



The state of bed and breakfast establishments in rural South Africa

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Abstract

The mainstream entrepreneurship literature hardly distinguishes between urban and rural entrepreneurship. Because of this misnomer, the dynamics of rural entrepreneurship are not adequately understood by policymakers. This is particularly true for rural micro entrepreneurs in South Africa's lodging industry. So, despite South Africa having a battery of entrepreneurship policies as well as capacity development institutions, their power to promote rural entrepreneurship is limited owing to a general lack of knowledge of rural entrepreneurship processes, dynamics, and even challenges. As such, the purpose of this study is to assess the state of lodging business in rural South Africa. A qualitative case study design, using in-depth interviews with 15 entrepreneurs and five policymakers – managers from the respective Capacity Development Institutions (CDIs). The study found that, rural entrepreneurs are still confronted by challenges that are not always experienced by their counterparts in urban areas. Neglected infrastructure and poor service delivery continues being a threat to the livelihoods of these businesses. Many areas are still without water, proper roads and access to telecommunication services, resulting in high cost of doing business and lack of investment. Due to lack of access to administrative centres locally and limited awareness of the institutions, a great divide exist between government and rural entrepreneurs. By highlighting the plight of rural entrepreneurs, the paper will be assisting policy makers in of enacting the correct interventions.

Keywords: Rural, policies, entrepreneurship, South Africa, bed and breakfast

Introduction

The former South African government and its apartheid policies systematically excluded and disempowered black entrepreneurship ventures (Department of Trade and Industry, 2004, 2008). To date, the range of enduring legacy issues from the apartheid system continues to undermine economic efficiency and job creation (Department of Trade and Industry, 2014). According to the World Bank (2014), South Africa remains a dual economy with one of the highest inequality rates in the world, perpetuating equality and exclusion. The unemployment rate increased to 27.7 per cent in the first quarter of 2017 from 26.5 per cent in 2016 (Stats SA, 2017). Roughly 10.2-million South Africans living in extreme poverty (below the food line) were recorded in 2011 (Stats SA, 2014).

In an attempt to address this economic quandary, accelerate progress and build more inclusive society, the government has introduced numerous policies and strategies to support



entrepreneurship in South Africa. The White Paper on National Strategy on the Development and Promotion of Small Business in South Africa (SA, 1995) was the first post-apartheid government policy documented developed for to promote entrepreneurship in South Africa. The Integrated Strategy on the promotion of entrepreneurship underpinned three strategic pillars:

- 1) Increasing financial and non-financial support,
- 2) Creating a demand for the products and services provided by the SMMEs and
- 3) Reducing regulatory constraints.

In line with this action plan, the government established a number of institutions which would be responsible for the implementation of small business development strategy (SEDA, 2016, DTI, 2008). This includes among others, The Small Enterprise Development Agency (SEDA); responsible for providing non-financial support such as training and skills development, business advice and mentorship opportunities; The Small Enterprise Finance Agency (SEFA), which provide financial support to small businesses. The target market is survivalists, micro, small and medium businesses including co-operatives (SMMEs) falling in the following funding gap. The National Youth Development Agency (NYDA), aimed at assisting young South Africans between the ages of 14 and 35 years to start businesses and to finance existing businesses, and National Empowerment Fund (NEF), formed with the purpose of offering financial and non-financial support to black empowered businesses. In 2012, The National Development Plan was introduced, which is a long term plan aimed at doubling the GDP of South Africa by 2030, eliminate poverty and reduce unemployment and inequality. Among other plans of the NDP includes increasing employment from 13-million in 2010 to 24-million in 2030; reduce inequality – the Gini coefficient, from 0.69 to 0.6.. Adding to that, recently, introduction of a new ministry in 2014, to oversee the development of small businesses; Department of Small Business Development (SEDA, 2014; NDP, 2012).

Despite the efforts made by South Africa government to redress the injustices caused by the apartheid legacy through entrepreneurship policy interventions, rural entrepreneurs in South Africa are still confronted by a set of different challenges as compared to those in urban areas (Ngorora & Mago, 2013). Ndabeni and Rogerson (2005:133) in their research on the challenges of rural tourism in South Africa, argue that the South African population of rural small businesses are confronted by particularly intense blockages or challenges that are not always experienced by their counterparts in urban areas. This includes an appalling backlog in infrastructural services, with limited access to the basic services such as water, electricity and telecommunication, weak institutional support provision as compared to urban areas, reduced access to markets due to the negative legacy of apartheid policies which systematically stripped communities of their key assets and spatially marginalised people in remote areas. Chalera (2007) analysed the impact of South Africa's National Strategy for the Development and Promotion of small businesses, the study found that the potential of small business in the rural areas is not fully exploited, owing to poor infrastructure in rural areas (including banking infrastructure). In addition, banks have little to no experience in communicating with micro-entrepreneurs or assessing their operations, and in some rural towns, SMME lending facilities are completely absent (Mago & Toro, 2013). The South African financial and operating environment is not supportive of entrepreneurs in terms of regulations, policies and access to capital (Gore & Fal, 2010). GEM experts rated South Africa negative (under 2) for the time required to obtain permits and licenses, as well as the ease of coping with government bureaucracy and regulations, highlighting the red tape associated with starting up and managing a business.



