

Sun International: The Making of a South African Tourism Multinational

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ABSTRACT: Sun International is a tourism multinational corporation (MNC) based in South Africa. The aim is to examine the formation and geographical spread of activities of this South African MNC engaged in casino-resort development and luxury tourism. Within the geographical literature on MNCs the study of Sun International underlines both the importance of country of origin as a factor in interpreting the heterogeneous character of MNCs and of the distinctiveness of South African MNCs. The spatial scope of Sun International (including its ancestor, Southern Sun) operations was influenced by the enterprise's association with apartheid. Despite several efforts to mask its South African origin through restrictive corporate disclosure and corporate camouflage, planned international expansion was continually frustrated by the stigma of apartheid. Sun International was confined in its international operations to those African states which either were economic or political satellites of South Africa or to the group of 'independent' Bantustans, which were creations of apartheid.

Introduction

Since the beginning of the 1970s the geographies of multinational corporations (MNCs) have been an increasingly popular focus for study by human geographers (Taylor and Thrift 1982; Clarke 1985; Dixon et al. 1986; Taylor and Thrift 1986, 1989; de Smidt and Wever 1990). Initial research centred on the internationalization of production activities and the role of MNCs in constructing a new global industrial order with the extension of manufacturing operations into many parts of the developing world (Clarke 1985; Thrift 1986). Recent work evidences geographers' concern for MNC involvement not only in manufacturing but also in agriculture, banking, property and services (Dixon et al. 1986; Taylor and Thrift 1986; Thrift 1987; Wallace 1990). One important theme highlighted by the geographical writings on MNCs is that such organizations are by no means homogeneous phenomena (Dicken 1982, p. 119). Although several bases for differentiation have been suggested (Taylor and Thrift 1982, 1986), both Dicken (1982) and Watts (1987) draw attention to the different corporate geographies of firms originating in different source nations. Credence to the possible significance of the source nation is seemingly furnished by research on the

operations and expansion paths of Japanese-based MNCs (Dicken 1988).

The case of South African-based MNCs offers additional support to the nation state as an axis of cleavage for MNC differentiation. A number of works reveal that, as a result of the stigma attached by apartheid to corporations whose home base is South Africa, the internationalization of South African firms differs in important respects from European or North American-based MNCs on the one hand or developing world MNCs on the other (Kaplan 1983; Innes 1984; Tucker 1985, 1986; Rogerson and Tucker 1985). The objective in this paper is to undertake a micro-study of the making of a South African MNC and of its geographical expansion path. The research focuses on the emergence and spatial growth of Sun International, an enterprise engaged in tourism and leisure operations. Although MNC involvement in tourism activities has been widely recognized (United Nations 1982; Clairmonte and Cavanagh 1984; Ascher 1985) the operations of tourism MNCs have attracted remarkably little attention in the broad geographical literature on tourism (cf. Pearce 1989). One notable exception, however, is a rich series of studies by Britton dealing with MNCs, tourism and underdevelopment in the South Pacific (Britton 1982a, 1982b, 1984).

The examination of Sun International as a South African tourism MNC is divided into two major sections of discussion. First, the origins of this international tourism MNC are traced in the formation and expansion between 1969 and 1983 of the Southern Sun Group's hotel operations and later involvement in casino developments. Against this backdrop, in the second section the birth of Sun International in 1983 as a powerful MNC engaged in luxury resort and casino development is detailed. In addition, an analysis is pursued of the geographical spread of the newly constituted Sun International enterprise in Southern Africa, the Indian Ocean Islands and of the organization's attempts to penetrate Western European markets.

The Expansion of Southern Sun Hotels and Casinos

An understanding of the making of Sun International must begin with an examination of the hotel industry in South Africa during the 1960s and 1970s a period which witnessed the formation and rapid growth of the Southern Sun hotel corporation. Until the late 1960s there was only a limited development of tourist hotel facilities across South Africa. The hotel industry largely comprised a network of commercial hotels, lower quality boarding houses and the limited accommodation facilities offered by a mass of tied 'public houses' linked to South Africa's competing brewing enterprises. During the 1960s the Government sought to encourage the upgrading of South African hotels in order to foster international tourism. This policy prompted the country's leading brewing concern, the South African Breweries Ltd. (SAB) to restructure its involvement in the hotel trade, shedding poorer quality establishments and concentrating attention and investments in the existing larger hotels (Tucker 1985). In 1969 this restructuring precipitated the formation by SAB of two new hotel subsidiaries. The first of these, Transito, took over the bulk of SAB's existent hotel operations catering for the commercial traveller with a spatial grid of hotels in South Africa's major business centres. The second subsidiary, Southern Sun Hotels, was formed as part of a broader diversification programme of SAB away from its core brewing activities (Tucker 1985, 1986). The new enterprise was constituted jointly by SAB together with Safmarine, a large shipping company, and the existing hotel interests of a Durban businessman, producing the Southern Sun Hotel Corporation.

