

ENTREPRENEURIAL SKILLS AS A DIFFERENTIAL FACTOR OF SUSTAINED PROFITABILITY IN SOUTH AFRICAN TOURISM ENTERPRISES

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**Abstract:** The study was conducted in order to identify and quantify key predictors of viability in the tourism sector of Gauteng Province in South Africa. The study is based on data collected from a stratified random sample of size 505 tourism enterprises that operate in Gauteng Province, South Africa. Data was collected on a large number of socio-economic factors that adversely affect entrepreneurial activities in the tourism sector of Gauteng Province. A combination of quantitative and qualitative methods of data collection and analyses was used in the study. Examples of variables on which data was gathered was level of entrepreneurial skills, level of formal education, location of business, duration of experience, amount of capital, number of employees, ability to network with other tourist operators, degree of competition from rival operators, geographical location, category of business, category of entrepreneurial skills, average number of visitors per month, net profit, size of business, market share, access to finance, and degree of support from Government agencies. Data analysis was performed by using methods such as frequency tables, cross-tab analyses, log-linear analysis and factor analysis. The study was designed in order to test the veracity of assertions made by Marshall (1923), Arrow (1962), Romer (1986) and Porter (1990) popularly known as the (MARS Model) in which it is argued that competition among tourism operators leads to greater innovation and growth in the industry. Additional data was gathered by conducting in-depth interviews with 4 key officials who were responsible for tourism activities at the South African Chamber of Commerce and Industry. Results obtained from log-linear analysis showed that there was a statistically significant association between degree of competition from rival operators and financial viability, thereby corroborating the assertions made in MAR theories and by Porter (1990). Results obtained from factor analysis showed that the viability of African entrepreneurs in the tourism industry of Gauteng Province was significantly and adversely affected by the degree of competition from rival operators, poor networking ability, lack of entrepreneurial skills, low capital, and geographical location. The study found that African entrepreneurs in the tourism industry of Gauteng Province lagged behind their white counterparts significantly in terms of networking ability, capital and entrepreneurial skills. In addition, 82% of the 505 African entrepreneurs who participated in the study lacked suitable skills due to their poor and irrelevant academic and vocational background, and that 59% of entrepreneurs had received little or no assistance in terms of mentoring or training opportunities by South African Government agencies.

**Keywords:** Small businesses, Entrepreneurial skills, Tourism, Gauteng Province, Factor analysis

**Introduction and background to study**

This study analyses the socio-economic factors that adversely affect African Entrepreneurial activities in the tourism sector. It focuses on black indigenous entrepreneurs from previously marginalized backgrounds in South Africa. The aim of study was to assess and evaluate the extent to which emerging black entrepreneurs are involved in tourism operations in and around Gauteng Province. The study was also focused on assessing the contribution made by emerging entrepreneurs to the tourism sector, the socioeconomic difficulties experienced by emerging entrepreneurs, and their socio-economic impact in the economy of Gauteng Province.

Herrington and Kelly (2018) have shown that emerging South African businesses often fail to benefit from government-initiated assistance programmes. In this regard, the key assistance programmes are provided by the Small Enterprise Development Agency (SEDA) and Department of Trade and Industry (DTI). Assistance is provided to small, micro and medium-sized enterprises (SMMEs) in two forms. These are administrative and financial. The study conducted by Nabi, Walmsley, Linan, Akhtar and Neame (2018) has shown that emerging entrepreneurs often lack the necessary practical entrepreneurial education as well as networking and marketing skills.

Neck and Corbett (2018) have shown the numerous benefits of acquiring practical entrepreneurial skills before embarking on entrepreneurial activities. Ngwenya and Mashau (2019) have shown that South African youth often lack entrepreneurial skills and that the education they acquire in colleges and universities often fails to prepare them adequately for the challenges of real life realities.

Muhyi (2017) has shown the need for promoting entrepreneurial education in all small, micro and medium-sized enterprises (SMMEs) as a means of minimising the high failure rate in newly established SMMEs in Sub-Saharan African countries including South Africa. Mosweunyane, Rambe and Dzansi (2019) have shown that red tape, too much bureaucracy, lack of leadership and failure of emerging entrepreneurs to benefit meaningfully from assistance provided by the South African National department of Trade and Industry (DTI, 2019) are key obstacles to sustained growth and profitability in newly established businesses in all economic sectors in South Africa.