International studies on rural entrepreneurship also confirms similar challenges of rural entrepreneurship. Haftendorn and Salzano (2003) found that bureaucracy is another factor that hinders rural entrepreneurship. Ahmad and Xavier (2012) indicate factors such as financial assistance, bureaucracy, lack of a proper regulatory system, inadequate system of education and insufficient entrepreneurial training as hindrances to the growth of rural entrepreneurship.

Formal procedures including business license applications, discourage rural entrepreneurs. Inadequate application of essential business and management practices hinders the potential of an enterprise (Alasadi & Abdelrahim, 2008). Rural people lack the skills and knowledge on how to use internet which affects rural people's access to important information and opportunities. Acquiring the necessary skill to ensure the survival and success of the business is essential for rural entrepreneurs. Access to markets contributes significantly to the survival of an enterprise. In rural areas local markets are too small to sustain operations of rural entrepreneurs and to promote access to other markets (Lyons, 2003, Lebambo, 2014, Ngorora & Mago, 2013). Rural entrepreneurs also face harassment from state and council police because they often do not have licenses or sometimes operate from "illegal" spaces (Chigunta et al., 2005) due to lack of information they are also often exploited by larger companies or industries. Business role models or mentors appears to have an immense effect with regard to establishing entrepreneurial culture that has a significant role in sharing information and knowledge (Lebambo, 2014). Limited family business culture (Maphalla, 2009) and a lack of entrepreneurial role models (are two of the most prominent barriers to rural entrepreneurship development. The presence of role models, mentors or partners would be a decisive element in establishing the individual's practicality level.

Tourism development in South Africa

Through the National Development Plan 2030 vision, tourism has been identified along with other key economic sectors such as manufacturing, mining and minerals, ICT, wholesale and retail and finance and business services, as important to stimulating the growth of small businesses and advancing the economy of post-apartheid South Africa. The tourism sector in South Africa continues to increase its contribution to the country's Gross Domestic Product (GDP) and job creation. The sector reached an impressive first time highest score of 10 million international visitors in 2013 (Stats, SA, 2014), an impressive growth compared the 50 000 that was recorded in the late 1980s, at the height of apartheid and sanctions against the country (Rogerson & Visser, 2004). In 2011, tourism's contribution to (GDP) was about R252 billion, 8, 6 percent of total GDP. Contribution to employment was estimated at 1, 2 million jobs, an increase from 567,378 jobs that was recorded in 2010. In 2013, Tourism's GDP contribution was R103, 6 billion, an increase from R93, 5 billion in 2012. The industry's contribution to total GDP remained stable at 2, 9 percent for both years, 2012 and 2013. The World Travel and Tourism Council (WTTC) indicates that travel and tourism in South Africa directly employed more people than other key economic sectors such as the mining, communication services, automotive manufacturing and chemicals manufacturing sectors in 2013. This report has since positioned Tourism sector at the center of South Africa's economic agenda.

Coupled with the successful hosting of the FIFA 2010 Soccer World Cup, South Africa is increasingly becoming a tourism destination of choice and its performance continues to grow well compared to other countries. This was presented through a competitiveness study undertaken by South African Tourism in 2010 that compares and benchmarks its positioning and performance relative to those of key competitors, such as Australia, the United States, Kenya, Thailand, and



Brazil. In the survey, South Africa maintained the highest growth in tourism's GDP contribution at 13 percent, compared to Australia's 12 percent. Three year later, in 2013, the United Nations World Tourism Organisation (UNWTO, 2013) ranked South Africa second in the top 10 African destinations, with over 9.5 million international arrivals.

The most visited provinces in South Africa were Gauteng, Western Cape and Mpumalanga. The figures presented clearly indicates the growth in tourism that consequently presents opportunity for tourism businesses such as lodging to develop and become sustainable. However, in spite of the sector's highly impressive growth and contribution to the economy of South Africa, entrepreneurs in the rural areas are confronted with many challenges and are battling to survive, a setback that changes the image of tourism in South Africa and further contradicts the entrepreneurship policy intentions of government.