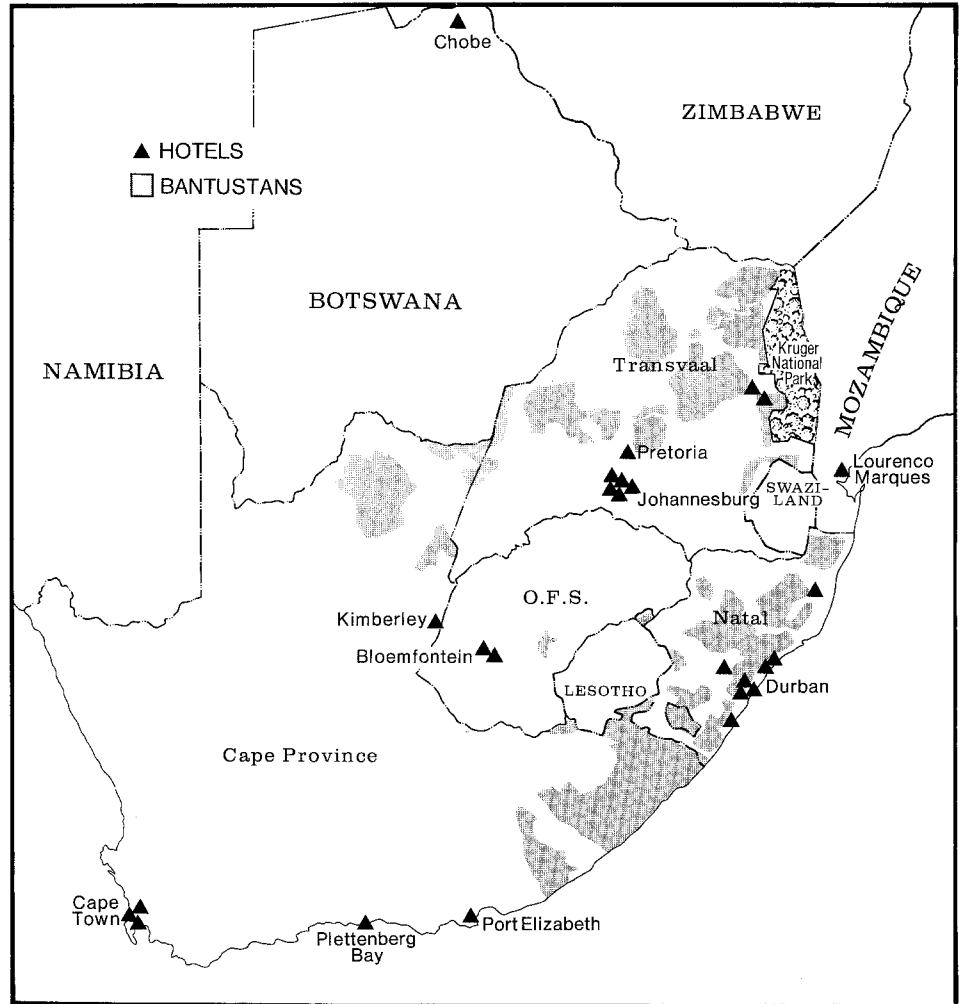
Under the leadership of a flamboyant entrepreneur, Sol Kerzner, the ambitious objective of the Southern Sun Hotel group was to secure a chain of luxury tourist hotel facilities both across South Africa and the surrounding territories. From an initial base in 1969 of six hotels, one in Johannesburg, two adjacent to the Kruger Game Park, and three in Natal coastal areas, the Southern Sun enterprise expanded rapidly. With the financial backing of the large SAB group Southern Sun embarked

upon a dual strategy of acquiring and subsequently upgrading existing hotel operations and of building new facilities in South Africa's leading tourist resort areas. For example, during its first three years of business the company acquired existing tourist hotels along the Natal coast region and commenced construction of new developments both in Durban, South Africa's tourist 'mecca' and along the scenic Garden Route at the Southern Cape coastal resort of Plettenberg Bay. The company's geographical range of operations was extended in 1972 to Cape Town and Port Elizabeth by taking-over the operations of a Cape Province-based hotel concern. The acquisition also extended Southern Sun activities into the game lodge market through securing an additional facility in Natal. Further spatial spreading of corporate activities occurred during 1973 with the decision by SAB to merge the Transito chain of nine 'commercial hotels' into the Southern Sun network of tourist facilities.

As a result of these developments in corporate acquisitions, new facilities and the merger with Transito, by 1973 Southern Sun had a network of 24 hotel operations in South Africa covering all the country's major urban centres and most of the leading tourist areas (Fig 1). Throughout the 1970s and early 1980s Southern Sun endeavoured to rationalize, consolidate and extend its hotel interests within South Africa. The most important developments involved the take-over of a hotel situated close to Johannesburg's international airport and the construction of major new luxury hotels in Cape Town, Johannesburg and Durban. Moreover, the enterprise further expanded its operations in the Natal coastal resort areas. By the early 1980s the company enjoyed a dominant position in both the luxury tourist and business hotel trade across South Africa. With limited opportunities for further expansion within South Africa it is not surprising that the company renewed a long-standing interest in overseas expansion.

