



**CRITICAL SUCCESS FACTORS FOR SMALL AND MEDIUM ENTERPRISES: A CASE OF THE TOURISM INDUSTRY IN CAPE TOWN**

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## DECLARATION

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\_\_\_\_\_ 16 August 2022 \_\_\_\_\_

Date

## **ABSTRACT**

Small and Medium-sized Enterprises adopt Business Excellence to maintain good leadership, customer/client focus, conceptual concerns, increase in scale and speed of innovation and creative implementation for high performance and competitiveness. Business Excellence is a way to better an organisation's performance through improved practices. This study examines small and medium-sized enterprises to achieve Business Excellence to bolster value and quality in hotels' performance, resources and capabilities to bring internal growth and job creation within the Cape Town Central Business District. The study's objectives were to describe the macro-environmental factors that contribute to the decline in the Cape Town Central Business District hotel industry, define the hotel industry's lack of emphasis on the importance of Business Excellence knowledge and determine the critical success factors to re-energise the hotel industry to ensure economic development. The study adopted a positivism approach (the theory of the grounds for knowledge) and used a quantitative research instrument. To describe and quantify the attributes of the product researched, namely critical success factors for growth in the Small and Medium-sized Enterprises sector of the Cape Town hotel industry, a descriptive method was used. A convenience (non-random) approach was applied with a sample of 34 small and medium-sized hotels, following a convenience sampling technique—system with an open- and closed-ended questionnaire. Two set of questionnaires were used – one for employees and one for managers giving 34 participants - 11 managers and 23 employees. All data were coded and analysed using the Statistical Package for the Social Sciences (version 27). Results revealed that efficiency, growth, job satisfaction, teamwork, passion and development are the most critical success factors for both employees and managers. The results revealed that the three most influencing external environmental factors in the development of the organisation were economic, political and COVID-19 (specific to 2020/2021). While excellence is expected at all levels, not every Business Excellence model takes a holistic approach that considers environmental, economic and social factors. The participants (management and employees) were aware that a policy plan was in place but were not necessarily able to identify the policies and quality management responsible for ensuring that the policies are followed. The results revealed that the selected criteria were quality awareness, employee motivation, understanding of critical success factors in line with Business Excellence, work relationships, employee growth development, employee compensation and rate of motivation preference. Regarding what could be done in the hotel industry to re-energise the Western Cape, specifically Cape Town being the study area, most respondents indicated that they have never, or rarely, used the models discussed as part of their

daily operations. These models include Total Quality Management, Project Management, ISO 900, Baldrige Business Excellence, European Foundation for Quality Management. They had only used the excellence award for internal events. This study contributes significantly to the literature on hotel Business Excellence adoption. The study also provides the effective and efficient incorporation of Business Excellence into existing and future tourism Small and Medium Enterprises' organisational development strategies. This study provides a unique context using South Africa in adopting the Business Excellence models tailored for the hotel industry. Much of the existing research is primarily theoretical and conceptual and it is not focused on South Africa. As a result, there is currently very little empirical research on the factors that influence Small and Medium Enterprises' ability to achieve Business Excellence. This research aimed to close that gap.

**Keywords:**

Business Excellence, Cape Town Metropole, critical success factors, hotel industry, Small and Medium Enterprises

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## **DEDICATION**

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## **ACRONYMS AND ABBREVIATIONS**

ABEM	African Business Excellence Model
BE	Business Excellence
CBD	Central Business District
CPUT	Cape Peninsula University of Technology
CSF	Critical Success Factor
CSR	Corporate Social Responsibility
CTIA	Cape Town International Airport
DMAIC	Define, Measure, Analyse, Improve and Control
DRC	Democratic Republic of the Congo
EFQM	European Foundation for Quality Management
ERP	Enterprise Resource Planning
FBMS	Faculty of Business and Management Sciences
GDP	Gross Domestic Product
IDC	Industrial Development Corporation
LSS	Lean Six Sigma
MBNQA	Malcolm Baldrige National Quality Award
MERS	Middle East Respiratory Syndrome
NGO	Non-government organisation
PPT	Pro-poor tourism
QA	Quality Awareness
SAEM	South African Excellence Model
SATRC	South African Tourism Review Committee

SERVQUAL	Service quality
SIC	A classification system used by Stats SA to divide the economy into distinct sectors, such as agriculture, mining and manufacturing
SE	Small Enterprises
SME	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
TQM	Total quality management
UNWTO	United Nations World Tourism Organisation
WC	Western Cape
WCDEDT	Western Cape Department of Economic Development and Tourism
WHO	World Health Organisation
WTTC	World Travel and Tourism Council

## **CHAPTER 1**

### **BACKGROUND AND PROBLEM STATEMENT**

#### **1.1 Introduction**

This study examines the critical success factors (CSFs) for Small and Medium Enterprises (SMEs) to achieve Business Excellence to bolster value and quality in a hotel's performance, resources and capabilities to bring internal growth and job creation. In the dissertation, there is an outline of the background of the research study and the problem statement aligned to the aim and objectives, as well as the research paradigm of the study. Lastly, it draws, by noting amongst other concepts, the limitations and ethical considerations of the study and presents an outline of the research report.

#### **1.2 Background of the study**

The literature discussed later in this Chapter, and in Chapter 2, suggests that for SMEs to adopt BE, they are to maintain good leadership; customer/client focus; conceptual concerns; the increase in scale and speed of innovation and creative implementation for high performance/competitiveness. Tickle et al. (2016) and Sternad et al. (2017) support this that the main obstacles for SMEs include the inability to adopt BE.

The Western Cape Government (2020) reported that while South Africa's rate of unemployment is 29.1%, the WC had the lowest rate of unemployment in the country at only 20.9%. The WC also outperformed the rest of the country in terms of economic growth and business confidence rating. Furthermore, data from the Annual Report of the Western Cape Department of Economic Development and Tourism (WCDEDT, 2019) confirms that through the maintenance of its comparative trade advantage within the services sector, the WC government had been identified as the biggest driver of economic growth and job creation.

The WCDEDT (2019) reported that SMEs are key contributors in fighting unemployment and poverty. Flexible and versatile by nature, these businesses are South Africa's power source to economic growth and job creation.

The government will maintain specific performance indicators such as development impact, financial sustainability, customers/stakeholders and human capital and internal processes. The Industrial Development Corporation (IDC) (2019), under the government, had planned to create a total number of 28 262 jobs in the economy but had to decrease this to 17 887 because of slow international- and local growth.

With SMEs facing an inability to adopt BE, the WCDEDT (2019) also exhibited challenges that may hinder it from achieving its growth (sustainable development, HR socio-technical practices, non-financial performance, improved systems and processes) and job creation potential.

### **1.3 Problem statement**

Drawing from the Government Communication and Information System (GCIS) (2020) *Official Guide to South Africa 2018/19*, the Western Cape (WC) is the third biggest province to contribute (13.86%) to South Africa's gross domestic product (GDP), after KwaZulu-Natal (16%) and Gauteng, as at the end of 2018. In contrast, the perspective of the economic individual sectoral performance showed that the hotel and restaurants sector declined by 3.6% in the first quarter of 2019 when compared to the fourth quarter of 2018, following two quarters of negative growth. Thus, the weaker GDP performance could be attributed to factors such as the high cost of doing business in the country, a sharp growth in utility costs, and an unpredictable energy supply. Statistics South Africa (Stats SA) (2020) showed that the income contributed by the food and beverage industry decreased by 29.4% in March 2020 when compared to March 2019. Of the 29% decrease, restaurants contributed a decrease of 34.0%, while takeaway and fast-food outlets decreased by 23.6%. The decline in the hotel industry had negatively impacted its contribution to economic growth and development. Consequently, scholars such as Aquilani et al. (2017), Lasrado and Uzbek (2017) and Metaxas et al. (2017) detail that experiences have always proved to be worthwhile in the improvement of the existing quality management, based on a systematic methodology using an organisation's performance to adopt business excellence methods. Business Excellence is about keeping a quality scheme and process of enhancing and strengthening an organisation. The model does this to increase efficiency and bolster value of an organisation's performance to ensure its fitness.

The study problem is, therefore, the lack of SMEs identifying CSFs to achieve business excellence through economic growth and further development.

### **1.4 Aim and objectives of the study**

The aim of this dissertation is to determine the critical success factors that will efficiently influence a Business Excellence model to bolster value in a hotel's performance, resources and capabilities, to bring internal growth and job creation to the selected hotels.

#### **1.4.1 Objectives**

- i. To determine the critical success factors that drive hotels to achieve BE.

- ii To determine and describe the macro-environment factors that might have impacted a negative growth of the hotel industry (this objective relates to sub-research question number i).
- iii To determine if emphasises on BE exists in the hotel industry (this objective relates to sub-research question number ii).
- iv To determine what can be done in the hotel industry to re-energise the WC to boost the local economy and increase job opportunities (this objective relates to sub-research question number iii).

## **1.5 Study questions**

- i What are the critical success factors that drive hotels to achieve BE?
- ii What the macro-environment factors that might have impacted a negative growth of the hotel industry?
- iii What emphasises on BE exists in the hotel industry?
- iv What can be done in the hotel industry to re-energise the WC to boost the local economy and increase job opportunities?

## **1.6 Literature review**

Many organisations participate in quality award processes to support their quality management. This literature provides an overview of the terms BE and total quality management (TQM) and the role they play in promoting quality service in tourism organisations within the Cape Town central business district (CBD). Also, the literature identifies the challenges facing these organisations on how they incorporate the values of BE into their organisations to maintain quality management and therefore achieve success. Furthermore, the literature uses tourism SMEs in the CBD of Cape Town as a case study to examine key success factors that result in an effective and efficient operation in the SME tourism industry to bring about growth and job creation.

### **1.6.1 Approaches of business improvement**

Drawing from Tickle et al. (2016: 199), BE can be defined as

“...excellence in strategies, business practices and stakeholder-related performance results that have been validated by assessments using proven BE models”.

It has been a major problem for organisations to implement their business strategies for continuous improvement, such as adopting BE models. Therefore, the criterion of these models, such as TQM, the Baldrige BE model and the European Foundation for Quality Management

(EFQM) and Excellence Awards, makes it a high level of achievement to seek and receive award-recognised accomplishments. However, at these levels of performance, organisations are still faced with challenges to identify CSFs influencing the criteria of these award-winning models (Lasrado, 2019: 721)

### **1.6.2 Business Excellence maturity level**

According to Tickle et al. (2016: 399), there are diverse stages of BE maturity that organisations come across, even though there is a lack of understanding of what these stages entail concerning their application, certainly in tourism in the Cape Town CBD. Coleman et al. (2016) argue that SMEs are not able to compete with corporate organisations to employ people with advanced skills. Furthermore, these authors suggest an approach to centralising BE as an internal resource for organisations to accomplish quality. This approach possesses know-how of business methods on how to construct analytic capabilities inexpensively through open-source tools. Another approach suggested by Tickle et al. (2016: 205) is to assess the maturity stage of an organisation's BE level; maturity levels look at the business development to allow organisations to measure their level of BE maturity. Moschidis (2018: 176) argues that there are many of these matrices that could be used to check the BE maturity level of organisations, including the "project management practice, software maintenance and business processes".

Tickle et al. (2016: 206) report the seven-stage maturity process that is regarded as a "reactionary" management style:

- Stage 1: unaware – the organisation is unaware of the concepts and practices of BE;
- Stage 2: uncommitted – the organisation has an understanding of BE but no programme is implemented;
- Stage 3: initiators – the organisation initiates the basic elements of BE;
- Stage 4: drifters – the organisation drifts from one BE initiative to another and achieves only short-term results;
- Stage 5: improvers – an organisation-wide BE initiative is driven by a small number of individuals;
- Stage 6: award winners – a BE initiative is implemented alongside the business strategy and involves all employees; and
- Stage 7: world-class – BE is fully integrated with business strategy and becomes a way of life.

Organisations that are in favour of this approach see it as a guide in making progress to a more advanced maturity level. Hence, the need for tourism SMEs to find the right BE tools and strategy that will assist in meeting their objectives.

### **1.6.3 Motives, benefits and obstacles to adopting Business Excellence**

According to Lasrado (2019: 188-189), the most important benefits of quality management systems adopted by organisations proved to be successful when it came to customer satisfaction and competitiveness. However, the researcher highlighted the need for organisations to advance the value of their models by assessing their returns and updating them to keep up with the times. In addition, using the “excellence models” assists organisations with strengthening management through embracing organisational culture, employee motivation and the advancement of organisational identity. These motives result in a better corporate image, market advantage and improved relations with communities.

Kennedy (2019: 15) reports some of the key factors that may be obstacles to being recognised, accepted and overcome through the practice of excellence:

- Communications - Excellence is built on a dialogue approach. Therefore, communications must be “reflective” and include engagement instead of sticking to press releases and emails;
- Challenge - Effective systems should be embraced and embedded in the organisational culture to avoid internal friction and factions;
- Conflict - crisis may exist between current and desired system, which may cause a system breakdown. These system elements are intended to provide harmony, not conflict.
- In addition, Kennedy highlights the key factors that may help improve management training, performance and better system induction, specifically for the tourism industry.

### **1.6.4 Total Quality Management**

Paranitharan et al. (2016: 318) define TQM as a model to improve the quality of products by pioneering a plan to better utilise the available resources of the organisation. In addition, Lasrado and Uzbeck (2017: 721) view TQM as an approach to establishing the organisation’s aim to achieve the satisfaction and expectations of the customer/community. Such an approach includes the organisation’s culture and organisation’s environment (performance, leadership style and operations).

According to Eriksson et al. (2016: 1204), TQM is a system of continuously improving processes that creates a customer-focused and process-focused organisation. However, these scholars add that TQM innovation and production application areas have been criticised for not considering variations in approach

According to Pikkemaat and Zehrer (2016: 343), tourism is a “service-intensive industry”, meaning consumers’ experiences with service and customer satisfaction determine the competitive success of any service provider. They argue that customers do not buy the product but rather the benefits and experience received. Hence, tourism SMEs need to be innovative and provide quality services/products.

#### **1.6.5 Tourism Small and Medium Enterprise speed of innovation**

The South African Department of Small Business Development (SA. DSBD, 2019: 1) notes that the original National Small Business Amendment Act 26 of 2003 established three categories that define SMEs using the standard industrial sector and subsector classification: “size of class, equivalent of paid employees and total turnover”. For example, the definition used by the Act is not the same as other countries. The definition used in this study is that of the Department of Small Business Development (SA. DSBD, 2019: 2), as shown in Table 1.1



**Table 1.1: The new National Small Enterprise Act thresholds for defining enterprise size classes by sector using two proxies**

Sector or subsector in accordance with the standard Industrial Classification	Size or class of enterprise	The total fulltime equivalent of paid employees	Total annual turnover
Catering, accommodation and other trades	Medium	51-250	< R40 million
	Small	11-50	< R 15 million
	Micro	0-10	< R5 million

Source: South African Department of Small Business Development (SA. DSBD, 2019: 2)

Pikkemaat and Zehrer (2016: 343) define innovation as the “creation of originality of services or products that is different or needed by the market”. Furthermore, Eriksen (2015: 86) understands innovation to be traditionally sub-divided into new or improved existing experiences related to: “products, production processes, markets and organisational set-up”. Lasrado and Uzbek (2017: 722) argue that an improvement anywhere in the business helps the organisation manage growth and that improvement helps interested parties within the organisation to be aware of the main cause of complications/challenges before formulating a strategy.

Scholars such as Taneja et al. (2016), Coleman et al. (2016) and Eriksson (2016), argue that small business owners, when it comes to planning and developing, are naïve, which limits them from achieving strategic innovation. However, Eriksson (2016: 9) makes his argument that corporate organisations are more advanced in development than SMEs, based on their process developments, customer satisfaction and how they achieve results and leadership skills.

### **1.6.6 Impact of macro-environmental factors on the tourism industry**

According to Barkauskasa et al. (2015: 169), there are external environmental factors that affect the development of tourism both positively (the sum of workers and structuring of new tourism

equipment) and negatively (unemployment, political unsteadiness). These factors include but are not limited to the economy, social factors, political instability, unemployment, the coronavirus COVID-19 (specific to 2020) and criminal behaviour.

However, some of these factors, including the economy (personal income, transport and accommodation, exchange rates), social factors (population by age group and occupation, duration of paid holidays, life expectancy) and political instability (security, special events) play a huge role in influencing the development of tourism (Barkauskasa et al., 2015: 169).

## **1.7 Definition of key concepts**

### **1.7.1 Small and Medium Enterprise**

The Department of Small Business Development (SA. DSBD, 2019: 1) defines an SME as:

*...a separate and distinct business entity, together with its branches or subsidiaries, if any, including cooperative enterprises, managed by one owner or more predominantly carried on in any sector or subsector of the economy reported in column 1 of the Schedule and classified as a micro, a small or a medium enterprise by satisfying the criteria reported in columns 3 and 4 of the Schedule.*

### **1.7.2 Business Excellence**

Lasrado and Uzbek (2017: 718) define Business Excellence as a “means to improve an organisation’s performance through integrated ways of practice”. These practices include, but are not limited to processes, systems and improving staff skills in a competitive environment.

### **1.7.3 Total Quality Management**

Metaxas et al. (2017: 915) state that this is a management innovation and approach to processes and systems that are aimed at “improving organisations to gratify the needs and the expectations of customers”. This includes the image of the organisation, continuous improvement of processes and products to bring quality services.

### **1.7.4 Tourism**

Palang and Tippayawong, (2018: 1196) classify tourism as a “concentrated industry that deals with various products and services to produce a tourism product”.

## **1.8 Research paradigm**

Rahi (2017: 1) states that epistemology, which is known as the “theory of the method or grounds of knowledge” (Concise Oxford Dictionary, 1963:401) has “four main paradigms, which are

positivism, pragmatism, advocacy and interpretivism” and is one of the three pillars of qualitative research, namely, to establish the truth. Therefore, the epistemological approach was adopted to solve the study problem and answer the research questions of the dissertation is positivism, which promotes research in the world of natural sciences, and the scientists who are in support of the research approach believe that true and complete knowledge only comes through careful reflection and pure experimentation. Hence, positivists opt for scientific methods as their only mode of knowledge production. A quantitative approach will also be used to collect data as it is a “systematic and objective” way of obtaining information from a specific sample of a population.

## **1.9 Research methods**

The researcher sought to look into the SMEs in the tourism industry within the Cape Town CBD. Given the paradigm of this research, the dissertation used a quantitative method using open- and closed-ended questionnaires as a primary source of data collection to obtain new information to answer the research problem (Rahi, 2017: 2). Two questionnaires were used, one for employees (23 participants) and one for managers (11 participants).

The literature review reflected information from previous studies to address the stated problem. Such reviews were from peer-reviewed journal articles, working papers and reports (government, non-government organisations (NGOs) and private sector) and are secondary data.

## **1.10 Research design**

This dissertation looked at a descriptive method, which aimed to objectively describe the product of interest using a deductive approach to collect fresh data from participants (Rahi, 2017: 3). A descriptive methodology not only accurately describes but quantifies the physical attributes of the product’s characteristics (Oliver et al., 2018: 1). In this case, the research looked at the participant’s characteristics, for example, demographics, age and level of qualification and other Likert-type scale questions.

## **1.11 Rationale and significance of the study**

SMEs are identified as flexible and versatile by nature and are South Africa’s power source for economic growth and job creation. This is true for the WC (WCDEDT, 2020: 15), considering that tourism in the WC is the second largest contributor to the number of paid beds in the country.

The hotel and restaurant sector might have declined by 3.6% in the first quarter of 2019 but has proved to be the highest employment contributor in the trade, hotels and restaurant sector when compared to 2018. Hence, government institutions are working on developing SMEs throughout the provinces to promote economic growth (IDC, 2019). According to the GCIS (2020), in their

*Official Guide to South Africa 2018/2019*, Cape Town's tourism sector is an important contributing sector to the economy and is widely known for its tourist attractions.

This dissertation attempts to determine the CSFs for SMEs (actually SEs as only small hotel establishments were consulted, but SMEs will be used throughout the study) to achieve BE that will drive Cape Town's CBD hotels to a fast and efficient BE model. This will provide a better approach to the influence of the organisation's internal growth and job creation by the selected hotels. Overall, the dissertation hopes to contribute to the academic body of knowledge relative to using informed strategies aligned with BE and to bolster value in hotels' performances, resource usage and capabilities of job creation.

The study strives to contribute to the effective and efficient adaptation of BE in existing and future strategies for tourism SME organisational development. The reason behind selecting the WC is because the GCIS (2020) states that the WC has grown faster than any other province and has increasingly developed as a tourism region.

### **1.12 Demarcation of the study**

The study was limited to selected SME hotels in the Cape Town CBD. They were selected because they employed fewer than 50 persons, and are not listed as public enterprises. This research looked into CSFs for SMEs to achieve BE.

### **1.13 Limitations of the study**

The scope of the study was restricted to hotel SMEs in the Cape Town CBD. The selected organisations fall under the definition of the South African Department of Small Business Development (SA. DSBD, 2019:2), and are categorised as micro and small businesses.

### **1.14 Research processes**

#### **1.14.1 Population**

Mangwane et al. (2019: 277) note that a population refers to any number of people who are to be studied as the main part of the research interest. In the interest of the study, the selected population was staff and management at 34 SME hotels that are located in the Cape Town CBD. These SMEs were conveniently selected based on their level of employment of 0–50 persons, are registered to operate a business in Cape Town and are not listed as public entities.

### **1.14.2 Sample method/technique and sample size**

Because a quantitative method was used in this study, the dissertation employed a non-random approach with a sample of 34 small and medium-sized hotels, following a convenience sampling technique for a system with an open- and closed-ended questionnaire. Maree et al. (2011: 172) define probability sampling as a method “belonging to this class, [where] each element of the population has a known, non-zero probability of being selected” but also suggests using non-probability sampling, although Maree et al. (2011: 176) warns against this method as it does “not make use of a random selection of the population” but encourages a convenience sampling method. This non-probability method, according to (Rahi, 2017: 3), researchers prefer to use because participants are easily accessible to the researcher and it has a cost-effective and time-saving approach. It is noted that using a convenience sampling frame could allow for some bias in the collected data, however, together with the non-random selection of the sample, this should be eliminated, or at least kept to a manageable level.

The size of the sample was determined using the Krejcie and Morgan approach (Rahi, 2017: 3-4) to show the sample size. The usable responses were requested to respond via an email permitting the researcher to proceed with collecting data. See Appendix B for the letter of informed consent.

### **1.15 Data collection instrument**

The questionnaire to collect the primary source of data was a self-administered open- and closed-ended questionnaire sent via e-mail, which is a well-known method for data collection. This enables the researcher to obtain information based on the participants' opinions and feelings about the issue to embrace the business values and skills to develop their organisations. Participants were assured of confidentiality and anonymity. The questionnaire has a five-point Likert scale design, indicating frequencies from strongly disagree (1) to strongly agree (5), while a three (3) will denote a neutral answer. The researcher was able to gather only 34 completed questionnaires (from both 23 employees and 11 managers), from the 60 questionnaires that were distributed, showing a response rate of only 57%. This low response was due to the Covid -19 problem during the data collection period.

The questionnaire has two sections, namely, a demographic section profiling gender, age and race, designation, involvement and level of education of respondents, while the second section embraces the perception of the participants (managers and employees) that will give answers to questions stipulated by the research.

Matthys (2018: 40) highlights four key points that are advantageous for using self-administered questionnaires as a data collection instrument:

- Large amounts of information can be collected at a low cost to the respondent;
- The respondent may give more honest answers to personal questions in an e-mailed or self-administered questionnaire;
- No bias of the interviewer to the respondent's answer; and
- Convenient for the respondents who can answer when they have time.

A pilot study ensured the validity and reliability of data. Four responses were selected as the pilot study sample size. Thus, the process could detect if there are any flaws, unclear parts and anything that may cause discomfort.

### **1.16 Data collection/fieldwork**

Participants (managers and employees) in this study were SME (SE) organisations within the tourism industry in the Cape Town CBD. These SMEs were selected based on their number of employees, (between 0–50 persons) who are formally licensed to operate a business in Cape Town and are not listed as public entities.

To collect data this study used two sets of questionnaires for managers and employees, and both questionnaires were self-administered open- and closed-ended as a primary source for data. The researcher also used a secondary source, such as the Internet to establish the targeted list of SMEs located around Cape Town, within the CBD area and their contact details, as well as the WESGRO and Cape Town Tourism hospitality databases. These contact details were confirmed through a phone call and after confirmation, an email was sent to request data collection. Upon consent, selected SMEs were asked to respond with a consent letter for data collection. Once permission to collect data was granted, the questionnaires were made available. Also, ethical considerations were applied, such as explaining that participating in the study was voluntary, participants could withdraw at any time and there was anonymity and confidentiality of information provided.

These questionnaires were hand-delivered and hand-collected at an arranged time. The questionnaire was self-administered by the researcher electronically onto a Statistical Package for Social Sciences application. According to Anyongodi (2019: 24), this application helps the researcher to regularly monitor the number of respondents participating in the questionnaire and generate descriptive and inferential statistics. The open-ended questions were analysed using the atlas.ti application.

Studies with large/public organisational settings were not included because they were outside the scope of this research. The reviews were streamlined over five years based on the identification

of published articles for the chosen period (2016–2020). The secondary data of this study used different databases and digital libraries such as Emerald Insight and Wiley Online Library searching for peer-reviewed journal articles, Internet websites, theses, dissertations and reports (government, NGOs, private sector).

#### **1.16.1 Data coding and analysis**

The researcher gathered data from the participants by electronically delivering the questionnaire for them to self-administer at their convenience and this process was from 12 to 22 October 2021. The questionnaires were hand-delivered and collected at an arranged time by the researcher from the participating SE/SMEs. Attached to the questionnaire was an introductory letter stating the title, aim, objectives and ethical considerations, such as ensuring confidentiality of data and anonymity of the participants. All data was collected and coded into themes according to the objectives of the dissertation and the analysis was done using the Statistical Package for Social Sciences (SPSS) and atlas.ti as instruments for a quick statistical analysis (Lasrado, 2019: 190).

#### **1.17 Ethical considerations**

The researcher sent a letter of informed consent to the General Managers of the selected organisations to request permission for the managers and employees to participate in the data collection process by completing an anonymous questionnaire voluntarily, which would take approximately 10 minutes to complete. Formal ethical approval to conduct the research was obtained from the Research Ethics Committee of the Faculty of Business and Management Sciences at the Cape Peninsula University of Technology (see Appendix A). Before sending the questionnaires, the researcher ascertained a convenient time from the participants to send the questionnaire. The questionnaire was accompanied by an introductory letter explaining the aim and objectives of the research as well as the ethical considerations applied in the research.

The introductory letter explained the issues of privacy, confidentiality and anonymity. Below are the ethical research principles to be applied in this research:

- The researcher explained the aim and objectives of the study to participants at the beginning of their participation;
- The researcher defined the survey process to participants in advance;
- The researcher ensured the participants were aware their assistance was voluntarily and that they could withdraw from the research at any time and for any reason;
- The researcher alerted participants to ignore questions if they wanted to; and

- The researcher guaranteed participants full confidentiality and anonymity whether published or not (Cape Peninsula University of Technology [CPUT], 2020).

### **1.18 Outline of the dissertation**

Chapter 1: Introduction; problem statement; study aim; research questions; objectives; delineation of the study; and the significance of the study.

Chapter 2: Literature relevant to the study; BE as a business model (motives, benefits, obstacles of adopting BE); tourism SME speed of innovation and approach to TQM; SME hotels as the objective of the study; and the role of macro-environmental factors in SMEs.

Chapter 3: Research design; research paradigm; research methodology; population; sampling method; questionnaire; ethical considerations; and data collection.

Chapter 4: Data analysis and results of the study; Introduction, biographical information; and analysis of the questionnaires.

Chapter 5: Conclusion and recommendations; rationale of the study.



## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This study examines the CSFs for SMEs to achieve BE, to bolster value and quality in a hotel's performance, resources and capabilities to bring internal growth and job creation. This chapter is an outline of the background of the research study aligned with the aim and objectives. In addition, the chapter identifies gaps in the literature to establish the CSFs for an SME to achieve economic growth and further development. The literature identifies the BE models that are suitable for hotel SMEs and the extent to which the SMEs use these models, searching for the CSFs to achieve BE.

The researcher believes that for SMEs to adopt BE, they must maintain good leadership, customer/client focus, conceptual concerns, increase in scale and speed of innovation and creative implementation for high performance/competitiveness. Tickle et al. (2016) and Sternad et al. (2017) support this opinion that the main obstacles for SMEs include the inability to adopt BE practices.

According to Jankalová and Jankal (2020: 16), the corporate community is exposed to a new approach known as BE, which is discussed in Section 2.3. Faced with an increasingly volatile and asymmetric competitive environment, organisations that wish to remain and compete in their industries must constantly improve their processes and services to gain a competitive edge. Organisations need to incorporate BE techniques and quality processes as core components of their business concepts, resulting in better business performance (Jankalová & Jankal, 2020: 16). These techniques necessitate a rethinking of how organisations operate in the planning, development, execution and assessment phases of their daily practices. Different approaches and tools, such as corporate process reorganisation, continuous performance analysis, enterprise resource planning (ERP), lean management and the Six Sigma model management, are becoming more common. Also, this has mandated the use of an applied model to achieve BE at all stages of businesses (Marković et al., 2020: 25).

As such, many businesses begin by constantly improving their business processes in various ways to adapt to changes in the marketplace and the demands of their customers. Thus, organisations participate in quality award processes to support their quality management. In this chapter, the researcher seeks to provide an overview of the terms BE and TQM and the role they play in promoting quality service in tourism organisations within the Cape Town CBD. Also, this study determines the challenges facing these organisations on how they incorporate the values of

BE into their organisations to maintain quality management and therefore achieve success. Furthermore, the research seeks to identify the CSFs with references from other scholars (Milandrie, 2016: 68; Milandrie et al., 2017: 8-9; Chingarande & Saayman, 2018: 801), such as the most common CSFs, which include human resources and finance.

The study uses tourism SMEs in the CBD of Cape Town as a case study to examine key success factors that result in an effective and efficient operation in the SME tourism industry to bring about growth and job creation.

## **2.2 Literature definitions of the key components of the study**

It is necessary to explain the terms used in this study and to place them into perspective to meet the study objectives.

### **2.2.1 Defining Small and Medium Enterprises**

There is no agreed worldwide definition for SMEs to date. A common concept of a small enterprise is difficult to reach since countries' economies vary and people follow unique definitions for specific purposes. In addition, within countries, definitions can often differ by sector, or from organisation to organisation. To support this statement, Rahman et al. (2016: 125) and Dar et al. (2017: 50) offer an example of Germany's definition of SMEs as organisations with less than 100 employees, while France defines SMEs as those that have less than 500 employees.

For this study, the South African Department of Small Business Development notes that the original National Small Business Amendment Act (Act 26 of 2003) established three categories of SMEs using the standard industrial sector and subsector classification—"size of the class, the equivalent of paid employees and total turnover" (SA, DSBD, 2019: 110). Hence, the definition used in the South African Act differs from other countries. The definition used is that of the Department of Small Business Development (SA, DSBD, 2019: 111), as shown in Table 2.1.

**Table 2.1: The new National Small Enterprise Act thresholds for defining enterprise size classes by sector using two proxies.**

Sector or subsector by the standard Industrial Classification	Size or class of enterprise	Total full-time equivalent of paid employees	Total annual turnover
Catering, accommodation and other related trades	Medium	51-250	< R40 million
	Small	11-50	< R 15 million
	Micro	0-10	< R5 million

Source: South African Department of Small Business Development (SA. DSBD, 2019: 111).

Table 2.1 shows the new National Small Enterprise Act thresholds for defining enterprise size classes by sector using two proxies. The new SME thresholds were released from a Government Gazette, changing the definitions of micro, small and medium firms. According to the Gazette, the revised turnover threshold estimates were calculated to account for inflation since they were last modified in 2003. The updated schedule also defines a small enterprise as "total full-time equivalent of paid personnel" and "total yearly turnover," removing the third proxy of "total gross asset worth," which was previously used to estimate the size of South African enterprises. The last change is the merge of the 'very small enterprise' category into the 'micro enterprise' category. The reason for this, according to the Gazette, is that a notable proportion of users find this size or class category unnecessary and inconsistent with global practice.

### **2.2.2 An overview and relevance of Small and Medium Enterprises in the South African economy**

According to Hung et al. (2016: 232) and van Scheers (2018: 163), SMEs tend to be more vulnerable during the growth phases as they face many difficulties due to, for example, lack of resources, including financial and human capital resources. In developing countries like South Africa, SMEs play a crucial role as the nation faces major challenges in terms of unemployment and income distribution. In addition, about 98% of South Africa's formal business organisations

are SMEs, contributing between 51–57% of the GDP and 60% of jobs (Makwara, 2019: 4; IDC, 2021: 6) There is clear evidence of purpose-driven entrepreneurship happening at the grassroots level, which is a positive sign of a societal desire for economic sustainability in the future (Bowmaker-Falconer & Herrington, 2020: 43).

Drawing from van Scheers (2018: 163), any economic crisis impacts decisions on marketing strategies for SMEs, as well as consumers' perceptions and behaviours. The marketing role of SMEs plays a vital role in helping them to thrive. SMEs need to remain profitable and consumers are much more prone to recessions (as seen worldwide by the recession caused by the COVID-19 pandemic). Consequently, any global recession poses problems that lead to the failure of SMEs. Van Scheers (2018) adds that there is little flexibility for SMEs to deal with declining demand, scarcer funding and overdue payments (van Scheers, 2018: 163), especially in extended periods of recession.

According to Sitharam and Hoque (2016), there is a high global failure rate (over 60%) for SMEs and the situation in South Africa (SA) is no different with approximately 70%-80% SMEs failing. Sitharam and Hoque (2016: 277) suggest that SMEs can meaningfully reduce high unemployment and unemployment rates and contribute to the local economy's GDP in SA. Apart from helping to limit the high levels of unemployment, SMEs may be used in transforming the nation by allocating productive assets to previously disadvantaged groups.

Ayandibu and Houghton (2017: 135) report the following among the many important aspects of SMEs in the SA's economy:

- Firstly, SMEs are the engine of growth; Ayandibu and Houghton reference the World Bank's role in creating jobs in SMEs in the South African economy. Given its labour-intensive nature, the sector contributes significantly to the country's economy by providing job opportunities for unskilled, semi-skilled and skilled South Africans. Furthermore, Mjongwana (2018: 13–14 ) reports that SME employment accounts for 60% of private-sector jobs and drives economic growth. With SMEs accounting for 95% of worldwide firms, they are important drivers of innovation and social integration. Also, the hotel business generates around 71% of jobs in the lodging industry and offers an opportunity to formerly disadvantaged populations in South Africa. In short, Mjongwana notes the importance of nurturing every sector that generates new employment in a country's economy. Also, Ayandibu and Houghton (2017) report that if policymakers and those who offer institutional support could motivate more entrepreneurs to launch their SMEs, this could increase job creation in a country. This is one of the objectives of this

study—to examine key success factors that result in an effective and efficient operation in the SME tourism industry in the Cape Town CBD to bring about growth and job creation.

