



Factors affecting economic growth enablers of SMME's: a case of tourism-attraction in Durban, South Africa

Dr. T.C.S. Ngwenya

Graduate School of Business and Leadership

University of KwaZulu-Natal, South Africa

E-mail: Ngwenyat2@ukzn.ac.za

ORCID ID: 0000-0002-9565-6352

Dr. W.B. Zondi

Post Doc Fellow in the Graduate School of Business and Leadership

University of KwaZulu-Natal, South Africa

Abstract

The paper aimed to reveal the factors that affect Small Medium and Micro Enterprises (SMME's) in the local government within the tourism destination of the coastal city of Durban of KwaZulu Natal province in South Africa. The City of Durban is regional and major economic player and powerhouse within the tourism, hospitality and leisure value chain and has consecutively hosted Africa Tourism Indaba Conferences for the past five years. This study originates from the continued low level of Total Entrepreneurial Activity (TEA) in terms of SMME participation in the economic mainstream. The literature review looked at those concepts that focus on the economic growth environment that inspire entrepreneurial stimulus especially by the institutional intervention from authorities. The paper employed a quantitative methodology approach for its data collection. A questionnaire was constructed and self-administered by participants. The paper targeted a population of 800 SMME's in the selected municipality located in KwaZulu-Natal. However, a sample of 260 participants was drawn in the population. All data collected were analysed using the SPSS version 24. The result of the study revealed inter alia, a lack of systematic monetary and non-monetary economic growth enablers which contribute to the SMME prosperity. The recommendations point to the pivotal need for policy-makers and the relevant authorities to level the playing field on behalf of the SMMEs from an economic growth perspective.

Key words: Economic growth sustainability, entrepreneurial value chain, RBV model, institutional theory, entrepreneurial mind-set, competencies.

Introduction

The entrepreneurial field of study plays a significant role not only nationally but regionally and the economic revitalization is evidenced by its resilient value chain business landscape. The tourism and hospitality industry continues to have a huge percentage of both the entrepreneurial stimulus and the associated labour market absorption which augurs well for the economic prosperity of our communities and the society at large. Various scholars (Shane, 2003 ; Sarason et al., 2006; Smith & Lohrke, 2008 ; Wang et al., 2013) have contributed a vast collection of concepts, variables, theories and assumptions to the literature on relationship building within both the entrepreneurship and the management field of study. This view is further substantiated by (Acs et al., 2008, De Clercq et al., 2010; Mboniyane & Ladzani, 2011; Gupta et al., 2014) by advancing the positive direct correlation between the entrepreneurial activation and economic prosperity. This corroborate with the earlier assertion by (North and Institutions, 1990 ; Scott & Meyer, 1991) views that there is a direct relationship between the SMME and the economic well-being whether it's an emerging market or a developed economy. For instance the creation of connectivity, linkages, relations and interaction as a socio-economic activity is at the centre of relationship building. (Johannisson and Mønsted, 1997, Bruneel et al., 2007, Schallenkamp & Smith, 2009) emphasised the critical role that economic tailwinds facilitate in creating competitive value add for SMME's. (North, 1990b ; Scott & Meyer, 1991; Kostova,1999 ; Busenitz et al., 2000) emphasised the

social and economic relevance and appropriateness of the role that the institutional economic environment facilitates in closing the gap for support and inclusiveness of the entrepreneurial business landscape and the subsequent inspiration of their entrepreneurial performance. Ordinarily, the economic indicators in both developed economies and emerging markets will be benchmarked by variables such as Gross Domestic Products (GDP), export capability, productivity, currency strength, business confidence and social stability. The strategic role of entrepreneurship through innovation-oriented aspects like technological research and development therefore plays a crucial role in bringing stability and national pride in many countries.

Many products and services created or invented currently point their comprehensive competitiveness to the economic growth enablers facilitated by policy-makers and authorities in ensuring a conducive environment for entrepreneurship to thrive. While strong institutions which could be informed from the scholarly perspective by the institutional theory could form a logical and systematic package when integrated with both the entrepreneurial theory and the economic growth perspective. The next section pays close attention to the assessment of existing literature that combine the economic growth perspective into the entrepreneurialism aspect within the context of the emerging markets in an attempt to unlock SMME opportunities and sustainability. Therefore, the SMME's are required to identify a balance between their internal strengths and the external challenges as well as variables that act as either hindrances or prospects for their entities in making meaningful contribution to economic prosperity.

Literature Review

The Economic Growth Perspective

Croitoru's (2012) views complemented Schumpeter's (1934) earlier recommendations that within the economic context, which incorporates both the endogenous and exogenous variables and attributes, entrepreneurs, could be characterized as those who synthesize the new idea formulation into products and services. This results in products and services that enter markets and thus economic stimulation is realized. Bouchikhi (1993) further elaborated as per figure 1 on the distinction between the endogenous variables and exogenous variables where the former deals with the personality, behaviour and the conduct of the entrepreneur while the latter refers to the externally-oriented manifestation of entrepreneurship informed mainly by economic and sociological disciplines.

