

# UNIVERSITY OF ZULULAND



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ZULULAND**

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**Modelling selected factors influencing business success in tourism-related  
entrepreneurship: a case of Mtubatuba Local Municipality**

**FACULTY OF HUMANITIES AND SOCIAL SCIENCES (FHSS)**

Candidate:

**Sibusiso David Ntshangase**

**Student number: 201073867**

<http://orcid.org/0000-0002-3181-9495>

**Supervisor**

Prof. Ikechukwu O. Ezeudji

**KWAZULU-NATAL, REPUBLIC OF SOUTH AFRICA (RSA)**

**NOVEMBER 2022**

## CANDIDATE'S DECLARATION

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I further certify that the thesis is original, and that the material has not been submitted, either in whole or in part, for examination or for a degree at this or any other university.



Signature:

Sibusiso D. Ntshangase

**Date:** 15 November 2022

Department of Recreation and Tourism (DRT), University of Zululand, South Africa, Address:  
Private Bag X1001, KwaDlangezwa 3886, South Africa

## SUPERVISOR'S DECLARATION

I certify that I have given the candidate the necessary supervision in respect of this thesis and that it meets the University's requirements in respect of postgraduate research project.

I have read and approved the final version of this thesis and it is submitted with my consent.

**Signature:** .....  .....

**Print name:** ...Prof IO Ezeuduji.....

**Date:** ...15 November 2022.....

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## DEDICATION

It is with the greatest affection that I wish to dedicate this thesis to my entire family, especially to my late father Zweliyangwa Hezekiah Ntshangase, whose last words to me were “make sure you complete what you have started” and my late brothers Bongani, Bonginkosi Lucky and Bhekuyise Isaac Mfuneni Ntshangase, and my twin brother **Siboniso Ntshangase**; they never witnessed my success since I graduated from high school. I thank them in their absentia. I would also like to honour them for everything that they have done for me during this study.

## ABSTRACT

Entrepreneurship is recognised as a significant component of economic growth, employment generation, and innovation. Tourism remains an important economic sector worldwide, and its contribution to any country's economic growth, employment, and poverty reduction, including developing countries like South Africa (SA) cannot be overemphasised. Drawing from human capital theory and theory of opportunity identification, this research aimed to develop and statistically test a theoretical model of tourism entrepreneurial success by exploring factors that may lead to tourism entrepreneurial success and investigating the relationship links on how these factors interact to influence tourism entrepreneurship success. The study used a sample of 350 tourism-related entrepreneurs surveyed in different regions of Mtubatuba Local Municipality, KwaZulu-Natal province of South Africa, to address study hypotheses. Data analyses were conducted in two phases. The first phase of the analyses dealt with data integrity, using IBM SPSS software version 28, while the second phase tested the measurement (that is, construct validity and reliability of the instrument) and structural model using partial least square-structural equation modelling (PLS-SEM) method involving a multivariate analytical technique, implemented on SmartPLS software version 4.0.8. The study found significant relationships between human capital theory and opportunity identification theory with business success in tourism entrepreneurship. The study examined theoretically derived factors leading to tourism business success and the relationship was higher for internal environmental factors than external environmental factors. The results suggest that internal business environmental factors such as entrepreneurs' profile (e.g., gender, age, level of education), entrepreneurs' type of business, and entrepreneurial attributes have significant influence on tourism business success. The results further validate that external business environmental factors such as the nature of the business competitive environment, government regulations, guidance on business development, and access to information have significant influence on tourism business success. This study provides an alternative model that challenges the existing models of business success and this alternative model, which is in-line with human capital theory and opportunity identification theory, offers more flexibility in understanding business success models in different entrepreneurial contexts. Based on the findings of this study, recommendations were made to Mtubatuba Local Municipality business support offices, Tourism KwaZulu-Natal, and owners of Small Medium and Micro Tourism Enterprises in Mtubatuba Local Municipality. Further studies in other African or developing nations are necessary to compare and contrast different entrepreneurial success models generated from these nations. By so doing, national specifics will be unearthed and added to the body of knowledge.

**Keywords:** *Tourism entrepreneurship success factors; human capital theory; opportunity identification theory; tourism entrepreneurial success; Africa*

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## LIST OF ACRONYMS

<b>BRIC</b>	Brazil, Russia, India, and China
<b>CFA</b>	Confirmatory Factor Analysis
<b>CSFs</b>	Critical Success Factors
<b>DAQs</b>	Data Analysis Questions
<b>EE</b>	Entrepreneurship Education
<b>GDP</b>	Gross Domestic Product
<b>GEM</b>	Global Entrepreneurship Monitor
<b>HCT</b>	Human Capital Theory
<b>IDP</b>	Integrated Development Plan
<b>KPIs</b>	Key Performance Indicators
<b>MAR</b>	Missing at Random
<b>MCAR</b>	Missing Completely at Random
<b>MCCRMT</b>	Marketing Capabilities - Consumer-related and Management Task
<b>MCMC</b>	Markov Chain Monte Carlo
<b>MLM</b>	Mtubatuba Local Municipality
<b>MNAR</b>	Missing Not at Random
<b>MOC</b>	Managerial and Operational Capabilities
<b>OIT</b>	Opportunity Identification Theory
<b>PLS-SEM</b>	Partial Least Squares-Structural Equation Modelling
<b>SA</b>	South Africa
<b>SEDA</b>	Small Enterprise Development Agency
<b>SEM</b>	Structural Equation Modelling
<b>SMMEs</b>	Small, Medium, and Micro Enterprises
<b>SMMTEs</b>	Small, Medium, and Micro Tourism Enterprises
<b>SPFs</b>	Situational Personal Factors
<b>TBEEF</b>	Tourism Business External Environmental Factors
<b>TBSF</b>	Tourism Business Success Factors
<b>TEA</b>	Total Entrepreneurial Activity
<b>TEA</b>	Tourism Entrepreneurial Attributes
<b>UDM</b>	uMkhanyakude District Municipality
<b>WTTC</b>	World Travel and Tourism Council

## **CHAPTER ONE**

### **INTRODUCTION AND ORIENTATION OF THE STUDY**

#### **1.1 INTRODUCTION**

Tourism entrepreneurship is an emerging area of study that has both practical and theoretical importance (Ratten, 2019). Hart, Bonner, Prashar, Ri, Levie and Mwaura (2020) affirm that entrepreneurship has made a significant response to economic hardship in many countries, including South Africa. In South Africa (SA), the unemployment rate is a serious concern for many people such as families, businesses, the government, and scholars (Chandler & Broberg, 2019; Iwu, Opute, Nchu, Eresia-Eke, Tengeh, Jaiyeoba, & Aliyu, 2019). Today, high unemployment among graduates means that a degree or any other certificate is not sufficient to guarantee employment (Fellnhofner, 2019; Iwu et al., 2019; Kleine, Giones & Tegtmeier, 2019; Nwokorie & Adiukwu, 2020). As a result, many initiatives are taking place in South Africa (SA) in terms of encouraging the entrepreneurial spirit (April & Itenge, 2019). In the new global economy, Iwu et al. (2019) state that entrepreneurs have become important role players in economic growth through leadership, management, innovation, development effectiveness, job creation, competitiveness, productivity, and the establishment of new industries.

Meanwhile, in broader context tourism entrepreneurship is recognised as a basic way to provide strategic support for maintaining business growth and progress, according to Jayasooriya and Perera (2019); and particularly in developing countries like South Africa. In the light of recent research in entrepreneurship, it is becoming clear that the entrepreneurial activity is currently low in South Africa compared to some other emerging economies (such as Saudi Arabia, China, and Brazil) (Chandler & Broderg, 2019; Hart et al., 2020). This low entrepreneurship rate combined with low business growth aspirations greatly diminish the employment potential of early-stage entrepreneurship (Hart et al., 2020). Accordingly, this study considers entrepreneurship and tourism-related entrepreneurship as part of the solution to unemployment among South Africans, and tourism graduates (Bogatyreva, Edelman, Manolova, Osiyevskyy & Shirokova, 2019; Lang & Liu, 2019).

A considerable number of studies (such as Figueroa-Domecq, de Jong & Williams, 2020; Peters, Kallmuenzer, & Buhalis, 2018; Xiong, Zhang & Lee, 2020) have been published on tourism entrepreneurship. A search of the literature in broader context at the time of conducting this study revealed few studies (e.g., Jayasooriya & Perera, 2019; Lekhanya, 2015; Mahmoud, Abou-Shouk & Fawzy, 2020; Xiong et al., 2020) have paid attention to modelling the factors influencing business success. In South African context, the success of most organisations, such as tourism-related businesses both small and large, is predicated on the quality and the

leadership styles possessed by leaders in such organisations and businesses (Chummun & Nzimande, 2019).

Referring to entrepreneurship in general, Chandler and Broberg (2019), state that it is a wide field with numerous opportunities for researchers to explore. With regard to entrepreneurship and its contribution to the social change, Mail and Guardian (M & G) (2019) posits that small, medium, and micro enterprises (SMMEs), such as tourism-related enterprises, have the potential to drive economic growth, and have the power to increase the capacity of employment in South Africa (Ansara, Endres & Mothibatsela, 2019; Bhorat, Asmal, Lilenstein & van der Zee, 2018).

In reviewing the tourism and entrepreneurship literature, this study identifies entrepreneurship as a key in the process of economic growth globally (Bhorat et al., 2018; Chummun & Nzimande, 2019; Figueroa-Domecq et al., 2020; Ntanjana & Mangwane, 2020), as it helps to establish entrepreneurs' economic independence and improves their social status (Bhorat et al., 2018; Ntshangase & Ezeuduji, 2020; Ntshangase & Ezeuduji, 2022). In South Africa, research has found that the identification of business success factors can lead to various benefits (Marais, du Plessis & Saayman, 2017). It has previously been observed that business success factors are those aspects that must be well-managed in order to achieve success in any business (Marais et al., 2017; Ntanjana & Mangwane, 2020). According to Von der Weppen and Cochrane (2012), business success factors are not being attributed to a single factor, but to a combination of factors in the multiple dimensions of leadership, strategy, and organisational culture.

In recent years, it has been observed that, the development skills, such as tourism-related skills, are important components of employability and stability (Lopes, Piedade, Esparteiro, do Céu André, & Silveira, 2019; Kleine et al., 2019; Nzama & Ezeuduji, 2020). Notably, evidence from the recent literature review shows that tourism-related skills are becoming an enticing consideration for investment and a catalyst in the circle of economic growth and job creation (Chandler & Broberg, 2019; Lopes et al., 2019; Figueroa-Domecq et al., 2020). In this context, tourism entrepreneurship training therefore plays an important role in addressing the issue of business success in tourism-related entrepreneurship in sub-Saharan Africa. This study focuses on modelling the selected factors influencing business success and economic growth in tourism-related entrepreneurship in Mtubatuba Local Municipality of KwaZulu-Natal, South Africa. This study recognises entrepreneurship as a major factor in the process of economic growth after evaluating the tourism and entrepreneurship literature. There is a need to encourage entrepreneurial activity in South Africa, and business modelling can help with this, a critical discussion and knowledge exchange of entrepreneurship is essential, but little is

conducted specifically from a tourism entrepreneurship perspective. The study area (Mtubatuba Local Municipality) was chosen due to the researcher's personal interest, and the knowledge that the local economic growth of Mtubatuba Local Municipality in South Africa relies much on tourism and entrepreneurship (Dlomo & Ezeuduji, 2020). The most recent Integrated Development Plan (IDP) for this municipality highlights its vision as follows: "to be a vibrant, responsive, prosperous eco-tourist city and developmental heartland of uMkhanyakude District, KwaZulu-Natal" (Mtubatuba Municipality, 2022, p. 366).

The next sections explore the background of the study, research problem statement and research gap, research hypotheses development, research objectives and aim, the preliminary literature review, theoretical framework, conceptual framework, significance, originality and contribution of the study, research design and methods, resources, intellectual property, knowledge dissemination, timeframe, research budget, structure of the study, and the chapter summary.

## **1.2 BACKGROUND OF THE STUDY**

Globally, a significant number of writers and researchers in the field of tourism (e.g., Figueroa-Domecq et al., 2020; Mahmoud et al., 2020; Nzama & Ezeuduji, 2020) perceive the tourism industry as a key area where significant revenues are generated by most countries, including South Africa. With these statements notwithstanding, the researcher seeks to explore the significant factors (internal and external) influencing business success in tourism-related entrepreneurship. This study attempts to examine how these factors influence each other regarding business success by way of a statistical model. Thereafter, a new conceptual model was formulated. This study was conducted in Mtubatuba Local Municipality (MLM) of uMkhanyakude District Municipality (UDM), within KwaZulu-Natal province, which is one of the nine provinces in South Africa. In order to avoid idea duplication, a detailed discussion of the research study area is discussed in Chapter 4.

It has historically been argued that entrepreneurs - such as tourism-related entrepreneurs - should be adequately situated to positively influence tourists' quality of life and the growth of tourism businesses (Jones, Maas, Dobson, Newbery, Agyapong & Matlay, 2018; Lopes et al., 2019; Zhang et al., 2021). It is therefore imperative to analyse factors affecting business success (Ahmad, Bakar, & Ahmad, 2018; Maziriri, Madinga & Lose, 2017; Peters et al., 2018), including tourism-related entrepreneurship.

Jones et al. (2018) point out that exploring business environmental factors that promote entrepreneurial success to mitigate against a multitude of systematic issues, including endemic poverty, disparity of economic growth, and a lack of mechanisms for enterprise

support is essentially needed. They (Jones et al.) further contend that the “research into tourism entrepreneurial behaviour remains limited in the complex African context” (p. 346). The next section analysis explores the research problem statement and the research gap.

### **1.3 RESEARCH PROBLEM STATEMENT AND RESEARCH GAP**

Tourism has grown to be a global activity (Marais et al., 2017), and tourism includes various sectors that work together to meet the needs of tourists (Meyer, 2021; Subawa, Widhiasthini, Astawa, Dwiatmadja & Permatasari, 2021). Along with the growth of tourism, this industry has become more competitive with more businesses competing with one another (Marais et al., 2017). In order for businesses, especially tourism-related businesses to survive in a highly competitive market, good management is of great importance (Subawa et al., 2021). Good management is although imperative for any business success, South Africa is still facing the problem of low entrepreneurial activity, and the high failure rate of new entrepreneurs coming into the entrepreneurship system (Hart et al., 2020). According to Hart et al. (2020), the potential entrepreneurs in South Africa lack the mind-set and skills to become true entrepreneurs, especially at the early-stage of entrepreneurial activities (ranging from start-up businesses to those established for 3-5 years).

From the literature reviewed, it becomes clear that much emphasis has been put into the factors affecting business success (Jayasooriya & Perera, 2019; Marais et al., 2017; Matovic, 2020; Munerah, Koay & Thambiah, 2021; Rizal, Maward & Kholid, 2017). While success factors have been extensively researched on a global stage, few previous researchers in South Africa have explored success factors individually, or at most, did some exploratory modelling on general entrepreneurship success factors (Lebambo & Shambare, 2020; Lin & Morrison, 2021; Rogerson & Rogerson, 2020). This study recognises entrepreneurship as a major factor in the process of economic growth after evaluating the tourism and entrepreneurship literature. There is a need to encourage entrepreneurial activity and entrepreneurial knowledge in South Africa, as literature revealed low entrepreneurial activity and high level of unemployment in South Africa. Nonetheless, research into how these selected business success factors classified as internal factors (e.g., socio-demographics; entrepreneurial attributes; operational capabilities; managerial capabilities and marketing capabilities) and external environmental factors (such as competition; government regulations; guidance on business development; and access to information) contribute to tourism business success from the perspectives of human capital theory and opportunity identification theory is still lacking. Rogerson (2020) contends that research capturing the evolution of tourism entrepreneurial activities and knowledge is mostly phenomenological and under-represented. This is a theoretical gap, and the aim of this study is to fill such a gap. There is a dearth of literature in South Africa regarding statistically modelling of success factors for entrepreneurship, and in particular, tourism-related entrepreneurship.

Few researchers in broader context (e.g., Kerdpitak, 2022; Yadegaridehkordi, Nilashi, Nasir, & Ibrahim, 2018; Zhang & Zhang, 2018) have used Structural Equation Modelling (SEM) to test the causal relationships between factors influencing business success in tourism-related entrepreneurship, using Human Capital Theory (HCT) and Opportunity Identification Theory (OIT). This is a methodological gap, and part of the aim of this study is to fill in such a gap. Globally, similarities or differences may exist between general entrepreneurial and tourism-related entrepreneurial success factors, and how they relate with one another. It is therefore necessary to study success factors for entrepreneurship in South African context; in particular, tourism-related entrepreneurship in a study area where tourism makes a significant contribution to local economic development (Dlomo & Ezeuduji, 2020; Ntshangase & Ezeuduji, 2020).

This study therefore chose Mtubatuba Local Municipality as a case to be studied. The study investigated how internal factors (such as entrepreneurs' socio-demographic characteristics, entrepreneurial attributes, managerial, operational and marketing capabilities) and external environmental factors such as competition, government regulations, guidance on business development, and access to information) interrelate, and impact business success in tourism-related entrepreneurship. This study is more conclusive rather than exploratory in nature. It is believed that the factors that lead to business success in tourism entrepreneurship undertaking need to be properly researched (Marais et al., 2017). The following section presents the development of research hypotheses that arose after reviewing the related literature on tourism entrepreneurship.

#### **1.4 RESEARCH HYPOTHESES DEVELOPMENT**

The research hypotheses suggested in this study were extracted from the literature review. Therefore, six (6) hypotheses that emanate from the research problem are aligned to the research objectives, which have bearing on internal and external factors that may affect tourism business success.

##### **1.4.1 The effect of internal factors on entrepreneur success**

According to Limsong, Sambath, Seang and Hong (2016), and Ntshangase and Ezeuduji (2020), the socio-demographic variables (e.g., gender, family background, level of education, number of years in business, age group, type of business, nationality, work experience, etc.) of entrepreneurs positively influence business success in tourism entrepreneurship. In more recent research findings; age, education, experience and the level of maturity of entrepreneurs have been found to positively affect entrepreneurial success (Ntshangase & Ezeuduji, 2019a; 2020).

Moreover, Fellnhofer (2019) suggests that managerial and operational capabilities are key factors in distinguishing entrepreneurs from managers. Limsong et al. (2016) asserts that competence factors such as entrepreneurial skills, managerial skills, and interpersonal relationships are the key drivers of business success. Limsong et al. (2016) have also reported that the management dimensions such as marketing capabilities, managerial process and financial performance are the key success factors leading to business success. Limsong et al. (2016) contend that entrepreneurial skills and financial management skills are two of the main factors leading to business success.

#### **1.4.2 The links between business external environmental factors and business success**

Fellnhofer (2019) found that opportunity factors such as market environment and business environment are the key drivers of business success. The government support (such as training programme, awareness campaign) and family support contribute significantly and positively impact the success of business (Limsong et al., 2016; Mamabolo, Kerrin, & Kele, 2017). These authors found government and family support to be the main success factors for any enterprise in the sub-Saharan Africa at the time this study was conducted. This thesis therefore aimed to examine how these internal and external variables such as entrepreneurs' socio-demographic characteristics; entrepreneurial attributes; business external environmental factors; entrepreneurs' managerial and operational capabilities; and entrepreneurs' marketing capabilities affect each other in terms of business success in tourism-related entrepreneurship. The intention was to contribute to the current existing tourism entrepreneurship literature. Repeating, the study aims to explore how these internal and external factors interact with each other in affecting tourism business success and economic growth, by way of a statistically validated conceptual model.

Therefore, this study proposed the following hypotheses.

H1: Entrepreneur's profile (in terms of gender, age, and level of education) will show a significant relationship to tourism business success factor.

H2: Entrepreneurs' type of business will show a significant relationship to tourism business success factor.

H3: Entrepreneurial attributes will show a significant relationship to tourism business success factor.

H4: Managerial and operational capabilities of entrepreneurs will show a significant relationship to tourism business success factor.

H5: External environmental factors of entrepreneur will show a significant relationship to tourism business success factor.

H6: Entrepreneurs' marketing capabilities – consumer-related and management tasks

will show a significant relationship to tourism business success factor.

### **1.5 RESEARCH AIM AND OBJECTIVES AND RESEARCH QUESTIONS**

The aim of the study was to model factors influencing business success and economic growth in tourism-related entrepreneurship in Mtubatuba Local Municipality, KwaZulu-Natal Province of South Africa. This implies how these factors relate to themselves, and how they in combination relate to business success in tourism-related entrepreneurship. This research therefore, based on its scope and objectives, filled a knowledge gap by formulating a statistically validated conceptual model of factors influencing specifically tourism-related business success based on and contributing to the human capital theory and opportunity identification theory. Regarding novelty and contribution to theory, this study established not only how these internal and external factors influence each other regarding business success and economic growth, but also explored how these factors interact with each other by way of a statistically validated conceptual model. The objectives of the study were as follows.

1. To analyse the type and strength of relationship, if any exists, between entrepreneurs' profile (in terms of gender, age, and level of education) and type of business on the one hand and business success in tourism-related entrepreneurship, on the other hand.
2. To assess the type and strength of relationship, if any exists, between entrepreneurial attributes and business success in tourism-related entrepreneurship.
3. To assess the type and strength of relationship, if any exists, between entrepreneurs' managerial and operational capabilities on the one hand, and business success in tourism-related entrepreneurship, on the other hand.
4. To analyse the type and strength of relationship, if any exists, between business external environmental factors and business success in tourism-related entrepreneurship.
5. To analyse the type and strength of relationship, if any exists, between entrepreneurs' marketing capabilities and business success in tourism-related entrepreneurship.
6. To statistically model relationships between factors influencing business success in tourism-related entrepreneurship.

The following section explores recent and relevant literature related to this study. A more in-depth review and analyses are done in chapters 2 and 3.

### **1.6 PRELIMINARY LITERATURE REVIEW**

A considerable amount of literature has been published on entrepreneurship, tourism entrepreneurship education, and on tourism entrepreneurship. These studies (e.g., Mamabolo et al., 2017; Ojo, 2018) recognised entrepreneurship as a source of employment generation.

Entrepreneurship makes a great contribution to a country's economic development in many ways, such as promoting innovation, improving economic structures, advancing technology and creating jobs. Generally, entrepreneurship plays an important role in economic prosperity, and the wealth of the country (Meia, Zhanb, Fong, Liangd, & Maa, 2016). A study on the influence of opportunity identification theory by Meia et al. (2016) reported that the government should provide a tourism entrepreneur-friendly market environment to encourage and foster a tourism entrepreneurial culture. Tourism-related entrepreneurship is assumed to be a cornerstone of the South African economy, and it has reached record heights in recent years (Pirnar, 2015; Ojo, 2018; Urban & Chantson, 2019).

Based on the review and synthesis of relevant literature, it is noted that there are different factors (internal and external) influencing business success in tourism-related entrepreneurship, which the researcher found very germane to the present study (see Figure 1.1). The selected factors influencing business success are seen as a crucial issue in the tourism business in small and medium enterprises; although, research in this field is still lacking (Uduji, Okolo-Obasi, & Asongu, 2020; Urban & Chantson, 2019). This study therefore developed a model based on the selected factors influencing business success in tourism-related entrepreneurship. As said earlier, entrepreneurship is one of the main drivers of a market nation and economists have underlined the crucial task of market development globally (Noor, Suryana & Sholihati, 2019; Nowiński, Haddoud, Lančarič, Egerová, & Czeglédi, 2019).

In relation to this study's focus, some researchers (such as Rizal, Mawardi & Kholid, 2017; Noor et al., 2019) have proposed sales growth, employment growth, income growth, and market share growth as the most important measurement of business success in entrepreneurship, and in tourism-related entrepreneurship (Ertac & Tanova, 2020).

Regarding business success, Kampa, Cziulik and Camargo Beltrão (2020) reveal that entrepreneurs' ability to identify opportunities is important. Supporting the previous analysis of Pirnar (2015), and George, Parida, Lahti and Wincent (2016), these papers have indicated a strong relationship between an entrepreneur's ability to identify opportunities, and business success in broader context. For the purpose of this study, opportunity identification is defined as an entrepreneur's ability to seek opportunities to develop new tourism offerings (products, services, experiences) or new supply capacity (business model) or both (Kampa et al., 2020). The academic literature on entrepreneurship has also revealed that how individuals recognise opportunities represents a key topic in a fragmented and poorly developed field (George et al., 2016; Urban & Chantson, 2019).

This study, based on the literature review from the global perspective, adopted entrepreneurial internal factors (such as socio-demographics; entrepreneurial attributes; operational capabilities; managerial capabilities and marketing capabilities) and external environmental factors (such as competition, government regulations, guidance on business development, and access to information) as the factors that may influence business success in tourism entrepreneurship in the South African industry. In this study therefore, the aforementioned entrepreneurial factors are assumed to be the key success factors that are related to tourism entrepreneurship in South Africa. A detailed analysis of these afore-mentioned influential factors of tourism entrepreneurship are presented in the third chapter.

### **1.6.1 The concept of entrepreneurship**

The concept of entrepreneurship is a multi-faceted theory identified by various schools of thought, and therefore has no coherent interpretation in literature (Fellnhofer, 2019; Iwu et al., 2019; Jones, Maas, Dobson, Newbery, Agyapong, & Matlay, 2018). There is a wide range of meanings; and according to Noor et al. (2019), entrepreneurship is conceptualised as an individual behaviour within organisations as intrapreneurship where an employee performs cross-functional skills at all levels of hierarchy with an entrepreneurial mind-set (Mahmoud et al., 2020; Uduji et al., 2020). Entrepreneurship is therefore a consequence of the growth of institutions that promote entrepreneurial conduct (Marchiori, Madeira & Dinis, 2018). Entrepreneurship, according to Figueroa-Domecq et al. (2020), is a process that optimises market opportunities through creative actions and differentiated applications in production and management systems.

Some researchers such as Iwara and Netshandama (2019), Marchiori et al. (2018), and Pirnar (2015) have challenged the argument that entrepreneurship has gained a great deal of global attention in theory and practice over the last few decades. While a variety of definitions of the term entrepreneurship have been suggested, this study adopted the definition by Melnic (2015). This author posits that entrepreneurship is an asset for local communities. Melnic perceives entrepreneurship as a tool that facilitates the creation of new jobs, stimulates new local businesses, increases income and quality of life, improves the quality of local labour force, and promotes investment in infrastructure that supports local communities. Jayasooriya and Perera (2019) similarly posit that entrepreneurship has a significant influence on the evolution of tourist destinations.

From the tourism perspective, tourism entrepreneurship is related to the development and operation of tourism businesses, operating on a sustainable basis and taking into account the needs of tourists and visitors, and thereby providing close links with local authorities and

turning local resources into quality tourism products and services (Gwija, Eresia-Eke, & Iwu, 2014; Melnic, 2015).

### **1.6.2 Tourism entrepreneurship in South Africa**

Previous studies on tourism entrepreneurship and development focused on identifying various needs, and solving social problems to improve the livelihoods of South Africans (Wondirad & Ewnetu, 2019; Rogerson, 2020; Rogerson & Rogerson, 2020). Among the serious challenges that most developing countries such as South Africa are still facing are persistent poverty (Anosike, 2019), a high rate of youth unemployment, and conflict. Importantly, researchers have widely recognised that tourism entrepreneurship is an important driver of economic growth, and employment (Nowiński et al., 2019).

Recent related works, among others Anosike (2019), Nowiński et al. (2019), have indicated a lack of tourism education and tourism entrepreneurship in sub-Saharan Africa. These scholars posit that communities fear crossing professional boundaries, and curriculum areas for tourism success have never been clarified. Furthermore, Nowiński et al. (2019) propose that stakeholders, such as teachers, school managers, and parents, have to undergo continual training to improve their understanding of tourism in an integrated curriculum. According to Viljoen and Tlabela (2007), tourism was introduced into South African high schools as a vocational subject to expose learners to a hands-on and work-related curriculum. These authors suggest that tourism as a vocational subject would enable people to confront head-on the social challenges, such as unemployment. Unfortunately, it has been noted that many teachers continue to focus on only the academic textbook objectives without addressing the vocational components of the subject (Viljoen & Tlabela, 2007; Xiong et al., 2020). Relatedly, this style of teaching poses challenges for communities to develop entrepreneurial tourism skills, because the culture of tourism-related entrepreneurship has been missing for years among teachers and learners. Culture has been defined by anthropologists (Fox & King, 2002) as a way of thinking and behaving handed over from parents to children or transmitted through social organisations, developed, and strengthened through social pressure.

Some studies (such as Akhmetshi & Kozachek, 2019; Lang & Liu, 2019; Tran & Von Korfflesch, 2016; Vanevenhoven & Liguori, 2013) have identified and explored some of the factors that influence entrepreneurial success and entrepreneurial intention. In the literature on tourism entrepreneurship education (EE), the conversion of entrepreneurial purpose into a real start-up is dependent on a variety of factors (Bogatyeva et al., 2019) such as individual factors, and situational personal factors (SPFs). Research unveils that entrepreneurs' individual factors are unique factors that may affect the process of business success, including tourism-related business (Canedo, Stone, Black, & Lukaszewski, 2014). For instance, in this study,

entrepreneurs' cultural values, level of education and skills, and social networks are likely to influence entrepreneurial motivation, opportunity recognition, and resource acquisition (Canedo et al., 2014). Meanwhile, SPFs are referred to in this study as tourism-related cultural values that are deeply embedded in the wider population (Bogatyreva et al., 2019). For example, according to Chen and Chen McCain (2011), SPFs are categorised as physical surroundings, social surroundings, temporal perspective, task definition, and antecedent state.

Recently, many researchers (such as Akhmetshi & Kozachek, 2019; Bogatyreva et al., 2019; Kickul, Gundry, Mitra & Berçot, 2018; Kleine et al., 2019; Lang & Liu, 2019) have dedicated their time to entrepreneurship, including tourism-related entrepreneurship research with a focus to develop specific and valuable entrepreneurship theories, especially on entrepreneurial behaviour. Tourism entrepreneurship has evolved as a research discipline that is largely developing within the academic set of core subjects (Lang & Liu, 2019). This study has potential therefore to expand literature regarding identifying factors that make tourism-related businesses succeed, or fail in terms of their overall performance effort. This research, by means of a statistically validated conceptual model, determines not only how these internal and external variables affect each other in relation to business success, but also explores how they interact with each other.

Factors found to be influencing business performance (such as entrepreneurs' education, and poverty) have been explored in several studies such as Santos, Neumeyer and Morris (2019). Their study validated that poverty entails not only insufficient income and entrepreneurs' development, but also embraces vulnerability and a lack of voice, power, and representation (see Table 1.1). Anosike (2019) notes that entrepreneurs' level of education may enhance their ability to identify and maximise business success opportunities. Santos et al. (2019), and Ntshangase and Ezeudji (2022) further advocate that level of education can reduce entrepreneurs' vulnerability to poverty. The current study perceives opportunity as the means for disadvantaged tourism-related entrepreneurs having access to economic resources to grow their businesses. This study suggests that tourism-related entrepreneurs with poverty conditions (see Table 1.1) are at a disadvantage, and have the high possibility to fail in business. Meanwhile, EE may enable entrepreneurs to escape poverty conditions and become less dependent (Santos et al., 2019; Anosike, 2019), so they become market ready.

**Table 1.1: Poverty conditions and their implications for tourism entrepreneurship**

Source: Adapted from Santos, Neumeyer and Morris (2019, p.11)

Poverty condition	Implications for tourism entrepreneurship
<i>Lack of financial resources and an inability to save</i>	No money to start tourism venture; tourism-related entrepreneur limited to more labour-intensive ventures with limited growth prospects; reduced capacity to expand or grow; tourism customers often also lack buying power
<i>Lower-quality schooling, limited tourism-related education, lack of skills training</i>	Narrow tourism-related skills set can limit venture types pursued and constrain the opportunity horizon
<i>Poor literacy (including reading and writing but also financial and technical literacy)</i>	Difficulties in pricing, managing cash flow, understanding contracts, marketing, preparing tenders, bookkeeping, complying with regulations, filing taxes, using technology, using social media and online tools, etc.
<i>Preoccupation with immediate needs and crises</i>	Lack of planning for the future, reduced cognitive resources to focus on the tourism business, divided attention with individual and family problems
<i>Lack of time from working multiple jobs, childcare, etc.</i>	Need to start the business while keeping other part-time jobs, and slowly making transition to full-time business owner may compromise on some key tasks requiring attention
<i>Physical exhaustion from working multiple jobs, childcare, etc.</i>	Reduced cognitive bandwidth; lack of energy to dedicate to the tourism business
<i>Health problems from poor diet, unaffordable health care</i>	Ill-health limits time and depth or quality of attention the entrepreneur can give the business
<i>Lack of transportation</i>	Reduced mobility to meet potential and current tourism consumers, suppliers and others, attend networking events, and get immersed in local ecosystem
<i>Prevalence of crime</i>	Higher vulnerability to robberies and theft, defaulting tourism consumers; subject to distrust by suppliers, bankers, and partners
<i>Segregation and limited social network</i>	Limited access to key people, critical resources, diversified markets; limited opportunity horizon
<i>Lack of understanding of hidden rules of other income classes</i>	Limited access and ability to successfully interact with tourism customers, suppliers, investors, regulators, distributors, gatekeepers, and others who come from different economic classes and backgrounds
<i>Lack of tourism-related entrepreneurial role models</i>	Lack of inspiration to guide one's efforts; lack of appreciation for values and behaviours required to succeed in small tourism business; possible lowering of self-efficacy; lower social capital
<i>Lack of tourism-related entrepreneurial mentors, support network</i>	Limited guidance and direction on tourism business decisions; no reinforcement and encouragement
<i>Lack of exposure to operations of small tourism businesses</i>	Reduced knowledge of pricing, marketing, bookkeeping, accounting, operations, inventory, etc.; unrealistically low expectations regarding time and cost requirements

**1.6.3 State of tourism entrepreneurship in South Africa (SA)**

Hart et al. (2020) note the lack of finance management readiness among tourism business entrepreneurs to produce financial documentation required by funders is another prominent

problem. According to Chimucheka (2014), the Small, Medium and Micro Enterprises (SMMEs) sector in South Africa receives much attention from the government, but it still faces challenges. These challenges include lack of training and entrepreneurship education (Chimucheka, 2014; Ncanywa, 2019). In South Africa, it is well-noted that most entrepreneurs are outcomes of lower grades, and are poorly trained (Lekhanya, 2015; Hart et al., 2020). Entrepreneurship-based education should thus be implemented from grassroots to tertiary level, so as to grow and sustain entrepreneurship (Chimucheka, 2014; Hart et al., 2020; Lekhanya, 2015). In support, surveys by Ansara et al. (2019) and Stats SA (2018) have revealed that more than half of tourism business owners in both urban and rural areas have not completed their secondary education. In contrast, Ansara et al. (2019) maintain that in the United States (US), about 95% of tourism-related entrepreneurs completed high school.

#### **1.6.4 Tourism businesses struggle to grow in SA**

In South Africa, tourism-related businesses, especially small enterprises are caught in a cycle of limited bargaining power, cash flow constraints, significant skills gap, and having to operate in a taxing regulatory environment (Ansara et al., 2019; Mail & Guardian, 2019). As a result, each of the aforementioned challenges exacerbates the enterprise failure rate problem; and Ansara et al. (2019) mention others such as:

1. Tight margins (these vary according to industry conditions) and poor terms of trade as a result of weak bargaining power which constrain cash flows.
2. Poor cash availability exacerbates challenges in sourcing adequate human and other skills requisite for growth.
3. A lack of sufficient resources and capabilities as well as inadequate systems and processes to support growth means that existing scarce resources are deployed to address not only business operations, but also regulatory compliance.
4. These challenges in turn further hampers tourism businesses' ability to grow and create jobs. They ultimately limit economies of scale, which further reduces the ability to improve margins, setting off the cycle once more (Ansara et al., 2019, p. 16).

As earlier mentioned by previous studies (e.g., Ncanywa, 2019; Ntshangase & Ezeudji, 2019a; Ntshangase & Ezeudji, 2018; Rogerson, 2020;), much has been done in searching for factors affecting tourism business success in South African context. The researcher nonetheless feels that research investigating factors influencing business success in tourism-related entrepreneurship is still needed. This study therefore forms part of larger studies responding to the need for researching various factors influencing business success in tourism entrepreneurship. This study also examines how these interact with each other by way of a

statistically validated conceptual model. At the later stage, a new alternative conceptual model formulated is shown.

A wider range of literature review presenting the actual variables of the selected factors that are assumed to be the key factors for business success in tourism-related entrepreneurship are presented in the second chapter of this study. The following section presents theories underpinning this study.

## **1.7 THEORETICAL FRAMEWORK BACKGROUND**

The importance of theory-driven thinking and acting is emphasised in relation to the selection of a research topic, the development of research questions or hypotheses, the conceptualisation of the literature review, the research design approach, and the analysis plan for the study (Osanloo & Grant, 2016).

### **1.7.1 Business success and tourism entrepreneurship**

The problem of factors influencing business success in tourism entrepreneurship is complex (Guo, Lv, Wang, Chaudhry, & Chaudhry, 2020). Several lines of evidence suggest that there are many factors influencing business success in entrepreneurship (Rizal et al., 2017). The success of the business, including the tourism-related business depends on the business managers' capability to manage and implement a business strategy (Matovic, 2020; Medase & Barasa, 2019; Rizal et al., 2017). The present study is designed to determine the effect of the selected factors grouped into internal and external environmental factors that influence business success in tourism-related entrepreneurship.

Globally, it is now well established from a variety of studies (such as Ansara et al., 2019; Peters et al., 2018; Santos et al., 2019) that the factors influencing business success need to be properly researched. In trying to establish an understanding, the selected key factors influencing business success in tourism entrepreneurship were originally grounded in two (2) theories namely human capital theory (HCT) by Becker (1975), and the opportunity identification theory (OIT) by Drucker (1985). These theories are capable of aiding understanding of the main scope of this study, hence their selection to guide this study.

### **1.7.2 Human capital theory (HCT) and opportunity identification theory (OIT)**

Based on the review of related works (among others Nwokorie & Adiukwu, 2020; Winsor & Hanlon, 2016), there is no consistent universal theory informing entrepreneurship. Research has however consistently shown that entrepreneurship theories consist of different approaches including economic, psychological, sociological, anthropological, opportunity-based, and resource-based approaches (Li & Luo, 2020).

In trying to establish an understanding that best explains the relationship that exists between the main variables identified in this study, the researcher employed HCT, and OIT. The main variables were grouped to include internal and external tourism business environmental factors influencing business success in tourism entrepreneurship. HCT seeks to explain the gains of education and training as a form of investment in human resources (Nafukho, Hairston, & Brooks, 2004). According to this theory, the entrepreneur is considered as a form of capital for economic development (Becker, 1975). Nafukho et al. (2004) relate HCT to a form of education that contributes to economic growth by attributing a proportion of economic growth not explained by increases in capital, labour and productive land to improvements arising from increased educational levels in the workforce. Having that in mind, it is appropriate to assume that education increases or improves the economic capabilities of people, including tourism-related entrepreneurs.

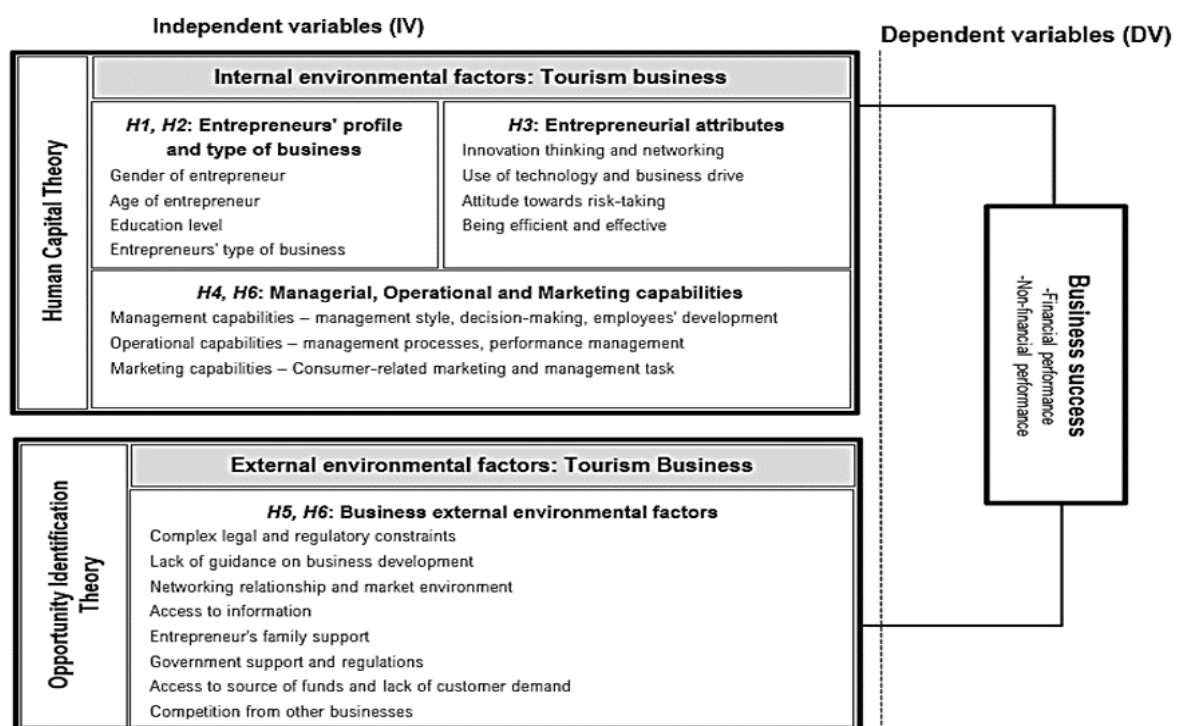
This research adopted the opportunity identification theory (OIT) by Drucker (1985). Entrepreneur identifies business opportunities to create and deliver value for stakeholders in prospective businesses (Ardichvili, Cardozo, & Ray, 2003). This study posits that opportunities are made, not found (Ardichvili et al., 2003); therefore, opportunity elements may be recognised. The creation of a successful business follows a successful opportunity identification process (Guo et al., 2020). The theory of opportunity identification is related to identifying the entrepreneurs' social networks and prior knowledge as antecedents of entrepreneurial alertness in entrepreneurship (Limsong et al., 2016). This in turn remains a necessary condition for the success of opportunity identification (Ardichvili et al., 2003; Limsong et al., 2016). Some scholars (such as Ardichvili et al., 2003; Limsong et al., 2016; Simpeh, 2011) argue that entrepreneurs' networks are important to opportunity identification. In this study, the term 'opportunity' is used in its broadest sense to refer to the chances to meet a tourist's need (or interest or want) through a creative combination of resources to deliver superior value (Ardichvili et al., 2003). Additionally, social networks in entrepreneurship are argued to be a main component of opportunity recognition (Ardichvili et al., 2003).

Business success in the tourism entrepreneurship context is conceptualised as the level of achievement or attainment of a business within a certain period in tourism entrepreneurship and an individual's willingness to excel in a business (Li & Luo, 2020). It also means having non-financial achievements such as employees' happiness, entrepreneur's own happiness, personal achievement, and self-fulfilment (Kakabadse, 2015). In this study, business or entrepreneurial success is defined as receiving financial returns and non-financial achievements from entrepreneurial activities in tourism entrepreneurship.

## 1.8 CONCEPTUAL FRAMEWORK EMBEDDING RESEARCH HYPOTHESES

A conceptual model (linked to the theoretical frameworks and literature) in this research helped in explaining the relationship, if any exists, between the main selected dimensions and business success in tourism-related entrepreneurship. It also assisted in establishing an understanding that best explains how these factors interact with each other by way of a statistically validated conceptual model. The main variables in this study are presented in the following section, and it is embedded within the main selected factors grouped to include internal and external tourism business factors. All main variables selected emanated from the literature review, and they are pertained to factors influencing business success in tourism-related entrepreneurship.

Based on the above discussion, this study adopted a conceptual framework, as shown in Figure 1.1 (Proposed conceptual model demonstrating hypothesised relationships). This figure presents the hypothesised relationships between the selected business factors and business success; that is, based on the selected factors influencing business success in tourism-related entrepreneurship in sub-Saharan Africa.



**Figure 1.1: Proposed conceptual model demonstrating hypothesised relationships. This Figure presents the hypothesised relationships between the selected business factors and business success**

Source: (Adapted from Limsong et al., 2016, p. 3)

Figure 1.1 shows five (5) selected independent dimensions (consisting of specific variables) as important factors that may influence business success (dependent variable) in tourism-related entrepreneurship, as adopted by this study. These selected factors (from synthesis of literature) are chosen because most studies have not specifically looked at how some of these factors (grouped as internal and external factors) influence each other regarding business success. There is evidence that these internal and external factors have received the most attention in the tourism-related entrepreneurship literature and are often used to measure the success and performance of SMEs in South Africa (Ardichvili et al., 2003; Bogatyreva et al., 2019; Limsong et al., 2016; Li & Luo, 2020). In this study, these selected factors are included to develop a new conceptual model at a later stage.

The proposed model is rooted in two (2) theories as earlier mentioned, namely: human capital theory (HCT) by Becker (1975), and the opportunity identification theory (OIT) by Drucker (1985). Essentially, a research questionnaire was developed on the basis of these five (5) independent dimensions emanating from previous studies (such as Matovic, 2020; Medase & Baras, 2019; Rizal et al., 2017; Saunila, Ukko, Rantala, Nasiri, & Rantanen, 2020). The broader representation of the conceptual framework covering the actual variables are presented in Chapter 2 after comprehensive literature review has been conducted.

### **1.9 ORIGINALITY AND CONTRIBUTION OF THE STUDY TO NEW KNOWLEDGE**

This study, using human capital theory (HCT), investigated how the internal factor including the three main dimensions namely (1) socio-demographic characteristics, (2) entrepreneurial attributes, and (3) managerial, operational and marketing capabilities influence tourism business success. Drawing on the opportunity identification theory (OIT), this study has explored how the selected external environmental factors affect tourism entrepreneurial success. The study contributes to the tourism entrepreneurial literature in the sense that it applied the above two mentioned entrepreneurship theories in the context of South African tourism entrepreneurial activities, and it developed a statistical model of tourism entrepreneurial success by exploring the relationship, the strengths, and links between the internal factors (hinging on HCT), the external factors (dwelling on OIT); and tourism business success.

Rogerson (2020) recognises the tourism industry as a vibrant sector for economic development. Unfortunately, the industry at the time of this study is highly affected by the COVID 19 pandemic, thus putting many businesses at risk (Travel & Tourism Council (WTTC), 2020). This situation is global. Having that in mind, entrepreneurship in South Africa is one of the scarce resources (Erasmus, Rudansky-Kloppers, & Strydom, 2019), and this includes tourism-related entrepreneurship. The situation in South Africa is exacerbated by the high failure rate of new entrepreneurs coming into the entrepreneurship system in South Africa, as

borne out by the results of the Global Entrepreneurship Monitor (Hart et al., 2020) survey. It was necessary therefore, to study success factors for entrepreneurship, especially tourism-related entrepreneurship in South Africa.

Previous researchers (such as Lebambo & Shambare, 2020; Limsong et al., 2016; Lin & Morrison, 2021; Rogerson & Rogerson, 2020) may have explored success factors individually or at most did some exploratory modelling on general entrepreneurship success factors, but there is a dearth of literature on statistically modelling success factors for tourism-related entrepreneurship. This research regarding novelty and contribution to theory thereby conducted a more conclusive study and statistically model success factors for tourism-related entrepreneurship. It established not only how these success factors influence each other regarding business success, but also how they interact with each other and impact business success in tourism-related entrepreneurship. This study has a potential to fill a knowledge gap regarding formulating a conceptual model validated by statistics, of factors influencing tourism business success and economic growth using the case of Mtubatuba Local Municipality. This study therefore informed how to mitigate business failure in tourism-related entrepreneurship in South Africa, based on the complexity of factors (internal and external) affecting business growth and success.

#### **1.10 DELINEATION OF THE STUDY AND STUDY AREA**

The focus of this study was on tourism-related entrepreneurs who are currently in business, and not those who failed in their businesses in Mtubatuba Local Municipality. The term 'entrepreneur' in this research, is associated with a person owning or managing a tourism business to grow, either formal (registered), or informal (non-registered) business. This study was conducted on tourism businesses with most of them being SMME and SMMTEs. This study views SMMEs and SMMTEs as businesses ranging from formally registered, informal, and non-Value Added Tax (VAT) registered businesses (Enterprise Development Agency (SEDA), 2016/2017). These businesses may take the form of street trading businesses, backyard manufacturing and services, and occasional home-based businesses (SEDA, 2016/2017).

In support, Bvuma and Marnewich (2020) posit that small businesses range from medium-sized enterprises, such as established traditional family businesses employing over a hundred people; to informal micro-enterprises with the owner as the sole employee of the business. In South Africa, the many of SMMEs are concentrated on the very lowest end, where survivalist businesses are found and are referred to as small businesses (SEDA, 2016/2017; Bvuma & Marnewich, 2020). In the study area, these SMMEs are known as important role players in the development of the country's economy. In South Africa, according to Erasmus et al. (2019), SMMEs can be defined as any enterprise with employees fewer than 200, annual turnover of

less than R64 million, capital assets of less than R23 million, and direct managerial involvement by owners. This study, therefore, was conducted on tourism-related SMMEs that have a maximum of 200 employees.

Tourism-related businesses operate in one of the sectors (or sub-sectors) of the tourism industry such as travel organisers, transport, accommodation, visitor attractions, destination management, events, tourist trade, and support services (such as tourist guide and travel insurance). This study was conducted on businesses in these sectors.

Furthermore, a survey was conducted only in Mtubatuba Local Municipality. Mtubatuba Local Municipality is located within uMkhanyakude District Municipality in the province of KwaZulu-Natal, South Africa. As the researcher resides in this local municipality, this study area was chosen based on researcher's personal interest, and the importance of tourism in this municipality's local economic development. The researcher therefore chose to focus on the many tourism-related businesses in this municipality. The next section of this chapter presents the research methodology adopted for this study to achieve its objectives.

### **1.11 RESEARCH METHODOLOGY**

The methodology section addresses questions in this study about how data were obtained or produced, and how it has been analysed (Babbie & Mouton, 2017; Rutberg & Bouikidis, 2018). Babbie and Mouton (2017) posit that the methodology of research comprises of the basic procedures or techniques used to identify, select, process, and evaluate a topic's knowledge. The detailed study's research paradigm, research design and methods, pilot study, ethical considerations, and data analyses have been discussed in Chapter 4 of this thesis.

### **1.12 RESOURCES**

This research used databases such as the University of Zululand (UZ) database (UZ - Space), University of Zululand's electronic database, Scopus, Science Direct, Google Scholar and other related databases to source literature for the study. Books and Internet websites were utilised in this research to obtain secondary data related to the study.

### **1.13 INTELLECTUAL PROPERTY**

This study is the intellectual property of the author and the institution (University of Zululand) at which the research has been conducted. All works used in the study were adequately acknowledged.

### **1.14 KNOWLEDGE DISSEMINATION**

The researcher intends to present the research findings in national and international tourism conferences, and publish the thesis in about three or four national, regional, and international

business journals (see Table 1.2). The findings of this study will be submitted to Mtubatuba Local Municipality tourism office and Tourism KwaZulu-Natal to help them in providing support to tourism business owners and new entrants into the tourism industry. In this way, the researcher will give back to the communities in which the study is conducted.

**Table 1.2: Dissemination of knowledge - journals, proposed titles and conferences**

<b>Journal</b>	<b>Proposed title</b>	<b>Conference</b>
<b>Regional Journal</b>	Modelling factors influencing business success in tourism-related entrepreneurship: a case from South Africa	TOURMAN International Scientific Conference
<b>National Journal</b>	The influence of socio-demographic characteristics towards business success in tourism entrepreneurship, South Africa	International Conference on Business and Management Dynamics ICBMD
<b>International Journal</b>	Entrepreneurial attributes and business success in tourism entrepreneurship: the case of Mtubatuba Local Municipality in South Africa	UNIZULU Annual Humanities and Social Sciences conference
<b>National Journal</b>	Understanding the external environmental factors and tourism business success: a case from South Africa	
<b>International Journal</b>	Determinants of tourism-related business success in South Africa: managerial and operational capabilities	
<b>International Journal</b>	Marketing capabilities as determinant of tourism-related business success in South Africa	
<b>Regional Journal</b>	Factors influencing business success in tourism-related entrepreneurship: a case from South Africa	

### 1.15 TIMEFRAME OF THE STUDY

Table 1.3 presents the timeframe of the study that was followed.

**Table 1.3: Research timeframe**

<b>Activity</b>	<b>Dates _____ (Months)</b>
<i>Registration</i>	June 2020
<i>Submission of topic</i>	June 2020
<i>Allocation of supervisor</i>	June 2020
<i>Writing of research proposal</i>	July 2020

<i>Questionnaire translation</i>	July 2020
<i>Corrections and submission of research proposal</i>	March 2021
<i>Presenting the research proposal</i>	April/May 2021
<i>Application of ethical clearance</i>	October 2021
<i>Issuing of questionnaires</i>	March 2022 – August 2022
<i>Writing chapters 2 and 3</i>	October 2021 – February 2022
<i>Analysing data</i>	July - August 2022
<i>Writing chapters 4 - 6</i>	August - November 2022
<i>Submission of draft</i>	November 2022
<i>Corrections and final submission</i>	November - December 2022

## **1.16 STRUCTURE OF THE STUDY**

This study is divided into seven (6) chapters. This section shows how these seven chapters was structured:

### **1.16.1 Chapter one: Introduction and orientation of the study**

This chapter presents a theoretical background of factors influencing business success in tourism-related entrepreneurship in South Africa. A research problem statement and research gap, research hypotheses, research objectives and aim are presented in this section. The chapter further conducts a preliminary literature review, followed by the theoretical framework of the study. This section further presents a proposed conceptual framework embedding research hypotheses, followed by the originality and intended contribution of the study. Delineation of the study and research site, methodology and resources used are briefly discussed. The chapter also explains the intellectual property, knowledge dissemination and research timeframe. It further outlines the estimated budget of the study. Lastly, the chapter shows the structure of this study.

### **1.16.2 Chapter two: Entrepreneurship, tourism entrepreneurship, and factors influencing business success in tourism entrepreneurship**

The chapter focuses on the review of related literature. It provides a comprehensive literature review derived from different recent studies on topics such as internal and external environmental factors influencing business success. This chapter also introduces the theoretical framework of the study. It further focuses on the literature related to the topic (factors influencing business success in tourism-related entrepreneurship) under investigation. The chapter likewise discusses the concept of entrepreneurship, tourism

entrepreneurship, entrepreneurial orientation dimensions on business success in tourism entrepreneurship, entrepreneurship theories and how they relate to business tourism success as well as the applicability of human capital theory and opportunity identification theory to the business success in tourism-related entrepreneurship.

This chapter further focuses on the factors (grouped as internal and external) influencing business success in tourism-related entrepreneurship and the state of tourism-related entrepreneurship in South Africa. The selected factors such as socio-demographics; business success factors; entrepreneurial attributes (internal factors); business external environmental factors; operational capabilities; managerial capabilities and marketing capabilities (external factors) are broadly discussed in this section from international to local perspectives. This section continues with a discussion of successful entrepreneurship in tourism, and the barriers to tourism business growth in South Africa.

### **1.16.3 Chapter three: Linking government and local community support for tourism as the industry's success tool: The external environment**

The chapter discusses the importance of the tourism industry and tourism-related entrepreneurship stakeholders' involvement in achieving its success. In addition, the chapter discusses the local government engagement as a sustainable tool in gaining local community support for tourism business and development. It further explains the role of local government in interacting with tourism-related entrepreneurs and the conflicts that may arise from these interactions (i.e., between local government and tourism entrepreneurs). Lastly, the chapter concludes with the discussions around the theories that address government support for tourism-related entrepreneurship.

### **1.16.4 Chapter four: Physical setting of the study and methodology**

A map showing the location of the study area (Mtubatuba Local Municipality), KwaZulu-Natal province of South Africa is provided in this chapter. This chapter presents the research methodology covering the research paradigm, research design, and the research methods to be employed in collecting primary data for this research. The chapter further presents validity and reliability, pilot and ethical considerations of the study.

### **1.16.5 Chapter five: Results and discussions**

This chapter presents the results of data analyses using tables, and graphs. In this chapter, the results obtained are compared with previous studies in confirming or disconfirming study findings.

### **1.16.6 Chapter six: Conclusions and recommendations**

This chapter provides a summary of the findings, addressing research objectives, accepting and rejecting study hypotheses, recommendations, practical implications as well as areas of further studies. The recommendations are outlined for tourism businesses, and Mtubatuba Local Municipality tourism office (the Municipality Destination Management Organisation) as well as Tourism KwaZulu-Natal (the provincial Destination Management Organisation), and to all entrepreneurs/owners or managers of Small Micro and Medium Tourism Enterprises (SMMTEs) in Mtubatuba Local Municipality.

## **17. CHAPTER SUMMARY**

Previous studies have recognised tourism entrepreneurship as an emerging area of study that has both practical and theoretical importance; and it has been a significant response to economic hardship in many countries including South Africa. This study therefore, aims to explore the selected factors that have influence in business success in tourism-related entrepreneurship in South Africa, using Mtubatuba Local Municipality as a case. This chapter introduced aspects such as the background to this study, research problem statement and research gap, research hypotheses, research objectives, and aim. The preliminary literature review conducted, and the theoretical framework, and conceptual framework embedding the research hypothesis were presented in this chapter. This chapter further highlighted how findings will be disseminated. The following chapter focuses on the review of related literature. Chapter 2 provides a comprehensive literature review derived from different recent studies on topics such as internal and external environmental factors influencing business success.

## **CHAPTER TWO**

### **ENTREPRENEURSHIP, TOURISM ENTREPRENEURSHIP, AND FACTORS INFLUENCING BUSINESS SUCCESS IN TOURISM ENTREPRENEURSHIP**

#### **2.1 INTRODUCTION**

Tourism industry is one of the largest and fastest growing industries in the world (Jayasooriya & Perera, 2019). Ivanovic, Khunou, Reynish, Pawson, Tseane and Wassung (2009) posit that the tourism industry is the collection of businesses and individuals that organise tourists' activities, and this industry can be divided into different sectors, and the popular one includes the travel, business and leisure, and hospitality sectors. The tourism industry is significantly contributing to the economies of both developing and developed countries (Ivanovic et al., 2009; Jayasooriya & Perera, 2019; Woyo & Slabbert, 2021). Previous research has established that tourism businesses create employment opportunities and generate profits for the individuals, society, and the nation as a whole (Jayasooriya & Perera, 2019; Marais, Du Plessis, & Saayman, 2017). Every nation in the world strives to decrease its unemployment level and business failure rate (including tourism-related business failure). This decrease in business failure can be facilitated when the governments and citizens realise the importance of entrepreneurship as a driving force behind national and global economies, and are aware of the drivers behind business success (Ntshangase & Ezeuduji, 2019; Nzama & Ezeuduji, 2020a). It is then necessary to support entrepreneurship and train business owners and managers regarding entrepreneurial process. Entrepreneurship is recognised as a significant component of economic growth, employment generation, and innovation (Jayasooriya & Perera, 2019; Olufemi, 2020; Pantiyasa & Prabawati, 2020).

Most businesses in tourism are characterised as small, micro, or medium enterprises, and they are usually referred to as SMMEs. It is noteworthy that many of businesses rely on tourism as a supplementary income source - supplemental business, for example, farm tourism (Pantiyasa & Prabawati, 2020). Studies over the past years have outlined entrepreneurship theories from various schools of thoughts and business success models (Chummun & Bisschoff, 2014; Limsong, Sambath, Seang, & Hong, 2016; Mosleh, Nosratabadi, & Bahrami, 2015; Reinhold, Zach, & Krizaj, 2017) that focus on collective actors or individual's entrepreneurial attitudes, and their antecedents have been proposed to explain the enterprise process and growth. In general, achieving business success depends on different factors, and these may be either internal or external. One of these factors is design and implementation of a unique business model for business success (Mosleh et al., 2015). According to this study, it is important for tourism entrepreneurs, academics, and practitioners to know factors influencing business success in tourism-related entrepreneurship.

It is essential therefore, to study success factors for entrepreneurship in South Africa (SA), in particular, tourism-related entrepreneurship. This chapter thereby provides a comprehensive literature review on topics related to the state of entrepreneurship, tourism-related entrepreneurship in SA, and the environmental factors influencing business success in tourism-related entrepreneurship as the main study focus. The chapter later discusses entrepreneurship theories and how they relate to tourism business success, as well as the applicability of human capital theory, and opportunity identification theory to the business success in tourism-related entrepreneurship. The following section presents research context and entrepreneurship in South Africa.

## **2.2 RESEARCH CONTEXT**

Tourism-related SMMEs play an important role in the country's economy. They may function as key drivers of economic growth, innovation, and job creation. Several studies (such as Jayasooriya & Perera, 2019; Limsong et al., 2016; Matiza & Slabbert, 2020; Njoroge, Ongeti, Kinuu, & Kasomi, 2016; Pantiyasa & Prabawati, 2020) have shown that despite the proliferation of entrepreneurship-related studies in Africa, there appears to be a limited academic inquiry of literature on statistically modelling business success factors, especially for tourism-related entrepreneurship at the time this research was conducted. Within the tourism marketing discourse, the relevance of analysing factors that influence business success is more emphasised in the entrepreneurship literature (see Dube, & Nhamo, 2020; Lebambo, & Shambare, 2020; Matiza, & Slabbert, 2020; Jayasooriya, & Perera, 2019; Chili, 2018). Prior studies have to some extent supported this view by acknowledging the influence of business environmental factors (internal and external) such as managerial capabilities (Chaudhry & Dhingra, 2021), lack of customer demand (Mersha & Sriram, 2019), government support and regulations (Erasmus, Rudansky-Kloppers, & Strydom, 2019; Limsong et al., 2016), and access to sources of funds (Erasmus et al., 2019) among others.

Ultimately, both tourism practitioners and researchers are concerned about the impact of the aforementioned business environment factors on the success and survival of businesses (Erasmus et al., 2019). Despite this concern, some authors (García, Cázares, & Jiménez, 2021; Nuryyev et al., 2020; Ratten, 2019; Teodoro, Dinis, Simões, & Gomes, 2017) concede that the influence of internal and external business environment factors on business success has been the subject of limited empirical inquiry in relation to tourism which is severely under-researched at the time this document was written, within the South African context. Moreover, the contemporary tourism literature has been criticised for its limited research on modelling success factors statistically for tourism-related entrepreneurship (Chili, 2018; Daniel, Costa, Pita, & Costa, 2017).

South Africa is Africa's largest travel and tourism economy (Dube & Nhamo, 2020), with tourism significantly contributing directly and indirectly to the country's Gross Domestic Product (GDP - 3,7%) (Matiza & Slabbert, 2020). In 2018, tourism contributed up to US\$32.1 Billion (R425.5 Billion) in total to the South African economy (Matiza & Slabbert, 2020), and the sector also accounted for 9.2% (1.5 million jobs) of the country's total employment in the same year (World Travel & Tourism Council, 2019). From a destination marketing perspective, South Africa is a premium tourism destination (Dlomo & Ezeuduji, 2020; Ezeuduji & Mlambo, 2020; Matiza & Slabbert, 2020). It is home to some of the world's most iconic tourist attractions such as the world-renowned Table Mountain; some of the world's largest, inland safari destination (Kruger National Park; iSimangaliso Wetland Park); lush winelands around Stellenbosch, and Paarl in Cape Town; as well as KwaZulu-Natal nature reserves (such as Bonamanzi Game Reserve, Cape Vidal, Hluhluwe-iMfolozi Game Reserve, and Falaza Game Reserve); and world heritage sites such as the Cradle of Humankind and Robben Island (Matiza & Slabbert, 2020).

