

Internal Factors Affecting Rural Tourism SMMEs in South Africa

Abstract

Takalani RAMUKUMBA 

Department of Tourism and Hospitality
Management, Walter Sisulu University,
Email, tramukumba@wsu.ac.za
Corresponding Author

Mahlatse Victor SETHWANA 

Department of Global Tourism and
Hospitality, MANCOSA,
Email, victor.sethwana@mancosa.co.za
Corresponding Author

This study delves into the internal factors affecting tourism small and medium-sized enterprises (SMMEs) in South Africa, highlighting the importance of these factors for the sustainability and growth of these enterprises in a rural setting. Using a quantitative approach, data was gathered from 100 registered tourism SMMEs via an online survey and analysed with descriptive statistics and SPSS software. The findings reveal that most managers feel confident in their experience and training and are comfortable handling financial statements. However, accessing finance remains a significant challenge due to insufficient information, lack of collateral, and high interest rates. While there is a positive attitude towards technology, financial constraints and a lack of technical skills hinder its adoption. This study contributes to the literature by providing a detailed examination of the internal challenges faced by tourism SMMEs in a rural context, filling a gap in understanding how these factors impact on sustainability and growth. The findings offer practical insights for policymakers and stakeholders, emphasising the need for enhanced financial management training, improved access to finance, and support for technology adoption to bolster the sustainability and growth of tourism SMMEs.

Keywords Access to finance, internal factors, rural tourism, managerial competency, tourism SMMEs.

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Introduction

Tourism Small, Medium, and Micro-sized Enterprises (SMMEs) in rural areas are critical to the economic growth and job creation of many regions, including South Africa (Enaifoghe & Ramsuraj, 2023). Despite their significant contributions, tourism SMMEs face numerous internal challenges threatening their survival and growth. It is concerning that SMMEs in South Africa have high failure rate. In first year of operation 40% of newly established businesses in the country fail (Bushe, 2019). After two years, this failure rate rises to 60%, and in the first ten years after launch, it reaches a staggering 90%. The significance of addressing the internal factors that contribute to SMME vulnerability is highlighted by these statistics. As stated by Naradda et al. (2020), Istanti (2021), Khokhobaia (2019), Makhitha (2017), Reindrawati (2020), Sade et al. (2017), Shafiee & Karoubi (2018), and Shin et al. (2020), SMMEs in the tourism industry face challenges such as inadequate knowledge, skills, and capabilities to understand and deal with internal challenges. According to Zampoukos & Ioannides (2011) and Adel et al. (2011), a significant threat to the survival of tourism SMMEs is the lack of knowledge about changes in the business environment and the shortage of knowledgeable, experienced, and qualified management and staff to handle these difficulties. Geneva (2010) goes on to say that employees of SMMEs in the tourism industry require additional professional credentials and training. As a result, this study looks at the internal variables influencing the development and survival of rural tourism SMMEs, which in turn affects their ability to create jobs and reduce poverty. This study aimed to examine the internal factors affecting rural tourism SMMEs' survival and growth in South Africa and data was collected in Greater Letaba Municipality, Limpopo province. To guide its investigation, the following research questions were formulated: What role does the lack of managerial competencies have on the growth and survival of rural tourism SMMEs? How vital are technological capabilities and access to technology to the growth and survival of the SMMEs? How does access to finance contribute to the success and failure of rural tourism SMMEs?

The theoretical framework guiding this study is based on the finance gap theory and resource dependency theory. The finance gap theory (Bolton, 1971) highlights the difficulties rural tourism SMMEs face in accessing external funding due to knowledge and supply gaps. These businesses often rely on personal savings or informal financial support, leading to high failure rates. The resource dependency theory (Pfeffer & Salancik, 1978) emphasizes the importance of strong relationships with stakeholders to secure necessary resources. By understanding and managing internal resources effectively, SMMEs can enhance their performance and reduce their dependency on external factors, which is crucial for their survival and growth. These theoretical perspectives provide a framework for analysing how managerial competencies, technological capabilities, and access to finance impact rural tourism SMMEs' ability to thrive and contribute to job creation and poverty alleviation.

