The strategic behaviour of owners-managers in small, micro and medium tourism enterprises (SMMTEs) in South Africa

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Abstract

The South African small, micro and medium tourism enterprises (SMMTE) sector underpins the delivery of the tourism product/offering and is particularly important in destination development. SMMTE owners with a certain attribute profile have a direct bearing on the success or failure of SMMTEs and can thus positively or negatively impact the long-term sustainability of such businesses. The study seeks to explore the potential dynamic interrelationships between attributes (which is characterised by locus of control, reasons for starting a business, holistic capabilities, formal management education and prior experience) and preferred strategic behaviour of SMMTE owners-managers in South Africa. The overall research question in this paper is: do relationships exist between the attributes of SMMTE owners (independent variables) and strategic behaviour (the dependent variable)?

Overall, the findings of this paper identify statistically significant associations between certain attributes of the owners of the SMMTEs and preferred strategic behaviour. The paper contributes toward an improved understanding of the association between SMMTE owner attributes (predictors) and strategic behaviour. This study involved a largely under-researched SMMTE sector in South Africa; produced a foundation for further analysis of the attributes of SMMTE entrepreneurs and the manifestation of strategic behaviour in SMMTEs; and have made a contribution to the body of knowledge.

Keywords: SMMTEs, strategic behaviour, South Africa, entrepreneurs, owner attributes

Introduction

The central role played by small enterprises in the economy and society is emphasized by many researchers, states Akbaba (2013: 1) and are acknowledged “as vital and significant contributors
to economic development, employment, innovation, income generation and the general health and welfare of regional, national and international economies”.

Although the global tourism industry has some large organisations, the sector is numerically dominated by SMMTEs, according to Szivas (2001), Kirsten and Rogerson (2002), and Cooper and Buhalises (1992); yet, in the research literature on tourism business there still is seemingly a relative dearth on the research into tourism and small business development. SMMTEs, which underpin the delivery of the tourism product in most countries and are particularly important in destination development, not only providing tourists with direct contact with the character of the destination, but also facilitating the rapid infusion on tourist spending in the local economy.

The South African tourism industry is recognized as important in development planning in terms of its potential role as one of the few sectors that can be employment-intensive and create new jobs through, according to Rogerson (2004: 13), “the stimulation of what is officially called the small, medium and micro-enterprise (SMME)” In South Africa, according to WTTC (2013), the tourism industry’s direct contribution to GDP impact is larger than South Africa’s automotive manufacturing, higher education, and chemicals manufacturing sectors; the majority of this GDP impact is anticipated to be found within the SMME economy.

Tourism in South Africa, particularly in the context of small business, is widely acknowledged as a strategic developmental priority as one of the country’s economic drivers for the 21st century (Vallabh, 2014). Since 1994, with the end of apartheid, the South African government has undertaken to make tourism one of the country’s leading industries in the creation of employment and the generation of foreign income (Tassiopoulos, 2011). The most recent research, as depicted in Table 1, (The DTI, 2003, and DEAT, 2007) concerning SMMTEs in South Africa has confirmed that established SMMTEs (owner-managed and employing less than 50 employees) overwhelmingly dominate the local tourism industry (Tassiopoulos, 2010):

<table>
<thead>
<tr>
<th>Industris</th>
<th>SMMTEs in Industries (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitality</td>
<td>97</td>
</tr>
<tr>
<td>Travel and tourism</td>
<td>97</td>
</tr>
<tr>
<td>Gaming and lotteries</td>
<td>89</td>
</tr>
<tr>
<td>Sport, recreation and fitness</td>
<td>98</td>
</tr>
<tr>
<td>Conservation and tourist guiding</td>
<td>89</td>
</tr>
</tbody>
</table>

SMMTEs, according to Cooper and Buhalises (1992), Buhalises and Main (1998) and Buhalises (1994), can be generally summarised as follows: characterised by family run businesses; have managers with few formal qualifications and limited previous experiences in tourism; have managers who enter the industry for a variety of reasons, not only for economic reasons; sources of capital for SMMTEs are varied and SMMTEs tend to have very low levels of capital investment - thus possibly impacting negatively on quality; and, have no formalised management system. Furthermore, according to Getz and Nilsson (2004), seasonal fluctuations in demand could be problematic for some people who rely on tourism for a living, whilst for others; seasonal closures can be a necessary component of living a traditional lifestyle or a benefit for lifestyle orientated SMMTE owners. Consequently, seasonality can adversely affect some SMMTEs, thus owners need to evaluate their goals and options carefully; the responses to seasonality should be based on the needs of the family and the SMMTE as well as the assessment of viable alternatives to off-peak-demand periods. Alternatives such as closing
down the SMMTE during the off-peak period and pursuing alternative forms of income, treating the SMMTE as a secondary source of income, or accepting diminished revenue from the SMMTE could be considered.

Van Zyl and Mathur-Helm (2007) state that the fit between the entrepreneur, the organisation and environment and the impact of the success of an SMMTE is important. It is further implied that the smaller the business, the larger the overlap between the entrepreneur and the organisation, and thus, the role of the entrepreneur becomes important as this impacts on business performance. SMMEs, according to Dilts and Prough (1998) and Davig (1986) operate under conditions which contrast sharply from those of large organisations. They are not just smaller versions of large organisations. Typically, SMMEs face different strategic options as they operate under severe resource constraints, lack specialised managerial expertise (in many cases) and often have different and less aggressive objectives. The success or failure of micro and medium enterprises (SMMEs), according to Young (1987), is noted to hinge upon the frequently idiosyncratic behaviour of the owner-managers of the businesses which are manifested in the businesses' overall behavioural characteristics and strategies.

