



**STRATEGIES EMPLOYED FOR THE SUSTAINABILITY  
OF TOWNSHIP TOURISM SMALL MEDIUM AND  
MICRO ENTERPRISES**

**by**

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## DECLARATION

I, Snehlanhla Lerato Mokoena, student number 2164836, do hereby declare that this dissertation is the result of my own investigation and research and has not been submitted to another University of Technology or University. Where use was made of the work of others, it has been duly acknowledged.

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## DEDICATION

I would like to dedicate my work to the entire Mokoena family for their support and words of encouragement when the journey got tough.

Special gratitude to my mother (Thuli Mokoena and Nomusa Mokoena), for their support and understanding, when I couldn't come back home on numerous occasions pursuing this research project.

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## **ABSTRACT**

The Small, Micro, and Medium Enterprises (SMMEs) sector is perceived as an economic engine for many countries. SMMEs are viewed as the primary creators and drivers of new businesses in the South African economy. The township tourism SMMEs are critical to the upliftment of the rural and township economies, however, they remain marginalized, continue to struggle to be sustainable, and face a variety of challenges that have a negative impact on their contribution to economic growth. This study aimed to examine the strategies employed for the sustainability of township tourism SMMEs. The objectives were to identify SMMEs involved in tourism in the townships, establish factors influencing the sustainability of SMMEs in the township, and determine the competitive strategy for the sustainability of tourism SMMEs in the townships.

To guide the present inquiry, Porter's Five Force's for Industry Analysis (1980) was employed. A positivist research paradigm was adopted, through a quantitative approach and a survey research design. The population targeted for this study were township tourism SMMEs operating in Umlazi Township in KwaZulu Natal. There being no reliable available sampling frame, a non-probability sampling strategy was adopted. Within non-probability, snowball sampling was used. Through the sampling strategy, owners and/ or managers of township tourism SMMEs were purposively approached and they suggested other SMMEs to consider for inclusion. A questionnaire was used for gathering data. Data was analyzed using descriptive statistics, presented in tables, graphs, and percentages.

The leading township tourism attractions in Umlazi were found to be in the lifestyle and entertainment category in particular food, beverage, and accommodation. In this regard, restaurants and BnBs dominated. Most SMMEs have been operating between 1-3 years and the majority were Micro enterprises. The number of registered and non-registered SMMEs was nearly equal, a larger number of SMMEs were located in fixed physical structures, with a smaller number offering mobile service/non-fixed services and/or operating online. A high number of businesses were located in residential areas, next to the taxi rank, and operated as sole proprietors and informal businesses. The most influential factors affecting the sustainability of township tourism SMMEs were the lack of funding, strong business competition, poor business location, lack of business skills, and

high crime rate. It was revealed that only a few entrepreneurs applied a competitive strategy. Some of the used competitive strategies included registration of the businesses with the Department of Small Business Development, social media marketing, and bulk buying.

The study recommends township tourism SMME diversification instead of the current focus which is food, beverage, and accommodation. SMMEs should consider operating their business remotely and/ or mobile non-fixed physical structures, as well as having a web presence and optimizing location to improve sustainability given that some of their sustainability are curtailed by their non-optimal location.

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## **LIST OF ABBREVIATIONS**

|       |   |
|-------|---|
| B&B   | Bed and Breakfast   |
| DUT   | Durban University of Technology   |
| Etc.  | Etcetera  |
| GDP   | Gross Domestic Product  |
| SEDA  | Small Enterprise Finance Agency and the Small Business Development Agency |
| SMMEs | Small Medium and Micro Enterprises  |
| UNWTO | United World Tourism Organisation   |



# **CHAPTER ONE**

## **INTRODUCTION AND BACKGROUND OF THE STUDY**

### **1.1 Introduction to the study**

This first chapter introduces and provides the conceptual and contextual background of the study. The problem statement and the aim of the study followed. The research objectives and research questions formulated from the study aim were then presented. The rationale of the study then followed. The scope and limitations of the study were discussed thereafter; the literature was reviewed. The research methodology and the analysis of results were presented. Afterwards the structure of the thesis outlining research chapters was presented and concluded with the summary of the chapter.

### **1.2 Conceptual background of the study**

In South Africa, entrepreneurship is the heartbeat of the township. Townships are known as places where mainly black South Africans were compelled to live in quarters-style housing located outside of economic city centres (Mtshali, Mtapuri and Shamase 2017; Ngubane 2015; Wild, Cant and Nierkerk 2014). Although South African townships have been a hive of entrepreneurial activity, it seems the potential for these ventures to generate broader economic benefits and thus the sustainability is prohibited by certain challenges (Rogerson 2017). According to Urban and Ndou (2019) townships business activities are often a mixture of informal initiatives in public and household spaces. Booyens and Rogerson (2019a) state that the entire character of some streets in some township areas has shifted over time from residential to commercial due to the mushrooming informal activity.

In the townships and rural areas, the SMME sector is one of the major sectors that provide employment (Jili, Masuku and Selepe 2017). Township economies are township-based enterprises and markets run by township entrepreneurs such as Spaza shops, Hair salons, Shisa Nyama's, and so on (Griffin and Muldoon 2020; Urban and Ndou 2019).

In South Africa one of the entrepreneurship SMMEs taking prominence is called township tourism; a niche market focused mainly on global tourist that shows interest in the culture or heritage of the township (Donaldson 2018; Frenzel and Koens 2012). Township tourism has made noteworthy contributions to the local economy despite the perceptions of townships from outside (Cornelissen 2017) and have a great potential to overcome the legacy of social and economic exclusion, which is characterized as township life (Donaldson 2018). Township tourism needs support to be able to provide the growing economic opportunities, and help the entrepreneurs enter at the ground to operate a business (Auala, van Zyl and Ferreira 2019).

The township tourism trend arose from the desire of travellers visiting townships to not only view the sites, but also to feel the vibes and taste African cuisine served in local eateries (Hoogendoorn *et al.* 2019; George and Booyens 2014). Tourism in South African townships, such as Soweto, has proven to be a success, even though not all provinces have capitalized on this new trend. Umlazi is one of the few townships doing well in township tourism. Umlazi is a township found around 17 kilometres South-West of Durban's focal business district in KwaZulu-Natal, South Africa. Umlazi is the second biggest township in South Africa (Durban Report 2020).

SMMEs can have an incredible commitment in the advancement of a nation (State of nation address 2019). The SMME sector has the potential to positively impact the country's socioeconomic growth (Urban and Ndou 2019) and escalate the earning power and the lives of citizens through self-employment (Hoogendoorn *et al.* 2019). SMMEs are therefore inseparably linked to economic development, income generation and the creation of jobs within poor and disadvantaged communities in developing countries (Bushe 2019). In order for SMMEs to continue to contribute positively to a country, it is important for township tourism SMMEs to be sustainable. Business sustainability is the ability of small businesses to be profitable in the long run (Moeti 2016). This means that sustainable SMMEs are small business enterprises that manage their cash flow and remain profitable over time. It is vital for businesses to ensure that sustainable development contributes to a higher quality of life today while not jeopardizing the quality of life for future generations (Rambe, Matema and Madichie, 2017; Mosweunyane 2016).

There is a strong link between business sustainability and the competitive strategy (Zizile and Tendai 2018). The competitive strategy is a marketing plan developed by companies to protect their market position and gain a competitive advantage over competitors (Masama 2018).

The greater the competition in your industry, the more difficult it is to compete (Masama 2018; Moeti 2016). When a company enters a crowded market, its managers/owners must set a high standard to keep up with competitors, especially those who sell similar products. It is important to thoroughly analyse your competitors' strengths, weaknesses, and advantages to build a sustainable business (Bushe 2019; Masama 2018; Porter 1980). The majority of the authors believed that the success of any organization is dependent on its strategy, and for any SMMEs to achieve sustainability, it is expected that they embrace competitive strategies; however, there has been much debate on whether SMMEs needed competitive strategies for sustainability in their turbulent environment (Zizile and Tendai 2018; Hörisch, Johnson, and Schmallegger 2015). According to Porter (1996) organizational uniqueness is linked to its ability to have a basic understanding of the environment and to use appropriate strategies to achieve sustainability and competitive advantage.

### **1.3 Contextual background of the study**

This study broadly examines the township economy. The study narrows down to township tourism SMMEs. The place chosen as the study site was Umlazi Township situated in KwaZulu-Natal. According to Urban and Ndou (2019) Umlazi is one of South Africa's largest townships, together with Soweto, Tembisa and Kayelitsha. In the context of KwaZulu Natal, Umlazi is the biggest township (Jili, Masuku and Selepe 2017). Umlazi Township is one of the townships in South Africa that is slowly growing in township tourism and have many activities that generate township economy. Some of the places that partake in township tourism include eYadini Lifestyle, Max Lifestyle, Shisa nyama and more.

## 1.4 Problem statement

SMMEs in South Africa continue to contribute positively to the country's economy. According to Adinolfi, Jacobs and Tichaawa (2018) SMMEs have become increasingly important in the economy and development of South Africa. The government has prioritized the SMME sector as a means of financial empowerment for previously disadvantaged individuals (Abrahams 2019). The tourism sector can create employment directly through guesthouses, eateries, dance club, taxis and indirectly through the providing of goods and services that are needed by businesses related to tourism (Moyle, Moyle and Burgers 2020; Adinolfi, Jacobs and Tichaawa 2018).

Government has been devoted to enhancing SMMEs performance in many countries (Mxunyelwa, 2019; Thomas, Williams and Thompson 2013). Tembe (2018) finds that majority of SMMEs fail within a very short time due to the several challenges they face such as lack of financial assistance and market access. Mxunyelwa (2019) agree that most of the SMMEs have a very short lifespan, as they are wound up in the first few months of operation. In addition, Mxuyelwa (2019) states that the challenge of the early demise of SMMEs could be tied to many factors, including that most SMME owners are unskilled and lack basic managerial training, which is necessary for the successful running of small businesses. According to Bushe (2019) one of the genuine challenges that SMMEs face is a lack of business skills. Bushe (2019) further states that most of the SMME owners enter into business out of difficult circumstances and subsequently do not have the chance to equip themselves with abilities, which are important for fruitful business endeavours. For sustainability, SMMEs tend to employ strategies such as business registration with the Department of Small Business Development, social media marketing, and bulk buying.

This study is premised by the understanding that township tourism has the potential to boost the economy of the township and boosting the economy will sustain the other businesses in the township (Booyens, and Rogerson 2019b; Rogerson and Mthombeni 2015).

## **1.5 Aim of the study**

The study aimed at examining the strategies employed for the sustainability of township tourism Small, Medium and Micro Enterprises in Umlazi Township.

## **1.6 Objectives of the study**

To achieve the study, aim the following objectives were set:

- To identify SMMEs involved in township tourism.
- To establish factors influencing the sustainability of township tourism SMMEs and
- To determine the competitive strategy for the sustainability of township tourism SMMEs.

## **1.7 Research questions**

Below are the research questions formulated from the study's objectives:

- What SMMEs are involved in township tourism?
- Which factors influence the sustainability of township tourism SMMEs?
- What is the competitive strategy employed for the sustainability of township tourism SMMEs?

## **1.8 Rationale of the study**

As previously stated, SMMEs play a critical role in providing employment to the economy. The South African government placed a high value on SMMEs as one of the major solutions to poverty eradication and addressing the economy's high unemployment rate. According to Muriithi (2017), the majority of SMMEs are struggling to survive, and those that do survive do not grow into large corporations. This necessitates a deeper understanding of the factors hindering the growth and/or sustainability of township tourism SMMEs. This study was conducted to examine strategies employed for the sustainability of township tourism SMMEs.

## **1.9 Scope and limitations of the study**

The broader concept examined in the study is township tourism. The specific focus of the study is to examine strategies employed for the sustainability of township tourism SMMEs. Geographically the study was located at Umlazi Township, Durban, KwaZulu-Natal.

The foreseen limitations of the study were:

- There was no available sample frame for the township tourism SMMEs.
- The busy schedule of entrepreneurs.
- The Corona Virus pandemic made it impossible to reach all the SMMEs, as the country was on lock down.

## **1.10 Literature review**

A detailed review of literature was conducted in Chapter two. Sources of the review of literature were on the main part scholarly such as scientific journal articles, thesis and dissertations, books, conference proceedings. Other sources that contributed to the study were official government sources business magazines. Literature focused on headings such as the role of SMMEs in the sustenance of the township economy, strategies employed for sustainable township tourism. Lastly, the theoretical framework underpinning the study would be discussed.

A brief literature review revealed that township tourism SMMEs are very diverse with accomodation and eateries being the most prominent (Udimal and Biyase 2021; Booysen and Rogerson 2019). Although SMMEs are often presented as the backbone of economies (Mtshali, Mtapuri and Shamase 2017) and as contributing a lot in terms of employment in the private sector (Rogerson 2019), they face numerous challenges that are affecting their business sustainability such as a lack of funding, fierce competition, a poor business location, a lack of business skills, and a high crime rate (Mxuyelwa 2019; Bushe 2019) . According to Asmelash and Kumar (2019) a large number of small businesses struggle to remain sustainable because they do not have a competitive strategy in place. Asmelah and Kumar (2019) further stated that few entrepreneurs understood and implemented competitive strategy in their businesses. Porter's Five

Forces for Industry Analysis 1980 was used as the theoretical framework to guide the current investigation into the sustainability of township tourism SMMEs. This theory identifies a wide range of factors that can be used to analyze organizations in their operating environments, determining their success and long-term sustainability in the industry (Nguza-Mduba and Mutaramba 2021; Dhlomo 2017; Porter 1980).

### **1.11 Research methodology**

A detailed presentation of the research methodology employed by this study is presented in Chapter Three (Research Methodology). The methodology adopted by this study is outlined as follows: The positivist research paradigm was adopted in this study. Quantitative approaches were used, and survey research design was then employed. The target population for this study comprised of owner/managers of township tourism SMMEs operating in Umlazi in KwaZulu Natal Province. Purposive non-probability samplings were employed in this study. Structured questionnaires were used as data-gathering instruments. The data was analysed using descriptive analysis. The results of quantitative data were presented in a form of tables, graphs, and percentages.

### **1.12 Structure of the thesis**

Chapters of the study were structured as stated below:

**Chapter one** : Introduction and background of the study

The chapter introduced the study and provided insight to the matter being investigated.

**Chapter two** : Literature review

The chapter reviewed the literature on strategies employed for the sustainability of township tourism SMMEs.

**Chapter three:** Research methodology

The chapter presented the research methodologies adopted to achieve the objectives of the study.

**Chapter four** : Presentation, interpretation, and analysis of findings

The chapter presented, interpreted and analysed the study findings.

**Chapter five** : Discussion of findings

The chapter discussed the findings of the study.

**Chapter six** : Summary, conclusion, and recommendation

The chapter provided a summary of the findings, a conclusion, and the recommendations of the study.

### **1.13 Summary of the chapter**

The chapter ending introduced the conceptual and contextual background of the study. The problem investigated was stated and the aim formulated. The research objectives and research questions formulated from the study aim were then presented. The rationale of the study was provided. The study scope and limitations were presented. This was followed by an indicative review of literature and the research methodology. The structure of the thesis outlining research chapters was outlined ending with the summary of the chapter.



# **CHAPTER TWO**

## **LITERATURE REVIEW AND THEORETICAL FRAMEWORK**

### **2.1 Introduction**

The previous chapter provided the conceptual background to the study and the context in which the study is situated. This chapter reviews literature on the strategies employed for the sustainability of township tourism SMMEs.

The chapter starts by conceptualizing the study's key terms, followed by a discussion of types of tourism enterprises found in the township, and then a classification of SMMEs in South Africa. Thereafter, the role played by township tourism SMMEs in the sustenance of township economies is presented. This was followed by the factors influencing the sustainability of township tourism. Strategies employed for sustainability of township tourism SMMEs were then outlined. A theoretical framework was presented, ending with the summary of the chapter.