Literature review

Rogerson et al. (2022) noted that the potential of rural tourism in rural areas with potential for development through tourism has constantly been confronted by the challenges for tourism development of SMMEs. One of the noted challenges for rural tourism SMMEs is the lack of information and communication technologies that can boost the growth potential of these rural tourism enterprises. It was pointed out that the development and management of a rural tourism sector that optimises socio-economic benefits is contingent on formulating appropriate tourism policies and plans and developing adequate institutional capacity for their implementation (Mafukata et al., 2021). Noting the challenges for tourism SMMEs in rural areas, it is important to note that tourism is a multifaceted industry that involves a wide range of stakeholders, including government



bodies, hospitality sectors such as food and beverage, travel operators, transport services, and retailers. Tourism operators, who interact directly with tourists, play a crucial role and are key links in the supply chain. They help to reveal the natural, cultural, and heritage potential of specific locations, turning them into tourist attractions (Koh & Hatten, 2002). Similarly, Komppula (2016) highlights the importance of the tourism supply chain and entrepreneurs in enhancing the overall competitiveness of a destination. These entrepreneurs are predominantly small and medium-sized enterprises (SMMEs). According to Mshenga & Richardson (2013), despite their "small scale," SMEs are vital to the tourism industry, serving as its backbone, with many tourism destinations being initiated by small enterprises (Getz & Petersen, 2005). The tourism sector is largely composed of SMMEs, particularly in rural areas. Given their significance, the role of SMMEs in tourism is a key focus of research and policy analysis due to their potential to alleviate poverty, boost income, and drive economic development (Mshenga & Richardson, 2013). However, despite this potential, tourism SMMEs also face numerous ongoing challenges. Compared to well-established large corporations, SMMEs are more susceptible to market pressure, have less capital, and need more skills (Jones & Haven-Tang, 2005). Besides the challenges relating to market pressures and lack of capital, these SMMEs also face challenges of being part of governance structures in their communities (Mshenga & Richardson, 2013). These SMMEs are often included in decision-making processes, and their voices are mostly unheard (Koh & Hatten, 2002). Various internal factors influence the performance of SMMEs in the tourism sector, including managerial competencies, access to finance, and technological capabilities. These factors will now be briefly discussed in the next section.

Managerial competencies

Lubbe (2013) emphasizes that managerial competencies have a significant influence on the performance of tourism SMMEs. These competencies are assessed through factors such as business management experience, tourism education and training, customer service skills, and experience in starting up tourism ventures (Lerner & Haber, 2010). In South Africa, the lack of tourism business-related skills among many tourism owners or managers is a contributing factor to the high failure rates in the sector (Gedye, 2004). Mokoena & Liambo (2023) also underscores the shortage of skilled tourism SMME owners or managers in South Africa. Mahony & van Zyl (2012) identified insufficient managerial competencies and a lack of capital as key factors leading to the failure of rural tourism SMMEs. Orford et al. (2014), supported by Kaplan (2014), warned that the lack of education and experience by many rural tourism SMMEs owners threatens the survival of their SMMEs. OECD (2016) advancing the ideas of Morrison & Teixeira (2014), Okpara & Kabongo (2015), Alattar et al. (2009), Shaw et al. (2012) and those of Njobeni (2014) noted that many entrepreneurs in the tourism industry, especially those operating in rural areas, start their businesses without managerial capabilities, lack of business planning, and strategic skills in the hope of creating employment for themselves and others, but the lack of financial management knowledge, which is crucial in acquiring resources and achievement of goals, lead to high failure rate of those businesses. Tushabomwe-Kazooba (2016) stated that a lack of basic accounting knowledge, poor recordkeeping, and understanding of cash flow management contributes to high failure rates of tourism SMMEs. Other authors, such as Rogerson (2009) and Adinolfi et al. (2018), suggested that the lack of financial knowledge and managerial competencies has seen many SMMEs outsource these services in attempting to bridge the gap and reduce the possibilities of failure rates by tourism SMMEs. Mosweunyane (2016) noted that ineffective marketing by tourism SMMEs and a lack of marketing skills contribute to high failure rates, and this threatens the potential that tourism SMMEs, especially those operating from rural areas, have in contributing to employment creation and economic development (Urban & Naidoo, 2012).

