

THE ROLE OF GOVERNMENT IN THE IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT INITIATIVES BY ADVENTURE TOURISM SMMEs IN SOUTH AFRICA: AN EXPLORATORY INQUIRY

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ABSTRACT

Sustainable development suggests that there are restrictions to the obtainability of ecological resources and the planet to engage human activities. Limited South African research exists in the field of sustainable development in adventure tourism SMMEs especially the role of Government in terms of implementation of sustainable development initiatives. A structured questionnaire was administered via email and hard copies. A total of 105 usable responses were received. Government, business associations and certification bodies have unrelated methods for evaluating sustainability issues. The tourism sector is overwhelmed with initiatives and certifications intended at facilitation and adoption of sustainable development practices. This adds to the confusion that entrepreneurs face when it comes to choosing an appropriate tool. There is consensus that entrepreneurs want to develop their sustainability knowledge base. It is recommended that the different institutions or actors in the arena of sustainable development should make information on sustainable development easily available. The SMMEs also indicated that the legislative framework affecting small businesses should be improved. The government, should award rebates to SMMEs for implementing sustainable development initiatives. Alternative funding for implementing sustainable development initiatives should also be established.

Keywords: *sustainable development; small business and business performance*

INTRODUCTION

Not only do people express their economic and social aspirations and demands through political channels, but their detailed environmental and cultural knowledge also finds expression through politics. Think of the world as being constituted by great environmental and cultural diversity then detailed knowledge of local realities declines to the degree that social actors are situated further away from the locality in question. Grassroots democracy involves much more than local people lobbying the state or international agencies for their fair share of global development (Prugh, Costanza and Daly, 2000,p15; Yasarata, Altinay, Burns and Okumus, 2010,p345; Farmakis, Altinay, Botterill and Hilke, 2015,p178).

“Political will is an important factor in the application of any major policy initiative. Public pressure cannot only help to create political will, it can also be a cherished tool for dedicated politicians to use in persuading associates. Voted representatives recognise public pressure very well and often act upon it, a fact which elucidates

why politicians are keen readers of public opinion polls. At this stage, the implementation of sustainable development still requires a substantial amount of political will, and public pressure in support of sustainable policy decisions, therefore, becomes desirable. The social impact can either be positive, e.g. corporate giving, creation of employment or negative, e.g. work accidents, beating of employees, human rights abuses” (Yasarata et al., 2010,p345).

“The public also wishes to be well knowledgeable, a not unimportant mission when it comes to such a multifaceted and often technical area such as sustainable development. Better communication of policy issues, greater transparency in the policy process, and the ability of citizens to contribute in a meaningful way when important decisions are made, all of these are crucial to public support for sustainable development initiatives” (Lamb, Hair, McDaniel, Boshoff, Terblance, Elliot and Klopper, 2010,p567).

Making decisions about sustainable development is no longer the sole responsibility of governments. There is increasing acknowledgement in academic and business publications of a shift to a more all-inclusive concept of control, which embraces the contributions of various levels of government, private sector, non-governmental actors, and civil society. The more sustainable development issues are mainstreamed as part of the planning viewpoint at the suitable level of implementation, and the more all applicable parties are involved in the decision making process in a significant way, the more likely they are to realise the desired objectives (Perez and Del Bosque., 2014,p176). Perez et al., (2014, p176) also states that government regulations are perhaps the most substantial driver for SMMEs to make environmental enhancements.

Metz, Davidson, Bosch, Dave and Meyer (2007a, p1) state that concerning governments, a considerable body of political theory recognises and elucidates the presence of national policy styles or political cultures. The primary hypothesis of this study is that separate countries tend to process teething troubles in a specific manner, irrespective of the uniqueness or specific features of any problem; a national ‘way of doing things’. Also, the choice of policy tools is affected by the institutional capacity of governments to implement the tool. This implies that the preferred mix of policy decisions and their effectiveness in terms of sustainable development strongly rest on national characteristics. Matters such as cognizance of government regulations for sustainable development and compliance with relevant government regulations regarding sustainable development will be evaluated. The study will also try and establish whether SMMEs receive incentives (e.g. tax reductions and subsidies) from government for implementing sustainable development projects