The geography of Southern Sun's activities in 1973 discloses that the company was already multinational in its operations with a game lodge in northern Botswana and a hotel in Mozambique. These two endeavours represented Southern Sun's first functioning ventures outside of the South African home base. The fledgling attempts made by Southern Sun to go multinational during the early 1970s had a chequered history. Corporate attention initially was directed to the potential of the Indian Ocean islands, a region which it was hoped ultimately would rival the Caribbean, Mediterranean and the Pacific tourist regions (*Rand Daily Mail* 20 March 1972). To facilities overseas expansion Southern Sun Hotels constituted in 1970 an offshore subsidiary, incorporated in Bermuda, to hold the company's investments outside of South Africa (Annual Report (AR) Southern Sun Hotels 1971). The first external investment was to occur in Madagascar where the group planned to acquire an existing facility and construct a five-star luxury hotel at Nossi-Be to tap the country's undeveloped tourist potential. When the initial

Fig 1
The corporate geography of Southern Sun, 1973
(Source: AR, Southern Sun 1973)



Madagascar project was formulated South Africa was developing close economic ties with the country (Covell, 1987, p. 43). The fall of the Tsiranana regime in Madagascar in May 1972 and the severing of economic and political links with South Africa effectively terminated prospects for a South African corporation to be involved in the island's tourist trade. Equally unsuccessful were plans announced in 1972 by Southern Sun to develop or acquire hotels in Reunion and Seychelles.

The changing political context of Southern Africa during the 1970s greatly influenced the early international operations of Southern Sun. During 1971 Southern Sun entered into a partnership agreement with a Portuguese conglomerate, Companhia Uniao Fabril, to develop a series of hotels along the coast of Mozambique, then still a colony of Portugal (*Sunday Times* 11 July 1971). The first Mozambican development involved a take-over of management and re-furbishing of the famous Polana Hotel in Lourenco Marques (now Maputo). But, the march of decolonization processes in Mozambique and the accession to power in 1975 of the FRELIMO government hostile to South Africa ended

any further expansion plans in Mozambique; Southern Sun withdrew from its existing hotel operations in the newly independent country (AR, Southern Sun Hotels 1976). Political developments associated with decolonization struggles in Southern Africa also affected the operations of the Chobe Game Lodge in Botswana. Located on the Botswana-Zambia-Zimbabwe border the game lodge was forced to close in 1977 as a result of the overspill of the independence war surrounding the transition from colonial Rhodesia to independent Zimbabwe (AR, Southern Sun Hotels 1977). In 1983 Southern Sun disinvested from Botswana, selling the game lodge to a group of private investors.

The rapidly changing political complexion of decolonizing Africa and growing opposition to apartheid South Africa circumscribed Southern Sun's ambitious international expansion plans throughout the 1970s. The only step made towards the envisioned chain of Indian Ocean island resorts occurred in Mauritius, where friendly political links were retained with South Africa. The Mauritian development was significant for it marked a breakthrough for Southern Sun into the business of

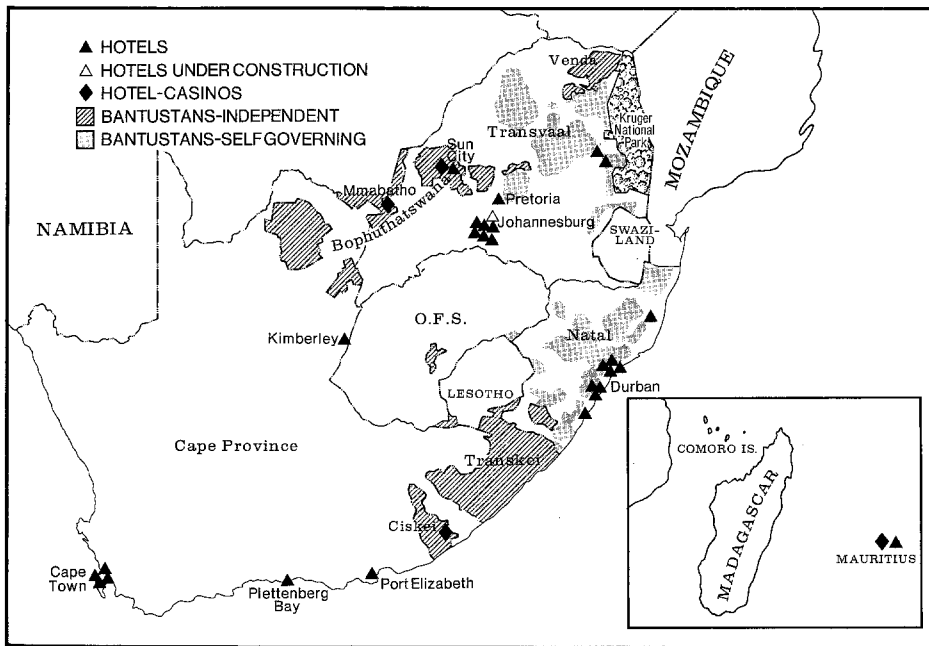


Fig 2
 The corporate geography of Southern Sun, 1983
 (Source: AR Southern Sun 1983)

casino resort development. The aborted Madagascar project had been linked to a casino development; the Mauritius scheme in 1975 represented the formal entrance of Southern Sun into the gambling industry of Southern Africa. The lucrative gambling trade of the region had been hitherto monopolized by the operations of the Holiday Inn Group of casinos in Lesotho, Swaziland and Botswana which attracted South African gamblers denied such possibilities by legislation banning casinos in South Africa (Crush and Wellings 1983, 1987; Stern 1987). Notwithstanding the election during 1982 of a socialist government in Mauritius the tourist linkages with South Africa remained unaffected. Accordingly, in 1983 Southern Sun deepened its involvement in Mauritius (Fig 2) taking-over a second existing casino resort and an additional tourist hotel on the island (Sunday Express 20 February 1983).

