Tourism as a Catalyst for Supporting Sustainable SMME Development

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Abstract: Globally, entrepreneurship is evident in the tourism industry, primarily receiving policy support and donor-assisted funding in developing countries. The South African Minister of Tourism reported that foreign direct spend on tourism for the first quarter of 2023 was R 25.3 billion increasing by 143.9% from the same period the previous year. This highlights the amount of tourist footfall that happens in South Africa. This can be seen as a huge boost to entrepreneurs and support rising unemployment. While research in entrepreneurship education has been extensively explored, entrepreneurship within the fashion domain has been largely overlooked, with significantly less existing literature in South Africa. Nonetheless, understanding the role of entrepreneurship in tourism development remains limited in academic discussions. Tourism serves as a crucial source of revenue for any economy, contributing not only from tourism itself but also through various associated industries. This includes locally-made products that attract tourists seeking souvenirs as gifts after their travels. To remain competitive, overcome challenges, and avoid unattractive product offerings, the tourism sector must embrace innovation. This research, conducted using a qualitative approach with university students, engaged with small and medium-sized enterprises (SMMEs) producing souvenirs for tourists, encouraging them to employ innovative and cost-effective methods in their product creation. The study’s findings revealed five distinct categories of innovation, namely: product innovation, process innovation, managerial innovation, management innovation, and institutional innovation. Among these, process innovation and product innovation were the most frequently implemented innovations to promote locally-made products in the market.

Keywords: Tourism, Fashion Entrepreneurship, SMME, Sustainability, Community Engagement

1. Introduction

In an era characterized by globalization and interconnected economies, the role of Small, Medium, and Micro Enterprises (SMMES) in fostering sustainable development has become increasingly significant. These enterprises, often representing the backbone of local economies, play a pivotal role in job creation, poverty alleviation, and community empowerment. Among the various sectors that can fuel the growth of SMMEs, tourism emerges as a potent catalyst, offering a unique synergy between economic development and environmental conservation.

Tourism has long been recognized as a powerful driver of economic growth, attracting visitors from around the globe to explore diverse cultures, natural landscapes, and historical sites. However, beyond its immediate economic impact, tourism holds immense potential for fostering sustainable SMME development. Small businesses operating in the tourism sector, such as local tour operators, handicraft producers, and boutique accommodations, contribute to the creation of vibrant, resilient communities while preserving the cultural and environmental assets that make a destination attractive.

This paper will refer to Cape Town, South Africa and its surrounding areas. Cape Town has been ranked as one of the leading tourist destinations viz. in 2023 The Telegraph, a UK based Newspaper announced Cape Town as the World’s top Tourist destination by their Readers Choice Awards. (https://thetourisminternational.com/telegraph-travel-announces-the-highly-anticipated-results-of-the-2023-readers-choice-awards/). Most recently Time Out (https://www.timeout.com/things-to-do/best-cities-in-the-world) an international media and hospitality organization ranked Cape Town as the 2nd best city in the world to visit out of 50 for 2024. So, no doubt it has all the characteristics that make it attractive to a wide range of tourists, as noted from its natural beauty, historical sites as well as cultural and environmental diversity.

In a period of economic difficulty especially as experienced during Covid 19 and post covid, viz. runaway inflation, and high unemployment particularly amongst the youth in South Africa. Therefore it is important to consider successful economic sectors such as tourism and how the broader population could benefit from this sector when seeking economic recovery. Another important factor is that Cape Town also has a long history of being the fashion and clothing hub of South Africa with many large and small clothing manufacturers as well as the countries major retail headquarters found in this region. With the economic downturn many skilled sewing operators found themselves without work and had to consider self-employment as an option.
Therefore one of the key ways in which tourism supports sustainable SMME development is through the creation of employment opportunities. The industry is labour-intensive, offering a diverse array of jobs ranging from tour guides and hospitality staff to artisans and transportation providers. By engaging local communities in these tourism-related activities, SMMEs are empowered to thrive, and residents gain access to meaningful employment that enhances their quality of life. Furthermore, the cyclical nature of tourism spending ensures that a significant portion of the revenue generated circulates within the community, providing a multiplier effect that stimulates local economies.

