Determining the specific support services required by female entrepreneurs in the South African tourism industry

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Abstract

Unlike South Africa, some developing countries in Europe have introduced female entrepreneurship focused policies that address specific issues of women in business. Perhaps this is why female entrepreneurs confront myriad challenges in South Africa. Entrepreneurship is considered to be a major vehicle for socioeconomic development and a viable option for mainstream integration into both the formal and informal (survivalist) economy. Therefore any government that is interested in improving economic prosperity should also be interested in promoting female entrepreneurship. This study took place within the tourism industry of South Africa with the objective of determining the specific support services that can be utilised to promote the growth and development of female entrepreneurship in the Western Cape. A mixed methods approach was used to collect data. The sample was drawn from the database of the Tourism department in the government of the City of Cape Town. They comprised female-owned accommodation businesses. Out of the six hundred and fifty registered accommodation businesses, only one hundred and fifty of them were female owned. All of them were targeted (census), buy only fifty usable questionnaires were returned. The findings indicate the need for financial support; training/knowledge skills; business counseling/support; legal support; and female entrepreneurship-based policies. We recommend among others that financial institutions should make financial contributions to non-financial support services such as provision of financial management skills and mentoring.

Key words: female entrepreneurship, City of Cape Town, entrepreneurship based-policies, gender-based support

WHERE ARE THE CONDITIONS FAVORABLE FOR HIGH-POTENTIAL FEMALE ENTREPRENEURSHIP DEVELOPMENT?

Source: http://acelebrationofwomen.org/wpcontent/uploads/2014/06/Favorability_Infographic_053013_115p.jpg
Introduction

In the current global environment entrepreneurship is considered to be one of the most important solutions to unemployment, poverty reduction and low economic growth. This is because the creation of new ventures and the growth of existing businesses are vital to the growth of any economy (Botha, Nieman & Van Vuuren, 2007). Mass et al., (2007) insist that one of the best and effective solutions for combating unemployment in countries such as South Africa, is entrepreneurship.

Reports in the media inter alia, suggest that more and more women in South Africa are turning to self-employment in order to take control of their personal and professional lives. The majority of female entrepreneurs in South African trade can be found within retailing, especially home-based trading, handicraft market trading, and street trading (Grant, 2013). Mass et al., (2007) argue that less than forty one percent of the adult women in South Africa are part of the active working population. This is perhaps because women are overworked at home, are uneducated or discriminated against in a male-dominated society (van der Merwe, 2008). This gives rise to the question of how women can be successfully entrepreneurial if they are that challenged in other areas of daily living.

In a special report in 2005, the South African Department of Trade and Industry (DTI) said that although women made up half of the business workforce, their contributions were not adequately nurtured. The reason for this was located around obstacles such as poor access to finance, sub-standard infrastructure and regulations that create administrative burdens and costs. This makes survival and success in the entrepreneurial business world even tougher. In addition to this, female entrepreneurs have to contend with negative prevailing sociocultural attitudes and gender discrimination (Mass et al., 2007:29, cited in Blair, 2007:1). This negative perception may have roots in male dominated sectors. While tourism may not directly seem to be a male-dominated industry, the argument constantly raised by practitioners (such as Women1st, 2010) is that the hospitality, leisure, travel and tourism industry prides itself on its ability to be flexible and adaptable to the long hours and often non-routine processes. Literature (Urban, 2006; Bruni et al., 2004) on female entrepreneurship has broadly revealed that these peculiar characteristics do not augur well for females in the industry. In some parts of the world (for instance Russia, Ukraine and India) there are female entrepreneurship-focused policies that address specific issues of women in business (Datta & Gailey, 2012; Daymard, 2015; Sorsa, 2015; Iakovleva et al., 2013). Currently there is none in South Africa, not to mention any for the females in the tourism industry. Perhaps this is why female entrepreneurs in the industry confront a myriad of challenges in South Africa. However a point that needs to be highlighted, is that no study currently exists that specifically looked at the precise needs of female entrepreneurs in the tourism industry of the Western Cape.

