



IMPROVING THE GROWTH OPPORTUNITIES OF SMALL-SCALE ACCOMMODATION BUSINESSES THROUGH GOVERNMENT-PRIVATE SECTOR INTERVENTION

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Abstract:

One of the fastest growing sectors of the South African economy is tourism. As such, it provides an excellent opportunity for profit-driven entrepreneurs. Within the tourism sector, small-scale accommodation businesses (SSABs) have become popular for the 'relative' ease of establishment. Given their relative ease of establishment and the accruable benefits for the owner/manager, factors that impede their expansion deserve research attention. Interestingly, as extant literature suggests, business expansion and sustainability issues are among the growth challenges confronting SSABs. This study thus aimed to determine the factors that interfere with developing and sustaining SSABs in Cape Town's Central Business District (CBD). A quantitative technique was used in this study, with 100 questionnaires distributed to respondents within SSABs in and around Cape Town's City Centre. The data was analysed with IBM SPSS Statistics software, and the results are provided in tabular format using cross-tabulation and/or graphs. As a critical sector of the Cape Town tourism industry, SSABs face increased competition and a lack of financial assistance. Additionally, they are affected by macroenvironmental forces such as political, technological, legal, environmental, economic, and social forces. The findings suggest that the government should invest more in assisting SSABs in developing (1) more effective strategies for reducing crime in the Cape Town central business district (CBD), which affects the tourism market, and (2) more favourable regulations for visitors and tourism-related activities. Additionally, SSABs must establish business relationships with large hotels in order to accelerate the sector's growth.

Keywords: *water crisis; Day zero; tourism development; small business; lodging businesses, Cape Town, PESTLE.*

Introduction

Establishing and sustaining a business – small or medium – is beneficial to any society. This is owed to its capacity to improve standards of living of the owners and those who work in the business (Koens & Thomas, 2016; Kontsiwe & Visser, 2019). Improving living standards reduces poverty-related problems (Mukwarami & Tengeh, 2017; Kontsiwe & Visser, 2019). According to World Travel and Tourism Council (WTTC) (2019), small businesses contribute to development by assisting most countries in achieving economic growth. The establishment of a business as an economic force, a job creator, and a solution to society's problems makes it a focal point for research in various

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significant industries, including tourism. Tourism is an essential engine of economic development in South Africa (Odhiambo & Nyasha, 2020; Dlomo, 2021), outperforming and expanding at a higher rate than most sectors (Solvoll, Alsos & Bulanova, 2015). As a burgeoning tourist destination, many expect small and medium enterprises within this sector to flourish and be better off than their counterparts in other sectors.

Notwithstanding its potential, the tourism sector is not without its challenges. According to Sheikh (2015), tourist firms confront various obstacles, depending on the nature of the firm. While Rogerson's (2008) study stresses the necessity of examining the issues faced by small tourist enterprises across Southern Africa, Ramukumba and Ferreira (2016) argue that emphasis should be paid to small businesses (such as accommodation) due to their strategic value. Within the tourism sector, small-scale accommodation businesses (SSABs) have become popular for the 'relative' ease of establishment. A reasonable assumption would be that given the ease of establishment there is a possibility that many who set up do not understand the challenges they will confront; the government's willingness to see an increase in small businesses may cloud the necessary scrutiny for registration and capability to set up and run a business. Owing to these, it is instructive to examine the state of these businesses and by doing so uncover the challenges that owner/managers may confront. We respond to these calls for more studies on ways to improve the growth opportunities of small-scale accommodation businesses in Cape Town.

Considering the foregoing, the study aimed to:

1. To highlight the specific challenges faced by SSABs.
2. To suggest ways of ameliorating the challenges.

The next section reviews literature pertaining to the challenges of small businesses in the tourism sector of South Africa. This is followed by a report of the peculiar challenges SSABs are confronted with. The method used in carrying out the study is followed by the findings and discussions. We flag some recommendations – future study directions and implications in the conclusions section.

2. LITERATURE REVIEW

2.1 Challenges of small businesses in the South African tourism sector

Small businesses in South Africa face various challenges, which is true of small businesses in the tourism sector. Numerous factors can reduce the tourism market's attractiveness, whether for customers and clients or entrepreneurs seeking to enter the sector (Nieman et al., 2008). Tourism is a sector that requires significant entrepreneurial support (Solvoll, Alsos & Bulanova, 2015). According to Rogerson (2008), there needs to be a closer look at the difficulties faced by small tourism businesses in southern Africa.

