



**AN EVALUATION OF COMMUNITY TOURISM ORGANISATIONS' ROLE IN  
SMALL, MEDIUM AND MICRO ENTERPRISE (SMME) TOURISM DEVELOPMENT  
IN THE ETHEKWINI REGION**

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*In the words of Johann Wolfgang von Goethe, you bequeathed two things to my life:  
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## DECLARATION

I, Bantubathi Sonnyboy Ntlangani certify that this study represents my own work, and has not been submitted for other degree purposes. Arguments and discussions have been cited in the bibliography. I hereby give consent for the Durban University of Technology and all other institutions of learning to use the contents and results of this work for the advancement of knowledge in the Higher Education sector.

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## **ABSTRACT**

Countries around the world benefitted from the positive spin-offs of growth in tourism. Support for small, medium and micro-enterprises (SMMEs), township tourism's operating in this sector could also be enhanced for local economic growth. Tourism SMME development could contribute to the fight against poverty, unemployment and inequality that are endemic in developing countries. The research addressed the three gaps that limit local economic development in local township communities. These include: the unrealized potential knowledge of poverty alleviation through tourism SMME development by community tourism organizations in the local communities. Community - based tourism has globally been recognized as a strategy to alleviate poverty in local communities and add to countries' Growth Domestic Products. The obstacles to tourism SMME growth is dearth of knowledge of tourism SMMEs, that includes addressing explicitly historically disadvantaged communities in South Africa. Growth of tourism SMMEs involves issues such as community empowerment, ownership, sustainability, social justice, independence within the tourism industry. South Africa followed an apartheid ideology that divided people through legislation according to race groupings of so - called Whites, Indians, Coloureds and Blacks, with the latter being denied the power to trade. Secondly, legislations enacted during this era prohibited black business from operating in the urban areas, which were exclusively set aside as the white trading corridor. This brought structural poverty to the semi - urban and rural communities, as they were in the periphery of mainstream tourism trade that was conducted in the cities with good infrastructure. Thirdly, tourism SMMEs are currently not performing to their maximum potential and need an enabling environment to grow. Lastly, governance and management issues that provides framework for resilient tourism destinations remain under - researched in the tourism literature. The research design implemented a quantitative methodology approach engaging purposive sampling technique for data collection of Community Tourism Organizations chairpersons and both executive and non-executive CTO members. The piloting of the research procedure was statistically tested to ensure validity and reliability beforehand the start of the study. The study was conducted through a cross-sectional design and a sample size of respondents for probability sampling and participants for non-

probability sampling. The study was based on CTO chairpersons, executive and non-executive CTO members within eThekweni municipality. Method triangulation of data findings ensured a pragmatic and perceptive comprehension of the phenomena which was examined. The descriptive statistics' revelation showed more than seventy percent of respondents agreed that tourism SMME capacity development would have a positive impact in alleviating the triple challenges of poverty, unemployment and inequality of opportunities they face in the periphery township areas of eThekweni municipality from the tourism, and added cruise ship tourism industry. This can be successful through equal CBT multistakeholder participation and government at local municipal level taking a leading empowering, enabling role. The study discussion focused on the multistakeholder tourism SMME capacity development conceptual engagement model, aligned to the participatory pro-poor dependency framework that presented a link between CTOs tourism development and local community poverty alleviation. The conceptual model was developed as a relevant vehicle to the research.

This study aims to contribute to scholarship on CTOs development of tourism SMMEs in South Africa. The study hopes to find strategies to break obstacles to increase the growth of tourism Small Medium and Micro Enterprises. It also envisaged to find out how it can facilitate CTOs tourism SMME development to alleviate poverty, unemployment and inequality of opportunity in the tourism industry. After 1994, there were and still are attempts to redress the injustices of the past by including previously disadvantaged communities to be participants in the tourism industry sector. However, certain factors still impede the growth of tourism SMMEs in these communities. Some of these factors are start-up and operational costs, difficulties in accessing markets, lack of skills and managerial expertise, and a regulatory environment that often favours established businesses.

### *Community Tourism Organizations (CTOs)*

The democratic South African government adopted legislations and policies to integrate previously disadvantaged population groups through developing tourism SMMEs and introduced community tourism organizations (CTOs). It was against this background that this study also evaluated the role of CTOs in developing tourism. A quantitative approach was employed, and the data was generated by means of self-administered questionnaires and one session of pilot investigations with chairpersons and other CTO members. An SPSS version 22 analysis was used to analyze the data. The findings highlighted tourism SMMEs' owned by the previously disadvantaged sectors lack the necessary skills to participate effectively in this sector.

As a result, economic growth and poverty alleviation in local township communities is still an ongoing struggle. There was a case for encouraging the growth of more township tourism SMMEs with wide appeal to tourists of township products, that are unique to these communities. A more proactive, structured, interactive, community engagement approach was thus recommended for the economic empowerment of marginalized communities through ownership and control of tourism projects within tourism destinations. This strategy has a potential of generating much needed revenue to alleviate poverty and unemployment. The limiting factor is CTOs inadequate capacity to develop tourism SMMEs.

The study advocated for multi - stakeholder engagement comprising of government, established private sector tourism businesses, educational institutions and community - based tourism organizations. These organizations could ideally be involved in planning, monitoring and evaluating tourism initiatives in communities on agreed - on time intervals. That way, any unforeseeable impediments would have identified, reviewed and redressed as they occur.

This study proposes a model based on stakeholder participatory theory meant to assist tourism policy makers at local government level. This is a paradigm shift for poverty alleviation through tourism SMME development. This is particularly important at municipal level, which is a strategic point of service delivery to local communities. This is where a need is felt on integrating tourism in the Integrated Development Plan (IDP)

and local economic development (LED) planning to prioritize and increase tourism SMMEs to alleviate poverty and unemployment. This is a compelling case in the historically disadvantaged townships.

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# 1 CHAPTER ONE: INTRODUCTION

## **Introduction**

South Africa had not been able to fully reap from the tourism market benefits for community-wide poverty alleviation. This anomaly occurred particularly from the perspective of the historically marginalized population. Apartheid legislation prevented the black majority from trading or owning businesses and the legacies of these policies persist. Established businesses in the tourism sector have an advantage over small, medium and micro-enterprises (SMMEs) owned by township and rural community members that lack resources and skills to compete. The democratic government that came to power in 1994 passed legislation that aimed to open up this industry to local communities. The 1996 Tourism White Paper provided for the established of community tourism organizations (CTO) to promote SMMEs' participation and change the demographics of ownership and control in the tourism industry. eThekweni Municipality, which hosts numerous international conferences, events and exhibitions in the City of Durban, could play its part in achieving this objective.

This chapter discusses the background to the study, its location, the problem statement and the study's aims and objectives. The research methodology was discussed, and the key terms defined.

## **Background to the study**

Tourism was regarded as an effective development vehicle that addressed the issues, which confronted developing countries. Furthermore, SMMEs' participation in this sector had been perceived as a strategy to promote local economic development (LED) (Van Schalkwyk 2011: 2). While South Africa benefits from large cash inflows from tourism, SMMEs operated by previously disadvantaged individuals do not share in these benefits (National Development Plan 2010:117). The democratic government mandated the establishment of CTOs to promote local community members' participation in tourism and thus alleviate poverty. It envisaged that these organisations would build capacity among tourism SMMEs, facilitate access to financial resources, evaluate and monitor their progress.

Local economic growth had been enhanced by greater SMME involvement in the tourism sector, and the number of community members employed could increase. Women could also be empowered through owning SMMEs in this sector. Furthermore, SMMEs were regarded as playing a key role that alleviated poverty (Tourism Development and Promotion 2014:16). Tourism was an important economic game-changer in developing countries that contributed more revenue to local communities than trade, manufacturing and mining. It provided employment for many people and was cost effective, in that it did not call for hard labour like farm or factory work. Furthermore, there were low entry barriers in this sector. However, an aspirant tourism SMME needed a sound business idea and support to register the business and complied with licensing requirements. It also required funding, appropriate business premises, training, and networking and marketing skills (Khoase and Ndayizigamiye 2018:58).

Municipalities became the coalface of service delivery in South Africa, as they were closer to local communities. The Municipal Systems Act 32 of 2000 and the Municipal Structures Act 117 of 1998 required municipalities to promote LED through the adoption of an Integrated Development Plan (IDP). eThekweni Municipality's IDP envisaged that tourism would be harnessed to address the challenges of unemployment, poverty and inequality (Kazan and Merrington 2012:4). However, control of this industry by a few large players made it difficult to achieve this objective (Naidoo 2015:7). Thus, while eThekweni Municipality was a domestic and regional tourism playground and a leading tourist destination, the socio-economic circumstances of the majority of its inhabitants had not changed for the better (Makola 2013:31).

This was despite the fact that the democratic government created an enabling regulatory environment for the development of tourism SMMEs. The legislation and policies included the South African Constitution 108 of 1996; the Small Business Act 102 of 1996; the National Development Plan of 2011; the Tourism White Paper of 1996, the Municipal Systems Act 32 of 2000 and the Municipal Structures Act 117 of 1998. At the local and provincial level, eThekweni Municipality adopted the eThekweni CTO Strategy of 2010 and the KwaZulu-Natal Tourism Act No. 11 of 1996 was passed. However, tourism SMMEs' participation in the tourism sector had been hampered by numerous challenges. These included access to finance, as the financial sector and financing agencies were reluctant to grant them credit because they lacked collateral, including security of tenure; and

insufficient capacity as the CTOs were mandated to capacitate them lacked the skills to do so. Municipal regulations and bureaucratic procedures also inhibited the growth of tourism SMMEs. However, the most serious limitation in fulfilled tourism potential to reduced poverty in the townships and areas on the peripheries of cities was that there was no integrated community-based tourism (CBT) model. Thus, this study evaluated CTOs' role in tourism SMME development in eThekweni Municipality.

### **Location of the study**

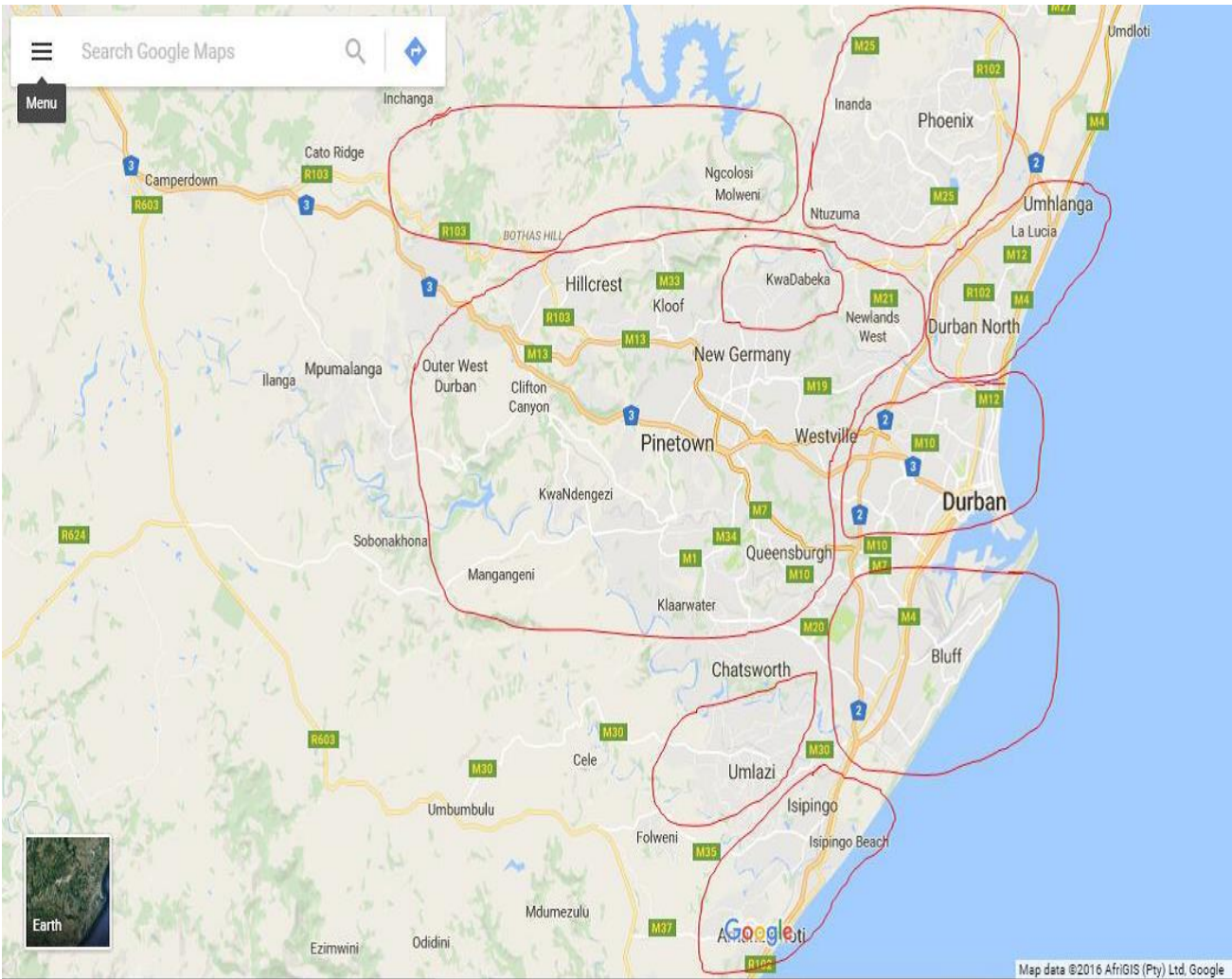
eThekweni Metropolitan Municipality is located on the East Coast of South Africa, in the Province of KwaZulu-Natal (KZN). It continues to be a sought-after tourism destination. The municipality spans an area of approximately 2 297 square kilometers and was home to more than four million people. This diverse society faced various social, economic, environmental, capacity and governance challenges, as it strove to meet the needs of an ever-growing population. According to the South African Census (2013), the municipality's population grew by 344 236 from 2001 to 2011, a growth of 1.08% more, compared to a rate of 2.34% from 1996 to 2001

eThekweni's comparative advantage is its position as a popular domestic tourist destination. It also attracted tourists from the Southern African Development Countries (SADC) and had hosted the annual Indaba tourism exhibition for the past 30 years. Numerous international conferences held in the City of Durban, generated billions of rands. Known as South Africa's playground, Durban offered fun and hosted various sporting events, is Africa's biggest harbour for cargo handling and had lately become a destination of choice for cruise liners. eThekweni ranked third out of South Africa's eight metros in terms of their contribution to GDP, behind Cape Town, ranked second, and the City of Johannesburg, which took first position due to its financial, mining and tertiary sectors. All these factors held much potential for the growth of black tourism SMMEs and women-owned tourism businesses in the townships, which were part of eThekweni Metro's economic development agenda.

Community tourism organizations operated in eThekweni Municipality’s four regions, namely, North, South, West and Central Durban included Phezulu Safari Park and the Valley of a Thousand Hills (Tourism 2010:28).

Figure 1 below showed the eThekweni CTOs, while Table 1 listed the CTOs and the areas they covered.

Figure 1: eThekweni Municipality CTO Demarcation



Source: Adapted from eThekweni Municipality (2016: 4)

**Table 1: eThekweni Municipality CTOs**

Name of CTO	Geographic Spread
1. Durban CTO	Central business district, Umgeni, Glenwood, Yacht Mole, Golden Mile Beachfront, Durban Harbour, Moses MaBhida Stadium
2. South Durban CTO	The Bluff, south harbour area, Brighton Beach
3. Claremont CTO	All townships in Inner West Durban.
4. Durban West CTO	Westville, Pinetown, Queensburgh, Sherwood, Yellowwood Park, Marriannahill, Chatsworth, Gillitts, Kloof, Hillcrest, Inner West Durban.
5 INK CTO	North central Durban, Inanda, Ntuzuma, KwaMashu
6. 1000 Hills CTO	Botha's Hill, Phezulu Safari Park, Outer West Durban.
7. Sapphire Coast CTO	South Durban area: Amanzimtoti to Umkhomaas.
8. Umhlanga CTO	Durban North: Mount Edgecombe, Umhlanga Rocks, Verulam, La Mercy, Gateway.
9. Umlazi CTO	All townships south of Durban.

Source: Adapted from eThekweni Municipality (2016: 4)

## **Problem statement**

### **Historical Perspective barriers to tourism SMME entry.**

Maharaj (2020) gives a vivid depiction of the history of South Africa in his impact analogy of the removal of Africans and other historically marginalised groups from the urban areas to townships on the periphery of cities through legislative policies such as, the Urban Area Act (1923) and the Group Areas Act (1950). This apartheid strategy, though the most effective in subjugating these groups to townships far from economic competition with white businesses in the cities, its impact on poverty, unemployment and inequality of opportunities was devastating to these marginalised group's socio-economic development. These were the main causes of structural poverty, unemployment and inequality in these township communities that is still plaguing the people residing in these far-flung townships separation of people through race and class which created a dual economy (third world and first world economy), and the township economy being the latter. South Africa recorded sluggish economic growth in recent times, with the growth rate falling to 3.1% between 2010 and 2014 and around 1% in 2016 (Statistics South Africa 2016: 2). Statistics South Africa estimated that unemployment stood at 29.1% in the third quarter of 2019 (Statistics South Africa 2019:13), with the youth constituting the majority of the unemployed. While tourism had the potential to both boost economic growth and create jobs.

### **Tourism Sector**

Apartheid legislative framework prohibited historically marginalised grouping from owning tourism and other forms of businesses. Whites thrived on tourism benefits, including capacity development, marketing, financial jerk-up and all forms of development at the expense of historically marginalised groups who were already destined to the townships which were very far from the cities. Tourism has become an important socio-economic development to change the status quo and alleviate township poverty and unemployment. community-based tourism is recommended by the World Travel and Tourism and tourism academics because of its pro-poor benefits for local communities (Giampiccoli and Saayman 2016:1, Giampiccoli and Mtapuri 2017:4).

Since the dawn of democracy in 1994, South Africa adopted many policies aimed to empower formerly disadvantaged communities. These included measures to promote the formation of tourism SMMEs. The problem lay in implementation and this sector, which still had been dominated by large white companies. While scholars maintained that CBT could make a significant contribution to efforts that addressed poverty, unemployment and inequality. This required the adoption of a pro-poor strategy that drew on different stakeholders, included higher education institutions, to build the capacity of local community members to take up opportunities in the tourism sector (Giampiccoli, Saayman and Jugmohan 2014:149). It has been argued that a national CBT structure be established, with provincial and local structures that are independently owned, managed and controlled by communities. The fourth Industrial Revolution called for all economic players to acquire the requisite skills and knowledge to succeed in a fast-changing world. Many SMME owners lacked the skills and resources required to operate in the tourism industry, while established white companies that benefitted from apartheid discriminatory policies, reaped the benefits. The fact that this sector was highly regulated and the low levels of support available to new entrants were further obstacles (Treasury 2019:7).

Moscardo (2008: x) identified a number of conditions that needed to be met for effective community participation in tourism development. These included development programs and activities, community awareness of the role of CTOs, information on the scope of the sector, for example, operators, tour guides, township guest lodges, cultural attractions and cruise ship tourism, resources and capital. South Africa did not have a tourism development model for township communities because of the apartheid legislation discussed above. The first CTO was established in 2010 and the Durban Central Community Tourism Organization set up in July 2012, sixteen years after the 1996 Tourism White Paper was gazetted. The legislation was aimed, among other things, to grow tourism SMMEs.

## **Lack of research on CTOs development of Tourism entrepreneurship**

According to Rogerson (2011:344), the challenges that confronted the tourism sector included poverty among the black population, and a lack of management skills and competitiveness (Briedenhann 2011: 32). Pro-poor tourism as a community-wide strategy to enhance the socio-economic status of the formerly disenfranchised could be achieved by promoting entrepreneurship in communities and should be based on a sound understanding of the situation in which poor communities find themselves (Tasssiopoulos 2011:327).

There are few studies conducted on the effectiveness of the different approaches proposed to boost community participation in tourism development (United Nations Statistics Division and World Tourism Organization 2018:15, Moscardo 2008:6). While CBT had been hailed as a key strategy to promote sustainable development, further research was required on how the tourism sector could surmount the current challenges and capitalize on opportunities. Research was also required on how to measure tourism's role in sustainable development, including its economic, environmental and social dimensions in order to meet the United Nations General Assembly approved 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs), a framework comprising 17 goals and 169 targets (UNTWO 2018:18). Finally, there was a lack of information on the role and effect of CTOs in developing tourism SMMEs. This study sought to fill some of these gaps by evaluating CTOs' role in developing tourism SMMEs.

South Africa recorded sluggish economic growth in recent times, with the growth rate falling to 3.1% between 2010 and 2014 and around 1% in 2016 (Statistics South Africa 2016: 2). Statistics South Africa estimated that unemployment stood at 29.1% in the third quarter of 2019 (Statistics South Africa 2019:13), with the youth constituting the majority of the unemployed. While tourism had the potential to both boost economic growth and create jobs, South Africa did not have a tourism development model.

It was against this background that this study proposed a framework to develop tourism SMMEs\_(Arikan 2010:157; Besser and Miller 2010:4; Phomovong and Sorensson 2014:350).

It envisaged that tourism SMMEs would address poverty, unemployment and inequality by resolving the challenges of access to finance and markets, and providing such SMMEs with the skills to market their products and services using the latest technology.

### **Aim and objectives of the study**

The aim of this study was to evaluate CTOs' role in the development of tourism SMMEs in the eThekweni region and propose a tourism development model. The sustainability of local CTOs had become central to tourism development (Telfer and Sharpley 2010:144) as they were tasked with the important responsibility of capacitating tourism SMMEs to take advantage of the opportunities within their surroundings. This study evaluated the impact of CTOs in developing tourism SMMEs in eThekweni Municipality.

The objectives of this study were to:

#### **Objective 1**

Assess the tourism activities that were promoted by CTOs. This objective assessed whether CTOs promoted the following tourism activities for developing tourism SMMEs: access to greater tourism opportunities such as the golden mile beach promenade, heritage routes within the eThekweni Municipality, township cultural events and lifestyle, accommodation attractions, tourism fairs, , guided tours, tourism services and products, links to big business, and events tourism. Engage tourism SMMEs to cruise ship tourism benefits. Create partnerships of tourism SMMEs with established businesses. Link tourism SMMEs with training institutions for the acquisition of skills, knowledge and attitudes to effectively participate in the tourism industry.

## Objective 2

Evaluate the capacity development functions of CTOs to develop tourism SMMEs. This objective wanted to evaluate CTOs capacity development of tourism SMMEs using legal channels available to unlocking barriers to entry in the tourism industry. This was with regard to business skills training, financial management, tax compliance and vat legislation compliance, coaching, skills on public driving permits, passenger liability insurance tour operators travel and tourism, first Aid, Department of tourism requirements for obtaining tour guiding certificates and badges for operating in the travel and tourism sector, marketing and product development, management, mentoring, monitoring and evaluation, links with educational institutions for training and research in tourism.

Figure 2: Community Capacity Building for Tourism SMMEs



Source: Adapted from Ahmeti (2013:3)

### **Objective 3**

Assessed the role played by CTOs in promoting tourism SMMEs. This objective evaluated the governance and administration. It looked at whether the CTOs developed tourism SMMEs on good governance understanding of the impact of the following tourism and municipality legislative framework to enhance their knowledge of: Kwazulu-Natal tourism act of 1996 as amended act 2002, KwaZulu-Natal Tourism Master Plan of 2012, Strategy for the development of CTOs within the eThekweni Municipal Area of 2012, Local Government: Municipal structures act 117 of 1998, Local Government: Municipal Systems Act 32 of 2000.

### **Objective 4**

Identify the support structures available to develop tourism SMMEs. This objective evaluated whether support in the areas of tourism infrastructure, policies, resources, marketing infrastructure such as social media, brochures, publications, advertising and products and services promotion: finance, technology, research and development were available for effective operation of tourism SMMEs. The following research questions were posed in order to achieve these objectives:

1. What types of tourism activities were promoted by CTOs?
2. What tourism capacity development initiatives were undertaken by CTOs?
3. What role did CTOs play in promoting tourism SMMEs' products and services?
4. What business and managerial support structures were available to CTOs to develop tourism SMMEs?

### **Significance of the Study**

The United World Tourism Organization (2007) identified tourism as one of the world's most important sources of employment, poverty alleviation and add-on in government's tax base. This was especially the case for developing countries. Tourism stimulated enormous investment in infrastructure, to improve the living of local communities, and

equalized economic opportunities that could alleviate poverty, kept township and rural people from moving to overcrowded cities (Moscardo: 2008:1).

- This study contributed to the literature on CTOs and tourism SMMEs as well as capacity development among such enterprises.

It also identified ways in which tourism development could assist in addressing poverty, unemployment, and inequality. There was a need for formerly marginalized township community's integration in the economy, through tourism SMMEs capacitation by CTOs through tourism SMMEs participating in the tourism. This served to level the apartheid legacies' playfield, which created barriers to entry by these community-based tourism businesses. Based on community participation, an effective multi-stakeholder engagement community-wide socio-economic status were to be guaranteed. Indicators of success included the following key indicators for broad-based black economic empowerment, government's transformation efforts. This had to be done through the tourism industry's benefits across the value chain to tourism SMMEs (tour operators, tour guides, township accommodation, restaurants and other lifestyle tourism establishments, could boost the township economy (Naidoo 2015:7).

- Tourism was among the best performing sector in the country's economy. However, the growth in tourism did not trickle down to local communities in the townships. It did not equate to poverty reduction in the township economy. This study saw this gap as significant in ameliorating poverty, unemployment and inequality of opportunities in the township communities through CTOs development of tourism SMMEs.
- The multi-stakeholder capacity development model proposes universities to play an integral role as a core Centre for CBT development, implementation, monitoring and evaluation. The envisaged SMME tourism development curriculum would assist in reversing the cycle of poverty, unemployment and inequality by facilitating these enterprises' effective participation in tourism. In addition, the institutions would conduct research on CTOs' development of tourism SMMEs.
- The proposed model would also promote ownership of CBT by tourism SMMEs, with the private sector, non-profit organizations, the government and universities play a secondary facilitating role.
- The study also relied in the fact that it aimed to ensure that the tourism sector delivered on the United Nations (2018:18) sustainable developmental goals. That is:
  - Sustainable Developmental Goal 1 that set a target to end poverty in all its forms.

- Sustainable Developmental Goal 5 aimed to achieve gender equality and empower women and girls.
- Sustainable Developmental Goal 8 referred to sustained, inclusive and sustainable economic growth, employment and decent work opportunities for all.
- Sustainable Developmental Goal 9 emphasized the need for investment in public and private infrastructure.
- Sustainable Developmental Goal 10, which highlighted the need for economic integration and diversification.
- Sustainable Developmental Goal 12 talked to sustainable consumption and production.

Given its linkages with multiple sectors, tourism has the potential to advance progress in achieving six of the seventeen United Nations Sustainable Development Goals (SDGs) and achieve community-wide sustainable communities who are empowered through tourism SMMEs fruitful participation in the tourism industry.

- Finally, this study contributed to the realization of South Africa’s NDP Vision 2030 (2011:408), which noted that in a society with deep social and economic divisions, neither social nor economic transformation was possible without a capable and developmental state. The study posited that tourism could be harnessed to enable the developmental state to address poverty, unemployment and inequality among communities.

### **Research methodology**

This section briefly discussed the methodology employed to conduct the study. It highlighted the research design, the target population and sample, questionnaire design, and data collection and analysis.

The research design was the plan adopted to obtain answers to the research questions (Leedy and Ormrod 2010:3). It set out how the researcher intended to conduct the study (Saunders, Lewis and Thornhill 2011:22). According to Welman (2011:35), it was important to clarify the research process and the steps required to gather and process data as well as report the findings.

The main research problem was broken down into several problems that, when solved, were to resolve the main problem. This study adopted a quantitative approach to obtain the relevant data to find solutions to the problem.

### **Quantitative method**

Quantitative research is based on positivist principles in that it uses hard data in the form of numbers to clinically and precisely measure variables and test hypothesis (Neumann 2011:165). Quantitative studies explain or predict the relationships among variables used in statistics (Creswell 2009:69). Quantitative research employs deductive analysis and statistical procedures in the analysis of the data. In this study, the researcher employed the Statistical Package for the Social Sciences (SPSS) version 22.

### **Target Population**

A target population is the full set of elements from which a sample is selected (Creswell 2009:69). The target population for this study comprised the nine CTOs within eThekweni Municipality, which had a total membership of ninety-two. A Community Tourism Organisation executive within the eThekweni municipality consisted of nine chairpersons, nine deputy chairpersons, nine treasurers, nine secretaries, fifty-six non-executive members.

### **Selecting the sample**

#### **Definition**

Sampling is a technique of selecting individual sub-set of the target population to make statistical inferences from the characteristic of the target population (Sekaran and Bougie (2010:442)). there are two methods of sampling, that is, probability sampling and non-probability sampling. Probability sampling technique is when all the members of the target population have an equal opportunity to be part of the sample. Whereas, the non-probability sampling method there is a predefined selection process.

This study employed non-probability sampling in selecting a sample from the target population. Non-probability sampling is a pre-determined and arbitrary as well as subjective sampling method due to known variables (Lapan and Quartoli 2009:89

Bloomberg, Cooper and Schindler 2014:180). Firstly, chairpersons of all nine CTOs were chosen using purposeful sampling also called judgemental sampling for the purpose of this study. These chairpersons were chosen because of their special and unique characteristics as leaders within the CTOs. Secondly, convenience sampling technique was also used depending on accessibility and availability of the remaining CTO members. A convenience sample allowed the researcher to draw representative data by selecting volunteers who were available or easy to access. This sample was not too big to manage, and the researcher was familiar with the relevant characteristics of the population. Furthermore, a representative sample enabled the findings to be generalizable to the broader population.

### **Measuring Instrument**

According to Remenyi (2014:107), a measuring instrument is a device that is used to collect data in order to test a theory. Questionnaires is common measuring instruments in the social sciences were used in this study to gather data from the chairpersons and non-executive members of the eThekweni CTOs.

### **Questionnaires**

According to Malhotra (2010:171), in quantitative research, structured questionnaires and surveys of large populations was used in order to generalise the findings. Zikmund and Babin (2010:166) noted that the questions posed in questionnaires based on the research objectives and questions. The questionnaires designed for this study related to the CTOs' development of tourism SMMEs. They were based on the literature reviewed and the study's objectives. A letter providing information on the study and a consent form had been included in the questionnaire.

While the same format was used for the questionnaires for the chairpersons and committee members, a section on management was added to the one administered to the chairpersons as their role in the CTOs is equivalent to those of managers in a business

setting. Semi-structured, open-ended, multiple choice and closed-ended questions were included in the self-administered questionnaires. According to Brynant, Hanekom and Brynant (2014:42), this had an effective method that enabled the respondents to delve more deeply in answering the questions. It thus reduces the margin of error and confusion.

### **1.11.2 Questionnaire Format**

The survey questionnaire comprised six sections. The first gathered information on the participants' demographic characteristics included their age group, gender, race, SMME experience and experience either as a CTO member or as a chairperson of a CTO in eThekweni Municipality. Section two assessed the tourism activities that are promoted by CTOs; section three evaluated the CTOs' capacity development functions; the fourth section assessed the regulatory environment in which tourism SMMEs operated; section five focused on the effectiveness of CTOs in promoting tourism SMMEs; and section six examined the support structures available to CTOs in developing tourism SMMEs. A five-point Likert scale (with 1 denoted strongly disagree and 5 strongly agree) was used to measure the responses in sections two to six.

### **Pilot Testing**

Pilot testing is a small-scale measuring tool, which ensures that the data collection instrument produces a viable data set with which to answer the research questions (Remenyi 2014:136). The purpose of the pilot test was to administer the questionnaire to a small group of individuals like those in the sample. The questionnaires were piloted with 36 participants (the 9 CTO chairpersons and 27 executive and non-executive members) to check whether the questions were clear and easy to understand, and the necessary adjustments were made. The pilot test provided precision on format and questions asked. It also offered a blueprint of expected responses that enabled the researchers to determine whether revisions were necessary. The pilot test also confirmed that issues concerning validity and reliability of the study were observed.

## **Data Collection**

Permission was received from the CTOs to conduct the research and the logistics of the distribution of the questionnaires were discussed. According to Wellman et al. (2005:257), this ensured a high response rate. Durban Tourism senior tourism officers who are placed in each of the eThekweni Municipality CTOs as administration officers were responsible for the distribution of the questionnaires to the chairpersons and non-executive CTO members who delivered them to the agreed central point at the Durban North CTO office to be collected by the researcher.

## **Data Analysis**

Descriptive and inferential statistics was used, and SPSS 22 software employed to analyse the data. Descriptive statistics in the form of tables, frequencies and graphs were used. They statistics had been aggregated. This was in accordance with data analysis norms and values. Quantitative thematic analysis had been employed to analyse the data. According to Sekaran and Bougie (2014:394) and Welman and Kruger (2012:209), inferential statistics helped to establish relationships among the variables and drew conclusions. They included reliability testing. The Chi-square test was used to evaluate the relationship between two variables, called the goodness-fit statistic. Appendix 7 presented the analysis of the statistics for the CTO chairpersons' responses, while Appendix 8 presented a detailed analysis of the statistics for non-executive CTO committee members.

## **Delimitations**

This study was limited to the nine CTOs in eThekweni region. only CTOs and SMMEs that dealt with international, regional and domestic tourists entering eThekweni region through its port and by air, rail and road transport were analysed. These SMMEs had to operate within eThekweni's geographical borders and were members of local CTOs within the region. The study excluded tourists and experts with tourism qualifications because it did not focus on SMMEs' service delivery to tourists, but on the quality of the services delivered by CTOs to tourism SMMEs.

## **Limitations**

The study was limited due to time and financial constraints. Time allocated for doctoral studies cannot do justice to the extensive socio-economic issues faced by tourism SMMEs in the area of poverty alleviation and job creation. The study had limited finance, as a result the study could only cover tourism SMMEs in the eThekweni Manipal area instead of all municipalities of KwaZulu Natal province in South Africa. Furthermore, this study was only concerned with CTOs' role in developing tourism SMMEs in eThekweni Municipality.

## **Validity and Reliability**

According to De Vos, Strydom, Fouche and Delport (2011), for data to be regarded as valid and reliable, the researcher must be certain that the measuring instrument to be used is acceptable. Validity and reliability are briefly summarised below: Content validity: the study employed conventional literature on CTOs development of tourism SMMEs to develop questions. Construct validity: The study used statistician and supervisor's advice and support to ensure the construct validity. Reliability – The Cronbach's Alpha was used as a tool for ensuring the reliability of the instrument.

## **Ethical Considerations**

Ethics in research referred to the need to conduct a study in a moral and responsible manner (Blumberg, Cooper and Schindler 2014:121). The emphasis was on protecting the rights of the participants or the subject of the research. The participants from the CTOs were fully briefed on the nature of the study, how it would be conducted and the risks and benefits of participating.

### *Confidentiality and Anonymity*

The Durban University of Technology's confidentiality rules were followed throughout the study. This included not revealing the respondent's names or divulging information on them. The participants were assured that they would remain anonymous. All the interviews were kept private and confidential, and the participants were made aware of the fact that

they are being interviewed. To protect the identity of the informants, pseudonyms were used where necessary.

### **Definition of terms**

This study on CTOs' development of tourism SMMEs drew on a number of theories relating to CBT. The concepts employed included cultural tourism, township tourism, eco-tourism, public participation or community engagement, and cruise ship tourism.

#### ***Cultural tourism***

Cultural tourism included monuments, arts, heritage, events, and festivals (World Tourism Organisation 2011:4). People expressed their culture and religion through festivals, costumes, cuisine, arts and crafts, architecture, music and literature. Many tourists were interested in exploring other cultures and interacting with local community members, brought in revenue from lodges, tours and other services that boosted the local economy.

#### ***Community-based tourism***

Community-based tourism established links between the broader tourism industry and local communities (Messés 2010:8). The key principles on which CBT was based were community management, community ownership, and sharing local ways of life and the community's natural and cultural resources with visitors (Biederman 2008:113; Laitamaki, Messrli, Nyheim and Plog 2008:112).

#### ***Cruise tourism***

Cruise Indian Ocean (2010:12) and Holloway and Humphreys (2012: 419) defined cruise tourism as a self-contained, prearranged vacation experience that enabled tourists to visit different destinations while travelling by ship.

#### ***Eco-tourism***

Eco-tourism was defined as based on the principle that tourism could not have a negative impact on the local environment or local communities. It was a pro-poor strategy that sought to promote responsible tourism (Wearing and Nel 2006:3; Sharply and Naidoo 2010: 147; (Biederman 2008:113).

### ***Sustainable tourism***

Sustainable tourism aimed to preserve tourist attractions in order to ensure that future generations also benefitted from their use (Meetings Industry Guide 2013:88). This required careful management of resources and ensured that the tourist destination retained its cultural integrity. While ecological processes, biological diversity and life support systems were preserved in their original state (United Nations World Tourism Organisations 2011:4). Sustainability extended beyond environmental awareness to include the communities that tourists met.

### ***Pro-Poor tourism***

Poverty eradication was the primary goal of pro-poor tourism strategy (Biederman 2008:113). This was done through involvement of local community members in tourism, whether as entrepreneurs or as employees that provided various services (Tourism White Paper 2015:2). The United Nations World Tourism Organisation established a Trust Fund that aimed to eliminate poverty at the global level (United Nations World Tourism Organisation 2011:4).

### ***Monitoring***

Monitoring was a management function that aimed to ensure that actual performance was in line with expected or planned-for performance and addressed any gaps (Ile, Eresia and Allen 2012:21).

### ***Evaluation***

Evaluation went together with monitoring in that the aim was to assess the monitoring process and its effective implementation over a longer period. This process continued after ongoing monitoring of an approved plan in terms of its cost, time and quality (Twersky and Lindblom 2012: 5-6). Evaluation was part of a results-based management approach that improved an organisation's overall achievements and enhanced accountability (Stelzenmuller, Breen and Stamford 2013:151).

## **Structure of the thesis**

Chapter 1 introduced the study and outlined its objectives, and its demarcation and scope. The research design and methodology employed to conduct the study was briefly discussed. The chapter concluded with a definition of the key concepts.

Chapter 2 presented a literature review on the history of South African tourism, and legislation and government policies for the development of tourism SMMEs. It defined CBT and examined the role of CTOs in developing tourism SMMEs as well as the tourism activities promoted by CTOs.

Chapter 3 presented the theoretical framework employed for the study and the rationale for its selection.

Chapter 4 examined tourism SMME development globally, regionally, provincially and locally using case studies in developed and developing countries.

Chapter 5 described the research design and methodology employed to conduct the study. It discussed the quantitative research method adopted, sampling methods, the questionnaire design, and data collection and analysis.

Chapter 6 presented analyses and discussed the study's findings. It also provided a description of the CTOs' contribution to the development of tourism SMMEs.

Chapter 7 presented the study's key findings, overall conclusions and recommendations. This was followed by the presentation of the theoretical model of CTOs derived from the study's results.

## **Conclusion**

Chapter 1 laid the foundation for this thesis by introducing the research problem, the study's objectives and research questions, the rationale for the research, the methodology employed and the study's scope and limitations. It concluded with the definition of key concepts and the structure of the thesis.

The following chapter presents a review of the literature relevant to this study.

## **2 CHAPTER TWO: LEGAL FRAMEWORK AND TOURISM SMMEs**

### Conceptual and contextual factors

#### **2.1 Introduction**

This chapter discusses the legislation in relation to the CTOs' development of SMMEs from both a conceptual and contextual perspective in line with Objective 2: *Evaluating the capacity building functions of CTOs for the development of tourism SMMEs*. The aim of the study was to assess the role of CTOs in developing SMMEs to participate meaningfully in the tourism industry and thus, help alleviate poverty. The roots of structural poverty, which is rampant in marginalised communities in South Africa, lie in the National Party government's imposition of racial segregation policies, enacted through legislation such as the Group Areas Act of 1950, which determined where people lived, as well as the social and economic opportunities they could access (Albertus 2019:5; Du Toit 2005:5; Magubane 2004:7).

The unemployment rate of 29.1%, reported by Statistics South Africa for the 3<sup>rd</sup> quarter of 2019 points to worsening poverty and widening inequality. This is in spite of the efforts of the democratic government laws policies, regulations, and legislation to redress these inequalities. This chapter, therefore, reviews the history of the South African tourism industry and the literature on CBT, and the role of CTOs in developing tourism SMMEs to promote an inclusive economy. The chapter also assesses the role of municipalities in discharging their oversight roles as regulators, enablers and facilitators of CBT, community-based organisations, tourism SMMEs, and CTOs.

##### **2.1.1 Conceptual Factors**

#### **2.2 Community-based Tourism**

##### **2.2.1 Definition**

Community-based tourism is a community development strategy that aims to promote empowerment, self-reliance, and sustainability (Giampiccoli and Mtapuri 2012:29). The White Paper on the Development and Promotion of Tourism in South Africa (1996) defines CBT as the kind of tourism that takes place with the involvement and participation of local communities. Thus, for CBT to be effective, local communities must be involved in tourism

planning and development, and special attention should be paid to local contextual issues. Local community members must participate in selecting tourism development options and reach a consensus plans before they are implemented. Revenue generated through the establishment of different types of entrepreneurial ventures such as co-operatives, joint ventures, and business associations that utilises local expertise and labour guarantee multi-stakeholder engagement a successful venture.

Voss (2015:18) notes that the South African Tourism Strategy *Paper 2011 – 2013* provides that for tourism to have a significant impact in addressing poverty and unemployment problems, it needs to expand into new areas and promote the direct participation of historically disadvantaged groups. Tourism should, thus, develop in areas beyond traditional routes and nodes. Township tourism remains a largely untapped niche in South Africa. Guided tours in townships in Johannesburg and Cape Town are popular among regional and international tourists. Bicycle tours in Soweto in the City of Johannesburg, and Langa, Khayelitsha, and Gugulethu in Cape Town have the potential to spark economic growth. These economic activities enable community-based entrepreneurs who venture into the tour operating business. While the City of Durban attracts high-budget tourists to its beaches and other tourist attractions, the townships surrounding the city, which are part of eThekweni Municipality, are marked by high levels of poverty, inequality, and unemployment. Well-functioning tourism SMMEs could change this situation. Community tourism organisations were established post-1994 to develop such SMMEs, but their role is not fully understood. This, therefore, calls for interventions by the municipality.

### **2.3 Community Development**

For CBT to succeed at municipal level, all three spheres of government must fulfil six primary areas of responsibility in respect of community development – namely policy-making, legislation and planning, growth facilitation, marketing, co-ordination, and regulation and monitoring (Keiser 2012:158). Challenges in this regard, include the fact that, while intentions are often well meaning, implementation is not always successful. This can be attributed to a number of factors, that include restrictive local government legislation, a myriad of policies, guidelines, targets and other factors that local government

practitioners have to take into account, as well as the lack of skilled management. Furthermore, at local government level, monitoring and evaluation is still a relatively new concept.

### **2.3.1 Objective 1: Tourism activities that are promoted by CTOs**

The tourism activities promoted by CTOs in the eThekweni Municipality include:

#### **2.3.1.1 The Golden Mile Beach Promenade**

This area offers accommodation, events and attractions to tourists. It also provides opportunities for local and township tour guides and operators to transport tourists within the beach promenade as well as outside the area for them to experience an authentic township lifestyle and culture. Township leisure activities, and township shuttles, cabs and other forms of transport need to be explored to spread tourist spending to benefit the wider communities of eThekweni Municipality (Booyens and Visser 2010:381; Joseph 2013:2).

#### **2.3.1.2 Heritage Routes in the eThekweni Region**

eThekweni Municipality has a variety of tourist routes, both in the inner city and the periphery (townships). These range from apartheid institutions in the form of city architecture, to museums, landscapes and diverse eastern, western, and traditional cultural experiences, which can be accessed through walking tours, tour buses led by tour guides, and shuttle tours to the townships (Maharaj and Balkaran 2014:273; Marschall 2012:731; Unger 2010:24).

#### **2.3.1.3 Cruise ship tourism**

eThekweni port is a bustling harbour for cruise ships that transport international and domestic tourists to and from Durban from the beginning of November to the end of May every year. This is a significant moneymaking opportunity for tourism SMMEs from the marginalised communities on the periphery of the beachfront and UShaka Marine theme park. Tourists come to Durban for a variety of reasons – which includes visiting friends and relatives, enjoying the warm tropical weather, and for educational, business, and health purposes. Thus, the role of community tourism organisations is to enhance tourism SMMEs' participation in such activities (Lepeyre 2014:15).

#### **2.3.1.4 Township Tourism**

The history of townships in South Africa is one of legislated separate development. Blacks, coloureds, and Indians were removed from mixed residential areas to townships, away from city centres, as these areas were reserved for whites. They incurred onerous transport costs travelling to work in the city centre, where economic activities were concentrated. This unique situation would have economic spinoffs for the townships, as international tourists are now keen to sample authentic township life. It is, therefore, imperative that CTOs promote township cultural attractions by supporting tourism SMMEs (Rogerson 2012:75; Chimucheka 2013:787; Okazaki 2013:87).

#### **2.3.1.5 Rural Tourism**

The eThekweni Municipality is made up rural areas that serve as tourist attractions and are places of scenic beauty. Therefore, community tourism organisations should also empower tourism SMMEs to enable them to participate in this tourist market. In this way, unemployment will be reduced in these areas, as local community members will secure jobs within SMMEs (Marschall 2012:721; Rogerson 2012:75).

As is the case globally, tourism routes in the eThekweni Municipality are concentrated in the traditional tourism nodes in the city, along the beachfront (McLaren and Heath 2012:93; Goodwin 2007:43; Booyens and Visser 2010:32). As a result, township and rural community coffers, where most tourism SMMEs are based (National Tourism Sector Strategy 2011), reap less benefits in this regard. Community-wide economic gains have not been achieved by increasing the number of bed-nights spent in local communities (McLaren and Heath 2012:94).

Community tourism organisations could play a crucial role by developing business, management, and marketing programmes to empower SMMEs to participate effectively in the tourism industry, alongside established businesses. However, the literature notes that CTOs have limited capacity to fulfil their mandate of developing tourism SMMEs. They, thus, fall short as agents of CBT to harness tourism's economic benefits in order to change communities' socio-economic fortunes.

Rogerson (2005; 2009; 2012), Booyens and Giampiccoli (2010), Giampiccoli and Mtapuri (2013), Kostler (2012), Priestly (2013) and Maharaj and Balkaran (2014) concur that there is little evidence that suggests that CTOs have been successful in building capacity, despite extensive research on local capacity building initiatives in tourism in developing countries. Kenya is a good example of a country that has committed itself to CBT through capacity building to achieve sustainable poverty alleviation (Imbaya, Nthinga, Sitati and Lenaiyasa 2019:11).

The eThekweni Municipality, in this regard, promotes SMMEs in the tourism sector as part of its agenda to redress the inequality that is rampant among marginalised groups, and to promote sustainable communities. Policies and regulations adopted in this regard have not been implemented. However, the involvement of tourism SMMEs in this sector was hampered by poor management and the lack of marketing skills. These problems can, again, be attributed to the fact that CTOs do not have the ability to coordinate SMME activities, as well as the non-implementation of tourism development policies, regulations, and legislation (Marschall 2012: 731; Unger 2010:24; Maharaj and Balkaran 2014:273; Milagrow 2010:4; Pivot 2014:64).

A study conducted by Marschall (2012:730) on the Inanda Heritage Trail made recommendations to the effect that tour operators be encouraged to include local community members. There was also an urgent need for local government to consult with tour operators and CTOs before they make decisions about expansion of the tourism amenities in Inanda. In this regard, government needs to promote entrepreneurial activity in Inanda to attract more tour operators and tourist guides from within the area.

Although extensive research has been conducted on local capacity building in tourism in developing countries (Okazaki 2008; Booyens and Giampiccoli 2010; Giampiccoli and Mtapuri 2013; Rogerson 2005, 2009, 2012; Kostler 2012; Priestly 2013; Maharaj and Balkaran 2014), implementation is still a problem. Overall, the respondents of these previously mentioned studies showed dissatisfaction with CTOs' efforts to promote specific tourist destinations.

### **2.3.2 CTOs' underperformance in developing Tourism SMMEs**

In terms of promoting tourism activities, the literature reviewed indicates that CTOs has not been able to develop tourism SMMEs. . The literature reviewed is consistent with research done by Ashley and Goodwin (2007:43), as well as Booyens and Visser (2010: 32), who found that CTOs have not adequately promoted the Golden Mile Beach Promenade, heritage tourism, and township and rural tourism. Consequently, this could undermine the growth of tourism SMMEs in the eThekweni Municipality. In general, tourism routes are concentrated in traditional tourism nodes in cities and along the coast (McLaren and Heath 2012:93). Only a few townships and rural areas, where most tourism SMMEs are based have benefited from the tourism industry. There is , thus, a need to improve the geographic spread of tourism benefits (National Tourism Sector Strategy 2011). The move increased the number of bed-nights spent in local communities (McLaren and Heath 2012:94).

### **2.3.3 Challenges faced by Tourism Entrepreneurs**

Tourism entrepreneurs are confronted by numerous challenges, which include access to finance and other resources; onerous licensing procedures, securing appropriate business premises, and a lack of training and networking support (Mboyane 2006; Tiwani 2009; Khoase and Ndayizigamiye 2018:59). In this regard, Kagiso (2018) argues that although South Africa, as well as other countries have adopted policies on SMMEs, the support provided by government and public and private institutions does not always match their needs. As a result, these ventures fail to contribute to the development of the country's economy.

### **2.3.4 Objective2: Evaluate capacity development functions of CTOs**

Mago and Toro (2013:20) study highlighted the need for effective capacity building programmes to enhance the skills base of tourism SMMEs. The NDP (2011:65) also regards the tourism industry as a potential driver of economic growth. There is a need to

implement government enabling policies for growth of tourism SMMEs to alleviate poverty, inequality and unemployment in the former disenfranchised communities.

### **2.3.5 Capacity Development: Definitions**

Literature offers various definitions for community capacity development. The United World Tourism Organization (2018:14) broadly defines community capacity development as the enhancement of the community in these areas of tourism: sustainable economic growth, social inclusiveness, employment and poverty alleviation, resource efficiency, environmental protection, climate change, cultural values, diversity, heritage, and lastly, mutual understanding, peace and security. According to Bergenon, H., Abdi, S., Decorby, K. Mensah., Rempel, B. and Manson, H. 2005, the World Health Organization (WHO) defines community capacity building as the development of knowledge, skills,, commitment, structures, systems, and leadership to enable effective health promotion that includes knowledge and skills among practitioners, expansion of support and infrastructure, as well as the development of cohesive partnerships for health in communities. Miyoshi and Stenning (2008:43) define community capacity development as the strengthening of communities by seeking out and presenting the latent, or potential, advantages and opportunities, within a community, which lie dormant within a community that needs to be changed. In building community capacity, emphasis should not be given in a linear, but continuous manner. Miyoshi and Stenning (2008) further argue that despite the significant economic development in many countries, achieved through participation in the tourism industry, many marginalised communities were left behind in real improvements because of the inadequate conventional economic- centered approach to development. Thus, an alternative development that will benefit township tourism SMMEs and their communities should consider, not only the economic and formal market aspects of tourism to alleviate poverty in such communities – but must also acknowledge and be grounded in reality, and must have a holistic by acknowledging the social, political and informal realms. This means that community tourism SMMEs should be capacitated, bearing in mind that during the pre-democratic regime, with its prohibitive legislation, excluded them from tourism trading and only allowed their white counterparts to freely trade in tourism – hence their advanced knowledge, skills, and edge in the industry, as well as their business growth. The implementation of the affirmative Small Business Act of 1996, the promotion of the

Tourism Act of 1996 and a host of other legislation discussed in the legislative framework in Chapter 2 (under contextual factors) would give communities a competitive edge, by ensuring their participation in the tourism industry, on an equal basis. In this regard, laws and policies passed post-1994 were aimed at transforming the tourism industry, but the lack of implementation continues to hinder the growth of tourism SMMEs among the marginalised group. This, in turn, reduced their potential to reduce township communities' poverty levels. Moscardocited by Ahmeti (2013:4) defines community capacity building, based on the following definitions in the table below:

**Table2: Selected Definitions of CCB**

Definition	Source
Community capacity refers to the level of Competence, ability and skills necessary to set and achieve relevant goals.	Balint,2006 p140
Community capacity is the ability of individuals organizations and communities to manage Their affairs and to work collectively to foster and Sustain positive change.	Hounslow, 2002 p20.
Community capacity is the degree to which a Can develop, implement, and sustain actions For strengthening community health.	Smith et.al.,2003, p.33.
Community capacity includes the assets and attributes that a community is able to draw upon in order to improve their lives. It is the Ability to define, evaluate, analyze and act on Concerns of importance.	Lavarack, 2005, p.267

**2.3.5.1 Components of Community Capacity Building**

The components of CCB includes the following element, that is, planning, leading, organising, control, management, strategy, risk, mentoring and evaluation, finances, resources, opportunities and involvement.

Community tourism SMMEs should be capacitated. The pre-democratic government policies and legislation did not allow community tourism SMMEs to register their

businesses and thus, excluded them from participating in the economy. Only white businesses could trade freely in tourism – hence their advanced knowledge, skills, and competitive edge in the industry, and thus, their business acumen. Worldwide, tourism is considered to be the largest industry and has shown growth in South Africa. Therefore, those participating in tourism need ongoing skills improvement and capacity building, planning, leading, organising, and control (Herman and du Plessis 2016:36).

#### **2.3.5.2 Who needs it most?**

Tourism SMMEs from the historically marginalised groups need to be capacitated the most – as black CTO members who serve in the CTOs without the requisite tourism business skills as are product owners by default. They lack these skills as much as tourism SMMEs. To participate as committees leading tourism SMMEs, they need governance, administration, business, and finance skills. They also need mentoring, coaching, evaluation skills, as well as strategies to promote tourism activities to tourism SMMEs. Both these groups of product owners mentioned above require the skills to link tourism SMMEs to the cruise ship industry.

It has been established that SMMEs owners lack the business, financial and management skills, as well as the knowledge of relevant legislation (Raj and Toro (2013:4; Peng 2009:21). Survival and growth in the competitive tourism industry is important for growing the tourism SMMEs to meaningfully participate in the tourism industry and the emerging cruise ship tourism in the Cape Town and Durban metropolitan municipalities. Growing tourism SMMEs would help in alleviating poverty and reduce unemployment, and would, in turn, contribute to Local Economic Development. Tourism SMMEs require coaching and mentoring. Therefore, CTOs need to find new ways of capacitating these SMMEs. While government remains committed to supporting SMMEs through legislation and the establishment of agencies such as SEDA, SEFA, IDC and the NYDA, there seems to be a lack of awareness among SMMEs of the government support that is available (Raj, Mago and Toro 2013:26; Chetty 2014:13; Rogerson 2012:12).

Reddy and Wallis (2010:12) and Nwafor (2016: 44) argue that tourism strategies, approaches and legislation could be well defined and articulated to create common ground among stakeholders. The arguments outlined above suggest that the eThekweni Municipality Department of Tourism could not only publicise available tourism opportunities, but could educate small businesses on the legislation governing this sector as well. In this regard, Raj, Mago and Toro (2013:4) note that such businesses owners need to be mentored and be conscientized on legal compliance, as non-compliance can result in their businesses being litigated or even closed.

CTOs were underperforming in terms of capacitating tourism SMMEs with information on registration requirements. Nunkoo and Gursoy (2012:5), note the importance of capacitating SMMEs, and that failure to do so would hamper their success and growth.

It is also important for SMMEs owners to acquire conflict management skills for them to deal with conflict decisively. It is common in any human interaction (including that of employers and employees), that there will be conflicts because of personal likes and dislikes, preferences and choices. In this regard, conflict can hinder the smooth operation of tourism businesses. This scenario can be avoided if employees are encouraged to be involved in planning and developing products and services, using a bottom-up approach, which is one of the hallmarks of CBT (Busey 2014:10-14; Neumayer 2004:

262-263). The arguments above suggest that CTO members do not have the required financial literacy. This has a negative impact on their efforts to develop tourism SMMEs in this highly competitive sector. Sound financial management and the involvement of CBT stakeholders involvement in financial planning were found to be catalysts for LED. Capacity building in financial management and planning is, thus, required for both CTOs and tourism SMMEs. The development of tourism SMMEs cannot be divorced from economic transformation in South Africa (NDP 2011:138-139). Economic transformation is aimed at increasing opportunities for all South Africans, particularly the historically disadvantaged. The low levels of positive responses reflected above suggest that CTOs are failing in their mandate to develop tourism SMMEs. The NDP (2011) emphasises the significance of the tourism sector and CBT in raising the level of employment and reducing poverty and inequality in local communities. Failure to develop tourism SMMEs can negatively affect the economy, as these businesses are expected to function as a driving force to enhance South Africa's social and economic stability (Sithole 2016:10).

Peng (2009:257) notes that entrepreneurs are confronted by harsh regulatory requirements. It is thus, important that CTOs increase tourism SMMEs' awareness of eThekweni Municipality's regulatory environment to ease business operations and develop the local economy. While the South African government has adopted progressive strategies at national, provincial, and local levels to ensure that private enterprises flourish, Pivot (2014:64), Rogerson (2013:126), Maharaj and Balkaran (2014:273) note that there is a problem of implementation – which has delayed the transformation of the tourism sector and undermined tourism SMMEs the ability to contribute to poverty alleviation, redress inequality, and reduce unemployment levels. While the Acts and strategies aimed at capacitating tourism SMMEs, poor implementation had undermined these efforts (Maharaj and Balkaran 2014:273). Community tourism organisations, thus, need to do more to inform tourism SMMEs of enabled legislation and to work with local government to bridge the gap between theory and practice.

### **2.3.6 Objective 3: Role of CTOs in promoting tourism SMMEs**

Objective Three assesses the role of CTOs in promoting tourism SMMEs through the tourism opportunities, cruise-ship tourism, public-private partnerships, access to finance, mentoring and coaching, links with training institutions, flattening barriers to entry in the

tourism industry, and access to markets. Govender (2011:246) and Naidoo (2014:7) note that partnerships between tourism SMMEs and established tourism businesses could align collective efforts; promote innovation and facilitate the development and growth of tourism SMMEs. Community tourism organisations could facilitate linkages with established tourism businesses to market SMME products and services on social media, in print media, and other forms of marketing drives. Local government tourism practitioners also need to play an enabling role. Tourism SMMEs are not adequately involved in various aspects of CTO governance and decision-making.

Community tourism organisations have faced several challenges in their attempt to facilitate SMMEs' access to tourism opportunities. Naidoo (2015:7) has observed that CTOs' lack of knowledge and expertise is the reason why established white tourism entities exclude historically marginalised tourism SMMEs. This, in turn, had hindered the government's transformation agenda in the sector. This also hampers the growth of pro-poor tourism. Given this, in many cases, LED was in its early stages, community initiatives such as CBT did not receive significant policy support. Furthermore, there was myriad of policies and guidelines, and local government practitioners often lacked management experience and the requisite skills (Govender 2011:247). Given this situation, local municipalities do not support CTOs, who are tasked with developing tourism SMMEs, and often lacked the knowledge and skills to do so. CTOs have also not done a good job in facilitating partnerships between tourism SMMEs, local government, and the big businesses that dominated the tourism industry. Due to Apartheid policies denied emerging entrepreneurs the financial resources and skills to be competitive in this sector (Joseph 2014:2). In this regard, SMME-public-private partnerships could promote the development of tourism SMMEs (Peng 2009:261, 2014:65; Coka 2014:16).

### **2.3.7 Objective 4: Support Structures to develop tourism SMMEs**

CTOs did not support tourism SMMEs in their advertising and marketing drives. The lack of support made it extremely difficult for these SMMEs to compete with large businesses in the highly competitive tourism industry, and to enjoy the benefits offered by this industry.

Joseph (2013:25), Diale (2015:196) and Booyens and Visser (2010:32) note that SMMEs lagged behind in terms of marketing and promotion.

## **2.4 Contextual Factors**

### **2.4.1 History of Tourism in South Africa**

South Africa has transformed from an apartheid state to a democratic state. In this regard, the government has introduced numerous policies to alleviate poverty, reduce unemployment, and redress the inequalities of the past. Previously marginalised individuals and communities are now able to participate in the tourism industry, and thus, contribute to both local and national economic growth (Tourism White Paper 1996:1). However, Venter, Urban and Rwigema (2012:19) assert that the implementation of South Africa's policy framework to promote entrepreneurship is confronted by many challenges. In the first instance, the mandate of the CTOs to develop tourism SMMEs is difficult to achieve – because of the legacy of apartheid. Previously disenfranchised groups pose a threat to established tourism businesses.

### **2.4.2 Pre-1994: Apartheid and Tourism**

Apartheid regulations, laws and policies violated black people's rights by denying them political, social, and economic freedom. Black people were prevented from owning businesses, and could, thus, not participate in the tourism industry. This exclusion in turn, benefitted white businesses that controlled this sector and feared competition from the disadvantaged majority (Hilary 2013:2; Naidoo 2011:6). The Global rejection of apartheid meant that South Africa was ostracised by the global tourism industry (TECSA 2008).

### **2.4.3 Post-1994: Democracy and Tourism**

The democratic government has adopted legislation and policies that enable all members of society access opportunities in tourism. The transition from apartheid to democracy also ushered in the notion of participatory democracy, where all stakeholders are involved in decisions that affect their lives. The White Paper on Tourism Development (1996) proposed the establishment of CTOs as a new vehicle to develop SMMEs in the tourism industry.

### **2.4.4 Public administration and tourism**

Public administration deals with effective management of the SMME sector in the tourism industry. According to Reddy and Wallis (2011:10), community development calls for the cost effective, and well-managed and controlled LED. Thus, it is imperative that all spheres of government, the private sector, and community groupings participate in this process.

### **2.4.5 Legislative Framework: Legislation governing tourism**

The post-Apartheid government passed legislation and policies to alleviate poverty among local communities through SMME tourism, with SMMEs participating in the tourism industry. Despite a myriad of progressive legislations to integrate formerly marginalised communities, poverty, unemployment, and inequality of opportunities among these groupings have increased in high proportions (Reddy and Wallis 2010:12). Provincial governments were tasked with co-ordinating resources through the national Department of Tourism, while empowering municipalities to promote local tourism development. Developing tourism SMMEs should, thus, be among the strategies employed by all three levels of government.

### **2.4.6 Development of the South African tourism legislation**

The laws and policies relating to tourism distinguish travellers from tourists, and make a distinction between tourists and refugees. Tourists are defined as people that leave their homes for a night or more.

#### **2.4.7 National regulatory framework for tourism development**

The South African policy framework for start-up of entrepreneurial ventures in the tourism industry was geared to leverage entrepreneurial development and has a direct bearing on local communities benefiting from this industry. According to Venter (2012:19) and Minniti (2015:14), transformation of the tourism industry can be realised if the SMME sector is capacitated serve local communities, especially township product owners. Maximum community involvement in decision-making bodes well for future generations, who will benefit from an environment that was preserved in its original pristine condition and promotes tourism. The National Small Business Act (1996) was adopted in this regard to develop SMMEs and provide for the establishment of the Small Enterprise Development Agency (Chetty 2008:64).

#### **2.4.8 National Development Plan**

The National Development Plan Vision 2030 is the latest in a series of strategic plans adopted by the democratic government to alleviate poverty, unemployment and inequality by extending the ownership of assets to historically disadvantaged groups. The NDP is a pro-poor policy to reintegrate the township economy with the mainstream economy for community-socio-economic development (NDP 2011:34, Rogerson 2013a:134, 2014:206). This is in line with the South African Constitution's (108 of 1996) mandate to implement Local Economic Development to deal with the economic inequalities inherited from the apartheid government (Nel and Rogerson 2007:3).