According to the Western Cape Economic Development and Tourism Annual Report 2013/14, the tourism industry in the Western Cape purports to seek global success should it succeed in transforming into a socially equitable and empowering terrain. To achieve this requires the environmental integrity for participation by females, which would create access for partnerships and funding opportunities. This study's main objective therefore was to determine the support services that can be utilised to promote the growth and development of female entrepreneurs in the accommodation sector of the tourism industry in the Western Cape. This, it was hoped, would provide an enlarged opportunity for participation by females in the tourism industry. To attempt to realise this objective, the research question was:
“What support services can be utilised to promote the growth and development of female entrepreneurs in the tourism industry in the Western Cape?” Providing an answer to this, no doubt necessitated questions regarding challenges of female entrepreneurs. These were incorporated into the questionnaire used for this study.

**Literature Review**

Women represent a pool of potential entrepreneurs in various stages of development, with different demographic patterns and different labour force. Therefore, any government that is interested in improving economic prosperity should also be interested in promoting female entrepreneurship.

According to Census 2011, women are more in the number (51.3%). Sadly the presence of direct programmes to assist new and growing businesses at all levels of government (national, regional and municipal) do not exist, or they are not effective and efficient enough to assist female entrepreneurs (Orford, Herrington & Wood, 2004:55). To deal with this challenge, there is a need for government to (1) have female entrepreneurship oriented policies (2015); (2) implement more responsive judicial and legal system that is sensitive to women (Sorsa, 2015); and (3) create enough awareness of financial availability and government support for women (Iakovleva et al., 2013). It is hoped that theses would enable a much enlarged female participation in entrepreneurial activities.

**Business characteristics of female and male entrepreneurs**

According to the DTI (2005), factors in the start-up process of a business for men and women entrepreneurs are different, especially in such areas as support systems, and sources of funds.. There is also evidence of a marked difference between male and female management values: women measure their success qualitatively in terms of factors such as personal satisfaction, customer service ratings and additional employment created, while males tend to measure their success quantitatively in terms of market position, turnover and profitability (Botha, 2006:166). Chowdhury and Endres (2005:1) also argue that female entrepreneurs generally have characteristics somewhat different from their male counterparts. Besides several unique individual characteristics, they argue that women’s self-confidence in being an entrepreneur is less than men’s; perhaps prompting them to seek multiple sources of advice at startup (Orhan, 1999). Jalbert (2000:24) notes that female entrepreneurs have the ability to build and maintain long-term relationships and networks, to communicate effectively, to organise efficiently, to be fiscally conservative, to be aware of the needs of their environment, and to promote sensitivity to cultural differences. As a result, female enterprises are qualitatively different from male-owned enterprises. Table 1 below summarises the differences between the business characteristics of female and male entrepreneurs.

**Table 1:** Summary of the differences between female and male entrepreneurs’ business characteristics (Source: Mukhtar, 1998:46; Shim & Eastilick, 1998:25).

<table>
<thead>
<tr>
<th>Name of business</th>
<th>Females</th>
<th>Males</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business form by gender:</strong> Limited company is the most common form of business organisation, and partnership is the list common.</td>
<td>Limited companies are mostly owned by males.</td>
<td>Few limited companies are owned by women.</td>
</tr>
<tr>
<td>Sole proprietorship</td>
<td>The most common form of business organisation for female businesses id sole proprietorship.</td>
<td>Few sole proprietorship are owned by males.</td>
</tr>
<tr>
<td>Partnership</td>
<td>Females are few in the partnership business</td>
<td>Most males own partnerships.</td>
</tr>
</tbody>
</table>
Other differences which can be noticed are that women-owned businesses tend to be smaller than those headed by men. This perception has important consequences for women entrepreneurship, as women might experience harder time in obtaining external financing and, in general, credibility as business owners and managers. Carter, Anderson and Shaw (2001:55) also state that women tend to under-capitalise their businesses. This is caused by cautious borrowing by women who fear the repayment terms more than business development.

Men are said to be less perturbed by the need to repay debt and more concerned about business development and are more willing to take the perceived required risks.

