Lifestyle Entrepreneurship:
The unusual nature of the tourism entrepreneur

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ABSTRACT

Tourism entrepreneurship of the micro operator is a research area that has not received a great deal of attention. This paper examines some of the key characteristics of tourism entrepreneurs and argues that these characteristics of tourism entrepreneurship derive from the lack of barriers to entry accompanied by the very low skill base of industry entrants. To highlight the difficulties of applying accepted concepts that relate to small firm entrepreneurship and tourism innovation, a review the tourism literature on entrepreneurship in a range of foreign and Australian settings is combined with a series of in-depth interviews conducted with six key stakeholders representing tourism industry manages and small business advisory and management services in Victoria, Australia.

INTRODUCTION

Tourism and travel, encompassing the transport, hospitality, visitor services and gaming sectors are considered to be the world’s largest service industries (World Travel and Tourism Council, 1996). Tourism in Australia equates to big business as tourism is increasingly considered a viable income alternative to traditional agricultural and resource-based industries. In 1996/97 international and domestic tourism represented, either directly or indirectly, about ten percent of Australia’s GDP and generated more employment than the construction, agricultural, forest, fishing, mining and communication industries combined (Prosser, Hunt, Braithwaite, Bonnett, & Rosemann, 2000). Since then the Australian tourism industry has grown exponentially to the point that it is now recognised as a significant international player in the world tourism market (Foster, 2000). Tourism is a dynamic industry which generates an estimated 175,000 jobs for the Australian economy, many of which are regionally based (Australian Tourism Commission, 2001).

Today the industry remains largely unregulated and the Australian industry structure has remained essentially unchanged (Shaw and Williams, 1994), consisting of a minority of large businesses operating alongside a predominance of small and medium size enterprises (SMEs) and micro operators. In a study of training needs in the tourism industry, 80-90% of the industry was identified as being comprised of small businesses, defined as employing less than twenty employees (Beeton & Graetz, 2001). Bed and Breakfast (B&B) micro operators, for example, are a significant growth industry in Australia’s regions. Page, Forer & Lawton (1998) explain why the small end of the industry warrants ongoing analysis and attention. While the individual businesses are not large employers, the combined presence of SMEs can represent up to half of all tourism employment in an area. Regional tourism studies point to tourism being able to offer regional SMEs the opportunity to develop new service-industry
enterprises, create regional employment, and cater to international and domestic travellers seeking more authentic holiday experiences in natural environments (Barry & Robins, 2001).

Despite the fact that the tourism industry is predominantly made up of SME and micro businesses, and that entrepreneurship is critical in tourism development globally, domestically and regionally (Russell & Faulkner, 2004), relatively little research has been undertaken into entrepreneurship and the micro operator.

TOURISM ENTREPRENEURSHIP

There is a voluminous body of literature on general entrepreneurship, which according to Russell and Faulkner (2004) dates back to the 19th Century when economists were investigating the role of entrepreneurs in local and national growth. Thus, well before Schumpeter (1934, 1950) undertook his theory of economic development, in which he suggests entrepreneurship is a process of ‘creative destruction’, the characteristics of the entrepreneur have been linked to playing an important role in economic progress and innovation.

This is not to say that the characteristics of the entrepreneur are clearly defined. In fact, finding one set of definitions has proven to be difficult, as characteristics appear to differ from discipline to discipline. In systematically reviewing the disciplines vis-à-vis small firm entrepreneurship, Henson (2004) points to entrepreneurial skills and characteristics in the entrepreneurial literature, inter alia, as motivation, managerial experience, education, age (Storey, 2000), entrepreneurial vision, social vision and social competence (Baum & Locke, 2004), drive, independence, task orientation (Hamm, 2002); in the growth barriers literature as skills shortage, lack of management training, and more intangible aspects such as internal motivation (Barber, Metcalfe, & Porteous, 1989); in the traditional economics literature as resource-based (Penrose, 1959), coordinating, arbitrating, innovating and bearing risk (Baumol 2003); and in the strategy literature as contextual and industry structure-conduct-performance related (Porter, 1998). It is especially the latter, the make-up of the tourism industry, that appears to be relevant to the nature of the tourism entrepreneur.