The first of these strategic plans was the 1994 Reconstruction and Development Programme (RDP) – an integrated socio-economic policy framework, which aimed to empower people to become self-reliant in the long run, build capacity through development support, initiate development programmes and projects on a participatory basis, and address the injustices of the past caused by both colonialism and apartheid (Maloka 2013:58). However, the lack of capacity to implement its ambitious proposals led to the closure of the RDP office that was supposed to drive the process.

The second plan was the Growth, Employment and Redistribution (GEAR) strategy of 1996 that sought to increase economic growth and create employment. However, GEAR

was criticised for shifting from the RDP's people-centredness and pro-poor development approach.

The Accelerated and Shared Growth Initiative of South Africa (ASGISA) replaced GEAR in 2005. The policy was based on the principle that shared growth is a national effort that is not devised and implemented by government alone. ASGISA aimed to speed up growth and investment in productive capacity, promote the participation of marginalised communities and improve the livelihoods of the poor, as well as enhance human capacity development (Maloka 2013:59). The policy recognised the three spheres of government as crucial stakeholders that would ensure high levels of growth, with business, civil society, and citizens equally playing an important role. Thus, municipalities were tasked with ensuring that ASGISA's principles were included in their policies and with promoting various stakeholders' participation in LED (Maloka 2013:660).

The NDP Vision 2030, conceived in 2011, envisages a growing economy that is responsive to the demands of a fast-changing world, that would benefit all citizens. This pro-poor, people-centred approach places tourism on the top of the developmental agenda. Indeed, the sector is listed in the NDP's six-point plan to enhance economic growth among marginalised communities, alongside sectors such as mining, manufacturing, agriculture, and financial markets. Transformation of the tourism industry is an important tool that can be used to reverse the historical lack of access to this sector, and to achieve broad-based black economic empowerment (BBBEE), through ownership and control of capital tourism assets and structures. According to the NDP (2011:138-139), the development of tourism SMMEs and black entrepreneurs (including small businesses), forms part of inclusive economic transformation. This calls for relevant legislation and skills development, as well as mentorship.

The NDP (2011) recognised the role of CBT in creating jobs, redress the inequalities of the past, and alleviate poverty in local communities. Thus, the mandate of community tourism organisations is to develop tourism SMMEs and increase their participation in the sector, and to broaden ownership and control of capital for local community development. The success of the NDP Vision 2030 depend largely on implementation, monitoring, and evaluation of the policy. So far, most of its key objectives have not been achieved. For example, the unemployment rate has increased to 29%, with around 6.7 million South Africans out of work. More than half the youth live in poverty, and so are most black

women. This is regardless of the fact that a substantial number of such women have university degrees (Phahle 2020:23). Black South Africans, thus, remain at the receiving end of the impact of the triple challenges of poverty, unemployment and unequal opportunities.

#### **2.4.9 Small Business Act 102 of 1996**

The Small Business Act of 1996 is government's primary tool to achieve economic transformation by increasing opportunities for historically disadvantaged groups to own businesses and participate in the economy. This legislation was passed to alleviate poverty and redress the inequalities of the past, and raise tourism SMMEs owners' standard of living (NDP 2011:138). The BBBEE Act of 2003 sets out two avenues to increase black ownership and control – namely redistribution and ensuring that new growth is skewed towards black entrepreneurs. However, little progress has been made in developing entrepreneurs, including small businesses. The small and micro business sector in South Africa is limited, because apartheid policies have excluded individuals in the marginalised groups from participating in the mainstream economy for many years (Turok 2011:14). Turok (2011) further asserts that as a result, post-apartheid South Africa has neither the institutions nor traditions to support SMMEs. Given the current dismal macro-economic trajectory, the challenge is to improve the capacity of SMMEs to contribute to economic growth, as broadening economic base is the only feasible way to drive empowerment and create jobs. Africans, women, lower income groups, and the less educated are less likely to be involved in entrepreneurial activity and when they are, this usually takes the form of survivalist enterprises that do not create jobs, are unable to grow, and have a high failure rate. As the most dynamic and promising non-gold export sector, tourism has the potential to create jobs and provide much-needed income for previously disadvantaged entrepreneurs. However, this will require that black enterprises be integrated into the mainstream economy by changing the nature of this sector from one that is predominantly white owned, to one that is open to all races (Tourism White Paper 1996: 2).

The NDP envisages that by 2030 South Africa will enjoy an inclusive economy, a skilled workforce, and diverse ownership of the means of production, which will promote

economic growth. However, it acknowledges that this is a challenging, long-term project. The tourism industry has, in the 23-year period (from 1994 to 2017) been, unsuccessful in providing opportunities for previously disadvantaged people to become competent entrepreneurs. When South African tourism returned to the international scene, a white minority controlled the industry. In this regard, Raj, Mago and Toro (2013:4) cite the lack of SMME capacity building, access to finance and credit guarantees for SMMEs as factors that constrain the growth of this sector.

#### **2.4.10 Municipal Systems Act 32 of 2000**

The Municipal Systems Act (32 of 2000), the Tourism Act (72 of 1993), the Tourism White Paper (1996), the KwaZulu-Natal Tourism Act 11 of 1996, the Tourism White Paper (2008), the KwaZulu-Natal Tourism Master Strategy, the eThekweni Municipality's Integrated Development Plan (2011), and the Municipal Tourism Sector Strategy (2010) all aim to empower tourism SMMEs in municipalities. However, limited understanding of tourism within municipalities, which prevents the establishment of collaborative structures to develop tourism (Golding 2016:5), has hindered the success of tourism SMMEs. Municipalities lack capacity and financial resources in this regard, and tourism has not been prioritised in some municipalities. Given that they were charged with enhancing LED, developing tourism SMMEs should be high on their agenda. Community tourism organisations are an appropriate instrument to support municipal tourism practitioners and policy makers in building such capacity. In this regard, municipalities are obliged to integrate tourism development in their LED plan and IDP, and to build sustainable communities through economic empowerment.

#### **2.4.11 Municipal Structures Act (117 of 1998)**

The Constitution of the Republic South Africa Act 108 (of 1996:152) prescribes measures for the efficient and seamless management and administration of municipalities. Section 74 of the Municipal Structures Act of 1998 (117) mandates councillors to form ward committees that would serve as effective communication channels for the running of the ward. Community tourism organisations should participate in these forums to facilitate the development of tourism SMMEs.

Municipalities are empowered to set up CTOs at local level to enhance SMMEs' integration in the tourism industry. This includes identifying gaps in tourism development and facilitating interventions by local, provincial, and national bodies. At provincial level, the Community Tourism Association (CTA), which is made of the chairpersons of CTOs in all municipalities in the province has been established to provide an institutional framework for the establishment and functioning of CTOs.

One of the most important provisions of the Municipal Structures Act (117 of 1998) is the requirement that citizens participate in local development. In terms of the tourism sector, this was achieved through the establishment of CTOs at municipal level, and the CTA at provincial level.

#### **2.4.12 Tourism Development in the eThekweni Municipality**

The eThekweni Municipality has identified CTOs as key instruments of promoting the development of tourism in local communities and facilitating broader transformation of tourism in the city. In this regard, local communities play a key role in tourism development as they supply tourism, heritage, and hospitality services. Furthermore, many of the key cultural heritage sites and historical and adventure attractions that are of interest to tourists are found within communities. The city is in the process of developing a CTO strategy, together with CTO representatives. It envisaged that this strategy would provide a common vision and enable the identification of strategic priorities and an action plan. The strategy's objectives include broadening opportunities and ownership within the tourism sector to enhance socio-economic growth and job creation at local level, particularly among historically disadvantaged communities (Chetty 2014:13).

#### **2.4.13 The eThekweni Municipality Tourism Policy**

The municipality has adopted laws and policies that govern the operations of CTOs. The CTOs' mandate is a developmental one, as they are expected to develop SMMEs in the tourism industry and act as custodians of CBT. Furthermore, they are required to promote sustainable tourism to ensure that tourist attractions are preserved for future generations (Keiser 2012:161).

#### **2.4.14 SMME Development**

True participation of tourism SMMEs in the tourism industry requires empowerment for engagement. This, in turn, calls for education and capacity building to enable local community members to participate in planning, implementing, and managing tourism (Gaymer, Stadel, Ban, Carcamo, Lerna and Liebknecht 2014:128). The approach adopted should consider the scale of local community economic development by ensuring SMMEs' participation in the tourism industry. In this regard, Booyens (2011) suggests that innovation in the South African tourism was stifled by the failure of small tourism businesses to form strong upward linkages with larger tourism firms.

While the development of tourism SMMEs is crucial for LED in the eThekweni Municipality (Rogerson 2005: 12), the huge gap between large tourism companies and emerging tourism SMMEs is a major challenge (Arikan 2010:152). Small, medium, and micro enterprises are major job creators in developed countries that surpass big businesses. Table 3 below presents Statistics South Africa's (Bureau of Economic Research 2016) survey on formal and informal SMMEs in South Africa's nine provinces. Over a period of seven years, poverty in the formerly marginalised communities was exacerbated by tourism SMMEs lack of access to finance, markets, and capacity (BER 2016:16).

Table 3: SMMEs by Province

Number 1		Quarter 1			Number 2 (2015) Quarter 2			
Total	Total	Formal	Informal	Other	Total	Formal	Informal	Other
	2182	666	1420	95 389	2251	667433	1497	86 528
	8123	501	923		821		860	
Western Cape	223	114	95 212	13 745	230	110	110 188	10 030
	933	976			234	107		
Eastern Cape	218	56 579	154 631	76 55	197	50 670	141 739	4 957
	865				366			
Northern Cape	29 895	11 450	11 768	66 76	20 611	8 534	9 058	3 019
Free State	114	31 040	76 127	77.83	96 846	26 224	60 816	9 806
	949							
KwaZulu-Natal	418	102	289 347	26 468	373	74 976	283 165	15 293
	406	591			434			
North-West	109	25 817	76 855	7 188	112	27 430	79 153	6 273
	860				856			
Gauteng	687	270	405 180	12 283	785	306	465 100	13 989
	556	093			321	231		
Mpumalanga	193	29 760	156 814	6 685	185	35 208	141 129	9 063
	259				399			
Limpopo	186	24 193	155 001	6 987	249	28 054	207 512	14 098
	101				663			

Source: Bureau of Economic Research (2016:16)

According to the Bureau of Economic Research (2016:16), there are significantly more informal SMMEs than formal ones in seven of the nine provinces. Rural provinces tended to have more informal SMMEs due to a large number of hawkers and informal traders. Nearly half of South Africa's formal SMMEs operate in Gauteng (46%), followed by the Western Cape (16%). Gauteng also has the most informal SMMEs (31%), followed by KZN (19%). The correlation between the numbers of formal SMMEs per province to GDP is 98%, while that of informal SMMEs is 92%. The number of SMMEs in South Africa has,

over the past seven years, increased by only 3% (from 2.18 million in Quarter 1 of 2008 to 2.25 million in Quarter 2 of 2015). This is significantly less than the 14% expansion in GDP over the same period. Among the provinces, Limpopo recorded the highest growth in the number of SMMEs (34%), followed by Gauteng (14%). The Northern Cape lost the largest portion (BER 2016:16).

#### **2.4.15 Developing tourism SMMEs**

There is a need to develop more tourism SMMEs that would be run by local community members, especially women and the youth. SMMEs are important vehicles of alleviating poverty and reducing unemployment in local communities. In this regard, the South African government established a new Ministry of Small Business Development in 2014, whose mandate is to facilitate the development of entrepreneurship.

Factors such as limited access to finance and credit, low profitability, lack of access to markets, inability to produce acceptable business plans, vague business ideas, poor marketing and research skills, poor infrastructure, lack of capacity building, communication and technology, the high cost of land or business premises, as well as South African labour laws limit SMMEs' competitiveness. This makes it costly for SMMEs to retrench employees, due to operational reasons. In this regard, the labour laws, which were passed by the democratic government post-1994 to protect workers from exploitation, have had unintended consequences for SMMEs, whose businesses are unprofitable (Bureau of Research in Entrepreneurship 2016:9).

As noted previously, Booyens (2011) suggests that innovation in South Africa is stifled by the failure of small businesses to form strong upward linkages with larger firms. This denies them opportunities to adopt new technology. In this regard, the GEM report (2014) proposes that government provide incentives for research and development in the tourism industry. The aim would be to foster innovation, and to form lasting linkages with domestic and foreign tourism SMMEs. One of the factors that hamper the growth of tourism SMMEs in South Africa is that the latter cannot compete with big tourism businesses and are, thus, left with the crumbs after big tourism businesses have eaten their fill (Peng 2009:261). While several measures were adopted post-1994 to empower SMMEs, these are yet to be implemented.

On the other hand, the effects of the global financial crisis are still being felt across the world. This is against the background that entrepreneurship is regarded as a potent tool to rekindle economic growth in both developed and developing countries (Pivot 2014:64). The South African government has always emphasised the important role entrepreneurs play in alleviating poverty in their local communities. However, while there has been substantial growth in the number of tourism SMMEs in developed countries, the eThekweni Municipality has experienced sluggish SMME growth in this sector.

Scholars posit that countries that harness the tourism sector, tourism, and financial services to diversify their economies have a competitive advantage (Coka 2014:16). Coka (2014) uses Mauritius as a case study to illustrate this point. The country was ranked 45<sup>th</sup> in global tourism inflows in 2012, when it exceeded the inflows of all African countries combined. The main reason for Mauritius' competitive advantage has been economic diversification, which saw the country moving from agriculture to manufacturing and services industries (Nieto and Santamaria 2010:45). The study aimed to determine the level of multi-stakeholder collaboration required for entrepreneurship development (Besser and Miller 2010:2; Ashley 2006; UNCTAD 2009). Two alternative multi-stakeholder approaches were adopted to promote SMMEs (Pirolo and Presutti 2010:197) and the findings pointed to policy implementation challenges (Niskanen and Niskanen 2010:16; Liberman-Yaconi, Hooper and Hutchings 2010:70; Biggs and Shah 2003).

#### **2.4.16 Regulatory environment for tourism entrepreneurs**

South Africa faced the dilemma of inequality due to many years of white rule and black segregation (Todaro and Smith 2004:768). In 1948 the National Party (NP) won all white elections and began passing legislation codifying and enforcing a stricter policy of white domination and racial separation known as apartheid (separate development (Todaro and Stewart 1997:769). In 1991, the group areas act, Land act and population registration acts, which were after Spain), Black South Africa the last pillars of apartheid, were abolished. Despite the apartheid policies being done away with, the black population and black tourism SMMEs operate in a different world from the whites. Over half of the black population lives below the poverty line (Todaro and Stewart

1997:771)..An analogy of the inequality can be observed though Todaro and Stewart's (1997) quote below:" If white South Africa were a separate country,it would rank 24<sup>th</sup> in the world,(just above Spain),Black South Africa would rank 123<sup>th</sup> in the world ( just above congo)Not just two different peoples,these are almost two different worlds, (Todaro and and Smith 1997:771).

SMMEs encounter obstacles in the regulatory environment – one of these obstacles is South Africa's labour laws (BER 2016:8), which have been found to hamper business growth (OECD 2015). These laws make it difficult for small business owners to retrench workers them if the business can no longer afford to keep them, or if they prove to be unproductive. Therefore, labour laws do not provide for cyclical downswings in small businesses (GEM 2014).

Employees make use of the services of the Commission for Conciliation, Mediation and Arbitration (CCMA) to settle disputes, which sometimes leads to lengthy and costly arbitrations, to the detriment of SMMEs, which end up closing. Government bureaucracy and a lack of inter-governmental co-ordination are often cited as major obstacles to entrepreneurial and business activity in South Africa (GEM 2014; South African report and the World Economic Forum (WEF) 2015. The latter noted delays in obtaining permits and licences, and highlighted the red tape involved in starting and managing a business.

#### **2.4.17 Role of the private sector**

Established tourism businesses can support community tourism organisations to develop SMMEs. This can be achieved through initiatives such as private sector-SMME business linkages; collaborating with government in planning, promoting, and marketing tourism SMMEs; involving local communities and previously neglected groups in the tourism industry (through local partnerships) – and representing the interests of private businesses on the boards of national, provincial, and local tourism bodies. Big businesses must, in this regard, take the lead to ensure that SMMEs are capacitated, as they both have the capital and human resources required to empower these SMMEs. Such partnerships would also afford SMMEs linkages to the tourism and travel markets.

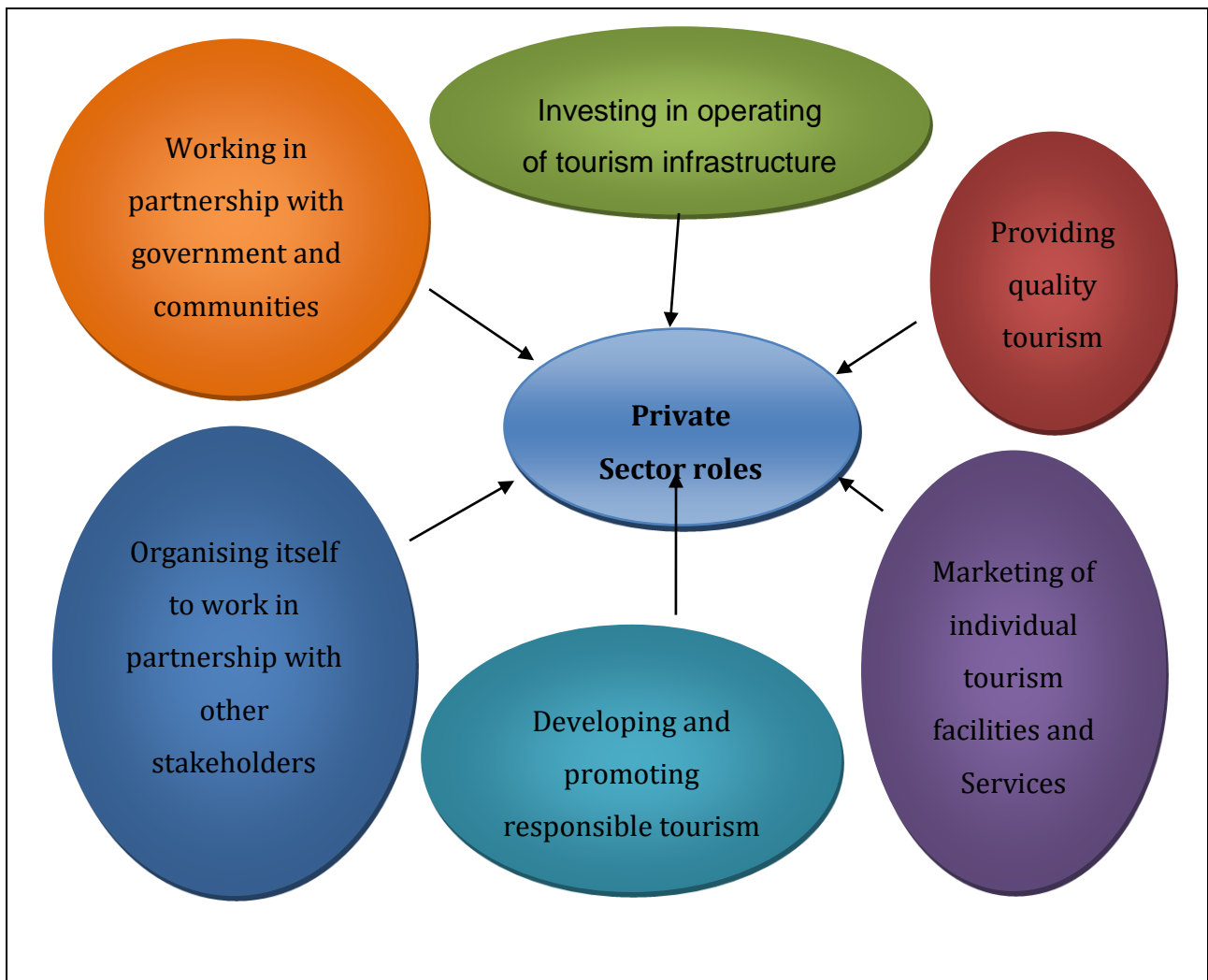
The South African Tourism Strategy *Paper 2011 – 2013* suggests that tourism needs to expand into new areas and promote the direct participation of historically disadvantaged groups. If tourism is to significantly alleviate poverty and reduce unemployment, it must develop in areas beyond the traditional routes and nodes (Vos 2015:18). Community-based tourism is a community development strategy that aims to promote empowerment, self-reliance, and sustainability (Giampiccoli and Mtapuri 2012:29). The White Paper on the Development and Promotion of Tourism in South Africa (1996) defines CBT as a kind of tourism that involves local communities. Thus, for CBT to be effective, local communities must be involved in tourism planning and development. Special attention should be given to the local context and the linkages between CBT and alternative development paradigms.

Community involvement includes debating tourism development options and reaching consensus on plans before they are implemented. Different types of tourism ventures that include co-operatives, joint ventures, Pty Limited companies, partnerships and business associations that use local expertise and labour must be established to reap the benefits offered by local tourism.

Township tourism is an untapped niche market for poverty alleviation in marginalised communities. It is a strategy where tourist guided offer guided tours of townships to predominantly international tourists. Bicycle tours in Soweto, Johannesburg, as well as Langa, Khayelitsha, and Gugulethu in Cape Town are a significant tourism segment. This type of tourism has the potential to provide opportunities for local CBT entrepreneurs to enter the tour operating business. While the eThekweni Municipality is currently reaping the benefits of tourism in the city and along the Golden Mile promenade; township dwellers continue to contend with increasing poverty, inequality, and unemployment. Tourism SMMEs can, in this regard, help to address these issues. However, for SMMEs to take their rightful place in this sector, CTOs need to develop them. Given that CTOs are a new concept, the municipality needs to support them through capacity building programmes.

Figure 3 below highlights the private sector responsibilities in supporting CBT.

### 3: Private Sector Responsibilities



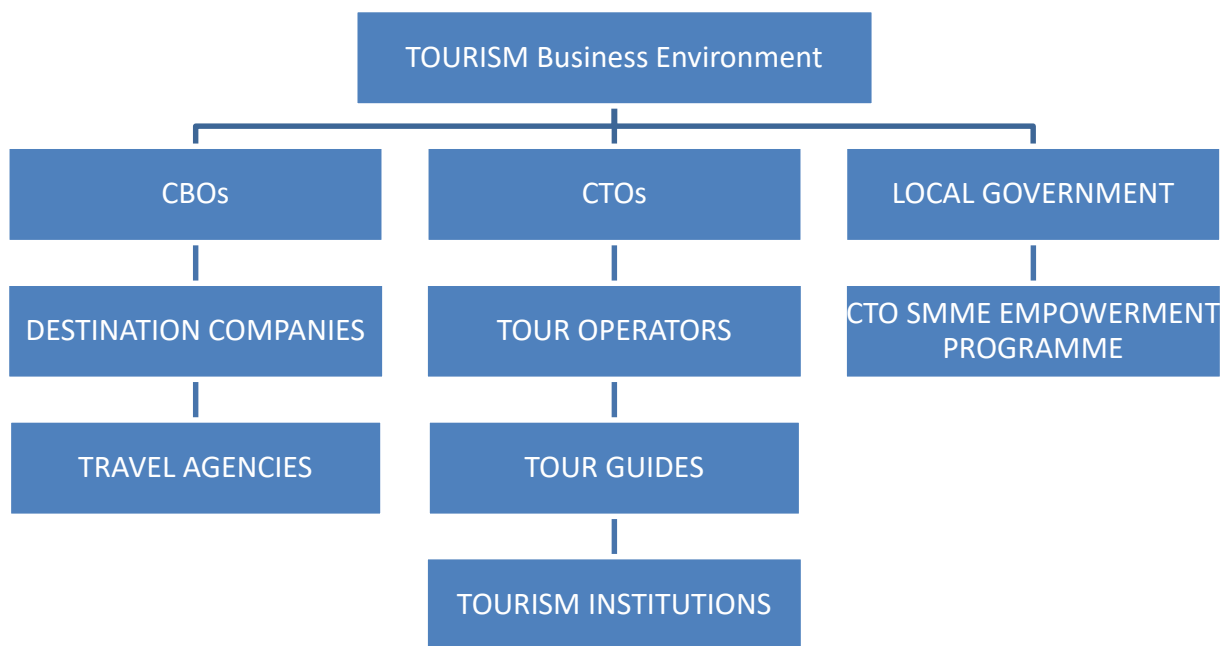
Source: Keiser (2012:154)

the study defined monitoring and evaluation as a continuous operational function that systematically and objectively tracks the relevance, performance and success, or lack thereof, of projects against the intended results and recommends corrective measures (Keiser 2012:187; Govender 2011:248; Cole 2007). One of the reasons for the underdevelopment of tourism in developing countries such as South Africa is the low level of collaboration between the public sector and local communities (Chili 2016:83). In this regard, Keiser (2012:158) examines the challenges confronting the democratic government in its effort to reverse the impact of apartheid policies on SMME development. The findings of this study show that the apartheid system, with its policies,

had a significantly negative impact on the growth of black entrepreneurship. The government, thus, needs to create platforms to enable entrepreneurs to engage more openly with policy makers.

Figure 4 below depicts the operations of established tourism businesses and formerly marginalised entrepreneurs in a free market tourism environment

**Figure 4: The Tourism Business Environment**



Source: Adapted from Novelli and Helliwing (2013:16)

Community-based organisations include township entrepreneurs (bead makers, eateries and shops) that operate in townships. Destination companies consist of tourism businesses selling the destination’s attractions. They book flights for tourists, link them with travel agencies, tour operators, transport and accommodation, and arrange visits to a destination. However, these companies are not hands-on with regard to tourists’ travel schedules within destinations. Travel agencies book flights and accommodation and arrange tickets for attractions, while travel consultants offer advice to tourists. Tour operators are responsible for logistics and for showing the tourists around. In this regard, local government is expected to be an enabling agent that supports CTOs to empower tourism SMMEs to enable them to survive in a highly competitive industry. Higher

education institutions should engage in capacity building by empowering formerly marginalised entrepreneurs, municipal tourism practitioners, and CBOs.

## **2.5 Conclusion**

This chapter presented the literature reviewed in relation to objective 2 (evaluating the capacity building functions of CTOs for the development of tourism SMMEs) from both a conceptual and contextual perspective. The chapter examined the policies and legislation adopted by the democratic government to redress the negative effects of the apartheid legislation and assessed its impact on the development of tourism SMMEs. The chapter also discussed the tourism activities promoted by CTOs.

The extensive literature review on CTOs' contribution to the growth of tourism SMMEs notes that for such enterprises to succeed in alleviating poverty, reducing unemployment and redressing inequalities of the past in communities, they require support from CTOs to enable them to compete in a technologically advanced global tourism market.

The following chapter presents the theoretical framework that underpinned this study.

## 3 CHAPTER THREE: THEORETICAL FRAMEWORK

### 3.1 Theories on Capacity Building and Monitoring and Evaluation

#### 3.1.1 Introduction

This chapter examines theories of capacity building and case studies at the regional and global as well as the local South African level to identify best practices for the development of local tourism SMMEs to enhance Local Economic Development. Some scholars (e.g. Ashley, 2000; Saarinen, 2010) have proposed the concept of local control in tourism development, which is a precursor that lead to full participatory decision-making and harmonious relations between the in the success of tourism activities in communities, that indicate their empowerment utilising community capacity development theories as evidenced in the developed countries in the case studies, and not so successful in the regional and South African case studies because of a variety of prohibitive policies of apartheid in South Africa which did not empower the CBT in communities to own the planning and decision making of tourism in community destinations in this chapter. To understand community participation, it is necessary to conceptualise social representations theory (SRT) which explains how individuals' and residents' attitudes can be developed for a common goal (Murphy & Murphy, 2004). Other researchers (e.g. Gächter & Fehr, 1999; McGehee & Santos, 2005; McIntosh & Zahra, 2007) have used equity and community participation theories to try and understand local community involvement in CBT. The former argues that communities are likely to bring about the anticipated transformation if their desires, either as a group or individually, correlate with the perception of equity, fairness and justice practiced by management. This is premised on the notion that the greater the individual or group's perception of fairness, the higher the motivation level, and vice versa. Several scholars developed theories on capacity building (Aref, Redzuani and Gill 2010:172; Nettle, McKenzie, Cutts, Bloem, Saunders, Wythes, Fisher, O'Sullivan & Kelly 2008b:73).

#### **Definitions of capacity building.**

Lushaus, Adriene and Perstinger (1999:19) define capacity building as a perilous, foggy, cluttered business, with unpredictable and unquantifiable results, approaches, contested purposes in improvement, puzzling and vague practise, many unintended consequences, little credit to its champions and long-time lags. Morgan (1996) cited in Lushaus et.al. defines capacity building as the capability of individuals, groups, institutions and

organisations to identify and solve development problems over time. The United Nations Development Programme (1998) defines capacity development as a concept which is broader than the organisational development, because it includes an emphasis on the overall system, environment of context within which individuals, organisations and societies operate and interact with many stakeholders. The World Bank (1998) defines capacity development as the combination of people, institutions and practices that permits countries to reach their development goals. The World Bank views capacity development as investment in people (human capital, institutions and practices). UNICEF Namibia (1996) defined capacity building as any support that strengthens an institution's ability to effectively and efficiently design, implement and evaluate development activities according to its mission. The definitions described above, though interpreted capacity development in different ways, but there are some discernible similarities that come up that indicate a broader similarity of purpose that includes: people, capacity, which institutions, sustainability, ownership, policies, strategy Bergeron, Abdi, Mensah, Rempel and Manson (2017:10) would term groupings of theories, models and framework, while Paulo Freire would call it a strategy of espousing the social construction of knowledge and emancipatory learning which includes: listening deeply to the needs and issues of the community, creating dialogue for people to critically evaluate and deepen understanding of their own situations within societal conditions of poverty or inequality (Wallerstein, Giatti, Bogus, Akerman, Jacobi, Ferraz de Toledo, Méndez, Acioli, Bluehorse-Anderson, Frazier and Jones 2017:5). This study subscribes to the Paulo Freire theory of pedagogy of the oppressed .

### ***Why the need for capacity building?***

Three reasons have been advanced in the problem statement for the need of capacity building for the historically marginalised groups which includes the following: historical perspective: the classification of people into different races in order to segregate the formerly marginalised group into far-flung townships was the beginning of structural poverty, unemployment and inequality of opportunities. of these groups of people. in these areas in the tourism industry, tourism sector: Apartheid legislative framework prohibited historically marginalised grouping from owning tourism and other forms of businesses. Whites thrived on tourism benefits, including capacity development The challenges that confronted the tourism sector included poverty among the black population, and a lack of management skills and competitiveness (Rogerson 2011:344 Briedenhann 2011: 32)

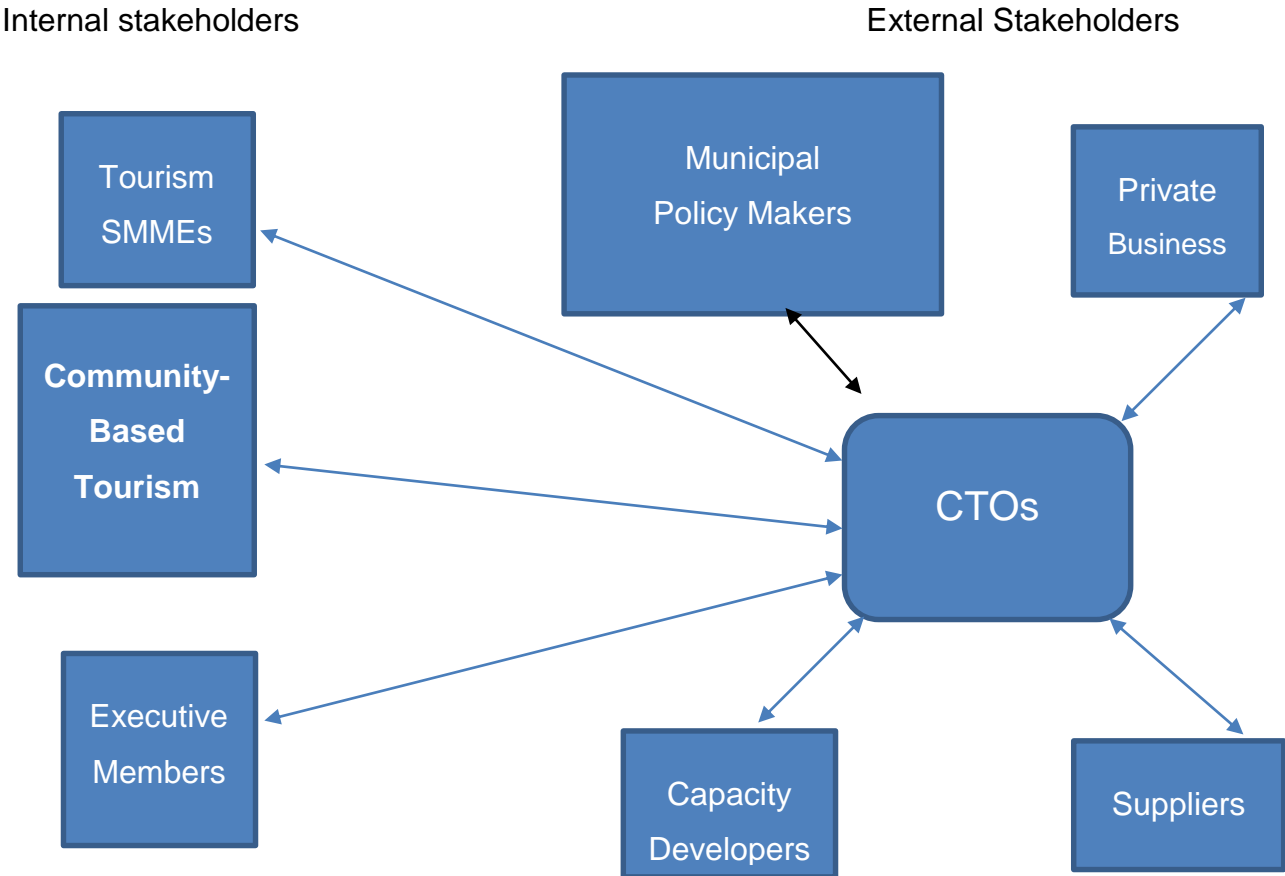
and dearth of literature research in CTOs capacity to develop tourism SMMEs post the 1994 democratic dispensation (World Tourism Organization 2018:15).

### ***Who needs capacity building most?***

The formally marginalised tourism SMMEs need this capacity building most, because they have been oppressed by the apartheid policy and its attendant legal framework from operating businesses in the townships and towns and cities in terms of the (1950) group areas act and other related policies, regulations and prescripts as they were destined to work for the whites in menial jobs and in the farms to grow the skewed apartheid economy of the era.

The Capacity Building Theory of Change integrated anticipated targets for the strategy that informs the design, implementation, and evaluation of capacity building initiatives, by providing both logic and vision to planning (Stavros 2014:170). This theory suggested approaches to build capacity among communities, organisations or business entities. Five of the many theories on capacity building were discussed here as they related to the current study. This included two core theories that informed this study, namely, the Missing Link Community Development Model and the Community-Based Tourism Ventures monitoring and Evaluation Model. Given that, this study focused on the development of tourism SMMEs, Naude, McClelland, Schultz and Schumpeter's theories on entrepreneurship's contribution to alleviating poverty and unemployment among local communities were examined.

Figure 5: Stakeholder Theory



Source: Adapted from Freeman (1984: 34)

Figure 5 illustrates the relationship between an organisation’s internal environment (employees, manager and owners) and external environmental (suppliers, society, government, creditors, shareholders and customers). Proponents of the stakeholder theory include Shapley (2009), Murphy and Price (2005), Okazaki (2008) and Arnstein (1969).

### **3.1.2 Stakeholder Theory**

The stakeholder theory is a theory of organisational management and business ethics that highlights the interdependence between an organisation and its stakeholders, including customers, employees, suppliers, investors and the community. It advocates for consultation and dissemination of information while encouraging awareness and participation of community members and other stakeholders in planning and executing community development (Alvarez and Ertuna 2014:315). In response to market failure, business strategy must be inclusive and redefined. This was achieved through the integration of top-down and bottom-up approaches to stakeholder and community engagement in the planning and implementation of effective participatory processes with consistent engagement over time, transparency, and incorporation of benefits for communities.

True participation requires empowerment for engagement, and this, in turn, calls for education and capacity building for local people to get involved in planning, implementing, and managing (Gaymer, Stadel, Ban, Carcamof, Lerna and Lieberknoch 2014). The relevance of the stakeholder theory to the current study is that it advocates for a combination of top-down and bottom-up approaches, as opposed to the top-down approach currently used by CTOs in eThekweni Municipality.

The stakeholder theory would enable capacity building of tourism SMMEs to enable them to participate effectively in the tourism sector and thus alleviate poverty in local communities and create much needed employment for local people, the youth and women. It is appropriate because CTOs operate in a multi-stakeholder environment to promote CBT, with the municipality as an enabling stakeholder.

Miles (2012:285) defines stakeholders as groups of people within an organisation who form relationships. Freeman notes that the stakeholder theory is a theory of organisational management and business ethics, which addresses the morals and values required to manage an organisation. It includes employees, customers, suppliers, financiers, communities, governmental bodies and political groups (Alvarez and Ertuna 2014:315).

### **3.1.3 Social Constructionist Theory**

Andrews (2012:12) notes that, the social constructionist theory is concerned with the nature of knowledge and how it was created and as such, it is unconcerned with ontological issues. Society was viewed as both a subjective and an objective reality. Meaning shared constituted a taken-for-granted reality. Heenan (2014:536) defined the social constructionist theory as knowledge reciprocity based on relationships of trust, which include common understanding among community stakeholders, self-enforcement of regulations and trust that complied with members of the community monitoring, evaluation and reaching consensus strategies.

Proponents of the social constructionist theory include Hardin (1968), Imperial (1999), Acheson (2000), Lam (1999), Ostrom (1999), and Hoyt (2001). Andrews (2012: 56) and Murphy (1998) note that it emerged around 30 years ago and has its origins in sociology. It has been associated with the post-modern era in qualitative research. Social constructivism has resulted in the remodelling of grounded theory (Charmaz 2000; Glaser and Strauss 1997 cited by Tolkach 2014:386). Particularly Charmaz (2000, 2006) used the terms constructivism and social interchangeably under the generic term constructivism.

Constructivism proposed that each individual mentally constructs the world of experience through cognitive processes while social constructivism has a social rather than an individual focus (Young and Colin 2004 cited by Wray 2011:47). This perspective of social constructivist theory relates to community creation of knowledge that is learnt as in the case of the normative theory where the community learns values of honesty, truth, obedience, transparency and humbleness. These cognitive values applied in the current study. Their upholding enhanced co-operation, induced participation and ultimately enhanced capacity building amongst members of the host tourist community and other stakeholders. The social constructivist theory advocated knowledge sharing, based on relationships of trust, a common vision, self-enrichment, monitoring and evaluation. These values were in line with capacity building for CBT and CTOs' mandate to develop tourism SMMEs.

### 3.1.4 Human Relations Theory

Van der Westhuizen (2011:5) noted that, effective human relations enhanced service delivery and institutional performance and promoted the public interest. Public institutions constituted people who interacted continuously in an endeavour to achieve certain institutional goals and served a particular need in society (Denhardt, Denhardt and Aristiguena 2013:203-204 cited in Van der Westhuizen 2011:5). Kao and Lin (2016:208) noted that the human relations theory posited that human relations represent a reflexive relationship, built on trust and mutual accommodation, in which needs were met. Resources were efficiently utilised for the joint benefit of the organisation and its environment. Haywood (2011:45) stated that the theory highlighted that people within an organisation needed to work together to achieve common capacity building goals. Application of this theory of smart tourism would mean that service providers determined tourists' specific needs, and supply them on demand and on time in a transparent manner through integrating information communication technologies with sound management techniques (Liu 2016:1301).

The human relations theory had its origins in the 1920s and 1930s. Its early proponents, Elton Mayo and Fritz Roethlisberger (1939) regarded workers as sociological beings that were involved in work and co-operated with one another. However, critics argued that the theory was paternalistic and autocratic and that it enabled management was regarded as legitimate scientific elite, while labour's impact was largely ignored.

More recent proponents of the human relations capacity theory integrated information communication technologies with the human relations theory. The pioneers included Gretzel, Koo, Sigala and Xiang (2015), Oliveira and Carlos (2012), Poon (1998), Kim Lee and Han (2010), Hunter and Ching (2015:46) and Van Heck and Vervest (2007:23). Hawthorne's studies broke new ground, leading to re-interpretation of theories of individual motivation, self-actualisation and human relations (Breaky 2016:5). Roethlisberger and Dickson (1939) were among the first proponents of Maslow, Pearce, Moscardo, McIntosh and Goeldner's self-actualisation theory (Yazici 2016:996). Interpretation of Maslow's theory in scientific terms meant that the nature and behaviour of human beings in the production process could not be understood as simply analogous to that of machines (Jurie 2000:265 cited by Milar and Doherty 2016:54).

Successful articulation of individual needs, theory, practice, and programmatic objectives required an organisation to mature to the point that it become a competent entity that is capable of providing enhanced opportunities for the development of individual potential as well as stakeholder and client satisfaction (Jurie 2000:265 cited by Freeman 2010:51). Healthy human relations rested on a reflexive relationship built on trust and mutual accommodation, in which needs were met and resources effectively utilised for the joint benefit of the organisation and its environment. Just as the organisation had a responsibility to the community, the community had a responsibility to the organisation. Both the organisation and the community as a whole could be strengthened through mutual adjustment and new levels of understanding and interaction (Ching 2015:43).

Hawthorne's theory argued that organisations and communities needed to work together to achieve healthy and prosperous individuals and groups resonating with this study in that, for CBT to succeed, harmonious relationships were required among CTOs, tourism SMMEs, government and government agencies, policy makers and implementers and community members. Tourism SMMEs' meaningful participation in the tourism industry depended on the developmental agenda of CTOs to build capacity and thus reduce poverty and unemployment in the local community.

### **3.1.5 Normative Theory**

Van der Westhuizen (2011:35) noted that, normative theory was concerned with the connections between stakeholder management and the attainment of corporate performance as stakeholders' behaviour and values influence such performance. Stavros (2004:94) defined normative theory as the behavioural approach to the inherent needs of an organisation. These included management, finance, marketing, the Internet, training, and programme and project management. Normative theory examined behavioural interrelationships in an organisation.

Normative theories gained popularity from the 1940s to the 1960s when early proponents such as Maslow, Skinner, Herzberg, McGregor and Argyris focused on job enhancement, teamwork and leadership. Their theories emphasised that people seemed to enjoy work as a growth experience (De Ville 2016:9).

### 3.1.6 Application of Business Management and Theoretical Model Convergent Constructs

Effective business requires the norms and values of truth, accountability, time management and capacity, all of which CTOs should have inculcated in tourism SMMEs through capacity building. Application of this theory could have promoted sustainable CBT that assisted in addressing the triple challenges of poverty, unemployment and inequality of opportunities in local and rural communities in eThekweni Municipality.

**Table 4: Operational Description: Business Management Constructs**

<p><b>Planning:</b> Setting Objectives, Develop plan of Action, Put Strategy into Plan.</p>	<p>Cronje, du Toit and Van Stavros ((2014), Sharpley (2009), Okazaki (2009), Murphy (1998), (2001), Andrews (2012), Tolkach (2014).</p>	<p>Capacity Building (Constructs of Learning, Knowledge), Planning Resources, Finances, Capacity, opportunities.</p>
<p><b>Organization:</b> Framework to put strategy in action, Skills to improve productivity, Timeframes planning.</p>	<p>Freeman (2010), Van Der Westhuizen (2011), Liu (2010), Andrews (2012).</p>	<p>Allocation of power to Tourism SMMEs, Mobilize capital, human and material resources, policies and procedures, Management strategy and support, risk management for tourism SMMEs.</p>
<p><b>Leading:</b> Authority, Power, Influence, Motivation, Delegation and responsibility.</p>	<p>Hesselbein, Goldsmith, Beckard (1996), Dearlove (2002), Liker and Convis (2012), Miles (2012), De Vile (2016).</p>	<p>Facilitating links with Tourism SMMEs and Tertiary Institutions, facilitators and Tourism SMMEs collaborate on skills and knowledge transfer.</p>

<p><b>Controlling:</b> Sets Standards, Measures Performance, Compares performance to standards, Evaluates and rectifies.</p>	<p>Cronje, du Toit and van Reenen (1997), GiampiccoliJugmo han and Stein (2015), Mtapuri, and Giampiccoli (2013), Govender and Giampiccoli (2018) Rogerson (2013).</p>	<p>Control of strategic planning, budget, capital and resources (human and material, monitoring, coaching and evaluation of key performance indicators, monitor external variability's limiting tourism SMMEs growth and success, mitigate against threats to tourism SMMEs development.</p>
<p><b>Innovation</b> Entrepreneurs act as change agents.</p>	<p>Smith (2012) Schumpeter (1936).</p>	<p>Motivation, Learning, Behaviour change, Wants and needs' fulfillment, Self Actualisation, Achievement, Power and Affiliation.</p>
<p><b>Marketing;</b> Marketing strategy of the enterprise, Product , place, distribution and marketing communication, Market segments, Market research.</p>	<p>Porter (1980), Clow and James (2014), Cronje, du Toit and van Reenen (1997</p>	<p>Marketing process, awareness of competitor's strategies to exploit tourism opportunities, Strength, weaknesses, opportunities and threats (SWOT) analysis to tourism SMMEs, Realization of long-term profit maximization for tourism SMMEs in a free- market tourism industry system for local township community poverty alleviation.</p>

Source: Author (2021)

**Table 5 Operational Description: Theoretical Framework of Constructs**

Construct	Proponent/Author	Item
<p><b>Stakeholder Theory:</b>                      Freemantle Business management Theory: Focus:- Interdependence of stakeholders, Consultation and dissemination of information, Equal participation of</p> <p><b>CBT Planning</b>                      Organising,Leading, Controlling and Ownership of tourism products( Tourism Heritage &amp; Culture) by stakeholders,</p>	<p>Sharpley (2009),Murphy and Price (2005),Okazaki (2008),Arnstein (1969),Alvarez and Ertuna (2014),Giampiccoli Jugmohan and Stein (2015),Mtapuri,and Giampiccoli (2013),Govender andGiampiccoli(2018)Rogerson (2013).</p>	<p>Government Enabling Environment, CTOs Development of Tourism SMMEs. Universities' Expertise, Skills and Strategic Planning to CBT. Private Sector Skills and Technology Transfer to CBT. Tourism SMMEs Employment of community members, reducing poverty and inequality in Communities.</p>
<p><b>Social Construction Theory:</b>                      Main Proponents: Schultz (1975),Okazaki (2008),Kose,Yazici and Oglu (2016).Focus: Training Tourism SMMEs in CBT framework, Innovation, Competitiveness, Effective Decision-making,Planning,Strategy,Educati on,Networkiking, Latent Potential, Motivation, Driven..</p>	<p>Andrews(2012),Welch (2006),Munroe(2005),Schultz (1975),Murphy (1998),Charmaz (2000), Glazer and Straus (1998),Tolkach(2014),Young and Colin (2004)</p>	<p>Nature of knowledge,Reciprocity,Trust,Understanding, among stakeholders, Compliance with Laws, Monitoring and Evaluation, Consensus reaching, Community knowledge creation, Values, Vision, co-operation, participation.</p>
<p><b>Human Relations Theory:</b>                      Freeman,Maslow,Pearce,Skinner, Hertzberg,Moscardo,</p>	<p>Van Der Westhuizen (2011),Denhardt,D</p>	<p>CBT planning, Leading, Organizing and Controlling, working together achieving</p>

<p>McIntosh, Mintzberg Focus: Opportunities, Entrepreneurial spirit, Change Initiator, Potential and Talent Stakeholder Organizational Management, Working together, Understanding, Meaningful Participation, Developmental Agenda,, Healthy Human Relations, Trust and Risk-taker.</p>	<p>enhardt and Aristiguena (2013), Kao and Lin (2016), Haywood (2011), Liu (2016), Grtsel, Koo and Sigala and Xiang (2016), Cranier (2002), Hunter and Ching (2015) Breaky, (2016), Roethlisberger and Dickson (1939), Jurie (2000), Freeman (1975).</p>	<p>objectives, Multistakeholder engagement between government, CBT, CTOs, Private Sector and Educational Institutions. Capacity Building, Poverty Reduction, Reflexive relationships of Trust, Honesty, and Equity. Resources effectively utilized for joint community benefit. Individual motivation, and self-Actualization Achieve community local Developmental Goals.</p>
<p><b>Normative Theory:</b> Maslow, Pearce, Skinner, Hertzberg, Moscardo, McIntosh, Mintzberg, McGregor and Argyrols (1940-1960's). Focus: Job enhancement, Teamwork and Leadership.</p>	<p>Van Der Westhuizen (2011), Roethlisberger and Dickson (1939), Jurie (2000), Freeman (1975).</p>	<p>Work as Growth Experience, Effective Business requires Normative value system for Truth,, Accountability, Time Management and Capacity.</p>
<p><b>Community Participation Model:</b> Focus: Multistakeholder Participation, Planning, and Involvement of all Stakeholders. Sound Leadership, Poverty Alleviation, through Pro-Poor Strategy, Systems Capacity building, Product Planning, Marketing Strategies, Successful monitoring and Evaluation</p>	<p>Okazaki (2008), Tefler and Sharpley (2008), Moscardo (2008), Keiser (2012), Giampiccoli and Mtapuri (2012), Rogerson (2012), Rhonda and Koster (2007), Sirgy</p>	<p>Development of CBT through Equal participation, Success through joint planning, Community Monitoring and Evaluation through structured Assessment programmes, Sound CBT Leadership through Educational Institutions involvement,</p>

<p>Systems, Quality assured Tourism Product and services.</p>	<p>and Kim (2013),Karlisli,Kung , Jones and Tiffin (2013),Waligo, Clarke and Hawkins (2013), IMbaya, Nthinga and Lenaiyasa (2019).`</p>	<p>Tourism contribution to community poverty alleviation, unemployment and inequality eradication. Systems capacity development programmes,Product planning, Marketing strategies, Systems Buiding,Quality assured products and services.</p>
<p><b>Tourism Systems Model:</b> Giampiccoli, Tassiopoulos, Giampiccoli and Mtapuri, Telfer and Sharpley, Moscardo, Okazaki, Keiser. Focus: Tourism, Catalyst to poverty alleviation, Multistakeholder to plan and implement Pro-poor Tourism poverty Strategy, Government enabling CBT development strategy, Tourism role players need to come together to engage in productive dialogue to improve community conditions.</p>	<p>Tassiopoulos (2010), Keiser (2012),Hiturdayi,Ra j and Sparkman (2018),Giampiccoli and Jugmohan (2017), Rogerson (2016),Jones and Tiffin (2013),Tefler and Sharpley (2008),Moscardo (2008),Keiser (2012),Giampiccoli and Mtapuri (2012), Van Der Walt ( 2011).</p>	<p>Capacity Building to develop Tourism SMMEs, Enable Tourism SMMEs to Comply with legislative Framework though workshops and other forms of training, Set Multistakeholder planning and execution of CBT projects, Tourism opportunities made available to tourism SMMEs, CTOs encourage linkages between tourism SMMEs with established tourism big businesses, Promote township and rural tourism routes. Monitoring, evaluation planning. CTOs identify tourism opportunities challenges and find solutions.</p>

<p><b>Agency Model:</b> Community – Based Tourism: Focus:Ownership,Management, Control of tourism industry benefits, Represent CBT in engagement with Municipality, Government, Private Sector, Educational Institutions and any other interested stakeholder, Capacity Building of Tourism SMMEs,,Decision –maker on behalf of CBT.</p>	<p>United World Tourism Organization (2018), United Nations Environment Programme (2011), Keiser (2012), World Tourism Organization (2012), Eber (1992), Giqampiccoli (2013), Saayman and Giampiccoli (2016), Butler (1993), Booyens and Visser (2010), Rogerson (2009a), Dlamini (2014), Mekgwe (2013), Chimuchenga (2013), Joseph (2013), Tefler and Sharpley (2008), Moscardo (2008), Biwott, Geysler and Ngeywo (2017), Meyer (2013), Saayman and Giampiccoli (2016), Mtapuri and Giampiccoli (2013).</p>	<p>Empowerment of Community-Based Tourism to alleviate poverty and decrease unemployment in township communities through the participation of Tourism SMMEs in the tourism Industry,CBT manage, control and own tourism product and services in their communities, CBT capacitated in conflict management strategies in their communities, CBT share tourism benefits, Establish tourism business help tourism SMMEs from marginalized communities,CTOs engage multistakeholders in helping to develop tourism SMMEs.CTOs Promote cruise tourism opportunities to tourism SMMEs.CTOs lobby for training of tourism SMMEs to be competitive in the tourism industry..</p>
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**Source: Author (2021)**

### **Theoretical Models Constructs**

Each of the constructs in tables 4 and 5 links well with the study's aims and objectives and literature as discussed in the literature chapter.

**Objective One, evaluates CTOs development of tourism SMMEs regards the promotion of tourism activities:** (access markets, linked them to established tourism businesses, shared best business practices and link them to the cruise - ship tourism industry.) which links with for example, the Community Participation Model with the Focus on multistakeholder participation, Planning, and Involvement of all Stakeholders. Sound Leadership, Poverty Alleviation, through Pro-Poor Strategy, Systems

**Objective Two focuses on Capacity development:** (Tourism SMMEs coaching, mentorship through structured programmes. training financial management, leadership, administration, strategic management, compliance with laws, policies and municipal by-laws, business registration and tax matters.). This objective links with the agency model of Community – Based Tourism: capacity building for empowerment of communities. Its focus is on capacity development for: ownership, management and Control of tourism industry benefits in the community tourism destination. The CBT agency model , represent the CBT in engagement with Municipality, Government, Private Sector, Educational Institutions and any other interested stakeholder, Capacity Building of Tourism SMMEs relies on the agency as a „Decision –maker on behalf of CBT. to engage CTOs to develop tourism SMMEs as well as lobby for resources to conduct community capacity building.

**Objective Three: Evaluated the role of CTOs to promote tourism SMMEs through the following activities** (Tourism opportunities, Cruise-Ship tourism, public-private partnerships, access to finance, mentoring and Coaching, link with Training Institutions, flattening barriers to entry in the tourism industry and access to markets.: (linking with other stakeholders in the tourism industry, networking, e.g. Africa tourism Indaba, world tourism fairs, and exhibitions for displaying products and services). This objective links with Tourism Systems Model, where CTOs have to tap into all relevant tourism stakeholders to enable tourism SMMEs to develop by tapping into the tourism industry

benefits for local community economic development in eradicating poverty, inequality and unemployment in the townships.

Giampiccoli and Jugmohan (2010), Tassiopoulos (2010), Giampiccoli and Mtapuri (2012), Telfer and Sharple (2008), Moscardo (2008), Okazaki (2008), Keiser (2012).. These authors advised for focus on the following areas to eradicate poverty in township and rural communities: Tourism as a catalyst to poverty alleviation, multistakeholder have to plan and implement Pro-poor Tourism poverty Strategy, Government enabling CBT development strategy, Tourism role players need to come together to engage in productive dialogue to improve community conditions.

**Objective 4: Support Structures to develop tourism SMME.** This objective links with Community Participation Model: with focus on: **Multistakeholder Participation, Planning, and Involvement of all Stakeholders. Sound Leadership, Poverty Alleviation, through Pro-Poor Strategy, Systems Capacity building, Product Planning, Marketing Strategies, Successful monitoring and Evaluation Systems, Quality assured Tourism. CTOs encourage linkages between tourism SMMEs with established tourism big businesses, Promote township and rural tourism routes. Monitoring, evaluation planning. CTOs identify tourism opportunities challenges and find solutions (Hiturdayi, Raj and Sparkman (2018), Giampiccoli and Jugmohan (2017), Rogerson (2016), Jones and Tiffin (2013), Telfer and Sharpley (2008), Moscardo (2008), Keiser (2012), Giampiccoli and Mtapuri (2012), Van Der Walt (2011).**

### **3.1.7 Community-Based Organizations**

The main challenge confronting CBT was that tourism revenues generated within the City of Durban, while poverty, inequality and unemployment escalated in historically disadvantaged communities like, the surrounding townships that had been incorporated in eThekweni Municipality. Tourism SMMEs were regarded as a potential solution to this conundrum. However, this requires that CTOs fulfil their mandate to develop tourism

SMMEs. Given that they were relatively, new institutions CTOs have limited understanding of their role. The challenges confronting them include organisational and management skills, financial management, and their roles within the CTO structure. At present, local government policy, makers that should ensure that they are equipped to lead CBT and thus enhance LED (Rogerson 2013:133; Local Government Systems Act 32 of 2000, Constitution of South Africa Act 108 of 1996) did not capacitate them themselves.

### **3.2 Monitoring and Evaluation**

Monitoring and evaluation are crucial tools to ensure that organisations achieve their set goals. As CBT agencies, CTOs were mandated to develop tourism SMMEs to become successful entrepreneurs. It is therefore incumbent on them to track their progress using monitoring and evaluation to measure the outcomes of their activities against the goals they set themselves. Jugmohan and Steyn (2015:1074), Mtapuri and Giampiccoli (2013:5), Govender (2011: v) and Biwott, Egesah and Ngeywo (2017:46) highlight the importance of monitoring and evaluation of CBT. Monitoring and evaluation could be implemented as part of an action plan, as it is a cyclical process that was repeated until final refinement after a series of interventions, such as planning, action, improvement and constant review.

A clear framework is essential to guide monitoring and evaluation (Govender 2011:24; McLaren and Heath 2012:73; Aref, Redzuan and Gill 2010:92; Imbaya, Nthiga, Sitati and Lenaiyasa 2019:12; Khoase, and Ndayizigamiya 2018:58). It set out the components of an initiative and the order or the steps required to achieve the desired results. A framework-increased understanding of the programme's goals and objectives, defined the relationships between factors that are key to implementation, and identified the internal and external elements that could affect the programme's success. Thus, a well thought out monitoring and evaluation framework could greatly assist in thinking through programmatic strategies. The strategy could test objectives and planned activities, whether they are indeed the most appropriate.

Monitoring and evaluation frameworks are important for the following reasons:

- Assist in understanding and analysing a programme.
- Help to develop sound monitoring and evaluation plans and implementation of monitoring and evaluation activities.
- Articulate programme goals and measurable short, medium and long-term objectives.
- Define relationships among inputs, activities, outputs, outcomes and impacts.
- Clarify the relationship between programme activities and external factors; and
- Demonstrate how activities will lead to desired outcomes and impacts, especially when resources are not available to conduct rigorous impact evaluations. They often display relationships graphically.

Monitoring and evaluation were essential to measure and assessed the impact of pro-poor strategies to alleviate poverty in local communities. In the case of CTOs capacity building among tourism SMMEs in eThekweni Municipality, SMMEs' ability to take advantage of the business opportunities offered by tourism in order to uplift local marginalized communities within eThekweni Municipality is the envisaged outcome. As noted above, monitoring is an important aspect of the control function of management that seeks to ensure that actual performance is in line with expected or planned-for performance (Govender 2011:19; Ile Eresia-Eke and Allen-Ille 2012:21). Management of key objectives or variables, such as cost, time and quality could be used as a yardstick to monitor effectiveness. Monitoring is thus an ongoing process of checking progress by gathering and analysing relevant data to determine whether the project followed its stated objectives (Tulloch, Possingham, Joseph, Szabo and Martin 2013: 129).

Evaluation was a judgmental process that was concerned with assessing implementation over a longer time frame, following continuous monitoring of an approved plan, in terms of its cost, time and quality (Twersky and Lindblom 2012: 5-6). Evaluation offered a range of benefits to organisations. One of the key benefits was that it promoted administrative accountability. Results-based management was a useful tool that ensured that organisations achieved their objectives (Stelzenmuller, Breen and Stamford 2013:151). This study discussed the following theories of monitoring and evaluation that were relevant to CBT:

### **3.2.1 Pre-condition evaluation and management model**

Jugmohan and Stein's (2015:1067) study in the Eastern Cape concluded that CBT projects required a pre-condition (feasibility) study before it was implemented to prevent a number of risks to the community concerned, such as unrealistic expectations of the potential benefits derived from tourism. The generally accepted view that tourism was a vehicle for the economic development of disadvantaged rural communities could create the false assumption that any type of tourism would yield socio-economic benefits. However, communities are unique and, in order to participate meaningfully in the tourism industry, each local community should use its unique selling points and not take the global neoliberal route advanced by the capitalist world system, as the literature suggests that this will increase poverty and inequality (Saayman and Giampiccoli 2015:145). While the pre-condition model designed with rural communities in mind, this principle resonated with this study on CTOs' development of tourism SMMEs in the townships of eThekweni Municipality. Inflated expectations of the benefits gained from tourism affect township tourism as much as they affect rural communities. It was important to first conduct a feasibility study in relation to a tourism destination's geographic position, and skills and knowledge levels.

### **3.2.2 Monitoring and Sustainability Evaluation Model**

Biwott, Egesar and Ngeyo's (2017:47) study on monitoring and evaluation of the sustainability of a Constituency Development Fund in Kenya's CBT projects, contend that monitoring and evaluation is an important tool to avoid unnecessary financial leakages, and in providing early warning signs to alert project managers to problems with regard to a project's sustainability. The authors argued that consistent monitoring, evaluation can assist in meeting the goals, and objectives set out in the conception and planning phases of a project. The study concluded that the main problem confronting Kenya's Constituency Development Fund was project managers' tendency who conducted monitoring and evaluation for the sake of fulfilling funders' requirements.

Another common problem in relation to monitoring and evaluation was the focus on inputs and outputs, without paying attention to impacts. Evaluate the success of a CBT venture was in terms of its effectiveness in bringing about socio-economic change in local people's

lives. Thus, pre-condition management conducted before any CBT venture was launched (Jugmohan and Steyn 2015:1065) in order to avoid drawing communities into schemes that were bound to fail.

### **3.2.3 Community-based tourism monitoring and evaluation model**

The tourism venture monitoring and evaluation model is a holistic community-wide tourism undertaking through which a community-based entrepreneurship (CBE) programme operates (Mtapuri and Giampiccoli 2012:1; Imbaya, Nthiga, Sitati and Lenaiyasa 2019:12; Sithole 2016:10; Chili 2016:12; Rogerson 2014:204). Care was taken that external facilitators did not dominate such ventures as people with skills and expertise used them to exploit the gains that should be enjoyed by local communities.

The external facilitators in this model were government, the private sector and non-governmental organisations (NGOs). They could act as mentors and provide material and financial resources for the sustainability of CBT and CBE without establishing a permanent association (Mtapuri and Giampiccoli 2012:2).

Self-reliance, community involvement throughout its development and management, and ensuring that the community managed, owned and controlled the benefits of the tourism industry were essential (Mtapuri and Giampiccoli 2012:4).

The model uses accommodation as a cohesion generating strategy in a rural community and can benefit the community by improving access to markets as well as enabling the community to acquire assets. Through this model, community members were directly involved in the income base and in all tourism sectors. Management of tourism SMMEs falls under the CBT management umbrella body and projects are controlled, managed and owned by the local community, without the influence of external state and non-state actors (Mtapuri and Giampiccoli 2012:6). The principles and practices advocated in this model resonated with CTOs' mandate to develop tourism SMMEs to enable them to benefit from tourism.