### Table 2: The socio-economic factors that seem to have the most significant influence on entrepreneurship

(Source: Minniti & Arenius, 2003:11)

<table>
<thead>
<tr>
<th>Socio-economic factor</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family background</td>
<td>Entrepreneurs tend to have self-employed father (Hisrich &amp; Peters, 1998; Lordkipanidze, Brezet &amp; Backman, 2005:789). Children growing up with the background of a family business and who are thus exposed to mentorship on a daily basis are more inclined to be entrepreneurs (Co, 2003:39). Business acumen does not necessarily run in families (Nair &amp; Panday, 2006:60).</td>
</tr>
<tr>
<td>Financial status</td>
<td>The more economically better-off a family, the greater the chances of embarking on entrepreneurial venture and succeeding in them (Nair &amp; Panday, 2006:60; Brislin, 2000:119; Mitchell, 2003:728).</td>
</tr>
</tbody>
</table>
Family support

Family support, especially in enabling funds and access to markets, contributes to the creation and development of entrepreneurial ventures (Morrison, 2000:69). The manner in which they are conditioned from an early age through the formal education system and family life also plays a significant role in the initiation of characteristics generally associated with entrepreneurial behaviour (Schindehutte, Morris & Brennan, 2003:94). It is not only the values taught by elders that play a role, but also experiences during childhood within the community (Brislin, 2009:9).

Level of education

Successful entrepreneurs have a higher level of education and seem to use opportunities more (Co& Mitchell, 2006:349-350; Bogan & Darity Jr., 2008:2000; Brink; Cant & Ligthelm, 2003:19).

Acquired skills

Both technical education/training and work experience in a similar or related field positively affect entrepreneurship (Nair & Panday, 2006:60; Hisrich & Peters, 1995).

Age

Maturity in age favours success in entrepreneurial ventures (Nair & Panday, 2006:60). Individuals between the ages of 25 to 44 are most likely to be involved in entrepreneurial activity.

Gender

Entrepreneurship is largely seen as dominated by males (Human, 1993:50; Brislin, 2000:323; Saffu, 2003:70; Botha, 2006:28; Chitsike, 2000:72-73. However, more female entrepreneurs are seeking independence, opportunities and accepting challenges (Brislin, 2000:129).

Religion

The religious community to which one belongs does not impact individuals’ venturing into entrepreneurial pursuits or succeeding in them (Nair & Panday, 2006:60).

Race and business ventures

Whites and Indians are more likely to start a business than Coloureds or Blacks (Herrington et al, 2008:23). Whites are also more prone to start a business earlier (at a younger age) compared to Blacks (Herrington et al., 2008:23).

From Table 2 above, some of the influential factors of entrepreneurship have been clearly outlined. These factors are unique to various activities of entrepreneurship; in most instances these add to the success of entrepreneurship. However, cultural values do not positively impact on entrepreneurial activities or entrepreneurship intentions within the general society of South Africa (Urban, 2006:182). According to Mitchell (2004:167), with most rural settings, entrepreneurship is influenced by different cultural traits such as personal recognition, the desire for independence, personal development and personal wealth.

Challenges of female entrepreneurship

Female entrepreneurs confront several challenges raging from socio-cultural to economic. The socio-cultural status of women identifies the primary role of women with family and domestic responsibilities. This reduces the credibility of women intent on setting up businesses in a variety of ways. Entrepreneurship is greatly influenced by culture and social norms (Minniti & Bygrave, 2003:15), in particular, racial ethnicity (Mitchell, 2003:724). This supports the general notion that entrepreneurial behaviour is deeply dependent on social structures and value norms of general society (Herrington, Kew & Kew, 2008:4). According to Hayton, George and Zahra (2002:23), cultural norms and values such as risk-taking and personal decision-making determine the exact level of entrepreneurial attitude. Lindsay (2005:3) states that cultural norms and values impact on entrepreneurial behaviour in creating and establishing start-up businesses.

With regard to economic and other factors, Blair (2007) argues that female entrepreneurs have to deal with poor access to finance, sub-standard infrastructure and regulations that create administrative burdens and costs, making survival and success in the entrepreneurial business world even tougher. Winn (2004:150) argued that the critical factors for women to succeed in independent businesses need to be understood, for government to provide better support systems for them.
Methodology

In this study both exploratory and descriptive research designs were used to reach the main objective of the study, which was to determine the specific support services that can be utilised to promote the growth and development of female entrepreneurship in the Western Cape. The exploratory research design strategy is applicable when the researcher seeks new knowledge or the quest for certain specific behavior patterns that require definite symptoms, actions or events to be presented (Creswell & Clark, 2007). Descriptive research design is used for the description of objects, people, groups and the environment to discover more phenomena (Zikmund & Babin, 2007:51; Cooper & Schindler, 2008:151). This study used the descriptive research design strategy to determine the different expectations of female entrepreneurs, with respect to support services that can enable their growth and development. Using the quantitative research strategy, this study applied percentages and other descriptive statistics including means and standard deviation to analyse data.