Sustainable tourism practices also contribute to the longevity and success of SMMEs. As travellers increasingly select destinations that prioritize environmental and cultural conservation, businesses that adopt eco-friendly and socially responsible practices stand to gain a competitive edge. This shift in consumer preferences not only encourages SMMEs to embrace sustainable business models but also fosters a sense of responsibility and stewardship towards local resources and heritage.

In an era where the global tourism landscape is shifting towards experiences that are both authentic and sustainable, the fusion of fashion and tourism has given rise to a dynamic phenomenon – Clothing Tourism. This emerging trend encapsulates the exploration, appreciation, and acquisition of locally crafted clothing items as an integral part of the tourist experience. Beyond being a mere commercial transaction, this has evolved into a catalyst for supporting the sustainable development of Small, Medium, and Micro Enterprises (SMMEs) within the clothing industry.

Buchmanna et al (2021) notes “Tourism is broadly understood as a convergence of people, places and objects. People travel to places and interact with these objects and this activity is mediated by both an industry and broader resident community.” There is nothing quite as disappointing to a tourist when they want to purchase an authentic product from one country only to find out it has been produced in another country.

The intersection of clothing and tourism creates a vibrant synergy that extends beyond the conventional boundaries of the fashion marketplace. Tourists, driven by a desire for unique, culturally rich experiences, are increasingly seeking opportunities to engage with local communities, artisans, and traditional craftsmanship. As they traverse diverse destinations, the allure of acquiring garments that tell a story, that bear the imprint of local heritage and skilled craftsmanship, has given rise to a burgeoning market for locally produced clothing items.

2. Economic Impact on SMMEs

At the heart of Clothing Tourism lies its potential to invigorate the economic landscape for SMMEs. Tourists, eager to move beyond mass-produced, generic apparel, are drawn to the authenticity embedded in locally crafted garments. This burgeoning demand presents SMMEs in the clothing sector with a unique opportunity for growth and economic sustainability. Through the creation and sale of distinct, culturally influenced clothing items, SMMEs can not only meet the preferences of conscious consumers but also contribute significantly to the economic development of the communities they operate in.

2.1 Preservation of Cultural Identity

Clothing Tourism acts as a preserver of cultural identity by providing a platform for the display and appreciation of traditional garments. As tourists immerse themselves in local markets and workshops, they become patrons of the rich tapestry of cultural heritage woven into each piece. This interaction not only sustains traditional crafts but also fosters a sense of pride within local communities. Research by Richards and Marques (2012) underlines the vital role of tourism in cultural exchange and highlights the potential for clothing tourism to revitalize and preserve traditional crafts, contributing to the broader cultural identity.

2.2 Sustainable Practices and Environmental Consciousness

In an era marked by heightened environmental consciousness, Clothing Tourism takes on a significant role in promoting sustainability within the SMME sector. The emphasis on ethically produced, locally sourced, and environmentally friendly clothing aligns with the values of the modern, eco-conscious consumer. Gössling and Hall (2019) stress the importance of adopting sustainable practices within the tourism sector, including clothing tourism, to minimize environmental impacts. SMMEs engaging in eco-friendly production methods are not only meeting market demands but also contributing to the global imperative of sustainable consumption.
2.3 Challenges and Policy Implications

While the potential benefits of Clothing Tourism are evident, it is essential to acknowledge and address challenges such as over tourism, cultural commodification, and the need for effective policy frameworks. Giousmpasoglou et al. (2020) shed light on the potential pitfalls of over tourism and commodification, emphasizing the importance of sustainable tourism management practices.