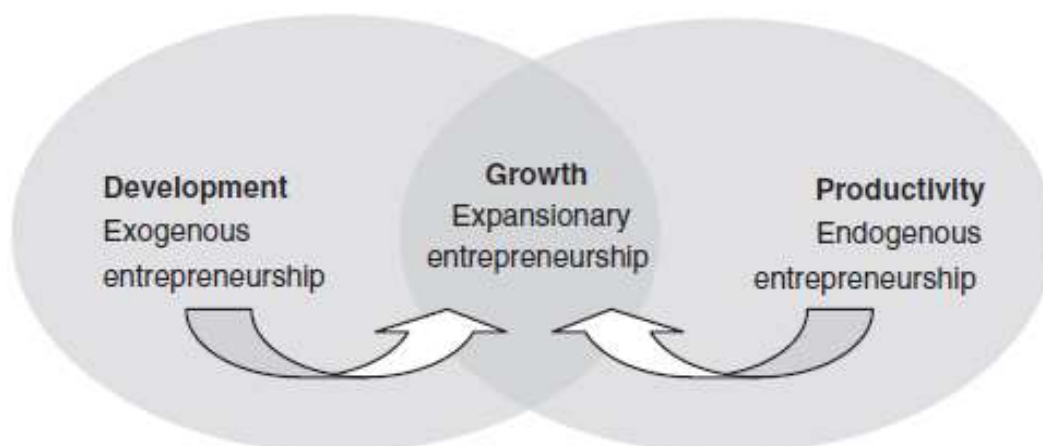


Figure 1. Three economic objectives for entrepreneurship Source: O'Connor (2013)

Make or break for the SMME's could be the result of the institutional influence which is an external factor which is beyond the influence of the market forces of supply and demand (Aidis et al., 2008, Manolova et al., 2008a, Welter and Smallbone, 2011). According to Rogerson (2014) Local Economic Development (LED) certainty and stableness could be described as one of the building blocks for many industries including the tourism industry. The LED practitioners and the captains of industries have to continually put their fingers on the



proverbial innovation pulse if they have to stay relevant and for the industries on their door

Timeline	Description
Schumpeter (1934)	The development of economic theory premised on the productive factors of production
Coase (1937),	Accentuated the Nature of the Firm as an independent entity and entrepreneur as a central component while the entity minimizes the market-related transaction costs.
Mises (1949)	Human action based on marketing needs
Kirzner (1973)	Entrepreneurship as a field of Study discovery and cementation
Shane and Venkatraman (2000)	Provided definition of entrepreneurship as a distinct field of research and assert its autonomous status
Sarasvathy (2001)	Description of an entrepreneurial process as a causation of effectuation
Mishra and Zachary (2014)	Enterprise formation process as a fully-fledged entity

Source: developed for the study

steps to thrive. Process innovation, Market innovation complemented by technological innovation has been accentuated as the key drivers that catapult the leveraging of the economic prosperity in the tourism industry (Aldebert et al., 2011) . According to the Tourism Ministry of South Africa, on its accentuation of this industry as an economic enabler not only for big businesses but for the SMME as well, its annual strategic operational plan emphasized the significance of diversity and inclusion as one of the strategic pillars in the transformation of the sector. Therefore institutions should be pivotal in both the creation and the apprehension of economic value that transcend to the broadening of market to the benefits of all the actors in the industry value chain (Laivie, 2007; Cabiddu et al., 2013).

Resource Based View Model

The archetype of the RBV Model has as its predication in many industries in an accumulation of investment, productivity financial and non-financial capability, technical and operational capacity in which a particular SMME is endowed with. According to (Hulland et al., 2007; Fink et al., 2009) enterprise performance and capability should go beyond the internal strength but also take into cognizance challenges posed by the external factors. This view was also advanced by Liang et al. (2010) who posited that the enterprise competitive advantage could be reinvigorated by ICT competitiveness for instance as resource strength. According to Ravichandran et al. (2009) and Iyer et al. (2009), the ability for the enterprise to attain the economies of scale and scope hinges on its economic resources which ordinarily the entity should be in possession of which also allow it to be able to diversify and differentiate its product or service offerings.

The contextualization of the resource based theory within the transaction cost economics framework has been comprehensively interrogated within the business landscape of developed economies on its merits and demerits incorporating institutional dimensions as either a constraint or an economic enabler (Peng & Delios, 2006) . This further postulates the inculcation of the strategic management school of thought which further incorporate both the internal organizational mechanisms and the external factors in light of competitive advantage that the entity needs (Kim et al., 2010).



Institutional Theory and Entrepreneurship

According to North, (1990a) institutions are socio economic structure and clusters with the common and collective set of rules, beliefs and norms, comprising of shared values and agreements that regulate the socio-economic interactions of actors and stakeholders by regulatory legitimation. Various scholars (North, 1990a ; Powell & DiMaggio, 2012; Bonchek & Shepsle, 1996; Scott, 2008) made a profound contribution to the literature gravitas within the institutional theory framework and conceptualization.