2.1.1 Access to finance

Financial considerations and access to capital are critical components of small business development in South Africa. Among the numerous challenges identified by researchers in tourism and small business development, financing the business remains one of the most prevalent, as it is with most business ventures. According to Rogerson (2008), due to their seasonal nature, small tourism businesses face difficulties obtaining financial support and bank loans. They are considered suspect creditors because their inconsistent performance erodes the lender's trust. The lack of financing for entrepreneurs in tourism jeopardizes businesses' ability to grow and expand (Nieman et al., 2008). Businesses require funding for marketing and operations. Without financial support, businesses may find it difficult, if not impossible, to operate, grow, or survive. On the other hand, financial institutions such as banks are more likely to aid big enterprises than small ones (South Africa. Department of Small Business Development, 2017).

2.1.2 Weak currency

Like any other factor in the business environment, economic factors describe the economic situation in a particular destination or region, notably the state of the local currency. Any travel business is subject to currency fluctuations (Bazargani & Kiliç, 2021). The epileptic state of the South African currency poses a constant threat to the housing market (News24, 2019), essentially harming the small-scale accommodation business. It is critical for tourism businesses in South Africa to be aware of their pricing and rates, as these may affect the tourism market's performance (Bizcommunity, 2019).

2.1.3 Competition

Businesses that provide services or products to meet a specific market need to compete (Asoba & Tengeh, 2016).

Competition can be viewed as a significant impediment to the growth of small tourism businesses (Sheikh, 2015). Low entry barriers increase the possibility of competition for small established tourism businesses, which is the presence of established and larger businesses on the market. They may, however, come up against a potential competitor who thrives in the sector around them. According to Mokoena (2016), many entrepreneurs decide to start a tourism venture despite lacking the necessary skills. They lack prior knowledge of the tourism sector and a variety of other facets of the sector. This may significantly impact their ability to compete and grow in a large market like tourism, as they are exposed to competition.

2.1.4 Safety and security

Locals in potential tourist destinations may resent their country's growing tourism sector, which could lead them to take measures that harm the sector (Fridgen, 1996). For instance, South Africa's tourism sector, particularly its small businesses, may be adversely affected by its relatively high crime rate (Nieman et al., 2008). The number of tourists visiting a country is directly proportional to its commitment to visitor safety and security. Since 2018, many nations have issued travel advisories for their citizens, warning them about the dangers of visiting South Africa due to its high crime rate (South African Tourism, 2018). The Covid-19 pandemic is only one factor that could be causing a decline in the number of tourists visiting South Africa and the cancellation of reservations made in advance. Henema (2019) claims that 2019's xenophobia-related violence could hurt South Africa's tourism sector because the country's reputation as a safe vacation spot has been damaged.

2.1.5 Visa regulations

When viewed as a legal factor in the business environment, visa regulations may be one of the issues confronting South Africa's tourism sector. Magwaza (2014) asserts that new immigration requirements have a detrimental effect on tourism. In 2014, the South African government implemented immigration measures requiring people travelling with children to carry detailed birth certificates and visitors from countries such as China, India, and Russia to apply for permits in person (Cohen, 2016). Tshivhengwa (2019) asserted that the requirement for an unabridged birth certificate portrayed South Africa as a hostile environment for family travel. Visitors may feel unwelcome and hesitant to spend time in South Africa. This could affect the number of visitors, as many may change their vacation destination to a more hospitable and accessible location. This means that if the entry requirements to South Africa were more accessible, the number of visitors would increase, as tourists would receive more 'bang for their buck' due to favourable exchange rates. The tourism sector may benefit from this situation, which will help keep the hospitality sector growing. South Africa should also expedite the implementation of the digital visa to increase visitor numbers, as visa delays and limited capacity to provide visas to visitors have had a negative impact on lucrative tourism markets such as Nigeria and China (South African Tourism, 2018).

2.1.6 Other

An additional issue that must be addressed is the market's dearth of foreign language agents. South Africa's tourism sector is well-known for its diverse clients, as visitors come from various parts of the world (South African Tourism, 2018). However, the absence of foreign language speakers in their service offerings can stifle the sector's growth and stunt the expansion of small tourism businesses (Carlisle et al., 2021). Small-scale accommodations businesses will benefit from investing in this to enhance their offerings.

