



Compliance of Tourism SMME Accommodation Establishments in the Mangaung Metropolitan Municipality

by

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ABSTRACT


Since the global economy has experienced a decline in economic activity over the past few years due to the outbreak of the Covid-19 pandemic which negatively impacted on the lives and livelihoods of people across the world, it was important to intervene via research to assist the tourism accommodation sector. Globally, governments had to devise contingency measures to resuscitate economic activity. In RSA, President Ramaphosa highlighted that one of the key interventions that can revive the economy is to support the tourism Industry which has potential to create jobs due to its labour-intensive nature of its operations and its interconnectedness with other sectors. Because the tourism industry suffered great loss during lockdown (since March 2020), the South African Government introduced relief funds for SMMEs including SMMEs in the tourism Industry, specifically the accommodation subsector which consists of guesthouses, lodges, B&Bs, and hotels, amongst others. However, most establishments could not secure the relief funds due to the difficulty of complying with various legislations. Hence, this study investigated the compliance of SMMEs (aligned to tax, labour, and B-BBEE legislation, as well as company registration) as Tourism Accommodation Establishments in the Mangaung Metropolitan Municipality. A quantitative study was undertaken to elicit data via survey questionnaires which were disseminated electronically via email, together with conducting face-to-face interviews. After data collection and analysis, the findings indicated that there was poor monitoring and evaluation from the Government's side which highlighted the disconnect in communication platforms between SMMEs and Government agencies. It was concluded that there was a need for regular and accurate information dissemination, intensive training, and better networking between entrepreneurs and Government agencies. Recommendations included the improvement of communication lines by exploiting the opportunities available on the 4th IR's digital platforms, and Government agencies earnest involvement and commitment to conduct more effective mentorship and coaching, ongoing training, and relevant information sessions to connect with SMMEs by promoting the DDM model.

KEY WORDS: accommodation, compliance, DDM model, information dissemination, SMMEs, tourism

Declaration

I, John Ramahetlane Ntsane, student number 2001002530, declare that this master's degree research dissertation that I herewith submit to the University of the Free State, is my independent work, and that I have not previously submitted it for a qualification at another institution of higher education.

Further, all sources that I have accessed to cite in this study have been duly acknowledged in the form of in-text referencing and in the reference list.

Signature of Student: 

Date:09 September 2022...

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Abbreviations and Acronyms

Acronym/ Abbreviation	In full
ANC	African National Congress
ASA	American Sociology Association
ASGISA	Accelerated and Shared Growth Initiative South Africa
B&B	Bed and Breakfast
BEE	Black Economic Empowerment
B-BBEE	Broad-Based Black Economic Empowerment
BER	Bureau for Economic Research
BSA	British Sociology Association
CCMA	Commission for Conciliation, Mediation and Arbitration
CIPC	Companies Intellectual Property Commission
COIDA	Compensation for Occupational Injuries and Diseases Act
Covid-19	2019 Novel Coronavirus
DESTEA	Department of Economic, Small Business Development, Tourism and Environmental Affairs
DPME	Department of Performance Monitoring and Evaluation
DSBD	Department of Small Business development
DTI	Department of Trade and Industry
EDD	Economic Development Department
EEA	Employment Equity Act
EIA	Economic Impact Assessment
EPP	Employment Promotion Programme
ERRP	Economic Reconstruction and Recovery Plan
GEM	Global Entrepreneurship Monitor
GDP	Gross Domestic Product
IDP	Integrated Development Plan
ILO	International Labour Organization
LED	Local Economic Development
MACUFE	Mangaung Cultural Festival
MMM	Mangaung Metropolitan Municipality
NDP	National Development Plan
NDT	National Department of Tourism
NIBUS	National Informal Business Upliftment Strategy
NT	National Treasury
NTSS	National Tourism Sector Strategy
OECD	Organization for Economic Co-Operation and Development
OHSA	Occupational Health and Safety Act
RDP	Reconstruction and Development Programme

RII	Regulatory Impediments Index
SA	South Africa
SADC	Southern African Development Community
SAE	Small Accommodation Establishments
SARB	South African Reserve Bank
SARS	South African Revenue Services
SAT	South African Tourism
SBGI	Small Business Growth Index
SBP	Small Business Project
SDGs	Sustainable Development Goals
SDL	Skills Development Levy
SEDA	Small Enterprise Development Agency
SRA	Social Research Association
SME	Small, Medium Enterprise
SMME	Small, Medium and Micro Enterprise
SONA	State Of the Nation Address
StatsSA	Statistics South Africa
STR	State of Tourism Report
SPSS	Statistical Package for Social Sciences
TBCSA	Tourism Business Council of South Africa
TEA	Total Early-Stage Entrepreneurship Activity
TERS	Temporary Employee Relief Scheme
TGCSA	Tourism Grading Council of South Africa
TIPS	Trade and Industrial Policy Strategies
UIF	Unemployment Insurance Fund
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNWTO	United Nations World Tourism Organization
VFR	Visiting Friends and Relatives
WOW	Who Owns Whom
WTTC	World Travel and Tourism Council

CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

South Africa presently experiences a high unemployment rate due to the weakening economy and the impact of the Covid-19 pandemic. According to *StatsSA's Mid-Year Populations Estimates Report (2020)*, we have a total population of 59,62 million people with an official unemployment rate of 30.1% nationally, and a 63,3% youth unemployment rate. South Africa's economic indicators project a negative picture of the country's growth due to unstable conditions in the country such as inequality, unemployment, and crime. As part of the economic recovery plan, more emphasis should be placed on high impact employment interventions, of which tourism should be prioritised. However, collaborative sectoral interventions should be astutely planned and implemented to help the country meet its National Development Plan (NDP): Vision 2030 targets which are to:

- Grow the economy by 5.4%.
- Reduce unemployment rate to 6%.
- Increase investment as a share of Gross Domestic product (GDP) to 30%.
- Reduce inequality as measured by Gini Coefficient to 0.60; and
- Totally eradicate poverty.

The *Tourism White Paper (RSA,1996)* defines *tourism* as all travel for whatever purpose that results in one or more nights being spent away from home. The document also defines a *tourist* as a person who travels away from home, staying away for at least one night. A tourist can either be a domestic, regional, or international tourist (RSA 1996). According to the South African Tourism Annual Report (2019), South Africa welcomed 10,4 million international tourists who injected R116,9 billion into the South African economy (SAT, 2019). On the 15th March 2020, Minister of Cooperative Governance and Traditional Affairs (COGTA), Dr Zuma, declared a national state of disaster due to the outbreak of coronavirus (COGTA, 2020). A lockdown was imposed, movement of people was restricted, and businesses were closed unless it was part of essential services. Also, accommodation establishments were closed except those which were offering quarantine services.

The United Nations Conference on Trade and Development (UNCTAD) listed South Africa as one of the top 15 countries negatively impacted by the international travel. According to the United Nations World Tourism Organization's (UNWTO's) website, global tourism suffered its worst year on record in 2020, with international arrivals dropping by 74%, which meant that destinations worldwide welcomed 1 billion fewer international arrivals in 2020 than in the previous year (UNWTO, 2021).

According to the South African Tourism Annual Report (2019) the tourism value chain comprises three subsectors: accommodation, hospitality and related services, and travel and related services (SAT, 2019). The tourism sector directly contributes to Sustainable Development Goals (SDGs) both at global and local levels. The genesis of the principles of the Sustainable Development Goals (SDGs) emanated from the United Nations (UN) Conference on sustainable development held in Rio de Janeiro, Brazil, in 2012 (UNWTO, 2021). The SDGs are clustered into four categories: namely, social SDGs (SDG1,2,3,4 and 5), economic SDGs (SDG 8,9,10,12 and 17), environmental SDGs (SDG 6,7,13,14 and 15) and the governance, peace, justice, and security SDGs (SDG 16). The South African Government linked the SDGs to the National Development Plan (NDP): Vision 2030, which aims to eliminate poverty and reduce inequality by 2030 (NDP, 2011).

The National Development Plan: Vision 2030 (NDP) ascribes a critical role to SMMEs in contributing to the South African economy's growth, eliminating inequality, and reducing poverty (NDP, 2011). In South Africa, tourism is driven by the National Tourism Sector Strategy (NTSS) which focuses on inclusive growth based on domestic and international tourist market growth and expenditure (NTSS, 2017). The NTSS (2017) report indicates that the tourism sector contributes around 2% to the country's GDP and that in 2016 the country welcomed approximately 10 million tourists.

Annexure A illustrates the size of the tourism industry in South Africa and the interconnectedness of various subsectors which contribute directly and indirectly to the tourism industry (NTSS, 2017). Annexure A also provides a holistic view of the tourism industry (direct and indirect) with its subsectors such as accommodation, transportation, food, and beverage (F&B), handicrafts, and support services, among others. Moreover, Annexure A is important for the study because it provides a clear view of how tourism can support small businesses, promote entrepreneurship, and market the country to other countries which will lead to job-creation and an improved.

1.2 BACKGROUND

In developing countries, the expansion potential of tourism has been widely acknowledged due to the sectors' ability to balance regional disparities and create socio-economic benefits for regional communities. Adiyia, De Rademaeker, Vanneste and Wilber (2017) contend that the SMME sector has a larger impact on regional development due to its numerical importance, labour-intensive nature, flexible character, predominant local ownership, and integration in the economy. Nieuwenhuizen (2019) postulates that SMMEs contribute to economic growth and employment creation and ultimately to the GDP of both high and low-income countries.

President Ramaphosa highlighted in the State of Nation Address (SONA 2022) that red-tape or bureaucratic controls stifle economic growth, hence he promised that his team would initiate measures to remove or limit such controls on SMMEs.

However, according to the State of Tourism Report (STR): 2019/20, SA Tourism experienced a 72,6% decline in international tourist arrivals from 10,2 million in 2019, to 2,8 million in 2020 (Department of Trade & Industry - DTI, 2020). The STR (2019/20) report indicates that main purpose of people visiting SA in 2020 was visiting friends and family (VFR) (41.1%), holiday (16.4%), shopping (24.4%), business travel (7.8%), and other (10.2%). These statistics emphasize that Small, Medium and Micro Enterprises (SMMEs) are critical drivers of growth and job- creation. The Department of Small Business Development (DSBD) 2020 strategic plan report indicates that the trade and accommodation industry decreased by 3,8% because of the lockdown.

The tourism sector consists of the following subsectors: accommodation, hospitality and related services, and travel distribution systems. The focus of the study will be on tourism SMME accommodation establishments based in the Mangaung Metropolitan Municipality. The STR (2019/20) report indicates that the accommodation sector experienced a decline of 61.13% from R25,285,100 (2019) to R9,827,400 (2020) due to Covid-19 (DTI, State of Tourism Report, 2020). In a study by Rogerson (2005), based on a survey conducted on 50 tourism SMME entrepreneurs throughout the Free State between 2003 and 2004, it was found, amongst other constraints, that a significant obstacle hindering business development was 'excessive' or 'unnecessary' regulations operated by national, provincial, and local authorities. These regulatory issues include signage restrictions, labour regulations, and costs of zoning applications (Rogerson, 2005). Nieuwenhuizen (2019) confirms that the primary reasons for the lack of growth in the formal SMME sector include, amongst others, the regulatory environment and restrictive legislation which include the cost of compliance. These costs are related to:

- assistance by experts to understand regulations and time spent by managers and staff to understand rules and apply them.
- costs incurred to maintain records.
- preparation and submission of tax returns.
- time spent on compliance issues and visits to relevant SETAs and South African Revenue Services (SARS) offices; and
- payments to consultants, tax practitioners, and accountants to ensure compliance and address disputes.

A report by Trade and Industrial Policy Strategies [TIPS] (2017) on regulatory burdens imposed on small businesses states that such regulations increase the cost of operating small businesses. However, the report acknowledges that minimizing unnecessary legal conditions will not remedy structural constraints that SMMEs face. These constraints include a lack of appropriate market institutions, inadequate access to finance, limited assets and infrastructure, and skills shortages. Regulatory

compliance is the formalities and administrative paperwork that a business carries out or pays someone to carry out on their behalf to comply with regulations. This includes all the time and resources spent by owners, managers, staff and hired experts to understand regulations, collect, plan, report, retain data and fill forms required by the Government (Canada, 2013).

A Small Business Growth Index (SBGI) study found that the red tape for firms employing less than 50 employees can account for between 4% and 8% of annual turnover. The SMMEs spent on average 75 hours in a month dealing with red tape, the equivalent of 8 working days in a month (TIPS, 2017). Literature indicates that small businesses struggle to grow and become sustainable due to Government bureaucracy (including onerous labour legislation and tax regulations), and lack of access to funding, markets and information and advice.

The Small Business Project [SBP] (2014) growth index reveals that small firms spend on average of eight working days a month dealing with red tape, representing management time spent away from core business activities, thus losing income, and making the financial impact of compliance on SMMEs burdensome. The SBP (2014) outlines that The Davis Tax Committee Interim Report on small business indicates a median cost of R20,500 to comply with all Tax requirements which translates to approximately R216,000 per year. The average tax compliance costs on the SMME generating an annual revenue of R5 million is about 5% per year (SBP, 2014).

Additionally, Masare (2016) confirms that tourism operators normally complain about spending too much time to comply with the regulatory changes than concentrating on the business itself; they spend time and money dealing with information retrieval, requests for information to meet different requirements, keeping information, the completion of forms, and travelling to and from tax authorities (e.g. filing returns, paying taxes, seeking clarifications, registering for tax purposes, seeking professional advice, and understanding new tax laws). The SBP (2014) outlines that small business firms identified their top red tape headaches as dealing with SARS, labour issues, dealing with their municipality, and compliance with Broad-Based Black Economic Empowerment (B-BBEE).

According to a report by TIPS (2017), before 1994, Government policies deliberately suppressed small black enterprises in various ways through restriction of land ownership, access to city centres, financial services, education, and licensing. The report elaborates that democratic South Africa did not inherit a large pool of small enterprises due to oppressive institutional and regulatory frameworks that stifled the growth of small businesses. These obstructions arise from instituting many laws and regulations because the state has, among other agendas, an interest in identifying relevant businesses and knowing information about them (TIPS, 2017).

Nieuwenhuizen (2019) maintains that one of the repercussions of stringent and burdensome regulations is the inclination of many SMMEs to remain informal since informality reduces their operating costs and increases their wealth – hence they survive through non-compliance and tax avoidance which negatively affects Government’s fiscus. This non-compliance remains one of the critical challenges for SMMEs in gaining access to funding. According to the SA SMME Covid-19 Impact report by Finfind (2020), during the lockdown, 42,6% of businesses that closed applied to the Covid-19 relief fund, and 99,9% of these applications were rejected.

Access to finance can be a significant barrier to the development of SMMEs. According to Henama (2013), market access, marketing, business management skills, access to ICT and Infrastructure, skills and training, finance, regulation, and inadequate institutional support are additional SMME constraints (Henama, 2013). The next section focused on the study's aim and objectives regarding addressing regulatory compliance challenges (stated above), and what the study seeks to achieve concerning tourism SMMEs in the Mangaung Metro.

1.3 RESEARCH MAIN QUESTION AND SUB-QUESTIONS

1.3.1 Main Research Question

This study wants to research how SMMEs could be formalised, become more compliant, to enable them to be more competitive and achieve growth and sustainability?

1.3.2 Sub-questions

- Why are SMMEs not compliant?
- What is the impact of non-compliance on SMMEs?
- What are the challenges that SMMEs experience which prohibit them from being compliant?

1.4 AIM AND OBJECTIVES

1.4.1 Aim

The study aimed to investigate how SMMEs in the tourism accommodation sector in the Mangaung Metropolitan Municipality (MMM) can be supported to achieve compliance with specific reference to labour laws, tax legislation, B-BBEE and business registration.

This study is intended to recommend strategies that will help SMMEs to become formalised, compliant, more competitive, and achieve growth and sustainability - while encouraging entrepreneurship at a local level. This can contribute positively towards GDP growth and employment creation which will lead to local and national economic growth.

1.4.2 Objectives

The main objectives of the study are:

- To investigate the level of support for SMMEs with regards to compliance to CIPC, Tax Legislation, B-BBEE and labour laws in Mangaung Metropolitan Municipality from all three spheres of Government (local, provincial, and national).
- To determine the effect of non-compliance in relation to CIPC, tax legislation, B-BBEE and labour laws as barriers to competitiveness, growth, and profitability of SMMEs in the tourism accommodation sector. To ascertain as to what extent are non-compliant SMMEs disadvantaged when it comes to access to markets, access to finance and other opportunities in relation to their compliant counterparts,
- To recommend support and development initiatives for SMMEs in the tourism accommodation establishments in the Mangaung Metro.

1.5 OVERVIEW OF THE METHODOLOGY AND LITERATURE REVIEW

The sources of literature for this study consisted of reports from various Government Departments including NDP: Vision 2030, Economic Reconstruction and Recovery Plan (ERRP), Global Entrepreneurship Monitor (GEM) and DSBD reports. A variety of tourism Industry reports were also consulted which consisted of South African Tourism (SAT) reports, National Tourism Sector Strategy (NTSS) report and United Nations World Tourism Organization (UNWTO) reports, amongst others. A range of academic journals and previous thesis and dissertations was consulted such as articles by experts like Rogerson and Nieuwenhuizen who provided incisive insights into the study's subject area.

The research methodology which was adopted for the study was quantitative in nature. A cross sectional design method was utilized for the study. The study utilized the survey questionnaire based on the Likert Scale as an instrument to collect data. The total sample of the study consisted of participants from accommodation establishments in the Mangaung Metropolitan Municipality which included guesthouses, lodges and B&Bs. The results were analysed using the Statistical Package for Social Science (SPSS) software.

1.6 CHAPTER LAYOUT

Chapter 1 provided the introduction, background, problem statement, aims and objectives, research questions, overview of the literature and methodology, chapter layout, and the summary of the chapter.

Chapter 2 dealt with the literature review which focused on tourism at international and local levels. It also addressed tourism and job-creation, as well as entrepreneurship. Lastly, the chapter linked tourism to legislation.

Chapter 3 presented the research methodology, data collection strategies, sampling, research ethics, and data analysis.

Chapter 4 articulated the findings related to the study by providing descriptive statistical analysis and cross tabulations to determine the significance of the relationship between different variables.

Chapter 5 explained the limitations of the study, provided topics for future research, suggested recommendations, and concluded the study.

1.7 SUMMARY

This chapter (1) provided an introduction and background to tourism and how it links with the Sustainable Development Goals (SDGs). It presented a holistic picture of the tourism value chain and its interconnectedness with other industries and sectors. It also included the problem statement, aims and objectives, the main research question and sub-questions, an overview of the methodology and current literature, the chapter layout, and the summary of this chapter. The next chapter (2) covered in detail the literature review relating to tourism.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

The previous chapter focused on the introduction to tourism, problem statement as well as aims and objectives of the study. The current chapter looks at literature review pertaining to tourism. It addresses tourism at international level, national level, and local level. It also investigates tourism and job creation, entrepreneurship, and legislation.

2.2 INTRODUCTION TO TOURISM

The tourism sector has made significant contributions to the world economy and has contributed largely towards economic development and job creation. According to the International tourism highlights 2020 report by UNWTO, there was 1,460 million international tourist arrivals globally, which translated into USD 1,481 billion international tourist receipts in 2019 (UNWTO, 2020). The report further outlines that in Africa, 70 million international tourist arrivals were translating to USD 38 billion in international tourism receipts. The most significant tourism activity occurs in Europe, with 744 million international tourist arrivals and USD 576 billion in international tourism receipts in 2019.

The UNWTO website reported that the world is currently facing unprecedented global health, social, and economic emergency with the Covid-19 pandemic. Travel and tourism sectors are among the hardest hit sectors, with airplanes grounded, hotels closed, and travel restrictions put in place in all countries around the globe (UNWTO, 2020). UNWTO report (2020) indicates the Covid-19 pandemic has resulted in 67 million fewer international tourists' arrivals, 80 US billion dollars lost in exports and 100% destinations with travel restrictions. UNWTO states that this resulted in a total decrease of 22% in international tourist arrivals between January and March 2020, of which by region, Asia and Pacific were the hardest hit (UNWTO, 2020).

Tourism is crucial for any country's economy because it attracts foreign capital through tourist activities. According to World Travel and Tourism Council (WTTC), tourism remains a primary foreign exchange earner and a pillar industry for many countries worldwide. Its comprehensive approach further supports this strongly interlinked discipline, which ties with other sectors of the given economy (Tembi, Oswald, & Sisa, 2017). Tourism can be considered a tool for regional development in peripheral areas

of developing countries when local labour, products, and services of SMMEs are linked to the tourism value-chain (Adiyia, De Rademaeker, Vanneste, & Wilber, 2017). Tourism is a catalyst for economic growth due to its interconnectedness, which leads to job creation (both direct and indirect jobs) and contributes to GDP. However, the coronavirus pandemic and lockdown hurt the tourism sector due to countries' travel restrictions to contain the pandemic. This will result in job losses and some business closing soon. It is recognised internationally that Smaller Accommodation Establishments (SAEs) play a critical role in the achievement of tourism industry sustainability, as they are perceived in many instances as a catalyst for Local Economic Development (LED) and growth, especially in rural areas (Glen & Mearns, 2018). According to Glen & Mearns (2018), smaller independent accommodation is prolific in European towns, and they are a key economic contributor and employment provider.

At an international level, tourism contributes one in every twelve jobs globally and makes up 30% of the world service exports (Glen & Mearns, 2018). Glen & Mearns (2018) postulates that Tourism is a labour-intensive industry and contributes more to the number of jobs per unit than agriculture and other non-agricultural industries in South Africa. They state that the importance of tourism in the world economy cannot be understated. Empirical studies on tourism globally revealed that compliance with regulations and laws such as licensing is vital for sustainable development of any industry. It was further stated that the implementation of licensing regulation faces constant resistance from some regulated entities who believe that it is not profitable. This phenomenon result in non-compliance with licensing regulations globally across all sectors (Tila, George, & Julie , 2021). Tila, George, & Julie (2021) further outlines that adherence to tourism licensing regulations is essential for sustainable growth of tourism sector. They define regulation as a rule or law that is implemented by independent organisations and backed up by a regulatory system to combat disobedience in the interest of the government (Tila, George, & Julie , 2021). Licensing regulations in the tourism industry include registration, taxation and licensing of hotels and restaurants.

2.3 SOUTH AFRICAN TOURISM AND JOB CREATION

The tourism sector in South Africa is vital to contribute to the country's economy by creating jobs and highlights different historical, natural, and cultural attractions for both local and international tourists. According to the 2019/2020 Annual Tourism report, in 2019 South Africa received 10,4 million international tourism trips and tourism saw a total injection of R273,2 billion into the South African economy. Minister Lindiwe Sisulu indicated in the 2020/21 Annual Report that in recent years, the tourism sector has outperformed many sectors such as mining and manufacturing in terms of job creation and contribution to GDP (DoT, Annual Tourism Report: 2020/2021, 2021). The

researcher outlined that tourism sector created 1,5 million jobs and contributed 425,8 billion to SA GDP. However, the tourism industry is one of the hardest impacted by lockdown due to the Covid-19 pandemic. On the 15th March 2020 South Africa declared a national state of disaster due to coronavirus. This led to closure of many businesses including the tourism accommodation establishment except those which offered the essential services ((COGTA), 2020).

Finfind (2020) study indicates that the accommodation, hospitality, tourism, and travel sector suffered the most significant loss regarding employment stats due to lockdown compared to other sectors that were able to restart operation during lockdown level 4 and 3. Tourism accommodation establishments (Hotels and Restaurants) will be the hardest hit due to implementing the risk-adjusted strategy of the economy's gradual reopening. This means that the domestic tourism industry will be reopened in stages and therefore, accommodation, road transport and restaurants will open freely under lockdown level 1. The impact of lockdown due to the Covid-19 pandemic and the effect on employment gets more catastrophic as the lockdown continues.

2.4 TOURISM IN THE FREE STATE

The Free State provincial government recognizes the role that tourism can play as a driver of economic growth and job creation. One of the main reasons for this is its ability to lend itself to other economic sectors through its broad value chain. President Ramaphosa mentioned in his SONA (2022) speech that this year the government is continuing with implementation of District Development Model (DDM). DDM facilitates integrated planning and budgeting across all spheres of government (National, provincial, and local) and improves integration of national projects at a district level. DESTEA is best positioned to champion the implementation of the DDM model in the Free State Province. According to DESTEA (2019) report, the sector is interlinked with other priority sectors, including agriculture and manufacturing, thus possessing a multiplier effect on economic growth and development (DESTEA, 2019). The Study on the State and Ownership Patterns of the Hospitality Industry in the Free State report by DESTEA (2019), the hospitality industry is part of the broader group of economic activities within the tourism sector. The accommodation subsector traditionally contributes the most to the hospitality industry. Mangaung Metro's centrality and its good road networks that integrate the region with the rest of the country add to its potential to be a top business tourism destination. The DESTEA (2019) report further outlines the following tourism subsectors for the region: business tourism, heritage tourism, crafts, and sporting events, with the region being able to host several renowned festivals and events such as the Free State Arts Festival and Mangaung Cultural Festival (Macufe).

To ensure that accommodation establishments are classified according to a globally recognized standard, the Tourism Grading Council of South African (TGCSA), which

is part of South African Tourism (SAT), provides grading for many establishments in South Africa. The TGCSA was formulated under chapter 4 of Tourism Act No. 3 of 2014 (Tourism Act No.3 of 2014, 2014). According to Henama, (2013), tourism in the Free State and particularly Mangaung remains a missed opportunity, and this has resulted in the ability of tourism to contribute to socio economic development of the area being curtailed (Henama, 2013).

Tourism in the Free State is an important contributor to economic growth and employment creation. According to the DESTEA website, Free State has five tourism routes which consist of the Cheetah Route (Mangaung Metropolitan Municipality), Eagle Route (Thabo Mofutsanyane District), Lion Route (Fezile Dabi District), Flamingo Route (Lejweleputsoa District) and Springbok Route (Xhariep District) (DESTEA, 2021). These routes have unique tourism offerings concerning tourist attractions. The Lion Route offers adventure activities from the banks of the Vaal River. The Eagle Route offers tourist attractions such as Golden Gate National Park and leisure tourism at Clarens. The Springbok Route offers tourism attractions with its rich history and heritage dating back to the Anglo Boer War at towns like Phillippolis and Bethulie. Adventure tourism at the Gariiep Dam and on the banks of the Orange River are attractions in this area. The Flamingo route offers agricultural tourism NAMPO, one of the largest agricultural shows in the world (DESTEA, 2021). According to the Mangaung Metropolitan Municipality (MMM) 2018/19 Annual Report, the metro has a population of 787,930 inhabitants and seven towns. The MMM 2018/19 annual report outlines the population distribution and concentration of the seven towns that form the Mangaung Metropolitan Municipality, namely Bloemfontein (63%), Botshabelo (24%), Thaba Nchu (9%), Dewetsdorp (1,5%), Wepener (1,5%) Soutpan (0,8%) and Van Stadensrus (0,2%) (MMM, 2019).

The DESTEA website indicates that the Cheetah route, which runs along Mangaung, Botshabelo, Thaba Nchu and Ladybrand, is famous for business, medical and educational tourism (DESTEA, 2019). The Cheetah route will forever be the apex of history because it is the African National Congress's birthplace (ANC). Thaba Nchu is the birthplace of one of the ANC presidents, Dr J.S. Moroka and its tourist attractions are his residence and his grave. Bloemfontein has several tourist attractions such as Maphikela House, Appeal Court and Supreme Court, Oliewenhuis Art Museum, Women's Memorial, and the Anglo-Boer War Museum. In Ladybrand, the tourist attraction is Lekgalo la Mantsopa, where the legendary Basotho Prophet Mme Anna Makhetha Mantsopa resided and was buried (DESTEA, 2019). Bloemfontein is also home to top sporting teams from football (Bloemfontein Celtics), cricket (VKB Knights) and rugby (Toyota Cheetahs). Mangaung also hosts several events annually, such as MACUFE Festival, BloemShow and the Free State Arts Festival (DESTEA, 2021).