Literature Review

It is against this background that the literature examines the extent to which linkages or relationships can be established between the characteristics or attributes that are unique to SMMTE owners and manifestations of strategic behaviour.

The scope of attributes of the SMMTE owner

SMMTE owners play a central role in a venture in terms of strategic behaviour. Consequently, the SMMTE owner is an important element of this paper. SMMTE owners with a certain attribute profile (profiled in this paper in terms of knowledge, skills and attitude) have a direct bearing on the strategic behaviour that can potentially manifest within an SMMTE as a preferred strategic behaviour, and ultimately, will impact on the success or failure of an SMMTE. Timmons and Spinelli (2003), Morrison, Rimmington and Williams (1999) and Visser (2003) identify core attributes or characteristics of successful entrepreneurs and state that there are “six themes” of entrepreneurial attributes as to what successful entrepreneurs “do and perform”. The six themes concerning the dominant entrepreneurial attributes are: a) commitment and determination; b) leadership; c) opportunity obsession; d) tolerance of risk, ambiguity and uncertainty; e) creativity, self-reliance and adaptability; and f) motivation to excel. It is, however, not the objective of this paper to empirically research the attributes of entrepreneurs as there are a number of South African studies (for example, De Coning, 1988, and Maas, 1996) that have already been completed in this regard. The central focus in this paper is to determine the possible linkages between the attributes of entrepreneurs and the preferred strategic behaviour that is manifested in SMMTEs. Consequently, the attributes of entrepreneurs, as empirically determined by De Coning (1988), as in Maas (1996), are accepted for this paper as they are congruent with the attributes that have been determined by other researchers in this field and because the De Coning study (1988) has a South African focus. It can thus be concluded from the above-mentioned discussion that there is a broad agreement amongst researchers concerning the attributes of entrepreneurs. The De Coning (1988) findings are set out in Table 2.
The various entrepreneurial attributes are briefly discussed hereunder:

- Conceptualisation or holistic approach: this is described by De Coning (1988) as the management approach employed within an SMME by the owner. In some instances, certain owners find it adequate to only focus on effectiveness (internal environment), whilst in others instances, owners may focus on both efficiency and effectiveness (external and internal environments). Hereafter, for the purposes of this paper, this attribute is referred to as the holistic approach.

- Entrepreneurial growth perceptions, value systems and motivations: perceptions are noted by De Coning (1988) as referring to the various reference frameworks of owners and determine their behaviour in specific situations. Three main categories of business owner perceptions are indentified. These range from perceptions of owners who try to avoid venture bankruptcy to those owners who are characterised by a growth perception. In-between these two continuum poles there are indications of perceptions that simultaneously include survivalist characteristics and bankruptcy avoidance characteristics. Value systems and motivations are considered synonymous concepts by De Coning (1988). The central question that needs to be answered is: what primarily motivates SMMTE owners to operate a business? There can be one or a combination of reasons, including the improvement of the financial position of the SMMTE owner; provision for the needs of the family lifestyle, need to be independent, need to excel, to actualise growth or to innovate.

- Locus of control: various empirical studies are noted by De Coning (1988) to have found that entrepreneurs are characterised as having an internal locus of control.

- Management knowledge or formal education: SMMEs are not large businesses of a small scale emphasises De Coning (1988). In large businesses, the management and operational levels are normally clearly demarcated, however this is not so in

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### Table 2

<table>
<thead>
<tr>
<th>Theme</th>
<th>Preferred attributes and skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conceptualisation/ holistic approach</td>
<td>Notices critical trends; stay in touch with the needs of customers; evaluates the behaviour of competitors.</td>
</tr>
<tr>
<td>Entrepreneurial growth perception; value system and motivation</td>
<td>The degree that a person is driven by a growth perception versus being driven by a perception to retain individual ownership at all costs. The person also contributes toward economic growth and development; to be successful; to be creative through the utilisation of opportunities in a unique manner.</td>
</tr>
<tr>
<td>Formal education</td>
<td>Has general management education.</td>
</tr>
<tr>
<td>Locus of control</td>
<td>Has internal locus of control.</td>
</tr>
<tr>
<td>Risk propensity</td>
<td>The degree to which an individual is willing to take calculated risks (versus, being on the other extreme, totally risk averse and not being prepared to make risky decisions).</td>
</tr>
<tr>
<td>Technical skills and experience</td>
<td>Has appropriate technical skills and experience.</td>
</tr>
</tbody>
</table>

Source: adapted from Maas (1996)
SMMEs. SMME owners are normally required to manage as well execute the operational tasks in the SMME. Thus, it is critical to determine the extent of formal management education and the various functional areas that are affected.

- Risk propensity: risk reflects the degree of uncertainty and potential loss associated with outcomes which may follow from a given behaviour or set of behaviours (Forlani and Mullins, 2000). Basic elements of risk construction are identified: potential losses and the significance of those losses. The central issue is how entrepreneurs cope with the risks inherent in their decisions, what determines the way they perceive the riskiness of their decisions, whether they possess character traits which predispose them to engage in uncertain behaviour or whether they assess opportunities and threats differently from non-entrepreneurs. Sitkin and Weingart (1995) and in contrast with previous researchers such as Derby and Keeney (1981) do not consider risk propensity as a stable personal attribute because risk is a cumulative tendency to take or avoid risks and can be changed as a result of experience. Successful entrepreneurs, indicate Timmons and Spinelli (2003) have a propensity to take calculated risks or avoid risk that they do not need to take.