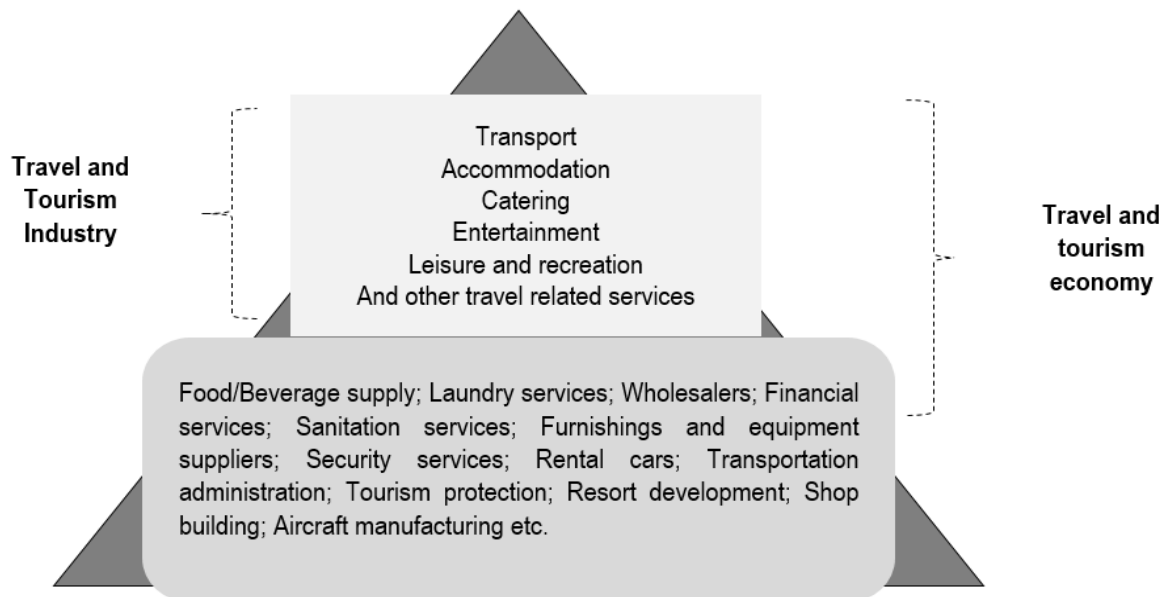
As a result of tourism landscape, South Africa has been named the most attractive tourism destination in sub-Saharan Africa, accounting for 70% of the region's travel and tourism GDP (Băhnăreanu, 2019). Despite this statement, regarding South Africa's competitive and comparative tourism advantages; South Africa was in 2018, the 61<sup>st</sup> most competitive travel and tourism destination in the world (Băhnăreanu, 2019). Additionally, South Africa is an African nation located on a continent that only managed to attract up to 5% of the 1.4 billion global international tourist arrivals in 2018 (World Tourism Organisation, 2019). Consequently, the perception on challenges associated with being located on the African continent and other features associated with South Africa such as the country's crime rate may pose a significant challenge to tourism entrepreneurship in South Africa.

### **2.3 THE TOURISM INDUSTRY AND TOURISM ECONOMY**

In 2008, Rogerson published a paper in which he stated that the tourism industry encompasses many different economic activities under one heading. In terms of economic analysis, the tourism sector seems distinctive as it is not a sector formally classified as such in terms of the International Standard Industrial Classifications (ISIC) (Ivanovic et al., 2009; Rogerson, 2008). There is often considerable uncertainty concerning the precise boundaries of the tourism economy and what constitutes a tourism business (Rogerson, 2008). In Southern Africa, local definitions and measurement of the boundaries and impact of tourism have been influenced by the system of Tourism Satellite Accounting (TSA) following the international standards used by the United Nations World Tourism Organisation (UNWTO) which are designed to improve tourism statistics worldwide (World Travel & Tourism Council, 2019; World Tourism Organisation, 2019; Rogerson, 2008). The literature reviewed on tourism

entrepreneurship shows that most of the research has significantly focused on travel and tourism industry rather than travel and tourism economy.

Few writers (Ivanovic et al., 2009; Lebambo & Shambare, 2020; Rogerson, 2005; Rogerson, 2021; Rogerson, 2008) have drawn on systematic research to explicate a fundamental distinction between travel and tourism industry and travel and tourism economy (see Figure 2.1). The analysis by Ivanovic et al (2009), and Rogerson (2008) indicated that distinction can be drawn between the narrow *travel and tourism industry*; and the broader *travel and tourism economy*. It is also evident from this conception of the boundaries of tourism that the travel and tourism industry, comprising transport, accommodation, catering, entertainment and related activities, essentially represents the tip of an “economic iceberg” (Rogerson, 2008, p. 24). The broader concept of travel and tourism economy according to Rogerson (2008) includes all the associated sectors, and some examples include food and beverage supply, laundry services, wholesalers, financial services, sanitation services, furnishings and equipment suppliers, security services, rental cars, transportation administration, tourism protection, resort development, shop building, aircraft manufacturing etc., which are all linked to the travel and tourism industry (World Travel & Tourism Council, 2019). This is exemplified in the work undertaken by Ivanovic et al. (2009), Jayasooriya and Perera (2019), and Lebambo and Shambare (2020).



**Figure 2.1: The different boundaries of the ‘tourism economy’ and ‘tourism industry’**  
 Source: Adapted from Rogerson (2008, p. 24) and Ivanovic et al. (2009, p. 85)

According to Rogerson (2008), the analysis of tourism businesses, especially the Small Medium, and Micro Enterprises (SMME’s) confined more narrowly to those particular enterprises operating within the bounds of the travel and tourism industry, and as such include

the three sub-sectors namely accommodation (e.g., bed and breakfasts, guest houses, backpacker hostels); hospitality and related services (e.g., restaurants, catering, attractions, arts and crafts); and travel distribution (e.g., tour operators, tour guides).

The above discussion points out the diverse or heterogeneous nature of tourism SMME's economy (Rogerson, 2008, p. 26). It is essential that this diversity be recognised in reviewing the factors influencing tourism business success in Southern Africa (Chili, 2018; Daniel et al., 2017; Dube & Nhamo, 2020; Figueroa-Domecq, de Jong, & Williams, 2020; Lebambo & Shambare, 2020). As noted, within Southern African region, the major focus on tourism entrepreneurship research has been on South Africa with some limited material from other countries (e.g., Nigeria and Namibia). Based upon this body of existing research, a number of common factors or challenges can be identified that influence tourism business success in South Africa. It is important, maybe, to interrogate entrepreneurship in the global context.

## **2.4 ENTREPRENEURSHIP IN GLOBAL CONTEXT**

This section presents an overview of entrepreneurship in an international context. Previous studies (Bhorat, Asmal, Lilenstein, & van der Zee, 2018; Erasmus et al., 2019; Mosweunyane, Rambe, & Dzansi, 2019) argue that despite efforts to invest in entrepreneurship, developing countries including South Africa are facing the problem of high rate of failure among the new entrepreneurs. In South Africa, about 50% of new entrepreneurs coming into the entrepreneurship system failed within six months of their business start-ups, a worse performance compared to other sub-Saharan African countries, such as Cameroon (Erasmus et al., 2019; Johnson, Mans-Kemp, & Erasmus, 2019; Urban & Chantson, 2019). It is of interest to researchers or academics and industry professionals to therefore determine what factors or combination of factors contribute to the success of an enterprise or investigate and develop a model of entrepreneurial success (Limsong et al., 2016).

Globally, entrepreneurship is recognised as a significant component of economic growth, employment generation, and innovation (Chamidah, Guntoro, & Sulastri, 2020; Chaudhry & Dhingra, 2021; Elsafty, Abadir, & Shaarawy, 2020; Olufemi, 2020). Recent research, such as one conducted by Botha and Taljaard (2019) has indicated that economic growth highlights the importance of understanding entrepreneurship. In this study, entrepreneurship is defined as a process of optimising market opportunities through creative actions and differentiated applications in production and management systems (Figueroa-Domecq et al., 2020). This process requires the high-potential entrepreneurs focusing on growing their businesses (Erasmus et al., 2019; Olufemi, 2020), and employment creation in the economy. Notably, entrepreneurship is a social as well as an economic phenomenon, and attitudes and perceptions are important influences on the nature and level of that entrepreneurship. A number of comprehensive studies have been conducted to determine the state of

entrepreneurship at both the international and national levels (Adusei, 2016; Botha & Taljaard, 2019; Erasmus et al., 2019; Olufemi, 2020; Woyo & Slabbert, 2021; Zhang, Lu, & Sun, 2021).

The phenomenon of entrepreneurship in South Africa (SA) is understandable, as is the case worldwide. Yet, entrepreneurship portends a scarce resource in South Africa (Erasmus et al., 2019). Comparing SA with other BRICS nations (Brazil, Russia, India, and China), SA is the least performing country in terms of the economic input (Bhorat et al., 2018; Erasmus et al., 2019). BRIC is an acronym that refers to four large and developing countries such as Brazil, Russia, India and China (BRIC). It has been argued that the lowest economic input of SA is due to the omission of entrepreneurship as a national priority (Okechukwu, Van Halen, & Mabizela, 2019), therefore, South African entrepreneurs may continue to struggle. According to recent statistics (from 2017 - 2019), SA reported a good number of business start-ups (including tourism-related business), but few of these businesses survive (Body, 2006; Botha & Taljaard, 2019; Figueroa-Domecq et al., 2020; Okechukwu et al., 2019). This reveals much about the state of entrepreneurship in South Africa. According to Okechukwu et al. (2019), entrepreneurship in many countries – including South Africa is failing in one of the crucial areas where it is intended (and where it is sorely needed) to have the most impact, contribution to the country's economy through job creation.

Erasmus et al. (2019) also suggest that two reasons are contributing to the high rate of unemployment in South Africa, and those reasons may be the same even in other countries. The first reason is the country's labour laws.

Generally speaking, generic or partial exclusions of businesses below a certain threshold size from complying with legislation have severe disadvantages. They leave workers unprotected... imply the risk of "growth traps" whereby businesses would stop growing (or disguise their growth by remaining or turning informal) in order to avoid passing the threshold level... while there is no widely accepted formula for assessing the country's labour laws. (Body, 2006, pp. 3-6).

The second reason is that South Africa does not have enough business acumen about how to engage and sustain Small, Medium, and Micro Enterprises to create employment; therefore, businesses are failing at the earlier stage (Bhorat et al., 2018; Erasmus et al., 2019; Hans, 2018; Johnson et al., 2019). Although these reasons affect businesses of all size classes, smaller businesses tend to be disproportionately affected as they have fewer resources to overcome obstacles in the business environment.

In other studies, the reasons for this failure have been attributed to the lack of alignment between skills (as a human resource) and entrepreneurial ideas (Erasmus et al., 2019;

Okechukwu et al., 2019). Additionally, the characteristics of the human resource like skill, quality, morale, commitment, and attitude could contribute to the strength and weaknesses of an organisation (Hans, 2018). The review and synthesis of relevant literature have revealed that various factors drive entrepreneurs to start their own businesses include economic survival (Jeje, 2020), unemployment, lack of employment opportunity due to social or legal status in South Africa, and in other developing countries - such as Algeria, Angola, and Argentina (Jeje, 2020; Marais et al., 2017; Mersha & Sriram, 2019). According to what Mersha and Sriram (2019, p. 159) referred to as “necessity entrepreneurs”, this group is generally less educated, has low skills, and may lack legal status to look for employment, or are socially marginalised.

First National Bank (FNB) (2021) indicates that the culture of co-ownership in the early stages is a critical success factor that is not always practised by South African entrepreneurs. Academics discussed key performance indicators (KPIs) and critical success factors (CSFs) a lot. These terms are frequently used interchangeably in reviewed literature; however, they are not exactly the same. KPIs are the effects of entrepreneurs’ actions, i.e., they measure whether entrepreneurs are successful or not (Grunert, & Ellegaard, 1992). KPIs typically differ from business to business, depending on the business’s strategic priorities and goals. However, according to Trkman (2010), CSFs are all those variables that play a vital role in the success of the business, these factors pinpoint how entrepreneur will achieve its mission and goals. This research is based on business success factors in tourism entrepreneurship. In South Africa, entrepreneurs may have outstanding insights that allow them to identify niche markets with potential to become lucrative businesses, but they do not have the skills to grow and sustain their businesses (Jeje, 2020; Johnson et al., 2019; Okechukwu et al., 2019). Raymond Ackerman, the South African entrepreneurship icon paraphrased by facilitator Alec Hogg, argues that “money should not be the main motivating factor in starting a business. People should go into business to work on something they enjoy and the money will follow” (FNB, 2021, p. 7). The notion behind people who have been successful in business is never solely motivated by money but by passion. In this research, understanding the issues that impact the business success including tourism-related businesses from the context of a developing nation will provide useful insight that can somewhat benefit tourism entrepreneurship in South Africa (Mersha & Sriram, 2019).

## **2.5 THE STATE OF ENTREPRENEURSHIP IN SOUTH AFRICA**

The most widely used measure of entrepreneurship is the Total Entrepreneurial Activity (TEA) or early stage entrepreneurial activity index (Erasmus et al., 2019). It measures entrepreneurial activity by looking at the percentage of the active population. The emerging entrepreneurial activity in South Africa has decreased by 16% in 2016, compared to 2015, and was at its lowest level since 2011 (Robina-Ramírez & Human, 2019). Relatedly, the Global Entrepreneurship Monitor South Africa (GEM SA) (2020) reported that South Africa’s

entrepreneurial activities were rated as one of the most challenging in the sample of participating economies in 2019 and these entrepreneur activities have exhibited little sign of improvement over the past few years. South Africa's TEA in 2017 stood at 7.8%, which indicated an increase when compared to (5%) in 2015, but still remain lower compared to TEA in other countries such as India and Brazil that were then rated – 11.5% and 12% respectively.

A survey study conducted by Robina-Ramirez and Human (2019) suggests that the economy of South Africa is practically at a standstill with Gross Domestic Product (GDP) growth estimated at only 1.0% in 2017 and 1.2% in 2018. South Africa, according to recent evidence from the literature deserves research attention for two reasons. First, South Africa has had significant economic growth following the post-colonial period as an emerging African economy, but it is still unable to cope with the socio-economic difficulties it faces (Robina-Ramirez & Human, 2019). Second, South Africa has low levels of entrepreneurial engagement, which continues to stifle business possibilities and perceptions of entrepreneurial talents (GEM SA, 2020). In the same vein, South Africa is faced with a high rate of failure among Small, Micro and Medium Enterprises (SMMEs) (GEM SA, 2020), particularly those that have been functioning for fewer than 42 months (Sontsele, 2020).

Interestingly, there has been an increase from 2017 to 2019 in the number of people who see entrepreneurship as a good career choice (from 69.4% to 78.8%), and including people with high socio-economic status (from 74.9% to 82.2%) (Erasmus et al., 2019; Johnson et al., 2019; Robina-Ramírez & Human, 2019). This study contests that South Africa's economy is demanding a change from an industrial society space to an entrepreneurial society space. This requires a change of mindset in South African societies from that of being workers to being business owners, and from being job seekers to being job creators (Adusei, 2016; Bhorat et al., 2018; Sontsele, 2020). The challenge is that, the entrepreneurial skills are severely lacking in South Africa (Jeje, 2020; Ntshangase & Ezeudji, 2020). This study however suggests that, South Africans should seek the positive signals next to the negative ones in the business environment.

FNB (2021), for example, reports that there has been an influx of people from other African countries into South Africa, and many of whom have become vibrant entrepreneurs. FNB further asks whether this phenomenon creates role models that will inspire many of South Africans to appreciate the role entrepreneurship can have in their own lives and in the communities they live in. As earlier mentioned, in developing economies such as South Africa, entrepreneurship (including tourism-related entrepreneurship) plays important roles in economic growth and in improving standards of living in the country. These roles include new venture creation, creating employment opportunities, innovation, and contributing to the country's Gross Domestic Product (GDP) (Sontsele, 2020). In many countries (both developed

and developing), entrepreneurship is a driving force behind socio-economic success (Ezeuduji & Ntshangase, 2017a).

## **2.6 TOURISM-RELATED ENTREPRENEURSHIP IN SOUTH AFRICA**

Tourism-related entrepreneurship is recognised as a basic way to provide strategic support for maintaining business growth and progress (Jayasooriya & Perera, 2019), this understanding may also apply in developing countries, such as South Africa (SA). According to Pantiyasa and Prabawati (2020), tourism-related entrepreneurship is an appealing and stimulating research topic. It involves the examination of general entrepreneurial traits, such as risk-taking, openness to both innovation and hard work, ambition, and a proactive attitude (Trip et al., 2021), within a fascinating framework (tourism as a human interest) (Pantiyasa & Prabawati, 2020), and multidisciplinary concepts such as the impact of technology, economic geography, cultural contact, and international relations (Pantiyasa & Prabawati, 2020; Trip et al., 2021). Additionally, tourism-related entrepreneurship is a popular research topic because of its ability to incorporate diverse issues such as technology innovation, economic geography and cultural change (Daniel et al., 2017; Pantiyasa & Prabawati, 2020; Ratten, 2019; Trip et al., 2021; Woyo & Slabbert, 2021; Zhang et al., 2021). Tourism-related entrepreneurship research appears to be one of the most significant studies for tourism entrepreneurs who want to start and grow tourism-related businesses, especially in emerging economies like South Africa (SA).

Essentially, investigating entrepreneurial behaviour is of a continuing interest within entrepreneurship (including tourism-related entrepreneurship) discipline (Ntshangase & Ezeuduji, 2020). However, in many countries (such as United States of America and United Arab Emirates), much of the focus on tourism-related entrepreneurship studies has been on the lifestyle factors of tourism entrepreneurs (Ratten, 2019; Trip et al., 2021). This is important for tourism entrepreneurs who want to use their businesses to improve their quality of life. In South African context, recent developments in tourism-related studies have heightened the need for educating and training tourism entrepreneurs to stay competitive in the marketplace (Ntshangase & Ezeuduji, 2019, 2020; Ratten, 2019; Trip et al., 2021). This is due to the significant changes brought about by technological innovation, such as entrepreneurship through the sharing economy, which has resulted in individuals engaging more directly with tourism services (Ratten, 2019). In sub-Saharan Africa, particularly South Africa, there is a strong emphasis on tourism research topics in tourism-related entrepreneurship.

The tourism-related entrepreneurship has a significant impact on labour markets since tourism is a significant source of employment, and country's economic growth due to its high labour intensive nature (Daniel et al., 2017; Erasmus et al., 2019; Ivanovic et al., 2009). Other researchers have indicated that entrepreneurship has recently received increased scholarly

attention (Ntshangase & Ezeuduji, 2019; 2022; Pantiyasa & Prabawati, 2020; Woyo & Slabbert, 2021; Zhang et al., 2021). In South Africa, tourism-related businesses need to be studied and analysed. Most work on entrepreneurship or tourism-related entrepreneurship (such as Chili, 2018; Johnson et al., 2019; Ncanywa, 2019) contend that tourism-related activities in South Africa are well-planned by the South African government and occur in organised manner. However, according to entrepreneurship literature in the South African context at the time this study is written, this is not always the case (Chili, 2018; Dube & Nhamo, 2020; Maduku & Kaseeram, 2021; Mamabolo, Kerrin, & Kele, 2017).

Prior research by Chili (2018) reveals that tourism-related entrepreneurs face constraints such as lack of financial resources and management skills; limited or no access to expertise in core business disciplines. As a result, tourism-related entrepreneurship is growing slowly since tourism entrepreneurs (and other entrepreneurs in general) do not have easy access to national financial aid (Bhorat et al., 2018; ButarButar & Lisdayanti, 2020; Chaudhry & Dhingra, 2021; Chili, 2018; Maduku & Kaseeram, 2021). The provincial governments currently do not support economic development programmes in South Africa (Chili, 2018). Based on the review and synthesis of relevant literature, there are different factors that are associated with business success (Bhorat et al., 2018; Limsong et al., 2016; Marais et al., 2017), some of which the researcher found very germane to the present study. The following section therefore explores selected factors influencing businesses, particularly in tourism-related entrepreneurship.

## **2.7 FACTORS INFLUENCING BUSINESS SUCCESS IN TOURISM ENTREPRENEURSHIP**

According to Barbero, Casillas and Feldman (2011, p. 672), business success is a term that has been analysed from very diverse theoretical stances. Recent work by academics has established that business success factors have been studied since the 1960s (García et al., 2021; Marais et al., 2017), and have been applied to the tourism industry since the 1990s (Aqeel, Awan, & Riaz, 2011; Marais et al., 2017; Matovic, 2020). According to these sources, the phrase 'business success factors' therefore may be a relatively modern one; however, these words are certainly not. Throughout this study, the term 'success factors' refers to those aspects that must be well managed in order to achieve success in the business (ButarButar & Lisdayanti, 2020; Erasmus et al., 2019; Lin & Morrison, 2021; Marais et al., 2017; Mersha & Sriram, 2019). A broader perspective has been adopted by García et al. (2021) where they advocate that the term business success can be highly ambiguous in practice since there are different ways to measure it. The above-mentioned authors (García et al.) have suggested that the analysis of business success covered dimensions such as decision-making capabilities, educational level, work experience, capacity to engage, creativity, increase in personnel, profit generation and or business unit survival, and the individual's behaviour as

success factors (p. 74). Other scholars (Chaudhry & Dhingra, 2021; García et al., 2021) have also argued that well managed success factors enable the entrepreneur to have a competitive business advantage.

Previously reviewed studies (Mamabolo et al., 2017; Marais et al., 2017; Ncanywa, 2019) indicate that an understanding of how success factors contribute to tourism-related entrepreneurship is still lacking in South Africa. In developing economies, such as Pakistan, Aqeel et al. (2011) for instance, reveal that the businesses whether gigantic or tiny could not get far success without hard work, commitment or devotion. The country where similar estimations have been done is Mexico (García et al., 2021). In analysing business success factors, effective transformation of business into a success story must be considered, vision must be divided into different success factors or different milestones leading towards ultimate success of the business – including tourism-related business (Makarenko, Chernysheva, Polyakova, & Makarenko, 2019).

In this study, business success is measured based on financial and non-financial performance. For this reason, and for the purpose of this research, business success in tourism-related entrepreneurship is to be understood as business continuity (García et al., 2021), either based on financial or non-financial performance as defined in the study's conceptual framework. This concern is underlined by the fact that key financial performance is the increase in sales and key non-financial performance is the increase in personnel (García et al., 2021; Limsong et al., 2016; Marais et al., 2017). According to previous studies (Barbero et al., 2011; García et al., 2021; Lebambo & Shambare, 2020; Limsong et al., 2016; Lin & Morrison, 2021), it is possible to consider the analysis of the influence of business factors such as business relations, coaching, social media, and the entrepreneur's profile on business success in the context of entrepreneurship (Sajilan, Hadi, & Tehseen, 2015). In this sense, different questions arise, after a critical literature review on entrepreneurship in global and South African perspective. What factors influence business success in tourism-related entrepreneurship? How do these factors (internal and external) such as: entrepreneurs' socio-demographic characteristics; entrepreneurial attributes; business external environmental factors; entrepreneurs' managerial and operational capabilities; and entrepreneurs' marketing capabilities affect each other in terms of business success in tourism-related entrepreneurship? Recent evidence from Makarenko et al. (2019, p. 281) suggests that most businesses close after their first year, and 'only approximately 5 -10% of businesses survive for five years'.

Many entrepreneurs consider that having a board of directors is a waste of time; nonetheless, Mr. Gore affirms that having smart, experienced individuals assisting you is a gift that you should gratefully accept (Erasmus et al., 2019). It has been observed previously that the

growth and success of small business depend not only on external conditions (FNB, 2021), but, mostly on the personality of a businessman since under the same conditions (high failure rate mentioned above), some entrepreneurs develop their businesses successfully while others go bankrupt (Chaudhry & Dhingra, 2021; Erasmus et al., 2019; Lin & Morrison, 2021; Makarenko et al., 2019; Mikalef, Pappas, Krogstie, & Pavlou, 2020).

Among business success factors identified from the review of literature (Chaudhry & Dhingra, 2021; García et al., 2021; Ntshangase & Ezeuduji, 2019, 2020; Witkittiluck & Kortana, 2021) as presented in Table 2.1 and Table 2.2, this study has adopted six (6) dimensions of business success, (grouped as internal and external factors) that may influence business success in tourism-related entrepreneurship. This also accords with earlier observations, which indicated that the business environment can be distinguished by the internal environment and external environment (ButarButar & Lisdayanti, 2020; Limsong et al., 2016). In this study, some of these factors grouped as internal (such as entrepreneurs' socio-demographic characteristics, entrepreneurial attributes, managerial, operational and marketing capabilities) and external environmental factors (such as competition, government regulations, guidance on business development, and access to information) are considered as the main factors influencing business success in tourism-related entrepreneurship. The study investigates how these selected internal factors and external factors relate to each other and influence business success in tourism-related entrepreneurship.

### 2.7.1. Internal business success factors

In the entrepreneurship literature, the internal environment is often employed to suggest those factors within the organisation that affect organisational management and business success (ButarButar & Lisdayanti, 2020; Elmo, Arcese, Valeri, Poponi, & Pacchera, 2020; Erasmus et al., 2019; Mikalef et al., 2020; Rogerson, 2021), as show in Table 2.1. The main variables adopted are explored in Chapter three of the research report, and they include a detailed explanation of the selected internal factors used in this study.

**Table 2.1: Internal business success factors identified from the review of literature**

<b>No.</b>	<b>Business success factor</b>	<b>Source/s</b>
1.	<b>Entrepreneurs' socio-demographic characteristics:</b> Age of entrepreneur Gender Education Level Work Experience Family Background Religion Location	Nzama and Ezeuduji (2020) Ntshangase and Ezeuduji (2019) Lin and Morrison (2021)
2	<b>Managerial capabilities:</b> Operational capabilities Human resources management business capabilities Marketing capabilities – Business marketing	Elmo et al. (2020) Barbero et al. (2011)

	<p>Financial capabilities  Management support  Workforce management  The ability to navigate the legal and bureaucratic system  The ability to solve problems</p>	<p>Chaudhry and Dhingra (2021)  Mersha and Sriram (2019)</p>
<b>3</b>	<p><b>Entrepreneur personal characteristic:</b>  Need for achievement and autonomy  Need for cognition  Internal Locus of control  Tolerance for ambiguity, and stress  The Big Five personality dimensions:  1. <i>Openness</i>,  2. <i>Conscientiousness</i>,  3. <i>Introversion/extraversion</i>,  4. <i>Agreeableness</i>, and  5. <i>Neuroticism</i>  The need for self-sufficiency, focus on business, confidence and professionalism  Persistence, determination, patience, mental strength  The ability to perform diverse tasks</p>	<p>Mikalef et al. (2020)  Makarenko et al. (2019)  Mersha and Sriram (2019)</p>
<b>4</b>	<p><b>Entrepreneurial attributes:</b>  Innovation thinking and networking  Use of technology and business drive – technological capabilities  Attitude towards risk-taking  Being efficient and effective  Knowledge, experience and opportunities  The use of something new and not used by others</p>	<p>Ntshangase and Ezeuduji (2019; 2020)  Makarenko et al. (2019)  Mersha and Sriram (2019)</p>
<b>5</b>	<p><b>Resourcefulness:</b>  Owner's education  Owner's financial literacy  Advertising budget and employee growth</p>	<p>Maduku and Kaseeram (2021)</p>
<b>5</b>	<p><b>Energy:</b>  Business needs constant movement, desire to grow and develop.</p>	<p>Makarenko et al. (2019, p. 286)</p>
<b>6</b>	<p><b>Pro-activeness and Risk taking ability:</b>  Risk is an integral part of business and without it business cannot exist</p>	<p>Makarenko et al. (2019, p. 286)</p>
<b>7</b>	<p><b>Complete immersion in business:</b>  Successful entrepreneurs live with their business, they always live in them, they do not have working hours, they have no holidays and days off</p>	<p>Makarenko et al. (2019, p. 286)</p>
<b>8</b>	<p><b>Deep knowledge of business processes:</b>  To succeed in business, you need to understand all the subtleties of your business (for example, where you can have the greatest costs, or where you can fool your employees). Without this, it is almost impossible to achieve serious success in business.</p>	<p>Makarenko et al. (2019, p. 286)</p>
<b>9</b>	<p><b>Passion and sound anger:</b>  learn to elbow through and respond with a blow to the blow; never give up and it is always necessary to think ahead in the business.</p>	<p>Trump (2009, as cited in Makarenko et al., 2019, p. 286)</p>
<b>10</b>	<p><b>Internal stakeholders:</b>  Shareholders, and employees</p>	

Scholars such as ButarButar and Lisdayanti (2020), and Limsong et al. (2016) describe business external environment as one with factors that are affecting the organisation from

outside the boundaries of the organisation (see Table 2.2). It is earlier mentioned that the tourism businesses operate in a challenging business environment and face intense competition from traditional enterprises (e.g., established hotel chains), and new players in the tourism industry (e.g., Airbnb), and uncertainties from the ever increasing demands of customers (Nuryyev et al., 2020; Teodoro et al., 2017). In this environment, studying factors influencing business success in tourism-related entrepreneurship become an important issue as regards tourism business sustainability. According to Teodoro et al. (2017), external environmental factors can influence tourism businesses or establishments, and these factors entail a combination of inherited or created assets (e.g., natural resources and infrastructures) and processes. Tsai et al. (2009, as cited in Teodoro et al., 2017, p. 138), contend that the tourism industry benefits from the destination's economic growth and stability and community development that help to create demand for hotel rooms. Relatedly, it is argued that the location is one of the main factors that contribute to the success of touristic businesses in relation to several physical and social features that significantly influence the tourist experience (Chili, 2018; Jayasooriya & Perera, 2019; Teodoro et al., 2017).

According to previous research (Lin & Morrison, 2021; Maduku & Kaseeram, 2021; Mikalef et al., 2020; Makarenko et al., 2019; Mersha & Sriram, 2019; Makarenko et al., 2019), the external environmental factors have a direct impact on the success and survival of businesses, especially tourism businesses. Tourism business practices, for example, using regional architecture, as well as landscape, local culture, and traditions may become an important asset for business success. Moreover, external business environmental elements are highlighted as factors that influence entrepreneurial growth in this study (Abdulghaffar & Akkad, 2021). Most research in South Africa has focused on entrepreneurship generally (Maduku & Kaseeram, 2021), entrepreneurial competencies for nascent and existing entrepreneurs (Botha & Taljaard, 2019), entrepreneurship and development agenda (Ncanywa, 2019), and entrepreneurship management skills requirements in an emerging economy (Mamabolo et al., 2017; Rogerson, 2021). An exception is a recent study by Borat et al. (2018) that examined the constraints on growth and performance of the South African businesses. Other studies conducted on entrepreneurship were based on Western regions where the market economy and entrepreneurial ecosystem have been well developed (Abdulghaffar & Akkad, 2021; Chaudhry & Dhingra, 2021; Jayasooriya & Perera, 2019; Limsong et al., 2016; Lin & Morrison, 2021).

The present study explicitly draws attention to the selected internal and external environmental factors that may influence business success in tourism-related entrepreneurship in South Africa. Murgor (2014, as cited in Akpoviro & Owotutu, 2018, p. 499) advocates that, it is impossible "to examine everything...some elements could be more relevant to some organisations than others". The assumptions that have not been made explicit can be

questioned and possibly shown to be invalid. In this research, the word “environment” does not necessarily mean physical surroundings, but is used to describe all those influences that bear upon the individual organisation within the tourism context (Akpoviro & Owotutu, 2018). According to a recent study by Akpoviro and Owotutu (2018), business environment is used to mean anything, which surrounds the business organisation. It is necessary to clarify what is meant by the business environment. The term ‘business environment’ can be defined as the combination of internal and external factors that influence any business operating situation (Akpoviro & Owotutu, 2018). The authors have maintained that business environmental factors affect the decisions, strategies, process and performance of the business (p. 498). It has been established that the external business environment consists factors which are beyond the control of business (such as social, technological, economical, legal and political) (Akpoviro & Owotutu, 2018; Lin & Morrison, 2021; Maduku & Kaseeram, 2021), and these business environmental factors may provide opportunities or pose threats to the tourism-related business.

In South African business environment including tourism businesses, performance is predicated on factors such as low sales, high cost of production, low capital utilisation, lack of foreign exchange to source needed input and materials, poor power supply, and low quality of goods and services offered to tourists among others (Akpoviro & Owotutu, 2018; Chaudhry & Dhingra, 2021; Chili, 2018; Makarenko et al., 2019). The above claim presents the need to examine the influence of external business environment on business success in tourism entrepreneurship in South Africa, which is the part of the study’s focus. It is widely accepted that the environment in which business organisations operate is complex, multi-focus, dynamic and has a far reaching effect (Akpoviro & Owotutu, 2018).

The report from Njoroge et al. (2016) has shown that firms must be aware of and understand the different manifestations of the external business environment (see Table 2.2) and their relationship with the firm’s performance. Interestingly, other authors (see Figueroa-Domecq et al., 2020; Ntshangase & Ezeuduji, 2019; 2020; Jayasooriya & Perera, 2019) question the relationship between tourism business success and its environment. Recent arguments on external business environment and firm’s business success have been summarised by Akpoviro and Owotutu (2018) and Chaudhry and Dhingra (2021). These scholars argue that the relationship between business and its environment is mutual; that is, the environment applies pressure on the business, while the business influences some characteristics of its surroundings. It has commonly been assumed that the environmental pressures elicit a variety of responses as organisations seek legitimacy in order to survive and prosper in their surroundings (Njoroge et al., 2016). This notion remains the same in relation to South Africa’s tourism-related entrepreneurship.

## 2.7.2 External business environmental factors

The external business environmental factors discovered in the literature review are shown in the following table (Table 2.2).

**Table 2.2: External business environmental factors identified from the review of literature**

No.	External business environmental factors	Source/s
1.	<p><b>Two types of external business environment factor</b></p> <p><b>A. Direct (Task) environment</b></p> <hr/> <p><b>B. Indirect (General) environment</b></p> <p><b>Direct (Task) environment (these are):</b>            Customer's competitors            Suppliers and distributors            Government regulatory agencies            Labour union            Competitors</p>	Chaudhry and Dhingra (2021) Lin and Morrison (2021) Akpoviro and Owotutu (2018)
2	<p><b>Indirect (General) environment (these are):</b></p> <p>Social values            Educational political            Economic            Legal            Behaviour demographic            Natural environment            Natural resources            Technologies</p>	Barbero et al. (2011) Chaudhry and Dhingra (2021) Mersha and Sriram (2019) Akpoviro and Owotutu (2018)
3	<p><b>Environmental conditions:</b></p> <p>Uncertainty            Dynamism            Hostility            The number of relevant components in the environment</p>	Mikalef et al. (2020) Makarenko et al. (2019) Mersha and Sriram (2019) Akpoviro and Owotutu (2018)
4	<p><b>Economic environment:</b></p> <p>Monetary policies            Interest rate            Availability of funds            Financial institutions            Economic trends</p>	Akpoviro and Owotutu (2018)
5	<p><b>Political environment:</b></p> <p>Political terrain in the country            Legal framework            Authority relationship</p>	Maduku and Kaseeram (2021) Akpoviro and Owotutu (2018)
5	<p><b>Technological environment:</b></p> <p>Technological development and innovation            Improvement in technology laws</p>	Makarenko et al. (2019, p. 286) Akpoviro and Owotutu (2018)

6	<b>Socio cultural environment:</b> Values Norms Belief Attitudes Religions Demographics, social and cultural factors Local culture, and traditions	Makarenko et al. (2019, p. 286) Akpviroro and Owotutu (2018)
7	Complex legal and regulatory constraints lack of guidance on business development Networking relationship and market environment Access to information Entrepreneur's family support Government support and regulations Access to source of funds and lack of customer demand Competition from other businesses Landscape	Makarenko et al. (2019, p. 286) Akpviroro and Owotutu (2018)

A variety of entrepreneurial success models have been developed by previous researchers. These include the model proposed by Lussier (1995, as cited in Elsafty et al., 2020, p. 61). Another model is aimed at expanding the capital model of entrepreneurial success by Envick (2005, as cited in Elsafty et al., 2020, p. 58). The following section presents entrepreneurial success models reviewed.

### 2.7.3 Entrepreneurial success models

To enable the tourism business display successfulness, various entrepreneurial success drive models are proposed (Marvel, Davis, & Sproul, 2016). For instance, Lussier (1995, as cited in Elsafty et al., 2020, p. 62) reviewed the literature and identified fifteen variables that can predict the success or failures of business, and these apply equally to the tourism-related businesses. At the time of this study, there is a little consistency in the literature to support which variables statistically predict success versus failure (Baidoun, Lussier, Burbar, & Awashra, 2018; Elsafty et al., 2020). The three most frequently mentioned variables according to Elsafty et al. (2020) are management experience and capabilities, human capital, and planning (that includes ability to identify opportunities). As emphasised by scholars (Al Mamun, Fazal, & Muniady, 2019; Baidoun et al., 2018; Elsafty et al., 2020; Hareebin, 2020; Limsong et al., 2016; Marvel et al., 2016), human capital (the knowledge, skills, and abilities that entrepreneurs possess that assist them in developing and growing their firms); social capital (the benefits entrepreneurs obtain from their social networks); and psychological capital are the most important factors for the successful development and growth of businesses.

Noticeably, previous studies have proposed a comprehensive model about the factors that impact the entrepreneurial success (Baidoun et al., 2018; Elsafty et al., 2020). These authors also modified the expanding capital model proposed by Luthans, Luthans, and Luthans (2004), and this model describes the relationships between human capital, social capital,

financial capital, and psychological capital and the firm's sustained competitive advantage (Elsafty et al., 2020).

In Table 2.3, the researcher used Human Capital Theory (HCT) and Opportunity Identification Theory (OIT) for entrepreneurial success as a benchmark to review other models of entrepreneurial success in order to identify the most general used variables of entrepreneurial success. The various and diverse variables that are widely dispersed across the models can be classified according to various forms of capital such as financial, human, social, and psychological capital, among others.

**Table 2.3: Classification of various variables of entrepreneurial success models into financial, human, social, and psychological capital**

Source : (Adapted from Elsafty, Abadir, & Shaarawy, 2020, p. 59)

SN	Model	Author(s)	Financial capital	Human capital	Social capital	Psychological capital	Others
1	Expanding capital for competitive advantage	Luthans et al. (2004)	Finances	Experience, education, skills, knowledge, ideas	Relationships, network of contacts, friends	Confidence, hope, optimism, resilience	Tangible assets (plant, equipment, patents, data)
2	Expanding capital model of entrepreneurial success	Enwick (2005)	Fixed working growth	Skills, abilities, knowledge, experience education, ideas	Networks, relationships, reputation, associations	Hope, confidence, resilience, optimism	
3	Human capital & entrepreneurial success	Unger et al. (2011)		Human capital			Context of the firm
4	The conceptual model of entrepreneurial success (success of the enterprise phase of the model)	Kumar (2007)				Self-efficacy	Relative cognitive complexity, environment
5	The entrepreneurial capital model	Erikson (2002)					Perceived entrepreneurial competence, Commitment, goals
6	General model of entrepreneurial success	Rauch and Frese (2000)		Human capital			Personality, strategies, goals, environment
7	Human and social capital investments	Bosma et al. (2000)		Human capital	Social capital		
8	Psychological typology & entrepreneurial success	Miner (1997)					Personality types

9	The Lussier success prediction model	Lussier (1995)	Capital	Industry experience, management experience, education	Professional advisors	Record keeping and financial control, Planning, Staffing, Product/services and economic timing, age of owner, partners, parents, minority, marketing skills
10	Model of the initial human & financial capital and venture performance prediction	Cooper et al. (1994)	Initial capital	General human capital, specific industry know-how, management know-how		
11	Model of entrepreneurial process (growth phase of the model)	Moore (1986)	Starting capital	Education & experience, managerial ability		Organisational characteristics, environment

The above classifications of various variables of entrepreneurial success confirm the discrepancy in the literature as mentioned by Elsafty et al. (2020), and Baidoun et al. (2018), especially in terms of relatedness; and thereby justify the need to statistically model the variables that influence business success in tourism entrepreneurship and benchmark it against the HCT and OIT of entrepreneurial success. This study therefore models selected factors influencing business success in tourism entrepreneurship using models of entrepreneur success by Limsong et al. (2016).

## 2.8 THEORETICAL UNDERPINNINGS

The theoretical framework of this study is based on two theories namely Human Capital Theory (HCT), and Opportunity Identification Theory (OIT). According to recent research, HCT is the key driver of the development of capabilities which requires prior entrepreneurial, managerial, academic, and training activities to mobilise resources and competencies (Mostafiz, Sambasivan, & Goh, 2019). The theory of opportunity identification is related to identifying the entrepreneurs' social networks and prior knowledge as antecedents of entrepreneurial alertness in entrepreneurship (Limsong et al., 2016). Using human capital theory (HCT), this study studied how internal factors such as (1) socio-demographic traits, (2) entrepreneurial attributes, and (3) managerial, operational, and marketing competencies influence tourism business success. Similarly, using the opportunity identification theory (OIT), this study investigated how the previously described external environmental elements affect tourism business performance. By doing so, the current study contributes to the tourism entrepreneurial literature in the sense that it applied the two main entrepreneurship theories, namely HCT and OIT, in the context of the South African tourism entrepreneurial space, and

it developed a model of tourism entrepreneurial success by exploring the relationship, strengths, and links between the internal factors (based on HCT), the external factors (based on OIT), and the external factors (based on OIT).

### **2.8.1 Human capital theory**

Based on a review of related works (Adom, Hussein, & Agyem, 2018; Hajiyeva & Teymurova, 2019; Marvel et al., 2016; Mostafiz et al., 2019; Sánchez García, Ward, Hernández, & Florez, 2017; Simpeh, 2011; Winsor & Hanlon, 2016), several entrepreneurship-related theories have been developed in four (4) theoretical perspectives namely economic, psychological, sociological, and resource-based (Adom et al., 2018; Sánchez García et al., 2017). In the entrepreneurship literature, entrepreneurial success has been linked to both entrepreneurs' resources and their family members' resources (see also Hatak, & Zhou, 2021; Limsong et al., 2016), thus implying that entrepreneurs' monetary and non-monetary success is influenced by their own health as well as the health of their spouses (Hatak & Zhou, 2021). In this research, the term 'health' means both physical health — “the physiological and physical status of the body” — and mental health — “the state of the mind, including basic intellectual functions” (Hatak & Zhou, 2021, p. 20).

In a bid to establish an understanding that best explains the relationship between the main variables identified in this study, the researcher employed HCT and OIT. HCT was originally designed to explain the economic gains that individuals and societies derive from investments in humans (Hatak & Zhou, 2021). In addition, the theory has attracted considerable interest among entrepreneurship researchers (for an overview, see Marvel et al., 2016). The main variables are therefore grouped to include internal and external tourism business environmental factors influencing business success in tourism entrepreneurship. Essentially, HCT seeks to explain the gains of education and training as a form of investment in human resources (Nafukho, Hairston, & Brooks, 2004). According to this theory, the entrepreneur is considered as a form of capital for economic development (Becker, 1975). Moreover, Nafukho et al. (2004) relate HCT to a form of education that contributes to economic growth by attributing a proportion of economic growth not explained by increases in capital, labour and productive land to improvements arising from increased educational levels in the workforce. Having that in mind, it is appropriate to assume that education increases or improves the economic capabilities of people, including tourism-related entrepreneurs.

In 2001, Bohlander, Snell, and Sherman in their paper described human capital theory (HCT) as “knowledge, skills and capabilities that individuals acquire through investments in schooling, on-the-job training, and other types of experience and which have economic value to an organisation”, as cited in Limsong et al. (2016, p. 2). Dess and Pickens (1999, as cited in Limsong et al., 2016, p. 2) also define human capital as “capabilities, knowledge, skills, and

experience, all of them embodied in and inseparable from the individual.” Accordingly, this study focuses on human capital as demographics, the knowledge, skills, competencies, experience, personality traits and attributes that individuals have which contribute to the success of their tourism entrepreneurial activities both financially and non-financially (Marvel et al., 2016). The evidence presented in Table 2.3 thereby supports the idea that managerial capabilities, knowledge, skills and experience has a huge role in any business success, including the tourism-related businesses. HCT states that human beings can be conceived as forms of capital to be invested in by governments or available for self-investment through individual’s rational choices (Lim-song et al., 2016; Vallyis, 2018). According to Vallyis (2018), investments in human capital occur by spending money on education, training and skills, which are then theorised to produce a return or yield on that investment. Nevertheless, the HCT has been vigorously challenged in recent years by a number of scholars (Marvel et al., 2016; Vallyis, 2018). Vallyis (2018) is probably the best known critic of the HCT. The author suggests some possible ways to commence theorising education and work as social justice rather than economic growth concerns. Moreover, Marvel et al. (2016) advocate that human capital development is usually seen as a necessary precondition for economic growth and the creation of jobs.

As a product of neoclassical economics, human capital theory inherits the "hard core" metaphysical assumptions of the orthodox economics research (Zamora, 2006, as cited in van der Merwe, 2010, p. 108), and individualism, perfect knowledge, rationality, private property rights, and the market economy are among the main assumptions (competition) (van der Merwe, 2010, 2021). As exemplified in this research, human capital is seen as a capacity to adapt, which is particularly beneficial in coping with circumstances of disequilibrium; thus, human capital may be important to successfully deal with the uncertainty inherent in entrepreneurship as demonstrated by Hatak and Zhou's work (2021). The literature has covered the factors that determine the success of entrepreneurial ventures from financial and organisational perspectives.

### **2.8.2 Entrepreneurial skills, capabilities and business success**

Entrepreneurial skills refer to the activities or know-how that can be employed to establish and operate an enterprise successfully (Al Mamun et al., 2019). In this study, skills are defined as the ability to learn and adopt unique characteristics that are required for performing entrepreneurial tasks that involve interactions in a social and material environment (Al Mamun et al., 2019). As entrepreneurial skills encompass sensing, seizing, and transforming; they are essential traits to develop dynamic capabilities (Abdulghaffar & Akkad, 2021; Al Mamun et al., 2019; Oyeku, Oduyoye, Elemo, Akindoju, & Karimu, 2014; Witkittiluck & Kortana, 2021); hence, managerial capabilities are important for the tourism-related businesses to succeed. As suggested by Al Mamun et al. (2019) and Erasmus et al. (2019), entrepreneurs, including

the tourism-related entrepreneurs require various skills (such as business management, teamwork and leadership, communication and listening, customer service, financial, analytical and problem-solving, critical thinking, strategic thinking and planning skills) to develop specific competencies to manage an enterprise.

Moreover, strategic orientation can be seen as the approach tourism-related businesses should employ in response to external factors (Hareebin, 2020). This will not only increase tourism business success and tourist numbers, but also clarify the working processes with vivid supply and demand sides in overall markets. Entrepreneurial skills, manifested as increased personal attractiveness and subjective norms, encourage individuals to feel competent and to venture into entrepreneurship (Chamidah et al., 2020).

For the purpose of this study, entrepreneurial capability is defined as the internal ability of the entrepreneur that is required to start and operate a successful enterprise expressed in terms of entrepreneurial orientation and entrepreneurial self-efficacy (Al Mamun et al., 2019; Oyeku et al., 2014). Furthermore, entrepreneur capabilities are the primary stage of the value-added resources and innovations of the organisation learning (Hareebin, 2020). The business environment in South Africa is heavily dominated by technology, and new technology is frequently introduced in the tourism industry. Among the current competitive business environment conditions, the tourism entrepreneurs need to apply aggressive strategies to run their business successfully.

The entrepreneurial capability has a significant impact on entrepreneurial success (Al Mamun et al., 2019; Hareebin, 2020; Iwu et al., 2019; Oyeku et al., 2014). Based on the reviewed literature, other researchers view entrepreneurial capability through the lens of individual entrepreneur characteristics and traits (Akpoviro & Owotutu, 2018; Chamidah et al., 2020; Chaudhry & Dhingra, 2021; Lin & Morrison, 2021; Oyeku et al., 2014). This agrees with Hareebin's (2020) study in which factors affecting entrepreneurs' capabilities were categorised into systemic capabilities, knowledge capabilities, strategic leadership and networking capabilities. In addition, to enhance business success in tourism entrepreneurship under the dynamically changing business environment, managerial capabilities will cause effective resource management within the limitation of internal and external environmental changes.

Systematic capabilities, according to Yang and Chen (2007, as cited in Hareebin, 2020, p. 363) are organisational structures and internal administrative systems that deal with functioning division, chain of command, administrator's lead, roles and job description, commandment, motivation both formal and informal, as well as rules and regulations within organisations. Hareebin further suggests that these capabilities are categorised into resource-based capability, which promotes organisational cultures of sharing, building a body of

knowledge, knowledge evaluation and measurement, and knowledge management for organisational benefits. Knowledge capabilities focus on processing concepts and knowledge development system that are derived from effective processing of selection, collection, storage, sharing, and knowledge distribution (Al Mamun et al., 2019; Chamidah et al., 2020; Hareebin, 2020; Limsong et al., 2016; Marvel et al., 2016), with the purposes to develop learning by the personnel. These conditions could allow a tourism business to develop a body of knowledge and competitive performance to achieve its objectives. Strategic orientation capabilities are the processes of organisational cultures that can add value from useful resources and business opportunities (Chamidah et al., 2020; Hareebin, 2020). In addition, orientations, according to Chamidah et al. and Hareebin, are classified into three levels namely (i) innovation leadership whereby administrators play important roles in fostering innovation in the early stages; (ii) managerial leverage, which is related to strategic practices or concepts of organisational structures and systems, resource management, and so on; and (iii) the business process associated with changing input processes into innovations, including innovations that can be built as an organisational business. In the next section, this research clarifies researcher's propositions on how business success is linked to opportunity identification theory in tourism-related entrepreneurship.

### **2.8.3 Opportunity identification theory (OIT)**

Some scholars have sought to identify primary factors (such as external versus internal factors) in relation to entrepreneurial success (Khanin, Rosenfield, Mahto, & Singhal, 2022), while other scholars have linked these factors to entrepreneurial success without categorising them. Importantly, this study explores external environmental factors that may influence business success in tourism-related entrepreneurship in light of the OIT. It is implied that this research utilises the OIT by Drucker (1985). Drucker's initial *Entrepreneurship classes* in 1953 at New York University was firmly rooted in the management discipline and reflected its focus (Fail, Millam, & Reinhardt, 2019). The OIT provides a useful account in understanding why some entrepreneurs are able to accurately and quickly identify entrepreneurial opportunities while others cannot (Fail et al., 2019). Shane and Venkataraman (2000, as cited in Fail et al., 2019, p. 12) advocate that "entrepreneurial opportunities [are] situations in which new goods, services, raw materials, markets and organising methods can be introduced through the formation of new means, ends, or means-ends relationships." However, there is a lack of a deep understanding of why some individuals can identify opportunities and why others may not (Fail et al., 2019; Foo, Uy, & Murnieks, 2015; Ma, Yang, Chen, You, Zhang, & Chen, 2020; Odebunmi, Kee, & Jimoh, 2020). A number of authors have recognised that opportunity identification depends on individual use of one's own cognitive frameworks, developed through life experiences (Foo et al., 2015; Khanin et al., 2022; Odebunmi et al., 2020), and this is also applicable to the tourism business world.

In the context of business venture, opportunity identification refers to the process by which an entrepreneur perceives the possibility of creating a new and profitable business, product, or service (Ma et al., 2020). Relatedly, opportunity identification is viewed as a crucial source of competitive advantage for ventures therefore, researchers and practitioners share an interest in understanding its drivers (Fail et al., 2019; Khanin et al., 2022). Entrepreneur identifies business opportunities to create and deliver value for stakeholders in prospective businesses (Ardichvili, Cardozo, & Ray, 2003; Drucker, 1985; Drucker & Maciariello, 2008). This study posits that opportunities are made, and they are not found (Ardichvili et al., 2003); therefore, opportunity elements may be recognised. The creation of a successful business is closely linked to a successful opportunity identification process (Guo et al., 2020). This in turn, is a necessary condition for the success of opportunity identification (Ardichvili et al., 2003; Limsong et al., 2016). Some scholars (such as Ardichvili et al., 2003; Simpeh, 2011; Limsong et al., 2016) argue that entrepreneurs' networks are as well important to opportunity identification.

Noticeably, in the existing literature, results on how social networks are related to opportunity identification have been inconsistent. While Limsong et al. (2016) have discovered empirical evidence that social networks are essential for identifying new business opportunities; Fail et al. (2019) have discovered that family small-to-medium-sized enterprises use social ties to recognise opportunities; and Guo et al. (2020) discovered that entrepreneurial social network characteristics are beneficial for opportunity identification. Essentially, social networks in entrepreneurship are argued to be a main component of opportunity recognition (Ardichvili et al., 2003). However, it has been found in other studies (Foo et al., 2015; Odebunmi et al., 2020) that social networks have no effect on opportunity identification.

**Table 2.4: Barriers to entrepreneurship**  
*Source : (Adapted from Khanin et al., 2021, p. 9)*

<b>Constraints or stages</b>	<b>Opportunity identification barriers</b>	<b>Opportunity realisation barriers</b>
<b>Social-institutional factors</b>	<p><b>Access barriers</b></p> <p>Factors making it difficult for a potential entrepreneur to identify and begin pursuing an opportunity:</p> <p>Bad laws and bureaucracy making it difficult to start a venture; customs regarding entrepreneurship negatively as introducing excessive competition in society; insufficient socialisation to entrepreneurship in families and educational system; a lack</p>	<p><b>Legitimacy barriers</b></p> <p>Factors making it difficult for a new venture to achieve acceptance by stakeholders:</p> <p>The liability of newness, apprehensions that the new venture is unstable, transient, and therefore, represents high risk as a potential supplier, buyer, or ally</p>

	of state support; incorrect beliefs or prejudices, such as that women or minorities do not have the capabilities for becoming entrepreneurs.	
<b>Economic-operational factors</b>	<p><b>Location barriers</b></p> <p>Factors making it difficult for a potential entrepreneur to operate in a certain place because of its resource/capability limitations:</p> <p>Excessive economic turbulence or resource scarcity, poor transportation system, poor logistics services, unstable financial system, difficulty of finding qualified personal or partners</p>	<p><b>Magnitude barriers</b></p> <p>Factors making it difficult to for a smaller player to compete with larger players:</p> <p>The liability of smallness, limited production capacity, insufficient number of experts in the organisation leading to knowledge deficiencies in various areas of operations</p>

In this study, the term ‘opportunity’ is used in its broadest sense to refer to the chances to meet a tourist’s need (or his or her interest or want) through a creative combination of resources to deliver superior value (Ardichvili et al., 2003). This study strongly argues that entrepreneurial opportunities represent the beginning of a process in which innovative tourism entrepreneurs with novel ideas create new tourism products and services. Data from several studies suggest that entrepreneurial opportunities occur when new goods or services can be introduced and sold at a price higher than their cost (Fail et al., 2019; Hareebin, 2020; Khanin et al., 2022; Odebunmi et al., 2020). There is evidence that identifying opportunities is a critical component of entrepreneurship (Foo et al., 2015). According to Khanin et al. (2022), OIT consists of two cognitive processes namely active and knowledge integration. OIT necessitates the entrepreneur's unique or novel association (active) or integration of various pieces of market information. They also emphasise that knowledge integration has a significant impact on opportunity identification.

Table 2.4 indicates that, at the opportunity recognition stage, the following barriers to entrepreneurship exist. The first is access barriers — these are factors that make it difficult for an aspiring entrepreneur to obtain the necessary resources for new venture creation, and these barriers may be in form of banks refusing to lend to a start-up or the ineffectiveness of entrepreneurial education or negative stereotypes of entrepreneurs as aggressive individuals

and their intention to make a personal fortune (Khanin et al., 2022). The second is location barriers — these are factors that make it difficult for an aspiring entrepreneur to begin operations in a particular country or region for economic or operational reasons, such as an underdeveloped transportation sector or outdated manufacturing facilities or equipment (Khanin et al., 2022; Odebunmi et al., 2020).

Furthermore, at the stage of opportunity realisation, the study identified two barriers to entrepreneurship that were relevant to the current study. These barriers are: (i) legitimacy barriers, which arise because of various social-institutional factors that may make gaining stakeholder acceptance and assistance for a new venture difficult due to the risk of newness (Pitelis, 2009, as cited in Khanin et al., 2022, pp. 9-10); and (ii) due to the liability of smallness and unfair competition, magnitude barriers arise because of various economic-operational factors that could prevent venture success (Pitelis, 2009, as cited in Khanin et al., 2022, p. 10).

## 2.9 ENTREPRENEURIAL SUCCESS INDICATORS

In this study, nine variables and key outcome areas indicating entrepreneurial success that the researcher deemed relevant to the tourism industry in Southern Africa and which can be described as tourism business success indicators were identified through an analysis of previous works. Interestingly, opportunity was observed by Limsong et al. (2016) as the great contributing factor for business success. In other words, identifying and selecting right opportunities, particularly right market environment, sufficient finance, and right market for new businesses are among the most important abilities of an entrepreneur to be successful. In addition, Drucker (1985 as cited in Witkittiluck & Kortana, 2021, p. 2060) has proposed variables and major results areas for business success as shown in Table 2.5.

**Table 2.5: Nine variables and major result areas indicating entrepreneurial success**  
*Source: (Adapted from Drucker 1985; Drucker & Maciariello, 2008)*

No.	Variables and major result areas	Sources
1.	<b>Market position</b> Measuring the achievement of goals in "Market Standing" and "Market Share" in both current and new markets, including new products and services aiming to create customer loyalty	Drucker (1985) Drucker and Maciariello (2008)
2	<b>Quality</b> Maintaining and improving the quality of the company's products / services	Drucker (1985) Drucker and Maciariello (2008)
3	<b>Innovation</b> The ability to create or develop new products and services, including new processes, which means the skills and activities required to enhance the company's sustainable competitiveness in the long term.	Drucker (1985) Drucker and Maciariello, (2008)
4	<b>Social responsibility</b> Showing social responsibility in areas such as contributing to environmental protection and overall quality of life, etc.	Drucker (1985) Drucker and Maciariello (2008)

<b>5</b>	<b>Human resources</b> Selecting, developing and maintaining resources at all levels for high quality in all areas, such as knowledge, competence, skills and attitudes to the relationship between employees and other agencies.	Drucker (1985) Drucker and Maciariello (2008)
<b>6</b>	<b>Financial resource</b> Proper procurement, storage and management of financial resources	Drucker (1985) Drucker and Maciariello (2008)
<b>7</b>	<b>Physical resource</b> Procurement, construction and maintenance of physical resources such as machines, buildings, factories, equipment and tools necessary to operate a business, including correct and appropriate implementation	Drucker (1985) Drucker and Maciariello (2008)
<b>8</b>	<b>Cost efficiency</b> Efficient use of all kinds of resources, resulting in the company capability in producing products / services with low cost	Drucker (1985) Drucker and Maciariello (2008)
<b>9</b>	<b>Profitability</b> Reasonable profit level (Not too low and not too high), as well as other indicators that show a good financial status	Drucker (1985) Drucker and Maciariello (2008)

Based on the table above and other previous discussions, it is evident that many scholars have conducted studies on entrepreneurial success (Drucker, 1985; Drucker & Maciariello, 2008; Khanin et al., 2022; Limsong et al., 2016; Lin & Morrison, 2021; Maduku & Kaseeram, 2021; Makarenko et al., 2019; Matovic, 2020; Ntshangase & Ezeudji, 2019). Recent evidence, however, suggests few studies have investigated the internal and external factors influencing tourism business success and developed them into a model that has been statistically tested. This research considers the importance of entrepreneurial success, whether financial or non-financial success, as defined in the conceptual framework of the study (Hareebin, 2020; Limsong et al., 2016; Witkittiluck & Kortana, 2021).

## **2.10 THE ROLE OF THE SELECTED FACTORS INFLUENCING BUSINESS SUCCESS IN TOURISM ENTREPRENEURSHIP**

Based on available evidence so far, most emerging market and developing economy regions are expected to grow, and South Africa is particularly expected to grow by 2.8 percent (World Bank, 2022a). Emerging data from surveys have also indicated that Small, Medium and Micro Tourism Enterprises (SMMTEs) are overrepresented among the sectors mostly affected by the COVID-19 crisis since 2020, and the sectors include accommodation and food services, retail, and personal services (World Bank, 2022b). These businesses were during the pandemic more likely to suffer from supply chain disruptions that limited their access to inventory or supplies. Before 2020, according to recent studies, there has been a significant increase in global entrepreneurial ventures, particularly in tourism-related businesses (Abdulghaffar & Akkad, 2021; Akpoviro & Owotutu, 2018; Bhorat, Asmal, Lilenstein, & van der Zee, 2018; El Qadri, Harjito, & Yuliansyah, 2018). Tourism remains an important economic sector worldwide, and its contribution to any country's economic growth, employment, and poverty reduction, including developing countries like South Africa (SA)

cannot be overemphasised (Dube & Nhamo, 2020). In particular, the South African economy largely depends on tourism and related activities. For instance, before the COVID-19 pandemic, tourism in KwaZulu-Natal Province contributed R9 billion (26.2% in the fourth quarter) to the Provincial Gross Domestic Product (GDP) in 2014, and it contributed more than R10 billion (0,7% in the fourth quarter in 2018) (Tourism KwaZulu-Natal, 2019).

The issue is that many businesses (including tourism-related businesses) are confronted with difficulties of implementing successful factors of change in the organisations (El Qadri et al., 2018). Similarly, Abdulghaffar and Akkad (2021) affirmed that the business success or failure is mostly caused by a variety of business environmental factors. In South Africa, entrepreneurs are facing a variety of challenges, including unfavourable policies, a lack of capital and market access, poor networking, access to information, and gender-based discrimination, especially among female entrepreneurs (Nzama & Ezeudji, 2020; Salfiya Ummah & Siong Choy, 2021). According to the evidence obtained from entrepreneurship literature, strategic barriers, procedural barriers, contextual barriers, structural barriers, and human resource barriers are among the most decisive factors of failure (Dube & Nhamo, 2020; El Qadri et al., 2018; Teodoro et al., 2017; Witkittiluck & Kortana, 2021). Worldwide, tourism entrepreneurship plays a key role in generating foreign exchange earnings for the host country (Dube & Nhamo, 2020; Ntshangase & Ezeudji, 2019, 2020; Teodoro et al., 2017).

Based on this premise, and because of the overwhelming role tourism entrepreneurship is playing in the country's economy and social progress (Adinolfi, Jacobs, & Tichaawa, 2018; Ntshangase & Ezeudji, 2019), there are environmental factors that are potentially driving business success. The sector comprises a cluster of firms that operate under the categories of Small, Medium – to - Micro Tourism Enterprises (SMMTEs). It seems from literature that individual and environment factors have key roles to play for the success of any SMMTE (Hans, 2018). This chapter therefore elucidates some notable factors influencing business success within the tourism entrepreneurship. The chapter focuses on both internal and external business environmental factors that are capable of influencing business success in SMMTEs and the state of SMMTEs in South Africa. According to Adinolfi et al. (2018), South Africa's tourism economy, which was previously dominated by a minority of locally owned large tourism enterprises, is now dominated by many of locally owned SMMTEs. The internal factors and the external factors are broadly discussed in this chapter from international to local perspectives.

In addition, this chapter briefly continues with a discussion of successful entrepreneurship in tourism, and the barriers to tourism business growth in South Africa. However, it does not necessarily mean that the chapter should be regarded as a comprehensive review, but as one highlighting the issues pertinent to the research topic. The following section explores the

meaning of business and performance indicators. In this study, the term SMMEs and SMMTEs are employed interchangeably to reflect tourism businesses.

## **2.11 BUSINESS SUCCESS AND PERFORMANCE INDICATORS**

Business success factors, according to Luo, Fan and Shang (2021), and Grunert and Ellegaard (1992), is a term that originated from the field of information system. In their studies, Luo et al. (2021), and Grunert and Ellegaard (1992), stated that the term was used generically in the management field and business strategy research. A careful reading of Daniel (1961) and Rockart (1979), who have been regarded as the pioneers in the management field has shown that business success factors entail right engagement aimed at archiving business success. Moreover, an alternative interpretation of the business success factors can be found in Rockart (1979). He defined business success factors, using ideas from Daniel (1961), as "the limited number of areas in which results, if satisfactory, could ensure successful competitive performance for the organisation" (p. 85). According to Luo et al. (2021), business success enablers, when properly executed, can significantly improve a business' chances of growth. Many researchers have considered business success factors as performed capabilities of assets, technologies, resources, and activities (Chiang & Shyu, 2016; Dube & Nhamo, 2020; Erasmus et al., 2019; Makhoali, 2016; Nzama & Ezeuduji, 2021; Sarmin & Ashrafuzzaman, 2017); and managers had to possess such conditions for better competitiveness and longer advantage to succeed in any industry, including the tourism industry.

According to Nel and Abdullah (2017, p. 4), the word "success" is often associated with the achievement of a business within a specified period. An extensive review of some business-related literature has shown that business success is measured with financial and non-financial indexes as the parameters (Cepel et al., 2018; Conradie & Lamprecht, 2018; Hatak & Zhou, 2021; Limsong et al., 2016; Makhoali, 2016; Mosweunyane et al., 2019; Nel & Abdullah, 2017; Oktiviantari & Prianthara, 2020; Tit et al., 2019). Specifically, a financial business success is referred to as one that is measured in terms of financial indicators (Nel & Abdullah, 2017). Importantly, measuring success or failure with various financial indicators like profit, sales turnover, share prices, revenue, and so on determines financial business success. Additionally, while the business managers may use the financial measurement, the financial analysts may opt for financial indicators to evaluate the business success (Conradie & Lamprecht, 2018). Similarly, Nel and Abdullah (2017, p. 4) stated that non-financial business success referred to as "a situation where a business measures its success by other than financial indicators", like the number of employees, efficiency, reputation, perception, market share, and others. Previous studies (e.g., Hatak & Zhou, 2021; Limsong et al., 2016; Makhoali, 2016; Mosweunyane et al., 2019; Nel & Abdullah, 2017; Oktiviantari & Prianthara, 2020) have

considered the number of employees, and future business strategies as the non-financial indicators of business success.