2.5 ENTREPRENEURSHIP, SMMEs AND TOURISM

The Global Entrepreneurship Monitor (GEM) 2016/2017 report outlines that South Africa has persistently low entrepreneurship levels relative to other countries. The GEM (1999) is a joint project between Babson College (USA) and the London Business School (UK). The aim of GEM was to consider why some countries are more “entrepreneurial” than others (Herrington, Kew, & Mwanga, 2017). The GEM reports that the Total Early-Stage Entrepreneurial Activity (TEA) in South Africa has dropped by 25% from 9,2 (2015) to 6,9 (2016) concerning their African counterparts. GEM defines Total Early-Stage Entrepreneurial Activity (TEA) as a percentage of the adult population between the ages of 18 – 64 years who are in the process of starting a business or owner-manager of a new business that is less than 42 months old (Herrington, Kew, & Mwanga, 2017). The GEM report (2017) indicates that the South African SMME environment's primary inhibitors access finance, government policies relating to the regulatory environment and labour laws, education, and training. Nieuwenhuizen (2019) highlighted that entrepreneurship and new venture creation are of great concern to the South African economy. Nieuwenhuizen further stated that the regulatory environment and related legislation and compliance were identified as business start-ups and growth inhibitors, citing excessive red tape regarding labour laws, tax-related issues, and municipal regulations.

In terms of the regulatory impact, informal enterprises are less affected by most national laws such as Tax, company registration and B-BBEE. However, they are only affected by labour legislation if they have employees. According to a study by TIPS (2017), in 2015, most small businesses operated in the informal sector and a smaller portion operated in the formal sector. Lockdown due to the Covid-19 pandemic harmed the sustainability of SMMEs across all sectors, including the tourism sector. According to a SA SMME Covid-19 Impact report by Finfind (2020), 42,7% of surveyed SMMEs closed during lockdown due to the Coronavirus pandemic. The Finfind (2020) report further indicates that 76,2% of SMMEs experience a decline in revenue in the five months of lockdown. This decline translated into 60% full-time job losses across all industries and 56,4% of them indicated that they did not get access to Covid-19 relief funding due to outdated management accounts (FinFind, 2020). The tourism industry is one of the hardest hit by lockdown due to the Covid-19 pandemic. The lockdown negatively affected the tourism industry since it put SMEs at the risk of closure.

The study will focus on accommodation, including guesthouses, lodges, B&Bs, and other accommodation classified as micro-enterprises with less than ten staff and annual revenue of less than R5 million as per Annexure “D”. According to a study by Glen N. (2017), the definition of Small Accommodation Establishment (SAE) is any accommodation establishment that provides overnight accommodation to the travelling public with 20 rooms or less. Glen N. (2017) further highlighted that the categories included in the definition consist of Backpackers, Bed & Breakfast, Guesthouse, Lodge, Self-catering and Small Hotel (Glen N. , 2017). It is important to

note the informal accommodation sector's exclusion, such as Airbnb, because the Airbnb market is not regulated compared to the tourism SMME accommodation market, which is highly regulated. More entrepreneurs may consider exploring Airbnb instead of formalized business due to its low entry barriers and low regulatory burden. According to De Lange (2019), there is increasing interest globally for Airbnb to be regulated. In the same article he cited that many cities worldwide in recent years has been forced to provide a regulatory framework to address the disruptive influence of the Airbnb platform. In particular, the United States of America (USA) and Europe. He further postulates that extensive research shows that cities across Europe and the USA deal with Airbnb in different ways, with Europe being more lenient towards short-term rentals than their American counterparts (De Lange, 2019). According to Henama (2013), the tourism industry is dominated by a few large tourism organisations that drive the tourism system through backward and forward linkages. Henama (2013) further elaborates that the tourism industry provides enough scope for the development of SMMEs that would be at the cutting edge of creativity and responding to changing market condition and new customer tastes and needs (Henama, 2013).

According to the Bureau for Economic Research (2016) report, onerous labour laws have been a significant regulatory obstacle to business growth, particularly in laying off staff. The report states that the labour laws make it difficult to lay off workers when the business can no longer afford to keep them due to several reasons such as cyclical fluctuations, unproductiveness and other business and economic reasons (BER, 2016). The report further states that SMMEs are subject to high labour costs such as minimum wage, which prove costly for small business, especially those at a start-up stage. Therefore, SMMEs find it challenging to hire even unskilled and semi-skilled workers, which hindrances small business growth. The same applies to the tourism accommodation establishments mentioned above since they are labour intensive and employ many people. Most of the challenges experienced by the SMMEs is the regulatory environment concerning CIPC, tax legislation and labour legislation (TIPS, 2017).

2.6 TOURISM AND REGULATIONS

According to the Department of Tourism website, compliance is the process by which an organisation ensures that it observes and complies with external statutory laws and regulations (SAT, 2022). The document further outlines that there are a number of for an enterprise to be compliant with the law namely (SAT, 2022):

- It needs to know what external laws apply to it
- It needs to know what business rules, codes, policies, and non-binding requirements apply to it

- It needs to know how to comply with these external binding laws, internal binding codes or practices and with the non-binding laws and requirements
- It needs to ensure that its internal procedures and policies are consistent with the law and and that its procedures and policies are complete with respect to the law
- It needs to assess its risks in relation to these laws and requirements
- It needs to ensure that adequate controls are in place to minimise or eliminate these risks.
- It needs to address areas where non-compliance has been identified.

Glen N. (2017) differentiates between two types of tourism namely responsible tourism and sustainable tourism (Glen N. , 2017). The researcher define responsible tourism as tourism that maximise benefits to local communities, minimises negative social and environmental impacts, and helps local people to conserve fragile cultures and habitats or species, whereas sustainable tourism refers to tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities (Glen N. , 2017). President Ramaphosa outlined on his economic reconstruction and recovery plan (2020) that one of the enablers of the economic reconstruction and recovery plan is regulatory reforms (Government, 2020). He further mentioned that government will introduce regulatory changes that seek to optimize the regulatory environment as well as facilitate the ease and reduce the cost of doing business. Regulatory compliance is the formalities and paperwork that a business carries out or pays someone to carry out on their behalf to comply with regulations. This includes all the time and resources spent by owners, managers, staff and hired experts to understand regulations, collect, plan, report, retain data and fill forms required by the government (Canada, 2013). The primary reason for virtually non- existent growth in formal business sectors is the regulatory environment and restrictive legislation. The study by Nieuwenhuizen (2019) elaborates that most SMMEs reported that relative to their turnover, the cost of compliance is onerous as they often do not have employees or the internal capacity to attend to these. It is expensive to outsource such functions (Nieuwenhuizen, 2019). According to the Who Owns Whom (WOW) (2020) report, the hospitality industry is subject to regulation and legislation from numerous acts as follows (WOW, 2020):

- Companies Act no. 61 of 1973
- Competition Act, 1998 (no.89 of 1998)
- Income Tax Act No. 58 of 1962
- Value Added Tax (VAT) Act No. 89 of 1991
- Municipal Zoning Laws
- Trademarks Act No. 194 of 1993
- The Consumer Protection Act No. 68 of 2008
- The Immigration Act 13 of 2002
- Electronic Communications and Transactions Act No. 25 of 2002

- Promotion of Access to Information Act No.2 of 2000
- Labour Relations Act (LRA) No. 66 of 1995
- Primary Conditions of Employment Act (BCEA) No. 75 of 1997
- Employment Equity Act (EEA) No. 55 of 1998
- Occupational Health and Safety Act (OHSA) No. 85 of 1993
- Compensation of Occupational Injuries and Diseases Act (COIDA) No.130 of 1993
- Unemployment Insurance Act No. 30 of 1966
- Skills Development Levies (SDL) Act No. 9 of 1999
- National Building Regulations and Building Standards Act 103 of 1977
- National Gambling Act, Act No. 7 of 2004
- Foodstuffs, Cosmetics and Disinfectant Act, 1972 (FCD Act)
- Tobacco Products Control Amendment Act No. 83 of 1993 and 23 of 2007
- The Carbon Tax Act No. 15 of 2019
- Copyright Legislation
- Broadcasting Act, No. 4 of 1999
- Liquor Act 59 of 2003

Rankin (2006) states that the impact of regulations on firms occurs through the actual (potential) cost of the regulation to the firm (Rankin, 2006:p.60). Rankin (2006) further mention that large regulation costs provide an incentive for firms to attempt to reduce these costs. He argues that this may leads to reduced firm growth, substitution of input costs (such as labour) and corruption of inspectors and officials that must enforce regulations (Rankin, 2006). The study focus is on the taxation act, labour laws, B-BBEE and companies act. Therefore, the SMMEs of which tourism accommodation establishments form part of, experience the following challenges according to a study by TIPS (2017). Through the use of Porter's Five Forces Model, Glen N. (2017) illustrated that key areas which impact the long term sustainability of the SAE sector include amongst others government policies, legislation and incentives for sustainable tourism which are not effective to achieve the vision of the NTSS (Glen N. , 2017). The researcher further highlighted that this includes requirements for greater integration of sustainable tourism into other spheres of government policies and greater incentives for smaller businesses to adopt sustainability practices (Glen N. , 2017).

2.6.1 CIPC - Company and Co-operative Registration

According to the Business Partners website, a Private Company has well-defined legal obligations to meet and can be a complex and expensive structure to set up and run (Business Partners, 2021). The Business Partners website states that along with registering for all the applicable taxes and licenses, a private company must be registered with CIPC and has issue audited annual financial statements and so forth (Business Partners, 2021). Completion and submission of annual returns. SMMEs argue that annual returns required by CIPC are demanding because they do not have

a fixed date but must be filed on the anniversary of a company's original registration and it includes information that is also covered in tax returns and can lead to deregistration if relevant deadlines are missed (TIPS, Final report - Regulatory Burdens on Small Business: Options for Improvement, 2017).

2.6.2 SARS - Taxation

Nieuwenhuizen (2019) indicates that regulatory constraints include the cost of compliance relating to taxation concerning costs incurred to source experts to assist with understanding regulations, costs incurred to maintain records, preparation and submission of tax returns and time spent on compliance issues and visits to relevant Sectoral Education and Training Authorities (SETAs) and South African Revenue Services (SARS) and all payments to consultants, tax practitioners and accountants to ensure compliance and address disputes as and when they arise. The SA SMME Covid-19 Impact report by Finfind (2020) indicated that 42,7% of surveyed SMMEs closed during lockdown. The report further indicates that 42,6% of SMMEs applied for the Covid-19 relief fund and 99,9% of these funding applications were rejected. The report further outlines that amongst other reasons for the decline was that 5,4% of SMMEs rejected did not have valid tax clearance certificates and 17,4% of SMMEs did not have financial documents required by the banks (FinFind, 2020).

Throughout the world, tax compliance is a critical issue for revenue collection agencies because tax collected forms part of the bigger part of government (Shiya, 2018). Shiya (2018) further states that revenue collection is the defining mark of government capacity. Lastly, the researcher mentions that it is imperative that every revenue collection agency put measures in place to promote voluntary tax compliance, thereby increasing revenue collection and reduce tax collection costs (Shiya, 2018). The findings by Shiya (2018) indicated that tax knowledge and tax information availability affect tax compliance. The study by Shiya (2018) recommended that SARS Branch Operations Engagement (BOE) must engage in frequent corporate taxpayer education, targeting small businesses in small areas outside Metropolitan areas (Shiya, 2018).

2.6.3 Department of Labour - Labour Legislation

According to the Small Medium Enterprise (SME) Toolkit website by Business Partners, compliance in the hospitality industry consists mainly of the 3 Acts namely Occupational Health and Safety Act (OHSA), Compensation for Occupational Injuries and Deceases Act (COIDA) and Employment Equity Act (EEA) (Business Partners, 2021). Nkhuliseni & Adele (2019) notes that the inability of SMMEs to comply with labour legislation can further be attributed to shortages of financial or administrative resources they have at their disposal. The article further explains that it is impossible to isolate "governance" from "compliance with rules (or laws)" (Nkhuliseni & Adele, 2019). Nkhuliseni & Adele (2019) outlines that governance is predicated on compliance with legislation and that good governance cannot exist separately from the

law. From the South African perspective, there is evidence that suggests that labour legislation acts as a significant impediment to the success of SMMEs and that it hampers employment creation. Research indicates that labour laws affect small enterprises more than they do with big business, to the extent that it is too burdensome for the former to comply with the legislation (Nkhuliseni & Adele, 2019).

2.6.4 B-BBEE Legislation

The South African government introduced the Broad-Based Black Economic Empowerment (B-BBEE) Act No.53 of 2003. The primary objective of the B-BBEE Act is to promote economic transformation that enables the participation of black people in business, with the term 'black people' referring to African, Coloured and Indian people. The according to the impact and outcomes of B-BBEE report by TIPS (2021), B-BBEE Act is operationalized using the calculation of points on a specifically designed B-BBEE scorecard. The B-BBEE Act of 2003 supports black-owned business by ensuring government procurement preference and incentivizing large business to support Black-owned business (TIPS, 2021). Tourism BEE Charter process was launched by the minister of environmental Affairs and Tourism in 2004 (Tourism D. o., 2005). The charter applies to all privately owned enterprise within the Tourism sector and all parts of the value chain in that sector which covers accommodation, hospitality and related services and Travel distribution systems. However, the charter also applies to all organs of state and public entities, organized labour, and communities involved with or interested in the Tourism sector. (Tourism D. o., 2005).

In conclusion to this section, it is important to outline how important above compliance is in accessing funding for SMMEs. The South African government introduced several Covid-19 relief fund packages to reduce the impact of Covid-19 on SMMEs. These relief fund packages include, amongst others, SARS Tax Relief measures, Debt relief finance scheme, restructuring SEFA funded loans, business growth/resilience facility, spaza support scheme, Covid-19 Agricultural Disaster support fund, Tourism Relief Fund (TRF), Temporary Employee Relief Scheme (TERS) (South African Government, 2021). South African Tourism (SAT) also introduced a relief package called Tourism Equity Fund (TEF) to help tourism SMMEs in distress as per Annexure "C" (SAT, Tourism Equity Fund, 2021). Most of these Covid-19 relief fund schemes required SMMEs to be registered on the SMMESA database, registered in terms of Companies Act with CIPC by at least 28 February 2020, registered with SARS and having a valid tax clearance whilst others required an Unemployment Insurance Fund (UIF) registration with Dept. of Labour to qualify.

The current section dealt with the literature review relating to tourism and compliance. The next section will introduce the research methodology that will be applied for the purpose of the study.

2.7 SUMMARY

This chapter investigated in detail tourism at international, national, and local level. It has highlighted the importance of tourism and its impact on GDP and economic growth. The chapter has also highlighted how Covid-19 has negatively impacted the tourism industry and accommodation sector. The literature review has also highlighted how tourism is linked to job creation, SMME development and entrepreneurship. It has further outlined the relationship between tourism and compliance with SARS, Dept. of Labour, CIPC and B-BBEE. Rankin (2006) states that the impact of regulations on firms may have a negative impact on the firms, employees, and government at large. He postulates that large regulation costs provide an incentive for firms to attempt to reduce these costs. He adds that this may be through reduced firm growth to avoid costs associated with regulations that apply to firms over a certain size limit. He further mentioned that firms may substitute inputs such as labour (retrench workers) and lastly it may lead to corruption of inspectors and officials that enforce regulations (Rankin, 2006:p.61). The next chapter will elaborate on the research methodology which will be applied in the study, the population and sampling. It will also outline the data collection methods and data analysis in detail.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The previous chapter (2) focused on the literature study regarding tourism at international and local levels, and demonstrated the link between tourism, job-creation, entrepreneurship, compliance, and SMME development. This chapter (3) focused on the quantitative research methodology which was utilized in the study. In addition, the sampling, data collection and analysis, and ethical considerations were outlined. Previous scholars and researchers in tourism adopted a combination of both qualitative and quantitative methods (mixed Methods) to get to the respondents' opinions (Henama, 2013). However, for the purpose of this study a quantitative method will be utilised.

3.2 RESEARCH DESIGN AND METHODOLOGY

Ormrod and Leedy (2015) define *research* as a systematic process of collecting, analysing, and interpreting information to increase our understanding of a phenomenon about which we are interested in. Ormrod and Leedy (2015) further distinguish between *research tools* and *research methodology* - they define a research tool as a specific mechanism or strategy the researcher uses to collect, manipulate, or interpret data, while research methodology is a general strategy for solving a research problem. The research approach that will be applied for the study is the quantitative method. The researcher applied a quantitative research methodology which is a process that is systematic and objective in its ways of using numerical data from only a selected subgroup of a universe to generalise the findings to the universe that is being studied (Maree & Pietersen, 2017). Maree and Pietersen (2017) further state that the three most important elements in this definition are objectivity, numerical data, and generalisability. The advantage of the quantitative approach for this study is that it facilitates the large number of tourism accommodation SMMEs that will be interviewed, while the disadvantage is that it does not allow the respondents to explain and express their opinions because they are limited by the structure of the quantitative questionnaire. A related study by Shiya (2018) applied a quantitative method. According to Shiya (2018), with a quantitative method, the researcher aims to provide a numeric description of human attitudes or perceptions with objective of generalising the results of the whole population from which the research sample was drawn (Shiya, 2018).

The research design applied for the study is the survey design. Bryman, (2016) states that survey research comprises of a cross-sectional design where data is collected predominantly by questionnaires or by structured interviews on a sample of cases drawn from a wider population and at a single point in time to collect a body of quantitative or quantifiable data in connection with several variables which are then examined to detect patterns of association. Bryman (2016) defines research design as a framework for the generation of evidence chosen to answer the research question in which the investigator is interested. There are five main research design methods: experimental and related designs, cross-sectional design, longitudinal design, case study design, and comparative design. A cross-sectional design was used for the study which entailed collecting data from a sample of cases at a single point in time to in connection with two or more variables to detect patterns of association (Bryman, 2016).

According to Ormrod and Leedy (2015), the cross-sectional design is easier than longitudinal research because all data is sourced from all participants at a single point in time. Comparatively, longitudinal research takes place over a longer period where the risk is that the participant may lose interest and not finish the study.

3.3 DATA COLLECTION STRATEGY

Ormrod and Leedy (2015) maintain that survey research involves acquiring information about one or more groups of people with regards to their characteristics, opinions, attitudes, or previous experience by asking them questions and tabulating their responses via telephonic interviews or written questionnaires. The data collection method comprised of disseminating a survey questionnaire (Annexure F) via email to the selected respondents, followed-up by telephonic interviews, and then conducting face-to-face meetings with the respondents. A related study by Sucheran (2022) highlighted the use of online surveys due to Covid-19 pandemic and lockdown. Sucheran, (2022) used a survey research approach where respondents were contacted by email and provided with a participant information document highlighting the purpose of the study (Sucheran, 2022). Ormrod and Leedy (2015) state that the survey questionnaire also has its own drawbacks in that when questionnaires are sent by email, most people do not respond to them, and that negatively affects the return rate. This means a low response rate when only the electronic method is applied. With the face-to-face method, all Covid-19 protocols including social distance, wearing of masks, and regular sanitation of hands, were always observed.

Fortunately, President Ramaphosa upgraded the country to lockdown level 1 effective from October 2021, and this allowed for more movement. Maree and Pietersen (2017) stipulate that the survey gauges the status, opinions, beliefs, and attitudes via questionnaires or interviews from a known population. As part of the data collection

strategy used in the study, follow-ups were conducted telephonically to confirm receipt of completed survey questionnaires. In some instances, when there is no response within a week after sending out the survey questionnaire. Also, face-to-face-meetings were scheduled with SMMEs to complete certain relevant aspects of the survey questionnaire. This was done in keeping with Covid-19 protocols.

According to a SA SMME Covid-19 report by FinFind (2020), 42,7% of SMMEs closed business during the lockdown. A self-administered questionnaire was developed for the study which was cheaper and quicker to administer in the absence of interviewer effects (Bryman,2016). The shortcomings of this type of method, according to Bryman (2016), is that the interviewer cannot probe and prompt to collect additional data, the interviewer does not know any details of the respondent, and the return rate is low. hence, telephonic communication and prior (planned) meetings increased the return rate of questionnaires.

The participants were selected from lists provided by both DESTEA and the Mangaung Tourism Board which included e-mail addresses, physical addresses, and telephone numbers (Annexure D) Initially, respondents were sent surveys via emails. For those who did not respond to the questionnaire within seven days of the survey (via email) being sent out, the next step was to contact them telephonically to conduct the survey. When there was still no response after eight days, the researcher followed-up by conducting site visits with respondents by engaging in face-to-face interviews with them but adhered to strict Covid-19 protocols.

The questionnaire consisted of closed (structured) questions. According to Maree and Pietersen (2017), this involves 6 types of closed questions: list, rank, categorise, quantify, grid, and scale - all of which formed parts of the questionnaire. Also, certain sections of the questionnaire utilised the *5-point Likert Scale* which is the most widely used scale as it provides an ordinal measure of a respondent's attitude (Maree & Petersen, 2017). There are also 4 or 5 categories in such surveys: strongly agree, agree, neutral or undecided or uncertain, disagree, strongly disagree [Annexure F] (Maree & Pietersen, 2017).

In this study, a seven category Likert Scale was used. Bertram (2007) defines a Likert Scale as a psychometric response measurement primarily used in questionnaires to obtain participants' preferences or degree of agreement with a statement or set of statements. Bertram (2007) explains that the application of a Likert Scale is a non-comparative scaling unidimensional technique where respondents must indicate their level of agreement with a given statement using an ordinal scale (Bertram, 2007). Bertram (2007) indicates that the advantages of using the Likert scales are that it is simple to contrast, likely to produce a reliable data, and is reader-friendly for quick and easy completion by participants. The shortcomings of the Likert Scale include central tendency bias, acquiescence bias, social desirability bias, lack of reproducibility, and validity may be difficult to demonstrate.

3.4 POPULATION AND SAMPLING

The population that was surveyed for this study consisted of graded and non-graded tourism accommodation SMMEs in the Mangaung Metropolitan Municipality (MMM) which encompasses Bloemfontein, Botshabelo and Thaba Nchu. Bryman (2016) defines a population as the universe of units from which the sample is to be selected. Bloemfontein is an economic hub of the Mangaung Metro and has more accommodation and tourism potential. Botshabelo and Thaba Nchu are located west of Bloemfontein along the N8 road, approximately 55 and 65 kilometres from Bloemfontein. A total population (number) of 451 tourism accommodation establishments in the Mangaung Metropolitan Municipality had been identified comprising of guesthouses, lodges, B&Bs, self-catering units' event venues, hotels, caravan and camping sites, and country lodges with different star grades. These accommodation establishments are specifically in Bloemfontein, Botshabelo, Soutpan, Wepener, Van Stadensrus, Dewetsdorp, and Thaba Nchu. The lists were obtained from the Mangaung Tourism Association, Department of Small Business, Tourism and Environmental Affairs (DESTEA), the Mangaung Metropolitan Municipality (MMM), and the google website (Annexure D).

A total population of 451 Small Accommodation Establishments (SAE) have been identified for the study. In a related study by Shiya (2018), a total population of 274 SMMEs were identified with a total sample of 74 selected for the study (Shiya, 2018). Furthermore, in a similar study by Henama, (2013), a total of 315 accommodation establishments was identified (Henama, 2013). To grant more legitimacy to the research, using the entire population for the study would have been sound, however, time and resource constraints made it impractical. In a similar study by Henama, (2013), there were 114 respondents to the questionnaire and the general response rate was 36% of which the majority 89 (78%) consist of drop-off, followed by email survey 19 (17%), then fax survey 6 (5%). 4 surveys were spoilt and could not be used for the study (Henama, 2013).

The research methodology was quantitative in nature which was approved by the GHREC ethics committee of the University of the Free State on 22nd June 2021 when the country was still under "Adjusted Alert Level 4" of lockdown with restrictions to the movement of people unless in an emergency (RSA, 2022). Initially, due to lockdown regulations, a decision was taken between the researcher and the supervisor to e-mail respondents as opposed to conducting site visits. A total of 451 survey questionnaires were electronically distributed on 01st July 2021 to various tourism accommodation establishments within the Mangaung Metropolitan Municipality.

It is not always possible to include an entire population in a study due to several reasons such as time and cost (Maree & Pietersen, 2017). Therefore, it is important to use sampling in a survey, which is a fair representation of the total population of the study. Sampling consists of two primary methods: probability, and non-probability. For the study, probability sampling was used. Bryman (2016) clarifies that the probability

sample method as a technique using a random selection so that each unit in the population has a probable chance of being selected.

The confidence level that was applied to the study stood at 90%, and the margin of error was accepted at 5% which indicated the confidence interval. The population sampled in the study totalled 451. A sample of 270 SMMEs was used for the study based on the formula below (figure 3.1). In determining the sample size, the Scott Smith (2021) formula was applied:

$$\text{Necessary Sample Size} = \frac{(\text{Z-score})^2 \times \text{StdDev} \times (1-\text{StdDev})}{(\text{margin of error})^2}$$

Figure 3.1: Formula to calculate the sample size for SMMEs (Source: Smith, 2021)

The sample size for this study was calculated as illustrated below in table 3.1 below:

Table 3.1: Calculation of sample size (Source: Smith, 2021)

<i>Confidence level</i>	<i>Z-Score</i>	90%– 1,645
<i>Standard Deviation</i>	<i>StdDev</i>	0.5
<i>Margin of error</i>	<i>confidence level</i>	+/- 5%
Sample Size	SS	270.06

Calculation of Sample Size

$$\begin{aligned} \text{SS} &= (\text{Z-score})^2 \times \text{StdDev} \times (1-\text{StdDev}) / (\text{Margin of Error})^2 \\ &= (1,645)^2 \times 0.5 \times (1-0.5) / (0.5)^2 \\ &= (2,706) \times 0.5 \times (0.5) / 0.0025 \\ &= 0,6765 / 0.0025 \\ &= \underline{\underline{270.06}} \end{aligned}$$

In terms of the above calculation, the required sample for the study was 270 participants. The risk was that some of the tourism accommodation establishments may have closed their operations due to the impact of the lockdown, resulting in a low response rate. According to a study by FinFind, (2020), 42,7% of SMMEs nationally closed during lockdown in 2020. A total of 18 negative responses was received which indicated that 76 of these businesses had ceased operating.

As part of probability sampling, a simple random sampling option was chosen for the study's purpose. Ormrod and Leedy (2015) distinguish between 5 types of probability sampling: simple random sampling, stratified random sampling, proportional random sampling, cluster sampling, and systematic sampling. For this study, simple random sampling was used because it gave every participant an equal chance of being selected. It is also cheaper and time-effective to survey tourism accommodation SMMEs establishments in Mangaung Metropolitan Municipality since they are quickly and conveniently available.

At the onset, only emails were sent out to respondents. No site visits were conducted since the country was still under Covid-19 restrictions. However, the response rate was exceptionally low averaging 3 responses per month between July and September 2021. Further, of the 451 emails sent, 30% returned as "message not delivered due to wrong address". The researcher, with the guidance and advice of the supervisor, contacted the establishments telephonically to follow-up the progress of the establishment owners concerning responses, but many still did not return completed questionnaire survey forms.

After a gap in communication between the researcher and his supervisor from July 2021, due to the passing away of his supervisor, Dr Hattingh in October 2021 due to Covid-19. The 3 months' lapse had a negative impact on the progress of the project since the researcher had to find another supervisor to replace the late Dr Hattingh. Professor Van Rooyen was then appointed in November 2021 to supervise my research. During this period the country moved to adjusted Alert level 1 (RSA, 2022). An amendment was sent to the GHREC Committee UFS to request approval to incorporate Professor Van Rooyen as my new supervisor.

The GHREC Committee approved amendment on 25th November 2021. The current approved approach included face-to-face meetings, telephonic survey, and e-mails which proved to yield positive results as questionnaire returns increased substantially between November 2021 and January 2022. Also, follow-up emails were re-sent during November and December 2021 to remind the respondents, but the response was still low. This could be attributed to the fact that most of them were busy since it was the festive season, and some owners were on vacation. This exercise did not yield the anticipated results as only 30 responses were secured.