Crals and Vereeck (2005,p11) points out that a vast majority of SMEs are inactive when it comes to the application of the sustainable development concept. Crals et al., (2005,p11) go on to state that in 2000, only 0.1% of European SMEs had accredited environmental management systems, such as ISO 14001 or Eco-Management and Audit Scheme (EMAS). Although eco-efficiency schemes have stretched to tens of thousands of businesses, the uptake merely represents an insignificant portion of the millions of SMEs. The attitude towards the environment and the understanding of sustainable development remains very poor. SMEs as a cluster have not been convinced that committing funds to obtain an ISO certificate is an important business decision (Perez et al., 2014, p177). For most SMEs, a lack of assets, time, employees, and funds is quite common. Hence in most cases the focus of sustainable development efforts have been on large businesses.

A record number of literature focusing on sustainable development, whether the studies take into account of SMEs or not, concentrate on the environment dimension only (Courent, Spence and Temri. (2009,p1). By way of restricting the inquiry to merely one feature of sustainable development out of four, this methodology overlooks relationship of environment, society, politics and economy. Addressing sustainable development requires a holistic approach incorporating all factors that constitute sustainable development

THE RESEARCH PROBLEM

SMMEs are usually “struggling to endure under hostile economic conditions and any rules tend to be heavier than for larger businesses that have the funds to deal with regulations”. Jones (2013, p1) states that “one of the most frequently raised issues was the burden of compliance with regulations, which diverts attention away from a business’s core activity. Businesses employing fewer than 21 people were spending 5% of turnover dealing with red

tape. SMMEs employing 21-30 employees spent 2%; SMMEs employing 31-40 slightly less than 3%; and SMMEs employing more than 40 employees were spending a little over 2%". Jones (2013:1) further states that SMMEs have to comply with more than 45 laws and submit 24 returns a year. This is time consuming and costly, especially if they need specialist help. Jones (2013, p1) also states that "it can take up to eight months before the small business start-up is compliant. SMME managers to be precise are probably apprehensive of the consequences of social and environmental issues and regulations. SMMEs will identify them to be an added burden, unless the business argument is made in a language and in a form that can be understood. As in the case of larger businesses, it must be made known that it can be an effective tool, for the same reasons, but with very different emphasis. It will be less a matter of education and more an issue of responsiveness and altering perceptions over the effects of sustainable development for the business" (Cucculelli and Goffi, 2016,p370). A dominant characteristic of sustainable development which is frequently disregarded, is the influence of government in terms of the implementation of sustainable development.

Given the brief background on sustainability and the low levels of implementation in South Africa, the research questions can be phrased as follows:

- Will the adoption of the sustainable development concept by SMMEs contribute to an enhanced business performance in South Africa?
- What is the role of government the implementation of the sustainable development concept in adventure tourism SMMEs in South Africa?

METHODOLOGY

Research design

Descriptive and explanatory analysis is the format that this study adopted. Descriptive studies are typically and specifically intended to quantify the features defined in research questions (Hair, Babin, Money and Samouel, 2007, p193). Descriptive research is meant to make available explanations of occurrences or characteristics regarding a subject of a population and estimates of the proportions of a population that have those characteristics and discovery of associations among different variables (Babbie, Mouton, Vorster and Prozesky, 2010:460).

The population under investigation in this study was all the owners/managers of adventure tourism SMMEs in South Africa. The population size was obtained from the Dirty Boots Database that includes various associations in the adventure tourism industry, since there is no single association that comprehensively represents adventure operators in South Africa. The list is not exhaustive of all tourism establishments in South Africa. This has been a concern for a number of studies that have been conducted using tourism SMMEs as frame of reference (Rogerson, 2005, p623). To minimise certain of the well-known limitations related to the use of directories including imperfect and out-of-date entries by verifying and editing the generated study frame.