This is particularly true in Mpumalanga province, where rural lodging enterprises are battling to make meaningful profits, and any growth and business sustainability, forcing many business to shut down, despite the number of natural tourist attractions found in the province. These include the world's most visited parks such as the Kruger National Park, with over one million visitors a year, the God's Window and the Bourke's Luck potholes on the Panorama route. Whilst the province host over 1.3 million tourists visiting annually (Tourism SA, 2014), one could conclude that the impressive figure automatically provides an opportunity for rural lodging businesses in the province to increase, become profitable and sustainable, however, the opportunities that tourism growth presents are yet to be realised by rural lodging entrepreneurs in the province. Williams (1975) defines rural areas as tourism destinations with qualities, which are absent from urban life, which attracts tourism development for rural areas. Lane (1994) corroborates Williams' definition by associating rural tourism with an experience which encompasses a wide range of attractions and activities that take place in agricultural or non-urban areas. Its essential characteristics include wide-open spaces and opportunities for visitors to directly experience agricultural and natural environments. Rural tourism occurs in the countryside or in small rural settlements and is made up of ecological elements, referred to as eco-tourism, as well as cultural and traditional elements present in the rural areas (Reid 2000). Rural tourism is fundamentally based on some form of natural resource (Mearns, 2003) and as such nature-based tourism (eco-tourism) a subset of tourism is touted as a solution to the problem of rural-underdevelopment (Viljoen & Naicker 2000).

The rural population in South Africa is estimated at 38.3 percent (19 million) of the total population of 54 million (Stats SA, 2014). In Mpumalanga province however, the rural population figure is even more than half of the province's total population with an estimated 61 percent of the total population (4, 229, 300) living in the rural area. Rural environments are confronted with different obstacles from urban context (Durr, Lyons & Liechtenstein, 2001). These areas are characterized by low level of employment, lack of skills and low level of education, poor housing conditions, low earnings and a generally limited service delivery such as infrastructure development, which in turn discourages entrepreneurship development (Koch; 1993).

Methodology

A qualitative research methodology was adopted for this study. Qualitative methodologies explore research problems in as much detail as to achieve in-depth rather than in-breadth knowledge (Silverman 1998; Yin, 2003). Yin (2003) advises that when the phenomenon under review is a real-life problem then a case study method is deemed more appropriate. In total, 20 cases were used to collect data (15 tourism lodging enterprises and 5 government business support



institutions). Consent from participants for their voluntary participation in the study was obtained. Digital voice recorders were used to capture the interviews. The recorded interviews were transcribed for subsequent analysis.

Following recommendations on qualitative analysis by Creswell (1998) the qualitative data analysis (QDA) software ATLAS.ti was used to analyse the transcribed interviews. Both discourse and content analyses using open coding and theme categorisation were used. This was followed by within-case and cross-case analyses utilising ATLAS.ti analysis tools including the Query Tool, Code Co-occurrence Explorer, and Codes-Primary Document Table.

Results

The study used two research questions to establish the role of policies in the development of micro bed and breakfast establishments in rural South Africa. (1) *What is the state of micro rural tourism lodging enterprises and (2) what is the role of policies in the development of micro rural lodging enterprises.*

The study find that there are four typologies of micro lodging businesses in rural Mpumalanga Province of South Africa with similar characteristics of four types of birds, indicated below:

1. The Eagles entrepreneurs
2. The Eaglets entrepreneurs
3. The Owls entrepreneurs
4. The Penguins entrepreneurs
- 5.

1. The Eagles: represented by Case: 3, 4, 12, 15, 13

The Eagles entrepreneurs are male professionals with university qualifications in different fields. They have multiple businesses and use the B&B as an investment for their future. The Highest number of rooms and variety of services exists with their set-up. Customers are not limited to accommodation only, but services such as conference venues, multipurpose hall and kiosks. Uses effective marketing strategies such as E-Marketing and active in the running of the business. Entrepreneurs in this category are the trendsetters, the risk takers and the big investors. The other services offer a great opportunity for the business to receive third stream income that can be used to subsidise the business.

2. The Eaglets: represented by Case 06, 02

Contrary to the Eagles, the Eaglets are female owned B&Bs. The Eaglets possess all the features similar to the Eagles, the only difference is that they have lower numbers of beds. On average they have four beds, thus limiting the number of customers the B&B can lodge in a day. However, the Eaglets stay in the properties, unlike the Eagles who are remote from their enterprise. Thus giving the Eaglets an advantage of knowing the ins and outs of the business and daily interaction with customers. The only advantage the Eagles have over Eaglets is the number of beds and the capacity of other facilities such as kiosks and multipurpose halls.

