The role of government in support of tourism businesses: A perspective from guest houses in the Eden district region

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Abstract

Generally, accommodation does not attract tourists in its own right, but its absence might force potential tourist not to visit the destination. Accommodation provides support services that are core-elements of the tourism industry. Accommodation as a tourism product has to reflect the vital components of any business product. The location needs to be accessible in terms of transport, information communications technology and infrastructure. Typically, the distance decay principle applies to decision-making when considering accommodation locations. The quality of the service should relate to the grading and the value of the products. Quality products create a good image that can easily be advertised through mass media. All these components of the tourism products are interrelated. Accommodation is an integral part of the overall tourism infrastructure as without it tourists will not visit the location. There are situations where its provision has dominated development plans.

This study examined the role that government (at all levels) should play in supporting tourism businesses with specific reference to guest house businesses in the Eden district region. This study adopted a quantitative research method using a questionnaire which had both closed- and open-ended questions. The study was aimed at guest house owners, locums and managers in the Eden district region and two hundred and fifty (250) guest houses were identified in the area. The findings of this research clearly indicate that the guest houses in Eden district region strongly believe that government at all levels should play an active role in supporting the growth of tourism businesses. Further to this, the results indicate that guest houses felt that local government should take a leading role in all the business growth factors identified in the study with the provision of help desk for tourism businesses at the forefront of the business growth factors.

Key words: guest houses, tourism businesses, government, tourism planning, business growth factors

Introduction

The primary focus of this study was on the role that government (at all levels) plays in support of tourism businesses with specific reference to guest houses in the Eden district region. Guest houses are classified under accommodation, which is one of the sub-sectors
of the tourism industry. According to the World Tourism Organisation (WTO) (2005), tourism is one of the biggest contributors to global economic and employment growth. Equally vital is the role accommodation plays in the tourism industry. Callon, Miles and Muniesa (2007: 21) assert that the “accommodation sector is one of the most key sectors of the tourism industry”. In fact, accommodation, or lodging, is by far the largest and ubiquitous sub-sector within the tourism industry. Accommodation is a fundamental element of the tourism product and not only is it the largest and most ubiquitous subsector within the tourism economy (Cooper et al., 1998: 313). Accommodation typically accounts for around one-third of total trip expenditure, but it is also an essential ingredient of the tourism experience (Cooper et al., 1998). At the same time, however, the growth and development of the accommodation sector in particular is also intimately related to the overall development and success of tourism destinations in general. For example, the total supply of bed spaces in relation to a destination’s arrivals figures is a powerful influence on occupancy levels, profitability, employment in the sector, investment and the longer-term ability of accommodation providers to retain control over pricing levels. Similarly, the physical location, density and quality of accommodation, and the extent to which it is balanced with the broader development of infrastructure and tourism-related facilities, is an important element in the overall tone or attraction of tourism destinations. This, in turn, directly influences the ability of destinations to survive in an increasingly competitive international tourism market. In short, the success of tourism destinations is largely dependent upon the appropriate development of the accommodation sector. The choice of accommodation reflects, by and large, the needs and expectations of the tourist and, as a result, both the quantitative and qualitative characteristics of the supply of accommodation services directly influence the type of tourism/tourists attracted to destination areas. This means that accommodation is an essential support facility in the destination regions. There is immense diversity in the types of tourist accommodation offerings, ranging from accommodation that provides for one or two guests in a simple home style setting, to bedroom factories with the capacity to cater for up to 5,000 guests. Most forms of accommodation are characterised by spatial fixity (Pender and Sharpley, 2005: 17). This means they occupy fixed locations within environments which may change and is therefore the need to adapt to the changing business circumstances.

Study Area

Each tourism region possesses unique characteristics regarding the role, importance, activity and the types of tourism accommodation available in the region. This study was based and concentrated on the region known as the Eden District Municipality (EDM). The EDM is located along the south-eastern coast of the Western Cape Province. It stretches roughly for 350 kilometres along the Indian Ocean, from the Bloukrans River in the east, to Wits and at the Breede river mouth in the west (see Figure 1). The Eden district municipality covers the Kannaland, Mossel Bay, George, Oudtshoorn, Plettenberg Bay, Hessequa and Knysna local municipalities (EDM, 2011). The district municipalities administer and make rules for a district, which includes more than one local municipality. The purpose of district municipalities and local municipalities is to share the responsibility for local government in their areas, as well as to ensure that all communities, particularly disadvantaged communities, have equal access to resources and services (EDM, 2011). This idea is of particular importance with reference to some local municipalities who do not have the capacity (finances, facilities, staff or knowledge) to provide services to their communities. It also helps to cut the costs of running a municipality by sharing resources with others. Therefore this study was only limited to selected guest houses in the Eden district region (EDM, 2011).
Literature

This section reviews related literature on the role of government in the development and support of the accommodation sector of the tourism industry. This review of literature was discussed under the tourism and accommodation planning issues and the role of accommodation in tourism development sub headings.