2.4 The Dynamic Intersection of Tourism and Fashion

Fashion, once confined to the runways of global metropolises, has transcended its traditional boundaries, becoming an integral part of the tourist experience. Travelers, driven by a desire for unique and authentic encounters, now seek more than just picturesque landscapes and cultural monuments; they seek to immerse themselves in the sartorial narratives woven into the local fabrics of their destinations. This evolving trend marks a paradigm shift in the tourism landscape, where the allure of sustainable clothing and fashion has become a pivotal motivator for travel. Fashion also has an element of usefulness beyond mere mementoes and trinkets and also becomes an object of display.

2.5 Economic Resilience and Local Entrepreneurship

At the heart of this paradigm shift lies the potential for economic resilience and local entrepreneurship within the SMME sector. Sustainable clothing and fashion SMMEs find themselves at the forefront of this transformation, offering tourists not merely garments, but stories of craftsmanship, cultural heritage, and ethical production. The economic impact is tangible, as tourists increasingly choose to support local businesses that align with their values of sustainability and authenticity. The growth of these SMMEs contributes not only to the economic well-being of local communities but also fosters a sense of pride in preserving traditional craftsmanship and is a means of connecting the tourist with the craftsman.

2.6 Cultural Authenticity and Ethical Production

Tourism as a catalyst for sustainable clothing and fashion SMME development hinges on the preservation of cultural authenticity and the promotion of ethical production practices. In a global marketplace where mass production often overshadows traditional craftsmanship, tourists seeking genuine experiences are drawn to locally produced garments that encapsulate the essence of their destination. Research by Richards and Marques (2012) underscores the role of tourism in cultural exchange, emphasizing how the fashion industry becomes a canvas for preserving and showcasing cultural identity. Additionally, the ethical production of clothing aligns with the values of conscientious consumers, further propelling the growth of SMMEs committed to sustainable practices.

2.7 The Digital Revolution and Global Reach

The advent of the digital revolution has catalyzed a paradigm shift in the way fashion SMMEs engage with tourists. Digital platforms and online marketplaces provide these businesses with unprecedented global reach, extending beyond the geographical confines of tourist destinations. This interconnectedness not only democratizes access to unique fashion pieces but also enables SMMEs to transcend the limitations of tourist seasons. It connects the tourist beyond the visit to the SMME, especially if the Tourist wanted to make a repeat purchase.

2.8 Challenges and the Path to Sustainability

However, amidst the promises lie challenges that must be navigated to ensure the sustainability of this evolving relationship between tourism and sustainable fashion SMMEs. Issues of cultural commodification, over tourism, and the need for effective policy frameworks necessitate careful consideration. Giousmpasoglou et al. (2020) caution against the pitfalls of over tourism, urging a balance that respects local cultures and environments.

As we embark on this exploration of Tourism as a Catalyst for Supporting Sustainable Clothing and Fashion SMME Development, we delve into a realm where garments are not merely products but conduits of cultural narratives. Whereby SMMEs have an opportunity through their craft to tell stories of their past, their struggles and the hopes and dreams for the future. In this symbiotic dance between fashion and tourism, each purchase becomes a vote for sustainability, each piece a bridge between global travellers and local artisans. The unfolding narrative is one where economic prosperity, cultural preservation, and environmental consciousness converge, painting a
vivid picture of a future where the world of fashion is not just adorned but embraced as a custodian of sustainable
development.

3. Literature Review

The convergence of clothing and tourism offers a unique lens through which to explore the potential for supporting sustainable Small, Medium, and Micro Enterprises (SMMEs) development. As consumers increasingly seek authentic and sustainable experiences, clothing tourism emerges as a dynamic intersection that holds promise for economic growth, cultural preservation, and environmental sustainability within the SMME sector.

3.1 Economic Impact and Employment Generation

The economic impact of clothing tourism on SMMEs is a critical aspect, as tourists often seek locally produced clothing items as souvenirs. Research by Kim and Perdue (2013) on shopping tourism highlights the economic benefits derived from tourists' expenditures on local products, contributing directly to the growth of SMMEs. This economic impact is particularly significant in the clothing industry, where unique and culturally influenced garments attract tourists seeking distinctive items.

