ANALYSING ENTREPRENEURIAL AND MARKETING DEVELOPMENT SKILLS FOR SMALL TOURISM ENTERPRISES IN THE VAAL TRIANGLE REGION

Natasha de Klerk

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Promoter: Dr A Garnett

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NORTH-WEST UNIVERSITY
YUNIBESITI YA BOKONE-BOPHIRIMA
NOORDWES-UNIVERSITEIT
VAALDRIEHOEKKAMPUS

2009 -09- 21

Akademiese Administrasie
Posbus Box 1174
VANDERBIJLPARK
1900

NORTH-WEST UNIVERSITY
YUNIBESITI YA BOKONE-BOPHIRIMA
NOORDWES-UNIVERSITEIT
VAAL TRIANGLE CAMPUS

PO Box 1174, Vanderbijlpark
South Africa, 1900

Web: http://www.nwu.ac.za

Tel: (016) 910 3320
Fax (016) 910 3326
EMail Aldine.Oosthuyzen@nwu.ac.za

To whom it may concern

29 April 2009

This letter is to confirm that I did the scoring and data analysis for the research done by Natasha de Klerk.

Yours sincerely

Aldine Oosthuyzen
MSc (Statistics and Operational Research)

ALDINE.OOSTHUYZEN@NWU.AC.ZA p:\vdkadmin\2008\konsultasie\marygrosser\letter.doc

Dr A.L. Bevan-Dye
English language editing
SATI membership number: 1001760
Tel: 072 424 0933
E-mail bevan-dye@absamail.co.za

28 April 2009

To whom it may concern

This is to confirm that I, the undersigned, have language edited the completed research of Natasha de Klerk for the Ph.D. thesis entitled: *Analysing entrepreneurial and marketing developmental skills for small tourism enterprises in the Vaal Triangle region.*

Yours truly,



Ayesha Lian Bevan-Dye

DECLARATION

I declare that:

"Analysing entrepreneurial and marketing development skills for small tourism enterprises in the Vaal Triangle region"

is my own work, that all the sources used or quoted have been identified and acknowledged by means of complete references, and that this thesis has not previously been submitted by me for a degree at any other university.

N. de Klerk

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Natasha de Klerk
Vanderbijlpark
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UITTREKSEL

'N ANALISE VAN ONDERNEMINGS- EN BEMARKINGSONTWIKKELINGSVAARDIGHEDE VIR KLEIN TOERISMEONDERNEMINGS IN DIE VAALDRIEHOEKSTREEK

SLEUTELWOORDE: Ondernemingsontwikkelingsvaardighede, bemarkingsontwikkelingsvaardighede, toerismebestuur, bemarking van dienste, hoër onderwys.

Stygende werkloosheidsyfers en lae ekonomiese groei wek wêreldwyd toenemend kommer. Entrepreneurskap is een van die erkende maniere waarop hierdie uitdagings die hoof gebied kan word. Toerisme is inderdaad een van die onder-ontginde sektore met beduidende potensiaal waar hierdie uitdagings by die horings gepak kan word. Dit volg dus dat studente oor die nodige ondernemingsvaardighede moet beskik om hierdie tipe onderneming te kan bevorder; die afwesigheid van konsensus oor die inhoud van toerismeopleidingsprogramme en kurrikula wek egter kommer. Suid-Afrikaanse hoëronderwysinstellings moet hul rol in heroënskou neem en akademici moet die toerismebedryf se vereistes in ag neem wanneer hulle kurrikula voorlê. Opleidingsprogramme en kurrikula kan vasgestel word deur ontwikkelingsvaardighede by suksesvolle ondernemings te analiseer.

Hierdie studie bestaan uit verkennende navorsing oor 'n belangrike kwessie wat menige hoëronderwysinstellings vandag in die gesig staar. Dit word deur 'n uitvoerige letterkundeoorsig en empiriese navorsing gestaaf. Hoëronderwysinstellings is genoop om mededingend te bly weens hul woelige en veranderende omgewings.

Die letterkundeoorsig, in ooreenstemming met die reikwydte en beperkinge van die studie, fokus op die beginsels van toerismebestuur, asook die ondernemings- en bemarkingsontwikkelingsvaardighede onontbeerlik vir toerisme-entrepreneurs.

'n Selfinvulvraelys is aan eienaars van toerismeondernemings, akademici in toerismebestuur en studente van toerismebestuur gestuur as deel van die empiriese ondersoek. Die doelwit was om 'n stel riglyne vir die inhoud van entrepreneurs- en bemarkingsvakke vir toerismebestuurstudente te ontwikkel.

Die navorsingsbevindinge bied 'n gebalanseerde oogpunt, omdat die menings van toerismeondernemings, akademici sowel as studente in ag geneem is. Die vaardighede wat vir hierdie studie ondersoek is, tesame met die voorgestelde toepassingsmetode, kan as riglyn vir gestruktureerde integrasie en ontwikkeling van hierdie vaardighede in toerismebestuurprogramme gebruik word. Hierdie studie se oogmerk was om 'n wye verskeidenheid van die ondernemings- en bemarkingsontwikkelingsvaardighede te dek wat vir die toerisme-entrepreneur van belang is, sodat 'n duidelike stel vaardighede geformuleer kan word vir voorgestelde insluiting in die inhoud van toerismeondernemings- en bemarkingskurrikula.

ABSTRACT

ANALYSING ENTREPRENEURIAL AND MARKETING DEVELOPMENT SKILLS FOR SMALL TOURISM ENTERPRISES IN THE VAAL TRIANGLE REGION

KEY WORD: Entrepreneurial development skills, marketing development skills, tourism management, services marketing, higher education.

Increasing unemployment and low economic growth are of growing concern in the world economy and a recognised intervention to combat these challenges is entrepreneurship. Tourism has been acknowledged as an underexploited sector with considerable potential for addressing these challenges. In order to advance entrepreneurial activity, it is essential for students to possess the necessary entrepreneurial skills. However, the absence of consensus on the content of training courses and curricula is currently a concern in the field of entrepreneurship. South African higher education institutions need to redefine their roles and academics should take heed, and ensure that the curricula that they provide correspond with the requirements of practitioners. Through analysing the development skills of successful entrepreneurs, the focus of training courses and curricula can be established.

This study constitutes exploratory research into an important issue facing many higher education institutions today and is supported by a detailed literature review and an empirical study. Higher education institutions have to remain competitive due to the turbulent and changeable environment within which they operate.

The literature review, in accordance with the scope and limitations of the study, concentrated on the principles of tourism management, together with the entrepreneurial and marketing development skills essential to tourism entrepreneurs.

For the empirical part of the study, a self-administered questionnaire was sent to a sample of tourism enterprise owners, tourism management academics and tourism management students. The objective was to develop a set of guidelines for the content of the entrepreneurship and marketing subjects for tourism management students.

The research findings provide a balanced view in that they incorporate the perceptions of tourism enterprise owners, tourism management academics and tourism management students. The skills analysed within this study, together with the suggested implementation method, can be used to guide the structured integration of the development of these skills into tourism management programmes. The intention of the study was to cover a wide range of entrepreneurial and marketing development skills essential for the tourism entrepreneur, so that a clear set of skills could be formulated for the recommended inclusion into the content of tourism entrepreneurship and marketing curricula.

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CHAPTER 1
INTRODUCTION AND PROBLEM STATEMENT

1.1 INTRODUCTION

South Africa as a country is rich in tourist attractions, with plenty to offer to all types of tourists from around the world. Accessible wildlife sanctuaries, unspoilt landscapes, wilderness areas and indigenous forests, diverse cultures, a generally sunny and mild-to-hot climate and a well-developed infrastructure attract local and foreign visitors to all parts of the country. South Africa offers significant potential for entrepreneurs, especially tourism entrepreneurs. Many possibilities exist for new businesses in tourism, the opportunities are endless but so are the challenges (Ntuli & Potgieter, 2001:60).

Tourism is heralded as being potentially one of the leading driving forces for economic expansion in post-apartheid South Africa. However, major obstacles prevent tourism from performing its role as a developmental agent for broader economic transformation (Visser & Barker, 2004:98). Van Dijk (2004:37) indicates that one of the main reasons for South Africa's slow economic growth is a shortage of entrepreneurs. Opportunities for new South African entrepreneurs to succeed are abound, especially in tourism. However, to take advantage of these opportunities successfully requires the creation of a culture of entrepreneurship in South Africa.

Van Dijk (2004:37) further elaborates that it is essential for the South African's tourism industry to train entrepreneurs so that they understand the tourism industry and are able to visualise tourism offerings that are marketable. A major problem facing emerging entrepreneurs is the marketing of their tourism enterprise (Rogerson, 2004:1). According to De Beer *et al.* (2002:59), the small business entrepreneur often becomes so busy with the day-to-day management of the enterprise that insufficient time is devoted to marketing. This is problematic, as Rogerson (2004:1) denotes that small business entrepreneurs need to address a variety of issues for the successful establishment and growth of their enterprise - marketing being one of the most significant of these issues.

Morrison *et al.* (2001:164) emphasise that the tourism entrepreneur should provide customers with what they want and need. In order to do so successfully, necessitates that the entrepreneur stay abreast of major trends and developments in the market (Van Aardt *et al.,* 2000:213) as the business environment has changed dramatically over the past few decades, and it can be expected to change even more rapidly in the years to come (Van Dijk, 2004:37). According to Morrison *et al.* (2001:161), entrepreneurs are people who follow the marketing principles, where the application of these principles and theories play a vital role in the success and sustenance of a business. Therefore, marketing is vital to the entrepreneurial process. A business generates an income from marketing their offerings and, as such, the marketing function is pivotal to any small business entrepreneur (De Beer *et al.,* 2002:59).

Entrepreneurship means different things to different people. According to North (2002:24) and Morris *et al.* (2002:34), an entrepreneur is "the owner or manager of a business enterprise who, by risk and initiative, attempts to make profits". Certain common personality characteristics exist that define the nature of entrepreneurship. These include having a creative, proactive, independent, risk-taking disposition and an achievement-driven nature. Van Dijk (2004:37) accentuates that potential entrepreneurs should carefully consider whether they possess the characteristics typically associated with being a successful entrepreneur, since most small businesses fail within the first five years.

The vast majority of tourism enterprises around the globe are deemed to be small (Jameson, 1998:43; Morrison & Teixera, 2004:167), belong to the indigenous population, and are family run (Morrison & Teixera, 2004:167). Rogerson (2004:7) agrees and adds that small tourism enterprises are numerically the largest component of the South African tourism economy and, thus, warrant close research attention.

The current state of the South African economy is of concern for the future adults of the country. Young people face problems such as crime, corruption, health, mismanagement, poor living conditions and unemployment (North, 2002:24; North-West Youth

Commission, 1999:22). Radipere and Van Scheers (2005:402) concur with this and state that unemployment is widely recognised as a major factor inhibiting economical stability in South Africa. More than 5 million South Africans are unemployed and Van Dijk, (2004:36) believes this is a major cause of anxiety in the country. It is estimated that more than 8 million people will be unemployed by 2010 (North, 2002:24). Out of all the children leaving school, only seven percent find employment (Kroon & Meyer, 2001:47).

South Africans are discouraged and uncertain regarding their future and some may even resort to crime as an alternative to unemployment (Davies, 2001:32). In the squatter camps, many people suffer from malnutrition and HIV/AIDS. Furthermore, poverty is increasing among all levels of South African society (Van Dijk, 2004:36).

Entrepreneurship in South Africa has become more important than ever. Worryingly though, there is a lack of people armed with the required orientation and skills to create new businesses (Kroon *et al.*, 2003:319; Kroon & Meyer, 2001:47). According to North (2002:24), young people should become job creators rather than job seekers. From an early age, children should develop the skills needed to identify business opportunities and eventually start their own business enterprises. A civilised society's success lies in the harmonious incorporation of young people into the mainstream of society and business as a whole (Kroon *et al.*, 2003:319). Active intervention will be necessary for young people in South Africa to escape from the vicious cycle caused by failings in the system (North, 2002:24). Through entrepreneurial businesses, young people can secure incomes that are more regular. This, in turn, aids in overcoming issues like unemployment, education, health, crime and violence (Kroon *et al.*, 2003:319).

South Africans require a paradigm shift to move from isolation to full integration into the global economy. Entrepreneurship can serve as a vehicle for generating higher economic growth (Van Dijk, 2004:37) and has a crucial role to play in economic development (Yussuf, 1995:68). Therefore, educating people about entrepreneurship will contribute to the ideal of empowering as many people as possible. Unfortunately, according to Davies (2001:32), the entrepreneurial base in South Africa is very narrow and not especially

solid. He elaborates that most South Africans grew up in a home without any exposure to entrepreneurship and, therefore, do not see themselves as becoming self-employed. Research undertaken by Driver *et al.* (2001:3) indicates that the percentage of South Africans who believe they have the skills required to start a new business is below the international average. Less than five percent of South African high school seniors and students want to own their own businesses, as compared to 70 percent of high school students in America (Kroon & Meyer, 2001:47). Through entrepreneurship training, much can be done to increase the number of new businesses (Davies, 2001:32).

Educational institutions worldwide do not give people the tools they need to succeed in the real world. Kroon *et al.* (2003:319) assert that there appears to be a lack of common sense and initiative, which is vastly important for entrepreneurial enterprises. More emphasis should be placed on educating people regarding the option of self-employment and on developing the skills necessary to start and run their own businesses. Entrepreneurial programmes can play an important role in developing entrepreneurial people (Kroon *et al.*, 2003:319). According to Shevel (2005:7), South Africa's education system is failing to produce enough entrepreneurs who can build businesses, create jobs and drive economic growth.

1.2 PROBLEM STATEMENT

Within the South African tourism industry, there is a dire need to recognise the importance of entrepreneurship and, consequently, the importance of educating tourism management students on how to become entrepreneurs. All possible role players should get involved in entrepreneurship education in order to improve the economic growth and the creation of wealth for all South Africans. At every level of society (home, school and university) educators will have to search for entrepreneurs, and train and encourage them (North, 2002:27).

Various researchers (Gray *et al,* 2007:277; Perks & Smith, 2008:147) have identified a divergence between what academics teach students and what business practitioners

require from graduates. Academics should take heed, and ensure that the curricula and training that they provide correspond with the requirements of practitioners. Davies (2001:37) concurs and states that higher education institutions that wish to be at the forefront of modernisation will have to turn to their practitioner counterparts and work together to develop entrepreneurship.

North (2002:27) emphasises that entrepreneurship education should not become just another activity where learners acquire predominantly theoretical knowledge. Rather, through research, entrepreneurship education should include a practical component as a fundamental part of the programme. People in the business community and those involved within entrepreneurship training and development are concerned about the relevance and quality of students' entrepreneurial learning experiences (Kroon *et al.,* 2003: 320). Kroon *et al.* (2003: 319) further state that the challenge facing educators currently is to introduce a more practical orientation and greater career relevance to entrepreneurial learning.

According to Niewenhuizen and Kroon (2002:157), the absence of consensus on the content of training courses and curricula is currently a major problem in the field of entrepreneurship. South African higher education institutions need to redefine their roles and adjust their programmes. By analysing the development skills of successful entrepreneurs, the focus of these training courses and curricula can be established.

Therefore, the problem addressed in this study is which primary entrepreneurial and marketing developments skills contribute to the success of small tourism enterprises in the Vaal Triangle region.

The study focuses on the following four central research questions:

1. Which essential entrepreneurial and marketing development skills do tourism management students consider necessary to become self-employed in the tourism industry?

2. Which essential entrepreneurial and marketing development skills do tourism management academics consider necessary to become self-employed in the tourism industry?
3. Which essential entrepreneurial and marketing development skills do Vaal Triangle based tourism entrepreneurs consider necessary to become self-employed in the tourism industry?
4. Do tourism management students, academics and Vaal Triangle based entrepreneurs concur regarding the essential entrepreneurial and marketing development skills necessary to become self-employed in the tourism industry?

1.3 STUDY OBJECTIVES

One primary and nine secondary objectives have been formulated for this study.

1.3.1 Primary objective

The overall aim of this study is to develop guidelines for the content of the entrepreneurship and marketing subjects for tourism management students. These guidelines will help to ensure that students are better equipped with the necessary entrepreneurial and marketing skills in order to become self-employed in the tourism industry.

1.3.2 Secondary objectives

The following secondary objectives are important to support the attainment of the primary objective:

1. Delineate the fundamental principles of tourism management.
2. Identify important entrepreneurial development skills necessary for tourism entrepreneurs.

3. Identify important marketing development skills necessary for tourism entrepreneurs.
4. Test the research findings of objectives two and three from the tourism management students' perspective.
5. Test the research findings of objectives two and three from the tourism management academics' perspective.
6. Test the research findings of objectives two and three from the Vaal Triangle based tourism entrepreneurs' perspective.
7. Determine if there is a statistically significance difference between the perceptions of the three samples regarding essential entrepreneurial and marketing skills relevant to small tourism enterprises.
8. Explore the relationship between entrepreneurship and tourism marketing.
9. Recommend key factors to be considered when designing an entrepreneurship and marketing training programme for tourism management students.

1.4 HYPOTHESES

A hypothesis is a possible answer to a research question. The development of hypotheses should be viewed as a way of making the research question more specific and as an opportunity to communicate information (Aaker *et al.*, 2004:52, 53).

Based on the research questions, the following six hypotheses have been formulated for the study:

Ho1: There is no significant difference between the perceptions of tourism management students and academics regarding the essential entrepreneurial and marketing development skills necessary to become self-employed in the tourism industry.

Ha1: There is a significant difference between the perceptions of tourism management students and academics regarding the essential

entrepreneurial and marketing development skills necessary to become self-employed in the tourism industry.

Ho2: There is no significant difference between the perceptions of tourism management students and Vaal Triangle based owners of small tourism enterprises regarding the essential entrepreneurial and marketing development skills necessary to become self-employed in the tourism industry.

Ha2: There is a significant difference between the perceptions of tourism management students and Vaal Triangle based owners of small tourism enterprises regarding the essential entrepreneurial and marketing development skills necessary to become self-employed in the tourism industry.

Ho3: There is no significant difference between the perceptions of tourism management academics and Vaal Triangle based owners of small tourism enterprises regarding the essential entrepreneurial and marketing development skills necessary to become self-employed in the tourism industry.

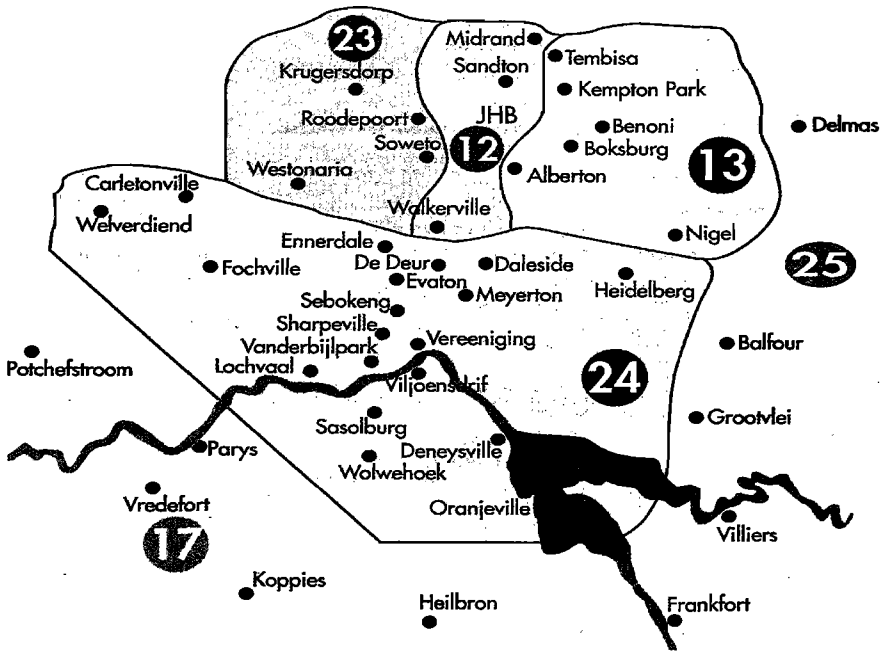
Ha3: There is a significant difference between the perceptions of tourism management academics and Vaal Triangle based owners of small tourism enterprises regarding the essential entrepreneurial and marketing development skills necessary to become self-employed in the tourism industry.

1.5 DEMARCATION OF THE FIELD OF STUDY

In this study, three groups of respondents were targeted. In accordance with the title of this thesis, the first group of respondents included owners of small tourism enterprises situated in the Vaal Triangle Region. Respondents in this group were limited to the owners of small accommodation enterprises. The second group of respondents consisted of tourism management lecturers, while the third group of respondents comprised tourism management students. In order to keep the study manageable, the academic and student

respondents were drawn from the main campuses of only two higher education institutions. These two higher education institutions are the Vaal University of Technology, which is situated in the town of Vanderbijlpark, in the Vaal Triangle region of the Gauteng province and the North-West University, which is located in the town of Potchefstroom in the North West Province. Both higher education institutions were deemed suitable for inclusion in the study given their geographic proximity to the Vaal Triangle based tourism entrepreneurs who made up the third group of respondents in the study. Figure 1.1 indicates the geographic demarcation of the study area.

Figure 1.1 Map of study area



Legend:

12	Johannesburg	**17**	Free State	**25**	Mpumalanga
13	East Rand	**23**	West Rand	**24**	Vaal Triangle

Source: **Yellow Pages (2008/2009:21)**

1.6 RESEARCH METHODOLOGY

The research design is, according to Zikmund (2000:65), a master plan, which includes specific methods and procedures for collecting and analysing the desired information. For the purpose of this study, two methods of research were used: a literature review and an empirical study.

1.6.1 Literature review

The literature review portion of the study includes a background study on tourism, the fundamental principles of tourism management, the entrepreneurial process, the business plan, essential entrepreneurial skills, services marketing and essential skills associated with tourism marketers. The literature review was undertaken to attain objectives one to three of the study.

Secondary data sources used in the literature review included textbooks, journals, newspapers and the Internet. These sources were used to gather relevant information for establishing the theoretical background for the empirical section of the study, which is designed to answer objectives one, two and three. These sources will be used to generate a list of items for the empirical section of the study, which is designed to answer objectives four, five, six, seven, eight and nine.

The Harvard method of source referencing and acknowledgement is used in this study.

1.6.2 Empirical study

For this study, the target population consisted of the owners of small tourism enterprises in the Vaal Triangle region, together with tourism management academics and students at the Vaal University of Technology and the North-West University.

A list of all the small tourism enterprises was obtained from information centres in the Vaal Triangle. This constituted the sampling frame for this group of respondents. The manageable size of this sampling frame guided the decision to conduct a census of these respondents.

The sampling frame for the tourism management academics comprised the combined list of lecturers lecturing in the tourism management departments on the main campuses of the Vaal University of Technology and the North-West University. Once again, the manageable number of sampling elements in this sampling frame warranted the decision to take a census of this group of respondents.

For the tourism management students, the sampling frame consisted of the combined class lists of all students studying tourism management on the main campuses of the Vaal University of Technology and the North-West University. From this sampling frame, a non-probability judgement sample of third- and fourth-year tourism management students was selected. It was decided to include only third- and fourth-year tourism management students because, in comparison to first- and second-year students, they were more likely to have the knowledge necessary to complete the questionnaire.

The survey method, using a structured questionnaire, was applied to obtain the relevant data in accordance with the objectives of the study. In the questionnaire, responses were recorded on a five-point Likert scale. All three groups of respondents were asked to complete the same questionnaire.

A pilot study was conducted to test the validity of the questionnaire. Feedback arising out of the pilot study was incorporated into the final questionnaire.

Questionnaires were hand delivered to the owners of small tourism enterprises in the Vaal Triangle, as well as to the tourism management academics at the Vaal University of Technology and the North-West University. Tourism management students at both of

these institutions were asked to complete the questionnaire during their class time. The responses to the questionnaire were coded and tabulated prior to the statistical analysis.

1.6.3 Data requirements

The following types of data were captured for the study:

- fundamental principles of tourism management
- important entrepreneurial development skills necessary for tourism entrepreneurs
- important marketing development skills necessary for tourism entrepreneurs
- the relationship between entrepreneurship and tourism marketing
- recommended key factors to be considered when designing an entrepreneurship and marketing training program for tourism management students
- demographical data.

1.6.4 Statistical analysis

The captured data was analysed using the Statistical Package for the Social Sciences (SPSS), version 14.0, software package. The following statistical methods were used on the empirical data sets:

- reliability analysis
- validity analysis
- descriptive analysis
- correlation analysis
- analysis or variance (ANOVA) and multiple analysis of variance (MANOVA).

1.7 CLARIFICATION OF TERMINOLOGY

The following terminology and definitions are used in the study:

- **Baby boomers** People born between 1946 and 1965.

- **Competitive advantage** A distinct advantage one competitor may have over another because of superior skills or resources.

- **Demand** The quantity of offerings that will be sold in the market at various prices for a specified period.

- **Enterprise** A company, business organisation or business venture. The term *enterprise* refers to any profit or non-profit oriented organisation that has an organisational environment and organisational capabilities.

- **Marketing orientation** An organisation's approach to marketing that indicates commitment to determining consumer needs and wants and providing offerings aimed at satisfying those needs and wants.

- **Offering** Any product, service, place or idea that can be offered to the market for consumption and which may satisfy a need or a want.

- **Skill** A capacity for voluntary, intentional and objective-related behaviour with an observable level of effectiveness, which could not be expected in an untrained individual

- **Small tourism enterprise** Any small tourism organisation that supplies less than 50 rooms, employs less than 10 people and operates in the lower reaches of the market.

- **Strategic management** These are strategic actions taken to gain a competitive advantage by matching the internal resources and capabilities of the organisation with the external forces of the environment.

- **Successful enterprise** An organisation that meets the aspirations of its shareholders and that is financially secure.

1.8 CLASSIFICATION OF CHAPTERS

Chapter 2 of this thesis provides a background study on tourism and tourism management in general. The structure, growth, history and development of the tourism industry are discussed. Essential management elements for small tourism enterprises are briefly described in this chapter.

Chapter 3 describes entrepreneurship and outlines the background of entrepreneurship and small enterprises. The role, concepts, principles and processes associated with entrepreneurship in small enterprises are investigated. This chapter primarily focuses on the development skills necessary for entrepreneurs in tourism.

Chapter 4 contains a literature review of tourism marketing. This chapter includes a discussion of service marketing, the importance of marketing in the tourism industry, the tourism environment, the tourism market and tourism-marketing issues. Marketing development skills for the small tourism entrepreneur and the relevance of marketing concepts and techniques to the entrepreneurial process are also discussed.

Chapter 5 concerns itself with the research methodology used in this study. It focuses on the research design and methodology, as well as on the development and distribution of the questionnaires. Several different statistical methods and techniques applied during the scope of the study are identified and discussed in detail. The chapter also aims to prove the reliability and validity of the data gathered in the study, as well as the importance thereof.

Chapter 6 presents the reported results of the empirical study. This chapter provides an analysis, interpretation and evaluation of the research findings. The results of the dimensionality, reliability and validity of the instrument used are reported on. The statistical tests used to analyse the data are presented in this chapter.

Chapter 7 provides a final review of the entire study and presents the conclusions drawn from the study, together with the consequent recommendations. The managerial implications and limitations of the study are discussed, and suggestions for further research are presented in this chapter.

1.9 LIMITATIONS OF THE RESEARCH STUDY

In order to keep the scope of the study within a manageable range, it was necessary to constrain the problem. One limitation that may be detected in the study is that the focus of the study is primarily on entrepreneurial and marketing skills, rather than on the taxonomy of tourism business-management skills. Furthermore, the study is confined to tourism enterprises in the Vaal Triangle area and tourism management students and academics of two higher education institutions. Tourism enterprises in this study only included small accommodation facilities, for example guest houses and bed and breakfast enterprises. The study is also not longitudinal given that the survey were taken at only one time (data was collected in May 2008 and, as such, the results are representative of that point in time).

1.10 GENERAL

- appendices are placed at the back of the thesis
- tables and figures are placed on the relevant pages in the thesis
- where no sources are mentioned for figures and tables, this refers to own research
- referencing is based on the Scientific Skills Series, Quoting Sources, Potchefstroom University for Higher Christian Education.

1.11 SYNOPSIS

South Africa offers diverse opportunities for tourism entrepreneurs. However, a culture of entrepreneurship needs to be created. Owing to various obstacles, especially skill shortages, there is a shortage of tourism entrepreneurs in the country. Skills need to be

developed in order for people to identify business opportunities and become self-employed. Educational institutions need to provide students with the essential skills required to become entrepreneurs. By analysing the development skills of successful entrepreneurs, the focus of training courses and curricula can be established.

Marketing plays a pivotal role in the entrepreneurial process and in small tourism enterprises. A major problem facing emerging tourism entrepreneurs is the lack of essential marketing skills necessary for the success and sustenance of an enterprise. Entrepreneurs yield income from marketing their offerings. Therefore, the marketing function is vital for tourism enterprises.

In the next chapter, tourism management will be highlighted. The structure, growth, history and development of the tourism industry, as well as the South African tourism market will be discussed. The chapter also outlines important management elements for small tourism enterprises.

CHAPTER 2
TOURISM MANAGEMENT

2.1 INTRODUCTION

Tourism is an increasingly widespread and complex activity, which requires sophisticated management to realise its full potential as a positive and sustainable economic, environmental, social and cultural force. Complicating this task is the particular vulnerability of tourism to uncertainty, which was dramatically demonstrated in recent years by three striking events: the terrorist attacks of 11 September 2001 in the United States of America (USA), the 2002-3 Severe Acute Respiratory Syndrome (SARS) outbreak in the East and the Indian Ocean tsunami of 26 December 2004 (Weaver & Lawton, 2006:2).

Botha *et al.* (2005:2) suggest that to be successful as a tourism entrepreneur you need to understand why people travel, what tourists want, what can be offered to tourists, how potential tourists can be reached and how the environment can affect entrepreneurial efforts to run a successful tourism enterprise. Therefore, the purpose of this chapter is to provide a broad overview of tourism management. This chapter outlines the background, significance and structures of the tourism industry, together with definitions and concepts pertinent to this industry. Various tourism management elements are briefly explored to provide insight into the important skills required by small tourism entrepreneurs.

The definition, history, importance, systems, growth and trends of tourism are discussed and analysed in the following sections in order to provide a comprehensive background to tourism.

2.2 DEFINING TOURISM

Given that this chapter is concerned with tourism management, it is important to establish what is meant by the term tourism. According to Lickorish and Jenkins (1999:1), the

problem of arriving at an agreed upon definition of tourism represent a serious and continuing difficulty for tourism analysts. Cooper *et al.* (1998:8) postulate that tourism is a multidimensional, multifaceted activity, which touches many lives and many different economic activities. Tourism is an activity that cuts across conventional sectors in the economy and requires input of an economic, social, cultural and environmental nature (Lickorish & Jenkins, 1999:1). As such, tourism has proved difficult to define.

The definition of tourism depends, largely, on the definition of a tourist (Weaver & Lawton, 2006:2). As indicated by Goeldner and Ritchie (2006:8), the term *tourist* means different things to different people. For most people, tourists primarily refer to people travelling or taking a vacation for pleasure. However, people participating in a convention, a business conference, a business trip or a study tour may also be included when describing tourists. Medlik (2003:167) provides a comprehensive definition, stating that a tourist is a visitor visiting for at least one night and that the main purpose for that visit may be classified under one of two reasons, namely for leisure and holidays or business and professional purposes.

Since the 1970s, the term tourism has been commonly used to describe a field of travel (Gee *et al.,* 1997:10). Although tourism has proved difficult to define, Lickorish and Jenkins (1999:2) indicate that tourism implies that a person undertakes a journey. Various authors (Mill & Morrison, 1992:4; Lickorish & Jenkins, 1999:2; Pender & Sharpley, 2005:4; Page & Connell, 2006:11) agree that tourism is the term given to the activity that occurs when tourists travel. This implies that tourism involves a person undertaking a journey. Tourism encompasses everything from planning the trip, travelling to the place, the stay itself, returning from the trip and reminiscing about it afterwards. Moreover, tourism includes the activities the traveller undertakes as part of the trip, including, for example, purchases made while on a trip and the interactions that occur between the host and the guest at a tourist destination. In sum, tourism includes all of the activities and impacts thereof that occur when a tourist travels (Goeldner & Ritchie, 2006:16).

The definition of tourism encompasses four overlapping phases of consumer activity, which provide a useful starting point for the analysis and management of a tourism enterprise. These phases provide an insight into why and how travel is purchased, the elements of holidays that people value and how a destination can secure repeat business. These four phases, according to (Lumsdon, 1999:4), are as follows:

- pre-purchase activity, such as finding information, discussing the prospect with friends and family, booking the holiday or making travel arrangements and preparations made before travel
- the journey to and from the destination, including, possibly, an overnight stop *en-route*
- the activities undertaken at the destination, which may be uniform in nature or characterised by a complex range of activities
- post-consumptive behaviour, such as processing photographs and talking about experiences.

Page and Connell (2006:22) believe that throughout history people have travelled, and have done so for many different reasons. Studying the history of tourism highlights the critical link needed to understand the current consumption of tourism. Travelling for pleasure is essentially a more recent phenomenon, one that has grown rapidly in the last 200 years. From the end of the eighteenth century, when only the wealthy few could indulge, tourism has developed into something that many ordinary people now consider as a necessity. An understanding of the history of tourism provides a useful insight into the consumption of tourism.

2.3 HISTORICAL PERSPECTIVES OF TOURISM

While tourism is a global phenomenon, it is by no means a new phenomenon. Lickorish and Jenkins (1997:10) believe that studying the history of tourism is a worthwhile undertaking because there are lessons to be learned which are as applicable today as they were in the past. The tourism industry of the twenty-first century shares many of the

characteristics of the industry 3000 years ago. Many of the facilities and amenities demanded by modern tourists were provided – albeit in a more basic form – from the earliest days of travel, including accommodation, catering services, guides and souvenir shops (Holloway, 2002:14).

The historical origins of tourism can be found in the ancient cultures of the Greek and Roman social elite. Although seaside resorts are often considered a feature of modern times, there were many seaside resorts in the Roman Empire, where both the upper classes and the masses flocked each summer to get away from overcrowded and unhealthy conditions in Rome (Page & Connell, 2006:23). In the respect that these early 'tourists' pursued pleasure and relaxation in regions away from the main towns and cities, they epitomise modern-day tourism: the pursuit of pleasure in a location away from everyday life and the use of one's leisure time for non-work purposes (Holloway, 2002:15).

It is impossible to pinpoint a precise point in time when tourism began. Rather, tourism evolved through time, building on the needs, consumptions and desires of society, and the opportunities that were presented (Page & Connell, 2006:28). Weaver and Lawton (2006:58) claim that before the 1800s, the majority of people lacked the ability or desire to travel away from their birthplace. Frequent travel was confined to a small elite group, the ruling class made up of large landowners, church leaders and monarchs and their entourage. For the masses, the only possibility of long-distance travel was likely to be linked to a pilgrimage, a religious crusade or time spent as a mercenary (Mason, 2003:13).

Page and Connell (2006:32) indicate that the growing demand for leisure travel among the working population began as day trips in the late eighteenth century and increased throughout the nineteenth century. Mason (2003:13) suggests five major reasons for the growth of tourism in the nineteenth century.

These major reasons are as follows:

- A rise in industrial output associated with the Industrial Revolution occurred that, in turn, led to an increase in the standard of living.
- Improvements were made in transport technology, which led to cheaper and more accessible travel. Railways and ocean liners appeared in the nineteenth century, and cars and aircrafts in the first half of the twentieth century.
- The concept of annual holiday leave was introduced towards the end of the nineteenth century.
- Perceptions regarding the environment started changing, where locations once viewed as hostile began to be seen as attractive.
- People's desire to travel increased, partly due to improvements in travel duration and partly due to the greater availability of overseas travel opportunities that came about because of the World War II. This created interest in foreign locations, as well as in overseas business travel.

Page and Connell (2006:32) propose that tourism expanded in the first 15 years of the twentieth century due to growing affluence, continued improvements in transport systems and changing attitudes, which also contributed to a re-evaluation of the nature of the tourist experience.

Accompanying the growing realisation that tourism takes place in a finite geographical space, was the notion that it consumes environmental resources (Mason, 2003:15). The worldwide concern for environmental quality and protection influenced the tourism industry. Tourists became increasingly concerned about the effects their activities were having on the environment (Lickorish & Jenkens, 1999:6). Mason (2003:15) states that this concern led to the growth of more environmentally friendly forms of tourism, for example ecotourism. According to Bennett *et al.* (2005:409), ecotourism refers to any form of tourism that aspires to convey value to the tourist destination's natural resources and resident communities, as well to the visiting tourists themselves, and does so without

having any of the negative and damaging implications inevitably associated with poorly managed mass tourism.

Another noteworthy development in tourism occurred mid-twentieth century when some tourists sought to have more contact with the local population of tourist destinations and looked for ways in which they could potentially contribute more to the economies of those destinations. These tourists were demonstrating their concern about the ethics of the tourist-host relationship and were seeking a more just and equitable form of tourism than was achievable in the more conventional types of tourism activity (Mason, 2003:15).

In most developed Western countries, there was a rapid growth in tourism in the 1950s and 1960s (Cooper *et al.,* 1998:68). It was an era of technological revolution, massive industrial development and rapid change, which resulted in the related acceleration in wealth creation and an escalation of disposable income (Lickorish & Jenkins, 1999:12). Weaver and Lawton (2006:69) suggest that these changes are due to a number of social and economic changes. For example, a steady increase in salaries and wages occurred, which meant more disposable income to spend on leisure pursuits (Mason, 2003:13). Cooper *et al.* (1998:68) add that after World War II, increasing proportions of the populations of industrialised nations had more time to travel due to paid leave from employment.

Page and Connell (2006:35) state that great changes were seen in the nature of tourist travel with the introduction of package holidays by air using charter aircraft and also in the development of home-centred forms of leisure, for example radio and television. Lickorish and Jenkins (1999:2) reiterate this and state that in the mid-1950s and onwards the growth of tour operators began to change the nature of the tourism industry from essentially individual business activities to more integrated activities. Hotels, for example, began to notice that consumers wanted a range of services rather than simply accommodation. As a result, hotels began to develop shopping arcades and later offered secretarial centres to try to increase guest spending within the hotel complexes.

Although up to 1980 international arrivals doubled every ten years, the 1980s experienced a slowing of average annual growth rates to a little over four percent. This unevenness of tourism demand was due to a number of factors and events. For example, the economic recession that dampened international travel until 1984, the Libyan bombing incident and the weakening of the USA dollar against other major currencies all conspired to contribute to the depressing of demand for tourism. The 1990s started with the Gulf War and further economic recession, leading to great uncertainty for international tourism. The Gulf War and its aftermath initially led to the virtual cessation of travel to the Gulf, the eastern Mediterranean and North Africa (Cooper *et al.*, 1998:70).

According to Page and Connell (2006:36), new trends have altered the nature of the demand and supply of tourism in the last 35 years. The subject of continued expansion remains applicable into the new millennium and some of the concerns, many of which are interrelated, are particularly significant in this period and will be briefly discussed in the following section. This brief history of tourism, from earliest times to the twentieth century, shows that various factors have contributed to the growth in tourism.

2.4 REASONS FOR GROWTH IN TOURISM

Gee *et al.* (1997:40) posit that to be able to understand tourism it is necessary understand the factors that influence tourism. As such, it is necessary to consider the reasons behind the growth tourism. Tourism developed significantly in the twentieth century due to several factors. These included, for example, greater internationalisation and globalisation of tourism, together with changes in technology and the legislative environment. Additional factors include the increasing political recognition of tourism's economic impact, a rise in consumer spending, the emergence of new consumers, changes in products, the development of marketing research and information, the removal of restrictions, and a greater interest in culture and the environment (Bennett *et al.*, 2005:67; Page & Connell, 2006:36).

From the abovementioned, it can be inferred that the following main factors are associated with the increased demand in tourism in the twentieth century.

2.4.1 Economic factors

According to Page and Connell (2006:38), tourism is demand-elastic and therefore variations in the economy have a direct impact on tourism demand. Specific economic factors that influence tourism demand include high unemployment, high interest rates and high levels of inflation. When such conditions prevail, tourism demand is likely to be suppressed. George (2001:39) warns that changes in local, regional and global economies influence tourism enterprises directly.

The most important economic factor associated with increased tourism demand is, according to Weaver and Lawton (2006:69), affluence. In general, the distribution and volume of tourism increases as a society becomes more economically developed and greater discretionary household income subsequently becomes available. Lamb *et al.* (2008:44) explain that discretionary household income is the money available to a household after necessities and taxes have been deducted. Such funds might be saved, invested or used to purchase luxury goods and services, at the discretion of the household decision makers (Weaver & Lawton, 2006:69).

2.4.2 Internationalisation and globalisation of tourism

Lickorish and Jenkins (1999:3) indicate that tourism in the twentieth century expanded because travellers became more adventurous regarding long-haul travel. Page and Connell (2006:37) agree and state that although North America and Europe have remained the dominant destinations in terms of international arrivals, Australia and Asia Pacific have become popular destinations in the twenty-first century. Various researchers (Vellas & Bécherel, 1999:22; Page & Connell, 2006:37) add that the underpinning explanation for the globalisation of tourism is the introduction of new technology, especially in the airline industry.

In addition to the growth of international travel, there have also been significant increases in intra-regional travel, particularly in regions where tourism is a relatively new activity. For example, tourism in East Asia Pacific is dominated by demand generated from within the region. Another area of change has been in the growth of the short-break market, initially within domestic markets but increasingly in intra-regional and international destinations, which has led to increased competition for the short-break traveller (Page & Connell, 2006:37).

Accompanying this growth, an increasingly wide geographic range of destinations emerged in the twentieth century, not just in the more traditional holiday countries but including areas as diverse in product offering as Africa, East Asia Pacific and Antarctica. Within Africa, the political changes in South Africa and the cessation of the civil wars have stimulated tourist arrivals within the Southern African region. Lickorish and Jenkins (1999:3) predict that countries such as Mozambique and Angola could become important tourism destinations in the future.

Van Lill (2007:66) indicates that since the advent of South Africa's democratic dispensation in 1994, the South African tourism industry has experienced continuous change brought about by the pressure of globalised business and local societal expectations. Globalisation of the tourism industry has forced participants to seek global business strategies and to achieve effective cross-border integration, coordination and control of activities in order to generate a sustainable competitive advantage (Wynne, *et al.* 2001:421). According to George (2001:41), the signs of globalisation are evident in the South African tourism industry. Multinational corporations, for example City Lodge, Holiday Inn and British Airways are operating in the country.

2.4.3 Technological factors

Tourism, according to Wynne *et al.,* (2001:421), is one of the world's largest industries and has historically been an early adopter of new technology. Improvements in transport have been an enduring factor in the history of tourism and have heavily influenced

tourism development (Page & Connell, 2006:37). According to Holloway (2002:19), the growth of tourism and transport are interdependent because travellers require transport that is affordable, fast, safe, comfortable and convenient. These criteria began to be met in the latter half of the eighteenth century. Since the early nineteenth century onwards, improvements in technology brought with it transport that was fast and moderately priced. Weaver and Lawton (2006:79) concur and state that transportation is crucial in the diffusion of tourism and that this is demonstrated by the influence of the railway on the development of seaside resorts and by the steamship on incipient long-haul tourism during the late 1800s.

Page and Connell (2006:37) believe that the 1970s brought a technological breakthrough on a global scale in air transport with the introduction of the first wide-bodied jets - the DC-10 and the much bigger Boeing 747. The implications of the new era aircraft were the economies of scale generated, meaning more people could travel more cheaply, more quickly and more easily, covering greater distances than ever before. Research done by Goeldner and Ritchie (2006:7) indicates that the world's airline industry accounts for more than 1,4 billion passengers per year and is a primary factor underlying the spatial diffusion of tourist destinations. In addition to air travel, changing technology and developments leading to high-speed rail links and improvements in road travel have all assisted land-based tourism.

The development and increasing sophistication of information technologies have also played a vital role in the diffusion of tourism (Lickorish & Jenkins, 1999:7; Weaver & Lawton, 2006:80). Computerised reservation systems, for example, have given airlines the opportunity to compile databases with important customer profile information to be used, not only for scheduling and operational purposes but also for marketing purposes (Lickorish & Jenkins, 1999:7). Bennett (1995:372) further explains that computerised reservation systems expedite travel by providing travel agencies and carriers with greater flexibility, integrations with other components of the industry and improved cost-effectiveness. In addition, virtual reality technologies may potentially redefine the tourism industry and the demand for tourism products. A relevant consideration is

whether virtual reality will provide a surrogate or stimulant for actual travel (Weaver & Lawton, 2006:80).

Gee *et al.* (1997:22) stipulate that although technological changes and economic prosperity play an indispensable role in the tourism industry, social and lifestyle changes are probably the most important factors influencing people's travel behaviour.

2.4.4 Social factors

Page and Connell (2006:38) point out that various social factors contribute towards an explanation for the increase in the volume of tourism domestically, internationally and within the short-break market. The major social trends that have influenced participation in tourism are the increase in discretionary time, changing distribution options and shifts in the way that society perceives this use of time (Weaver & Lawton, 2006:69).

In economically advanced societies, travel for tourism and other leisure purposes is often viewed as a quality of life entitlement made possible various factors, including workplace productivity gains, paid holidays, annual vacations and fewer hours in the workweek, brought about by organised labour demands and progressive social legislation. Higher educational attainment and modern mass communications have also stimulated an increased consumption of tourism. Changes in the modern family structure and dual-income households have created intense time shortages, conflicting schedules and pressures, which affect travel patterns and behaviour (Gee *et al.,* 1997:23).

Assuming that financial means are available, early retirement is often synonymous with a higher propensity to travel. Smaller family sizes have resulted in a larger proportion of family income being available for holidays (Page & Connell, 2006:38). Weaver and Lawton (2006:75) reiterate this by stating that because of the cost of raising children, small family size is equated with increased discretionary time and household income.

Increased life expectancies have resulted from the technological advances of the industrial and post-industrial eras. Research done in Australia indicates that in 1901 the average life expectancy was between 55 and 59 years, meaning that the average worker survived for only about five years after retirement. The respective life expectancies had increased in 2002 to 77 and 82 years, indicating 15 to 20 years of survival after leaving the workforce. Although it cannot be assumed universally, this higher life expectancy, combined with reduced working time, means increased discretionary time and income and this favours tourism (Gee *et al.,* 1997:23).

Gee *et al.* (1997:23) further denote that, owing to these changes in human living conditions, consumers are vastly different from those of a few years ago and this has increased the size of the tourism market.

2.4.5 Political factors

Weaver and Lawton (2006:81) are of the opinion that tourism is dependent on the freedom of people to travel both internationally and domestically. A number of authors have explored the relationship between tourism and politics, and the general belief is that tourism is highly sensitive to political instability (Clements & Georgiou, 1998:284; Scott, 1998:59; Pender & Sharpley, 2005:278).

Political stability in the destination country is vital to the tourism industry, since the perception of terrorism and political violence deters international tourists from travelling (George, 2001:42). Altinay *et al.* (2002:176) concur and indicate that politics can influence the tourism industry, since disputes can seriously impede travel, especially when conditions escalate.

The 9/11 attacks in the USA and subsequent terrorist alerts have undoubtedly affected tourism demand on a global scale not seen before. Moreover, the economic recession affecting many countries has led to a decrease in world tourism figures. International arrivals dropped by 8 million in 2002 to 689 million, with the last four months of 2001

seeing an 11 per cent fall globally. Many tourists chose domestic holidays over overseas trips and many chose to avoid air travel. In turn, several airlines went into administration or suffered severe losses due to falling passenger numbers (Page & Connell, 2006:38).

South Africa and its neighbouring countries have been through a period of vast political change in recent years, which has had significant implications for tourism enterprises. During the apartheid years, South Africa was isolated from the rest of the world and economic sanctions made it difficult for tourist to travel to and from the country. Since South Africa's first democratic election in 1994, new opportunities have opened up for the tourism industry. For example, the increased number of airlines flying South African routes, the increased positive reporting on South Africa as a destination and the increased cooperation and coordination between the countries in Southern Africa (George, 2001:42).

The discussion above demonstrates that the development of tourism in the last 200 years has been inextricably linked to political, economical, social and technological influences. It is essential for entrepreneurs to understand the tourism market fully and this is discussed next.

2.4.6 Importance of understanding the tourism market

For strategic planning purposes, it is imperative that tourism managers have a sound understanding of international and domestic tourist market trends. Enterprise owners and managers should know exactly where international tourists are from, when they tend to visit South Africa and why they are visiting the country. If tourists are to be provided with satisfactory travel experiences, enterprise owners and managers need information on their preferences (Bennett, 1995:103).

Globally, tourism is considered the fastest growing industry. In 2004, tourism directly and indirectly accounted for more than 10 percent of the global Gross Domestic Product

(GDP), or approximately 5.5 trillion dollars. This places tourism roughly on the same global order of magnitude as agriculture or mining (Weaver & Lawton, 2006:4).

The South African government has identified tourism as a strategic industry with an important role to play in the growth and development of the country's economy (Kaplan, 2004:219). Various figures reveal the formidable economic impact of tourism in South Africa. The South African tourism market remains favourable, with growth increasing by more than 100 percent since 1994 and reaching a record high of 7.4 million arrivals in 2005 (South African Tourism, 2006). Research done by Van Zyl and Mathur-Helm (2007:17) indicates that the contribution of the tourism industry to South Africa's GDP was 4 percent in 1995, which increased to 8.2 percent in 1999 and further increased to 10 percent in 2007.

Van Zyl and Mathur-helm (2007:17) further posit that the growth in the tourism industry will facilitate job creation, which is much needed in the South African economy. The government views this as an opportunity to create employment and to bring equality into the country's job market. Enterprises with low capital investments could become sustainable, depending on the skills and characteristics of the owners of these enterprises.

2.5 BASIC APPROACHES TO THE STUDY OF TOURISM

The background study on tourism outlined in the preceding sections shows that the tourism industry is multifaceted, comprising different elements and different role-players and spanning a variety of fields of business (Bennett *et al.,* 2005:30). Various authors (Pender & Sharpley, 2005:6; Goeldner & Ritchie, 2006:17; Page & Connell, 2006:8) agree that tourism is not easily recognised as one thing because some analysts view it as an industry, while others view it as a subject or a process. Consequently, since there is no universal agreement on how to approach tourism, several different approaches have been developed. These different methods on how to approach the study of tourism provide insight on understanding managerial frameworks for tourism (Pender & Sharpley, 2005:7). The different approaches to studying tourism follow.

2.5.1 Institutional approach

The institutional approach to the study of tourism considers the various tourism role-players in the tourism system individually, for example travel agents, airlines and hotels (Bennett *et al.,* 2005:31). Goeldner and Ritchie (2006:17) refer to the role-players as all the intermediaries and institutions that perform tourism activities. This approach requires an investigation of the organisation, operating methods, problems, costs and economic position of the respective tourism enterprises within the tourism value chain (such as travel agencies who, acting on behalf of the consumer, purchase services from, for example, airlines, rental car companies and hotels).

2.5.2 Product approach

The product approach involves the study of various tourism products, including the production, marketing and consumption of these products (Lumsdon, 1999:6). For example, when using the product approach, the study of an airline seat will involve how the seat is created, the people who are engaged in buying and selling it, how it is financed and how it is advertised. Repeating this procedure, for example for rental cars, hotel rooms and other tourist services, gives a full picture of the tourism field (Goeldner & Ritchie 2006:17). Unfortunately, the product approach tends to be extremely time consuming and the fundamentals of tourism are not understood quickly by learners, as this approach is too compact and specific (Bennett *et al.,* 2005:31).

2.5.3 Historical approach

The historical approach involves an analysis of tourism activities and institutions from an evolutionary angle and is applied by analysing how tourism activities and institutions have evolved over time (Bennett *et al.,* 2005:31). This approach searches for the cause of innovations, the growth and decline of the innovation and shifts in activities and interests (Goeldner & Ritchie (2006:17). Bennett *et al.* (2005:31) further state that the historical

approach is not widely used because with new trends evolving this approach has limited usefulness.

2.5.4 Managerial approach

The managerial approach is business oriented, focusing on the management activities, for example the planning, research, pricing, advertising and control necessary to operate an individual tourist enterprise (Bennett *et al.,* 2005:2). Research conducted by Goeldner and Ritchie (2006:17) and Bennett *et al.* (2005:31) indicates that the managerial approach is a popular one since it takes insights from other disciplines, and recognises the changing and dynamic nature of the tourism field. Goeldner and Ritchie (2006:17) further emphasise that regardless of which approach is used to study tourism, it is important to be aware of the managerial approach because changes in products, institutions and society as a whole mean that managerial objectives and procedures must be adapted in order to meet these shifts in the tourism environment.

