is to be organised and played, and by whom; how is it to be represented; and how is it to be interpreted (Grundlingh, 2005). Grundlingh covered the history of sport in South Africa, transformation of sport in South Africa, as well as sport as business, and was an essential element in this literature review. Bolligelo covered transformation, as well as addressing the commercial side of rugby. He provides interesting insights into the transition rugby experienced when developing from an amateur sport into a professional sport in 1995. He raises an interesting point, namely that even when rugby was perceived to be amateur, some players derived commercial benefits from playing the sport.

This literature review, in addition to conveying the urgent need to transform rugby and cricket to right the wrongs of apartheid, also points out that white football was more popular than generally acknowledged, and that it was at the forefront of globalising football in the early twentieth century. The historical analysis of elite white football in the study by Alegi and Bolsman reveals how local football authorities challenged the domination of rugby and cricket as sports for white South Africans between the 1890s and the 1940s. Alegi and Bolsmann examine the challenges of professionalism and anti-apartheid football in the 1950s and early 1960s, and the failed 1967 policy of ‘multi-nationalism’ which eventually led to the demise of elite white football in 1977 (Alegi and Bolsmann, 2010a). Alegi and Bolsmann’s argument on the popularity of white football, which suffered during apartheid, raises an argument similar to promoting rugby and cricket amongst black South Africans to eradicate the effects of apartheid. The question posed by Alegi and Bolsmann then is, should the South African government not provide programmes to promote football amongst white South Africans to truly promote an inclusive sporting landscape in South Africa?

Smiles examines South African history and incorporates it with the South African sporting landscape to illustrate the complex nature of local sports. He further offers suggestions for restructuring sports, and more specifically rugby, from grassroots level all the way through to the professional game. He very interestingly also presents possible syntheses between transformation

strategies that are aimed at meeting political targets through merit based initiatives (Smiles, 2012). Smiles states that very few South Africans comprehend the deeper social significance of rugby for different cultural groups in South Africa, and provides insights on inclusive sports in South Africa.

Nauright writes extensively about the history of black rugby in South Africa, and through taking his accounts and facts into consideration, one can conclude that rugby had a historical following within the African and Coloured communities. It can also be argued that, were it not for apartheid limiting the resources and opportunities available for members of these communities, more black sportsmen would have played rugby at a competitive level. Nauright provides valuable insight into the history of black rugby in South Africa and emphasised the social, historical and political significance of rugby within South African society through his book *'Sport, cultures and identities in South Africa'* (Nauright, 1997). Booth assesses the effectiveness and significance of the sport boycott over the 30 years from 1960 to 1990, and provides information and clarity on the government policy called Multinationalism, and the effect this policy had on how cricket, rugby and football are perceived after the end of apartheid.

The quantitative data used in this review were extremely important, and two research companies were predominantly used: Nielsen Sports and BMI Sport Info. Nielsen Sports is “the premier provider of analytics and insights within the sports industry, offering the most reliable source of independent and holistic market data in the sector and the most complete view of consumer trends and habits worldwide” (www.nielsensports.com, 2018). The second company used to provide data for the research, BMI-Sport Info, is the only independent research company in South Africa to focus exclusively on the sport and sponsorship market (www.bmisportinfo.co.za, 2018).

The choice of these leading research companies was extremely important to ensure the validity and credibility of the research. The reputation of the two companies enabled the research to build towards its outcome through using the statistical data provided in the Nielsen and BMI reports. The use of the research data from BMI and Nielsen was two-pronged: the first aspect focused on existing reports published by Nielsen Sports and BMI-Sport, and the second aspect on if and how these reports and/or findings were used in existing research and applied studies.

Through the quantitative and qualitative research conducted, and the literature reviewed, it is apparent that transformation throughout all levels of sport are paramount to rugby's future success. Rugby, cricket and football's histories are well documented, and one of the most effective ways to build these sports into inclusive sports that will allow for social cohesion and nation building in South Africa, will be through successful and sustainable transformation. The

notion that cricket and rugby were historically seen as whites-only sports is unfounded when investigating various articles on the history of black rugby in South Africa (van der Berg, 2011). It is my view that the commercial success of these sports in South Africa will be dependent on combining the four pillars of this literature review when performing a comparative analysis of business strategies of cricket and rugby in the South African context. This will entail studying the history of these sports to provide solutions that will assist the transformation of the individual sport, for the sport to be considered fully inclusive, and that will ultimately allow the sports to be commercially successful.

2.6 Conclusion

The literature review provides the context and point of departure for the study in four areas: the history of sport in South Africa; sport as a business; the nature of inclusive sport; and transformation of sport in South Africa.

Inequalities in sport resulting from apartheid are well documented, evident in participation (or non-participation) levels throughout the various sports. More than twenty years after the end of apartheid, this inequality still exists to some extent, in sports like rugby and cricket where historically people of colour were excluded from participation at any representative level. However, there has been comparatively little work done in recent years on the place and role of sport in post-apartheid South Africa.

Historically, the conventional view has been that rugby and cricket tended to be supported by the white population, while football was the sport of choice among the black masses. However, the literature shows that there was considerable interest in rugby amongst blacks during the eras of segregation.

As far as business is concerned, professional sport makes capital and large profits out of national and local patriotism. Football, rugby and cricket can all be regarded as ‘sports of national interest’ and are ‘popular sports’ in terms of the numbers of people participating, as well as the commercial revenue they generate. Television and digital media have transformed the delivery of sport, and sponsors and advertisers capitalise on the capacity to reach a bigger audience than ever before. Easy access to international sport through increasing media and television offerings could pose a threat to South African sporting business.

Transformation is essential for the survival of professional sports in South Africa, and places demands on federations aimed at correcting historical wrongs. The *Transformation Charter for*

South African Sport demands change in order to reverse the historical impact of apartheid in South Africa. The main aim of transformation in sport has been to develop a unified and successful nation that competes on the international stage with teams that are accepted by the whole nation and representative of the population of South Africa.

A Transformation Commission drives, monitors and evaluates transformation policies and implementation within the sports movement, and the EPG advises the Minister of Sport and Recreation on the implementation of the Transformation Charter and its score-card, in line with the National Sport and Recreation Plan, embedded in the National Development Plan of the Republic of South Africa.

Chapter 3: Research Design and Methodology

3.1 Introduction and Aims

This research was guided by two main components, which influenced the final structure of the dissertation and the formulation of an appropriate model for the future of sport in South Africa: firstly, an analysis of the past and present state of sport in relation to business; and secondly, an examination of participant and supporter demographics.

Research methodology is the general process which the researcher undertakes in carrying out the research project (Leedy and Ellis Ormond, 2010). Many researchers struggle to make a choice between quantitative research, using large sample sizes and numbers to provide clarity on a research question, and qualitative research methods, focusing largely on literature and smaller sample groups to build theories (Sobh and Perry, 2006).

The methodology of a study is a vital element which assists in building and testing a theory, and the techniques used by the researcher to either prove or adapt the hypothesis should be set out at the start of a study. The decision was made that the mixed method approach would be best suited for this specific research project, as its design combines both quantitative and qualitative research methods.

The aim of this chapter is to explain the research approach that underpins the methodology, with the intention of providing a comparative analysis of inclusive business strategies for professional cricket and rugby in South Africa since 1994. This is used as the means for proposing an inclusive business strategy for the future of these sports.

The chapter is structured as follows:

- Research paradigm and flow
- Overall research process
- Overall study objective, research problem and research objectives
- Literature review approach
- Quantitative data collection
- Qualitative data collection
- Data validity and reliability
- Conclusion.

3.2 Research Paradigm

The term paradigm originated from the Greek word *paradeigma* which means *pattern*. It was first used by Thomas Kuhn (1962) to denote a conceptual framework shared by a community of scientists which provided them with a convenient model for examining problems and finding solutions (Thomas, 2010).

The choice of paradigm sets down the intent, motivation and expectations for the research. A paradigm therefore implies a pattern, structure, flow or framework of scientific and academic ideas, values and assumptions (Olsen, Lodwick and Dunlap, 1992). The way that scholars use the term paradigm has changed considerably from the original perspective of it being merely a way to summarise researchers' beliefs about their efforts to create knowledge. Some scholars question the paradigmatic foundations of mixed methods research, but others believe that one paradigm should not be honoured as being better than another. Instead, these researchers believe that qualitative and quantitative approaches can come together to build on their 'complementary strengths and weaknesses' (Shannon-Baker, 2016).

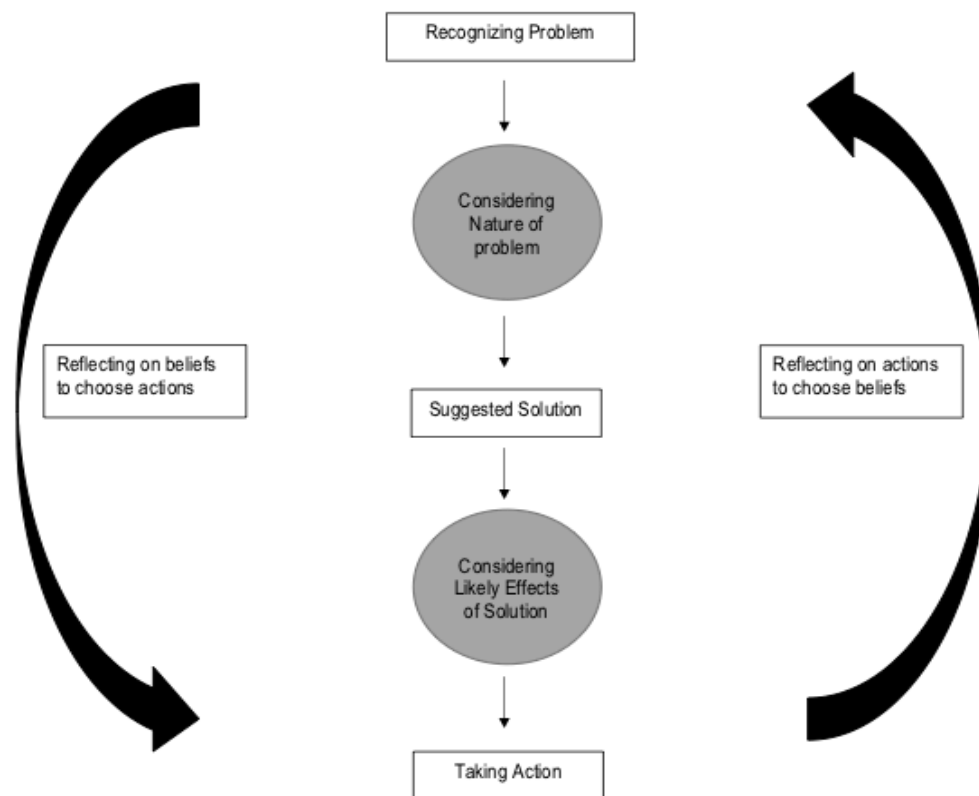
The philosophy used in the methodology is known as pragmatism, a deconstructive paradigm that advocates the use of mixed methods in research. Pragmatism is not committed to any one system of philosophy and reality, and offers an academic foundation for carrying out mixed methods research (McMillan and Schumacher, 2010).

John Dewey's 'Concept of Inquiry' (1938) is based on the view that there is no sharp boundary between day-to-day life and research. Dewey argues that inquiry is merely one form of experience, and research is just one form of inquiry (Morgan, 2014).

Dewey's systematic approach to inquiry involves the following five steps (Morgan, 2014):

1. recognising a situation as problematic
2. considering the difference it makes to define the problem in one way or another
3. developing a possible line of action as a response to the problem
4. evaluating potential actions in terms of their likely consequences
5. taking actions that are felt to be likely to address the problematic situation.

Figure 6: Dewey's Model of Inquiry



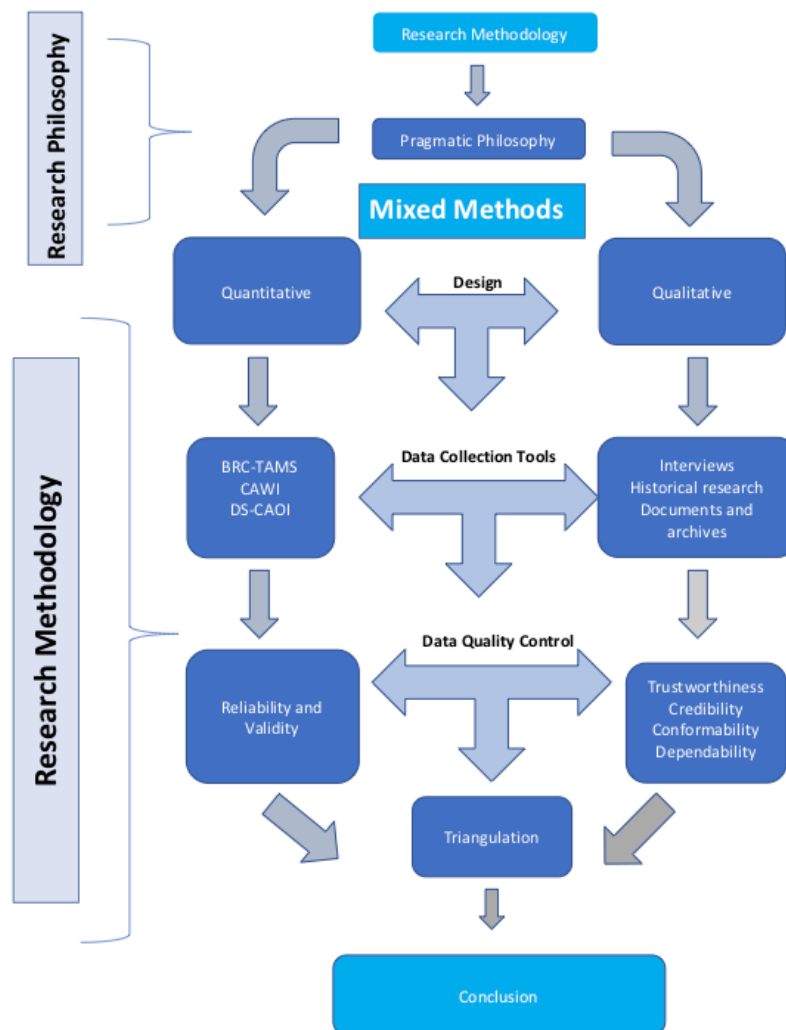
Source: Own Research

Dewey states that “inquiry is distinguished through the process whereby beliefs that have become problematic are examined and resolved through action.” Applying Dewey’s method of inquiry to the thought process in the approach to this study, the most basic objective is to demonstrate that pragmatism presents a coherent philosophy in a mixed-methods research project that goes well beyond ‘what works’ (Morgan, 2014).

3.3 Overall Research Process

The diagram below provides an overview of the research methodology and flow that was followed in conducting this research.

Figure 7: Research Methodology and Flow Chart



Source: Own Research

The research philosophy is pragmatism. For research projects with a pragmatic philosophy, the importance of the research is in the findings' practical consequences, as they consider that no single viewpoint can provide the solution, and that there might be multiple realities (Saunders and Tosey, 2013). Pragmatism can combine both positivism as well as interpretivism within the scope

of a single research project, and through the mixed-methods approach, the research conducted in this study will follow both quantitative and qualitative research strategies (Dudovskiy, 2017).

Within the paradigm of pragmatism, the research design for this study is a mixed-methods approach, focusing on both quantitative and qualitative research methods. The mixed-methods approach is suited to this study as it takes advantage of the differences between quantitative and qualitative methods, and combines the two methods for the benefit of the research. The reason for using quantitative research is linked to the controlling of a phenomenon, while for qualitative research it is to understand a social situation from participants' perspectives (McMillan and Schumacher, 2010).

Table 4: Differences between Quantitative and Qualitative Research

Quantitative Research	Qualitative Research
Take an objective, detached stance towards research participants and their settings	Become personally involved with research participants, to the point of sharing perspectives and assuming a caring attitude.
Study populations or samples that represent a population	Study cases
Study behaviour and observable beliefs	Study meanings that individuals create and other internal phenomena
Study human behaviour in natural or contrived setting	Study human action in natural settings
Analyse social reality in terms of variables	Make holistic observations of the total context within which social reality is constructed
Use preconceived concepts and theories to determine what data will be gathered. Generate numerical data to present the social environment	Discover concept and theories after data have been gathered. Generate verbal and pictorial data to represent the social environment.
Use statistical methods to analyse data	Use analytic induction to analyse data
Use statistical inference procedures to generalise findings from sample to defined population	Generalise case findings by searching for other similar cases
Prepare impersonal, objective reports of research findings	Prepare reports that reflect researcher's constructions of the data and awareness so that readers will form their own constructs from what is reported

Source: Gall, Borg and Gall, 1996

Quantitative research is the form of data collection, analysis and presentation which presents statistical results underpinned by numerical data. Quantitative research follows a deductive approach with the ultimate aim of establishing relationships between measurable variables (Thomas, 2010).

Qualitative research is largely inductive and focuses more on data as a descriptive narrative to understand a social situation from participants' perspectives (Thomas, 2010).

3.4 Overall Study Objective, Research Problem and Research Objectives

The overall objective of this study is to create and develop a successful and inclusive business model for professional sport in South Africa, to make recommendations that will improve professional sport in South Africa commercially, and assist sport in achieving the transformation targets set out by government (Department of Sport and Recreation, 2011).

The following research problem was subsequently formulated:

- What is considered an inclusive sport in South Africa, and how do rugby, football and cricket compare?
- What are the factors enabling or preventing each sport to be commercially successful and fully inclusive?

In order to address the research problem, the research objectives were:

- firstly, to define what an inclusive sport in the South African context will look like according to the requirements set out by government
- secondly, to explore why transformation in some sporting codes is more successful than in others
- thirdly, to analyse the current commercial model of the individual sports and determine the success of the existing business models
- fourthly, to develop a new inclusive strategy for professional sport in South Africa.

3.5 Literature Review Approach

The objective of the literature review (Chapter 2) was to focus on professional sport in South Africa, with the ultimate aim of proposing a business model that will develop South African sports organisations into inclusive and successful businesses. The three most popular sporting codes in South Africa, namely rugby, cricket and football were identified as the focus areas for the research.

The scope of the review aimed to cover the three main areas identified in the research, namely:

- history of sport in South Africa, focusing on the reasons for inequality and the need for transformation
- what constitutes inclusive sport in South Africa
- sport as a business.

Secondary sources were consulted and included:

- group Financial Statements and Annual Reports
- journal articles
- dissertations
- electronic databases.

3.6 Quantitative Data Collection

Quantitative research is a structured way of collecting and analysing data obtained from different sources. Quantitative research uses deductive reasoning, moving from general theory down into specifics or the particular (O’Leary, 2013). During a quantitative research process, the aim is to establish relationships between measurable variables (Thomas, 2010).

Using a deductive approach, quantitative data was collected from research reports. The research examined data from statistical records and research reports since 1994, supplemented by information derived from historical accounts, from past and current strategies related to inclusive professional sport in the South African context. The objective was to collect quantitative data that focuses on such aspects as the demographics of participants in the selected sports, as well as supporter profile dynamics. In addition to examining research reports, such as those published by Repucom, Nielsen Sports and BMI-Sport Info, and analysing the successes of various transformation programmes (Hoskins, 2014), the opinions and experiences of stakeholders,

including financial experts, heads of franchises, journalists, and players themselves will be considered. To fully engage a comparative analysis of the different data collected for the selected sports, additional quantitative data on the Living Standards Measure (LSM) of current supporters was collected through two different providers. Two companies were consulted to provide detailed data to be used in the research: Nielsen Sports, the premier provider of analytics and insights within the sporting industry, offering the most reliable source of independent and holistic market data in the sector and the most complete view of consumer trends and habits worldwide (www.nielsensports.com, 2018); and BMI-Sport Info, the only independent research company in South Africa to focus exclusively on the sport and sponsorship market (www.bmisportinfo.co.za, 2018).

The market research techniques employed by BMI-Sport Info to compile the data used in this study are all standard practice and accepted within the South African Market Research Association (SAMRA). A random sample of 2 150 adults nationally were interviewed, aged 19 years and older.

As far as consumers are concerned, structured questionnaires were used and computer-analysed. All interviews were done personally. For each group, an area-stratified probability sample was drawn by interviewing every household starting at different allocated places within the different areas. Stratified sampling is a probability sampling technique wherein the researcher divides the entire population into different subgroups or strata, then randomly selects the final subjects proportionally from the different strata (BMI SportTrack, 2016). The person to be interviewed was selected on a random basis making use of an adaption of the Politz Grid method. Respondents were interviewed in their home languages and a back-check of over 20% was conducted.

Nielsen Sports focussed on three main methods when they conducted the research, discussed in detail below:

3.6.1 Computer-assisted web interviewing (CAWI)

Computer-assisted web interviewing is a quantitative research method conducted using a computer, so that the respondent can fill in the online questionnaire posted on the website, which is specially designed and posted for that research. It has the following characteristics:

- Market: nationally representative of South African audience
- Sample size: varied from 3 980

- LSM: 5+
- Age: 18 – 50+ years old
- Target sample: accessed internet in last 7 days

The positive aspects of CAWI web interviews are that they are cost effective and result in money-saving, even though more intensive post-processing is necessary. The analyses show that CAWI produces more careful answering, which results in more reported trips. The CAWI method increases the participation of children and of highly educated people in the surveys, and it offers a greater flexibility in participants' answers (Christensen, 2012). The CAWI method is relatively new in the field of multiday interview methods and is shown to be preferred by younger participants (Kagerbauer, Manz, & Zumkeller, 2013).

An advantage of the online CAWI method is that it is fast, reliable and precise in the collection of data. The respondent is required to fill in a questionnaire on the website, inserting the data directly into the database and no additional input is necessary. The sequence and order of questions is specified in advance through automatic filter options and depends on the respondent's answers to previous questions. This avoids any potential logical mistakes.

Respondents are sent a link, via sms or email, to an online survey, which they can complete on their own using their personal computer (PC), phone or tablet. An advantage of this method of interviewing is that it allows for the possibility of posting audio and visual materials (images, adverts, logos) on the website. It does not require the printing of the questionnaire, nor does it require any other accompanying equipment. There is no pressure on the person filling in the online questionnaire.

This methodology facilitates collection of the data from distant geographical areas and it facilitates access to certain target groups (internet users, employed population, etc.). Each data set entered is instantly sent to the main server which facilitates monitoring, so there can be efficient monitoring of samples even during the interview (Ninamedia, 2018).

3.6.2 Computer-assisted personal interviewing (CAPI)

During computer-assisted personal interviewing, respondents are interviewed face-to-face and their responses recorded by the interviewer using survey software loaded on a tablet. The reach of this method is much bigger than the CAWI method as it targets a population of age 15+. In the double screen (or dual screen) CAPI method (DS-CAPI), during the interview respondents view

a second screen where prompting material is displayed. The DS-CAPI method can be considered as nationally representative. It has the following characteristics:

- Market: Nationally representative of the South African population 15+
- Sample size: varied from 25 584
- LSM: 1 – 10
- Age: 15+ years old
- Target sample: Individuals 15 years and older.

The DS-CAPI methodology has affected the way the impact of the media is measured. DS-CAPI delivered significant improvements to the quality of the All Media and Product Survey (AMPS) data being captured, rendering it more reliable whilst reducing human error. DS-CAPI ensures that AMPS is as accurate as technologically possible, and also gives the survey the ability to keep pace with future industry requirements. DS-CAPI allows AMPS to better handle increasingly complicated readership questions (South African Audience Research Foundation, 2009).

3.6.3 The Broadcasting Research Council of South Africa's Television Audience Measurement Survey (BRC TAMS)

The Broadcasting Research Council of South Africa's Television Audience Measurement Survey (BRC TAMS) method produces data on TV viewership. The sample group consists of individuals 4 years of age and older with Eskom mains electricity and a working television (TV) set. The BRC TAMS methodology is nationally representative and offers a large potential sample of just under 45 000 000 people (Nielsen Sports, 2017).

- Market: Nationally representative of South African population 4+
- Sample size: up to 44 998 436
- LSM: 1 – 10
- Age: 4+ years old
- Target sample: Individuals 4 years of age and older, with Eskom mains, electricity and a working TV set.

The Television Audience Measurement (TAM) system is based on seven steps of television audience measurement (The Broadcast Research Council of South Africa, 2017).

These are:

1. The Establishment Survey: A large scale survey to define the characteristics of the population to be represented, and from which panel homes they will be drawn.

2. The TAM panel: An appropriate number of households selected on the basis of a statistical design to represent the most important population characteristics.
3. The 'Peoplemeter': The electronic measurement system which monitors the channel that a TV set is tuned to and the individuals present in the room while the TV set is switched on. Individual demographics are captured through a complimentary specialised remote control.
4. Polling: Data transmission from the panel home to the production centre takes place between 02h00 and 06h00 daily, using either GPRS (mobile data) technology installed in the meter's transmission unit, or, on rare occasions, the fixed telephone line in the home.
5. The production software: A data processing system which collects data, performs quality control, executes data validation and measures the daily viewing data.
6. TV Events: TV Events is the broadcast monitoring or auditing system which supplies the programme and spot data which is merged with the viewing data to provide programme and spot ratings.
7. The analysis software: The mechanism through which TV audience data is delivered to data users for TV audience analysis.

The term 'Universe' is used for the total number of people who satisfy the criteria for inclusion in a survey, in this case the total number of potential viewers. TAM Universe updates occur annually, using population and household figures from the Establishment Survey. The DSTV Universe is updated concurrently using audited DSTV (Digital Satellite Television) subscriber figures for the mid-fieldwork period of the Establishment Survey.

The representativeness of the TAM panel is maintained by controlling the demographic profile of the panel against a set of characteristics which are known to be good discriminators of viewing behaviour and attract different co-operation rates. These characteristics are referred to as 'panel controls'. Panel controls are necessary because both initial recruitment rates and subsequent attrition rates vary across different population subgroups.

The TAM panel sample is drawn using an area stratified probability method. Names and addresses, as well as demographic data are sourced from the establishment survey. A disproportionate sample design is applied where rural households make up only 20% of installed panel households, while rural households comprise a higher proportion in the South African TAM Universe.

A number of defined formulae are applied to the data and used to determine the TAM reporting variables. This underpins the validity and reliability of the data provided in the Nielsen Sports reports. The reporting variables specify TV viewership in a number of different ways, such as:

- TV rating: the average number of viewers who have seen a specific event
- Average time viewed: the average number of minutes seen by each viewer
- Total television rating: the average number of individuals watching TV
- Share: the proportion of individuals viewing a programme out of the total number of individuals watching TV at that time
- Reach: the number of individuals having seen more than 15 seconds of an event
- Effective reach: the number of different individuals having seen a certain minimum number of TV-items on the schedule
- Gross rating points: the total number of contacts
- Gross rating points per spot: the average spot rating
- Opportunity to see: the average number of spots seen by the viewers
- Cost/GRP: the cost per rating
- Equivalent cost per rating point: estimator of the cost efficiency of campaigns.

(The Broadcast Research Council of South Africa, 2017)

The TAM Survey data can be analysed in terms of, for example, racial group. The data underpin the relationship between television and the advertising industry, besides being very useful in researching areas such as the viewers of sports programmes. TAMS data will be used in this context in this study, in analyzing the (TV) audience or fan base of selected sports in South Africa.

3.7 Qualitative Data Collection

The mixed-method approach used in this study allows for both quantitative as well as qualitative data collection techniques. The mixed-method approach entails the collection and analysis of quantitative data followed by the collection of qualitative data to explain and/or complement the quantitative findings (Strydom, 2015).

Qualitative research is characterised by its aims, which relate to understanding some aspect of social life, and its methods which (in general) generate words, rather than numbers, as data for analysis (Quinn Patton and Cochran, 2002).

With qualitative research, a hypothesis is not needed to begin research — it employs inductive data analysis to provide a better understanding of the interaction of ‘mutually shaping influences’ and to explicate the interacting realities and experiences of researcher and participant (Thomas, 2010).

Two semi-structured interviews were conducted as part of the inductive research. The first was with Graham Abrahams, Head of Regulatory Affairs and Enterprises at SuperSport. The commercial and historical input that Abrahams provided during the interview was valuable to the research. Abrahams has been involved in sport for three decades and has first-hand experience of the changes in participant and supporter demographics, as well as consumer behaviour, both focus points of the study. The second interview was with Gerhard Steyn, Financial Controller at SuperSport. Steyn provided valuable commercial background to rugby and cricket and gave insights into methods used in the past, and that could possibly be applied in the future, to establish a business model that will ensure the profitability of sport as a business.

The qualitative data, derived from interviews, as well as empirical observations gained through my personal experience as Chief Operating Officer (COO) of a professional rugby franchise (dealing with the financial and transformational processes), will be used alongside relevant textual material (media reports and journal articles). A systematic analysis of the data was conducted to identify and then codify major themes and recurring patterns and relationships, to establish the issues relevant to the formulation of, and testing of, a hypothesis for the future.

It is important to note that, because rugby and cricket are the focus of the research, there will be limitations to the findings, as in some cases the data to be collected and analysed were related primarily to the activities of these two sporting codes in South Africa, and cannot be considered a reflection of all team sports within South Africa.

3.8 Data Validity and Reliability

3.8.1 Quantitative Research

The two ways to control the quantitative data collected during the study will be reliability and validity. Reliability is the consistency of the measurement. This is to ensure that the measurement or criterion will be the same every time the data collection is done. The validity of a measurement instrument refers to its ability to reflect the true differences among respondents’ answers (Cooper and Emory, 1995).

The BMI market research techniques employed to compile the report are all standard practice and accepted within the South African Marketing Research Association (SAMRA). Sample sizes are large enough to ensure that the statistical margin of error will be below 8% at a 95% confidence level. Random sampling ensures that the respondents' results are representative of the universes they were drawn from. The report commissioned through BMI used in this research is the 25th in a series in which the various sports' markets have been quantified. As each measure confirms a specific order of magnitude, this increases the certainty that the various markets are quantified with fair accuracy. It is firmly believed that the various statistics supplied in this report are within approximately 5% to 10% of the actual figures (BMI SportTrack, 2016).

The Nielsen Sports data collection methods, BRC TAMS, DS-CAPI and CAWI, were done by Nielsen Sports on behalf of the researcher, to ensure the reliability of the data. The validity of the quantitative data is important to the research, as it ensures that the correct data is collected, with the specific LSM groups and ages of the sample group set out in each of the three methods, that the validity of the process is correct and will lead to accuracy of the measurement.

Sampling is the process of selecting a portion of the chosen target population for purposes of making observations and statistical inferences about that population (Burger, 2016). The population sample for the various methods will differ due to the unique process each method applies in gathering data. The data derived from these methods is quantitative. It will be needed to track the change in physical participation numbers, as well as supporter demographics amongst participants and fans of cricket and rugby. The information gathered through the above methods, by both Nielsen Sport and BMI, was then used to test against the qualitative research data gathered through the review of historical research and documents pertaining to the specific field.

3.8.2 Reliability of the TAMS Report

The reliability of the commissioned report and resulting data is validated through applying the measurements below: (The Broadcast Research Council of South Africa, 2017):

- Achieving a Coverage of more than 90% of TV sets. Any would-be panel household which does not allow all their sets to be monitored will not have the metering equipment installed by Nielsen technicians. Also, current panel households which do not include all their sets will be removed. These actions result in more cancelled installations and greater forced panel household turnover.

- Panel Balance and Weighting Efficiency: These measures show that the panel remains representative of the population. To maintain them requires the continuous and balanced removal of over-represented households through de-installation, and their replacement by under-represented households through installation by Nielsen technicians. The panel can become imbalanced mostly due to:
 - a) The differing levels of compliance between demographic groups. Households in some groups will be turned over – naturally or forced – more rapidly.
 - b) The panel ‘Universe’ – the database of all possible panel members - is updated every six months and the panel selections are revised to fit this new database.
- Panel Membership of no more than 8 years. Since June 2014 over 300 households which had been panel members for more than 8 years were identified and their equipment uninstalled. The results are more forced turnovers and increased demand for new members and installations.
- Achieving an intab level (percentage of households supplying usable information for the report) of more than 90%. To achieve this, the following rules were enforced:
 - a) Households without any working TV sets were placed in quarantine status. By definition the panel consists of households with at least one working TV set. So any households which reports that none of their TV sets are working get removed from the panel temporarily. After six weeks, if such a household has not had at least one TV repaired, they are permanently removed. In any given week the number of quarantined households varies from 25 to 45.
 - b) Monitoring and replacement batteries for the ‘Peplemeter’ monitoring equipment. Because South African TV viewers experience frequent power outages, during every household visit Nielsen’s technicians will inspect the meter’s batteries. Those with a low charge, or faulty batteries, are immediately replaced with new batteries. This ensures a household can participate even when there is a power outage at the time of polling. Also, faulty and low-charge batteries can be remotely detected through tests and quality control reports.
 - c) If a household does not poll for two days consecutively, they are called by a Nielsen agent and asked to re-set their meter. If they do not poll for a third day, a job card for a visit to the household by a Nielsen technician is opened.
- A trial period ensures data integrity in newly-installed households. A new panel household is placed on trial for at least the first five days. This gives the household members time to gain familiarity with the equipment and how they register their viewing using the remote control. A QC analyst closely monitors the new household and re-

educates them if necessary. Once the analyst is satisfied that the household is fully compliant, they are given live reporting status.

3.8.3 Qualitative Research

Due to the nature of qualitative research it is often harder to ensure trustworthiness of the data collected. Guba proposed four criteria to ensure a trustworthy study (Shenton, 2004):

- a) Credibility in preference to internal validity
- b) Transferability in preference to external validity
- c) Dependability in preference to validity
- d) Conformability in preference to objectivity.

3.8.3 (a) Credibility

The key criterion of credibility is that of internal validity, this refers to the importance of the study measuring or testing what is actually intended. The provision made in this research to promote credibility and confidence when collecting qualitative data are: the adoption of well-established research methods as discussed earlier in this chapter, triangulation via use of various methods, as well as developing an early familiarity with the culture of the participating organisations.

3.8.3 (b) Transferability

External validity is concerned with the extent to which the findings in a specific study can be applied to other situations (Shenton, 2004). Transferability within a qualitative study is impossible to demonstrate due to the fact that the findings of a qualitative project are specific to a small number of particular environments. The results produced through the qualitative methods in this study have to be understood within the particular characteristics of the organisations concerned, being the South African Rugby Union (SARU), the South African Football Association (SAFA), Cricket South Africa (CSA) and, perhaps, the geographical area in which the fieldwork was carried out, South Africa.

3.8.3 (c) Dependability

The dependability of the study should be such that if the research were to be repeated, in the same context, with the same methods and with the same participants, similar results would be obtained (Shenton, 2004). The specific qualitative data drawn from financial documents is dependable due to the nature of the source of the data. Annual Financial Statements (AFS) are audited by the specific organisations before being published and the information is deemed dependable.

3.8.3 (d) Confirmability

To ensure confirmability, triangulation should be applied to reduce the effect of investigator bias (Shenton, 2004). Triangulation of the qualitative data will be done to ensure the validity of the data. During the interviews, conversational interviewing was alternated by structured-question interviewing. Using two different methods, or approaches, is known as methodology triangulation. Triangulation is seeking evidence from a wide range of sources and comparing findings from those different sources (Quinn Patton and Cochran, 2002). The most common is triangulation of measures. Researchers can make multiple measures of the same phenomenon. Multiple observers add alternative perspectives to the research (Smiles, 2012).

3.9 Conclusion

This study aims to analyse comparatively inclusive business strategies for professional cricket and rugby in South Africa since 1994, as a means to propose an inclusive business strategy for the future of these sports.

This chapter discussed the theory and methodology used during this study. In order to ensure credibility of the findings derived from the research, it is imperative to demonstrate a detailed understanding of the methods applied during the research process.

The methodology chosen for the study was a mixed-methods approach that combines quantitative and qualitative research methods. The philosophy used in the methodology is pragmatism, a deconstructive paradigm which advocates the use of mixed methods in research, and suited the strategy applied in this study.

The bulk of the quantitative data was collected through commissioned reports received from Nielsen Sports and BMI-Sport Info. The use of two reputable research companies assured the reliability and validity of this quantitative research used. The methods used by both Nielsen Sports and BMI-Sport Info are well documented in this chapter. The information gathered through this method was then used to test against the qualitative research data.

The qualitative data methods consisted of historical research, analysis of documents and archives, and interviews (both unstructured and semi-structured). The reliability and validity of the quantitative data was assured by the processes and methods applied by Nielsen Sport and BMI-Sport Info, and through applying the four criteria used to ensure a trustworthy study: credibility, transferability, dependability and conformability (Shenton, 2004).

Chapter 4: History and Background of Selected Sporting Codes – Football, Cricket and Rugby

4.1 Selection Criteria and Process for Sports to be Included in the Study

The selection of the sports to be used in this research was done through applying the following benchmarks, and determining which sports met at least 80% of the required criteria as set out below:

1. Is it a team sport?
2. Does the sport have an established professional league in South Africa and does it have strong commercial and revenue structures?
3. Is the sport an international sport?
4. Is the sport considered inclusive and transformed within the South African context?
5. Is the sport popular in South Africa?

The criteria above will be applied to all the sports that are part of South African government's EPG reporting system and the top three sports will be the subjects of this research.

The sports listed in the EPG reports, and evaluated in terms of the above criteria in Table 5 below, are:

1. Amateur boxing
2. Athletics
3. Baseball
4. Basketball
5. Bowls
6. Chess
7. Cricket
8. Football
9. Gymnastics
10. Artistic Gymnastics
11. Hockey
12. Jukskei
13. Netball
14. Rowing

15. Rugby
16. Softball
17. Swimming
18. Table Tennis
19. Tennis
20. Volleyball

Table 5: Selection criteria for sports in South Africa

	Team Sport	Professional and Commercial in SA	International	Popular in SA	Inclusive/Transformed pre-1994	Total Score
Amateur boxing	no	no	yes	no	no	1/5
Athletics	no	no	yes	yes	no	2/5
Baseball	yes	no	yes	no	no	2/5
Basketball	yes	no	yes	no	no	2/5
Bowls	yes	no	yes	no	no	2/5
Chess	no	no	yes	no	no	1/5
Cricket	yes	yes	yes	yes	no	4/5
Football	yes	yes	yes	yes	yes	5/5
Gymnastics	no	no	yes	no	no	1/5
Artistic Gymnastics	no	no	yes	no	no	1/5
Hockey	yes	no	yes	no	no	2/5
Jukskei	yes	no	no	no	no	1/5
Netball	yes	no	yes	no	no	2/5
Rowing	yes	no	yes	no	no	2/5
Rugby	yes	yes	yes	yes	no	4/5
Softball	yes	no	yes	no	no	2/5
Swimming	no	no	yes	no	no	1/5
Table Tennis	yes	no	yes	no	no	2/5

Source: Own Research

The three sports which scored the highest, as shown in Table 5, and which will form the ambit of this research are:

1. Football
2. Cricket
3. Rugby

4.2 Football

4.2.1 Football in black and white communities

In this thesis the term ‘football’ will be used exclusively, although the two synonyms ‘football’ and ‘soccer’ are generally used inter-changeably in South Africa. The game of football began in England in the mid-nineteenth century, primarily in the great public schools of the day (Smiles, 2012). Football in South Africa was introduced by British soldiers, traders, and missionaries in the late nineteenth century. The quick and enthusiastic adoption of the game by Africans during this period (predominantly mission-educated), led to a European defection to rugby, where social and racial exclusivity were more easily established (Alegi, 2004). Alegi argues that football created a cultural ethos that helped build black communities under the pressures of segregation and then apartheid. It is this cultural ethos that established football as the number one sport amongst the black population of South Africa (Alegi, 2004). It is however interesting and extremely important for this study to note that football amongst whites was more significant and popular than generally acknowledged, and that it was at the forefront of globalising football in the early twentieth century. Alegi and Bolsman’s historical analysis of elite white football revealed how local football authorities challenged the domination of rugby and cricket as popular sports in South Africa between the 1890s and the 1940s. Alegi and Bolsmann then examined the challenges of professionalism and anti-apartheid football in the 1950s and early 1960s, and the failed 1967 policy of ‘multi-nationalism’ which eventually led to the demise of elite white football in 1977 (Alegi and Bolsmann, 2010). Alegi and Bolsman’s argument that white football suffered from reduced popularity during apartheid, raises a question, similar to that of promoting rugby and cricket amongst black South Africans to eradicate the effects of apartheid, whether the South African government should not provide programmes to promote football amongst white South Africans in order to truly promote an inclusive sporting landscape in South Africa.