McDougall et al. (1992, p. 2089) stated that "financial performance is measured using indicators such as revenue, profit, and share price". They further explained that the performance relating to market share is measured using indicators such as "number of employees, and income per employee" (p. 2089). This observation corroborates previous research conducted in other parts of South Africa by scholars such as Woyo and Slabbert (2021), Rey-Marti et al. (2017), and Saayman and Klaibor (2016). In addition, financial performance, based on the evidence from these studies is related to objective measures such as average occupancy rate (Rey-Marti et al., 2017), lodging index (Woyo & Slabbert, 2021), and market share (Rey-Marti et al., 2017; Saayman & Klaibor, 2016). Moreover, Rey-Marti et al. (2017, pp. 2089- 2090) used a multidimensional approach to measure the performance of hotels or other tourism-related room establishments, namely: "(1) effectiveness, including occupancy rate, average room rate, and sales growth per room; (2) efficiency, including return on investment (ROI) and profit and ... (3) adaptability, including the number of new services or products introduced successfully and the percentage of sales derived from new services or products". In support of this view, da Silva and Seran (2021) and Maduku and Kaseeram (2021) suggested that, if it is accepted that there are non-financial as well as financial criteria used to measure the success of a business (including a tourism-related business), business operation and characteristics of the owner might influence perceptions on the relative importance of these measures. According to Wach and Glodowska (2021), financial criteria are typically regarded as an appropriate measure of business success; however, some business owners are motivated to start a business based on lifestyle or personal factors.

Non-financial goals may thus lead to alternative measures of success, especially in the small business sector (Amin, 2021; Badi & Khan, 2020; Khanin et al., 2022; Maduku & Kaseeram, 2021; Wach & Godowska, 2021). As a result, in this study, business success is measured based on financial or non-financial performance. This performance measures are employed and relevant as this research focuses on the business factors influencing business success in tourism entrepreneurship. Notably, entrepreneurship empirical studies (see Rahmoun & Baeshen, 2021; Mohammad, 2021; Nzama & Ezeuduji, 2021; Chaudhry & Dhingra, 2021; Güzel et al., 2021; Wach & Glodowska, 2021; Chipunza & Naong, 2021; Kráľová, 2020; Matovic, 2020; Arthur-Aidoo et al., 2018; Marais, 2017) have investigated the impact that entrepreneurship demographics such as the entrepreneurs' age, gender, immigrant status, and race, among other things, have on business success.

Chiang and Shyu (2016) identified several success factors in the tourism business model (see Table 2.6).

**Table 2.6: Factors in the tourism business model**  
Source: Adapted from Chiang and Shyu (2016, p. 92)

Dimension	Indicator
1. Management	Price
	Advertisement
	Environmental health
	Establishment of destination boards
	Establishment of destination boards
2. Service	Meal offer
	Recreation resources
	Cultural interpretation
3. Environment and landscape	Decoration and landscape
	Recreation accessibility
4. Facilities	Parking space
	Sanitary equipment
	Kitchen equipment
	Medical treatment
	Drinking water
	Fire equipment

Previous research by Chiang and Shyu (2016) has established that the asset resources and the special resources of the tourism-related business should be first realised and cultivated before operating a tourism business. Chiang and Shyu further indicated that most key success factors in tourism-related business operation, focus on asset resources (such as recreation resources, environment and landscape, decoration and landscaping, medical treatment) (p. 92). The factors listed above (see Table 2.6) are all related to the business success factors in tourism entrepreneurship and hence are linked as a contributing factor to enhance the studied variables. These variables are directly related to the key themes of factors influencing business performance, which include management, service, environment and landscape, and facilities – it should be noted, however, that certain areas overlap, as these factors are frequently not isolated. Management, in particular, is a key issue because it is the root of many other factors.

In other studies, by Fatmawati, Bestari and Rostiani (2021), and Dube and Nhamo (2020), it was revealed that the existing tangible asset resources, and intangible assets like cultural

interpretation need to be long-term accumulated and constructed. Dube and Nhamo (2020) suggested that the existing tangible asset resources should be realised before tourism business starts operation, while intangible assets are generated after professional operation, either to transform into intangible assets of word-of-mouth brand reputation, service quality, or customer return. In other words, the existing literature on tourism entrepreneurship has shown the importance of understanding the asset resources in business operations (Dube & Nhamo, 2020; Elmo et al., 2020; Luo et al., 2021).

Within this context, tourism business operators need to actively understand the asset resources (Dube & Nhamo, 2020; Elmo et al., 2020), and construct the special capability, and develop management strategies by combining their special capabilities (Luo et al., 2021) and asset resources to further create competitive advantage (Dube & Nhamo, 2020; Elmo et al., 2020; Luo et al., 2021). Relatedly, unique asset resources can be properly allocated by the development of special capabilities and tourism operators must cultivate special capabilities to combine asset resources to create the competitive advantage.

According to da Silva and Seran (2021), there are two competitive advantage categories that businesses can properly execute and focus on; and they are the lower cost and differentiation. It is assumed that the lower cost is for businesses that aspire to enter the price war by offering lower prices to attract buyers (or tourists) (da Silva & Seran, 2021; Mohammad, 2021). da Silva and Seran (2021, p. 2), further revealed that differentiation is for businesses that want to be as unique as possible to attract buyers (or tourists) by “offering values that other businesses do not offer”, regardless of the price they set. It is in turn a business strategy that distinguishes the strong from the weak competitors in terms of accumulation of profit and loss. Notably, tourism entrepreneur’s less understanding of the key business success factors, competitive advantages, and driving forces within the tourism industry can put business at risk or cause the business to fail in the future (Dube & Nhamo, 2020; Güzel et al., 2021; da Silva & Seran, 2021; Mohammad, 2021). Table 2.7 outlines the common basic characteristics of the business success as suggested by Tzeng and Huang (2011) cited in Chiang and Shyu (2016, p. 92).

**Table 2.7: The common basic characteristics of the business success factors**  
*Source: Adapted from Chiang and Shyu (2016, p. 92)*

Indicators	Basic characteristics
Time	Key success factors would change with time
Variation	Key success factors appear differently in industries, products, and markets
Altering life-cycle	Key success factors would change with changing life cycle

Developing with trend	Key success factors should take future development trend into account
Haste investment	Haste investment before understanding key success factors in certain industry would result in failure
Focusing on specific affairs	Managers should determine key success factors by focusing on specific affairs or critical tasks
Managers' concentration	Managers should concentrate the management on key success factors
Managers' deep understanding	Managers have to deeply understand key success factors and devote to them for the basis of strategy development

In such case, one must be reminded that being successful in tourism entrepreneurship requires understanding the business' market (Kotler & Keller, 2012; Trip, Fagadar, Badulescu, & Badulescu, 2021).

### **2.11.1 Understanding the tourism or non-tourism business' market**

The business market, either tourism-related or not must be understood for business success (Badi & Khan, 2020; Khanin et al., 2021; Lekhanya, 2015; Ratten, 2019). It strengthens the ability to overcome barriers to entry into the business or entrepreneurship (Chipunza & Naong, 2021; Khanin et al., 2021), and it is critical for enhancing tourism entrepreneurship and business success (Badi & Khan, 2020; Lampadarijos et al., 2017; Pelit, Katircioğlu, & Kabakulak, 2022). The market is referred to as the link between the business and the environment in which it functions, and which surrounds the micro-environment (Erasmus et al., 2019; Johnson et al., 2019; Nieuwenhuizen, 2019). However, in this present study, the term "market" refers to an abstract concept that focuses on the customer (tourist) and their needs, rather than the physical marketplace (Nieuwenhuizen, 2019). It is perhaps the same line of thinking that informed Kotler and Keller's (2012) affirmation of market as an assemblage of buyers. Another empirical study by Juwaidiah et al. (2021, p. 4) examined the market and the industry as "a compilation of sellers", where "the sellers hand over the goods or services, while the buyers hand out their money in return". It is the market concept that allows sellers to avoid selling the same product or service to all customers (tourists in this case) because not every buyer has the same characteristics or purchasing abilities, and in turn affecting their likings and preferences (Erasmus et al., 2019; Kotler & Keller, 2012; Matovic, 2020; Vallabh & Mhlanga, 2015). The tourism entrepreneurs must therefore understand market segmentation, target market characteristics, and market positioning. Recognising these, allows the tourism entrepreneurs to provide better products or services that cater for the needs of tourists, thus resulting in cost-efficiency.

Based on the economists' perspective, financial materials measured in terms of monetary gain and business success and development are at the heart of entrepreneurship (Badi & Khan, 2020; Amin, 2021; Baidoun et al., 2018; Erasmus et al., 2019; Luo et al., 2021). In addition, attributes, values, and the presence of specific traits are seen as inherent in entrepreneurs from a psychological standpoint (Amin, 2021; Johnson et al., 2019). From the management perspective, entrepreneurship is viewed as a process of transforming existing resources into marketable goods or services (Erasmus et al., 2019; Johnson et al., 2019). The following section provides an overview of the business success factors discussed in the literature, combining different perspectives (e.g., economists, psychological, and management). The review also expands its scope and includes entrepreneurship studies on critical success factors (CSFs), rather than just tourism-related studies in order to capture success and failure in detail, and to identify the most prevailing factors contributing to tourism business success.

## 2.12 TOURISM ENTREPRENEURSHIP AND BUSINESS SUCCESS FACTORS

The South African tourism industry should allow efficient allocation of tourism entrepreneurship resources aiming to improve tourist experience, and a competitive advantage for tourism businesses (Aktar & Khan, 2016; Luo et al., 2021). This may in turn assist tourism entrepreneurs to critically evaluate their own strengths and weaknesses (Nieuwenhuizen & Nieman, 2019), in order to capitalise on their strengths while focusing on improving their weaknesses for the sake of business success (Nieman & Nieuwenhuizen, 2009; Nieuwenhuizen & Nieman, 2019). In trying to establish a better understanding of the factors influencing SMMTEs, it is necessary to first explore business success factors, considering the series of questions shown in Table 2.8. Exploratory studies like one from Fatmawati et al. (2021) have identified four important questions for better understanding of business success factors in tourism entrepreneurship (see Table 2.8).

**Table 2.8: Questions and key success factors in tourism-related businesses**

Source: Fatmawati et al. (2021, pp. 2-22)

Questions (Qs)	Analysis
<p>Q1: What resources and competitive capabilities a business must have to be successful in the competition?</p>	<p>There are two primary resources and competitive capabilities that need to be owned by the tourism business: <b>Human resources and capabilities</b></p> <p><b>Human resources</b>, all personnel, including the owner(s), tour guide, instructor, staff, and even labourers need to be capable of their task.</p> <p><b>Capabilities</b> (tangible and intangible) that could differentiate a business from the competitors - <b>competitive capabilities</b>. The first competitive</p>

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capability in terms of a tangible asset is **intellectual property rights** – entrepreneurs should register their business' name.

It could be easier to distinguish the business from other similar businesses. It is also related to strong brand capabilities.

**The second competitive capability** in terms of an intangible asset is **the organisational culture**. The personnel, including the owner should work united to help each other despite their tasks.

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Q2: What is the basis for customers (or tourists) to choose and purchase products than what competitors offer?

The location and tourism packages (the variations of tourists' packages).

**Motivation** – motive your customers (or tourists)

Sometimes tourists feel honoured and welcomed by the presence of business owners who are engaging with them.

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Q3: What product attributes and service characteristics are critical to competitive success?

The **inseparability of the service from providers**

Sometimes, one may find that the tourism business is charging a fee for tourism packages and not for the entrance fee, and the business' visit will rely on the business personnel who provides information and education.

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Q4: What are the weaknesses that can position the business in a significant competitive loss?

**Pricing strategy, technology, and space**

Tourism-related businesses must compete by providing more up-to-date tourism packages with various price ranges depending on the target market's capability.

Lack of technology usage could create a barrier for the tourist. Online presence is vital to stay relevant in the digital era.

Social media can be the platform for promotion, and the platform to educate people about the business.

Another weakness is the limited space (e.g., parking spaces).

With such limited parking space, many visitors may choose the other tourism businesses.

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According to Grunert and Ellegaard (1992, p. 506), the key business success factors can be categorised into four groups: (1) necessary component of a management information system – economists' perspective; (2) distinguishing feature of a business – management and economists' perspective; (3) heuristic tool for managers to sharpen their thinking - psychological and management perspective; and (4) description of the major skills and

resources required to be successful in a given market – economists', psychological, and management perspectives. In many countries, including South Africa, SMMEs and SMMTEs remain the critical engine of the country's economy geared at addressing "the triple challenge of job creation, poverty and inequality" (World Bank, 2022b; Small Enterprise Finance Agency (SEFA), 2021, p. 17; Lall, Henderson, & Venables, 2017). This means that, SMMEs and SMMTEs are significant components of the business sector. In 2019, SMMTEs employed between 50 and 60 percent of South Africa's workforce, and contributed 39 percent to Gross Domestic Product (GDP) (p. 17). Previous studies have shown that the success of SMMEs and SMMTEs in South Africa and other developing economies is directly influenced by individual determinants, external factors and firm characteristics (Badi & Khan, 2020; Dube & Nhamo, 2020; Elmo et al., 2020; Khanin, Rosenfield, Mahto, & Singhal, 2021; Lampadariou, Kyriakidou, & Smith, 2017; Luo et al., 2021; Mohammad, 2021).

### **2.13 NON-TOURISM/TOURISM BUSINESS AND BUSINESS ENVIRONMENT**

Many previous studies on entrepreneurship have indicated that a business cannot exist in isolation, and that its activities are influenced by both controllable and uncontrollable variables (Erasmus et al., 2019; Hermann & du Plessis, 2017; Johnson, Mans-Kemp, & Erasmus, 2019). According to Dube and Nhamo (2020), tourism has a significant impact on economic growth and country's development worldwide. In sub-Saharan Africa, especially in South Africa where tourism is gaining much ground, tourism businesses are known to be a growth catalyst and greater contributors towards the economic upliftment of poorer regions (Badi & Khan, 2020; Bhorat et al., 2018). Many scholars put emphasis on the role of SMMTEs in the effective functioning of the economic system in South Africa, although some reported a gap in the literature regarding business environmental factors influencing entrepreneurship in the tourism context (Bhorat et al., 2018; Cepel, Stasiukynas, Kotaskova, & Dvorsky, 2018; Dube & Nhamo, 2020; Erasmus et al., 2019; Kráľová, 2020).

Notably, sufficient evidence has indicated that the business environment is complex and is crucial to the growth of the firm. In this study, business environment is used to mean anything, which surrounds the tourism business organisation (Hans, 2018). In support, Nieuwenhuizen (2019, p. 29) asserted that the business environment is "the sum of all the factors and variables that influence the creation, growth and continued existence of the business either positively or negatively, thereby promoting or hindering the achievement of its objectives". It is therefore necessary to clarify the terms: environment and business environment. While environment does not only refer to natural elements such as flora and fauna, it also includes cultural, social, economic, historical and political elements (Ivanovic et al., 2009; Keyser, 2009). In this study, business environment means the surroundings (including human beings) in which tourism business exists. Business environment is defined as the combination of internal and external factors (or variables) that may influence a company's operating situation, including employees,

customers, management, supply and demand and business regulations (Erasmus et al., 2019; Hans, 2018; Johnson et al., 2019; Maduku & Kaseeram, 2021; Mohammad, 2021; Yuen-May et al., 2021).

Furthermore, the term "environment" from management viewpoint does not necessarily refer to physical surroundings, but it is used to describe all of the influences that bear on the individual organisation (Marais, Du Plessis, Saayman, 2017). The study by Akpoviro and Owotutu (2018) reported that business environment entails the forces, factors, and institutions with which the businessperson has to deal with to achieve business' objectives. These forces and factors are likely to have an impact on the business' decisions, strategies, processes, and performance. From management viewpoint, the business environment has several characteristics: "interrelatedness of environmental factors or variables; increasing instability; environmental uncertainty; complexity of the environment and unpredictability of the environment" (Nieuwenhuizen, 2019, p. 30). The best way of explaining business environment and its characteristics is presented in Table 2.9.

**Table 2.9: Characteristics of business environment**  
*Source: Adapted from Nieuwenhuizen (2019, p. 30)*

<b>Characteristic</b>	<b>Explanation</b>
<b>Interrelatedness of environmental factors or variables</b>	This refers to a change in one external factor that may cause a change in the micro environment and, similarly, a change in one external factor may influence other external environmental variables. This is evident when one looks at inflationary pressures, which are followed by high interest rates to contain the inflation. This in turn means that consumer or tourists spending declines and that certain industries, such as tourism suffer.
<b>Increasing instability</b>	This refers to the interdependence between environment factors that result into increasing instability and change in the environment. Even if there is a general increase in the rate of change in the environment, environmental fluctuations are greater for some businesses than for others.
<b>Environmental uncertainty</b>	This refers to a function of the amount of information available on environmental variables such as both opportunities and threats in the business environment. Opportunities and threats arise as a result of certain occurrences in the environment, and they influence the function of the business. An opportunity is a favourable situation for the business. The business must decide how to react to these opportunities and threats.
<b>Complexity of the environment</b>	This characteristic indicates the number of external variables to which the business must react, as well as fluctuations in the variables themselves. The business management environment changes constantly, and factors that influence the business today will not necessarily have the same influence tomorrow. A good example is the rapid change in technology over the last few years.
<b>Unpredictability of the environment</b>	The current business environment is revolutionary, which is unpredictable and is characterised by discontinuous change. The business must be in step with the changing environment.

Meanwhile, the business is referred to as a human activity concerned with the manufacturing and distribution of goods and services (Akpviroro & Owotutu, 2018). Furthermore, a business or enterprise can also be defined as an independent institution founded by an entrepreneur to make profit by producing goods or providing service that meet the needs of customers (Nieman & Nieuwenhuizen, 2009; Nieuwenhuizen, 2019). Scholars in entrepreneurship like Akpviroro and Owotutu (2018) have indicated that business is a series of collisions with the future. Nowadays, the business challenges include but not limited to the following: convergence, corporate governance, corporate reporting, fraud, operating globally, improving business performance, managing assets, change and people, mergers and acquisitions, risk management, shareholder's values and sustainability (da Silva & Seran, 2021; Fatmawati et al., 2021).

Additionally, several scholars have conducted studies on the drivers of business growth, business success, entrepreneurial attributes, and business management in the African continent and beyond (e.g., Rahmoun & Baeshen, 2021; Potanok, Pour, & Ip, 2021; Mohammad, 2021; Maduku & Kaseeram, 2021; Kráová, 2020; Erasmus et al., 2019; Arthur-Aidoo, Aigbavboa, & Thwala, 2018). For example, Arthur-Aidoo et al. (2018) and Erasmus et al. (2019) viewed a business growth as an organisational outcome resulting from specific resources, operations, and capacities. Entrepreneur's growth can also be driven by their activities which can be classified as internal or external (Arthur-Aidoo, Aigbavboa, & Thwala, 2018; Potančok, Pour, & Ip, 2021; Rizal, Suhadak, & Kholid, 2017).

## **2.14 BUSINESS INTERNAL ENVIRONMENTAL FACTORS**

According to Pearce and Robinson (2014, as cited in Rizal et al., 2017, p. 50), the in-depth business environmental understanding and internal business assessment are crucial aspects in developing a business' success. The business internal environmental factors are emanated and assessed from entrepreneurial character, capacity management, marketing capabilities, and technological capacity (Chaudhry & Dhingra, 2021; Elmo et al., 2020; Lin & Morrison, 2021; Makarenko et al., 2019; Mikalef et al., 2020; Rizal et al., 2017). Observably in tourism entrepreneurship, the abilities of the entrepreneur, concerning personal characteristics, and managerial skills are key determinants of either the success or failure of SMMTEs (Güzel et al., 2021; Mohammad, 2021). The abilities are considered to be the firm's capability to perform functional activities using purposefully chosen groups of resources (Saunila, Ukko, Rantala, Nasiri, & Rantanen, 2020). Based on some research, Saunila et al. (2020) reiterated that the business resources are tangible (e.g., financial, and physical resources), intangible (e.g., technology, reputation, and culture), and human (e.g., specialised skills and knowledge, communication, and motivation).

Essentially, the business internal environmental factors incorporate various aspects within a business, and its analysis should cover the strengths that laid the foundation for the business strategy. Previous research (see Rizal et al., 2017, pp. 50-51) indicates that the business internal environmental factors are divided into three (3) categories:

(1) “structures – the way in which a business is organised in terms of communication, authority, and workflow; (2) cultures – the pattern of beliefs, expectations, and values shared with the members of an organisation in which organisational norms specifically conjure up and define the acceptable behaviours of the members of top managers to operational employees; ... and (3) resources – the assets in the form of raw materials for production process of goods/services contained in the organisation of the business”. (pp. 50-51).

Similarly, Rizal (2017) affirmed that business internal environment includes financial resources, information and knowledge, corporate capabilities, incentives, and business demographics such as the size of inter-institutional relationship, corporate objectives, and employee skills. The above demographics are described as internally controlled forces operating within the business (Makarenko et al., 2019; Marais et al., 2017; Rizal et al., 2017), and has a direct impact on business success.

Moreover, studies have established that the internal business environment, in some cases enhances the growth of a firm and brings about the associated yields of growth and success such as employment creation, and facilitation of socio-economic development among others, whereas in other cases, the internal business environments can constrain a firm’s growth (Arthur-Aidoo et al., 2018). To some extent, the business internal environment is associated with factors that influence business’ ability to achieve the stated objectives, as well as implementing feasible plans (Marais, 2017; Marais et al., 2017). These plans should consequently contribute to the business success in tourism entrepreneurship. Noticeably, scholars from various disciplines have agreed that entrepreneurial characteristics, low managerial skills, lack of marketing skills, and low technological capacity are the major environmental factors affecting the business success in South Africa, even as at the time this research is being conducted (Maduku & Kaseeram, 2021; Erasmus et al., 2019; Marais et al., 2017). This study also aligns with the above observation as most of the SMMTEs in South Africa are struggling to succeed compared to other businesses, and the case got worse since the year 2020, because of the visible socio-economic effects of COVID-19 pandemic.

Meanwhile, some questions that are central to this discussion include the following. The question raised by Amin (2021), and Lussier et al. (2016) is as follows: why do some tourism-related businesses succeed while others fail in South Africa? In South African context, which factors (or variables) statistically explain and predict tourism business success versus failure? How do these factors relate to themselves and how do they in combination relate to business success in tourism-related entrepreneurship? Based on such crucial questions and the need to address them, this study aims to contribute to the knowledge on factors influencing business success in SMMTEs in a developing economy like South Africa (SA). Some scholars (e.g. Nieman & Nieuwenhuizen, 2009; Nieuwenhuizen & Nieman, 2019; Walker & Brown, 2004) have maintained that the personal characteristics and attributes of the entrepreneur, as well as their reasons for starting the business are likely to be reflected when measuring the business success factors. This implies that there is a strong association between environmental, demographic variables, and business success as Amin (2021) explained.

A scan of published studies using various search engines such as Ebscohost Discovery, ScienceDirect, JSTOR, Emerald, Google Scholar, SpringerNature and so on revealed that academic research on factors influencing business success is widely reported and extensively explored in the literature globally as shown in Table 2.10. There is sufficient evidence on the critical factors influencing business success. Many authors have although explored success factors individually or at most did some exploratory modelling on general entrepreneurship success factors; however, there is a dearth of literature on statistically confirmatory modelling of success factors for tourism entrepreneurship. Bearing that in mind, this current research also considers that business success is not consistent amongst SMMTEs, as the business growth trends change over time (Arthur-Aidoo et al., 2018).

**Table 2.10: Worldwide academic research studies on factors influencing business success**

<b>Country</b>	<b>Author/s</b>
<b>Europe</b>	Rahmoun and Baeshen (2021); Potančok, Pour and Ip (2021); Králová (2020)
<b>Egypt</b>	Mohammad (2021)
<b>Ghana</b>	Arthur-Aidoo, Aigbavboa and Thwala (2018)
<b>India</b>	Chaudhry and Dhingra (2021)
<b>Indonesia</b>	Fatmawati, Bestari and Rostiani (2021); da Silva and Seran (2021)
<b>Malaysia</b>	Yuen-May, Aziz, Latif, Abdul Latip, Kwan and Abdul Kadir (2021); Munerah, Koay and Thambiah (2021)
<b>Nigeria</b>	Akpoviro and Owotutu (2018)
<b>Republic of China</b>	Lin and Morrison (2021); Luo, Fan and Shang (2021)

<b>Saudi Arabia</b>	Abdulghaffar and Akkad (2021); Tit, Omri and Euchi (2019)
<b>South Africa (SA)</b>	Marais (2017); Marais, Du Plessis and Saayman (2017); Erasmus, Rudansky-Kloppers and Strydom (2019); Maduku and Kaseeram (2021)
<b>United Arab Emirates (Western Asia)</b>	Badi and Khan (2020); Mahmoud, Abou-Shouk and Fawzy (2020);
<b>United States (US)</b>	Matovic (2020)
<b>Sri Lanka</b>	Lussier, Bandara and Marom (2016)
<b>Turkey</b>	Güzel, Ehtiyar and Ryan (2021)
<b>Bangladesh (Dhaka City)</b>	Amin (2021); Aktar and Khan (2016)
<b>Taiwan</b>	Chiang and Shyu (2016)
<b>United Kingdom</b>	Lampadarios, Kyriakidou and Smith (2017)

Table 2.10 showcases that some researchers worldwide have explored business success factors; however, it remains a difficult task to have a uniform characteristics or degree of business success as every entrepreneur is different and unique to one another (Chiang & Shyu, 2016; Erasmus et al., 2019; Lussier, Bandara, & Marom, 2016; Marais et al., 2017; Matovic, 2020; Niewenhuizen & Nieman, 2019; Rahmoun, 2021). For instance, some “Sri Lankan entrepreneurs are culturally different from entrepreneurs of a West” (Lussier et al., 2016, p. 104). In the same vein, South African tourism entrepreneur differs culturally from a Western tourism entrepreneur. According to Badi and Khan (2020), cultural norms influence the levels of entrepreneurial activity in a country or region.

Moreover, Lampadarios et al. (2017) categorised the business success factors into three main factors namely entrepreneurial (internal) factors such as owner’s age, gender, education level, experience and managerial skills; enterprise (or business) factors that include business age and size, business networks, financial resources, customer relationship management; human capital, marketing and strategic planning; and business external environment factors such as political, economic, socio-cultural, technological, legal, and ecological environments.

A review of some peer reviewed research papers on business success (such as Chaudhry & Dhingra, 2021; Chipunza & Mupani, 2019; Fatmawati et al., 2021; Mohammad, 2021) synthesised and adopted certain business internal environmental factors namely business success factors; socio-demographics (e.g., gender of entrepreneur, age of the entrepreneur, the level of education and entrepreneurs’ business experience); entrepreneurial attributes (e.g. innovative thinking and networking, use of technology and business drive, attitude towards risk-taking, and being efficient and effective); managerial, operational and marketing capabilities as the main internal environmental factors associated with business success in

the South African tourism industry. The aforementioned internal environmental factors are assumed to be the most important internal influencing factors in tourism-related entrepreneurship (Marais, 2016; Mohammad, 2021). These business' internal environmental factors are chosen because most studies have not specifically looked at how these factors statistically impact business success and how they influence each other. In addition, these factors have received the most attention in the entrepreneurship literature and are often used by scholars to examine and provide a conceptual framework for the CSF's and KPI's for SMME's. Researchers like Mohammad (2021), Makarenko et al. (2019), and Marais et al. (2017) have varying opinions on how these internal environmental factors affect business success or performance.

In this current study, the researcher chose four demographic variables as internal or entrepreneurial factors that might influence tourism-related business success namely entrepreneur's gender, age, level of education, and business experience. In addition, literature has revealed that there is a knowledge gap between the above-mentioned demographic variables, and business success in tourism entrepreneurship, in terms of how these factors statistically relate to themselves and how they altogether relate to business success in tourism-related entrepreneurship. Ntshangase and Ezeudji (2020) asserted that tourism-related entrepreneurs in South Africa are subject to several success factors related to their demographic variables such as age, gender, cultural group, nationality, and business experience.

## **2.15 SOCIO-DEMOGRAPHICS AND BUSINESS SUCCESS**

Some research studies have additionally explored the influence of socio-demographic factors and business success or performance (Chipunza & Naong, 2021; Mohammad, 2021; Nzama & Ezeudji, 2021). In entrepreneurial research, the terms 'growth', 'success', and 'performance' are closely linked and frequently used interchangeably (Reijonen & Komppula, 2007). Notably, entrepreneurship literature has shown a relationship between socio-demographic variables and business success (see Chipunza & Naong, 2021; Sarmin & Ashrafuzzaman, 2017; Makhoali, 2016; Vallabh & Mhlanga, 2015). These are also important to check demographic differences in the output model, which many scholars are interested in.

### **2.15.1 Gender of entrepreneur and business success**

Many researchers (e.g., Chipunza & Naong, 2021; Sarmin & Ashrafuzzaman, 2017; Wach & Głodowska, 2021) have found that an individual's gender has an impact on business success and entrepreneurial intention. Some researchers have argued that males are more likely to succeed in business and are more inclined to become entrepreneurs than females (Makhoali, 2016; Sarmin & Ashrafuzzaman, 2017; Wach & Głodowska, 2021). This argument is supported by Chipunza and Naong (2021), as they affirmed that female-owned businesses

are less likely to succeed than male-owned businesses because the businesses are more likely to close and less likely to make a consistent profit. Other studies have also indicated that women usually avoid starting their own businesses due to a lack of necessary skills (Makhoali, 2016; Soomro, Abdelwahed, & Shah, 2019). According to evidence from empirical studies, a lack of necessary skills in female entrepreneurs is due to fewer opportunities for advanced career development (Nzama & Ezeuduji, 2020; 2021).

In the same vein, Yu, Wang, Meng, and Zhao (2019) asserted that women's businesses might not thrive well as they typically engage in certain responsibilities like supporting the family, and raising the children. Even when females do not have a family, investors or business partners refuse to accept them as competent business leaders due to their implicit gender stereotype (Yu et al., 2019; Zhao, O'Connor, Wu, & Lumpkin, 2021). It is widely assumed that most female tourism entrepreneurs face such difficulties, and these practices are negatively affecting women emotionally and physically. Based on the above-mentioned practices, women ended up having less management capabilities and weak entrepreneurial networking. A few authors like Vallabh and Mhlanga (2015) as well as Sarmin and Ashrafuzzaman (2017) confirmed that gender has an influence on business success. However, this is not always the case as Nzama and Ezeuduji's (2021) study found no conclusive evidence that gender does play a role in differentiating business success or performance in tourism-related entrepreneurship. Their study revealed that marketing capability is the most important factor influencing business success or performance in tourism entrepreneurship, regardless of gender.

In some countries like Thailand, Taiwan, and Brazil, female entrepreneurs are doing well when compared to their male counterparts in terms of business success (Chiang & Shyu, 2016). In contrast, female entrepreneurs have been found to have relatively low business success in Eastern European economies, mostly in Poland and Slovakia (Rahmoun & Baeshen, 2021; Kráľová, 2020). In Saudi Arabia and Pakistan, female entrepreneurs are reportedly doing badly in their businesses (Abdulghaffar & Akkad, 2021; Tit et al., 2019). It is notable that Asia and Western Europe have both the lowest and highest levels of business success in male and female-owned businesses (Badi & Khan, 2020; Mahmoud, Abou-Shouk, & Fawzy, 2020). Singapore and Switzerland have relatively high levels of business success in male-owned businesses, whereas France and the Republic of Korea have reported low levels of business success in female-owned businesses (Lin & Morrison, 2021; Luo et al., 2021). It is now well-established from a variety of studies that there are other economies where females outperformed their male counterparts in terms of business success, and these include Panama in Latin America (Kráľová, 2020), Ghana (Arthur-Aidoo et al., 2018), and Nigeria (Akpoviro & Owotutu, 2018) in Sub-Saharan Africa. In South Africa, entrepreneurship survey research (see Marais et al., 2017; Makhoali, 2016; Vallabh & Mhlanga, 2015) have discovered

a significant relationship between gender and perceived business success, thus implying that gender can sometimes have a positive influence on business success. This also applies to the tourism-related entrepreneurship. A more gender balance in entrepreneurship may indicate a better work-life balance for a society (Vallabh & Mhlanga, 2015).

Based on the information gathered from different studies, gender plays an important role in the business success in various regions. In most cases, people tend to have a discriminatory bias towards females because entrepreneurship is sometimes perceived to have predominantly masculine characteristics (Zhao et al., 2021). In South Africa, as noted by Nzama and Ezeuduji (2020; 2021), gender often fails to be a significant determinant of tourism business performance. For the purpose of this research, the focus is further extended to how tourism entrepreneurs' age may influence business success, and how tourism entrepreneurs' age impact other selected factors. The following section therefore explores the relationship between entrepreneurs' age and business success.

### **2.15.2 Age of entrepreneur and business success**

People enter entrepreneurship at different ages and for different reasons (Botha & Taljaard, 2019; Lampadarios et al., 2017; Msimango-Galawe & Mazonde, 2021; Zhao et al., 2021). In this study, "older entrepreneurs" is a term referring to someone from the age group of 50 – 60 and above, or seasoned tourism-related entrepreneurs who have run their businesses for decades and making it as their career (Zhao et al., 2021, p. 8). Again, young and adult or "nascent entrepreneurs" is another term referring to someone from the age group of 18 – 49 and referring to the tourism-related entrepreneurs who are older but new to tourism entrepreneurship (Zhao et al., 2021, p. 8). In some previous studies (Chipunza & Naong, 2021; Lin & Morrison, 2021; Yu et al., 2019; Zhao et al., 2021), it has been revealed that entrepreneurs ranging from the age group of 21–30 years old had more impact on their business success compared to their counterparts who are over 51 years. The seasoned entrepreneurs tend to be more entrepreneurially educated, have more business experience, and also more likely to continue to operate the business as opposed to returning to be an employee in another company when compared to nascent entrepreneurs (Lampadarios et al., 2017).

In addition, the seasoned entrepreneurs are better suited to entrepreneurship than the nascent entrepreneurs. The former has human, financial and social capital accumulated over a long working career (Lampadarios et al., 2017; Yu et al., 2019; Zhao et al., 2021). However, the diminishing motivation to operate the business tends to be applicable to seasoned (older) entrepreneurs, whereas nascent (new) entrepreneurs' motivation is measured relatively high, as implied by the intentional and recent entry to entrepreneurship (Zhao et al., 2021). Other studies have affirmed that adult and older entrepreneurs (the age group ranging from 40 - 49

and from 50 and above years old) are the survivors of business competition, thereby making them likely to achieve the same level of success (Amin, 2021; Lin & Morrison, 2021; Lampadarijos et al., 2017). Amin's (2021) view also aligns with Lampadarijos et al.'s idea that older entrepreneurs have a better survival rate than nascent entrepreneurs, because they are able to capitalise on previously established connections to customers or from internal routines that have proved useful. It is however hard to predict the chances of business success of young or nascent entrepreneurs (ranging from the age group of 18 - 29 and 30 - 39 years old) (Zhao et al., 2021).

Moreover, a considerable amount of literature has been published with the purpose of bringing an insight into the entrepreneurial innovation and critical factors influencing business success (Chipunza & Naong, 2021; Makhoali, 2016; Yu et al., 2019; Zhao et al., 2021). Chipunza and Naong (2021) and Makhoali (2016) conducted a descriptive study on demographic variables as drivers of innovation in small accommodation businesses in the Central University of Technology, Bloemfontein, South Africa, and their results were inconclusive. According to Chipunza and Naong (2021) and Makhoali (2016), age (as a control variable) has a great influence on business success. Chipunza and Naong (2021) further indicated that younger owners or managers are found to be more creative and technologically innovative than their older counterparts who are more experienced. Having that in mind, a survey by Makhoali (2016) has established that the entrepreneurs' age correlates with the business success and sustainability.

Few researchers have also investigated the same topic (i.e., the influence of age in business success) in some other parts of United States of America (USA), and in China. Zhao et al. (2021) focused on the United States (US), Lin and Morrison (2021) conducted their study in North America, while the study by Luo et al. (2021) was done in Republic of China. Another influential study by Amin (2021) was conducted in Southern Asia, Dhaka City - Bangladesh. These studies have demonstrated that age has a weak, positive linear influence on business success. Individuals between the ages of 25 to 39 (i.e. nascent entrepreneurs) are most expected to be devoted to their own businesses (Amin, 2021). In some other parts of Africa and South Africa (SA), different researchers such as Akpoviroro and Owotutu (2018) in Nigeria; Marais et al. (2017) in Free State, SA; and Maduku and Kaseeram (2021) in KwaZulu-Natal, SA have investigated the same topic.

In some parts of Africa and SA, entrepreneurs' age has been identified as the most influential variable among the demographic variables for any business success, especially women-owned businesses. Unfortunately, entrepreneurs' age in many empirical studies has often been included as a control variable without theoretical guidance, making it possible for other scholars to conduct a meta-analysis study to supplement the narrative literature review. Level

of education and experience of entrepreneurs also have influence on achieving business success (Ntshangase & Ezeuduji, 2020; Nzama & Ezeuduji, 2020; Soomro et al., 2019). These already established demographical variables appear to be comparative and vary with the business environment, industry, and country; thus implying that while one success factor may be very important in one industry or country, it may be trivial in another industry or country (Lampadarios et al., 2017; Tit et al., 2019). Research by Tit et al. (2019) found that the success rate of businesses established by older entrepreneurs is higher than those of younger ones.

### **2.15.3 Education level and business success**

Education has been found to be crucial for the success of entrepreneurial activity (Baidoun et al., 2018; Bhorat et al., 2018; Kolstad & Wiig, 2015; Maduku & Kaseeram, 2021; Mosweunyane et al., 2019; Ntshangase & Ezeuduji, 2019, 2020; Tit et al., 2019). Education and entrepreneurial success likely depend on unobserved variables such as ability, the omission of which may lead to biased estimates of returns (Kolstad & Wiig, 2015). Prior studies from Chittithaworn, Islam, Keawchana and Yusuf (2011), Conradie and Lamprecht (2018), Dube and Nhamo (2020), Limsong et al. (2016) and Yuen-May et al. (2021) have confirmed that the education level of the owner/manager has an effect on the success of the business and as such, it should be seen as a critical success factor for small firms. This current study is of the view that tourism-related entrepreneur should possess certain level of education or entrepreneurial training. According to Peters and Brijlal (2011), this may provide signals of better human capital. The better the human capital is, the more viable the start-up for growth, expansion, and better access to business resources (Baidoun et al., 2018; Kolstad & Wiig, 2015; Peters & Brijlal, 2011). Accordingly, Tit et al. (2019) opined that the more highly educated individuals are, the more likely they may grow their businesses.

Notably, research that investigated the educational background of the entrepreneur has revealed that many of the successful entrepreneurs have a minimum of a technical qualification, whereas most of the unsuccessful entrepreneurs do not have any technical background (Peters & Brijlal, 2011). Based on the above argument, it is appropriate to say that, when the level of education is higher, the sustainability of entrepreneurs and business success is also higher (Yuen-May et al., 2021). Throughout the history of developing economies, education has been regarded as a critical factor in generating the country's economy and change. In South Africa for example, the graduate unemployment rate in the second quarter of 2021 was 23.4%, and this is lower than the national official unemployment rate and lower to those with low education levels (Maluleke, 2021). This implies that education is still a matter of concern for many developing countries, their economies, and the growing youth unemployment rates in South Africa (Bhorat et al., 2018). Observably, education or entrepreneurship education exposes entrepreneurs to examples of successful business planning, or to proactive interaction with successful peers and practitioners (Boldureanu,

Ionescu, Bercu, Bedrule-Grigoruță, & Boldureanu, 2020; Titrek, Ilgin, Ozturk, & Ozturk, 2018). According to the afore-mentioned authors, entrepreneurial education consists of three interdependent functions. They are (1) to provide learning, (2) to provide motivation and inspiration, and (3) to help entrepreneurs define their self-concept.

At the time of this research, education and resilience remain parts of the most important characteristics of successful entrepreneurs that are resulting in successful business (Boldureanu et al., 2020; Igbojekwe & Anuñobi, 2020; Mosweunyane et al., 2019; Soomro et al., 2019). As stated by the above authors, entrepreneur's level of education remains powerful. From the tourism entrepreneurship perspective, Igbojekwe and Anuñobi (2020, pp. 3-4) affirmed that education equips entrepreneurs "with competencies both non-cognitive and cognitive skills to better analyse, evaluate, detect and ... exploit entrepreneurial opportunities, increases the level of self-confidence and reduces perceived risk". This study considers education to be one of the most important tools for cultivating an entrepreneurial spirit for the tourism-related business success. Additionally, Boldureanu et al. (2020) contended that the entrepreneurs who are educated and resilient are able to overcome crises, critical situations, and failures, and thereby emerging even stronger than before.

However, some studies have established that entrepreneurial resilience is a less discussed topic. The tourism business owners with a higher education level and good entrepreneurial resilience are more likely to succeed in their businesses (Dube & Nhamo, 2020). Human capital theory likewise emphasises the role of education in small firms' performance, growth and other types of experience and which have economic value to an organisation (Boldureanu et al., 2020; Limsong et al., 2016). Entrepreneur's level of education has an impact on entrepreneurs' risk aversion, on their appraisal of external opportunities and on their ability to understand customers, more especially in developing economies (Fracasso & Jiang, 2021; Kawai & Kazumi, 2021). The value of education level appears to be less relevant in developed countries such as the United States of America and United Arab Emirates because technical and industry specific knowledge is typically more important in advanced countries (Fracasso & Jiang, 2021). In tourism industry for instance, if the hotel owner or manager has a high level of education, he or she can nurture employees by acting as a mentor or encouraging the staff to strengthen their industry-related education (Rey-Marti, Felicio & Rodrigues, 2017). Moreover, entrepreneurs' business experience is one among the most important factors for business success (Kuswanto, Maemunah, & Refnida, 2020).

#### **2.15.4 Entrepreneurs' business experience and business success**

In many of today's economies, the challenges such as economic issues and COVID-19 pandemic issues as well as changes like technological change confronting tourism entrepreneurship now and in the last decade remain unprecedented. Much effort is needed

from both entrepreneurs and academics to tackle these challenges in order to achieve better tourism entrepreneurship results. Kuswanto et al. (2020) attested that an effort is considered successful if it reaches its goals. Meanwhile, for many years, a lack of business experience in tourism-related entrepreneurs particularly in South Africa has been a problem (Booyens, Rogerson, Rogerson, & Baum, 2022; Adinolfi et al., 2018). Regarding different business models reviewed (e.g. the city tourism competitiveness model), it can be deduced that business experience helps firms to transform the number of sales, production results, business profits, and business growth to a certain level (Elsafty, Abadir, & Shaarawy, 2020; Hatak & Zhou, 2021; Kuswanto et al., 2020). Research has shown that the entrepreneurial experience has a significant impact on the success of entrepreneur ventures (Baidoun et al., 2018; Elsafty et al., 2020; Kuswanto et al., 2020; Mersha & Sriram, 2019; Mikalef et al., 2020). Although, the aforementioned studies did not consider entrepreneurs' business experience, nor did they examine the significant impact of individual entrepreneurial experience on business success. Lussier and Corman (1995) stated that business experience and use of professional advisors are key drivers of any business success.

According to survey research conducted by Abdulghaffar and Akkad (2021) and Tit et al. (2019), entrepreneurs with sufficient family business experience have more advanced entrepreneurial intentions. It has been mentioned that experience influences the complexity of actors and business behaviour in business life (Lashley, 2015; Kristanto, 2009; Kuswanto et al., 2020). It has been also revealed that entrepreneurial experience is formed through the intensity of entrepreneurship (Chaudhry & Dhingra, 2021; Kuswanto et al., 2020; Lin & Morrison, 2021), that is, a person's interaction with business activities, both directly and indirectly, can form an understanding and expertise about a business (Makarenko et al., 2019). Kuswanto et al. (2020) supported this argument by stating that experience exemplifies the level of mastery of business strategy or management. In other words, a person who has been running a business for long will have experience, knowledge, and possibly make the best business decisions and have more business-related relationships or networking. The business is therefore likely to achieve its goals (Kuswanto et al., 2020; Setiaji & Fatuniah, 2018) in such scenario. Similarly, entrepreneurial experience alone may not necessarily guarantee business success, but also networking (Winkler, Fust, & Jenert, 2021). Entrepreneurship literature suggests that experience is important for entrepreneurs as it contributes to their learning capacity and capabilities to navigate their ventures through complex and challenging settings such as foreign markets (Lafuente, Vaillant, Alvarado, Mora-Esquivel, & Vendrell-Herrero, 2021).

Entrepreneurial experience has additionally become a key concept in today's society and economy (Pine, Pine, & Gilmore, 1999), and the tourism industry is not excepted. Somehow, tourists (as customers) value not just the service or product offered, but also the way in which

customers experience a service or how product influences the value they attach to it (Lashley, 2015, pp. 160-161). Moreover, customers experience even affects how much money they can spend on it. This therefore demands a very high level of understanding and expertise (experience) about a business to the tourism-related entrepreneur.

### **2.15.5 Entrepreneurial attributes and business success**

The literature reviewed in this section commences with a broad focus on entrepreneurial attributes, and the factors that may have influence on business success; particularly, in tourism-related entrepreneurship (the study focus). Some of the tourism entrepreneurs face barriers that prevent them from being successful in tourism entrepreneurship (Woyo & Slabbert, 2021), and this is also happening in South Africa. At the time of writing this study, most of the existing research was conducted in developed economies such as Switzerland, Germany, United States, and United Kingdom (Gautam, Basu, Basu, & Singh, 2020; Mamabolo, Kerrin, & Kele, 2017; Saayman & Klaibor, 2016; Teodoro et al., 2017; Trip et al., 2021). There is a limited research in emerging economies such as Botswana, Ghana, Kenya, Mozambique, Nigeria, Tanzania, Uganda and Zambia with unsatisfactory institutional setup (Shakeel, Yaokuang, & Gohar, 2020), and unstable political settings, and cultural conflicts (Farrington, Venter, Schrage, & van der Meer, 2012). It is therefore important to compare the results of this study with these previous studies in order to obtain a more holistic view on this matter. A survey of literature has indicated that much attention is needed on entrepreneurial attributes of success in tourism entrepreneurship. In South African context, the study by Saayman and Klaibor (2016) and Santhi (2017) have shown variation in the nature of attributes required to run a successful business. This current study suggests that similarities or differences may be found between general entrepreneurial and tourism-related entrepreneurial attributes as success factors, particularly in terms of how they statistically relate to one another for business success.

Based on the review and synthesis of relevant literature, it is discovered that there are different attributes associated with tourism businesses, and the researcher found some very germane to the present study (see Table 3.6). Many entrepreneurial attributes such as traits, characteristics and skills) are associated with entrepreneurial behaviour and entrepreneurial success (Chell, Wicklander, Sturman, & Hoover, 2008; Iwara, Kilonzo, Zuwarimwe, & Netshandama, 2021; Khanin et al., 2021; Salisu, Hashim, Mashi, & Aliyu, 2020; Santhi, 2017; Shakeel et al., 2020). In other countries such as Pakistan, emerging research on entrepreneurs focuses on the role of emotions and feelings in enhancing entrepreneurial success (Qudus, Mazhar, & Tabassum, 2022). According to Kawai and Kazumi (2021), it is these entrepreneurial attributes namely (1) entrepreneurs' cognitive characteristics; (2) resourcefulness; (3) technical expertise; (4) commitment and determination; (5) entrepreneurial tenacity; and (6) entrepreneurs' endogenous attribute that distinguish

entrepreneurs from businessman. Farrington et al. (2012) stressed that the individuals who possess these attributes may be predisposed or more likely to engage in entrepreneurial activities. These attributes were identified from entrepreneurs who have managed their businesses successfully.

In recent years, there has been a growing debate and interest in entrepreneurial personality (traits) as a predictor of entrepreneurial activity and business success (Brinckmann & Kim, 2015; Farrington et al., 2012; Gautam et al., 2020; Manik & Kusuma, 2021; Santhi, 2017; Shakeel et al., 2020; Woyo & Slabbert, 2021). The study by Kawai and Kazumi (2021) has been found to be methodologically limited as the survey solely focused on personality traits to explain entrepreneurial initiative and business success. Santhi (2017) and Farrington et al. (2012) argued that while attributes can help predict entrepreneurial behaviour, an individual's attitude is likely to be more important. In contrast, tourism entrepreneurs with good human capital enjoy better relationships with customers and better organisational performance (Fuchs, Sting, Schlickel, & Alexy, 2019; Mohammadi, 2021; Rey-Marti et al., 2017; Scarlet, Ioanid, & Şişu, 2021). According to Rey-Marti et al. (2017), the characteristics of entrepreneurs and managers and their social interaction capabilities influence the performance of organisations. The following section examines the entrepreneurial attributes identified by other scholars (e.g., Qudus et al., 2022; Fracasso & Jiang, 2021; Mohammadi, 2021; Kawai & Kazumi, 2021; Fracasso & Jiang, 2021; Cho & Orazem, 2021; Santos et al., 2020; Terán-Yépez & Guerrero-Mora, 2020). Among all the entrepreneurs' attributes presented above, this study based on the literature reviewed (see Table 2.11) has adopted the following attributes: (1) entrepreneurial perseverance; (2) entrepreneur's neuroticism; (3) entrepreneurial self-efficacy; (4) entrepreneurial tenacity; (5) entrepreneurs' endogenous attributes; (6) entrepreneurs' locus of control; (7) entrepreneurs' need for achievement; (8) pre-founding entrepreneurial experience and knowledge-seeking; and (9) risk-taking propensity.

**Table 2.11: Literature pertaining to entrepreneurial attributes**

<b>Entrepreneurial attributes</b>	<b>Sources</b>
<b>Entrepreneurial perseverance</b>	Santos et al. (2020); Brinckmann and Kim (2015); Salisu et al. (2020); Chell et al. (2008); Atiya and Osman (2021); Mohammadi (2021); Manik and Kusuma (2021)
<b>Entrepreneur's neuroticism</b>	Mohammadi (2021); Haddoud, Onjewu, Al-Azab and Elbaz (2021); Manik and Kusuma (2021); Mamat, Abu Bakar, Samat and Setapa (2021); Chellam and Saranya (2021); Chell et al. (2008)
<b>Entrepreneurial self-efficacy</b>	Cao, Sun, Goh, Wang, and Kuiavaska (2022); Pelit et al. (2022); Kong and Kim (2022); Ntshangase and Ezeuduji (2019; 2020); Dzomonda (2021); Msimango-Galawe and Mazonde (2021); Fuchs et al. (2019); Brinckmann and Kim (2015); Korsakiene and Diskiene (2015); Chell et al. (2008)

<b>Entrepreneurial tenacity</b>	Kawai and Kazumi (2021); Fracasso and Jiang (2021); Okolie et al. (2021); Gautam et al. (2020); Nsereko (2020); Woyo and Slabbert (2021); Mulyana, Hakim and Hartoyo (2020)
<b>Entrepreneurs' cognitive characteristics</b>	Kawai and Kazumi (2021); Fracasso and Jiang (2021); Terán-Yépez and Guerrero-Mora (2020); Brinckmann and Kim (2015); Hajizadeh and Zali (2016); Isaga (2017); Sánchez García (2014)
<b>Entrepreneurs' endogenous attributes</b>	Cho and Orazem (2021); Fracasso and Jiang (2021); Gómez-Caicedo, Gaitán-Angulo, Quintero and Danna-Buitrago (2021); Guatam et al. (2020); Mamabolo et al. (2017); Trip et al. (2021); Kawai and Kazumi (2021); Iwara et al. (2021)
<b>Locus of control</b>	Peltokorpi, Feng, Pustovit, Allen and Rubenstein (2022); Qudus et al. (2022); Manik and Kusuma (2021); Knežević, Mijatov and Kovačić (2021); Scarlet et al. (2021); Ntshangase and Ezeuduji (2019; 2020); Baluku, Bantu and Otto (2018); Singh, Singh and Gupta (2018); Hermann and du Plessis (2017); Atsan (2016); Bulmash (2016); Chell et al. (2008)
<b>Need for achievement</b>	Qudus et al. (2022); Scarlet et al. (2021); Khanin et al. (2021); Gautam et al. (2020); Ntshangase and Ezeuduji (2019; 2020); Antoncic and Antoncic (2018); Singh et al. (2018); Rey-Marti et al. (2017); Chell et al. (2008)
<b>Pre-founding entrepreneurial experience and knowledge-seeking</b>	Prasetyani, Rosalia and Abidin (2022); Santos et al. (2020); Salisu et al. (2020); Latov and Tikhonova (2021); White (2021); Wright and Constantin (2021); Ishengoma (2018); Newbery, Lean, Moizer and Haddoud (2018); Rey-Marti et al. (2017); Brinckmann and Kim (2015)
<b>Risk-taking propensity</b>	Qudus et al. (2022); Mohammadi (2021); Ntshangase and Ezeuduji (2019; 2020); Jin and Lee (2020); Nzama and Ezeuduji (2020; 2021); Mersha and Sriram (2019); Bruwer and Smith (2018); Boermans and Willebrands (2017); Mohamed and Baqutayan (2017); Chell et al. (2008)

## 2.16. ENTREPRENEURIAL ATTRIBUTES AND OPERATIONAL DEFINITION

The entrepreneurial attributes are the necessary requirements for entrepreneurs in accelerating their businesses at all levels and business environment (Atiya & Osman, 2021). Some scholars like Atiya and Osman (2021, p. 220) describe entrepreneurial attributes as “a set of personal, behavioural, and managerial characteristics related to the entrepreneur that describes the person as entrepreneur and enables him to add value to the product, service, method, and procedures, and to find what is new and special”. Meanwhile, aspects of business operation and owner characteristics may influence perceptions of the relative importance of business success, i.e. either financial or non-financial measures (Ojo, 2021; Srimulyani & Hermanto, 2022). Perseverance (as an internal factor) is therefore a key concept of entrepreneurial motivation according to Ojo (2021) and Manik and Kusuma (2021). However, researchers such as Ojo (2021) and Erasmus et al. (2019) have maintained that some entrepreneurs are uninterested in business growth, and they prefer not to hire more employees, which may be due to their primary goal of providing employment for themselves and their immediate family. The main goal of entrepreneurs running a business remains business success so that all activities are tailored to achieve success (Srimulyani & Hermanto, 2022).

### **2.16 .1 Entrepreneurial perseverance and business success**

According to Mohammadi (2021, p. 78), entrepreneurial perseverance is a cognitive characteristic of individuals that leads to continued efforts and persistent behaviours in the entrepreneurial domain in the face of resistances, setbacks, and uncertainty of outcomes. In the preceding explanation, the term "perseverance" was said to be developed and reinforced through previous entrepreneurial perseverance and hard work, as well as positive outcomes (Atiya & Osman, 2021; Mohammadi, 2021; Ojo, 2021; Pyrkosz-Pacyna, Nawojczyk, & Synowiec-Jaje, 2021). One of the study's overarching goals is to investigate how entrepreneurial attributes (internal factors) significantly influence business success, i.e., how they relate to one another and impact business success in tourism-related entrepreneurship. Entrepreneurial perseverance is viewed as critical for business success in tourism entrepreneurship. This is because many entrepreneurs with higher levels of entrepreneurial perseverance have reported that their own ongoing efforts are positively impacting the outcomes of their entrepreneurial activities (Brinckmann & Kim, 2015). Essentially, perseverance is generally referred to as a necessary condition for initiating and carrying out entrepreneurial ventures (Brinckmann & Kim, 2015; Chell et al., 2008; Salisu et al., 2020; Santos et al., 2020), with continued goal striving in the face of adversity as a core competency for the enterprising individual (Manik & Kusuma, 2021; Mohammadi, 2021). This study also submits that perseverance in low-resource environments helps entrepreneurs survive and overcome environmental challenges. Meanwhile, entrepreneurial neuroticism is one of the most extensively researched aspects of entrepreneurial characteristics in relation to business success in other countries such as India (Mohammadi, 2021).

### **2.16.2 Entrepreneur's neuroticism and business success**

Neuroticism is a measure of balance in individuals' emotions (Haddoud, Onjewu, Al-Azab, & Elbaz, 2021) or emotional stability. Neuroticism refers to people who are more likely to be moody than normal and to experience emotions such as resentment, dissatisfaction, envy, jealousy, remorse, depressed mood, and loneliness. It is the degree to which a person harbours negative emotions such as depression, anxiety, insecurity, hostility, impulsiveness, and anger (Haddoud et al., 2021; Manik & Kusuma, 2021; Mohammadi, 2021). Many scholars have also established that people possessing high neuroticism are more prone to sadness, anger and anxiety (Mamat, Abu Bakar, Samat, & Setapa, 2021) and are more likely to experience depression and low self-confidence (Chell et al., 2008). The reason for this is that these kinds of emotions necessitate entrepreneurial openness to experience in order to succeed in any related situations (Chellam & Saranya, 2021). The risk of starting and running a new business venture can cause physical and psychological stress (Mamat et al., 2021).

Moreover, the same neuroticism transforms entrepreneurs' willingness to try new things, have

better imaginative sense, be creative, and have intellectual curiosity, as well as appreciation of aesthetic experiences. These are referred to as entrepreneur openness to experience (Chellam & Saranya, 2021, p. 137). It additionally entails being able to "think outside the box" (p. 137). Entrepreneur's neuroticism is recognised as a key component of personality structure – a general trait – whereas entrepreneurialism is at best regarded as a specific trait (Chell et al., 2008; Manik & Kusuma, 2021). Entrepreneurship research notices strong and significant correlation between neuroticism and entrepreneurial intention in some parts of the world (Mamat et al., 2021). Although, in other parts of the world, entrepreneurs with higher neuroticism are sensitive to negative feedback, and appear to be hopeless in difficult situations of which these characteristics and behaviours are not desirable in business (Chellam & Saranya, 2021). Neurotics, according to Manik and Kusuma (2021) are more likely to negatively influence employees and in some cases they ended up having a poor relationship with stakeholders, undermining entrepreneurial resilience and success. Successful entrepreneurs are often described as being calm, strong, optimistic, and steady in the face of stress, social pressure, and uncertainty (Gezhi & Xiang, 2022; Haddoud et al., 2021; Mamat et al., 2021; Manik & Kusuma, 2021; Mohammadi, 2021). These entrepreneurs are demonstrating emotional stability and self-efficacy (Schimperna, Nappo, & Marsigalia, 2022).

### **2.16.3 Entrepreneurial self-efficacy and business success**

Researchers such as Srimulyani and Hermanto (2022), Gezhi and Xiang (2022), and Fuchs et al. (2019) have defined self-efficacy (SE) from a variety of perspectives. SE is defined as an individual's confidence in one's abilities to accomplish a specific task or achieve individual goals, according to Bandura (1977). Gezhi and Xiang (2022, p. 3) argued that SE is concerned "not with actual capabilities but rather with an integrative summary or assessment of one's capabilities to mobilise the motivation, cognitive resources, and courses of action needed to meet given task". Furthermore, SE is widely acknowledged as a key driver of human behaviour (Fuchs et al., 2019; Gezhi & Xiang, 2022), because the path to business success is a series of correct decisions made by the entrepreneur. The higher level of self-efficacy is an indication of greater confidence in one's ability to perform specific behaviours, and it is likely to increase one's behavioural intention (Brinckmann & Kim, 2015; Gezhi & Xiang, 2022; Fuchs et al., 2019; Srimulyani & Hermanto, 2022; Ntshangase & Ezeuduji, 2019; 2022).

According to Schimperna et al. (2022, p. 7), entrepreneurial self-efficacy is primarily "influenced by perceived educational support, followed by concept development support, business development support, and overall institutional support," and all these contribute to the business success. This study notes that for any entrepreneur, whether tourism-related or not, believing in oneself is a critical step towards survival in the entrepreneurial space, especially where entrepreneurs are frequently confronted with a plethora of challenges (Dzomonda, 2021; Korsakiene & Diskiene, 2015; Pelit et al., 2022). A survey study conducted

by Pelit et al. (2022) has revealed that self-efficacy is not a passive personal characteristic rather as a combination of variables that contribute to self-esteem. In entrepreneurship domain, self-efficacy is seen as the individual's ability to function effectively in the role of entrepreneur (Kong & Kim, 2022; Korsakiene & Diskiene, 2015).

Recently, self-efficacy is critical to understanding technology adoption because it influences the behaviour of entrepreneurs both directly and indirectly through other classes of determinants such as the amount of effort and attention individuals put in, their willingness to persevere in the face of obstacles, and the outcomes they expect (Cao, Sun, Goh, Wang, & Kuiavska, 2022; Nsereko, 2020). Entrepreneurial self-efficacy relates to an individual's belief that one is capable of successfully performing certain roles and tasks in the entrepreneurial domain (Kong & Kim, 2022). As such, entrepreneurial self-efficacy needs to be distinguished from an individual's general self-efficacy, which captures an individual's belief about general capabilities to perform tasks in a manner to achieve personal goals. Recent evidence indicates that female entrepreneurs in developing countries such South Africa had low entrepreneurial self-efficacy (Msimango-Galawe & Mazonde, 2021).

#### **2.16.4 Entrepreneurial tenacity and business success**

Despite the scientific interest in tourism entrepreneurship and business success, research evidence suggests that entrepreneurial tenacity (ET) is among the most important entrepreneurial attributes that is significance in business success (Fracasso & Jiang, 2021; Gautam et al., 2020; Kawai & Kazumi, 2021; Nsereko, 2020; Woyo & Slabbert, 2021). Similarly, history of entrepreneurship has shown tenacity as a key factor in entrepreneurial activities and business success. ET, according to Nsereko (2020), is a behavioural personal characteristic that explains entrepreneurship as well as one's proclivity to persist and endure in the face of adversity. This current research builds on the work of Baum and Locke (2004) where entrepreneurial tenacity has been defined as a trait that helps solve persistent social activities by carrying out sustainable goal-directed action and energy even when confronted with social problems.

At the same time, literature recognises that highly tenacious entrepreneurs are more likely to deal effectively with business risks and relieve psychological strain through diligence and determination (Kawai & Kazumi, 2021; Okolie et al., 2021). Relatedly, ET reflects an entrepreneur's tendency to persist, endure, and sustain goal-directed behaviour in the face of adversity (Kawai & Kazumi, 2021; Nsereko, 2020; Woyo & Slabbert, 2021), and it is influenced by business and personal characteristics as well as the external environment (Mulyana, Hakim, & Hartoyo, 2020). Personality characteristics or traits such as needs, attitudes, drives, beliefs, and values are considered with the emphasis shifting to social and cultural factors (Ciasullo, Montera, & Pellicano, 2019; Hajizadeh & Zali, 2016). Tenacity is therefore defined

in this study as an individual's behavioural commitment to entrepreneurial venture in tourism-related entrepreneurship.

Observably, tourism-related entrepreneurship and processes take place in various and different forms in practice (Coughlan, 2022; Dube & Nhamo, 2020; Giampiccoli & Saayman, 2018; Price, Wilkinson, & Coles, 2022; Ramukumba, 2019; Rogerson & Rogerson, 2020; Rogerson, 2021). These variations range from family-based enterprises to innovative SMMTEs like sustainable local business, agri-tourism farms, organic food restaurants, family style restaurants and cafes, pensions, bed and breakfast operations, economy hotels, boutique hotels, home stays, local gift shops, independent travel agencies and car rentals companies, farm attractions and retail outlets serving to the specific needs of various types of tourists etc. Previous research (e.g., Okolie et al., 2021; Mulyana et al., 2020) has reported that tenacity or perseverance is a skill that can help entrepreneurs persevere and never give up despite the challenges of starting and growing their businesses. Therefore, there is evidence that entrepreneurial tenacity is a potential positive attribute in entrepreneurial success and growth in tourism entrepreneurship. Kawai and Kazumi (2021) stressed that lack of legitimacy exacerbates women's feelings of inferiority and low self-esteem when it comes to business success. From a policymaking point of view, it is therefore important to understand precisely whether entrepreneurs' cognitive attributes enable or inhibit business growth for tourism-related entrepreneurship.

