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**PROSPECTS AND CHALLENGES OF SMALL AND MEDIUM
ENTERPRISES IN THE TOURISM INDUSTRY IN MAURITIUS**

SMALL SCALE RESEARCH GRANT SCHEME

JULY 2018

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ABSTRACT

This study assesses the benefits and challenges of Small and Medium Enterprises (SMEs) in developing agritourism in the Small Island State of Mauritius (SIDS). In the search for alternative sources of income to compensate for the decline in purely agricultural incomes, SMEs in the field of agribusiness in the developed world have increasingly diversified into tourism since the latter is considered as an activity with high potential. However, such entrepreneurship ventures are scarce in SIDS and only limited information is available on this topic.

Given that the goal of this research was to develop in-depth insights into perceptions of SMEs regarding the topic of agritourism, a qualitative approach to inquiry was used. Interview questions were centred on agritourism but for those who were unaware of the concept, pictures were shown to them through photo-elicitation. Photographs as a visual tool in social research is valuable as it has been shown to improve the quality of the interviews by reducing misunderstandings. Moreover, images can aid the interview process by improving shared understanding of concepts.

It has been observed in this study that only a few SMEs are aware of the concept of agritourism and have started agritourism activities in an informal way. They still have improvements to make in order to improve their products and services for the tourists. In this study, the respondents have expressed that the major difficulties faced to develop agritourism were lack of financial support, lack of skilled and trained staff, small plot of land, climate change, limited product knowledge, fierce competition, lack of appropriate infrastructure and limited time to diversify to invest in business diversification.

The results of this study provides the basis for proposed recommendations for meeting the current and potential needs of the Mauritian SMEs involved in agritourism. This research project has revealed that agritourism requires various support for its development in Mauritius such as financial incentives, training, networking and cooperation among SMEs, marketing and promotion of local products and government support. Since agritourism has been barely developed in Mauritius, this research provides an indication of how SMEs from the agricultural

sector can benefit from this form of diversification and provides solutions to some of the challenges which they might face.

Agritourism can assist in protecting the agricultural activities and people engaged in agriculture in the face of other sectors competing for the limited land resources exceptionally in case of land scarcity associated with a small island context. It is advocated that close interaction between tourists, farmers and agricultural industries can help to inject new life in the sector and provide diversified offerings to tourists. Moreover, agritourism can also enhance destination competitiveness and provide the destination with added value in terms of the development of new forms of tourism.

The recommendations provided in this research are the pathway to encourage SMEs to develop and implement agritourism activities in their farms which may result in unlocking the potentials of agritourism and propel Mauritius as a more sustainable and stronger destination in future.

CHAPTER 1

INTRODUCTION

1.1 Importance of the contribution of SMEs in economic development

Small and medium-sized enterprises (SMEs) play a significant role in the growth and development of economies world-wide. The abbreviation SME is commonly used in the European Union countries and also in international organizations, such as the World Bank, the United Nations and the World Trade Organization (WTO). The term Small and Medium Business (SMB) is also prevailing in a few other countries of the world. EU Member countries conventionally had their own definitions of the term SME. According to several authors (Neck & Dockner, 1987; Kotey & Meredith, 1997; Bhutta & Asad, 2008), SMEs are known as the solution of economic progress and modernisation with high employment potential, creation of income and scientific progression.

SMEs make a significant contribution to economic progress of many countries around the world (Kongolo, 2010) and distribute economic benefits to several individuals at the grassroots. There is no growth when the advantages of economic improvements are utilized only by a small number of people, whereas the greater parts are being expelled (Todaro & Smith, 2003). According to Beck and Levin (2005) SMEs enhance competition and entrepreneurship hence have external benefits on the economy's wide efficiency, innovation and aggregate productivity. They are the primary vehicles by which new entrepreneurs provide the economy with a continuous supply of ideas, skills, and innovations (CACCI, 2003). Globally there is an agreement that SMEs hold the key to economic growth based on the fast growth of enterprises and the role of SMEs in generation of employment. According to Normah (2007) the concentration of SMEs has a close relationship with the dominant economic activities. SMEs dominate the world economies in terms of employment and number of companies, yet their full potential remains remarkably untapped (Schlogl, 2004; Omar, Arokiasamy & Ismail, 2009).

1.1.1 SMEs in Mauritius

Although individually such businesses employ few people, collectively the employment generated by SMEs can be highly significant. In 2013, SMEs in Mauritius employed 255,000 individuals and contributed to 40% of Gross Domestic Product (Indian Ocean Times, 2013). According to the Board of Investment Mauritius (BOI), the budget of 2015-2016 indicated that SMEs employ over 280,000 people in some 108,000 establishments (BOI, 2016). This clearly shows that there has been a significant increase in the number of people employed in the SME from 2013 to 2015 by 25,000.

Moreover, the development of SMEs can result in less economic leakages as much of the revenue generated stays in the locality (Thomas, 2005). Apart from its economic contributions, SMEs have an important function in destination competitiveness and sustainable development. Although large firms have a significant influence on the nature of what is supplied to particular markets, for example tour operators in relation to mass tourism, the most significant units of supply in most locations are SMEs. The latter largely influence the quality of services delivered to tourists since a poor product from an SME can ruin the overall tourism experience. Moreover, according to the study of SMEs can create an identity and innovation for a destination. In such instances, the distinctive approach or form of the local tourism product is highly likely to be initiated by tourism SMEs. Therefore, SMEs provide opportunities to shape destination development and serves as a vehicle for creativity and innovation in the community (Pullen *et al.*, 2009).

The literature reveals that SMEs had an important role to play in achieving the Millennium Developmental Goals (Newell & Frynas, 2007) and now the Sustainable Development goals. The potentials and opportunities for SMEs in Mauritius to play the crucial role of engine of growth, development and industrialization, wealth creation, poverty reduction and employment creation are enormous. Many other countries have been able to energise and transform their SME sub-sector to such a vibrant one where they have been able to reduce their unemployment and poverty levels because of the immense contribution of the sub-sector to their economic growth and development (Onugu, 2005). Not only is tourism regarded as an economic generator but also as a vehicle for social advancement, especially in developing countries as it can provide

opportunities for reducing the marginalization of individuals in the community. The literature reviewed suggests that, for tourism development to be successful, it should not only lead to short-term economic benefits but should also be able to contribute to human development and the expansion of capabilities and opportunities of the locals (Sen, 1990; Scheyvens, 2002; Telfer & Sharpley, 2008). Hence, SMEs development for destination can lead to a more empowered and self-sufficient community whilst improving the quality of life of individuals.

1.1.2 Number of tourists visiting Mauritius

Tourism is widely recognised as a strategic priority and one of the main economic drivers for Mauritius. Tourism has been adopted by destinations to attract foreign exchange and accomplish other goals such as generation of wealth, employment creation and improvement of the population's living standards (Daye *et al.*, 2011). Tourism is also one of the economic sectors which has the capacity to develop inter-sectoral linkages. The number of international tourism arrival and departure is indicated in below Table 1.1. for 2016 and 2017:

Table 1.1
Arrival of Tourists by air

Passenger traffic, 2016 and 2017				
Arrivals by:		2016	2017	% change
	Air	1,628,763	1,727,316	+ 6.1
	Sea	57,596	53,705	- 6.8
	<i>of which Cruise travellers</i>	52,862	49,355	- 6.6
	Total	1,686,359	1,781,021	+ 5.6
Departures by:				
	Air	1,628,813	1,725,057	+ 5.9
	Sea	52,436	52,238	- 0.4
	Total	1,681,249	1,777,295	+ 5.7

(Source: Statistics Office of Mauritius, 2018)

There has been a significant increase of + 6.1 % in international tourism arrival in 2017. This shows that the Tourism Industry is a very strong pillar for the economic development of Mauritius.

1.2 Research Problem

1.2.1 The link between tourism industry and agriculture

It has been acknowledged that demand from the tourism sector stimulates entrepreneurship and growth for sectors such as agriculture (McGehee & Kim, 2004; McGehee et al., 2007). Increasingly, countries face decreasing agricultural revenues, rising levels of unemployment, changing values of farm land which lead to a depletion of productivity in these areas (Gannon, 1994). In several countries worldwide, the decline of agriculture in many rural communities has compelled entrepreneurs to search for alternative ways to seek economic growth (Long *et al.*, 1990; Allen *et al.*, 1993; Andereck & Vogt, 2000; Reeder & Brown, 2005).

1.2.2 The urgent need for agriculture

Since July 2010, prices of many crops have risen dramatically. Prices of maize increased by 74%; wheat went up by 84%; sugar by 77% and oils and fats by 57%. Rice prices fortunately remain fairly stable with prices in December 2010 less than 4% higher than the previous year; meat and dairy also remained stable, but at high levels (Oxfam, 2011). According to the World Bank, the world needs to produce at least 50% more food to feed 9 billion people by 2050. However, climate change could cut crop yields by more than 25%. The land, biodiversity, oceans, forests, and other forms of natural capital are being depleted at unprecedented rates. Unless we change how we grow our food and manage our natural capital, food security especially the world's poorest will be at risk.

1.2.3 Food security for Mauritius

Mauritius has also witnessed a fall in its agricultural sector (News on Sunday, 2011) leading to a decline in local food production of 6% (National Economic & Social Council, 2011). The fall in agriculture is due to higher costs of production, lesser cultivable land availability, adverse climatic conditions and lack of interest for agriculture from the youth (News on Sunday, 2011). Moreover, employment in agriculture is also on the decline and fell from 45,243 in 2010 to 44,768 in 2011 (Ministry of Finance & Economic Development, 2012). Another cause of concern is food security, as the total food requirement of the island was estimated at 686,000 tonnes in 2007, with local production meeting only 23% of the population's consumption.

However, with factors such as an increasing population, changing consumption patterns amongst local people and the need to cater for the needs of international tourists, the total food requirement has rapidly expanded with higher imports (News on Sunday, 2011). Many developing countries, in particular, are currently facing serious difficulties of food supply with the recent explosion in food prices and Mauritius is no exception. Moreover, the number of international tourists visiting Mauritius is steadily increasing annually but there is an urgent need to increase agriculture capacity to satisfy the demand for food security for both local people and international tourists.

1.2.4 Agritourism

Given the increasingly unfavourable external environment and the country's inherent constraints such as land scarcity, high cost of production, poor climatic and agronomic conditions, Mauritius is aware that it needs to design and implement agriculture sector development policies and strategies that would adequately respond to the current and emerging challenges (Kidane, 2003). In the search for alternative sources of income to compensate for the decline in purely agricultural incomes, agri-business entrepreneurs throughout the developed world have increasingly diversified into tourism since the latter is considered as an activity with high potential (Bourdeau *et al.*, 2001; Ollenburg & Buckley, 2007). Such entrepreneurship ventures are referred to as agritourism and tend to be a popular form of diversification in developed countries such as USA, Europe and Australia. Although some studies have examined entrepreneurship in the tourism industry in Mauritius (Gungaphul & Boolaky, 2009; Seraphin *et al.*, 2013), the topic of agritourism entrepreneurship remains highly under researched except for scant studies (See Naidoo & Pearce, 2016; Naidoo & Sharpley, 2016; Sharpley & Naidoo, 2010).

1.3 Significance of Study

Agritourism can assist in protecting the agricultural activities and people engaged in agriculture in the face of other sectors competing for the limited land resources. Therefore, ways must be explored to revitalise the declining agricultural sector. It is advocated that close interaction between tourists, farmers and agricultural industries can help to inject new life in the sector and provide diversified offerings to tourists. Since agritourism is in its infancy in Mauritius, research

must be undertaken to understand how SMEs from the agricultural sector can benefit from this form of diversification. Moreover, agritourism can also enhance destination competitiveness and provide the destination with added value in terms of the development of new forms of tourism. The argument is not to replace the existing “Sun, Sand and Sea Tourism” but to extend the portfolio of tourism activities to cater for the diverse needs of the tourism industry while engaging the SMEs from other sectors. Since the SME sector is quite large, the study will consist of only small enterprises in the agricultural sector.

The research can also assist in achieving broader sustainable development goals such as reducing poverty and enhancing quality of life of individuals. Tourism is seen as “an improvement of opportunity and quality of life through the encouragement of tourism” (Dieke, 2003: 287). Therefore, it is important to encourage initiatives from other sectors to engage in tourism so that the benefits of the industry can reach more members of the community. Not only is tourism regarded as an economic generator but also as a vehicle for social advancement, especially in developing countries as it can provide opportunities for reducing the marginalization of communities, thus supporting sustainable development. This research can therefore assist decision-makers in understanding the motivations and challenges faced by entrepreneurs in the agricultural sector to engage in agritourism. Based on a stakeholder involvement approach, it can help develop mechanisms to integrate these SMEs into tourism development so that the industry is developed in a sustainable manner and the benefits are spread to those at the grassroots. Moreover, since tourism is highly contextual in nature, a local study would be beneficial to understand the specific challenges faced by the Mauritian entrepreneurs to engage in agritourism.

1.4. Aim of Research

The purpose of this study is therefore to investigate how SMEs from the agricultural sector can tap into the tourism market so as to diversify their products and services.

1.5 Research Objectives

The objectives are as follows:

1. To identify the factors which motivate small entrepreneurs to engage into agritourism.
2. To determine the ways in which small entrepreneurs can diversify into tourism
3. To identify the challenges faced by these entrepreneurs to diversity into tourism
4. To determine the type/s of support which can be provided to small entrepreneurs to diversify in tourism industry

1.6 Research Questions

1. What are the factors which motivate small agri-businesses to diversify in agritourism?
2. How can small agri-businesses extend their product/service offer to cater for the needs of tourists?
3. What are the problems which they might encounter in engaging in agritourism?
4. What types of support do they require to succeed in agritourism?

1.7 The structure of the research

This research consists of five chapters and is structured as follows:

Chapter 1: defines the context of the study, problem statement, objectives of the study and the research questions. The significance of the study is also explained.

Chapter 2: provides an overview of the literature review on the prospects and challenges of SMEs in the tourism

Chapter 3: presents the research methodology including research tools that have been utilized to conduct the study.

Chapter 4: explains the qualitative results and discusses the finding in relation to the research aim and objectives

Chapter 5: provides the conclusion to the study and suggest recommendations based on the findings of the research

1.8 Summary

The next chapter reviews the relevant literature on the prospects and challenges of SMES to diversify in tourism. The definition of SMEs and agritourism will be provided.

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CHAPTER 3 LITERATURE REVIEW

SMALL AND MEDIUM ENTERPRISES

2.0 Introduction

This chapter reviews the relevant literature pertaining SMEs. SMEs have been defined based on contextual considerations. The main characteristics of SMEs have been reviewed as well as the challenges faced by these enterprises such as lack of finance, technology, leadership, innovation and marketing. The strategies identified by previous studies to overcome some of the challenges faced by SMEs have also been discussed.

2.1 Definition of SMEs

The abbreviation SME stands for Small to Medium Enterprise. There is no recognized universal definition of SMEs (Omar, Arokiasamy & Ismail, 2009). In general SMEs are defined by using four quantitative criteria: the number of workers employed, total assets, size of the business and sales turnover (Independent Evaluation Group, 2008; Lee-Ross & Lashley, 2009; Garikai, 2011). SME can be further defined based on categories such as micro, small and medium enterprises. Although, there is no worldwide consensus on the definition of SMEs, the World Bank defines SMEs by using three of the mentioned quantitative criteria as shown in Table 2.1. A Micro enterprise is one with less than 10 employees and with a value of less than USD\$100, 000 in total assets and annual sales. The Small enterprise employs more than 10 but less than 50 employees. The total assets and annual sales for this category of enterprise is more than USD\$ 100, 000 but less than USD \$3, 000, 000. Comparatively, the Medium enterprise consists of more than 50 but less than 300 employees. Moreover, its total assets and annual sales is more than USD \$3, 000, 000 but less than USD \$15, 000, 000.