Generic Institutional theory components	Description
The regulatory dimension	The regulatory dimension refers to the institutionalized agreed rules of engagements that the participants should adhere to and observe at all times. These might take a shape of a policy directions with a well-documented overall program or plan which time and again falls under the monitoring and evaluation scrutiny, in terms of its implementation and reinforcement (Scott and Meyer, 1994).
The normative dimension	The normative dimension encapsulate all the standard cultural embeddedness that binds the actors amongst other things on the shared values, assumptions, expectations, perspectives, philosophies and paradigms which are socially acceptable and could be attributed as the appropriate practice (Veciana and Urbano, 2008).
The cognitive dimension	The cognitive component refers to the intellectual and knowledge phenomenon that guide the institutional inventory in terms of cognition and the appropriate information that is profound in the institution. The application and analysis of various forms of data, information and knowledge should be structured in such a way that it add value to the actors within that articular institution (Markus and Zajonc, 1985).

Source: Developed for the Study

The role of the institutions brought about by the policy certainty and accountable office bearers could bring about much needed reprieve on behalf of the SMME's. The tourism industry is no exception since its entrepreneurial ecosystem depends to a large extent on the gravitas of the very same institutions that are earmarked to level the playing field on the SMME's behalf. According to Baumol et al. (2007) institutional frameworks and the ecosystem, especially within the entrepreneurial discipline could have either an enabling impetus or rather a constraining factor for the SMME's. The rigorous interrogation in terms of theory construction into the impact of institutional theory on entrepreneurship success place more emphasis on a single country per se, the benchmark exercise has to be considered where its undertaken on an aggregately simultaneous country profiling (Manolova et al., 2008b; Mair & Marti, 2009; Webb et al., 2009; Bruton et al., 2010).

The countries in question where the theory development of the nexus between institutional perspective and entrepreneurial impact occurred were Bangladesh, by Mair and Marti (2009), while Manolova, Eunni and Gyoshev (2008) focused on East European countries, and Bruton et al. (2010) paid special attention in China. While the role of the contribution to the entrepreneurship discipline as a multi-disciplinary field of study, the institutionalists have accentuated the role that has been contributed by other fields or disciplines such as sociology, behaviorists and organizational theory, which underscore the multi-structural dimension the SMME's are confronted with (Scott, 2007).

One has to look no further than what the Resource Based Model presents from the organizational and strategic dimension in terms of the SMME's positioning on aspects like inter-organizational relationships, stakeholders engagements, joint ventures and strategic network alliances just to mention a few. While the RBV model is predicated on the entity's internal resource brought about by the owners' investment, the RDT on the other side as a premise on the attempt to reduce the dependence on the external environment due to its uncertainty and volatility is noted (Hillman et al., 2009). The tourism industry is not exempted from the exposure to various institutional platforms that could be described as an enforcement of the social capital, network domains, finance access, market opportunity and the network ties that the SMME's should reach out for.

Entrepreneurship Mind set versus Institutional Realities

While entrepreneurship is defined as an endeavour to identify, explore and exploit the process of value creation by venture formulation and leveraging of resources through innovative tendencies which is directed by an individual or individuals, this must be by taking cognisance of the opportunity and risk metric's to meet the unmet needs in the market (Mishra & Zachary, 2015). Therefore the entrepreneurial process will encompass the synthesis of both the entrepreneurial conversion of an idea (entrepreneurial intentions) into the commercialization

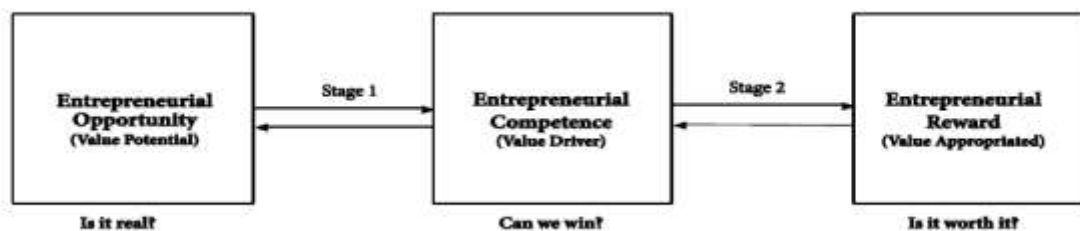


Figure 1. Value creation process Source Mishra (2015:4).

of that particular entity (venture formulation) while weathering the external environment stormy turbulences (Mishra & Zachary, 2015). Mishra and Zachary's definition could be contextualized within Frese's (2007) Action Theory of Entrepreneurship which elucidated that entrepreneurship is a planned undertaking which is goal oriented, goal achievement inclined, monitoring execution, while continually adapting for accomplishment of set objectives (Frese, 2007). According to Mishra (2015) entrepreneurship as a field of study and a management science discipline within the economic school of thought and strategic management field of study, and is succinctly encapsulated in the theory of entrepreneurship explication. Therefore the theory of entrepreneurship makes comprehensive provision for the entrepreneurial process capturing the two-stage value creation structure. The resource –reward dichotomy is therefore juxtaposed with the opportunity and competitive business landscape that the SMME should navigate within.