3.2 Cultural Exchange and Identity Preservation

Clothing tourism becomes a catalyst for preserving cultural identity as it intertwines with local craftsmanship and traditional garment production. Tourists, in search of authentic experiences, engage with local clothing markets and workshops, providing a platform for SMMEs to showcase their culturally significant products. This aligns with findings by Richards and Marques (2012), who argue that tourism fosters cultural exchange and can contribute to the revitalization of traditional crafts, including clothing production.

3.3 Sustainable Practices in Clothing Tourism

Sustainable tourism practices are crucial in the context of clothing tourism, emphasizing the responsible production and consumption of clothing items. The study by Gössling and Hall (2019) emphasizes the importance of adopting sustainable practices within the tourism sector, including clothing tourism, to minimize environmental impacts. SMMEs engaging in sustainable practices, such as using eco-friendly materials and ethical production methods, align with the growing demand for environmentally conscious products among tourists.

3.4 Local Collaborations and Community Empowerment

Clothing tourism encourages collaborations between SMMEs, local artisans, and communities. This collaboration is highlighted by Timothy and Ron (2013), who argue that partnerships between SMMEs and local communities contribute to the authenticity and uniqueness of the clothing products, fostering economic growth. Such collaborations empower local communities by preserving traditional skills and providing economic opportunities through tourism-driven demand for locally crafted clothing items.

3.5 Digital Platforms and Global Reach

The integration of digital platforms in clothing tourism enables SMMEs to reach a global audience. Online platforms for selling locally crafted clothing items extend the market reach beyond traditional tourist interactions. Research also emphasizes the role of digital platforms in connecting local artisans with global consumers, providing SMMEs in the clothing industry with an avenue for sustainable growth.

3.6 Challenges and Opportunities in Clothing Tourism

Acknowledging both challenges and opportunities is essential for understanding the dynamics of clothing tourism. Giousmpasoglou et al. (2020) highlight the potential for over tourism and cultural commodification as challenges within clothing tourism. On the other hand, these challenges present opportunities for implementing sustainable tourism management practices that balance economic benefits with cultural and environmental preservation.
3.7 Consumer Preferences and Trends

Understanding consumer preferences is vital for the sustainable development of SMMEs in clothing tourism. Aligning SMME offerings with these preferences ensures that the clothing tourism sector remains relevant and resonates with the values of conscious consumers. SMMEs may require assistance with identifying trends ensuring the use of sustainable materials in the products as will be highlight in the case study.

3.8 Policy Implications for Clothing Tourism

Policy frameworks play a crucial role in shaping the trajectory of clothing tourism. Governments and tourism authorities need to implement policies that support sustainable practices, empower local communities, and regulate the impact of clothing tourism on cultural heritage.

Understanding these dynamics not only provides a foundation for further academic inquiry but also offers valuable insights for policymakers, industry stakeholders, and local communities. Nurturing the sustainable growth of SMMEs in the clothing tourism sector requires a holistic approach that considers economic, cultural, and environmental dimensions. The challenges inherent in this intersection also present opportunities for innovative solutions, ensuring that clothing tourism becomes a force for positive and sustainable development within the realm of SMMEs.

4. Methodology

The study's overarching objective is to explore and understand the role of tourism as a catalyst for supporting sustainable Small, Medium, and Micro Enterprises (SMMEs) development. The research commences with a thorough literature review to establish a theoretical foundation and identify gaps in existing knowledge. This step ensures that the study builds on the latest research findings and theoretical frameworks concerning tourism, sustainable development, and SMMEs. References such as Gössling et al. (2020), will inform the theoretical underpinnings of the study.