Table 2.1: Types of SMEs as at International Level

Enterprise Indicators	Number of Employees	Total Assets	Total Annual Sales
Medium	>50; ≤300	>\$3,000,000 ≤\$15,000,000	>\$3,000,000 ≤\$15,000,000
Small	>10; ≤50	>\$100,000 ≤\$3,000,000	>\$100,000 ≤\$3,000,000
Micro	<10	≤\$100,000	≤\$100,000

Source: Independent Evaluation Group (IEG, 2008)

It is increasingly difficult to define SMEs due to the nature of the changing market force. The definition of SMEs based on number of employees is becoming complex due to globalization and employees have the possibilities to work on part-time, casual or contractual basis (Curran & Blackburn, 2001). Moreover, the same authors argue that total sales is not an appropriate criteria for certain businesses as several managers use the Cash Flow to monitor the progress of their business.

2.1.1 Definition of SMEs in the Mauritian context

The Mauritius Chamber of Commerce (2018) and Industry provide the following definition for the Small and Medium Enterprise in Mauritius (Table 2.2).

Table 2: Types of SME in Mauritius

	Type of SME	Rs in Million
1	Small Enterprise	< 10
2	Medium Enterprise	> 10 but < 50

2.2 Factors contributing to the importance of SMEs

2.2.1 Engine of modern economy

There is a direct relationship between SMEs growth and economic development as shown in previous studies (Gault, 2010; Motohashi, 2001; Khan, 2004). Khan (2004) indicated that small enterprises formed an integral part in the economy and social structure of a country. The number of jobs created by SMEs globally has prevailed over jobs created by large companies (Ayyagari, Demirguc-Kunt & Maksimovic, 2011). In a survey carried out by the European Commission in

2012, it was indicated that 85% of jobs created in the EU during 2002 to 2010 resulted from SMEs. SMEs are contributors of new jobs (Audretsch, Verheul, Wennekers, & Thurik, 2002; Stokes & Wilson, 2006). This means that SMEs create and generate job opportunities for the majority of the population where employees have the possibility to move from small businesses to large organizations after having acquired skills and experience (Jones & Haven-Tang, 2005). SMEs are the most important source of potential employment in low income economies. That is why SMEs are judged as “engine of growth” for the achievement of growth objectives in developing countries (Advani, 1997). In addition, SMEs control the world economies regarding employment and volume of enterprises (Schlogl, 2004; Omar, Arokiasamy & Ismail, 2009). The creation of new firms revealed to be a vital indicator regarding entrepreneurial activity and economic development (Fritsch & Mueller, 2005; Venesaar & Loomets, 2006).

2.2.2 Poverty alleviation

The combination of economic growth and income distribution is directly related to the issue of poverty (Bourguignon, 2001, 2003; 2004). The development of SMEs directly supports the improvement of economies in the long term as it enhances domestic market efficiency and makes better usage of scarce resources (Kayanula & Quartey, 2000). A study carried out by Moodley (2002: 37) showed that SMEs had the potential to remove people from poverty by job creation and distribution of wealth which resulted in a multiplier effect on the socio-economic activities. SMEs have the socio-economic capacity to reduce poverty and improve the condition of living of poor people (Cook & Nixon, 2000). SMEs are more labour intensive compare to big companies (Leidholm & Mead, 1987; Schmitz, 1995). A study carried out by Agyapong (2010) indicated that SMEs played an important role in poverty reduction in Ghana. The increased income obtained from SMEs situated in town and rural areas contributed in changing the standard of living by obtaining better schooling, health facilities and empowering the local habitants to get rid of vicious circle of poverty.

2.2.3 Creativity and innovation

There have been various studies which showed that creativity is an important element to consider for innovation and economic success (Andari et al., 2007; Huggins & Clifton 2011; Cooke & De Propriis, 2011). SMEs involved in creative industries such as design, publishing, software or the arts are considered as principally innovative (Miles & Green 2008; Bakshi & McVittie 2009; Müller *et al.*, 2009). According to Jensen et al. (2007), SMEs applied two types of innovations which are radical or incremental. Radical innovation means that SMEs entrepreneurs develop and test new technologies based on scientific knowledge. Incremental innovation means SMEs cope with existing knowledge and adjust according to local context. Incremental innovation enables SMEs to reach niche market or low cost market such as offering additional options or features on a product based on the local context. Incremental innovation is a mechanism of economic development for all SMEs in all countries (Fagerberg *et al.*, 2012; Asheim, 2009; Nelson, 1994; Kaplinsky & Morris, 2000). Recent studies have also shown that innovation and entrepreneurship have contributed to the development of the reputation and improvement of the international tourism industry particularly in the field of eco-tourism and cultural tourism (Bardolet & Sheldon, 2008; Cawley & Gilmore, 2008; Getz & Carlsen, 2005; Morrison & Thomas, 2004). For example, studies on agritourism (Sharpley & Sharpley, 1997; Renting et al., 2009; Wilson, 2007; Van Huylenbroek *et al.*, 2007) have shown that farmers have been able to innovate from purely production-oriented enterprise to new service-based activities. Moreover, some farmers have been able to shift from the typical activity of operating a farm to developing a new identity and abilities to manage agritourism activities (Colton & Bissix, 2005; Di Domenico & Miller, 2012; Sharpley & Vass, 2006).

2.2.4 Human development and training

It is generally admitted that training is beneficial to business performance (Thomas & Long, 2001; Kitching & Blackburn, 2002). The same authors mentioned that the most valued skills are generic in the tourism industry. The generic skills refer to the aptitude to follow instructions, the enthusiasm to learn, the capacity to adapt to situation, and personal presentation.

2.3 Challenges faced by SMEs

2.3.1 Lack of financial support

The accessibility to financial support is a major factor in the development, growth and success of SMEs (Ou & Haynes, 2006; Cook, 2001). The unavailability of finance to sustain business development is a critical constraint for SMEs (World Bank, 2006). Many surveys of entrepreneurs indicated that the accessibility to bank loans and financial aids from government were a great barrier for SMEs (Honohan & Beck, 2007). In addition, a research carried out by Mambula (2002) indicated that around 72% of SMEs faced lack of financial support from government to develop their businesses. The interest rate on loans offered and the guarantee required by banks to cover the borrowing of SMEs are not within the capacity of the SMEs (World Bank, 2006).

2.3.2 Leadership style and management

There are various studies that have shown that a good leader has the capacity to improve organizational performance (Bass, 1985; Ogbanna & Harris, 2000; Tarabishy et al., 2005; Yang, 2008), add to employees' satisfaction and improve employees' motivation (Papalexandris & Galanaki, 2009). The development of a good leadership is an essential element for the success of SMEs (Razak, 2010). Leadership style is of significant importance to the progress and success of SMEs (Valdiserri & Wilson, 2010). The lack of good leadership and management skills are primary factors contributing towards the failure of SMEs (Davies *et al.*, 2002; Ihua, 2009; Beaver, 2003; Longenecker et al., 2006). For example, management or leadership mistakes are one of the causes of the failure of SMEs (Valdiserri & Wilson, 2010). In addition to this, the other cause of failure of SMEs is the incapability of the initial management or leadership to continue to meet new challenges as the business progresses (Ahmad & Seet, 2009). Leadership behaviors of leaders in SMEs have a direct impact on the performance of an organization (Wang & Poutziouris, 2010). It is important for SME leaders to have a clear understanding of leadership behaviours in order to ensure further development of SMEs in a county (Abu Kassim & Sulaiman 2010). Leaders of SMEs need to enlarge their understanding of leadership behaviors in

order to achieve organizational goals and objectives (Hernez-broome & Hughes, 2004). According to Yrle et al. (2000), providers of capital such as banks and ventures capitalists consider that poor management is the most important factor contributing to small firm failures.

2.3.3 Adoption of technology

The global online information, communication and technology (ICT) and the increasing demands for e-commerce have become an obligation for SMEs to integrate technology in their day-to-day business (Pavic *et al.*, 2007). A research conducted by Akomea-Bonsu and Sampong (2012) on the impact of ICT on SMEs shown that the majority of SMEs which have adopted ICT in their businesses reported a positive performance and other benefits of using ICT. According to Leung et al. (2013) the majority of customers in the tourism industry used social media such as TripAdvisor, Facebook, Hotels.com, Expedia.com in order to plan for their holidays. The interactive access to products and services offered on the internet provides the tourists with more customized options regarding how they spent their times and money (Buhalis, 2003). However, according to Ndabeni and Rogerson (2005) marginal and survivalist SMEs have very low awareness of the opportunities linked with the development of ICT. There is a demand on SMEs to shift from manual methods to a more modern and technological ways of doing business. For example, SMEs that are adopting Social Media as a new technological development for their business are now able to predict the future buying behaviour of their customers more precisely (Kim & Ko, 2011), improve brand post popularity (Vries et al., 2012), catch the attention of new customers (Michaelidou et al., 2011), building responsiveness, boost sales and build trustworthiness (Castronovo, 2012).

This represents a considerable financial investment for SMEs (Ghobakhloo, Hong, Sabouri & Zulkifli, 2012; Chong et al., 2012; Pires & Aisbett, 2001) to acquire modern communication devices such as smart phones, tablets and laptops. Previous researches have indicated that the support of higher management in large organizations is a key component to adopt ICT (Ramayah et al., 2016; Tsai et al., 2013; Wang & Lai, 2014). The adoption of using technologies

in SMEs depends on the acceptance of the owner of the business (Cloete, Courtney & Fintz, 2002).

Thus, the leaders of SMEs should be convinced that the adoption of modern technologies will benefit the business despite incurring the initial investment cost. A study carried out by (Karanasios & Burgess, 2008) showed that the main problems related to SMEs in the tourism sector in adopting ICT were firstly inaccurate information on ICT infrastructure, secondly the cost of implementing ICT and thirdly the lack of appropriate knowledge and skills in maximizing its potential. Technologies have the capacity to upgrade SMEs efficiency, cost reduction, and expand market reach both on a local and international basis (Morse et al., 2007).

2.3.4 Service quality

SMEs may not have been trained in quality management or in directly delivering services to customers. Research have shown that tourists opportunities represent potential business for SMEs requiring low capital such as tourist guiding or farms offering bed and breakfast accommodation (Getz & Carlsen, 2005). Nevertheless the quality of service, expertise, competitiveness and innovativeness can influence the tourist experience and later marketing opportunities (Jones & Haven-Tang, 2005; Kunc, 2009; Thomas, 2004).

2.3.5 Marketing

There has been various studies conducted regarding the importance for SMEs to develop good and widespread marketing in order to be successful (Rogerson, 2004a; 2004b; 2005). Marketing is the process to create value to meet customers' needs and manage the connection between the marketer and the target market (Ebitu, 2012). The main function of marketing is to attract and retain customers. It is an essential business function, however, SMEs possess a lack of knowledge and skills of basic marketing such as marketing research, using marketing tools, marketing planning and control (Ayozie, Oboreh, Umukoro & Ayozie, 2013). Studies carried out

in the past indicated that SMEs gave little importance to marketing (Blankson & Stokes, 2002). For example, a small business directed by an inexperienced owner-manager has a tendency to provide small consideration of marketing for the business. The main reason is that SMEs have a minor customer base and a less complicated business model and is more flexible in adapting to market changes (Rojsek & Konik, 2004). However, due to intensive competition, SMEs must be competent in marketing. Researchers have cautioned that factors connected to marketing such as market research, ineffective demand forecasting and analysis, bad customer service, and lack of training for sales staff are the most significant factors leading to the failure of new SMEs (Temtime & Pansiri, 2004).

2.3.6 Innovation

There have been various studies which showed that innovation is commonly described as everything that differs from day to day running of the business or which demonstrate an end of preceding practice for the innovating businesses (Hjalager, 2010; Johannesson, Olsen, & Lumpkin, 2001). There is a direct relationship between innovation and SMEs survival since innovation has the capacity to ensure competitive advantage for SMEs and long term loyalty (World Bank Report, 2009). SMEs are now facing an important issue related to continuous improvement. The fast changing needs and inputs of customers have made it vital for SMEs to continuously improve the ways of doing business. SMEs must focus continuously on improving production costs, delivery schedules, manufacturing skills, supplier relationship and productivity in all practices (De Wit et al., 2007). Various studies have shown that financial constraints prevent SMEs to innovate (Mohnen & al., 2008; Savignac, 2008; Iammarino, 2009). A study carried out by Madrid-Guijarro, Garcia & Van Auken (2009) considered lack of finance, poor human resources, weak financial position, and high cost and risk as internal barriers for innovation for SMEs. The same authors also find out that external barriers for innovations for SMEs are lack of external partners, lack of information, and lack of government support. Similarly, Zhu, Wittmann, and Peng (2011) identified several institution-based barriers to innovation and business growth in China; in particular, barriers related to access to financing, the

quality of laws and regulations, and the effectiveness of support systems, besides competition fairness and tax burdens.

2.3.7 Lack of government support

Government support is vital to ensure the growth and development of SMEs. Government should protect SMEs from both internal competition (large companies) and from external competitions (massive imports from other counties) (Ramis, 2002). The finding of a study carried out by Kaufman et al. (2003) showed that SMEs in Africa were weak due to very difficult business conditions such as complicated business procedures and high business tax. In additions, imports have direct negative impacts on SMEs (Koush, 2008). SMEs involved in startup faced enormous difficulties in obtaining operating licenses and regulatory requirements (World Bank, 2004). According to Wilson (2007), the government should support SMEs by providing quality business support services, technical and managerial training program, the development of network cross sectors and cross borders, provisions for financial support and aid and legal framework strengthening.

2.4 Overcoming the challenges faced by SMEs

2.4.1 Improve access to financial support

The creation of specialized banks for SMEs or special credit scheme for SMEs can be considered as part of government policies to minimize SMEs' financial constraints (Mani, 2004; Hyytinen & Toivanen, 2005; de la Torre et al., 2010). For example, various governments around the world have developed a model of Credit Guarantee Scheme (CGS) especially for SMEs as it is a tool to reduce the supply and demand gap in SME finance (Yamouri, 2014). It is the government which stands as guarantor under this scheme for the SMEs. Banks are more able to assist in financing the SMEs as in case of business failure, the government will repay part of the money borrowed by the SMEs to the bank. For example in 2000, India initiated the Credit Guarantee Fund Scheme for SMEs which covered 75% of the credit requested (Ministry of Micro, Small and Medium Enterprises, 2018).

2.4.2 Research and Development

The survival of SMEs depends on their capacity to respond to quick market change, meeting performances and delivering products that can meet the requirements of international standards (Gomez & Simpson, 2007). SMEs must be able to face global competition and prevail over the rapid evolution in technology (Laforet, 2008). Research and Development (R&D) empower SMEs to create and develop new technologies and improve existing ones (Zhouying, 2005). R&D is essential for SMEs to achieve their objectives (Robinson & Propp, 2008). R&D resources can be converted to new commercially successful innovative products (Cuervo-Cazurra et al., 2017). The presence of R&D enhances innovation (Bergek & Bruzelius, 2010; Kleer, 2010; Choi et al., 2009; Clarysse et al., 2009; Love & Ashcroft, 1999). R&D resources, such as R&D personnel and R&D expenditure, have been regarded as the infrastructure for SME technological innovation. Thus, R&D investment in SMEs does matter in identifying the determinants of the technological innovations of regional SMEs.

2.4.3 Capacity Building and training

It is vital for governments to provide capacity building for SMEs in order to improve their skills, knowledge and competence in their daily business activities. Capacity building policy aids to determine the business competitive advantages (Nell & Napier, 2006). SMEs owners should upgrade their potentials and make effective use of business resources in order to better manage the organizations (Xun, Jie, & Wen, 2009). The development of skills and competence will allow SME operators to achieve higher performance and develop new business ideas for existing products and services (Jitnom & Ussahawanitchakit, 2009). A study carried out by Chi, Wu & Lin (2008) examined the relationship between SME training program and business performance. The research showed that designed training programme considerably adds to the success of SME strategic goals by the enhancement of the business performance. In addition to this, a research performed by Hayton (2003) to establish if human resource development (HRD) could be used as a strategic plan to encourage improvement for SMEs indicated that promoting employee flexible

conduct, knowledge distribution, and organizational learning are the key characteristics that considerably contribute to SMEs development and performance.