Entrepreneurial competencies

According to Man and Lau (2000) the five entrepreneurial competencies describing the personality and behavioural traits of an entrepreneur were opportunity recognition, building relationship, analytical mind-set, innovative tendencies, operational ability. The other five traits were centred on human functioning, strategic grounding, dedication and commitment, personal learning and personal strength competencies (Man & Lau, 2000; Mitchelmore et al., 2010) and further advanced the entrepreneurial competence framework is based upon acting as a foundation of management oriented expertise (finance, human resource management, operations and strategic management) and by Lerner and Almor (2002) as entrepreneurial competencies, business and management competencies, human relations competencies and conceptual and relationship competencies.

Sharpening entrepreneurial knowledge, skills and competencies such as risk taking, opportunity recognition, strategic thinking, confidence, locus of control, resilience, leadership, innovation, networking, resource leveraging has been emphasised by various scholars and is gaining traction in the entrepreneurial body of literature as an integral resource for the SMME's to confront the business and economic landscape head-on (Mitchelmore et al., 2010; Bridge & O'Neill, 2012; Morgan et al., 2010; Phelan & Sharpley, 2012). Sharpening entrepreneurial knowledge, skills and competencies such as risk taking, opportunity recognition, strategic thinking, confidence, locus of control, resilience, leadership, innovation, networking, resource leveraging has been emphasised by various scholars and is gaining



traction in the entrepreneurial body of literature as an integral resource for the SMME's to confront the business and economic landscape head-on (Mitchelmore & Rowley, 2010; Morgan et al. 2010; Phelan & Sharpley, 2012).

Problem Statement

This study examined the influence of the economic growth enablers by institutions that contribute to the support of SMME's within the context of the local government sphere and tourism. In the case of our study, we explored the SMME's that are either in the following stages namely: the pre-start-up, start-up, growth, decline and the maturity stage.

Aim of the Paper

The aim of this paper was to investigate the institutional economic growth enablers of the SMME's within the tourism driven coastal city of Durban, South Africa.

Sampling

The population of the study consisted of SMME's which are operational as either start-ups, growth entities or matured entities drawn for the population of 800 SMME's within the broader tourism-destination city of Durban. The research instrument was self-administered by the researcher to a sample of 260 ethically cleared respondents. The simple random sampling was utilized in the study, which give an equal chance for the constructive and positive participation by the targeted respondents. The margin of error in the sample size determination stood at 5% which is commensurate with population representation data collection analysis was guided by SPSS version 24 .that arranges results in tables.

Methodology

The purpose of the study was to examine factors affecting economic growth enablers to SMME's within the sprawling tourism-driven coastal city of Durban, South Africa (EThekwini Municipality). These institutional economic growth enablers could either facilitate the inducement or act as a deterrent for the SMME to operate their business in a sustainable, scalable and profitable manner. A quantitative methodology was chosen by the researcher as a means of theory testing within the positivism oriented paradigm (Cresswell, 2017).

Research Objectives

The study attempted to extract answers from the following research objectives:

- Local economic development institutions readiness in playing an important role for the SMME's to achieve their full potential.
- SMME's request of financial, technical and operational assistance from local economic development institutions.
- The concerted facilitation by local economic development (LED) institution in support of SMME's access to markets.
- The status of the business environment in terms of being equitably levelled for the SMME's to prosper from the economic growth perspective.
- The nature of the current economic growth environment and business climate in offering SMME's sufficient opportunities to thrive from the local government sphere.
- The SMME's comprehension and understanding of the demands of the entrepreneurial, economic and competitive environment.
- The external economic environment's extent in being conducive enough for the SMME to fulfil their full growth and expansion potential.



Study Area Description

The study concentrated on the SMME's which mainly operate in the peri-urban areas, semi-rural of EThekweni Municipality which is a major tourism oriented metro. The aggregate population participation acquisition originated from EThekweni Municipality's Business Support Unit, which gave us the authorization to include their SMME member's in the study. All of the respondents who participated in the study were obtained from SMME networking platforms in and around the area of EThekweni. The authors prepared an uncontrived and structured self-administered questionnaire and only fully completed responses were included in the study. A simple random sampling undertaken in the study gave each of the respondents an equal participation opportunity.

