ENTREPRENEURSHIP IN TOURISM - REASONS, NECESSARY RESOURCES AND IMPEDIMENTS

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Abstract
Tourism is a complex activity involving a combination of material (accommodation, transport, tourist attractions) and psychological (specific attitudes, desires, human emotions) elements. In literature, there are numerous definitions demonstrating the complexity and importance of the tourism phenomenon. In general, entrepreneurship in tourism means enterprises, complex activities at both macro- and micro-economic levels. The concept of opportunity is a main theme in entrepreneurship. The goals of this paper concern the identification of reasons and resources necessary to establish a tourism firm. The paper analyses these aspects between 2005 and 2013 to identify possible changes during the years from the perspective of the Romanian enterpriser behaviour. The research method consisted in Eurostat and Romania statistic data collection, processing and interpretation. One of the issues related to Eurostat was the lack of complete data on tourism: we found only data regarding entrepreneurship in hotels and restaurants in 2005, which limited our study options and prevented us from approaching other tourism sectors such as travel agencies, tour-operators, rural tourism and agri-tourism, bread & breakfasts, motels, and camping sites. The study on 2013 relied on a questionnaire applied online to accommodation units in Romania, and involved a wider range of Romanian tourism operators. Result analysis pointed out the fact that Romanian entrepreneurs wish to be financially independent, to be their own bosses, and to make more money – all important reasons in launching a tourism business in both 2005 and 2013. Analysis of financial resources used by Romanian entrepreneurs in tourism shows that most of the funds used by Romanian entrepreneurs in the field come from their own resources and from families and friends; bank credits, European funds or support from the authorities represent a smaller share in both studied years.

Keywords: Entrepreneurship, start-up, tourism, hospitality, SMEs

JEL Classification: M13, L83

I. INTRODUCTION

Defining tourism is a difficult matter because there is no completely standardised definition of the concept. Tourism is a creative industry, an industry of services that creates memorable experiences for individuals (tourists). This activity evolves continually and is influenced by the changes in our contemporary society, integrating in the general process of development.

Tourism is a key-concept of European economy. It encompasses a wide range of products and destinations and involves several parties differently interested – both public and private – with fields of competence that are much decentralised at regional and local levels. Tourism industry in the EU generated more than 5% of EU GDP; it includes 8 million enterprises and about 9.7 million jobs. If we take into account the related sectors, the estimated contribution is much larger: 10% of the EU GDP and 12% of the labour force (http://ec.europa.eu/enterprise/sectors/tourism/index_en.htm).

In these conditions, we can say that tourism industry can be looked at as a mixture of organisations actively involved in the development, production and trading of products and services that can meet tourist needs (Londkipanidze, 2002).

What matters in the development of this industry is entrepreneurship, SMEs and innovation enhancement. These are the factors that ensure the development of the industry at global, regional, national, and local levels.
II. LITERATURE REVIEW

Ndabeni and Rogerson note that tourism entrepreneurship benefited from few studies and researches. Intensive literature review shows there have been few studies regarding tourism entrepreneurship in tourism and small enterprises in the tourism industry (Jaafar, Aishah and Mohd, 2010).

Tourism entrepreneurship concerns all commercial enterprises or activities, no matter if micro- or macro-, in urban or rural areas, owned by small individual entrepreneurs, business partner groups or private or public companies with limited liability providing a wide range of services in the tourism industry (Lordkipanidze, 2002).

These services include transport, hotel industry, catering industry, travel agencies, tour-operators, entertainment activities, production and marketing of art and handicraft works, sports tourism, and zoos and botanical gardens. Thus, the tourism industry can be seen as a mixture of public and private organisations actively involved in the development, production and marketing of products and services that can meet tourist needs.

Tourism entrepreneurship is defined (Saayman and Slabbert, 2001) as activities related to the development and operation of legal tourism enterprises, i.e. those enterprises that operate on a profitable basis and that aim at meeting tourist and visitor needs. These enterprises include, among others, hotels, guest houses, travel agencies, and tour-operators. This means that people selling tourists goods or services such as handicraft are also tourism entrepreneurs.

The tourism development process is seen as a way of increasing local economies. In this context, the contribution of small, innovative firms in tourism has been particularly significant. These firms are, in fact, closely related to the development of creative products and to the innovative entrepreneurship spirit (Ateljevic and Page, 2009). The tourism industry depends on both local involvement (employees or entrepreneurs) and local host good will towards tourists (Blackstock, 2005).