2.2 THE CASE OF CAPE TOWN SMALL ACCOMMODATION ENTERPRISES

2.2.1 Competition issues in Cape Town

Cape Town has a wide variety of hotels and other lodging options to meet the needs of its visitors. While larger accommodation providers such as hotels can better anticipate and adapt to market shifts, small and medium-sized operations face an uphill battle to maintain and expand their presence (Mokoena, 2016; Mukwarami & Tengeh, 2017; Tengeh & Nkem, 2017). More than ten hotels belonging to well-known chains opened in Cape Town between 2017 and 2018, increasing the city's overall hotel capacity (PwC, 2019) and thereby increasing competition. As a result, small businesses were put under even more pressure to compete with large hotel chains that enjoy international recognition and a solid customer base.

Additionally, new entrants to the market, such as Airbnb and other online travel providers, pose a threat (Blal et al., 2018). Airbnb is considered a market disruptor, increasing competition for traditional lodging providers (Blal et al., 2018, Sainaghi & Baggio, 2020). Unlike conventional lodging establishments, Airbnb is an unregulated model (Nieuwland & van Melik, 2020).

2.2.2 Impact of the water crisis on small accommodation establishments in Cape Town

The 2018 water crisis exacerbated existing issues (South African Tourism, 2018). In 2018, 'Day Zero' became popular in the Western Cape province (Ziervogel, 2019). This was a nightmare for the city's residents and leaders because it meant that Cape Town would run out of water very quickly. 'Day Zero' became the catchphrase for the day when all dams supplying Cape Town would run dry. The province and Cape Town residents were affected, but the crisis posed substantial challenges for the commercial and tourist industries, notably the hotel sector. For example, when Cape Town's dam levels dropped to 27.8% in September 2017, the municipal council was forced to request that companies reduce their water use by 20% (Visser, 2018). Cape Town, which attracts almost two million visitors annually, was experiencing the most significant water crisis in living memory, and tourists and the hospitality sector were advised to conserve water (Diallo, 2018).

Despite the campaign to present South Africa as an open market for leisure and business travel, the issue of the water crisis in the Western Cape province affected reservations during the peak season (South African Tourism, 2018). Visitors' awareness of the problem was a restricting factor in their decision-making. According to Roelf (2018), hotels requested their guests to limit their showers and refrain from bathing, as this could result in excess water consumption, exceeding their commercial property water allowance. This dissuaded visitors, as they felt their presence might exacerbate the crisis and detract from their vacation experience. Accommodation providers thus saw occupancy rates decline.

2.2.3 Safety concerns in Cape Town

Another factor affecting small-scale accommodation businesses is the high level of crime in Cape Town. Despite the city's excellent reputation as a desirable tourist destination, Cape Town, like many other cities and tourist destinations worldwide, faces threats to its residents' and visitors' safety and security. Asoba and Tengeh (2016) and Tengeh (2016) assert that the high crime rate forces entrepreneurs and businesses to prioritise the safety and security of their business operations and clients over competitive strategy. Criminal activity has compelled small firms to increase their security expenditures, thus increasing business costs (South Africa. Department of Small Business Development, 2017). Tourism operators need to operate safely and protect their customers/clients. According to Ishmail (2019), the director of the South African branch of Crime Stoppers International, Yusuf Abramjee, believes the country's negative image due to crime can influence the tourism sector, especially the arrival of foreign visitors. Safety and security issues could discourage entrepreneurs from entering the sector, as they might not have the financial resources to implement the requisite measures to ensure the safety of their clients, thus preventing potential clients from visiting. Security issues in Cape Town are alarming and sometimes limit the number of places tourists can visit without the fear of being robbed. According to Mabuza (2019), citing the 2018/19 State of Urban Safety in South Africa Report, Cape Town is the top city, out of nine listed cities in South Africa, in terms of violent crime like murder, robbery, and attacks on property. Figure 1 demonstrates that Cape Town's central city was listed as one of the most affected areas in 2019 (Crime Stats SA, 2019).