2.5.5 Economic approach

Owing to its importance to both domestic and world economies, tourism has been examined closely by economists who focus, for example, on supply, demand, balance of payments, foreign exchange, employment and development. This approach is useful in providing a framework for analysing tourism and the contribution tourism makes to a country's economy and economic development (Goeldner & Ritchie 2006:18). The disadvantage of the economic approach is that, whereas tourism is an important economic phenomenon, there are also non-economic impacts, for example inadequate attention to the environmental, cultural, sociological and anthropological impacts, which are not considered with this approach (Bennett *et al.,* 2005:31).

2.5.6 Sociological approach

According to Goeldner and Ritchie (2006:18), tourism tends to be a social activity. Bennett *et al.* (2005:32) agree and state that tourism is in the 'people' business. Tourists interact with hosts and this contact is mutually influential. Goeldner and Ritchie (2006:18) further explain that, consequently, tourism has attracted the attention of sociologists, who have studied the tourism behaviour of individuals and groups of people, and the impact of tourism on society. The sociological approach examines social classes, habits and customs of both hosts and guests. As tourism continues to make a significant impact on society, tourism increasingly is being studied from a social point of view

2.5.7 Geographical approach

Geography is a wide-ranging discipline and since tourism involves the movement of people from one destination to the next, geographers should be naturally interested in tourism and its spatial aspects (Bennett *et al.,* 2005:32). The geographer specialises in the study of location, environment, climate, landscape and economic aspects (Lumsdon, 1999:6). The geographer's approach to tourism sheds light on the location of tourist areas, the movements of people created by tourism locales, the changes that tourism brings to the landscape in the form of tourism facilities, dispersion of tourism development, physical planning, and economic, social and cultural problems (Goeldner & Ritchie 2006:20).

2.5.8 Interdisciplinary approach

Considering the preceding approaches, Bennett *et al.* (2005:32) indicate that it is apparent that tourism is a highly complex, multifaceted phenomenon that needs to be approached from a more integrated viewpoint. By incorporating the knowledge of various experts and disciplines, an interdisciplinary approach can be followed, thereby contributing to a better understanding of tourism. Goeldner and Ritchie (2006:20) explain this by stating that people behave in different ways and travel for different reasons and, therefore, it is

necessary to use a psychological approach to determine the best way to promote and market tourism products. Since tourists cross borders and require passports and visas from government offices and since most countries have government-operated tourism development departments, political institutions are involved and, therefore, a political science approach is necessary. According to Lumsdon (1999:6), the interdisciplinary approach refers to specialising in the spatial and development aspects of tourism.

Any industry that becomes an economic giant, affecting the lives of many people, will attract the attention of legislative bodies, which create the laws, regulations and legal environment in which the tourism industry must operate. Therefore, there is also a legal approach to the study of tourism (Goeldner & Ritchie, 2006:21).

From this discussion, it is denoted that tourism is so vast, complex and multifaceted that it is necessary to have a number of approaches to studying the field, each geared to a somewhat different task or objective (Goeldner & Ritchie, 2006:21). Many researchers (Botha *et al.,* 2005:2; Page & Connell, 2006:9; Goeldner & Ritchie, 2006:21) believe that what is really needed to study tourism is a systems approach. The systems approach has been widely accepted in the study of tourism (Bennett, 1995:37), which is the standpoint that will be utilised in this study and is discussed below.

2.5.9 Systems approach

A system is a group of interrelated, interdependent and interacting elements that together form a single functional structure (Weaver & Lawton, 2006:23), organised to accomplish a set of goals (Goeldner & Ritchie, 2006:21). Since tourism is, according to Bennett *et al.* (2005:32), a composite of industries, activities and services combined in such a manner as to deliver a travel experience, it is therefore necessary to study tourism from a systems perspective. The systems approach recognises the different elements, components or sub-systems of the total system, and the fact that they are interrelated and inseparable. Understanding how all of the components function, results in creating a

more viable tourism system. Botha *et al.* (2005:2) agree and add that for tourism entrepreneurs to understand tourism, it must be viewed as a system.

The systems approach integrates all the approaches into a comprehensive method dealing with both micro and macro issues. This approach examines the tourist enterprise's competitive environment, market, results and linkages with other institutions, the consumer and the interaction of the enterprise with the consumer. Furthermore, a system can incorporate a macro viewpoint thereby enabling the examination of the entire tourism system of a country, state or area, as well as how it operates within and relates to other systems, such as legal, political, economic and social systems (Goeldner & Ritchie, 2006:21).

The systems theory emerged in the 1930s out of the need to clarify and organise complex phenomena that would otherwise be too difficult to describe or analyse. Systems tend to be hierarchical in that they consist of sub-systems and are themselves part of larger structures. Systems also involve flows and exchanges of energy, which often involve interaction with external systems. Implicit in the definition of a system is the idea of interdependence; that is, that a change in any component will affect other components of that system (Weaver & Lawton, 2006:23).

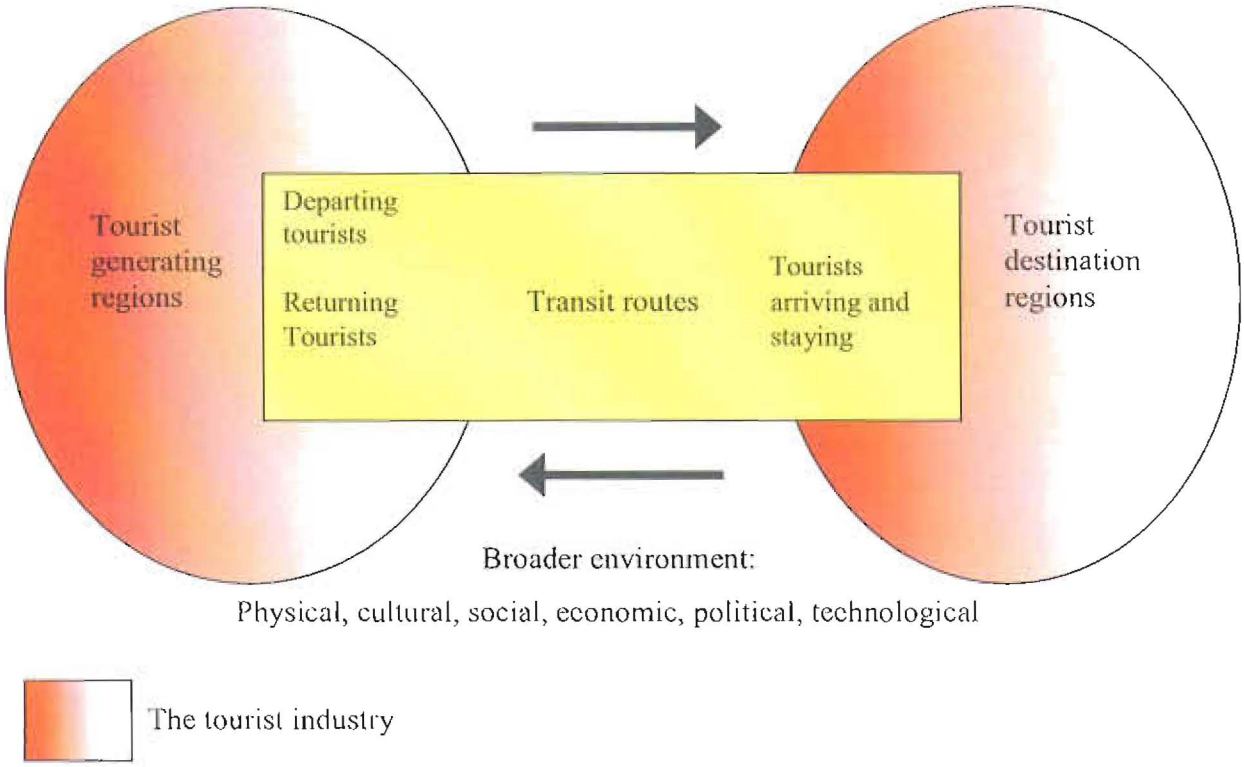
Weaver and Lawton (2006:23) elaborate on this stating that attempts have been made since the 1960s to analyse tourism from a systems approach, based on the realisation that tourism is a complex phenomenon that involves interdependencies, energy flows and interactions with other systems. Pender and Sharpley (2005:7) agree that tourism spans a variety of fields of business and study that have clear implications for the provision of organisational frameworks for tourism.

Many different frameworks have been developed in relation to particular orientations. Pender and Sharpley (2005:7) indicate that Leiper's basic tourism system is the most popular of these systems and the easiest to understand. Leiper first offered this model for consideration in 1979, although it has since been updated.

2.5.9.1 Leiper's tourism system

The system proposed by Leiper consists of five main elements that represent an open system, and which are influenced by broader environmental factors. Figure 2.1 illustrates this system.

Figure 2.1 Leiper's tourism system (1979)



Source: Bennett *et al.* (2005:34)

Leiper outlines the following elements in the model:

- **Tourist-generating regions:** These areas refer to the homes of tourists, the places where journeys begin and end. The tourist-generating region represents the generating market for tourism and it is from here that the tourist searches for

information, makes the booking and departs (Cooper *et al.*, 1998:5). What is importance here are the features that stimulate demand for tourism, such as the geographical location, as well as its socio-economic and demographic characteristics. These areas represent the main tourism markets of the world and host the main marketing function of the industry (Bennett *et al.*, 2005:35).

- **Transit routes:** These refer to the paths that link the tourist-generating regions with the tourist destination regions and include the stopover points along the route. These routes are a key element in the system, as their efficiency determines the size and direction of tourist flows (Bennett *et al.*, 2005:35).

- **Tourist destination regions**: These refer to the location that attracts tourists, usually with features not found in the generating areas. Accommodation, retailing and services are found in these areas (Bennett *et al.*, 2005:35). The full impact of tourism is felt at the destination region where planning and management strategies are implemented (Cooper *et al.*, 1998:5).

- **Tourist industry:** This comprises all the enterprises and facilities involved in delivering the tourism product. The main purpose of the tourism industry is to serve the specific needs and wants of tourists (Cooper *et al.*, 1998:5). Leiper defines six sectors in this regard, including marketing, carriers, accommodation, attractions, services and regulations (Bennett *et al.*, 2005:35).

- **Tourist:** A tourist is a person making a discretionary temporary tour, which involves at least one overnight stay away from the normal place of residence, with the exception of tours made for the primary purpose of earning remuneration from point *en route* (Bennett *et al.*, 2005:35). According to Cooper *et al.* (1998:5), the tourist is the actor in the system and tourism is a very human experience, enjoyed, anticipated and remembered by many as one of the most important times of their lives.

- **Broader environment:** This consists of all the uncontrollable elements within which the tourism system operates, including the physical, cultural, social economic, political and technological environments (Bennett *et al.*, 2005:35).

Each of the elements of Leiper's tourism system interacts not only to deliver the tourism product but also in terms of transactions and impacts, and the differing contexts within which tourism occurs. The fact that tourism is also an industry of contrasts is illustrated by examining two major elements of Leiper's model, namely the inflexibility of supply and the flexibility of the model. Demand for tourism in the generating region is inherently volatile, seasonal and irrational. However, this demand is satisfied by a destination region, where supply is fragmented and inflexible (Cooper *et al.*, 1998:6; Bennett *et al.*, 2005:43).

The major advantages of Leiper's model are its general applicability and simplicity, which provide a useful 'way of thinking' about tourism. This model also has the ability to incorporate interdisciplinary approaches into tourism because it is not rooted in any particular subject or discipline. Instead, it provides a framework within which disciplinary approaches can be located. The model can be used at any scale or level of generalisation, for example from a local resort to the international industry. The model is infinitely flexible and allows the incorporation of different forms of tourism, while at the same time demonstrating their common elements. In addition, the model demonstrates the highly important principle of tourism studies - that all the elements of tourism interact and are related (Cooper *et al.*, 1998:6).

The scope, scale and significance of tourism, as discussed above, make management issues highly important at every level in the tourism system (Pender & Sharpley, 2005:2). As such, Thomas (1998:26) highlights that in order to analyse tourism entrepreneurial skills it is important to consider first how tourism enterprises are initially created and subsequently managed. Evans *et al.* (2003:27) stipulates that strategic thinking and strategic management are the most important activities undertaken within a tourism enterprise. Therefore, a brief overview of strategic management and the strategic

management process will provide insight into the tourism management aspects that are essential to the small tourism entrepreneur.

2.6 OVERVIEW OF THE STRATEGIC MANAGEMENT PROCESS

Ingram (1995:44) warns that tourism enterprises need to be carefully managed. Tourism is a dynamic industry that is constantly subjected to change. In order to accommodate new and changing needs, flexibility and adjustments to change are required (Witt & Moutinho, 1995:154; Bennett *et al.*, 2005:135).

The major challenge for tourism entrepreneurs and managers today is the maximisation of demand to meet its supply. This challenge concerns tourism entrepreneurs and managers globally, and dominates both strategic long-term goals and the day-to-day tourism operations, where the tourism sector seeks to fill demand and meet the consumer's needs through a range of mechanisms. An examination of the tools and issues which the tourism industry has to deal with on a day-to-day basis, as well as those which assume strategic importance enables the identification of important skills entrepreneurs and managers need to possess in order to meet this challenge in the tourism market (Page & Connell, 2006:225).

2.6.1 Strategic management defined

Strategic management is a set of managerial decisions that relates the enterprise to its environment, guides internal activities and determines the long-term performance of the enterprise (Stahl & Grigsby, 1992:4). Pechlaner and Sauerwein (2002:159) explain that the basic premise of the strategic management concept is that strategic planning is the managerial process of developing and maintaining an optimal fit between the deployment of an enterprise's resources and the opportunities in its changing environment. As the study is mainly concerned with the small tourism enterprise, strategic management in this context will be explored in the following section.

2.6.2 Strategic management and small tourism enterprises

Witt and Moutinho (1995:199) state that it is unexceptional to find strategic management absent from small enterprises. Stahl and Grigsby (1992:3) elaborate that strategic management is not the exclusive domain of large companies but is also an important activity in small enterprises. Every enterprise must learn to direct the strategic management process by engaging in decision making that is strategic.

Bennett *et al.* (2005:135) indicate that strategic planning in tourism has become exceptionally important, largely due to the increasing complexities of both external and internal environments. As all tourism enterprises are engaged in promotional efforts designed to capture a fair share of the tourist market, the tourism environment is becoming increasingly competitive. The interweaving of short-term strategies within the structure of the total planning strategy requires extreme skill, thought and sensitivity to the strengths and weaknesses of the tourism enterprise, the threats and opportunities present in the environment, and the flow of recent, accurate and detailed information (Witt & Moutinho, 1995:154).

The management of activities that are internal to and under the control of the enterprise is only part of the tourism entrepreneur's responsibilities. In addition, the tourism entrepreneur needs to respond to the challenges posed by the market and the macro environments. Effectively dealing with everything that affects the growth and profitability of an enterprise, requires that the tourism entrepreneur employ managerial processes aimed at positioning the enterprise optimally in its competitive environment. Furthermore, tourism entrepreneurs need to maximise their ability to anticipate environmental changes and deal with unexpected internal and competitive demands (Bennett *et al.*, 2005:135). The strategic management model, which can be seen in Figure 2.2, will therefore be used as the starting point for gaining insight into managing small tourism enterprises.

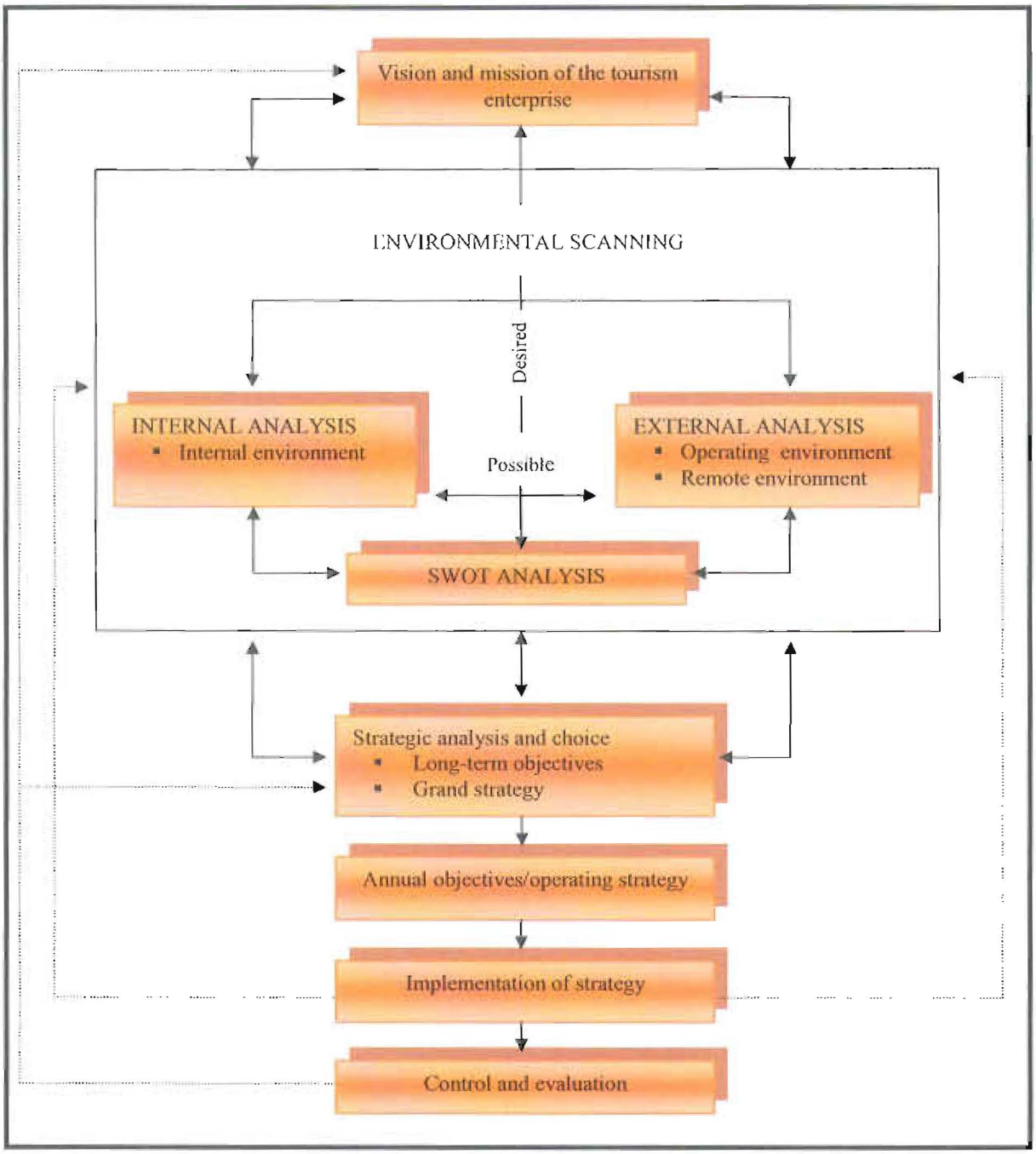
2.6.3 Strategic management process

The strategic management process involves the entire range of decisions made within an enterprise concerning its central activities (Stahl & Grigsby, 1993:5). Strategic management involves three phases: strategy formulation, strategy implementation, and strategy evaluation and control. Strategy formulation involves decision making with regard to defining the enterprise's philosophy, vision and mission, establishing long-term objectives to achieve the its mission and selecting the strategy to be used in achieving the its objectives (Bennett *et al.*, 2005:137).

Strategy implementation involves aligning the enterprise's organisational structure, systems and processes with the selected strategy. Implementing the strategy involves decisions on matching the enterprise's strategy and organisational structure and providing leadership that is pertinent to the strategy. In addition, it requires developing budgets, functional strategies and motivational systems for the successful achievement of the enterprise's objectives and monitoring the effectiveness of the strategy in achieving these objectives (Evans *et al.*, 2003:288).

Evaluation and control are the activities and decisions that keep the strategic management process on track. This phase includes following up on goal accomplishments and providing feedback on the results to decision makers (Stahl & Grigsby, 1993:6). Bennett *et al.* (2005:160) indicate that the strategic planning process (Figure 2.2) is an ongoing process and that tourism entrepreneurs should constantly monitor their environment for potential threats and opportunities.

Figure 2.2 Strategic management and small tourism enterprises



_____ process

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Source: Bennett (1995:138)

2.7 DEFINING A SMALL TOURISM ENTERPRISE

As this study is mainly concerned with small tourism enterprises, it is important to define a small tourism enterprise. Although a brief definition of a small tourism enterprise has already been given in Section 1.7, for the purpose of this study a more comprehensive definition is required.

According to Jameson (1999:43), the majority of tourism enterprises are small. Kaplan (2004:225) concurs and states that 80 percent of enterprises in South Africa's tourism industry are small, medium and micro enterprises. Various authors have different views on what constitutes a small enterprise.

A small enterprise, according to Thomas (1998:165), implies that the key focus is in relation to the size of resources available to the enterprise. Thomas (1998:165) further suggests that a small enterprise points to the enterprise's relatively small market share, its owner/management structure and its independence from a large enterprise. More recently, the World Tourism Organisation (WTO) defined small tourism enterprises as enterprises that supply less than 50 rooms, employ less than 10 people and operate in the lower reaches of the market (Morrison & Teixeira, 2004:167).

Co *et al.* (2006:11) define a small enterprise, in a South African context, as a small business that is independently owned, managed and controlled, is not dominant in its field of operation, employs fewer than 50 people and has a turnover not exceeding R5 million per year. Therefore, a small tourism enterprise refers to an enterprise with the following characteristics:

- small market share
- owners and managers are one and the same
- owners and managers make their own decisions without outside interference
- employ less than 50 people.

Entrepreneurs share many of the challenges that managers of existing enterprises do; hence, research on general tourism management should offer insights into entrepreneurial research (Sexton & Kasarda, 1999:146). For the purpose of this study, fundamental business management aspects important for the tourism entrepreneur will be examined from a strategic point of view. The specific skills required by tourism entrepreneurs for the successful management of small tourism enterprises are outlined in Chapter 3.

2.8 MANAGEMENT AND SMALL TOURISM ENTERPRISES

The management of a small enterprise is complex (Perks & Struwig, 2005:172). Thomas (1998:188) warns that a small enterprise is not a microcosm of a large enterprise but a fundamentally different phenomenon, requiring different starting points for analysis and different methods of enquiry. Morrison and Teixera (2004:167) state that small enterprises are more complex than large ones, representing an intricate weaving of the internal and external, objective and subjective, rational and irrational. As such, small enterprises warrant closer investigation.

Effective business planning and control require a comprehensive understanding of both the management processes and the management information required to support them. Precisely which strategy or combination of strategies will be adopted depends upon the specific circumstances of the tourism enterprise, its resources and the corporate objectives (Witt & Moutinho, 1995:154). Radipere and Scheers (2005:402) concur and state that managerial skills are required to organise the resources needed to manage an enterprise successfully. The level of managerial skills and business knowledge are the most important indicators of entrepreneurial success.

Effective tourism managers who are able and willing to apply appropriate management techniques are increasingly needed. These managers should understand specialised management functions, such as financial management, human resource management and operations management, and be knowledgeable about the structure, economics and historical development of the tourism industry (Witt & Moutinho, 1995:154).

The tourism entrepreneur needs to consider important management skills that will contribute to a successful enterprise (Hisrich & Peters, 2002:511; Bennett, 1995:139). Owners with inadequate managerial skills create management problems in the small business sector, which deprives the country of healthy concerns that can provide much needed employment opportunities (Hisrich & Peters, 2002:511).

Although successful tourism entrepreneurs typically have management skills and competences, the availability of expertise and management skills is often lacking in small tourism enterprises. Unlike large enterprises, small enterprises have limited resources. Therefore, the tourism entrepreneur should have the management skills necessary to perform various functions effectively (Ibrahim & Soufani, 2002:426). Several fundamental tourism management areas, for example human resource management, marketing management and financial management, are designed to provide information for tourism entrepreneurs. These need to be examined to assist the tourism entrepreneur with gaining skills related to decision-making and the minimisation of business risks (Witt & Moutinho, 1995:154). It is important to note that a number of authors (Huang & Brown 1999:73; De Beer *et al.,* 2002:59; Laws, 2002:4; Rogerson, 2004:1) are of the opinion that marketing constitutes the most important management skill that tourism entrepreneurs require. Based on this opinion, this study provides a detailed discussion of marketing skills (refer to Chapter 4).

The management skills that are crucial for the implementation of an effective and proactive management approach for small tourism enterprises are introduced and briefly explained in the subsequent sections.

2.8.1 Human resource management in small tourism enterprises

Human relation skills include the activities used to determine the quantity and quality of human resources required within a tourism enterprise to achieve its objectives (Bennett, 1995:183). The implications of human resource management for the small tourism entrepreneur are discussed in Section 3.12.7.

2.8.2 Marketing management in small tourism enterprises

According to Weaver and Lawton (2006:203,) marketing involves the interaction and interrelationships between consumers and producers of goods and services, through which ideas, products, services and values are created and exchanged for the mutual benefit of both groups. Marketing skills are critical to a new tourism enterprise's continued success. As the enterprise grows, the entrepreneur will need to develop new services to maintain the enterprise's distinctiveness in a competitive market. This should be an ongoing process, based on information regarding changing consumer needs and competitive strategies (Hisrich & Peters, 2002:513).

Various authors (Hisrich & Peters, 2002:257; Deakins & Freel, 2006:231; Williams, 2006:482) are of the opinion that marketing is critical to the success of a small tourism enterprise. Hisrich and Peters (2002:257) state that an enterprise's failure is often not due to a lack of finances or poor management but rather due to problems relating to marketing issues, for example identifying the consumer, defining the right service to meet the consumer's needs, and pricing, distributing and promoting the enterprise's offerings. Deakins and Freel (2006:2331) concur and state that marketing is a critical part of a new enterprise but often neglected by the entrepreneurs of small enterprises.

Marketing is clearly essential for successful tourism development. However, it is often overlooked by small tourism entrepreneurs or practiced in a simplistic manner (Williams, 2006:482). Therefore, essential marketing skills for the small tourism entrepreneur form part of this study. Tourism marketing is discussed in detail in Chapter 4.

2.8.3 Business planning in small tourism enterprises

According to Bresler (2005:169), planning encompasses defining an enterprise's objectives, establishing strategies for attaining these objectives, and developing a comprehensive hierarchy of plans to integrate and coordinate activities. Evans *et al.* (2003:91) propose that the success or failure of an enterprise is dependent on its ability to

meet its strategic objectives. The business plan and the importance of planning are outlined in Chapter 3.

2.8.4 Financial management in small tourism enterprises

Page and Connell (2006:226) note that financial management is largely neglected in tourism studies, despite the key role it plays in understanding how enterprises operate and how profitability is created and maintained. Evans *et al.* (2003:91) mention that although the tourism industry covers a diversity of enterprises, financial management is important to all of them. Therefore, tourism entrepreneurs need to understand the broad concepts and principles of financial management (Page & Connell, 2006:226). Important issues relating to financial management are outlined in Chapter 3.

2.8.5 Tourism legislation in small tourism enterprises

Tourism enterprises are affected by the actions of different levels of government, and a variety of laws and regulations (Keyser, 2002:220). Pender and Sharpley (2005:159) agree and state that the legal environment within which the travel and tourism industry operates is complex and dynamic. A variety of laws and conventions regulate the operations of enterprises of all types and sizes, including small tourism enterprises. Important issues relating to tourism legislation for the entrepreneur are considered in Chapter 3.

2.8.6 Operations management in small tourism enterprises

Tourism enterprises are classified as service enterprises (discussed in chapter 4) and, owing to the characteristics of services (discussed in chapter 4), this makes operations management a challenging task (Bennett & Strydom, 2005:285). Important issues pertaining to tourism operations management are considered in Chapter 3.

2.9 FUTURE OF TOURISM

Tourism is constantly evolving. As such, entrepreneurs need to be sensitive to future tourism trends. This requires that they know how to apply forecasting techniques and understand the range of factors likely to influence tourism in the future. The future evolution of tourism is uncertain and attempting to plan for future growth scenarios poses many challenges for an industry where change is the only constant feature (Page & Connell, 2006:515). Weaver and Lawton (2006:83) warn that, given the rapid pace of change that is affecting all aspects of contemporary life, any attempt to make medium- or long-term predictions about the tourism sector is very risky and difficult (Lickorish & Jenkins, 1999:226).

Weaver and Lawton (2006:517) indicate that reliable forecasting is essential for managers and decision-makers involved in service provision. Forecasting helps to ensure that there is adequate supply available to meet demand. Forecasting also aids in preventing oversupply, which erodes the profitability of the enterprise. Witt *et al.,* (1991:52) concur and state that forecasts of tourism demand are essential for efficient planning. However, Lickorish and Jenkins (1991:102) caution that forecasting is not an exact science but only a technique used to suggest the future pattern of demand.

It can be confidently predicted that technology will continue to revolutionise the tourism industry, pose new challenges to tourism managers and restructure tourism systems at all levels. However, the specific nature and timing of radical future innovations, or exact implications, cannot be identified with any precision (Weaver & Lawton, 2006:83). Lickorish and Jenkins (1999:228) caution that revolutionary changes in air and other forms of tourism transport cannot be expected on the same scale in the future as has been seen in the 1970s.

In the principal tourism markets, profitability levels can only be maintained if the travelling population experience a considerable increase in their personal disposable income in forthcoming years. Travellers that work are finding it increasingly difficult to

take time off from work and holidays in the future may become more frequent and intensive, but shorter and spread throughout the year (Page & Connell, 2006:40). A growing and substantial number of travellers are sophisticated and expect sophisticated services. New aspirations or objectives in travel, leading to intense segmentation and specialisation, have altered seasonal patterns and the type of services demanded. Most notably is the increasing insistence on quality. Substantial benefits for the industry follow major improvements in seasonal flow and such improvements can continue as marketing expertise improves (Lickorish & Jenkins, 1999:234).

According to Cooper *et al.* (1998:458), a high quality of human resources in tourism will allow enterprises to gain a competitive advantage. The ability for enterprises to succeed, and the future performance of tourism and related activities will depend largely upon the skills, qualities and knowledge of enterprise managers. Weaver and Lawton (2006:83) predict that tourism demand is likely to increase dramatically over the next two to three decades and, therefore, tourism entrepreneurs need to be equipped with the essential skills to exploit these opportunities.

2.10 TOURISM AND ENTREPRENEURSHIP INTERFACE

Bennett (1995:352) suggests that entrepreneurs constitute the key driving force in the tourist industry. Page and Connell (2006:261) concur and indicate that throughout history tourism has been dependent upon entrepreneurs identifying business opportunities and turning them into actual enterprises. This process of development has been largely responsible for driving the process of new enterprise development in tourism. Governments support this type of activity on the premise that these types of ventures create wealth and employment, as the small enterprise of today may be the large enterprise of tomorrow if it succeeds. Much of the success in the tourism field is dependent upon individual entrepreneurs and their vision, business acumen and ability to spot opportunities (Page & Connell, 2006:261).

2.11 SYNOPSIS

Given that the primary focus of this study is on entrepreneurs successfully managing tourism enterprises, the focus of this chapter was on tourism and tourism management. Tourism requires sophisticated management in a volatile environment and therefore tourism entrepreneurs need to understand tourism to be able to manage an enterprise successfully. In this chapter the background on tourism were discussed, including the definition, history, importance, tourism systems, growth and trends of tourism. The different approaches for studying tourism have been discussed and the systems approach, as proposed by Leiper, was highlighted as the most suitable approach to studying tourism.

Tourism enterprises require sophisticated management by entrepreneurs who have the required skills. Strategic management and strategic thinking are the most important activities undertaken within a tourism enterprise. The definition, importance and process of strategic management for small tourism enterprises were highlighted in this chapter. Following a review of basic tourism management text, various management elements were identified as important to the tourism entrepreneur, for example human resource management, marketing management, business planning, financial management, operations management and dealing with tourism legislation. Marketing management was identified as extremely important to the tourism entrepreneur because the entrepreneur needs to be continuously aware of and adaptive to changes in a volatile environment.

The following chapter, Chapter 3, seeks to identify the essential entrepreneurial skills important to small tourism entrepreneurs. Furthermore, the literature will highlight the definition of entrepreneurship, the advantages and disadvantages, the entrepreneurial process and the business plan.

CHAPTER 3
TOURISM ENTREPRENEURSHIP

3.1 INTRODUCTION

The tourism industry in South Africa is growing and, as such, it not only provides growth opportunities for existing tourism enterprises but also for the establishment of new tourism enterprises (Van Zyl & Mathur-Helm, 2007:17). Conducting a study that addresses tourism entrepreneurship necessitates reviewing and analysing a large and diverse body of literature. It is impractical to attempt to discuss all of the research applicable to this topic. Therefore, this chapter reviews the published research deemed most relevant to the present study.

The literature review in this chapter is concentrated into two areas, namely a background study on entrepreneurship and the essential skills for entrepreneurs. The first section of the chapter focuses on defining entrepreneurship and discussing the importance of entrepreneurship to economic development, the role of small entrepreneurial enterprises, the advantages and disadvantages of entrepreneurship, the entrepreneurial motivating factors, the entrepreneurial process and the business plan. This discussion will attempt to provide insight into the essential skills required by successful tourism entrepreneurs. The second section of this chapter focuses on specific essential skills relevant to tourism entrepreneurs, namely entrepreneurial skills relating to personal characteristics, technical skills and business management skills.

3.2 DEFINING ENTREPRENEURSHIP

Co *et al.,* (2006:3) refer to the process of undertaking a business enterprise as entrepreneurship. Entrepreneurship is more than the mere creation of an enterprise. Rather, it is a management style, which is concerned with obtaining and managing resources to exploit an opportunity (Thompson, 1999:284). Although Morrison

(2006:193) states that little consensus exists regarding a universally accepted definition of entrepreneurship, various authors have attempted to define entrepreneurship.

Entrepreneurship refers to the creation of a new economic entity centred on a novel product or service, at the very least, on a product or service that differs significantly from that offered elsewhere in the market (Deakins & Freel, 2006:6). According to Lambing and Kuehl (2007:16), entrepreneurship is a process, a sequence of events and activities that takes place over time (Baron & Shane, 2005:3). Hisrich and Peters (1998:9) concur and posit that entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychological and social risks, and receiving the resultant rewards of monetary and personal satisfaction and independence.

Holcombre (2003:25) further states that entrepreneurship occurs when an individual acts to take advantage of a profit opportunity, which presents itself in the economy. Entrepreneurship is believed to be a set of skills and an entrepreneur is a person who possesses such skills (MacDonald, 2005:180). Entrepreneurship is thus about *an entrepreneur taking initiative by creating wealth through receiving and allocating the necessary skills and resources by means of a process that takes place over time.*

In the simplest of theoretical forms of studying entrepreneurship, entrepreneurs initiate entrepreneurship (Kuratko & Hodgetts, 2007:4) and, therefore, the definition of an entrepreneur needs to be explored. The term entrepreneur is French in origin and a literal meaning might translate as "one who takes between" (Deakins & Freel, 2006:3). Various authors view entrepreneurs, to some extent, from a different perspective. Co *et al.* (2006:43) define the entrepreneur as someone who identifies a need in the market and develops products and services by making decisions about bringing resources together to satisfy that need. The characteristics of seeking opportunities, taking risks beyond security and having the tenacity to push an idea through to reality combine into a special perspective that permeates entrepreneurs.

Kuratko and Hodgetts (2007:4) further state that entrepreneurs are individuals who recognise opportunities where others see disorder or confusion. Entrepreneurs are aggressive catalysts for change within the marketplace. An entrepreneur is a person who tests new combinations of products, processes, markets, organisational forms and supplies (Lambing & Kuehl, 2007:16). Kirby (2003:10) is of the opinion that an entrepreneur is an individual who establishes and manages an enterprise for the principal purpose of profit and growth. The entrepreneur is characterised principally by innovative behaviour and the ability to employ strategic management practices in an enterprise.

It is important to emphasise that entrepreneurs are not simply managers of enterprises but are differentiated by their willingness to accept risks and responsibilities (Deakins & Freel, 2006:7). For the purpose of this study, entrepreneurs are thus defined as individuals who:

- take risks and responsibilities
- recognise opportunities
- develop creative, new or different products and services
- start, manage and build an enterprise
- bring together raw materials, financial and human resources in productive ways
- engage in strategic management practices.

3.3 ROLE OF ENTREPRENEURSHIP

Entrepreneurship can bring about changes for the country as a whole, as well as for individuals. Apart from building a strong economy for a country and providing employment, entrepreneurship also provides consumers with wider choices, for example providing a wider choice of products and services (Co *et al.,* 2006:6). The role entrepreneurship plays in economic development and in the development of the individual are discussed as follows to provide insight into the value of entrepreneurship.

3.3.1 Role of entrepreneurship in economic development

The pursuit of entrepreneurship is seen as fundamental to the economical development of a country (Alsos *et al.,* 2003:435). Entrepreneurship is regarded as essential for real economic development (Nieuwenhuizen & Kroon, 2002a:21). Hisrich and Peters (2002:13) admonish that the role of entrepreneurship in economic development involves more than just increasing per capita output and income. Van Praag (1999:312) agrees and highlights the importance of the entrepreneur's role in society. Hisrich and Peters (2002:13) add that entrepreneurship involves initiating and constituting change in the structure of business and society, accompanied by growth and increased output. Although economic growth involves innovation in developing new product/services for the market, it also involves growth in stimulating investment interest in the new enterprises being created.

Entrepreneurs are responsible for economic development by introducing and implementing innovative ideas, for example product innovation, process innovation, market innovation and enterprise innovations. The successful implementation, initiated by entrepreneurs, of these new ideas gives rise to the satisfaction of consumer wants and to the creation of enterprises. The created enterprises engender economic growth and supply employment for the working population. Hence, by stimulating both a product market and a labour market, entrepreneurs can be given credit for making a considerable contribution to the economy (Van Praag, 1999:312).

3.3.2 Role of entrepreneurship in individual development

Being an entrepreneur may seem like an attractive career. However, there are aspects to being an entrepreneur that may not suit all people (Co *et al.,* 2006:46). It is important to understand the advantages and disadvantages of being an entrepreneur.

The advantages of entrepreneurship for the individual are as follows:

- **Independence**

  Entrepreneurs value autonomy and independence (Chell, 2001:138; Ibrahim & Soufani, 2002:426). An entrepreneur has the freedom and independence to make decisions for the enterprise and is only responsible to him/her self. Entrepreneurs have the opportunity to tackle a wide variety of challenges using their talents, strengths and skills (Dahles, 1999:8). The feeling of being your own boss and of being in control of your own enterprise is very satisfying for the entrepreneur (Alstete, 2008:585).

- **Personal fulfilment/feelings of achievement**

  Co *et al.* (2006:51) state that when starting an enterprise, entrepreneurs are likely to be doing something they enjoy, which may lead to fulfilment. The opportunity of coming up with a new idea for an enterprise, starting an enterprise and making it profitable and successful may provide an entrepreneur with a sense of doing something that matters and achieving something (Lambing & Kuehl, 2007:23). Alstete (2008:586) concurs and states that personal fulfilment is one of the greatest advantages of becoming an entrepreneur.

- **Financial rewards**

  An entrepreneur is responsible for the success of the enterprise. There is the possibility of earning a great deal of profit if the enterprise is successful. This may lead to the entrepreneur becoming wealthy. A self-employed person is more likely to become a millionaire than a person who works for someone else. The financial return of any enterprise should make up for the personal time and personal savings invested in the enterprise, as well as for the risks that entrepreneurs have taken in operating the enterprise (Co *et al.*, 2006:52).

The disadvantages of entrepreneurship for the individual are as follows:

- **Long working hours**

  An entrepreneur needs to spend many long hours working, especially when starting the enterprise (Lambing & Kuehl, 2007:24). The enterprise will consume a great deal of the entrepreneur's time, leaving little time for friends and family. This may place a strain on family relationships and result in a high level of stress (Co *et al.,* 2006:52). Alstete (2008:589) agrees and states that owing to the entrepreneur being the one in charge he/she must be available all the time.

- **Working alone**

  Being an entrepreneur can be a lonely career because it often requires working alone to ensure the success of the enterprise. Typically, entrepreneurs invest their own money in the enterprise, which may even amount to their lifesavings. This means that they have the strongest, or even sole, stake in ensuring the success of the enterprise (Lambing & Kuehl, 2007:24). As a result, the entrepreneur is unlikely to have anybody to share in the stress of making that enterprise a success. Entrepreneurs need to ensure that their market offering sells and that there is sufficient money to pay workers and creditors. Entrepreneurs who fail stand to lose their entire investment (Co *et al.,* 2006:52).

- **Need for many skills**

  Entrepreneurs need to know how to perform many tasks (Anderson & Jack, 2008:263). In the early stages, the enterprise may not be profitable enough to hire specialists to do all the different jobs required. The entrepreneur may have to manage both the finances and the employees single-handedly, as well as supervise or even perform the marketing and production tasks (Co *et al.,* 2006:52).

- **Few financial resources**

  Generally, a small enterprise has few financial resources. These financial resources usually constitute entrepreneurs lifesavings and/or the capital they were able to raise. The entrepreneur is unlikely to be able to afford any losses since the margin for error is very small (Lambing & Kuehl, 2007:24). Poor or bad decisions may mean failure for the enterprise. For example, the entrepreneur may introduce a new product that is not well received in the market or open a store in an unprofitable location. This could spell disaster and mean bankruptcy for the enterprise (Co *et al.,* 2006:52).

- **Changing environment:**

  The environment in which the enterprise operates changes all the time. The government introduces new regulations or laws that affect enterprises, interest rates change and new competitors enter the market. Entrepreneurs should be comfortable with taking and managing risks, and with making decisions under conditions of uncertainty (Co *et al.,* 2006:52). One of the challenges that entrepreneurs face is that of change and making choices (Anderson & Jack, 2008:260). The entrepreneur may have to make difficult decisions that could lead to risks and losses (Alstete, 2008:589). Co *et al.* (2006:52) add that as entrepreneurs manage their enterprises, they are able to choose how to do certain things. However, there are always factors over which entrepreneurs have little or no control. Constraints brought on by environmental changes force entrepreneurs to work hard and over long hours to ensure that their enterprises continues to survive.

Therefore, it can be summarised that independence, personal fulfilment and financial rewards are the advantages of entrepreneurship. However, long working hours, working alone, the skills required to perform many tasks, limited financial resources and a constantly changing environment are disadvantages that entrepreneurs need to

acknowledge. Owing to the fact that there are more disadvantages than advantages associated with entrepreneurship, entrepreneurs must realise that the challenge is to understand these barriers, as well as how to overcome them. Apart from the advantages discussed above, various other factors motivate entrepreneurs to become self-employed.

3.4 ENTREPRENEURIAL MOTIVATING FACTORS

Although many people believe that entrepreneurs are motivated by wealth, Pender and Sharpley (2005:136) highlight that the owners of small tourism enterprises are not necessarily primarily driven by financial objectives. Other important reasons for being self-employed include:

- the opportunity to use personal skills and abilities
- the opportunity to build something for the family
- the chance to pursue a challenge
- the chance to live how and where one chooses
- the need for recognition
- the need for tangible and meaningful rewards
- the need to satisfy expectations (Lambing & Kuehl, 2007:20).

Various authors (Chell, 2001:137; Kuratko & Hodgetts, 2007:120) agree that the most important factors, other than wealth, that are important to successful entrepreneurs are the need to achieve, the need for independence and the need for power or control.

3.4.1 Need for achievement

Entrepreneurs are driven by a strong desire to achieve success (Co *et al.,* 2006:46). They are self-starters who appear to others to be internally driven by a strong desire to compete, to excel against self-imposed standards, and to pursue and attain challenging goals (MacDondald, 2005:182). The goal is set in relation to a standard and so the

individual who is motivated in this way will strive to accomplish his/her goal (Chell, 2001:137).

Many people have good ideas but these ideas are not converted into action. Entrepreneurs act on ideas because of a high need for achievement, shown in many studies to be higher than that of the general population (Lambing & Kuehl, 2007:20; Kuratko & Hodgetts, 2007:120; Co *et al.,* 2006:46). Kuratko and Hodgetts (2007:120) further state that high achievers tend to be moderate risk takers. The achievement motive is converted into drive and initiative that results in accomplishments.

3.4.2 Need for independence

The need for independence has been suggested by Chell (2001:138) as a fundamental characteristic of entrepreneurs. Hisrich and Peters (2002:69) agree and state that an entrepreneur is the type of person who needs to do things his/her own way and finds it difficult to work with someone else.

Kuratko and Hodgetts (2007:124) indicate that the need for independence is a driving force behind entrepreneurs and that frustration with rigid bureaucratic systems often motivates entrepreneurs to start their own enterprises. Many entrepreneurs become self-employed for less income than they would have received had they worked for someone else (Lambing & Kuehl, 2007:20).

3.4.3 Need for power

The need for power or control has also been suggested as a source of motivation. Power has often been defined either as an attribute of an individual or as a structural phenomenon. The person with charisma has the power to exert influence over others, whereas situations may bestow 'position power' on the role occupant. People with a desire for power not only enjoy being in charge but also accumulate all the symbols and emoluments of power. They prefer to be placed into competitive and status-oriented

situations and tend to be more concerned with gaining influence over others and with their prestige than with effective performance (Chell, 2001:138).

The discussion now turns to why small enterprises are important to entrepreneurship. According to Sexton and Kasarda (1992:5), in terms of economic development, the emphasis has shifted from large to small enterprises.

3.5 ENTREPRENEURSHIP AND SMALL ENTERPRISES

Entrepreneurship plays a vital role in building small enterprises (Co *et al.,* 2006:9) which, according to Deakins and Freel (2006:29), are important to economic development because of their prevalence and the contribution they make to common measures of economic well-being such as employment and income. Van Zyl and Marthur-Helm (2007:18) indicate that the smaller the enterprise the bigger the overlap between the entrepreneur and the enterprise and, consequently, the more important the role of the entrepreneur. Essentially, an understanding of the benefits and drawbacks that beginning a small enterprise involves will lead to a better comprehension of the skills required by the entrepreneur.

According to Lambing and Kuehl (2007:12), small enterprises have important advantages that allow them to succeed. Responsiveness, the ability to innovate and flexibility are characteristics that provide a small enterprise with what it takes to compete in a rapidly changing environment. Responsiveness refers to the enterprise's ability to respond to conditions and trends in the market. This ability comes about from having a close relationship with customers and therefore a thorough understanding of their needs. For many entrepreneurs the relationship with the customer is a personal one and this means being the first to learn of changes in preferences that will affect the market. Not only do solid relationships with customers give the entrepreneur a chance to learn from customers, they also give the entrepreneur the chance to send customers the message that they matters to the enterprise. In large enterprises, large amounts of money and energy are spent on learning from customers and on sending them messages of concern. For

small enterprises, both learning and showing concern are natural parts of the process of doing business. Successful small enterprises never lose sight of that.

Another factor that distinguishes the successful small enterprise from the typical large enterprise is its ability to innovate (Deakins & Freel, 2006:34). The independence of an entrepreneurial enterprise allows it to move quickly when something changes or a new opportunity arises (Wong & Aspinwall, 2004:50). While many large enterprises recognise the need to change direction quickly, most seem to be burdened with procedures and administrative controls that slow things down, no matter what the sense of urgency might be. This ability of small enterprises to innovate can take on many forms, including product innovation (new features, improvements), process innovation (improvements to how production is carried out) and service innovation (offering something new to serve the market). Regardless of its form, innovation enables small enterprises to compete successfully (Lambing & Kuehl, 2007:13).

Closely related to innovation is flexibility. For many successful small enterprises, a change requested (or even hinted at) by the customer or a new product feature developed by a competitor typically becomes a call for action that leads to new ways of doing things or modifications to the product line (Co *et al.,* 2006:14). The reasons for this flexibility are both attitudinal and practical. Entrepreneurs know that responding to the customer is important enough to deal with the disruption brought on by change - it goes with the territory (Lambing & Kuehl, 2007:13). As a practical matter, small enterprises tend to invest less than many large enterprises in expensive, single purpose equipment, large inventory levels, and rigid production instruments and techniques. Co *et al.* (2006:15) state that as a result, small entrepreneurs can adapt to the customers' changing needs with far less difficulty then their larger counterparts.

However, the greatest disadvantage that may confront entrepreneurs of small enterprises is the limited degree of specialised skills they possess. Entrepreneurs seem to possess skills that are more generic, which is possibly a product of the variety of tasks they need to perform. In contrast, large enterprises have more specialised employees (Wong &

Aspinwall, 2004:51). Braun and Hollick (2006:693) emphasise that entrepreneurs of small enterprises require extensive skills due to pressures from their larger counterparts. Small tourism enterprises face enormous difficulty in competing with larger enterprises, both in terms of their operational capacity to run the enterprise as well as their technological capability to operate in a global marketplace. The implication is that the smaller the enterprise, the bigger the overlap between the entrepreneur and the enterprise and, subsequently, the role of the entrepreneur becomes vital (Van Zyl & Marthur-Helm, 2007:17).

According to Deakins and Freel (2006:21), entrepreneurs require skills and abilities, which are learned from the entrepreneurial process. For this reason, the entrepreneurial process is important to the entrepreneur and is discussed next.

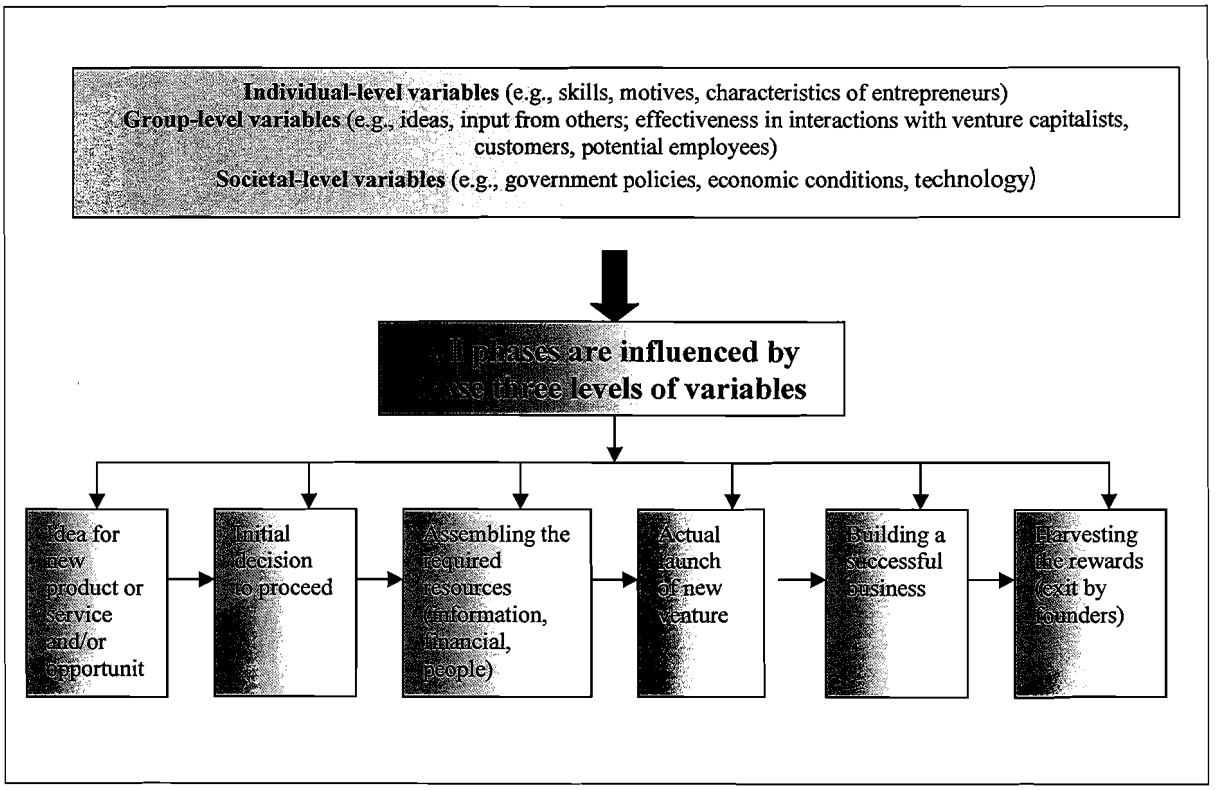
3.6 ENTREPRENEURIAL PROCESS

The process of starting a new enterprise is embodied in the entrepreneurial process, which involves finding, evaluating and developing an opportunity by overcoming the forces that resist the creation of something new (Hisrich & Peters, 2002:39). The entrepreneurial process involves finding new business ideas, evaluating the ideas, determining the feasibility of the proposed enterprise, developing a business plan, finding the required resources and actually starting the enterprise (Co *et al.,* 2006:60). Holcombre (2003:26) warns that the entrepreneurial process is more complex than simply having an entrepreneur notice an opportunity and profiting from it. Morrison (2006:193) concurs and states that the entrepreneurial process is an interaction of a complex, multidimensional and dynamic set of factors and circumstances.

