

TOWARDS SUSTAINABLE ENTREPRENEURIAL PRACTICES IN SOUTH AFRICA: SELECTED CASE STUDIES

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—Abstract —

Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable development has political, economic, socio-cultural and environmental dimensions, and is concerned with the protection of the environment, the well-being of the local community and respect for their culture, and the long term creation of economic benefits for all stakeholders involved. Within this context the emerging and/or survivalist entrepreneur exists and must be empowered to create partnerships and alliances within South Africa. In both urban and rural areas small entrepreneurs urgently need market access, capital and opportunities to upgrade, invest and expand in a sustainable manner.

To encourage sustainable entrepreneurs different types of local linkages can be investigated, they can source new networks and suppliers to enhance their businesses; and various approaches can be used to increase local sourcing. Products can be identified that can be shifted to a local supplier, focusing on reliability in peak season, identifying products with a theme, and the marketing of several products together, that are more likely to succeed, to increase tourist appeal and generate synergies in terms of business support, transport, marketing and skills development.

Local festivals showcasing cultural traditions can be offered to attract tourists and to create a positive destination image. Alternative revenue models can be used to assist emerging entrepreneurs, such as volunteers helping at an event, in exchange for the experience.

Case studies from a few business enterprises are discussed in terms of enabling entrepreneurs to operate successfully and sustainably, amongst others, *Spier*; *Jan*

Harmsgat, Ribolla Art Route and *Stormsrivier Adventures*, where staff has been retrained and procurement policies revisited to prioritize local, small, medium and micro entrepreneurs.

Key Words: sustainable tourism, entrepreneurs, South Africa

JEL Classification: Q56 or Q55

1. INTRODUCTION

Sustainable development has been the topic of many discussions as a result of climate change and environmental conservation. With the world's human population increasing at a rapid rate and commanding a growing demand for natural resources; greater than which the earth can provide for (Reid, 2006:208), the importance of conserving the earth's resources is far greater than before. People are more environmentally aware and concerned about safeguarding their natural heritage. This paper addresses the importance of sustainable development in terms of empowering small emerging entrepreneurs within the tourism sphere to become self-sufficient and follow sustainable practices.

Sustainability has become a worldwide concept that addresses the issue of global warming and the degradation of natural resources (Dickson & Arcodia, 2010:236).

1.1 Sustainable development defined

A well known and widely accepted definition of sustainable development is that of the World Commission on Environment Development's, Bruntland Report in 1987, which states that sustainable development is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs"(Bruntland 1987).

The human population is increasing at a substantial rate, which consequently leads to an increasing demand for natural resources; greater than which the ecosystem can provide for (Reid, 2006:208). This increased demand causes the destruction of the natural environment, exploitation of natural resources, pollution and loss of habitat of fauna and flora (Queiros, 2003:74). The concept of sustainable development originated from this scenario, as governments, organisations and individuals attempted to practice development that could potentially avoid or improve the environmental crisis, therefore the World Commission on

Environment Development's definition promotes careful use and conservation of the natural environment and its resources.

Sustainable development is a process that must be made reliable for, and consistent with future needs as well as present needs. Wight (2004:48) argues that there are five interrelated elements of sustainable development, namely:

- Economic: The generation of wealth and employment opportunities and the enhancement of material life.
- Political: The political stability of a destination, safety and security and human rights.
- Social: The well-being of the local community in terms of education, health, nourishment and shelter.
- Cultural: The acknowledgment of and respect for heritage and traditions, as well as the support of cultural identity.
- Ecological/Environmental: The recognition of the importance of conservation of all natural resources and environmental enlightenment and understanding.

Sustainable development has political, economic, socio-cultural and environmental dimensions, and is concerned with the well being of the local community and their culture, as well as the long term creation of economic benefits for all stakeholders involved. It is within this context that the emerging and/or survivalist entrepreneur exists and must be empowered to create alliances and partnerships within South Africa. In both urban and rural areas small entrepreneurs urgently need market access, capital, opportunities to upgrade and expand their businesses.

1.2 Sustainable tourism defined

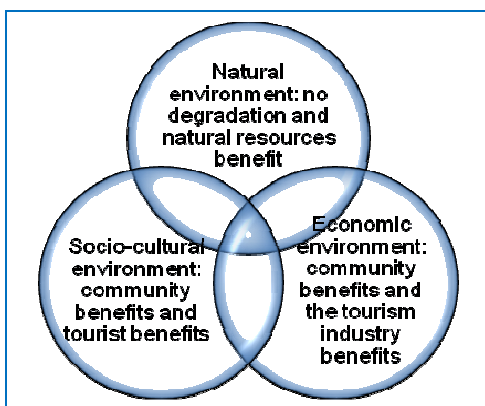
The tourism industry is largely dependent on the environment and its resources, both natural and cultural. For tourism to occur, tourists must be present at the destination, attraction or event and may impact on the environment and the host community. To reduce negative impacts and create positive results and opportunities, tourism must be managed sustainably (Queiros, 2003:74).