- Secondly, SMEs are essential for a competitive and efficient market. Raising the level of competition in the economic sector, SMEs increase commodity prices, increase the selection of goods for customers from which to choose, as well as the quality and comfort to choose. In SA, SMEs play a considerably significant role, where the SME sector drives and is at the forefront of innovative goods, new distribution mechanisms and general advancements. SMEs are best positioned to take advantage of the competition and are more likely to grasp new opportunities than their larger corporate counterparts. As competition increases, this is good news for the public and eventually, the economy is pushed to a more effective and profitable space (Ayandibu & Houghton, 2017: 135).

SMEs are critical for poverty reduction as a part of poverty reduction policies. The governments of several developing countries (e.g. South Africa and Vietnam) have introduced tourism to promote economic growth (Ayob & Ibrahim, 2016: 24). It is also argued that because of its diverse features, tourism has a greater potential for poverty alleviation than most other industries. SMEs are usually situated outside of the traditional major urban centres in geographical regions. This could be for reasons of lifestyle or simply because that is where business opportunities reside. SMEs are particularly practiced by self-employed persons. The argument is that economic growth outside the big metropolitan regions contributes to job creation, whatever the cause and 'multiplier effect', a metric that characterises the indirect economic and social effects of tourism at the regional level much enjoyed by economists, kicks in, helping to minimise poverty in rural areas. Tourism's need for a specific set of human-based services necessitates their production, which in turn stimulates the growth of businesses that manufacture items for this industry (Nurov et al., 2021: 271-272). Not every SME is in a non-metropolitan region; non-metropolitan areas play an important role in fighting poverty through job creation, skills development workshops and social benefits (Ayandibu & Houghton, 2017: 135).

Ayob and Ibrahim (2016: 23-24) defines poverty as a complex, multi-dimensional, multi-scale issue that affects many countries. In addition, poverty reduction includes a range of approaches such as pro-poor tourism (PPT) and such an approach is versatile in local environments and embraces a variety of expertise and values, like boosting local access to tourist infrastructure and services. Tourism has gradually been integrated into national and international politics to accomplish this. Ayob and Ibrahim (2016) further highlights the emergence of the concept of PPT, established in 1999, which was described as tourism that generated benefits for the poor and was

one result of this political relationship. Such benefits may be economic, social, environmental, or cultural.

SMEs play a particularly important role in developing countries, according to Sitharam and Hoque (2016: 277). The SME sector makes a major contribution to the country's economy by reducing unemployment and hunger and promoting entrepreneurship through the establishment of ideal business circumstances, for example, tourist sector operations and removal of all hurdles to tourist growth. Also, SMEs play a significant role in the country's growth through the development of competitive tourist goods, the establishment of new tourist routes and the presentation of these goods and routes to global tourist markets (Nurov et al., 2021: 271-272). Despite the importance of SMEs and their contribution to economic development, they continue to experience several obstacles in South Africa and globally. SMEs continue to be denied access to corporate bank financing and are barred from participating in the mainstream economy due to the establishment of unachievable industry standards (Makwara, 2019: 5).

### **2.2.3 Overview of the South African tourism economy**

The travel and tourism industry has been described as one of the largest and fastest-growing economic sectors in the world, contributing 10.3% to global GDP and jobs (330 million) worldwide, according to the World Travel and Tourism Council (WTTC, 2021: 1). Transportation, accommodation, arts and crafts, travel agencies and tour operators, game parks, attractions, events, meetings and public sector support services are all tied to the tourism industry (Mbane, 2017: 16). In South Africa, the tourism sector's direct contribution to GDP in 2018 was R130.1 billion, accounting for roughly 3% of GDP. In 2018, the tourism sector accounted for around 4.5% of overall employment in South Africa (Stats SA, 2021b). The number of tourists declined by 72.6% in 2020, from 10.2 million in 2019 to 2.8 million in 2020 (Stats SA, 2021b). The COVID-19 pandemic had a significant influence on the tourist sector both globally and in South Africa, owing entirely to the lockdown and travel restrictions that were enforced. However, in a recent statistical release of the GDP, trade, catering and accommodation businesses grew at a 6.2% annual rate, contributing 0.8% to GDP growth (Stats SA, 2021a: 2).

According to Pikkemaat and Zehrer (2016: 343), tourism is a “service-intensive industry”, meaning consumers’ experiences of service and customer satisfaction determine the competitive success of any service provider. These authors argue that customers do not buy the product but rather the benefits and experiences received. Hence, it is important for tourism SMEs to be innovative and provide quality services/products.

The SA Tourism Review Committee (SATRC, 2015: 3) reports that tourism makes a huge contribution to foreign exchange profits, employment and World Domestic Product. Also, tourism matters because it is a unique economic sector that challenges standard notions about how production and consumption occur. The majority of tourism enterprises worldwide are small firms that provide housing, guide services, day tours, transportation services and other related activities. A preference for many visitors is the more intimate essence of the experience offered by small businesses.

Drawing from Wesgro’s South African National Tourism Performance Report of 15 March 2020 (Wesgro, 2020: 1), in response to the coronavirus pandemic, the South African government announced a national state of disaster. On 26 March 2020, a national lockdown came into force, resulting in border closures and a complete standstill in all activities, including tourism. Table 2.2 gives an overview of the international tourism indicators. Restricted tourism operations were implemented as of 1 June 2020, in line with the Government Risk-Adjusted Policy (Wesgro, 2020: 2). International borders remained closed until 30 September 2020 and no international tourism activity for Quarter 2 of 2020 had been registered. In Quarter 1 of 2020, total foreign direct spend in South Africa was recorded at R19.4 billion, decreasing by 24.0% year-on-year, while average tourist spend in South Africa decreased by 14.1% year-on-year, being a dismal R8,400 in quarter 1 of 2020 (Wesgro, 2020: 2). The Asian market (-33.7%) accounted for the largest drop in foreign arrivals in South Africa, followed by North America (-19.8%) and Europe (-13.4%) (Wesgro, 2020: 2).

**Table 2.2: International tourism indicators**

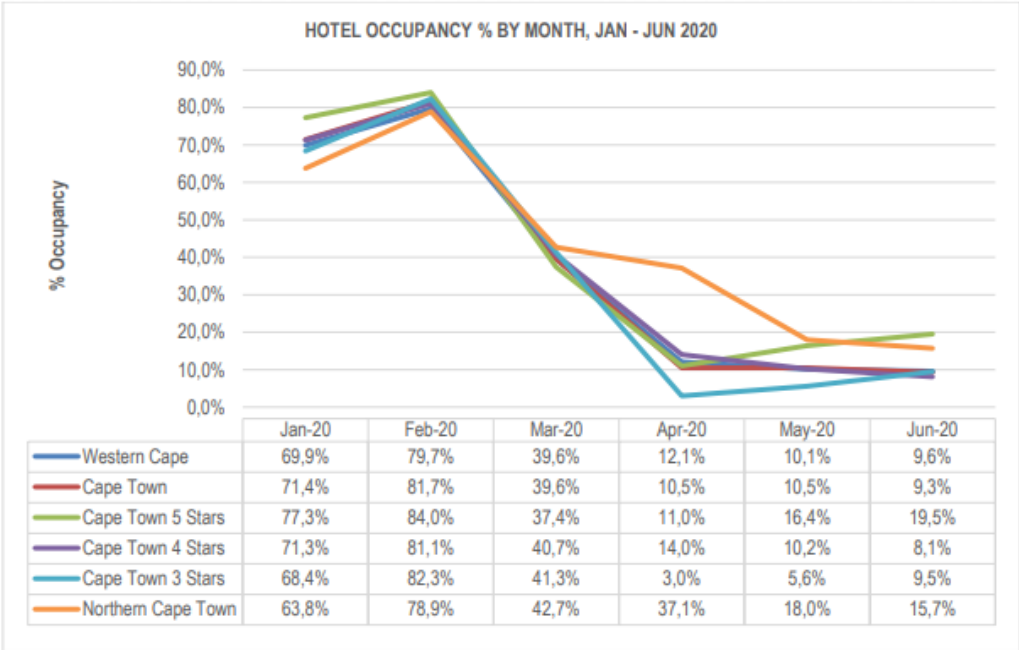
<b>International tourism indicators</b>	<b>Q1 2017</b>	<b>Q1 2018</b>	<b>Q1 2019</b>	<b>Q1 2020</b>	<b>19/20 year-on-year change</b>
Total number of tourist arrivals	2.6 million	2.8 million	2.7 million	2.4 million	-10.2%
Total foreign direct spend (excl capital expenditure) from tourists	R19.0 billion	R20.7 billion	R25.7 billion	R19.4 billion	-24.0%
Average spend in SA per foreign tourist	R7,800	R7,900	R9,900	R8,400	-14.1%

Source: Wesgro (2020: 2)

This data presents the major performance metrics for the South African tourist industry in 2020, broken down by quarter and year-on-year change. It gives insight into overall tourist arrivals, foreign direct spend from tourist arrivals and the average amount each visitor spends in South Africa (the data does not record the average time spent in South Africa per visitor).

In addition, the output of WC tourism saw a 10.3% decrease in international arrivals via the CTIA in Quarter 1 of 2020, declining to a total of 322 624 passengers compared to 359 670 in 2019 over the same period, (WCDEDT, 2020: 7; Wesgro, 2020: 3). Throughout Quarter 2 of 2020, due to border closures and travel restrictions, no international arrivals were seen (WCDEDT, 2020: 8). Tourism and travel activities continued to be restrained as the country steadily eased its lockdown restrictions (Stats SA, 2021d: 8). In October 2020, several categories in the inflation basket reported an annual drop in rates, most notably fuel (-9.1%), holiday packages (-3.7%) and hotels (-3,3 %) (Stats SA, 2021d: 8).

Figure 2.1 shows the hotel occupancy rates for January and February 2020 and further reports that hotel occupancy showed a promising growth increase for the WC, with 70% and 80% occupancy, respectively. However, due to travel restrictions imposed to control the COVID-19 pandemic, occupancy rates decreased from March 2020 to around 40% and began a downward trend into June 2020 (9.6% occupancy) (Wesgro, 2020: 4).



**Figure 2.1: Hotel occupancies**

Source: Wesgro (2020: 4)

This data presents the major performance metrics for the WC hotel occupancy in 2020, broken down by month. The data gives insight into the first two months of 2020’s promising growth for the



WC but because of travel restrictions, occupancy numbers fell to roughly 40% in March 2020 and continued to fall through to June 2020 (9.6% occupancy).

Despite the problems that tourism has suffered in recent months (2020), the Tourism Satellite Account for South Africa delivers job- and economic data that fills a key role in Stats SA's daily economic sequence. Tourism, for example, is not included in the most recent GDP report, even though there are a lot of statistics for other businesses (Stats SA, 2021c). As a result, tourism is not categorised as a separate industry in the SIC scheme, which is the international standard for classifying industries within an economy. The SIC is a classification system used by Stats SA to divide the economy into distinct sectors, such as agriculture, mining, manufacturing, commerce, finance and government. Tourism-related events are included in this grouping standard across various sectors. In terms of the SIC, hotels, for example, are classified as part of the commerce sector, while tour buses are classified as part of the travel, transportation and correspondence industry. With restaurant closures expected (from 2019) in the majority of countries and the expectation that social distancing will be a key strategy for dealing with COVID-19 in many countries for several months, it is reasonable to expect restaurants to struggle to recover, especially given their limited liquidity and low-profit margins (Gössling et al., 2020: 12). In 2021, restaurants may stay open only for take-out customers under this organisational choice and, therefore, necessitates a reduction in the number of workers. Many smaller businesses, including cafés, may have chosen to close because decreased shopping demands made profits impossible, yet they are still expected to meet operational costs, such as building rents (Gössling et al., 2020: 12). Hence, quick food outlets are expected to benefit from the initial reduction in the social gap between them and fine-dining restaurants. To report on tourism, statisticians must extract tourism-related data from around the SIC and combine it into a separate dataset known as a satellite account. This gives an overall impression of the economic impact of tourism-related activities in the country.

#### **2.2.4 Tourism SME speed of innovation**

According to Ayandibu and Houghton (2017: 135), SMEs play a vital role in South Africa, where the SME sector also functions and is at the forefront of innovative items, new distribution channels and general developments. Pikkemaat and Zehrer (2016: 343) define innovation as the “creation of originality of services or products that is different or needed by the market”. Lasrado and Uzbeck (2017: 722) report that an improvement anywhere in the business helps the organisation manage growth and that improvement helps interested parties within the organisation to be aware of the main causes of complications/challenges before formulating a strategy.

Scholars such as Taneja et al. (2016), Coleman et al. (2016) and Eriksson et al. (2016) argue that small business owners, when it comes to planning and developing, are naïve, which limits them from achieving strategic innovation. However, Eriksson et al. (2016: 9) make their argument that corporate organisations are more advanced in development than SMEs, based on their process developments, customer satisfaction and how they achieve results and leadership skills.

### **2.2.5 Critical success factors (CSFs)**

CSFs are characterised as the restricted set of options that ensures an organisation's good competitive results. These are the traits, qualities or circumstances that, when handled appropriately, will result in a firm's or an industry's considerable success or economic growth (Chingarande & Saayman, 2018: 801). CSFs are actionable, management-controllable to varying degrees and theoretically observable. Since the aim and priorities vary from industry to industry, each sector and industry will have its related CSFs (Milandrie, 2016: 68; Milandrie et al., 2017: 8-9). Chingarande and Saayman (2018: 801) highlight the most common CSFs, including human resources, finance, business- and customer-related factors, quality, services, effectiveness, marketing, processes, hygiene and merchandise, as being the CSFs most frequently seen, where both mathematical and descriptive methods were used. A descriptive methodology not only accurately describes but also quantifies the physical attributes of the product's characteristics (Oliver et al., 2018: 1). CSFs are regarded as an important element of the management position (such as decision- and policy making) in the South African tourism industry. Various factors found in management literature are briefly discussed below, in no specific order.

- Finance

The literature discussion above has described tourism as having a relationship with finance. Financial institutions must finance the tourism sector to help it grow and increase in size and structure, hence, the growth of this sector would also boost the country's economy. According to Chingarande and Saayman (2018: 802), tourism growth needs investment in the tourism industry. Investment in tourism infrastructure means upgrading tourism services and making the destination more attractive to visitors. Through incentives and government investment promotion efforts, a country will encourage tourism sector investment.

- Service Quality (SERVQUAL)

Although the importance of service quality has been acknowledged, few studies have examined service quality in hotels from the perspective of employees. According to Al-Ababneh (2016: 189), customers are less likely to return to an accommodation or food establishment if it fails to fulfil their needs in terms of service efficiency, regardless of price point. In a highly dynamic

marketplace, service quality in the accommodation industry becomes one of the most critical considerations for achieving a sustained competitive edge and gaining customers' trust.

Al-Ababneh et al. (2018: 60) argue that service quality is usually investigated from the perspective of external customers and is regarded as one of the most important factors in the productivity of modern dynamic organisations, especially hotels, since concentrating on it contributes to employee job satisfaction in an organisation.

According to Al-Ababneh et al. (2018: 56), SERVQUAL is defined through five dimensions as a measuring scale of employee perceptions toward service quality in the service industry and is focused on the assessment of service quality by the client. The definition focuses on the difference between clients' expectations and perceptions and the actual delivery of a service, where a multidimensional construct reflects service quality. SERVQUAL employs different features and within these features quality of service is assessed using 22 items to reflect the client's perceptions and expectations. In addition, this approach shows what is expected of the service and how it is viewed (respondents [clients] use a seven-point scale ranging from 1 = fully agree, to 7 = fully disagree). The level of quality of the service is represented by the difference between the service perceived, anticipated and experienced.

Some scholars, such as Stefano et al. (2015: 433), argue that the direct influence on consumer retention, as well as the indirect impact on customer loyalty, has been recognised in literature by measuring the value of the standard of service for business results. Also, they characterise quality service as a combination of multiple attributes such as protection, convenience and satisfaction, all of which are difficult to reliably quantify. Furthermore, the evaluation of efficiency is carried out both during and after the service delivery process; the customer decides by comparing the perceived output with what they expect. In this way, traditional calculation utilises cardinal or ordinal scales to assess the level of service. However, Stefano et al. (2015: 434) note criticisms are that the measurement-based critique of scale is that the score does not reflect the choice of the consumer. Human and preferential judgements are always ambiguous and an exact numerical value will not predict their choice. Preferably, it is advised to use linguistic terminology to define the desired meaning and the weight of the criterion (that is, for example, medium, low, fair, high) due to the present vagueness of the process.

Below is a list of the five service quality criteria proposed in the SERVQUAL dimension (Stefano et al., 2015: 435):

1. Tangibles: physical buildings, appliances and staff appearance.
2. Reliability: ability to conduct the promised service efficiently and correctly.

3. Assurance: staff awareness and courtesy and their ability to encourage confidence and responsibility.
4. Empathy: the amount of loving and individualised consideration provided to its customers by the organisation.
5. Access: maintains accessibility and communication with cases.

- Human capital

A hotel guest's impression of service is influenced by a wide range of aspects, from approaching the receptionist, the style of pillows on the bed, or the breakfast buffet. According to Mbane (2017: 25), employees are valuable assets in the world economy. The authors emphasise that the successes or failures of a hotel organisation are heavily dependent on how front-of-house employees project and market the commodity to customers. Front officers, for example, sell hotel rooms, register guests and distribute rooms to them, give room keys, provide in-house and external information to guests, manage guest accounts and reliably settle their bills, while other agencies must ensure that the guest experience is fulfilled by providing support services to the front officers.

- Human resources

Human capital is essential because it is a fundamental asset that allows an organisation to maintain a competitive advantage over time. According to Mbane (2017: 25), employee happiness is linked to the quality of working life, strong leadership style, daily preparation, job stability, the hotel's brand value and employee characteristics, which is the most significant factor. To achieve an integrative movement, managers must express and deliver a specific goal, benchmarking the implications of the spectrum for the staff .

Employee appreciation entails committing to their needs for happiness and well-being, which includes adaptability to high-performance job environments that are personalised to the needs of employees. This means the success of a hotel is increasingly dependent on the varied experiences, talents, imagination and inspiration of both employees and other stakeholders of the organisation, such as expertise and/or tools to fulfil their usual day-to-day tasks, resulting in fewer, if any, customer reports Mbane (2017: 5–6).

According to research conducted by Al-Ababneh et al. (2018: 60), workers are fairly pleased with their work in all aspects of workplace satisfaction. It was also discovered that co-workers, working environments and fringe benefits received the highest levels of satisfaction from staff, while contact and quality of employment received the lowest levels of satisfaction.

- Service performance

Mbane (2017: 25) describe the following competencies as required for hotel employees:

- 1) Dealing with visitor issues of understanding and sensitivity;
- 2) Upholding professional and ethical standards;
- 3) The maintenance of meaningful client relationships;
- 4) Constructive interpersonal and written communication;
- 5) Possession of leadership skills in achieving the organisation's goals;
- 6) Establishing good working relationships with co-workers and
- 7) Employee incentive to achieve desired success.

In addition, Mbane et al. (2017: 25) report some of the required competencies of frontline skills include being quick-witted, sociable and fluent in a foreign language.

### **2.2.6 Critical success factors within the hotel industry**

This research aims to identify CSFs within the hotel industry. It examines elements that managers should consider as they provide important information for achieving the organisation's goals and objectives. In the fields of corporate information systems and strategic and operational planning, there is abundant literature on CSFs. However, research on CSFs in the hotel industry is scarce. CSFs are defined by Milandrie (2016: 37) that are required for an organisation to thrive and achieve the management's set objectives.

Fuentes-Medina et al. (2018: 44) integrate a consumer perspective by defining CSFs as "those product features that are appreciated by a segment of customers and, as a result, where the business must excel to exceed competitors".

According to United Nations World Tourism Organisation (UNWTO) (2018: 9), tourism is a crucial sector for job-creation and distribution of wealth in countries around the world, particularly emerging countries like South Africa, and there is a pressing need to create economic possibilities, particularly in the most vulnerable areas. It is a rapidly expanding sector in emerging nations that has the potential to have a significant impact on local economies as a job creator and economic engine. In many places, SMEs and micro-SMEs supply most tourism services—accommodation, food and activities (UNWTO, 2018: 23).

In section 2.2.5, the literature identified the CSFs for SMEs to achieve BE. In the next section, the study looks at the CSFs specific to the hotel industry. Critical success criteria for tourism as a

business tourism destination include human resources, finances, customer-related characteristics, quality, facilities, effectiveness, marketing, systems, hygiene and products (Nqosa et al., 2019: 5), however, the author should be specific because CSFs vary by sector.

### **2.2.7 Impact of macro-environmental factors on the tourism industry**

The macro-environment consists of uncontrollable factors that shape an organisation's decision-making, as well as its efficiency and policies. These factors may not have a direct impact on the organisation's daily operations but they may have an indirect impact.

According to Barkauskasa et al. (2015: 169), there are external environmental factors that affect the development of tourism both positively (the sum of workers and structuring of new tourism equipment) and negatively (unemployment, political unsteadiness). These factors include but are not limited to, the economy, social factors, political instability, unemployment, the coronavirus COVID-19 (specific to 2020/21), and criminal behaviour.

However, some of these factors, including the economy (personal income, transport and accommodation, exchange rates), social factors (population by age group and occupation, duration of paid holidays, life expectancy) and political instability (security, special events) play a very significant role in influencing the development of tourism (Barkauskasa et al., 2015: 169).

Scholars, such as Sitharam and Hoque (2016: 278) and Mhlanga and Steyn (2017: 1), describe tourism as a significant source of jobs and economic activity and argue the importance of tourism-related enterprises to contribute to the economic development of countries. The market environment is defined as both internal and external variables that influence an organisation's ability to survive and prosper. As a result, the corporate climate is regarded as critical in the development of a country's economy.

For example, the first notice of pneumonia of an unknown origin was issued by the World Health Organisation (WHO) Country Office in China on December 31, 2019. In China, in early January 2020, 41 patients with suspected infections caused by a novel coronavirus (COVID-19) were admitted to hospitals. According to Gössling et al. (2020: 1), the fact that the virus spread quickly in China's Wuhan area was widely ignored in other parts of the world at first. Wuhan was placed in lockdown to keep the virus at bay but by mid-March 2019 the epidemic had spread across all continents, with 146 countries being affected. With no vaccine available and few medicinal therapies, several countries turned to non-pharmaceutical interventions, such as lockdown (home confinement, voluntary/mandatory quarantine), social distancing, school/university closures, non-essential business/workplace closures and event cancellations or postponements. Global, state

and local travel constraints impacted national economies immediately, including international travel, domestic tourism, day trips and divisions such as air travel, cruises, public transit, hotels, cafes and restaurants, convention centres, concerts, festivals and sporting events. Hence, there was a huge decline in the tourism industry.

According to Gössling et al. (2020: 3), it is worth noting that global tourism has previously been subjected to a variety of crises, for example, the September 11 2001 terrorist attacks and the extreme acute respiratory syndrome (SARS) epidemic in 2003—a viral disease that was caused by the SARS coronavirus at the end of 2002 in China but the WHO was only notified of the epidemic in February 2003 (Baldwin & Weder di Mauro, 2020: 6). The global economic crisis of 2008/2009 and the 2015 Middle East Respiratory Syndrome (MERS) outbreaks are among the main traumatic incidents that occurred between 2000 and 2015. None of these elements resulted in an extended closure period, although Gössling et al. (2020: 3) argue that SARS (-0.4%) in 2003 and the global economic recession (-4.0%) in 2009 resulted in a longer-term downturn in global tourism development. Gössling et al. (2020: 3) suggest that the tourism industry has been relatively immune to external shocks to date. There is, however, extensive proof that the COVID-19 pandemic's effect and recovery are unparalleled. Hence, Baldwin and Weder di Mauro (2020: 11) [which was relevant and correct at the time of researching for this study] suggest that:

*“The harsh reality is that we have no 21st-century tools to fight COVID-19. There is no vaccine or treatment. All we have is the methods that were used to control epidemics in the early 20th century. Those, as we shall see, tend to be very economically disruptive”.*

The UNWTO forecast that the complexities and uncertainties of the pandemic, as well as policy responses to the COVID-19, would impact the tourism industry between early and late March 2020. In a press release issued on March 6, 2020, UNWTO (2021a) predicted that the pandemic would result in a 1–3% drop in international tourist arrivals (compared to 2019), rather than the expected 3–4% increase. On 26 March 2020, three weeks later, a press release revised this estimate to a 20–30% drop in foreign arrivals (UNWTO, 2021b). These significant changes reflect the uncertainty of forecasts, implying that any predictions of future tourism effects should be viewed with great care and are merely predictive.

In a study conducted by Sitharam and Hoque (2016: 283-284), the majority (74%) of SME owners/managers emphasise key factors that are important problems affecting the performance of SMEs. They report that South Africa's labour laws are widely regarded as being overly limiting and the proposed labour rules now being implemented (for example, relaxing children's passports when visiting South Africa) have been criticised as being very restrictive policies. Also, tax laws with their tax provisions increase the regulatory burden on small enterprises and divert money that

could be better used to handle those businesses (Mhlanga & Steyn, 2017: 9). South Africa implemented new visa rules in June 2015, requiring children and visitors to register for travel documents in person at a visitor centre (in English) and with a birth certificate that included both parents' full names. As a result of this requirement, South Africa was eventually omitted from the destination brochures of international tour operators and travel agencies, which negatively impacted the country's tourism industry. Visitors are very vulnerable to political risks in host countries and political risk influences all forms of industry. It has an impact on the tourism industry's success in terms of visitor arrivals and sales. The political danger in South Africa affects industries in all fields, including tourism, which has been doing well in terms of visitor arrivals and sales.

The preservation of tourists' and visitors' lives could be in a form of their welfare, physical, psychological and economic dignity, as well as society at large and establishment operators, which is referred to as tourism safety and security. Tourist safety and security concerns build risk expectations, causing travellers to reconsider or postpone their travel plans. This may include cancelling reservations, postponing vacations to affected areas or transferring to safer areas and even returning to their home countries (Chingarande & Saayman, 2018: 801). Any country's high level of trade transparency improves market access for its manufacturing and services markets, including tourism, which is reliant on a diverse set of supporting industries. Increases in international trade could result in more international tourists visiting the country.

### **2.3 Mechanism to develop and implement Business Excellence**

According to Tickle et al. (2016: 199), BE can be defined as “excellence in strategies, business practices and stakeholder-related performance results that have been validated by assessments using proven Business Excellence models”.

Lasrado and Pereira (2018: 3) are of the view that TQM was the initial acronym for BE but today's chosen concept conveys the significance of "excellence" in all facets of an organisation, not just product and process efficiency. It leads various forms of organisations to achieve excellence, including government, corporate, service, education, healthcare, for-profit and non-profit. BE is the process of enhancing and strengthening an organisation's management structures and procedures to increase efficiency and provide value to stakeholders. It is not just about keeping a quality scheme in place, though that is the most efficient way to ensure an organisation's fitness. It has been a major guide for organisations to implement their business strategies for continuous improvements, such as adopting BE models.



Jankalová and Jankal (2018: 24), for a variety of purposes, argue that using BE models as a method for assessing sustainability should be considered for the following reasons:

- Firstly, excellent organisations reach and maintain standards of excellence that match or surpass the needs of all their stakeholders. Also, BE models provide a methodical approach to meeting the needs of stakeholders;
- Secondly, company excellence models create opportunities for the convergence between sustainable growth with conventional business processes by allowing for change across core stakeholder dimensions;
- Thirdly, only by the combination of Corporate Social Responsibility (CSR) and BE can sustainability be accomplished. One of the basic principles of quality still reflects this notion. It is called "creating a prosperous future," and it is described as "excellent organisations having a positive effect on the planet around them by improving their success while simultaneously advancing the economic, environmental and social goals of their communities";
- Fourthly, while excellence is expected at all levels, not every BE model has an integrated approach that considers environmental, economic and social factors; and.
- Finally, these types of models must be improved so that they can be used for sustainability assessments focused on BE and three responsibilities: natural, social and fiscal.

The criterion of these models, such as TQM, the Baldrige BE model and the EFQM, make it a high level of achievement to seek and receive award-recognised accomplishment. The distinctions are in how choices are made and are determined by the desires, traditions, structures and procedures of each organisation. However, at these levels of performance, organisations are still faced with challenges to identify CSFs influencing the criteria of these award-winning models, which in turn improves the country's economic performance (Lasrado, 2019: 721).

### **2.3.1 Motives, benefits and obstacles of BE**

According to Lasrado (2019: 188-189), the most important benefits of quality management systems adopted by organisations proved to be successful when it came to customer satisfaction and competitiveness. However, Lasrado highlights the need for organisations to advance the value of their models by assessing their returns and updating them to keep up with new demands. In addition, using the "excellence models" assists organisations with strengthening management through embracing organisational cultures, self-evaluation to find places for change, employee motivation and the advancement of an organisational identity and find potential growth. These

motives result in a better corporate image, market advantage and improved relations with communities.

Some of the challenges identified by Eriksson et al. (2016: 1211) include transferring quality ownership from quality assurance to management, making the organisation flexible and adaptable to rapid shifts in the market, making quality a strategic priority for stakeholders, developing an innovation culture within the business and leading and accomplishing change. These points were all described as challenges, to create stable and adaptable systems, to comprehend stakeholders' needs and desires, to engage consumers in improvement efforts and to enhance operating performance for greater competitiveness in comparison to the other competitors. The first three top-ranked challenges stand out in terms of relevance to this study.

Even if the excellence models were developed at a time when organisations faced different problems than they do now, such as COVID-19, poor economic growth and high unemployment rates, they are still relevant today. The quality of the models also fits many of the problems found in today's business, indicating that the performance models appear to be important for many organisations.

Kennedy (2019: 15) reports some of the key factors that may be obstacles to be recognised, accepted and overcome through the practice of excellence include:

- Communications: Excellence is built on a dialogue approach. Therefore, communications must be reflective and include engagement instead of using press releases and emails.
- Challenge: Effective systems should be embraced and embedded in the organisational culture to avoid internal friction and factions.
- Conflict: A crisis may exist between current and desired system, which may cause system breakdown. These system elements are intended to provide harmony, not conflict.

In addition, the author highlights the key factors that may help improve management training, performance and better system induction, specifically for the tourism industry.

## **2.3.2 Business Excellence maturity models**

The more well-known models are discussed below:

### **2.3.2.1 Total Quality Management (TQM)**

Paranitharan et al. (2016: 318) define TQM as a model to improve the quality of products by pioneering a plan to better utilise the available resources of the organisation. In addition, Lasrado and Uzbeck (2017: 721) view TQM as an approach to establishing the organisation's aim to

achieve the satisfaction and expectations of the customer/community. Such an approach includes the organisation's culture and environment (performance, leadership style and operations).

Drawing from Eriksson et al. (2016: 1204), TQM is a system of continuously improving processes that creates customer-focused and process-focused organisations. However, these scholars add that TQM innovation and production application areas have been criticised for not considering variations of approaches such as product innovation.

According to Eriksson et al. (2016: 1205), in 1952 the Deming Prize was established in Japan and was founded specifically to honour the work of good organisations. Alauddin and Yamada (2019: 18) explain that there are four categories in the Deming Prize: two for organisations and two for individual accomplishments. The "Deming Prize for individuals" is given to people who have contributed significantly to TQM research or dissemination. Every three to five years, the evaluation is carried out, where the "Deming Prize for Individuals" is awarded to people who have made remarkable contributions to the TQM study. Individuals who have made remarkable contributions to TQM study and promotion are recognised with the "Deming Distinguished Service Award for Dissemination and Promotion". Organisations competing for the Deming Prize are separated into two groups, with distinct minimum achievement scores for evaluation. Participants must receive more than 70 points for the Deming Prize and Deming Grand Prize categories and 75 points each for the A, B and C categories. The Deming Prize is awarded to the organisation that has adopted TQM in accordance with its management philosophy, organisational scale and management climate. The Deming Grand Prize is awarded to the organisation that has maintained and improved its TQM level for more than three years after receiving the Deming Prize.

Similar models, such as the EFQM model in Europe and the Baldrige Excellence Framework in the United States, were created in western countries during the 1980s when these western countries learned how successful many Japanese businesses had become by concentrating on quality and continuous improvement. The importance of using performance templates in the workplace, on the other hand, is up for debate. Eriksson et al. (2016: 1205) suggest that the practical viability of excellence models should be questioned because the models were designed in the 1980s and modern enterprises face new issues and resource-intensive operations and comprehensive model requirements are key drawbacks. On the other hand, a significant benefit is the enhancement work that has been initiated, as well as the better outcomes that have resulted. The models are often recognised as excellent and best-practice manuals for quality management. Eriksson et al. (2016: 1205) advise that this viewpoint is focused on the impact of performance on market outcomes, as well as how these models are the operationalisation of quality management.

According to Tickle et al. (2016: 399), it is strongly repeated that, there are diverse stages of BE maturity that organisations experience, even though there is a lack of understanding of what these stages entail in their application. Coleman et al. (2016) argue that SMEs are not able to compete with corporate organisations to enrol advanced skilled people for employment. Furthermore, these authors suggest an approach to centralising BE as an internal resource for organisations to accomplish quality. Another approach suggested by Tickle et al. (2016: 205) is to assess the maturity stage of an organisation's BE level; maturity levels look at the business development to allow organisations to measure their level of BE maturity. Moschidis et al. (2018: 176) argue that there are many of these matrices that could be used to check the BE maturity level of organisations, including the “project management practice, software maintenance and business processes”. Hence, Gupta et al. (2020: 952) argue for the incorporation of the Lean Six Sigma (LSS) architecture implementation phase as well as the probable deployment of big data methods and technologies to the organisation based on context, which is further discussed in section 2.3.2.2.

To support this study it is emphasised that Tickle et al. (2016: 206) describe the seven-stage maturity process, regarded as a “reactionary” management style, as:

- Stage 1: Unaware – the organisation is unaware of concepts and practices of BE;
- Stage 2: Uncommitted – the organisation has an understanding of BE but no programme is implemented;
- Stage 3: Initiators – the organisation begins initiating basic elements of BE;
- Stage 4: Drifters – the organisation drifts from one BE initiative to another and achieves (only) short-term results;
- Stage 5: Improvers – an organisation-wide BE initiative is driven by a small number of individuals”;
- Stage 6: Award winners – a BE initiative is implemented alongside the business strategy and involves all employees; and
- Stage 7: World-class – BE is fully integrated with business strategy and becomes a way of life.

Organisations that are in favour of this approach see it as a guide to progressing to a more advanced maturity level. Hence, tourism SMEs must find the right BE tools and strategies at the right time and the right place to assist in meeting their objectives.