### **3.2.4 Community-based pro-poor tourism monitoring model**

Saayman and Giampiccoli's (2015:147) review of CBT and pro-poor tourism highlighted the way the pro-poor strategy had been portrayed in the neoliberal perspective. In this view, the trickle-down of tourism benefits to communities were regarded as a justification for the perpetration of persistent structural inequalities. Poverty and competition for resources were normal in affected communities. This was especially true of township economies where poverty, unemployment and inequality of opportunities were clearly visible. While statistics showed that inbound tourism increased, only the mainstream, established tourism sector benefited. The capitalist system re-invented itself in disadvantaged communities through the notion that contemporary underdevelopment was a product of the past that could be overcome. It was against this background that Saayman and Giampiccoli (2015: 148) argued that, eliminating poverty could not be regarded as an act of charity on the part of enlightened bureaucrats, but involved the restructuring of society towards a just and more equitable distribution of power, through community control, resources, knowledge, capacities and benefits.

### **3.3 The Missing Link Community Development Model**

This pioneering model aimed to enhance CBT's role in developing tourism SMMEs. Its role in local communities' socio-economic development was to fill the gap in the absence of a CBT structure (Giampiccoli, Saayman and Jugmohan 2014:1141). The structure would interact with government bodies as an independent entity or organisation and would have a national footprint, with provincial branches linked to the national office.

Universities would jointly manage the institute or organisation in association with CBT project members. The private sector and NGOs would offer skills and capacity building and facilitate finance. The model would promote self-determination and empowerment in CBT and would strengthen policy implementation in the uneven tourism playing field by developing tourism SMMEs through CTOs. Carlisle, Kung, Jones and Tiffin (2013) and Rogerson's (2007b) case studies supported Giampiccoli, Saayman and Jugmohan's missing link community development model. Carlisle et al. (2013) noted that Gambia's Association of Small-Scale Enterprises in Tourism (ASSET) and Soikone Agricultural University's wildlife entrepreneurship courses in Tanzania were African examples of the

multi-stakeholder collaborative approaches required to overcome the challenges that hinder the growth of tourism SMMEs. These included limited financial resources, a lack of ICT skills and the costs of adopting ICT as well as limited infrastructure. Gambia's ASSET markets indigenous cultural eco-tourism, CBT, volunteer tourism, and domestic and business tourism under one umbrella organisation as a pro-poor tourism strategy to maximise the socio-economic benefits accruing from tourism across communities (Carlisle et al. 2013:61).

Sokoine Agricultural University in Morogoro, Tanzania promoted capacity building by developing innovative wildlife entrepreneurship courses for wildlife tourism SMMEs. ASSET adopted a collaborative multi-stakeholder approach. Its strategy consisted of ASSET diverse businesses operating in a number of integrated tourism niche markets. Sokoine University opted for a triple helix model of innovation whereby the public and private sectors, and academic collaborate to foster economic and social development (Carlisle et al. 2013:63; Surgy, Uysal, and Kim 2013:527; Waligo, Clarke and Hawkins 2013:347; Wang and AP 2013:229).

### **3.4 Community Tourism Organization's Legislative Framework.**

#### **3.4.1 Tourism Legal Framework**

This section discussed the policies, regulations and legislation that informs the role of CTOs in developing tourism SMMEs in the four objectives:

The democratic government of 1994 passed new tourism policies such as the 1996 white paper on the development and promotion of tourism, sustainable tourism act, responsible tourism and others to enable formerly marginalised populations within the country to participate in the tourism benefits to alleviate poverty, unemployment and inequality of opportunities in the township and rural communities ((Todaro and Smith 2004:100)). The apartheid, economic policy

which consist of mining, manufacturing and has concentrated on the formal sector, and not tourism. Despite a strong private sector, there's been a substantial governmental intervention in the economy, in terms of enabling legislation. However a limiting factor to tourism SMME growth lies in lack of implementation of these enabling tourism legislation and policies

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**Objective One: Promotion of tourism activities:** (access markets, linked them to established tourism businesses, shared best business practices and link them to the cruise - ship tourism industry.)

**Objective Two: Capacity development:** (Tourism SMMEs coaching, mentorship through structured programmes. training financial management, leadership, administration, strategic management, compliance with laws, policies and municipal by-laws, business registration and tax matters.)

: (linking with other stakeholders in the tourism industry, networking, e.g. Africa tourism Indaba, world tourism fairs, and exhibitions for displaying products and services. grow businesses, for poverty alleviation for on-going multi-stakeholder engagement facilitated by CTOs as CBT agency to municipalities (Ille and Allen-Ille 2012:116; Imbaya, Nthiga, Sitati and Lenaiyasa 2019:12; Hirudayaraj and Sparkman 2018:115; Giampiccoli, Saayman and Jugmohan 2014:1149; Rogerson 2013:133; Wang and AP 2013:228; Waligo, Clark and Hawkins 2013:347).

Identification of support structures available to tourism SMMEs.

**Objective Four: Identification of support structures available to Tourism SMMEs effectiveness:** (access loans, funding and credit facilities, socio-economic enhancement and creating jobs impacts, wealth generation, enterprises growth strategies).

Transforming the economy required a change in patterns of ownership and control of tourism activities. This called for bold approaches and clear, measurable CBT targets to grow the tourism SMMEs in the periphery areas of townships. The following tourism legislative framework below was passed by government to mandate local municipalities to promote CBT local economic development through integrated development planning in which communities participated. This was an important tool for localised planning, which was recognised by global agencies. These included institutions such as the World Bank and the United Nations. Tourism was seen by these as an effective tool to address the triple challenges of poverty, unemployment and inequality in developing countries (Rogerson 2014:204; McLaren and Heath 2012:94; Imbaya, Nthiga, Sitati and Lenaiyasa 2019:11; Kagiso 2018: Abstract; Khoase, and Ndayizingamiye 2018:59; Booyens and Visser 2010:32; United Nations World Tourism Organisation 2018:15). Community-based

planning included the involvement of women's active participation and empowerment and women could play a central role in tourism SMMEs.

The (1996:7) White paper on promotion and development of tourism advocated for the following measures to alleviate poverty:

- Communities to perform dynamic roles in tourism development,
- Identify potential tourism resources and attractions,
- Use them to explore tourism development opportunities,
- Seek partnership opportunities with the private sector, and
- Promote responsible tourism and sustainable development.

The (2002) National Responsible Tourism Development Guidelines for South Africa, re-affirmed the 1996 White paper's call above, and added that, communities must launch new and complimentary products for the formal tourism sector, as well as encouragement for tourists to stay longer in tourism destinations for local communities to reap more tourism benefits. These laws and policies are in line with government's transformation agenda, in breaking the cycle of poverty in CBTs through their participation.

The National Department of Tourism adoption of the(2015) Sustainable Goals, from the World's (2002) Summit for the sustainable development held in Johannesburg documented the contribution of tourism in the achievement of 17 millennium developmental goals for poverty alleviation, environmental conservation and employment creation for women and indigenous communities and youth. Similar principles were integrated into the subsequent sustainable development goals. South Africa's New Growth Path and Industrial Action Plan (IPaP 2, 2014/2015-2016/17:7) categorises tourism as one of the six pillars of growth and as a sector that can contribute to the development of rural areas tourism by growing the local economy and create decent work and sustainable livelihoods. The National Department of Tourism (2015:7) framework for Community-Based Tourism recommended consultative processes, discussions with stakeholders on frameworks of guidelines to support development and management of community-based tourism, and corresponding implementation plan,CBT development, tourism venture support, private sector linkages with tourism SMMEs, within communities.

The National Tourism Sector Strategy (2011) aims to safeguard that the tourism industry realizes the full latent of job creation, social enclosure, tourism products and services, development of a better consideration among tourists and peoples' cultures, and the green transformation. Tourism laws are significant to advance the increase of tourism for the benefit of the communities (CBTs). They are also helpful for people involved in accidents, hijackings, or violation of human rights related to tourism. Legislation deals with these incidences in a fair and transparent and proper way to settle the disputes (Van der Berg 2016:85).

Tourism act 72 of 1993 and New Tourism Draft Bill aims to regulate the licencing of tourist guides in the tourism industry. This act necessitates to professionalize the tour guiding SMMEs within the industry through requirements of skilling people entering the tour guiding by certified training by universities, colleges and private providers' qualifications, which needed an entry requirement of a grade 12 certification to qualify for the level 1 tourist guiding and first Aid certificate (Van der Berg 2016:87). This in the CBT framework is within the mandate of CTO objective two: capacity building-skills development of tourism SMMEs as well as objective four: Identifying supporting structures (Universities and Colleges) available to tourism SMMEs.

The tour guiding certification is meant to control the following challenges faced by the tourism industry: illegal tour guiding, no community safety, deficiency of shared collaboration, small dues, numerous guides. Tourism regulation articulates for a high legal and regulatory context for sustainable growth and administration of tourism within a country, provinces and municipalities (van der Berg 2016:88). Through enactment of tourism regulation, the law stipulates safety and preservation of natural and cultural possessions. It further, enable participation of the private sector and local communities in tourism development activities (van der Berg 2016:89). Tourism regulation reverberates the roles and duties of all the significant stakeholders in the tourism industry. It ensures the rights of tourists and the rights and obligations of partaking tourism SMMEs, tour operators, tour guides, destination companies, consultants and tourism researchers are respected (Van der Berg 2016:88). Legislation in tourism substitutes impulsive conception and submission of non- law-making guidelines, creates order, and is a precondition for community to advance a set of rules that are

enforceable and applicable for all, thus generating an enabling atmosphere for forthcoming development and development (van der Berg 2016:88). The Amendment Tourism Act of 1993 and Promulgation of tourism Act 10 of 2000 aims to transform the tourism landscape of tour guiding by involving the Department of road traffic management corporation officers on how to enforce legislation pertaining to tour guides, as well as linking the national department of transport with a view to ensuring execution of tourist guiding matters linking to tour operators and related regulations in the national land transport Act of 2009 to grow and professionalize tourist guiding bodies (Van der Berg 2016:89).

The Tourism Act 3 of 2014 aims to review the regulations in respect of tourist guiding to improve existing processes and systems to register tourist guides and ensure compliance within the sector (Van der Berg 2016:90). It focuses on the more responsible forms of tourism for communities' social, economic and environmental benefits, and regulation of tourist guides operating in South Africa, by provisions in the act that penalises any tour guide who supplies the tourism sector with products and services (Van der Berg 2016:91). From looking at the tourist guide legislation in this chapter, it is imperative that CTOs develop capacity of tourism SMMEs as lack of such capacity could have dire consequences for this business groupings in terms of compliance.

### **3.4.2 Local Government: Municipal Legal framework**

The South African 1994 participatory governance legislative framework was formulated for democratic representative structures or ward committees to assist community's socio-economic empowerment to bring them on par with those communities that had an upper hand during the apartheid years. To realize these objectives the following measures were to take place: planning, implementation and monitoring those plans had to take place. The utilization of a range of working groups consisting of the following: Community-based Tourism Organizations, Community Tourism Organizations and Community-Based Organizations to support these structures in the public participation processes. Public participation is built to deepen democracy, which is embedded in the (1996) constitution.

The local government at municipality level is geared to meeting and implementing the social, economic and basic community's needs in a participating and sustainable method. Chapter 2 of the (1996) constitution is the Bill of Rights which upholds the rights of all citizens to live in dignity, which must be fulfilled through the socio-economic rights which includes: the right to live in a healthy environment (no degradation of community's tourism pristine destination), access to adequate housing, access to health care and sufficient food (no poverty in the townships) and water.

It is the responsibility of municipalities to respect, protect, and fulfill these rights promote in the following sections of the (1996 Constitution): Section 151 (1) (e) obliges municipalities to encourage the involvement of communities and community organizations' in local government, Section 152 encourages the involvement of communities and community tourism organizations' in the matters of local government, Section 195 (e) advocate for peoples' needs to be responded to, and the public to be encouraged to participate in policy-making. From these sections of the constitution (1996) it becomes necessary for TOs to participate as they are the CBT agency to enable the enhancement of tourism SMMEs with skills and knowledge gained in these stakeholder meetings. The (1998) White Paper on Local Government advocates for municipalities to develop mechanisms to ensure citizen participation in policy initiation, formulation, implementation, monitoring and evaluation of decision-making through structured stakeholders approach in certain council meetings for participatory budgeting initiatives aimed at linking CBT priorities to capital investments programmes. Focus group participatory action research with CBTs, CTOs, CBOs and NGOs can generate detailed information about a wide range of tourism SMME specific needs and values.

The Municipal Structures act (117,1998) as amended allows a municipality ward participatory system, and executive committees to annually report on the involvement of committees and CBT organizations in the affairs of the municipality. The municipal Systems act,(32 of 2000) section 4 (c ) ( e) encourage community involvement and provides community consultation about the level, quality, range and impact of municipal services. Ctos participation in these committees could greatly benefit their governance and administration abilities. It could also enhance their capacity development of tourism SMMEs.

### **b3.4.3 CTOs' Limitations**

Tourism SMMEs' growth and development were partly constrained by CTOs lack of skills and vision, leadership inadequacies and their inability to implement the transformational post-apartheid legal framework that aimed to empower this marginalised potential sub-sector of the economy, and exclusion of historically marginalised tourism. This obstructed the government's transformation agenda in the tourism industry (Naidoo 2015:7, Raj and Toro 2013:4 and Peng 2009:21, (Ile, Eke and Allen-Ille 2012:13, Chetty 2014:13; Rogerson 2012:12, Govender 2011:246 and Naidoo 2014:7). The above legislation promotes township tourism to alleviate poverty in the communities, but lack of CTO implementation to develop tourism SMMEs is a limitation Rogerson (2012: 75, Mekgwe 2013, Chimucheka 2013:787 and Okazaki 2013:87). CTOs were required to capacitate tourism SMMEs in terms of the above policies and legislation and to take advantage of lucrative rural tourist routes (Rogerson 2012: 75; Marschall 2012:721; McLaren and Heath 2012:93) rather than focusing on traditional sun, sea and sand destinations. The notion that rural areas and townships are dangerous for tourists limits the benefits these areas reap from tourism (National Tourism Sector Strategy 2011).

### **3.4.4 Small, Medium and Micro Enterprises**

According to Bernstein (2000:5), South Africa trails Chile, Thailand, Mexico and other comparable countries in promoting and supporting SMMEs. While the democratic government has adopted policies and legislation to support SMMEs through training and facilitating access to finance, an overarching strategy for enterprise support had not been adopted yet. As noted previously, SMMEs faced a myriad of obstacles in running their businesses, including labour legislation and laws relating to licences and taxation.

In contrast to the postulations of entrepreneurship theories, privatisation has not enhanced entrepreneurship. Rather, it enabled large transnational companies to use their market advantage to capture lucrative assets. SMMEs did not own a significant portion of the resources they used and they lacked the resources to buy business premises. Some studies have also suggested that capacity-building theories were not designed with practical application in mind (De Ville 2016:9). As Lewis (1951: 169 quoted by Chapagain 2004: 49) noted, *there was nothing as practical as a good theory*.

A theoretical foundation was required to guide the development of the skills and competencies needed to accelerate community development. Moreover, capacity building could not be achieved without commitment, encouragement, motivation, incentives and enthusiasm as it was driven by a *continuous evolution of positive revolution* (Breaky 2016:5).

### **3.4.5 Tourism Models**

The literature highlighted the need for a participatory multi-stakeholder forum to promote local community - wide tourism benefits and thus local economic development. As enablers and major stakeholders in SMME development, governments have adopted numerous strategies in this regard (Baktygulov and Raeva 2010: 3; Weaver and Lawton 2012: 362; Fernandez 2011:1021; Zapata 2011: 741; Leetal 2012:362). Giampiccoli and Mtapuri (2012: 33) and Karim, Mohammad, and Serafino (2012) noted that SMMEs needed to establish links with the broader community. Furthermore, a multi-stakeholder forum would enable CTOs to become effective agents in promoting tourism SMMEs' development.

### **3.4.6 Community Participation Model**

Figure 5 below presented Okazaki's (2008) multi-stakeholder participation model, which offered a template for the development of CBT. It illustrated the impact of community planning of tourism activities and the development of a framework for projects within communities. These showed the benefits of a joint venture by all participating stakeholders along the value chain. The framework proceeded from community assessment, to organisational development, organisational structures, product development and marketing, systems building and monitoring and evaluation of the impact of the projects. Okazaki (2008:511) highlighted the need for sound leadership of the planning process. Community tourism organisations need to promote proper planning in order to ensure that SMME development contributed to poverty alleviation as well as sustainable tourism practices within the community (Rhonda and Koster 2007: 71).

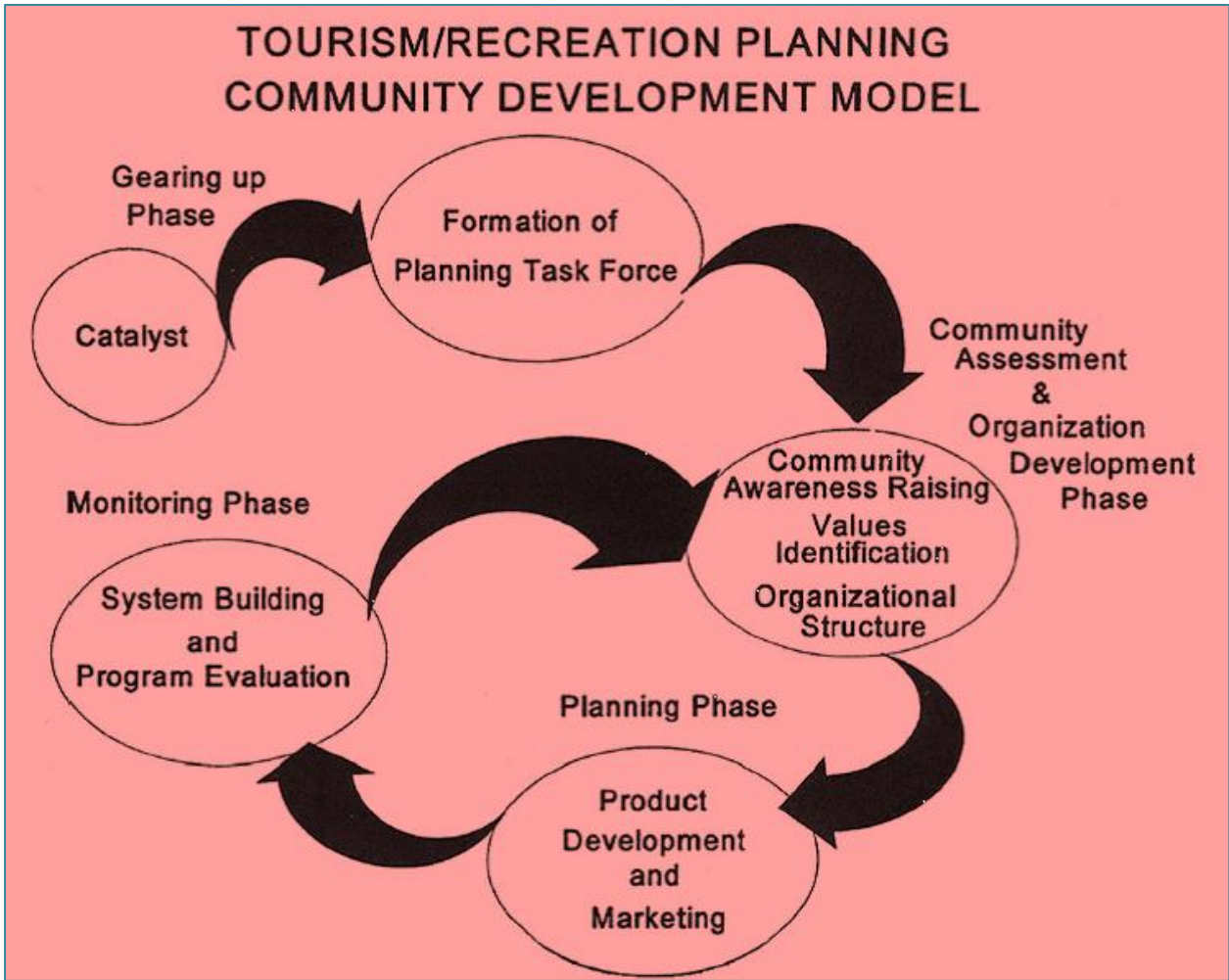
The model in Figure 5 emphasised the need for community participation in awareness raising, product planning and marketing strategies, as well as systems building and

implementation and evaluation of products along the tourism value chain. Similar to the stakeholder participation model discussed above, this would empower the whole community (Okazaki 2008: 516-517).

Principles of public participation refers to a reversal of learning from the people directly, on site, and face to face. This leads to gaining from local, physical, technical and social knowledge (Liebenberg and Stewart 1997:100). Triangulating, which means using a range of methods, types of information, investigators, or disciplines to co-check can be used for community participation. Listening, keeping quiet, and letting people do things for themselves is an important public participation strategy. The principles of PLA, the methods it entails are summarised in Yen's 1920 credo below (Liebenberg and Stewart 1997:101):

Go to the people, Live among them, Learn from the people. Plan with the people. Work with the people. Start with what the people know. Build on what the people have. Teach by showing, Learn by doing. Not a show case, but a pattern. Not odds and ends, but a system. Not a piecemeal but an integrated approach. Not to conform, but to transform. Not relief, but release. The PLA principle and Yen's approach are behavioural and applicable to community development, in much the same principles of the Reconstruction and Development programme white paper of 1994 (Republic of South Africa 1994). An ongoing process of empowering communities are mainly concerned with establishing to continue the action-reflection cycle in order to establish true self-reliance with regards to the following capacity competences: (Liebenberg and Stewart 1997:102). The RDP White paper (1994) aimed at mobilizing all stakeholders for participation and involvement in local communities reconstruction and development processes: organisational training, leadership development, technical training, external linkages and capacity building, exchange of experiences and support and encouragement. In participatory theory: unless the community participates actively, in: planning, monitoring and evaluation, a project cannot be sustainable.

**Figure 6: Okazaki’s CBT Development Planning Model**



Source: Rhonda and Koster (2007: 71)

While eThekweni Municipality hosted prestigious international conferences and events, resulting in significant cash inflows to Durban’s accommodation establishments and retail outlets (South African Conferencing Directory 2015:90), the townships surrounding the city are characterised by poverty, unemployment and inequality. Multi-stakeholder collaboration between all levels of government, the private sector and academic institutions (the triple helix model) was called for to promote community empowerment by developing tourism SMMEs (Carlisle, Kunc, Jones and Tiffin 2013:63; Waligo, Clarke and Hawkins 2013:342; Uysal, Sirgy and Kim 2013:527; Imbaya, Nthiga, and Lenaiyasa 2019:12; HitudayaRaj and Sparkman 2018:115; Wang and Ap 2013:228).

Sound planning that involved multiple stakeholders was required for a strategy to be economically sustainable. Applying the stakeholder participation model to community tourism, the first step would be for tourism entrepreneurs to identify their stakeholders' vis-à-vis their likes, dislikes and interests with a view to managing them appropriately. Secondly, in this model as well as the monitoring model discussed earlier in this chapter, the stakeholders included local government, CTOs, CBTs and SMMEs. Thirdly, this was a bottom-up approach where community-based organisations conceived of, planned and developed tourism projects that would benefit the community and address the triple challenges of poverty, unemployment and inequality of opportunities (Okazaki 2008: 516-517).

#### **3.4.7 Tourism systems model**

This model posited that tourism was a catalyst to reduce poverty through CTOs' development of SMMEs (Tassiopoulos 2010:36). It called for multi-stakeholder collaboration to plan and implement pro-poor tourism strategies. Government's responsibility was to adopt an enabling legislative framework for SMME development and participation in the tourism industry (Keiser 2011:157) and the role players in the tourism value chain needed to comply with such regulations. Community tourism organisations were mandated to develop tourism SMMEs, while established tourism businesses could work with government and CTOs to establish links with tourism SMMEs, and assist them in marketing their facilities, products and services through electronic and social media channels. Furthermore, established tourism businesses could form partnerships with other stakeholders to contribute to poverty elimination in the broader community in eThekweni Municipality, including the townships.

#### **3.4.8.CBT stakeholder participation**

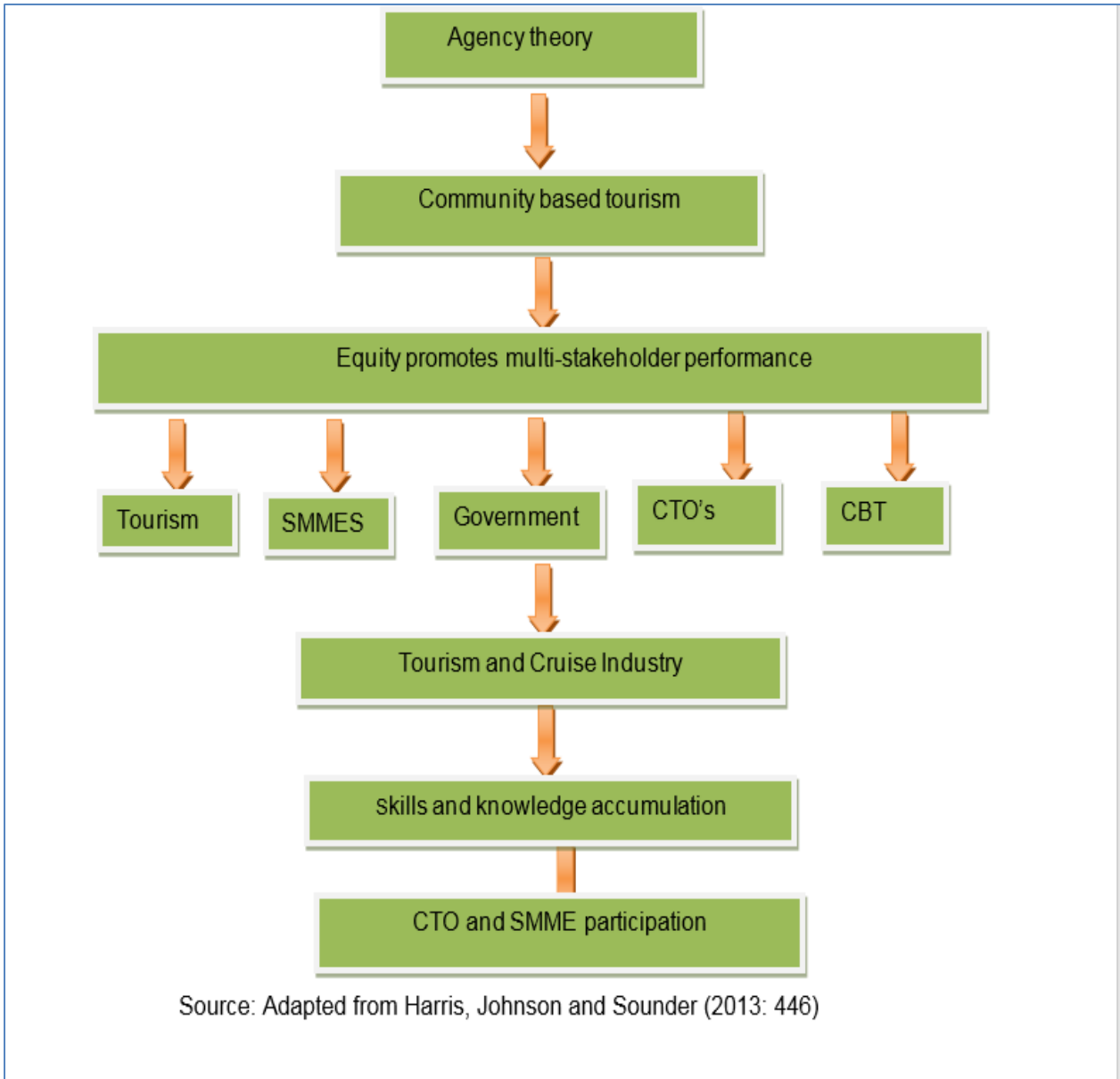
Community participation was essential in developing meaningful CBT and CTO-led stakeholder participation (Van der Walt 2011:135). According to Karkin and Calhan (2012:109), interactive participation referred to community members coming together to engage in productive dialogues that would improve conditions in their community. Sibiyi (2010:21) defined community participation as a collective effort to empower and mobilise communities on their own terms according to their needs and priorities.

This would enable them to influence decisions that affected their economic and social development, which was one major component of the democratic decision-making process.

Stakeholder participation was an important strategy to ensure equal participation of communities (Bunting 2010:758). Ownership of the process and outcomes was required if development projects were to benefit the community. It promoted transparency and accountability and enabled communities to learn, plan and innovate. Such strategies could be adopted to develop SMMEs to participate in the tourism industry. The final categories of Bunting's (2010:759) theory of interactive participation were functional participation and interactive participation. Planning and implementation as equal partners promoted buy-in and ensured that all stakeholders benefitted from the outcomes (Van der Walt 2011:135). A participatory monitoring strategy was equally important. The six monitoring steps were cyclical, with a never-ending cycle of monitoring, planning, and identification of challenges and solutions. The joint operations illustrated in Figure 5 above ran contrary to current practice that involved the municipality summoned stakeholders, SMMEs and CTOs to participate in the Tourism Indaba and SMME Trade Shows. Furthermore, the municipality used its own processes to monitor and evaluate tourism outcomes. These discouraged communities from participating in tourism initiatives.

Figure 6 below showed the tourism Agency Model and the alignment of different stakeholders in developing tourism SMMEs. This activity took place within the CBT business environment. It was a pro-poor strategy for community-wide tourism benefits. It represented a paradigm shift. It was developmental and inclusive as all stakeholders participated in developing a sustainable tourism strategy. The figure highlighted the need for CBT, CBOs, tourism SMMEs, government, NGOs and the private sector to work together to achieve sustainable tourism's objective of freeing communities from poverty through self-determination.

Figure 7: Agency Theory: Community-Based Tourism



### **3.4.9 Agency model**

While sustainable community tourism required that communities own, manage and control tourism benefits, this model confronted numerous challenges, including conflict among different groupings and factions and the fact that a small group of community members may take charge of decision-making, silencing the voices of the majority.

However, the case studies presented in this study demonstrated that the benefits of community-wide tourism were realisable. An agent or agency was a person appointed by another (the principal) to act on his/her behalf in issues affecting the principal such as contract negotiation between the principal and a third party (Oxford Dictionary of Law 2013:25). In other words, the principal transferred authority in the agent to act on his/her behalf in good faith and with competence. In the context of CBT, the community was the principal and CTOs were the agents that advanced the interests of the community by developing tourism SMMEs through engagement with third parties (government, big business, NGOs, tertiary institutions, private sector and other participants).

Big business had to support poverty eradication by developing the latent potential of SMMEs in the tourism industry. The social contract was the medium to achieve this objective. The government was responsible for the regulatory environment and government officials had to act as change agents on behalf of their principal, which is government. The CTOs' task in multi-stakeholder participation was to open up opportunities for tourism SMMEs in the tourism industry. They were to link them to business opportunities such as those offered by the cruise tourism industry in eThekweni Municipality. They could also lobby for more tour operators and tour guides. These tourism SMMEs had to be capacitated for the establishment of tourism SMMEs to service the cruise industry. This opportunity would have had an enabling effect on members of marginalised communities to benefit from this tourism industry.

### **3.5 Definition of Sustainable Tourism**

Sustainable tourism has taken centre stage in the tourism sector due to its potential to mitigate environmental degradation, resource scarcity and social disparities (United Nations Environment Programme 2011:1). Sustainable tourism was defined in the

literature in various ways. Keyser (2012:32) noted that the United Nations defined sustainable tourism development as development that met the needs of tourists and host regions while protecting the needs of future generations. Thus, all resources needed to be managed in such a way that economic, social and aesthetic needs could be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity, and life support systems (World Tourism Organisation 2012:21). Eber (1992:3) associated sustainable tourism with infrastructure that, both now and in the future, enabled the regeneration and on-going productivity of natural resources, recognised the contribution that local people and communities, customs and lifestyles made to the tourism experience, and accepted that these people could have had an equitable share in the economic benefits of tourism.

Mtapuri and Giampiccoli (2013:3) defined sustainable tourism as tourism that could sustain local economies without damaging the environment on which it depended. Saayman and Giampiccoli (2016:146) noted that sustainable tourism was capable of adding to the array of economic opportunities available without adversely affecting the structure of economic activity or interfering with existing forms of social organisation. Furthermore, it respected the limits imposed by ecological communities. Sustainable tourism was tourism developed in an area (community or environment). It was developed in such a manner and at such a scale that it remained viable over an infinite period and did not degrade or alter the environment (human and physical) in which it existed. This was done to such a degree that it prohibited the successful development and wellbeing of other activities and processes (Butler 1993:29). These definitions illustrated the benefits that sustainable tourism could offer developed and developing economies.

Singapore integrated sustainable tourism planning, balancing economic, social and environment objectives included the sustainable tourism principles quoted in the above definitions. Henderson (2012:79) noted that, Singapore embraced integrated sustainable tourism planning that combined a top-down (government) approach with a bottom-up (local community) approach, also known as the grass-roots approach in planning and policy, resulting in phenomenal growth in this sector.

### **3.6 Private business-SMME partnerships**

Established tourism companies' duty was to link with emerging tourism SMMEs through engagement with CTOs. Long-established businesses in the tourism sector included hotel chains; tour operators such as bus and coach lines; travel agencies, car rental companies; retail outlets and restaurants that targeted tourists; and destination companies. Partnerships with established businesses facilitated by CTOs would enable tourism SMMEs to market their products and services more effectively and would open up opportunities for lucrative business deals. Such partnerships would also facilitate access to financial and credit facilities and build SMMEs' capacity in strategic and financial management, marketing, and compliance with regulations (Booyens and Visser 2010:381; Rogerson 2009a:345-348; Dlamini 2014:8; Mekgwe 2013:8; Pillay 2013:10; Chimucheka 2013:787).

The cruise ship industry that used Durban harbour as a hub port is another local community economic stimulant. In its shipping voyages from Durban to Portuguese Islands on the Indian Ocean during the summer season (November to May) annually is an additional tourism activity for the alleviation of local communities. Through these ventures, poverty level in the townships could be alleviated through tourism SMMEs participation from these communities. Cruise-ship tourism could further enhance the advancement of township tourism as it is a source of revenue for tour operators, tour guides and tourism transport SMMEs (World Tourism Organisation 2012:83-84; Stopford 2009:502; Joseph 2013:25; KZN Integrated Maritime Strategy 2013:72). According to the WTO (2012:83), the Tropic Ecological Adventures Company aimed to promote SMMEs' engagement in tourism. Tropic had links with several communities to whom it provided technical and marketing assistance. For example, it marketed the long-established Cofán eco-tours initiative at Zabalo in the rainforests of Northern Ecuador. Employment opportunities generated by the programme included jobs as guides and boatmen (WTO 2012:84).

### **3.7 Supporting innovation among tourism SMMEs**

Rogerson (2008) contend that policy interventions to support tourism SMMEs needed to cater for the specific conditions in each of the industry's various sub-sectors. Using backpacker tourism in South Africa as a case study, he analysed the core issues that

confronted the development of SMMEs that supplied transportation and tour services in this sub-sector. While the study found that the problems were typical of those affecting tourism SMMEs as a whole (Rogerson 2008), including regulatory issues, lacked of institutional support, crime and human resources (Capelleras, Greene, Kantis and Rabetino 2010:303), it highlighted several other issues that were specific to backpackers' tourism.

These included poor international marketing, minimal recognition of the sub-sector's contribution to the tourism economy, lack of local government support, and the lack of capacity of the leading industry association in backpacking.

Figure 7 below showed the three pillars of sustainable tourism. Worldwide, calls were made for countries to adopt holistic tourism planning to ensure that its economic gains were not made at the expense of the environment and that ecological systems, cultures and heritage were preserved for the enjoyment of future generations.

The three pillars of sustainable tourism were economic efficiency, environmental integrity and social justice. Communities that engaged in CBT could be aware of the potential negative consequences of tourism such as degradation of the tourism destination due to mass tourism and environmental damage.

**Figure 8: Three Pillars of Sustainable Tourism**



Source: Keiser (2012:25)

**3.8 Social Justice**

Social justice in CBT represented an alternative poverty alleviation strategy, whereby tourism SMMEs shared in the fruits of the tourism industry. This was achieved by marketing a community’s attractions, including cultural and heritage sites, township tourism products and services rendered to tourists during their visits. Community members were involved as tour guides, travel agents, destination companies, tour operators, tour consultants, and travel agents. Tourism SMMEs developed in the community through such ventures. Social justice, which promoted self-reliance and was community driven, owned and controlled, could be at the heart of such ventures (Mtapuri and Giampiccoli 2013:3). Sustainability therefore meant ownership, control and management of tourism in CBT by community members and that its benefits were redistributed for community-wide upliftment (Saayman and Giampiccoli 2016:145).

### **3.9 Economic efficiency**

Economic efficiency referred to tourism activities that did not compromise the community's cultural and heritage resources for the sake of immediate economic gain. Tourism could not be governed by the principles of neoliberalism where the benefits of mass tourism trickle down to communities. This type of tourism deepened poverty levels rather than reduced them (Saayman and Giampiccoli 2016:146), resulting in persistent structural inequalities.

### **3.10 Environmental integrity**

The environment was a finite resource that could not be replaced when depleted by mass tourism damage. This was particularly true in relation to ecology and biodiversity (World Tourism Organisation 2010:10). Poorly planned CBT could result in extensive environmental degradation and community members needed to be capacitated to participate at all levels in such projects in order to prevent this from occurring (Biwott, Geysler and Ngeyo 2017:47).

### **3.11 Local Economic Development**

Meyer (2013:17) noted that LED had been a central concept in local government in the global North for more than a century. What was new was the spread of this concept, its growing acceptability and increased involvement of NGOs and community-based organisations in such initiatives. Recognition of the importance of the locality as well as local decision-making and democracy accelerated this trend. Given that South Africa shared economic similarities with both the global North and the global South, LED became a feature of the country's landscape, ranging from urban entrepreneurialism to rural survival strategies.

Canada advanced LED by adopting strategies to enhance demand for locally produced goods and to support emerging enterprises. Emphasis was especially put in terms of marketing and training. Common LED strategies cited in the literature included financial support in the form of revenue bonds, revolving loan funds, loans at interest rates below the market rate, tax incentives. Others included loan guarantees and/or equity participation, investment packages, financial assistance to small firms, and community banking / group loan schemes. In terms of land and business premises, the measures

included provision of infrastructure and land, land acquisition, provision of workshops and small industrial premises, enterprise zones with tax and planning concessions, and township socio-economic regeneration. Support tourism SMMEs, recognised the importance of information sharing and assistance with marketing was not sufficient. Tourism SMME enterprises required support from CTOs, municipalities and established tourism businesses. Information and advice, general marketing, image reconstruction, targeted marketing of products or areas, and export were required for organisational structures and planning and streamlined administration. Finally, members of CBTs require vocational training and employment opportunities, as well as social support structures, could be at the forefront of community tourism that promotes LED.

### **3.12 Local Government Challenges**

However, the evidence revealed that LED was in its early stages in many countries, and remained at the policy development and application stage. The literature noted the emergence of local government-CBT-CTO partnerships to promote local communities' participation in the tourism industry. McLaren and Heath's (2012) study of the public sector was a key enabler of sustainable rural tourism pointed to inadequate support for tourism, particularly rural routes in district and local municipalities. The study also found that, tourism and municipal policy makers poorly understood its potential benefits; hence, infrastructure, funding and marketing support were lacking. The study concluded that more support was required from local government to enable rural tourism to benefit poor rural areas. The KwaZulu-Natal Tourism Act 2 of 2002 (1996 as amended) provided for tourism forums at provincial, district and local government levels (McLaren and Heath 2012:97).

KwaZulu-Natal, and Durban in particular, was one of the three main tourism destinations in South Africa, the other two being Gauteng and Cape Town. However, KZN did not have a department that was exclusively responsible for tourism. Responsibility for tourism was first assigned to the Department of Arts, Culture and Tourism and later to the Department of Economic Development and Tourism (KwaZulu-Natal 2009; McLaren and Heath 2012:97). This did not auger well for CTOs' development of tourism SMMEs in the townships and rural areas. Tourism SMMEs' success depended on several departments, including roads and roads signage from the Department of Transport, the use of land for tourism that was regulated the Department of Agriculture and Environmental Affairs, and

large events like the 2010 Soccer World Cup, which were the responsibility of the Department of Sport, Culture and Recreation (KwaZulu-Natal 2009).

The KwaZulu-Natal Tourism Authority was established in terms of the KwaZulu-Natal Act 11 of 1996 (as amended, including Act 2 of 2002). In terms of the Act, all tourism operators in KZN were by law required to register with and pay an annual levy to the Tourism KwaZulu-Natal Authority. When they joined the route organisation and the CTO, two registrations were added, which became expensive for tourism SMME operators (McLaren and Heath 2012:99).

Other challenges included the fact that local government is a complex, multi-dimensional structure, where elected officials and representatives interacted and applied local government legislation. There was a myriad of policies, guidelines, and targets and local government practitioners often lacked management experience and skills. Internal systems were often poorly developed and rapid staff turnover results in the loss of organisational memory. Furthermore, there was insufficient integration between strategic planning, integrated development planning, budgeting, community participation and national imperatives. Unfulfilled mandates put pressure on municipal budgets and many municipalities were unable to play the facilitating role expected of them in LED (Portfolio Municipalities South Africa 2008:59).

### **3.13 Critique of theories**

Tourism theories focussed on the benefits of tourism that accrued to host communities. This section discussed critiques of the multi-stakeholder, participation, agency and capacity building theories.

### **3.14 Critique of tourism theories**

Tourism theories evaluated progress from a developmental perspective in relation to the objectives of raising the standard of living and decreasing inequality (Keiser 2012:10). While most focussed on the potential economic benefits of tourism to local communities, the positive and negative impacts, as well as the costs associated with the industry, were downplayed (Bennett 200:357).

- *Economic consequences of tourism*

The United Nations' SDGs noted that tourism had the potential to contribute to the eradication of poverty, which was the first SDG (Keiser 2012:17). Tourism had a multiplier effect in reducing poverty through tourist spend on local tours, handicrafts, and local accommodation, created jobs and a source of income for local community members.

However, tourism is a labour-intensive sector that requires skilled, semi-skilled and unskilled labour. Research showed that that the cost per job created in tourism was no less than that in any other sector of the economy, the reason being that the industry was capital intensive (Bennett 2000:360).

- *Physical consequences of tourism*

Local community attractions were both natural and human-made. While tourism could result in sprucing up of the local environment, frequently visited destinations could suffer degradation. Preserving the environment was expensive and could outstrip the revenue accruing from tourists. Noise and air pollution, soil erosion, vandalism, and congestion arose from overuse of tourist destinations.

- *Social consequences of tourism*

Tourism involved social interaction between local people and visitors. While this could have positive impacts, it could also cause conflict in local communities when some community members, especially the youth, rejected the local culture and values and emulate those of the visitors. Furthermore, crime in some areas caused tourists to have negative experiences, which many post on social media, discouraging would-be visitors to the destination.

The multi-stakeholder theory had been critiqued from different perspectives. For example, Johnson (2014:14) asserted that multi-stakeholder participation often took the form of a top-down approach marked by unequal power relations.

### **3.15 Critique of the Community participation theory**

Critiques of the community participation theory noted that municipalities did not adequately use LED as a tool for pro-poor development of tourism SMMEs to alleviate poverty and unemployment. The concept of LED was promoted as a critical solution to poverty and unemployment in developing countries (Rogerson 2005; Blakely and Leigh 2010). This bottom-up socio-economic strategy within a broader Provincial Growth and Development Strategy aimed to develop tourism SMMEs to improve their competitiveness (Phago and Tsoabisi, 2010). It recognised that local community members, business and government were best placed to create economic conditions that stimulated growth, which is required to create jobs and therefore reduce poverty in local communities. Thomas (2013) cited eight factors that limited full citizen participation. This included administrative structures that were not transparent. The local government officials lacked skills were lacklustre with no commitment to community participation. Authorities applied the top-down approach. The bureaucratic nature of government created barriers of entry to more township tourism SMME registrations, youth and women entrepreneurs. Power was not devolved to communities by centralised governance processes. Some of Tourism SMME growth was limited by the dominance of government officials when engaging in community participation processes. Thomas (2013) highlighted that effective community participation could only be achieved through drawing on local expertise and knowledge, and capacity building. This was illustrated in the case study of Nepal presented in the current study. Secondly, Thomas emphasised the need for research, monitoring and evaluation by communities themselves to identify best practice. The final recommendations by Thomas (2013) was that communities could be empowered to undertake their own development and demanded accountability from government, although he cautioned that this depended on the political context.

Giampiccoli and Mtapuri (2012:35) identified participation and facilitation as crucial factors in empowering communities to participate in the tourism industry. Participation could not be simply for participation's sake but had to enable communities to own and control tourism initiatives. This resonated with the current study's objective of promoting communities' socio-economic development through CTOs' development of tourism SMMEs.

Giampiccoli and Mtapuri (2012) added that real empowerment meant equipping community members with the resources, opportunities, vocabulary, knowledge and skills required to determine their own future. In Gramsci and Paulo Freirean terms, this entailed social transformation and a paradigm shift from participation to empowerment. Okazaki's (2008) ladder of citizen participation noted that citizens' participation was uneven and was characterised by collaboration and power redistribution, as well as the creation of social capital. Those at the top of the ladder made decisions that had to be carried out by those at the bottom, with no equal participation in decision-making.

### **3.16 Critique of community-based tourism**

Critics of CBT noted that it lacked the transformative intent of community development, as it was presented as a way of ensuring the long-term survival of a profitable tourism industry rather than as a tool to empower residents. Blackstock's (2005:39) study on a North Queensland tourist destination critically reviewed the CBT approach. He noted that CBT tended to adopt a functional approach to community involvement. This transformation approach tended to treat the host community as a homogeneous bloc. It did not take enough account of the structural constraints to local control of the tourism industry. Finally, state policies undermined local control and local empowerment. Thus, CBT can be regarded as a community development 'imposter' driven by economic imperatives and a neo-liberal agenda, rather than the values of empowerment and social justice (Mayo in Craig 2003, quoted in Blackstock 2005).

- **Critique of the Agency theory**

In defining CBT, the agency theory derived its meaning and usage from a business perspective. Therefore, a business operational definition was used to clarify how it could apply to a community perspective. According to the theory, principals (owners) hired agents (managers) to run the firm on their behalf. Owners aimed to maximise the market value of the company and this was often not compatible with the interests of managers, as they preferred to maximise their personal interests, even at the expense of owners. This led to agency conflicts, which were especially severe in public companies. Separation of ownership and control caused serious conflicts of interest, among which the conflict between shareholders and managers, and shareholders (represented by managers) and creditors were the most important (Jerzemowska 1999). This resulted in

the formulation of contracts to mediate the agency relationship. In CBT, the community was the principal that delegated decision-making authority to the agent, the CTO. Agency problems experienced in this relationship included conflicts of interest among CTO members in terms of their mandate, not taking CBT orders, and blurred lines of communication and authority.

- *Policy implementation*

South Africa has excellent legislation in place to reverse the apartheid policies that deliberately excluded most citizens from participation in the economy. This was particularly so in the tourism industry which was credited for increasing the country's Gross National Product and GDP, thereby improving the Gini index (a measure of equity and inequality) (Keiser 2012:8). However, there was a need to increase the number of tourists SMMEs operating in this sector in order to alleviate poverty in historically marginalised communities.

Maharaj and Balkaran (2014:273), Pivot (2014:64) and Rogerson (2013:126) argued that policy and legislation did not ensure entrepreneurship development. Implementation was the key, Govender (2011:1) suggested that, monitoring, and evaluation systems by local government were essential to successful implementation. This would ensure that local government officials undertook their tasks in an effective, efficient and economic manner.

- *Legislative challenges in relation to entrepreneurship*

The dictum that all businesses were equal in the eyes of the law, and that they all had to comply with it, regardless of whether they were big businesses or entrepreneurs, hindered the development of tourism entrepreneurs, especially when it came to labour law. The Organisation for Economic Cooperation and Development (2015) noted that South Africa's labour laws posed significant obstacles to business growth, particularly when it came to retrenching staff. Labour laws did not provide for cyclical downswings in small businesses (Global Entrepreneur Monitor 2014).

Costly litigation because of allegations of unfair dismissal could result in sequestration of the business, freezing of bank accounts and possibly a fine or imprisonment. Laws and policies adopted to redress apartheid inequalities have not had the intended effect. Examples included the Broad-based Economic Empowerment Act No. 53 of 2003 and

Preferential Procurement Policy Framework Act No. 5 of 2000 and many pieces of legislation meant to reverse the apartheid legacies that created artificial barriers to former marginalised groupings entrepreneurial growth and development.

Furthermore, the GEM (2014) South African report and the WEF 2014/2015 Global Competitiveness Report listed government bureaucracy and a lack of inter-governmental co-ordination as major obstacles to entrepreneurial and business activity in South Africa. Delays in obtaining permits and licences was one of the aspects mentioned in the WEF report. The report also highlighted the red tape associated with starting up and managing a business.

- **Critique of the risk-taking theory**

- Theories on entrepreneurship were developed in sophisticated Anglo-Saxon market economies that reflected the dominant ideology of creativity and risk-taking (Chipurenko 2015:47). The concept of entrepreneurship (Schumpeter 1936) and the motives that drove the entrepreneurial human being (McClelland 1961) were abstractions that were characteristic of this group of societies, with their inherent forms of capitalist economic development. Chipurenko (2015:48) argued that the risk-taking theory focused on the aspirations of private commercial firms rather than community-based entrepreneurship. This begged the question of how, why, and when entrepreneurial firms discovered and exploited opportunities? Such an approach would enable entrepreneurship to be defined beyond the commercial sphere and would accommodate social entrepreneurship (Austin 2006; Mair and Marti 2006) and its impact on the design of state-society relations (Greenwood and Suddaby 2006; Maguire 2004) as well as the role of traditional sources of institution building.

- **Critique of the entrepreneurship management theory**

According to Chipurenko (2015:46), not all small firms were entrepreneurial firms. The majority were unable to survive, with growth being the exception rather than the rule. Similar problems emerged when researchers tried to link entrepreneurship theory with management. Innovation was not an intrinsic attribute of every firm; hence, many activities of new ventures and already established businesses were ignored when using such a theoretical framework.

- **Critique of Schultz's theory**

Schultz (1975) cited in Bula (2012:84) argued that entrepreneurship was closely connected to situations of disequilibria and that it represented the ability to deal with these situations. In disequilibrium, agents acted sub-optimally and could reallocate their resources to achieve a higher level of satisfaction. Entrepreneurship was the ability to coordinate this reallocation efficiently, and it follows that agents had different degrees of entrepreneurial ability. Schultz argued that, in disequilibrium, individuals knew that opportunities to increase satisfaction existed but the reallocation process required time. Improved allocation of resources could be achieved either by experimenting (trial and error) or by investing in human capital. Schultz (1975) argued that entrepreneurship existed in all aspects of life. Thus, those responsible for household work and students were entrepreneurs when reallocating their time for housework or student activities. Furthermore, since entrepreneurship was an ability that could be augmented by investment. Schultz argued that a market existed for entrepreneurship and that it was possible to analyse it within the conventional supply and demand framework (Hebert and Link 1988).

- **Critique of the Capacity building theory**

South Africa's White Paper on Small Business (1996) aimed to create an enabling environment for SMME development in order to achieve more even distribution of income, wealth and economic opportunities, and thereby decrease unemployment and poverty in local communities. This policy framework targeted a wide range of enterprises within the SMMEs sector. The overall objective was to create an investment friendly environment for SMMEs' growth. However, the strategy did not meet expectations (Mmakola 2013:32). Critiques of the capacity building theory pointed to inadequate development of SMMEs and thus local economies. Mmakola's (2010) research on black-owned businesses identified several constraints that hampered the growth and development of these enterprises including lack of access to markets, finance, infrastructure, and appropriate technology, onerous government regulations and taxation, and a lack of skills and training.

Capacity building and skills development were necessary for community tourism development. According to Chili (2016), challenges in this regard hindered township

dwellers' meaningful participation in the thriving metro tourism industry. The National Planning Commission (NPC) (2011:25) that was responsible for drafting the NDP's main diagnostic findings, identified failure to implement policies and the lack of broad partnerships as the main reasons for slow progress in addressing poverty and deprivation in the post-apartheid period. As a turnaround strategy, it recommended that, the following three priorities receive urgent attention: increasing employment through faster economic growth; improving the quality of education, skills development and innovation; and building the state's capacity to play a developmental, transformative role.

The NPC added that, business, labour, communities and the government needed to work together to achieve faster economic growth. The second leg of the strategy was social cohesion, which called for progress in deracialising ownership and control of the economy. However, the NPC cautioned that, transformation would be superficial if ownership and control were diversified without reducing poverty and inequality. Similarly, if poverty and inequality were reduced without demonstrably changed ownership patterns, the country's progress would be turbulent and tenuous (NPC 2011:27). Chili's (2016:827) study build on the work of other researchers who noted that local governments' inability to empower local township residents and capacitate them through skills development had become a barrier to tourism development, which could play a pivotal role in changing the socio-economic status of unemployed residents.

According to the Business Economic Report (2016:5), SMMEs were important vehicles in alleviating poverty and unemployment in local communities. The South African government established the Ministry of Small Business Development in 2014, with the purpose of facilitating promotion and development of entrepreneurship. Government aimed to put policies, strategies and programmes in place to create an enabling environment for small business.

### **3.17 Community Development**

Messer (2010:4) noted that, there were many definitions of community development in relation to tourism. The author defined a community as a group of people with common interests or within a geographic boundary. Hart (2010:4) concurred and described a

community as a group of people who live and interact within a specific geographic area. Both authors added that a geographic area could best be defined by the location of people rather than by political boundaries. The term community did not imply that all members agree on issues (Messer 2010), as most communities consisted of diverse groups of individuals who may have shared interests and concerns but also subscribed to opposing viewpoints.

Ateljevic and Page (2009:83) defined community development in relation to tourism as community participation in tourism development using a bottom-up approach. Secondly, the local community had to be an appropriate context for the development of sustainable tourism. Community participation and sustainability lead to LED, which had to be community driven. Some scholars noted that, in developed countries, government-driven community participation in tourism was motivated by the need to create jobs, reduce debt and stimulate economic and regional development in line with the agenda of international organisations such as the United Nations and the World Bank (Ateljevic and Page 2009:84). This approach implied that the community was a commodity that needed to be sold to tourists and hence had no control over decision-making.

While the terms community building and community development were often used interchangeably (Freeman 2011: 17), there was a clear distinction between the two, with community building represented the initial stage in which capacity needed to be built. In contrast, community development acknowledged existing capacities and the focus was on strengthening what was already in place rather than starting something new (Freeman 2011). It thus referred to a more holistic, collaborative approach that encouraged ownership. Freeman (2011) identified four characteristics of capacity building training theory, namely, that it was multi-level, relational and involved participatory learning, and that appreciative inquiry facilitated the capacity building process (Stavros 2004:30). This theory could be applied by CTOs to develop tourism SMMEs' ability to participate meaningfully in the tourism industry and thus contribute to the alleviation of poverty, unemployment and inequality of opportunities.

- **Participatory Theory**

True participation required empowerment for engagement (Gaymer, Stadel, Ban, Carcamo, Lerna and Lieberknecht 2014:128). Education and capacity building were thus required for local community members to participate in planning, implementing, and managing tourism SMMEs. Local government should play its part by assisting such SMMEs to access financial resources, and by providing training in financial and strategic management, as well as marketing, and social media. Municipalities should also ensure that tourism SMMEs were aware of local and national regulations pertaining to their sector.

In addition to mentoring tourism SMMEs, local government, CTOs and established businesses should implement a rigorous monitoring and evaluation programme to ensure that they succeeded in a challenging economic environment. This should be an on-going programme.

Okazaki's (2008:512) study on the Palawan community in the Philippines highlighted the challenges of community participation. The study (Okazaki 2008) found that CBT was not located in the broader community, but with leadership, which defeated the objectives of interactive participation (Sibiya 2010:21; NDP 2011:438).

- **Alternative training theory**

Yazici, Koseoglu and Okumus (2016:996) examined the factors that drove the growth of independent hotel firms on the island of Cyprus. The study identified 16 important growth factors, including active risk taking; education; family history; networks of contacts; other business interests; investment by family and friends; key employee partners; a focus on customers; autonomy; innovativeness; a proactive mind-set; a competitive spirit; location; desire to succeed; the age of the founders; and state support. These factors were categorised into strategic and tactical factors. Yazici, Koseoglu and Okumus (2014:1015) recommend that alternative training programme to be crafted to empower tourism SMMEs. Such training could promote innovation and competitiveness, including the meaning of competition, how to gain a competitive advantage, how to be innovative, and how to manage the innovation process. This would help entrepreneurs and managers to become more aware of the factors required for growth. The notion that tourism had no

barriers, meant that generating countries rarely placed limitations on their citizens' right to travel overseas, on where they visited and how much they spent (Tefler and Sharpley 2008:19). A greater say in decision making and planning would enable local people to shape the path of development and receive a fair share of the benefits of sustainable tourism development (Kim, Uysal and Sirgy 2013:527; Birdir 2013: 279-283; Lee and Ramdeen 2013:236-237; Mayaka, Croy, and Mayson 2012: 397). Strategy and policies were also regarded as critical factors in poverty alleviation in local communities through tourism development (Nunkoo and Lee 2013:120-132).

In conclusion, while the theories discussed here had shortcomings, they all aimed to alleviate poverty and unemployment among disadvantaged communities on the periphery of thriving urban economies. Their importance lied in the fact that they emphasised pro-poor and pro-growth development of communities, with multiple stakeholders playing an enabling role.

### **3.18 Community-Based Organizations**

Community-based organisations in the business sector were organised groupings of businesses that took advantage of gaps in the market to promote alleviation of poverty, unemployment and inequality of opportunities, and developed communities. Township tourism products mainly consisted of lifestyle offerings, such as Max's Umlazi lifestyle eatery in Durban, which achieved international status. This tourism SMME was selected to host delegates attending the WEF conference at Durban's International Convention Conference in May 2017 (Hans 2017:16). Other township tourism SMMEs of similar offerings include Mzoli's Place in Gugulethu township in Cape Town, Sakhumzi's Restaurant in popular Vilakazi Street in Orlando East opposite Mandela and Archbishop Tutu's houses in Soweto; Wandie's Soweto Restaurant and many other offerings that are popular among local, domestic and international tourists (Mangcu 2012:26,54).

- **Community Tourism Organizations**

The NDP noted the need for disadvantaged communities to participate in the tourism industry. The role of CTOs was to develop tourism SMMEs to enable them to participate

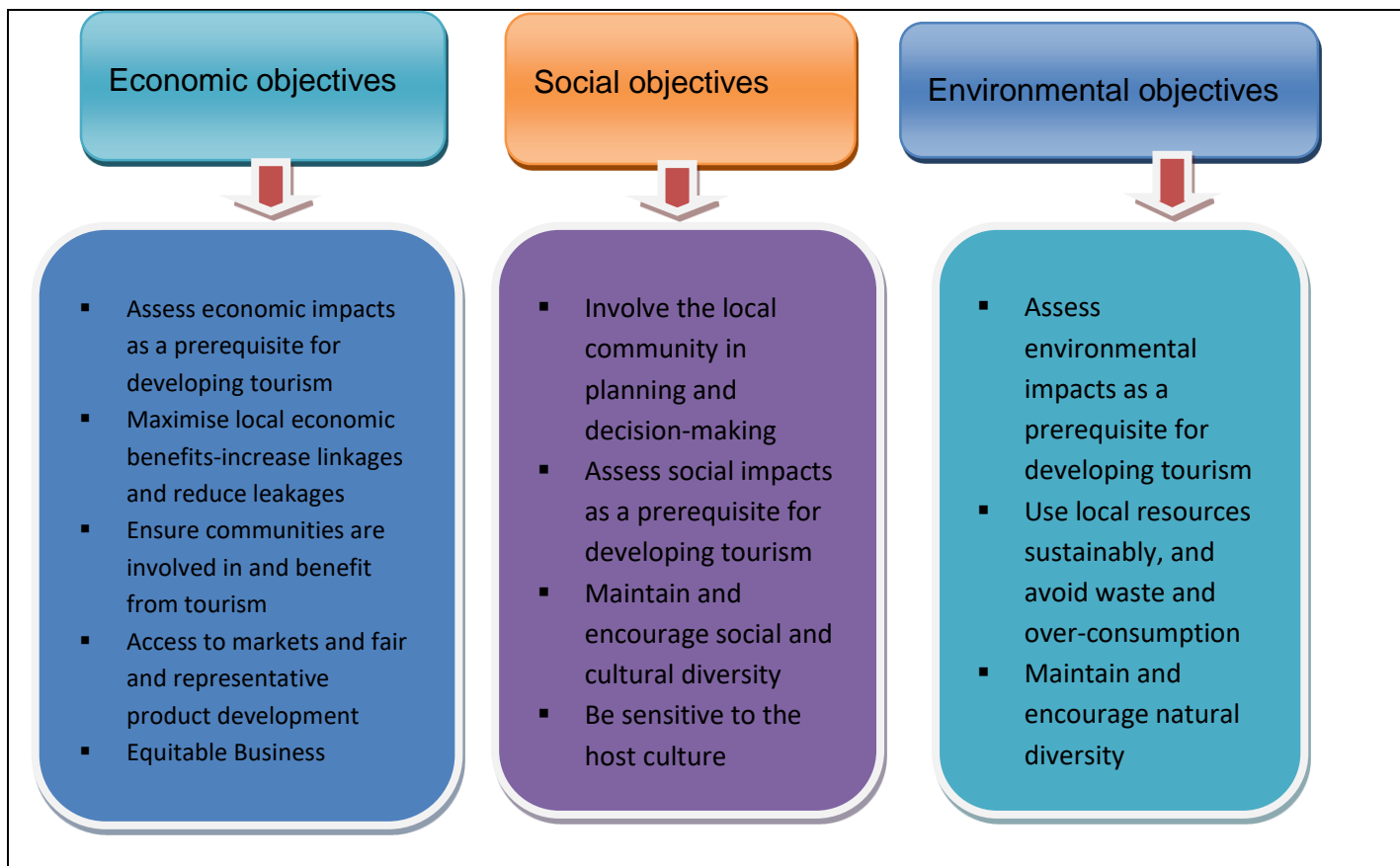
in this sector and thus contribute to the alleviation of poverty and unemployment in their communities. Briefly, CTOs represent the interests of corporate, community tourism stakeholders, and service providers.

However, as agents of CBT, CTOs faced an uphill battle as they lacked skills and knowledge of the tourism industry because it remained untransformed (Naidoo 2015:7). It was dominated by established white businesses that were reluctant to share best practice. These role-players could contribute to transformation through their procurement policies and by adopting enterprise development and staff development programmes.

Naidoo noted that, while ownership was a key indicator of the success of the government's transformation efforts, the tourism industry's benefits extended across the value chain (tour operators; tour guides; travel agencies; travel consultants; tourism researchers; and destination companies). Given the fact that transformation was hampered by larger companies' gate keeping. It was important to form partnerships, align collective efforts, become innovative, facilitate tourism growth and develop tourism SMMEs.

Figure 8 below set out the Responsible Tourism Guidelines. It highlighted the economic, social and environmental conditions that needed to be established to enable communities to benefit from tourism and ensured that the environment was preserved for future generations. The economic objectives included assessing the economic impacts of tourism development and ensuring that local communities were involved and benefitted from tourism. The social objectives aimed to ensure that local communities were involved in planning and decision-making, while the environmental objectives highlighted the need to assess tourism's impact on the environment and to avoid over-consumption and wasteful tourism practices.