Sample

The sample was drawn from the database of the Tourism department in the government of the City of Cape Town. They comprised female-owned accommodation businesses. This is known as stratified cluster sample (see Fig. 1) which has the advantage of clustering a desired population from which data are collected (Sedgwick, 2013) so as to achieve a representative sample (Terre Blanche et al., 2006; Burnham et al., 2008). Out of the six hundred and fifty (650) registered accommodation businesses, only one hundred and fifty (150) of them were female owned.

All of them were targeted (census), buy only fifty (50) usable questionnaires were returned. The risk of bias, which may not be statistically eliminated, is recognised by the authors, based on the very definition of the target population, as well as the number of respondents selected.

Questionnaire development

The initial step was the development of the structured questionnaire where the questions and items were developed from the literature review on female entrepreneurship and the research question. Every statement in the questionnaire required that the female entrepreneurs indicate specific degree of agreement or disagreement. At the same time, the questionnaire also included options such as “other” that allowed the owner-managers to make suggestions on certain statements and to provide their own contributory statements to clarify issues. The design of the investigative categories applicable to the research meant that three distinct sections were considered necessary in the questionnaire. These sections were Section A: Personal information; Section
B: Support services and development needs of female entrepreneurs; and Section C: Support mechanisms that the government can offer female entrepreneurs. Section B's purpose was to determine the support services and development needs that female entrepreneurs require for the development and successful running of their business ventures, while Section C aimed to determine the vital support mechanisms for female entrepreneurs. For both Sections B and C, the overall hope was that an indication of the support services and development needs of female entrepreneurs could assist in the identification of relevant support mechanisms that the government can implement to assist female entrepreneurs.

Therefore, on the basis of a literature, key words such as financial support; training/knowledge skills; business counseling/support; legal support; and female entrepreneurship-based policies were noted and subsequently fed into the questionnaire.

Cronbach alpha coefficient obtained for the groups of statements/questions in the questionnaire were considered reliable at 0.845 and 0.886 respectively. The questionnaire was distributed to one hundred and fifty (150) guesthouse owners within the City of Cape Town, South Africa. Only fifty (33.3%) usable questionnaires were returned.

Findings and Discussion

Subjects' demographics

Fifty subjects participated in the study. Out of this number, thirty four were married; eight were single while seven and one were divorced and widowed respectively. In terms of number of dependents, all the subjects indicated that they had children. Twenty six of the subjects were unemployed before they ventured into self-employment, while the rest held paid employment. It was interesting to find that three of the subjects were self-employed in a different sector. We can only argue that they may have found the industry reasonably attractive to venture into it. With regard to education, only thirteen of the subjects did not complete post primary schooling, while only nine of the subjects held a post-secondary qualification. Again, we make the assumption that given the subjects' repeated need for different facets of supports, one can argue that lack of post-secondary education can serve as a barrier to a successful engagement in the tourism industry.

The rest of the findings are presented in line with the factors used in the questionnaire. These are financial support; training/knowledge skills; business counseling/support; legal support; female entrepreneurship-based policies.

Financial support

With reference to financial support, majority (96%) of the respondents were in agreement that financial support was indeed a barrier to the success of any business venture. Generally, finance is considered a challenge for men and women-owned enterprises, but as Garwe and Fatoki (2012) have reported, the challenge is even worse for females who often do not have the collateral to obtain funds. Blair (2007) also argued that female entrepreneurs do not only have to deal with poor access to finance, but also sub-standard infrastructure and regulations that create administrative burdens and costs, making survival and success in the entrepreneurial business world even tougher.

Training/knowledge skills

In terms of training/knowledge skills, the respondents (n=47) considered lack of training/knowledge skills as critical barriers to the success of any business venture. Interestingly, this finding supports the findings of Co and Mitchell (2006); Bogan and Darity Jr. (2008); Brink; Cant and Ligthelm (2003) who state that successful entrepreneurs are usually educated and able to explore opportunities more. This possibly suggests that education is the key to gaining some relative advantage to
accessing information and utilising the information for purposes of growing a business.