A case study was selected based on specific criteria, considering geographic diversity, tourism significance, and variations in SMME characteristics. The goal is to capture a comprehensive range of experiences and contexts. The project was supported by the Technology Station: Clothing and Textiles (TSCT) a Technology Transfer and community outreach unit based at the Cape Peninsula University of Technology (CPUT). Such a case study has been selected to analyse its impact towards tourism and buying preferences. The location of the project was in Grabouw, a small town about 65km from Cape Town in the Elgin Valley well known for its apples and pear orchard.

The Grabouw Sewing Project was a collaborative approach between the Technology Station: Clothing and Textiles (TSCT), and Grabouw Beautiful, Crafting Hope and Nordic Designers Aid. The training was focussed on products for tourists to be sold at the Elgin and similar markets in the Overberg region in the Western Cape Province. The expected project outcome was the development of community members and the establishment of a self-sustaining business which could lead to visitors attracted to buying their products. The initial turnout was eleven participants. The participants were trained on the basics of industrial clothing and textiles production. The first product the group was trained on were upmarket/ styled shopper bags. The training packs included technical drawings, patterns and construction details. The facilitator provided an in-depth explanation of the production processes in an industrial environment and explained all the annotations on the patterns as well as the importance of productivity, quality and health and safety. The session aimed to develop the creative and entrepreneurial skills of the members. The group started off as unskilled and primarily resold overrun and unsold clothing from Europe, donated by the Nordic Designers Aid. However, this practice of sending secondhand clothing from Europe into Africa, although good intentioned, has a had a negative impact on the economies of these receiving countries. As noted by Sumo et al (2023:14) although there are diverse views it does indicate “linking the rise of second-hand clothing to the decline of local textile industries in Africa. In addition, “resulting environmental degradation”, “massive amounts of unsellable or unusable textiles ending up in waterways and landfills”.

The TSCT interventions hence aimed at providing skills that would enable the participants to start manufacturing their own products aimed at the tourist market in Grabouw.

The TSCT staff focussed on building team confidence through product-specific training and completing each product within a short period. The success of producing their own products created great excitement and
enthusiasm. The team was then tasked with designing and experimenting during training intervals. Training intervals were a month apart and the sessions yielded wonderful results which were mainly in the form of training and product development.

Grabouw as a village is famous for its apple orchards and related apple processing industry and also being the location of a famous apple soft drink company. Therefore, following on the theme of apples the TSCT made a printing screen depicting and apple design (Figure 1) that could be printed on fabric. The participants were trained to do screen printing (Figure 2) whereby the printed these apple prints onto fabric (figure 3)and used their own initiative to develop various products that could be sold at the local craft market (Figure 4)frequented by visitors and tourist.
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Figure 4: Products at the market stall

The TSCT stipulated certain criteria and outcomes to be achieved in order for the project to be considered successful which were:

- The process had to ensure that the trained group be formalised by registering a cooperative.
- The group have access to a market and sell the products that they produce.
- The group had to take ownership of the cooperative; brainstorm product ideas; and marketing and sales.

So as is evident from the case above, one can deduce the importance of tourism to bring about a transformational development for smaller communities. Not only this but it also provides an opportunity to re-skill or up-skill oneself.

5. Recommendations

As the synergy between tourism and Small, Medium, and Micro Enterprises (SMMEs) gains recognition for fostering sustainable development, it is essential to outline practical recommendations that policymakers, industry stakeholders, and communities can implement. This section offers a set of recommendations, supported by relevant references, to leverage tourism as a catalyst for supporting sustainable SMME development.

5.1 Promote Access to Funding and Financial Incentives

Access to funding is crucial for the growth of SMMEs in the tourism sector. Policymakers should design financial mechanisms and incentives specifically tailored for SMMEs, facilitating their access to capital. Additionally, collaboration with financial institutions and development agencies can create avenues for targeted funding programs.

5.2 Capacity Building and Skills Development

Enhancing the skills and capabilities of SMME owners and employees is imperative for their long-term success. Training programs, workshops, and mentorship initiatives should focus on business management, customer service, and sustainable practices within the tourism context. The work of Duman et al. (2018) emphasizes the positive correlation between skills development programs and the improved performance of SMMEs in the tourism sector.