Due to the demise of football amongst white South Africans discussed above, football developed as a sport generally supported by the country’s black population, for whom the game’s association with the working classes held major appeal. From the 1950s onwards, moreover, as the popularity of football grew and the game expanded in the cities, it became part of the social protest movement against the minority white government (Cornelissen, 2011). During the apartheid era, clubs and associations did not always compile and store records for fear of police repression, or for lack of funds. It therefore understandable that there is less literature available on the origin and history of football in South Africa compared to that of rugby and cricket (Alegi and Bolsmann, 2010). In the era of segregation and apartheid, football humanised the lives of people made difficult by apartheid, and helped propel the anti-apartheid struggle internationally.

4.2.2 Football in post-apartheid South Africa

Figure 1 (in Chapter 1), indicating levels of interest in sport in South Africa, showed that 52% of South Africans are interested in football. There is no evidence to suggest that success in football is dependent on the size of a country's population, or in the number of participants in the sport within the given country (Luiz and Fadal, 2011). This is evident in South Africa, with football being the sport with the highest level of interest, but enjoying the least amount of success on the international stage between the three most popular sports in the country. The South African men's national football team is called Bafana Bafana. Their finest on-field moment was arguably when they won the African Cup of Nations in 1996. Bafana Bafana has played in three FIFA World Cups: 1998 (France), 2002 (South Korea and Japan) and 2010 (South Africa), at each event failing to progress past the group stage (Parker, 2012). They failed to qualify for the 2014 (Brazil) or 2018 (Russia) FIFA World Cups.

Football is the sport with the biggest participation in South Africa, with 1 469 410 registered players and over 900 clubs. The country's top league is the Premier Division, while the main cup competitions are the Nedbank Cup, Telkom Knockout, and the MTN 8 Cup. Football in South Africa is a big business with the South African Football Association (SAFA) being the regulating body of football in the country. SAFA controls the national teams as well as the amateur leagues (SAFA, 2016a) and the National Soccer League, trading as Premier Soccer League (PSL). The top two leagues (Premier Division and National First Division) are professional or semi-professional, and run by the PSL (PSL, 2014). SAFA owns the national team and PSL runs the league. The combined revenue of SAFA and PSL for the period 2013-2016 is shown below.

Table 6: Revenues of SAFA and PSL for the period 2013-2016

Year	2013	2014	2015	2016
SAFA	R 208 000	R 282 000	R 330 000	R 287 000
PSL	R 646 376	R 690 209	R 735 048	R 853 046
Combined	R 854 376	R 972 209	R 1 065 048	R 1 140 046

Sources: SAFA, 2016b; PSL, 2014; PSL, 2015; PSL, 2016

The 2010 FIFA World Cup, the first football World Cup to be held on the African continent, was loaded with political, economical and symbolical significance for a democratic and globalising South Africa (Alegi and Bolsmann, 2010). The 2010 World Cup was not only a success in terms of nation building and showcasing South Africa to the world. South Africa was awarded a grade

of 9 (out of 10) for the organisation of the 2010 World Cup from FIFA President Sepp Blatter (Du Toit and Lambert, 2014). The infrastructure upgrades carried out for the 2010 World Cup were highlighted during a speech delivered by Finance Minister Pravin Gordhan on 22 July 2010, merely two weeks after the completion of the tournament. Gordhan pointed out that it took six years of “meticulous planning, commitment, and the use of appropriate delivery models to build the required infrastructure: from stadiums, rail, buses and rapid-transport systems, the upgrading of existing airports, the construction of a new airport, the Gautrain, to the improvements to our roads, freeways, and broadcast and telecommunication systems” (Gordhan, 2010).

The hosting of the 2010 FIFA World Cup resulted in the level of the South Africa’s gross domestic product (GDP) ending about 1 per cent higher than it would have otherwise been. This was double the 0.5 percentage points GDP growth predicted before the event. Gordhan also said that he felt that the most important legacy of the World Cup was the renewed confidence in ourselves as a nation that the hosting of the tournament had brought about (Gordhan, 2010).

The EPG on Transformation in Sport report published in 2016 pointed out the lack of transformation throughout sports in South Africa. The EPG report annually announces transformation targets set by various federations in agreement with Sports and Recreation South Africa (SRSA), and whether they have delivered on these targets. Rugby, cricket and netball failed to achieve more than 50 percent of their own transformation targets when the 2015-16 report was released (EPG Transformation Committee, 2016). In 2016 Minister of Sport and Recreation Fikile Mbalula banned rugby, cricket, netball and athletics from bidding for or hosting major international events, because of their poor transformation scorecards (EPG Transformation Committee, 2016).

On the other hand, football achieved more than 50 percent of its targets in the 2015-16 period and it again achieved the set targets in the following year (EPG Transformation Committee, 2017). The only criticism in the report was the slow rate of introducing football into private schools. The report further considered football in South Africa as transformed as per the requirements set out in the Transformation Charter for South African Sport (Department of Sport and Recreation, 2011).

4.3 Cricket

No-one really knows when or where cricket began but there are plenty of theories, with one theory suggesting that cricket originated in Saxon times in south-east England and another theory that it originated in north-east France (Smiles, 2012). The first reference to cricket being played as an adult sport was in 1611, when two men in Sussex were prosecuted for playing cricket on a Sunday instead of attending church (Smiles, 2012).

Cricket in South Africa was first played in 1806 by British officers, with the first recorded game of cricket in South Africa played at the Green Point Common, Cape Town. In March 1889 South Africa's first test match was played at St George's Park in Port Elizabeth against England. This was the beginning of first-class cricket in South Africa and led to regular international tours (Cricket South Africa, 2016a).

4.3.1 The effects of segregation

However, the effects of segregation on South African sports led to the formation of numerous racially-based cricket bodies:

- The South African Cricket Association (SACA), later the South African Cricket Union (SACU) was formed in 1890, catering for white (mostly English) players.
- In 1926 the South African Independent Coloured Cricket Board (SAICCB) was formed. This board existed until 1959.
- In 1932 the South African Bantu Cricket Board (SABCB) was formed and functioned until 1977.
- In 1940 the South African Indian Cricket Union (SAICU) was formed.
- In 1947, after two years of negotiations, the South African Cricket Board of Control (SACBOC) was formed, uniting SAICU with all black cricket bodies except the SABCB.
- In 1953, in response to the growing assertiveness of black sportspeople, the ruling National Party released its first sports policy, underlining the ruling that the different 'racial groups' must play separately. The South African Coloured Cricket Board (SACCB) changed its name to the South African Malay Cricket Board (SAMCB) in 1953 at the insistence of SACBOC.
- In 1961 South Africa became a Republic and left the British Commonwealth. The South African Cricket Association ceased to be a member of the Imperial Cricket Conference (ICC), although its Test matches continued to be recognised. India, Pakistan and the newly independent countries formed a bloc in the ICC which opposed the traditional

relationship of SACA with England, Australia and New Zealand, blocking the re-entry of SACA when it sought to regain membership (Cricket South Africa, 2016a).

During the late 1960s the South African government's stance of imposing racial segregation on sport resulted in South Africa being banned from participating in international competitions and against other countries.

The story of Coloured cricketer Basil d'Oliveira attracted a lot of media attention in 1968. Unable under apartheid laws to play for South Africa, d'Oliveira went to England to play cricket and was later chosen as a member the English team to tour South Africa. Prime Minister Vorster refused his entry as it was against 'traditional' policy and the tour was cancelled. From 1970 onwards South African tours to England and Australia were cancelled (Merrett, Tatz and Adair, 2011).

The expulsion of racially exclusive South African teams from international cricket after 1970 led to increased opposition to apartheid both inside and outside South Africa. The government and white sports bodies started reaching out to the black cricket associations (Cricket South Africa, 2016a).

4.3.2 Unity and readmission

The rapid change in the local political environment from the late 1980s was matched in cricket. The cancellation of an English rebel tour led by Mike Gatting at the start of 1990 was followed by the first unity meeting between the non-racial and white cricket bodies towards the end of 1990. This resulted in the inauguration of the United Cricket Board of South Africa (UCBSA) in June 1991. A month later, South Africa was readmitted as a full member of the International Cricket Council (ICC). There followed a tour to India in November 1991 and participation in the Cricket World Cup held in Australia in 1992 (Desai, 2010). Cricket's reintroduction into the international stage preceded the country's first ever democratic elections held in 1994. It seems that the early reintroduction of cricket into the international arena created unhappiness amongst struggle stalwarts, like Hassan Howa, who felt that the tour to India was "dishonest". It represented only those who enjoyed the great benefits of racial discrimination, and the South African team representing the 'new' South Africa was an all-white team. Former President of the non-racial Natal Cricket Board (NCB) Ahmed Kharwa felt that white players and administrators, who were 'desperate' for international cricket, had "got their first prize too easily" (Desai, 2010).

The ANC used sport to reassure whites about the reconciliatory intentions of a future black government. ANC leader Nelson Mandela played a decisive role in cricket's return to the international arena. It is documented that Mandela personally telephoned Jamaican Prime Minister Michael Manley and asked the West Indies to support South Africa's application to return to the ICC (Booth, 2003). The importance of re-joining international cricket as soon as possible was emphasised by using the argument that, without international cricket, there would be little or no money for development. Cricket tours would bankroll the spread of the game into townships and speed up the transformation of the sport in South Africa (Desai, 2010). The commercial viability of professional cricket in South Africa depended largely on the country returning to the international arena and competing on the world stage.

4.3.3 Professional cricket in South Africa

South Africa has proven to be one of the strongest teams in world cricket. The Proteas, as they are known, compete in international games in three different formats: test match cricket, limited overs one day international cricket and T20 international cricket. The ICC releases yearly rankings for all three formats and in 2018 the Proteas were ranked sixth in T20, third in the one day international format and second in test match cricket (ICC, 2018). The Proteas have never won the Cricket World Cup. However the ICC rankings, as well as the ratings of world-class South African players like AB de Villiers, Jacques Kallis and Kagiso Rabada, to name but a few, clearly show that South Africa is a top-tier international cricket playing nation.

As noted in Chapter 1, cricket is the third most popular sport in terms of participation amongst South Africans, with 18% of all South Africans showing an avid interest in cricket. Cricket has the biggest following on social media of any South African sports body. Cricket South Africa (CSA, to which UCBSA was renamed in 2008) has more than 2 200 000 followers on Facebook, and 398 000 on Twitter, which is the biggest following of any sporting team in South Africa (Repucom, 2015). The reason for the success on social media can be attributed to the content that CSA provides on these platforms. During the Sport Industry Awards 2017, the CSA campaign entitled 'Feel the Fire' won both 'Campaign of the Year' as well as the category for 'Best use of PR' (Sport Industry Group, 2017). Campaigns like 'Feel the Fire', done in partnership with high-profile South African players helped CSA to obtain the highest following on social media.

The professional game of cricket in South Africa is governed by CSA, which is affiliated to the International Cricket Council (ICC). The amateur structure of cricket in the country is also governed by CSA and is divided in four stages, namely: mini cricket, primary schools cricket,

high schools cricket and club cricket. These four stages of cricket development in South Africa act as a feeder for the elite programme within the CSA structures. They should ultimately produce professional cricket players of international standard who would be able to represent South Africa (Cricket South Africa, 2016b).

Professional cricket in South Africa includes the Proteas, the South Africa 'A' team as well as franchise cricket. The franchise cricket competition has as its primary purpose the preparation and development of professional cricket players for the demands of international cricket through a highly competitive environment. The franchise competition is played between all six franchises and is representative of all the Affiliate and Associate Members of Cricket South Africa.

The Affiliate Members are:

- Boland Cricket, Non-Profit Company (NPC) (Paarl)
- Border Cricket NPC (East London)
- Eastern Cricket NPC (Benoni)
- Eastern Province Cricket NPC (Port Elizabeth)
- Free State Cricket NPC (Bloemfontein)
- Gauteng Cricket Board NPC (Johannesburg)
- KwaZulu-Natal Cricket Union, Non-Profit Organisation (NPO) (Durban)
- Northern Cape Cricket NPC (Kimberley)
- Northerns Cricket Union NPO (Centurion)
- North West Cricket NPC (Potchefstroom)
- South West Districts Cricket NPC (Oudtshoorn)
- Western Province Cricket Association NPO (Cape Town).

The Associate Members are:

- Limpopo Impala Cricket Association NPC (Polokwane)
- Mpumalanga Cricket Union NPC (eMalahleni).

The Franchises which play professionally in South Africa are:

- Cape Cobras
- Dolphins
- Knights
- Titans
- Lions
- Warriors

(Cricket South Africa, 2016b)

The three different competition formats are:

- Domestic First-Class competition (4-Day)
- One-Day Domestic competition
- Domestic T20 competition.

All the systems and teams above fall under CSA, and all these structures and teams have the aim of making the Proteas, the national team, successful. CSA states in the company's operational handbook of 2016 that it is imperative to build a new and inclusive cricketing culture in South Africa to make cricket a truly national sport of winners (Cricket South Africa, 2016b).

Cricket Revenue for the period 2007 to 2016 is listed in Table 7 below.

Table 7: Cricket revenue for the period 2007-2016

2007	2008	2009	2010	2011
R 385 944 000	R 211 853 000	R 283 731 000	R 497 246 000	R 727 472 000
2012	2013	2014	2015	2016
R 430 012 000	R 520 985 000	R 810 607 000	R 765 000 000	R 822 926 000

Sources: CSA Annual Reports (Cricket South Africa, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016a)

The revenue generated by CSA to fund cricket in South Africa has gone from R 385 944 000 in 2007 to R 822 926 000 in 2016. The main revenue streams for CSA included broadcasting rights, sponsorships, profits from the Champions League Trophy and International Cricket Council (ICC) distributions. The best years from a financial point of view include the ICC World Cups every four years, as well as tours against India, England or Australia. CSA's toughest years are when no major events are held and when the Proteas play against one of the weaker international sides. The fluctuation in revenue can be attributed to the strength of the competition the Proteas face during the specific financial year.

4.3.4 Transformation in cricket

The EPG Report on Transformation in Sport published in 2015 reports on the comparative and individual transformation status of nineteen federations agreed with the Director General of Sport and Recreation. Rugby, cricket and football are amongst the nineteen sporting federations on the list. The 2015 EPG Report covered the third data collection cycle and in the 2015 report it can be

seen that cricket and rugby have evolved and shown noteworthy progress. This improvement has resulted in better data quality and transformation strategies as well as action plans based on better insight, influenced by previous EPG findings and recommendations, evolving to higher levels within these codes. The results from the EPG Report reflect subjective perceptions shaped during the data collection period, based on interaction and responses from those charged with the responsibility for data collection at their respective federations (EPG Transformation Committee, 2015). Cricket performed well in all areas except for:

- Perceived support from provincial structures
- Perceived status of demographic transformation.

The above areas were marked as average compared to the areas below where cricket achieved the desired results:

- Meets data submission deadline
- Perceived completeness of data package
- Perceived overall reliability of data submitted.

The achieved areas are arguably system driven areas and for the effects of transformation to be seen from amateur to professional cricket, it will be necessary for cricket to achieve all the goals set out in the Transformation Charter and which are measured in the EPG Reports.

The 2016 EPG status report follows the 2015 report, and measures the evolution of the sports in the various areas and provides a comparative analysis on cricket, especially in the areas where the sport underachieved during the previous reporting cycle. This analysis revealed that:

- Perceived support from provincial structures is not yet rectified and is still under par.
- Perceived status of demographic transformation: The generic black (African, Coloured and Indian) demographic Charter target of 60% was not achieved by cricket, with the sport achieving 45% generic black representation through the different structures within cricket (EPG Transformation Committee, 2016).

The 2017 EPG Report followed up on the 2016 report. This time cricket performed better and submitted 100% of the data required to complete the federation Charter profile. Cricket also achieved 67% of the transformation targets set out in the Transformation Charter in 2011 (EPG Transformation Committee, 2017). The main area where cricket still did not meet their transformation targets was in the area of female representatives in senior teams, as well as male and female coaches, where they did not have enough representative and did not meet the targets.

Cricket has been under pressure to transform, and, even though the sport is not yet fully transformed, it has improved significantly, as shown in the last three EPG Reports. The sport

realised the importance of showing their commitment to transformation, and in 2017 cricket joined athletics, football, netball, and rugby in implementing the ‘Barometer’ programme, entering into a Memorandum of Agreement (MoA) with the Department of Sport and Recreation and SASCO, in which they undertook to set and project forward their own (self-set) targets in selected Transformation Charter categories (EPG Transformation Committee, 2017).

4.4 Rugby

The sport we know as rugby was born in Warwickshire, England in 1823, when a school boy named William Webb Ellis caught the ball during a football match and ran to the opposing side’s goal posts. He put the ball down for what is now known to be a try in rugby, and that was the start of what is officially known as rugby (Smiles, 2012). The first written rules for rugby were established in 1840 and in 1870 the Rugby Football Union (RFU) accepted these rules.

A man named George Ogilvie is credited with introducing rugby to South Africa. He was principal of Diocesan School – better known as Bishops – in Cape Town from 1861 to 1885 (van der Berg, 2011). At the same time as rugby started in schools, the British army units also started playing rugby in Cape Town. The first recorded match between the Officers and the Civil Services took place in Green Point, Cape Town, and was reported in the *Cape Argus* of 21 August 1862 (Coetzee, 2016). The oldest rugby club in South Africa is Hamilton Rugby Football Club, formed in 1875, followed by Villagers, formed in 1876.

The South African national team is known as the Springboks and they are respected and feared throughout the rugby playing world. Since the end of apartheid and the re-admission of South Africa into the international sport arena in 1994, the Springboks have won the Rugby World Cup (RWC) on two occasions: first in 1995, captained by Francois Pienaar (Pienaar and Griffiths, 1999) and then again in 2007 under the captaincy of John Smit (Greenaway, 2009). Sport, and more specifically rugby, has historically been a fundamental part of South African society. Rugby was seen as predominantly a sport for white South Africans. The perception still exists among certain white South Africans that rugby is a white sport, and transformation is needed to introduce rugby to the black population of South Africa. Research data gathered on a year-to-year basis shows that the number of white people following rugby has declined from 78% of the total white population in 2003 to 64% in 2013 (BMI, 2014). This decline in white support is seen as a threat to rugby, in part because rugby is still often seen as a whites-only sport.

The perception that, historically, rugby existed only amongst the white population in South Africa, is proved wrong by examining the history of rugby in Coloured and African communities.

4.4.1 Rugby in Coloured communities

As mentioned above, rugby in South Africa originated in Cape Town in 1861, and the first club, Hamilton, was formed in 1875. As rugby spread through South Africa in the late nineteenth century, it was adopted not only by the white population of the country, but also by black communities.

There is little argument that rugby was the dominant sport in the Western Cape Province, with the origin of Coloured rugby in Cape Town dating to 1886 (Cupido, 2014). Initially in the Cape, two unions were established, each administering their own competition. The Western Province Coloured Rugby Union (WPCRUC) was formed in 1886, and the City and Suburban Rugby Union (CSRUC), which was founded twelve years later in 1898 (Cupido, 2014).

Coloured rugby expanded through the country, leading to the ultimate formation of the South African Coloured Rugby Football Board (SACRFB) in 1897. When the SACRFB met again the following year, in 1898, representatives from Western Province, Eastern Province, Griqualand West and Transvaal Coloured Unions attended (Coetzee, 2016).

To this day, Coloured rugby has a very strong following, and considerably more Coloured than African rugby players have played in the national teams (Coetzee, 2016).

4.4.2 Rugby in African communities

Nauright states that rugby and cricket were established amongst black communities in the urban areas of South Africa before sports like football and boxing (Nauright, 1997). This is in contrast with the view that football has historically always been the preferred and most popular sport in black communities. The first black teams originated from Grahamstown in the Eastern Cape, and Stephan Katta formed the first black rugby club in Port Elizabeth in 1885. Rugby was further introduced into the black community through schools by the headmaster of St Andrews College, Reverend Mullins (Smiles, 2012). Rugby historian Braber Ngozi believes the first black club was a rugby union club formed in KwaMpundu in 1887. Orientals, the second black club, was formed in 1894, followed by Morning Star, Rovers, Frontier and Spring Rose (Odendaal, 1995).

In the book *“Sport, Cultures and Identities in South Africa”*, Nauright claims that Kimberley is the cradle of black sport in South Africa. He states that when diamonds were discovered in Kimberley in 1867, many different cultures descended on the diamond fields (Nauright, 1997). Whites, Coloureds and Africans flooded to the diamond fields and in 1894, the Griqualand West Colonial Rugby Football Union was formed, consisting of Coloured, Malay and African clubs. It did not discriminate on the basis of colour, nationality, language or religion. Odendaal claims that the Griqualand West Colonial Rugby Football Union was probably the first non-racial sports organisation in South Africa (Odendaal, 1995). The Eastern Cape became a stronghold for black rugby and in 1934, 10 clubs were entered to play in the Martin Cup, a local club competition. The then-Transvaal followed and, with the formation of the clubs Swallows and United, black rugby grew. The South African Bantu Rugby Board (SABRB) was formed in 1935 (Odendaal, 1995). Eleven inter-racial test matches were played between two teams referred to as the South African Coloureds and the South African Bantus. These games were organised in response to segregation laws prohibiting official tests for these federations (Bolligelo, 2006).

The history of African and Coloured rugby in South Africa illustrates that, contrary to the prevailing opinion shared by the majority of white rugby supporters, other ethnic groups in South Africa share a strong and important history of rugby. This highlights the fact that transformation in rugby does not imply that rugby needs to be introduced into cultures that know nothing of rugby. Rather, rugby needs to reignite the passion and flame that might have been doused during apartheid, when ethnic groups other than white were excluded from the rugby community (Coetzee, 2016).

4.4.3 Rugby in post-apartheid South Africa

In the South African context, the prominence of white rugby can be correlated directly to the power configurations in South Africa during the late 19th and 20th centuries (Grundlingh, 2005). Rugby was the most important sport of white ascendancy in South Africa. The Springboks became a strength in world rugby and the Springbok emblem was a symbol of national pride. But at the same time it was a divisive force because of apartheid.

The effects of apartheid on South African sports teams from 1970 until 1992 are evident. South African athletes were banned from competing in the Olympic Games, and many other international sports bodies quickly followed the Olympic Committee’s lead. The democratic movement in South Africa, and its supporters in the international community, campaigned against

allowing South Africa to compete in international sports under the slogan 'No normal sport in an abnormal society' (Dunn, 2009).

South African rugby teams continued to play internationally until 1981, but when the international pressure against countries playing against the Springboks became too much, rugby was also excluded from competing internationally. It was only after South Africa's exclusion from sanctioned international rugby that white South Africans began to consider the international sports boycott a significant reason to change (Dunn, 2009).

With the international boycott imposed on South African sport, resources were spent on ensuring the domestic game was strong, and the local inter-provincial competition, the Currie Cup, was deemed to be the best domestic competition in world rugby. 1992 signalled South Africa's re-admission to international rugby through the International Rugby Board (IRB), and the test matches the Springboks played in 1992 proved to be a rude awakening, with the Springboks winning only one of the five tests played that year. It was evident that other rugby playing nations had moved ahead of South Africa during the country's isolation from international competition. The Rugby World Cup in 1995 proved the perfect opportunity for the Springboks to regain their former glory, and when the Springboks won the tournament on home soil for the first time in the country's history, they were once again a respected force in world rugby. South Africa won the Rugby World Cup again in 2007, when they beat England in Paris, and confirmed their status as one of the top rugby playing nations in the world.

Apart from the success of the Springboks, other representative teams have also performed well on the international stage. The South African Sevens team, the Blitzboks, won an Olympic bronze medal at the 2016 Rio Olympic Games, and the South African Junior teams have won the IRB Junior World Cup on numerous occasions (van der Berg, 2011). Historically, the success of South African teams relied on the natural strength of the players, the depth in numbers of the playing pool of top rugby players in the country, and the huge support the game enjoyed in South Africa. It is possible to argue that the strength of South African rugby lies in the number of players active in the sport in South Africa. In 2010, South Africa had 472 915 rugby players, compared with 131 384 in New Zealand and 82 790 in Australia (Lambert and Durandt, 2010).

4.4.4 South African rugby competition structures

Professional rugby in South Africa is governed by the South African Rugby Union (SARU). Originally known as the South African Rugby Football Union (SARFU), it was formed in 1992 when the (white) South African Rugby Board (SARB) merged with the non-racial South African Rugby Union, an affiliate of SACOS. The name was changed to South African Rugby Union in 2005. SARU has fourteen member unions from the various provinces and regions:

- Blue Bulls
- Boland
- Border
- Eastern Province
- Free State
- Golden Lions
- Griffons
- Griquas
- Leopards
- Pumas
- Natal Sharks
- SWD Eagles
- Valke
- Western Province

SARU oversees rugby competitions at various levels: Super Rugby (international franchises), Currie Cup (domestic competition), national Junior sides, Craven Week (schools level), Varsity Cup (inter-universities), and club rugby, besides the Springboks (national team), the national women's team and the Blitzboks (sevens team).

Super Rugby

Super Rugby began as the Super 12 in 1996, with 12 teams from South Africa, New Zealand and Australia. By 2011 the number of teams had increased to 15 and the competition became known as Super Rugby. In 2016 the competition expanded to include teams from Argentina and Japan. The 2018 season resulted in two teams from South Africa, Cheetahs and Kings, and one team from Australia, Western Force, being removed from the 18 team format to the current 15 team structure. The South African teams competing in Super Rugby are the Sharks, Bulls, Stormers and Lions.

Currie Cup

The Currie Cup is the oldest provincial rugby competition in the world, having started in 1892. The Currie Cup is contested by the 14 provincial unions (plus a team from Namibia), which are divided between the Premier Division, consisting of the top seven teams, and the First Division, made up of eight teams.

- **Premier division:** Western Province, Sharks, Blue Bulls, Lions, Cheetahs, Griquas and Pumas
- **First division:** Griffons, Eastern Province, Boland, Border, Leopards, Falcons, South Western District Eagles and Welwitschias (Namibia).

South African Junior Sides

An IRB Under-19 Tournament was held from 1998 to 2007, and an Under-21 Tournament was held between 1996 and 2006. In 2008 these two tournaments were replaced by the IRB Under-20 World Championship. In South African domestic competition, SARU chose to stay with the two age groups – Under-19 and Under-21 (van der Berg, 2011).

Youth Weeks

Craven Week was first played in 1964 and seen as the greatest schools rugby tournament in the world (van der Berg, 2011). Currently, the primary schools Craven Week and high schools Craven Week tournaments are played annually. Provincial schoolboy teams are selected to play against other provinces during the week. The concept of the Craven Week was expanded to include an Academy Week for players who missed out on selection for the Craven Week. Another Under-16 week is named after leading rugby administrator Grant Khomo. These additional weeks allow for more than 1 500 boys to represent their provinces. The South African Schools team is named at the end of the Craven Week tournament (Coetzee, 2016).

Varsity Cup/Varsity Shield

The Varsity Cup, introduced in 2008, was started by the 1995 World Cup winning Captain Francois Pienaar. It is an inter-university competition, which sees eight of the nation's leading universities play against each other every year. In 2011 a second tier competition known as the Varsity Shield was introduced and by 2017 the total number of teams participating was 16.

Sevens Rugby

The South African Rugby Sevens team, better known as the Blitzboks, participates in the IRB international Sevens circuit played in 10 different cities around the world. The Blitzboks have been one of the most successful Sevens teams and won the bronze medal at the Olympic Games in Rio de Janeiro in 2016. The Blitzboks were crowned World Sevens Series champions in 2017 (World Rugby, 2017).

Women's Rugby

Women's rugby in South Africa has not been as successful as the men's game. The South African women's rugby team did not qualify for the 2017 World Cup in Ireland. Its best World Cup finish was in 2010, when the team finished in 10th place (van der Berg, 2011).

Club Rugby

The role of club rugby in South Africa is to develop rugby players to ultimately play provincial rugby. The club rugby system plays an integral role in South African rugby, as clubs form the amateur structure within the South African rugby provinces. This structure currently holds the majority share in South African rugby, according to SARU's constitution (SARU, 2016). The most prestigious competition for non-university clubs in South Africa is known as the Gold Cup (Coetzee, 2016).

4.4.5 'Shamateurism' and switching codes

Rugby union fought against professionalism and enjoyed amateur status until after the Rugby World Cup in 1995, when the sport finally turned professional. Cricket and football switched from amateur to professional much earlier (Ryan, 2008). Rugby's 13-man code, better known as rugby league, became professional before the more traditional 15-man code of rugby union. This led to high-profile rugby union players moving to rugby league to earn money and becoming professional sportsmen. Frano Botica, an All Black representative in rugby union in the 1980s and the Welsh flyhalf Jonathan Davis, who played rugby union for Wales in the 1980s, were the first, and most high-profile, players to switch codes from rugby union to rugby league for financial reasons. Both players became dual internationals, representing their country in both codes (Coetzee, 2016). The highest profile South African rugby union player to cross codes was Springbok captain and eighth man Tiaan Strauss, who left South Africa to play rugby league in Australia in 1996.

Rugby officially turned professional in 1996, and the reason for saying officially is because rumours abounded of players being paid long before 1996 and this gave birth to the term ‘shamateurism’ (Bolligelo, 2006). The word shamateurism was a sarcastic term referring to supposedly amateur players getting paid to play rugby, without administrators admitting to the payments. Former South African Rugby Football Union (SARFU) and Saracens CEO Edward Griffiths mentions the fact that provincial rugby unions had big stadiums filled with supporters and very few expenses. This led to unions flush with cash being able to lure players with payments made ‘under the table’ (Coetzee, 2016). Gary Teichmann, the successful Natal and Springbok captain, wrote in his autobiography that South African rugby had been semi-professional since the 1986 Cavaliers tour and further said that he believed that between 1980 and 1990 the local transfer market was healthy and active (Teichmann, 2000).

4.4.6 The modern professional era

In 2018, rugby is a billion-rand industry, but the transition from the amateur era into the professional era has not been an easy one.

Table 8: SARU Revenue, 2008-2016

2008	2009	2010	2011	2012
R 432 482 000	R 454 178 000	R 505 082 000	R 597 459 000	R 699 511 000
2013	2014	2015	2016	
R 794 790 000	R 819 982 000	R 967 112 000	R 1 224 737 000	

Source: SARU, 2010, 2012, 2013, 2015, 2017

As shown in the table above, the revenue generated by SARU to fund rugby in South Africa has gone from R 432 482 000 in 2008 to R 1 224 737 000 in 2016. The main revenue streams for SARU included broadcasting rights, sponsorships, overseas matches and home tests (Steyn, 2015). Of the three sporting codes profiled in this study (football, cricket and rugby), rugby has the largest revenue stream. The global expansion of professional rugby, coupled with the rand’s depreciation against overseas markets, has forced local franchises to pay bigger salaries to keep players in South Africa. But the growing salary costs, coupled with declining traditional revenue streams, has left South African rugby franchises in financial distress. The EP Kings (Sport24, 2016) as well as the Western Province Rugby Union were liquidated in 2016, citing declining revenue and higher player salaries as reasons (Harrison, 2016).

The perception that rugby is a whites-only sport in South Africa, along with the slow rate of transformation in the sport, has been identified by SARU as “number one critical risk to rugby in South Africa” (SARU, 2014). SARU’s Strategic Transformation Plan shows that in 2014, 16% of the Springbok team was ‘black African’. The plan sets a target of 60% ‘black African’ representation by 2019. The transformation plan not only aims to increase black representation at player level, but also aims to increase the number of black coaches and referees involved at provincial and national level to 50% by 2019 (SARU, 2014). However, in the Transformation Status Overview, released by the EPG Transformation Committee in 2017, rugby only achieved 33% of the set Transformation Charter targets (EPG Transformation Committee, 2017).

Rugby has been under pressure to transform. In the last three EPG Reports conducted in 2015, 2016 and 2017, the sport did not achieve its set-out targets and came under increasing political and public pressure. In 2017 this led to rugby joining athletics, cricket, football and netball in creating the ‘Barometer’ programme, entering into a Memorandum of Agreement (MoA) with SRSa and SASCOC in which they undertook to set and project forward their own (self-set) targets in selected Charter categories (EPG Transformation Committee, 2017).

4.5 The Barometer Programme

The Barometer Programme was introduced during 2016, recognising that constraints on transformation in sports differed from federation to federation, and that once the reasons for change were acknowledged, individual federations were best equipped to determine the extent and rate of change required. The programme resulted in a more accountable and code-specific approach, where the leadership of each federation accepted more accountability for achieving their own baseline targets and then forecasting performance levels over the next five years (EPG Transformation Committee, 2016). The Barometer Programme was implemented through a Memorandum of Agreement (MoA) between national sports federations, the Ministry of Sport and Recreation and SASCOC.

The Barometer Programme’s implementation points to the frustration of the national government with regards to transformation in sport. In terms of the MoA, failure of a federation to achieve these self-set targets will result in the following potential ministerial interventions:

- Suspension or withdrawal of any funding from government
- Revoking of authority to bid for or stage international tournaments locally
- Withdrawal of opportunity to award national colours

- Withdrawal of recognition as a national federation in terms of the National Sports Act. (EPG Transformation Committee, 2016)

The potential punitive action has injected a greater sense of urgency into federation leaderships. It places a higher level of accountability on the federation leaders to ensure the successful transformation of their codes. These punitive measures could potentially result in lower target setting levels and data manipulation to make the achievement of the target easier. Accountability for the integrity of the data has been placed on the presidents of the individual federations, and the CEOs are responsible for the reliability and integrity of the data submitted.

The boards of the five Barometer participating code federations (athletics, cricket, football, netball and rugby) have set and approved Barometer forecast performance levels in the selected transformation areas until 2018, as part of the MoA, that are generally lower than the targets in the Transformation Charter. The end result was an uninspiring picture from a transformation perspective. Barometer performances were measured as part of the 2015 annual EPG audit process by comparing self-set forecast targets for 2015 with actual 2015 performance levels achieved. On the basis of the Barometer results reported, the Minister of Sport decided to revoke the authority of rugby, cricket, athletics and netball (all of whom have achieved less than 50% of their self-set targets) to bid for or host international tournaments. The understanding was that the decision would be reviewed subject to the 2016 Barometer outcomes and submissions made as to initiatives to be undertaken by each of the affected federations. The possibility of extending forecasted performance to 10 years would also be looked at, as there was reason to believe that a 5-year period was too short. The EPG Report of 2016 recommended that Barometer related MoA's should be entered into with six additional federations, similar to the five codes entered into and audited in 2015 (EPG Transformation Committee, 2016).

4.7 Conclusion

Transformation in South Africa is as much an issue of fixing the wrongs of the past, as it is a way of ensuring the longevity of professional sport in South Africa. Football, rugby and cricket all have different realities in terms of transformation. In 2016 the Minister of Sport, Fikile Mbalula, deemed football fully transformed, but rugby and cricket were banned from hosting international sporting events due to the lack of transformation in these two sports.

Transformation is made up of: *participation* transformation, where the racial make-up of sporting teams need to reflect the population of South Africa, and *spectator* transformation, which is essential for the commercial growth of these sports. With blacks accounting for 78% of the South African population, compared to 10% whites, it is important to grow the fan bases of cricket and rugby amongst black South African. *Gender* participation also needs transformation within South African sport, as women make up 52% of the country's population, but only account for the respective participation levels of 5% in rugby, 8% in cricket and 15% in football.

Football is the sport with the biggest participation in South Africa, with 1 469 410 registered players and over 900 clubs. It also has the highest level of interest amongst sports in South Africa at 52%. Both participants and spectators are considered representative of the population as a whole and football is considered inclusive and transformed. The 2010 FIFA World Cup was loaded with political, economic and symbolic significance for a democratic and globalising South Africa.

The white and non-racial cricket bodies of the segregation era united in 1991 to form the United Cricket Board, later CSA, leading to the immediate readmission of South Africa to international cricket. Cricket has been under pressure to transform and after 2013 CSA began to transform more aggressively by sourcing players from clubs and historically disadvantaged communities and schools, as well as sourcing additional funding for the development of cricket facilities in these area.

Contrary to the prevailing opinion shared by the majority of white rugby supporters, other ethnic groups in South Africa share a strong and important history of rugby. However, rugby was the most important sport of white ascendancy in South Africa during apartheid, leading to the perception that rugby was a whites-only sport, which needed to be overcome.

Participation transformation in rugby was slower than cricket. In 2017 the Springboks, Junior Springboks, Springbok Sevens and SA Under-18 teams met the prescribed transformation requirements, but Vodacom Super Rugby, the SARU U19 and U21 Championships, and the Currie Cup Premier Division remain under-achieving in terms of the set transformation targets and SARU has been threatened with punitive measures should this not be rectified.

Chapter 5: Commercial Analysis of Football, Rugby and Cricket

This chapter looks at the corporate structures of the football, cricket and rugby federations in South Africa; their sources of revenue; the progress of their transformation; their commercial success; and the potential threats to that success.

5.1 Football

5.1.1 Corporate structure of football

In South Africa, football, or soccer as the sport is also commonly known, is governed by the South African Football Association (SAFA). The National Soccer League (NSL), using the trading name Premier Soccer League (PSL), manages domestic competitions. NSL is an Affiliate Member of SAFA and is the only professional football body recognised by SAFA. The NSL consists of two divisions of clubs, namely the Premier Division and the National First Division, each consisting of sixteen clubs (PSL, 2015b). The organisational structure of football in South Africa is that SAFA manages the national teams and PSL runs the league.

Professional football in South Africa consists of many competitions in both the Premier Division and the National First Division. The flagship competition of the Premier Division is called the ABSA Premiership, with a league table similar to the English Premier League. A recent innovation in the ABSA Premiership is called the Q-Innovation: the season is divided into four quarters, with the club at the top of the league table at the end of that quarter receiving a prize of R1.5 m. Since the inception of Q-Innovation, Kaizer Chiefs has won it five times and has banked R7.5 m (PSL, 2015b). In addition there are several Premier Division knockout competitions, such as the Telkom Knockout, which has a winner's prize of R4.25 m. There is also the Nedbank Cup, a South African equivalent of the English FA Cup, which includes all divisions.

The main objectives of the NSL are to promote, organise, control and administer professional football in South Africa; to foster friendly relations amongst officials, clubs, teams and players in the leagues; to concern itself with matters affecting professional football; to co-ordinate and facilitate the development of professional football; to promote the interests of clubs and to utilise its funds in the pursuit of its objectives (PSL, 2015b). The NSL has 32 members: 16 clubs making up the Premier Division and 16 clubs in the National First Division (NFD). According to the PSL website, its values are non-discrimination, respect, integrity, impartiality and discipline.