The study conducted by Worku (2019) has found that sustained growth and profitability is stifled in South African emerging enterprises due to cumbersome bureaucracy and regulatory obstacles. Urban and Ndou (2019) have shown that sustained profitability is undermined in emerging enterprises due to lack of entrepreneurial and marketing skills. The South African tourism market possesses immense potential for growth and development. The tourism sector is a key attraction to visitors from all regions of the world. The study conducted by Rogerson and Rogerson (2020) has shown the need for enhancing the quality of local municipal services as a means of promoting growth and profitability in the South African tourism industry.

Emerging tourism operators in South African townships are characterised by inability to market their goods, services and products to potential customers effectively. Based on a study conducted in Overstrand Local Municipality in South Africa, Rogerson and Rogerson (2020) have shown that South African emerging tourism operators must be provided with entrepreneurial education so that they perform better. Mamun, Kumar, Ibrahim and Yusoff (2018) have constructed a tool for measuring entrepreneurial skills and knowledge. The composite index used by the authors is suitable for assessing the level of entrepreneurial, marketing and networking skills of emerging and novice entrepreneurs who are currently operating in the tourism sector of Gauteng Province.

Daniel, Costa, Pita and Costa (2017) have highlighted the need for acquiring valuable entrepreneurial education before embarking on entrepreneurial ventures. According to the authors, novice entrepreneurs who often lose valuable market opportunities lack the necessary practical experience to market their goods, services and products effectively. Novice entrepreneurs in South African townships often lack basic skills in writing up business plans. They also lack marketing and networking skills. Tourism is regarded as one of the key drivers of economic expansion and employment creation in South Africa. Studies conducted on the active participation of the black population agree that in most countries, economic policy makes provision for the attainment of a high level of entrepreneurial activity and a dynamic sector of small business. It is believed that entrepreneurship is usually associated with some far-reaching expectations relating to economic and social well-being (Linton & Solomon, 2017). The ownership of tourism enterprises has been, and still is, dominated by a majority of white entrepreneurs. With regards to access to market, capital, marketing and networking skills, emerging black entrepreneurs lag behind. Although the political transformation has provided an opportunity to change the racially defined industry in a way that would allow the previously disadvantaged to participate in it, very little has changed. Post-apartheid planning and legislation envisaged that political transformation would coincide with economic transformation. In this way it was hoped that black people would participate fully in the tourism industry both as tourists in their own country and as entrepreneurs (South African National Department of Trade and Industry, 2019).

Tourism within these facets harnesses the establishment of new enterprises, creates new jobs and reduces unemployment. It stimulates competition, efficiency and innovation, and contributes to economic growth and prosperity. This review suggests that the tourism sector is likely to continue unabated in its contribution towards economic growth particularly in sectors like construction, handicraft and agriculture (Hahn, Minola, Bosio & Cassia, 2020). The authors have shown that tourism requires adequate competence and enough determination to develop niche market areas by working with well-experienced tourism operators.

### Literature review

Dias, Rodrigues and Ferreira (2019) have shown that novice or emerging entrepreneurs must be mentored effectively by well-experienced and well-networked entrepreneurs in order to thrive. The review of literature on

tourism, entrepreneurship and small business on both the international scenes and in South Africa is vast. Several scholars discuss tourism, its impact, benefits to the economy, the constraints facing tourism entrepreneurs (Badawi, Reyad, Khamis, Hamdan and Alsartawi (2019). Dahlstrom and Talmage (2018) have shown that novice entrepreneurs in the South African tourism sector need to establish networks in major cities of the world such as London and New York in order to attract tourists into South Africa. The authors have identified and quantified factors that affect the viability of informal microenterprises in the tourism sector of the economy. Entrepreneurship activities in tourism in transitional economies like South Africa are often exposed to numerous challenges and obstacles which are related to economic policy, capacity, skills and access to market. In South Africa, there is unequal distribution of wealth between white and black entrepreneurs, and this fact affects the ability of an emerging entrepreneur to succeed in tourism. The South African economy is exposed to challenges such as a high rate of unemployment among the youth, lack of entrepreneurial and technical skills that are required for operating profitable businesses, lack of access to finance, and massive poverty among the masses.