Total Crimes: Worst ten precincts in 2019

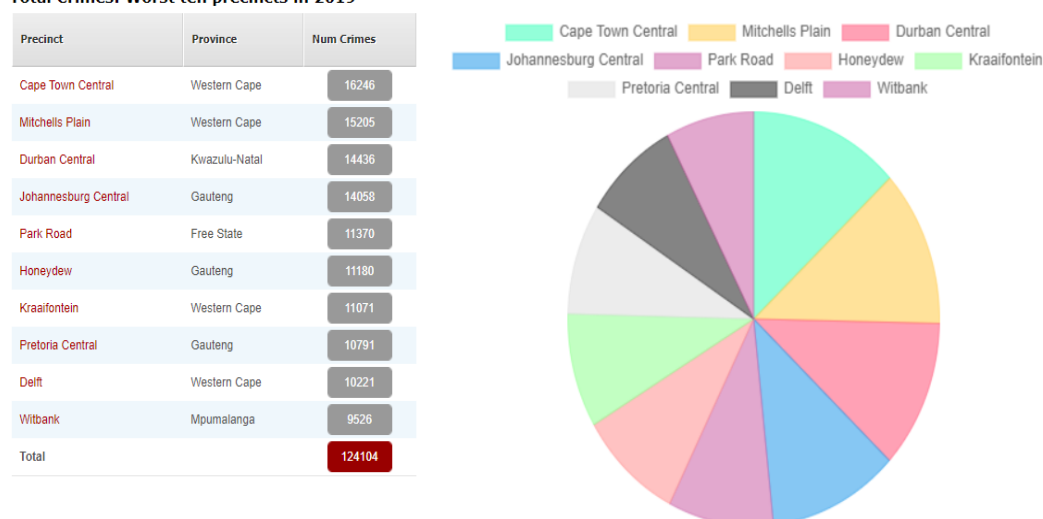


Figure 1: Worst ten precincts: largest number of reported crimes
Source: Crime Stats SA (2019)

2.2.4 Load shedding issues

Load shedding is also mentioned among the various difficulties encountered by the sector and primarily by small businesses in Cape Town. In an interview conducted by Fin24 magazine, Jeremy Lang, the regional general manager at Business Partners, stated that the most impacted business sectors during power shortages are manufacturing, retail and hospitality (Fin24, 2019). According to Steenkamp et al. (2016), small accommodation businesses in Cape Town face load shedding, thus impacting their revenue and productivity. Indeed, even if there are options like LED solar lights and generators, some small firms cannot afford the cost of such contingency plans to survive in the long term. Load shedding, for instance, can cause problems for business operations like online bookings and check-ins. They are unable to provide online responses to inquiries or upload occupancy data.

3. RESEARCH METHODOLOGY

This research used a quantitative approach, with 100 questionnaires delivered to respondents from small lodging establishments in and around Cape Town's City Centre.

The primary data was obtained from small lodging business owners and/or managers who participated in a personal interview and completed a questionnaire about their businesses. Secondary data gathering included an examination of published and unpublished materials. These included periodicals, magazines, books, online materials, dissertations, and theses pertaining to the tourist business, particularly the hotel sector. Additional sources of information were reviewed, including the Southern Africa Tourism Services Association, the South African Department of Tourism, and the Western Cape Tourism Board.

IBM SPSS Statistics software was used to analyse the data, and the findings are presented in tabular format through cross-tabulation and/or graphs.

3.1 Target population and sampling method

In research, the population refers to the individuals who are the subject of a study. According to Taherdoost (2016), 'sampling' is picking a subset of people from a more significant population or a total number of persons as participants. The research population consisted of general managers and owners of small lodging enterprises in the Cape Town central business district. The researchers made no distinction between official and informal enterprises throughout the investigation.

The city's central business district is expected to include 58 hotels and guesthouses (Pirie, 2007; CCID, 2019). Again, those sources make no distinction between various kinds of lodging nor offer precise figures for each group but rather present an estimate of the number of guesthouses and backpackers.

Due to a dearth of data on the number of small lodging establishments in Cape Town's central business district, the researchers used a non-probability approach (Showkat & Parveen, 2017). Tengeh, Ballard and Slabbert (2011) recommended using the snowball approach to contact responders. It is a non-probability sampling strategy that allows the researcher to contact a small, hard-to-reach community by asking respondents to suggest more possible participants.

3.2 Location of the research

The study took place in Cape Town's central business district (CBD). The region was selected because visitors often visit it, making it easier to locate many tourism enterprises.

The CBD is home to a diverse range of businesses and serves as the province's transportation hub (road, rail, and bus). It is bounded on the northeast by the V&A Waterfront, one of the city's most famous landmarks; on the northwest by the Atlantic Seaboard, with its residential character; on the west and south by the City Bowl; and on the southeast by District Six and Woodstock (Businessstech, 2017).

3.3 Sample size

Due to the inherent challenges of conducting research, exacerbated by a lack of reliable estimates of the desired population's size, a representative sample of 100 enterprises was chosen based on the average sample sizes of

previous studies of this type (Tengeh, Ballard & Slabbert, 2011). According to researchers such as Krejcie and Morgan (1970), samples of this size are large enough to generalise the conclusions of a research study to the full target population.

3.4 Pilot test

The researchers conducted a pilot study to ascertain the instrument's validity before collecting the final data. To accomplish this, ten questionnaires were distributed to owners and/or managers of small accommodations in the CBD. This assisted in refining the questionnaire specifically to determine the comprehension and relevance of each question.