5.1.2 Revenue streams of football

The current chairman of the PSL, Dr Irvin Khoza, wrote in the 2015 PSL Annual Report that financial sustainability is vital for football to grow in South Africa. The financial sustainability of the NSL and its members remains a strategic focus area of the of the PSL Executive Committee.

Key focus areas include:

- the retention of existing revenue streams
- the development of new revenue streams
- the protection of commercial rights
- financial management and control of expenses
- regulatory compliance
- securing of copyright for NSL fixtures.

The difference between the organisational structure of football and those of rugby and cricket is its dual nature: SAFA owns the national team and PSL runs the league. There is no such split in either rugby or cricket. For comparison purposes, it is therefore important to combine the revenue generated by SAFA and the PSL in order to ascertain the total revenue generated by the sport.

Table 9: SAFA revenue for the period 2009-2016 (SAFA, 2016b) and PSL Revenue for period 2009-2016 ('n/a' means not available)

Year	2009	2010	2011	2012
SAFA	R 296 000	R 374 000	R 429 000	R 324 000
PSL	n/a	n/a	n/a	R 558 706
Combined	n/a	n/a	n/a	R 882 706
Year	2013	2014	2015	2016
SAFA	R 208 000	R 282 000	R 330 000	R 287 000
PSL	R 646 376	R 690 209	R 735 048	R 853 046
Combined	R 854 376	R 972 209	R 1 065 048	R 1 140 046

Source: PriceWaterhouseCoopers, 2016

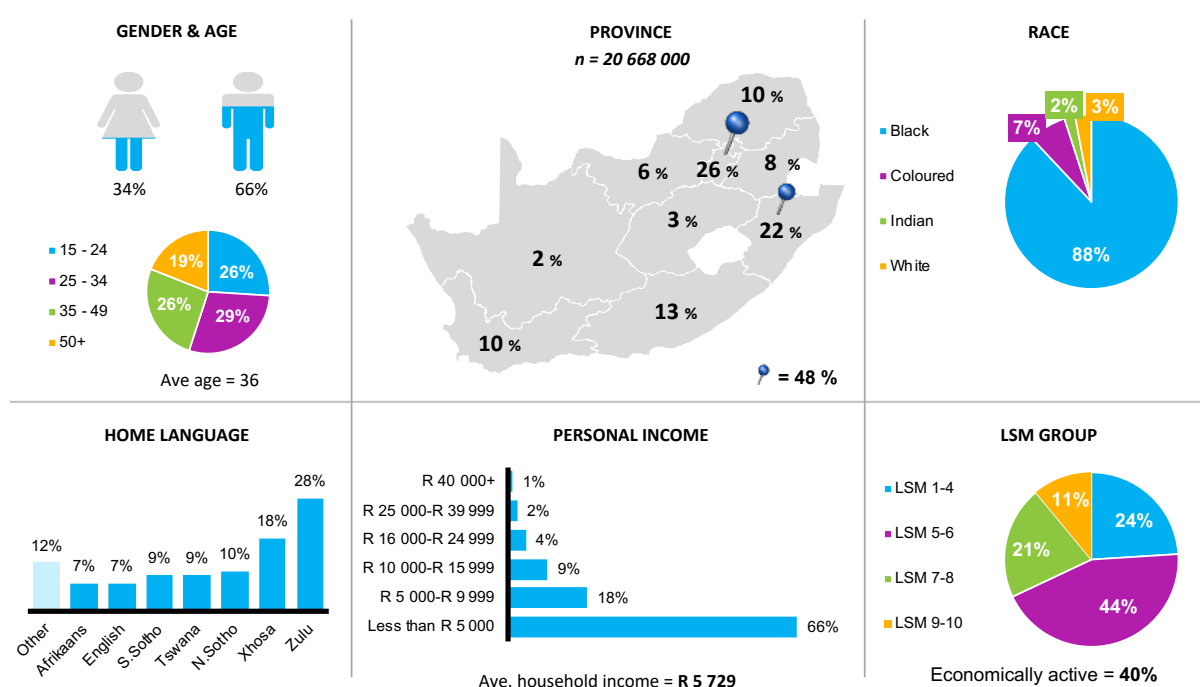
5.1.3 Support base for football

Football is widely regarded as the most popular sport in South Africa, with the biggest fan base in the country. This is mainly due to the fact that the sport is the number one sport amongst black South Africans. Nielsen Sports research estimates that there are 20 668 000 football fans in South Africa, or 52% of the South African population older than 15 (Nielsen Sports, 2018).

Figure 8: Demographic Profile – Football Fans

DEMOGRAPHIC PROFILE – FOOTBALL FANS

Football fans 15+. 2016



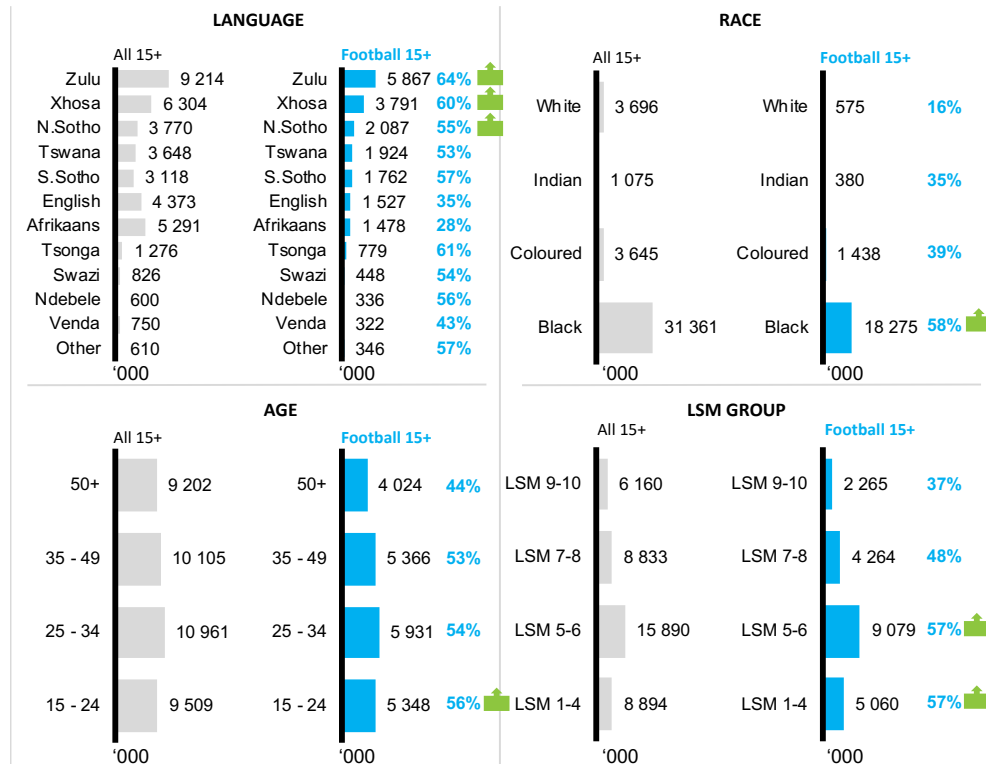
Source: Nielsen Sports, 2018

The percentage share of football fans when related to the total population will provide a clear and accurate view of the fan dynamic of football in South Africa. The fan dynamic will be weighted and compared against the fan demographics of both cricket and rugby that was conducted in the same study with the same sample size. The numbers shown in the ‘share of market’ figures below (Figures 9 and 10) are in thousands. So, for example, the number of African (‘Black’) football fans is 18 275 000.

Figure 9: Share of Market – Football fans by language, race, age and LSM group

SHARE OF MARKET

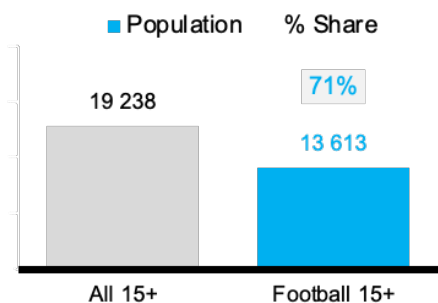
Football fans 15+. 2016



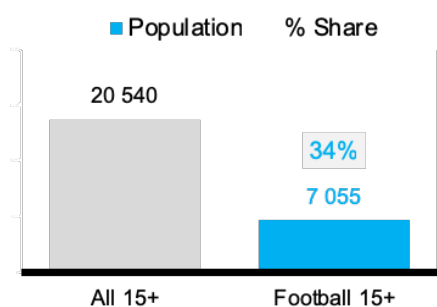
Source: Nielsen Sports, 2018

Figure 10: Share of Market – Football fans by gender: (a) Men; (b) Women

(a) Men



(b) Women



Source: Nielsen Sports, 2018

Football enjoys the highest level of support across all sports in South Africa, and leads both rugby and cricket. The research carried out by Nielsen Sports shows that:

- 13 613 000 male respondents described themselves as football fans, which makes up 71% of all male respondents aged 15+.
- 64% of all *isiZulu* and 60% of all *isiXhosa* speakers described themselves as football fans, while 28% of all Afrikaans and 35% of all English speakers are football fans.
- Football enjoys the highest level of reach among respondents 15-24 years of age. The current football fan profile aligns with the current demographic profile of South Africa, but with a slightly lower representation of respondents 50 years and older.
- The race profile nearly mirrors that of the South African population. Black South Africans make up 88%, or 9 281 000, of all football fans. This translates into a 58% share of the total black population, a key emerging market. Football interest is also influenced by the type of league or competition, with white South Africans expressing a higher level of interest in international football.
- Football interest reports the highest share of market in KZN at 60%, followed by Eastern Cape at 56%, and then Gauteng and Mpumalanga at 53%.
- Football fans are on average younger than rugby or cricket fans.

(Nielsen Sports, 2018)

5.1.4 Transformation in Football

Given the demographic make-up of the participants and fans of football in South Africa, the government has deemed the sport to be transformed and it is considered inclusive in the South African context. As discussed above, 88% of all football fans in South Africa are black. According to BMI Sport Info, from 2007 to 2016 black participation in football has seen an average increase of 4.2% year on year, to a total of 2 800 000 active participants in football by 2016 (BMI Sporttrack, 2016). The high percentage of black support for football, alongside the high level of black participation, led Minister of Sport Fikile Mbalula to consider football to be transformed (Ngoepe, 2016). With football deemed to be transformed, SAFA chooses to focus their attention on football development. This focus has three core components, namely; Youth Development, Futsal and Beach Soccer (SAFA, 2016a). Some key objectives of the SAFA development programmes are:

- Maintaining and sustaining the U13, U15, U17 and U19 National Leagues for Boys and Girls, which will continue to culminate in Regional, Provincial and National Tournaments every year.

- Implementing the grassroots programme in the 52 SAFA Regions that will cascade to their 341 Local Football Association (LFA) affiliates.
- Continuing collaboration with government and NGOs to implement the life-skills programme.
- Establishing regional leagues for Futsal and Beach Soccer, which will culminate in Provincial and National Tournaments.
- Providing Futsal and Beach Soccer Coaching and Referee Courses to the Regions.
- Developing schools football throughout the country (SAFA, 2016a).

Football has also seen a gender shift, with a slow but steady increase in the number of women participating. Research on gender participation in sport shows that in 2009 only 9.8% of all football participants were female. By 2016 this number had grown to 15%, with 420 000 women actively participating in football (BMI Sporttrack, 2016).

While women make up 52% of the population, they only make up 15% of active participants in football. Global sport has seen an increased need to promote the profile of women's sport. In 2016 Repucom found that when assessing finances in sport as a whole, women are far from achieving equality, in terms of endorsements and sponsorships, with their male counterparts (Repucom, 2016). This is despite the fact that there is increasing awareness of women's tennis, women's rugby and particularly women's football in the international media. There is a growing sense of responsibility among the media to give some form of parity to women's sport, and sponsors have been actively sought to address gender inequality within professional sports. An increased value of sport sponsorship has been allocated to women's sport internationally (Repucom, 2015d).

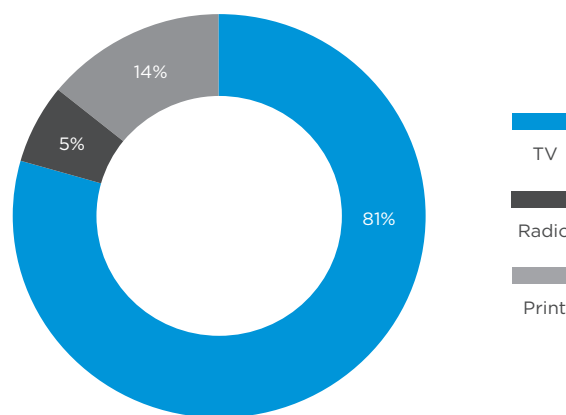
5.1.5 Commercial value of football

The PSL lists SuperSport as their official broadcast partner, but during a review of the 2015 PSL Annual Report, it was noted that the highest TV audience during the 2014/15 season was the Free to Air (FTA) time of the South African Broadcasting Corporation's (SABC) television audience of 4 548 497, seen during the ABSA Premiership match between Mamelodi Sundowns and Orlando Pirates held on 27 August 2014 (PSL, 2015b). The fact that the PSL has relationships with both the world-class pay TV network Multichoice (of which SuperSport is part), as well as the FTA national broadcaster SABC, ensures that football reaches all South Africans with access to a television set. Due to the fact that football is shown on SABC as well as SuperSport, a cumulative total of approximately 200 million people view PSL games live on TV. And the numbers are increasing: the average audience for the Telkom Knockout competition increased by

8%, and the MTN8's competitions cumulative audience increased by 15%. As a result, the Media Value generated for PSL sponsors and suppliers experienced an increase of 21% to R1.9 billion in the 2014/15 season. Media Value is an adjusted brand value percentage of Equivalent Advertising Value which gives a more accurate measure of a brand's performance when exposed in the media. This is the best method of comparison between media, as it comprises all elements of the equation and is effective for overall appraisals of sponsorships and inventory, particularly in comparison to investment (Willers, 2018).

Figure 11: Media Value channel contributions for football, 2014/15 season

Media Value Channel Contribution: Sponsor's Media value



Source: Own Research

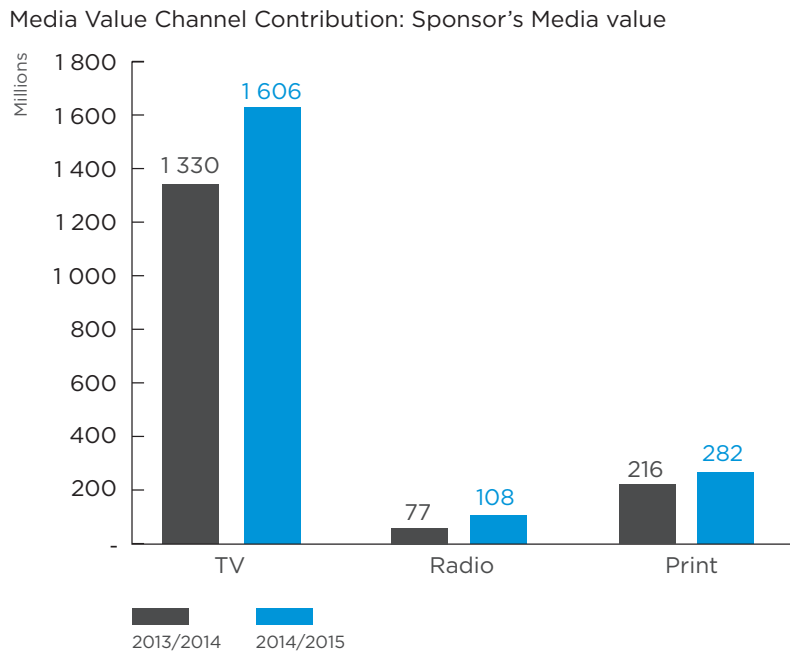
Television remains the largest contributor to the media value, with 81% of the R 1.9 billion total contributed by TV. Television is also the biggest driver of growth, showing an increase of 23% (PSL, 2015b). The contributions of R 282 million (14%) through print media and R 108 million (5%) from radio might seem small in comparison to the media value of TV, but they are, however, substantial contributors and extremely valuable for sponsors.

In addition to TV, the PSL also formed strategic partnerships with the SABC's radio stations that encouraged people to attend matches, profiled star players and hosted football magazine shows. The value of the combined radio and television offering presented by the SABC, not only allows football to reach the households of most South Africans, it also relates to an increased Media Value which enhances the sponsors' return on investment, made through sponsoring and partnering with football and the PSL.

The Media Value contribution of TV for sponsors increased from R 1 330 000 000 in the 2013/14 season to R 1 606 000 000 in 2014/15. This increase of 17% year on year makes a sponsor's

association with the PSL and SAFA extremely lucrative and attractive. The increases for TV, radio and print are shown in Figure 12 below.

Figure 12: Media Value channel contribution increases for sponsors, 2013-14 to 2014/15 seasons
The numbers are millions of rand. (PSL, 2015b)



Source: Own Research

The Living Standards Measure (LSM), is a marketing and research tool used in South Africa to classify standard of living and disposable income. It segments the population into ten deciles (one-tenth divisions) based on their relative means, with LSM 1 being the decile with the least means and 10 being the decile with the greatest means (Willers, 2018). The LSM make-up of football fans shows that, even though football fans are found through all LSM deciles, the inequality within South Africa is evident in the statistics. Given the fact that 88% of football fan are black and 66% of football fans earn less than R 5 000 per month, with the average income of a football fan calculated at R 5 729 per month, one can conclude that there is a large discrepancy in income between rich and poor football fans, like the rest of South Africa. This is evident when taking into consideration that only 40% of football fans are deemed to economically active. This figure is lower than the figures for cricket and rugby. However, 32% of football fans are deemed to be in LSM deciles 7-10. This new black middle to upper class points to the widening of the income inequality gap. Where race once segregated the South African population, one can draw the conclusion that in future, income will be the divider.

The above presentation of football and the demographic make-up of both fans and participants shows that football fans and participants reflect the racial make-up of the South African population at large, and therefore the government has deemed football to be transformed.

5.2 Rugby

5.2.1 Corporate structure of rugby

Rugby in South Africa is governed and controlled by the South African Rugby Union (SARU), with SARU's main objective being the promotion, development and support of all levels of rugby in the country (SARU, 2016). The constitution of SARU, set out in 2009, describes the main business of the union as being to:

- develop and administer rugby on a national basis; adopt measures governing the administration of rugby in South Africa;
- adopt measures governing the development of rugby in South Africa in alignment with the geo-political boundaries of the Republic of South Africa as per the Twelfth Amendment Act of 2005 of the Constitution of South Africa as applied at the time of the acceptance of this Constitution;
- act as controlling and co-ordinating body of all its members and the associations, societies and bodies admitted to membership or to associate membership of SARU;
- bind its members to all obligations entered into by it for the benefit of rugby in the Republic;
- determine and arrange rugby competitions, tournaments and matches and activities associated therewith;
- regulate and control rugby competitions, tournaments and matches played under its auspices;
- determine the conditions under which competitions, tournaments and matches have to be conducted and played, including the conditions under which trophies and awards offered to, and accepted by it, are to be competed for;
- decide upon and make arrangements for visits of rugby teams from the Republic to other countries and from other countries to the Republic and to determine the conditions under which such visits have to take place;
- procure such funds and assets, and to undertake such obligations, as may be deemed appropriate by it and, for this purpose, to enter into such contracts, deeds and agreements as may be deemed necessary;
- apply its income and property solely to promote its main object and ancillary objects;

- implement the laws regulating rugby and to initiate improvements of such laws;
- make rules and regulations and take decisions in relation to rugby, and the conditions under which rugby is played, and to repeal or vary any such rules and regulations and decisions, and to bind its members to all rules and regulations and decisions so made or taken and for the time being in force; conduct the commercial activities associated with professional rugby in South Africa (SARU, 2016).

The vision of SARU is to be the leading rugby nation, inspiring all South Africans. Their values are excellence, inclusivity, innovation, ethics and collaboration (SARU, 2017). Mark Alexander took the role of president of SARU at the end of 2016 and immediately presented some fundamental changes to the SARU Constitution, which were accepted at the general council meeting held at the end of 2016. The key approved changes were;

- permitting 74% shareholdings in commercial arms of rugby unions by private equity partners;
- increasing the make-up of the independent and player representation on the Executive Council to five independents, with six elected members;
- introducing new committees for franchise (Vodacom Super Rugby) and non-franchise rugby to focus and streamline decision making;
- moving responsibility for the appointment of the Springbok coach and CEO from the General Council to the Executive Council;
- removing the selection committee while retaining a selection convenor to work with national team coaches;
- reducing the presidential roles from three to two by removing the vice presidency from 2018.

These changes were all lauded as being positive and a move in the right direction, towards streamlining and facilitating decision-making. Up to that point in time, making decisions had been laborious and often stifled by an amateur structure. These decisions were often considered as non-commercial and not promoting the professional game in South Africa (SARU, 2017).

The change that might potentially have the biggest influence on the professional game in South Africa is that allowing private equity partners to invest up to 74% in the commercial arms of rugby unions. This change is significant, as previously the maximum shareholding a private equity partner could hold in a rugby union was limited to 49% and the 51% had to vest in the amateur structure of the union. This had often resulted in private equity partners being hesitant to

invest into South African rugby unions, because of the politics involved in having an amateur majority shareholder.

SARU is made up of 14 member unions (see section 4.4.4) and as a commercial entity is responsible for all competitions, sponsors, revenue and the national teams. The Springboks are the flagship brand, not only of SARU, but are also considered the most powerful sporting brand in South Africa (Frontiers, 2015b).

5.2.2 Revenue streams of rugby

The revenue declared in the SARU Annual Financial Statements (AFS) between 2008 and 2016 shows a large increase, with mostly steady year-on-year (YoY) growth. SARU's revenue exceeded a billion rand for the first time in 2016, when the declared revenue of the organisation was R 1 224 737 000.

Table 10: SARU Revenue 2008-2016 (rounded to nearest thousand rand).

2008	2009	2010	2011	2012
R 432 482 000	R 454 178 000	R 505 082 000	R 597 459 000	R 699 511 000
2013	2014	2015	2016	
R 794 790 000	R 819 982 000	R 967 112 000	R 1 224 737 000	

Source: Own Research

Rugby traditionally counted match-day related revenue as its biggest revenue streams. Revenue generated through season tickets and suites, along with sponsorship, were historically the largest revenue streams within rugby in South Africa. The decline in rugby match-day attendances follows a global trend. In the UK, Sky Sports announced in 2016 that over the previous five seasons they had seen a decline of 38% in Champions League audiences. Similarly, Bernie Ecclestone announced that Formula 1 worldwide audiences fell by 5.6% during 2016 (Repucom, 2016).

Following the global trend, South African rugby franchises find that attendances are declining, and that revenues linked to attendance are diminishing. Coetzee, speaking about the decline in suite and season ticket revenue at The Sharks Super Rugby franchise, noted that, with the economic environment in the country, individuals and organisations find it hard to commit to spending money on an expense that can be classed as purely a luxury expense (Coetzee, 2016). The reality is that fans can watch their favourite team on television at no extra cost. Average

Currie Cup match attendance has decreased at a compound annual rate of 15.0% since 2010, and average Super Rugby match attendance has decreased at a compound annual rate of 4.8% since 2009.

The decline in live match-day attendance has, to a certain extent, been offset by the increase in TV viewership as far as Super Rugby is concerned. However, TV viewership for the Currie Cup competition is increasing at a slower rate than the decrease in stadium attendance. For Super Rugby SA derbies (both teams from South Africa), the compound annual growth rate in viewership from 2010 to 2014 was 4.6% p.a. For the Currie Cup Premier Division, the compound annual growth rate for the same period was only 1.1% (Steyn, 2014). Professional rugby unions are finding it increasingly difficult to maintain team performance as a result of challenging market conditions. They are generally not able to compete with remuneration levels offered by overseas clubs, and this is being exacerbated by flat ticket and suite sales which, in turn, are caused by inconsistent team performances.

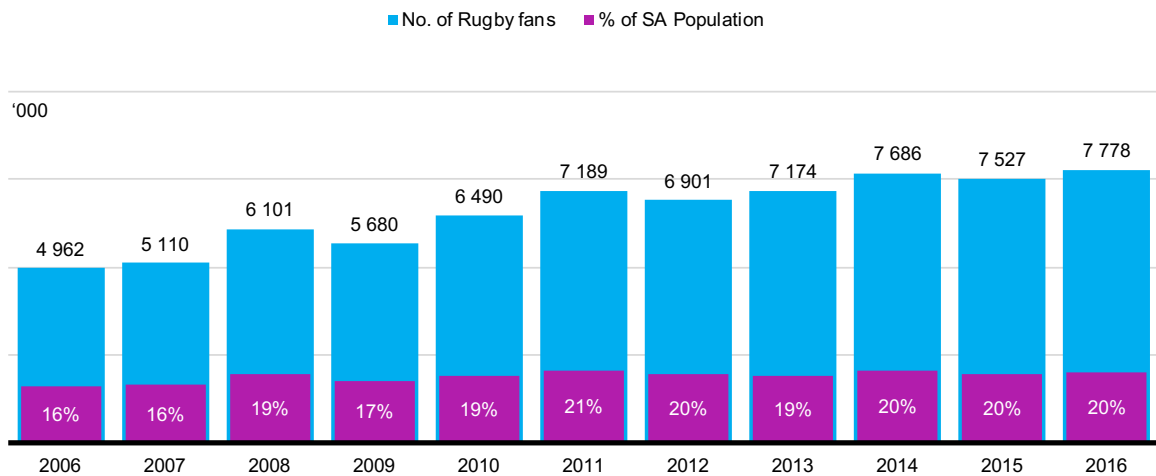
The recent results of SARU reflect a tough commercial environment for sport, with the group posting an operating loss, before taxation, of R23.3 million for the 2016 financial year. This is significantly down from the R33.3 m profit achieved in the previous financial year. SARU predicted that 2017 would be no easier if they did not focus on securing and retaining sponsorships. A continuous assessment of the most efficient cost base will be a key focus area for the SARU management team. They further state that the necessary steps are underway to improve solvency by improving cash flow in the short term and retaining profits over the long term (SARU, 2017).

Commercially, SARU struggled during 2016, due to the title sponsor of SA Rugby not renewing their contract. The fact that several franchises and unions ran into difficulty added to the strain on SARU's finances. SARU had to assist the Kings Super Rugby franchise financially, and one of the historically strongest unions in South African rugby, Western Province, liquidated their commercial company (Harrison, 2016).

5.2.3 Support base for rugby

Rugby is the second most popular sport in South Africa, with 20% of the population older than 15 claiming they are rugby fans. This translates to 7 778 000 South Africans interested in rugby. As seen in the graph below (Figure 13), the reach has remained stable year-on-year at the 20% mark. However there has been a 57% increase in the number of respondents interested in rugby over the past 10 years, this being largely attributed to population growth (Nielsen Sports, 2018).

Figure 13: Popularity of Rugby 2006-2016



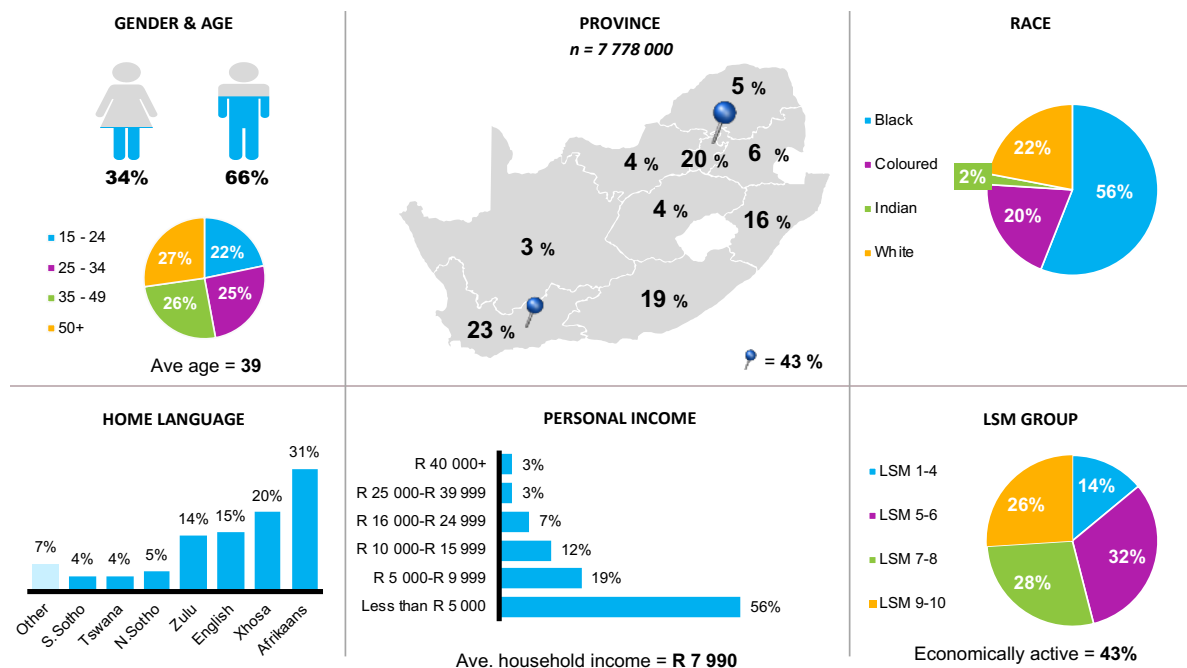
Source: Nielsen Sports, 2018

The demographic profile of rugby fans in South Africa (Figure 14 below) is markedly different from that of football fans (Figure 8) presented earlier in this chapter (section 5.1.3).

Figure 14: Demographic profile – Rugby fans

DEMOGRAPHIC PROFILE – RUGBY FANS

Rugby fans 15+. 2016



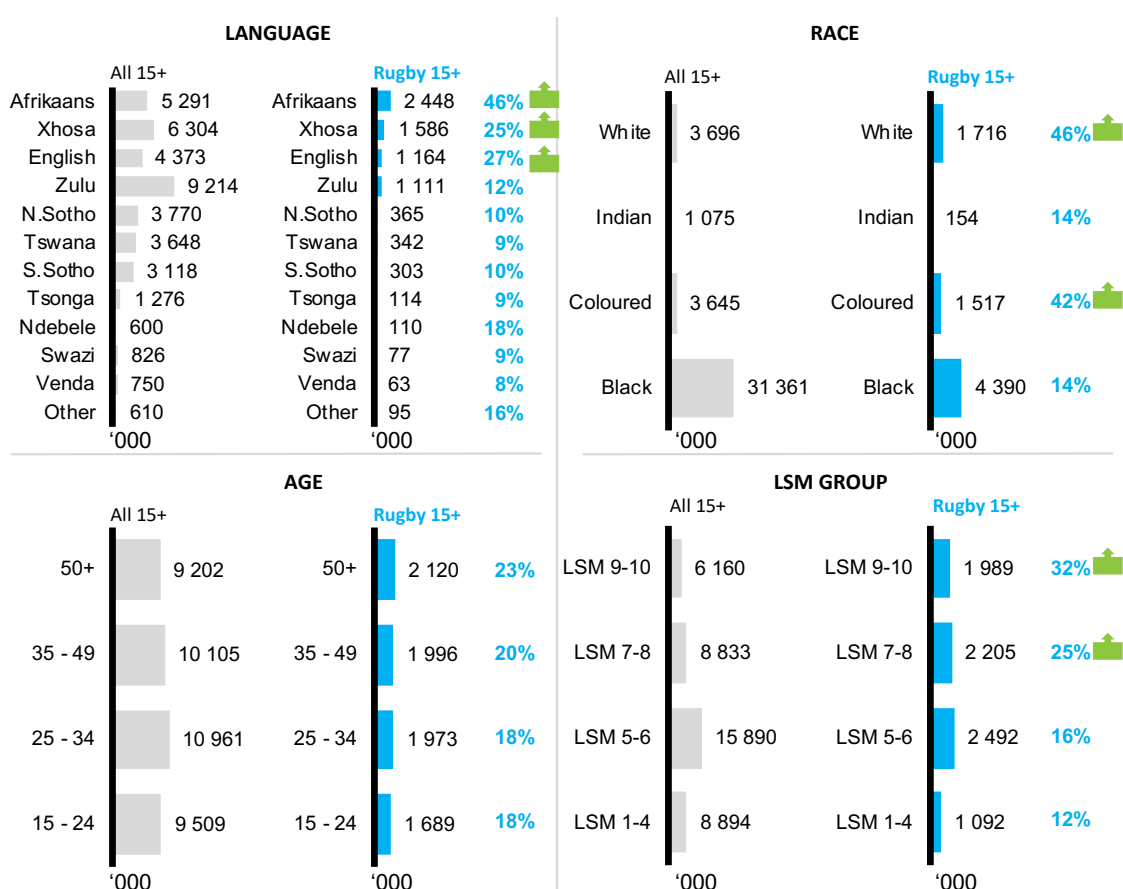
Source: Nielsen Sports, 2018

The percentage share of rugby fans when related to the total population will provide a clear and accurate view of the fan dynamic of rugby in South Africa. Rugby fan demographics will be weighted and compared with the fan demographics of football and cricket, obtained using the same sample size. This will provide a clear view of transformation and reach amongst fans of rugby, and could provide a starting point from where a strategy can be implemented to further transform the fan base of rugby in South Africa.

Figure 15: Share of Market – Rugby fans by language, race and LSM group

SHARE OF MARKET

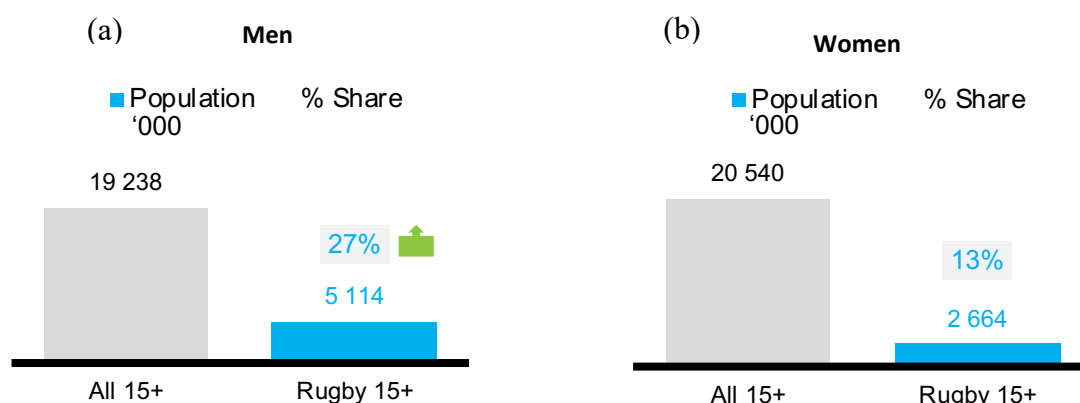
Rugby fans 15+. 2016



Source: Nielsen Sports, 2018

The gender make up of rugby fans (Figure 16 below) points to the fact that rugby is still very much seen as a male-dominated sport, not only from a participation point of view, but also from a fan perspective. The statistics show that 27% of South African men consider themselves as rugby fans compared to 13% of women.

Figure 16: Share of Market – Rugby fans by gender: (a) Men; (b) Women



Source: Nielsen Sports, 2018

The numbers in these figures show that rugby enjoys the second largest support amongst sports, after football and ahead of cricket.

The key statistics to be taken from the demographic profile of rugby fans and the share of market of rugby fans are:

- 27% of all males
- 23% of 50+ years
- 46% of whites
- 46% of Afrikaans speakers.
- Rugby reports a high share of market amongst Afrikaans, *isiXhosa* and English speakers, while currently only attracting 12% of all *isiZulu* speakers. The latter accounts for 23% of the total population, so this represents a potential growth area for rugby.
- The language profile mirrors that of the breakdown by race. Black South Africans make up 79% of the total population, but currently only 14% or 4 390 000 of all black respondents express an interest in rugby.
- Rugby continues to report a high representation of respondents 50 years and older. This suggests an aging profile of rugby fans. Respondents between the ages of 25 and 34 make up 28% of the population, while rugby currently enjoys only an 18% share of this market. This group, and the youth market, are two key markets for the future development of rugby.
- Western Cape, Northern Cape and Eastern Cape all report a rugby interest share significantly above the national average. Gauteng has the highest population total, but only 16% of Gauteng residents are rugby fans (Nielsen Sports, 2018).

5.2.4 Transformation in rugby

As discussed in Chapter 4, there is a lot of pressure on rugby as a sport to transform and to be seen as inclusive in South Africa. The legacy left by apartheid is still very much a reality of rugby's perceived identity amongst a large group of the South African population. Not only is there a drive to change the popularity of the sport amongst fans and to grow the current 20% supporter base amongst the South African public, but there is also big pressure for rugby to be seen as representative throughout all forms of the game.

The participation statistics for rugby show declining levels of participation in the sport amongst white adults. The number of adult white participants in rugby was noted as 182 000 in 2007. This figure has decreased by an average of 1.5% year on year, to an estimated 159 000 participants at the end of 2016 (BMI Sporttrack, 2016). The number of black adult participants grew by 4.4% per year on average, from 138 000 in 2007 to 203 000 in 2016. The first year that black adult participation in rugby exceeded white adult participation was 2012, when 175 000 blacks played rugby compared to 174 000 whites. This might be seen as remarkable, and even though the increase is a step in right direction, it has to be noted that black participation in rugby started from an extremely low base, and that black South Africans make up 78% of the population compared to 10% who are white (Gwanzura, 2016).

Rugby also needs to look at transforming the gender profile of the sport, as 6% of the total number of participants in rugby were female in 2007, and this has subsequently decreased to 5% in 2016 (BMI Sporttrack, 2016). In order for rugby to break the racial and gender prejudice that currently exists in the sport, and in order to be seen to be inclusive, both the racial and gender make-up of both the participants and fans need to be transformed. This needs to be done, not at the pace that transformation has taken place since 1994, but preferably at a faster rate.

SARU has identified the need to transform rugby and in 2014 launched a Strategic Transformation Plan entitled 'Delivering rugby's future'. The mission statement accompanying this plan stated that it was developed to assist in "Providing strategic leadership and standards of excellence to make South Africa the best rugby nation in the world" (SARU, 2014).

The Department of Sport and Recreation (SRSA) has in place a target of at least 50% generic black representation for a team or federation to be regarded as having been transformed. Generic black is defined by SRSA as "black African, Coloured and Indian". Within that 50% black representation, the expectation is that half of those will be African. It has been suggested by the

EPG that the requirement for African representation should be raised to 60%. Black African is not specifically defined by the department but is generally accepted as meaning a South African belonging to an indigenous South African ethnic group. The Strategic Transformation Plan (STP) was developed and is monitored by the Strategic Performance Management Department of SARU and will fall directly under SARU's stewardship.

The STP outlined six focus areas;

1. **Demographic representation:** to change SARU's demographic profile at provincial and national level on and off the field of play.
2. **Access to the game:** to ensure rugby is accessible to all who wish to participate, including women, disabled persons and people in rural areas.
3. **Skills and capacity development:** to create development pathways for players, coaches, referees and administrators to improve productivity and performance levels.
4. **Performance:** to deliver competitive and world-class performances on and off the field of play by focusing on quality and the application of the principle of merit.
5. **Community development and social responsibility:** to create effective interventions in order to increase participation through community development and social responsibility initiatives.
6. **Corporate Governance:** to establish effective rugby administrative structures in order to comply with good corporate governance.