Viewing entrepreneurship as distinguishable phases offers several benefits. First, it helps avoid a static view of entrepreneurship – one that sees entrepreneurship as a specific act of launching a new enterprise that occurs and is then complete. Such a view ignores the fact that entrepreneur's face an ever-changing array of tasks and challenges, and that they often think and feel differently about them as they change and unfold. Secondly, viewing

entrepreneurship as an ongoing process draws attention to the key activities entrepreneurs must perform as they proceed with their efforts to convert ideas for new products into successful enterprises. It has long been recognised that how well entrepreneurs perform these activities is often more central to their success than their personal characteristics or background. Attention to entrepreneurs' responsibilities, in turn, helps to uncover the skills, knowledge and characteristics required to function effectively. Therefore, a process perspective is useful (Baron & Shane, 2005:11).

Figure 3.1 Entrepreneurial process



Source: Baron and Shane (2005:12)

According to Baron and Shane (2005:11), entrepreneurship cannot be readily divided into neat and easily distinguishable phases since the process is far too complex. Even so, the activities described during each of the following phases tend to unfold over time in an orderly sequence, for example with idea generation or opportunity recognition occurring

first. The entrepreneurial process is briefly discussed here in order to provide a framework for understanding the essential skills required by successful entrepreneurs.

Step 1: Identify the opportunity

The entrepreneurial process begins when one or more persons recognise an opportunity (Hisrich & Peters, 2002:39). According to Baron and Shane (2005:9), an opportunity is the potential to create something new that has emerged from a complex pattern of changing conditions, for example changes in knowledge, technology, economic, political, social and/or demographic conditions. Opportunities have the potential of generating economic value and they are viewed as desirable in the society in which they occur. People whom recognise and choose to develop these opportunities become entrepreneurs (Kuratko & Hodgetts, 2007:116).

Baron and Shane (2005:54) state that recognising and developing opportunities require skills. The more experience and knowledge people have in a given field, the more likely they are to identify opportunities in that field and to become successful entrepreneurs. Furthermore, opportunity recognition requires creativity from the entrepreneur in order to ensure original and useful ideas. Sanz-Velasco (2006:257) concurs and states that prior knowledge is empirically to influence which individual discovers an opportunity. Prior knowledge exists in three areas, namely knowing a specific market, knowing how to serve that market and understanding customer problems.

Step 2: Evaluate the ideas

Identifying a feasible opportunity may not necessarily mean that it is a good enterprise opportunity. Therefore, the entrepreneur has to evaluate whether the business idea would be a feasible business opportunity, in terms of being profitable and successful (Co *et al.*, 2006:68). Deakins and Freel (2006:225) warn that the formation of business ideas are affected by the emerging entrepreneur's past experience, training, education and skill development. Furthermore, although creative thinking (Section 3.9.2) is essential for the

successful evaluation of ideas, it is only part of the process. What is most important is that skills must be developed that can take basic ideas, which need to be refined by means of research, and turn them into viable start-up enterprises.

According to Co *et al.,* (2006:68), the following are the characteristics of a feasible business idea:

- The idea should result in a product or service that creates value for the consumer by satisfying a consumer need or want, or helping to solve a problem.
- The idea should be well timed and the target market should be large enough and growing.
- The idea should be durable or long lasting and the need for the product or service should last for a relatively long time.
- The entrepreneur should believe in his/her product or service.
- The idea should make be such that it is possible to achieve a competitive advantage.
- The idea should have the potential for profit and growth.

According to Deakins and Freel (2006:227), successful entrepreneurs realise that evaluating ideas is time consuming and requires perseverance since it takes time to refine.

Step 3: Develop the business plan

Hisrich and Peters (2002:225) warn that potential investors are not likely to consider investing in a new enterprise until the business plan has been completed. In addition, the business plan helps maintain a perspective for the entrepreneur of what needs to be accomplished. Baron and Shane (2005:164) concur and state that entrepreneurs who develop business plans significantly reduce the chances of enterprise failure and increase the rate of new business and new product development.

The business plan is part of the ongoing process of strategic planning for the entrepreneur and his/her small enterprise (Deakins & Freel, 2006:248). Various authors (Hisrich & Peters, 2002:225; Botha *et al.,* 2006:54; Co *et al.,* 2006:81) emphasise that, at the start-up stage, the prospective entrepreneur's most important document is the business plan. According to Hisrich and Peters (2002:245), developing the business plan requires that the entrepreneur is in possession of sound planning skills. Given the significance of the business plan, it is outlined in Section 3.8.

Step 4: Determine the required resources

During this step, the entrepreneur needs to determine what resources will be required in order to exploit the opportunity. The entrepreneur's current resources should be critically assessed (Deakins & Freel, 2006:72). The required resources should then be acquired in a timely manner, while giving up as little control as is possible. An entrepreneur should strive to maintain as large an ownership position as possible, particularly at the start-up stage of the enterprise. As the enterprise develops, more resources will probably be needed to finance the growth of the enterprise. This, in turn, means that more ownership may need to be relinquished (Hisrich & Peters, 2002:42).

Step 5: Launching a new enterprise

The launch timing of a new enterprise is critical. Developing the entry strategy is an important part of the launch of the new enterprise (Deakins & Freel, 2006:231). An enterprise is often at its most vulnerable during the launching stage because the new enterprise lacks the same knowledge or information as its competitors. Entrepreneurs need to establish a range of contacts with shareholders and customers, its credit rating will inevitable be low and it may not be aware of what credit it can take advantage of or what are the best sources of advice. There may also be shortages of skilled labour and the new enterprise will still have a reputation to establish (Baron & Shane, 2005:11). Deakins and Freel (2006:250) further explain that these problems can be reduced if the

entrepreneur acquires the necessary skills, for example networking skills, and research and development, to overcome these obstacles.

Step 6: Building success

Growing and managing an enterprise requires financial and human resources, with human resources being the critical resource at this stage. Enterprises are unable to grow without motivated and skilled employees. Therefore, during this stage of the entrepreneurial process it is important that the entrepreneur acquire the skills needed to attract, motivate and retain employees. Furthermore, devising a strong business strategy, and dealing with conflicts among employees and shareholders are other vital aspect of the process during this phase that require entrepreneurial skills (Baron & Shane, 2005:11).

Step 7: Harvesting the rewards

In this final phase of the entrepreneurial process, entrepreneurs choose an exit strategy that allows them to harvest the rewards they have earned through their time, effort and skills. There are many ways of reaping the benefits of successful entrepreneurship and individual entrepreneurs need to select the one that will allow them to maximise their benefits (Baron & Shane, 2005:11).

The entrepreneurial process discussed above provides a framework for understanding the essential skills required by successful entrepreneurs. Owing to the significance of a business plan to the entrepreneur, outlined in Step three of the entrepreneurial process, the business plan is delineated as follows.

3.7 BUSINESS PLAN

One of the most important documents needed by entrepreneurs is the business plan (Lambing & Kuehl, 2007:13). Various authors (Hisrich & Peters, 2002:42; Kirby, 2003:234; Baron & Shane 2005:166) indicate that the entrepreneur must manage the

enterprise through implementing the business plan. Botha *et al.* (2006:54) agree and emphasise that the prospective entrepreneur needs a business plan when starting a new enterprise because it provides a roadmap for the future of that enterprise. Deakins and Freel (2006:248) state that the business plan should be reviewed through a strategic planning process to reflect certain trends and developments that are taking place in the marketplace. Kirby (2003:237) encapsulates this by stating that business plans need to be well researched and prepared, used sensibly, and seen as being flexible and capable of adapting to and showing changing circumstances. Therefore, it is critical that entrepreneurs possess adequate skills in drafting a high-quality business plan.

3.7.1 Defining a business plan

A business plan is a written document, describing the current status, expected needs and projected results of the new enterprise (Kuratko & Hodgetts, 2007:351). Hormozi *et al.* (2002:755) explain that, irrelevant of the size of the enterprise or stage of development, enterprises use a business plan to improve internal operations and to describe and market the business to potential outside investors. Botha *et al.* (2006:54) believe a business plan is a complete action plan or forecast of how the entrepreneur plans or intends to achieve the business goals. Every aspect of the enterprise needs to be covered in the plan, for example marketing, research and development, management, critical risks and financing (Kisrich & Peters, 2002:227).

3.7.2 Importance of a business plan

Co *et al.* (2006:85) warn that the purpose of a business plan is often overlooked by entrepreneurs. Unfortunately, many entrepreneurs are often overwhelmed or confused by the planning process and never understand the value of this critical document. The business plan is a public document and is important to the entrepreneur, as well as his/her investors, bankers and employees. It is vitally important to plan before starting an enterprise as many entrepreneurs fail because of insufficient planning (Botha *et al.*, 2006:54). Baron and Shane (2005:165) point out that a business plan is more than a

document designed to persuade investors to commit to the new enterprise. Rather, business plans assist entrepreneurs in converting their ideas and vision into a functioning enterprise.

Many start-up enterprises are created without the requisite planning and preparation, and without the entrepreneur having established the feasibility of the enterprise or appreciated the difficulties involved in managing the enterprise. The entrepreneur needs to establish the start-up enterprise's feasibility and determine how it is to be managed successfully. This is done through the business plan (Kirby, 2003:234). There are several reasons for drafting a business plan and the most important ones are discussed in the following sections.

3.7.2.1 Tool for establishing the feasibility of the new enterprise

A business plan tests the viability of an idea and sets out what the enterprise is expected to achieve, together with what resources and actions are required. Once developed, it acts as a map that shows what needs to be done and when (Kirby, 2003:235). The business plan does not only verify the commercial and technical viability of the idea, but also sets goals and objectives and facilitates the monitoring of actual progress. Therefore, it should not be allowed to become outdated once the enterprise begins operations. Instead, it should be used to monitor performance against the projections (Deakins & Freel, 2006:257). Kirby (2003:235) further states that if actual performance varies from the projected performance, the reasons and the implications for the enterprise need to be considered and any required remedial action taken. Unfortunately, this is one of the most neglected aspects of the business plan. Once produced the plan is often put away and never used again.

3.7.2.2 Tool for personal use

A business plan is a written document that assists the entrepreneur in turning ideas into reality (Botha *et al.,* 2006:55). A business plan forces the entrepreneur to think ideas

through carefully. If forces the prospective entrepreneur to think through the issues and problems associated with starting an enterprise (Chell, 2001:59). Furthermore, it helps to ensure that no ideas are forgotten and that the feasible of ideas are carefully considered (Botha *et al.,* 2006:55). According to Deakins and Freel (2006:248), it may serve as a strategic planning document for entrepreneurs, a plan to guide the enterprise and as a basis for taking strategic decisions. Hormozi *et al.* (2002:755) concur and state that a business plan helps the entrepreneur stay focused on his/her objectives. After implementing the proposed strategies, the entrepreneur can use the plan as a benchmark to identify both achievements or goals and areas that need improvement.

3.7.2.3 Tool for obtaining funding

Preparing a business plan is crucial if the entrepreneur requires start-up funds (Chell, 2001:59). Financial institutions, investors, business partners and other financial organisations insist on a business plan when an entrepreneur applies for finance (Botha *et al.,* 2006:55). An important function of the business plan is to persuade external financial institution to fund projects (Kirby, 2003:235). Therefore, a good business plan should help raise the requisite funding, assuming the project is commercially viable (Hormozi *et al.,* 2002:755).

3.7.2.4 Tool to help others understand the enterprise

As a public document, the business plan should be made available to the enterprise's employees and its relevant suppliers and stakeholders for their perusal. The business plan provides a complete picture of the enterprise and therefore provides shareholders with insight into how they may contribute to the success of the entrepreneur (Botha *et al.,* 2006:55).

3.7.2.5 Tool for reducing risk

As a business plan can be used as a roadmap, it helps to reduce the risk of losing money, in the same way that a real roadmap helps prevent a person from getting lost. It can also reduce the risk of failure. Managing an enterprise requires careful planning (Botha *et al.*, 2006:55). Hisrich and Peters (2002:229) concur and state that a business plan allows the entrepreneur to plan ways in which to avoid unnecessary risks and overcome those that are inevitable.

Therefore, the importance of a business plan for the entrepreneur can be summarised as a tool for establishing the feasibility of the new enterprise, for personal use, for obtaining funding, to help others to understand the enterprise and for reducing risk. A business plan must contain a number of elements that address key questions regarding the new enterprise.

3.7.3 Elements of a business plan

The business plan must describe the new enterprise with excitement and complete accuracy (Kuratko & Hodgetts, 2007:354). A business plan has to be flexible and usually varies between 10 and 50 pages (Chell, 2001:60; Deakins & Freel 2006:257; Kuratko & Hodgetts, 2007:354). There are a number of standard elements and plans that need to be included in any business plan. However, the business plan will vary depending on the nature of the enterprise and the sector within which it operates (Deakins & Freel (2006:257).

It is recommended that all types of entrepreneurs include the following elements and plans when designing the content of their business plan (Chell, 2001:60). Co *et al.* (2006:84) warn that these elements are not prescriptive and can be modified to suit the purposes of individual entrepreneurs and business plans. The elements of the business plan are outlined as follows.

3.7.3.1 Title page

The title page is the cover page of the business plan and the first constituent that the reader see. The title page holds two functions. The first function is to give the document a professional look that will assist in gaining the target audience's interest in the enterprise. The second function is to provide the following basic information about the enterprise:

- full name of the enterprise
- names of the owners or people supporting the enterprise
- street and postal address
- telephone and fax numbers, e-mail and web site address
- contact name, title and telephone number of the person in charge of the plan
- date of the plan (Hisrich & Peters, 2002:236; Co *et al.*, 2006:84).

3.7.3.2 Table of contents

It is advisable to include a page of contents at the beginning of the business plan as this enables the reader to locate different sections easily and navigate through the business plan document quickly (Deakins & Freel, 2006:257). Co *et al.* (2006:86) concur and state that a table of contents help the entrepreneur to organise the information in the business plan in a logical way. Hormozi *et al.* (2002:756) warn that investors are inundated with business plans and if important sections cannot be found easily or if there is contact information missing, the enterprise may not receive the attention it deserves.

3.7.3.3 Executive summary

According to Baron and Shane (2005:168), it is customary to preface documents such as the business plan with a concise executive summary. Potential investors prefer to see a summary of the plan that features its most important elements. An executive summary provides a brief overview of what is to follow in the remainder of the document, places

the information into perspective and should not exceed two or three pages. Although the summary should be the first section of the plan, it is likely to be written only after the entire business plan has been completed (Deakins & Freel, 2006:258).

Particular descriptions from each segment of the business plan are identified for inclusion in the summary. The descriptions selected for the executive summary should briefly describe the enterprise itself, the market opportunities, the financial needs and projections, and the exclusive research or technology associated with the enterprise (Chell, 2001:60). Kirby (2003:237) warns that the executive summary is the first and sometimes the only part of a business plan that is read by the target audience and therefore it must present the quality of the entire report. If this section is not presented in a concise and competent manner, the prospective investor may not be inclined to read further or may simply conclude that the enterprise does not warrant funding.

3.7.3.4 Industry analysis

It is important for the entrepreneur to position the new enterprise in its proper context. The entrepreneur needs to indicate the industry in which the enterprise will be competing. Discussion of the industry outlook, including future trends and historical achievements, should be included. The entrepreneur should also provide information on the new product developments occurring in that industry (Co *et al.*, 2006:89). According to Hormozi *et al.* (2002:756), the information investors want from this section is whether or not the total market for the enterprise's product or service is large enough or rapidly growing and whether the industry is structurally attractive.

Competitive analysis is another important part of the industry analysis section. The major competitors should be identified along with their strengths and weaknesses, particularly as to how these may affect the new enterprise's potential success in the market (Hisrich & Peters, 2002:238). Specific information about the enterprise follows the industry analysis.

3.7.3.5 Business concept

The business concept section of the business plan requires the entrepreneur to provide some background on the enterprise. This section should begin with the overall company vision or mission statement in order to show a clear purpose of the enterprise (Hormozi *et al.,* 2002:756). This would include, for example, an outline of who the key employees will be and an introduction on the nature of the enterprise and the industrial sector within which it will operate. It is also used to identify the main aims and objectives of the enterprise, including the purpose of the business plan (Deakins & Freel, 2006:258). Kirby (2003:237) warns that these aims and objectives must be realistic and achievable for the business plan to be perceived as credible by relevant stakeholders. Hormozi *et al.* (2002:756) further state that in this section of the business plan the entrepreneur must indicate the legal structure options of the enterprise, for example a sole proprietorship, partnership or corporation.

3.7.3.6 Growth plan

The growth plan identifies potential products or services that the entrepreneur can introduce in the next five years in order to develop the enterprise. The amount of finance and the employee requirements necessary to create this growth should also be outlined in the growth plan (Botha *et al.,* 2006:64). Lambing and Kuehl (2007:123) warn that the projected growth of the enterprise, reflected in the business plan, must seem achievable to investors. Hormozi *et al.* (2002:757) concur and states that owing to the constantly changing business environment, the business plan should address how the enterprise will retain its unique advantage.

3.7.3.7 Marketing plan

The marketing plan provides a detailed description of how the enterprise will compete in the marketplace (Lambing & Kuehl, 2007:151). According to Hwang and Lockwood (2006:337), it is important for all small enterprises to have a clear vision of who their

customers are, what their needs are and how the enterprise will fulfil those needs. Investors need to be convinced that a market exists, that sales projections can be achieved and that the enterprise can achieve a competitive advantage. This part of the plan is often one of the most difficult and critical to prepare since almost all subsequent sections of the plan depend on the sales estimates that are developed here. The projected sales levels, based on market research and analysis, directly influence the size of the manufacturing operation, the marketing plan, and the amount of debt and equity capital required (Kuratko & Hodgetts, 2007:361).

The findings of any market research undertaken should be presented in this section. The market plan should include information about the target market, the industry and the competitors (Co *et al.,* 2006:89). Kirby (2003:243) states that the marketing plan identifies the enterprise's target customers and outlines the marketing strategies, which are formulated to satisfy the target customers' needs and ensure that the enterprise's available resources are utilised most effectively. While illustrations of the main findings of the market research can be useful for presentation purposes, Deakins and Freel (2006:258) suggest the entrepreneur should avoid the temptation of providing too much information, since readers will not want to wade through large amounts of information.

3.7.3.8 Financial plan

Essential to the success of any new or small enterprise is the management of resources Hormozi *et al.* (2002:758). The financial plan must demonstrate the potential viability of the enterprise (Hisrich & Peters, 2002:242). Co *et al.* (2006:92) advise that the financial plan should only be drafted after all the other parts of the business plan, for example the marketing and operational plans, have been compiled. The entrepreneur can then provide a more accurate estimation of the expected costs and demand.

Chell (2001:60) warns that the prospective entrepreneur will most likely underestimate the costs and overestimate the market and likely revenues, though occasionally the market can be underestimated and with it likely demand. The financial plan must include

three basic financial statements, namely the pro forma balance sheet, the income statement and the cash-flow statement (Kuratko & Hodgetts, 2007:364).

The cash-flow statement contains the projected income from sales and other sources, and all the expenses concerned with the launch and operation of the enterprise. The importance of the cash-flow statement is that it shows the timing of income and expenses, and should show all these figures for 12 monthly periods of up to three to five years, depending on the potential users of the business plan. It shows the liquidity of the enterprise at any one time and reflects the need or otherwise to raise funds and obtain credit (Hisrich & Peters, 2002:173).

3.7.3.9 Operational and merchandising plan

The operations of an enterprise are the actual processes involved in the provision of the tourism service (Co *et al.,* 2006:155). The entrepreneur needs to describe how the tourism service will be provided. Essentially, the focus is on all of the activities required to implement the business plan, although sales, distribution and promotional activities appear in the marketing plan. All enterprises, whether operating in the manufacturing or the service sector, have to consider an operation plan (Kirby, 2003:247).

Service-based enterprises often believe that only manufacturing enterprises need to consider the production process. This is not true. Within service-based enterprises, the operational and merchandising plan refers to the merchandising plan, the purchasing of merchandise plan, the inventory control system and the inventory storage plan (Hisrich & Peters, 2002:240).

3.7.3.10 Human resource plan

People are the most important resource of any enterprise. How good the idea is or how well thought out the business plan is becomes irrelevant. Ultimately, people are responsible for how well an enterprise functions (Kirby, 2003:249). It is the function of

the human resource plan to determine the number and type of staff members needed, when they will be recruited, how they will be deployed and managed, and the costs involved in employing them (Deakins & Freel, 2006:260).

The human resource plan identifies the key personnel, their positions and responsibilities, and the career experiences that qualify them for those particular roles. Complete resumes should be provided for each member of the management team and the entrepreneur's role in the enterprise should be outlined. Where applicable, the human resource plan should also name and describe any advisors, consultants or members of the board (Kuratko & Hodgetts, 2007:364).

3.7.3.11 Appendix section

Writing a business plan requires an entrepreneur to use a variety of assumptions, for example market growth rate and competitor's reaction to new market entry, in order to forecast future events. In order to provide a common frame of reference for the management team and an audit trail for use in future planning, these assumptions must be documented and explained. Challenging the assumptions and providing information on contingency plans should the assumptions prove false enhances a business plan and should be included in the final sections of the business plan, the appendix (Hormozi *et al.*, 2002:759).

Co *et al.* (2006:95) indicate that the appendix section of the business plan should include any other documents such as graphs, charts, maps and tables that provide evidence of the viability of the enterprise. Hisrich and Peters (2002:176) state that including various items, for example detailed financial projections and the full resume of the entrepreneur, in separate appendices will keep the length of the business plan within desirable limits.

From the above discussion, it can be seen that the business plan is an important and valuable business tool for the small tourism entrepreneur. The plan includes various important elements and plans and requiring essential skills in formulating. Although the

business plan is important, Hisrich and Peters (2002:257) further warn that the difficult and challenging part of a new enterprise is not necessarily designing this plan but rather sustaining the new enterprise.

3.8 ESSENTIAL SKILLS FOR TOURISM ENTREPRENEURS

In order to develop and manage a successful new enterprise, tourism entrepreneurs need a wide variety of skills (Baron & Shane, 2005:293; Van Praag, 1999:318). These skills represent the focal point of this study. Wickham (1998:41) defines skills as knowledge that is demonstrated by action; that is, an ability to perform in a certain way. Synonymous with the word skills are the words competencies or abilities.

Kuratko and Hodgetts (2007:119) point out that ongoing research continues to examine the cognitions and skills required by entrepreneurs, thereby facilitating an evolving understanding of entrepreneurship. Entrepreneurs have to carry out a variety of tasks that require different entrepreneurial skills (Peters, 2005:577). It is not the purpose of this study to provide in-depth information on each essential entrepreneurial skill but simply to provide a brief understanding of the essential skills required by tourism entrepreneurs, which differentiates them from others.

Several authors (Hisrich & Peters, 2002:19; Deakins & Freel, 2006:21) indicate that the skills required by entrepreneurs can be classified into three main constructs: personal characteristics, functional skills and business management skills. In the following three sections, the essential skills required by entrepreneurs, classified into the three main constructs mentioned above, are discussed. These three constructs are represented in Tables 3.1, 3.2 and 3.3 respectively.

3.9 ESSENTIAL PERSONAL CHARACTERISTICS OF THE TOURISM ENTREPRENEUR

Personal characteristics refer to those behaviours that are the most natural, instinctive and habitual to an individual. It refers to the things an individual does without thinking about them. All individuals have their own set of personal characteristics, indicating who they are and dictating where they have the greatest opportunities to excel (Thompson, 2004:243).

According to Wood (2006:441), the personal qualities of entrepreneurs are significant to the performance of small tourism enterprises. Entrepreneurs appear to have a distinctive set of personal characteristic behaviour, which serves to determine entrepreneurial acts (Dewhurst & Horobin, 1998:22; Baron & Shane, 2005:293; Radipere & Scheers, 2005:403; Deakins & Freel, 2006:9). Kuratko and Hodgetts (2007:123) state that personal entrepreneurial skills are usually evident in those who enjoy success. Many of these skills have been found in successful managers as well as entrepreneurs.

Deakins and Freel (2006:21) emphasise that the importance of identifying entrepreneurial characteristics lies in encouraging potential entrepreneurs to start their own enterprises. It is therefore relevant to investigate the skills and characteristics that differentiate entrepreneurs from others.

Table 3.1 presents a matrix of essential personal skills for entrepreneurs, as derived from relevant prior research. These skills are discussed individually in the sections that follow.

Table 3.1 follows on p.80.

Table 3.1 Matrix of essential personal characteristics for entrepreneurs used in previous studies – Construct 1

Author(s)	Goal setting	Tenacity	Perseverance	Interpersonal skills	Creative thinking	Innovative thinking	Opportunity recognition	Self-confidence	Belief in self-determination	Taking initiative	Seeking personal responsibility	High energy level	Leadership skills	Tolerance for risk	Ambiguity	Risk-taking
Baron & Shane (2001)				X												
Ibrahim & Soufani (2002)	X					X									X	X
Nieuwenhuizen & Kroon (2002)			X		X	X	X						X	X		
Kirby (2003)	X	X	X		X		X		X	X	X	X	X	X	X	X
Louw et al. (2003)	X	X	X		X		X	X	X	X	X	X			X	X
Roodt (2005)	X	X	X	X		X		X		X			X			
Strydom (2005)				X												
Van Eeden *et al.* (2005)	X	X	X		X	X		X	X	X	X	X			X	X

3.9.1 Goal setting

Essential elements to enterprise success are identification of goals (Hormozi, *et al.,* 2002:755). Goals are specific objectives and targets that the entrepreneur hopes to achieve within a given time-frame (George, 2001:59). Kuratko and Hodgetts (2007:123) believe that entrepreneurs know where they want to go. According to Co *et al.* (2006:275), the strategies of the enterprise are dependent on the goals of the entrepreneur and, therefore, entrepreneurs need to compile a business plan to ensure that there is continuity throughout the life of the enterprise (refer to Section 3.7).

Before any strategic planning can be embarked on, the entrepreneur must establish realistic and specific goals and objectives for the enterprise. In order to ensure success, the entrepreneur must have the skills required to establish goals and understand the value of goal setting for the enterprise (Hisrich & Peters, 2002:273). Moutinho (2000:267) indicates that for a goal to be effective, it should be measurable, it should be stated in enough detail to provide meaning and direction, and it should be achievable. Furthermore, it should be developed and ordered in terms of priority. Wu *et al.* (2007) state that perseverance and enterprise goals are closely related since goals stimulate progress, unify effort and energise entrepreneurs to persist, even when facing obstacles.

3.9.2 Tenacity and perseverance

Tenacity refers to the ability to regard failure as a learning experience (Van Eeden *et al.,* 2005:29). Deakins and Freel (2006:13) indicate that dealing with failure is an important skill of entrepreneurs. Owing to the many obstacles that must be overcome as an entrepreneur, entrepreneurs must be tenacious in their determination to succeed. Many successful entrepreneurs succeeded only after failing several times (Co *et al.,* 2006:45). Kuratko and Hodgetts (2007:121) concur and state that successful entrepreneurs do not have failures, only learning experiences. According to Lambing and Kuehl (2007:19), difficulties are merely opportunities and entrepreneurs can benefit by learning from their experiences.

Perseverance refers to the ability to continue on a course of action, irrespective of the difficulty or with little or no indication of success. In order to be successful, entrepreneurs must retain the strength of mind required to take them through the difficult times (Roodt, 2005:19). An effective entrepreneur is realistic enough to expect difficulties and does not become disappointed, discouraged or depressed by a setback or failure. In adverse and difficult times, entrepreneurs search for opportunities (Kuratko and Hodgetts, 2007:123). Therefore, Co *et al.* (2006:46) emphasise that entrepreneurs are individuals who show commitment, dedication and perseverance, even when faced with difficulties.

3.9.3 Interpersonal skills

Interpersonal skills refer to the entrepreneur's ability to interact effectively with others through social communication and interactions (Baron & Shane, 2005:294). Interpersonal skills include the ability to persuade, develop trust, and empower others and to be self-efficient (Chell, 2001:193). Research done by Perks and Struwig (2005:179) indicates that an entrepreneur's personality contributes to having interpersonal skills. Baron and Shane (2001:294) further identify five, often correlated, interpersonal skills that are especially important to entrepreneurs. These are as follows:

- Social perception: The skill required to sum up others accurately, including accurately perceiving their motives, traits and intentions.
- Expressiveness: The skill required to express thoughts and ideas in a way that others can easily understand.
- Impression management: The skill required to induce positive reactions in others when first meeting them
- Persuasion and influence: The skill required to change the attitudes or behaviour of others in a desired direction.
- Social adaptability: The skill required to adapt to a wide range of social situations and feel comfortable with individuals from a wide range of backgrounds

3.9.4 Creative thinking, innovation and opportunity recognition

Creativity refers to the ability to create, which includes the ability to develop new and unusual ideas for product and services. Entrepreneurs are creative and innovative and recognise opportunities that other individuals may not see (Co *et al.,* 2006:46). Deakins and Freel (2006:227) are of the opinion that entrepreneurs are creative individuals who think laterally rather than vertically, perceive many possible divergent options rather than simply one and use imagination rather than logic. Entrepreneurs tend to think in non-conventional ways, to challenge existing assumptions, and to be flexible and adaptable in their problem-solving (Kirby, 2003:113). Niewenhuizen and Kroon (2002b:163) concur and state that creativity refer to "new ways of doing things". Fontela *et al.* (2006:9) emphasise that creativity is an essential skill for an entrepreneur. Kirby (2003:138) elaborates by emphasising that enterprises require entrepreneurs to tap into their creativity constantly in order to be successful in the long term.

Innovation refers to the tendency to engage in and support new ideas, novelty, experimentation and creativity that may result in the development of marketable products or services, or the development of new products and services that take advantage of opportunity (Co *et al.,* 2006:46). Innovation, according to Deakins and Freel (2006:12), refers to the ability to deal with change and to cope with new processes and solutions. For the general public, change is often frightening and is something to be avoided. However, entrepreneurs see change as normal and necessary. They search for change, respond to it and exploit it as an opportunity, which is the basis of innovation (Lambing & Kuehl, 2007:20). Fontela *et al.* (2006:6) state that innovation reflects an entrepreneur's creative desire to engage with new ideas, seek novelty and create innovative processes.

Lambing and Kuehl (2007:20) posit that the reason entrepreneurs are successful is that they have imagination and can envision alternative scenarios. Entrepreneurs have the ability to recognise opportunities that other people do not see (Kuratko & Hodgetts,

2007:123). Creative thinking, innovation and recognising an opportunity are essential skills required in the entrepreneurial process (Section 3.6.1).

3.9.5 Self-confidence and belief in self-determination

Self-confidence refers to one's ability to manage difficult and challenging situations without suffering from apprehension or a lapse into insecurity (Jordan & Cartwright, 1998:89). Knowledge and experience in a particular industry and enterprise provide a useful and important platform from which to build and develop competencies and self-confidence (Gilmore & Carson, 1996:43). Entrepreneurs are confident in their abilities and their business ideas. They believe that they have the ability to accomplish whatever they set out to do (Kuratko & Hodgetts 2007:123). This confidence is well justified. Lambing and Kuehl (2007:19) state that successful entrepreneurs have an in-depth knowledge of their market and industry - a knowledge based on meticulous investigation. Many entrepreneurs learn about an industry while working for someone else, and this allows them to gain knowledge and make mistakes before starting their own enterprise.

The concept of self-efficacy influences a person's entrepreneurial intentions. Self-efficacy has been defined as a person's belief in his/her capability to perform a task. A sense of personal efficacy that is both accurate and strong is essential to the initiation and persistence of performance in all aspects of human development (Deakins & Freel, 2006:11). Therefore, people who believe they will be successful entrepreneurs are more likely to pursue such a career option (Lambing & Kuehl, 2007:20).

Self-determination refers to the ability in having a high need for autonomy (Van Eeden *et al.,* 2005:29). Entrepreneurs believe that their success or failure depends on their own actions. This quality is known as an internal locus of control and is an important characteristic of potential entrepreneurs (Deakins & Freel, 2006:12). Internal locus of control refers to the belief entrepreneurs have that they can control successes and setbacks. This belief may influence the results of their actions. In contrast, people with an external locus of control believe that external forces in their lives are responsible for

their fate. A person who believes that fate, the economy or some other outside factor determines success has an external locus of control and is not likely to succeed as an entrepreneur (Co *et al.,* 2006:46).

3.9.6 Initiative and personal responsibility

Entrepreneurs are independent and highly self-reliant innovators who actively seek to take personal responsibility and initiative for projects (Kuratko & Hodgetts 2007:120). According to Fontela *et al.* (2006:6), initiative refers to the initiation of an innovative idea, recognition of opportunities in the market and awareness of fluctuations in consumer demands. Successful entrepreneurs take the initiative in situations where others may not. Their willingness to act on their ideas often distinguishes them from those who are not entrepreneurs (Lambing & Kuehl, 2007:20). Co *et al.* (2006:47) concur and state that entrepreneurs recognise what needs to be done and then set about doing it without having to be asked.

Personal responsibility refers to the ability to accept the consequences of one's actions (Van Eeden *et al.,* 2005:29). Entrepreneurs willingly put themselves in situations where they are personally responsible for the success or failure of the enterprise (Kuratko & Hodgetts 2007:120). Characteristically, entrepreneurs like to take the initiative in solving a problem and aim to achieve moderately difficult goals, which are a challenge but not beyond their capabilities. Taking responsibility ensures worthwhile effort and results in feelings of accomplishment (Chell, 2001:138).

3.9.7 High energy level

High energy level refers to the ability to work long hours, have vigour, good health and persistence (Van Eeden *et al.,* 2005:29). When considering forming a new enterprise, entrepreneurs are, according to Hisrich and Peters (2002:68,) concerned about whether they will be able to sustain the drive and energy required not only to overcome the inertia in forming something new but also to manage the new enterprise and make it grow.

The extraordinary workloads and the stressful demands entrepreneurs face place a premium on energy. Many entrepreneurs manage a healthy lifestyle, for example through healthy eating habits and regular exercise, in order to maintain high energy levels (Kuratko & Hodgetts 2007:123).

3.9.8 Leadership skills

The entrepreneur has to provide leadership in the enterprise. Leadership is the ability to influence the behaviour of others so that they cooperate willingly in achieving set goals. It is important that employees in the enterprise approve of the form of influence. Employees who cooperate and interact with others become more productive than those who act in isolation. In order to achieve this, different leadership styles need to be adopted by the entrepreneur (Co *et al.,* 2006:203). Van Zyl and Marthur-Helm (2007:18) emphasise that entrepreneurs with strong leadership skills have a significant impact on the performance of the small tourism enterprise. According to Dacko (2006:287), the development of leadership skills is especially important to ensure future enterprise success in the marketing of the enterprise. Duke (2002:212) concurs and states that leadership skills are highly important for the successfully marketing of an enterprise. Leadership includes the ability to use different leadership styles and to facilitate conflict resolution (see Section 3.11.1.6).

Entrepreneurs with leadership skills know what they want and know how to communicate what they want to their employees. Furthermore, entrepreneurs with leadership skills must be able to explain the vision of the enterprise clearly and need to be able to motivate employees to reach for that vision (Co *et al.,* 2006:204). Research done by Nieuwenhuizen and Kroon (2002b:162) supports this and the researchers state that sound human relations (refer to Section 3.11.1) is the basis of leadership.

3.9.9 Tolerance for risk, risk taking and ambiguity

Deakins and Freel (2006:6) note that it is important to make a distinction between risk and ambiguity. Risk exists when there are uncertain outcomes, although those outcomes can be predicted with a certain degree of probability. True uncertainty arises when the probability of outcomes cannot be calculated. Risk is at the very heart of managing one's own enterprise, and the ability to manage risk is one of the most important skills of any successful entrepreneur (Nieuwenhuizen & Kroon, 2002a:21). Risk taking involves the proclivity to engage in risky projects, as opposed to engaging in projects from which expected returns are certain (Neck *et al.,* 1999:483). Hisrich and Peters (2002:70) concurs and state that risk taking, whether financial, social or psychological, is part of the entrepreneurial process.

According to Raposo *et al.* (2008:408), risk taking refers to risk acceptance when entering an activity; that is, it is related to the probability of an activity having less than a 100 percent success. Risk-taking skills refer to having a predisposition for taking moderate calculated risks that provide a reasonable chance for success (Van Eeden *et al.,* 2005:29). Co *et al.* (2006:46) explain that although it often seems that entrepreneurs take high risks, this is usually inaccurate since entrepreneurs take calculated risks. More than two-thirds of entrepreneurs attempting to start a new enterprise have full- or part-time jobs or have other enterprises that they are managing. This often means that they do not put all of their resources and time into the new enterprise, at least not until it appears to be viable. Entrepreneurs also see risk differently from others, although this is often because of their knowledge of the industry (Lambing & Kuehl, 2007:20).

Tolerance for ambiguity refers to having the ability to live with modest to high levels of uncertainty concerning work and career security, and being able to perform different tasks simultaneously (Van Eeden *et al.,* 2005:29). The life of an entrepreneur is unstructured because entrepreneurs do not have schedules or systematic processes to follow (Lambing & Kuehl, 2007:20). There is no guarantee of success, and setbacks and surprises are inevitable for the entrepreneur (Kuratko & Hodgetts 2007:121).

Uncontrollable factors, such as the economy, the weather and changes in consumer tastes, often have a dramatic effect on an enterprise. An entrepreneur's life has been described as being one that has a consistent lack of clarity. The successful entrepreneur feels comfortable and thrives on the fluidity and excitement of such an ambiguous existence (Lambing & Kuehl, 2007:20). According to Deakins and Freel (2006:7), ambiguity stimulates the imagination of entrepreneurs regarding profit opportunities.

Therefore, it can be summarised that the essential personal characteristics of the tourism entrepreneur, as discussed above, significantly influence the performance of small tourism enterprises. A discussion on essential functional skills for the tourism entrepreneur follows.

3.10 ESSENTIAL FUNCTIONAL SKILLS FOR THE TOURISM ENTREPRENEUR

Functional skills refer to the ability to use the tools, procedures and techniques of a specialised field (Hellriegel *et al.,* 2001:34). Bennett (1995:140) concurs and states that functional skills involve the ability to use specialised knowledge, methods or techniques and expertise in completing various tasks in the workplace. According to Hodgetts and Kuratko (1995:46), technical knowledge enables one to "understand how specific things work".

Research done by Perks and Struwig (2005:178) indicates that functional skills are a precondition for starting any enterprise. Although multiple skills, for example financial management and human relations management, are essential for successful entrepreneurship, the lack of functional skills could be a reason for enterprise failure (Roodt, 2005:19). Functional skills are thus essential for enterprise success.

Table 3.2 presents a matrix of essential functional skills for entrepreneurs, as derived from relevant prior research. These skills are discussed in more detail in the sections that follow.

Table 3.2 Matrix of essential functional skills for the entrepreneur used in previous studies – Construct 2

Author(s)	Verbal communication skills	Written communication skills	Computer skills	Cognitive skills	Information seeking skills	Networking skills	Numerical skills	Problem solving skills
Ibrahim & Soufani (2002)						X		X
Nieuwenhuizen & Kroon (2002)	X	X			X		X	
Kirby (2003)	X	X			X	X		X
Louw *et al.* (2003)	X	X			X		X	
Perks & Struwig (2005)			X					
Roodt (2005)	X	X	X		X	X		
Strydom (2005)			X	X			X	
Van Eeden *et al.* (2005)	X	X			X		X	X
Pech & Cameron (2006)				X				
Lindblom *et al.* (2008)				X				

3.10.1 Communication and computer skills

Communication and computer skills are critical skills for entrepreneurs (Perks & Struwig (2005:181). Communications skills refer to the ability to communicate ideas to others, verbally and in writing (Van Eeden *et al.,* 2005:29). Bennett (1995:140) concurs and explains that communication skills involve the ability to impart written or verbal information to others in an effective and understandable manner. The ability to communicate is particularly vital when entrepreneurs are dependent on the efforts of others in the enterprise. Furthermore, the tourism entrepreneur is not only required to communicate with employees but must also ensure that employees are able to communicate well with the customers.

Computer skills can be invaluable for the small tourism entrepreneur (Roodt, 2005:21). An entrepreneur who is skilled in using the computer is able to save time as such skills are useful for recordkeeping and bookkeeping, and can be used to make presentations to shareholders look more professional. The small tourism entrepreneur can use computer skills to communicate with customers via e-mails, thereby saving advertising fees. This way the customer can be constantly reminded about the enterprise, and the long-term relationships can be fostered through relationship marketing. A small tourism enterprise that has an e-mail address is perceived as being more substantial, thereby enabling it to compete better against larger enterprises. Computer skills can also assist the small tourism entrepreneur in obtaining business advice via the Internet (Perks & Struwig, 2005:184).

3.10.2 Cognitive skills

Cognitive thinking is how individuals interpret the world around them (Kundu & Rani, 2007:1372). Cognitive skills refer to the ability to mentally process information from the environment and apply it in everyday activity. Individuals with cognitive skills do not simply respond to stimuli but also act on beliefs, express attitudes and strive towards goals (Heilmann, 2007:728).

Research by Pech and Cameron (2006:63) indicates that, compared to non-entrepreneurs, entrepreneurs have distinct cognitions. Entrepreneurs extensively use different ways of enhancing information and individual beliefs that impact decision-making. Lindblom *et al.* (2008:522) concur and state that cognitions differ among individuals, as characterised in terms of the dimensions of perception and judgment, and can explain variations in decision-making processes and outcomes. For example, fundamental differences in perception and judgment can influence strategic decision-making and risk-taking, which affects enterprise performance.

3.10.3 Information seeking and networking skills

Information seeking refers to the ability in developing skills, experience and resources in one's known territory (Van Eeden *et al.,* 2005:29). Roodt (2005:23) stresses that the value of information can be taken advantage of by the entrepreneur, when it is collected processed and linked to provide answers to problems and customer needs. Hisrich and Peters (2002:542) explains that in addition to financial and management control, the entrepreneur needs to establish information/customer service tracking systems or controls. Many enterprises in the twenty-first century are paying more attention to their customers, and are establishing processes that track and monitor customer service and satisfaction. The monitoring of customer satisfaction involves more qualitative measures that can provide an early warning to the entrepreneur of impending customer problems. These problems can affect financial results as well as sales revenue, and are thus an important preliminary process. Roodt (2005:23) further explains that the successful entrepreneur must be up-to-date on the latest market trends and implement these to enable the enterprise to offer high quality products and services consistently. Therefore, in order for the entrepreneur to be pro-active, information seeking skills are essential.

The majority of small enterprise entrepreneurs do not know how to network effectively. This stems from their fear that sharing information will lead to competition (Perks & Struwig, 2005:181). Dahles (1999:8) emphasise that networking is critical to the small tourism entrepreneur in order to operate successfully in the tourism industry. Small

enterprises must link with larger enterprises through subcontracting relations for example, in order to create new opportunities of independent entrepreneurship (Roodt, 2005:21). Dahles (1999:8) further states that in addition, the creation of networking relations among entrepreneurs appears to be the central strategy in the development and operation of small enterprises. Networking is used to develop not only business contracts but also to raise social standing and enhance political influence, which, in turn, contributes to economic success.

Dahles (1999:8) elaborates further by stating that the establishment of elaborate networks of cooperative relations can be regarded as a risk avoiding strategy for small tourism entrepreneurs and, therefore, an important skill required by successful entrepreneurs. Fontela *et al.* (2006:7) indicate that personal, social and enterprise networking are important at every stage of the enterprise – during the pre-start-up stage, in the initial stages of the new enterprise and as part of the ongoing development of the enterprise.

3.10.4 Numerical skills

Numerical skills refer to the ability to make fast and accurate arithmetic computations (Luthans, 2005:287). According to Van Eeden *et al.* (2005:29), numerical skills refer to having the ability to understand and interpret financial statements and financial performance. Hamilton and Hamilton (2005:1306) concur and state that the entrepreneur needs to understand financial statements. Without a solid grasp of what is going on in the enterprises financial statements, an entrepreneur would make decisions based on inaccurate information (refer to Section 3.11.3). Therefore, numerical skills are essential to the tourism entrepreneur.

3.10.5 Problem-solving skills

A problem is the difference between an actual and a desired state, whereas problem solving is the process of identifying a discrepancy between an actual and a desired state of affairs and taking action resolve it (Chell, 2001:120). Bennett (1995:141) concurs and

states that problem solving refers to the ability to select a course of action from several alternatives in order to solve a problem. Many entrepreneurs regard problem solving as the most important prerequisite for entrepreneurial success (Bennett, 1995:141). Entrepreneurs must be able to think logically and critically analyse situations (Van Eeden *et al.*, 2005:29).

Entrepreneurs attempt to change problems into opportunities (Chell, 2001:120). According to Kirby (2003:138), successful entrepreneurs are those who are constantly finding creative solutions to problems. Chell (2001:123) warns that an important consideration for the entrepreneur during problem solving is time management. The entrepreneur has to decide how much time to devote to problem solving in order not to waste time (refer to Section 3.11.5.1).

Kirby (2003:233) warns that entrepreneurs often possess the necessary functional skills but not the managerial skills and understanding to manage an enterprise successfully. Roodt (2005:19) concurs and states that in addition to functional skills successful entrepreneurs require multiple skills, for example management skills. Therefore, managerial skills are of great importance to the small tourism entrepreneur.

3.11 ESSENTIAL MANAGEMENT SKILLS FOR THE TOURISM ENTREPRENEUR

Management is the rational process that deals with the use of scarce resources and tasks such as planning, organising, leading co-ordinating and controlling for attaining certain objectives (Roodt, 2005:21). Managerial skills are underlying characteristics of an entrepreneur or manager that result in effective and/or superior performance in a managerial function (Avkiran, 1998:655).

The reasons why various start-up enterprises are unsuccessful are numerous, but the ability of the tourism entrepreneur to manage the enterprise is, according to Kirby (2003:233), paramount to the enterprise's success. Research done by Wong and

Aspinwall (2004:49) indicates that most entrepreneurs of small enterprises lack managerial skills because of limited formal management training. Although the majority of small entrepreneurs seem to have a sound knowledge of the products and services they produce, generally they lack the required skills for effective business management. Unlike large enterprises, small enterprises have limited resources. Therefore, the entrepreneur must have the management skills to perform various functions effectively (Ibrahim & Soufani, 2002:426).

Roodt (2005:21) admonishes that often individuals with entrepreneurial abilities start a new enterprise, only to be unsuccessful in the long-term because of a lack of managerial skills. Therefore, sound managerial skills are essential to the tourism entrepreneur.

Although essential entrepreneurial management skills have been briefly discussed in Chapter 2, the importance that these skills hold for tourism entrepreneurs requires that they be discussed in more detail. It should be noted that marketing management skills are discussed in detail in Chapter 4. Table 3.3 presents a matrix of essential managerial skills for entrepreneurs, as derived from relevant prior research. These skills are discussed in more detail in the sections that follow.

Table 3.3 follows on p.95.

Table 3.3 Matrix of essential management skills for entrepreneurs used in previous studies – Construct 3

Author(s)	Human relations skills	Negotiation skills	Strategic planning skills	Forecasting skills	Ethical business value skills	Financial management skills	Legislation skills	Taxation skills	Inventory control skills	Record keeping skills	Time management skills	Conflict management skills	Stress management skills	General business management skills
Ibrahim & Soufani (2002)	X	X	X						X					X
Nieuwenhuizen & Kroon (2002)	X					X				X				
Wood (2002)					X									
Kirby (2003)		X									X		X	
Louw *et al.* (2003)	X					X								X
Roodt (2005)			X	X		X								X
Strydom (2005)	X					X		X	X	X	X	X		X
Van Eeden *et al.* (2005)	X					X								X
Botha *et al.* (2006)					X		X							
Fontela (2006)				X										
Wu *et al.* (2007)				X										

3.11.1 Human relations skills

Human relations skills refer to the ability to convince others to move in a specific direction (Van Eeden *et al.,* 2005:29). According to Morrison and Texeira (2004:170), the biggest management challenge for small tourism entrepreneurs is the management of employees and their skills. The concept of human resource management originated in the 1970s and, according to Bennett *et al.* (2005:316), can best be described as all management decisions and actions that affect the nature of the relationship between the enterprise and the employee. Witt and Moutinho (1995:176) define human resource management as the total set of knowledge, skills and attitudes that enterprises need to compete. Human resource practices involve the planning, monitoring and control of the human resource as a management activity in order to achieve business objectives (Chell, 2001:298).

Human resource management has various implications for the small tourism entrepreneur. Page and Connell (2006:235) identify the following:

- Small tourism enterprises normally have resource constraints and, therefore, are unable to fund human resource management developments to the same degree as large enterprises.
- Human resource management is widely acknowledged as a major component involved in small enterprises becoming more competitive and productive, as well as successful.
- Human resource management is often of marginal interest to family-owners of family-run enterprises.
- Small tourism enterprises can improve their overall business performance by following the correct procedures in recruiting and selecting personnel.
- Small tourism enterprises tend to use marginally qualified staff in the tourism sector, especially in the rural environment.

- Management training is normally limited among enterprise owners, with time constraints and a perception of no need for training limiting the development of human resource processes.
- Many managers in small enterprises do not apply the strict principles of human resource management, as they are unable to delegate, and fail to define lines of authority and responsibility.

Wong and Aspinwall (2004:52) concur and state that small tourism enterprises do not have the luxury of a human resource department that can interview, hire and evaluate employees. Most of these decisions will be the responsibility of the entrepreneur (Peters, 2005:575). As the enterprise grows, there will usually be a need to hire new employees. The processes followed in small tourism enterprises should not be any different from those in any other human resource department (Hisrich & Peters, 2002:513).

The human resource dimension is one of the most important elements in any industry sector, none more so than in a service sector such as tourism (Bennett *et al.,* 2005:320), which is characterised by high levels of human involvement in the development and delivery of services or vacation experiences (Pender & Sharpley, 2005:86). Traditionally, tourism is seen as a labour intensive industry, which employs a large number of people at a relatively low cost (Vellas & Bécherel, 1999:145). Nickson (2004:169) indicates that tourism-related activities account for 8.2 percent of employment worldwide.

Page and Connell (2006:228) concur and indicate that tourism is a people business and so having suitable employees in correct positions to satisfy the tourist must be central to the management of a successful tourism enterprise. Therefore, human resource management issues are vital to the successful operation, development and long-term sustainability of tourism enterprises.

Tourism enterprises face challenges in recruiting, developing and maintaining a committed, competent, well-managed and well-motivated workforce, which is focused on

offering a high quality product to the increasingly demanding and discerning customer (Nickson, 2004:170). Various key themes in the management of human resources in a small tourism enterprise are important and require the attention of the small tourism entrepreneur (Pender & Sharpley, 2005:86):

- characteristics of tourism as a sector and their impact on the management of human resources
- skill shortages
- training
- employee rewards, benefits and compensation
- employee recruitment, retention and turnover
- negotiation skills.

3.11.1.1 Characteristics of tourism as a sector and their impact on the management of human resources

Within the broad classification of tourism, there is immense diversity in the types of employment generated, in relation to their technical and skills demands, educational requirements, terms and conditions of employment and the type of person who is likely to be attracted to employment in the various tourism professions (Baum, 1993:4). Furthermore, owing to seasonality, small-sized enterprise structures and the large number of family enterprises, the tourism industry provides insufficient incentives to attract labour, particularly in terms of fast career paths and promotion ladders (Peters, 2005:575).

In a 'people' business such as tourism, human resources are of vital importance to the enterprise because of the need to derive quality from the employees and their interaction and exchanges with customers. Therefore, it is critical in the tourism industry that people with suitable skills are in the appropriate positions (Page & Connell, 2006:230).