In terms of leadership, staff, customers and/or improvement/innovation, Figure 2.2 illustrates parallels and disparities between the excellence models. Such common concepts or ideals in the excellence models include management by evidence, resilience and sustainability.

Key themes	MBNQA	EFQM	SIQ	ISO 9001
Leadership	Visionary leadership	Leading with vision, inspiration, and integrity	Committed leadership	Leadership
Customers People	Customer-driven excellence Organizational and personal learning, and valuing workforce members and partners	Adding value for customers Succeeding through the talent of people, and developing organizational capability	Customer orientation Competence development and participation by everyone	Customer focus Involvement of people
Processes Improve and Innovate Agility Management by facts System approach and perspective	Managing for innovation Agility Management by facts Systems perspective	Harnessing creativity and innovation Managing with agility	Process orientation Continuous improvement and learning from others Faster response (reactions) Management by facts	Process approach Continual improvement Factual approach to decision making System approach to management
Results Relationship with suppliers and partners Sustainability Future perspective	Focus on results and creating value Societal responsibility Focus on the future	Sustaining outstanding results Creating a sustainable future	Interaction Public responsibility Prevention and long-range perspective	Mutually beneficial supplier relationship

**Figure 2.2: Comparison of some models of excellence**

Source: Eriksson et al. (2016: 1206)

Figure 2.2 demonstrates that the excellence models have significant characteristics. All excellence models contain features of leadership, people, customers and/or improvement/innovation.

TQM is a method of ensuring perfect customer satisfaction at every level of the business process, both internally and externally. TQM must be supported by all organisational departments. Strong, committed leadership is required to promote the notion (Lasrado et al., 2018: 2-3; Eriksson et al., 2016: 1204). Figure 2.2 shows a set of criteria that appear to be compatible with successful TQM programmes. They reflect strategic components such as employee involvement, communication emphasis, customer focus and awareness of the external market, as well as the need to build supplier alliances and measurement with an emphasis on developing a quality improvement culture.

### 2.3.2.2 Lean Six Sigma (LSS)

The LSS was developed by Motorola Incorporated in the early 1980s to remove product errors, lower quality prices and increase consumer loyalty (Ramphal, 2017: 2) and was later embraced by several businesses (Gupta et al., 2020: 948). LSS is a framework for process change that combines two philosophies, that is Lean Management and Six Sigma (Foris et al., 2020: 8).

Six Sigma is described as a data-driven process management technique used to produce consistent and reliable process outcomes by reducing process variances and defects (Ramphal, 2017: 2). Furthermore, Ramphal claims that Lean Management is a process management technique that is used to produce goods, while Six Sigma is quality-control software. Six Sigma employs a problem-solving approach that demonstrates its value by linking results to the profit bottom line. Therefore, it is a practice used to identify, calculate, analyse, develop and monitor critical processes to improve efficiency and has a significant effect on bottom-line performance. As a result, it cannot be used as a preparation initiative because it is a corporate tactic that changes the mindset of everyone in the organisation and practices; as a result, for example, more effort is spent on executing Six Sigma than on engaging in training.

After studying Six Sigma, Ramphal (2017: 3), Foris et al. (2020: 6) and Gupta et al. (2020: 956) identified the following challenges:

- Concerns include a shortage of high-quality reliable evidence, a lack of data collection tools, a lack of time, a lack of project clarity, a lack of team unity on concerns and opposition to change and
- Team members see work on a Six Sigma project as extra work, they lose excitement, skip meetings, postpone tasks and lose momentum, resulting in the project being extended or even cancelled. Furthermore, the Six Sigma define and control phases, are sources of vulnerability in the “Define, Measure, Analyse, Improve and Control (DMAIC) approach” (Gupta et al., 2020: 948).

The origin of the Toyota Motor Corporation can be traced back to the origins of Lean Management. Apart from manufacturing organisations, well-known Lean tools, such as value stream mapping which can be viewed as both a tool for detecting losses and a way of improving the conditions based on the building of a "road map" (Vasileva et al., 2016: 22).

Lean Management has assisted firms, such as tourism enterprises, in meeting output parameters, including on-time execution of the right quantity and consistency, or the establishment of a

corporate culture that unites employee efforts in reaching the core purpose (Vasileva et al., 2016: 23).

Lean Management is characterised by Vasileva et al. (2016: 8) as:

*...an approach to running an enterprise that follows the philosophy of continuous improvement, a long-term approach to work that consistently attempts to achieve minor, gradual improvements in procedures to increase performance and quality.*

Furthermore, Ramphal (2017: 6) contends that Lean Management organisations concentrate on the removal of all sources of waste and encourage a seamless and effective transfer of goods and information across the supply chain to achieve quicker customer response, greater efficiency and lower costs. Lean practices are concerned with reducing waste to maximise customer satisfaction. Lean methods also emphasise the avoidance of impediments that can obstruct the flow of work.

Along with its performance, Gupta et al. (2020: 948) emphasise Lean Management's shortcomings and critiques as a collection of methods rather than a performance-improvement theory. Further, Lean Management is perceived to have a cascading impact with flaws such as squad autonomy and a lack of top-level dedication. Unlike efficiency and process management programmes such as Six Sigma, Lean Management is not a data-driven solution.

As a result, Gupta et al. (2020: 948) argue that LSS is another strategy for increasing efficiency and consistency in a defined process chain that is now being employed in the formation of enterprises or organisations. LSS is a framework for process change that combines the two philosophies of Lean Management and Six Sigma (Foris et al., 2020: 8). The procedure is regarded as an example of an excellent organisational technique. Six Sigma and Lean Management, according to Gupta et al. (2020: 957), is critical for enterprises to improve their resources and capabilities to recognise new patterns in the organisation and meet client demand. This method has been used widely in a variety of industrial markets, such as the hospitality industry (Foris et al., 2020: 8), including SMEs. Furthermore, a review of the literature reveals that Lean Management tools have been used in fields such as administration, healthcare, construction, maintenance and product development, especially in the hotel sector (Rauch et al., 2016: 615).

Gupta et al. (2020) identify the implementation of the LSS architecture phase as well as the possible deployment of big data strategies and technology to the firm depending on the context. LSS is the combination of two principles, namely Lean and Six Sigma. Big data refers to enormous data sets that are difficult to study and explore owing to their complexity and variety. Big data may assist businesses in revealing hidden patterns, market trends, consumer preferences,

unexplained causation and connections between various factors. Texts, social media, emails, weblogs and work orders, online logs, videos and tweets are examples of such analytics. The use of big data in LSS is required to generate more confident outcomes.

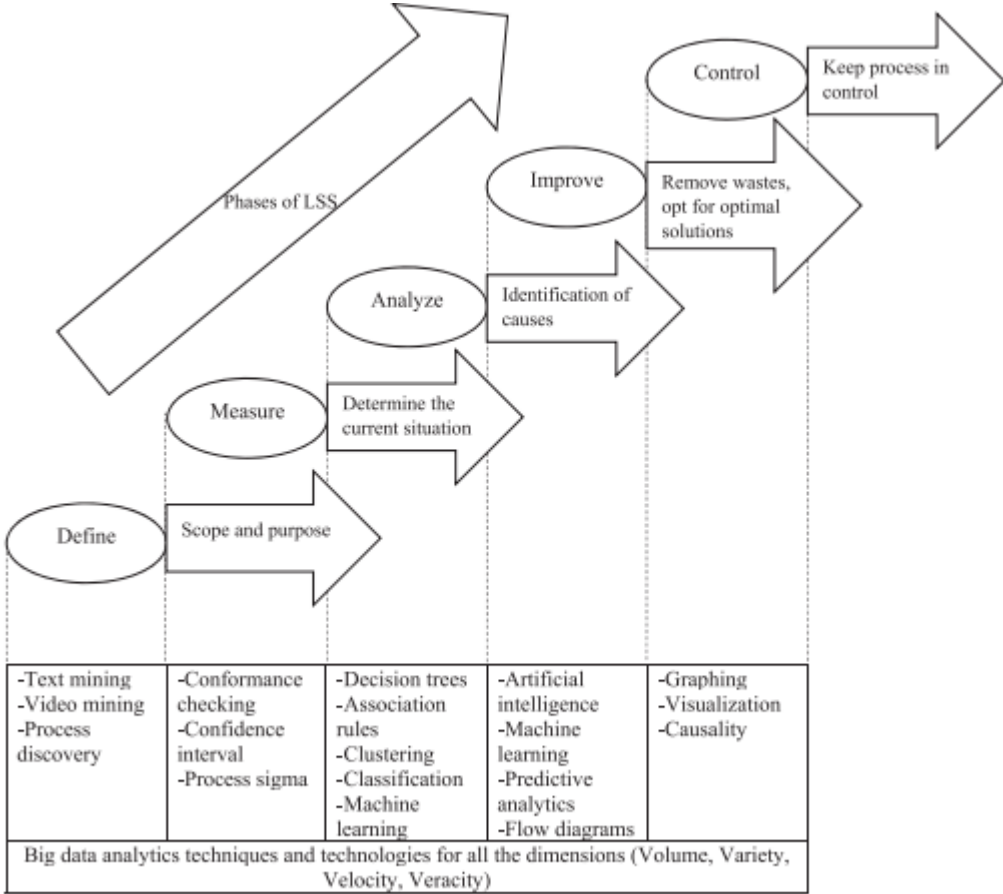


Figure 2.3: Framework for potential application of big data methods and technologies

Source: Gupta et al. (2020: 950)

**2.3.2.3 African Business Excellence model (ABEM)**

BE can be described as everyone in an organisation striving to enhance their error-free performance to be the best at providing high-quality services that meet or exceed consumers' expectations. Kiriri (2019: 13) highlights that businesses participate in or deploy African Business Excellence Models (ABEMs) for a variety of reasons, internal reasons being cost reduction, quality and service improvement but external reasons are less controllable than internal reasons (Milandrie, 2016: 56). Apart from the benefits of participating in ABEMs such as improving the organisation's image, there are also barriers to the application of these models. Kiriri's (2019: 15)



research focuses on ABEMs and the challenges they face to succeed, as well as the strategies they can use to ensure the long-term viability of their frameworks.

Table 2.3 shows Africa’s quality awards and excellence models that have been established, over the years (Kiriri, 2019: 15). Nigeria is the most recent country to set up an ABEM, in 2017.

**Table 2.3: African Business Excellence models**

Country	Region	Name of Award	Year Established
Mauritius	Eastern Africa	Mauritian National Quality Award	1992
Egypt	Northern Africa	The National Award for Excellence in Quality	1997
South Africa	Southern Africa	South African Excellence Award	1997
Kenya	Eastern Africa	Company of the Year Awards	1999
Nigeria	West Africa	Nigeria National Quality Awards	2017

Source: Kiriri (2019: 15)

Drawing from Ladzani (2016: 8) and Kiriri (2019: 15), there is not much coverage or literature about the awards. The South African BEM is a non-governmental sponsor and the awards have not been awarded since 2004. The main challenge is the sustainability of the models in terms of administering the assessment process, the lack of professional assessors and a lack of management performance, particularly in South Africa (Ladzani, 2016: 8; Kiriri, 2019: 15). The South African Excellence Model (SAEM) is the product of a thorough examination of two well-known worldwide models, notably the Malcolm Baldrige National Quality Award (MBNQA) model in the United States and the EFQM model in Europe, both of which have been adapted to better reflect the needs of South Africa (Ladzani, 2016: 11-12). SAEM is a diagnostic self-assessment tool that helps businesses understand their strengths and weaknesses. The SAEM uses 11 factors to assess managerial performance. Among the criteria are leadership, policy and strategy, customer and market focus, people management, resources and information management, processes, social impact, customer and employee happiness, supplier and partnership performance and organisational success.

Eriksson et al. (2016: 1215) and Kiriri (2019: 15) recommend that to overcome the challenges faced by the ABEMs, sponsors of a BEM should promote the framework by emphasising the advantages of participation. The model's sponsors should think about streamlining the process and aligning it with the participating organisations. Lastly, to construct a National Framework, the sponsors should consider including the government and making it a National Award to create a separate body with the government and other relevant stakeholders such as chambers of commerce and other professional and membership organisations. Measuring and benchmarking

the management performance of South African SMEs to world-class best practices could help to identify management performance gaps in comparison to other economies like the United States of America and Europe. By addressing these issues, SMEs in South Africa may be able to improve their performances (Ladzani, 2016: 8).

## **2.4 Summary**

The goal of this chapter was to review relevant available literature on BE and CSFs that influence a BE model to bolster value to a hotel's performance, resources and capabilities, resulting in internal growth and job creation by the selected hotels. The chapter identified gaps in the BE models that are suitable for SMEs operating in the hotel sector and the CSFs that influence them. The chapter also identified gaps in the macro-environment factors that contributed to the 2019/2020/2021 decline of the hotel industry. Furthermore, the chapter also addressed the hotel industry's lack of BE knowledge.

The chapter began by defining SMEs. Their importance to the South African economy was discussed, after which BE models were defined. The importance of BE in defining the culture and framework for assisting SMEs to succeed was addressed and finally, CSFs were defined and their importance to the hotel sector was highlighted. The chapter also discussed the impact of macro-environmental factors on the tourism industry and emphasised the uncontrollable factors that shape an organisation's decision-making, as well as its efficiency and policies.

SMEs are more vulnerable during the growth phase because they face numerous challenges, such as a shortage of resources and financial and human capital resources. SMEs are critical in emerging countries like South Africa, which is facing severe issues in terms of unemployment and income inequality. Furthermore, SMEs account for approximately 98% of South Africa's official business organisations, producing between 51 to 57% of GDP and 60% of jobs (Makwara, 2019: 4; IFC, 2021: 6). There is considerable evidence of purpose-driven entrepreneurship gaining traction at a grassroots level, which is a positive sign of the social desire for economic sustainability. SMEs are especially important in developing countries like South Africa, where unemployment and income inequality are big problems. Poverty reduction policies must include SMEs. Tourism has been adopted by the governments of various developing nations (for example, South Africa and Vietnam) to encourage economic growth (Ayob & Ibrahim, 2016: 24). The travel and tourism industry is one of the world's largest and fastest-growing economic sectors, accounting in 2020 for 10.3% of global GDP and employing 330 million people globally (WTTC, 2021: 1).

In reaction to the coronavirus pandemic, the South African government declared a national state of disaster on 15 March 2020 (Wesgro, 2020: 1). In Quarter 1 of 2020, international arrivals at Cape Town International Airport (CTIA) decreased by 10.3%, to 322 624 passengers, compared to 359 670 in Quarter 1 of 2019 (Wesgro, 2020: 3). Hence, the study examines the CSFs for SMEs to achieve BE to bolster value and quality in a hotel's performance, resources and capabilities to bring internal growth and job creation, as well as BE models that are suitable for hotel SMEs and the extent to which SMEs use these models on the ground of searching for the CSFs to achieve BE.

The following chapter, Chapter 3, outlines the research strategy and technique used to achieve the study's objectives and answer the research questions.

## **CHAPTER 3**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Introduction**

The aim of this dissertation is to determine the CSFs that will effectively influence a business excellence model to bolster value in a hotel's performance, resources and capabilities, and to bring internal growth and job creation to the hotels selected for this study.

To address the research objectives, a questionnaire survey was conducted to collect quantitative data which was then analysed using descriptive statistics. This chapter commences with a discussion and justification of the research paradigm adopted in this study. Thereafter, it explains the approach adopted for the study and justifies the research design employed in this study. This is followed by a discussion of the research methodology applied, which looked at the research population and sampling method employed in the study.

The researcher used a non-random sampling technique to deliver 60 questionnaires to SMEs in the hotel sector in the Cape Metropole. Of these 60 questionnaires, only 40 questionnaires were returned, representing a 67% response rate. The numbers who declined to participate was attributable to the fact that the surveys were lengthy, and due to the COVID impact. Some potential participants advised that they did not have time as they were in preparation for the December holidays. Due to the accommodation industry's closure, many hotels had been displaced. In addition, 6 of the 40 responses were found to be ineligible because participants (employees) were job-shadowing and did not have the necessary knowledge or experience to complete the questionnaires meaningfully. Also, due to changes in arrival and departure work shifts relating to the hotel industry, the researcher was able to gather only 34 completed questionnaires (from both 23 employees and 11 managers), from the 60 questionnaires that were distributed, showing a response rate of only 57%.

The following sections elaborate on the sampling method and provide an overview of the convenience methodology of both probability and a non-probability design approach. The chapter describes the data collection process used in this study, the accessibility of the field studied and the measures employed to ensure the reliability and validity of the research instrument (questionnaire). The limitations of the questionnaire survey methodology adopted in this study are outlined and the ethical considerations applied in this study are addressed. Lastly, a summary of the chapter is offered.

## **3.2 Discussion and justification of the research paradigm adopted in the study**

### **3.2.1 Paradigm**

According to Alharahsheh and Pius (2020: 40), a paradigm “consists of many components, such as ontology, epistemology, methodology and methods”. All these components are interconnected but for this study, the focus is on epistemology, which Nieuwenhuis (2011:55) describes as “how truths or facts or physical laws, if they do exist, can be discovered or disclosed”.

According to Rahi (2017: 1), epistemology has “four main paradigms, which are positivism, pragmatism, advocacy and interpretivism”, to establish the truth. Therefore, epistemology looks at how a researcher aims to discover knowledge to reach reality (Alharahsheh & Pius, 2020: 40).

The epistemology approach applied key universal rules and laws to solve the study problem and answer the research questions of the dissertation is positivism, for various reasons. Firstly, it promotes research in the world of the natural sciences and the scientists who are in support of the research approach believe that true and complete knowledge only comes through careful reflection and pure experimentation. Secondly, in terms of epistemology, the focus of the research discovers facts that are observable and measurable and that lead to the development of credibility and meaningful data. Thirdly, the researcher applied key universal rules and laws to support and explain the studied behaviour or events within the selected hotel organisations.

Alharahsheh and Pius (2020: 41) conclude that positivists opt for scientific methods as their only mode of knowledge production. A quantitative approach was used to collect data as it is a “systematic and objective” way of obtaining information from a specific sample of a population. Quantitative research allows researchers to further their research and illustrate their results in numbers and measurements, more than doing in-depth research. Also, the positivist approach advocates for a structure that allows the use of closed-ended questionnaires that can be analysed statistically, which is why such an approach was selected in this study to be able to answer the research questions.

### **3.2.2 Research approach**

The approach to this study is based on its main objective, which was to determine the CSFs that drive hotels to achieve business excellence. The researcher focused on the hotel SMEs of the tourism industry within the Cape Town CBD. Given the paradigm of this research, the dissertation used a quantitative method employing a questionnaire containing open- and closed-ended questions as the primary source of data collection to obtain new information and show the percentages of CSFs that drive hotels to achieve business excellence (Rahi, 2017: 2). In addition,

the quantitative approach was chosen because it allowed the researcher to obtain numerical values and analyse the data by examining links between them. Quantitative designs are preferred because they can be verified for validity and reliability and can be clearly labelled and documented (Kimanzi & Gamede, 2020: 458).

The literature reviewed reflected information from studies that had previously been conducted to address the stated problem. Such reviews were studies from peer-reviewed journal articles, working papers and reports (government, NGOs, private sector) and formed secondary data.

The data were cleaned, coded and captured in Microsoft Excel spreadsheets, after the questionnaires were returned by the participants. This method was created to prepare the data for mathematical analysis, conclusions and interpretations using SPSS v27.

### **3.2.3 Research design**

This dissertation used a descriptive method that aimed to objectively describe the product of interest using a deductive approach to collect fresh data from participants (Rahi, 2017: 3). A descriptive methodology not only accurately describes but quantifies the physical attributes of the product's characteristics (Oliver et al., 2018: 1). In this case, the research looked at the participant's characteristics, for example, demographics and level of qualification, and other Likert scale-type questions to investigate the background of the problem by answering the research question. The study used percentages, graphs and figures to summarise and present data from responses.

### **3.3 Demarcation**

The study was limited to hotel SMEs only in the CBD of Cape Town. They were selected based on their level of employment, were registered to operate a business in Cape Town and were not listed as public entities. The tourism sector in Cape Town has grown and developed as a tourism region. The reason for selecting this province was, according to GCIS (2020), in their *Official Guide to South Africa 2018/2019*, that the WC has grown and developed as a tourism region faster than any other province (WCDEDT, 2020: 15). The research investigated the CSFs for hotel SMEs to achieve BE.

### **3.4 Research populations, sample and sampling technique**

#### **3.4.1 Research population and sample**

Mangwane et al. (2019: 277) note that a “population refers to any number of people who are to be studied as the main part of a research interest”. In the interest of the study, the selected population was 34 SME hotel participants (managers and employees) in the Cape Town CBD.

### **3.4.2 Sampling technique**

A quantitative approach was used in this study and employed both a probability and a non-probability design approach based on the willingness to participate by the hotels (management & employees), allowing convenience sampling and a simple convenience method to distribute the questionnaires to different hotel establishments. Each participant was conveniently chosen and solely by chance at any time during the sampling procedure, as explained in section 3.9. Maree et al. (2011: 172) define probability sampling as a method “belonging to this class, where each element of the population has a known, non-zero probability of being selected”. It also uses non-probability sampling, although Maree et al. (2011: 176) warn against this method as it does “not make use of a random selection of the population” but does encourage a convenience sampling method. A non-probability method is used when participants are easily accessible to the researcher and is a cost-effective and time-saving approach (Rahi, 2017: 3). It is noted that using a convenience sampling frame could allow for some bias in the collected data, however, together with the simple random selection of the sample, this should be eliminated or at least kept to a manageable level. The selected 34 hotels were requested to respond to an e-mail containing the informed consent letter to proceed with data collection from their organisations (see Appendix B).

### **3.5 Data collection instrument**

The questionnaire to collect primary data was a self-administered questionnaire containing Likert-type scaled questions, which is a well known method for data collection. This is so the researcher could obtain information based on the participant’s opinions and feelings about the issue to embrace the business values and skills to develop their organisations. Participants were assured that their responses would be treated with confidentiality and they would remain anonymous. The questionnaire followed a five-point Likert scale design, indicating frequencies from strongly disagree (1) to strongly agree (5), while (3) measured neutral responses.

Open-ended questions are relevant because they give enough information and define aspects of social realities. They provide a humanistic look into sociology while enlightening and educating the respondents about the topic. It gives respondents a holistic view of what is required from them, which enables them to think about the realities of their own lives and their surroundings. However, researchers should not start their questionnaires with open-ended questions because they are regarded as additional to the close-ended questions. They are difficult to code due to their

broadness. Open-ended questions enable respondents to draw comparisons on different ideas and objects.

The questionnaire had two sections, namely, a demographic section profiling gender, age, race, designation, involvement and level of education. The second section embraced the perceptions of the participants (managers and employees) who gave answers to questions stipulated by the research. Maree and Pietersen (2011: 158) were consulted in the design of the questionnaires.

Matthys (2018: 40) highlights four key points that are advantageous for using self-administered questionnaires as a data collecting instrument:

- Large amounts of information can be collected at a low cost to the respondent.
- The respondent may give more honest answers to personal questions in an e-mailed or self-administered questionnaire.
- No bias of the interviewer toward the respondent's answer, and
- Convenient for the respondents who can answer when they have time.

### **3.6 Description of data analysis methods adopted**

#### **3.6.1 Descriptive statistics**

According to Ntshonga (2019: 38), descriptive measurements provide basic summaries of the examples and the perceptions formed from the data collected. Also, such statistics provide simple descriptions of the sample and observations. The results of the completed surveys were analysed using both descriptive and inferential statistics. In this study, percentages and tables/figures were used to summarise and analyse data from responses. The responses to the five-point Likert scale questions were added together and ranked from strongly disagree (1) to strongly agree (5), while (3) measured neutral answers.

Based on observations and data analysis from a sample, "inferential statistics allow a researcher to infer information about a population". Researchers can use them to infer how variables are related to one another and it enables researchers to conclude the results of an experiment and generalise to a bigger population (Ntshonga, 2019: 39).

### **3.7 Measures to ensure reliability and validity**

#### **3.7.1 Defining the purpose of reliability and validity**



The purpose of reliability is defined “as the ability to repeat a research technique and obtain identical results each time”; it also relates to the precision and consistency of research tools, data and conclusions (Mbane, 2017: 10).

The validity of an evaluation instrument is determined by its application. It confirms that the evaluation tool measures what it intends to measure. It ensures that the instrument adheres to the theoretical concept (Ntshonga, 2019: 41-42). Validity is determined by the reason for which an instrument is employed. There are three forms of validity: content, construct and criteria validity. The two types of validity used in this study were construct and content validity.

### **3.7.2 Construct validity**

The construct validity of a research instrument refers to how well it assesses the construct under examination. As a result, construct validity gives answers to questions about the research instrument's purpose, ensuring the questionnaires are relevant to the targeted hotel's objectives. This was achieved by linking the objectives to the study's initial questions. Construct validity was shown to be improved as a result. The literature sources of this study were derived from databases and digital libraries such as Emerald Insight, the Online Wiley Library, peer-reviewed journal articles, Internet websites, theses, dissertations and reports of government, NGOs and the private sector. Studies with large/public organisational settings were not included because they were outside the scope of this research. The reviews were streamlined over five years, based on the identification of published articles for the chosen period (2016-2020).

### **3.7.3 Content validity**

The construct's content validity assures that all its components are based on elements that are relevant to the measurement context. The questionnaires were sent to an experienced ethics committee to assess content validity and were also asked to comment on whether the research instrument covered all components of the study's research objectives. On their recommendations, the questionnaire was changed to incorporate items that were expected to boost coverage, while items that did not contribute to the questionnaire's content validity were removed.

## **3.8 Pilot study**

Malmqvist et al. (2019: 2) opine that there are two main types of pilot studies used in social sciences—(1) smaller versions of studies, called feasibility studies and (2) “the pre-testing or ‘trying out’ of a particular research instrument”. According to Hazzi and Maaldaon (2015: 53), a pilot study “is an essential initial step in a research and this applies to all types of research studies”. The authors further define it as a “small magnitude assessment of the techniques and procedures

to be used on a large scale". Conducting a pilot study increases the level of the research quality and enhances the reliability and validity of the research (Malmqvist et al., 2019: 3).

Five respondents were selected as the pilot study sample size. The process ensured that no flaws, anything unclear and misunderstandings that may cause discomfort, were detected.

The pilot study into the hotels was conducted during the COVID-19 pandemic. Some hotels had to close, making it harder for survey participants to participate. The researcher received comments from the five participants indicating that the questions were well understood and that the purpose of the questions was clear. The questionnaire took between five and seven minutes to complete and required no changes.

### **3.9 Data collection process**

This study used a self-administered questionnaire for gathering primary data. Different platforms were obtained from the Internet, social media platforms and the WESGRO and Cape Town Tourism hospitality databases to establish the targeted list of hotel SMEs in the Cape Town CBD area and their contact details. After receiving the relevant contact details, an email was sent to request permission to proceed with data collection, which permission was granted via email.

Upon consent, volunteering hotels were sent questionnaires and asked to respond, giving permission for data collection to proceed should they wish to participate. During the data collection period, hotels were going through retrenchment and salary reductions due to COVID-19. The researcher was advised to bring the questionnaires to the participating hotels who would try to fill out as many as they could, considering their time limitations.

When permission for data collection was received, the researcher embarked on a field task with the hotels, where every day the hotels would distribute the questionnaires to available employees and managers. During the data collection phase, it was challenging to obtain responses from both employees and managers, due to their busy schedules around departures and arrivals time, which was the same slot granted to do the data collection. However, those who managed to participate did so voluntarily when it complied with the given time slot. Some questionnaires were left behind and collected the following day. Ethical research principles were applied, in that respondents were advised that their participation in the study was purely voluntary, that they could withdraw at any time without suffering any prejudice, they would remain anonymous and all information would be kept confidential.

### **3.9.1 Data collection approach**

A covering letter was included with each questionnaire to explain the background and purpose of the study. The letter briefly outlined the value the study would have for the researcher, as well as including the researcher's contact details.

The questionnaires were hand-delivered and hand-collected at an arranged time. The questionnaire was self-administered by the researcher in Excel in preparation for the SPSS v27 analysis. According to Anyongodi (2019: 24), this application is used to easily identify errors in data collection and to generate descriptive and inferential statistics.

### **3.10 Data coding and analysis**

Referring to the research objectives, data were collected and coded into themes according to the objectives of the dissertation and the analysis was done using SPSS v27 established by the IBM corporation (Lasrado, 2019: 190). According to Hanafi and Fadilah (2017: 18), the SPSS statistical software is an adaptable analysis tool that can do both parametric and non-parametric comparison analysis. Researchers who are in favour of this software comment on its ability to check the assumption of tests such as normality and outliers.

A range of statistical approaches was utilised to analyse the different types of data in this study. The quantitative data from closed-ended questions were analysed using standard quantitative methodologies to produce a descriptive analysis. Before being imported into the SPSS v27 statistical application tool, the data were captured in a Microsoft Office Excel sheet. Frequency tables were used to create descriptive statistics. The data in the study were analysed using SPSS v27. Based on the various categories, conclusions and inferences were developed and further examined.

The quantitative data was acquired and interpreted in such a way that the results could be integrated and evaluated effectively, resulting in usable data, to analyse and display the results. As needed, this was translated and is graphically illustrated and clarified in Chapter 4.

In addition, it was indicated in Chapter 1 that the atlas.ti application would be used to analyse open-ended responses. However, because the amount of data obtained was minimal and manageable, atlas.ti was not required. To handle the Likert-type questions, analyse was employed where each question had a title with sub-questions. For instance, consider a question that assesses quality awareness (QA), the Likert scale alternatives were included as sub-questions when a code QA was created.

### **3.11 Limitations of the questionnaire survey**

Researchers find this part of data analysis beneficial to narrowing down suitable information that fits specific criteria and is important to the topic being studied. The scope of the research was restricted to tourism SMEs based in the CBD of Cape Town. The selected SMEs fall under the definition of the South African Department of Small Business Development (SA, 2019: 2), which are categorised as micro and small businesses.

Another disadvantage of this study is that it looked at SMEs only in the hotel industry. As a result, its conclusions may not be applicable to SMEs in other industries or other parts of South Africa.

A low response rate (57%) is another well-known restriction of a questionnaire, which may cause the results to be unrepresentative of the community. Some participants would save the questionnaires, while others would throw them away. To overcome this obstacle, the researcher described the study's goal to potential participants and encouraged them to participate.

The hotel's refusal to share information was one of the issues the researcher had to overcome before receiving approval. Fortunately, the Faculty of Business and Management Sciences (FBMS) at the Cape Peninsula University of Technology assisted with a confirmation of enrolment to legitimise the data collection request. Furthermore, COVID-19 had a significant impact on the tourism industry. It was difficult to locate hotels willing to participate due to hotel closures, retrenchments and wage reductions.

Because of the peak holiday season (and the COVID-19 restrictions), most hotels were unable to participate when the country reached lower levels of restrictions as they needed to catch up on business because many tourists were suddenly flocking to Cape Town for vacations. Furthermore, several hotels were unable to participate due to the length of the questionnaires, which the researcher was not able to shorten to avoid modifying the framework and study questions.

### **3.12 Ethical considerations**

The researcher sent a letter of informed consent to the organisation's General Managers to request permission from the managers and employees to participate in the data collection process by completing an anonymous questionnaire voluntarily that took approximately five to seven minutes to be completed. Formal ethical approval to conduct the research was obtained from the Research Ethics Committee of the Faculty of Business and Management Sciences at the Cape Peninsula University of Technology (see Appendix A). Before sending the questionnaires, the researcher asked for the participant's convenient time to send the questionnaire, which was

accompanied by an introductory letter explaining the aim and objectives of the research, as well as the ethical research principles applied in the study.

The introductory letter described the aspects of privacy, confidentiality and anonymity. Below are the ethical research principles applied in this study:

- The researcher stated the aim and objectives of the study to participants at the beginning of their participation.
- The researcher defined the survey process to participants in advance.
- The researcher ensured the participants were aware that their participation was purely voluntary and that they could withdraw from the research at any time and for any reason, suffering no prejudice.
- The researcher notified participants to ignore some questions if they wanted to do so; and
- The researcher assured participants of a fully confidential and anonymous approach whether published or not (Research Ethics – CPUT, 2020).

### **3.13 Summary**

The purpose of this chapter was to outline the research methods employed to gather the data needed to achieve the study's objectives. A structured self-administered questionnaire was used as a quantitative research strategy. Hotel employees in the Cape Town CBD were approached and surveyed. Only two hotels finally agreed from the 34 approached to take part in the survey (mainly because of the COVID-19 restrictions on travel and accommodation). Consent letters were collected from willing institutions after they agreed to participate in the study.

The research paradigm used in this study was discussed and justified in this chapter. The chapter went into detail about the study's methodology and justified the study's research design and research approach, which looked at the study's population, the sample population and sampling procedure that was used. In addition, the methodological approach was discussed. The chapter analysed the field's accessibility and described the data collection process employed in this study. Moreover, safeguards were put in place to ensure the research instrument's reliability and validity (questionnaire). This study's questionnaire survey methodology had shortcomings, which were discussed.

Lastly, the ethical implications of this research were discussed.

The data analysis, results and discussion relevant to the research objectives described in the introduction of this chapter are presented in the following chapter, Chapter 4.

## **CHAPTER 4**

### **ANALYSIS AND DISCUSSION OF RESULTS**

#### **4.1 Introduction**

This chapter presents the results of the questionnaire survey conducted in the Cape Town CBD to identify the CSFs that influence a BE model to bolster value in a hotel's performance, resources and capabilities, allowing the selected hotels to grow internally and create jobs.

The researcher opines that SMEs must maintain good leadership, customer/client focus, speed of innovation and creative implementation to achieve high performance/competitiveness. According to Tickle et al. (2016) and Sternad et al. (2017), the main obstacles for SMEs to develop and progress include the inability to adopt BE practices. Jankalová and Jankal (2020: 16) argue that the corporate community is being exposed to a new operational approach known as BE in the face of an increasingly volatile and asymmetric competitive environment. Organisations that want to compete in their respective industries must constantly improve their processes and services to gain a competitive edge. This necessitated a study on the CSFs for SMEs to achieve BE.

Drawing from Ayandibu and Houghton (2017: 135), SMEs are the engine of growth and are required for a competitive and efficient market. However, the COVID-19 pandemic had a significant negative impact on the tourism industry both globally and in South Africa, resulting in an almost complete lockdown, with travel restrictions imposed. In terms of who should participate, the study allowed convenience sampling and non-random methods to distribute the questionnaires to different hotel establishments. Where possible, supporting sources have been given.

The results are specific to the hotels involved in the survey and cannot be generalised to all accommodation establishments. In Section A of the questionnaire, respondents were asked to provide personal and business profiles. Their demographic profile, position in the company and their highest level of education were requested as part of their personal profile. For the business profile, the following information was requested: how long the company has been in business, how many employees it has, whether it has a quality policy plan and the department to which the participant belongs.