#### **2.16.5 Entrepreneurs' cognitive characteristics and business success**

Most of the arguments on the factors of business success and opportunity recognition emanate from the entrepreneurs' cognitive characteristics literature (Brinckmann & Kim, 2015; Fracasso & Jiang, 2021; Hajizadeh & Zali, 2016; Kawai & Kazumi, 2021). According to Isaga (2017), entrepreneurs' cognitive characteristics are those traits that entrepreneurs use to make assessments and judgments about the creation and performance of the business. Based on this definition, this study refers to four cognitive characteristics of entrepreneurs: "entrepreneurial alertness, attitude toward entrepreneurship, cognitive styles, and entrepreneurial motivation" (Isaga, 2017, p. 669). Terán-Yépez and Guerrero-Mora (2020) introduced the concept of *alertness* into the field of entrepreneurship with the aim of describing how entrepreneurs recognise opportunities. It is possible that leveraging rich cognitive attributes is important in identifying new entrepreneurial opportunities in a challenging and competitive environment (Kong & Kim, 2022; Terán-Yépez & Guerrero-Mora, 2020). Mitchell, Busenitz, Lant, McDougall, Morse, and Smith (2002) considered that entrepreneurial cognitions are the knowledge structures that people use to make assessments, judgments, or decisions involving opportunity evaluation, venture creation, and growth. Entrepreneurs are frequently working in situations that are by definition new, unpredictable, complex, and time-sensitive (Fracasso & Jiang, 2021; Isaga, 2017; Kawai & Kazumi, 2021).

Additionally, entrepreneurs' cognitive characteristics and personality traits lack a universal definition (Isaga, 2017). The use of different definitions in entrepreneurship research has resulted in varying impacts, thus making it difficult to compare results (Fracasso & Jiang, 2021; Kawai & Kazumi, 2021). Notably, the approach of this research offers opportunity to recognise typical results from a combination of information resources (Hajizadeh & Zali, 2016; Sheresheva & Kopiski, 2016), thus facilitating needed recognition and understanding of entrepreneurs' cognitive characteristics. Entrepreneurs' cognitive characteristics aid entrepreneurs in acquiring, organising, and processing new information (Fracasso & Jiang, 2021; Hajizadeh & Zali, 2016; Sánchez García, 2014; Sánchez García, Ward, Hernández, & Florez, 2017; Terán-Yépez & Guerrero-Mora, 2020). This present study therefore recognises entrepreneurial cognitions as distinct ways of thinking and behaving that contribute significantly to the entrepreneurial process and business success in tourism entrepreneurship. In this regard, entrepreneurs' cognitive characteristics help entrepreneurs to use prior knowledge to identify business opportunities (Terán-Yépez & Guerrero-Mora, 2020). A lack of cognitive resources has been described as the most significant impediment faced by entrepreneurs seeking to establish and grow their businesses (Fracasso & Jiang, 2021; Hajizadeh & Zali, 2016; Terán-Yépez & Guerrero-Mora, 2020).

#### **2.16.6 Entrepreneurs' endogenous attributes and business success**

Despite efforts to invest in tourism-related entrepreneurship, trends in South African business performance show that local business success and growth, particularly among SMMEs and SMMTEs have declined in recent years (Dube & Nhamo, 2020; Erasmus et al., 2019; Hermann & du Plessis, 2017; Iwara et al., 2021; Johnson et al., 2019; Mamabolo et al., 2017; Rogerson, 2021). According to Iwara et al. (2021, pp. 1-2), a close examination of SMME failure in South Africa reveals an "underutilisation of certain endogenous predisposing factors to successful venturing" even till when this current study is being carried out. Historically, the review by Schumpeter (1934) concluded that endogenous attributes are an entrepreneur's internal attributes. One can therefore understand that the individuals' motives, actions, and performance are largely influenced by individual's inner attributes, morals, and mental qualities (Iwara et al., 2021). Relatedly, successful entrepreneurs may for example become more risk averse in order to protect their company from losses (Cho & Orazem, 2021; Gómez-Caicedo, Gaitán-Angulo, Quintero, & Danna-Buitrago, 2021); hence, evidence abounds that entrepreneurs' endogenous attributes play a crucial role in driving business success. Meanwhile, scholars such as Iwara et al. (2021) and Fracasso and Jiang (2021) considered that holistic entrepreneurial activity is one that successfully harnesses both exogenous and endogenous components in its framework. Similarly, it is believed that:

“In this sense, the main differences between the exogenous and endogenous

economic growth models are: first, technological progress, since it is considered exogenous when technology is determined and adheres to the processes that are analysed from the external context. On the contrary, it will be endogenous when elements are used to incorporate technological progress into fruitful activities, leading to greater productivity". (Gómez-Caicedo et al., 2021, p. 3251)

In this present study, endogenous attributes of entrepreneurs are considered important as done by many authors such as Cho and Orazem (2021), Fracasso and Jiang (2021), Guatam et al. (2020), Trip et al. (2021), Kawai and Kazumi (2021), and Iwara et al. (2021) among others. Entrepreneurs who have a strong "I will do it" mentality are more likely to grow their businesses as a form of achievement and to leverage their intrinsic motivations to succeed without compromising their visions and values (Bhorat et al., 2018; Singh, Singh, & Gupta, 2018). The aforementioned statements suggest that tourism entrepreneurship also relates to the concept of locus of control. Previous studies have explored entrepreneurial attributes using the concept of internal and external locus of control (Peltokorpi, Feng, Pustovit, Allen, & Rubenstein, 2022; Qudus et al., 2022; Singh et al., 2018).

#### **2.16.7 Entrepreneurs' locus of control and business success**

The concept of locus of control (LOC) was first proposed by Rotter (1954) to mean "whether people believe that outcomes are controllable, in other words whether outcomes are believed to be contingent on one's behaviour" (cited in Singh et al., 2018, p. 69). It has previously been observed that LOC is the degree to which people accept as truth that their actions have a real impact on what happens to them (Hermann & du Plessis, 2017). According to Hsiao et al. (2016), entrepreneurship is explained in terms of proactively solving problems, assuming risks, and adopting innovative processes to facilitate developing novel ideas for creating business value (Atsan, 2016; Hsiung, 2018). Again, LOC indicates the degree to which an individual assumes or feels responsible for success or failure in his life as opposed to feeling that external agents, like luck, is in control (Peltokorpi et al., 2022). There are two conflicting views about entrepreneurs namely the view that "entrepreneurs are born" versus the view that "entrepreneurs can be made" (Hsiung, 2018, p. 141). In Atsan's study (2016), entrepreneurship was emphasised as a process and recovery and re-emergence from failure that allow entrepreneurs to learn. Atsan (2016) further reported that failure can improve "entrepreneurial preparedness" for subsequent entrepreneurial activity (p. 437).

Having this in mind, this study suggests that cognitive challenge and motivation are the most demanding points faced by the developing tourism entrepreneur in dealing with the future development of tourism entrepreneurial competence (Hsiung, 2018). Moreover, entrepreneurial self-determination defines the future entrepreneurial success (Hermann & du Plessis, 2017). The literature reviewed in this study has indicated that all dimensions of LOC

have a positive and significant effect on entrepreneurial intention and business growth (Atsan, 2016; Gautam et al., 2020; Hsiung, 2018; Khanin et al., 2021; Singh et al., 2018). Noticeably, external LOC has a stronger effect on entrepreneurial intention in other countries such as Ghana and Saudi Arabia than internal LOC, thus implying that individuals with external LOC are more likely to become strong entrepreneurs running their businesses successfully (Singh et al., 2018). The observed evidence establishes that small business entrepreneurs are more internally focused than the general public (Begley & Boyd, 1987 cited in Qudus et al., 2022, p. 80).

#### **2.16.7.1 Internal locus of control**

The findings from Peltokorpi et al.'s (2022) study have affirmed that internal LOC is defined as the personal belief that one has influence over outcomes through ability, effort, or skills. A person with an internal LOC is more likely to consider environmental influences such as the economy can be influenced rather than passively accepted (Baluku, Bantu, & Otto, 2018; Baluku, Kikooma, Otto, König, & Bajwa, 2020; Knežević, Mijatov, & Kovačić, 2021). Baluku et al. (2018) opined those entrepreneurs with an internal LOC strive to improve their competences and actively solve their problems by exhibiting a higher level of entrepreneurship. Knežević et al. (2021) posit that entrepreneurs with internal LOC appear to take more initiative and are responsible in performance situation.

#### **2.16.7.2 External locus of control**

Previous studies (e.g., Manik & Kusuma, 2021; Ntshangase & Ezeuduji, 2019; Qudus et al., 2022) have defined external LOC as the belief that external forces control outcomes. It is submitted that entrepreneurs with an external LOC accept as true that their success in life is determined by chance and luck (Bulmash, 2016). It has been found that both external and internal LOC can highly influence entrepreneurial need for achievement and need for power (Atsan, 2016; Bulmash, 2016; Hermann & du Plessis, 2017; Manik & Kusuma, 2021; Singh et al., 2018). This study argues that entrepreneurs with internal LOC believe that they can control their own life (Hermann & du Plessis, 2017; Ntshangase & Ezeuduji, 2019; Scarlat et al., 2021), while those with external LOC believe that the reason of incidents in their life are caused by external sources (Baluku et al., 2018).

#### **2.16.8 Need for achievement and business success**

Antoncic and Antoncic (2018, p. 259) asserted that entrepreneurs' need for achievement "is an element of the personality of entrepreneurs which can be important for the inception, development, and business performance of small firms". There is a strong association between the entrepreneur's attribute of need for achievement and business success as explained by Antoncic and Antoncic (2018) and Qudus et al. (2022). It has been proved that individuals who are motivated by the need for achievement do not want to fail, and will avoid

tasks that involve too much risk (Antoncic & Antoncic, 2018; Rey-Marti et al., 2017). In today's dynamic world, entrepreneurs with a low need for achievement generally avoid challenges, responsibilities, and risks (Qudus et al., 2022, p. 81). Antoncic and Antoncic (2018) further acknowledged that the need for achievement is related to growth and success of the business. Since the entrepreneur can represent an important driving force of most of the activities of SMMEs. Many different entrepreneurship researchers have conducted their studies to determine the basic qualities of successful entrepreneurs (Antoncic & Antoncic, 2018; Gautam et al., 2020; Khanin et al., 2021; Ntshangase & Ezeuduji, 2019, 2020; Singh et al., 2018). In the study conducted by Ntshangase and Ezeuduji (2019; 2020) and Singh et al. (2018), the need for achievement was mentioned as the most significant determinant of entrepreneurial potential and business growth.

In countries such as Serbia, according to Antoncic and Antoncic (2018), entrepreneurs with a strong need for achievement are perceived as success-oriented, and they try harder to achieve the desired results, thus having a greater chance of achieving better business results than entrepreneurs with a weaker need for achievement. This study, however, understands that tourism has high concentration of entrepreneurs owning or managing SMMEs, thus manifesting a key distinguishing feature of the tourism industry covering an entrepreneurial need for achievement (Antoncic & Antoncic, 2018). The need to achieve is a drive to excel, and to achieve business goals in relation to a set of standards. A person endowed with such a need spends time considering how to do a job better or how to accomplish something important to the business (Qudus et al., 2022; Scarlat et al., 2021). Additionally, Mohamed and Baqutayan (2016) submitted that the main psychological characteristic associated with entrepreneurship in most literature is a need for achievement. Among the other psychological characteristics presumed to be associated with entrepreneurship, the need for achievement has the longest history compared to others such as the internal locus of control (Neneh, 2011).

#### **2.16.9 Pre-founding entrepreneurial experience, knowledge-seeking, and business success**

Ishengoma (2018) found that despite the presence of government regulations such as mandatory tax payment and business registration, business success and growth remain the responsibility of entrepreneurs, which is valid in certain contexts. For this study, there is a need for more tourism entrepreneurs and tourism business start-ups in developing countries such as South Africa. The problem is, many young people start their own businesses out of necessity because of high unemployment rate, which remains a greater challenge instead of primarily focusing on available opportunities (Baluku et al., 2020). Such scenario in turn necessitates the attribute of prior entrepreneurial experience. In tourism entrepreneurship context, a small business may be able to keep its operations hidden in order to avoid compliance (Elmo et al., 2020; Güzel et al., 2021; Haddoud et al., 2021; Hermann & du Plessis,

2017). Existing research therefore offers little insight into the effect of entrepreneur's previous business information, knowledge, and skills that can help entrepreneurs improve their efficiency and effectiveness of their business planning approaches (Brinckmann & Kim, 2015; Hsiung, 2018; Rey-Marti et al., 2017; Salisu et al., 2020). Unsurprisingly, in human capital theory, knowledge usually leads to more productive and efficient activities by providing cognitive enhancement to individuals (Latov & Tikhonova, 2021; White, 2021; Wright & Constantin, 2021).

According to Ishengoma (2018), most nascent entrepreneurs who lack pre-founding entrepreneurial experience have less knowledge about the areas in which they must plan and the type of planning that would be most beneficial. Relatedly, Santos et al. (2020) and Ishengoma (2018) in their studies contended that entrepreneurs with business experience are more likely to formalise their businesses. This may be so because they are more enlightened and can be more confident in the business they undertake – so pre-founding entrepreneurial experience or business knowledge is crucial for business success. Yet, it has been noted that entrepreneurial experience, according to Prasetyani, Rosalia, and Abidin (2022), can be gained through experiential learning and practice in the form of business creation, entrepreneur consulting activities, and educational simulations. It has been also stressed that experience can indicate how much effort and problems the entrepreneur has encountered and resolved (Newbery, Lean, Moizer, & Haddoud, 2018). As a result, this current study believes that the greater the amount of experience gained, the higher the quality of the individual entrepreneurial skills and the likelihood of their business to succeed (Prasetyani et al., 2022; Newbery et al., 2018).

Moreover, the target customers for SMMTEs vary by tourist destination and region. For instance, in urban areas, significant number of tourists are business executives and leisure travellers (Rey-Marti et al., 2017), whereas in other areas, tourists are predominantly couples, families, and business customer groups (Dube & Nhamo, 2020). This is where the issue of seeking knowledge comes into play, and when properly done, it can result in increased business growth of both formal and informal SMMTEs. Similarly, training and learning can yield organisational benefits such as better financial performance, customer satisfaction, business growth, and retention rates. Tourism entrepreneurs frequently come across new technologies, new products, and new markets that drive growth in their businesses and the overall economy; therefore they must develop the ability and attribute of knowledge-seeking (Ntshangase & Ezeudji, 2019). In tourism, there are previous research papers that discussed a variety of tourism issues in emerging markets (Coughlan, 2022; Dube & Nhamo, 2020; Elmo et al., 2020; Gezhi & Xiang, 2022; Giampiccoli & Saayman, 2018; Sheresheva & Kopiski, 2016). These studies have highlighted the positive effects of the knowledge-seeking and suggested that entrepreneur's knowledge-seeking includes information like increase in

employment, business investments, and tax revenues. Such information or knowledge can also provide tourism with its needs like high standards of roads and public facilities, and it may further encourage the development of a variety of cultural activities by local residents aimed at creating a positive impact on the community's cultural identity.

#### **2.16.10 Risk-taking propensity and business success**

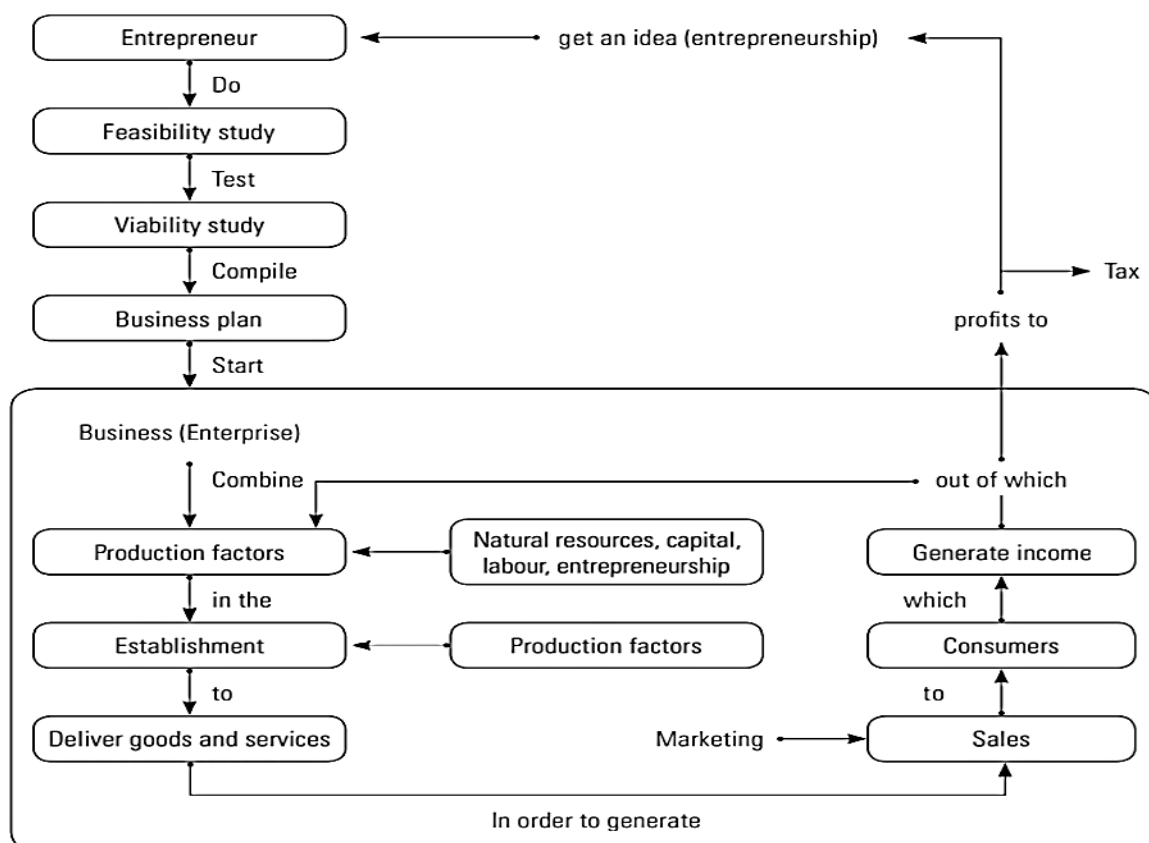
In previous studies (see Chell et al., 2008; Mohammadi, 2021; Ntshangase & Ezeuduji, 2019; 2020; Qudus et al., 2022), risk-taking has long been regarded as a defining characteristic of the entrepreneur and entrepreneurship. The literature has shown that risk-taking in any form, whether financial, social, or psychological is an essential component of the entrepreneurial process (Jin & Lee, 2020; Mersha & Sriram, 2019; Qudus et al., 2022). Risk-taking, in this study is referred to as the proclivity to make decisions, take actions, and invest resources in an uncertain managerial environment in exchange for the possibility of future reward (Jin & Lee, 2020). According to some studies on gender-based entrepreneurship (e.g., Nzama & Ezeuduji, 2020; 2021; Mersha & Sriram, 2019), a high risk-taking propensity is perceived as a masculine feature and is socially expected from someone who wants to engage in business. In South Africa, there is some evidence that certain personality traits such as reactivity and risk-taking proclivity are associated with business success (Mersha & Sriram, 2019).

It is evidently declared that risk attitudes of entrepreneurs are well-established drivers of business performance (Boermans & Willebrands, 2017; Mohamed & Baqutayan, 2016; Ntshangase & Ezeuduji, 2019). The researcher of this study so far has relied on risk attitude as an important entrepreneur attribute for success since the risks-taking behaviour is an example of courage that must be possessed by entrepreneurs (Mohamed & Baqutayan, 2016). In recent times, an insightful knowledge from literature on entrepreneurship considers risk-taking as an important driver of entrepreneurial success (Boermans & Willebrands, 2017; Bruwer & Smith, 2018; Jin & Lee, 2020; Mersha & Sriram, 2019; Mohammadi, 2021; Qudus et al., 2022). Previous research findings on risk (see Mohamed & Baqutayan, 2016) elucidated that a risk-taking attitude must be based on a rational consideration, as rational consideration towards the risks would allow the entrepreneurs to handle such risks with the knowledge and skills in order to achieve a realistic goal.

However, from the review of the recent study (e.g., Mohammadi, 2021), it has been emphasised that the business skills are significant. Bruwer and Smith (2018) also posited that basic business skills are very important for South African entrepreneurs to sustain their tourism businesses. In this study, the researcher focuses on the influence of risk-taking propensity on the tourism business outcomes of SMMTEs. In particular, the study is interested in how the entrepreneurs' perception of risk is associated with the success of the tourism business in the tourism industry in South Africa. Previous scholars such as Mohamed and Baqutayan (2016),

and Boermans and Willebrands (2017) have advocated that a risk-taker is an individual who pursues a business idea even when the probability of succeeding is very limited. According to Nieuwenhuizen (2019) and Erasmus et al. (2019), business is a need-satisfying organisation in a free-market system, and there is a relationship between business, environment, and establishment (see Figure 2.2).

It is sometimes necessary to consider the relationship between an entrepreneur's inherent attributes and external factors to successful entrepreneurship. This consideration is essential because getting into the entrepreneurship is like fighting in a war where courage is necessary to overcome some challenges (which may be either internal or external issues) that come from different types of business risks (Mohamed & Baqutayan, 2016). In this study therefore, the best way of explaining the nexus between the business and the establishment is to understand Figure 2.2 from Nieuwenhuizen (2019, p. 27), and Botha (2018, p. 15) before discussing the business external environmental factors and business success. The location where inputs such as raw materials and other components are processed in order to produce a product or provide a service is known as establishment. Similarly, the establishment is where production takes place (Nieuwenhuizen, 2019).



**Figure 2.2: Relationship between the enterprise, business environment and its establishment**

Source: Nieuwenhuizen (2019, p. 27); Botha (2018, p. 15)

SMMEs and SMMTEs should be aware of the environmental influences (including relationship between the enterprise and its establishment) that may contribute to business failure in order to tailor employee resourcing strategies to achieve high performance (Mupani & Chipunza, 2019; Nieuwenhuizen, 2019). According to Nieuwenhuizen (2019) and Botha (2018), the establishment is described as the place where inputs such as raw materials and other components are processed to produce a product or provide a service. Production activities take place in the establishment (Botha, 2018). Meanwhile, in an attempt to find reasons why SMMTEs fail, several factors have been suggested, and these include lack of managerial competencies such as operational capabilities; managerial capabilities; marketing capabilities; lack of resources, and inability to respond to external business environmental changes (Botha, 2018; Erasmus et al., 2019; Jin & Lee, 2020; Johnson et al., 2019; Mersha & Sriram, 2019; Mohammad, 2021; Mupani & Chipunza, 2019; Nieuwenhuizen, 2019). It has been noted that capabilities define firms' revenue growth and margin growth (Carnelley, 2018; Naumov, 2017; Saleh & Alharbi, 2015; Saunila et al., 2020). Furthermore, capabilities are viewed as complex bundles of skills and knowledge embedded in organisational processes, and into which managerial and other capabilities can be incorporated (Afriyie, Du, & Appiah, 2018).

The management skills or abilities and capabilities of an entrepreneur are therefore an indication of how well the entrepreneur can perform important tasks or activities (Botha & Taljaard, 2019; Botha, 2018). Mohammad (2021) argued that the abilities of the entrepreneur, concerning personal characteristics and managerial skills are key determinants of the success or failure of a business. This applies in every organisation, whether a business enterprise or not (Chipunza & Mupani, 2019; Chipunza & Naong, 2021; Mohammad, 2021; Musandiwa, 2019). In other countries like India, tourism industry is progressing with the changes in business environment (Joshi, 2019). This means that good management is needed since the business of travel and tourism is affected by various political, economic, social, and technological factors (Hermann & du Plessis, 2017; Marais, 2016; Marais et al., 2017). Maris (2016) also maintained that management is one of the most important business functions required in almost any field. When examining the functions and skills required for a successful entrepreneur, it appears that there is no distinction between tourism-related management and management in general (Hermann & du Plessis, 2017; Marais et al., 2017; Rogerson, 2021; Saayman & Klaibor, 2016). Strydom (2008) has described management as the process of co-ordinating work or business-related activities so that the people performing activities can complete these activities effectively and efficiently. Recent entrepreneurship studies have established that the themes of concern are whether enterprises have been able to sustain operations and adopt certain coping mechanisms or management strategies to mitigate the COVID-19 pandemic's impact (Booyens et al., 2022).

## **2.17 MANAGERIAL CAPABILITIES AND BUSINESS SUCCESS**

African countries, including South Africa aim to build strong economies that are globally competitive. Recent studies have recognised managerial capabilities as a tool capable of driving successful entrepreneurship (Booyens et al., 2022; Nzama & Ezeuduji, 2021; Tunio, Soomro, & Bogenhold, 2017). The capabilities developed for managing an organisation are known as management capabilities (Drucker, 1975; 1979; 1985; Drucker & Maciariello, 2008). According to Tunio et al. (2017) and Straub (2022), these capabilities are developed and formalised as the organisation matures. In addition, some international and local scholars have attempted to investigate key entrepreneurial competencies, operational capabilities, and tourism business capabilities (Booyens et al., 2022; Chipunza & Naong, 2021; Dube & Nhamo, 2020; Maduku & Kaseeram, 2021; Mersha & Sriram, 2019; Nzama & Ezeuduji, 2021; Wessels, Du Plessis, & Slabbert, 2017). In their studies, management skills have been identified as the primary source of managerial capabilities. Booyens et al. (2022) conducted a study to determine whether tourism enterprises were able to maintain operations and implement specific coping mechanisms or management strategies to mitigate the COVID-19 pandemic's impact. According to these authors, management capabilities generate all other necessary organisational capabilities for business success.

In previous studies like one conducted by Nzama and Ezeuduji (2021), managerial skills were referred to as the knowledge and the ability of businesspeople in managerial positions to perform particular managerial tasks. There is evidence that researchers such as Chipunza and Naong (2021), Nzama and Ezeuduji (2021), Dube and Nhamo (2020), Booyens et al. (2022) among others have recently examined the effects of managerial capabilities on business success and performance. The literature reviewed has shown that managerial capability has a strong influence on organisational success and failure (Mersha & Sriram, 2019). This present study understands managerial capability as entrepreneur's ability to combine and coordinate resources (e.g., human, tangible, and intangible), and to add business value that are capable of resulting in the success of a tourism entrepreneurship (Nzama & Ezeuduji, 2021). This research study also assumes that the high rate of tourism-related business failure in South Africa (SA) is linked to ineffective management strategies as well as employee-resourcing policies and procedures (Booyens et al., 2022; Iwara et al., 2021; Jin & Lee, 2020; Mersha & Sriram, 2019). Observably, staffing, including business managers is handled through family lines and referrals. Some tourism businesses may therefore struggle to recruit and retain knowledgeable workers as a result of such practices, and this can result in poor organisational outcomes and success (Iwara et al., 2021).

The primary purpose of any organisation is the delivery of products and services that meet or exceed customer needs (i.e. to delight the customer) (Erasmus et al., 2019; Johnson et al.,

2019). According to Drucker and Maciariello (2008), management capabilities are built around the manager's work (i.e. activities or decisions) that are carried out in each team within the organisation. Figure 2.3 depicts a manager's activities such as organising, integrating, resourcing, planning, leading and developing people, and measuring and controlling as well as common managerial activities as a sub-category. Some scholars, for example, Nzama and Ezeuduji (2021) have attempted to draw fine the distinctions between male and female managerial knowledge. It has been shown that women entrepreneurs have less experience, skills, and managerial knowledge than male entrepreneurs (see Nzama & Ezeuduji, 2021; Amin, 2021; Ishengoma, 2018), so they (the women) prefer (or are forced) to operate in micro enterprises.



**Figure 2.3: The activities of a manager**  
Source: Adapted from Erasmus et al. (2019); Drucker (1975)

The issue of managerial skills as a source of capabilities has received considerable critical attention in entrepreneurship studies worldwide (Abdulghaffar & Akkad, 2021; Amin, 2021; Booyens et al., 2022; Drucker, 1975; Erasmus et al., 2019; Iwara et al., 2021; Johnson et al., 2019; Limsong et al., 2016; Lin & Morrison, 2021; Matovic, 2020). It has been noted that managerial skills can be grouped into 3 (three) categories namely (1) conceptual skills – to

understand abstract ideas; (2) human skills – to understand and alter the attitudes and behaviour of individuals or groups; and (3) technical skills – involving application of job-specific knowledge and techniques to perform an organisational role (Strydom, 2008). Figure 2.3 showcases the role or responsibilities of a winning manager, and is motivated by the manager's desire to survive in a competitive business environment. The evidence from the previous studies has established that investigating managerial capabilities is a persistent concern in entrepreneurship (Limsong et al., 2016; Matovic, 2020), including tourism entrepreneurship (Chiang & Shyu, 2016; Ciasullo et al., 2019; Haddoud et al., 2021). Gathering these insights (see Figure 2.3) the study is trying to establish an understanding that the business is established by carrying out the activities of a manager at all levels in the organisation (Johnson et al., 2019).

Drucker's scholarly works on management remain important to this present research, although they were published in the past decades (e.g., Drucker, 1975; Drucker, 1979; Drucker, 1985; Drucker & Maciariello, 2008). Drucker's works on management have focused on government institutions, general entrepreneurship or tourism entrepreneurship as well as the success of relevant institution or business. According to Drucker (1975, p. 75), the basic premises are few but compelling because: (1) society has entrusted most of its important tasks to large institutions of one kind or another (e.g., business enterprises, government agencies, not for profit hospitals); (2) the well-being of the people depends on effective performance by those institutions; and (3) it is the function of management to cause institutions to perform, and the success of management is measured by that performance (p. 75). Other researchers (see Amin, 2021; Drucker, 1975; Erasmus et al., 2019; Iwara et al., 2021; Limsong et al., 2016; Lin & Morrison, 2021) further expanded this argument by advocating that management is a discipline that can be learned, and perhaps even taught.

The purpose of the management capability is: (1) to identify the purpose of the organisation (Drucker, 1975; 1979; Drucker & Maciariello, 2008); (2) to establish the teams to deliver the business' purpose (Erasmus et al., 2019); (3) to create the innovation and delivery capabilities (Drucker, 1975; Haddoud et al., 2021; Limsong et al., 2016); and (4) to obtain and allocate resources to deliver the purpose (Erasmus et al., 2019). According to Drucker (1975), the management capability needs to be measured through management skills and performance. The performance measures for the management capability includes but not limited to time to purchase an item; time to establish a new team (or remove a team); and time and accuracy of the planning process (Drucker, 1975). Recently, there has been some renewed performance measures for the management capability (Botha & Taljaard, 2019; Botha, 2018; Erasmus et al., 2019; Johnson et al., 2019). Performance measures include time to recruit and select an employee (Botha & Taljaard, 2019); accuracy in recruiting and selecting a contractor (Botha, 2018); and number of corrective actions raised at Audits (Drucker, 1975; Erasmus et al.,

2019). Interestingly, it is noted that a single team can meet none of the above objectives, and some cross team collaboration to achieve these business objectives must be established.

From the literature reviewed, there is a sense of continuing debate about the best strategies for the management of tourism-related businesses and its success in South Africa (Booyens et al., 2022). As noted, research into business management is also concerned with entrepreneur’s operational capabilities (Erasmus et al., 2019; Kruger, Ramphal, & Maritz, 2014), therefore, business capabilities can be interpreted from two different viewpoints or sets (Saunila et al., 2020). The first set of capabilities is related to converting inputs into outputs (Erasmus et al., 2019; Limsong et al., 2016; Saunila et al., 2020), while the second set of capabilities refer to changing other businesses capabilities (Saayman & Klaibor, 2016). According to Saunila et al. (2020), the first set is called *operational capabilities*, which are static in the sense that they cannot change on their own unless they are acted by other capabilities. The second set is called *dynamic capabilities* – adapting to change in a complex way.

## 2.18 OPERATIONAL CAPABILITIES AND BUSINESS SUCCESS

The entrepreneurship literature reviewed conflates operational and dynamic capabilities, thus leading to using them interchangeably (Carnelley, 2018; Naumov, 2017). It is important in this study to illustrate the differences between operational and dynamic capabilities, and these differences are summarised in Table 2.12 below.

**Table 2.12: The differences between operational and dynamic capabilities**  
 Source: Adapted from Kruger et al. (2014); Carnelley (2018); Pooe and Munyanyi (2019)

	Operational capabilities	Dynamic capabilities
<i>Other descriptors</i>	<ul style="list-style-type: none"> <li>• Zero-level, ordinary, substantive, core, and first order</li> </ul>	<ul style="list-style-type: none"> <li>• Combinative</li> </ul>
<i>Key elements</i>	<ul style="list-style-type: none"> <li>• Govern what the firm is currently doing</li> <li>• Performance of administrative, operational or governance related functions</li> <li>• Support greater productive efficiency or static efficiency</li> <li>• Allow the performance of activities to meet current objectives</li> </ul>	<ul style="list-style-type: none"> <li>• Act on operational capabilities to transform or reconfigure them</li> <li>• Integrate, build, re-configure internal and external resources to address and shape rapidly changing business environments</li> <li>• Involve facing up to external and internal challenges and opportunities</li> </ul>
<i>Outcome</i>	<ul style="list-style-type: none"> <li>• Doing things right</li> </ul>	<ul style="list-style-type: none"> <li>• Doing the right things at the right time</li> </ul>

<i>Competitive impact</i>	<ul style="list-style-type: none"> <li>• Make a firm capable of producing and selling a defined and static set of products and services</li> </ul>	<ul style="list-style-type: none"> <li>• Enable the firm to implement new strategies to reflect changing market conditions</li> </ul>
<i>Examples from the literature</i>	<ul style="list-style-type: none"> <li>• Functional examples: Operations, marketing, manufacturing, finance, human resources and IT</li> <li>• Hierarchical examples: Architectural; cross functional; broad functional; and activity related</li> </ul>	<ul style="list-style-type: none"> <li>• Sensing, seizing, and transforming</li> <li>• Exploitation and exploration</li> <li>• Combinative</li> <li>• Adaptive capability</li> <li>• Absorptive capability</li> <li>• Innovative capability</li> </ul>

Operational capabilities or performance relates to the efficiency in the activities undertaken by the business and such efficiencies relate to production cycle, delivery time, customer satisfaction, inventory management and forecasting accuracy (Kruger et al., 2014; Pooe & Munyanyi, 2019; Saunila et al., 2020). Dynamic capabilities conversely encompass an organisation's ability to adapt its resource base (Naumov, 2017). It has been noted and recognised from other studies that dynamic capabilities start with the firm's fundamental way of working (Badi & Khan, 2020; Longenecker et al., 2017; Naumov, 2017), and that is achieved through operational capabilities (the way of doing work things) (Naumov, 2017). Despite acknowledging the significance of dynamic capabilities, this study does not investigate the impact of dynamic capabilities on business success in tourism entrepreneurship because the scope of the current literature review is not to provide a complete examination of dynamic capabilities on SMMTEs success.

Meanwhile, operations capability mediates the connection between marketing capability and financial performance (Saleh & Alharbi, 2015). Some academic literature on operational capabilities, for example, the study by Saunila et al. (2020, p. 538) has recorded that the operational capabilities are suggested to "give unity, integration, and direction to resources and operational practices by providing both explicit elements (e.g., *resources and practices*) and tacit elements (e.g., *know-how, skill sets, and leadership*) for handling various problems and uncertainties". In this research, the term "operations" refers to the processes employed by the entrepreneurs to create and deliver a product or service to the customers (the tourists) (Longenecker et al., 2017, p. 571). In South Africa, tourism business settings have become more unpredictable, and tourism product (goods and services) life cycles have grown shorter compared to the manufacturing industries, and this is due to technology innovations. The review of some entrepreneurship literature in the previous sections showed that scholars have never devoted much effort to start-up businesses, and there is little explication on the operational capabilities of early-stage tourism-related businesses.

Borrowing from Longenecker et al. (2017), entrepreneurial operational capabilities become a core strategic competency necessary for survival and to achieve new competitive positions in the business – because operational capabilities are directly involved with business performance (Carnelley, 2018; Naumov, 2017; Pooe & Munyanyi, 2019; Saunila et al., 2020). There is a consensus among social scientists that entrepreneurial operational capabilities have the influence on business success level (Botha, 2018; Matovic, 2020; Nieman & Nieuwenhuizen, 2009; Nieuwenhuizen, 2019; Pooe & Munyanyi, 2019). The operations of businesses that provide services including tourism businesses differ from those businesses that provide manufacturing products only (Longenecker et al., 2017) because of the intangible nature of services (Al Badi & Khan, 2020; Longenecker et al., 2017; Mosleh, Nosratabadi, & Bahrami, 2015). For service businesses like SMMTEs, managers and personnel must be someone with some strong interpersonal skills – because of the sensitive direct or indirect interaction with the tourists.

## **2.19 MARKETING CAPABILITIES AND BUSINESS SUCCESS**

Marketing capabilities as a concept can be better understood by examining certain antecedents (Afriyie et al., 2018; Möller & Anttila, 1987; Saleh & Alharbi, 2015). In support, recent evidence has suggested that marketing capability of a business is a multi-faceted phenomenon (Afriyie et al., 2018; Matovic, 2020; Naumov, 2017; Saunila et al., 2020). Early examples of entrepreneurship research about marketing capabilities include survey research conducted by Möller and Anttila (1987). These scholars explicated that the marketing capability is a complex combination of the *human resources or assets*, *market assets*, and *organisational assets* of a business (Möller & Anttila, 1987). These combinations are employed in the internal and external marketing-related domains for business success purposes (Erasmus et al., 2019; Möller & Anttila, 1987; Nieuwenhuizen, 2019). Additionally, in the entrepreneurship domain, defining and specifying skills is ambiguous and complex (Mamabolo et al., 2017; Naumov, 2017; Nieuwenhuizen, 2019). According to Möller and Anttila (1987), human resources or assets refer to the number of persons and the level of competence of the personnel responsible for marketing-related decision-making activities. The market assets refer to the position of a business in its market (Möller & Anttila, 1987), and organisational assets refer to the marketing-related organisational solutions of the business (Erasmus et al., 2019).

Most of the past studies referred to in this research did not clearly define or re-invent the definition of marketing capabilities in the context of tourism-related entrepreneurship. If marketing capabilities are properly distinguished from the tourism context and from elements unrelated to tourism, this could be useful for empirical evaluation and practical implementation in tourism entrepreneurship. Marketing capabilities contribute to the international expansion

of international new ventures by influencing business decisions on entry modes such as greater resource engagement in foreign markets (Ehrensperger et al., 2022; Saleh & Alharbi, 2015). According to human capital theory and opportunity identification theory, the capabilities discussed in this study are the result of entrepreneurs' investments in their acquisition, they can be improved through entrepreneurial training and development. These capabilities must be proficiently performed for the business success (Limsong et al., 2016; Mamabolo et al., 2017; Saunila et al., 2020). It is clear that a substantial amount of entrepreneurship literature on marketing capabilities has been published (Afriyie et al., 2018; Chipunza & Mupani, 2019; Chipunza & Naong, 2021; Ehrensperger et al., 2022; Limsong et al., 2016; Mupani & Chipunza, 2019; Naumov, 2017). These studies have revealed that marketing capabilities have a direct and complementary effect on revenue and margin growth rates, which are particularly important for any business success in a specific competitive arena. According to Saleh and Alharbi (2015), marketing capabilities are critical to businesses to detect and respond to market changes. These changes include competitor moves, technological evolution and revolution, the ability for businesses to leverage the capabilities and resources of partners for value creation, and the ability for firms to predict and anticipate customer explicit and latent needs (p. 57). The authors above further reiterated that:

“These, in turn, can help firm organisations to develop both radical new products or employ existing products with new features and attributes to satisfy both the needs of current customers and new customers to ensure the stability, survivability, ... and avoidance of shocks from new waves of competition based on new technologies and new value propositions”. (Saleh & Alharbi, 2015, pp. 57-58).

At the time this research is being conducted, marketing capabilities are well-documented in research, and a variety of entrepreneurial sources; nonetheless, there is still a lack of understanding on how marketing capabilities statistically influence other success factors and the tourism business success – and whether marketing capabilities in tourism entrepreneurship led to certain positive business outcomes, particularly in the informal tourism business. It is also noteworthy that marketing capability operates within a proper business architecture (Möller & Anttila, 1987), and this is also true of SMMTEs, whether registered or not. Few businesses had formal marketing strategies, skills and knowledge of the tourism business (Dube & Nhamo, 2020). According to Erasmus et al. (2019), the business structure (organogram or appearance) has an impact on performance outcomes. The outside-in perspective is referred to as the ability of the firm to best manage resources and capabilities in response to external market and environment requests result in the highest levels of performance.

In the following section, the business external environmental factors are discussed. The literature reviewed (see Mupani & Chipunza, 2019; Nieuwenhuizen, 2019; Botha, 2018), has shown that every entrepreneur must be aware of their strengths and weaknesses so that they can apply or supplement them to build a successful enterprise in a higher competitive environment.

## **2.20 BUSINESS EXTERNAL ENVIRONMENTAL FACTORS AND BUSINESS SUCCESS**

From the literature reviewed, some researchers have dealt with entrepreneurship from the economic viewpoints (Ahmed & Ahmed, 2021; Akpoviroro & Owotutu, 2018; Amin, 2021), from the psychological viewpoints (Baidoun et al., 2018; Viljoen, Saayman, & Saayman, 2019), from the management viewpoints (Botha & Taljaard, 2019; Botha, 2018; Erasmus et al., 2019; Naumov, 2017), and other researchers have done same from the social viewpoints (Johnson et al., 2019). These viewpoints indicate that business external environmental factors and business success perceptions are derived from a variety of the fields, for example, psychology, management, economics, and sociology (Ahmed & Ahmed, 2021). Meanwhile, several types of research are being conducted to investigate business external environmental factors (Ahmed & Ahmed, 2021; Baidoun, Lussier, Burbar, & Awashra, 2018; Booyens et al., 2022; Nair & Blomquist, 2021; Viljoen et al., 2019), and their relationship with the context of less-developed countries such as Ethiopia and South Africa (Ahmed & Ahmed, 2021). Based on some review on entrepreneurship studies, various external environmental factors appear to influence the performance outcome of an entrepreneurial organisation, but the challenges are mostly addressed in isolation (Ahmed & Ahmed, 2021; Nair & Blomquist, 2021).

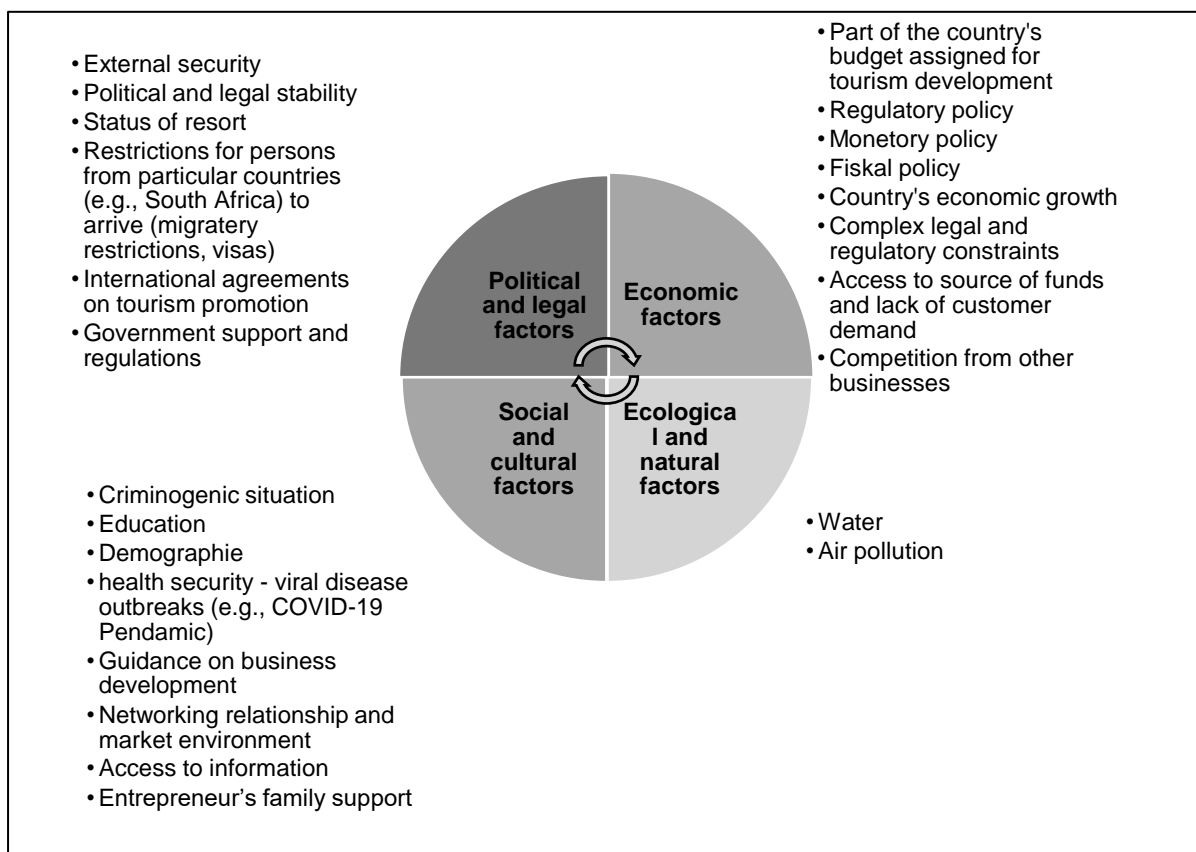
The literature reviewed has additionally revealed that only few variables related to external environmental factors were considered in most tourism-related studies, and thereby failed to provide a comprehensive view of the external factors influencing tourism entrepreneurship success (Booyens et al., 2022). Some studies that conducted exploratory research on general entrepreneurship (e.g., Botha, 2018; Maduku & Kaseeram, 2021; Marais et al., 2017; Nieuwenhuizen, 2019; Pavlatos, 2021) focused on external environmental factors, including but not limited to: complex legal and regulatory constraints, lack of guidance on business development, networking relationship and market environment, access to information, and entrepreneur's family support, and so on.

According to Chipunza and Mupani (2019, p. 4), the external environment is a “powerful contingency variable that is at the foundation of contingency-based research and the most widely researched aspect of the environment is uncertainty”. Today's tourism businesses operate in a volatile macro-economic environment, which may explain why tourism businesses fail at such a high rate in South Africa, and this also applies to other countries (Badi & Khan,

2020; Chipunza & Mupani, 2019; Dube & Nhamo, 2020; Güzel et al., 2021; Pavlatos, 2021). In order for tourism-related entrepreneur to survive based on this evidence, tourism businesses (registered or non-registered) need to keep a close tab on the various activities that determine their continuity (Dube & Nhamo, 2020). Moreover, Chipunza and Mupani (2019) affirmed that implementing effective employee resourcing strategies could be a critical factor in enhancing small restaurant businesses' adaptation to an increasingly complex and uncertain business environment in which they operate. In previous research (see Musandiwa, 2019), it is well-accepted that business success and strategy are closely linked.

In this current study, the following factors of business external environments are considered, paying attention to their importance for tourism business sector – such as complex legal and regulatory constraints; guidance on business development; networking relationship and market environment; access to information; entrepreneur's family support; government support and regulations; access to source of funds and lack of customer demand; and competition from other businesses as factors influencing business success in tourism entrepreneurship as shown in Figure 2.4. These factors describe national business environment which is more or less the same for all kinds of business (Cibinskiene & Snieskiene, 2015), so it is hardly changeable in terms of the tourism entrepreneurship in South Africa. According to research, business external environment factors can neither be controlled nor influenced by the entrepreneurs (Qudus et al., 2022). They can only react or adapt to them (Boermans & Willebrands, 2017; Botha, 2018; Botha & Taljaard, 2019; Dube & Nhamo, 2020; Joshi, 2019; Musandiwa, 2019; Nieuwenhuizen, 2019; Qudus et al., 2022), and these factors could never be personified

Few previous studies have been conducted in order to identify the business external environmental factors of tourism businesses. The studies by Cibinskiene and Snieskiene (2015) and Dube and Nhamo (2020) for instance have suggested that a variety of these earlier stated external environmental factors influence the success of the tourism entrepreneurship. The city tourism competitiveness model is formed by factors of internal environment, which are influenced by external environment factors (Cibinskiene & Snieskiene, 2015). According to this model (city tourism competitiveness model), entrepreneurs cannot control the external environment, but they can adapt their businesses to it (Cibinskiene & Snieskiene, 2015). Tourism business factor groups (political and legal factors; economic factors; social and cultural factors; ecological and natural factors) and subgroups of external environment are listed in Figure 2.4.



**Figure 2.4 Tourism businesses' external environment factors**

Source: Adapted from Cibinskiene and Snieskiene (2015, p. 107)

Previous research by Cibinskiene and Snieskiene (2015) investigated factors that affect tourism business success using data from United Nations (UN) micro-enterprises and concluded that the most influential external environment factor group is political and legal factors, while social and cultural factors are less influential. Their research also revealed that the most influential factors in the group of political and legal factors, based on their weight coefficients are resort status and arrival restrictions. Furthermore, Tit et al. (2019) in Saudi Arabia classified the business external environment into three categories namely economic, technological, and demographic. According to Tit et al. (2019) and Cibinskiene and Snieskiene (2015), the most influential economic factors in terms of weight coefficients are monetary policy and fiscal policy. Similarly, the studies conducted by Cibinskiene and Snieskiene (2015), Tit et al. (2019), and Abdulghaffar and Akkad (2021) have reported that education and demography are the most influential factors in the group of social and cultural factors, based on their weight coefficients. Water is the most influential factor in the group of ecological and natural factors according to the weight coefficients (Cibinskiene & Snieskiene, 2015).

However, Nair and Blomquist (2021, p. 181), from the perspective of design thinking reiterated that the business external environmental constraints, which are classified as political and legal

factors, economic factors, social and cultural factors, and ecological and natural factors in this study, can be challenged, accepted, adopted, or explored. Based on their argument, external environmental constraints are an "initial condition influencing goals when the business problems are ill-defined" (Betton, Branston, & Tomlinson, 2021; Nair & Blomquist, 2021; Soegaard, 2002). According to Betton et al. (2021), what counts as success or failure is subjective and depends upon the idiosyncratic business goals of owners and managers, hence how they evaluate performance.

Specifically, design thinking is defined as an "iterative process in which one seeks to understand the user, challenge assumptions, and redefine problems in order to identify alternative strategies and solutions that may not be immediately obvious with merely initial level of understanding" (Soegaard, 2002, p. 10). Relatedly, as one of the initial factors, external environmental constraints leverage on the problem definition and influence the emergence of solutions; and without the constraints, new value creation would not have existed in the first place (Nair & Blomquist, 2021). As a result, rather than being external to the problem and impeding the pursuit of a solution, external constraints become antecedents that contribute to the emergence of innovations (Betton et al., 2021; Nair & Blomquist, 2021; Soegaard, 2002). In other entrepreneurship studies, managers frequently regard constraints as obstacles that must be overcome and eliminated (Betton et al., 2021; Carnelley, 2018; Chittithaworn et al., 2011; Limsong et al., 2016). Nair and Blomquist (2021) affirmed that the dynamic capabilities of the focal firm determine whether external environmental constraints are a hindrance or a support.

### **2.20.1 Government support and regulation constrains**

Previous research has established that the extent to which an enterprise is influenced by government regulation is the most important determinant of its performance (Betton et al., 2021). It should be noted that most of the published studies on the impact of government support and regulations are inconsistent. In other studies, government regulation is for example frequently referred to as 'red tape' (Botha, 2018; Botha & Taljaard, 2019; Pavlatos, 2021), and are designed to ensure businesses comply with minimal standards to meet the wider public interest, yet it is generally perceived by firms as imposing a financial cost and an impediment to business success. It can be argued that the extent of regulation and how success is measured are both impediments to business (Betton et al., 2021; Nair & Blomquist, 2021). Data from several studies have confirmed that what is often ignored is that government regulation might also create some positive value or benefit, especially in situations where success is not judged monetarily (Erasmus et al., 2019; Johnson et al., 2019; Limsong et al., 2016). In the business world, for example, government regulations may lead to new business strategies or opportunities (Teeter & Sandberg, 2017), while also acting as a barrier to entry thereby protecting incumbent firms (Betton et al., 2021). Regulation although consists of rules

to restrict the decisions that firms or individuals may take in ways that are considered beneficial to society (Betton et al., 2021; Nair & Blomquist, 2021; Teeter & Sandberg, 2017), government regulations vary by jurisdiction, but in developed economies they generally cover everything from who can be employed and on what terms and conditions, etc. (Page, Forer, & Lawton, 1999).

It is critical for tourism entrepreneurs to understand that smaller businesses are usually required to follow most of the regulations that apply to larger businesses (Betton et al., 2021). Surveys such as those conducted by Teeter and Sandberg (2017), and Betton et al. (2021) have revealed that such small businesses may struggle to meet tax, employment, and environmental requirements. This is due to their limited resources and lack of managerial expertise (see Table 2.13). The differences between small and large business management are outlined in Table 2.13. Larger businesses are often able to adapt to regulatory demands and/or cover regulatory and other costs (Carnelley, 2018).

**Table 2.13: Management differences between small and large businesses**

*Source: Carter (1996) cited in Page et al. (1999, p. 438)*

<b>Small businesses</b>	<b>Large businesses</b>
Short-term planning horizon	Long-term planning horizon
React to the environment	Develop environment strategy
Limited knowledge of environment	Environmental assessments
Personalised business objectives	Corporate strategy
Communication informal	Formal and structured communication
Informal control systems	Formalised control systems
Loose and informal task structure	Job descriptions
Wide range of management skills	High specialist/technical skills demanded
Income directly at risk in decision making	Income derived from wider performance base
Personal motivations directly affect company performance	Broader based company performance

Within tourism research, it seems like there is a failure to acknowledge that the vast majority of entrepreneurs are small scale (including street vendors and township entrepreneurs), especially in developing countries like South Africa (Dube & Nhamo, 2020), and as such the small business structure, organisation and management of these enterprises is taken for granted. Therefore, many of the issues pertaining to SMMEs and SMMTEs in general provide a veritable research agenda to establish their validity and application to the tourism entrepreneurship. With these issues in mind regarding internal and external environmental factors, attention now turns to the region in which the SMMEs survey of tourism enterprises is undertaken.

## **2.21 CHAPTER SUMMARY**

Furthermore, this chapter extended the literature review. The roles of the selected factors influencing business success in tourism entrepreneurship were discussed. The chapter also detailed on the factors (grouped as internal and external) influencing business success in tourism-related entrepreneurship and the state of tourism-related entrepreneurship in South Africa. The selected factors such as socio-demographics; business success factors; entrepreneurial attributes (internal factors); business external environmental factors; operational capabilities; managerial capabilities and marketing capabilities (external factors) were broadly discussed in this section based on international to local perspectives. This chapter discussed how entrepreneurs can control the internal environment in their businesses. It has also been discussed that entrepreneurs have no control or influence over business external environment factors, but can only react to them or adapt their businesses to them. This chapter continued with discussions of successful entrepreneurship in tourism, and the barriers to tourism business growth in South Africa. The next chapter (Chapter 3) discusses the importance of the tourism industry and tourism-related entrepreneurship stakeholders' involvement in achieving its success.

## **CHAPTER THREE**

### **LINKING GOVERNMENT AND LOCAL COMMUNITY SUPPORT FOR TOURISM AS THE INDUSTRY'S SUCCESS TOOL: THE EXTERNAL ENVIRONMENT**

#### **3.1 INTRODUCTION**

From the views expressed in tourism entrepreneurship literature, there is a link between tourism entrepreneurship success and relevant stakeholders' involvement. This involvement is necessary in sustaining tourism entrepreneurship and any country's economic development. Basically, the relationship between tourism entrepreneurship success and stakeholders' involvement is substantial and empirically well-documented in research. For instance, the success of Small, Micro, and Medium Tourism Enterprises (SMMTEs) and the role of stakeholders' involvement has been confirmed in some parts of the world; (for example, Joseph, Varghese, Kallarakal & Antony, 2021 in South Kerala, India; Rasoolimanesh, Jaafar & Tangit, 2018 in the Bantayan Island, Philippines; Yamagishi et al., 2020 in Southeast Asia, Malaysia; and Giampiccoli, Mtapuri & Duewska, 2021 in northern South America). It has also been confirmed in some parts of South Africa (SA) (such as Tassiopoulos, De Coning, & Smit, 2016 in North-West Province). The following sections review the literature on the importance of the tourism industry and tourism-related entrepreneurship stakeholders' involvement in achieving its success.

In addition, the chapter further discusses the local government engagement as a sustainable tool in gaining local community support for tourism businesses and development. It similarly explains the role of local government in interacting with tourism-related entrepreneurs and the conflicts that may arise from these interactions (i.e., between the local government and the tourism entrepreneurs). Any tourism development initiative is dynamic, and possibly over time, the relationships in the system might change, and thereby causing prior congruent orientations to become incongruent or vice versa. At the later stage, the chapter concludes with discussions around the theories that address government support for tourism-related entrepreneurship. The following section brings about discourses that reveal the importance of the tourism industry and tourism-related entrepreneurship stakeholders' involvement in achieving its success.

#### **3.2 THE TOURISM ENTREPRENEURSHIP SUCCESS AND STAKEHOLDER INVOLVEMENT**

Tourism has emerged as a key driver of economic growth, and the South African government has prioritised the industry in its National Development Plan (NDP) 2030 (South African Tourism (SAT), 2018; 2019a). In terms of economic contribution, the 2019 data from the World

Travel and Tourism Council (WTTC) shows that tourism contributed ZAR354.9BN (USD24.6BN) to the country's Gross Domestic Product (GDP - including wider effects from investment, the supply chain, and induced income impacts); thus, accounting for 7% (percent) of the total economy, but this declined to about 6 percent in 2020 due to mobility restrictions. Additionally, tourism contributed 1,483.2 jobs (000's) to the country's employment rate, thus accounting for 9.1 percent of total employment (WTTC, 2021). Similarly, the international visitor impact was calculated to be ZAR129.9BN in terms of visitor's spending (that is about 9 percent of total exports). As obtained in other industries, the SMMTEs are often seen as a sector underpinning the delivery of the tourism product or offering, and this sector is particularly important in destination development (Booyens et al., 2022; Coughlan, 2022; Hermann & du Plessis, 2017; Tassiopoulos et al., 2016).

According to Tassiopoulos et al. (2016), SMMTE owners or managers have a direct impact on the success or failure of SMMTEs and can thus positively or negatively impact the long-term sustainability of such businesses. Noticeably, the tourism-operating environment has fundamentally changed because of severe disruptions by the COVID-19 pandemic. In 2020 for instance, 62 million jobs were lost in tourism, thus representing about 19 percent decrease, and leaving only 272 million employed globally in the sector, compared to 334 million in 2019 (WTTC, 2021; SAT, 2019b). SAT (2020) further reports that the threat of job losses persists as many jobs are currently supported by government retention schemes and reduced hours, which could be lost if tourism does not fully recover. Having that in mind, domestic visitor spending declined by 45 percent; while international visitor spending fell by an unprecedented 69.4 percent compared to 2019 (Statistics South Africa (Stats SA), 2020a, b; South Africa Travel Trade - SATT, 2020). With the expectation that visitors to SA will exceed 1.8 billion by 2030 (SATT, 2020); it is also anticipated that the industry will support over 370 million jobs by 2026 (SATT, 2020; WTTC, 2021). Obviously, tourism may continue to grow (if the current COVID-19 pandemic ends), and keep creating many avenues for entrepreneurs who are interested in launching a business venture.

Against the backdrop of the preceding discussion, it must be noted at this juncture that tourism in South Africa just like in other countries of the world has suffered a major negative development due to the COVID-19 pandemic that hit the nation in early 2020. Among the top impediments against the tourism sector then was the travel bans and restriction against people's gathering. As this pandemic subsides, the tourism industry is gradually opening its gates to national and international tourists, and the industry hopes to recover as soon as possible, at least to its original state. Tourism in South Africa, particularly in the context of small business development calls for South African Department of Labour (SADL) to develop an operational plan to provide business education, entrepreneurial skills, business crisis management skills, and relevant support that can empower the entrepreneurs to sustain and

grow their own businesses. The above situation could probably happen if the enabling political and economic conditions are created.

Previous studies on entrepreneurship such as Coughlan (2022), Joseph et al. (2021), and Tassiopoulos et al., (2016) have generally characterised SMMTEs as family run businesses; likely to have managers with few formal qualifications and limited previous business experiences in tourism; have managers who enter the industry for a variety of reasons, not only for economic reasons; have varied sources of capital and tend to have very low levels of capital investment - thus possibly impacting negatively on quality and, have no formalised management system. Perhaps most importantly, sustainability of SMMTEs and tourism development cannot be accomplished without considering the interests of the relevant stakeholders (Joseph et al., 2021; Novovic, Jaksic, Lalevic, & Kascelan, 2022; Yamagishi et al., 2020). Therefore, stakeholders such as the Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority (CATHSSETA) in South Africa are needed to provide capacity building programmes to SMMTEs. SMMTEs are important because they are critical in responding to customers' specific needs and providing them with the tourism services they require in a customised manner (Sotiriadis, 2018).

According to United Nations World Tourism Organisation (UNWTO) (1998, p. 15), a tourism stakeholder is defined as:

"a national or local government with specific competence in tourism matters, tourism establishments and tourism enterprises, including their associations; tourism employees, tourism professionals, and tourism consultants; exhibitors; tourism education and training centres; travellers, including business travellers and visitors to tourism destinations, sites, and attractions; and local populace." (UNWTO, 1998, p. 15)

Therefore, any group or individual who may be impacted by the NDP 2030's accomplishments and travel and tourism recovery plan aimed at growing tourism and sustaining tourism entrepreneurship can be considered a stakeholder, including academics (SAT, 2019b). The situation of tourism decline, job losses, and tourism business failure in South Africa thereby requires an urgent response from government and all relevant stakeholders (Stats SA, 2020b, c), and essentially a recognition of the constraints that hamper South Africa's tourism entrepreneurship success and development (SAT, 2020).

Recent research by Novovic et al. (2022) on SMMTEs success has confirmed that, international, regional, and local stakeholder involvement restrictions largely affect the tourism business success and the national economy in general. Other interest groups and individuals,

particularly, residents and indigenous peoples require adequate recognition as stakeholders (D'Mello et al., 2016; Joseph et al., 2021; Yamagishi et al., 2020). The interests of stakeholder involvement in their surroundings can thereby influence their readiness to promote tourism and the success of tourism businesses (Blomme et al., 2018; Joseph et al., 2021). Therefore, it is critical to effectively identify stakeholders and their connections to an organisation so that strategies to strengthen the links between the various role-players that add value to all parties can be developed. It has been suggested that the tourism entrepreneurs who involve members of the local community in the management structure of their business, especially in decision-making are more likely to succeed and grow (Tassiopoulos et al., 2016). This is due to the fact that understanding stakeholders' perceptions at various stages of decision-making processes is regarded as a critical strategy for achieving business success in tourism entrepreneurship and sustainable tourism development, just like in other businesses (Alamoudi & Kumar, 2017; Joseph et al., 2021).

According to D'Mello et al. (2016), and Joseph et al. (2021), there is a persistent lack of involvement of local stakeholders in decision-making, owing primarily to extremely stringent legislation and restrictions. Business success is not a result of complex rules; but it is a result of "complex behaviour within a business environment" (Alamoudi & Kumar, 2017, p. 1). In these situations, entrepreneurs are perceived as members embedded in specific social structures of local place (Wen, Zhang, & Li, 2021). Embeddedness which is signified as an essential concept to explain the interaction between entrepreneurs and local society (including the government structures), should be used to position entrepreneurs in the social structure (business environment) (Wen et al., 2021). It is also noted that poor collaboration among stakeholders remains a key reason that may affect the SMMTEs success (Huynh et al., 2022).

Some studies have also advocated that stakeholder engagement is applied in other areas to improve understanding of entrepreneurship problem, raise consensus, build the spirit and commitment of related stakeholders (Huda, Gani, Rini, Rizky, & Ichsan, 2022; Rasoolimanesh, Jaafar, & Tangit, 2018). Discussing the significance of stakeholder participation in this study is therefore imperative to develop a better understanding of the relationship between multiple factors in achieving business success as well as its benefits to the country (Huda et al., 2022).

Despite this effort, more optimistic perceptions can be developed when people have more close and frequent interactions with visitors and when they share more information about tourism (Giampiccoli, Mtapuri, & Dłużewska, 2021). According to the Portfolio Committee on Tourism (2016), the interaction between exhibitors and buyers is critical to any travel trade's success. This research suggests that tourism-related stakeholders need to understand the interlinkage between factors (internal or external) responsible for achieving success in tourism business. Again, it is critical for these stakeholders to understand which factors require special

attention to ensure the success of tourism entrepreneurship. More recently, Huynh et al. (2022) put forward that the government had recognised accessibility as a key feature needed to achieve sustainable economic growth and prosperity. In the tourism industry, accessibility is a vital concern in the sustainable tourism development especially in the emerging regions due to the increasing numbers of tourism business growth in the recent times (Sambhanthan & Good, 2013). The following section discusses the local government engagement as a sustainable tool in gaining local community support for tourism business and development.