In essence sustainable tourism is the application of the concept of sustainable development within the tourism industry. "Sustainable tourism development meets the needs of the present tourists and host regions while protecting and

enhancing opportunities for the future” (The World Tourism Organisation in Dickson & Arcodia, 2010:237).

The manner in which resources are managed guarantees the satisfaction of social and economic needs whilst preserving cultural and natural diversities (The World Tourism Organisation in Dickson & Arcodia, 2010:237). According to Queiros (2003:74), sustainable tourism development is tourism that is established and preserved in such a way that it is economically viable over the long-term, while at the same time does not deplete, destroy or change the natural and socio-cultural environments on which it depends. Sustainable tourism development is essential to ensure that the interactions and relationships between the natural, socio-cultural and economic environments are in a constant state of balance (i.e. where the three environments overlap), refer to Figure 1 (Queiros, 2003:75).

Figure-1: Sustainable tourism development



Source: Queiros (2003:75)

Within the above environments, the emerging/survivalist entrepreneur must in a sustainable manner attempt to create partnerships and alliances; use new networks and find new suppliers; develop and repackage products; develop cultural products; and use alternative revenue models to operate in a sustainable manner.

2. ENTREPRENEURS AND SUSTAINABLE TOURISM DEVELOPMENT

2.1 Creating partnerships and alliances

Emerging entrepreneurs must be encouraged to develop different types of local linkages, such as procurement from local enterprises/suppliers (i.e. subsistence farmers); local staffing; training semi-skilled staff; developing local cultural heritage products; building local partnerships with non-competitive businesses to generate business and share customers; and by delivering social and economic benefits in a sustainable way. Partnerships can be formed between tourism businesses and local communities for mutual benefit with both partners sharing risks and benefits; with the tourism sector providing a direct market and support for emerging entrepreneurs.

Case study: Jan Harmsgat Country House: *Creating partnerships*
Jan Harmsgat Country House is in a rural area and all staff has been recruited from the surrounding deprived areas. The Country House/lodge established a partnership with the staff to run the Old Gaol Coffee Shop, which Jan Harmsgat owned initially, employing four women. After having gained skills and confidence, the staff (only women) took a 30% equity in the coffee shop in 2004. This partnership has been based on a substantial investment in training from the owner and regarded as most successful.

2.2 Use new networks and find new suppliers (local sourcing)

Emerging entrepreneurs can source new networks and suppliers to enhance their businesses by asking staff to introduce new suppliers from their own networks; by contacting local business associations and chambers of commerce; by tapping into local networks, church networks; and by asking one local supplier to recommend another.

Various approaches can be used to increase local sourcing, such as the *strategic approach*, where top management must revisit procurement policy and procedures; the *ad hoc, product-led approach* that entails setting up of contracts with one/more suppliers in response to an opportunity; the *destination-wide approach*, where several companies, and stakeholders working together can help develop new businesses and boost the local economy. Government can arrange expo's for local suppliers to "meet the buyers". Travel agents, transport operators and booking agents can procure from local suppliers; and finally the "*appoint a*

champion/driver” approach, that grasps what top management wants to achieve, and having the mandate and resources to implement it.

Case study: Spier: *Helping local entrepreneurs enter the supply chain*
Spier actively went searching for new local suppliers and when they couldn't find established ones, they visited townships, community projects, local SMME development agencies, local business associations and craft centres. In 2004

Spier put out a tender for a new laundry service to facilitate a new entrepreneur. The tender specified: the use of previously unemployed people to staff the operation; an eight hour operating shift period with no night shift to reduce costs relating to transport; the contractor would receive payment before month end in order to facilitate staff salary payments and payments to creditors; the contract was based on an anticipated wash volume for which a set fee was to be paid. As Spier owned the equipment, they would take responsibility, on condition of good management practices, for maintenance and servicing. Once the contractor was selected, he was given a service level agreement detailing all conditions, regulations and procedures, also outlining roles and responsibilities of all parties. This formed the basis of all aspects of the supply relationship. Shortly after the opening, one of the machines broke down. There was a risk that this would prove that such a new enterprise couldn't provide the reliable service required. But, due to the determination of the newly appointed contractor, who “made a plan” the clean items were delivered on time. This success actually reinforced the relationship and reduced concerns over delivery. As issues were resolved, and capacity developed, demand from other parts of Spier increased. The business volumes have since doubled, and further expansions have been made.

Case study: Stormsrivier Adventures: *Local sourcing of entrepreneurs*

This is more than just an adventure company – its mission is the sustainable management of the indigenous forest for biodiversity conservation and the economic, social and spiritual upliftment of locals with special emphasis on poor rural communities. It strives to enrich the surrounding environment and community by forming a synergistic relationship with all parties in the area to conserve the natural resources used in adventure products; the company endeavors to uplift the community through forming partnerships through joint venture and job creation, and is committed to provide training for local community members, thus creating a highly professional tourist-oriented community through the

training of 'adventure contractor-entrepreneurs'. Stormsrivier Adventures has trained in excess of 500 Adventure Guides since 1998 and remains a major contributor to training in the Eco Adventure Industry.