Access to finance

Limited access to finance is a significant barrier to the growth and survival of tourism SMMEs in South Africa (Rhodri et al., 2011), and it is a key factor behind the low job creation and high failure rates within the sector (Orford et al., 2014; Makwara, 2019). Tourism SMMEs experience greater difficulties in accessing finance compared to larger businesses, a challenge that is particularly common in developing countries (Sheikh, 2015), and has been observed in emerging economies such as China (Seebaluck et al., 2015). Brouder & Eriksson (2013) point out that the small size of tourism SMMEs makes them more susceptible to market fluctuations, leading to higher failure rates and making financial institutions hesitant to extend credit. This lack of financial access in underdeveloped countries hinders economic growth and prosperity (Aziz et al., 2012). The underdevelopment of tourism SMMEs, especially in rural areas, is rooted in limited access to financial resources (Rambe, 2017). Financial resources are crucial for the growth and success of tourism SMMEs (Haron et al., 2013). The 2008 financial crisis exacerbated the difficulty for tourism SMMEs to access finance, making financial institutions more cautious (Haron et al., 2013). This crisis made funding processes more challenging, especially in developing countries with insufficient financial support for tourism SMMEs (Aziz et al., 2012). Newly established tourism SMMEs in South Africa have a high failure rate, mainly due to a need for more external finance (Chili & Mabaso, 2016).

Thomas et al. (2011) notes that most tourism SMMEs rely on internal finance from friends and family, which is often insufficient. Therefore, external finance is critical for managing cash flow challenges. Tourism SMMEs finance falls into loan and equity finance (Chili & Mabaso, 2016). Accessing finance from banks is particularly challenging (Aziz et al., 2012). Factors like the age and size of tourism SMMEs influence their ability to secure loans, as banks use this information for loan collateral evaluations (Majed et al., 2010). Due to inadequate business profiles and owners' credit histories, small tourism enterprises must often meet financial loan credit scores (Seebaluck et al., 2015). They primarily rely on internal funding sources (Klapper et al., 2010). Larger tourism SMMEs with more assets have better chances of securing loans due to a favourable debt ratio (Prakash et al., 2011). However, many tourism SMMEs operate informally, and financial institutions require more transparency

(Seebaluck et al., 2015). Collateral is often a requirement for loans, making it easier for tourism SMMEs with sufficient assets (Nieman et al., 2008). Increased collateral requirements further disadvantage tourism SMMEs (Li, 2016). The lack of credit history and financial statements exacerbates this issue (Okpara & Kabongo, 2015). Additionally, many tourism SMME owners need to gain knowledge of the processes to access finance and the available financial resources (Nyahunzvi, 2014).

Technological capabilities

Tourism SMME use technology for a range of routine activities, such as booking customers, handling online payments, handling phone calls, sending and receiving emails, printing, filing documents online, and carrying out transactions. However, some SMMEs lack technological know-how and continue to rely on manual methods, such as using books for record-keeping instead of adopting technological software, despite support from the government and organisations (Popescu, 2019). These businesses often need more online visibility, business websites, and social media presence, making it difficult for them to compete and grow (Dawayan & Sondoh, 2015). Financial constraints hinder tourism SMMEs' technological advancement, causing difficulty accessing information, training, and advanced technology. These businesses often reduce investment in technology and need help to keep up with the rapidly changing technological environment (Dakela, 2005). To succeed, tourism SMMEs must embrace the latest technology, enabling them to operate and reach customers online 24/7. Online booking software can sell intangible tourism products, like rooms. Commitment to technology is crucial for profitability, as neglecting it makes businesses vulnerable and less competitive (Longenecker et al., 2012). Technology aids tourism SMMEs in accessing financial and business development information, allowing competition with larger enterprises. ICT application enhances business performance by storing information and facilitating communication with customers, suppliers, stakeholders, and external funders, reducing operating expenses (Heath, 2001). However, SMMEs often need more skills to adapt to technological changes, compounded by limited financial resources and information on available funding, which hinders their ability to leverage technology for business development and global market competition. Internal factors, such as managerial competency, financial management, and technological skills, are crucial for accessing funding and support.