Radzi, Nor and Ali (2017) have argued that small, micro and medium-sized enterprises (SMMEs) operating in the tourism sector play a significant role in the alleviation of poverty and unemployment among the youth. SMMEs in the tourism sector have a greater impact on economic performance in highly developed economies where high levels of education, low inflation rates and high level of financial intermediary development are evident. The economic output performance of small medium sized enterprises might not be significant in some economies but there are positive contributions in terms of innovation, facilitating change and enhancing competition (Urban & Ndou, 2019). The SMME sector contributes an estimated 50% to GDP in South Africa and employs 60% of its labour force based on a study conducted by Worku (2019). The tourism sector in South Africa needs to be expanded into the rest of Africa so that steady streams of visitors flow into South Africa on a sustainable basis (Worku, 2019). It can rightly be argued that small tourism enterprises have the ability to spur economic growth. The multiplier effect of tourism contributes to the growth of other sectors like construction, handicraft and agriculture. This suggests that tourism is not a self-contained industry, but rather it relates with other sectors like agriculture, mining, transport and others in order to satisfy the consumer. The ever expanding economy of South Africa has realized an increasing number of emerging tourism enterprises. A small percentage of people aged between 18 and 64 years are actively involved in starting or managing a business wholly or partly which is low in comparison with other countries in the same GDP income group like Malaysia, Uruguay, Turkey, and Argentina among others.

According to Rogerson and Rogerson (2019), tourism offers a potential to galvanise local socioeconomic development through backward linkages that allow local farmers to supply the food needs of tourism establishments. Linkages between agriculture and tourism are central to promoting symbiosis rather than conflict between the two sectors. Furthermore, the benefits of a closer relationship include decreased linkages through imports, improvement in tourism industry food supplies, and increased tourist access to local food and improved sustainability for tourism, not least through alleviation of poverty.

Tourism has been identified as a sector that can play a vital role in small firm's development in South Africa considering that the majority of tourism ventures are small businesses. Acs, Estrin, Mickiewicz and Szerb (2018) postulate that in order for South Africa to make a dent on unemployment, it would need an investment of 39% as a proportion of GDP to reach the 7% growth target and reduce greatly unemployment. The South African travel and tourism industry is highly concentrated and dominated by a small elite group of large, mostly locally owned tourism organisations. The large companies are economically dominant in the South African tourism industry. However, it is apparent that the vast majority of South African tourism enterprises, as is the case in the rest of the world, are classified as SMMEs. A study conducted in Australia and the UK, revealed that between 95% and 99% respectively of all tourism businesses were found to be small enterprises which included guest houses, bed and breakfast establishments, travel agents and ground operators amongst others (Arko-Achemfour & Cheng, 2019).

The benefits of developing tourism SMMEs are wide ranging even in the context of a developing country such as South Africa. Rogerson and Rogerson (2019) argue that the economic objectives of increased earnings, foreign exchange, investment, job opportunities, as well as the minimization of diverse social and cultural effects, might best be accomplished through the promotion of small tourism businesses rather than large tourism businesses. This is because the tourism sector is expected to become one of the key drivers of economic expansion, local development and job opportunities in developing countries (Akhmetshin, Mueller, Yumashev, Kozachek, Prikhodko & Safonova, 2019). Although the SMME sector makes a valuable contribution to the South African economy, limited research

has been undertaken to date on the performance of small tourism enterprises that operate in the various regions of Gauteng Province.

Various efforts have been made since April 1994 to transform South Africa's tourism Industry. Emerging tourism operators lack the resources required to attract visitors into South Africa from Europe, North America, South America, China, Australia and Japan. Black Economic Empowerment policies have failed to transform emerging tourism operators mostly due to lack of leadership (Rogerson & Rogerson, 2019). The tourism industry has not benefited all communities in South Africa. The transformation of the tourism industry is a major policy issue that determines who benefits and in what way. Meaningful transformation of the South African tourism industry must lead to economic empowerment and direct benefit to the previously neglected communities. They should be involved in decision-making structures and in developing meaningful economic linkages with the industry. Areas that require transformation to enable South Africa's tourism industry to benefit previously disadvantaged communities are ownership and control of the tourism industry, distribution of benefits accruing from tourism growth and local communities' lack of knowledge about the industry. Others such as a more proactive role by the public sector continue to receive attention through various policy frameworks (Urban & Ndou, 2019).