During a project review meeting held in February 2022 between the researcher and the supervisor, it was identified that one of the major challenges for the low response rate could be attributed to the lack of legitimacy of the survey in the eyes of the respondents. This was despite the researcher having sent emails with the required attached ethics approval letter, letter of consent, and the questionnaire. The researcher used his university email address (2001002530@ufs4life.ac.za) to regularly send emails. During site visits relevant documents and my student card were produced but the respondents still could not respond at the required rate. It was therefore decided that Professor Van Rooyen, my supervisor, would assist by sending out the questionnaire using her email address (griesd@ufs.ac.za) and credentials to persuade respondents to timeously complete and return the questionnaire.

As of 30 May 2022, a total of 451 emails were sent out to respondents of which 30% (135) was returned stating “wrong email addresses”; there were 48 positive responses and 18 negative (non-participation) ones. Telephonic follow-ups were made on a regular basis, in addition to site visits to accommodation establishments in all 7 towns of the Mangaung Metro were conducted on a random basis purposively to improve the return rate/participation rate, but most SMMEs did not want to participate.

Eventually, a purposive sampling method was adopted where a total of 48 questionnaires was collected across 7 towns of the Mangaung Metro between July 2021 and May 2022. These questionnaires were emailed to all tourism accommodation establishments, followed by telephonic communication, and then by site visits. Of the 48 received responses, some were returned via email, and some were through site visits - especially those from Thaba Nchu. Figure 3.2 below provides a list of 48 respondents and the corresponding months when the questionnaires were completed. Figure 3.2 should be read in conjunction with Annexure G to fully understanding of the limitations experienced during the data collection process.

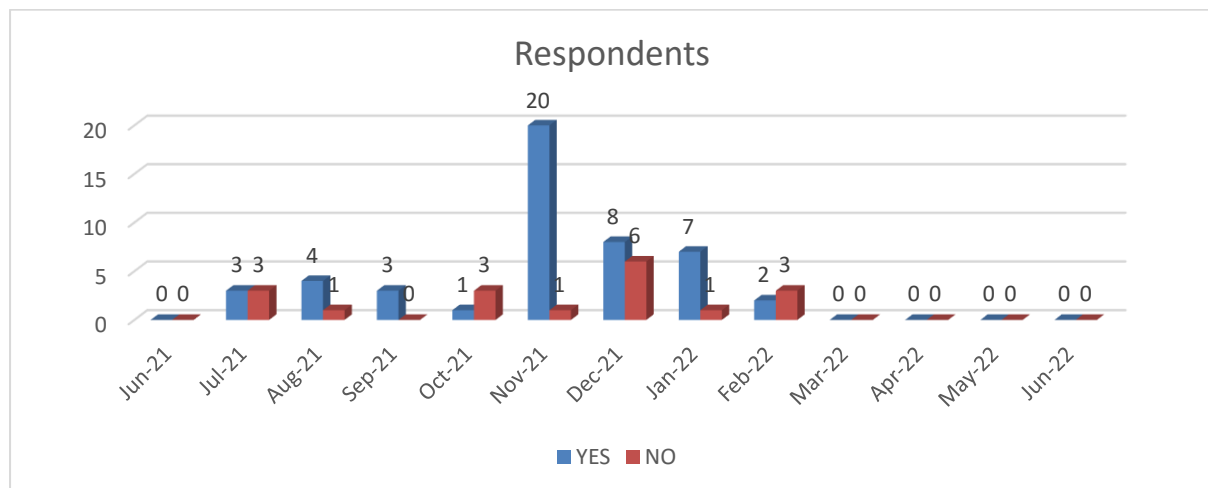


Figure 3.2: Monthly breakdown of responses

Figure 3.2 indicates that a total of 66 responses was received between June 2021 and May 2022; 48 were positive, and 18 were negative. Most of the respondents participated in filling in the questionnaire in November 2021 (20), December 2021(8) and January 2022 (7). This was during the time when the country moved to adjusted Covid-19 alert level 1 which was declared from 1st October 2021 (South African Government, 2022). This was after the GHREC Ethics Committee approved the amendment to the original ethics statement after the change-over to the new supervisor. The graph also depicts a total of 18 negative responses; most of them stated that they were not in business anymore. South Africa’s State of Tourism Report (STR) 2019/20 gives a complete breakdown of SA’s Covid-19 regulations for key tourism related industries [Annexure G] (DoT, 2020).

3.5 DATA ANALYSIS

The data analysis tool used to analyse data for the study was the Statistical Package for Social Science (SPSS, 2022) software version 28.0.1.1(15). The study applied the quantitative research method and found that the SPSS software is very compatible with this approach.

A total of 48 questionnaires were analysed which included respondents from Thaba Nchu and Bloemfontein; there was no participation from Botshabelo, Wepener, Dewetsdorp, Van Stradensrus and Soutpan. The variables which were analysed from the questionnaire were as follows: Section A (Biographical Information), Section B (General Business Information), Section C (Access to information), Section D (Compliance Behaviour), and Section E (Perceptions and Opinions). Some of the questionnaires were conducted onsite at the client premises and some were sent electronically via email and received back electronically. No telephone questionnaires were conducted.

The study had a total of 48 respondents. A related study on SMME compliance by Shiya (2018) had 72 respondents from a total population of 274 (Shiya, 2018). However, another study on tourism accommodation establishments in Mangaung Metro by Henama (2013) had 114 respondents from a population of 315 accommodation establishments, equalling a 78% response rate (Henama, 2013). Section A (Biographical Information) indicated that most respondents were from Bloemfontein at 87% and they consisted of mainly females at 60%. It further revealed that majority of respondents were youth at 29,2%, followed by adults between ages of 46-55 at 27,1%. Lastly, the section outlined that most of the respondents possess a degree/diploma as their highest qualification at 70,8%.

3.6 RELIABILITY AND VALIDITY

The data analysis for the study was performed in frequencies and cross tabulations. Most cross tabulations did not show any significance ($<0.05 = 5\%$) for the Pearson Chi Square Test, because the response rate was low. However, the researcher identified a few differences and reported on them.

The total number of respondents stood at 48, therefore the Central Limit Theorem (CLT) will apply for the study. According to the CLT, the mean of a sample of data will be closer to the mean of the overall population in question (Investopedia, 2022). As a rule, sample sizes of around 30-50 are deemed sufficient for the CLT to hold; meaning therefore that, the distribution of the sample means is normal.

3.7 ETHICAL CONSIDERATIONS

In dealing with the issue of ethics, it is imperative firstly to define what ethics means. It is a set of principles that embodies what is good or right or allows individuals to identify what is bad or wrong (Hammersley & Taianou, 2012). Research ethics are particularly important for research undertakings because they protect the participants and institutions that are part of the research process. In the context of this study, ethical guidelines form an integral part since interactions involve Government institutions and SMMEs when gathering data. Unethical conduct has negative consequences, which may lead to legal action and/or bad publicity. In ethical research, there are codes of practice that are governed by the British Sociological Association (BSA), American Sociological Association (ASA) and Social Research Association (SRA) (Bryman, 2016).

According to Bryman (2016), social research principles involve specific questions:

- whether there is possible harm to participants?
- whether there is informed (signed) consent?
- whether there is consideration of participants' privacy?
- whether transparency is evident, and that deception will be avoided at all costs?

The study's proposal and ethics application form were examined by the Research Ethics Committee (REC) of the University of the Free State for approval before conducting the study. The REC is a group of individuals who have been charged with ensuring that the university research complies with the appropriate standards of ethical behaviour (Remenyi, Swan & Assem, 2011). The REC has the power to refuse permission to proceed with the study unless all the minimum requirements are met.

To mitigate the possibility of 'harm to participants,' the participants signed the confidentiality and non-disclosure agreements and were assured by the researcher that privacy would be always maintained during the research processes. The respondents were presented with a detailed explanation of the study's purpose and processes beforehand. Also, it was indicated to them that they were allowed at any stage to exit the research process if they felt uncomfortable without being disadvantaged in any way. Additionally, the researcher ensured confidentiality and privacy of information and identities by using pseudonyms and storing information electronically in a password-protected laptop belonging to the researcher. All the printed documents were kept in a locked safe. The researcher sent individual e-mails to participants and not as a group so that no other stakeholder will know about other participants.

The respondents were provided with informed consent forms (Annexure E). People with disabilities, pregnant women, minors, poverty-stricken individuals, and the elderly were not selected. The study only engaged businesspeople who generated an income via their businesses. Transparency and the avoidance of deception was adhered to

via introductions and providing bona fide credentials, in addition to presenting all finer details of the research processes. Accordingly, and confirmed by Oliver (2010), the researcher must obtain informed consent before conducting a research study from the respondent (Annexure E) – the researcher duly executed this.

3.8 CONCLUSION

This chapter (3) focused on the quantitative research methodology including the details of the cross-sectional research design method. The survey method of data collection was used via the emailing of questionnaires, telephonic follow-ups, and site visits (face-to-face meetings) to maximize the return rate. The study population consisted of tourism accommodation establishments obtained from DESTEA, Mangaung Tourism Authority, Mangaung Metropolitan Municipality, and from google. The simple random sampling method was applied. The IBM SPSS read and sorted huge amounts of data for effective analysing of data from the quantitative questionnaire. The next chapter (4) detailed the findings of the study based on collected and analysed samples.

CHAPTER FOUR

FINDINGS

4.1 INTRODUCTION

The previous chapter (3) focused on the study’s research methodology, data collection method, population, and sampling. This chapter focused on the findings of the study gleaned from the analysis of frequencies of different sections of the questionnaire; namely, Section A (Biographical Information), Section B (General Business Information), Section C (Access to Information), Section D (Compliance Behaviour) and Section E (Perceptions and Opinions).

4.2 DESCRIPTIVE STATISTICS

This section describes the different statistical patterns and frequencies based on data collected from 48 accommodation establishments in the Mangaung Metro. It explains outcomes generated from tables, figures, graphs, and charts.

4.2.1 Section A – Biographical Information

4.2.1.1 Business location

The graph (4.1) and table (4.1) below illustrate the statistical breakdown of the business locations within the Mangaung Metro which consists of 7 towns: namely, Bloemfontein, Thaba Nchu, Botshabelo, Wepener, Dewetsdorp, Van Stadensrus, and Soutpan.

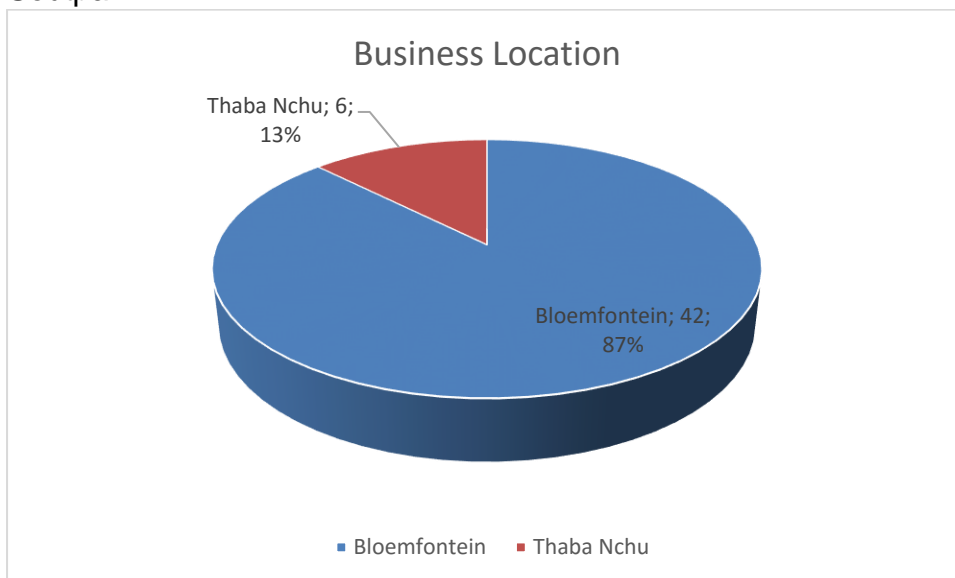


Figure 4. 1: Business location within towns

Figure 4.1 above indicates that most respondents (42) were from Bloemfontein (87%), and the remainder (6) was from Thaba Nchu (13%). No response from the other 5 towns of the Mangaung Metro (Botshabelo, Wepener, Dewetsdorp, Van Stadensrus, and Soutpan) was received and thus not recorded.

Table 4.1 below displays a breakdown of respondents by suburbs which is supplementary to Figure 4.1 above. In other words, it indicates the number of respondents within the Mangaung Metro suburbs.

Table 4. 1: Business location within suburbs

	Suburb	N	%
Valid	Bainsvlei	1	2.1
	Bayswater	2	4.2
	Bloemspruit	2	4.2
	Brandwag	6	12.5
	Dan Pienaar	1	2.1
	Erhlich Park	2	4.2
	Fichardt Park	3	6.3
	Groenvlei	2	4.2
	Lilyvale	1	2.1
	Masselspoort	2	4.2
	Maluti Avenue	1	2.1
	Mimosapark small holdings	1	2.1
	Noordhoek	3	6.3
	Park west	5	10.5
	Rocklands	1	2.1
	Thaba Nchu	6	12.5
	Universitas	5	10.4
	Westdene	4	8.3
	Total	48	100.0

Table 4.1 above illustrates that most respondents were from Thaba Nchu (6) and Brandwag (6) at 12.5% each (total 12) . Park West (5) follows them 10.5% and Universitas (5) 10.4%. The least number of respondents were from Bainsvlei, Dan Pienaar, Lilyvale, Maloti Avenue, Mimosa Park Small Holdings, and Rocklands at 1 (2,1%) respondent each.

4.2.1.2 Age

Figure 4.2 below indicates the statistical analysis of participants by age:

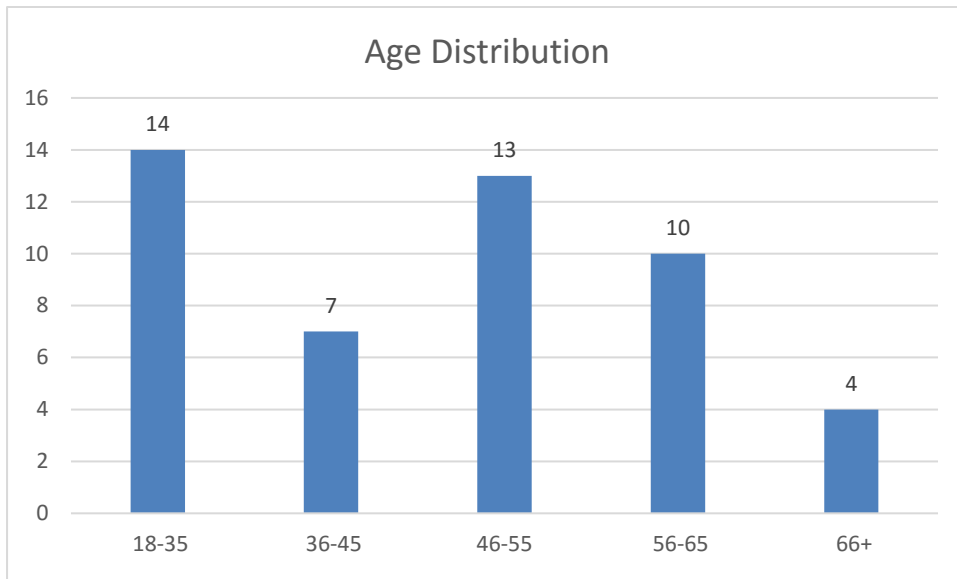


Figure 4. 2: Age of participants

Figure 4.2 above outlined that more participants (29,2% = 14 out of 48) were aged between 18-35 years, followed by 46-55 years (27,1% = 13 out of 48). The minority of respondents (8,3% = 4 out of 48) were aged 66 years and above.

4.2.1.3 Gender

The figure 4.3 below illustrates the gender-breakdown of participants. This was subdivided into the following categories: 1-Male, 2-Female, 3-Transgender Male, 4-Transgender Female, 5-Not Listed, and 6-Prefer Not to Answer.

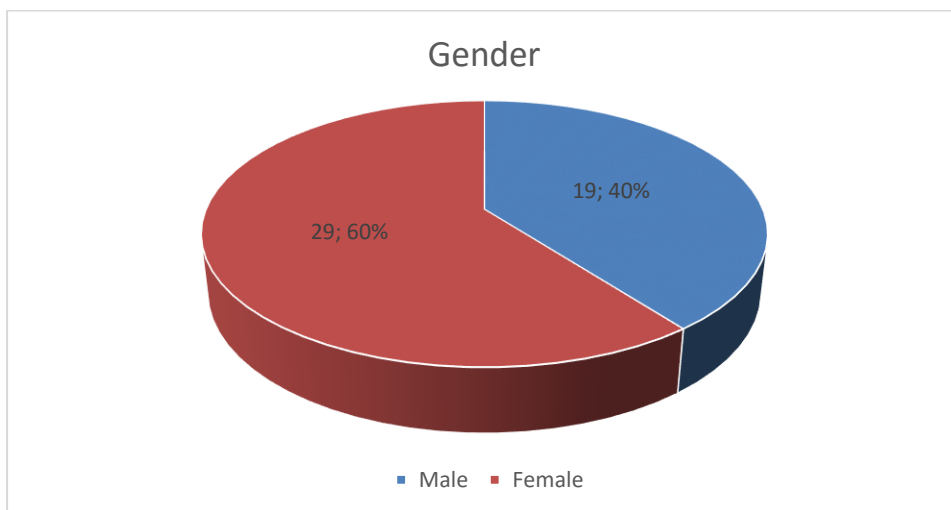


Figure 4. 3: Gender categories

Figure 4.3 above indicates a total of 48 respondents who were interviewed. Most participants were female (60%) compared to males (40%).

4.2.1.4 Level of education

Figure 4.4 below shows the respondents' level of education ranging from 1- (No Schooling), 2- (Primary School), 3- (Secondary School), 4- (1 to 2-year certificate), 5- (Degree/Diploma), and 6- (Other).

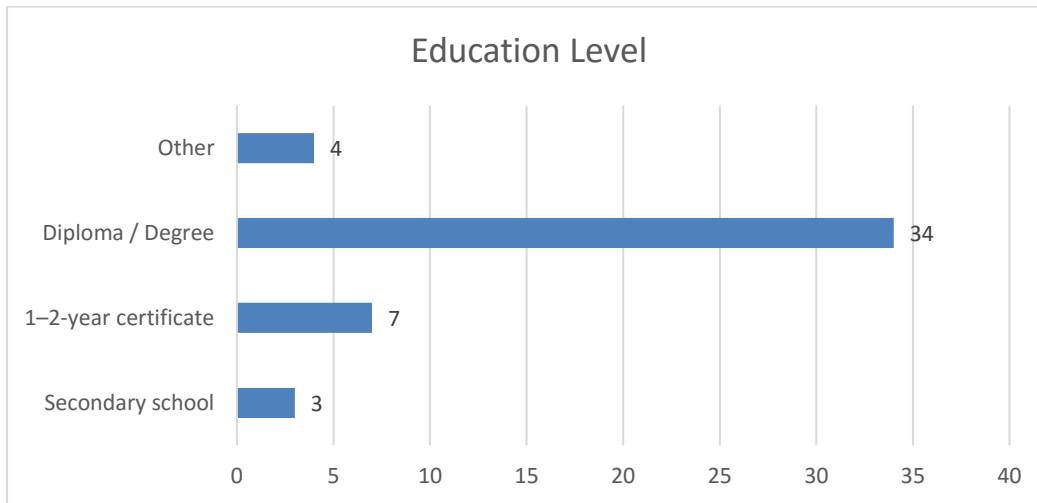


Figure 4. 4: Level of education

The data from Figure 4.4 above indicates that a larger percentage of respondents (70.8%) had a diploma or a degree as a qualification. Only 6.3% of respondents have secondary school education, whilst 8.3% have 'other' qualifications.

4.2.2 Section B – General Business Information

4.2.2.1 Accommodation Establishment Type

Figure 4.5 below indicates the distinct types of accommodation establishments.

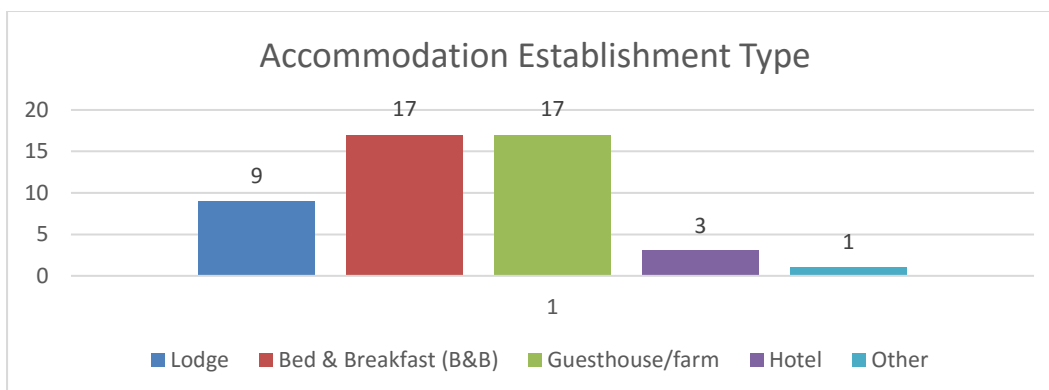


Figure 4. 5: Accommodation Establishment Type

The data from Figure 4.5 above indicates that B&Bs and Guesthouses constitute each a substantial proportion (35.4%) of the type of accommodation. This is followed by lodges at 18.8%, while the least comprised of hotels at 6.3%, and 'other' at 2.1%.

4.2.2.2 Computer Knowledge

The graph below (Figure 4.6) gives an overview of the computer knowledge of respondents.

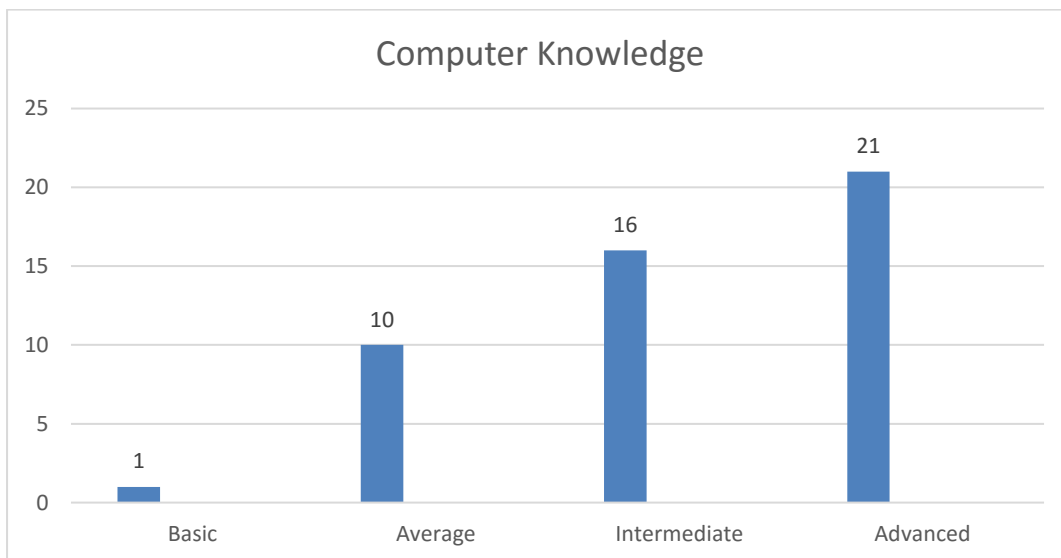


Figure 4. 6: Computer knowledge

In figure 4.6 above, most respondents indicated an advanced knowledge of operating a computer (43.8%), followed by those with intermediate computer knowledge (33.33%). Only 2.1% had a basic knowledge of computers.

4.2.2.3 Web-enabled device access

Figure 4.7 below indicates the level of access to web-enabled devices by respondents.

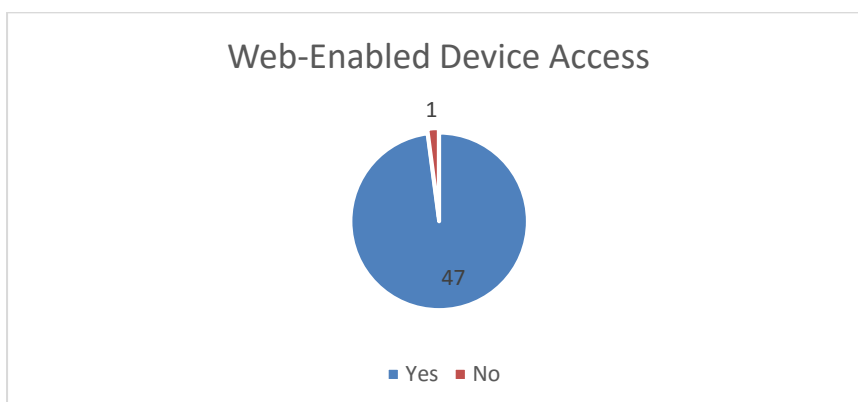


Figure 4. 7: Web-enabled device access

Most respondents had access to web-enabled devices (97.9%), whilst the remaining 2.1% did not.

4.2.2.4 Type of device

Figure 4.8 below indicates the statistical breakdown of the type of devices which SMMEs have access to. In some instances, SMMEs have access to one or more device at their disposal. In the questionnaire, the categories included: 1-Computer, 2-Smartphone, 3- Tablet, and 4-Other.

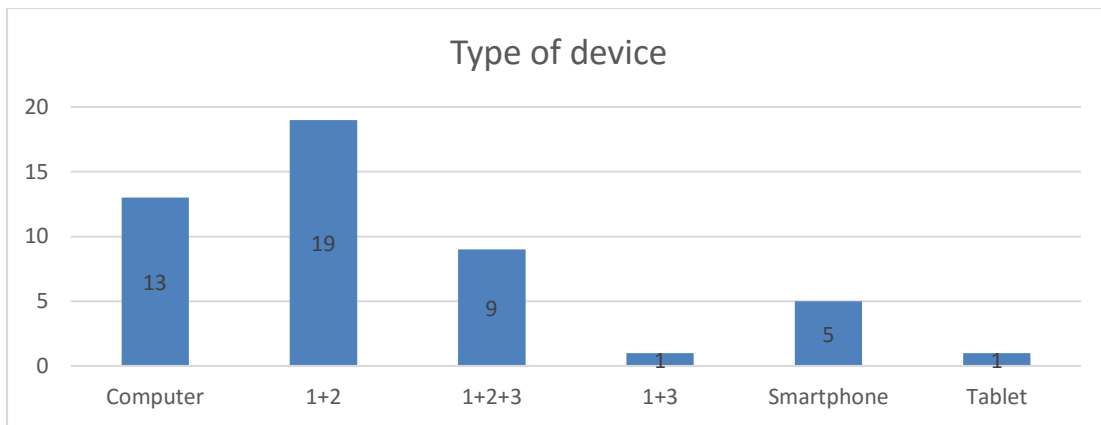


Figure 4. 8: Type of device

The majority of SMMEs (39.6%) had access to computers and cellphones (1+2), followed by those with computers (27.1%). Many (18.8%) had access to all 3 devices: computers, smartphones, and tablets (1+2+3). Very few (2.1%) made use of tablets but 10.4% made use of smartphones.

4.2.2.5 Access to internet

Figure 4.9 below indicates the extent SMMEs have access to internet to search for information, do submissions, and interact with other stakeholders.