Major new investment prospects opened for Southern Sun with the maturation of apartheid planning and the grant of nominal 'independence' to several of the Bantustan or 'homeland' areas of South Africa (Fig 2). The delegation of independence to such areas as Transkei (1976), Bophuthatswana (1977), Venda (1979) and Ciskei (1981) re-defined the function of these parts of South African space (Crush and Wellings 1983, 1987). New opportunities appeared for Southern Sun to challenge the regional monopoly on gambling held by the Holiday Inn group (Wellings and Crush 1983). By taking advantage of the 'independence' of Bantustans and establishing casino operations there Southern Sun could penetrate the lucrative South African gambling market (Stern 1987). In particular, Southern Sun sought to capture the key market of the Southern Transvaal, the most economically developed and affluent region of

South Africa, by securing an agreement with the 'slumlords' of Bophuthatswana for exclusive gambling rights in the territory. After lengthy negotiations Southern Sun agreed to develop the tourist industry in 'independent' Bophuthatswana in return for 10-year exclusive casino licences with five-year options (*Financial Mail* 2 December 1977 Supplement, p. 35). The first hotel/casino complex at Mmabatho, the capital of Bophuthatswana, was constructed and readied for official opening by the time of 'independence' in December 1977. This was followed by construction of an even more ambitious tourism-casino complex, proclaimed "to match Las Vegas" (*Financial Mail Supplement* 2 December 1977, p. 34), situated within the Pilansberg range, a mere two hours drive away from Johannesburg. In undertaking such major developments Southern Sun was in close alliance with the South African state, receiving financial assistance in the form of low interest subsidized loans (*Sunday Express* 11 September 1983). For the South African State this alliance with tourism capital was doubly advantageous; on the one hand "giving considerable weight to its attempts to legitimize Bantustan independence in the international forum", on the other hand allowing the state "to replace a considerable portion of the costs of subsidizing the Bantustan strategy with private capital" (Crush and Wellings 1987, p. 107). Because of its spectacular financial success the massive Sun City complex, inaugurated in December 1979, rapidly became the core of Southern Sun's casino operations. The initial complex was extended by addition of an entertainment complex, a new hotel, golf course and game park. Beyond Bophuthatswana, Southern Sun further obtained the gambling rights for the Ciskei Bantustan, opening in June 1982 a small hotel at the

capital, Bisho, and adding a casino during 1983 "to appreciably improve the profitability of the operation" (AR Southern Sun Hotels 1983, p. 9).

The successful casino developments of Southern Sun within the Southern African region encouraged the company to attempt once again to expand operations on an international basis. In planning its investment abroad Southern Sun emphasized the imperative for management control of projects with the company seeking an average 20–25% level of financial participation. In addition, it was stressed that Southern Sun would not scatter its overseas investments around the world rather "cluster them in one or more specific areas" (*Sunday Times* 9 November 1980). As with most South African MNCs, Australia and the USA were the favoured geographical sites for Southern Sun's intended expansion (cf. Kaplan 1983; Innes 1984). But, as in the early 1970s, political factors associated with the corporation's home base being in South Africa thwarted the planned break-out of Southern Sun from Southern Africa. In Australia, Southern Sun sought to participate in an ambitious project to develop a casino on Queensland's Gold Coast tourist area (*The Star* 13 October 1982). However, the hostility of the Australian national government towards apartheid pressured the large Commonwealth Superannuation Fund to threaten its financial withdrawal if a South African corporation were to be associated with the project (*The Star* 19 November 1982).

American investment possibilities were scanned by Southern Sun during the late 1970s but abandoned temporarily due to the corporation's massive commitment of financial resources to the construction of Sun City. In March 1983 it was announced that Southern Sun had concluded an agreement with American Leisure Corporation to establish a US \$ 250 million casino/hotel venture in Atlantic City (AR Southern Sun 1983, p. 9). Nonetheless, the 'Camelot Project' attracted considerable opposition from local anti-apartheid groups with Atlantic City councillors introducing an ordinance prohibiting the city government from investing in companies with South African connections. Opposition to Southern Sun's planned involvement in the US gambling industry was even raised in the United Nations General Assembly (*Rand Daily Mail* 17 May 1983). Despite suggestions that Southern Sun might become involved in subsidized local housing construction to temper community opposition toward South African participation, the project was eventually aborted in June 1983 (*Rand Daily Mail* 20 May 1983; *The Star* 16 June 1983). Just after the announced withdrawal of Southern Sun from the scheme, the New Jersey State Senate voted unanimously to ask that the Casino Control Commission deny a licence to the South African firm (*Rand Daily Mail* 20 June 1983).

The failures of Southern Sun to penetrate beyond the Southern African region were mirrored in the overall geography of the corporation in 1983 (Fig 2). Despite several attempts to go multinational Southern Sun op-

erations were confined, apart from South Africa and the 'independent' Bantustans, to its Mauritian projects.