The need for socio-economic equality and equity arose from four concerns namely: moral imperative, to make right the wrongs of the past, the social imperative, conceding that the wealth of the country is a social problem, the economic growth imperative which has been fuelled by the poverty levels in the country and unemployment rate between 35% and 40% and finally the labour skills imperative, which seeks to increase the skills levels of black labour and generate value-added activities within the economy (Worku, 2019). The transformation of South Africa's tourism industry is crucial, especially when one considers the efforts by the post-apartheid governments to build an egalitarian society and the quest for an equitable redistribution of resources. BEE is therefore a central feature under these circumstances and the role of developmental local government is given particular attention as a key role player in the implementation of BEE (Neck & Corbett, 2018). Despite the determination of the post-apartheid governments to push back the frontiers of poverty through strategic policy interventions, there has not been clarity or any significant progress with regard to using community-based tourism development for local socio-economic development (South Africa National Department of Trade and Industry, 2019). The growth strategy of the South African DTI for the country includes a focus on broadening participation, equity and access to redress for all economic citizens, particularly those previously marginalized. A special unit called B-BBEE was created in the Department with the vision to work towards ensuring, through equity and empowerment policies and strategic interventions, that the South African economy is restructured, to enable the meaningful participation of black people, women and rural or under-developed communities in the mainstream economy, in a manner that has a positive impact on employment, income redistribution, structural re-adjustment and economic growth (South African National Department of Trade and Industry, 2019). Such individuals are also referred to as previously disadvantaged individuals, and require massive efforts in terms of training and skills development programmes of assistance.

The topic of transformation in South Africa is still relatively limited in depth, and has many gaps including business dealings that are based on black empowerment policies (Rogerson & Rogerson, 2019). Muhyi (2017) has shown that young graduates of South African colleges and universities need to acquire practical experience in operating SMMEs successfully by working with well-experienced and well-connected tourism businesses. Articles published in various journals do cover a wide array of topics in the transformation agenda. These topics range from specific industry experiences in implementation such as the mining industry as has been discussed by Muhyi (2017). The author has provided examples from sectors such as agriculture, banking and finance.

A wide discourse is provided by Neck and Corbett (2018). The authors have shown that black economic empowerment programmes have failed mostly due to lack of good governance and corruption. Arko-Achemfour and Cheng (2019) have given numerous examples that could be followed by local novice entrepreneurs for ensuring profitability and long-term viability. One critical task is that of networking with well-established tourism operators. Acs, Estrin, Mickiewicz and Szerb (2018) have argued that black economic empowerment programmes have failed to transform emerging SMMEs mostly due to political interference. According to Rogerson and Rogerson (2019), black economic empowerment programmes have achieved very little since April 1994 and cannot be relied upon. Radzi, Nor and Ali (2017) have pointed out that black economic empowerment programmes must be accompanied with the provision of mentoring, coaching and monitoring and evaluation services as a means of ensuring profitability and long-term survival.

Dahlstrom and Talmage (2018) have shown that transformation occurs in an economically enabling environment in which leaders show respect for the rule of law. Despite the wide array of topics covered in the transformation debate, and notwithstanding the criticisms levelled at BEE, it may be argued that little research has actually been done on the more 'practical issues' related to BEE compliance, such as the potential impact it may have on the various dimensions of business performance. Badawi, Reyad, Khamis, Hamdan and Alsartawi (2019) have highlighted the need to promote networking and marketing skills in emerging enterprises. The authors have shown that emerging tourism operators in South Africa and other developing countries often lack the means for networking outside their home countries. The authors recommend that education and skills based training on entrepreneurial and marketing skills should be provided to new entrants into the tourism sector. New entrants are often exposed to lack of finance, and that this constraint is a key obstacle to growth. The entrepreneurial quality of the SMME owner is a critical factor affecting the ability of SMMEs to survive and achieve sustainable growth. A combination of formal and on-the-job training may be seen as one of the key factors that lays the foundation for success. Education is thought to increase the intrinsic motivation and to energize behaviours.

Studies by Dias, Rodrigues and Ferreira (2019) have found that the quality and relevance of education entrepreneurs have, has a significant effect on their chances of survival and growth. The literature suggests that entrepreneurs need to be educated in order to develop their entrepreneurial abilities and contribute to the survival of their businesses. Hahn, Minola, Bosio and Cassia (2020) assert that those who attain a higher level of education and entrepreneurial skills are better equipped to communicate with and understand bankers, suppliers and customers which then lead to a higher degree of growth in their businesses. Acquired knowledge is associated with high performance. Differences between average and high performers are attributed to a higher amount of accessible knowledge. In addition, the study asserts that there is a positive relationship between education and business success.