The researchers deduced from this test that the majority of the target respondents were not in the city or country at the time. The second observation was that respondents lacked time, as evidenced by their requests for the researchers to complete the questionnaire on their behalf. They responded verbally while going about their daily activities. It was noted that some questions were repeated in another format, which occasionally resulted in a delay in completion, as it was inefficient to repeat the same or similar answers. Finally, and perhaps most significantly, was the length of the questionnaire, which respondents found to be excessively lengthy and time-consuming. The initial schedule of 31 questions was reduced to 21. As a result of this experience, several questions were modified and/or deleted to facilitate comprehension, and the survey was also condensed to make it more convenient and time efficient.

3.5 Data-collection procedure

A questionnaire was used to collect the data. The questionnaire included questions with many possible responses from which respondents may pick. The questionnaire had 31 questions at the testing stage and comprised open-ended, closed-ended, and multiple-choice questions. The questionnaire was shortened to 21 items after the pilot test.

At the onset of the data-collection process, the questionnaires were administered at respondents' businesses for their convenience. To prevent the paper surveys from being lost, they were generally filled out on the spot. One of the researchers had to set an appointment with each participant to verify that they understood the questions and completed the questionnaire correctly when necessary. Because of their hectic work schedules, some respondents could not complete the surveys, and the researcher had to transcribe their responses as they spoke.

Because data collecting began only a few weeks before South Africa's national lockdown in response to the worldwide Covid-19 outbreak, the researcher had difficulties contacting and meeting with respondents as intended. As a result, the paper-based questionnaire was converted to an online/digital survey with the same questions as the original version. This was done to avoid physical contact and respect the social distancing protocol. The link to the Google form containing the survey was sent to the participants via email, WhatsApp, and Facebook Messenger to facilitate access to the survey and collect results more comfortably and faster. Once the expected number of responses was reached, the data were consolidated into a single file, and analysis began.

3.6 Data analysis

The results were based on 100 sets of responses from participants. Data from hard copies were transformed into digital form and grouped into one file, combined with the online survey data already in digital format. The data was analysed using IBM SPSS Statistics software, and the results are provided in tabular format via cross-tabulation and/or graphs.

4. RESULTS AND DISCUSSIONS

The presentation of the information collected through the questionnaire follows a sequential order. The contingency table presents the responses to each item in the research questions. The chi-square test of association follows this and proper assumptions check. The chi-square interpretation then follows. The presentation of the information is concluded by establishing the degree of the effect with the Cramer's V result.

This section, which starts with cross-tabulation tables showing the responses to all challenges of small-scale accommodation businesses related to tourism development, is divided into four sub-sections. The first part addresses possible challenges faced by SSAB when they started; the next part indicates the channel of business financing, followed by an examination of the performance of SSAB over the last two years; the last part is a brief exploration of some external factors possibly impeding the development of SSAB.

4.1 Main challenges faced when starting an accommodation business

Table 1 indicates 'finding a good location' as the most common challenge respondents faced when starting their business project. More than 57% of respondents selected it among the challenges faced initially. Perhaps this is because the Cape Town Central Business District (CBD), a hub for business ventures (Greenberg & Rogerson, 2018), is also coveted by tourism firms, making it challenging to obtain the best location for an accommodation establishment. The next major issue selected by respondents was 'understanding the market'; it was indicated by more than 49% of respondents. Indeed, Mokoena (2016) suggests that many entrepreneurs in tourism start the venture without the necessary skills. This is important in assessing the sector and understanding the market they want to operate. This high rating can indicate a lack of market information for start-ups in the accommodation sector, associated with a lack of small-business support. This might be why Justino (2015) recommends that business owners first obtain business skills, whether through work experience in the targeted field or from relatives, before engaging in a business venture. More than 36% of respondents also identified 'obtaining finance' as a barrier. This result suggested that finance is not an issue in starting a small-size accommodation establishment but is still among the main challenges owners face in the sector. This result concurs with Asoba and Tengeh's (2016) findings of finance being among the most recurrent difficulties impacting small businesses' growth. Another barrier selected was 'government regulations', indicated by about 35% of respondents; however, it does not seem to be a significant constraint as the previous three. Other problems such as 'getting equipment' and 'teambuilding' can be considered secondary challenges, as indicated by less than 30% of respondents. This means they are present but do not impact accommodation as much as other difficulties.