Pilot Testing the Research Instrument

The researcher undertook a pilot testing of approximately 5% (13) participants who did not take part in the main research procedure. The questions encapsulated all the components that the study objectives espoused in the solicitation of answers to the research objectives in terms validity and reliability (Sekaran and Bougie, 2016). The Cronbach efficient Alpha of which is a measure to test research instrument reliability with specific reference to the internal consistency of 0,846 was arrived at which is acceptable for the internal reliability as it indicate a figure that is within the 0.8 range (Creswell & Creswell, 2017). The next section focused on the discussion and presentation of results that the respondents indicated which will pave the way for the study conclusion and recommendations.

Discussion and Presentation of Results

I believe that local economic development institutions are already playing an important role for the SMME's to achieve their full potential.

Local economic development institutions are already playing an important role for the SMME's to achieve their full potential.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	56	21.5	21.5	21.5
	Disagree	81	31.2	31.2	52.7
	Unsure	123	47.3	47.3	100.0
	Total	260	100.0	100.0	

Frequency table 1

Frequency table 1 indicated that in a total of 260 respondents, 21% agreed, while 31% were unsure and 47% disagreed in believing the local economic development institutions are already playing an important role for the SMME's to achieve their full potential. This could be attributed to the reality that most of the institutions are located in the Central Business District (CBD), which is quite a distant away from where the SMME's resides. Over the years, extensive literature has been generated that points to the direct relationship between the entrepreneurship and economic prosperity (Acs, 2006). This view is also supported by (Wong et al., 2005) who earlier emphasised the positive correlation between entrepreneurship and economic growth both in developed economies and emerging markets. Furthermore the respondents corroborate Mair and Marti (2009) study which revealed institutions could be construed as pivotal coalition for SMME's to flourish when they conducted their study within the context of Bangladesh.

I have requested financial, technical and operational assistance from local economic development institutions

I have requested financial, technical and operational assistance from local economic development institutions.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	4	1.5	1.5	1.5
	Disagree	256	98.5	98.5	100.0
	Total	260	100.0	100.0	

Frequency table 2



Frequency table 2 indicated that a meagre less than 2% agreed and an overwhelming 98% of the respondents disagreed that their entities have been facilitated by economic institutions to access markets and have requested financial, technical and operational assistance from local economic development institutions. This depicts the continued Low Total Entrepreneurial Activity (TEA) especially of start-up entities as reported under GEM (2017/2018) particularly in emerging economies, which continue to have low innovation capability to be competitive in global value chains. It appears that it would take a considerable time horizon into the future to mitigate the dominance of multi-national firms in the global market place and the acceleration of the systematic business linkages by authorities on behalf of SMME's (Kirsten & Rogerson, 2002). The support of SMME's should receive the attention of both the policy-makers and business leaders alike when they undertake the allocation of programs like Corporate Social Investment which could bridge the gap for the support, development and empowerment of the SMME's (Yawar & Seuring, 2017).

The local economic development institution have facilitated my business' access to markets.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	112	43.1	43.1	43.1
	Disagree	148	56.9	56.9	100.0
	Total	260	100.0	100.0	

Frequency table 3

I believe that the business environment is levelled equitably for the SMME's to prosper from the economic growth perspective.

Frequency Table 3 indicated that 43% agreed and 57% of the respondents disagreed that the business environment as levelled equitably for the SMME's to prosper from the economic growth perspective. While there is a plethora of variables that could be taken into consideration for the business climate and economic environment to be balanced. It appears that in emerging markets, entrepreneurialism support lags behind the developed economy counterparts.

The business environment is levelled equitably for the SMME's to prosper from the economic growth perspective.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	95	36.5	36.5	36.5
	Disagree	165	63.5	63.5	100.0
	Total	260	100.0	100.0	

Frequency Table 4

The current economic growth environment and business climate is offering SMME's sufficient opportunities to thrive from the local sphere of government.

Frequency table 4 indicated that 36% of the respondents agreed and 64% disagreed that the current economic growth environment and business climate is offering SMME's sufficient opportunities to thrive from the local sphere of government. The SMME's could face barriers and impediments if the window of entrepreneurial opportunity is not ideal for their identification, exploitation and exploration of market opportunities if the authorities do not level the business terrain. According to Hanushek (2013), being biased towards the human capital development accentuated the necessity of an enabling environment and the business climate for the actors in the economy. Samimi et al., (2011) made an example within the tourism and hospital industry, which could add positive effects on the economic growth, thus presenting a world of entrepreneurship opportunities to be explored.

The current economic growth environment and business climate is offering SMME's sufficient opportunities to thrive from the local government sphere.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	122	46.9	46.9	46.9
	Disagree	138	53.1	53.1	100.0
	Total	260	100.0	100.0	

Frequency table 5



As a business owner in terms of entrepreneurial mind-sets and competencies, I fully comprehend and understand the demands of the economic and competitive environment.