2.4.4 Government support

Government policies to sustain SMEs provide a platform of SMEs expansion and growth (Altenburg, 2011). The government must support financially the SMEs and provide additional special small grants for start ups (Italy, 2012; Latvia, 2010; Portugal, 2012; Spain 2014) so as to encourage micro businesses to emerge and to later on become important business organizations for the country's economic growth. The government can also partly provide coverage of the SMEs debts at a certain amount in case of business failure (International Monetary Fund, 2013a; IMF, 2015). The development of a market for SME debt securitization could also help improve financing for SMEs (IMF, 2014b). The government played an important role in establishing government-sponsored credit guarantee funds to provide loan guarantees to SMEs to enhance the availability of credit to the sector and setting up Corporate Restructuring Funds to provide liquidity to SMEs through both debt and equity investment (IMF, 2006; IMF, 2010).

2.4.5 Regulations and Laws

A study carried out by Chen (2006) indicated how the government of China took into consideration SMEs in their strategic planning of the national socio-economic development plan. Regulatory frameworks and policies are amended in order to enable the SMEs to be involved in the development of China. Chen (2006) also mentioned that the government of China provided SMEs with privileged taxation policies.

2.4.6 SMEs participation in Public Procurement System

Governments can support SMEs by providing assistance for SMEs participation in the public procurement system (Puddephatt & Kaspar, 2012). Public procurement is known as a tool to ensure proper supervision of public resources and often this tool is regarded as an area susceptible to mismanagement and corruption (Badenhorst-Weiss, 2012). The Public

Procurement System must be strengthened in order to allow participation of SMEs in a fair competition. A study carried out by Puddephatt and March (2012) showed that the barriers faced by SMEs in public procurement are associated to the lack of lack of transparency in the procurement process. Thus, the government should establish strict norms and standards for successful bidding such as the reputation of company products and services, the relationship with existing or potential customers, financial position of the company and position of the company in its market place (Farrington, 2012).

2.4.7 Implementation of technology

The modern world is ruled over by globalization, dynamic business environment, high competition and high customer's awareness of products and services (Pavic et al., 2007). SMEs and big corporations are searching for ways to strengthen their competitive position and to develop their efficiency by the use of Information Technology (Bogliacino, Piva, & Vivarelli, 2012). SMEs can overcome the challenge of implementing new technologies by gradual investment since the price of hardware and software have very much been reduced during the recent years (Dibrell et al., 2008; Wu et al, 2006). The rapid evolution of the change in demand of customers and a fierce business environment are the key drivers for the implementation of technology by SMEs (Ciriaci, Moncada-Paternò-Castello & Voigt, 2013). SMEs adopting new technologies made greater sales than those using traditional methods (Coad & Hözl, 2010). A survey carried out by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) (2013) showed that SMEs which have implemented the use of information technology have obtained great results such as new products and services, new methods of production and new capabilities of business administration. In addition to this, SMEs can overcome problems in adoption of new technologies by providing specialized training and skills development to the employees for new technologies (Caldeira & Ward, 2003). The employees should understand how the implementation of IT will facilitate their jobs and not consider IT as a threat in losing their jobs.

2.4.8 Summary

As discussed, the characteristics of an SME are mainly contextual in nature and therefore the definition of SMEs used in this study will be according to the country' criteria as per the Mauritius Chamber of Commerce as provide in this chapter. The next section reviews the literature on agritourism within the context of SMEs.

CHAPTER 3

LITERATURE REVIEW

AGRITOURISM

3.0 Introduction

This chapter reviews the literature on agritourism and identifies several definitions of agritourism highlighted in previous studies as there is no consensus on a single terminology to define the concept. Moreover, factors motivating entrepreneurs to implement agritourism and challenges towards diversification are also discussed.

3.1 Definition of Agritourism

A comprehensive examination of the literature reveals numerous labels and definitions for agritourism based on a variety of characteristics (Table 3.1). In the literature, there are several terms such as agro-tourism, farm tourism, farm based tourism, which are often used to refer to agritourism (Barbieri & Mshenga, 2008; Roberts & Hall, 2001; Wall, 2000). Table 3.1 refers to the definitions of the term agritourism or agrotourism.

Table 3.1: Definitions of Agritourism

	Definition	Authors
1	Any tourist or recreation enterprise on a working farm. The provision of temporary accommodation and/or indirect recreational facilities on a working farm	Dart (1974) Hoyland (1982)
2	Tourism enterprises that are present on working farms and yet are largely supplementary to existing farm activities	Frater (1983)
3	Working farms that supplement their primary function with some form of tourism business	Murphy (1985)
4	Working farms, irrespective of type or size, where the primary activity is agriculture and where tourism is a supplementary activity	Wales Tourist Board (1986)
5	Active provision of facilities for tourists within a working farm. Farm tourism represents continuing ownership and active participation by the farmer in typically, small-scale tourism ventures	Denman and Denman (1990); Pearce (1990)
6	A form of rural tourism whereby paying guests are involved in farming life either as staying guests or day visitors	Davies and Gilbert (1992)

7	Tourism linked to agriculture, directly connected to agrarian environment, agrarian products or agrarian stays	Sharpley and Sharpley (1997)
8	Involves accommodation being offered in the farmhouse or in a separate guesthouse providing meals and organising guests' activities to observe and participate in farming operations.	World Tourism Organisation (1998)
9	Rural tourism conducted on working farms where the working environment forms part of the product from the perspective of the consumer.	Clarke (1999)
10	It is a portion of general tourism where environmental tourism and cultural tourism overlap. Farm tourism is where tourists reside and sometime participate in the working activities of farms and ranches	Smith and Long (2000)
11	provision of touristic opportunities on working farms	Wall (2000: 14)
12	increasingly used to describe a range of activities which may have little in common with the farm other than the farmer manages the land on which they take place.	Roberts and Hall (2001)
13	activities of hospitality performed by agricultural entrepreneurs and their family members that must remain connected and complementary to farming activities	Sonnino (2004)
14	an enterprise at a working farm, ranch or agricultural plant conducted for the enjoyment of visitors that generates income for the owner. It refers to the act of visiting farm or any agricultural, horticultural, or agribusiness operations for the purpose of enjoyment, education, or active involvement in the activities of the farm or operation that also adds to the economic viability of the site.	American Farm Bureau Federation (2004)
15	specific type of rural tourism in which the hosting house must be integrated into an agricultural estate inhabited by the proprietor, allowing visitors to take part in agricultural or complementary activities on the property	Marques (2006)
16	tourist activities of small-scale, family or co-operative in origin, being developed in rural areas by people employed in agriculture	Kizos and Iosifides (2007)
17	any practice developed on a working farm with the purpose of attracting visitors	Barbieri and Mshenga (2008:168)
18	rural enterprises which incorporate both a working farm environment and a commercial tourism component	McGehee, Kim and Jennings (2007)
19	Typology of Agritourism (1) Non-Working Farm agritourism- Tourism products are presented based on agricultural heritage or imagery of the past or present; (2) Working Farm, Passive Contact Agritourism-A working farm simply provides the context for tourism, without further interaction between the tourists and agricultural practices; (3) Working Farm, Indirect Contact Agritourism-The agriculture on a farm integrates with a tourism product. The tourists have direct contact with only the agricultural products, not the actual farming practices; (4) Working Farm, Direct Contact, Staged Agritourism - Tourists experience agricultural activities that have been purposefully staged; (5) Working Farm, Direct Contact, Authentic Agritourism-Tourists participate in direct physical experience of the agricultural activities	Philip et al (2010)
20	is a means for farmers to make extra income while utilising many of the resources they already have	Schilling et al. (2012)
21	farming related activities carried out on a working farm or other agricultural settings for entertainment or education purposes	Arroyo, Barbieri and Rich (2013)
22	any business activity that brings the public to a farm or rural setting in an	University of Illinois

	effort to market farm raised or produced products or the enjoyment of related outdoor activities	Extension (2014)
23	all forms of visiting and experiencing the agricultural sector of the destination, embracing site stays and tours, the consumption of food and purchase of products arising directly from the contact with the sector	Naidoo & Pearce, (2016)

3.1.1 Farm tourism

Table 3.2 refers to definitions of farm tourism which are often interchangeably used to describe agritourism. There are various definitions of agritourism which have been proposed in the literature, however, there is no shared understanding of the concept (Gil Arroyo et al., 2013). The most recent definition by Naidoo and Pearce (2016) defines agritourism as all forms of visiting and experiencing the agricultural sector of the destination, embracing site stays and tours, the consumption of food and purchase of products arising directly from the contact with agrarian providers. This form of tourism has also been defined as a subset of rural or farm tourism. Based on the review of literature, Naidoo and Pearce (2016) explained that agritourism consists of a variety of activities and services such as lodging, culinary experiences, events, festivals, nature appreciation, you-pick, educational and recreational visits, hunting, fishing and sale of gifts. It involves the direct participation of individuals in agrarian activities (and indirect participation in farm-based activities, such as visiting farmers. However, it is important to note that the type and implementation of agritourism is largely based on contextual factors and may differ across countries or regions.

Table 3.2: Definition of Farm Tourism

Terminology		Definitions	Authors
Farm Tourism	1	rural tourism conducted on working farms where the working environment forms part of the product from the perspective of the consumer	Clarke (1999: 27)
	2	tourist activity is closely intertwined with farm activities and often with the viability of the household economy	Gladstone and Morris (2000: 93)
	3	to take tourists in and put them up on farms involving them actively in farming life and production activities	Iakovidou (1997: 44)
	4	commercial tourism enterprises on working farms. This excludes bed and breakfast establishments, nature-based tourism and staged entertainment	Ollenburg and Buckley (2007: 445)

	5	activities and services offered to commercial clients in a working farm environment for participation, observation or education	Ollenburg (2006: 52)
	6	a part of rural tourism, the location of the accommodation on a part-time or full-time farm being the distinguishing criterion.	Oppermann (1996: 88)
	7	increasingly used to describe a range of activities [which] may have little in common with the farm other than the farmer manages the land on which they take place	Roberts and Hall (2001: 150)
Farm-based tourism	1	phenomenon of attracting people onto agricultural holdings	Evans and Ilbery (1989: 257)
	2	an alternative farm enterprise	Ilbery, Bowler, Clark, Crockett, and Shaw (1998: 355)
Vacation Farms	1	incorporate both a working farm environment and a commercial tourism component”	Weaver and Fennell (1997: 357)

3.2 Benefits of agritourism

Agritourism is seen by both local community and government as an attractive diversification options for businesses in the agricultural sector (Williams & Kelly, 2001). According to the literature, agritourism contributes mainly to economic, social and environmental benefits.

3.2.1 Economic impacts of agritourism

Studies have reported that the main benefits for agritourism development are economic (Weaver & Fennell, 1997; Busby & Rendle, 1999; Nickerson et al., 2001; McGehee 2009; Choo & Jamal, 2009; Barbieri 2013). There is growing evidence of economic benefits of agritourism for local communities. For many farmers agritourism serves as a form of farm diversification that generates additional income, allows for expanded operations, creates opportunities for family employees to remain in the business, meets social, educational or ethical goals of the business, and maximizes farm production by utilizing the farm as an amenity (Tew & Barbieri 2011). In addition, tourism is becoming increasingly known as an effective means of regional development and fighting poverty (Buhalis, 2001; Hara & Naipaul, 2008). More specifically, agritourism is

generally recognised as a rural development strategy due to its capacity to be flexible and low costs involved in its implementation (Buhalis, 2001; Dernoï, 1983; Wilson, Fesenmaier, Fesenmaier & van Es, 2001) which makes it an excellent tool in the fight against poverty and exclusion.

3.2.1.1 Income diversification

In general, agritourism is considered by host communities and government as a diversification options for businesses in the agricultural sector (Williams & Kelly, 2001). Agritourism presents an alternative use of farm resources that can bring several economic benefits to farmers, including firstly an increase in farm gross income (Nilsson 2002; Barbieri & Mahoney, 2009; Ollenburg & Buckley, 2007; Phillip, Hunter & Blackstock, 2010; Weaver & Fennell, 1997; Busby and Rendle, 2000; Nickerson et al., 2001; Hawkes, 2013; Schilling *et al.*, 2014; Mahaliyanaarachchi, 2014; 2015). Secondly, it creates the generation of cash flow throughout the year (Ventura & Milone, 2000) and thirdly it produces significant financial support to maintain traditional agricultural activities and lifestyles (Fleischer & Pizam 1997; Busby & Rendle 2000). Diversification allows farmers to reduce farm losses and continue to practice farming (Oredegbe & Fadeyibi, 2009).

According to Gannon (1994) agritourism can help solve different economic problems through economic diversification. Agritourism is increasingly being pursued by small communities as a small business and economic revitalization strategy (Wilson et al 2001; Wicks & Merrit, 2003). Community goals of agritourism development may be to increase revenue for local businesses, stimulate infrastructure upgrades, or diversify the economy (Bernardo et al 2004). A study conducted by McGehee et al. (2004) revealed that the top two motivations for agritourism development among small farm families in Virginia were ‘to create extra income and to develop other agricultural resources’. Furthermore Busby and Rendle (2000) indicated in a study that what initially for many a social or cultural motivator gradually became economically based for some agritourism owners in the United Kingdom.

A study of visitors to The Flower Fields in Carlsbad, one of the wealthiest communities in California, United States showed a positive economic impact for the flower field farm operation and the city of Carlsbad (Lobo et al., 2005). The economic benefits to the community have been considerable. Direct expenditures by visitors to The Flower Fields reported about \$2 million in Carlsbad and about \$7.76 million in San Diego County. In addition to this, Hawaii Agricultural Statistical Office (2004) stated that farmers in Hawaii were engaged in agritourism business activities. In terms of revenues originated from agritourism, on-farm sales to visitors accounted roughly 40% of total revenues; followed by retail sales of products from other farms and souvenir items (26.8%); outdoor recreation (14.8%); accommodations (7.4%); education, including farm tours (3.5%); and entertainment (3.1%). The report also noted that farmers received orders for agritourism products after visitors returned home.

3.2.1.2 Creation of Employment

Agritourism provides the creation of jobs for family members or serve as a plan for farm succession (Gannon, 1994; Fleischer & Tchetchik, 2005; Ollenburger & Buckley, 2007; Veeck et al., 2006) including the creation of employment opportunities for family members, especially farmers' wives (Oppermann 1996). In addition, agritourism has the capacity to create large scale of employment opportunities for skilled and unskilled local communities (Yang et al., 2010; Gusti, 2007; Akpinar et al., 2003). Local communities have the options to be empowered and be engaged in self-employed economic activities such as selling local products, developing farm-based restaurants, home stay businesses and other business activities related to agrarian activities.

2.2.2 Social and Cultural Impacts of agritourism

Agritourism can transform the socio-cultural dimension of the local community as well as it includes sharing the rural experience with outsiders, educating the public about agriculture, having the opportunity to socialize and meet new people, and gaining personal satisfaction (Nickerson et al. 2001; Ollenburger & Buckley 2007; Weaver & Fennell 1997). It allows farmers

to enjoy various intrinsic values, including pursuing personal challenges and hobbies, fostering interaction with customers and improving the quality of life of the family (Barbieri & Mshenga, 2008). Agritourism allows the planning of farm succession or the transfer of a family farm to the next generation (Barbieri 2013; Ollenburg & Buckley 2007; Veeck et al. 2006; Fleischer & Tchetchik 2005). Agritourism programs help capitalize on the natural, historical, and cultural resources of communities and can also help to build community pride and improve the quality of life for local community (Karabati et al., 2009).