- Prior work experience: De Coning (1988) indicates that two of the main reasons that SMMEs fail are due to inadequate business and management experience. The different roles that SMME owners have to fulfil also require comprehensive prior work experience. Thus, it is critical to determine if the SMMTE owners have relevant experience related to various functional management areas of the business.

It is assumed that the entrepreneur has a direct bearing on the strategic behaviour of the SMMTE and, the consequences thereof could range in varying degrees from success to failure for the SMMTE. Furthermore, it is also assumed that preferred strategic behaviour of the SMMTE has a higher likelihood to translate into preferred final outcomes, which can manifest in different formats – depending on the attributes of the entrepreneurs.

The extent to which SMMTE owners manifest strategic behaviour, is dependent on a multitude of variables. Some of these variables are controllable and others may be beyond the control and influence of the SMMTE owner. Controllable internal factors, according to Visser (2003), are those that are internal to the SMMTE owner, such as strategic thinking skills. This implies that SMMTE owners can learn the techniques and obtain qualities that they need for preferred strategic behaviour to manifest in their ventures. Alternatively, it can be said that SMMTE owners can become strategic leaders who inspire and stimulate their employees. Uncontrollable factors are fundamentally external variables over which the SMMTE owner has little, if any, direct influence.

The state of the economy and socio-political influences are examples of such external variables. Although proactive behaviour by SMMTE owners can result in a preferred advantage from external variables, it is proposed that the focus of the paper should rather be on the SMMTE owners themselves and the attributes that enable them to react strategically toward external variables. In regard to the internal variables, the presence of strategic behaviour is linked to co-producers of strategic behaviour within SMMTEs. The interrelationship in the form of a conceptual model is depicted in Figure 1.
The elements of the conceptual model: a discussion

The proposed conceptual model consists of integrating a minimum set of variables (E₁ ... Eₙ) characterised as the attributes of the SMMTE owners (and their businesses) and a second set of intermediate variables (SB₁ .... SBₙ) characterised as the potential manifestations of strategic behaviour of the SMMTE owners. This relationship is depicted in Figure 1.

This paper is primarily focussed on the SMMTE owners and the potential manifestations of strategic behaviour, and, is not focussed on the attributes of the SMMTE employees. It is emphasised that SMMTE employees are not the main focus of this paper; however, this approach does not deny the possible strategic behavioural contributions of such employees. The focus is rather on the nature of SMMTE structures or processes and the behaviour of SMMTE owners who act as stimuli or agents for strategic behaviour. Consequently, the study determines the extent to which linkages can be established between the unique attributes of SMMTE owners and the manifestation of strategic behaviour. For instance, a link will have to empirically measure the individual (or set of) attributes, or characteristics, of the entrepreneurs to the characteristics that are both unique and / or typical to strategic behaviour of these SMMTE owners. The correlation of these relationships, or absence of any direct link, is based on the indicators from literature, logical conclusions and insight. The focus of the paper, thus, is primarily on the SMMTE owner and the manifestation of strategic behaviour within the SMMTE and is not focussed on the final outcomes of an SMMTE in terms of success. It is expected that the results from applying this approach will have a better probability of predicting business success.

Figure 1: The a priori model for strategic behaviour of SMMTEs (Conceptual Model)
Strategic behaviour (IO)

Strategic behaviour, according to Grundy and Brown (2002), Grundy and Wensel (1999), and Grundy (2000), can be defined as being the cognitive (mental process of knowing, including aspects such as awareness, perception, reasoning, and judgment), emotional and territorial interplay of SMME owners engaging in strategic thinking. Strategic behaviour is the behavioural context for strategic thinking where strategic behaviour is important in shaping strategic thinking and in turning it into reality.

Strategic behaviour (illustrated as Intermediate Outcome in Figure 1), according to Johnson and Scholes (1997) is characterised as being highly complex in nature; involves a high degree of uncertainty in view of making decisions in a dynamic and uncertain future; demands an integrated approach to managing the venture as owners are required to be cross-functional and have operational boundaries to deal with strategic challenges; and, strategic decisions may also involve major changes in the venture which may require decisions for planning, making the changes and the implementation thereof.

Strategic behaviour at individual and organisational level is depicted in Table 3. Strategic behaviour can, thus, be described as utilising the venture’s threats and opportunities to enhance its long-term prospects, and, a strategic decision can be defined as a set of critical actions and dynamic factors, at individual and organisational level, beginning with the identification of the stimuli and ending with the specific commitment for action. Strategic behaviour is, overall, described as unstructured, irregular and incomprehensive with SMME strategising considered as incremental, sporadic and reactive.

| Table 3 |
| Characteristic of strategic behaviour |

| Individual level: | Holistic understanding of the SMMTE and its environment (issue identification, alternative generation, evaluation and selection). |
| | Creativity. |
| | Vision of the SMMTE’s future |
| Organisational level: | Foster on-going strategic dialogue among the internal and external stakeholders (power structure, past performance and strategies, the complexity and volatility of the SMMTE). |
| | Exploit the ingenuity and creativity of employees (venture size; past strategies; performance; structure; top management team attributes; beliefs; and, the use of organisational slack.). |