Table 1: Main challenges in opening an accommodation business

Variable	NoB	Mode	Mode frequency	Cat	Freq	Perc%
Obtaining finance (start-up capital)	101	No	64	No	64.000	63.366
				Yes	37.000	36.634
Obtaining equipment	101	No	72	No	72.000	71.287
				Yes	29.000	28.713
Teambuilding	101	No	83	No	83.000	82.178
				Yes	18.000	17.822
Finding a good location	101	Yes	58	No	43.000	42.574
				Yes	58.000	57.426
Understanding the market	101	No	51	No	51.000	50.495
				Yes	50.000	49.505
Government regulations	101	No	65	No	65.000	64.356
				Yes	36.000	35.6944

4.2 Channels of funding to start SSAB

Table 2 indicates that 'personal savings' is the most prevalent channel of financing used by respondents. Out of 101 respondents, 79, representing over 78%, suggest that they used 'personal savings' as funding options to start their accommodation venture. This result may suggest that small accommodation businesses cannot easily access financial assistance. This is followed by 'family and friends' contribution', selected by about 48% of respondents. Only 16 out of 101 respondents indicated 'Bank loan', giving a low percentage of 15.8%. The results suggest that financial institutions do not necessarily assist SSAB at startup. Mostly they rely on their income or support from friends and relatives. This is supported by Asoba and Tengeh (2016), highlighting that this can be the main element influencing growth and the ability to survive for small companies. Therefore, if financial institutions and authorities assisted SSAB initially, this would enhance the sector's development, encourage business investment and reduce the risk of failure. These findings corroborate the financing challenges identified in Table 2 among the significant difficulties encountered by SSAB.

Table 2: How did you obtain funding to start your business? * SBFR cross-tabulation

	SBFR		Total
	No	Yes	
Bank loan	85 84.2%	16 15.8%	101 100.0%
Family/friends' contribution	52 51.5%	49 48.5%	101 100.0%
Personal savings	22 21.8%	79 78.2%	101 100.0%
Other, please specify	100 99.0%	1 1.0%	101 100.0%
Total	259 64.1%	145 35.9%	404 100.0%

4.3 Business performance

In terms of performance in the last two years, the result revealed that profit stagnancy has the most significant distribution mode¹. However, the next most frequent response indicates poor profit performance of the firm with an exact frequency of stagnant growth. This implies small-scale accommodation establishments face serious business developmental issues related to profit improvement. The next is company sales with a similar ranking, with profit improvement shown in Table 3 below. The sales revenue result shows that most respondents indicated a second-worst rating, described as poor sales revenue, followed by stagnant/average sales revenue. No respondents indicated 'best', but 11 respondents indicated the worst performance. The number of employees was also rated 'poor', followed by 'stagnant', with similar patterns as the two previous business development indicators. The remaining business development indicators include several customers and marketing efforts. On average, the marketing efforts indicated stagnancy, while the number of customers was poor. Therefore, there is a need to look into marketing channels to ascertain the marketing of small-scale accommodation establishments in the CBD.

Table 3: Business performance over the last two years

Variable	NoB	Mode	Mode frequency	Cat	Freq per cat	Perc (%)
Profits have improved	101	Stagnant	37	Better	15.000	14.851
				Poor	37.000	36.634
				Stagnant	37.000	36.634
				Worse	12.000	11.881
Sales revenue has improved	101	Poor	42	Better	20.000	19.802
				Poor	42.000	41.584
				Stagnant	28.000	27.723
				Worse	11.000	10.891
Number employed has increased	101	Poor	42	Better	10.000	9.901
				Poor	42.000	41.584
				Stagnant	26.000	25.743
				Worse	23.000	22.772
Number of customers has increased	101	Poor	34	Best	2.000	1.980
				Better	23.000	22.772
				Poor	34.000	33.663
				Stagnant	31.000	30.693
				Worse	11.000	10.891
Marketing of the company has been implemented	101	Stagnant	35	Best	4.000	3.960
				Better	23.000	22.772
				Poor	29.000	28.713
				Stagnant	35.000	34.653
				Worse	10.000	9.901

¹The measurement of the performance was before the hit of Covid-19 pandemic, around 2018 and early 2019.

4.4 Threats from external factors to SSAB development

A portion of the research questionnaire was used to assess potential adverse effects on or threats to the SSAB market. A set of one or two items in the cross-tabulation table below has been used and grouped into specific categories such as social, technological, and economic factors to summarise their extent. Environmental factors were assessed separately since items were extracted from two separate questions in the research questionnaire, Questions 1.6 and 3.3.

- Environmental factors:

“The water crisis has affected the profit of many small accommodation businesses.”