### **3.3 THE LOCAL GOVERNMENT ENGAGEMENT AND TOURISM BUSINESS SUCCESS**

Page and Connell (2014) opine that governments or public sector organisations frequently own and operate tourism businesses, and many own or manage land resources. Recent studies have equally maintained that all levels of government have an obligation to ensure that the plight of the poor is addressed and turned around through sustainable tourism development (STD) (Blomme et al., 2018; Chili, 2018; Chili & Xulu, 2015; Joseph et al., 2021). According to the Organisation for Economic Co-operation and Development (OECD) (2020), tourism is a concurrent function in South Africa's Constitution, meaning that all three levels of government (national, provincial, and local) have jurisdiction and direct responsibility to make it function maximally.

In this study, sustainable tourism is not a distinct type of tourism; rather, all types of tourism should strive to be sustainable (Chili & Xulu, 2015). Noticeably, STD necessitates a multidisciplinary approach, as well as the development of projects and strategies that integrate its various dimensions – economic, social, cultural, and environmental due to its complexity (Vieira et al., 2016). In each of these aforementioned dimensions, there is potential for both positive (benefits) and negative (demerits) aspects. This section examines local government engagement as a long-term strategy for gaining local community support for tourism business and development. Despite the different conceptualisations of local government engagement in tourism sustainability in various countries, a review of tourism-related entrepreneurship literature shows that less attention has been paid to purposefully investigate the roles and responsibilities of local government in addressing factors influencing tourism business success within a tourism entrepreneurship context.

Notably, governments (from national to local level) play a critical role in developing countries such as South Africa, especially in creating the context and stimulating actions to ensure that tourism entrepreneurship is more developmental and sustainable in order to empower residents (Alamoudi & Kumar, 2017; Blomme et al., 2018; Chili, 2018; Giampiccoli et al., 2021; Giampiccoli & Saayman, 2018; Joseph et al., 2021; Novovic et al., 2022; Rasoolimanesh et al., 2018; Tassiopoulos et al., 2016). In practice, local governments frequently work within the framework of the national state, and is a primary influencer on governance, including

policymaking for sustainable development (Chili, 2018). Several studies in the tourism entrepreneurship literature have examined the influential factors on the success of SMMTEs (see Booyens et al., 2022; Coughlan., 2022; Huda et al., 2022; Chili, 2018; Tassiopoulos et al., 2016). Huda et al. (2022) for example supported the notion that tourism product features and tourism market demand play a significant role in tourism business success. Consistent with the above argument, Huda et al. (2022) reiterate that government support, well-built stakeholder collaborative relationships, transportation planning, innovative information technology, tourism-related business certification, and business traceability are some of the critical success factors of the tourism supply chain.

Government support refers to financial and non-financial assistance programmes with which the government can use to foster the continuous growth of the Small, Medium and Micro Enterprises (SMMEs) or SMMTEs by working to address particular market failure or equity shortages (Government Support for Business - GSB, 2015). The success of any effort of sustainable development thereby depends on engaged support from local communities and governments (Madrigal, 1995). The following sub-section explains the role of local government in interacting with tourism-related entrepreneurs and the conflicts that may arise from these interactions (between local government and tourism entrepreneurs).

### **3.4 THE ROLE AND RESPONSIBILITY OF LOCAL GOVERNMENT**

The role and responsibility of local government cannot be overemphasised as pertained to tourism, its development, and sustainability. Tourism literature reveals that the tourism-related government management has a key role in designing a sustainable model for the tourism entrepreneurship development and tourism destinations (Blomme et al., 2018; Kumar, Trupp, & Pratt, 2022; Pérez-Calderón, Miguel-Barrado, & Sánchez-Cubo, 2022; Tassiopoulos et al., 2016; Vieira et al., 2016). In other words, governments are also key players in the process of business success and growth because they are responsible for territorial development. Despite accepting that, it is the government's responsibility to provide the necessary conditions for the sustainable development of tourism (Giampiccoli et al., 2021; Joseph et al., 2021; Kumar et al., 2022; Vieira et al., 2016).

Similarly, the governments likewise should allow local authorities to engage and design specific plans and regulations based on the national framework that relates to tourism development in their local area (Huda et al., 2022). As shown above, one can put forward that the local government has been acknowledged as the most important authority in developing effective tourism development policies (Ramukumba, 2019; Vieira et al., 2016) because "it is at this level where the impacts of tourism development are felt most acutely" (Madrigal, 1995, p. 87). Previous studies such as those conducted by Madrigal (1995) and Vieira et al. (2016) were of the view that developing efficient tourism management is an important part of the local

governments' role in tourism. The study by Chili and Xulu (2015) has also shown that there should be an agreement that local government should have some role in setting up the strategic direction for tourism within a destination. Governments nevertheless have a crucial role in creating the context and stimulating actions to ensure that tourism entrepreneurship is more sustainable in the future (Booyens et al., 2022; Chili, 2018; Chili & Xulu, 2015; Price, Wilkinson, & Coles, 2022; Rogerson, 2021).

The South African constitution provides for all spheres of government to be responsible for tourism destination management (Goodwin & Font, 2014); and the national, provincial tourism departments and organisations are primarily in charge of developing and implementing tourism strategies for national and international marketing campaigns. This means, it is the local government that shoulder the responsibility for developing and managing tourism in local areas (Goodwin & Font, 2014). Page and Connell (2014) stress that:

“government has the capacity to alter regulations in order to provide an appealing climate for developers, particularly foreign investors able to bring in capital to start projects and development that will bring economic benefits to a country or region in the longer term” ... “governments often levy taxes on the tourism sector, most commonly in the form of taxes on airport departure” (pp. 231-232).

According to the South African National Tourism Sector Strategy (NTSS) (2016-2026), there are clear roles set out for national, provincial, regional, and local tourism bodies (see Table 3.1 below). NTSS specifies that local government should perform the following functions.

**Table 3.1: The role and responsibility of local government**

*Source: South African National Tourism Sector Strategy (NTSS) (2016-2026) and Goodwin and Font (2014)*

Local government functions
Establish, and provide financial support to the Local Tourism Bureaux (LTB)
Upkeep and development of public tourist attractions (e.g., historical, cultural and environmental; provide public infrastructure)
Provide public amenities, such as parking, ablution facilities and public transportation, in support of the tourism industry
Conduct spatial planning in support of tourism, and allocate land and infrastructure for tourism development; plan and provide local road signs
Maintain the general safety, upkeep, cleanliness and beautification of the local area
Assist the LTB in implementing the provincial registration and minimum standards system by providing health and safety inspection services

According to the NTSS (2016-2026), the aim of developmental tourism is to increase local incomes and to create job opportunities through enhancing the community's ability to create

SMMTEs. Additionally, Goodwin and Font (2014) suggest that municipalities are expected to carry out tourism functions in way that it is consistent with developmental role. In the context of ‘developmental local government’, the ‘local tourism’ function of municipalities must be interpreted as ‘developmental tourism at a local level’ (Goodwin & Font, 2014).

Developmental tourism is the process whereby: (1) partners from the public, business, labour and civic sectors work together to identify sustainable ways to utilise and harness location-specific resources; (2) it is aimed to grow and transform the economy in specific local areas; and (3) it is aimed to implement programmes and projects that build on and showcase opportunities and/or address economic empowerment constraints (Goodwin & Font, 2014, p. 64). Evidently, the development of tourism entrepreneurship is a function of the individual government’s predisposition towards tourism as an economic activity (Page & Connell, 2014). Relatedly, in a liberated business environment, the mobility of financial and other forms of capital have contributed to the growth of travel, creating opportunities for creating a number of small-to-medium sized tourism businesses (Ateljevic & Page, 2009).

Despite the above-mentioned gains, a close examination of the current state of many local municipalities in terms of tourism entrepreneurship, tourism development, and responsible tourism reveals the following major weaknesses (see Table 3.2).

**Table 3.2: Local municipalities major weaknesses in terms of tourism entrepreneurship, tourism development and responsible**

<b>Tourism entrepreneurship, tourism development and responsible tourism major weaknesses</b>	<b>Source</b>
Local government policies and planning frameworks, for example, Integrated Development Plans (IDP), and strategies have limited reference to tourism entrepreneurship (TE), tourism development (TD) and responsible tourism (RT) as an approach to destination management	Goodwin and Font (2014); South African Tourism (2020)
There is a general lack of awareness of TE, TD and (RT) and its meaning amongst politicians and public officials outside of tourism line departments, and hence the terminology and associated principles are not widely used in local government	NTSS (2016-2026)
Local government do not compel tourism businesses providing goods and services to municipalities to demonstrate actions and progress towards TE, TD and RT	Goodwin and Font (2014); Portfolio Committee on Tourism (2016)
Publicly owned and/or managed tourism facilities do not adhere to the principles of TE, TD and RT and less plans to ensure eventual compliance with the National Minimum Standard (NMS) for TE, TD and RT are in place	South Africa Travel Trade (2020); Page and Connell (2014)
Local tourism organisations funded by the local government are less required to demonstrate their commitment to and implementation of TE, TD and RT, and hence do not measure their performance in relation to their contribution to economic, social and environmental sustainability	Goodwin and Font (2014)

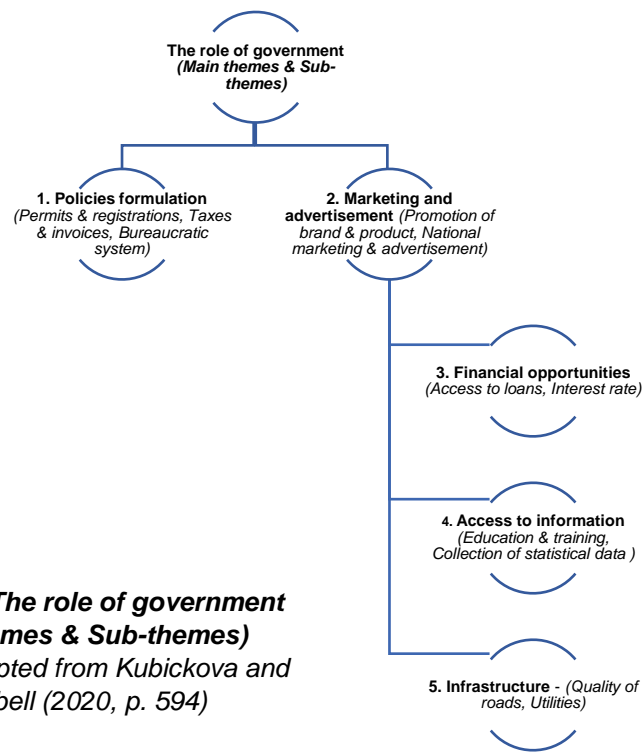
Although, individual tourism businesses and tourism sector organisations are advocating for and working towards the principles of RT, these individual efforts do not form part of an over-arching strategic approach by destinations	Goodwin and Font (2014) WTTC (2021)
Many tourism businesses and tourism organisations still see RT as synonymous with 'green tourism', hence focusing actions on environmental sustainability only	Goodwin and Font (2014)
Many government entities and initiatives narrowly focus on the 'community-beneficiation' element of RT, to the exclusion of mainstream tourism businesses and the other pillars of RT	WTTC (2021)
A significant portion of the tourism sector are not working towards TE, TD and RT, most likely due to a lack of information about and practical tools and incentives to enable adoption of RT practices	WTTC (2021); South Africa Travel Trade (2020); Goodwin and Font (2014)
Residents and citizens are generally less aware of TE, TD and RT, its meaning and benefits, and the responsibilities of the destination at large; and	Goodwin and Font (2014)
Existing and potential tourists receive limited information about destination efforts related to RT and tourism businesses that offer more responsible experiences and products	Goodwin and Font (2014)

Based on the evidence to date, and as shown in Table 3.2; it is acknowledged that the government role is a critical and complex organisation in the system of tourism entrepreneurship, TD, and RT (Liu, Dou, Li, & Cai, 2020; Rasoolimanesh et al., 2018) in countries like SA where the government plays a critical role in the political system, but the need for research studies on government behaviour is largely overlooked (Booyens et al., 2022; Chili, 2018; Page & Connell, 2014). Many of the studies conducted on government roles in tourism entrepreneurship success have primarily focused on the European context, and the role of local or regional government (e.g., Giampiccoli et al., 2021; Liu et al., 2020; Yamagishi et al., 2020). As noted in this study, and by other scholars; there have not been so many studies looking into the roles of local governments in tourism entrepreneurship success and development in sub-Saharan Africa (Dube & Nhamo, 2020; Rogerson & Rogerson, 2020; Rogerson, 2021). This affirms the fact that entrepreneurship research is a relatively young field in Africa. Mtubatuba Local Municipality is one of the few in the country that is heavily reliant on tourism as an economic activity, with many tourism-related businesses. Importantly, the government is regarded as the most important formal institution of administrative governance at the local level (Liu et al., 2020), so the analysis of local municipalities' major weaknesses in terms of tourism entrepreneurship, TD, and RT demonstrates the government's role at the local level. Progressively, the government takes on a leading role and adopts the role of entrepreneur by formulating policies, developing and initiating plans, and operating and providing tourism and hospitality services (Kubickova & Campbell, 2020; Liu et al., 2020). It is expedient therefore for government role in tourism development to be widely recognised in research (Ateljevic & Page, 2009; Kubickova & Campbell, 2020; Liu et al., 2020; Ramukumba, 2019; Rogerson & Rogerson, 2020; Tassiopoulos et al., 2016).

### **3.5 THE ROLE OF GOVERNMENT IN TOURISM ENTREPRENEURSHIP**

Governments around the world have different ideologies and differ in formal structures and other aspects although, they all agree on the importance of tourism as a development tool (Booyens et al., 2022; Giampiccoli et al., 2021; Liu et al., 2020; Rogerson & Rogerson, 2020; Rogerson, 2021; Yamagishi et al., 2020), and some of them have taken a more active and interventionist role in the tourism sector than in others. Notably, a changing structure of government has led to an increase in research on the relationship between government and businesses (Kubickova & Campbell, 2020; Situmorang, Trilaksono, & Japutra, 2019). The government, in general, shapes the economic climate and provides the overall regulatory framework within which the tourism industry operates as well as playing an important role in tourism planning, management, and promotion (Liu et al., 2020; Nunkoo & Smith, 2013).

Liu et al. (2020, p. 178) identified seven government functions in terms of general tourism development namely “co-ordination, planning, legislation and regulation, entrepreneur, stimulation, a social tourism role, and a broader role of interest protection” (p. 178). These seven functions, if managed properly, are relevant to the growth and success of tourism businesses. A recent study by Liu et al. (2020) reports that the function of protecting the wider public interest is a specific responsibility of the public sector, as competing interests are likely to emerge in tourism development, and thereby necessitating active government involvement to ensure a balance of short-term benefits and long-term objectives. According to Zhao and Kubickova and Campbell (2020), the government has the capacity and legitimacy to facilitate and coordinate multiple stakeholders in order to minimise negative impact in tourism entrepreneurship. Kubickova and Campbell (2020) conducted an exploratory study that used the mixed-mode method (i.e., they combined in-depth semi-structured interview questions with surveys to generate 5 (five) main themes about the role of government in tourism development (see Figure 3.1).



**Figure 3.1: The role of government (Main themes & Sub-themes)**  
 Source: Adapted from Kubickova and Campbell (2020, p. 594)

Each main theme was sub-divided further into a number of sub-themes. Figure 3.1 summarises the main five themes and their corresponding sub-themes. For the purposes of this study, these themes highlight the government's role in tourism development, including the growth of tourism entrepreneurship (Kubickova & Campbell, 2020). In Figure 3.1, these five main themes and their sub-themes represent the areas of concern for government officials with a focus on policy formulation, marketing and advertising, financial opportunities, access to information, and infrastructure. Recent entrepreneurship studies have also reported that entrepreneurs who have access to government assistance — for example in the form of access to subsidised loans or grants and training/advocacy agencies (e.g., regional small business development/economic development associations) — are better positioned to launch and grow their businesses (Abebe, Getachew, & Kimakwa, 2022; Seow, Choong, & Ramayah, 2021). These entrepreneurs are also less likely to fail compared to those entrepreneurs that do not have similar access.

### 3.6 GOVERNMENT BUSINESS POLICY FORMULATION: INTERACTIONS AND THE CONFLICTS

Most of the scholarly work make an implicit assumption that permits and required government registrations are problematic in SMMTEs (Booyens et al., 2022; Chili & Xulu, 2015; Limsong, Sambath, Seang, & Hong, 2016; Novovic et al., 2022; Situmorang et al., 2019). According to Kubickova and Campbell (2020), and Situmorang et al. (2019), the first issue that tourism entrepreneurs face is the process of obtaining the legal entity [permits] – thus requiring hiring a lawyer. The entrepreneur must first obtain the necessary "permits to sell and register a

product with the appropriate department" (Kubickova & Campbell, 2020, p. 594). The tourism business which does not hold the required documentation like a business trading licence or permit, a certificate of acceptability, and valid South African Revenue Service (SARS) tax clearance certificate is believed to be committing an offence under the applicable law in South Africa.

Previous studies (such as Novovic et al., 2022; Situmorang et al., 2019, Limsong et al., 2016; Chili & Xulu, 2015) have indicated that this process of securing many papers or licenses can be time-consuming and costly. Based on Kubickova and Campbell's (2020) exploratory study, new and young tourism entrepreneurs frequently not only lack such resources, but also do not have the time to travel to another city to apply for permits. As a result, most of tourism businesses lack a market due to absence of a trading label which these businesses cannot afford (Kubickova & Campbell, 2020). Government involvement and assistance in controlling and avoiding tourism entrepreneurship conflicts is therefore critical, particularly for local governments. Differently put, the South African local municipalities (the local government) need more help and support to realise its full potential in tourism entrepreneurship. Clearly, the local government or local authorities should be viewed as enablers of tourism projects capable of generating successful tourism entrepreneurial opportunities for local economies (Rogerson, 2020; Rogerson & Rogerson, 2020). Historically, most of tourism-related businesses have been small, and static (not growing) (Ntshangase & Ezeuduji, 2018; Pérez-Calderón et al., 2022; Situmorang et al., 2019), so the government's involvement in the development of these businesses is still required (National Tourism Administration, 2017).

The issue of taxes and invoices is another central theme mentioned by Kubickova and Campbell (2020, p. 594) and Situmorang et al. (2019, p. 24). Tax changes are frequently implemented by the government in order to increase revenue (Kubickova & Campbell, 2020; Pérez-Calderón et al., 2022). For instance, changes to tax codes were made in South Africa just before the current study is written. In other countries like America, an invoice is required to record taxes when selling a product (Kubickova & Campbell, 2020). This was not previously required, thus making it easier for smaller entrepreneurs to sell their products (International Monetary Fund (IMF), 2014). As a result, the so-called "shadow economy" emerged in America and even in South Africa, in which goods and services are produced but kept hidden from authorities in order to avoid taxes (IMF, 2014). The problem of developing tourism entrepreneurship entails more than just infrastructure development; and not also only financial budgeting (Situmorang et al., 2019). Certainly, it is also about the interdependence of three actors (indigenous people, local tourism vendors and entrepreneurs, and policymakers) who need to collaborate as friends rather than being competitors or even foes (Situmorang et al., 2019). In South Africa, the majority of the people practice farming and they continue to rely on agriculture for their basic needs like food for their families (Booyens et al., 2022; Chili, 2018;

Dube & Nhamo, 2020; Hermann & du Plessis, 2017; Situmorang et al., 2019). Additionally, only few indigenous people have thought about being entrepreneurs or anticipated the possibility of increased numbers of tourists.

Previous studies have indicated that institutional and governance flaws, and widespread corruption were weaknesses previously observed in the day-to-day operations of local government in terms of service delivery and infrastructure support, as well as in its inability to implement plans for local economic development (Chili, 2018; Chili & Xulu, 2015; Ramukumba, 2019; Rogerson, 2020). The current research hereby suggests that well-meaning policies for tourism entrepreneurship development and growth are not implemented for a variety of reasons, including a lack of funding, a lack of local support, a lack of entrepreneurialism by the municipality, and a lack of ability to implement due to capacity issues (Rogerson, 2020). In the same vein, scholars have contended that potential state assets that could boost tourism and local development outcomes are not being realised, and in many cases, the assets themselves are deteriorating as a result of neglect (Rogerson, 2020; Rogerson & Rogerson, 2020). The local government must also offer genuine assistance such as counselling, proper guidance, training, financial assistance, and a comprehensive sustainable development plan suitable for people's tourism businesses.

As noted in other parts of the world, the role of local governments in maximising tourism as a driver of local economic and social change in South Africa is critical. Nonetheless, lack of indication, time, along with infrequent responsiveness to take advantages and opportunities guided by the intuitions may lead to poor business performance (Seow et al., 2021).

Noticeably, much of the academic literature on tourism entrepreneurship focuses on the demand side (Booyens et al., 2022; Coughlan, 2022; Chili, 2018; Dub, & Nhamo, 2020; Giampiccoli & Saayman, 2018; Giampiccoli et al., 2021). That is, what tourists like to do, how much they spend, and what they think of places, and so on have been largely focused on, in the literature. What is less researched or less documented is a supply-side that emphasises local municipalities and businesses that provide tourism goods and services. Nonetheless, these two entities (local municipalities and tourism business) are frequently the foundation for tourist's satisfaction. The next section discusses the connections between sustainable development policy and tourism entrepreneurship.

### **3.7 POLICY OF SUSTAINABLE DEVELOPMENT AND TOURISM ENTREPRENEURSHIP**

The seminal work of Dempsey, Bramley, Power and Brown (2011) pioneered the evaluation of existing local assets in the promotion of sustainable tourism. Based on Rogerson's (2020) analysis, a critical component of untapped local assets for many communities is often that which surrounds the potential for promoting tourism growth. Measuring sustainability is

therefore an important requirement for managing resilience of tourism-based socio-ecological systems (Rosato, Caputo, Valente, & Pizzi, 2021). In this study, it is crucial to mention the United Nations (UN) policy, particularly the 17 Objectives of the SDGs - Sustainable Development Goals, and 169 targets incorporated into the "Transforming our Worlds: the 2030 Agenda for Sustainable Development," also known as Agenda 2030 (Novovic et al., 2022; Rosato et al., 2021). The universal 2030 Agenda for SDG 2017 has become relevant and critical at the global level, thus encouraging Member States all over the world to incorporate the 17 Sustainable Development Goals into their strategic development policies (Novovic et al., 2022). The universal 2030 Agenda was declared International Year of Sustainable Tourism for Development (IYSTD). Noticeably, two of the "17 declared sustainable development objectives explicitly mentioned tourism. In particular, the main connection with tourism sector can be found in SDGs 8.9 and 12.7b" (Rosato et al., 2021, p. 1).

Recognising this, it is critical to note that the tourism industry may have a significant potential to contribute directly or indirectly to the achievement of all of the Sustainable Development Goals outlined in the 2030 Agenda (Novovic et al., 2022; Rogerson, 2020). The roles of government and entrepreneurs in establishing tourism and hospitality as sustainable industries is required; and the importance of networking has been noted (MacKenzie & Gannon, 2019). The focus of government policy is to improve the existing institutional programmes on offer by overcoming the barriers to tourism businesses (Seow et al., 2021). One of the key policy messages, according to OECD (2020, p. 16) is to "ensure that efforts to grow tourism are pursued within the wider context of city, regional, and national economic development strategies, and in close co-operation with industry and civil society". Meanwhile, sustainable tourism development may strengthen economic growth and tourism entrepreneurship development, thereby creating jobs and reducing poverty and hunger. Likewise, sustainable tourism development may empower women and encourage their participation in business (Dempsey, Bramley, Power, & Brown, 2011; Hermann & du Plessis, 2017; Novovic et al., 2022; Nzama & Ezeuduji, 2021; Ramukumba, 2019). At first glance, sustainable tourism development, and tourism entrepreneurship appear to contribute to rural development and the promotion of less developed areas, thereby reducing inequalities (Booyens et al., 2022; Rogerson, 2021). South Africa and the municipality in question are noticeably overwhelmed by poverty and underdevelopment today, and the situation can be attributed to poor, visionless and selfish leadership (Emeh, 2013).

Furthermore, the nature of communication and interaction between locals and inbound tourists is critical to the long-term viability and attractiveness of hospitality and tourism offerings (MacKenzie & Gannon, 2019). Similar to the work done by Rogerson and Rogerson (2020) on the Overstrand Local Municipality (OLM) in South Africa, the multicultural and intercultural dimension of tourism may significantly contribute to peace and justice by creating a foundation

for tolerance and understanding. Tourism revenues can thus be invested in health and education, and in turn improving people's life quality (Hermann & du Plessis, 2017; MacKenzie & Gannon, 2019; Novovic et al., 2022). Moreover, tourism revenues may also promote sustainable industry and infrastructure through various innovative initiatives such as the promotion of green infrastructure, social interactions, smart and green destinations, and so on (Dempsey et al., 2011; MacKenzie & Gannon, 2019).

Additionally, sincere social interactions are critical in developing sustainability because "people living in a given area can only be described as a group of individuals living separate lives, with little sense of community, pride, or place attachment" (Dempsey et al., 2011, p. 294). The term 'community' can refer to people brought together due to geographical proximity, shared characteristics, beliefs or interests who interact directly either face-to-face, or remotely using a variety of media including the internet (Wiseman, Williamson, & Fritze, 2010). The role of tourism and tourism entrepreneurship may be critical in the development of various programmes relating to sustainable consumption and production, sustainable use of marine resources, and conservation and preservation of biodiversity (Alamoudi & Kumar, 2017; Goodwin & Font, 2014; Liu et al., 2020; Novovic et al., 2022). Since the year 2000, the policy of sustainable development interventions has been aimed at addressing the specific challenges and needs of SMMEs in the tourism sector (Bukula, 2018). The section that follows explicates the theoretical underpinnings that address government support for tourism-related entrepreneurship.

### **3.8 THEORIES THAT ADDRESS GOVERNMENT SUPPORT FOR TOURISM ENTREPRENEURSHIP**

This section discusses theories that focus government support for tourism entrepreneurship. In fact, many scholars (e.g., Dmytriiev, Freeman, & Hörisch, 2021; Huda et al., 2022; Kaluarachchige, Ab Yajid, Khatibi, & Azam, 2021) have argued that the understanding of government support for tourism entrepreneurship is enhanced when it is hinged on a theory. For that reason, the stakeholder theory (SHT) has been found suitable for such discourse. The concept of the aforementioned government support, has been variously discussed in literature especially in the social sciences, and its definition has not been generally accepted as one (Şengel, Işkın, Çevrimkaya, & Genç, 2022; Zhang & Sorokina, 2022). Government support in human society is a many-sided process (Wen et al., 2021), and at the level of the individual, it implies financial support provided by federal, provincial, or municipal governments; including without limitation capital and operating grants, subsidies, repayable or forgivable loans, reimbursable tax credits, and loan guarantees (Gua, Zhanga, & Sub, 2021; Ma et al., 2020; Wen et al., 2021). From tourism entrepreneurship viewpoint, the government provides support to businesses both financially (in the form of grants), and through access to expert advice, information and services (i.e., non-financially) (Ehrensperger et al., 2022; Gua

et al., 2021). Whenever these supports are obtainable, there will be increase in the individual's dignity, happiness and patriotic values, quality of life, and business success.

Crucial to this section therefore are two questions, namely: Is a strong commitment to government support for tourism entrepreneurship institutionally feasible across all spheres of government? and, what research theories can be effectively applied in government institutions, particularly local government, to effectively address government support for tourism entrepreneurship in South Africa? In search of an answer, the current study revisited strategic management (Das, Singh, & Jawed, 2022; López-Concepción, Gil-Lacruz, & Saz-Gil, 2022), entrepreneurship, and the history of public management studies (Bianchi, Nasi, & Rivenbark, 2021), and the need for the application of stakeholder theory, resource-based view (RBV) theory, neo-institutional theory, as well as attempts to impose social responsibility on managers of nationalised industries. These prior mentioned studies (i.e., Das et al., 2022; López-Concepción et al., 2022 & Bianchi, 2021) stress that each stakeholder group should be taken into account regardless of their relative power or interest. Likewise, local government management must proactively seek out inputs from all groups (especially tourism entrepreneurs or business owners), as some will have stronger "voices" than others, and this should not determine the priority of management's attention (Wen et al., 2021). A detailed analysis of the theory that address government support for tourism entrepreneurship is discussed in subsequent headings.

### **3.9 STAKEHOLDER THEORY (SHT) AND GOVERNMENT SUPPORT**

For the time being, it is important to note that the SHT is an unfinished body of knowledge that seeks to explain the relationships between a given organisation and the people, groups (Shone, Simmons, & Dalziel, 2016), and other organisations in its surroundings (there are no specific recommendations in the literature about generalising SHT to public organisations) (Barakat & Wada, 2021; Bianchi et al., 2021; Freeman, 1984). Succinctly, the point that the static growth of tourism entrepreneurship in Africa, and tourism business failure is sometimes caused primarily by the leaders of the state using SHT fundamental for analysing such matters (Dmytriyeu, Freeman, & Hörisch, 2021). It should be pointed out here that many scholars worldwide have applied different theories in trying to understand the role of government and its support, either partially or fully on theoretical frameworks such as SHT (Dmytriyeu et al., 2021). Simply put, major theories in the strategic management field have been modified by their founders to adopt the premises of SHT; and for example, a stakeholder approach has been incorporated into the resource-based view (RBV) theory (Dmytriyeu et al., 2021; Joseph et al., 2021; Loi, Lei, & Lourenço, 2021). It is also noted that the expertise and experience of all the stakeholders in tourism management, their participation in the tourism planning and development processes (Loi et al., 2021), and their long-term involvement play a significant

role in the sustainable management of the tourism entrepreneurship success (Booyens et al., 2022; Buric et al., 2022; Hermann & du Plessis, 2017; Ramukumba, 2019).

According to UNWTO (1998), a tourism stakeholder refers to a national or local government with specific competence in tourism matters, tourism establishments and tourism enterprises as well as their associations; tourism employees, tourism professionals, and tourism consultants; tourism education and training centres; travellers, including business travellers and visitors to tourism destinations, sites and attractions; and local population and host communities at the tourism destinations through their representatives. These 'earlier mentioned theories (SHT and RBV theory) are still relevant to the tourism industry. However, in this study, the SHT is regarded as the most relevant theory. Most recent ideas in the literature have indicated how SHT remains a potent theoretical framework to conduct studies like this current one, and this is evident in the following sub-sections.

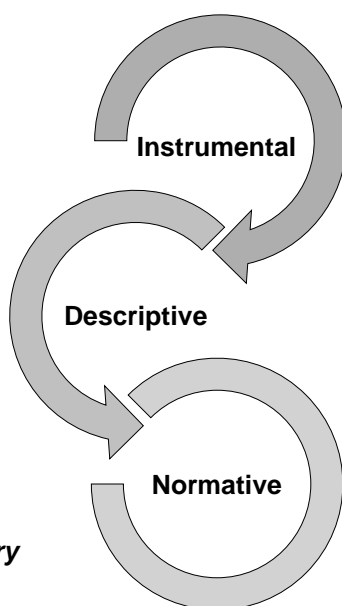
First, it is important to consider the interests of all individuals or groups of individuals who affect or are affected by company activities (Freeman, 1984), and SHT is contrary to the generally accepted belief that the sole purpose of a business is to generate profit for its shareholders (Barakat & Wada, 2021). The local government is encouraged to pursue tourism entrepreneurship growth to address economic development objectives (Shone et al., 2016). This has resulted in the development of growth-oriented policies centred on traditional concerns for economic returns, and thus best suited for the commercial sector's interests (Sharma, Mishra, & Mishra, 2021; Shone et al., 2016). According to Shone et al. (2016), these conflicted local government roles are further complicated by the parallel tensions of reconciling local economic and social objectives within a broader environmental management focus at the regional government level. Since the 1980s, the tourism literature has called for the inclusion and involvement of local communities in tourism and tourism entrepreneurship; and local residents are seen as a key resource in sustaining the tourism products (Strydom, Mangope, & Henama, 2019). Meanwhile, better governance is needed to sustain tourism entrepreneurship, especially to the local government.

According to Lally, O'Donovan and Quinlan (2013), the concept of governance originates from systems of government; the arrangements and structures that have traditionally regulated the boundaries between the public sector, private sector and society. However, new constellations of cooperation, participation and accountability have emerged in recent decades, and have become embodied within the governance concept (Lally et al., 2013). Relatedly, governance is commonly seen as the process of interaction between government organisations and society; however, in applying the concept to tourism, governance can also be seen to encompass the methods and capabilities through which multiple stakeholders at a destination

interact with one another (Barakat & Wada, 2021; Dmytriyev et al., 2021; Kaluarachchige, Ab Yajid, Khatibi, & Azam, 2021).

SHT in tourism research is therefore used to better understand aspects of planning and development as well as interactional and relational effects in inclusion and participation (Sanabria-Díaz, Aguiar-Quintana, & Araujo-Cabrera, 2021). In a context of crisis like the current pandemic – COVID-19, the overall effects on the different stakeholders (which include businesses that cater for tourists, chambers of commerce, local government officials and landowners) should be managed in an efficient way by the regional governments (Kaluarachchige et al., 2021) through a strong co-ordination between all the institutions, efficient management of resources, a sense of political responsibility, and educational initiatives (Goniewicz et al., 2020). Similarly, most of the studies on tourism (such as Buric et al., 2022; Chili, 2018; Dube & Nhamo, 2020; Giampiccoli & Saayman, 2018; Huynh et al., 2022), tourism destination, and tourism entrepreneurship stakeholders have focused on stakeholder identification, collaboration and modes of co-operation to reach development goals at the destination level. The review indicates that SHT offers an important approach for understanding hospitality because of the following benefits: it leads to reflections on the interests and influences of all those involved in the value creation process; it is a holistic approach, integrating economic, social and ethical considerations; it adopts a relational approach rather than just a transactional approach; and it provides a strategic framework that managers can use (Barakat & Wada, 2021).

The SHT with its three primary orientations (see Figure 3.2) namely normative, descriptive, and instrumental is often used in management studies for investigating the role of stakeholders in achieving organisational goals (Freeman, 1984; Sharma et al., 2021).



**Figure 3.2: The SHT three primary orientations**

Source: (Author's own work)

Figure 3.2 showcases the SHT with its three primary orientations. While the normative aspect of the theory refers to the moral imperative for organisations to look after the interest of stakeholders; the descriptive aspect is concerned with the identification of stakeholders to understand their interests (Sharma et al., 2021). The instrumental aspect describes how the organisation is dependent upon the action of the stakeholders for achieving the desired outcome (Axelsson & Granath, 2018; Rose, Flak, & Sæbø, 2018). In this section, the term *organisation* is used interchangeably to mean the government (which may be either local, state, or central, depending on the federal structure of the nation) and the tourism businesses. It is also useful to note, as Sharma et al. (2021) have highlighted that the conducive business environment is set up by the government. The business success is essentially contingent on government policies and protocols, so the government (which may be either local, state, or central) is the most important stakeholder in the delivery process (Sharma et al., 2021).

Observably, the SA tourism entrepreneurship is gradually dying due to corruption in the system, and that is also affecting the desire to involve in hard work and labour as youths are now concerned with money-making irrespective of how it comes, and who gets hurt in the process (Emeh, 2013; Heath & Norman, 2004). The SHT is of much relevance in tourism entrepreneurship especially to developing countries in Africa, which are still following the developmental footsteps of Europe (Bondy & Charles, 2020; Wen et al., 2021). According to this theory, the firm and its managers have special obligations to ensure that the shareholders receive a “fair” return on their investment (Bondy & Charles, 2020); but the firm also has special obligations to other stakeholders, which go above and beyond those required by law (Heath & Norman, 2004). This means that the firm and its managers are able to elect all or most of the members of Board of Directors, which in turn has the right to hire and fire senior executives and approve or reject important policies and strategies of the firm (Bondy & Charles, 2020; Heath & Norman, 2004; Phillips, Freeman, & Wicks, 2003). The assumption has been that shareholders (in all spheres of government) already have the power to ensure that their interests are taken into account by the firm and its managers.

**Table 3.3: The stakeholder theory (SHT) and its classical alternatives**

Source: (Adapted from Bondy & Charles, 2020; Heath & Norman, 2004; Phillips et al., 2003)

CLASSIFICATION	DESCRIPTION
<p style="text-align: center;"><b>ONTOLOGICAL SHT</b></p>	<p>This theory is about the fundamental nature and purpose of the corporation. A firm is essentially an organisational entity through which many different individuals and groups attempt to achieve their ends. The purpose of the firm is to serve as a vehicle for coordinating stakeholder interests. At an ontological level, stakeholder theory is underpinned by an implicit, and problematic, assumption of the ‘essentialist self’, where the organisation is treated as the ‘natural, universal self’, and anyone not closely resembling this narrow (and unrealistic) view of self is treated as ‘other’ (Bondy &amp; Charles, 2020; Heath &amp; Norman, 2004).</p>

<b>EXPLANATORY SHT</b>	This is a theory that purports to describe and explain how corporations and their managers actually behave. Managing stakeholder relations, rather than managing inputs and outputs, and may provide a more adequate model for understanding what people in corporations actually do (Heath & Norman, 2004).
<b>STRATEGIC SHT</b>	This is a theory about how devoting sufficient resources and managerial attention to stakeholder relations will tend to lead to positive (profitable) outcomes for the corporation (Bondy & Charles, 2020; Heath & Norman, 2004).
<b>SHT OF BRANDING AND CORPORATE CULTURE</b>	This is a subset of strategic SHT, and this is a theory about how a commitment to pay extraordinary attention to the interests of particular stakeholder groups (especially customers and/or employees, but also in some cases to “communities” concerned with the environment or with human rights) can be fundamental aspect of a firm’s basic branding and corporate culture (Heath & Norman, 2004; Phillips et al., 2003).
<b>DEONTIC SHT</b>	This theory determines the legitimate interests and rights of various stakeholders (presumably going above and beyond their legal rights), and uses these as a way of determining corporate and managerial duties (Heath & Norman, 2004; Phillips et al., 2003).
<b>MANAGERIAL SHT</b>	It is a catch-all theory of management (incorporating theories of organisational behaviour, Human Resource Management (HRM), Customer Relationship Management (CRM), leadership, operations research and so on) that helps leaders and managers to realise the strategic benefits and satisfy the deontic requirements of SHT. Stakeholder management requires, as its key attribute, simultaneous attention to the legitimate interests of all appropriate stakeholders, both in the establishment of organisational structures and general policies and in case-by-case decision making (Bondy & Charles, 2020; Heath & Norman, 2004; Phillips et al., 2003).
<b>SHT OF GOVERNANCE</b>	This is a theory about how specific stakeholder groups should exercise oversight and control over management (e.g., which groups, in addition to shareholders, should be represented on the board, and how the board should function).
<b>REGULATORY SHT</b>	The theory focuses on which interests and rights of specific stakeholder groups ought to be protected by government regulation of business activities (Heath & Norman, 2004). In modern market societies, the dictate of “maximise profits while obeying the law” will necessarily involve fulfilling a vast body of obligations to suppliers, employees, customers, communities, and so on since these obligations are legally binding.
<b>SHT OF CORPORATE LAW</b>	This is a theory about how traditional corporate law should be amended to reflect the principles and practices favoured by Ontological, Deontic, and Governance approaches to SHT (Heath & Norman, 2004). Among other things, such an approach to corporate law would have to shield managers who favour non-profit-maximising strategies of serving stakeholder interests from the wrath of shareholders and financial markets (Phillips et al., 2003).

According to Phillips et al. (2003, p. 480), ‘SHT is a theory of organisational management and ethics. It is further suggested that SHT attempt[s] to articulate the meaning of the corporation and the sense of responsibility that businesses feel to those both inside and outside the ‘walls’ of the firms’ (Bondy & Charles, 2020). Essentially, the stakeholder theory, pioneered by Freeman (1984) suggests that an organisation (including municipalities in the context of this study) is characterised by its relationships with various groups and individuals such as employees, customers, suppliers, and members of the communities. Freeman asserts further that “[a] stakeholder in an organisation is (by definition) any group or individual who can affect or is affected by the achievement of the organisation’s objectives” (1984, p. 46). As regards this philosophy, there is a debate in the literature over whether it makes sense to talk about a

unified stakeholder theory, or whether there are really many kinds of theories that come into play.

Without taking sides in this debate, one may conclude based on Table 3.3 that thinking about the role of stakeholders in business involves a tremendous range of different theories, disciplines, and methodologies – from economics, law, ethics, political philosophy, ... and all of the social sciences underlying the managerial sub-disciplines, not to mention metaphysics (for Ontological SHT) (Bondy & Charles, 2020; Heath & Norman, 2004; Phillips et al., 2003; Valentinov, Roth, & Will, 2019). Even when discussing any particular category of the so-called SHT, the term “theory” is often used loosely. This current research therefore follows the authors of recent articles (Bondy & Charles, 2020; Valentinov et al., 2019) on *stakeholder theory* to denote not a theory per se, but “the body of research which has emerged in the previous years from some scholars in management, business and society, and business ethics” (Freudenreich, Lüdeke-Freund, & Schaltegger, 2020, p. 4), have shown that the idea of ‘stakeholders’ plays a crucial role in addressing government support for entrepreneurship success. The above scenarios illustrate the importance of alignment in stakeholder orientations. In Europe, local tourism entrepreneurs are the driving force behind tourism offering; and they have designed and managed their community's tourist-scape in collaboration with public bodies and agencies (Sotiriadis, 2018).

In this study, the form of SHT that serves as the focus for the discussion is managerial SHT, and SHT of governance, and the goal is not to explore the foundations of these theories. From a managerial perspective, the managerial SHT according to Heath and Norman (2004) claims that stakeholder management requires, as its key attribute, simultaneous attention to the legitimate interests of all appropriate stakeholders, both in the establishment of organisational structures and general policies and in case-by-case decision making – and the SHT of governance questions how specific stakeholder groups should exercise oversight and control over management. For this reason, not much is said about the way government regulation supports and enforces stakeholder rights and obligations. It is nevertheless extremely important to see these state functions as setting the context for almost any practical discussion of SHT; and it is astounding how seldom this is discussed in the literature (Bondy & Charles, 2020; Freudenreich et al., 2020; Heath & Norman, 2004; Valentinov et al., 2019).

SHT offers opportunities for governments to achieve multiple policy goals in the areas of sustainability and social welfare (Mallinson & Shafi, 2022). The societal benefits of SHT solutions include improvements in the quality of life of marginalised populations, reduction of socio-economic disparities, enhanced accessibility, preventative care, social connectedness, and independent living solutions (Bondy & Charles, 2020; Mallinson & Shafi, 2022). SHT has three key stakeholders namely governments, healthcare systems, and users. In the recent

tourism literature, numerous researchers have argued the need for increased collaborative governance in the planning process (Barakat & Wada, 2021; Booyens et al., 2022; Chili, 2018; Coughlan, 2022; D' Mello et al., 2016; Dube & Nhamo, 2020; Giampiccoli et al., 2021; Mallinson & Shafi, 2022; Novovic et al., 2022; Ntshangase & Ezeudji, 2018; Page & Connell, 2014).

Some examples of SHT key stakeholders include collaborative governance (Mallinson & Shafi, 2022), new public governance (Novovic et al., 2022), policy networks (D'Mello et al., 2016; Dube & Nhamo, 2020), network governance (Ntshangase & Ezeudji, 2018), cross-sector collaboration (Page & Connell, 2014), public value governance (Barakat & Wada, 2021; Coughlan, 2022), participatory governance (D'Mello et al., 2016; Dube & Nhamo, 2020; Giampiccoli et al., 2021), holistic governance (Mallinson & Shafi, 2022), integrated governance (Booyens et al., 2022), and interactive governance (Booyens et al., 2022; Page & Connell, 2014). Many of these scholars referred to multi-actor collaboration, which is typically led by a public sector organisation (e.g., municipalities) and the collaboration aims to build stakeholder consensus on a formal set of policies designed and implemented to generate public value (Bondy & Charles, 2020), and more specially to entrepreneurship. The following sub-section presents the governance of tourism.

Although stakeholder theories are presented in this part as part of the overall literature review, but this study is much based on two theories (HCT and OIT), as indicated in the conceptual framework. This study focuses on government as a crucial stakeholder, stakeholder theories are incorporated in the literature to enhance an understanding of the role of government. The additions to enhance the studied variables are acceptable. The role of the government as a key stakeholder is to create an enabling environment for other stakeholders to perform. This study exclusively polled tourism enterprises and did not include other stakeholders, as this will make the study too complex to handle in a single study. However, the stakeholder models or theories remain part of the study's literature review.

### **3.9.1 The governance of tourism**

Tourism is of vital economic, social and cultural importance to many countries including South Africa; and governments have a key role to play in shaping tourism entrepreneurship development. Across countries, a range of shared policy priorities are seen as central to the role of successful tourism administration. According to Mallinson and Shafi (2022), shared policy priorities right include but not limited to the following:

- a) Harnessing the potential of digitalisation and the application of new technologies.
- b) Promoting and delivering a greater level of sustainability and inclusiveness.

- c) Developing forward-looking tourism structures, policies and action plans to deliver on strategic objectives.
- d) Designing and implementing policy tools, co-ordinating and regulating the sector, and monitoring delivery.
- e) Ensuring effective country and place marketing.
- f) Creating a competitive and high-quality tourism sector, encouraging entrepreneurship and stimulating business growth.
- g) Encouraging investment and improvements in the quality of the tourism offer, and the skills of people employed in the sector (p. 26).

Observably, more systematic knowledge accumulation is required to advance theory development on local government support and tourism entrepreneurship particularly in disadvantaged communities. This means that although an increasing number of studies examining entrepreneurship within the tourism sector are emerging, there remains a lack of synthesised knowledge from which to build on for emerging researchers as well as for policymakers and practitioners. The local government engagement is a sustainable tool in gaining local community support for tourism business and development (D'Mello et al., 2016; Dube & Nhamo, 2020; Mallinson & Shafi, 2022; Novovic et al., 2022). This study further revealed the connections between local community support for tourism as a success tool for the industry and the tourism entrepreneurship success. A comprehensive literature review derived from different recent studies on topics such as internal and external environmental factors influencing business success was attempted. In this study, explications were made on entrepreneurship theories (human capital theory and opportunity identification) and how they relate to business tourism success, as well as their applicability to the business success. In the context of this study, human capital is defined as demographics, knowledge, skills, competencies, experience, personality traits, and attributes that individuals possess that contribute to the financial and non-financial success of entrepreneurial activities. It was also shown that the theory of opportunity identification (OIT) emphasises identifying entrepreneurs' social networks and prior knowledge as antecedents of entrepreneurial alertness, which are key tenet conditions for the success of opportunity identification.

This study, based on its scope and objectives, has a huge potential to fill a tourism entrepreneurial knowledge gap regarding formulating a conceptual model validated by statistics, of factors influencing tourism business success and economic growth. This study therefore informed how to mitigate business failure in tourism-related entrepreneurship in South Africa, based on the complexity of factors (internal and external) affecting business growth and success. A theoretical contribution of the study is to add to the growing body of literature review of tourism entrepreneurial studies, especially those in sub-Saharan Africa -

drawing on human capital theory (HCT), this study investigated how the internal factor including the three main dimensions namely (1) socio-demographic characteristics, (2) entrepreneurial attributes, and (3) managerial, operational and marketing capabilities positively influence tourism business success. Similarly, drawing on the opportunity identification theory (OIT), this study has explored how the selected external environmental factors affect tourism entrepreneurial success. The current study contributes to the tourism entrepreneurial literature in the sense that it applied the two main entrepreneurship theories, namely human capital theory and opportunity identification theory in the context of South African tourism entrepreneurial space.

### **3.10 CHAPTER SUMMARY**

The chapter discussed the importance of the tourism industry and tourism-related entrepreneurship stakeholders' involvement in achieving its success. Tourism has emerged as a key driver of economic growth according to the literature reviewed in this chapter. The chapter also explicated the South African government's prioritisation of tourism industry in its National Development Plan (NDP) 2030. This chapter discussed in detail the role of local government in interacting with tourism-related entrepreneurs as well as the conflicts that may arise from these interactions (i.e., between the local government, and tourism entrepreneurs). The chapter concluded with some discussions around the theories that address government support for tourism-related entrepreneurship. The chapter recorded that including tourism entrepreneurs' perspectives in tourism entrepreneurship planning allows for the development of policies that promote tourism entrepreneurship success, and tourism sustainability. In Table 3.3, a preview of the SHT and its classical alternatives in addressing the dynamics and mechanisms of SMMTE support was also provided. The next chapter (Chapter 4) presents the research methodology covering the research paradigm, research design, and the research methods to be employed in collecting primary data for this research.

## **CHAPTER FOUR**

### **PHYSICAL SETTING OF THE STUDY AND METHODOLOGY**

#### **4.1 INTRODUCTION**

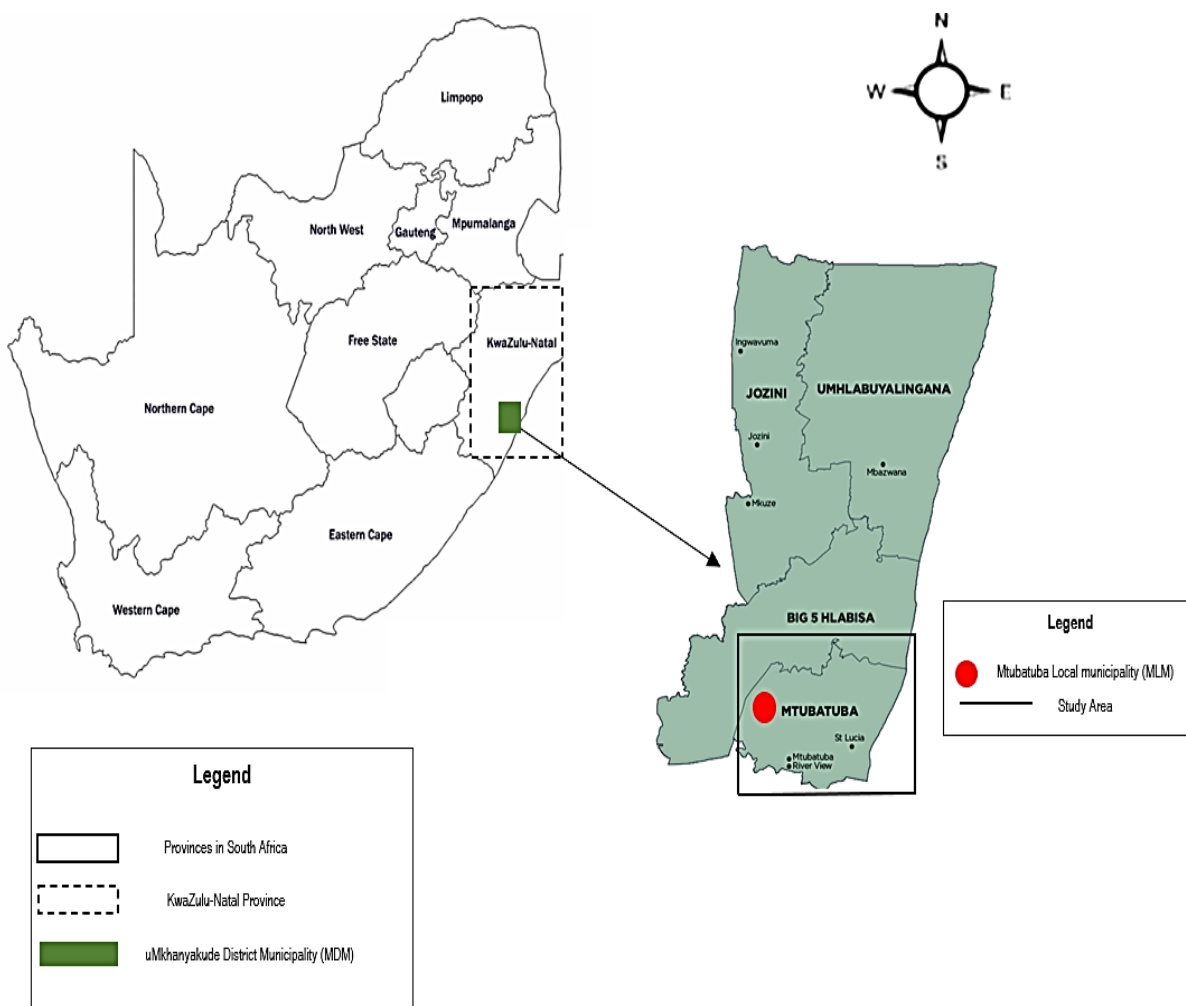
The primary goal of this chapter is to describe how this study was conducted to address the research objectives/hypotheses. In other words, this chapter details the methodological choice and the research design process of the study. The methodological choice was primarily guided by philosophical stance and the research problem. The research design is used to ensure that appropriate research methods are employed to achieve the goals and objectives (Kivunja & Kuyini, 2017). As explained by Robson (2002), there are three possible forms of research design namely: exploratory, descriptive, and explanatory. The rationale for discussing the research design and methodology is to provide a plan or blueprint for the research (Rutberg & Bouikidis, 2018; Taherdoost, 2016). In social sciences, according to Olsen and Morgan (2005), methodologies are seen as embodying epistemological assumptions, whereas methods can be used by practitioners from different epistemic starting points. Practice and attitude thus have consequences for methodology, but methodology should not be conflated with any other form of critique of the technical aspects of a method, whether philosophical (ontological), or otherwise (Olsen & Morgan, 2005). Additionally, any researcher should be able to anticipate the appropriate research design to ensure the validity of the results (Andrade, 2021; Taherdoost, 2016; Turner, 2020; Turner & Gianiodis, 2018).

This chapter further explains why the quantitative method research approach was considered appropriate for this study. Besides, the chapter explicates some approaches implemented to enhance the validity and reliability of the study. In addition, the chapter sets the procedures to collect, analyse, and report data. The proposition was tested using Mtubatuba Local Municipality (MLM) of uMkhanyakude District Municipality (UDM) (see Figure 4.1). This is followed by the research methodology details, which include the research paradigm, research design, and research methods used in collecting and analysing the primary data for this study. The chapter also presents a section on ethical considerations, the study's validity and reliability. The following section focuses on the research site (where the study was conducted).

#### **4.2 RESEARCH SITE: MTUBATUBA LOCAL MUNICIPALITY (MLM)**

Concerning the study location and its importance to tourism practices, Mtubatuba has the potential to cater for a wide spectrum of tourists and travellers and boasting of the presence of iSimangaliso Wetland Park (a World Heritage Site), Mfolozi River, and Saint (St) Lucia Town (Dlomo & Ezeudji, 2020; Ntshangase & Ezeudji, 2020). St Lucia, for example, is a tourist and a service hub for Mpukunyoni's surrounding areas with a belt of scenery linking Mtubatuba

Town and St Lucia Town (Ntshangase & Ezeuduji, 2020). In addition, its tourism-related facilities (such as hotels, guesthouses, bed and breakfasts) are pleasing when compared to global standards (Dlomo & Ezeuduji, 2020). The success, and growth of the tourism industry also have an impact on the growth of other small businesses such as restaurants, art, craft, and markets (Ezeuduji & Ntshangase, 2017a; Noor, Suryana, & Sholihati, 2019; Urban & Chantson, 2019). Tourism sector therefore plays a crucial role in the economic growth of a country, both in developed and developing countries (Ezeuduji & Ntshangase, 2017b). There are several tourism-related businesses already established by tourism entrepreneurs in MLM. The following section presents a map showing the location of MLM.



**Figure 4.1: Map showing the location of MLM in uMkhanyakude District Municipality of KwaZulu-Natal Province, South Africa**

Source: (Adapted from Map data ©2022 AfriGIS (Pty) Ltd)

MLM (KZ275) is one of the five municipalities in uMkhanyakude District Municipality (MDM) in KwaZulu-Natal (KZN) province in South Africa (Municipalities of South Africa, 2022). It is situated on the north-east coast of KZN province. The MLM is a category B municipality (as determined by the Demarcations Board, falling within the ambit of a collective executive system municipality as described in the KwaZulu-Natal Determination of Types of Municipality

Act, 2000) situated in the south-eastern corner of the MDM along the northern coastal belt of KZN. Chapter 7, section 155 of the South African Constitution, subsection (1) (b) - defines category B municipality as “a municipality that shares municipal executive and legislative authority in its area with a category C municipality within whose area it falls” (Republic of South Africa, 1996, p. 75). Furthermore, Mtubatuba is located roughly 200 kilometres (KM) north of Durban, and 55km north of the Richards Bay/Empangeni metropole along the N2 National Route (Municipalities of South Africa, 2022). In this local municipality, about 80% of the land is under the traditional authority, with a high proportion of people residing in scattered rural villages. According to Statistics South Africa (Stats SA) (2022), MLM has a high dependency ratio of 80.9%, with 52.3% of households headed by women and with 2% of households being headed by children. Mtubatuba has no fewer than 27, 237 inhabitants (AZNations, 2018–2022), with about 39.0% unemployment rate (Stats SA, 2022).

In Mtubatuba, youths are mostly unemployed with figure standing at 46.9% as at year 2022 (Stats SA, 2022). MLM, like other small rural municipalities in South Africa has experienced developmental constraints that have had a long-term impact on the growth, stabilisation, and development of this municipality (Mtubatuba Municipality, 2017), including the communities therein. The issues of lack of adequate water provision and poor infrastructure for instance remain dominant within the area. Nonetheless, there are three main art and craft market stalls (Zamimpilo Art and Craft Market, and two St Lucia Art and Craft Markets) within the jurisdiction of MLM (Nyawo & Mubangizi, 2015). These market stalls link directly with the tourism industry as tourists are the target customers for their products. According to Mtubatuba Municipality (2017), agriculture is the largest employment sector in this local municipality, however there is a great potential for expanding its tourism industry (especially eco-tourism), as its natural resources provide both public and private game and nature reserves, various accommodation establishments, restaurants, and sporting facilities.

Similarly, informal trading has become an economic alternative for many people in Mtubatuba. Tourism supplements informal trade as Mtubatuba serves as a gateway to the iSimangaliso Wetlands Park, and the Hluhluwe-iMfolozi Park (Khumalo, Mthuli, & Singh, 2019; Ntshangase & Ezeuduji, 2020). These parks make this municipality a tourism-based area. In Mtubatuba, traders utilise their little earnings on self-sustenance, thereby releasing the pressure on the formal economy (Khumalo et al., 2019; Nyawo, & Mubangizi, 2015). One of the Local Economic Development (LED) objectives of this municipality is “to ensure poverty alleviation, shared wealth creation, community stability and raised standards of living through formal job creation, entrepreneurial activity, and Small, Medium and Micro Enterprises (SMME) development” (Mtubatuba Municipality, 2017, p. 14).

South Africa’s tourism performance in African markets decreased the most in 2019 and 2018: Swaziland (-89.7%), Malawi (77.3%), and Zambia (-58.3%) (Stats SA, 2022). This result

represents the greatest drop in tourist arrivals (44.6%) from 2015 to 2019. In 2019, the number of tourists arriving in Mtubatuba Local Municipality of uMkhanyakude District decreased by 6% in quarter 1 (January - March) and 3% in quarter 4 (October - December). This municipality was coping with unpleasant news of several strikes in 2019 due to Coal mining problems, which had a detrimental impact on the municipality's tourism performance (<https://www.ukdm.gov.za/>). There are ten (10) district municipalities, each of which is further sub-divided into 43 local municipalities in the province of KwaZulu-Natal (AZNations, 2018–2022). Mtubatuba Local Municipality is one of the 43 local municipalities experienced a 2.4% decrease in domestic trips compared to other local municipalities in the fourth quarter of 2019. The following section discusses the study's epistemology and ontology leading to researcher's philosophical assumptions.

### **4.3. PHILOSOPHICAL GROUNDING**

#### **4.3.1 Epistemological and ontological**

The theoretical perspective describes epistemology as a way of looking at the world and making sense of it (Al-Ababneh, 2020). Epistemology is concerned with the nature of knowledge, its possibility, breadth, and general foundation (Al-Ababneh, 2020). This was guided by the notion that neutral information can be achieved by employing reliable and valid measurement instruments (e.g., the questionnaire). In this study, data was collected (using a questionnaire) than generated, involving both researcher and respondents, both of whom were flexible and sensitive to the context. The research was conducted as an ethical practice, with the researcher being responsible for both the respondents with whom, and the institution within which, the research is conducted. The researcher's epistemological views concern what it is possible to know - the researcher's relationship to what is being researched. The study chose positivism as the epistemological approach most suited to the investigation, since positivist research is distinguished by objective testing and a single consequence of the truth. In positivist research, researchers see themselves and their findings as apart from social and physical reality (Frehiwot, 2022). This study is an example of positivism in which hypotheses are developed and tested. Gathering of quantifiable data is a typical method used in positivist research. Hence, the current study results are quantitatively analysed and objectively reported and may be generalised to the population studied. Previous studies mostly suggested that the interconnections between epistemology, ontology, and methodology are linked to the methods used to collect data (Al-Saadi, 2014; Frehiwot, 2022; Hathcoat, Meixner, & Nicholas, 2019; Slevitch, 2011).

According to Al-Ababneh (2020), positivist knowledge is objective, value-free, generalisable, and reproducible. Nonetheless, since the early twentieth century, the positivist and objectivist traditions and thought have been criticised (Al-Saadi, 2014). Ontology is concerned with the

different ways of attaining knowledge which are referred to as methodology (Al-Saadi, 2014). This study is grounded in a philosophical position which tends toward a positivist paradigm (Walsh, 2015), in the sense that it relies on the hypothetico-deductive method to verify a priori hypotheses that are often stated quantitatively, where functional relationships can be derived between causal and explanatory factors (independent variables) and outcomes (dependent variables) (Al-Ababneh, 2020; Park, Konge, & Artino, 2020). The researcher's ontological beliefs concern the nature of reality, including social phenomena (Creswell, 2013). The current study believes that the person (researcher) and reality are distinct (ontology), and that objective reality exists outside of the human mind (epistemology). The social world in which the study was conducted is referred to as reality. The approach chosen reflects the researchers' perspectives on reality and how knowledge is constructed.

#### **4.3.2 Research paradigm**

A paradigm can be defined as an important array of beliefs held by scientists. According to Rahi (2017), it is a set of agreements on how problems should be understood, and how academics interpret the world and therefore conduct research. Kivunja and Kuyini (2017) argue that a paradigm tells the reader how to construct research meaning from the collected data. There are primarily four (4) paradigms that have been widely used in research, including social sciences, and these are post-positivism, interpretivism/constructivism, transformative and pragmatism (Kivunja & Kuyini, 2017; Rahi, 2017; Creswell, 2013). This section is important in this study because, without choosing a particular paradigm, the researcher cannot focus on a particular philosophical knowledge, and get a better position on other alternatives.

The research philosophy chosen for this study is positivism. According to Kivunja and Kuyini (2017); Creswell (2013), positivism as a philosophy adheres to the view that only factual knowledge gained through observation (the senses), including measurement is trustworthy. This study, in other words, is maintained and driven by the positivist paradigm's assumptions, convictions, expectations and values (Kivunja & Kuyini, 2017). According to Harp (2010), this paradigm was first proposed by Auguste Comte (a French philosopher) (1798-1857). In this study, positivism paradigm was chosen because it is widely used to search for cause-and-effect relationships in nature. It is also the preferred worldview for research, which tries to interpret observations in terms of facts or measurable entities (Fadhel, 2002, cited in Kivunja & Kuyini, 2017, p. 30).

Additionally, quantitative research is based on a positivist paradigm of measuring variables (Maziriri, Mapuranga, & Madinga, 2019). A positivist paradigm is usually executed from a realist's ontological perspective, and its epistemological leaning is towards empiricist paradigm (Orluwene & Ajala, 2020). Olsen and Morgan (2005) argue that the realist not only

analyses data, but also analyses theories, which have been used to construct and set out empirical findings by competing authors. This research is located in positivism paradigm since it relies on deductive logic, and it is concerned with research hypotheses testing, generalises from sample to population and uses large samples, and the data it used are highly specific and precise to derive conclusions. A positivist research paradigm is aligned with the purpose earlier mentioned, the design, and the methods of this study. The next section presents the research design adopted by this study.

#### **4.4. RESEARCH DESIGN**

Research design is defined by Mweshi and Sakyi (2020) as the discipline of how to conduct empirical research, including the use of both quantitative and qualitative methods. Orluwene and Ajala (2020) see research design as a plan or strategy of how to conduct the research in order to address the issue related to the identified problem. According to Igwenagu (2016), a survey research design is a great tool for quantitative method. This study therefore used survey research design to explore factors influencing tourism business and economic growth for tourism entrepreneurship. Survey research is a frequently used mode of observation in the social sciences (Babbie, 2017); hence, this study was designed as a survey, especially due to the fact that the constructs to be tested in this study are better presented in quantifiable ways. Survey entails researchers selecting a sample of respondents and administering a standardised questionnaire to each person in the sample (Creswell, 2014; Igwenagu, 2016; Wohlin, & Runeson, 2021). Survey research provides a quantitative or numeric description of trends, attitudes, or opinions of a population by studying a sample of that population (Wohlin, & Runeson, 2021). It includes cross-sectional and longitudinal studies using questionnaires or structured interviews for data collection — with the intent of generalising from a sample to a population (Wohlin, & Runeson, 2021).