According to Herrington and Kelley (2018), the entrepreneurial environment in South Africa lags behind the environment in developed nations in Europe and North America. The Sub-Saharan African Regional Report apporitions a mean score of 2.89 to access to physical infrastructure and services. It is evident that the negative assessments are a result of lack of strategic support for the tourism sector by the South African Government. The key area of need is the provision of primary and secondary level education on entrepreneurial activities. The results presented to the entrepreneurial framework conditions (EFCs) show that the overall entrepreneurial climate in South Africa is unfavourable for entrepreneurship development (Urban & Ndou, 2019).

### **Theoretical framework of study**

Marshall-Arrow-Romer (MAR) Theory of knowledge spillover was first proposed in 1890 when Alfred Marshall developed a theory on knowledge spillovers (Hahn, Minola, Bosio & Cassia, 2020). The theory states that proximity encourages and motivates firms to work with each other and share new and innovative ideas. The closer the firms, the greater the knowledge spillover. The exchange of ideas is largely from employee to employee, in that employees from different firms in an industry exchange ideas about new products and new ways to produce goods and services. This opportunity to exchange ideas eventually leads to innovations which is a key to new products and improved production methods.

Linton and Solomon (2017) argue that knowledge spillovers in specialized, geographically concentrated industries stimulate growth. He insists, however, that local competition, as opposed to local monopoly, fosters the pursuit and rapid adoption of innovation. He gives examples of Italian ceramics and gold jewelry industries, in which hundreds of firms are located together and fiercely compete to innovate since the alternative to innovation is demise. Porter's externalities are maximized in cities with geographically specialized, competitive industries. Daniel, Costa, Pita and Costa (2017) argue that the proximity of firms from different industries affect how well knowledge travels among firms to facilitate innovation and growth.

Mamun, Kumar, Ibrahim and Yusoff (2018) have shown that competition among tourism operators leads to greater innovation and growth in the industry. MAR model argues that local monopoly among firms in the same sector in the same geographical area enhances distribution of knowledge resulting into innovation and growth. Urban and Ndou (2019) point out that local monopoly is better than local competition.

**Methods and materials of study**

The study assesses and evaluates socio-economic factors that affect viability in emerging tourism operators in Gauteng Province. The study uses a combination of quantitative and qualitative methods of data collection and analyses. The design of study is cross-sectional and descriptive. The literature review provided a number of socio-economic factors affecting entrepreneurship growth and development. All this evidence was analyzed together with the current findings in the area of study. Quantitatively, participants' responses on the socio-economic factors affecting African entrepreneurial activities were represented in statistical form. Results were reported in the form of descriptive statistics such as means, and standard deviation. Qualitatively, the responses were described and narrated in words. The study used frequency tables, two-by-two crosstab analyses, factor analysis and hierarchical log-linear analysis for estimating regression parameters (Maronna, Martin, Yohai & Salibian-Barrera, 2019). The theoretical reliability of all fitted models was assessed by using standard diagnostic procedures.

A stratified random sample of size 505 was selected for the study from the various regions of Gauteng Province. Stratification was done by township (Soweto, Alexandra, Tshwane, Sedibeng, Ekurhuleni, Metsweding and the West Rand). Quantitative data was collected by using a self-administered questionnaire of study. Additional qualitative data was collected by conducting 12 individual in-depth interviews with eligible respondents. Quantitative data analysis was conducted by using frequency tables, two-by-two crosstab analyses, factor analysis (Maronna, Martin, Yohai and Salibian-Barrera, 2019) and categorical data analysis (Agresti, 2018).

**Results of data analyses**

The results of the study were obtained from frequency tables, cross tabulations, factor analysis and individual in-depth interviews. Results obtained from frequency tables showed that 293 of the 505 emerging tourism businesses in the study (58.02%) were profitable, whereas the remaining 212 (41.98%) of businesses were not profitable. Table 1 shows results obtained from two-by-two crosstab tests of associations. The table shows the top 8 influential factors that were significantly associated with profitability in the 505 emerging tourism businesses in the study.