Frequency table 5 indicated that 47% agreed while 53%disagreed that as business owners they fully comprehend and understand the demands of the economic and competitive environment. This is tantamount to the rationale that knowledge dissemination by the authorities and the associated acquisition by the SMME beneficiaries is a key component for their businesses to succeed. With the advent of the social networks, this might be very much attainable as the pace and velocity of information and knowledge transmission is much faster than a decade earlier. De Carolis et al., (2009) viewed the value adding resource on the part of the start-up as a game changer specifically within the context of social capital environment where the economic growth challenges are resolved by the non-economic growth interventions. It should be remembered that the knowledge and information in the knowledge economy era is travelling at fast paces and in a high velocity manner that sometimes makes it difficult for an individual SMME to cope and adapt to.

I fully comprehend and understand the demands of the economic and competitive environment.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	129	49.6	49.6	49.6
	Disagree	131	50.4	50.4	100.0
	Total	260	100.0	100.0	

Frequency table 6

Frequency table 6 results indicated were surprisingly almost similar wherein 49% of SMME’s concurred and 51% disagreed that they fully comprehend and understand the demands of the economic and competitive environment. This could be attributed to the multi-disciplinary nature of entrepreneurship where all and sundry squarely are bespoken on the hands and shoulders of the SMME while the external economic environment with its volatility and uncertainty is beyond his/her control. According to Audretsch et al., (2014) the technological collaborations between SMME’s for instance could catapult an individual SMME, but the question is - “are the authorities doing enough to foster international networks and constellations?”.

In your opinion, the external economic environment is conducive enough for the SMME to fulfil their full growth and expansion potential.

The external economic environment is conducive enough for the SMME to fulfil their full growth and expansion potential.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	97	37.3	37.3	37.3
	Disagree	163	62.7	62.7	100.0
	Total	260	100.0	100.0	

Frequency table 7

Frequency table 7 indicated that 37% agreed and 63% disagreed that, in their opinion, external economic environment are conducive for the SMME’s to fulfil their full growth and expansion potential. They posited that the gap between the aspirations on the part of the authorities and the policy makers and the captains of industry should also be put under spotlight. The country has a plethora of transformational and progressive policies, plans, programs and regulatory strategies but it appears that they are still a long shot from realizing their mandate. According to Borgatti and Halgin (2011) the significance of the external environment is presented by network platforms for SMME’s to access external resource. This narration was paved by the earlier works of Granovetter (1977) in his articulation of the vital importance of strengths of weak ties (SWT) theory and then later corroborated Burt (2009) with his structural holes (SH) theory that contextualizes that the external environment confronts economic fraternity actors including the SMME’s.



Conclusion and Recommendations

Our findings reflect structural gaps from the institutional gravitas perspective that put the dereliction squarely on the hands of both the public office bearers and the business captains of industries in terms of their mandated duties. The institutions have been bestowed with the custodianship of pursuing and fulfilling the institutional resources gap that hinders the SMME's to grow and sustain their entities. Furthermore the empirical evidence in the study revealed that there are more impediments than inducements on the plight of the SMME's not only within the tourism value chain but across the entire business landscape and entrepreneurial ecosystem.

The country boasts a state of the art constitution and an avalanche of strategic programs, plans and visions, but the reality on the ground especially on behalf of the SMME's paints a dire picture. While according to the global standards benchmarks and ratings, the country continues to be sluggish in terms of entrepreneurial activity, competitiveness and innovation stakes, and the problem is exacerbated by the reluctance on the part of the policy-makers and the captains of industry to consider transitioning into a more value adding and technologically driven economic philosophy. Therefore bolstering the economic and the business landscape coupled with the institutional certainty within the Resource Based Model context should be taken as the priority if the SMME's plight has to be addressed and improved. If the policy-makers and the captains of industry espouse to collectively reduce the socio-economic ills of poverty, unemployment and income inequalities, they need to robustly not only support and develop the SMME's systematically and logically, but they have to ensure that the local economic markets are proactively protected against the ever-increasing inflows of imported goods and services that could have been easily been manufactured locally.

References

- Acs, Z. (2006). How is entrepreneurship good for economic growth? *Innovations: technology, governance, globalization*, 1, 97-107.
- Acs, Z. J., Desai, S. & Hessels, J. (2008). Entrepreneurship, economic development and institutions. *Small business economics*, 31, 219-234.
- Aidis, R., Estrin, S. & Mickiewicz, T. (2008). Institutions and entrepreneurship development in Russia: A comparative perspective. *Journal of Business Venturing*, 23, 656-672.
- Aldebert, B., Dang, R. J. & Longhi, C. J. T. M. (2011). Innovation in the tourism industry: The case of Tourism@. 32, 1204-1213.
- Audretsch, D. B., Lehmann, E. E. & Wright, M. (2014). Technology transfer in a global economy. *The Journal of Technology Transfer*, 39, 301-312.
- Baumol, W. J., Litan, R. E. & Schramm, C. J. (2007). *Good capitalism, bad capitalism, and the economics of growth and prosperity*, Yale University Press.
- Bonchek, M. S. & Shepsle, K. A. (1996). *Analyzing Politics: Rationality, Behavior and Institutions (New Institutionalism in American Politics)*. WW Norton & Company, New York.
- Borgatti, S. P. & Halgin, D. S. (2011). On network theory. *Organization science*, 22, 1168-1181.
- Bouchikhi, H. (1993). A constructivist framework for understanding entrepreneurship performance. *Organization Studies*, 14, 549-570.