##### **4.4.1 Advantages and disadvantages of quantitative research**

While quantitative methods have some notable strengths, they also have weaknesses. Sukamolson (2007) claims that quantitative research is good at providing detailed information from a large number of units. Sukamolson (2007), and Orluwene and Ajala (2020) however postulate that in exploring a problem or concept in-depth, quantitative approaches are too shallow. Quantitative research is well suited for the testing of theories and hypotheses (Mweshi & Sakyi, 2020; Sukamolson, 2007). These scholars also suggest that hypotheses and theories cannot be firmly established by quantitative methods.

##### **4.4.2 Advantages and disadvantages of qualitative research**

As qualitative approaches have their strengths, they also have some perceived weaknesses that may limit their use in the investigation of factors that may influence business success (Rutberg & Bouikidis, 2018). Tetnowski and Damico (2001) argue that qualitative methods are

quite open and versatile since they need to focus on complex social issues, and that serve as the strength to the users (Tetnowski & Damico, 2001; Mweshi & Sakyi, 2020). Tetnowski and Damico (2001) further reinforce the lack of verification of the findings as a serious problem that is never acceptable in qualitative research. This method may be open to abuse from untrained researchers using this research paradigm (Mweshi & Sakyi, 2020). Meanwhile, qualitative research operates from a different set of assumptions. While this is actually a strength of this research paradigm when dealing with complex phenomena (Tetnowski & Damico, 2001), it can be a weakness if the researcher of qualitative research does not employ these assumptions to understand and evaluate research (Mweshi & Sakyi, 2020; Tetnowski & Damico, 2001).

Despite the strengths and weaknesses presented above regarding research approaches, this study agrees with Babbie and Mouton (2017) that survey research in the social sciences is a widely used method of observation. Again, as the constructs to be tested in this study are better presented in quantifiable ways, this study has therefore been structured as a survey (Ntshangase & Ezeuduji, 2019). It adopted a quantitative research approach with a descriptive research method, as the nature of this research required descriptive influential factors and numbers to arrive at some conclusions. As mentioned above, this research is located within the positivism paradigm as quantitative research allows the researcher to generate statistical data and present them in frequencies, percentages, and tables (Babbie & Mouton, 2017; Rutberg & Bouikidis, 2018). Riyaz, Musthafa, Raheem and Moosa (2020) advocate that when the researcher tests research hypotheses, the quantitative method is recommended. Based on the nature of this study, a standardised approach to data collection was needed as it aimed to quantitatively measure and analyse different business success factor dimensions and optimising study results' comparability (leaning towards the positivist paradigm of exploring social reality). The quantitative approach employed in this study is therefore appropriate for addressing fundamentally the study's quantitative objectives and hypotheses.

#### **4.5 RESEARCH METHODS**

In a book by Kothari (2004), research methods are understood as all those methods or techniques that are used to conduct research. Kothari (2004) describes research methods as the behaviour and instruments used in selecting and constructing research techniques. Research techniques are behaviours and instruments used in performing research operations such as making observations, recording data, techniques of processing data among others (Kothari, 2004; Rutberg & Bouikidis, 2018). In this research, the terms 'research methods' and 'research techniques' are used interchangeably to mean the behaviour and instruments employed for conducting research.

#### **4.5.1 Sampling methods**

According to Turner (2020), sampling is the selection of a sub-set of the population of interest in a research study. Riyaz et al. (2020) suggest that the participation of an entire population of interest is not possible. A sample is therefore a sub-section of the population (Chawla & Sondh, 2011; Taherdoost, 2016) that is selected to participate in a study. There are two techniques of selecting respondents in a research study. One is through probability sampling in which the probability of selection of each respondent is known (Kothari, 2004; Riyaz et al., 2020; Taherdoost, 2016), and the second technique known as non-probability sampling is used when the probability of selection is unknown (Turner, 2020). A non-probability sampling was adopted in this study, as the research population was largely unknown. Some positivist methodologists (e.g., Kivunja & Kuyini, 2017) present non-probability sampling as inferior to probability sampling, however the aims and context of the research are critical guiding factors for study method reality.

Some of these tourism businesses being studied are formal (i.e., registered), and some are informal (i.e., not registered); the need to include the informal businesses in data collection prompted the research to choose non-probability sampling, hence the suitability of this sampling technique to this study. The exact number of these businesses in Mtubatuba Local Municipality is therefore largely unknown. Therefore, selecting the participating business respondents (tourism-related entrepreneurs) relied on non-probability sampling. Chawla and Sondh (2011) state that a sample should not be too small as it is difficult to achieve data saturation or theoretical saturation. This translates into the level of confidence in generalisations of findings (Taherdoost, 2016; Riyaz et al., 2020), and it is generally believed that the larger the sample size, the lower the sampling error and the greater the confidence level (Chawla & Sondh, 2011; Etikan & Bala, 2017; Turner, 2020).

As pertained to purposive sampling (also known as a judgment sampling), it is argued to be a type of non-probability sampling (Andrade, 2021), since it allows the researcher to decide what needs to be known and sets out to find people who can and are willing to provide the information by virtue of their knowledge or experience. Turner (2020) also asserts that purposive sampling is used where members of the target population meet certain specific characteristics other than availability that make them relevant to the study's objective. This sampling technique has its own strengths, but it also presents perceived weaknesses.

The key strength of purposive sampling is empowering the researcher to exercise expert judgment (Andrade, 2021; Riyaz et al., 2020; Turner, 2020). Turner (2020) posits that the key weakness of purposive sampling is being intrinsically subjective and opportunistic. It is also known that generalisation of research findings is only applicable to the population studied but

cannot be generalised across regions and nations. The researcher employed purposive sampling in selecting tourism-related entrepreneurs who were doing business in different regions of Mtubatuba Local Municipality, KwaZulu-Natal province of South Africa, and not those who had completely failed and out of business. Respondents were surveyed in different regions in the same municipality, and according to different business sizes prevalent within the study area's tourism industry namely small, micro, and medium tourism businesses (SMMTEs).

#### **4.5.2 Sample size**

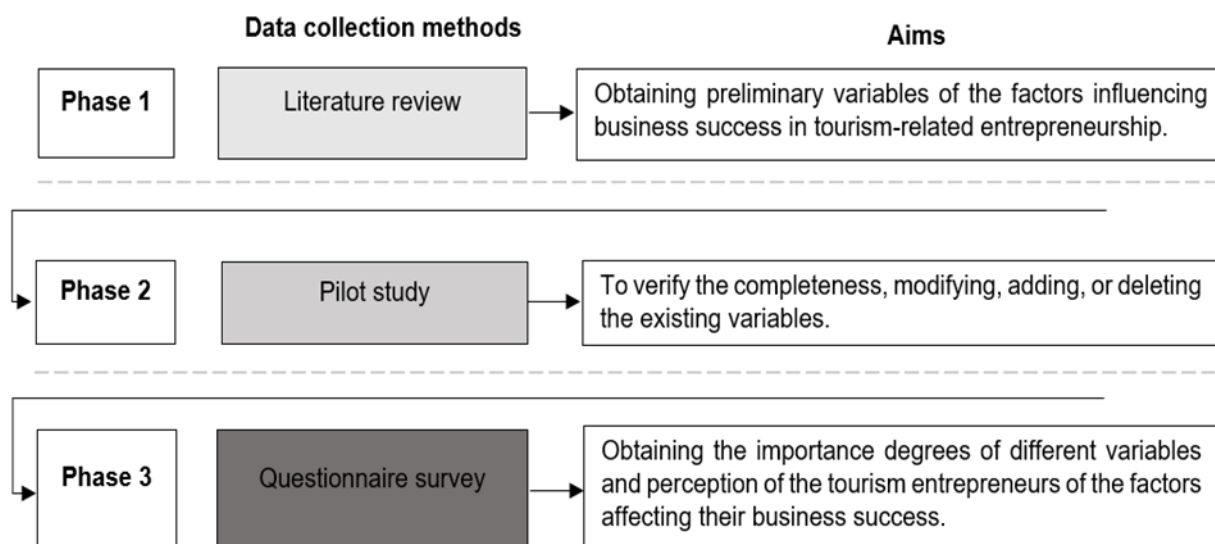
Kothari (2004) affirms that sample size is the number of items to be selected from the universe to constitute a sample. It refers to the number of respondents included in a study. Similarly, Comrey and Lee (2013) believe that the sample size of 50 is very bad, 100 is bad, 200 is fair, 300 is good, 500 is very good, and 1000 or more is excellent. This assumption is for non-probability study method, where sample size is not calculated using the criteria or formula used for probability sampling methods. Based on these views, the sample size used in this study's non-probability sampling method was 350 respondents. However, since this study adopted a non-probability approach, it becomes inconsequential to apply the probability approach calculations in estimating the sample size from the study population. To address the weakness of non-generalisability of findings from a non-probability study such as this, a sample size of 350 was used for this study to capture as many opinions as possible, giving more strength to the findings of this study. Based on the estimated research population (including registered tourism businesses) of 175 registered businesses and a rough estimation by the researcher of 400 unregistered businesses; and as the study mimicked probability sampling technique, a minimum of 234 respondents (sample size), according to Research Advisors (2006) should be surveyed to generate statistics or findings acceptable at a 95% confidence interval (5% margin of error). The sample size of 350 is adequate for this study, and also large enough for the partial least squares-structural equation modelling (PLS-SEM) assessment performed.

A total of 481 questionnaires were distributed between March 2022 and August 2022, however the researcher used 350 questionnaires that were fully completed, for analyses in August 2022. 77 questionnaires with many missing responses, and others with inconsistency were equally rejected. This was accomplished using standard procedures set by the researcher to reduce errors in data collection and recording. Furthermore, 54 questionnaires were not returned or were misplaced in somehow during the second researcher's visit for collection. This sample size could not be increased as it is extremely difficult to get business owners and managers to respond to study questionnaires. In this study, using non-probability sampling (as earlier mentioned), these 350 respondents were surveyed in their tourism businesses in Mtubatuba Local Municipality. This sample size (not calculated using probability sampling

methods) is considered by this study to be large enough to test research hypotheses (Kock, 2018), and reach conclusions on the research objectives as the number of tourism-related entrepreneurs in this locality is not relatively large compared to those in larger cities such as Durban or Richards Bay in KwaZulu-Natal, South Africa.

#### 4.5.3 Data collection method

As earlier mentioned, this study employed a quantitative research approach as the data collection procedure. Veal (2011; 2017) affirms that when the nature of research objectives requires individual and quantified responses, a questionnaire survey is usually ideal to obtain information to address these research objectives. Survey research according to Apuke (2017), and Turner (2020) encompasses the use of a scientific sampling method with a standardised questionnaire to measure a given population's characteristics through the utilisation of statistical methods. This research involves a large number of respondents, and Andrade (2021) believes that a standardised questionnaire survey is appropriate for collecting quantitative data. More concisely, Ezeuduji and Mbane (2017) further reveal that tourism research needs quantitative data for researchers to get the required information for management and policy decisions, and survey questionnaire is very appropriate for this purpose. The researcher of this study therefore ensured that a survey was conducted using a structured questionnaire to achieve the set objectives. Figure 5.1 showcases the process of data collection.



**Figure 4.2: Data collection process**

Source: (Adapted from Hussain, Fangwei, Siddiqi, Ali, & Shabbir, 2018, p. 07).

The questionnaires used were translated from English to isiZulu which is the indigenous/or vernacular language to ensure that all participants without fluency in English could understand the questionnaire, and all those who could not read had the questionnaire read to them in the

language they understood (i.e., isiZulu). The questionnaire used went through multiple stages of translation and back translation by qualified persons specialising in vernacular language. The researcher assisted by a translator to forward-translate the survey instrument from English to isiZulu language. Then, a second translator assisted a researcher to back-translate the survey instrument from isiZulu to English language. This was done to minimise the problems (such as incomplete or inaccurate translations) that can result in loss in nuance intended by the study, or completely change the meaning of a question. The researcher allocated two weeks for the initial translation, and two more weeks for editing and reviewing the translations. The researcher thereafter captured their responses. Meaning, the researcher used both respondent-completed and interviewer-completed structured questionnaire to gather information from 350 tourism entrepreneurs of Mtubatuba Local Municipality in the KwaZulu-Natal Province of South Africa. Protocols were observed through discussions with respondents based on their grasp of the instrument, the length of time to complete the questionnaire, and the questioning method.

Interviewer-completed questionnaire method was used when the respondent cannot complete the questionnaire in English or isiZulu language. The isiZulu version yielded 106 completed questionnaires, whereas the English version yielded 244 completed questionnaires. The questionnaires that were completed and received by the researcher were coded into numbers so that it can be easily digitised in the computer software. In addition, all data captured in the IBM SPSS Statistics were eventually imported to MS Excel spreadsheet.

#### **4.5.4 Study's construct variables and measuring items**

Five main construct variables, and 47 measuring items were used to assess the ordinal scaled variables in Section B of the questionnaire. These variables are: (1) tourism business success factors (TBSF); (2) tourism entrepreneurial attributes (TEA); (3) tourism business external environmental factors (TBEEF); (4) managerial and operational capabilities (MOC); and (5) marketing capabilities - consumer-related and management task (MCCRMT). Each of these construct variables was measured by eight (8) to ten (10) items (classified as codes in the following table). The variables introduced in the questionnaire emanated from previous empirical studies related to business success (such as Medase & Baras, 2019; Rizal et al., 2017; Kakabadse, 2015; Noor et al., 2019; Ertac & Tanova, 2020). The distribution of construct variables, measurement items, and codes is shown in Table 4.1 below.

**Table 4.1: The distribution of construct variables, measurement items, and codes**

Constructs	Measurement Items	Code
<b>Tourism business success factors (TBSF)</b>		
<b>A</b>	I have experienced sales growth over time, in my business	A1
	I have employed more staff in my business over time	A2
	I have over time, experienced income growth in my business	A3
	I have over time experienced market share growth in my business	A4
	I feel very happy running this business	A5
	My employees and customers are happy people	A6
	I have personally achieved a lot, through my business	A7
	I have a high sense of self-fulfilment due to my business	A8
<b>Tourism entrepreneurial attributes (TEA)</b>		
<b>B</b>	Business innovation is an important aspect for the entrepreneur in business operations	B1
	Networking with other business owners is critical for business success	B2
	I know how to create better products and services in my business	B3
	Technology has significant role in the business success in tourism entrepreneurship	B4
	It helps to get additional technology education and training on an ongoing basis as an entrepreneur	B5
	I always take some level of risks to succeed as a business owner	B6
	Wherever I have been, I have been a powerful force for creating change	B7
	I am always working hard towards delivering products or services to the customers on time	B8
<b>Tourism business external environmental factors (TBEEF)</b>		
<b>C</b>	South African government provides financial support to the tourism entrepreneurs operating in my municipality	C1
	Tourism sector in South Africa receives much attention from the government through easier accessibility to markets, and accessibility to appropriate technology	C2
	Taxing regulatory system from the South African government is helpful for tourism entrepreneurs' success	C3
	Financial institutions easily lend money to entrepreneurs doing tourism-related businesses	C4
	South African government offers the opportunity of helping people start businesses in previously disadvantaged communities	C5
	Tourism sector is creating advice centres and infrastructure for tourism businesses and entrepreneurs	C6
	South African government is increasing managerial and professional skills through offering courses and training	C7
	South African government has introduced policies and strategies which sought to create opportunities of tourism business development and success	C8
	There is not much competition among tourism-related businesses in my municipality.	C9
	We have enough tourists who demand our products and services	C10
<b>Managerial and operational capabilities (MOC)</b>		
<b>D</b>	My management style influences and motivates employees to achieve business goals	D1
	I always include all relevant stakeholders in the decision-making process regarding my business operations	D2

	I always develop my employees through trainings to run more effective business	D3
	I believe my business will grow quicker if I focus on my employee's skills and knowledge to improve on a regular basis	D4
	I always set a very clear target measures for each process in my business	D5
	Every employee in my business is fully aware and knows what they are expected to do	D6
	All decisions made in my business reflects the vision of the business success	D7
	I discuss with my employees at the end of every financial year, how they have performed in the business	D8
	We always deliver products and services in time to our customers / tourists	D9
	How we do things in this business is clear to me and all my employees	D10

#### **Marketing capabilities – consumer-related and management task (MCCRMT)**

<b>E</b>	I know exactly what our customers want	E1
	I know exactly how to deliver what our customers want	E2
	I know our competitors and how to compete against them	E3
	I know the strengths and weaknesses of all our major competitors	E4
	I know all our customer segments or types and what they specifically want	E5
	I know who our future customers are, those that will buy from us in the future	E6
	I know how to develop better products and services that our customers want	E7
	I know what our customers think of us, and how to improve our image in their minds	E8
	I know the best effective ways to promote or advertise our business	E9
	I understand how tourism-related products and services are priced and how to decide the best price	E10
	I know our current and possible intermediaries and how to work with them to achieve business success	E11

These five main construct variables were regenerated later to form the composite variables for further analyses. The following section presents how the questionnaire was designed and distributed.

#### **4.5.5 Questionnaire design**

As already mentioned, a standardised questionnaire was used to collect information appropriate for descriptive and inferential analyses to reach conclusions. The questionnaire variables were close-ended questions in a form of matrix questions to save time for the respondents, and to increase the comparability of responses (Chawla & Sondh, 2011). Questions were mostly set on five (5) dimensions of business success, and internal and external factors that may influence business success. The questionnaire was developed based on the conceptual frame of reference as well as other previous studies (such as Rizal, Suhadak, & Kholid, 2017; Medase & Baras, 2019; Mikalef, Krogstie, Pappas, & Pavlou, 2020; Ntshangase & Ezeuduji, 2020) as shown in Table 4.2.

Consequently, the questionnaire consisted of sections A and B. Section A contained general questions and personal information. Questions in Section A were set in form of categorical or nominal variables. Section B contained five (5) dimensions of business success, and internal and external factors that may influence business success. In addition, questions in Section B were also set on a 5-point Likert scale: 1 - strongly agree, 2 – agree, 3 – neutral, 4 – disagree, and 5 - strongly disagree.

**Table 4.2: Literature criteria on questionnaire variables**

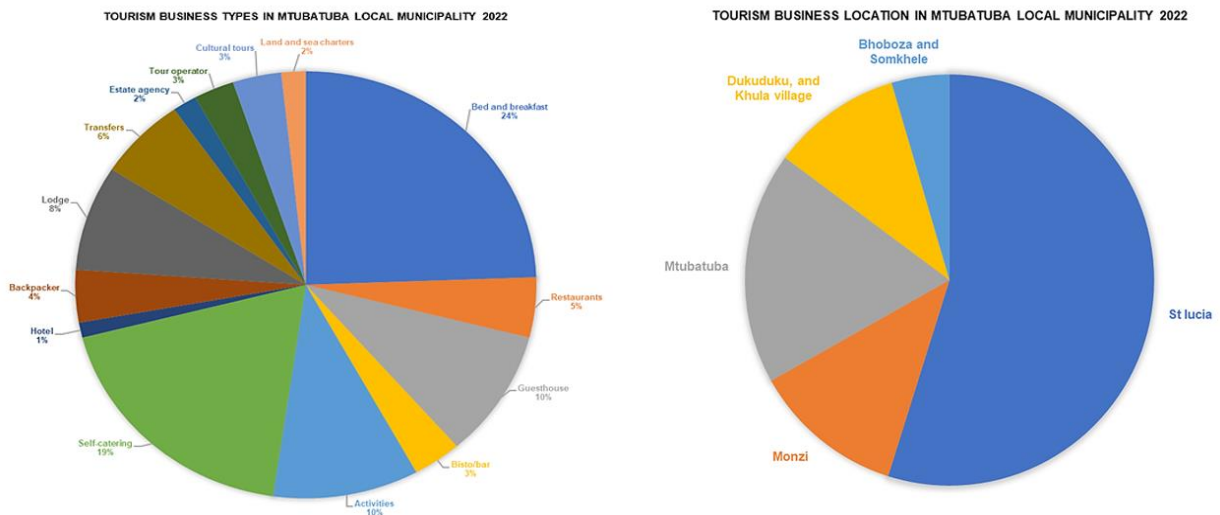
<b>Main variables</b>	<b>Examples</b>	<b>Sources</b>
<b>Business success*</b>	Business sales growth, employment growth, income growth, market share growth, employees' happiness, entrepreneurs' happiness, personal achievement and self-fulfilment	Medase and Baras (2019) Rizal et al. (2017) Kakabadse (2015) Noor et al. (2019) Ertac and Tanova (2020)
<b>Entrepreneurial attributes internal factors*</b>	Innovation thinking and networking, use of technology and business drive, attitude towards risk-taking, being effective and effective	Ntshangase and Ezeuduji (2020)
<b>Business external environmental factors*</b>	Complex legal and regulatory constraints, lack of guidance on business development, networking relationship and market environment, access to information	Urban and Chantson (2019); Rizal et al. (2017)
<b>Operational capabilities*</b>	Management processes, performance management	Elmo, Arcese, Valeri, Poponi and Pacchera (2020)
<b>Marketing capabilities*</b>	Consumer-related marketing capabilities, management task	Mikalef et al. (2020)
<b>Managerial capabilities*</b>	Management style, decision-making, employees' development	Elmo et al. (2020)

**Note:** \*re-generated variables

The following section focuses on how the questionnaire was distributed.

#### **4.5.6 Questionnaire distribution**

In some of the places where the study was conducted, the researcher along with the tourism-related entrepreneurs had an agreement to drop and collect copies of the questionnaire administered on weekly or fortnight basis. In other places, the researcher distributed the questionnaire and waited for completion, or even assisted the respondents (i.e., sometimes reading out, or recording respondents' responses). All the questionnaires received were evaluated for quality purposes, and they were equally checked for completeness. In total, 481



questionnaires were distributed; however, the researcher used 350 questionnaires that were well-completed for analyses purposes. If a responder skipped or missed more items on the questionnaire, analysis becomes more difficult and problematic (Hair et al., 2021; Kock, 2018; Kline, 2016). The above processes paved ways for the analysis of 350 questionnaires, Figure 4.3 depicts the various types of tourism businesses in the study area.

**Figure 4.3: Types of tourism businesses and their locations in Mtubatuba Local Municipality**

*Source: (Adapted from Database of tourism service providers in the Elephant Coast, 2022)*

Figure 4.3 depicts the various types of tourism businesses and their locations in Mtubatuba Local Municipality. Meanwhile, there are 175 registered (formal) tourism service providers or tourism businesses in this local municipality (Database of tourism service providers in the Elephant Coast, 2022). This study assumed, that the total number of unregistered (informal) tourism businesses in this area may be maximum 400. Hence a total population of about 575 tourism businesses may be present in the study area. Research Advisor (2006) estimated the sample size of 234 to be suitable for this population size to reach findings acceptable at 5% confidence interval. Thus, this sample size of 350 tourism businesses was considered large enough to reach findings at 5% or 95% confidence interval, assuming the study used probability sampling.

Many questionnaires were distributed in St Lucia side (St Lucia, Dukuduku, Khula village Monzi and the Mtubatuba town area, including the Riverview side. Due to the dominance of tourism businesses on the St. Lucia side (roughly 90% of businesses are situated there) - as the tourism hub, 90% of the questionnaires were distributed there. Few questionnaires (roughly 10%) were distributed in various rural locations around Mtubatuba town, and these locations include Bhoboza and Somkhele.

The questionnaires were distributed to tourism-related businesses such as those that are formally registered, the informal ones, and those that were registered as non-Value Added Tax (VAT) businesses. These businesses include those operating largely on streets, those manufacturing (handcrafters) and providing services at backyards, and those running as occasional home-based businesses. The respondents were firstly informed of the purpose and objectives of the study before they were asked to respond to the questionnaire. Furthermore, respondents were also given assurance of privacy, confidentiality, and anonymity as concerned the information they provided. The section that follows discusses data sources. However, validity and reliability of the instrument was established using convergent validity, discriminant validity, internal consistency, indicator reliability and composite reliability as reported in the results (see Chapter 5).

#### **4.6 RESEARCH PRIMARY AND SECONDARY DATA**

The primary data were collected first-hand by the researcher himself (Leggett, 2017). For collecting the required primary data, a structured questionnaire was used. The questionnaire was constructed based on an extensive literature review on tourism entrepreneurship. This indicates that the researcher collected a primary data after exploring all reasonable secondary sources of information regarding the research topic.

Most secondary data was accessed from accredited journals (peer-reviewed journal articles) and research documents, which are verifiable, but published between 2018 and 2022. Other articles and books older than the previously mentioned timeline were also used based on their relevance to this research. The section that follows describes the data analysis methods used in this study to address the study's objective and reach conclusions.

#### **4.7 METHOD OF DATA ANALYSIS**

The analysis of the data obtained through survey questionnaire designed for the study are presented. The study explains both intra and inter-relationships between entrepreneurs' profile (such as gender, age, education level, and types of business), tourism entrepreneurial attributes (TEA), tourism business external environmental factors (TBEEF), managerial and operational capabilities (MOC), marketing capabilities – consumer-related and management task (MCCRMT) and tourism business success factors (TBSF), respectively. In this study, three (3) data analysis questions (DAQs) were developed to address the research hypotheses. These include:

1. How does the study scale perform in terms of convergent and discriminant validity as well as reliability?
2. How much variance do the variables in the model account for in the criterion variable (tourism business factor success)?

3. Is the measurement model which describes the causal relationship among the entrepreneurs' profile (such as gender, age, education level, and types of business), tourism entrepreneurial attributes, tourism business external environmental factors, managerial and operational capabilities, marketing capabilities – consumer-related and management task and tourism business success factors fit?

To answer these questions, a partial least squares-structural equation modelling (PLS-SEM) assessment was conducted in two phases, and the set of equations were solved simultaneously to test model fit and estimate parameters. These data analysis phases are explained in the following chapter (see Chapter 5). The PLS-SEM method of multivariate analysis is very useful to many researchers as it supports them to estimate complex models that have many study constructs, indicator variables and structural paths without necessarily imposing distributional assumptions (normal vs non-normal data distribution) on the collected data. The reflective measures are connected by arrows directing from the construct to the indicators are estimated in PLS-SEM by the outer loadings. While the formative measures, which are indicated by arrows pointing from the indicator to the construct are estimated by their outer weights. Meanwhile, all indicators in this analysis were measured reflectively.

According to Hodges, Stone, Johnson, Carter, Sawyers, Roby, and Lindsey (2022), there are many statistical software packages commonly used in social and behavioural science research. These packages are (1) IBM SPSS software developed by IBM for PC (IBM Corporation, 2020; 2021), (2) Statistical Analysis System (SAS) software developed by SAS Institute (SAS, 2013), (3) SmartPLS software by SmartPLS GmbH since 2005 (De Souzaabido & Da Silva, 2019), and (4) R software by R Core Team (R Core Team, 2020). These software (all of them) are used widely by researchers to perform quantitative analysis in social sciences (Ramezani & Hezaveh, 2022; Rahman & Mukhtadir, 2021). IBM SPSS Statistics is an advanced software programme used for developing and processing statistical data to find trends and variables (IBM Corporation, 2020; 2021; Ramezani, & Hezaveh, 2022). Similarly, SAS is a statistical software for data management, advanced analytics, multivariate analysis, business intelligence, criminal investigation, and predictive analytics (SAS, 2013). Moreover, while a software called SmartPLS uses the partial least squares (PLS) path modelling technique to perform variance-based structural equation modelling (SEM) (Ringle, Wende, & Becker, 2015); R is a programming language for statistical computing and graphics (Hornik & R Core Team, 2022; R Core Team, 2020). Among these mentioned software, this study employed IBM SPSS software version 28 and SmartPLS software version 4.0.8 for data analyses.

As most studies have combined these software on general entrepreneurship and economics data (see Chen & Ifenthaler, 2021; Potluka, 2021), the analyses in the current study were conducted using the default parameters of each software package, and few additional

specifications or options to reduce the extent of researcher's freedom while conducting the analysis. In other words, the analysis was free from ethical violations. The researcher analysed data using descriptive and multivariate statistical analyses since the study adopted a quantitative research approach.

#### **4.7.1 Descriptive and multivariate statistics analysis**

For data analyses, the researcher used descriptive statistics to generate frequency of respondents' profile (in percentages), mean scores of responses, and the standard deviation (STD Dev). Mean scores and standard deviations measure the central tendency of the variables and dispersion, while descriptive statistical analysis focuses on the comprehensive measurement of population characteristics (Chawla & Sondh, 2011). According to Chawla and Sondh (2011), descriptive statistical analysis allows for defining a population, assessing each member of that population, and computing a summary value (such as mean scores or standard deviation). In this study descriptive statistics was, therefore, used to summarise information about the research sample (Jong-Min, Kee-Jae & Wonkuk, 2017).

The study also explained both intra and inter-relationships between entrepreneur's profile (such as gender, age, education level, and entrepreneur's type of business), tourism entrepreneurial attributes (TEA), tourism business external environmental factors (TBEEF), managerial and operational capabilities (MOC), marketing capabilities – consumer-related and management task (MCCMT) and tourism business success factors (TBSF), respectively. For statistical purposes, the analysis was conducted in two (2) phases. The first phase of the analysis dealt with data integrity; this feat was achieved using the statistical package for social sciences (SPSS) software version 28.0, while the second phase tested the measurement (that is, construct validity and reliability of the instrument) and structural model using partial least square-structural equation modelling (PLS-SEM) involving a multivariate analytical technique implemented on SmartPLS software version 4.0.8 (Ringle et al., 2015). As earlier motivated, the PLS-SEM method of multivariate analysis is very useful to many researchers as it supports them to estimate complex models that have many study constructs, indicator variables and structural paths without necessarily imposing distributional assumptions (normal vs non-normal data distribution) on the collected data.

In PLS-SEM, common method bias results from the measurement method used in the SEM study, not from the network of causes and effects in the study model. The researcher established common bias method using a widely known collinearity variance inflation test since the data were self-reported and cross-sectional. In Kock (2015), common method bias is threatened if the model's highest variance inflation factor (VIF) is above the 3.3 thresholds. In this study, the VIF values all fall below the 3.3 cut-offs, so there was no evidence of common

method bias. The results are presented in the order of stated data analysis questions in Chapter 5

#### **4.7.2 Data integrity**

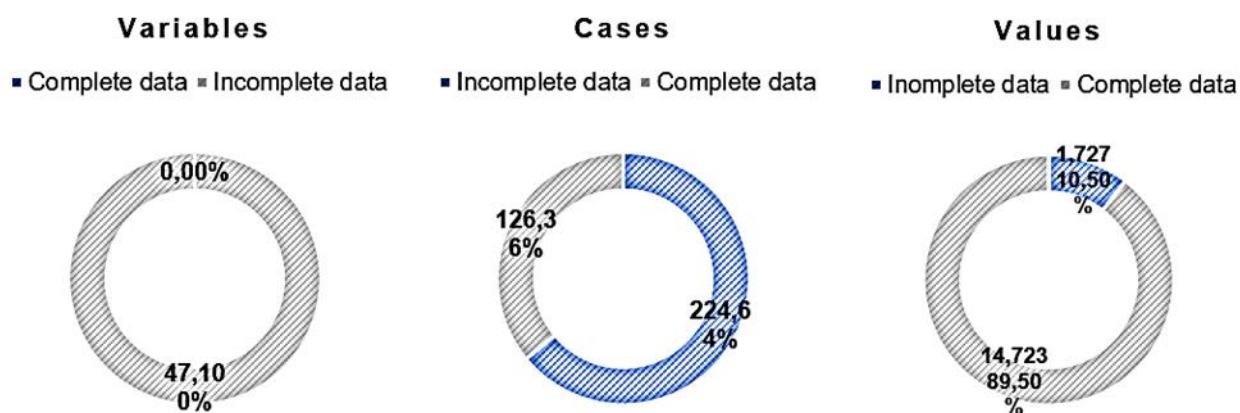
##### ***Phase 1***

According to Lee, Slagle, and Mong (1976), there are two issues with using computerised database systems. The issues are: (1) How can the values for the missing data be estimated? (2) How can researchers reduce the amount of data errors and increase data integrity? Other scholars such as Xin, Fu, Mandal, Tanaka, Rynge, Vahi, and Deelman (2022) contend that data integrity is probably the most enjoyable for contemplating why specific information is unavailable to the researcher during data analysis. Occasionally, missing data can conceal a hidden intention, such as whether the respondent chooses not to respond rather than answering irrationally. Before exploring data analysis' true potential, it is essential to ask some questions, like could someone be hiding something? (Gao, Chang, & Liu, 2021; Lee et al., 1976; Xin et al., 2022). Meanwhile, nothing is more thrilling than finding out why someone is not providing all the information. In this study, a missing value analysis was conducted premised on Tabachnick and Fidell's (2007) suggestion that missing values analysis should be conducted to check for their randomness. Conducting such actions above helped the researcher to address several concerns caused by incomplete data.

Observably, if adequate attention is not paid to missing values in any dataset, it may reduce the precision of estimated statistics and have a resultant significant effect on the conclusions that can be drawn from any data (Gao et al., 2021; Rubin, 1976). As there was less information than originally planned, which can complicate the required theory, the researcher examined the missing data patterns to obtain insight into the location of the missing values by probing and analysing the patterns. This is because there is less information than originally planned, which can complicate the required theory. In terms of missing data mechanisms, the researcher is interested in understanding why missing data occurs and examining the correlation between variables with and without missing data (Gao et al., 2021; Lee et al., 1976; Xin et al., 2022; Tabachnick & Fidell, 2007; Rubin, 1976). Rubin (1976), Baraldi and Enders (2010) have distinguished between missing data situations that are both random and non-random and are called Missing Completely At Random (MCAR), Missing At Random (MAR), and Missing Not At Random (MNAR).

In Rubin's (1976) missing data mechanism, it is assumed that the probability of missing data is related to other variables in the dataset (i.e., MAR), or to the variable itself (i.e., MNAR). The probability of a variable having a missing value is high if it has a lot of missing data. As a rule of thumb, the missing responses per variable can vary between 0.4% and 5%. Resultantly, such ranges are often considered normal (Hair, Black, Babin, & Anderson,

2010). Consequently, in this study, the missing value analysis was conducted using multiple imputations of Markov chain Monte Carlo (MCMC) implemented in SPSS software version 28.0. Figure 4.3 and Figure 4.4, and Table 4.3 present the descriptive statistics of the study variables, overall summary, and pattern of missing values, respectively.



**Figure 4.3: Overall summary of missing values**

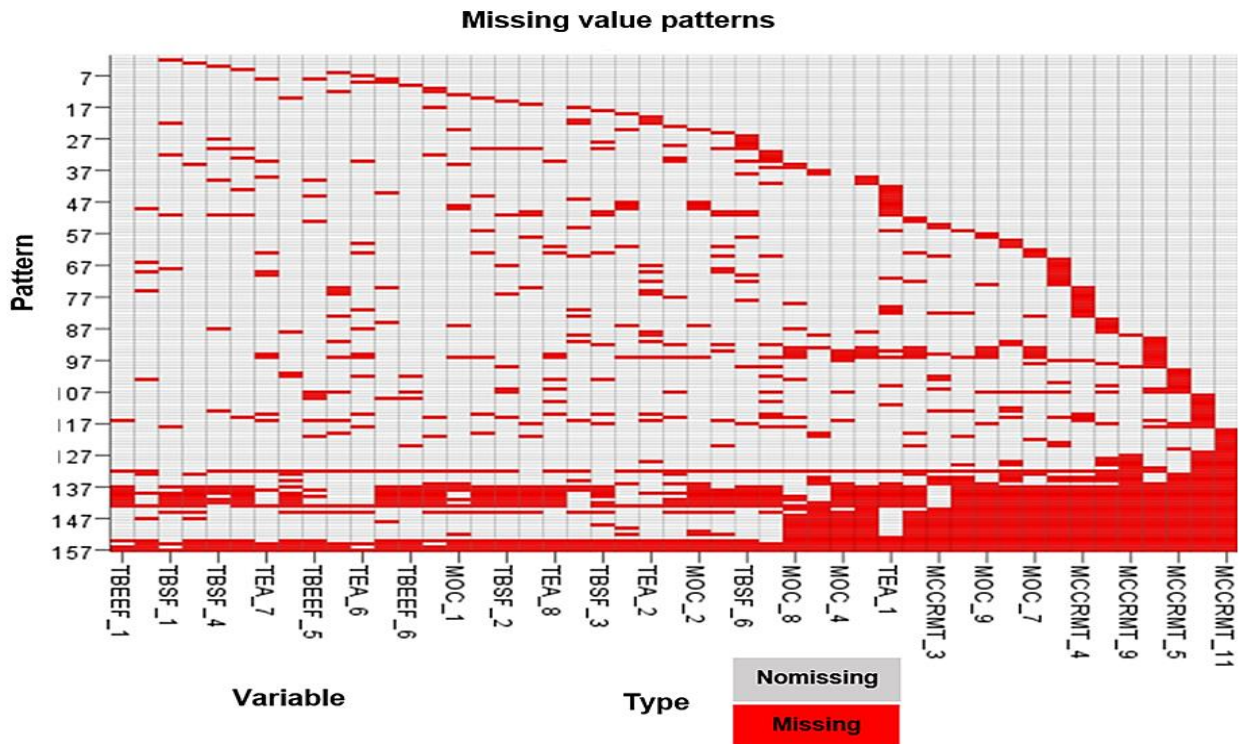
Figure 4.3 shows the overall summary of missing values using variables, cases, and values as indicators. The pie chart for variables shows that there is no evidence of missing values 47 (100%), for cases (i.e., respondent), there is evidence of 224 (64%) missing values among the respondents to the questionnaire, while 126 (36%) did not have missing values, and the last indicator shows that in all of the dataset, there are 1,727 (10.50%) missing values. This is in violation of the advanced benchmark permissible for any dataset to be judged good or acceptable. This was further confirmed using the variable summary presented in Table 4.3.

**Table 4.3: Summary of study variables**

Items	Missing		Valid N	Mean	Std. Dev.	Items	Missing		Valid N	Mean	Std. Dev.
	N	%					N	%			
MCCMT_11	77	22.00%	273	3.70	1.11	MOC_3	29	8.30%	321	3.72	1.02
MCCMT_10	72	20.60%	278	3.68	1.06	TBSF_3	29	8.30%	321	3.48	1.10
MCCMT_5	56	16.00%	294	3.63	1.13	TBEEF_3	28	8.00%	322	3.43	1.05
MOC_6	56	16.00%	294	3.47	1.04	TEA_8	28	8.00%	322	3.76	1.09
MCCMT_9	55	15.70%	295	3.62	1.09	TBSF_8	28	8.00%	322	3.69	1.07
MCCMT_8	54	15.40%	296	3.62	1.09	TBSF_2	28	8.00%	322	3.46	2.43
MCCMT_4	54	15.40%	296	3.50	1.11	TEA_3	27	7.70%	323	3.37	1.03
MCCMT_2	54	15.40%	296	3.59	0.99	MOC_1	26	7.40%	324	3.27	1.13
MOC_7	53	15.10%	297	3.61	1.06	TBEEF_7	25	7.10%	325	3.50	1.17
MCCMT_7	52	14.90%	298	3.55	1.11	TBEEF_6	25	7.10%	325	3.50	1.08

<b>MOC_9</b>	49	14.00%	301	3.58	1.04	TBEEF _8	24	6.90%	326	3.42	1.10
<b>MCCMT_6</b>	48	13.70%	302	3.58	1.06	TEA_6	24	6.90%	326	3.59	1.11
<b>MCCMT_3</b>	47	13.40%	303	3.49	1.10	TEA_5	24	6.90%	326	3.48	1.03
<b>MOC_5</b>	47	13.40%	303	3.40	1.03	TBEEF _5	23	6.60%	327	3.52	1.08
<b>TEA_1</b>	47	13.40%	303	3.57	0.91	TBEEF _2	23	6.60%	327	3.32	1.05
<b>MOC_10</b>	45	12.90%	305	3.66	1.19	TEA_7	23	6.60%	327	3.62	1.04
<b>MOC_4</b>	45	12.90%	305	3.21	1.20	TBSF_ 7	23	6.60%	327	3.57	1.05
<b>MCCMT_1</b>	43	12.30%	307	3.26	1.18	TBSF_ 4	22	6.30%	328	3.48	1.09
<b>MOC_8</b>	43	12.30%	307	3.49	1.13	TBEEF _10	21	6.00%	329	3.57	1.10
<b>TEA_4</b>	36	10.30%	314	3.50	1.05	TBSF_ 1	20	5.70%	330	3.18	1.15
<b>TBSF_6</b>	35	10.00%	315	3.73	1.10	TBEEF _9	19	5.40%	331	3.51	1.14
<b>TBSF_5</b>	34	9.70%	316	3.64	1.06	TBEEF _1	16	4.60%	334	2.98	1.09
<b>MOC_2</b>	30	8.60%	320	3.48	1.00						
<b>TBEEF_4</b>	30	8.60%	320	3.42	1.12						
<b>TEA_2</b>	30	8.60%	320	3.11	1.12						

Table 4.3 reveals an overview of variables with missing values and their percentages. Critical examination of the table depicts that except for item TBEEF\_1 (4.60%), which fell within an acceptable range as suggested by Hair et al. (2010), the rest of the items violated the accepted benchmark of 0.4-5% of the missing value per variable. The result is further buttressed using missing value patterns (see Figure 4.4).



**Figure 4.4: Missing value patterns**

Figure 4.4 shows the missing values cluster at the bottom right-hand corner, while others are sparse throughout the graph. As a result of this pattern, it is obvious that the nature of missingness is not MCAR but either MAR or MNAR. In the MAR or MNAR condition, the multiple imputation (MI) method provides a valid statistical inference (Little & Rubin, 2019; Dong & Peng, 2013) to resolve the issue. Little and Rubin (2019) have also proposed MI as a means of imputed data, while acknowledging the uncertainties associated with imputed values. As a result, MI generates ‘*k*’ complete sets, each with a unique estimate of each unobserved data point, thereby acknowledging the uncertainty. A standard statistical procedure is then used to analyse each of the ‘*k*’ complete data sets, resulting in ‘*k*’ slightly different estimates. Finally, MI produces a single parameter estimate by pooling ‘*k*’ estimates together. Succinctly, MI imputes missing data in three stages. First, it imputes missing data ‘*k*’ times to create ‘*k*’ complete sets of data; secondly, it analyses each set using a standard statistical procedure; and thirdly, it combines these pool estimates using output management system control panel (Schafer, 1999). For this reason, missing values were handled using the MI method to ensure the dataset's integrity before further analysis. Confirmatory factor analysis was conducted prior to model measurement.

#### 4.7.3 The measurement model

##### **Phase 2**

According to Jöreskog (1969), confirmatory factor analysis (CFA) has been a fundamental component of psychometric research since its inception. Due to the methodological advancements associated with it (namely goodness-of-fit, estimation of various models, and

the inclusion of method factors); CFA quickly became the standard "go-to" method in social science research. In CFA analyses, the two common approaches are to either fix the variance of the latent variable to be 1.0 or to fix one of the factor loadings for each factor typically to be 1.0 to identify the metric of the latent variable (Ayanwale, 2022). In this study, all factor loadings are estimated using the CFA approach, subject to restrictions to identify the model (see Chapter 5, Table 5.7 to 5.9). So, in this study, before structural equation modelling (SEM) using PLS-SEM, confirmatory factor analysis was carried out. CFA is viewed as a measurement model evaluation in PLS-SEM (Henson & Roberts, 2006). Based on the findings, several items were consequently deleted.

The correlations between the items and latent variables are quantified and presented in the hypothesised measurement model. These variables are quantified using a measurement model (see Figure 5.4, in Chapter 5) and were thought to influence entrepreneurs' business success in tourism entrepreneurship. Previous studies suggested that it is possible to evaluate a theoretical model construct and the structural correlations between variables by using the measurement model technique (Durdyev & Mbachu 2018; Durdyev, Ihtiyar, Banaitis, & Thurnell, 2018; Durdyev, Ismail, & Kandymov, 2018; Wong, 2013).

According to research, there are two distinct approaches to structural equation modelling (SEM): (1) component-based (PLS-SEM) and (2) covariance-based. Component-based (PLS-SEM) and covariance-based SEM are two distinct methods (Durdyev et al., 2018; Hair Jr, Hult, Ringle, & Sarstedt, 2021). PLS-SEM is a regression technique that maximises the covariance score between the predictor and the dependent latent variables, in contrast to the covariance-based approach, which minimises the differences between the predicted model and the sample covariance (Durdyev & Ihtiyar, 2019; Hair et al., 2021).

Although PLS-SEM has limitations, numerous studies have used and advocated this method (Durdyev & Ihtiyar, 2019). In contrast to the covariance-based technique, the PLS-SEM approach is suitable for the distribution of sample and data size when a normal distribution and larger sample size are not required, according to Wong (2013). The covariance-based approach is sensitive to data normality and necessitates a large sample size, whereas PLS-SEM permits the use of a model that simultaneously incorporates formative and reflective variables (Hair et al., 2021; Sosik, Kahai, & Piovoso, 2009). For this reason, PLS-SEM was used to establish correlations between the latent constructs using SmartPLS software version 4.0.8.

## **5.8 PILOT STUDY**

Pilot testing refers to testing and administering the structured instrument on a small group of people from the population under study (Chawla & Sondh, 2011). The researcher conducted

the pilot study among business entrepreneurs/owners (both registered and not registered businesses) in Mtubatuba to check any errors in the questionnaire, such as structure, spelling errors, word choice and grading of questions and make improvements afterwards where it is necessary. Therefore, the pilot study was conducted March 2022, after translations have been done. The large-scale data collection was done between April to August 2022. Every section of the questionnaire was tested for accuracy, and the researcher was willing to record all submissions or suggestions from the respondents including the time taken to complete the questionnaire (Chawla & Sondh, 2011). As no section and questions were changed, the instrument thus indicated it was readable and easily understood. Questionnaires were self-administered; and done in face-to-face interaction so that the researcher could have time to record verbal and non-verbal responses from ten (10) tourism entrepreneurs/business owners in Mtubatuba. Babbie and Mouton (2017) affirm that the pilot study helps to provide training to the researcher in as many elements of the research questionnaire process as possible (face-to-face interviews, differences and coding) and gives valuable insights for the researcher.

## 5.9. ETHICAL CONSIDERATIONS

Greenhalgh, Koehler, Rosenberg, and Staudt Willet (2021) assert that the principles of research such as ethics are universal and are concerned with issues such as honesty and respect for the rights of individuals. The investigative research process has to be guided and monitored by a regulatory code of ethics (Babbie & Mouton, 2017). This study was therefore designed in a manner that could focus on the expected ethical standards and principles related to research. Creswell (2014) affirms that conducting research ethically is concerned with respecting privacy and confidentiality and being transparent in the use of research data (see Table 4.4). In the course of carrying out this study, the researcher adhered to the defined protocols, since the research involved survey, collection, interpretation and documentation of human related information. Furthermore, the following ethical issues was considered (see Table 4.4).

**Table 4.4: Ethical considerations and descriptions**

Ethical issue	Description
DCICF*	<p>All primary data were collected with all respondents' consent after sharing the knowledge of research objectives with them, and the respondents were informed of the aim of the study.</p> <p>Inform consent form (ICF) was used to recruit respondents for this study, meaning that consent was first be sought from the respondent before he/she fills-in the questionnaire, or interacts further with the researcher.</p>
VPW*	<p>Respondents agreed to participate on their own free will and they were assured that they can withdraw at any time if they wish.</p>

<b>Plagiarism</b>	All sources cited are properly acknowledged in compliance with the requirements of the American Psychological Association (APA) referencing style.
<b>Professionalism</b>	The approach of the researcher was professional and responsible to the tourism business entrepreneurs.
<b>Fair treatment</b>	All respondents were given an equal degree of respect regardless of gender differences, age groups, and the type of business.
<b>Anonymity and/or confidentiality</b>	During the survey, there were no questions requiring names, surnames or contact details from the respondents to ensure confidentiality and their privacy, and the results obtained from this study were solely used for statistical purposes.
<b>Permission</b>	Before undertaking the actual study, an ethical clearance certificate was obtained from the Ethics Committee at the University of Zululand. The researcher entered the tourism business sites during the field work only after permission was granted by the gatekeeper, or any other relevant person. So, the permission to conduct this research was also obtained from Mtubatuba Local Municipality before the fieldwork.
<b>Methodology and data</b>	Researcher used appropriate research methods, assessed all outcomes critically, maintained a full record of the research including all supporting data, and objectively interpreted and reported findings (ASSAF & DHET, 2019).

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**Note:** \*Data collection (DC) and Informed Consent Form (ICF); Voluntary participation and withdrawal (VPW)

#### **4.10. VALIDITY AND RELIABILITY OF THE STUDY**

Sürücü and Maslakçi (2020) contend that for the research to yield beneficial results, the measuring instrument must measure what it claims. From this perspective, researchers must ensure that data collection is valid and tested to be in line with their needs and purposes (Heale & Twycross, 2015; Sürücü & Maslakçi, 2020). According to Heale and Twycross (2015), attention must be given not only to the results of the study, but also to the rigour of the research. This means researchers must work to enhance the quality of the studies. In this quantitative research, this was achieved through measurement of the research validity and reliability (Drost, 2015; Heale & Twycross, 2015).

Previous studies conducted by Babbie and Mouton (2017), Heale and Twycross (2015), and Sürücü and Maslakçi (2020) have shown that validity (first measure) is the extent to which a concept is accurately measured in a quantitative study. These authors also perceive reliability as the second measure of quality in a quantitative study, measuring the accuracy of an instrument. Relatedly, it is the extent to which a research instrument consistently produces or obtains the same results if it is used in the same situation on repeated occasions (Babbie & Mouton, 2017).

This research used internal and external validity to yield beneficial results. Internal validity is when research identifies or measures all relevant variables and is enhanced through the usage of variables already identified in a literature study (Findley, Kikuta, & Denly, 2021), and researcher's personal knowledge of study area. In this research, all variables in the questionnaire were adapted or emanated from the previous studies (as show in Table 4.2), and other variables emanated from the researcher's personal knowledge about the study area.

Moreover, external validity captures the extent to which inferences drawn from a given study's sample apply to a broader population (Findley et al., 2021). In this research, external validity was optimised by using a relatively large sample size of 350 respondents. Sürücü and Maslakçi (2020) maintain that validity alone is not sufficient to ensure reliability.

In this research, the reliability of the questionnaire was checked through a pilot survey administered ten (10) questionnaires to different respondents (entrepreneurs/business owners). The respondents were surveyed in person at their workplaces. A complete reliability yielding the same results if the study is repeated later using different respondents is however quite rare, especially in social sciences (Ezeuduji, 2013). Later on, the researcher checked the reliability of variables used to measure particular constructs in this study by using Cronbach's Alpha test to verify the internal consistency of the business success factors used. Again, testing the measurement (that is, construct validity and reliability of the instrument) and structural model, the researcher used the IBM SPSS software version 28 and SmartPLS. PLS-SEM is a multivariate analytical technique that was implemented using SmartPLS version 4.0.8 (Ringle et al., 2015). Collier (2020) posits that there are few measures that are useful to assess the validity and reliability of a measurement model in research.

#### **4.11 LIMITATIONS TO THE STUDY**

This study employed purposive sampling (a non-probability sampling method), and it has some limitations like other previous studies. It therefore implies that one had to be careful in interpreting or implementing the results, as the results can be statistically argued as not being representative of the study population (Mtubatuba Local Municipality). Therefore, the results of this study cannot be generalised to other tourism entrepreneurs in a wider area. Generally speaking, among statisticians, non-probability sampling method cannot be generalised - due to unfulfilled assumptions (i.e. lack of known probabilities) – It may not be a true representation of the study population. Despite concerns, research has shown that non-probability samples have yielded results that are as good as, or even better than, probability-based samples when the appropriate techniques are employed to overcome their limitations. It therefore implies that one must be careful in interpreting or implementing the results, as the results can be statistically argued to not be true representative of the study population (Mtubatuba Local

Municipality). The researcher was guided by earlier publications on this method of sampling (Lamm, & Lamm, 2019; Vehovar, Toepoel, & Steinmetz, 2016). It only included respondents from the tourism entrepreneurship in a single country (South Africa), and in one province (KwaZulu-Natal). Future studies might include those business success factors explored here with various specialisations including the non-tourism related businesses from different countries.

Again, future research is expected to be able to study and expand the scope of this research by considering other business factors that can affect tourism entrepreneurship. The researcher faced the problem of inability to speak or understand English Language by some entrepreneurs, having unregistered businesses, being non-South Africans, and as such made some respondents to decline participation, though they were sampled. This study was done only in Mtubatuba Local Municipality of KwaZulu-Natal, hence the results of this study are true for this study area and at the particular period when this research was conducted; and this is true for all social sciences research. The study only focused on the selected factors that may influence tourism-related business success. Financial requirements of a large-scale study made it impossible for the researcher to conduct this research on a larger scale.

#### **4.12 CHAPTER SUMMARY**

The aim of the study was to model factors influencing business success in tourism-related entrepreneurship in South Africa. This is to say, how these factors relate to themselves, and how they in combination relate to business success in tourism-related entrepreneurship. Towards fulfilling this research aim, the study utilised a quantitative research approach and a survey method. This research employed six dimensions to explain business environmental factors that may influence the tourism entrepreneurship success. The chapter also captured that the study employed non-probability sampling as the research population is unknown. Both formal (registered) and informal (not registered) tourism-related businesses were surveyed. In this chapter, it was further explained that while the exact numbers of businesses in Mtubatuba Local Municipality could not be documented; the respondents were identified by using the purposive sampling technique, and they were surveyed in different regions of Mtubatuba Local Municipality.

This chapter also revealed that data were collected for this study through a structured questionnaire administered face-to-face to the entrepreneurs/business owners. In terms of data analysis, both IBM SPSS software version 28 and SmartPLS version 4.0.8 were used to clean and analyse the collected data. Descriptive statistics like percentages and frequency distribution tables were used for interpreting the data. Data analyses included two (2) major phases (the data integrity and structural model). Reliability test (using Cronbach's Alpha as the benchmark for reliability) was used to check for the level of internal consistency. The

assessment of reflective models in the analysis process was examined through indicator reliability, construct reliability (composite and Cronbach reliability) and construct validity (convergent and discriminant validity). The HeteroTrait-MonoTrait ratio of correlations (HTMT) was used in this study, to examine discriminant validity. This chapter also discussed the limitations to the study. Chapter 5 presents the results from the data analysis, and provides discussions related to the information obtained from the study.

**CHAPTER FIVE**  
**RESULTS AND DISCUSSION**

**5.1 INTRODUCTION**

The aim of this study was to explore the factors influencing business success in tourism-related entrepreneurship in the Mtubatuba Local Municipality, in the KwaZulu-Natal province of South Africa. This implies how identified factors interrelate, and how they in combination relate to business success in tourism-related entrepreneurship. The intention of this chapter is to showcase the findings obtained from the questionnaire administered to 350 tourism-related entrepreneurs in Mtubatuba Local Municipality of uMkhanyakude District Municipality. Essentially, the results and discussions are presented within the parameters set by the earlier discussed literature review, study objectives, and the research methodology. The process is to confirm or disconfirm the study findings. The findings presented in this research are compared with the other findings from the previous entrepreneurship literature review for better understanding. Thereafter, integrated conceptual models linking various environmental factors necessary for business success in tourism-related entrepreneurship are established. This chapter begins by presenting the profile of the study respondents.

**5.2 RESPONDENT'S PROFILE**

The respondents that participated in the study were tourism-related entrepreneurs in different tourism-related businesses, but mostly from St Lucia town and around Mtubatuba town (both from Mtubatuba Local Municipality). The respondents were aged 18 years or older and were both South African and non-South African entrepreneurs. The results in Table 5.1 show the profile of the respondents. All data for this study were based on information obtained from the 350 usable questionnaires for data analyses.

**Table 5.1: Respondents' profile and general questions (N=350)**

Variable	Category	Frequency (%)
Gender	Male	43.1
	Female	56.9
Nationality	South African	66.2
	Non-South African	33.8
Age	18 – 29	28.0
	30 – 39	18.8
	40 – 49	31.5
	50 – 59	20.5
	60 years or older	1.2

What is your highest level of education?	No western education	8.0
	Primary education	22.2
	Secondary education (Matric)	54.5
	Tertiary education (University, college/TVET)	15.3
Number of years in business	1-3 years	21.4
	4-6 years	32.4
	7-9 years	30.1
	10 years and above	16.2
How would you classify your family regarding business background?	There are other tourism-related business owners in my family	28.9
	There are <b>NO</b> other tourism-related business owners in my family	71.1
What motivated you to start the tourism business?	Saw tourism business opportunity	22.6
	Means of survival	52.2
	Lack of employment opportunity	25.2
Types of business	Accommodation	21.1
	Food and beverage	16.4
	Events management	12.3
	Tour operation	21.6
	Travel agency	15.5
	Tour guide	4.1
	Car rentals	4.4
	Resorts	1.5
	Consultancy	1.2
Others (please specify: ...)	2.0	
How successful do you feel in your business?	Unsuccessful entrepreneur/business owner (feeling of failure)	8.7
	Struggling entrepreneur/business owner (struggling to survive in the business world)	21.2
	Surviving entrepreneur/ business owner (neither successful nor unsuccessful, but just surviving)	37.7
	Successful entrepreneur/ business owner (doing well, but I can achieve more)	25.8
	Very successful entrepreneur/ business owner (I have achieved a lot)	6.7

Table 5.1 indicates that more female entrepreneurs (57%) than male entrepreneurs (43%) responded to the questionnaire, and most of the respondents (about 66%) were South

Africans. This implies that women and South Africans dominate the tourism industry in this region (i.e., in Mtubatuba Local Municipality). In Armenia (Asia), Tovmasyan (2022) found that female tourism entrepreneurs consider themselves the engine of the economies. Results in Table 6.1 further reflect that the respondents were relatively mature or older, as about 47% of the respondents were less than 40 years old, and about 53% were over 40 years old. This study suggests that a significant portion of the respondents have formal education as about 77% of the sample have completed their primary and secondary education (matriculated), and about 15% have completed their tertiary education (college, TVET, or university). The study further shows that the general educational background is not a significant barrier for aspiring tourism entrepreneurs to enter the industry, with 92% of respondents (in total) in this local municipality having received formal /western education at the time the research was conducted. Some previous studies have also reported that education, and entrepreneurs' experience are essential for the success of entrepreneurial activity in developing and well-developed economies (Baidoun, Lussier, Burbar, & Awashra, 2018; Maduku & Kaseeram, 2021; Mosweunyane, Rambe, & Dzansi, 2019; Ntshangase & Ezeuduji, 2020).

Table 5.1 shows that 16.2% of respondents had more than 10 years of experience in a tourism-related business, and about 84% of the respondents had less than 10 years of business experience. Previous studies have shown that business experience affects the likelihood of entrepreneurial success (Nsengimana, Iwu, & Tengeh, 2017; Nzama & Ezeuduji, 2020). Tourism is a competitive industry competing both with other businesses and with other tourism-related businesses (Marais, Du Plessis, & Saayman, 2017). Interestingly, despite coming from non-entrepreneurial families, about 71% of the respondents launched their own tourism businesses. In reviewing the literature, little data were found on the association between non-entrepreneurial-oriented background and business start-up (Nzama & Ezeuduji, 2020; Maduku & Kaseeram, 2021; Mosweunyane et al., 2019). About 9% of the respondents felt that they have so far failed as entrepreneurs or business owner, and 21.2% said they were struggling as tourism entrepreneurs or owners (i.e., struggling to survive in the business world). Some respondents (about 38%) identified themselves as tourism entrepreneurs or business owners who were neither successful nor unsuccessful, but just surviving. Additionally, about 26% of the respondents identified themselves as successful tourism business owners or entrepreneurs (i.e., they were doing well, and believed they can achieve more), while about 7% classified themselves as very successful tourism business entrepreneurs or owners (i.e., they believed they have achieved a lot).

At the time of conducting this research, it was found that many of the entrepreneurs started a tourism business as means of survival, and the category accounted for 52.2%, compared to those who started tourism-related businesses because they lacked employment opportunities (25.2%). Those who started tourism-related businesses because they saw tourism business

opportunities accounted for only 22.6%. As mentioned in the literature review, the motivation for entrepreneurial choice occurred in various ways (Bauman & Lucy, 2021; Beeka & Rimmington, 2011; Silva, Moutinho, & Vale, 2021). The findings in Table 5.1 also show that owners of tour operation businesses were less than half of the respondents (21.6%), followed by accommodation businesses (21.1%). In the next section, the statements regarding the factors affecting tourism businesses are measured based on the respondents' level of disagreement or agreement to the statements. Results in Table 5.2 to Table 5.6 show that the respondents agreed mostly with the tourism business factors statements in the questionnaire.

### 5.3 MEASURING THE LEVEL OF DISAGREEMENT OR AGREEMENT OF TOURISM BUSINESS FACTORS

The respondents were asked to tick their level of disagreement or agreement to a set of variables in the questionnaire used by the study to measure the tourism business success factors (see Table 5.2). From the researcher's field experience, it has been assumed that the respondents who chose "neutral" were really neutral about the issue, possibly due to their lack of enough knowledge or information to form an opinion; or due to personal reason(s) to keep their true opinion pertaining to the tourism business success factors (TBSF).

**Table 5.2: Entrepreneurs' level of agreement on TBSF (N=350)**

Statements	SD	Disagree	Neutral	Agree	SA	Mean Score	Standard Deviations
I have experienced sales growth over time, in my business	36	59	73	135	27	3.18	1.15
	10.9%	17.9%	22.1%	40.9%	8.2%		
I have employed more staff in my business over time	21	36	104	133	27	3.46	1.10
	6.5%	11.2%	32.3%	41.3%	8.4%		
I have over time, experienced income growth in my business	15	51	77	121	57	3.48	1.09
	4.7%	15.9%	24.0%	37.7%	17.8%		
I have over time experienced market share growth in my business	23	32	91	130	52	3.63	1.06
	7.0%	9.8%	27.7%	39.6%	15.9%		
I feel very happy running this business	10	37	83	114	72	3.73	1.10
	3.2%	11.7%	26.3%	36.1%	22.8%		
My employees and customers are happy people	11	40	58	120	86	3.57	1.05
	3.5%	12.7%	18.4%	38.1%	27.3%		
I have personally achieved a lot, through my business	17	30	89	132	59	3.73	1.03
	5.2%	9.2%	27.2%	40.4%	18.0%		
	13	32	76	121	80	3.69	1.07

I have a high sense of self-fulfilment due to my business	4.0%	9.9%	23.6%	37.6%	24.8%		
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**Note:** SD – Strongly Disagree; N – Neutral (neither agree nor disagree); SA – Strongly Agree

In Table 5.2, the respondents (tourism entrepreneurs or owners) were more positive than negative, with eight (8) statements measuring TBSF in the Table. This study suggests that these TBSF should be regularly measured in all businesses to track their progress (i.e., financial or non-financial). It also implies that the growth of sales, hiring of new staff, income, market share, entrepreneurs' positive attitudes toward business operation, employee and customer satisfaction, personal success through the business, and a high sense of self-fulfilment because of the business; are all indicators of success in the tourism business. The results have demonstrated a generally positive agreement of statements used to measure TBSF. Previous studies (such as Ezeudji & Ntshangase, 2017; Hatipoglu, Ertuna, & Salman, 2022; Kallmuenzer & Peters, 2018; World Bank, 2022) have suggested that those factors have significant impact on the success of the tourism business.

In this study, for example, the respondents agreed or strongly agreed that they have experienced sales growth over time in their businesses. Regarding this assertion, it was assumed that a number of variables, including the nature of the business, its size, its marketing tactics, and its manager's educational attainment among others play a significant role. Bloom, Fletcher and Yeh (2021) also reported this observation. These scholars were of the view that, in terms of business types, the smallest offline firms will likely experience sales drops compared to the largest online firms. The study results have revealed that half of the entrepreneurs surveyed (about 50%) agreed or strongly agreed that they had employed more staff and they (about 56%) had experienced income growth in their businesses over time. These results support Li and Luo's (2020) findings. These scholars suggest that business or entrepreneurial success relates to receiving financial returns and non-financial achievements from entrepreneurial activities.

Additionally, about 56% of the respondents agreed or strongly agreed that they had seen a growth in their market share over time, and about 59% said they were very happy with the smooth running of their businesses. The results of this study are consistent with Ntshangase and Ezeudji's (2019) study, where it was found that the tourism business owners in the same municipality (Mtubatuba Local Municipality) concurred that they were passionate about discovering new approaches to solving problems, particularly in challenging circumstances. The statements also support Nene's (2015) view that entrepreneurs should continue learning as an on-going process to improve their skills and the manner in which the businesses are operating.