According to the analysis of Pearce (1990), visitors were beneficial for children of farmers, since they were able to meet new people from different cultures. Agritourism enables the visitors to physically participate in the harvesting, tillage and other activities in the areas where the products are produced and the tourists thus feel part of that specific place (Kiper, 2011). This help can be as a motive for having guests on the farms. Furthermore, agritourism increased preservation of unique cultural traits of an area, from family traditions and local customs to a stronger regional awareness (Turnock, 2002).

Agritourism enhances the well-being of communities (Naidoo & Sharpley, 2015). Agritourism allows the farmers to maintain stability in their standard of living despite the fluctuation in tourists visiting the farms. Agritourism operators appeared to spend satisfying time related to friendship and interaction with visitors (Frater, 1983; Nilsson, 2002; Weaver & Fennell, 1997). This shown that agritourism operators do not only focus on profits but also consider human relationship in the agritourism business. Many studies conducted proved that agritourism operators are enthusiast to share experience and to inform the visitors about the farm lifestyle (McGehee & Kim, 2004; Nickerson et al., 2001; Nilsson, 2002; Ollenburg & Buckley, 2007; Weaver & Fennell, 1997). The desire to educate the public about agriculture and to main the farm lifestyle are often preferred reasons when pursuing agritourism enterprises (Nickerson, Black, & McCool 2001; Ollenburg & Buckley 2007). Moreover, agritourism also contributes to communities as it helps to educate tourists about food production; and also supports and adds

value to distinctive regional or local agricultural products (Barbieri 2013; Brown & Reeder 2007; Che, Veeck, & Veeck 2006).

There has been an increasing focus on the contributions of agritourism to food security for local populations. The connection between the local farming community and the tourism industry has been identified as one of the best opportunities to ease the over reliance on foreign agricultural products (Hepburn, 2013). Agritourism can reduce the dependency of small islands on foreign imports and increase food security. It has the ability to stimulate agricultural production while also enhancing the tourism product (Hepburn, 2008).

3.2.3 Environmental Impacts of agritourism

In addition, agritourism has the potential to create environmental awareness among the community (Anthopolou, 2000). Agritourism activities maintains green and picturesque spaces, guarantees authenticity of the tourist sites, conserves natural resources and promotes environmental-friendly farming practices (Barbieri 2013; Brown & Reeder, 2007; Veeck, & Veeck 2006). A study carried out by Sijlbing (2010) indicated that sustainable tourism activities provides a solution for environmental sustainability. Moreover, Barbieri (2013) designated that the majority of agritourism operators performed a kind of agricultural conservation with integrated pest management and water conservation. Agritourism can be considered as a catalyst for sustainable agriculture which mainly capitalized on organic farm tourism (Choo & Jamal, 2009). Agritourism also helps to protect natural habitats and ecosystems, conserves water resources, reduces environmental destruction and improves the landscape (Barbieri, 2013; Carlsen, Getz, & Ali-Knight, 2001; Choo & Jamal, 2009; Yang, 2012).

3.3 Challenges of agritourism development

Zhang et al. (2009) identified four major challenges associated with rural tourism development, as follows: urbanization of rural destinations, lack of financial and human resources, and high commoditization. These challenges may not be present always and everywhere (Iorio & Corsale, 2010). There is opportunity for further expansion of agritourism, but government subsidies and policy implementation may be required to strengthen the potential benefits of such forms of tourism (Sharpley & Sharpley, 2002).

3.3.1 Lack of training

The lack of business training for farm operators could spell disaster (Friesen, 1995; Greffe, 1994; Choy & Rounds, 1992). Training is often needed to enhance communication skills, provide a greater awareness of customer needs and expectations, as well as to develop management skills for such practical issues as serving guests and keeping financial records (Hilchey, 1993; Davis & Turner, 1992; Gill, 1991; Garcia-Olaya, 1991). As well, some farm operators may not be suited to deal with the general public (Strategic Partnerships, 1996a). In such cases, these farmers may be obliged to hire additional staff and provide appropriate training in hospitality and for agricultural knowledge (Thompson, 1990).

Lack of professionalism is a common obstacle in developing family businesses (Iorio & Corsale, 2010). Low entry requirement in agritourism may attract people with no relevant training or education, seriously limiting their potential to prosper (Getz et al., 2004) and negatively affecting service delivery which is essential to tourist satisfaction.

3.3.2 Lack of marketing knowledge

Many small businesses have failed because of poor or insufficient marketing strategies (Friesen, 1995; Palmer, 1995; Embacher, 1994; Reid et al., 1993; Evan & Ilbery, 1992; Ilbery, 1991). Since many agricultural products are controlled and marketed by provincial marketing boards, farm operators are often uncertain as to how to market their tourism products (Antwi & Seahlodi,

2011). Therefore, if agritourism businesses are to be successful, it is imperative that agritourism operators learn and develop their marketing skills.

Many agritourism operators have poor understanding of the market, how it works and the reasons of price fluctuation. Many of these agritourism operators have little or no information on market condition (Bond et al; 2005). They do not have the required market negotiation knowledge regarding the quality of product. These agritourism operators have lack of own capacity to influence the terms and conditions upon which they trade (Da Silva & Rankin, 2013). Various studies have indicated that the rate of failure is high for small tourism business due to the lack of market knowledge and poor market identification (Cook, Yale, & Marque, 2006; Oh & Schuett, 2010; Pizam & Upchurch, 2002).

3.3.3 Lack of quality control

The quality of the farmer's products and services offered plays a key role in determining the success or failure of agritourism enterprises (Hjalager, 1996). Since guests demand and expect appropriate standards of comforts and facilities, an agritourism enterprise should project a clean, safe, well-organized image and healthy holidays on an authentic farm (Friesen, 1995; Embacher, 1994; Reid et al., 1993; Charter & O'Neill, 2001; Hill & Busby, 2002; Murphy & Williams, 1999; Williams & Kelly, 2001). A study carried out by Sharpley and Vass (2006) indicated that there are various factors which represent a challenge for agritourism operators to deliver quality products and services to visitors coming on the farm.

3.3.4 Lack of finance

The main farm or agriculture operation should be in a healthy financial situation before attempting to diversify into agritourism. Farmers, who are 'pushed' into diversifying as a 'survival strategy', may be creating further stress on their already unstable financial condition (Hilchey, 1993). Most of agritourism operators have invested their own money in order to

diversify from agriculture to agritourism. However, studies have shown that the availability of financing or capital is crucial but agritourism operators face a lot of difficulty to obtain financial assistance (Eshun & Tettey, 2014).

3.3.5 Excessive Regulation

Most significant diversification projects need planning permission, and the development of agritourism is often constrained by rigorous planning regulations. Policies, such as those relating to physical planning, building permits, property taxation and licenses, can affect the viability and feasibility of farm tourism ventures (Reid et al., 1993). Government agencies impose very strict conditions which agritourism operators need to respect in order to obtain operational permits, licenses and clearances (Black & Nickerson 1997). These restrictions represent real challenges which are obstacles for farmers in the implementation of agritourism development (Keith et al. 2003).

3.3.6 Lack of appropriate insurance coverage

Appropriate liability insurance coverage must be considered before starting an agritourism business (Friesen, 1995; Centner, 2010). Insurance cover represents a great challenge for farmers and liability is a preoccupation if the visitors injured themselves on the farm site (Centner, 2010). A study conducted on agritourism in Pennsylvania showed that high insurance and liability risks were the biggest difficulties for agritourism operators (Centner 2010; Ryan et al. 2006). Regular farm liability insurance coverage is sometimes not available depending on countries. Additional insurance coverage and corresponding risk management programs are needed to protect visitors and farmers alike (Hilchey, 1993).

3.3.7 Personal challenges for farm families

Agritourism enterprises involve dealing with the public. This means that members of the farm family must expect and deal with disruptions to their lifestyle (Taylor & Taylor, 1992; Pearce, 1990). Farm operators could also be confronted with misunderstandings that might arise between themselves and their guests concerning the harsh realities of farm management practices (e.g. chemical spraying, animal slaughtering and castration) (Friesen, 1995; Pearce, 1990). A study conducted by Wicks and Merrett (2003) indicated that hiring a well trained employee was important to interact and deal with daily issues encountered with the public on the agritourism site.

Moreover, studies have showed that entrepreneurial orientation characterised by innovation, risk-taking and pro-activeness may significantly influence the performance of an SME (Lee & Petterson, 2000). Innovation is important for SMEs since it will influence the firm's ability to generate new ideas, conduct research to develop new products and processes (Lumpkin & Dess 1996). This is especially important for agritourism SMEs as their success depends on innovation to introduce new products and services to satisfy the needs of the tourists and to be pro-active in responding to competitors (Barbieri & Mshenga, 2008). Moreover, the physical attributes of the land as well as the composition of the farm household influence business development including tourism and recreational activities on the farm.

3.3.8 Conflict with primary agricultural production

Increased work load and the seasonal nature of the agritourism business is an issue for farm operators (Friesen, 1995). Trying to run two types of businesses during such periods may have negative impacts on the farmers and their families (Shaw & Williams, 1994; Boudy, 1991; Neate, 1987; Demoi, 1983).

3.3.9 Environmental challenges

Tourists can damage rural landscapes by placing excessive pressure on the existing infrastructures (Ryan, 1995; Klejdzinski, 1991; Maude & van Rest, 1985). Increased traffic on unpaved roads, excessive consumption of water, overworked sewage systems and increased garbage disposal can create pressures on rural areas.

3.3.10 Possibility of disease

Another constraint is the possibility that visitors bring diseases to the farm (Aarts, 1996; Hilchey, 1993). Farm activities, such as intensive dairy, swine and poultry operations, are prone to certain animal diseases that can be introduced by tourists. Avian influenza and salmonella are two diseases that have the potential to devastate an entire stock of animals (Hilchey, 1993), thus posing risks to the main farming activity or discouraging farmers to diversify into agritourism. A study carried out by Stirling et al. (2008) indicated that zoonotic diseases are infectious diseases of animals that can be transmitted to humans and caused fatal death. Agritourism operators and tourists might be exposed to dangerous diseases (Warris-Versteegen & Vlie, 2005). The same authors demonstrated that Salmonellosis which is an infection caused by a bacterium called Salmonella affects nearly 50,000 people annually in Netherlands and result in 52-64 deaths yearly.

3.4 Critical factors for successfully agritourism development

Agritourism, as a successful diversification strategy, is more than merely augmenting a farm business with tourism activities. Below are the critical factors for the success of agritourism.

3.4.1 Accessibility

Studies have shown that location is a key factor that contributes to the success of agritourism (Bernardo et. al, 2004). An agritourism enterprise should be located on or near major route ways and in close proximity to an urban centre (Friesen, 1995; Hilchey, 1993; Bryden et al., 1993; Davis & Turner, 1992; Ilbery, 1989). Bagi and Reeder (2012) find that farms near central cities

were more likely to participate in agritourism. Bernardo, Valentine, and Leatherman (2004) also note the geographic advantages of agritourism is to be located near urban areas.

3.4.2 Landscape

The adoption of agritourism development tends to be associated with larger farms (Anosike & Coughenour, 1990). Bagi and Reeder (2012) noted that agritourism participation should increase with farm size. However, in a Washington state study, they found that the size of farms involved in agritourism tend to be smaller than other types of agricultural production, with about 40 percent of the agritourism farms operating on 20 acres or less (Galinato et al. 2011). Schilling, Sullivan and Komar (2012) found that participation in agritourism varied across farm size as measured by sales volume of New Jersey farmers. Large farms are much more likely to report hosting agritourism than small farms. Small agritourism farms are, however, more likely to earn all of their farm income from agritourism activities.

3.4.3 Farm type

The layout of the farm, fields and facilities should be conducive to having visitors and can affect the type of agritourism development (Hjalager, 1996). Brown and Reeder (2007) observe that farms in areas with high natural amenities scores (based on climate, topography, and water area) tend to be more likely involved in farm based recreation. They also find that a higher recreation score for the county (recreation-related income, employment, and seasonal housing) had a positive influence on on-farm recreation based income. Agritourism sites are also characterized by natural beauty and should be attractive (Bryden et al., 1993).

3.4.4 Financial resources

Farmers with higher incomes tend to have the best possibilities for success (Hjalager, 1996; Ilbery, 1992). A study carried in New Jersey in 2006, showed that the development of agritourism attractions and activities require new capital investments or increases a farm's labour and operating costs. The farmers in New Jersey had to invest in the construction of a permanent

farm market or the renovation of farm structures to accommodate new agritourism activities. Some farmers have expanded into value-added products, including the preparation of on-site food products, have needed to invest in kitchens, bakeries, or wineries. Thus, the access to finance for agritourism is a critical factor for the development and success of agritourism (Brooks, 1986; Brooks, 1990; Heinrich & Schilling, 2005; Schilling, 2006).

4.0 Conclusion

This chapter provided a definition of the tourism related concept used in the study. As discussed, the literature revealed that several definitions of agritourism have been proposed and that contextual considerations are important for developing this type of tourism. Moreover the factors which motivate entrepreneurs to diversify into agritourism were discussed as well as the challenges that act as barriers in the implementation of agritourism.

CHAPTER 4

RESEARCH METHODOLOGY

4.1 Research Philosophy

A research philosophy is a belief about the way in which data about a research should be gathered, analyzed and used. There are two major philosophies which have been identified in the western tradition of science, namely positivist (also known as scientific) and interpretivist (also known as anti-positivist) (Galliers, 1991). These can be divided into deductive and inductive approaches to data inquiry (Saunders et al., 2007). Data collected under the positivist approach is deductive as it can be statistically tested using a set of hypotheses as compared to the interpretivist approach which assumes that access to reality only occurs through social constructions such as language, consciousness and shared meanings (Myers 2008: 38). This approach is inductive as it is concerned with developing theory emerging from the data.

4.2 Research Approach

Given that the goal of this research was to develop in-depth insights into perceptions of SMEs regarding the emerging topic of agritourism, a qualitative approach to inquiry was used. Qualitative research has been described by Guba and Lincoln (1994) as an interpretive, naturalistic approach and Creswell (1998: 15) adds upon this definition by adding that it enables the researcher to build a holistic picture of the subject under scrutiny by analysing words and conducting the research in a natural setting. The interpretivist approach differs from the traditional philosophy of positivism which has been the dominant approach to tourism research (Love, 2000). It involves the collection of qualitative data by using methods such as interviews, focus groups, critical incidents or observation of participants and allows exploration of the main dimensions of a problem while providing access to greater understanding of participant motivations as well as details on participant attitudes. Results may be difficult to replicate, and the data analysis is, by nature, more subjective.

4.3 Semi-Structured Interviews

Qualitative methods, such as interviews, are believed to provide a deeper understanding of social phenomena than would be obtained from purely quantitative methods, such as questionnaires.¹ Interviews are, therefore, most appropriate since little is known about the study phenomenon and more detailed insights are required entrepreneurs. This study used a list of semi-structured questions as a basis for investigation to achieve the objectives of the study: (1) What are the advantages for you to develop agritourism? (2) What are the major challenges that can arise from diversifying into agritourism? (3) What are other support needed that will encourage you to develop agritourism?

Semi-structured interviews consist of a few key questions that help to define the areas to be explored, but also allows the interviewer or interviewee to diverge in order to pursue an idea or response in more details (Britten, 1999). The semi-structured interview format is helpful, as it provides participants with some guidance on what to talk about. The flexibility of this approach, particularly compared to structured interviews, also allows for the discovery or elaboration of information that is important to participants but may not have previously been thought of as pertinent by the research team.