### **2.2 Clarification or definition of central concepts**

For better understanding the study on the strategies employed for the sustainability of township tourism SMMEs in Umlazi township, the following key terms were conceptualised: business sustainability, township economy, township tourism SMMEs:

#### **2.2.1 Business sustainability**

Business sustainability is defined as the incorporation of economic, environmental, and social goals into a firm's goals, activities and planning with the aim of creating long-term value for the firm, its stakeholders, and a society as a whole (Ajibade and Khayundi 2017). According to Zizile and Tendai (2018) business sustainability is the ability of a business to exist consistently. Sustainability is becoming increasingly important for all businesses, across all industries. Business sustainability assumes that developing business strategies promotes company longevity (Asmelash and Kumar 2019; Ajibade and Khayundi 2017).

This means that business strategy is created and implemented in such a way that it meets the needs of the firm and its stakeholders while also protecting, sustaining, and upgrading the natural resources that will be needed in the future. A competitive strategy is essential for a business growth and sustainability.

### **2.2.2 Township economy**

Township economy is currently a growing phenomenon in South Africa (Udimal and Biyase 2021; Booysen and Rogerson 2019). The township economy, in general, refers to all forms of economic activities that take place in formally established urban areas known as townships (Charman 2017; Cant and Rabi 2018; Turok 2016). The township economy offers opportunities to absorb new skills, gain on-the-job experience, and build social networks. The township micro enterprises are operated by township entrepreneurs to meet the needs of people residing in township therefore can be understood as township enterprises (Auala, Van Zyl and Ferreira 2019). Township businesses are diversified, informal, offering a wide range of goods and services to meet the needs of township communities and beyond (Charman *et al* 2017).

### **2.2.3 Township tourism**

Townships are at the center of a new tourist trend in South Africa, with a focus on cultural aspects. (Booyens and Rogerson 2019b; Cornelissen 2017). Township's areas are known as deprived areas believed to represent everyday life and are actively promoted as genuine cultural destinations (Charman 2017; Cornelissen, 2017). Township tourism is also known as slum tourism (Booyens and Rogerson 2019a) characterized primarily by township tours, but it also includes other attractions such as accommodation, eateries, and a variety of other leisure activities that are available within townships. Township tourism has been a steady growing trend in the last three decades as people search for uniqueness and involvement in an increasingly rich society through more authentic experiences (Griffin and Muldoon 2020; Hoogendoorn *et al.* 2019). Township tourism is about tourists experiencing how people live in areas of poverty (Booyens and Rogerson 2019a; Masama, and Bruwer 2018). Township tourism takes place in impoverished areas of South Africa's major cities and towns.

Township tourism has grown in popularity since the mid-1990s, allowing visitors to participate in a humane sense of good citizenship by assisting a disadvantaged area's economic growth while also instilling their own sense of adventure (Kubone 2019). Township tourism is regarded as a tool for community development and economic diversification, mostly for local communities and local development agencies in South Africa (Ramukumba 2019).

#### **2.2.4 Small Medium and Micro Enterprises**

The economic activity one finds in the township economy tends to be SMMEs (Moos and Sambo 2018). SMME are types of businesses categorized on annual turnover and number of employees (Wild and Cant 2018; Cant and Rabie 2018; National Small Business Act 102 1996). United Nations Industrial Development Organization (2014) SMMEs are classified based on the number of employees in a company. A small enterprise employs 5 to 19 people, a medium enterprise employs 20 to 99 people, and a micro enterprise employs one or two family members and with the maximum of two employees, with the aim of providing basic needs for their families (Moos and Sambo 2018; Mashiyi 2018; United Nations Industrial Development Organization 2014). Most entrepreneurs involved in Micro enterprises are participating in hawking, vending and subsistence farming (Mashiyi 2018; Bishop 2018).

### **2.3 Identifying types of tourism enterprises found in the township**

In South Africa, there are several types of tourism SMMEs enterprises that are found in the townships (Bvuma and Marnewick 2020; Mtshali, Mtapuri and Shamase 2017). A positive tourism destination is influenced not only by elements of activities or products that are thought to have significant impacts, but also by other factors such as lodging and transportation (Griffin and Muldoon 2020; Auala, van Zyl and Ferreira 2019). Other literature appears to have established a terminology for defining the tourism industry, despite the fusion of the various sectors that comprise the tourism sector (Griffin and Muldoon 2020). Hall and Williams (2019) state that South Africa's travel and tourism sector is organized into three sub-sectors, namely, "accommodation; hospitality and related services; and travel distribution services each of which offers entrepreneurs commercial potential". The three sub-sectors are discussed below.

### **2.3.1 Accommodation (hotels, apartment, guesthouse)**

Accommodation is the central hub for hosting guests and visitors, where a guest can pay a charge in exchange for a certain level of housing and other services like food and beverages (Rogerson and Rogerson 2019). Services in this subsector include hotels; resort properties; ; timeshare; bed-and-breakfasts; game lodges; backpackers and hostels (Rogerson and Rogerson 2019). Piggott-McKellar and McNamara (2017) state that when tourist reach their travel location, they need a place where they can rest and freshen up, therefore, accommodation industry gives tourists a place to stay temporarily. Taking from an economic viewpoint, accommodation is one of the largest industries in the tourism sector and plays an important role in the tourism industry (Rogerson and Rogerson 2019).

### **2.3.2 Hospitality and related services (nightclubs, fast food, bars, shebeens and restaurant)**

Over the last decade, the hospitality subsector has grown rapidly and is now one of South Africa's fastest growing subsectors, including services such as eateries, conference venues, professional catering, and attractions (Harilal and Nyikana 2019; Piggott-McKellar and McNamara 2017). The tremendous expansion of this industry can be attributed to the government of South Africa's promotion of tourism through the ministry of tourism (Dube 2020). Hospitality services also include the food and beverage sector, which includes a wide range of national cuisine and service styles (Bvuma and Marnewick 2020; Harilal and Nyikana 2019).

### **2.3.3 Travel distribution services (car rental, informal buses, and taxi companies)**

The travel subsector facilitates and endorses tourists unrestricted and convenient movement within and between tourist attractions (Bruwer 2020). One of the most critical aspects of any tourism development is transportation, as tourists will need transportation to go to their destinations (Cant and Rabi 2018). Services in this subsector include tour wholesalers, tour operators, travel agents, tourist guides, and car rental companies (Dube

2020; Bruwer 2020). These services represent the central link between tourists and tourism service providers, and thus have the power to influence both the demand and supply sides of tourism (Asmelash and Kumar 2019).

## **2.4 Classification of smmes in South Africa**

The term SMMEs is an abbreviation for Small, Medium and Micro Enterprises (Buso, Fatoki, and Masocha 2017; Chimucheka 2013). SMMEs are multi-layered enterprises that are flexible and whose business practices are not as rigid as those of large enterprises (Booyens, Motala and Ngandu 2020; Galawe 2017). The definition of SMMEs varies from country to country, and depending on the category of industry, they are associated with (STATSSA 2018) in that regard, an SMME in the food industry will not be defined in the very same way as an SMME in the construction sector. SMMEs are generally defined as small businesses with a small number of employees, with the number of employees also determined by the category to which they belong (Ngwenya and Mashau 2019; Bishop 2018; Cant and Rabie 2018; Rogerson and Rogerson, 2017). Briefly discussed below is how the classifications SMMEs are arrived at by using turnover and number of employees.

Small enterprises are made up of ten to forty-nine employees (Bhorat *et al.* 2018) while medium enterprise is enterprises that is controlled by the owner and have up to 100 employees (Gantsho 2019; Mokoena 2017) and micro enterprises are defined as very small businesses that typically employ only the owner, one or two family members, and no more than two employees (Bvuma and Marnewick 2020; Ayandibu and Houghton 2017). Other scholars say that micro enterprises have less than five employees that are being paid (Mazwai 2020; Moos and Sambo 2018). Small enterprises are likely to operate from a commercial or industrial location, be tax-registered, and meet other form registration requirements (Bvuma and Marnewick 2020; Mokoena 2017) while medium is also likely to function from a commercial site and meet registration requirements in terms of compliance and micro enterprises often lack formality when it comes to tax registration, labour legislation, business premises and accounting procedures (Wiid and Cant 2018; Cant and Rabie 2018). The ownership and management structures of small enterprises are most likely to be managed by the owner, whereas that of medium-sized businesses

is more complex (Gantsho 2019) and micro enterprises are simple, they normally include the owner and 1 or 2 family members (Bishop 2018; Mosweunyane 2016). The trading history of small enterprises are not well recognised with traceable references, although medium enterprises are recognized with traceable references and well-established trading history (Urban and Ndou 2019; Ajibade and Khayundi 2017) and micro usually have no trading history (Mzwai 2020). The assets value of small enterprises is normally low (Scheba and Turok 2020) while for medium enterprises Fatoki (2018) states that because of their stock levels and accumulated assets, these businesses have a high asset value and micro enterprises is likely to have no accumulated assets (Saura, Palos-Sanchez and Grilo 2019).

Table 2.1 Categorisation of SMMEs in South Africa

| <b>SMME sizes</b> | <b>Number of employees</b>   | <b>Characteristics</b>   | <b>Examples</b>  |
|-------------------|--|--|--|
| <b>Small</b>      | less than 100 employees and close to 50  | formal and registered<br>owner managed more complex management structure   | carwash;<br>building contractors;<br>confectionary<br>hardware |
| <b>Medium</b>     | 100-200 paid employees   | <ul style="list-style-type: none"> <li>• owner managed</li> <li>• operated from fixed premises</li> </ul> has formal requirement | local butchery,<br>farmer,<br>supermarket                      |
| <b>Micro</b>      | Employees range from one to five, with the owner and his family typically making up most of the workforce. | possibility to make the transition to a viable formal small business<br>little or no business skills<br>informal                 | spazashop;<br>dress makers;<br>shoe repair;<br>shebeens        |

**Source:** Quarterly Financial Statistics SA 2018.

Townships can be accepted to have a combination of all these types of small businesses, and it can also be accepted that some would be more sustainable than others.

## **2.5 Role of township tourism SMMEs in the sustenance of the township economies**

The township tourism SMMEs plays an important role in the sustenance of township economies (Charman 2020). SMMEs are widely acknowledged as having a significant impact on a country's economic and social development, especially in developing countries (Bvuma and Marnewick 2020; Rogerson 2018; Jili, Masuku and Selepe 2017). SMMEs are one of the key drivers of the township economy in South Africa (Bvuma and Marnewick 2020; Rogerson and Rogerson 2020; Kubone 2019). The successful township economies all over the world have recognized the positive role that SMMEs play in the growth and development of their communities (Scheba and Turok 2020). From an economic standpoint, SMMEs are viewed as vehicles that can help countries achieve their growth objectives, such as job creation and poverty alleviation. One of the SMMEs that have become a significant contributor to the development of socio-economic systems locally and at a globally scale is township tourism SMMEs (Scott, Hall and Gössling 2019; Manzoor, Wei, and Sif 2019; Kimbu and Tichaawa 2018; Naudi and Saayman 2013).

Townships have become tourist attractions focussing on culture and heritage areas that are not adequately explored (Rogerson 2019). Township tourism SMMEs have created accessibility and the creation of opportunities for black South Africans residing in townships such as job opportunities which alleviate poverty and provide social stability (Griffin and Muldoon 2020; Sibanda 2019). The observation of Chili and Mabaso (2016) concur with the afore mentioned stating that the growth of township tourism SMMEs can provide the framework for possible opportunities that entrepreneurs can venture into a business.

Township tourism SMMEs are getting more recognition for their economic potential and possible impact on poverty alleviation (Booyens and Rogerson 2019a; Nieuwenhuizen 2019; Moswete, Saarinen and Monare 2015). Because of the perceived ability of small businesses to create jobs, governments in many countries have begun to pay more attention to the small business sector (Sibanda 2019). Zinzile and Tendai (2018) confirm that SMMEs account for 97% of all businesses in South Africa, generating 35% of Gross Domestic Product. Township tourism SMMEs are frequently used as a means of gaining

access to economic opportunities for the poorest members of South African society (Mtshali, Mtampuri and Shamase 2017). Bvuma and Manerwick (2020) emphasize that the township tourism SMME sector creates jobs, pays taxes, and can be included in government statistics and labour market information analyses.

## **2.6 Factors influencing the sustainability of township tourism**

There is a wide range of factors affecting the sustainability of township tourism in South Africa (Rogerson 2019; Mahanjan 2014; Mbonyane and Ladzani 2011). The most common factors cited as factors that influence the sustainability of township tourism in literature include lack of financial support, poor infrastructure and lack of skilled people (Rogerson and Baum 2020). These factors are briefly discussed below:

### **2.6.1 Finance**

Access to finance remains a major problem in majority of African countries (Abrahams 2019). SMMEs often have a problem with access to capital (Mbedzi and Simatele 2020; Motsau 2017). According to Omer (2016) “SMMEs in many developing countries are constrained by the availability of financial resources to meet operational and investment needs”. In general, finance is a critical issue for growing businesses, as it forms as the primary resource base (Abrahams 2019). Abrahams (2019) states that a majority of SMMEs are unaware of the existence of other financial organizations that can provide financial assistance to their businesses, because of this lack of knowledge, most businesses fail when they are unable to obtain financing from reputable financial institutions. Gantsho (2019) agrees that the majority of new SMMEs in South Africa are unaware of government efforts to provide financial assistance, such as that of Small Enterprise Finance Agency and the Small Business Development Agency (SEDA).

### **2.6.2 Lack of skilled people**

The tourism sector battled to retain skilled people (Potgieter, Berman and Verity 2019; Littlewood and Holt 2018). Potgieter, Berman and Verity (2019) state that tourism needs people who are both inspired and well trained. A lack of education and training results in not only numerous financial losses, but also missed opportunities and an inability to adapt to new challenges (Chili 2018). Littlewood and Holt (2018) concerns are raised about the



lack of people in the tourism industry who can speak multiple languages, are proficient in high-tech computer skills, or have a good understanding of statistics and how to use them.

### **2.6.3 Lack of access to business information**

Lack of access to business information is defined as “information that is articulated to enable the end user to make an informed decision involving a business need” (Rungani, and Potgieter 2018). The majority of SMMEs lack access to business information, which impedes their growth and development (Bushe 2019; Rungani and Potgieter 2018). Furthermore, the procedures involved in obtaining the necessary information are discouraging to SMMEs (Francis and Willard 2016). According to OECD (2006) most developing economies face funding challenges due to a lack of information about the various financing options.

### **2.6.4 Poor location (infrastructure)**

One of the reasons why small businesses fail is that they choose a location without first conducting a thorough investigation of the area's potential for business survival and growth (Mtshali, Mtapuri and Shamase 2017). The importance of location is influenced by the sort of business and its proximity to its clients, such as whether customers must go to the business or whether the business owner must travel to the customers (Bhorat *et al.* 2018). Mtshali, Mtapuri and Shamase (2017) add that “other factors to be considered are whether the business offers a special product or service with little direct competition, and whether convenience is the key selling point in what the business offers to customers”. According to Adeniyi, Jokonya and Sparks (2019) a poor location may be caused by a supermarket or other competing small business enterprise being located close to the new small business. The poor business location can prevent from ever getting off the ground, even with the adequate finance and managerial ability (Julien 2018).

### **2.6.5 Cash-flow problems**

Cash flow is defined as the quantification of the money, which comes into and leaves a business during a specific period (Sibande 2019). It reflects the amounts of money, which actually flowed in and out of the business during the period in question (Mtshali, Mtapuri and Shamase 2017). Most cash-flow problems experienced by the owners of businesses

are because of slow-moving or excessive stock, excessive credit terms, cash being misused on items that aren't profitable and aren't necessary such as stylish houses and cars and expensive holidays (Thabela *et al.* 2019). Problems concerning cash flow have great potential to undermine and even to disrupt the operations of a business.

### **2.6.6 High crime rate**

South Africa has a high crime rate particularly in townships (Bvuma and Marnewick 2020). The Institute of Security Studies (2016) report estimates that 50 people are murdered in South Africa every day. These disturbing statistics set a bad precedent for tourists planning to visit South Africa. Whites in the country rarely visit townships; to them townships are still no-go zones, particularly for white international and domestic tourists (Malgas and Zondi 2020). The development of SMMEs and crime seems to have a direct link, as crime affects both the growth and economic development of SMMEs (Griffin and Muldoon 2020). This poses a significant risk to businesses operating in townships, which are frequently targets of criminal activity (Kisi 2019). This has a negative impact on their long-term viability and profitability. It causes them to lose customers, which leads to low sales (Bvuma and Marnewick 2020).