The research findings also show that 65.4% of respondents agreed or strongly agreed that their employees and customers are happy people. As such situation is quite essential in the business; employees and customer satisfaction must therefore be well managed to achieve success in the business (ButarButar & Lisdayanti, 2020; Erasmus, Rudansky-Kloppers, & Strydom, 2019; Lin & Morrison, 2021; Marais et al., 2017; Mersha & Sriram, 2019). Previous studies (e.g., Chaudhry & Dhingra, 2021; García, Cázares, & Jiménez, 2021) have also argued that well managed success factors enable the entrepreneur to have a competitive business advantage.

The findings in Table 5.2 indicate that the KPIs (key performance indicators – eight statements) do have a significant impact on the success of a tourism business. Recent studies (e.g., Purwanto, Novitasari, & Asbari, 2022; Abdiyev & Alimardonov, 2022) back up these observations in Table 5.2. Purwanto et al. (2022) for instance advocated that happy employees are more likely to assist customers with a more pleasant demeanour and a higher level of customer service. This results in a more satisfying customer experience, increased customer loyalty, and increased profitability. The evidence presented thus far supports the notion that, for the tourism industry to succeed, human resource management (HRM) is critical. HRM is critical in ensuring high-quality labour and encouraging it through motivation, education, and the possibility of career advancement to maximise efficiency and retention within the business sector (Abdiyev & Alimardonov, 2022). The term 'HRM' is commonly used in the literature to refer to practices and policies that are required so that management operations related to personal questions can be addressed (Abdiyev & Alimardonov, 2022). Furthermore, respondents were mostly much more positive than negative, regarding possessing tourism entrepreneurial attributes in their responses as shown in Table 5.3.

**Table 5.3: Tourism entrepreneurial attributes (N=350)**

Statements	SD	Disagree	Neutral	Agree	SA	Mean	Standard Deviations
Business innovation is an important aspect for the entrepreneur in business operations	8	30	80	150	35	3.57	.914
	2.6%	9.9%	26.4%	49.5%	11.6%		
Networking with other business owners is critical for business success	28	70	91	101	30	3.11	1.12
	8.8%	21.9%	28.4%	31.6%	9.4%		

I know how to create better products and services in my business	20	37	104	126	36	3.37	1.03
	6.2%	11.5%	32.2%	39.0%	11.1%		
Technology has significant role in the business success in tourism entrepreneurship	11	44	92	112	55	3.50	1.05
	3.5%	14.0%	29.3%	35.7%	17.5%		
It helps to get additional technology education and training on an ongoing basis as an entrepreneur	13	44	90	130	49	3.48	1.03
	4.0%	13.5%	27.6%	39.9%	15.0%		
I always take some level of risks to succeed as a business owner	19	40	61	143	63	3.59	1.11
	5.8%	12.3%	18.7%	43.9%	19.3%		
Wherever I have been, I have been a powerful force for creating change	15	29	87	131	65	3.61	1.04
	4.6%	8.9%	26.6%	40.1%	19.9%		
I am always working hard towards delivering products or services to the customers on time	13	27	79	109	94	3.76	1.09
	4.0%	8.4%	24.5%	33.9%	29.2%		

**Note:** SD – Strongly Disagree; N – Neutral (neither agree nor disagree); SA – Strongly Agree

Table 5.3 shows that the respondents were more positive than negative with eight (8) statements measuring tourism entrepreneurial attributes (TEAs), as more than a half of the respondents (61.1%) agreed or strongly agreed that the business innovation is an important aspect for the entrepreneur in business operations. The results of this study reveal that respondents were positive to the following factors: 'business innovation', 'networking with other business owners', 'creating better products and services', 'technology education and training', 'taking calculated risks', 'being a powerful force for creating change', and 'working hard towards delivering products or services to the customers on time'. All the above factors are always important in tourism entrepreneurship. The business world is constantly changing,

and for tourism business to remain relevant and profitable, it needs to adapt in new business environments and innovations (new realities) to drive revenues (Will, 2019).

Technology continually proves to be a driving factor for change (Chaudhry & Dhingra, 2021; Lin & Morrison, 2021; Ncanywa, 2019; Ntshangase & Ezeudji, 2020). These changes have led to a new age of innovation across business models and industries, thus allowing new businesses to enter the market and disrupt incumbents in serious ways (Will, 2019). Table 5.3 also accords with recent observations by Wijaya and Nuringsih (2022), which showed that networking has a significant effect on any business success (i.e., in their study, the networking effect was significant at 5% level), while entrepreneurial knowledge was perceived to have no significant effect. These researchers (Wijaya & Nuringsih, 2022) observed significant differences in entrepreneurs' networking and entrepreneurial knowledge. Meanwhile, the generalisability of much published research on these two factors is problematic. According to Turkina (2018), businesses and business owners are embedded in a wide range of social relationships ranging from formal inter-organisational networks to informal networks such as friendships and family ties, all of which affect decision-making and business performance.

Domi, Keco, Capelleras, and Mehmeti (2019) have also shown in their findings that innovativeness has a significant impact on innovation behaviour. While innovativeness does not directly affect business performance, it has an indirect effect through the mediation role of innovation behaviour (Domi et al., 2019). In terms of innovation behaviour, the findings (by Domi et al., 2019) show that the more tourism businesses change in terms of information and communications technology (ICT), and collaboration (associations, networks, etc.), the better their performance will be.

Many analysts now argue that the fear of taking calculated risks in business and the failure to adapt to new ways of doing things (particularly the failure to embrace digital transformation) have not yielded positive dividends. According to the Organisation for Economic Co-operation and Development (OECD, 2018), tourism-related businesses that do not invest in digitalisation will not survive, let alone thrive in the future. The results in Table 5.3 suggest that entrepreneurs' risk-taking propensity (63.2% level of agreement or strong agreement) may have significant influence on entrepreneurial attributes and business success compared to the other statements. Furthermore, respondents were mostly much more positive than negative in their responses regarding tourism business external environmental factors, as shown in Table 5.4.

**Table 5.4: Tourism business external environmental factors (N=350)**

<b>Statements</b>	<b>SD</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>SA</b>	<b>Mean Score</b>	<b>Standard Deviation</b>
South African government provides financial support to the tourism entrepreneurs operating in my municipality	42	66	94	122	10	2.98	1.09
	12.6%	19.8%	28.1%	36.5%	3.0%		
Tourism sector in South Africa receives much attention from the government through easier accessibility to markets, and accessibility to appropriate technology	16	56	100	116	39	3.32	1.05
	4.9%	17.1%	30.6%	35.5%	11.9%		
Taxing regulatory system from the South African government is helpful for tourism entrepreneurs' success	14	48	91	123	46	3.43	1.05
	4.3%	14.9%	28.3%	38.2%	14.3%		
Financial institutions easily lend money to entrepreneurs doing tourism-related businesses	22	38	100	103	57	3.42	1.12
	6.9%	11.9%	31.3%	32.2%	17.8%		
South African government offers the opportunity of helping people start businesses in previously disadvantaged communities	18	32	102	112	63	3.52	1.08
	5.5%	9.8%	31.2%	34.3%	19.3%		
	18	37	92	120	58	3.50	1.08

Tourism sector is creating advice centres and infrastructure for tourism businesses and entrepreneurs	5.5%	11.4%	28.3%	36.9%	17.8%		
South African government is increasing managerial and professional skills through offering courses and training	18	55	70	109	73	3.50	1.17
	5.5%	16.9%	21.5%	33.5%	22.5%		
South African government has introduced policies and strategies which sought to create opportunities of tourism business development and success	21	41	97	114	53	3.42	1.10
	6.4%	12.6%	29.8%	35.0%	16.3%		
There is not much competition among tourism-related businesses in my municipality	22	40	83	119	67	3.51	1.14
	6.6%	12.1%	25.1%	36.0%	20.2%		
We have enough tourists who demand our products and services	19	31	94	115	70	3.57	1.10
	5.8%	9.4%	28.6%	35.0%	21.3%		

**Note:** SD – Strongly Disagree; N – Neutral (neither agree nor disagree); SA – Strongly Agree

In Table 5.4, respondents were more positive than negative with the ten (10) statements measuring tourism business external environmental factors (TBEEF), and these findings were unexpected. There are several possible explanations for this result, for example, there are tourism support programme (TSP) aimed to support the development of tourism enterprises that will stimulate job creation and increase the geographic spread of tourism investment (Seow, Choong, & Ramayah, 2021). In this study, no attempt was however made to quantify

the association between the government financial support, and access procedures on the one hand, and the tourism business success on the other hand. These results at this stage cannot thereby explain advantages, accessibility, and procedures of the TSP on tourism business success. At present, the issue of the TSP process is relatively complex, problematic, and the solution speed is slow (Seow et al., 2021; Iskakova, Abenova, Dzhanmuldaeva, Zeinullina, Tolysbaeva, Salzhanova, & Zhansagimova, 2021).

It is somewhat surprising that entrepreneurs suggest that the tourism sector in South Africa receives much attention from the government through easier accessibility to markets, and accessibility to appropriate technology (47,4%). Also, about 53% of the respondents agreed or strongly agreed that the taxing regulatory system from the South African government is helpful for tourism entrepreneurs' successes. Since 2007 however, Africa (including South Africa) has struggled to remain competitive in the global tourism industry (Rasethunsa, 2021). The findings in Table 5.4 regarding tax regulatory system contradict some recent studies conducted by Granados Bernal, Atienza Montero and Hierro Recio (2022), and Higham, Font and Wu (2021). According to these studies, tourism businesses are taxed above average in other countries (e.g., Spain and the United Kingdom), but less than most subsectors of the services sector, so there is no compensation for the lower VAT tax burden. Granados Bernal et al. (2022) assert further that the exception is travel agencies, which pay a much higher corporate tax while benefiting from a special VAT regime. What Granados Bernal et al. (2022) failed to do is to draw a distinction between registered and unregistered tourism businesses or taxpayers. As pertained to Africa, Resethunsa (2021) reported that dissatisfaction among registered taxpayers was caused by inconsistent treatment of unregistered taxpayers in the four (4) benchmarking countries namely Mauritius, Botswana, Tanzania, and Egypt.

The findings of this study, which show that half of the respondents (about 50%) agreed or strongly agreed to the statement: financial institutions easily lend money to entrepreneurs doing tourism-related businesses, partially contradict the findings reported by BusinessTech (2019) that accessing funding remains a major challenge for many entrepreneurs. Credit products, for example, have been reported to be rigid in their loan requirements and take a long time to process more complicated credit applications (BusinessTech, 2019), but small businesses frequently require funding immediately as opportunities present themselves. Additionally, half of respondents (about 54%) agreed or strongly agreed that the 'South African government offers the opportunity of helping people start businesses in previously disadvantaged communities. This result continues to shed light on the South African government's stronghold in economic operations. Government (financial or non-financial) assistance is therefore critical in creating a favourable external business environment for the tourism industry (Booyens, Rogerson, Rogerson, & Baum, 2022). Many respondents (about 55%) were more positive than negative towards the statement: 'tourism sector is creating

advice centres and infrastructure for tourism businesses and entrepreneurs', and about 56% of the respondents were of the view that South African government is increasing managerial and professional skills through offering courses and training.

Moreover, 51.3% of the respondents agreed or strongly agreed that South African government has introduced policies and strategies which sought to create opportunities for tourism business development and success. According to a recent tourism report, the South African government has been offering a variety of incentive schemes to stimulate and facilitate the development of sustainable and competitive tourism enterprises (Tourism Annual Report, 2021-2022). These incentives include Tourism Incentive Programme (TIP), Tourism Transformation Fund (TTF), Industrial Development Corporation (IDC), Small Enterprises Funding Agency (SEFA), The Small Enterprise Development Agency (SEDA), and InvestSA (One Stop Shop). Nonetheless, the effectiveness of these government interventions to combat tourism business failure in South Africa is questionable (Rogerson, Lekgau, Mashapa, & Rogerson, 2022). There are several possible explanations for this result. According to a statement issued by the Department of Home Affairs (DHA) on September 9, 2022, more countries (including South Africa) are entering into bilateral, regional, and international 'Open Skies' agreements to facilitate travel, and these countries are implementing easier visa requirements or, in some cases, eliminating the visa requirement entirely. According to some studies, both cases result in significant increases in international tourist visits, with positive consequences for the host country's economy (Feng, 2022; Suwara, 2022; Niewiadomski, 2022).

Earlier observations (see Booyens et al., 2022; BusinessTech, 2019; Higham et al., 2021; Resethunsa, 2021) suggest that there is a link between the lack of government support or interventions and the business failure. For the time being, the findings in Table 5.4 suggest therefore that competition may have an impact on the success of tourism businesses in the local municipality in question. According to the findings, 52.2% of the respondents agreed or strongly agreed that there is not much competition among tourism-related businesses in the municipality, and 56.3% of respondents agreed or strongly agreed that they have enough tourists who demand their products and services. This finding supports Ntshangase and Ezeuduji's (2020) claim that Mtubatuba Local Municipality caters for a diverse range of tourists and travellers due to the presence of the iSimangaliso Wetland Park (a World Heritage Site), the iMfolozi River, and St Lucia town.

The data presented in Table 5.4 also support the assumption that government support is not a problem in the survey region. What is most noticeable in this region is the lack of competition among tourism-related businesses. These findings are consistent with those reported by Jelonek, Tien, Dao and Minh (2022). According to Jelonek et al. (2022), when a business

opens its doors, it must deal with issues of competition and risk. A fiercely competitive environment, according to Kerdpitak, Kerdpitak, Pongpeng and Pungnirund (2022), and Jelonek et al. (2022), has become an urgent need for the business itself. To maintain the leading position and continue sustainable development in the future, a strategic business orientation is required (Jelonek et al., 2022). Further reading on the subject of business competition can be found in the following business analysis matrices: (1) BCG Matrix, also known as the growth/share matrix (Hambrick, MacMillan, & Day, 1982); Ansoff's, also known as the product/market expansion matrix (Watts, Cope, & Hulme, 1998); GE-McKinsey Matrix – or the GE operating portfolio analysis method known as a matrix construction method that is used to analyse a company's business portfolio by its strategic business units (SBUs) (Kokodey, 2013); Porter's Five Forces Model, the five competitive forces model used to analyse the industry and its external environment (Eskandari, Miri, Gholami, & Nia, 2015). The last model indicates whether a firm should enter the industry and the risks of doing so. Kubickova and Campbell (2020) nonetheless indicate that the government has the capacity and legitimacy to facilitate and coordinate multiple stakeholders to minimise negative impact in tourism entrepreneurship. In this study, it is important to note this statement. Again, respondents were mostly much more positive than negative in their responses to the statements on the managerial and operational capabilities, as shown in Table 5.5.

**Table 5.5: Managerial and operational capabilities (N=350)**

Statements	SD	Disagree	Neutral	Agree	SA	Mean Score	Standard Deviation
My management style influences and motivates employees to achieve business goals	28	56	76	129	35	3.26	1.13
	8.6%	17.3%	23.5%	39.8%	10.8%		
I always include all relevant stakeholders in the decision-making process regarding my business operations	14	35	97	132	42	3.48	.998
	4.4%	10.9%	30.3%	41.3%	13.1%		
I always develop my employees through trainings to run more effective business	14	22	75	139	71	3.72	1.02
	4.4%	6.9%	23.4%	43.3%	22.1%		
I believe my business will grow quicker if I focus on my employee's skills and knowledge to improve on a regular basis	38	38	94	93	42	3.21	1.20
	12.5%	12.5%	30.8%	30.5%	13.8%		

I always set a very clear target measures for each process in my business	17	38	90	124	34	3.40	1.03
	5.6%	12.5%	29.7%	40.9%	11.2%		
Every employee in my business is fully aware and knows what they are expected to do	14	35	89	111	45	3.47	1.04
	4.8%	11.9%	30.3%	37.8%	15.3%		
All decisions made in my business reflects the vision of the business success	10	36	78	109	64	3.61	1.06
	3.4%	12.1%	26.3%	36.7%	21.5%		
I discuss with my employees at the end of every financial year, how they have performed in the business	22	34	80	115	56	3.49	1.13
	7.2%	11.1%	26.1%	37.5%	18.2%		
We always deliver products and services in time to our customers / tourists	15	25	87	117	57	3.58	1.04
	5.0%	8.3%	28.9%	38.9%	18.9%		
How we do things in this business is clear to me and all my employees	23	29	61	109	83	3.66	1.19
	7.5%	9.5%	20.0%	35.7%	27.2%		

**Note:** SD – Strongly Disagree; N – Neutral (neither agree nor disagree); SA – Strongly Agree

Results in Table 5.5 show that respondents (51%) were more in agreement than in disagreement towards the statement: 'my management style influences and motivates employees to achieve business goals'. Dhar, Stasi, Döpping, Gazi, Shaturaev and Sarkar (2022, p. 417) found that it is important for any entrepreneur/business owner to pay greater attention "to innovation awareness and leadership abilities of the managers to sustain long-term competitive edge of enterprises". This study's findings also show that more than half of the respondents (54.4%) agreed or strongly agreed that they always include all relevant stakeholders in the decision-making process regarding their business operations. The findings of Pattinson, Cunningham, Preece and Davies (2022) have also revealed that factors other than contractual agreements enable or constrain trust building in an innovation ecosystem. The evidence from this study supports a survey study conducted by Santra, Sukarta and Sumetri (2022), in Bali a province of Indonesia. These researchers (Santra et al., 2022) found that tourism managers who practice affiliative orchestration skills are better able to manage their tourism businesses and tourists' behaviour.

The evidence from this study also suggests that employee training and development is imperative for every organisation, the data collected had shown that employee training and development is not the problem in this region as 65.4% of the respondents agreed or strongly agreed that they always develop employees through trainings to run more effective business. It has however been reported that organisations do not always have well-defined training and development plans (Santra et al., 2022; Seow et al., 2021; Silva et al., 2021; Tovmasyan, 2022; Mzimela & Chikandiwa, 2017). Meanwhile, one limitation of the explanation provided by these studies (including the current study) is that they did not explain why the needs for assessment prior to training employees is important in any business, and how it should be conducted. This current study would have been more interesting if it had included information on why and when tourism businesses should consider needs assessment before training employees. However, this was beyond the scope of this study. These findings (see Table 5.5), in other words, imply that ineffective training and development systems reduce employee performance, which in turn may affect business success. Approximately 44% of respondents believed that focusing on their employees' skills and knowledge to improve on a regular basis will help their businesses grow faster.

Table 5.5 shows that respondents (52.1%) were more positive than negative regarding the following statement: 'I always set a very clear target measures for each process in my business', and another 53.1% of the respondents agreed or strongly agreed that every employee in their businesses is fully aware and knows what they are expected to do. Failure to establish clear target measures for each process in the business reflects a poorly organised business, which in turn reflects a lack of necessary experience to consider creativity and its importance to business success (Domi et al., 2019).

About 58% of the respondents agreed or strongly agreed that all decisions made in their businesses reflect the vision of the business success. Also, about 56% of the respondents agreed or strongly agreed that they discuss with their employees at the end of every financial year, how they have performed in the business. The combination of various perspectives brought by each employee is said to be a unique and interesting combination (Agung, Andriani, Suyana, Sri, & Ngurah, 2021). Moreover, about 58% of respondents believed that they always deliver products and services to their customers/tourists on time, and many respondents (63%) agreed or strongly agreed that how they do things in their businesses is clear to them (as business owners) and to all their employees.

These findings suggest that having strong managerial and operational skills is related to entrepreneurial success in tourism. Recent studies have recognised managerial capabilities as a tool capable of driving successful tourism entrepreneurship (Booyens et al., 2022; Nzama

& Ezeuduji, 2021). Longenecker, Petty, Palich, Hoy, Radipere and Phillips (2017) have also suggested that entrepreneurial operational capabilities become a core strategic competency necessary for survival, and to achieve new competitive positions in the business – because operational capabilities are directly involved with business performance. For the time being, the evidence presented in this section suggests that developing employees through trainings to run more effective businesses has a significant impact on the tourism industry, as the tourism industry is a service organisation. It is critical to provide good and high-quality service. Again, respondents were mostly much more positive than negative in their responses regarding marketing capabilities (consumer-related and management task) as shown in Table 5.6.

**Table 5.6: Marketing capabilities - consumer-related and management task (N=350)**

Statements	SD	Disagree	Neutral	Agree	SA	Mean	Standard Deviation
I know exactly what our customers want	32	54	56	131	34	3.26	1.18
	10.4%	17.6%	18.2%	42.7%	11.1%		
I know exactly how to deliver what our customers want	11	28	82	126	49	3.59	.994
	3.7%	9.5%	27.7%	42.6%	16.6%		
I know our competitors and how to compete against them	17	43	68	125	50	3.49	1.10
	5.6%	14.2%	22.4%	41.3%	16.5%		
I know the strengths and weaknesses of all our major competitors	21	32	71	122	50	3.50	1.11
	7.1%	10.8%	24.0%	41.2%	16.9%		
I know all our customer segments or types and what they specifically want	14	38	63	108	71	3.63	1.13
	4.8%	12.9%	21.4%	36.7%	24.1%		
I know who our future customers are, those that will buy from us in the future	13	35	75	121	58	3.85	1.06
	4.3%	11.6%	24.8%	40.1%	19.2%		
I know how to develop better products and services that our customers want	13	45	67	112	61	3.55	1.11
	4.4%	15.1%	22.5%	37.6%	20.5%		
I know what our customers think of us, and how to improve our image in their minds	15	28	76	111	66	3.63	1.09
	5.1%	9.5%	25.7%	37.5%	22.3%		
I know the best effective ways to promote or advertise our business	16	22	88	100	69	3.62	1.09
	5.4%	7.5%	29.8%	33.9%	23.4%		

I understand how tourism-related products and services are priced and how to decide the best price	8	38	52	116	64	3.68	1.06
	2.9%	13.7%	18.7%	41.7%	23.0%		
I know our current and possible intermediaries and how to work with them to achieve business success	15	20	69	96	73	3.70	1.11
	5.5%	7.3%	25.3%	35.2%	26.7%		

**Note:** SD – Strongly Disagree; N – Neutral (neither agree nor disagree); SA – Strongly Agree

About 54% of the respondents agreed or strongly agreed that they know exactly what their customers want, and about 59% of the respondents agreed or strongly agreed that they know exactly how to deliver what their customers want. Fakir and Miah (2021) found that service quality and source credibility had significant effects on tourism business (a restaurant) in Bangladesh. The key limitation found in Fakir and Miah's (2021) findings is that their study focused only on the Bangladesh restaurant businesses, while the current study also included other types of tourism business. The results in this study also reveal that more than half of the respondents (about 58%) agreed or strongly agreed that they know their competitors and they know how to compete against them. According to Said and Redouane (2022), this requires a coordinated set of strategic and tactical efforts, as well as forms of communication that attract and encourage customers to buy products and services.

Most tourism studies fail to recognise that the competitiveness and growth of the tourism business is inextricably linked to the growth of the city's or local municipality's promotion plan (Said & Redouane, 2022). This opens the door for future research into the local municipalities (towns) of South Africa, particularly KwaZulu-Natal, which can focus on verifying the municipalities' (town) market position, attractiveness, or differentiation from competing cities. The results in Table 5.6 show that 58.1% of the respondents knew the strengths and weaknesses of all their major competitors. These tourism entrepreneurs in this local municipality might have some awareness about their competitors' strengths and weaknesses, but according to the current study, it is deducible that this is insufficient. Examining strengths, weaknesses, opportunities, and threats should remain a common analytical tool in these South African small towns. According to Said and Redouane (2022), a critical component is the city development plan, which is commonly associated with the tourism development strategy and provides numerous benefits, so researchers should not overlook it.

The results of this study reveal that more than half of the respondents (about 61%) agreed or strongly agreed with the statements: 'I know all our customer segments or types and what

they specifically want', and 'I know who our future customers are, those that will buy from us in the future' (about 59%). The findings of this study also corroborate Muir's (2016) claim. According to the study (by Muir, 2016), failure to understand one's customers based on their segments and expectations usually leads to poor business performance. According to the current study, 58.1% of respondents understood how to create better products and services that their customers desire.

Table 5.6 shows that respondents' attitudes toward marketing capabilities were more favourable than unfavourable. Many respondents (about 60%) indicated that they agreed or strongly agreed with the following statement: 'I know what our customers think of us and how to improve their perception of us'. This is not surprising given that more than half of the respondents (57.3%) were aware of the most efficient ways to market or advertise their companies. The respondents appeared to understand how to choose the best price for goods and services related to tourism as about 65% of the respondents agreed or strongly agreed with this statement. Furthermore, about 62% of respondents had awareness of their potential and current intermediaries and how to collaborate with them for business success. This suggests that the tourism entrepreneurs and business owners in this area (where the study was conducted) have a favourable opinion of marketing ability to engage consumers and manage tasks.

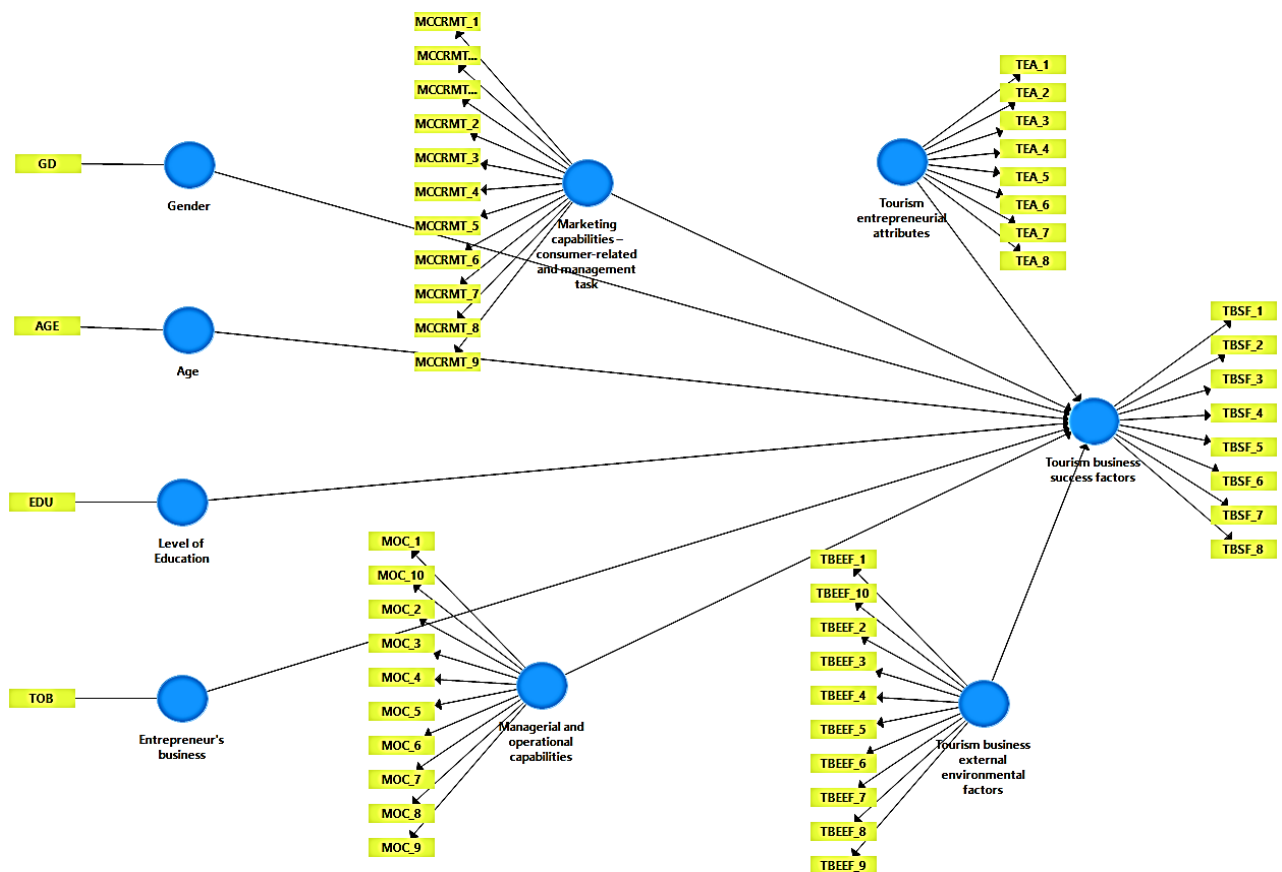
The following section presents the results of the measurement instrument (that is, construct validity and reliability of the instrument) and structural model obtained from the partial least square-structural equation modelling (PLS-SEM) involving a multivariate analytical technique implemented on SmartPLS software version 4.0.8 (Ringle, Wende, & Becker, 2015). The structural model is examined next by testing its fitness and relationship with variables. The results are presented in the order of the stated data analysis questions (see Chapter 4), and these questions helped to address study hypotheses / research objectives. The following question was established to explore the measured variables' performance. The question reads as follows:

- 1. How does the study scale perform in terms of convergent and discriminant validity, as well as reliability?**

#### **6.4 THE MEASUREMENT MODEL**

A measurement model was used to address the above-mentioned question. There is some evidence that in PLS-SEM assessments, there are two stages (Hair, Howard, & Nitzl, 2020); stage one deals with measurement models, and stage two deals with structural models. Furthermore, the validity and reliability of any measurement model can be evaluated using reflective and formative approaches, which literature had depicted in recent time for assessing

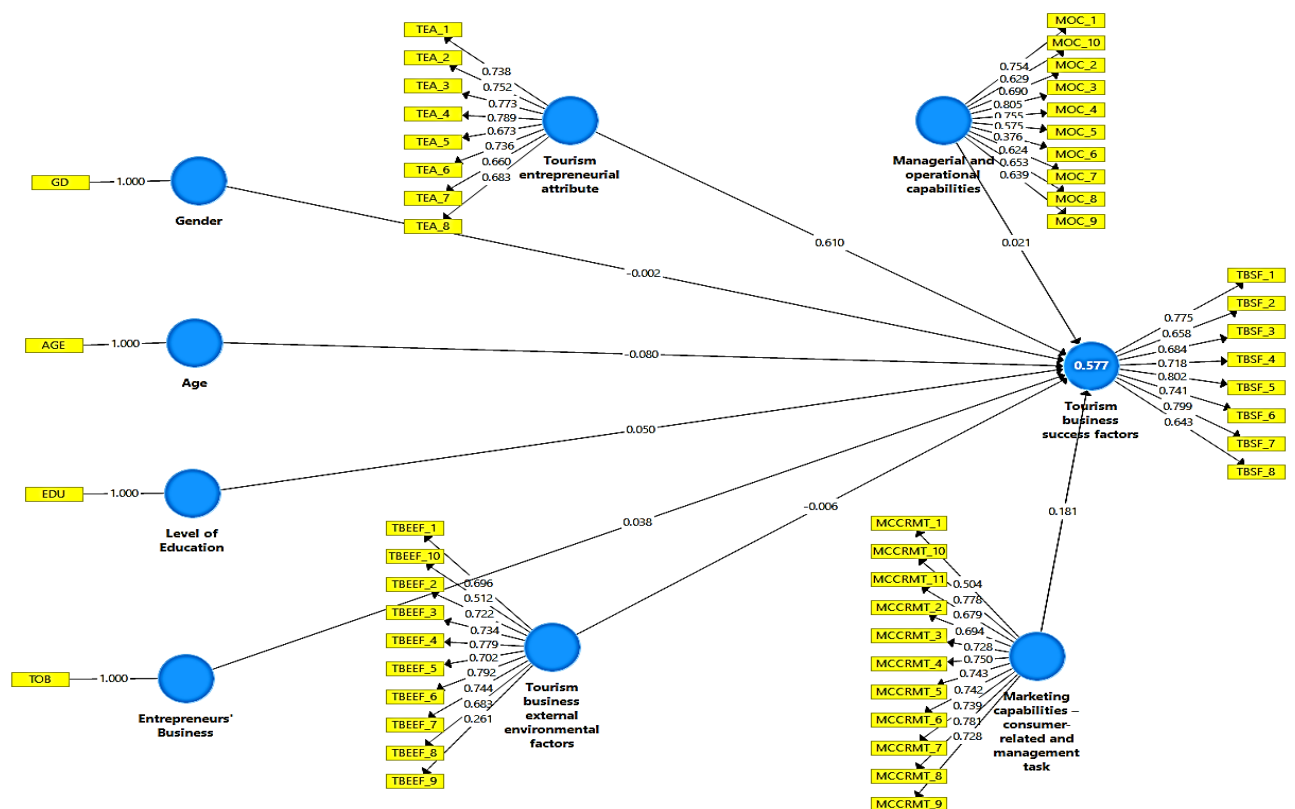
the validity and reliability of an instrument (Ayanwale, 2022; Hair et al., 2022; Kock, 2018). Firstly, reflective measurement models estimate the outer loadings of the underlying construct and relate the construct directly to the indicators (Hair, Black, Babin, & Anderson, 2010). A formative measure is calculated by its outer weight, while indicators are displayed by arrows pointing to the construct. At the same time, all indicators were measured reflectively in this analysis (Henseler, Ringle, & Sarstedt, 2015; Jong-Min, Kee-Jae, & Wonkuk, 2017; Little & Rubin, 2019; Schafer, 1999). In this study, this analysis evaluated reflective models based on composite reliability, internal consistency reliability, and construct validity (convergent and discriminant validity). As a result, Figure 5.1 presents a proposed or hypothesised model in which independent variables such as gender, age, education level, entrepreneurs' type of business, tourism entrepreneurial attributes, tourism business external environment factors, managerial and operational capabilities, marketing capabilities - consumer-related and management tasks were directly linked with tourism business success factor. The measurement model's assessment involves three stages, namely the convergent validity test, discriminant validity test, and composite reliability test (Hair et al., 2022).



**Figure 5.1: Hypothesised measurement model**

To assess the validity and reliability of the scales, two stages of analysis were conducted, (1) extraction of the factor loadings of the scales for the determination of the substantial factors

and items using confirmatory factor analysis (Nurhayati, 2021). (2) PLS-SEM modelling of the hypothesised model to assess convergent and discriminant validity. The items with loadings less than 0.60 and negative loadings were unreliable for measuring constructs. Such items cannot therefore be used to test the hypothesised model. The model displayed better specifications for the hypothesised structure, and while an improved measurement model was re-specified, the model was re-validated after those items were removed. This was done on the fact that all the indicators should load the highest on their associated constructs in addition to checking cross-loadings. The HeteroTrait-MonoTrait ratio of correlations (HTMT) performs better than the Fornell-Larcker criterion and the assessment of cross-loadings (Hair, Hult, Ringle, & Sarstedt, 2017; 2011; Henseler et al., 2015). HTMT as a new approach to assess discriminant validity in variance-based SEM was therefore chosen as the main criterion for evaluating discriminant validity in this study. Previous studies (e.g., Henseler et al., 2015; Henseler et al., 2014; Rönkkö & Evermann, 2013; Yusoff, Peng, Abd Razak, & Mustafa, 2020) have indicated that the Fornell-Larcker criterion is not effective under certain circumstances. This was calculated for reflective measurement models against the cut-off value of 0.90, meaning that the HTMT values should not be higher than 0.90 for discriminant validity to be established. Figure 5.2 presents the estimates of the measurement model.



**Figure 5.2: Estimates of the measurement model**

As shown in Figure 5.2, the model assessment estimates of each construct and their indicators are used to explain the causal relationships in the hypothesised model. The results revealed

that some of the indicators needed to be removed, namely MCCRMT\_1, MCCRMT\_2, MCCRMT\_11, MOC\_5, MOC\_6, TBEEF\_9 and TBEEF\_10. Once these indicators were removed, the parsimonious model showed an adequate specification for the proposed measurement model (see Figure 5.3). Table 5.7 showed estimations for the indicator reliability, Cronbach's alpha (CA) and composite reliability (CR) of each construct and the average variance extracted. Hair et al. (2010) suggest that an indicator's reliability can be evaluated based on its factor loading in the underlying construct. Hair et al. (2022) further stress that an item is considered reliable if its outer loading exceeds 0.70, although loading of 0.60 is acceptable. For Cronbach's Alpha criterion as well as composite reliability, higher values indicate greater reliability. Hair et al. (2022) have recommended a reliability level of 0.70 to 0.95 for exploratory research, while values between 0.60 and 0.70 were considered acceptable. As a final criterion of convergent validity, average variance extracted (AVE) measures how much variance can be explained by the underlying construct in an item (Fornell & Larcker, 1981; Mueller & Hancock, 2018). For an estimated AVE to be considered substantial, Hair, Sarstedt, Ringle and Gudergan (2017) recommended a minimum value of 0.50. The resulting construct validity and reliability of the model are shown in Table 5.7.

**Table 5.7: Construct validity and reliability of the measurement model**

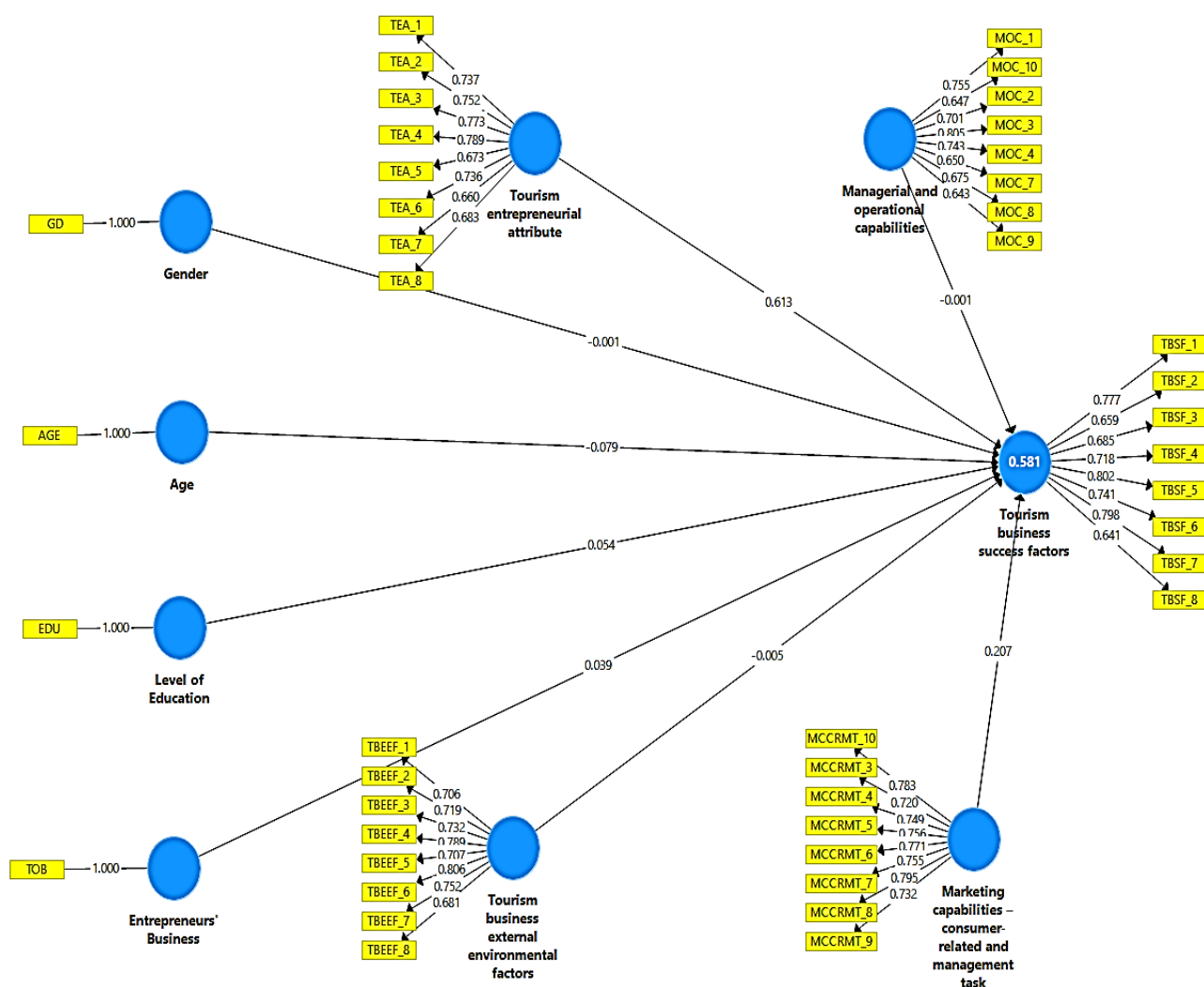
Variable	Indicator	Outer loading	Cronbach (α)	CR	AVE
Age group	AGE	1	1	1	1
Level of education	EDU	1	1	1	1
Gender	GENDER	1	1	1	1
Entrepreneurs' type of business	TOB	1	1	1	1
Marketing capabilities – consumer-related and management task	<b>MCCRMT_1</b>	<b>0.504</b>	0.905	0.912	0.417
	<b>MCCRMT_2</b>	<b>0.594</b>			
	MCCRMT_3	0.728			
	MCCRMT_4	0.750			
	MCCRMT_5	0.743			
	MCCRMT_6	0.742			
	MCCRMT_7	0.739			
	MCCRMT_8	0.781			
	MCCRMT_9	0.728			
	MCCRMT_10	0.778			
		<b>MCCRMT_11</b>			
Managerial and operational capabilities	MOC_1	0.754	0.852	0.882	0.436
	MOC_2	0.690			
	MOC_3	0.805			
	MOC_4	0.755			
	<b>MOC_5</b>	<b>0.575</b>			
	<b>MOC_6</b>	<b>0.376</b>			

	MOC_7	0.624			
	MOC_8	0.653			
	MOC_9	0.639			
	MOC_10	0.629			
Tourism business external environmental factors	TBEEF_1	0.696	0.863	0.891	0.462
	TBEEF_2	0.722			
	TBEEF_3	0.734			
	TBEEF_4	0.779			
	TBEEF_5	0.702			
	TBEEF_6	0.792			
	TBEEF_7	0.744			
	TBEEF_8	0.683			
	<b>TBEEF_9</b>	<b>0.261</b>			
	<b>TBEEF_10</b>	<b>0.512</b>			
Tourism business success factors	TBSF_1	0.775	0.874	0.901	0.533
	TBSF_2	0.658			
	TBSF_3	0.684			
	TBSF_4	0.718			
	TBSF_5	0.802			
	TBSF_6	0.741			
	TBSF_7	0.799			
	TBSF_8	0.643			
Tourism entrepreneurial attributes	TEA_1	0.738	0.873	0.899	0.528
	TEA_2	0.752			
	TEA_3	0.773			
	TEA_4	0.789			
	TEA_5	0.673			
	TEA_6	0.736			
	TEA_7	0.660			
	TEA_8	0.683			

**Note:** CR = composite reliability

The validity and reliability of variables in the model are shown in Table 5.7. The table has revealed that some items of the constructs in the model had outer loading less than 0.60. In the model detailed, marketing capabilities - consumer-related and management tasks, managerial and operational capabilities, and tourism business external environment factors - had AVEs less than 0.50. The low levels of AVE in the constructs could be attributed to low outer loadings of some indicators that underpin the constructs as shown in Table 5.7. Items with loadings less than 0.60 and negative loadings were therefore unreliable for measuring constructs. Accordingly, such items cannot be used to test the hypothesised model. Several items must be deleted based on the results; among these are MCCRMT\_1 (0.504), MCCRMT\_2 (0.594), MCCRMT\_11 (0.579), MOC\_5 (0.575), MOC\_6 (0.376), TBEEF\_9 (0.261) and TBEEF\_10 (0.512). Upon removing these items, the model displayed better

specifications for the hypothesised structure. An improved measurement model has been re-specified and validated in Figure 5.3.



**Figure 5.3: Re-specified/validated measurement**

Figure 5.3 illustrates the analysis of the fitness of the re-specified/validated hypothesis to empirical data. Each construct and its measures are evaluated for their suitability to explain causalities in the hypothesised model. The data analysis also employed Cronbach's Alpha. The reliability of the scale and the variables were then confirmed using Cronbach's Alpha, thus confirming that the scale is reliable in the present context. The reliability test (using Cronbach's Alpha as the benchmark for reliability) on questions with ordinal responses (dimensions/factors of tourism business success) was to check for the level of internal consistency. Higher values denote higher reliability for both the Cronbach alpha criterion and the composite reliability. Ezeuduji, November, and Haupt (2016) opine that Cronbach's Alpha should be calculated as a reliability parameter to check the internal consistency of the variables within a study dimension. The use of Cronbach's Alpha coefficient of between 0.5 and 0.7 is acceptable in social science research to explain adequate consistency of variables (Chawla & Sondh, 2011; Durdyev & Ihtiyar, 2019). Likewise, it is commonly used by

researchers to show or validate internal consistency or reliability of variables used in measuring a particular dimension. Tavakol and Dennick (2011) however state that a low Cronbach's Alpha score might occur if there is a weak interrelationship among questionnaire variables used in the analysis or when few variables are being used to explain a particular factor.

This study, therefore, confidently accepts that a Cronbach's Alpha coefficient of 0.7 and above indicate internal consistency of items. It is interesting to note that this study's Cronbach's Alpha coefficient values are consistently higher than 0.7. In this study, the Cronbach's Alpha criterion as well as composite reliability, where higher values indicate greater reliability were accepted. Hair et al. (2022) recommended a reliability level of 0.70 to 0.95 for exploratory research, with acceptable values between 0.60 and 0.70. As a result, there is validity and reliability in the model as described in Table 5.8, and Figure 5.4a, b, and c, which present the bar charts for AVE, CR, and Cronbach's Alpha respectively.

**Table 5.8: Validated construct validity and reliability**

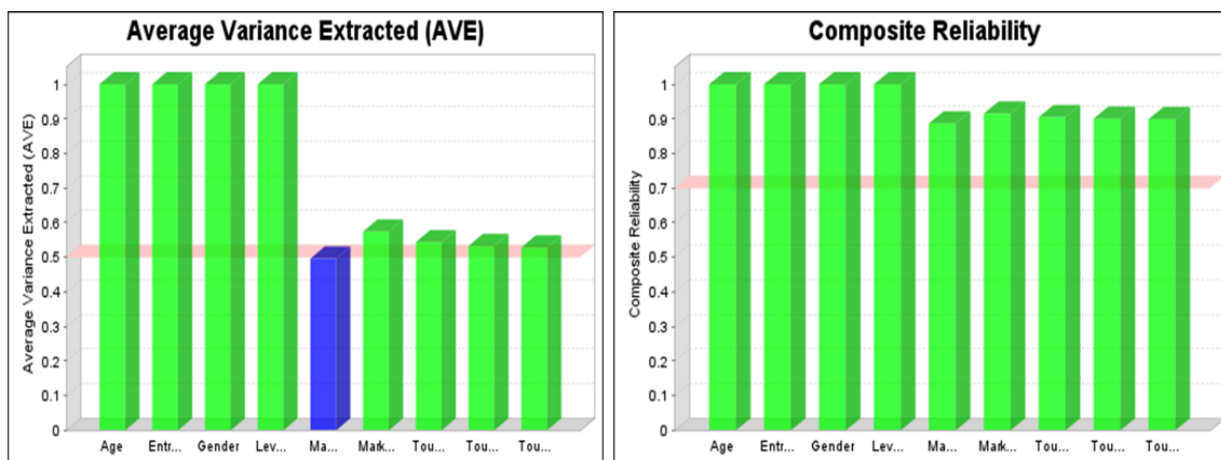
Variable	Indicator	VIF	Outer loading	Cronbach alpha ( $\alpha$ )	CR	AVE	R <sup>2</sup>
Age group	AGE	1	1	1	1	1	
Level of Education	EDU	1	1	1	1	1	
Gender	GENDER	1	1	1	1	1	
Entrepreneurs' type of business	TOB	1	1	1	1	1	
Marketing capabilities – consumer-related and management task	MCCRMT_3	1.910	0.720	0.894	0.915	0.574	
	MCCRMT_4	2.207	0.749				
	MCCRMT_5	2.104	0.756				
	MCCRMT_6	2.086	0.771				
	MCCRMT_7	1.863	0.755				
	MCCRMT_8	2.336	0.795				
	MCCRMT_9	2.228	0.732				
Managerial and operational capabilities	MCCRMT_10	2.266	0.783				
	MOC_1	1.678	0.755	0.855	0.887	0.596	
	MOC_2	1.681	0.701				
	MOC_3	1.464	0.805				
	MOC_4	2.041	0.743				
	MOC_7	1.522	0.650				
	MOC_8	1.622	0.675				
MOC_9	1.518	0.643					
MOC_10	1.569	0.647					

Tourism business external environmental factors	TBEEF_1	1.670	0.706	0.879	0.905	0.544	
	TBEEF_2	2.205	0.719				
	TBEEF_3	1.760	0.732				
	TBEEF_4	2.200	0.789				
	TBEEF_5	2.235	0.707				
	TBEEF_6	2.221	0.806				
	TBEEF_7	2.248	0.752				
	TBEEF_8	1.859	0.681				
Tourism business success factors	TBSF_1	1.835	0.777	0.874	0.901	0.533	0.629
	TBSF_2	1.345	0.659				
	TBSF_3	1.442	0.685				
	TBSF_4	1.594	0.718				
	TBSF_5	1.773	0.802				
	TBSF_6	1.676	0.741				
	TBSF_7	1.964	0.798				
	TBSF_8	1.392	0.641				
Tourism entrepreneurial attributes	TEA_1	1.888	0.737	0.873	0.899	0.528	
	TEA_2	1.781	0.752				
	TEA_3	1.513	0.773				
	TEA_4	2.069	0.789				
	TEA_5	1.515	0.673				
	TEA_6	2.056	0.736				
	TEA_7	1.520	0.660				
	TEA_8	1.628	0.683				

**Note:** VIF = Variance inflated factor, CR = Composite reliability

Table 5.8 showed sub-constructs of the latent variables and their items/measures were reliable. This result implies that the scales were valid and reliable. As shown in Table 5.8, all factor loadings are greater than 0.50, which satisfies the requisite recommended by Bagozzi (1981); and Hair et al. (2010) with the view that all factor loading must exceed 0.50. This shows satisfactory discriminant validity of all the constructs within the model. The HeteroTrait-MonoTrait ratio of correlations (HTMT) has ended up the essential basis for assessing discriminant validity since it offers predominant performance (Durdyev & Ihtiyar, 2019; Henseler et al., 2015). Additionally, the value of AVE for measuring convergent validity ranged from 0.528 to 0.596. After eliminating the unreliable indicators, all constructs had AVE values above 0.50 (Chin, 1998; Durdyev & Ihtiyar, 2019; Hair et al., 2017). As for reliability, Cronbach's Alpha ( $\alpha$ ) values vary between 0.855 and 0.894, which is reasonable (Durdyev & Ihtiyar, 2019; Taber, 2018; Hair et al., 2022). Further, all CR ranged between 0.888 and 0.915 (the degree of arbitrary error and consistent results) exceeded 0.70, as recommended by Henseler et al. (2009), and Hair et al. (2022). Also, the VIF in the Table measures the issue of

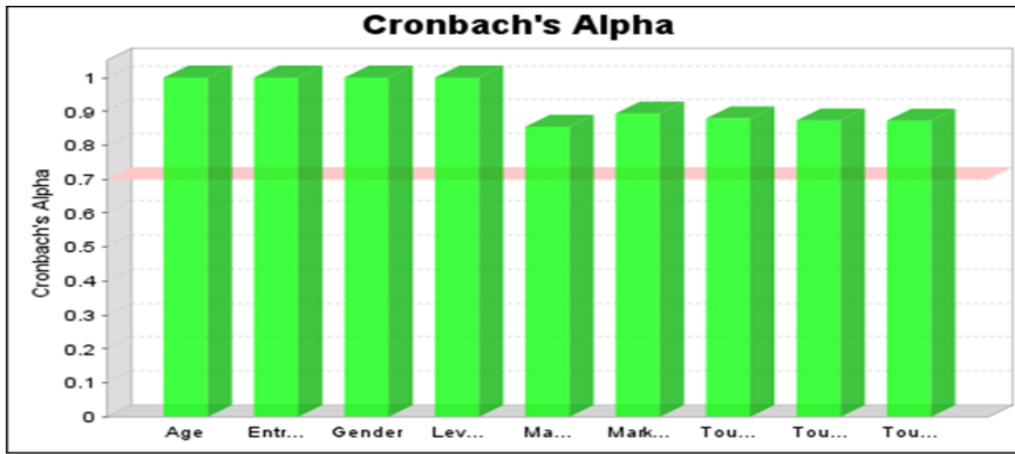
collinearity in the model. It was shown that all values of VIF were less than the recommended value of 3.0 by Hair, Hult, Ringle, and Sarstedt (2016). The following Figures 5.4a, b, and c present the bar charts for AVE, CR, and Cronbach's Alpha respectively.



**Figure 5.4a: AVE for all the variables in the model**

**Figure 5.4b: CR for all the variables in the model**

It is thought that assessment of discriminant validity is a must in any research that involves latent variables for the prevention of multicollinearity issues (Ab Hamid, Sami, & Sidek, 2017; Hair et al., 2017; Hair et al., 2011). It has been reported that Fornell and Larcker criterion is the most widely used method for this purpose (Hair et al., 2017). According to recent reports, a new method has emerged for establishing the discriminant validity assessment through heterotrait-monotrait (HTMT) ratio of correlations method (Hair et al., 2017). The assessment of reflective outer model involves the examining of reliabilities of the individual items (indicator reliability), reliability of each latent variables, internal consistency (Cronbach alpha and composite reliability), construct validity (loading and cross-loading), convergent validity (average variance extracted, - AVE) and discriminant validity (Fornell-Larcker criterion, cross loading, HTMT criterion) (Ab Hamid et al., 2017). In PLS-SEM, the values are organised according to their indicator's individual reliability. In exploratory research, values of composite reliability/Cronbach alpha between 0.60 to 0.70 are acceptable, while in more advanced stage the value has to be higher than 0.70 (Hair et al., 2017). Many scholars hold the view that the value that is more than 0.90 is not desirable and the value that is 0.95 or above is definitely undesirable (Ab Hamid et al., 2017; Hair et al., 2022; Hulland, 1999).



**Figure 5.4c: Cronbach alpha for all the variables in the model**

More importantly, discriminant validity was measured using the Fornell-Larcker criterion, which states that the square root of AVE must be greater than the correlation of the reflective construct with all other constructs. Checking cross-loadings, all the indicators should load the highest on their associated constructs. Recently, the HeteroTrait-MonoTrait ratio of correlations (HTMT) has become the primary criterion for assessing discriminant validity since it offers superior performance compared with the Fornell-Larcker criterion and the assessment of cross-loadings (Henseler et al., 2015). HTMT was thereby emphasised in this study. This was computed for reflective measurement models against the threshold value of 0.90 (that is, for discriminant validity to be established, the HTMT values should not exceed 0.90; Henseler et al., 2015). In this way, the study found an HTMT ratio underneath these values (see Table 5.9), so the model's discriminant validity was established. Table 5.9 presents the assessment of the discriminant validity of the constructs in the model.

**Table 5.9: Discriminant validity - HeteroTrait-Mno Tarait ratio of correlations**

Variables	AGE	TOB	GENDER	EDU	MOC	MCCRMT	TBEEF	TBSF	TEA
AGE									
TOB	<b>0.103</b>								
GENDER	0.059	<b>0.092</b>							
EDU	0.119	0.061	<b>0.040</b>						
MOC	0.112	0.085	0.076	<b>0.062</b>					
MCCRMT	0.103	0.078	0.056	0.052	<b>0.827</b>				
TBEEF	0.119	0.078	0.063	0.071	0.850	<b>0.643</b>			
TBSF	0.155	0.047	0.041	0.126	0.673	0.626	<b>0.655</b>		
TEA	0.083	0.071	0.042	0.074	0.831	0.652	0.874	<b>0.813</b>	

**Note:** AGE - age group, TOB – entrepreneurs' type of business, EDU – entrepreneurs' level of education, MOC - managerial and operational capabilities, MCCRMT - marketing capabilities – consumer-related and management task, TBEEF - tourism business external environmental factors, TBSF - tourism business success factors, TEA - tourism entrepreneurial attributes

As the present analysis found HTMT ratio values being below the benchmark of 0.90, as shown in Table 5.9, so the model's discriminant validity was confirmed. Overall, the variables in the model possess both convergent and discriminant validity as well as reliability. Factor loadings, AVE, Composite Reliability, and Cronbach's Alpha (Construct Reliability) values are therefore used to measure the data analysis reliability and validity. As a result of this, an assessment of the structural model was conducted to establish the relationships between the variables.

## **2. How much variance do the variables in the model account for in the criterion variable (tourism business factor success)?**

An adjusted  $R^2$  value was used to address this question. In regression analysis, the coefficient of determination (say  $R$ ), and the adjusted coefficient of determination (say  $\bar{R}$ ) are usually referred as measures of goodness of fit (Ohtani, 2000). Hair, Hult, Ringle and Sarstedt (2016) commented that the coefficient of determination ( $R^2$ ) measurement shows to what extent the exogenous construct(s) are describing the endogenous construct. Hence Hair et al. (2017) suggested that  $R^2$  values of 0.25, 0.50, and 0.75 symbolise weak, moderate, and large levels. Based on the result of  $R^2 = 0.629$  in Table 5.8 and Figure 5.6, it was found that the predictor variables jointly accounted for about 62.9% variance observed in the tourism business success factor. The predictive power of tourism entrepreneurial attributes - such as innovative thinking, networking, use of technology, business drive, attitude towards risk-taking, being efficient and effective (61.9%) and tourism business external environmental factors - such as complex legal and regulatory constraints, lack of guidance on business development, networking relationship, market environment, access to information, etc. (23.9%) both proved to be strong predictors of tourism business success factors compared to managerial and operational capabilities (3.5%), and marketing capabilities – consumer-related and management tasks (-6.1%).

These findings support the work of other studies in entrepreneurship linking entrepreneurial attributes (or characteristics) with business performance (Abood, Aboyasin, & Ajloni, 2014; Al Badi & Khan, 2020; Dube & Nhamo, 2020; Elmo, Arcese, Valeri, Poconi, & Pacchera, 2020; Ntshangase & Ezeuduji, 2019; 2020). This finding is contrary to previous studies which have suggested that human resources (or management tasks), and customer-related aspects are success factors for business tourism in South Africa (Marais et al., 2017).

3. Is the measurement model which describes the causal relationship among the entrepreneur's profile (gender, age, education level, and entrepreneur's type of business), tourism entrepreneurial attributes, tourism business external environmental factors, managerial and operational capabilities, marketing capabilities – consumer-related and management task and tourism business success factors fit?

To address this question, Table 5.10 presents the overall measurement model fit.

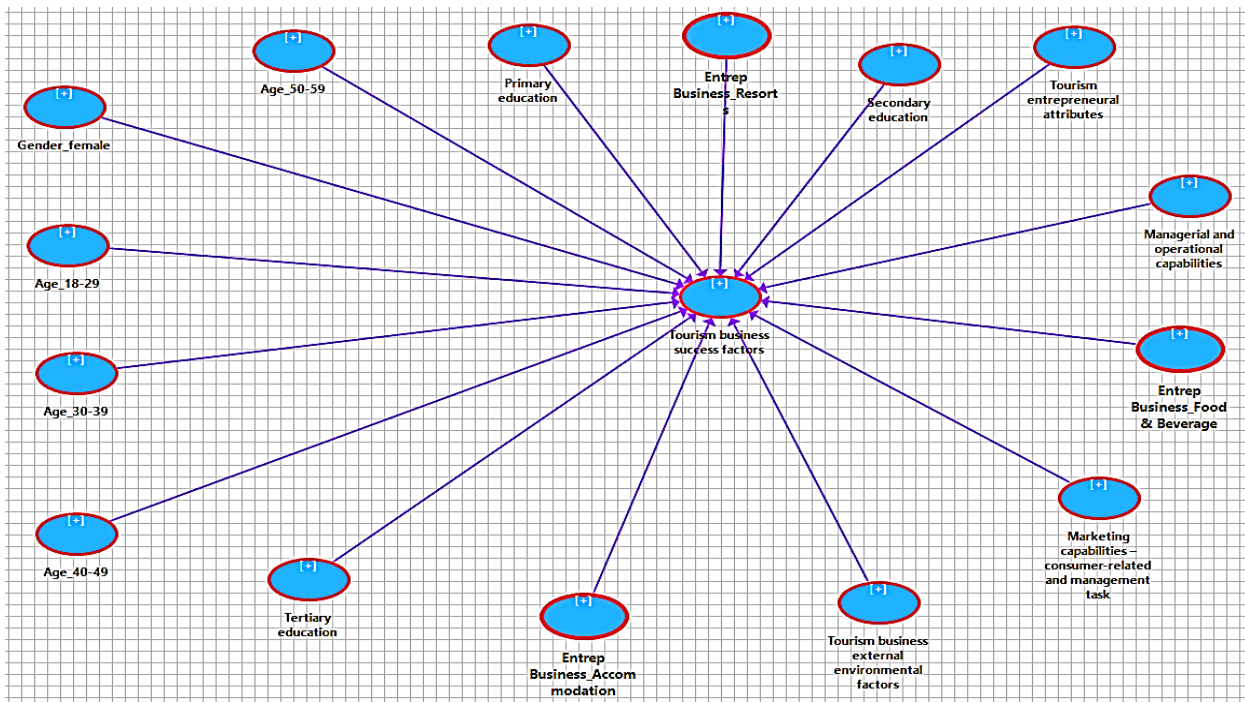
**Table 5.10: Overall measurement model fit**

	Saturated model (sat)			Estimated model (est)		
	Value	HI 95	Remarks	Value	HI 95	Remarks
SRMR < 0.08	0.073	0.043	Supported	0.075	0.049	Supported
d_ULS sat < HI 95	0.409	0.874	Supported	0.474	0.793	Supported
d_G sat < HI 95	0.266	0.318	Supported	0.269	0.413	Supported

The measurement of model fit is typically implemented as multiple categories of fit. In other words, PLS-SEM can be used to assess the estimated values of several latent constructs and measured variables (Oluwajana et al., 2019). The goodness of fit of the composite PLS model must be tested by using unweighted least squares discrepancies (d\_ULS), geodesic discrepancies (d\_G), and Standardised Root Mean Squared Residuals (SRMR). Generally, a model fit is considered valid when the SRMR is < 0.08, and when the squared Euclidean distance (d\_ULS) from the saturated model is less than bootstrapped at HI 95% of the d\_ULS estimated model and d\_G from the saturated model is less than bootstrapped at 95% of d\_G of the estimated model. Table 5.10 therefore shows that SRMR < 0.08, d\_ULS sat < est, and d\_G sat < est are in tandem and in compliance with these requirements of model fit, as suggested by Quintana and Maxwell (1999); and Henseler et al. (2016).

## 6.5 STRUCTURAL MODEL ASSESSMENT

The researcher employed structural equation modelling using smartPLS to test the proposed structural model (see Figure 5.5).

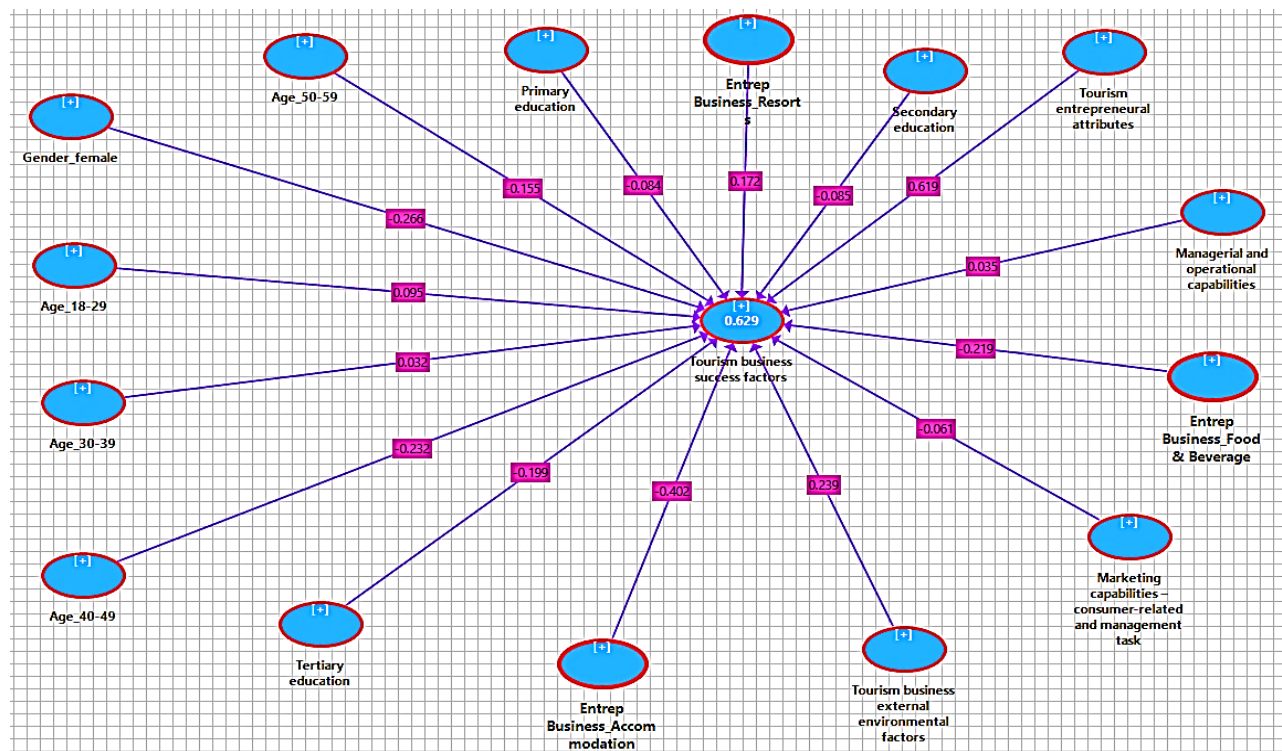


**Figure 5.5: Proposed structural model**

The significance of path coefficients is the certainty with which a variable establishes a causal relationship with another variable in the model. In PLS-SEM, the significance of a path coefficient is measured using bootstrap  $p$ -values. Furthermore, in assessing the structural model using PLS-SEM, the size, sign, and significance of the path coefficient were checked. PLS-SEM does not assume normal data distribution, so the significance testing needs to apply resampling methods such as bootstrapping or jackknifing (Ali, Rasoolimanesh, Sarstedt, Ringle, & Ryu, 2018; Kock, 2018). In this study, bootstrapping technique was used to estimate these parameters' significance, and the respondent's  $t$ -value and  $p$ -value were determined. A series of random samples were obtained from the original sample to replace it. The new samples' average values were estimated and compared with those of the original sample to assess whether the estimates of the original parameters were statistically significant.