The statement addressed the impact of this environmental or natural factor on SSAB in the Cape Town CBD and established if it was a challenge. According to the results, 76.2% of respondents confirmed that the city's water shortage harmed their business. Camilleri (2018) identifies water and electricity as necessary amenities for a tourism destination. As a result, shortages of water and electricity are a concern. Of the respondents, 20% were neutral, while 3% did not indicate the water crisis as problematic.

“The weather in Cape Town impacts my business activities during the year.”; “What is the best financial period for your company?”

Table 4 presents two distinct items in the questionnaire: ‘The weather in Cape town impacts my business activities during the year’, and ‘What is the best financial period for your company?’. On the influence of the weather on SSAB, most respondents confirmed that the weather in Cape Town impacts their business activities during the year. Over 49% agreed and 17.82% strongly agreed with this statement. This corroborates the 93% of respondents who agreed that their best financial period is summer. This can indicate that other seasons of the year are not that favourable for SSAB, as there might be fewer visitors to Cape Town and thus fewer customers, resulting in a low profit. According to the respondents, summer is the most viable season.

Table 4: Adaptive table for threats of environmental factors to SSAB in the Cape Town CBD

Variable	NoB	NoC	Mode	MF	Cat	Freq	Perc (%)
As an owner/manager, what is the best financial period for your company?	101	4	Summer	94	Autumn Spring Summer Winter	2 1 94 4	1.980 0.990 93.069 3.960
The weather in Cape Town impacts my business activities during the year	101	5	Agree	50	Agree Disagree Neutral Strongly Agree Strongly Disagree	50 8 22 18 3	49.505 7.921 21.782 17.822 2.970

The other items are discussed in the cross-tabulation. These include social, technological, economic and political factors to observe how they can be threats to the development of SSAB.

- Social factors:

Responding to whether **“crime is a real threat to people visiting the country”**, 1% of the respondents disagreed or strongly disagreed with the statement, and 9.9% were neutral. In contrast, 89% of respondents agreed that crime threatens people visiting Cape Town. These findings accord with the literature review regarding the influence of social factors and addressing safety and security concerns. Hence, the findings concur with those of Bryden (2020), that besides all other difficulties, safety is a major concern for SSAB.

Regarding whether **“Security in the City Centre must be improved ”**, 89% of respondents agreed or strongly agreed that security in the City Centre should be improved. Asoba and Tengeh (2016) corroborate this by stating that crime forces establishments to focus on operational strategies rather than market competition. This confirms

that security in this area is critical for sustaining the tourism sector and developing SSAB, as visitors are looking for a secure location.

- Technological factors:

“My company lost much money during the load shedding period.”

The preceding statement sought to ascertain the financial impact of load shedding. While technology is a valuable tool for SSAB, it facilitates business operations, particularly for reservations. Indeed, Lau (2020) asserts that technology has advantages and disadvantages. As mentioned in the literature review, load shedding has impacted the city for several years and may continue to do so, wreaking havoc on businesses. Nearly 73% of respondents agreed that they lost a significant amount of money due to load shedding, 24.8% were unsure, and only 3% disagreed or strongly disagreed that they lost revenue. This could indicate that SSABs do not always have adequate contingency technology plans or funding, thus suffering significant consequences.

- Economic factors:

“The cost of running an accommodation business in the central business district is very high.”

87.1% of respondents agreed or strongly agreed that the cost of running an SSAB in the Cape Town CBD is very high, 11.9% were neutral, and 1% disagreed. This challenge can be a consequence of the high level of competition identified in Table 4. Indeed, it could be indicated that the greater the competition, the greater the marketing strategy and business development should be. This is expensive on such limited budgets. Competition in this area might require extra efforts for SSABs to survive. According to Mukwarami and Tengeh (2017), lack of proper financial resources can impede the business's growth.

Table 5: Threats from external factors on SSAB development

As an owner/manager, to what extent do you agree with the following statements regarded as threats?