### **2.6.7 Management skills**

Managerial skills are very important to the survival and growth of SMMEs (Kubone 2019). Managerial competencies are sets of skills, attitude, knowledge, and behaviours that contribute to personal effectiveness (Kubone 2019; Ncoliwe 2019). According to Ntinga (2019) in South Africa, the lack of entrepreneur education and training has reduced management capacity in new businesses. This is one of the most common explanations for the low level of entrepreneurship and the high failure rate of new businesses (Manyaka-Boshielo 2019; Ntinga 2019).

## **2.7 Strategies employed for the sustainability of township tourism SMMEs**

The strategies for sustainable township tourism provide a framework that guides the development of the township tourism industry to achieve its goals (Kisi 2019). The strategy/policy making is of particular important to township tourism, whether

international, national, provincial or local scale (Rogerson and Rogerson 2020). For a country's tourism industry to survive, it needs to be sustainable (Ngwenya and Mashau 2019). The need for sustainable tourism has emerged as a pressing issue because of the negative effects of tourism on the social structure, natural resources, and cultural values (Rogerson and Saarinen 2018). The World Tourism Organization (2016) states that sustainable tourism involves social responsibility, a strong commitment to nature and the integration of local people in any tourist operation or development. According to Edgell Sr (2019) sustainable tourism should assure current and future productivity by paying special attention to local people and communities (lifestyles, cultures, and so on), allowing locals to share equally in the economic benefits of tourist.

Sustainability has become one of the most important strategic issues for many industries (Ntinga 2019). Tourism as a crucial industry for economic and social development, may have a positive effect on employment and revenue (Vidishcheva and Bryukhanova 2017). Asmelash and Kumar (2019) state that the poor management and planning of tourism may cause permanent damage to the physical, social, cultural, and economic environment of a tourist destination. Asmelash and Kumar (2019) further state that tourism activities must be properly planned, managed, and monitored utilizing a long-term sustainable strategy. There are many strategies used for sustainability of township tourism, one of the commonly used strategies is by the UNWTO (2017) as explained in figure 2.1 below.



Figure 2. 1 Strategies to keep township tourism sustainable

(Source: UNWTO 2017).

### 2.7.1 Destination management

Destination management is a well-coordinated approach that manages practically all aspects of a destination is known as destination management (World Tourism Organization 2016). It includes “marketing efforts, local resources, accommodation, activities, events, environmental concerns, tourist attractions and transportation” (Litshani 2017, 49). Mosweunyane and Dzansi (2017) state that “modernization of infrastructure and protection of value-added products and services are among the main topics to help improve destination management and, thus, provide a high-quality experience to visitors”.

The World Tourism Organization (2016) adds that tourism infrastructure development activities should be carried out in accordance with long-term environmental practices that minimize environmental impacts. The presence of both management and tourism infrastructure in tour programs is important in the tourism industry because it influences visitor satisfaction.

### **2.7.2 The visitors experience**

One of the strategies for sustainable tourism is to guarantee that visitor management provides a high-quality experience to visitors, and for this purpose, it may be suggested to increase touristic initiatives, enrich touristic experiences with various types of special interest tourism without changing the city's identity and culture (Kisi 2019).

### **2.7.3 Effective marketing**

In the constantly changing tourism market, it is difficult for a destination to compete on a global scale. (UNWTO 2017). A sustainable tourism marketing strategy can give a tourist destination like South Africa a competitive advantage. The sustainable tourism strategies to support the destination brand and image are based on advertising the destination both domestically and internationally (Carr, Ruhanen and Whitford 2016). Developing effective promotion and branding strategies benefits both visitors and host communities.

### **2.7.4 Broad-base benefits (Community involvement)**

One of the most important aspects of tourism development is encouraging local community participation, which is critical to the tourism industry's sustainability (Saufi, O'Brien and Wilkins 2014). Tourism industry development and growth should begin at the grassroots level and should not exclude poor communities. (World Tourism Organization 2016). Participation of the community in tourism development is essential for sustainability; it also ensures inclusive growth in the sector (Dube and Nhamo 2020). The involvement of host communities in any township tourism venture is an important ingredient towards sustainability (Boqo 2008). Miller and Berno (2017) also maintain that sustainable tourism cannot be implemented successfully without the direct support and involvement of communities affected by it. Dube and Nhamo (2020) emphasizes that when local communities are involved in the planning phase of township tourism

development, they can provide a reservoir of information and enthusiasm and help shape the area's future.

### **2.7.5 Facilitation of easy access**

Accessible tourism allows everyone to take part in and enjoy tourism experiences all people to participate in and enjoy tourism experiences (Clave 2019). The ongoing effort to ensure that tourist destinations, products, and services are accessible to all people is known as accessible tourism (Dube and Nhamo 2020). This comprises both public and private tourism attractions, services, and facilities. All parties, including governments, international agencies, tour operators, and end-users, collaborate to make accessible tourism a reality (Clave 2019). A successful tourism product requires effective partnerships and cooperation across many sectors at the national, regional, and international levels.

The concept of sustainable tourism has been discussed by many authors (Kisi 2019; Butler 2018; Budeanu *et al* 2016). However, a smaller number of research have concentrated on developing sustainable tourism strategies (Hall *et al* 2020). To develop a sustainable township tourism strategy, it is important to consider the safety of tourist, planning for sustainable economic profits, more environmental regulations, notifying people about sustainable township tourism, and the development of the required infrastructure (Moyle, Moyle and Burgers 2020). Hunter (1997) developed a strategy stating that to achieve sustainable tourism development strategy at local and regional levels, the following aspects should be considered: "Identifying and planning of the tourism resources and attracting the private households to practice tourism; achieving some form of regional or local training level for practicing some specific trades tourism; providing financial assistance to obtain bank loans for the start-up of tourist activities".

The South African government strategy for a sustainable tourism includes the following actions (Charman *et al.* 2017; Fairer-Wessels 2017)

- **National entrepreneurship promotion campaign:** where the government plans to launch a national entrepreneurship promotion program to raise public awareness of the valuable resource that tourist entrepreneurs provide, to honour and reward entrepreneurs, and to inspire others to adopt enterprising mind-sets (Scheba and Turok 2020). In brief, the campaign's purpose is to promote awareness among all South Africans about the possibilities and prospects for starting new projects through SMMEs. Developing an inter-ministerial response to entrepreneur development: to assist the development of the tourism industry, the government mobilizes its relevant ministries, development agencies, provincial and municipal governments, and the private sector (Dube and Nhamo 2020).
- **Expanding franchise opportunities:** The government has already started to promote franchises as a means of encouraging entrepreneurship. It will continue its efforts by establishing a national Franchising Strategy for Small Business Development that promotes franchising's role in job creation, income production, and economic empowerment of historically disadvantaged businesses (Fairer-Wessels 2017). This involves advocating for and enforcing ethical franchising practices (Scheba and Turok 2020).
- **Better access to information and guidance:** Because emerging entrepreneurs demand appropriate information and advice, the government established several support mechanisms to give information, capacity development through education and training, and financial help to them (Dube and Nhamo 2020).
- **Strengthening business associations:** The Chamber Business Development Program strives to increase the engagement of small business owners and managers in local and provincial consortiums, maximizing the Chamber of Commerce's potential to contribute to economic development (Fairer-Wessels 2017). This project will give entrepreneurs a place to express their ideas, needs, and opportunities, as well as a place to be represented (Scheba and Turok 2020).

## 2.8 Theoretical framework

To guide the present inquiry on the sustainability of township tourism SMMEs, Porter's Five Forces for Industry Analysis 1980 was adopted as the theoretical framework. This theory was chosen because it can identify a variety of factors that can be used to analyze organizations in their operating environments, thereby determining their success and long-term viability in the industry. Since it was established, many other theories have been developed, but the theory is still regarded by most marketers as the best tool for market analysis (Dhlomo 2017; Glen 2018). Some of the commonly used theories and theoretical models in sustainability of tourism and township SMMEs related studies include SWOT analysis, the PESTLE analysis and value chain analysis) (Nguza-Mduba and Mutaramba 2021; Dhlomo 2017; Porter 1980).

Porter's theory is schematically presented below in Figure 2.2:

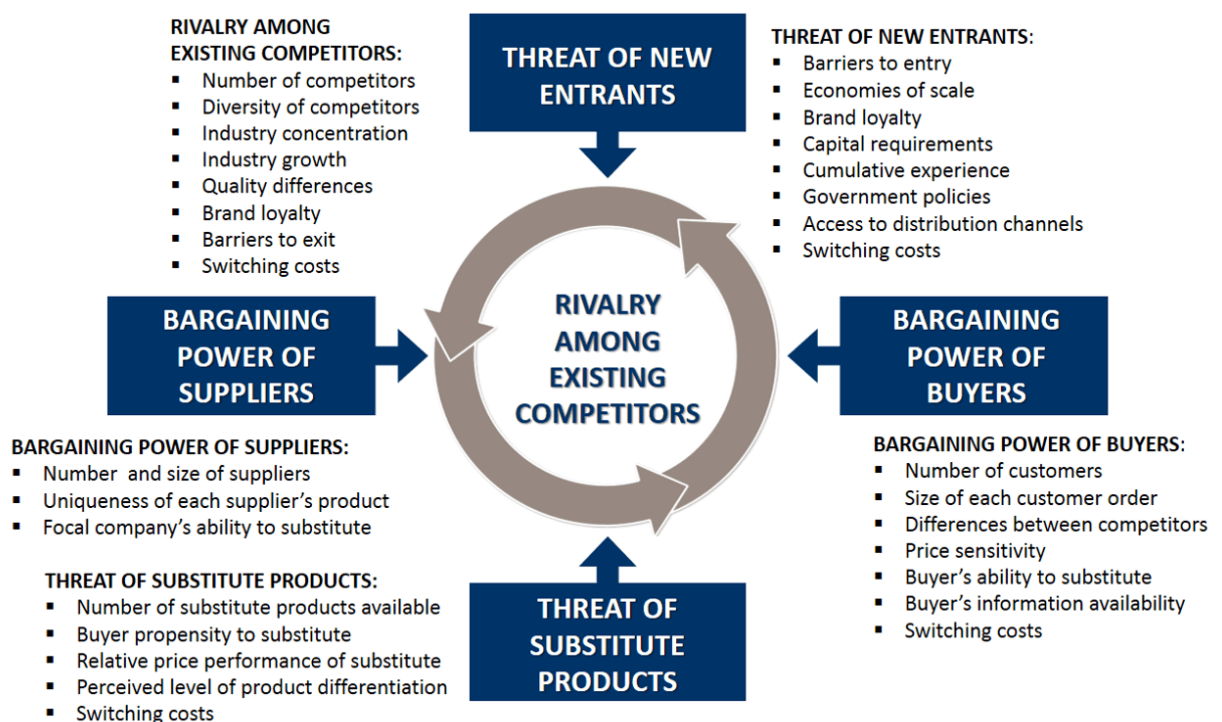


Figure 2. 2 Porters Five Forces theory

(Source: Adapted from Porter 1979).



Porter (1980) identified five factors that influence the likelihood of businesses making a profit in a given industry. These five factors, which are related to township tourism SMMEs, are briefly discussed below: The threat of new entry - refers to the degree to which barriers of entry exist (Bushe 2019). The more difficult it is for new companies to enter a market, the more likely it is for established companies to make relatively large profits (Zizile and Tendai 2018; Gomera, Chinyamurindi and Mishi 2018; Buso, Fatoki and Masocha 2017; Porter 1980). Concerning the threat of new entrants, the researcher highlighted entry restrictions in the township tourist SMMEs market, as well as how these constituted a threat to existing enterprises. "The easier it is to enter the market, the more companies that offer similar services will emerge, increasing competition" (Bushe 2019). If the competition is strong, the rate of survival would be low, making it difficult for smaller players like township SMMEs to sustain themselves in the long term (Bhorat *et al.* 2018).

The substitute threat- assesses how easily buyers can switch to another product that performs the same function (Dhlomo 2017). The ease with which customers can switch is governed by the expenses involved and how similar the alternatives appear to be to them (Koens and Thomas 2016). The competitive structure of an industry is threatened when there are substitute products available that offer a reasonably close benefits match at a competitive price (Chinyamurindi and Mishi 2018). When there is a strong threat of substitutes, industry players must concentrate more on operating as efficiently as possible; otherwise, their high-cost structures will impede profitability and may drive some businesses out of business (Scheba and Turok 2020; Cant 2017).

When the threat of replacements is lessened, industry players are less concerned about cost constraints, which results in higher prices charged to customers (Department of Tourism 2020). Because there is little prospect of competition from outside the industry, profits within the industry have a higher potential (Mtshali, Mtapuri and Shamase 2017; Chimucheka 2013). As a result, firms tend to maximize profits at the expense of their customers.

The power of buyers - the more purchasing power a customer has in an industry, the more likely they are to be able to lower prices and cut profits for the companies that make

that product. The power of buyers, referred to the tourists who receive a service from the SMMEs in uMlazi township. These tourists have the power to bargain with SMMEs for a lesser price, especially if they believe they can obtain a better deal from other vendors. Because there are several different providers who provide the same service, it is easier for them to bargain this way (Scheba and Turok 2020; Koens and Thomas 2016). This force also determines the extent of tourists' bargaining power and the impact this has on SMMEs trying to stay afloat. This force further determines the extent of the bargaining power of the tourists and the effect this has on the SMMEs trying to be sustainable (Bushe 2019; Dhlomo 2017; Chimucheka 2013).

The power of suppliers -the greater the dominance of suppliers in a sector, the more difficult it is for businesses in that sector to generate a profit, because suppliers can dictate the terms and conditions under which business is conducted. SMMEs are appointed by larger tourism operators to do certain work on their behalf (outsourcing), making these operators the suppliers to the SMMEs (Department of Tourism 2020). The relationship between township tourism SMMEs and these suppliers also influences profit margins and the amount of business referred to SMMEs. As a result, the bargaining power of the suppliers influences the long-term sustainability of the SMMEs.

The degree of rivalry - the level of competition among existing firms is assessed. The more competitive a market is, the harder it is for existing businesses to make a profit (Mtshali, Mtapuri and Shamase 2017). Depending on the availability of alternatives in the industry, tourists can easily switch from one supplier to another (Cant 2017). These alternatives give consumers a lot of bargaining power, which may or may not be good for SMMEs.

While Porter's Five Forces theory is popular and has been adopted by several studies (e.g., Dhlomo 2017; Motsetse, 2015; Chimicheka 2013; Wilson 2003) it has also been critiqued. Gobble (2012) argues that this approach kills corporate experimentation and is a stagnant pillar inappropriate for current progress. Seelos and Mair (2007) state that "the model emphasizes the need for a company to build a strategy in the context of forces shaping profitability and, ultimately the industry, rather than the need for a company to

identify its core strengths and build a strategy around them". According to Rugman, Thomas and Brewer (2001) it is practically impossible for an organization to exist in an environment without being influenced by government rules, I believe that government regulations should be explicitly added as a sixth force to Porter's basic Five Forces theory of industry analysis. As a result, these regulations should be considered in market research.

Despite the criticism raised above, the Porter's Five Forces theory is still frequently used and supported in tourism and SMMEs studies. It is in this regard that this study's application of Porter's theory, not only is the township tourism SMMEs industry examined, but the choice of competitive strategy fit for the survival and sustainability of township tourism SMMEs is also informed.

## **2.9 Summary of the chapter**

This chapter reviewed the literature starting by conceptualizing the study's key terms, followed by a discussion of different types of tourism enterprises found in the township. SMMEs in South Africa were classified, thereafter, the role played by township tourism SMMEs in the sustenance of township economies was presented. The factors influencing the sustainability of township tourism were discussed and strategies employed for sustainability of township tourism SMMEs outlined. A theoretical framework was presented, and lastly the summary of the chapter. The following chapter presents the research methodology adopted to achieve the study aim.

# **CHAPTER THREE**

## **RESEARCH METHODOLOGY**

### **3.1 Introduction**

The previous chapter reviewed literature. This chapter presents the research methodologies adopted to achieve the study aim. The chapter starts by highlighting the series of steps followed when conducting the research, termed the research process. The research dashboard mapping the methodologies chosen for the research problem followed. In line with the steps in the research process, the chapter then presented the research paradigm, research approaches and research design. This was followed by a description of the study population, sampling procedures and data collection procedures. The reliability and validity of the study, ethical considerations, and limitations were discussed. Procedures for the analysis of data were then narrated and lastly the chapter was summarized.