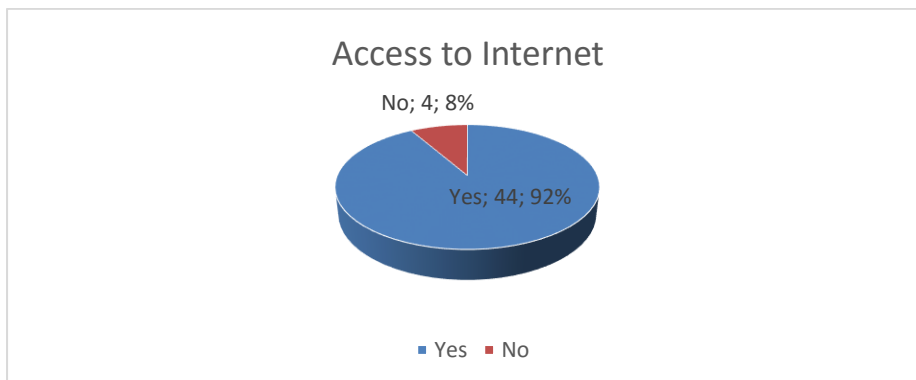


Figure 4. 9: Access to internet

Figure 4.9 above indicates that 92% of SMMEs had access to internet, whilst 8% did not.

4.2.2.6 Source of internet access

Figure 4.10 below shows the sources SMMEs utilize to access internet. In some cases, SMMEs used more than one device to access internet. The sources were: 1-home computer, 2-office computer, 3-public library, 4-public places, and 5-cellphones.

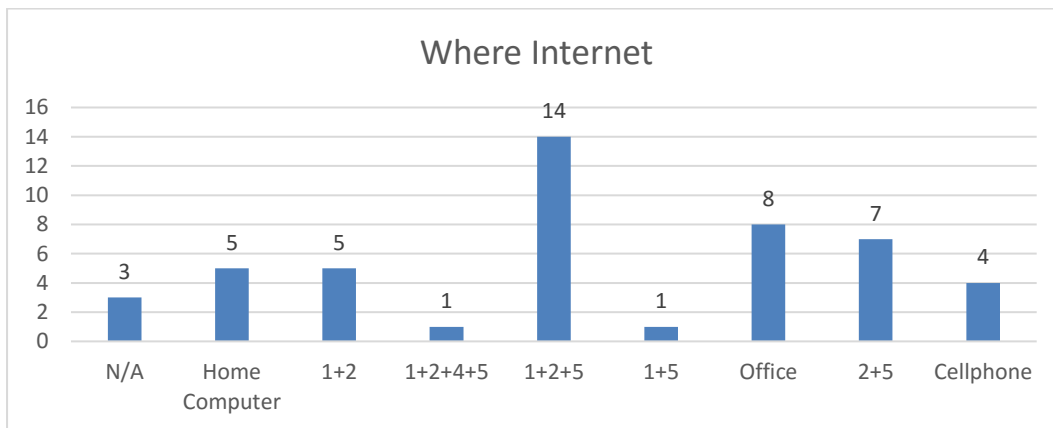


Figure 4. 10: Sources used to access internet.

Figure 4.10 above indicated that 60.5% of SMMEs access internet from multiple sources; namely, home computer, office computer, and cellphones (1+2+5).

4.2.2.7 No internet access

Figure 4.11 below indicates the reasons for some SMMEs not having access to internet. Respondents selected either a Yes or a No when answering the statements below.

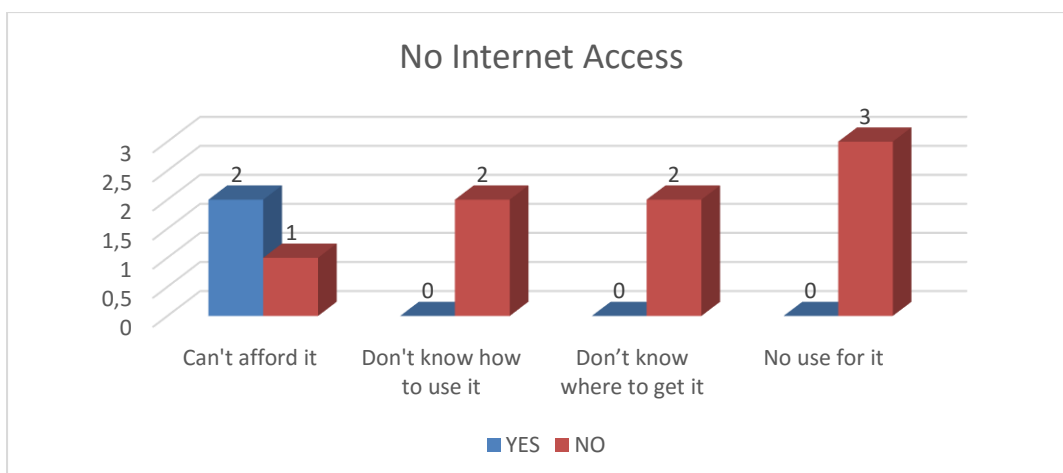


Figure 4. 11: No internet access

The Figure 4.11 above indicates that from those SMMEs who do not access internet, the main reason was that they cannot afford it. It also indicates that SMMEs know how to use the internet, and they also know where to access internet.

4.2.2.8 SARS registration

Figure 4.12 below indicates the level of SMMEs registration with SARS for: 1- Tax, 2- VAT, 3- SDL, 4- PAYE, and 5- other.

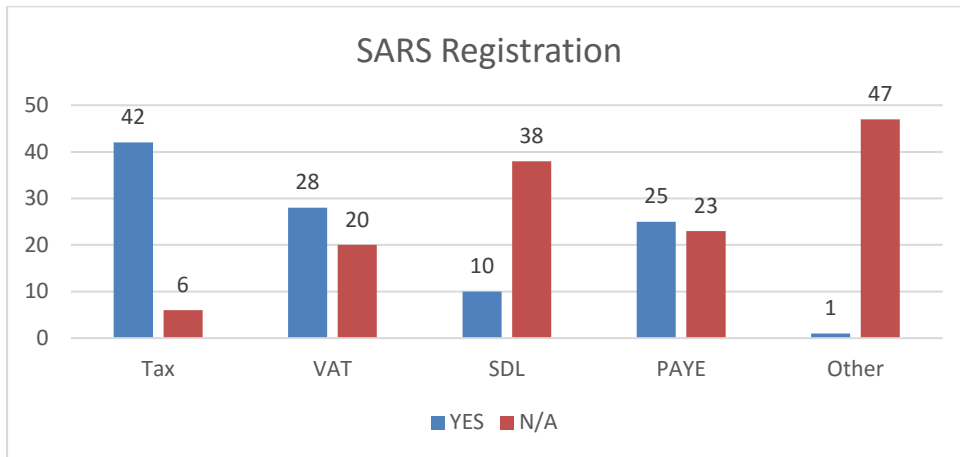


Figure 4. 12: SARS registration

Figure 4.12 above indicates that the majority (87.5%) of SMMEs are registered with SARS. The statistics further reveals that 58.3% are VAT registered, followed by PAYE (52.1%). Some (20.8%) are SDL registered.

4.2.2.9 Department of Labour registration

Figure 4.13 below indicates the level of SMMEs registration with the Department of Labour; namely, 1- UIF, 2- COIDA, 3- SDL, 4- NONE, and 5- other.

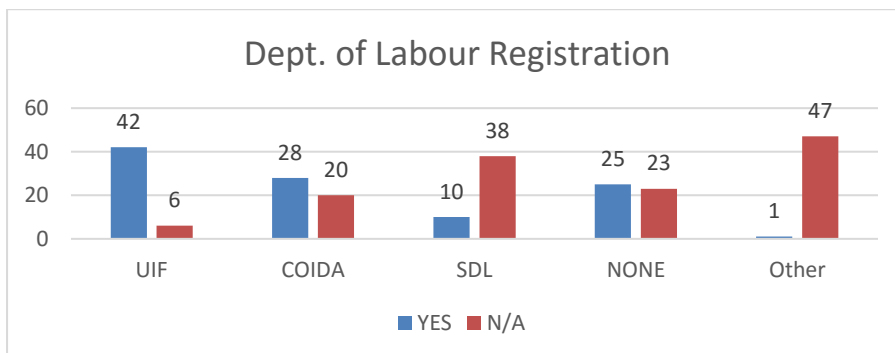


Figure 4. 13: Department of Labour registration

Figure 4.13 above indicates that the majority (85.4%) of SMMEs is UIF registered, followed by 50% that are COIDA registered. The SDL registration stood at 39.6%.

4.2.2.10 CIPC Registration

Figure 4.14 below indicates the level of SMMEs registration with the Companies Intellectual Property Commission (CIPC); namely, 1- (Pty) Ltd, 2- CC, 3- Co-operative, 4- Trust, and 5- other.

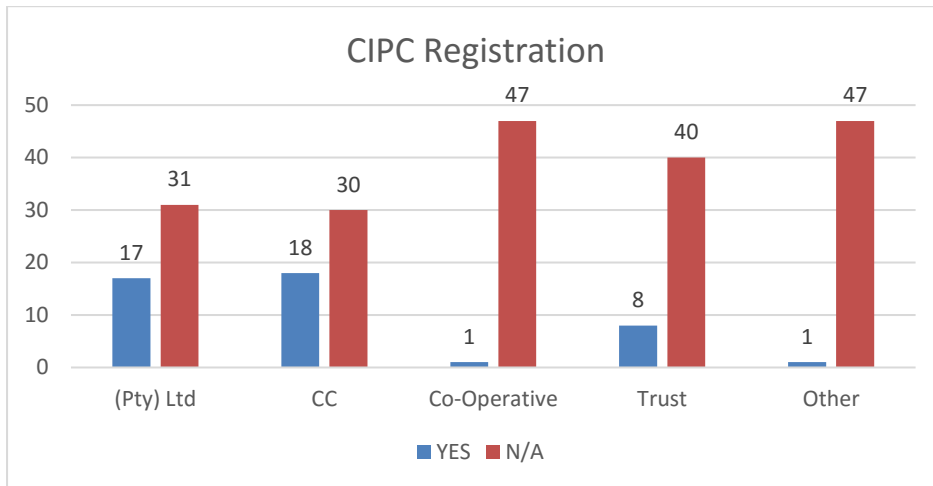


Figure 4. 14: CIPC registration

Figure 4.14 indicates that most accommodation establishments out of the 48 surveyed SMME, were registered as Private Companies - (Pty) Ltd and Close Corporations (CC) at 17 and 18 respectively. Trusts and Co-Operatives followed at 8 and 1.

4.2.2.11 B-BBEE registration

Figure 4.15 below indicates whether SMMEs have valid Broad-Based Black Economic Empowerment (B-BBEE) registration certificates or not.

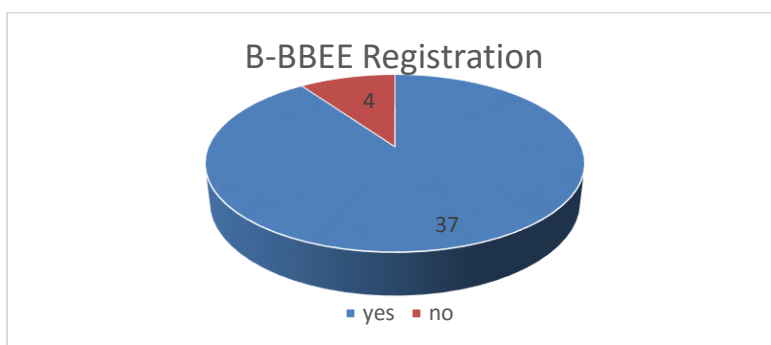


Figure 4. 15: B-BBEE registration

Figure 4.15 above indicates that most (90.2%) accommodation establishments were B-BBEE registered, and only 9.8% were not registered.

4.2.2.12 Interaction with Government entities

Figure 4.16 below indicates how SMMEs interact with Government entities such as SARS, Department of Labour, CIPC, and others. This included possessing B-BBEE certificates. The following categories were distinguished: 1- Self, 2- Designated Employee of Business, 3- External Consultant/Bookkeeper, 4- Government Agency, and 5- Other.

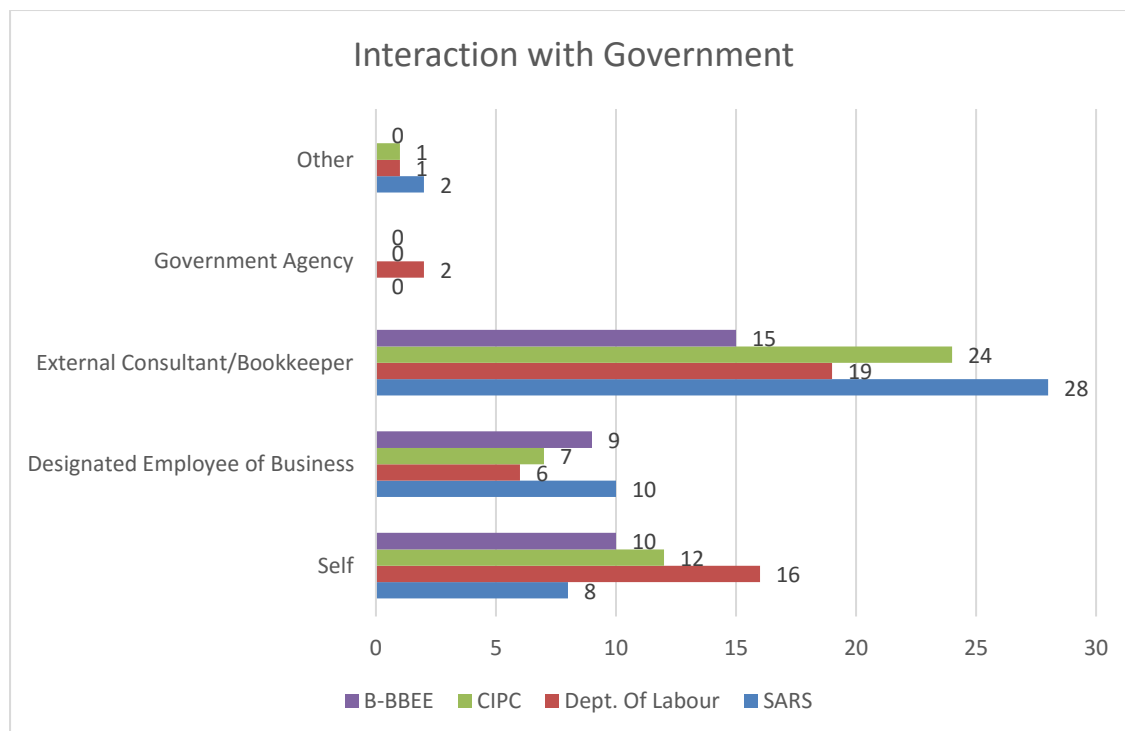


Figure 4. 16: Interaction with Government

Figure 4.16 above illustrates that out of 48 SMMEs interviewed, most SMMEs (28 = 58,3%) interacted with Government entities such as SARS, Department of Labour, and CIPC through external consultants and bookkeepers. This is followed by SMMEs' direct interaction, and through their employees (21% = 10). Limited interaction (0) is done through Government agencies.

4.2.3 Section C – Access to Information

4.2.3.1 Sources of Information

Table 4.2 below indicates the level of agreement or disagreement with regards to how Government agencies disseminate information to SMMEs. The responses were categorised as follows: 1 (Disagree), 2 (Agree), and 3 (Do Not Know).

Table 4. 2: Sources of information

Government Information Platform	Disagree (%)	Agree (%)	Do not know (%)
Information Sessions	52.4	23.8	23.8
Seminars / Workshops	42.9	26.2	31.0
Pamphlets / Brochures	41.9	34.9	23.3
Radio	31.7	48.8	19.5
Television	28.6	47.6	23.8
Information Desk	42.9	38.1	19.0
Websites	26.7	62.2	11.1
Print Media (Newspaper)	32.6	46.5	20.9
Information in different languages	29.5	50.0	20.5

Table 4.2 above indicates that the majority of SMMEs agreed that they can access information through Government websites (62.2%), and 50% of SMMEs surveyed stated that information is freely accessible in different languages. More than 50% of respondents did not agree that they access information via information sessions. Almost 50% of the respondents agreed that information was accessible via radio adverts (48.8%), TV adverts (47.6%), and the print media (46.6%).

4.2.3.2 Frequency of access to information

Figure 4.17 below illustrates the frequency of Government agencies' dissemination of information to SMMEs. The frequency levels were: 1 (Almost Never), 2 (Sometimes), 3 (Regularly), and 4 (Always). These are explained below as per a typical calendar year:

Almost Never = Once a year
 Sometimes = Once a month
 Regularly = Once a week
 Always = Daily

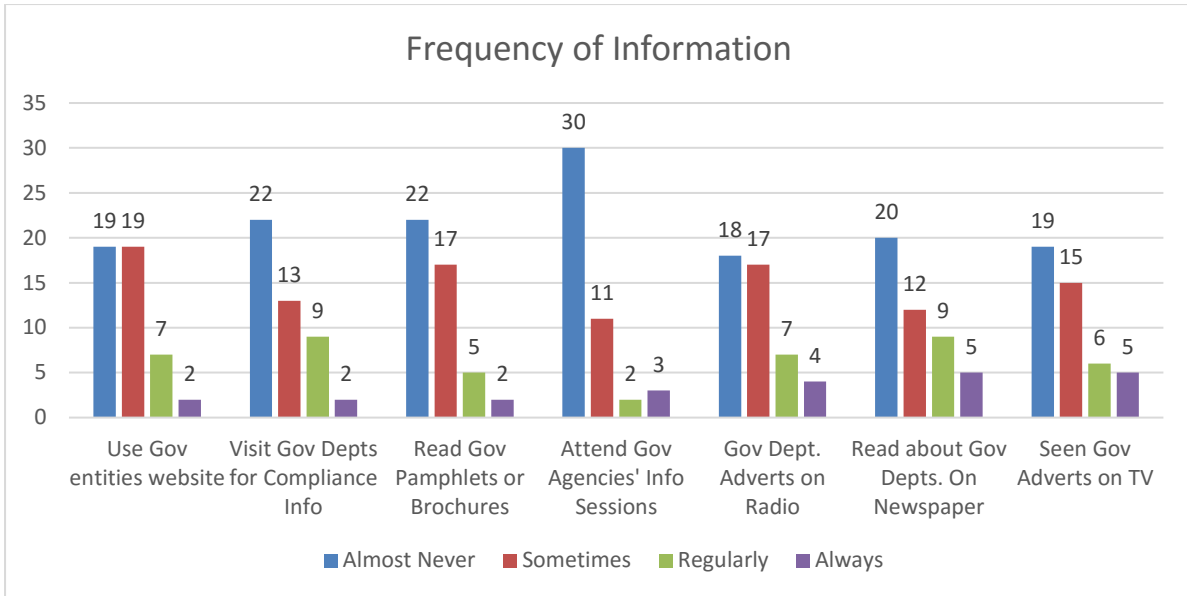


Figure 4. 17: Frequency of access to information

Figure 4.17 above illustrates that the most SMMEs never attend Government agencies' information sessions, and many of them very seldom (almost never and sometimes) interacts with Government entities to seek information. This is further substantiated by the Figure 4.18 below which indicates the disparity by categorising the frequencies into *Seldom/Rare* and *Often/Very frequent*.

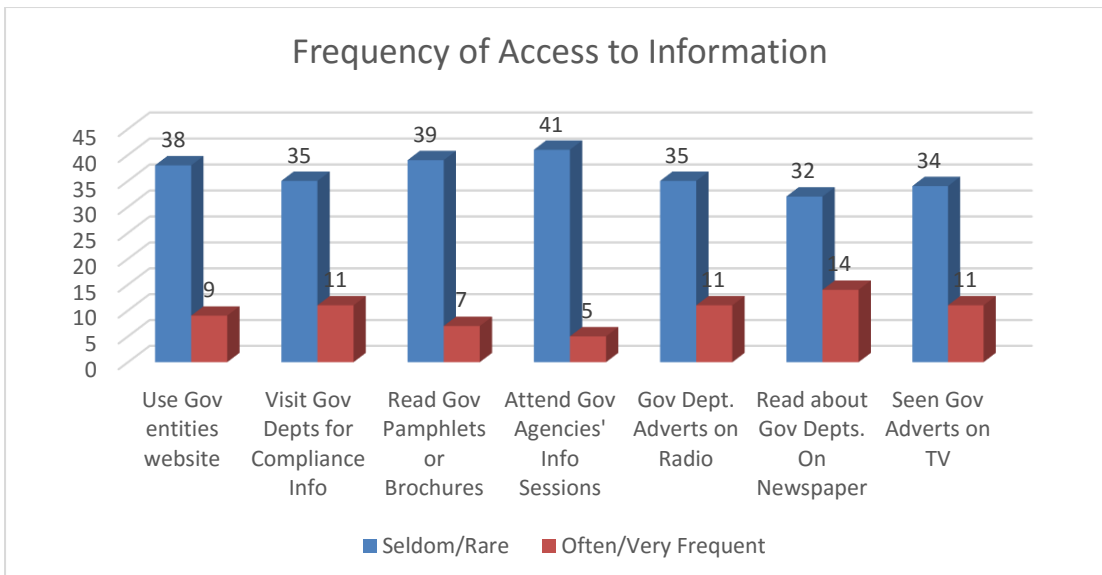


Figure 4. 18: Frequency of access to information

4.2.3.3 How SMMEs could be supported to be more compliant?

In this section of the survey questionnaire SMMEs were asked how their businesses could be supported to be more compliant to legislation. The SMMEs were requested

to respond in their own words. The responses were recoded. Of the 48 completed questionnaires, 29 respondents did not respond to the question; so only 19 responses were received.

Most of the responses replicated what has already been asked in the other sections of the questionnaire. Respondents mentioned, amongst others, the need to be given more access to relevant information. They also highlighted that Government agencies should conduct more information sessions coupled with visiting their businesses regularly to encourage and demonstrate how they should comply with all necessary legislation.

Other respondents expressed the need for Government departments to send students to SMMES to do their experiential training. Another notable point that emerged was that most SMMEs regularly engaged external accountants/bookkeepers (at a fee) to assist them with compliance-related matters. Some respondents suggested that Government should regularly monitor SMMEs stating that “Government agencies should visit them more often to educate them on compliance,” while others advocated for “more user-friendly websites and video tutorials”. Lastly, some respondents stated that it would benefit them “to be notified of available opportunities via email or SMS” specifically information on “workshops and the training of telephone operators”.

4.2.4 Section D – Compliance Behaviour

This section investigates the compliance behaviour of entrepreneurs in the Mangaung Metro pertaining to SARS, Department of Labour, CIPC and B-BBEE.

4.2.4.1 Compliance knowledge

Figure 4.19 below illustrates, among others, the level of knowledge of respondents pertaining to tax, UIF and CIPC fees.

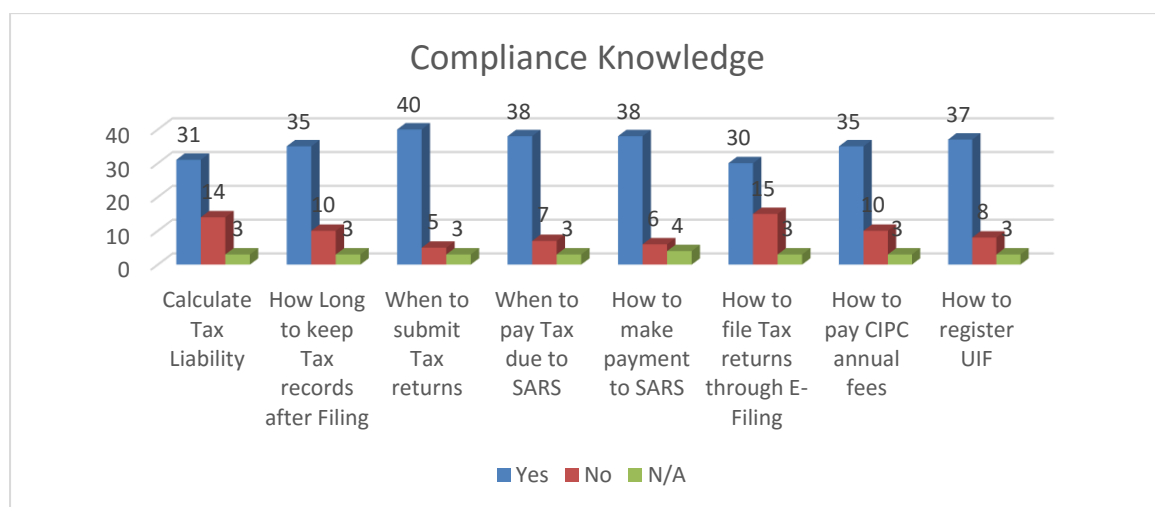


Figure 4. 19: Compliance knowledge

Figure 4.19 illustrates that SMMEs general compliance knowledge is positive especially pertaining to tax matters, as the majority of them know how to pay their annual CIPC fees and how to register for UIF. Hence, the level of knowledge on tax matters is sufficient.

4.2.4.2 Submission of Tax, Vat, UIF, and CIPC annual returns

Figure 4.20 below illustrates to what extent SMMEs submit their annual returns to SARS, CIPC, and the Department of Labour.

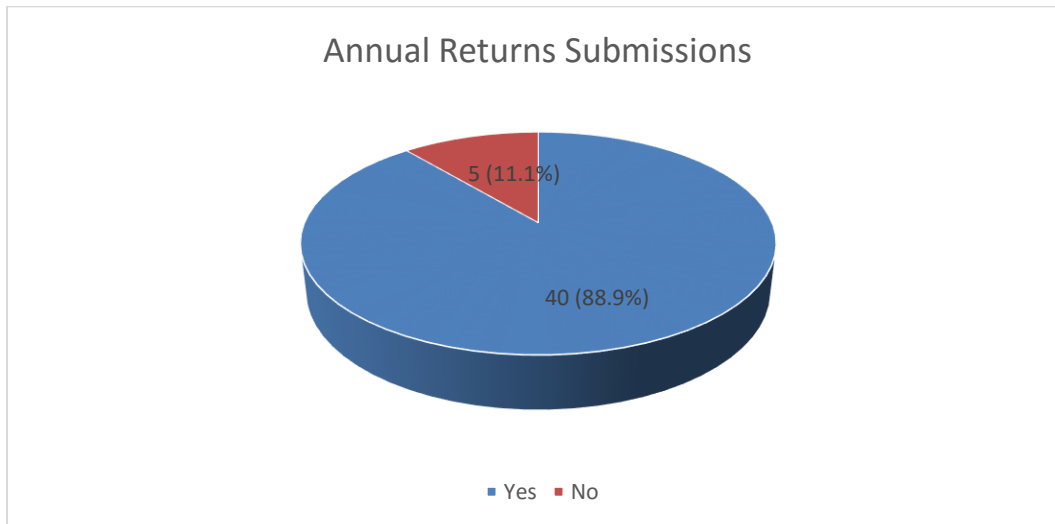


Figure 4. 20: Submission of annual returns

Figure 4.20 above demonstrates that most SMMEs (88.9%) submit their Tax, Vat, and UIF returns and CIPC fees annually. However, 11.1% of SMMEs do not submit their annual returns on a regular basis. This is due to reasons indicated below.

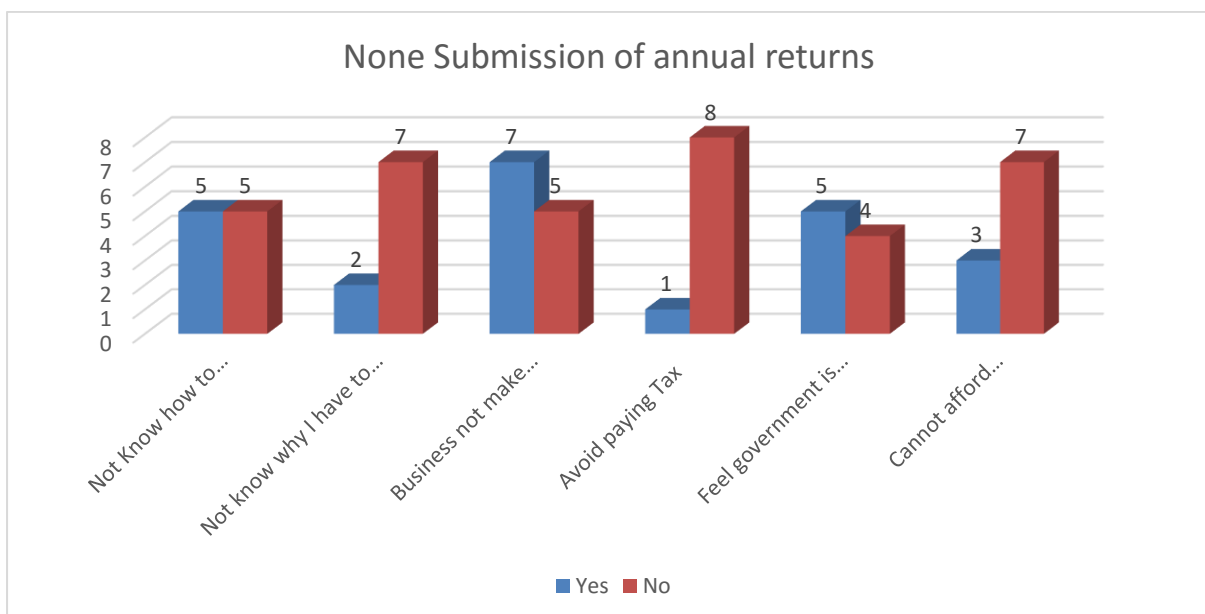


Figure 4. 21: Reasons for non-submission of annual returns

Figure 4.21 indicates that SMMEs do not submit their annual returns mainly due to the business not making a profit. They further indicated that the reason for non-submission was not due to tax avoidance. In contrast, Figure 4.22 indicates the reasons for SMMEs submitting their returns annually.