5.3 Integrate Sustainable Practices

Embracing sustainable business practices is essential for the long-term viability of SMMEs in tourism. Policymakers should encourage the adoption of environmental certifications and standards, promoting sustainable tourism practices. Hall and Lew (2009) argue that such certifications not only enhance the environmental performance of SMMEs but also contribute to their competitiveness in the global market.

5.4 Facilitate Technological Adoption

The integration of technology can significantly enhance the efficiency and competitiveness of SMMEs in tourism. Policymakers and industry stakeholders should promote the adoption of digital technologies, including online
booking systems, social media marketing, and digital payment solutions. The study by Buhais and Foerste (2015) highlights the positive impact of information and communication technologies (ICTs) on the competitiveness and sustainability of tourism businesses.

5.5 Promote Community Engagement and Collaboration

Community involvement is crucial for the sustainable development of tourism-dependent regions. Policymakers should facilitate platforms for collaboration between SMMEs, local communities, and larger tourism enterprises.

5.6 Diversify Tourism Offerings

Policymakers should encourage SMMEs to diversify their tourism offerings, providing unique and authentic experiences to attract a broader range of tourists. This diversification can include cultural events, culinary experiences, and ecotourism activities.

5.7 Implement Inclusive Policies

Inclusive policies are essential to ensure that the benefits of tourism are distributed equitably among local communities and SMMEs. Policymakers should design and implement policies that promote inclusivity, considering the needs of marginalized groups and ensuring that the benefits of tourism reach all segments of the population.

5.8 Monitor and Evaluate Impact

Continuous monitoring and evaluation are crucial to assess the impact of tourism on SMMEs and local communities. Policymakers should establish robust monitoring mechanisms to track the economic, social, and environmental performance of SMMEs in the tourism sector. This data-driven approach, as suggested by Blake and Sinclair (2003), enables policymakers to make informed decisions and adjustments to support sustainable development.

Implementing these recommendations requires a collaborative effort from policymakers, industry stakeholders, and local communities. By aligning efforts towards supporting sustainable SMME development through tourism, we can create a resilient and inclusive framework that maximizes the positive impacts of tourism on local economies while preserving cultural and environmental assets. The references provided underscore the empirical evidence supporting these recommendations, emphasizing the potential for transformative change when implemented effectively.

6. Conclusion and Implications

The exploration of tourism as a catalyst for sustainable SMME development is not only an academic pursuit but also holds significant implications for policymakers, industry practitioners, and local communities. As tourism continues to evolve in a globalized world, understanding and harnessing its potential for fostering sustainable development becomes paramount.

The economic impact of tourism on SMMEs, as evidenced by job creation and poverty reduction, calls for targeted policies that facilitate access to funding and financial incentives. Initiatives supporting capacity building and skills development are crucial for enhancing the competitiveness and resilience of SMMEs in the tourism sector. Integrating sustainable practices into business operations should be encouraged through certification programs and awareness campaigns, aligning with the growing demand for responsible and eco-friendly tourism experiences.

The findings from the research can inform policymakers about the need for inclusive policies that consider the interests of diverse stakeholders, ensuring equitable distribution of the benefits of tourism. Moreover, fostering collaborations between SMMEs, local communities, and larger tourism enterprises can lead to innovative solutions that enhance the cultural authenticity of destinations while promoting economic growth.

From a technological standpoint, the study emphasizes the importance of embracing digitization and information technologies to enhance the efficiency and competitiveness of SMMEs. Policies supporting the adoption of these technologies can position SMMEs for success in the digital era, contributing to their sustainability.
In conclusion, the symbiotic relationship between tourism and sustainable SMME development holds immense potential for fostering inclusive growth, preserving cultural heritage, and safeguarding the environment. As the global community grapples with the challenges of the 21st century, recognizing and harnessing the potential of tourism as a catalyst for small business development becomes essential in creating resilient and prosperous communities worldwide.

References