The STP is an extensive document that addresses transformation from grassroots through to provincial structures, and from assisting disabled participants through to growing the sport amongst women. It is a well thought through and professional document and, if it can be successfully implemented, it should have a significant impact in transforming rugby. In the SARU Annual Report for 2016, it was mentioned that the 'Get Into Rugby' (GIR) plan that promotes access to rugby, along with the Vuka Rugby programme targeted at primary and high schools, saw 170 000 new players take up the sport in 413 schools, while 675 accredited coaches gained access to the game. Another significant achievement was that 72% of the participants were African and 28% Coloured, while 48% of the total participants were female, with the focus being on development at grassroots level. The Vuka Programme, hosted in conjunction with the South African Rugby Legends Association (SARLA), was launched with great success in rural areas and townships in the northern regions, where it had been absent in the past. The Vuka programme also won the Gauteng Premier's Service Excellence Award, emphasising the successful implementation of the programme. During the first year, 289 schools were activated, 12 716 players recruited and 867 coaches trained (SARU, 2017).

The success of these programmes and the effect they will have on the professional structures, where rugby is under constant scrutiny due to the high profile and media coverage of the game throughout the world, will only be evident in years to come. The slow rate of transformation at professional and national level came to a head in 2016 when Minister of Sport Fikile Mbalula resolved to revoke the privileges of ASA, CSA, NSA and SARU to host and bid for major and mega international tournaments in South Africa, as a consequence of these federations not meeting their own set transformation targets (Ngoepe, 2016). This announcement once again raised the seriousness and urgency of the transformation debate in South Africa. The ban was lifted the following year, when the federations in question were deemed to have made sufficient strides in their transformation initiatives.

Transformation needs extensive funds and in an industry where most of the resources are allocated to ensure success on the field, it is vital that, in the South African environment with the unique demands on sport to transform, enough funding gets allocated to ensure the development and transformation of the game at grassroots level and beyond. In an analysis of the AFSs of SARU during the period 2008 to 2016 (Table 16 below), it can be seen how in the line item for Development, the provision for funds has been suspended for the financial years 2015 and 2016.

Table 11: SARU Operating Expenses for Development and High Performance 2008-2016

Operating Expenses: (R m)	2008	2009	2010	2011	2012	2013	2014	2015	2016
Development	101	92.9	41.7	43.8	68.5	94.7	87.3		
High Performance	50.6	47.8	114.1	107.3	149.3	194.1	203.4	259.1	417.6

Source: Steyn, 2015

The line item below Development in the Operating Expenses section, High Performance, sees a marked increases in expenditure, with a R 158.5 million increase from 2015 to 2016. One has to assume that provision for Development/Transformation has been made in another area of the budget, even though it no longer reflects as a line item in the SARU AFS. Given the public nature and profile of the sport, it is a potential risk to no longer budget for Development. If the funds are allocated under another budget, they should be highlighted.

5.2.5 Commercial value of rugby

The one revenue stream that has increased significantly for rugby is television broadcasting rights. Unlike football, rugby is televised exclusively on SuperSport, a Pan-Africa South African group

of television channels owned by Multichoice and carried on the DSTV satellite platform. It provides sport content in South Africa and throughout many African countries. Rugby fans in South Africa have a higher average income compared to football fans, with an average of R7 990 per month. 43% of rugby fans are economically active and 46% of rugby fans fall within the LSM 1-6 category. The rights to televise all Varsity Cup, First Division Currie Cup, Currie Cup Premiership and Super Rugby matches, as well as all international matches, have been sold by SARU to SuperSport for an undisclosed amount as part of the rugby broadcast deal. Broadcasters like SuperSport purchase these rights for defined periods of time, but the rights always revert to the governing body at the end of the broadcast agreement. All the major rugby leagues in the world have broadcasting deals in place with companies like Sky Sports (UK), BT Sports (UK) and Canal+ (France), which pay for the rights to broadcast these competitions to their paying audience.

As can be expected, using a paying service restricts the broadcast to the paying members, and in effect limits the reach of the sport. DSTV prices range from as little as R 99 per month for DSTV Access, with limited channels, to R 809 per month for DSTV premium, with all channels. Currie Cup Rugby, Super Rugby and international rugby are reserved for DSTV premium members, although sometimes DSTV provide a delayed broadcast on SABC for international matches. The viewership profile of the Springboks on SuperSport 1 mirrors that of the live TV coverage of Vodacom Super Rugby and the Currie Cup on the same channel. The viewership profile is skewed towards male viewers, 35 years of age and older, predominantly using Afrikaans and English as primary language. 64% of the viewers reside in either Gauteng or Western Cape Province (Nielsen Sports, 2018). The ABSA Premiership football match between Mamelodi Sundowns and Orlando Pirates held on 27 August 2014 was broadcast on FTA broadcaster SABC and attracted a television audience of 4 548 497. This should be compared to the local derby played between The Sharks and Stormers on 21 April 2018 broadcast on SuperSport 1, which attracted a television audience of 565 126, just over 12% of the SABC football audience (Willers, 2018).

5.2.6 Potential risks to commercial rugby

(a) Non-transformation

The biggest risk to professional rugby in South Africa is the risk of non-transformation. The negative impact government sanctions will have on the sport will be hard to overcome. Further negative impact will then fall on sponsorship revenue, due to the fact that companies will choose a different sport rather than take on the reputational risk of association with a non-transformed sporting federation.

(b) Player exodus

The decline in stadium attendances is partly due to the global trend of lower live event attendance. However, the large number of players leaving South Africa to play abroad exacerbates the decline. The constant outflow of players from South Africa, and especially the exodus of top players, has already had, and will in future have, a negative impact on rugby's revenue. The depreciating rand, and the lure of the pound, the euro and the yen, has proved to be the principle motivating factor for more and more players choosing to leave South Africa to play professional rugby abroad. The impact of the player exodus has meant that our national team, the Springboks, which has been shown to be the strongest commercial brand in South Africa (Frontiers, 2015a), has lost ground against the world's other top rugby playing nations. The 1995 and 2007 Rugby World Cup champions finished the 2017 season as the seventh ranked team in the world, the worst ranking in the Springboks' history. Such rankings will have a negative effect on supporter sentiment. This negative sentiment will effectively reduce revenue for the provincial franchises, through further diminishing the already declining live match-day attendances. The exodus of top players negatively effects the on-field results of South African teams, as well as off-field revenue. To protect the revenue, SARU needs to protect the product and have to curb the player exodus (Coetzee, 2016). In his President's report, the SARU President Mark Alexander states that the departure of South African players overseas has increased in pace against the background of a weakening rand: in 2015 a staggering 257 South Africans made top league appearances for overseas teams (SARU, 2017).

(c) Financial instability at SARU and franchise level

The global expansion of professional rugby, coupled with the rand's depreciation against overseas markets, has forced local franchises to pay bigger salaries to keep players in South Africa. But the growing salary costs, coupled with declining traditional revenue streams, has left South African rugby, as well as the franchises, in financial distress.

The SARU AFSs reflect a tough commercial environment for sport, with the group posting an operating loss before taxation of R23.3 million for the 2016 financial year, significantly down from the R33.3 million profit achieved in the previous year. The EP Kings, a Super Rugby franchise, was officially liquidated in August 2016 after failing to honour player salaries. Its own players initiated liquidation proceedings (News24, 2016). Other South African rugby franchises are also struggling to run a profitable business. Even the most successful rugby union in South Africa – Western Province – applied for voluntary liquidation in November 2016 (Harrison, 2016), citing declining revenue and higher player salaries as reasons.

During September 2016, the Blue Bulls made a public appeal to fans to support their team in the stadium. They stated that attendance has dropped in recent years. As an example, the Blue Bulls administrators were sure that a home semi-final match would be sold out. Barend van Graan, Blue Bulls CEO, expressed his concern when only 11 612 of the 50 000+ stadium capacity had been sold by the Wednesday before the semi-final (Nel, 2016). This was a clear indication of the decline in revenue for the Bulls.

The Lions have been the most successful South African team over the last three years. They reached the finals of the Super Rugby competition in 2016. However, an article published in *News24* in 2012 claimed that the Lions union was insolvent. The article claimed that the total liabilities exceeded the assets by R 73 million in 2010 (Mseleku, 2012).

It is clear that South African rugby needs to address the financial turmoil within the sport in order for professional rugby to survive. South Africa has historically been blessed with a healthy pipeline of talented young players produced by the strong schools' system. This abundance of talent could be seen as a reason for the game being under financial pressure. Currently all players who have a contract to play rugby are regarded as professional. The total number of professional players in South Africa is 980. This is compared to the numbers in four other top-ranked rugby-playing countries in Table 12 below.

Table 12: Number of contracted rugby players amongst selected rugby-playing countries

Country	Number of contracted players
South Africa	980
England	910
New Zealand	500
Australia	275
Ireland	200

Source: Own Research

The number of South African contracted players is extremely high when compared to other rugby-playing countries. The current world champions, the New Zealand All Blacks, contracts 500 players compared to South Africa's 980. The only other country that has more than 900 contracted players is England with 910. However, it has to be remembered that the English Premiership is one of the richest leagues in the world, and attracts a number of non-English players and therefore a large number of the 910 players contracted in England will not be eligible to play for England's national team. The two English professional leagues contain 24 fully professional teams compared to South Africa's 14 unions.

5.3 Cricket

5.3.1 Corporate structure of cricket

Cricket in South Africa is governed by Cricket South Africa (CSA, since 2008 the name of the former United Cricket Board of South Africa). CSA's vision is "to make cricket a truly national sport of winners". This vision has two elements:

- to ensure that cricket is supported by the majority of South Africans, and is available to all who want to play it;
- to pursue excellence at all levels of the game.

According to its mission statement, as the governing body of cricket in South Africa, CSA leads by:

- Promoting and protecting the game and its unique spirit, in the context of a democratic South Africa
- Basing its activities on fairness, which includes inclusivity and non-discrimination
- Accepting South Africa's diversity as a strength and delivering outstanding, memorable events
- Providing excellent service to affiliates, associates and stakeholders
- Optimising commercial rights and properties on behalf of members
- Implementing good governance based on King III, and matching diligence, honesty and transparency to all its activities
- Actively marketing cricket from mini-cricket to the Proteas.

(Cricket South Africa, 2016a)

"King III" above refers to the third Report of the King Committee on Corporate Governance (Institute of Directors in Southern Africa (IoDSA), 2009), which provides a code of corporate governance, emphasising effective, ethical leadership, sustainability and good corporate citizenship.

CSA is committed to the following values:

- Honesty and integrity: to tell the truth and act consistently on a set of ethical principles
- Professionalism and diligence: to strive to perform at the highest level of excellence
- Mutual respect and fairness: acknowledge the rights and dignity of others and treat those we engage equitably (Cricket South Africa, 2016b).

President of CSA Chris Nenzani, said *“We believe that our value lies in the opportunities we create for youth through meaningful participation in the sport, the economic opportunities created for the country through international tournaments, and social cohesion as a result of the game”* (Cricket South Africa, 2016a).

CSA is the governing body of both amateur and professional cricket in South Africa, including men’s, women’s and youth cricket. The latest cricket statistics suggest that there are 843 registered clubs countrywide with 24 000 registered club cricketers.

CSA has four membership categories (Affiliate, Associate, Ancillary and Life Member) with rights benefits in each category. In broad terms these four categories are split into two classes of voting and non-voting members. CSA has 12 Affiliate and 2 Associate Members, amongst whom are the owners of the 6 professional franchises:

- Cape Cobras
- Dolphins
- Warriors
- Knights
- Highveld Lions
- Titans.

These Affiliates and Associates administer amateur and senior provincial cricket in their regions and through their franchises administer professional cricket. Affiliates and Associates are collectively referred to as Members. CSA is ultimately governed by the Members Council.

South African professional cricket consists of the following competitions:

Domestic franchise competitions

- 4-Day Series
- 1-Day Cup
- T20 Challenge.

Domestic senior provincial competition

- 3-Day Cup
- Provincial 1-Day Cup
- Africa T20 Cup (Provincial T20 League).

The difference between the organisational structure of cricket, and those of rugby and football, is that CSA manages a centralised structure where CSA works closely alongside the Affiliates to ensure good governance and quality control throughout the organisation. CSA applies an

operational model that cascades down to the Members and Affiliates. This model is intended to guide CSA, its Affiliates, Associates, Franchises and Stadiums, on how best to apply and allocate its resources to deliver on its strategies in a sustainable manner. The model incorporates the following key factors:

- Sustainability and growth
- Focused and effective spending to achieve CSA's vision
- Right-sizing and alignment of structures and purpose.

The main aims of the model are:

- adopting best practices
- standardisation and alignment of processes and systems across the cricket spectrum
- sustainability and growth.

The operational model ensures that the business imperatives of CSA can be supported. Each of these imperatives is equally important; they include:

- Regulatory compliance and governance: priorities that keep organisations properly managed and controlled.
- Operational efficiency: priorities that drive business efficiencies, including cost optimization, process transformation, and elimination of redundancy.
- Sales and growth: priorities that drive top-line improvements.
- Strategic differentiation: priorities that create game-changing transformation or business model disruptions.
- Brand: priorities focused on expanding the image and appeal of an organisation's stakeholder perception, including building connectedness.

5.3.2 Revenue streams of cricket

Cricket South Africa's declared revenue for the period 2007 – 2016 is shown in Table 13 below.

Table 13: CSA revenue for the period 2007-2016

2007	2008	2009	2010	2011
R 385 944 000	R 211 853 000	R 283 731 000	R 497 246 000	R 727 472 000
2012	2013	2014	2015	2016
R 430 012 000	R 520 985 000	R 810 607 000	R 765 000 000	R 822 926 000

Source: Cricket South Africa, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016a

CSA managed to post a healthy profit of R350 m in the 2017/18 financial year. If the organisation had not spent R192 m on the T20 league, it would have realised a consolidated profit of R542 m. It was a good turnaround from the 2016/17 financial year where there was a loss of R159 m. In the 2017/18 summer, South Africa hosted India and Australia, healthy tours from a revenue perspective. However, CSA's cash reserves decreased from R740 m in 2017 to R627 m in 2018, a fall of R113 m.

CSA's revenue fluctuates slightly in accordance with the international cricket schedule. The reason for this is that certain international teams attract bigger crowds and are generally bigger revenue generators when they tour South Africa. Countries like England, Australia and India are commercially more attractive propositions compared to other international cricketing nations. With the ICC operating on a four-year cycle, the 2018/19 season, which will see South Africa hosting Zimbabwe, Pakistan and Sri Lanka, could be a different one from a fiscal perspective: the 2018/2019 season's tourists are not seen as money spinners. Meanwhile two of CSA's three domestic tournaments, the four-day and T20 tournaments, are currently without sponsors (Cricket South Africa, 2017).

The South African cricket team, known as the Proteas, has achieved mixed success on the international stage with the country failing to win a Cricket World Cup (CWC) on numerous occasions, despite often being the pre-tournament favourites. However in 2012, the Proteas became the first country to be simultaneously ranked first in all three formats of the game: test cricket, limited overs international cricket, and international T20 cricket (Cricket South Africa, 2016b). Top South African cricket players like Jacques Kallis, AB de Villiers, Hashim Amla and Kagiso Rabada to name but a few, are international stars and their celebrity profiles add to the stature and brand strength of the Proteas in South Africa. The Proteas are the second biggest sporting brand in South Africa after the Springboks and ahead of Bafana Bafana (Frontiers, 2015b).

Cricket is the third most popular sport in South Africa behind football and rugby. Nielsen Sports research estimates the number of cricket fans in South Africa to be 7 162 000. This constitutes 18% of the South African population (Nielsen Sports, 2018).

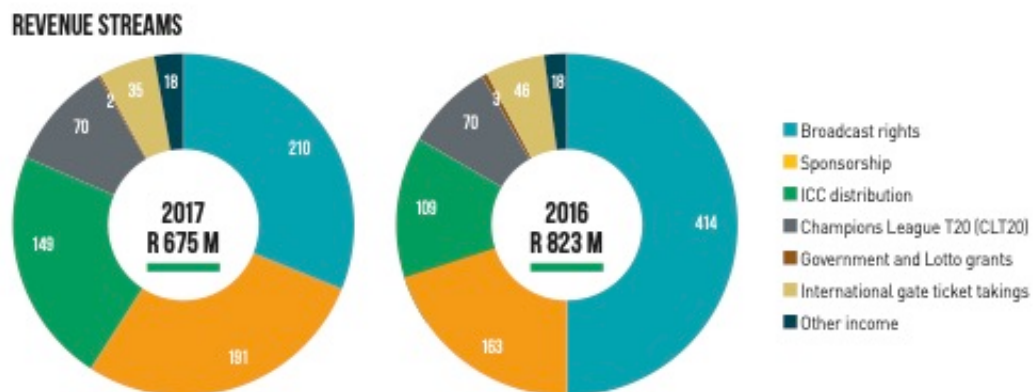
The revenue streams of CSA come mainly from six sources:

- Broadcasting rights
- Sponsorship
- ICC distribution
- Champions league T20

- Government and Lotto grants
- International gate takings.

The relative values of these streams for 2016 and 2017 are shown in Figure 17 below.

Figure 17: Revenue streams of CSA 2016 and 2017



Source: CSA, 2017

Given the major sources of revenue, it is essential for CSA that the Proteas continue to be in the top tier of international cricket, in order to generate the maximum possible revenue from media rights and sponsorships.

The decrease in revenue from 2016 to 2017 was expected, due to the less commercially productive inbound international tours. The financial impact on the revenue of CSA that ‘tier-one’ countries like Australia, England and India have when touring South Africa, is far greater than that of lower ranked countries like Zimbabwe and Bangladesh. It is therefore vital for CSA to maximise the revenue opportunity during a tier-one country’s tour of South Africa and make provision for the reduced revenue of a lower ranked country touring. In 2017 all CSA’s major commercial sponsorships were renewed. Sponsorship revenue increased by 17% to R191 million in the 2016/17 season from R163 million over the 2015/16 season (Cricket South Africa, 2017).

Looking ahead, CSA predicts that the future revenue will be sound and the ICC’s revised financial model will certainly boost the CSA’s revenues in the current tough economic conditions.

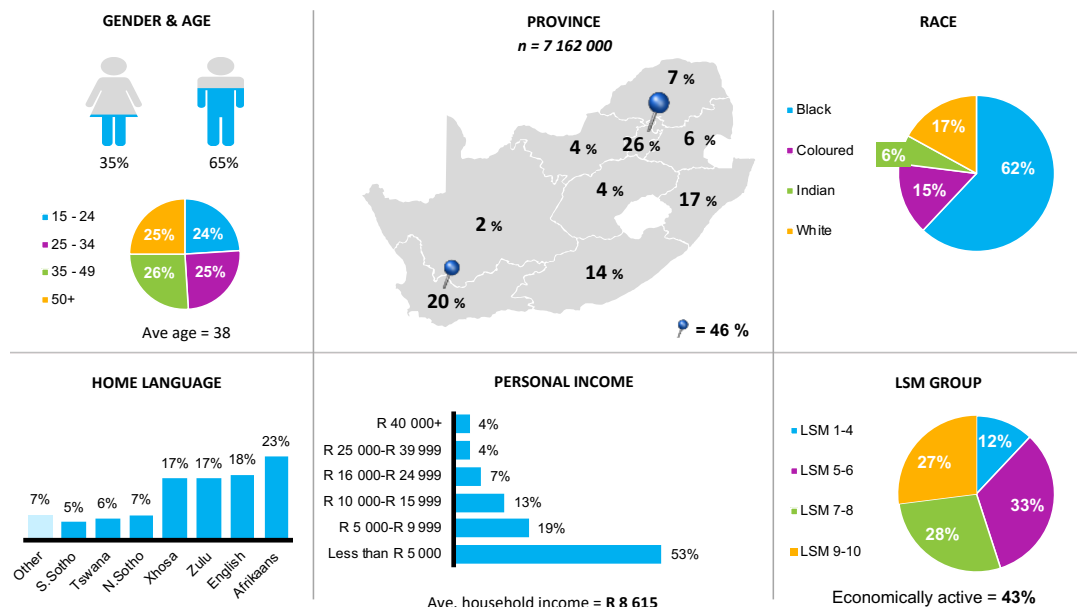
5.3.3 Support base for cricket

The demographics of cricket fans in South Africa will now be examined using the same profiling techniques as have been used in discussing the demographics of football and rugby fans in previous sections of this chapter. A summary of the demographic profile of cricket fans is shown in Figure 18 below. The Share of Market, showing the distribution of cricket fans by language, race, age and LSM group is displayed in Figure 19.

Figure 18: Demographic Profile – Cricket fans

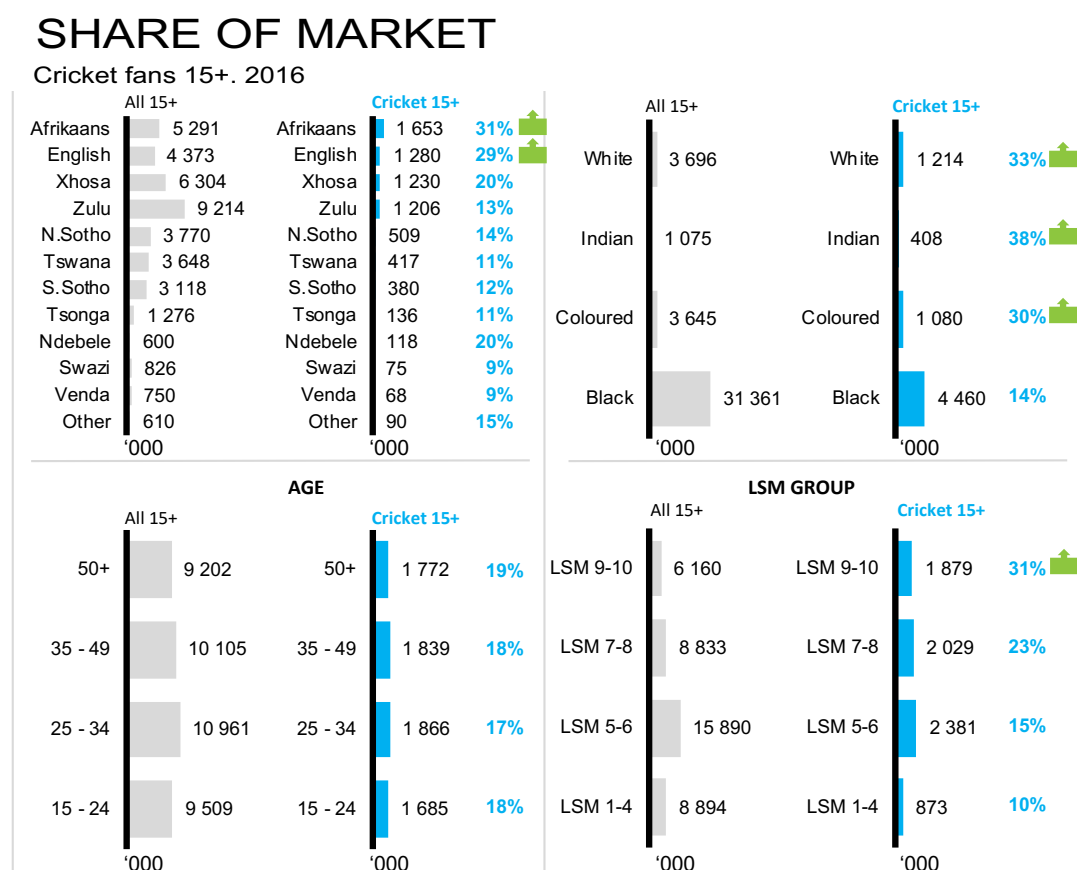
DEMOGRAPHIC PROFILE – CRICKET FANS

Cricket fans 15+. 2016



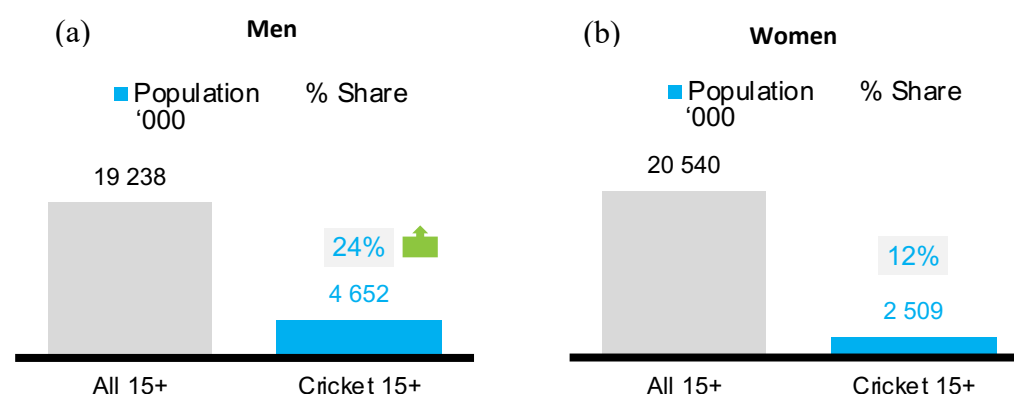
Source: Nielsen Sports, 2018

Figure 19: Share of Market – Cricket fans by language, race, age and LSM group



Source: Nielsen Sports, 2018

Figure 20: Share of Market – Cricket fans by gender



Source: Nielsen Sports, 2018

The gender make up of cricket fans is similar to that of rugby fans with a large majority, 65%, of cricket fans being male, while only 35% are female. Rugby fans were 66% male and 34% female.

When analysing the cricket fan make up, it is interesting to note that:

- 24% of all male respondents described themselves as cricket fans.
- 31% of all Afrikaans and 29% of all English speakers describe themselves as cricket fans. Like rugby, the profile is skewed towards speakers of these two languages, while only reaching 13% of all *isiZulu* speakers.
- 33% of all white respondents are cricket fans, while 14% of all African respondents describe themselves as cricket fans. However 4 460 000 African respondents are interested in cricket, making up 62% of all cricket fans, while 1 214 000 white respondents make up 17%.
- Cricket continues to enjoy a high level of support in the Western Cape, 11% above the national average.
- 1 836 000 or 26% of all cricket fans reside in the Gauteng province. However, this represents only 18% of the total Gauteng population.
- Cricket fans have the highest disposable income comparative to rugby and football fans.
- When compared to rugby, cricket has a slightly more diverse fan base, with 62% of fans being black South Africans compared to 56% of rugby fans being black South Africans.
- Cricket has three times as many Indian fans as both rugby and football.

5.3.4 Transformation in cricket

CSA states that transformation was not adequately addressed before 2013, whereafter the organisation shifted its focus to a more aggressive and bottom-up approach to transformation. Empowering and resourcing the cricket pipeline has ensured that transformation now occurs as an ongoing process (Cricket South Africa, 2016a).

CSA made the following transformation statement in their annual report of 2017:

“Transformation is about the sustainability of financial revenue, human capital and talent in the work space and on the field, thereby ensuring Cricket South Africa’s (CSA’s) sustainability, relevance and competitive edge. Cricket South Africa firmly believes in systematic transformation from grass-roots as an entry point and throughout its cricketing structures. Such transformation provides improved access, fair opportunity and support for all South Africans, within and beyond the boundaries of the playing field” (Cricket South Africa, 2017, p.1).

After the release of the EPG report in 2016, cricket was one of four national sporting federations banned by Minister of Sport Fikile Mbalula from hosting international sporting events in South Africa due to the slow transformation of the federations.

The EPG process and government ban gave CSA an opportunity to scrutinise its programmes. CSA identified that not enough was being done to source players from clubs, particularly from historically disadvantaged communities and schools, and club cricket in the country has been revived. CSA recognises that the success of a federation requires government support and continue to engage with the Minister for additional funding for cricket development in disadvantaged areas. With school and club cricket, poor sporting facilities inhibit participation in poorer communities, and CSA is looking toward provincial and municipal support within specific areas to assist with developing the facilities in these areas, to ultimately promote transformation of cricket. The improvement of CSA's transformation strategies were noticed in 2017, with the Minister stating that CSA was well on track with its transformation plans. He subsequently lifted the ban on CSA hosting major international events (Cricket South Africa, 2017).

In 2017, 12 out of 21 players in the national contract squad were black, of which four (19%) are African. Through the CSA Development Hubs and Regional Performance Centres (RPCs), CSA aims to continue to develop young black talent. At least six primary schools and four senior schools are grouped into a Hub; each of these schools participate in weekly inter-schools' matches; talent scouts at these Hubs select combined teams from at least three Hubs into a Regional Performance Centre team. In 2016/17, CSA reported that 138 talented individuals were selected to play in the national provincial age-group tournaments after being spotted at CSA Hubs.

Developing talent at CSA is focused on a holistic approach that supports the individual through all facets of life, because of CSA's belief that *better people make better players*. A particular challenge for CSA is to attract African players to the sport and at the same time to retain players from all race groups within the 'player pipeline' and competitions. Traditionally, the schools system, and in particular the private and previous Model C schools, provided the majority of players of international quality who could be selected for the Proteas. Without direct intervention the status quo will remain because of financial and facility infrastructure constraints.

CSA has identified three focus areas to address this issue:

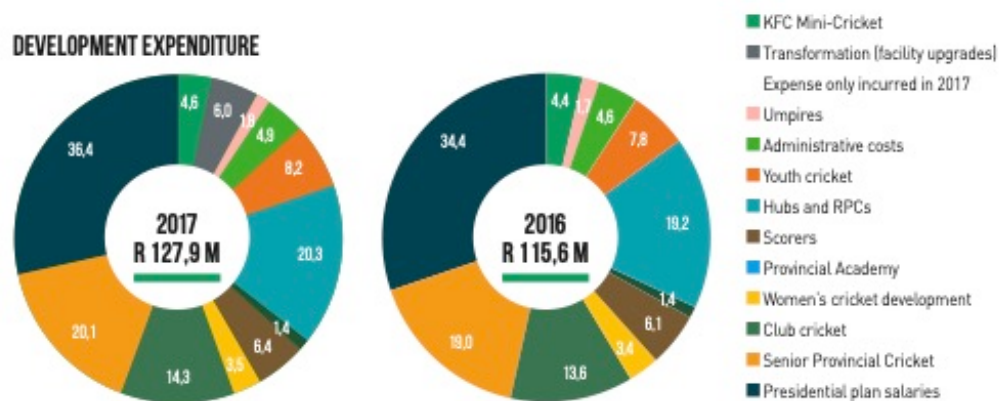
- KFC Mini-Cricket Programme;
- partnering with schools ('traditional schools' and 'focus schools')
- Development Hubs and RPC's

(Cricket South Africa, 2016a).

In their annual reports CSA states clearly the amounts that are allocated to the development of cricket in South Africa. It was noted earlier that rugby took the ‘development’ line item out of their annual financial statements as from 2015, although it was not suggested that rugby does not allocate any funding towards development. In the case of cricket it is clear to see how much is allocated to the development of the game and where the funds are spent.

As per the CSA annual report of 2016/2017, CSA invested R127.9 million (2016: R115.6 million) in development across its Members (regions) nationally. The development spending allocation for 2017, compared with 2016, is shown in Figure 21 below.

Figure 21: Development Expenditure of Cricket



Source: Cricket South Africa, 2017

The effect of the increased expenditure on the development of cricket as shown above can be seen in the positive growth achieved in the different programmes, with the number of Hubs and RPCs growing from 58 in 2016 to 62 in 2017, and the number of KFC Mini-Cricket participants growing from 114 331 in 2016 to 119 271 in 2017(Cricket South Africa, 2017).

The participation statistics for cricket during the period 2007-2016 show levels of participation in cricket remain relatively flat amongst white adults: the number of white adult participants in cricket was noted at being 139 000 in 2007, and these numbers have grown on average by 0.5% YoY to an estimated 145 000 participants by the end of 2016 (BMI Sporttrack, 2016). The participation number of black adults had the biggest increase when compared to rugby and football and grew on average by 6.9% per year, from 124 000 in 2007 to 227 000 in 2016. The first year that black participation in cricket exceeded white participation was in 2009, when

148 000 black adults played cricket compared to 137 000 white adults. (By comparison, this only occurred in rugby in 2012.) This might be seen as remarkable, and even though the increase is a step in right direction, it has to be noted that black participation in cricket started from an extremely low base, and that blacks make up 78% of the South African population compared to 10% whites (Gwanzura, 2016).

Cricket also needs to look at transforming the gender profile of the sport. Only 7% of the total number of participants in cricket were female in 2009, although this had increased to 8% by the end of 2016 (BMI Sporttrack, 2016). In order for cricket to break the racial and gender prejudice that currently exists in the sport, and in order to be seen to be inclusive, the transformation of both the racial and gender make-up of the cricket participant and fan base needs to continue to be transformed. The South African women's cricket team is proving to be competitive in the international arena, as the Proteas Women qualified for the 2017 ICC Women's World Cup and reached the Semi-finals. Women's cricket is also moving towards professionalism as CSA announced that during 2017 they contracted 14 women cricket players. CSA have established a women's provincial competition aimed at developing women cricket players for participation at a higher level.

CSA state in their operational handbook that they take transformation seriously and, after the EPG report of 2016 that resulted in a ban on cricket hosting international tournaments, CSA implemented new measures to ensure that transformation was accelerated. A few salient points prove the marked improvement from 2016 to 2017. The benchmark for black representation in the national team is 54%; in 2016 CSA fielded 36% black players through the season, so did not achieve the benchmark; in 2017 CSA surpassed this goal with 59% black representation. The EPG overall score target for cricket is 50%; in 2016 CSA did not meet this target, achieving 42% on the EPG scorecard; in 2017 CSA exceeded the target by achieving 70% on the scorecard (Cricket South Africa, 2017).

CSA identified the following potential challenges to transformation of cricket in South Africa:

- There continues to be a lack of sufficient facilities at rural schools in the historically disadvantaged areas.
- The cost of maintaining facilities remains high and unsustainable for CSA on its own.
- Local government needs to play a primary role in improving and maintaining facilities.
- Retaining African players in the cricket pipeline remains difficult.
- There is still a need to produce more African batsmen at all levels.

- Meaningful progress with the Department of Sport and Recreation is needed to support the Operational Agreement in place.
- Although the involvement of South African Local Government Association has been initiated, it remains a lengthy process.

(Cricket South Africa, 2016a)

5.3.5 Commercial value of cricket

CSA has adopted a more centralised model than the commercial model used by SARU in rugby. CSA currently centrally sells certain commercial rights and shares the revenue with its Members and Stadiums. These commercial rights are for boundary ropes and perimeter boards. CSA also earns income that is shared centrally from IPL Player Release Fees, which represents 10% of the player's remuneration.

CSA has implemented a strategic Stadium Operational Model (SOM), which seeks to assess and optimise the stadium's commercial and revenue generating potential, as well as requiring stadiums to meet certain technical and regulatory standards with a view to ensuring that their operations are financially self-supporting, sustainable and compliant with relevant regulations. For matches played in South Africa, under the SOM and the Centralised Revenue Model, CSA shares the revenue as follows: CSA takes 20 percent and the host venue 40 percent, while the other 40 percent is shared by the 13 stadium venues. In 2016 a total of R46.4 million (2015: R19.0 million) was generated as a direct result of the successful implementation of the SOM, more than doubling international gate revenue (Cricket South Africa, 2016).

As part of the CSA's centralised system,

- CSA funds/pays the salaries of all professional cricketers playing in South Africa (national and franchises).
- The cost of overseas professionals who play in CSA's domestic competitions (T20) is shared between CSA and the franchise using an agreed formula.
- The logistics costs of competing in CSA's competitions are fully funded by CSA.
- CSA subsidises the administration costs of operating a franchise.

5.3.6 Potential risks to commercial cricket

CSA have identified the following potential risks to cricket in South Africa:

- Risk of not achieving the budget objectives through fluctuating revenues and inadequate expense management especially at unions, including the risk of losing CSA's tax exempt status.
- Risk of failure to implement the Presidential Plan within cricket in South Africa, especially delivery of its five strategic pillars of excellence, development, transformation, sustainability and brand.
- Risk of financial loss due to the lack of demand for domestic content from FTA broadcasters. This risk will also have a negative effect on domestic commercial activities.
- Risk of financial and reputational loss due to legal activity caused by weak governance at Member level.
- Risk of cricket in South Africa losing brand value due to poor performance of teams, negative media reports and/or poor communication and dissemination of information through electronic platforms.
- Risk of not developing and deploying sufficient black cricket players, women cricket players, cricket for the disabled and cricket administrators to reflect the demographics of the country. This includes procuring goods and services from BBEEE accredited suppliers.
- The risk of CSA being unable to further fund its transformation activities.

(Cricket South Africa, 2016a)

Following the 'Kolpak agreement', several players were lured to county cricket in the UK. The Kolpak ruling was handed down by the European Court of Justice on May 8, 2003. Maros Kolpak, a Slovakian handball player, was released from his German club because of a quota on non-European Union players, imposed by the Deutscher Handballbund (German Handball Federation). He claimed this was unfair and the case went all the way to the European Court which ruled in his favour (Cricket South Africa, 2016b). The Kolpak case has become a European Union (EU) legal precedent.

In the UK, an overseas player is defined as a foreign overseas cricketer, except if he has Kolpak rights in South Africa and has played international cricket for another country in the past 12 months. A 'Kolpak player' (in a South African context) is a South African cricketer who has renounced his right to play for South Africa. A Kolpak player is deemed to be a local cricketer in the South African domestic competitions, and can be remunerated out of the franchise financial pool (Cricket South Africa, 2016b).

CSA realises that it is hard to compete with the monetary incentives offered to players globally and that individuals need to maximise the lifespan of their cricketing career, which on average is about 10 to 15 years. However its effect on the talent drain in South African cricket was especially evident in 2017, with the very public announcements of Kyle Abbott and Rilee Rossouw, who both signed Kolpak agreements. Although these names drew public attention due to their position within the national team, it was the increase from three to eleven Kolpak players within the domestic system in one season that really brought the threat to the fore. CSA is trying to address this issue to limit future talent drains. Although this talent drain is a major concern, the experience of Kolpak players within the South African domestic system cannot be denied and could have a positive influence on the younger players within the system (Cricket South Africa, 2017).

In addition to the above risks identified by CSA, along with player drain due to the Kolpak agreement, the following challenges have also been identified that might negatively impact on cricket in South Africa:

- The bilateral nature of the Future Tours Programme (FTP) of international (ICC) tours to South Africa, as discussed earlier in this section, has a material impact on the revenue of CSA.
- Changes in consumer and fan behaviour have put strain on leisure time to view and attend cricket games, with the competition posed by other forms of entertainment. This has directly impacted revenue due to a decline in interest in domestic cricket and hence in stadium attendance (Repucom, 2016).

5.4 Conclusion

Each of the three chosen sports was analysed in terms of the following:

- corporate structure
- revenue streams
- support base
- transformation
- commercial value

In addition, for rugby and cricket a section on potential risks was included.

The difference between the organisational structure of football and those of rugby and cricket is its dual nature: SAFA owns the national team and PSL runs the league. There is no such split in either rugby (controlled by SARU) or cricket (controlled by CSA).

Football is widely regarded as the most popular sport in South Africa, with the biggest fan base in the country. This is mainly due to the fact that the sport is the number one sport amongst black South Africans. Given the demographic make-up of the participants and fans of football in South Africa, the government has deemed the sport to be transformed and it is considered inclusive in the South African context.

Television remains the largest contributor to the media value of football. The fact that the PSL has relationships with both the world-class pay TV network Multichoice (of which SuperSport is part), as well as the FTA national broadcaster SABC, ensures that football reaches all South Africans with access to a television set.