3. The Owls: represented by Case: 1, 14, 9, 7

Contrary to the former two, the Owls B&B are operated by families (married couples) who stay in the B&B and who are often assisted by their children. Regarding bossiness features, Owls are average in beds and services. They offer only bed and breakfast and no other services. Whilst they are suited for the definition of a B&B (bed and breakfast), the lack of other services poses as a threat to their counterparts who are using a variety of services to attract more customers. This group of B&Bs is suitable for small group of visitors who prefer a private set up.

4. The Penguins: Case 8, 10,11,5

They are characterised by poor services (offers bed only), low capital investment, poor marketing strategies depended on referrals in the community. However, the have higher numbers of beds and are male owned: The Penguins are more concerned with 'quick cash' to get them through the day. Contrary to the other three categories, these group of entrepreneurs use the B&B as the main source of income. Despite offering a higher number of beds, (average 8 beds), this group of B&Bs are operating at the barest level of survival. Factors identified as potential threats to the growth of this category include a lack of effective marketing strategies such as the use of the Internet, offering only accommodation (no breakfast and other services) and lack of skills and mentorship in operating a business such as a B&B.

RURAL B&B MATRIX

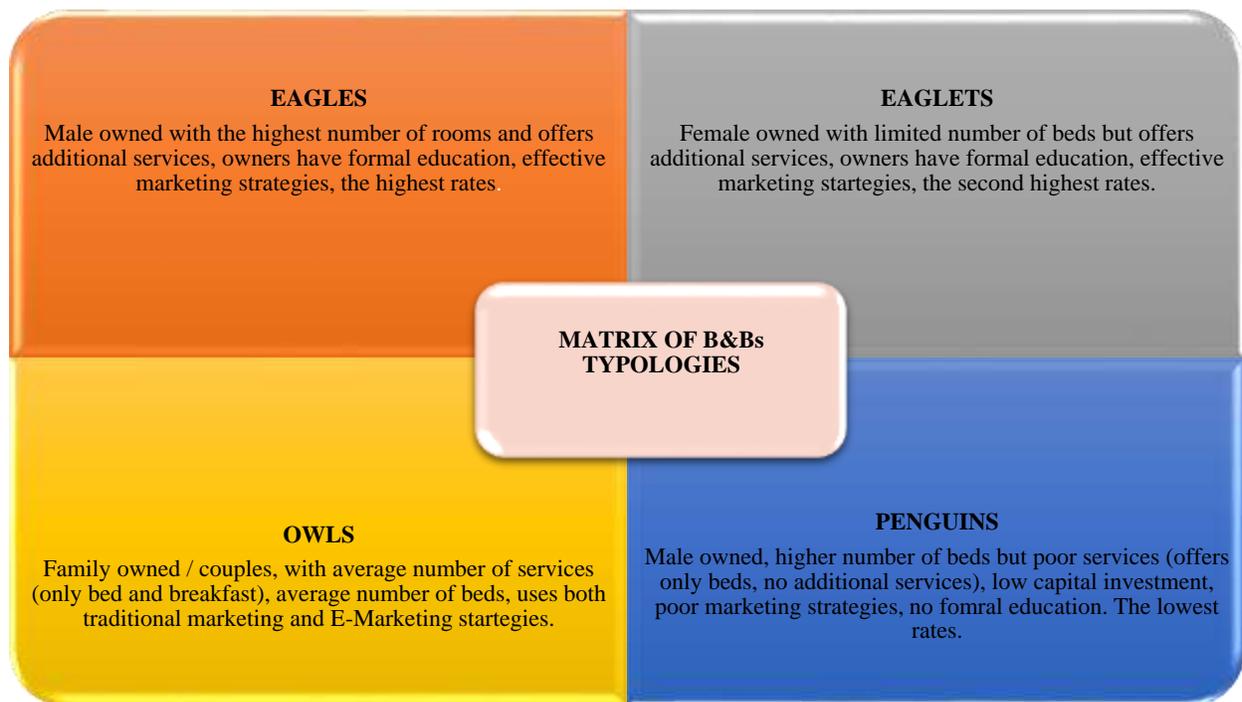


Figure 1.1 Matrix of rural micro B&Bs typologies
Source: Developed for the purpose of the study.