Methodology

The study utilised a quantitative research approach and used online surveys. Through a pilot test of five professionals in the tourism industry, it was ensured that the crafted questions were clear, concise, and unbiased. However, the questions also avoided leading respondents to influence their answers. The online survey was distributed via email and LinkedIn, and a survey link was provided. The study targeted tourism Small Medium micro-sized enterprises listed in the database of Limpopo Department of Economic Development, Environment, and Tourism (LEDET), which included 125 registered SMMEs. To be eligible for the study, an SMME needed to have been in operation for at least three years, based on Mutezo's (2013) finding that most tourism SMMEs fail within their first two years. Consequently, 25 out of the 125 SMMEs were excluded for not meeting this criterion. Regarding ethical considerations, all participants provided informed consent, ensuring they were fully aware of their participation. Anonymity and confidentiality were strictly maintained, and participants were given an option to pull out from the study at any time. The researchers guaranteed that anonymity would be preserved in the presentation and publication of the research results.

This study was conducted at Greater Letaba Municipality (see Figure 1 below).

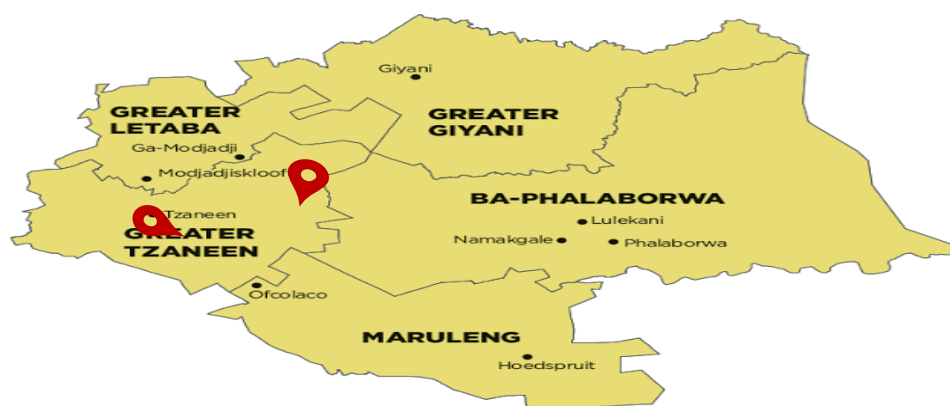


Figure 1: Map showing location of Greater Letaba Municipality

Source: www.greaterletabamunicipality.co.za

Greater Letaba Municipality (GLM) is one of Mopani District Municipality's local municipalities. According to the Greater Letaba Local Municipality (GLM) Integrated Development Plan (IDP), 2019/2020, tourism is labelled a spatial opportunity. There is a vast potential in terms of suitable resources in the municipal area. The availability of the Rain Queen Modjadji influences tourism-related development in the area; the biggest Baobab tree in Africa is located within the Municipality neighbouring Ga-Kgapang Township. The vast potential available in the region contributes to the enhancement



of tourism facilities such as the selling of crafts by local people, accommodations facilities, and convention centre. In its vicinity, the African Ivory Route that passes through Modjadjiskloof can bring unprecedented local economic growth to both Modjadjiskloof as a town and the entire Municipality. There are also key elements that present opportunities with tangible spatial impacts: Modjadji Nature Reserve with Encephalartos transversus Cycad Forestry only available in the Municipality; vast tomato plantation of ZZ2; Modjadji waterfall; Manokwe Caves Modjadji Lodge and Nahakwe Mountain Lodge.

Results and discussion

Data collection was collected through an online survey, and their responses were recorded and analyzed using Statistical Package for the Social Sciences (SPSS) version 28. This section presents the findings and discusses the findings of the study.