3.11.1.2 Skill shortages

A skill is a capacity for voluntary, intentional and objective-related behaviour of an observable level of effectiveness, which could not be expected in an untrained individual (Middleton & Long, 1990:325). Gründlingh (2006:30) posits that skills in the tourism industry are a comprehensive concept. According to Bennett *et al.* (2005:320), skills and continuous skills development are specifically important to all tourism enterprises. Various authors (Thomas, 1998:161; Jameson, 2000:43; Nickson, 2004:172; Martin *et al.,* 2006:380) agree that the tourism industry is experiencing a skills shortage globally.

Martin *et al.* (2006:380) further indicates that the skills gap, particularly concerning managerial and supervisory staff, is greater in the tourism industry than in any other industry. In the tourism industry, 36 percent of the workplaces are affected by skill shortages compared to 22 percent in other industries.

Nickson (2004:172) posits that the reason for the skills shortage in tourism is that tourism often finds itself awash with newcomers, meaning that high levels of on-the-job training are required. This is costly to the enterprise, especially given that it occurs in tandem with high levels of labour turnover. Riley (1993:48) suggests that the reason for the skills shortage in the tourism industry is that employees tend to be poorly remunerated, and that the pressures of this poor remuneration are exacerbated by several fundamental structural features of the industry.

Skills are acquired through education and training (Chell, 2001:311) Kaplan (2004:221) states that skills development in South Africa is not being adequately harnessed in meeting the needs of individuals, communities and entrepreneurs. Furthermore, the greatest deficiency in the South African tourism industry is the absence of adequate education, training and awareness of opportunities. This situation is generating skills shortages (Botha *et al.,* 2006:81).

3.11.1.3 Training

Tourism training is concerned with delivering practical knowledge, skills and techniques (Cooper *et al.,* 1998:459). Bennett *et al.* (1995:295) is of the opinion that technical and interpersonal training should be offered to employees of small tourism enterprises to install confidence into them and to ensure their competence. Although, according to various authors (Thomas, 1998:161; Martin *et al.,* 2006:385), a training culture does not exist in small tourism enterprises since very few training and staff development opportunities are available for employees and neither is there an acceptance on the part of employers to take responsibility for training and developing their staff.

Thomas (1998:161) indicates that small tourism enterprises rarely make use of the systematic training of staff as training programmes are costly and time consuming to implement. Enterprise owners generally demonstrate a lack of interest in or ability to seize upon training initiatives and they certainly do not appear to accept responsibility to invest in training to improve business performance.

Further research by Thomas (1998:161) indicates that there are two problems for the potential providers of management development programmes for small enterprises in the tourism industry. The first problem is that much of the research that might aid providers focuses on employee development in the tourism industry as a whole and thereby includes large enterprises. The second problem is that all small tourism enterprises are treated as being similar and there is little recognition of the potential differences in objectives for, and constraints on, those managing different types of tourism enterprises.

3.11.1.4 Employee rewards, benefits and compensation

Enterprises provide rewards, benefits and compensation to their employees in order to motivate their performance and encourage their loyalty and retention (Luthans, 2005:132). The tourism industry is distinguished by poor compensation (Hjalager & Andersen, 2000:115; Milman, 2003:18). Martin *et al.* (2006:385) states that although

poor compensation is evident in the overall tourism industry, it poses an even bigger challenge for small tourism enterprises since it is difficult to compete with the remuneration offered by larger enterprises.

According to Riley and Szivas (2003:448), the low compensation offered in the tourism industry is mainly attributable to the lack of acquired levels of education and experience. Martin *et al.* (2006:384) concur and state that high skill disparities contribute to the negative compensation in the tourism industry.

Various structural features of the tourism industry are likely to place downward pressure on compensation levels. According to Nickson (2004:173), the most important of these are:

- Small unit structure of the tourism industry: The industry in most countries is highly fragmented and heterogeneous, being an amalgam of small to large enterprises, with the majority of these being small and medium sized enterprises.
- Fluctuations in levels of business activity: There is a constant fluctuation in consumer demand across long and short time periods.
- Cost pressures induced by competition.
- A reliance of vulnerable and so-called 'marginal' workers: For example, drawing on sections of the labour market that have little bargaining power, such as young people, students, married women returning to work and ethnic minorities

3.11.1.5 Employee recruitment, retention and turnover

Many countries are reporting problems in recruiting and retaining staff, and many new initiatives and developments are occurring globally to try to address some of these issues (Page & Connell, 2006:227). Jameson (2000:44) found that, whereas larger enterprises relied greatly on informal methods and bureaucratic procedures by specialist personnel departments, the small tourism enterprise owner is likely to handle recruiting and personnel matters without delegating and is unlikely to have any relevant skills.

Various authors (Thomas, 1998:177; Jameson, 1998:175) agree that the most dominant recruitment method used in small tourism firms is word–of-mouth. Research by Thomas (1998:177) warns that caution must be exercised by employers when using informal recruitment methods, especially word–of-mouth, as this method of recruitment can prove to be discriminatory. Word-of-mouth relies heavily on the current workforce, which may be composed of a particular gender or race who then 'advertise' the position to individuals from the same background.

According to Peters (2005:575), employee turnover rates tend to be very high in the tourism industry. Martin *et al.* (2006:380) agree and state that the tourism industry faces the persistent challenge of retaining a skilled labour force. Labour turnover in the tourism industry is nearly double that of other industries.

3.11.1.6 Negotiation skills

Negotiation is a useful tool in resolving conflict (Section 3.11.6). Being an entrepreneur requires having negotiating skills. Even though it is important, negotiation is usually not a skill well developed in the entrepreneur (Co *et al.,* 2006:255). Negotiation is the process by which parties attempt to resolve a conflict by agreement. Although a resolution is not always possible, the process of negotiation identifies the critical issues in the disagreement and is, therefore, central to business management (Baron & Shane 2005:303).

In learning and developing negotiation skills, it is important to understand the two types of negotiation, the tactics involved in each type and the skills required. Negotiation often involves one party attempting to get another to do something the first desires. At times, this second party will not act unless obtaining something of interest in return. Whether the negotiation process is cooperative or competitive, this motive of doing something in order to get something in return must be understood when engaging in the activity of negotiation (Hisrich & Peters, 2002:519).

The two different types of negotiation strategies available to the entrepreneur are as follows.

- **Cooperative negotiation (integrative bargaining)**

  Integrative bargaining involves cooperative negotiation between the negotiating parties. In this situation, the entrepreneur is willing to let the other side achieve its desired outcome while maintaining a commitment to his/her own goals. In one sense, integrative bargaining is joint problem solving, based on the concept of rational decision-making (Hisrich & Peters, 2002:519).

- **Competitive negotiation (distributive bargaining)**

  Even more important for the successful expansion of an enterprise is the entrepreneur's effectiveness in distributive bargaining. In contrast to integrative bargaining, distributive bargaining does not allow the other party to achieve his/her goals. There is a fixed pie to be divided, which means that the larger the opponent's share, the smaller the entrepreneur's. Since there is no trust between the parties, a solution can only be reached through a series of modified positions of compromise and concession. Each party tries to discover the other's goals, values and perceptions (Hisrich & Peters, 2002:530).

3.11.2 Business planning skills

As Morrison and Thomas (1999:150) point out, business planning is one of the most widely advocated aspects of small enterprise management. Thomas (1998:101) concurs and states that business planning is a fundamental task for small enterprises. Planning is fundamentally important and it is necessary for the entrepreneur to continue to plan both for the short- and long-term. Various authors (Chell, 2001:65; Hisrich & Peters, 2002:514) agree that planning is a continual process that never ends for an enterprise, particularly one operating in a rapidly changing environment. Bresler (2005:169)

articulate that planning predetermines what an enterprise proposes to accomplish in the changing environment in which it exists. It is regarded as a starting point of the management process and is, in a sense, the pivot around which all management activities revolve.

Given that business planning is a process with cyclical stages, it is important to investigate the main components of business planning (Thomas, 1998:104) and to relate them, where appropriate, to the tourism industry.

3.11.2.1 Importance of business planning

Chell (2001:67) indicates that entrepreneurs do not plan enough and that this is a contributory factor to the failure of a new enterprise. Therefore, entrepreneurs need to understand importance of planning. Botha *et al.* (2006:55) concur and state that business planning determines the future direction of the enterprise and is vital to the success of an enterprise. Bresler (2005:171) outline the various reasons why planning is important, namely:

- it provides direction to the enterprise
- it promotes cooperation between different departments because separate departments are not left to make decisions in isolation and go their own way
- it fosters a future-oriented approach and largely eliminates the danger of crisis management.

3.11.2.2 Types of planning

Given that planning takes place, according to Moutinho (2000:259), on different management levels within the enterprise, it is valuable to entrepreneurs to differentiate between the various types of planning required in an enterprise.

- **Strategic planning**

Strategy is concerned with an enterprise's basic direction for the future. This includes, for example, the enterprise's purpose, ambitions and resources. It also includes how the enterprise interacts with the environment within which it operates (De Bruyn & Klopper, 2005:136). Thus, Chell (2001:66) articulates that a strategic plan is a comprehensive plan that reflects the longer-term needs and direction of the enterprise. The ultimate purpose of strategic planning is to identify the best strategy for obtaining specific objectives (Sexton and Kasarda, 1992:134; Bridge & Moutinho, 2000:187). Bresler (2005:169) concurs and states that strategic planning requires the entrepreneur to generate the enterprise's mission statement, in consultation with staff, and formulate the enterprise's main objectives. The decisions regarding the environment within which the enterprise competes and decisions on the application of resources must be considered in the strategic planning of the enterprise.

- **Functional planning**

Functional planning includes plans for marketing, operations, human resources and finance (Bresler, 2005:170). Earlier research by Bennett (1995:182) indicates that functional planning covers a much shorter time span than strategic planning and is more specific and action oriented. Furthermore, functional planning gives specific direction and requires active participation by lower levels of management.

- **Tactical planning**

Tactical planning concerns the short-term day-to-day planning that is required for carrying out operations according to specific methods and procedures (Bresler, 2005:170). The information contained in these plans tends to be very specific, detailed and quantitative (Moutinho, 2000:279).

3.11.2.3 Business plan

A business plan is defined by Williams (1994:68) as "merely encapsulating your longer-term objectives, estimates and forecasts on paper". Hodgetts and Kuratko (1995:159) explain that the business plan is "a road map for a would-be entrepreneur that shows what the enterprise is going to do, its projected expenses and earnings and its plan for repaying the loan". While the first definition views planning as a continual process, the second views a business plan as vital to the start-up process and the obtaining of finance (Thomas, 1998:102). Therefore, in order to have a better understanding of the essential skills required by entrepreneurs, the business plan was outlined in more detail in Section 3.8.

3.11.2.4 Forecasting skills

A forecast is the process of making assumptions about the future (Chell, 2001:66). Forecasting is concerned with precognition of future trends and events. Shifting the entrepreneurial context from the present to the future requires complicated decision-making by the entrepreneur. Forecasting requires consideration of uncertain market developments, undiscovered technologies, changing enterprise patterns and ever-changing financial options (Fontela, 2006:4).

For the entrepreneur, forecasting is essential owing to the fact that enterprises require business plans where the entrepreneur has to make forecasts about the market and consumer needs and wants (Wu, *et al.,* 2007:934).

3.11.2.5 Ethical business values

Ethics provide the basic rules or parameters for conducting any activity in an 'acceptable' manner. It represents a set of principles prescribing a behavioural code that explains what is acceptable and right behaviour or unacceptable and wrong behaviour in a society

(Kuratko & Hodgetts, 2007:166). London (1999:171) argues that ethical business values include honesty, fairness, mutual respect and kindness, and just doing well for others.

The ethics of doing business have become crucial for the profitability and survival of small tourism enterprises (Co *et al.,* 2006:328). Entrepreneurs are faced with many decisions pertaining to ethics, especially during the early stages of their new enterprises (Hisrich & Peters, 2002:21). Entrepreneurs are confronted by many interests both inside and outside the enterprise, for example shareholders, customers, managers, employees and unions. Furthermore, society is undergoing dramatic change. Values, morals and societal norms have gone through a drastic evolution (Kuratko & Hodgetts, 2007:166). Entrepreneurs with ethical business values benefit by building trust and developing good relationships with followers (London, 1999:171). Therefore, Wood (2002:202) believes that in the tourism industry, small tourism entrepreneurs who abide by a code of ethics perform better than those who do not.

Botha *et al.* (2006:85) warn that whenever an entrepreneur deals with current or potential shareholders, ethical problems can occur. Possible ethical problems that the small tourism entrepreneur should be cautious of are as follows:

- signs of fraud
- insufficient working capital or credit
- extremely high debt
- dependence on few products, services or customers
- declining business conditions
- management dominated by one or a few individuals
- inexperienced/understaffed financial and accounting functions
- weak internal control systems
- rapid turnover of staff in key financial positions/change in auditors
- unexplained and undocumented transactions
- apparent tolerance by management of unethical/illegal conduct (Botha *et al.,* 2006:85).

Ethical behaviour is important for small tourism enterprises in various ways:

- When management acts in an ethical way towards employees, they can improve productivity as employees are more likely to work hard and are less likely to strike or leave the enterprise.
- Relationships with the enterprise's shareholders can be improved through ethical behaviour, thereby creating a positive public image, which, in turn, may attract customers to the enterprise. This would have a long-term effect on increasing and maintaining customers and overall profitability.
- Ethical conduct can reduce government regulation and legislation because when enterprises are perceived as behaving unethically, the public is likely to put pressure on legislators to regulate those enterprises.
- Ethical behaviour can act as a quality control. It can push the small tourism enterprise to deliver services as promised and this will satisfy consumers (Co *et al.*, 2006:329).

Thomas (1998:102) denotes that financial planning is an integral part of business planning. Important issues relating to the financial management of small enterprises operating in the tourism industry are investigated next.

3.11.3 Financial management skills

Financial management skills refer to the ability to recognise that resources are an important factor for enterprise success and the ability to utilise these resources correctly (Van Eeden *et al.*, 2005:29). Roodt (2005:24) concurs and states that financial management skills entail the determination of the capital requirements of an enterprise, and ensuring that capital is obtained and effectively employed.

Financial management is primarily concerned with two functions. The first function is the acquisition of funds to meet the enterprise's current and future needs. The second function involves recording, monitoring and controlling the financial results of an

enterprise's operations (Bennett, 1995:182). Research conducted by Witt and Moutinho (1995:191) supports this and indicates that the main purpose of financial management is the effective and efficient use of available funds. Financial matters are important in all organisations. However, because profit is usually the aim, cost is always a major constraint in small enterprises. Bridge and Moutinho (2000:187) posit that because finance is important, enterprise owners need to insure that the enterprise's activities are financially feasible and that the plans, once set, are carried out, or at least modified, to meet changing circumstances.

Thomas (1998:114) states that poor financial management is a general cause of enterprise failure. Consequently, it is vital that all enterprises consider financial management issues in order to increase their chances of survival, prosperity and growth (Pender & Sharpley, 2005:136). Tourism entrepreneurs require an understanding of the enterprise's financial structure, comprising the enterprise's annual accounts, which contain two key statements, namely the balance sheet and the statement of profit and loss. In order for the entrepreneur to analyse the enterprise's financial situation as part of an internal strategic analysis, an understanding of the enterprise's finances is necessary in order to make an assessment of its 'health' or its readiness to undertake a phase of strategic development (Evans *et al.,* 2003:102). As tourism entrepreneurs deal with international visitors, they require a understanding of foreign exchange transactions (Evans *et al.,* 2003:111).

The supply of the majority of travel and tourism products and services is subject to or influenced by an ever-increasing variety of legislation (Pender & Sharpley, 2005:150), which will be discussed in the next section.

3.11.4 Tourism legislation skills

Since all enterprises are regulated by law, the tourism entrepreneur needs to be aware of any regulations that may affect his/her new enterprise (Hisrich & Peters, 2002:198). The law and tourism, as a subject of study, is enormously diverse and highly complex. Tourism legislation not only embraces issues ranging from environmental protection,

such as national park designation, to health and safety, employee rights, planning, consumer protection or licensing, but it also involves different categories or types of law, such as contract law or company law, which vary from one legal system to another. As a result, tourism legislation is usually considered from the perspective of specific sectors of the industry, for example the package holiday sector, the hospitality sector, the air travel sector or the travel agent sector (Pender & Sharpley, 2005:151).

The complexity and diversity of tourism-related law is reflected in the management challenges and required responses within different sectors of the tourism industry or within different enterprises, with respect to the legislation that affects their particular enterprise. The small tourism entrepreneur, for example, is obliged to comply with specific employment, and health and safety legislation (Pender & Sharpley, 2005:151).

Botha *et al.* (2006) advise that entrepreneurs of small start-up tourism enterprises should register with the South African Revenue Services for provisional tax, value added tax, employee tax and the skills development levy. The entrepreneur has to enquire from the local council what Regional Services Council and other compulsory levies have to be paid on, for example, sales, wages and salaries. The small tourism entrepreneur needs to know what trading licences need to be obtained or what inspections have to be conducted, and whether special permission is required to operate the enterprise in a specific area.

3.11.5 Operations management skills

Operations management skills refer to having a basic understanding of business operations and terminology (Van Eeden *et al.,* 2005:29). Small tourism enterprises face enormous difficulty competing with larger enterprises in terms of their operational capacity to manage an enterprise (Braun & Hollick, 2006:693). The operations of a tourism enterprise are the actual processes involved in the provision of services. The operation function involves the process of transforming inputs, for example resources into outputs, for example services (Co, *et al.,* 2006:155). Moutinho (2000:211) concur

and state that operations management is concerned with the design and control of transformation systems needed to deliver the services, including products, of the right quality, at the right place and at the right time (Moutinho, 2000:211). Services are described as deeds, processes and performance. Therefore, operations management in a service establishment has to do with the planning, organisating, leading, and controlling of deeds, processes and performances (Bennett & Strydom, 2005:285).

3.11.5.1 Importance of sound operating systems in tourism

This section aims to identify essential skills needed by the tourism entrepreneur in order to ensure sound operational management in the enterprise. The following key areas of operational management have been identified as essential to the tourism entrepreneur.

- **Inventory management**

  The management of inventory is an important cost control and customer service activity that needs to be carefully monitored by the entrepreneur. Producing too much inventory can be a drain on cash flow and producing too little inventory can cost the enterprise in lost sales, or can create unhappy customers who may choose to go to another enterprise if their needs are not efficiently met (Hisrich & Peters, 2002:512).

  Although services, *per se*, cannot be inventoried, they are at risk in that their provision must be synchronised with demand. Owing to the unique characteristics of the service industry, inventory management is a challenge to the entrepreneur. Service customers' unique vantage point can mean that inadequate inventory management is exposed to customers before detected by or remedied by service providers. Meaning, services are simultaneously produced and consumed, and are often done so in the customer's presence. Entrepreneurs require skills to manage supply, for example capacity and demand. Services are extremely

vulnerable to mismatching, which is attributed to the inherently perishable nature of services (Martin, 2005:347).

Inventory management, using computer-managed databases such as central reservation systems, has made massive strides in the tourism industry. Through interactive computer links between different suppliers, it is now common for different elements of the overall tourism product to be brought together (Middleton, 1994:209).

- **Record keeping**

All small tourism enterprises should monitor their performance as this indicates success or failure. This can only be achieved if the entrepreneur keeps an accurate record of the enterprise's financial performance (Perks & Struwig, 2005:184). Lussier and Halabí (2008) concur and state that record keeping is essential to the success of the enterprise. Enterprises that do not use adequate financial records have a greater chance of failure than enterprises that do. Through adequate record keeping, entrepreneurs protect their investments and maximise their profits.

According to Rajeev (2008:660), owing to the availability of computers, record keeping can be automated through computerisation.

- **Time management**

Time is the entrepreneur's most precious yet limited resource. Time is a unique quantity that is perishable and irreplaceable. Few entrepreneurs use their time effectively and none of them ever reaches perfection. Most individuals can be three to four times more productive without even increasing the number of working hours, which reflects the basic principle that it is more important to do the right things than to do things right. This principle implies that the key to

effective time management is prioritising the items that should be accomplished in any particular time period. Instead, an entrepreneur typically establishes priorities that reflect his/her personality and values Hisrich & Peters, 2002:516).

Time management involves investing time in determining what you want out of life, including what you want out of the enterprise. Time management implies that entrepreneurs have focused values regarding their enterprise, work, family, social activities, possessions and selves (Hisrich & Peters, 2002:517).

In order to develop good time management skills, the entrepreneur must first recognise that he/she is a time waster. This insight leads the entrepreneur to value time and to change any personal attitudes and habits as needed. Effective time management depends on willpower and self-discipline, and requires the entrepreneur to have a strong desire to optimise his/her time. In addition, the entrepreneur should focus on the most important issues, even under pressure. Whenever possible, an entrepreneur should try to complete each task in a single session. This requires that enough time be set aside to accomplish the task. Although quality is of course important, perfectionism is not and often only leads to procrastination. The entrepreneur must not take excessive time trying to make a small improvement in one area when time could be better spent in another area (Hisrich & Peters, 2002:517).

In order to manage time effectively, the entrepreneur needs to know how his/her time is presently being spent. The entrepreneur should record and analyse the time spent during the past few weeks. This analysis will reveal some areas of wasted time and provide the basis for prioritising the tasks to be accomplished. It is particularly important for the entrepreneur to develop methods for handling recurrent situations. Checklists should be developed and kept handy (Hisrich & Peters, 2002:517).

The essence of time management is embodied in an important principle that most entrepreneurs had to employ in starting the enterprise. During the time analysis, the entrepreneur will realise the small amount of time that is totally under his/her control. The entrepreneur needs to help members of the management team become more sensitive to the time management concept when dealing with other individuals in the enterprise. Each member of the management team needs to employ effective time management in dealing with other team members (Hisrich & Peters, 2002:517).

The entrepreneur needs to list what need to be accomplished each day, and then prioritise tasks. Planning, prioritising and focusing on the key issues are fundamental to time management, as this allows each individual to accomplish the most important tasks. In addition, some entrepreneurs are most efficient in the morning, some during the afternoon and some at night. The most efficient period of the day should be used to address the most important issues (Hisrich & Peters, 2002:518).

The entrepreneur needs to reanalyse and periodically review the objectives of the enterprise and the degree to which these have been achieved. Tasks should be delegated whenever possible. Through all of these efforts, the entrepreneur can become a timesaver, rather than a timeserver. The efficient use of time enables the entrepreneur to expand and grow the enterprise properly, increasing productivity and lessening the encroachment of the enterprise on his/her private life (Hisrich & Peters, 2002:518).

- **Conflict management**

Entrepreneurs and employees in the tourism industry tend to see socialising with customers, fellow employees and employers as one of the main rewards of working in this particular industry (Jameson, 1998:185). However, Benett and Strydom (2005:285) warn that the emotional labour, which service employees

have to perform, is aggravated by a number of potential sources of conflict in the work environment. Conflict is a process in which one party perceives that another party has taken or will soon take actions that are incompatible with its interests. Entrepreneurs require skills to manage conflict successfully in order to enhance teamwork and cooperation (Baron & Shane, 2005:301).

A distinction can be made between employee and enterprise conflict, enterprise and client conflict, and inter-client conflict. Employee and enterprise conflict occurs when employees feel that the tasks they have to perform are in conflict with their own personalities, orientations or value systems. This conflict could be induced when the role required of an employee is in conflict with his/her self-image or self-esteem (Bennett & Strydom, 2005:285).

Enterprise and client conflict occurs when service providers experience conflict between customers and the enterprise. Employees usually follow standards and procedures set down by the enterprise, but uncertainty occurs when employees believe that the enterprise is wrong or unfair in its policies towards customers (Baron & Shane, 2005:301). This situation creates specific problems in the tourism industry, especially where service providers are rated by their clients or when they depend on the customer for an income such as gratuities or commissions. The best way to avoid enterprise and client conflict is to have customer-based standards, procedures and policies that are put in place by the entrepreneur (Bennett & Strydom, 2005:285).

Inter-client conflict may occur in mainly two instances. The first instance may occur when customers require special treatment, thus resulting in other customers having to wait longer before they are served. The second instance that may occur is when many customers need to be served simultaneously, for example entertaining a group of tourists on a game drive. Conflict can then occur when one or more of the customers continuously disrupt the experience (Bennett & Strydom, 2005:285). Entrepreneurs need to understand conflict in order to obtain

essential skills to resolve it. According to Co *et al.* (2006:255), entrepreneurs require negotiation skills (Section 3.11.1.6) in order to manage conflict successfully.

- **Stress management skills**

Stress refers to a pattern of emotional states and physiological reactions that occur in response to demands from many different events in an entrepreneur's life. Stress is often very high in new enterprises and, unless it is managed effectively, it can place the health and well-being of the entrepreneur at risk. Therefore, learning to deal with stress and reduce its potentially harmful effects is a valuable skill for the entrepreneur (Baron & Shane, 2005:294).

Most small tourism enterprises are owner-managed, without employees and therefore illness could eventually lead to the closure of the enterprise. Being self-employed also adds stress to family life. Entrepreneurs could apply lifestyle management, such as improving their diet, increasing exercise levels, learning new habits, cutting down on alcohol intake and improving their appearance, to reduce their stress levels. These actions have an added benefit in that they may also result in increased self-confidence. Effective time management can also reduce stress levels (Perks & Struwig, 2005:178).

Baron and Shane (2005:312) concur and state that although stress is an inevitable aspect to being an entrepreneur, how entrepreneurs choose to handle various disappointments and control their way of thinking will determine their ability to handle this stress, where doing so successfully requires important skills. Using these skills to manage stress helps to ensure that the entrepreneur survives in good health to enjoy the fruits of his/her labour.

To summarise, knowledge of a product or service is a basic requirement for entrepreneurship, but skills are essential for successful entrepreneurship and the long-

term success of an enterprise. The personal characteristics of entrepreneurs are significant to the performance of small tourism enterprises and successful entrepreneurs appear to have a distinctive set of personal characteristics, which serves to determine entrepreneurial performance. Apart from significant personal characteristics, functional skills are a precondition for starting any enterprise and a lack thereof could be a reason for enterprise failure. In addition to functional skills, entrepreneurs require managerial skills. Unlike large enterprises, small enterprises have limited resources and therefore the entrepreneur requires sufficient management skills to perform the various functions effectively.

3.12 ENTREPRENEURSHIP AND MARKETING INTERFACE

A market is a group of potential consumers/customers who have purchasing power and unsatisfied needs. A new enterprise will only survive if a market exists for its product or service. Many entrepreneurs know very little about their market, and some even attempt to launch new enterprises without identifying any market. Marketing can assist entrepreneurs to gain in-depth knowledge about a specific market and then translate this knowledge into a well-formulated business plan (Kuratko & Hodgetts, 2007:280).

Marketing has much to offer to the study of entrepreneurship and entrepreneurship can look to marketing as the key function within the enterprise, which can encompass innovation and creativity (Collinson & Shaw, 2001:7610). There are a number of similarities between entrepreneurship and marketing, including the fact that both fields have a customer focus, are strongly influenced by environmental changes, and involve innovation and change (Elliott & Boshoff, 2005:47). Market opportunities and marketing are the most important elements underpinning successful enterprise creation. Entrepreneurs should perceive marketing as a critically important part of entrepreneurship (Sexton & Kasarda, 1992:165). Therefore, Chapter 4 discusses the relevant literature on marketing and the marketing skills that are essential to entrepreneurs in the context of tourism.

3.13 SYNOPSIS

The above discussion emphasises the importance of understanding and exploiting the entrepreneurial skills essential to tourism entrepreneurs. Whether a person decides to become an entrepreneur or an employee is the result of many factors. This chapter focused on the importance of entrepreneurship to economic and individual development and the reasons why individuals want to be self-employed. The importance of entrepreneurship and small tourism enterprises are outlined in Section 3.5. The process of starting a new enterprise is embodied in the entrepreneurial process and is described in Section 3.6. This process provides a framework for understanding the essential skills required by entrepreneurs. Section 3.7 discussed the significance of the business plan for the tourism entrepreneur and outlined the important elements of the plan.

In order to develop and manage a successful new enterprise, tourism entrepreneurs need a wide variety of skills. Section 3.9 reviewed essential personal characteristics of the tourism entrepreneur, Section 3.10 reviewed essential functional skills and Section 3.11 reviewed essential managerial skills relevant to the tourism entrepreneur. These essential skills are depicted in Tables 3.1, 3.2 and 3.3 respectively. Lastly, Section 3.12 describes the interface between entrepreneurship and marketing.

The following chapter, Chapter 3, seeks to identify the essential marketing skills important to small tourism entrepreneurs. Furthermore, the literature will highlight the definition of marketing, the importance of tourism marketing, the unique characteristics of tourism marketing and the tourism marketing mix elements.

CHAPTER 4
TOURISM MARKETING

4.1 INTRODUCTION

Chapters 2 and 3 laid the foundation for the study by highlighting the concepts of tourism and prescriptive tourism management, as well as entrepreneurship and essential skills for the tourism entrepreneur. Various authors (Huang & Brown 1999:73; Laws, 2002:4) agree that marketing is often the most dominant problem encountered by entrepreneurs of small tourism enterprises and yet has been acknowledged as being the most important of all business activities and essential for the survival and growth of small enterprises (Section 2.8.2).

The purpose of this chapter is to provide insight into marketing as it relates to the field of tourism. This chapter will outline the concepts of tourism marketing and tourism marketing skills, as essential elements of entrepreneurship for small tourism enterprises. The chapter contends that tourism marketing is different from manufacturing marketing and must be treated as such.

The literature review in this chapter is concentrated into two areas, namely a background study on tourism marketing and a discussion on the essential marketing skills for entrepreneurs. The first section of the chapter focuses on defining tourism marketing as a field of services marketing and discussing the reasons for the growth in services marketing. In addition, the characteristics of tourism marketing, the unique features of the tourism industry and the marketing mix elements of tourism marketing are outlined. This discussion provides insight into the essential marketing skills required by successful tourism entrepreneurs. The second section of the chapter focuses on the essential marketing skills that are specifically relevant to tourism entrepreneurs.

For the purpose of this study, it is necessary to define what is meant by marketing, services marketing and tourism marketing, and to investigate the main elements of these

definitions. These concepts are defined and discussed in order to illustrate the importance and relevance of tourism marketing to the tourism entrepreneur.

4.2 DEFINING TOURISM MARKETING

Tourism marketing is a relatively new phenomenon that has only developed during the last decade (George, 2001:19). According to Lumsdon (1999:25), tourism marketing can be defined as the managerial process of anticipating and satisfying existing and potential visitor wants more effectively than competitive suppliers or destinations. The management of exchange is driven by profit, community gain or both; either way, long-term success depends on a satisfactory interaction between the customer and the supplier. It also means securing environmental and societal needs, as well as core consumer satisfaction.

George (2001:19) defines tourism marketing as the process through which a tourism enterprise first anticipates consumer needs, then manages and satisfies those needs to achieve sales. Payne (1993:21) elaborates by stating that marketing is concerned with satisfying consumer needs in order to meet the objectives of the enterprise profitably in the long-term.

Thus, for the purpose of this study, tourism marketing can be defined as *the managerial process of satisfying consumer needs in order to achieve the objectives of a tourism enterprise.*

Both Middleton (1994:17) and George (2001:19) agree that tourism marketing is not a separate marketing discipline but only an adaptation of basic marketing principles that have been developed and practiced across a wide spectrum of consumer offerings. The differences occur in the application of the theory (Middleton, 1994:34).

Lumsdon (1999:24) posits that the definitions of marketing provide a useful set of guidelines for analysing tourism marketing. Consequently, it is necessary to define marketing and then to investigate the characteristics and unique features of tourism marketing.

4.3 DEFINING MARKETING

Various authors' definitions of marketing have been considered in this study. Given the nature of this study, these definitions are viewed from the perspective of the end-user consumer rather than the organisational buyer. Kotler *et al.* (2003:23) define marketing as a social and managerial process through which individuals and groups obtain what they need and want by creating and exchanging products and values with others. Holloway (2004:7) concurs with this definition and states that marketing includes all business activities involved in assessing consumer needs and converting consumer purchasing power into effective demand for a specific product or service.

Cant (2006:2) emphasises that marketing is a human activity directed at satisfying needs and wants through exchange processes and states that the ultimate goal of all marketing activity is to facilitate mutually satisfying exchanges between parties. Marketing contributes to the achievement of the fundamental objectives of the enterprise, which include survival, profitability and growth (Lumsdon, 1999:14).

As indicated by these definitions, marketing is concerned with three main concepts, namely:

- consumer needs and wants
- process of exchange
- consumer value.

4.3.1 Consumer needs and wants

According to Johnson (2000:10), each party involved in an exchange transaction must have a need or want. Needs are defined as the requirements for existence such as food and shelter. It is a state of felt deprivation and is the most basic concept underlying marketing. These needs are part of the human makeup and are not invented by marketers (Kotler *et al.,* 2003:14). Consumers have a variety of complex needs ranging from food, clothing and safety, to self-expression and a sense of belonging (George, 2001:4). Higher-level needs are often referred to as 'wants' (Johnson, 2000:11). Wants are how people communicate and satisfy their needs and are shaped by culture and individual personalities (Kotler *et al.,* 2003:14; Cant *et al.,* 2006:75).

4.3.2 Process of exchange

Middleton (1994:14) states that marketing is a process of achieving voluntary exchanges between two individual parties. Bennett and Strydom (2001:3) indicate this to be one of the most important concepts in the definition of marketing because it is the process by which individuals or enterprises give and receive something of value and involves the actual trading of an offering. It is important that each party must be involved voluntarily and have something of value to contribute to the exchange process (Johnson, 2000:10).

4.3.3 Consumer value

Consumer value is the difference that exists between the benefits that the consumer gains from owning and/or using a product, and the costs involved in obtaining that product. Costs may be monetary and/or non-monetary, for example the time given up to purchase the offering (Kotler *et al.,* 2003:16). Value represents a mental estimate that consumers place on an offering's ability to satisfy their needs and wants. Some consumers relate value closely to price, while others do not (Morrison, 2002:19).

While initial developments in marketing focused more on the selling of physical or tangible products, the growth of service industries has created a demand for research into service operations and marketing (Kotler *et al.,* 2003:41). As travel and tourism products are generally classified as services rather than tangible 'goods' (Bennett & Strydom 2001:5), this study will focus on services marketing.

4.4 SERVICES MARKETING

Services marketing applies to service-sector activities such as tourism and is fundamentally different from the marketing of products due to the unique characteristics (Section 4.6) associated with this industry (Gilmore & Carson, 1996:41; Bennett & Strydom, 2001:4; Weaver & Lawton, 2006:204). According to Lumsdon (1999:28), tourism is classified as part of the service sector of an economy and ranks alongside finance, retailing, commercial and professional services.

Therefore, to provide insight into tourism marketing, services marketing needs to be defined and reasons for the slow growth in services marketing literature need to be considered from the tourism marketer perspective.

4.4.1 Defining services marketing

A service is "any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything" (Cant *et al.,* 2006:282). Services are deeds, performances or efforts that cannot be physically possessed (Lamb *et al.,* 2008:412). The essential difference between goods and services, as noted by Rathmell (1974:6) in one of the earlier contributions to the subject, is that goods are produced and services are performed. The concept of services marketing is based on the recognition of the uniqueness of all services (Section 4.6). It represents a branch of marketing that specifically applies to service industries, for example the banking, education, health care and tourism industries (Morrison, 2002:30).

It was only in the early 1980s that the literature on services marketing started to increase significantly and this was mainly due to the growing importance of service industries in economic development (Cant *et al.,* 2006:289; 2008:412). Research done by Morrison (2002:31) indicates several reasons for the slow growth in the services marketing literature compared to that of manufacturing marketing.

4.4.2 Reasons for the slow growth in services marketing literature

According to Morrison (2002:31), the study field of services marketing has not developed at the same pace as that of manufacturing marketing and lags behind by as much as 20 years. There are several reasons that account for this slow growth.

Marketing terms and principles are typically defined with the manufacturing industry in mind. For example, in marketing textbooks, the largest portion of the text is written for manufacturing marketing, with only a few special chapters devoted to services marketing (Bennett & Strydom, 2001:4; Morrison, 2002:31). Cant *et al.* (2006:289) concur and state that marketing educators' reasoning up until the early 1980s was that the marketing of services was not significantly different from that of tangible products. Therefore, services marketing as a study field did not grow as fast as it should have in the academic discipline of marketing and, as a result, most marketing literature relates to the manufacturing industry. Consequently, until recently students of marketing have been mainly educated on how to market tangible products (George, 2001:19).

The literature on tourism marketing, as a field of services marketing, is also somewhat lacking. The composition of the travel industry has contributed to the slow growth rate of the literature on tourism marketing. The tourism industry is dominated by small enterprises, for example small family-run restaurants, resorts and travel agencies, which significantly outnumber the larger chain and franchised enterprises. Most small enterprises have limited financial resources and regard marketing as a luxury that only large enterprises can afford (Morrison, 2002:32).

The marketing of tourism products has become increasingly complex, being associated not only with conveying an image of a place but also with attempting to sell an experience of a place through relating it to the lifestyle constructs of consumers (Williams, 2006:482).

Morgan *et al.* (2002:101) argue that conventional tourism marketing tends to focus on confirming the intentions of tourists, rather than persuading them to consume differently. The characteristics of tourism products suggest that marketing within the service sectors is different to many other industries. Purchase decisions are made based on projected and perceived images, rather than prior experience. However, despite the amount of literature being written on these perceived differences, most marketing in the tourism sector relies heavily on traditional marketing concepts. It is often difficult to discriminate tourism approaches to marketing from those advocated for other consumer products (Williams, 2006:482).

4.5 IMPORTANCE OF TOURISM MARKETING

Today, marketing is more important to the tourism industry than ever before because of the more volatile, fragmented and sophisticated market (Bennett, 1995:251; Morrison, 2002:25). A variety of factors has resulted in the increased importance of tourism marketing and therefore marketers of tourism offerings need to adopt the principles of marketing (Lumsdon, 1999:24). Greater competition, increased market fragmentation and complexity, and consumers who are more experienced have created a greater emphasis on marketing in the tourism industry. Therefore, tourism marketing has become more professional and aggressive (Morrison, 2002:25). The factors resulting in the increased importance in tourism marketing and the implications these hold for the tourism marketer are as follows.

4.5.1 Increased competition

Competition in the tourism industry has increased significantly. This is evident from the increased number of, for example, hotels, restaurants, airlines, theme parks, car rental outlets and cruise lines operating in the tourism industry today (Morrison, 2002:25). Lumsdon (1999:24) posits that this growth has resulted in a greater need to understand the highly competitive structure of the tourism market.

Increased competition provides increasingly complex consumption opportunities to increasingly complex consumers (Williams, 2006:482). Therefore, achieving customer satisfaction at a profit can only occur if the tourism offering is superior to the many close substitutes available to the customer (Lumsdon, 1999:24). According to Morrison (2002:25), the increased competition in the tourism market has resulted in an increase in the importance of tourism marketing.

4.5.2 Increased market fragmentation and complexity

The tourism market today has become more segmented because of the economic, technological, cultural, and social and lifestyle changes taking place (Morrison, 2002:25). Ng (2005:628) agrees, stating that much of the consumer market today is unpredictable. For example, many senior citizens are acting young and many lower-income consumers are spending more than their richer counterparts do, as is evident from credit card debts.

Morrison (2002:25) explains that the tourism market used to be simple to describe. For example, family vacations referred to a mother, father and children driving to their destination; the business traveller was a male in his forties who stayed at The Holiday Inn on every trip. Owing to the advent of the baby boomers who acquired experiences in travel, the tourism market and society in general have experienced major changes. For example, women today represent the major growth market for business travel, consumers

are more health conscious than before and family structures have made way for couples and singles.

A study by Ng (2005:628) shows that while consumers may be trickier to discern, there are now more ways than ever to reach them, for example through e-mail, mobile phone and the Internet.

These changes in the market have led to the tourism industry reacting with new offerings, which have further fragmenting the market. Tourism entrepreneurs need to be knowledgeable about consumer groups and be more specific in choosing their target markets. In addition, they require product development skills (Morrison, 2002:25). Ng (2005:629) summarises that greater competition, increased difficulty in segmenting markets and greater accessibility to customers have resulted in increased market fragmentation and complexity These changes have resulted in direct marketing becoming the fastest growing marketing activity.

4.5.3 More experienced consumers

Studying the behaviour of consumers has become increasingly complex for the tourism marketer (Williams, 2006:482). Consumers of today are more knowledgeable and sophisticated than previous generations were due to increased education and more readily available information (Lumsdon, 1999:24). Morrison (2002:25) concurs and states that, in comparison to earlier generations, consumers nowadays have more sophisticated tastes for travelling and eating out and, consequently, they insist on high quality offerings. Furthermore, consumers are exposed to promotion and advertising campaigns every day through a variety of mediums, including the Internet, which results in them being more knowledgeable and informed as consumers.

Lumsdon (1999:24) postulates that the increase of experienced consumers in the tourism market has contributed to the increased importance of tourism marketing. Pender and

Sharpley (2005:105) concur and state that changes in consumer behaviour require corresponding changes in product offerings and product portfolios. Therefore, tourism marketers need to provide high quality offerings and engage in sophisticated marketing practices if they are to increase consumer satisfaction (Morrison, 2002:25).

In conclusion, the importance of tourism marketing has increased due to the increased number of competitors in the tourism market, the increased fragmentation and complexity of this market, and because consumers have become more experienced. It is important for tourism marketers to understand these factors and their influence on tourism marketing, and to acquire the essential skills required to provide increased consumer satisfaction.

Bennett and Strydom (2001:4) indicate that travel and tourism offerings are generally considered as services rather than tangible products. Many important marketing principles are equally applicable to products and services but, in general, there are key marketing characteristics that distinguish services from products (Weaver & Lawton, 2004:204). An examination of services marketing characteristics within tourism marketing follows.

4.6 CHARACTERISTICS OF SERVICES MARKETING

Several characteristics of services marketing differentiate the marketing of tourism offerings from the marketing of manufacturing products (George, 2002:19). For example, when compared to marketing in other situations, the marketing of services depends more heavily on managing the process of service production (Gilmore & Carson, 1996:45). Unlike the products offered by manufacturing or other service enterprises, tourism products are more complex and consist of many complementary components provided by suppliers from various public, private and voluntary sectors (Augustyn, 1998:151).

Tourism entrepreneurs require marketing skills in order to increase service effectiveness in the face of the four intrinsic service characteristics (Kotler *et al.,* 2003:45; Weaver & Lawton, 2004:204). The characteristics of services have an important influence on what constitutes the essential skills required by services marketers (Gilmore & Carson, 1996:51) and, therefore, are discussed as follows.

4.6.1 Intangibility

Intangibility indicates something that cannot be inspected, for example something that cannot be seen, tasted, felt, heard or smelled, before being bought (George, 2002:20). Owing to tourism products being essentially intangible, consumers cannot test them prior to purchase, as they would be able to in the case of a manufactured product (Bennett & Strydom, 2001:4; Lumsdon, 1999:29). Weaver and Lawton (2004:204) warn that the concept of compensation for an unsatisfactory purchase is another distinctive feature of services. With services, as is the case with products, a customer's unsatisfactory purchase can be compensated for by providing either a money refund or a free substitute offering; however, with services the offering itself cannot be returned once it has been consumed.

It can be argued that the intangible nature of tourism offerings simplifies marketing in the tourism industry. For example, less problems with physical distribution are encountered and no storage of products prior to customer delivery is required (Holloway, 2004:16). However, since consumers cannot inspect a service before the purchase, they may experience higher levels of perceived risk, especially first-time buyers (Weaver & Lawton, 2004:204). Consumers attempt to reduce this risk perception by using different clues when assessing the service in order to increase the tangibility of the offering (Cooper *et al.,* 1998:355). These clues include, for example, the interior of a restaurant or the appearance of the hotel entrance (Bennett & Strydom, 2001:5). Lumsdon (1999:29) states that tourism marketers should attempt to overcome the drawbacks

associated with having an intangible offering by attempting to make the tourism offering appear more tangible.

Tourism marketers have to create confidence in the service through providing tangible clues as to what the customer can expect from the offering. These clues need to be managed by the tourism marketer in order to ensure that an accurate reflection of the enterprise's image is successfully conveyed to the consumer (George, 2002:24). Examples of how to manage these clues and reduce the tangibility gap between products and services are found in the research done by Weaver and Lawton (2004:204), and include having articulate and uniformed personnel, a clean and professional service area, and appealing brochures that convey attractive images to the potential consumer.

Advances in technology have resulted in the development of advanced visual displays, for example digital versatile disks. These advances in technology allow consumers to view high quality pictures in that they produce a more believable and favourable image of the offering than could be obtained from, for example, holiday brochures (Holloway, 2004:17). Holloway (2004:17) predicts that interactive television will take tourism marketers a step further in imparting an in-depth picture of a destination to the holidaymakers of the future. Payne (1993:162) concurs and states that technological developments present tourism marketers with opportunities for developing direct marketing activities, for example digital marketing.

4.6.2 Inseparability

Owing to the inseparable nature of tourism offerings, employees are part of the offering itself. Inseparability refers to instances where service provision and consumption occur at the same time and where both the provider and the consumer interact in the process of service delivery (George, 2002:21). Weaver and Lawton (2004:205) explain that the active participation of both the producer and the consumer are required for the simultaneous production and consumption of the service. Service providers and

consumers of service offerings are in frequent contact with each other and the nature of these interactions has a major impact on consumer-satisfaction levels. For example, employees' well-being can affect their level of commitment to their performance of providing good service or resolving problems in the workplace (Cooper *et al.,* 1998:355). Evidently, the standardisation of services is especially difficult as consumer and employee involvement is high (Lumsdon, 1999:29). The quality of the services is therefore dependent on the quality of the employees of the enterprise delivering the service (Lamb *et al.,* 2004:440).

Inseparability, according to Lamb *et al.* (2004:440), also means that services normally cannot be produced in a centralised location and consumed in decentralised locations, as physical products typically are. Middleton (1994:28) explains that production and consumption of the service mainly takes place on the premises or in the equipment of the service provider and not in the consumer's home environment.

Tourism marketers should attempt to devise delivery systems that ease interactions between their employees and customers, and should invest in staff training. Employees need training on how to manage their interactions with customers. This is especially important for frontline employees, such as airline attendants and front-desk clerks, who interact directly with the customers (Lumsdon, 1999:29). George (2002:25) concurs and emphasises the importance of internal marketing and the need for employees to be well trained in the importance of marketing orientation. Payne (1993:37) explains that internal marketing is recognised as an important activity in developing a customer-focused enterprise.

Consumers also need to be aware of their role in the service interaction and understand how they influence the outcome of this interaction. Applicable protocol and regulations need to be communicated to the consumer, since misbehaviour on their part can also negatively affect the offering. For example, inappropriate attire in a church may offend local parishioners or other visitors (George, 2002:276). While it is assumed that frontline

service staff should be trained on appropriate standards of service behaviour, the same assumption is seldom, if ever, applied to tourists, even though they can negatively affect the service offering through inappropriate behaviour. Therefore, it is incumbent on the tourism marketer to make the relevant rules and regulations evident to tourists in an unambiguous but diplomatically manner (Weaver & Lawton, 2004:205).

4.6.3 Perishability

Services cannot be stored and are therefore perishable (Lumsdon, 1999:29). George (2002:21) explains that perishability describes offerings that cannot be saved, stored, resold or returned. It follows on from the characteristic of inseparability that service production is typically fixed in time and space. This means that if service capacity or offerings are not sold on a particular day, the potential revenue they represent is lost and cannot be recovered (Middleton, 1994:28).

The problem of perishability is compounded by the fact that the tourism industry is affected by seasonality (Section 4.7.3). Often, demand for tourism offerings increase during specific times of the year, for example school holidays (Holloway 2004:18). Hence, according to various authors (Lumsdon, 1999:29; Bennett & Strydom, 2001:6; Weaver and Lawton, 2004:207), one of the greatest challenges that marketers of travel and tourism offerings face is to manage demand in order to ensure that as little capacity as possible is lost. Weaver and Lawton (2004:207) indicate that an optical match between demand and supply contributes to higher profitability for the enterprise.

Marketers can use aspects of the marketing mix to increase, create or reduce demand for the tourism offering. For example, by using various promotional techniques (Section 4.13.7) and pricing strategies (Section 4.13.4), demand can be increased during quieter periods. Marketers can also take advantage of times when demand exceeds capacity by increasing prices during busier periods (George, 2002:26). Cooper *et al.* (1998:355)

suggest that tourism marketers should be especially diligent in synchronising staffing levels and capacity supply with demand patterns.

4.6.4 Variability

According to Bennett and Strydom (2001:6), services are heterogeneous in nature since most services are rendered by people and, therefore, are almost never the same. The extensive involvement of people in the production of services generally introduces a degree of variability into the outcome that is not present when machines dominate. Holloway (2004:17) explains that manufacturing products, for example a dining-room table or a television set, are standardised and, therefore, through mass production each article produced is homogeneous. High levels of quality control in the manufacturing of the products ensure a certain uniformity and quality, which is difficult to obtain when producing services.

Variability indicates a service performance that is unique to each consumer, meaning that different customers will perceive the same service differently. The same employee may render services of a varying standard, depending on his/her frame of mind at the time, the time of day, the day of the week or the customer involved. Satisfying all of the customers all of the time is difficult to achieve in practice (George, 2002:21). The quality of the tourism offering depends on many uncontrollable factors (Bennett & Strydom, 2001:6). Holloway (2004:18) concurs and states that although certain elements of the travel offering can be standardised, there are elements of the offering over which the supplier has no control. For example, a holiday taken in a week of continuous rainfall is a very different offering from one taken in glorious sunshine. Tour operators might offer the consolation of an insurance against bad weather, but they cannot guarantee good weather.

Ensuring consistent service is a challenging task for the tourism marketer (George, 2002:26). The tourism marketer must strive to meet consumer expectations and avoid the consumer experiencing any unwanted surprises (Kotler, 1999:59). Continuous staff

training and careful monitoring of consumer feedback are some of the ways of managing and even reducing variability. However, a coach full of tourists that arrives at a guesthouse without a booking will stretch the staffing capacity to its maximum, irrelevant of how well the guesthouse is managed and, as such, fluctuating demand can still affect consistency (George, 2002:26).

From the discussion above, it can be seen that tourism marketing is more complex because of the characteristics of services. Other unique features of the tourism industry contribute to complicating the marketing of tourism offerings even further and require attention from the tourism-marketing manager.

4.7 UNIQUE FEATURES OF THE TOURISM INDUSTRY

In addition to the generic characteristics common to all services, several additional features are unique and particularly relevant to travel and tourism services. These features strongly influence the attitudes and decisions of marketers in the tourism industry as they seek to respond to and influence prospective customers' demand for their offerings (Middleton, 1994:33). These unique features are as follows:

4.7.1 Lack of ownership

The marketing of services differs from the marketing of physical products in that with the purchase of a service there is no transfer of ownership. Consumers of tourism offerings only have access to a tourism offering (George, 2001:22). As a service offering, this means that with holidays, for example, tourists can only bring back their memories and feelings of the experience. To reinforce the image of the holiday experience, the marketer emphasises pictorial references and souvenirs (Lumsdon, 1999:29).

4.7.2 Seasonality

The demand in leisure tourism markets fluctuates greatly during a year. In South Africa, summer is the main season for holidays. However, school holidays and business year cycles have an influence on when most people go on holiday (George, 2001:22). The result is that many tourism enterprises dealing with holidaymakers face demand patterns that fluctuate from peaks of 90-to-100 percent capacity utilisation for a few weeks in a year, to troughs of 30 per cent or less for the major part of the year. The demand variations are acute because of the perishability of travel and tourism offerings (Lamb *et al.,* 2008:432). According to Middleton (1994:30), seasonal closure of many leisure tourism enterprises is a common feature in the tourism industry.

Lickorish and Jenkins (1999:139) suggest that owing to seasonality, tourism marketing requires innovative marketing approaches from skilled marketers. Middleton (1994:31) agrees, stating that a major preoccupation of tourism marketers is to generate as much demand in the troughs as market conditions permit.

4.7.3 Loyalty

Loyalty refers to the commitment part of a relationship. It is the transformation of the customer into a long-term supporter (Lumsdon, 1999:213). According to George (2001:22), the tourism marketer cannot generalise whether consumers are loyal or not to a particular tourism offering. Consumers, to some extent, may well be loyal to a particular hotel group brand such as Holiday Inn or an airline such as South African Airways (SAA). Some consumers also remain loyal to a particular destination. Similarly, there are people who visit a destination only once.