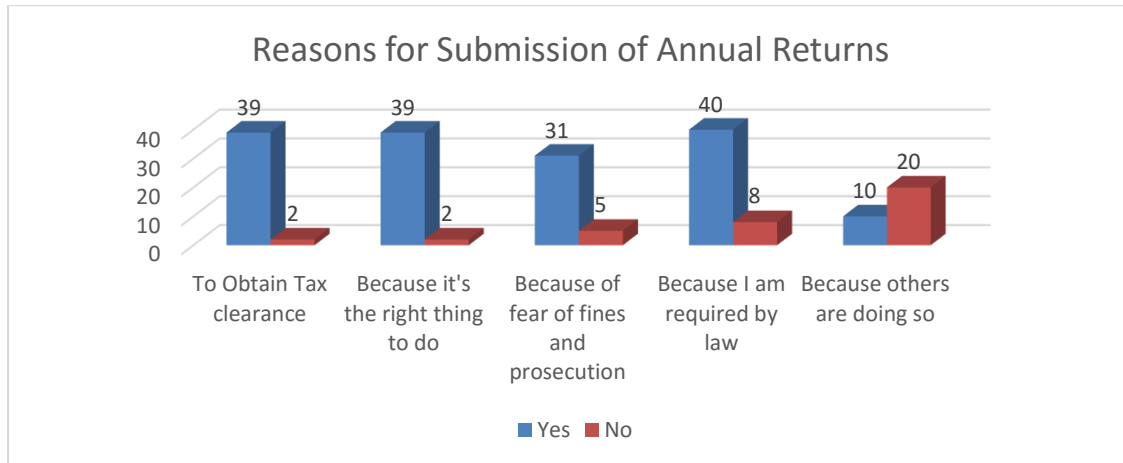


Figure 4. 22: Reasons for submission of annual returns

Figure 4.22 illustrates that SMMEs submit their annual returns mainly because they are required to by law, but also because they want to obtain tax clearance and that it is the right thing to do.

The next section indicates to what extent SMMEs declare their income to authorities, how much time annually they spend on compliance-related matters, and what percentage of their annual business turnover is spent on compliance-related matters. Figure 4.23 indicates the level of commitment of SMMEs by using the following scale: 1-lesser extent (0-25%), 2- some extent (26-50%), 3- large extent (51-75%), and 4- full extent (76-100%).

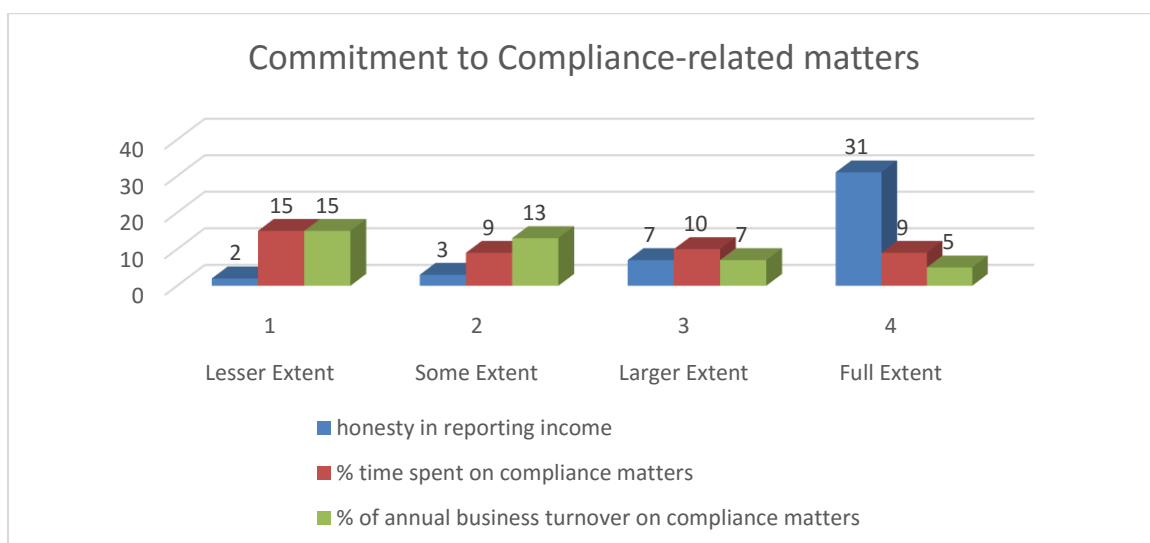


Figure 4. 23: Commitment to Compliance Related Matters

Figure 4.23 above demonstrates that most SMMEs are honest when reporting their income to authorities. Also, minimum time (0-25%) is spent by SMMEs on compliance-related matters. Further, they spend between 0-25% of their annual turnover on compliance- related matters.

Figure 4.24 below indicates whether tourism accommodation establishments have been declined access to funding and/or access to markets due to the lack of compliance in the past 12 months.

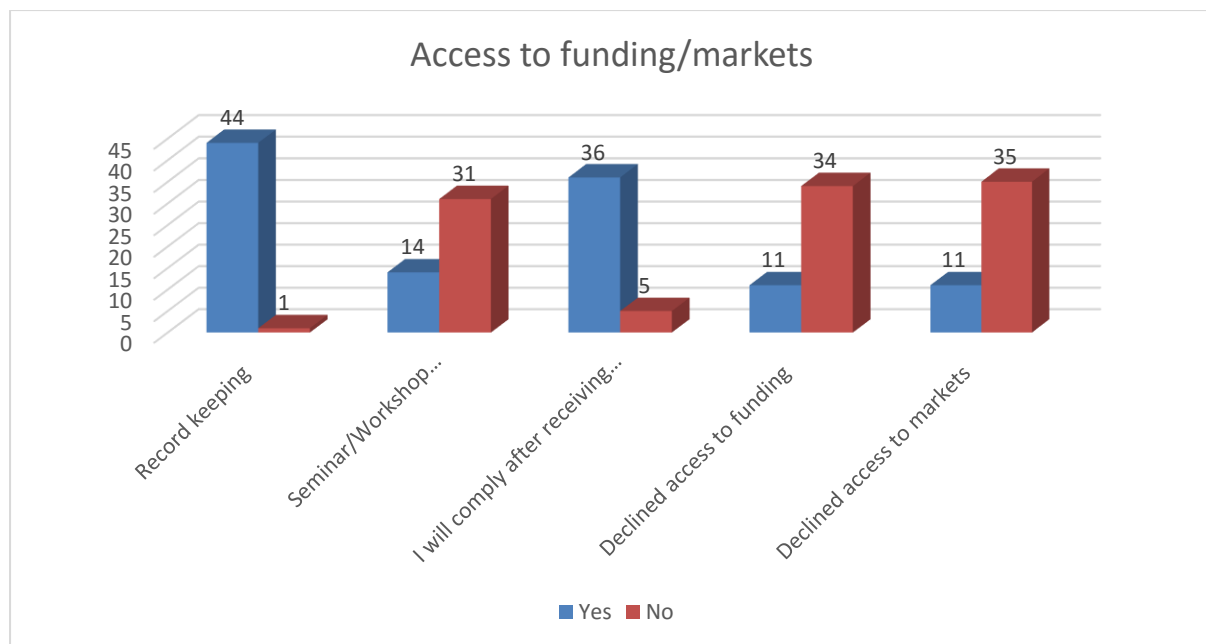


Figure 4. 24: Access to funding/markets

Figure 4.24 indicates that most SMMEs keep their compliance records used for filing purposes. A substantial number of entrepreneurs state that they have not attended any compliance related seminar or workshop in past 12 months. SMMEs indicate that they will be more willing to comply after they have received information about tax laws and procedures. On the aspect of access to funding and/or markets, most SMMEs indicate that in the past 12 months they have not been denied access to funding or markets due to lack of compliance.

The next figure 4.25 outlines how SMMEs would like to be assisted in future with compliance related matters to make it easier for them to comply. Respondents had an option to choose one or more options from the list below:

- 1- Information & briefing sessions
- 2- Training and workshops
- 3- Improve accessibility.
- 4- Avail Mentors
- 5- Make the process more user-friendly.

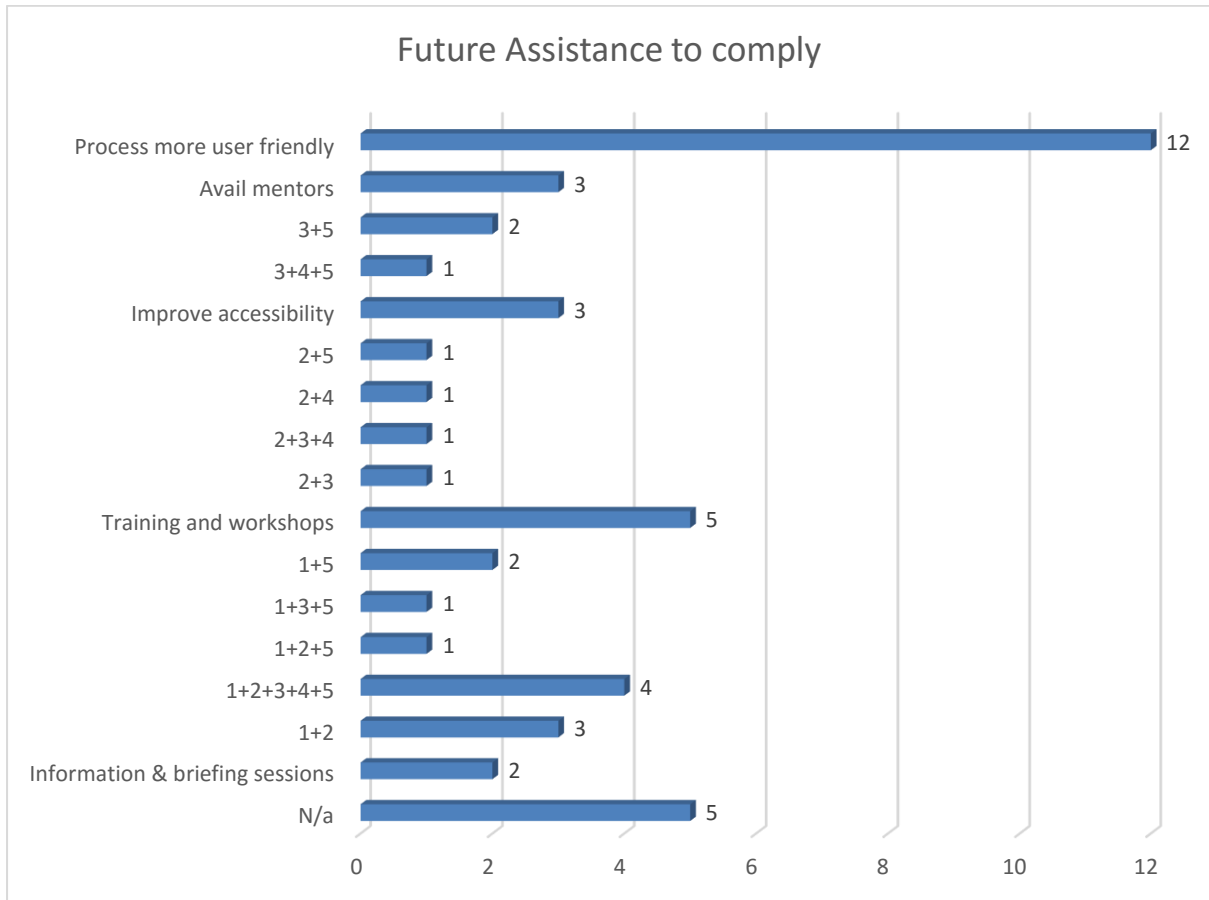


Figure 4. 25: Future assistance with compliance-related matters

The Figure 4.25 above illustrates that out of 48 SMMEs surveyed, the majority of SMMEs (12) would like to be assisted by via a compliance process which is more user-friendly. While a fair number (5) of entrepreneurs needed assistance with training and workshops, a significant number (4) indicated that they would like to be assisted with all 5 options as stated above.

4.2.5 Section E – Perceptions and Opinions

4.2.5.1 Perception and opinions

Table 4.3 below illustrates the level of opinion and perception by SMMEs relating to their interaction with Government entities around compliance related matters. Criteria is as follows, 1 (Strongly Disagree), 2 (Not Sure), and 3 (Strongly Agree).

Table 4. 3: Perceptions and opinions

Level of agreement statement	Strongly Disagree (%)	Not sure (%)	Strongly Agree (%)
Registration – benefit of compliance explained	39.5	23.3	37.2
Complexity of legislation and regulations makes compliance difficult	33.3	24.4	42.2
Level of knowledge to be sufficiently compliant	15.9	22.7	61.4
Easy access to information – more compliant	9.3	11.6	79.1
Government duty to make information accessible	8.9	8.9	82.2
Business owner’s duty to look for compliance information	18.2	15.9	65.9

Table 4.3 above illustrates that most SMMEs (82.2%) perceived that it is the duty of Government agencies to supply compliance information to them. It further indicates that most SMMEs (79.1%) perceived that it would be more likely to comply with the laws if they have easy access to compliance information. A substantial number (65,9%) of respondents indicated it to be their duty as businessmen to look for compliance information.

The next section discussed the research results in detail. The data analysis and research results for the study are discussed in frequencies and cross tabulations. Most cross tabulations did not show any significance ($<0.05 = 5\%$) for the Pearson Chi Square Test because the response rate was low (only a total of 48 respondents), but the researcher identified a few differences which are discussed below.

4.3 DISCUSSION AND FINDINGS – CROSS TABULATIONS

The research findings emanated from utilising cross tabulations. The cross tabulations were analysed in a sequential order as structured in the questionnaire. The sequence was: Section A- Biographical Information, Section B- General Business Information, Section C- Access to Information, Section D – Compliance Behaviour, and Section E – Opinions and Perceptions. The Pearson Chi-square was also discussed to establish if there is a significance or not. The Pearson Chi-Square is significant if the result is

less or equal to 0,05. If the result of Chi-square is more than 0,05, the outcome is deemed to be insignificant.

4.3.1 Section A - Demographics

Age: Rate of Computer Knowledge

The cross tabulation of age and rate of computer knowledge highlighted that 90% of respondents in the age group (56-65 years) have intermediate and/or advanced computer knowledge. This is followed by 85,7% of the respondents (18-35 years) and 84,6% (46-55 years). A total combined percentage across all age ranges indicated that the total rate of computer knowledge is Basic (2,1%), Average (20,8%), Intermediate (33,3%) and Advanced (43,8%). The Chi Square is significant at 0,015 (1,5%)

Age: Government Radio

A cross tabulation of age and Government radio was performed. Eighty per cent (80%) or 8 of respondents who were aged between 46-55 years agreed that Government provided adequate information through the radio, and this was followed by the 18-35 age group at 54.5% or 6 respondents. However, 75% or 3 participants aged 66 and above disagreed with the statement. A notable 66,7% or 4 respondents aged between 36-45 years mentioned that they did not know. A combined total of 31,7% or 13 respondents across all age groups strongly disagreed with the statement, 48,8% or 20 respondents agreed with the statement, and 19,5% or 8 respondents did not know. The Chi square is significant at 0,021 (2,1%). Figure 4.26 below illustrates the responses across all age groups; that is, 1(18-35 years), 2(36-45 years), 3(46-55 years), 4(56-65 years), and 5(66 and above).

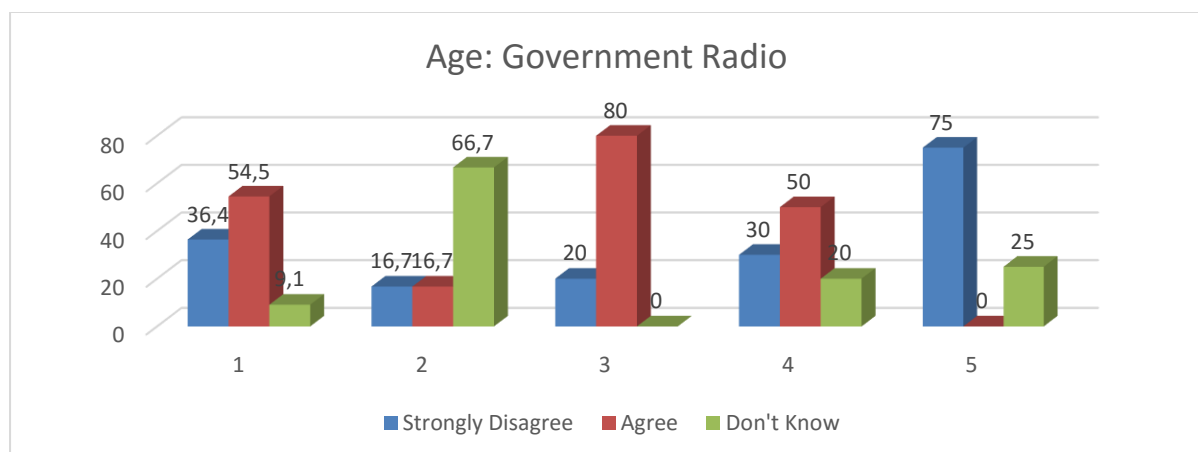


Figure 4. 26: Age - Government radio

Age: Registered (CIPC) [Trust]

A cross tabulation of Age and CIPC registration (Trust) revealed that 100% of the respondents under the age categories 1(18-35 years), 2 (36-45 years) and 3 (46-55 years) are registered as Trusts at the CIPC. The results also show that 100% of age category 4(56-65 years) are not registered with CIPC as Trusts. The total split was 87,5% of respondents agreed and 12,5% of respondents who did not agree with the statement. The Chi Square was significant at 0,046 (4,6%).

Gender: Where to access the internet

A cross tabulation of gender, and where to access internet was performed. Gender is divided into 1 (male) and 2 (female). Devices used by SMMEs to access the internet are as follows: 1 (home computer), 2 (office computer), 3 (public library), 4 (public places), and 5 (cell phones). The result from the study indicated that 26,3% (5) of males who have access to internet have access to internet via the home computer, office computer, and the cell phone. Also, 50,9% (10) of their female counterparts indicated that they access internet via the home computer, office computer, and the cell phone. A combined percentage of both male and female responses indicated that 29,2% access the internet via the home computer, office computer, and the cell phone. The public library (3) and public places (4) were not regarded as notable sources to access the internet. The Chi square test was significant at 0,001 (0,1%).

Gender: Use of Government entities' (agencies') website to seek information

A cross tabulation of gender and Government agencies' websites as sources to look for information indicated that 38,9% (7) of males sometimes used them, while most females 50% (14) indicated that they almost never use the Government websites to seek information on compliance. A combined male and female responses indicated the following: 40,4% (19) almost never, 40,4% (19) sometimes, 14,9% (7) regularly, and 4,3% (2) always. The Chi square was insignificant at 0,321 (32,10%).

Gender: Visiting Government Offices to seek information on compliance

A cross tabulation of gender and the frequency of visiting Government departments to seek information on compliance was performed which included males and females. A total of 61,1% (11) of male respondents and a total of 85,2% (23) of females stated that they rarely visited Government agencies or offices to seek information. A combination of both male and female respondents indicated that 47,8% (22) almost never visited the Government offices, 28,3% (13) sometimes, 19,6% (9) regularly, and 4,3% (2) always. The Chi square test was insignificant at 0,327 (32,7%).

Gender: Listening to Government agencies advertisements on radio

A cross tabulation of gender and frequency of hearing Government advertisements on radio was completed. A total 61,1% (11) of male respondents and 88,9% (24) of females confirmed that they rarely listened to Government advertisements on radio. The Chi square test was significant at 0,001 (0,1%). Table 4.4 below shows the breakdown per gender concerning Government advertisements on radio.

Table 4. 4: Gender – Listening to Government advertisements on radio.

Gender	Almost Never	Sometimes	Regularly	Always
Male	11,10%	50,00%	27,80%	11,10%
Female	59,30%	29,60%	7,40%	3,70%
Total	39,10%	37,00%	15,20%	8,70%
*Pearson Chi Square = 0,001 (0,1%)				

Table 4.4 above indicates that the Chi square test was significant at 0,001 (0,1%).

Gender: Read newspapers regarding SARS, Department of Labour, and CIPC regulations

A cross tabulation of gender and the frequency of reading about SARS, Department of labour and CIPC were presented. The results showed that 55,5% (10) of male SMME respondents and 81,5% (22) of female respondents rarely read about Government information in newspapers. The combined gender (males/females) responses indicated that 39,1% (18) almost never read the newspapers, 37% (17) sometimes read, 15,2% (7) regularly read, and 8,7% (4) always. A Chi Square outcome was insignificant at 0,055 (5,5%).

Gender: Seen SARS, Department of Labour, and CIPC advertisements on Television

A cross tabulation of gender and frequency of seeing SARS, Department of Labour, and CIPC advertisements on television was compiled. A total of 61,1% (11) of male respondents and 88,5% (23) of females indicated that they rarely listened to Government agencies' advertisements on television. The Chi square test was significant at 0,005 (0,5%). Table 4.5 below indicates the responses per gender pertaining to Government advertisements on radio.

Table 4. 5: Gender – Listened to Government agencies' advertisements on television.

Gender	Almost Never	Sometimes	Regularly	Always
Male	33,30%	27,80%	33,30%	5,60%
Female	50,00%	38,50%	0,00%	11,50%
Total	42,20%	33,30%	13,30%	11,10%
*Pearson Chi Square = 0,005 (0,5%)				

From Table 4.5 above, The Chi square test was significant at 0,005 (0,5%)

Gender: Government Television

A cross tabulation of gender and seeing Government television advertisements on compliance was performed. Most males 70,6% (12) indicated that they had seen Government advertisements on television, and 45,8% (11) of females indicated disagree to have not seen such advertisements on television. The combined responses were: 28,6% (12) disagreed, 47,6% agreed, and 23,8% (not sure). The Chi Square test result was significant at 0,036 (3,6%).

Town: Knowledge

A cross tabulation of town (location) and knowledge was compiled for Bloemfontein and Thaba Nchu. A total of 63,2% (24) of respondents in Bloemfontein indicated that Government agencies provided adequate compliance information through their communication platforms. In Thaba Nchu, 50% disagreed with the statement, and the other 50% disagreed. The combined responses regarding Town and Knowledge was: 15,9% (7) strongly disagree, 22,7% (10) not sure, and 61,4% (27) strongly agree. The Chi Square test result was significant at 0,033 (3,3%).

4.3.2 Section B - General Business Information

Town: Type of Accommodation

Most accommodation establishments in Bloemfontein consist of guesthouses (39%) followed by B&Bs (31,7%), whereas, in Thaba Nchu, which is 65 kilometres south of Bloemfontein, accommodation establishments consist mainly of B&Bs (66,7%). In total, the distribution of accommodation establishments in Mangaung is Lodges (19,1%), B&Bs (36,2%), Guesthouses (36,2%), Hotels (6,4%), and others (2,1%). The Pearson Chi-square test was not significant at 0,541 (54,1%).

Type of Accommodation: Interaction with SARS

A cross tabulation exercise was performed on the type of accommodation and interaction with SARS. No responses for Government agencies and other categories were received. Most of the SMMEs such as B&Bs 58,8% (10), Guesthouses 80,0% (12) and Hotels 66,7% (2) indicated that they interact with SARS through the external accountants/bookkeepers. However, lodge owners indicated that 44,4% (4) do it by themselves, and others [4] (44,4%) through the external accounts. The Pearson Chi-square test was significant at 0,039 (3,9%). Table 4.6 below illustrates the level of SMME interaction with SARS.

Table 4. 6: Type of accommodation - Interaction with SARS

Type of Accommodation	Self	Business Employee	External Accountant
Lodge	44,40%	11,10%	44,40%
B&B	5,90%	35,30%	58,80%
Guesthouse	14,30%	20,00%	42,90%
Hotel	0,00%	33,30%	66,70%
Other	100,00%	0,00%	0,00%
Total	15,60%	22,20%	52,20%

***Pearson Chi Square test is significant = 0,039 (3,9%)*

Table 4.6 above indicates that most of the SMMEs prefer to interact with SARS through the services of the external bookkeeper: Hotels (66,7%) and B&Bs (58,8%). The majority of the respondents indicated that they make use of external accounts (62,20%) to interact with SARS. There was a significant Chi Square test result at 0,039 (3,9%).

Type of Accommodation: Knowing how to calculate tax liability.

A cross tabulation of the type of accommodation and knowledge on how to calculate tax liability was compiled. The result indicated that 100% (8) of lodges know how to calculate tax liability, followed by 64,7% (11) of B&Bs, and 60% (9) of Guesthouses. A total of 68,2% (30) of all accommodation establishments indicated that they know how to calculate their tax liability, but 31,8% (14) indicated that they do not know how. The Chi Square test was insignificant at 0,169 (16,9%).

Type of accommodation: How long must tax records be kept after filing?

A cross tabulation of the type of accommodation and knowledge on how long to keep tax records after filing was compiled. The outcome highlighted that 100% (8) of Lodges and Hotels 100% (3) know how long to keep tax records after filing, followed by B&Bs at 82,4% (14) and Guesthouses at 60% (9). A total 77,3% (34) of all accommodation establishments mentioned that they know how long to keep tax records after filing and 22,7% (10) stated they do not know how long. The Chi Square test result was insignificant at 0,051 (5,1%).

Type of accommodation: Knowing when to submit tax returns.

A cross tabulation was performed on the type of accommodation and knowledge on when to submit tax returns. Table 4.7 below shows which accommodation establishments know when to submit their tax returns.

Table 4. 7: Type of accommodation: Knowing when to submit tax returns.

Type of Accommodation	Yes	No	Total
Lodge	100,00%	0,00%	100,00%
B&B	100,00%	0,00%	100,00%
Guesthouse	86,70%	13,30%	100,00%
Hotel	66,70%	33,30%	100,00%
<i>Total</i>	90,90%	9,10%	100,00%

Table 4.7 above indicates that 100% (8) of Lodges and B&Bs (17) know when to submit their tax returns. This was followed by Guesthouses at 86,7% (13), and Hotels at 66,7% (2). A total of 90,9% (40) of SMMEs agreed that they know when to submit their tax returns but 9,10% (4) did not agree. The Chi Square test was significant at 0,005 (5%).

Type of accommodation: Know when to pay tax due to SARS.

A cross tabulation of the type of accommodation and knowledge on when to pay the tax due to SARS was presented. Table 4.8 below indicates which accommodation establishments know when to pay tax due to SARS.

Table 4. 8: Type of accommodation: Knowing when to pay tax due to SARS.