**Figure 9: Responsible Tourism Guidelines**



Source: DEAT (2002)

- **Small Medium and Micro - Enterprises**

Entrepreneurship research had been one of the most dynamic areas within the cluster of socio-economic and management sciences in the past 20-25 years (Chipurenko 2015:44). The reason was global recognition of the role played by entrepreneurship in diversification of economies. Entrepreneurship was regarded as a tool to address poverty and unemployment, especially in the value added labour intensive tourism industry. Entrepreneurship theories were developed by scholars in various disciplines and were based on psychological, economic, behavioural, management, sociological and cultural perspectives. This study focused on the economic entrepreneurship theory, management entrepreneurship theory and cultural entrepreneurship theory. Case studies of township tourism in Kenya and Umlazi were presented, which focused on local government and LED best practices. The behavioural perspective had already been discussed under the normative theory, stakeholder theory and human relations theory.

- **Economic entrepreneurship theory**

The literature defined an entrepreneur as an individual that sought to balance supply and demand in the economy and was thus exposed to risk or uncertainty (Bula 2012:82). Cantillon was the first economist to acknowledge the entrepreneur as a key economic player. He saw the entrepreneur as responsible for all exchange and circulation in the economy.

As opposed to wage labour and landowners who both received a certain or fixed income/rent, the entrepreneur earned an uncertain profit. This suggested that there was a link between entrepreneurship and economic development in terms of real income. From this perspective, economic growth occurred when economic conditions were favourable, and economic incentives were the main motivation for entrepreneurial activities. Such incentives included: taxation policy; industrial policy; sources of finance; raw materials; infrastructure availability; investment; marketing opportunities; and access to information and technology (Naude 2013:5).

This economic entrepreneurship theory was a neo-classical theory that did not regard the entrepreneur as separate from the production line. The Marshallian model indicated the non-existence of excess profits and did not distinguish entrepreneurship from the routine production process. Marschall (1949) sought to explain equilibrium conditions in the market under the assumption of perfect knowledge and information, perfect competition (the existence of many firms), the existence of homogenous goods, and free entry and exit (Bula 2012:83).

- **Entrepreneurship innovation theory**

Alfred Marshall (1964), cited in Bula (2012:82) defined an entrepreneur as an innovative individual who continuously sought opportunities to minimise costs. This was in addition to the risk bearing and management aspects emphasised by Cantillon and Say. The entrepreneur took responsibility for and made judgmental decisions that affected the location, form, and the use of goods, resources or institutions (Hebert and Link 1989:213; Wennekens and Thurik 1999). McClelland (1961) identified two characteristics of

entrepreneurs. They did things in new and better ways, and they made decisions amidst uncertain conditions. Marshall (1964) added that people who were high achievers were more likely to become entrepreneurs, because they were not driven by monetary or external incentives. They considered profit to be a measure of success and competency. In order to succeed, they required affiliation with other successful entrepreneurs, and the power to influence as well as dominate others.

McClelland's assertion that innovation and thinking on one's feet made for a successful entrepreneur (Chipurenko 2015:47) was shared by many entrepreneurs, including Bill Gates of Microsoft who exercised leadership in drawing on his employees' capabilities to grow his company. Gates acknowledged that most people had one brilliant idea in their entire lifetime. They needed to act on in order to become successful entrepreneurs and added that solutions existed to most problems. They simply had to be identified (Dear love 2002:45,46). He and his partner Paul Allen, who both dropped out of studying Law at Harvard University, made billions of dollars by doing things differently in new and better ways. They were able to make sound business decisions despite the uncertainty surrounding the American economic system. Richard Branson attributed his leadership abilities to being a skilled negotiator and to his informal, non-conformist attitude in the business environment that prevailed in post-war Britain. He exploited a gap in the market to become the wealthiest billionaire in Britain (Chepurenko 2015:47; Dear love 2002:40, 41). Thus, both Gates and Branson used intellectual capital as an empowerment tool to achieve phenomenal growth (Dear love 2002:45).

### **Management entrepreneurship theory**

Bula (2012:81) noted that, Schumpeter defined entrepreneurship from an economic perspective, which focussed on the perception of new economic opportunities and the subsequent introduction of new ideas in the market. Entrepreneurs identified opportunities, assembled the required resources, implemented a practical action plan, and harvested the reward in a timely, flexible way. This management perspective regarded entrepreneurship as a style of management that involved pursuing opportunities without regard to the resources currently controlled. Kirzner (1973), cited in Naude (2013:6) described an entrepreneur as someone who facilitated adjustment to change by

identifying opportunities for profitable arbitrage and disequilibrium situations in the market. This view resonated among scholars who emphasised the opportunity-grabbing-for-profit nature of entrepreneurship (Shane and Ventakaram 2000). It was particularly prevalent in developing countries where market disequilibria were common.

Behavioural definitions also stressed the risk-taking dimension of entrepreneurship. Kanbur (1979:773) described an entrepreneur as the person who managed the production function by paying workers' wages (which were more certain than profits) and shouldered the risks and uncertainties of production. Such definitions were very relevant in developing country contexts that were characterised by high levels of risk and uncertainty. The predominance of small firms in such countries were cited as a symptom of economic uncertainty, where the probability of success was small (Wiggins 1995).

According to Naude (2013:5), while entrepreneurship played a crucial role in economic development, favourable conditions were required to nurture entrepreneurs. These included access to opportunities and finance; capacity building; a supportive regulatory environment; marketing, mentoring, linkages with established businesses, and trade liberalisation (Chingwaru 2014:185). Innovation, creativity and foresight were also crucial as they resulted in the introduction of new products, and new production methods that opened up opportunities in untapped markets (Bula 2012:810; Chipurenko 2015:48). This was a bottom-up approach to entrepreneurship, as entrepreneurs conceived of and developed their own ideas in their chosen industry. However, Maxwell (2008:49) argued that talent alone was not adequate for entrepreneurial success as leadership skills, management and soft skills such as listening, motivating, and strategic planning were required to make it in a highly technical, competitive environment. Jack Welch (2006:46) posed the question of whether leaders were born or made (Munroe 2008:9, 10). While there could be no doubt that entrepreneurs had inherent talents, capacity building was required to compete effectively in the globalised, technically advanced business sector as some skills were learnt. Welch highlighted the need for businesses to invest in employees, and manage their businesses as if it were a corner store (Crainer 2002: 21,139). CTOs developmental mandate in terms of tourism SMMEs included the following: financial skills, careful consideration of risks, clear communication, cash flow management, monitoring and evaluation of systems, human, and material resources (Crainer 2002:3).

According to Mintzberg in Crainer (2002:21), the entrepreneur was a designer and initiator of change who had the ability to handle non-routine events; an allocator of resources who decided who got what and who would do what; and a negotiator who negotiated for success at all costs. In short, a successful entrepreneur had potential and talent, and was willing to learn and took calculated risks. Munroe (2005:21) described potential as dominant ability, reserved power, untapped strength, unused success, hidden talents or capped capability, which entrepreneurs had to possess to be trainable to achieve their potential.

### **Cultural entrepreneurship theory**

Gries and Naudé (2011: 217) define entrepreneurship as the resources, processes and state of being through and in which individuals' utilised positive opportunities in the market to create and grow new firms. This definition combined behavioural and occupational perspectives of entrepreneurship. Shane and Venkataraman (2000) defined an 'opportunity' as a situation where goods sold at a profit. From a development perspective, this was inadequate, because it implies that utility from entrepreneurship only depends on monetary gain. Opportunities could include situations where people could create new firms that enabled them to achieve the kind of lives they desired. While scholars initially regarded entrepreneurship as restricted to innovation and business creation, this replaced by a broader view that described it as a social phenomenon that reflected the broader institutional characteristics of a society.

For example, Schultz (1975) argued that entrepreneurship was a product of culture. He posited that the supply of entrepreneurship governed by culture factors, and cultural groups were the spark plugs of entrepreneurial and economic development. In many countries, entrepreneurs emerged from a particular socio-economic class (Chirupenko 2015:48). In the Kenyan and Umlazi case studies, there was potential for entrepreneurial development, but harnessed with local government support. A lack of capacity building and skills development, as well as limited understanding of tourism's impacts was recognised as barriers to effective tourism development in developing countries (Moscardo 2008:31).

This assertion was considered true with regard to South African townships, including Umlazi, the second largest township in the southern hemisphere which was the main focus of this study. There was a paucity of research on the barriers to community capacity building and skills development for tourism development in townships (Chilli 2016:880). The sector thus remained a missed opportunity for the poorest of the poor in townships who excluded from the mainstream economy.

Lack of external investment in tourism in townships was also a major barrier to the tourism industry (Aref 2010:23). CTOs development of tourism SMMEs was vital in order to empower local people in the townships to take advantage of the opportunities provided by tourism development (Laverack and Thangphet 2007:46). Balint (2006:12) identified limited community support, inefficient resource mobilisation, the lack of capable leadership, and lack of funding and commitment from all spheres of government as the most common barriers to township tourism.

Chilli (2016:830) noted that there were only two popular tourism attractions in Umlazi Township, namely Kwa-Max's lifestyle restaurant and Eyadini Lounge that were situated within 3 000 metres of each other. Thus, most of the area's residents were not benefiting from tourism. Chilli (2016) added that government was not doing enough to build capacity and support skills development in Umlazi. Furthermore, there was a lack of government support and long-term planning for tourism development in the townships (Chilli 2016:832). This suggested that, while the South African government adopted many progressive policies, they remained on paper and were not implemented by its officials. According to Ebberson (2004), the lack of leadership, competent public servants, government initiatives, public support, and funding and investment in resources were the major barriers to skills development and community capacity building.

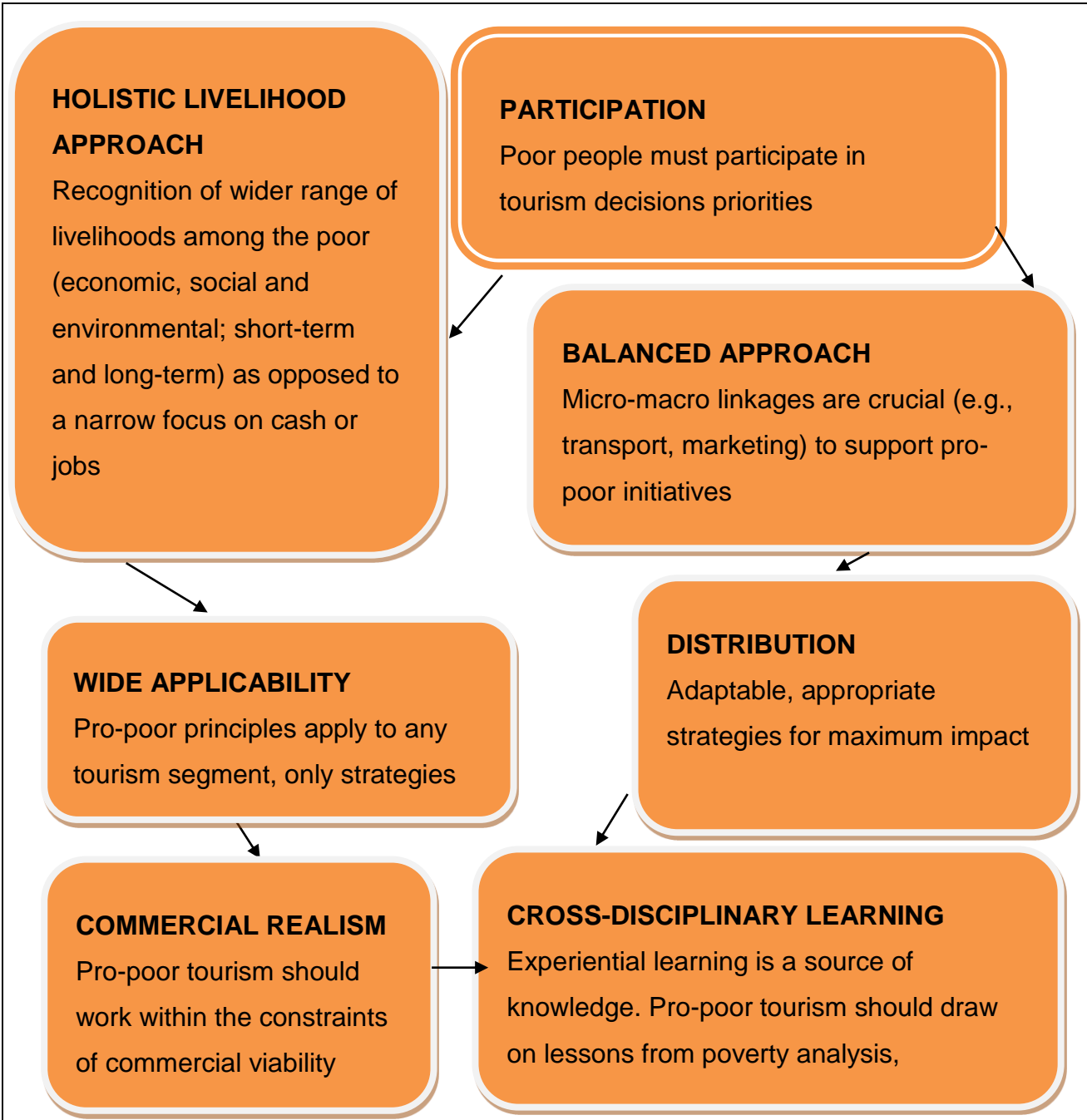
Given women's key role in development and the fact that they continued to face widespread discrimination, the development of female entrepreneurs attracted researchers' attention in recent years. The evidence suggests that a number of factors explained observed differences in entrepreneurial behaviour between women and men. These included the fact that women entrepreneurs' businesses tended to be smaller and provided less employment than those owned by men. Women's businesses also tended

to be less profitable than those of men were and generated lower sales turnover, even in same industries (Minniti and Naudé 2010:47).

These differences reflected disadvantages and discrimination in education and the labour market. It argued that labour market discrimination against women had led to self-selection of the most highly talented women into labour markets. The development of township tourism within Umlazi Township was a useful case study that exemplified many of the key challenges and opportunities involved in using tourism as an instrument for development, especially in terms of skills and community capacity building.

Bula (2012:90) applied theories of entrepreneurship in Kenya to answer the questions: (i) how does a market system work. (ii) What is the relationship between entrepreneurship and profit? Marshallian theory, which assumed the existence of perfect information and perfect competition, failed to answer both questions accurately because Kenya's economy was not in a state of static equilibrium, but kept changing. The Marshallian model indicated the non-existence of excess profits and did not distinguish entrepreneurship from routine production process. Bula (2012) noted that Kenya had embraced a capitalist market system that focused on profit maximisation and thus highlighted the need for individual innovation. Schumpeter's theory thus fitted well into the country's economic context. The author recommended that the Kenyan government should provide an enabling environment to entrepreneurs with a view to inculcating an entrepreneurial culture. Among other things, this achieved by reviewing the education curriculum, offering subsidies to entrepreneurs, establishing pro-business policies and adopting borrowing mechanisms that enable women and the youth to access credit more easily.

**Figure 10: General Principles of Pro-Poor Tourism**



Source: Chok, Macbeth and Warren (2013:4)

The model proposed short, medium and long-term strategies to enable the poor to participate in tourism decisions in order to improve their livelihoods. Such plans should be flexible, adaptable and appropriate to communities' needs. Cross-disciplinary plans and strategies are required that suit all community members that were involved in the tourism industry.

### **3.19 Senge's Learning Organizational Model**

Figure 11 below set out the general principles of the pro-poor tourism model. It highlighted local communities' participation in tourism development and supported the creation of an all-inclusive economy that promoted poverty alleviation in such communities. The balanced approach referred to the need for established tourism businesses to form partnerships with township tour operators, tour guides, lifestyle lodges, restaurants, bed and breakfast establishments and other tourism-related industries. Skills capacitation would enable township tourism SMMEs to contribute to the local conomy and alleviate poverty by creating jobs as they expand.

There were various views on learning organisations' contribution to capacity building among companies and non-profit organisations. This study applied Peter Senge's Learning Organisation Model to examine CTOs' development of tourism SMMEs in eThekwini Municipality. It was selected because its five elements of a learning organisation (systems thinking, personal mastery, mental models, team learning and shared vision). It encapsulated the innovation required among CTOs to enable them to be more effective in developing tourism SMMEs' skills. This could be acheived in terms of planning, business and strategic management, financial management, and knowledge of business tax and legislation in order to run their businesses sustainably. This, while contributing to local socio-economic advancement. Tourism became one of the world's most important sources of SMME development. It stimulated significant investment in infrastructure, improved local people's living conditions and provided governments with healthy tax revenue (Moscardo 2008:2; Booyens and Visser 2010:381; Joseph 2013:2; Marschall 2012:731; Jugmohan and Stein 2015:1067; Saayman and Giampiccoli 2015:45; Biwott, Egesar and Ngeywo 2017:47; Ngwenya and Mashau 2019:1596; UNDP 2013:99).

The barriers to socio-economic emancipation of township tourism businesses included historical, political and economic issues. Given their years of neglect as dormitory settlements, the economic development of townships could be a policy priority (Rogerson 2019: Abstract; McLaren and Heath 2012:100; Sithole 2016:10; Pivot 2014:64; Maloka 2013:58; Aref, Redzuan and Gill 2010:172; Hilary 2013:2; NDP: Vision 2030:2012:138).

### **Systems Thinking**

The Learning Organisation Model examined a business from a holistic perspective rather than focusing on its constituent parts. From a CBT point of view, CTO members were seen as a unit rather than as individual members. Each member, for example, doing their own training, as working in silos would defeat the goal of working as a team to develop tourism SMMEs and promote community development (Senge 2006:6; Hirudayaraj and Sparkman 2018:115). An assessment of CTOs' success in developing tourism SMMEs' potential was used as systems thinking approach. This would examine their ability to understand the dynamics entailed in participating in the tourism industry. An important strategy for achieving the objective understood the relationships between the interrelated parts (Senge 1999, 2006:7; Imbaya, Nthiga and Lenaiyasa 2019:12).

### **Personal Mastery**

This was a high order skill, which was achieved over a long period through on-going commitment to learning. It involved a set of values that needed values inculcated in oneself and the members of one's team, community, business or group. A personal vision developed by means of focussed energy and objectively effectively applied to CTOs. CBT agency tasked with developing tourism SMMEs to build confidence in themselves in order to grow their businesses. This enhanced their networking abilities and linkages with established businesses, and overcome barriers to participating in the tourism industry and their ability to promote economic development in their township communities.

## Mental models

These were formations in the minds of CTOs, tourism SMMEs and broader community members, of real and perceived realities. The mind needed to be trained to adapt to changing business, economic, political, environmental, social and legislative environments. This element of the model was relevant to CTOs' task that addressed internal and external environmental factors that prevented tourism SMMEs from breaking the back of poverty in their communities (Senge 1990, 2006:8).

## Building a Shared Vision

Its goals, vision and mission that permeated throughout the organisation and owned by every member (Imbaya, Nthiga and Lenaiyasa 2019:12; Senge 1990, 2006:9) underscored a successful CBT venture. The importance of a Learning Organisation Model was the impact the systems thinking model had in developing the whole CBT community, rather than individuals within the CTO or CBT, to develop tourism SMMEs. Systems thinking helped to build a shared vision, mental models, team learning and personal mastery to realise their potential to achieve maximum value from the tourism industry value chain (Senge 1990, 2006:12; Hirudayaraj and Sparkman 2018:115).

Figure11: The learning organisation model

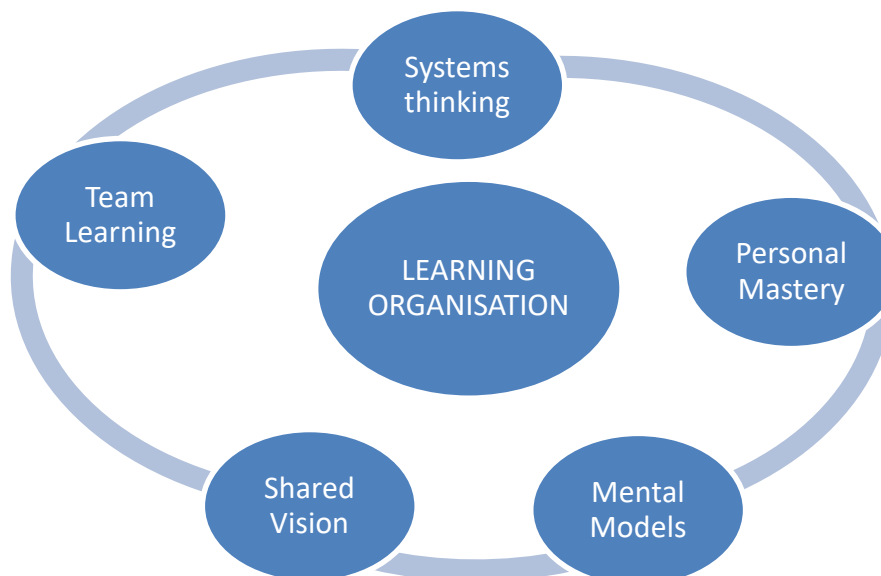
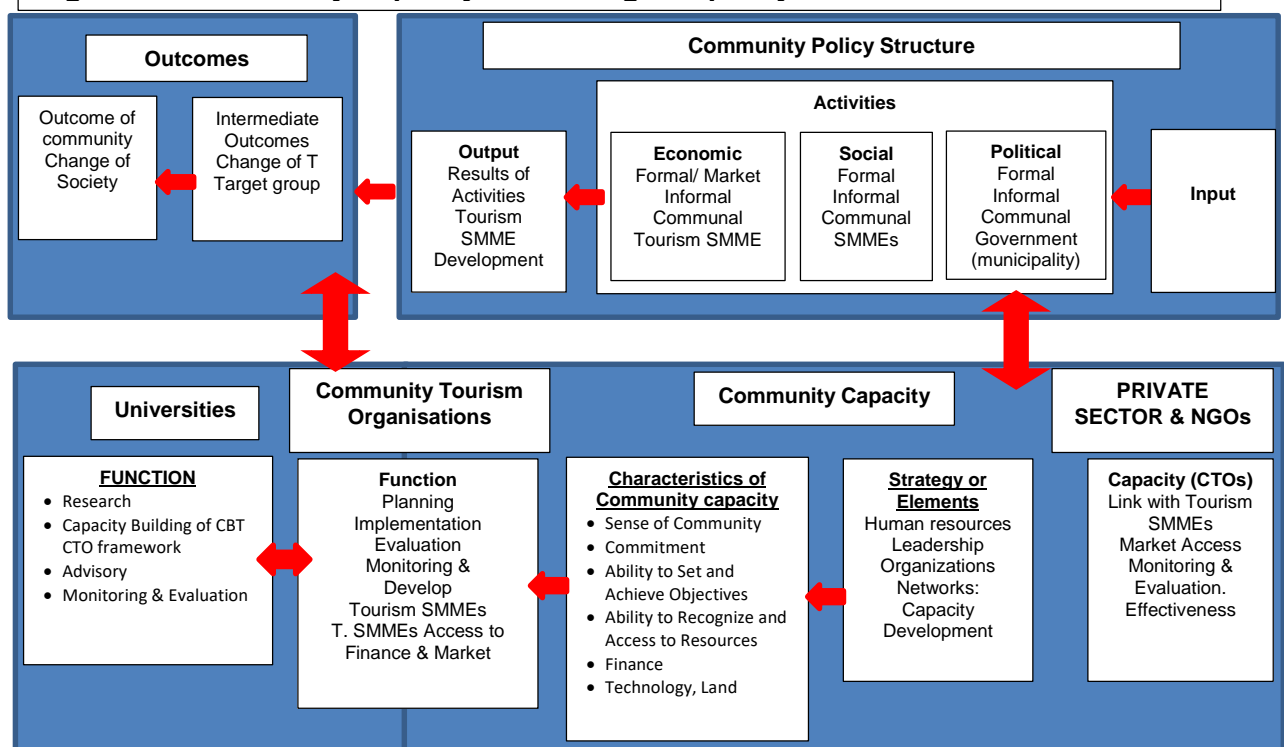


Table 6: Senge's Learning Organizational Model

Conceptualisation of the learning organisation model dimensions	
Learning organisation model dimensions	Conceptualisation
Systems thinking	Interactions among community members CTOs' interactions with external networks Understanding and reactions to issues confronting tourism SMMEs
Personal mastery	Available avenues to share rewards and learning New knowledge and skills Avenues to improve individual and communal capabilities
Mental models	Observed behaviour and practices arising from individual and communal world views Ability/willingness to learn new skills and develop new orientations
Shared vision	Shared vision  Common sense of identity Shared values
Team learning	Flow of information among CBT stakeholders Feedback mechanisms Coordination among the constituencies

Source: Imbaya et al. (2019:13); adapted from Senge (1990, 2006); Senge et al. (1994); Stevens and Lodl (1999)

Figure 12: Community Capacity monitoring and policy structure model



### **3.20 Community capacity Participatory Monitoring and Evaluation Model**

#### ***Discussion of the Model:***

The model's characteristics of community capacity above have been adapted from Chaskin (2001), Friedman (1992) and Miyoshi and Stenning (2008) who looked at it in terms of community capacity stakeholder commitment as stakeholders in rural communities, with abilities to set objectives and striving to realize them with using the resources available to them, within the socio-political environment (Miyoshi and Stenning 2008:40). However, this model was remodelled for the CBT environment by adding the following aspects (Universities box, Community Tourism Organisations box, Private sector box, Government, Municipality and Tourism SMME development) of capacity pa, which is holistic participatory monitoring and evaluation that befit the community tourism organisations impact in developing the tourism SMMEs in community's participation in monitoring and evaluation from a community's perspective and not from a business results based monitoring and evaluation which this model will presents.

### **3.21 Monitoring and evaluation at community Level**

Monitoring and evaluation at community level must include the political, social, physical, economic factors within the community and outside the community such as government/municipality in terms of resources. This involves making use if connections with established tourism businesses and universities' skills availability, advisory positions to make capacity monitoring and evaluation (University Functions box). The approaches box in the diagram describes both fundamentals of a holistic assessment of CBT tourism SMMEs governance and administration. In applying monitoring and evaluation the model take all the variables that affect tourism SMMEs achieving effective governance and administration of their businesses taking in cognisance the holistic picture of political, economic, social, legislative and environmental factors created by apartheid history of the Pestle in the sentence above. Friedman (1992) cited in Miyoshi and Stenning (2008:42) argues that, mainstream doctrine on international development tends to reduce the definition of development to a purely economic reflection in their monitoring and evaluation as opposed to community capacity holistic evaluation using pestle as discussed above. This appraising practise consequences instead of community-based impact monitoring and evaluation utilising non-statistics measurement of social,

economic, political and legislative environmental factors which are factored in. The end outcomes in the community signify the ultimate change owing to the monitoring and evaluation process. Outputs are the results of monitoring and evaluation activities.

Inputs includes resources for a monitoring and evaluation policy structure (funds, local human resources, external universities, private sector, non-governmental organisations and government). When community-based organisations utilise a holistic community participatory monitoring and evaluation to plan, implement the strategies , it can lead to the growth of tourism SMMEs, competent CTOs and CBT members of communities and boost in local community economic development and sustainable community tourism destination outcomes.

- **Women SMMEs**

Women entrepreneurs faced barriers to entry in the SMME sector because they lacked business knowledge and access to finance as well as markets. The Oxford Dictionary (2012) defined gender as the condition of being male or female. Phommaovong and Sorensson (2014:350) noted that the gender division of labour was socially constructed. The theory created perceptions of inequality between males and females purely in biological terms. Women in patriarchal societies were generally excluded from designing, planning, promoting or developing tourism activities. Rogerson (2007), Phommaovong and Sorensson (2014:351), and Kuratko and Welsch (1994:331-334) noted that women were socialised from a young age to fulfil the roles of wives and mothers rather than participating in the economy as entrepreneurs. They were thus not taught business management. They joined the ranks of the unemployed in poverty-stricken townships. Case studies from developed countries like the US and Sweden show that women entrepreneurs could achieve good results.

### 3.22 Conclusion

This chapter examined theories on capacity building and critiques of these theories. It presented the theoretical framework employed for the study and the rationale for its selection.

The following chapter presents case studies from developed and developing countries to identify best practices in tourism.

## **4 CHAPTER FOUR: LITERATURE REVIEW: TOURISM PRACTICES**

### **4.1 Introduction**

This chapter presents global, regional, and local community-based tourism stakeholder case studies on tourism SMME development and tourism growth. The case studies were grouped into two categories – namely, developed and developing countries. The chapter further discusses community participatory capacity development and participatory community-based tourism stakeholder case studies in developed and developing countries. A conceptual theoretical framework, and a CBT capacity development monitoring and evaluation model is also presented.

#### **Objective 2: Evaluated the capacity development functions of CTOs**

The development of tourism SMMEs in South Africa cannot be discussed without discussing economic transformation. The democratic government that came to power in 1994 aimed to broaden economic opportunities for all South Africans, particularly those that were historically marginalised (Giampiccoli, Saayman and Jugmohan 2014:149; Unger 2010: 24; Sithole 2016:10; Rogerson 2013:12; National Development Plan 2011:138; Vision 2030). In this regard, the mandate of CTOs is to develop tourism SMMEs' capacity to participate effectively in the tourism sector and, thus, shared in the benefits accruing to this sector.

Increasing women and young entrepreneurs' ownership share would promote Local Economic Development and thus, economic transformation in previously marginalised local communities. Capacity development includes education, the inclusion of tourism SMMEs in the tourism value chain, policy, and monitoring and evaluation to provide relevant support and skills development for established and start-up tourism businesses – especially those that are in their infancy. This would enable them to contribute to poverty alleviation, job creation, and wealth generation. The main criticism of current entrepreneurship capacity development initiatives is that they do not always address current business realities. Research has shown that most SMMEs do not survive for more than five years (Phiri 2019:7; GEM 2018; Raj and Toro 2013:4; Ille, Eke and Allen-Ille 2012:13; Chetty 2014:13; Rogerson 2012:12; Reddy and Wallis 2010:12; Nwafor 2016:44; Nunkoo and Gursoy 2012:5; Jugmohan and Steyn 2015:1067; Saayman and

Giampiccoli 2015:145; Biwott, Egesar and Ngeyo 2017:47). Various factors have contributed to this scenario, that include a lack of training, not being conversant with legislative prescripts, inadequate control systems, and a lack of monitoring and evaluation systems, as well as vision, planning, and knowledge of the tourism industry among CBOs, municipal tourism practitioners, CTOs and NGOs (United Nations Development Planning 2013:99; Lekhanya 2010:174; Muthanda 2013:99; Phommaovong and Sorenson 2014:350; Mtapuri and Giampiccoli 2013:5; International Labour Organization 2011:3; Govender 2011:246; Meyer 2013:1).

## **4.2 Definition**

Cohen (as cited in Lusthause Adriene and Perstinger 1999:3) defines capacity building as any structure or process, which includes among its exertion or process and its major objectives reinforcing the competence of chosen chief executive officers, chief administration officers, department and agency heads and programme executives in general resolve government to plan, implement, manage or evaluate policies, strategies or programmes intended to impact on social circumstances in the communities. Cinda (as cited in Lusthause Adriene and Perstinger 1999:3) defines capacity building as a procedure by which persons, groups and people improve their abilities to recognise and meet development challenges in a sustainable manner. These definitions allude to the strengthening of community capacity development from different viewpoints, which include pursuing and offering potential advantages and prospects in community-based tourism through the development and maintainance of township tourism destinations.

These CBT advantages and opportunities include cultural and heritage tourism in the townships. In the past few years, heritage consumers had begun to realise that exclusive items were not true all-inclusive depictions of past societies, but only a part of it. Modern cultural tourists are launch to request more accurate, authentic and balanced representations of the past, including historically marginalised past historic sites, buildings that embody the everyday life of the common folk, folklores, cemeteries, landscapes, schools, agricultural tourism sites, farming hamlets, cuisine, and food ways. They clamour for many other cultural and heritage signs of what life was like for most of the residents in the past. This is the new focus of much heritage tourism (Timothy 2011:352), and is the potential and opportunities advantage of township cultural and heritage tourism of the apartheid creation that is sought after by international tourists visiting these destinations,

because of its unique stature in the world's tourism landscape. Township conception underpins the notion of peripheries (locations that are far from the hustle and bustle of city tourism), which the apartheid architects regard as the most economically disadvantaged parts of towns and cities,' tourism destination routes of sea, sun and sand, as well as good road infrastructure and amenities (Brown and Hall 2000). Need to capitalise on international tourists need for authentic tourism products and services of their destinations. Factors that hinder townships from seizing these advantages includes the community's lack of education, training, access to capital and markets, entrepreneurial edge, which allays against business formations, limited organisational structures, lack of planning, direction, less numerical data, product and service quality, tourism infrastructure, environmental threats to the destination's pristine physical, cultural, heritage and socio-economic assets utilisation (Brown and Hall 2000:11, McCool and Moisey 2001:5). This type of tourism development offers a path to complete economic development and an increase for local entrepreneurs (Ateljevic and Page 2009:1). These researchers also acknowledge that policies seem to seek to grow tourism SMMEs and micro-business by reassuring local entrepreneurship, but only a few serious studies were conducted, which drew from the experiences in this area, as well as in other historical and modern .

Township communities in the past capacity development of tourism SMMEs tended to focus on sales and marketing and paid less attention to financial planning, business management, talent and innovation, strategy formulation and implementation, as well as risk management. Monitoring and evaluation processes were also generally not in place. While entrepreneurship was regarded as a catalyst for effective socio-economic empowerment in local townships and rural communities across South Africa, a GEM (2018) survey revealed that only 15% of the country's entrepreneurship start-ups were successful.

Following the presentation of the case studies in developing and developed countries, a three-point scale (low, medium, and/or high) was used to measure the factors responsible for the successful development of CBT. Most of the case studies were from developed countries, as few studies had been conducted in developing economies. Indeed, CBE and tourism SMMEs were still relatively new phenomena in South Africa, with the first CTOs

established in 2010. The eThekweni Central CTO in this regard, was established in July 2012.

#### **4.3 Developed countries' policies**

Meng, Siriwardana and Pham (2013) investigated the economic impact of inbound tourism and the effectiveness of the tourism policy in the city of Cornwall, England. The study found that Cornwall was the world's fourth most visited city, and this has ensured that the city reaps significant socio-economic benefits at community level (Euromonitor 2007). Equally, Waligo, Clarke and Hawkins (2013) noted that a multi-stakeholder management framework played a significant role in sustainable tourism development in Cornwall, southwestern England. Coast (2012) also investigated sustainable objectives within multi-stakeholder management in a tourist destination that grew to become a national body of social enterprises that collaborated under one roof and spread to 15 countries worldwide. Although the study was conducted in the United Kingdom (UK), the findings can be generalised to cities such eThekweni, as multi-stakeholder involvement and sustainable tourism are global strategies to manage the environmental impact of tourism.

#### **4.4 Satisfying tourist needs: British and German case studies**

Alegre, Cladera and Sard (2013:35) explored how locational characteristics (such as the distance of hotels from resorts) affected the choices of German and British tourists. The hedonic pricing model was employed for estimation in this regard. The model stipulates that goods are valued according to the utility of their attributes. Thus, for the tourism industry to flourish, an existing underlying resource utility is required, which is a core product. The mass sun and sand tourism industry used beaches to attract tourists – as such, resorts were developed around these core products. It was, thus, useful to analyse what effect a hotel's distance from a core product has on prices, as well as the impact of other resort-related locational attributes; if tourists were willing to pay a premium for certain locational characteristics.

Thus, the findings of the study by Alegre, Cladera and Sard (2013) revealed that:

- The distance to the beach variable had an impact on holiday package prices for both German and British tourists.
- A higher price was charged for a beachfront location.
- Distance from the beach had a minimal effect on prices.
- It was found out that the distance from the resort to the city center affected prices according to the preferences of the German and British tourists.
- German holiday package prices were higher if the hotel was in the Centre of the tourist resort.
- British holiday packages increased as the distance to the city center grew, as they preferred hotels in a more tranquil environment.

Based on the findings of the study, the authors recommended that tourism policies regarding mass sun and sand destinations should promote the refurbishment of beachfront hotels and the demolition of those that are in areas that tourists regard as inferior. Furthermore:

- In big resorts or resorts along the coastline, more than one tourist center was created, which ensured good access and links to all of them.
- In countries or regions where tourism accounted for a significant part of the Gross Domestic Product (GDP), the findings of this type of study informed regarding the location of new airports.
- Hotels and tour operators had to design policies that would take advantage of the positive effects of certain package holiday characteristics.

#### **4.5 United Kingdom Case study**

Calver and Page (2013) conducted a study in the UK to assess the quality of tourism services. The study found that quality and customer satisfaction had positive economic spinoffs for local communities and contributed to poverty alleviation and redressing inequalities. The scholars recommended that heritage site managers maximise tourists' enjoyment of the destination. In the same way, Schroeder, Pennington-Gray and Kapnalidou (2013) explored destination risk perceptions of United States residents regarding the hosting of the Olympic Games in London in 2012. Mega events such as these pose potential risks hence there is a need to put in place proactive communication

strategies to address any negative perceptions that can impact travel intentions. The study found that the level of destination risk perception among US residents regarding London as the hosting city was generally low.

#### **4.6 Sweden: tourism's economic impact on local communities**

Anderson and Lundberg's (2013) conducted a study to examine an SMME initiative in the form of a green eco-festival in Gothenburg, Sweden. The city received a green eco certificate from the Nordic Events and Festivals Board of Governance for Nordic Countries for sustainable use of the tourism environment. Furthermore, community SMMEs in the Gothenburg Municipality benefitted from the event. The two scholars, thus, recommended that a cost-benefit analysis be undertaken to measure the impact of festivals and events. In this regard, companies that did business could show how they aimed to avoid harmful greenhouse effects.

Ahl and Nelson (2015:273) investigated policies on women entrepreneurship in America and Sweden over a 13-year period (1989-2012). Although these countries are advanced democracies, the study found that women entrepreneurs suffered discrimination and had limited access to resources. Thus, women in these countries are positioned as inadequate. The findings of this study speak to the context of South Africa during the apartheid era, where women were confronted with challenges of exclusion – which they continue to contend with even in the post-apartheid period – as despite the adoption of policies such as the Broad Based Black Economic Empowerment Act.

To this end, Ahl and Nelson (2015:278) argue that barriers for women entrepreneurs are created when entrepreneurship is economically driven, rather than community driven. In Sweden, government supported the development of entrepreneurs to enable them to meet the standards of the sectors they are operating d in (Ahly and Nelson 2015:282).

#### **4.7 America: Community tourism's impact on the quality of life**

Kim, Uysal and Sirgy (2013) evaluated the impact of on residents' life satisfaction in the bustling city of Virginia in America. The main aim of the study was to test a theoretical

model that linked residents' perceptions of tourism's impacts (economically, socially, culturally, and environmentally) with their satisfaction with particular life domains (material well-being, community well-being, emotional well-being, and health and safety well-being) and overall life satisfaction. Given its proximity to Washington DC, the United States of America's administrative capital, Virginia had become a popular tourist destination.

The findings of the study revealed that there was a positive relationship between tourism's economic impact and residents' sense of material well-being. Tourism was perceived to improve the standard of living of local residents, help create jobs and increase local businesses' revenue. Kim, Uysal and Sirgy (2013), thus recommended that tourism planners need to develop, not only a short-term perspective of tourism benefits, but also a long-term perspective of residents' quality of life and sustainable tourism. It was important that residents appreciate that the positive economic impact of tourism development would improve their emotional well-being from the beginning of the tourism life cycle, and that they fully recognise it in the growth stage and continue to perceive its positive impact, even when it has declined.

The findings of the study can be generalised to similar port cities such as Durban, which was also a popular tourism, sport, events, and conferences city. It used to attract many tourists all year round because of its tropical climate, different cultures and friendly people – and a host of appealing tourist attractions.

Telfer and Shapley (2010:43) attest to the importance of community involvement in sustainable tourism development that benefits residents. They emphasised that local communities were encouraged to participate in the planning, development, and control of tourism with support from government and the tourism industry. Particular efforts were made to involve indigenous peoples, women, and minority groups in tourism activities to ensure the equitable distribution of tourism's benefits. Historical links between Australasia and European countries promoted socio-economic development among their local communities. Similar benefits could accrue to Durban.

#### **4.8 Australia: Perceptions of tourism SMME development**

In their study, Weaver and Lawton (2013) explored residents' perceptions of a contentious tourism event on the Queensland Gold Coast in Australia. The annual seven-day Australian High School leavers' event was hosted at various destinations. The study found that on the whole, residents showed tolerance towards this event, despite its contentious nature – due in part to balanced cost-benefit assessments at community level that balanced non-cost/non-benefit assessments at individual level. The two scholars note that more balanced mass and social media coverage, featuring the first-hand experiences of supporters, could provide a way of fostering more positive attitudes. The scholars also recommended a platform for further engagements with residents that would extend beyond the conventional usage of the social exchange and social representation theories.

#### **4.9 Nepal**

Humla in north-west Tibet was a popular destination for tourists from Europe (approximately 79%), Germany (approximately 27%), and America (approximately 11%). This augured well for tourism SMME development and local community socio-economic development. Tourism had enabled the development of village committees, NGOs, and women-run trekking tour operators. The Dutch development agency SNV provided training for SMMEs, with a focus on developing CTOs. This case study provides a good example of the way in which local economic linkages could be developed for the wellbeing of the local community. A study conducted by the World Tourism Organisation (2012) highlighted the challenges faced by the poor in the tourism market and demonstrated the potential to develop local economic linkages as a poverty alleviation strategy. Two cultural groups (the Bhotisa Buddhists of the Lama caste, and the Hindu caste of the Bahun, Shahi Thakuri, Damai Sunaar and Sarki) benefitted from tourism in the area.

#### **4.10 Singapore**

Singapore adopted its Tourism 2015 policy in 2005 as a bold strategy to attract more tourists and boost LED through sharpening SMMEs' financial management, marketing and electronic marketing skills. The aim of this initiative was to serve incoming tourists, Thus, this initiative created jobs and supplemented incomes. The government of Singapore funded the training of SMMEs owners and CBOs, as well as infrastructure and events, and product development. The study found that this was money well spent as

SMMEs' increased participation in the tourism industry led to reduced poverty and unemployment levels.

#### **4.11 Thailand: Impact of community-based tourism**

In Thailand Nitikasetsoontorn (2015) explored the impact of CBT on SMME development, which had become a popular destination for tourists from around the world. The main aim of the study was to evaluate local community members' participation in crafting a tourism policy that was a bottom-top approach, rather than the usual top-bottom one. The study analysed the determinants of successful CBT in Sam Chuk and Klong Suan Markets. The scholar found that community participation had a positive impact on the social, economic, and environmental wellbeing of local communities. The study concluded that CBT is a viable alternative to mass tourism. The scholar thus recommended that the government play a greater role in developing tourism infrastructure such as roads, signs, and tourist information centres, which were necessary to stimulate entrepreneurial activities, and advertise the community's tourist attractions nationwide and overseas.

#### **4.12 Taiwan: Community support for sustainable tourism development**

Tsung Hung Lee (2013) examined community support for sustainable tourism development in the Cigu wetland CBT project in south-west Taiwan. The study employed the latent variables of community attachment, community involvement, perceived benefits, perceived costs, and support for sustainable tourism development, as well as demographic data on residents of the Cigu wetland. In Taiwan, CBT was national policy. The study revealed that community involvement is a critical factor for the sustainable development of CBT – because it enables communities to enhance the positive effects of tourism and reduce the negative ones. Based on the notion that citizen participation is accompanied by power redistribution, Anstein's (1969) three levels of evolutionary steps (non-participation, degrees of tokenism, and degrees of citizen power) was used to assess the level of community involvement and participation in CBT (Okazaki 2008; Selin and Chavez 1995). Thus, engaging the local community in management and decision-making could convince citizens of the need to integrate tourism into the local economy, as it provides benefits to them.

The scholar thus recommended that local governments provide opportunities for host residents to participate in tourism-related activities and invest in the development of CBT. Moreover, residents should be involved in planning and managing sustainable tourism development within their communities (Pajo, Coetzer and Guenole 2010:281). Community-based tourism initiatives should also prioritise employing residents – this would make host communities supportive of sustainable tourism development.

**4.13 The community benefits of cruise ship tourism in Turkey**

Birdir, Unal, Birdir and Williams (2013) analysed cruise ship tourism in Mersin, Turkey, where SMMEs generated revenue for residents and worked with authorities to minimise pollution of the ocean. Ports such as Durban in eThekweni could gain insights from such cases, especially in terms of coastal management and legislative compliance to prevent pollution. The scholars argue that local communities This could best be achieved by neither a bottom-up, nor top-down approach, but a synthesis of the two, as advocated by Goggin (1990) and Krutwayshe and Bramwell (2010).

Table 4 below presents a summary of the case studies on tourism SMME growth and development in developed and developing countries as discussed above and below this table. As noted previously, the scale of growth and development was ranked as low, medium, or high.

Table 7: Case Studies on Tourism SMME Growth and Development

Developed Countries			Growth & Development Low – Medium – High		Developing Countries	
Country	SMME Growth	SMME Development	Country	SMME Growth	SMME Development	
America	H	H	SouthAfrica	L	L	
Australia	H	H	Gambia	M	M	

Britain	H	H	Namibia	M	M	
Germany	H	H	Nepal	H	H	
Singapore	H	H	Taiwan	H	H	
Sweden	H	H	Thailand	H	H	
			Turkey	H	H	

Source: Author (2020)

#### 4.14 Africa

##### 4.14.1 Gambia

Ashley and Goodwin (2007) assessed the challenges confronting LED in Gambia. The disconnect they discovered between entrepreneurship and business development suggested that this could be addressed by intensifying support for small business development at local level. Local economic development, which used entrepreneurship to drive business development, was considered an essential tool for inclusive growth. Moreover, shared prosperity will ensure sustainability of the tourism industry (Rogerson 2012:64).

##### 4.14.2 Namibia

Lepeyre (2010:75) examined decision-making structures in CTOs and government and NGOs in Namibia. In this regard, De Beer and De Beer (2011) affirmed that to empower tourism SMMEs, these organisations required sound understanding of the business environment within which they operated. However, tourism SMMEs continued to experience challenges of accessing finance, training, marketing, and product and service development.

##### 4.14.3 South Africa

This section presents four cases of tourist attractions in South Africa – namely Parys in Free State province, the Wild Coast in the Eastern Cape, Queen’s Tours in Gauteng, and Durban in KwaZulu-Natal. In South Africa the promotion of tourism SMMEs, as well as

women entrepreneurs in South Africa was lag behind other countries because of the legacy of apartheid.

Community-based tourism theorists argue that a function-structure model is a top-down approach to development. The dominance of this industry by a small group in the accommodation and transport sub-sectors emanates from this theoretical framework (DTI as cited in Rogerson 2007:628). While government intervention was required to promote pro-poor tourism, local government policies relegated it to the periphery of the mainstream tourism industry. Furthermore, little attention had been paid to market linkages (Ashley and Goodwin 2007:80). Finally, the impact of tourism development on poverty levels had not been properly measured. In this regard, Rogerson notes that on-going monitoring is essential to enhance local economic growth.

#### **4.15.1 Parys Free State**

In Parys in the northern Free State province Meyer (2014:624) did a case study on LED approached and identified a lack of planning and implementation of the pro-poor tourism strategies. However, the scholar concluded that there was potential to enhance the development of local SMMEs female owners in Parys (Booyens and Visser 2010).

#### **4.15.2 Eastern Cape: Wild Coast**

Rogerson (2005:19) investigated the challenges that confronted start-up tourism enterprises in the Wild Coast. The study found that SMMEs continued to face challenges in accessing finance and marketing their products and services. This has resulted in missed opportunities and limited benefits.

#### **4.15.3 Queen's Tours: Gauteng**

Two women SMMEs in Gauteng's white-dominated tourism sector operated Queen's Tours. Queens's Tours decided to use males to operate this business because international tourists preferred cultural tours to Soweto and Sun City. The findings of the study showed that the SMMEs lacked capacity to serve tourists, and that they struggled

to compete with established businesses. The author thus, note that partnerships between established tourism companies and tourism SMMEs were vital.

#### **4.15.4 KwaZulu-Natal**

KwaZulu-Natal was second only to Gauteng in terms of its percentage contribution to South Africa's GDP. Its tourism receipts made up a significant portion (Quantec Research 2016:6). The province was the third most visited, after Gauteng and the Western Cape, which placed it in a good position to develop tourism SMMEs through CTOs. The province is endowed with a variety of tourist attractions – including cultural attractions, heritage, weather, friendly people, events, townships, lifestyle tourism, sports tourism, health tourism facilities, educational tourism institutions, mountains, Ismangaliso World Heritage Park and the Moses Mabhida Stadium. In 2014, KZN recorded 763 939 foreign tourists.

##### **4.15.4.1 Durban**

Durban enjoys high volumes of tourist inflows. The city hosted major international conferences, events, and meetings, as well as the tourism Indaba and exhibitions, which attract international, regional, domestic, and local tourists to the city. Good transport networks exist (e.g. King Shaka International Airport, rail and road transport and cruise ships). In 2015 King Shaka International Airport handled more than 4.7 million tourists (Quantec Research 2016:6).

South Africa's Tourism Growth Strategy notes that the cruise ships industry has the potential to grow tourism. Durban and Richards Bay in KZN are popular ports of entry for cruise ships – especially since 9/11 and the conflict in Iraq, which saw many cruise companies redirecting their vessels from the Suez Canal to travel around Southern Africa. Approximately 85% of cruise passengers were “destination sampling”, with a view to returning as “landside” tourists for a longer duration. While some efforts had been made to support tourism SMMEs, much remained to be done, especially in terms of the cruise industry. Community-based tourism was a relatively new concept that aimed to empower formerly marginalised communities to reap community-wide benefits from the tourism industry (Imbaya, Nthiga, Sitati and Lenaiyasa 2019:12). Given CTOs' failure to adequately develop tourism SMMEs, Senge's learning organisation model could be

harnessed to extend the benefits of tourism to communities, and thus, alleviate poverty, unemployment, and inequality of opportunities (Giampiccoli, Saayman and Jugmohan 2014:1149; Khoase and Ndayizigamiye 2018:58; Dodds, Ali and Galaski 2018:1548; Senge 2006:7).

#### **4.16 Conceptual Framework**

Chapter 2 has elaborated on the definitions of Community Capacity Building - what community builders are, who they serve, and the benefit derived from capacity building for the development of the entire CBT sector of the tourism community as an alternative to mass-based tourism – which does not empower communities in ownership, management and control of tourism taking place in their destinations. CBT is a pro-poor tourism strategy that directly benefits the formerly disenfranchised communities through the CTOs development of tourism SMMEs. The conceptual model below will now be discussed, using (Lavarack 2005:267) definition – as this definition is relevant for the CBT argument of the conceptual framework above. Community capacity includes the assets and attributes that members of the community draw on to improve their lives. It is the ability to define, evaluate, analyse and act on issues that concern the community (Lavarack, 2005:267). The conceptual model developed in this study and the literature reviewed outlines the main issues that the study addressed – which were linked to the research aims and objectives, that dealt with CTO promotion of tourism activities (destination attractions, cultural attractions, social attractions, accommodation units, restaurants, bars and cafés, including township traditional fast food lifestyle, transportation, township culture and heritage activities, African-made crafts and beads for sangomas/traditional doctors, as well as other cultural wares. The model and the literature reviewed also highlighted capacity development deficiencies in developing tourism SMMEs including: management (cash flow, finance, risk, employees, customers, inventory etc.), marketing (Technology, Face-to-face versus media, brochures, internet, Facebook, Instagram etc.). The study also dealt with the following: Product Quality development, Mentoring and coaching, Legal Business compliance laws, policies and regulations (registration documents, tax issues and other business-related issues. Monitoring and Evaluation of Business success, strengths, weaknesses, and remedial actions.

#### **4.16.1 United Nations World Tourism Organization: Community Poverty Alleviation through Tourism Development**

The conceptual framework of this study was based on the following five of the seventeen United Nations World Tourism's (2018:20-21) Sustainable Development Goals in relation to community poverty in emerging economies, poverty alleviation through participation in the tourism industry, whose study's aims and objectives are aligned to, and is illustrated and discussed below.

#### **4.16.2 Figure 13: Discussion of CTOs Development of Tourism SMMEs: A Conceptual Model.**

South Africa became part of the global tourism investment destinations to contribute to marginalised community socio-economic empowerment purposes after the democratic dispensation of 1994. This CBT pro-poor socio-economic strategy has become a missed opportunity to reduce poverty, unemployment and inequality of opportunity in the tourism industry due to non-implementation of the transformative laws and policies meant to uplift formerly disenfranchised township communities to participate in the tourism industry (Mofokeng, Giampiccoli and Ugmohan 2018:1, Strydom, Mangope and Henama 2017: Abstract). To this day still South Africa struggles with problems associated to its unfair past, such as poverty, inequality and stark unemployment, especially among the youth. To date South Africa remains one of the most unequal societies in the world. The tool to change the township socio-economic position is community-based tourism for its pro-poor empowerment strategy aimed at uplifting township and rural communities from the triple challenges of poverty, unemployment and inequality of opportunities.

Community-based tourism (CBT) is a transformational tool of pro-poor tourism ownership consisting of the following elements: social justice, empowerment, equity of benefits, redistributive measures, ownership of tourism sector that take environmental, social and cultural sustainability into account and holistic community development. (Giampiccoli and Saayman 2018 Abstract, Strydom, Mangope and Henama 2017: Abstract, Ahmeti 2013:1). CBT refers to any tourism business or activity that is located within a community. It may either be privately owned or managed or operated with the involvement of the local community members. It should be able to create community linkages and adhere to responsible tourism practices (Spenceley, Rylance, Nanabhay, and van der Watt, 2016:4).

Literature surveyed is in agreement that tourism is an important catalyst for economic development and transformation, particularly in the context of emerging economies. Community-based tourism (CBT) was endorsed as a way of development for the socio-cultural, environmental and economic needs of local township communities through marketing their destination's tourism product offerings (Strydom, Mangope and Henama 2019 Abstract). Mukwanda and Sekhele (2017:471) surveyed the challenges challenging community-based geo-tourism as a tool for Local Economic Development in a poor rural community based tourism destination in the Free State province of South Africa. Their findings revealed two important aspects regards CBT development which includes: geo-tourism as beneficial to local communities, but dearth of existing literature leading to positive tourism spinoff to local township community.

Also linked to this fact, is lack of understating how this form of tourism can yield significant benefits to urban and rural communities, amidst the pursuit for sustainable Urban and rural LED in economically depressed areas, such as cities and former homelands. However, there is a dearth of literature on the role that community-based geo-tourism can play in LED, although the Department of Tourism in South Africa has since acknowledged the potential of heritage tourism as a tool for generating widespread tourism industry economic benefits, including the boosting of employment, foreign exchange, earnings, poverty alleviation, reducing unemployment and inequality of opportunities (Department of Tourism of South Africa, 2011).

The gap identified above for CBT empowerment is community capacity building model figure 13 that can ameliorate all the above challenges for community local economic development through participation of capacitated individual tourism SMMEs, their businesses (Organisational capacity) and the broader communities, through community capacity. This capacity building being conducted by a multi-stakeholder engagement consisting of Government as an enabler and policy maker, private sector as tourism businesses who benefited in the apartheid dispensation and universities with their proximity to communities, expertise and skills development practitioners. Secondly, community tourism-based ownership, control and management is highly dependent on community capacity building for sustainable tourism.

This is particularly discernible in the formerly marginalised groups in the township tourism local economic development across three strata, identified in figure 13 as individual capacity building, organisational capacity building CTOs,CBOs,NGOs,Private Sector, Tertiary Institutions, Tourism SMMEs),Community Capacity Building, and lastly Universities, for expertise,skills development down the CBT value4 chain from individual capacity, organisational capacity inclusive of CTOs and Tourism Organisations to the broader community members of the CBT in the tourism destination (Ahmeti 2013:1,Mofokeng, Giampiccoli and Jugmohan 2018:Abstract,Moscardo 2008:10, Miyoshi and Stenning 2008:39).

#### **4.16.3 Contribution of the model to the body of knowledge: This Tourism SMME development model envisages to Building CBT Capacity to grow Tourism SMMEs.**

Building CBT capacity to grow the tourism SMME of formerly marginalised groups to help reduce poverty, unemployment and inequality of opportunities to participate in the tourism and added cruise ship tourism operating from the Durban harbour.

Building economic equity between Black former disenfranchised Tourism SMMEs and their white former advantaged established Tourism business through, capacity building programmes and SMME-private business partnerships.

Boosting the township community-based tourism socio-economic landscape through: community-based tourism initiatives, ownership, management and control of CBT assets (Cultural and Heritage resources within the CBT destination through capacity building programmes, university expertise, strategy and skills development at individual level, organisational capacity level (Tourism SMMEs) and at community level. The model covers community capacity building at individual, organisational (in this study's case Tourism Entrepreneurship level), and at community capacity building level.

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#### **4.16.4 PURPOSE: CONCEPTUAL AND CONTEXTUAL FRAMEWORK**

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In South Africa, Black tourism SMMEs are currently not performing to their maximum potential and need an enabling environment to grow. This could be attributed to high start-up and operational costs, difficulties in accessing markets, lack of skills and managerial expertise, and a regulatory environment that often favours established businesses (Rogerson 2013a:134, 2014:206, Joseph 2013:2, Booyens and Visser 2010:381, Lepeyre 2014:15, Giampiccoli and Mtapuri 2012:29)

#### **4.16.5 Defining community capacity building: Chaskin's definitional Framework**

As a preliminary point, Chaskin (2001:295) proposed the following definition: Community capacity is the interface of human capital, organizational capitals, and community capital predominant within a specified community that could be a device to solve shared difficulties and recover or preserve the welfare of an expected community. It may function through casual social practices or organized strength. This explanation can be operationalized by means of a interpersonal model made of several possibilities. Three dimensions' worry community capacity. Its *important features*, the *stages of social agency*

in which ability was entrenched. The fourth stages focused on the plans that endorsed community capacity. The fifth designated context *acclimatised effects* that backed or hindered capacity or challenges to build it. The sixth concerned specific *community-stage outcomes* that may be required by community initiatives or engendered by communities performing their capacity to certain ends. The framework proposed that community capacities demonstrated by a set of basic features and works through the agency of individuals, organizations, and systems to execute particular functions. It also recommended both micro-level and macro-level contextual impacts, community capacity may be constructed through planned involvement again functioning by means of individuals, organizations, and networks to accomplish particular purposes, and that, when prosperous, such developments may lead to both improved community capacity and other, more focused community results, (Chaskin 2001:295)

#### **4.16.5.1 DIMENSION 1: FUNDAMENTAL CHARACTERISTICS OF COMMUNITY**

Chaskin's (2001:296), tactical emphasis of community building energies, and the inferences of the works on public functioning and societal investment, the definitional structure recommends four essential features of communal ability: (1) an ability of community, (2) a level of pledge among community members, (3) the ability to solve problems, and (4) access to assets. All the four elements proposed by Chaskin (2001:296) find meaning and operational use by community capacity building figure 13 adapted and modified from Ahmeti (2013:4) as community capacity levels of individual capacity, organisational capacity and community capacity. There is general agreement amongst these authors on the importance of community capacity building from the three levels in Chaskin, Moscardo (2008) and Ahmeti (2013). There is therefore that the community capacity building of tourism's SMMEs could positively impact on marginalised township community's reduction of poverty, unemployment and inequality of opportunities in participation in the tourism industry as CCB is a pro-poor liberalising strategy.

#### **4.16.5.2 Individual Capacity Building**

In a community-based tourism entrepreneurship, a community member, or an individual with relationships to a community could form and run a tourism project that is based on community resources, whether they are natural and cultural. CCB is partially centred on social investment, which Woodhouse (2002,2006) in Moscardo (2008:10) describe as the assets an individual can find and use, centred upon relationships between people in a community, and the stages of trust, and community bonds. CCB has a vital contribution in community development and prosperity Ahmeti 2013:1). CCB contributes to sustainable tourism industry and overall community development. Tourism and community capacity building are linked. They evolve and are prosper communities simultaneously through CCB, because CCB programmes help communities to increase their capabilities. These capabilities contribute in tourism decision-making processes, rather than seeing

communities being seen as spectators in their tourism destinations as tourists start to tour their destinations. However tourism SMMEs such as: tour guides and tour operators, tourism consultancies, lifestyle restaurants and event companies in the township communities should take over management, control and ownership of tourism activities taking place in their destinations. CCB inspire community participation in tourism development, as communities gain trade tools that empower them to effectively participate in tourism.

The following elements of community capacity building require attention:

- Knowledge and the ability to define and suggest solutions for problems.
- The ability to critically evaluate proposed projects and activities:
- Local leadership and entrepreneurship:
- Specific technical skills and management in target areas:
- Networks and community cohesiveness:
- Equitable partnerships with external organisations:
- Resources and infrastructure, and
- Motivation and confidence (Goodman et.al.,1998Hounslow 2002,Simson et.al. 2003, Lavarak,2005,Slater et.al. 2005,Balint 2006, Woodhouse 2006, in Moscardo 2008:10).Hedges and Schneider (2005:3), in Ahmeti (2013:4) observed that, as organisations consist of individuals, every success depends on how the individuals have accepted the level of their awareness, pertaining to the importance of the capacity building, and how their goals are aligned with those of the community. These are considered most critical. Capacity levels. Since it impacts the individual capabilities and skill potential needed to achieve the desired changes and outcomes. Individual skills needed for individual development in the first layer in figure 13 below include: participatory levels, miscellaneous individual skills(e.gLeadership skills, problem-solving skills, negotiation skills, financial literacy skills, business management skills, digital marketing skills, branding skills, networking skills, and risk-mitigating skills, knowledge, building of individual values, empowerment of individuals, increased engagement with community development, and adapting to change (VicHealth 2006,in Ahmeti 2013:5, Giampiccoli and Mtapuri 2017:2).

#### **4.16.5.3 Organizational capacity Building**

The *organizational* stage looks particularly on organizations shaped mainly for the determination of generating goods and services. These comprise community-based organizations (CBOs), community tourism organisations(CTOs) including service providers, local businesses (Tourism SMMEs), and development organizations, including banks, schools, universities, private sector and other establishments. Community capacity at this level could be mirrored in the capability of such organizations to discharge their roles swiftly, effectively, and competently as part of the bigger scheme of actors and

procedures to which they are linked, within and outside the community (Chaskin 2001:298.Ahmeti 2013:4).

CTOs development of tourism smmes is limited by the lack of awareness and overall familiarity around tourism by the local population and CTOs as community agency does not live up to their mandate because if the same lack of knowledge of the operation of the industry. These are the significant features that add to the failure of the SMME tourism development project within the affected communities. Ahmeti's (2013:4) conceptual tourism SMMEs model was adapted by this study. The model responds quite succinctly to the study's objectives of CTOs development of tourism SMMEs illustrated in this study. Ahmeti (2013:4) model addressed the concept of community capacity building elements which are individual capacity building organisational capacity building (Tourism Entrepreneurship for this study), and Community capacity building for broader tourism industry benefits, and as a tool that dealt with the triple challenges of poverty, unemployment and inequality of opportunity in the participation in the tourism industry. Community Capacity building empowers communities to actively participate in planning, development, and implementing tourism at community level and, Inadequate community participation posed a concern of dominance of tourism benefits from outside the destination and benefits accrued from tourism development were often enjoyed outside the community.