Lumsdon (1999:213) points out that the most fashionable and commonly used method of encouraging customer loyalty and repeat business in the tourism sector is the promotion of loyalty schemes. Johnson (2000:5) concurs and states that loyalty systems, for

example frequent flyer programmes, are introduced by enterprises to help retain customers. Lumsdon (1999:213) elaborate by stating that loyalty programmes are essential to relationship marketing (refer to Section 4.12.1).

4.7.4 High fixed costs

Tourism enterprises generally have high fixed operational costs and relatively low variable costs (George, 2001:23). An analysis of the income statements of travel and tourism enterprises reveals that operating at available capacity involves a relatively high fixed cost and relatively low variable costs within such enterprises. Fixed costs, in respect of premises, rentals, leases, equipment, and the salaries and wages of full time personnel, have to be paid irrespective of whether an attraction draws 10, 100 or a 1 000 visitors on any given day. The high fixed operating costs focus service operators' attention on generating extra demand, especially additional or marginal sales, of which a high proportion represents income gains at little or no extra cost (Lamb *et al.,* 2008:433).

4.7.5 Distribution channels

According to Middleton (1994:201), the nature of distribution systems and processes is one of the principal ways in which the marketing of services differs from the marketing of products. In the tourism industry, there is the continuing imperative of bringing the customers to the service, owing to the nature of the enterprise, for example the hotel that cannot be moved to the customer (Lickorish & Jenkins, 1999:139). George (2001:23) concurs with this stating that in the tourism industry there is no physical distribution. Consumers have to travel to the tourism offering or destination and part of the 'offering' is the travel aspect, for example, flying to the destination or other methods of transport.

Tourism destinations and enterprises are fixed locations. Therefore, communication methods, for example advertising and sales promotion, are essential in order to bring the consumer to the locality (Middleton, 1994:201).

4.7.6 Interdependence of tourism and hospitality offerings

Most consumers combine various services and products when making travel and tourism decisions. Apart from choosing the mode of travel to get to a destination, consumers also purchase accommodation, meals, entertainment and visits tourist attractions (Middleton, 1994:31). From a supplier viewpoint, it would be ideal if various different suppliers could find ways to combine their respective efforts. Over time, the interdependence of tourism products and services has led to the development of product packages. Product packages are defined as standardised, quality-controlled, repeatable offers comprising two or more elements of transport, accommodation, food, destination attractions, and other facilities and services (such as travel insurance). Product packages are marketed to the public by describing them in print and/or other media and offering them for sale to prospective consumers at a published inclusive price, where the costs of the package's components cannot be separately identified (Lamb *et al.,* 2008:433).

Therefore, according to Middleton (1994:31), suppliers of tourism offerings are dependent on each other and partly influenced by the marketing decisions of the role players, for example tour operators, travel agents, transport and tourist boards, which together or separately promote the destination and its activities and facilities. There is a relationship underlying the capacity of different tourism offerings, and a potential synergy to be achieved in the role players' marketing decisions if the different suppliers can find ways to combine their respective efforts. There will often be opportunities for joint marketing.

From this discussion, it is evident that there is a growing recognition of tourism marketing as a separate and distinct field of marketing, requiring its own unique approach. Owing to the nature of the tourism industry, tourism offerings cannot be marketed in exactly the same way as offerings in other industries. Tourism marketers need to make use of different tools to market tourism offerings (Morrison, 2002:46).

4.8 TOURISM MARKETING MIX ELEMENTS

The tourism marketing mix is a set of tools that tourism marketers use to facilitate exchanges with selected customers (Bennett & Strydom, 2001:2). These elements are critical components that determine the demand for an enterprise or destination offering (Weaver & Lawton, 2004:219). Research done by Morrison (2002:20) indicates that every enterprise has a marketing mix. Tourism marketers use these tools to achieve a particular strategic direction or position in the market (Lumsdon, 1999:76). According to George (2001:168), the marketing mix is what provides consumers with the benefits they are seeking.

Owing to the unique characteristics of tourism offerings (Section 4.6), the marketing of tourism offerings is more challenging when contrasted to the marketing of physical entities. Therefore, the marketing mix elements for tourism offerings need to be expanded to meet the distinctive needs created by these characteristics (Lamb *et al.*, 2008:414). Holloway (2004:52) concurs and states that the elements of the tourism marketing mix are complex and need attention.

The next four sections investigate the four elements of the traditional marketing mix and provide examples of where and how the decisions of marketing managers in tourism might be particularly important. The last three sections describe the three additional elements of the extended services marketing mix, which are relevant to tourism, namely people, processes and physical evidence. The aim of this discussion is to provide insight into the skills required by entrepreneurs for marketing a tourism enterprise.

4.8.1 Product

The product component of the marketing mix encompasses the range of available products and services, their quality and warranty, and after sales service (Weaver & Lawton, 2004:220). Bennett *et al.* (2005:224) warn that the tourism product is complex

and can comprise a place, a service, as well as tangible products and experiences. Lumsdon (1999:28) agrees and states that intangible benefits dominate the tourism industry with respect to virtually all tourism offerings. Therefore, even though tourism offerings are referred to as services, they do include some tangibles such as food, beverages or souvenirs.

Product formulation, according to Middleton (1994:84), is the most important response that marketing managers make to what they know of their customers' needs and interests. Typically, the design of a product determines the price of the offering, the forms of promotion needed and what distribution channels are used. Therefore, customer-related product decisions are the basis of marketing strategy and tactics. Owing to the particular nature and characteristics of tourism offerings (refer to Section 4.6), this element of the marketing mix is especially complex in the tourism industry.

Pender and Sharpley (2005:110) concur and state that by evaluating the unique characteristic of the inseparability of services, it is evident that quality is an important product-management issue for tourism marketers. Therefore, quality control systems are important, as consumers interact directly with service providers. Middleton (1994:92) further suggests that tourism marketers produce several offerings to match the needs of several of the enterprise's segments. In the tourism industry, it is essential for enterprises to have a variety of offerings and segments, usually known as a product portfolio. Portfolio analysis is the basis for marketing strategy.

4.8.2 Place

The place component is an essential element of the tourism marketing mix, since tourists must travel to the destination in order to consume the offering (Weaver & Lawton, 2004:220). However, according to Holloway (2004:208), there are two aspects of distribution in the theory of marketing. The first aspect is concerned with the distributive channels, whose function is to handle enquiries and sales on behalf of a supplier or

principal. The second aspect is concerned with the physical delivery of products to those distribution channels, and ultimately to the consumer.

Methods by which potential consumers can purchase a tourism product ahead of consumption are of vital importance to the consumer and are affected by the technology available to them at their homes or workplaces. For the destination, the airline or the tour operator, the importance lies in providing efficient ways for both early and last minute purchases. Online distribution technology operating in real time, integrated with systems that inventory product capacity and sales, is a powerful tool for generating the, often crucial, late sale. Website developments have revolutionised the use of direct marketing by travel and tourism providers, from small and medium-sized enterprises to multinational enterprises. For small tourism enterprises especially, bound by inseparability and limited resources for reaching consumers, the Internet has opened up new international markets at an affordable cost, allowing them to play on the global tourism stage. Traditional print (brochures, leaflets) commonly double as purchasing mechanisms through tear-off booking forms. Conventional travel agents, relying on walk-in customers, struggle to meet the challenges of retaining increasingly informed technology-savvy consumers. Tourism distribution may not be the most exciting marketing activity for the marketer but it is where the present battles are being fought, and where the tourism enterprise with foresight can gain a competitive advantage over the seemingly entrenched competitor (Pender & Sharpley, 2005:113).

4.8.3 Price

Price refers to the amount of money eventually paid for the product or service by the consumer (Holloway, 2004:53) and is a critical marketing mix element, since affordability constitutes an important pull factor in drawing tourists to particular destinations (Weaver & Lawton, 2004:222). Not all tourism products carry a monetary cost to the consumer. Religious buildings, museums, national parks, shopping malls or natural attractions may not levy a compulsory fee to the user, although some encourage

donations. However, for most tourism enterprises, managing price is critical (Pender & Sharpley, 2005:112).

The marketer has to keep in mind that the price of an offering actually equates to cost in consumer language; cost, including time and effort spent as well as money (Lamb *et al.,* 2004:381). While money-back guarantees can be built into tourism products to provide reassurance of delivery standards, the tourist's time cannot be given back. Given the intangibility of the offering, price is often cited as being perceived by the consumer as a tangible clue of quality (Pender & Sharpley, 2005:112).

The cost structure of high fixed costs and low variable costs gives great flexibility to the marketer when managing tactical price cuts. Marginal cost pricing is very much favoured, the approach being to cover the low variable cost element and then build in a contribution towards the fixed cost or profit (Lickorish & Jenkins, 1999:148).

Discretionary pricing, where prices alter by segment, time or place of purchase, is also a common tool. Though discretionary pricing is utilised more at the strategic level, it is also widely used to price entrance to attractions, according to student, local resident, unemployed or senior citizen status. The skill with this method lies in successful ring fencing to ensure that only those consumers who qualify benefit, thus preventing revenue dilution. The combination of fare structure and tactical discount pricing can result in complex price structures. A typical scheduled airline will have thousands of different prices and each person on a given flight may have paid a different seat price. The attractiveness of discounting prices as a response to unsold capacity can trigger price wars and train the consumer to think in terms of booking as late as possible in order to get the best possible price deal. The results of all of this can be damaging to brands and to perceptions of product quality (Pender & Sharpley, 2005:113).

4.8.4 Promotion

Promotion attempts to increase demand by conveying a positive image of the offering to potential consumers through appeals to the perceived demands, needs, tastes, values and attitudes of a market or a particular segment thereof (Weaver & Lawton, 2004:224).

Compared to physical products, it can be argued that, the intangibility of the tourism offering makes it is easy and tempting to over-promise in advertisements. However, setting up heightened expectations of the offering in the mind of the consumer that cannot then be consistently delivered is detrimental to positive word-of-mouth recommendations and to the brand in general, and should be avoided.

Furthermore, owing of the nature of tourism as a group experience, the precise targeting of the audience is, perhaps, more important than it might be for physical products. The behaviour of one consumer has repercussions on the satisfaction of another consumer experiencing the offering at the same time (Pender & Sharpley, 2005:111).

The promotion mix includes advertising, public relations, sales promotions, personal selling, direct marketing, as well as the physical evidence and the participants involved, all of which are coordinated into specific campaigns. While the communication mix is controlled by the marketing manager, expertise in media buying, creative strategy design or any other communication component may be bought in from external agencies (George, 2002:217). Informal communication channels, through reference groups and opinion leaders, are also important, particularly in tourism. However, the marketing manager has no direct control over these and can only seek to influence them. Tourism tends to be more intrinsically newsworthy than many physical products are while, at the same time, being exceptionally vulnerable to external events, which makes managing the service encounter even more importance in tourism (Pender & Sharpley, 2005:111).

The rising costs of advertising, e-marketing developments and the international nature of many markets may contribute to the reduction in emphasis on advertising. Printed literature, in its many forms, is probably used more in tourism than in other industries (Pender & Sharpley, 2005:112). The printed piece (leaflet or brochure) acts to provide detailed information, support product positioning and, frequently, to offer a booking mechanism. Printed literature can also be designed to enhance the actual product experience by facilitating usage and providing a standardised 'welcome' upon entrance to the site, for example through the provision of maps, operating times, and the location of facilities like restaurants and toilets (George, 2002:257).

Sales promotion is a popular promotional tool for generating the last minute purchase of unsold capacity or for stimulating demand in the trough or shoulder periods. Once again, however, the marketer needs to evaluate the advantages and disadvantages of short-term price discounts against those of the potential revenue gained by the sales promotion (Middleton, 1994:186). The merits of the first lie in the rapid response of price-sensitive consumers but adding value may be more beneficial for building and supporting brand values (Pender & Sharpley, 2005:112).

In addition to the four elements of the traditional marketing mix, there are three other elements of the extended services marketing mix, namely people, processes and physical evidence, which are discussed below. The aim of both the preceding and proceeding discussion is to provide insight into the skills required by entrepreneurs marketing a tourism enterprise.

4.8.5 People

Owing to the constant interaction between the consumer and service provider in tourism (Lumsdon, 1999:198), people are an essential element in both the production and delivery of all tourism services (George, 2001:274). Several authors (Zeithaml & Bitner, 1996:26; Morrison, 2002:44) note that in the tourism industry, people are extremely important

because various people contribute to the service delivery, thereby influencing the outcome of the service offering. Employees of an enterprise provide services to consumers, who share these services with other consumers.

Payne (1993:163) postulates that the success of marketing a service relates closely to the selection, training, motivation and management of people. Tourism marketers need to employee people selectively. The service industry requires employees with people skills and, therefore, staff recruitment, selection, orientation, training, supervision and motivation are critical. The importance of people in the marketing of services has created great interest in internal marketing in services marketing and, working closely with human relations and operations departments, in manufacturing marketing (Morrison, 2002:45).

Managing the consumer mix is also very important to tourism marketers, since consumers are often part of the experience purchased. Consumers can influence the outcome of their own service experience and those of another consumer's experience (Lamb *et al.,* 2004:441). Consumers share, for example, restaurants, hotels, attractions and resorts with other consumers. Who they are, how they dress and how they behave all forms part of the experience. Consumers have to follow stricter dress and behaviour codes in many tourism enterprises than they do in, for example, grocery stores. As such, tourism marketing managers not only have to think about which target markets will produce the best profits but also whether the consumers within those target markets will be compatible (Morrison, 2002:45).

Therefore, services marketing effectiveness depends on the quality of people management, specifically the management of personal encounters, such as customer-staff interactions in all areas of marketing activity (Gilmore & Carson, 1996:46).

4.8.6 Processes

Processes are all the procedures, mechanisms and routines by which a tourism offering is created and delivered to a consumer (George, 2001:281). These processes include, for example, undertaking transactions, supplying information, advising consumers and providing services in a way that is acceptable to the consumer and effective to the enterprise (Lumsdon, 1999:77).

The intangible nature of tourism offerings means that a service is performed rather than a tangible item produced. The consumer receives benefits derived from the offering, for example the pleasure from visiting a holiday destination and, consequently, the performing process is a crucial part of the offering (George, 2001:281). According to Lumsdon (1999:77), the processes underlying service provision are very tangible to the tourism consumer, as it is a high staff-customer contact business.

Lamb *et al.* (2004:441) note that the importance of a process is that it provides a customer with a form of evidence on which to evaluate a service. Thus, processes such as hotel reception or travel agency booking systems are particularly pertinent. Worryingly, as Lumsdon (1999:202) points out, this element of the marketing mix tends to receive less attention, possibly because it is as much an operational matter as a marketing task.

4.8.7 Physical evidence

Physical evidence includes both the physical environment in which a service is delivered, as well as all the tangible components that facilitate the performance of the service. Consumers expect the physical environment, for example the hotel, to adhere to certain minimum requirements. These criteria include, for example, hygiene and neatness, and are important in the customer's evaluation of the service (Lamb *et al.,* 2004:442). Lumsdon (1999:77) explains that where there is no physical environment, for example a

tour operator, other tangibles such as business cards, equipment and signage are used as indicators of quality.

The physical environment in which a service is delivered is often more important than the environment in which manufacturing products are sold since this is where the consumer and the enterprise interact. Tourism offerings are intangible and, as they are produced and consumed at the same time, they are inseparable. Therefore, consumers usually look for tangible evidence to evaluate the offering before purchasing. The tourism marketer's role is to provide physical evidence or tangible cues of the standard of the service (George, 2001:279).

Tourism marketers should be involved in meetings with the design and architectural consultants in order to ensure that design standards bring a desired atmosphere to the location (Lumsdon, 1999:204). Lamb *et al.* (2004:442) indicate that physical evidence cues provide the marketer with opportunities to send out consistent and strong messages about the enterprise and its service.

The first section of this chapter focused on defining tourism marketing and providing a background study on important concepts in tourism marketing. In doing so, the chapter has provided insight into the essential marketing skills required by the tourism entrepreneur. The discussion that follows examines the essential marketing skills required by successful entrepreneurs of small tourism enterprises, based on the background study.

4.9 ESSENTIAL MARKETING SKILLS FOR TOURISM ENTREPRENEURS

According to Middleton and Long (1990:327), marketing skills are those skills that focus on facilitating, enabling and optimising the marketing process. There are distinctive marketing skills that distinguish the behaviour of the trained marketer from someone who

is not trained. Marketers have to carry out a variety of tasks that require different marketing skills. These skills represent the focal point of this study.

A broad search of the literature on essential skills for marketers uncovered a significant number of different skills, all of which are potentially important for marketers. It is not the purpose of this study to provide in-depth information on each essential marketing skill but simply to provide a brief understanding of the essential marketing skills required by entrepreneurs. It should be noted that there is an overlap between the skills relevant to entrepreneurs and those relevant to marketing.

For the purpose of this study, the marketing skills required by entrepreneurs are classified into five main constructs: personal characteristics, functional skills, general marketing skills, marketing mix strategy skills and general management skills.

In the following five sections, the essential marketing skills required by entrepreneurs, classified into the five main constructs mentioned above, are discussed. These five constructs are represented in Tables 4.1, 4.2, 4.3, 4.4 and 4.5 respectively. To reiterate, the asterisks in these tables indicate where skills overlap.

4.10 ESSENTIAL PERSONAL CHARACTERISTICS OF THE TOURISM MARKETER

Personal characteristics refer to those behaviours that are the most natural, instinctive and habitual to an individual (refer to Section 3.9). Research conducted by Middleton and Long (1990:339) uncovered that the marketer's personal characteristics are very important to marketing and are good predictors of performance. Table 4.1 presents a matrix of essential personal characteristics for marketers, as derived from relevant prior research. These characteristics are discussed individually in the sections that follow.

Table 4.1 Matrix of essential personal characteristics for the marketer, as derived from previous studies – Construct 4

Author(s)	Willingness to learn	Teamwork skills	Leadership skills*	Interpersonal skills*	Ability to work under pressure	Self-confidence*
Thomas (1983)				X		
Kelly & Gaedeke (1990)	X		X	X		
Middleton & Long (1990)		X	X			X
Boldy *et al.* (1993)						X
Phillips & Zuber-Skerritt (1993)		X		X		
Neelankavil (1994)		X	X			
O'Brien & Deans (1995)			X			
Gilmore & Carson (1996)	X	X	X		X	
Meldrum (1996)	X		X			

* Personal skills essential to the entrepreneur and marketer

Table 4.1 Matrix of essential personal characteristics for the marketer, as derived from previous studies – Construct 4 (continued...)

Author(s)	Willingness to learn	Teamwork skills	Leadership skills*	Interpersonal skills*	Ability to work under pressure	Self-confidence*
Floyd & Gordon (1998)				X		
Hill *et al.* (1998)			X			
Kretovics (1999)				X		
Davis *et al.* (2002)		X				
Duke (2002)			X	X		
Taylor (2003)		X				
Dacko (2006)		X	X	X		
Gray *et al.* (2007)	X	X	X	X	X	X

* Personal skills essential to the entrepreneur and marketer

4.10.1 Willingness to learn

Marketers need to be involved in all aspects of product decision-making. Marketing decision-making regarding the service offering requires knowledge of the markets and of the overall environment in which the enterprise operates. Marketers need to be capable of evaluating different options in relation to service offering development, for example, assessing priorities, eliminating irrelevant or incompatible ideas, revising and selecting a suitable option to follow, and implementing that option. Marketing involves marketers taking responsibility for specific tasks, being proactive in the search for better ways of doing the job, having a positive outlook and possessing the skill to adapt the service offering to suit different consumers. Therefore, marketers must continuously search for better ways of carrying out tasks and undertaking marketing activities (Gilmore & Carson, 1996:49).

4.10.2 Teamwork skills

Teamwork skills refer to the ability of members of a team to work together to achieve enterprise goals and, hence, challenge each others' ideas and find the best solutions. Combined co-operative effort working towards a common objective leads to a winning team situation where both the team and the individual succeed (Kirby, 2003:190). Lamb *et al.* (2004:23) concur and state that performance in a enterprise is enhanced when people in different areas of responsibility, for example sales and customer services, work together with the ultimate goal of delivering superior customer value and satisfaction.

Kuratko and Hodgetts (2007:284) denote that all of the employees in the enterprise must be included in the marketing plan. The entrepreneur must solicit their ideas, share plans for new marketing efforts and keep all members of the team informed about the enterprise's progress. In order for the marketing plan to be successful, all parties involved must be included in the marketing plan. Employees can produce valuable referrals, provide positive public relations and generate sales for the enterprise. Chell

(2001:220) states that teamwork skills are especially critical to the small enterprise, owing to the fact that in a small enterprise people can rarely avoid each other. Entrepreneurs have to identify each employee's strengths, modify their own role behaviour and develop ways of handling paradoxical relationships.

4.10.3 Ability to work under pressure

Marketers have to make decisions with relatively little information and often in uncertain circumstances. Making decisions regarding customer-staff interactions requires knowing how to deal with each situation and knowing when to be adaptable. The marketer must, for example, recognise the need for adapting or changing some aspect of the service to suit different consumers. Therefore, marketers need to be prompt decision-makers (Gilmore & Carson, 1996:40).

Therefore, it can be summarised that the essential personal characteristics of the tourism marketer, as discussed above, significantly influences the performance of small tourism enterprises. Essential functional skills for the tourism marketer follow.

4.11 ESSENTIAL FUNCTIONAL SKILLS FOR THE TOURISM MARKETER

Functional skills refer to the ability to use the tools, procedures and techniques of a specialised field (refer to Section 3.10). Functional skills are crucial to tourism marketers and relate to the operational facets of the tactical aspects of services marketing activity (Gilmore & Carson, 1996:42). Table 4.2 presents a matrix of essential functional skills for marketers, as derived from relevant prior research. These skills are discussed individually in the sections that follow.

Table 4.2 Matrix of essential functional skills for the marketer, as derived from previous studies – Construct 5

Author(s)	Verbal communication skill*	Written communication skill*	Problem solving skills*	Change management skills	Analytical skills	Numerical skill*	Strategic thinking skills
Thomas (1983)				X			X
Kelly & Gaedeke (1990)	X	X	X				
Middleton & Long (1990)	X	X			X	X	X
Phillips & Zuber-Skerritt (1993)	X	X					
Neelankavil (1994)	X	X					
O'Brien & Deans (1995)	X	X	X		X	X	
Gilmore & Carson (1996)	X	X		X	X		X
Meldrum (1996)				X			

* Functional skills essential to the entrepreneur and marketer

Table 4.2 Matrix of essential functional skills for the marketer, as derived from previous studies – Construct 5 (continued...)

Author(s)	Verbal communication skill*	Written communication skill*	Problem solving skills*	Change management skills	Analytical skills	Numerical skill*	Strategic thinking skills
Lundstrom & White (1997)	X	X			X		
Floyd & Gordon (1998)	X	X	X				
Sneed & Morgan (1999)	X	X	X				
Davis *et al.* (2002)	X	X					
Duke (2002)	X	X			X		
Palmer (2002)							X
Taylor (2003)	X		X		X		
Dacko (2006)	X	X			X		
Gray *et al.* (2007)	X	X	X	X	X		X

* Functional skills essential to the entrepreneur and marketer

4.11.1 Change management skills

Continual development in expanding the depth and width of decision-making skills will ensure that an enterprise develops and changes to suit the external environmental changes. The depth of decision-making skills contributes to the suitability of managerial actions, decisions and responses to particular situations, and how well managers can actually do the job. The width of decision-making skills manifests itself in the transfer of knowledge and experience to different situations, and the ability to manage each issue within the perspective and context of the enterprise's purpose, which means making suitable decisions and ensuring that all tasks are carried out in the context of the wider job dimensions (Gilmore & Carson, 1996:51).

Thomas (1983:20) states that marketing is about the future and enterprise success depends on anticipating the future. Enterprises must have a futuristic approach and marketers must be skilled in scanning the environment continuously. Changes in the environment need to be identified and anticipated by the tourism marketer.

4.11.2 Analytical skills

Analytical skills involve the ability to apply logic, together with scientific approaches and techniques, when analysing problems and identifying business opportunities. Although analytical skills are important at all levels of management, they are particularly crucial to the tourism marketer. Tourism marketers operate in an unstable and unpredictable environment, which makes analytical skills important (Bennett, 1995:141). Gilmore and Carson (1996:50) concur and state that service marketers are decision-makers and, therefore, need to demonstrate the ability to analyse data carefully in order to recognise and compile useful information, as well as interpret and draw useful and timely conclusions from data.

Katsikeas *et al.* (2004:571) note that most marketers are insufficiently prepared in the area of analytical skills. An objective and realistic approach to business decisions and the ability to learn progressively from mistakes are important in the development of analytical skills (Gilmore & Carson, 1996:50). Various authors (Crosier, 2004:542; Grundvan Ottesen & Gronhaug, 2004:523) advise that tourism marketers can improve their analytical skills through reading marketing journals.

4.11.3 Strategic thinking skills

Decision making in services marketing is about maintaining a service offering portfolio, which involves careful monitoring current offerings and deciding when to replace old offerings with new ones in order to maximise opportunities. Decisions related to developing an optimal portfolio of service offerings necessitate strategic thinking skills. Long-term improvements in the quality of marketing effectiveness depend on analysing the future demand for all offerings (Gilmore & Carson, 1996:47).

A study by Thomas (1983:21) shows that strategic thinking is of great importance to the marketer. Strategic marketing requires the marketer to think about the enterprise's performance three-to-five years in advance. Given that the interacting variables that affect strategic marketing are more numerous and their interactions more complex than those involved in the short–term planning, the marketer must be thoroughly familiar with such tools as portfolio analysis and the directional policy matrix.

Therefore, it can be summarised that the essential functional skills of the tourism marketer, as discussed above, significantly influences the performance of small tourism enterprises. Essential general marketing skills for the tourism marketer follow:

4.12 ESSENTIAL GENERAL MARKETING SKILLS FOR THE TOURISM MARKETER

Marketers require skills to apply specific marketing knowledge in order to ensure the future profitability of the enterprise, as well as to achieve greater consumer satisfaction and stronger competitive positioning (Dacko, 2006:284). In order to meet the needs of the consumers, marketers require general marketing skills (Lagrosen, 2005:424). Table 4.3 presents a matrix of essential general marketing skills for entrepreneurs, as derived from relevant prior research. These skills are discussed individually in the sections that follow.

Table 4.3 follows on p.157.

Table 4.3 Matrix of essential general marketing skills, as derived from previous studies – Construct 6

Author(s)	Customer relationship management skills	Selling skills	International marketing skills	Business-to-business marketing skills	Business-to-consumer marketing skills	Consumer behaviour analysis skills	Marketing research skills	Market analysis skills	Societal marketing skills*	Analysing physical evidence skills	Marketing process analysis skills
Thomas (1983)						X	X				X
Middleton & Long (1990)	X	X	X		X	X	X	X			
Phillips & Zuber-Skerritt (1993)									X		
Rafiq & Ahmed (1995)										X	X
Gilmore & Carson (1996)	X										
Meldrum (1996)	X		X								

* General marketing skills essential to the entrepreneur and marketer

Table 4.3 Matrix of essential general marketing skills, as derived from previous studies – Construct 6 (continued...)

Author(s)	Customer relationship management skills	Selling skills	International marketing skills	Business-to-business marketing skills	Business-to-consumer marketing skills	Consumer behaviour analysis skills	Marketing research skills	Market analysis skills	Societal marketing skills*	Analysing physical evidence skills	Marketing process analysis skills
Duke (2002)									X		
Reed *et al.* (2004)				X							
Dacko (2006)									X		
Hwang & Lockwood (2006)	X										
Radder & Wang (2006)										X	X
Gray *et al.* (2007)	X	X	X	X	X		X	X	X		

* General marketing skills essential to the entrepreneur and marketer

4.12.1 Customer relationship management skills

According to Holloway (2004:239), customer relationship management is concerned with building and maintaining long-term relationships with customers. Dobni (2004:307) emphasises that service enterprises depend on repeat business and, therefore, establishing relationships between the enterprise and its customers is important in building brand loyalty. Customers receive social, psychological and economic benefits from engaging in long-term relationships with service enterprises and, in turn, these relationships yield positive returns for the service enterprise.

Long-term regular customers are more profitable to an enterprise than single transaction customers. Well-managed customer relationships can moderate the effects of inadequate service performance (Lagrosen, 2005:425). Customers who have a strong relationship with the enterprise are more likely to be forgiving of service deficiencies, to work with the enterprise to develop new initiatives, to keep the lines of communication clear and to provide greater access to customer information (Hwang & Lockwood, 2006:341).

Customer relationship management upholds the interaction between the parties of the relationship as the most important source of market knowledge. The content of the relationship determines the service that will be offered to the market and, thus, directly influences innovation and development (Lagrosen, 2005:425).

Therefore, service providers of tourism offerings must take pride in their skills at serving the needs of others. In the tourism industry, it is critical for employees to provide friendly service to tourists. The travel offering is indivisible from the staff members who deliver the service. Employees in the tourism industry must be willing to present a well-turned-out appearance, to be patient and helpful, and to smile and appear friendly.

4.12.2 Selling skills

Effective selling skills are critical to the marketer and are more than just successfully effecting a transaction. Selling is part of a process designed to ensure that the transaction converts the buyer into a regular customer (Holloway, 2004:239). Lamb *et al.* (2004:369) emphasise that ineffective selling skills can lead to unmet profit objectives or even to the bankruptcy of the enterprise. Baron and Shane (2005:230) concur and state that apart from pricing, selling is the most important aspect in the marketing process and accounts for most of the marketing activity, especially in a new enterprise. Marketers have to persuade customers to buy the enterprise's offering and therefore marketers have to know how to sell. According to Johnson (2000:88), selling is the most frequently used marketing technique in tourism. The travel and tourism industry is a highly personalised industry and therefore selling skills are essential to the marketer.

4.12.3 International marketing skills

International marketing refers to a specialised field of marketing, which should take into account different legal systems and business climates, different cultures affecting buyer behaviour, and the problems associated with transporting products abroad. Tourism is substantially concerned with export marketing. Export marketing refers to tourism activity involving exchanges of capital between one economic system and another from a different country (Vellas & Becherel, 1999:9).

According to Rutashobya (2004:159), small African enterprises need to realise that competing internationally is not an option but an economic imperative. Small enterprises lack international marketing skills when entering foreign markets. Vellas and Becherel (1999:23) advise that small enterprises have to seek partners and allies to develop their marketing strategies internationally. With an increase in equity participation between firms, alliances can result in concentration on an international scale.

Reichel (1996:23) state that a thorough understanding of the target market is critical in international marketing. Entrepreneurs need to have a sound understanding of their target market.

4.12.4 Business-to-consumer marketing skills

Marketers who accept and implement the marketing concept appreciate that not all consumers are the same. Marketers need to be aware that consumers have different needs that can be satisfied in different ways. Therefore, marketing to consumers require different marketing approaches that marketing to an enterprise (Lamb *et al.,* 2004:171). Refer to Section 4.12.5.

Consumers go through a complex decision-making process when purchasing tourism offerings. Tourism marketers need to understand what motivates consumers to purchase tourism offerings, the process consumers go through when they decide to purchase an offering and how consumers can be grouped together. Owing to the intangible nature of tourism offerings, tourism purchase decision-making differs somewhat from a traditional product purchase decision. When evaluating the offering, the consumer has to make a choice from a number of similar alternatives without being able to inspect the purchase beforehand (George, 2001:131).

4.12.5 Business-to-business marketing skills

Although the basic philosophy and practise of marketing is the same whether the customer is a business organisation or a final customer, business markets do differ from consumer markets. For example, business-to-business customers buy in larger quantities than consumers do, business-to-business marketers have fewer customers than consumer marketers, tend to be much more geographically concentrated than consumers are and, unlike consumers, business-to-business buyers usually approach purchasing rather formally (Lamb *et al.,* 2004:457).

According to George (2001:147), a significant characteristic of the business market is that demand is dependent on the trends in the end-user market, better known as derived demand. Therefore, tourism marketers need to be aware of all industry trends and should aim to target growing and prosperous businesses.

It is noteworthy that, according to Ringberg and Gupta (2003:609), small enterprises have less formalised and more personal business-to-business interactions than their larger counterparts.

4.12.6 Consumer behaviour research skills

Consumer behaviour describes how consumers make purchase decisions and how they use and dispose of the purchased goods or services. Marketers can change attitudes and influence consumer buying decisions if they are knowledgeable about consumer behaviour, and consumer buying behaviour in particular (Lamb *et al.,* 2004:71). Thomas (1983:20) indicates that marketers of small enterprises are not skilled in analysing consumer behaviour. Marketers require these skills in order to understand the key factors that influence consumer decision-making in each of the market segments under consideration. Consumer's behaviour is determined by a complex interactive system affected by internal and external stimuli. Therefore, marketers need to understand consumers buying behaviour and must be skilled in analysing the market in order to strengthen the enterprise's marketing activities.

4.12.7 Marketing research and market analysis skills

Marketing research refer to an organised information process, which include the gathering, processing analysis, storage and dissemination of information to facilitate and improve decision making (Middleton, 1994:117). The role of marketing research is to provide information for management to use in their planning, finance, operations and marketing decisions. Maximum use of marketing research is only possible if the

enterprise has an ongoing programme to identify current changes and trends in the market. Additional research may be needed to determine why certain changes have occurred and to enable an enterprise to adjust its strategies and operations to account for market changes (Gee *et al.,* 1997:58).

The need for information about various market segments is very important. Managers must make decisions that will commit their enterprises to substantial operational or capital expenditures, which affect the future of those enterprises. Intelligent decisions concerning the consumer cannot be made unless up-to-date information on market segments is available and marketers understand how to use it. Therefore, marketers require skills in commissioning good marketing research. Marketers need to identify the research problem clearly and the role that additional data will play in resolving that problem (Thomas, 1983:20).

According to Middleton (1994:118), informal research is more relevant to small enterprises, owing to enterprise owners and customers meeting face-to-face on the producer's premises. Small enterprises obtain customer knowledge and more natural and continuous feedback than formal research can provide. However, once an enterprise grows or is run by managers with limited customer contact, direct customer-management communication is lost.

4.12.8 Physical evidence analysis skills

Physical evidence (refer to Section 4.8.7) is a crucial factor consumers consider when determining what constitutes value for money in the tourism industry. Consumers look for tangible evidence to evaluate the offering and it is the tourism marketer's role to ensure that the physical evidence provide the desired atmosphere to the location (George, 2001:185). The physical evidence of the enterprise needs to be managed. Physical evidence analysing skills are essential because customers use tangible clues to assess the quality of the service provided. Therefore, the more tangible-dominant a service is, the

greater the need to make the service tangible. The physical environment itself, for example decor and layout, is instrumental in customers' assessment of the quality and level of service they can expect (Rafiq & Ahmed, 1995:7).

4.12.9 Marketing process analysis skills

Thomas (1983:22) indicates that enterprises rely on different resources, for example people, distribution systems and physical evidence, to satisfy customer needs successfully. Marketing activities are interrelated and therefore constitute a complex system of processes, with each process in the system relating to all other processes in the system. Marketers require an understanding of how to analyse and understand the complex system of processes in order to make them work more effectively (refer to Section 4.8.6).

Therefore, it can be summarised that the essential general marketing skills of the tourism marketer, as discussed above, influence the performance of small tourism enterprises. Essential marketing mix strategies skills for the tourism marketer follow.

4.13 ESSENTIAL MARKETING MIX STRATEGIES SKILLS FOR THE TOURISM MARKETER

Tourism marketers are constantly engaged in decision making about all aspects of marketing activity, for example product development, pricing, communication and distribution. These decision-making areas of services marketing provide insight into the essential skills required by tourism marketers (Gilmore & Carson, 1996:45). Table 4.4 presents a matrix of essential marketing mix strategy skills for entrepreneurs, as derived from relevant prior research. These skills are discussed individually in the sections that follow.

Table 4.4 Matrix of essential marketing mix strategies skills, as derived from previous studies – Construct 7

Author(s)	Strategic marketing skills	Product management skills	Brand management skills	Pricing skills	Product development skills	Distribution skills	Marketing communication skills	Retail management skills	Direct marketing skills	E-marketing skills	Marketing mix optimisation skills
Thomas (1983)					X		X				X
Middleton & Long (1990)	X	X	X	X	X	X	X	X	X		X
O'Brien & Deans (1995)				X							
Gilmore & Carson (1996)		X		X	X		X				
Hill *et al.* (1998)							X				
Duke (2002)										X	
Elliott & Boshoff (2005)										X	
Gray *et al.* (2007)	X	X	X	X	X	X	X	X	X	X	X

4.13.1 Strategic marketing skills

Strategic marketing involves designing activities relating to marketing objectives and the changing marketing environment. It is the basis for all marketing strategies and decisions and, therefore, strategic marketing skills are critical to the tourism marketer. For future growth, marketers need to consider how to differentiate the enterprise's offerings from those of competitors (Lamb *et al.,* 2004:413).

Strategic marketing includes segmenting, targeting and positioning. The marketer distinguishes the major segments of the market, targets one or more of these segments and positions the product and marketing programmes so that they will appeal to the needs and wants of these chosen target segments (Evans *et al.,* 2003:124).

Small enterprises typically pursue strategies aimed at avoiding direct competition. Consequently, they often target those niche segments that, owing to their size, have been overlooked by larger enterprises (Hill, 2001:181).

Strategic marketing skills include for example making decisions on the enterprises' product lines, distribution channels, marketing communications and pricing, which are all delineated in the strategic marketing plan (refer to Section 3.7.3.7).

4.13.2 Brand management skills

Branding is about establishing the identity of a tourism offering in the minds of consumers or visitors. A brand is defined as "a distinctive name or symbol which identifies a product, or set of products, and which differentiates it from its competitors" (Lumsdon, 1999:146). According to George (2001:172), branding is a tangible feature that helps consumers decides which offering to buy. Creating a distinctive brand image is one of the ways in which the tourism marketer signals the enterprise's positioning and competitive advantage.

The communications mix is especially important in terms of the development of brands. Brand management refers to a way of differentiating the service of one supplier from another in terms of the name, logo and other identifying features, and forms an important component of the communications mix (Lumsdon, 1999:169). Middleton (1994:281) states that where competitors offer closely similar products to the same target market at similar prices, it becomes essential for operators to differentiate and brand their products with particular identities that can be communicated.

Brand management skills are essential to the tourism marketer in order to successfully manage and design offerings. Branding has become increasingly important to the marketer, as a strong brand name can not only signal the advantages of an offering but also creates a personality which consumers recognise immediately (George, 2001:179).

4.13.3 Pricing skills

Pricing decisions for services are particularly important given the intangible nature of the offering. The price charged for a service signals to consumers the quality of the service that they are likely to receive. Special pricing considerations also apply to services by virtue of the immediacy of delivery and the importance of availability. Thus, pricing decisions for services may involve premium pricing at maximum demand times and discounted pricing in order to attract additional customers when demand is low. This has given rise to complicated pricing of services within the tourism industry (Payne, 1993:137).

Gilmore and Carson (1996:47) advise that services marketers require pricing skills since they will be involved in the following decision making:

- choosing the right price ranges for various service products
- adapting the pricing structure to allow for different levels of demand

- pricing products creatively in order to maintain some uniqueness and competitiveness.

For the service marketer, pricing skills involve being knowledgeable and experienced regarding the options available within the industry's pricing structure, the market and the marketing environment, and the suitability of these pricing options to customers. Pricing skills facilitate the objective consideration of all options available and the selection of the most appropriate one (Gilmore & Carson, 1996:47).

4.13.4 Product development and product management skills

New service development is necessary for service enterprises to survive. The reasons for engaging in new product development in the tourism industry include the following:

- building recognition as an innovator in the market
- providing new tourism offering to develop markets
- offering proactive territorial expansion through new or modified offerings
- taking defensive action to challenge competitors
- taking action to mutate the success of another enterprise
- taking advantage of technological breakthroughs
- repositioning to fit consumer requirements more accurately (Lumsdon, 1999:149).

Lagrosen (2005:424) states that the success of an enterprise is dependent on the marketer's ability to develop new offerings. Through innovation and the introduction of new offerings, new markets and growth possibilities can be created. According to Thomas (1983:21), new product development requires significant marketing skills from the tourism marketer. The marketer should be proactive in the search for new ideas and in establishing a constructive and productive environment for monitoring new product ideas. The enterprise is searching for products that will satisfy the needs of market segments, and it is to that end that research and development should be dedicated.

The more marketers understand their customers and prospective customers the better they will be at designing and implementing the marketing efforts required to stimulate customers' purchasing habits (Bennett *et al.,* 2005:216). Successful members of the tourism industry recognise that it is impossible to be all things to all people (Gee *et al.,* 1997:48). Enterprises cannot satisfy all consumers in a market in the same way since there are too many different kinds of consumers with too many different kinds of needs (Bennett *et al.,* 2005:216). One of the biggest mistakes any member of the tourism industry can make is to view the market as homogeneous and to try to satisfy all consumers with a 'one size fits all' product or service (Gee *et al.,* 1997:48).

A market segmentation strategy recognises the fact that few tourism offerings and enterprises are universally desired. An effective strategy would be to select one or a limited number of market segments and to target the marketing offering only at those markets (Bennett *et al.,* 2005:217). Thomas (1983:20) warns that marketers require a thorough understanding of the bases of segmentation in order to use segmentation strategies successfully.

4.13.5 Marketing logistics/distribution skills

Owing to services being perishable and inseparable, location and channel decisions involve considering how to deliver the service to the customer and where this should take place. This has particular relevance to services as very often they cannot be stored and will be produced and consumed at the same time (Payne, 1993:144).

Middleton (1994:201) warns that distribution skills in tourism marketing should not be seen as less important than in other industries. Paradoxically, the inability in the tourism industry to create physical stocks of products adds to rather than reduces the importance of the distribution process. Creating and manipulating access for consumers is one of the principal ways to manage demand for highly perishable offerings. It is essential that

marketers provide access to points-of-sale away from the place of service production and to facilitate the purchase of products in advance of their production.

For most small enterprises with only one production unit, for example a guesthouse, the choice of location is the most important business decision. A well-located small enterprise can often be sure of an adequate flow of customers to its area. In such circumstances, consumers come to the enterprise, namely the producer. Producers expect the customer to find them and, therefore, product formulation, promotion and, above all, pricing remain the most vital marketing considerations for small enterprises (Middleton, 1004:201).

4.13.6 Marketing communication skills

Communication remains as one of the most human of activities and is defined as a transactional process between two or more participants whereby meaning is exchanged through the premeditated use of symbols. The tools of marketing communication are referred to as the promotional mix (Holm, 2006:23). The tourism enterprise communicates with its target market by means of promotion. Within the promotional mix, there are a wide variety of alternative promotions tools which can be used by the marketer (Payne, 152). According to Lamb *et al.* (2004:315,) the promotional mix elements are advertising, public relations and publicity, personal selling and sales promotion.

Owing to the unique characteristics of services, Holloway (2004:239) emphasises that effective communications in tourism marketing helps to overcome the inevitably uncontrollable shortcomings encountered in tourism, for example poor weather and air traffic delays. It is therefore a vital element in a tourism enterprise's marketing strategy.

Services marketers are responsible for integrating all promotional activities with the enterprise's other marketing activities, which requires marketing communication skills

(Gilmore & Carson, 1996:48). Tourism marketers need to be skilled in using the elements of the promotional mix in order to maximise the impact of the communications activities. Through knowledge and understanding of communication and the promotional tools, marketers are more likely to achieve the enterprise's objectives of influencing attitudes, knowledge and/or behaviour of the target market (Holm, 2006:23). A study by Thomas (1983:21) strongly advocates that marketers acquire skills in measuring the effectiveness of the promotional tools. The sales potential and profitability of each market segment, offering and distribution channel, for example, need to be examined constantly by the marketer.

4.13.7 Retail management skills

Retailing refers to all the activities directly related to the sale of offerings to the ultimate consumer for personal or non-business use (Lamb *et al.,* 2004:297). In contrast to the other elements in tourism, the retail sector sells both products and services, but mainly products. Retailing is becoming important as a stimulator of tourism demand. Developers incorporate attraction and entertainments alongside retail outlets. Visitors can combine shopping with rides and eating out to make a day outing. The relationship between retailing and tourism is becoming stronger, as retail outlets realise that visitors mean additional revenue and tourist attractions recognise that fashionable shopping outlets attract higher spending visitors. The key task for the marketer is to ensure that the visitor experience is maintained at a high level, as problems such as crime and security in such retail outlets has become a major concern (Lumsdon, 1999:232).

4.13.8 Direct marketing skills

Direct marketing refers to direct communication with carefully targeted existing and perspective individual customers in order to obtain an immediate response and cultivate lasting customer relationships (Ng, 2005:629). According to Lamb *et al.* (2004:311), direct marketing refers to techniques used by the marketer to get consumers to make a

purchase from their home, office or other non-retail setting. Direct marketing techniques include mail order catalogues, direct response advertising, direct mail, telephone selling, online marketing and direct response television (Holloway, 2004:321).

According to Middleton (1994:219), for small enterprises there may be no alternative to direct-response marketing, because the amount of revenue they can generate is too small to interest retailers and too costly to handle. Very few small enterprises operate their own computerised inventories, their telephone response system is often too slow and inefficient and their brochures would take up too much valuable display space. Smaller enterprises that group together to form co-operatives with a single joint brochure, for example, achieve exposure through collective representation.

4.13.9 E-Marketing skills

Information technology has changed the face of the marketing opportunities available to marketers today. Tourism is one of the fastest growth areas of e-commerce and, therefore, tourism marketers must be comfortable with this technology and be able to master these changes (Vellas & Becherel, 1999:113). The advent of interactive media vehicles has altered media usage and, with it, customer expectations. The purchase process has changed. However, technology has also given marketers an important advantage. It has created the ability to deliver more information. E-marketing allows for an improved marketing planning process since marketers can deliver more relevant marketing communications, and measure the impact of their campaigns. Examples of e-marketing that play an increasing role in the marketing process are data warehouses, web analytics and interactive media. E-marketing enables the marketer to shift from mass branding to an approach that better suits capricious customer behaviour, for example cross-channel integration of customer-facing channels (Pickton, 2005:539).

The Internet is changing every aspect of life, for example communication, education, business and trade. The Internet has also impacted on the tourism industry via the

electronic distribution of information, prices and availability, for example online reservation systems. This has changed the channels that consumers use to reserve tourism services. For example, consumers who traditionally made reservations through travel agents are as likely to book through online intermediaries as they are to contact hotels directly (Dopson, 2004:70).

4.13.10 Marketing mix optimisation skills

Optimisation is a process of selecting a better or the best solution out of existing alternatives (Ghosh *et al.,* 2004:625). The marketer needs to blend together all of the elements of the marketing mix, each of which represents an investment, into an optimal mix - one in which no element is out of place. The right products, existing or in process of development, the right level of service support, the right process (right in terms of yielding optimum revenue given the demand conditions prevailing), the right channels of distribution, the right advertising support and the right sales support. All of these elements must work together to produce a coherent and effective market offering. Productivity analysis will be an important cost in optimising the marketing mix elements, but the whole is larger than the sum of its parts and, as such, the marketer must be a skilful synergy manager (Thomas, 1998:21). Lagrosen (2005:427) concurs and states that marketing mix optimisation is important for marketers, especially for new product development.

Therefore, it can be summarised that the essential marketing mix strategic skills of the tourism marketer, as discussed above, significantly influence the performance of small tourism enterprises. Essential managerial skills for the tourism marketer follow.

4.14 ESSENTIAL MANAGERIAL SKILLS FOR THE TOURISM MARKETER

Meldrum (1996:37) defines managerial skills as the skills, which do not require specific knowledge of marketing to be used effectively. Thus, referring to a whole set of non-marketing specific skills which are essential for the practice of marketing. Holloway (2004:11) states that marketing tasks are extremely diverse and, therefore, require the application of both management and industry skills. Managerial skills for the tourism marketer are specific to the roles and issues important to services marketing management decision making, and it is important that marketers possess these skills (Gilmore & Carson, 1996:42).

Managerial skills refer to the tendency for effective marketing managers to be good at interacting, allocating, monitoring and organising (Meldrum, 1996:37). Table 4.5 presents a matrix of essential managerial skills for entrepreneurs, as derived from relevant prior research. These skills are discussed individually in the sections that follow.

Table 4.5 follows on p.175.

Table 4.5 Matrix of essential managerial skills for the marketer, as derived from previous studies – Construct 8

Author(s)	Organisational skills	Negotiation skills*	Time management skills*	People management skills*
Thomas (1983)	X			
Middleton & Long (1990)	X	X	X	
Boldy *et al.* (1993)		X		
O'Brien & Deans (1995)				X
Gilmore & Carson (1996)				X
Meldrum (1996)	X			
Lundstrom & White (1997)				X
Hill *et al.* (1998)	X			
Dacko (2006)		X	X	
Gray *et al.* (2007)	X	X	X	X

* Managerial skills essential to the entrepreneur and marketer

4.14.1 Organisational skills

The tourism marketer must continually ensure that the enterprise is organised to serve the needs of its chosen target market(s). Tourism markets are dynamic and, therefore, tourism offerings are likely to be in continuous change. The skills required to alter the organisation of the enterprise to meet changing needs are critical to marketers. The challenge for marketers is in terms of combining management perspectives with marketing knowledge and skills (Thomas, 1983:20).

Thomas (1983:35) further advocates that marketers should concentrate on core products and activities, which they characterise as competences that provide competitive advantage in a range of markets. This approach dictates that an enterprise needs to be organised to maintain and evolve only those skills which are key to commercial success. Marketers must be concerned with skills development and acquisition. Therefore, marketers are urged to pay managerial attention to specific aspects of their enterprises to achieve enhanced market success.

To summarise, marketing skills are those skills that focus on facilitating, enabling and optimising the marketing process and are essential for successful entrepreneurship and long-term success in an enterprise. The personal characteristics of marketers are very important to marketing and are good predictors of performance. Functional skills are crucial to tourism marketers and relate to the operational facets of the tactical aspects of services marketing activity. Marketers further require skills to apply specific marketing knowledge to ensure the future profitability of the enterprise, achieve greater consumer satisfaction and stronger competitive positioning. Therefore, in order to meet consumer needs, marketers require general marketing skills. Owing to marketers being constantly engaged in decision-making, marketing mix strategies skills are essential to the success of the enterprise. Managerial skills for the tourism marketer are specific to the roles and issues important to services marketing management decision making, and it is important that marketers possess these skills.

4.15 SYNOPSIS

The above discussion emphasises the importance of understanding and exploiting the marketing development skills essential to tourism entrepreneurs. This chapter focused on the importance of marketing to the tourism entrepreneur. The importance of tourism marketing is outlined in Section 4.5. The characteristics of services marketing are described in Section 4.6 and the unique features of the tourism industry are outlined in Section 4.7. Owing to the unique characteristics of tourism offerings, the expanded marketing mix of tourism offerings is discussed in Section 4.8.

In order to develop and manage a successful new enterprise, tourism entrepreneurs need a wide variety of marketing development skills. Section 4.10 reviewed essential personal characteristics of the tourism marketer, Section 4.11 reviewed essential functional skills, Section 4.12 reviewed essential generic marketing skills, Section 4.13 reviewed essential marketing mix strategies skills and Section 4.14 reviewed essential general management skills relevant to the tourism marketer. These essential skills are depicted in Tables 4.1, 4.2, 4.3, 4.4 and 4.5 respectively.

From here the study advances towards the empirical section of the study. Through the supporting evidence of the empirical research, guidelines for the content of entrepreneurial and marketing modules will be presented, addressing the issues raised within this section of the study.

CHAPTER 5
RESEARCH METHODOLOGY

5.1 INTRODUCTION

This chapter explains the methods that were employed in gathering the information for the empirical part of the study. The preceding chapters have laid the foundation for the research instrument, which is based on previous studies in similar directions.

Section 5.2 provides an overview of the data gathering and analysis processes. Section 5.3 identifies the data requirements. Section 5.4 describes the development of the research instrument, including the initial pre-testing and piloting of the questionnaire. The sampling procedure followed is discussed in Section 5.5. Section 5.6 identifies and discusses the statistical methods applied to the empirical data set. The statistical procedures, which were utilised in the analysis of the data, are also outlined, namely: descriptive statistics, validity and reliability analysis, analysis of variance, multiple analysis of variance, as well as correlations of the factors.

5.2 OVERVIEW OF THE DATA GATHERING AND ANALYSIS PROCESS

As guided by the objectives formulated in Chapter 1, data from respondents was gathered on:

- respondents' perceptions regarding the fundamental principles of tourism management
- the importance of various entrepreneurial development skills necessary for tourism entrepreneurs
- the importance of various marketing development skills necessary for tourism entrepreneurs
- the relationship between entrepreneurship and tourism marketing

- the recommended entrepreneurial and marketing development skills that need to be considered when designing an entrepreneurship and marketing training programme for tourism management students.