- Bridge, S. & O'Neill, K. (2012). *Understanding enterprise: Entrepreneurship and small business*, Macmillan International Higher Education.
- Bruneel, J., Spithoven, A. & Maesen, A. (2007). Building trust: a matter of proximity? *Frontiers of Entrepreneurship Research*.
- Bruton, G. D., Ahlstrom, D., Li, H. L. (2010). Institutional theory and entrepreneurship: where are we now and where do we need to move in the future? 34, 421-440.
- Burt, R. S. (2009). *Structural holes: The social structure of competition*, Harvard university press.
- Busenitz, L. W., Gomez, C. & Spencer, J. W. (2000). Country institutional profiles: Unlocking entrepreneurial phenomena. *Academy of Management journal*, 43, 994-1003.
- Cabiddu, F., Lui, T. W. & Piccoli, G. (2013). Managing value co-creation in the tourism industry, 42, 86-107.
- Creswell, J. W. & Creswell, J. D. (2017). *Research design: Qualitative, quantitative, and mixed methods approaches*, Sage publications.
- Croitoru, A. (2012). The Theory of Economic Development: An Inquiry into Profits, Capital, Credit, Interest and the Business Cycle, translated from the German by Redvers Opie, New Brunswick (USA) and London (UK): Transaction Publishers. *Journal of comparative research in anthropology and sociology*, 3, 1-13.
- De Carolis, D. M., Litzky, B. E. & Eddleston, K. A. (2009). Why networks enhance the progress of new venture creation: The influence of social capital and cognition. *Entrepreneurship theory and practice*, 33, 527-545.
- De Clercq, D., Danis, W. M. & Dakhli, M. (2010). The moderating effect of institutional context on the relationship between associational activity and new business activity in emerging economies. *International Business Review*, 19, 85-101.
- Fink, L., Neumann, S. (2009). Exploring the perceived business value of the flexibility enabled by information technology infrastructure. 46, 90-99.
- Frese, M. (2007). The psychological actions and entrepreneurial success: An action theory approach. 151.
- Granovetter, M. S. (1977). The strength of weak ties. *Social networks*. Elsevier.
- Gupta, V. K., Guo, C., Canever, M., Yim, H. R., Sraw, G. K. & Liu, M. (2014). Institutional environment for entrepreneurship in rapidly emerging major economies: the case of Brazil, China, India, and Korea. *International Entrepreneurship and Management Journal*, 10, 367-384.
- Hanushek, E. A. (2013). Economic growth in developing countries: The role of human capital. *Economics of Education Review*, 37, 204-212.
- Hillman, A. J., Withers, M. C. & Collins, B. J. (2009). Resource dependence theory: A review. 35, 1404-1427.
- Hulland, J., Wade, M. R. & Antia, K. D. (2007). The impact of capabilities and prior investments on online channel commitment and performance. 23, 109-142.



Indaba-South Africa.CO.ZA. Available online at : <https://indaba-southafrica.co.za/travel.indaba2019/> .[Accessed 15 June 2019].

Iyer, K. N., Germain, R., Claycomb, C. (2009). B2B e-commerce supply chain integration and performance: A contingency fit perspective on the role of environment. 46, 313-322.

Johannisson, B. & Mønsted, M. (1997). Contextualizing entrepreneurial networking: The case of Scandinavia. *International Studies of Management & Organization*, 27, 109-136.

Kim, H., Kim, H. & Hoskisson, Robert , E.H. (2010). Does market-oriented institutional change in an emerging economy make business-group-affiliated multinationals perform better? An institution-based view. 41, 1141-1160.

Kirsten, M. & Rogerson, C. M. (2002). Tourism, business linkages and small enterprise development in South Africa. *Development Southern Africa*, 19, 29-59.

Kostova, T. (1999). Transnational transfer of strategic organizational practices: A contextual perspective. *Academy of management review*, 24, 308-324.

Laivie, (2007). Alliance portfolios and firm performance : A study of value creation and appropriation in the US software industry. 28, 1187-1212.

Lerner, M. & Almor, T. (2002). Relationships among strategic capabilities and the performance of women-owned small ventures. 40, 109-125.

Liang, T. P., You, J. J., Liu,C.C. (2010). A resource-based perspective on information technology and firm performance: a meta analysis. 110, 1138-1158.

Mair, J. & Marti, I. (2009). Entrepreneurship in and around institutional voids: A case study from Bangladesh. 24, 419-435.

Man, T. W. & Lau, T. (2000). Entrepreneurial competencies of SME owner/managers in the Hong Kong services sector: A qualitative analysis. 8, 235-254.