The unique features are further discussed below on Table 6.1 to give a clear distinguish of these business.



| TYOLOGIES OF B&BS | CHARACTERISTICS OF THE BUSINESS | CHARACTERISTICS OF THE BUSINESS OWNERS | BUSINESS USE | PRIORITIES FOR THE BUSINESS |
|---|--|---|--|--|
| <p>THE EAGLES</p> <p><i>Stand out in size and strength. High rollers with eyes on the sides of their heads.</i></p> | <ul style="list-style-type: none"> - Registered and male owned - Bed and breakfast, and other services such as conference rooms. - Facilities graded or in a process of grading. - Higher in rates R650 – R900. - Capital investment over a million - Highest number of beds. - Adopted E-Marketing. | <ul style="list-style-type: none"> - University education. - Professionals. - Long term investors. - Remote entrepreneurs - Sleep out of the premise. - Multiple business owners. | <ul style="list-style-type: none"> - Long term investment plan for the family. - Financial security. - Relief plan for other businesses. - Social status and job creation. | <ul style="list-style-type: none"> - Training and loans - Access to local and international markets |
| <p>EAGLETS</p> <p><i>An increase in size and strength, they will be ready to fly.</i></p> | <ul style="list-style-type: none"> - Registered and female owned. - Bed and breakfast, and other services such as conference rooms - Capital investment over a million. - Facilities graded. - Second highest in rates R650 – R850. - Lowest number of beds. - Adopted E-Marketing. | <ul style="list-style-type: none"> - University education - Professionals or retired professionals. - Sleep in the premises. - Business main source of income. | <ul style="list-style-type: none"> - Main source of income - Used as long term investment plan for the family. - Financial security. | <ul style="list-style-type: none"> - Training and loans - Access to local and international markets. |
| <p>THE OWLS</p> <p><i>Only hunt at night. Eyes are on the front of their heads</i></p> | <ul style="list-style-type: none"> - Registered or in possession of a letter of consent from the municipality to operate the business. - Average rates (R400 – R 850) - Not graded - Both traditional marketing and the use of Internet marketing but high presence of traditional marketing such as business cards and pamphlets, road signs. - Bed and breakfast only, no other facilities. | <ul style="list-style-type: none"> - Owners have vocational or college education. - Current priority of the business is stability rather than business expansion. - Stay on the business and fully hands on. | <ul style="list-style-type: none"> - Main source of income. - Future investment for the family | <ul style="list-style-type: none"> - Mentorship, training and grants. - Access to local markets. - ICTs (i.e. internet marketing, telephones). |
| <p>THE PENGUINS</p> <p><i>They do all of their hunting in the water. Only leave water for molting and breeding</i></p> | <ul style="list-style-type: none"> - Business at bare level of survival - Not registered - Only bed, no breakfast, no additional facilities such as conference rooms - Stay in owners - Cheaper rates (from R100- 350) - No internet marketing, uses word of mouth to market the establishment. | <ul style="list-style-type: none"> - Owners have no formal education - Familiar with the industry opportunities, no resources available to exploit them. This include access to ICT infrastructure, marketing and business management skills. | <ul style="list-style-type: none"> - Primary source of income. - Other business ventures with similar characteristic (i.e., operating a tavern or spaza shop also struggling to develop). | <ul style="list-style-type: none"> - Mentorship and grants - Access to local markets. - Information communication Technologies (i.e. internet marketing, telephones). |

Table 1.2 Typologies and characteristics of B&Bs operating in rural South Africa

Source: Developed for this study

With the second research question, “*how have entrepreneurship policies influenced the development of micro rural lodging enterprises*” five entrepreneurship policy imperatives (1) admin and finance (2) training and skill acquisition (3) legal and regulatory framework (4) markets and (5) infrastructure development, were used to answer the question.

The study found that a state of entrepreneurship calamity exist in rural Mpumalanga Province. The two Municipalities used in the study, Bushbuckridge and Mbombela have been struck by services delivery protests especially over water supply and lack of proper roads. Many areas are still without running water, proper roads and telecommunication infrastructure which supports business efficiency. The consequences of neglected infrastructure and poor services delivery is that ease of doing business is negatively affected which results in high business costs and less investment for businesses in the areas. Regarding access to finance (loans) the study corroborates World Bank (2006) and Rogerson (2008) in that, complex application processes, high interest rates, lack of collateral and credit history are causes of low usage of formal bank loans. On the other hand, the red tape in the application processes and lack of information, are some of the reasons entrepreneurs are reluctant to apply for grants. The perception of the business owners is that kickbacks and political connections are hocus-pocus to accessing government grants.

Furthermore, given the different characteristics of the businesses, one would envisage that support (financial and non-financial) would be tailored to suit the businesses’ different needs. However, a one-size fits all approach is applied in supporting the entrepreneurs. Regarding markets, access to international tourists is still a challenge. Only one Case (white owned) out of 15 cases reported 40 per cent of international tourists in evidence. The rest of the 14 Cases (black owned) are largely dependent on local markets especially the corporate sector and government departments for survival. On the other hand, competition from their counterparts in hotels industry remains a great menace. The study found that there is still preference from corporate of traditional establishments such as hotels and affluent lodges, over micro rural lodges, thus worsening an already existing stiff competition for the businesses in the villages. The hosting of the 2010 FIFA Soccer Tournament was also found to have contributed to the establishment of some of the lodging businesses. This has however left a strain in businesses in the area as no plans were developed to survive outside the World Cup event and no efforts were made to coax international tourists.