After the research instrument was designed (refer to Section 5.4), two experienced researchers initially evaluated it to check for any obvious questionnaire design mistakes. The initial questionnaire (refer to Annexure A) was pre-tested on a small group of six respondents to ensure the clarity of questions and to establish the face and content validity of the instrument. The necessary adjustments and refinements were made to the questionnaire. The questionnaire was then piloted on 29 respondents to ascertain the reliability of the instrument. The revised questionnaire was then prepared for the main survey part of the study.

For the study, three groups of respondents were selected – owners of small tourism enterprises in the Vaal Triangle region, tourism management academics, and third- and fourth-year tourism management students. A census of both the tourism management academics of the Vaal University of Technology and North-West University, and small tourism enterprise owners was taken at the end of 2007. The manageable size of both of these sampling frames guided the decision to conduct a census of these respondents. For tourism management students, a non-probability judgement sample of third- and fourth-year tourism management students was taken at the start of 2008. The decision was taken to include only third- and fourth-year tourism management students because, in comparison to first- and second-year students, they were more likely to have the knowledge necessary to complete the questionnaire.

The same self-administered questionnaire (refer to Annexure C), with adjustments to requested demographical data, together with a covering letter (refer to Annexure B) was distributed to all three groups. The questionnaire was distributed personally to those tourism management academics and small tourism enterprise owners from whom telephonic permission had been solicited. The questionnaire was further administered to third- and fourth-year tourism management students at both of the selected institutions.

5.3 DATA REQUIREMENTS

The types of data required for the study were as follows:

- tourism management dimensions data
- dimension data pertaining to entrepreneurial development skills
- marketing development skills relevant to tourism entrepreneurs' dimensions data
- entrepreneurship and tourism marketing interface data
- dimension data pertaining to designing an entrepreneurship and marketing training programme for tourism management students
- demographical data

5.4 THE RESEARCH INSTRUMENT

In this study, the questionnaire method was employed to gather the required data pertaining to essential entrepreneurial and marketing development skills relevant to tourism entrepreneurs. A questionnaire, also referred to as a research instrument, is a formalised framework consisting of a set of questions and scales designed to generate primary raw data about a defined problem (Hair *et al.,* 2003:449; Chisnall, 2005:134).

The research instrument used in this study was designed based on previous literature and research studies pertaining to tourism entrepreneurial and marketing development skills, as reviewed in Chapters 3 and 4. The framework of the fundamental elements of general tourism management theory, as laid out in Chapter 2, was used to guide the selection of published sources relating to tourism entrepreneurial and marketing development skills. This is in accordance with the general objective of this study, as formulated in Chapter 1.

5.4.1 Generation of questionnaire items

In order to measure prescriptive tourism entrepreneurial and marketing development skills, an analysis of the literature was done to identify those that pertain to tourism management. Electronic sources were consulted and the following potential skills were

identified as useful in determining the essential functioning of an enterprise. The list of tourism entrepreneurial skills outlined in Chapter 3 (Tables 3.1, 3.2, 3.3) was collated into Table 5.1 below. These items are divided into three constructs. Construct 1, essential personal characteristics relevant to tourism entrepreneurs, has 16 items. Construct 2, essential functional skills relevant to tourism entrepreneurs, has 8 items. Construct 3, essential management skills relevant to tourism entrepreneurs, has 14 items. These 39 skills were formulated into 39 structured-undisguised questionnaire items.

Table 5.1 Essential entrepreneurial development skills relevant to tourism entrepreneurs

Essential entrepreneurial development skills	**Researcher(s)**
Construct 1: Essential personal characteristics	
Goal setting	Ibrahim & Soufani (2002); Kirby (2003); Louw *et al.* (2003); Roodt (2005); Van Eeden *et al.* (2005)
Tenacity	Kirby (2003); Louw *et al.* (2003); Roodt (2005); Van Eeden *et al.* (2005);
Perseverance	Nieuwenhuizen & Kroon (2002); Kirby (2003); Louw *et al.* (2003); Roodt (2005); Van Eeden *et al.* (2005)
Interpersonal skills	Baron & Shane (2001); Roodt (2005); Strydom (2005)
Creative thinking	Nieuwenhuizen & Kroon (2002); Kirby (2003); Louw *et al.* (2003); Van Eeden *et al.* (2005)
Innovative thinking	Ibrahim & Soufani (2002); Nieuwenhuizen & Kroon (2002); Roodt (2005); Van Eeden *et al.* (2005)

Table 5.1 Essential entrepreneurial development skills relevant to tourism entrepreneurs (continued...)

Essential entrepreneurial development skills	Researcher(s)
Construct 1: Essential personal characteristics	
Opportunity recognition	Nieuwenhuizen & Kroon (2002); Kirby (2003); Louw *et al.* (2003); Van Eeden *et al.* (2005)
Self-confidence	Louw *et al.* (2003); Roodt (2005); Van Eeden *et al.* (2005)
Belief in self-determination	Kirby (2003); Louw *et al.* (2003); Van Eeden *et al.* (2005)
Taking initiative	Kirby (2003); Louw *et al.* (2003); Roodt (2005); Van Eeden *et al.* (2005)
Seeking personal responsibility	Kirby (2003); Louw *et al.* (2003); Van Eeden *et al.* (2005)
High energy level	Kirby (2003); Louw *et al.* (2003); Van Eeden *et al.* (2005)
Leadership skills	Nieuwenhuizen & Kroon (2002); Kirby (2003); Roodt (2005)
Tolerance for risk	Nieuwenhuizen & Kroon (2002); Kirby (2003);
Ambiguity	Ibrahim & Soufani (2002); Kirby (2003); Louw *et al.* (2003); Van Eeden *et al.* (2005)
Risk-taking	Ibrahim & Soufani (2002); Kirby (2003); Louw *et al.* (2003); Van Eeden *et al.* (2005)

Table 5.1 Essential entrepreneurial development skills relevant to tourism entrepreneurs (continued...)

Essential entrepreneurial development skills	Researcher(s)
Construct 2: Essential functional skills	
Verbal communication skills	Nieuwenhuizen & Kroon (2002); Kirby (2003); Louw *et al.* (2003); Roodt (2005); Van Eeden *et al.* (2005)
Written communication skills	Nieuwenhuizen & Kroon (2002); Kirby (2003); Louw *et al.* (2003); Roodt (2005); Van Eeden *et al.* (2005)
Computer skills	Perks & Struwig (2005); Roodt (2005); Strydom (2005)
Cognitive skills	Strydom (2005); Pech & Cameron (2006); Lindblom *et al.* (2008)
Information seeking skills	Nieuwenhuizen & Kroon (2002); Kirby (2003); Louw *et al.* (2003); Roodt (2005); Van Eeden *et al.* (2005)
Networking skills	Ibrahim & Soufani (2002); Kirby (2003); Roodt (2005)
Numerical skills	Nieuwenhuizen & Kroon (2002); Louw *et al.* (2003); Strydom (2005); Van Eeden *et al.* (2005)
Problem solving skills	Ibrahim & Soufani (2002); Kirby (2003); Van Eeden *et al.* (2005)

Table 5.1 Essential entrepreneurial development skills relevant to tourism entrepreneurs (continued...)

Essential entrepreneurial development skills	Researcher(s)
Construct 3: Essential management skills	
Human relations skills	Ibrahim & Soufani (2002); Nieuwenhuizen & Kroon (2002b); Louw *et al.* (2003); Strydom (2005); Van Eeden *et al.* (2005)
Negotiation skills	Ibrahim & Soufani (2002); Kirby (2003)
Strategic planning skills	Ibrahim & Soufani (2002); Roodt (2005)
Forecasting skills	Roodt (2005); Fontela (2006); Wu *et al.* (2007)
Ethical business values	Wood (2002); Botha *et al.* (2005)
Financial management skills	Nieuwenhuizen & Kroon (2002b); Louw *et al.* (2003); Roodt (2005); Strydom (2005); Van Eeden *et al.* (2005)
Legislation skills	Botha *et al.* (2005)
Taxation skills	Strydom (2005)
Inventory control skills	Ibrahim & Soufani (2002); Strydom (2005)
Record keeping skills	Nieuwenhuizen & Kroon (2002b); Strydom (2005)
Time management skills	Kirby (2004); Strydom (2005)
Conflict management skills	Strydom (2005)
Stress management skills	Kirby (2003)
General business management skills	Ibrahim & Soufani (2002); Louw et al. (2003); Roodt (2005); Strydom (2005); Van Eeden et al. (2005)

The list of tourism marketing skills outlined in Chapter 4 (Tables 4.1, 4.2, 4.3, 4.4, 4.5) was collated into Table 5.2 below. These items are divided into five constructs. Construct 1, essential personal characteristics relevant to tourism marketers, has 6 items.

Construct 2, essential functional skills relevant to tourism marketers, has 7 items. Construct 3, essential generic marketing skills relevant to tourism marketers, has 11 items. Construct 4, essential marketing mix strategy skills relevant to tourism marketers, has 11 items. Construct 5, essential general management skills for tourism marketers, has 4 items. These 38 skills were formulated into 38 structured-undisguised questionnaire items.

Table 5.2 Essential marketing development skills relevant to tourism marketers

Essential marketing development skills	**Researcher(s)**
Construct 4: Essential personal characteristics	
Willingness to learn	Kelly & Gaedeke (1990); Gilmore & Carson (1996); Meldrum (1996); Gray *et al.* (2007)
Teamwork skills	Middleton & Long (1990); Phillips & Zuber-Skerritt (1993); Neelankavil (1994); Gilmore & Carson (1996); Davis *et al.* (2002); Taylor (2003); Dacko (2006); Gray *et al.* (2007)
Leadership skills	Kelly & Gaedeke (1990); Middleton & Long (1990); Neelankavil (1994); O'Brien & Deans (1995); Gilmore & Carson (1996); Meldrum (1996); Hill *et al.* (1998); Duke (2002); Dacko (2006); Gray *et al.* (2007)
Interpersonal skills	Thomas (1983); Kelly & Gaedeke (1990); Phillips & Zuber-Skerritt (1993); Floyd & Gordon (1998); Kretovics (1999); Duke (2002); Dacko (2006); Gray *et al.* (2007)
Ability to work under pressure	Gilmore & Carson (1996); Gray *et al.* (2007)
Self-confidence	Middleton & Long (1990); Boldy *et al.* (1993); Gray *et al.* (2007)

Table 5.2 Essential marketing development skills relevant to tourism marketers (continued...)

Essential marketing development skills	Researcher(s)
Construct 5: Essential functional skills	
Verbal communication skills	Kelly & Gaedeke (1990); Middleton & Long (1990); Phillips & Zuber-Skerritt (1993); Neelankavil (1994); O'Brien & Deans (1995); Gilmore & Carson (1996); Lundstrom & White (1997); Floyd & Gordon (1998); Sneed & Morgan (1999); Davis *et al.* (2002); Duke (2002); Taylor (2003); Dacko (2006); Gray *et al.* (2007)
Written communication skills	Kelly & Gaedeke (1990); Middleton & Long (1990); Phillips & Zuber-Skerritt (1993); Neelankavil (1994); O'Brien & Deans (1995); Gilmore & Carson (1996); Lundstrom & White (1997); Floyd & Gordon (1998); Sneed & Morgan (1999); Davis *et al.* (2002); Duke (2002); Dacko (2006); Gray *et al.* (2007)
Problem solving skills	Kelly & Gaedeke (1990); O'Brien & Deans (1995); Floyd & Gordon (1998); Sneed & Morgan (1999); Taylor (2003); Gray *et al.* (2007)
Change management skills	Thomas (1983); Gilmore & Carson (1996); Meldrum (1996); Gray *et al.* (2007)
Analytical skills	Middleton & Long (1990); O'Brien & Deans (1995); Gilmore & Carson (1996); Lundstrom & White (1997); Duke (2002); Taylor (2003); Dacko (2006); Gray *et al.* (2007)
Numerical skills	Middleton & Long (1990); O'Brien & Deans (1995)
Strategic thinking skills	Tomas (1983); Middleton & Long (1990); Gilmore & Carson (1996); Palmer (2002); Gray *et al.* (2007)

Table 5.2 Essential marketing development skills relevant to tourism marketers (continued...)

Essential marketing development skills	Researcher(s)
Construct 6: Essential generic marketing skills	
Customer relationship management skills	Middleton & Long (1990); Gilmore & Carson (1996); Meldrum (1996); Hwang & Lockwood (2006); Gray *et al.* (2007)
Selling skills	Middleton & Long (1990); Gray *et al.* (2007)
International marketing skills	Middleton & Long (1990); Meldrum (1996); Gray *et al.* (2007)
Business-to-business marketing skills	Rood *et al.* (2004); Gray *et al.* (2007)
Business-to-consumer marketing skills	Middleton & Long (1990); Gray *et al.* (2007)
Consumer behaviour analysis skills	Thomas (1983); Middleton & Long (1990);
Market research skills	Thomas (1983); Middleton & Long (1990); Gray *et al.* (2007)
Market analysis skills	Middleton & Long (1990); Gray *et al.* (2007)
Societal marketing skills	Phillips & Zuber-Skerritt (1993); Duke (2002); Dacko (2006); Gray *et al.* (2007)
Analysing physical evidence skills	Rafiq & Ahmed (1995); Radder & Wang (2006)
Marketing process analysis skills	Thomas (1983); Rafiq & Ahmed (1995); Radder & Wang (2006)

Table 5.2 Essential marketing development skills relevant to tourism marketers (continued...)

Essential marketing development skills	Researcher(s)
Construct 7: Essential marketing mix strategies skills	
Strategic marketing skills	Middleton & Long (1990); Gray *et al.* (2007)
Product management skills	Middleton & Long (1990); Gilmore & Carson (1996); Gray *et al.* (2007)
Brand management skills	Middleton & Long (1990); Gray *et al.* (2007)
Pricing skills	Middleton & Long (1990); O'Brien & Deans (1005); Gilmore & Carson (1996); Gray *et al.* (2007)
Product development skills	Thomas (1983); Middleton & Long (1990); Gilmore & Carson (1996); Gray *et al.* (2007)
Distribution skills	Middleton & Long (1990); Gray *et al.* (2007)
Marketing communication skills	Thomas (1983); Middleton & Long (1990); Gilmore & Carson (1996); Hill *et al.* (1998); Gray *et al.* (2007)
Retail management skills	Middleton & Long (1990); Gray *et al.* (2007)
Direct marketing skills	Middleton & Long (1990); Gray *et al.* (2007)
E-marketing skills	Middleton & Long (1990); Duke (2002); Elliott & Boshoff (2005); Gray *et al.* (2007)
Marketing mix optimisation skills	Thomas (1983); Middleton & Long (1990); Gray *et al.* (2007)

Table 5.2 Essential marketing development skills relevant to tourism marketers (continued...)

Essential marketing development skills	Researcher(s)
Construct 8: Essential general management skills	
Organisational skills	Thomas (1983); Middleton & Long (1990); Meldrum (1996); Hill *et al.* (1998); Gray *et al.* (2007);
Negotiation skills	Middleton & Long (1990); Boldy *et al.* (1993); Dacko (2006); Gray *et al.* (2007)
Time management skills	Middleton & Long (1990); Dacko (2006); Gray *et al.* (2007)
People management skills	O'Brien & Deans (1995); Gilmore & Carson (1996); Lundstrom & White (1997); Gray *et al.* (2007)

These 71 skills were then formulated into 71 structured-undisguised questionnaire items. Furthermore, questions requesting demographical data were added to the measuring instrument.

5.4.2 Question format

The format of the measuring instrument relates to the integrated layout of sets of questions or scale measurements into a systematic instrument. Structured-undisguised questions were selected for the measuring instrument, owing to the benefits of alleviating the amount of difficulty and effort required by respondents and eliminating interviewer biased. Structured questions are more popular than unstructured questions, especially in self-administered questionnaires (Hair, *et al.,* 2003:450). Self-administered questionnaires are completed without the guidance of interviewers and, therefore, the content and design of the questionnaire is important if a high response rate is to be achieved (Chisnall, 2005:147).

Malhotra (2007:307) advises against the use of open-ended questions in a self-administered questionnaire because respondents' answers tend to be briefer when they write, compared to when they speak. Even so, the decision was taken to include two such questions, namely questions B39 and C40. The reason for this was that these open-ended questions served as a measure of the instrument's content validity in the pre-test (Chisnall, 2005:147) and as an ongoing measure of content validity in the final study.

5.4.3 Layout, phrasing and length of questionnaire

Components from a variety of authors were taken into consideration regarding the layout, phrasing and length of the questionnaire.

As advised by Hair *et al.* (2003:462), an effort was made to arrange the questions in an order that would appear logical from the respondent's perspective. Malhotra (2007:314) reiterate that questions should be presented in a logical order. All of the questions pertaining to a particular topic should be asked before beginning a new topic. Each particular topic must start on a new page. The questionnaire was divided into three sections. Questions relating to respondents' demographics were placed first, followed by questions pertaining to the essential entrepreneurial development skills relevant to tourism entrepreneurs. Questions relating to essential marketing development skills relevant to tourism entrepreneurs were placed last. Each section of the questionnaire started on a new page in order to avoid confusing the respondents.

According to Chisnall (2005:136), the questions must be phrased in 'simple' vocabulary, which can be easily understood by the respondents. Words with ambiguous meanings, for example, usually should be avoided in a questionnaire. An effort was made to ensure that the language used was simple and without ambiguous meaning. Due care was taken to ensure that each question was formulated in a clear manner that only asked about one variable. In order to prevent possible double-barrelled questions, the word 'and' was avoided in the body of all the questions.

Given the self-administered format of the questionnaire, an effort was mad to ensure, advised by Chisnall (2005:464), that the questionnaire was professional in appearance and that all instructions regarding the answering of questions were clearly set out. The questionnaire was tested to ensure it could be completed in less than 20 minutes, as advised by Bevan-Dye (2005:218). The questionnaire is presented in Annexure B.

5.4.4 Measurement scales used in the study

Once the type of research design has been determined and the information to be obtained specified, a decision must be taken on the measurement and scaling procedures. Measurement means assigning numbers or symbols to characteristics of objects according to certain pre-specified rules. Scaling is considered an extension of measurement. It involves creating a continuum upon which measured objects are located (Malhotra, 2007:252).

Several methods can be used to measure customer attitudes. Scales used to measure attitude are carefully constructed sets of rating scales designed to measure one or more aspects of an individual's attitude toward some object (Tull & Hawkins, 1993:389). According to Malhotra (2007:274), in an itemised rating scale, the respondents are provided with a scale that has a number and a brief description associated with each category. The categories are ordered in terms of scale position and the respondents are required to select the specified category that best describes the object being rated.

Itemised rating scales are widely used in marketing research with the semantic differential scale, the stapel scale and the Likert scale being three unique forms (Tull & Hawkins, 1993:389).

- **Semantic differential scale:** This is a technique used by researchers to measure the connotative meaning of concepts. A semantic differential scale comprises a series of bipolar adjectives related to an object or concept that are anchored at the end of a continuum (Malhotra, 2007:276). Respondents should respond

spontaneously as researchers seek first impressions, not studied answers. This scale is reasonably reliable (Holloway, 2004:242). According to Hair *et al.* (2003:425), this scale is most suitable for identifying a perceptual image profile about the object or behaviour of concern since this scale captures either a respondent's feelings or his/her cognitive beliefs.

- **Stapel scale:** The stapel scale is a type of rating scale used with single adjectives or phrases instead of bipolar opposites (Holloway, 2004:245). Respondents are asked to indicate how accurately or inaccurately each term describes the object by selecting an appropriate numerical response category (Malhotra, 2007:277). Stapel scales are used to measure simultaneously the direction and intensity of a single dimensional attitude and to eliminate the need for creating pairs of bipolar descriptors. However, the stapel scale requires carefully crafted questions in order not to confuse the respondents and, therefore, this scale is not very popular in marketing research (Hair *et al.,* 2003:435).

- **Likert scale:** This is a technique used by researchers for the measurement of attitudes. This scale is popular as it has adequate reliability and provides information about the degree of respondents' feelings (Holloway, 2004:238). Hair *et al.* (2003:424) advise that because respondents readily understand how to use the scale, a Likert scale is best suited to research designs that use self-administered surveys.

Given the above discussion, this study made use of the Likert scale and, as such, this scale necessitates further explanation. Named after its developer, Rensis Likert, the Likert scale requires a respondent to indicate a degree of agreement or disagreement with each of a series of statements related to the construct, for example communication skills (Hair *et al.,* 2003:422; Malhotra, 2007:274). Respondents select choices ranging from 'strongly agree' to 'strongly disagree' or, as was the case in this study, 'extremely essential' to 'extremely unessential'. The responses may be analysed individually or they can be combined to produce a summated score. The respondents' overall attitude score

can be calculated by summating the weighted values associated with the statements rated (Tull & Hawkins, 1993:394). Chisnall (2005:239) stipulates that Likert scales provide superior information about the degree of respondents' feelings and are relatively simple to construct and easy to administer.

The study made use of five-point Likert scales, ranging from 'extremely essential' to 'extremely unessential' in Sections B and C. An odd, rather than even, rating scale was selected in order to avoid a forced response. Malhotra (2007:279) indicates that the decision to use an odd or even number of categories depends on whether some of the respondents may be neutral on the response being measured. If a neutral or indifferent response is possible from at least some of the respondents, an odd number of categories should be used.

5.4.5 Pre-testing of questionnaire

Pre-testing of the questionnaire refers to the testing of the questionnaire on a small sample of respondents to identify and eliminate potential problems (Hair, 2003:464). A questionnaire should not be used in the field survey without adequate pre-testing and all aspects of the questionnaire should be tested, for example question content, wording, question sequence and instructions (Malhotra, 2007:319).

The questionnaire was first evaluated by two experienced researchers to probe for any obvious mistakes and potential problems. Then a protocol-based personal interview was conducted with an experienced tourism management academic. As advised by Hair (2003:216), the respondent was requested during the interview to verbalise her interpretation of each question. The purpose of this step was to ensure that each question was decoded in the manner in which was intended. The same procedure was then followed with a tourism management student and an owner of a small tourism enterprise. The feedback obtained from these three interviews was then used to refine the questionnaire. For example, to correct the vagueness of certain questions, the terminology used in the questionnaire was adapted.

Following the initial pre-testing and consequent adjustments and refinements, the questionnaire was then piloted on two non-probability judgment samples of respondents to test the reliability of the instrument. The first comprised six academics and the second 26 students. From the pilot testing, it was ascertained which questions and skills might be ambiguous. These pilot studies also provided an opportunity to do a test run on coding and tabulating of the data. The results of these two pilot studies are reported on in the following chapter.

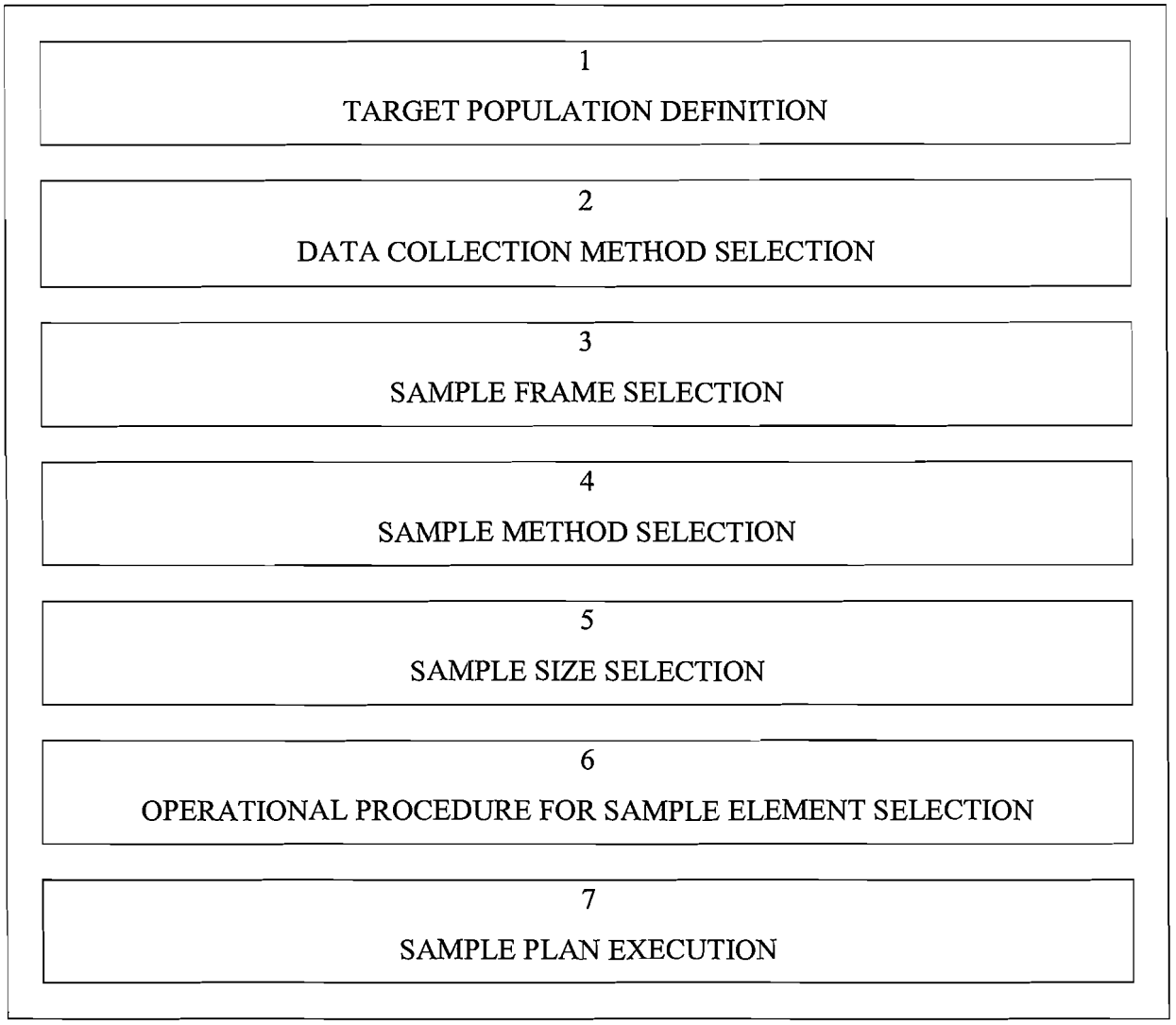
The original instrument contained biographical information and 78 Likert scaled questions. After running the results of the pilot study several times, one item was deleted and several refined. This allowed for the development of the final research instrument (Annexure C), which consisted of demographical information and 77 Likert scaled questions.

5.5 THE SAMPLING PROCEDURE

The sampling procedure consists, according to Tull and Hawkins (1993:537), of seven sequential steps. The seven-step procedure is systematically reflected in Figure 5.1.

Figure 5.1 follows on p.195.

Figure 5.1 Procedure for developing a sampling plan



Source: McDaniel & Gates (1999:406)

5.5.1 Identifying the target population

The sampling procedure begins by specifying the target population. According to Chisnall (2005:71), the target population is the collection of elements or objects that possess the information sought by the researcher and about which inferences are to be made. Malhotra (2007:337) warns that the target population must be defined precisely.

An inaccurate definition of the target population will result in ineffective and misleading research findings.

For the purpose of this study, three target populations are defined, namely tourism enterprise owners located in the Vaal Triangle region, tourism management academics and tourism management students. The first target population, tourism enterprise owners, are defined as owners of small tourism accommodation enterprises in the Vaal Triangle region. The second target population, tourism management academics, are defined as academics lecturing tourism management related subjects in the tourism departments at the Vaal University of Technology and the North-West University. The third target population, tourism management students, are defined as full-time third- and fourth-year tourism management students enrolled at the Vaal University of Technology and the North West University. In order to keep the study manageable, the academic and student respondents were drawn from the main campuses of only two higher education institutions.

5.5.2 Data collection method selection

The drop-off survey questionnaire was selected as the data collection method. In this method, questionnaires are hand-delivers to respondents and the completed questionnaires are then subsequently collected. The drop-off survey was selected as the data collection method due to the advantages this mode offers in terms of screening potential respondents (Hair *et al.,* 2003:266). This choice of data collection method necessitates first soliciting permission to deliver the questionnaire to potential respondents. The telephonic contact method was selected for this purpose.

5.5.3 Sampling frame, sampling method and sample size selection

After defining the target population and deciding on the data collection method, the next step is to assemble the sample frame. A sample frame is a list of eligible sampling units from which a sample can be selected (Chrisnall, 2005:72). Tull and Hawkins (1993:538)

indicate that a sampling frame is a means of representing the elements of the population and the sampling method is the way the sample units are to be selected. Sampling size refers to the number of elements to be included in the study. Chrisnall (2005:86) warns that determining the sample size is complex and depends on the basic characteristics of the population, the type of information required from the survey and the cost involved. For the purpose of this study, three sample frames were used to draw the target population for tourism enterprise owners, tourism management academics and tourism management students.

In accordance with the title of this thesis, the first group of respondents included owners of small tourism enterprises situated in the Vaal Triangle Region. The sampling frame of tourism enterprise owners selected consisted of 97 small tourism enterprises located in the Vaal Triangle Region. Respondents in this group were limited to the owners of small accommodation enterprises. A listing of these enterprises was obtained from information centres, which provided relevant contact details. The size of the sampling frame then guided the decision to conduct a census of these enterprises. According to Hair *et al.* (2003:43), in a census a researcher attempts to question or observe all the members of a defined target population.

Owing to time and cost limitations, the academic and student respondents were drawn from the main campuses of only two higher education institutions (this may be viewed as a limitation of the study). These two higher education institutions are the Vaal University of Technology, which is situated in the town of Vanderbijlpark, in the Vaal Triangle region of the Gauteng province and the North-West University, which is located in the town of Potchefstroom in the North West Province. Both higher education institutions were deemed suitable for inclusion in the study given their geographic proximity to the Vaal Triangle based tourism entrepreneurs who made up the third group of respondents in the study.

The sampling frame of the tourism management academics comprised 12 academics of the Vaal University of Technology and 15 academics of the North-West University. The

combined list consisted of 27 academics lecturing in the tourism management departments on the main campuses of these institutions. Once again, the manageable number of sampling elements in this sampling frame warranted the decision to take a census of this group of respondents.

For the tourism management students, the sampling frame consisted of the combined total number of all students studying tourism management on the main campuses of the Vaal University of Technology and the North-West University. From this sampling frame, a non-probability judgement sample of third- and fourth-year tourism management students was selected. The sampling frame comprised 60 tourism management students of the Vaal University of Technology and 192 tourism management students of North-West University. It was decided to include only third- and fourth-year tourism management students because, in comparison to first- and second-year students, they were more likely to have the knowledge necessary to complete the questionnaire.

5.5.4 Operational procedure for sample element selection

Hair *et al.* (2003:367) highlight the need to develop a clear operational procedure for selecting sampling elements. It is necessary to describe the actual procedures used in contacting each of the prospective respondents.

In order to select the sample elements for the census of owners of small tourism enterprises in the Vaal Triangle region, a decision was taken to contact the enterprises telephonically to obtain permission to deliver the questionnaire personally. The total population of owners of small tourism enterprises in Vereeniging, Vanderbijlpark, Sasolburg, Meyerton, Heidelberg and Deneysville were contacted to obtain permission to deliver the questionnaires personally at a specified date. Bell (1999:128) indicates that there are distinct advantages associated with a researcher administering questionnaires to respondents personally. First, the purpose of the study can be explained by the researcher. Secondly, the researcher is likely to get better cooperation if personal contact can be established. After one week, the respondents were contacted telephonically to

obtain permission to collect the questionnaire personally at a specified date. In order to maintain the ongoing goodwill of respondents for future researchers wishing to use this contact mode, the researcher expressed thanks to respondents upon collecting of a completed questionnaire.

To select the sample elements for the census of tourism management academics telephonic contact was made with the tourism departments of the Vaal University of Technology and North-West University. The operational procedure to be followed included soliciting permission to distribute questionnaires personally from the contacted tourism management academics at each institution. After permission was obtained, the questionnaires were delivered by hand to the relevant tourism management academic. Furthermore, the tourism management academic was then personally requested to forward the questionnaire on to the other tourism management academics at that institution. The decision was taken to establish contact in July 2008 and a follow-up of non-respondents was planned for August 2008.

In order to select the sample elements for the non-probability judgement sample of third- and fourth-year tourism management students, class lists of the third- and fourth-year tourism management students of both institutions were used. The operational procedure to be followed included soliciting permission to distribute questionnaires personally from the same contacted tourism management academics as for the census of tourism management academics at the two institutions. After permission was obtained, the questionnaires were delivered personally to the contacted tourism management academic. Furthermore, the tourism management academic was then personally requested to distribute the questionnaire to third- and fourth-year tourism management students during one class period. After two weeks, the researcher collected the completed questionnaires personally from the tourism management academics involved.

5.5.5 Sample plan execution

Execution of the sampling process requires a detailed specification of how the sampling design decisions, with respect to the population, sampling frame, sampling unit, sampling techniques and sample size, are to be implemented (Malhotra, 2007:339). Table 5.3 represents data collected from tourism enterprise owners, tourism management academics and tourism management students.

Table 5.3 Selection of sampling elements

SAMPLE	SAMPLE SIZE
Tourism enterprise owners	**52**
Tourism management academics	**22**
Tourism management students	**168**
TOTAL	**242**

The sample plan was duly executed according to the operational procedure established above. Permission to deliver questionnaires personally was obtained telephonically from 56 of the 97 small tourism enterprises in the Vaal Triangle. The questionnaire was then delivered by hand to these 56 enterprises. The non-response portion of the original sample of 97 enterprises comprises 34 enterprises, of which 14 enterprises were automatically deselected after they telephonically indicated that the enterprise had ceased to operate. A further nine enterprises indicated that the owner of the enterprise was currently out of town and therefore not available. An additional seven enterprises indicated no inclination to take part in the study. Responses were received from 52 enterprises. This translates into an 83 percent filtered response rate from the base of the 56 enterprises actually sampled. From the 56 questionnaires delivered to small tourism enterprises, 52 responses were received back.

Permission to distribute questionnaires to tourism management academics and students was obtained telephonically from both of the departments of tourism management at the two public higher education institutions. The questionnaire was delivered personally to the contacted tourism management academic at each institution. The contacted tourism management academic then distributed the questionnaire to other tourism management academics at that institution. Responses were received from 22 of these 27 total respondents, yielding a response rate of 81 percent. For this sample, 10 responses were received from tourism management academics of the Vaal University of Technology and 12 from tourism management academics of the North-West University.

The questionnaires were delivered personally to contacted tourism management academics at both of the public higher education institutions. The relevant tourism academics of both institutions then distributed the questionnaires personally to third- and fourth-year tourism management students, who were requested to complete the questionnaire during one class period. Responses were received from 168 tourism management students, with 20 completed questionnaires coming from the Vaal University of Technology and 148 from the North-West University.

The final data obtained from the study was then tabulated and analysed in order to draw conclusions and make recommendations. The analysis of the data and consequent findings are discussed in Chapter 6.

5.6 STATISTICAL ANALYSIS

The captured data was analysed using the SPSS, Version 14.0, software package. The following statistical methods were used on the empirical data sets:

- reliability analysis
- validity analysis
- descriptive analysis
- correlation analysis

- analysis of variance (ANOVA) and multiple analysis of variance (MANOVA)

Researchers often neglect to point out possible shortcomings and pitfalls in research results. Reliability and validity are the prerequisite for research data to be useful and it is therefore important to be able to prove reliability and validity (Martins *et al.* 1996:26).

5.6.1 Reliability analysis

Reliability refers to the extent to which a test or procedure produces similar results under constant conditions on the same instrument or occasions of data collection (Bell, 1999:103). It is the stability and consistency of the results derived from research, and points to the probability that the same results would be obtained if the measure used in the research were replicated (Finn *et al.,* 2000:28; Chisnall, 2005:234).

There are three major ways to assess reliability: test-retest, alternative forms and internal consistency.

- **Test-retest reliability:** Test-retest reliability estimates are obtained by repeating the measurement using the same instrument under as nearly equivalent conditions as possible. The results of the two administrations are then compared and the degree of correspondence is determined. The degree of similarity between the two measurements is determined by computing a correlation coefficient. The higher the correlation coefficient the greater is the reliability (Chisnall, 2005:41). Several potential problems are encountered in the use of this approach. First, this approach is sensitive to the time interval between testing, for example the longer the time interval, the lower the reliability. Secondly, the initial measurement may alter the characteristic being measured, for example measuring respondents' attitude towards an object may cause them to change their attitude towards that object. Thirdly, it may be impossible to make repeated measurements. For example, the research topic may be the respondent's initial reaction to a new product. Fourthly, the first measurement may have a carryover effect to the

second or subsequent measurement. Fifthly, the characteristic being measured may change between measurements (Malhotra, 2007:284).

- **Alternative-forms reliability technique:** In alternative-forms reliability, two equivalent forms of the scale are constructed. The same respondents are measured at two different times, usually two to four weeks apart, with a different scale form being administered each time. The scores from the administration of the alternative-scale forms are correlated to assess reliability (Chrisnall, 2005:41). Problems encountered with the alternative form reliability test include the time and cost to construct an equivalent form of the scale. Furthermore, it is difficult to construct two equivalent forms of a scale since the two forms should be equivalent with respect to the content (Malhotra, 2007:285).

- **Internal consistency tests:** Internal consistency reliability is used to assess the reliability of a summated scale where several items are combined to form a total score. Each item measures some aspect of the construct measured by the entire scale and the items should be consistent in what they indicate about the construct. This measure of reliability focuses on the internal consistency of the set of items forming the scale. There are several methods available for measuring internal consistency. The two most popular are the split-half method and the coefficient alpha (Malhotra, 2007:285). With the split-half reliability test, the items on the scale are randomly divided into two sets, with an equal number of items in each, and the scores obtained in each split-half are correlated (Chisnall, 2005:41). Malhotra (2007:285) indicates that high correlations between the sets indicate high internal consistency. Although the split-half method is easy to administer, the results are dependent on how the halves are split.

To overcome the above-mentioned drawbacks associated with the split-half method, researchers commonly use the second method, namely the coefficient alpha, more specifically the Cronbach alpha coefficient. The coefficient alpha is the average of all possible split-half coefficients resulting from different ways of splitting the scale items.

This coefficient varies from 0-to-1 and a value of 0.6 or less generally indicates unsatisfactory internal consistency reliability. For the purpose of this study, the internal consistency estimate of reliability was selected, more specifically the Cronbach alpha coefficient. The research instrument was tested and re-tested for reliability in the pilot phase of the study, as well as in the main survey, using the internal consistency method by means of the Cronbach alpha coefficient.

5.6.2 Validity analysis

Reliability is a prerequisite for validity and is easier to achieve than validity. Although reliability is necessary in order to have a valid measure of a concept, it does not guarantee that a measure will be valid (Mitchell & Jolley, 2007:97). Validity is a more complex concept than reliability (Bell, 1999:104) and is concerned with consistent or systematic error (Tull & Hawkins, 1993:316).

Validity refers to whether a measuring instrument measures that what it is supposed to measure (Finn *et al.* 2000:28). An unreliable measurement scale automatically lacks validity but a reliable measurement scale is not necessarily valid. A measuring scale could produce the same or similar responses on all occasions but not be measuring what it is supposed to measure (Bell, 1999:104). As with reliability, there are several techniques used to assess the validity of a measuring instrument. For the purpose of this study, face validity and content validity were the estimates of validity selected.

- **Face validity:** Face validity involves the subjective evaluation of the research instrument by the researcher. According to Leedy (1993:41), two questions should be asked in this regard. (1) Is the instrument measuring what it is supposed to measure? (2) Is the sample being measured adequate to be representative of the behaviour or trait being measured? For the purpose of this study, face validity was determined by the researcher and previous research questionnaires that were available on the subject. The items in the main survey instrument were generated based on this research.

- **Content validity:** An additional type of validity utilised was content validity. Content validity, closely related to face validity, focuses on estimates, which are essentially systematic but subjective evaluations of the appropriateness of the measuring instrument for the subject under investigation (Tull & Hawkins, 1993:317). This method is established by the personal judgements of specialists in the particular field (Chisnall, 2005:235). The determination of content validity typically involves a review of the contents of the questionnaire to ensure that included items are relevant and that important elements are not omitted (Litwin, 1995:35). This type of validity was ascertained through the pilot study.

5.6.3 Descriptive analysis

Descriptive analysis enables a researcher to describe and compare variables numerically. Malhotra (2007:82) indicates that descriptive analysis typically involves measures that summarise the significant characteristics of data sets. Such summary measures form the foundation for more involved statistical analysis, such as hypotheses testing. Descriptive statistics were used to determine whether the data was normally distributed and included measures such as the median, mean, standard deviation, skewness and kurtosis values.

5.6.3.1 Measures of central tendency

A measure of central tendency for a data set describes the centre of the distribution. As advised by Malhotra (2007:461), two measures of central tendency were used for the purpose of this study: the arithmetic mean and the median.

- **Arithmetic mean:** The mean is the average value and is obtained by adding together each value and dividing by the total number of values (Bell, 2004:177). According to Malhotra (2007:460), it is the most favourable used measure of central tendency. It is used to estimate the mean when the data have been collected using an interval or ratio scale.

- **Median:** The median of a sample is the middle value when the data are arranged in ascending or descending order (Bell, 2004:177). It is the most suitable measure of central tendency for interval or ratio data (Malhotra, 2007:461).

5.6.3.2 Measures of dispersion

The measures of dispersion are calculated on interval or ration data and are essential to interpreting measure of central tendency (Bell, 2004:177). Hair *et al.* (2003:535) concur and warn that often measures of central tendency do not give a true reflection of a distribution of responses and, therefore, a measure of dispersion is important. For this reason, the standard deviation, as a measure of dispersion, was used in this study.

- **Standard deviation:** The deviation from the mean is the difference between the mean and an observed value. The standard deviation is the square root of the variance (Hair *et al.*, 2003:536).

5.6.3.3 Measures of skewness

As advised by Malhotra (2007:462), the measures of skewness were used in this study as they are useful in understanding the nature of the distribution. Skewness is the tendency of the deviations from the mean to be larger in one direction than in the other.

5.6.4 Correlation analysis

Correlation analysis indicates the degree of movement between two variables (Chisnall, 2005:475). Malhotra (2007:534) states that correlation is a simple but powerful way to look at the linear relationship between two metric variables. An analysis of the correlations between the pre-determined constructs of the total sample was undertaken to determine whether there were any significant relationships between various constructs, which were relevant to the study.

The Pearson correlation coefficient measures the degree of linear association between two variables. It is an index used to determine whether a linear or straight-line relationship exists between two variables. It indicates the degree to which the variation in one variable is related to the variation in another variable (Malhotra, 2004:535). A null hypothesis for the Pearson correlation will therefore state that there is no association between two variables in the population and that the correlation coefficient is zero.

5.6.5 Analysis of variance (ANOVA) and multiple analysis of variance (MANOVA)

With regard to the differences in means for the three entrepreneurial development skills constructs and five marketing development skills constructs, various explanations concerning the position of the differences should be given. To indicate whether the variances were significant, ANOVA and MANOVA were conducted. Hair *et al.* (2003:543) define ANOVA as a statistical technique that determines whether three or more means are statistically different from each other. MANOVA is designed to examine multiple dependent variables across single or multiple independent variables. Malhotra (2007:524) concurs and states that ANOVA examines group differences on a single dependent variable and MANOVA examines group differences across multiple variables simultaneously. MANOVA denotes whether there were any significant differences in the data sets and the ANOVA indicates where the differences have occurred in the data.

5.7 SYNOPSIS

This chapter discussed the methodology used in the design of the research study, with specific reference to the development of the measuring instrument. The compilation of the pilot study, sampling procedure, generation of items for the questionnaire and the various types of statistical analysis used in this study were outlined.

The methodology employed in this chapter will now be implemented and outlined in the following chapter, Chapter 6. Chapter 6 reports on the empirical research findings of the study, where the results of the pilot study and the main survey will be made known. Information obtained from the respondents in the survey will be tabulated into useful data, and then interpreted and discussed. The data presented in Chapter 6 will provide the foundation from which conclusions will be drawn and recommendations made in the final chapter of the study.

CHAPTER 6
ANALYSIS AND INTERPRETATION OF EMPIRICAL FINDINGS

6.1 INTRODUCTION

The purpose of this chapter is to report on and interpret the empirical findings of the study. A discussion regarding the outcomes of the pilot study is given as a foundation for the results of the main survey. In the main survey, multivariate statistical methods were used to analyse the data. Multivariate techniques are suitable for analysing data that concurrently requires multiple measurements on each item investigated. In other words, there is more than one variable contained in the data set.

Initially, the data processing involved the coding and examination of the descriptive statistics obtained from the analysis. The preliminary data was examined in order to determine whether the data were normally distributed. The data had previously been classified into eight constructs (refer to Section 5.4.1), which had formerly been identified. Each construct was then examined for any significant correlations to determine whether each one had any effect on the other.

The data was tested for validity and reliability. Descriptive statistics such as the mean, standard deviation and frequency distributions were calculated to summarise the sample data distribution. This was done for the individual items and the constructs relating to the entrepreneurial and marketing development skills. Comparisons were made between the different sample groups by means of correlations to determine if any significant differences could be noted between the different sample groups.

Finally, to determine if there were any relationships between the dependent and independent variable (entrepreneurial and marketing development skills), comparative analysis amongst the three sample groups was employed. Cohen's d-tests were done to investigate whether significant differences existed between the three sample groups regarding their perceptions of essential entrepreneurial and marketing development skills.

6.2 PILOT TESTING OF QUESTIONNAIRE

Pilot tests are valuable in testing the questionnaire construction, and the accuracy and reliability of sampling frames before extending to the main survey (Chrisnall, 2005:151). As discussed in Chapter 5, the pilot test was used to investigate the reliability of the survey instrument and to determine whether any questions were ambiguous or redundant.

The initial questionnaire (refer to Annexure B) was pre-tested on a group of respondents that included students and experienced researchers. After making the required adjustments and refinements, the questionnaire was then piloted on two probability judgment samples of respondents to examine its reliability. The group of 32 respondents included 6 academics and 26 students. The initial questionnaire consisted of biographical questions and 78 Likert-scaled questions. After running the results of the pilot study several times, one item was deleted and refined. The reliability of tourism entrepreneurial and marketing skills was obtained by computing the Cronbach alpha coefficient for the overall scale.

The reliability was obtained by computing a Cronbach alpha coefficient for the entire scale, as well as for each of the eight constructs. Reliability coefficients of less than 0.50 are deemed unacceptable, those above 0.70 satisfactory (Nunnally, 1978; Peterson, 1994) and coefficients greater than 0.80 good (Louw *et al.,* 2003:12). The results of the reliability of the overall scale for this study obtained a satisfactory reliability result. The five-point scale returned a Cronbach alpha of 0.918 in the pilot. Furthermore, the five-point scale returned a Cronbach alpha value of 0.940 on the entrepreneurial development skills and 0.850 for the marketing development skills. Each construct was then computed separately, as the high number of total variables resulted in excessive correlation coefficients.

The reliability of the scale in the pilot test on the total sample is represented separately for the entrepreneurial development skills (refer to Table 6.1) and the marketing development skills (refer to Table 6.2). As can be seen from Table 6.1, the overall

reliability of the three constructs relevant to entrepreneurial development skills was high and exceeded the suggested level of 0.50.

Table 6.1 Reliability of the total sample in the pilot test - Entrepreneurial development skills

	Dimension	N	Cronbach Alpha
Construct 1	Personal characteristics	32	0.821
Construct 2	Functional skills	32	0.826
Construct 3	General management skills	32	0.881

As can be seen from Table 6.2, the reliability on three of the four constructs relevant to marketing development skills exceeded the recommended level of 0.50. The reliability for Construct 8 (general management skills pertaining to marketing skills) was somewhat lower than the recommended satisfactory level. Malhotra (2007:285) warns that an important property of the Cronbach alpha is that its value tends to decrease with a decrease in the number of scale items. Out of the eight constructs, Construct 8 contained the least amount of items, with only four items.

Research by Steiner and Norman (1989:64) warns against merely accepting high values of the Cronbach alpha and interpreting them as simply reflecting internal consistency. The Cronbach alpha is dependent on the magnitude of the correlations among items and on the number of items in the scale. A scale can be made to look more 'homogeneous' simply by increasing the number of items, even though the average correlation remains the same. This leads directly to a different predicament. When two scales, each measuring a distinct construct, are combined to form an extended scale, the Cronbach alpha would most likely be high, although the merged scale is obviously exploiting two different attributes.

Therefore, although the reliability of Construct 8 was lower than the recommended level (due to the limited items in this construct), a decision was taken to include Construct 8 in

the main survey owing to the value this construct has to the study. The reliability results obtained for each of the four constructs relevant to marketing skills dimensions are represented in Table 6.2.

Table 6.2 Reliability of the total sample in the pilot test - Marketing development skills

	Dimension	N	Cronbach Alpha
Construct 4	Personal characteristics	32	0.552
Construct 5	Functional skills	32	0.663
Construct 6	Generic marketing skills	32	0.743
Construct 7	Marketing mix strategies skills	32	0.812
Construct 8	General management skills	32	-0.088

In addition, an inter-item correlation was done to determine which items might be soliciting identical or very similar concepts. When examining the inter-item correlation, it was shown that the correlations occurred within the recommended range of 0.15 and 0.50 (Clark & Watson, 1995:316). The inter-item correlation indicates that the items in the scale are both sufficiently correlated to provide evidence of convergent validity, yet not so highly correlated with measures from which they are meant to differ; that is, there is evidence of discriminant validity (Churchill & Iacobucci, 2002:412). This implies that the research instrument does measure the construct that it is intended to measure, namely essential tourism entrepreneurial and marketing development skills relevant to tourism management students (refer to Section 5.6.1).

The initial 78 variables were reduced to 77 variables through the process of pilot testing. The descriptions of the various variables and the constructs are reflected in Tables 6.3 and 6.4. These 77 variables were then used to prepare the main survey questionnaire (refer to Annexure C), which was administered to a larger sample size.

Table 6.3 Constructs of essential entrepreneurial development skills for tourism entrepreneurs at the pilot stage

Code	Variables	Construct
B1	Goal setting	Construct 1
B2	Perseverance	
B3	Interpersonal skills	
B6	Innovative thinking skills	
B8	Dealing with failure	
B9	Self-confidence	
B10	Belief in self-determination	
B11	Willingness to take risks	
B12	Initiative taking skills	
B13	Taking personal responsibility	
B14	Drive and energy level	
B15	Ability to deal with uncertainty	
B28	Opportunity recognition	
B29	Leadership skills	
B33	Creative thinking	
B38	Risk-taking skills	
B4	Verbal communications skills	Construct 2
B5	Written communications skills	
B16	Cognitive skills	
B17	Networking skills	
B18	Information seeking skills	
B19	Numerical skills	
B22	Computer literacy skills	
B26	Problem-solving skills	
B7	Marketing skills	Construct 3
B20	Financial skills	
B21	General business management skills	
B23	Stress management skills	
B24	Negotiation skills	

Table 6.3 Constructs of essential entrepreneurial development skills for tourism entrepreneurs at the pilot stage (continued...)

Code	Variables	Construct
B25	Forecasting skills	
B27	Ethical business Values	
B30	Inventory control skills	
B31	Record keeping skills	
B32	Strategic planning skills	Construct 3
B34	Conflict management skills	
B35	Legal skills	
B36	Taxation skills	
B37	People management skills	

Table 6.4 Constructs of essential marketing development skills for tourism entrepreneurs at the pilot stage

	Variables	Construct
C1	A willingness to learn	
C2	Teamwork skills	
C6	Self-confidence	Construct 4
C9	Leadership skills	
C13	Strong interpersonal skills	
C14	Able to work under pressure	
C3	Verbal communication skills	
C4	Written communication skills	
C5	Problem-solving skills	
C7	The skills to implement change	Construct 5
C8	Analytical skills	
C16	Numerical skills	
C19	Strong strategic thinking skills	

Table 6.4 Constructs of essential marketing development skills for tourism entrepreneurs at the pilot stage (continued...)