Source: Rajagopalan, Rasheed and Datta (1993), Hynes (2003) and Bonn (2001)

The paper assumes that the preferred manifestations of strategic behaviour are the end-product of a dynamic interaction between various elements that involve the SMMTE owners’ attributes and the strategic business processes that are utilised. Consequently, an investigation of the relationship between certain SMMTE owner attributes and strategic behaviour will be the basis of this paper. It is assumed that some of the preferred strategic behaviour manifestations have a higher likelihood to translate also into preferred final outcomes.
Final outcomes (FO)

There are varying interpretations as to what constitutes success (classified as a Final Outcome in the conceptual model, Figure 1). There are no generally accepted lists of variables that distinguish business success from failure, according to Lussier and Corman (1995), thus negating prior research which cites different variables as contributing to success or failure. For instance, in family ventures; success could be concerned with retaining ownership within the family, maintaining a certain lifestyle, or even growing the business (Timmons & Spinelli, 2003). Consequently, due to the conceptual ambiguity of measuring success, this paper will instead focus on the relationship between the attributes of the SMMTE owners that produce strategic behaviour and the manifestation of strategic behaviour within SMMTEs (Intermediate outcomes). It will, thus, assume that if the preferred strategic behaviour is applied, it can result in a successful final outcome for the SMMTEs, as after all, as underscored by Timmons and Spinelli (2003) it is the lead entrepreneur that must be seen to be “taking charge of the success equation”.

Environmental variables

This paper is primarily focussed on investigating the nature of possible relationships between profile elements of the SMMTE owner and intermediate outcomes in the form of the SMMTE preferred strategic behaviour that an SMMTE will have. SMMTEs, according to Bennett (2000), cannot be divorced from the fact that the external environment impacts on the host population, the tourists and the businesses that are in the tourism system. It could be assumed, however, that within a homogenous geographical area, such as South Africa, that such influence would be generally the same for all SMMTEs. It is, however, further noted by De Coning (1988) that the extent to which external variables impact on an SMMTE are to some extent influenced by the ability of entrepreneurs to understand the external environment.

Against this background, the paper endeavours to establish the potential linkages or relationships between the characteristics (or attributes) of SMMTE owners and the manifestation of strategic behaviour. The investigation of the strategic behaviour in SMMTEs with particular emphasis on determining which variables co-produce preferred manifestations of strategic behaviour in such enterprises is because the preferred strategic behaviour of the SMMTE has a higher likelihood to translate into preferred final outcomes which is dependant on the attributes of the entrepreneurs. The overall research question is: Do relationships exist between the attributes of SMMTE owners and strategic behaviour?

Methodology

Study design/approach

The research design for the proposed study primarily involved descriptive and explanatory research. The purpose of using this methodology was to determine predictors of strategic behaviour of SMMTEs in South Africa. Primary and secondary data gathering methods were used in this study. The target-sampling frame was the formally registered SMMTEs in South Africa, and the research sample was determined through using a systematic random sampling method, stratified by province. The study focused on two elements, namely profile attributes of the SMMTE owner and preferred strategic behaviour that has manifested within the SMMTE. The possible preferred relationship between these two elements is addressed from a theoretical
perspective with the basic premise that some of the manifestations of the SMMTE owners’ strategic behaviour have a better likelihood of success. On the basis of this conceptual framework (depicted in Figure 1), the development of the data-gathering instrument developed to determine the degree of SMMTE strategic behaviour in the ventures.

Sample

The target population covered all nine provinces of South Africa. In order to incorporate SMMTE’s on a national basis, the services of a commercial database company were used to compile a database of SMMTEs, caused by a dearth of workable alternatives concerning comprehensive databases of SMMTE’s in South Africa. The said commercial database company is a reputable company that has a database of no less than 70 000 businesses throughout South Africa, across a broad spectrum of commerce and industry.

In the light of this study using the Conceptual Model (refer to Figure 1), the focus is on the strategic behavioural aspects of SMMTE owners and not on the elements used in the definition of SMMEs, namely, the size of the enterprise, the number of employees and asset values of the business. The decision-makers of formally registered businesses (informal businesses were not included) were selected by rank (most senior person: managing director, chairperson, manager etcetera) from the aforementioned commercial database. The businesses included were described as head offices and stand-alones employing no more than 100 staff.

The study included the most appropriate business types and industry codes associated with the tourism industry (the so-called unit of analysis) to extract a national list of 1965 SMMTEs for the purpose of this research from the aforementioned commercial database. The aforementioned SMMTE database, due to its relatively small size, was considered also to be the sampling frame of the study. The target-sampling frame was the formally registered SMMTEs in South Africa, and the research sample was determined through using a systematic random sampling method, stratified by province.

The study mailed 1965 questionnaires to SMMTEs in South Africa. The respondents were allocated three weeks to complete and return the questionnaire in a pre-paid business reply service envelope provided. Follow-up telephonic calls and email communication that were made and, the postponement of the due-date for the return of the completed questionnaires. It was deemed unrealistic to make telephonic follow-up calls to all the outstanding respondents. It was decided to make random telephone calls to at least 314 respondents, replacing the names of respondents who indicated an unwillingness to participate with other in the database with those who indicated a willingness to participate, stratified by province until 314 respondents were identified. In total 316 questionnaires were returned which represented a total response rate of 16.08 percent, of this 168, or 8.56 percent was deemed, conservatively, to be the useable response rate.