**Table 1: Results obtained from two-by-two crosstab analyses (n=505)**

Factors significantly associated with profitability	Observed chi-square value	P-value
Intense competition from rival businesses	43.03	0.0000
Poor networking ability	39.28	0.0000
Lack of entrepreneurial skills	26.58	0.0000
Low start-up capital	25.27	0.0000
Difficulty in securing finance needed for operation	16.33	0.0000
Unsuitable geographical location of business	13.75	0.0000
Lack of support from Government	11.51	0.0000
Age of respondent	10.04	0.0000

**Results obtained from hierarchical log-linear analysis**

Data analysis was performed by using hierarchical log-linear analysis (Agresti, 2018) in order to identify key predictor variables that were significantly associated with each other. Log-linear models are hierarchical in nature. In general, there could be an interaction of order k. At k successive steps, interactions of order k (the highest order), k-1, k-2... 3, 2 and 1 (the main effects) are tested for significance step by step. The most useful order is k=2.

**Table 2: Results obtained from hierarchical log-linear analysis (n=505)**

Interactions of order k=2	P-value
Intense competition from rival operators and profitability of business	0.0000
Lack of entrepreneurial skills and poor networking ability	0.0000
Unsuitable geographical location and low start-up capital	0.0000

The above results were tested on interactions of order k=2. The tests showed that there were 3 highly significant interactions of order two. These were: intense competition from rival operators and profitability of business, lack of entrepreneurial skills and poor networking ability, and unsuitable geographical location and low start-up capital. All 3 interactions of order two have P-values of 0.0000.

**Results obtained from factor analysis**

Factor analysis (Mulaik, 2018) was used for identifying key predictors of profitability in the 505 emerging SMMEs in the study. The following procedures were followed while performing factor analysis: Computation of the correlation matrix for all variables, extraction of initial factors and rotation of the extracted factors as a terminal solution. Factor analysis is valuable for reducing the number of factors that have to be analysed. The method produced 5 influential predictor variables that influenced viability in tourism businesses operated by black entrepreneurs in the Gauteng Province. Factor analysis is useful in cases where the correlation among the variables of study is significant. The correlation matrix in this study showed that several pairs of variables had correlations exceeding 0.3, thereby showing that factor analysis was appropriate. In this study, a cutoff point of 0.3 was used as is recommended by Mulaik (2018). The variables found to be highly significant with profitability were high level of competition from rival tourism operators, poor networking ability, lack of entrepreneurial skills, low start-up capital, and unsuitable geographical location.

The Cronbach Alpha test for internal consistency (Mulaik, 2018) was used for testing the suitability of the 27-item structured questionnaire of study. The test gave a value of 0.877 and an associated level of significance that was smaller than 0.001. Furthermore, Bartlett’s test of Sphericity was used for testing the adequacy of the correlation matrix, and gave an estimate of 0.848, a figure that was greater than the cut-off point of 0.5, thereby confirming the suitability of factor analysis.

**Table 3: Estimates from the Kaiser-Meyer-Olkin and Bartlett's test (n=505)**

Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy	0.899
Observed value of chi-square statistic for KMO test	1211.14
Bartlett's Test of sphericity degrees of freedom	504
P-value for Bartlett's Test of sphericity degrees of freedom	0.0000

Table 4 shows Eigen values (a measure of importance in influencing the profitability of business), explained variation, and cumulative explained variation. Eigen values with magnitudes of more than 1 indicate importance. Table 4 shows the most influential 5 predictors of profitability in emerging tourism operators.

**Table 4: Total variance explained by the extraction of 5 factors (n=505)**

Extracted factor	Eigen value	Explained variance in profitability	Cumulative percentage of explained variance
Intense competition	3.664	24.229	24.229
Poor networking ability	3.515	19.107	43.336
Lack of entrepreneurial skills	3.009	15.296	58.632
Low capital	2.828	14.883	73.515
Geographical location	2.406	6.943	80.458

The results shown in Table 4 provide estimates for the percentage of variance explained by the 5 factors that were extracted by using the principal axis factoring method. Each of the 5 extracted factors has an Eigen value of magnitude greater than 1, thereby indicating its level of importance in terms of accounting for viability in business. The 5 extracted factors collectively account for 80.458% of the total variability in viability (the dependent variable of study). Based on the estimates shown in Table 4 above, it can be concluded that viability in the 505 emerging tourism enterprises was significantly influenced by high level of competition from rival tourism operators, poor networking ability, lack of entrepreneurial skills, low start-up capital, and unsuitable geographical location of business. The 5 factors listed above accounted for 80.458% of total variability. This figure is above 75%.