### **3.2 Research methodology process**

Research methodology is a process that involves several logical and linked steps (Kumar 2018). The steps involved in the research process are connected in a manner that can be viewed as lineal, staggered or has levels (Cresswell *et al.* 2019; Bairagi and Munot 2019). In other words, a particular step must precede another step such as when discussing research paradigm ideally precedes a discussion on research approaches. Pickard (2013) refers to the connections and relationships between various elements of a research study as the research hierarchy. The arrangements of the chapter sub heading below reflect the series of steps in the research process highlighted in the introduction.

### **3.3 Research paradigms**

The term paradigm refers to essential collection of beliefs shared by scientists regarding how we view the world and as such influencing how we understand problems and thus go about conducting research to solve those problems (Stamatakis *et al.* 2019; Burrell and Morgan 2017). Rahi (2017:2) defines a “research paradigm as an approach for conducting research that has been proven by the research community for long and that has been in practice for hundreds of years”. Paradigms contain a foundational set of beliefs or assumptions that influence our research questions (Creswell and Creswell 2017; Rahi 2017). Several research paradigms have been proposed over the years (Kivunja and Kuyini 2017). There were some researchers who were only acknowledging one research paradigm which is a positivism paradigm (Stamatakis *et al.* 2019; Babbie 2020; Aliyu *et al.* 2014). Many scholars have criticized the positivist paradigm, as they felt the term was being overused (Wolf 2018; Aliyu *et al.* 2014). The criticism of positivism led to emergence of post positivism, interpretivism and pragmatism (Creswell and Creswell 2017; Rehman and Alharthi 2016). There are other forms of research paradigms acknowledged in literature, including, participatory and constructivist paradigms (Barmeyer, Bausch and Moncayo 2019; Creswell 2017). In the field of social science research, researchers often use four paradigms that are explained below:

#### **3.3.1 Positivism**

The positivist paradigm describes a research viewpoint that is based on what is known as the scientific process of enquiry in research methodologies (Panwar, Ansari and Shah 2017; Aliyu *et al.* 2014). Positivism is also called the scientific method, empirical science, and quantitative research (Kumar 2018). Positivism assumes that reality exists independently of humans and is not facilitated by our senses but governed by laws (Panwar, Ansari, and Shah 2017). Positivism strives to contribute to generalizations similar to those produced by natural scientists. Those who support the positivist paradigm believe that true knowledge may be acquired through observation and experimentation (Kumar 2018; Rahi 2017; Kivunja and Kuyini 2017).

#### **3.3.2 Post-positivism**

Post-positivism is a paradigm that combines positivist and interpretivist approaches (Nestor and Schutt 2018; Biesel and Adame 2017). The post positivist paradigm emphasizes reasonable logic, in supporting a theory (Panwar, Ansari and Shah 2017). Post-positivism is concerned with investigating issues in the context of involving the majority's experiences and announcing

the results of what the majority considers acceptable (Nestor and Schutt 2018). Post positivism recognizes that scientists and common people think and work in similar ways (McMurtry 2020). The advantage of using the post-positivist paradigm is that it tends to reduce personal biases and prejudices of the researcher and participants by allowing the use of multiple research methods and techniques in a research study to ensure that the subject is studied from multiple perspectives (Nestor and Schutt 2018; Rahi 2017).

### **3.3.3 Interpretivist paradigm**

The interpretivist paradigm is defined as research model that is based on a thorough understanding of reality and the factors that have led to it, rather than relying on broad and superficial explanations (Creswell 2017; Rahi 2017). Creswell (2017) further states that this scientific model is part of qualitative research, which seeks to study a topic in depth to fully understand it. The interpretivist paradigm is also called constructivism, social constructivism or qualitative research paradigm (Kelly, Dowling and Millar 2018; Rahi 2017). Interpretivists value a thorough knowledge of a topic and seek to comprehend the reality in which they live (Kivunja and Kuyini 2017).

### **3.3.4 Pragmatism paradigm**

The pragmatic paradigm is a worldview that emphasizes what works rather than what is absolutely and objectively true or real (Nestor and Schutt 2018; Veal 2017). The goal of this paradigm is to use a mix method approach to uncover the study's shortcomings and strengthen it (Babbie 2020 and Veal 2017). To explain a solution to a research topic, pragmatism uses concepts, methodologies, approaches, principles, or a combination of them (Kivunja and Kuyini 2017). Supporters of this paradigm believe that because no two people have exactly the same experiences, their worldviews cannot be identical, and that true knowledge can only be obtained through a mixed method approach to understanding and solving a problem (Nestor and Schutt 2018; Bisel, and Adame 2017).

This study adopted a positivist paradigm to obtain a generic picture on a phenomenon where little is known regarding the sustainability of township tourism SMMEs. By understanding what makes business sustainable, it might make it possible to understand the opinions and beliefs affecting township tourism SMMEs growth and development.

### **3.4 Research approaches**

The research approach is a procedure that entails the steps of methods of data collection, analysis, and interpretation (Cresswell *et al.* 2019; Creswell and Creswell 2017). McKenney and Reeves (2018) define research approach as an overall plan or strategy, which is aimed at achieving the objectives of the study. Research approach entails the type of inquiry in qualitative, quantitative, and mixed method approaches that provide a specific direction for research procedures (Creswell and Creswell 2017; Mohajan 2018). The three (3) approaches are explained below:

#### **3.4.1 Quantitative research**

Quantitative research is described as the method related with gathering, analysis, interpretation, and presentation of numerical data (Teddlie and Tashakkori 2019; Creswell 2017). Creswell and Creswell (2017) add that quantitative research involves measurement of quantity can be expressed in. Quantitative research relies on descriptive data gathered from participants using instruments such as questionnaires and interviews (Barmeyer, Bausch and Moncayo 2019). The three key perspectives that are used when examining the research design of a quantitative study are: the number of contacts with the target population, reference period of the inquiry and nature of the investigation (Barmeyer, Bausch and Moncayo 2019).

#### **3.4.2 Qualitative research**

Qualitative research is defined as research that generates descriptive data using spoken and written words (University of the Western Cape Research Guide, 2017). Qualitative research allows for the exploration and comprehension of the meaning that individuals or groups attribute to a social or human problem (Barmeyer, Bausch and Moncayo 2019). Various knowledge, data collection, and analysis methods are used in qualitative research (Creswell 2017; Rehman and Alharthi 2016). Qualitative research uses approaches such as case studies; in-depth interviews, questionnaires; participant observation and perusal of personal documents are used to obtain primary data (Corti *et al.* 2019; Creswell 2017; Creswell 2007).

#### **3.4.3 Both quantitative and qualitative**

The use of combining qualitative and quantitative approaches is intended to provide a very different perspective, even when used with the same audience (Bryman 2007). Combining qualitative and quantitative data can improve research evaluation by ensuring that the

limitations of one type of data are balanced by the strengths of the other (Östlund *et al.* 2011). Data can be gathered in following ways as explained by Karasabun, Korpeoglu and Aykanat (2013) below:

- Parallel Data Gathering: simultaneous collection of qualitative and quantitative data .
- Sequential Data Gathering (Sequencing): gathering one type of data first, then using that information to guide the gathering of the other type of data.
- Component design: collecting data on its own and then combining it for interpretation and conclusions at the end.
- Integrated design: combining various options during the evaluation process to provide more in-depth understandings. The goal of combining data is to enrich it by using qualitative work to identify issues or obtain information on variables that quantitative surveys do not provide; examining by generating hypotheses from qualitative work to be tested quantitatively; explaining by using qualitative data to understand unexpected quantitative data results and triangulation (confirming/reinforcing; rejecting): verifying or rejecting quantitative data results using qualitative data .

#### **3.4.4 Mixed methods research**

The mixed-method approach is a combination of both quantitative and qualitative approaches (Mikalef *et al.* 2019; Creswell 2017; Azorin and Cameron 2010). The mixing of data from both approaches leads to a better understanding of the problem being investigation (McMurtry 2020; Creswell and Creswell 2017). This research approach is used when the integration provides a better understanding of the research problem (Creswell and Creswell 2017; Mohajan 2018; Subedi 2016)). One of the benefits of mixed methods research is the ability to triangulate, or the use of many ways (methods, data sources, and researchers) to investigate the same issue (Stamatakis *et al.* 2019). The mixed method approach has mixed methods designs (Hair, Page and Brunsveld 2019) and there are different types of mixed methods research design (Kabir 2016). The difference between them relate to the aim of the research, the timing of data collection and data type. Some of the mostly used mixed method design include, convergent parallel; embedded; explanatory (Subedi 2016).

For this study, the researcher utilized a quantitative research approach . According to Goertzen (2017) the advantage of quantitative research is that it allows the study of many cases aspects in a relatively short time and its results have a high degree of generalizability.



### **3.5 Research design**

Research design is defined as the framework or plan for the collection and analysis of data (Baemeyer, Bausch and Moncayo 2019; Creswell 2017). Maxwell (2016) states that “research design is a detailed plan of how a research study is to be completed, selecting a sample, collecting data and analysing the results of interest to the study” research design is also called research method (Merriam and Grenier 2019; Wahyuni 2012). Other scholars treat research design and research method as different (Badu, O’Brien and Mitchell 2019). This study treat these two as (design and methods) as similar. There are several research designs and/or methods some of which include exploratory; survey; case study; observation; experiment; causal; descriptive, and explanatory research (Blackstone 2018; Mohajan 2018).

The researcher used descriptive research to conduct this study (survey). Survey research design is a study of an entire population (Rahi, Alnaser and Abd Ghani 2019; Creswell and Creswell 2017). Church and Waclawski (2017) define survey research as an examination of present conditions, opinions, beliefs, and attitudes utilizing questionnaires from a recognized population. According to Denscombe (2017) in Social Science research, the survey method has become one of the most used methods. Creswell and Clack (2017) suggest that the survey method is the most widely used method for gathering primary data because it employs a questionnaire to collect facts, opinions, and attitudes. This study comprised of the entire target population of township tourism SMME’s in Umlazi Township at KwaZulu Natal. The target population was too big to guarantee the selection of a sample, hence justifying the use of a survey method. Because it is an appropriate choice as the research aim is to identify characteristics, frequencies, trends, and categories. It provides data, which is more reliable, credible and covers more people in less time. Below is the brief description of a survey research.

### **3.6 Target population**

The target population is the total number of people a researcher is generally interested with (Ghauri, Grønhaug and Strange, 2020; Creswell and Clack 2017; Nassaji 2015). Township economy is made up of SMMEs and big businesses located in the townships. The population targeted for this study were township tourism SMMEs operating in Umlazi Township in KwaZulu Natal Province. Due to the lack of a reliable available sampling frame, a non-probability sampling strategy was used. Through the sampling strategy, owners and/ or managers of

township tourism SMMEs were purposively approached and they suggest through snowball sampling other SMMEs to consider for inclusion.

### **3.7 Sampling procedures**

Sampling involves selecting a subset of a population presence in the research study (Nestor and Schutt 2018; Babbie 2020; Sekaran and Bougie 2016). A representative sample allows the research to generalize the results to the entire target population. Ghauri, Gronhaug and Strange (2020) state that the significance of a study is evaluated not only by the adequacy of the methodology and apparatus employed, but also by the appropriateness of the sampling procedure used. Sampling techniques are classified into two types: probability sampling techniques and non-probability sampling techniques (Castleberry and Nolen 2018; Babbie 2020). Probability sampling is a sampling process that involves the selection of a random sample where each member of the entire population has an equal chance of being selected (Ghauri, Grønhaug and Strange 2020; Daniel 2012). Bengart *et al.* (2020) state that in probability sampling, the researcher has the best chance to create a sample that is truly representative of the population. Probability sampling is the most used primary tool in selecting large and representative samples for social research (Castleberry and Nolen 2018; Babbie 2020; Sekaran and Bougie 2016). Babbie (2020) highlights that there are five types of probability sampling methods namely, simple random; systematic; stratified ;cluster and stage sampling.

Non-probability sampling is a method of sampling in which not every member of the population has an equal chance of participating in the study (Lehdonvirta *et al.* 2020; Babbie 2020; Sekaran and Bougie 2016). Non-probability sampling is quick and inexpensive, and it provides detailed information on the population at hand (Vehovar, Toepoel and Steinmetz 2016). There are five types of non-probability sampling (Corti *et al.* 2019; Gray 2014) namely, convenience sampling voluntary;purposive ;dimensional and snowball(Creswell and Clack 2017)

This study adopted non-probability because not all members of the population have an equal chance of partaking and its best advised to use non-probability sampling when it is not possible to obtain a comprehensive list of the study population. The owners and/ or managers of township tourism SMMEs were purposively approached and through the use of snowball sampling. Non-probability snowball sampling is utilized because a researcher began with a

small group of well-known people and grew the sample size by asking the original participants to select others who should be included in the study (Zina 2021). Data collected will be sufficient when there is enough information to replicate the study (O'Reilly and Parker 2012; Walker 2012).

### **3.8 Data collection procedures**

This section describes the type of data collected, the data collection tool used and the procedure followed for collecting data. Research data is categorized into primary data, and secondary data (Badu, O'Brien and Mitchell 2019). Primary data is information gathered from first-hand sources by a researcher through methods such as surveys, interviews, and experiments. It is collected with the research project in mind, directly from primary sources (Creswell and Creswell 2017; Sekaran and Bougie 2016). Castleberry and Nolen (2018) agree that primary data is original information where the data is collected for the first time by the researcher on variables of concentration for a definite purpose of the study. Secondary data is information that has already been gathered and is available to researchers (Babbie 2020; Hair, Page and Brunsveld 2019). Secondary data is preferred because it is more efficient and faster than using a previously used resource. Castleberry and Nolen (2018) state that secondary data facilitates large research projects, in which many research groups working in tandem collect secondary data.

Data collection tools are used in data collection to find solutions to problems that are being investigated (Hair, Page and Brunsveld 2019; Sekaran and Bougie 2016). Data collection methods range from questionnaires and interviews to observation or other un-obtrusive measures (Babbie 2020; Sekaran and Bougie 2016).

Structured questionnaires were used by the researcher to gather data. Using the research objectives as a guide, a research questionnaire was created to collect the data needed to solve the problem. A questionnaire is an important data gathering tool which is widely used to gather primary data (Babbie 2020; Gray 2016). The procedure used to gather data was as follows: Within non-probability sampling, snowball sampling was used because a researcher started with a small group of well-known people and grew the sample size by asking the original participants to choose others who should be included in the study. Questionnaires were personally administered by the researcher with the help from 5 people to Owners and/or managers of township tourism SMMEs, as part of the sampling strategy, and they suggested

other SMMEs to consider for inclusion through snowball sampling. Sekeran and Bougie (2016) state a personally administered questionnaire are a good way to collect data when the survey is confined to a local area. 74 questionnaires were distributed to township tourism SMME owners/managers including art and craft centres, carwashes, shisa nyama, restaurants, Shebeens and so forth.

### **3.9 Reliability and validity**

Reliability and validity are important aspects in research (Mohajan 2018; Abunima *et al.* 2018). Reliability is defined as a measure of consistency in results (Corti *et al.* 2019; Creswell and Creswell 2017; Rahi 2017). With reliability the results must be an accurate representation of the total population in study (Veal 2017).

Validity refers to the degree to which the participants' and research's interpretations and conceptions are mutually meaningful (Babbie 2020). Validity is attained by confirming that the questions cover the objectives of the study (Hancock, Algozzine, and Lim 2021). Validity is concerned with experimental concepts and determines whether the obtained results meet all the requirements of scientific research methods and how accurate the results are (Mohajan 2018). For the purpose of the reliability and validity of the data, the following measures were undertaken:

The questionnaire were pretested on six(6) township tourism SMMEs owners/managers in Umlazi township.

The purpose of pre-testing is to ensure that the instrument is easy to use, and it will collect error free data that is accurate and understandable (Pandey and Pandey 2021; Collins 2003). The instrument were pretested to identify any issues, such as unclear instructions; wording; identifying any omitted questions; improve the questionnaire quality; any additional comments. The participants that were involved in the process of pretesting were also involved in the main study due to a limited population size after the emerging of Covid 19. According to Sibona and Walczak (2012) if a participant was involved in the procedure of pre-testing instruments, they cannot be involved in the actual data collection process; though, other researchers state that pilot testing participants can also be involved in the main study (Fraser *et al.* 2018; Holloway 1997).