Biographical information

Table 1 below provides a biographical profile of the participants. The sample was mostly made up of owners of tourism SMMEs (50%). Most participants held a bachelor's degree or National Diploma as their highest qualification (46%). Most participants had 11-20 years of experience (44%) and primarily operated guesthouse establishments (41%).

Table 1: Biographical profile of participants

	Frequency	Percentage
Business Role:		
Owner	50	50%
Manager	16	16%
Locum	30	30%
Other	4	4%
Total	100	100%
Education:		
Grade 12	18	18%
Bachelor's degree/National Diploma	46	46%
Honours/B-Tech	20	20%
Masters/M-Tech	15	15%
Doctoral degree/D-Tech	1	1%
Total	100	100%
Experience:		
Less than a year	1	1%
1-4 years	15	15%
5-10 years	25	25%
11-20 years	44	44%
21- above	15	15%
Total	100	100%
Type of Business:		
Hotel	5	5%
B&B	16	16%
Guesthouse	41	41%
Lodge	14	14%
Resort	1	1%
Tour operator/travel agent	7	7%
Other	16	16%
Total	100	100%
Number of Employees:		
Less than 5	48	48%
5-20	38	38%
21-50	12	12%
51-100	2	2%
Total	100	100%

Managerial competencies

Based on the findings in Table 2 below, most respondents (52%) strongly disagreed that management had little to no prior experience in business management, and 46% strongly disagreed that management had limited experience in managing this type of business. A combined 60% of respondents strongly and disagreed and disagreed regarding having lack of managerial skills to manage their businesses. This finding could be attributed to the number of years that surveyed tourism SMMEs have been in business with 44% having been in business for between 11 and 20 years, whilst 15% have been in operation for 21 years and above. Similarly, 25% of the SMMEs have been in operation for between 5 and 10 years. However, a small number still indicated a lack of experience, with 9% agreeing and 3% strongly agreeing. Regarding training, 39% strongly disagreed that management had limited training in business management, but 14% agreed that there was a lack of training. The findings indicate a mixed perception of managerial experience and training among tourism SMMEs in the Greater Letaba Municipality. While most respondents believe management possesses adequate experience and training, a notable portion still highlights deficiencies. This suggests a need for continuous professional development and targeted training programs to equip managers with the necessary skills and knowledge, ensuring better preparedness and competency in managing their businesses. These results contradict the findings of Gedye (2004), who contested that in South Africa, only some tourism owners or managers possess the necessary tourism business-related skills, contributing to high failure rates. Gedye's 2004 view was further supported by Mokoena & Liambo (2023) who highlighted a need for more skilled tourism SMME owners. Therefore, the contradiction of this study's results can be interpreted as enormous efforts that tourism SMMEs have taken to educate themselves on management and training to manage their SMMEs successfully.



Table 2. Tourism SMMEs managerial skills, experience and training

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Lack of managerial skills is a challenge for my business	8%	17%	15%	29%	31%
The management has little to no prior experience in business management	3%	9%	13%	23%	52%
The management has little to no prior experience in managing this type of business	4%	12%	8%	30%	46%
The management has limited training in business management	4%	14%	9%	34%	39%
The management has limited training in financial management and financial planning	8%	12%	18%	25%	37%
The management has limited training and knowledge in marketing	4%	18%	19%	25%	34%
The management has limited training in bookkeeping and accounting	9%	18%	20%	24%	29%

The results relating to SMMEs' understanding and confidence in preparing and understanding financial matters of their businesses are encouraging; see Table 3 below. In the majority, respondents expressed confidence in understanding financial matters in their SMMEs in their ability to understand and prepare financial statements, trading budgets, cash flow forecasts, and analyse financial statements by either strongly disagreeing or disagreeing with statements relating to lack of or limited experience in these areas of business operations. The results indicate that 62% of respondents strongly disagreed or disagreed that they have the necessary skills to analyse financial statements. The results reveal that 59% of respondents disagreed that they need more skills to prepare cash flow forecasts. The results clearly show that respondents' confidence in their ability to handle financial tasks, such as preparing financial statements and cash flow forecasts, underscores a critical gap. These results once more reveal contradiction to the views of Rogerson (2009) and Adinolfi et al. (2018), who suggested that the lack of financial knowledge and managerial competencies has seen many SMMEs outsource these services in attempting to bridge the gap and reduce the possibilities of failure rates by tourism SMMEs. The results further dispute the findings of Tushabomwe-Kazoooba (2016), whose findings acknowledge that lack of basic accounting knowledge, poor recordkeeping, and understanding of cash flow management contributes to high failure rates of tourism SMMEs.