Code	Variables	Construct
C12	Customer relationship management skills	Construct 6
C15	Selling skills	
C20	International marketing skills	
C21	Business-to-business marketing skills	
C22	Business-to-consumer marketing skills	
C23	Consumer behaviour analysis skills	
C27	Market research skills	
C28	Market analysis skills	
C29	Societal marketing skills	
C38	Skills in analysing the tangible physical evidence in an environment	
C39	Skills in analysing the marketing processes to enhance customer experiences within a service encounter	
C18	Strong strategic marketing skills	Construct 7
C24	Product management skills	
C25	Brand management skills	
C26	Pricing skills	
C30	Product development skills	
C31	Marketing logistics/distribution skills	
C32	Marketing communication skills	
C33	Retail management skills	
C34	Direct marketing skills	
C35	E-Marketing skills	
C36	Marketing mix optimisation skills	
C10	Organisational skills	Construct 8
C11	Negotiation skills	
C17	Time management skills	
C37	People management skills	

6.3 PRELIMINARY DATA ANALYSIS

Before evaluating a data set using erudite statistical techniques, a researcher should get an impression regarding what the data are approximating. Therefore, prior to analysing a data set, a researcher is advised to conduct preliminary data analysis in the form of coding and tabulation. Analysing raw data for mistakes made by the interviewer or the respondent is referred to as data editing. Data editing is designed to inflict some minimum quality standard on the raw data collected (Hair *et al.*, 2003:493). The researcher undertook the fieldwork.

6.3.1 Coding

Coding, according to Malhotra (2007:431), refers to the process of assigning values to various responses on the research instrument. Codes are usually regarded as numbered symbols, more broadly defined as rules of interpreting, classifying and recording data (Chrisnall, 2005:465).

In the questionnaire, questions were classified into three sections. Section A – demographical data, Section B – essential entrepreneurial skills and Section C – essential marketing skills. The same questionnaire, with regard to Sections B and C, was administered to the enterprise owners, tourism management academics and tourism management students. The data requested from the three sample groups differed in Section A. Table 6.5 summarises the variable codes and assigned values that were used in Sections A, B and C in the final survey instrument.

Table 6.5 follows on page 217.

Table 6.5 Coding information

Section A: Demographical data – Tourism enterprise owners		
Question	**Construct measured**	**Code**
Question 1	Ownership of enterprise	A1
Question 2	Number of employees	A2
Question 3	Previous tourism industry experience	A3
Question 4	Years of tourism industry experience	A4
Question 5	Highest qualification	A5
Question 6	Age	A6
Question 7	Gender	A7
Question 8	Designated group	A8
Section A: Demographical data – Tourism management academics		
Question	**Construct measured**	**Code**
Question 1	Institution	A1
Question 2	Function	A2
Question 3	Years of service	A3
Question 4	Highest qualification	A4
Question 5	Practical tourism experience	A5
Question 6	Gender	A6
Question 7	Designated group	A7
Section A: Demographical data – Tourism management students		
Question	**Construct measured**	**Code**
Question 1	Institution	A1
Question 2	Year	A2
Question 3	Gender	A3
Question 4	Designated group	A4
Section B: Entrepreneurial skills – Tourism enterprise owners, tourism management academics and tourism management students		
Question	**Construct measured**	**Code**
Question 1	Personal characteristics	B1
Question 2	Personal characteristics	B2

Table 6.5 Coding information (continued...)

Question	Construct measured	Code
Question 3	Personal characteristics	B3
Question 4	Functional skills	B4
Question 5	Functional skills	B5
Question 6	Personal characteristics	B6
Question 7	General management skills	B7
Question 8	Personal characteristics	B8
Question 9	Personal characteristics	B9
Question 10	Personal characteristics	B10
Question 11	Personal characteristics	B11
Question 12	Personal characteristics	B12
Question 13	Personal characteristics	B13
Question 14	Personal characteristics	B14
Question 15	Personal characteristics	B15
Question 16	Functional skills	B16
Question 17	Functional skills	B17
Question 18	Functional skills	B18
Question 19	Functional skills	B19
Question 20	General management skills	B20
Question 21	General management skills	B21
Question 22	Functional skills	B22
Question 23	General management skills	B23
Question 24	General management skills	B24
Question 25	General management skills	B25
Section B: Entrepreneurial skills – Tourism enterprise owners, tourism management academics and tourism management students		
Question	**Construct measured**	**Code**
Question 26	Functional skills	B26
Question 27	General management skills	B27
Question 28	Personal characteristics	B28

Table 6.5 Coding information (continued...)

Question	Construct measured	Code
Question 29	Personal characteristics	B29
Question 30	General management skills	B30
Question 31	General management skills	B31
Question 32	General management skills	B32
Question 33	Personal characteristics	B33
Question 34	General management skills	B34
Question 35	General management skills	B35
Question 36	General management skills	B36
Question 37	General management skills	B37
Question 38	General management skills	B38
Section C: Marketing skills – Academics, students and enterprise owners		
Question	**Construct measured**	**Code**
Question 1	Personal characteristics	C1
Question 2	Personal characteristics	C2
Question 3	Functional skills	C3
Question 4	Functional skills	C4
Question 5	Functional skills	C5
Question 6	Personal characteristics	C6
Question 7	Functional skills	C7
Question 8	Functional skills	C8
Question 9	Personal characteristics	C9
Question 10	General management skills	C10
Question 11	General management skills	C11
Question 12	Services marketing skills	C12
Question 13	Personal characteristics	C13
Question 14	Personal characteristics	C14
Question 15	Services marketing skills	C15
Question 16	Functional skills	C16
Question 17	General management skills	C17
Question 18	Marketing mix strategies skills	C18

Table 6.5 Coding information (continued...)

Question	Construct measured	Code
Question 19	Functional skills	C19
Question 20	Services marketing skills	C20
Question 21	Services marketing skills	C21
Question 22	Services marketing skills	C22
Question 23	Services marketing skills	C23
Question 24	Marketing mix strategies skills	C24
Question 25	Marketing mix strategies skills	C25
Question 26	Marketing mix strategies skills	C26
Question 27	Services marketing skills	C27
Question 28	Services marketing skills	C28
Question 29	Services marketing skills	C29
Question 30	Marketing mix strategies skills	C30
Question 31	Marketing mix strategies skills	C31
Question 32	Marketing mix strategies skills	C32
Question 33	Marketing mix strategies skills	C33
Question 34	Marketing mix strategies skills	C34
Question 35	Marketing mix strategies skills	C35
Question 36	Marketing mix strategies skills	C36
Question 37	General management skills	C37
Question 38	Services marketing skills	C38
Question 39	Services marketing skills	C39

6.3.2 Tabulation: all variables

The reason for tabulation is to prepare quantitative data so that it is readily understandable and its significance is appreciated. This entails counting the frequency of certain cases within classifications relevant to particular surveys (Chrisnall, 2005:466). This section reports on the frequency analysis conducted on items pertaining to essential entrepreneurial skills (B1 to B38) and items pertaining to essential marketing skills (C1 –

C39), in order to suggest learning outcomes for tourism entrepreneurs. The frequency table for tourism enterprise owners, tourism management academics and tourism management students pertaining to essential entrepreneurial skills are presented in one-way tables in Annexure D.

The data has been subdivided into the three sample groups, referred to as tourism enterprise owners, tourism management academics and tourism management students respectively. Classification data pertaining to the three sample groups follows.

6.4 BIOGRAPHICAL INFORMATION

Biographical information, also known as classification information, consists of socioeconomic and demographic characteristics used to classify the respondents and understand the results (Malhotra, 2007:315). The biographical statistics of the three samples are set out below. The first section involves the descriptive statistics of tourism enterprise owners, the second, those of tourism management academics and the third, those of tourism management students. The following classification sections are represented by frequency tables, pie charts and cross tabulations.

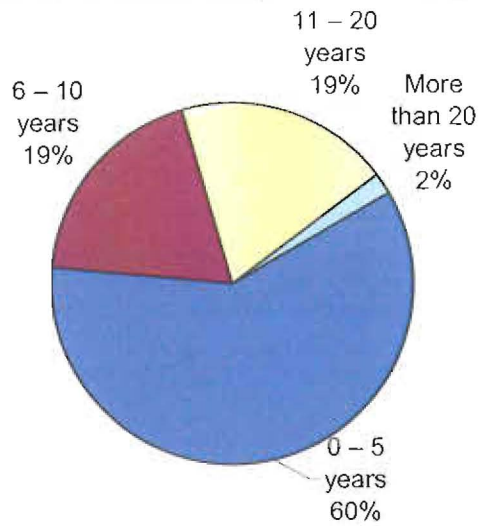
6.4.1 Biographical information pertaining to tourism enterprise owners

Section A of the research instrument related, *inter alia*, to the demographic information of tourism enterprise owners and refers to the following:

- years of ownership
- number of employees
- previous experience in tourism industry
- highest qualification
- age
- gender
- designated group.

Table 6.6 Years of ownership of current enterprise classification

	f	%
0 – 5 years	31	59.60
6 – 10 years	10	19.20
11 – 20 years	10	19.20
More than 20 years	1	1.90
Missing	0	0.00
N	52	



The majority of the respondents' enterprises, 59.60 percent, had been in operation for the last 0 – 5 years. The percentage of entrepreneurs operating for 6 – 10 years and 11 – 20 years amounted to 19.20 percent and 19.20 percent respectively. Only one of the respondents has been in operation for more than 20 years. This short period in operation may be due to the low success rate of small enterprises. The majority of small enterprises fail within the first five years of operation. These results are presented and illustrated in Table 6.6.

Table 6.7 Number of employees

	f	%
1 – 10 employees	46	88.50
11 – 20 employees	2	3.80
21 – 30 employees	1	1.90
More than 30 employees	2	3.80
Missing	1	1.90
N	52	

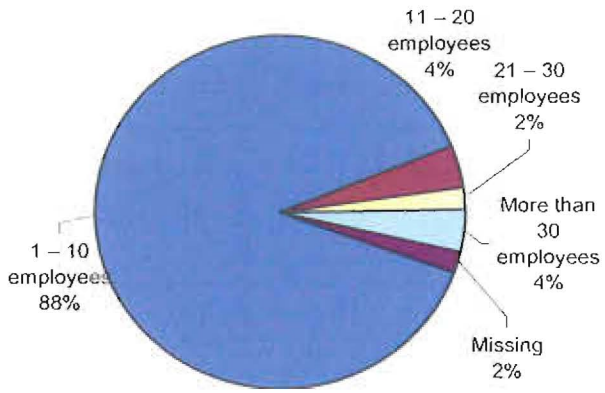
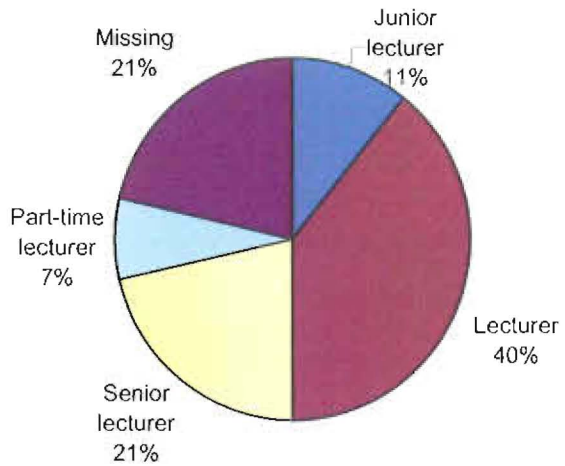


Table 6.7 presents and illustrates the total number of people employed within the responding tourism enterprises. Of the respondents, 89.00 percent indicated that they had between 1 – 10 employees, 3.80 percent had between 11 – 20 employees, 3.80 percent had more than 30 employees and 1.90 percent had between 21 – 30 employees. Only one respondent failed to answer this question.

Table 6.8 Previous experiences in the tourism industry

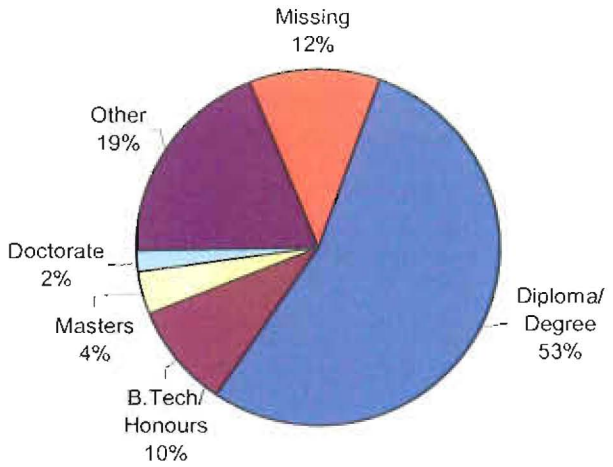
	f	%
0 – 5 years	9	17.30
6 – 10 years	4	7.70
11 – 20 years	2	3.80
More than 20 years	1	1.90
Missing	36	69.20
N	52	



The majority of the respondents, 75.00 percent, indicated that they have no previous experience in the tourism industry and 25.00 percent indicated that they do have previous experience in the tourism industry. With regard to the respondents' years of previous experience (if any) in the tourism industry, 17.30 percent of the sample group indicated that they have between 0 – 5 years experience, 7.70 percent indicated 6 – 10 years of experience, 3.80 percent indicated 11 – 20 years of experience and 1.90 percent more than 20 years of experience. These results are indicated and illustrated in the frequency table and pie chart in Table 6.8.

Table 6.9 Highest qualification classification

	f	%
Diploma/Degree	28	53.80
B.Tech/Honours	5	9.60
Masters	2	3.80
Doctorate	1	1.90
Other	10	19.20
Missing	6	11.50
N	52	

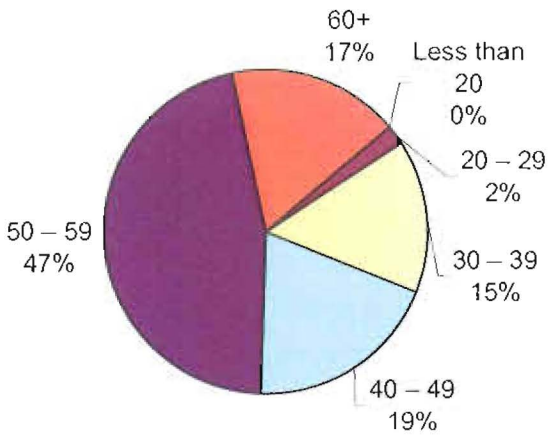


Of the responses received, 12 percent failed to answer this question. The majority, 53.80 percent, of the 52 tourism enterprise owners that responded to the questionnaire indicated that they had a diploma or degree, followed by 19.20 percent indicating other qualifications. Where respondents marked the category 'other', it referred to a qualification not listed in the survey categories, such as Grade 12 and short courses in

tourism. Table 6.9 shows that 9.16 percent of the respondents indicated that they had a B.Tech or Honours degree, 3.80 percent obtained a Masters degree and 1.90 percent a Doctorate degree.

Table 6.10 Age classification

	f	%
Less than 20	0	0.00
20 – 29	1	1.90
30 – 39	8	15.40
40 – 49	10	19.20
50 – 59	24	46.20
60+	9	17.30
Missing	0	0.00
N	52	



The majority of the respondents in the sample group, 46.20 percent, were between 50 and 59 years old, followed by 19.20 percent indicating that they are between 40 and 49 years old. Of the respondents, 17.30 percent were older than 60. These figures suggest that the 50-to-59 year old age segment of the market is more likely to become tourism entrepreneurs of small tourism enterprises. Of the respondents, 15.40 percent were between 30 and 39 years old, and 1.90 percent between 20 and 29 years old. These results are indicated and illustrated in the frequency table and pie chart in Table 6.10.

There were more female (61.50%) than male (34.60%) respondents in the sample group. The majority, 84.6 percent, of the respondents in the sample group were White, 7.7

percent African, 1.9 percent Coloured and 1.9 percent selected the category 'other'. When respondents marked the category 'other', it referred to a designated group not listed in the survey categories, for example Asian-American.

The previous section outlined the classification data pertaining to tourism enterprise owners in order to provide an indication of the various classification statistics. Classification data of the sample group pertaining to tourism management academics follows.

6.4.2 Biographical information pertaining to tourism management academics

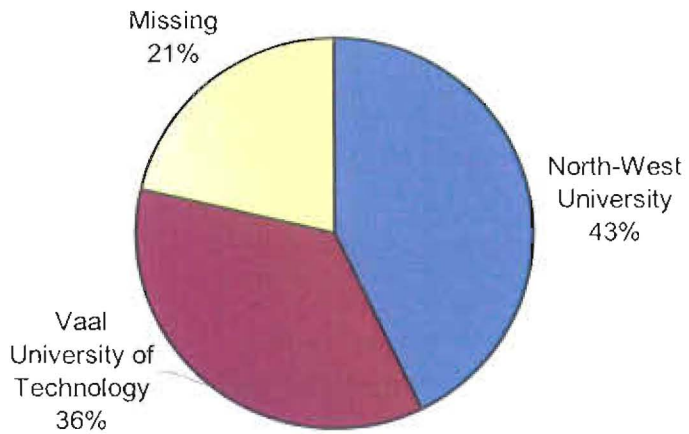
Section A of the research instrument related, *inter alia*, to the demographic information of tourism management academics and refers to the following:

- name of institution
- academic function
- years of service at institution
- highest qualification obtained
- years of experience in tourism industry
- gender
- designated group.

Table 6.11 follows on page 228.

Table 6.11 Institution classification

	f	%
North-West University	12	42.90
Vaal University of Technology	10	35.70
Missing	6	21.40
N	28	



As can be seen from Table 6.11, the tourism management academic sample group is represented almost equally by both institutions of higher education. Of the respondents, 42.90 percent were from the North-West University and 35.70 percent from the Vaal University of Technology. Care was taken to include all of the respondents from both institutions' tourism management departments in order to obtain a relatively accurate picture of the academics' perceptions.

Table 6.12 Academic function classification

	f	%
Junior lecturer	3	10.70
Lecturer	11	39.30
Senior lecturer	6	21.40
Principal lecturer/ associate professor	0	0.00
Head of department	0	0.00
Part-time lecturer	2	7.10
Other	0	0.00
Missing	6	21.40
N	28	

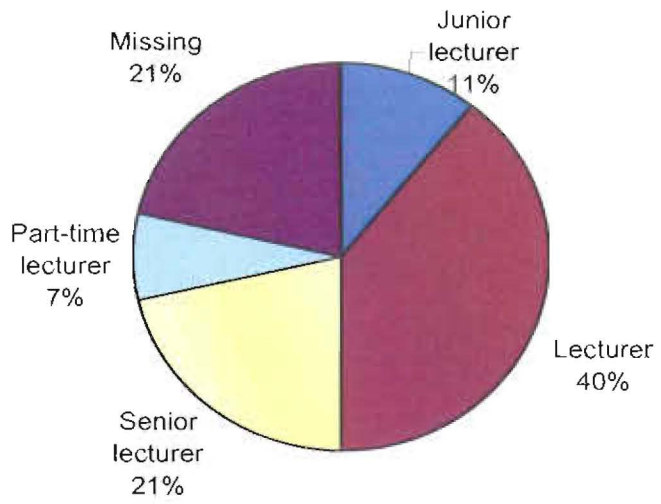
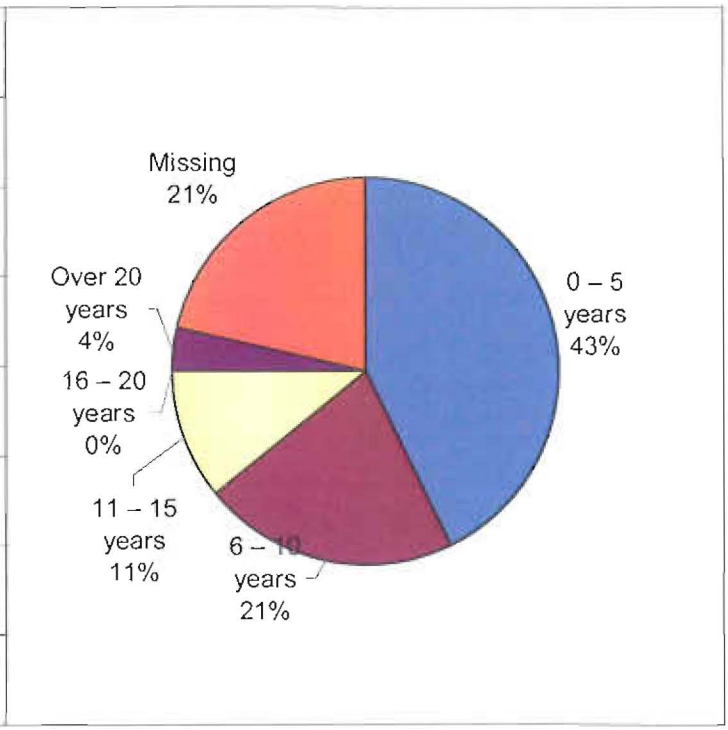


Table 6.12 depicts the percentages in terms of the respondents' academic function. Various job categories were included in the sample, contributing to obtaining a relatively

accurate overall picture of the respondents' perceptions. Most of the respondents, 39.90 percent, are lecturers, followed by 21.40 percent who are senior lecturers and 10.70 percent who are junior lecturers. Only a small number of respondents, 7.10 percent, were placed in the part-time lecturer category. Of the responses received, 21.40 percent failed to answer this question.

Table 6.13 Years of service classification

	f	%
0 – 5 years	12	42.90
6 – 10 years	6	21.40
11 – 15 years	3	10.70
16 – 20 years	0	0.00
Over 20 years	1	3.60
Missing	6	21.40
N	28	

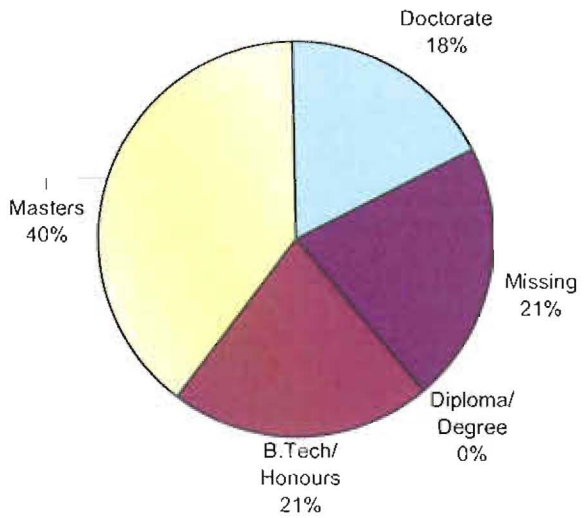


Regarding years of service at the current institution, the majority of the respondents, 42.90 percent, indicated that they had 0 – 5 years of service at the institution, 21.40 percent indicated between 6 – 10 years of service and 10.70 percent indicated between 11 – 15 years of service. The distribution of years of service is outlined in Table 6.13.

Table 6.14 follows on page 231.

Table 6.14 Highest qualification classification

	f	%
Diploma/Degree	0	0.00
B.Tech/Honours	6	21.40
Masters	11	39.30
Doctorate	5	17.90
Other	0	0.00
Missing	6	21.40
N	28	



The distribution of qualifications is reflected in Table 6.14. The majority of respondents of this sample group, 39.30 percent, are in possession of at least a Masters qualification, 17.90 percent had attained a Doctorate degree and 21.40 percent a B.Tech or Honours degree. Of the responses received, 21.40 percent failed to answer this question.

Table 6.15 Years of practical experience in the tourism industry classification

	f	%
None	11	39.30
0 – 1 years	3	10.70
2 – 5 years	4	14.30
6 – 10 years	3	10.70
More than 10 years	1	3.60
Missing	6	21.40
N	28	

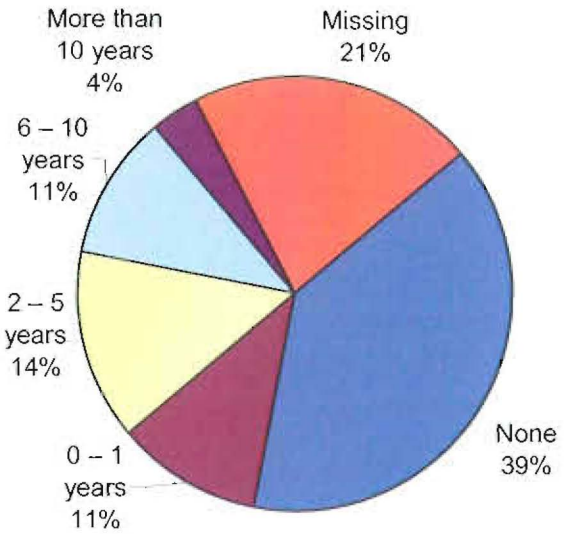


Table 6.15 sets out the years of practical experience respondents have in the tourism industry. It seems that the majority of the respondents, 39.30 percent, do not have any experience in the tourism industry. Of the respondents, 14.30 percent indicated 2 - 5 years experience, 10.70 percent indicated 6 – 10 years experience and 10.70 percent indicated 0 – 1 year experience. Only 3.60 percent of the respondents indicated having more than 10 years of practical experience in the tourism industry.

There were more female (50.00%) than male (28.60%) respondents in the sample group. Of the responses received, 21.40 percent failed to answer this question.

The majority of the respondents in the sample group, 67.90 percent, were White and only 10.70 percent were African. Of the responses received, 21.40 percent failed to answer this question.

The previous section outlined the classification data pertaining to tourism management academics in order to provide an indication of the various classification statistics. Classification data of the sample group pertaining to tourism management students follows.

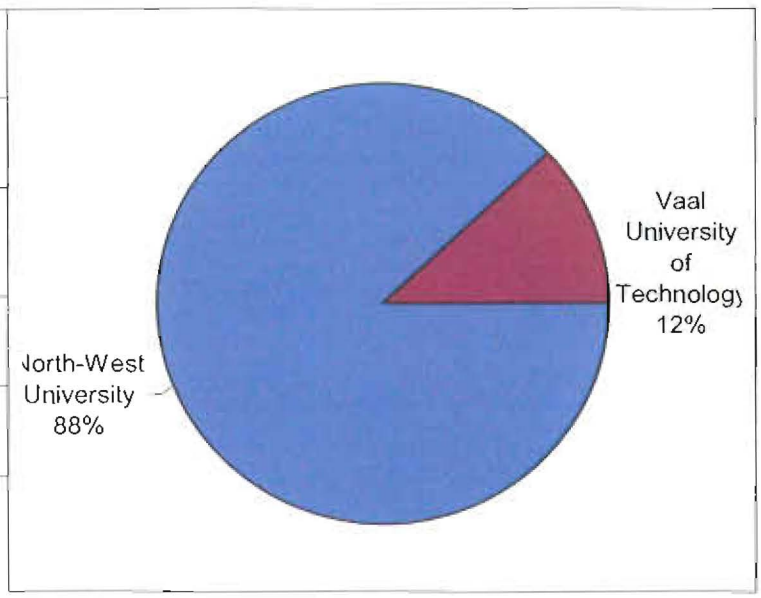
6.4.3 Biographical information pertaining to tourism management students

Section A of the research instrument related, *inter alia*, to the demographic information of tourism management students and refers to the following:

- name of institution
- year of study
- gender
- designated group.

Table 6.16 Institution classification

	f	%
North-West University	148	88.10
Vaal University of Technology	20	11.90
Missing	0	0.00
N	168	



The majority of the respondents, 88.10 percent (refer to Section 5.5.3), in the sample group are tourism management students studying at the North-West University's main

campus, while 11.90 percent of the respondents are tourism management students at the Vaal University of Technology's main campus. These results are represented in Table 6.16.

Table 6.17 Year of study classification

	f	%
3rd year	130	77.40
4th year	38	22.60
Missing	0	0.00
N	168	

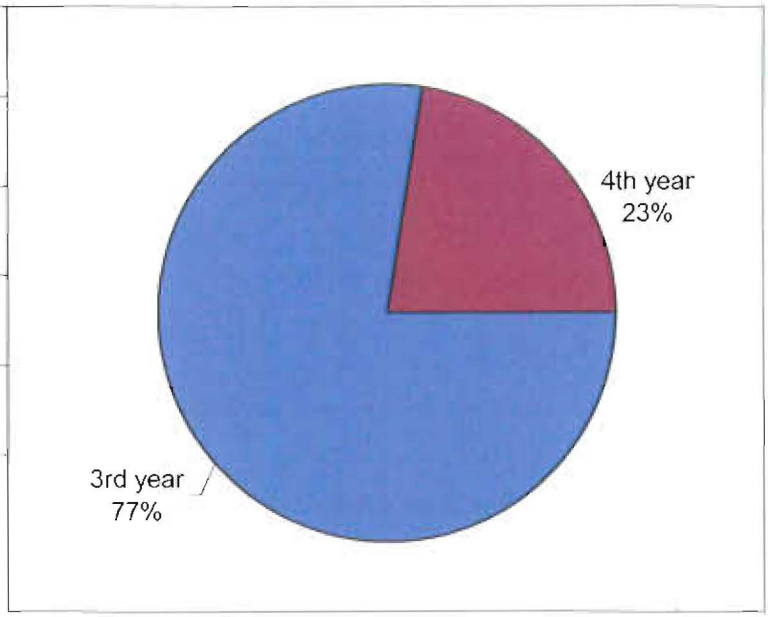


Table 6.17 sets out the respondents' year of study. Of the total respondents of this sample group, 77.40 percent were third-year students and 22.60 percent were fourth-year students (refer to Section 5.5.3).

There were more female (50.00%) than male (28.60%) respondents in the sample group. The majority of the respondents in the sample group, 87.9 percent, were White and 10.7 percent were African.

The previous section described the biographical information regarding the three different sample groups of the study. The following section presents the descriptive statistics of the data.

6.5. DESCRIPTIVE ANALYSIS

The descriptive statistics for the three samples included in the study are set out below. The first section involves the descriptive statistics of tourism enterprise owners, the second, those of tourism management academics and the third, those of tourism management students.

6.5.1 Descriptive statistics pertaining to the total sample

The basic descriptive statistics of central tendency and variability for the entire sample comprising the three different groups that were surveyed are shown in terms of the eight pre-determined constructs in Table 6.18. Missing elements were encountered concerning the perceptions data in Sections B and C and the classifications data in Section A. In these instances, respondents either omitted the question or selected more than one alternative. The total number of respondents that answered the questions is reflected by the Valid *N*. The minimum and maximum values refer to the respective response values for each dimension, from extremely essential (5) to extremely unessential (1).

Various measures of central tendency are widely used to describe the meaning of raw data (Malhotra, 2007:460). The arithmetic mean for group data is utilised in order to identify the items within an interval scale. The highest mean responses were obtained for Constructs 1 (personal characteristics pertaining to entrepreneurial skills), 4 (personal characteristics pertaining to marketing skills) and 8 (general management skills pertaining to marketing skills), generating means of 4.46, 4.40 and 4.39 respectively. This indicates that, overall, the respondents consider the variables representing those dimensions, namely personal characteristics pertaining to entrepreneurial skills, personal characteristics and general management skills pertaining to marketing skills, as essential. The means for the other constructs ranged from 4.14-to-4.35, indicating that respondents also consider the variables representing those dimensions as essential skills for tourism entrepreneurs.

Table 6.18 Descriptive statistics: total sample

Construct	*Valid N*	*Mean*	*Minimum*	*Maximum*	*Std.Dev.*	*Skewness*	*Kurtosis*
C1	242	4.393	3.53	5.00	0.328	-0.295	-0.378
C2	242	4.140	3.13	5.00	0.389	-0.121	-0.198
C3	242	4.173	3.07	5.00	0.362	-0.168	-0.073
C4	242	4.461	2.67	5.00	0.364	-0.785	1.754
C5	242	4.229	3.14	5.00	0.367	-0.229	-0.024
C6	242	4.355	2.82	5.00	0.416	-0.723	0.336
C7	242	4.275	2.18	5.00	0.449	-1.123	2.831
C8	242	4.407	3.00	5.00	0.423	-0.381	-0.299

Standard deviation is regarded as the dispersal of the responses from their mean and is another computation that can be used on a scale. The standard deviation and variance decrease with every respondent that gives the same answer to a particular question (Malhotra, 2007:461). The largest standard deviation obtained was 0.449 for Construct 7 (marketing mix strategies). The standard deviation obtained for all of the constructs was below 1.00, indicating that the sample is homogenous and thus the mean gave a satisfactory indication of the responses.

The skewness scores show negatively skewed distributions (values < 0) for all of the constructs. None of these scores was above the -2 or +2 range, which indicates normally distributed data. The kurtosis measures the peakedness of the distribution of the values. The kurtosis values obtained from all the variables indicate that the majority of the variables differed from zero, indicating that the distributions were either flat (negative) or more peaked than normal.

6.5.2 Descriptive statistics pertaining to the tourism enterprise owners

The basic descriptive statistics of central tendency and variability for the tourism enterprise owners are outlined in terms of the eight pre-determined constructs in Table 6.19. Missing elements were encountered regarding the perceptions data in Sections B and C and the classifications data in Section A. In these instances, respondents either omitted the question or selected more than one alternative. The total number of respondents that answered the questions is reflected by the Valid *N*. The minimum and maximum values refer to the respective response values for each dimension, from extremely essential (5) to extremely unessential (1).

Table 6.19 follows on page 238.

Table 6.19 Descriptive statistics: Tourism enterprise owners

	Valid N	*Mean*	*Minimum*	*Maximum*	*Std.Dev.*	*Skewness*	*Kurtosis*
C1	52	4.410	3.81	5.00	0.301	0.309	-0.633
C2	52	4.162	3.25	5.00	0.406	0.254	0.137
C3	52	4.125	3.07	5.00	0.418	-0.109	0.100
C4	52	4.471	3.83	5.00	0.347	0.212	-1.238
C5	52	4.189	3.29	5.00	0.376	0.296	-0.210
C6	52	4.086	2.82	5.00	0.442	-0.271	1.255
C7	52	3.972	2.18	5.00	0.553	-1.025	2.466
C8	52	4.440	4.00	5.00	0.349	0.160	-1.263

The highest mean responses were 4.47 for Construct 4 (personal characteristics pertaining to marketing skills), 4.44 for Construct 8 (general management skills pertaining to marketing skills) and 4.41 for Construct 1 (personal characteristics pertaining to entrepreneurial skills), which corresponds similarly to the entire sample population. This indicates that, overall, the respondents consider the variables representing this dimension, namely personal characteristics and general management skills pertaining to marketing skills, and personal characteristics pertaining to entrepreneurial skills, as essential to tourism entrepreneurs. The lowest mean for tourism enterprise owners was tabulated for Construct 7 (marketing mix strategies skills). The mean score for this construct was 3.97, indicating that tourism enterprise owners perceive the skills represented in this construct to be slightly less essential than the other variables.

The highest standard deviation obtained was 0.553 for Construct 4 (personal characteristics pertaining to marketing skills). This construct encountered the greatest amount of standard variance of all the constructs of the total sample. The overall standard deviation obtained for all of the constructs was below 1.00, indicating that the sample is homogenous and thus the mean gives a reliable indication of the responses.

The skewness measures obtained from the data of tourism enterprise owners indicate that Constructs 3 (general management skills pertaining to entrepreneurial skills), 6 (generic marketing skills) and 7 (marketing mix strategies skills) have negatively skewed distributions (values < 0). The other five constructs have positively skewed distributions (values > 0). The kurtosis values obtained for all of the constructs in Table 6.6 indicate relatively flat distributions for Constructs 1 (personal characteristics pertaining to entrepreneurial skills), 4 (personal characteristics pertaining to marketing skills), 5 (functional skills pertaining to marketing skills) and 8 (general management skills pertaining to marketing skills). All the other constructs show positive values and this may indicate that there could be a few outliers occurring within the answers to the variables on these constructs. None of the skewness scores was above the -2 or +2 range, which indicates normally distributed data.

6.5.3 Descriptive statistics pertaining to tourism management academics

The basic descriptive statistics of central tendency and variability for the tourism management academics that were surveyed are also shown in terms of the eight pre-determined constructs outlined in Table 6.20. Missing elements were encountered regarding the perceptions data in Sections B and C and the classifications data in Section A. In these instances, respondents either omitted the question or selected more than one alternative. The total number of respondents that answered the questions is reflected by the Valid *N*. The minimum and maximum values refer to the respective response values for each dimension, from extremely essential (5) to extremely unessential (1).

The highest mean responses were 4.432 for Construct 8 (general management skills pertaining to marketing skills), 4.312 for Construct 4 (personal characteristics pertaining to marketing skills) and 4.286 for Construct 5 (functional skills pertaining to marketing skills). This indicates that, overall, the respondents find the variables representing this dimension, namely general management skills and personal characteristics pertaining to marketing skills, and functional skills pertaining to entrepreneurial skills, as essential to tourism entrepreneurs. The lowest mean for tourism enterprise owners was tabulated for Construct 2 (functional skills pertaining to entrepreneurial skills), with a mean score of 3.926. This indicates that tourism management academics perceive the skills represented in this construct to be slightly less essential than the other variables, which corresponds similarly to the entire sample population.

The largest standard deviation obtained was 0.402. The standard deviation obtained for all of the constructs was below 1.00, indicating that the sample is homogenous and thus the mean gives a satisfactory indication of the responses.

The skewness measures obtained from the data of tourism enterprise owners indicate that Constructs 4 (personal characteristics pertaining to marketing skills), 6 (generic marketing skills) and 8 (general management skills pertaining to marketing skills) have negatively skewed distributions (values < 0). The other five constructs have positively

skewed distributions (values > 0). The kurtosis values obtained for all of the constructs in Table 6.7 indicate relatively flat distributions for Constructs 1 (personal characteristics pertaining to entrepreneurial skills), 3 (general management skills pertaining to entrepreneurial skills), 5 (functional skills pertaining to marketing skills), 6 (generic marketing skill), 7 (marketing mix strategies skills) and 8 (general management skills pertaining to marketing skills). The other two constructs show positive values and this may indicate that there could be a few outliers occurring within the answers to the variables on these constructs. None of the skewness scores was above the -2 or +2 range, which indicates normally distributed data.

Table 6.20 follows on page 242.

Table 6.20 Descriptive statistics: Tourism management academics

	Valid N	*Mean*	*Minimum*	*Maximum*	*Std.Dev.*	*Skewness*	*Kurtosis*
C1	22	4.118	3.60	4.67	0.317	0.156	-0.751
C2	22	3.926	3.25	5.00	0.402	0.687	1.184
C3	22	4.124	3.80	4.73	0.265	0.527	-0.431
C4	22	4.312	3.67	4.83	0.283	-0.023	0.213
C5	22	4.286	4.00	4.71	0.229	0.534	-0.777
C6	22	4.169	3.55	4.82	0.348	-0.003	-0.945
C7	22	4.025	3.27	4.91	0.383	0.135	-0.031
C8	22	4.432	3.75	5.00	0.320	-0.036	-0.191

6.5.4 Descriptive statistics pertaining to tourism management students

The basic descriptive statistics of central tendency and variability for the tourism management students are outlined in terms of the eight pre-determined constructs in Table 6.21. Missing elements were encountered regarding the perceptions data in Sections B and C and the classifications data in Section A. In these instances, respondents either omitted the question or selected more than one alternative. The total number of respondents that answered the questions is reflected by the Valid *N*. The minimum and maximum values refer to the respective response values for each dimension, from extremely essential (5) to extremely unessential (1).

The highest mean responses were obtained for Constructs 4 (personal characteristics pertaining to marketing skills), 6 (generic marketing skills) and 1 (personal characteristics pertaining to entrepreneurial skills), generating means of 4.46, 4.40 and 4.39 respectively. This indicates that, overall, the respondents consider the variables representing those dimensions, namely personal characteristics, generic marketing skills pertaining to marketing skills and personal characteristics pertaining to entrepreneurial skills, as essential. The means for the other constructs ranged from 4.16-to-4.40, indicating that respondents also find the variables representing those dimensions as essential skills for tourism entrepreneurs.

The highest standard deviation obtained was 0.456 for Construct 8 (general management skills pertaining to marketing skills). The standard deviation obtained for all of the constructs was below 1.00, indicating that the sample is homogenous and thus the mean gives a reliable indication of the responses. The skewness scores show negatively skewed distributions (values < 0) for all of the constructs, which corresponds similarly to the entire sample population. The kurtosis values obtained from all the variables indicate that the majority of the variables differed from zero, indicating that the distributions were either flat (negative) or more peaked than normal. All of the constructs have skewness values above the -2 or +2 range, indicating normally distributed data.

Table 6.21 Descriptive statistics: Tourism management students

	Valid N	*Mean*	*Minimum*	*Maximum*	*Std.Dev.*	*Skewness*	*Kurtosis*
C1	168	4.415	3.50	5.00	0.320	-0.346	-0.349
C2	168	4.160	3.13	5.00	0.376	-0.348	-0.211
C3	168	4.181	3.07	5.00	0.361	-0.253	-0.860
C4	168	4.477	2.67	5.00	0.376	-1.143	2.709
C5	168	4.233	3.14	5.00	0.379	-0.365	-0.015
C6	168	4.463	3.27	5.00	0.369	-0.994	-0.648
C7	168	4.402	2.91	5.00	0.355	-0.810	1.418
C8	168	4.390	3.00	5.00	0.456	-0.419	-0.422

6.5.5 Validity and reliability of the scale

The Cronbach alpha computed for the entire sample was calculated as 0.894 for the eight constructs. The reliability and validity measures of the overall scale for all of the three sample groups are indicated in Table 6.22. The reliability measures of the overall scale for the eight constructs as well as the reliability for each separate group are indicated in Table 6.23. This table shows the Cronbach alpha values for the constructs listed individually. It should be noted that the tourism academics sample was considerably smaller (22 respondents) than the tourism-enterprise owner sample (52 respondents) and the tourism management student sample (168 respondents).

The overall reliability of the tourism enterprise owners, tourism management academics and tourism management students is 0.935, 0.861 and 0.911 respectively. Reliability coefficients of less than 0.50 are deemed to be unacceptable, those above 0.70 are acceptable (Nunnally, 1978; Peterson, 1994) and coefficients greater than 0.80 are good (Louw *et al.,* 2003:12). The results of the reliability of the overall scale obtained for this study are satisfactory. The overall reliability of the different groups is higher than the proposed standard of 0.50. These elevated values are indicative of an overall high degree of stability.

The reliability of the eight constructs for the tourism enterprise owners ranged from 0.544 to 0.900, and for the tourism management students from 0.654 to 0.809. The reliability of the eight constructs for the tourism management academics ranged from 0.053 to 0.789. This can be attributed to the low number of responses from this group. As explained by Peter (1979), the computed level of reliability is often lower on scales containing only a few items. What is important to note here is that the computed Cronbach alpha of the overall scale is satisfactory.

In the scale, Question 39, included in Section B and Question 40, included in Section C, requested respondents to indicate if any other essential skills should be included. As no response was received to these questions neither in the initial pre-testing of the

questionnaire nor in the main survey, it is reasonable to conclude that the scale exhibits content validity. Table 6.22 provides a summary of the reliability and validity measures of the overall scale for all three samples.

Table 6.22 Reliability and validity analysis: analysis per group

	Tourism enterprise owners sample	*Tourism management academics sample*	*Tourism management student samples*
Valid N	52	22	168
Cronbach alpha	0.935	0.861	0.911

Table 6.23 provides a summary of the reliability measures of the overall scale for the eight constructs of all three samples.

Table 6.23 Reliability analysis: main survey

		Cronbach alpha		
Valid N		*Tourism enterprise owners*	*Tourism management academics*	*Tourism management students*
242	Construct 1	0.835	0.568	0.807
242	Construct 2	0.813	0.344	0.706
242	Construct 3	0.868	0.620	0.809
242	Construct 4	0.698	0.328	0.654
242	Construct 5	0.764	0.053	0.679
242	Construct 6	0.821	0.741	0.805
242	Construct 7	0.900	0.789	0.797
242	Construct 8	0.544	0.370	0.670

As can be seen from Table 6.23, the reliability for Construct 4 (personal characteristics pertaining to tourism entrepreneurs) and Construct 8 (general management skills pertaining to tourism marketers) was lower than the other constructs throughout the three

sample groups. This can be attributed to the lower number of items in these constructs. Out of the eight constructs, both of these constructs have the least amount of items, with Construct 8 containing only four items. Furthermore, the reliability alpha for the tourism management academics is lower than for the other two sample groups and this may be attributed to the low number of responses from academics. However, the overall Cronbach alpha for the three sample groups fulfils the criteria of 0.5, as suggested by Nunnally (1978). The reliability between the three sample groups can therefore be considered relatively analogous.

Table 6.24 represents the validity and reliability for the entire scale, for the whole sample, per variable.

Table 6.24 Aggregate reliability analysis per variable

Variable	*Scale mean if item deleted*	*Scale variance if item deleted*	*Item-total correlation*	*Alpha if item deleted*
B1	65.79	23.580	0.304	0.774
B2	65.94	23.758	0.370	0.765
B3	65.99	23.217	0.345	0.770
B4	28.72	7.878	0.252	0.628
B5	29.28	7.363	0.324	0.607
B6	65.67	24.470	0.407	0.763
B7	53.82	24.394	0.226	0.813
B8	65.97	24.263	0.330	0.768
B9	65.70	24.695	0.355	0.767
B10	65.86	23.585	0.483	0.756
B11	65.86	24.827	0.315	0.769
B12	65.92	23.678	0.484	0.757
B13	65.88	24.721	0.306	0.770
B14	65.90	23.918	0.401	0.763
B15	66.13	23.107	0.498	0.754
B16	29.13	7.787	0.383	0.586
B17	28.92	7.567	0.457	0.566
B18	28.85	8.238	0.328	0.602

Table 6.24 Aggregate reliability analysis per variable (continued...)

Variable	*Scale mean if item deleted*	*Scale variance if item deleted*	*Item-total correlation*	*Alpha if item deleted*
B19	29.30	7.990	0.338	0.599
B20	54.11	23.344	0.362	0.805
B21	53.80	23.352	0.391	0.803
B22	29.11	8.335	0.304	0.608
B23	54.37	22.549	0.414	0.801
B24	54.22	22.102	0.533	0.792
B25	54.45	22.598	0.414	0.801
B26	28.65	8.631	0.278	0.614
B27	54.05	22.891	0.387	0.803
B28	65.79	23.963	0.429	0.761
B29	65.72	24.919	0.278	0.772
B30	54.47	22.727	0.479	0.796
B31	54.38	22.535	0.479	0.796
B32	53.99	23.587	0.394	0.803
B33	65.71	24.667	0.353	0.767
B34	54.16	22.584	0.453	0.798
B35	54.58	21.496	0.575	0.788
B36	54.67	21.524	0.550	0.790
B37	53.94	23.457	0.400	0.802
B38	65.93	24.412	0.357	0.766
C1	22.31	3.586	0.391	0.597
C2	22.40	3.369	0.360	0.611
C3	25.17	5.244	0.325	0.642
C4	25.39	5.043	0.389	0.625
C5	25.28	5.121	0.327	0.642
C6	22.22	3.450	0.452	0.574
C7	25.36	5.052	0.333	0.641
C8	25.62	4.530	0.503	0.587
C9	22.34	3.413	0.385	0.599
C10	13.25	1.540	0.575	0.428
C11	13.33	1.781	0.385	0.580

Table 6.24 Aggregate reliability analysis per variable (continued...)

Variable	*Scale mean if item deleted*	*Scale variance if item deleted*	*Item-total correlation*	*Alpha if item deleted*
C12	43.31	19.667	0.194	0.845
C13	22.37	3.762	0.296	0.630
C14	22.18	3.707	0.379	0.602
C15	43.45	18.527	0.380	0.832
C16	25.81	5.149	0.339	0.639
C17	13.19	1.878	0.377	0.584
C18	42.64	21.780	0.397	0.861
C19	25.20	5.023	0.395	0.623
C20	43.78	16.773	0.579	0.816
C21	43.63	16.978	0.579	0.816
C22	43.35	17.730	0.554	0.819
C23	43.58	17.283	0.557	0.818
C24	42.82	20.575	0.549	0.851
C25	42.83	19.554	0.703	0.839
C26	42.89	20.834	0.529	0.852
C27	43.33	17.377	0.646	0.811
C28	43.48	16.740	0.693	0.806
C29	43.63	17.289	0.579	0.816
C30	42.81	20.237	0.581	0.848
C31	42.92	19.593	0.679	0.840
C32	42.55	21.304	0.518	0.853
C33	43.10	21.505	0.425	0.859
C34	42.73	20.854	0.535	0.852
C35	42.88	20.360	0.549	0.851
C36	42.86	19.834	0.632	0.844
C37	13.12	2.043	0.314	0.623
C38	43.78	17.910	0.428	0.829
C39	43.52	18.234	0.428	0.829

As indicated in Table 6.24, the entire scale displays an acceptable reliability value on each of the variables. The Cronbach alpha for each factor ranged from 0.566 to 0.859 for

the whole sample, with an overall alpha of 0.894 for the entire scale, which is indicative of internal consistency among the variables in each dimension.

The descriptive statistics have been outlined in the previous section in order to uncover the central tendency and distribution of the data. The descriptive statistics provided a summary of the data obtained from the respondents, which included measures of central tendency and measures of dispersion.

6.6 CORRELATIONS BETWEEN CONSTRUCTS

In order to explore relationships between two variables, correlation analysis may be undertaken. Correlation analysis was done to indicate the relationship between constructs for the content development of course modules. The correlations for the whole sample group are outlined in Table 6.25. Items that are significantly correlated (values > 0.5) will be highlighted.

Table 6.25 Construct correlations – whole sample

	C1	*C2*	*C3*	*C4*	*C5*	*C6*	*C7*	*C8*
Construct 1	1.00	0.55*	0.60*	0.53*	0.49	0.41	0.39	0.39
Construct 2		1.00	0.67*	0.46	0.59	0.46	0.50*	0.35
Construct 3			1.00	0.50*	0.61*	0.55*	0.55*	0.48
Construct 4				1.00	0.53*	0.30	0.33	0.58*
Construct 5					1.00	0.53*	0.53*	0.52*
Construct 6						1.00	0.80*	0.34
Construct 7							1.00	0.32
Construct 8								1.00

* Marked correlation significant at > 0.5

Table 6.25 shows correlations between the majorities of the constructs, indicating that there is a relationship between these constructs. This relationship is an indication that the

constructs can be grouped together, and that they are relevant to teaching and learning essential entrepreneurial and marketing development skills.

Correlations between the constructs for the whole sample group show the highest correlations between Construct 6 (generic marketing skills) and Construct 7 (marketing mix strategies skills), with a value of 0.80. This indicates that there is a potentially strong relationship between these two constructs and, therefore, the two should be grouped together in a distinct module.

6.7 HYPOTHESIS TESTING

Chrisnall (2005:474) defines a hypothesis as an empirically testable though yet unproven statement developed in order to explain phenomena. Tests of significance enable statistical hypotheses to be accepted or rejected. The results of significance tests show that the particular samples have failed to indicate a significant relationship.

Comparative analysis was undertaken to determine the degree of convergence or divergence between the responses of the three samples. The samples were compared as follows: the tourism management academics were compared with the tourism management students; the tourism management students were compared with the tourism enterprise owners; and the tourism management academics were compared with the tourism enterprise owners. For the significance tests, the significance level is set at the conventional 5 percent; that is, $\alpha = 0.05$ and the decision rules applied are as follows:

If P-value $\geq \alpha$, conclude Ho.
If P-value $< \alpha$, conclude Ha.

Although significance testing is commonly used to accept or reject hypothesis, it is increasingly common to establish practical significance as well (Ofori-Dankwa & Tierman, 2002). Practical significance involves using the effect size to establish practical significance (Churchill & Iacobucci, 2002:664). Cohen's d-statistic computes the effect

size in order to determine if the difference between sample means and proportions are practically significant. Cohen's d-statistic was used to assess whether there were any significant differences in the construct means between the three sample groups tested in the survey, statistically and practically. The effect can be small, medium or large in terms of practical significance and is represented as follows:

- $0.20 \leq d < 0.50$ – small effect, practically non-significant;
- $0.50 \leq d < 0.80$ – medium effect, points towards being practically significant;
- $0.80 \leq d$ – large effect and the results are practically significant (Ofori-Dankwa & Tierman, 2002).

As mentioned previously, comparisons between all the sample groups were undertaken, with reference to the abovementioned influences, to determine whether the differences between the three sample groups were statistically and practically significant. The following section reports on the findings regarding the statistical and practical significance of the differences between the three sample groups.

6.7.1 Comparison between tourism management students and tourism management academics

In order to determine whether there is a statistical significant divergence between the two sample groups regarding the eight constructs dealing with the entrepreneurial and marketing development skills essential to tourism entrepreneurs, the following hypotheses were formulated:

Ho1: There is no significant difference between the perceptions of tourism management students and academics regarding the essential entrepreneurial and marketing development skills necessary to become self-employed in the tourism industry.