2.3. Product development and repackaging (tangible)

Products should be identified that could be shifted to a local supplier, with focus on reliability in peak season, identifying products with a theme, and the marketing of several products together, that are more likely to succeed; for example, a range of craft or food products with a 'made local' brand or part of a themed event. This increases tourist appeal and generates synergies in terms of business support, transport, marketing and skills development.

Case study: Jan Harmsgat Country House: *Invest in the training of local staff*
Jan Harmsgat Country House, as stated, is located in a very rural area in the Western Cape Province where many local people have never been to school. Through a process of careful recruitment and intensive training, local women now hold key jobs in the enterprise. Apart from the owners, the staff consists of ten people, 8 from local farms and 2 from a nearby village (Barrydale). The chef, Lena Verboten, started learning to make 'local' jams 17 years ago. She now creates her own menus and receives rave reviews in the media, and accolades from guests. Training techniques include bringing in visiting chefs for short periods, taking the staff to restaurants in Cape Town, and sending them to workshops at Food Shows.

Case study: Ribolla Open Africa Route: *Invest in local art and artists*

Ribolla is the name of the uniquely shaped mountain in the area and is a route of about 130 kilometres covering four primary areas and includes sixteen villages, where Makhado is the main town. Along this route numerous artists have their studios and create clay pots, carve wooden sculptures, weave baskets and tapestries, do beadwork, make traditional clothing, print textiles, and make drums. In addition there is a traditional B&B, in the form of a round hut and painted in authentic Venda patterns, as well as a guesthouse that is managed by a local person as well as women that do catering for a nearby conference venue.

2.4 Intangible cultural products

Cultural events that are managed in a sustainable way can generate employment opportunities and benefits. Communities should be actively involved in the

planning and decision-making of a cultural event, otherwise alienation and cultural disrespect may result.

Socio-cultural sustainability: Emerging entrepreneurs can become involved in the hosting of traditional community festivals and events, and be catalysts to rejuvenate and preserve a destination's cultural traditions and renew the local community's pride and confidence (Tassiopoulos, 2005:3). Events play an important role in locals' lives, as they offer activities and spending channels for locals and tourists, and a chance for cultural exchange.

Case study: Ribolla Open Africa Route: Invest in local performing art

This route is in the Limpopo Province, a region of extraordinary myths and legends, of great and ancient kingdoms. This is where Queen Modjadji makes rain; where young women dance at the sacred Lake Fundudzi, where the god of fertility, the giant python dwells; and where traditional story tellers and singers perform.

Environmental sustainability: Local events and festivals that are not managed properly by local entrepreneurs can negatively impact ecosystems through utilisation of non-renewable natural resources. However, events can also be a medium to promote environmental awareness, responsibility and understanding among event tourists and the local community. (Collins *et al.*, 2009:829). Sustainable event practice can also encourage the development of environmentally friendly transport systems and infrastructure, waste management and recycling, alternative eco-friendly energy sources and potentially enhance the environment (Allen *et al.*, 2008:64; Collins *et al.*, 2009:830).

2.5 Use of alternative revenue models

Alternative revenue models can be used to assist emerging entrepreneurs, - such as volunteers that can help at an event or festival, in exchange for the experience; survivor packages can be offered in townships for tourists to 'experience' co-creation. Events, conferences and exhibitions can offer services in return for publicity and for trading one service for another.

Agricultural goods (food and beverage) make up 30% of tourist expenditure, which, if spent locally could transform the local economy, however problems include seasonality, health and safety regulations, inadequate transport, small

volumes, unfamiliarity with the formal market. Alternative business models also exist within the realm of social networking channels.

6. CONCLUSION

Sustainability is a double edged sword: on the one hand we are looking at protecting the environment for future generations; but in a poverty stricken society this is a difficult task to fulfill, as people harvest the land to survive – they chop trees for firewood and hunt wild animals for survival.

There are however several success stories as is evident from the case studies of emerging entrepreneurs that have been empowered to operate their businesses successfully – *Spier* is prioritizing local entrepreneurs and local procurement; Jan Harmsgat is focusing on skills upliftment and partnerships; the *Ribolla Open Africa Route* is empowering local artists as entrepreneurs in a rural area; *Stormsriver adventures* is recruiting local guides from the community. These businesses have all retrained staff and revisited their procurement policies to prioritize local, small, medium and micro entrepreneurs.

Education for sustainable development is imperative on all levels of society; and entrepreneurs must grasp the importance of sustainability and the benefits associated with sustainable entrepreneurial practices.

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