The study made use of a non-probability, purposive or judgemental sampling technique. In purposive or judgmental technique, an individual selects the sample based upon some appropriate characteristic of some sample members (Babbie et al., 2010, p166). The sample is drawn from adventure tourism SMMEs in South Africa. The sample size was 305 Adventure tourism SMMEs.

The time dimension of the study is cross-sectional. The research was conducted in the field environment of South Africa adventure tourism business.

The research study made use of self-administered questionnaires. Self-administered questionnaires can be in the form of a postal survey; a questionnaire sent through an email or a questionnaire hosted on the internet often referred to as CSAQ, computerised self-administered questionnaire. A computerised system accepts the respondent's answers. Babie et al. (2010, p258) state that self-administered questionnaires are only appropriate when the population under study is adequately literate. For SMMEs in the Gauteng area the researcher administered hard copies of the research questionnaire. Self-administration of questionnaires in the Gauteng area improved the response rate since the researcher will be able to clarify issues if they arise. The online questionnaire was used to

collect data from respondents beyond the reach of the researcher. The researcher made use of Dirty Boots database of adventure tourism SMMEs.

The questionnaire also adopted some questions from the instruments designed by Dzansi (2004), Seidel et al. (2009) and Shi, Peng, Liu and Zhong (2008) which had been tried and tested. The data from the questionnaires was analysed using descriptive statistics.

RESULTS

Type of registration of the Adventure tourism SMME

The majority of the businesses (67.3 %) are close corporations. Registered companies represent 10.6%, partnerships 12.5% and 9.6 % of the businesses are not registered and operate as informal businesses. Close corporations are no longer registered in South Africa, since 2012.

According to the number of years the SMME has been in operation, 35 % have been operating for between 6-10 years. The findings from this study mirror those of Rogerson (2007: 234), who found that the average length of business operation was 5.7 years. When businesses that are five years old and above are combined, 83 % of the business exist for more than 5 years, a good survival rate of adventure tourism SMMEs.

Waste management and water management receive attention from most of the SMMEs in the sample. It is encouraging that SMMEs are already implementing some aspects of sustainable development. However, only a small fraction (7 %) of the respondents has implemented sustainable development initiatives successfully.

It is encouraging that a total of 19.2 % have prioritised the implementation of sustainable initiatives. However, the majority 59.6 %, of the adventure tourism businesses do not regard implementation of sustainable business as a priority whereas 6.7 % are not even considering implementing sustainable development initiatives in their operations. The low uptake of implementation of sustainable development initiatives is not unique in South Africa. Haskins (2009,p1) established that the bulk of small- to medium-sized enterprises (SME) are normally not covered in the sustainable development discussions. For instance, a sampling of occupants in a rural Norwegian industrial park point out that the bulk had on no occasion heard the expressions corporate responsibility or sustainable development. A study by the Hong Kong University of Engineering Alumni Association (HKUEAA) (2007, p1) found that there is a general lack of sustainable development understanding in Hong Kong. Most SMEs are unaware that sustainable development practices could increase their competitiveness in the market place. Revell, Stokes and Chen (2010;p1) state that in the United Kingdom a great percentage of owner-managers are now vigorously involved in recycling, energy efficiency, responsible buying and selling and efforts to reduce carbon dioxide. Few small businesses saw the need to adopt an integrated environmental policy. Of those respondents who did not undertake any “greening” actions, most had not felt it necessary to act, others did not see what they personally could do and some simply did not get to do anything about it.

Walker, Wang and Redmond (2008, p278) state that participation by SMEs in corporate social responsibility issues has been found to be deficient. This is a critical issue, as independent SMEs may have diminutive impact on the environment, but their combined footprint is substantial. The management style and ethical stance of the owner-manager affects business decision making and, therefore, has a direct impact on the environmental actions of the business. Although adoption of environmental practices to create competitive advantage has been advocated, many businesses see implementation as a cost which cannot be transferred to their customers.

Customers (36.5 %) are very influential in terms of implementing sustainable development practices. Government regulations (27.2 %) are also instrumental in making sure that business owners comply with sustainable development initiatives whereas suppliers (11.5 %) have some, but limited influence.