#### **4.2 Responses from employee participants**

A target sample of 34 SMEs in the Cape Town CBD's hotel industry was thought to be sufficient to collect meaningful data. To achieve this goal, the researcher used a non-random sampling technique to deliver 60 questionnaires to SMEs in the hotel sector in the Cape Metropole. Of these

60 questionnaires, only 40 questionnaires were returned, representing a 67% response rate. The number who declined to participate was attributable to the fact that the surveys were lengthy, and due to the COVID impact. Some potential participants advised that they did not have time as they were in preparation for the December holidays. Due to the accommodation industry's closure, many hotels had been displaced. In addition, 6 of the 40 responses were found to be ineligible because participants were job-shadowing and did not have the necessary knowledge or experience to complete the questionnaires meaningfully. Due to changes in arrival and departure work shifts relating to the hotel industry, the researcher was able to gather only 34 completed questionnaires (from both employees and managers), from the 60 questionnaires that were distributed, showing a response rate of only 57%. With an appropriate response rate, however, good survey research reports deliver results with accurate and credible answers on the research topic with only a 40% minimum response rate (Story & Tait, 2019: 199).

### **4.3 Profile of the respondents (Employees)**

Employees' socio-demographic characteristics are depicted in Table 4.1.

In Section A of the questionnaire, respondents were asked to provide information on their personal profiles as well as information on the profile of their organisation. This information was needed to ensure that only appropriate respondents were selected to participate in the survey and that those selected had specific characteristics to avoid response bias.

The results in Table 4.1 show that male hotel employees dominated the sample;. More than 50% of the surveyed respondents were relatively young (less than 36 years of age); 76.2% were male and 23.8% female; 65.2% of respondents were identified as Africans, followed by whites at 21.7% and foreign nationals at 8.7%, while one respondent did not answer the question. Over 50% of the sample had a post-school diploma qualification, which suggests that the participants were educated and fit to take part in the survey. This rate was higher than that of comparable studies such as Mbane (2017: 61) with 26.7%. Only 4.3% of participants held a post-graduate qualification so, as much as they were educated, it was not advanced to a post-graduate level although that did not make them less qualified for participation. 78.3% of the staff were permanently employed, while 21.7% were on contract. 52.2% were South Africans and Zimbabweans accounted for 13%, while participants from Algeria (4.3%) and the Democratic Republic of the Congo (DRC) accounted for 4.3%. Of the 23 that participated, six left the question blank.

The results show that 21.7% of the respondents had worked in a hotel for two years and represented the targets participation grouping, followed by 13% who had worked for three and four years, while 4.8% had worked for more than five years and 17.3% had worked for less than

one year. There are three zeros under the 'work' category heading which is because the number zero represents months and 21.7% had worked for a year (i.e. 8.7%, 8.7% and 43%). Also, two participants left this question blank. Many of the sample (27.3%) work in the kitchen sections of the hotels and also a significant number in the Food and Beverage sections (22.7%). Many of the respondents were front-line and managerial staff, and unit specialists, such as in human resources, guest relations, the accounts section, maintenance, housekeeping and reservations. 95.7% of the staff indicated they had no disability, implying that they were fully capable of carrying out their duties, while 4.3% indicated that they had a disability but could still satisfactorily perform their tasks.

Finally, all 34 respondents who completed questionnaires indicated that there was a quality control plan in place. However, the questionnaire had a follow-up question that if respondents indicated yes, a quality-control plan was in place, they needed to elaborate on what the quality-control plan was. Most of the responses showed a lack of understanding of the exact policy plan of the hotel (if any).



**Table 4.1: Employee profiles**

Variable	Category	Percentage
Age	30 years or less	56.5
	31-40 years	21.7
	41-50 years	21.7
	51+	0
Gender	Male	76.2
	Female	23.8
Years employed	0 (see explanation above for the '0' values)	4.3
	0	8.7
	0	4.3
	1	4.3
	1	8.7
	1	8.7
	2	21.7
	3	13
	4	13
	5 +	4.3
	Missing	8.7
Employment Status	Permanent	78.3
	Contract	21.7
Qualification	Matriculation or below	34.8
	NTVC qualification	4.3
	National Diploma	56.5
	Post-graduate qualification (Master's or Doctoral degree)	4.3
Race	African	65.2
	White	21.7
	Foreign national	8.7
	Missing	4.4
Country	South Africa	52.2
	Zimbabwe	13.0
	Algeria	4.3
	DRC	4.3
	Missing	26.2
Disability	Yes	4.3
	No	95.7

Function Area	Food and Beverage	22.7
	Barrister	9.1
	Guest relations	4.5
	Reservations	4.5
	Front Office	22.7
	Kitchen	27.5
	Maintenance	4.5
	Human Resources	4.5
Quality Plan	Yes	100.0
If 'yes'	Please see analysis in section 4.4 below	

#### 4.4 Commentary on the respondents of their understanding of a quality plan

Referring to Table 4.1 above, employees were asked to indicate if the organisation had a clear quality policy plan, requiring a 'yes' or 'no' answer. If the answer was a 'yes', respondents were asked to briefly explain their understanding of the quality plan. The following are positive responses given by several participants:

- Participant 1 noted their understanding was that there needed to be "Consistency and always keep up to standard".
- Participant 2 indicated that they are still new and are not familiar with the programmes.
- Participant 3 showed confidence in their response by grouping it in the departmental format "Health, safety and security".
- Participant 4 gave a holistic view of how they make sure to follow the quality plan by saying "We constantly hold monthly training to ensure our consistency and that we perform above par-level with our competitors". This response is in support of Participant 1 where consistency is a required standard.
- Participant 5, on the other hand, is aware that there is a quality plan in place. The response "Everything we do is according to the policy and procedure" gives insight into that there are policies and procedures to be followed even though they did not give an example. However, considering the previous participants, highlights that consistency is key.
- From "Everything we do is according to the policy and procedure" to Participant 6 understanding that in all they do "We still speak the same language" and according to the researcher this means the quality plan in place gets participants to work together.
- In support of Participant 6, Participant 7 stated that "I believe we can be able to work as a team".

- Participant 8, because of the quality plan that they agreed is in place, responded by saying “All the services in the kitchen are in order.”
- Participant 9 supported this by saying “Clean as you go” and
- Participant 10 referred to their purposes, values and statements that indeed a quality plan does exist, noting that “It is evident in the hotel as well in our purpose, values and statement.”
- Participant 11 supported other participants by saying that they also make sure that they refer to those daily, “It has a purpose and values, which are recited daily.”

It can be reasonably concluded from the participant’s comments above about the existence of a quality plan that they were aware that there is a quality plan in place to which they should adhere. Also, they had positive comments about their understanding of what a quality plan is and that it is good for both them and the management. That could mean that all participants understood what the organisation is striving to achieve, yet not all of them participated in the quality plan question, which raises concerns about whether they understand the need and use of a quality plan. This is because 100% of participants indicated that there is a quality plan in place at their hotel, yet not all of them explained what it means.

#### **4.5 Respondents’ perception of Business Excellence**

In Section B of the questionnaire, the respondents were asked to provide information on their perceptions as participants (employees) in the research, as well as information on their understanding of the BE concept in relation to the businesses. QA, employee motivation, understanding of CSFs in line with BE, work relationships and employee growth development were among the items requested. Table 4.2 shows the responses of participants that were copied directly from the questionnaire into a Microsoft Excel spreadsheet.

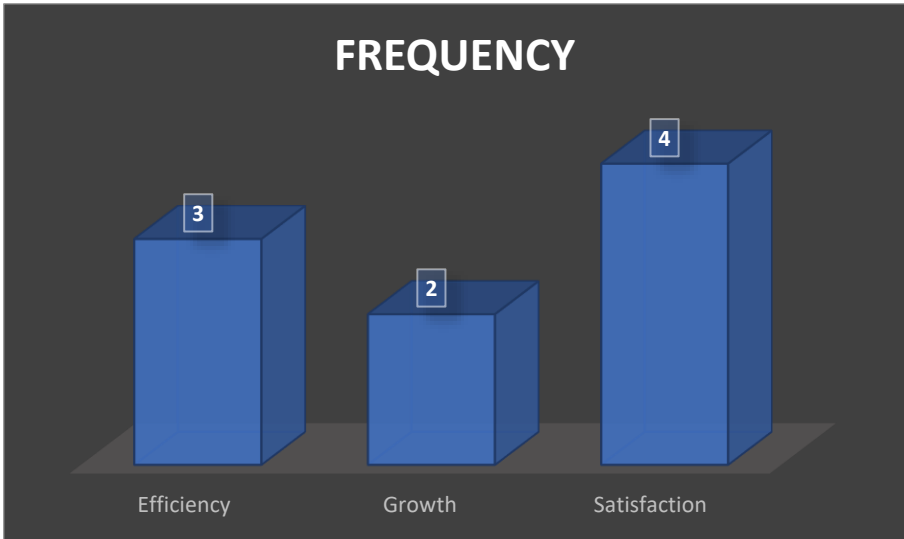
The responses shown in Table 4.2 were classified as "common themes" (efficiency, growth and satisfaction) based on the most common or relatable words used in the responses, which were labeled as theme codes, ranging from 1 to 3. Employees were asked to explain how they understood the CSFs required for their company to excel. Because some of the questions were open-ended, it allowed grouping and quantifying the responses to be graphically depicted. That is how "common themes" and "theme codes" came to be. Furthermore, the researcher needed to know which of the top three "common themes" is the most common CSF. A frequency calculation was performed by counting the number of times a "common theme" appeared in the list, using the COUNTIF function in Excel.

**Table 4.2: Common themes and codes (Employees)**

Business Excellence responses	Theme code	Common Themes	Theme code	Proportion	Percent
Efficient business	1	Efficiency	1	Efficiency	33
Efficient and effective in all we do	1	Growth	2	Growth	22
Focusing on people and product growth	2	Satisfaction	3	Satisfaction	44
Customer and employee satisfaction	3	Frequency		Total	100
Guest satisfaction	3	Efficiency	3		
Best service and employee growth	2	Growth	2		
Maintaining and upholding the standard	1	Satisfaction	4		
Most love business	3	Total	9		
Adding value and excellence	3				

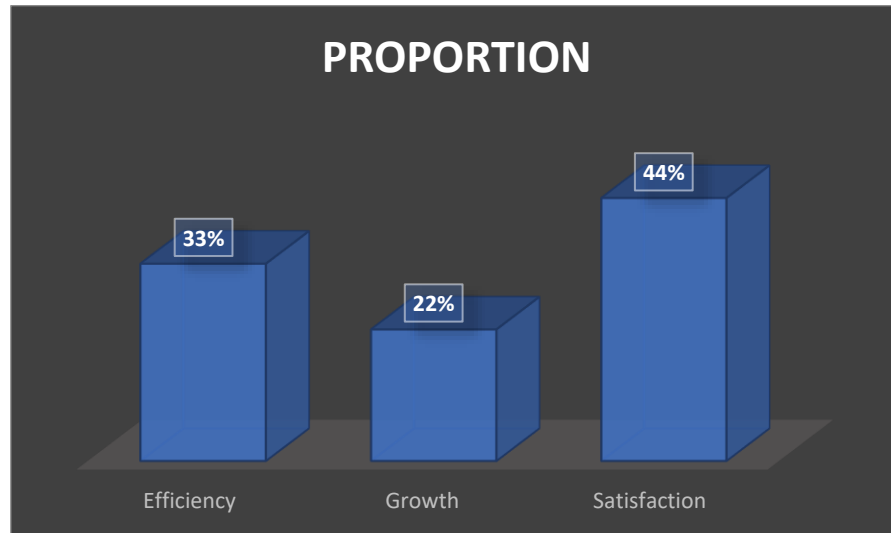
The response was noted under the heading of Frequency. In this case, the participant stated that among the other two CSFs, satisfaction was the most important factor in achieving BE.

Figure 4.1 shows the frequency results of the data groupings.



**Figure 4.1: Frequency results (Employees)**

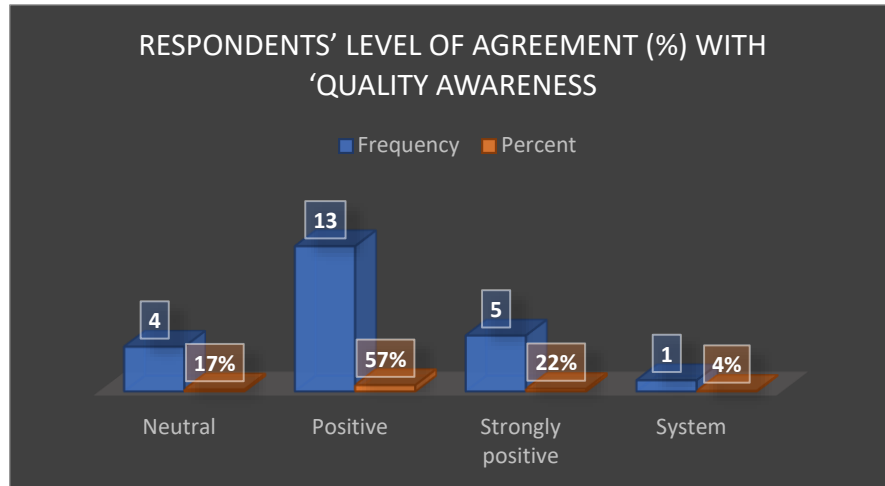
The researcher wanted to make sure that all calculations totaled 100% and that there was some correspondence to all the calculations. A percentage calculation was conducted to determine what each common theme contributed. This was done by dividing a “theme code” of frequency by the total number of frequencies to get the answer and convert it into a percentage. Also, the total proportion had to be 100%, which would mean that all calculations were appropriate. The bar graph in Figure 4.2 below reflects the results.



**Figure 4.2: Proportion results of 100% (Employees)**

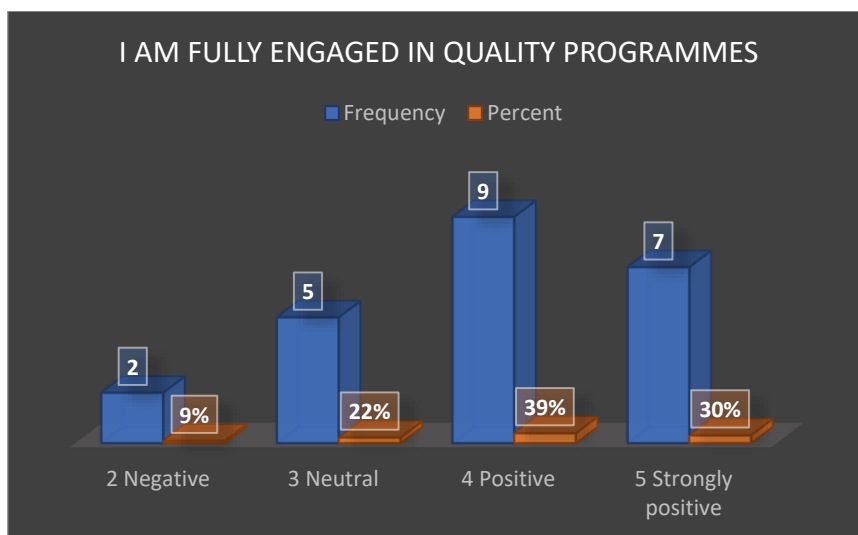
A frequency count is a count of how many times an event occurs. The bar chart above depicts relative frequency as a proportion. It is also frequently expressed as a percentage. The researcher did this by dividing the frequency by the total number of results and multiplying it by 100, i.e., Efficiency (3)/Total frequency (9) \*100= (Proportion) 33% This was done to ensure that the two ratios were equal and balanced.

#### 4.6 Respondents' level of agreement with factors of Business Excellence



**Figure 4.3: Respondents' level of agreement (%) with 'Quality awareness'**

Concerning respondents' level of agreement with QA, the results in Figure 4.3 reveal that 56.5% (equivalent to 13 respondents) indicated "positive", which is significantly higher than the 21.7% who indicated "strongly positive" that there are quality programmes in place. This is good for management that the employees are familiar with or understand their tasks and policy guidelines to which they need to adhere. However, 17.4% of the respondents remained neutral. The researcher feels there is a lack of understanding of what is meant by quality programmes. Only 4.3% did not respond, which is equivalent to one participant.

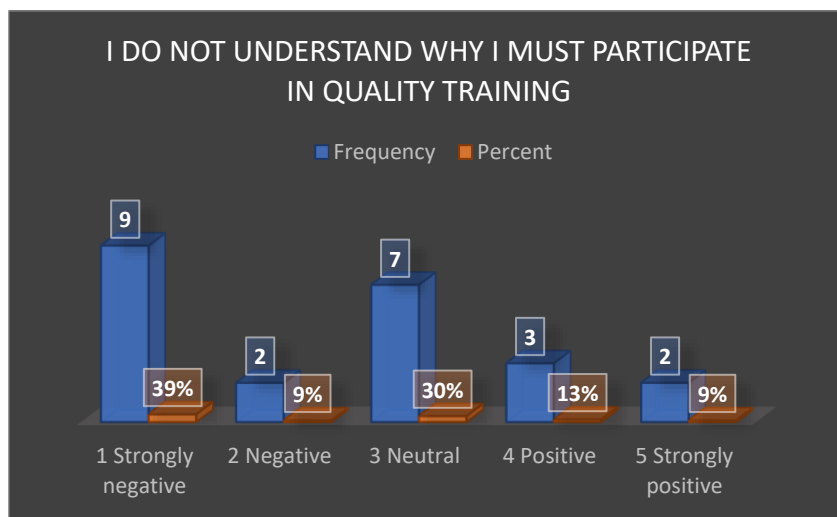


**Figure 4.4: I am fully engaged in quality programmes**

In Figure 4.4, 69.5% of employees said they are fully engaged in quality programmes, 8.7% said they are not, while 21.7% were undecided about whether they are fully engaged in quality

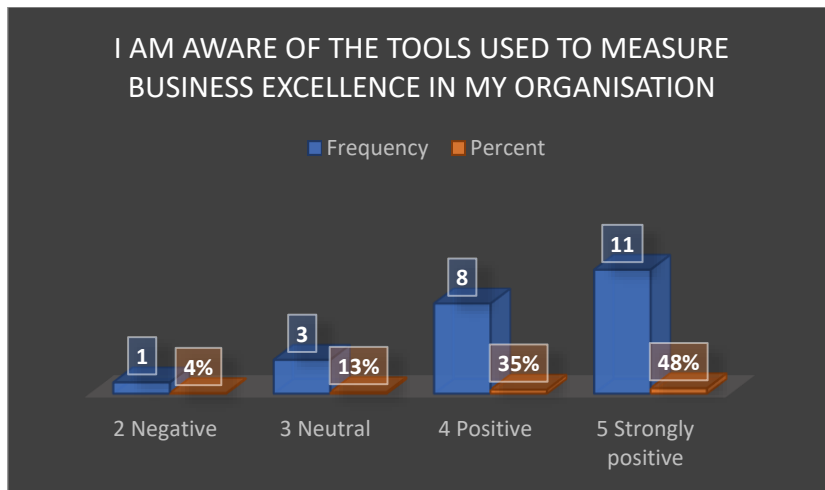
programmes. This could imply that 69.5% of employees (39.1% positive and 30.4% strongly positive) contribute to the organisation's quality. Those who responded in the negative and neutral categories may be unaware of the quality programme's objectives because if they understood the significance of the programme, they would be familiar with what it is and stands for.

Al-Ababneh (2016: 189) opines that customers expect high-quality service from successful hotels and service quality is regarded as the hotel's lifeblood. It offers numerous advantages, including giving a company a competitive advantage and fostering consumer satisfaction and loyalty. Because they were job shadows, 6 were invalidated. Figure 4.4 shows 23 participants (employees); the remaining 11 would be managers to make up the 34 respondents.



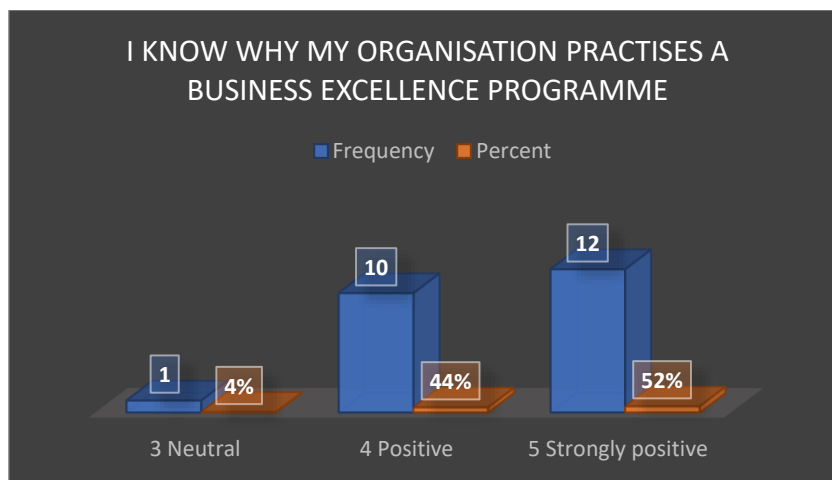
**Figure 4.5: I do not understand why I must participate in quality training**

According to the respondents' level of agreement with participating in quality training, the results in Figure 4.5 reveal that 47.8% (39.1% strongly negative; 8.7% negative) of the respondents were opposed to participating in quality training. Given some of the benefits of quality training, including improved business performance, such a high percentage of disagreement is bad for managers and the organisation, especially with a positive response of only 21.7% (positive 13% and strongly positive 8.7%). Other advantages, according to Eriksson et al. (2016: 1202), include the systematic and continuous improvement of processes and services, the use of fact-based decision-making and the establishment of a quality culture.



**Figure 4.6: I am aware of the tools used to measure Business Excellence in my organisation**

The results in Figure 4.6 show that 82.6% (34.8% positive and 47.8% strongly positive) of employees are aware of the tools used to measure BE in their organisations, such as staff training on continuous performance analysis. 4.3% were not aware and 13% remained neutral on this statement. However, according to the researcher, this simply means they were only aware of the tools they use to measure their performance, not the systems and models such as TQM, lean management and Six Sigma model management. This is possibly due to a lack of knowledge of the methods and tools used to measure BE in their companies.



**Figure 4.7: I know why my organisation practises a Business Excellence programme**

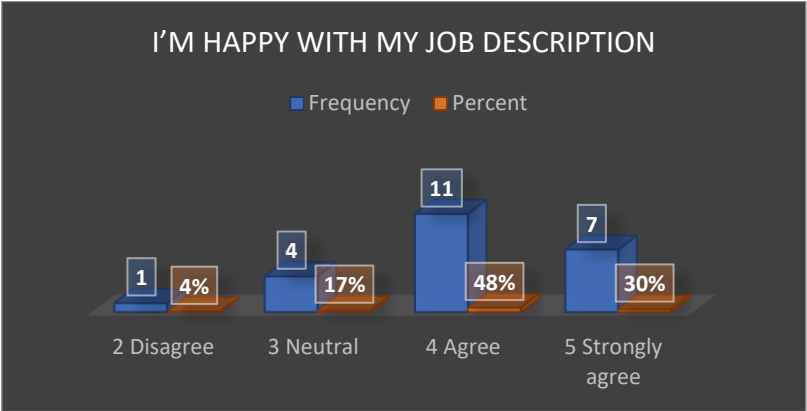
Figure 4.7 above reveals that 95.7% of participants knew why their organisation practises BE. Drawing from Eriksson et al. (2016: 1205) and Lasrado (2019: 188-189), educating and involving employees in BE has proved to be efficient when it comes to the success of the business. BE includes aspects such as leadership, people-management, customer-oriented and/or



improvement/innovation. Management by facts, agility and sustainability are some frequent ideals or values in BE models.

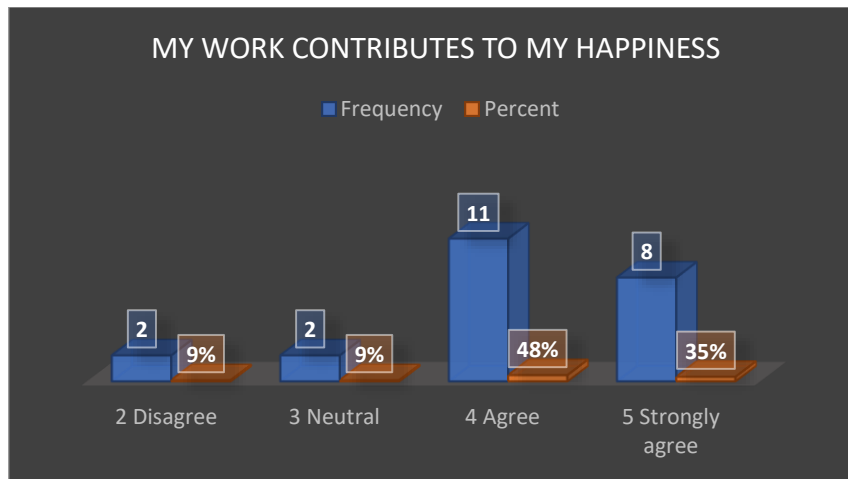
**4.6.1 Respondents' level of agreement (%) with 'Employee motivation'**

Strong, committed leadership is required to promote the concept of strategic components such as employee involvement, communication emphasis, customer focus and awareness of the external market, as well as the need to build supplier alliances, measurement and an emphasis on developing a culture of quality improvement (Eriksson et al., 2016: 2-3; Lasrado et al., 2019: 1204).



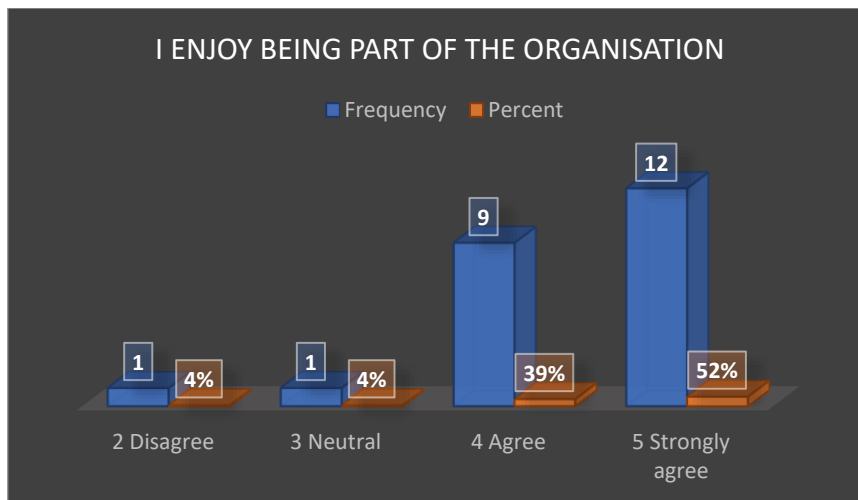
**Figure 4.8: I'm happy with my job description**

Figure 4.8 shows that 78.2% of the 23 respondents were happy with their job description, 17.4% were undecided and the remaining 4.3% disagreed. The success of a hotel is becoming increasingly reliant on the diverse experiences, talents, imagination and inspiration of both employees and other stakeholders of the organisation, such as expertise and/or tools to complete their (employee) daily tasks, resulting in fewer customer complaints (Mbane et al., 2017: 5-6). As a result, Figure 4.8 shows that a large percentage of employees agree that their job description is satisfactory. However, it is critical to pay attention to those who are unhappy and provide them with the tools, information and skills they require.



**Figure 4.9: My work contributes to my happiness**

As shown in Figure 4.9 below, 82.6% of respondents agreed that their work contributed to their happiness, while a mere 8.7% did not agree with the statement and 8.7% remained neutral. The results suggest strongly that hotel employees enjoy positive working relationships with both their line supervisors and their co-workers.

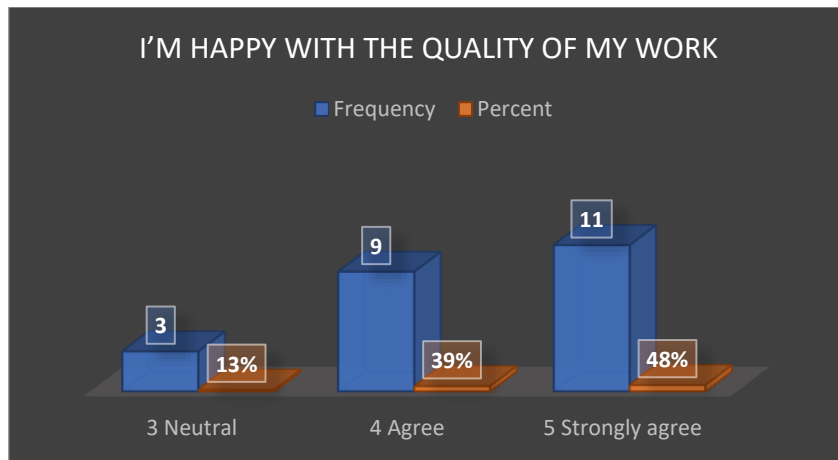


**Figure 4.10: I enjoy being part of the organisation**

Regarding respondents' work contribution to their happiness, the results in Figure 4.10 above reveal that 91.3% enjoy being part of the organisation. According to Mbane (2017: 25), the following competencies are required for hotel employees:

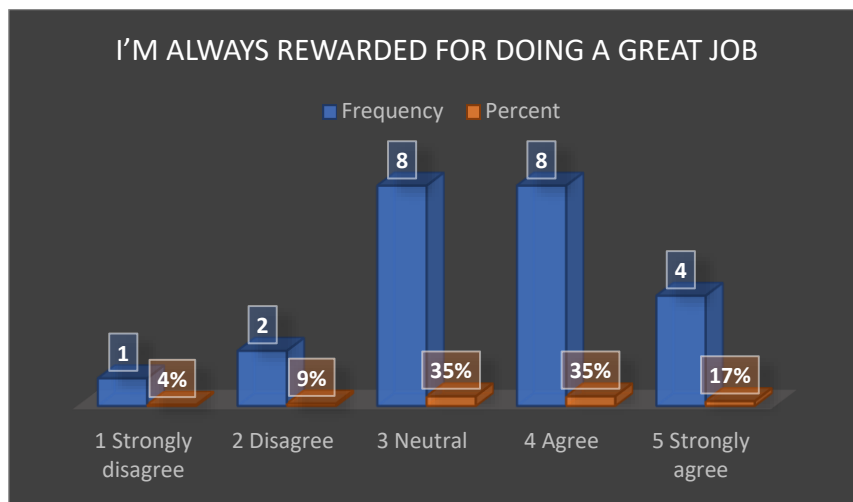
- establishing good working relationships with co-workers and employee motivation to achieve desired success.

How employees are treated determines the mood and terms of the employee-employer relationship.



**Figure 4.11: I'm happy with the quality of my work**

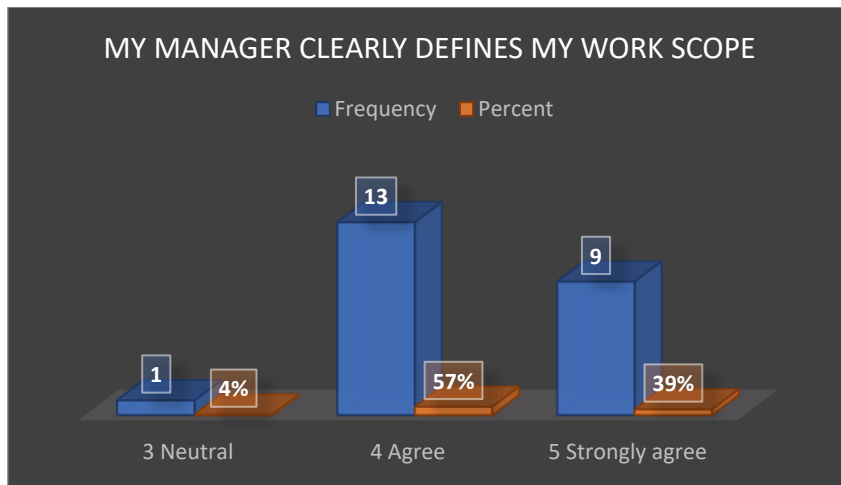
Figure 4.11 shows that a substantial number of employees surveyed (86.9%) agree or strongly agree that they are satisfied with the quality of their work. This is positive for hotel managers and executives. Employees that are happy and loyal deliver high-quality service that satisfies the needs of clients.



**Figure 4.12: I'm always rewarded for doing a great job**

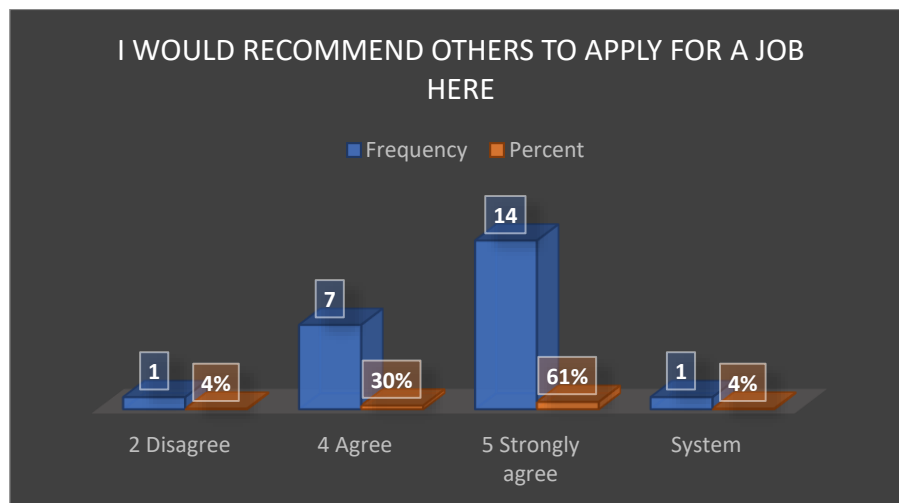
In Figure 4.12, 52.2% of respondents agree they are always rewarded for exceptional performance, while 13% disagree with this statement. When work well done is not acknowledged, it gives the sense that staff are not appreciated, which is bad for management.

#### 4.6.2 Respondents' level of agreement (%) with 'Work relationships'



**Figure 4.13: My manager clearly defines my work scope**

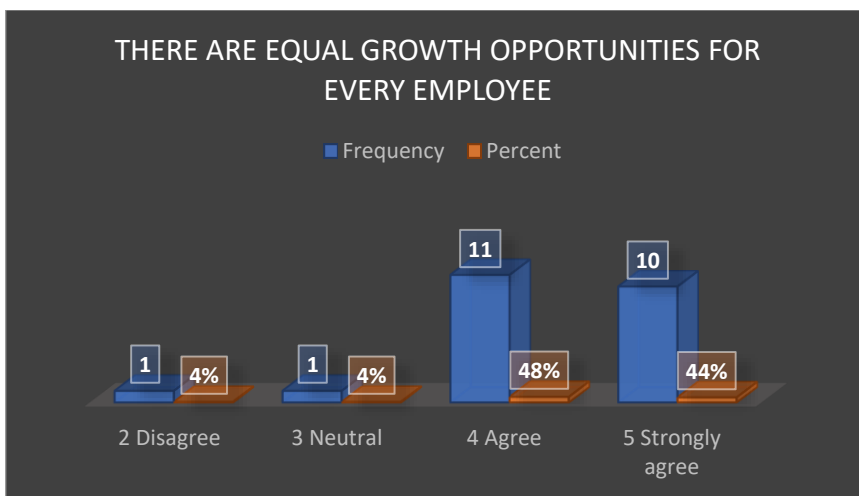
Working hours, pay, promotion, shift assignment and other job-related characteristics are all important predictors of employee intentions to leave a hotel, according to Wen et al (2020: 1-2). As a result, if an organisation's work scope is not clearly defined, employees may leave. According to Figure 4.13, 56.5% agree with the statement that the manager clearly defines their work scope and 39.1% strongly agree with the statement. Only 4.3%, or one participant, remained neutral. This high positive result is beneficial to the organisation in terms of improving work performance.