4.4 Photo-Elicitation

Information was collected on the characteristics of the farm, entrepreneurial motivations and potential challenges to engage in agritourism. Interviewers were asked about agritourism but for those who were unaware of the concept, pictures were shown to them. The pictures were selected by the research team prior to the interview to aid the participants in visualizing agritourism in case they were not familiar with the concept. The pictures showed examples of agritourism adopted in other countries and facilitated understanding of tourists activities on the farm for example through a visual depiction of picking fruits and interacting with animals on the farm (Figure 4.1 & Figure 4.2).



Figure 4.1: Tourists Picking Fruits



Figure 4.2: Feeding Animals on the Farm

Photos were carefully selected by the research team to fully represent the activity and facilitate understanding of the concept which might be abstract for some since it has not been officially implemented in Mauritius. The use of images is not a novel methodology but has its origins in disciplines such as anthropology and sociology (Harper, 2002). This use of photographs to provoke a response became known as the ‘photo-elicitation technique’ (Harper, 1984; Calderola,

1988; Heisley & Levy, 1991) and it has been used in a variety of disciplines. Photographs as a visual tool in social research are valuable as it has been shown to improve the quality of the interviews by reducing misunderstandings (Harper, 2002). Moreover, images can aid the interview process by improving shared understanding of concepts (Harper, 2002; Bagnoli, 2009). Photo-elicitation was used at the beginning of the interview to ensure that shared meaning with the respondents was achieved and to prompt their memory.

4.5 Purposive Sampling

Purposeful sampling is used in this study as it helps to target interviewees that are especially knowledgeable or experienced regarding the topic of interest (Creswell & Plano Clark, 2011). It is a technique extensively used in qualitative research for the identification and selection of information-rich cases for the most effective use of limited resources (Patton, 2002). For purposive sampling to be successful, Bernard (2002) and Spradley (1979) note that respondents have to be available, willing to participate and be able to communicate their opinions in a clear and expressive manner. The team thought that it was appropriate to select a purposive sample from the list of registered entrepreneurs in Mauritius.

To determine the respondents who would be considered in the sample, a letter was sent to the SMEDA and MyBiz to obtain the list of organizations registered as SMEs with SMEDA. The SMEDA provided a list from which the team initiated the sampling procedure. The list included 422 SMEs from agribusinesses in Mauritius and its use was convenient for several reasons: it was not restricted to one specific agricultural sector; it covered a wide geographic range across the country and it included the contact details of the SMEs and the nature of their business. SMEs were selected for potential interviews based on their agricultural activities and their potential for agritourism. A variety of agricultural activities were selected such as growing of fruits, decorative plants, production of honey, aquaculture, bio agriculture, farming and dairy. 25 participants were shortlisted and contacted by phone to confirm their availability for an interview. Only 3 responses were obtained as several entrepreneurs were not reachable by phone. Moreover, some other respondents had ceased their activities. Many of the respondents were also not available for the interview since they did not have time as they were solely responsible for

both managing their enterprise and selling their products. Additionally, some SMEs were undertaking renovation work. Participating in an interview is a very sensitive issue for some entrepreneurs since they are reluctant to share information as they fear their ideas might be replicated by a competitor. This is also a reason why, several respondents did not participate in the project. Another 6 candidates responded after several weeks and interviews were conducted. Since limited response was obtained from the list, a search was conducted on the World Wide Web to identify other potential SMEs in the field of agritourism. Qualitative methods place primary emphasis on data saturation which involves continuing to sample until no new substantive information is acquired (Miles & Huberman, 1994). Other participants were contacted and with some difficulty, and once data saturation was reached, a sample of 18 respondents had been interviewed. To strengthen the sample size and ensure that perceptions of farmers have been diligently gathered, with the support of the Agricultural Research Extension Unit (AREU), 2 focus groups with 5 persons each were conducted in the region of Les Mariannes on 30 November 2017 with farmers of pineapple from that area.

4.6 Data Collection

Data was collected during the months November 2016 to November 2017. The interviews lasted from 20 minutes to 90 minutes. Some respondents requested for an email prior to the interview explaining the reasons for the research. Wherever possible, interviews were conducted in areas free from distractions and at times and locations that were most suitable for participants such as their farm or office. The researcher had to arrange for meetings which took place in the office of the entrepreneur (4), coffee shops (2) in the city, farm sites (14). Establishing rapport with participants prior to the interview was also important as this can also have a positive effect on the subsequent development of the interview. During the interviews respondents were asked to provide a brief background of how they started their business and their current situation to put them at ease and to establish rapport with the interviewer. The interviewer introduced himself/herself and the purpose of the meeting. The project aim was briefly explained and the questions were asked in sequential order, however, there were some flexibility in the order of questions depending on the answers generated by the respondents. At the end of the interview, the

participants were thanked for their time and requested if they could be contacted again in the future in case more information be required. The focus group consisted of 5 persons each and lasted for 1 hour. A presentation was first conducted to inform the focus group participants about the purpose of the study.

4.7 Ethical Considerations

Before the interview was conducted, respondents were informed about the study details and given assurance about ethical principles, such as anonymity and confidentiality. Permission was also sought from the respondents to record the interview on a mobile device. Most of the respondents accepted, however, 2 respondents declined and these interviews had to be recorded manually. When the interviews were conducted on the site of production, the researcher politely requested to visit the farm and to take a few pictures with their authorization. Before the interview and during the first contact, respondents were also informed that the information was used for academic and research purpose only.

4.8 Data Analysis

All interviews were recorded on a mobile device and subsequently transcribed verbatim (Pontin, 2000). The first step in a thematic networks analysis is to reduce the data. This was done by dissecting the text into manageable and meaningful text segments, with the use of a coding framework on the basis of salient issues that arise in the text itself (Attride-stirling, 2001). Thematic analyses were used to extract themes from textual data manually and illustrating these with some representational tool such as tables and figures.

4.9 Limitations of the Study

- 1) Some participants considered the interviewer as a competitor which was trying to have information about their business and thus they declined to participate in the interview
- 2) The list received of 422 SMEs involved with agribusinesses was not up to date as some operators had changed their contact details and were thus unreachable. Several of these operators had even stopped operating their business.

- 3) Some interviews were reported or cancelled at the last minute by the operators due to other urgent issues arising in their business.
- 4) There were time constraints as most operators act as sole trader doing everything in the business and allocated a limited time for the interviews.
- 5) The interview with some participants was interrupted several times as they needed to reply to phones calls and customers which caused major distractions resulting in poor information received in a few of the interviews.
- 6) During the month of December, participants were too busy with their daily activities as it is the only month where they made maximum sales and most of them were not available to participate in the interview. During the month of January 2018, some participants opened their business by 12 January which caused a delay in data collection. In addition there was also a cyclone which has affected the participation of some of the participants.

4.10 Summary

The next chapter presents the results and discussion of the study.

Chapter 5

RESULTS AND DISCUSSION

5.0 Introduction

This chapter presents the result of the study based on key objectives and themes drawn from the findings. It is organized according to the profile of the respondents, followed by the current status of agritourism in Mauritius and the benefits and challenges perceived by SMEs to develop this form of tourism.

5.1 Profile of SME Operators

Interviews were conducted with the SME operators over a 1 year period in 2016/2017. The respondents considered were SMEs in the field of honey production, plant nursery, aquaculture, cultivation of vegetables, production of milk, and cultivation of fruits amongst others. Table 5.1 presents the list of operators interviewed and the business activities they were involved in.

Table 5.1: List of Interviews conducted

Respondents	Region	Business
1	Curepipe	Production of Honey
2	Mahebourg	Plant Nursery mainly for home decoration
3	Henrietta	Aquaculture of Rosenbergii, local fruits and vegetables
4	Port Louis	Production of honey
5	Goodlands	Agro processing of Moringa leaves
6	Vacoas	Cultivation of Vegetables
7	Labrasserie	Fresh milk and milk derived products
8	Henrietta	Production of anthurium flowers
9	Eau coulee	Cultivation of mushroom
10	Pailles	Arts and crafts made from wood
11	Phoenix	Mini garden with flowers and vegetables
12	Union park	Production of Mushroom

13	Bois Pignolet	A model agritourism project
14	Moka Turbine Business Park	Promoter for non-motorized tourism activities linked with agritourism, eco-tourism and sustainable tourism.
15	Grand Port	Production of flowers for local market and exportation
16	Les Mariannes	Production of Pineapple for local markets
17	Long Mountain	Breeding of sheep and goat
18	Camp Thorel	Production of Passion Fruit
19	Food and Agricultural Research and Extension Institute (FAREI)	A perspective on the implementation of agritourism in Mauritius by a Scientific & Technician.
20	Les Mariannes	Production of pineapples for local market (focus group)

5.2 Current Status of agritourism

The result revealed that the majority of farmers were not aware of the concept of agritourism. It was found that only 6 farmers understood the concept. Farmers directly sold to customers on their farms or through retailers. Most of the respondents stated that they have a share of the customers purchasing directly from them. For example, Respondent 12 stated that *there are customers residing near the farm who came to buy directly from me. Some customers called and made orders for the products which they need.* Respondents 5 also sold directly to customers *there are a lot of Mauritians who have settled in different countries who came to buy moringa with me and brought same with them when they returned back. It's through word of mouth that these people came to learn about my products.* Several of the respondents also stated that they both sold to customers coming directly to their farms and to supermarkets or retail shops. Respondent 2 indicated that *I sold directly to customers by exposing my plants in supermarkets and when some of them want to purchase more plants, they come on my production site. I have also some expatriate customers who buy directly from me.* Another respondent also stated that *I sell my products to small shops, door to door and to some supermarkets. Sometimes I have customers who purchased directly from me at home. I work a lot on preorders from customers on special events like weddings and religious events. I sell 100 units of yogurts Rs7.00 to 8.00 each made with fresh milk (R7).* The study also revealed that farmers also sold their produce to local and international private companies who resold them under their own logo *I have some regular*

customers who come directly to purchase from me. I also supply honey in private to some companies which insert their logos and then they resell on the market (R4). Some respondents also sold directly to the hotels such as for vegetables, flowers, fruits and honey. This can be seen in the following statement: *I sell directly to hotels and retailers involved in the resell of these vegetables. Everyday there are some vegetables retailers who come to buy directly from me (R6).*

I sell to some individual customers who purchase directly from me and some florists who purchase for later us. Sometime there are some tourists around 15 to 20 who come on a monthly basis to visit and to buy some flowers as souvenirs when they returned to their countries (R8).

After the harvest of the passion fruit, there is someone who comes and purchases it from us then he resells it to hotels. We work indirectly with hotels (R18)

Regarding evidence of agritourism from operators, it was found that some tourists while visiting the destination mainly through their own transport stop in certain areas to purchase directly from farmers. Interviews with farmers in the regions of Les Mariannes known for its pineapple cultivation revealed that tourists bought pineapple directly from their farms through road side stands. The same respondent indicated that they have been previously contacted by a tour operator to organise a trip for the tourist to taste fresh pineapple on their farms. The farmers were very keen to participate in the project and welcome tourists on their farms on a few occasions. However, they never received payments from the tour operator. Nevertheless, the same farmers were still interested in similar agritourism ventures provided that they obtained support. The farmers also stated that they were in favour of creating a cooperative to represent the same group of planters but the main challenge was to find a formula to fairly and equitably distribute the profits among themselves. It was also noted that there was a young couple who were very keen to take over the family business and to diversify into agritourism.

Various studies have shown that SMEs involved in agriculture and farming activities sell their products to retailers who then sell these products to the public in general (Corsi et al., 2009). It is a traditional distribution channel with an objective of mass selling to maximize profit. A study carried out by Santini et al. (2010) indicated that SMEs must differentiate their offer by providing innovative and interesting concepts so that they can attract customers to buy from

them instead from supermarkets where there is no contact between the owner of the supermarket and the customers. The finding of Wolf (1997) and Andreatta and Wickliffe (2002) stated that customers preferred to purchase directly from farmers market in order to obtain fresh products. The same study also indicated that the reasons why customers purchased directly from farmers were high-quality products, good value for the money, specialty items, to socialize, for entertainment and purchase organic products. Some customers mentioned that the reasons why they did not purchase directly from farmers were inconvenient times, too far from home, no use for such products, parking problem and prefer supermarket where they obtained all goods at a same time.

Two of the respondents had previously occasionally received tourism from tour operators on their farms. For example, tourists visited a producer of honey in Curepipe where they visited the beehives and were invited to taste and eventually purchased. However, at the moment there are limited visits since it was too time consuming for the farmers to properly diversify to into agritourism. Moreover other facilities will have to be developed to welcome the tourists such as a reception area and the physical environment was already small.

Another example is tourist organised tour to visit and anthurium plantation where tourists experience the production of anthurium from nursery to packing for local consumers and export. Tourists also had the possibility to purchase the flowers. In this case, visits were also limited as the farmer did not have appropriate facilities to welcome the guests such as (restaurants, reception and toilets). This entrepreneur was interested to further develop agritourism and had an attractive natural environment but due to limited finances, he could not diversify.

In the study, it was found that one respondent was very active to develop agritourism on a model farm. He grew some vegetables such as tomatoes, green leafy vegetables, aubergine and fruits such as passion fruits, papaya and was planning to organise regular visits from tourists to the farms. Moreover, he was also working on the finish for a room to accommodate tourists (Figure 5.1-5.3). This farm is the only one which has developed agritourism where there are already some facilities such as a kitchen for preparing meals and two small spaces to dine and hold events and toilets for guest. He has also acquired a cow where he utilises the waste as a nutrient for organic farming.



Figure 5.1: Accommodation at the model farm



Figure 5.2: Kitchen at the model farm



Figure 5.3: Spaces for Dinner and other activities at the model farm

In addition to this, the model farm is a cooperative among farmers in the region of Bois Pignolet. The farmer has been able to develop a network involving the neighbours and villagers residing nearby where the residents have the possibility to be involved in agritourism. They obtained part time jobs and provide to the farmer fresh fruits and other products that they have at home for a reasonable price. He has received support to develop this project in terms of grant received for organic farming. The model farm employs a participative approach with tourist and farmers to show the benefits and importance of organic farming, Easy and practical “Do it yourself” methods of growing fruits and vegetables in the back yard, sensitizing the public regarding the welfare and protection of animals. It will also encourage contact between public and animals. Moreover, model farms can sensitise the public regarding the importance of organic farming. For example Respondent 7 stated that *I think that with this project of agritourism, I will have to keep well all the animals that I will breed on my farm. I think that my farm will act as a model for protection of animals and there are many people in Mauritius which are interested in it.*

5.3 Advantages of agritourism

This section presents the main advantages for SMEs to engage in agritourism activities. Most of the respondents perceived that agritourism will provide benefits. The main benefits were in the form of additional revenues and jobs creation.

5.3.1 Income diversification

Agritourism as an income generator was an important reason for farmers to engage in agritourism for the future. For example Respondent 2 stated that *for me, the main advantage of agritourism is diversification of income as the agritourism activity will generate additional revenues for my business which will in return enable me to re-invest in the business.* Respondent 6 also emphasized that agritourism increases revenues: *I think that tourists will come to my farm to buy vegetables. Indeed it will increase my revenue.* Those who were aware about agritourism were more knowledgeable about its benefits and were also interested to learn more about how to implement it. For example, Respondent 10 stated that *I think that agritourism will bring*

additional revenues in my business as I have seen various videos online of how SMEs implementing agritourism are generating revenues for their business.

Various studies have revealed that agritourism has the potential to generate additional revenues for SMEs (Nilson 2002; Barbieri & Mahoney, 2009; Ollenburg & Buckley, 2007; Phillip, Hunter, & Blackstock, 2010; Weaver & Fennell, 1997; Busby & Rendle, 2000; McGehee et al., 2002; Nickerson et al., 2001; Hawkes, 2013; Schilling *et al.*, 2014; Mahaliyanaarachchi, 2014, 2015). The majority of respondents identified agritourism as a possible mean to generate additional income and revenues for their business. This is also the main reason why they would implement agritourism in their business if they have the opportunity to do so. A recent study carried out Virginia Tech study (2015) has identified “agritourism as a value-added activity that generates additional net farm income and creates a loyal consumer base for branded farm products”. Tew and Barbieri (2012) surveyed Missouri farmers and reported an average profit increase of nearly 56% following the addition of agritourism enterprises to their operations. However, George et al. (2011) found that profitability impacts reported by farmers are variable across regions, farm scales, and types of agritourism activities.