### **3.10 Ethical considerations**

There is a code of conduct (guidelines) for conducting ethical research (Creswell and Creswell 2017; Oliver and Barr 2014; Staub 2013). Jacob and Keegan (2018) define ethics as ethical principles that are placed by an individual or a group of people and were accepted as rules and behavioural expectations about correct conduct. For this study, the collected data and questionnaires will be stored and handled in a professional manner, in order not to reveal the identity or the participants' names, organizations and any other information that could lead to identifying the participants and/or their organizations. The respondents were also told about the importance of voluntary participation and that they might withdraw from the study at any moment.

### **3.11 Limitations of the study**

The limitations of the study are highlighted below: Due to the global pandemic, the questionnaires were not properly distributed to township tourism SMMEs and made it impossible to reach the sample size that the researcher was hoping for. The sample does not represent the sample frame of all SMMEs in KZN or in Durban, but it represents only township SMMEs who are operating at Umlazi Township. The SMME owners were sceptical with divulging some of the business information. During lock down, businesses were not operating.

### **3.12 Data analysis**

Data analysis is a procedure of bringing order, structure and meaning to the data gathered in research (Babbie 2020; Creswell and Creswell 2018). Anderson and Finn (2012) state that the statistical analysis of data obtained in research to determine if the produced hypotheses have been supported is known as data analysis. The response rate was estimated after the researcher collected the questionnaires from the respondents, and the questionnaires were reviewed to confirm that all respondents had replied and completed all the statements. For this study, the researcher analysed the quantitative data by means of descriptive statistics through Microsoft Excel. Quantitative data results were presented through descriptive statistics (tables, charts, and graphs). Qualitative data was analyzed through thematic content analysis. This involves grouping and narrating on the themes emanating from the data.

### **3.13 Summary of the chapter**

The chapter ending described the research methodology chosen for the study and gave an in-depth account of the research methodology. Chapter three explained the research design that guided this study. It provided the population and sampling technique that was used during the collection of data. It also provided justification for using the research method used to gain information regarding the research and the research instrument and how the data was collected and analysed. The research approach was also explained. Finally, reliability and validity were explained, and the chapter concludes with discussing the ethical procedures that were followed in this study.

# **CHAPTER FOUR**

## **PRESENTATION, INTERPRETATION AND ANALYSIS OF FINDINGS**

### **4.1 Introduction**

The previous chapter presented the research methodology employed in the study. This chapter presents, interprets, and analyses the findings of the study. The chapter is separated into three (3) sections. The first section presented the biographical data, the second section identified the SMMEs involved in township tourism in Umlazi and, the last section presented the factors employed for the sustainability of township tourism SMMEs in Umlazi.

Descriptive statistics was used to analyse the research data in the form of graphs, tables, and percentages. The results presented were accompanied by the researcher's remarks and explanations of some features that came out during the analysis of data.

### **4.2 Response rate**

Using a snowball sampling approach, 74 owners/managers of township tourism SMMEs responded to the questionnaires and 61 were usable. The 13 unused questions were not valid due to lacking data, lots of missing value, and errors. The sample size of 61 respondents was sufficient in accordance with the rule of thumb indicating that a sample size larger than 30 and less than 500 is appropriate for research (Uttley 2019; Hill 1998).

### **4.3 Biographical data**

The following demographic variables were collected from SMMEs owners: gender, age, nationality, race, and highest qualifications obtained. Demographic data is used to interpret the sample of people or organizations in research studies (Salkind 2010).

### 4.3.1 Gender distribution of township tourism SMMEs

N=61

It is recognised that the number of women in entrepreneurial spaces is on the rise in developing countries (Mitchelmore and Rowley 2013; Abor and Quartey 2010) to the extent that, nowadays, there are relatively more females in the business world (Bvuma and Marnewick 2020; Vezi-Magigaba 2018). In this regard, it was important to determine the gender distribution in the township tourism SMMEs.

The findings revealed that the majority of the respondents 35 (57%) were female with 26 (43%) males.

### 4.3.2 Age distribution of township tourism SMMEs

N=61

The age profile of respondents is critical in determining the most common age group among owners of township tourism SMMEs. According to Bushe (2019) there is no perfect age for one to start a business, one can never be too young or too old to start up a SMMEs. Below is the respondent's age distribution.

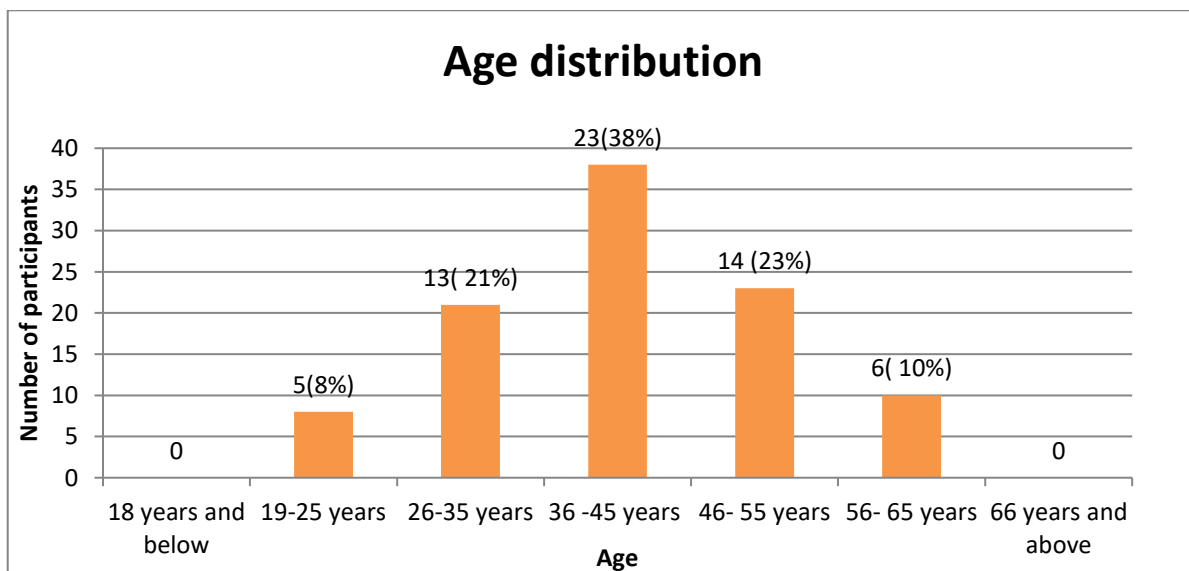


Figure 4. 1 Age distribution of township tourism SMMEs



Figure 4.1 above revealed that in terms of the distribution by age, most of the respondents were between the age of 36-45 years at 23 (38%), followed by the age group of 46-55 years at 14 (23%). There were insignificant postings by the age group between 19-25 years and that was 5 (8%).

#### **4.3.3 Nationality of township tourism SMMEs**

**N=61**

It is important to identify the nationality of individuals who are owners of township tourism SMMEs. Umlazi is one of the biggest townships in South African that is dominated by South African citizens (Machi and Kunene 2018). However, there has been a growth of immigrants owning SMMEs in townships and there has been aggressive competition between the local residents who are small business operators and business ran by immigrants (Magwaza and Edmore 2020). The study findings revealed that 54 (89%) of participants were South African citizen and 7 (11 %) are non-South African citizens who have a permanent resident permit.

#### **4.3.4 Ethnicity distribution of township tourism SMMEs**

**N=61**

It is important to analyse the race groups involved in township tourism SMMEs because in South Africa there is a visible growth of foreign-owned SMMEs operating in townships (Ezennia and Mutambara 2020). The African race formed to be the only race found at Umlazi Township, with the high number of the respondents 61 (100 %). The high number of the African race in the study was expected because Umlazi Township is dominated by Black South Africans (Ndzumo 2020).

#### **4.3.5 Highest qualification obtained by township tourism SMMEs**

**N=61**

The value of education in the life of a business cannot be overstated. To run a successful firm, one must have a thorough understanding of financial, legal, and human resource management (Sibande 2019; Abrahams 2019). Knowledge, skills, problem-solving ability, discipline, motivation, and self-confidence are all associated with education, and all of these factors can influence and enable an entrepreneur to deal with problems and thus be more successful (Rankhumise and Letsoalo 2019). Higher-educated entrepreneurs are more likely to be efficient in their search, obtaining, and analysing information regarding available prospects for growth (Newman *et al.* 2018).

In Figure 4.2 below the highest qualifications obtained by township tourism SMMEs owners are presented.

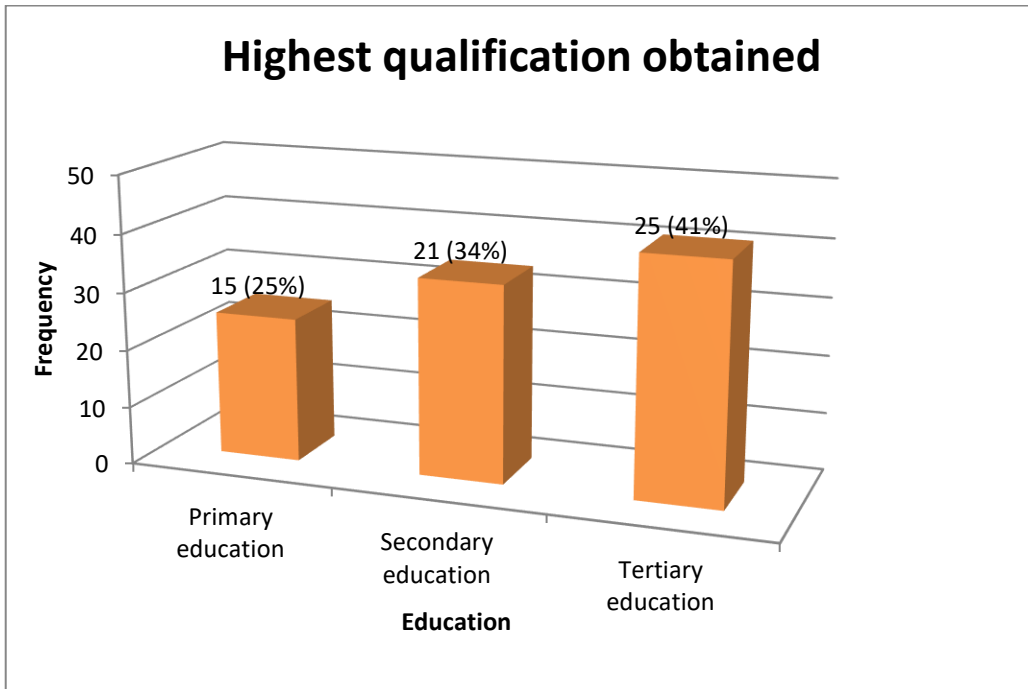


Figure 4. 2 Highest qualifications obtained

Figure 4.2 above reveals that many of the owners/managers have acquired tertiary education 25 (41%), followed by those who have obtained secondary education 21 (34%). Lastly, the owners/managers who have obtained their primary education represent only 15 (25%).

#### 4.3.6 The effect of biographical characteristic on the sustainability of township tourism SMMEs

N=31

The study sought to understand if biographic characteristics can be an advantage or disadvantage to the sustainability of township tourism SMMEs. Results obtained are presented below.

The findings revealed that 10 (14%) stated that gender, nationality, and qualification does play a big role in the sustainability of their business as government is also supporting them by

providing free business programmes. The government in South Africa has programs aimed at providing training to people with no business background on how to start their own businesses (Mbele and Nyide 2019).

The results showed that 16 (23%) felt that gender and age does affect business sustainability negatively as more support is given to females and males are left out while when it comes to age, government prioritises the youth in terms of financial assistance. Fairer-Wessels (2017) states that is important to support females participating in the SMMEs sector as it raises the level of entrepreneurship overall in society. Lastly, the respondents 5 (7%) state having a qualification especially tertiary education does help them as they have more information on the business side, and they know which doors they can knock for assistance.

#### 4.4 Identifying SMMEs involved in township tourism in Umlazi N=61

There are several types of SMMEs participating in township tourism. The classification of SMMEs involved in township tourism in UMLazi is presented in Figure 4.3 below.

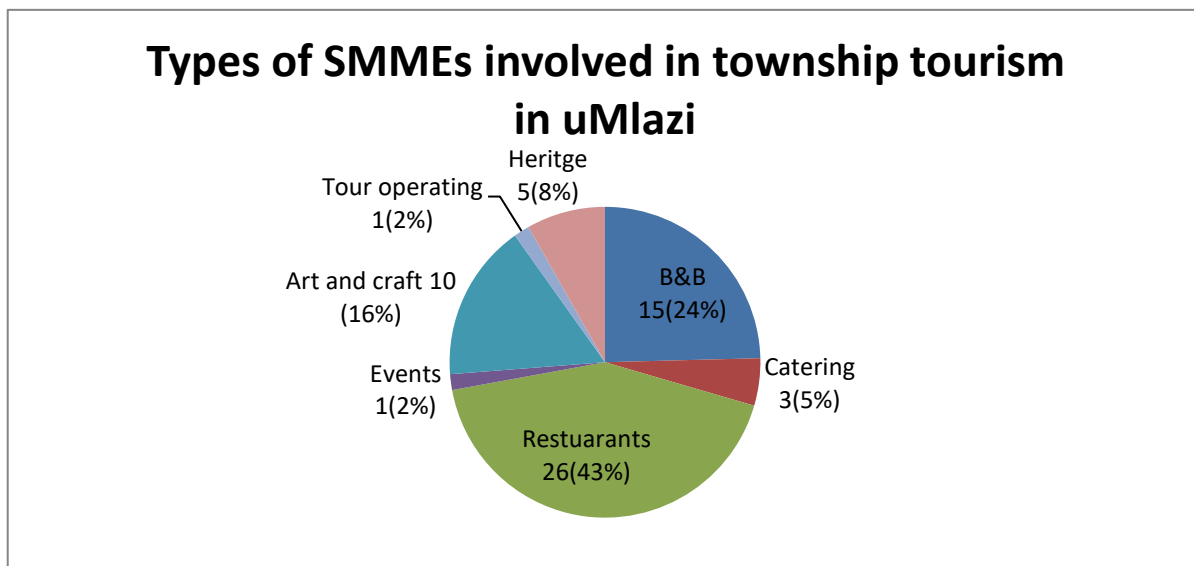


Figure 4. 3 Types of SMMEs involved in township tourism in UMLazi

The findings indicated that the majority of the SMMEs operate in restaurants (African cuisine, Shisa Nyama, Chillas corner) sitting at 26 (43%). This could be possible because Umlazi is one of the townships that is growing in the eatery's establishment (eThekweni newsflash 2015). This is followed by respondents who operate in accommodation (bed and breakfast) at 15 (24%). This indicates that there is a high concentration of bed and breakfast (B&B) establishments in township; this might be since starting a B&B business is quite easy since one can change their existing residential homes for business purposes (Holloway and Humphreys 2019). The lowest percentage is events company with tour operating and guiding at 1(2%).

#### **4.5 Duration of business operation of township tourism SMMEs N=61**

Determining the duration, a business has been in operation is important because most business have higher chances of not surviving for more than two years (Urban and Ndou 2019; Rankhumise and Letsoalo 2019). Bvuma and Marnewick (2020) state that sustainability is an issue in township businesses as entrepreneurs tend to lack crucial information that can help their businesses to remain sustainable.

The township tourism SMMEs at Umlazi Township seem to be doing well when it comes to sustainability. The study findings revealed that the majority of SMMEs, (41%) of businesses have been operating for 1-3 years, followed by (31%) of SMMEs that have less than a year operating. Moving on to (23%) of SMMEs that has been operating between 6 -10 years. Lastly, 3 (5%) of businesses have been operating for 11 years and above. The 2010 World cup did also play a major role in encouraging most of township SMMEs owners to start up their business and some have managed to remain sustainable (Henama 2021).