Only 4.9 % of the respondents have implemented ISO900 standards and 4 % have implemented other standards. The findings are almost similar to a study by Jarvis, Weeden and Simcok (2010, p83) who determined that SMMEs in England also battle with the implementation of Sustainable Tourism Certification due to factors such as lack of knowledge of the sustainable development concept, the perceived expense of applying for membership and a lack of time to complete the membership process.

Regarding the influence of government regulations on SMME's operations, 93.3 % are aware of the government regulations regarding sustainable development and 66% acknowledge that the regulations have an influence on the business. The majority of the SMEs (90.4 %) also state that they comply with government regulations regarding sustainable development and also acknowledge that compliance has an effect on their business. A small number of SMMEs (4.9 %) receive incentives (e.g. tax incentives and subsidies) from government for implementing sustainable development projects. According to Schoof (2006,p2), even in the United Kingdom entrepreneurs often lack the support and do not make use of government support services. In most cases, they are not cognisant of the variety of public, and private business support services or are simply confused regarding the service. If the moderately important and very important responses are combined, a total of 72.2% of the respondents would agree that incentives have a significant influence on the operations of their business. Thirty three percent of SMEs are actively involved with the government in formulating laws relating to sustainable development while 74.8 % agree that involvement in formulation of laws is important to their organisations. Turton and Herrington (2012,p77) indicated that to encourage entrepreneurship development, the government should be encouraged to support new businesses, remove the burdensome labour laws, better tax breaks are needed for early-stage entrepreneurs to decrease the cost of doing business during the start-up phase. They further state that policies could be broadened to ensure that funding is available to new viable and growing business through banks and reduce the bureaucratic application process currently in existence. Fatoki (2014, p161) highlights that perceived lack of support especially by government is another obstacle to the development of entrepreneurship in South Africa. Government plays a vital role in creating a conducive atmosphere for business to thrive and drive the economy towards economic prosperity. Government has launched so many programmes for the development of entrepreneurs, but the uptake of such programmes is very low. Of the SMMEs in this study only 4.9 % receive tax subsidies. The challenge is that entrepreneurs are unable to receive the incentives and face difficulties in getting assistance.

The results indicate that government factors have an influence on the financial performance of SMMEs involved in the study. A total of 66 % of the SMEs indicated that government has an influence on their financial performance. Government regulations also have an influence on the non-financial performance of their operations (64.5%). Half of the respondents indicated that getting incentives has an influence on the financial performance of the business and 43.8% indicated that getting incentives is influential on the non-financial performance of the business. A total of (72.7 %) of the respondents indicated that being actively involved in formulating laws has a strong influence on the financial and 75% on the non-financial performance of the business. In summary, it is clear that government does have influence on the financial and non-financial performance of the business operations.

Regarding the influence of government regulations on SMME's operations 92.1 % of respondents indicated that there are too many government regulations and 91.2% indicated that these regulations are confusing and costly to implement (96.1 %). This could explain the low adoption of environmental standards. The SMMEs also state that there are too many certification programs that are available (97.0 %). This confuses the SMMEs as to which certification product they should adopt. Blame is also placed on government that does not make information regarding sustainable development easily available (93.1 %). A further (88 %) of the respondents indicate that government does not enforce regulations regarding sustainable development. The factors mentioned above have a very negative effect on the business. Action should be taken to remedy the problems identified.

MANAGERIAL IMPLICATIONS

Low uptake/implementation of sustainable development initiatives

SMMEs in South Africa still regard the implementation of sustainable development as a “nice to have” instead of a “must have”. In the study only 7 % of the respondents have implemented sustainable development initiatives successfully. A total of 19.2 % have prioritised the implementation of sustainable initiatives. Only 4.9 % of the respondents have implemented the ISO900 standard and 4 % have implemented other standards. The low levels of implementation can be attributed to lack of information on sustainable development. The respondents also indicated that they are not aware of sustainable development implementation agencies in the country. The respondents also shifted the blame on government for not making information on sustainable development available.