Type of Accommodation	Yes	No	Total
Lodge	87,50%	12,50%	100,00%
B&B	100,00%	0,00%	100,00%
Guesthouse	80,00%	20,00%	100,00%
Hotel	66,70%	33,30%	100,00%
Other	0,00%	100,00%	100,00%
<i>Total</i>	86,40%	13,60%	100,00%

Table 4.8 above indicates that 100% (17) of B&Bs know when to pay tax due to SARS. This was followed by Lodges at 87,5% (7), Guesthouses at 80,0% (12) and Hotels at 66,7% (2). A total of 86,4% (38) of SMMEs agreed that they know when to pay tax due to SARS, but 13,6% (6) did not agree. The Chi Square test was significant at 0,032 (3,2%).

Type of accommodation: Knowing when to make payment to SARS.

A cross tabulation of the type of accommodation and knowledge on when to make payment to SARS was performed. Table 4.9 shows which accommodation establishment knows when to make payment to SARS.

Table 4. 9: Type of accommodation - Knowing when to make payment to SARS.

Type of Accommodation	Yes	No	Total
Lodge	87,50%	12,50%	100,00%
B&B	100,00%	0,00%	100,00%
Guesthouse	85,70%	14,30%	100,00%
Hotel	66,70%	33,30%	100,00%
Other	0,00%	100,00%	100,00%
<i>Total</i>	<i>88,40%</i>	<i>11,60%</i>	<i>100,00%</i>

Table 4.9 above indicates that 100% (17) of B&Bs know when to make payment to SARS. This was followed by Lodges at 87,5% (7), Guesthouses at 85,7% (12) and Hotels at 66,7% (2). A total of 88,4% (38) of SMMEs agreed that they know when to make payments to SARS, but 11,6% (5) did not agree. A Chi Square test was significant at 0,023 (2,3%).

Type of accommodation: Completing Tax, Vat, UIF, and CIPC returns honestly, and declaring all income.

A cross tabulation of the type of accommodation and completing compliance documents returns, and honestly declaring all income was presented. Table 4.10 below indicates how accommodation establishments complete Tax, Vat, UIF, and CIPC returns, while honestly declaring all income.

Table 4. 10: Type of accommodation - Completing Tax, Vat, UIF, and CIPC returns, and honestly declaring all income.

Type of Accommodation	Lesser extent (0-25%)	Some Extent (26-50%)	Larger extent (51-75%)	Fullest Extent (76-100%)	Total
Lodge	0,00%	12,50%	12,50%	75,00%	100,00%
B&B	0,00%	0,00%	25,00%	75,00%	100,00%
Guesthouse	6,70%	13,30%	13,30%	66,70%	100,00%
Hotel	0,00%	0,00%	0,00%	100,00%	100,00%
Other	100,00%	0,00%	0,00%	0,00%	100,00%
<i>Total</i>	<i>4,80%</i>	<i>7,10%</i>	<i>16,70%</i>	<i>71,40%</i>	<i>100,00%</i>
**Pearson Chi Square is significant at 0,014 (1,4%)					

Table 4.10 above indicates that 100% of hotels complete Tax, Vat, UIF, and CIPC returns, and honestly declare all income. This was followed by B&Bs and Lodges (75%) each, then Guesthouses (66,7%). The combined SMMEs responses on honestly completing Tax, Vat, UIF, and CIPC returns, and declaring all income stood indicated the following: 4,8% (2) lesser extent, 7,1% (3) some extent, 16,7% (7) large extent, and 71,4% (30) full extent. The Chi Square test was significant at 0,014 (1,4%).

Computer Knowledge: Knowing how to calculate tax liability.

A cross tabulation of the extent of computer knowledge and frequency of knowing how to calculate tax liability was performed. Most (11) of the SMMEs (73,3%) had computer knowledge at intermediate level (11), 78,9% had advanced (15) computer knowledge level and stated that they know how to calculate their tax liability. A total of 68,9% (31) respondents indicated that they know how to calculate their tax liability, but 31,1% (14) did not know how. The Pearson Chi Square test was insignificant at 0,178 (17,8%).

Rate Computer Knowledge: Knowing how long tax records are to be kept after filing.

A cross tabulation of the levels of computer knowledge and frequency of knowing how long to keep tax records was populated in Table 4.11 below which indicates the level of computer knowledge and knowing how long tax records were to be kept after filing.

Table 4. 11: levels of computer Knowledge: Know how long tax records are to be kept.

Rate Computer Knowledge	Yes	No	Total
Basic	0,00%	100,00%	100,00%
Average	40,00%	60,00%	100,00%
Intermediate	93,30%	6,70%	100,00%
Advanced	89,50%	10,50%	100,00%
Total	77,80%	22,20%	100,00%

***Pearson Chi Square is significant at 0,002 (0,2%)*

Table 4.11 above indicates that 100% of SMMEs possessed some basic computer knowledge, but do not know for how long to keep tax records after filing. Further, 93,3% (14) of SMMEs with intermediate computer knowledge indicated that they knew how long tax records are to be kept after filing. This was followed by SMMEs with advanced levels of computer knowledge at 89,5% (17). A total of 77,8% (35) of SMMEs agreed that they knew how long tax records were to be kept after filing, but 22,2% (10) did not know. The Chi Square test was significant at 0,002 (0,2%).

Computer Knowledge Levels: Knowing when to submit tax returns.

A cross tabulation of computer knowledge levels and frequency of knowing when to submit tax returns was computed. Table 4.12 below indicates the levels of computer knowledge and knowledge of when to submit tax returns.

Table 4. 12: Computer knowledge levels - Knowing when to submit tax returns.

Rate Computer Knowledge	Yes	No	Total
Basic	100,00%	0,00%	100,00%
Average	60,00%	40,00%	100,00%
Intermediate	100,00%	0,00%	100,00%
Advanced	94,70%	5,30%	100,00%
Total	88,90%	11,10%	100,00%
<i>**Pearson Chi Square is significant at 0,011 (1,1%)</i>			

Table 4.12 above indicates that 100% of SMMEs possessed basic and intermediate computer knowledge (15) in addition to knowing when to submit tax returns. This is followed by those (94,7%) with advanced levels of computer knowledge (18) and those (60%) with average levels (6). A total of 88,9% (40) of SMMEs agreed that they knew when to submit their tax returns, but 11,10% (5) did not know. The Chi Square test was significant at 0,011 (1,1%).

Computer knowledge levels: Knowing when to pay the tax due to SARS.

A cross tabulation of SMMEs' computer knowledge levels and frequency of knowing when to make payment to SARS was performed. Table 4.13 below illustrates this:

Table 4. 13: Computer knowledge levels - Knowing when to pay the tax due to SARS.

Rate Computer Knowledge	Yes	No	Total
Basic	100,00%	0,00%	100,00%
Average	60,00%	40,00%	100,00%
Intermediate	93,30%	6,70%	100,00%
Advanced	89,50%	10,50%	100,00%
Total	84,40%	15,60%	100,00%
<i>**Pearson Chi Square is insignificant at 0,112 (11,2%)</i>			

Table 4.13 above indicates that 100% of SMMEs possessed basic computer knowledge and know when to pay the tax due to SARS. Next were those (93,3%) SMMEs having an intermediate level of computer knowledge (14), followed by those at the advanced level at 89,5% (17). A total of 84,4% (38) of SMMEs agreed that they knew how to make payment to SARS, but 15,60% (7) did not know. The Chi Square test was insignificant at 0,112 (11,2%).

Computer knowledge levels: Knowing how to make payment to SARS.

A cross tabulation of computer knowledge levels and frequency of knowing how to make payment to SARS was performed. Table 4.14 below shows this:

Table 4. 14: Computer knowledge levels - Knowing how to make payment to SARS.

Rate Computer Knowledge	Yes	No	Total
Basic	100,00%	0,00%	100,00%
Average	50,00%	50,00%	100,00%
Intermediate	100,00%	0,00%	100,00%
Advanced	94,70%	5,30%	100,00%
Total	86,40%	13,60%	100,00%
<i>**Pearson Chi Square is significant at 0,002 (0,2%)</i>			

Table 4.14 above indicates that 100% of SMMEs possessed basic and intermediate computer knowledge, in addition to knowing how to pay taxes due to SARS. This is followed by those with advanced levels of computer literacy at 94,7% (18). A total of 86,4% (38) of SMMEs agreed that they knew how to make payment to SARS, but 13,60% (6) did not know. The Chi Square test was significant at 0,002 (0,2%).

Computer knowledge levels: Knowing how to file tax returns through E-Filing

A cross tabulation of computer knowledge levels and frequency of knowing how to file tax returns through E-filing was performed. Table 4.15 below shows the levels of computer knowledge and knowledge of how to file tax returns through E-Filing.

Table 4. 15: Computer knowledge levels – Knowing how to file tax returns through E-Filing

Rate Computer Knowledge	Yes	No	Total
Basic	100,00%	0,00%	100,00%
Average	30,00%	70,00%	100,00%
Intermediate	73,30%	23,70%	100,00%
Advanced	78,90%	21,10%	100,00%
Total	66,70%	33,30%	100,00%
<i>**Pearson Chi Square is significant at 0,043 (4,3%)</i>			

Table 4.15 above indicates that 100% of SMMEs with basic computer knowledge know how to complete tax returns through E-Filing. This was followed by SMMEs who advanced (78,9%) and Intermediate (73,3%) levels of computer literacy. A total of 66,70% (30) of SMMEs knew how to complete tax returns through E-Filing, but 33,30% (15) did not know. The Chi Square test was significant at 0,043 (4,3%).

Computer knowledge levels: Knowing how to register for UIF.

A cross tabulation of levels of computer knowledge and frequency of how to register for UIF was presented. Table 4.16 below rates SMMEs' computer knowledge and their knowing of how to register for UIF.

Table 4. 16: Levels of computer knowledge: Knowing how to register for UIF.

Rate Computer Knowledge	Yes	No	Total
Basic	0,00%	100,00%	100,00%
Average	50,00%	50,00%	100,00%
Intermediate	100,00%	0,00%	100,00%
Advanced	89,50%	10,50%	100,00%
Total	82,20%	17,80%	100,00%
<i>**Pearson Chi Square is significant at 0,001 (0,1%)</i>			

Table 4.16 above indicates that 100% of SMMEs with Intermediate computer knowledge know how to register for UIF. This is followed by SMMEs' who possess advanced (89,5%) and average (50%) levels of computer literacy. A total of 82,20% (37) of SMMEs indicated that they knew how to register for UIF, but 17,80% (8) did not know. The Chi Square test was significant at 0,001 (0,1%).

Computer knowledge levels: Knowing how to pay annual CIPC Fees

A cross tabulation of computer knowledge levels and frequency of knowing how to pay annual CIPC Fees was performed. The table 4.17 below illustrates this:

Table 4. 17: Rating computer knowledge - Knowing how to pay annual CIPC fees.

Rate Computer Knowledge	Yes	No	Total
Basic	100,00%	0,00%	100,00%
Average	50,00%	50,00%	100,00%
Intermediate	86,70%	13,30%	100,00%
Advanced	84,20%	15,80%	100,00%
Total	77,80%	22,20%	100,00%
<i>**Pearson Chi Square is insignificant at 0,117 (11,7%)</i>			

Table 4.17 above indicates that 100% of SMMEs with basic computer knowledge know how to pay annual CIPC fees. This was followed by SMMEs with intermediate (86,7%) and advanced (84,2%) levels of computer literacy. A total of 77,8% (35) of SMMEs indicated that they know how to pay annual CIPC fees, but 22,20% (10) did not know. The Chi Square test was insignificant at 0,117 (11,7%).

Web-enabled device access: Interaction with SARS

The cross tabulation of web-enabled device access and interaction with SARS was done. Results indicated that most respondents with access to web-enabled devices interact with SARS through the external accounts at 62,2% (28). This was followed by employee interaction at 22,2% (10), and Self at 15,6% (7). Only one disagreed. The total number of SMMEs who indicated to interacting with SARS via web-enabled devices and that use external accounts stood at 60,9% (28), then Self at 17,4% (8), followed Employee Interaction at 21,7% (10). The Chi Square was insignificant at 0,88 (8,8%).

Access to web-enabled devices: Interaction with CIPC

The cross tabulation of web-enabled device access and interaction with CIPC was performed. Results indicated that most SMMEs with web-enabled devices interact with CIPC through the external accounts. These 24 SMMEs (55,8%) interacted with CIPC through their external bookkeepers, followed by Self at 25,6% (11), and 16,3% (7) through their employees. Only one respondent indicated NO to interacting with CIPC through a web-enabled device. In total, 54,5% (24) SMMEs indicated using external accounts, then Self at 27,3% (12), followed by Employee Interaction at 15,9% (7), and lastly other at 2,3% (1). The Chi Square was insignificant at 0,435 (43,5%).

Web-enabled device access: Interaction with B-BBEE

The cross tabulation of web-enabled device access and Interaction with B-BBEE was performed. The outcome indicated that 15 respondents (45,5%) with web-enabled devices interact with B-BBEE through the external accounts, followed by Self (9) and employee interaction (9) at 27,3% each respectively. One responded did not agree to the statement. The total responses indicated that 44,1% (15) make use of external accounts, Self at 29,4% (10), and Employee Interaction at 26,5% (9). The Chi Square test was insignificant at 0,290 (29,0%).

Accessing web-enabled devices: Other frequencies

A cross tabulation of web-enabled device access and other cross tabulations was tabulated. Table 4.18 below provided cross tabulations between web-enabled device access and other frequencies. The cues were as follows: almost never (annually), sometimes (once a month), regularly (weekly), and always (daily). A chi-square test result was inserted in the 4th column of Table 4.18. The Chi Square test result indicated a significance at <0,05.

Table 4. 18: Cross Tabulation – web-enabled devices and other frequencies

Cross Tabulation	Almost Never	Sometimes	Regularly	Always	Chi Square
*Web-enabled device access: I attend Government agencies infomarmation sessions	65,20%	23,90%	4,30%	6,50%	0,002 (0,2%)
*Web-enabled device access: I have heard Government agencies advertisements on radio	39,10%	37%	15,20%	8,70%	0,013 (1,3%)
*Web-enabled device access: I have read about SARS, VAT, Dept. of Labour and CIPC information on Newspaper	43,50%	26,10%	19,60%	10,90%	0,039 (3,9%)
*Web-enabled device access: I have seen SARS, VAT, Dept. of Labour and CIPC information on television	42,20%	33,30%	13,30%	11,10%	0.042 (4,2%)
<i>*Pearson Chi-Square test < 0,005 (5%) = Significant</i>					

Table 4.18 above indicates SMMEs' access to web-enabled devices and 4 other related frequencies. Responses indicated that there was a significant correlation between web-enabled device access and all 4 of the frequencies as stated in Table 4. 18. Most respondents with access to a web-enabled device indicated that they have never engaged with Government agencies in this regard. Table 4.18 further indicates that a small percentage of respondents with access to web-enabled devices engaged with Government agencies in one way or another. It is noteworthy, however, that one respondent who did not have access to a web-enabled device utilised 2 frequencies: namely, Government agencies advertisements on radio, and about SARS, the Department of Labour, and CIPC information in newspapers.

Web-enabled devices: Completing Tax/Vat/UIF/CIPC returns, and honestly declaring all income.

A cross tabulation of access to web-enabled devices and frequency of completing Tax/Vat/UIF/CIPC returns, including honestly declaring all income was performed as indicated in Table 4.19 below:

Table 4. 19: Access to web-enabled devices - Completing Tax, Vat, UIF, and CIPC returns, including declaring all income.

Web-enabled device access	Lesser extent (0-25%)	Some Extent (26-50%)	Larger extent (51-75%)	Fullest Extent (76-100%)	Total
YES	4,80%	4,80%	16,70%	73,80%	100,00%
NO	4,70%	4,70%	16,30%	0,00%	100,00%
Total	4,70%	7,00%	16,30%	72,10%	100,00%
**Pearson Chi Square is significant at 0,003 (0,3%)					

Table 4.19 above indicates that there is a significant correlation between web-enabled device access and completing Tax/Vat/UIF/CIPC returns, including honestly declaring all income. The majority (73,3%) of respondents (31) with access to a web-enabled device indicated that they completed compliance returns honestly and fully declared all income. It is noteworthy, however, that 1 respondent did not have access to a web-enabled device. A total of 72,10% (31) of respondents indicated fullest extent, 16,3% (7) large extent, 7.0% (3) some extent, and 4,7% (2) to a lesser extent. The Chi Square test was significant at 0,003 (0,3%).

Access to web-enabled devices: Accessibility

A cross tabulation of access to a web-enabled device and accessibility of government agencies and information was done. A total of 44 responses were recorded, of which 37 (84,1%) respondents indicated to have access to a web-enabled device, and that Government agencies' information was accessible. The remaining 3 (6,8%) disagreed, while 4 (9,1%) were not sure. One respondent indicated not to have access to a web-enabled device. The Chi-Square test was significant at 0,005 (0,5%).

4.4.3 Section C - Access to Information

Town: Computer knowledge

A cross tabulation of town (geographical location) and levels of computer knowledge was executed. The level of computer knowledge for entrepreneurs in Bloemfontein stood at: intermediate (35,7%) and advanced (45,2%). There is a combined computer literacy level of 80,9% in Bloemfontein. Most entrepreneurs in Thaba Nchu had an average computer literacy rate of 33,3%, but some showed advance literacy levels at 33,3%. Comparatively, Thaba Nchu SMMEs showed lower levels of computer literacy (50% - intermediate and advanced) than Bloemfontein (80,9%). The total number of respondents from Bloemfontein and Thaba Nchu with regards to computer literacy was: Basic (2,1%), Average (20,8%), intermediate (33,3%), and advanced (43,8%). The Pearson Chi-Square test was not significant at 0,41 (41%).

No Internet Access – Unaffordability

The cross tabulation of having no access to internet and unaffordability was executed. Concerning internet accessibility and its unaffordability affected 50% of the respondents in Bloemfontein; whilst the remaining 50% indicated otherwise. Further, 100% of the respondents in Thaba Nchu indicated that they have no access to internet because they cannot afford it. Most of SMMEs in both towns (66,7%) highlighted that they do not have access to internet because they cannot afford it, whilst the remaining 33,33% indicated otherwise. The Pearson Chi-Square test was not significant.

Utilisation of Government entities’ websites to seek information.

Respondents (43,9%) in Bloemfontein indicated that they sometimes use Government entities’ websites to look for information, whereas 41,5% indicated that they never use these websites to seek information. In Bloemfontein, the majority of 85,4% indicated that they did not use Government agencies’ websites to look for information. In Thaba Nchu, 50% indicated that they use these websites regularly to see information. The total sample responses were as follows: Almost never (40,4%), Sometimes (40,4%), Regularly (14,9%), and Always (4,3%). In sum, a total of 80,8% indicated that they rarely use Government entity websites to look for information, while 19,2% used these websites regularly. The Chi-Square test was not significant.

Town: Attendance at Government entities’ information sessions

The majority of SMMEs (70,0%) in Bloemfontein indicated that they almost never attend Government briefing sessions on SMME legislation and other information, but 7,5% indicated that they do attend such sessions. In Thaba Nchu, 33,3% indicated almost never, 33,3% sometimes, and 33,3% indicated regularly attending organised sessions. A total of 89,1% indicated that they rarely attend Government entities’ briefing sessions.

Table 4. 20: Town – Attendance at Government Entities’ information sessions

Town	Almost Never	Sometimes	Regularly	Always
Bloemfontei	70,00%	22,50%	0,00%	7,50%
Thaba Nchu	33,30%	33,30%	33,30%	0,00%
Total	65,20%	23,90%	4,30%	6,50%
*Pearson Chi Square = 0,002 (0,2%)				

Table 4.20 below indicates respondents’ responses. The Chi-Square test was significant at 0,002 (0,2%).

Town: Aware of Government entity advertisement on radio

Table 4.20 above indicates that most respondents in Bloemfontein (75%) indicated that they have not heard a government entity/agency advert on radio. In Thaba Nchu, 83,3% indicated that they had not heard the Government entity advert on radio. The results showed that 39,1% indicated almost never, 37% sometimes, 15,2% regularly, and 8,7% always. A combined result of 76,1% for both towns indicate that they have not heard a government entity advert on radio. The Chi-Square test was insignificant.

Town: Aware of SARS, Department of Labour, and CIPC advertisements on television.

The result on the frequency for Bloemfontein indicate that 79,5% of the respondents have rarely seen a government entity advertisement on television. In Thaba Nchu, 50% indicated that they had seen an advertisement, but the remaining 50% indicated that they had rarely seen such an advertisement. A combined score for both towns shows that 75,5% have rarely seen the advert on TV, while 24,5% have seen the advert on TV. The Pearson Chi square was significant at 0,017 (1,7%). Table 4.21 below shows the results for both towns.

Table 4. 21: Town – Aware of Government entities’ advertisement on television

Town	Almost Never	Sometimes	Regularly	Always
Bloemfontein	41,00%	38,50%	7,70%	12,80%
Thaba Nchu	50,00%	0,00%	50,00%	0,00%
Total	42,20%	33,30%	13,30%	11,10%
*Pearson Chi Square = 0,017 (1,7%)				

Town: Government pamphlets

From table 4.21 above, the results show that 37,8% of respondents in Bloemfontein disagreed that Government agencies provided adequate information through pamphlets, but 35,1% agreed, while 27% of the respondents in Bloemfontein indicated that they did not know. In Thaba Nchu, 66,7% of SMMEs did not agree that Government agencies provided adequate information through pamphlets, but only 33,3% agreed with the statement. The combined responses of both towns indicated that 41,9% disagreed, and 34,9% agreed with the statement.

Town: Government Radio

The results indicated that 50% of the respondents in Bloemfontein agreed that Government agencies provided adequate information through the radio platform, but 27,8% disagreed. Further, 60% of respondents in Thaba Nchu strongly disagreed that Government agencies provide information through the radio, but 40% agreed. A total of 48,8% of respondents from both towns indicated that they agreed with the statement, 31,7% disagreed, while 19,5% indicated that they did not know.

Town: Government print media

A total of 48,6% of SMMEs in Bloemfontein agreed that Government provides adequate information through print media such as newspapers, but in Thaba Nchu, 66,7% disagreed with the statement. A combined response of 46,5% from both towns agreed with the statement, 32,6% disagreed, while 20,9% indicated that they did not know.

Town: Use of Government agencies website to seek information

A cross tabulation of town and frequency concerning using Government entities' website to seek information was performed. Two (2) towns were involved; namely, Bloemfontein and Thaba Nchu. Most (85,4%) of the respondents (35) in Bloemfontein indicated that they rarely use Government entities' websites to look for information. However, in Thaba Nchu, 50% or 3 respondents indicated that they regularly used such websites to look for information. The total for both towns indicated: 40,4% (19) almost never, 40,4%(19) sometimes, 14,9%(7) regularly, and 4,3%(2) always. The Chi- Square test was insignificant at 0,071 (7,1%).

Town: Visiting Government departments offices to seek information on compliance matters

A cross tabulation of town and frequency of visiting government offices to seek information was presented. In Bloemfontein, 82,5% (33) respondents indicated that they did not regularly visit Government departments to seek information. In Thaba Nchu, 66,7% (4) indicated that they regularly visited the Government offices to seek compliance information. The total of both towns' respondents indicated: 47,8% (22) almost never, 28,3%(13) sometimes, 19,6%(9) regularly, and 4,3%(2) always. The Chi- Square test was significant at 0,016 (1,6%).

Town: Reading pamphlets/brochures from Government departments/agencies

A cross tabulation of town and frequency of reading pamphlets from Government agencies was presented. In Bloemfontein, 87,5% (35) of the SMMEs indicated that they rarely read pamphlets from Government agencies. A total response from both towns indicated: 47,8% (22) almost never, 37,0% (17) sometimes, 10,9%(5) regularly, and 4,3%(2) always. The Chi-Square test was insignificant at 0,280 (28%).

Town: Attendance at Government entities' information session

A cross tabulation of town and frequency of attending Government agencies' information sessions was performed. In Bloemfontein, 92,5% (37) of respondents indicated that they rarely attended Government entities' information sessions. A total response with respect to frequency of attending Government entities' information sessions stood at: 65,2% (30) almost never, 23,9% (11) sometimes, 4,3% (2) regularly, and 6,5%(3) always. The Chi-Square test was significant at 0,002 (0,2%).

Town: Awareness of SARS, Department of Labour, and CIPC advertisements on television

A cross tabulation of town and frequency of seeing Government entities' advertisements on television is represented in Table 4.22 below. In Bloemfontein, 79,5% (31) of the respondents indicated that they have rarely seen Government agencies' advertisements on television. In Thaba Nchu, 50% of SMMEs agreed, and 50% did not agree to having seen adverts on television. A total of both towns indicates: 42,2% (19) almost never, 33,3% (15) sometimes, 13,3% (6) regularly, and 11,1%(5) always. The Chi-Square test was significant at 0,017 (1,7%).

Table 4.22: Access to government entities' information on both towns (Bloemfontein and Thaba Nchu)

Agreement	Almost Never	Sometimes	Regularly	Always	Chi Square Test
Use of Government entities websites	40,40%	40,40%	14,90%	4,30%	0,07
Visit Government Depts for information	47,80%	28,30%	19,60%	4,30%	0,016
Read pamphlets from government agencies	47,80%	37,00%	10,90%	4,30%	0,28
Attend government agencies info session	65,20%	23,90%	4,30%	6,50%	0,002
Seen government agency's advert on TV	42,20%	33,30%	13,30%	11,10%	0,017
<i>Chi Square test is >0,005 (5%)</i>					

In Table 4.22 above, the Chi-square tests are highlighted in blue (>0,005) which indicate significant relationships.

Table 4.23 below indicates SMMEs' access to Government agencies' compliance information according to gender.

Table 4. 22: Access to Government entities' information according to gender (Bloemfontein and Thaba Nchu)

Agreement	Almost Never	Sometimes	Regularly	Always	Chi Square Test
Use of Government entities websites	40,40%	40,40%	14,90%	4,30%	0,32
Heard government entities advertisements on radio	39,10%	37,00%	15,20%	8,70%	0,001
Read about SARS, CIPC, Dept of labour on newspaper	43,50%	26,10%	19,60%	10,90%	0,055
Seen SARS, Dept of labour and CIPC adverts on TV	42,20%	33,30%	13,30%	11,10%	0,005
<i>Chi Square test is >0,005 (5%)</i>					

In Table 4.23 above, the Chi-Square tests are highlighted in Blue (>0,005) which indicate significant relationships.

Gender: Knowledge of calculating tax liability

Table 4. 23: Cross tabulation concerning gender and knowledge of calculating tax liability.

2. Gender	Male	(YES)15	(NO) 2	17
	Female	(YES)16	(NO)12	28
Total		(YES)31	(NO)14	45

Table 4.24 above indicated that out of a total of 45 responses, 16 females and 15 males agreed that they know how to calculate their tax liability. The Chi-Square test was significant at 0,029 (2,9%).

Gender: Time spent dealing with compliance related issues/administration per month

Table 4. 24: Gender and dealing with compliance-related matters per month.

		Lesser extent (0-25%)	Some extent (26-50%)	Large extent (51-75%)	Full extent (76-100%)	
Gender	Male	10	1	4	2	17
	Female	5	8	6	7	26
Total		15	9	10	9	43

Table 4.25 above illustrates that out of the 43 respondents interviewed, 26 were female, and 17 were male. The outcome indicated that half the number of females spent 50% of their time on compliance-related matters, while the other half spent lesser time on compliance-related matters per month. The Chi-Square test was significant at 0,032 (3,2%).

Gender: Government agencies' television advertisements

Table 4. 25: Gender and Government TV Advertisements

		RE: Government television ads			Total
		Disagree	Agree	Do not know	
2. Gender	Male	1	12	4	17
	Female	11	8	6	25
Total		12	20	10	42

Table 4.26 above indicates that out of 42 respondents, 25 were female and 17 were male, of which 11 females disagreed that they had seen advertisements by Government agencies on TV, but 12 males agreed that they had seen advertisements on television. The Chi-Square test indicated a significance of 0,016 (1,6%).

Access to web-enabled devices: Information

A cross tabulation of access to a web-enabled device and Information was done. Of the 42 total responses, 34 (81,0%) respondents indicated to have access to a web-enabled device and agreed that they had adequate information to become compliant. The remaining 3 (7,1%) disagreed, and 5 (11,9%) were not sure. One respondent indicated that their SMMME did not have access to a web-enabled device. The Chi-Square test was significant at 0,002 (0,2%).