Manolova, T. S., Eunni, R. V. & Gyoshev, B. S. (2008a). Institutional environments for entrepreneurship: Evidence from emerging economies in Eastern Europe. *Entrepreneurship Theory and Practice*, 32, 203-218.

Manolova, T. S., Eunni, R. V., Gyoshev, B. S. (2008b). Institutional environments for entrepreneurship: Evidence from emerging economies in Eastern Europe. 32, 203-218.

Markus, H. & Zajonc, R. B. (1985). The cognitive perspective in social psychology. 1, 137-230.

Mbonyane, B. & Ladzani, W. (2011). Factors that hinder the growth of small businesses in South African townships. *European Business Review*, 23, 550-560.

Mishra, C. S. & Zachary, R. K. (2015). The theory of entrepreneurship. 5, 251-268.

Mitchelmore, S., Rowley, J. (2010). Entrepreneurial competencies: a literature review and development agenda. 16, 92-111.

Morgan, S. L., Marsden, T., Miele, M. & Morley, A. (2010). Agricultural multifunctionality and farmers' entrepreneurial skills: A study of Tuscan and Welsh farmers. 26, 116-129.



North, D. (1990a). *Institutions, Institutional Change and Economic Performance*-Cambridge, UK.

North, D. C. (1990b). *Institutions, institutional change and economic performance*, Cambridge university press.

O'Connor, A. (2013). A conceptual framework for entrepreneurship education policy: Meeting government and economic purposes. *Journal of Business Venturing*, 28, 546-563.

Peng, M. W. & Delios, A. (2006). What determines the scope of the firm over time and around the world? An Asia Pacific perspective. Springer.

Phelan, C. & Sharpley, R. (2012). Exploring entrepreneurial skills and competencies in farm tourism. 27, 103-118.

Powell, W. W. & Di Maggio, P. J. (2012). *The new institutionalism in organizational analysis*, University of Chicago press.

Ravichandran, T., Liu, Y., Han, S. & Hasan, I. (2009). Diversification and firm performance: exploring the moderating effects of information technology spending. 25, 205-240.

Rogerson, C. (2014). Reframing place-based economic development in South Africa: the example of local economic development. 24, 203-218.

Samimi, A. J., Sadeghi, S. & Sadeghi, S. (2011). Tourism and economic growth in developing countries: P-VAR approach. *Middle-East Journal of Scientific Research*, 10, 28-32.

Sarason, Y., Dean, T. & Dillard, J. F. (2006). Entrepreneurship as the nexus of individual and opportunity: A structuration view. *Journal of business venturing*, 21, 286-305.

Schallenkamp, K. & Smith, W. L. (2009). Networking and entrepreneurial ventures. *International Journal of Management and Enterprise Development*, 6, 230.

Schumpeter, J. A. (1934). *The theory of economic development: An inquiry into profits, capital, credit, interest, and the business cycle*, Transaction publishers.

Scott, W. R. (2008). *Institutions and organizations: Ideas and interests*, Sage.

Scott, W. R. & Meyer, J. W. (1991). The rise of training-programs in firms and agencies-an institutional perspective. *Research in organizational behavior*, 13, 297-326.

Scott, W. R. & Meyer, J. W. (1994). *Institutional environments and organizations: Structural complexity and individualism*, Sage.

Sekaran, U. & Bougie, R. (2016). *Research methods for business: A skill building approach*, John Wiley & Sons.

Shane, S. A. (2003). *A general theory of entrepreneurship: The individual-opportunity nexus*, Edward Elgar Publishing.

South African Tourism Annual Report (2017/2018). Available online at: <https://live.southafrica.net/media/> . [Accessed 8 May 2019].



- Smith, D. A. & Lohrke, F. T. 2008. Entrepreneurial network development: Trusting in the process. *Journal of Business Research*, 61, 315-322.
- Veciana, J. M. & Urbano, D. (2008). The institutional approach to entrepreneurship research. Introduction. Springer.
- Wang, Y.-L., Ellinger, A. D. & Jim Wu, Y.-C. (2013). Entrepreneurial opportunity recognition: an empirical study of R&D personnel. *Management Decision*, 51, 248-266.
- Webb, J. W., Tihanyi, L., Ireland, R. D. & Sirmon, D. G. R. 2009. You say illegal, I say legitimate: Entrepreneurship in the informal economy. 34, 492-510.
- Welter, F. & Smallbone, D. (2011). Institutional perspectives on entrepreneurial behavior in challenging environments. *Journal of Small Business Management*, 49, 107-125.
- Wong, P. K., Ho, Y. P. & Autio, E. (2005). Entrepreneurship, innovation and economic growth: Evidence from GEM data. *Small business economics*, 24, 335-350.
- Yawar, S. A. & Seuring, S. (2017). Management of social issues in supply chains: a literature review exploring social issues, actions and performance outcomes. *Journal of Business Ethics*, 141, 621-643.