The part of communities in tourism in South Africa is intensely highlighted in a sequence of national policies and instruments that were recognised over the past twenty-seven years. For instance, the 1996 White Paper on the Development and Promotion of Tourism Development in South Africa advocated that communities were anticipated to play a dynamic role in tourism development. The ground-breaking policy entitled communities to identify potential tourism resources and attractions, for their use as a foundation for discovering tourism development opportunities, and partnership opportunities with the private sector. This could be achieved through, encouraging and promoting responsible tourism and sustainable development (the National Responsible Tourism Development Guidelines for South Africa, (2002), in Spenceley, Rylance, Nanabhay, and van der Watt,2016:9). The challenge was lack of understanding of the tourism industry by the CTOs. (Spenceley, Rylance, Nanabhay, and van der Watt, (2016:10), the National Department of Tourism South Africa and the International Labour Organisation developed capacity building guide for CTOs to help generate an understanding of community-based tourism and offers elementary guidance to help start and run commercially feasible community-based tourism SMME ventures in South Africa, in both urban and rural areas. The guide also offers examples of good practice; highpoints the trials to community-based tourism and delivers links to additional comprehensive resources. It could go a long way in the CTO skills' gap identified in this study, in their mandate of developing tourism SMMEs

#### **4.16.6 Tourism Entrepreneurs**

In a community-owned tourism venture (COV), (as seen in figure 13 community capacity building), the community has full ownership, control and responsibility of the venture and the bulk of benefits stay within the community. The venture may be established through volunteerism without wealth investment, funded by private sector, donor agencies or government. Alternatively, it could be accrued community assets or sponsored through socially responsible investment. Tourism entrepreneurship to include: planning, decision-making, co-ordination mechanisms, networks and equitable partnerships with established tourism businesses (Moscardo 2008:11, Rogerson 2012:75, Marschall 2012:721, Okazaki 2013:87, McLaren and Heath 2012:93).

This covers investment in which a private sector investor considers social good as important as financial return. It could also be any blend of these sources. Government and non-governmental organisations offer procedural support, training and capacity building. The venture benefits from community resources, such as land, labour and building material, contributed to establish the business (Spenceley, Rylance, Nanabhay, and van der Watt,2016:11). The inequalities in entrepreneurship growth between white and black people were the consequence of the previous economic strategies. Rectifying of the racial economic discrepancies has sustained since the *organizational* level focuses on organizations created largely for the purpose of producing goods and services. They include community-based Organizations (CBOs), including service providers, local businesses, and development organizations, as well as local branches of larger institutions, including banks, schools, and major retail establishments. Community capacity at this level might be reflected in the ability of such organizations to carry out their functions responsively, effectively, and efficiently as part of the larger system of actors and processes to which they are connected, within and beyond the community. Awn of democracy in South Africa. Black Economic Empowerment and its linked programmes occurred as solutions to the absence of vital capitals for the economic growth of black people and entrepreneurship (Empowerdex, 2013: 15, in Mofokeng, Giampiccoli and Jugmohan 2018:1).

#### **4.16.7 Private Sector**

The role of the private sector is funding of CBT through donor agencies (as seen in figure 13 community capacity building), for CTOs development of

tourism SMMEs. This serves as private sector contribution to the community capacity building programmes through socially responsible investment. This is an investment in which a private sector investor reflects corporate social responsibility which is, as imperative as financial return or any combination of these sources (Spenceley, Rylance, Nanabhay, and van der Watt, 2016:11).

#### **Government (Municipal Tourism Practitioners)**

Government and on-governmental organisations provide technical support, training and capacity building.

#### **4.16.8 Legislative Framework**

The democratic South African government adopted legislations and policies to integrate previously disadvantaged population groups through developing tourism SMMEs and introduced community tourism organizations (CTOs). It was against this background that this study was undertaken.

The aim of the study was to investigate the CTOs tourism SMME development initiatives to alleviate poverty, unemployment and inequality of opportunity in the tourism industry (South Africa's historic apartheid ideology of apartheid brought structural poverty to the semi-urban and rural black communities, as they were in the periphery of the mainstream economy and tourism trade that operated in the central business districts and cities with good infrastructure. Sadly, despite the new democratic government's interventions to uplift the quality of life of the poor, through legislation and engagement in tourism activities, very little success has been achieved (Mofokeng, Giampiccoli and Jugmohan 2017:1, Giampiccoli and Saayman 2018:4 Govender and Giampiccoli 2018:1).

An important potential pro-poor contributor industry identified as requiring improvement and renowned as a catalyst for economic growth and transformation was the tourism industry (Department of Environmental Affairs and Tourism (DEAT) 2005: 1, Giampiccoli and Saayman 2017:1). The BEE legislation's intention was realising transformation in the tourism sector. The Tourism BEE Charter launched in 2005 and the Tourism BEE Sector Codes of good practice in 2009. Did not have the effect it was legislated for as of to date, poverty, unemployment and inequality still reigns supreme in the former marginalised black communities in the townships, while, the tourism economy benefits is still controlled by a white minority. They own a large majority of tourism businesses businesses and this history was the same within the tourism industry (DEAT, 2005. 1; Giampiccoli and Mtampuri, 2014: 91; Siyaya, 2017:1).

#### **4.16.9 Tourism, Poverty, Laws, Policies and Regulations**

South Africa's historic apartheid ideology brought structural poverty to the semi-urban and rural black communities. This happened because they were in the periphery of mainstream economy and the tourism trade operated in the central business districts, beachfront and cities with good infrastructure. Sadly, despite the new democratic governments' interventions to uplift the quality of life of the poor, through engagement in tourism activities, very little success has been achieved. Since 1994, South Africa strove to transform the economy. This economic reparation was aimed at correcting the social imbalances and racial separations of the past. This has been a top significance of the government's agenda ever since the conclusion of apartheid (Sanchez, 2011: 1, in Mofokeng, Giampiccoli and Jugmohan 2018:1). South African economic transformation drivers such as Black Economic Empowerment (BEE) drew their justification from injustices imposed on black people throughout the apartheid period, which was an epoch of the exclusionary participation of black people in the economy by the apartheid government. The political marker 'black or previously disadvantaged' formerly denoted the three 'non-White' groups of people (Blacks, Indians and Coloureds), in reaction to their common differentiated status during South Africa's apartheid era (Bladini, 2001: 10, in Mofokeng, Giampiccoli and Jugmohan 2018:1).

#### **4.16.10 Community Capacity Building**

The apartheid administration preserved the economic station of black societies at a level beneath that of white people in South Africa (Dlanga, 2013, in Mofokeng, Giampiccoli and Jugmohan 2018:1). Basically, the apartheid strategy was really black people's disempowerment; which was planned in such a way that black people were predestined to offer the cheap labour, a practice that lead to the deliberate denial of entrepreneurship development (Dlanga,2013, in Mofokeng, Giampiccoli and Jugmohan 2018:1). Community-based tourism need external parties as facilitators of skills development, expertise and strategic management of CBT destination such as: universities, government and private sector to enhance their development (Giampiccoli and Mtapuri 2017:1).CBT is utilized in numerous countries as a technique to stimulate community development with exceptional emphasis on underprivileged communities (RochaRungSat 2008:61).External facilitators perform a significant part in this framework, as it encourages a all-inclusive and justifiable community development when it is a bottom-up method, transforms community members for autonomy and liberation of communities. Tourism SMMEs' owned by the formerly marginalised population and the CTOs that are suppose to develop them in the tourism sector lack the necessary skills to participate effectively in this sector. In a community-based tourism entrepreneurship, a community member, a group of community members or an individual with links to a community may establish and run a tourism venture that is based on community resources, be they natural and cultural. This model in figure 13 below is no different from that of a traditional small business -the venture has no formal commitments in relation to community benefits, though the community may benefit from employment or enterprise linkages.

#### **4.16.11 Institutions of Higher Learning (Universities)**

Kitawi's (2014:1) study evaluated the impact of community capacity development in a university in Kenya. Findings of the study showed that communities were empowered through the education management programmes offered at Strathmore University in Nairobi, Kenya. Some insights into how universities in developing countries could develop communities' capacities through higher education were discerned from this research. These insights are useful for universities impact in CBT expertise, skills and strategic development as indicated by the tourist conceptual model figure 13 which has placed university capacity building at the apex because of its strategic position within the CBT structure. A framework for community capacity development in the field of higher education management was proposed.

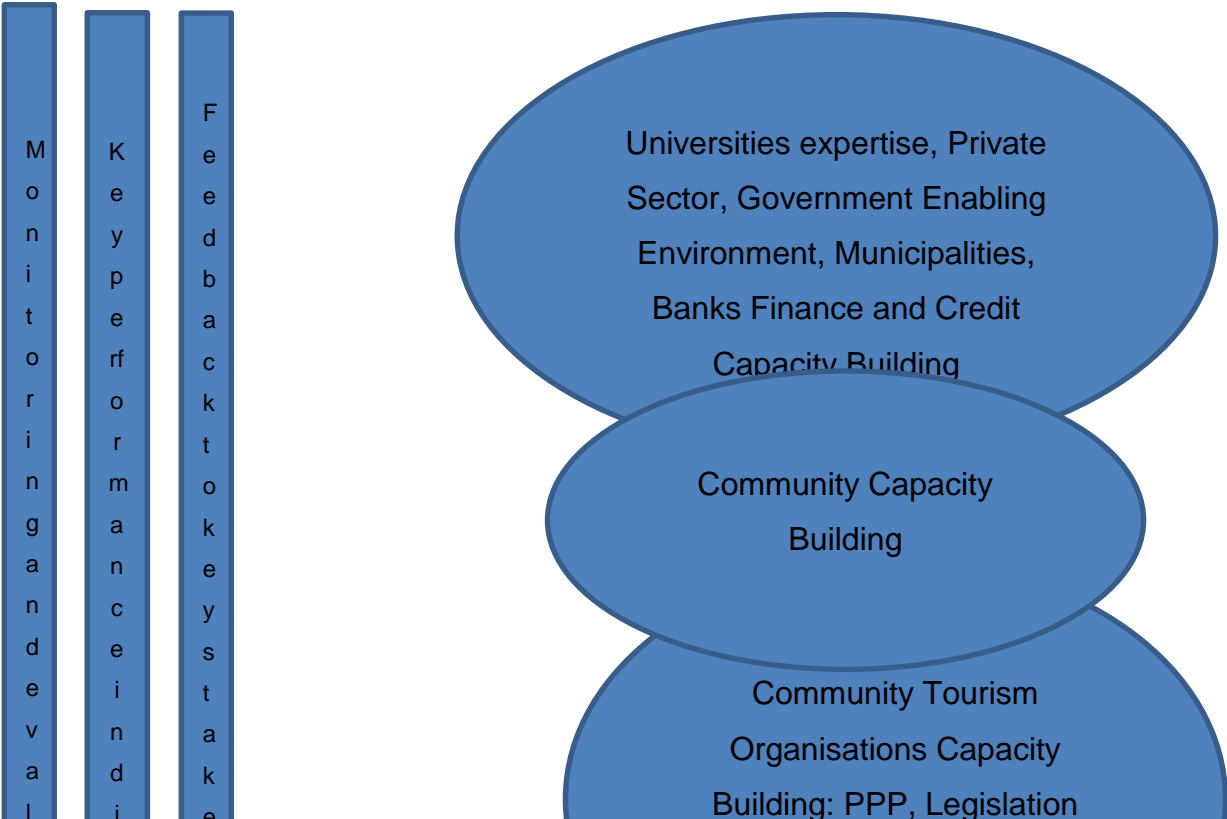
The main categories being central features of community capacity, social CBT agencies, functions of community capacity, enablers, challenges, approaches, and effects. These are the building blocks for CBT empowerment by Universities that could transform communities, working with universities to change the poverty of skills to manage, control and own tourism assets such as: Cultural and heritage tourism products within their tourism destinations, thereby relinquishing the yoke of oppression and marginalisation during the apartheid system that denied them participation in the tourism industry. The University-CBT capacity building relationship is seen by Morgan (2006:7) in Aragon and Macedo (2010:82) as a state or circumstance that is fundamentally an organized marvel, in that, it enthusiastically emerged from a intricate mixture of concrete and immaterial approaches, resources, plans and skills in a particular setting. Govender and Giampiccoli (2018:!) study looked at necessities for monitoring and evaluation of community-based tourism: A university's perception and the likely parts of universities in CBT through their community engagement (CE) activities. The research found that, while CBT was monitored, there was insufficient emphasis on the effects and impacts. A mutual and shared relationship amongst communities and universities was recommended by this study. This was to improve the implementation of a systematic CBT monitoring and evaluation system. Miyoshi and Stenning (2008:49) argue that the resolve of the evaluation should be acknowledged by the community members with foreigner enabler providing leadership and funding to guarantee that the procedure proceeds in a way that will advantage the community.

#### **Findings**

The findings highlighted tourism SMMEs' owned by the previously disadvantaged population sector lack the necessary skills to participate effectively in this sector and more than seventy percent of respondents agreed that tourism SMME capacity development would have a positive impact in alleviating the triple challenges of poverty,

unemployment and inequality through their participation in tourism activities. The study further advocates for multi-stakeholder engagement comprising of government, established private sector tourism businesses, educational institutions and community - based tourism organizations. As the government is demanding greater impactful engagement between the universities and the communities they serve, universities could develop tourism SMME's as part of their corporate social responsibilities. Finally, the CTO's itself need to be more strategic in acquiring funding, creating new business ventures and developing partnerships with the existing agents and actors in the local tourism sector.

ure 13: CTOs Development of Tourism SMMEs: Conceptual Model



Source: Adapted from Ahmet (2013:4).

***SDG 1: Alleviating Poverty in all its forms through CTOs development of tourism SMMEs***

Tourism income contributes to eradicating poverty in emerging economies and developed country's economic base worldwide. It is the driver of creates employment and entrepreneurship growth and development at community level. Tourism development can be linked to poverty-alleviation strategies. Entry into the industry requires basic skills, which means that there are no barriers to entry for women, the youth, and the former marginalised groups.

***SDG 4: Tourism ensures inclusive and equitable quality education and promote lifelong learning***

This SDG is aligned to objective one (CTOs promotion of tourism opportunities to Tourism SMMEs), and particularly, objective two of this study (CTO Capacity Development of Tourism SMMEs). Tourism has the potential to promote inclusiveness. In this regard, a skillful workforce is crucial for tourism to prosper and yield tourism benefits for local township communities. The tourism sector provides opportunities for direct and indirect

jobs for the youth, women, and those with special needs. Community capacity building can happen at different levels – namely the level of individual capacity building to organisational capacity building, community capacity building (Ahmeti 2013:4).

Community-based tourism includes the environmental, social, and cultural sustainability goals, which are managed and owned by the community, with the aim of sharing local experiences and the community's natural and cultural resources with tourists (Biederman, Lai, Iitamaki, Messerli, Nyheim and Plog 2016::112). For many communities, tourism as an economic development tool is often embraced with limited understanding of its complexities and socio-economic outcomes. Communities with business management and marketing skills and emerging tourism offerings, which are provided by local entrepreneurs may retain a high proportion of tourism benefits and revenues to benefit the communities directly.

Tourism contributes to the process of community development approaches, local involvement, building consensus about plans before they are implemented. Tourism also enables the community to reap benefits. The success of community-based tourism requires the establishment of enterprises, joint ventures, co-operatives, and business associations (Biederman et al. 2016:113). The pro-poor tourism movement engages the following strategies to alleviate poverty in local communities: employment of the poor in tourism enterprises, supply of goods and services to tourism enterprises by the poor, direct sales of goods and services to tourists by the poor, and the establishment of tourism enterprises by the poor.

### ***SDG 5: Achieve gender equality and empower all women***

This Sustainable Developmental Goal is aimed particularly at women, as they are the hardest hit by the triple challenges of poverty, unemployment, and inequality of opportunities in the tourism industry. It is through the provision of direct jobs and income-generation from the micro and medium enterprises in tourism and hospitality-related enterprises that their plight can be ameliorated. Thus, tourism can be a tool to ensure that women are fully engaged and are able to lead in every aspect of society.

### ***SDG 10: Reduce inequality within and among countries***

Tourism can be a powerful tool for reducing inequalities if it engages local populations and all key stakeholders in its development (Objective two of this study – CTO development of tourism SMMEs). Further, tourism can contribute to urban renewal by affording people opportunities to prosper in their place of origin (Objectives three) – CTOs promoting tourism SMMEs to tourism opportunities, and Objective Two (Capacity development of tourism SMMEs by CTOs).

These include: monitoring and evaluation of the progress of SMMEs, technology, marketing compliance with legislation, tax and VAT policies, cruise ship opportunity training, management, governance and administration of their businesses to be competitive in the tourism industry. Tourism is also an effective means of economic integration and diversification of the local community's economy. SDG 8: Promote sustained, inclusive, and sustainable economic growth, employment and decent work for all (Objective four- structures available to support tourism SMMEs: Laws and Policies). Tourism, as services trade, is one of the top four export earners globally. The industry currently provides one in ten jobs in the World. Decent work opportunities in the tourism industry favours the youth, women and the marginalised groups. Tourism policies favour better diversification through the tourism value chain. It has the potential to enhance tourism positive socio-economic impacts.

#### **4.17 Discussion: Conceptual Objectives Theory links with tourism development Model**

##### **4.17.1 Destination Attractions: Objective One**

##### **4.17.2 Natural Attractions**

These are the elements within the destination environment: landscape, seascape, beaches, climate, and other geographical features of the destination.

##### **4.17.3 Built Environment**

Buildings and tourist infrastructure include historic and modern architecture, monuments, promenades, parks, gardens, museums, managed tourist attractions and, township lifestyle attractions.

##### **4.17.4 Cultural Attractions**

These include history and folklore, religion and art, special events and festivals.

#### **4.17.5 Social Attractions**

Social Attractions include the way of life of township and destination resident population, language, and opportunities for social interaction.

#### **4.17.6 Destination Facilities and services**

These are elements within the Destination for tourists to stay.

#### **4.17.7 Accommodation Units**

These include hotel apartments, township homestays, and Bed and Breakfast accommodation, camp sites, caravan parks, and hostels.

#### **4.17.8 Hospitality and Leisure**

This include restaurants, bars, and cafes and range from fast food, township traditional menus through to luxury upmarket restaurants.

#### **4.17.9 Transport at Destination, Sport and Cultural Activities**

These include taxis, coaches, car-rental, cycle hire, and other forms of township tourism modes of transport. Also included are sporting activities such as golf, rugby, cricket, tennis, dance and township traditional cultural sports, as well as heritage sites and entertainment centres.

#### **4.18 Other Facilities**

These include craft courses, language schools, village and township sangomas/traditional healers (Tassioupoulos and Nuntsu 2005:101; Middleton 1988:80).

#### **4.18.1 Accessibility of the Destination**

These are the elements which determine the cost, speed and convenience with which tourists may reach a destination. They include: airports, tourist direction

signposts, railways, and seaports (Welch 2006:51; Stravos (2014); Giampiccoli and Mtapuri (2013); Ntlangani 2003:103; Clow and James 2014)

#### **4.18.2 Infrastructure**

This includes roads, airports, tourist direction signposts, railways, and seaports.

#### **4.18.3 Equipment**

These include the size, speed, and range of public and private vehicle transport.

#### **4.18.4 Operational Factors**

These included routes operated, frequency of services and the prices charged.

#### **4.18.5 Government Regulations**

These include a range of regulatory controls over transport operations.

### **4.19 Objective Two: CTOs Capacity Development of Tourism SMMEs**

#### **4.19.1 Tourism SMMEs Business Management Capacity Development**

These are some of the elements which determine tourism SMMEs' competitiveness in the tourism industry: entrepreneurial spirit, leadership, financial management, production function, marketing, as well as the three critical organisational components (inspiration, mission and vision, a clear set of values, and a rigorous appraisal system) (DearLove 2002:5; Phillips 1993:93;; Porter 1980; Smith 2010; Schumpeter 1936).

#### **4.19.2 Planning**

This included setting objectives, developing plan of actions, and implementing the strategy.

#### **4.19.3 Organising**

This includes a framework for implementing a strategy, skills development to improve productivity, and time management (Cronje, Du Toit and Van Reenen 1997).

#### **4.19.4 Leading**

Leading includes authority, power, influence, motivation, delegation, and responsibility. Welch (2006:5) posits that a successful leader grows his/her team, to ensure that they all work smarter, broadly, and with boldness. Branson (as cited in Dearlove 2002:3) argues that as an entrepreneur, one ought to be an ambitious workaholic –while Bill Gates advises that as an entrepreneur of note, it is important to set up your business as a learning organisation (DearLove 2002:91). In Microsoft, Bill Gates created what is known as probably one of the few genuine learning organisations in the world. Microsoft entrepreneurship business was built on Tom Peters idea of knowledge management structure (KMS). Peter’s idea of a learning organisation is espoused in this line: destroy bureaucracy, but the business must nurture knowledge and skill. In this way, Peters sought to build expertise in ways that could enhance the power of firms’ competitiveness and contribute knowledge to the benefit of the business (Welch 2006).

#### **4.20 Controlling Elements**

These includes setting standards, measuring performance, comparing performance (Monitoring and Evaluation), and evaluation and rectifying.

#### **4.21 Theoretical Models**

##### **4.21.1 Stakeholder Theory**

This theory talks to the interdependence of stakeholders, consultation and dissemination of information, CBT participation, tourism planning, management, control and ownership of tourism assets (Giampiccoli (2018). It highlights a combination of top-down and bottom-up approaches to realise CBT aims and objectives in tourism development of tourism SMME alleviates poverty, unemployment and inequality of opportunities in marginalised communities (Ahmeti 2013; Mtapuri, Saayman and Giampiccoli 2014; Ntlangani and Govender 2021).

### **4.21.2 Social Construction Theory**

The theory talks to the training of tourism SMMEs in risk-taking, innovation, competitiveness, strategy, decision-making, planning, knowledge reciprocity, trust, understanding among community-based tourism stakeholders, consensus-reaching on aims and goals, community knowledge creation through value system of trust, as well as other forms of knowledge production.

### **4.21.3 Human Relations Theory**

This theory provides that stakeholders work together, understand meaningful participation, drive the developmental agenda, enjoy healthy human relations, utilise resources judiciously (human, material and financial), and strive to achieve CBT aims and goals.

### **4.21.4 Normative Theory: Elements include:**

Elements of normative theory include an effective business, which thrives on norms and values of truth, accountability, honesty, time management and capacity.

## **4.22 Tourism Legal Framework**

This section discusses the policies, regulations and legislation that inform the role of CTOs in developing tourism SMMEs in relation to the four objectives:

**Objective One: Promotion of tourism activities:** (access markets, linked them to established tourism businesses, shared best business practices, and link them to the cruise ship tourism industry).

**Objective Two: Capacity development:** (Tourism SMMEs coaching, mentorship through structured programmes, training financial management, leadership, administration, strategic management, compliance with laws, policies and municipal by-laws, business registration and tax matters).

**Objective Three: Assess the role played by CTOs in promoting tourism SMMEs**

This includes linking with other stakeholders in the tourism industry, networking, e.g. Africa Tourism Indaba, world tourism fairs, and exhibitions for displaying products and services and growing businesses for poverty alleviation for on-going multi-stakeholder engagement facilitated by CTOs as CBT agency to municipalities (Ille and Allen-Ille 2012:116; Imbaya, Nthiga, Sitati and Lenaiyasa 2019:12; Hirudayaraj and Sparkman 2018:115; Giampiccoli, Saayman and Jugmohan 2014:1149; Rogerson 2013:133; Wang and AP 2013:228; Waligo, Clark and Hawkins 2013:347).

**Objective Four: Identification of support structures available to Tourism SMMEs effectiveness:** (access loans, funding and credit facilities, socio-economic enhancement and creating jobs impacts, wealth generation, enterprises growth strategies).

Transforming the economy requires a change in patterns of ownership and control of tourism activities. This calls for bold approaches and clear, measurable CBT targets to grow the tourism SMMEs in the peripheries areas of townships. The tourism legislative framework below was passed by government to mandate local municipalities to promote CBT local economic development through integrated development planning where communities would participate. This is an important tool for localised planning, which is recognised by global agencies. These include institutions such as the World Bank and the United Nations. Tourism is seen by these as an effective tool to address the triple challenges of poverty, unemployment and inequality in developing countries (Rogerson 2014:204; McLaren and Heath 2012:94; Imbaya, Nthiga, Sitati and Lenaiyasa 2019:11; Kagiso 2018; Khoase, and Ndayizingamiye 2018:59; Booyens and Visser 2010:32; United Nations World Tourism Organisation 2018:15). Community-based planning includes the active participation of women and their empowerment to enable them to play a central role in tourism SMMEs.

The 1996 White Paper on the Promotion and Development of Tourism advocated the following measures to alleviate poverty:

- communities to perform dynamic roles in tourism development;
- Communities identify potential tourism resources and attractions;
- Communities use them to explore tourism development opportunities;
- Communities seek partnership opportunities with the private sector; and

- Communities promote responsible tourism and sustainable development.

The (2002) National Responsible Tourism Development Guidelines for South Africa re-affirmed the 1996 White Paper's call above, and further advocated for communities to launch new and complimentary products for the formal tourism sector, as well as encourage tourists to stay longer in tourism destinations for local communities to reap more tourism benefits. These laws and policies are in line with the government's transformation agenda of breaking the cycle of poverty in CBTs through their participation.

The National Department of Tourism adoption of the (2015) Sustainable Goals, from the World's (2002) Summit for the sustainable development held in Johannesburg documented the contribution of tourism in the achievement of 17 millennium developmental goals for poverty alleviation, environmental conservation and employment creation for women and indigenous communities and youth. Similar principles were integrated into the subsequent sustainable development goals. South Africa's New Growth Path and Industrial Action Plan (IPaP 2, 2014/2015-2016/17:7) categorises tourism as one of the six pillars of growth and as a sector that can contribute to the development of tourism in rural areas by growing the local economy and create decent work and sustainable livelihoods. The National Department of Tourism (2015:7) Framework for Community-based Tourism recommended consultative processes, discussions with stakeholders on frameworks on guidelines to support the development and management of community-based tourism, and the corresponding implementation plan, CBT development, tourism venture support, and private sector linkages with tourism SMMEs within communities.

The National Tourism Sector Strategy (2011) aims to safeguard that the tourism industry realises the full latent of job creation, social enclosure, tourism products and services, develop better consideration among tourists and peoples' cultures, and the green transformation. Tourism laws are significant to advance tourism for the benefit of communities (CBTs). They are also helpful for people involved in accidents, hijackings, or violation of human rights related to tourism. Legislation deals with these incidences in a fair and transparent and proper way to settle the disputes (Van der Berg 2016:85).

The Tourism Act 72 (of 1993) and the New Tourism Draft Bill aim to regulate the licencing of tourist guides in the tourism industry. This Act provides for the professionalisation of the tour guiding SMMEs within the industry, through the skilling people entering the tour guiding business. These people must have grade 12 as an entry requirement to qualify for the Level 1 Tourist Guiding and First Aid certificate, and should be trained by certified universities, colleges and private providers (Van der Berg 2016:87). This in the CBT framework is within the mandate of CTO Objective Two (Capacity building-skills development of tourism SMMEs) as well as Objective Four (Identifying supporting structures) (Universities and Colleges) available to tourism SMMEs.

The tour guiding certification is designed to empower SMMEs to regulate illegal tour guiding, community safety, deficiency of shared collaboration, small dues, and numerous guides, which are challenges faced by those in the tourism industry. Tourism regulation articulates for a high legal and regulatory context for the sustainable growth and administration of tourism within a country, provinces and municipalities (van der Berg 2016:88). The law provides for the safety and preservation of natural and cultural possessions through the enactment of tourism regulation. It further enables private sector and local communities' participation in tourism development activities (van der Berg 2016:89). Tourism regulation reverberates the roles and duties of all significant stakeholders in the tourism industry. It ensures that the rights of tourists and the rights and obligations of partaking tourism SMMEs, tour operators, tour guides, destination companies, consultants, and tourism researchers be respected (Van der Berg 2016:88). Legislation in tourism substitutes impulsive conception and submission of non-law-making guidelines, creates order, and is a precondition for communities to advance a set of rules that are enforceable and applicable to all – thus create an enabling atmosphere for future development and development (van der Berg 2016:88). The Amendment Tourism Act of 1993, and the promulgation of the Tourism Act (10 of 2000) aimed to transform the tourism landscape of tour guided by involving the Department of road traffic management corporation officers to enforce legislation that governs tour guides, and the National Department of Transport, with a view to ensuring the execution of tourist guiding matters linking to tour operators and the related regulations in the National Land

Transport Act (of 2009) to grow and professionalise tourist guiding bodies (Van der berg 2016:89).

The Tourism Act (3 of 2014) aimed to review the regulations in respect of tourist guiding to improve existing processes and systems, and to register tourist guides and ensure compliance within the sector (Van der Berg 2016:90). It focuses on the more responsible forms of tourism for communities' social, economic and environmental benefits, and the regulation of tourist guides operating in South Africa. The Act also provides the penalisation of any tour guide who supplies the tourism sector with tourism products and tourism services (Van der Berg 2016:91). From looking at the tourist guide legislation in this chapter, it is imperative that CTOs develop the capacity of tourism SMMEs, as the lack of such capacity could have dire consequences for this business groupings in terms of compliance.

#### **4.23: Local Government: Municipal Legal framework**

The South African 1994 participatory governance legislative framework was formulated for democratic representative structures or ward committees to enable the socio-economic empowerment of communities to bring them on par with those communities that had an upper hand during the apartheid years. To realise these objectives, the following measures were to take place: planning, implementation, and monitoring. The utilisation of a range of working groups that consist of Community-based Tourism Organisations, Community Tourism Organisations, to support these structures in the public participation processes. Public participation is built to deepen democracy, which is embedded in the 1996 constitution. The local government at municipality level is geared towards meeting and implementing the social, economic, and basic community needs in a participating and sustainable method. Chapter 2 of the 1996 constitution is the Bill of Rights, which upholds the rights of all citizens to live in dignity, which must be fulfilled through the socio-economic rights which include the right to live in a healthy environment (no degradation of community tourism pristine destination), access to adequate housing, access to health care, and sufficient food ( no poverty in the townships) and water.

Municipalities ought to respect, protect, and fulfill these rights to promote the following sections of the 1996 Constitution: Section 151(1) (e) obliges municipalities to encourage the involvement of communities and community organizations' in local government; Section 152 encourages the involvement of communities and community tourism organizations in matters of local government; Section 195 (e) advocates for peoples' needs to be responded to, and the public to be encouraged to participate in policy-making. It is clear from these sections of the constitution (1996) TOs must participate as they are the CBT agency that could enable the enhancement of tourism SMMEs with skills and knowledge gained in these stakeholder meetings. The 1998 White Paper on Local Government provides that municipalities develop mechanisms to ensure citizen participation in policy initiation, formulation, implementation, monitoring and evaluation of decision-making through structured stakeholders' approach in certain council meetings for participatory budgeting initiatives aimed at linking CBT priorities to capital investments programmes. Focus group participatory action research with CBTs, CTOs, CBOs, and NGOs can generate detailed information about a wide range of tourism SMME specific needs and values.

The Municipal Structures Act (117 of 1998) as amended allows a municipality ward participatory system, and executive committees to annually report on the involvement of committees and CBT organisations in the affairs of the municipality. The municipal Systems Act (32 of 2000) section 4(c )( e) encourages community involvement and provides for community consultation about the level, quality, range and impact of municipal services. CTOs' participation in these committees could greatly benefit their governance and administration abilities. It could also enhance their capacity development of tourism SMMEs.

#### **4.23.1 CTOs' Limitations**

Tourism SMMEs' growth and development have been partly constrained by CTOs' lack of skills and vision, leadership inadequacies, and their inability to implement the transformational post-apartheid legal framework that aimed to empower this marginalised potential sub-sector of the economy, and the exclusion of historically marginalised tourism. This hindered the government's transformation agenda in the tourism industry (Naidoo 2015:7; Raj and Toro 2013:4; Peng 2009:21; (Ile, Eke and Allen-Ille 2012:13; Chetty 2014:13; Rogerson 2012:12; Govender 2011:246; Naidoo 2014:7). The above legislation promotes township tourism to alleviate poverty in communities, but the lack of CTO implementation to develop tourism SMMEs is a limitation Rogerson (2012: 75; Mekgwe 2013; Chimucheka 2013:787; Okazaki 2013:87). CTOs have been tasked to capacitate tourism SMMEs in terms of the above policies and legislation, and to take advantage of lucrative rural tourist routes (Rogerson 2012: 75; Marschall 2012:721; McLaren and Heath 2012:93) rather than focus on traditional sun, sea, and sand destinations. The notion that rural areas and townships are dangerous for tourists deprives these areas of the benefits they can reap from tourism (National Tourism Sector Strategy 2011).

### **4.23.2 Small, Medium and Micro Enterprises**

According to Bernstein (2000:5), South Africa trails Chile, Thailand, Mexico, and other comparable countries in promoting and supporting SMMEs. While the democratic government has adopted policies and legislation to support SMMEs through training and facilitating access to finance, an overarching strategy for enterprise support has not been adopted yet. As noted previously, SMMEs are faced a myriad of obstacles in running their businesses, including labour legislation and laws relating to licences and taxation.

In contrast to postulations of entrepreneurship theories, privatisation has not enhanced entrepreneurship. Rather, it has enabled large transnational companies to use their market advantage to capture lucrative assets. SMMEs did not own a significant portion of the resources they used, and they lacked the resources to buy business premises. Some studies have also suggested that capacity-building theories were not designed with practical application in mind (De Ville 2016:9). As Lewis (cited Chapagain 2004: 49) notes, *there was nothing as practical as a good theory*.

Thus, a theoretical foundation is required to guide the development of the skills and competencies needed to accelerate community development. Moreover, capacity building cannot be achieved without commitment, encouragement, motivation, incentives and enthusiasm as it is driven by a *continuous evolution of positive revolution* (Breaky 2016:5).

### **4.24 Conclusion**

This chapter presented and discussed the results of stakeholder case studies on community-based participatory capacity development in community-based tourism in developed and developing countries to grow tourism SMMEs and community tourism development. The results of the case studies showed that multi-stakeholder engagement is an important catalyst in promoting such a development to enhance LED and contribute to the alleviation of poverty, reduction of unemployment and redressing of inequalities among marginalised communities.

The chapter offered CTOs as learning organizations model. A community capacity development conceptual theoretical framework, and a CBT capacity development

monitoring and evaluation model was chapter five present research methodology in the study.

## **5 CHAPTER FIVE: RESEARCH METHODOLOGY**

### **5.1 Introduction**

A research method is a tool that enables the researcher to answer the research questions. This chapter, therefore, discusses the methodology employed to conduct this study. This included the research design, sampling technique, data collection and analysis, and the study limitations, ethical considerations considered, and the validity and reliability of the study. The main aim of the study was to evaluate the eThekweni CTOs development of tourism SMMEs.

### **5.2 Research design**

According to Blumberg, Cooper and Schindler (2014:152), a research design is a plan and structure of an investigation to obtain answers to the research questions. It constitutes a blueprint for the collection, measurement, and analysis of the data. Leedy and Ormrod (2010:3) define a research design as careful planning of the main research problem into several overall problems that, when solved, could resolve the main problem. It a technique for conducting the study (Saunders, Lewis and Thornhill 2011:22). According to Welman (2011:35), the processes and steps are defined as a map that guides data collection, processing and analysis, and communication of the findings. This study adopted a quantitative approach and questionnaires were administered to collect the data.

### **5.3 Quantitative methods**

Leedy and Ormond (2011:94) define quantitative research as a method employed to answer questions about relationships among the measured variables, with the purpose of explaining, predicting, and controlling phenomena, using clinical statistical measurements. This researcher systematically collected empirical data and examined its patterns. The quantitative method drew on positivist principles in that it used hard data in the form of numbers, variables and hypotheses that are clinically tested (Neumann 2011:165). The data were analysed deductively, with the emphasis on precise measuring variables using statistical tools.

The literature reviewed shows that no research methodology is immune to criticism, and that no sample has fully represented its population in all aspects. Critiques of the quantitative method include the assertion that quantitative researchers fail to distinguish between people and social institutions, and the natural world. Furthermore, the quantitative measurement process possesses an artificial and spurious sense of precision and accuracy. Thus, the connection between the measures developed by social scientists and the concepts they are supposed to reveal is assumed rather than real. Also, reliance on instruments and procedures obscure the connection between research and everyday life. The analysis of relationships between variables creates a static view of social life that is independent of people's lives. It has been argued that such studies neglect the process of interpretation or definition that occurs in human groups (Bell and Bell 2011:179; Collins 2019:48).

#### **5.4 Target population**

The target population for this study was the chairpersons and non-executive members of CTOs in the eThekweni Metropolitan Municipality. The municipality has demarcated its area of jurisdiction into four tourism regions. The four eThekweni Municipality regions are served by only nine CTOs. The table below shows that there are nine CTOs across the municipality, with 92 CTO members. This includes 36 executive CTO members and 56 non-executive members, totalling 92 CTO members. Nine (9) chairpersons were selected because of their leadership roles, knowledge and being CTO chairpersons. They were selected using a purposive sampling technique (Creswell 2018:150). Eighty-three (83) executive and non-executive CTO members were selected using the probability sampling method, which thrusts all CTO members in this category to give them an equal chance of being selected to participate in this study (Kumar 2014:233 and Creswell 2018:151).

#### **5.5 Recruitment Methods**

The criteria that the eThekweni Municipality use to appoint CTO members is that all CTO members to be voted into the committees must be tourism product owners, practitioners with qualifications and/or knowledge relevant in the hospitality or tourism industry, or be academics in tourism institutions. The CTO members serving in the committees from which the study participants were drawn were employed by institutions of higher learning,

technical and vocational institutions that offer tourism postgraduate qualifications, lecturing in tourism and hospitality – while some were general managers of reputable hotels in the South Beach Golden Marine Promenade, and others were tour operators, tour guides, event managers, and tourism destination owners in the tourism business. The rationale for selecting CTO chairpersons and CTO members for the study is that they possess adequate skills, knowledge of the various aspects of the tourism industry, and would be able to respond to the questionnaire instrument. Secondly, because they were leaders of tourism SMMEs, the questionnaire sought to find out whether they were qualified to develop the knowledge, skills and influence and/change the attitudes of township communities in this very sub-sector, which has previously excluded them from participating in tourism – thus contributing to historically disadvantaged township communities' ability to effectively participate in the tourism industry, to alleviate poverty, redress inequality and reduce unemployment. The reason why tourists were not selected is because they did/do not have a longstanding relationship with the CTOs. The Municipality Tourism Officers were selected for this study because they had a working relationship with CTO members, and have expert knowledge of the tourism industry, because they constantly interacted with CTOs on policy matters, and tourism promotion in various areas in the eThekweni municipality. Thus, they served as this researcher's point of contact in the nine CTO research sites during the data collection phase. Each CTO has a Municipality Tourism Officer as per the Municipality tourism developmental agenda.

**Table 8: CTOs in the eThekweni Municipality**

CTO	Name of	Number of Executive members	Number of Non-Executive members	Totals
1.	Durban Central Community Tourism Organisation	4	6	10
2.	South Durban Community Tourism Organisation	4	6	10
3.	Claremont Community Tourism Organisation	4	8	12
4.	Durban West Community Tourism Organisation	4	5	09
5.	Inanda Community Tourism Organisation	4	6	10
6.	1000 Hills Community Tourism Organisation	4	6	10
7.	Sapphire Coast Community Organisation	4	6	10
8.	Umhlanga Community Tourism Organisation	4	6	10
9.	Umlazi Community Tourism Organisation	4	7	11
Totals		36	56	92

Source: Durban Municipality (2012)

## **5.6 Sampling method**

A sample population refers to the category of people from which the researcher planned to draw the sample (Davies 2007:55). This study employed a non-probability sampling. Sekaran and Bougie (2010:442) note that a non-probability sampling is pre-determined sampling (Bloomberg, Cooper and Schindler 2014:180). This sampling method was cost-effective and enabled the researcher to collect the data faster, as the population elements were easy to assemble (Blumberg, Cooper and Schindler 2011:174). This method was appropriate for this study as the number of participants were not too large to manage, and the researcher was familiar with the characteristics of the population (Fox and Bayat 2010:59).

## **5.7 Sample Size**

The rationale for choosing a sample is that it is impossible to study the whole population of a study. A sample represents the entire population of the study (Gomm 2002:307). A sample in a survey is designed to be representative of a population to be studied (empirically or statistically representative of the population studied (Neuerendorf 2002:74). The sample population drawn from the eThekweni Municipality was made of all CTO members; including chairpersons, executive members and non-executive members. It is impossible to use the whole population in a study because of time and cost constraints (Creswell 2018:150).

Executive members of the CTO consisted of the chairperson, deputy chairperson, treasurer, and secretary. Non-executive members comprised all the other committee members. In the executive category, the chairperson of each CTO was purposefully selected as they were the head of the organisation. A sample of nine chairpersons and 27 non-executive members (three from each CTO), with 36 participants, was selected for the pilot study. For the main study, the chairperson of each CTO was selected as they were the head of the organisation, and in the non-executive category, all committee members were included, making 92 respondents. Kumar (2014:233) and Creswell (2018:151) argue for large sample size for the sole reason that a larger sample size guarantees more accuracy in the inferences made. This as against the normal standard sample size of 10% required in normal circumstances. The larger sample size for the

eThekwini CTOs was prompted by the precision and accuracy predicted by the above scholars, and by the enthusiasm of all CTO members during the pilot study. Chairpersons and all other CTO members would benefit from the findings of the study when municipality tourism policy practitioners implement them.

## 5.8 Measuring instrument

Von Goethe, (as cited in Cooper and Schindler 2014) argues that no man learns to know his innermost by introspection, because he can either rate himself too low or too high by his own measurement. The reasoning behind an unbiased measurement tool in research is that a man knows himself only by comparing himself with other men (Cooper and Schindler 2013:21). Sekaran and Bougie (2013:211) concur with Cooper and Schindler (2014) on the importance of data collection using a measurement as a scale tool that could differentiate individuals or other facts. This could be done based on the variables of interest in a study. According to Sekaran and Bougie (2014:211), a measurement can be defined as a means to gather data in the form of numbers or symbols to assign them to objects, using a scale.

Joining classification, order, distance, and ordinal create the four measurement scales: nominal, ordinal, interval, and ratio. Every scale of the four measuring scales mentioned above have clear intention and aims for data classification as indicated below (Sekaran and Bougie 2014:212; Cooper and Schindler 2014:2014:271).

- **Nominal Scale:** This scale ensures data equity and classifies information and create participants' profile. The scale does not show the order of information, but only differences among people, objects, or characteristics.
- **Ordinal Scale:** This scale shows different variables that are arranged in relation to an attribute.
- **Interval Scale:** The scale uses attitudinal scale position to ascertain similar intervals and dissimilarity on assembled data.
- **Ratio Scale:** It finds out how physical measurements of characteristics symbolise the actual amount of variable.

**Cooper and Schindler (2014:270)** declare that measurement scales are included in a measuring tool of a study as representation of numbers or variables to measure opinions, attitudes, as well as other concepts from the population under study. Data can be retrieved in two ways namely, rating scales for variables studied and ranking scales for comparing categories of variables to draw the required

choices and ranking among them to facilitate the preference of statistical test to the data (Sekaran and Bougie 2013:211). Other rating scales in the literature reviewed include the Likert Scale (which this study employed), the numerical scale, semantic scale, itemised scale, and consensus scale. Cooper and Schindler (2014:278), as well as Sekaran and Bougie (2013:211) concur with each other regarding the many advantages that account for the Likert scale's popularity in measuring even and odd numbers' range. This scale is used as a strategy that is less threatening to the respondent in choosing the "neutral" when considering an implicitly negative statement in a questionnaire.

According to Remenyi (2014:107), a measuring instrument is a device employed to collect the data to test a theory. Questionnaires, which are common measuring instruments in the social sciences, were used to collect data for this study. The measuring tool used for this study was some self-administered questionnaires to CTO chairpersons (Appendix Four) with constructs for biographical information, Tourism SMME registration, formation of CTOs and financial functions handled by CTO chairpersons, tourism activities promoted by CTOs, capacity development functions of CTOs, CTOs' capacitation of tourism SMMEs on legislative framework and the eThekweni municipal by-laws, role of CTOs to promote tourism SMMEs, CTOs' monitoring and evaluation of tourism SMMEs' effectiveness, CTOs forging links between tourism SMMEs and private sector (PPP), support structures in place to develop tourism SMMEs, SMME services supported by CTOs, and any other activity that CTOs could engage in to develop tourism SMMEs.

Self-administered questionnaires were also given to CTO executive and non-executive members (Appendix Five), with constructs for biographical information, Tourism SMME registration, formation of CTOs and financial functions handled by CTO chairpersons, tourism activities promoted by CTOs, capacity development functions of CTOs, CTOs' capacitation of tourism SMMEs on legislative framework and the eThekweni municipal by-laws, role of CTOs to promote tourism SMMEs, CTOs' monitoring and evaluation of tourism SMMEs' effectiveness, CTOs forging links between tourism SMMEs and private sector (PPP), support structures in place to develop tourism SMMEs, SMME services supported by CTOs, and any other activity that CTOs could engage in to develop tourism SMMEs.

Below is a table that summarises the measurement and scaling process used for quantitative part of this study:

## 9: Levels of Measurement

<b>Scale</b>	<b>Purpose</b>	<b>Questionnaire variables and value labels</b>	<b>Descriptive Statistics</b>	<b>Inferential Statistics</b>
<b>Nominal Scale</b>	<b>Utilised Object Identification and Classification.</b>	<b>Gender, Racial Classification</b>	<b>Frequencies, Mode.</b>	<b>Chi-Square- (Test of Association and Test of Goodness</b>
<b>Ordinal Scale</b>	<b>Purpose for Identification and Orderly Arrangement of Properties</b>	<b>Age Group, Business Registration</b>	<b>Frequencies, Mode, Median and Range</b>	<b>Rank, Order, Correlation or Friedman</b>
<b>Interval Scale</b>	<b>Made to ascertain the level of choice among objects, e.g. The Likert Scale</b>	<b>Equal access to tourism opportunities, Access to Finance, Markets, Cruise tourism, Support, Capacity Building, M&amp;E</b>	<b>Mean, Median, Variance, and Standard Deviation</b>	<b>Anova, Regression Analysis and Factor Analysis</b>
<b>Ratio Scale</b>	<b>Used for real object</b>	<b>Sustainable Tourism related</b>	<b>Geometric mean or Harmonic Mean</b>	<b>Coefficient Variation</b>

	<b>Quantity calculation</b>	<b>to community Development</b>		
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Source: Adapted from Babin and Zimund (2016)

### **5.9 Constructs used in the Study**

Tourism activities Ahmeti (2013), Capacity Development (Moscardo 2008; Keiser (2012; Giampiccoli 2013; Okazaki 2008; Giampiccoli and Mtapuri 2012). Finance Functions of CTOs (Moscardo 2008; Giampiccoli and Mtapuri 2012; Giampiccoli, Saayman and Steyn 2015). CBT Monitoring and Evaluation (Govender and Giampiccoli (2018; Giampiccoli and Saayman 2017). CTO registration (Rogerson 2014; Milner 2010; Joseph 2013). CTO Formation (Jugmohan and Mtapuri 2012; Lepeyre 2010). CTO Capacity Development (Legislative Environment and Policies; UNDP 2018; Aragon and Macedo 2010; Miyoshi and Stenning; Goodwin and Santili 2009; Ashley 1995 & 2000; Ahmeti 2013; Spenceley et al 2016; Bergeron et al 2017; Giampiccoli and Saayman 2017; Moscardo 2008). CTOs public-private partnerships and promotion of tourism SMMEs (UNWTO 2018; Ahmeti 2013; Keiser 2012; Diale 2015). Support Structures available to tourism SMMEs (Naude 2008; Ahmeti 2013; Keiser 2012). Tourism Training (Spenceley et al 2016; Moscardo 2008; UNWTO 2018). Governance and Administration (Moscardo 2008; Goodwin and Santili 2009; Ahmeti 2013; Keiser 2012; Rogerson 2012).

#### ***Operationalization of Constructs in Table 7***

Community Tourism Organisation registration was measured in terms of four items. Community Tourism Organisation formation was measured in terms of three items, and finance function in terms of 10 items. Capacity development functions was measured in terms of 14 items, while capacity development (Legislative environment and policy) was measured in terms of five items. The eThekweni by-laws understanding was measured in terms of five items. Promotion of tourism SMMEs was measured in terms of 10 items. Community Tourism Organisation reviewed and evaluated Tourism SMMEs effectiveness was measured in terms of six items. Community Tourism Organisations Developing Tourism SMMEs was measured in terms of five items. Support structures availability to develop tourism SMMEs was measured in terms of five items. Tourism SMMEs services supported by CTOs was measured in terms of five items. Any other activity that CTOs can engage in to develop tourism SMMEs was not measured as the above constructs because it was an open-ended question, which needed the respondents' personal

reasons for their choices. Tourism SMMEs adequately involved in CTO governance and administration was measured in terms of nine items.

## 5.10 Triangulation

Triangulation is a strategy of cross-checking one cause of evidence from other sources to improve research validity, reliability and assess results (Gomma 2002:367). Neuendorf (2002:112) posits that reliability is a gauging process, which must produce the same results on repeated trials. Validity, on the other hand, is a determining formula that signifies the intended concept. Accuracy is the extent to which a measuring technique is free of prejudice or non-random error, while precision is the fineness of the difference between types or stages of measure (Neuendorf 2002:113). Triangulation can commence immediate triangulation design for data collection and analysis. Triangulation formed the basis of this quantitative method.

## 5.11 Questionnaires

According to Malhotra (2010:171), quantitative researchers use structured questionnaire surveys of large populations to generalise the findings. Focus groups and other methods were also employed (Zikmund and Babin 2010: 34). Questionnaires are a popular data collection tool that is used in a variety of contexts and situations in conjunction with other research methods and provide a rich source of material. Surveys researchers use measuring scales to gauge people's feelings on certain issues affecting them. Sekaran and Bougie (2016:193) concur with this view and further add that the Likert scale measure popularity toll to utilise, because it incorporates the total sum of the techniques for statistical transfer to properties in the question. The Likert scale is used to evaluate how intensely respondents agree, or disagree with statements on a five-point scale with the following anchors:

**Table10: Likert Scale 5 Point measurement**

Strongly Agree	Disagree	Neither agree or Disagree	Agree	Strongly Disagree
1	2	3	4	5

A particular idea or variable can be analysed, item by item. It is likely to calculate the whole score for each participant by totaling across items. The summary method is widely used. The Likert scale is also known as a summated scale. The original Likert scale is a set of questions or statements recommending a truthful condition under study. The five-point Likert scale was used for this study.

Zikmund and Babin (2010:166) note that self-administered questionnaires must not be ambiguous and must be designed based on the research objectives. In this study a covering letter, which introduced the respondents to the study accompanied the questionnaire. The questionnaire employed for this study was developed, based on the review of the literature on CTOs development of tourism SMMEs and the study's objectives. A letter that provided information on the study was given to respondents. Informed consent was obtained from the respondents.

The questionnaire used to gather the data from the chairpersons of the CTOs and non-executive CTO members was designed using the same format. A section for managers was added to the questionnaire for chairpersons, as their role in the CTOs was equivalent to those of managers in a business setting. Semi-structured, open-ended multiple choice and closed-ended questions were included in the self-administered questionnaires. According to Brynant, Hanekom and Brynant (2014:42), this method is effective method enables respondents to delve more deeply in answering the questions. Therefore, the method reduces the margin of error and confusion.

### **5.11 Questionnaire Format**

This study employed a questionnaire to collect quantitative data. Semi-structured questionnaires were included. Questions were given to all 92 CTO members and CTO chairpersons, as well as Municipality Tourism Officers who were also CTO stakeholders. The data were coded, analysed, first, based on the research questions and second, by categories and sub-categories of statements. The study was based on the following four questions:

- What type of tourism activities are promoted by CTO's?
- What tourism training initiatives are undertaken by CTOs?
- What is the CTO's role in promoting tourism SMMEs' product and services?

- What business and managerial enabling support structures are available to CTOs to develop tourism SMMEs?

Two sets of questionnaires were administered, one to CTO chairpersons and another for all other members of the CTO. The rationale for this was that CTO chairpersons' questionnaire must have some managerial questions, while this aspect was not catered for in the general CTO membership. Each questionnaire had two sections: Section A and Section B.

## **5.12 CTO Chairpersons' Questionnaire**

### **Section A**

#### **Question 1**

- (a) Biographical Details: Race, Gender, CTO experience
- (b) Your CTO registration type
- (c) CTO Formation
- (d) Finance function handled by CTOs

### **Section B**

#### **Question 2**

- 2.1 CTOs promote tourist activities
- 2.2 Capacity development of CTOs

#### **Question 3**

- 3.1 CTOs capacitate tourism SMMEs on governance and administration
- 3.2 CTOs capacitate tourism SMMEs on legislation and regulations
- 3.3 Lack of understanding of the eThekweni Municipality by-laws by tourism SMMEs

#### **Question 4**

- 4.1 The role of CTOs to promote tourism SMMEs
- 4.2 CTOs reviewed and evaluated tourism SMMEs
- 4.3 CTOs developed public-private partnership linkages for tourism SMMEs

#### **Question 5**

- 5.1 Support structures available to develop tourism SMMEs
- 5.2 Tourism SMME services supported by CTOs
- 5.3 Any other activity that the CTO can engage in to develop tourism SMMEs?

## **5.13 Questionnaire for CTO Members**

### **Section A**

#### **Question 1**

(a) Biographical Details: Race, Gender, CTO experience

### **Section B**

#### **Question 2**

2.1 CTOs promote tourist activities

#### **Question 3**

3.1 Capacity development of CTOs

3.2 Tourism SMMEs capacitated by CTOs on regulations

3.3 Tourism SMMEs' developmental needs

3.4 Tourism SMMEs trained in the sector

3.5 The support structures available to develop tourism SMMEs

#### **Question 4**

4.1 The role of CTOs to promote tourism SMMEs

4.2 Tourism SMMEs adequately involved in CTO governance and administration

#### **Question 5**

5.1 Support structures to develop tourism SMMEs

#### **Question 6**

Challenges faced by CTOs to develop tourism SMMEs

## **5.14 CTO Chairpersons and CTO Member's Questionnaires**

The research questionnaires (Appendix Four: chairpersons and Appendix Five: non-executive CTO members and municipality tourism officers) were administered to participants that were in leadership roles as CTO chairpersons, who were eager to participate in the study. The findings of this study would help them to carry out their mandate of developing tourism SMMEs. This would be filtered through municipality policies when the findings are incorporated for the CBT local economic development. A similar open-ended questionnaire was also administered to executive and non-executive CTO members, as well as the municipality tourism officials attached to each of the eThekweni's nine CTO offices. The pilot study tested difficulties encountered, points of

clarity, time taken to complete the questionnaire, and any other challenge faced by the respondents in completing the questionnaire, before real fieldwork was conducted. There were no changes made to the piloted questionnaires as all respondents felt comfortable with all questions piloted. Analytical categories were aligned with each of the study's research questions and used to code data and present the findings. They also looked at linking designs within analytical categories, as well as connections and themes emerging from various categories. A structured questionnaire consisting of close-ended, multiple-choice, and scaled-response questions was used to collect the data for this study. The practicality of the open-ended questionnaire instrument for this study was piloted with enormous success with the eThekweni CTO members.

The variables of the instrument's level of difficulties and time limitations were taken into consideration during the development phase of the measuring tool in the study to ensure that relevant data were collected from sampled CTO members. Low and James (2014:323) define a questionnaire as a set of questions used to generate data that meet specific research and survey objectives. In closed-ended questions respondents are given a finite number of responses from which to choose. The advantage of closed-ended questions is that the tool makes it easier to code the data and populate it on the spread sheet. The data generated are also more accurate, as participants' responses are limited to the researcher's questions. During computation, the responses are automatically entered into a spread sheet, saving time and possible process errors (Clow and Jones 2014:329; Zikmund and Babin 2007:273). These sentiments were taken into consideration during the development phase of the measuring tool to ensure that the relevant data were collected from CTO members. The first part of the questionnaire (Section A) made use of nominal scale to exhibit the profile of CTO committees who participated in the study. Section B: chairperson's questionnaire (Question 2-5), CTO (non-executive members questionnaire (Question 2-6) were developed with quantitative questions. The respondents were asked to rate each statement on a 5-point Likert scale (agree, strongly agree, neutral, disagree, and strongly disagree), with statements provided.

**5.15 Reliability of the Questionnaire**

Reliability is defined as consistency or stability of the research technique, measuring a concept with similar results, when used in the same environment, with similar respondents (Gomma 2002:296). Questions to be answered when measuring reliability over time and internal reliability includes: Does this instrument produce the same results with the same subjects on a second occasion? Are all items on this instrument, or its sub-scales measuring the same thing? (Gomma 2002:296; Neuendorf 2002: 141). The research pilot study of quantitative questionnaire was assessed for reliability, using the Cronbach’s Alpha test and factor analysis for validity component, using interval consistency. Burns (as cited in Kumar 2014: 215) views factor analysis as determining which items belong together. According to this argument, it is surmised that the closer the Cronbach Alpha is to the numeral 1, the higher the internal reliability, the greater the degree of consistency and stability (Moser and Kalton as cited in Kumar 2014: 215). The following guidelines for interpreting the Cronbach’s Alpha coefficients was used in this study:

**Table11 : Cronbach Alpha a Co-efficiency Validity Scale**

0.90	High Reliability
0.80	Moderate Reliability
0.70	Low Reliability

Source: Creswell (2016: 239)

**5.16 Measurement and scaling**

Surveys research use measuring scales to gauge participants’ feeling on issues affecting them. Sekaran and Bougie (2016:113) concur with this statement and further assert that the Likert scale measurement is a good tool to use in quantitative research, as it incorporates the sum total of the techniques, both nominal, ordinal, interval and ratio scales for the transference of statistics to properties in the questionnaire question. The Likert scale according to them, is used to evaluate how strongly respondents agree with statements on a five-point scale (strongly agree, disagree, neither agree or disagree, disagree and strongly disagree). This is done with a five-point scale allocated as follows: 1 (strongly agree), 2 (disagree), 3 (neutral – neither agree or disagree) 4 (agree) and 5 (strongly disagree).

The responses over several items rhythm a particular notion or variable that can be analysed item by item. The variable is likely to calculate a full or summated score for each respondent by summing across items. The summated approach is widely used. The Likert scale is also denoted as a summated scale. The 5-point Likert scale was used in this study. The survey questionnaire comprised six sections. The first section gathered information on the participants' demographic characteristics, including their age group, gender, race, SMME experience, and experience either as a CTO member or as chairperson of a CTO in eThekweni Municipality. The second section assessed tourism activities that were promoted by CTOs – section three evaluated CTOs' capacity development functions. The fourth section assessed the regulatory environment in which tourism SMMEs operated – section five focused on the effectiveness of CTOs in promoting tourism SMMEs while section six examined the support structures available to CTOs in developing tourism SMMEs. A 5-point Likert scale (with 1 representing strongly disagree and 5 strongly agree) was used to measure the responses in sections 2 to 6. A summary of measurements and scaling used for this study is presented in table 7 below.

**Table 12: Levels of Measurement and Scaling Instrument**

Scale	Purpose	Questionnaire, Variable and Value Labels	Descriptive Statistics	Inferential Statistics
Nominal Scale	Utilised Object Identification and Classification	Gender and Racial Classification	Frequencies and Mode	Chi-Square (Test of Association and Test of Goodness)
Ordinal Scale	Purpose of Identification and Orderly arrangement of Properties	Age Group, Business Registration categories	Frequencies, Mode, Median and Range	Rank Order, Correlation or Friedman Anova

Interval Scale	Made to ascertain the level of choice among Objects for example, The Likert Scale			
Ratio Scale	Used for real Object Quantity calculation	Sustainable Tourism SMME Development	Geometric Mean or Harmonic Mean	Coefficient Variation

Source: (Adapted from Babin and Zikmund 2012)

**Table13: Operational Description of Constructs**

Constructs	Proponents	Items
CTO Registration	Rogerson (2014), Milner (2010), Joseph (2013)	Sole Trader, Partnerships, Company, Close Corporation, Other
CTO Formation	Giampiccoli (2013), Lepeyre (2010)	Advert Invitation of Participants, Voluntary members' joining, Members presented their product experience to tourism product stakeholders
Finance Function handled by CTOs.	Ahmeti (2013), Giampiccoli, Saayman and Steyn (2015)	Durban Tourism allocates Funding for Operations, Monthly Financial Reports by CTO treasurer to Durban Tourism, CTOs receive

		funds from the private sector, Audited financial statements at annual General Meetings, Stakeholders involved in financial planning
Tourism Activities promoted by CTOs	Moscardo (2008), Keiser (2012), UNTWO (2018), Chetty (2014), Chili (2012).	Golden Mile Beach Promenade, Heritage Routes, Township Accommodation, parks and Lifestyle Restaurants, Rural tourism Routes, Cultural events, consulting, research and development
Capacity Development Functions of CTOs	Gergen, Abdi, Decorby, Mensah, rempel, Menson (2017), Ahmeti (2013), Jug Mohan and Steyn (2015)	Constitution of South Africa (1996), Tourism White Paper for the Development and Promotion fo Tourism, KZN Tourism Act (1996 as amended in 2002), KZN Tourism Master Plan 2012, Strategy for CTO development in the eThekwini Municipality Area (2012), Local Government: Municipal Structures Act (1998), Municipal Systems Act (2002).
Understanding of the eThekwini Municipality region by-laws	UNTWO (2018), Keiser (2012), Ahmeti (2013)	No compliance to by-laws, Illegal tour operators, and cruise guides, unhealthy competition

Role of CTOs to promote Tourism SMMEs	Moscardo (2008), Ahmeti (2013), UNTWO (2018), Peng (2009)	Access to tourism opportunities, cruise tourism, public, private partnerships, links with established tourism businesses, access to finance and credit facilities, markets, mentoring, links with universities for skills development, unlocking barriers to entry
CTOs reviewed and evaluated tourism SMMEs strengths and weaknesses	Keiser (2012) Giampiccoli(2015), Moscardo (2008), UNTWO (2018)	Plan key performance indicators, regular meetings to solve tourism SMMEs problems, link tourism SMMEs to performance, sharing information, allocation of duties and follow-up on monitoring and evaluation, devise new strategies to solve Tourism SMME problems
CTOs Develop Public-private partnership Linkages	Naude (2008), Ahmeti (2013), Keiser (2012), Diale (2015)	SMMEs Local Economic Development, accommodation sector and big tourism businesses, community development, local municipality skills development, guaranteed tourism income generation to local communities, crime reduction

Support Structures available to develop Tourism SMMEs	Naude (2008), Raj, Mago and Toro (2013), Rogerson (2013)	Brochures, publications, electronic media (social media marketing), newsletters, face-to-face promotion, advertising and promotion of products and services
Tourism SMME services supported by CTOs	Busey (2014), Neumayer (2004), Schweikert (2014)	Understanding links between tourism and economic development, job creation strategies, lack of adequate vision of the tourism industry, lack of planning and regulation
Any other attention that the CTOs can engage in to develop the tourism SMMEs	Pivot (2014), Ahmeti (2013), Moscardo (2008)	Open question
Tourism SMMEs Trained by CTOs	Spenceley, Rylance, nanabhay, van Der Watt (2016), Moscardo (2008), UNTWO (2018)	Consultant, researcher, shuttle, taxi service, yachting, surfing, water sports tourism opportunities, aviation tourism, cycling, air hostess and other tourism events
Tourism SMMEs adequately involved in CTO Governance	Moscardo (2008), Ahmeti (2013), Spenceley et al (2016), Keiser (2012), Rogerson (2012)	Participation in CTO elections, participation in financial report presentation, attend annual general meetings (AGMs), updated about CTO programmes, plan key performance indicators,

		regular meetings to solve tourism SMME problems, link plans to key performance, devise strategies to solve tourism SMMEs problems, allocation of monitoring and evaluation sessions and making follow-up on them
Additional comments in terms of operating as tourism SMMEs.	Moscardo (2008), Ahmeti (2013), Spenceley et al (2016), Rogerson (2012), Keiser (2012)	Open Question

### 5.17 Explanation of Constructs used

The operationalisation constructs used in Table 13 above, were used in the quantitative study: Tourism activities (Ahmeti 2013), Capacity development (Moscardo 2008; Keiser 2012; Giampiccoli 2013), Finance functions of CTOs (Giampiccoli, Saayman and Steyn 2015; Ahmeti 2013). CTO Registration (Rogerson 2014; Milner 2010; Joseph 2013). CTO formation (Jugmohan and Mtapuri 2012; Lepeyre 2010). CTO Capacity Development (Legislation and policies; UNTWO 2018; Moscardo 2008; Giampiccoli 2015). CTOs public-private partnerships promotion (Moscardo (2008; Ahmeti 2013; Keiser 2012; Diale 2015). Support Structures available to Tourism SMMEs (Naude 2008; Ahmeti 2013; Keiser 2012; Raj, Mago and Toro; 2013), Tourism SMME Training (Moscardo 2008; Spenceley et al 2016). UNTWO (2018). Governance and Administration (Moscardo 2008; Spenceley et al 2016; Ahmeti 2013; Keiser 2012; Rogerson 2012).