Sun International – Formation and Changing Geography

The partial metamorphosis of Southern Sun into Sun International must be situated in the context of the rationalization of the casino industry of Southern Africa which occurred in 1983. Rationalization of control centred upon a merging of the casino-hotel interests of Southern Sun with those of its rival, the Holiday Inn group, to constitute the new enterprise later christened as Sun International. The corporate merger was orchestrated by Southern Sun's Sol Kerzner who first offered his shareholding in Southern Sun to SAB while simultaneously making a successful bid for control of its casino-hotel operations. The second stage in the birthing of Sun International was acquisition of the casino-hotel interests of the Rennies Group which had operated under the Holiday Inns franchise in Southern Africa (AR Sun Hotels International 1984, p. 9). In a subsequent development a second acquisition took place in 1985 of Holiday Inn's outstanding South African hotel interests by Southern Sun. As a result, the remoulded Southern Sun corporation became the leading force in the hotel industry within South Africa complementing Sun International's dominance of casino-resort development outside South Africa.

The background events which precipitated the formation of Sun International surrounded the heightening competitive struggle set up between the Southern Sun and Holiday Inn casino interests. The struggle was launched by Southern Sun's construction of Bantustan casinos shattering the regional gaming monopoly held for over a decade by Holiday Inn (Crush and Wellings 1983; Wellings and Crush 1983; Stern 1987). In particular, the building of Sun City was a watershed event threatening the existence of Holiday Inn's chain of casinos situated in Botswana, Lesotho and Swaziland. The *raison d'être* of casino resorts in these independent states was as purveyor of the "forbidden fruit" denied to South Africans by the country's Calvinistic puritanism and anti-gambling codes (Crush and Wellings 1983, p. 683). The Holiday Inn group responded with an imitative corporate strategy which re-oriented its investments 'inward' to South Africa's Bantustans and away from Botswana, Lesotho or Swaziland. During December 1981 Holiday Inn opened a parallel casino resort to Sun City along the Wild Coast of Transkei, close to Durban. The 'casino war' escalated a stage further with an announcement that Holiday Inn had secured monopoly rights on gambling in the economically eviscerated and minuscule territory of KwaNdebele, which in 1982 appeared likely to be the fifth South African Bantustan to accept 'independence'. The significance of the proposed KwaNdebele casino lay in the fact that it severely

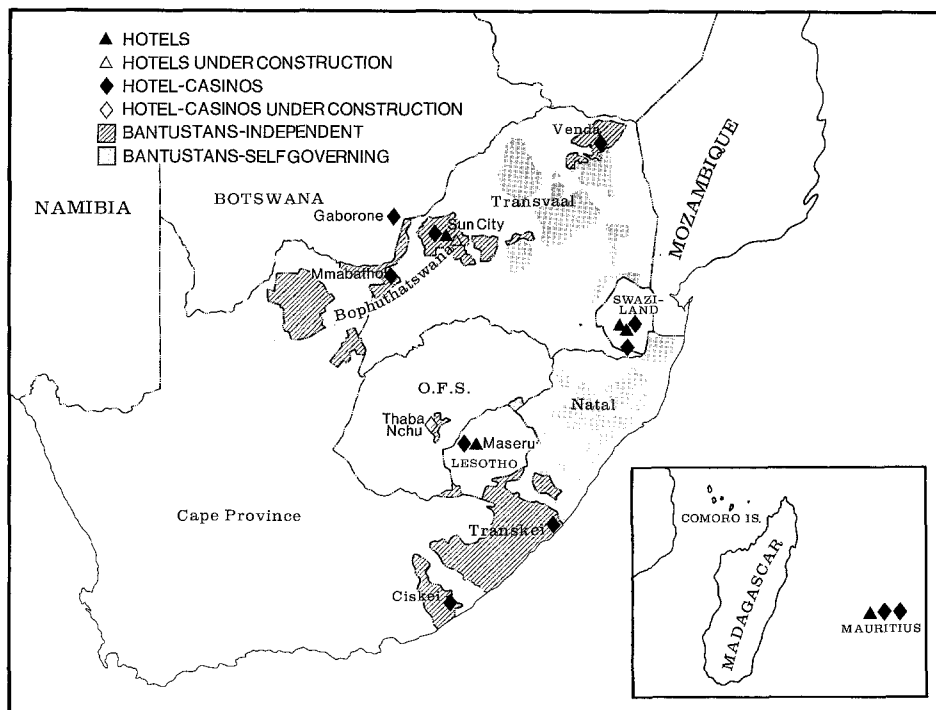


Fig 3
The corporate geography of Sun International, 1984
(Source: AR Sun Hotels International 1984)

threatened to undercut the profitability of Southern Sun's Sun City due to its location less than one hour's drive from Pretoria. This projected casino set in motion the discussions for rationalization of casino operations in Southern Africa which triggered the eventual creation of Sun International.