5.3.2 Agritourism as a vector for job creation

The second advantage of diversifying into agritourism was its potential for job creation. There are many studies which have showed how agritourism can create additional jobs for the owner of the business and for local community (Gannon, 1994; Keiselbach & Long, 1990; Fleischer & Tchetchik, 2005; Ollenburg & Buckley, 2007; Veeck et al., 2006; Yang et al., 2010; Gusti, 2007; Akpinar et al., 2003). The same studies also revealed how agritourism will bring jobs opportunities to the farmers including farmer’s family members and local youth and they will not migrate to other place for finding work.

The majority of respondents have identified that agritourism has the potential to create jobs. For example, Respondent 1 stated that *it will also create additional employment. I recruit people who have face social problems in order to give them an opportunity to improve their life.* Respondent 2 also indicated that:

Agritourism will also enable the creation of jobs especially for young people. Actually there are 4 staffs working on a full time basis in my business. One among them is a young guy of 23 years old and is an HSC holder. He is very interested with his business and work very hard to learn all the process. In addition, these 4 staffs working in my business are well paid. I think that if I will engage in agritourism, this will automatically create additional jobs for people residing in the localities and why not for youth also.

Respondent 3 also mentioned that agritourism has the potential to create employment: *It will also create employments for people residing in the locality.* Respondent 4 stated that agritourism can create jobs for the members of his family: *First of all, I think that my own daughter will be interested in agritourism as currently she holds a degree in chemical and environmental engineering and she is jobless. I told her if you do not find a job, you can join the family business but it is not interesting for a girl to feed cows and do agriculture work.*

5.3.3 Agritourism as an educational tool

Agritourism is an unbelievable educational tool for tourists and locals. A study carried out by Petroman, Csoz, Petroman, Marin, Momir, and Bejan, (2014) illustrated how educational agritourism is a type of strategy to be used by a farm in order to attract tourists and students for educative purposes, either for fun or for active involvement in the farm activities or in the rural environment. For example, Respondent 3 indicated that *it will act as an educational tool in order to educate the children regarding how to preserve local fruits and vegetables to so that it does not disappear on the market and encourage them to consume these local fruits.* Respondent 4 stated that his business can act as an educational tool: *I want to use my business as an educational tool for primary and secondary students in order to make them aware about the importance of bees and protection of environment. I want them also to better confidence in order to be able to develop their own business one day instead of seeking for jobs.*

Moreover agritourism can enhance exchange of information and learning new agricultural techniques. For example, Respondent 13 stated that it can help him improve his skills in organic farming as explained below:

On the 10 July 2017, I will travel to Helsinki for a conference on how to increase the number of members in a cooperative. This November 2017, I will

participate in COP 23. I will also travel to India where there will be a big Congress on organic. Some air tickets are refunded and some air tickets are paid from my personal revenue. Then when I return, I implement that I have learnt from these conferences

The agritourism farm is open to the public looking for amusement and education, pupils and students who are preparing for the agro food domain. This kind of educational tourism is considered as a form of strategic alternative to mass tourism in the rural areas where it cannot be conducted due to the negative impact on the human communities and on the environment. Educational agritourism can also be help educate not only those who are preparing for the agricultural field, but also those seek the tranquillity of the rural areas and at the same time are interested in the traditional authentic art and culture.

5.3.4 Social interaction with visitors

Agritourism establishes direct contact between local people and visitors to create memorable social experience. Agritourism is meant for locals and tourists to have direct contact with each other. For example, Respondent 13 explained the importance of direct contact between local people and visitors.

Compared to the hotel which entertains guests and which operates for a commercial purpose, agritourism integrates the visitors to the daily activities of the site. The integration should consider how the farm operates and the needs of the visitors. There should be a combination between the two..... for me agritourism is not only a profit making business, instead it is to share the knowledge about environment protection and to enable visitors to enjoy fresh fruits, organic vegetables and delicious meals. There must be more emphasis on leisure activities and how to make the visitors to enjoy the moment they will spend on my agritourism farm. Then the revenues will start to generate by itself.

In this research agritourism has been identified as a method of connection between local community and visitors. Respondent 12 from the association of Fairy Women involved in mushroom farming explained how agritourism can help them expand their market. They further explained how agritourism has contributed in connecting with foreign visitors.

I think that agritourism will help our association to develop contacts with other association and different groups both locally and

international as we are already receiving visits from different association in Mauritius and people coming from other countries. These visitors sometime purchased some products with us to bring in their country. I think that agritourism will enable us to export our products in other countries and will increase the revenues of our association.

The majority of respondents reinforced that agritourism is a method to develop social interaction with visitors. For example, Respondent 7 said that *the contact with visitors helps me a lot to improve and develop my products for better quality. The inputs of the customers enable me to improve the quality of the product offered.* Although this producer is not directly involved in agritourism, feedback of consumers has helped him improved his products. Therefore, he believes that more social interaction with tourism on the farm has the potential to lead to greater exchanger of ideas and enhancing creativity and innovation in farmers. Moreover, this exchange can also lead to better quality of products in term of processing, taste and packaging. It can also increase the number of consumers. This point is also highlighted by Respondent 5 who stated that social interactions with visitors have enabled his business to become known in many countries:

My products are distributed in supermarkets, in spas, pharmacies and other places in Mauritius. I have not yet started exportation but I have sent some samples of moringa to Australia, Canada, England and France. There are a lot of Mauritians who have settled in different countries came to buy moringa with me and brought same with them when they returned back. It's through word of mouth that these people came to learn on my products. Each week we have a group of people who came on my production site to buy moringa. Many people from aboard have started to contact me and want to buy moringa and sometime I sent the moringa by post. I am also in contact with some people in Reunion Island who wish to distribute my products.

5.3.5 Publicity

It has been revealed in this research that agritourism can contribute to the publicity of the farmers production site via word of mouth. Respondent 8 declared that it is through word of mouth that other visitors came to know about his business: *Some visitors came frequently when they are on vacation in Mauritius and through word of mouth, other new visitors start to come on my farm which is very interesting. I would encourage for new set up in term of infrastructure.*

Respondent 10 stated that word of mouth brings additional visitors in his business: *Some customers through word of mouth contact me when they see my products in their relatives or friends homes. Sometimes, I got the opportunity to complete a specific task for example the decoration of a restaurant bar made with 100% woods.* Respondent 7 also stated that *“I think the other advantage that I will gain with agritourism is the advertising of the products through words of mouth”*.

For the tourist perspective, it will create memorable activities as stated by Respondent 13 *“The other idea also is that their visits at the agritourism farm should be memorable for them. The good memories and things which they have will experience in my agritourism farm will encourage them to come back again or will be used as word of mouth to encourage potential visitors”*

5.3.6 Quality of Life

Additionally, agritourism can help improve the quality of life of the local community in several aspects such as economic, social and environmental. For example, Respondent 14 declared that *there is a direct link for tourists to benefits local place and helps local community in term of improving life style.*

5.3.7 International recognition

Agritourism allows an SME for international recognition especially in the case of a small island destinations by creating an authentic socio-cultural identity. Moreover, this can enhanced the pride of the population. For example, Respondent 2 stated that *“I think that agritourism will enable us to represent Mauritius in other countries as Mauritius is still unknown for many people around the world as we are a small Island.”*

The study revealed that there is a demand for authentic travel which can be partly provided by destination through agritourism. Interview with Respondent 14 indicated that tourists demand various types of activities related to sustainable development and consumption. This is particularly the case for independent tourists who prefer to visit the destination on their own and have less impact on the environment and contribute more to the local community. Although in Mauritius, there is no organised tour on agritourism, the key respondent indicated that there is a

demand for agritourism from a niche market segment who can be categorised as a new type of customer, young, green and seeking a memorable authentic local experience indicated in the following quote

There is growing demand for authentic travelling for the rising generation who will take the leads of the travel industry. These guys want something new where they are complete independent in choosing their trips and activities they wish to do. This is why Mauritius Conscious wants to offer a range of activities related to sustainable development. Sustainable tourism is aimed at very small groups of individuals compare to mass tourism as there is the need also to respect the carrying capacity of the site. It is a nice market which target independent travellers. It is a matter of giving a good price of your product because it is concerned with knowledge and participative activities from the tourists and it is as a gift back to the community and the environment. As there will be fewer people, there will be less damage to the environment. This is what Mauritius must target qualitative tourism and not massive tourists.

5.4 Major challenges of agritourism development

This section presents the main issues related to the main challenges arising from the development of agritourism. The study found several main themes regarding the challenges of agritourism which are discussed below.

5.4.1 Lack of financial support

The majority of respondents identified the first main challenge they face in their business is the lack of financial support. Respondent 2 said that *my main issue is lack of financial support. I face a lot of difficulties to obtain loan from banks and they charge high interest.* Respondent 3 said *that they asked for my private property as guarantee.* Various studies have demonstrated that SMEs faced major difficulties in obtaining financial support for many reasons. In certain cases, SMEs find it hard to borrow from banks and financial institutions due to collateral requirements and the process of their loan applications. There are two ways that SMEs find funds to finance their projects. The first one is internal funds such as their own savings or from relatives and the second one is external funds, that is, from banks and financial institutions.

5.4.1.1 Bank loans and other financial assistance from bank

5.4.1.1.1 Internal structure of the Bank

The findings indicate that banks represent a source of finance for SMEs but the structure imposed by the bank in order to finance SMEs is too demanding. For example, this includes several techniques to pre-scan SMEs clients based on feasibility studies, collaterals, track record and minimum deposits in order to obtain approval of their application to finance their projects with the bank. This study revealed that the banks are hesitant about supplying credit to SMEs due to their high risk, small portfolios, and high transaction cost. The high centralized verification system in the bank has led to long loan processing times and delayed potential projects. Many SMEs are not able to conform to borrowing conditions such as presentation of financial statement and business plan. The internal structure of the bank discourages SMEs to seek finance for implementation of agritourism.

5.4.1.1.2 Processing of applications

The study also indicated that SMEs deal with the branch staffs of the bank when making application for financial assistance and decisions are taken by head office of the bank which has little information about the SME applying for financial support. This shows that there is a high possibility that many potential projects are rejected due to lack of documents and information in order to take a final decision either to finance or not which are regrettably fatal for start-ups SMEs. The lack of proper information on applicants may result in the rejection of application with high potential.

This research has highlighted that respondents need to wait for too much before receiving a reply for application made for obtain grants from the government. Sometime in specific case, the process to obtain grant is very slow or require too much of documents. For example respondent 16 stated that *I have made a written request for a financial assistance but I have never received any reply*. They need to go through the process of grant application which is discouraging and result in low interest and innovation in agritourism. Moreover some respondents do not have the time and skills to write to explain the justification for the grants request.

5.4.1.1.3 Others reasons for banks to reject application for finance

Most respondents indicated that there are several reasons why banks reject SMEs application for financial support such as poor credit history, insufficient collateral, inappropriate cash flow, unstable type of business, age of business, managing capacity of owner. Sometimes the amount required by SMEs for financial supports are too small compare to the cost of processing the loan which is high in relation to the loan amounts. The other reasons why banks are reluctant to provide financial support is SMEs is because of the difficulty for banks to obtain relevant information needed to evaluate the risk of new unproven projects due to the fact that the success of a firm depends heavily on the ability, competence and focus of entrepreneurs. The high rate of unsuccessful projects and the financial lost made by the banks in previous lending to SMEs acts as a barrier to facilitate financial support to SMEs. Banks also sometimes believe that some SMEs lack the financial management capacity.

5.4.2 Access to Government grants to SMEs

The government has established grant schemes to finance the SMEs but these schemes are sometimes very restricted due to the criteria imposed by the government. The grant offered by government is sometimes limited to the budget which reduces drastically the number of beneficiaries among the SMEs. According to respondents, grant schemes seems to be like a competition where only the best project is retained for financial assistance. Previous research has shown that governments have not intervened directly to reduce debt restructurings for SMEs (Liu & Rosenberg 2013).

5.4.3 Finance lease

The concept of leasing is developed on the assumption that profits are generated by the lessee through the use of assets, rather than from the ownership (Fletcher et. al., 2005). Leasing is an alternative method to enable access to financial support for SMEs. Leasing facilitates the use of capital equipment especially for start-ups SMEs which do not hold credit track record and with poor capacity to provide collateral. The difficulty that SMEs faced with leasing method is that the assets are not owned until final payments. The interest rate is sometime high and it is

generally not possible to dispose of the asset before the end the lease. Interest rate represents additional costs for SMEs and funds must be withdrawn from the cash flow to pay the lease throughout its duration. This will cause a barrier for SMEs which would like to implement agritourism by the use of leasing to purchase equipment or other tools.

5.4.4 Delay in payment

Respondent who supplied vegetables and fruits to hotels stated that there was significant delay in their payment. This is particularly difficult for small farmers as they rely on prompt payments to maintain a positive cash flow and to meet monthly expenses such as salaries of staffs, payments to suppliers for raw materials, payments of utility bills and other expenses for a good running of the business. For example Respondent 18 stated that “the other challenge is that our payments are retained for months as the supplier who sells the passion fruit to hotels received his payments after three or four months and we have no option than to wait for him”. This shows that when small farms work with other organisation such as hotels, they faced certain challenges. Therefore it will be more beneficial for them to work directly with tourists provided that they have the know-how, facilities and financial means.

5.4.5 Lack of skilled and trained staffs

Another main challenge that SMEs face if they wish to develop agritourism is lack of skilled and trained staff. There is no time to upgrade the training of staff because of the small size of the enterprise and the amount of work that there is to be done. The number of staffs at the SMEs is very limited and SME workers normally have to perform several duties and roles. There is very low participation of SMEs in training programmes compared to big organizations due to the low number of staffs employed by SMEs. It is sometimes difficult for SMEs to organize on the job training due to time factor or even to arrange for off the job training due to limitation of fund. Management finds it difficult to organize appropriate training programmes which would be suitable and beneficial for the staffs due to other priorities of running the business.

The majority of respondents have point out that there is an unavailability of skilled and trained staffs for the development of agritourism. Respondent 3 said that *there is a lack of manpower and unavailability of trained staff which acts as a barrier to develop agritourism*. On the other hand, Respondent 4 prefer to invest in robotics due to lack of trained staff and the young generation is not interested with agriculture as they are interested with office jobs. Respondent 2 said *there is a lack of interest in people to work out the land as it is considered as the lowest job*.

Respondent 13 stated that *manpower is becoming very scarce nowadays as people do not want to work in the agriculture sector*. Other participants emphasized the lack of trained staff in the agricultural sector. For example, Respondent 19 stated that:

The other challenge is that there is a lack of manpower (youth) and unavailability of trained people for agritourism projects. Actually we are discussing this issue at the Ministry as there are a lot of demands from producers to import labour (mainly Bangladeshis) from other countries due to unavailability of local manpower... We think that we should view the demand and supply of labour in two different perspectives as the producers are not willing to pay the local general field workers as they considered the general field workers as the lowest grade competencies. Even the cooperate companies are not willing to pay.

Moreover respondents also expressed that potential employees are not interested to work with land as manpower is becoming very scarce nowadays as people do not want to work in the agriculture sector (R13). Similar concerns have been expressed by other respondents: *The other challenge is that it is very hard to find manpower to work in the field. In the past we hired some people to work but they never turned up on the day to work* (R 18). Moreover, Respondent 16 stated that *my main challenge is the lack of manpower and it is very difficult to find people to work in the field as people prefer to work in the factory. Here the job is manual and very hard during summer season*. This has resulted in higher price for labour for those working on agricultural land. For example, Respondent 6 declared that:

It is difficult for me to hire trained labours as nowadays people are not interested with land. Even if I find trained workers, they asked for higher wage rate which sometime I can't afford. I hire Indian labours during weekend when they are free at home. Sometime I have to teach them how to prepare the land.