Tourism entrepreneurship is believed to flourish in an environment where the social, economic and political conditions serve as a motivational force, but such activity needs to be supported by the community and governing bodies. In undertaking a historical analysis of Gold Coast destination and applying chaos theory, Russell and Faulkner (2004) found that tourism entrepreneurs have a role to play in the development of destinations (when conditions are ‘chaotic’ and ‘unregulated’). However, as can be observed on the Gold Coast, the role of the individual entrepreneur changes with the scale and complexity of the industry. Thus, while individual tourism entrepreneurs – much like any other entrepreneur might – took advantage of an identified opportunity and favourable market conditions and went on to play a vital role in the shaping of holiday resorts along the Gold Coast, the scale of industry development it replacing individual with corporate entrepreneurship, while ongoing tension between entrepreneurs and regulators (the moderators of change) may increasingly thwart individual entrepreneurial activity (Russell & Faulkner, 2004). It may be
argued that individual tourism entrepreneurs in the Gold Coast were gap fillers who did not display significant process or product innovation to remain competitive in the long run.

In adapting Michael Porters’ view of competition (1990) to tourism, that the health, vitality and competitiveness of destinations is linked essentially to the competitiveness of individual firms, one would have to question the health of much of the tourism industry. In a major study analysing international destination competitiveness, (Australia-Korea Foundation, 2001) the lack of barriers and flow on effects was cited as a key impediment to competitiveness,

The relatively low entry barriers, few skills required, and few restrictions or regulations imposed in the tourism industry encourage the proliferation of small firms. Many display lack of appreciation of the importance of staff training. Owner managers make bad investment decisions. Many have little understanding of how to finance their business decisions. Many fail to recognise their dependency on the competitiveness of the destination as a whole (Australia-Korea Foundation, 2001, np).

Wanhill (1999) and others have noted the dual, though contradictory role the small business entrepreneur is expected to play in mature and developing economies, as sources of entrepreneurship and a reservoir of hidden unemployment (for the self employed). Tourism, it is argued can only regenerate regional economies in a sustainable way if individual tourism enterprises are capable of responding to unexpected, external forces. Without the necessary skills, however, a strategic response is unlikely.

European research in rural tourism entrepreneurship similarly points to skills, local conditions, in this case local culture, contributing to the success factors of destinations, as the strength of the local culture opens up possibilities for future innovation and development, while awareness of the local traditions forms a natural foundation for entrepreneurial innovation (Kajanus, Kangas, & Kurttila, 2004). In this sense the focus is on the human (social) activity and individual entrepreneurship which brings change and development to destinations. The latter is in line with general entrepreneurial literature characteristics such as entrepreneurial vision, social vision and social competence (Baum & Locke, 2004).

In certain cases local culture may be conducive to entrepreneurial networks, consisting of economic actors collaboratively undertaking entrepreneurial activities to develop new product and services for the destination (Molinari & Buhalis, 2003) This could be seen as fitting with the entrepreneurial team literature, which suggests that when team members who have a range of experience work together, enhanced performance may be achieved (Littunen & Tohmo, 2003) However, as Ryhänen (2003) and Braun (2004) point out, despite obvious interdependencies between entrepreneurs in regional and remote rural remote tourism locations, micro tourism entrepreneurs tend to be atomistic in
nature, often do not consider themselves part of a destination, do not buy into the whole-of-destination or regional marketing schemes, and do not have a particular interest in developing collaborative strategies that focus on geographical destination building.