**Figure 4.14: I would recommend others to apply for a job here**

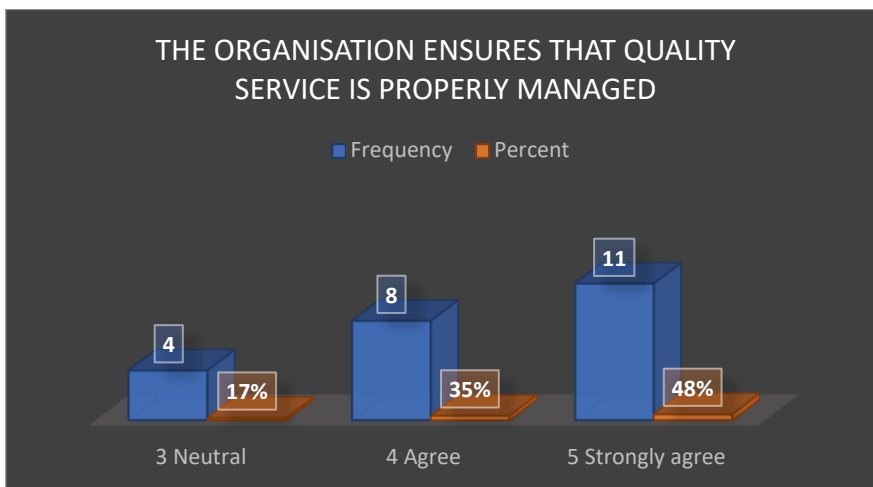
In Chapter 2, Mbane (2017: 25) suggest that employee happiness is closely related to the quality of working life, strong leadership style, daily preparation, job stability, the hotel's brand value and employees' characteristics, with the latter being the most important factor. Employees who are invested in their jobs are less likely to quit and therefore perform better. Figure 4.14 indicates that

30.4% agreed and 60.9% strongly agreed with the statement that they would recommend others to work at their organisation. Only 4.3% disagreed and 4.3% did not respond to the statement.



**Figure 4.15: There are equal growth opportunities for every employee**

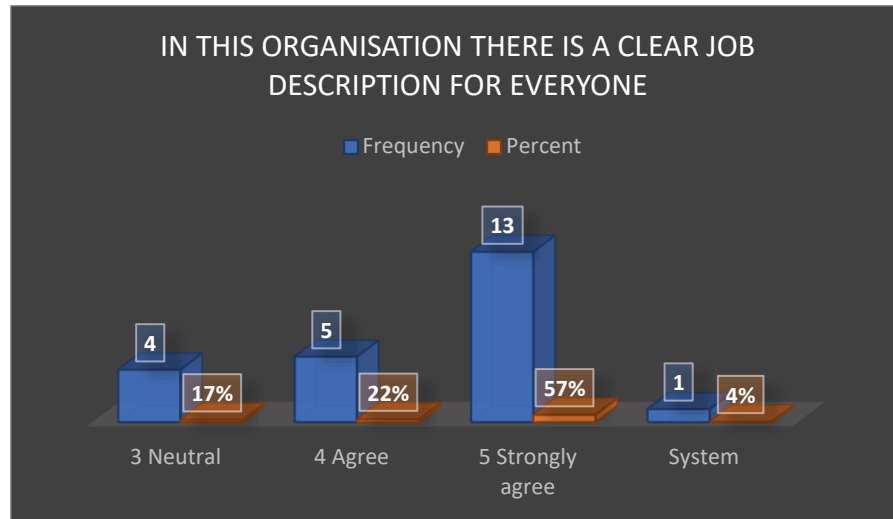
According to Wen et al. (2020: 4), one of the most significant problems in the hotel industry is high employee turnover, which is far higher than in other industries. Figure 4.15 above shows a positive response of 91.3% that every employee has an equal opportunity for growth within the company. Thus, these results appear to gainsay Wen et al.'s opinion.



**Figure 4.16: The organisation ensures that quality service is properly managed**

Figure 4.16 shows that 82.6% of participants agreed that their organisation ensures that quality service is properly managed but 17.4% were undecided on this notion. This suggests that employees need to be educated on the importance of quality service and how to properly manage

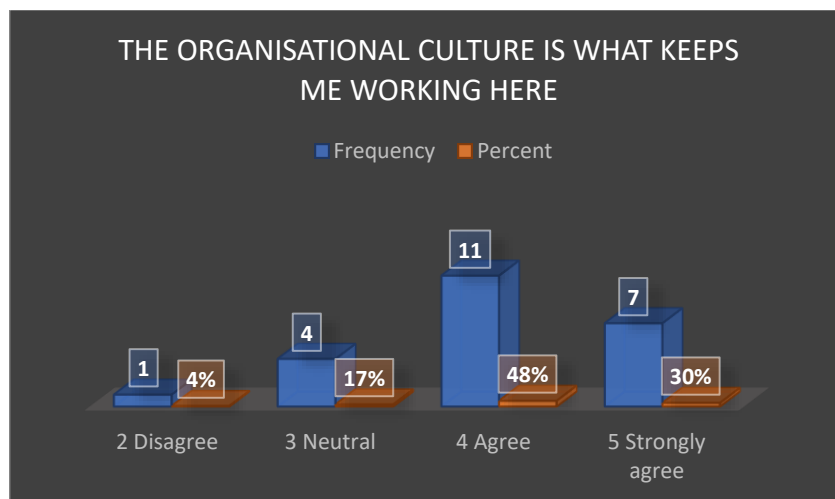
it. Also, as discussed in Section 4.4, respondents were asked to explain their understanding of a quality plan.



**Figure 4.17: In this organisation there is a clear job description for everyone**

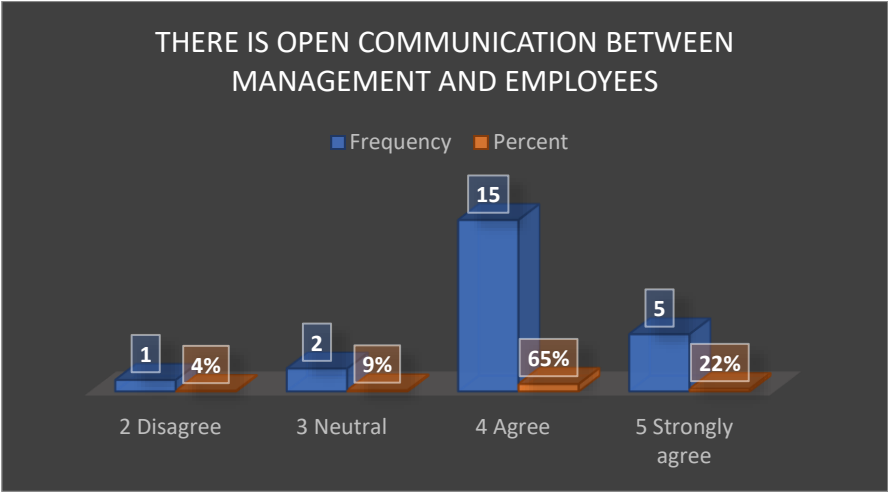
Figure 4.17 shows a high positive response of 78.2% to the statement that employees are provided with clear job descriptions although 17.4% remained neutral and 4.3% did not respond. This data could not be compared with similar studies.

#### 4.6.3 Respondents' level of agreement (%) with 'Employee growth development'



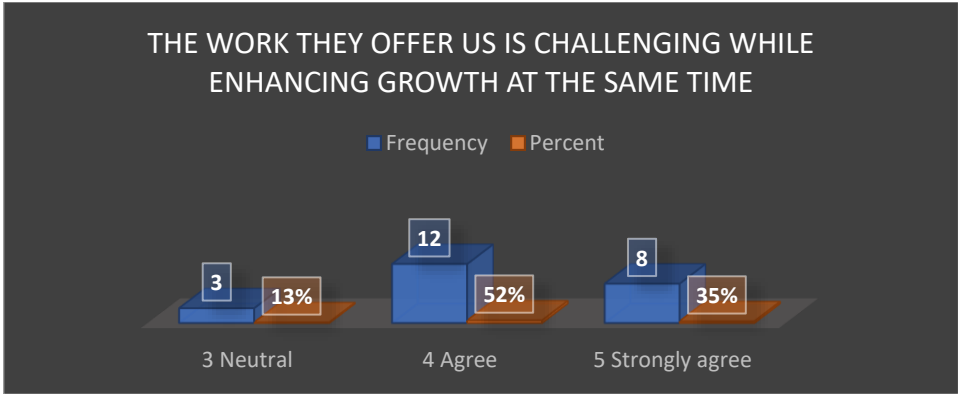
**Figure 4.18: The organisational culture is what keeps me working here**

Figure 4.18 shows that in terms of organisational culture, 78.2% of respondents believed that their organisation's culture is what motivates them to work, while 17.4% remained neutral and 4.3% disagreed. This is concerning because these are full-time employees who are unsure whether to agree or disagree with this statement. BE models are important in defining the culture and framework for assisting SMEs to succeed (Eriksson et al., 2016: 1211; Kennedy, 2019: 15; Lasrado, 2019: 188-189).

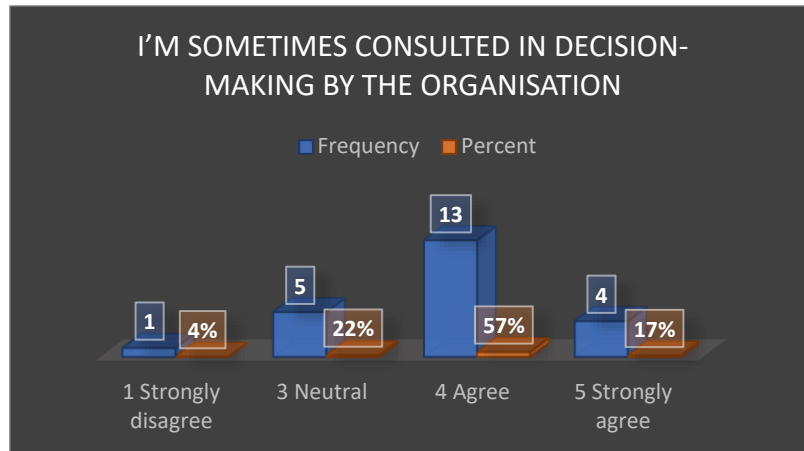


**Figure 4.19: There is open communication between management and employees**

As seen in Figure 4.19 above, a combined percentage of 'strongly agree' (21.7%) and 'agree' (65.2%) shows that 86.9% of participants believe that there is open communication between management and employees in their organisations. Only 4.3% disagree with the statement and 8.7% remained neutral. No comparative studies could be found to support or refute this statement.

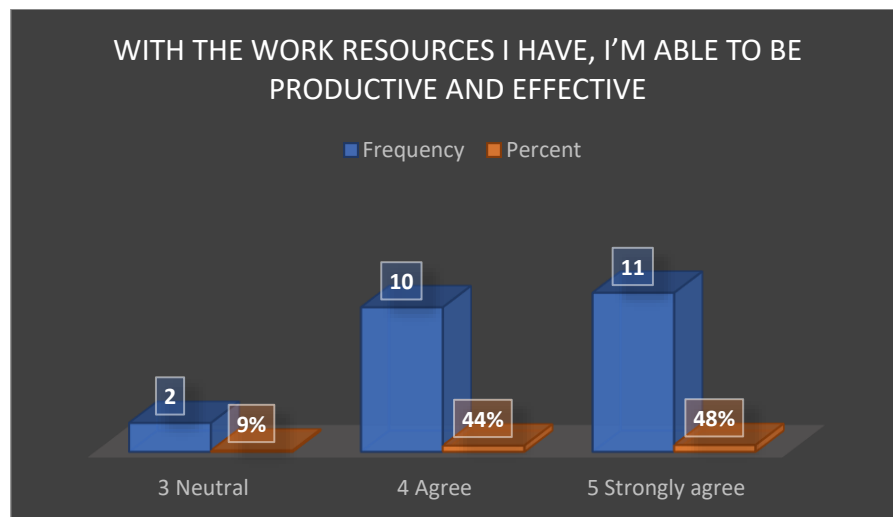


**Figure 4.20: The work they offer us is challenging while enhancing growth at the same time**



**Figure 4.21: I'm sometimes consulted in decision-making by the organisation**

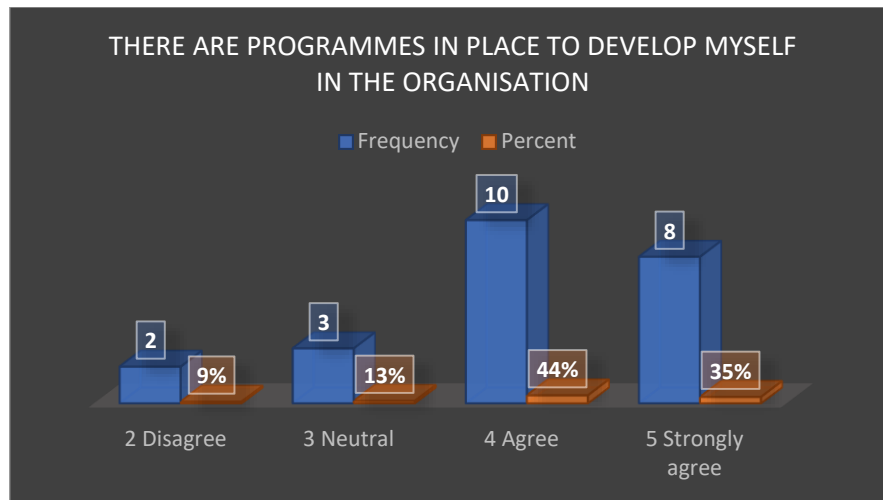
The results shown in Figure 4.21 above indicate that 73.9% of hotel employees have positive working relationships with their line managers and are consulted in the organisation's decision-making process, while 21.7% remained neutral and 4.3% strongly disagreed with this statement.



**Figure 4.22: With the work resources I have, I'm able to be productive and effective**

According to Mbane (2017: 44), human capital is one of the factors of production that can create a long-term competitive advantage. As a result, it is critical to hire qualified employees. Figure 4.22 reveals that employee roles are critical in a service organisation for both service discovery and service production. "I can be productive and effective with the work resources I have" (Participant 6). 91.3% of employees agreed while 8.7% remained neutral.

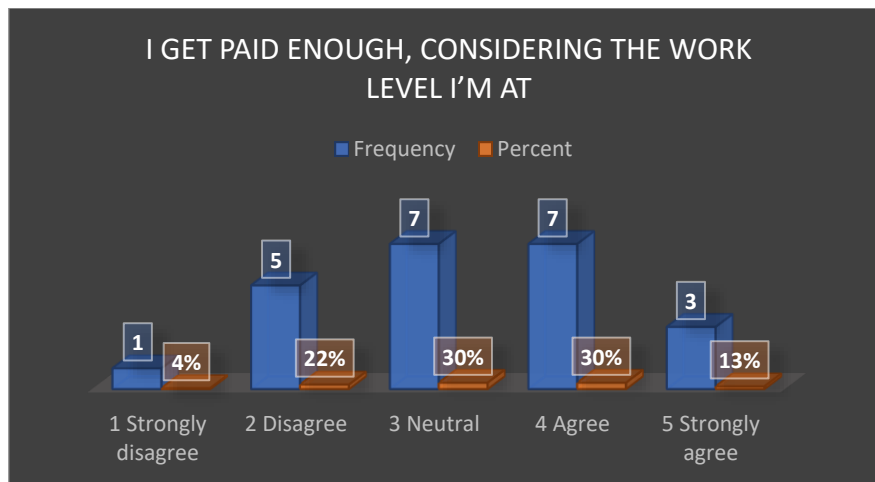




**Figure 4.23: There are programmes in place to develop myself in the organisation**

Figure 4.23 above shows that despite a small number of employees disagreeing with some of the criteria (8.7%), most employees are satisfied that their organisations have programmes in place for self development (78.3%). According to Al-Ababneh et al. (2018: 60), service quality is regarded as one of the most important factors in the productivity of modern dynamic organisations, particularly hotels, because focusing on it contributes to employee job satisfaction.

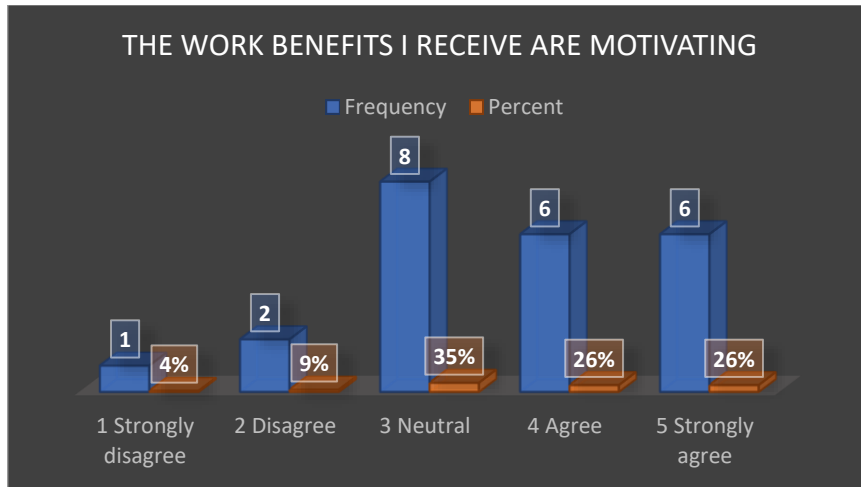
#### 4.6.4 Respondents' level of agreement (%) with 'Employee compensation'



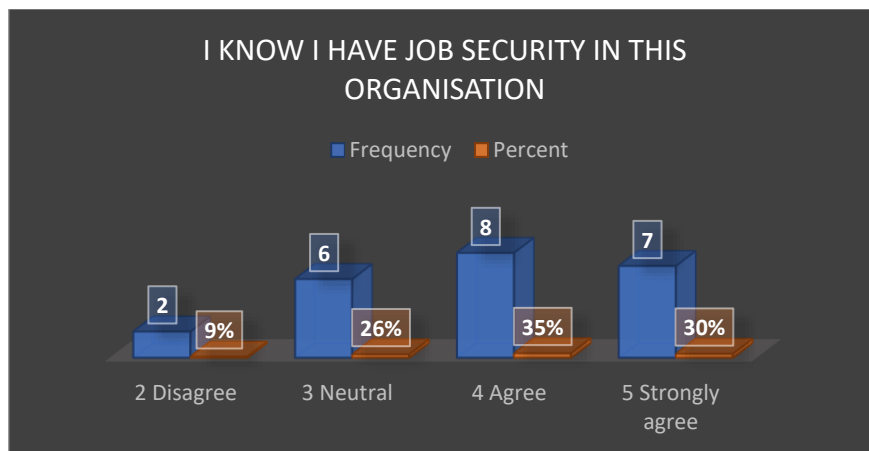
**Figure 4.24: I get paid enough, considering the work level I'm at**

Employee loyalty is influenced by (1) pay and benefits; (2) career growth; (3) job security; and (4) work environment (Mbane, 2017: 45). As seen in Figure 4.24 above, 26% of respondents believe that they are underpaid but 13% strongly agree and 30.4% agree that they are adequately remunerated, while 30.4% remained neutral on the topic. This could result in the organisation

losing valuable employees who feel they are under-valued in the organisation. Those who disagree with the statement should meet with their managers to discuss the matter further.

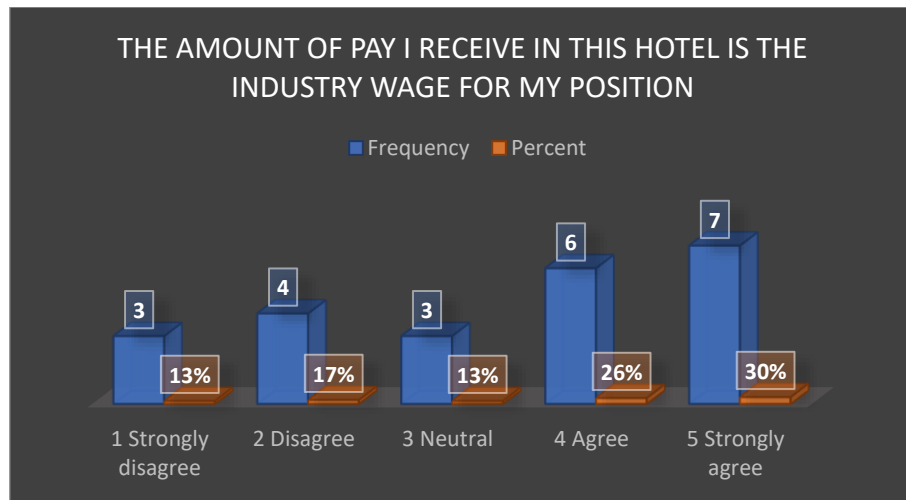


**Figure 4.25: The work benefits I receive are motivating**



**Figure 4.26: I know I have job security in this organisation**

Employee satisfaction leads to employee loyalty, which leads to a higher level of service quality. Increased sales performance is induced by customer loyalty because of client happiness (Mbane, 2017: 45-44). In Figure 4.26, The statement regarding job security is supported by 65.2% of respondents, 8.7% disagree and 26.1% are undecided about job security. This could suggest concerns for management.



**Figure 4.27: The amount of pay I receive in this hotel is the industry wage for my position**

#### 4.6.5 Respondents' level of agreement (%) with 'Rate of preference'

The questionnaires were aimed at determining the rate of important preference that motivates participants from their organisation's perspective.

Respondents were asked to rate their level of agreement (Figure 4.28) with regards to the cost of their paid leave. Those who thought it was low had a 13% response rate, while those who thought it was high also had a 13% response rate. Only 8.7% did not respond to the statement. The indecisive rate of preference of 65.2% raises questions about why employees are hesitant to rate their preferences. The researcher is of the view that this could indicate that they are satisfied with the cost of the paid leave they receive or that they do not understand their organisation's paid leave policy. To provide clarity, the human resources department would need to intervene.

**Table 4.3: Cost of my paid leave**

		Frequency	Percent
Valid	1 Very low	2	8.7
	2 Low	1	4.3
	3 Indecisive	15	65.2
	4 High	2	8.7
	5 Very high	1	4.3
	Total	21	91.3
Missing	System	2	8.7
Total		23	100.0

As shown in Table 4.4 below, 56.5% of respondents place a high value on the importance of quality training and development, 21.7% of respondents were indecisive on this issue, while 17.4% were not interested in training and development.

The researcher is of the view that this should be of concern to management because it may indicate that participants' do not value development or do not want to grow with the organisation. Both groupings could have a negative impact on their performance.

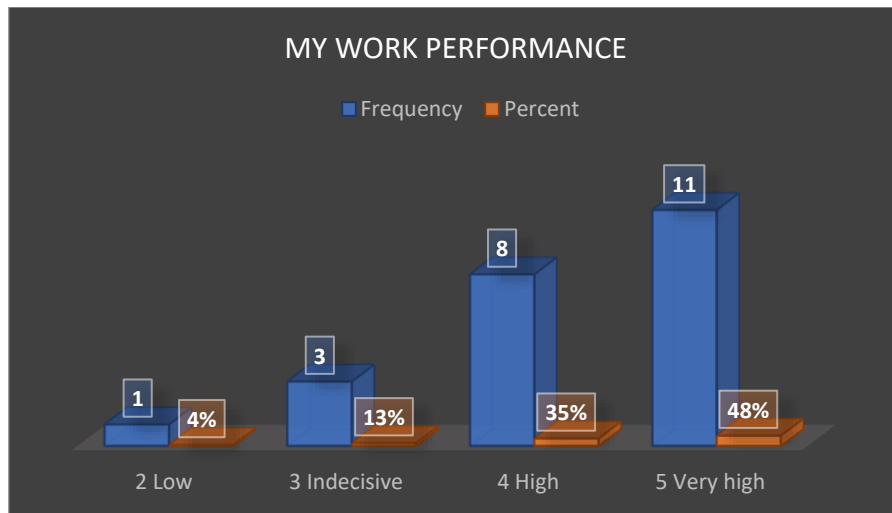
**Table 4.4: Quality training and development**

		Frequency	Percent
Valid	2 Low	4	17.4
	3 Indecisive	5	21.7
	4 High	8	34.8
	5 Very high	5	21.7
	Total	22	95.7
Missing	System	1	4.3
Total		23	100.0

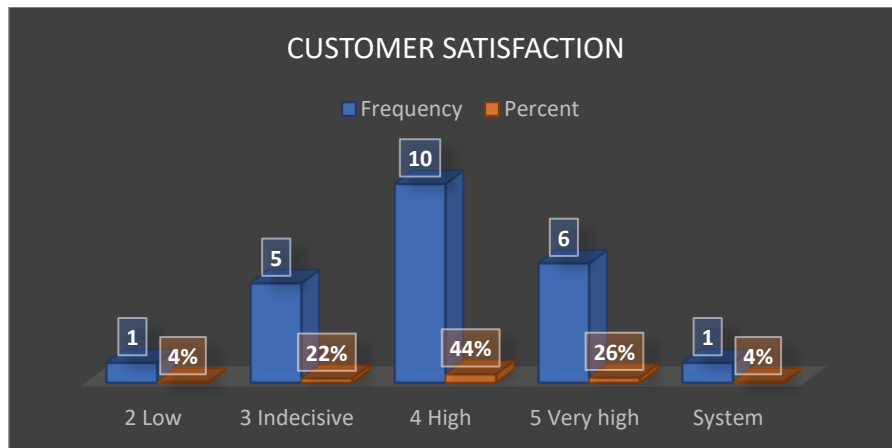
On investigating respondents' ongoing efforts to improve themselves, the results shown in Table 4.5 below show a significant level of preference for pursuing self-improvement (82.6%). 8.7% did not respond to this question and 8.7% were undecided, which could be due to dissatisfaction with the job or a desire to leave the organisation. These are views that management should investigate. The high positive response rate indicates that employees are eager to improve themselves, which should be beneficial to the employer in terms of productivity (Kennedy, 2019: 15).

**Table 4.5: (PREF\_18C) Continuous self-improvement**

		Frequency	Percent
Valid	3 Indecisive	2	8.7
	4 High	8	34.8
	5 Very high	11	47.8
	Total	21	91.3
Missing	System	2	8.7
Total		23	100.0



**Figure 4.28: My work performance**



**Figures 4.29: Customer satisfaction**

Results in Figure 4.29 above refer to how to best improve or change the organisation's products and services to ensure customer satisfaction. 69.6% of respondents placed a high value on customer satisfaction, 4.3% placed a low value on it, 21.7% were undecided and only 4.3% did not respond. Those who gave low or indecisive responses may not understand the importance of customer satisfaction and BE models such as TQM in improving an organisation's systems and processes to increase productivity (Lasrado & Uzbek (2017: 721).

## **MANAGEMENT RESPONSES**

According to Moeuf et al. (2017: 1), the ability of SMEs, which are key contributors to most industries and countries, to exceed customer expectations while maintaining a competitive advantage in their market, are critical to their future success. To achieve this, SMEs must

constantly improve their industrial management procedures, which include planning, resource utilisation, production control and measuring and assessing operational performance.

**Restated objectives:**

- To determine the CSFs that drive hotels to achieve BE (this objective relates to the data analysis in Sections 4.6, 4.8, 4.9)
- To determine and describe the macro-environment factors that contributed to the decline in the hotel industry (this objective relates to Section 4.10).
- To determine what emphasises on BE exists in the hotel industry (this objective relates to Sections 4.4, 4.5).
- To determine what can be done in the hotel industry to re-energise the WC to boost the local economy and increase job opportunities (this objective relates to Section 4.10).

**4.7 Profile of the respondents (Management)**

Management's socio-demographic characteristics are depicted in Table 4.6.

The majority of those who responded to the survey were between the ages of 31 and 40 and work in management. The results show that male hotel employees outnumber females by 81.8% to 18.2%, which is not surprising given that the management of the hotel industry is male-dominated. This implies that each department must motivate to participate to increase female employment.

Middle management accounts for 45.5% of those polled. 27.3% are managers, who are the first point of contact for employees and 18.2% were deemed zero response, indicating a 45.5% middle management rate and a 9.1% senior management level.

With a level of education of 27.3%, 45.5% of the sample had a national diploma or post-graduate qualification (Master's or Doctoral degree), 18.2% held a Matric qualification or lower and 9.1% had an NTVC qualification from a TVET college. Most of the participants in a managerial role are South African whites (70%), with a response rate of 90.9% with no disability. Most of the function areas are occupied by baristas at a rate of 40% and the remaining 60% are shared amongst Food and Beverage (20%), Guest Relations (10%), Reservations (10%), Front Office (10%) and Human Resources (10%). The participants believe their organisations were established more than five years ago with 90% of participants stating that their organisation employed more than 76 persons. Each business has its own objectives. According to 63.6% of participants growth is the main objective towards which they strive. When it comes to policy plans that are put in place, 54.5% indicated that there are policies in place, however, when asked to state those plans, there were no responses.



**Table 4.6: Management respondents: Personal and business profile**

<b>Variable</b>	<b>Category</b>	<b>Frequency (%)</b>
Age	31 years or less	36.4
	31-40 years	54.5
	41-51 years	9.1
	51 years+	0
Gender	Male	81.8
	Female	18.2
Current position	Manager	27.3
	Senior Management	9.1
	Middle Management	45.5
	Missing	18.2
Qualification	Matriculation or below	18.2
	NTVC qualification	9.1
	National Diploma	45.5
	Post-graduate qualification (Master's or Doctoral degree)	27.3
Race	African	10.0
	White	70.0
	Coloured	20.0
Country	South Africa	90.9
	Zimbabwe	9.1
Disability	Yes	9.1
	No	90.9
Function area	Food and Beverage	20.0
	Barrister	40.0
	Guest Relations	10.0
	Reservations	10.0
	Front Office	10.0
	Human Resources	10.0
Year established	Within the past 12 months	9.1
	3-4 years	9.1
	5 years +	81.8
Number of employees	51-75	9.1
	76 and more	90.9
Business objective	Growth	63.6
	Job Creation	9.1
	Other –specify	27.3
Policy Plan	No	27.3
	Yes	54.5
	In the process	18.2
If yes	No responses	



#### **4.8 Commentary of the participants' comments on their understanding of a quality plan**

Managers were asked to briefly explain their understanding of the use of policy plans in terms of their organisation. This was done to gain a better understanding of what they know and the progress (if any) of their quality plans. It was therefore designed as an open-ended question and was the same question asked of employees requiring a 'yes' or 'no' answer. If the answer was yes, respondents were asked to briefly explain their understanding of the quality plan. The following are positive commentaries given by six of the 11 manager's responses:

- Participant 1 explained who they are as an organisation and what organisational broad structure guides their daily operations. "We follow our values, vision and purpose. We also subscribe to our tourism grading council that qualifies our operation";
- Participant 2 noted that it is their "Regular training" that keeps them excelling;
- Participant 3 believes that "Enhancing policies for the better" is what sets them apart;
- Participant 4 seemed to agree with Participant 3 about "As per standards, policies and procedures";
- Participant 5 thinks the "New management" is who will get them to achieve BE; and
- Participant 6, like the other participants, articulated it very well by attributing to "Our most important document is our values, purpose and strategy which defines our culture, innovation, growth and development" which is part of what BE seeks to achieve.

From the limited responses, it appears that there is a common understanding of the policy plan, which is in line with the organisation's procedures, values and mission. The question about the quality plan was not answered by all participants but the 54.5% (from 6 participants) who said "yes" to having a policy plan for their organisation, all gave similar explanations. However the researcher cannot assume that had all managers responded, the results would have been similar. The hotel organisations should be concerned about the 27.3% who said there is no policy plan in place. This could indicate a lack of understanding of the value and application of a good plan to contribute to BE. As a result, education or training could be provided to bring all management up to speed with the business plans and needs (Lasrado, 2019: 188-189).

#### **4.9 Respondents' perceptions of a Business Excellence operation**

The responses shown in Table 4.7 below were copied directly from the questionnaire into a Microsoft Excel spreadsheet. They were numbered 1 through 3 and organised into theme codes. In addition, a common theme from the responses was chosen and grouped according to the theme codes to determine the respondent's understanding of BE. The responses were categorised into

common themes (teamwork, passion and development) based on the most common or relatable words used in the responses: these were labeled as theme codes, ranging from 1 to 3. Managers were asked to explain how they came to understand the CSFs that their business needed to succeed. Because some of the questions were open-ended, the responses could be grouped and quantified to align with the research methodology graphic analysis and data display. Common themes and theme codes arose from this. The researcher also needed to know which of the top three common themes was the most prevalent critical factor. The COUNTIF function in Excel was used to count the number of times a common theme appeared in the list, which is the same procedure used in Table 4.2 except that common themes were used. Under the heading of Frequency, the response was noted. In this case, the participant stated that teamwork is the most important factor in achieving BE, among the other two CSFs.