Rugby enjoys the second largest support amongst sports, after football. Revenue generated through season tickets and suites, along with sponsorship, were historically the largest revenue streams within rugby in South Africa. The decline in live match-day attendance has, to a certain extent, been offset by the increase in TV viewership as far as Super Rugby is concerned, but not for the Currie Cup competition. Unlike football, rugby (other than international matches) is televised exclusively on SuperSport, and only on its Premium package channels. Springbok matches are broadcast through a delayed broadcast on SABC. This is part of a government agreement with SuperSport, that when the South African national teams play (in all three sports), the matches are defined as being of national interest and therefore are shown on free-to-air SABC channels.

Cricket is the third most popular sport in South Africa, with 18% of the population estimated to be cricket fans. The three major revenue streams of cricket in South Africa are broadcasting rights, sponsorship and ICC distribution. CSA has adopted a more centralised model than SARU in rugby. The effect of increased expenditure on the development of cricket is seen in the positive growth achieved in CSA's programmes.

Chapter 6: Factors Affecting Commercial Sport in South Africa

6.1 Summary of Comparative Analysis between Football, Rugby and Cricket

Chapters 4 and 5 of this study focused primarily on the history and background of football, cricket and rugby in the South African context, as well as providing a detailed view of the current reality of the three sports within the framework of professional sport in South Africa.

The data collected for this research focused on the transformation and commercial structures of the three sports and provided an analytical view on trends with regards to:

- 10-year trend analysis of spectator demographics of the three sports
- 10-year trend analysis of racial participation in the three sports
- Current demographic profile of sporting fans, broken down into gender, age, race, personal income, LSM
- 7-year analysis of gender participation in the three sports
- Revenue of each sporting federation
- Operational and leadership structure of the three federations.

Football fans are 88% black (see section 5.1.3 and Figure 8). Amongst adults playing the sport, the population demographic closely reflects the overall population demographic of South Africa, as Table 14 below indicates.

Table 14: Population Demographic of Adult Participants in Football

Population Demographic of Adult Participants in Football	
African	73.6 %
Coloured	9.2 %
Indian	5.3 %
White	11.9 %

Source:Own Research

The South African government deems football as inclusive and transformed, by virtue of the population demographic of adult participants in the game. Football does not have to conform to the same transformation requirements as other sporting federations in South Africa, specifically rugby and cricket, examined in this thesis.

The challenge is to create a business model that provides a sustainable financial future for sport in South Africa, not only ensuring growth with regard to the professional side of sport, but also ensuring that the model will be able to fund development and transformation of sport in a sustainable way in South Africa. The premise of this study is to add solutions to problems faced in different South African sports, specifically rugby and cricket.

The slow rate of transformation poses a threat to the future of these two sports in South Africa and approaches need to be identified to increase economic and financial pressures on federations. Both cricket and rugby face a drain of players, as well as declining stadium attendances. This chapter will aim to provide potential solutions to these identified problems, but it will be difficult to solve all of these issues outright. Often these problems are systemic issues within a global context, and other problems arise from behavioural change patterns of consumers. The proposed solutions can potentially be used as part of a greater strategy to deal with the problems at hand. The aim is to promote inclusive sport and ensure that professional rugby and cricket will be seen as unifying forces in South Africa, and not as the dividers they have often been seen as in the past. As with any professional organisation, they need to be underpinned by sound commercial structures. A crucial problem that this chapter addresses is the tough economic environment, and the fact that South African sport has to compete on the international sporting arena, which places increasing economic pressure and financial strain on federations.

6.2 Increasing Economic and Financial Pressure on Sporting Federations

6.2.1 Income streams

The current revenue streams for rugby and cricket in South Africa need close examination.

The key income streams of South African rugby entities are sponsorship, broadcasting rights, ticket and suite sales, as well as other streams. Ticket sales (including season tickets) and suite sales have historically been a significant source of revenue for unions. However, ticket and suite sales have shown a declining trend over the last seven years. This is examined against the backdrop of a general decline in attendance of spectators at rugby matches. Sponsorships have stayed stable and the only revenue stream that increased markedly was broadcasting rights (G. Steyn, 2014).

The revenue streams of Cricket South Africa are mainly made up of six sources: broadcasting rights, sponsorship, ICC distribution, Champions league T20, government and Lotto grants, and

international gate takings. A change in consumer and fan behaviour, as well as competition posed by other forms of entertainment, has placed strain on the leisure time to view and attend cricket games. This has directly impacted revenue due to the decline in interest in domestic cricket and resulting stadium attendance (Repucom, 2016)

In an attempt to provide a solution to provide for more sustainable funding for the transformation of sport in South Africa, the potential of using a Broad-Based Black Economic Empowerment (B-BBEE) solution was investigated. The background information on B-BBEE is presented in the next section; a case study using this information to propose a business plan for a rugby franchise is presented in Chapter 7.

6.2.2 Using Broad-Based Black Economic Empowerment funding as part of a professional commercial strategy in sport

Minister of Sport Fikile Mbalula announced in 2015, “*The Transformation Charter for Sport is the lodestar of the sport movement that draws our attention to the immediate and inevitable need for the sport system to transform for both moral and strategic imperatives.*” (EPG Transformation Committee, 2015, p.5).

The Department of Sport and Recreation (SRSA) has in place a target of at least 50% generic black representation for a sports team or federation to be regarded as having been transformed. Within that 50% black representation, the expectation is that half of those will be African. It has been anecdotally suggested by members of the Eminent Persons’ Group (EPG) that the requirement for African representation should be raised to 60%. ‘Generic black’ is defined by SRSA as ‘black African, Coloured and Indian’. African is not specifically defined by the Department, but is generally accepted as meaning a South African belonging to an indigenous African ethnic group.

Chapters 4 and 5 highlighted the need for transformation and development, and the lack of funding to ensure the sustainability of the transformation and development programmes required in rugby and cricket. A proposed solution to provide funding for development and transformation is to set up a structure that allows a sporting franchise to become a partner with a vendor who can provide the partner with the right to claim B-BBEE points in return for his spend with the sporting entity.

B-BBEE is a form of economic empowerment initiated by the South African government in response to criticism against narrow-based empowerment instituted in the country during 2003/2004. The *Broad-Based Black Economic Empowerment Act 53 of 2003* (B-BBEE Act) provides the legislative framework for B-BBEE in South Africa. Codes of Good Practice may be issued under the B-BBEE Act and such Codes may be sector specific or 'generic' (i.e. of general application). The current 'generic' Codes of Good Practice on B-BBEE ('Codes') were published on 9 February 2007. The primary purpose of the B-BBEE Act and the Codes is to address the legacy of racist apartheid policies and enhance the economic participation of black people in the South African economy (P. Steyn, *et al.*, 2015).

Although the B-BBEE Act and Codes do not impose legal obligations on firms to comply with B-BBEE targets, a firm's B-BBEE status is an important factor affecting its ability to successfully tender for Government and public entity tenders and (in certain sectors like mining and gaming) to obtain licences. Private sector clients also increasingly require their suppliers to have a minimum B-BBEE rating in order to boost their own B-BBEE ratings. B-BBEE is accordingly an important factor to be taken into account by any firm conducting business in South Africa.

Under the 'generic' Codes, the following five elements are taken into account when calculating a firm's B-BBEE rating: ownership, management control, skills development, enterprise and supplier development (including procurement) and socio-economic development. The amendments to the initial seven 'generic' Codes reduced the number of elements from seven to five by fusing the enterprise development/preferential procurement and management control/employment equity elements.

The five elements which are used to assess the level of a business's contribution toward B-BBEE, with their weighting, targets and validity dictated by the size of the entity, are:

- *Ownership* (the percentage black equity stake within the measured entity relative to the targets outlined within the amended codes)
- *Management Control* (the percentage black participation at all levels of management within the measured entity relative to the targets outlined within the amended codes)
- *Skills Development* (the skills development investment placed in black employees by the measured entity relative to the targets outlined within the amended codes)
- *Enterprise and Supplier Development* (the B-BBEE compliance level of the measured entity's supply-chain relative to the targets outlined within the codes, as well as the investment made by the measured entity in qualifying black owned businesses relative to the targets outlined within the amended codes)

- *Socio-economic Development* (the investment made by the measured entity in black people relative to the targets outlined within the amended codes).

The classification of entities is as follows:

- Exempt Micro Enterprises (EMEs) - businesses with a turnover of less than R10 million p.a. An entity with no black ownership would qualify for a level 4 contributor status; 51% or more black ownership elevates them to a level 2 and 100% black owned businesses would receive a level 1 contributor status.
- Qualifying Small Enterprises (QSEs) - businesses with a turnover of R10 million to R50 million p.a. These businesses are measured against the amended QSE scorecard gazetted on 10 October 2014. A QSE with 51% or more black ownership is exempted and would receive a level 2 contributor status, while a QSE with 100% black ownership would receive a level 1 contributor status.
- Generic Enterprises (GEs) - businesses with a turnover of more than R50 million p.a. A Generic organisation is measured against the Generic Scorecard elements and their targets are more onerous than those of the smaller QSE businesses.

How are businesses scored?

An organisation is described as non-compliant or compliant on a scale of level 8 (lowest) to level 1 (highest) contributor status, based on their scores out of 100. This is the case for both Generic Enterprises and QSEs. There are now three priority elements, these being Ownership (Net Equity Section), Skills Development and Enterprise & Supplier Development. In the event that a Generic Enterprise does not achieve the 40% subminimum for each of these elements, they will be discounted by 1 level. A QSE is required to achieve the subminimum for Ownership and one other priority element or they too will be discounted by 1 level.

What does score/contributor status mean?

The score a company achieves against the targets are proportionate to their investments and translates to a defined level of contributors' status. This contributor status can determine a business's eligibility for licensing and incentives and designates the pricing advantage it carries for government supply under the *Preferential Procurement Policy Framework Act* (PPPFA). It also determines the percentage of the total spend made with them which can be measured against their clients' B-BBEE preferential procurement targets (Department of Trade and Industry, 2017). The B-BBEE Generic Scorecard is made up of five elements as shown in Table 15.

Table 15: B-BBEE elements and their weightings

Element	Revised Weighting
Ownership	25 points
Management Control (MC)	15 points (4 bonus points)
Skills Development	20 points (5 bonus points)
Enterprise & Supplier Development (ESD)	40 points (4 bonus points)
Socio-economic development (SED)	5 points
Total	105 points (109 with bonus points)

Source: Department of Trade and Industry, 2017

The purpose of the scorecard is to determine a contributor's B-BBEE preferential procurement level and to give enterprises a guideline on how to raise their current level. Black contributions to each of the elements in Table 15, with their weightings, are added to give the enterprise's points score. The scorecard has a total of 100 points and once the enterprise's points are calculated, it provides a score (out of 100) which will determine the contribution level. Table 16 below indicates that from level four upwards, companies are considered fully compliant.

Table 16: B-BBEE contribution levels and scorecard points

BEE CONTRIBUTION LEVEL	SCORECARD POINTS	PROCUREMENT RECOGNITION
1	100 or above	135%
2	85 to 99.99	125%
3	75 to 84.99	110%
4	65 to 74.99	100%
5	55 to 64.99	80%
6	45 to 54.99	60%
7	40 to 44.99	50%
8	30 to 39.99	10%
Non-Compliant	< 30	0%

Source: Department of Trade and Industry, 2017

It will benefit professional rugby and cricket companies to structure their organisations in order to provide large corporate businesses and government entities with the opportunity to invest some of their B-BBEE funding in B-BBEE compliant sporting enterprises. This will in return provide them with points on the B-BBEE scorecard. This will improve the sporting companies' chances of securing business if they achieve a high score on the B-BBEE scorecard.

There is no penalty for failure to comply with the requirements of B-BBEE. But there is a threat of missing out on sales if competitors achieve higher scores. The more a business needs to make sales to corporate and government entities, the more important it becomes for it to be B-BBEE compliant. B-BBEE compliance also ensures favourable tax benefits.

Verification

This is the final step in the B-BBEE process and provides the assurance to verification agencies that the proposed B-BBEE structure and scorecards are correctly applied. The verification agency is there to provide an impartial, independent and detached measurement, and to ensure validity of the B-BBEE transaction. Independent verification agencies provide authentication and substantiation of B-BBEE reporting, as well as ensuring that the minimum norms and standards on ethical conduct and procedures are respected. This ensures compliance with the B-BBEE Codes of Good Practice.

The next chapter (Chapter 7), presents a practical example of how to apply B-BBEE principles and structures to secure funding for the development of sport in South Africa. This case study deals with The Sharks rugby franchise, and proposes the setting up of two entities to enable Enterprise and Supplier Development, and Socio-Economic Development respectively.

6.3 Slow Rate of Transformation a Threat to Future of Sport in South Africa

As discussed in earlier chapters, the slow rate of transformation in sport and specifically to this study, cricket and rugby, poses a material risk for these professional sports in South Africa. The threat of the government again banning sport federations from hosting mega-sport events in South Africa will damage the image of the sport as well as have a negative effect financially. Rugby and cricket have both increased their efforts with the aim of reaching the transformation targets set out by government.

6.3.1 Transformation – Rugby

Adult participation (non-professional)

- The numbers of black adults participating in rugby grew on average by 4.4% per year, from 138 000 in 2007 to 203 000 in 2016. The first year that black participation in rugby exceeded white adult participation was 2012, when 175 000 black adults played rugby compared to 174 000 white adults.

- 6% of the total number of participants in rugby were female in 2007 and this has subsequently decreased to 5% women in rugby during 2016 (BMI Sporttrack, 2016).

Fans

- The spectator numbers of black fans has increased on average by 3% per year over a 5 year period, from 4 017 000 in 2012 to 4 521 000 in 2016.
- The spectator numbers declined by 8% from 2015 to 2016, from 4 913 000 down to 4 521 000.
- 46% of all rugby fans are white and white spectator interest has decreased over the period 2012- 2016 by 5.2% from 3 043 000 down to 2 457 000 (BMI Sporttrack, 2016).

National and professional representation

- Springboks, Junior Springboks, Springbok Sevens and SA Under-18 teams met the prescribed transformation requirements.
- Black representation in the U16 and U18 national elite squads was at 61% and 48% respectively, while the U15 Iqhawe Week tournament comprised 90% black players.
- Currie Cup First Division and SA Rugby U20 Championship were also achieved
- Vodacom Super Rugby, the SA Rugby U19 and U21 Championships and the Currie Cup Premier Division remain, with these competitions not achieving the transformation targets set (SARU, 2017b).

6.3.2 Transformation – Cricket

Adult Participation (non-professional)

- The number of black adults playing cricket grew on average by 6.9% per year, from 124 000 in 2007 to 227 000 in 2016. The first year that black adult participation in cricket exceeded white adult participation was in 2009, when 148 000 black adults played cricket compared to 137 000 white adults.
- 7% of the total number of participants in cricket were female in 2007 and this has grown slightly to 8% women in cricket during 2016 (BMI Sporttrack, 2016).

Fans

- The spectator numbers of black fans decreased by 2.9% per year on average over a 5 year period, from 4 507 000 in 2012 to 4 007 000 in 2016.
- The spectator growth YoY from 2015 to 2016 recovered slightly and increased by 0.4%, from 3 992 000 to 4 007 000.

- White spectator interest has decreased by 5.1% over the period 2012 to 2016, from 2 199 000 down to 1 785 000 (BMI Sporttrack, 2016).

National and professional representation

- In 2017, 12 of the 21 players in the CSA national contract squad were black (57%).
- 4 of the 12 contracted black players (19% of the total) were African.
- The benchmark for black representation in the national team is 54%. In 2016 CSA fielded only 36% black players through the season, so did not achieve the benchmark. In 2017, however, CSA achieved the goal with a 57% black representation.
- The EPG overall scorecard target for cricket is 50%. In 2016 CSA did not meet the target, achieving only 42% on the EPG scorecard. However, in 2017 CSA exceeded the EPG target, achieving 70% on the scorecard (Cricket South Africa, 2017).

6.3.3 Transforming participation in cricket and rugby

Analysis of the above shows that, in terms of participation at national level, both cricket and rugby have achieved the set targets for transformation. Cricket has met the 50% EPG target for overall representation since 2017. However, even though rugby achieved their target nationally and at a semi-professional level (Currie Cup First Division and SA Rugby U20 Championship were achieved), at the professional level (Vodacom Super Rugby, SA Rugby U19 and U21 Championships and the Currie Cup Premier Division) they did not achieve their set transformation targets. Female participation remains low for both rugby and cricket amongst adults.

Former SARU President Oregan Hoskins claims that black rugby players in South Africa experience a “glass ceiling that prevents them from playing in the franchise and senior national rugby teams.” He highlights concerns around SARU’s inability to get black players right through the system, and this can actually be considered its greatest threat. The national team is a symbol of pride for many people as well as for the country. If the glass ceiling can be broken and more black players can make the step up, then rugby has the credentials to be a major catalyst for social cohesion and unity (Hoskins, 2014).

The player pipelines of SARU consist mainly of: schools, both private and semi-private (Model C schools), and Craven weeks; professional and semi-professional rugby; club rugby; and universities, through the Varsity Cup competition (Coetzee, 2016).

A similar pipeline exist for cricket in South Africa, where often the same schools and universities offer cricket and rugby and present cricket as a summer sport and rugby as a winter sport. The biggest concern with the player pipeline for rugby and cricket as outlined above, is that South African schools still bear the legacy of apartheid policies with sports such as rugby and cricket maintaining a high white/middle-class profile (Nauright, 1997). The fact that semi-private and private schools have far superior facilities than public or township schools highlights the inequality within South African society. Hoskins further argues that there are about 30 schools that are excellent academies for rugby. However, the variation in status amongst the 24 000 schools found in South Africa is great. The majority have never been exposed to rugby and in those that have been exposed to it, there are poor facilities and skills available (Hoskins, 2014). The majority of rugby and cricket schools in South Africa are either all-boys schools or do not offer rugby for girls, with girls rather focussing on hockey and netball at school. Following school, the most talented cricket and rugby players either get taken up as junior contracted players by unions with academies, or they get offered bursaries from universities which will allow them to represent the university in the prestigious annual Varsity Cup competition.

Both junior contracting and university bursaries have an elitist feel, due to that fact that contracts and bursaries are results and achievement dependent, so can hardly be considered as a development stage. The development stage comes when the participant is at school and the focus should be on school development. The solution to breaking through the glass ceiling, when it comes to the transformation of players, has to come at an early age, and should be done at school level. This will require funding to upgrade rural schools, as well as bursaries to provide the elite black underprivileged athletes the opportunity to attend schools where they will be provided with optimal facilities, nutrition and general support to become professional sportsmen and women. Conditioning, nutrition and mental stamina form important components of the professional game and should form part of any development plan and transformation strategy. On leaving school, talented black players are seen as having limited rugby and cricket experiences as they have not been exposed to the best competitions and facilities. This limited experience is seen as negatively impacting on the players.

In order to break the glass ceiling described by Hoskins, the participant pipelines which start at school need to be the starting point to ensure equal participation and representation through all levels of sport within South Africa.

6.3.4 Transformation of supporter demographics of cricket and rugby

The number of adults claiming to be avid football fans is 20 668 000 or 52% of the total population of South African over 15 years of age. The number of adults (over 15 years of age) claiming to be rugby fans is 7 778 000 or 20% of the population, while 7 162 000 or 18% of the population say they are cricket fans (Nielsen Sports, 2018). But it is not only the numbers that are a problem for rugby and cricket – it is the make-up of those numbers. The demographics of both rugby and cricket fans do not reflect the overall demographics of South Africa's population.

There are many reasons for these fan demographics. This study has highlighted the historical legacy of cricket and rugby (Chapter 4), and how they were viewed as elitist white-dominated sports during apartheid, while football is the preferred sport of the majority black South African population (Chapter 5). To a large extent this is true. A real challenge for both rugby and cricket lies in changing the image of both sports, to ensure that they are seen as inclusive and representative of all races and genders within the South African population.

The word 'fan' – devotee, aficionado or supporter of a particular activity or person – is believed to be a shortening of either 'fanatic', a word with religious etymology which came to be associated with baseball, or 'the fancy', an old English expression which referred to followers of boxing (Repucom, 2015a). The word is now widely used across all sports and activities. The big challenge for rugby and cricket is how to convert people who have a negative perception of the sports, or who have never been exposed to them first-hand, into fans of these sports.

A major factor associated with fans is centred around the star player (in these sports, usually male), the idol to whom aspiring players look up to as part of their own aspirations for success, and who fans or supporters see as a hero or superstar. Sport can be seen as a struggle between 'good and evil', the fans decide that their team is 'good', and the opposing team is 'evil'. In the minds of fans the star player becomes a superhero, and when he defeats the opposition, he takes on celebrity status, so that many leading brands throughout the world pay plenty of money to be associated with him.

The change in player participation demographic makes it a lot easier for black South Africans, and the youth especially, to associate themselves with black star Springbok or Protea athletes. Current Springbok captain Siya Kolisi is fast becoming a national folk hero, not only for black South Africans, but for all South Africans. When Tendai ("Beast") Mtawarira carries the ball, no matter where the match is played, the crowd roars "Beast" in honour of the man that has represented the Springboks on more than a hundred occasions. Protea cricketers Hashim Amla,

Kagiso Rabada and Imran Tahir have been ranked in the top three of their sport in the world. These players are all extremely popular, in South Africa and throughout the world.

As mentioned earlier in this study, 52% of the South African population considers themselves avid football fans. Bafana Bafana, the South African national team is currently ranked 73rd in the world on the FIFA world football rankings, and their best result in the nation's history was when they won the Africa Cup of Nations in 1996. The last time South Africa played in the FIFA World Cup was when it was held in South Africa in 2010, when they qualified as the host nation. In total they have only qualified for the FIFA World Cup on three occasions, and have never managed to get beyond the group stages (SAFA, 2018).

The performance history of both the national rugby and cricket teams is far superior to that of the national football side. The Proteas were ranked number one in all three formats of world cricket during 2017 (Cricket South Africa, 2017). The Springboks have won the Rugby World Cup on two occasions, first in 1995 in South Africa and then in 2007 in France (Coetzee, 2016). In a qualitative study to determine which sport's national team had the strongest brand in South Africa, the Springbok brand came in first, followed by the Proteas, with Bafana Bafana in third place. The Bafana Bafana brand came in 26% weaker than the Springbok brand and 23% weaker than the Proteas brand (Sponsorlink, 2015).

The question remains: how can two sports, with such strong brands, regular on-field success, and with top international players with celebrity profiles, not attract more fans in South Africa? The historical brand damage done by apartheid has been discussed. However apartheid ended in 1994 and Generation Z – as the people born between 1995 and 2010 are known – should by nature be more positive and proud of their country, and be drawn to the successes of South African rugby and cricket (www.forbes.com, 2018). We now consider one factor which could have an influence on the answer: viewing access to the sport.

6.4 Access to Sports – Comparison of Football and Rugby Broadcasting

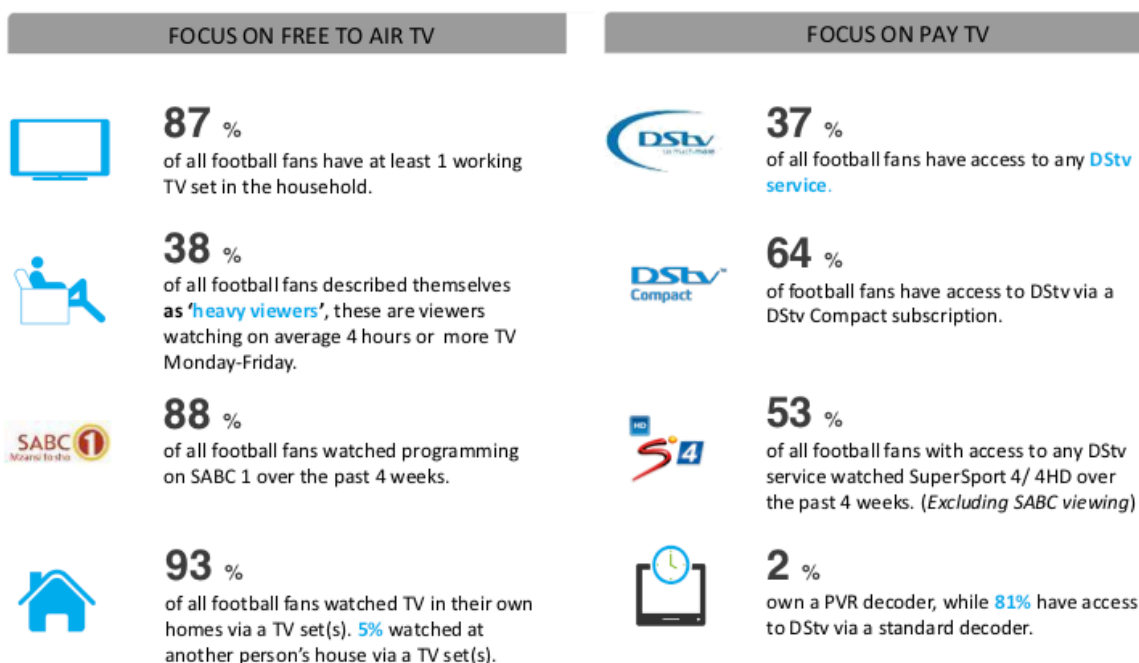
6.4.1 Football broadcasting

A question remains around accessibility to sports and the ability of sports to reach the wider South African population. In the South African sport television broadcast environment, there are two main options: SABC and SuperSport (on the DSTV platform).

The PSL lists SuperSport as their official broadcast partner. However, during the operational review of the 2015 PSL Annual Report, it was noted that the highest TV audience recorded during the 2014/15 season was the free to air (FTA) SABC television audience of 4 548 497, measured during the ABSA Premiership match between Mamelodi Sundowns and Orlando Pirates, held on 27 August 2014 (PSL, 2015). The impact of having both broadcasters show live football exposes the game to more fans and will have an effect on the popularity of the sport in South Africa. The fact that the PSL has relationships with both the world class pay network SuperSport, and the FTA national broadcaster SABC, ensures that the sport reaches all South Africans with access to a television set.

An analysis of football fans in relation to FTA and pay-TV shows that: of the 19 690 000 football fans, 6 060 000 had access to DSTV (pay-TV), which amounts to roughly 37% of all football fans. Only 2% of all football fans own a Personal Video Recorder (PVR) decoder that will allow them to record or watch games at a time different from that scheduled by DSTV. Several aspects of the differences between the two broadcast methods are illustrated in Figure 22 below.

Figure 22: Free to Air (FTA) compared to Pay-TV broadcasting

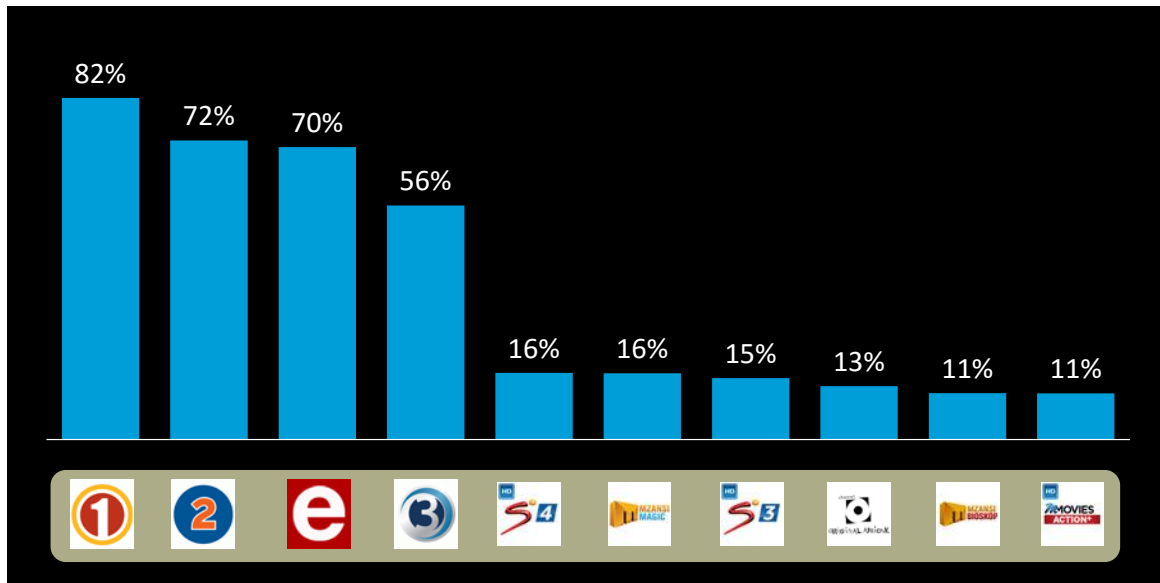


Source: Nielsen Sports, 2016

Across all FTA channels, football programming reached 88% of all football fans compared to 37% for DSTV. Households with access to any DSTV service increased by 9% from 2014 to 2015. However DSTV Premium subscriptions (covering all channels) decreased by 2% during this period (Nielsen Sports, 2017c). Figure 23 below shows the comparative reach of FTA

channels (SABC 1, 2 and 3, as well as e-tv) and several DSTV channels, including SuperSport 3 and 4.

Figure 23: Comparative reach of FTA versus DSTV channels



Source: Nielsen Sports, 2017c

As an illustration of the reach and power of FTA broadcasting compared to DSTV, Figure 24 shows the viewership for broadcasting of ABSA Premiership football during the 2015/2016 season (for the period 8 August 2015 to 31 May 2016). These figures took into consideration live as well as secondary coverage on both SABC (FTA) and SuperSport (DSTV).

As can be seen in Figure 24, SABC flighted the Premiership for a total time amounting to 217:08:58 (hours:minutes:seconds) that equated to 6% of the total broadcasting time on the combined platforms. This reached a total of 26 657 785 (80%) unique viewers. SuperSport flighted the premiership for a total time amounting 3341:21:04, which equated to 94% of the combined broadcasting time on the appropriate SuperSport channels, to reach 6 573 280 (20%) unique viewers.

Figure 24: ABSA Premiership 2015-2016: TV Viewership summary

Broadcaster:			
Total Time*:	217:08:58	3341:21:04	3558:30:02
% of Total Time	6 %	94 %	100 %
Total unique viewers:	26,657,785	6,573,280	33,231,064

Source: Nielsen Sports, 2017c

Due to the fact that football is shown on SABC as well as SuperSport, a cumulative total of approximately 200 million people viewed PSL games live on TV during the 2015 season. The average audience for the Telkom Knockout competition increased by 8%, and the MTN8 competition cumulative audience increased by 15%. The media value generated for PSL sponsors and suppliers has increased by 21% to R 1.9 billion during the 2014/15 season, and TV remains the biggest contributor to, and driver of, growth, showing an increase of 23% (PSL, 2015).

The increased exposure boosted the brand value of the participating teams, as can be seen in the growth in social media followings of the teams. Table 17 shows the year-on-year (YoY) increase from 2014 to 2015 in the number of 'Likes' on Facebook for several Premiership teams.

Table 17: Facebook following: YoY (2014–2015) growth of Premiership teams

Premiership Team	Number of Likes	YoY Increase
1. Kaizer Chiefs	2 500 000	9%
2. Orlando Pirates	1 600 000	23%
3. Mamelodi Sundowns	434 000	35%
4. Mpumalanga Black Aces	303 000	1%
5. Ajax Cape Town	53 500	25%

Source: Own Research

The amplified reach of football due to the combined FTA and Pay-TV broadcasting allows for teams and rights holders to demand greater amounts for endorsements and team sponsorships, due to increased reach through the combined broadcast. It also allows sponsors and partners access to all levels of LSM, through combining the higher LSM DSTV subscribers with the lower LSM SABC side. The bigger the brand, the more consumers it will reach and the more a sponsor will be willing to pay for the right to sponsor the team.

6.4.2 Rugby and cricket broadcasting

As discussed in Chapter 4 and 5 of this study, broadcasting rights have replaced more traditional revenue streams like ticket and suite sales as one of the most important revenue streams available in professional rugby and cricket. Revenue from broadcasting rights from SuperSport is paid to the respective national federation (CSA or SARU). These funds are then apportioned according to the discretion of the federation's governing body. International matches of the Proteas, Springboks and Bafana Bafana are considered as sports of national interest, and therefore shared broadcast arrangements, between SuperSport and SABC, have been concluded around the broadcasting of the respective national teams. The nature of cricket and the length of especially test matches has resulted in 1 578 hours of Proteas matches being broadcast, compared to 245 hours of Springbok rugby. In the ambit of this chapter, the focus on increasing sports broadcasting to enable inclusive growth will therefore focus primarily on rugby.

6.4.3 Sports of national interest

These questions arise: What constitutes a sport of national interest? Should all rugby and cricket not be broadcast on FTA channels? Should the fact that cricket, rugby and football are the three biggest sports in South Africa not automatically warrant access to these sports for all South Africans, and not just the to those that have the financial means to afford a DSTV subscription?

During a presentation in June 2001 to the Parliamentary Portfolio Committee on Sport and Recreation, SuperSport pro-actively committed to implementing a self-regulatory 'code of conduct', and a 'List of Sports of National Interest' was agreed upon and accepted. The list was presented by SuperSport to the Independent Communications Authority of South Africa (ICASA, which incorporates the earlier Independent Broadcasting Authority, IBA) during

public hearings into M-Net's licence conditions. It was endorsed by ICASA, and SuperSport were congratulated on their pro-active work.

SuperSport released a communication around the issue of 'Sports of National Interest', and commented: *"As a pay-TV broadcaster in a developing country, we recognise the need to have a community responsibility. Thus, together with the sports bodies, we sought to find a way of ensuring that true 'Public Interest' events would not be broadcast exclusively on pay-TV"*. The process started in 1996 and was initiated by then Minister of Sport Steve Tshwete and his Director General. Many rounds of discussions were held with, *inter alia*, the broadcasters, sports bodies, the IBA (later ICASA) and the Minister of Communications. SuperSport therefore *"participated in a process to address the broadcasting of sports events in the public interest before statutorily compelled to do so. SuperSport never exclusively broadcast an event on this list since its finalisation, thus strictly adhering to the agreement"* (SuperSport and M-Net, 2001, p.5).

Graham Abrahams, who heads up Enterprises and Regulatory Affairs at SuperSport, argues that there is a huge misunderstanding of what a sport of national interest is. *"There is a major difference between what is regarded as a sport of national interest and what is regarded as a popular sport. People tend to confuse that and it is not a South African thing it is a global thing. So sport of national interest – essentially in terms of a generally accepted description – it's where a national team is involved playing against another national team."* Abrahams further explains that, for example, *"a match between the Sharks and the Stormers can never be defined as a match of national interest. That is more a popular match with a big public interest, but it doesn't mean it is a match of national interest."* (Personal Interview: Abrahams, 2016). Abrahams further states that apart from making international matches available on SABC, SuperSport have also in the past offered lesser competitions to SABC to flight, with the national broadcaster declining the offer.

The SABC clearly wants to broadcast only the top rugby fixtures and show only the best. Unfortunately rugby, as all major sports around the world, is sustained by its ability to raise revenue. Most governments do not provide this. Further, sport is no longer just a recreational activity. Sport is entertainment, entertainment is business, and business needs money to pay the entertainers, in this case the sport's players. If the players are not paid competitive wages, the number of top South African players playing abroad will grow significantly.

Without broadcasting rights, the professional game in South Africa will struggle to exist. This will further impact on sponsors, given that their heavily-invested logos will not be shown on an elite sports channel targeting a LSM audience with enough disposable income to support the

sponsors' industries. Therefore there is a real risk that corporates will disinvest from rugby due to the decrease in exposure, as well as the decreased potential revenue opportunities.

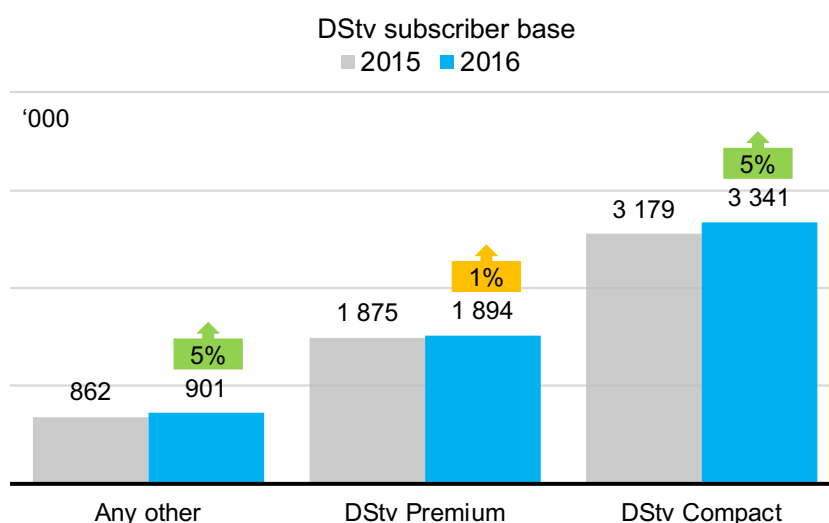
6.4.4 Comparing rugby broadcasting reach with football

In order to have an informed and accurate view on the broadcasting landscape of rugby in South Africa, it is important to look at and understand the structure of DSTV, which broadcasts rugby on certain SuperSport channels. The demographic of the subscriber base of these channels can determine whether the viewer demographic will promote inclusive growth for rugby. Determining the reach of the DSTV SuperSport channels will enable a detailed comparative analysis between rugby and football broadcasting to be done.

The DSTV 'Bouquets' consists of five different packages, ranging from the most expensive and comprehensive package, DSTV Premium, at R 809 per month, to DSTV Access at R 99 per month. The two packages that we will look at in detail are DSTV Premium and DSTV Compact, the latter currently costing R 385 per month. The reason for the comparison between Premium and Compact is that Premium includes all 13 sporting channels (SuperSport), while Compact has only four of these 13 channels, with no channel that currently broadcasts live rugby.

Figure 25 shows that the number of DSTV Compact subscribers has increased by 5% between 2015 and 2016, with DSTV Premium subscriptions up by 1% over the same period. 55% of all DSTV subscribers have access via DSTV Compact.

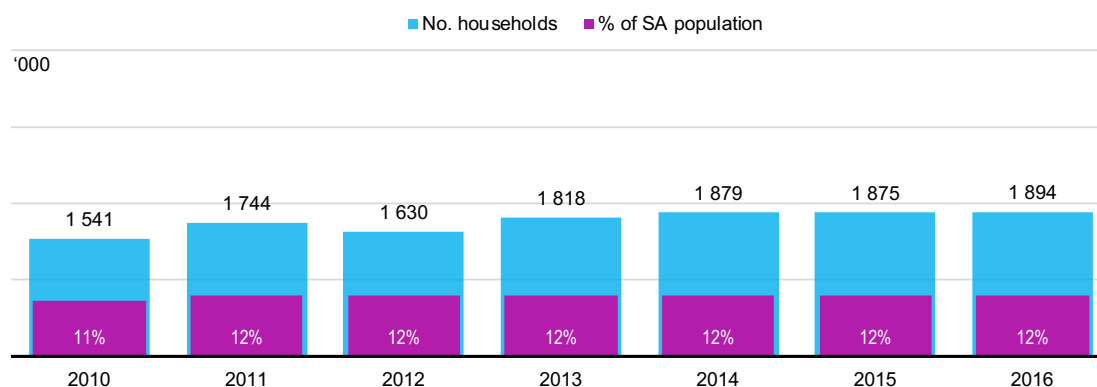
Figure 25: Numbers (in thousands) of DSTV subscribers in different packages



Source: Nielsen Sports, 2018

In an overview of access to DSTV services in 2016, a total of 6 136 000 households in South Africa had a DSTV subscription, of which 1 894 000 (12%) have a Premium subscription. DSTV Premium subscriptions reported an increase of 23% over the 7 year period 2010 – 2016, shown in Figure 26, with only a marginal increase of 1% between 2015 and 2016 (Nielsen Sports, 2018). In some years there was a decrease from the previous year.