In considering the atomistic nature of the tourism entrepreneur and there refutation of even belonging to the industry, what appears unique especially to the micro tourism entrepreneur is what is known as their lifestyle choice. Studies in Europe and Canada respectively show that the nature of the tourism entrepreneur differs from profit and growth-oriented entrepreneurs, in that the tourism entrepreneur tends to be an autonomy seeker who has entered the industry predominantly as a lifestyle choice in which entrepreneurship is closely linked to family and environment. Thus, the attitude to lifestyle dominates the way these entrepreneurs run their business, which often includes the goal to keep their business from growing (Getz & Petersen, 2004). Research in New Zealand similarly shows that once the business is set up, ‘lifestyle entrepreneurs’ might even consciously reject certain economic and business growth opportunities (Ateljevic and Doorne, 2000).

In the context of the UK tourism industry, the tourism literature also delineates aforementioned contextual industry issues, in particular the relative ease of entry into the industry as a core factor of becoming a tourism entrepreneur. Tourism entrepreneurs surveyed in a study (Szivas, 2001) reported their most important entrepreneurial skills to be people handling, marketing and accounting. Interestingly, industry knowledge was deemed unimportant; previous experience was not deemed necessary in entering the industry; both general and industry-specific skills could be learnt on the job; and there was a high reliance upon personal and family savings generated from previous non-tourism income. These findings support assumptions about lifestyle motives for tourism entrepreneurs as a deliberate life choice rather than being influenced by industry-specific circumstances or labour market forces. Entrepreneurs entered tourism as it appeared to require only rudimentary levels of skills and success was achieved through risk taking and/or luck rather than deliberate process innovation.

The above literature on the nature of tourism entrepreneurship reveals the difficulties of applying accepted concepts that relate to small firm entrepreneurship and innovation in general. Characteristics of micro tourism operators include:

- Differences in motivators in business start-up. Tourism operators often consciously reject opportunities for economic and business growth in favour of lifestyle choice and perceptions of independence
- Micro and small tourism enterprises have been described as ‘gap fillers’ or constrained entrepreneurs which do not display evidence of significant process or product innovation due to extreme seasonality of visitor flows and the uncompetitive nature of the industry in general
- Entrepreneurship as defined by operators is generally confined to marketing applications: achievement by effective communication or attaining power by taking risks or having good luck.
The authors of this paper do not only support the argument that these characteristics of tourism entrepreneurship derive from the lack of barriers to entry into the industry, accompanied by the very low skill base of industry entrants. The authors also argue that the nature and extent of entrepreneurs that enter the tourism industry has considerable impact on the industry status as a whole and on the number of tourism business failures in particular.

BUSINESS FAILURE – UNIQUE TO THE TOURISM ENTREPRENEUR?

A consistent pathology emerges across a range of international studies on small business and failure conducted over a significant period (Shaw & Williams, 1990, Bransgrove, 1992; Williams, 1993; Collings, 1994; Meredith, 1995; Neck, 1995; Leiper, 1995, 1997; McKercher & Robbins, 1998; Page, Forer & Lawton, 1999; Wanhill, 1999; Ladkin, 2000; McGibbon & Leiper 2001). New business entrants in general were found to have failed or under-performed because of

-- Poor or non-existent management skills,
-- Inability to manage adverse external impacts occurring in the business environment such as rising inflation & interest rates,
-- Insufficient capital, and
-- Resistance to accepting the advice of others.

In the tourism industry similar trends can be noted which, as such, does not set the tourism entrepreneur apart from any other entrepreneur. New tourism entrepreneur entrants were found to have no formal business skills, no management background, insufficient capital and no prior industry experience. In concluding a literature review in their research, McKercher & Robbins (1998) identify lack of skills as a major impediment for tourism entrepreneurs.