Tourism and accommodation: planning issues

Tourism is developed for a variety of reasons. Primarily, however, it is considered to be an effective vehicle for economic and social development in destination areas (Roche, 1992: 566). Indeed, most countries are now tourist destinations and many regard tourism as an important and integral aspect of their development policies (Jenkins, 1991). This popularity of tourism as a developmental agent is attributable to a number of factors. For example, international tourism has demonstrated consistent growth since the 1960s and recent forecasts suggest continued growth well into the 21st Century (WTO, 1997). It is seen as an effective source of foreign exchange earnings and a significant generator of employment; it is also considered to have relatively low 'start-up' costs and, unlike many other forms of international business, it is relatively free of trade restrictions. More cynically, perhaps, for some countries tourism represents the only realistic development option (Brown, 1998: 59).

Despite these apparent attractions of tourism, however, effective planning is necessary if its potential contribution to broader development is to be realised (Gunn, 1994). Not only does tourism, if unplanned or uncontrolled, frequently generate a variety of negative economic, social and environmental consequences in destination areas, but the very nature of the tourism industry, or production system, demands effective planning and co-ordination. As an
economic activity, tourism is diverse, fragmented and multi-sectoral, comprising innumerable private and primarily small enterprises involved both directly and indirectly in the supply of tourism products and services. “Planning is therefore essential to ensure that all these elements are developed in an integrated manner to serve tourism as well as general needs” (Inskeep, 1991: 16). Above all, however, the character, scale and rate of tourism development must be planned in order to ensure that it remains a means to an end, that is, an element of a broader socio-economic development strategy as opposed to an end in itself.

Given this necessity for planning, the primary issue, particularly in the present context, becomes the question of governance. That is, it is generally accepted that some degree of state intervention in tourism development is essential (Elliott, 1997); the extent of such intervention, however, remains the subject of intense debate. Inevitably, much depends upon the political and economic framework within which tourism is being developed. For example, in less-developed economies it is likely that the state will play a more active managerial and entrepreneurial role in tourism development (Jenkins, 1991). Conversely, in developed countries with a diverse, mature private sector (and where tourism is likely to make a less significant contribution to overall economic activity): the role of government will focus on support and facilitation rather than direct intervention. In either case, however, it is the responsibility of the government to formulate tourism development policy and to provide the appropriate legislative, administrative and planning tools in order to optimise the benefits of tourism to the country within an increasingly competitive global tourism environment.

The role of accommodation in tourism development

In the context of the tourism sector in general, accommodation rarely has a place or rationale in its own right. It is rare for a tourist to select to stay in a hotel or any other form of accommodation for its own sake. Rather, the choice is made because the accommodation provides a support service for the wider motivation that has brought the visitor to the destination, whether for business or leisure purposes (Cooper et al., 1998). In essence, given the above, accommodation is a fundamental element of the tourism product. Tourism, in a broad sense, is dependent on the quality and quantity of accommodation facilities available. It is a very vital factor of tourism development. To imagine a successful tourism development, the development of accommodation should be considered as a core factor of the tourism planning. In other words, accommodation is a matrix of tourism, and therefore, appropriate choice of accommodation is required in order to expand and develop the tourism industry (Surya, 2013). Comfortable hotels and other forms of accommodation facilities play a vital role in attracting tourists to the destinations places. This therefore mean that the facilities of the accommodation establishment should provide comfort to the tourist as the opposite will lead to the tourist being dissatisfied and end up spreading a negative message about the accommodation establishment to friends and family members. Realising this fact, accommodation has a role in the attractiveness of a tourism destination, accommodation facilities which are available in different tourist spots have been focusing to provide maximum comfort to tourists within reasonable rates. It is very important and tricky to the accommodation supplier to provide comfortable accommodation to the people from diverse economic backgrounds according to their affording ability (Surya, 2013). Cooper et al. (2008: 344) argue that accommodation is a necessary component in the development of tourism within any destination that seeks to serve visitors other than day-trippers. The quality and the range of accommodation available will both reflect and influence the range of visitors to a location. Accommodation also plays a key role in the overall economic contribution which tourism makes at a local and national level. It is however, difficult to generalise about the proportion of total tourist expenditure that is allocated to accommodation because it varies greatly according to the market, accommodation type and nature of product purchased.
Accommodation, therefore, has an integral but varied role as part of the wider tourism product.