Community Tourism Organisation registration was measured in terms of four items, CTO formation in terms of three items, while finance functions was measured in terms of ten items. Capacity development functions was measured in terms of 14 items, while capacity development (Policy and Legislation) was measured in terms of five items. With regard to the eThekweni by-laws understanding was measured in terms of five items. The promotion of tourism SMMEs was measured in terms of 10 items. CTOs' review and evaluation of

SMME effectiveness was measured with six items and CTOs developed public-private partnerships was measured with five items. Support structures to develop tourism SMMEs was measured in terms of five items. Tourism SMME services, which are supported by CTOs was measured in terms of five items. Any other activities that the CTOs can engage in to develop Tourism SMMEs was an open-ended question - which needed respondents' personal reasons for their choices. Tourism SMMEs trained by CTOs was measured in terms of four items – while Tourism SMMEs adequately involved in CTO governance and Administration was measured in terms of nine items.

### **5.18 Pilot Testing**

Pilot testing is a small-scale test, which ensures that the data collection instrument produces a viable data set with which to answer the research questions (Remenyi 2014:136). The questionnaires were piloted with 36 participants (the nine CTO chairpersons and 27 executive and non-executive members) were distributed within the eThekweni municipality to check whether the questions were clear and easy to understand, and that the necessary adjustments were made. The pilot study employed a purposive sampling technique for nine CTO chairpersons from the 36-sample size as it was imperative to get feedback from respondents that had leadership roles as CTO chairpersons and were eager to participate in the study. This was because of the anticipated benefit that would be accrued from the findings of the study, if municipal tourism policy makers implement the study recommendations to develop tourism SMMEs. The pilot study examined the difficulties encountered, points of clarity on the questionnaire, evaluated time taken to complete them, as well as other logistical factors before the main research was undertaken. All participants completed the quantitative questionnaire without experiencing challenges. There was no need to make changes to the questionnaire. Kumar (2014:233) and Creswell (2018:1510) argue and concur with each other on the concept of a larger pilot sample size to ensure more accuracy in the inferences made, notwithstanding the standard 10% recommended in research survey piloting. The large sample chosen for this study was motivated by such literature and the availability of all CTO members, their enthusiasm and willingness to participate in their numbers. This, according to Kumar (2014) and Creswell (2016), has a probability of yielding a higher accuracy. Reliability and validity are the two most important of precision in any study. Reliability is computed by taking several measurements on the same

subjects. As a rule of thumb, a reliability Cronbach Alpha score of 0.7 or higher is considered acceptable.

The reliability of the research instrument is shown in Table 9. The Cronbach's Alpha score in relation to the four items was higher than the recommended value. This suggests a degree of consistency in the scoring of the respondents.

**Table14: Reliability statistics**

Cronbach Alpha	Cronbach Alpha based on standardized items	N of Items
.865	.861	4

Table14 shows that the mean values for the four items statements were above 3.00, which suggests that the respondents disagreed with each on items which referred to consultant/researcher ( $M=3.74\pm0.8$ ), shuttle/taxi services ( $M=3.97\pm0.6$ ), yachting, surfing, water sports, aviation ( $M=3.49\pm1.0$ ), and cycling, air hostess, eventing ( $M=3.43 \pm 1.1$ ).

**Table 15: Mean value for items**

	Mean	Std. Deviation	N
Consultant/researcher	3.74	.787	72
Shuttle/taxi services	3.97	.627	72
Yachting, surfing, water sports, aviation	3.49	.979	72
Cycling, air hostess, eventing	3.43	1.072	72

The inter-item correlation matrix measured for the four items is given in 11. The results suggest that each of the items correlate strongly with each other, and that the association was positive.

**Table 16: Inter-item correlation matrix**

	Consultant/researcher	Shuttle/taxi services	Yachting, surfing, water sports, aviation	Cycling, air hostess, eventing
Consultant/researcher	1.000	.413	.736	.670
Shuttle/taxi services	.413	1.000	.504	.395
Yachting, surfing, water sports, aviation	.736	.504	1.000	.925
Cycling, Air hostess, eventing	.670	.395	.925	1.000

### **5.19 Data collection**

Permission was sought from the CTOs to conduct the research, and this researcher discussed the logistics regarding the distribution of questionnaires, and agreement on its use was reached. According to Wellman et al (2005:257), this ensures a high response rate. Senior tourism officers who were based at each of the eThekweni Municipality CTOs as administration officers were responsible for the distribution of the questionnaires to the chairpersons and non-executive CTO members, who delivered them to the agreed central point at the Durban North CTO office to be collected by the researcher. These arrangements resulted in a return rate of 100%, with all 92 questionnaires returned promptly.

### **5.20 Quantitative data analysis**

Statistical analysis is a crucial component of any study, because of the likelihood that a statistical test will deliver accurate results (Gomma 2002: 343). Statistics help researchers to navigate the data collection process, as well as its analysis. Tools are used to systematise, summarise, measure scales, variances, significance level such (such as Cronbach Alpha have a level-0.05 greater power than 0.01). Lower variances have greater power (Gomma 2002: 343). Literature shows that governments use statistics for various purposes, which include the public administration of taxation and conscription. Later it was used for its numerical data and narrow use, in this context referring to measures (mean, range, variance or standard deviation), which this study used (Gomma 2002:344). Coding was used in this study by assigning numbers to some recurrent data in order to index them. This was done according to Strauss and Corbin's version of

grounded theory of open coding and selective coding, which is a process of identifying and naming categories of continued variation (Gomma 2002:49).

## 5.21 Descriptive analysis

Descriptive statistics and interpretation organise data in a meaningful way to show the average mean, value scores, and standard deviation for independent variables in a study (Creswell 2016:204). According to Creswell (2016), descriptive statistics apply to mean, ranges, standard deviation, variables and information relevant to chosen variables. Descriptive findings test evidence. This section discussed understanding of mean values and standard deviation using Likert five-point scale of strongly agree to strongly disagree.

Descriptive and inferential statistics and SPSS version 22 software was used to analyse the data for this study. Descriptive statistics were presented in the form of tables, frequencies, and graphs. These were aggregated for relevance. Quantitative thematic analysis to analyse the data was employed. According to Sekaran and Bougie (2014:394), as well as Welman and Kruger (2012:209) inferential, statistics help to establish relationships among variables and draw conclusions. They include reliability testing. The Chi-square test used to evaluate the relationship between two variables, known as the goodness-fit statistic was used in this study. Appendix 7 presents the analysis of the statistics for the CTO chairpersons' responses, while Appendix 8 presents a detailed analysis of the statistics for non-executive CTO committee members. Below is descriptive research for CTO chairpersons (Appendix 4) and a descriptive research instrument for executive and non-executive members (Appendix 5), as well as discussions of the aim and objectives of the study. The questionnaire linkages to objectives was tabulated in table 17 and table 18 below under the headings: Questions, Dimensions and Objectives. Under listed section the questions were, followed by constructs and lastly followed by links to objectives as tabulated below.

**Table 17: Description of research instrument for CTO chairpersons**

	Section A		
	Question 1	Biographical information, CTO registration, CTO formation, and Finance Functions handled by CTOs	2
	Section B		
	Question 2	Capacity development functions of CTOs, skills	2
	Question 3	Capacity development functions of CTOs, legislative framework	2
	Question 4	The role of CTOs in promoting tourism SMMEs	3
	Question 5	Identification of support structures to develop tourism SMMEs	4

**Table 18: Description of research instrument for CTO members**

	SECTIONS	DIMENSIONS	Objective
	Section A		
	Question 1	Biographical information	
	Question 2	Tourism activities promoted by the CTOs	1
	Question 3	Capacity development functions of CTOs	2
	Question 4	The role of CTOs in developing tourism SMMEs	3
	Question 5	Identification of support structures to develop tourism SMMEs	4
	Question 6	Challenges faced by CTOs in developing tourism SMMEs	3

## **Research Aim**

The aim of the research was to evaluate CTOs' ability to develop tourism SMMEs within the eThekweni municipality in terms of the research objectives discussed below.

## **Research Objectives**

The research objectives addressed the gap in CTOs' capacity to develop tourism SMMEs, as well as the impact of tourism on poverty alleviation among township communities by growing the township economy and promoting tourism SMMEs in the local communities.

### **Sub-objectives:**

1. To evaluate tourism activities promoted by CTOs.
2. To assess the capacity development functions of CTOs.
3. To explore the role of CTOs in promoting tourism SMMEs.
4. To identify support structures available to develop tourism SMMEs.

### **Objective One**

#### ***To evaluate tourism activities promoted by CTOs to develop tourism SMMEs***

The study was successful in evaluating tourism SMMEs activities promoted by CTOs. The findings confirmed the assertion that the majority of CTOs fall short of promoting tourism SMMEs. Sixty-one-point one percent (61.1%) of respondents disagreed that CTOs promoted tourism activities to tourism SMMEs. This confirmed the deficient capacity skills' base of CTOs themselves, which need to be developed for tourism SMMEs to prosper in the tourism industry. This lack of the requisite skills in the CTOs has a negative impact on tourism SMMEs and hinders them from participating effectively as equal partners with white established tourism businesses, because of their position of advantage, which was enabled by the apartheid legislative framework, which banned excluded formerly marginalised groups from participating in the tourism industry. However, a convergence of the findings has identified strategies to improve ways to improve tourism activities promoted by CTOs of tourism SMMEs.

### **Objective Two**

#### ***To assess the capacity development functions of CTOs***

This objective defined whether CTOs realised capacity development of Tourism SMMEs, and whether CTOs have an impact in promoting their development within eThekweni Municipality. This presented resemblance with CTOs promotion of tourism SMMEs. Most respondents strongly disagreed that CTOs provided capacity development to tourism

SMMEs. The findings indicated that 52.8% of respondents disagreed that CTOs capacitated tourism SMMEs. These findings indicated a necessity for capacity building for tourism SMMEs as well as the CTOs themselves.

### ***Objective Three***

#### ***To explore the role of CTOs in promoting tourism SMMEs***

This objective determined whether CTOs h promote tourism SMMEs. The findings established that 77.8% of respondents agreed that there was a need for CTOs to promote tourism SMMEs to participate effectively in the tourism industry, and not to collect crumbs that filter down from the tourism industry but, to be owners of the means of production, trade, heritage and cultural tourism within their tourism destinations. Through such empowerment initiatives poverty, unemployment, and inequality of opportunities could be eliminated.

### ***Objective Four***

#### ***Identification of support structures available to develop tourism SMMEs***

This objective evaluated whether CTOs are succeeding in identifying support structures available to develop tourism SMMEs. The findings of the study revealed that not much was accomplished in providing support structures to enable tourism SMME development. Hundred percent (100%) of respondents concurred that the lack of such support made it extremely difficult for tourism SMMEs to compete with the large and well established white big tourism businesses in the highly competitive tourism industry. This lack of capacity development among the historically marginalised groups' businesses led to the deterrence of tourism benefits escalating to local township communities. This resulted in poverty among the people, and growing the local township economy became a fallacy, despite the legal frameworks developed by the democratic dispensation to develop SMMEs to grow the township economy post 1994, which aimed to address the triple challenges of poverty, unemployment and inequality of opportunities (Jugmohan, Giampiccoli, Steyn and Saayman 2014:1142).

## **5.22 Inferential Statistics**

Neuendorf (2002:14) posits that quantitative analyses to provide counts of key categories in inference statistics, which makes estimates, predictions or decisions and measurements of amounts of other variables. From this perspective, inferential analysis summarises rather than report all details concerning a message set. The following statistical tests were used in the quantitative statistical analysis:

**T-Test:** This is a once-off sample-test and independent t-tests that evaluate whether a mean score is significantly different from a scalar value. The test uses a mean score and standard deviation to calculate the test statistic.

**ANOVA:** The test is employed in a variety of independent samples and compare two groups or more in one variable (Creswell et al 2016:255).

**Regression Analysis:** This is a strategy of estimating coefficients of linear equation of one or more independent variables that predict dependent variables.

**Pearson Correlation coefficient:** This scale measures relationships between a pair of variables in a study and all the above scales were utilised.

## **5.23 Delimitations**

This study was limited to the nine CTOs in the eThekweni Municipality, and only CTOs and SMMEs that dealt with international, regional and domestic tourists entering the eThekweni region through its port and by air, rail and road transport. These SMMEs had to operate within the eThekweni geographical borders and were members of local CTOs within the region. This study did not include tourists and experts who hold tourism qualifications, because it did not focus on SMMEs' service delivery to tourists, but on the quality of services offered by CTOs to tourism SMMEs.

## **5.24 Limitations**

The research was conducted in the eThekweni Municipality in KZN. Other CTOs in various cities and towns in the rest of the province were not included due to time and financial

constraints. Furthermore, this study was only concerned with CTOs' role in developing tourism SMMEs in the eThekweni Municipality.

### **5.25 Validity and Reliability**

Validity measures whether the research findings truly represented the phenomenon they purported to measure (Hesse-Biber 2010:85). Ellis and Levy (2009: 333) identified two broad measures of validity – namely external validity and internal validity. While external validity addresses the ability to confidently apply the findings of the study to other people and situations, internal validity addresses the reasons for the outcome of the study, thus helping to reduce unanticipated reasons (Robert et al 2006: 43). Ellis and Levy (2009: 334) note that establishing internal validity requires an examination of one or more of the following: face validity, criterion related validity, construct validity, and/or, content validity.

- ***Face validity***

Ellis and Levy (2009: 334) posit that face validity is based on whether the instrument passed the test of reasonableness. While face validity is in itself insufficient it is the first step in establishing the validity of the study. Robert et al (2006: 43) state that criterion related validity is a stronger form of validity that is used to establish if a tool such as a questionnaire could be compared to other similar validated measures of the same concept or phenomenon. However, these scholars acknowledge that in the absence of other measures, criterion-related validity would not be possible.

- ***Content validity***

Content validity indicates the level to which the measurement tool supplies sufficient coverage of the research questions that guide the study (Sekaran and Bougie (2013:226; Cooper and Schindler 2014:257; Saunders, Lewis and Thornhill 2009:373). Content validity guarantees that the measuring tool includes sufficient and representative set of items to produce the concept of the area being examined. When examining the content validity tool, it is important to understand which elements provide adequate image of the topic studied. If the tool is inclusive of a representative sample of the population being studied, it could be seen as good content validity. Boudreau, Geffen and Straub (2001:

5) describe content validity as the degree to which the items in an instrument reflect the content universe to which the instrument would be generalised.

- ***Criterion-related validity***

Criterion-related validity predicts the result of a present situation. Sekaran and Bougie (2013:226) argue that criterion-related validity is set up when a measurement separates a criterion that it is expected to predict, as an equal and similar validity comparison measure (Cooper and Schindler (2014:261). The criterion-related validity could be found through the measure of testing to separate people who are known to be different (Sekaran and Bougie 2013:227).

- **Construct validity**

According to Robert et al (2006: 43), construct validity involves the relationship between the concepts under study and the construct of the theory that was relevant to them. The scholars suggest that construct validity could be demonstrated statistically, using factor analysis. The scholar further argue that construct validity is particularly important to measure the relevance and representativeness of items such as individual questions in a questionnaire. They further argue that such relevance is supported by a literature review and documentary evidence. This study promoted content validity by conducting a pilot study with all nine chairpersons and 27 non-executive committee members of the CTOs in eThekweni Municipality (Somekh and Lewin 2011:330) to ensure that the questionnaires employed to gather data were in line with the research objectives. The researcher solicited the services of an expert statistician, who used SPSS version 22 for Windows to test the validity of the findings. Reliability refers to the degree to which a research method produced stable and consistent results. A measure is considered reliable if its application to the same object of measurement on a number of occasions produces the same results (Burney and White 2010:129). The pilot study also helped to determine whether the questionnaires would produce consistent results. As explained by the scholars quoted above, internal consistency is the relationship between all the results obtained from a single test or survey. The internal consistency of a survey instrument can be measured, using statistical procedures such as Cronbach Alpha coefficient (Cronbach 1951: 297). The Cronbach Alpha index was used to assess the reliability of the survey instrument in this study.

## **5.26 Reliability**

Reliability can be defined as the consistency of the measuring instrument in producing the same result with repeated efforts, without change (Leedy and Ormrod (2010:28-29). Saunders et al (2009:373) are of the view that a questionnaire should be reliable to be classified as valid. To be reliable, a measuring instrument must produce consistent results on frequent repetitions. Common reliability checks involve test, re-test, internal consistency, and an alternative form in correlating the responses to each question in the questionnaire, with other questions in the questionnaire Saunders (2009:374; Cooper and Schindler 2014:262; Sekaran 2013:229) The scholars are of the view that the Cronbach's Alpha reliability analysis is a popular tool that is used to test the internal consistency of the measurement scale. This tool also shows how well the questions measure the concept. The achievement of the Cronbach's Alpha value close to 1 shows high reliability. The Cronbach's coefficient test was used in this study.

## **5.27 Practicality**

The scientific success of a project is dependent on two things – namely measurement process reliability, validity and practicality of its operational requirements (Cooper and Schindler 2014:262). Practicality can be defined as economy, convenience, and interpretation. The economy refers to research budget, and cost implications of the data collection methods to achieve desired outcomes of the study. A convenience measuring device succeeds the convenience test, if it is easy to administer. Interpretability refers to practicality relevance, when persons other than the test designers find it easy to interpret the results (Cooper and Schindler 2014:262). Interpretability also refers to the clarity of findings of the study, and the ease with which any person other than the researcher is able to interpret the findings.

The practicality of the measuring tool in this study was pilot-tested by the eThekweni CTOs to determine whether the questions and statements were adequate to elicit the responses of CTOs regarding the development of tourism SMMEs in the eThekweni Municipality. The survey was conducted using open-ended questionnaires. In addition, a statistician assisted with the analysis and interpretation of the results to ensure clarity.

**Table 19: Operational description of constructs**

Construct	Proponents	Items
CTO registration	Rogerson (2014); Milner (2010); Joseph (2013)	Sole trader, partnership, company, close corporation, other
CTO formation	Giampiccoli and Mtapuri (2012); Lepeyre (2010)	Advert invitation of participation, voluntary joining of members of the public, members presented their product experience to tourism product owners
Finance function handled by CTO members	Giampiccoli; Saayman and Steyn (2017); Ahmeti (2013); Rogerson (2016)	Durban Tourism allocates funding for operations, monthly financial reports by CTO treasurer to Durban Tourism, CTOs obtain funding from private sector, audited financial statements presented to annual general meetings, stakeholders involved in financial planning
Tourism activities promoted by CTOs	Moscardo (2008); Keiser (2012); UNWTO (2018); Chetty (2014)	Golden Mile Beach Promenade, Heritage routes in eThekweni Municipality, township lifestyle tourism routes, rural tourism routes, guided sport, heritage and cultural routes tourism, events tourism, consulting,

		research and development tourism
Capacity development functions of CTOs	Bergen, Abdi, Decorby, Mensah, rempel and Menson (2017); Ahmeti (2013); Giampiccoli and Saayman (2017)	Business skills, financial management short courses, legislation, tax, VAT policies workshops, Coaching, Mentoring and evaluation skills, public driving skills workshops and training, passenger liability insurance workshops, tour guiding skills training, shuttle, taxi and other tourism transport opportunities access, tourism market, finance and credit facilities access by CTOs
CTO capacity development: Legislation and policies	UNWTO (2018); Moscardo (2008); Giampiccoli (2012); Constitution of South Africa 108 (1996); White Paper on the Promotion of Tourism Development (1996); Local Government: Municipal Structures Act 17 (1998); Municipal Systems Act 32 (2000)	
Understanding of eThekweni Municipality by-laws	Local Government: Municipal Structures Act 17 (1998); Municipal Systems Act 32 (2000); Ahmet (2013); Rogerson (2016);	No compliance, Illegal tour guides, illegal tour operators, illegal cruise ship tour guides, unhealthy competition

	UNWTO (2018); Keiser (2012)	
Role of CTOs in promoting tourism SMMEs	Keiser (2012); Ahmeti (2013); UNWTO (2018); Peng (2010); Myoshi and Stenning (2008); Telfer and Sharpley (2008); Peng (2009)	Access to tourism opportunities: Cruise tourism, public-private partnership links with established tourism businesses, access to finance, markets, mentoring, evaluation and coaching, capacity building links with universities for skills development, expertise, resources and strategic management, control, leadership and ownership of community tourism cultural and heritage tourism resources
CTOs reviewed and evaluated tourism resources	Keiser (2012); Moscardo (2008); UNWTO (2018); Giampiccoli and Jugmohan (2015)	Plan key performance indicators, regular meetings to solve tourism SMME problems, links tourism SMMEs to performance, sharing information, allocation of duties and follow-up, monitoring and evaluation, devise new strategies to solve Tourism SMME problems

CTOs develop public – private partnership linkages	MOSCARDO (2008),Ahmeti (2013),Keiser (2012),Diale (2015).	Tourism SMME Local Economic Development (LED), accommodation sector, and big tourism business, Community-based tourism development, Local government municipality skills Development, Guaranteed income generation to local communities, Crime reduction, poverty alleviation, jobs guaranteed
Available support structures to develop tourism SMMEs	Naude (2008),Raj,Mago and Toro (2013),UNWTO (2018),Neumayer (2004),Schwekert (2014), Giampiccoli, Mtapuri and Jugmohan (2017)	Brochures, Publications, Newsletters, Face-to-face marketing, advertising and promotion of products and services and other electronic marketing procedures
Tourism SMME serviuces supported by CTOs	Busey (2014); Neumayer (2014); Schwkert (2014)	Understanding links between tourism and economic development and community-based tourism, job creation strategies, lack of adequate vision of the tourism industry to pro-poor planning and regulations
Any other attention that the CTOs can engage in to develop the tourism SMMES	Pivot (2014); Ahmeti (2013); Moscardo (2008); Giuampiccoli and Mtapuri (2012)	Open-ended questions

<p>Tourism SMMEs trained by CTOs</p>	<p>Spenceley et al (2016); Moscardo (2008); UNWTO (2018)</p>	<p>Consultant, tourism researcher, shuttle, taxi services, yachting tourism, surfing tourism, water sports tourism, cycling tourism services, air hostess tourism services, and any other tourism services available to Tourism SMMEs</p>
<p>Tourism SMMEs adequately involved in CTO governance and administration.</p>	<p>Moscardo (2008); Ahmeti (2013); Spenceley et al (2016); Keiser (2012); Rogerson (2012)</p>	<p>Participatiojn in CTO election, participation in financial reports presentations, attend Annual General meetings, updated about CTO programmes, plan key performance indicators, regular meetings to solve tourism SMME problems, link plans to key performance, devise strategies for solving tourism SMME problems, allocation of duties to implement Monitoring Evaluation of success and challenges faced by Tourism SMMEs. Conduct follow-up on tourism SMMEs challenges, identifiedM&amp;E plans</p>

Additional comments in terms of operating as tourism SMMEs	Moscardo (2008); Ahmetri (2013); Spenceley et al (2016); Keiser (2012); Rogerson (2012); Giampiccoli (2015)	Open-Ended Questions
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### 5.28 Ethical Considerations

Sekaran and Bougie (2013:162) argue that ethical issues in research are important components that need attention. These include treatment of data collection with confidentiality, privacy and preservation of respondent’s confidentiality guaranteed for their self-esteem and self-respect. Cooper and Schindler (2014:28) and Sekaran and Bougie (2013:2013:162) agree about standards of behavior and norms when conducting research. Unethical conduct includes violating non-disclosure agreements, breaking participant confidentiality, misrepresenting results, deceiving people, using invoicing irregularities, avoiding legal liability, and others.

Ethics research refers to the need to conduct a study in a moral and responsible manner (Blumberg, Cooper and Schindler 2014:121). The emphasis is on protecting the rights of participants or subjects of the research. Participants from the CTOs were fully briefed on the nature of the study, how it would be conducted, as well as the risks and benefits of participating. Ethical research requires personal integrity from the researcher, adherence to procedures and protocols during the planning process. This study was guided by the Durban University of Technology’s ethics code, rules, and policies.

### 5.29 Confidentiality

Cooper and Schindler (2014:3), Clow and James (2014:343) agree that the all people have the right to confidentiality, which researchers must respect during the course of their research. The Durban University of Technology’s confidentiality rules were adhered to throughout the study. This included not revealing the respondents’ names or divulging information on them.

### **5.30 Anonymity**

Clow and James (2014: 343) argue that researchers must state in the invitation letters to respondents that they would ensure their anonymity (their identities will not be revealed). Anonymity means that the responses of participants can never be linked to them. The eThekweni CTO members' anonymity was guaranteed, as strict Durban University of Technology's ethics were followed.

### **5.31 Conclusion**

This chapter outlined the research methodology employed to conduct this study. It discussed the quantitative approach adopted and the rationale for this choice, the research design, the study population and sampling, and the data collection instrument, measurement tool and data analysis processes. The study's delimitations and limitations were discussed, as well as the validity and reliability of the study. The chapter concluded with a discussion on the ethical considerations that must be observed when conducting the study.

Chapter presents and analyses the data gathered for this study and discusses the findings.

## 6 CHAPTER SIX: Data Analysis and Discussion

### 6.1 Introduction

Chapter 5 presented the research methodology employed to conduct this study. This chapter presented the analysis of the data and discussion of the findings from the questionnaires. Data collected by means of 83 questionnaires administered to CTO members, and nine to CTO chairpersons. All 92 questionnaires returned, represented a 100% response rate. The main aim of the study was to evaluate eThekweni CTOs' development of tourism SMMEs. The data collected from the respondents were analysed using SPSS version 22 of Windows.

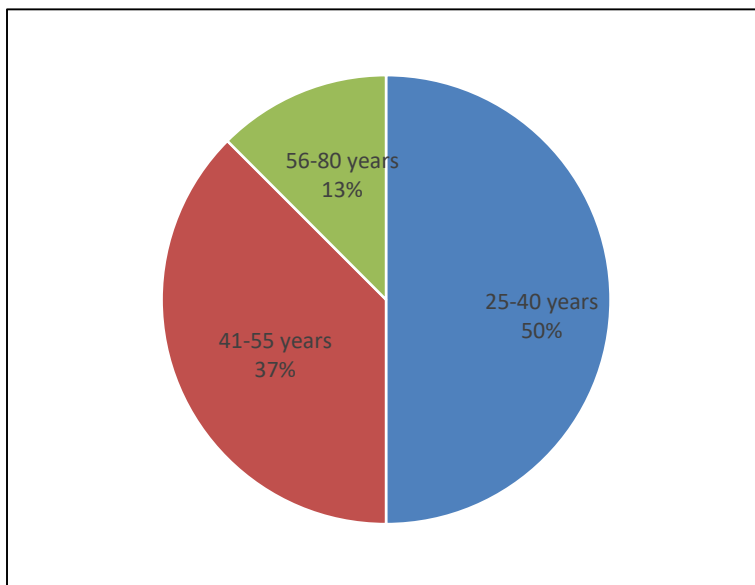
#### ***Demographic Characteristics of the CTO Chairpersons***

This section detailed the demographic characteristics of the CTO chairpersons.

##### *Age of respondents*

The figure below highlighted the age of the respondents.

**Figure 14: Respondents' Age**



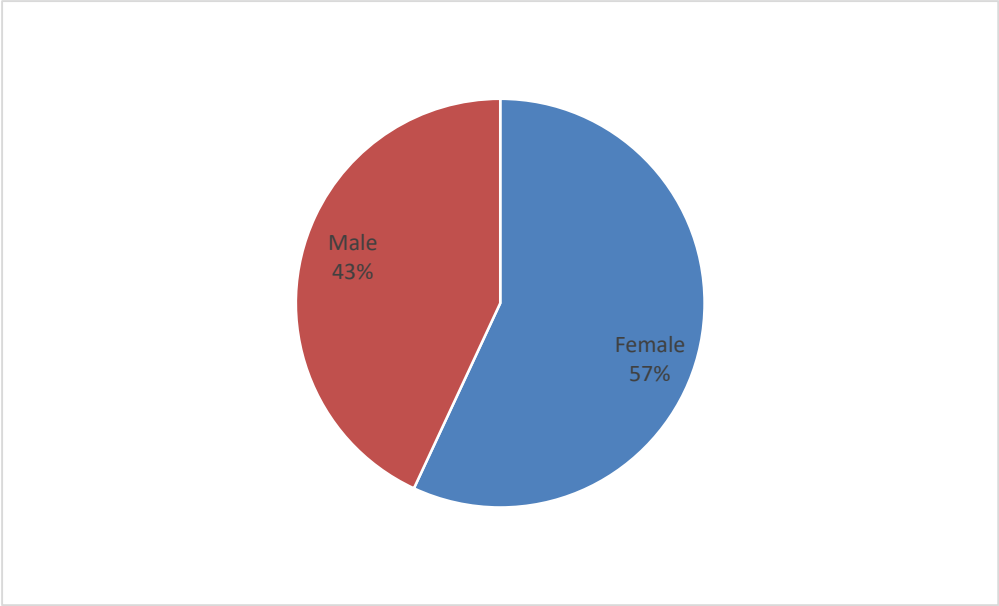
Fifty per cent of the respondents were between the ages of 25 and 40, while 37% were aged 41 to 55, and 13% were between the ages of 56 and 80. These findings were in line with Rogerson (2012: 32) and Joseph's (2013: 31) studies, which affirmed that the majority of the CTO committee members in South Africa were above the age of 40. The fact that some of the respondents were aged between 56 and 80 considered an

advantage in enabling CTOs to develop tourism SMMEs, as the skills and experience they had acquired over the years could be transferred to the younger generation through knowledge sharing and could act as a repository of knowledge in consulting with and mentoring SMMEs.

*Gender of respondents*

The figure below showed the gender of the respondents.

**Figure 15: Gender of Respondents**

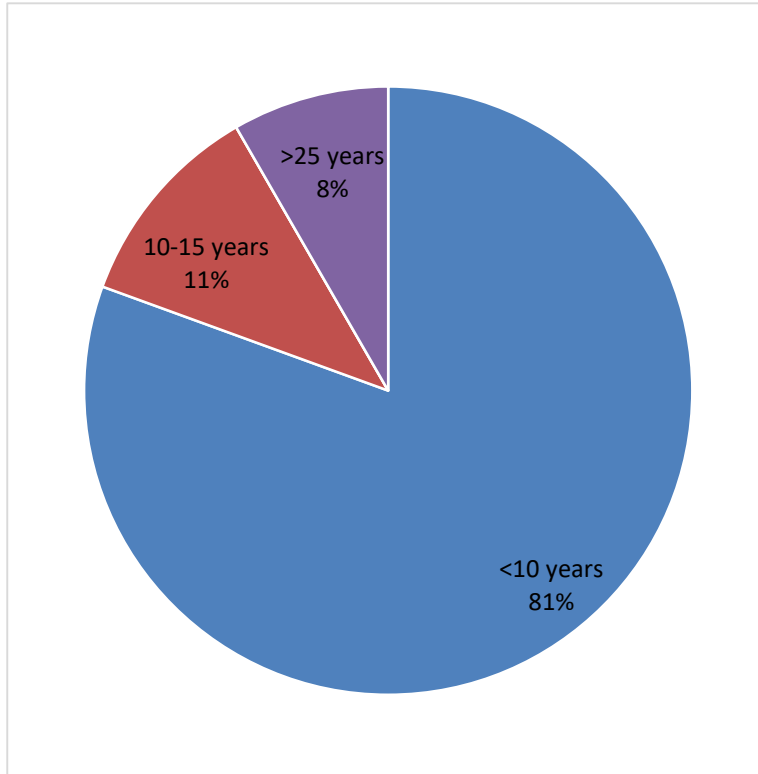


The ratio of males to females was 43:57, indicated fair gender distribution among CTOs in eThekweni. This augured well for the development of female entrepreneurs. According to Booyens and Visser (2010:381), women entrepreneurs brought creativity, innovation and unique analytical values, which enhanced the sustainability of small businesses.

*Period served as CTO Chairperson*

The figure below revealed how long the respondents had served as chairperson of the CTO.

**Figure 16: Period served as CTO Chairperson**

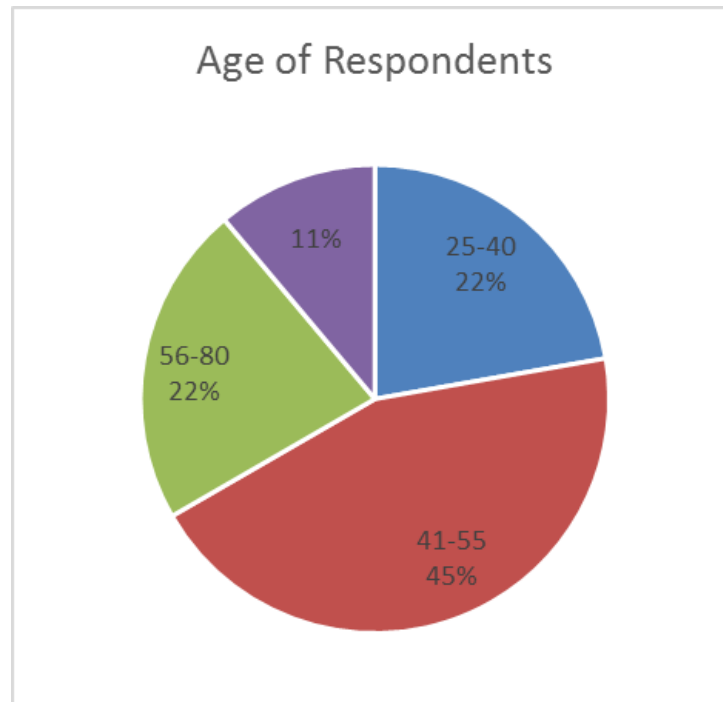


Eight-one per cent of the respondents had served as CTO chairperson for less than 10 years while only 8% had served for more than 25 years. This finding concurred with those of Ehlers and Lazenby (2010:3); Tassiopoulos (2011:329); Telfer and Shapley (2010:80); and Tribe (2010:191) who concluded that the majority of CTO members or chairpersons had several years' experience, with positive impacts in ensuring CTOs' sustainability and continuity.

### **Demographic Data on CTO Non- Executive Members**

The demographic characteristics of the CTO Non-executive members detailed below.

**Figure17: Analysis of respondents' age**



Forty-five per cent of the CTO members were between the ages of 41 and 55; with 22%, aged 25 to 40 and 22% in the age bracket 56-80. One respondent did not fill in their age. Once again, the fact that some CTO members were aged 56 to 80 means that their experience and skills acquired over the years transferred to the younger generation through knowledge sharing and could serve as a repository of knowledge in consulting with and mentoring SMMEs. The fact that most CTO members were above the age of 41 implied overall maturities, which could have a positive effect on the development and sustainability of tourism SMMEs. These findings were in line with those of Rogerson (2012: 32) and Joseph (2013: 31) who found that many CTO non-executive committee members in South Africa were above the age of 40.

### ***Respondents' race***

**Figure 18: Respondents' race categories**

The figure below highlighted the respondents' race categories.

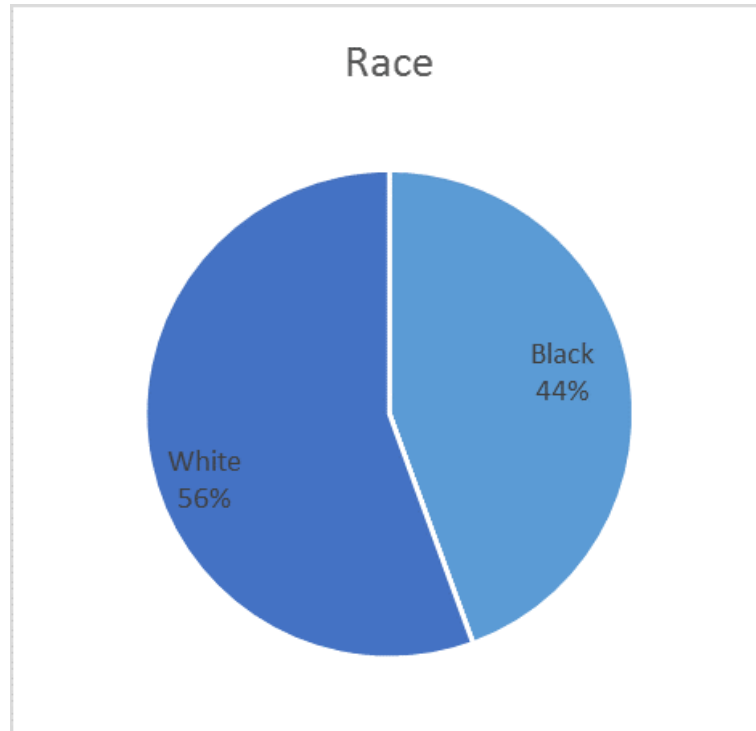
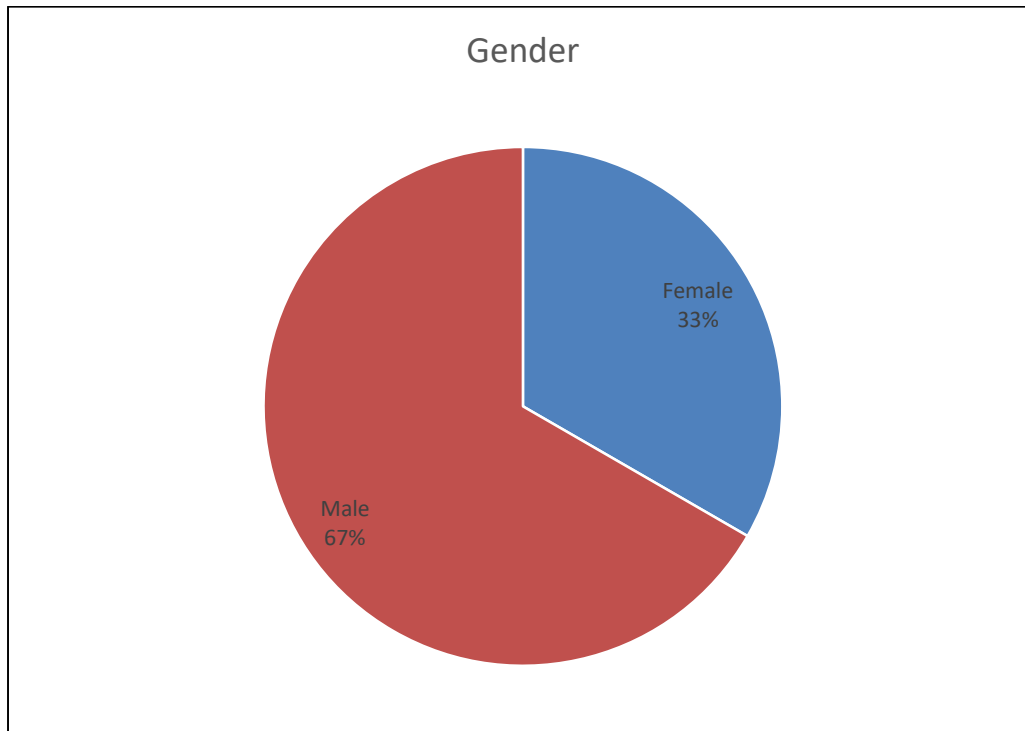


Figure 18 indicated that 44% of the respondents were black and 56% white, with no representatives of the Indian or Coloured groups. Rogerson (2012:64) asserted that white businesses dominated South Africa's tourism industry due to apartheid legacies. The racial composition of the CTO members did not mirror that of the country's population, highlighted the need for more black South Africans to be involved in the tourism industry. More Coloured and Indian people also needed to be included.

### ***Respondents' gender***

**Figure 19: Respondents' gender**

The figure below showed the respondents' gender.



Sixty-seven per cent of the respondents were male while 33% were women. Phommaovong and Sorensson (2014:350) also pointed to low levels of female representation in CBT organizations. The skewed male-female representation reflected in the above figure reflected the gender inequality that characterised patriarchal societies where women were excluded from designing, planning, promoting or developing tourism activities (Rogerson 2007:55). It needed to be addressed as it could discourage women from participating in leadership structures.

***Period served as a CTO member***

**Figure 20: Period served as a CTO member**

The figure below revealed how long the respondents had served as a CTO member.

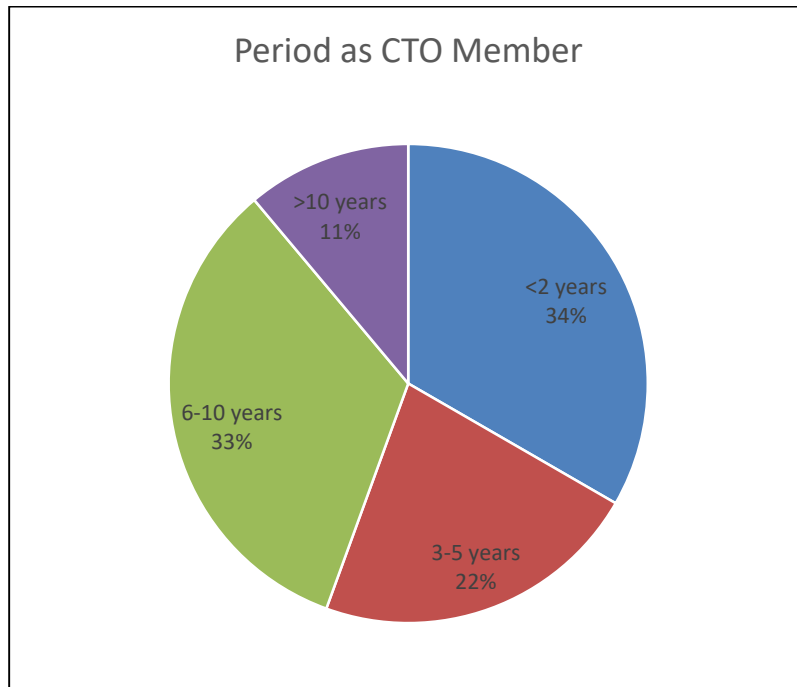


Figure 20 showed that 11% of the respondents had served as a CTO member for more than 10 years; 34% for less than 2 years; 22% for between 3 and five years, and 33% for six to ten years. Thus, (11%) had served for more than five years. The NDP (2011: 152) stated that most CTO members had served for more than five years. This could have a positive impact on the development and sustainability of the tourism industry in eThekweni, as longer-serving members' experience and skills could be cascaded to less experienced and less skilled members.

**Respondents' CTO registration type**

**Figure 21**

**: Respondents' CTO registration type**

The figure below highlighted the respondents' CTO registration type.

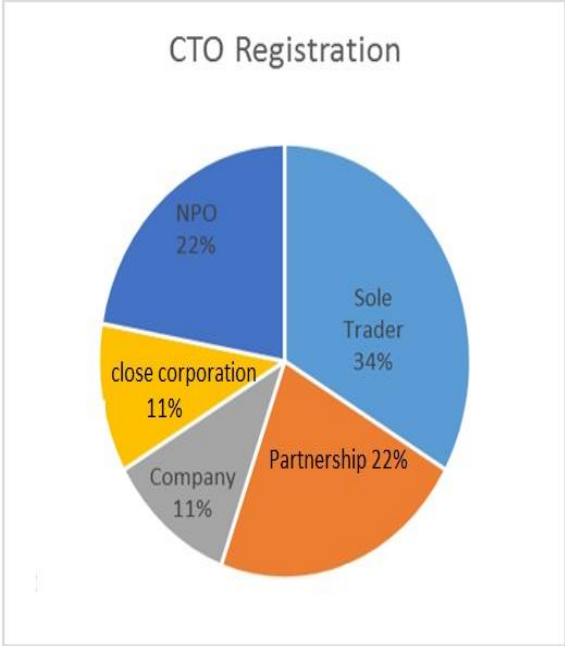


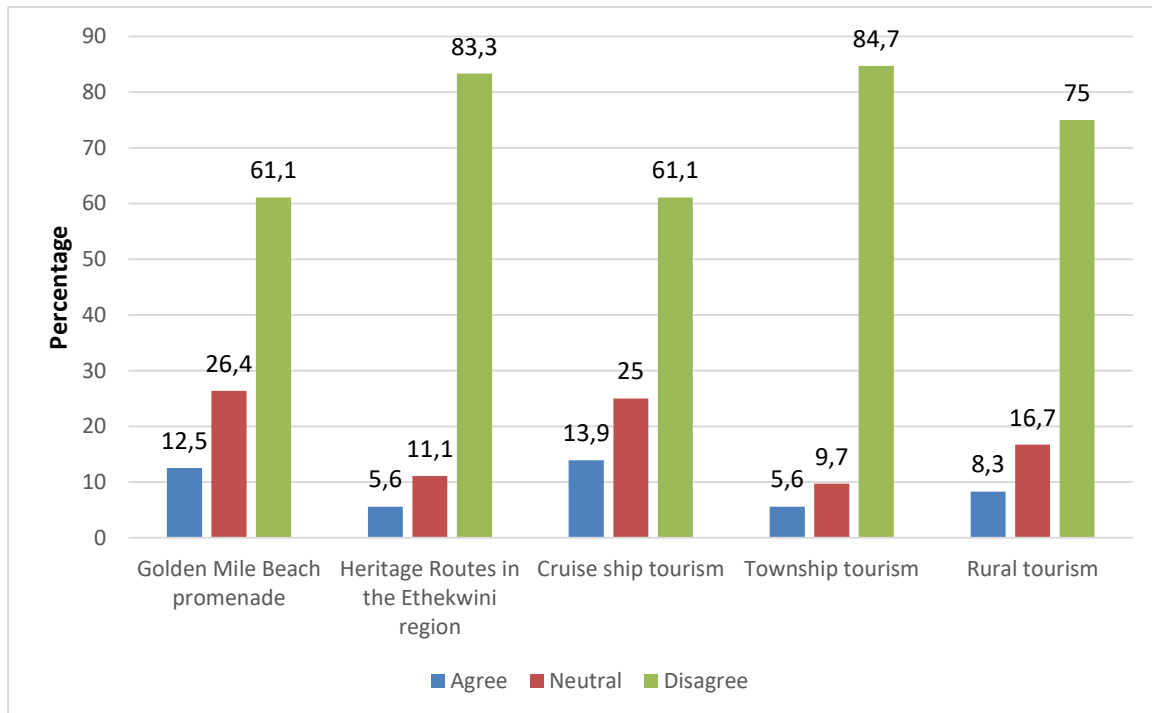
Figure 21 indicated that 34% of the CTOs registered as a sole trader, 22% as a partnership, 11% as companies, 11% as close corporations and 22% as non-profit organizations. Only 44% complied with the legal requirements regarding CTO registration. Tourism laws and policies required that CTOs registered as juristic persons in terms of the Small Business Act. This suggested that some would be non-profit organizations, allowed in terms of the legislation.

## 6.2 Objective One: Tourism Activities promoted by CTOs

### Respondents' views on Tourism activities promoted by CTOs

Figure 22: Respondents' views on tourism activities promoted by CTOs

The figure below showed the respondent's members' views on the tourism products promoted by CTOs.



#### 6.2.1 Promoting the Golden Mile Promenade

Figure 22 showed that, 12.5% of the respondents agreed that CTOs promoted SMMEs on the Golden Mile Promenade, 26.4% were neutral, and 61.1% disagreed. These responses corresponded with the findings of researchers who asserted that CTOs did not promote tourism activities such as the Golden Mile Promenade (Besser and Milner 2010:4).

#### 6.2.2 Promoting heritage routes

In terms of heritage routes in eThekweni region, 5.6% of the respondents agreed that CTOs promoted SMMEs along the heritage routes, 11.1% were neutral while 83.3% disagreed that CTOs promoted these tourism destinations. The high percentage of respondents that chose to remain neutral could be attributed to CTOs' lack of promotion

of the Golden Mile Promenade, heritage routes and other tourist destinations (Booyens and Visser 2010:38; Joseph 2013:2).

### **6.2.3 Promoting cruise ship tourism**

Figure 22 above showed that 13.9% of the respondents agreed that CTOs promoted SMMEs about cruise ship tourism, 25% were neutral and 61.1% disagreed. These findings corresponded with those of researchers in this field who asserted that cruise ship tourism not adequately promoted by CTOs (Lepeyre 2010:75).

### **6.2.4 Promoting township tourism**

In terms of township tourism, 5.6% of the respondents agreed that those CTOs promoted SMMEs regarding township tourism, 9.7% were neutral and 84.7% disagreed. These responses were in line with those of researchers who asserted that township tourism was not promoted by CTOs (Rogerson 2012: 75; Mekgwe 2013; Chimucheka 2013:787). Okazaki (2013:87) suggested that failure to fulfil the developmental potential of township tourism was partly due to its non-promotion by CTOs.

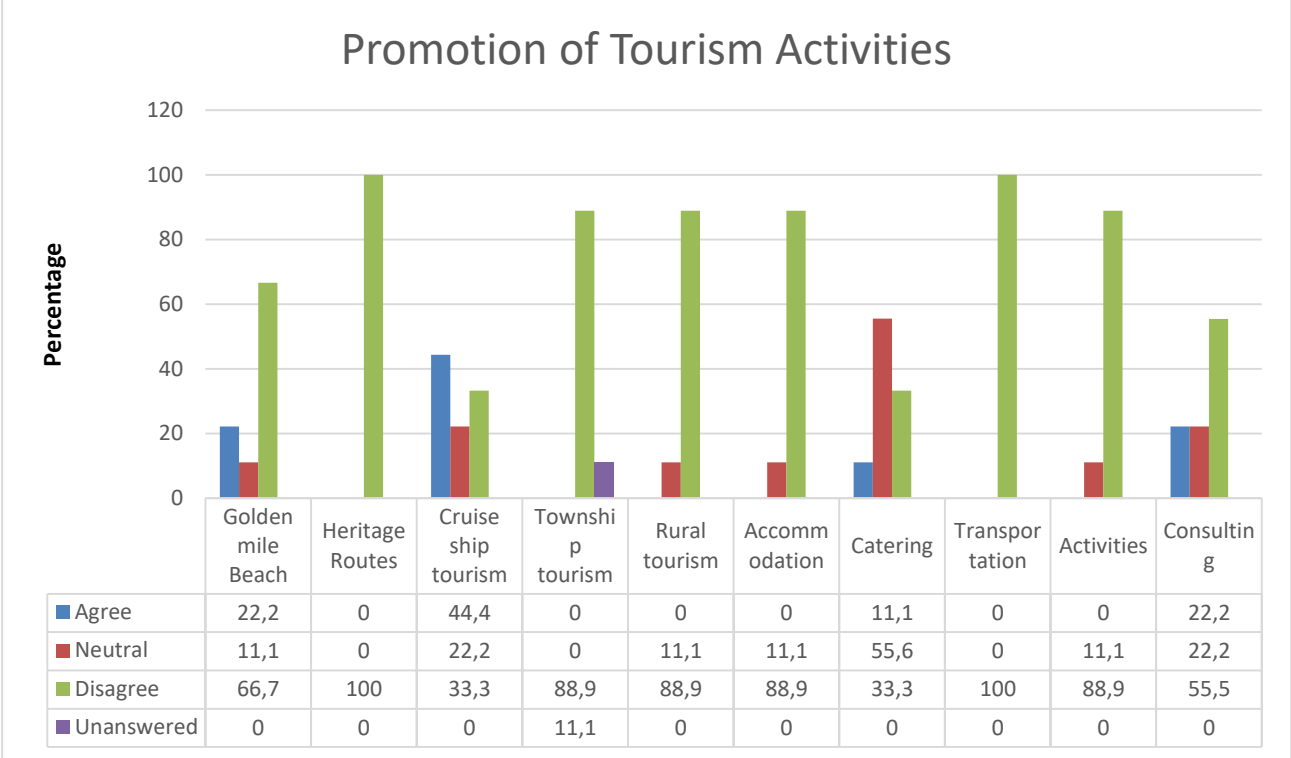
### **6.2.5 Promoting rural tourism**

Finally, regarding rural tourism, 8.3% of the respondents agreed that CTOs promoted SMMEs in terms of rural tourism, 16.7% were neutral and 75% disagreed. These findings also corresponded with those of other researchers who asserted that rural tourism was barely promoted by CTOs (Rogerson 2012: 75; Marschall 2012:721).

**6.26 Promotion of tourism activities**

**Figure 23: Promotion of Tourism Activities**

The figure below showed the CTO chairpersons’ responses with regard to CTOs’ promotion of tourism activities.



**Golden Mile Beach**

Figure 23 showed that two (22.2%) respondents agreed that CTOs promoted the Golden Mile Beach, while one (11.1%) was neutral and six (66.7%) disagreed with this statement.

**Heritage Routes**

All nine respondents (100%) disagreed that CTOs promoted heritage routes.

**Cruise Ship Tourism**

The figure revealed that four (44.4%) respondents agreed that CTOs promoted cruise ship tourism, while two (22.2%) were neutral and three (33.3%) disagreed.

**Township Tourism**

Eight (88.9%) respondents disagreed that CTOs promoted township tourism and one (11.1%) declined to answer this question.

### ***Rural Tourism***

Figure 23 showed that none of the respondents agreed that CTOs promoted rural tourism, while one (11.1%) remained neutral and eight (88.9%) disagreed with this statement.

### ***Accommodation***

None of the respondents agreed that CTOs promoted accommodation, one (11.1%) remained neutral and eight (88.9%) disagreed.

### ***Catering***

The figure revealed that one (11.1%) respondent agreed that CTOs promoted catering, while five (55.6%) remained neutral and three (33.3%) disagreed with this statement.

### ***Transportation***

All the respondents (100%) disagreed that CTOs promoted transportation.

### ***Activities***

Figure 23 showed that none of the respondents agreed that CTOs promoted other tourism activities, with one (11.1%) remained neutral and eight (88.9%) disagreed with this statement.

### ***Consultant/researcher***

Figure 23 revealed that 55.6% of the respondents disagreed that CTOs informed tourism SMMEs about opportunities to act as consultants/researchers, while 22.2% remained neutral and only 22.2% agreed with this statement.

## **6.2.7 Discussion: Objective One: views on activities promoted by CTOs**

eThekwini Municipality promoted SMMEs in the tourism sector as part of its agenda to address inequality and marginalisation and to promote sustainable communities. Policies and regulations adopted in this regard not implemented. However, tourism SMMEs' involvement in this sector was hampered by poor management and marketing skills. These problems could be attributed to CTOs' lack of coordination of SMME activities as well as non-implementation of tourism development policies, regulations and legislation (Marschall 2012: 731; Unger 2010:24; Maharaj and Balkaran 2014:273; Milagrow 2010:4; Pivot 2014:64). Marschall's (2012:730) study on the Inanda Heritage Trail recommended that tour operators could be encouraged to include local community members. There was also an urgent need for local government to consult with tour operators and CTOs before they made decisions about expansion of the tourism amenities in Inanda. Government

needed to support entrepreneurial activity within the Inanda community in order to encourage the emergence of more tour operators and tourist guides from within the area.

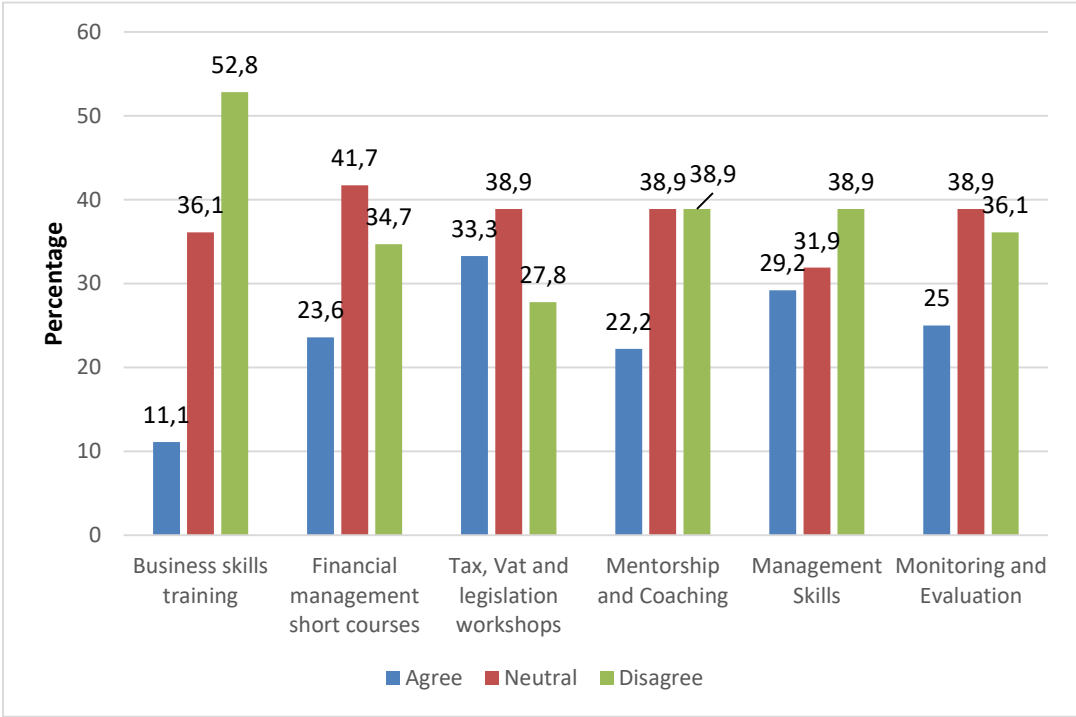
While extensive research had been conducted on local capacity building in tourism in developing countries (Okazaki 2008; Booyens and Giampiccoli 2010; Giampiccoli and Mtapuri 2013; Rogerson 2005, 2009, 2012; Kotler 2012; Priestly 2013; Maharaj and Balkaran 2014), the problem lied in implementation. Overall, the respondents showed dissatisfaction with CTOs' efforts to promote specific tourist destinations.

The above statistics pointed to CTOs' underperformance in terms of promotion of tourism activities. These responses were consistent with Ashley and Goodwin (2007: 43) and Booyens and Visser (2010: 32) who found that CTOs do not adequately promote the Golden Mile Beach Promenade, heritage tourism, and township and rural tourism. This could undermine the growth of tourism SMMEs in eThekweni Municipality. In general, tourism routes were concentrated in traditional tourism nodes in cities and along the coast (McLaren and Heath 2012:93). Very few tourism industry benefits reached the townships and rural areas, where most tourism SMMEs based. There was thus a need to improve the geographic spread of tourism benefits (National Tourism Sector Strategy 2011). This increased the number of bed-nights spent in local communities (McLaren and Heath 2012:94).

**6.3 Objective Two: capacity development functions of CTOs**

**Figure 24: Capacity development functions of CTOs**

The figure below presented the respondents’ views on CTOs’ capacity development functions.



6.3.1

**Business skills training**

Figure 24 showed that 11.1% of the respondents agreed that CTOs developed SMMEs’ business skills, while 36.1% were neutral and 52.8% disagreed with this statement.

*Financial management*

The figure revealed that 23.6% of the respondents disagreed those CTOs developed SMMEs’ financial management skills, 41.7% were neutral and 34.7% agreed.

*Regulatory Environment (Workshops on tax, VAT and legislation)*

In terms of the regulatory environment, 33.3% of the respondents agreed that CTOs developed SMMEs’ knowledge of different legislation, while 38.9% remained neutral and 27.8% disagreed with this statement.

### 6.3.2 Mentoring and coaching

In terms of mentoring and coaching, 22.2% of the respondents agreed that CTOs mentored SMMEs, while 38.9% disagreed and were neutral, respectively.

#### *Management skills*

Figure 24 indicated that 29.2% of the respondents agreed that CTOs enhanced SMMEs' management skills, 31.9% were neutral and 38.9% disagreed.

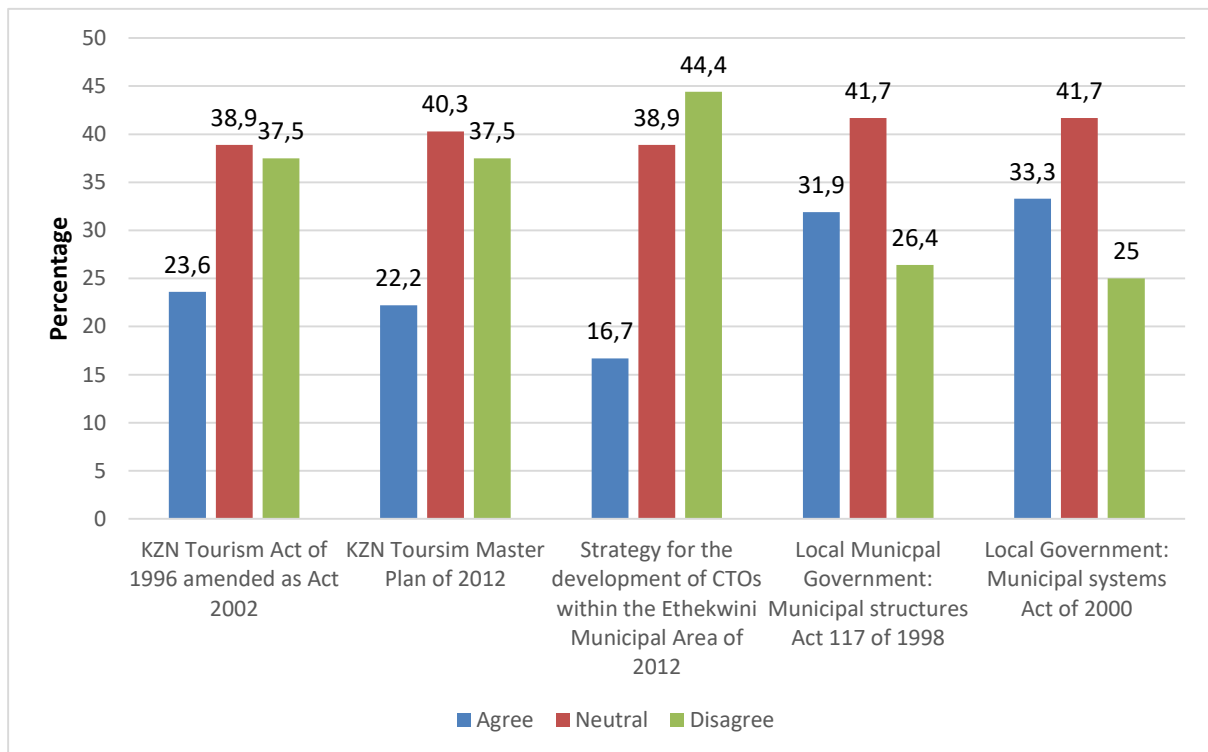
#### *Monitoring and evaluation*

Twenty-five per cent of the respondents agreed that CTOs enhanced SMMEs' monitoring and evaluation skills, while 38.9% remained neutral and 36.1% disagreed with this statement.