**Business counselling/mentoring**

Most of the respondents felt strongly that business advice, information, counselling and mentoring were support services that could add to the success of their business. See Table 3 below. It is possible that support services such as the ones mentioned above are available but the female entrepreneurs are unaware of them. Gwija et al., (2014) noted that one of the major complaints of small business owners in Khayelitsha was that they were unaware of the existence of support services in their area. In faraway Russia, Iakovleva et al., (2013) found that while several support programmes and funding opportunities existed, female entrepreneurs reported that they did not actively avail themselves or even get support. This response prompted Iakovleva et al., to suggest that the female entrepreneurs may not have known about such programmes or they may have considered the programmes too cumbersome to access.

**Legal support/female entrepreneurship based policies**

The respondents rated legal support highly (88%) indicating that legal support for female entrepreneurs was imperative to the success of any business venture. With regard to female entrepreneurship based policies, the respondents (94%) indicated that they desired such policies in order for their businesses to grow. This finding is consistent with Lee, Sohn and Ju (2011) who found that while the level of government support process was relatively low, it would have a significant effect on the satisfaction of women entrepreneurs if it was improved. This is an indication that government support for female entrepreneurs would be appreciated by female entrepreneurs. The Chi-square test for lack of focused female entrepreneurship policies and no assets for loan security also shows (see Table 5 below) that a lack of focused entrepreneurship policy could deter women from boldly seeking financial support from lending agencies.

**Table 3:** Descriptive statistics for business advice, information, counselling, mentoring.

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undecided</td>
<td>1</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Agree</td>
<td>3</td>
<td>6.0</td>
<td>6.1</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>45</td>
<td>90.0</td>
<td>91.8</td>
</tr>
<tr>
<td>Total</td>
<td>49</td>
<td>98.0</td>
<td>100.0</td>
</tr>
<tr>
<td>System</td>
<td>1</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Table 4:** Chi-square test for lack of focused female entrepreneurship policies from regional municipalities or government and no assets to be used as security to obtain financial assistance.

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
<th>Exact Sig. (2-sided)</th>
<th>Exact Sig. (1-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>4.210a</td>
<td>1</td>
<td>.040</td>
<td>.102</td>
<td>.102</td>
</tr>
<tr>
<td>Continuity Correction</td>
<td>1.723</td>
<td>1</td>
<td>.189</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>3.262</td>
<td>1</td>
<td>.071</td>
<td>.102</td>
<td>.102</td>
</tr>
</tbody>
</table>
Fisher’s Exact Test
Linear-by-Linear Association
N of Valid Cases

|                | 4.124 $^b$ | 1 | .042 | .102 | .102 |

In India for instance, Sorsa (2015) reported the existence of a national policy for the empowerment of women which aims to advance, develop and empower women in all spheres of life through creation of a more responsive judicial and legal system that is sensitive to women, and mainstreaming a gender perspective in the development process. As stated earlier, in Russia, there are several support programmes and funding opportunities which are tailored to women, although they are not actively utilised. Again in India, several women cooperatives receive the support of government (Datta & Galley, 2012) leading to policies that favour women-owned firms to access training interventions, credit, marketing support, technological upgrading and networking. It is hoped that the newly created South African Ministry for Women, Children and People with disabilities would pay attention to the needs of female entrepreneurs through the development of female entrepreneurship oriented policies such as the ones in some of the developing countries.

Support services and development needs

As indicated in the tables above, four major challenges that call for government support for females in the tourism industry include financial support, training intervention, legal support, counseling and female-based policies. The small business sector in South Africa is generally incapacitated due to the lack of sufficient financial support and inefficient management systems (Thornhill & Amit, 2003:498). To try and eradicate these limitations and challenges Wickham (2004:167) found that female entrepreneurs needed to be assisted to access different support programmes

Female entrepreneurs who participated in this study have indicated the need to grow their business. It is argued therefore that variations in the marketplace require the female entrepreneurs to acquire regular skills training in order to try curbing the escalating failure rates within the small business environment (Ladzani, 2004:154-156). Growth in any industry can happen as a result of exposure to market and industry dynamics, which are not only taught in schools but also communicated by peers.