The owner or the manager of a small firm has a series of advantages compared to his/her colleagues in a larger enterprise. Many small firms provide for their local communities, while others meet certain specialised niches or the demands of certain groups. This means that the manager in question can be closer to his/her customers and even meet them in person (Baker, 1987).

In the hotel, tourism and entertainment industry, though there are numerous multi-national chains, industry is still dominated by a substantial amount of small entrepreneurial enterprises (Morrison, Rimington and Williams, 1999). Very few of these enterprises can really increase significantly and, therefore, the private entrepreneur need multilateral skills to be able to compete with the large firms that employ specialists in the field. Cooperation and the development of networks and contacts with the environment are important factors in successful business. The true survivors of the SMEs are the enterprises that adapt their business to meet market demands in a continuous dynamics (Robinson et al., 2000). As a consequence, to compete with large companies in the field, entrepreneurs need to be able to deal with a wide range of issues and situations.

Carvalho and Sardinha (n.d.) note that entrepreneurship in tourism creates benefits for the local community:
- Jobs, particularly for the most vulnerable groups such as women or ethnic minorities;
- New local enterprises;
- Increased incomes and life quality;
- High-quality local labour force;
- Investments in infrastructure;
- Markets for local products;
- Opportunities for environment regeneration;
- Opportunities for local identity and ecological spirit.

Most entrepreneurial activities in tourism are directly related to small family enterprises, hotels, bed & breakfasts, or chalets, with agricultural farms and different handicraft shops (Dhakal, 2005).

One of the four elements of a mechanism of economic growth, successful entrepreneurial economy, is represented by a financial system acceptable from a functional point of view, a system able to direct the funds of savings depositors to fund users, particularly entrepreneurs. Thus, in a successful entrepreneur economy, it should be enough easy to start a business with no costly and long-lasting bureaucratic formalities (Baumol, Litan and Schramm, 2009).

According to van Zyl and Mathur-Helm (2008), to advance successfully to high performance, the owners of small tourism enterprises should make sure their business are strategically positioned to be able to compete on the tourism market. They should be ready to risk and innovate, and to filter everything from the perspective of other people making things happen through people (technical dimension), to develop an environment favourable to firm activities for both employees and customers (psychological dimension) and, last but not least, to rely on moral values (ethical dimension).
III. RESEARCH METHODOLOGY

In a study carried out by GfK in 16 European countries, it is mentioned that the main factors motivating the Romanians to start up a business is the prospect of a second income, the independence toward an employer, and the possibility of materialising one’s own ideas (Secreriu, 2013).

In Romania, data related to entrepreneurship in tourism are insufficient: there is no complex database describing the situation in this field.

To monitor the situation of tourism entrepreneurship in Romania, we used Eurostat data as well as data from studied carried out in Romania. One of the issues related to Eurostat was the lack of complex data for tourism, in general: we only found data on entrepreneurship in hotels and restaurants in 2005, which limits rather drastically our study options in other tourism sectors such as travel agencies, tour-operators, rural tourism and agri-tourism, bed & breakfasts, motels, or camping sites.

The study carried out in 2013 relied on a questionnaire applied online to accommodation units in Romania (Rusu, 2014).

In 2005, at the level of the EU, there were about 16,540 new start-ups in the field of hotel and restaurants. In Romania, the number of hotel and restaurant start-ups was 1,398 (8.45% of the total).

Reasons for Business Start-up

<table>
<thead>
<tr>
<th>Reason</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working as a sub-contractor</td>
<td>95</td>
</tr>
<tr>
<td>Turning an idea into a product/service</td>
<td>369</td>
</tr>
<tr>
<td>Making a career in tourism</td>
<td>381</td>
</tr>
<tr>
<td>Reaching an international market</td>
<td>420</td>
</tr>
<tr>
<td>Giving up unsatisfactory job</td>
<td>448</td>
</tr>
<tr>
<td>Employing family labour force</td>
<td>642</td>
</tr>
<tr>
<td>Turning a hobby into a lifestyle</td>
<td>806</td>
</tr>
<tr>
<td>Avoiding unemployment</td>
<td>827</td>
</tr>
<tr>
<td>Mixing private life and work</td>
<td>904</td>
</tr>
<tr>
<td>Wish to be one’s own boss</td>
<td>1,102</td>
</tr>
<tr>
<td>Wish for new challenges</td>
<td>1,268</td>
</tr>
<tr>
<td>Making more money</td>
<td>1,343</td>
</tr>
</tbody>
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Figure 1: Reasons for business start-up – hotels and restaurants (2005)

Starting up a business is the first step for an entrepreneur to take, and his/her reasons are extremely important when analysing what made them engage this new route.