Research instrument

The research instrument used was a structured questionnaire consisting of five sections:

Section A of the research instrument consists of question items related to determining the demographic profile of respondents. This section of the instrument determines the geographical location; the duration of business operation, the number of branches, if any; the type of businesses, the tourism sector the businesses consider to be their core business; the number of full and part-time employees, an estimation of the number of new full-time posts the business could create within five years; an estimation of the annual gross total turnover and total gross asset value; the gender and age profile of the respondents; the highest educational level; and an
indication of the population group of the respondents. Most of the said items have been derived from other instruments that have been previously validated by other researchers such as Loubser (1999), Maas (1996: 249); and Orford, Herrington and Wood (2004).

Section B of the research instrument consists of question items that have been previously validated by other researchers such as Maas (1996). Various questions were posed to the SMMTE owners concerning their personal convictions (locus of control), incidence of formal education in the management fields, experience in the management fields, practical/technical experience relevant to the workplace, risk propensity, reasons provided as to why people started their own business, decisions that influence the business, common challenges and various approaches to address these factors.

Sections C and D of the research instrument consists of question items that are intended to measure the strategic behaviour dimensions at organisational and individual levels of the strategic behaviour construct.

Results

<table>
<thead>
<tr>
<th>Table 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summary of the business characteristics of SMMTEs in the sample</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key business characteristics</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 42 months (or 3.5 years) in operation</td>
<td>146</td>
<td>86.9%</td>
</tr>
<tr>
<td>No branches, other than the main business</td>
<td>133</td>
<td>79.2%</td>
</tr>
<tr>
<td>Private company (Pty) Ltd registered</td>
<td>63</td>
<td>37.7%</td>
</tr>
<tr>
<td>Are family businesses</td>
<td>95</td>
<td>57.6%</td>
</tr>
<tr>
<td>Operate in the accommodation and catering sector</td>
<td>103</td>
<td>61.3%</td>
</tr>
<tr>
<td>Employ 10 to 49 full-time staff</td>
<td>75</td>
<td>45.2%</td>
</tr>
<tr>
<td>Expect to employ an additional 10 to 49 full-time employees within the next five-year period</td>
<td>46</td>
<td>28.8%</td>
</tr>
<tr>
<td>Employ up to 4 part-time employees per annum</td>
<td>67</td>
<td>40.1%</td>
</tr>
<tr>
<td>Estimated total gross turnover of between R1 million and R5 million</td>
<td>63</td>
<td>39.6%</td>
</tr>
<tr>
<td>Estimated total gross asset value of more than R1.5 million (excluding fixed property)</td>
<td>64</td>
<td>40%</td>
</tr>
</tbody>
</table>

Demographic characteristics

The demographic profile of the SMMTEs can be characterised as: the majority of respondents can be demographically characterised as mostly originating from the Western Cape (28.7%) and Gauteng (26.2%); are most likely based in an urban/metropolitan area; are most likely (28.6%) 45 to 54 years of age; most likely (70.5%) of the male gender; the highest number have attained a Grade 12 (33.5%) qualification; and, the majority (85.9%) can be classified as being of European descent (White population group). The profile of this study compares favourably with that of the South African SMMTE profile provided by THETA (2009a).

Business characteristics

The typical business characteristics of the SMMTEs included in the study are summarised in Table 4.

The typical attributes of the SMMTEs

The typical attributes of the SMMTE owners in the study suggest the following: the majority of owners have an internal locus of control; many have almost no formal management education in all the functional management areas and the largest proportion have received management
functional education in only two functional areas; many have almost no prior-experience in all functional management areas and the largest proportion have some prior-experience in three of the functional management area; however, a large proportion indicated appropriate technical competence for the operations of their business and almost half of the respondents indicted three entrepreneurial reasons for starting a business but a small proportion did indicate no entrepreneurial reason for starting their businesses; the majority of owners indicated a tendency toward risk aversion and thus were deemed non-entrepreneurial for the purpose of this study; and lastly, the holistic capabilities of the respondents indicate an internal approach was dominant within these SMMTEs and were, thus, also deemed non-entrepreneurial for the purpose of this study.

**Stating the main research hypothesis and its sub-hypotheses**

The research hypotheses of this study are implicitly stated through the *a priori* model, as depicted in Figure 1. The main research hypothesis, along with its set of sub-hypotheses, investigates a possible relationship between strategic behaviour (the dependent variable) and entrepreneurial attributes (independent variables) using inferential statistics. To assist with data analysis objective of this paper, only the main research hypothesis is stated:

- **Null Hypothesis (H₀)** = There is no association between the owner attributes of the SMMTEs (that are characterised by locus of control, reasons for starting a business, holistic capabilities, propensity to risk, formal management education and prior-experience) and preferred strategic behaviour.

- **Alternative Hypothesis (H₁)** = There is an association between the owner attributes of the SMMTEs (that are characterised by locus of control, reasons for starting a business, holistic capabilities, propensity to risk, formal management education and prior-experience) and preferred strategic behaviour.

The relationships and constructs, as depicted in the *a priori* model, as depicted in Figure 1, were empirically tested through the means of various statistical techniques:

- Reliability testing of the data set was conducted.
- Validity of the research instrument was determined.
- Reliability of the new constructs after exploratory factor analysis was determined.
- The relationships between the variables of the hypotheses were tested through Spearman’s rho and ANOVA.
- The relationships between the variables of the hypotheses were tested, further, through regression analysis.