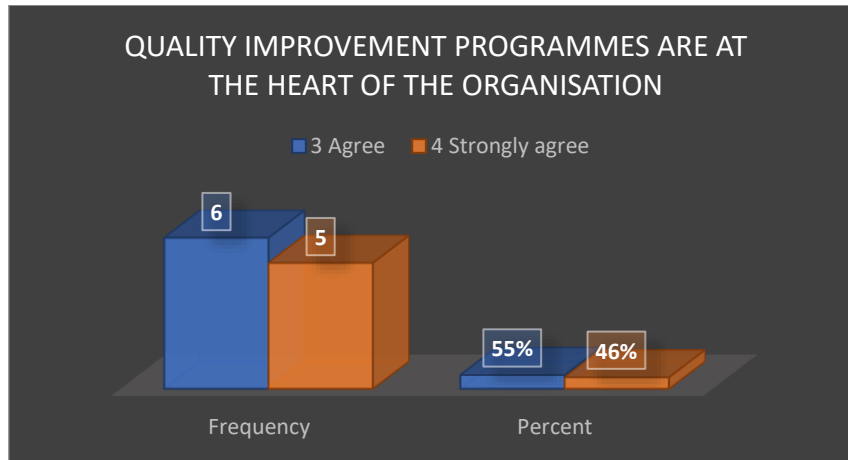
**Table 4.7: Common themes and codes (Management)**

<b>Business Excellence responses</b>	<b>Theme code</b>	<b>Common Themes</b>	<b>Theme code</b>	<b>Proportion</b>	<b>Percent</b>
Teamwork, communication, achieving goal objectives, set of rules and success of the business, use of tools	1	Teamwork	1	Teamwork	50
Teamwork, process work, customer relations, development, clear business objectives	1	Passionate	2	Passionate	25
Consistency in standard in guest relations, investing in staff training	3	Development	3	Development	25
Being a hard worker	2	Frequency		Total	100
Being passionate	2	Teamwork	4		
Passion, accountability, respect and teamwork	1	Passionate	2		
Good training, highly motivated team leaders, Constant training, Flexible working hours, Wellness programmes, good salary, healthy working conditions and good management team	3	Development	2		
Teamwork, integrity, respect, planning and passion	1	Total	8		

#### 4.10 Respondents' level of agreement with factors of Business Excellence operations

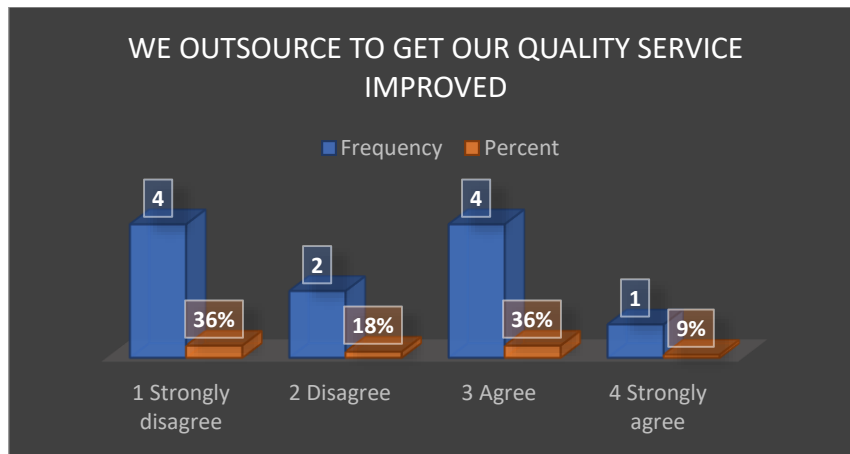
Many businesses in the tourism industry begin by constantly improving their business processes in a variety of ways, such as forecasting the complexities and uncertainties of the pandemic (COVID-19), as well as policy responses to the COVID-19 impacts to adapt to market changes and customer demands (UNWTO, 2021a). Some businesses take part in quality award programmes to help them to improve their quality management. The researcher sought to get an overview of quality management and the organisation's role in promoting quality service.

##### 4.10.1 Respondents' level of agreement (%) with Quality Awareness

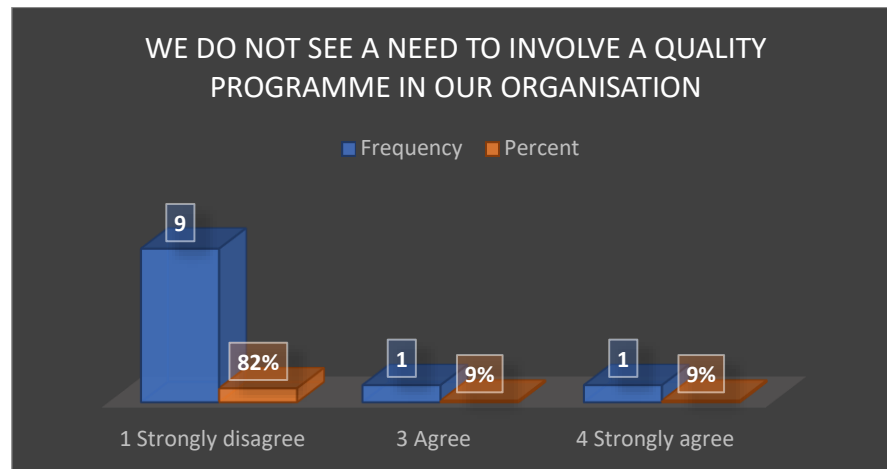


**Figure 4.30: Quality improvement programmes are at the heart of the organisation**

Figure 4.30 shows that 45.5% of respondents felt strongly about quality improvement programmes, while 54.5% agreed that they were at the heart of the organisation. This suggests that managers understood the importance of a quality improvement programme. However, some may value it more than others do. Lasrado and Uzbek (2017: 3) argue that it is a major guide for organisations to implement their business strategies for continuous improvements, such as adopting BE models.

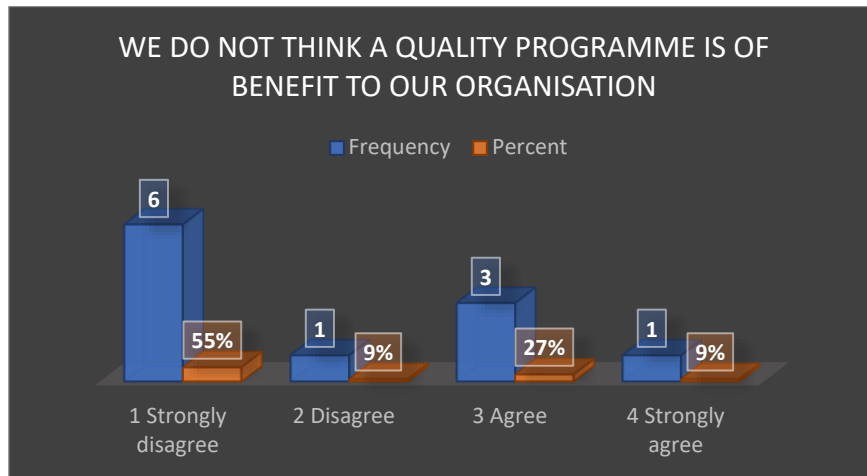


**Figure 4.31: We outsource to get our quality service improved**



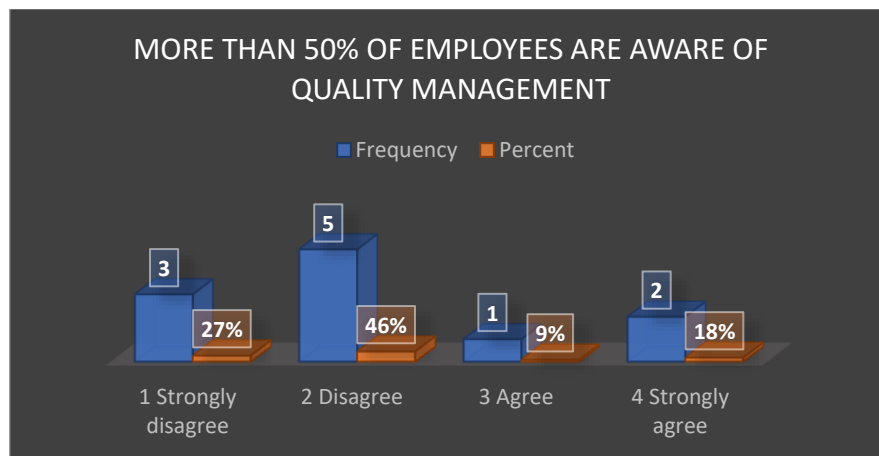
**Figure 4.32: We do not see a need to involve a quality programme in our organisation**

The data in Figure 4.32 above reveal that 81.8% disagree with the statement, indicating that a quality programme is required in their organisation but 18.2% do not see the need for such a programme. The gap between the responses is very wide, implying that 81.8% have seen or are aware of the contribution made by quality programmes implementation to BE. The 18.2%, on the other hand, could be because they already have the programme and do not see the need to improve. Oliver et al. (2018: 1) define CSFs as "...an important part of the management position in the South African tourism industry in gaining good competitive results that will enable them to achieve excellence".

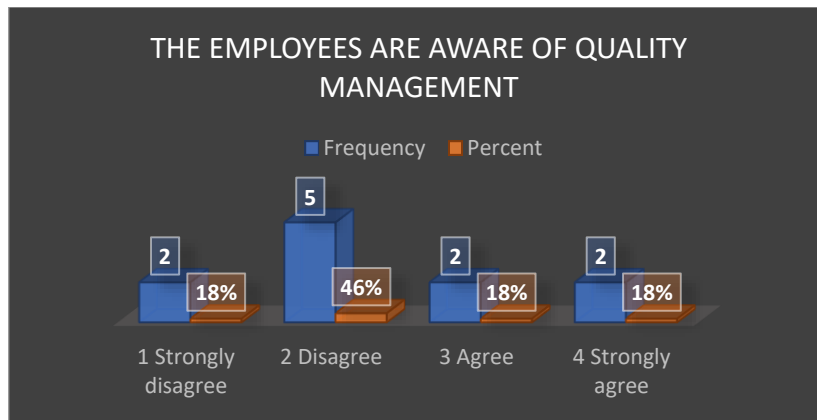


**Figure 4.33: We do not think a quality programme is of benefit to our organisation**

Figure 4.33 above reveals that in response to the statement “We do not think a quality programme is of benefit to our organisation”, 63.6% of respondents strongly disagreed or disagreed. Using Figure 4.33 as a guide, this response indicates that the participants are willing to put quality programmes in place in their organisations. Al-Ababneh (2016: 189) reports that in a fast-paced market, service quality in the hospitality industry becomes one of the most important factors in maintaining a competitive edge and earning customers' trust.



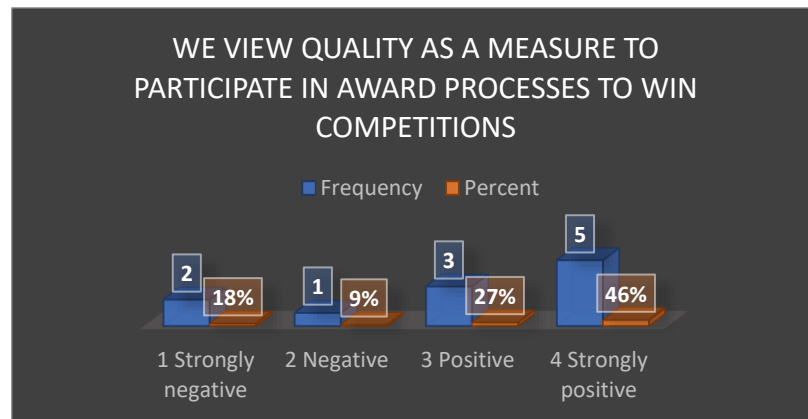
**Table 4.34: More than 50% of employees are aware of quality management**



**Figure 4.35: The employees are aware of quality management**

Regarding quality management, Figure 4.35 shows that 63.7% of employees are not aware of programmes, while 36.4% agree that they are aware. According to these results, managers are not fully equipping employees with the necessary quality management tools. This supports Jankalová and Jankal (2020: 24) who argue that company excellence models allow for change across core stakeholder dimensions, allowing for the union of sustainable growth and standard business processes.

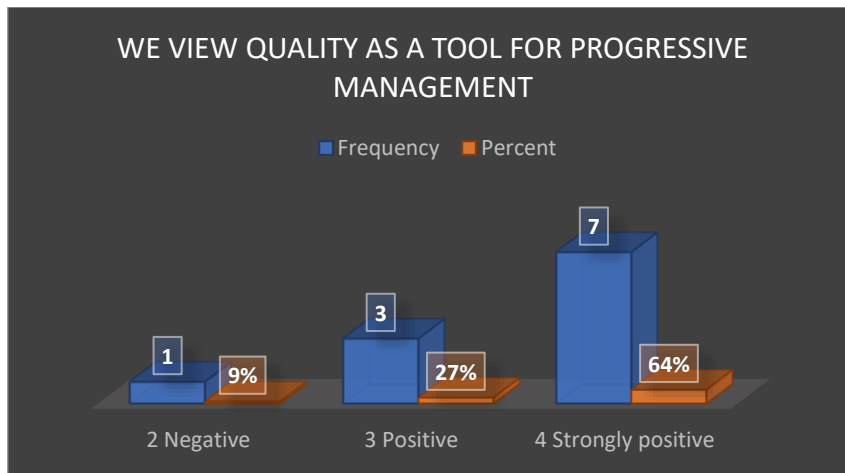
#### 4.10.2 Respondents' level of agreement (%) with 'quality in the organisation'



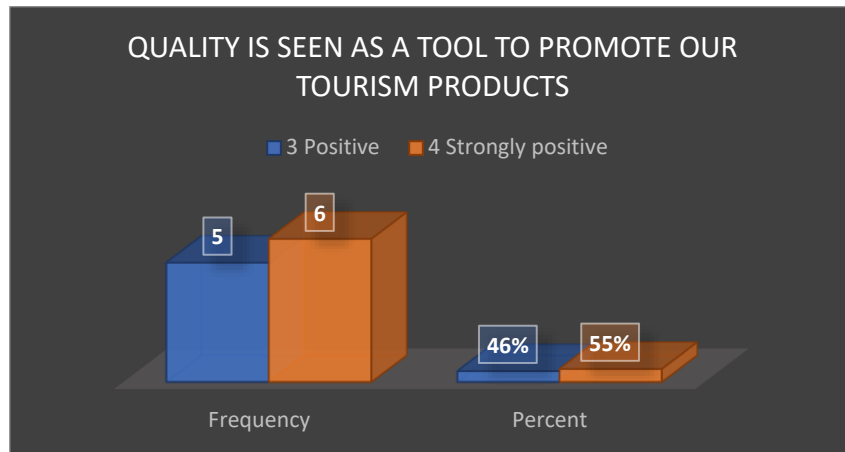
**Figure 4.36: We view quality as a measure to participate in award processes to win competitions**

Figure 4.36 shows that participants (management) felt strongly (72.8%) about the importance of quality in their participation in award competitions. The statement elicited a negative response from only 27.3% of those polled.

Service quality has become one of the most important factors in maintaining a competitive advantage in the hospitality industry (Foris et al., 2020: 8).

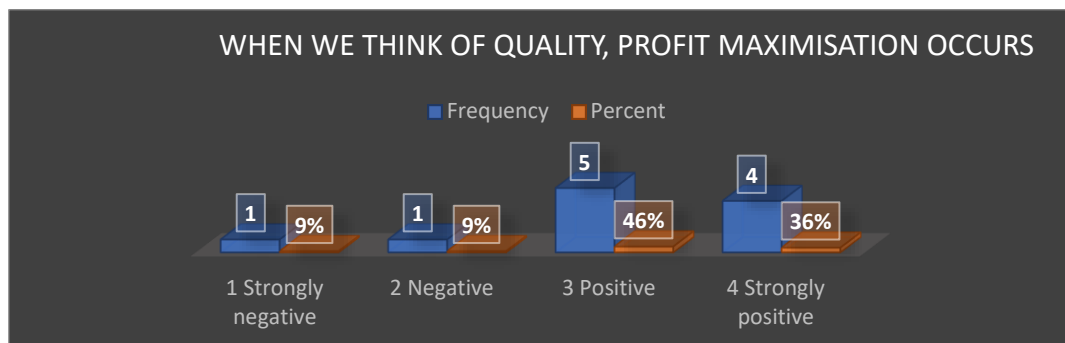


**Figure 4.37: We view quality as a tool for progressive management**



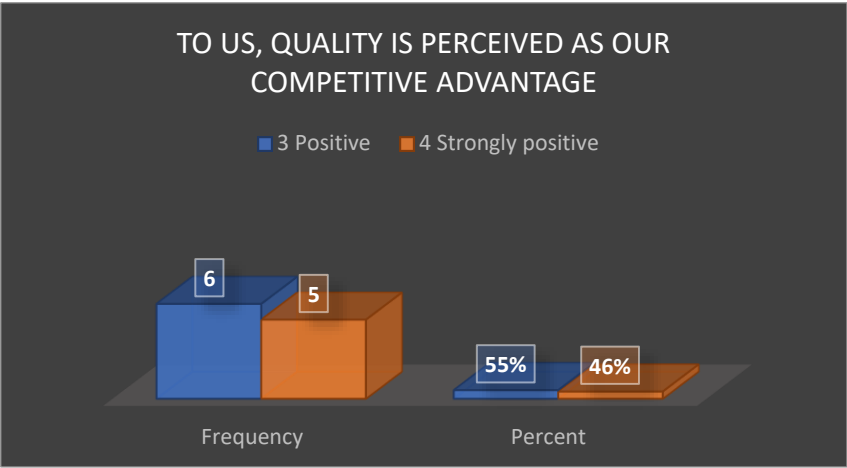
**Figure 4.38: Quality is seen as a tool to promote our tourism products**

Figure 4.38 shows that 100% of the management team agrees that quality is seen as a tool for promoting tourism products and gaining customers' trust (Pikkemaat & Zehrer, 2016: 343; Kiriri, 2019: 13).



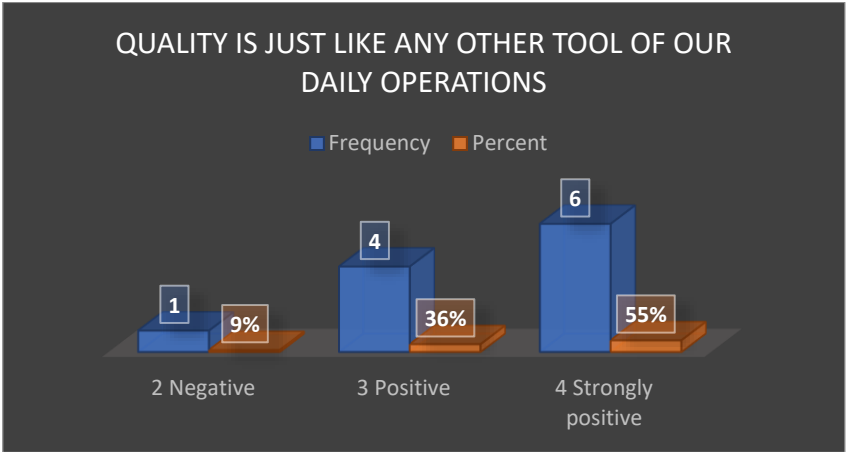
**Figure 4.39: When we think of quality, profit maximisation occurs**

According to Ramphal (2017: 2), SMEs are critical for a competitive and efficient market, as well as increasing the level of competition in the (tourism) economic sector as well as the quality and comfort of options. Hence, the economy is eventually pushed into a more effective and profitable space. Figure 4.39 shows that as a result, 81.9% of respondents believe that profit maximisation is a result of quality but 18.2% gave a negative response to the statement.



**Figure 4.40: To us, quality is perceived as our competitive advantage**

According to the data revealed in Figure 4.40, the use of quality is viewed as a competitive advantage by 100% of respondents. This is correct, according to Jankalová and Jankal (2020: 16). These authors argue that to stay competitive in an increasingly volatile and asymmetric competitive environment, businesses must constantly improve their processes and services.



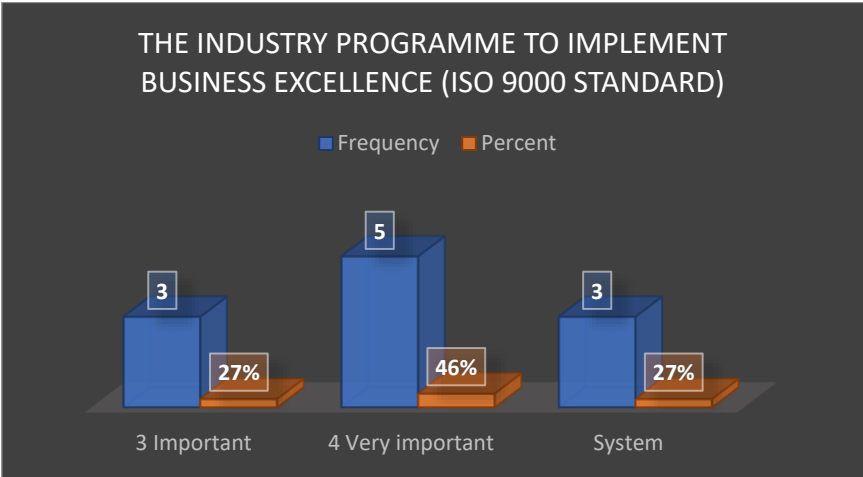
**Figure 4.41: Quality is just like any other tool of our daily operations**

The responses in Figure 4.41 above indicate that only 9.1% of respondents do not include quality in their daily operations, which may have a negative impact on the organisation's profit maximisation, while 90.9% of businesses do include quality in their daily operations. According to



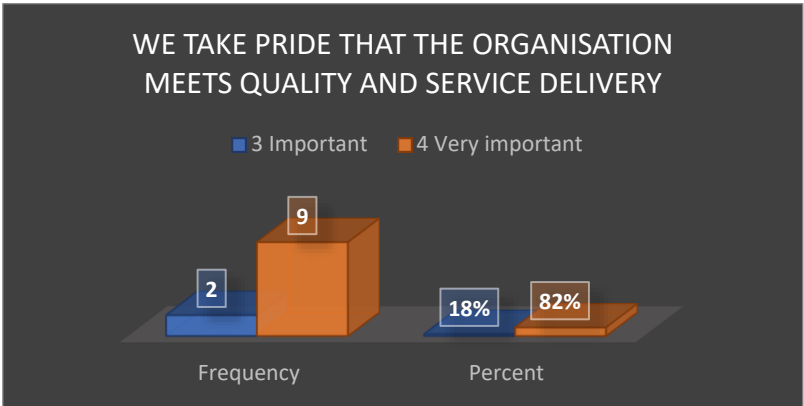
Marković et al. (2020: 25), quality tools necessitate a rethinking of how organisations operate in the planning, development, execution and assessment phases of the organisation’s daily practices.

**4.10.3 Respondents’ views on the level of importance (%) towards ‘Quality of service’ for Business Excellence**



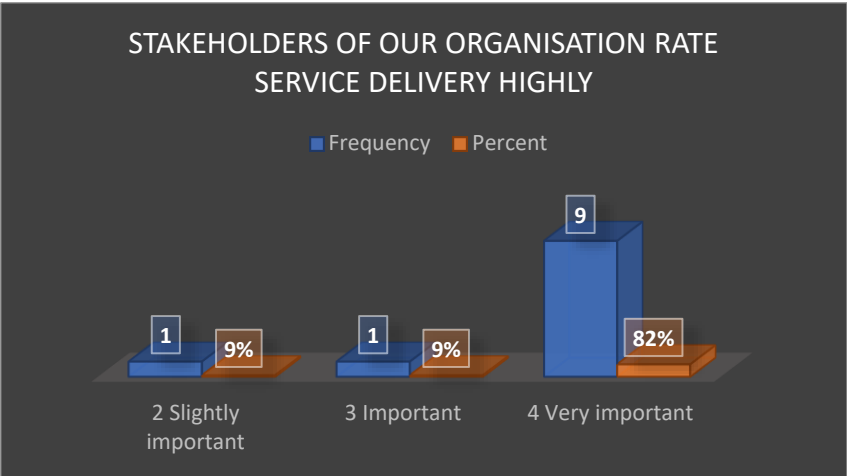
**Figure 4.42: The industry programme to implement Business Excellence (ISO 9000 standard)**

According to the data shown in Figure 4.42, using the ISO 9000 standard as a BE tool within the industry is a critical approach. This is demonstrated by the 100% response rate but 27.3% of respondents failed to respond. The direct impact on consumer retention, as well as the indirect impact on customer loyalty, has been recognised by Stefano et al. (2015: 433), by measuring the value of the standard of service for business results.



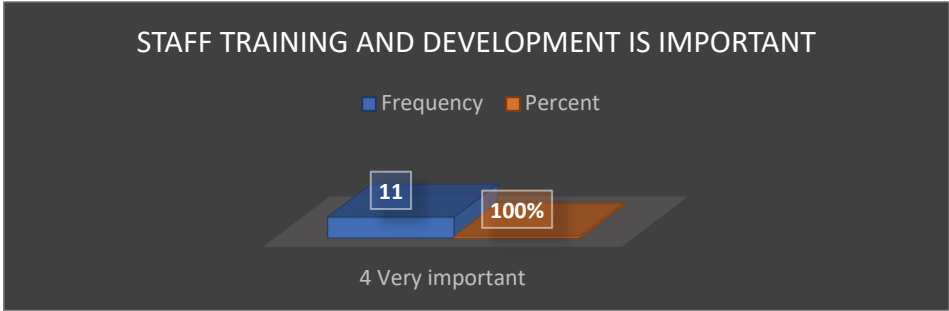
**Figure 4.43: We take pride that the organisation meets quality and service delivery**

As seen in Figure 4.43 above, service delivery is very important to 81.8% of stakeholders, followed by 18.2% who recognise the importance of service delivery and believe that its use is important enough to influence the organisation. SMEs play a significant role in the country's growth by developing competitive tourist goods, establishing new tourist routes and presenting these goods and routes to global tourist markets (Nurov et al., 2021: 271-272).



**Figure 4.44: Stakeholders of our organisation rate service delivery highly**

In Figure 4.44 above, most respondents (81.8%) indicated that service delivery is very important to their organisations and 9.1% of respondents believed that it is critical. However, 9.1% of those polled said service delivery is only marginally important. This is concerning because service delivery should be an organisation's top priority. Quality service, according to Stefano et al. (2015: 433), is defined as a “combination of multiple attributes such as security, convenience and satisfaction, all of which are difficult to reliably quantify”. Furthermore, efficiency is assessed both during and after the service delivery process; the customer makes the final decision by comparing the perceived output to what they expect.

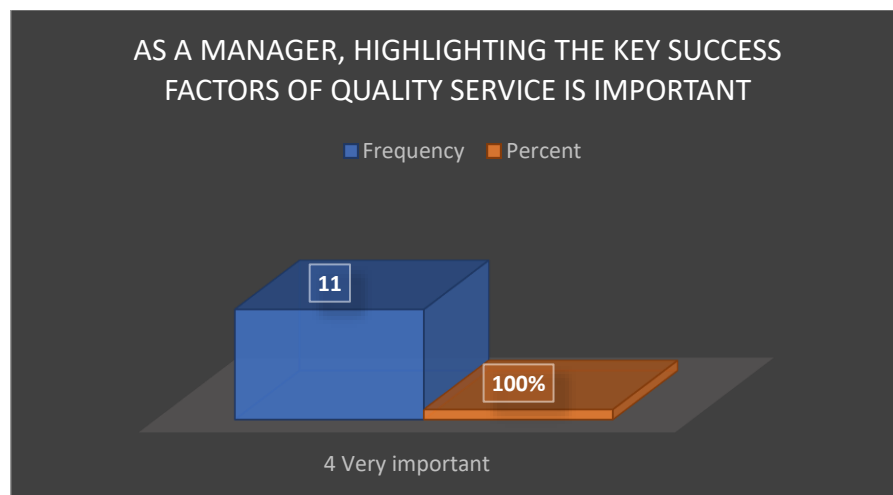


**Figure 4.45: Staff training and development is important**

Figure 4.45 shows that 100% of managers want to see their employees succeed and be promoted as a result, while 9.1% believe it is extremely important. Only 9.1% did not respond.

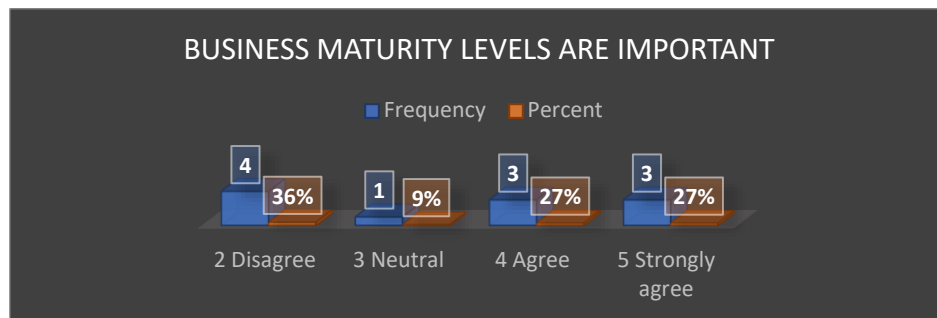
**Table 4.8: Promotion of excelling staff is necessary**

		Frequency	Percent
Valid	3 Important	1	9.1
	4 Very important	9	81.8
	Total	10	90.9
Missing	System	1	9.1
Total		11	100.0



**Figure 4.46: As a manager, highlighting the key success factors of quality service is important**

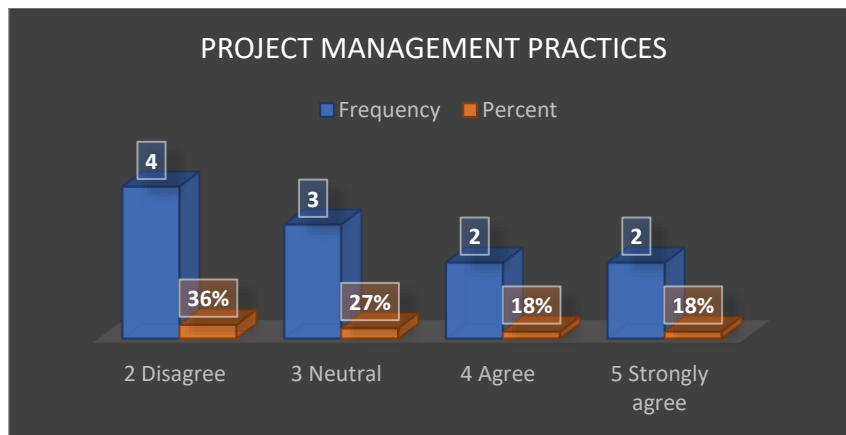
**4.10.4 Respondents' responses on measurement of Business Excellence**



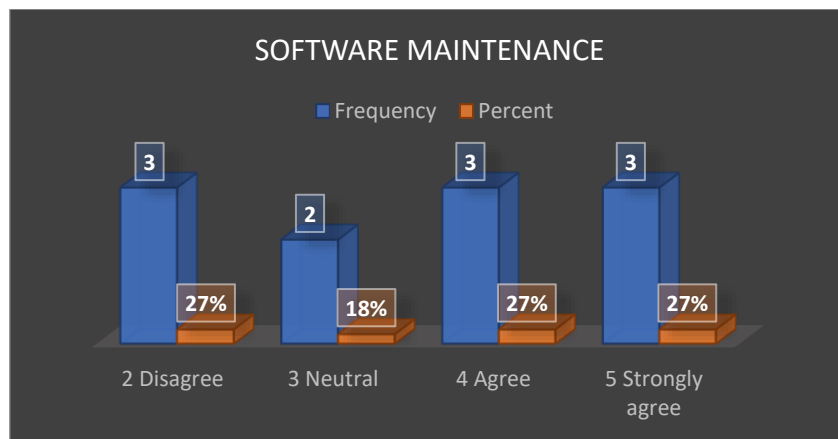
**Figure 4.47: Business maturity levels are important**

Managers were questioned about the tools they used to evaluate business performance (BP, which contributes to BE). One of these tools is business maturity levels, which Figure 4.47 shows as 54.6% agreeing to have used it, while 36.4% say they do not use it and only 9.1% remained neutral. This could indicate a lack of understanding of what the model is and does. Tickle et al.

(2016: 205) urge assessing the maturity stage of an organisation's BE level; maturity levels look at the business development to allow organisations to measure their level of BE maturity.



**Figure 4.48: Project management practices**



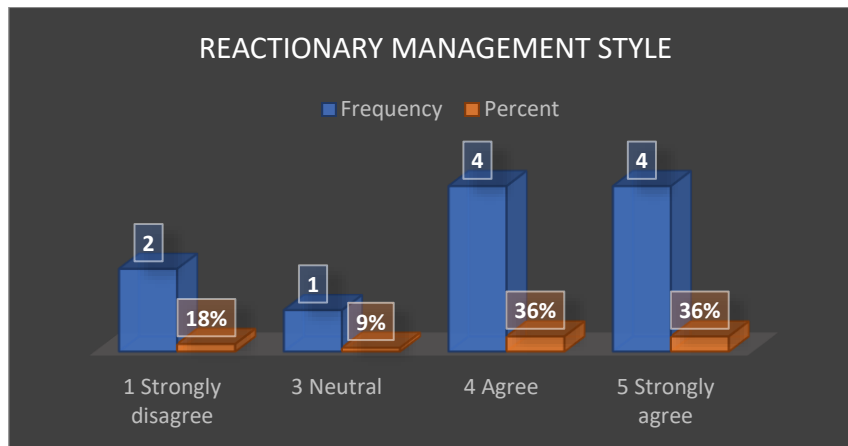
**Figure 4.49: Software maintenance**

As seen in Figure 4.49, software maintenance is used by 54.6% of respondents to assess the business' progress toward excellence and maturity. However, 27.3% of respondents oppose using this model as a tool in their organisation, while 18.3% remained neutral. Furthermore, Gupta et al. (2020: 952) argue that the LSS architecture implementation phase, as well as the likely deployment of big data methods and technologies to the organisation, should be incorporated.

The results shown in Table 4.9 below indicate that 63.7% of respondents believe the BE model is used to assess sustainability and adapt to changes in the marketplace and customer demands. However, 9.1% said they disagree with using the model as a tool, 9.1% did not respond and 18.2% were neutral on the statement. No supporting or contradicting sources were found.

**Table 4.9: (BET\_17D) Business processes for Business Excellence**

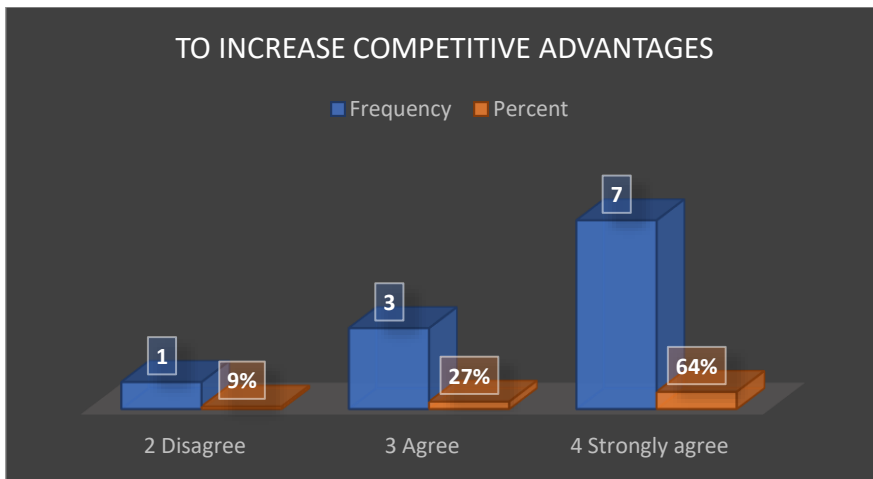
		Frequency	Percent
Valid	2 Disagree	1	9.1
	3 Neutral	2	18.2
	4 Agree	3	27.3
	5 Strongly agree	4	36.4
	Total	10	90.9
Missing	System	1	9.1
Total		11	100.0



**Figure 4.50: Reactionary management style**

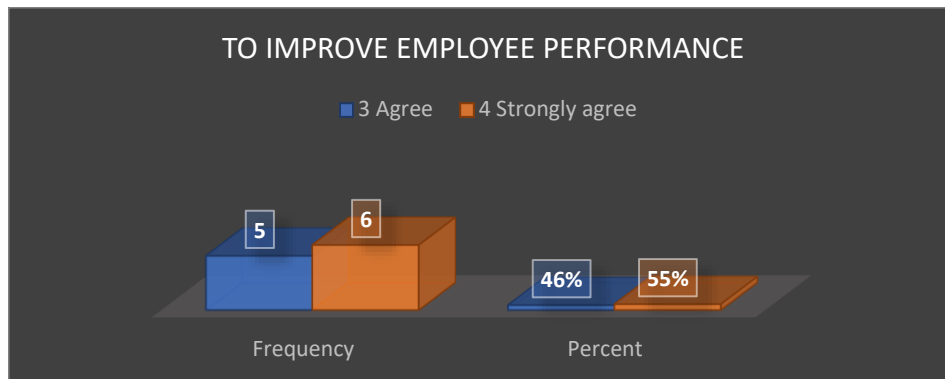
Table 4.50 shows that while 72.8% of supporters of a reactionary management style approach see it as a tool for growing into a more mature state, 18.2% of respondents disagree with this statement and 9.1% remained neutral. Organisations that support this approach see it as a guide in progressing to a more advanced maturity level (Tickle et al., 2016: 206). As a result, tourism SMEs must find the right BE tools and strategies at the right time and in the right place to help them achieve their goals.