#### **4.6 Classification of township tourism SMMEs by employee size and turnover**

**N=55**

SMMEs are widely defined and/or classified as a wide spectrum of businesses, including legally registered, informal, and non-VAT registered businesses (Wessels 2021). Township tourism also fall within the above mentioned SMME categories. The classification of SMMEs involved in township tourism to is presented in Figure 4.4 below.

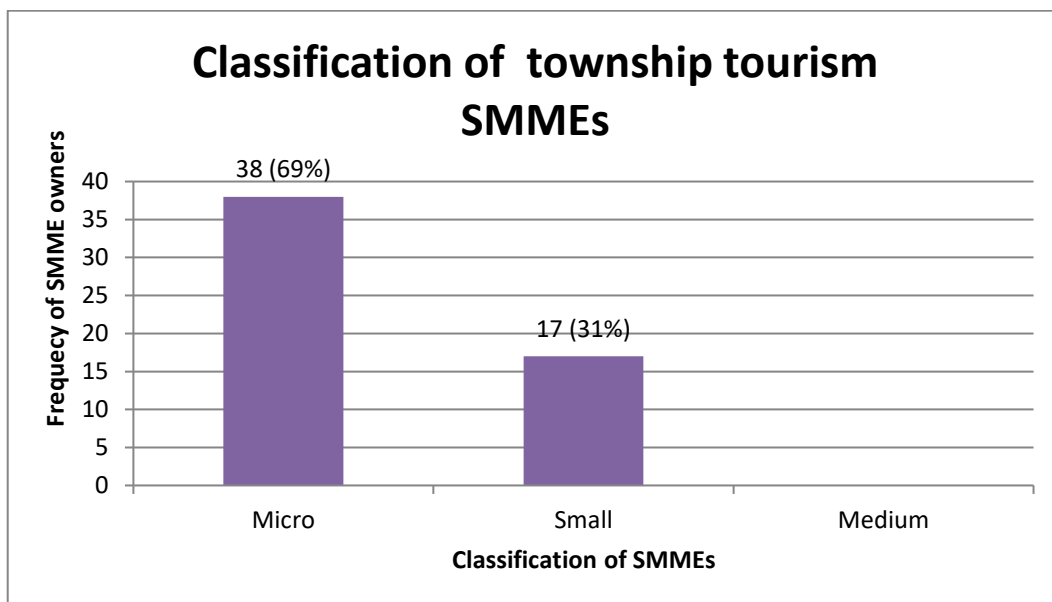


Figure 4. 4 Classifications of township tourism SMMEs

Figure 4.4 above indicates that 38 (69%) of township tourism SMMEs in Umlazi are Micro enterprises, followed by small enterprises at 17 (31%) and with no one participating as a medium enterprise. The participants of the study were not comfortable revealing their annual turnover and in many instances were not aware of their turnover.

#### 4.7 The registration status of township tourism smmes with the Department of Small Business Development N=61

It is imperative for the SMMEs owners to register their business with the department of Small Business Development so they can be on the database of SMMEs. Registering the township tourism SMMEs can ascertain that an SMME owner is indeed operating business and not a shelf company, thus the SMME owner can apply for government funding and so on.

The township tourism SMMEs owners/mangers were requested to indicate if they are registered or not registered with the Department of Small Business Development. With regards to their registration status, the results from the study findings are almost at an equal split. 32 (52%) of the respondents indicated that they are not registered on the SMMEs database and 29 (48%) are registered on the SMMEs database.

#### **4.7.1 Reasons for not being registered with department of Small Business**

##### **Development**

**N=23**

A follow-up question requested the owners of township tourism SMMEs who indicated that No, they are not registered with the Department of Small Business Development to state the reasons they are not registered.

The findings revealed that 8 (12%) didn't know where they should go to be registered and a high number of 12 (17%) stated that they are scared that they will be obliged to pay tax with the little they got from their businesses and lastly the 3 (4%) stated they do not see a need as they don't know how this will benefit their business or assist them.

#### **4.7.2 Benefits of being registered with the Department of Small Business Development**

**N=25**

A follow-up question requested the SMMEs owners who indicated that "Yes", they are registered with the Department of Small Business Development to state the benefits of being in the database.

It is significant to understand the benefits/advantages of having one's SMMEs business to be registered with the Department of Small Business Development; hence it provides encouragement and awareness to those who are not registered to be aware of the benefits they could be missing.

A high number of respondents 15 (24%) agreed that they receive support such as training on how to write a business proposal from the National Youth Development Agency (NYDA) and the National Development Agency (NDA) and some do receive financial funding as well. According to NYDA (2020) the grant programme intends to benefit South African youth who own enterprises with financing and give thousands of more access to non-financial business support services. This was followed by 8 (13%) who stated they get invites to showcase their business services e.g. The Exhibition centres, and lastly a low number of respondents of 2 (3%) indicated that they get exposure as they sometimes render their services to eThekweni Municipality.

#### 4.7.3 The consequences that comes with not being registered with the Department of Small Business Development N=15

A follow-up question requested the SMMEs owners who indicated with “No”, they are not registered with the Department of Small Business Development to state if they do feel like they're passing up a great opportunity.

The results in this study revealed that majority 9 (15%) of the respondents stated that not being registered with the Department of Small Business Development (DSBD) offices does affect their sustainability negatively as they lack some basic skills that government is supposed to be helping them with. Thereafter the findings revealed 4 (7%) who stated that they do get affected as government does not assist them financially and, finally, 2 (3%) stated that they were not invited to the events hosted by eThekweni Municipality to showcase their businesses e.g., Durban Business Fair.

#### 4.8 The nature of service provision of township tourism SMMEs N=61

The location of the business can play a role in the sustainability of a business. The choice of business location affects the business income, expenses, and sometimes whether you're operating legally (Sibande 2019). It is vital for the township tourism SMMEs to be aware that a business location plays a significant role in a company's success or failure (Rankhumise and Letsoalo 2019).

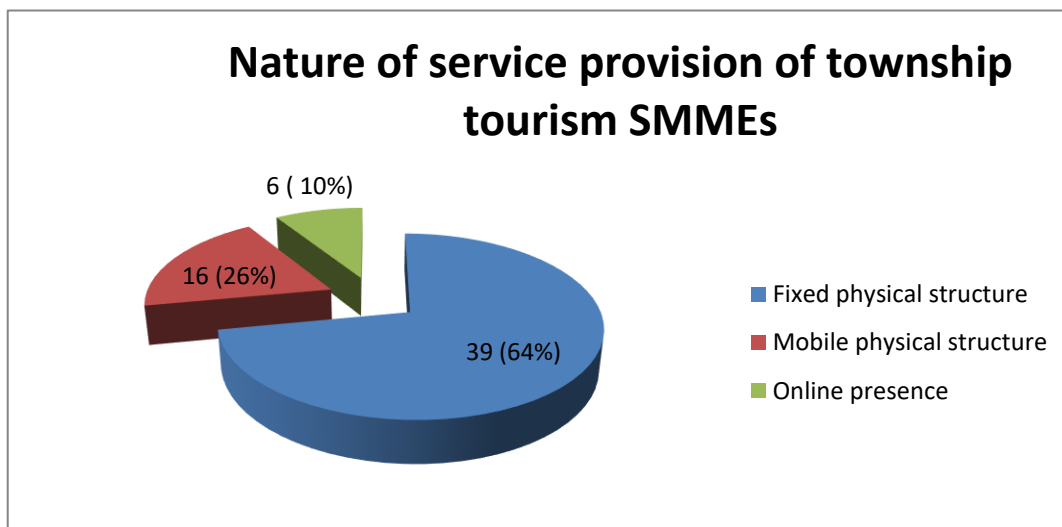


Figure 4. 5 Nature of service provision of township tourism SMMEs

In terms of location of business, this study reveals that the majority 39 (64%) of the respondents were located in fixed physical structure/sites while a smaller percentage considered their business to be mobile 16 (26%). Only 6 (10%) had an online presence.

#### 4.9 Location of the physical business structure of tourism SMMEs located in Umlazi township N=61

There is a link between business location and its growth. The location of a business can determine the business accomplishment (Saura, Palos-Sanchez and Grilo 2019). Below is a figure 4.6 indicating location of the township tourism SMMEs.

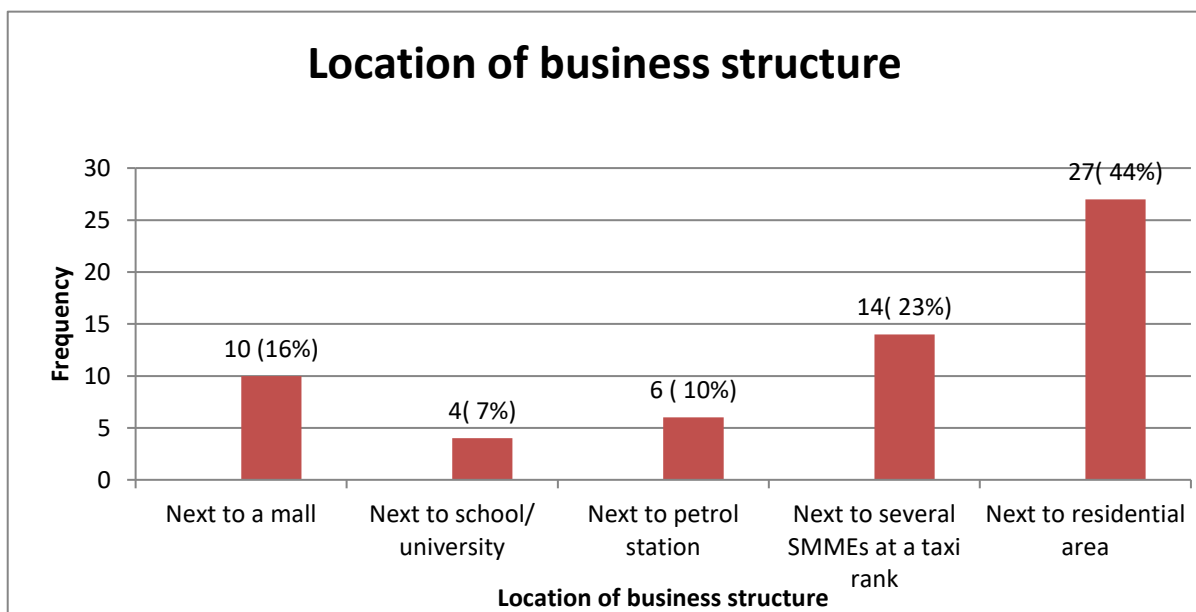


Figure 4. 6 Location of a business structure

Figure 4.6 above indicates a high number 27 (44%) of businesses that are conducted in residential area followed by 14 (23%) that operate next to other several SMMEs in a taxi rank. Lastly, the lowest percentage of businesses operates next to schools and/or varsities 4 (7%).



#### 4.10 The nature of business ownership with regards to township tourism SMMEs

N=61

The selection of an appropriate form of ownership is a crucial entrepreneurial decision because it influence a company's performance and growth. There are various business entities, and they are all uniquely different. Figure 4.7 below is the classification of business entities for owners of township tourism SMMEs.

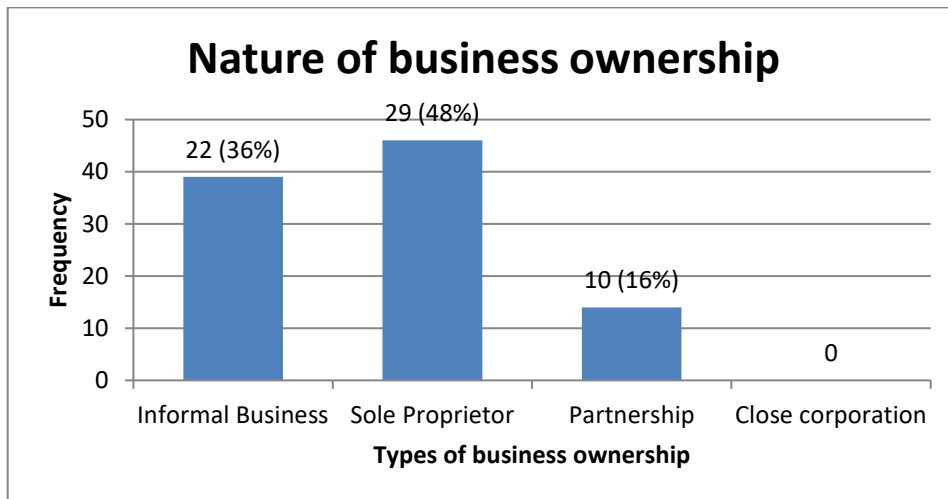


Figure 4. 7 Nature of business ownership

Figure 4.7 revealed that 29 (48%) of the businesses are sole proprietor and 22 (36%) of the businesses are informal business. 10 (16%) of the businesses are in partnerships and lastly there is no business in close corporation operating at Umlazi Township. The informal businesses and sole proprietors operating in townships have advantages for the developing of their businesses. Firstly, the owners of informal trading businesses do not have to endure the application procedure required for establishing private companies and/or close corporations and, sole proprietor has the advantage of simple decision-making process as compared with private companies or close corporations.

#### 4.11 Factors that influence the sustainability of township tourism SMMEs

N=61

Sustainability is becoming increasingly important for society, and the creation of business ventures. It is imperative for township tourism SMME owners to be able to implement factors that could help their business to remain sustainable.

Figure 4.8 below indicates the factors affecting negative the sustainability of township tourism SMMEs in Umlazi.

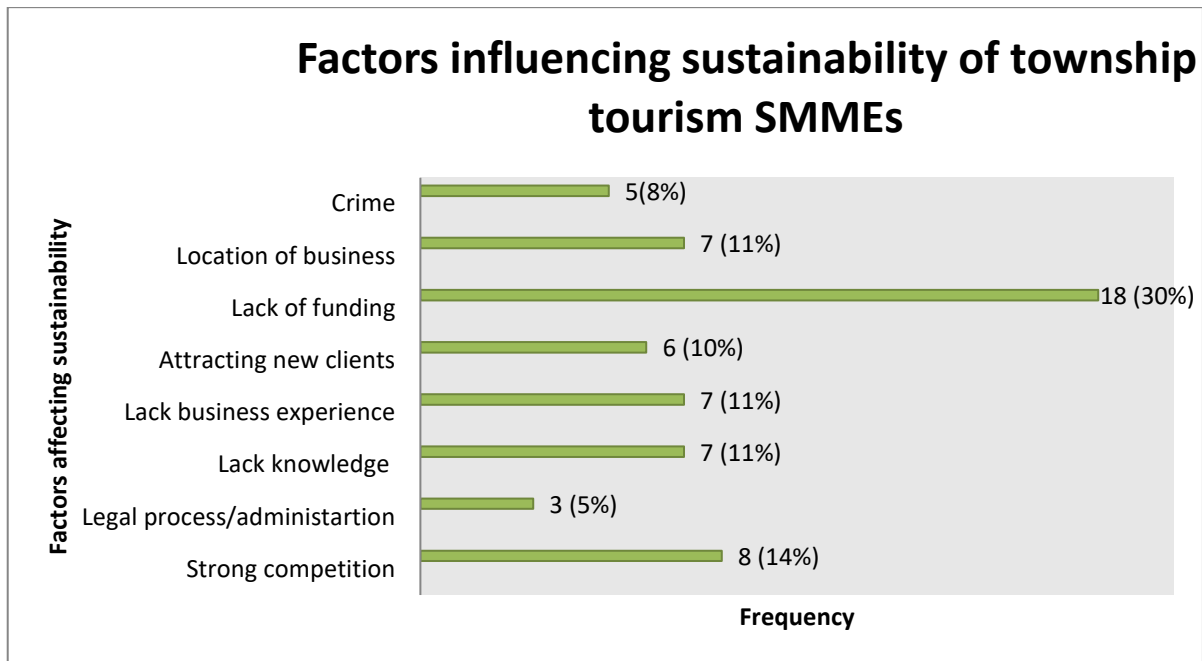


Figure 4. 8 Factors influencing the sustainability of township tourism in UMLazi

The sustainability of SMMEs is influenced by many factors and figure 4.8 above illustrates that the access of finance /lack of funding 18 (30%) is pivotal. Some business indicates having a challenge with dealing with strong competition 8 (14%). The lack of business skills 7 (11%) followed, limited knowledge about the tourism industry 7 (11%) and the location of the business 7 (11%). Lastly, the results indicated the lowest 3 (5%) that had challenges with administrative and legal process in running a small business.