The composite summary of association between the variables (refer to Table 5) has revealed overall significant results derived from the Spearman’s ρ and regression analyses concerning the attributes of venture owners and the potential manifestations of strategic behaviour (refer to Table 2) within the SMMTEs. The study also notes that a number of the sub-dimension elements of the strategic behaviour construct (refer to Table 5) were identified as having no overall significant relationship with the attributes of the venture owners.
The study (refer to Table 5) identified the following significant end-results of the interaction that involves SMMTE owner attributes and the manifestations of strategic behaviour:

- The internal locus of control owner attribute seemingly affects the strategic behaviour of SMMTE owners as to how they perceive the vision of their businesses, how they foster strategic dialogue within their ventures, and how they enact the gathering and sharing of market intelligence for their businesses.
- The formal education owner attribute supposedly fosters strategic dialogue with all their key stakeholders and contributing towards the improved task environment awareness within SMMTEs.
The prior-experience owner attribute of SMMTE owners seemingly enables the strategic behaviour of SMMTE owners towards an improved gathering and sharing market intelligence that is used by SMMTEs.

The entrepreneurial reasons for starting a business owner attribute supposedly motivates the strategic behaviour of SMMTE owners to synergise business development activities and contribute towards the improved task environment awareness of their businesses.

The holistic profiles owner attribute seemingly affects the strategic behaviour of SMMTE owners through enabling them to perceive the holistic understanding of their businesses; engendering the vision formulation of their businesses; fostering strategic dialogue; developing a planning focus, and encouraging creativity within SMMTEs.

The risk-seeking (propensity) profile owner attribute supposedly does not have an overall affect on the strategic behaviour of SMMTE owners in conducting the affairs of their businesses.

**Discussion of findings**

<table>
<thead>
<tr>
<th>Elements (E)</th>
<th>Intermediate Outcomes</th>
<th>Final Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner Attributes</td>
<td>Strategic Behaviour (SB)</td>
<td>Success or failure</td>
</tr>
<tr>
<td>1. internal locus of control</td>
<td>Vision; Foster strategic dialogue; Gathering and sharing market intelligence</td>
<td></td>
</tr>
<tr>
<td>2: formal education</td>
<td>Foster strategic dialogue; Task environment awareness</td>
<td></td>
</tr>
<tr>
<td>3: prior-work experience</td>
<td>Gathering and sharing market intelligence</td>
<td></td>
</tr>
<tr>
<td>4: entrepreneurial reasons for starting a business</td>
<td>Synergistic business development; Task environment awareness</td>
<td></td>
</tr>
<tr>
<td>5: holistic profiles</td>
<td>Exploit ingenuity; Holistic understanding; Vision; Foster strategic dialogue; Planning focus; Creativity</td>
<td></td>
</tr>
<tr>
<td>6: risk-seeking propensity</td>
<td>None</td>
<td></td>
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</tbody>
</table>

**Figure 2:** The populated *a priori* theoretical model and its statistically significant associations

The study did found statistically significant results of the Spearman’s $\rho$ and regression analyses, as depicted in Table 5, between some of the attributes of the owners and certain elements of strategic behaviour. These results (ref. Table 5) were used to populate the *a priori* theoretical model as depicted in Figure 2 (ref. intermediate outcomes).

Although the research hypothesis of this study is implicitly stated through the *a priori* model, as depicted in Figure 2, the research findings provide support that there is an ultimately statistically
significant association between the independent and dependent variables, and that the alternative hypothesis can be accepted, namely, there is an association between the specific attributes of the owners of the SMMTEs (which is characterised by locus of control, reasons for starting a business, holistic capabilities, formal management education and prior-experience) and the selected strategic behaviour variables. Furthermore, the research findings provide support that there is an overall statistically significant association between the various independent and dependent variables, as stated by the sub-hypotheses, and that the following alternative sub-hypotheses, can be accepted, namely:

i. There is a positive relationship between locus of control and strategic behaviour.
ii. There is a positive relationship between management education and strategic behaviour.
iii. There is a positive relationship between prior-management experience and strategic behaviour.
iv. There is a positive relationship between entrepreneurial reasons for starting a business and strategic behaviour.
v. There is a positive relationship between greater holistic capabilities and strategic behaviour.

However, the research findings do not provide support that there is an overall statistically significant association between the risk propensity independent variable and the strategic behaviour dependent variables and, consequently, the following null sub-hypothesis is accepted: the risk-seeking profile owner attribute seemingly does not have an overall effect on the strategic behaviour of SMMTE owners in conducting the strategic affairs of their businesses. This may be indicative of SMMTE owners not aspiring to grow their businesses (namely, have capped growth motives), and, are often motivated by non-financial considerations, such as lifestyle (including familial) factors, when starting and managing their SMMTEs. This has a direct implication on the varying levels of strategic behaviour evidenced within the SMMTEs, and consequently, the study postulates that SMMTE owners employ a risk-avoidance profile when formulating strategic behaviour.

The populated conceptual (or, a priori) model and its sub-components, depicted in Figure 2, focused primarily on the two main constructs: the attributes of an SMMTE owner and preferred strategic behaviour variables that is manifested within an SMMTE. The study focused on analysing the association between specific attributes of the SMMTE owners that produce preferred strategic behaviour and the manifestation of preferred strategic behaviour within SMMTEs (Intermediate outcomes). The study assumes that certain preferred strategic behaviour of the SMMTE has a higher likelihood to translate into preferred final outcomes, which can manifest in different formats – success or failure.