The state of infrastructure

The most dominant challenge mentioned by the entrepreneurs was the shortage of water supply in many parts of the area. In fact, all 15 cases cited water supply issues as the biggest infrastructural challenge. Some stated that if government fails to supply water which is a basic need, they do not have the confidence in its will and capacity to render services in other areas such as roads and ICTs which are equally lacking. However, being entrepreneurs means finding ways to survive, despite the challenges, and some have resorted in using tanks to store water, a move they cited as “the “only” option given the sad circumstances.

“The municipal water cannot be trusted, the area does not have water, we struggle to get water sometimes taps run dry. I have a tank with 10 000 litres as a backup. Can you imagine if people have paid R17 000 two weeks prior

to be accommodated in your guest house and you having to announce that you have run out of water, so the tank is a backup and can last up to two weeks". (Respondent 1: Quote: 36).

Admin processes in various government institutions

The most frequently mentioned problem with administration was in the municipality, especially when they apply for compliance documents such as the certificate to rezone their properties from residential to business. Entrepreneurs mentioned that long queues, incompetent personnel, poor communication systems with regards to application statuses and the turnaround time to process applications results, lead to the use of kickbacks to ensure that business documents are processed timeously. The entrepreneur's views are that the current admin systems are not designed to support business growth. Other challenges raised include poor intergovernmental relations when an application involves more than one institution of government, further contributing to additional red-tape.

"Getting the place rezoned from residential to business from municipality was a nightmare. As you can see this is not a business side but residential. It took over four years not being able to get the certificate. We did the applications until we got tired. My husband had to fight every day with people from the municipality. It was no longer nice to fight the case every day. (Respondent 4: Quote: 7).

Access to finance

What was interesting with this category, is that the majority of the entrepreneurs were aware of the financial institutions available ranging from banks to government financing agencies and departments. However, three views exists: (1) for rural entrepreneurs with no record of financial stability it is impossible to get the attention of the banks (2) if you are lucky to get their attention, you must be prepared to pay inflated interest rates for business loans (3) with government financing agencies it depends on who you know willing to offer a kickback to have your applications processed as speedily as possible, as a result of the negative perceptions on the effectiveness of the institutions, they have been very reluctant to approach them. Out of the 15 cases only four Cases have tried applying for funding. Those that have applied for funding in various government institutions indicated poor communication as the biggest challenge. Many of them indicated that whenever they submit an application for example funding the process drags for a longer period without feedback. In some cases it took more than three years without progress. Red-tape was highlighted as another discouraging factor in approaching the finance agencies. The lack of systems that facilitate easy access to information regarding applications result in poor communication. The business below submitted an application for funding with Mpumalanga Economic Growth Agency (MEGA) to extend his B&B and build a coffee shop. He indicated that:

"There is no direct answer to the application status. The only thing that saved me from knowing about the application was after i mentioned that there is someone working on a research from TUT on entrepreneurship and i will use the opportunity

to expose the department. After hearing this, he asked to call me back few minutes, and indeed he called back. To my surprise i got to know for the first time that my application was send to IDC. So if it wasn't for your study i would have not known this. You must either threaten them or forget about getting cooperation. It's only now that they went to collect my file because I called. We can't work like that. They talk about access to finance for small businesses, but the processes are the opposite." Respondent: 1: Quote: 12).

Training and development

Respondents were asked to share if they have ever attended skills development training or workshops offered by any government institution. Those that had, were then asked to share what they have learned and how it assisted their business. Those that had not attended any, were asked to share their reasons for not attending. Those that had not attended indicated lack of information as to when such training is provided. However, the majority (10 out of 15 cases) indicated to had attended training. Training was usually offered by the Local Economic Development units in the province which communicate with other departments such as Tourism and other agencies such as SEDA and other partners to assist the local business people with skills development in different areas. Other entrepreneurs communicated directly with agencies such as SEDA to request training in a specific subject. They indicated that the skills development opportunities are very useful towards the business and also in their personal development. However, many indicated lack of tailor made training for one to understand the knowhow of the tourism industry and specifically accommodation. Training provided is mainly on general business management skills, where they are trained with other entrepreneurs from various industries such as manufacturing. Others indicated that what they preferred was to be asked first what they would like to be trained in so as to ensure that the training is in line with their business needs. The extracts below are of an entrepreneur who attended training offered the Local Economic Development Unit, but wishes if these trainings were tailor made for their sector (accommodation) and not just generic training on business. She shared the following:

"Yes we benefited, the only problem is that it was compliance in general for all business. I wish we can have the one specific to tourism or at least accommodation like B&Bs. So they just train you all in business in general, we were with businesses in manufacturing and others so you can imagine there is no time to ask questions about hospitality. We need to know about how to operate a hospitality business, grading, type of beds and everything that is important for one to run a successful tourism or B&B business." (Respondent: 7: Quote: 23).