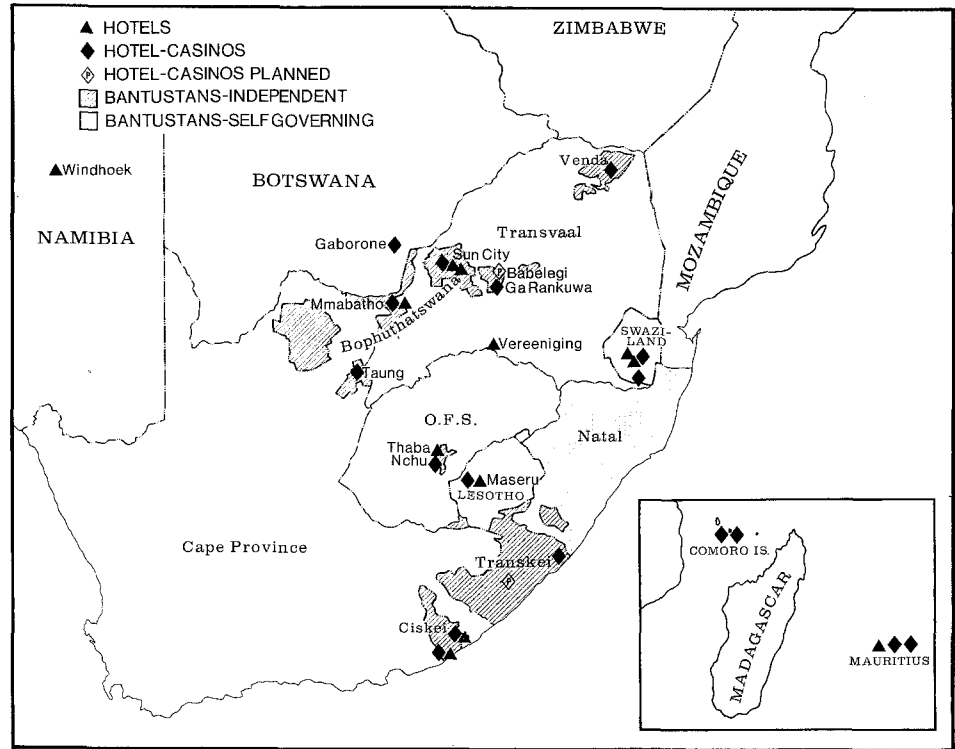
The newly founded Sun International corporation possessed an extensive geographical spread of operations within Southern Africa. To Southern Sun's existing five casino resorts and two hotels in Mauritius, Bophuthatswana and Ciskei was added a further six casino-hotels and two other hotels in Botswana, Lesotho and Swaziland as well as the two South African 'independent' Bantustans of Transkei and Venda. The new Sun International enterprise now enjoyed control of all casinos in Southern Africa with the single exception of the Hilton Hotel casino situated in Maseru, Lesotho. At the core of the enterprise was the development and management of luxury hotels, resorts and gaming operations, areas in which future investments would be directed (AR Sun Hotels International 1984, p. 11). Within the first year of its establishment Sun International moved to complete its monopoly hold on the gaming industry of Southern Africa by taking-over management and absorbing the Lesotho Hilton casino. With Sun International already in possession of one casino in Maseru, a rationalization of operations was undertaken with the older casino-hotel being downgraded by removing its casino; the closure of one Maseru casino was notable as the first event of its kind in the 20 year unfettered expansionary history of the gambling industry in Southern Africa. Beyond the new Lesotho venture, the lifting of the competitive

threat (and subsequent abandonment) of the proposed KwaNdebele casino-resort encouraged Sun International to invest further at the Sun City complex by constructing a spectacular new luxury hotel. Finally, in its first year of operations, Sun International opened a new hotel-casino at Thaba 'Nchu, an enclave of Bophuthatswana favourably located to attract gamblers from urban areas of the Orange Free State.

Accordingly, by 1984 Sun International's multinational spread of activities encompassed a total of 18 hotels, including 12 casinos, situated in four states of Southern Africa in addition to the four nominally 'independent' Bantustans (Fig 3). In the period since 1985 two major themes have shaped the changing corporate geography of Sun International. First, was the enterprise's efforts to expand further its core of casino-resorts within the area of Southern Africa. Second, and more importantly, was the new thrust to extend operations of Sun International beyond the regional sphere of Southern Africa. The geographical direction of Sun International's activities was sealed by a complex financial restructuring in 1985. The enterprise obtained an effective 21% share of the combined Southern Sun-Holiday Inn hotel chain which would be confined geographically to South Africa allowing Sun International to concentrate its endeavours outside the country (*Sunday Times* 14 April 1985).

Between 1985 and 1990 Sun International boosted considerably its regional Southern African operations in casinos and resort development. Five new casino-resorts were opened with a further two being in the planning stages. Spatially, the greatest concentration of invest-

Fig 4
The corporate geography of Sun International, 1990
(Source: AR Kersaf Investments 1989 and newspaper reports)



ments was directed 'inwards' to the 'independent' Bantustans (Fig 4). More specifically, a major expansion was undertaken of the existing highly successful casino-resort in Transkei and a new casino-resort and two hotels added in Ciskei. Expansion plans in Transkei for a new casino-hotel at Umtata, the capital, were endangered by a corruption scandal surrounding the payment of bribes to the former prime minister in exchange for his awarding Sun International exclusive gambling rights in the territory. Indeed, the company faced a challenge to its gaming exclusivity in the area which precipitated a suspension in 1989 of further developments in Transkei until the matter was clarified (AR Kersaf Investments 1989, p. 16). In Ciskei, expansion of Sun International proceeded without such controversies. The Ciskei coastal casino-resort and nearby additional hotel completed during 1989, were strategically located between the major South African urban centres of Port Elizabeth and East London. Also Sun International took over and refurbished a small hotel at Mdantsane, East London's satellite city, in Ciskei.