The analysis was carried out based on a total of 10,000 subsamples, that is, a larger quantity than the original sample of 350 to comply with Hair et al.'s (2017) criteria; and each subsample's size is always that of the original sample. Consequently, Figure 5.5 and Table 5.10 show the results of the structural model assessment and hypothesis testing using 10,000 bootstraps resamples. It is noteworthy that categorical nominal variables/categorical predictor variables such as age, gender, level of education, and entrepreneurs' type of business cannot be used directly in SmartPLS in their present categories except if they were transformed into dummy variables before they can be used for the analysis. Also, one of these categories was regarded as a reference group for comparing the result's sake. It is imperative to keep one of the categories (for instance, gender\_ male, age\_60 years and above, Entrep business\_travel

agency and no western education as the reference group in the analysis) to avoid zero variance and multicollinearity error in the analysis.



**Figure 5.6: Structural model parameter estimates**

Mueller and Hancock (2018) claim that SEM is not just a statistical technique but rather an analytical process that includes model conceptualisation, parameter identification and estimation, evaluating the data-model fit, and potentially re-specifying the model.

**Table 5.11: Relationship between variables in the model**

Hypotheses	Relationship	Original coefficient ( $\beta$ )	t-values	p-values	Remarks
H1	Gender_female -> TBSF	-0.266	1.996	0.049	Supported
H1	Age_18-29 -> TBSF	0.095	0.073	0.420	Not supported
	Age_30-39 -> TBSF	0.032	0.029	0.770	Not supported
	Age_40-49 -> TBSF	-0.232	2.023	0.046	Supported
	Age_50-59 -> TBSF	-0.155	2.013	0.047	Supported
H1	Primary education -> TBSF	-0.084	1.581	0.117	Not supported
	Secondary education -> TBSF	-0.085	0.062	0.510	Not supported
	Tertiary education -> TBSF	-0.199	2.223	0.024	Supported
H2	Entrep Business_Accommodation -> TBSF	-0.402	2.253	0.020	Supported
	Entrep Business_Food & Beverage -> TBSF	-0.219	1.273	0.102	Not supported

	Entrep Business_Resorts -> TBSF	0.172	2.491	0.014	Supported
<b>H3</b>	TEA -> TBSF	0.619	11.486	0.000	Supported
<b>H4</b>	MOC-> TBSF	0.035	2.808	0.021	Supported
<b>H5</b>	TBEEF-> TBSF	0.239	3.205	0.002	Supported
<b>H6</b>	MCCRMT-> TBSF	-0.061	1.014	0.313	Not supported

### 5.5.1 Research hypotheses

The literature review was mined for the six (6) research hypotheses that this study used. These six (6) hypotheses were derived from the research problem, and in relation with the research objectives. The hypotheses have an impact on both internal and external factors. The following is the first research hypothesis.

*H1: Entrepreneur's profile (in terms of gender, age, and level of education) will show a significant relationship to tourism business success factor.*

#### **Gender**

According to several reports, gender stereotypes and a lack of training in financial management contribute to a disproportionately high rate of business failure among female business owners (Abdulghaffar & Akkad, 2021; Conradie & Lamprecht, 2018; Hsiung, 2018; Rahmoun & Baeshen, 2021). Table 5.11 above shows that female entrepreneurs ( $\beta = -0.266$ ,  $t = 1.996$ ,  $p = 0.049 < 0.05$ ) had a significant lower relationship to tourism business success factors in comparison to male entrepreneurs. The current study found that the alternative hypothesis stated was supported. This result however implies that the contributions of females to tourism business success are not as significant, unlike their male counterparts. One unanticipated finding was that; the success of the tourism business is largely driven by male tourism entrepreneurs in Mtubatuba Local Municipality. This outcome is contrary to what Chiang and Shyu (2016) found, that female entrepreneurs are outperforming their male counterparts in countries like Thailand, Taiwan, and Brazil in terms of business success. In South Africa, as noted by Nzama and Ezeuduji (2020; 2021), gender often fails to be a significant determinant of tourism business performance. As Asia and Western Europe have both the lowest and highest rates of business success in both male and female-owned businesses, these findings should therefore be interpreted with caution (Al Badi & Khan, 2020; Conradie & Lamprecht, 2018; Mahmoud, Abou-Shouk, & Fawzy, 2020). The present study raises the possibility, as indicated by Marais et al. (2017), that gender can *sometimes* have a positive influence on business success. The study further explored the relationship between entrepreneurs' age and business success.

## **Age**

Table 5.11 reveals that the age group of tourism entrepreneurs or business owners between 40-49 years ( $\beta = -0.232, t = 2.023, p = 0.046 < 0.05$ ) and 50-59 years ( $\beta = -0.155, t = 2.013, p = 0.047 < 0.05$ ) had a significant lower relationship to tourism business success factors in comparison to age group of entrepreneurs above 60 years. These findings suggest that the alternative hypothesis stated was supported. These results imply that entrepreneurs or business owners' (according to their age groups) relationship to tourism business success was (as at the time of conducting the study) in a retrogressive manner in Mtubatuba Local Municipality. These results reflect what Al-Tit, Omri and Euch (2019) also found, that the success rate of businesses established by older entrepreneurs is higher than those of younger ones. Nevertheless, the age groups between 18-29 years ( $\beta = 0.095, t = 0.073, p = 0.420 > 0.05$ ) and 30-39 years ( $\beta = 0.032, t = 0.029, p = 0.770 > 0.05$ ) did not show a significant relationship to tourism business success factor in comparison to age group of entrepreneurs above 60 years. This finding is consistent with what Abdulghaffar and Akkad (2021) and Lin and Morrison (2021) demonstrated that age has a weak, positive linear influence on business success.

As evidenced by the World Health Organisation's (WHO) initiatives on global strategy and action plan for aging and health; aging is the most significant social-demographic issue in the world (Rudnicka, Napierala, Podfigurna, Meczekalski, Smolarczyk, & Grymowicz, 2020). In the United States (US), about 51% of small private businesses are owned by someone over the age of 50 years old (Forster-Holt, p. 878). According to Chipunza and Naong (2021), age (as a control variable) has a great influence on business success. So, age is an important factor in exploring the factors that may influence business success (Bruwer & Smith, 2018; Conradie & Lamprecht, 2018). It has been argued that the younger people are more involved in participating in the entrepreneurial activities; however, most of them failed to demonstrate the level of maturity along the way, thus leading to a high rate of failure in tourism businesses (Ramasobana & Fatoki, 2017). The findings of this study do not classify the older entrepreneurs (in terms of age), who are new to tourism entrepreneurship or explain why these younger entrepreneurs succeed or fail.

## **Level of education**

Prior studies (e.g., Baidoun et al., 2018; Maduku & Kaseeram, 2021; Mosweunyane et al., 2019; Ntshangase & Ezeuduji, 2019, 2020) have noted the importance of education in the success of entrepreneurial activity. Table 5.11 depicts that the tertiary level of education of entrepreneurs ( $\beta = -0.199, t = 2.223, p = 0.024 < 0.05$ ) had a significantly lower relationship to tourism business success factors compared to entrepreneurs with no western education.

The alternative hypothesis stated was therefore supported. This result implies that their contributions to tourism business success were in reverse order in Mtubatuba Local Municipality. Although there is a relationship, but most of the tourism entrepreneurs or business owners in this region with tertiary education are theoretically practicing to navigate their post-graduation success in the tourism industry or tourism entrepreneurship. A possible explanation for this might be that most tourism entrepreneurs in this locality might not have the required knowledge/skill sets to thrive in the business. This shows the lack of entrepreneurial education and training may affect the business sales growth, since it affects the day-to-day management, marketing, and operations of their businesses (Conradie & Lamprecht, 2018; Maduku & Kaseeram, 2021).

Nevertheless, the primary level of education of entrepreneurs ( $\beta = -0.084, t = 1.581, p = 0.117 > 0.05$ ) and secondary level of education ( $\beta = -0.085, t = 0.062, p = 0.510 > 0.05$ ) did not show a significant relationship to tourism business success factors in comparison to entrepreneurs with no western education. Recently, Bloom et al. (2021) reported that business owners with a humanities degree usually experienced far larger losses, while those with an entrepreneurial-related education saw the least impact. In general, evidence points at an expected positive association between one's level of education and one's probability of being more successful in tourism industry. The better the human capital is, the more viable the start-up for growth, expansion, and better access to business resources (Baidoun et al., 2018; Kolstad & Wiig, 2015; Peters & Brijlal, 2011). It is therefore assumable that an entrepreneur's choice of business has an impact on the success of their enterprise.

***H2: Entrepreneurs' type of business will show a significant relationship to tourism business success factor.***

The present study was also designed to explore how these internal and external factors influence each other regarding tourism business success. Table 5.11 reveals that entrepreneurs' type of business (accommodation) ( $\beta = -0.402, t = 2.253, p = 0.020 < 0.05$ ) and resorts type of entrepreneur business ( $\beta = 0.172, t = 2.491, p = 0.014 < 0.05$ ) had a significant relationship to tourism business success factors in comparison to the travel agency entrepreneurs' type of business. These results imply that 17.2% and 40.2% of these types of businesses explained and enormously contributed to success in the tourism business in Mtubatuba Local Municipality. The alternative hypothesis stated was therefore supported. The food and beverage entrepreneurs' type of business ( $\beta = -0.219, t = 1.273, p = 0.102 > 0.05$ ) did not show a significant relationship to tourism business success factors compared to the travel agency entrepreneurs' type of business. This study provides evidence to back up earlier observations (e.g., Conradie & Lamprecht, 2018; Ntshangase & Ezeuduji, 2019; 2020).

According to their findings, more than half of the respondents (57.2%) (tourism entrepreneurs) between 2019 and 2020 owned lodging establishments in the same municipality. These outcomes are probably connected to opportunities brought about by an increase in tourists as a result of significant events, festivals, tourist attractions, or celebrations in this small rural town (Mtubatuba Local Municipality). Tourist accommodation sector is found to be at the centre of Limpopo's tourism industry (Rogerson et al., 2022).

Other explanations that might apply to entrepreneurs' type of business such as food and beverage are also available. The supply, production, sales, and consumption of food and beverages have been affected by the global lockdown measures implemented in response to the coronavirus pandemic (Björklund, Mikkonen, Mattila, & van der Marel, 2020). When faced with these limitations, tourism business owners can act swiftly, and try new things to generate new liquidity and opportunities (Björklund et al., 2020). Most of the time, food and beverage businesses place a high priority on marketing but perform poorly, especially when it comes to spotting opportunities for profitable marketing campaigns, cultivating customer relationships, trying to break into a new market, and ensuring product quality (Abd Aziz, Ramdan, Nik Hussin, Abdul Aziz, Osman, & Hasbollah, 2021; Teguh, Hartiwi, Ridho, Bachtiar, Synthia, & Noor, 2021). The findings of this study (on the food and beverage industry) negate what Abd Aziz et al. (2021) found, that Malaysian food and beverage businesses have performed remarkably well in terms of their ability to be innovative.

***H3: Entrepreneurial attributes will show a significant relationship to tourism business success factor.***

Table 5.11 indicates that entrepreneurial attributes ( $\beta = 0.619$ ,  $t = 11.486$ ,  $p = 0.000 < 0.05$ ) had a significant positive relationship to tourism business success factors. The alternative hypothesis stated was thus supported. More so, it was depicted that a 100% enhancement in entrepreneurial attributes will bring about 61.9% improvements in tourism business success factors. Furthermore, the nature of attributes possessed by the entrepreneurs goes a long way in determining the level of success to be recorded in the tourism industry in Mtubatuba Local Municipality. Previous studies have shown that the success of Small Micro and Medium Enterprises and Small Micro and Medium Tourism Enterprises are directly influenced by individual entrepreneurial attributes, and external factors (Abood et al., 2014; Al Badi & Khan, 2020; Dube & Nhamo, 2020; Elmo et al., 2020; Khanin, Rosenfield, Mahto, & Singhal, 2022; Lampadarios, Kyriakidou, & Smith, 2017; Mahmoud et al., 2020). In accordance with the present results, previous study by Ntshangase and Ezeuduji (2020) further demonstrated that entrepreneurs' demographic variables such as 'age', 'gender', 'cultural group', 'nationality' and 'business experience' have significant influence on entrepreneurial attributes. This study supports evidence from previous observations (Iwara, Kilonzo, Zuwarimwe, & Netshandama,

2021; Salisu, Hashim, Mashi, & Aliyu, 2020; Santhi, 2017), that entrepreneurial attributes (such as traits, characteristics and skills) are associated with entrepreneurial behaviour and entrepreneurial success.

***H4: Managerial and operational capabilities of entrepreneurs will show a significant relationship to tourism business success factor.***

In Table 5.11 above, it was found that the managerial and operational capabilities of entrepreneurs ( $\beta = 0.035$ ,  $t = 2.808$ ,  $p = 0.021 < 0.05$ ) had a significant positive relationship to tourism business success factors. Consequently, the alternative hypothesis stated was supported. Also, a 100% improvement in the managerial and operational capabilities of entrepreneurs will bring about 3.5% improvements in tourism business success factors. This implies that this predictor variable has something to do with the positive turnaround in the tourism business. Elsafty, Abadir, and Shaarawy (2020) list management experience and capabilities, human capital, and planning as the three most frequently mentioned variables (that includes ability to identify opportunities). These results are in agreement with those obtained by Booyens et al. (2022), and Nzama and Ezeuduji (2021). These studies have acknowledged the importance of managerial skills as a tool for successful entrepreneurship. About 55% of the tourism businesses in this study area were between 7 and 10 years old, so it is possible that the findings (of this present study) are attributable to their relative maturity. It is also believed that as an organisation matures, managerial abilities grow and become more formalised (Srimulyani, & Hermanto, 2021; Seow et al., 2021). It is necessary to conduct more research to determine the best ways to help tourism entrepreneurs manage and operate their businesses in a way that will make it successful. This is an important issue for future research, as this may yield an interesting study on community engagement. All other organisational capabilities required for business success are generated by management and operational capabilities (Ramasobana & Fatoki, 2017; Rasethuntsa, 2021).

***H5: External environmental factors of entrepreneur will show a significant relationship to tourism business success factor.***

Table 5.11 also shows that the external environmental factors of entrepreneurs ( $\beta = 0.239$ ,  $t = 3.205$ ,  $p = 0.002 < 0.05$ ) had a significant positive relationship to tourism business success factors. Consequently, the alternative hypothesis stated was supported. Also, a 100% improvement in the external environmental factors of entrepreneurs will yield 23.9% improvements in tourism business success factor. This implies that this predictor variable has contributed immensely to the success of the tourism business. These findings suggest that tourism businesses, whether registered or unregistered should keenly watch all various

external processes that affect their continuity (Dube & Nhamo, 2020). Additionally, entrepreneurs can modify their businesses to fit the external environment, but they cannot control it. The most significant external factors in terms of weight coefficients, according to previous studies (see Abdulghaffar & Akkad, 2021; Al-Tit et al., 2019; Güzel, Ehtiyar, & Ryan, 2021), are monetary policy, and fiscal policy. In the study area, most respondents during the primary data collection process brought up the topic of water scarcity in the discussions and briefing session. According to the weight coefficients, water is the ecological and natural factor that has the greatest influence (Cibinskiene & Snieskiene, 2015; Güzel et al., 2021; Zikhali, Ayandibu, & Mazorodze, 2021). The observed 100% improvement in the external environmental factors, is forecasted to produce 24% greater improvements in the success of the tourism industry than what was seen by Dube and Nhamo (2020), is encouraging.

***H6: Entrepreneurs' marketing capabilities – consumer-related and management tasks will show a significant relationship to tourism business success factor.***

Table 5.11 above reveals that entrepreneurs' marketing capabilities – consumer-related and management tasks had a negative and insignificant relationship to tourism business success factor. The alternative hypothesis was not therefore supported (with  $\beta = -0.061$ ,  $t = 1.014$ ,  $p = 0.313 > 0.05$ ). This implies that the predictor variable contributed nothing to the tourism business success factor in Mtubatuba Local Municipality. Previously reviewed studies (Güzel et al., 2021; Marais et al., 2017; Ncanywa, 2019; Tassiopoulos, De Coning, & Smit, 2016) however indicate that an understanding of how success factors contribute to tourism-related entrepreneurship is still lacking in South Africa. Noticeably and importantly, the businesses, whether gigantic or tiny could not get far success without hard work, commitment or devotion (Aqeel, Awan, & Riaz, 2011; Güzel et al., 2021). The survey findings by Fatmawati, Bestari, and Rostiani (2021) revealed that lack of technology usage could create a barrier for the tourist. Data from several studies have also suggested that online presence is vital to stay relevant in the digital era (Fatmawati et al., 2021; Pambreni, Khatibi, Azam, & Tham, 2019; Turkina, 2018). Meanwhile, there is some evidence that lack of technology usage may affect tourism business success. Similarly, the findings by the Organisation for Economic Co-operation and Development (OECD) (2018) have indicated that productivity-enhancing technologies (e.g., cloud computing, data analytics, revenue management software) have generally received low uptake in tourism, while innovative technologies (e.g., augmented reality, geotagging) are generating, customising, and delivering in ever more novel ways, new visitor products, services and experiences.

## **5.6 CHAPTER SUMMARY**

The aim of the study was to model factors influencing business success in tourism-related entrepreneurship. This implies how these factors relate to each other, and how their combination relate to business success in tourism-related entrepreneurship, hence contributing to the human capital theory and opportunity identification theory. The researcher used questionnaires to collect data from 350 tourism-related entrepreneurs in Mtubatuba Local Municipality, KwaZulu-Natal. The analysis was conducted in two phases. The first phase of the analysis dealt with data integrity, and this feat was achieved using the IBM SPSS software version 28; while the second phase tested the measurement (that is, construct validity and reliability of the instrument), and structural model using partial least square-structural equation modeling (PLS-SEM) involving a multivariate analytical technique implemented on SmartPLS software version 4.0.8. The measurement model tested the reliability and validity (convergent and discriminant) through the PLS-SEM analysis. The discussion in Chapter 5 also included factor/outer loadings, average variance extracted (AVE), composite reliability (CR) values, and Cronbach's Alpha ( $\alpha$ ) values (Construct Reliability). All results discussed were compared with previous but relevant literature, and main findings were highlighted. The conclusion and recommendations that emerged from these results are discussed in the next chapter (Chapter 6). Chapter 6 provides a summary of the findings, addressing research hypotheses - accepting and rejecting study hypotheses, as well as recommendations, practical implications and areas of further studies.

## **CHAPTER SIX**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **6.1 INTRODUCTION**

Due to the escalating and more complex competition in entrepreneurial activity in the business world, entrepreneurship researchers are becoming increasingly interested in entrepreneurial success (Güzel, Ehtiyar, & Ryan, 2021; Khoza & Marnewick, 2021; Limsong et al., 2016; Luo, Fan, & Shang, 2022). This success can be either financial or non-financial. Additionally, this increased interest is partly influenced by the necessity for a successful model that entrepreneurs can emulate (Limsong et al., 2016). As a result, various academics have carried out extensive research on business success. The dynamics that determine success in the tourism industry are both internal and external, but very few studies have examined these forces, developed a model based on them, and empirically tested it. Tourism entrepreneurs, business owners, managers, and employees in South Africa need to be aware that there is a formula for success in business world (as asserted by Bradley, Browne, & Kelley, 2017), but this can only be attained via concerted efforts, and surmounting adversity (Ntshangase & Ezeuduji, 2019; 2020).

According to several studies (e.g., Ervina, Indra, & Taufiq, 2021; Ntshangase & Ezeuduji, 2019; Nzama & Ezeuduji, 2021; Ratten, 2019; Rogerson, 2021; Saayman & Klaibor, 2016), the study of tourism entrepreneurship has sparked a great deal of interest. Success elements for entertainment tourism sites in Macau, on the south coast of China were investigated by academics such as Luo et al. (2022). Güzel et al. (2021) focused on the success factors of wine tourism entrepreneurship for a rural area in Turkey. Yuen May, Aziz, Latif, Abdul Latip, Kwan and Abdul Kadir (2021) investigated the success factors affecting street food stalls for gastronomic tourism competitiveness in Malaysia. Chiang and Shyu (2016) explored the success factors in the business model of bed and breakfast industry in Taiwan. Van Zyl and Van der Merwe (2022) focused on the success factors for developing and managing agri-tourism businesses in South Africa. Marais, Du Plessis and Saayman (2017) investigated the success factors of a business tourism destination in South Africa.

Consequently, this study was guided by six objectives emanating from the reviewed literature. The first objective was to analyse the type and strength of relationship, if any exists, between certain entrepreneurs' profile or type of business and business success in tourism-related entrepreneurship. The second objective was to assess the type and strength of relationship, if any exists, between entrepreneurial attributes and business success in tourism-related entrepreneurship. The third objective was to analyse the type and strength of relationship, if any exists, between business external environmental factors and business success in tourism-

related entrepreneurship. The fourth objective was to assess the type and strength of relationship, if any exists, between entrepreneurs' managerial and operational capabilities on the one hand, and business success in tourism-related entrepreneurship, on the other hand. While objective five aimed to analyse the type and strength of relationship, if any exists, between entrepreneurs' marketing capabilities and business success in tourism-related entrepreneurship. Objective six sought to statistically model relationships between factors influencing business success in tourism-related entrepreneurship. The empirical nature of this research sought to address all its objectives, which is summarised in this chapter. This chapter therefore, serves the purpose of a summary for this research. Accordingly, conclusions, contributions, and recommendations are drawn. The chapter also presents some recommendations for future research. This chapter concludes the study based on the research hypotheses (related to the research objectives) that guided it. The study's methodological overview and contribution are discussed in the following section.

## **6.2 METHODOLOGICAL OVERVIEW AND CONTRIBUTION**

In order to achieve the aforementioned objectives of the study, a survey questionnaire was developed based on the selected business factors (emanated from the previous published entrepreneurship studies), and distributed to a sample of respondents from small, micro and medium-sized tourism enterprises that were still in operation during the time of this study. Some of these tourism businesses studied were formal (i.e., registered), and some were informal (i.e., not registered). The study employed a purposive sampling (also known as a judgment sampling), which is argued to be a type of non-probability sampling technique. The literature review revealed that success factors have been extensively researched on a global stage, but few previous researchers in South Africa have explored success factors individually, or at most did some exploratory modelling on general entrepreneurship success factors. The current study makes a methodological contribution by adopting a quantitative research design and has used a type of Structural Equation Modelling (SEM) to test the causal relationships between factors influencing business success in tourism-related entrepreneurship.

This study employed IBM SPSS software version 28 and SmartPLS software version 4.0.8 for data analyses. A partial least squares-structural equation modelling (PLS-SEM) assessment was conducted in two phases, and the set of equations were solved simultaneously to test model fit and estimate parameters. The missing values were handled using the multiple imputation (MI) method to ensure the dataset's integrity before further analysis. The section that follows presents summarised results obtained from the PLS-SEM. Figures 4.3, 4.4, and Table 4.3 (see Chapter 4) present the descriptive statistics of the study variables, overall summary, and pattern of missing values respectively.

### 6.3 OVERVIEW OF RESEARCH FINDINGS AND CONCLUSIONS

Based on the results in Table 5.1, the researcher tried to create a gender balance among questionnaire respondents who were surveyed. However, Table 5.1 indicates that more female entrepreneurs (57%) than male entrepreneurs (43%) responded to the questionnaire, and most of the respondents (about 66%) were South Africans. This implies that women and South Africans dominate the tourism industry in this region (i.e., in Mtubatuba Local Municipality), compared to males. Results in Table 5.1 further reflect that the respondents were relatively mature in age, as about 47% of the respondents were less than 40 years old, and about 53% were over 40 years older. This study suggests that a significant portion of the respondents have formal education as about 77% of the sample have completed their primary and secondary education (matriculated), and about 15% have completed their tertiary education (college, TVET, or university). The study further shows that the general educational background is not a significant barrier for aspiring tourism entrepreneurs to enter the industry, as 92% of respondents (in total) in this local municipality had received formal /western education at the time the research was conducted.

Table 5.1 shows that 16.2% of respondents had more than 10 years of experience in a tourism-related business, and about 84% of the respondents had less than 10 years of business experience. Interestingly, despite coming from non-entrepreneurial families, about 71% of the respondents launched their own tourism businesses. In addition, 9% of the respondents felt that they had failed as entrepreneurs or business owner, and 21.2% said they were struggling as tourism entrepreneurs or owners (i.e., struggling to survive in the business world). Some respondents (about 38%) identified themselves as tourism entrepreneurs or business owners who were neither successful nor unsuccessful, but just surviving. Additionally, about 26% of the respondents identified themselves as successful tourism business owners or entrepreneurs (i.e., they were doing well, and believed they can achieve more), while another 7% classified themselves as very successful tourism business entrepreneurs or owners (i.e., they believed they have achieved a lot). At the time of conducting this research, it was found that many of entrepreneurs started a tourism business as means of survival, and this category accounted for 52.2%, compared to those who started tourism-related businesses because they lacked employment opportunities (25.2%). Those who started tourism-related businesses because they saw tourism business opportunities accounted for only 22.6%. The findings in Table 5.1 also show that owners of tour operation businesses were the majority of the respondents (21.6%), followed by accommodation businesses (21.1%). The statements regarding factors affecting tourism businesses were measured based on the respondents' level of disagreement or agreement to the statements.

### **6.3.1 Measuring the level of disagreement or agreement of tourism business factors**

The respondents (tourism entrepreneurs or business owners) were asked to tick their level of disagreement or agreement to a set of variables in the questionnaire used by the study to measure the tourism business success factors (see Chapter 5). Results in Table 6.2 to Table 5.6 show that the respondents agreed mostly with the tourism business factors statements in the questionnaire. In Table 5.2, the respondents were more positive than negative with eight (8) statements measuring TBSF in the Table. The findings in Table 5.2 indicate that the KPIs (key performance indicators – eight statements) do have a significant impact on the success of a tourism business. Recent studies (e.g., Purwanto, Novitasari, & Asbari, 2022; Abdiyev & Alimardonov, 2022) back up these observations in Table 5.2.

Furthermore, respondents were mostly much more positive than negative regarding possessing tourism entrepreneurial attributes in their responses as shown in Table 5.3. Table 6.3 shows that the respondents were more positive than negative with eight (8) statements measuring tourism entrepreneurial attributes (TEAs). The results in Table 5.3 suggest that entrepreneurs' risk-taking propensity (63.2% level of agreement or strong agreement) may have significant influence on entrepreneurial attributes and business success compared to the other statements. Respondents were mostly much more positive than negative in their responses regarding tourism business external environmental factors, as shown in Table 5.4. In Table 5.4, respondents were more positive than negative with the ten (10) statements measuring tourism business external environmental factors (TBEEF). The data presented in Table 5.4 also support the assumption that government support is not a problem in the survey region. What is most noticeable in this region is the lack of competition among tourism-related businesses. These findings are consistent with those reported by Jelonek, Tien, Dao and Minh (2022).

Again, respondents were mostly much more positive than negative in their responses to the statements on the managerial and operational capabilities, as shown in Table 5.5. Results in Table 5.5 show that respondents (51%) were more in agreement than in disagreement towards the statement: 'my management style influences and motivates employees to achieve business goals'. These findings suggest that having strong managerial and operational skills is related to entrepreneurial success in tourism. Recent studies have recognised managerial capabilities as a tool capable of driving successful tourism entrepreneurship (Booyens et al., 2022; Nzama & Ezeuduji, 2021).

Again, respondents were mostly positive than negative in their responses regarding marketing capabilities (consumer-related and management task) as shown in Table 5.6. Moreover, about 54% of the respondents agreed or strongly agreed that they know exactly what their customers

want, and about 59% of the respondents agreed or strongly agreed that they know exactly how to deliver what their customers want. The respondents appeared to understand how to choose the best price for goods and services related to tourism as about 65% of the respondents agreed or strongly agreed with this statement. Furthermore, about 62% of respondents had awareness of their potential and current intermediaries and how to collaborate with them for business success. This suggests that the tourism entrepreneurs and business owners in this area (where the study was conducted) have a favourable opinion of marketing ability to engage consumers and manage tasks.

Furthermore, the results of the measurement instrument (that is, construct validity and reliability of the instrument) and structural model obtained from PLS-SEM involving a multivariate analytical technique implemented on SmartPLS software version 4.0.8 were presented. The results are presented in the order of the stated data analysis questions (see Chapter 4), and these questions helped to address study research objectives/ hypotheses.

The further presented the results of the measurement instrument (that is, construct validity and reliability of the instrument) and structural model obtained from the partial least square-structural equation modelling (PLS-SEM) involving a multivariate analytical technique implemented on SmartPLS software version 4.0.8. The results are presented in the order of the stated data analysis questions (see Chapter 4), and these questions helped to address study research objectives/ hypotheses.

## **6.4 STUDY INFERENCES**

The inferences of this research are guided by the aim of the study, which was to model factors influencing business success in tourism-related entrepreneurship in Mtubatuba Local Municipality, KwaZulu-Natal Province of South Africa. The following key research hypotheses, emanating from the literature reviewed are succinctly addressed in this study.

### **6.4.1 Addressing the research hypotheses**

This study set out six (6) research hypotheses in Chapter 1, and these are addressed below.

***H1: Entrepreneur's profile (in terms of gender, age, and level of education) will show a significant relationship to tourism business success factor.***

#### **Gender**

This study has shown that female entrepreneurs ( $\beta = -0.266$ ,  $t = 1.996$ ,  $p = 0.049 < 0.05$ ) had a significant lower relationship to tourism business success factor in comparison to male entrepreneurs (see Table 5.11). The current study found that the alternative hypothesis stated was supported. This result however implies that the contributions of females to tourism

business success are not as significant, unlike their male counterparts. One unanticipated finding was that; the success of the tourism business is largely driven by male tourism entrepreneurs in Mtubatuba Local Municipality.

### **Age**

The research has also shown that the age group of tourism entrepreneurs or business owners between 40-49 years ( $\beta = -0.232, t = 2.023, p = 0.046 < 0.05$ ) and 50-59 years ( $\beta = -0.155, t = 2.013, p = 0.047 < 0.05$ ) had a significant lower relationship to tourism business success factor in comparison to age group of entrepreneurs above 60 years (see Table 5.11). These findings suggest that the alternative hypothesis stated was supported. Nevertheless, the age groups between 18-29 years ( $\beta = 0.095, t = 0.073, p = 0.420 > 0.05$ ) and 30-39 years ( $\beta = 0.032, t = 0.029, p = 0.770 > 0.05$ ) did not show a significant relationship to tourism business success factor in comparison to age group of entrepreneurs above 60 years.

### **Level of education**

This study has found that the tertiary level of education of entrepreneurs ( $\beta = -0.199, t = 2.223, p = 0.024 < 0.05$ ) had a significantly lower relationship to tourism business success factor compared to entrepreneurs with no western education (see Table 5.11). The alternative hypothesis stated was therefore supported. This result implies that their contributions to tourism business success were in reverse order in Mtubatuba Local Municipality. Although there is a relationship, but most of the tourism entrepreneurs or business owners in this region with tertiary education were theoretically practicing to navigate their post-graduation success in the tourism industry or tourism entrepreneurship. A possible explanation for this might be that most tourism entrepreneurs in this locality might not have the required knowledge/skill sets to thrive in the business. Nevertheless, the primary level of education of entrepreneurs ( $\beta = -0.084, t = 1.581, p = 0.117 > 0.05$ ) and secondary level of education ( $\beta = -0.085, t = 0.062, p = 0.510 > 0.05$ ) did not show a significant relationship to tourism business success factor in comparison to entrepreneurs with no western education. In general, evidence points at an expected positive association between one's level of education and one's probability of being more successful in tourism industry.

### ***H2: Entrepreneurs' type of business will show a significant relationship to tourism business success factor.***

The results of this investigation show that entrepreneurs' type of business (accommodation) ( $\beta = -0.402, t = 2.253, p = 0.020 < 0.05$ ) and resorts type of entrepreneur business ( $\beta = 0.172, t = 2.491, p = 0.014 < 0.05$ ) had a significant relationship to tourism business success factor in comparison to the travel agency entrepreneurs' type of business (see Table 5.11).

These results imply that 17.2% and 40.2% of these types of businesses explained and enormously contributed to success in the tourism business in Mtubatuba Local Municipality. The alternative hypothesis stated was therefore supported. The food and beverage entrepreneurs' type of business ( $\beta = -0.219$ ,  $t = 1.273$ ,  $p = 0.102 > 0.05$ ) did not show a significant relationship to tourism business success factor compared to the travel agency entrepreneurs' type of business.

***H3: Entrepreneurial attributes will show a significant relationship to tourism business success factor.***

One of the more significant findings to emerge from this study is that entrepreneurial attributes ( $\beta = 0.619$ ,  $t = 11.486$ ,  $p = 0.000 < 0.05$ ) had a significant positive relationship to tourism business success factor. The alternative hypothesis stated was assertively supported by the analysis (see Table 5.11). Moreover, it was depicted that a 100% enhancement in entrepreneurial attributes will bring about 61.9% improvements in tourism business success factor. Furthermore, the nature of attributes possessed by the entrepreneurs goes a long way in determining the level of success to be recorded in the tourism industry in Mtubatuba Local Municipality.

***H4: Managerial and operational capabilities of entrepreneurs will show a significant relationship to tourism business success factor.***

Table 5.11 as shown in Chapter 5, it was found that the managerial and operational capabilities of entrepreneurs ( $\beta = 0.035$ ,  $t = 2.808$ ,  $p = 0.021 < 0.05$ ) had a significant positive relationship to tourism business success factor. Consequently, the alternative hypothesis stated was supported. Also, a 100% improvement in the managerial and operational capabilities of entrepreneurs will bring about 3.5% improvements in tourism business success factor. This implies that this predictor variable has something to do with the positive turnaround in the tourism business.

***H5: External environmental factors of entrepreneur will show a significant relationship to tourism business success factor.***

Another more significant findings to emerge from this study is that the external environmental factors of entrepreneurs ( $\beta = 0.239$ ,  $t = 3.205$ ,  $p = 0.002 < 0.05$ ) had a significant positive relationship to tourism business success factor. Consequently, the alternative hypothesis stated was supported (see Table 5.11). Also, a 100% improvement in the external environmental factors of entrepreneurs will yield 23.9% improvements in tourism business

success factor. This implies that this predictor variable has contributed immensely to the success of the tourism business. The observed 100% improvement in the external environmental factors, is forecasted to produce 24% greater improvements in the success of the tourism entrepreneurship.

***H6: Entrepreneurs' marketing capabilities – consumer-related and management tasks will show a significant relationship to tourism business success factor.***

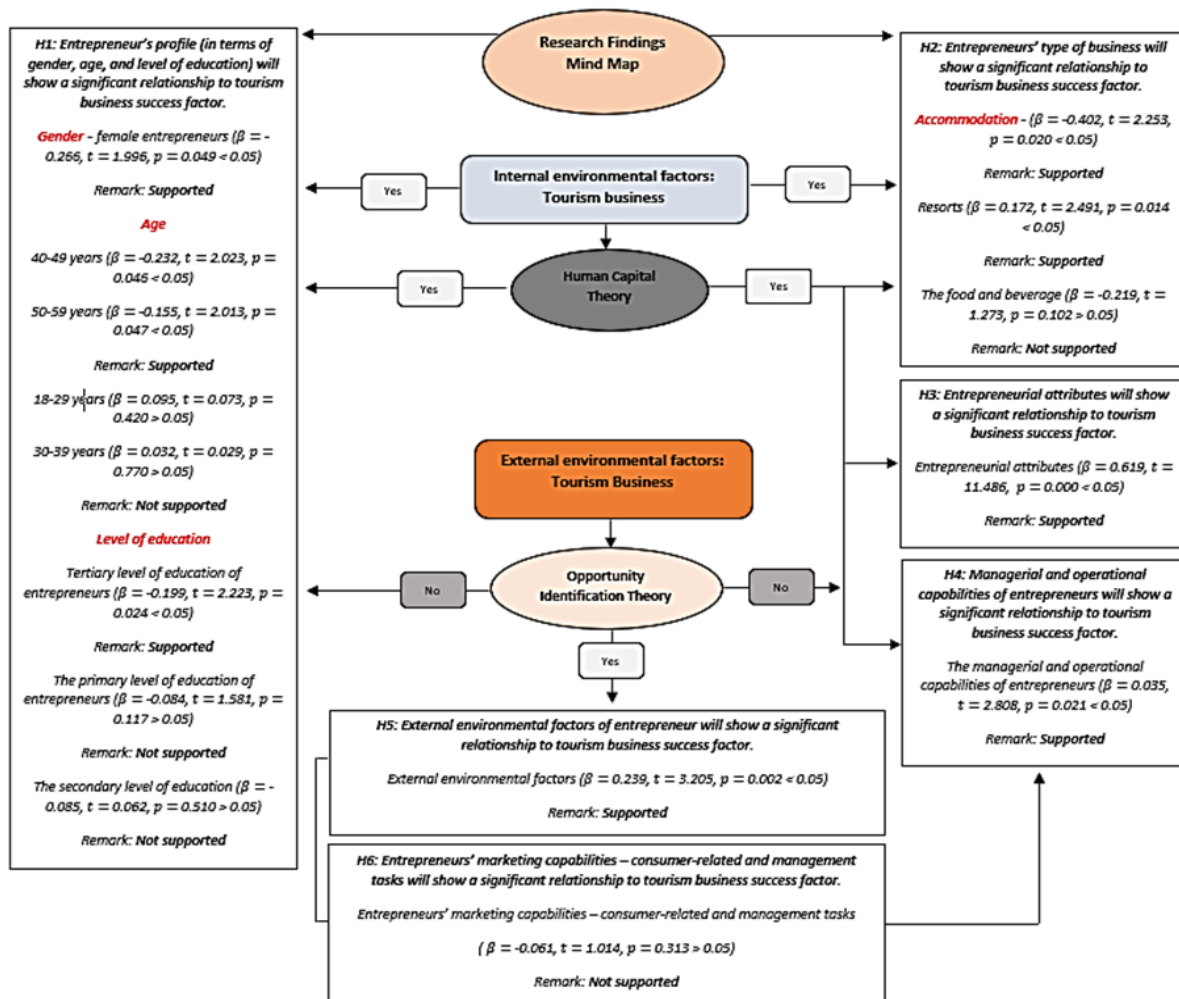
Table 5.11 in Chapter 5 reveals that entrepreneurs' marketing capabilities – consumer-related and management tasks had a negative and insignificant relationship to tourism business success factor. The alternative hypothesis was not therefore supported (with  $\beta = -0.061$ ,  $t = 1.014$ ,  $p = 0.313 > 0.05$ ). This implies that the predictor variable contributed nothing to the tourism business success factor in Mtubatuba Local Municipality.

The study found significant relationships between human capital theory and opportunity identification theory with business success in tourism entrepreneurship. The study examined theoretically derived factors leading to tourism business success and the relationship was higher for internal environmental factors than external environmental factors. The results suggest that internal business environmental factors such as entrepreneurs' profile (e.g., 'age', 'level of education', 'entrepreneurs' type of business', and 'entrepreneurial attributes') have significant influence on tourism business success. The results further validate that external business environmental factors such as 'business competition', 'government regulations', 'guidance on business development', and 'access to information' have significant influence on tourism business success in Mtubatuba Local Municipality.

In this study, age per se is not taken into account as a significant or influencing element in the success or failure of the tourism business. Instead, the level maturity of the entrepreneurs in decision-making is what matters most. It has been argued that younger people are more involved in entrepreneurial activities; however, most of them failed to demonstrate the level of maturity along the way, and that results in a high rate of failure of businesses (Ramasobana & Fatoki, 2017). Again, it was found from the study' findings that the level of education alone does not have a stronger significant influence on tourism business than the type of education one required. Instead, the entrepreneurial-based education is important for tourism entrepreneurs to thrive in the business.

## 6.4.2 Novelty and theoretical contribution of the study

This research regarding novelty and contribution to theory conducted a more conclusive study and statistically modelled success (internal and external) factors for tourism-related entrepreneurship. It has not only established how these success factors influence each other regarding business success, but also how they interact with each other and impact business success in tourism-related entrepreneurship. Accordingly, this study's scope and objectives further have attempted to address a knowledge gap as stipulated in Chapter 1 (see Figure



6.1), by using the example of Mtubatuba Local Municipality to develop a conceptual model of the variables influencing the success of the tourism industry that is supported by statistics.

**Figure 6.1: An illustration of the statistically validated conceptual model demonstrating relationships.** This figure presents the validated relationships between the selected business factors and business success to address a knowledge gap.

Based on the complexity of elements (internal and external) determining business growth and success, this study has therefore provided information on factors that are critical for success in tourism-related entrepreneurship in South Africa.

The first and most important theoretical contribution of this study is the development of the model of tourism-related entrepreneurial success. This current study included two main factors in one model to investigate how they affect tourism business success in Mtubatuba Local Municipality, KwaZulu-Natal Province of South Africa. These are internal and external factors presented in Table 6.1.

**Table 6.1: Adopted entrepreneurial internal and external factors**

Internal business environmental factors	External business environmental factors
<p><b>*Socio-demographics:</b></p> <ul style="list-style-type: none"> <li>- Gender</li> <li>- Age</li> <li>- Level of education</li> <li>- Entrepreneurs' type of business</li> </ul>	<p><b>*Business external environmental factors:</b></p> <ul style="list-style-type: none"> <li>- Complex legal and regulatory constraints</li> <li>- Lack of guidance on business development</li> <li>- Networking relationship and market environment</li> <li>- Access to information</li> <li>- Entrepreneur's family support</li> <li>- Government support and regulations</li> <li>- Access to source of funds and lack of customer demand, and</li> <li>- Competition from other businesses</li> </ul>
<p><b>*Entrepreneurial attributes:</b></p> <ul style="list-style-type: none"> <li>- Innovative thinking and networking,</li> <li>- The use of technology and business drive,</li> <li>- Attitude towards risk-taking, and being efficient and effective</li> </ul>	
<p><b>*Managerial, operational, and marketing capabilities'</b></p>	

**Note:** \* indicating the main variables used for analysis

Since, there are not many complete models of tourism entrepreneurial success in tourism entrepreneurship studies, this model is very important for young entrepreneurs or nascent entrepreneurs to use to understand success factors in their entrepreneurial activities. The need for a pool of tourism entrepreneurs, particularly young entrepreneurs has been made clear by studies on South African government, tourism entrepreneurship, and by current and future estimates of youth unemployment in South Africa and worldwide.

Another theoretical contribution of the study is to add to the growing body of literature review of tourism entrepreneurial studies, especially those in sub-Saharan Africa. Drawing on human capital theory (HCT), this study has investigated how the internal factor including the three main dimensions namely (1) socio-demographic characteristics, (2) entrepreneurial attributes, and (3) managerial, operational and marketing capabilities positively influence tourism business success. Similarly, drawing on the opportunity identification theory (OIT), this study has explored how the selected external environmental factors, as earlier mentioned, affect tourism entrepreneurial success. In conclusion, the current study contributes to the tourism entrepreneurial literature in the sense that it applied the two main entrepreneurship theories, namely human capital theory and opportunity identification theory in the context of South African tourism entrepreneurial space, and it developed a model of tourism entrepreneurial success by exploring the relationship, the strengths, and links between the internal factors (hinging on human capital theory), the external factors (dwelling on opportunity identification theory); and tourism business success (see Figure 5.6 and Table 5.11 in Chapter 5).

The findings from this study are an initial effort in order to develop a model of tourism-related entrepreneurial success, and to empirically test the model with successful entrepreneurs. This study provides an alternative statistical model (shown in Figure 5.6 and Table 5.11 in Chapter 5) that challenges the existing models of business success and this alternative model, which is in-line with human capital theory and opportunity identification theory, offers more flexibility to business success models.

## **6.5 RECOMMENDATIONS**

Based on the findings of this research, the following sets of recommendations are offered to Mtubatuba Local Municipality decision-makers (business support offices) Tourism KwaZulu-Natal, and entrepreneurs/owners or managers of SMMTEs in Mtubatuba Local Municipality.

### **6.5.1 Recommendations for Mtubatuba Local Municipality decision-makers (business support offices), and Tourism KwaZulu-Natal:**

- The chamber movement represented by the South African Chamber of Commerce and Industry, formally known as the South African Chamber of Business (SACOB), Tourism KwaZulu-Natal, and Mtubatuba Local Municipality business support offices such as Local Economic Development (LED) offices, should support tourism entrepreneurs by organising workshops and seminars related to tourism entrepreneurship. Workshops should be developed to meet the conditions for effective learning and developing other entrepreneurial success factors identified by this study (e.g., entrepreneurial education; and entrepreneurial marketing capabilities). This will help in creating

professional networks and establishing a shared understanding among tourism entrepreneurs. By so doing, inexperienced or nascent entrepreneurs can learn from the experienced ones.

- Establishment of a programme offering diverse skills through which owners of SMMTEs are able to obtain assistance in two of the challenges (i.e., a lack of the required knowledge/skill sets to thrive in the business, and a lack of entrepreneurial education and training). Improving skills leads to improved productivity and affectivity, - and therefore leading to a more stable tourism business, and increased profit.
- The support structures such as the National Youth Development Agency (NYDA), the Department of Trade and Industry (DTI), and other agencies should work towards closing general education and entrepreneurial education gap to assist with the know-how of successfully operating a business venture. This can help to generate deeper entrepreneurial insights into the challenges and prospects of tourism entrepreneurship in Mtubatuba Local Municipality specifically and South Africa in general. At this juncture, it is also important to point out that entrepreneurship education may not only be obtained from a formal academic institution, but customised and affordable short courses on tourism business-related topics can be organised for tourism-related business owners in Mtubatuba Local Municipality.
- These short tourism business-related courses must be designed in such a way that they bear credits to enable progression to a higher qualification. This may stimulate interest in the pursuit of training and development. The short courses can also be funded by government agencies (including the local municipalities).
- The above could be achieved if entrepreneurs with good business plans receive preferential business assistance from private and public stakeholders. The assistance may be in form of business financing, mentoring, and business counselling.
- From a practical standpoint, since the external environmental factors have the greatest positive influences on tourism business success in Mtubatuba Local Municipality, tourism entrepreneurs and potential entrepreneurs should invest more of their times, efforts, and resources in building their external capabilities such as observing the market environment, building strong networking relationships, and tracking and proactively respond to the political stability in the particular destination of their investment.

- Mtubatuba Local Municipality, as well as Tourism KwaZulu-Natal should assist owners of SMMTEs to enhance their innovation capacity, expand innovative tourism entrepreneurship, and finance policy to achieve competitiveness, survival, and continuous development and growth in a changing environment. This can help tourism entrepreneurs and potential entrepreneurs to build a strong network, raise capital to support and grow their enterprises, get family support in terms of technical support, financial support or experiential support, and government support such as consultancy, training, capital, or market expansion.
- Policy makers in Mtubatuba Local Municipality should also introduce a new notion regarding pre-training of tourism-related business owners to acquire management and related skills before they start up their business. Additionally, in-service entrepreneurs ought to receive simultaneous professional consultations on their businesses.

The findings of this study do not only have important practical implications for tourism entrepreneurs and potential entrepreneurs in Mtubatuba Local Municipality or South Africa who are already owning or managing tourism business, but also for academia and researchers so that they can train students to invest in both their internal forces and external factors' management skills (Ntshangase & Ezeuduji, 2022). Likewise, the government (Mtubatuba Local Municipality) as policymakers can use this information to address the improvement of the socio-economic contribution of the tourism businesses, thus alleviating poverty through appropriate and quality entrepreneurial programmes, as stated in their municipality objectives.

### **6.5.2 Recommendations for the entrepreneurs/owners or managers of SMMTEs in Mtubatuba Local Municipality.**

The entrepreneurs/owners of SMMTEs or managers need to do the following, in no prescribed order, through the information and training they will obtain from the business support offices in their municipality:

- (1) The entrepreneurs/owners of SMMTEs or managers need to find the resources and take the time to build social and business networks,
- (2) Training and support should be provided to the entrepreneurs/owners of SMMTEs or managers to develop an understanding of local and international tourism markets,
- (3) The entrepreneurs/owners of SMMTEs or managers need to improve on their acquisition of entrepreneurial skills and attributes, and
- (4) The entrepreneurs/owners of SMMTEs or managers need to identify and maintain technological advantage in the industry.

The researcher contends that, if the recommendations (to Mtubatuba Local Municipality, Tourism KwaZulu-Natal, and tourism business entrepreneurs) mentioned above are carefully implemented, this will help in significantly improving tourism business success in Mtubatuba Local Municipality specifically, and South Africa in general.

## **6.6 FUTURE RESEARCH**

An important aim for tourism entrepreneurship research is to explicate the factors that contribute to or impede tourism entrepreneurial success in a comprehensive way. This should include replication with broader, more representative samples, and with samples of tourism entrepreneurs whose businesses have already failed. Furthermore, other potential areas for future research could be the exploration of the characteristics and practices that lead to the success and growth of the tourism business in the other municipalities within the province of KwaZulu-Natal and other South African provinces. Each of the nine provinces may have different government regulations on entrepreneurial activities, thus implying that the business success factors may vary slightly from province to province. Further studies in other African or developing nations are necessary to compare and contrast different entrepreneurial success models generated from other African or developing nations. National specifics will be unearthed and added to the body of knowledge.

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## **9. APPENDICES**

### **9.1 Appendix A: Ethical clearance certificate**



**ETHICAL CLEARANCE CERTIFICATE**

Certificate Number	UZREC 171110-030 PGD 2021/73				
Project Title	Modelling selected factors influencing business success in tourism-related entrepreneurship: a case of Mtubatuba Local Municipality				
Principal Researcher/ Investigator	S.D Ntshangase				
Supervisor and Co-supervisor	Prof I.O Ezeuduj				
Department	Recreation and Tourism				
Faculty	Arts				
Type of Risk	Medium Risk- Data collection from people				
Nature of Project	Honours/4 <sup>th</sup> Year	Master's	Doctoral	x	Departmental

The University of Zululand's Research Ethics Committee (UZREC) hereby gives ethical approval in respect of the undertakings contained in the above-mentioned project. The Researcher may therefore commence with data collection as from the date of this Certificate, using the certificate number indicated above.

- SPECIAL CONDITIONS:**
- (1) This certificate is valid for 1 year from the date of issue.
  - (2) Principal researcher must provide an annual report to the UZREC in the prescribed format [due date- 25 March 2023]
  - (3) The UZREC must be informed immediately of any material change in the conditions or undertakings mentioned in the documents that were presented to the meeting.
  - (4) Under the Protection of Personal Information Act, 04 of 2013 ("POPIA"), researchers have a general legal duty to protect information they process. They must ensure the security and protection of any personal information processed through the research and provide a compliant and consistent approach to data protection. The information collected via interviews must be for research purposes only. No personal information such as opinions, views and academic background may be linked to the respondents' identity or shared with anyone for marketing purposes or otherwise.

The UZREC wishes the researcher well in conducting research.



Prof. Nokuthula Kunene  
 Chairperson: University Research Ethics Committee  
 Deputy Vice-Chancellor: Research & Innovation  
 25 March 2022

**CHAIRPERSON**  
**UNIVERSITY OF ZULULAND RESEARCH**  
**ETHICS COMMITTEE (UZREC)**  
 REG NO: UZREC 171110-030

**25-03-2022**

**RESEARCH & INNOVATION OFFICE**

## 9.2 Appendix B: Gatekeeper permission letter

<h1>MTUBATUBA</h1> 		
<b>UMASIPALA • MUNICIPALITY • MUNISIPALITEIT</b>		
9 52 MTUBATUBA 3935	☎ (035) 550 0069 / 550 0050	✉ (035) 550 0050
<hr/>		
09 February 2022	Office of the Municipal Manager	
<b>To : University of Zululand</b> <b>Department of Recreation and Tourism</b>		
<b>Dear Sir/Madam</b>		
This letter serves to confirm that Mtubatuba local Municipality will assist Mr. S.D Ntshangase with information related to the research topic: Modelling selected factors influencing business success in tourism-related entrepreneurship: case of Mtubatuba Local Municipality.		
Hopefully, the above information meets your expectations.		
Yours Faithfully,		
		
..... <b>Mr T.V Xulu</b> <b>Acting Municipal Manager</b>		

### 9.3 Appendix C: Participant informed consent form

#### INFORMED CONSENT DECLARATION (Participant)

Project Title: **Modelling selected factors influencing business success in tourism-related entrepreneurship: a case of Mtubatuba Local Municipality**

**Sibusiso David Ntshangase** from the Department of Recreation and Tourism, University of Zululand has requested my permission to participate in the above-mentioned research project.

The nature and the purpose of the research project, and of this informed consent declaration have been explained to me in a language that I understand.

I am aware that:

1. The purpose of the research project is **to assess factors influencing business success in tourism-related entrepreneurship in Mtubatuba Local Municipality.**
2. The University of Zululand has given ethical clearance to this research project and I have seen/ may request to see the clearance certificate.
3. By participating in this research project I will be contributing towards the research results.
4. I will participate in the project by responding and filling-in the questionnaires.
5. My participation is entirely voluntary and should I at any stage wish to withdraw from participating further, I will do so without any negative consequences.
6. I will not be compensated for participating in the research.
7. The researcher intends publishing the research results in the form of dissertation. However, confidentiality and anonymity of records will be maintained and that my name and identity will not be revealed to anyone who has not been involved in the conduct of the research.
8. Data collected from this study will used only for statistical purposes and be stored for a period of 5 years in the researcher's database, after which they will be destroyed.
9. I will not receive feedback regarding the results obtained during the study.
10. Any further questions that I might have concerning the research or my participation will be answered by **Mr. Sibusiso David Ntshangase (07937\*\*\*\*\*68).**
11. By signing this informed consent declaration, I am not waiving any legal claims, rights or remedies.

12. A copy of this informed consent declaration will be given to me, and the original will be kept on record.

I, ..... have read the above information / confirm that the above information has been explained to me in a language that I understand and I am aware of this document's contents. I have asked all questions that I wished to ask and these have been answered to my satisfaction. I fully understand what is expected of me during the research.

I have not been pressurised in any way and I voluntarily agree to participate in the above-mentioned project.

.....  
**Participant's signature**

.....  
**Date**

*If you have any further questions, you can contact my supervisor (Professor\*\*\*\*\*) at +27(0) 35 902 \*\*\*\*\*, Email.\*\*\*\*\**

## 9.4 Appendix D: Editing certificate

### Writing Splendour Services & Consultancy

(A Subsidiary of Awesome OAK Communications (Pty) Ltd--- Enterprise Number: 2022/595867/07)  
29, Biggar Road, Fairview, Empangeni, 3880 KwaZulu-Natal, South Africa  
Tel: +27639127312; Email: [awesomeOAKservices@outlook.com](mailto:awesomeOAKservices@outlook.com)  
[writingsplendour247@gmail.com](mailto:writingsplendour247@gmail.com)  
Website: [www.writingsplendour.simplesite.com](http://www.writingsplendour.simplesite.com)  
Income Tax Number: 1064112236



November 9, 2022

To Whom It May Concern

### **EDITING AND PROOFREADING OF A DOCTORAL THESIS**

This is to certify that I, (Olumuyiwa A. Kehinde) edited and proofread a doctoral thesis by Mr. **Sibusiso David Ntshangase** titled: *Modelling selected factors influencing business success in tourism-related entrepreneurship: a case of Mtubatuba Local Municipality*.

Specifically, I commented on the grammatical anomalies in MS Word Track Changes and review mode by the insertion of comment balloons before I returned the document to him. Corrections were made in respect of grammar, punctuation, spelling, syntax, tense and language usage, sense and flow, syntactic and semantic cohesion, clarity of expressions, appropriate use of reference style, typing format and layout.

I have a doctoral degree in English, a Master's degree in English, a Bachelor's degree in English Studies, a Diploma in Communication Science, and a Teachers' Grade II Certificate. I have been teaching Advanced English Courses for the past 9 years. I also teach English for IELTS and TOEFL examinations. Furthermore, I have been regularly editing and proofreading academic, research dissertations, theses, articles, and other documents for the past 7 years in different disciplines for publishing /editing firms, schools, and individuals.

I trust that the document will prove acceptable in terms of editing, formatting, and proofreading criteria.

Thank you.

Yours faithfully,



Dr. O.A. Kehinde

**Writing Splendour Services & Consultancy**

*Strictly The Best For Business Writing & Academic Editing Services*

## 9.5 Appendix E: Standardised questionnaire



No \_\_\_\_\_

Dear Respondent,

This survey is aimed at modelling selected factors influencing business success in tourism-related entrepreneurship, using Mtubatuba Local Municipality KwaZulu-Natal province of South Africa as a case. It will take approximately 10 minutes to complete. Your participation is voluntary and will be kept confidential, as all information collected will be used for statistical purposes only and will be stored for a period of 5 years in the researcher's database, after which they will be destroyed. Please fill-in this questionnaire only if you are up to 18 years or older.

### Section A: General and personal information *(Please tick the box that best suits your answer)*

1.1. What is your gender?

Male	1	Female	2
------	---	--------	---

1.2. What is your nationality?

South African	1	Non-South African	2
---------------	---	-------------------	---

1.3. To which age group do you belong?

18 – 29	30 – 39	40 – 49	50 – 59	60 years or older
---------	---------	---------	---------	-------------------

1.4. What is your highest level of education?

No western education	1
Primary education	2
Secondary education (Matric)	3
Tertiary education (University, college/TVET)	4

1.5. Number of years in business

1 – 3 years	1
4 – 6 years	2
7 – 9 years	3
10 years and above	4

1.6. How would you classify your family regarding business background?

There are other tourism-related business owners in my family	1
There are NO other tourism-related business owners in my family	2

1.7. How successful you feel in your business?

Unsuccessful entrepreneur/ business owner (feeling of failure)	1
Struggling entrepreneur / business owner (struggling to survive in the business world)	2

Surviving entrepreneur/ business owner (neither successful nor unsuccessful, but just surviving)	3
Successful entrepreneur/ business owner (Doing well, but I can achieve more)	4
Very successful entrepreneur/ business owner (I have achieved a lot)	5

1.8. What motivated you to start the tourism business?

Saw tourism business opportunity	1
Means of survival	2
Lack of employment opportunity	3

1.9. Types of Business

Accommodation	1
Food and Beverage	2
Events Management	3
Tour Operation	4
Travel Agency	5
Tour Guide	6
Car rentals	7
Resorts	8
Consultancy	9
Others (Please specify: _____	10

**Section B: Please indicate your level of agreement with the statements below (Tick the box that best suits your answer)**

Tourism business success factors	Strongly disagree	Disagree	Neutral (neither agree nor disagree)	Agree	Strongly agree
	1	2	3	4	5
2.1. I have experienced sales growth over time, in my business	1	2	3	4	5
2.2. I have employed more staff in my business over time	1	2	3	4	5
2.3. I have over time, experienced income growth in my business	1	2	3	4	5
2.4. I have over time experienced market share growth in my business	1	2	3	4	5
2.5. I feel very happy running this business	1	2	3	4	5
2.6. My employees and customers are happy people	1	2	3	4	5
2.7. I have personally achieved a lot, through my business	1	2	3	4	5
2.8. I have a high sense of self-fulfilment due to my business	1	2	3	4	5

<b>Tourism entrepreneurial attributes</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b> (neither agree nor disagree)	<b>Agree</b>	<b>Strongly agree</b>
2.11. Business innovation is an important aspect for the entrepreneur in business operations	1	2	3	4	5
Networking with other business owners is critical for business success	1	2	3	4	5
2.12. I know how to create better products and services in my business	1	2	3	4	5
2.13. Technology has significant role in the business success in tourism entrepreneurship	1	2	3	4	5
2.14. It helps to get additional technology education and training on an ongoing basis as an entrepreneur	1	2	3	4	5
2.15. I always take some level of risks to succeed as a business owner	1	2	3	4	5
2.16. Wherever I have been, I have been a powerful force for creating change	1	2	3	4	5
2.17. I am always working hard towards delivering products or services to the customers on time	1	2	3	4	5
<b>Tourism business external environmental factors</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b> (neither agree nor disagree)	<b>Agree</b>	<b>Strongly agree</b>
2.18. South African government provides financial support to the tourism entrepreneurs operating in my municipality	1	2	3	4	5
2.19. Tourism sector in South Africa receives much attention from the government through easier accessibility to markets, and accessibility to appropriate technology	1	2	3	4	5
2.20. Taxing regulatory system from the South African government is helpful for tourism entrepreneurs' success	1	2	3	4	5
2.21. Financial institutions easily lend money to entrepreneurs doing tourism-related businesses	1	2	3	4	5
2.22. South African government offers the opportunity of helping people start businesses in previously disadvantaged communities	1	2	3	4	5
2.23. Tourism sector is creating advice centres and infrastructure for tourism businesses and entrepreneurs	1	2	3	4	5
2.24. South African government is increasing managerial and professional skills through offering courses and training	1	2	3	4	5
2.25. South African government has introduced policies and strategies which sought to create opportunities of tourism business development and success	1	2	3	4	5
2.26. There is not much competition among tourism-related businesses in my municipality.	1	2	3	4	5
2.27. We have enough tourists who demand our products and services	1	2	3	4	5
<b>Managerial and operational capabilities</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b> (neither agree nor disagree)	<b>Agree</b>	<b>Strongly agree</b>
2.28. My management style influences and motivates employees to achieve business goals	1	2	3	4	5

2.29. I always include all relevant stakeholders in the decision-making process regarding my business operations	1	2	3	4	5
2.30. I always develop my employees through trainings to run more effective business	1	2	3	4	5
2.31. I believe my business will grow quicker if I focus on my employee's skills and knowledge to improve on a regular basis	1	2	3	4	5
2.32. I always set a very clear target measures for each process in my business	1	2	3	4	5
2.33. Every employee in my business is fully aware and knows what they are expected to do.	1	2	3	4	5
2.34. All decisions made in my business reflects the vision of the business success	1	2	3	4	5
2.35. I discuss with my employees at the end of every financial year, how they have performed in the business	1	2	3	4	5
2.36. We always deliver products and services in time to our customers / tourists	1	2	3	4	5
2.37. How we do things in this business is clear to me and all my employees	1	2	3	4	5
<b>Marketing capabilities – consumer-related and management task</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b> (neither agree nor disagree)	<b>Agree</b>	<b>Strongly agree</b>
2.38. I know exactly what our customers want	1	2	3	4	5
2.39. I know exactly how to deliver what our customers want	1	2	3	4	5
2.40. I know our competitors and how to compete against them	1	2	3	4	5
2.41. I know the strengths and weaknesses of all our major competitors	1	2	3	4	5
2.42. I know all our customer segments or types and what they specifically want	1	2	3	4	5
2.43. I know who our future customers are, those that will buy from us in the future	1	2	3	4	5
2.44. I know how to develop better products and services that our customers want	1	2	3	4	5
2.45. I know what our customers think of us, and how to improve our image in their minds	1	2	3	4	5
2.46. I know the best effective ways to promote or advertise our business	1	2	3	4	5
2.47. I understand how tourism-related products and services are priced and how to decide the best price	1	2	3	4	5
2.48. I know our current and possible intermediaries and how to work with them to achieve business success	1	2	3	4	5

## 9.6 Appendix F: Turnitin report

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