4.4.4 Section D - Compliance Behaviour

Town: Know how to calculate Tax Liability

The study highlighted that 71,8% of respondent in Bloemfontein indicated that they know how to calculate their Tax Liability whereas in Thaba Nchu 50% agree and another 50% disagree with the statement. A total of 68,9% from both towns indicated that they know how to calculate their tax liability and only 31,1% mentioned that they do not know how to.

Town: Know how long to keep Tax records after filing

A total 82,1% of SMMEs in Bloemfontein stated that they know how long to keep their tax records after filing and only 17,9% indicated otherwise. In the context of Thaba Nchu, 50% agreed to the statement and another 50% said no. a combined total of 77,8% from both towns agreed with the statement and only 22,2% disagreed.

Level of education: Know how to calculate Tax Liability

A total of 45 respondents answered the question on whether they know how to calculate their tax liability. No schooling and Primary school did not get any responses. A cross tabulation result of level of education and tax calculation knowledge indicated that a total of 68,9% (31) respondents know how to calculate their tax liability and 31,1% (14) do not know how to do tax calculations. Majority of respondents 78,1% (25) who can calculate their tax liability have a diploma/degree. The Chi square test result is significant at 0,046 (4,6%).

Level of education: Know How to file tax return through E-filing.

A cross tabulation of level of education and Knowledge of how to file tax returns through E-Filing were performed. A total of 45 respondents participated, 66,7% (30) agreed they know how to file tax returns through E-filing platform and 33,3% (15) disagreed with the statement. Most of the respondents who agreed 71,9% (23) have a degree/diploma qualification. The Chi-Square is significant at 0,024 (2,4%).

Web-enabled device access: Agree Compliance

A cross tabulation of access to a web-enabled device and compliance was computed. Of the 42 total responses, 16 (38,1%) respondents who indicated to have access to a web-enabled device agree that they are compliant. The remaining 16 (38,1%) disagreed and 10(23,8%) not sure. There was only one respondent that indicated that they do not have access to a web-enabled device. The chi-square is insignificant at 0,457 (45,7%).

Web-enabled device access: Agree Knowledge

A cross tabulation of access to a web-enabled device and Knowledge was analysed. 43 responses were recorded. 27 (62,8%) respondents who indicated to have access to a web-enabled device agree that they have knowledge about compliance related matters. The remaining 6 (14%) disagreed and 10(23,3%) not sure. One respondent that indicated that they do not have access to a web-enabled device. The chi-square is insignificant at 0,067 (6,7%).

4.4.5 Section E - Opinions and Perceptions

Web-enabled devices and perceptions

Table 4.27 below represents the relationship between web-enabled device access and respondents' perceptions. The categories included: disagree, not sure, and agree. The Chi-Square test was calculated for each item to determine if there was a significant or insignificant relationship between the two variables.

Table 4. 26: Web-enabled device access, and perceptions

Agreement	Web-Enabled Device Access			Pearson Chi Square
	DisAgree % (N)	Not Sure % (N)	Agree % (N)	
Upon registration for Tax, VAT, CIPC, UIF, COIDA, Government entities concerned explained the benefits of compliance for my businesses	38,1% (16)	23,8% (10)	38,1% (16)	0,457 (45,7%)
The complexity of the legislation, laws and regulations makes it difficult to comply	31,8% (14)	25% (11)	43,2% (19)	0,360 (36%)
My level of knowledge is enough to be compliant	14% (6)	23,3% (10)	62,8% (27)	0,067 (6,7%)
When I have easy access to compliance information, I will be more likely to comply with the laws	7,1% (1)	11,9% (5)	81% (34)	0,007** (0,7%)
It is the duty of Government entities to make Tax, VAT, CIPC, UIF, COIDA information easily accessible	6,8% (3)	9,1% (4)	84,1% (37)	0,005** (0,5%)
It is the duty of the business owner to look for compliance information relating to their business	16,3% (7)	16,3% (7)	67,4% (29)	0,100 (10%)
**Pearson Chi Square Test <0,05 (5%) Significance				

Table 4.27 above indicates that 38,1% of respondents disagreed that when registering for compliance, they were given information about all the benefits of compliance for their business. However, 38,1% indicated that they were informed about all the benefits of compliance. The Pearson Chi-Square test indicated no significant result at 0,457. The majority of SMMEs (43,2%) agreed that the complexity of the legislation, laws and regulations made it difficult to understand the intricacies of compliance. However, 31,8% disagreed and there was no significant result at 0,360. Many respondents (62,8%) indicated that their level of knowledge was enough to be compliant, but 14% disagreed. Table 4.27 above illustrates that 67,4% of SMMEs agreed that it is the duty of business owners to look for compliance information, 16,3% disagreed, and 16.3 % were not sure. The Chi-Square test is not significant at 0,100 (10%).

The cross tabulations illustrated that 81% of respondents agreed that when they have access to compliance information, they will be more likely to comply with the laws, but 7,1% disagreed with the statement. The Chi-Square test indicated a significance of 0,007 (0,7%).

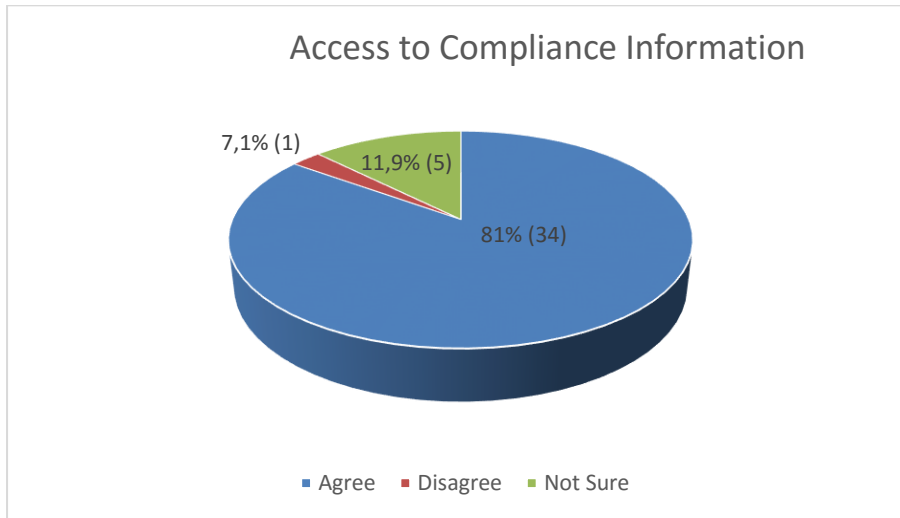


Figure 4. 27: Access to compliance information and likelihood to comply with the law.

Figure 4.27 above illustrates that 81% of respondents agreed that if they have easy access to compliance information, they will be more likely to comply with the laws, but 7,1% disagreed, and 11,9% were not sure. The Pearson Chi-Square test was significant at 0,007.

Figure 4.28 below graphically shows the responses of whether it is the duty of Government entities to make compliance information easily accessible.

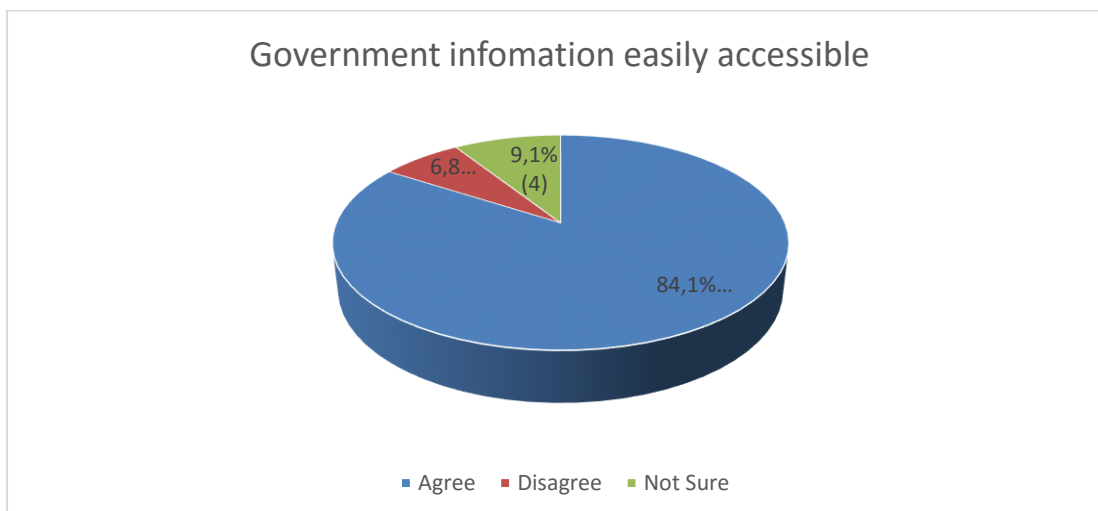


Figure 4. 28: Easy access to Government Information

Figure 4.28 indicates that 84,1% of SMMEs agreed that it is the duty of Government entities to provide compliance information in an easily accessible manner, 6,8% disagreed, and 9,1% were not sure. The Chi-Square test was significant at 0,005.

Web-enabled device access: Cross tabulations

Table 4.28 below indicates the relationship between web-enabled device access and variables such as compliance, access, knowledge, information, and the Chi-Square test to ascertain if the relationship was significant or not.

Table 4. 27: Relationship between Web enabled device and other frequencies.

Agreement	Web-Enabled Device Access			Pearson Chi Square
	DisAgree % (N)	Not Sure % (N)	Agree % (N)	
Agree: Compliance	39,5% (17)	23,3% (10)	37,2% (16)	0,457 (45,7%)
Agree: Knowledge	15,9% (7)	22,7% (10)	61,4% (27)	0,067 (6,7%)
Agree: Information	9,3% (4)	11,6% (5)	79,1% (34)	0,007** (0,7%)
Agree: Accessible	8,9% (4)	8,9% (4)	82,2% (37)	0,005** (0,5%)
<i>**Pearson Chi Square Test <0,05 (5%) Significance</i>				

Table 4.28 above indicates that there is a significant relationship between web-enabled device access and knowledge of compliance. The Chi-Square test was significant at 0,007. Further, this indicates a significant relationship between web-enabled device access and accessibility where the Chi-Square test indicated a significant relationship at 0,005.

4.5 CONCLUSION

In this chapter (4), the findings of the research study were described which covered Section A (Biographical information), Section B (General Business Information), Section C (Access to information), Section D (Compliance Behaviour) and Section E (Perceptions and Opinions). The cross tabulations were performed to establish the Chi-Square results to ascertain whether various relationships between variables are significant or not. In this regard, all Pearson Chi-Square test results which are <0,05

(5%) are considered as being significant. Many of the cross tabulations did not show any significance ($<0,05 = 5\%$) since the response rate was low at 48 respondents in total. However, a few differences were noticed and described while discussing certain aspects of compliance.

Section A (Biographical Information) indicated that most respondents were from Bloemfontein, and they consisted of mainly females. It further revealed that majority of respondents were youth followed by adults between ages of 46-55. Lastly, the section outlined that most of the respondents possess a degree/diploma as their highest qualification. Section B (General Business Information) highlighted that majority of respondents owned guesthouses and B&Bs, have advanced computer knowledge and have access to internet as well as a web-enabled device. Section C (Access to Information) revealed that majority of SMMEs access compliance information through government information sessions, seminars, and workshops. Section D (Compliance Behaviour) results indicate that majority know when to submit tax returns, how to make payments to SARS, and how to register for UIF etc. and those that did not submit mentioned that their business is not making profit. Lastly, most SMMEs highlighted that the reason for submitting annual returns is because they are required by law and because they want to obtain a tax clearance. Section 5 (Perceptions and Opinions), most respondents indicated that it is duty of government agencies to make information available to them, but a considerable number also agree that it is business owner's responsibility to look for compliance information. The next chapter (5) outlined the conclusions, suggested recommendations in terms of the empirical data and research findings, explained the limitations of the study, and made proposals for future research.

CHAPTER FIVE

DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS

5.1 INTRODUCTION

Chapter one of this study comprised of the introduction to tourism, the problem statement, as well as the aim and objectives. Chapter two focused on the literature review of tourism at international, local, and regional levels. It also covered tourism and job creation, tourism and entrepreneurship, and tourism and regulations. Chapter three focused on the research methodology which was quantitative in approach where a survey was conducted by using a quantitative questionnaire to elicit responses regarding tourism SMMEs' accommodation establishments in the Mangaung Metro. Chapter four focused on the findings and discussion of the research study in line with responses from the completed questionnaires. This chapter (5) discussed the findings, made recommendations, outlined the limitations, suggested future research topics, and lastly concluded the study.

5.2 STUDY'S AIMS AND OBJECTIVES

The study investigated how SMMEs in the tourism accommodation sector in the Mangaung Metropolitan Municipality (MMM) can be supported to achieve compliance with specific reference to labour laws, tax legislation, B-BBEE and business registration.

This study envisaged suggesting recommendations that would assist SMMEs to become formalised, compliant, and more competitive to achieve growth and sustainability. This would contribute positively towards GDP growth and employment creation, in addition to encouraging entrepreneurship at a local level.

The main objectives of the study were:

- To investigate the level of support for SMMEs in terms of compliance regarding CIPC, tax legislation, B-BBEE, and labour laws in the Mangaung Metropolitan Municipality in all three spheres of Government (local, provincial, and national).
- To determine the effect of non-compliance relating to CIPC, tax legislation, B-BBEE, and labour laws concerning quality of service, competitiveness,

growth, and profitability of SMMEs in tourism accommodation establishments; and

- To recommend support and development initiatives for SMMEs in the tourism accommodation establishments in the Mangaung Metro.

5.3 DISCUSSION

5.3.1 Access

Sections 1,2 and 3 of the questionnaires dealt with access to compliance information and Government agencies. The study revealed that 14 (29.2%) entrepreneurs were between 18-35 years of age. This is encouraging although more could be done to improve the Total Early-Stage Entrepreneurship Activity (TEA rate) in the country. According to the 2017 GEM Report, the TEA rate in South Africa dropped by 25% (Herrington, Kew & Mwanga (2017:7). The report further stated that South Africa has one of the lowest TEA rates among the efficiency-driven economies, ranked 28th out of 32 efficiency-driven economies. The results indicated that 47 (97,9%) of the respondents have access to web-enabled devices, and that most of them have basic computer knowledge.

A total of 38 (79,1%) respondents indicated that their level of education was at diploma/degree level which suggested a high literacy level. Results indicated that 37 (77,1%) respondents have intermediate to advanced computer knowledge. Additionally, 19 (39,6%) SMMEs have access to both computers and smartphones and 13 (27,1%) to only a computer. This scenario suggested that SMMEs are now reachable on their computers, tablets, and smartphones. The study further found that of the 48 respondents, 44 (91,7%) have access to internet, but 4 (8,3%) do not have internet access. Fourteen (29,2%) SMMEs indicated that they access internet via a combination of home computer, office computer, and cell phones. Government agencies such as SARS, the Department of Labour, and CIPC can share compliance-related information and advertisements, in addition to hosting seminars and training via online platforms such as Zoom and Microsoft Teams (amongst others) to provide access to respondents.

Respondents were asked to rate their access to information provided by Government entities. Most respondents agreed that they access Government information by way of Government entities' websites (62,2%), radio advertisements (48,8%), television advertisements (47,6%), print media (newspapers) (46,5%), and information desk (38,1%). Respondents (50%) indicated that they received compliance information via different languages which is a good reflection based on the ethnic dynamics of the different regions within the country as this could help with better interpretation of information thus improving compliance. Respondents were also asked how frequently they used Government platforms to access compliance information. Most (30) SMME respondents indicated that they almost never attend Government entities' information sessions, 22 read pamphlets, and 22 visited Government departments. This implied that the Government should conduct information sessions more regularly to

disseminate information to get more people to become knowledgeable about legislation and compliance. It is further advised that the Government agencies use online platforms such as Facebook, Instagram, and Twitter (among others) to disseminate compliance-related information. Use of online platforms such as Zoom and Microsoft- teams is encouraged since most SMMEs have access to internet and cell phones.

5.3.2 Compliance

Section 4 of the questionnaire addressed matters of compliance. The respondents were asked about their interaction with Government agencies; namely, SARS, Department of Labour, CIPC and B-BBEE on compliance-related matter. With regards to SARS, results revealed that of the 48 respondents, 42 (87,5%) were registered with SARS, 27 (56,3%) were VAT registered, 9 (18,8%) were registered with SDL, and 20 did not respond. Also, 25 (52,1%) were PAYE registered, and 23 did not respond. With regards to the Department of Labour, 48 respondents participated, 41 (85,4%) were registered for UIF, 19 (39,6%) are COIDA registered, and 29 did not respond. Seven (14,6%) were registered with SDL; and 41 did not respond. With regards to the CIPC, 48 responded, 17 (35,4%) were registered as Pty (Ltd), 17 (35,4%) were registered as CCs, 1 (2,1%) was a co-operative, and 1 (2,1%) was registered as a Trust. On the question of B-BBEEs, out of 48 responses, 37 (90,2%) are B-BBEE registered, 4 (9,8%) were not B-BBEE registered, and 7 did not respond.

The results suggest that the compliance rate is very low with regards to SMMEs registering with relevant Government agencies as stated above. Most SMMEs are registered at SARS, but very few are VAT, SDL and PAYE registered. A considerable number of SMMEs in the Mangaung Metro are UIF registered with the Department of Labour; however, compliance with COIDA and SDL is still minimal. The results indicate that most SMMEs were registered as Pty (Ltd) and CCs more than Co-Operatives and Trusts. Therefore, the compliance level is exceptionally low and can be improved through information seminars and workshops.

With regards to interaction, respondents were asked to indicate whether they interact with Government agencies through self, employee of the business, external bookkeeper, or Government agency (Seda, DESTEA, Municipality LED, etc.). The results revealed that out of 48 respondents, 28 (60,9%) SMMEs interacted with SARS through their external accountant, followed by an employee of the business at 10 (21,7%), and self at 8 (16,7%). With regards to the Department of Labour, 19 (43,2%) engaged external accountants, followed by self at 16 (36,4%), and lastly an employee of the business at 6 (13,6%). Of the 48 respondents, 24 (54,5%) indicated that they interact with CIPC through their external bookkeepers, followed by self at 12 (27,3%), then an employee of the business 7 (15,9%). Concerning B-BBEE registration, 48 SMMEs responded, of which 15 (44,1%) indicated that they registered for B-BBEE through their external bookkeepers, followed by self at 10 (29,4%), then by an employee of the business at 9 (26,5%). The outcome illustrated that the majority of SMMEs relied on external accountants to assist with their compliance-related matters.

However, a fair number of SMMEs also fulfil their own compliance-related matters as a last resort; the alternative to effect compliance-related matters were performed by their business employees. Therefore, more compliance related information and training must be directed to business owners (and by extension to their employees) to empower and capacitate them on compliance. It is encouraging that business owners engage specialists to assist with compliance because this allows them more time to better market their businesses and to focus on operations. However, too much reliance on external bookkeepers may lead to reduced profitability due to hefty fees that some accountants charge for services which could be performed internally within the business.

Respondents were asked an open-ended question on how their businesses could be supported to become more compliant. The general response highlighted the need for increased onsite visits, monitoring and evaluation, compliance seminars, training, and workshops, as well as more user-friendly Government online information platforms.

The Compliance Behaviour of respondents was gauged through the responses in the completed questionnaires via *Yes/No* answers. A total of 48 responded: most agreed that they knew when to submit tax returns (40), when to pay their taxes due to SARS (38), and how to make payments to SARS (38). A fair number agreed that they know how to register for UIF (37), and how long tax records must be kept for (35). The results indicated that most SMMEs (40) submit their annual returns on time, but 5 did not. The majority of those who did not submit their returns highlighted that the reasons for non-submission of returns was mainly due to the business not making enough money (7), that Government was dysfunctional (5), and that they do not know how to complete returns (5). More compliance education and training are required through the DDM model, in addition to more engagement and collaborations with ecosystem partners. Those that submitted indicated that their reasons for submission of returns was mainly due to being required by law (40), followed by to obtain tax clearance (39), and lastly, because it's the right thing to do (39).

Regarding the impact of non-compliance, SMMEs were asked whether during the past 12 months they were denied access to funding or access to markets due to the lack of completing compliance documents. Out of 45 respondents, only 11 indicated being denied access to funding and markets because of the lack of compliance. However, the majority of SMMEs indicated that they did not apply for any funding or access to markets during this period.

Lastly, respondents were asked how they would like their business to be assisted with compliance-related matters in future. Out of 48 respondents, 12 requested that the process to be more user-friendly, 5 wanted more regular training and workshops, 4 requested all 5 categories; namely, 1- information and briefing session, 2 - training and workshops, 3 - improving accessibility, 4 – availing mentors, and 5 – making the process more user-friendly. It is therefore recommended that to effectively address the matter of improved accessibility, Government agencies should collaborate with ecosystem partners to implement the District Development Model (DDM) through, for example, co-location and engage SETAs (CATHSETA) to deal with skills transfer through their programmes. Also, Municipality LED offices should introduce outreach

strategies to facilitate accommodation establishments on the periphery of the city (including Thaba Nchu) to increase access. Lastly, increasing access to improve compliance among SMMEs should involve collaboration with other ecosystem partners such as SEDA, NYDA, DESTEA and others to assist with business development interventions such as business registration, submission of returns, mentorship and coaching, as well as Training of SMMEs.

5.3.3 Opinions and Perceptions

In Section 5 of the questionnaire, respondents were measured according to their opinion and perception using the 5- point Likert Scale regarding compliance in terms of levels of knowledge and responsibility. The respondents had to choose one of the alternatives: strongly disagree, not sure, or strongly agree. The results of the study indicated that most SMMEs (82,2%) perceived that it is the duty of the Government to provide reader-friendly compliance information. A significant percentage of SMMEs (65,9%) indicated that it was the duty of the business owner to look for compliance information, while 79,1% of respondents agreed that if they had easy access to compliance information, they will become more compliant. Of note, 61,4% of respondents indicated that their level of knowledge was sufficient to be compliant. In this regard, Rankin (2006) suggests that government regulations can and do have unintended consequences for SMMEs, adding that some policy changes which will affect SMMEs positively, and these require that government simplify regulations and the administrative burden of complying with the regulations. (Rankin, 2006:74) recommended “relaxation of firing and hiring procedures in labour regulations”.

5.4 RECOMMENDATIONS

Based on the research findings, the following recommendations are presented.

5.4.1 Improvement of Monitoring and Evaluation

Ongoing Monitoring and Evaluation (M&E) is required to ensure successful implementation of programmes which Government agencies discharge to tourism accommodation SMMEs. A follow-up system needs to be developed and executed to increase access, particularly regarding accommodation establishments in the periphery of the city, such as Thaba Nchu and others, which do not readily have access to Government agencies compared to their counterparts who are situated in Bloemfontein. Henama (2013) recommended that regular updating of the current accommodation establishments by the Municipality is imperative and regular vetting of the establishment. Glen N. (2017), highlighted that one of the barriers to the implementation of sustainable tourism practices amongst SAEs is Lack of date and Information available to support measurement of sustainable tourism implementation at an industry level as well as at a business level (Glen N. , 2017). Therefore, effective management of the tourism accommodation list is imperative to make sure that the

listed SAE are compliant and always vetted. The database can also be used in tourism LED planning process for all stakeholders and should also be made available in the public domain. Technology can also be used to enhance access, seeing that 97,9% (47) of SMMEs indicated that they have access to a web-enabled device. This suggests that they are easily reachable via email, online, and social media platforms in addition to scheduled onsite visits. The study's results indicated that compliance levels were very low in most areas of the compliance-checklist including VAT (27), SDL (20,8%), PAYE (25), COIDA (0). The results also revealed that interaction is very low between SMMEs, and Government entities as most prefer to interact through their external accountants. This leads to low compliance levels as the relationship (and communication) is gradually diminished between SMMEs and Government entities.

5.4.2 Mentorship and Coaching

Mentoring and coaching will improve financial literacy levels of entrepreneurs on compliance, recordkeeping, and related capacitation interventions. The mentorship programmes may be executed as a group mentorship with a group of SAEs or on a one on one basis. This can be done through workshops, seminars, and training (among others). Inexpensive online platforms such as Zoom, Microsoft teams and others could be utilised to connect SMMEs during M&C sessions and physical site visits from time-to-time. Additionally, the involvement of key ecosystem partners such as CATHSSETA is crucial as it is mandated to facilitate skills development within its sub-sectors (Including tourism) as it receives grants for learning programmes and monitoring of education and training as outlined in the National Skills Development Strategy [NSDS] (CATHSSETA, 2022). President Ramaphosa mentioned in his ERRP (2020) plan that skills development is vital for ERRP. He stated that Covid-19 has had a profound impact for the world of work which led to technology taking centre stage across all sectors (including the tourism sector). He further stated (ERRP, 2020) that there is a real danger that as technology grows, many semi-skilled and unskilled workers will be left behind. Therefore, to mitigate against this, he emphasised the need for reskilling and retraining of workers. He mentioned the involvement of SETA (including CATHSSETA) to play a role in this regard (RSA, Economic Reconstruction and Recovery Plan, 2020:32).

According to Henama (2013), tourism depends on a skilled and knowledgeable staff to deliver service to customers, therefore, tourism education and training is imperative for the sustainability of the tourism industry (Henama, 2013). Therefore, as part of ongoing mentorship, coaching and training, it is recommended that concerted efforts be directed towards improved the language policy and training to reach not only tourism accommodation establishment owners, but it should also be extended to its staff since they also manage admin, finance and compliance related duties. Since South Africa has 11 official languages, 50% of the respondents indicated that information is freely available in different languages. Hence, if the compliance literature policy could be adapted to local languages, this may improve the understanding of the business owners especially those who reside in the periphery of the city. If entrepreneurs are trained, workshopped, and mentored in their own

language, this may improve levels of compliance. Responses revealed that 20 out of 48 (46,5%) respondents agreed that when they have access to compliance information, they will be more likely to comply with the laws. Since computer literacy levels differ between Bloemfontein (80,9%) and Thaba Nchu (50%), more focus should be on places in the periphery of the city where skills levels are most needed. A flexible policy approach needs to be adopted when designing and delivering programmes to Tourism Accommodation establishments which requires a needs-based approach.

5.4.3 Introduction of Technology, Innovation, and 4IR

Using technology, innovation and 4IR in business will improve the internal efficiency of SMMEs with regards to recordkeeping, POS, industry related software applications and Wi-Fi connectivity to enhance access to information. To bridge the gap of access to markets for tourism accommodation SMMEs, it is recommended that Mangaung Tourism Association or DESTEA as the custodian of tourism in the province, develop an application that will advertise all tourism related activities ranging from accommodation, restaurants, places of interests etc. in the Mangaung Metro and/or Free State as a whole. Tourism SMMEs should be encouraged to subscribe on the app and pay a monthly fee. The relevant authority will host and manage the app at a fee and will advertise all tourism related activity on a regular basis. This app should be compatible for android, IOS, windows etc. This will also bridge the gap of accessibility especially for establishments in the periphery of the city such as Thaba Nchu and others. It also saves SMMEs time and money when they interact with Government agencies via online platforms such as Zoom and Microsoft teams. Most of the SMME owners have access to smartphones and they are educated to transact on their smartphones which makes it quicker and convenient for them to access compliance related information from comfort of their own homes and business. Government Agencies can install self-service stations at their premises and at their rural service points to cater for the technologically astute SMME owners which is mainly youth. This will enhance the waiting periods on the queues and speed up service delivery. These self-service platforms should have online connectivity and possess basic services which can be executed quicker. Improvement of ICT Infrastructure is very important especially at the rural areas to enable business to operate more efficiently and effectively.