Analysing the reasons why somebody wants to start up a business in tourism in Romania depending on the different categories mentioned by Eurostat in 2005, we can see that the most important reasons were the wish to be one’s own boss (1,102 cases), the prospect of making more money (1,343 cases), and the wish for a new challenge (1,268 cases), which are extremely important elements from an entrepreneurial perspective.

The last reasons why somebody would like to start up a business in tourism in Romania are turning a hobby into a lifestyle (806 cases), combining private life and work (904 cases in Romania), and avoiding unemployment (827 cases).

At the opposite pole, there are working as a sub-contractor exclusively for the ex-employer (only 95 Romanians consider this to be an important reason for starting up business in tourism). Reaching international markets does not seem to very important for Romanian entrepreneurs (only 420 Romanians), but it is above other reasons such as escaping an unsatisfactory job, the chance of making a career in tourism, or materialising an idea into a new product/service.

Family, educational, professional, economic, social, and cultural environments have a strong impact on individuals; guiding their personal and professional choices and helping them discover the interest in future entrepreneurial evolutions.
In 2013, from the point of view of the perspective of making more money, most respondents believe financial reasons are important (47.3%), followed by medium importance (23.9%) and great importance (22.9%). About 5% of them believe the prospect of making more money little important and only about 1% claim financial reasons have no relevance. Thus, we can see that financial motivation is a factor of great importance in the start-up of a firm by Romanian entrepreneurs.

The wish for new challenges is the second reason we wanted to investigate about the start-up of a business in tourism. Over 50% of the Romanian entrepreneurs in tourism (56.6%) believe challenges are strong incentives in starting up a business. About 25% of the respondents claimed the wish for new challenges has medium importance in starting up a business, and 18% of the Romanian entrepreneurs believe these challenges have no importance whatsoever in starting up a business in tourism.

These results confirm that more than half of the Romanian entrepreneurs we interviewed are generally willing to start up a business to meet market situations in continuous dynamics.

Another reason for starting up a business is the wish to be one’s own boss. In this case, 84.4% of Romanian entrepreneurs in tourism claim they would like to be independent and have more control on professional activities. Only 15.6% of the respondents claim that being one’s own boss has no relevance. We should also add that Romanian tourism entrepreneurs appreciated autonomy and freedom that a newly started up business can offer.

As for combining private life and work, the survey shows that 38.5% of the respondents believe this is important and 10.7% believe it is very important in starting up a tourism business. A little above 32% of Romanian tourism entrepreneurs believe this has medium importance, 13.2% believe it has little importance and 5.4% believe it has no importance at all.

In conclusion, for 81.4% of the Romanian tourism entrepreneurs, combining private life and work is important in starting up a business in the field. This can mean that most of Romanian tourism entrepreneurs prefer to work surrounded by their families, which helps them develop a pleasant environment and even reduce stressors.

Avoiding unemployment plays an important role for 36.6% of the subjects, while 39% of them do not consider unemployment essential in starting up business in tourism; 24.4% of the enterprisers see unemployment as a factor of medium importance in starting up a business.

This means that most Romanian tourism entrepreneurs can have other reasons to start up a business and that they do not necessarily feel threatened by unemployment.

About 40% of the respondents do not embrace the idea of having as single working alternative a job in tourism and this is no inconvenient in starting up a firm. This could also be explained by the fact that the subjects can be trained enough to work in other fields as well; therefore, tourism is not essential in finding a job.

On the contrary, 20% of the Romanian entrepreneurs believe the single chance of working in the field has a major importance, while 39% of the Romanian entrepreneurs believe this has medium importance.

As for financial independence, we can see that 37.1% of the respondents believe it is very important and 50.2% believe it is important in starting up a business. Only 8.8% of the Romanian tourism entrepreneurs believe it has medium importance and 3.9% believe it has little importance in starting up a business.
Results show that Romanian tourism entrepreneurs appreciate financial independence, which can be corroborated with the importance of making more money, with the wish for new challenges, and the wish to be one’s own boss.