Table 3. Tourism SMMEs managerial skills to undertake financial functions.

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The management of the business lack necessary skills to analyse financial statements	31%	31%	16%	14%	8%
The management of the business lack necessary skills to prepare cash flow forecasts	28%	31%	12%	19%	10%
The management of the business has limited skills to prepare trading budgets	28%	28%	15%	19%	10%
The management of the business has limited skills to prepare financial statements	21%	24%	18%	23%	14%

Table 4 shows the results of an ANOVA test was conducted to see if there were any statistically significant differences between managerial competencies and the necessary skills to undertake the financial functions of the SMME. The Levene statistic for homogeneity of variances was 2.137 (df = 2, 97) with a p-value of 0.124, indicating equal variances across groups. The Welch statistic was 1.376 (df1 = 2, df2 = 36.875) with a p-value of 0.265, suggesting no significant difference in means. The ANOVA results showed a between-groups sum of squares of 3.315 (df = 2), a mean square of 1.658, an F-value of 1.091, and a p-value of 0.340, indicating no significant differences in means. Tukey HSD multiple comparisons also revealed no significant differences among the groups (more complex, easier, and stayed the same), with all p-values exceeding 0.05. Thus, the results suggest that managerial competency does not significantly impact the necessary skills to undertake the financial functions of the tourism SMMEs. A further ANOVA test was conducted to see if any statistically significant differences existed between managerial competencies and the successful running of the SMME in the previous year of operation.

Table 4: ANOVA test for managerial competencies and skills to undertake financial statements

Tests of Homogeneity of Variances						
		Levene Statistic	df1	df2	Sig.	
The extent to which the management/owner of the business has the necessary skills to undertake the financial functions.	Based on Mean	2.137	2	97	0.124	
	Based on Median	1.878	2	97	0.158	
	Based on the Median and with adjusted df	1.878	2		0.158	
	Based on trimmed mean	2.070	2	97	0.132	
ANOVA						
The extent to which the management/owner of the business has the necessary skills to undertake the financial functions.						
	Sum of Squares	df	Mean Square	F	Sig.	
Between Groups	3.315	2	1.658	0.563	0.9525	
Within Groups	147.347	97	1.519	0.042	0.158	
Total	150.662	99				
Dependent Variable:						
Tukey HSD						
(I) Running a successful SMME in the previous year		Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
More difficult	Easier	-0.30296	0.36701	0.688	-1.1765	0.5706
	Stayed the same	0.27740	0.28362	0.592	-0.3977	0.9525
Easier	More difficult	0.30296	0.36701	0.688	-0.5706	1.1765
	Stayed the same	0.58036	0.40343	0.325	-0.3799	1.5406
Stayed the same	More difficult	-0.27740	0.28362	0.592	-0.9525	0.3977
	Easier	-0.58036	0.40343	0.325	-1.5406	0.3799

The ANOVA analysis revealed no significant association between the success of running an SMME and managerial competencies. The p-values for the variances' homogeneity tests ranged from 0.034 to 0.042, indicating some evidence of heterogeneity. The Tukey HSD multiple comparisons also showed no significant differences in managerial experience, skills, and training across different performance categories, with all p-values exceeding 0.05. ANOVA results yielded an F-value of 0.563 with a p-value of 0.501, suggesting no significant relationship between the challenges faced by tourism SMMEs and managerial competencies. These results suggest no significant relationship between the successful operation of tourism SMMEs and managerial competency. Other factors may be more influential in determining the success and challenges of these enterprises.