Perception of government by the entrepreneurs

Overall, the perception of the entrepreneurs towards government's institutions of small business support was negative. The negative perception resulted from factors such the red tape and bureaucracy in various offices, the cost of doing business, lack of infrastructure development,

preference of established businesses over micro emerging lodges, lack of access to information and support. This is illustrated on Figure 1.1 below.

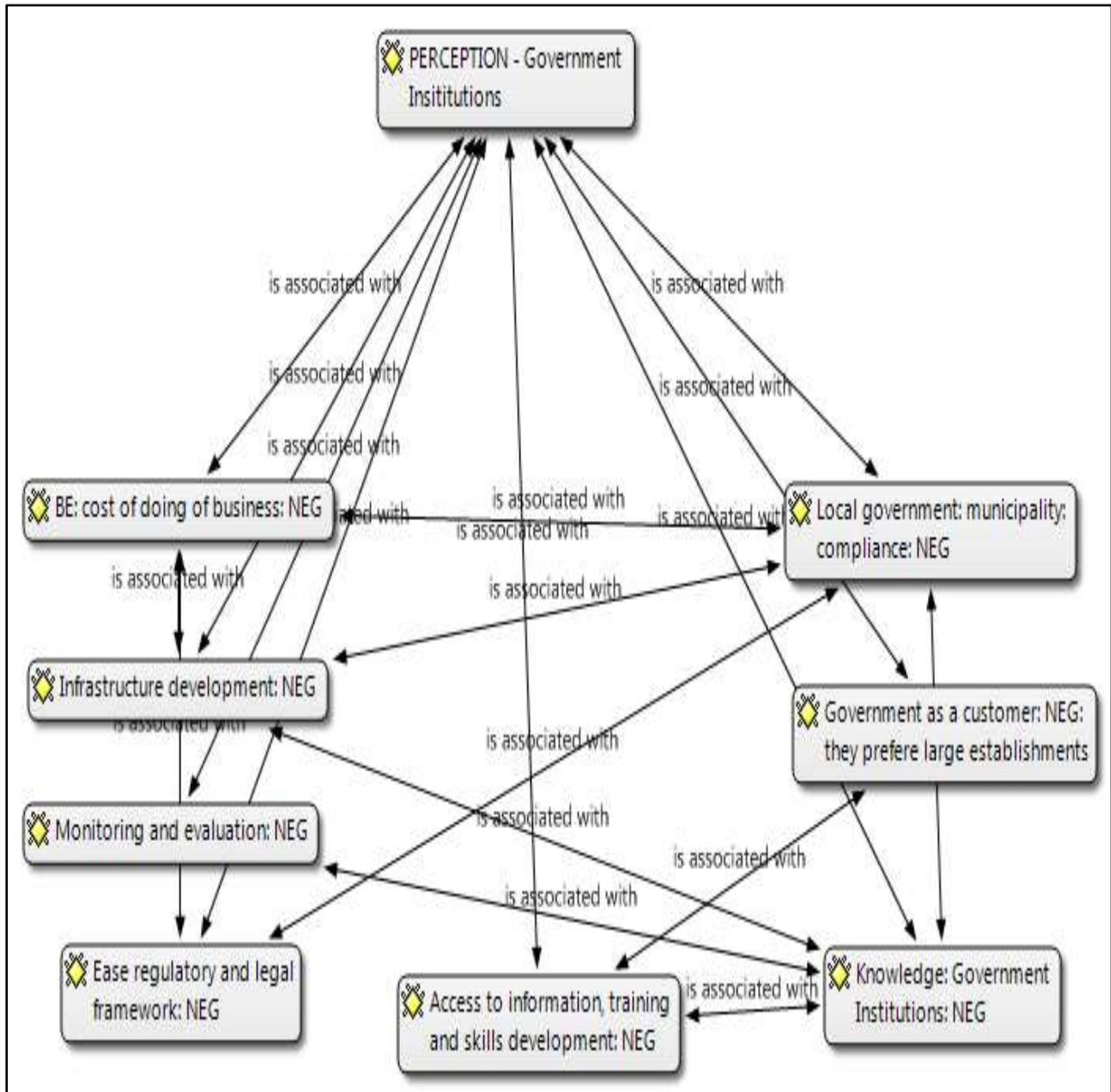


Figure 1. Perception B&B entrepreneurs have towards the government

Source: ATLAS.ti

Summary description of cases table 1

Categories of entrepreneurs and the businesses

| THE ENTREPRENEURS | | | | | THE BUSINESS | | | |
|-------------------|-------|---------------------|-------|--------|--------------|-------------|-----|-------------------------------------|
| B&Bs | AGE | EDUCATIONAL LEVEL | RACE | GENDER | NO. OF ROOMS | E-MARKETING | AGE | SERVICES |
| CASE 1 | 40-50 | Formal education | Black | Couple | 5 | Y | 7 | Bed and breakfast |
| CASE 2 | 50-60 | Formal education | Black | Female | 8 | N | 13 | Bed, breakfast and other facilities |
| CASE 3 | 40-45 | Formal education | Black | Male | 2 chalets | Y | 6 | Bed, breakfast and other facilities |
| CASE 4 | 40-45 | Formal education | Black | Male | 25 | N | 6 | Bed, breakfast and other facilities |
| CASE 5 | 60-70 | No formal education | Black | Male | 30 | N | 9 | Bed only |
| CASE 6 | 40-45 | Formal education | Black | Female | 7 | Y | 4 | Bed, breakfast and other facilities |
| CASE 7 | 50-70 | Formal education | Black | Couple | 9 | N | 7 | Bed and breakfast |
| CASE 8 | 60-70 | Formal education | Black | Male | 10 | N | 7 | Bed only |
| CASE 9 | 60-70 | Formal education | White | Couple | 10 | Y | 21 | Bed and breakfast |
| CASE 10 | 40-45 | No formal education | Black | Male | 5 | N | 7 | Bed only |
| CASE 11 | 40-45 | No formal education | Black | Male | 8 | N | 7 | Bed only |
| CASE 12 | 50-60 | Formal education | Black | Male | 20 | Y | 7 | Bed, breakfast and other facilities |
| CASE 13 | 35-40 | Formal education | Black | Male | 22 | N | 6 | Bed, breakfast and other facilities |
| CASE 14 | 40-45 | Formal education | Black | Couple | 4 | Y | 6 | Bed and breakfast |
| CASE 15 | 50-60 | Formal education | Black | Male | 30 | Y | 10 | Bed, breakfast and other facilities |

Source: developed for the study

Definition of terms:

- **Bed only:** refers to those B&Bs that offers accommodation only, no breakfast no other facilities.
- **Bed and breakfast:** refers to those B&Bs that offers accommodation/ bed and breakfast package.
- **Bed, breakfast and other facilities:** refers those B&Bs that offer bed and breakfast but have other facilities such as conference room, restaurant and multipurpose hall