### 6.3.3 Capacity development in terms of knowledge of legislation

**Figure 25: Capacity development in terms of knowledge of legislation**

The figure below highlighted capacity development in terms of knowledge of legislation.



***KZN Tourism Act of 1996 as amended in 2002***

Figure 25 above showed that 23.6% of the respondents agreed, 38.9% remained neutral and 37.5% disagreed that CTOs capacitated tourism SMMEs with knowledge on the KZN Tourism Act, as amended.

### ***KZN Tourism Master Plan of 2012***

The figure revealed that 22.2% of the respondents agreed, 40.3% remained neutral and 37.5% disagreed that CTOs capacitated tourism SMMEs with knowledge on the KZN Tourism Master Plan and other laws and policies, such as the: *strategy for the development of CTOs within the eThekweni Municipal area 2012*.

In terms of CTOs capacitating tourism SMMEs with knowledge on this strategy, a high percentage (38.9%) of the respondents remained neutral, with only 16.7% who agreed with this statement and 44.4% disagreeing.

### ***Municipal Structures Act 117 of 1998***

Figure 25 shows that 31.9% of the respondents agreed that CTOs capacitated tourism SMMEs with knowledge on the Municipal Structures Act 117 of 1998, while, 41.7% were neutral and 26.4% disagreed with this statement.

### ***Municipal Systems Act 32 of 2000***

Figure 25 illustrated that 33.3% of the respondents agreed that CTOs capacitated tourism SMMEs with knowledge on the Municipal Systems Act 32 of 2000, while 41.7% remained neutral and 25% disagreed.

### 6.3.4 Capacitation regarding SMME registration requirements

Figure 26: Capacitation regarding SMME registration requirements

The figure 26 below highlighted capacitation regarding SMMEs registration requirements.

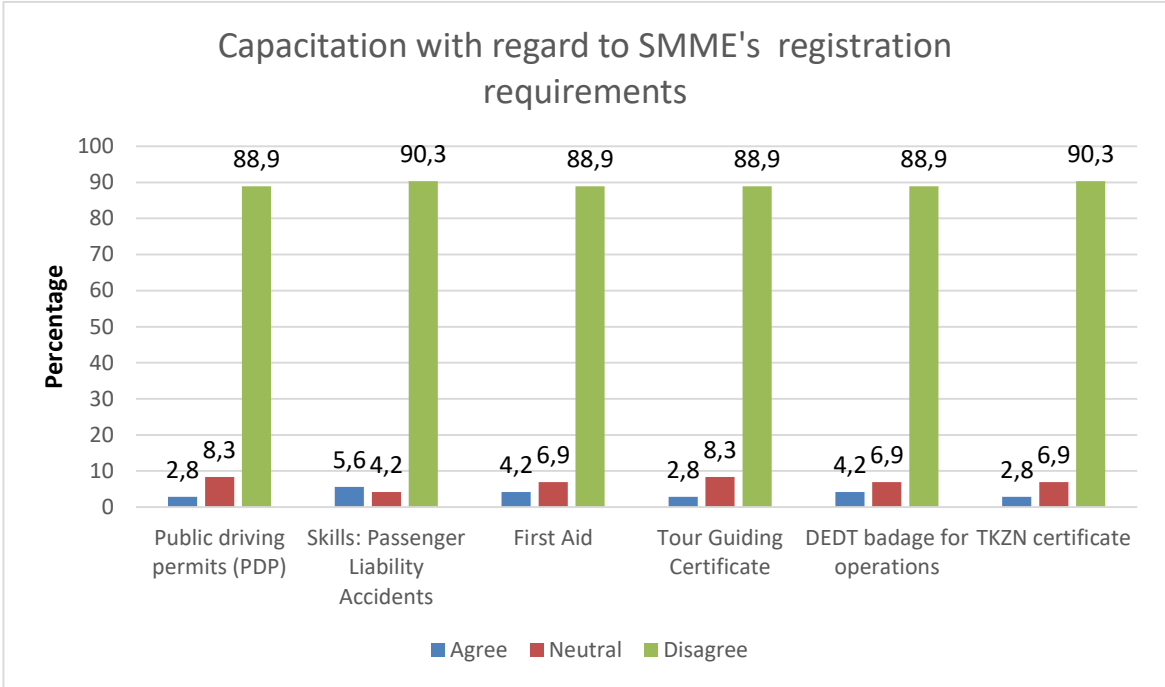


Figure 26 showed that 2.8% of the respondents agreed that CTOs capacitated tourism SMMEs with knowledge on public driving permits, while 8.3% remained neutral and 88.9% disagreed with this statement. Similarly, 5.6% of the respondents agreed, 4.2% were neutral and the overwhelming majority of 90.3% disagreed that CTOs informed SMMEs that were tour operators about passenger liability insurance requirements. Finally, only 4.2% of the respondents agreed that CTOs provided tourism SMMEs with information on the need for first aid training, while 6.9% were neutral and 88.9% disagreed with this statement.

In terms of the requirement that SMMEs obtained tour-guiding certificates, only 2.8% of the respondents agreed that CTOs provided such information to tourism SMMEs, with 8.3% remaining neutral and 88.9% disagreed with this statement. The figure shows that 4.2% of the respondents agreed that CTOs informed SMMEs that they required a DEDT badge to operate in the tourism industry, 6.9% remained neutral and 88.9% disagreed. In addition, 2.8% of the respondents agreed that CTOs offered information on the need for

tourism SMMEs to obtain a TKZN certificate, with 6.9% remained neutral and 90.3% disagreed with this statement.

### **6.3.5 Discussion: Objective Two: Capacity development functions of CTOs**

The above findings suggested that CTOs were underperforming in terms of capacitating tourism SMMEs with information on registration requirements. Nunkoo and Smith (2013) noted the importance of capacitating SMMEs (Nunkoo and Gursoy 2012:5). Failure to do so would hamper their success and growth. Raj and Toro (2013:4) and Peng (2009:21) noted that SMMEs' lacked business, financial and management skills as well as knowledge of relevant legislation. In order to survive and grow in the competitive tourism industry, and thus contributed to LED. Tourism SMMEs required coaching and mentoring. There was thus a need for CTOs to improve their capacitation of these SMMEs. While government remained committed to supporting SMMEs through legislation and the establishment of agencies such as SEDA, SEFA, IDC and the NYDA, there seemed to be a lack of awareness among SMMEs of the government support that was available (Raj, Mago and Toro 2013:26; Chetty 2014:13; Rogerson 2012:12).

With regards to capacity development in terms of knowledge of legislation, Reddy and Wallis (2010:12) and Nwafor (2016: 44) argued that tourism strategies, approaches and legislation could be well defined and articulated in order to creating common ground amongst stakeholders. The findings outlined above suggested that the Department of Tourism within eThekweni Municipality could not only publicise available tourism opportunities but could educate small businesses on the legislation governing this sector. Raj, Mago and Toro (2013:4) noted that such businesses required advice and mentorship regarding legal compliance as non-compliance could result in litigation or even closure of their businesses.

#### **6.35.1 Capacity development in terms of knowledge of legislation**

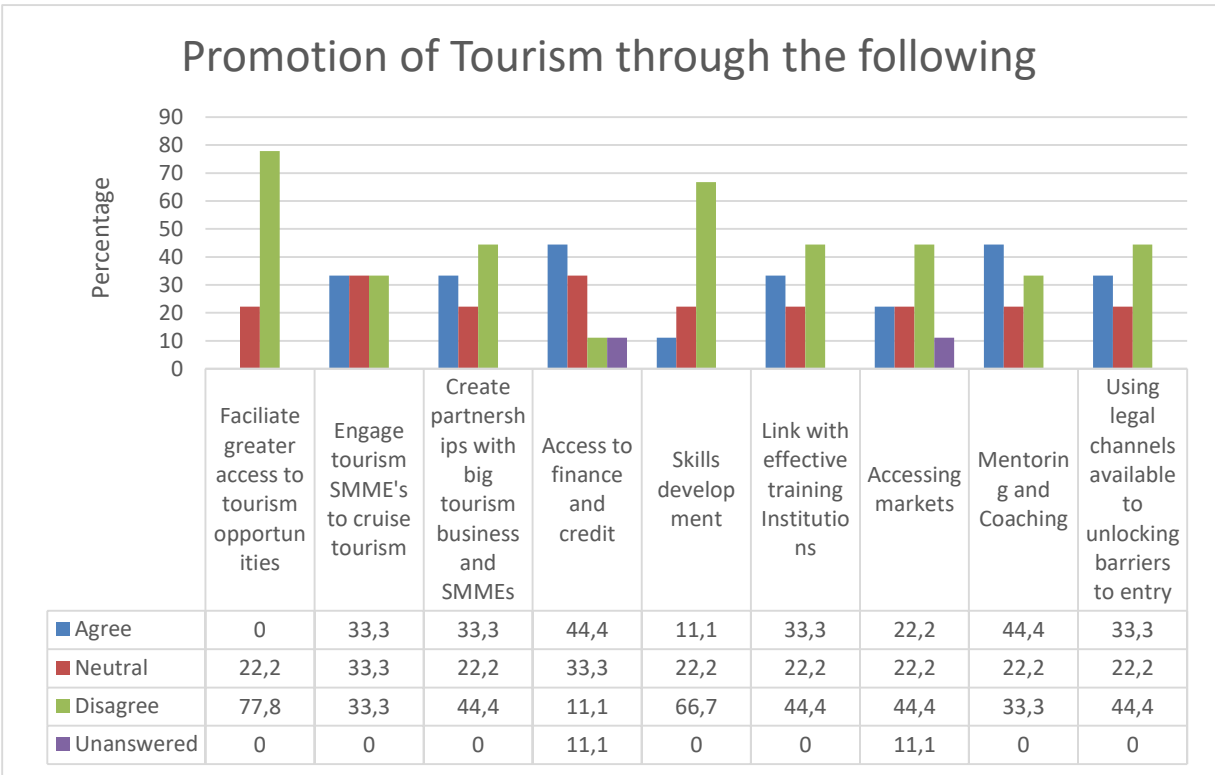
Reddy and Wallis (2010:12) and Nwafor (2016: 44) argued that tourism strategies, approaches and legislation could be well defined and articulated in order to creating common ground amongst stakeholders. The findings outlined above suggested that the Department of Tourism within eThekweni Municipality could not only publicise available tourism opportunities but could educate small businesses on the legislation governing this sector. Raj, Mago and Toro (2013:4) noted that such businesses required advice and

mentorship regarding legal compliance as non-compliance could result in litigation or even closure of their businesses.

**6.4 Objective Three: Facilitating SMMEs’ Access to Tourism Activities**

**Figure 27: Facilitated SMMEs’ access to tourism activities**

The figure below presented the role played by CTOs in promoting tourism SMMEs’ to tourism opportunities, finance, markets and capacity building.



**6.4 Objective 3: Assessed the role of CTOs to promote tourism SMMEs through the following activities:** (Tourism opportunities, Cruise-Ship tourism, public-private partnerships, access to finance, mentoring and Coaching, link with Training Institutions, flattening barriers to entry in the tourism industry and access to markets).

#### **6.4.1 Shuttle/taxi services**

In terms of shuttle/taxi services, only 4.2% of the respondents agreed and remained neutral, respectively, while 91.7 % disagreed that CTOs assisted tourism SMMEs to take advantage of opportunities in this regard.

#### **6.4.2 Yachting, surfing, water sports and aviation tourism activities**

The figure revealed that 15.3% of the respondents agreed, 36.1% remained neutral and 48.6% disagreed that CTOs assisted tourism SMMEs to offer their services in these tourist activities.

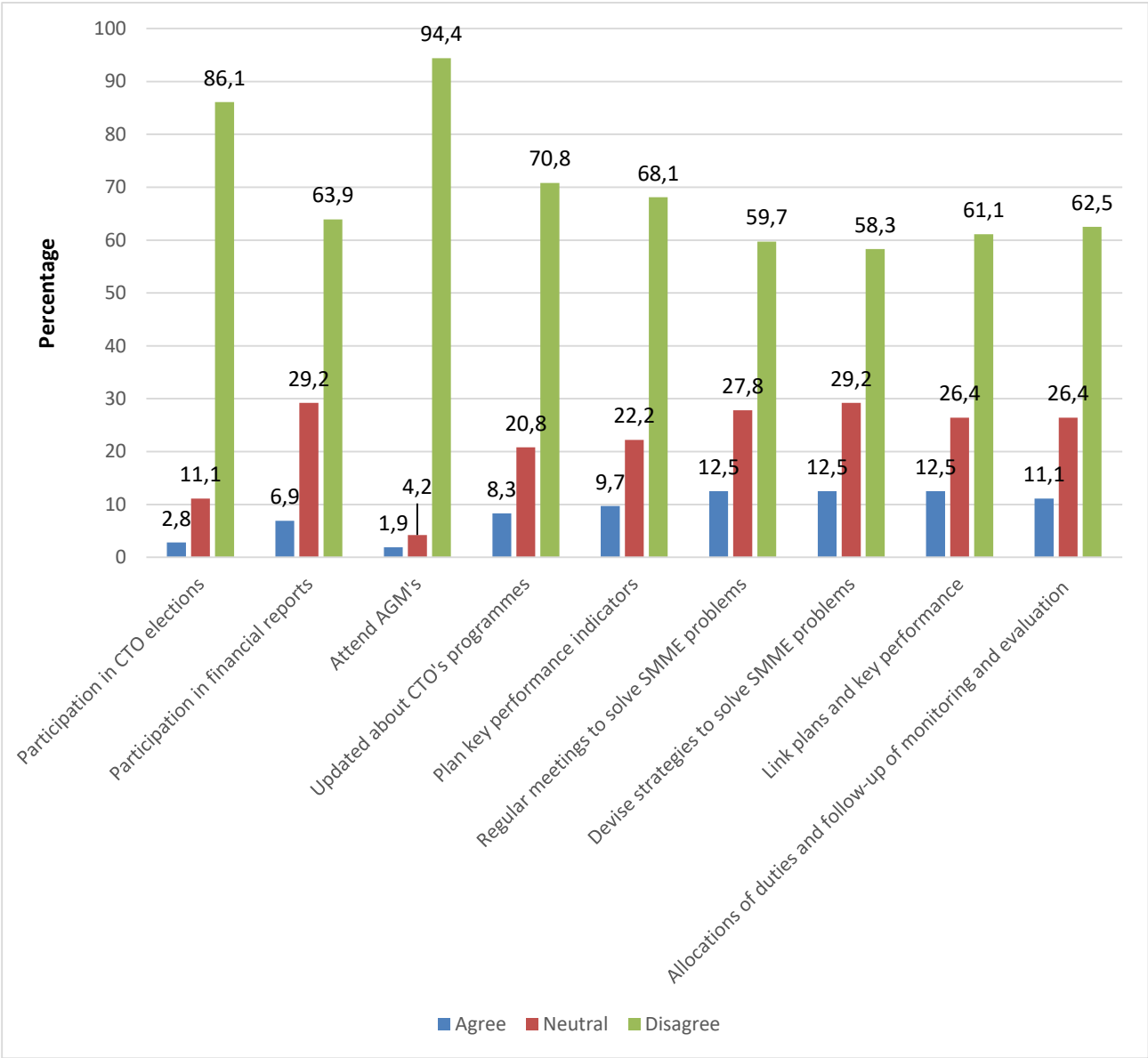
#### **6.4.3 Cycling, Airhostess and event services**

While 18.1% of the respondents agreed that CTOs made tourism SMMEs aware of opportunities in these areas, 30.6% remained neutral and 51.4% disagreed with this statement.

#### **6.4.4 SMMEs involvement governance and administration.**

**Figure 28: SMMEs involvement in governance and administration.**

The figure 28 below showed the responses with regard to SMMEs involvement in governance and administration.



***Participation in CTO elections***

Figure 28 above showed that only 2.8% of the respondents agreed that tourism SMMEs participated in CTO elections, while 11.1% remained neutral and 86.1% disagreed with this statement.

### ***Participation in CTOs' financial reporting***

The figure revealed that 6.9% of the respondents agreed that tourism SMMEs participated in CTOs' financial reporting, 29.2% remained neutral and 63.9% disagreed.

### ***Attend AGMs***

Only 1.9% of the respondents agreed that tourism SMMEs attended CTOs AGMs, with 4.2% remaining neutral and 94.4% disagreed with this statement.

### ***Updated about CTOs programmes***

Figure 28 showed that 8.3% of the respondents agreed that tourism SMMEs updated about CTOs' programmes, while 20.8% remained neutral and 70.8% disagreed.

### ***Plan performance indicators***

The figure revealed that 9.7% of the respondents agreed that tourism SMMEs participated in planning CTOs performance indicators, 22.2% remained neutral and 68.1% disagreed with this statement.

### ***Regular meetings to solve SMME problems***

The results showed that 12.5% of the respondents agreed that regular meetings held to solve SMMEs' problems, and 27.8% remained neutral, with 59.7% disagreed.

### ***Devise strategies to solve SMMEs problems***

Figure 28 above revealed that 12.5% of the respondents agreed that CTOs devised strategies to solve SMMEs problems, with 29.2% remained neutral and 58.3% disagreed with this statement.

### ***Link plans and key performance***

The results revealed that 12.5% of the respondents agreed that CTOs linked plans and key performance, while 26.4% were neutral and 61.1% disagreed.

### ***Allocation of duties and follow-up of monitoring and evaluation***

The figure showed that 11.1% of the respondents agreed that CTOs allocated duties and follow-up on monitoring and evaluation, while 26.4% were neutral and 62.5% disagreed with this statement.

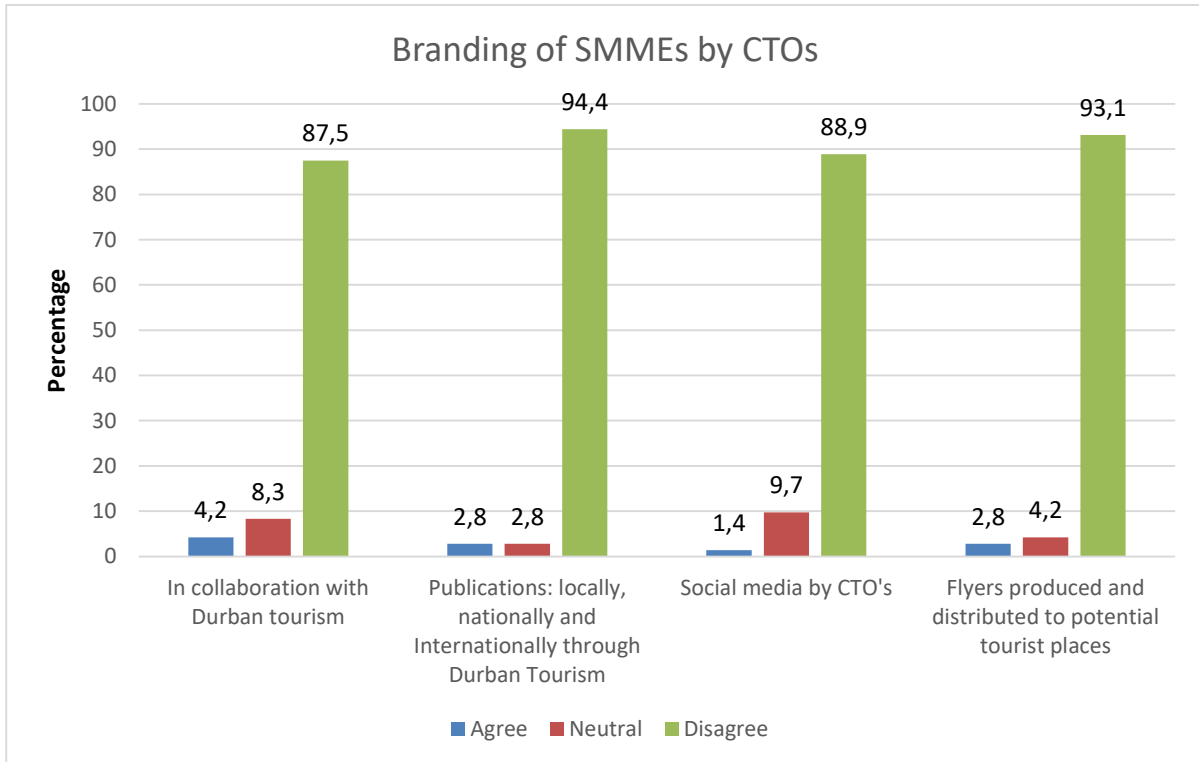
## **Discussion: SMMEs' involvement in CTO governance**

The results presented above showed that tourism SMMEs were not adequately involved in various aspects of CTO governance and decision-making. Lazenby (2010:3) argued that CTOs had a duty to ensure that all the SMMEs under their jurisdiction were brought on board, understood the adopted business strategy to share the dividends in the tourism market. This was to solve the challenges faced by SMMEs in the growth of this sub-sector.

### 6.4.5 Branding of SMMEs by CTOs

**Figure 29: Branding of SMMEs by CTOs**

The figure below showed the responses with regard to branding of SMMEs.



### 6.4.6 Enhance branding in collaboration with Durban Tourism

Figure 29 above showed that 4.2% of the respondents agreed that CTOs enhanced branding of SMMEs in collaboration with Durban Tourism, while 8.3% were neutral and 87.5% disagreed with this statement.

#### *Products marketed in publications through Durban Tourism*

The figure 29 revealed that 2.8% of the respondents agreed and remained neutral, respectively, in relation to the statement that SMMEs' products marketed in publications locally, nationally and internationally, through Durban Tourism while 94.4% disagreed.

#### **6.4.7 Marketing products and services on social media**

Only 1.4% of the respondents agreed that CTOs marketed SMMEs' products and services on social media, while 9.7% were neutral while 88.9% disagreed.

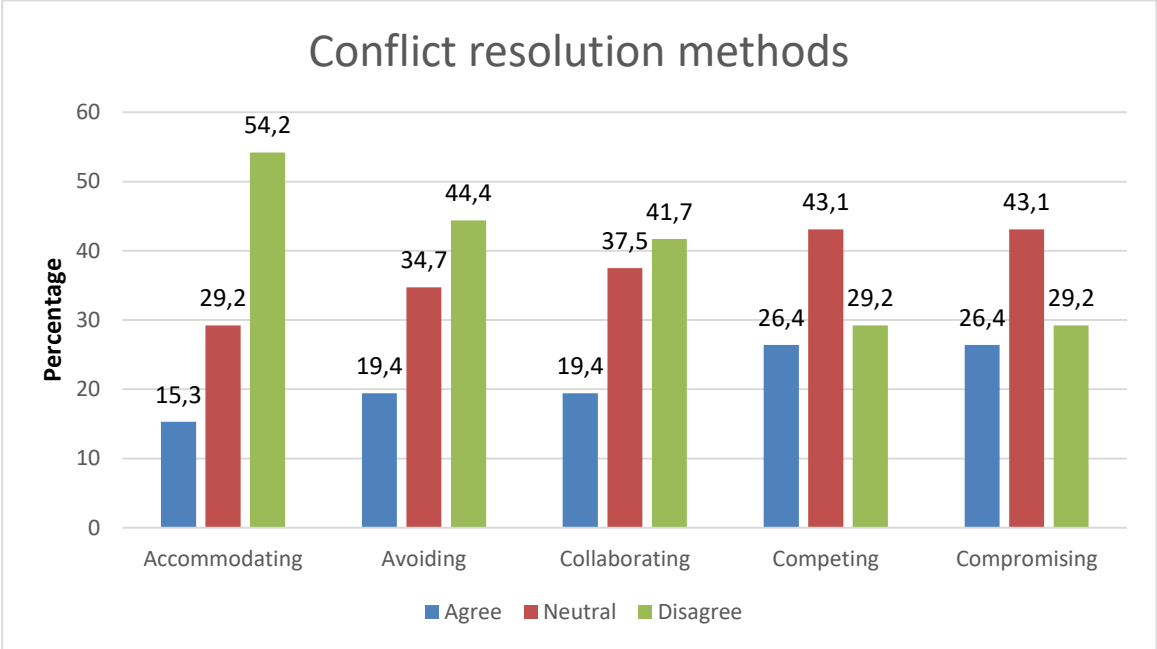
#### **6.4.8 Flyers produced and distributed to potential tourist places**

Figure 29 showed that 2.8% of the respondents agreed that CTOs promoted tourism SMMEs' products and services through flyers, produced and distributed to potential tourist places, while 4.2% remained neutral and 93.1% disagreed.

**6.4.9 CTOs conflict resolution methods.**

**Figure 30: CTOs conflict resolution methods.**

Figure 30 below showed CTOs conflict resolution methods.



**6.4.9.1 Accommodating**

Figure 30 above revealed that 15.3% of the respondents agreed that CTOs used an accommodating strategy to resolve conflict in dealing with SMMEs, while 29.2% were neutral and 54.2% disagreed.

**6.4.9.2 Avoiding**

The figure 30 showed that 19.4% of the respondents agreed that CTOs use the strategy of avoidance as a conflict resolution method, 34.7% were neutral and 44.4% disagreed.

**6.4.9.3 Collaboration**

The results illustrated that 19.4% of the respondents agreed that CTOs use collaboration as a strategy to resolve conflicts, while 37.5% were neutral and 41.7% disagreed.

#### **6.4.9.4 Competing**

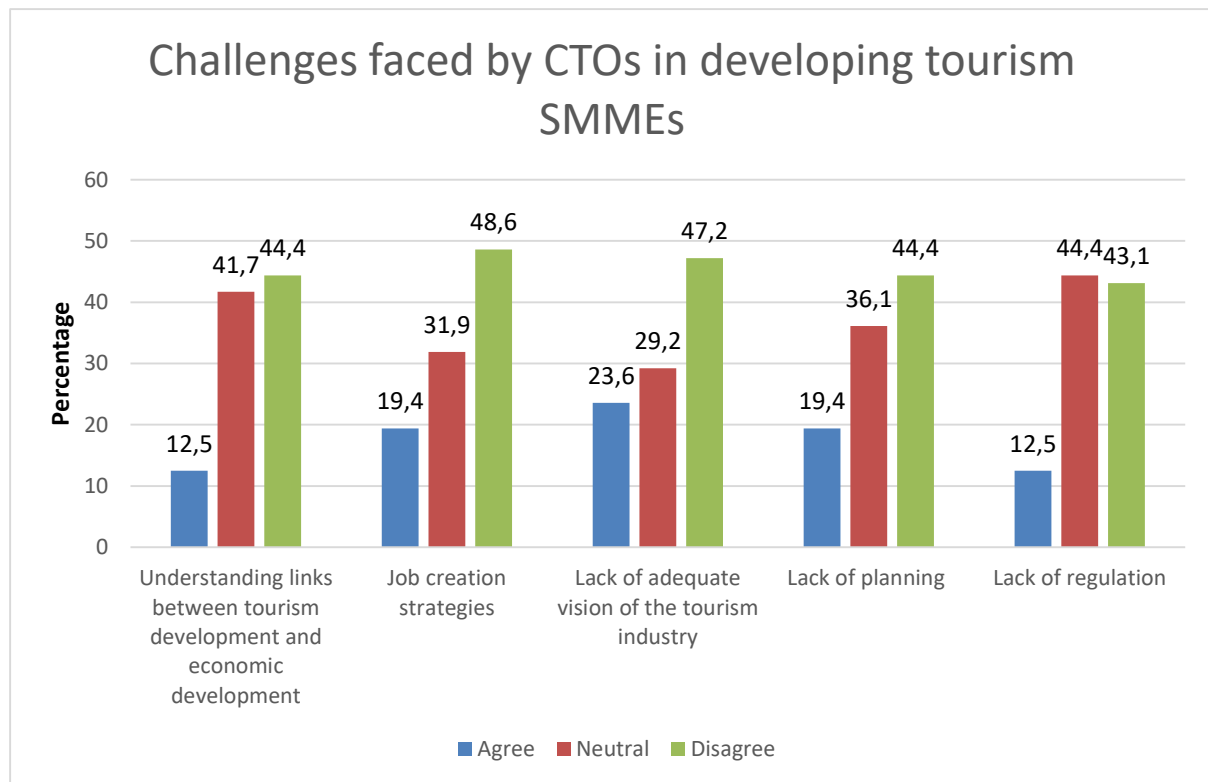
Figure 30 above showed that 26.4% of the respondents agreed that CTOs used the strategy of competing to resolve conflict situations, 43.1% were neutral and 29.2% disagreed with this statement.

#### **6.4.9.5 Compromise**

Finally, the figure 30 showed that 26.4% of the respondents agreed that CTOs used compromise as a conflict resolution strategy, while 43.1% were neutral and 29.21% disagreed.

**Figure 31: CTOs challenges in developing tourism SMMEs**

Figure 31 below highlighted the challenges CTOs faced in developing tourism SMMEs.



***Links between tourism development and economic development***

Figure 31 above showed that 12.5% of the respondents agreed that one of the challenges faced by CTOs in developing tourism SMMEs understood the links between tourism development and economic development, while 41.7% were neutral and 44.4% disagreed.

***Job creation strategies***

The figure revealed that 19.4% of the respondents agreed that job creation strategies were other challenges confronted by CTOs, 31.9% were neutral and 48.6% disagreed.

***Lack of adequate vision of the tourism industry***

The results illustrated that 23.6% of the respondents agreed that a lack of adequate vision of the tourism industry was a challenge faced by CTOs in developing tourism SMMEs, while 29.2% were neutral and 47.2% disagreed with this statement.

***Lack of planning***

Figure 31 above showed that 19.4% of the respondents agreed that a lack of planning was a challenge that confronted CTOs, while 36.1% were neutral and 44.4% disagreed.

***Lack of regulation***

Finally, the figure illustrated that 12.5% of the respondents agreed that a lack of regulation hampered CTOs' efforts to develop tourism SMMEs, 44.4% were neutral and 43.1% disagreed.

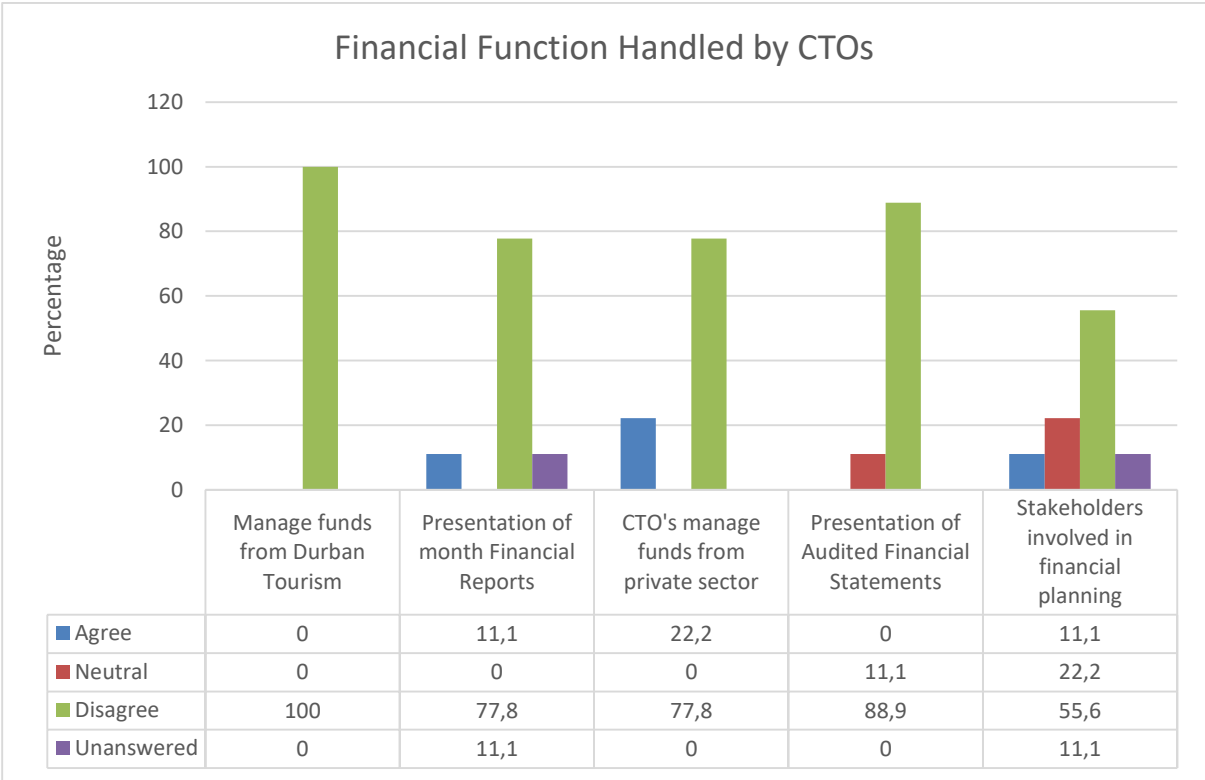
**Discussion: Challenges in developing tourism SMMEs**

Overall, the results presented in Figure 31 suggested that CTOs faced numerous challenges in carrying out their mandate of developing tourism SMMEs.

**6.5 Financial functions handled by CTOs**

**Figure 32: Financial functions handled by CTOs**

The figure below focused on the financial functions handled by CTOs.



## **6.6 Manage funds from Durban Tourism**

Figure 32 showed that all nine CTO chairpersons (100%) disagreed those CTOs managed funds from Durban Tourism.

## **6.7 Presentation of monthly financial reports**

Figure 32 showed that only one (11.1%) respondent agreed that CTOs present monthly financial reports, while seven (77.8%) disagreed. None of the respondents was neutral and one did not answer this question.

## **6.8 CTOs manage funds from the private sector**

The figure revealed that two (22.2%) respondents agreed that CTOs managed funds from the private sector, while seven (77.8%) disagreed. None of the respondents was neutral.

## **6.9 Presentation of audited financial statements**

The results illustrated that none of the respondents agreed that CTOs present audited financial statements while eight (88.9%) disagreed and one (11.1%) were neutral.

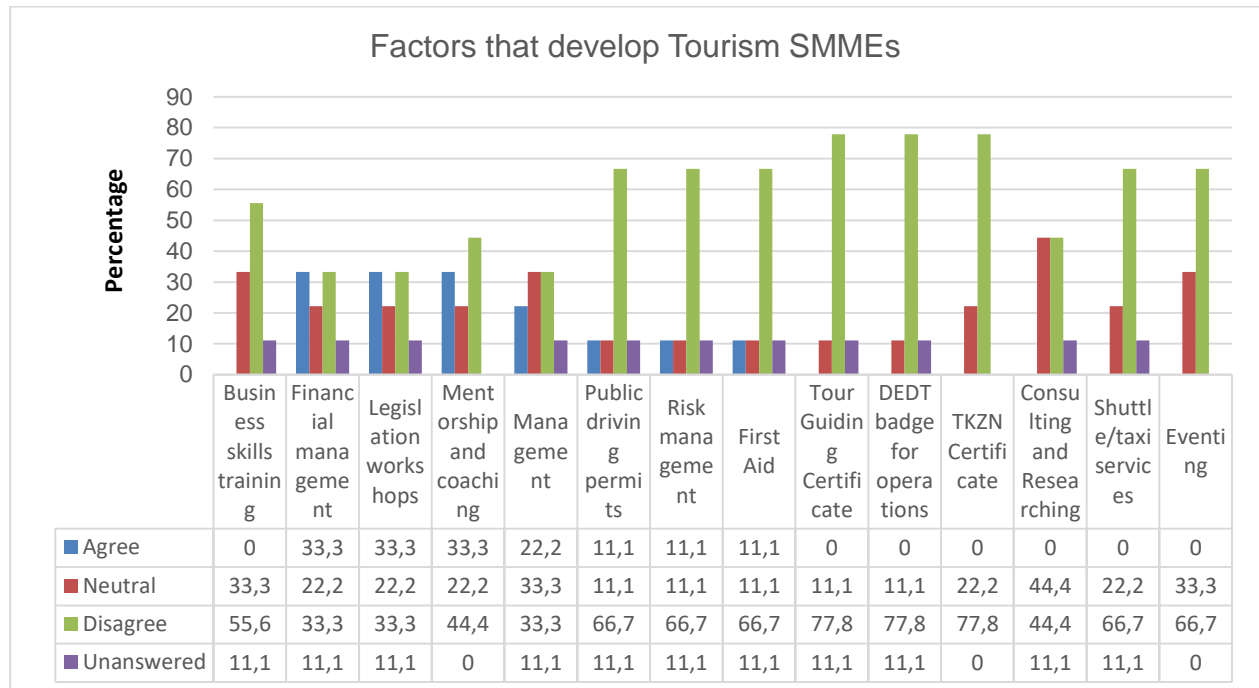
### *Stakeholders' involvement in financial planning*

Figure 32 above showed that one (11.1%) respondent agreed that stakeholders were involved in CTOs' financial planning, while five (55.6%) disagreed, two (22.2%) remained neutral and one (11.1%) respondent did not answer this question.

## 6.10 Factors that promoted the development of tourism SMMEs

Figure 33: Factors that promoted the development of tourism SMMEs

The figure 33 below highlighted the respondents' views on the factors that promoted the development of tourism SMMEs.



### 6.11 Business skills training

Figure 33 showed that none of the respondents agreed that CTOs promoted business skills training, three (33.3%) remained neutral, five (55.6%) disagreed and one (11.1%) respondent declined to answer this question.

### 6.12 Financial management

The figure revealed that three (33.3%) respondents agreed that CTOs promoted financial management, two (22.2%) were neutral, three (33.3%) disagreed and one (11.1%) did not answer the question.

### 6.13 Workshops on legislation

The results illustrated that three (33.3%) respondents agreed that CTOs promoted workshops on legislation, two (22.2%) remained neutral, three (33.3%) disagreed and one (11.1%) declined to answer this question.

#### **6.14 Mentorship and coaching**

Figure 33 showed that three (33.3%) respondents agreed that CTOs promoted mentorship and coaching, with two (22.2%) remaining neutral and four (44.4%) disagreeing with this statement.

#### **6.15 Management**

Two (22.2%) respondents agreed that CTOs promoted sound management, while three (33.3%) remained neutral and disagreed, respectively. One respondent did not answer the question.

#### **6.16 Public driving permits**

Figure 33 showed that one (11.1%) respondent agreed that CTOs promoted public driving permits, one (11.1%) remained neutral, six (66.7%) disagreed and one (11.1%) declined to answer this question.

#### **6.17 Risk Management**

The results illustrated that one (11.1%) respondent agreed that CTOs promoted risk management, one (11.1%) remained neutral and declined to answer the question, respectively, and six (66.7%) disagreed with this statement.

#### **6.18 First aid**

The figure revealed that one (11.1%) respondent agreed that CTOs promoted first aid and remained neutral, respectively, while six (66.7%) disagreed. One respondent did not answer this question.

#### **6.19 Tour guiding certificates**

None of the respondents agreed that CTOs promoted tour-guiding certificates, one (11.1%) was neutral and did not answer the question, respectively, and seven (77.8%) respondents disagreed with this statement.

### **6.20 DEDT badge for operations**

Figure 33 showed that none of the respondents agreed that CTOs promoted the DEDT badge for operations, while seven (77.8%) disagreed. One (11.1%) remained neutral and declined to answer this question, respectively.

### **6.21 TKZN certificate**

The results revealed that none of the respondents agreed that CTOs promoted the TKZN certificate, one (11.1%) was neutral and did not answer the question, respectively, and seven (77.8%) disagreed with this statement.

### **6.22 Consulting and Research**

The figure 33 illustrated that none of respondents agreed that CTOs promoted consulting and research, four (44.4%) remained neutral and disagreed with this statement, respectively and one respondent did not answer the question.

### **6.23 Shuttle/Taxi services**

None of the respondents agreed that CTOs promoted shuttle/taxi services, two (22.2%) remained neutral, six (66.7%) disagreed and one (11.1%) respondent declined to answer the question.

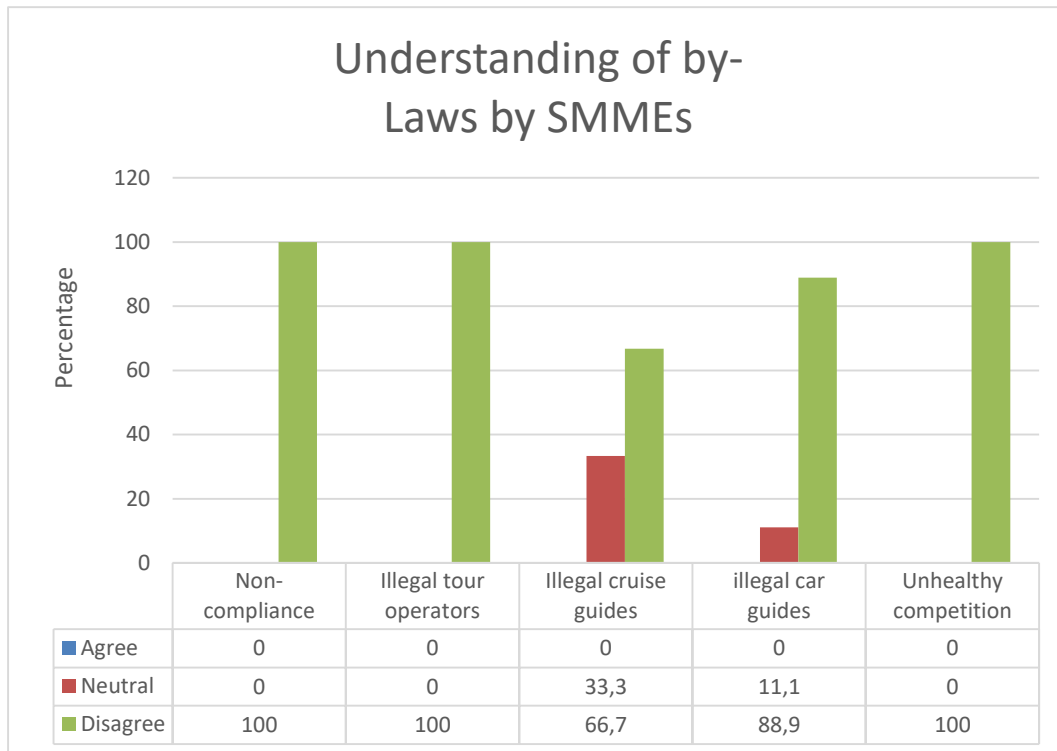
### **6.24 Events**

Figure 33 showed that none of the respondents agreed that CTOs promoted eventing, three (33.3%) remained neutral and six (66.7%) disagreed.

## 6.25 Understanding of by-laws by SMMEs

**Figure 34: Understanding of by-laws by SMMEs**

The figure below highlighted the CTO chairpersons' views on SMMEs' understanding of eThekweni municipal by-laws.



### 6.25.1 Noncompliance

None of the respondents agreed on non-compliance with municipal by-laws, while nine (100%) disagreed.

### 6.25.2 Illegal tour operators

None of the respondents agreed on illegal tour operators, while nine (100%) disagreed.

### 6.25.3 Illegal cruise guides

None of the respondents agreed on illegal cruise guides, with three (33.3%) remaining neutral and six (66.7%) disagreeing.

### 6.25.4 Illegal car guides

None of the respondents agreed on illegal car guides, while one (11.1%) was neutral and eight (88.9%) disagreed.

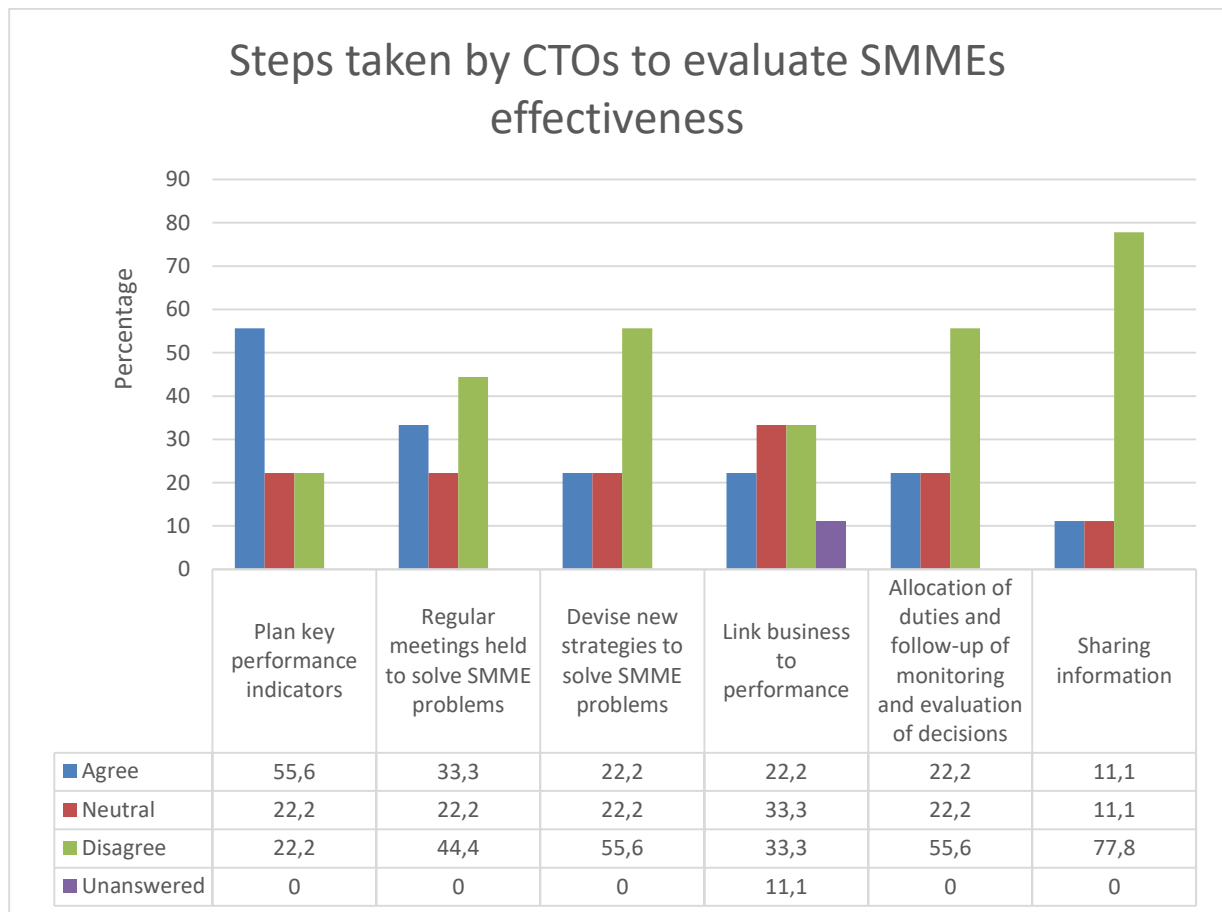
### 6.25.5 Unhealthy competition

None of the respondents agreed on unhealthy competition, while nine (100%) disagreed.

## 6.26 Evaluating SMMEs' effectiveness

**Figure 35: Evaluating SMMEs' effectiveness**

The figure below presented Steps taken by CTOs to evaluate SMMEs' effectiveness.



### **6.27 Plan key performance indicators**

Figure 35 showed that five (55.6%) respondents agreed that CTOs planned key performance indicators, while two (22.2%) remained neutral and disagreed with this statement, respectively.

### **6.28 Regular meetings held to solve SMME problems**

The results illustrated that three (33.3%) respondents agreed that CTOs held regular meetings to address the problems that confronted tourism SMMEs, two (22.2%) remained neutral and four (44.4%) disagreed.

#### *Devised new strategies to solve SMME problems*

Two (22.2%) respondents agreed that CTOs devised new strategies to solve SMMEs' problems, with two (22.2%) remained neutral and five (55.6%) disagreed with this statement.

### **6.29 Link business to performance**

Figure 35 showed that two (22.2%) respondents agreed that CTOs linked business to performance, while three (33.3%) remained neutral and disagreed, respectively. One (11.1%) respondent did not answer this question.

#### *Monitoring and evaluation of decisions*

Two (22.2%) respondents agreed that CTOs monitored and evaluated decisions, two (22.2%) were neutral and five (55.6%) disagreed with this statement.

### **6.30 Sharing information**

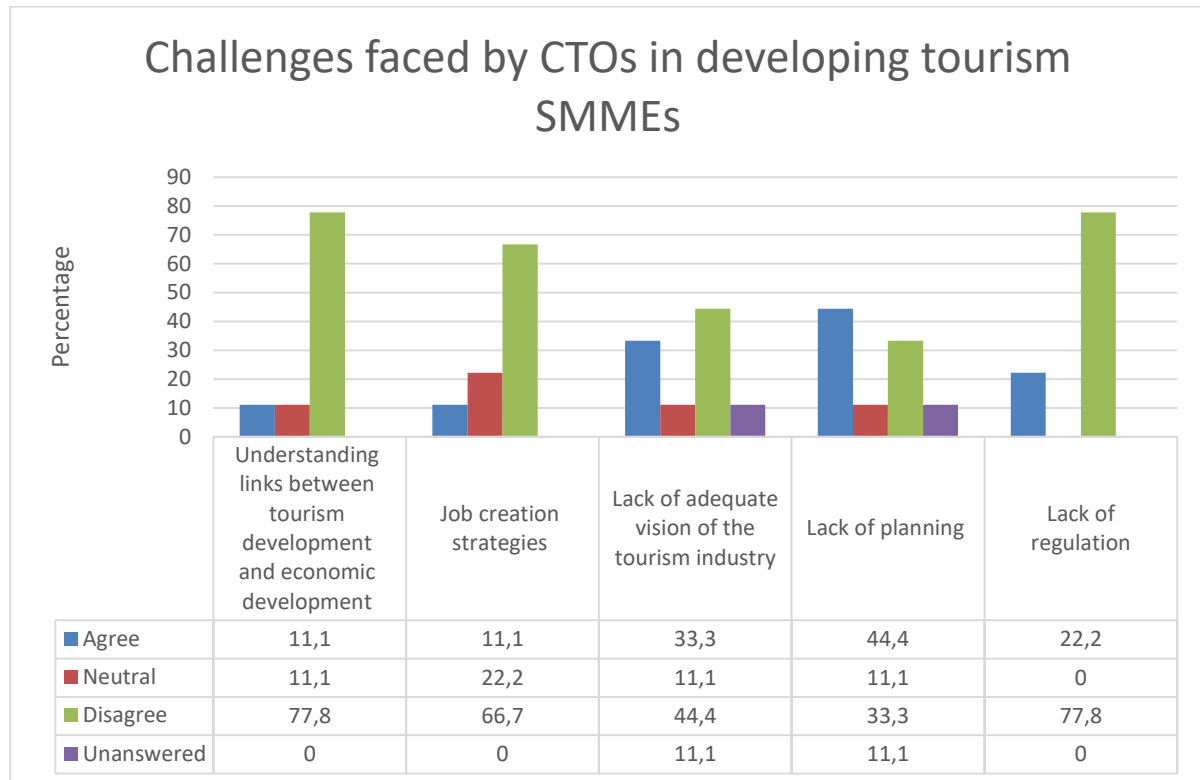
Finally, Figure 35 showed that one (11.1%) respondent agreed that CTOs promoted sharing of information, one (11.1%) remained neutral and seven (77.8%) disagreed.

develop and grow. This highlighted the need for CTOs to evaluate the progress of SMMEs on an on-going basis using the strategies set out in Figure 32 above.

## 6.27 Challenges faced by CTOs in developing tourism SMMEs

Figure 36: Challenges faced by CTOs in developing tourism SMMEs

The figure below showed the challenges faced by CTOs that hampered the development of tourism SMMEs.



### 6.27.1 Understanding the links between tourism development and economic development

Figure 36 above showed that one (11.1%) respondent agreed that this was a challenge and one (11.1%) remained neutral, while seven (77.8%) of the respondents disagreed.

### 6.27.2 Job creation strategies

One (11.1%) respondent agreed that job creation strategies were among the challenges faced by CTOs in developing tourism SMMEs, with one (11.1%) remained neutral and six (66.7%) disagreed with this statement.

### **6.27.3 Lack of adequate vision of the tourism industry**

Figure 36 revealed that three (33.3%) respondents agreed on the lack of an adequate vision of the tourism industry, with one (11.1%) neutral and four (44.4%) disagreed. One respondent did not answer this question.

### **6.27.4 Lack of planning**

Four (44.4%) respondents agreed that a lack of planning hampered CTOs' development of tourism SMMEs, while one (11.1%) was neutral and three (33.3%) disagreed. One respondent did not answer this question.

### **6.27.5 Lack of regulation**

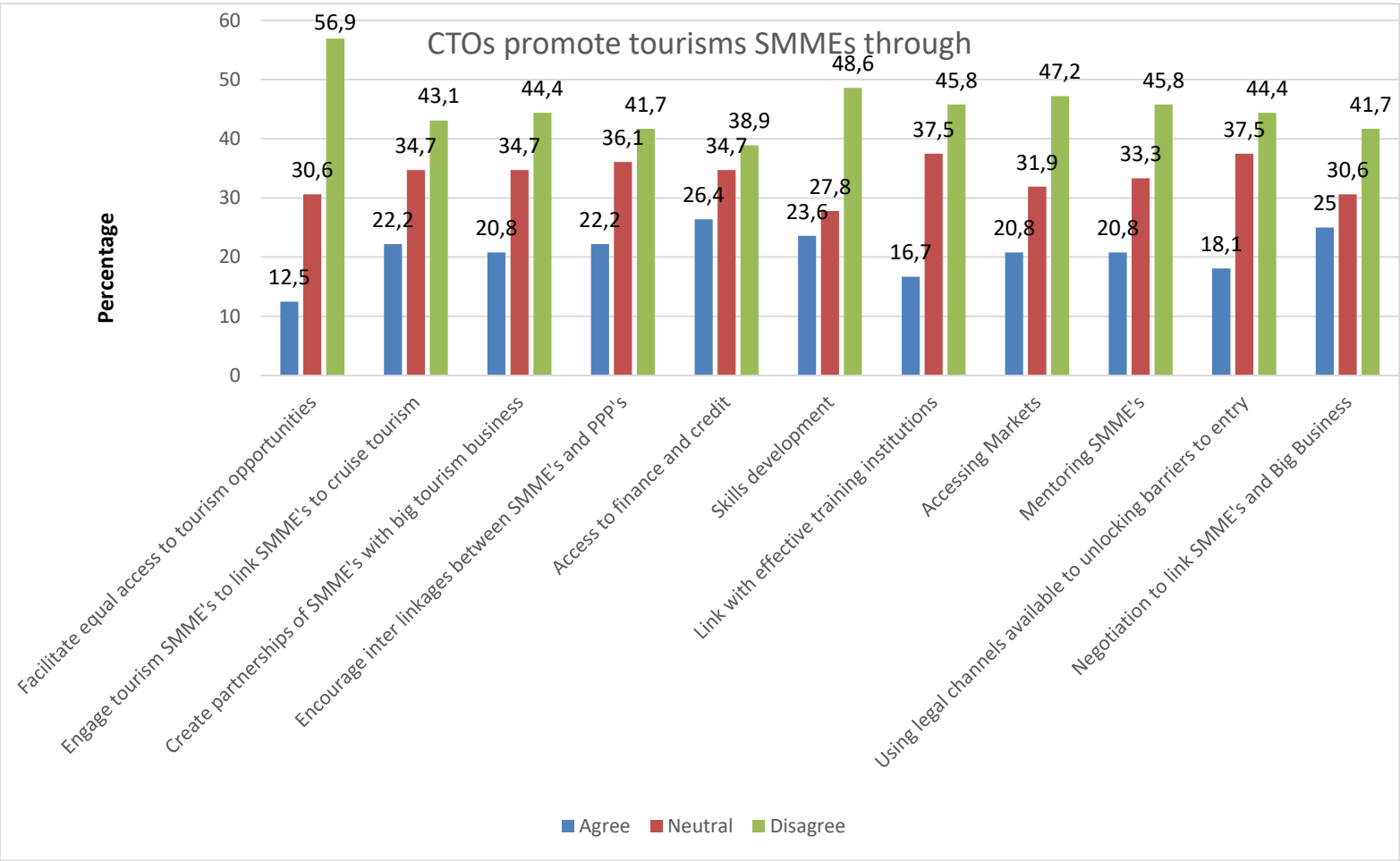
Finally, Figure 36 showed that two (22.2%) respondents agreed that a lack of regulation hampered CTOs in developing tourism SMMEs, while seven (77.8%) disagreed with this statement.

### **Discussion: CTO Challenges in developing tourism SMMEs**

Some of the challenges identified in Figure 34 above could be attributed to a lack of knowledge among local government tourism practitioners of the policies and strategies that aimed to alleviate poverty and unemployment in communities through involved SMMEs in the tourism industry (Govender 2011:246; Meyer 2013:1). This hampered the growth of pro-poor tourism. Given that, in many cases, LED was in its early stages, community initiatives such as CBT did not receive significant policy support. Furthermore, there were myriad of policies and guidelines and local government practitioners often lacked management experience and the requisite skills (Govender 2011:247). Given this situation, CTOs, were not supported by municipalities to develop tourism SMMEs, often lacked the knowledge and skills to do so.

**6.28 Assess the mentoring role of CTOs in promoting tourism SMMEs**

**Figure 37: Ways in which CTOs promote tourism SMMEs**



**6.28.1 Facilitating equal access to tourism opportunities**

Figure 37 above showed that 12.5% of the respondents agreed that CTOs promoted tourism SMMEs by facilitating equal access to tourism opportunities, while 30.6% were neutral and 56.9% disagreed.

### **6.28.2 Linking SMMEs to the cruise tourism industry**

The figure 37 revealed that 22.2% of the respondents agreed that CTOs helped tourism SMMEs to participate in the cruise tourism industry, 34.7% were neutral and 43.1% disagreed.

### **6.28.3 Access to finance and credit facilities**

The results showed that 26.4% of the respondents agreed that CTOs assisted tourism SMMEs to access finance and credit facilities, while 34.7% remained neutral and 38.9% disagreed with this statement.

### **6.28.4 Training, coaching and mentoring**

Figure 37 above showed that 23.6% of the respondents agreed that CTOs organized training, coaching and mentoring for tourism SMMEs, 27.8% were neutral and 48.6% disagreed.

### **6.28.5 Links with effective training institutions**

The figure 37 illustrated that 16.7% of the respondents agreed that CTOs promoted links with effective training institutions, while 37.5% were neutral and 45.8% disagreed.

#### *Unlocking the barriers faced by SMMEs*

Finally, the results showed that 18.1% of the respondents agreed that CTOs assisted in unlocking the barriers faced by SMMEs, with 37.5% remaining neutral and 44.4% disagreeing.

## **6.29 Objective Three Discussion: Ways in which CTOs promote tourism SMMEs**

The findings presented in Figure 37 above were in line with those of Mago and Toro (2013:20) who highlighted the need for effective capacity building programmes to enhance the skills base of tourism SMMEs. While the NDP (2011:65) described the tourism industry as a potential driver of economic growth (Sathekge 2015:22), for SMMEs to tap into this sector. They had to think and acted smartly in business, in finding the best people to work for them, and in marketing their products and services to sophisticated international tourists (Kotler 2012:624; Priestly 2013:36).

### **6.29.1 Financial functions handled by CTOs**

The results presented in Figure 30 suggested a lack of financial literacy among members of CTOs. This had a negative impact on their efforts to develop tourism SMMEs in this highly competitive sector. Sound management of funds generated and CBT stakeholders' involvement in financial planning were catalysts for LED. Capacity building in financial management and planning was thus required for both CTOs and tourism SMMEs.

### **6.29.2 Factors that promoted the development of tourism SMMEs**

The development of tourism SMMEs could not be divorced from economic transformation in South Africa (NDP 2011:138-139). Economic transformation aimed to broaden opportunities for all South Africans, particularly the historically disadvantaged. The low levels of positive responses reflected above suggested that CTOs were failing in their mandate to develop tourism SMMEs. The NDP (2011) emphasised the significance of the tourism sector and CBT in raising the level of employment, and reducing poverty and inequality in local communities. Failure to develop tourism SMMEs could negatively affect the economy, as these businesses were expected to function as a driving force in enhancing South Africa's social and economic stability (Sithole 2016:10).

### **6.29.3 Understanding of by-laws by SMMEs**

Peng (2009:257) noted that entrepreneurs confronted harsh regulatory requirements. It was thus important that CTOs increased tourism SMMEs' awareness of eThekweni Municipality's regulatory environment to ease business operations and developed the local economy. While the South African government had adopted progressive strategies at national, provincial and local levels to ensure that private enterprises flourished, Pivot (2014:64), Rogerson (2013:126), Maharaj, and Balkaran (2014:273) noted that the problem laid in implementation. Lack of implementation delayed transformation of the tourism sector and undermined tourism SMMEs' ability to contribute to the alleviation of poverty, inequality and unemployment.

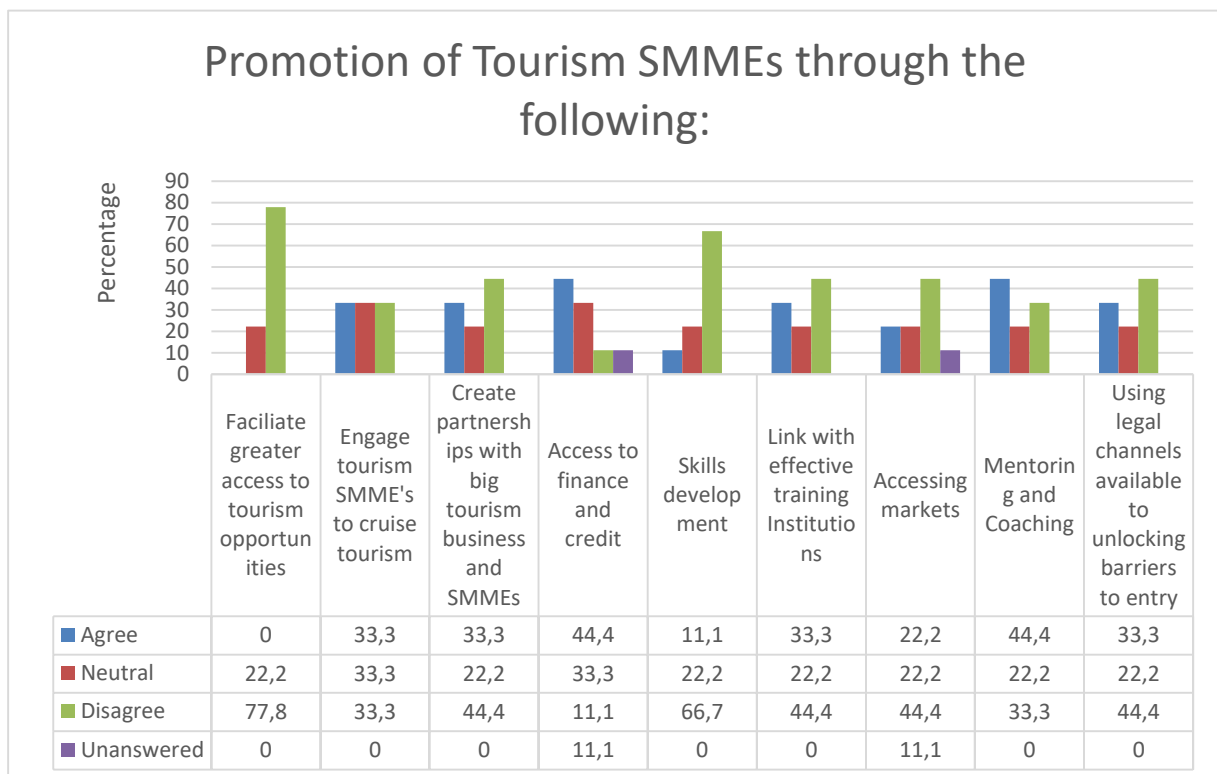
### 6.29.4 Evaluating SMMEs' effectiveness

A comparative literature reviewed of three countries' (Brazil, India and South Africa) SMME policies highlighted successes and challenges in LED. Active government support identified as a catalyst for small business development (Unger 2010:24; Milagrow 2010:4; Karwal 2010:21). Such support included schemes aimed at increasing the competitiveness of small firms, simpler registration procedures, skills upgrading, technology, simplified tax forms for tourism SMMEs, access to finance, preferential procurement policies and monitoring and evaluation. Follow-up driven by measurable targets set at national level and backed by legislation enabled small businesses to

### 6.30 Objective Four: Available options for the promotion of tourism SMMEs

**Figure 38: Available options for the promotion of Tourism SMMEs**

The figure 36 below highlighted the options identified by the respondents for the promotion of tourism SMMEs.