Respondents generally agree on the need to find trained staff in agritourism and stated that Mauritians are not very keen to work on the land. For example Respondent 8 stated that:

The main challenge for me is to find trained staffs. I do not know why Mauritian workers do not want to work. Maybe there are lazy or other for other reasons. Nowadays, most local businesses are recruiting manpower abroad as Mauritius people are not willing to work. Now if I will make 4 different main products, I will have to train the staffs on how to welcome the tourists.

SMEs also hold institutional limitations as they normally do not have a dedicated staff working on the planning, organization and managing the employees training. Even if SMEs have been able to recognize some priority training needs, they lack economies of scale and specialized staff members who could find suitable outside training institutions, negotiate with them, enter into a contract, monitor their training processes, evaluate training effectiveness, and/or handle the cumbersome administrative processes for reimbursement of their training expenses. These factors contributed to the low level of SME participation in job skills development programs (Lee, 2006). There is also such situation where entrepreneurs are reluctant to provide or finance training with their own funds.

Moreover, staffs working on the farms will not only have to be trained in agriculture but also on service delivery.

5.4.6 Service Delivery

Several studies have highlighted that since agritourism is involved in service delivery, which produced a need to focus on service encounter where there is direct communication between staffs and customers (Bitner, Booms, & Tetreault, 1990). Service encounters enable staff interpersonal skills to influence customer satisfaction and behaviour ((Bitner, et al., 1994; Martin, 1996; Wu, 2007). This means that the direct communication between staffs and visitors develop social interaction as agritourism is a form of participatory tourism (Oppermann 1996; Carpio et al. 2008). SMEs wishing to adopt agritourism need a change in identity and orientation as agritourism is much involved in direct contact between service provider and customers. By converting to agritourism, there is a change which happened with the farm owner and his

property. Thus the service provider and the staff need to adopt a customer-focused orientation and be keen to greet outsiders (Che et al. 2005; Veeck et al. 2006; Brandth & Haugen 2011). This study revealed how SMEs which normally produce and sell directly to customers need to change towards a more customer oriented service and to focus on service encounter which will develop social interaction. Training of farmers in service delivery, technical skills for example in serving food are particularly important as many agritourism farms tend to be involved in table d'hôte, cooking classes and food tasting.

5.4.6 Limitation of space

Space limitation is a main issue for SMEs as it is very expensive for them to rent or add additional space in their business to diversify (Figure 5.4). This is reflected by Respondent 4 who stated that *it is very difficult to have land on lease from the government*. This prevents them to diversify into agritourism as it requires additional space for the development of facilities (e.g. reception area, restaurants, souvenir shop, toilets) and showcasing the cultivation of fruits and vegetables.



Figure 5.4: Small plot of land

5.4.7 Environment and interaction with humans

The respondents feared that interactions with visitors may jeopardize the quality of their products. For example, an entrepreneur engaged in cultivation of flowers (anthuriums) for

exportation mentioned that he needs to ensure the quality of the flowers, however, he fears that visitors on the farms may damage his plantation. Another respondent expressed that it may be more difficult to control diseases, *I think the other challenge is the possible disease that can spread on my farm. In the past, I had to manage with limited assistance from veterinary support from the government when my cows were ill* (Respondent, 7). The physical environment is highly important in the production and consumption of the agritourism product. It is found that the environment in which consumption of agritourism occurs is fragile and care must be taken to respect that. Respondent 1 said that *I think also that there is the need for more environmental awareness as nearly 70% of the bees have died and there is only 30% remaining*. Respondent 4 said that *the government must provide more landscape with suitable green environment in order to create an appropriate environment for bee-keeping*.

For SMEs involved in the production of honey, their bees are unable to find enough flowers which have direct impacts on their production. In addition to this, Respondent 19 stated that *in fact it's true that there are many factors affecting the farmers for example pesticides and reduction of green areas such as wild forests and natural site*. Respondent 4 said that *the other challenge that I am facing is deforestation which is causing great disturbance in the environment of the bees*. Respondent 18 stated the following:

There is a drastic decrease in the population of the bees which in turn affect heavily the pollination of the flowers of passion fruit. As a result there is a decrease in the quantity of passion fruit which is harvested. This represents a loss for us. Now when there is too much sun, the fruits are affected and the colours of the skin of the fruits changed. Thus the fruits are not of good quality. Sometimes there is also lack of water which affects the production of the fruits. We sometimes need to face diseases in the soil which contaminated the plants and affect the fruits. We have to face also weeds as a sudden heavy rain allows the weeds to grow rapidly and affect the plantation if immediate actions to remove them are not taken.

5.4.8 Climate change

Climate change is affecting negatively the production of food globally. The effects of climate change vary from damaging the ecosystem, rising sea level, severe weather events and drought which render landscapes inappropriate for agriculture. SMEs are not well prepared to face climate change as most of the time during severe weather events they suffer from major loss in their business. For example Respondent 17 stated that *my main challenge is climate changes which affect the goats and sheep. During winter, the animals suffer and these animals do not adapt to this change of season. Some of them become weak or declined in size and quality. The animals do not look healthy despite all the good food which is provided to them.*

Due to climate change, some fruits and vegetables are not for high quality leading to SMEs unable to find quality raw materials in order to provide quality produce. Respondent 2 said that *I need to adapt to climate change which affects a lot the harvest on my farm. The sudden flash flood and sudden decrease in temperature affect my cultivation of decorative plants and sometime I suffer from financial lost.* Respondent 19 also indicated that:

Climate change will definitely impact on agritourism, for example, an area like Les Mariannes which is on mountainous slope will be affected by heavy rainfall and impact negatively on the agritourism site. The other challenge for agritourism is that the change of temperature where sometimes there is drastic change with a high or low temperature. The season of the harvest might change. For example, this year there is a decrease in the harvest of litchis due to instable climate as we do not get rain on the right time. The temperature is not appropriate for flower induction and fruit bearing. The other issue is cyclone which can affect the farmers as a negative impact of the climate can be detrimental for the farmers and they might even stop their activities due to lack of resources or cash flow. For example, the proposal for “la route des fruits tropicaux” shall be done 1 year in advance. The hotels will propose this activity to the tourists and these tourists will book this activity and what happen if there is a cyclone or severe climate change which affects drastically the producers. The credibility of the stakeholders (hotels, tour operators) will be jeopardise.

Respondent 14 also stated that *the farmers need to find ways in order to adapt and overcome constraints like flash flood, droughts and sudden climate change which affect their production.*

Respondents also mentioned that they need to find alternative solutions to welcome tourists despite climate change. For example, Respondent 7 stated the following:

I know that climate change is now affecting many countries around the world and I will have to prepare in case of severe change in weather condition in Mauritius. As I am situated in Curepipe, may be I will plan to offer a hot meal during heavy rain or adverse weather conditions in order not to penalize the visitors. The other issue is mosquitoes during summer season and I have to find a way to eliminate them without using pesticides or other chemical products in order to prevent soil contamination.

5.4.9 Manual versus mechanisation work

Some SMEs used machines and other equipment in their daily activities in order to maximize output. Nevertheless these machines and equipment are expensive especially for startup SMEs. Respondent 2 said that *it is also very hard and painful due to absence of agriculture machines. I need to move towards mechanization but it is expensive.* SMEs recognize that they will need to mechanize all their production system if they would implement agritourism. However, agritourism still requires some hours of manual work which can be perceived by some as too hard. Respondent 6 stated the following:

Actually I am in the garden at 2am in the morning due to high temperature and heat caused by the sun. I used my torch to provide me with lighting and I cultivate my land. When the temperature has reached its maximum, I leave the garden to have a rest at home during the day and come back in the garden in the afternoon when the heat has decreased

5.4.10 Cooperation of farmers

One of the main challenges faced by respondents is the difficulty to grow without cooperation due to the fact that farmers are more individuals and for example they will not be able to share a tractor between them on a daily basis as explained by Respondent 19:

It is true that the normal general field workers are an issue. Then we said that let's mechanize but it required large plot of land as a farmer can't

invest in a tractor for a small piece of land. This is where we say that there should be clustering of the farmers to amortize the investment on the tractor by a single farmer. The small farmer is very individual as they do not want to group in an association and to invest in equipment and mechanics.

It is important that farmers regroup themselves to be more successful. This has been seen in the collaboration which has resulted into the agritourism model farm and the Fairy Women association. Some respondents have, however, said that they used to be involved in cooperatives but it did not work out and preferred to work on their own.

5.4.11 High costs

SMEs are already faced with high maintenance cost such as irrigation system, cleaning of farms and are reluctant to engage in agritourism as there will be additional costs incurred. Moreover, SMEs believe that they will require more qualified staff to deliver the service to visitors such as at the reception, visits of farms. Moreover, these staff need to have language knowledge as well as be paid a higher salary than other staff on the farms such as gardeners and cleaners. They also higher a lot of part-time staff so as to reduce costs. Those who are engaged in the agriculture activities need to pay for pesticides and herbicides to protect the plants and vegetables. These pesticides and herbicides are expensive and the SMEs feel that they have no other options than to pay for these maintenance cost. Respondent 2 said *the other issue is the high maintenance cost of these plants. The pesticides and herbicides are expensive but I don't have other option to treat and keep the plant in good health.* SMEs have to pay for the repair of their shelters for plants, flowers and vegetables. These repairs are very costly but SMEs have to do these repairs in order to maintain a proper environment and protect their investments. Respondent 2 mentioned *that's why I want to install a big shelter for plants as this system controls the temperature and water needed by the plant. The external weather conditions do not affect plants which are raised in the shelter for plants.*

5.4.12 Fierce competition

Respondents also fear that they will not be competitive as compared to other larger companies such as St Aubin and Verger de Labourdonnais which already have a brand name and are knowledgeable about tourist markets and agritourism product. They fear that their small size, lack of funds and knowledge of agritourism reduces their chances to be successful. SMEs are exposed to fierce competition which is sometimes fatal to those SMEs which do not have a competitive advantage. The problem among SMEs is the duplication of business which results in the direct competition where business produce similar products that appeal to the same group of consumers. There is an excess of supply over demand which affect the price of the products. Respondent 2 said *I have to face fierce competition for decorative plants among SMEs and sometime I am forced to sell this decorative plant at a very lowest price just to cover the cost.*

5.4.13 Lack of bilateral agreement between countries

The lack of bilateral agreement between Mauritius and Europe regarding the exportation of local honey production prevent SMEs to develop and expand. Bilateral agreement facilitates trade and enables SMEs to compete at international level. Respondent 1 stated that *actually there is no agreement signed between Mauritius and Europe for the exportation of Honey. I have already developed a market there but it is very regrettable that I can't export my honey in European countries due to this lack of bilateral agreement.* This is also supported by Respondent 5 said that *I cannot export honey to Europe due to legal restriction. I need to find an accredited laboratory in Mauritius and to send my honey before exportation.* It is obvious that lack of bilateral agreement between countries will impact on the implementation agritourism in Mauritius as visitors coming from European countries will not be able to but local honey to bring back in their countries due to legal restriction.

5.4.14 Discrimination and commissions

Respondents stated that they might not have the required influx of visitors to be successful in agritourism as they do not have the capacity to pay commissions to tour operators and taxi drivers. A good communication system will enable all stakeholders involved in the tourism

industry to share update information on the trend in this fast changing industry. Agencies providing information regarding place to visit to tourist should not be manipulated for their own benefits. Tourists should have accessed to an updated list of place of attractions well before arriving in Mauritius. A particular attention should be given to help SMEs in the tourism sector to grow. Agencies received commission when directing tourists to specific large companies and this is unfair to SMEs. Respondent 3 said that *the luxurious shop designed for tourists must pay commission to taxi drivers or to the tour operators in order for making these shops accessible to the tourists. The government must pass a law to abolish this type of bad practice which projects a negative image in the tourism sector.* Certain specific areas for display for products are kept for businessman having powerful contacts. Again SMEs are penalized as they do not have the opportunity to promote their products in “haute de gamme” places. Respondent 4 said *that my main challenge in Mauritius is the colour of my skin. There is great discrimination as per my background. There are certain sites which are reserved for specific persons.* The lack of good communication and restrictions to expose products for SMEs should be carefully taken into consideration. There should be fair treatment and equal opportunities to encourage SMEs to implement agritourism. Contrarily, the study also highlighted that tour operators are resistant to work in collaboration with SMEs due to a lack of incentive in terms of their inability to provide an attractive commission rate

5.4.15 Health and safety

A main challenge for SMEs involve with food production is the need to adopt the Hazard Analysis Critical Control Point (HACCP) which make the business to adhere to quality standards, policy and procedure. SMEs using the HACCP must ensure to work within the quality standards established. Respondent 1 said that *I was obliged to invest in training and equipment in order to implement HACCP which is a required certificate to enable the recognition of my honey at international level.* SMEs may not currently have the necessary standards and permits to operate an agritourism enterprise. SMEs need operational permits in order to operate their business but the main issue is the length of waiting time before obtaining these operational permits which sometime discourage SMEs to implement agritourism. It is important for SMEs to operate their business by abiding to the laws but the administration structure of government

bodies are sometimes too slow in responding to need of the SMEs. Respondent 5 said that it *took nearly 1 year to obtain my permit from the ministry of health as I needed to ensure the business meet all compliance as per health.*

5.4.16 Lack of good infrastructure

One of the main challenge faced by SMEs is the lack of proper infrastructure to host tourists. For example only one of the SMEs had a restaurant and some facilities to accommodate the guests. Therefore to diversify into agritourism, farmers will need to invest in the provision of facilities for tourists. Respondent 7 stated the following:

Firstly, I will have to invest in a good infrastructure in order to welcome visitors. Actually I do not have this money. I need a place specifically design for tasting of products. For example the milk is extracted at a hot temperature but it is very rare that people can have the opportunity to taste hot milk

.....they must have a good meal and something to drink which I do not have actually on my farm. This requires additional investment that must be done on the farm. For the moment the visitors are coming and go back after the visits. There is the need to create a restaurant and something interesting for them. But when I am selling a unit of anthurium flower for Rs10, I do not have the financial capacity to build infrastructure to welcome these visitors and to offer extraordinary coffee (Respondent 8)

Moreover, other respondents stated that in Mauritius, attractive minimum infrastructure to hosts sustainable activities are lacking my *observation in Mauritius is that the infrastructure to develop sustainable tourism activities are missing completely (Respondent, 14).*

5.4.17 Future generation and agritourism

Most of the respondents stated that although agritourism sounds interesting and has many benefits, the young generation is not interested to working this field. For example, stated that:

Even if it will create jobs, young people are not interested to work the land as it is considered as the lowest job. The fact that they will have to put their hands and feet in the soil discourages them to do this job in the future. I have 2 sons but they strongly refuse to help me in my farm. They are interested in technology. I told them that office jobs kept on decreasing and now there are many young graduates without jobs. All parents are encouraging their children to become a doctor and now there are a lot of doctors who are unemployed.

Moreover farmers are not much interested to pursue agriculture because their children will not be taking over their farms. Therefore, they believe that there is no need to invest more in the farm or agritourism as there will be no continuity in these activities as seen in the following quotations. For example, Respondent 16 stated that *the other challenge that am facing is that there is no one to take over my plantation of pineapples and the future generation is not interested in the breeding of animals* (Respondent 17). However, interestingly, a young couple expressed that they were very interested to pursue agritourism it was a major trend internationally. The problem they faced, however was lack of electricity and water on the farms to accommodate tourists and difficulty to find manual labour to assist them on their pineapple farms.