- **Couple:** refers to family run B&Bs (married couple/partners/husband and wife)
- **E-Marketing:** refers to the use of technological tools to market the business, such as Internet marketing, emails, booking agencies, social media.

Conclusion

For micro rural lodging enterprises to become sustainable and profitable ventures, government efforts should be directed in developing the infrastructure including the supply of clean water, proper roads and investment in telecommunication technologies to enable business efficiency. There is also a dire need of proper administration systems that will ensure effective and efficient support of business needs such as compliance, funding and general information. Red tape, kickbacks, poor systems on admin, lack of information and availability of offices locally, lack of business management skills continue threatening the viability of lodging businesses in rural Mpumalanga. The stated challenges corroborate GEM (2014) which indicates that inefficient government bureaucracy remains one of the major obstacles to entrepreneurial activity and business growth in the country. Government must also invest in improving the perception entrepreneurs have in the institutions of support. Most of the cases have not been directly in contact with these institutions but due to negative perception, they have ruled out the notion that government is there to serve them. They believe that it serves only the connected few. Coupled with poor administration systems that perpetuate kickbacks, they are reluctant to make use of the institutions. National roadshows and discourses could be used to positively influence the perception of entrepreneurs regarding the use of institutions. Overall, the three spheres of government National, Provincial and Local government should work towards the same goals with more powers given to the local government to avoid red tape in service delivery.

Gopaul's (2006) research on the significance of rural areas in South Africa for Tourism development found that, rural people are willing to participate in tourism for the development of their area as well as for their own, however, owing to lack of proper business infrastructure, information, skills and training, the participation is not pleasing. These results support the findings of Ndabeni and Rogerson (2005) who found that rural tourism in South Africa is dominated numerically by a host of 'marginal' entrepreneurs, many of which are informal sector tourism enterprises which invariably function at the barest levels of subsistence. This obliges the government to give policy attention to the national, provincial and local tiers of government in order to improve the livelihoods of such rural tourism establishments.

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