Ha1: There is a significant difference between the perceptions of tourism management students and academics regarding the essential entrepreneurial and marketing development skills necessary to become self-employed in the tourism industry.

The statistical and practical significance of the tourism management students and tourism enterprise owners, in terms of the eight constructs tested for in the survey, are outlined in Table 6.26.

Table 6.26 Mean construct scores: Tourism management students and tourism management academics

	Mean Students	*Mean Academics*	*P*	*N Students*	*N Academics*	*Cohen's d*
Construct 1	4.4149	4.1250	0.000*	168	28	0.906#
Construct 2	4.1606	3.9261	0.021*	168	28	0.583***
Construct 3	4.1814	4.1171	0.721	168	28	****
Construct 4	4.4772	4.3106	0.108	168	28	****
Construct 5	4.2334	4.2857	0.805	168	28	****
Construct 6	4.4631	4.1694	0.002*	168	28	0.796***
Construct 7	4.4023	4.0248	0.000*	168	28	0.986#
Construct 8	4.3900	4.4300	0.914	168	28	****

* Statistically significant at p<0.05

\# Large effect, practically significant

** Small effect, practically non-significant

*** Medium effect and moving toward practical significance

**** Cohen's d-statistic not calculated as the variable was not statistically significant

Table 6.26 reflects that statistically significant differences at p<0.05 were indicated for tourism management students and tourism management academics for Constructs 1, 2, 6 and 7. For Construct 1, dealing with personal characteristics pertaining to entrepreneurial skills, there was a statistically significant difference between the two samples, with $p = 0.000 < 0.05$. For Construct 2, which deals with functional skills pertaining to the

tourism entrepreneur, there was a statistically significant difference between the two samples, with $p = 0.021 < 0.05$. Constructs 6 (generic marketing skills) and 7 (marketing mix strategies skills) point to statistically significant differences between the two samples, with $p = 0.002 < 0.05$ and $p = 0.000 < 0.05$ respectively. Thus, for Constructs 1 (personal characteristics pertaining to entrepreneurial skills), 2 (functional skills pertaining to entrepreneurial skills), 6 (generic marketing skills) and 7 (marketing mix strategies skills) the null hypothesis, Ho1, is rejected and the alternative hypothesis, Ha1, is concluded owing to the P-values that lend support to Ha1.

Table 6.26 reflects that for Constructs 3 (general management skills pertaining to entrepreneurial skills), 4 (personal characteristics pertaining to marketing skills), 5 (functional skills pertaining to marketing skills) and 8 (general management skills pertaining to marketing skills) the differences between the means of the two samples are statistically non-significant. Thus, Ho1 cannot be rejected. The differences between the two samples for Constructs 3, 4, 5 and 8 are non-significant, with P-values of $p = 0.721 > 0.05$, $p = 0.108 > 0.05$, $p = 0.805$ and $p = 0.914 > 0.05$ respectively. For these items, there is a failure to reject the null hypotheses, Ho1, owing to their P-values that lend support to Ho1. This means that respondents in the two samples (tourism management students and tourism management academics) did not vary much in their perceptions toward Constructs 3, 4, 5 and 8. This infers that there is a low level of divergence in perceptions between the two samples regarding these constructs.

Thus, with the exception of Constructs 3, 4, 5 and 8, at a 95 percent confidence interval, this infers that tourism management academics and tourism management students have different perceptions regarding the entrepreneurial and marketing development skills that are essential to becoming a tourism entrepreneur.

Cohen's d-statistic was used to assess the practically significant difference in the construct means between the two sample groups. As reflected in Table 6.25, the computation of Cohen's d-statistic indicates an effect for Constructs 1, 2, 6 and 7. Construct 1, dealing with personal characteristics pertaining to entrepreneurial skills,

exhibits practical significance, with d = 0.906. For Construct 2, which deals with functional skills pertaining to the tourism entrepreneur, there was a practically significant difference between the two samples, which culminate in a medium effect, with d = 0.583. Construct 6 (generic marketing skills) points towards a large effect and practical significance at d = 0.796. Cohen's d-statistic indicates a large effect for Construct 7 (marketing mix strategies skills), with practical significance at d = 0.986.

For all other items in the scale, the differences between the mean scores of the two samples are both statistically and practically non-significant.

6.7.2 Comparison between tourism management students and tourism enterprise owners

In order to determine whether there is a statistical significant divergence between the two sample groups regarding the eight constructs dealing with the entrepreneurial and marketing development skills essential to tourism entrepreneurs, the following hypotheses were formulated:

Ho2: There is no significant difference between the perceptions of tourism management students and Vaal Triangle based owners of small tourism enterprises regarding the essential entrepreneurial and marketing development skills necessary to become self-employed in the tourism industry.

Ha2: There is a significant difference between the perceptions of tourism management students and Vaal Triangle based owners of small tourism enterprises regarding the essential entrepreneurial and marketing development skills necessary to become self-employed in the tourism industry.

Table 6.27 reports on the findings regarding the statistical and practical significance of the differences between the two samples – tourism management students and tourism enterprise owners.

Table 6.27 Mean construct scores: Tourism management students and tourism enterprise owners

	Mean Students	*Mean Owners*	*P*	*N Students*	*N Owners*	*Cohen's d*
Construct 1	4.4149	4.4103	0.995	168	52	****
Construct 2	4.1606	4.1624	1.000	168	52	****
Construct 3	4.1814	4.1253	0.602	168	52	****
Construct 4	4.4772	4.4712	0.994	168	52	****
Construct 5	4.2334	4.1886	0.723	168	52	****
Construct 6	4.4631	4.0858	0.000*	168	52	0.854#
Construct 7	4.4023	3.9715	0.000*	168	52	0.779***
Construct 8	4.3900	4.4400	0.743	168	52	****

* Statistically significant at $p<0.05$

\# Large effect, practically significant

** Small effect, practically non-significant

*** Medium effect and moving toward practical significance

**** Cohen's d-statistic not calculated as the variable was not statistically significant

Table 6.27 reflects that statistically significant differences at $p<0.05$ were indicated for tourism management students and tourism enterprise owners for Constructs 6 and 7. There was a statistically significant difference between the two samples for Construct 6, dealing with generic marketing pertaining to marketing skills, with $p = 0.000 < 0.05$. For Construct 7, that deals with marketing mix strategies pertaining to marketing skills, there are statistical significant differences between the two samples, with $p = 0.000 < 0.05$. Thus, for Constructs 6 and 7 the null hypothesis, Ho2, is rejected and the alternative hypothesis, Ha2, is concluded as the P-values lend support to Ha2.

From Table 6.27 it is evident that for Constructs 1 (personal characteristics pertaining to entrepreneurial skills), 2 (functional skills pertaining to entrepreneurial skills), 3 (general management skills pertaining to entrepreneurial skills), 4 (personal characteristics pertaining to marketing skills), 5 (functional skills pertaining to marketing skills) and 8 (general management skills pertaining to marketing skills) the differences between the means of the two samples are statistically non-significant. Thus, Ho2 cannot be rejected. Constructs 1, 2, 3, 4, 5 and 8 are non-significant, with P-values of $p = 0.995 > 0.05$, $p = 1.000 > 0.05$, $p = 0.602 > 0.05$, $p = 0.994 > 0.05$, $p = 0.723 > 0.05$ and $p = 0.743 > 0.05$ respectively. For these items, there was a failure to reject the null hypotheses, Ho2, owing to the P-values that lend support to Ho2. This means that respondents in the tourism management students and tourism enterprise owners sample did not vary much in their perceptions toward Constructs 1, 2, 3, 4, 5 and 8. This infers that there is a low level of divergence in perceptions between the two samples regarding these constructs.

Cohen's d-statistic was used to assess the practical significant differences in the construct means between the two sample groups. As reflected in Table 6.27, the computation of Cohen's d-statistic indicates an effect for Constructs 6 and 7. Construct 6, dealing with generic marketing skills pertaining to marketing skills, exhibits practical significance, with $d = 0.854$. For Construct 7, which deals with marketing mix strategies skills pertaining to marketing skills, there are practical significant difference between the two samples which points toward a large effect, with $d = 0.779$.

For all other items in the scale the differences between the mean scores of the two samples is both statistically and practically non-significant.

6.7.3 Comparison between tourism enterprise owners and tourism management academics

In order to determine whether there is a statistical significant divergence between the two sample groups regarding the eight constructs dealing with the entrepreneurial and

marketing development skills essential to tourism entrepreneurs, the following hypotheses were formulated:

Ho3: There is no significant difference between the perceptions of tourism management academics and Vaal Triangle based owners of small tourism enterprises regarding the essential entrepreneurial and marketing development skills necessary to become self-employed in the tourism industry.

Ha3: There is a significant difference between the perceptions of tourism management academics and Vaal Triangle based owners of small tourism enterprises regarding the essential entrepreneurial and marketing development skills necessary to become self-employed in the tourism industry.

The statistical and practical significance of the tourism enterprise owners and tourism management academics in terms of the eight constructs tested for in the survey, are outlined in Table 6.28.

Table 6.28 follows on page 259.

Table 6.28 Mean construct scores: Tourism management academics and tourism enterprise owners

	Mean Academics	*Mean Owners*	*P*	*N Academics*	*N Owners*	*Cohen's d*
Construct 1	4.1250	4.4103	0.001*	28	52	0.947#
Construct 2	3.9261	4.1624	0.044	28	52	0.582***
Construct 3	4.1171	4.1253	0.996	28	52	****
Construct 4	4.3106	4.4712	0.192	28	52	****
Construct 5	4.2857	4.1886	0.553	28	52	****
Construct 6	4.1694	4.0858	0.669	28	52	****
Construct 7	4.0248	3.9715	0.865	28	52	****
Construct 8	4.4300	4.4400	0.995	28	52	****

* Statistically significant at $p<0.05$

\# Large effect, practically significant

** Small effect, practically non-significant

*** Medium effect and moving toward practical significance

**** Cohen's d-statistic not calculated as the variable was not statistically significant

Table 6.28 reflects that statistically significant differences at $p<0.05$ were indicated for tourism enterprise owners and tourism management academics for Constructs 1 and 2. There was a statistically significant difference between the two samples on Construct 1, which deals with personal characteristics pertaining to entrepreneurial skills, with $p = 0.001 < 0.05$. For Construct 2, which deals with functional skills pertaining to the tourism entrepreneur, there is a statistically significant difference between the two samples, with $p = 0.044 < 0.05$. Thus, for Constructs 1 and 2 the null hypothesis, Ho3, is rejected and the alternative hypothesis, Ha3, is concluded as their P-values lend support to Ha3.

From Table 6.28 it is evident that for Constructs 3 (general management skills pertaining to entrepreneurial skills), 4 (personal characteristics pertaining to marketing skills), 5 (functional skills pertaining to marketing skills), 6 (generic marketing skills), 7 (marketing mix strategies skills) and 8 (general management skills pertaining to

marketing skills) the differences between the means of the two samples are statistically non-significant. Thus, Ho3 cannot be rejected. Constructs 3, 4, 5, 6, 7 and 8 are non-significant, with P-values of $p = 0.996 > 0.05$, $p = 0.192 > 0.05$, $p = 0.553 > 0.05$, $p = 0.669 > 0.05$, $p = 0.865 > 0.05$ and $p = 0.995 > 0.05$ respectively. For these items, there is a failure to reject the null hypothesis, Ho3, owing to the P-values that lend support to Ho3. This means that respondents in the tourism management academic and tourism-enterprise owner samples did not vary much in their perceptions towards Constructs 3, 4, 5, 6, 7 and 8. This infers that there is a low level of divergence in perceptions between the two samples regarding these constructs.

Cohen's d-statistic was used to assess the practically significant difference in the construct means between the two sample groups. As reflected in Table 6.28, the computation of Cohen's d-statistic indicates an effect for Constructs 1 and 2. Construct 1, dealing with personal characteristics pertaining to entrepreneurial skills, exhibits practical significance, with $d = 0.947$. For Construct 2, which deals with functional skills pertaining to the tourism entrepreneur, there is a statistical and practical significant difference between the two samples, with a medium effect of $d = 0.582$.

For all other items in the scale, the differences between the mean scores of the two samples are both statistically and practically non-significant.

6.7.4 Analysis of variance

The extent to which the aforementioned differences in mean scores between the three sample groups are significant was investigated by undertaking an analysis of variance (ANOVA). ANOVA is used to test of means for two or more populations and examine group differences on a single dependent variable (Malhotra, 2007:525). ANOVA tests were conducted to assess whether any of the differences between the mean ratings (as opposed to rankings) of skills by each group were statistically significant at the 95 percent confidence level. This is represented in Table 6.29 and 6.30 respectively.

As indicated in Table 6.29, significant differences were found for Constructs 1 (personal characteristics pertaining to entrepreneurial skills), 2 (functional skills pertaining to entrepreneurial skills), 6 (generic marketing skills) and 7 (marketing mix strategies skills). This finding was followed up with a Tukey HSD test.

Tukey's tests were carried out to determine where the specific variances lay. Tukey HSD tests are based on short confidence intervals and therefore are more readily able to give an indication of the significant differences between means (Steyn *et al.,* 2000:519). The results of the Tukey HSD tests are outlined in Annexure E.

Table 6.29 follows on page 262.

Table 6.29 Analysis of variance (levels of significance)

Construct		*Sum of Squares*	*df*	*Mean Square*	*F-ratio*	*Sig*
Construct 1	Between groups	1.843	2	0.921	9.131	0.000*
	Within groups	24.115	239	0.101		
	Total	25.958	241			
Construct 2	Between groups	1.104	2	0.552	3.717	0.026*
	Within groups	35.484	239	0.148		
	Total	36.588	241			
Construct 3	Between groups	0.289	2	0.145	1.104	0.333
	Within groups	31.320	239	0.131		
	Total	31.610	241			
Construct 4	Between groups	0.547	2	0.273	2.082	0.127
	Within groups	31.386	239	0.131		
	Total	31.933	241			
Construct 5	Between groups	0.159	2	0.079	0.588	0.557
	Within groups	32.276	239	0.135		
	Total	32.434	241			
Construct 6	Between groups	6.490	2	3.245	22.005	0.000*
	Within groups	35.244	239	0.147		
	Total	41.734	241			
Construct 7	Between groups	8.888	2	4.444	26.723	0.000*
	Within groups	39.747	239	0.166		
	Total	48.636	241			

* Significant at $p < 0.05$

The empirical results in Table 6.29 support the hypotheses (H^1, H^2 and H^3) that there is a significant difference between the perceptions of tourism enterprise owners, tourism management academics and tourism management students regarding the entrepreneurial and marketing skills essential to tourism entrepreneurs. Table 6.29 indicates, through the Tukey HSD test, that there are significant levels of variance found between the three sample groups, significant at $p < 0.05$. As can be seen from the table, the tourism management students account for the majority of the variance. The table shows that there

is significant variance on Constructs 1 (personal characteristics pertaining to entrepreneurial skills), 2 (functional skills pertaining to entrepreneurial skills), 6 (generic marketing skills) and 7 (marketing mix strategies skills).

The focal points that can be inferred from the abovementioned tests are outlined in Table 6.30, indicating the source of the variance amongst the constructs in the three sample groups.

Table 6.30 Sources of variation amongst groups

	Main source(s) of variation
Construct 1	▪ Owners and academics
	▪ Academics and students
Construct 2	▪ Owners and academics
	▪ Academics and students
Construct 3	▪ No significant difference
Construct 4	▪ No significant difference
Construct 5	▪ No significant difference
Construct 6	▪ Academics and students
	▪ Owners and students
Construct 7	▪ Academics and students
	▪ Owners and students
Construct 8	▪ No significant difference

From the abovementioned analysis, it can be inferred that tourism management students' perceptions of essential entrepreneurial and marketing development skills differ from the tourism management academics for four of the constructs and from the tourism enterprise owners for two of the constructs. The tourism enterprise owners' perceptions differ from the tourism management academics on two of the constructs. This indicates that the tourism enterprise owners' perceptions are similar to tourism management academics and tourism management students on six constructs and different on two constructs. When

comparing tourism management academics' perceptions with tourism management students' perceptions, four similarities and four differences are depicted between the two sample groups.

6.8 SYNOPSIS

This chapter reported on the empirical findings of the study. A discussion regarding the outcomes of the pilot study was provided, including the validity and reliability. The chapter then proceeded to a discussion on the coding of the data. The results of the main survey were then tabulated. In the main survey, multivariate statistical methods were used to analyse the data. The data was tested for validity and reliability. Descriptive statistics, including the mean, standard deviation and frequency distributions, were calculated to summarise the sample data distribution. This was done for the individual items and the constructs relating to the entrepreneurial and marketing development skills. Correlations of the different constructs were conducted to determine if any differences could be noted on the constructs in order to depict the module contents.

Finally, to determine if there were any relationships between the dependent and independent variable (entrepreneurial and marketing development skills), comparative analysis amongst the three sample groups was employed. Cohen's d tests were done to investigate whether significant differences existed between the three sample groups, regarding their perceptions of essential entrepreneurial and marketing development skills. This offered evidence to support the hypotheses of the study.

The study now progresses to Chapter 7, where further interpretations regarding the empirical results will be given. In addition, research questions and objectives will be re-examined to determine whether they have been answered. Furthermore, the conclusions and final recommendations pertaining to the study will be specified and discussed.

CHAPTER 7
CONCLUSION AND RECOMMENDATIONS

7.1 INTRODUCTION

Increasing unemployment and low economic growth are of growing concern in the world economy, and entrepreneurship is a recognised intervention to combat these challenges. Tourism has been acknowledged as an underexploited sector with considerable potential for addressing these challenges. In order to advance entrepreneurial activity, it is essential for students to possess relevant entrepreneurial skills. However, the absence of consensus on the content of training courses and curricula is currently a concern in the field of entrepreneurship. South African higher education institutions need to redefine their roles and adjust the teaching and learning of these programmes. Academics should take heed and ensure that the curricula and training that they provide correspond with the requirements of practitioners. By analysing the development skills of successful entrepreneurs, the focus of training courses and curricula can be established.

Tourism enterprises require sophisticated management by entrepreneurs who possess the required skills. Following a review of basic tourism management text, various management elements were identified as important to the tourism entrepreneur, for example human resource management, marketing management, business planning, financial management, operations management and tourism legislation management (Chapter 2).

The tourism industry in South Africa is growing and, as such, it not only provides growth opportunities for existing tourism enterprises but also for the establishment of new tourism enterprises. In order to develop and manage a successful new enterprise, tourism entrepreneurs need a wide variety of skills (Chapter 3).

Marketing management was identified as being extremely important to the tourism entrepreneur owing to the entrepreneur having to be continuously aware of and adaptive

to changes in the volatile environment. Marketing has been acknowledged as being the most important of all business activities and essential for the survival and growth of small enterprises. Therefore, it is essential that the tourism entrepreneur acquire various marketing skills (Chapter 4).

The recommended entrepreneurial and marketing development skills essential to tourism entrepreneurs is presented in Section 7.4. In addition, this section includes a discussion on the study's research findings regarding the suitable implementation method and suggested learning outcomes. In Section 7.5, an outline of future research opportunities is given. This is set against the background of an overview of the study (Section 7.2) and the contributions made by the study (Section 7.3).

7.2 OVERVIEW OF STUDY

The recommended guidelines of essential entrepreneurial and marketing development skills, as presented in Section 7.4, is based on the inputs of all previous chapters in this study. An overview of these inputs is given in this section for adding clarity on the reasoning behind the recommended inventory.

The purpose of this study was to develop guidelines for the content of the entrepreneurship and marketing subjects for tourism management students. The essential skills were derived from literature and then empirically tested for relevance to tourism management students using a sample of tourism enterprise owners, tourism management academics and tourism management students.

The objectives of the study were stated as follows (refer to Section 1.3):

7.2.1 Primary objective

The primary objective of the study was to develop guidelines for the content of the entrepreneurship and marketing subjects for tourism management students based on the

perceptions of tourism enterprise owners, tourism management academics and tourism management students.

7.2.2 Secondary objectives

In support of the primary objective, the following secondary objectives were formulated:

1. Delineate the fundamental principles of tourism management (Chapter 2).
2. Identify important entrepreneurial development skills necessary for tourism entrepreneurs (Chapter 3).
3. Identify important marketing development skills necessary for tourism entrepreneurs (Chapter 4).
4. Test the research findings of objectives two and three from the tourism management students' perspective (Chapter 6).
5. Test the research findings of objectives two and three from the tourism management academics' perspective (Chapter 6).
6. Test the research findings of objectives two and three from the Vaal Triangle based tourism entrepreneurs' perspective (Chapter 6).
7. Determine if there is a statistically significant difference between the perceptions of the three samples regarding essential entrepreneurial and marketing skills relevant to small tourism enterprises (Chapter 6).
8. Explore the relationship between entrepreneurship and tourism marketing (Chapter 3).
9. Recommend key factors to be considered when designing an entrepreneurship and marketing training programme for tourism management students (Chapter 7).

Investigating and answering the following research questions addressed these objectives:

1. Which essential entrepreneurial and marketing development skills do tourism management students consider necessary to become self-employed in the tourism industry?

2. Which essential entrepreneurial and marketing development skills do tourism management academics consider necessary to become self-employed in the tourism industry?
3. Which essential entrepreneurial and marketing development skills do Vaal Triangle based tourism entrepreneurs consider necessary to become self-employed in the tourism industry?
4. Do tourism management students, academics and Vaal Triangle based entrepreneurs concur regarding the essential entrepreneurial and marketing development skills necessary to become self-employed in the tourism industry?

In accordance with the specified objectives of the study, Chapter 2 focused on developing a framework of the fundamental principles of tourism management theory. Owing to tourism enterprises requiring sophisticated management in a volatile environment, entrepreneurs need to understand tourism to be able to manage an enterprise successfully. Chapter 3 investigated the entrepreneurial development skills essential to tourism entrepreneurs. This chapter identified 38 fundamental skills essential to the entrepreneur. A summary of these skills is presented in Tables 3.1, 3.2 and 3.3. Chapter 4 focused on identifying the marketing development skills essential to tourism entrepreneurs. This chapter identified 39 fundamental skills essential to the tourism marketer. A summary of these skills is presented in Tables 4.1, 4.2, 4.4 and 4.5. Chapter 5 outlined the methodology of the study. This included providing an overview of the data gathering and analysis process (Section 5.2), an outline of the study's data requirements (Section 5.3), a discussion on the design of the research instrument (Section 5.4) and an explanation of the sampling procedure followed (Section 5.5). This chapter further included a brief outline of the statistical methods to be used (Section 5.6). The findings of the empirical portion of the study were reported on in Chapter 6. The findings indicated a high level of convergence between the three sample groups regarding their perceptions of entrepreneurial and marketing development skills essential to tourism entrepreneurs.

The overriding conclusion of this study is that the entrepreneurial and marketing development skills identified are essential to the success of tourism entrepreneurs. This perception is shared by tourism academics, entrepreneurs and students.

7.3 CONTRIBUTIONS OF THE STUDY

Higher education institutions need to continuously update and keep abreast of the essential skills required by their students. The rapidly changing business environment, the importance of tourism in economic development, together with the high unemployment rate collectively represent a prominent trend affecting the importance of entrepreneurial education in these higher education institutions. In narrowing the skills gap for entrepreneurs of the future, this study will make a significant contribution to bridging the academic-practitioner divide.

The essential entrepreneurial and marketing development skills identified offer guidelines for the content of tourism entrepreneurship and marketing curricula. To this end, this study contributes to tourism management education by identifying and analysing a comprehensive inventory of entrepreneurial and marketing development skills essential for the successful tourism entrepreneur.

The study offers a balanced view in that it incorporates the perceptions of tourism enterprise owners, tourism management academics and tourism management students. The skills analysed, together with the suggested implementation method and learning outcomes, can be used to guide the structured integration of the development of these skills into tourism management programmes. The entrepreneurial and marketing development skills analysed here offer, authors of academic textbooks a valuable guide as to which skills are relevant for inclusion in textbooks geared at tourism management students.

For tourism entrepreneurs, the entrepreneurial and marketing development skills analysed here may aid in the identification of possible knowledge gaps that need to be addressed.

Finally, from a tourism entrepreneur, tourism management academic and tourism management students' viewpoint, this study serves to highlight the skills essential to a successful tourism entrepreneur. The guidelines of essential entrepreneurial and marketing development skills presented in this study provide a realistic view of the skills that need to be acquired in order to become a successful tourism entrepreneur.

7.4 RECOMMENDATIONS

The following recommendations are based on the literature review of tourism management principles, essential entrepreneurial and marketing development skills, together with a statistical analysis of the feedback received from tourism enterprise owners, tourism management academics and tourism management students. These recommendations represent an inventory of essential entrepreneurial and marketing development skills that are relevant for inclusion into tourism management programmes.

Eight constructs of essential entrepreneurial and marketing development skills were identified in the literature portion of the study, which utilised previous empirical studies on the subject. These eight constructs were represented in Section 5.4.1 in Tables 5.1 and 5.2. Figure 7.1 represents a matrix of the perceptions of the entrepreneurial and marketing development skills essential to tourism entrepreneurs for the three individual sample groups and for the sample as a whole. Figure 7.2 represents a matrix of the three sample groups and for the whole sample, the perceptions of the marketing development skills essential to tourism entrepreneurs.

Figure 7.1 follows on page 271.

Figure 7.1 **Recommended inventory of entrepreneurial development skills relevant to tourism management students**

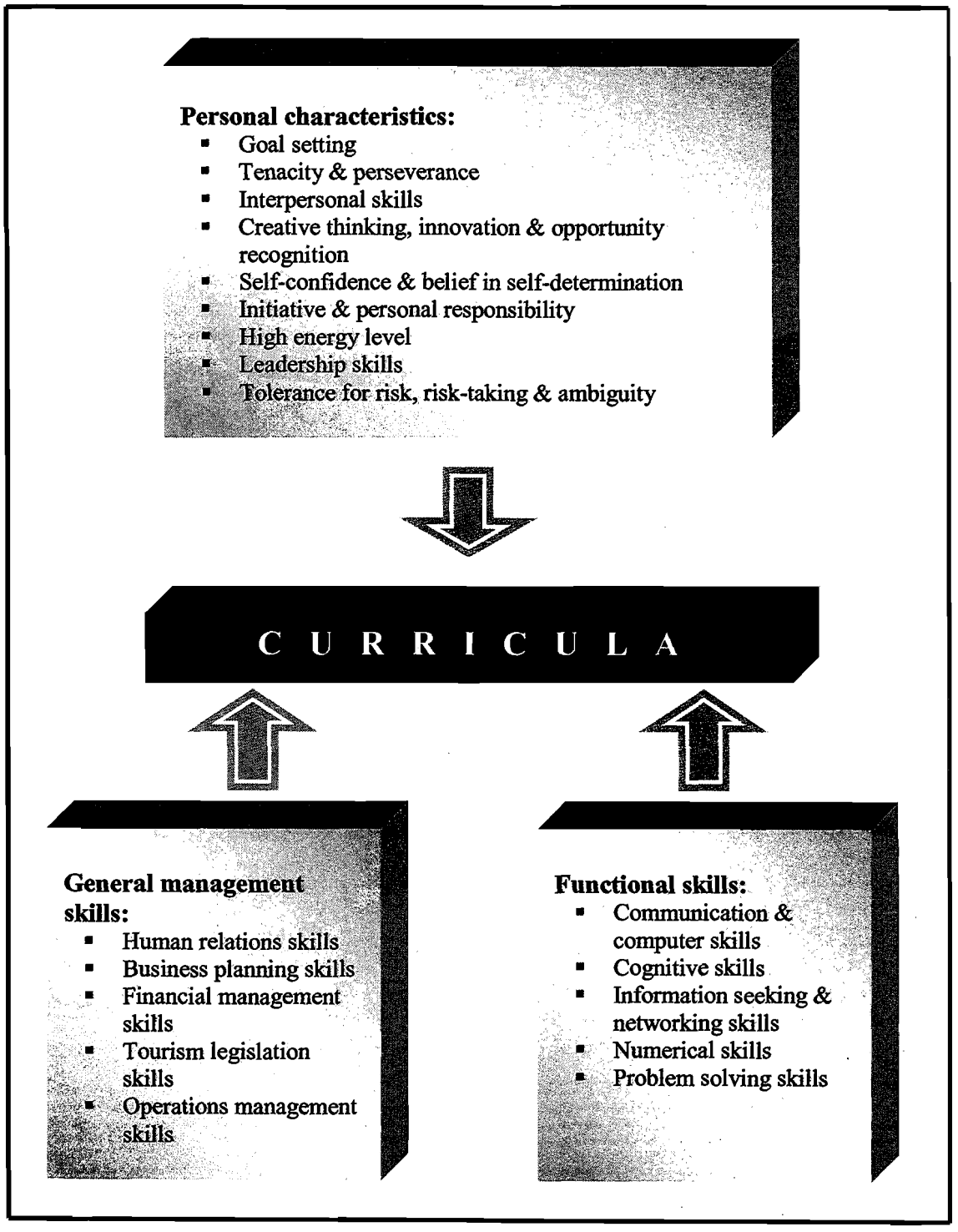
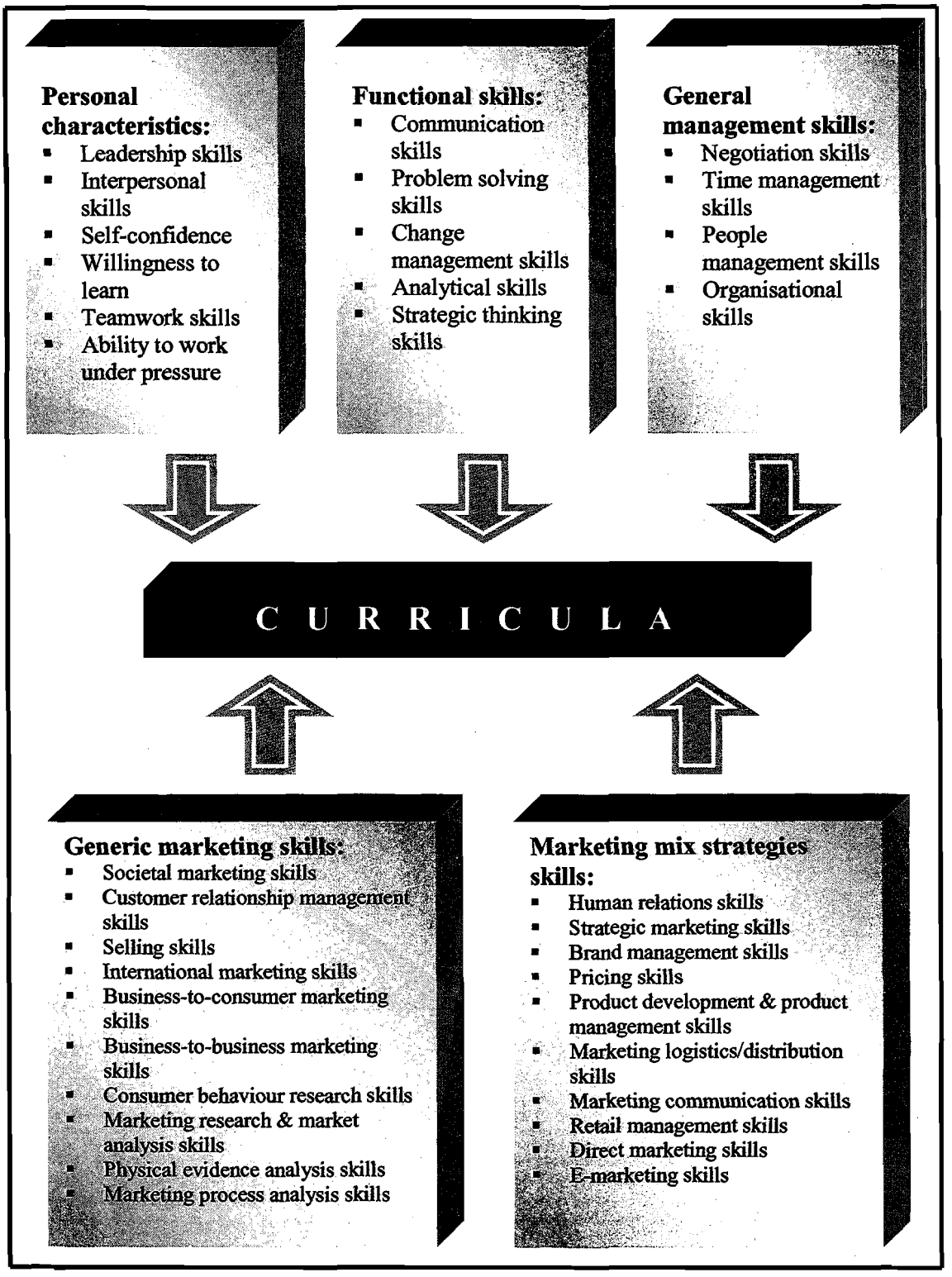


Figure 7.2 **Recommended inventory of marketing development skills relevant to tourism management students**



In light of these eight empirically classified constructs in the overall sample, the following constructs, together with the suggested topics pertaining to each construct, are recommended for inclusion within tourism management programmes. The level of coverage should be guided by the relevance attached to the individual construct by tourism enterprise owners, tourism management academics and tourism management students:

7.4.1 Construct 1: Essential personal characteristics pertaining to entrepreneurs

For this construct, the tourism management academics' perceptions differed from those of the tourism enterprise owners and tourism management students. This construct was deemed essential for tourism management students by tourism management academics and highly essential by the other two sample groups. Coverage of the content of this construct should include the following topics:

- Goal setting (Section 3.9.1)
- Tenacity and perseverance (Section 3.9.2)
- Interpersonal skills (Section 3.9.3)
- Creative thinking, innovation and opportunity recognition (Section 3.9.4)
- Self-confidence and belief in self-determination (Section 3.9.5)
- Initiative and personal responsibility (Section 3.9.6)
- High energy level (Section 3.9.7)
- Leadership skills (Section 3.9.8)
- Tolerance for risk, risk-taking and ambiguity (Section 3.9.9)

7.4.2 Construct 2: Essential functional skills pertaining to entrepreneurs

For this construct, the tourism management academics' perceptions differed from those of the tourism enterprise owners and tourism management students. This construct was deemed essential for tourism management students by tourism management academics

and highly essential by the other two sample groups. Coverage of the content of this construct should include the following topics:

- Communication and computer skills (Section 3.10.1)
- Cognitive skills (Section 3.10.2)
- Information seeking and networking skills (Section 3.10.3)
- Numerical skills (Section 3.10.4)
- Problem solving skills (Section 3.10.5)

7.4.3 Construct 3: Essential general management skills pertaining to entrepreneurs

This construct was deemed highly essential for tourism management students by the three sample groups. Coverage of the content of this construct should include the following topics:

- Human relations skills (Section 3.11.1)
- Business planning skills (Section 3.11.2)
- Financial management skills (Section 3.11.3)
- Tourism legislation skills (Section 3.11.4)
- Operations management skills (Section 3.11.5)

7.4.4 Construct 4: Essential personal characteristics pertaining to tourism marketers

This construct was deemed highly essential for tourism management students by the three sample groups. Coverage of the content of this construct should include the following topics:

- Leadership skills (Section 3.9.8)
- Interpersonal skills (Section 3.9.3)

- Self-confidence (Section 3.9.5)
- Willingness to learn (Section 4.10.1)
- Teamwork skills (Section 4.10.2)
- Ability to work under pressure (Section 4.10.3)

7.4.5 Construct 5: Essential functional skills pertaining to tourism marketers

This construct was deemed highly essential for tourism management students by the three sample groups. Coverage of the content of this construct should include the following topics:

- Communication skills (Section 3.10.1)
- Problem solving skills (Section 3.10.5)
- Change management skills (Section 4.11.1)
- Analytical skills (Section 4.11.2)
- Strategic thinking skills (Section 4.11.3)

7.4.6 Construct 6: Essential generic marketing skills pertaining to tourism marketers

For this construct, the tourism management students' perceptions differed from those of the tourism enterprise owners and tourism management academics. This construct was deemed essential for tourism management students by tourism management academics and highly essential by the other two sample groups. Coverage of the content of this construct should include the following topics:

- Societal marketing skills (Section 3.11.2.5)
- Customer relationship management skills (Section 4.12.1)
- Selling skills (Section 4.12.2)
- International marketing skills (Section 4.12.3)

- Business-to-consumer marketing skills (Section 4.12.4)
- Business-to-business marketing skills (Section 4.12.5)
- Consumer behaviour research skills (Section 4.12.6)
- Marketing research and market analysis skills (Section 4.12.7)
- Physical evidence analysis skills (Section 4.12.8)
- Marketing process analysis skills (Section 4.12.9)

7.4.7 Construct 7: Essential marketing mix strategies skills pertaining to tourism marketers

For this construct, the tourism management students' perceptions differed from those of the tourism enterprise owners and tourism management academics. This construct was deemed essential for tourism management students by tourism management academics and highly essential by the other two sample groups. Coverage of the content of this construct should include the following topics:

- Human relations skills (Section 3.11.1)
- Strategic marketing skills (Section 4.13.1)
- Brand management skills (Section 4.13.2)
- Pricing skills (Section 4.13.3)
- Product development and product management skills (Section 4.13.4)
- Marketing logistics/distribution skills (Section 4.13.5)
- Marketing communication skills (Section 4.13.6)
- Retail management skills (Section 4.13.7)
- Direct marketing skills (Section 4.13.8)
- E-marketing skills (Section 4.13.9)
- Marketing mix optimisation skills (Section 4.13.10)

7.4.8 Construct 8: Essential general management skills pertaining to tourism marketers

This construct was deemed highly essential for tourism management students by the three sample groups. Coverage of the content of this construct should include the following topics:

- Negotiation skills (Section 3.11.1.6)
- Time management skills (Section 3.11.5.1)
- People management skills (Section 3.11.1)
- Organisational skills (Section 4.14.1)

7.4.9 Recommended implementation approach

Tourism educators in South Africa should be aware of the skills identified in this study, and the discussion thereof should form an integral component of tourism management programmes. The findings of the study indicate that, from the perspective of tourism enterprise owners, tourism management academics and tourism management students, essential entrepreneurial and marketing development skills should be integrated into existing tourism management subject offerings. Owing to certain skills being duplicated in various constructs, tourism management academics should carefully design programme curricula with this in mind in order to avoid duplication. The research findings further indicate that consideration should be given to offering generic marketing and marketing mix strategy skills as a combined module within the tourism management programmes.

At the micro, intermediate and macro level, the following can be recommended. At the micro level, institutions offering such programmes need to review their curricula in order to ensure that they furnish their students with these skills identified in this study. At the intermediate level, the institutions need to rethink all of their programmes with the view of bringing a more entrepreneurial spirit into their curricula design. At the macro level,

South Africa lacks behind its more developed counterparts on the entrepreneurial front. Higher education institutions and government need to enter into a collaborate relationship to address this problem.

South Africans are discouraged and uncertain regarding their future. Entrepreneurship in South Africa has become more important than ever and an intervention is necessary for young people to move from isolation to full integration into the global economy. Entrepreneurship training can play an important role in developing entrepreneurial people.

7.5 FUTURE RESEARCH OPPORTUNITIES

This study has identified entrepreneurial and marketing development skills essential to small tourism enterprise entrepreneurs. Future research may be undertaken to complement the findings of this study. For example, while this study developed a comprehensive inventory of essential entrepreneurial and marketing development skills relevant to tourism entrepreneurs, research into the specific learning outcomes for each identified skill is still required. Research investigating how the skills can be successfully integrated into tourism management programmes needs to be undertaken.

Further research is needed on tourism enterprises and entrepreneurs' initiatives that may facilitate entrepreneurial and marketing skill development for potential tourism entrepreneurs. Further possibilities for future research also exist in conducting an in-depth analysis of the reasons why tourism enterprise owners, tourism management academics and tourism management students' perceptions are different.

The academic and student samples were limited to two higher education institutions. Other possibilities for future consideration include researching the perceptions of other higher education institutions in South Africa and internationally, which may provide beneficial research outcomes.

The tourism enterprise owners were limited to the Vaal Triangle Region. Other possibilities for future consideration could include undertaking research in other areas of South Africa and internationally. In addition, comparative studies with other countries with emerging markets regarding entrepreneurship and marketing development skills would serve to enhance tourism management programmes.

7.6 CONCLUDING REMARKS

A significant problem worldwide is the failure of higher education institutions to furnish people with the skills they require to succeed in the real world. Typically, higher education institutions focus on educating people to be employees rather than employers. Greater emphasis needs to be placed on providing people with the skills required to be entrepreneurs.

Entrepreneurship is a recognised intervention needed to combat the increasing unemployment and low economic growth rate, which are of growing concern in the world economy. South African higher education institutions need to redefine their roles and adjust the teaching and learning of these programmes. To equip potential entrepreneurs with the correct skills academics should take heed and ensure that the curricula and training provided corresponds with the requirements of practitioners. By analysing the development skills of successful entrepreneurs, the focus of training courses and curricula can be established.

Tourism management academics committed to developing essential entrepreneurial and marketing skills for future tourism entrepreneurs can use the essential entrepreneurial and marketing development skills analysed in this study as a guide to planning the content of tourism management programmes and, in doing so, possibly ensure a significant contribution to combating unemployment and stimulating economic growth.

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ANNEXURE A

Cover letters

COVER LETTER FOR THE TOURISM ENTERPRISE OWNER SAMPLE

Dear Tourism Enterprise Owner

My name is Natasha de Klerk. I am lecturing in the department of Marketing and Sport at the Vaal University of Technology and currently attempting to complete my PhD at the North West University, under the supervision of Dr A. Garnett. The study is on essential entrepreneurial and marketing development skills. I have selected small tourism enterprises in the Vaal Triangle Region, tourism management academics and tourism management students to take part in the study, of which your enterprise is one.

I am requesting that you might please take a few minutes to assist me and complete the attached questionnaire on essential entrepreneurial and marketing development skills. The questionnaire merely involves making crosses next to 77 statements, along with 2 open-ended questions. It should not take more than 15 minutes to fill in.

Out of professional courtesy, please take the time to assist me in this regard. All responses are anonymous (the name of the enterprise will not be named either) and will merely be outlined in the form of statistical data in the analysis.

Thank you for your consideration in this regard. Should you wish to have any further information about the results of the study, or any further questions regarding the attached questionnaire, please don't hesitate to contact me at the information listed below. The questionnaire will be collected personally.

Thank you most sincerely
Natasha de Klerk
Vaal University of Technology
Department of Marketing & Sport Management
Private Bag X021
Vanderbijlpark
1900
Tel (016) 930 5019
natashap@vut.ac.za

COVER LETTER FOR THE TOURISM MANAGEMENT ACADEMIC SAMPLE

Dear Tourism Management Academic

My name is Natasha de Klerk. I am lecturing in the department of Marketing and Sport at the Vaal University of Technology and currently attempting to complete my PhD at the North West University, under the supervision of Dr A. Garnett. The study is on essential entrepreneurial and marketing development skills. I have selected small tourism enterprises in the Vaal Triangle Region, tourism management academics and tourism management students to take part in the study, of which your institution is one.

I am requesting that you might please take a few minutes to assist me and complete the attached questionnaire on essential entrepreneurial and marketing development skills. The questionnaire merely involves making crosses next to 77 statements, along with 2 open-ended questions. It should not take more than 15 minutes to fill in.

Out of professional courtesy, please take the time to assist me in this regard. All responses are anonymous and will merely be outlined in the form of statistical data in the analysis.

Thank you for your consideration in this regard. Should you wish to have any further information about the results of the study, or any further questions regarding the attached questionnaire, please don't hesitate to contact me at the information listed below. The questionnaire will be collected personally.

Thank you most sincerely
Natasha de Klerk
Vaal University of Technology
Department of Marketing & Sport Management
Private Bag X021
Vanderbijlpark
1900
Tel (016) 930 5019
natashap@vut.ac.za

COVER LETTER FOR THE TOURISM MANAGEMENT STUDENTS SAMPLE

Dear Tourism Management Student

My name is Natasha de Klerk. I am lecturing in the department of Marketing and Sport at the Vaal University of Technology and currently attempting to complete my PhD at the North West University, under the supervision of Dr A. Garnett. The study is on essential entrepreneurial and marketing development skills. I have selected small tourism enterprises in the Vaal Triangle Region, tourism management academics and tourism management students to take part in the study, of which your institution is one.

I am requesting that you might please take a few minutes to assist me and complete the attached questionnaire on essential entrepreneurial and marketing development skills. The questionnaire merely involves making crosses next to 77 statements, along with 2 open-ended questions. It should not take more than 15 minutes to fill in.

Out of professional courtesy, please take the time to assist me in this regard. All responses are anonymous and will merely be outlined in the form of statistical data in the analysis.

Thank you for your consideration in this regard. Should you wish to have any further information about the results of the study, or any further questions regarding the attached questionnaire, please don't hesitate to contact me at the information listed below. The questionnaire will be collected personally.

Thank you most sincerely
Natasha de Klerk
Vaal University of Technology
Department of Marketing & Sport Management
Private Bag X021
Vanderbijlpark
1900
Tel (016) 930 5019
natashap@vut.ac.za

ANNEXURE B

Survey questionnaires – Section A

TOURISM ENTERPRISE OWNERS

Essential marketing and entrepreneurial skills necessary in a small tourism enterprise

Section A: Demographical information
Please mark each question with a cross (X).

1. Years of ownership of current enterprise:

0 – 5 years	6 – 10 years	11 – 20 years	More than 20 years

2. Number of employees:

1 – 10	11 – 20	21 – 30	More than 30 employees

3. Any previous experience in the tourism industry?

Yes	No

3.1 If yes. How many years of previous experience in tourism industry:

0 – 5 years	6 – 10 years	11 – 20 years	More than 20 years

4. Highest qualification:

Diploma/Degree	B.Tech/ Honours	Masters	Doctorate
Other: (Please specify)			

5. Age:

Less than 20	20 – 29	30 – 39	40 – 49	50 – 59	60 +

6. Gender:

Male	Female

7. Designated group:

White	African
Coloured	Asian
Other (specify):	

TOURISM MANAGEMENT ACADEMICS

Essential marketing and entrepreneurial skills necessary in a small tourism enterprise

Section A: Demographical information
Please mark each question with a cross (X).

1. Name of Institution:

North-West University	Vaal University of Technology

2. Your function:

Junior Lecturer	Lecturer	Senior Lecturer
Principal Lecturer/Associate professor	Head of Department	Part-time lecturer
Other: (Please specify)		

3. Years of service:

0 – 5 years	6 – 10 years	11 – 15 years	16 – 20 years	Over 20 years

4. Highest qualification:

Diploma/Degree	B.Tech/ Honours	Masters	Doctorate
Other: (Please specify)			

5. Years of practical experience in tourism industry:

None	0 - 1 years	2 - 5 years	6 – 10 years	More than 10 years

6. Gender:

Male	Female

7. Designated group:

White	African
Coloured	Asian
Other (specify):	

TOURISM MANAGEMENT STUDENTS

Essential marketing and entrepreneurial skills necessary in a small tourism enterprise

Section A: Demographical information
Please mark each question with a cross (X).

1. Name of Institution:	North-West University	Vaal University of Technology
2. Year:	3rd year	4th year
3. Gender:	Male	Female
4. Designated group:	White	African
	Coloured	Asian
	Other (specify):	

ANNEXURE C

Survey questionnaires – Sections B & C

Section B: Please mark each question with a cross (X).

If a new graduate were interested in starting up a small tourism enterprise, what entrepreneurial skills would be most essential for that graduate to have? Please rate the following on a scale of 1 – 5, with 5 being extremely essential and 1 being extremely unessential.

		Extremely essential	Essential	Neither essential nor unessential	Unessential	Extremely unessential
1	Goal setting	5	4	3	2	1
2	Perseverance	5	4	3	2	1
3	Interpersonal skills	5	4	3	2	1
4	Verbal communications skills	5	4	3	2	1
5	Written communications skills	5	4	3	2	1
6	Innovative thinking skills	5	4	3	2	1
7	Marketing skills	5	4	3	2	1
8	Dealing with failure	5	4	3	2	1
9	Self-confidence	5	4	3	2	1
10	Belief in self-determination	5	4	3	2	1
11	Willingness to take risks	5	4	3	2	1
12	Initiative taking skills	5	4	3	2	1

		Extremely essential	Essential	Neither essential nor unessential	Unessential	Extremely unessential
13	Taking personal responsibility	5	4	3	2	1
14	Drive and energy level	5	4	3	2	1
15	Ability to deal with uncertainty	5	4	3	2	1
16	Cognitive skills	5	4	3	2	1
17	Networking skills	5	4	3	2	1
18	Information seeking skills	5	4	3	2	1
19	Numerical skills	5	4	3	2	1
20	Financial skills	5	4	3	2	1
21	General business management skills (for example planning, leading, organising, activating and controlling activities))	5	4	3	2	1
22	Computer literacy skills	5	4	3	2	1
23	Stress management skills	5	4	3	2	1
24	Negotiation skills	5	4	3	2	1
25	Forecasting skills	5	4	3	2	1
26	Problem solving skills	5	4	3	2	1

		Extremely essential	Essential	Neither essential nor unessential	Unessential	Extremely unessential
27	Ethical business values	5	4	3	2	1
28	Opportunity recognition skills	5	4	3	2	1
29	Leadership skills	5	4	3	2	1
30	Inventory control skills	5	4	3	2	1
31	Record keeping skills (for example inventory)	5	4	3	2	1
32	Strategic planning skills	5	4	3	2	1
33	Creative thinking skills	5	4	3	2	1
34	Conflict management skills	5	4	3	2	1
35	Legal skills	5	4	3	2	1
36	Taxation skills	5	4	3	2	1
37	People management skills	5	4	3	2	1
38	Risk-taking skills	5	4	3	2	1

Other essential entrepreneurial skills relevant to tourism management graduates not listed above:

_____

_____

Section C: Please mark each question with a cross (X).

If a new graduate were interested in starting up a small tourism enterprise, what <u>marketing skills</u> would be most essential for that graduate to have? Please rate the following on a scale of 1 – 5, with 5 being extremely essential and 1 being extremely unessential.

		Extremely essential	Essential	Neither essential nor unessential	Unessential	Extremely unessential
1	A willingness to learn	5	4	3	2	1
2	Teamwork skills	5	4	3	2	1
3	Verbal communication skills	5	4	3	2	1
4	Written communication skills	5	4	3	2	1
5	Problem solving skills	5	4	3	2	1
6	Self-confidence	5	4	3	2	1
7	The skills to implement change	5	4	3	2	1
8	Analytical skills	5	4	3	2	1
9	Leadership skills	5	4	3	2	1
10	Organisational skills	5	4	3	2	1
11	Negotiation skills	5	4	3	2	1
12	Customer relationship management skills	5	4	3	2	1

		Extremely essential	Essential	Neither essential nor unessential	Unessential	Extremely unessential
13	Strong interpersonal skills	5	4	3	2	1
14	Able to work under pressure	5	4	3	2	1
15	Selling skills	5	4	3	2	1
16	Numerical skills	5	4	3	2	1
17	Time management skills	5	4	3	2	1
18	Strong strategic marketing skills	5	4	3	2	1
19	Strong strategic thinking skills	5	4	3	2	1
20	International marketing skills	5	4	3	2	1
21	Business to business marketing skills	5	4	3	2	1
22	Business to consumer marketing skills	5	4	3	2	1
23	Consumer behaviour analysis skills	5	4	3	2	1
24	Product management skills	5	4	3	2	1
25	Brand management skills	5	4	3	2	1
26	Pricing skills	5	4	3	2	1

		Extremely essential	Essential	Neither essential nor unessential	Unessential	Extremely unessential
27	Market research skills	5	4	3	2	1
28	Market analysis skills	5	4	3	2	1
29	Societal marketing skills	5	4	3	2	1
30	Product development skills	5	4	3	2	1
31	Marketing logistics/distribution skills	5	4	3	2	1
32	Marketing communication skills (for example advertising, PR, promotion)	5	4	3	2	1
33	Retail management skills	5	4	3	2	1
34	Direct marketing skills	5	4	3	2	1
35	e-Marketing skills	5	4	3	2	1
36	Marketing mix optimisation skills	5	4	3	2	1
37	People management skills	5	4	3	2	1
38	Skills in analysing the tangible physical evidence in an environment	5	4	3	2	1
39	Skills in analysing the marketing processes to enhance customer experiences within a service encounter	5	4	3	2	1

Other essential marketing skills relevant to tourism management graduates not listed above:

_____

_____

THANK YOU!

Annexure C