Access to finance

Access to finance is a major internal factor influencing the growth and survival of tourism SMMEs in GLM. The findings of the study revealed that 71% of respondents think that obtaining financing is a major obstacle to the growth and survival of small and medium-sized tourism businesses. These findings corroborate previous research by Rhodri et al. (2011) and Aziz et al. (2012), which claimed that financial institutions are hesitant to finance SMMEs and that a lack of financing severely impedes the growth and survival of tourism related SMMEs in South Africa. These results further affirm the findings of Rambe (2017), who noted that the underdevelopment of tourism SMMEs, especially those in rural areas, is rooted in limited access to financial resources. The study results about financial issues reveal that tourism SMMEs need more information to secure external finance as reflected in Table 5 below. The results indicate that 53% of the combined respondents strongly agree that the need for more information about external financing is challenging. The highest agreement amongst the respondents (77%) was on high interest rates, which made it difficult for SMMEs to secure finance. The results further reveal that 60% of respondents noted difficulties related to insufficient collateral to access funding for their SMMEs. Poor-quality business information is another concern, affecting 62% of the respondents. The absence of experienced management is seen as a challenge by 45% of the respondents. At the same time, opinions on the effect of business age on financing access are more mixed, with 37% in agreement and 38% remaining neutral. The study's results about challenges in accessing funding are consistent with those of Aziz et al. (2012), who noted that accessing finance from banks is particularly challenging. These results also conform to earlier findings by Majed et al. (2010), who claimed that factors like the age and size of tourism SMMEs influence their ability to secure loans, as banks use this information for loan collateral evaluations. Due to inadequate business profiles and owners' credit histories, small tourism enterprises must often meet financial loan credit scores (Seebaluck et al., 2015). The results further align with those of Nieman et al. (2008), whose arguments were that collateral is often a requirement for loans, making it easier for tourism SMMEs with sufficient assets to access funding. These results also concur with Okpara & Kabongo's (2015) findings, which noted that increased collateral requirements further disadvantage tourism SMMEs, and the lack of credit history and financial statements exacerbate this issue (Li, 2016).

Table 5. Tourism SMMEs and accessing finance

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Lack of information about external finance is a challenge for tourism SMMEs	29%	24%	24%	14%	9%
Tourism SMMEs face difficulties due to lack of collateral for accessing finance	29%	31%	27%	9%	4%
The lack of awareness about available funding poses a challenge for tourism SMMEs	31%	32%	24%	8%	5%
Poor quality business information hinders tourism SMMEs access to finance	23%	39%	24%	8%	6%
The absence of experienced/skilled management creates obstacles for tourism SMMEs to secure funding	15%	30%	25%	16%	14%
High interests rate on loans creates difficulties for tourism SMMEs in accessing finance	44%	33%	15%	6%	2%
The age of the business affects the ability of tourism SMMEs to access finance	17%	21%	36%	16%	10%
Poor credit scoring is a hinderance for tourism SMMEs seeking financing	19%	27%	34%	11%	9%

The Chi-square analysis was conducted to examine the association between the length of time a company has been in operation and the significant challenge faced by finance to the business's survival, see Table 6 below.

Table 6: Association between length of time company been in operation and finance as significant challenge to the business's survival

		Finance poses a significant challenge to the survival of your business		Total	
		Yes	No		
Length of time company been in operation	<3 years	Count	5	0	5
		Expected Count	3,6	1,5	5,0
		Residual	1,5	-1,5	
	3-5 years	Count	10	0	10
		Expected Count	7,1	2,9	10,0
		Residual	2,9	-2,9	
	6-9 years	Count	16	6	22
		Expected Count	15,6	6,4	22,0
		Residual	0,4	-0,4	
	10-15 years	Count	14	8	22
		Expected Count	15,6	6,4	22,0
		Residual	-1,6	1,6	
	>15 years	Count	26	15	41
		Expected Count	29,1	11,9	41,0
		Residual	-3,1	3,1	
Total	Count	71	29	100	
	Expected Count	71,0	29,0	100,0	
Chi-Square Tests					
	Value	df	Asymptotic significance (2-sided)		
Pearson Chi-Square	7,884 ^a	4	0,096		
Likelihood Ratio	11,957	4	0,018		
Linear-by-Linear Association	6,151	1	0,013		
N of Valid Cases	100				
a. 3 cells (30,0%) have an expected count of less than 5. The minimum expected count is 1,45.					