#### **4.12 The impact of the above indicated factors to the sustainability of township tourism SMMEs**

**N=19**

The question was asked with the intention to establish whether the above factors influence the sustainability of their business. Most respondents at 10 (16%) indicated that they lack business skills which sometimes become a challenge because they are struggling to even manage day to day activities including managing, the business financials. Thereafter, 6 (10%) respondents who stated that not having financial assistance is one big factor that hinders their businesses from being successful. The least reported was 3 (5%) who indicated that they are in places with high crime activities which tends to be a barrier in attracting new customers.

#### **4.13 The competitive strategies employed for the sustainability of township tourism SMMEs**

**N=30**

This question was aimed at finding out the strategies employed by different township tourism SMMEs in keeping their business sustainable.

The data collected shows that 15 (25%) indicated that they have no strategies to help their businesses with sustainability, 10 (16%) stated that they use social media marketing to show case their business to the world, while attracting new customers. Afterwards there was 5 (8%) who indicated that they keep their price reasonable for their target market and this is achieved by buying stock from wholesalers with a discounted price so they can be able to make more profit and reinvest some of the money.

#### **4.14 Concerns arising regarding the sustainability of township tourism SMMEs**

**N=18**

The participants of the study were given a chance to ask any questions they might have regarding sustainability of township tourism SMMEs and below stated were their concerns.

Many of the participants 11 (18%) wanted to know the requirements an SMME owner should possess to qualify for government funding. Then there is 4 (7%) who wanted to know where they can find the Department of Small Business Development and 3 (5%) indicated that they would like to know how to receive government free business training and getting financial assistance.

#### **4.15 Suggestions for sustainability of township tourism SMMEs N=28**

The participants of the study were given an opportunity to provide suggestion as to what might assist them with making their business sustainable.

The study revealed that approximately 19 (31%) of the respondents felt that they need financial support to be accessible to all SMMEs and be provided with free management and business skills training/ business mentoring support. Then there is 5 (8%) who indicated that they need help with marketing their businesses and minority of 4 (7%) indicated that government should have township SMMEs awareness.

#### **4.16 Summary of the chapter**

This chapter presented, interpreted, and analysed data collected from the township tourism SMMEs owners. The following chapter discusses the findings of the study.

# CHAPTER FIVE

## DISCUSSION OF FINDINGS

### 5.1 Introduction

The previous chapter presented findings from the analysis of data collected using questionnaires. The purpose of this chapter is to provide a discussion of the findings and to relate them to the literature.

### 5.2 Discussion of findings in accordance with the arising discussion points for the study objectives

The study objectives were to:

- To identify SMMEs involved in township tourism.
- To establish factors affecting the sustainability of township tourism SMMEs and
- To determine the competitive strategy for the sustainability of township tourism SMMEs.

The discussion points are discussed with regards to the following: Typology; Duration of business operation; Classification by employee size and turnover; Nature of service provision; Location of business structure; Registration status; Nature of business ownership; Factors that influence the sustainability, Competitive strategy employed for the sustainability.

- **Types of SMMEs involved in tourism**

With regards to identifying the types of SMMEs involved in township tourism in Umlazi, the findings confirm that the township tourism sector in South Africa is a heterogeneous key growth sector (Winny 2020). Restaurants (eateries) and accommodation (B&B) at 43% and 24% respectively were the most common attractions with other enterprises below 15%. The findings of the study concur with the observations of literature of an increasing popularity in restaurants and accommodation activities in townships (Rogerson and Rogerson 2019) food experiences in township tourism becoming increasingly vital for the economic growth and development of local economies (Frenzel 2020; Masama and Bruwer 2018) and, the restaurant as one of the businesses that is a reported success given the township consumption oriented spending in

food and drinks (McGaffin, Napier and Karuri-Sebina 2015). Telfer and Sharpley (2015) found that, the links between food and accommodation in township tourism are increasingly recognised as a prospective means of multiplying tourist spending. The above perhaps explain why most people in the township start accommodation and eating establishment (Jacobs 2018).

- **Duration of business operation of township tourism SMMEs**

In respect of duration of business operation, it is critical to know how long a company has been in existence because most firms die before they reach a year (Sibande 2019). According to the study's findings, the majority (41%) of township tourist SMMEs have been in operation for 1-3 years, followed by (31%) of SMMEs that have been in existence for less than a year. There were 28% of township tourist SMMEs that had been in business for more than 6 years. The study findings were only generated from the existing township tourism SMMEs because there was no initial list/ database that consisted of all the township tourism SMMEs (including the one that are no longer operating). Dhloomo (2017) contradicts the findings of the study, stating that township tourism SMMEs fail within their early first few years of starting businesses. Urban and Ndou (2019) also disagree with the study's findings stating that most township businesses have higher chances of not surviving for more than two years.

- **Classification of township tourism SMMEs by employee size and turnover**

As to classification by employee size and turnover, Small, Medium and Micro Enterprises (SMMEs) are businesses whose personnel numbers fall below certain limits (Bushe 2019). According to Fairer-Wessels (2017) SMMEs are generally defined by revenue, assets excluding property or by the numbers of its workers (DTI 2018). When classifying SMMEs, the number of employees and annual turnover is the main used criteria (Ncoliwé 2019). Study findings revealed that (69%) of township tourism SMMEs in Umlazi are Micro enterprises, followed by small enterprises (31%) and none participating as a medium enterprise. Participants in the study were hesitant to disclose their annual revenue. The study confirms Rogerson's (2018) findings that the majority of businesses in townships are small businesses with fewer than ten paid employees.

- **The nature of service provision of township tourism SMMEs (e.g., fixed structure, mobile, both, web presence/digital)**

The nature of service provision as stated by Rankhumise and Letsoalo (2019) has a crucial effect in a company's success or failure. The study findings indicate that 64% of township tourism SMMEs are located in fixed physical structure and 26% is operating mobile. The study findings agree with Malgas and Zondi (2020) who state that most business in township are located in fixed physical structure, making it easy for them to get customers.

- **Location of a business structure of township tourism SMMEs**

With regards to the location of a business, it can determine the business success. The location of a business structure is important not only for attracting customers, but also for attracting the right talent to help the company succeed (Saura, Palos-Sanchez and Grilo 2019). A business's location also helps with creation of a business brand and image (Rambe, Matema and Mdichie 2017). Concerning the location of the businesses (44%) of businesses are in residential area and (23%) operates next to several SMMEs at a taxi rank. There were negligible figures below (17%) concerning other areas where the township tourism SMMEs owners/managers operate their businesses. The location of a business can indicate the future performance of the enterprise as well as the possibility of survival in the long term (Dolz, Iborra and Safón 2019). When deciding on a business location, a decision must be made early on, if not at the outset of starting a small business (Bartlett and Morse 2020). The choice of a business location may be the single most important decision in an entrepreneur's life (Bartlett and Morse 2020).

- **The registration status of township tourism SMMEs with the Department of Small Business Development**

In South Africa, the registration of SMMEs with Small Business Development is a requirement for assistance in government support programmes (Zilwa 2020; Gantsho 2019). The results from the study findings are almost at an equal split of (52%) not registered and, (48%) registered. The significance of SMMEs business registration is reported in several studies (Botha et al. 2021; Jili, Masuku, Selepe 2017; Tustin 2015; Peters and Naiker 2013). The results of these studies reveal that there are many advantages to registering your business in South

Africa and these advantages include financial assistance, protecting business identity, tax incentives, business compliance, having business account, establishes trust with your clients.

- **The nature of business ownership with regards to township tourism SMMEs**

In respect of the nature of business ownership, it is important to choose a suitable ownership when starting a business because it affects the business performance and growth. (48%) of the businesses are sole proprietor and (36%) of the businesses are informal business. The study confirms the findings of Rogerson (2018) of whom revealed that most businesses in township are small as they have few than 10 paid employees.

- **Factors affecting the sustainability of township tourism SMMEs**

With regards to factors that influence sustainability of tourism SMMEs, a wide range of factors influencing the sustainability of township tourism SMMEs were identified from the literature by (Bruwer 2020; Bvuma 2020; Rungani and Potgieter 2018; Adinolfi, Jacobs and Tichaawa 2018; Bhorat, *et al.* 2018). Access to finance, inadequacy of premises, lack of equipment and tools, inadequacy of markets or marketing, theft, lack of formal registration, and transportation are among the major obstacles to growth and development of SMMEs in South Africa, including those in the township tourism SMMEs sector (Galawe 2017; Cant and Rabie 2018; Bvuma and Marnewick 2020). 30% of SMMEs are influenced negatively by lack of funding, followed by 14% who are negatively influenced by a strong competition. Access to capital and the cost of funding are important barriers to SMME start-ups and expansion, which has a negative impact on SMME development in general, hurting the local economy severely (Zilwa 2020; Manyaka-Boshielo 2019). The findings of the study are in line with the study conducted by Nieuwenhuisen (2009) who states that, regardless of where you operate your business, access to finance is one of the major constraints faced by SMMEs of all types. Appiah, Pesakovic and Amaria (2018) contradict the study findings, stating that many SMMEs fail due to their inability to embrace strategic management in their business.

- **The competitive strategy employed for the sustainability of township tourism SMMEs**



According to the data gathered, it was difficult for the participants of the Umlazi Township tourism SMME to reach and maintain sustainability. Respondents were given the opportunity to share their business practices that help them stay sustainable as part of the study. The study findings indicated that (25%) did not have any sustainable strategies for their businesses (16%) use social media marketing to show case their business to the world, while attracting new customers and (8%) buy in bulk from wholesalers at low prices. SMMEs are still struggling in finding its main core in competitiveness strategies in the wake of knowledge-based economy as well as creative economy (Bushe 2019). The literature on competitive strategy for sustainability highlighted the important of (Information and communication technology (ICT) adoption when considering the sustainability of township SMMEs (Bvuma and Manerwick 2020). The use of Wi-Fi, internet, and server by township SMMES is important and could be linked to their level of ICT awareness (Bvuma and Marnewick 2020).

### **5.3 Summary of the chapter**

This chapter discussed and interpreted the findings presented in Chapter Four. The next chapter provides the summary and conclusions of the study, recommendations for improvement, and suggestions for future research.

# CHAPTER

## SIX SUMMARY, CONCLUSION AND RECCOMENDATIONS

### 6.1 Introduction

The previous chapter provided an interpretative discussion in relation with the objectives of the study and the literature review. This chapter provides conclusions and recommendations to improve the sustainability of township tourism SMMEs. The aim of the study is to examine the strategies employed for the sustainability of township tourism SMMEs. The findings are summarized and are in line with the research objectives stated below:

- To identify SMMEs involved in township tourism.
- To establish factors affecting the sustainability of township tourism SMMEs and
- To determine the competitive strategy for the sustainability of township tourism SMMEs.

### 6.2 Summary and conclusions by research objective

The summary and conclusion as per objective are stated below.

#### 6.2.1 To identify SMMEs involved in township tourism

The study findings revealed that Umlazi Township have several tourism SMMEs attractions ranging from restaurants, B&B, cultural experience, catering, Shebeens and heritage sites. Furthermore, it has been noted that restaurants and B&B are the leading attractions. The majority of the above-mentioned tourism SMMEs have been operating between 1-3 years, and they mostly fall under the classification of Micro enterprise, followed by small enterprise. The findings further revealed results that are almost an equal split in terms of business being registered on the SMMEs database with the (LED), and most of the tourism SMMEs were located in fixed physical structure/sites while a smaller percentage considered their business to be mobile with an online presence. Concerning the location of the physical business structure a high number of businesses are conducted in residential area and next to other several SMMEs in a taxi rank and in terms of business ownership, a high number operates as sole proprietor and informal businesses.

### **6.2.2 To establish factors affecting the sustainability of township tourism SMMEs**

There are many factors that hinders the sustainability of township tourism SMMEs. The most influential factors were lack of funding, strong business competition, poor business location, lack of business skills and high crime rate. Some of the factors affecting the sustainability are part of 6.2.1.

### **6.2.3 To determine the competitive strategy for the sustainability of township tourism SMMEs**

The study finding revealed a high number of businesses that do not have any competitive strategy being used for their businesses. There were few entrepreneurs who understand and have applied competitive strategy in their businesses. Some of the used competitive strategies included registration of the businesses with the Department of Small Business Development, learning marketing strategies, and buying bulk stock for the purpose of buying at low prices.

## **6.3 Conclusion**

The study succeeded in identifying SMMEs involved in township tourism, to establish factors affecting the sustainability of township tourism SMMEs and to determine the competitive strategy for the sustainability of township tourism SMMEs.

## **6.4 Recommendations from the study findings**

The recommendations below were derived from the findings of the study:

- It was found that there is a high number of SMMEs operating mainly in accommodation, restaurants (entertainment) and catering. This is however becoming a problem because of saturation. Businesses are struggling with growth because of high competition and when a sector is over saturated business with people selling the similar products and services, the profit margin will be low. The study recommends that there should be diversification into other SMME activities.
- It was noted that most SMMEs owners do not have their businesses registered with the Local Economic Development. It is recommended that entrepreneurs should have their

business registered with the LED and be tax compliance to benefit from the government programmes such as Covid-19 relief fund.

- Concerning the nature of service provision, most businesses are located in fixed physical structure, with few businesses that are mobile and having an online presence. It is suggested that entrepreneurs should consider operating their business remotely/ having a web presence.
- Regarding the location of a physical business structure, most business are located in residential areas and next to taxi ranks. It is recommended that entrepreneurs should first think about the type of service they're offering in order to identify the best location for their business.
- Township tourism SMMEs experience a major problem in accessing financial support. This is because most financial organizations want collateral when applying for a loan. A guaranteed system has been established by several non-governmental organizations (NGOs) to encourage large financial institutions to make loans to SMMEs. Local governments could assist SMMEs by informing them of the resources available through these organizations. The Tourism Department may also consider hosting several workshops per year aimed at equipping SMMEs with financial management skills and developing a mechanism for following up on trained managers or opportunistic.
- The competitive nature of this industry is increasing considerably. This research showed that there is still much to be done to assist township tourism SMME owners in understanding sustainability and competitive strategies. This means that, to be sustainable, entrepreneurs must first understand the forces that affect their business needs, and then take effective measures to reduce or eliminate the forces acting against their businesses. The ability to evolve with the industry's environment, differentiate products and services in some way that adds value to the consumer, and concentrate on serving a sector of the market with unique goods are the basic needs for maintaining competitive advantage. The Department of Tourism also can assist by having a strategic campaign to empower SMMEs on the importance of business strategizing.

## 6.5 Recommendations for future research

Based on the findings of this study, the following are recommendations for further research.

- The information collected through this research aimed at examining the sustainability of Umlazi township tourism SMMEs. A review of the findings in Umlazi township tourist SMMEs and comparing them to findings in other townships to see if there are any repeating themes could be a focus of future research. If they are, they could be escalated to the provincial and national tourism authorities as a series of recommendations.
- Further research is required to determine the forces at work in the tourism industry that are affecting township SMMEs' ability to maintain a competitive advantage. There are significant forces at work, both locally and globally, and further investigation of these environmental forces is required to obtain an accurate assessment of the required competitive advantage.
- The current study was limited to managers/ owners of businesses which is a homogeneous population. It is recommended that the future study should be expanded to other members of the business including suppliers, clients. Township economy is broad, other scholars can broaden the study and assess value chain.

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# APPENDICES

## Appendix A: Ethical approval

Faculty Research Office

Durban University of Technology

10 December 2019

**Ms. S.L Mokoena**

Student Number: 21348364

Degree: Master of Management Sciences in Administration and Information Management

**Dear Ms. Mokoena**

### **ETHICAL APPROVAL: LEVEL 2**

Your email correspondence in respect of the above refers.

I am pleased to inform you that the Faculty Research Committee (FRC) at its meeting on 25 July 2019, has granted preliminary permission for you to conduct your research "***Strategies employed for the sustainability of lifestyle and entertainment tourism SMME's in Umlazi Township***".

You are required to present this letter to all sites of data collection to obtain permission to collect data. Please also note that each of your questionnaires must be accompanied by a letter of information and a letter of consent for each participant, as per your research proposal.

A summary of your key research findings may be submitted to the FRC on completion of your studies.