5.4.18 Political interference

Respondent expressed that contacts with politicians were important for them to be profitable and have accessed to customers. In the context of Mauritius, they explained that if you know someone from a political party in power, you have may the support in terms of quick loan approvals and possibility to showcase products in fairs with restricted spots to SMEs. Respondent 10 stated the following:

There is too much political intervention in our country which affects the business. I think if I will have an opportunity to expose my products at the Duty free, tourist will like it as some of them are interested in wooden handmade objects as they know it is of value. When the government changes, I have no contact and I am left on my own. Sometimes I expose some products on behalf of my uncle permit and he sells it for me.....I want to really

relaunch my business but the external situation which is out of my control prevents me to go ahead.

5.4.19 Threat to SME survival

The research revealed that SMEs involved in agritourism are at risk and close down due to factors such as high competition from large companies, poor support from the government to secure market, lack of positive cash flow and absence of a network for them to group together in order to be in a better position to compete. Moreover there is the urgent need for SMEs to develop other business activities in order to survive. For example, Respondent 8 stated that *there are around 4 businesses of anthurium near my farm which have just shut down. There is the need to have other farming activities which support the cultivation of anthurium flower and then it may work.*

5.4.20 Traceability of raw materials

This research has shown that customers are becoming very demanding due to the fact that they are well informed and access to information is very easy with Internet nowadays. Customers want to know how products have been made and the particular nutrients elements present with the quantity of dosage used for the application of fertilizers on fruits and vegetables. Additionally customers want to know where the raw materials come from and the control set up before the production of the final products. For example in a restaurant in an agritourism farm, the tourist want to know about where the chicken and vegetables are from in order to know if they are safe and of good quality and therefore farmers need to invest in better products which might be more costly. Respondents 8 explained about the importance of the traceability of raw materials:

There is an important aspect where there is a need for training on how to receive the tourist and the respect of good practice. That is how to demonstrate the traceability of the contents of the foods in term of meats, vegetables and fruits. The owner of the table d'hote must be in a position to explain where he has received his raw materials to prepare the food. For

example the owner must be able to demonstrate that he is a certified producer and we call it good agricultural practices (R19).

5.4.21 Time factor

For most of the respondents, time was a valuable resource because they were the only one to manage with minimum employees. Therefore the respondents expressed that they must do a lot of things in a limited number of time. Most of these respondents are owners of their business and they have several key roles for the day. They perform several duties in a day and sometime they cannot complete all tasks. There should be a good organisation and planning of all activities to ensure a proper utilisation of time. For example Respondent 2 stated that *I do everything on my own and get very tired in a short period*. It was found that many of them although interested in the concept of agritourism, did not have the time and manpower to diversify.

5.5 Summary

The next chapter provides the conclusions and recommendation of the study.

Chapter 6

CONCLUSIONS AND RECOMMENDATIONS

6.0 Conclusions

The theme of this funded study was “Prospects and Challenges of SMEs in the Tourism Industry in Mauritius”. The purpose of the study was to assess the main benefits and challenges of developing agritourism in Mauritius. The results show that agritourism diversification is a favourable option for the SMEs as it can have several benefits for farmers and agri-businesses such as the potential to increase their revenues, create jobs, serves as an educational tool, is a platform for social interaction and can project a better visibility of the SMEs through word of mouth of tourists which is valuable method of marketing.

It has been observed in this study that agritourism has not been developed in Mauritius by SMEs apart for a few exceptions, where SMEs have started to develop agritourism activities in an informal way. At this stage, agritourism amongst SMEs is still in its infancy. It is noted that SMEs forms of agritourism exists such as road-side stands next to farms where fruits, flowers or vegetables are sold to members of the public or tourists passing by. Agritourism also exists in the form of fair or events where farmers sometimes regroup through fairs or markets to sell their produce directly to customers including tourists. Based on the findings, it has been noted there is have a lot to do in order to develop agritourism products and services at an acceptable level for the tourists. Some farmers are clearly interested in the concept and a group of SME has implemented an agritourism model farm which is currently being developed and is already receiving a few customers. A few other farmers have expressed that they occasionally welcome tourists on their farms but lack the time and the facilities to develop into an establish agritourism enterprise.

In this study, the respondents have expressed their difficulties and major challenges which they need to face for the development of agritourism such as lack of financial support, lack of skilled

and trained staff, limitation of space due to small plot of land, climate change, high cost of equipment, poor product and marketing knowledge, fierce competition including those from larger established properties, lack of appropriate infrastructure and limited time to diversify into agritourism.

6.1 Recommendations

The results of this study provides the basis for proposed recommendations for meeting the needs of the Mauritian SMEs involved in agritourism. This section provides several categories of recommendation to develop agritourism development in Mauritius. Some of these recommendations have been highlighted by agritourism operators during the interviews and others drawn from the findings.

6.1.1 Access to finance

The majority of the respondents have explained that the main challenge which they face is the lack of finance. Good financial management is critical to the success of any business, but it is particularly important for SMEs which have a potential to develop agritourism. Access to finance enables the SMEs to improve firm performance and also promote innovation and entrepreneurial activity. The research indicated that there must be more incentives from the government to support to financially the SMEs. Grants represents cash boost up which can easily help SMEs to implement projects and develop other strategies to sell their products. The planters suggested that there should be more incentives from the government to support financially the SMEs to implement agritourism activities on their farms. This could be supported by a policy on agritourism.

6.1.2 Better facilities to accommodate visitors

In this research, most of the respondents indicated that there are no infrastructure to accommodate visitors at their sites. Appropriate facilities are an important element in order to provide a safe, comfortable and attractive place for visitors to experience agritourism activities. This research identified that SMEs wishing to implement agritourism on their site must prepare and upgrade their site according to the requirements of customers. Customers will not appreciate to visit a place with poor facilities, or which lacks attractiveness and appeal.

- a) There is a need to provide appropriate infrastructure and other facilities to allow the customers to have memorable visits. Infrastructure like basic electricity and water are required in order to implement agritourism. There is also a need to upgrade the farms to a more welcoming place with facilities such as reception, food preparation areas, toilets, restaurants and souvenir area for customers to buy some memorable items. This will also allow SMEs to be in a better position to compete with other service providers of tourism activities. Moreover, it is important that these developments be done in an attractive manner promoting the natural aspect of the site. SMEs may need support from government in terms of site design and facilities development.
- b) However, these developments should be made to reflect the authenticity of the site and should take in consideration that these changes must as far as possible keep the natural environment of the site as it is. Agritourism customers prefer mostly natural sites and it is important for SMEs and authorities delivering permits to understand this aspect.

6.1.3 Training

This study reveals that there is an urgent need to provide adequate training and upgrading of skills due to the acute scarcity of trained employees for the development of agritourism. Both formal and informal training are necessary to develop a competent work force that can face daily issues and new challenges of the tourism industry. Formal training represents an investment for SMEs and informal training enables SMEs to develop employees' competence at a minimal cost, time efficiency and other various beneficial outcomes. Despite employees trained in specialised institutions, SMEs still need to provide on the job training which is time consuming and delays

the delivery of products and services in an efficient way. To develop agritourism, it is important to upgrade the skills of employees and create new jobs to cater for latest development in this field. It is important to create a synergy between the producers and the workers on the field. This will attract the youth since they will be interested to do the job as they will obtain a better remuneration and they will view it as a more up class job as opposed to manual traditional field work. Moreover, training will need to be provided in service delivery so that operators are aware of the needs of visitors and can meet their expectations.

The respondents have highlighted in the study that they need training and skills development on a continuous basis due to high competition in the tourism sector and customers becoming highly demanding. This study has shown that there is the need for expert consultation for the development of agritourism. The majority of the respondents recognised that they have never worked with tourists and they will need advice and support in the process of agritourism development. Moreover, the SMEs need support in order to innovate and develop their ideas. Experts are also needed when facing problems like new diseases affecting the plants and animals, developing sustainable farming methods, or when improving the design of their site to accommodate tourists. It is also important to consider the following:

- a) Develop a training programme for farmers on a yearly or semesterly basis. The topics should include areas such as service quality, enhancing the service environment, landscaping, sustainable farming, sustainable waste management and sustainable design.
- b) Provide a platform for farmers to participate and share their experience and difficulties which they face on their farms with regards to agritourism. Farmers would be better able to find solutions to their problems when dealing directly with customers on their farms. This could be organized by the farmers themselves through meetings or cooperatives.
- c) Professional courses should be provided to farmers in order to allow them to upgrade their skills. Agricultural jobs should be recognized at a higher level in order to attract the youth in the agritourism business. These courses should be focus more on practical aspects rather than theoretical components. It should focus on catering for the needs of

the green tourists by considering how to integrate technology, sustainable farming methods, organic farming and authentic products and services.

6.1.4 Networking and cooperation

Teamwork plays a vital role in the success of any business. It is the responsibility the SME enterprise to develop a corporate culture that promotes teamwork as it provides multi skilling and availability of many talents across the organisation. Teamwork improves directly the performance of the business which results in customer satisfaction and well-motivated workforce. Teamwork can help to reduce the scarcity to find trained staff for the development of agritourism.

In addition, agritourism is an activity which requires the involvement of various stakeholders. There is the need to create a network with SMEs involved in various agricultural activities in order to provide a circuit for the tourist to visit as the proposed activities on one farm will be limited and visiting one individual small farms may have several constraints. Therefore, by working together on a tourist route such as a “tropical Fruit Route”, SMEs might reduce barriers related to limited space, improve the variety of facilities available and provide more choices provided to consumers.

This research has shown that teamwork and networking among SMEs wishing to implement agritourism is essential. Teamwork and networking need to be encouraged at all levels and in all organisations.

- 1) A good teamwork among SMEs involved in agritourism will allow for exchange of ideas, sharing of problems and providing solutions arising on the farm. When there is teamwork among the SMEs, this will develop a relationship among them which they require in a fierce competitive environment.
- 2) Teamwork allows SMEs to become more efficient and effective in performing their tasks. It is the customers in the agritourism sector who will benefit from teamwork.

- 3) It has also been recognized in this research that networking is important for agritourism operators. Networking is a way to build strong relationship with other SMEs involved with agritourism activities. Networking allows agritourism operators to develop opportunities such as joint ventures, partnership and to collaborate on specific projects. As mentioned, this can encourage the development of Agritourism trails where SMEs can work together combining different agritourism components to offer a single experience of high standard. This will create an agritourism trail of value to customers.

6.1.5 Regional and international marketing

Marketing and promotion of products and services are vital for SMEs to enable the visibility of their products and services on the market. Studies carried out in the past indicated that SMEs gave little importance to marketing (Blankson & Stokes, 2002). Agritourism can be developed in a region with the collaboration of different SMEs in the area where they can all merge their strengths to promote their region and enhance revenues. There should be a collaboration and connection between these SMEs in a network. The aim is to create a network for SMEs to be visible and for visitors to be aware of the different activities offered by these SMEs. SMEs can improve marketing of their product through diversification, discounts, attractive design, and packaging.

It has been found in this research that there is a need for farmers to have an appropriate system for the marketing and promotion of their local products. There should be a marketing plan well developed and planned while at the same time focusing on promoting local products.

- a) Proposal for a directory SMEs operators implementing agritourism in order for customers to know the various products and services provided. There should be regular updates to this directory on new products and services for the customers.
- b) There should be collaboration and cooperation with other Tourism Service Providers in order to allow the local products and services of farmers to be advertised at local and international level.

- c) The SMEs wishing to implement agritourism should as far as possible make use of Information Technology to create a website and use as much as possible social media like Facebook, Twitter, Whatapp and others mobile applications for the marketing and promoting for their products and services as these methods can improve their sales.
- d) SMEs planning to develop agritourism should design common marketing strategies as a group to reduce cost and increase their visibility and competitive advantage. For example, farmers of pineapple in a region should collaborate for marketing activities to strengthen the identity of the region and attract visitors to the farmers. The agritourism activities can be marketed through an agritourism route such as “Route des Ananas”.

6.1.6 Presentation and quality

This study demonstrated that there is a need for SMEs to invest in product appearance and product quality. The SMEs need to design a quality product in terms of innovation, content, labeling, and packaging which is of a high standard and appealing to tourists.

- a) Farmers should be trained in product presentation and have a good understanding of product quality. Customers will have more trust when they receive a product or service which caters to an appropriate standard. Moreover, customers of agritourism tend to evaluate a high standard in terms of SMEs being knowledgeable about the source of the ingredients use, using organic raw materials, encouraging the use of local ingredients and ethically sourced products.
- b) Farmers should provide quality product and service when involved in agritourism since this will create customers loyalty towards the SMEs and reinforce the appeal of the agritourism product.
- c) By having quality products and services, SMEs wishing to implement agritourism will be in a much better position to compete with other tourism service providers.
- d) Moreover, product and services developed should reflect the authenticity of a region or of the destination. For example, SMEs should experience with local fruits and vegetables

to create unique flavour so that they can differentiate from larger and more powerful competitors and destinations in the region. This can also strengthen the identity of Mauritius as a unique SIDS.

6.1.7 Dedicated zone for SMEs

In this study, the respondents express the need to have a dedicated zones for SMEs involved in agritourism. They suggested that they could use the marketplace of each region of the Island when these markets are free during other days.

- a) The proposal for a dedicated zone for agritourism operators will allow them to reduce costs in changing their sites. As highlighted earlier, it is compulsory for an upgraded infrastructure with all facilities to accommodate visitors on a site. This requires huge financial investment and by using existing public infrastructures, this may help to reduce cost to a certain extent for SMEs who wish to make their produce available to tourists through a local market or for a special event.
- b) By having a dedicated zone, operators in agritourism can work in collaboration with Tour Operators which can bring visitors at the market place.

6.1.8 Expert consultation and innovation

It has been revealed in this research that there is need for expertise consultation and innovation for the implementation of agritourism. It is something which needs to be developed with the assistance of those well versed in the field of agritourism who can bring support to SMEs during the agritourism development process. Innovation has been recognized as vital element for the development of agritourism. Innovation in the agritourism development is a key value for the longevity of a business. Innovation will allow these SMEs wishing to implement agritourism to come with something much better than their competitors.

6.1.9 Operational permits

Permits for agritourism enterprises should be provided as soon as they adhere to certain minimum criteria. SMEs have limited resources and this must be considered when developing the criteria for agritourism. With the development of agritourism, a sensible balance must be found between the public health, safety; the preservation of the rural character of the region; and the provision of opportunities for growing a sustainable tourism industry. Several benefits have been identified that could be directly attributed to the development of a successfully managed and regulated agritourism.

Permits for agritourism should be provided to existing and operating working farms. Food and/or beverages should be limited to only those value-added products that are produced from or grown on the farm, unless they are secondary. It should also be clear to SMEs how to obtain their agritourism permit and the process should be quite fast so that it encourages the development of agritourism.

6.1.9 Liability protection and insurance

There should be liability protection and insurance for both SME operators and visitors due to unforeseen situation that may arise on the site.

- a) There should be a liability protection which is currently lacking for SME operators wishing to implement agritourism to prevent them to lose their personal properties.
- b) There should be an agreement with insurance providers to address safety issues on agritourism activities and agree on the insurance protocol for the farm and the visitors to prevent any attempt from visitors for unjustified claims.

6.1.10 Memorable Experience

Agritourism should be carefully designed to consider aspects of delivering a memorable experience to tourists. This will also help small farmers to preserve their authenticity, innovate

and differentiate from competitors. For example, the model of Pine and Gilmore (1998) suggests that there are four main realms of delivering excellent experience. The agritourism experience should be designed in such manner that it is attractive, entertaining, educational and provide a chance for tourists to escape into another world.

This research project has revealed that agritourism requires various support for its development in Mauritius. The recommendations provided in this research are the pathway to encourage SMEs to develop and implement agritourism activities in their farms which will result in an unlocking of agritourism potential by the SMEs and propel Mauritius as a more sustainable and stronger destination in future.

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