**Results obtained from the in-depth interviews**

The 12 respondents who took part in in-depth interviews indicated that it was quite difficult to secure business loans from commercial banks. This was mostly due to failure to produce collateral and proof of steady income in the past several years. The respondents indicated that the difficulty in securing business loans from commercial banks would be much easier if the commercial banks were to disregard the demand for collateral.

Neck and Corbett (2018) have argued that the creation of world-class attractive tourism destinations in the rural geographical locations of Gauteng Province requires intensive planning, Government approval and significant financial capital for setting up facilities that could be used by visiting tourists. Herrington and Kelley (2018) argue that government policies are a key obstacle to emerging entrepreneurs in the tourism sector. The authors have recommended that Government policies must be tailor-made to the needs of emerging tourism operators. They have also called for the establishment of general support programmes for novice entrepreneurs and the adoption of policies that could encourage the development of small businesses. Nabi, Walmsley, Linan, Akhtar and Neame (2018) have cited problems such as cumbersome bureaucracy, red tape, costly visa and license-related regulations, and corruption as obstacles to entrepreneurial growth in the tourism sector.

Ngwenya and Mashau (2019) have argued that both awareness and utilisation of government assistance programmes from agencies such as SEDA, DTI, NYDA, SACCI, IDC, LTC, TEP, DBSA and IDC need to be enhanced. The South African Department of Tourism and the South African Chamber of Commerce and Industry actively encourage local and international tourists to visit South Africa. In order for such efforts to bear fruit, the South African Department of Home Affairs needs to relax visa regulations so that visitors can come to South Africa easily. The global nature of the South African tourism market dictates that liberalising and waving visa-related requirements is a necessary and worthwhile policy-related decision. Awareness campaigns must be carried out through South African Embassies and consular offices about what exactly visa requirements are (Mosweunyane, Rambe & Dzansi, 2019). South Africa is a key leader among the African nations. As such, efforts must be made in order to entice visitors from the rest of Africa to visit South Africa. Such an effort is needed for growing the local tourism industry. The major winners in this regard would be South African emerging tourism operators.

**Conclusion**

The study has found that emerging tourism operators stand to benefit from partnership with well-established tourism businesses. The role of the South African Government should be to provide tangible economic incentives to well-established tourism operators so that they promote sustained growth and development in emerging tourism operators in Gauteng Province (Mamun, Kumar, Ibrahim & Yusoff, 2018). There is a need to create world-class,



attractive tourism destinations at carefully selected geographical locations in order to promote tourism activities by emerging tourism entrepreneurs. However, emerging tourism operators lack the financial means and technical expertise to create such tourism facilities. The dissemination of accurate information booklets by using all possible means is essential for increasing awareness about special tourist attractions in South Africa. Such information booklets should be distributed through South African Embassies, Consular Offices and trade missions by way of launching awareness campaigns, trade fairs and exhibitions on a regular basis. Online methods should also be used aggressively in this regard. Many African investors who are well resourced with money and skills would love to set up shop in South Africa. Enabling such people from the rest of Africa to settle down in South Africa begins with enabling them to travel to South Africa with minimal inconvenience (Urban & Ndou, 2019). Improved assistance must be provided to emerging tourism operators by the South African Government by way of partnering them with foreign visitors and potential investors. Local municipalities could help by promoting awareness campaigns about tourist attractions. They could also help emerging tourist operators by allowing them to use their conference, travel and catering facilities free of charge.

Emerging tourism operators must utilise the support and assistance provided to them by the South African National Department of Trade and Industry (DTI), the Small Enterprise Development Agency (SEDA), the National Youth Development Agency (NYDA), the South African Chamber of Commerce and Industry (SACCI) and the South African Local Tourism Organisation (LTO). Doing so will help them in being connected with larger and more resourceful tourism operators. It will also help them in acquiring entrepreneurial skills that are needed for success in the tourism sector. At the same time, the South African Government must remove policy related barriers that discourage foreign visitors from visiting South Africa (Hahn, Minola, Bosio & Cassia, 2020).

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