Yours sincerely

Dr Delene Heukelman

Faculty Research Coordinator (Acting)

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## Appendix B: Ethical clearance



### LETTER OF INFORMATION

**Title of the Research Study:** The sustainability of township tourism SMMEs in Umlazi.

**Principal Investigator/s/researcher:** Mokoena Snehlanhla, Registered in Management Sciences in Administration and Information Management at the Durban University of Technology

**Co-Investigator/s/supervisor/s:** Dr S. Moyane, and Mr N. Nkomo

#### **Brief Introduction and Purpose of the Study:**

In South Africa, entrepreneurship is the heartbeat of the township. Townships are known as places where mainly black South Africans were forced to live in the quarters style housing built far from economic city centres (Wild, Cant and Nierkerk; 2014). South African townships have been a hive of entrepreneurial activity, it seems the potential for these ventures to generate broader economic benefits and thus sustainability is prohibited by certain challenges (National Tourism Sector Strategy. 2011). According to Mahanjan (2014), township business activities are often a mixture of informal initiatives in public and household spaces. Booyens, and Rogerson (2019) further state that in some areas, the entire character of some streets has shifted over time from residential to commercial through the mushrooming informal activity. In the townships and rural areas, the SMMEs sector is one of the major sectors that provide employment (DEAT, 2012). Fida cited in Kongolo (2010) states that the township economy is an important tool in fighting against unemployment, it provides opportunities to acquire skills gain on the job experience and allows social interaction with other people. Township economies are enterprises and markets based in townships, operated by township entrepreneurs such as Spaza shops, Hair salons, shisa Nyama's, and so on).

**Outline of the Procedures:** You have been selected in the study as a tourism SMME located at Umlazi Townships. Please answer the questions in the attached questionnaire as completely and honestly as possible. There are no right or wrong answers. The completion of the questionnaire should not take longer than 10 minutes of your time. I want to thank you in advance for your time.

**Risks or Discomforts to the Participant:** There are no risks to the participant that have been identified.

**Benefits:** Through your participation, I hope to understand the sustainability of township tourism especially those involved in lifestyle and entertainment and learn about the factors that hinder the success of your business/businesses. Furthermore, the recommendations of the study might present the effective mechanism to sustain SMMEs. The researcher will benefit by having her thesis published.

**Reason/s why the Participant May Be Withdrawn from the Study:** Your participation in this study is voluntary. You are under no obligation to complete the survey. There is no penalty or loss of benefit for not participating. You are also allowed to withdraw at any time of the survey without giving explanation.

**Remuneration:** There is no compensation for participation.

**Costs of the Study:** The participant is not expected to cover any costs towards the study.

**Confidentiality:** Please be assured that your identity will remain anonymous, and your responses will be kept confidential. The anonymity will be kept by not disclosing the identity and no use of names or titles of the participating individuals, and confidentiality will be maintained by ensuring that the data collected is only accessed by people who are involved in the study.

**Research-related Injury:** There will not be any research-related injury.

### **Persons to Contact in the Event of Any Problems or Queries:**

Supervisors: Dr S Moyane (031 373 6879), Mr. N. Nkomo (081 766 8133). Please contact the researcher (073 191 3760), my supervisor (031 373 6879t) or the Institutional Research Ethics Administrator on 031 373 2375. Complaints can be reported to the DVC: Research, Innovation and Engagement Prof S Moyo on 031 373 2577 or [moyos@dut.ac.za](mailto:moyos@dut.ac.za)

### General:

Potential participants must be assured that participation is voluntary and the approximate number of participants to be included should be disclosed. A copy of the information letter should be issued to participants. The information letter and consent form must be translated and provided in the primary spoken language of the research population e.g. isiZulu.



## Appendix C: Consent form



### Statement of Agreement to Participate in the Research Study:

- I hereby confirm that I have been informed by the researcher, Snehlanhla, Lerato Mokoena Mokoena), about the nature, conduct, benefits and risks of this study - Research Ethics Clearance Number
- I have also received, read and understood the above written information (Participant Letter of information ) regarding the study.
- I am aware that the results of the study, including personal details regarding my sex, age, date of birth, initials and diagnosis will be anonymously processed into a study report.
- In view of the requirements of research, I agree that the data collected during this study can be processed in a computerised system by the researcher.
- I may, at any stage, without prejudice, withdraw my consent and participation in the study.
- I have had sufficient opportunity to ask questions and (of my own free will) declare myself prepared to participate in the study.
- I understand that significant new findings developed during the course of this research which may relate to my participation will be made available to me researcher), about the nature, conduct, benefits and risks of this study - Research Ethics Clearance Number: \_\_\_\_
- I have also received, read and understood the above written information (Participant Letter of Information) regarding the study.
- I am aware that the results of the study, including personal details regarding my sex, age, date of birth, initials and diagnosis will be anonymously processed into a study report.
- In view of the requirements of research, I agree that the data collected during this study can be processed in a computerised system by the researcher.
- I may, at any stage, without prejudice, withdraw my consent and participation in

the study.

- I have had sufficient opportunity to ask questions and (of my own free will) declare myself prepared to participate in the study.
- I understand that significant new findings developed during the course of this research which may relate to my participation will be made available to me.

|                                 |              |             |                    |
|---------------------------------|--------------|-------------|--------------------|
| _____                           | _____        | _____       | _____              |
| <b>Full Name of Participant</b> | <b>Date</b>  | <b>Time</b> | <b>Signature /</b> |
| <b>Thumbprint</b>               | <b>Right</b> |             |                    |

I, \_\_\_\_\_(the name of researcher) herewith confirm that the above participant has been fully informed about the nature, conduct and risks of the above study.

|                                |             |                  |
|--------------------------------|-------------|------------------|
| _____                          | _____       | _____            |
| <b>Full Name of Researcher</b> | <b>Date</b> | <b>Signature</b> |

|   |             |                  |
|---|-------------|------------------|
| _____                                       | _____       | _____            |
| <b>Full Name of Witness (If applicable)</b> | <b>Date</b> | <b>Signature</b> |

|  |             |                  |
|--|-------------|------------------|
| _____  | _____       | _____            |
| <b>Full Name of Legal Guardian (If applicable)</b> | <b>Date</b> | <b>Signature</b> |

***Please note the following:***

Research details must be provided in a clear, simple and culturally appropriate manner and prospective participants should be helped to arrive at an informed decision by use of appropriate language (grade 10 level- use Flesch Reading Ease Scores on Microsoft Word), selecting of a non-threatening environment for interaction and the availability of peer counselling (Department of Health, 2004)

If the potential participant is unable to read/illiterate, then a right thumb print is required and an impartial witness, who is literate and knows the participant e.g. parent, sibling, friend, pastor, etc. should verify in writing, duly signed that informed verbal consent was obtained (Department of Health, 2004).

If anyone makes a mistake completing this document e.g. a wrong date or spelling mistake, a new document has to be completed. The incomplete original document has to be kept in the participant's file and not thrown away, and copies thereof must be issued to the participant.

**References:**

Department of Health: 2004. *Ethics in Health Research: Principles, Structures and Processes*

<http://www.doh.gov.za/docs/factsheets/guidelines/ethnics/>

Department of Health. 2006. *South African Good Clinical Practice Guidelines*. 2nd Ed.

Available at: [http://www.nhrec.org.za/?page\\_id=14](http://www.nhrec.org.za/?page_id=14)

## Appendix D: Questionnaire for collecting data -the sustainability of township tourism SMMEs in Umlazi

The following definitions were adopted for the study:

- **Sustainability**- defined as the ability to exist consistently (Steve and Thomas, 2017).
- **Township economy** - refers to enterprises and markets based in the townships (Black business Quartely, 2019)
- **Township Tourism** - Township tourism is a form of tourism that explores the lifestyle and behavior of people in a geographic space. This may include their religious practice, traditions, architectural norms, dress, culinary choices and so on (Dumin,2014)
- **Lifestyle and Entertainment tourism**- It a form of tourism that explores the way in which a person or group of people live and how do they entertain themselves (Luo and Lam, 2017)
- **Small, Medium and Micro Enterprise (SMMEs)** – a **Micro** enterprise has less than 5 employees with a revenue of 5 Million. A **Small** enterprise has employees between 5-49 or a revenue of 5 million - 15Million. a **Medium** enterprise has 50 to 200 employees or revenue 15-40Million (de Wet , 2019)

### **Instructions for filling in the questionnaire:**

Indicate the appropriate response with a with a cross  X /tick  ✓. Use the spaces provided to write your answers.

**SECTION A: BIOGRAPHICAL DATA AND HOW IT INFLUENCES SUSTAINABILITY**

|                              |                         |  |  |                     |  |
|------------------------------|-------------------------|--|--|---------------------|--|
| 1. <b><u>Gender</u></b>      | <u>Male</u>             |  | 2. <b><u>Age</u></b>                             | <u>18 and below</u> |  |
|                              | <u>Female</u>           |  |  | <u>19- 25</u>       |  |
|                              |                         |  |  | <u>26-35</u>        |  |
| 3. <b><u>Nationality</u></b> | <u>S.A Citizen</u>      |  |  | <u>36-45</u>        |  |
|                              | <u>Non-SA citizen</u>   |  |  | <u>46- 55</u>       |  |
| 4. <b><u>Race</u></b>        | <u>African</u>          |  |  | <u>56-65</u>        |  |
|                              | <u>Colored</u>          |  |  | <u>66 and above</u> |  |
|                              | <u>Indian</u>           |  | 5. <b><u>Highest qualification obtained:</u></b> |                     |  |
|                              | <u>White</u>            |  | .....  |                     |  |
|                              | <u>Other (specify):</u> |  |  |                     |  |
|                              | .....                   |  |  |                     |  |
|                              | ...                     |  |  |                     |  |

6. How do biographic characteristics above affect the sustainability of your lifestyle and entertainment tourism SMMEs? If you feel the need to justify each characteristic, you can do so.

.....

.....

.....

**SECTION B: IDENTIFYING SMMES INVOLVED IN LIFESTYLE AND ENTERTAINMENT TOURISM IN UMLAZI TOWNSHIPS.**

7. Lifestyle and entertainment tourism can be broken down into several categories. Which aspects within the broad categories listed below do you fall under? e.g., bnb, and how many years you have been operating. Please tick all applicable.

| <u>Categories of Lifestyle and Tourism SMMEs</u> | <u>Tick or Cross</u> | <u>Number of years operating in the business</u> |
|--|----------------------|--|
| <u>Bed and breakfast</u>                         |                      |  |
| <u>Catering</u>                                  |                      |  |
| <u>Restaurants</u>                               |                      |  |

|   |  |  |
|---|--|--|
| <a href="#">Events company</a>            |  |  |
| <a href="#">Art and craft</a>             |  |  |
| <a href="#">Sport</a>                     |  |  |
| <a href="#">Tour operator and guiding</a> |  |  |
| <a href="#">Heritage, art and culture</a> |  |  |

8. [According to the DTI \(2016\) SMMEs are classified as shown in the table below. What category do you fall under, please indicate using the following:](#)

| <b><u>Classification of SMMEs by employee size and turnover</u></b> |                          |                               |                          |
|---|--------------------------|-------------------------------|--------------------------|
| <b><u>Size of employees</u></b>                                     | <b><u>Cross/Tick</u></b> | <b><u>Annual turnover</u></b> | <b><u>Cross/tick</u></b> |
| <a href="#">Micro enterprise- - (less than 5 employees)</a>         |                          | <a href="#">5 Million</a>     |                          |
| <a href="#">Small enterprise- (5- 49 employees)</a>                 |                          | <a href="#">15 Million</a>    |                          |
| <a href="#">Medium enterprise (50-200)</a>                          |                          | <a href="#">40 Million</a>    |                          |

9. Is your lifestyle and tourism SMME business registered with the local economic development?

|            |           |
|------------|-----------|
| <u>Yes</u> | <u>No</u> |
|            |           |

10. If your answer is **No** to the above, state the reasons why you are not registered with your LED.

.....

.....

.....

11. If you stated **Yes or No** to question 9 above, how does your registration status affect the sustainability of your business?

.....

.....

.....

12. The nature of service provision plays a role in the sustainability of tourism SMMEs. In terms of the nature of service provision, how is your business structured? Please tick all applicable.

|   |   |  |
|---|---|--|
| <u><b>Nature of service provision</b></u> |   |  |
| <u><b>Fixed physical structure</b></u>    | <u><b>Mobile physical structure</b></u> | <u><b>Online presence e.g. Business run on the website</b></u> |



|  |  |  |
|--|--|--|
|  |  |  |
|--|--|--|

13. The location of your business can play a role in the sustainability of your business.  
Where is your physical business structure located? Please tick all applicable.

|   |  |
|---|--|
| <b><u>Location of business entity</u></b> |  |
| <u>Next to a mall</u>                     |  |
| <u>Next to schools/ universities</u>      |  |
| <u>Next to the Petrol station</u>         |  |
| <u>Next to several SMMEs</u>              |  |
| <u>In residential area</u>                |  |
| <u>Other</u>                              |  |

14. What is the nature of ownership with regards to your lifestyle and entertainment tourism SMME?

| <u>Nature of ownership</u>  | <u>Tick/cross</u> |
|---|-------------------|
| <u>Informal Business:</u> (People who earn a living through self-employment in most cases are not on payrolls, and thus are not taxed.)               |                   |
| <u>Sole Proprietor:</u> (is a business that is owned and operated by a natural person (individual))   |                   |
| <u>Partnership:</u> (A legal form of business operation between two or more individuals who share management and profits.)                            |                   |
| <u>Close corporation:</u> (the entity usually chosen for smaller businesses. CC's can be start-ups or a mature business with a maximum of 10 members) |                   |
| <u>Other (Specify)</u>  |                   |

15. How does each of the following listed factors affect the sustainability of your lifestyle and Entertainment tourism SMMEs?

|   |                           |
|---|---------------------------|
| <p><b><u>Nature of service provision:</u></b></p> <p><u>e.g. fixed physical structure,</u></p> <p><u>mobile physical structure</u></p> <p><u>or both fixed physical structure and</u></p> | <p>.....</p> <p>.....</p> |
|---|---------------------------|

|  |  |
|--|--|
| <u>mobile physical structure.</u>  | .....                                  |
| <p><b><u>Nature of ownership:</u></b></p> <p>e.g. <u>informal business, close corporation, ...</u></p> | <p>.....</p> <p>.....</p> <p>.....</p> |
| <p><b><u>Location of business entity:</u></b></p>  | <p>.....</p>                           |

**SECTION C: FACTORS INFLUENCING THE SUSTAINABILITY OF LIFESTYLE AND ENTERTAINMENT SMMEs**

16. What are the factors that influence the sustainability of your tourism SMMEs? Please indicate by a tick or cross all applicable.

| <b><u>Factors influencing the sustainability of your lifestyle and tourism SMMEs</u></b> | <b><u>Tick/ Cross</u></b> |
|--|---------------------------|
| <u>Dealing with strong competition</u>   |                           |

|   |  |
|---|--|
| <u>Administrative and legal processes in running a small business e.g. Tax compliance</u> |  |
| <u>Limited/lack of knowledge about tourism industry</u>                                   |  |
| <u>Limited/lack of business experience/skills</u>   |  |
| <u>Challenge markets and attracting new clients</u>                                       |  |
| <u>Access to / lack of funding/capital</u>  |  |
| <u>Location of the business</u>   |  |
| <u>Crime</u>  |  |
| <u>Over expense overhead cost (water, electricity, rent)</u>                              |  |
| <u>Other (please specify) ..... ..</u>  |  |

17. Please indicate how the above indicated factors in question ... influence the sustainability of your tourism entity.

.....

.....

.....

**SECTION D: STRATEGIES EMPLOYED FOR THE SUSTAINABILITY OF LIFESTYLE AND ENTERTAINMENT SMMEs**

18. What strategies do you employ for the sustainability of your lifestyle and tourism SMMEs?

.....  
.....  
.....

19. **General questions**

20. Indicate any other questions you have regarding the sustainability of township tourism with special reference to lifestyle and entertainment SMMEs in uMlazi.

.....  
.....  
.....

21. Suggest what can be done to sustain your tourism SMME

.....  
.....  
.....

**YOUR PARTICIPATION IS HIGHLY APPRECIATED. THANK YOU!**