The *Tourism White Paper* (RSA, 1996) lists the lack of infrastructure, particularly in rural areas, as one of the key constraints limiting the effectiveness of the tourism industry as a contributor to the country's economy (RSA, Tourism White Paper, 1996). The *Tourism White Paper* (1996) outlined that another benefit of tourism is that it brings development to rural areas. President Ramaphosa added in his Economic Recovery and Reconstruction Plan (ERRP) that communications and the digital economy was one of the enablers of the ERRP plan (RSA, 2020:27), and that necessary policy interventions will be implemented to ensure the building of digital skills, digital capacity, and competitiveness.

5.4.4 Improvement of Access to Networks (ecosystem partners)

Compliance can be attained via improving access to networks including government, tourism association bodies, the private sector, and other participants in the tourism value chain (such as craftsman, shuttle services, airports, tour guides). With reference to annexure A, the GEM (2017) Report postulates that South Africa has the most positive and concrete Government policies particularly with regards to the entrepreneurship and SMME environment stating that South Africa is ranked 19th out of 66 economies (Herrington, Kew & Mwanga, 2017:10). This finding suggests that since policies are concrete, the focus should be on the consistent implementation of such policies. To facilitate access to network partners, a centralized database of all participants in the tourism value chain must be developed and maintained. President Ramaphosa emphasised in his economic reconstruction and recovery plan (ERRP) (2020) that since South Africa continues to suffer from poverty, unemployment, and inequality, the economic recovery plan should be placed high on the agenda of employment interventions of which one of the sectors mentioned was support for tourism since it is a labour-intensive sector (RSA, 2020). Government agencies such as SEDA, Municipality and DESTEA should work together and open access points at various small towns to improve access for SAE and SMMEs in general.

Moreover, the effective implementation of the District Development Model (DDM) model will enhance the delivery of service and execution of projects and programmes as mentioned by president Ramaphosa in his SONA (2022) address. DESTEA and SEDA are best suited to champion the effective implementation of the DDM in the Free State by linking all stakeholders (ecosystem partners) which comprise of Government, Private sector, and civil society. DESTEA is the custodian of Tourism in the Province, and the department has sufficient capacity to implement the DDM. SEDA has a mandate to provide SMMEs with non-financial business development interventions nationally. The GEM (2017) Report revealed that 25% of the adult population were aware of SEDA. The report further stated that 15% of the rural population were aware of SEDA and its services which is extremely low considering that the majority are Black Africans (55%) and are aged between 35-44 years (Herrington, Kew & Mwanga, 2017:38). This outcome reconciles with the findings of the study which revealed that there is low government entity' presence in rural areas, and this has a negative bearing on access.

Lastly, the involvement of the private sector such as large tourism enterprises is important for the effective implementation of the DDM model. According to a study by Harilal and Nyikana, (2019:1), South African policy has identified the need for the tourism sector to undergo transformation, especially in relation to Black ownership of tourism companies. However, Harilal and Nyikana (2019) assert that the above has not occurred at a pace that the Government desired, adding that the absence of an accessible tourism SMME database is an inhibiting factor. Considering this, it is therefore recommended that an effective, well maintained, and electronic tourism SMME database be initiated as this will improve and harness relationships between tourism SMMEs and large tourism enterprises which will facilitate the smooth transmission and sharing of ideas, markets, opportunities, and skills transfer.

5.4.5 Compliance Campaigns

Improving the financial literacy levels of entrepreneurs on compliance, recordkeeping, and related capacitation interventions can be done through workshops, seminars, and training, among others. Cheaper online platforms such as Zoom, Microsoft teams and others could be utilised to discuss issues such as access to finance, access to available opportunities, access to markets including compliance-related matters. The study by Shiya (2018) highlighted that SARS should make tax information available in public places through pamphlets and internet (Shiya, 2018). The *Tourism White paper* (RSA,1996) indicates that inhibiting factors of the tourism industry are its lack of playing a meaningful role in the national economy, inadequate tourism education, training, and awareness (Tourism White Paper, 1996). This is further supported by the GEM (2017) Report which states that there is a correlation between educational levels and success in entrepreneurial ventures as the poor skills levels is a debilitating contributing factor to the country's below-average entrepreneurial activity (Herrington, Kew & Mwanga, 2017:47).

An important policy requirement to support compliance is the reduction of red tape. According to the TIPS (2017) Report, red-tape for firms employing fewer than 50 employees can account between 4% - 8% of the turnover (TIPS, 2017:26). In a highly competitive business environment affected by Covid-19 and tight margins, this clearly shows that SMMEs spend a lot of their time, money, and other resources on compliance-related matters. However, in a quest to curb the situation, President Ramaphosa mentioned (SONA, 2022:7) that in the quest to reduce red-tape, the Office of the Presidency appointed Mr Sipho Nkosi to deal with issues of red-tape across the country. It is recommended that the Free State host an annual tourism indaba where the SMMEs will come together and market their products and authorities and government agencies will use this opportunity to interact and disseminate compliance information and requirements to SMMEs and SAE in particular. The tourism indaba can take place once a year and move from one district every year. However, the districts can also host their own exhibitions and fairs at a local level on a regular basis to create awareness.

5.5 LIMITATIONS OF STUDY

5.5.1 Covid-19 and Lockdown

Covid-19 and lockdown had negatively impacted on the participation rate, and the outcome of the study. In March 2020, Minister of COGTA, Dr Dlamini-Zuma declared a state of disaster, and the country went into hard lockdown. The movement of people was restricted to only essential workers. Most of the businesses, including tourism accommodation establishments, were closed (COGTA, 2020). However, when infection rates declined, the country gradually eased out of lockdown and adopted the adjusted lockdown levels approach such that the economy gradually started to

improve (RSA, 2022). Another contributing factor to the low response rate was due to most accommodation establishments closing their doors permanently because of lockdown (FinFind, 2020). According to a SA SMME Covid-19 Impact Report by Finfind (2020), 42,7% of surveyed SMMEs closed during lockdown.

5.5.2 Passing away of Supervisor.

The loss of Dr J. Hattings in August 2021 due to Covid-19 also played a significant role in the research process. The researcher had to appoint a new supervisor, Professor Van Rooyen, to take over and this amendment had to be approved by the GHREC committee. This process took 3 months and was approved in November 2021.

5.5.3 Reluctance of Entrepreneurs to Participate in the Study

Reluctance from entrepreneurs to participate in the study resulted in a low response rate. Lockdown restrictions played a major role in the participation rate such that only 48 completed survey forms were received. Lockdown limited the movement of people and therefore site visits only started around November 2021. The questionnaire was sent out primarily via email, and follow-ups were done telephonically which proved not to be very effective. The majority of SMMEs did not respond. Ormrod and Leedy (2015) states that survey questionnaires also have drawbacks in that when such questionnaires are sent by email, most people do not respond to them, and this negatively affects the return rate. This low response rate is only when the electronic method is applied. In this regard, Figure 3.4 should be interpreted in conjunction with Annexure G to get a full understanding of the limitations experienced during the data collection process. A study by Henama, (2013) highlighted research fatigue as a limitation, stating that some of the respondents refused to participate in the study and some respondents from Botshabelo and Thaba Nchu took longer to complete the questionnaires because they are not experienced in the research process (Henama, 2013). Glen N. (2017) cited lack of willingness of SAE owners and managers to collaborate in the broad industry survey and focus group as one of the limitations of her study (Glen N. , 2017).

5.6 FUTURE RESEARCH

5.6.1 Airbnb

In recent years, the concept of Airbnb has become popular in the accommodation industry (Airbnb, 2022). Airbnb defines itself as a social website that connects people who have space to spare with those who are looking for a place to stay (Makhmoor & Rajesh, 2016). Makhmoor and Rajesh (2016) add that the business model of Airbnb is very disruptive, yet remarkably simple. The model is inexpensive to implement

compared to traditional accommodation establishment models where guests end up paying between 9-12% as a reservation fee for every booking they make, while the host pays a 3% service fee to accommodate the cost of processing payments. Makhmoor and Rajesh (2016) mention that the business model of Airbnb operates with minimal or almost no regulatory control in most of its locations worldwide. However, it is stated that Airbnb had a negative impact of 2 billion US dollars on the logging industry and on the New York City economy. This resulted in a loss of 2800 jobs due to the emergence of Airbnb (Makhmoor & Rajesh, 2016). Future research may investigate how the presence of Airbnb and its business model impact the sustainability and growth of conventional accommodation establishments such as hotels, B&Bs, guesthouses, and lodges.

5.6.2 Investigating Tourism Grading as Part of Compliance

One of the key driving forces for sustainable tourism implementation in South Africa since 2002 has been the certification of accommodation establishments and other tourism businesses by certification bodies (Glen N. , 2017). Tourism grading is a critical part of the tourism space. In South Africa, tourism grading is implemented by the Tourism Grading Council of South Africa (TGCSA). The Tourism Act 72 of 1993: Section 18 states that the Minister may establish a grading and classification scheme regarding accommodation establishments. According to the TGCSA website, accommodation establishments are legislated under 3 Acts: Tourism Act 72 of 1993, Consumer Protection Act 68 of 2008, and Trademarks Act 194 of 1993 (TGCSA, 2022). The TGCSA has a set criteria and standards depending on the type of grading required (TGCSA, Grading Criteria Booklet, 2022). Since tourism grading is also viewed as part of compliance for tourism accommodation establishments, future research should extensively investigate how it affects the competitiveness, profitability, and marketability. Glen N. (2017) indicated that in South Africa, the emphasis that has been placed on certification of accommodation establishments over the past 20 years has not yielded the desired results. This is evidenced by low levels of profitable business. The research further stated that urgent attention needs to be given to the SAE sector to make them more sustainable. Lastly, the researcher mentioned that certification is an onerous and costly process that has been implemented alongside quality assurance (Glen N. , 2017).

5.6.3 Longitudinal Study to Measure the Impact of Compliance

A longitudinal study should be conducted to measure the impact of compliance on the sustainability of accommodation establishments over specific periods of time. Bryman (2016) defines a longitudinal study as survey research pertaining to a sample to be analysed on more than one occasion, such as in panel and cohort studies by utilising content analysis to dissect documents relating to different time periods.

5.6.4 Embarking on a Case Study Approach

A case study approach may be adopted for future research regarding accommodation establishments since there was a low response rate which was experienced when a quantitative approach was chosen for this study. Bryman, (2016) defines a case study approach as survey research on a single case with a view to revealing important features about its nature. This approach may also be used as an alternative to the cross-sectional approach.

5.6.5 Effects of Loadshedding on Small Accommodation Establishments

Continued power outages across the country has had a negative impact on the ability of Small Accommodation Establishments to recover from the effects of Covid-19. President Ramaphosa acknowledged in the recent SONA (2023) that without a reliable supply of electricity, efforts to grow an inclusive economy that creates jobs and reduces poverty will not succeed (Presidency, SONA2023, 2023). The President further outlined in his speech that in July 2022, he announced a clear action plan to address the electricity shortfall of 4 000 to 6 000 megawatts (MW). Considering the above, President Ramaphosa declared electricity crises during his SONA (2023) a national state of disaster (Presidency, SONA2023, 2023). Based on the above, it is therefore imperative that future research address how loadshedding affects growth, competitiveness, and sustainability of SAE in South Africa.

5.7 CONCLUSION TO THE STUDY

The study has achieved its aim and objectives as outlined in chapter one. The research addressed the problem statement. Covid-19 impacted the lives and livelihoods of people, and SMMEs in general, at global and local levels. However, the tourism industry has the potential to address the triple challenges of poverty, inequality and unemployment as identified in the NDP: Vision 2030 due to its ability to create jobs, generate foreign currency, and its interconnectedness with other sectors. The successful recovery of the tourism sector is dependent on collaborating with ecosystem partners at national and district levels to implement programmes geared towards improving knowledge, information access, and compliance. Tourism recovery in South Africa cannot be assisted by Government alone; the private sector and civil society also should play a meaningful and active role. The introduction of modern technology and innovation within the sector has the potential to increase efficiency and compliance and in the long term. This promotes the competitiveness, growth, and sustainability of tourism SAE in the Mangaung Metro and across the country. In closing, the study has identified areas that could be explored for future research which covers topics including the impact of Airbnb, investigating tourism grading as part of compliance, and assessing the impact of loadshedding on SAE.

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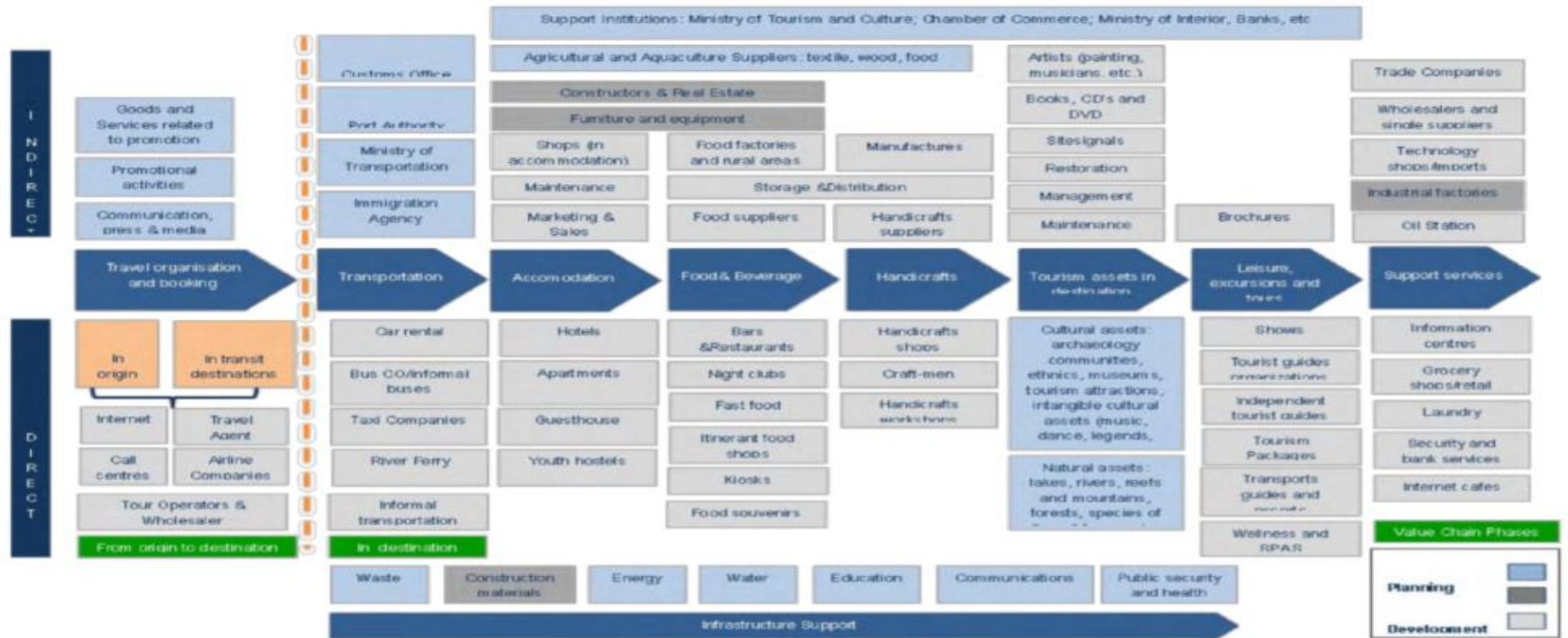
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APPENDICES

Annexure 1 (A) Tourism Industry Overview



Source: (NTSS, 2017)

Annexure 2(B) Sectors or Sub-sectors following the Standard industrial classification

Column 1	Column 2	Column 3	Column 4
Sectors or sub-sectors in accordance with the standard industrial classification	Size or class of enterprise	Total full-time equivalent of paid employees	Total annual turnover
Agriculture	Medium	250	35,0 Million
	Small	50	17,0 Million
	Micro	10	7,0 Million
Mining and quarrying	Medium	250	210,0 Million
	Small	50	50,0 Million
	Micro	10	15,0 Million
Manufacturing	Medium	250	170,0 Million
	Small	50	50,0 Million
	Micro	10	10,0 Million
Electricity, gas and water	Medium	250	180,0 Million
	Small	50	60,0 Million
	Micro	10	10,0 Million
Construction	Medium	250	170,0 Million
	Small	50	75,0 Million
	Micro	10	10,0 Million
Retail, motor trade and repair services.	Medium	250	80,0 Million
	Small	50	25,0 Million
	Micro	10	7,5 Million
Wholesale	Medium	250	220,0 Million
	Small	50	80,0 Million
	Micro	10	20,0 Million
Catering, accommodation and other trade	Medium	250	40,0 Million
	Small	50	15,0 Million
	Micro	10	5,0 Million
Transport, storage and communications	Medium	250	140,0 Million
	Small	50	45,0 Million
	Micro	10	7,5 Million
Finance and business services	Medium	250	85,0 Million
	Small	50	35,0 Million
	Micro	10	7,5 Million
Community, social and personal services	Medium	250	70,0 Million
	Small	50	22,0 Million
	Micro	10	5,0 Million

Source: (DSBD, 2019)



The Tourism Equity Fund (TEF) is an equity acquisition fund that will be managed by sefa on behalf of the Department of Tourism. The purpose of the Fund is to promote the participation of Black enterprises within the tourism sector.

Minimum Transaction sizes to be considered will be R10 million. Grant funding will be provided from sefa and its strategic bank Co-Funder.

OBJECTIVES

To fund commercially viable and sustainable majority **Black owned** (minimum 51%) tourism enterprises including enterprises in rural areas and townships.

To facilitate the participation of targeted groups such as **women and youth** in the priority tourism enterprises within the BBBEE sector codes.

FUNDING

THE FUND WILL FOCUS ON THE MAJORITY BLACK OWNED (51%) AND INDIGENOUS CONTROLLED TOURISM ENTERPRISES IN THE FOLLOWING SUB-SECTORS:

- Accommodation, e.g. Hotels, Lodges, Resorts and Self-catering Units, Backpacker facilities
- Hospitality and related services, e.g. Conference and Convention venues attached to a sub-element, privately owned attractions in already developed tourism nodes.
- Travel and related services, e.g. Tour operators.
- Any other tourism related products and initiatives not referred to above which supports tourism and economic impact in terms of job creation, geographic spread and strengthening the tourism sector.

QUALIFYING CRITERIA

- The enterprise must be a registered legal entity in South Africa in terms of the Companies Act, 2008 (Act No. 71 of 2008).

Source: (SAT, Tourism Equity Fund, 2021)

Annexure 4(D) Lists of Tourism Accommodation Establishments

BLOEMFONTEIN: GUESTHOUSES (LIST 1) <small>01/04/2019</small>						
<u>KINDLY NOTE THAT THE RATES INDICATED ARE APPLICABLE FOR LOW SEASON</u>						
Rates are subject to change without notifying this office. Please see LEGEND on 1st page						
ACCOMMODATION	CATE-GORY	AREA/SUBURB	TELEPHONE	BREAK-FAST	RATES Single/dble	E-MAIL ADDRESS
@ Flo-Ben GH ♂	GH	Dan Pienaar	4367453/0825715231	B&B	R720/900	info@floben.co.za
@ Nature's Crest £	BB, SC, out	Groenvlei	4360070/0721803663	R100	R780/880	info@naturescrest.co.za
@ The Villa ♂	GH	Bayswater	4366589/0828951207	B&B	Fr 900/1260	info@atthevilla.co.za
4 on Fischer*** ♂	BB, SC	Waverley	4362892/0833003709	SC	R600/750	Anderson@claudereid.co.za
47@ Park Road	BB	Willows	4302883/0834190367	R45.00	R350/700	operations@apdfs.co.za
9B on Innes \$	BB, SC	Waverley	4486190/0823399001	B&B	R690/890	9bonines@telkomsa.net
A Bed Away ♂	SC	Pellissier	4224025/0844306796	Continent	R200/350	mvisarie@schoolink.co.za
A Cherry Lane SC ♂	SC, B, Bout	Ferreira	4438024/0723807614	R80.00	R500/640	info@achervlane.co.co.za
A Contempo Guesthouse **** \$	GH	Brandwag	4440406/0829699900	B&B	R630/750	admin@contempoh.co.za
A la Fin Country Rnch ♂	BB, out	Ferreira	4438476/0829515762	R30-70	R280/440	alafin@ananzi.co.za
A Little GH *** £ ♂	SC, out	Bainsvlei	4519368/0844606617	SC	R625/810	book@alittleguesthouse.co.za
Aandmuzik **** ♂	BB, GH	Universitas	5222477/0824479053	R60.00	R570/680	info@aandmuzik.co.za
Aandrus \$	BB	Fichardt park	5229179/0798882653	R50.00	R500/450	aandrusgastehuis@email.com
ABBA S/C Hse*** ♂	SC, BB	Dan Pienaar	0725152688	Fr R75	R350/650	daniejoubert@abbasc.co.za
Abiénto GH**** £	GH	Park West	4441671/0826889354	B&B	R695/895	info@abientoguesthouse.co
Acacia @ Westdene ♂	GH, SC	Westdene	4488494/0795560193	R85.00	R550/650	info@acaciadene.co.za
Adeo Boutique B&B**** ♂ \$	BB	Waverley	074 455 0978	B&B	R690/780	info@a-deo.co.za
African Footprints Lodge ♂ \$	GH, SC	Universitas	5220400/0824538407	R80.00	R590/690	Africanfootprints1@webmail.co
African Sands GH ♂	GH	Fichardt park	079 893 4727	R100.00	Fr R300/400	info@africansands.net
Albion B & B \$ ♂	BB, SC	Westdene	4440936/0824506981	R80.00	R485/680	Lucyb450@icloud.com
Alchemy GH \$	GH	Brandwag	4440130/0832642328	B&B	R680/780	reservations@alchemygh.com
Allegro GH ***** \$	GH	Bayswater	4365325/0827471596	B&B	Fr R650/750	info@allegroquesthouse.co.za
Aloe Ridge B&B***	BB	Dan Pienaar	4369394/0836444060	B&B	R540/680	aloealoe@intertext.co.za
Altered Ego GH £	BB	Pentagon Prk	0823706172	B&B	R650/800	elizhat@vodamail.co.za
Altha Hattinsh £	SC	Fichardt park	5228080/0723102615	SC	R140/230	altha_hattinsh51@gmail.com
Altissimo GH ♂ Ω	GH, out	Ryton	4361268/0825698647	B&B	R750/850	info@altissimo.co.za
Angel's Haven ♥	GH	Fichardt park	0782774322	R50.00	R350/450	angelsHAVENguesthouse@gmail.c
Anri Guesthouse ♥	BB, SC	Dan Pienaar	4369900/0832748065	R35.00	R280/440	info@anriguesthouse.co.za
Archie's Guesthouse ♂	BB	Universitas	5224549/0825583567	R50.00	R250/400	Dsat-bfu@iafrica.com
Arieta GH ▲ ♂	GH	Dan Pienaar	4361122/07117087308	B&B	R650/850	admin@arietamaesthouse.co.za

Annexure 5(E) Informed Consent Form



[REDACTED]

RESEARCH STUDY INFORMATION LEAFLET AND CONSENT FORM

DATE: 2021/10/25

TITLE OF THE RESEARCH PROJECT

The Impact of Regulatory Compliance and Legislation on Tourism SMME Accommodation Establishments in the Mangaung Metropolitan Municipality

PRINCIPLE INVESTIGATOR / RESEARCHER(S) NAME(S) AND CONTACT NUMBER(S):

John Ntsane 2001002530 082 3033 001

FACULTY AND DEPARTMENT:

Name of Faculty : Faculty of economic and management science

Name of Department : Centre for development support

STUDYLEADER(S) NAME AND CONTACT NUMBER:

Name of Study Leader : ~~Dr. Deidre Van Rooyen~~ Dr. Deidre Van Rooyen

Contact number : 051-401 7059

Email Address : arised@ufs.ac.za

WHAT IS RESEARCH?

Research is something we do to find new knowledge about the way things and people work.

WHAT IS THE AIM / PURPOSE OF THE STUDY?

The study investigates how SMMEs in the tourism accommodation sector in Mangaung Metropolitan Municipality can be supported to achieve compliance with specific reference to labour laws, tax legislation, BBBEE and business registration

WHO IS DOING THE RESEARCH?

My name is John Ntsane and I work for Small Enterprise Development Agency (SEDA) as a Business Advisor since 2010. My work is to assist SMMEs across all sectors of the economy and give them information, advice and provide solutions to their everyday business needs so that they can grow and become sustainable. I have previously worked as a banker for ABSA and FNB for over 6 years prior to my current role. I have a B. Com degree in Financial Management and a B. Com Honours in Business Management from University of Free State. I am currently a final year Masters student in Development Studies enrolled with the University of Free State.



Annexure 6(F) Survey Questionnaire



Annexure F

SURVEY QUESTIONNAIRE

University of Free State

Centre for Development Studies (CDS)

MASTER OF DEVELOPMENT STUDIES (MDS)

The Impact of Regulatory Compliance and Legislation on Tourism SMME Accommodation Establishments in Mangaung Metropolitan Municipality

The purpose of this study and this questionnaire in particular is to investigate “The Impact of Regulatory Compliance and Legislation on Tourism SMME Accommodation Establishments in the Mangaung Metropolitan Municipality” as a partial requirement for the Master of Development Studies (MDS) degree. The outcome of this study will assist policymakers, particularly the Department of Tourism and Department of Small Business Development (DSBD), with a better understanding of the impact of regulations and legislation on Tourism Accommodation Establishments.

This research is intended only for academic purposes. Thus your honest inputs and answers will be highly appreciated and kept strictly confidential. Therefore, the quality and quantity of information provided will determine the ultimate reliability of the study. The questionnaire comprises four sections and 36 questions. It is estimated to take ± 10 minutes of your time.

Thank you in advance for your willingness to voluntarily participate in this study. You are free to discontinue the questionnaire at any stage if you feel uncomfortable proceeding. If you have any questions or concerns regarding this questionnaire, please do not hesitate to contact the researcher on the following contact details:

Researcher: John Ntsane
Student Number: 2001002530

Annexure 7(G) S.A Covid-19 regulation for key tourism related industries



ACCOMMODATION					
Level 5	Level 4	Level 3	Level 2	Level 1	Adjusted Level 3
Accommodation not permitted, except for quarantine, essential services	Accommodation not permitted, except for quarantine and essential services	Accommodation establishments permitted only for remaining tourists, work purposes and Quarantine/isolation purposes. Advanced Level 3 as of 17 June 2020: Commercially licensed accommodation establishments (except for home sharing) allowed to operate but subject to a restriction on the number of persons allowed in such establishments to not be more than 50 percent of the available floor space.	Accommodation permitted to operate for intra-provincial leisure travel	All accommodation establishments and tour operators permitted to operate, subject to a restriction on the number of persons allowed in such establishments to not be more than 50 percent of the available floor space.	All accommodation establishments and tour operators permitted to operate, subject to a restriction on the number of persons allowed in such establishments to not be more than 50 percent of the available floor space.
FOOD AND BEVERAGES					
Level 5	Level 4	Level 3	Level 2	Level 1	Adjusted Level 3
Restaurant, take-away, bar and canteen services not permitted	Restaurants only for food delivery services (9am-8pm) and subject to curfew (no sit down or pick-up allowed)	Restaurants may open for delivery, collection and drive through but may not serve food on the premises. Advanced Level 3 as of 17 June 2020: Restaurants are allowed to operate for sit-down meals and delivery services but subject to the strict adherence to all health protocols. Alcohol prohibited.	Restaurants all allowed to operate but subject to the strict adherence to all health protocols.	Restaurants all allowed to operate but subject to the strict adherence to all health protocols.	Restaurants all allowed to operate but subject to the strict adherence to all health protocols and must close at 8pm. Alcohol prohibited. Regulations changed on 01 Feb 2020: Restaurants all allowed to operate but subject to the strict adherence to all health protocols and must close at 10pm. Alcohol is prohibited.
AVIATION					
Level 5	Level 4	Level 3	Level 2	Level 1	Adjusted Level 3
Air transport permitted only for the shipment of cargo	Ocean and air transport permitted only for the shipment of cargo	Domestic air travel for business only International flights not permitted	Domestic air travel for business only International flights not permitted	Domestic air travel allowed. International travel allowed as of 01 October 2020.	Domestic air travel allowed. International travel allowed.