**Recommendations and conclusion**

This study examined the determinants of strategic behaviour through the use of a sample frame of SMMTEs owners in the formal tourism industry of South Africa. It is assumed that in cases where strategic behaviour manifests in SMMTEs, that there should be a higher likelihood of successful outcomes (and conversely, failure where strategic behaviour does not manifest in SMMTEs) for such SMMTEs. The importance of successful SMMTEs as a mechanism for job creation, innovation and long-term sustainable economic development, for a developing country economy such as South Africa can not be emphasised enough.
To ensure long-term sustainability, notes Whittle (2000), the owners of SMMTEs need to make efficient and effective business decisions about the internal and external threats and challenges their businesses face to ensure that they have enough strategic information to make decisions and maintain their competitive advantage in the tourism industry. Crijns and Ooghe (1996) indicate that, in general, it can be viewed that the development and growth of SMMEs can be attributed toward how quickly the entrepreneur, the business team and organisation can adapt and learn from their experiences in combination with the external and internal environments. This implies that the core elements of strategic behaviour are internal and external and, according to Hofer (1991), should include market-related, industry-related, competitor-related, supplier-related, resource- and capability related, and broader environmental-related strategic challenges.

The practical recommendations indicated in this section are derived from the summary of the relationships between specific SMMTE entrepreneurial attributes and selected strategic behaviour variables, as depicted in Figure 2. In terms of the said theoretical model, strategic behaviour can be developed at two main levels: the individual level and the organisational level.

**Individual level**

The study found that the independent variables were overall not good (statistically significant) predictors of strategic behaviour of SMMTE owners. The study, further, found however, that statistically significant associations between the owners’ attributes (independent variable) and a number of sub-dimensions of strategic behaviour (dependent) variables as depicted in Figure 2 exist.

The study noted the findings of the descriptive statistics which indicated that the majority of respondents in this study had mostly entrepreneurial reasons for starting their businesses. Agencies involved with SMMTE development need to assess more the entrepreneurial attributes of aspiring tourism entrepreneurs who want to start an SMMTE, as this has a direct bearing on the strategic behaviour that such ventures will evidence, and which can ultimately impact on their growth orientation (capped- to growth-directed) and sustainability. This study proposes the provision of strategic behavioural skills to be included as part of the entrepreneurship programmes of schools and universities so as to enhance the entrepreneurial attributes of aspirant tourism entrepreneurs. It is suggested that the entrepreneurial reasons for starting an SMMTE can contribute towards the development of synergistic business developments through putting together business projects that contribute towards business sustainability; and, will contribute towards improved task environment awareness within the SMMTE in order to ensure that business projects are completed as profit-effectively as possible.

The study found that a good predictor of strategic behaviour is the formal education that SMMTE owners receive which in turn has a direct bearing on the strategic behaviour that such ventures will evidence; and ultimately their sustainability. The findings of this study, however, show that the descriptive statistics noted that the majority of respondents in this study had no formal management education with only a small minority having receiving formal education in all management functional areas. It is recommended that learning opportunities be provided for applied learning in all management functional areas and that such education should not only include the “hard science” of business plan writing but must also deal with the “soft science” of developing strategic thinking and behaviour competencies of SMMTE owners. Such learning opportunities should also be firmly grounded in the tourism discipline. It is suggested that improved (also implying appropriate) formal education can significantly contribute towards
fostering and supporting strategic dialogue with the SMMTE stakeholders; and will contribute towards improved task environment awareness within the SMMTEs. Fletcher and Harris (2002: 307) indicate that “entrepreneurship education should rather concentrate on the process rather than on the content, with how to aspects being more important than know how”. It is emphasised by Bolton and Thompson (2004) that entrepreneurs “learn by doing” and may need a coach to promote the learning process. Thus, education is needed to be “hands-on” rather than “talk about” but owners also need to accept that they need “mentoring”. It is further indicated by De Coning (1995: 8) that SMME owners should become “business literate” through upgrading their knowledge skills in respect of general management, finance, marketing and the management of people as these are considered to be necessary “entry level” abilities for entrepreneurs. The descriptive results of this study further indicated that the majority of SMMTE owners had received no formal education in strategic management and tourism business studies.

The internal locus of control attribute is a good predictor of strategic behaviour and it is suggested that SMMTE owners need to develop this attribute further so as not feel disempowered due to the various macro-environmental issues that may be impacting on the operation of their ventures and which may be beyond their control. It is suggested that an improved internal locus of control can contribute towards the formulation of more appropriate (even far-reaching) visions; will tend to foster strategic dialogue with stakeholders; and will contribute towards the improved gathering and sharing of market intelligence. It is, in addition, proposed that SMMTE owners be provided with strategic business support and education to the point where they can depend on their own skill (internal locus of control) and will, thus, be more likely to work harder and improve their strategic abilities to manage their businesses. The descriptive results of this study further indicated that the majority of SMMTE owners had an internal locus of control.

Prior-experience has also been identified as a good predictor of strategic behaviour. This is indicative of the need for prospective SMMTE owners to first gain appropriate prior-experience through working in the tourism industry before establishing their own SMMTE. The results suggest that the experience gained in this way impacts on the type of strategic behaviour that is evidenced within SMMTEs. It is suggested that prior-experience can contribute towards the improved gathering and sharing of market intelligence supposedly because appropriately experienced SMMTE owners know how to operate in a networked tourism industry and have experience in dealing with its idiosyncrasies. It is noted, however, that the findings of the descriptive statistics bear evidence that the majority of respondents in this study had prior-management experience in at least three of the management functional areas with an almost equal number having no prior-experience in any of the management functional areas. It is suggested that because of the different (even non-tourism) management backgrounds from which many of the SMMTE owners have gained their prior-experience, there is need to acknowledge and address this through possibly teaming-up entrepreneurs with SMMTE entrepreneurs who have the relevant prior-experience (possibly, in the form of mentor-mentee networks).