The most significant Bantustan expansions have taken place within Bophuthatswana. Further development has occurred of Sun International's showpiece, the Sun City complex which is projected to become the world's biggest resort of its kind. Among the ambitious large extensions announced in 1990 are proposals for a luxury hotel (tentatively called 'The Palace') set in a spectacular man-made jungle to include a functioning coral reef with tropical fish, scuba diving and a giant wave pool for surfers (*The Mail* 2 March 1990). Along-

side further consolidation of the huge Sun City complex, Sun International began the development of a series of smaller casino resorts in the territory, opening the first two such operations at Ga Rankuwa and Taung (AR Kersaf Investments 1989, p. 18). In addition, the existing (1984) casino-hotels at Mmabatho, and Thaba 'Nchu were augmented by hotels at each location. Finally, Sun International began work on a further casino-hotel complex north of Pretoria at Babelegi, a resort which is described will have "a Victorian Mississippi theme" (*The Mail* 2 March 1990).

Outside of the Bantustans, Sun International extended geographically its Southern African sphere of corporate operations with first investments made in the Comoro Islands, Namibia and South Africa itself (Fig 4). As a result of the withdrawal of a British-based hotel group from the management contract regarding a series of new luxury hotels under construction in the Comoros, in 1988 Sun International was afforded the opportunity to broaden its casino-resort operations. Considerable controversy, however, attached to the Comoran projects which drew opposition from local religious leaders who saw the ventures as centres of evils such as gambling and drinking, forbidden activities under Islamic law (*The Star* 19 May 1988). Additional criticism surrounded the reported 'apartheid-style' forcible removal of many villagers to facilitate land for one of the planned hotels (*The Star* 19 May 1988). These problems resulted in the reduction from four to two of the number of Sun International's Comoran ventures. Significantly, despite anti-apartheid sentiment to South

African MNCs investment elsewhere, the Comoros had been evolving close economic and diplomatic ties with South Africa since the mid-1980s. Indeed, Sun International deployed South African government backed loans in refurbishing one of its hotels in Comoros (*The Citizen* 8 February 1989). Eventually the remaining two Comoros hotel resorts opened during 1989 but were almost immediately troubled by political uncertainties surrounding the assassination of the President and the role played by a group of White mercenaries. As a consequence of the political turmoil in Comoros, Sun International closed temporarily its largest casino-hotel in the country (*Business Day* 31 January 1990).

The prospect of changing gambling legislation that might permit new casino developments prompted an interest in Namibia as early as 1987 (*Sunday Times* 15 March 1987). Nonetheless, with the certainty of Namibian independence on the horizon Sun International moved into the territory in 1989 securing a majority shareholding in Windhoek's most luxurious hotel (*Sunday Times* 30 July 1989). This move undoubtedly increased the chances that Sun International would be granted casino rights after Namibian independence in March 1990. An unusual investment by Sun International was its participation in a villa development and time-share resort on the Vaal river at Vereeniging (AR Sun Hotels International 1985, p. 8). The project was unusual both for its location in South Africa and in terms of being a departure from the core business of Sun International. Finally, in terms of regional operations in Southern Africa, in Botswana Sun International invested during 1985 in Chobe Game Lodge, a former Southern Sun venture (*Sunday Times* 3 February 1985). Four years later, however, the company sold out its stake in the game lodge, described as "too different from our central business", in line with corporate strategy to refocus on the core activities of casino-resorts (*Daily Despatch* 21 November 1989). Accordingly, the Gaborone hotel-casino remained in 1990 Sun International's only investment in Botswana (Fig 4).

The final thread in the growth and changing geography of Sun International concerns the enterprise's attempts to spread activities beyond the regional sphere of Southern Africa. In 1985 Sun International announced the objective for the corporation to become "a major force in the international entertainment and leisure industries": noting that the enterprise's activities were "reasonably well spread" the intention was stated to achieve "further geographic diversification . . . outside the Southern African region" (AR Sun Hotels International 1985, p. 9). The ultimate vision was of becoming a geographically expansive MNC "with world-wide operations" (AR Kersaf Investments 1986, p. 3). This goal of going international in scope was clarified, however, with the caveat that the company would "focus on target regions and only expand beyond these should the alternative opportunity be of significant size and offer a higher than usual rate of return" (AR Kersaf

Investments 1986, p. 3). Against the backdrop of the prior history of failed attempts by Southern Sun to invest in North America and Australia, it was perhaps not surprising that Western Europe became the selected "target region" for Sun International's drive for overseas expansion.