In modern times, the way people spend their vacation has faced many changes. People like to spend their holiday and leisure time with friends and family and at the same time exploring various touristic destinations around the world. As a consequence, a tourism business across the world has seen unprecedented developments which directed remarkable growth in the accommodation facilities (Surya, 2013). Accommodation, as a dominant part of tourism, has directly influenced the tourism development in certain destination areas. Accommodation is a basic need in the tourism industry. Therefore, it is logical that development of accommodation should be a fundamental element of the overall planning process of the tourism destination's planning process. Considered as a core of the tourism industry, most of the countries have been able to recognize its importance in accordance to the tourism development and therefore the governments of the destination countries have been coordinating their tourism activities with the accommodation industries by emphasizing attractive incentives and concessions to the providers of tourist accommodation. This kind of governmental plan has succeeded in developing various types of accommodation. Sufficient supply of accommodation facilities in the tourism industry is one of the basic fundamentals of tourism development (Surya, 2013).

Accommodation in tourism plays a vital role in a country's economy, in result; countries who acknowledge its positive influence on its economy are giving more importance to the development of the accommodation sector. The supplies of accommodation, qualitative and quantitative, have a direct influence on the overall success of the tourism destinations. The development of the accommodation sector should be a key element of the tourism destination planning process in order to gain tourism development. Failure to plan and control the accommodation sector will result that in many tourism destinations the targeted tourism developments have not been achieved. Socio-economic and cultural development in destination countries are the positive aspects of tourism development, but on the contrary, it also leaves some negative drawbacks to the destination, for example, environmental pollution and incoming cultural influence to the host countries (Surya, 2013). The vision of the accommodation development in relation to the tourism development in the destination countries should be applied at the same time since they make a vital contribution to the whole economy of the country. As a result, in many countries, tourism industries cover the dominant percentage of their total domestic net income (Surya, 2013).

Tourist accommodation performs a key function within both the context of rural and urban tourism. It provides the opportunity for visitors to stay for a length of time to enjoy the locality and its attractions, while their spending contributes to the local economy. Accommodation forms a base for tourists' exploration of the urban and non-urban environments. The tendency for establishments to locate in urban areas precludes peripheral opportunities from expansion thus intensifying their need to find a relevant modus operandi rather than relying on what happens in the metropolitan areas and within established urban tourism initiatives. The importance of infrastructure and accessibility comes clearly to the fore when hotels are built to serve specific markets. For example, an exhibition and conference market will need hotels adjacent to major conference and exhibition centres (Law, 1996). However, this does not, by any means, suggest ignorance of the locational viability of the accommodation business.

According to Pearce (1989) the functions of the accommodation sector within urban tourism can be divided into serviced functions and non-serviced functions sectors. Each sector has developed responses to the needs of different markets, and a wide variety of organisational structures have emerged among private sector operators to develop this area of economic activity. Pearce (1998) notes that many large chains and corporations now dominate the
accommodation sector, using vertical and horizontal forms of integration to develop a greater degree of control over their business activities.

**Government's role in promoting small business in South Africa**

The promotion of Small, Medium and Macro Enterprises (SMMEs) has become an objective across government. Many departments have specific strategies in place, for example developing SMMEs in the tourism sector, or developing small and emerging contractors by Human Settlements, Public Works, Arts and Culture and so forth. The promotion of SMMEs is also an important part of the different spatial development initiatives and the Urban Renewal and Rural Development strategies. As part of the National Skills Development Strategy, the Sector Education and Training Authorities (SETAs) are also supposed to develop programmes that help develop small businesses in their respective sectors. In the SMME literature, government support has been cited as a crucial success factor for the development of these enterprises (Co, 2004; Morrison and Texeira, 2004; Rogerson, 2002; Lerner and Haber, 2000; Rogerson in King and McGrath, 1999: 32). According to Havenga (2001) government represents a key player in minimizing uncertainty within the competitive market, where small enterprises operate. Mkandawire (in King and McGrath, 1999: 33) argues that countries can promote or support SMMEs on both the supply and demand-side of the spectrum, although the values underpinning the support for small enterprises vary from laissez-fairest to a quest to reinforce survival strategies for the poor.

According to Lerner and Haber (2000), the role of government support can influence the economic and non-economic opportunities that are essential to the creation of the conditions for developing small businesses. Hall (in Lerner and Haber, 2000) maintains that governments provide a general economic framework, which actively encourages growth and at the same time removes unnecessary restrictions or burdens.