The holistic attribute of successful SMMTE owners is a good predictor of strategic behaviour because it leads to the ability to take a holistic view of the SMMTE and its environment. This implies an understanding of the different problems and issues, and how they influence the SMMTE. It is suggested that the holistic attribute of SMMTE owners can contribute towards the formulation of more appropriate (even far-reaching) visions; exploiting ingenuity, encouraging a planning focus, engendering creativity, fostering strategic dialogue with stakeholders; and will contribute towards the improved gathering and sharing of market intelligence. It is noted, however, in the findings of the descriptive statistics that the majority of respondents in this study
had an internal approach when conducting their business. Consequently, there is need to
develop the ability of SMMTE owners to have holistic ability that includes external factors when
conducting their business behaviour because it leads to the ability to take a holistic view of the
SMMTE including the environment in which it is situated.

The research findings indicated that the risk-seeking behaviour attribute of SMMTE owners is
not a good predictor of strategic behaviour. The descriptive research findings of this study also
indicate that most SMMTEs avoid risk when conducting their business. It would, thus, be prudent
of agencies involved in SMMTE development to take cognisance of the risk avoidance strategies
of most SMMTEs in the process of designing interventions to assist aspiring SMMTEs so as to
ensure the sustainability of these ventures. This is indicative of SMMTE owners who seemingly
are not motivated to grow their businesses (namely, have capped growth motives), and are often
motivated by non-financial considerations, such as lifestyle (including familial) factors, when
starting and managing their SMMTEs. As indicated, the predominance of middle-aged
respondents in the study may further reflect a trend towards semi-retirement and subsequent
self-employment, and thus the tendency to be more risk-averse.

Finally, the blending of strategic thinking and planning together is a learned practice. The whole
purpose of strategy is to create business advantage, to maximise resources, decisions and core
competencies. Strategic thinking seems to emphasise the formulation of strategy within the
organisation and strategically plan the implementation of these strategies. In an SMMTE
scenario, the synergistic effect of both elements operating together is what is required, and quite
often strategies for the SMMTE require implementation and action at the same time. The extent
to which SMMTE owners manifest strategic behaviour, however, is dependent on a multitude of
variables. Some of these variables which are internal to the SMMTE owner, such as strategic
thinking skills, are controllable but others may be beyond the control and influence of the
SMMTE owner. Uncontrollable factors were fundamentally external variables over which the
SMMTE owner has little, if any, direct influence. The state of the economy and socio-political
influences were examples of such external variables. However, the extent of the SMMTEs ability
to understand the external environment could affect the influence of the external variables on the
performance of the SMMTE.

Organisational level

SMMTE owners should create a business climate whereby it is conducive towards supporting
the creative strategic act within the entire enterprise. SMMTEs should also draw from the entire
SMMTE talent pool because the most effective strategic entrepreneurial behaviour sometimes
originates from individuals or teams whose input was not expected. It can be further emphasised
that SMMTEs should promote divergent thinking, the generation of different views, within the
enterprises which should result in creative and strategic behaviour.

Although macro environmental factors do impact on the strategic behaviour of SMMTEs, the
plethora of SMMTEs operating within tourism destinations means that they have the potential to
strategically influence the environmental, social and economic (triple bottom line) progress
towards achieving sustainability within such destinations. The sustainable development of
destinations places SMMTEs in the centre of sustainability debates as they have the potential to
form strategic networks and spread the environmental, social and economic benefits within their
destinations. This implies that measureable sustainability indicators need to be developed for
SMMTEs and that further research that measures the interaction between sustainability, strategic
behaviour and strategic networks needs to be conducted.
Strategic behaviour, recommends Grundy and Brown (2002), is a habit that SMMTE owners should continually cultivate. Such behaviour should include devoting time regularly to engage with the strategic issues of the SMMTE; focussing on one strategic issue at a time; using *ad hoc* free time to work on strategic issues; gathering small, but rich, data from the key stakeholders (clients, competitors, staff, etc.); and to be confident of their ability to think strategically. This will assist with translating strategic behaviour imperatives into practice.

**Research Delimitations and Limitations**

In terms of delimitations, or demarcations, the study primarily focussed on the SMMTE owner attributes and the manifestation of strategic behaviour within the SMMTE and not on the final outcomes, in terms of success or failure (success or failure is not established, due to contradictory findings in the literature and thus falls outside the scope of this study); the results of the study would have to be considered in the context of the formally registered South African SMMTE sector where various dimensions have an impact; the study only considers the strategic behaviour of formally registered SMMTEs; the study utilises question items that measure owner attributes that have been derived from other instruments that have been previously validated by other researchers; and the study includes SMMTEs that span the entrepreneurial continuum that ranges from independent entrepreneurship to intrapreneurship (or business managers).

The following limitations, or weaknesses, of the study were also identified: the limited comparability of this study’s results with the results of other similar studies, due to the dearth of empirical data on the research topic, within the South African context; and the limited availability of recently published local and national statistics that is relevant to SMMTEs in South Africa.

**References**


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