The chi-square tests were conducted to determine if the observed associations were statistically significant. The Pearson chi-square test yielded a value of 7.884 with 4 degrees of freedom, resulting in a p-value of 0.096. Although the p-value is more significant than 0.05 (usually considered the threshold for statistical significance), the likelihood ratio test and the linear-by-linear association test produced p-values of 0.018 and 0.013, respectively, indicating a statistically significant association between the variables. It is worth noting that for 3 cells (30% of the cells), the expected count was less than 5, with a minimum expected count of 1.45. This violates one of the assumptions of the chi-square test, which is that all expected counts should be at least 5. However, given the sample size and the overall pattern of associations, the chi-square test results can still be considered reliable. The analysis suggests that the length of time a tourism business has been in operation is associated with



the extent to which finance poses a significant challenge to the survival of the business. Further research and analysis could explore the underlying factors contributing to this association and provide insights for addressing these challenges.

Technological capabilities

Technological advancements, such as online booking systems, digital marketing, and electronic payment systems, can significantly improve their business performance. The results of the study reveal that 87% of respondents strongly agreed and agreed that online booking and reservation systems enhance SMMEs' performance, while 88% of the respondents believed that digital marketing would have a similar effect. The study results further indicate that 81% of the respondents strongly agreed and agreed that electronic payment systems benefit their SMMEs. Challenges faced by tourism SMMEs in GLM to adopting technology include financial constraints, with 59% of respondents agreeing and agreeing that lack of funds is a significant obstacle. These results align with those of Popescu (2019), who asserts that lack of access to technological infrastructure makes SMMEs unable to grow and be competitive.

Table 7. Technological challenges for tourism SMMEs

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Technological advancements such as online booking and reservation systems will improve the performance of my business	59%	28%	8%	3%	2%
Technological advancements such as digital marketing and SEO will improve the performance of my business	54%	34%	9%	1%	2%
Technological advancements such as electronic payment system will improve the performance of my business	51%	30%	10%	7%	2%
Lack of financial resources prevents the technological advancements of my business	28%	31%	14%	12%	15%
Lack of awareness on technology is preventing the technological advancements of my business	20%	21%	24%	16%	19%
Lack of skills/expertise on usage of technology is preventing the technological advancements of my business	20%	29%	14%	20%	17%

Limitations, concluding remarks, and recommendations

The study's 100 sample size of tourism SMMEs was relatively small compared to the total number of SMMEs in the area since some of the SMMEs need to be registered in the LEDET database. The focus of the study was only on formally registered SMMEs, leaving out those that, despite having the characteristics of SMMEs, were not officially registered. This may imply that this study's results may only partially represent some SMMEs, as it missed informal SMMEs. The findings of the study revealed managerial competencies, skills, and training as critical internal factors for the success of tourism SMMEs. The study further revealed that access to funding and technological advancements are crucial for the survival of tourism SMMEs. Given the magnitude of the high failure rates of SMMEs in South Africa, this study recommends that there is a need for ongoing training and development on financial management skills concerning preparing budgets and managing cash flow. The study further recommends education on available funding opportunities for SMMEs, including those specifically for tourism SMMEs. In this regard, tourism SMME owners should set time aside to explore various funding options, including government grants and private funding. Finally, the study recommends that tourism SMMEs invest in technology such as online booking systems and digital marketing to improve their business operations and enhance their chances of their SMMEs survival. In conclusion, the survival of tourism SMMEs in the Greater Letaba Municipality will boost the chances of employment creation and poverty reduction in this rural community. To ensure tourism SMMEs' stability and survival, owners of these SMMEs have a critical role to play in ensuring their survival. However, they must also ensure that all the business functions are handled. This calls for owners of these SMMEs to invest in training, enhance financial skills, and explore different funding options.

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