#### **4.10.5 Respondents' level of agreement (%) with 'quality improvement'**

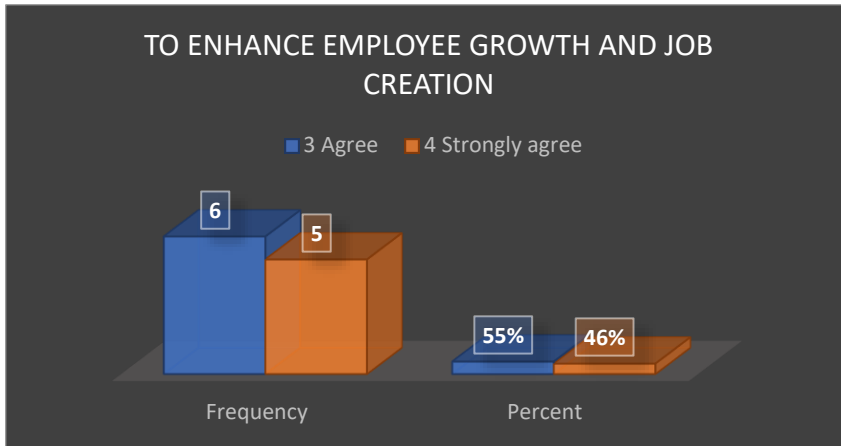


**Figure 4.51: To increase competitive advantages**

Managers indicated which factors motivated them to introduce quality improvement into the organisation and with which factors they disagreed. Figure 4.51 indicates that 90.9% of respondents agreed that using quality improvement to gain a competitive advantage was a good idea, while only 9.1% disagreed.

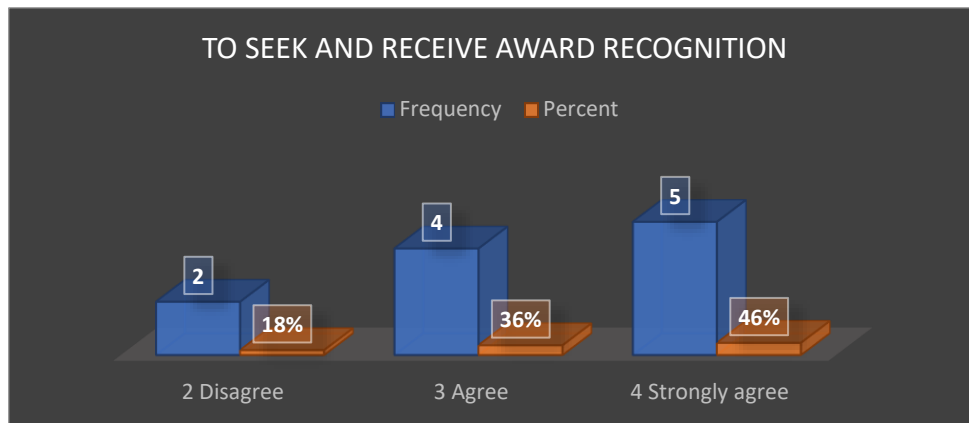


**Figure 4.52: To improve employee performance**

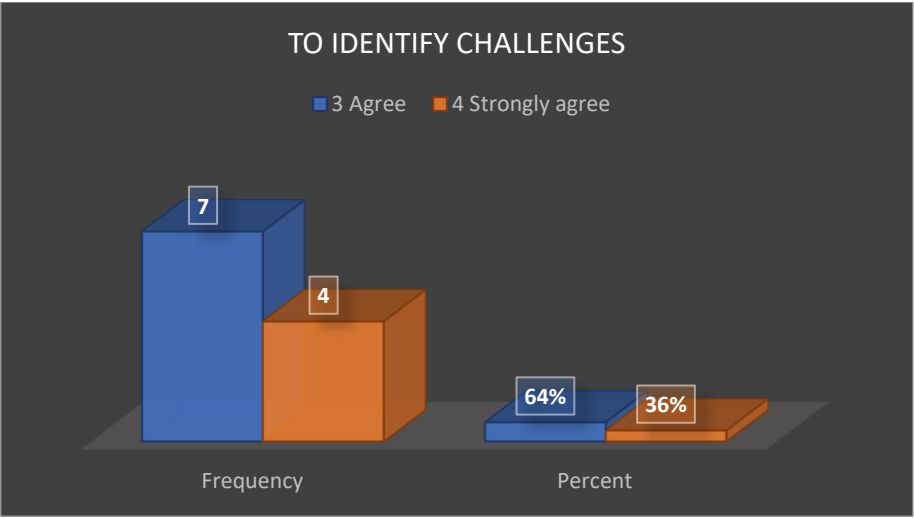


**Figure 4.53: To enhance employee growth and job creation**

By developing competitive tourist goods, establishing new tourist routes and presenting these goods and routes to global tourist markets, Figure 4.53 shows that 100% of the respondents believed tourism plays a significant role in the country's growth, as suggested by Nurov et al. (2021: 271-272). As a result, they are motivated to incorporate quality improvement as a motivator.

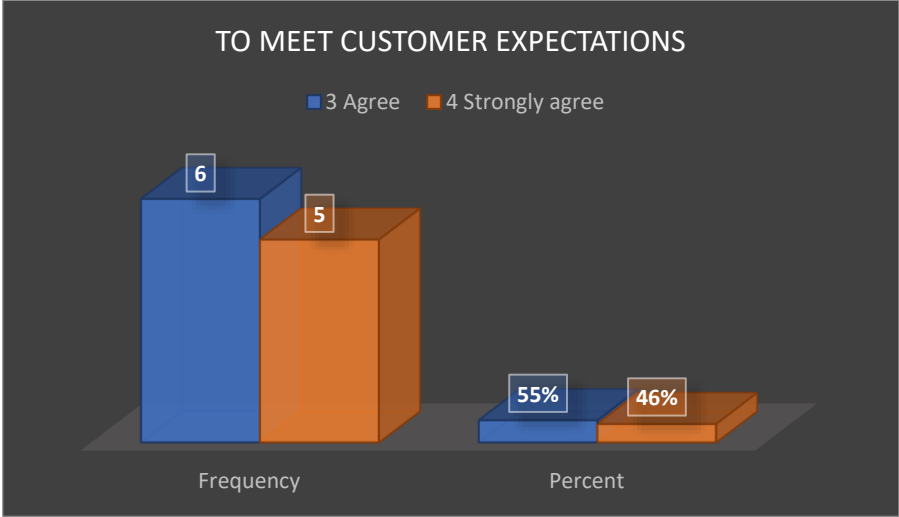


**Figure 4.54: To seek and receive award recognition**



**Figure 4.55: To identify challenges**

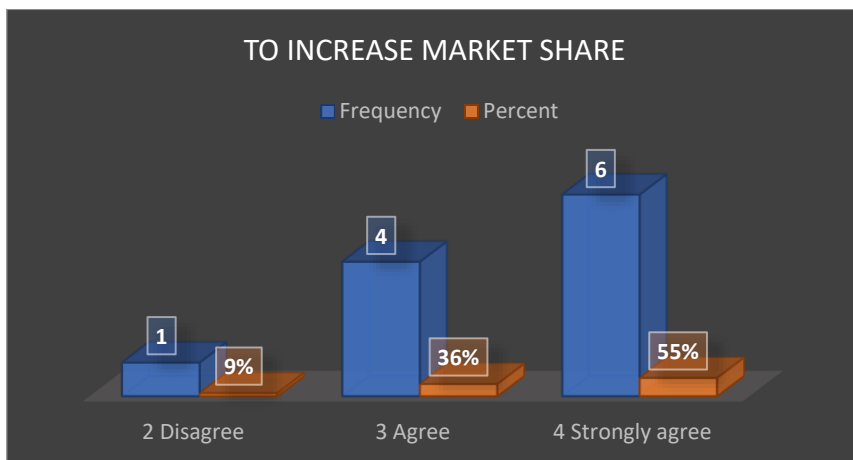
Identifying a challenge is motivational enough for implementing quality improvements, as suggested by the 100% response rate seen in Figure 4.55. According to Lasrado and Uzbeck (2017: 722), any improvement in the business helps the organisation manage growth and that improvement helps interested parties within the organisation be aware of the main causes of complications/challenges before formulating a strategy.



**Figure 4.56: To meet customer expectations**



Figure 4.56 above shows that regarding customer satisfaction and competitiveness, all respondents agreed that the most important benefits of quality management systems implemented by organisations appear to be successful, although, based on the low response in the data collected, this cannot be generalised. Eriksson et al. (2016: 9) argue that corporate organisations are more developed than SMEs in terms of process development, customer satisfaction, how they achieve results and leadership skills.



**Figure 4.57: To increase market share**

According to the results seen in Figure 4.57, 90.9 % agree that motivations for quality improvement result in a competitive advantage, while 9.1% expressed disagreement. This statement is supported by Sitharam and Hoque (2016: 278) and Mhlanga and Steyn (2017: 1).

#### **4.10.6 Respondents' level of usage (%) of Business Excellence models**

Table 4.10 refers. As a model for improving product and service quality by pioneering a plan to better utilise the organisation's available resources, 54.4% said they had never used any TQM system. However, only 18.2% of those who responded had applied TQM, while the remaining 18.2% said they did apply TQM (9.1% apply TQM occasionally and 9.1% use it frequently). 9.1% of participants did not respond to the question. TQM is defined as a "method of ensuring perfect customer satisfaction at all levels of the business process, both internally and externally" (Eriksson et al., 2016: 1204; Lasrado et al., 2019: 2-3). Educating employees on the use of TQM in the workplace could help them meet today's standards.

**Table 4.10: (MODEL\_19A) Total Quality Management**

		Frequency	Percent
Valid	1 Never	6	54.5
	2 Rarely	2	18.2
	3 Sometimes	1	9.1
	4 Frequently	1	9.1
	Total	10	90.9
Missing	System	1	9.1
Total		11	100.0

**Table 4.11: (MODEL\_19B) Baldrige Business Excellence model**

		Frequency	Percent
Valid	1 Never	7	63.6
	2 Rarely	3	27.3
	Total	10	90.9
Missing	System	1	9.1
Total		11	100.0

According to the data reflected in Table 4.12, 72.7% of participants have never used the European Foundation for Quality Management (EFQM) model, while 18.2% have only used it occasionally and 9.1% did not respond. It is not good for management to be unaware of or use such a model. The SAEM is the result of a thorough examination of two well-known global models, specifically the MBNQA model in the United States and the EFQM model in Europe, both of which have been adapted to better reflect South Africa's needs (Ladzani, 2016: 11-12). These models, according to Fonseca et al. (2021) and Thanawatchaikul and Supeekit (2022: 525), offer industry a strategic and technologically unbiased perspective by combining quality management and improvement models and approaches with technology to foster critical competencies and factors for organisational success. Furthermore, the process of self-assessment is generally used to analyse the unsatisfactory factors. The model is generic so it can be applied to organisations of any size, scope, or industry and it has been adopted by thousands of organisations around the world (Thanawatchaikul & Supeekit, 2022: 525).

**Table 4.12: (MODEL\_19C) European Foundation for Quality Management (EFQM)**

		Frequency	Percent
Valid	1 Never	8	72.7
	2 Rarely	2	18.2
	Total	10	90.9
Missing	System	1	9.1
Total		11	100.0

**Table 4.13: (MODEL\_19D) Excellence Awards**

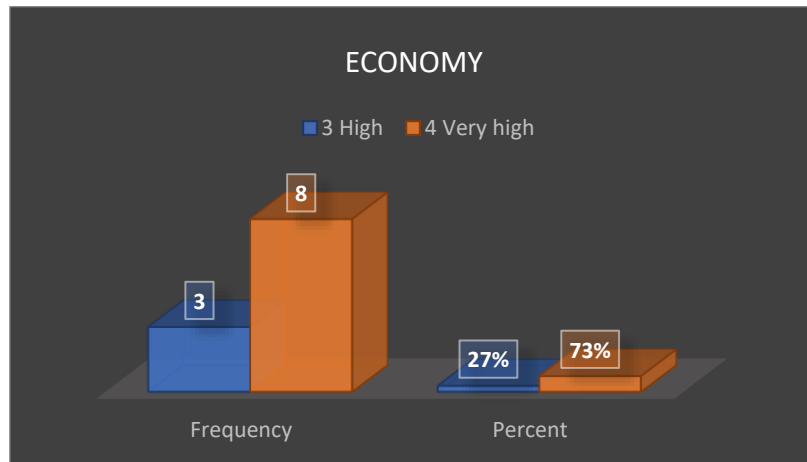
		Frequency	Percent
Valid	1 Never	2	18.2
	2 Rarely	1	9.1
	3 Sometimes	5	45.5
	4 Frequently	2	18.2
	Total	10	90.9
Missing	System	1	9.1
Total		11	100.0

Concerning ISO 9000 and as shown in Table 4.14, 45.5% said they had never used it, 9.1% said they had used it occasionally, 27.3% said they had used the ISO 9000 model frequently but 18.2% of respondents did not respond. Eriksson et al. (2016: 1206) report this as one of the excellence models that includes management by evidence, resilience and sustainability.

**Table 4.14: (MODEL\_19E) ISO 9000**

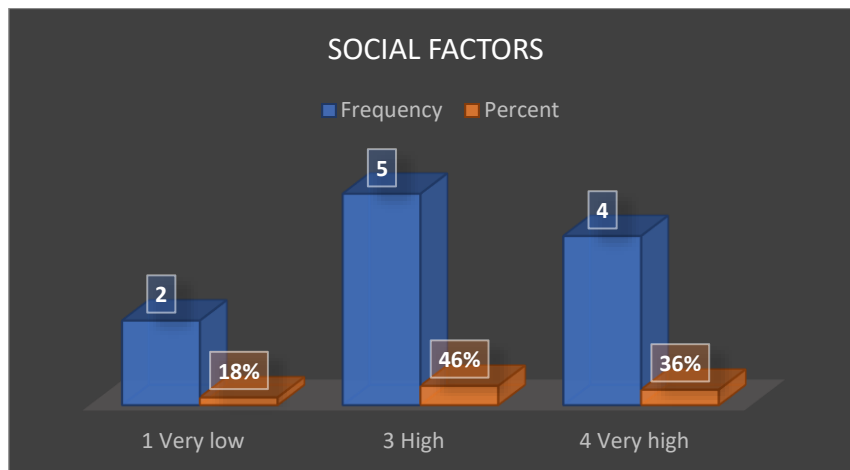
		Frequency	Percent
Valid	1 Never	5	45.5
	3 Sometimes	1	9.1
	4 Frequently	3	27.3
	Total	9	81.8
Missing	System	2	18.2
Total		11	100.0

**4.10.7 Respondents' level of rank (%) on 'most influencing external environmental factors'**

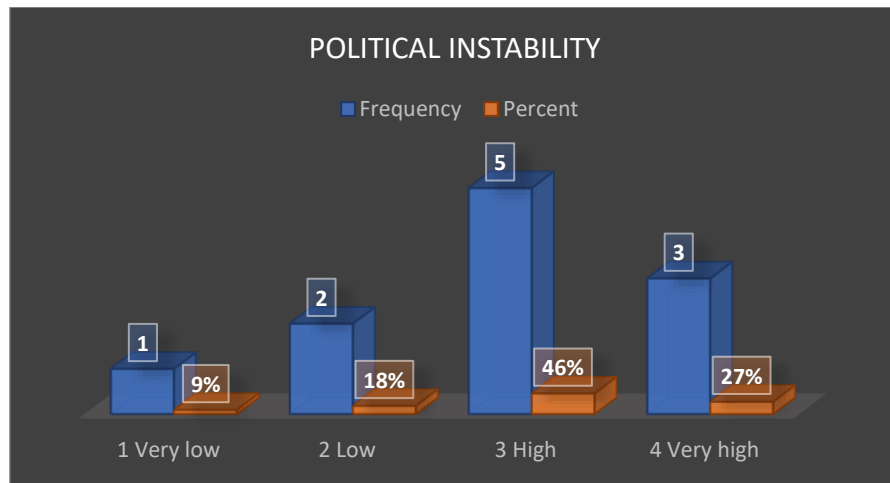


**Figure 4.58: Economy**

Figure 4.58 refers. According to Sitharam and Hoque (2016: 278) and Mhlanga and Steyn (2017: 1), the market environment is defined as both internal and external variables that influence an organisation's ability to survive and prosper. As a result, the corporate climate is regarded as crucial to an organisation's and the country's economic development. The most influencing external environmental factors in the development of the organisation were ranked by respondents. In terms of the economic factor, all respondents said it had a significant impact on the organisation's development.

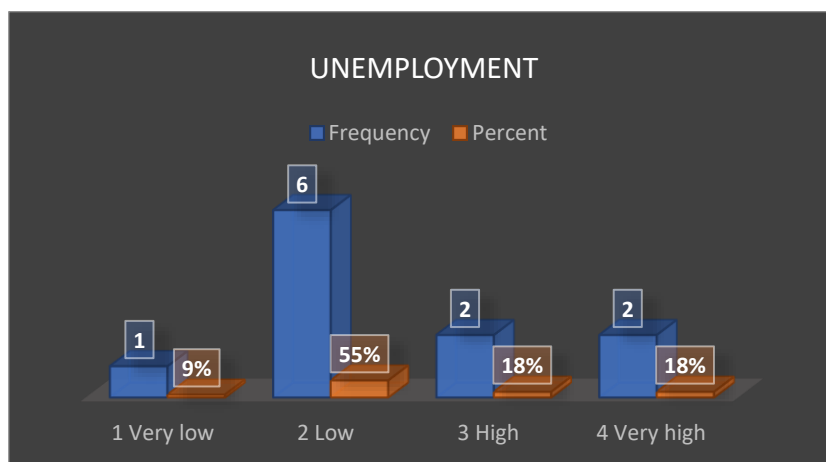


**Figure 4.59: Social factors**



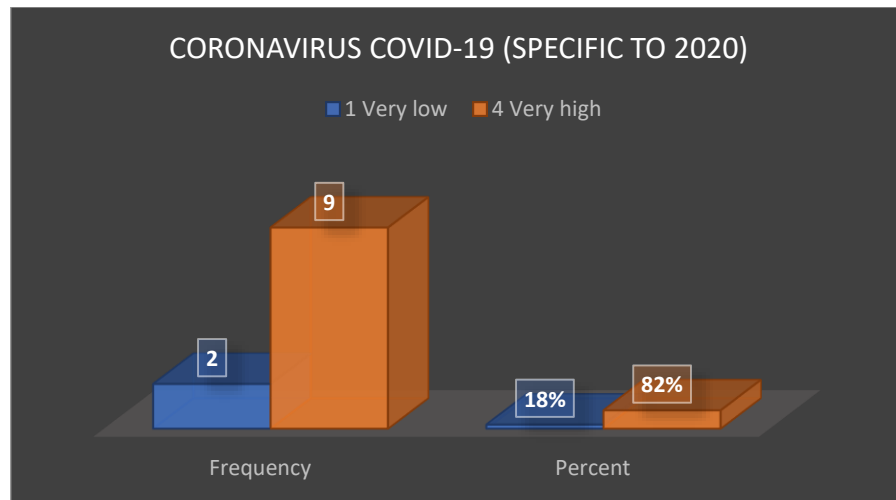
**Figure 4.60: Political instability**

With reference to Figure 4.60 regarding political instability, 72.8% of respondents indicated that politics have a significant impact on an organisation's development. The political risk in South Africa impacts all industries, including tourism, which had, before the COVID pandemic, been performing well in terms of visitor arrivals and sales (Mhlanga & Steyn, 2017: 9). However, a combined 27.3% said that politics had a low or very low impact on the organisation's growth.



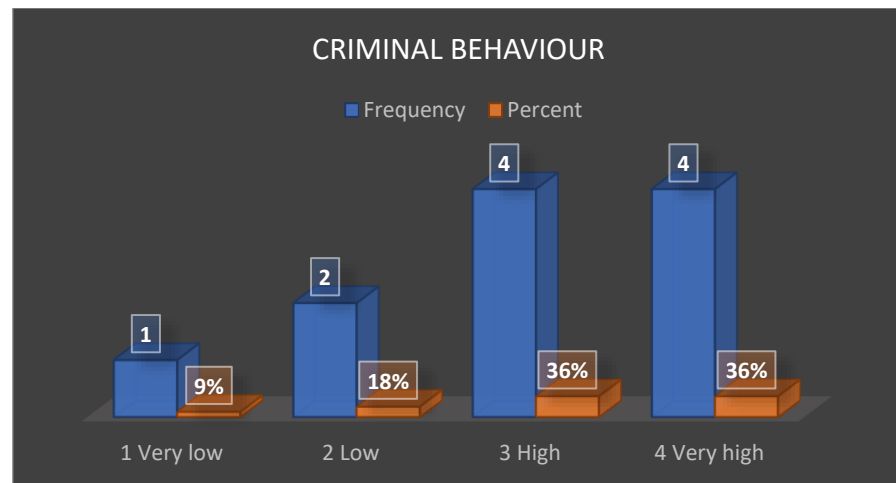
**Figure 4.61: Unemployment**

Figure 4.61 above refers. As the country faces major challenges in terms of unemployment and income distribution, SMEs should play a critical role. According to the respondents, unemployment has a low impact (63.6%) on the organisation's development (there are many skilled workers available to work), while 36.4% said unemployment has a high impact. The models' quality also fits many of today's business problems, indicating that performance models appear to be important for many organisations (Kennedy, 2019: 15).



**Figure 4.62: Coronavirus COVID-19 (specific to 2020)**

Figure 4.62 above suggests that because of the lockdown and travel restrictions imposed through the COVID-19 pandemic, a significant impact was experienced by the tourist industry both globally and in South Africa. As a result, 81.8% agree that the pandemic had a very high influence on growth of organisations, compared to 18.2% who believe it had a low influence.



**Figure 4.63: Criminal behaviour**

Regarding the most influencing external environmental factors in the development of the organisation, criminal behaviour (theft, prostitution, drug-dealings arson corruption) does influence the development of the organisation. Seen in Figure 4.63 above, 72.8% of respondents agree that criminal behaviour has a high or very high influence on the business, while 27.3% of respondents think that criminal behaviour only has a low influence on the business.

## **4.11 Discussion of the analysed data**

### **4.11.1 Introduction**

A presentation and analysis of the results contained in this chapter are considered, based on the four study questions.:

#### **Study questions:**

- What are the CSFs that drive hotels to achieve BE?
- What are the macro-environment factors that contribute to the decline of the hotel industry?
- To what extent does the hotel industry lack emphasis on the importance of BE knowledge?
- What can be done by the hotel industry to re-energise the WC to boost the local economy and increase job opportunities?

### **4.11.2 The findings obtained from the four questions are discussed below.**

#### **4.11.2.1 Response rate**

To recap on the response rate of the study, a final sample of 34 participants at SMEs in the Cape Town CBD's hotel industry was obtained. To achieve this goal, the researcher used a convenience sampling technique to deliver 60 questionnaires to SMEs in the hotel sector in the Cape Metropole. Of these 60 questionnaires, only 40 questionnaires were returned, representing a 67% response rate. In addition, 6 of the 40 responses were found to be ineligible because participants were job-shadowing and did not have the necessary knowledge or experience to complete the questionnaires meaningfully. Therefore, the researcher collected only 34 completed questionnaires (from both employees and managers) from the 60 questionnaires that were distributed, showing a response rate of only 57%.

### **4.11.3 Employee and manager responses**

#### **4.11.3.1 Demographic characteristics**

The data confirm that male hotel employees dominated the sample. More than 50% of the surveyed respondents were relatively young (less than 36 years of age) and 76.2% were male and 23.8% female, which is likely since there are more males than females in the hotels surveyed. The dominant grouping of those who responded to the survey were between the ages of 31 and 40 and work in management. The results show that male hotel employees outnumber females by 81.8% to 18.2%, which is not a significant difference, given that the management of the hotel

industry is male-dominated. This implies that each department must motivate to participate to increase both genders' participation.

#### **4.11.3.2 Business profile**

To avoid response bias, only appropriate respondents were chosen to participate in the survey and those chosen had specific characteristics. Respondents were asked to provide information about their organisation's profile. The following information was requested: the length of time the company had been in business, the number of employees, the existence of a quality policy plan and the department to which the participant belongs. Regarding the business profile, the results revealed that the 21.7% of the respondents had worked in a hotel for two years and represent the dominant grouping. This was followed by 13% who had worked in a hotel for 3 and 4 years, 4.8% had worked for more than 5 years and 17.3% had worked for less than 1 year. As a result, there are three zeros under the category heading. This is because the number zero represents months and 21.7% had worked for a year (i.e. 8.7%, 8.7% and 43%). In addition, the majority (81.8%) of the participants from the management side had worked for the company for 5+ years. This means there is growth within the company and that is good for those who strive to reach the management level.

Because the organisations provide job security, 78.3% of the staff are permanently employed, while 21.7% are on contract. Employees may be willing to contribute new ideas for more tourism products/services that can be brought on board, resulting in job creation. Most of the respondents (27.3%) worked in the hotel kitchens, with another significant number worked in the Food and Beverage sections (22.7%). These are two of the largest and most important departments in hotels where customer satisfaction is essential. This means that their responses are relevant to this study because they are key players in the hotel industry. Hence, their responses regarding the existence of a policy plan in place within the organisation were in line with the objective of a policy plan. Concerns were raised by the fact that while all participants indicated that their hotel has a quality plan in place, not all of them explained what it entails. This could imply that they were unaware of the need for and application of a quality plan, or that they are unaware of its existence. One participant stated that they were still new to the organisation and had no idea what it is but they were aware that it exists. As a result, if the remainder of the participants indicated that they, too, were unaware, as well as any response they may have had, that would have given this study a variety of options to work with and recommend. However, this means there is still workshopping to be done for both employees and management in bringing everyone on par as far as the policy plan is concerned, for example, do recap training on policy planning of the organisation.



When looking at the employee's departmental response, the results showed that only 9.1% worked as baristas but when drawing from the data collected, 40% responded to be managing that department. If 40% of managers participated in the survey but only 9.1% of employees did, this should be cause for concern. That department should advocate for increased participation in such surveys so that everyone is on the same page when it comes to voicing their opinions for the benefit of the organisation.

#### **4.11.3.3 Commentary on the respondents' understanding of a quality plan**

Respondents did indicate that there are policies and procedures to be followed even though they did not give an example. However, considering their responses, they highlighted that consistency is key, "speak the same language", "living up to purpose and values, which are recited daily", they "constantly hold monthly training to ensure consistency" and "that they perform above par-level with their competitors". The answers participants gave are not wrong but they did not give examples of what one might find in their policy plan.

Drawing from the managers' points of view, participants explained who they are as an organisation and what broad organisational structure guided their daily operations, such as "We follow our values, vision and purpose. We also subscribe to our tourism grading council that qualifies our operation", "Regular training", "Enhancing policies for the better" and "Our most important document is our values, purpose and strategy which defines our culture, innovation, growth and development", which is part of what BE seeks to achieve. From the managers, the researcher expected more in-depth responses since they deal with the organisation's policy. The hotel organisations should be concerned about the 27.3% who said there is no policy plan in place. This could indicate a lack of understanding of the value and application of a good plan to contribute to BE. As a result, education or training could be provided to bring all management up to speed with the business plans and needs (Lasrado, 2019: 188-189).

#### **4.11.3.4 Respondents' perception of Business Excellence**

When asked to provide information on their perceptions as participants (employees and managers) and information on their understanding of the BE concept concerning the businesses, participants had several perceptions of BE. Some participants believed that BE is about "focusing on people and product growth", "ensuring customer and employee satisfaction" and "upholding standards". According to the results, a significant number of surveyed employees had an idea and others understood what they were referring to. As a result, the frequency Table 4.2 was created to determine their perception of what the CSFs are, which were efficiency, growth and satisfaction. The participants indicated that satisfaction was the most important factor in achieving BE, followed

by the other two CSFs. This means that they ensure that all stakeholders are satisfied with their behaviour, as what was reported as part of their quality plan ("clean as you go", "I believe we can work as a team", "consistency and always keep up to standard").

The frequency Table 4.7 was also created to determine managers' perceptions of what the CSFs are. Teamwork, passion and development were the outcomes and teamwork was the most important factor in achieving BE, followed by the other two CSFs. This is not surprising given that managers exist not only to ensure that processes run smoothly but also to look after the development of their employees. How and when they do so results in excellent service from employees and overall organisational success. Pikkemaat and Zehrer (2016: 343), agree that tourism is a "service-intensive industry," which means that consumers' experiences with service, as well as customer satisfaction, determine any service provider's competitive success. According to these authors, customers buy the benefits and experiences they receive rather than the product itself. As a result, it is critical for tourism SMEs to be innovative and provide high quality services/products.

#### **4.11.3.5 Respondents' level of agreement with factors of Business Excellence**

Respondents were asked how they would rate their level of agreement with the different factors of BE. QA, employee motivation, understanding of CSFs in line with BE, work relationships and employee growth development were among the items requested.

Regarding QA, the employees were familiar with and understood their tasks and policy guidelines to which they need to adhere. This is evident from the previous points raised above. However, it means there is a lack of understanding of what is meant by quality programmes in terms of stipulating the actual programmes. This comes after the participants were asked to stipulate these programmes.

Regarding employee motivation, a hotel guest's impression of service is influenced by a wide range of factors, from approaching the receptionist, the style of pillows on the bed, or the buffet breakfast. The successes or failures of a hotel organisation are heavily dependent on how front-of-house employees project and market the commodity to customers. Hence, it is important to keep employees happy. The data collected suggest that employees are happy with their job descriptions and the contribution they make to their organisation in reaching the desired outcome. However, some responded that a job well done is rarely praised. This might give the sense that staff are unappreciated, which is bad for management.

Work relationships refer to the smooth connection of each department to ensure that the previous department's work contributes positively to the next department. Front officers, for example, sell

hotel rooms, register guests, distribute rooms to them, hand out room keys, provide in-house and external information to guests, manage guest accounts and reliably settle their bills, whereas other agencies must ensure that the guest experience is met by providing support services to the front officers. This also encourages an employer-employee relationship. The results suggest that there is a good working relationship in terms of job description clarity, equal growth opportunities for all and a clearly defined work scope for them, with 60.9% strongly agreeing that they would recommend others to apply at their organisation.

#### **4.11.3.6 Respondents' level of agreement with factors of Business Excellence operations**

Some businesses take part in quality award programmes to help them improve their quality management. The researcher sought to get an overview of quality management and the organisation's role in promoting quality service.

- **Respondents' level of agreement (%) with QA**

Regarding quality improvement, only 45.5% of respondents felt strongly about quality improvement programmes, while 54.5% agreed that they are at the heart of the organisation. This suggests that managers understood the importance of quality improvement programme. Hence, they need to implement business strategies for continuous improvements, such as adopting BE models.

When considering outsourcing quality services to improve the existing quality models, the factors influencing the decision to outsource shifted from purely financial considerations to factors such as a potential supplier's quality capability, where 45.5% of respondents agreed that outsourcing helped them improve their quality programmes although 54.6% said their policy programmes were not outsourced. This suggests that there is a lack of clear communication or that participants each have a different definition of what quality service entails. However, the organisations need to know that outsourcing has some disadvantages such as a lack of communication, which is a tool that is significant to every organisation. In addition, 81.8% disagreed with the statement that they did not need to outsource, indicating that a quality programme is required in their organisation, whereas 18.2% did not see the need for such a programme. This alone indicates a need to educate themselves and implement a quality programme that could help improve business performance and maintain a competitive advantage within the market. The 50% of employees who were not aware of quality management means that BE techniques and quality processes were not incorporated or communicated to employees to improve performance. There is a gap for QA to

take place for both managers and employees, as 72.8% acknowledged the importance of quality in their participation in award competitions.

Respondents recognised that regarding award processes, quality matters. This will help organisations to maintain or gain a competitive advantage within the hospitality industry. Also, managers know that quality plays a significant role in the advancement of management. Hence, 90.9% agreed on the importance of quality as a tool towards BE and as a tool for promoting tourism products and gaining customers' trust and that quality results in profit maximisation.

- **Respondents' views on the level of importance (%) of 'Quality of service' for BE**

Using the ISO 9000 standard as a BE tool within the industry programme is a critical approach. This is demonstrated by a high agreement rate, with only 27.3% failing to respond on the importance of service delivery and the belief that its use is important enough to influence the organisation. When asked about stakeholders' interest in the organisations' service delivery, the majority of respondents (81.8%) stated that service delivery was very important to their organisations, while 9.1% of respondents deemed service delivery to be critical, although 9.1% of respondents believed that service delivery was only marginally important. This is concerning because service delivery should be an organisation's top priority. Training or a presentation on how service delivery boosts not only reputation but also profit maximisation of the organisation is needed, especially for those who do not view it as highly important. Staff training and development are extremely important, according to all (100%) participants. Employees benefit from this because they are provided with the necessary tools and equipment to offer quality service. In addition, this will contribute to the 81.8% of managers who want to see that everyone succeeds and is promoted because of quality service.

- **Respondents' views on 'measurement BE'**

Managers were questioned about the tools they used to evaluate business performance (BP, which contributes to BE), such as business maturity levels, with 54.6% agreeing to have used it. While 36.4% said they have not used it and only 9.1% remained neutral, this could indicate a lack of understanding of what the model is and does.

Project management is one of the tools to measure BE, with which 36.4% of respondents agreed, while 27.3% chose to remain neutral and 36.4% said they were opposed to any project management practices. This implies there is a lack of mutual communication and understanding among management in terms of outlining active practices and organisations must organise a workshop to be facilitated to educate staff about tools for measuring BE for a performance boost.