### **6.31 Facilitate greater access to tourism opportunities**

None of the respondents agreed on facilitating greater access to tourism opportunities, while 22.2% remained neutral and 77.8% disagreed.

#### ***Engage tourism SMMEs in cruise tourism***

Thirty-three per cent of the respondents agreed on engaging tourism SMMEs in cruise tourism, while 33.3% remained neutral and disagreed, respectively.

#### ***Create partnerships between big tourism businesses and SMMEs***

Figure 38 showed that 33.3% of the respondents agreed on creating partnerships between large tourism businesses and SMMEs, 22.2% remained neutral and 44.4% disagreed.

Govender (2011:246) and Naidoo (2014:7) noted that partnerships between tourism SMMEs and established tourism businesses could align collective efforts; promote innovation; and facilitate the development and growth of tourism SMMEs. Community tourism organisations could facilitate linkages with established tourism businesses to market SMME products and services on social media, in print media, and other forms of marketing exposure. Local government tourism practitioners also needed to play an enabling role.

#### ***Access to finance and credit facilities***

Figure 38 showed that 44.4% of the respondents agreed that CTOs facilitated tourism SMMEs' access to finance and credit, 33.3% remained neutral and 11.1% disagreed. One respondent did not answer this question.

The 1996 White Paper on Small Business Development aimed to empower SMMEs by providing finance to historically disadvantaged SMMEs and capacitated them to enable them to contribute to the social-economic development of their communities. However, progress had been slow and levels of poverty, unemployment and inequality remained high. This suggested that an equitable economic agenda; equitable resource sharing, and capacitation had not been achieved (Saayman and Giampiccoli 2015:148).

### ***Skills development***

Figure 38 showed that only one (11.1%) of the respondents agreed on CTOs facilitating skills development as a strategy to promote tourism SMMEs, with two (22.2%) remained neutral and six (66.7%) disagreed. In terms of policies adopted in relation to skills development among SMMEs, Maharaj and Balkaran (2014:273) observed, that this did not translate to entrepreneurship development. Conscientious implementation and follow-up were required to enhance socio-economic development among local communities. Skills development was necessary for community tourism development (Chili 2016:12). A turnaround strategy for skills development proposed by the National Planning Commission (2011:27) which formulated the NDP (2012). It included improvements in the quality of education; skills development and innovation, as well as building the state's capacity to play a developmental and transformative role. The picture painted above suggested a lost opportunity regarding tourism SMMEs in eThekweni Municipality.

### ***Links with effective training institutions***

Figure 38 showed that 33.3% of the respondents agreed on links with effective training institutions, while 22.2% remained neutral and 44.4% disagreed.

### ***Accessing markets***

Figure 38 showed that two (22.2%) respondents agreed on CTOs facilitating access to markets, two (22.2%) remained neutral, four (44.4%) disagreed and one respondent did not answer this question. The challenges confronted CTOs in this regard included: lack of knowledge and resources, called for them to be capacitated to fulfil this function (Giampiccoli, Saayman and Jugmohan 2014:1142).

### ***Mentoring and coaching***

Figure 38 showed that four (44.4%) respondents agreed on mentoring and coaching, with two (22.2%) remaining neutral and three (33.3%) disagreed. Studies showed that CBT and CTO initiatives were more likely to fail than other tourism businesses due to a lack of mentoring and coaching (Giampiccoli, Saayman and Jugmohan 2014:1142). This suggested the need for strong and suitable business partners with knowledge and experience in the market to provide mentoring.

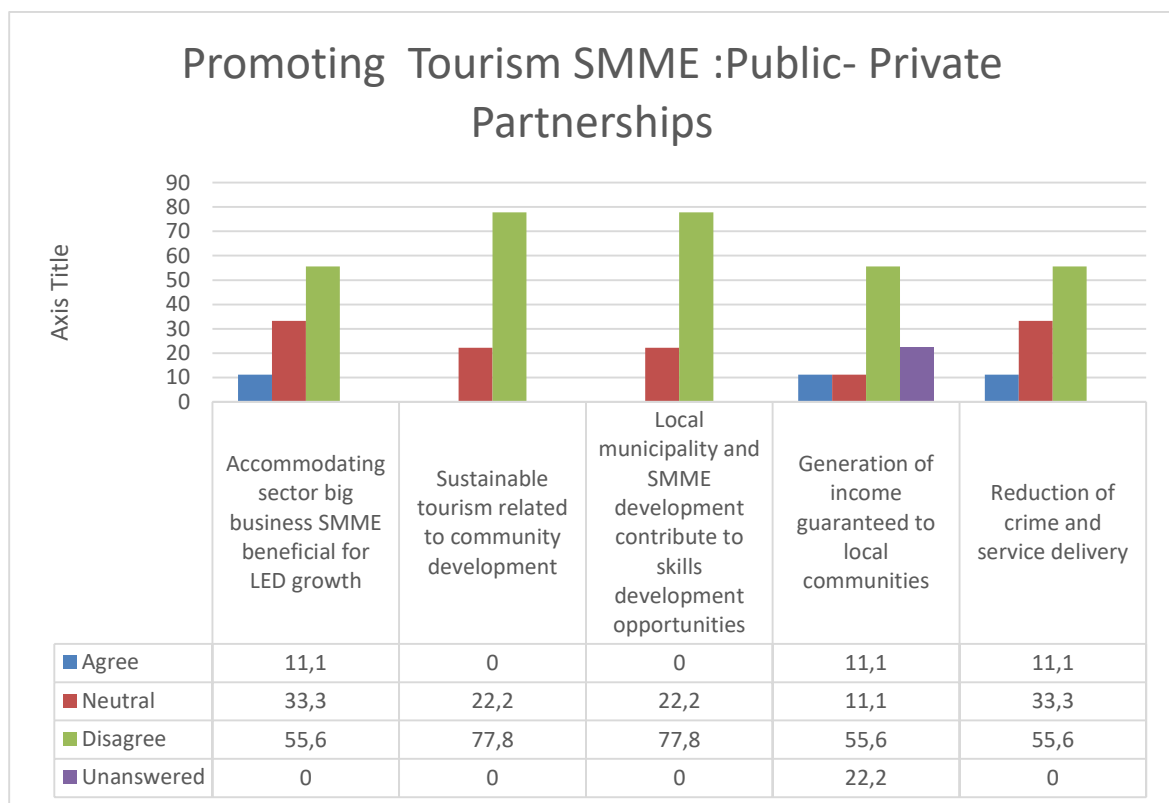
**Using available legal channels to unlock barriers to entry**

Figure 38 showed that three (33.3%) respondents agreed on using the legal channels available to unlock barriers to entry, two (22.2%) remained neutral and four (44.4%) disagreed.

**6.32 Promoting tourism SMMEs through Public-Private Partnerships**

**Figure 39: Promoting tourism SMMEs through Public-Private Partnerships**

The figure below presents the findings on CTOs promotion of SMMEs through Public-Private Partnerships.



### **6.33 Accommodation sector big business-SMME partnerships beneficial for LED growth**

Eleven per cent of the respondents agreed that CTOs promote partnerships between big business and tourism SMMEs in the accommodation sector, while three (33.3%) remained neutral and five (55.6%) disagreed.

#### *Sustainable tourism related to community development*

None of the respondents agreed that CTOs facilitate SMME-public-private partnerships to promote sustainable tourism related to community development, two (22.2%) remained neutral and seven (77.8%) disagreed.

### **6.34 SMME development and skills development opportunities**

None of the respondents agreed that CTOs promoted partnerships between the local municipality and SMMEs to contribute to skills development, with two (22.2%) remained neutral and seven (77.8%) disagreed with this statement.

### **6.35 Generation of income guaranteed to local communities**

The figure 39 showed that one (11.1%) respondent agreed that CTOs assisted in establishing SMME-public-private partnerships that guaranteed income generation for local communities. One respondent remained neutral, two did not answer the question and five disagreed with this statement.

### **6.36 Reduction of crime and service delivery**

One (11.1%) respondent agreed that CTOs promoted SMME-public private partnerships that reduced crime and enhanced service delivery, with three remained neutral and five (55.6%) disagreed.

### **6.37 CTOs Promoting Tourism SMMEs to Opportunities**

#### **Promoting tourism SMME-Public- Private Partnerships**

These findings pointed to CTOs' lack of facilitation of partnerships between tourism SMMEs, local government and the big businesses that dominated the tourism industry. Due to apartheid policies, emerging entrepreneurs lacked financial resources and skills to enter and competed in this sector (Joseph 2014:2). SMME-public-private partnerships

could promote the development of tourism SMMEs (Peng 2009:261, 2014:65; Coka 2014:16).

### **Branding of SMMEs by CTOs**

The results presented above showed that a large majority of the respondents disagreed that CTOs promoted branding of tourism SMMEs. They illustrated the need to increase marketing and advertising of SMMEs' products and services in order to enable them to secure a larger market share. In relation to the third research objective, which was the role of CTOs in promoting tourism SMMEs. The findings pointed to significant room for improvement. Joseph (2013:25), Diale (2015:196) and Booyens and Visser (2010:32) noted that SMMEs lagged when it came to marketing and promotion. Community tourism organisations' inadequacies in this regard indicated insufficient support for tourism SMMEs.

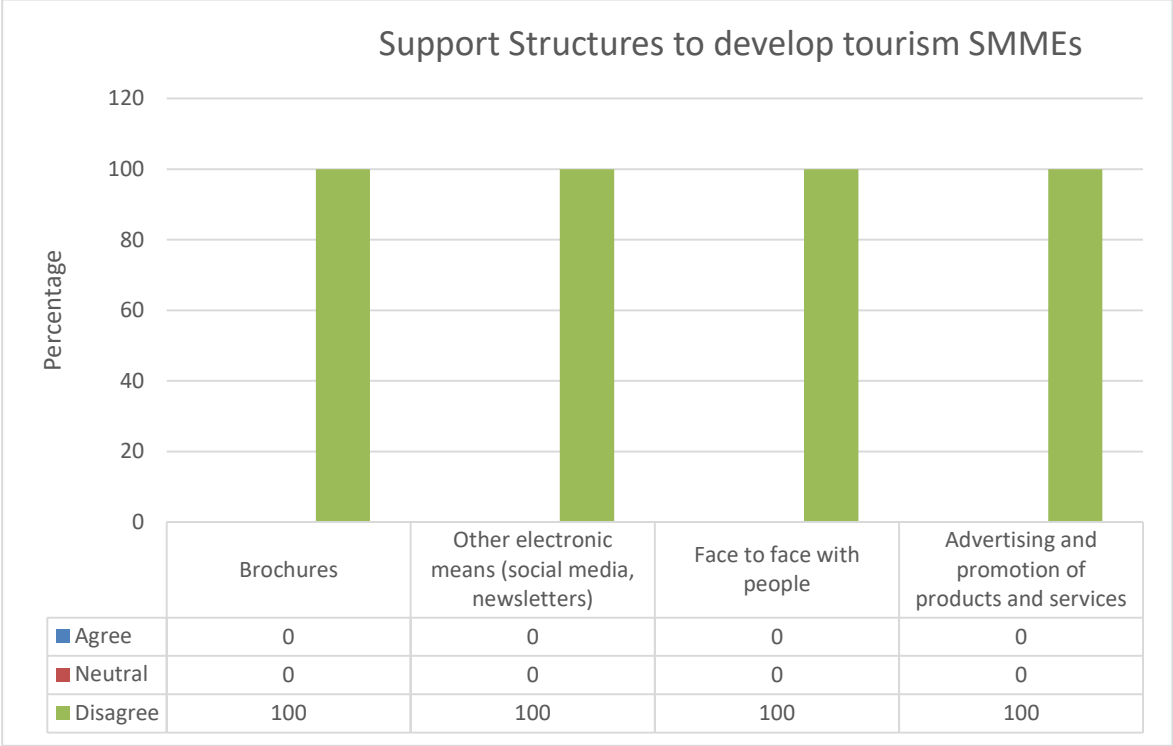
### **Conflict resolution mechanisms**

It was important for SMMEs to acquire conflict management skills for them to deal with conflict decisively. In any human interaction, including among employers and employees, personal likes and dislikes, preferences and choices could clash. Conflict could impede the smooth operation of tourism businesses. It could be avoided by encouraging employee involvement in planning and developing products and services using a bottom-up approach, which was one of the hallmarks of CBT (Busey 2014: 10-14; Neumayer 2004: 262-263).

**6.38 Objective Four: Support structures to develop tourism SMMEs**

**Figure 40: Support structures to develop tourism SMMEs**

The figure 40 below showed the responses in relation to support structures to develop tourism SMMEs.



**6.39 Brochures**

Figure 40 above showed that none of respondents agreed on CTOs marketing tourism SMMEs through brochures, while nine (100%) disagreed.

*Other electronic means (social media, newsletters)*

None of the respondents agreed on CTOs marketing tourism SMMEs through other electronic means (social media, newsletters), while nine (100%) disagreed.

**6.40 Face-to-face marketing**

The figure 40 revealed that none of the respondents agreed on CTOs employed face-to-face marketing to promote tourism SMMEs and nine (100%) disagreed.

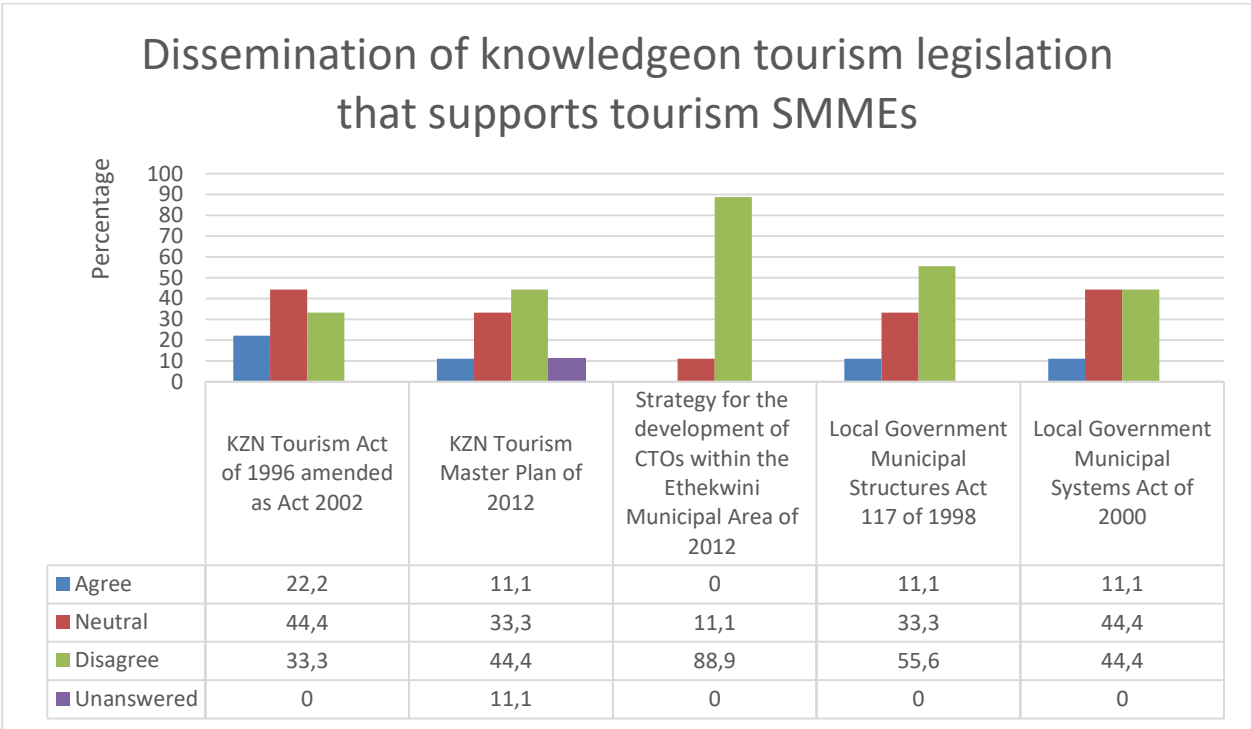
*Advertising and promotion of products and services*

None of respondents agreed on CTOs advertised and promoted tourism SMMEs' products and services, while nine (100%) disagreed.

**6.41 Knowledge on tourism legislation supporting SMMEs**

**Figure 41: Knowledge of tourism legislation supporting SMMEs**

The figure 41 below shows the responses on CTOs knowledge on tourism legislation supporting SMMEs.



**6.41.1 KZN Tourism Act of 1996 amended as Act 2002**

Figure 41 showed that two (22.2%) respondents agreed that CTOs disseminated knowledge on the KZN Tourism Act of 1996, amended as Act 2002, four (44.4%) remained neutral and three (33.3%) disagreed.

### **6.41.2 KZN Tourism Master Plan of 2012**

One (11.1%) respondent agreed that CTOs promoted knowledge of the KZN Tourism Master Plan of 2012, three (33.3%) were neutral, four (44.4%) disagreed and one (11.1%) declined to answer the question.

### **6.41.3 Strategy for the development of CTOs within the eThekweni Municipal Area of 2012**

Figure 41 revealed that none of the respondents agreed that CTOs disseminated information on this strategy, while one (11.1%) remained neutral and eight (88.9%) disagreed.

### **6.41.4 Local Government: Municipal Structures Act 117 of 1998**

Figure 41 showed that one (11.1%) respondent agreed that CTOs promoted knowledge of the Municipal Structures Act 117 of 1998, three (33.3%) were neutral and five (55.6%) disagreed.

### **6.41.5 Local Government: Municipal Systems Act 32 of 2000**

Finally, one (11.1%) respondent agreed that CTOs disseminated information on the Municipal Systems Act (32 of 2000), four (44.4%) were neutral and four (44.4%) disagreed.

## **6.42 Discussion: OBjective Four**

### **6.42.1 Community tourism organizations challenges**

The above findings suggested that, not enough done to develop tourism SMMEs. While the democratic government adopted transformative policies to empower SMMEs, the problem laid with implementation (Keiser 2011:157; Tassioupoulos 2010:30; Maharaj and Balkaran 2014:273). For real transformation to occur in the tourism sector, all stakeholders, including government, big business and CBOs and institutions of higher learning had to work together to provide relevant skills, finance and other forms of support to previously disadvantaged entrepreneurs (Zulu 2014:17). **community tourism**

**organisations faced a number of challenges** in facilitating SMMEs' access to tourism opportunities. Naidoo (2015:7) observed that CTOS' lack of knowledge and expertise attributed to white established tourism entities' exclusion of historically marginalized tourism SMMEs. This had a negative impact on the government's transformation agenda strategy in the tourism sector.

#### **6.42.2 Knowledge on Tourism legislation supporting SMMEs**

While the Acts and strategies aimed to capacitate tourism SMMEs, poor implementation had undermined efforts in this regard (Maharaj and Balkaran 2014:273). Community tourism organisations thus needed to do more to inform tourism SMMEs of enabled legislation.

#### **6.42.3 Support structures to develop tourism SMMEs**

The results presented in Figure 38 overwhelmingly confirmed that CTOs were not supporting tourism SMMEs by means of advertising and marketing. Such lack of support rendered it extremely difficult for these SMMEs to compete with large businesses in the highly competitive tourism industry. This prevented tourism benefits from shared and hampered LED which aimed to address the triple challenges of poverty, unemployment and inequality (Jugmohan and Steyn 2015:1067; Giampiccoli, Saayman and Jugmohan 2014:1142).

#### **6.42.4 Participation in the cruise tourism industry**

These statistics suggested that tourism SMMEs were not benefiting fully from the thriving cruise tourism industry. Participation in this fast-growing sub-sector could create employment opportunities including township tour guides, tour operators, travel agents, and other tourism-related products and services (Chetty 2014:13). An estimated 85% of cruise ships sailed through Durban, which was a potential business opportunity for SMMEs. It was thus important that CTOs and local government tourism practitioners maximised such opportunities. and to work with local government to bridge the gap between theory and practice.

#### **6.42.5 CTOs linking tourism SMMEs with Universities for their expertise and proximity to communities.**

Giampiccoli, Saayman and Jugmohan's (2014:1149) model of the missing link discussed in section 5.3.15 showed that South Africa did not have a CBT structure. The authors proposed a national CBT structure, with provincial branches independently owned by communities. This organisational structure co-managed by universities, because of their proximity to communities and could offer effective knowledge and management transfer on a long-term basis. Unlike NGOs that exited communities after completion of projects, universities were sustainable repositories of knowledge, skills and expertise. They were therefore reliable partners. Community tourism organisations that already existed in KZN could serve as a CBT agency at local community level, as they had stakeholders, but required a strong stakeholder management strategy, as well as capacity development, and monitoring and evaluation capacity to develop tourism SMMEs. They were an agent of the CBO, local municipality and CBT that needed strengthening for effective community participation in relation to alleviate poverty, unemployment and inequality of opportunities.

#### **6.43 Conclusion**

This chapter presented, analysed and discussed the data gathered from the chairpersons and non-executive committee members of CTOs. The findings provided a comprehensive overview of the workings and dynamics of CTOs' development of SMMEs and the challenges they confronted. The following chapter presents detailed conclusions that arose from these findings as well as recommendations.

## **Chapter Seven: Conclusion and Recommendations**

### **7.1 Introduction**

The main aim of this study was to evaluate the role played by CTOs in developing tourism SMMEs in eThekweni Municipality. The chapter depicted the conclusion and recommendations with respect to the quantitative experiential results of the study. The study was an evaluation of CTOs development of tourism SMMEs within eThekweni municipality. A quantitative methodology was employed for this study. This strategy was performed, whereby pre-coded closed-end questionnaires (5-point Likert scale) were administered to a sample size of 36 participants from a ninety-two (92) sample population. Triangulation of quantitative findings in a previous (Chapter 6) enabled a mixture for better appreciation and discussion of the research question. These findings exposed many recommendations and future recommendations discussed in this chapter. A causal link was drawn tying up preceding chapters and the current chapter's research questions and objectives of the study and how the research objectives were arrived at.

### **7.2 Research Aim:**

To evaluate CTOs development of tourism SMMEs within eThekweni municipality.

### **7.3 Research Objectives:**

To address the gap in CTOs capacity development of tourism SMMEs and its impact of poverty alleviation in the local township communities by growing the township economy and growing tourism SMMEs in the local communities.

### **7.4 Sub-Objectives:**

1. To evaluate tourism activities that are promoted by CTOs.
2. To assess the capacity development functions of CTOs.
3. To explore the role of CTOs to promote tourism SMMEs.
4. To evaluate support structures available to develop tourism SMMEs.

The chapter presented the key findings, overall conclusions and recommendations. Thereafter, a tourism SMME development model was proposed. The quantitative findings of the study have recognised that the research objectives have been achieved.

#### **7.4.1 Objective One: *To evaluate tourism activities promoted by CTOs to develop tourism SMMEs***

The study was successful in evaluating tourism SMMEs activities promoted by CTOs. The findings confirmed the assertion that the majority of CTOs fall short of promoting tourism SMMEs. Sixty-one-point one percent (61.1%) of respondents disagreed that CTOs promoted tourism activities to tourism SMMEs. This confirmed the deficient capacity skills' base of CTOs themselves, which need to be developed for tourism SMMEs to prosper in the tourism industry. This lack of the requisite skills in the CTOs has a negative impact on tourism SMMEs and hinders them from participating effectively as equal partners with white established tourism businesses, because of their position of advantage, which was enabled by the apartheid legislative framework, which banned excluded formerly marginalised groups from participating in the tourism industry. However, a convergence of the findings has identified strategies to improve ways to improve tourism activities promoted by CTOs of tourism SMMEs.

#### **7.4.2 Objective Two: *To assess the capacity development functions of CTOs***

This objective defined whether CTOs realised capacity development of Tourism SMMEs, and whether CTOs have an impact in promoting their development within eThekweni Municipality. This presented resemblance with CTOs promotion of tourism SMMEs. Most respondents strongly disagreed that CTOs provided capacity development to tourism SMMEs. The findings indicated that 52.8% of respondents disagreed that CTOs capacitated tourism SMMEs. These findings indicated a necessity for capacity building for tourism SMMEs as well as the CTOs themselves.

#### **7.4.3 Objective Three: *To explore the role of CTOs in promoting tourism SMMEs***

This objective determined whether CTOs h promote tourism SMMEs. The findings established that 77.8% of respondents agreed that there was a need for CTOs to promote tourism SMMEs to participate effectively in the tourism industry, and not to collect crumbs that filter down from the tourism industry but, to be owners of the means of production, trade, heritage and cultural tourism within their tourism destinations. Through such empowerment initiatives poverty, unemployment, and inequality of opportunities could be eliminated.

#### **7.4.4 Objective Four: Identification of support structures available to develop tourism SMMEs**

This objective evaluated whether CTOs are succeeding in identifying support structures available to develop tourism SMMEs. The findings of the study revealed that not much was accomplished in providing support structures to enable tourism SMME development. Hundred percent (100%) of respondents concurred that the lack of such support made it extremely difficult for tourism SMMEs to compete with the large and well established white big tourism businesses in the highly competitive tourism industry. This lack of capacity development among the historically marginalised groups' businesses led to the deterrence of tourism benefits escalating to local township communities. This resulted in poverty among the people, and growing the local township economy became a fallacy, despite the legal frameworks developed by the democratic dispensation to develop SMMEs to grow the township economy post 1994, which aimed to address the triple challenges of poverty, unemployment and inequality of opportunities (Jugmohan, Giampiccoli, Steyn and Saayman 2014:1142).

#### **7.5 Summary of Findings**

This study was designed to evaluate community tourism organizations role in tourism SMMEs development in the eThekweni Municipality, KwaZulu-Natal, South Africa. Moreover, this study aimed to investigate and describe as well as to find out the factors that impact on poverty alleviation, unemployment and inequality in the local township economy through their participation in the tourism industry. Based on the statistics findings and quantitative analysis in chapter six, a list of conclusions was found out as follows:

- The majority of tourism SMMEs in the eThekweni Municipality Small, medium and micro enterprises are owners of the tourism SMMEs, who act as managers, marketing and finance managers, human resource managers of these business enterprises with limited knowledge, skills and attitudes of these entities.
- The level of tourism SMMEs knowledge of tourism opportunities, support and capacity development by CTOs in the eThekweni Municipality is inadequate and needs urgent intervention to grow the tourism SMMEs in the local township communities to alleviate the triple challenges of poverty, unemployment and inequality of participating in the tourism industry.

- Competitiveness among tourism SMMEs in the following skills capacity is grossly inadequate to seize opportunities in the tourism industry and added cruise ship industry: financial management, cashflows management risk management, business and strategic management, technology and marketing products and services, tax and business registrations compliance matters, branding, conflict management, mentoring, coaching and evaluation of business progression and breaking even, employment and labour relation issues.
- This study indicates the fact that to succeed in the tough and competitive tourism industry, tourism SMMEs need to be capacitated in the following skills: tourism business knowledge, product quality management, pricing strategies, SMME innovation strategies, determination, commitment, flexibility, vision and mission, leadership, motivation, networking skills and being driven to succeed. All these skills are highly prized for tourism SMMEs success in the tourism industry. They are good for competitiveness and their overall growth and development as alluded to in the literature discussed in chapter 2.
- The findings of the empirical evidence are similar to what the literature state, that tourism SMMEs are inadequately developed by CTOs to meaningfully participate in the tourism industry. This results in poverty eradication aims of transformation goals not met in terms of the National Development Plan 2011 and the United Nations Organization Sustainable developmental goals of reducing poverty, especially in developing economies.
- Most respondents expressed the need for capacity development, SMME support to seize tourism opportunities availed by the industry, mentoring, coaching and evaluation of businesses and the tourism industry, marketing, technology, access to finance, credit and markets, advice on quality in their tourism products and services, through standards agency boards. Tourism SMMEs regard adequate business expertise, capital injection to their businesses, good business networking, marketing, government enabling environment in terms of laws, regulations and policies for tourism businesses success and achievement of economic transformation.
- The educational level of the respondents ranges between experience in the tourism industry, either as tourism product owners, working in the hospitality and tourism industry, matric certificates, diplomas in tourism and hospitality, degree in commerce and tourism, MBA's in tourism and marketing and commerce. This indicate the level of education of eThekweni CTO members is adequate in developing tourism SMMEs to alleviate poverty in local township economies by developing tourism potential to participate in the tourism industry competitively.

- This study concludes that a large number of tourism SMMEs are in dire need of capacity development, promotion of tourism activities and support structures available to tourism SMMEs, training opportunities in government laws, regulations and policies, resources, technology and research and development. According to tourism SMMEs, advancements in technology marketing channels can lead them to tourism and cruise ship tourism business success and good decision-making. They believe that, there is a symbiotic relationship between the involvement of technological marketing skill and success of their tourism business growth and development of their township communities. This could result in poverty alleviation and more employment opportunities when their businesses grow.
- Regards to government enabling support through SMME finance injection, policy implementation, technology transfer to tourism SMMEs, flattening government red tape in tourism SMME registration laws, relaxation of onerous tax laws and policies regarding tourism SMMEs, because they counter-productive to the growth and development of tourism SMMEs. Reddy and Wallis (2010:12), and Nwafor (2016:44) argued that, tourism strategies, approaches and legislation could be well defined and articulated to create common ground amongst stakeholders. The findings outlined above suggested that the Department of Tourism within eThekweni Municipality could not only publicize available tourism opportunities, but through CTOs empower tourism SMMEs on the legislation governing this sub-sector through facilitating workshops, conferences and multistakeholder meetings. Raj, Toro and Mago (2013:4) argued that such businesses required advice, coaching and mentorship, with regard to legal compliance, as non-compliance could result in litigation or even closure of their tourism businesses
- A hundred percent (100%) of respondents disagreed to CTOs capacitation of tourism SMMEs on compliance of eThekweni Municipality's by-laws and business trading laws. This might be due to government support is focused on the big tourism businesses, state owned enterprises, including South African Airways and Eskom (the power generating company of South Africa) for funding. The tourism SMMEs are not likely to benefit from these supports. The Banks and credit-lending agencies also make it difficult for tourism SMMEs to access finance and funding, as they require collateral, which they do not have. Tourism SMMEs find themselves between the rock and hard place regards finance and financial support is concerned to develop their businesses. The lack of this support impacts negatively on the growth of this sub-sector.
- The lack of capacity development, access to finance, markets and tourism opportunities of respondents has not only underestimated the importance of good business vision, mission, management and operation of businesses in an effective way.
- The quantitative analysis based on the open-ended questions concluded that most of the respondents prove the growth and development of tourism SMMEs depend

on a multistakeholder engagement from CTOs, government as a primary enabler, CBT, CBOs, Higher Educational institutions for their expertise and the private sector.

- Lastly, the findings indicate that the majority of respondents (84.7%) thought that CTOs needed development of tourism SMMEs as tourism has the potential of reducing poverty in the formerly marginalized township communities. Rogerson (2012:75), Mekgwe and Chimucheka (2013:787) concur with this view. Okazaki (2013:87) argues that, failure to fulfill the developmental potential of township community-based tourism was partly due to its non-promotion by CTOs. The planning Commission National Development Plan (2011:138-139) agenda 2030, indicate that, the development of tourism SMMEs cannot be divorced from economic transformation in South Africa. Economic transformation is aimed at broadening opportunities for all South African industries and business entities. This is particularly the case for historically marginalized township communities. Pivot (2014:64), Rogerson (2013:126), and Maharaj and Balkaran ((2014:276) argue that, while the South African Government adopted progressive laws and strategies to transform tourism SMMEs in the tourism industry, but progress is still hampered by government's lack of implementation of its policies. This, they argue, undermine tourism SMMEs ability to contribute to the alleviation of poverty, inequality and inequality of opportunities.
- Active government support was identified as a catalyst for tourism SMME development and support which included: increasing tourism SMME competitiveness, simpler registration procedures for tourism SMMEs. Skills capacitation in technology, innovation, simplified tax compliance forms, access to finance, preferential procurement policies in the tourism industry, coaching, mentoring and evaluation, follow-up driven by measurable targets, backed by legislation enabled tourism SMMEs to develop and grow. This calls for a need for CTOs to evaluate the progress of tourism SMMEs on a structured, on-going basis, using agreed upon strategies. In a nutshell the findings are summarized below:
  - CTOs did not adequately promote local tourism destinations within eThekweni Municipality.
  - CTOs did not provide sufficient assistance to SMMEs with regard to registration and capacity development.
  - Tourism SMMEs had limited involvement in tourism activities as consultants, taxi services, cruise tour guiding, and cycling and events management.
  - CTOs offered minimal support to tourism SMMEs in terms of business development, promotional activities and monitoring and evaluating.
  - Tourism SMMEs had minimal involvement in governance of CTOs, including budgeting meetings, project risk management, marketing meetings and stakeholder meetings.
  - CTOs did not have a clear understanding and knowledge of the challenges related to developing tourism SMMEs.

- Tourism SMMEs were constrained by the requirements and red tape of the regulatory environment.
- Tourism SMMEs lacked of access to finance, markets, advertising and marketing limited their contribution to community economic development.
- CTOs' failure to encourage and build women entrepreneurship exacerbated poverty, unemployment and inequality of opportunities among this marginalized group.
- CTOs had not performed well in terms of assisting tourism SMMEs to take advantage of opportunities in the fast-growing cruise ship tourism industry.
- The lack of a comprehensive, broad-based tourism strategy that linked government organizations, CBT, tourism SMMEs and tertiary institutions hampered the development of such SMMEs. These need to be addressed for the tourism SMMEs to succeed and grow.

## **7.6 Overall Conclusions**

### **7.6.1 Government priorities**

While CBT was an integral part of the development and growth of tourism SMMEs to enable them to contribute to the struggle against poverty, unemployment and inequality of opportunities in local communities, it was not high on government's agenda. It was important that government provide more structured support to SMMEs in order to ensure the success of CBT. Community tourism organisations mandated to drive CBT by developing tourism SMMEs fell short. The tourism benefits accruing at local level could promote self-reliance and economic empowerment among communities.

### **7.6.2 CTOs and capacity building**

It was clear from the study's findings that CTOs not sufficiently capacitated to fulfil their mandate. In order to deliver the economic benefits of tourism to local communities, these organisations not properly capacitated by local government.

### **7.6.3 Capacity development of tourism SMMEs**

Tourism SMMEs not developed in the following areas: training, access to finance and credit, coaching and mentoring, provision of quality products and services, becoming competitive, and promoting LED. The red tape that hampered SMMEs' development not addressed. Government did not conduct more rigorous research to evaluate on tourism SMME growth potential, as they were drowned out by big business.

#### **7.6.4 Tourism SMMEs-Public-Private Partnerships**

Partnerships with public and private enterprises could go a long way in empowering and capacitating tourism SMMEs. The government could encourage established private tourism businesses that had an economic advantage over emerging entrepreneurs to share their expertise. Government also needed to capacitate public servants to promote the development of tourism SMMEs through CTOs. Tourism policies and implementation The progressive tourism legislation adopted in the post-apartheid period was not implemented in order to enable historically marginalised local communities to benefit from socio-economic opportunities. This process should be community driven, private sector led, and informed by government's transformation agenda to benefit communities directly. Cumbersome bureaucratic red tape was not removed to enable SMMEs to participate in the tourism industry.

#### **7.7 Recommendations**

Based on the study's findings, the following recommendations were offered:

## **7.7 CTOs' promotion of tourism activities**

### **7.7.1 Recommendation One: Monitoring and Evaluation**

Community tourism organisations should adopt a more proactive, structured and interactive, participatory quarterly monitoring process. This would identify unforeseeable impediments and enable CTOs to address problems and amend their activities as necessary. The CTO Boards should delegate members to evaluate the CTO's administration and performance in relation to developing tourism SMMEs. This would enable them to measure the development and growth of these SMMEs on a quarterly and annual basis, identify any shortcomings, and take steps to remedy them. Through monitoring and evaluation of the activities promoted by the CTOs, the CTO Board would be able to quantify the level of resources expended on each of the tourism activities and compare these resources to the output. This would facilitate maximum usage of resources; increased productivity; and serve as a framework for a medium and long-term sustainability agenda.

### **7.7.2 Recommendation Two: link tourism SMMEs to tourist markets**

CTOs must link tourism SMMEs to tourist markets through marketing strategies such as: social media, print media and other forms of advertising for their products and services be accessed by tourists

### **7.7.3 Recommendation Three: encourage education of tourism SMMEs**

CTOs should encourage education of tourism SMMEs through: workshops, formal training and informal training, conferences and other forms of capacity development.

### **7.7.4 Recommendation Four: monitor and evaluate tourism SMMEs' effectiveness**

CTOs should monitor and evaluate tourism SMMEs' effectiveness in participating in the tourism and added cruise ship tourism industry which operates from the Durban harbour.

### **7.7.5 Recommendation Five: *stakeholders' transformation management***

*A stakeholders' transformation management team.* A balanced transformation management team made up of representatives of the various stakeholders need to be established to grow tourism SMMEs in eThekweni Municipality. The study found that a significant proportion of CTO members had 12-15 years' experience in the tourism industry. Their skills and experience were to be used to capacitate younger stakeholders in this sector. They were to act as mentors and consultants to develop tourism SMMEs.

A multi-stakeholder approach to be developed and deepened. All stakeholders who participate in the tourism industry to engage in planning to grow this sector and to ensure that emerging entrepreneurs and local communities receive their share of its benefits. Community tourism organisations, established tourism businesses, and institutions of higher learning (Universities) to join tourism to create, implement and monitor and evaluate an SMME participation strategy in the tourism industry and the growing cruise ship industry. To integrate tourism and entrepreneurship courses in the curriculum in the universities offering tourism to help grow township destinations' tourism SMMEs. The rationale for this recommendation, is that the two areas of study powerfully complement each other, yet tourism programmes progressively introduce entrepreneurship courses and tourism in an idiosyncratic framework.

### **7.7.6 Recommendation Six: enhance tourism access to finance**

CTOs should enhance tourism access to finance in the forms of loans from Banks, government credit agencies and other finance houses. This is for tourism SMMEs to equip their financial and managerial skills.

### **7.7.7. Recommendation Seven: Tourism SMME-Public-private support**

CTOs should link tourism SMMEs to big established tourism businesses for access to the tourism industry market and benefits accruing from the industry to alleviate poverty, unemployment, and inequality of opportunities in the townships.

### **7.7.8 Recommendation Eight: Environmentally sustainable destination**

CTOs should ensure that destination tourism functions in an environmentally sustainable, calmer, tenderer way, which, not only grows shared anxieties over communal and green impacts, but also a moral obligation to future generations.

### **7.7.9 Recommendation Nine: embrace women tourism entrepreneurs**

CTO must embrace the perception of women tourism entrepreneurship and its relation to the broader issues of communal novelty and community development and appreciate how tourism entrepreneurship empowers women. Small and micro-enterprises, and especially, family-run industries, have been found to be relatively valuable to females, because, of the prospects they propose for women to produce additional revenue to expand their status both inside and external of the home.

### **7.7.10 Recommendation Ten: CTOs activate strong SMME ownership**

CTOs as a CBT agency should strongly advocate for tourism SMME growth and CBT ownership, control, management of township tourism destinations, community participation planning, monitoring and evaluation of tourism within communities as a bottom-up approach.

### **7.7.11 imitations of the study**

The study has limitations in terms of logistical costs and time constraints. The research was confined to the eThekweni Municipality only, due to time and cost limitations. The limited constraints of budget allocation for a wider research and limited time available to undertake a much wider area was a limiting factor.

## **7.7.12 Future research areas:**

### **7.7.12.1 Tourism Potential to Tourism SMME Growth**

There is an urgent need as indicated by the study to invest in the development and growth of the marginalized SMMEs in the tourism industry as a catalyst of growing the local township community's economy. The tourism industry is recognized as the major generator of employment, supporting developed and developing countries Gross National Products, thereby alleviating poverty and inequalities in the local communities. Further research should look at the benefits of widening tourism SMME access to capacity building and empowerment initiatives and their impact to local townships and rural communities.

### **7.7.12 Agency Concept development for CBT**

As Community-Based Tourism and CTOs legislative framework is a new concept in the tourism industry in developing countries. In South Africa, it is a new post-apartheid strategy of addressing historically socio-economic imbalances. A study of agency in developing tourism SMMEs is important for the understanding of CTO mandate in developing this business sector in the tourism industry to make an impact in local communities' socio-economic development. An understanding of this strategy could lead to a shared tourism industry's benefits for local township communities.

## **7.8 Conclusions**

The aim of the study was to evaluate CTOs effect of developing tourism SMMEs in the eThekweni Municipality, and the objectives were to:

- Assess tourism activities that are promoted by CTOs.
- Evaluate the capacity development functions of CTOs.
- Explore the role of CTOs to promote tourism SMMEs, and
- Identify support structures available to develop tourism SMMEs.

The pro-poor strategy was developed to level the apartheid playing field by envisaging to develop and grow the historically marginalised tourism SMMEs to effectively participate in the tourism industry, and added benefits that accrue from utilising the cruise-ship

tourism industry as a vehicle to benefit these tourism SMMEs, thereby reducing the impact of poverty, unemployment and inequality in the township economy of eThekweni Municipality. The study has successfully answered the research objectives and questions through the valid and reliable research method. Quantitative statistical findings emerging from the data analysis in the study exposed CTOs lack of development of tourism SMMEs. The study is significant in that; it proposes a multistakeholder tourism SMME developmental model to deal with poverty alleviation of local communities participating in the tourism industry. This model is an empowering tool for communities to take ownership of the means of tourism value chain taking place in their communities.

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## **Appendix One: Information Letter**

### LETTER OF INFORMATION

Title of the Research Study: Evaluation of community Tourism organization's effect on local economic development, through SMME's in the eThekweni Region.

Principal researcher: Mr. B.S Ntlangani: MBA, B.A., BED, PGDip. Labour Law, PGDip. Tourism, Cert.Project Management, Cert.Finance, Cert.Bus. Man, Cert.HRM.

Co-Investigator/s/supervisor/s: (Name, qualifications) Dr I.G. Govender: D Admin, B SC, B Com, MBA, LLB, and CFP.

Brief Introduction and Purpose of the Study: The aim of the study is to evaluate community tourism organization's effect on local economic development through SMMEs in the eThekweni region.

Outline of the Procedures: Community tourism organizations in the eThekweni Region will, be required to voluntarily complete a questionnaire. Permission to conduct will be obtained. The researcher will hand the questionnaires personally, to get maximum participation from the respondents. On completion of the questionnaires, the researcher will collect them. Prior to the dissemination of the questionnaires, the researcher would have interviewed a sample of the respondents in order to sharpen the instrument from the interview responses.

Risks or Discomforts to the Participant: There will be no risks involved, and discomforts experienced before, during and after the research exercise.

Benefits: The entire tourism value-chain stands to gain from CTOs –SMMEs research as no such research has been conducted in the eThekweni region. The research results can increase the local economic development. More money will be spent on strengthening CTOs and tourism. SMME training, to sharpen their skill-base in order to access the various sub-sectors of the tourism and cruise-ship tourism. This can generate much more income, as more tourist-spend will benefit the broader eThekweni region. Tourism local economy will not only be restricted to the apartheid urban area precinct and the golden-mile beach promenade.

Reason/s why the Participant May Be Withdrawn from the Study: There would be no adverse consequences to the participant, should the participant decide to withdraw.

Remuneration: The participant will not receive any monetary or other type of remuneration from the study.

Confidentiality: The DUT confidentiality rules will be followed throughout the study. This includes keeping respondent's names from public space, and not divulging information of research participants, except to the participants themselves.

Research-related Injury: The study does not have any injury –inducing challenges.

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

Dr I.G. Govender Tel. 031 373 5694. Please contact the researcher. Cell No. 074 2920 302, my supervisor: Tel no 031 373 5694, or the Institutional Research Ethics administrator on 031 373 2900. Complaints can be reported to the DVC: TIP, Prof F. Otieno on 031 373 2382 or [dvctip@dut.ac.za](mailto:dvctip@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 Two: Consent



### CONSENT

Statement of Agreement to Participate in the Research Study:

- I hereby confirm that I have been informed by the researcher, \_\_\_\_\_ (name of 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 computerized 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.

_____	_____	_____	_____
Full Name of Participant	Date	Time	Signature / Right Thumbprint

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

_____	_____	_____
Full Name of Researcher	Date	Signature

_____	_____	_____
Full Name of Witness (If applicable)	Date	Signature

_____	_____
Full Name of Legal Guardian (If applicable) Date	Signature

## Appendix Three: DUT Participant Information Letter



Faculty of Management Sciences

Department of Public Management & Economics

Date 11/03/2015

Dear Participant

Please take a few moments of your time to write your responses to my Doctor of Business Administration study questionnaire. The survey is part of my study programme requirement, at the Durban University of Technology. Your response will be treated with the utmost confidentiality as per the University's code of ethics signed by the researcher. Your anonymity will also be highly valued as per the rules and regulations of the University. The topic of my research is: Evaluation of Community Tourism Organisations effect on SMME development in the eThekweni Metropolitan municipality.

Your participation is highly valued, by the researcher and the University named above.

Thanking you in anticipation for your participation in the study, through filling the Questionnaire.

Yours Faithfully

B.S. NTLANGANI: Student Number: 21450550

Contact Details Cell: 0742920302

Dr I. G. Govender\_\_\_\_\_

Supervisor / Promoter: Contact Details 0313735694

## Appendix Four: Chairpersons Questionnaire

### QUESTIONNAIRE TO ETHEKWINI REGION CTO

Please mark your answers to all questions with a cross(X) where appropriate.

1. Biographical Data

1.1. Years 25-40  41- 55  56-80

1.2 Period as chairperson <10  0-15  16-25  >25

1.3 Period as CTO Member < 2 years  3-5  6-10  >10

1.4 Race: Black  Coloured  Indian  White  other

1.5 Gender Female  Male

*1.6 Your CTO is registered as a:*

	Agree	Strongly Agree	Neutral	Disagree	Strongly Disagree
Sole Trader					
Partnership					
Company					
Close Corporation					
Other					

1.7 CTOs were formed through the following:

	Agree	Strongly Agree	Neutral	Disagree	Strongly Disagree
Advertised invitation of interested people to participate.					
Voluntary joining by members of the public to serve.					
Members presented their product experience to tourism product stakeholders.					

1.8 Finance function handled by the CTO's

	Agree	Strongly Agree	Neutral	Disagree	Strongly Disagree
Durban tourism allocates funding for operations.					
Monthly financial reports submitted by CTO treasurer to Durban tourism.					
CTO's obtain funds from private sector.					
Audited financial statement presented at AGM.					
Stakeholders involved in financial planning.					

## 2. Tourism activities promoted by the CTOs

### 2.1 CTO's promote the following tourist's activities:

	Agree	Strongly Agree	Neutral	Disagree	Strongly Disagree
Golden Mile Beach promenade					
Heritage Routes in the EThekweni region					
Cruise ship tourism					
Township and rural tourism					
Rural tourism					
Accommodation- labour, materials, security, laundry					
Catering- fresh foods, grocery, cooking and serving					
Transportation- vehicles, drivers, fuel, porters, labour					
Activities- guided tours, sport, business and cultural events, courses and workshops					
Consulting- research and development					

## 2. Capacity development functions of CTOs.

### 2.1 Tourism SMME's are developed through:

	Agree	Strongly Agree	Neutral	Disagree	Strongly Disagree
Business skills training					
Financial management short courses					
Tax, Vat and legislation workshops					
Mentorship and Coaching					
Management, monitoring and evaluation Skills					
Public driving permits (PDP					
Skills : passenger liability accidents					
First Aid					
Tour Guiding certificate					
DEDT badge for operations					
TKZN certificate					
Consultant/ Researcher					
Shuttle/ taxi services					
Eventing					

**3.2 CTOs capacitate tourism SMMEs in the following?**

	<i>Agree</i>	<i>Strongly Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Strongly Disagree</i>
<i>KZN Tourism Act of 1996 amended as Act 2002.</i>					
<i>KZN Tourism Master Plan of 2012.</i>					
<i>Strategy for the development of CTOs within the eThekweni Municipal Area of 2012.</i>					
<i>Local Government: Municipal structures Act 117 of 1998.</i>					
<i>Local Government: Municipal Systems Act of 2000.</i>					

**3.3 Lack of understanding of EThekweni Municipal Region by-laws by SMMEs could result in the following practices:**

	<i>Agree</i>	<i>Strongly Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Strongly Disagree</i>
<i>No compliance</i>					
<i>Illegal tour operators</i>					
<i>Illegal cruise guides</i>					
<i>Illegal car guides</i>					
<i>Unhealthy competition</i>					

*4. The role of CTOs to promote Tourism SMMEs.*

*4.1. CTO's promote tourism SMME's through:*

	Agree	Strongly Agree	Neutral	Disagree	Strongly Disagree
Facilitate greater access to tourism opportunities.					
Engage tourism SMME's to cruise tourism.					
Create partnerships with big tourism business and SMMEs.					
Access to finance and credit					
Skills development					
Link with effective training institutions					
Accessing Markets					
Mentoring SMMEs					
Using legal channels available to unlocking barriers to entry					

*4.2 How do CTO's monitor and evaluate SMME's effectiveness?*

	Agree	Strongly Agree	Neutral	Disagree	Strongly Disagree
Plan key performance indicators.					
Regular meetings held to solve SMME problems.					
Devise new strategies to solve SMME problems					
Link business to performance.					
Allocations of duties and follow-up of monitoring and evaluation of decisions					
Sharing of information.					

*4.3 CTOs develop public- private partnership linkages through?*

	Agree	Strongly Agree	Neutral	Disagree	Strongly Disagree
Accommodation sector big business – SMME beneficial for LED growth					
Sustainable tourism related to community development					
Local municipality and SMME development contribute to skills development opportunities					
Generation of income guaranteed to local communities					
Reduction of crime and service delivery					

*5. Support Structures to develop Tourism SMME.*

*5.1 CTO market SMME through:*

	Agree	Strongly Agree	Neutral	Disagree	Strongly Disagree
Brochures					
Publications					
Other electronic means (social media, newsletters)					
Face to face with people					
Advertising and promotion of products and services					

5.2 SMME services supported by CTO's:

5.2.1 Challenges faced by CTOs to develop tourism SMMEs.

	<b>Agree</b>	<b>Strongly Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
Understanding links between tourism development and economic development					
Job creation strategies					
Lack of adequate vision of the tourism industry					
Lack of planning					
Lack of regulation					

1. Any other attention that the CTO can engage in to develop the SMMEs?

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## Appendix Five: CTO Members Questionnaire

### Questionnaire to eThekweni Region CTO Members

Please mark your answers to all questions with a cross(X) where appropriate.

#### 2. Biographical Data

1.1 Years 25-40  41- 55  56-80

1.2 No. of years' experience as tourism SMME <10  10-15  >25

1.3 Race: Black  Coloured  Indian  White  Other

1.4 Gender Female  Male

#### 2. Tourism activities that are promoted by the CTOs.

##### 2.1 CTO's promote the following tourist's activities:

	Agree	Strongly Agree	Neutral	Disagree	Strongly Disagree
Golden Mile Beach promenade					
Heritage Routes in the EThekweni region					
Cruise ship tourism					
Township and rural tourism					
Rural tourism					i

#### 3. Capacity development functions of CTOs. (Please make an X)

##### 3.1 Tourism SMME's development through:

	Agree	Strongly Agree	Neutral	Disagree	Strongly Disagree
Business skills training					
Financial management short courses					
Tax, Vat and legislation workshops					
Mentorship and Coaching					
Management, monitoring and evaluation Skills					

*3.2 SMMEs are capacitated by the CTO's with regards to the following regulations:*

	Agree	Strongly Agree	Neutral	Disagree	Strongly Disagree
KZN tourism act of 1996 amended as act 2 of 2002					
KZN tourism master plan of 2012					
Strategy for the development of CTO's within EThekweni Municipal Area of 2010					
Local government : municipal systems act 32 of 2000					
Local government: municipal structures act 117 of 1998					

*3.3 Tourism SMMEs developmental needs are:*

	Agree	Strongly Agree	Neutral	Disagree	Strongly Disagree
Public driving permits (PDP)					
Skills : passenger liability accidents					
First Aid					
Tour Guiding certificate					
DEDT badge for operations					
TKZN certificate					

*3.4 Tourism SMMEs can be trained in the following sectors:*

	Agree	Strongly Agree	Neutral	Disagree	Strongly Disagree
Consultant/ Researcher					
Shuttle/ taxi services					
Yachting, surfing, water sports, aviation					
Cycling, Air hostess, eventing					

*3.5 The support structures available to develop tourism SMME's:*

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Durban business support markets and tourism mandated to support CTO's					
Task teams regular meetings to manage, monitor and evaluate city development and tourism SMME's					
Durban tourism, marketing section for marketing support					
Accommodation- labour, materials, security, laundry					
Catering- fresh foods, grocery, cooking and serving					
Transportation- vehicles, drivers, fuel, porters, labour					
Activities- guided tours, sport, business and cultural events, courses and workshops					
Consulting- research and development					

4 The role of CTOs to promote Tourism SMMEs. (Mark with an x)

4.1. CTO's promote tourism SMME's through:

	Agree	Strongly Agree	Neutral	Disagree	Strongly Disagree
Facilitate equal access to tourism opportunities					
Engage tourism SMME's to link SMME's to cruise tourism					
Create partnerships of SMME's with big tourism business					
Encourage inter linkages between SMME's and PPP's					
access to markets					
access to finance and credit					
skills development					
Link with effective training institutions					
Accessing Markets					
Mentoring SMMEs					
Using legal channels available to unlocking barriers to entry					
Negotiation to link SMMEs and Big Business					

4.2 Tourism SMME's are adequately involved in governance and administration:

	Agree	Strongly Agree	Neutral	Disagree	Strongly Disagree
Participation in CTO elections					
Participation in Financial Reports					
Attend AGM's					
Updated about CTO's programs					
Plan key performance indicators					
Regular meetings to solve SMME problems					
Devise strategies to solve SMME problems					
Link plans and key performance					
Allocations of duties and follow-up of monitoring and evaluation					

*5 Support Structures to develop Tourism SMMEs.*

5.1 Branding done by CTO's for SMME advertising.

	Agree	Strongly Agree	Neutral	Disagree	Strongly Disagree
In collaboration with Durban tourism					
Publications: locally, nationally and internationally through Durban tourism					
Social Media by CTO's					
Flyers produced and distributed to potential tourist places					

6. Challenges faced by CTOs to develop tourism SMMEs.

	Agree	Strongly Agree	Neutral	Disagree	Strongly Disagree
Understanding links between tourism development and economic development					
Job creation strategies					
Lack of adequate vision of the tourism industry					
Lack of planning					
Lack of regulation					

2. Additional comments in terms of operating as tourism SMME.

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## Appendix Six: Ethics Approval Letter



MANAGEMENT SCIENCES: FACULTY RESEARCH ETHICS COMMITTEE (FREC)

28 October 2014  
P.O. BOX 3429  
Durban  
4000  
Student No: 21450550  
FREC No: 36/14FREC

Dear Mr BS Ntlangani

DOCTORATE DEGREE IN TECHNOLOGY: BUSINESS ADMINISTRATION

**TITLE: EVALUATION OF COMMUNITY TOURISM ORGANISATIONS EFFECT ON TOURISM SMME DEVELOPMENT IN THE ETHEKWINI REGION**

Please be advised that the FREC Committee has reviewed your proposal and the following decision was made: Ethical Level 1 -Full Approval

Approval has been granted for a period of one year, after which you are required to apply for safety monitoring and annual recertification. Please use the form located at the Faculty. This form must be submitted to the FREC at least 3 months before the ethics approval for the study expires.

Any adverse events [serious or minor] which occur in connection with this study and/or which may alter its ethical consideration must be reported to the FREC according to the FREC SOP's.

Please note that ANY amendments in the approved proposal require the approval of the FREC as outlined in the FREC SOP's.

Yours Sincerely

Prof N Dorasamy  
FREC: Chairperson

## Appendix Seven: Research Approval Letter



North Beach Tourism Office  
2 KE Masinga Rd.  
North Beach, Durban 4000  
P.O. Box 10562, Marine Parade 4056  
Email: [memberships@durbancto.co.za](mailto:memberships@durbancto.co.za)  
Web: [www.durbancto.co.za](http://www.durbancto.co.za)

04 August 2014

Dear Sir / Madam

To Whom It May Concern:

### **DURBAN COMMUNITY TOURISM ORGANISATION CONFIRMATION**

This letter serves to confirm that **Mr. Bantubathi Sonnyboy Ntlangani**, is a committee member of **Durban Central Community Tourism Organisation**, and has our blessing to conduct research in the eThekweni region CTOs as part of his curriculum.

If you need to confirm or enquire more information about the applicants and our organisation, you may contact me on the below contact information.

Yours in Tourism

Signature: \_\_\_\_\_

Mr. Sthembiso Mdladla  
Durban CTO – Office Manager  
Tel: 031 321 5140 / 078 150 5277  
Email: [membership@durbancto.co.za](mailto:membership@durbancto.co.za)

## Appendix Eight: Cronbach's Alpha Test

Statistics for Chairpersons responses

The requirement for an estimate test of reliability, Cronbach alpha is an important instrument of measure internal consistency to test reliability scores. For a more reliable response, the results need higher values of alpha as well as a theoretical value that varies between 0 and 1. The importance of cronbach alpha is that, it increases in relation to test items' increase value to the reliability of more than 0.70 prior sampling usage.

Cronbach's Alpha	Internal consistency
A. > 0.9	Excellent
0;.9 > a > 0.8	Good
0.8 > a > 0.7	Acceptable
0.7 > a > 0.6	Questionable
0.6 > a > 0.5	Average
0.5 > a > a	Unacceptable

### Item-Total Statistics

	Cronbach's Alpha
Accommodation sector big business-SMME beneficial for LED growth.	.603
Sustainable tourism related to community development.	.652
Local municipality and SMME development contribute to skills development opportunities.	.802
Generation of income guaranteed to local communities.	.658
Reduction of crime and service delivery.	.603

### Scale Statistics

Mean	Variance	Std. Deviation	N of Items
18.71	6.571	2.563	5

### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation
Consultant/researcher	10.89	5.593	.718	.544
Shuttle/taxi services	10.65	6.934	.472	.293
Yachting, surfing, water sports, aviation	11.14	4.234	.917	.895
Cycling, Air hostess, eventing	11.19	4.131	.827	.863

### Item-Total Statistics

	Cronbach's Alpha if Item Deleted
Consultant/researcher	.829
Shuttle/taxi services	.910
Yachting, surfing, water sports, aviation	.734
Cycling, Air hostess, eventing	.784

### Scale Statistics

Mean	Variance	Std. Deviation	N of Items
14.63	8.886	2.981	4

## Reliability

### Scale: All Variables

#### Case Processing Summary

		N	%
Cases	Valid	72	100.0
	Excluded	0	.0
	Total	72	100.0

- a. List wise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.865	.861	4

Item Statistics

	Mean	Std. Deviation	N
Consultant/researcher	3.74	.787	72
Shuttle/taxi services	3.97	.627	72
Yachting, surfing, water sports, aviation	3.49	.979	72
Cycling, Air hostess, eventing	3.43	1.072	72

Inter-Item Correlation Matrix

	Consultant/researcher	Shuttle/taxi services	Yachting, surfing, water sports, aviation	Cycling, Air hostess, eventing
Consultant/researcher	1.000	.413	.736	.670
Shuttle/taxi services	.413	1.000	.504	.395
Yachting, surfing, water sports, aviation	.736	.504	1.000	.925
Cycling, Air hostess, eventing	.670	.395	.925	1.000

Item Statistics

	Mean	Std. Deviation	N
Facilitate greater access to tourism opportunities.	3.51	1.035	72
Engage tourism SMMEs to cruise tourism.	3.35	1.115	72
Create partnerships with big tourism business and SMMEs.	3.46	1.138	72
Access to finance credit	3.31	1.121	72
Link with effective training institutions	3.38	1.192	72
Accessing Markets	3.43	1.085	72
Mentoring and coaching	3.33	1.138	72
Using legal channels available to unlocking barriers to entry.	3.36	1.092	72
Plan key performance indicators.	3.39	1.108	72
Regular meetings held to solve SMME problems.	3.46	1.100	72
Devise new strategies to solve SMME problems.	3.49	1.035	72
Link business to performance.	3.22	1.091	72
Allocation of duties and follow-up of monitoring and evaluation of decisions.	3.39	1.095	72
Sharing of information.	3.51	1.126	72
Accommodation sector big business-SMME beneficial for LED growth.	3.39	1.001	72
Sustainable tourism related to community development.	3.58	1.084	72
Local municipality and SMME development contribute to skills development opportunities.	3.71	1.054	72
Generation of income guaranteed to local communities.	3.68	1.032	72
Reduction of crime and service delivery.	3.74	1.163	72
Tourism information Brochures.	4.32	.869	72
Social media fort- nightly newsletters	4.25	1.004	72
Face to face with people.	4.26	.979	72
Advertising	4.40	.850	72
Promotion of products and services.	4.36	.893	72

Appendix Nine: Reliability Test

STATISTICS FOR CTO Non- Executive Responses

Cronbach's Alpha Test: Reliability

Scale: All Variables

Case Processing Summary

		N	%
Cases	Valid	72	100.0
	Excluded	0	.0
	Total	72	100.0

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.865	.861	4

Item Statistics

	Mean	Std. Deviation	N
Consultant/researcher	3.74	.787	72
Shuttle/taxi services	3.97	.627	72
Yachting, surfing, water sports, aviation	3.49	.979	72
Cycling, Air hostess, eventing	3.43	1.072	72

Inter-Item Correlation Matrix

	Consultant/researcher	Shuttle/taxi services	Yachting, surfing, water sports, aviation	Cycling, Air hostess, eventing
Consultant/researcher	1.000	.413	.736	.670
Shuttle/taxi services	.413	1.000	.504	.395
Yachting, surfing, water sports, aviation	.736	.504	1.000	.925
Cycling, Air hostess, eventing	.670	.395	.925	1.000

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation
Consultant/researcher	10.89	5.593	.718	.544
Shuttle/taxi services	10.65	6.934	.472	.293
Yachting, surfing, water sports, aviation	11.14	4.234	.917	.895
Cycling, Air hostess, eventing	11.19	4.131	.827	.863

Item-Total Statistics

	Cronbach's Alpha if Item Deleted
Consultant/researcher	.829
Shuttle/taxi services	.910
Yachting, surfing, water sports, aviation	.734
Cycling, Air hostess, eventing	.784

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
14.63	8.886	2.981	4

## All Variables

### Case Processing Summary

		N	%
Cases	Valid	72	100.0
	Excluded	0	.0
	Total	72	100.0

a. List wise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.616	.567	4

### Item Statistics

	Mean	Std. Deviation	N
Age of the respondent	1.63	.701	72
Period as chairperson	1.36	.861	72
Race of the respondent	1.54	1.138	72
Gender of the respondent	1.57	.499	72

### Inter-Item Correlation Matrix

	Age of the respondent	Period as chairperson	Race of the respondent	Gender of the respondent
Age of the respondent	1.000	.554	.400	.136
Period as chairperson	.554	1.000	.617	-.125
Race of the respondent	.400	.617	1.000	-.104
Gender of the respondent	.136	-.125	-.104	1.000