**Problem**

The main aim of this article was to determine the role that government should play in support of tourism businesses with specific reference to guest houses in the Eden district region.

**Research Objectives**

The objectives of this research were to establish whether guest houses in the Eden district region feel that government at all levels have a role to play in support of their businesses and if so, what sphere of responsibility should be a responsibility for which level of government.

**Methodology**

The research method is a strategy of enquiry, which moves from the underlying assumptions to research design, and data collection (Myers, 2009: 57). Although there are other distinctions in the research modes, the most common classification of research methods is into qualitative and quantitative. At one level, qualitative and quantitative refer to distinctions about the nature of knowledge; how one understands the world and the ultimate purpose of the research. On another level of discourse, the terms refer to research methods, that is, the way in which data are collected and analysed, and the type of generalisations and representations derived from the data (Bryman & Burgess, 1999: 45). Quantitative research methods were originally developed in the natural sciences to study natural phenomena. Qualitative research methods were developed in the social sciences to enable researchers to study social and cultural phenomena (Bryman & Burgess, 1999: 45). Both quantitative and
qualitative research studies are conducted in education. Neither of these methods is intrinsically better than the other; the suitability of which needs to be decided by the context, purpose and nature of the research study in question; in fact, sometimes one can be alternatives to the other depending on the kind of study (Bryman & Burgess, 1999: 45). Some researchers prefer to use a mixed methods approach by taking advantage of the differences between quantitative and qualitative methods, and combine these two methods for use in a single research project depending on the kind of study and its methodological foundation (Bryman & Burgess, 1999: 45).

This study was concerned with examining the role that government should play in support of tourism businesses with specific reference to guest houses in the Eden district region and to achieve this aim, the study adopted a quantitative method using a questionnaire which had both closed- and open- ended questions. The study was aimed at guest house owners, locums and managers in the Eden district region and two hundred and fifty (250) guest houses were identified in the area. These guest houses were obtained from the Eden district municipality database, the databases of Local Tourism Offices (LTO’s) combined with a further search on the internet by the researcher. Due to the low number of identifiable guest houses, all the guest houses identified formed part of the study and therefore two hundred and fifty (250) questionnaires were e-mailed to those guest houses with a request to get these filled from the guest house owners, managers and locums. The questionnaire had a covering letter attached to it explaining the purpose of the study and why the respondent was chosen. First reminder was sent after 15 days of the first email and a second; a final remainder was e-mailed 10 days after the first remainder. The response rate from the e-mailed questionnaires was very low which affirms the opinion by Pechlaner et al. (2004)

To counter the low response rate raised by Pechlaner et al. (2004), the researcher made a concession of asking the LTO’s managers in the Eden District to distribute the questionnaires on his behalf. This was to ensure a high response rate as the guest house owners will feel more comfortable as the request will be coming from the office that they deal with on a more regular basis. Once again the response rate was very low from this attempt and the researcher then appointed five students to help with data collection through door to door visits. It was only after this that the response rate improved to allow for more than half of the returned questionnaires to ensure reliability and validity of the study as advised by the NMMU statistician. 128 questionnaires were returned and constituted 51.2% of the total sample.

Results

This section provides the findings of the study and the main focus is on the role that government should play in support of tourism businesses and which sphere of government should take a lead in tourism growth business factors.

Role of local government

Guest houses were asked whether they feel local government should play an active role in tourism development that relates to small businesses development and the results are shown in table 1.1.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
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<tbody>
<tr>
<td>Yes</td>
<td>113</td>
<td>88.3</td>
</tr>
<tr>
<td>No</td>
<td>15</td>
<td>11.7</td>
</tr>
<tr>
<td>Total</td>
<td>128</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 1.1: Role of local government


Table 1.1 reflects the attitude of respondents to the role that local government should play in tourism development that relates to the development of small businesses in the tourism industry. The overwhelming majority (88.3%) of respondents were of the opinion that local government should play a more active role in the development of tourism-related small businesses whilst only a few (11.7%) were of the opinion that government does not have to play an active role. This finding is further supported by Elliott (1997) who stated that it is generally accepted that some degree of state/government intervention in tourism development is essential. This was further supported by Jenkins (1991) who said that in less-developed economies it is likely that the state/government will play a more active managerial and entrepreneurial role in tourism development.