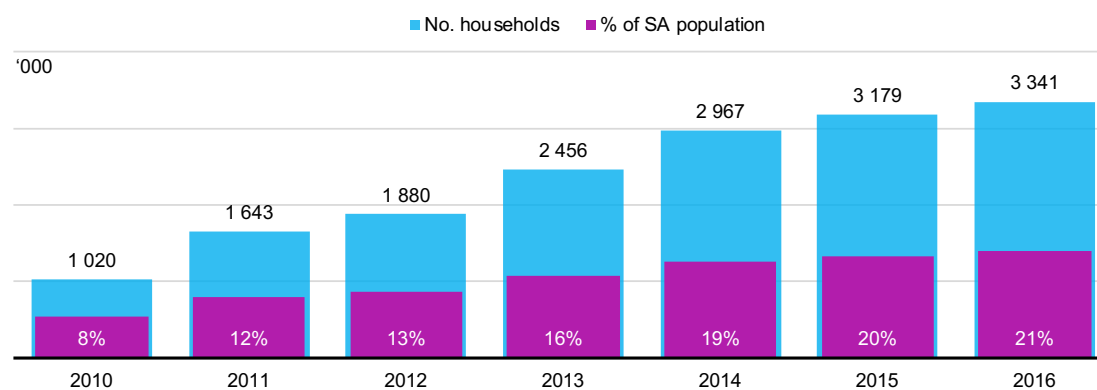
Figure 26: Number of DSTV Premium subscriptions 2010–2016



Source: Nielsen Sports, 2018

The majority (55%) of DSTV subscribers have a Compact subscription. The total number of DSTV subscriptions more than doubled over the 7 year period 2010 – 2016. From the figures, it is clear that the vast majority of this growth was in the Compact package. This is shown in Figure 27 below, where the number of DSTV Compact subscriptions shows steady YoY growth from 1 020 000 in 2010 to 3 341 000 in 2016, an increase of 228%. This is ten times the increase in Premium subscriptions. Increased DSTV Compact subscriptions benefit football viewership, especially live TV coverage of domestic football fixtures on SuperSport 4 and SuperSport Select.

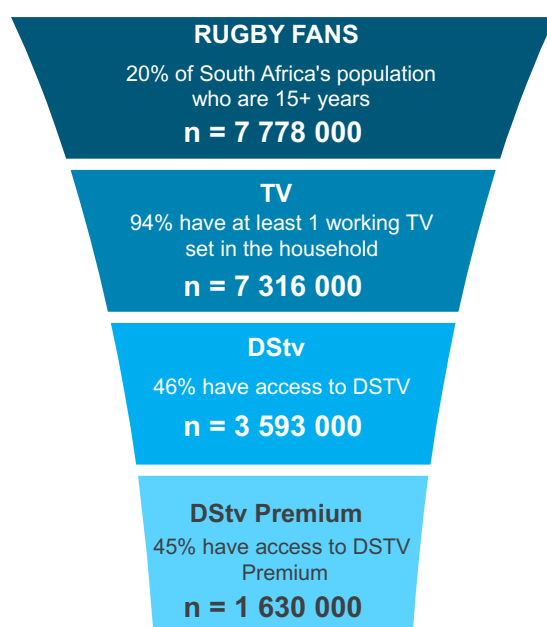
Figure 27: Number of DSTV Compact subscriptions 2010 – 2016



Source: Nielsen Sports, 2018

According to Nielsen Sport's research, the reality of rugby viewership in South Africa is that of the total of 39 778 000 people aged 15 and over, 20% or 7 778 000 people describe themselves as interested in rugby. Of those 7.7 million people, 94% or 7 316 000 have a working TV set. Only 46%, or 3 593 000, who have a TV also have DSTV, and then 45% of these have DSTV Premium; this means that only 1 630 000 people have access to rugby on SuperSport. This is illustrated in Figure 28 below. The fact that only 1.6 million rugby fans have access to SuperSport means that only 4% of the total adult population has access to rugby on TV in South Africa, and that on average 16% of existing rugby fans do not have regular access to a TV channel which shows rugby. The reality is that not only is it extremely tough to introduce rugby to new markets within South Africa with the current broadcast reach, but rugby also runs the risk of losing current fans due to decreasing exposure to rugby of those fans without DSTV.

Figure 28: Breakdown of fan access to rugby in South Africa.



Source: Nielsen Sports, 2018

6.4.5 TV viewership profile of rugby fans on different platforms

Provincial Rugby

The most important information derived from live TV coverage statistics for the Currie Cup Premier Division 2017, shown on SuperSport, comprised the following:

- The entire Currie Cup season of 45 matches was broadcast live on SuperSport during 2017.

- The viewership profile of the Currie Cup closely mirrors that of Vodacom Super Rugby, with 66% of viewers having an average household income of more than R 25 000 p.m.
- The viewership profile is skewed towards male viewers with a total of 62% of the viewers male and 38% female.
- The viewership profile shows an aging market with 78% of the audience 35 years and older, with 60% older than 50 years.
- Similar to Vodacom Super Rugby, the language profile is skewed towards Afrikaans viewers, accounting for 75% of the total audience, with English at 24% and only 1% *isiZulu*.
- The race profile shows a high representation of White viewers, with Coloured viewers accounting for 13% of the total audience. White and Coloured viewers together account for 97% of the viewers.
- Viewers residing in the Western Cape and Gauteng provinces account for 53% of the total audience.

By comparison, the TV viewership profile of the delayed coverage on SABC of the 2017 Currie Cup Premier Division final revealed that:

- Delayed TV coverage of the Currie Cup final on SABC 2 was the only 2017 Currie Cup match to be shown on SABC during the season.
- The viewership profile of the delayed broadcast on SABC 2 is more diverse compared to that of the live TV coverage on SuperSport.
- The viewership profile is slightly skewed towards female viewers, with 52% of the audience female and 48% male.
- The average household income is substantially lower, at R 7 731 p.m., when compared to that of the SuperSport viewership.
- The age profile is more diverse compared to that reported for SuperSport. Viewers between the ages of 25 and 49 years account for 30% of the total audience.
- The language profile is also more diverse. However, Afrikaans viewers still account for 44% of the total audience. The diversity of the language profile is also reflected in the fact that Afrikaans and English makes up 54% of the total audience compared to 99% of the audience on SuperSport.
- The viewership race profile shows African viewers account for 43% of the total audience compared to 2% on SuperSport (Nielsen Sports, 2018).

International Rugby

The TV viewership profile of live TV coverage of Springbok rugby on SuperSport during 2017 revealed that:

- There was live TV coverage of 14 Springbok home and away games across all tours.
- The viewership profile of the Springboks on SuperSport 1 mirrors that of the live TV coverage of Vodacom Super Rugby and the Currie Cup on the same channel, with the average household income slightly higher at R 27 740 compared to R 25 529 p.m.
- The viewership profile is skewed towards male viewers, 35 years of age and older.
- The primary language was 57% Afrikaans and 39% English.
- 77% of the viewership were white, with only a 3% African audience.
- 64% of the viewers reside in either Gauteng or Western Cape Province.










The TV viewership profile for delayed TV coverage of Springbok rugby on SABC during 2017 revealed that:

- There was delayed TV coverage of 6 Springbok matches during the 2017 season.
- The age profile is diverse, with 56% of the viewers 35 years of age and older. The SABC audience is younger than the viewership audience on SuperSport, with 39% of the SABC audience older than 50, compared to 62% for SuperSport.
- The language profile is diverse, still showing a high representation of Afrikaans (34%) and English viewers, but with significant numbers of *isiXhosa* and *isiZulu* viewers. All African languages together account for 58% of the total audience on SABC compared to only 4% on SuperSport.
- The racial profile is also more diverse when compared to SuperSport, showing that black viewers account for 58% of the total audience. The 58% mirrors the black 56% of black respondents who indicated that they are interested in rugby.
- 40% of the viewers reside in Gauteng and the Western Cape compared to 64% of the SuperSport viewership (Nielsen Sports, 2018).

When analysing the TV viewership profile of the rugby audiences of the matches shown on SABC compared to the matches on SuperSport, we can establish that both the international as well as the local audience on SABC are more inclusive and representative of the national demographic. They are still not a true representation of the South African population demographic, but they are much more inclusive than the viewership of SuperSport. We have established that the demographic profile of the rugby viewer on SABC is more inclusive and representative of the South African population.

The next step in the analysis will be to establish if the SABC platform will reach more fans than SuperSport and, if so, to what extent. Figure 29 below shows SABC audience numbers for 2017 Springbok matches compared with those for 2016.

Figure 29: Audience numbers for Springbok matches on SABC 2016–2017

KPI	2016	2017	YoY SHIFT
 No. broadcasts:	6	6	
 Broadcast hours:	13:00:07	11:38:27	1 hr 21 mins ↓
 Channels:	SABC 2	SABC 2	
 Total available audience:	12 733 855	13 466 707	6% ↑
 Ave. Audience:	1 525 547	1 593 077	4% ↑
 Peak Audience:	2 005 119	2 182 626	9% ↑
 Ave. % Share:	12%	12%	
 % Loyalty: (75% of the broadcast)	52%	59%	7% ↑
 Average time watched:	0:45:59	0:45:06	2% ↓

Source: Nielsen Sports, 2018
















In Figure 29 we see the following:

- The number of broadcasts between 2016 and 2017 stayed the same, with one hour and twenty minutes less airtime during 2017.
- The total available audience increased by 6%.
- The average audience increased by 4%, with the peak audience increasing by 9% from 2016 to 2017.
- The share of audience remained stable at 12%. This means that delayed TV coverage of the Springboks' games did not reach more of the available audience per game.

- Audience loyalty is reported as higher (59%) in 2017 than in 2016. Higher audience loyalty indicates that, on average, viewers watched for a longer period before changing channels.
- However, the lower average time spent watching shows that overall, viewers watched for a shorter period of time. This is a global trend due to audiences becoming intensely interested in less, but slightly interested in more.

Figure 30 compares the 2016 and 2017 audience numbers on SuperSport for live TV coverage of the Springbok's home games.

Figure 30: Audience numbers for Springbok home games live on DSTV 2016–2017

KPI	2016	2017	YoY SHIFT
 No. broadcasts:	6	7	
 Broadcast hours:	14:53:52	17:00:17	 2 hrs
 Channels:	SuperSport 1	SuperSport 1	
 Total available audience:	4 943 720	4 888 244	 1%
 Ave. Audience:	440 322	453 556	 3%
 Peak Audience:	680 155	784 032	 15%
 Ave. % Share:	9%	9%	
 % Loyalty: (75% of the broadcast)	57%	55%	 2%
 Average time watched:	1:19:28	1:16:21	 4%

Source: Nielsen Sports, 2018

Figure 30 reveals that:

- 2017 had 7 games compared to the 6 matches in 2016. This explains the additional two hours of broadcasting in 2017.

- The total unique audience increases from 1 607 925 to 1 726 905, an increase of 7% YoY. This is significant, considering that the total available audience is 1% lower at 4 888 244 viewers.
- The average audience per game also reports an upward shift of 3% YoY.
- Audience share remains at 9%, however, showing that live TV coverage did not reach more of the available audience.
- Audience loyalty is down by 2%. This shows that less viewers watched 75% or more of the live fixtures.
- The peak audience increased by 15% YoY to 784 032.

The total unique audience for SuperSport during the 2017 Springbok season was 1 726 906 compared to the 9 030 592 unique viewers that SABC reached through 5 fewer broadcast hours. The difference is that 7 303 687 more viewers are reached through the SABC FTA platform. A total of 11 019 577 unique viewers watched primary TV coverage of the 14 Springbok games on the two channels. Delayed TV coverage of the six home games on SABC 2 accounted for 82% of the total unique audience. SABC 2 is currently the most watched channel among rugby fans in South Africa. It is important to note that away fixtures were broadcast on SuperSport only and did not get a delayed broadcast on SABC (Nielsen Sports, 2018).

The conclusion of the above analysis is that the FTA broadcasters are extremely important to the rugby market. 82% of all respondents that described themselves as interested in rugby watched SABC channels in the seven days prior to the data capture. The FTA broadcasters have the ability to reach the majority of people interested in rugby, whereas SuperSport reaches a significantly smaller fraction of the rugby market. The important point to note is that, should rugby be moved to exclusive FTA platforms, there would be no value or reason for DSTV to acquire the broadcasting rights at the level they are currently paying. This would have an immediate effect on the professional game in South Africa. With the SABC most probably not in a position to pay for the rights to broadcast rugby in South Africa, and with the current SARU business model, the professional sport in the country would suffer adversely without the broadcasting revenue streams. At the current point in time there is no other provider in the South African broadcasting landscape which looks likely to challenge SuperSport as the leading pay TV provider, and therefore rival the buying power of DSTV.

The additional reach of 9 030 592 viewers that SABC provides to SARU enhances the leading commercial brand of SARU, the Springboks, as well as providing greater exposure to Springbok sponsors. This will, in turn, enable SARU to sell the rights around the Springboks for more money due to the prospective increased Return on Investment (ROI) for the sponsors. It will be damaging

to rugby to lose the revenue generated through broadcasting rights and, with the lack of competition in the South African market to challenge SuperSport, the current business model seems the best suited to South African rugby at this time.

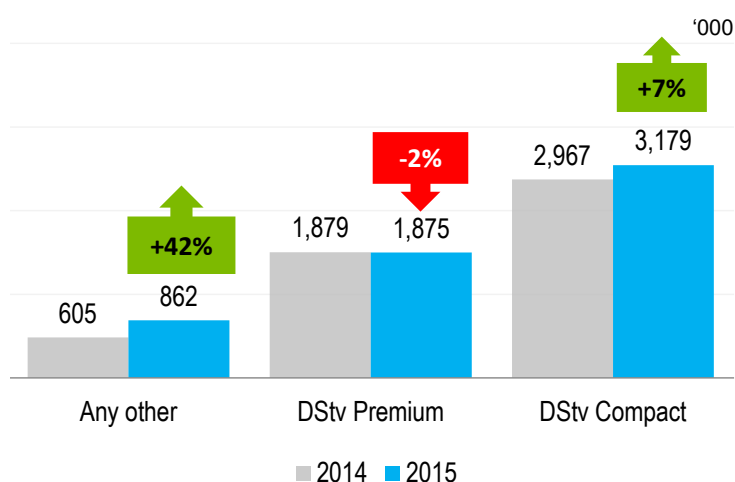
The challenge will still be: how does rugby reach more households in order to grow the game amongst people who are not currently rugby fans? And how does rugby provide content to the 82% of fans who currently only get less than 12 hours of rugby per year on the national broadcaster? The responsibility to assist SABC should not be left to SuperSport to resolve, as they provide a top service for which they pay a large amount of money and, as already discussed, provide the Springbok fixtures to SABC for delayed broadcast. The government puts a huge amount of pressure on sporting federations to transform and develop sport in South Africa. Perhaps a solution to grow rugby and cricket in South Africa would be to create more government funded content to be broadcast on the national FTA broadcaster SABC.

6.4.6 DSTV Premium versus DSTV Compact

Having firmly established the value that SuperSport has to professional rugby in South Africa, it is important to see if there is anything that SuperSport can contribute to growing the demographic reach of rugby in South Africa, while still protecting their investment in the sport and not diluting their offering.

As discussed earlier in this chapter, DSTV have numerous packages for subscribers, at a range of prices with differing content. The two most popular packages, which contain different levels of sport coverage, are the Premium package and the Compact package. Premium currently offers all sports and covers 13 channels. Compact offers only four channels and does not cover any live rugby. Figure 31 below shows that for the period 2014 to 2015, the number of households with access to any DSTV service increased by 9% YoY. Nielsen Sports also claims that increased DSTV Compact and Access subscriptions are the key drivers of higher viewership of domestic Football on SuperSport (Nielsen Sports, 2017c).

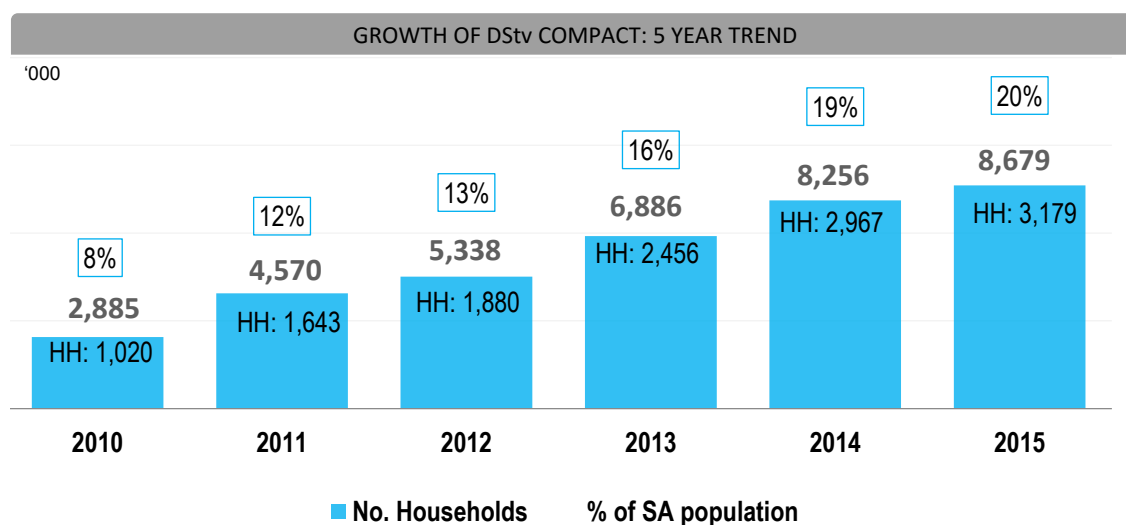
Figure 31: Number of DSTV subscribers in various packages 2014–2015



Source: Nielsen Sports, 2017c

Figure 32 below shows the growth of DSTV Compact during the period 2010 to 2015. DSTV Compact reach has increased from just over a million households in 2010 to over three million households in 2015, an increase of 212% over this 6 year period.

Figure 32: Growth of DSTV Compact during the period 2010 to 2015



Source: Nielsen Sports, 2017c

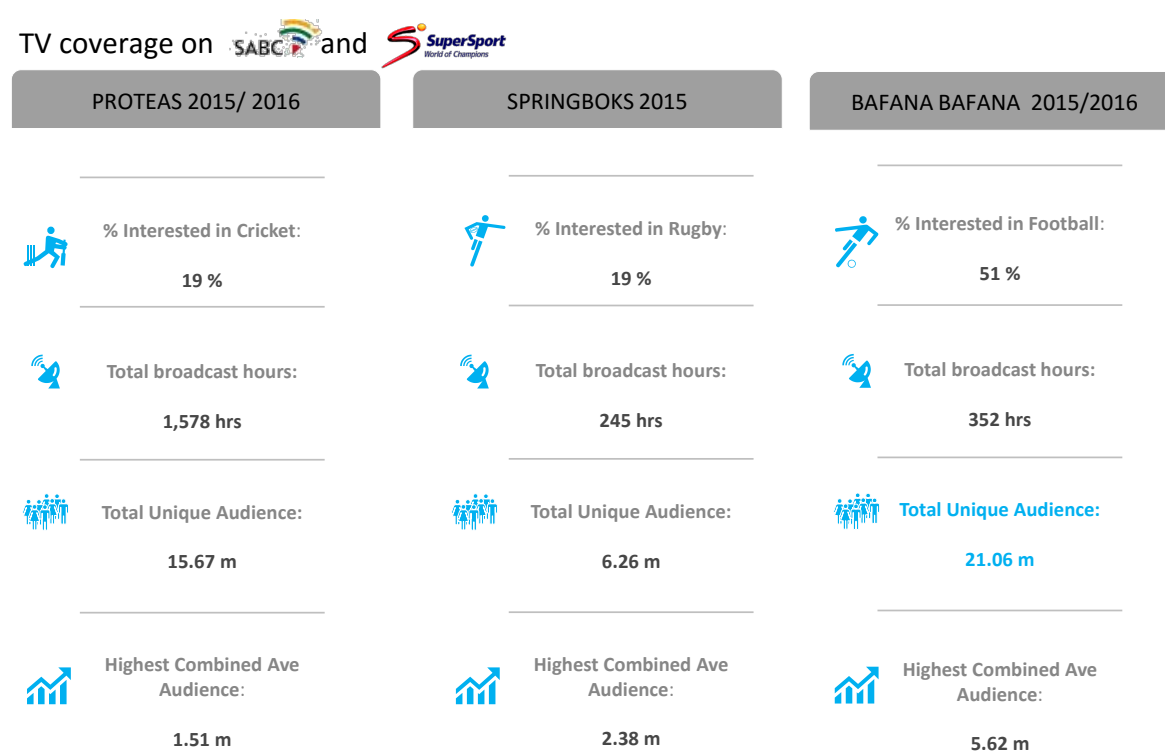
Without suggesting that SuperSport dilute their offering of rugby, and in doing so, risk losing some of their Premium subscribers, there might be an opportunity similar to the delayed broadcast model that SuperSport uses to provide Springbok matches to SABC. Perhaps SuperSport can look at a potential delayed broadcast of Currie Cup and Super Rugby matches on Compact. This might be delayed by a few weeks to protect the Premium content, but the fact is that, through

adding rugby content on Compact, SuperSport can reach 2 000 000 more rugby existing rugby fans, and 5 000 000 people who currently are not rugby fans (Nielsen Sports, 2017c).

The increased exposure to new fans will have a positive effect on the commercial and revenue side of rugby and cricket in South Africa. The increased broadcasting numbers will allow rights' holders to ask for a higher sponsorship fee through the increased exposure, it should also have an indirect effect on other revenue streams, as new fans will buy merchandise and probably will attend live matches to show support for their new team.

For matches of the Proteas, Springboks and Bafana Bafana, which are considered as being sports of national interest, the shared broadcast arrangements between SuperSport and SABC are analysed in Figure 33 below.

Figure 33: Comparison of TV coverage of Proteas, Springboks and Bafana Bafana



Source: Nielsen Sports, 2017c

It can be seen that the largest share in broadcast hours is attributed to cricket, because cricket matches range from a minimum of 3 hours for a T20 fixture to 5 days for a test match. This explains the 1 578 hours of cricket broadcast. Cricket's total unique audience is the second highest, behind football, but the combined audience is the lowest behind the two other sports.

Rugby has a higher combined average audience than cricket, but has the smallest total audience and the least number of broadcasting hours amongst the three sports. The football viewership numbers reflect its popularity in South Africa, as it has the highest total unique audience and highest combined audience of the three sports (Nielsen Sports, 2017c).

6.5 The Player Drain Faced by Cricket and Rugby

The celebrity sporting hero

Celebrity athletes have long been utilised by sports teams as promoters and endorsers of sport-specific and non-sports products. Alexander equates celebrities with objects of worship (Alexander, 2010). Huge amounts of money are spent annually on athletes in the hope of growing the commercial revenue of a sporting organisation, as well as building the sporting brand and growing interest in the sport. Shuart argues that sports heroes are merely pseudo-heroes, and are only compared to the heroic because of ‘celebrification’ (the introduction of celebrity as a factor in some field or discipline) in the mass media, amplified through the many forms of sports media and digital media platforms that help in building celebrity profiles around athletes. Shuart also writes that contemporary media have created an unending stream of celebrities, and that “*on close examination of the hero-creation process, the resemblance to modern-day celebrities is startling*”. This supports the belief that heroes and celebrities are commonly perceived as identical (Shuart, 2007, p.12).

For the purposes of this section of the study, ‘hero’ refers to a distinguished person, admired for their ability, bravery or noble qualities and worthy of emulation; and ‘sports celebrity’ to a famous person who succeeds in sport and enjoys a public following.

According to Shuart, the most intriguing component of his study was that, if a member of a media audience calls a celebrity a role model and ascribes wisdom, honesty, generosity, helpfulness, courage, etc. to that celebrity, then this celebrity could be called a hero for that person (Shuart, 2007). It is important to acknowledge the impact that digital and social media have on the development and ascension of sporting heroes in the 21st century. Innovation and technology have assisted the growth of the sports industry and sports celebrities communicate with their fans directly and create an illusion of a personal relationship between the fan and the sports celebrity, creating such an impression in the fan’s mind that the sports celebrity becomes a sporting hero and icon for the fan. The power of celebrity endorsement of a product lies in the fact that even though many fans know that they would never reach the celebrity’s level of skill, they can identify with their hero simply by wearing, eating or drinking his or her endorsed product. Sports

celebrities and sport figures who display extraordinary personal characteristics are found to be a popular choice of hero among young adults. This is attributed to the fact that young people are at a more impressionable stage of development, and the conclusion is that endorsement by a celebrity has a meaningful influence on young people's evaluation of advertisements and products (Dix, Phau and Pougnet, 2010)

The cricket player drain

As discussed in Chapter 5, both cricket and rugby have experienced top players leaving the country to play overseas. With cricket, the main route by which South African players leave to play abroad is the Kolpak agreement, an EU legal precedent, which lured several players to county cricket in the United Kingdom, where they can be considered as 'non-foreign' players. In the South African context a 'Kolpak player' is a South African cricketer who has renounced his right to play for South Africa. In South African domestic competitions, a Kolpak player is deemed to be a local cricketer and can be remunerated out of the franchise financial pool (Cricket South Africa, 2016).

CSA realises that it is hard to compete with the monetary incentives offered to players globally and that individuals need to maximise the lifespan of their cricketing career, which on average is about 10 to 15 years. However its effect on the talent drain in South African cricket was especially evident in 2017 with the very public announcements of Kyle Abbott and Rilee Rossouw, who both signed Kolpak agreements. Although these names drew public attention because of their position within the national team, it was the increase from three Kolpak players within the domestic system to 11 in one season that really brought the threat to the fore. CSA is trying to address this issue to limit the draining of future talent, which is a major concern (Cricket South Africa, 2017).

Potentially a bigger concern for CSA is younger cricketers leaving the country with the aim of representing another country. South African born players playing in overseas teams are becoming a common occurrence. In the last decade a number of South African cricketers, including Andrew Strauss, Kevin Pietersen, Jonathan Trott and Matt Prior, to name a few, left to pursue successful international careers playing for England (Sengupta, 2018). The impact of younger players leaving the country before they make a mark on professional cricket in South Africa is a serious player drain problem. An established star can also leave the country to play abroad. South Africa then loses the celebrity profile of the player, which will directly affect stadium attendance, as well as the appeal of the team amongst younger fans.

The rugby player drain

The reality that rugby faces is a lot more severe than the 11 cricket players who are currently playing county cricket in the United Kingdom (Cricket South Africa, 2017). The constant outflow of players from South Africa, and especially the exodus of top players, certainly will have, and already has had, a negative impact on rugby's revenue. The depreciating rand, the lure of the pound, the euro and the yen, has proved to be the principle motivating factor for more and more players choosing to leave South Africa to play professional rugby abroad. The impact of the player exodus has meant that our national team, the Springboks, which has been shown statistically to be the strongest commercial brand in South Africa (Frontiers, 2015), have lost ground against the world's other top rugby-playing nations. The 1995 and 2007 Rugby World Cup champions finished the 2017 season ranked seventh in the world, the worst ranking in the Springboks' history.

It is estimated that currently there are more than 250 South African rugby players playing professional rugby in Europe. These players are playing in the lucrative leagues of England, France, Ireland, Scotland, Wales and Italy, and most of these countries have South Africans representing them internationally, through having acquired residency in their adopted nations. The most concerning aspect of those currently playing in Europe and Japan is that a growing number of high profile players, including current Springboks, are based at these overseas clubs. The reality is that the standard and profile of South African provincial rugby, especially the Currie Cup, is being increasingly negatively impacted by key players, primarily based at one of the Super Rugby franchises, choosing to go abroad for financial reasons. As indicated in Table 18, the total number of South African players based at overseas clubs has increased by 8% from 2009 to 2017.

Table 18: Number of South African rugby players based at overseas clubs

Overseas based players	2009	2017
Total South African players based at leading overseas clubs	236	257
Springboks (previous and current) based overseas	27	51

Source: G. Steyn, 2014; SARU 2017b

The number of Springboks (previous and current) playing overseas has increased from 27 in 2009 to 51 in 2017. There is a rising trend in terms of Springboks who have at least one test cap in the season, showing that increasingly, players who form part of the current Springbok team are based overseas. Even more prominent is the rapid increase in Springboks with more than 50 test caps being based overseas from 2010 onwards. This indicates that, increasingly, high profile and established members of the current Springbok team, are based overseas (G. Steyn, 2014). In order

to ensure that rugby remains attractive for South African fans, that SuperSport remains confident that the product they are paying broadcasting rights for remains attractive to their subscribers, and that the Springbok team remains one of the best teams in world rugby, South African rugby needs to keep top players in the country.

On 25 July 2017, SARU held a franchise committee meeting in Vanderbijlpark, consisting of representatives from SARU, MyPlayers (the professional players union in South Africa) and the commercial entities of the Sharks, Blue Bulls, Pumas, Griquas, Western Province, Lions, Cheetahs and Kings Rugby Unions. The meeting considered the current contracting model in South Africa and compared it to the other leading rugby nations in the world. The meeting addressed the current commercial environment of rugby in South Africa, the number of professional players and ongoing increase in salaries as key challenges requiring consideration. During the meeting it was established that South Africa currently has the most professional rugby players in the world, with 989 contracted players. The current top two nations in the world, New Zealand and Ireland, have 500 and 200 contracted players respectively (SARU, 2017a). The franchise committee agreed that in order for rugby to be sustainable in South Africa, the number of professional rugby players in the country has to be reduced significantly. The proposed number was between 450 and 500. This will align SARU with New Zealand, a suitable comparison, since both New Zealand and South Africa play in Super Rugby, have similar provincial competitions and therefore should need a similar number of players.

A reduced number of professional contracts will allow the South African rugby franchises to reduce their player salary bill. Due to the overseas leagues and the market conditions that these leagues have created in South African rugby, the challenge for local franchises to retain top talent in South Africa has become overwhelming. It is therefore important to use the necessary resources and funds within South African rugby in the best possible way to retain the top players for as long as needed to strengthen the provincial, franchise and national teams, and to enhance the South African rugby market. The aim will not be to consider spending the same amount on 500 players as is currently spent on 989 players, but rather to set a responsible budget for South African franchises. The smaller budgeted salary bill will allow unions financial relief, but at the same time allow for enough funding to keep top talent in South Africa.

By reducing the number of contracted players, South African rugby should be able to retain the best players deemed important to the national cause. These players can also act as high profile celebrities for young fans to aspire to and support. This will not only affect the on-field performances of South African teams in Super Rugby and the Springboks, it will also help the sport commercially, through increased interest in the sport. This will relate to bigger match day

attendances, as well as increased indirect revenue streams. The reality is that, due to the number of talented rugby players in South Africa, there will always be a significant number playing in overseas leagues. But through this structure, hopefully, the players playing abroad will either be deemed not good enough for South African Super Rugby franchises, or be Springbok players at the end of their careers, who wish to experience living abroad for a couple of years before retirement, while at the same time earning a good living.

The fact that the top South African rugby and cricket players will stay in South Africa rather than play abroad, will have a positive effect on the commercial and revenue side of rugby and cricket in South Africa. The higher profile of local teams, with world-class players participating in local competitions, will attract more interest from fans, who will buy merchandise and probably attend more live matches, due to the improved quality of the teams participating in the tournaments. The amplified interest from fans will also increase the TV viewership numbers and that will lead to increased broadcasting revenue.

6.6 Declining Stadium Attendances in both Cricket and Rugby

The declining trend in stadium attendances at live sporting events in South Africa has been a concern for professional sporting organisations and has given the perception that the popularity of these sports is declining. This part of the research looks into the consumer behaviour of cricket and rugby fans and provides explanations for the decline in stadium attendance for these sports.

Historically, sport in South Africa was very well supported and the world-class stadiums in the country were more often than not sold out for big sporting events. The stadiums in South Africa where provincial teams play are the same stadiums where the national team plays. For example, the Sharks will play their domestic fixtures at Jonssons Kings Park Stadium, and during the same season the Springboks will play an international fixture at the same venue. This happens throughout the country at most of the sporting stadiums and with most of the cricket and rugby franchises. The South African public has until recently been dedicated to supporting their local teams and cricket and rugby stadiums were usually full when top teams played each other.

6.6.1 Current reality of stadium attendances

The Sharks, according to Nielsen Sports, is one of the biggest sporting brands in South Africa, it is the biggest provincial rugby brand in the country (Frontiers, 2015) and has the biggest social

media following of all provincial and club rugby teams in the world (Repucom, 2015c). The support for the Sharks franchise reaches far beyond just KwaZulu-Natal and, according to Nielsen Sports, the Sharks have fans spread throughout South Africa.

The Sharks will be used as a case study to examine the current stadium attendance landscape in South Africa. Traditionally, rugby depended on match-day related revenue as one of its biggest revenue streams. Season tickets, suites and sponsorship were historically the largest revenue streams within rugby.

Suite revenue

Suites are currently The Sharks (Pty) Ltd.'s third largest revenue stream, behind broadcasting rights and sponsorship. This revenue has declined since 2013 due to various factors, including among others, changes in corporate governance which prevent companies from entertaining clients, albeit that this applies primarily to financial services companies. In the current economic environment, with company restructuring and job losses, businesses are finding it difficult to justify spending money on suites while cutting costs in their organisation. Suite revenue has declined from R 34.8 million in 2013 to R 30.2 million in 2016. This steady decline is partly due to the tough economic environment, but is also a reflection on the demand for suites at live rugby events (Coetzee, 2016).

Season tickets

Season ticket holders represent the fourth largest revenue stream for The Sharks. A tough economic environment and dwindling stadium attendances have led to a large decline in this revenue stream in recent years. Season ticket numbers reached a peak in 2009, when 19 280 season tickets were sold. In 2016, just 9 634 were sold, including an All Blacks test match that would have positively influenced sales. If it were not for this confirmed test match, scheduled to be played at Jonssons Kings Park and included in the season ticket, the decline in season tickets would have been more severe. It is certain that far less than 9 634 season tickets would have been sold in 2016 (Coetzee, 2016).

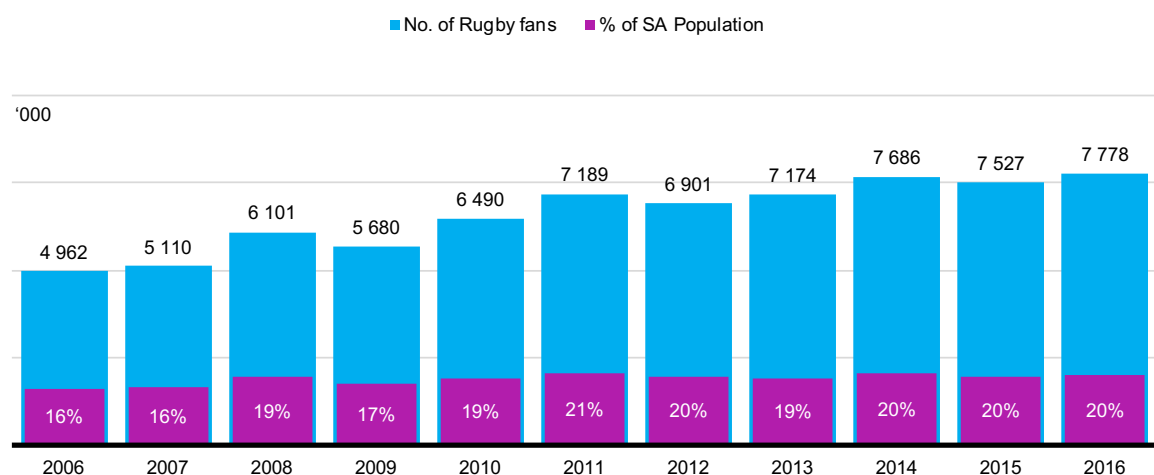
The example above of a decline in match-day related revenue is confirmed by a 2014 study done by Gerhard Steyn, the financial controller at SuperSport. His findings were that the average attendances for the Currie Cup competition between 2009 and 2013 show a more significant decline compared to Super Rugby during the same period. Super Rugby annual average attendance showed a decline of 4.8% YoY between 2009 and 2013. Currie Cup attendance numbers showed a worrying decline of 15.0% YoY during the period 2010 to 2014 (G. Steyn, 2014).

This phenomenon does not only affect rugby in South Africa. CSA, identifying commercial risks which affect the sustainability of cricket in South Africa, lists the low and declining stadium attendances as a serious commercial risk. In their 2017 Annual Report, CSA notes that challenges were experienced in stadium attendance for domestic competitions (Cricket South Africa, 2017). CSA alludes to the fact that changes in consumer and fan behaviour have put strain on the leisure time available to view and attend cricket games, and been directly responsible for the decline in stadium attendances. This has directly impacted CSA's revenue (Repucom, 2016).

It is important to determine whether the decline in stadium attendance is due to the sport losing popularity, or if the reason for the decline in live sport attendance is due to other external factors.

Rugby grew in popularity during 2015 by 16.8 million fans globally. Similarly, the establishment of T20 leagues in Pakistan, India and Australia lead to a renewed and increased interest in cricket (Nielsen Sports, 2016a). As discussed in Chapter 5, in South Africa 7 778 000 respondents (in 2016) described themselves as rugby fans, which equates to 20% of the total population over 15. Over a period of 10 years the level of interest in rugby has increased by 4 percentage points from 16% in 2006 to 20% in 2016. The total population of South Africa over 15 increased by 29% over this period, while the number of respondents describing themselves as rugby fans increased by 57%, or 2.82 m (Nielsen Sports, 2018). This is illustrated in Figure 34 below.

Figure 34: Increase in number of rugby fans in South Africa 2006–2016



Source: Nielsen Sports, 2018

Cricket shows a different profile to rugby. In 2016, 6 890 000 of all respondents described themselves as cricket fans, which equates to 18% of the total population over 15. Over a period of 14 years the level of interest in cricket has decreased by 2 percentage points from 20% in 2002

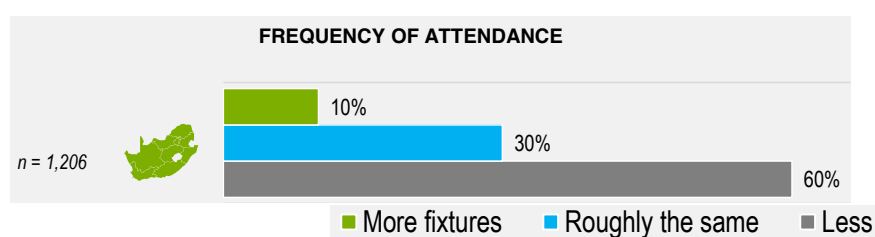
to 18% in 2016. However, the total population over 15 increased by 30% over this period, so while the popularity of cricket has declined when expressed as a percentage of the South African population over 15, the number of respondents describing themselves as cricket fans increased by 14% (or 865 000 respondents) (Nielsen Sports, 2017a).

The decline in stadium attendance does not appear to be purely a South African phenomenon. Sky Sports announced in 2016 that over the previous five seasons they had seen a decline in Champions League audiences of 38%. Bernie Ecclestone announced that in 2016, Formula 1 audiences worldwide fell by 5.6% (Repucom, 2016). The very popular National Rugby League (NRL) in Australia released their attendance figures for 2013 to 2015 and the numbers show a slight decline from 3 345 000 in 2013 to 3 247 000 in 2015 (Repucom, 2016).