All this shows the interest of Romanian tourism entrepreneurs in financial independence, in managing their own activities and in making decisions regarding resource use.

Considering the reasons of starting up a business from the point of view of ensuring a pension, we see that 10.2% and 38% of the respondents consider it very important and important, respectively. Only a little above 16% of the Romanian tourism entrepreneurs do not consider ensuring a pension is important in starting up a firm.

We presume that the responses regarding the little importance of ensuring a pension were given by younger respondents who do not think of retiring or by respondents who have other income resources as well.

**Financing Business Start-up**

From the point of view of start-up financing in the EU and Romania in 2005 we can see there are a few notable differences.

Accessed December 2012)

From the point of view of start-up financing resources, *one’s own funds or economies* rank first in both EU (12,972 cases) and Romanian (1,461 cases) entrepreneurs.

*Financial aids from the family or friends* (6,928 cases in the EU, 683 cases in Romania) and *bank credit with security* (4,600 entrepreneurs from the EU, 321 entrepreneurs from Romania) rank next from the point of view of start-up financing.

Though the other financing resources such as *no security bank credit*, *capital from other enterprises*, *risk capital* and *financial aid from the public authorities* have a certain importance among EU entrepreneurs, ranging between 108 and 1,532 cases, Romanian entrepreneurs do not see them as viable options (there were 0 options in all these four cases).
According to the study carried out in 2013, *one’s own funds* are an extremely important source to start up a business. The respondents claimed (17.1% and 25.9%, respectively) that they had enough resources to start up a business without needing other resources.

For these entrepreneurs, bank credits, European funds or even family and friend support did not share much of the resources needed to start up a business in tourism.

Another financial resource in starting up a business is *financial support from the family and friends*. It seems that this financial resource represented only 25% of the solutions adopted by most accommodation unit owners we interviewed (over 64%). This small share could be explained by one or more of the following:

- Lack of sufficient funds in the family for the start-up of a business;
- The wish of the entrepreneur to manage without financial help from the family/friends;
- The alternative of bank credits or European funds.

Financial support from the authorities in the start-up of a business is minimal: 96.6% of the respondents declared having benefited 25% from financial support from the authorities.

This shows the low degree of involvement of the Romanian authorities in the field, i.e. supporting tourism entrepreneurs.

Only 22% of the respondents used bank credits (51% of the total sources); 38.5% of the respondents used bank credits between 0 and 25%, and 39.5% of the respondents used bank credits between 26 and 50%.

Thus, we can notice the increasing lack of bank credits in starting up a tourism business. High interest rates or unfavourable exchange rates might have prevented the entrepreneurs from accessing more bank credits.

European funds were used only in a very low share by Romanian tourism entrepreneurs: 96.1% of the respondents declared having used European funds in a share of up to 50%; 71.7% of the respondents declared having used them in a share up to 25%. Only 0.5% of the subjects we interviewed having used European funds in a share of over 76%.

This could be an alert signal which, combined with the lack of involvement of the authorities in supporting entrepreneurs start up tourism businesses points to certain gaps in Romanian legislation in the field of entrepreneurship as well as in the training of the entrepreneurs who do not know how to access European funds.

**Impediments in Business Development**
The impediments in business development are rather numerous, but the most considerable in Romania are: profitability, with 961 cases; administrative tasks, with 686 cases; getting bank credits, with 746 cases; and adapting to new technological standards, with 592 cases.

However, an entrepreneur does not necessarily have to be the best in the company, i.e. he/she does not have to know how to do everything from a technical point of view: he/she should know how to delegate responsibilities to other people from his/her team.

At the opposite end is combining work and family life, with only 356 cases of Romanian tourism entrepreneurs.

In 2013, over half of the entrepreneurs interviewed (63.4%) declared that profitability causes major problems. This could be caused by the low demand for accommodation and by partial coverage of the accommodation places.

About a quarter of the Romanian tourism entrepreneurs (24.9%) claim profitability affects them in a medium measure, and only 11.7% of the respondents believe profitability does not cause difficulties.
Some 57.6% of the enterprisers report that **combining work and family** is not an impediment in business. They find enough time to spend as quality time particularly when it is about family business (i.e., when the members of the family are directly involved in business).