**Spheres of responsibility for the implementation of growth factors**

Guest houses were asked to indicate which government level or business stakeholder organisations should accept responsibility for the implementation of certain identified business growth factors. These growth factors are seen as either being prerequisite to successful business development (developing tourism policy, planning for tourism as an industry, and developing a joint vision) or, as being interventions which were not contrary to free market principles, but could contribute greatly to the development of tourism-related SMME’s. Table 1.2 reflects the opinions of respondents as to the allocation of responsibility for the implementation of business growth factors and it is important to note that respondents were allowed to choose more than one alternative.

### Table 1.2: Spheres of responsibility for the implementation of growth factors

<table>
<thead>
<tr>
<th>Factor</th>
<th>Local municipality</th>
<th>District municipality</th>
<th>Provincial government</th>
<th>National government</th>
<th>Business chamber/tourism associations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop tourism policy</td>
<td>31.4%</td>
<td>15.7%</td>
<td>11.6%</td>
<td>24.8%</td>
<td>16.5%</td>
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<tr>
<td>Tourism incentives for business</td>
<td>33.1%</td>
<td>18.2%</td>
<td>16.5%</td>
<td>23.1%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Tourism related statistics</td>
<td>28.9%</td>
<td>17.4%</td>
<td>14.9%</td>
<td>24%</td>
<td>14.9%</td>
</tr>
<tr>
<td>Opportunities for tourism-related small businesses</td>
<td>40.5%</td>
<td>27.3%</td>
<td>8.3%</td>
<td>11.6%</td>
<td>12.4%</td>
</tr>
<tr>
<td>Management and employee training</td>
<td>36.1%</td>
<td>24.4%</td>
<td>11.8%</td>
<td>3.4%</td>
<td>24.4%</td>
</tr>
<tr>
<td>Set-up networks and linkages</td>
<td>39%</td>
<td>21.2%</td>
<td>15.3%</td>
<td>3.4%</td>
<td>21.2%</td>
</tr>
<tr>
<td>Help desk for tourism businesses</td>
<td>53.8%</td>
<td>15.4%</td>
<td>6.8%</td>
<td>5.1%</td>
<td>18.8%</td>
</tr>
</tbody>
</table>

For all the factors, respondents displayed an overwhelming opinion that these factors should fall within the realms of local municipality responsibility with the establishment of a help desk for tourism businesses the highest ranked with 53.8% asserting that is should be done by the local municipality. The second highest rated responsibility for the local municipality was its role in identifying opportunities for tourism-related small business with 40.5% and this was slightly followed by the role of local government in management and employee training with 36.1%. The development of tourism policy, for example; National tourism sector strategy, White paper on tourism development and promotion and Provincial tourism Act, respondent’s felt that the local municipality should have more inputs (31.4%) in these policy developments and this was slightly followed by those who felt that the national government should take a lead with 24.8%. The results also infer that the respondents felt that the local municipality has a responsibility to facilitate the set-up of networks and linkages for guest houses with 39% asserting this view and 21.2% of the respondents felt that both the district
municipality and business chamber/tourism association has the same responsibility. The set-up of networks and linkages infer to platforms that these government spheres can create, for example, hosting of a tourism indaba or providing assistance for these guest houses to attend tourism indaba in other parts of the country as well as attending tourism exhibitions internationally.

The highest percentage for the provincial government was recorded for the role the department has to play in providing tourism incentives for tourism businesses at 16.5%. Guest houses also feel that the business chamber/tourism association has a role to play in supporting tourism businesses and the two highest ranked business growth factors for business chambers/tourism associations are management and training of employees at 24.4%, followed by setting up networks and linkages at 21.2%.

Conclusions

The findings of this research clearly indicate that the guest houses in Eden district region strongly believe that government at all levels should play an active role in supporting the growth of tourism businesses. Further to this, the results indicate that guest houses feel that local government should take a leading role in all the business growth factors identified in the study with the provision of help desk for tourism businesses at the forefront of the business growth factors. The results further indicate that guest houses feel that the district municipality is the second sphere of government that should take responsibility of the identified business growth factors especially when it comes to identifying opportunities that can benefit business in the tourism industry in the region. The national government has been identified as the sphere of government that should take lead in business growth factors relating to developing tourism policy, tourism related statistics and tourism incentives for tourism business. The highest percentage for the provincial government was recorded for the role the department has to play in providing tourism incentives for tourism businesses at 16.5%.

Managerial implications and recommendations

The managerial implication is that government at all levels should play an active role in support of businesses in the tourism sector. Specifically, the local government and district municipality has very important role to play and this may be based on that guest houses feel that their offices are easily accessible for them to raise their concerns as compared to provincial and national government departments. Other organisations like the business chamber and tourism associations also have a role to play to ensure the growth of tourism businesses in the region.

References