6.6.2 Understanding declining stadium attendances

Interest in rugby and cricket has grown globally as well as locally. The question arises then, why are fans not coming to live fixtures? A Sponsorlink study done in 2015 proves that stadium attendance shows no signs of stemming its decline, as illustrated in Figure 35. (Repucom, 2015b). A survey of people attending matches in a stadium were asked whether they were attending more, the same number, or less such events compared to the previous year. 60% of respondents replied that they were attending less.

Figure 35: Stadium attendance



Source: Repucom, 2015b

A further study conducted in 2016 investigated the reasons for the non-attendance of live sporting events at stadiums. Participants were asked to rate the extent to which they agreed or disagreed with each of the statements on the questionnaire on whether they influenced the respondents' decision to watch a live sporting event at a stadium. The top ten responses were ranked by a mean score out of 5. The top four factors which influence stadium attendance revolve around the

respondents' teams players and performance, and the status of the event or competition, as illustrated in Figure 36 on the next page (Nielsen Sports, 2016b).

It is clear that the rights holders have an influence on the fans' decisions whether or not they will be attending the event, and the four top ranked scores are all within the organisers' control, whether directly or indirectly. It is therefore very important for professional sports teams to treat their fans extremely well, ensure a great stadium experience – and win on the field.

Figure 36: Factors influencing attendance of live sporting events at stadiums



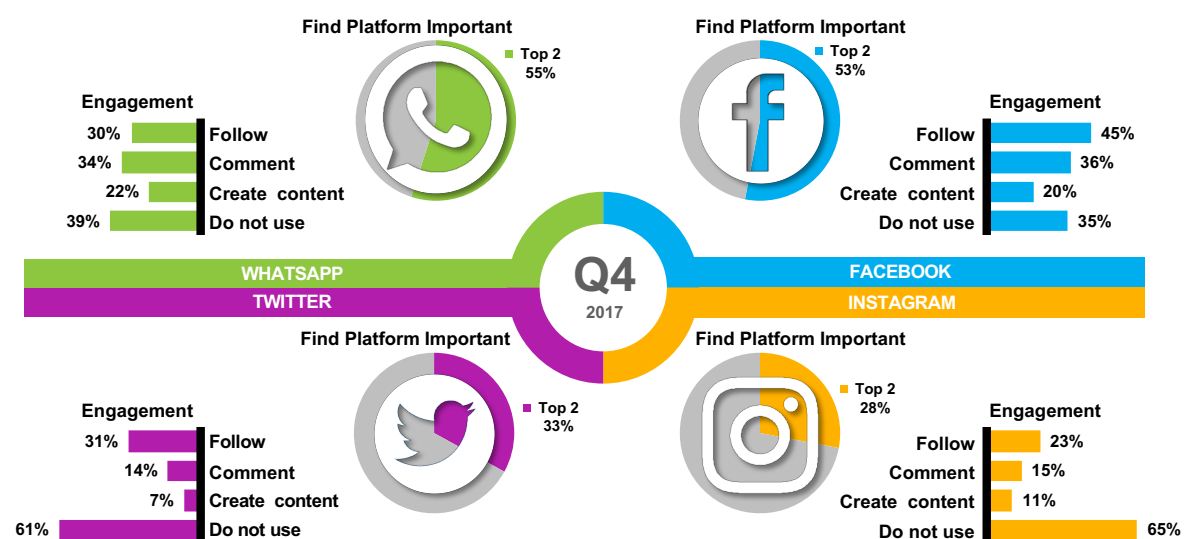
Source: Nielsen Sports, 2016b

It has also been shown that there are some elements or trends in the external environment that influence fans' attendance or non-attendance which the organisers cannot control. The better a sporting organisation understands these trends, the easier it will be to adapt or create a new strategy that will allow the organisation to ensure that it keeps up with the ever-changing consumer environment. In a global trends study done by Repucom Sports Research in 2016, it was shown that audience attention is being diluted because people are intensely interested in fewer things. The study showed a 15% decline between 2008 and 2014 in the number of categories which people are 'very interested' in. However, the same study shows an 8% increase in the number of categories that people are 'slightly interested' in. Therefore Repucom claims that the consumers' intensity of interest is less, but the number of interests is greater, which results in pressure on viewership and attendance for many sports (Repucom, 2016).

While audience attention is changing, some less traditional sports, like T20 cricket and rugby sevens, have enjoyed huge success in the last decade and seen exponential growth in some areas. Shorter game times and shorter seasons seem to be a recipe for success. The Australian Big Bash cricket league was launched in 2011 and was played over two summer months (December and January) in Australia. By 2015 the league was in the top ten most attended sports leagues in the world, with an average attendance of 28 279 spectators per match (Repucom, 2016). The Cape Town leg of the HSBC World Rugby Sevens Series is another success story of an event where a shorter format of a sport, in a tournament played over two days, sells out. The first day of the Cape Town Sevens attracted 53 946 people and on the second day 54 995 came to the ground. The tickets sold out in record time earlier in the year as the event grew in popularity. The average time spent watching live sport has reduced, with fans watching more sport, but for shorter periods of time (Nielsen Sports, 2017c). Both T20 cricket and Sevens rugby tap into this trend.

All the above facts point to a fast changing environment where consumers ‘consume’ sports differently to the way they did ten years ago. In addition, the way teams communicated to fans ten or twenty years ago through print, radio and television has changed extensively. Social media have brought about a revolution in fan communication and fan engagement. Figure 37 below shows the results of a survey on the four most popular social media platforms amongst sports fans in South Africa.

Figure 37: Social media platforms used by sports fans in South Africa



Source: Nielsen Sports, 2017b

As can be seen in Figure 37, the four biggest social media platforms for fans in South Africa are WhatsApp at 55% fan engagement, Facebook at 53%, Twitter at 33% and Instagram at 28%. (Nielsen Sports, 2017b). Facebook (used by 92% of major brands in South Africa) and Instagram

not only provide teams with an entry point, through which they can influence fans and win their trust, but also offer retention, upsell, and cross-sell opportunities for sporting teams with their fans (Wronski & Goldstuck, 2016).

WhatsApp is the most important media platform for following lifestyle events amongst Sponsorlink respondents. Fans engage supporter platforms in various ways using digital media. For purely following, Facebook, Instagram, and to a lesser extent, Twitter are popular. When fans want to create a conversation or share content, they use WhatsApp and Facebook. It is clear that each social media platform has a unique role to play in an organisation's communication and fan engagement strategy (Nielsen Sports, 2017b).





Figure 38 shows the top five South African sporting bodies on Twitter, and Figure 39 shows the top five South African sporting bodies on Facebook, in terms of numbers of followers.

Figure 38: The top five South African sporting bodies on Twitter

Top 1-5		
	Twitter Account	Followers
1. 	Kaizer Chiefs @Kaizer_Chiefs	405K
2. 	Cricket South Africa @OfficialCSA	398K
3. 	Orlando Pirates FC @Orlando_Pirates	271K
4. 	South Africa Rugby @BokRugby	247K
5. 	Official PSL @OfficialPSL	214K

Source: Nielsen Sports, 2017b

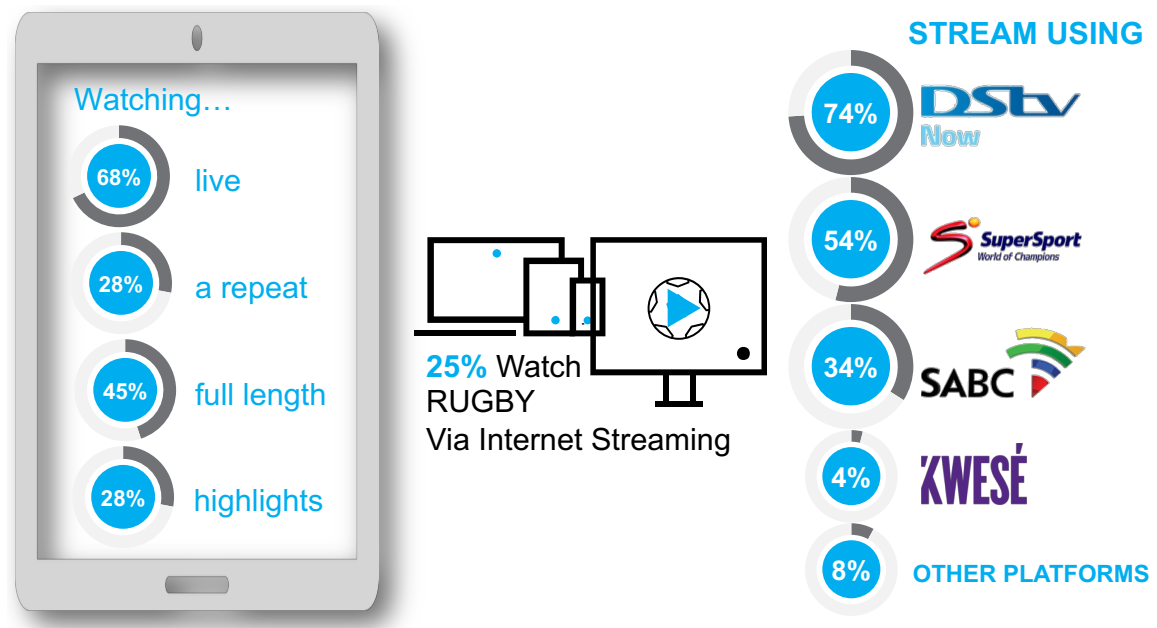
Figure 39: The top five South African sporting bodies on Facebook

	Facebook Page	Likes
1. 	Cricket South Africa	2,2m
2. 	Kaizer Chiefs	2m
3. 	Springboks	1m
4. 	Orlando Pirates FC	518K
5. 	Cell C Sharks	452K

Source: Nielsen Sports, 2017b

Figures 38 and 39 show the following of the most popular South African sports bodies on both Twitter and Facebook. The power of social media to communicate with fans is extremely important for any team. South African sporting teams put a lot of resources into their social media platforms, in order to engage with, and provide unique content for, their fans. It is interesting to note that on both Twitter and Facebook, football teams Kaizer Chiefs and Orlando Pirates have more followers than the PSL, who manages the leagues both these teams play in.

Figure 40: Changes in consumer behaviour



Source: Nielsen Sports, 2017b

Figure 40 shows the way that consumer viewing behaviour has changed and how more and more fans are watching rugby matches in South Africa through live streaming. The reality is that in ten years from now, the way people consume sports will have evolved even further and sports teams and rights holders will have to change with the times. This research points to the fact that the decline in stadium attendance does not necessarily correlate with a decline in interest in a specific sport. The way that the fan environment, and means of communication, have evolved has affected the sporting 'product', and the way that the fans consumes the product. The reality of stadium attendances is that a strong winning team, along with a good competition structure, will still attract fans to the stadium. However, the duration of the sporting event, and the way that fans engage with their team through social media and internet streaming, are part of an ever-evolving landscape. Rights holders and teams need to evolve with these innovations in order to stay relevant to their fans.

6.7 Conclusion

Declining attendances at live rugby and cricket matches, and player drain, pose huge risks to the current commercial model of sport in South Africa. Broadcasting rights have become, along with sponsorship, the most important revenue stream for both these sports. Loss of this revenue would have a damaging impact on professional rugby and cricket. The challenge is to create a business model that provides a sustainable financial future for sport in South Africa, not only ensuring growth with regard to the professional side of sport, but also ensuring that the model will be able to fund development and transformation of sport in a sustainable way in South Africa.

A proposed solution to provide funding for development and transformation is to set up a structure that allows a sporting franchise to become a partner with a vendor who can provide the partner with the right to claim B-BBEE points in return for his spend with the sporting entity. The framework of B-BBEE legislation was described in this chapter, as background for the solution proposed for a rugby franchise in the next chapter.

Both cricket and rugby have achieved the set targets for transformation in terms of participation at national level, but not at professional and other levels. The demographics of both rugby and cricket fans do not reflect the overall demographics of South Africa's population, and transformation is also required here.

One of the main factors preventing transformation of supporters was found to be the limited access that the majority of South Africans have to watch cricket and rugby on TV. The rights to broadcast rugby and cricket have been sold to the DSTV sports broadcaster, SuperSport. While the national teams' matches are also broadcast on SABC, all remaining live rugby and cricket matches are shown exclusively on SuperSport, on its expensive Premium package channels. The nature of cricket, the length of cricket matches and the number of matches the national team plays on average during an international season, resulted in the exposure of cricket on the combined SABC and SuperSport platforms being substantially higher than that of rugby.

The big challenge for rugby, and to slightly lesser extent cricket, is to increase the reach and exposure to more households, in order to grow the game amongst people who are not currently fans. Exposing new markets to rugby and cricket through FTA broadcasting on SABC should be considered a potential strategy to transform the fan demographic of rugby especially, but also of cricket, and ensure that the spectator bases of these two sports reflect the demographic make-up of the country.

Chapter 7: Proposed Business Plan for a Rugby Franchise

7.1 Background: The Sharks

The researcher is currently employed at The Sharks (Pty) Ltd, a top level rugby franchise in South Africa. It made sense to use The Sharks as a case study to provide practical examples of how to apply B-BBEE principles and structures to secure funding for the development of sport in South Africa. This chapter uses the concepts of B-BBEE funding set out in section 6.2.2, in particular the two elements of Enterprise and Supplier Development, and Socio-Economic Development, and proposes the formation of two new entities to enable the funding.

According to the SARU constitution, all member unions and franchises are obliged to have their amateur structure as a minimum 26% shareholder in the commercial company. Previously this was a minimum of 51%, but with the goal of attracting private equity investors to South African franchise rugby, the figure was reduced to 26%.

The Sharks (Pty) Ltd, currently has two shareholders: the KwaZulu-Natal Rugby Union (KZNRU) at 51%, and SuperSport at 49%. KZNRU is the majority shareholder and the governing body for amateur rugby in KwaZulu-Natal. It presides over schools, club and development rugby in the province. All rugby-playing schools and clubs need to be affiliated to the organisation. The KZNRU is a non-profit organisation (NPO) and has no commercial value, although it is a level 2 contributor to B-BBEE. To remain a going concern, the KZNRU relies mainly on funds from The Sharks (Pty) Ltd, as well as government grants and sponsorships. The KZNRU is affiliated to SARU and, along with the other 13 provincial unions, make up the president's council and govern rugby in South Africa (SARU, 2016).

Both KZNRU (51% stakeholder) and SuperSport (49% stakeholder) are level 2 BEE accredited companies. Over the last few years The Sharks have placed particular emphasis on the acquirement of a BEE rating. This is an on-going process and many boxes have been ticked to date. While there is still work to be done on some levels, the commitment to become fully compliant remains unwavering.

To this end, The Sharks have implemented a new procurement policy, which requires dealing with a majority of suppliers who are BEE compliant. In terms of Skills Development, the up-skilling of previously disadvantaged staff, in particular women, remains a priority. The Sharks

also spend on average around R1.6 million a year on bursaries for disadvantaged students to attend The Sharks Academy. Almost 50% of the recipients are black students.

Staff Management has been addressed with the appointment of a black General Manager to top-tier management. To add to this, there are six black middle managers within the organisation, of which two are women.

The KwaZulu-Natal Rugby Union (Amateur Division)

KZNRU owns 51% of The Sharks. Between 50% and 74% of their annual spend is focused on issues concerning the previously disadvantaged, in the following key areas:

- The employment of previously disadvantaged staff to work throughout the region on the various development programmes, and upskilling and training these staff members in the different areas of expertise to allow them to use their knowledge, to not only empower themselves, but also their communities.
- Grassroots development occurs in six regions throughout KZN, with the core emphasis of introducing rugby to previously disadvantaged communities. The programme also encourages the youth to choose sport and to learn the key values associated with sport from an early age, that will hold them in good stead for life.
- In the High Performance Programme, players who show potential are selected from the various development communities, and provided with opportunities through the arrangement of fixtures against top school teams, in order for them to be given the platform to obtain selection for the Craven and Youth weeks (U13, U16, and U18).
- The Women's Rugby programme seeks to: give women equal opportunities in the sport; provide them with the necessary training and infrastructure; administer their participation in tournaments to provide them with opportunities to push for higher honours within the Women's Rugby structures in our country.

7.2 Proposed Structures

The following two proposals are examples of the type of partnership envisaged.

7.2.1 Proposal 1: Enterprise and Supplier Development

ABC Company (in the ICT sector) is looking to partner with a vendor who can provide assistance with the development of Supplier and Enterprises in order to claim B-BBEE points.

The Enterprise and Supplier Development scorecard of the amended ICT sector code is shown in Table 19 below, and the relevant points are highlighted:

Table 19: Enterprise and Supplier Development scorecard of amended ICT sector code

Criteria	Weighting points	Compliance Targets
Preferential Procurement		
B-BBEE Procurement Spend from all Empowering Suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	5	80%
B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	3	15%
B-BBEE Procurement Spend from Exempted Micro-Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	4	15%
B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% Black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	9	40%
B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% Black Women owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	4	12%
Bonus points - B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% Black Owned.	2	2%
Supplier Development		
Annual value of all Supplier [or Partner or Vendor] Development Contributions made by the Measured Entity as a percentage of the target.	10	2% of NPAT
Enterprise Development		
Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target for Black Owned ICT Entities	15	3% of NPAT
Bonus Points - Bonus point for graduation of one or more Enterprise Development beneficiaries to Supplier Development Level.	1	
Bonus Points - Bonus point for creating new jobs up to 10% of the workforce directly as a result of Supplier Development and Enterprise Development initiatives by the Measured Entity; OR	1	
Bonus Points - Bonus point for creating new jobs 11% or more of the workforce directly as a result of Supplier Development and Enterprise Development initiatives by the Measured Entity	2	
Total	50 excluding bonus	

Source: Own Research

The assistance needed for *ABC Company* to claim B-BBEE points is summarised in Table 20:

Table 20: Assistance required to enable *ABC Company* to claim B-BBEE points (points in parentheses).

Status	Points Available	Rating Period Applicable	Level 7		Level 6	
Enterprise and Supplier Development						
Supplier Development	10	12-month period	(4)	R 4 800 000	(10)	R 11 800 000
Enterprise Development	15 (plus 3 bonus)	12-month period	(6)	R 7 000 000	(15)	R 17 700 000

Source: Own Research

The proposal is based upon Level 7, i.e. spend recognised for B-BBEE purposes of R 11 800 000 (R 4 800 000 for Supplier Development and R 7 000 000 for Enterprise Development).

- These amounts are for use on the *ABC Company* 2018 B-BBEE scorecard.
- *ABC Company* requires that these amounts must be insured and guaranteed to be paid back to *ABC Company*.
- *ABC Company* will benefit if payments are made and recorded as loans in the books of *ABC Company* and the service provider.
- Maximum benefits will accrue if these payments are made as interest-free loans. The codes allow 70% recognition of the closing balance of the loan as contributions to Supplier Development and Enterprise Development.
- Making these payments in the form of a loan has the following benefits to *ABC Company*:
 - 70% of the closing balance of the interest free loan is recognisable for either Supplier or Enterprise Development annually;
 - *ABC Company* will only have to ‘top up’ the loan to ensure that the annual Net Profit after Tax (NPT) target is achieved;
 - *ABC Company* will not have make annual payments of the Net Profit after Tax target;
 - The payment is a Balance Sheet item and has no impact on Profit and Loss.
- The payments required for this proposal are summarised in Table 21 below:

Table 21: Payments required for spend to claim B-BBEE points

Element	Spend Required	Recognition per Benefit Factor Matrix	Payment to be Made
Supplier Development	R 4 800 000	70%	R 6 857 143
Enterprise Development	R 7 000 000	70%	R 10 000 000
Total	R 11 800 000	70%	R 16 857 143

Source: Own Research

The Sharks Pty (Ltd) proposes the following:

- The formation of a new company, '*ABC Company*', which will be 100% black-owned by South African citizens.
- The Sharks will pay the costs of formation of this entity.
- This company will perform Marketing and Public Relations activities for black players only. These services will include Marketing and PR services offered to *ABC Company* in marketing these black players as part of the sponsorship deals between *ABC Company* and the Sharks.
- As it is a start-up company which is 100% black-owned, a Level 1 contributor to B-BBEE, it will qualify to be an Enterprise and Supplier Development Beneficiary of *ABC Company*.
- It will continue to qualify as an Enterprise and Supplier Development Beneficiary of *ABC Company* for as long as black ownership remains at 51% or higher levels and annual sales are below R50 million.
- The Sharks undertake to ensure that black ownership is always above 51%.
- *ABC Company* funds the initial start-up of the company with a loan of R10 million. This loan will be interest free and will have no fixed terms of repayment. *ABC Company* will be able to claim R 7 000 000 as an Enterprise Development loan. A portion of these proceeds will be used to insure the loan, so that *ABC Company* has a guarantee that the loan will be repaid.
- *ABC Company* funds the operations of the company with a loan of R 6 857 143. Once again, this loan will be interest free and will have no fixed terms of repayment. At the same time Newco and *ABC Company* will sign an agreement whereby *ABC Company* undertakes to use Newco's services to market and perform PRO services for black Sharks players in terms of the *ABC Company* sponsorship of the Sharks. Newco then becomes a supplier to *ABC Company*, who will be able to claim R 4 800 000 as a Supplier Development loan. A portion of these proceeds will be used to insure the loan, so *ABC Company* has a guarantee that the loan will be repaid.

7.2.2 Proposal 2: Socio-Economic Development

The Sharks (Pty Ltd) owns a 100% share in a registered training academy currently trading as The Sharks Academy, which has on average between 200 and 250 students, with 75% of these students African or Coloured.

The Sharks will form an *Education Trust (EDUTRUST)* that will be used in the structure. The *EDUTRUST (or Trust)* would offer donors an opportunity to become involved in the upliftment of previously disadvantaged students. Donations would primarily provide education to previously disadvantaged black South African children, would also support black teacher interns/mentors/facilitators and, in certain selected cases, provide short-term financial assistance to existing scholars. The *Trust* will be a well-managed, controlled and audited conduit for investment in education.

An investment, made by donors to the *Trust*, entitles businesses to: a tax deduction and B-BBEE points in Socio-Economic Development (SED) and Skills Development, and the possibility of Enterprise Development (ED) investment.

An accredited *Training Academy* will allow for funds to be paid (for black South African students) from the *EDUTRUST* (which in turn will allow for a Training Spend on the donors B-BBEE scorecard instead of SED spend. The *Training Academy* is also in place to allow for accredited Skills Education Training Authority (SETA) training, not just for rugby students and players, but for all employees within the various structures, which would then allow the current structure to utilise the future B-BBEE spend for skills purposes.

The *EDUTRUST* can be put in place to allow for funds to be donated. These funds can then be utilised for payment of bursaries for black South African players in the Sharks Academy. The bursary (over a period of time of 1 to 3 years) must be formalised as an internship to allow for full value (for Skills/Training purposes) for the company donating the funds to the *EDUTRUST*.

The *EDUTRUST* must have a beneficiary status of 75% black South Africans, and can also be used for SED purposes for companies wanting to donate to a Trust that has a beneficiary status of 75%. Companies can allow for both SED and Skills Development points. However, payments to the *EDUTRUST* must be done separately, so as not to cause confusion when tracking the payments (by a verifier) of the donating company. All the above processes must be documented and formalised for each of the players obtaining a bursary, so as to allow for easy tracking of payments to *EDUTRUST*, then from *EDUTRUST* to the Sharks Training Academy. A maximum

of 15% of the original amount donated can be used for administration costs. The bursary (for internship) can include salary, training, facilitation, accommodation, travel, equipment, etc.

The above solution will work best for companies whose codes are Generic, but it is extremely important that the process is documented very carefully, because these processes and paperwork are tested and interrogated during the verification process to ensure validity and transparency of the structure. To ensure validity and correctness of the proposed solutions the solutions presented above were done in consultation with Paul Cobbald and David Masterton from Nolands Advisory Services (Cobbald and Masterton, 2018).

Disclaimer

The proposal put forward in this chapter is premised on existing legislation affecting sport in South Africa, and the quotas which apply to rugby in particular. It also assumes the existing framework of B-BBEE legislation. Should the legislation be repealed, or these quotas and/or B-BBEE codes and scores cease to be enforced, the proposal may no longer be applicable.

7.3 Conclusion

In this chapter The Sharks, a top-level rugby franchise, was used as a case study to provide practical examples of how to apply B-BBEE principles and structures to secure funding for the development of sport in South Africa. Over the last few years The Sharks have placed particular emphasis on the acquirement of a BEE rating. The proposal uses the concepts of B-BBEE funding set out in section 6.2.2, in particular the two elements of Enterprise and Supplier Development, and Socio-Economic Development, and proposes the formation of two new entities to enable the funding.

The first proposal is for a new company, 'ABC Company', which will be 100% black-owned by South African citizens. The Sharks will pay the costs of formation of this company, which will perform Marketing and Public Relations activities for black players only. The detailed proposal shows the spend required in order to obtain payments at Level 7 in terms of current B-BBEE legislation.

The Sharks own a 100% share in a registered training academy, currently trading as The Sharks Academy. The second proposal is that The Sharks will form an Education Trust (EDUTRUST)

that will be used in the structure. The EDUTRUST would offer donors an opportunity to become involved in the upliftment of previously disadvantaged students. An investment, made by donors to the Trust, entitles businesses to: a tax deduction and B-BBEE points in Socio-Economic Development (SED) and Skills Development, and the possibility of Enterprise Development (ED) investment.

It is extremely important that the above processes are documented very carefully, because these processes and paperwork are tested and interrogated during the verification process to ensure validity and transparency of the structure.

Chapter 8: Discussion, Conclusions and Recommendations

The final chapter is structured as follows: *firstly*, a conclusion of the formulation of the research problem and research objectives; *secondly*, conclusions of the research design and methodology used in the study; *thirdly*, discussions of the main conclusions and recommendations of the study in terms of the research objectives; and *fourthly*, discussion of general findings made in the study. *Finally*, comments are given on the study's limitations; its contribution; as well as recommendations for further research.

8.1 Research Problem and Research Objectives

The background to the formulation of the research problem refers to the challenges facing South African sport and highlights the important role that sport plays in South Africa. In addition to South African sport having to compete internationally and striving to be the best on the very competitive world stage, within South Africa sport faces several challenges. It has to fight for systemic change in the structures governing sporting federations in the country; it has to break the negative stigma attached to rugby and cricket due to the legacy of apartheid; and it has to transform these sports, for them to be considered inclusive sports, and to be embraced by all the demographic and cultural groups that make up the rainbow nation. The research problem includes identifying and formulating what the antecedents are that are preventing South African sport from being fully inclusive, and what the enabling factors are that will allow the sport to become fully inclusive in the South African context. The stated research problem not only guided the formulation of the research objectives, but also provided clear-cut direction throughout the research process on the study's overall aim, which is to provide a comparative analysis of inclusive business strategies for professional cricket and rugby in South Africa since 1994.

To narrow the focus, the three sports which achieved 80% of the following criteria were chosen to form the ambit of the study:

- Is the sport a team sport?
- Does the sport have an established professional league in South Africa and does it have strong commercial and revenue structures?
- Is the sport an international sport?
- Is the sport considered inclusive and transformed within the South African context?
- Is the sport popular in South Africa?

The three sports that met the above criteria, and therefore formed the focus of the study, are cricket, rugby and football.

In order to address the above-stated research problem, the following research objectives were formulated: firstly, define what an inclusive sport in the South African context will look like according to the requirements set out by government; secondly, explore why transformation in certain sporting codes is more successful than in others; thirdly, analyse the current commercial model of the individual sports; and fourthly, develop a new inclusive strategy for professional sport in South Africa.

In order to achieve the first objective (define what an inclusive sport in the South African context will look like according to the requirements set out by government), it was essential to understand the history of sport in South Africa and to deconstruct the events that led to rugby, cricket and football each having their own unique identity in the South African sporting landscape. Formulating a historical picture of the legacy of apartheid on professional sport in the South African democratic society was essential to provide the context for the remainder of the research.

8.2 Literature Review

The literature review provided the context and a point of departure for the study in four areas: firstly, the history of sport in South Africa; secondly, what constitutes inclusive sport in South Africa; thirdly, sport as a business; and fourthly, transformation of sport in South Africa. The existing literature available in the field of study was examined. Some gaps were highlighted and filled in through this research.

The historical review showed that the idea that blacks were not interested in rugby as a sport was a myth. The literature reveals a rich history of African and Coloured participation in rugby during the segregated era. The transition of sport from amateur to professional, and how this occurred in the different sporting codes, provided valuable insight into the current state of commercial sport in South Africa.

8.3 Research Design and Methodology

The research design and methodology applied in the study were considered in relation to the stated research objectives, and the following conclusions were drawn, providing justification and validation for the use of the methodology.

Validation of mixed-method approach

Against the sporting backdrop in South Africa the methodology used was correct, and the mixed-method approach that combined qualitative and quantitative data collection methods proved to be appropriate. The socio-economic factors that slowed down transformation in sport, along with the quantitative data needed to statistically show the progress in spectator and participation numbers, justified and endorsed the decision to apply the mixed-method approach as methodology.

Validation of using research companies' quantitative data

The large number of participants in the research study validated the decision to employ internationally renowned and accredited research companies, Nielsen Sports and BMI SportInfo, to conduct the quantitative data capturing. The panel data collected by Nielsen Sports added validity and reliability to the study through the data collection methods: BRC TAMS, DS-CAPI and CAWI, which provide accurate data on a national scale, with sample groups as large as 40 000 000 participants.

Validation of interview structure

The decision to conduct semi-structured interviews rather than formal questionnaires, proved to be the correct decision. Business leaders interviewed found the informal setting valuable. The researcher, as conductor of the interviews, can use feedback to ask follow-up questions and obtain more meaningful results. It was clear that more information was gained through the informal interview than would have been the case with a pre-formulated questionnaire. The validity of the interview was assured through recordings which were transcribed and referenced when needed.

8.4 Comparative Analysis of Selected Sporting Codes

In this section the first two of the four research objectives, which were set out in Chapter 1, will be discussed in detail, in relation to the research questions posed in Chapter 1, and answers drawn from the research. This is arranged as follows:

- Why sport in South Africa needs to be inclusive – section 8.4.1

- Transformation of different sporting codes in terms of participation – section 8.4.2
- Transformation of spectator bases and access or exposure to sport – section 8.4.3

8.4.1 Need for inclusive sport in South Africa

The term *inclusive* means the full and successful integration of diverse groups into a set organisation or structure. The apartheid regime had a specific impact on society and sport in this country, and in order to examine an inclusive sport, it was necessary to look at the divisive nature of sport during apartheid. The hypothesis is made that should South African sport be able to address the issues that divided it, they can find ways of creating an inclusive sporting landscape in the country that is sustainable and will become a reality.

Football

An analysis of the history of the three selected sports in South Africa shows that football differs from rugby and cricket due to the fact that football created a cultural ethos that helped build black communities under the pressures of segregation and then apartheid. It is this cultural ethos that established football as the number one sport amongst the black population of South Africa (Alegi, 2004). However, it is interesting and extremely important for this study to note that football amongst whites was more significant and popular than generally acknowledged, and that the popularity of white football suffered during apartheid (Alegi & Bolsmann, 2010). Due to the demise of football amongst white South Africans, football developed as a sport generally supported by the country's black population, for whom the game's association with the working classes held major appeal.

In South Africa football is the sport with the highest level of interest, with 52% of the population interested in football. The EPG report published in 2016 points out the lack in transformation throughout sports in South Africa, with the exception of football, which achieved more than 50 percent of their targets in the period 2015-16, and again achieved the set targets in the following year (EPG Transformation Committee, 2017). The only criticism in the report was the slow rate of introducing football into private schools. The report further reported that football in South Africa successfully meets the requirements set out in the Transformation Charter for Sport (Department of Sport and Recreation, 2011). Given the demographic make-up of participants as well as of football fans in South Africa, the government has deemed football to be transformed and is considered inclusive in the South African context. 88% of all football fans in South Africa are black and according to BMI Sport Info, from 2007 to 2016 black participation in football has

seen an annual increase in participation of 4.2% YoY to a total of 2 800 000 South Africans actively participating in football by 2016 (BMI Sporttrack, 2016).

Rugby

After football, rugby is the second most popular sport in South Africa, with 20% of the population claiming that they are rugby fans. This translates to 7 778 000 South Africans interested in rugby. The popularity of rugby – fans as a percentage of the population – remained stable over the last decade at 20%. However there was a 57% increase in the actual number of respondents interested in rugby over the past 10 years, which is attributed to population growth in South Africa (Nielsen Sports, 2018).

The history of rugby in South Africa is very different from that of football, in that rugby was seen as predominantly a sport for white South Africans. The perception exists among certain white South Africans that rugby is a white sport, and that transformation is needed to introduce rugby to the black population of South Africa. However, the history of African and Coloured rugby in South Africa illustrates that other ethnic groups share a strong and important history of rugby union. This highlights the fact that transformation in rugby does not imply that rugby needs to be introduced into cultures that do not know about rugby. Rather, transformation should unite and reignite the passion that was doused during apartheid when black people were excluded from the white rugby community (Coetzee, 2016).

Participation statistics in rugby show a decline in levels of participation in the sport amongst white adults: in 2007 the number of adult white participants in rugby was noted at being 182 000, but it has decreased on average by 1.5% YoY to an estimated 159 000 participants by the end of 2016 (BMI Sporttrack, 2016). On the other hand, the number of black adult participants grew by 4.4% YoY on average, from 138 000 in 2007 to 203 000 in 2016. The first year that black participation in rugby exceeded white adult participation was in 2012, when 175 000 black adults played rugby compared to 174 000 white adults. This might be seen as remarkable, and even though the increase is a step in right direction, it has to be noted that black participation in rugby started from an extremely low base, and that blacks make up 78% of the South African population compared to 10% whites (Gwanzura, 2016). While whites make up only 10% of South Africa's population, 46% of all adult rugby fans in South Africa are white.

The perception that rugby is a whites only sport in South Africa, along with the slow rate of transformation in the sport, has been identified by SARU as the “number one critical risk to rugby in South Africa” (SARU, 2014a). SARU's Strategic Transformation Plan shows that in 2014, 16% of the Springbok team was ‘black African’. The plan sets a target of 60% ‘black African’

representation by 2019. The transformation plan not only aims to increase black representation at player level, but also aims to increase the numbers of black coaches and referees involved at provincial and national level to 50% by 2019 (SARU, 2014a). However, in the Transformation Status Overview, released by the EPG Transformation Committee in 2017, rugby only achieved 33% of the set Charter targets (EPG Transformation Committee, 2017).

Cricket

Cricket in South Africa shares a similar history to that of rugby, as historically both cricket and rugby were seen as predominantly whites-only sports. Like rugby, during apartheid, government means were used to promote and grow cricket amongst white South Africans (Desai, 2010). The actions of the apartheid government not only successfully established cricket as a white sport in South Africa, they also forced the black population to distance itself from cricket.

Cricket is the third most popular sport in South Africa in terms of participation. 18% of all South Africans show an interest in cricket. Compared to rugby, cricket has a slightly more diverse fan base, with 62% of fans being black compared to 56% of rugby fans. The participation statistics for cricket during the period 2007 to 2016 show that levels of participation in cricket remain relatively constant amongst white adults. The number of adult white participants in cricket was noted at being 139 000 in 2007. This had increased on average by only 0.5% YoY, to an estimated 145 000 participants by the end of 2016 (BMI Sporttrack, 2016). The number of black adults participants grew on average by 6.9% YoY – higher than rugby or football – from 124 000 in 2007 to 227 000 in 2016. The first year that black adult participation in cricket exceeded white adult participation was 2009, when 148 000 black adults played cricket compared to 137 000 whites. As with rugby, it should be noted that black participation in cricket started from an extremely low base, and that blacks make up 78% of the South African population compared to 10% whites (Gwanzura, 2016).

The 2015 EPG Report measured the evolution of sport in the various areas of transformation. Cricket underperformed on the EPG scorecards and this in effect led to the government banning cricket, along with rugby and three other sporting federations, from hosting major international sporting events, until the federations had made sufficient progress in transformation. This injected into federation leadership a greater sense of urgency for transformation. The action worked as the 2017 EPG report showed that cricket performed better: it now achieved 67% of the targets set out in the Transformation Charter in 2011 (EPG Transformation Committee, 2017). The main area where cricket still did not meet their transformation targets was in the area of female representatives throughout the sport, a problem shared with rugby.

Inclusive sport in South Africa

Sport is a highly pervasive institution of society and it tends to permeate the entire social fabric of a country. The importance of sport in South Africa is not hard to discern: the euphoria generated among all sections of the population was palpable during both the 1995 Rugby World Cup – when Nelson Mandela handed the trophy to South Africa – and the 2010 FIFA World Cup hosted in South Africa. The significance of sport and the potential it holds to promote unity and social cohesion in a country that was once divided by official policy is immeasurable. In order for sport in South Africa to be seen as fully inclusive, real change needs to happen. The notion of a sport being a divider, incapable of unity, needs to be removed by politicians who still use sport as a means to promote a populist political narrative. Sport in South Africa will be considered fully inclusive when political interference in sport is removed, and sport becomes the property of the rainbow nation, whether as supporters or participants. But political interference will only end – and rightly so – when sport as a whole has transformed, when sporting teams are racially representative of the South African population, when women enjoy the same facilities and opportunities as men, and when white and black South Africans will together celebrate the on-field victories of Bafana Bafana, the Springboks and the Proteas as proud South Africans.

8.4.2 Comparison of the success of transformation in football, rugby and cricket

“Transformation is an ongoing process and not an event. It is a journey of lifetime and a journey that requires us to speak the same language of respect, self-respect, tolerance, diversity, equity and fairness. Transformation is the bed-rock of social engagement, social cohesion, public discourse, agreeing to disagree, but not to lose focus of who we are as a Nation and as people of the African Continent, imbued with the spirit of Ubuntu/Botho/Humaneness. Transformation is about laying to rest the ghosts of the past which had plagued South Africa for too long. Such ghosts are Racism, Discrimination, Ethnicity, Tribalism, Intolerance, Sexism, Superiority Complex, Being Judgemental, Corporate Bullying and regarding one’s own views as being superior to those of other people. Transformation is about bringing about radical changes to current structural systems for the betterment of an Institution and thereby building and promoting a culture of mutual respect, trust, co-operation, tolerance and humaneness. Transformation is also about the promotion of moral, ethical values and this enhancement of moral regeneration.” Kirsten Nematandani, SAFA president 2010 (Nematandani, 2010, p.3).

South African society in general, and sport in particular, has come a long way since the release of Nelson Mandela in 1992. Who would have thought then that Nelson Mandela himself would rally behind the Springboks – considered by many to be the embodiment of racism in South

African – and become an emblem for the South African rugby team? Who would have thought that South Africans – black and white – would give such frenzied support to a team that was once seen to divide the nation (Boshoff, 1997). Transformation in South Africa is as much an issue of fixing the wrongs of the past, as it is a way of ensuring the longevity of professional sport in South Africa.

The three sports that formed part of this study, football, rugby and cricket all have different realities in terms of transformation. In 2016 Minister of Sport, Fikile Mbalula stated publicly that football was fully transformed, and then proceeded to ban rugby and cricket from hosting international sporting events due to the lack of transformation in these two sports (Ngoepe, 2016). Transformation has various layers to it: *participation* transformation, where the racial make-up of sporting teams need to reflect the population of South Africa, and *spectator* transformation. This is where previously marginalised groups and races ‘transform’ into supporters and fans of rugby and cricket, which is extremely important for the image of the sport nationally and internationally. Spectator transformation is also essential for the commercial growth of the sports, and with blacks accounting for 78% of the South African population, compared to 10% whites, it is important to grow cricket and rugby amongst black South Africans and increase the black South African following of these sports to ensure their commercial growth. *Gender* participation also needs transformation within South African sport, as women make up 52% of the country’s population, but only account for the respective participation levels of 5% in rugby, 8% in cricket and 15% in football (BMI Sporttrack, 2017).