About 28.3% of the respondents state that combining work and family life is a medium-level impediment, and for 13.2% of the interviewee this factor is a considerable and very considerable factor. Combining work and family life as an impediment in the development of a tourism business correlated positively with administrative tasks. The respondents who consider combining work and family life an important impediment believe the same about administrative tasks.

For 53.7% of the interviewee availability of bank credits is a considerable and very considerable impediment in developing a business. For these entrepreneurs, the lack of advantageous bank credits that meet the requirements of a tourism operator can cause problems in a business.

More than a quarter of the respondents (25.4%) opine they do not need bank credits to develop a tourism business. Most probably, for this category of entrepreneurs, one’s own funds or other types of funds are enough to develop a business.

**Administrative tasks** within an accommodation unit are an impediment for 41.9% of the Romanian tourism entrepreneurs, not for other 38.1% of the interviewee. Another 20% consider administrative tasks a medium-type impediment in developing a business.

This discrepancy between responses and particularly the rather large number of tourism entrepreneurs who believe administrative tasks are an impediment in developing a business can be cause by:

- The low quality of the management;
- The low level of the staff;
- The low level of knowledge in the field.

A share of 33.7% of the interviewee considers **finding a business partner** as a barrier in the development of a business. On the other hand, 34.7% state they had no difficulty finding a business partner in the field, while other 31.7% stated they encountered medium-level difficulties of the kind.

The responses grouped per rather balanced categories can be explained by the differences between accommodation units, between their locations and the tourism practiced in the area, as well as by the differences between entrepreneurs from the points of view of training, skills, risk degree they are willing to accept, etc.

**IV. RESULTS AND DISCUSSION**

Getz and Carlsen (2005) state that starting up a family tourism business could involve financial risks and more creativity, but the increasing needs of a family ask for a strategy of risk diminution to prevent putting family safety at risk.

The prevalence of SMEs in the tourism and hospitality industry worldwide means that many accommodation and food service owners/managers will adapt a short-term strategy oriented toward minimising costs (Zampoukos, 2011).

Taking into account the competitive environment and the rather limited capacity of replacing the employees (such services as housekeeping ask for intensive work), as well as the variations of the demand over the season, a simple way to remove unwanted costs is to reduce the wage fund because labour costs represent a significant share of the total production costs.

Making a parallel between the study carried out based on Eurostat data in 2005 and our own research from 2013, and taking into account the fact that the Eurostat study is limited to just hotels and restaurants, we can notice the wish of the Romanian enterprisers to be independent financially, to be one’s own boss, and to make more money as important reasons in the starting up of a tourism business in both 2005 and 2013. The wish for new challenges or combining work and family life has a considerable importance for the accommodation owners we interviewed. Such reasons as avoiding unemployment and the chance to work in the field of tourism are not that important for the respondents.

Our attempt to find out the source of the financial resources used by the Romanian tourism entrepreneurs shows that most of these funds are from their own sources. Bank credits, European funds, financial aid from the family and friends and support from the authorities are used in a smaller proportion.
V. CONCLUSIONS

Tourism is a prominent profile in economic growth and it generates expectations related to developed tourism establishments managed at the highest standards. These expectations should be correlated with the knowledge of the difficulties and impediments in the successful implementing of god management practices and management in the tourism industry.

The lack of advantageous bank credits, the insufficient support from the authorities, the difficulty of getting EC funds or the lack of financial facilities for the tourism entrepreneurs force most of the accommodation units owners in Romania use only their own funds in starting up a business.

On the dynamic markets of the tourism industry, organisations and entrepreneurs need to select the most suitable and effective strategies. Taking into account that small entrepreneurs, unlike large companies, act alone on the market fighting with their own forces, skills and abilities, we need to take into account all the factors that could hinder their activity.

Supporting creative ideas and entrepreneurial initiatives is the most important step in triggering the force of Romanian tourism businessmen and not only. Training and educating tourism enterprisers should focus on ways of developing tourism, in general, such as urban and rural accommodation, publicity and promotion, programmes and techniques for the development of tourism programmes, rules of behaviour, nutrition and food safety, valorisation of the folk art and local traditions, tourism legislation and service legislation.

Understanding the contribution of the entrepreneurs in the economic growth and in the creation and development of new jobs can help considering entrepreneurs as a real option for a successful career. Entrepreneurial initiatives support, through development, innovation, which, in its turn, help economic growth directly and indirectly.

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