* CFABR cross-tabulation

	CFABR					Total
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
Crime is a real threat to visitors	1 1.0%	0 0.0%	10 9.9%	41 40.6%	49 48.5%	101 100.0%
Security in the City Centre must be improved	0 0.0%	0 0.0%	11 10.9%	52 51.5%	38 37.6%	101 100.0%
Poverty is one of the factors affecting security in the city	1 1.0%	1 1.0%	13 12.9%	38 37.6%	48 47.5%	101 100.0%
The water crisis has affected the profit of many small accommodation businesses	1 1.0%	2 2.0%	21 20.8%	50 49.5%	27 26.7%	101 100.0%
The weather in Cape Town impacts my business activities during the year	3 3.0%	8 7.9%	22 21.8%	50 49.5%	18 17.8%	101 100.0%
My company lost a lot of money during load shedding	1 1.0%	2 2.0%	25 24.8%	46 45.5%	17 26.7%	101 100.0%
The cost of running an accommodation business in the central business district is very high	0 0.0%	1 1.0%	12 11.9%	48 47.5%	40 39.6%	101 100.0%
Government regulation is one of the main challenges restricting entrepreneurs from operating in the City Centre	1 1.0%	10 9.9%	24 23.8%	44 43.6%	22 21.8%	101 100.0%
Total	8 1.0%	24 3.0%	138 17.1%	369 45.7%	269 33.3%	808 100.0%

- Legal/Political factors:

“Government regulation is one of the main challenges restricting entrepreneurs from operating in the City Centre.”

While 10.9% of respondents disagreed and strongly disagreed, 23.8% were neutral concerning the above statement. However, a very high rate of over 65% agreed and strongly agreed government regulations were among the barriers constraining entrepreneurs from running a business in the City Centre. Dlomo (2021) argues that in order for tourism to become self-sufficient and thriving, local governments need to create conditions that are both safe and conducive to the growth of the business. This is perhaps because entrepreneurs having difficulty complying with stricter and unfriendly regulations and might prefer to invest elsewhere.

In presenting the findings above, we adopted the concept of PESTLE. As far as the researchers are concerned, this heralds a new beginning for this concept in studies related to SSABs within the South Africa tourism sector.

5. CONCLUSION

South Africa's hospitality industry, particularly in Cape Town's central business district, is experiencing significant problems. Several risks in the market include competition and other environmental variables. Despite this, the tourism sector in the Western Cape has enormous growth potential not simply because of its tourist destination profile but if exemplary leadership and support are in place.

According to the findings of this study, financial difficulties were not the most apparent obstacle to the SSAB's expansion, but they were one of the initial concerns. It was mentioned that because banks are hesitant to fund businesses of this size, most small lodging businesses have to rely on personal savings to get started. Lack of familiarity with the market is rarely mentioned first but is revealed to be a significant challenge in many cases. Businesses need the help of local governments to flourish, so those governments must adopt policies more conducive to business growth. Since small businesses lack the resources to implement effective crime-fighting strategies, the South African government should step in to address the underlying safety and security issues external to their operations.

The South African government and the City of Cape Town should create more supportive regulations, ease business policies for small-sized accommodation businesses, and develop thriving tourist attractions. As a result, business owners and SSAB will feel more at ease investing in the sector and will be free to expand as they see fit.

6. LIMITATIONS AND SCOPE FOR FUTURE RESEARCH

The difficulty in obtaining primary data during the pandemic of Covid-19 was a significant obstacle to the study's success. The data collection commenced at the beginning of the Covid-19 pandemic in 2020, and the restrictions made it impossible to reach most businesses. As a result, the study's sample size and overall design had to be revised so that the master's degree that was part of this study could be earned. Against this backdrop, a follow-up study is necessary to account for the Covid-19 pandemic experience.

The locale of the study was Cape Town's Central Business District. A comprehensive picture of Cape Town or South Africa can only be obtained by expanding the study to other areas. Additionally, given the recent pandemic, future research may consider its impact on tourism, particularly on small businesses. Finally, we note an interesting link between small-scale accommodation facilities and township tourism in extant literature (for example, Maret, Iwu, Musikavanhu & Handayani, 2018; Muresherwa, Amony, Iwu & Dube, 2020; Ezeudji & Dlomo, 2020). We believe township tourism makes an essential rural/township entrepreneurship contribution and thus deserves further studies in line with the necessity to improve local economic development.

7. IMPLICATIONS

Consequences for small enterprises are discussed, as are specific actions from the government and the banking community. Small-scale lodging businesses can benefit from a heightened focus on tourism. This suggests a more active role for municipal government in assisting small-scale enterprises serving the tourism industry. In addition, financial institutions should provide sufficient funding for entrepreneurs and small-scale lodging firms for the industry's growth. To achieve this goal, the government and banks might launch a specific financial support program

for small businesses in the hospitality industry, which is a key component of the tourism industry.

Another important point that is derivable from this study is the necessity for entrepreneurial skills development for SSAB owners and managers. This point is made from the concerns raised regarding the socioeconomic, political and technological challenges that seem to limit the participants. In this regard therefore, and in recognition of the economic value of the hospitality sector, efforts should be enhanced to cultivate a culture of continuous training and development among SSABs.

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