Participation transformation: cricket

The part of transformation that comes under most scrutiny is the on-field transformation of teams representing South Africa, or playing provincial representative matches. Due to the high-profile nature of rugby and cricket in South Africa, as well as the relative on-field success of the national teams, it happens more often than not that, when the transformation numbers of a team do not meet the agreed target, government intervenes.

CSA’s stated that transformation was not adequately addressed before 2013, whereafter the organisation shifted its focus to a more aggressive and bottom-up approach to transformation. Empowering and resourcing the cricket pipeline has ensured that transformation occurs as an ongoing process (Cricket South Africa, 2016). The EPG process and the government ban on hosting of international sporting events due to the slow rate of transformation, gave CSA an opportunity to scrutinise its programmes. CSA identified the fact that not enough was being done to source players from clubs and historically disadvantaged communities and schools, and consequently there is a drive to revive club cricket in the country. CSA further states that the

success of a federation requires government support and CSA continues to engage with the Sports Minister for additional funding for cricket development in disadvantaged areas. In the case of school and club cricket, poor sporting facilities inhibit participation in poorer communities and CSA is looking toward provincial and municipal support within specific areas to assist with developing the facilities. The improvement of CSA's transformation strategies were noticed in 2017 with the Sports Minister's stating that CSA is well on track with its transformation plans, and he lifted the ban on CSA hosting major international events (Cricket South Africa, 2017)

During 2017, 12 of the 21 players in the national contract squad were black players, of which four (19%) were African players. Furthermore, through the CSA Development Hubs and the Regional Performance Centres (RPC) programme, CSA aims to continue to develop young black talent and claimed that 138 talented individuals were selected to play in the national provincial age group weeks after being spotted at the CSA Hubs. The Proteas have also achieved the 50% target set out for them by the national men's team exceeded its on-field targets, new black heroes like Kagiso Rabada, Andile Phelukwayo and Lungi Ngidi joining the likes of Hashim Amla, Imran Tahir, JP Duminy, Vernon Philander, Tabraiz Shamsi and Temba Bavuma to represent the national team with distinction. The concern of pessimistic naysayers, predicting that the fast-tracking of players of colour into the national team would negatively affect results has been proven wrong. During the 2017 season, the Proteas ranked second in the world for 5-day test matches, second in ODIs and 4th in T20Is (Cricket South Africa, 2017).

Participation transformation: rugby

Rugby finds it harder to have constant on-field transformation when compared to cricket. The biggest risk to professional rugby in South Africa is the risk of non-transformation; the negative impact government sanctions would have on the sport would be hard to overcome. It would also have a negative impact on sponsorship revenue, because companies would choose a different sport, rather than take on the reputational risk of association with a non-transformed sporting federation.

SARU identified the need to transform rugby and in 2014 the Union launched a strategic transformation plan entitled 'Delivering rugby's future'. The mission statement accompanying this plan stated that it was developed to assist in "Providing strategic leadership and standards of excellence to make South Africa the best rugby nation in the world" (SARU, 2014b). As already noted, the slow rate of transformation at professional and national level came to a head in 2016 when the Minister revoked the privileges of SARU to host and bid for major international tournaments as a consequence of not meeting their own transformation targets (Ngoepe, 2016).

Following the threats from government, SARU increased the pressure on the provinces and other representative teams which ultimately feed the national team. This produced encouraging results as the Springboks, Junior Springboks, Springbok Sevens and SA Under-18 teams met the prescribed transformation requirements in 2017. Black representation in the U16 and U18 national elite squads was at 61% and 48% respectively. The U15 Iqhawe Week tournament comprised 90% black players, and the second tier provincial tournament, the Currie Cup First Division, and SARU U20 Championship also achieved their respective targets.

However, Vodacom Super Rugby, the SARU U19 and U21 Championships, and the Currie Cup Premier Division remain under-achieving in terms of the set transformation targets. The non-transformation of these teams in the past has proven problematic as all the matches of both these competitions are broadcast live, where the lack of transformation can be seen on live TV. Both Super Rugby and the Currie Cup serve as feeder competitions to the national team. The transformation non-compliance of certain provincial teams has led to SARU being threatened with punitive measures should this not be rectified, and SARU has suggested that it will make the allocation of broadcasting rights subject to a union achieving their on-field transformation targets.

The data and performance of on-field participation for both cricket and rugby shows that transformation within the two sports has been relatively successful. The questions remain: will this be sustainable, and when will government be satisfied that sport in South Africa has been sufficiently transformed?

8.4.3 Spectator transformation

The fan dynamic of both rugby and cricket in South Africa does not reflect the demographic of the country's population. The number of adults (over 15 years of age) claiming to be rugby fans is 7 778 000, or 20% of the population. Likewise the number saying that they are cricket fans is 7 162 000, or 18% of the population (Nielsen Sports, 2018). By comparison, the number of adults claiming to be football fans is 20 668 000, or 52% of the total population.

As noted earlier, it is important that sport is transformed on the field with representative teams. But equally important is the transformation of sport off the field, from a fan or spectator perspective. The total population of South Africa is 78% black, with only 10% white. However the majority of rugby and cricket fans are white, with 46% of white South Africans describing themselves as rugby fans, while 33% of the white population are cricket fans. Both rugby and cricket only have 14% of the black population as fans. Between 2012 and 2016 the number of

black rugby spectators has increased by 3% per year on average over the 5 year period, from 4 017 000 in 2012 to 4 521 000 in 2016. During the same period the number of black cricket spectators has decreased by 2.9% per year on average over the 5 year period, from 4 507 000 in 2012 to 4 007 000 in 2016. It is interesting that Indians make up only 2% of South Africa's population, but 38% of Indians describe themselves as cricket fans, the highest amongst all the demographic groups in South Africa (Nielsen Sports, 2018).

The above statistics prove that there is huge potential for both rugby and cricket to grow their following amongst black South Africans. When compared to Bafana Bafana, the success of both the Proteas and the Springboks should make it relatively easy for both rugby and cricket to convert more black South Africans into rugby and cricket fans, and the likes of high profile black stars like Siya Kolisi, Tendai Mtawarira and Kagiso Rabada provide great role models for black youth.

Access and exposure to sport

In order to create new fans, more people need to be exposed to rugby and cricket. The history of rugby and cricket, as well as the historical demographic make-up of the rugby and cricket fan, coupled with the substantially higher disposable income of both rugby and cricket fans when compared to football fans, have made rugby and cricket the ideal anchors for SuperSport's world class sports offerings.

When comparing TV spectator access to sport for football fans compared to rugby and cricket fans, it is clear there are two distinctly different offerings. SuperSport, DSTV's sports broadcasting company, has acquired broadcasting rights for all three sports. Through a broadcasting rights agreement with SARU, SuperSport have exclusively obtained all the rights to broadcast rugby, as part of their Premium offering on certain SuperSport channels. Springbok matches will be broadcast through a delayed broadcast on SABC. This is part of a government agreement with SuperSport, that when the South African national teams play (in all three sports), the matches are defined as being of national interest and therefore are shown on free-to-air SABC channels.

The TV viewership profile of rugby audiences during delayed broadcasts of Springbok matches on SABC, compared to the live matches on SuperSport, shows that the local audience on SABC is more inclusive and representative of the national demographic compared to that of SuperSport. It is still not truly representative of the South African population demographic, but it is more inclusive than the viewership of SuperSport.

The research presented in Chapter 6 showed that FTA broadcasters are extremely important to the rugby market. According to a Nielsen Sports study, 82% of all respondents described themselves as interested in rugby, and watched SABC channels in the 7 days prior to the data capture (questionnaire). The power of FTA broadcasters lies in their ability to reach the majority of people interested in rugby in South Africa, whereas SuperSport reaches a significantly smaller part of the rugby market, due to their exclusive pay-TV offering. The ‘socialist’ view would be to move rugby to FTA broadcast, but it is extremely important to bear in mind that should rugby be moved away from a pay-TV offering like SuperSport onto an FTA platform, there will be no value or reason for DSTV to acquire the broadcasting rights at the price they are currently paying. This would have an immediate effect on the professional game in South Africa. With SABC not in a position to pay for the rights to broadcast live rugby in South Africa, the game would suffer huge losses without the broadcasting revenue streams. At the current point in time in the South African broadcasting landscape there are no other providers likely to challenge SuperSport as the leading pay-TV provider. Therefore no-one else can rival the buying power of DSTV, or match the broadcasting rights offer that SuperSport currently pays to flight rugby exclusively on their platforms.

During the 2017 Springbok season the total unique audience for the 7 live matches shown on SuperSport was 1 726 906. The SABC delayed broadcasts reached 9 030 592 unique viewers, that is 7 303 687 more than SuperSport, achieved through 5 hours less viewing time. When the two platforms are combined it provides 11 019 577 unique viewers. The delayed TV coverage of the 6 home games on SABC 2 accounted for 82% of the total unique audience on the combined broadcast platforms. This makes SABC 2 currently the most watched television channel among rugby fans in South Africa (Nielsen Sports, 2018). The additional reach of 9 030 592 viewers that SABC provided to SARU enhances the commercial appeal of the leading commercial brand of SARU, the Springboks. The increased TV exposure numbers are extremely valuable to Springbok sponsors, as this means that they reach 82% more potential customers through SABC than if the matches were only flighted on SuperSport. The increased sponsorship return on investment (ROI), will prove valuable to SARU in future as this will mean a direct increase in the market value of the rights packages that contains the added exposure numbers. Broadcasting rights have become, along with sponsorship, the most important revenue streams for both cricket and rugby in South Africa (Cricket South Africa, 2017; Coetzee, 2016). The impact on professional rugby and cricket will be damaging should these sports lose the revenue generated through broadcasting rights.

The big challenge for rugby is to increase the reach and exposure to more households in order to grow the game amongst people who are not currently rugby fans. The 2017 FTA broadcasts

contained a mere 12 hours of rugby content, which is arguably not enough exposure to convert non-rugby fans. The Nielsen data showed that 82% of rugby fans in South Africa do not have SuperSport and rely solely on the 12 hours of rugby a year shown on the FTA channels of the national broadcaster. The responsibility to assist SABC should not be left to SuperSport to resolve, as they provide a top service, for which the company pays a large amount of money, and provides the Springbok fixtures to SABC on an annual basis. The government puts a huge amount of pressure on sporting federations to transform and develop sport in South Africa, and perhaps a solution to grow rugby and cricket in South Africa will be to create more government funded rugby and cricket content to be broadcast on SABC, as this will expose potential rugby and cricket fans, who do not have access to SuperSport, to more frequent rugby and cricket content.

DSTV Premier vs DSTV Compact

SuperSport currently holds great value for professional rugby and cricket in South Africa. A leading question is whether SuperSport can grow the rugby and cricket supporter fan base, and change the demographic make-up of this fan base, while still protecting their investment in the broadcasting rights, and not diluting their offering.

Chapter 6 investigated the numerous subscription DSTV packages, at different prices and with different content. The Premium package and the Compact package contain substantial sport offerings. The Premium package currently offers all sports available on the SuperSport platform and stretches over 13 channels, while the Compact package offers only four channels and does not cover any live rugby. The research showed that for the period 2014 to 2015, the number of households with access to any DSTV service increased by 9% YoY. Nielsen Sports also claims that increased DSTV Compact and Access subscriptions are the key drivers of higher viewership of domestic football on SuperSport (Nielsen Sports, 2017). While it is not feasible for SuperSport to dilute their offering of rugby, and in doing so, risk losing some of their Premium subscribers, there might be opportunities, similar to the delayed broadcast model, whereby SuperSport provides Springbok matches to SABC, if SuperSport were to look at a potential delayed broadcast of Currie Cup and Super Rugby matches to be flighted on Compact. While this might be delayed by a few days or even weeks to protect the Premium content, the fact is that through adding rugby content on Compact, SuperSport can reach 2 000 000 more existing rugby fans, and 5 000 000 more people who currently are not rugby fans (Nielsen Sports, 2017).

When doing a comparative analysis of the combined broadcasting of international rugby, cricket and football fixtures, on both SuperSport and SABC, with the matches of the Springboks, Proteas and Bafana Bafana being classified as sport of national interest, it was established that the largest share in broadcasting hours was attributed to cricket. The reason for this is that cricket matches

range from a minimum of three hours for a T20 fixture to five days for a test match. This explains the 1 578 hours of cricket broadcasting during a season, compared to 245 hours for rugby and 352 hours for football. The unique cricket audience is the second highest at 15.6 million, behind football at 21.06 million, but the combined audience is the lowest at 1.5 million behind rugby at 2.38 million and football at 5.62 million. The football viewership numbers reflects its popularity in South Africa as it has the highest total unique audience and highest combined audience of the three sports (Nielsen Sports, 2017). It is clear, through comparing FTA and DSTV broadcasting reach, that an important aspect of successfully transforming the fan demographic of rugby and cricket lies in introducing these sports to new markets. The FTA SABC and the DSTV Compact platform (to some extent) offer the opportunity to influence consumers who currently are not interested in rugby and cricket, but equally importantly, it allows for the retention of fans who currently support rugby and cricket, but do not have access to DSTV Premium.

The comparative study of SuperSport and SABC was not intended to imply that SuperSport are limiting fan growth through exclusive exposure on their platforms, but rather intended to show the growth potential for sport, and especially how television broadcasting can assist in the transformation of sport. The reality is that rugby and cricket need the transformed supporter base that SABC and DSTV Compact can provide, but the commercial side of rugby and cricket need the broadcast rights generated through DSTV Premium packages. Without the revenue from pay television, professional rugby and cricket will collapse in South Africa and the funding that SARU and CSA currently uses to transform and develop the sports in South Africa, will decrease due to the lack of broadcasting rights. The effect of removing the pay-TV revenue from rugby and cricket will not only stifle the professional game but will remove much needed funding for development programmes.

8.5 Commercial Analysis of Rugby and Cricket in South Africa

In this section the second two of the four research objectives, which were set out in Chapter 1, will be discussed in relation to results drawn from the research. These two objectives were to analyse the current commercial models of the selected sports; and to develop a new inclusive strategy for professional sport in South Africa. The analysis focuses on two significant challenges to commercial success: declining stadium attendances (section 8.5.1) and the drain of high profile players overseas (section 8.5.2).

The current business model used by sport in South Africa relies heavily on traditional revenue streams, which are sponsorship, ticket sales, suite sales and distributions and grants (from federations and government).

Broadcasting rights have become an extremely important revenue stream in the last five years, and are currently considered, along with sponsorships, the biggest revenue stream available to rugby and cricket in South Africa. Changes in consumer behaviour have put strain on fans' leisure time available to view and attend live sporting events. This, coupled with the competition posed by other forms of entertainment, has resulted in a decline in interest in domestic live sport, and more specifically in stadium attendance (Repucom, 2016). This has had a direct impact on traditional revenue streams such as season tickets and suite sales, and both these streams have shown a sharp decline in the last seven years (Coetzee, 2016). The increasing trend of high profile rugby and cricket players to play outside South Africa has resulted in a decline in 'celebrity' players playing domestically in South Africa, which has also had a negative effect on stadium attendances and commercial revenue. It is therefore essential for the survival of commercial sport in South Africa that new revenue opportunities are developed to ensure the sustainability of sport through the continued transformation of the player base. This will ultimately strengthen the sporting product for the South African consumer.

8.5.1 Challenge 1: Declining stadium attendances

The worrying trend of declining attendances at live rugby and cricket matches poses a huge risk to the current commercial model of sport in South Africa. Chapter 6 highlighted how match-day revenue (tickets and suites) has declined significantly during the last seven years in South African sport. The biggest provincial rugby brand in South Africa, The Sharks, have reported a 50% decline in season tickets during the period 2009 to 2016 (Coetzee, 2016). The research shows that this decline in revenue through stadium attendances affected South African rugby as a whole (Steyn, 2014), but it is also a global phenomenon (Repucom, 2016).

This study has shown that interest in rugby and cricket (in terms of numbers) has grown both locally and internationally and therefore there have to be other reasons for the decline in stadium attendances. Nielsen Sports, in a survey around fans' stadium experiences, found that rights holders have the ability to influence stadium attendances through the quality of the participating team's players, the team's performance and the status of the event or competition. The large number of top rugby and cricket players playing sport overseas has negatively affected the

sporting ‘products’ that are presented to fans, as the perception is that the standard of competition will be lower without these quality players available to play in South African competitions.

The findings in Chapter 6 demonstrate that there are some elements or trends which the sports teams cannot control. These are trends or changes in the external sporting environment which influence potential attendance, or explain the non-attendance, of fans at live sporting events. The sooner sporting organisations understand these trends, the easier it will be to adapt or create a new strategy that will allow the organisations to ensure that they keep up with the ever-changing consumer environment. In a global trends study carried out by Repucom Sport Research in 2016, it was shown that audience attention is being diluted, and in reality people are intensely interested in fewer things. The study shows a 15% decline between 2008 and 2014 in the number of categories which people are ‘very interested’ in. However the same study shows an 8% increase in the number of categories that people are ‘slightly interested’ in. Repucom therefore claims that consumers’ intensity of interest is less, but the number of interests are more, phenomena which result in pressure on viewership and attendance for many sports (Repucom, 2016). This is supported by the success of both T20 cricket as well as Sevens rugby. These shortened formats of cricket and rugby have proven extremely successful and have, contrary to the trend of declining stadium attendances, been very popular, as evidenced by competitions like the Australian T20 Big Bash and the Cape Town leg of the HSBC Sevens (Repucom, 2016).

Stadium attendances reflect changes in the ways that fans consume sport to such an extent that the average fan, instead of attending 80% of matches as was the case historically, chooses matches carefully. This fan rather follows sport on social media platforms, or watches the matches on television, or, more and more frequently, through a live streaming platform. Fans are also watching more sports at the same time, so for example a fan may watch Super Rugby on TV, while at the same time following cricket and football on his smartphone. This is the ‘second screen’ phenomenon, where fans use a second screen – either a computer or smartphone – to enhance their sport viewing experience. Normally the low degree of overlap between the capabilities of the second screen and the first (usually TV), means the two media’s diverse functions complement each other and coexist during the viewing experience, rather than compete for attention (Henderson, 2017).

The success of the shorter formats of games correlates with the theory that the attention span of fans in general has shortened, and that, even though interest in sport has shown an increase according to Nielsen Sport, the way fans consume sport has changed and continues to change significantly. The growing popularity of social media and enhanced at-home viewing, enabled through a quality broadcast offering, coupled with innovations like, for example, second screen

viewing, will continue to suppress match-day attendance. The advisable strategy for sporting teams will be to get as close as possible to fans, get to know what fans want, whether at the stadium or at home, engage fans on their platform of choice with popular content which will grow the fans' interest in the team, and when fans attend live matches, provide a 'surreal' experience which they can only have when attending in-stadium live sport. The way sporting teams communicate with their fan base is extremely important, and traditional communication through print, radio and television has been proven to be less effective than was the case in previous years. Social media is fast becoming the preferred way of communicating directly with fans. When used correctly and appropriately to communicate with fans, different social media platforms are an extremely powerful tool to engage with fans and increase their loyalty. This might just have the potential to convince a fan to attend a live sporting fixture at the stadium.

8.5.2 Challenge 2: Player drain

The decision of large numbers of high profile rugby and cricket players to leave the country and play overseas has had a negative effect on the player depth available to South African rugby and cricket. The effect of the top players not being a part of South African competitions has certainly added to the decline in stadium attendances of both these sports in South Africa. While there are many other factors which contribute to stadium attendance, it has been demonstrated that the quality of the team and the profile of the players involved has an effect on fans' decision to attend live matches (Repucom, 2015a).

The effect the player drain has had on rugby is much bigger than the effect it has had on cricket. CSA realises that it is hard to compete with the monetary incentives offered to players globally, and individuals need to maximise the lifespan of their cricketing career, which on average is about 10 to 15 years. Its effect on the talent drain in South African cricket was especially evident in 2017 with the very public announcements of two high profile Proteas players, who both signed Kolpak agreements. Although the profile of these players drew public attention due to their position within the national team, it was the increase from three Kolpak players within the domestic system to 11 in one season which really brought the threat to the fore. CSA is trying to address this issue to limit future talent drains (Cricket South Africa, 2017).

It is estimated that currently more than 250 South African rugby players play professional rugby in Europe. The number of Springboks (previous and current) playing overseas has increased from 27 in 2009 to 51 in 2017. In order to ensure that rugby remains attractive for South African fans;

that broadcasters are willing to pay large amounts of money to acquire the broadcasting rights for South African rugby; and that the Springbok team remains one of the best teams in world rugby, South African rugby needs to keep top players in the country. SARU has decided to investigate how to significantly reduce the number of professional rugby players in South Africa from the 2017 number of 989 contracted players, down to between 450 and 500 contracted players. By reducing the number of contracted players, South African rugby should be able to retain the best players deemed important to the national cause, due to the additional budget available through the reduced number of professional contracts. These players will provide fans with high profile celebrities and heroes for young fans to aspire to and support. This will not only affect the on-field performances of South African teams in Super Rugby and the Springboks, but it will also help the sport commercially through increased interest, with bigger match-day attendances, as well as increased indirect revenue streams.

8.6 Inclusive Strategies for Sport

This research proves the need to provide strategies for sport that will ensure successful transformation, which will in turn promote inclusivity and lead to commercial sustainability of sport in South Africa. The sporting landscape has changed significantly in the last few years and the only certainty is that the evolution is likely to continue.

Transformation of sport in South Africa has been discussed in detail and its importance has been made clear. Continued political pressure on sport to transform will eventually have a negative effect on sponsors and stakeholders in the professional game. Association with a sport that is not seen as inclusive of the entire South African population presents a reputational risk for sponsors, who will be reluctant to support that sport.

Transformation in rugby and cricket can only succeed if the transformation programmes are sustainable. Lack of funding poses a significant risk to the sustainability of programmes and prevents the establishment of much-needed elite development programmes. The proposed funding structure examined in Chapter 7 proposes funding opportunities that will ensure the sustainability and success of transformation and development programmes through verified B-BBEE structures. This strategy will allow for non-dependence on commercial revenue, as well as not relying on government grants to ensure funding for development and transformation programmes.

The importance of participation transformation has been well documented throughout this study and during the literature review. It was noted as a well-researched area of study in South Africa. The need for participation is vital for the sustainability of sport and for provincial and national teams to be considered as representative of the South African population. This study supports the importance of participation transformation, but it demonstrates the equal importance of spectator transformation to ensure the growth of sport in South Africa. This research proved that participation transformation of South African sport, driven by transformation and development programmes, is reasonably successful. However, spectator transformation of sport in the country has not produced sufficient change. Nielsen Sports shows that the 10% minority white population still make up the majority of rugby and cricket fans in the country. This can be considered an historical consequence of apartheid, but it is not the primary cause for the slow transformation. This research shows that long before apartheid, black South Africans supported, participated in and enjoyed both rugby and cricket. The myth that rugby and cricket need to be introduced to black South Africans has been proven wrong through this research.

One of the main factors preventing transformation of supporters was found to be the limited access that the majority of South Africans have to watch cricket and rugby on TV. The rights to broadcast rugby and cricket have been sold to the DSTV sports broadcaster, SuperSport. While the national teams' matches are broadcast on SABC channels as well as SuperSport, all remaining live rugby and cricket matches are shown exclusively on SuperSport. The fact that shared broadcasting applies only to test matches, resulted in a mere 12 hours of rugby shown on SABC during the 2017 rugby season (Nielsen Sports, 2018). The nature of cricket, the length of cricket matches and the number of matches the national team plays on average during an international season, resulted in the exposure of cricket on the combined SABC and SuperSport platforms being substantially higher than of rugby. Cricket enjoyed a combined total of 1578 broadcast hours during the season compared to 245 hours of rugby (combined SABC and SuperSport).

While 46% of all rugby fans are white (a race that represents 10% of the South African population), cricket enjoys additional exposure, as discussed above, and has a more transformed fan base. Nielsen Sports found that 4 507 000 cricket fans (62%) are African, while 1 785 000 (25%) are white (Nielsen Sports, 2018). Exposing new markets to rugby and cricket through FTA broadcasting on SABC should be considered a potential strategy to transform the fan demographic of rugby especially, but also of cricket, and ensure that the spectator bases of these two sports reflect the demographic make-up of the country.

Addressing the race demographic of both the participants and the fans will assist in creating an inclusive sport for the country. However, sport cannot be considered fully inclusive without also

addressing the inequality that exists with regards to gender participation. BMI Sports established that 95% of all rugby players, 92% of all cricket players and 85% of all football players in South Africa are male. All three of these sports have Women's World Cups and are therefore recognised internationally as both male and female participation sports. Globally, women are recognised as leading contributors in sport, both as fans and participants. The female audience for tennis and some Olympic sports, such as athletics and figure skating, is often larger than the male audience. Women are increasingly consuming sports, in terms of attending sporting events and watching sports on TV and other media. The last decade has seen sponsors and broadcasters engaging more with female athletes at both grassroots and elite levels, reflecting a broader realisation of the value of female role models and women's purchasing power around the world (Repucom, 2015b). A study focussing on global trends in sports identifies the biggest source of potential new fans to be women. The number of women participating in sport is also on the up, with greater investment and innovation reported in women's sport, from grassroots to professional levels (Repucom, 2016). So globally, women are being encouraged on a spectator as well as a participant level. There are many commercial reasons to invest in women's sport, and to spend resources that will drive participation, as well as potentially creating more fans. Sport will never be fully inclusive if the gender gap is not addressed as well as the racial gap.

8.7 Proposed Business Plan for a Rugby Franchise Using Broad-Based Black Economic Empowerment

Transformation is a critical factor in the survival of professional sport in South Africa. With the revenue of commercial sport coming under increasing pressure, the funding for transformation and development programmes has come under pressure. In an attempt to provide a more sustainable model for the funding of transformation and development of sport in South Africa, the potential of using a B-BBEE solution was investigated in Chapter 6. B-BBEE is the broad-based form of economic empowerment initiated by the South African government during 2003/2004, in response to criticism of the narrow-based empowerment taking place in the country. In Chapter 7 a case study was presented using The Sharks Pty (Ltd.) as the sports organisation providing the B-BBEE structure, with the aim of proposing such a structure in a professional sporting organisation. The proposed solution combined a structure allowing for Enterprise and Supplier Development, as well as Socio-Economic Development.

The Enterprise and Supplier Development structure requires the formation of a new company, '*ABC Company*', which will be 100% black owned, with The Sharks Pty (Ltd) paying the costs

of formation of this entity. This new company will perform the Marketing and Public Relations (PR) activities for black players only. These services will include Marketing and PR services offered to *the client* in marketing these black players as part of the sponsorship deals between the client and the Sharks. As it will be a start-up company which is 100% black owned, this entity will be a Level 1 contributor to B-BBEE and will qualify to be an Enterprise and Supplier Development Beneficiary of the client. It will continue to qualify as such for as long as black ownership remains at 51% or higher, and annual sales are below R50 million. The Sharks Pty (Ltd) undertake to ensure that black ownership is always above 51%.

The proposed Socio-Economic Development structure involves utilising the registered training academy currently trading as The Sharks Academy, of which The Sharks Pty (Ltd.) currently owns 100% shares. The Academy has on average between 200 and 250 students, with 75% of these students black or coloured. The Sharks will form an Education Trust (EDUTRUST) that will be used in the structure. This Trust will offer donors an opportunity to become involved in the upliftment of previously disadvantaged students. Donations will primarily provide education to previously disadvantaged black South African children, but will also support black teacher interns/mentors/facilitators and, in certain selected cases, provide short term financial assistance to existing scholars. The Trust will be a well-managed, controlled and audited conduit for investment in education. An investment made by a business donor to the Trust entitles the business to B-BBEE points in the Socio-Economic Development and Skills Development sectors.

The above solutions will work best for companies whose B-BBEE codes are Generic, but it is extremely important that the process is documented very carefully, because these processes and their paperwork are tested and interrogated during a verification process which ensures validity and transparency of the structure.

B-BBEE verification is conducted through an Independent Verification Agency, whose role is to provide an impartial, independent and detached measurement and ensure validity of the B-BBEE transaction. Independent Verification Agencies provide authentication and substantiation of B-BBEE reporting, as well as ensuring that the minimum norms and standards on the ethical conduct and procedures to be employed are respected through adherence to the B-BBEE Codes of Good Practice. It is important to test all proposed structures against the norms and standards required by the B-BBEE Commissioner before implementing such a structure for funding purposes in a sporting organisation. Non-compliance with B-BBEE norms when acquiring funding would pose a big risk for any organisation, as B-BBEE ‘fronting’ is not only a serious criminal offence, but failure to comply would also pose a great reputational risk for the sporting organisation.

The impact of a successful B-BBEE funding structure in sport will allow for the sustainable transformation of sport, by providing opportunities for underprivileged black South Africans to participate and develop into top level athletes, through acquiring sustainable funding for development programmes.

The disclaimer at the end of Chapter 7 noted that the proposal was based on the assumption of existing B-BBEE legislation continuing in its present form, and that repeal of this legislation would invalidate the proposal.

8.8 Conclusion

“Sport has the power to change the world. It has the power to inspire, it has the power to unite people in a way that little else does. It speaks to youth in a language they understand.” Nelson Mandela (Laureus World Sports Lifetime Achievement Awards, Monaco, 2000).

Sport offers many different ways to enhance national pride and promote social cohesion (van Hilvoorde *et al.*, 2010). The social impact of sport in society (Gemmell, 2007) and the role sport can play in reconciling a nation (Höglund and Sundberg, 2008) emphasise the power that sport and inclusive sporting organisations can play in South Africa.

The top three sports from a popularity and revenue point of view in South Africa are football, rugby and cricket. These three sports formed the focus of this study, and the objective of the research was to create inclusive business strategies for non-transformed sports in South Africa. The fact that football has been publicly acknowledged as being transformed and inclusive in South Africa, led the researcher to focus on creating transformation strategies for rugby and cricket. To ensure an exciting and sustainable future for sport in South Africa, this proposed strategy should be accompanied by action and change.

Through the literature review important facts were established concerning South African sport, none more relevant and important than the confirmation that rugby and cricket were popular sports amongst black South Africans long before apartheid. Traditionally, rugby and cricket have been perceived as white men’s sports and that development and transformation are needed to introduce rugby to the black communities in South Africa. However, the reality is that rugby and cricket have a rich history amongst African, Coloured and Indian communities in South Africa. The historical accounts found in the literature reviews by respected historians such as Odendaal

(Odendaal, 1995) and Desai (Padayachee, Desai and Vahed, 2017) prove that both rugby and cricket were not only favoured by the white population in South Africa, but also had a following among all races and cultures within the country. The reason for the separation was due to segregation policies of colonial governments and the apartheid policies of the white Nationalist regime. During the apartheid era, rugby and cricket grew among the white population, while football was adopted by black South Africans as their sport of choice. At the same time, apartheid laws prevented black communities from participating in rugby and cricket. This has left a negative stigma which still prevails in these sports today.

South African sport and government have been constantly debating the slow rate of transformation in sport. The government believes sporting federations are not prioritising transformation, while sporting federations struggle to meet the government's transformation targets. During 2016, rugby and cricket lost ground on all levels. Off the field, Minister of Sport Fikile Mbalula publicly reprimanded the sports for transforming too slowly, while congratulating football for being transformed. This culminated in the ministerial ban on the rugby and cricket federations bidding for major sporting events (Coetzee, 2016). Both sporting federations acted with urgency and by the time the EPG Transformation Status Report of 2017 was released, both rugby and cricket were deemed to have met the required targets and the bans were lifted (EPG Transformation Committee, 2017).

This research divides transformation in sports into three distinct categories: participant transformation, spectator/fan transformation and gender transformation. Participation transformation and gender transformation are monitored by EPG scorecards and these scores are considered a measure of compliance or non-compliance. While football is considered transformed, rugby and cricket are still on the journey to being considered fully transformed. Both cricket and rugby have met the 2017 transformation targets set at national level. However rugby did not meet the targets for Super Rugby and Currie Cup representation.

The biggest obstacle for development and transformation has historically been funding. Traditionally, sport development funding came from government grants and from the commercial body of the sport. This research has suggested that the only way to sustain development and transformation in South African sport, and especially to ensure continued progress through systemic change within South African sport, is to create a funding model where corporate South Africa invests in sport through a B-BBEE structure which will allow them to fund the transformation of sport and in return get points and recognition through a B-BBEE scorecard. This is a change from the historical approach, where the amateur body bears the development responsibility.

The spectator transformation of both rugby and cricket is harder to measure as it is not done through government processes and poses little perceived value from a government political point of view. The big winners of spectator transformation are the commercial entities that manage rugby and cricket in South Africa. The traditional supporter bases of rugby and cricket have historically been made up of white fans. Cricket has comparatively a more transformed fan base than rugby. Whites account for 46% of rugby fans, but only 10% of the overall population. Whites constitute 25% of cricket fans, while 62% are black African (Nielsen Sports, 2018). The reason why these numbers are important to the business of both rugby and cricket is that the more transformed the spectator base of a sport becomes, the more growth opportunities there are for the sport. The reality is that 78% of South Africa's population is black. This presents a huge commercial opportunity for any sport if it can successfully appeal to the black demographic.

In order to establish the reason for the slow change in the spectator dynamic, the research looked at the different entry points for fans to be exposed to rugby and cricket in South Africa. The importance of fan communication through social media platforms was addressed and the importance of content and fan engagement was explored. However the main entry point for sport into new markets seemed to be through FTA broadcasting. The current landscape allows broadcasting on FTA SABC channels only for matches where the national team plays, and the remaining rugby and cricket content is reserved exclusively for the pay-TV SuperSport platform. As discussed, to move rugby and cricket from SuperSport to FTA television is impossible in the current environment, due to the reliance of the sporting federations on broadcast rights paid by SuperSport. The only short-term solution seems to be for SABC to obtain government funding to create unique FTA rugby and cricket content. Then SuperSport can provide delayed rugby and cricket broadcasting via their more accessible packages, where currently there is no rugby content available. Through including some content from DSTV Premium in DSTV Compact, rugby will immediately reach more than 2 000 000 existing rugby fans and over 1 800 000 new households (Nielsen Sports, 2018).

The quality of the individual players in the team plays a definite role in the on- and off-field success of sport in South Africa. This research has found that losing players to overseas countries, driven mostly by the strength of foreign currencies, has had a clear negative impact on South African sport. The impact of players leaving the country to play abroad has been less severe on cricket than it has on rugby. Cricket lost a total of 11 top players playing county cricket in the UK during 2017, while rugby had a total of 257 South Africans playing in professional leagues overseas, of which 51 players were capped Springboks. The impact of the player exodus has meant that our national team, the Springboks – the strongest commercial brand in South Africa –

has lost ground against the world's other top rugby playing nations. The 2018 rankings show that the 1995 and 2007 Rugby World Cup champions slipped to number five in the world rugby rankings at the end of the 2018 season. These results will have a negative effect on supporter sentiment in South Africa. This negative sentiment will effectively reduce revenue for professional rugby organisations in South Africa.

Without high profile players available to play, fans are less attracted to the team. This has a negative economic impact, caused by declining match-day attendances, which in turn reduces match-day related revenue. This places the organisation under increasing commercial pressure. After the disappointing rugby season, SARU has finally acknowledged the serious impact of the player exodus and has proposed a new player contracting model. The model proposes to reduce the professional player pool from 989 contracted players to between 450 and 500 players. This will allow South African rugby franchises to have more money available to keep the players they want, as they will contract significantly fewer players. While this measure may not stop players from leaving South Africa, it will slow down the exodus and keep the top players in South Africa for a longer time during their sporting career.

In conclusion, sport (rugby and cricket in particular) needs to transform, not because government imposes quotas on teams or threatens to ban a federation from international competition, but rather because transformed sport on and off the field will make the rainbow nation a superpower of international sport. Furthermore, it is the right thing to do. In order for South African sport to be inclusive and successful, all South Africans must stand together. Then the same pride South Africa felt when Bafana Bafana won the African Cup of nations in 1996 and the country successfully hosted the FIFA World Cup in 2010; the same support given to the Proteas which saw them in the top three rankings in all formats of world cricket – ODI, Test and T20 – in 2017; the same joy the country felt when the Springboks won the Rugby World Cup in 1995 and 2007; all these emotions can be felt equally by all South Africans for all three of these popular sports.

This conclusion ends as it began, with an inspirational extract from a speech by Nelson Mandela, when he presented the inaugural Lifetime Achievement Award of Laureus World Sports:

“Sport can create hope, where once there was only despair. It is more powerful than governments in breaking down racial barriers. It laughs in the face of all types of discrimination.” Nelson Mandela (Laureus World Sports Lifetime Achievement Awards, Monaco, 2000)

8.9 General Remarks

8.9.1 Study limitations

The study was conducted at the appropriate level, and with the necessary attention to the appropriate research design and methodology. However, certain limitations need to be noted, some of which may lead to areas for future research (see section 7.6.3 for suggestions for future research).

The limitations to the study were:

- The outsourcing of the collection of panel data through world-leading research companies (Nielsen Sports and BMI Sportsinfo) ensured the quality of the panel data collected, but meant that the researcher could not adapt or add questions which could have been useful as the research developed.
- Through this study respectfully narrowing down the concept of inclusive innovation in order to apply it to the South African sporting landscape, it is acknowledged that inclusive innovation extends far beyond just the sporting realm and as a field of study has the potential to effect change in all areas of society.
- In order to track real growth and progress of transformation since the end of apartheid, the statistical data collected concerning transformation numbers of participation as well as spectator numbers in sport, needed to be benchmarked against a common agreed number, preferably established around 1994. There were no data available providing participation and spectator numbers going as far back as 1994. This made it difficult to provide an accurate picture of the evolution of sport in South Africa since the end of apartheid.
- The researcher is closely involved with, and currently works within, the South African rugby industry. Notwithstanding the thoroughness of the literature review and data collection phase, a degree of researcher bias could be present in the recommendation of contracting models within professional rugby.
- The case study business plan is premised on existing legislation affecting sport in South Africa, and the quotas which apply to rugby in particular. It also assumes the existing framework of B-BBEE legislation. Should the legislation be repealed, or these quotas and/or B-BBEE codes and scores cease to be enforced, the proposal may no longer be applicable.

8.9.2 Contribution of the study

The outcomes of this study have hopefully contributed to the knowledge and understanding of commercial models for professional sporting bodies in South Africa. It has also provided business strategies which will make sport more inclusive and sustainable in South Africa, whilst meeting transformation targets that ensure each sport is representative of the population of South Africa.

This study is significant in that it:

- Provided a comparative view of different professional sports and their commercial success.
- Provided a detailed analysis of participation and spectator demographics and gender analysis of the three leading sports in South Africa.
- Presented new strategies, through B-BBEE funding, which will ensure sustainability of transformation and development programmes within South African sport.
- Can help grow and support the theory of inclusive innovation within professional sport.

8.9.3 Suggestions for future research

The review of the literature, the empirical results and the study limitations stated above can provide areas suitable for future research, such as:

- Further studies are needed combining inclusive innovation and sports. The literature review produced very little existing research which combined inclusive innovation and sports.
- Given the strategic importance of transformation in sport, it may be of value to extend the research to a comparative study which tracks national team performance against transformation results, to determine the impact of transformation on South African sports.
- Fan engagement and monetising on social media platforms have been researched in developed countries. It may be of value to do a comparative analysis to determine the potential of monetising social media platforms in developing countries such as South Africa.

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