The beginnings of overseas diversification were signalled in June 1985 with the acquisition by Kersaf, the holding company for Sun International, of a 40% shareholding in a British enterprise, Kunick Leisure group. The diverse interests of Kunick included water theme parks, discotheques, an opera house, zoo, ice skating rinks and the London Dungeon tourist attraction. The acquisition of Kunick was clearly intended as a springboard, "a principal vehicle" for Sun International's further expansion into the United Kingdom and European leisure and entertainment industries (AR Sun Hotels International 1985, p. 9). Nonetheless, while Kunick might engage in small casino-related schemes in the United Kingdom, it was not intended that it become involved in larger casino ventures (*Sunday Times* 19 May 1985). Indeed, the initial investments made by Kunick were to reinforce its role as the entertainment arm of Sun International. In rapid succession the company made three acquisitions variously taking over the leading British popular music impresarios, an amusement machine group and an entertainment management company (*Financial Mail* 7 February 1986). The largest of these acquisitions, Allied Entertainments, was particularly attractive as it held exclusive option on the development of a leisure complex in the London Docklands area (*Financial Mail* 16 August 1985). The South African linkage, however, soon clouded prospects for Kunick fulfilling its designated role of spearheading Sun International's European expansion drive (*Business Day* 6 July 1986). In common with the international boycott of Sun City by leading entertainers, several of the rock artists refused to work with a business having South African connections. With the growing difficulties of Kunick tainted by its South African connections, in May 1987 Sun International disposed of its holding in this venture (*Business Day* 7 May 1987).

A second attempt to penetrate the international leisure market centred on the formation in 1986 of Royale Resorts, a joint partnership with a major UK company, British and Commonwealth Shipping. Although Sun International held 50% of the shares of Royale Resorts and the new company was to be headed by Sol Kerzner, it was claimed that Royale was not a South African company (*Finance Week* 19–25 June 1986). By establishing this offshore subsidiary, based in Bermuda, it was hoped to create a bridgehead for the long-thwarted international ambitions of the managers of Sun International. Through this exercise in corporate camouflage it was planned that Royale Resorts would spearhead the Sun International group into the business of "casino and resort industries" (AR, Kersaf Investments 1986, p. 4). Moreover, to avert possible opposition and unfavourable

publicity of its overseas expansion plans, a veil of South African state sanctioned secrecy was to be drawn over Royale Resorts in terms of limited disclosure on its activities (Financial Mail 17 October 1986).

At inception it was stressed that the strategy of Royale Resorts would be to develop on a regional basis concentrating particularly upon Western Europe "rather than trying to operate a string of resorts around the world" (*Business Day* 27 June 1986). Despite restrictions on corporate disclosure (cf. Krumme 1989) it was revealed that projects being examined by Royale included a casino-hotel in Monaco, a resort in Spain and a hotel in Turkey (*Finance Week* 19–25 June 1986). Nonetheless, in a major move during 1987 it was announced that Royale Resorts in alliance with a French company effectively had secured control of approximately half of France's gaming market through a planned take-over of seven of the country's leading ten casinos (*Business Day* 3 August 1987). Once again, the smear of apartheid created problems for this planned expansion into France. Trade union-led protests called on the French government to block the acquisition bid by Royale, urging "Don't let apartheid take over gambling in France" (*The Star* 10 August 1987). It must be acknowledged, however, that trade union opposition was not only fuelled by prospects of South African management of French casinos but also by the impending introduction of slot machines (formerly prohibited in France) which threatened the incomes and jobs of many casino workers (*Business Day* 27 August 1987).

Despite problems Royale did succeed in securing an involvement and operating four casino resorts, three of which were located in France (AR Kersaf Investments 1989, p. 5). Yet the intractable problems of the South African connection forced a reappraisal during 1988–89 of the whole direction of offshore corporate activities. Temporary defeat was admitted during 1989 when it was disclosed that "due to political pressures" and inability to expand into other casino resort operations in France, the decision was taken to divest from the existing French casino and gaming interests (AR Kersaf Investments 1989, p. 5). Moreover, the ambitious goals of major overseas expansion were to be deferred in the wake of

"the political and other obstacles" encountered in the overseas expansion drive (AR Kersaf Investments 1989, p. 5).

Concluding Remarks

The making and geographical spread of Sun International as a South African tourism MNC underlines the importance of country of origin as a factor in interpreting the heterogeneous character of MNCs. The spatial extent of Sun International (including its ancestor, Southern Sun) operations was deeply affected by the enterprise's tarring by the brush of apartheid. Despite Sun International's several efforts made to mask its South African origin through restrictive corporate disclosure and corporate camouflage, planned international expansion was continually frustrated by association with the apartheid system. In consequence, this South African MNC was quarantined in its international operations to those African states which either were economic or political satellites of South Africa or, in the case of the 'independent' Bantustans, were creations of apartheid.

The changing South African political environment of the early 1990s appears to offer both new opportunities and potential dangers for Sun International. On the one hand, the possibility of a new South African political order with the re-incorporation of the 'independent' Bantustans places a question mark on the enterprise's gaming rights and lucrative casino-resorts in Bophuthatswana or Transkei. On the other hand, a new political dispensation could remove the core obstacle blocking the internationalization of this vibrant and ambitious South African MNC, namely the stigma of apartheid.

Acknowledgements

Thanks are due to Phil Stickler for preparation of the diagrams. The Financial assistance of the Institute for Research Development of the Human Sciences Research Council towards this research is hereby acknowledged.

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