Peer knowledge sharing occurs during formal and informal meetings. Informal meetings can take the shape of networks, while formal meetings can take the shape of training opportunities. Mbenzi (2011:25) points out that holding a tertiary qualification significantly increases the probability that an individual will be an owner or a manager of a business suggesting that classroom teaching has a critical role to play in developing and nurturing entrepreneurial skills.

Public schools in South Africa teach economic and management sciences as one of the eight learning areas with strong emphasis on entrepreneurship. These can assist female entrepreneurs in accessing market information and intelligence and then provide the necessary opportunities to access local and foreign financial support which are considered vital for the tourism industry (Rankhumise, 2010:9).

Besides, other challenges such as inadequate management skills, lack of experience, knowledge and training impact negatively on small business performance (Shejvali, 2007).

Academic literature indicates that a lack of a business plan or the inability of female entrepreneurs to prepare strategic
planning poses huge challenges to small businesses (Ehlers & Lazenby, 2007:12; Rwigema, 2004: 250-252).

Conclusion and recommendations

It is clear from the study that female entrepreneurs in the tourism industry face several challenges, finance been the major one. Access to finance remains one of the priority challenges faced by small businesses because they find it difficult to secure formal financing for a business venture unless they have assets to be used as security to obtain financial assistance. As tourism is often a seasonal activity, the commercial banking sector has not been particularly supportive of lending to small tourism enterprise. Much of the established tourism SMMEs were set up as a result of own financing or financing through friends and relatives (Small Enterprise Development Agency, 2011:9).

Educational background of the female entrepreneurs also has a direct influence on how they respond to training. Specialised capacity building support such as training, workshops and conferences should be provided in areas such as management and financial management skills. Unleashing the growth potential of the SMME sector is often seen as a solution to South Africa’s job crisis and a means of increasing the growth rate. However, government’s efforts to support the sector have so far been unsuccessful. As evidence from the study proves there is a high probability of failure of small businesses mainly due to lack of access to finance start-up and expand businesses. Beyond this, funding institutions should advertise their services so that female entrepreneurs are aware of where to go when they need money to start-up or grow their businesses.

Financial institutions should make financial contributions to non-financial support services such as provision of financial management skills and mentoring. The Global Entrepreneurship Monitor (2008:17) found that the South African financial system has traditionally catered for large corporate clients and neglected small enterprises. The study further noted that commercial banks were not well placed to cater for the needs of small businesses. The Global Entrepreneurship Monitor (2011:27) notes that finance is considered a key impediment to entrepreneurial development, and organisational initiatives need to link this concern with the development of business skills. Although government has tried to put in place policies and institutions with an aim of improving access to finance by female entrepreneurs, their success has been minimal. It is therefore imperative that management capability and financial management acumen be regarded as key to access funding by the entrepreneurs themselves, and the parties involved in supporting and promoting them.

Education and training are highlighted as important factors hampering entrepreneurial activities in South Africa. Training programmes must not be generic; they must meet the needs of female entrepreneurs with regard to how to source funding, market their accommodation businesses and so on. Training opportunities can also enhance business growth by creating awareness of legal regulations and compliance regimes and how to maintain and develop staff (Lourens, 2007). The Small Enterprise Development Agency (SEDA, 2011) however notes that the average compliance course is estimated to be three times higher than in other economic sectors. If the cost is this limiting, then compliance with regulations can pose a serious challenge to SMMEs. Several reports indicate that many costs are incurred by small businesses in South Africa in order for them to learn which kind of regulations apply to them and how they can be handled. In fact SEDA further highlight that tourism SMMEs experience a host of constraints from sector-specific regulation relating to licensing of vehicles, zoning and permits. This therefore requires the government to consider the streamlining of compliance rules and regulations in the simplest way possible.
Furthermore, The Global Entrepreneurship Monitor (2011:27) holds that regardless of development levels of the business, stringent labour regulations and a difficult regulatory system negatively affect entrepreneurs. This is an important point for all government policy makers to note because entrepreneurs contribute greatly to job creation.

References


Rankhumise, E.M. (2009). Hurdles and triggers of rural SMEs in pursuance of their