In the light of the above it is recommended that the Ministry of Small Business in South Africa be modelled along the United States Small Business Administration. Currently, the Ministry of Small Business in South Africa does not have a website. The United States Small Business Administration has a learning centre with vast resource videos, online resources and also a chat facility for entrepreneurs who reside in areas where there are no offices. The entrepreneurs can also learn at their own pace without leaving their business. If one explores the Small Enterprise Development Agency (SEDA) website there is no information on sustainable development. The information under the research tab was last updated in 2013.

Strengthen and improve legislative framework supporting SMMEs

SMMEs in the study (48 %) feel that there are too many regulations regarding sustainable development in South Africa. A further 42.3 % of the respondents indicated that regulations regarding sustainable development implementation are confusing. Apart from that 47 % of the respondents are of the view that sustainable development implementation regulations are costly to implement. The SMMEs also lament the existence of too many certification programmes, thus calling for a revisit of the existing regulation framework.

South Africa should study from the knowledge of developed countries, research and implement a series of laws and regulations to support the development of small and medium-sized enterprises, such as "SMEs Basic Law", "SMEs Promotion Law". The laws should be tailor made to suit SMMEs. This will lead to establishing the rights and obligations of small and medium-sized enterprises, to regulate the conduct norms for small and medium-sized enterprises, to lay a legal foundation for healthy development.

Furthermore, the government was blamed for not enforcing regulations regarding sustainable development. This implies that SMMEs can easily get away with their unsustainable practices. As alluded to earlier, amalgamating the different small business development agencies will lead to more manpower to enforce regulations on sustainable development.

Rebates for implementing waste management and energy conservation systems

In terms of waste management systems a lot of SMMEs are currently doing well. This is also similar for energy and water management. This implies that SMMEs should be rewarded for efforts that they are currently implementing. Tourists are likely to re-visit a clean establishment rather than a dirty establishment. However, only 7 % of the respondents collaborate with Eskom for example. This implies that SMMEs are not taking advantage of the subsidized prices offered by Eskom. On the other hand, maybe Eskom needs to also have the same concessions it has for large mining corporations for small businesses in South Africa. SMMEs should also be encouraged to use recyclable material. The SMMEs should also try and use new equipment that minimises the emission of carbon dioxide.

Improve financial support aimed at SMMEs to engage in sustainable development initiatives

South Africa's financial support to SMMEs consists mainly of financial subsidies, the Government's earmarked funds, and the Government procurement policy. In South Africa there are no specific tax policies for small and medium-sized enterprises, and only in the income tax, value-added tax, sales tax, and depreciation policy to make the tax provisions to benefit small and medium-sized enterprises. Suitable tax and subsidy policies should be

designed to encourage uptake sustainable tourism activities and discourage unsustainable tourism. Use of tax is will result in improvements of infrastructure (for example, taxes on use of resources and services at the destinations) and controlling the specific inputs and outputs (like effluent charges and waste services). The money can be channelled back to improve the community.

Cooperation with customers and suppliers

Synergies in the tourism sector could be achieved by means of cooperation. Buyers and suppliers in most cases would like to deal with SMMEs that are compliant with sustainable initiatives because this also has an effect on their businesses. Sound sustainable business practises is a significant input by those companies that follow competitive advantages based on sound sustainable development management. In the case of tourism, the conservation of the natural capital of a country has a chain effect and corresponding influence on many SMMEs. Cooperation can make stronger backward and forward linkages in the tourism value chain and drive sustainability in the whole industry.

LIMITATIONS OF THE STUDY

The limitation of this study may be argued to be the sample size of the survey; but it is also reasonable to stress the creditability and initiative of the study due to the homogeneous characteristics of South African SMMEs. However, a larger number of samples will definitely provide a more creditable and useful source of reference. Similar tourism studies have low response rates as well.

Secondly, findings and conclusions may not be applicable to all other industries. Finally, the responses analysed to obtain the findings of this study are based on the opinions and experiences of the respondents. There is always a chance that the interpretation of these opinions and experiences is not accurate.

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