Software maintenance is used by 54.6% of respondents to assess the business' progress toward excellence and maturity. However, 27.3% of respondents oppose using this model as a tool in their organisation, while 18.3% remained neutral on the topic. Therefore, organisations should implement data methods and technologies to manage their information. This will ensure the smooth running of the business and technologically advance it. Also, using business processes for BE to assess sustainability and adapt to changes in the marketplace and customer demands would improve the profitability of the organisation.

The business could also use the Reactionary Management style maturity process whereby the organisation could go through the different stages to measure their maturity levels. According to Tickle et al. (2016: 206) the stages are:

- \* Stage 1: Unaware – the organisation is unaware of the concepts and practices of BE.
- \* Stage 2: Uncommitted – the organisation has an understanding of BE, but no programme is implemented.
- \* Stage 3: Initiators – the organisation begins initiating basic elements of BE.
- \* Stage 4: Drifters – the organisation drifts from one BE initiative to another and achieves (only) short-term results.
- \* Stage 5: Improvers – an organisation-wide BE initiative is driven by a small number of individuals.
- \* Stage 6: Award winners – a BE initiative is implemented alongside the business strategy and involves all employees and
- \* Stage 7: World-class – BE is fully integrated with business strategy and becomes a way of life.

- **Respondents' level of agreement (%) on 'quality improvement'**

All respondents (100%) believed tourism plays a significant role in the country's growth. As a result, they were motivated to incorporate quality improvement as a motivator. This could be done by developing competitive tourist goods, establishing new tourist routes and presenting these goods and routes to global tourist markets. According to the results, 81.9% agreed that seeking and receiving award recognition motivates them. However, organisations continue to face challenges in identifying CSFs that influence the criteria of any award-winning models (Lasrado, 2019: 721). Also, 18.2% disagreed that award recognition motivates quality improvement. The identification of CSFs by the organisation could improve everyone's perception in terms of knowing what is needed to apply. This would act as a guideline to the organisation on where they need to improve and maintain practices. Also, identifying their challenges motivated all participants to

improve their skills because that would help the organisation to manage growth. That improvement would help interested parties within the organisation to be aware of the main causes of complications/challenges before formulating a strategy to meet customer expectations, which they all agreed were the most important benefits of quality management systems and would increase their market share.

- **Respondents' level of usage (%) of BE models**

As a model for improving product and service quality by pioneering a plan to better utilise the organisation's available resources, TQM is defined as a “method of ensuring perfect customer satisfaction at all levels of the business process, both internally and externally” (Lasrado et al., 2018: 2-3; Eriksson et al., 2016: 1204). However, 54.4% of respondents had never used any TQM system. Educating employees on the use of TQM in the workplace could help them meet today's standards.

Other models, such as the Baldrige BE Model, focus on quality and continuous improvement by managing ability and creating a sustainable future but 63.3% of those polled had never used the model, which could indicate that they were completely unaware of the model or did not understand it. There is a need for awareness to create a sustainable future for the business.

Also, 72.7% of participants had never used the EFQM model. This is one of the two global models, specifically the MBNQA model in the United States and the EFQM model in Europe, both of which have been adapted to better reflect South Africa's needs. If the organisation is not aware of them, they need to adapt to such a model, which is used not only on a national level but globally, to position themselves as an organisation.

Regarding excellence awards, 63.7% of respondents said their organisation did have excellence awards, while 18.2% said they had never received any, leaving 9.1% who rarely participated in such awards, while another 9.1% did not participate in this section of the survey. The distinctions in these awards are in how decisions are made, which is determined by each organisation's needs, traditions, structures and procedures. The identification of CSFs that influence the criteria of these award-winning models would improve organisational, regional and the country's economic performance (Lasrado, 2019: 721). Therefore, the organisation could work on identifying the CSFs to improve the business performance, systems and processes. This would mean that they could participate in global awards, not only within their organisation.

- **Respondents' level of rank (%) on 'most influencing external environmental factors**

The corporate climate is regarded as crucial to the economic development of an organisation and country. The most influencing external environmental factors in the development of the organisation were ranked by the respondents. In terms of the economic factor, all respondents said it had a significant impact on the organisation's development. Social factors (including population by age group and occupation, length of paid vacations and life expectancy) had a high influence rate of 81.9% and play a significant role in tourism development.

Regarding politics, 72.8% of respondents said politics had a significant impact on the organisation's development. The political risk in South Africa impacted all industries, including tourism, which before the COVID pandemic had been performing well in terms of visitor arrivals and sales (Mhlanga & Steyn, 2017: 9). The respondents believed that unemployment had a low impact (63.6%) on the organisation's development because there were many skilled workers available to work. Due to the lockdown and travel restrictions imposed through the COVID-19 pandemic, a significant impact was experienced by the tourist industry both globally and in South Africa. As a result, 81.8% agreed that the pandemic had a very high influence on the growth of organisations. The most influencing external environmental factors in the development of the organisation were criminal behaviour such as theft, prostitution, drug dealings, arson and corruption and 72.8% of respondents agreed that this did influence the development of the organisation.

#### **4.12 Chapter summary**

The objective of this chapter was to present and discuss the results of the data collected via the questionnaire survey to determine the CSFs that drive hotels to seek and achieve BE. Chapter 4 analysed the data that was obtained from the questionnaires, using SPSS v27.

The chapter presented and discussed the results on the macro-environment factors. Overall, the three most influencing external environmental factors in the development of an organisation were economic, political and COVID-19 (specific to 2020). While excellence is expected at all levels, not every BE model takes a holistic approach that considers environmental, economic and social factors. However, organisations could take this as a lesson going forward in preparation for an unexpected pandemic or political factors that may lead to a downturn in the economy. This could be done by ensuring that there are policies and models in place that would cover any crises that arise, such as BE models dealing with technology, processes and systems that would retain employees and maintain a high standard to keep the business afloat.

The results show a lack of BE knowledge. BE is a method of improving and strengthening an organisation's management structures and procedures to improve efficiency and provide value to

stakeholders. It is not just about having a sound plan in place, although that is the most efficient way of ensuring an organisation's health. BE models are a valuable resource for businesses seeking to implement business strategies for continuous improvements. The participants (management 72.7% and employees 100%) were aware that a policy plan was in place but they were not able to identify the policies and quality management responsible for ensuring that the policies were followed.

This study asks what can be done in the hotel industry to re-energise the WC and specifically Cape Town being the study area, to boost the local economy and increase job opportunities. With regards to the introduction of BE models, the majority of respondents indicated that they had never used the models as part of their daily operations. These models were TQM (45.5%), Project Management, ISO900 (45.5%), Baldrige BE (63.6%), EFQM (72%) and the excellence award for internal events (45.5%). Educating both management and employees in the use of some of these models that are tailored for the organisation in the workplace could help them meet today's standards.

Regarding the CSFs that drive hotels to achieve BE, the results revealed that efficiency, growth, satisfaction, teamwork, passion and development were the most important.

On the importance of factors for BE knowledge to SMEs, the results revealed selected QA (59.1%), employee motivation (78.2%), understanding of CSFs in line with BE, work relationships (56.5%) and employee growth development (78.2%), employee compensation (33.4%) and rate of motivation preference (69.6%).

The next chapter, Chapter 5, summarises and concludes the study. It discusses the study's contribution and limitations and makes recommendations for future research.



## **CHAPTER 5**

### **STUDY CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This study investigated the CSFs for SMEs in the Cape Town Metropole in achieving BE to bolster value and quality in hotel performances, resources and capabilities, for internal growth and job creation. According to Tickle et al. (2016: 199), Lasrado and Uzbek (2017: 718) and Jankalová and Jankal (2020: 16), for SMEs to adopt BE, organisations must maintain good leadership, customer/client focus, conceptual concerns, an increase in the scale and speed of innovation and creative implementation for high performance/competitiveness. A questionnaire survey was conducted to achieve the study goals.

This chapter starts with a reiteration of the research problem and research objectives as outlined in Chapter 1.

##### **5.1.1 Problem statement**

The stated study problem was to establish the CSFs for SMEs in the hospitality industry in Cape Town to achieve economic growth and further development.

##### **5.1.2 Aim of this study**

This research aims to aid in the effective and efficient integration of BE into current and future tourism hotel SME organisational development strategies. The reason for choosing this province is that, according to GCIS (2020), in their *Official Guide to South Africa 2018/2019*, the WC has grown faster and developed more as a tourism region than any other province (pre- the COVID pandemic).

#### **5.2 Summary of Chapter 2**

The purpose of Chapter 2 was to review existing relevant literature on BE and CSFs that influence a BE model to bolster value in a hotel's performance, resources and capabilities, resulting in internal growth and job creation. The chapter identified gaps in the literature regarding BE models suitable for SMEs operating in the South African hotel sector and the CSFs that influence them. The chapter also identified gaps in macroenvironmental factors that contributed to the hotel industry's decline in 2019/2020/2021. In addition, the chapter addressed the hotel industry's lack of emphasis on BE knowledge.

The chapter began by defining SMEs and their significance to the South African economy. BE models were outlined and their role in the culture and framework for assisting SMEs to succeed.

The significance of CSFs in the hotel industry was discussed in depth. The chapter also addressed the impact of macro-environmental factors on the tourism industry, emphasising the uncontrollable factors that influence an organisation's decision-making, as well as its efficiency and policies.

### **5.2.1 Chapter 2 conclusions**

Based on the study results, the following gaps were identified.

- SMEs are more vulnerable during growth phases because they face numerous challenges, such as a shortage of financial and human capital resources.
- Most of the studies reviewed were conducted in other countries, so their applicability to the South African context is debatable, but useful.
- SMEs are critical in emerging countries like South Africa, which face severe issues in terms of unemployment and income inequality.
- SMEs account for approximately 98% of South Africa's official business organisations, producing between 51% and 57% of GDP and 60% of jobs (Makwara, 2019: 4; IFC, 2021: 6).
- BE models are suitable for hotel SMEs and the extent to which SMEs use these models on the grounds of searching for the CSFs to achieve BE.
- Measuring and benchmarking the management performance of South African SMEs to world-class best practices could help to identify management performance gaps in comparison to other economies, such as in the United States of America and Europe.

Given the gaps in the relevant literature, this study was initiated to identify the CSFs for SMEs to achieve economic growth and further development in the Cape Town CBD.

### **5.3 Summary of Chapter 3**

The aim of Chapter 3 was to describe the research methods used to collect the data required to meet the study objectives. As a quantitative research strategy, a structured self-administered questionnaire was used, where hotel employees (staff and management) in Cape Town's CBD were approached and polled. Of the 34 hotels originally approached, only two hotels finally agreed to participate in the survey which saw 40 responses for management and/or staff (due primarily to the COVID-19 restrictions on travel and accommodation, which saw a high number of hotels close). After agreeing to participate in the study, willing institutions were asked to provide consent letters.

The chapter discussed and justified the research paradigm used in the study. The methodology was discussed in detail and specifically justified the study's research design and approach, which

examined the population, sample size and sampling procedure. The chapter also provided an overview of the quantitative approach, which incorporates both probability and non-probability design approaches. The chapter further examined the accessibility of the field and described the data collection process used. Safeguards were put in place to ensure the reliability and validity of the research instrument (questionnaire). The questionnaire survey methodology had flaws, which were discussed.

### **5.3.1 Chapter 3 conclusions**

Based on an in-depth discussion of the research methodology as well as the measures taken to ensure reliability and validity, the researcher concluded that the methodology applied in the study was appropriate for addressing its research objectives.

## **5.4 Summary of Chapter 4**

Chapter 4 presented and discussed the results of the employee and management responses collected from a questionnaire survey. The survey was conducted in selected hotels in Cape Town to identify the CSFs that would effectively influence a business excellence model to bolster value in a hotel's internal growth and also create jobs.

Commentary of the respondents on their understanding of a quality plan, their perceptions of business excellence and their level of agreement with factors of BE were highlighted and discussed.

### **5.4.1 Chapter 4 conclusions**

Chapter 4 analysed and interpreted the study results. From the discussion, the aim and objectives of the study were achieved (allowing for the COVID impact). The study contributed to a large extent to the literature on the CSFs that drive hotels to achieve Business excellence in pursuit of bolstering value in a hotel's performance, resources and capabilities, allowing the selected hotels to grow internally and create jobs. As a result of this study, the CSFs that drive hotels to achieve Business excellence (a crucial sector of the economy of Cape Town, before COVID-19) are now partially expanded and somewhat known. This could help to shape the national and provincial governments, in particular the Departments of Small Business Development and Tourism's approach on matters of this nature, as they are crucial to a wide range of stakeholders; however this cannot be interpreted as a definite statement.

The findings revealed that:

- Regarding CSFs that drive hotels to achieve Business excellence, the most significant CSFs for both employees and managers were efficiency, growth, job satisfaction, teamwork, passion and development.
- Overall, the three most influencing external environmental factors in the development of the organisation were economic, political and COVID-19 (specific to 2020). While excellence is expected at all levels, not every Business excellence model takes a holistic approach that considers environmental, economic and social factors.
- The results on the lack of emphasis on the importance of Business excellence knowledge show that the participants (Management 72.7% and Employees 100%) are aware that a policy plan is in place, however, they were necessarily not able to identify the policies and quality management responsible for ensuring that the policies are followed. The results revealed that the selected criteria were QA (59.1%), employee motivation (78.2%), understanding of CSFs in line with business excellence (see Tables 4.2 & 4.34), work relationships (56.5%), employee growth development (78.2%), employee compensation (33.4%) and rate of motivation preference (69.6%).
- Regarding what can be done in the hotel industry to re-energise the Western Cape, specifically Cape Town (being the study area), most respondents indicated that they have never or rarely used the models discussed as part of their daily operations. These models consist of TQM (45.5%), Project Management, ISO900 (45.5%), Baldrige business excellence (63.6%), EFQM (72%). They only use the excellence award for internal events (45.5%).

## **5.5 Contribution and significance of the study**

International academics investigated hotels' intentions to adopt BE models but in South Africa there is very little information on hotel business excellence adoption. As a result, this research examined what could be achieved by the use of business excellence models in the context of South Africa.

### **5.5.1 Contribution of the study**

This research aimed to contribute to the effective and efficient incorporation of business excellence into existing and future tourism SME organisational development strategies.

The study provides some insight into the various types of business excellence models that are suitable for SE/SMEs in the hotel industry, the macro-environment factors that contribute to the decline of the hotel industry and the extent of the hotel industry's lack of emphasis on the importance of business excellence knowledge.

Considering all studies done in other countries, this study is unique in that it applies to South African SMEs in adopting the business excellence models tailored for the hotel industry.

### **5.5.2 Significance of the study**

The results of this study should be of significance to the Department of Small Business in the development and tourism space to assist government institutions to develop SMEs throughout the provinces to promote economic growth. The results provide insight into the surveyed hotels' position on the use and adoption of the different types of business excellence models. Moreover, the results identify the factors that influence hotels to achieve BUSINESS EXCELLENCE. Much of the existing research is primarily theoretical and conceptual and is not focused on South Africa. As a result, there is currently very little empirical research on the factors that influence an SME's ability to achieve BUSINESS EXCELLENCE. This research closes that gap.

### **5.6 Recommendations**

Based on the study's results, the following recommendations are made:

- a) SMEs in the hotel industry should be educated on the benefits of adopting business excellence models through regular (national and provincial government) training and workshops, regardless of the obstacles they face. This would help them assess their risks and overcome hesitation, as well as reduce customer complaints. Internal growth and job creation would also benefit from increased awareness of BUSINESS EXCELLENCE. If they do not, their efforts at maximising profits could be jeopardised. Business excellence is the process of enhancing and strengthening an organisation's management structures and procedures to increase efficiency and provide value to stakeholders. The most important benefits of quality management systems adopted by organisations proved to be successful in customer satisfaction and competitiveness. The adoption of business excellence models embraces organisational culture, self-evaluation to identify opportunities for change, employee motivation, the advancement of an organisational identity and to find potential growth (objectives I and ii).
- b) Business excellence adoption could have a significant short- and long-term impact on the performance and sustainability of SMEs. That is, organisational excellence models create opportunities for the convergence between sustainable growth with conventional business processes by allowing for change across core stakeholder dimensions. Also, to support this point, Jankalová and Jankal (2018: 24) argue that "excellent organisations have a positive effect on the planet around them by improving their success while simultaneously

- advancing the economic, environmental and social goals of their communities" (objective i).
- c) While excellence is expected at all levels, not every business excellence model has an integrated approach that considers environmental, economic and social factors. Hence, these types of models must be improved so that they can be used for sustainability assessments focused on BE and three responsibilities: natural, social and fiscal (objective i).
  - d) As found in Chapter 2, one of the CSFs is finance. To encourage more businesses to participate in business excellence awards, the national and/or provincial governments should offer workshops and sponsorship. Through incentives, government investment and promotional efforts, a country could encourage tourism sector investment. Financial institutions must be encouraged to finance the tourism sector to help it grow in size and structure. Investment in tourism infrastructure means upgrading tourism services, the role of human resources in service delivery systems, including people, policies, practices, processes and performance systems to make the destination more attractive to visitors. The investment would also assist policymakers to ensure that relevant policies are developed and implemented in the hospitality industry (objectives ii and iii).
  - e) SMEs (specifically in the hotel industry) should meet and devise strategies for obtaining sponsors for these business excellence awards, as well as ways to streamline the process and align these with the participating organisations. Sponsors should promote the framework by emphasising the advantages of participation. Also, to construct a National Framework for the awards, the sponsors should consider including the government and making it a National Award to create a separate body with the government and other relevant stakeholders such as chambers of commerce and other professional and membership organisations. Measuring and benchmarking the management performance of South African SMEs to world-class best practices could help to identify management performance gaps in comparison to other economies, such as the United States of America and Europe (objectives I and ii).
  - f) The investigation of business excellence models is highly recommended so that the South African hospitality industry can improve hotel service delivery to bring about competitiveness. Customers, regardless of price point, are less likely to return to a hotel or restaurant that fails to meet their needs in terms of service efficiency. In a fast-paced market, service quality in the hospitality industry is one of the most important factors in maintaining a competitive edge and earning customers' trust. The difference between clients' expectations and perceptions and the actual delivery of a service is the focus of

service quality, which is measured using a multidimensional construct (objectives ii and iii).

- g) Hotel executives could help to develop intermediation strategies to assist the hotel industry deal with the economic challenges posed by critical issues, such as the COVID-19 pandemic, to maintain and improve hotel performance. COVID-19 had a significant impact on the tourism and hospitality industries, where fear of the virus compelled governments to implement a variety of measures to prevent it from spreading. Borders were closed, hotels, restaurants and other hospitality businesses were forced to close their doors, mandatory quarantine measures were implemented and physical separation became a socially acceptable practice. Furthermore, due to a lack of financial resources to pay salaries, many businesses were forced to lay off employees. As a result, hotels, restaurants and other hospitality organisations had to rewrite their health and safety protocols to prevent the virus from spreading (objectives I and iii).
- h) The hospitality industry must develop an efficient service delivery system to meet customer expectations as well as the organisation's capabilities and resources. To maintain a high level of physical distance during and after the pandemic, automation technology may be useful. This could make it easier for hospitality organisations to market themselves, differentiate themselves and target potential customers. This would also aid in hotel task management and guest communications, thereby increasing productivity and customer satisfaction (objectives I and ii).

## **5.7 Limitations of the study**

Although the study's results are useful to hotel executives, governing boards and employees, the study has some limitations, which are noted below:

- a) The scope of the research was restricted to tourism SMEs based in the CBD of Cape Town; the study area was small and the conclusions cannot be generalised to all areas of the hotel industry.
- b) The study only looked at SMEs in the hotel industry. As a result, its conclusions may not apply to SMEs in other industries or other parts of South Africa.
- c) A low response rate (57%) is a well-known restriction of a questionnaire survey, which may influence/bias the results to be unrepresentative of the community.
- d) Several hotels were unable to participate due to closures (temporary and some permanent), staff lay-offs, the COVID epidemic and the length of the questionnaire, which the researcher was unable to shorten to avoid modifying the framework and study questions.

- e) Some hotels were willing to participate. Unfortunately, due to COVID-19 restrictions, they had to cut salaries and some closed their businesses.
- f) Due to the peak holiday season (and because of the COVID-19 restrictions), most hotels were unable to participate by the time the country reached lower levels of restrictions, as they needed to catch up on business because many tourists were suddenly flocking back to Cape Town for vacations.

## **5.8 Suggestions for future related studies**

The limitations of this study reported above suggest potential areas for future research, which are summarised below.

- a) The adoption of specific types of business excellence models by SMEs in the Cape Town CBD area was the focus of this study. Future research could investigate SMEs in other Cape Town areas, adopting various types of business excellence models. (objectives ii and iii)
- b) This study's results were based on a target sample of 34 small businesses but only two finally participated. To improve the generalisability of the findings, future studies should use a larger sample size.
- c) The scope of the study was limited to tourism SMEs based in Cape Town's CBD. Future research could be carried out in other industries (objective iii).
- d) The lengthy questionnaire used in the study had a negative impact on the response rate. A shorter questionnaire could be used in future studies to increase the response rate.



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# APPENDICES

## APPENDIX A: CPUT ETHICAL CLEARANCE



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P.O. Box 1906 • Bellville 7535 South Africa • Tel: +27 21 4603291 • Email: fbmsethics@cput.ac.za  
Symphony Road Bellville 7535


Office of the Chairperson Research Ethics Committee	FACULTY: BUSINESS AND MANAGEMENT SCIENCES
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The Faculty's Research Ethics Committee (FREC) on **25 August 2020**, ethics **Approval** was granted to **Thandokazi Ngemntu (213099802)** for a research activity for **M Tech: Business Administration** at Cape Peninsula University of Technology.

Title of dissertation/thesis/project:	<b>Critical success factors for SMEs to achieve business excellence: A case of the Cape Town's CBD tourism industry</b>  Lead Supervisor (s): Prof J P Spencer
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Comments:

Decision: **APPROVED**

 <hr/> Signed: Chairperson: Research Ethics Committee	<b>8 September 2020</b> <hr/> Date
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Clearance Certificate No | 2020FOBREC795



## APPENDIX B: LETTER OF INFORMED CONSENT

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### To whom it may concern

Postgraduate studies and research  
Graduate Centre for Management  
Business & Management Sciences Faculty  
District Six Campus, Hanover and Tennant Street  
Zonnebloem | 8000 | Cape Town

#### Re: Introductory letter for the collection of research data

**Thandokazi Hazel Ngemntu** is registered for the *MTech: Business Administration (MTBUAC)* degree at CPUT with student number **213099802**. The dissertation is titled "**Critical success factors for Small Medium Enterprises : a case of tourism industry in Cape Town**" and aims To determine the critical success factor/s that drives hotels to achieve business excellence. The principal supervisor is *Prof John Spencer*.

In order to meet the requirements of the University's Higher Degrees Committee (HDC) the student must get consent to collect data from organizations which they have identified as potential sources of data. In this case the student will issue a questionnaire to gather relevant data.

If you agree to this, you are requested to complete the attached form (an electronic version will be made available to you if you so desire) and print it on your organisation's letterhead.

For further clarification on this matter please contact either the supervisor(s) identified above, or the Departmental Research Committee Secretary at 021 460 3833.

Regards

A handwritten signature in black ink, appearing to read "Michael Twum-Darko".

**Dr Michael Twum-Darko**

(Acting) Head of Department  
Graduate Centre for Management  
Faculty of Business and Management Sciences

*Date: 9 September 2021*

I <<insert name>>, in my capacity as <<insert position in company>> at <<insert company name>> give consent in principle to allow <<insert student name>>, a student at the Cape Peninsula University of Technology (CPUT), to collect data in this company as part of his/her Master of Technology research. The student has explained to me the nature of his/her research and the nature of the data to be collected.

This consent in no way commits any individual staff member to participate in the research, and it is expected that the student will get explicit consent from any participants. I reserve the right to withdraw this permission at some future time.

In addition, the company's name may or may not be used as indicated below. (Tick as appropriate).

	<b>Thesis</b>	<b>Conference paper</b>	<b>Journal article</b>	<b>Research poster</b>
<b>Yes</b>				
<b>No</b>				

\_\_\_\_\_  
<<Insert name>>

\_\_\_\_\_  
<<insert date>>

## APPENDIX C: MANAGER QUESTIONNAIRE



Critical success factors for Small Medium Enterprises: A case of tourism industry in Cape Town.

I would like to invite you to participate in this research study that explores factors affecting tourism SMEs in reaching Business Excellence (BE), that could have prevented an organisation from achieving and sustaining quality excellence, so influencing growth and job creation.

This study ensures anonymity and a confidentiality approach, whether published or not, to show commitment from the formal Ethics Committee agreement of the Faculty of Business and Management Sciences at the Cape Peninsula University of Technology.

Please indicate your response in the appropriate squares provided (with a cross, unless otherwise instructed).

Thank you!!

Supervisor: Professor JP Spencer

Researcher: Thandokazi Hazel Ngemntu

**Section A: Demographic Information** (this section seeks information about the participant)

1. Name of your organisation

---

2. Your age (to establish your possible work-experience)

- 30 or less       31-40       41-50       51+

3. Your gender

- Male       Female

4. What is your current position in your organisation?

- Manager
- Owner and manager
- Senior Management
- Middle Management

5. What is your highest qualification obtained?

- Matriculation or below
- NVTC qualification
- National Diploma
- post-graduate qualification (Master's degree or Doctorate)

6. What is your race classification?

- African     White     Coloured     Indian     Foreign National

7. Please specify country of origin

8. Are there any factors that limit your ability to be physically active, such as disability or medical condition? If yes, please describe below:

Yes  No

---

9. Please indicate your business function area.

---

10. When was the business established?

Within the past 12 months       1-2 years       3-4 years       5+ years

11. How many employees does your organisation employ?

0-10     11-50     51-75     76 and more

12. What is the major objective of your business venture? (Select one.)

Growth     Job Creation     Personal development     other –specify

13. Does your organisation have a clear quality policy plan?

No     Yes     In the process

Please explain your answer .....

.....

.....

.....

**Section B: Business Excellence operation**

Please explain briefly what you understand by business excellence

.....

.....

Please indicate your understanding of each of the following statements, by recording a score with an X in the appropriate box for the following questions:

	Strongly Disagree	Disagree	Agree	Strongly Agree
14. Quality awareness				

Quality improvement programs are at the heart of the organisation	1	2	3	4
We do not have a quality program in place	1	2	3	4
We outsource to get our quality service improved	1	2	3	4
We do not see a need to involve a quality program in our organisation	1	2	3	4
We do not think a quality program is of benefit to our organisation	1	2	3	4
More than 50% of employees are aware of quality management	1	2	3	4
The employees are aware of quality management	1	2	3	4

Please add any comments on any matter you consider not addressed in this section

.....

.....

.....

	Strongly negative	Negative	Positive	Strongly positive
15. My perception of quality in the organization				
We view quality as a measure to participate in award processes to win competitions	1	2	3	4
We view quality as a tool for progressive management	1	2	3	4

Quality is seen a tool promote our tourism products	1	2	3	4
When we think of quality, profit maximisation occurs	1	2	3	4
To us, quality is perceived as our competitive advantage	1	2	3	4
Quality is just like any other tool of our daily operations	1	2	3	4

Please add any comments you think will clarify any of the statements in this section

.....

.....

.....

	Not important	Slightly Important	important	Very important
16. Quality of service				
The industry program to implement Business excellence or ISO 9000 standard is.....	1	2	3	4
We pride that the organisation meets quality and service delivery	1	2	3	4
Stakeholders of our organisation are..... when it comes to service delivery	1	2	3	4
Staff training and development is.....	1	2	3	4
Promotion of excelling staffs is.....	1	2	3	4

As a manager, highlighting the key success factors of quality service is.....	1	2	3	4
---	---	---	---	---

Please add any comments you feel would better explain the service factor in your organisation

.....

.....

.....

.....

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
17. In my organisation, to measure business excellence, we use the following tools (please X as many boxes as are appropriate to your organisation)					
Business maturity levels	1	2	3	4	5
Project management practices	1	2	3	4	5
Software maintenance	1	2	3	4	5
Business processes	1	2	3	4	5
Reactionary management style	1	2	3	4	5

Please add anything that I have not addressed in this section

.....

.....

.....

.....



	Strongly Disagree	Disagree	Agree	Strongly Agree
18. The following factors motivated you to introduce quality improvement				
To increase competitive advantages	1	2	3	4
To improve employee performance	1	2	3	4
To enhance employee growth and job creation	1	2	3	4
To seek and receive award-recognition	1	2	3	4
To identify challenges	1	2	3	4
To meet customer expectations	1	2	3	4
To increase market share	1	2	3	4

Please add anything you consider I have not addressed in this section

.....

.....

.....

	Never	Rarely	Sometimes	Frequently
19. How frequently do you use the models listed below?				
Total Quality Management (TQM)	1	2	3	4
Baldrige Business Excellence model	1	2	3	4

European Foundation for Quality Management (EFQM)	1	2	3	4
Excellence Awards	1	2	3	4
ISO 9000	1	2	3	4

Please add to this section if I have not addressed the model(s) you use in your organisation

.....

.....

.....

	Very Low	Low	High	Very High
20. Please rank the most influencing external environmental factors in the development of the organization				
Economy	1	2	3	4
Social factors	1	2	3	4
Political instability	1	2	3	4
Unemployment	1	2	3	4
Coronavirus COVID-19 (specific to 2020)	1	2	3	4
Criminal behaviour	1	2	3	4

Please add anything relevant to your organisation which I have not listed .....

**Thank you** for participating in this study ☺

## APPENDIX D: EMPLOYEE QUESTIONNAIRE



Critical success factors for Small Medium Enterprises: A case of tourism industry in Cape Town.

I would like to invite you to participate in the voluntarily research study that explores factors affecting hotel SMEs in reaching Business Excellence (BE), and which have prevented an organisation from achieving and sustaining quality excellence, thus affecting growth and job creation.

This study ensures anonymity and a confidentiality approach, whether published or not, to show commitment from the formal Ethics Committee agreement of the Faculty of Business and Management Sciences at the Cape Peninsula University of Technology.

Please indicate your response in the appropriate squares provided (with a cross, unless otherwise instructed).

Thank you!!

Supervisor: Professor JP Spencer

Researcher: Thandokazi Hazel Ngemntu

Email: [thandokazingemntu@gmail.com](mailto:thandokazingemntu@gmail.com)

**Section A: Demographic Information** (this section is to establish you as a participant)

1. Name of your organisation

---

2. Your age (to estimate experience in your field)

- 30 or less       31-40       41-50       51+

3. Your gender

- Male       Female

4. Number of years employed in this organisation

---

5. What is the nature of your employment?

Permanent

Contract

6. What is your highest academic qualification obtained?

Matriculation or below

NTVC qualification

National Diploma

Post-graduate qualification (Master's or Doctoral degree)

7. What is your race classification?

African    White    Coloured    Indian    Foreign National

8. Please specify country of origin

9. Are there any factors that limit your ability to be physically active, such as disability or medical condition? If yes, please describe below:

Yes    No

---

10. Name your departmental function area?

---

11. Does your organisation have a clear quality policy plan?

No  Yes

If you answered 'Yes' please explain it briefly

---

Section B: Employee perception of business excellence

12. Please explain briefly what **you** understand by the **"critical success factors"** needed to achieve excellence in your organization

-----  
-----  
-----  
-----  
-----

Please mark each statement in the following list with a X in the appropriate 1, 2, 3, 4, or 5 box with your opinion of each of the statements regarding **your organisation**:

	Strongly negative	Negative	Neutral	Positive	Strongly positive
13. Quality awareness					
There are quality improvement programs set in place	1	2	3	4	5
I am fully engaged in quality programs	1	2	3	4	5
I do not understand why I must participate in quality training	1	2	3	4	5
I am aware of the tools used to measure business excellence in my organisation	1	2	3	4	5
I know why my organisation practice a business excellence program	1	2	3	4	5

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
14. Employee motivation					
I'm happy with my job description	1	2	3	4	5
My work contributes to my happiness	1	2	3	4	5
I enjoy being part of the organisation	1	2	3	4	5
I'm happy with the quality of my work	1	2	3	4	5
I'm always rewarded for doing a great job	1	2	3	4	5

Please explain briefly what criteria you would like to be in place to **motivate** employees in your organisation

.....

.....

.....

.....

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
15. Work relationships					
My manager clearly defines my work scope	1	2	3	4	5
I would recommend others to apply for a job here	1	2	3	4	5
There are equal growth opportunities for every employee	1	2	3	4	5
The organisation ensures that quality service is properly managed	1	2	3	4	5
In this organisation there is a clear job description for everyone	1	2	3	4	5

Please explain any positive or negative **work relationships** you perceive in your organisation

.....

.....

.....

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
16. Employee growth development					
The organisational culture is what keeps me working here	1	2	3	4	5

There is an open communication between management and employees	1	2	3	4	5
The work they offer us is challenging while enhancing growth at the same time	1	2	3	4	5
I'm sometimes consulted in decision making by the organisation	1	2	3	4	5
With the work resources I have, I'm able to be productive and effective	1	2	3	4	5
There are programs in place to develop me in the organisation	1	2	3	4	5

Please explain briefly what programs are offered by your organisation to help your **develop** in your job

-----

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Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
17. Employee compensation					
I get paid enough, considering the work level I'm at	1	2	3	4	5
The work benefits I receive are motivating	1	2	3	4	5
I know I have job security in this organisation	1	2	3	4	5
The amount of pay I receive in this hotel is the industry wage for my position	1	2	3	4	5



	Very Low	Low	Indecisive	High	Very High
18. Please rate below in order of your preference					
Cost of my paid leave	1	2	3	4	5
Quality training and development	1	2	3	4	5
Continuous self-improvement	1	2	3	4	5
My work performance	1	2	3	4	5
Customer satisfaction	1	2	3	4	5

Please add any aspect of your work conditions which I have not identified, but which you consider as important

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**Thank you** for participating in this study ☺

**APPENDIX E: GRAMMARIAN CERTIFICATE**

22 Krag Street  
Napier 7270  
Overberg  
Western Cape

26 June 2022

**LANGUAGE & TECHNICAL EDITING**

**Cheryl M. Thomson**

**CRITICAL SUCCESS FACTORS FOR SMALL MEDIUM ENTERPRISES: A CASE OF  
TOURISM INDUSTRY IN CAPE TOWN**

Supervisor: Prof J P Spencer

This is to confirm that I, Cheryl Thomson, executed the language and technical editing of the above-titled Master's dissertation of **THANDOKAZI NGEMNTU**, student number **213099802**, at the CAPE PENINSULA UNIVERSITY OF TECHNOLOGY in preparation for submission of this dissertation for assessment.

Yours faithfully



CHERYL M. THOMSON

Email: [cherylthomson2@gmail.com](mailto:cherylthomson2@gmail.com)

Cell: 0826859545