While many of these writers emphasise particular issues the consensus of opinion is that the key to small business success or failure lies with the quality of management skills and knowledge of the owner/operator. Although there are clearly factors which lie outside the immediate control of small business managers, well informed and skilled managers can cope with and anticipate the impact of these factors. It is apparent that small business will not be successful simply because the owner/operator is good at the core activity…small businesses need to be much more sophisticated in the way they are managed (McKercher & Robbins, 1998, 28)

What may be different, however, is that the picture for tourism business entry suggests that tourism entrepreneurs consistently develop their business with minimal strategic planning and their mediocre performance is believed to be an outcome of lifestyle choice. Leiper & McGibbon (2001) acknowledge that indicators of failure depend on the aims of the entrepreneur in question which, as seen earlier, in tourism are not always related to generating a profit.
Although strong lifestyle motivators, such as social interaction with visitors and living in an aesthetic setting, permeate business performance in tourism start-up, it is necessary to proceed with a working definition of business failure. Collings, Taylor & Barrile (1994), cut to the chase by suggesting that failure occurs where the decision to cease trading is not taken willingly by the operator, but is forced upon them because for whatever reason they have failed to generate a large enough surplus to meet all their operating costs.

To increase our understanding of the concept of tourism entrepreneurship and related business behaviour, in particular tourism business failure, the afore review of the tourism literature on tourism entrepreneurship in a range of foreign and Australian settings was combined with a series of in-depth interviews (Hollick 2003) conducted with six key stakeholders representing tourism industry manages and small business advisory and management services in Victoria, Australia

METHODOLOGY

Semi-structured, personal interviews were conducted in June 2002, with six key stakeholders in the Victorian tourism industry who possess many decades of combined experience in working with micro and SME businesses including tourism operators, and who are actively involved with improving industry performance (see acknowledgements). In their dealings with operators the interviewees spanned the ‘whole of life’ phases for businesses: the pre-entry, staying in and exit stages through the provision of business advice, support, training and implementation of industry accreditation for new entrants and established operators.

The pre arranged interviews took between 60 and 80 minutes. The questions were derived from several issues which arose in the literature on business failure: a consistency in the causes of small business failure, a consistency of views pertaining to the management skills required and the strength of operator resistance to formal training which was inconsistent with reported improvement in business performance after operators had been exposed to formal skilling.

The questions covered the following areas:

- The current nature of stakeholder dealings with micro and SME entrepreneurs;
- Stakeholder understanding of business failure and its impacts;
- Stakeholder views on the current system of business entry;
- Stakeholder attitudes to the notion of mandating basic business skills as a pre-condition for business registration and entry. The ‘skills’ were not specified beyond those identified in the literature as important: basic business planning, marketing planning, cash flow management and people skills;
- Stakeholder views on an alternative to the current system for business start-up and support after start up.

Interviewees were given the opportunity to reflect on, expand and add to any issues which arose during the interviews. The results from the interviews and a
review of the literature on tourism entrepreneurship, business failure and the
correlation between the possession of business skills as a factor in offsetting
failure were used to develop an alternative to the current system of tourism
business entry.

STUDY RESULTS

1. Views on current business entry procedures

The current system of business entry was found to be haphazard and disjointed
primarily because there is no single point of entry and this compounded low
operator awareness of current business support and advisory services. It is
possible for new industry entrants to bypass intermediaries altogether to register
the name of their business. This can be done electronically, by sending a form
and cheque in the mail, by organising an accountant to do it or present
personally to the capital city business registration office.

Entrepreneurs may be made aware of the need to get business skills when
dealing with accountants. It was acknowledged, however, that the likelihood of
this occurring was accidental under the present arrangements. Business Victoria,
through its network of Better Business offices, was trying to overcome this
problem by establishing a register of recognised business advisors throughout
regional Victoria. Under the scheme, new tourism entrepreneurs are currently
referred by them to their nearest registered advisor. While the infrastructure
exists, the referral does not occur nor were their services and support networks
marketed regionally. The Better Business office in Ballarat, for example,
estimated that less than 10% of all new business entrants approached their
agency.

There were a number of problems that were identified with the current system:

- An over reliance on accountants, who did not have the skills to evaluate
  personal aptitude for entering services businesses such as tourism. There was
  consensus that new entrants needed to possess the behavioural characteristics
  that are conducive to dealing with people. Many new business entrants had
  committed equity to the business before realising they lacked the people skills.
  They then blamed the banks and government for ruining their business, when
  customers didn’t like their attitude.

- The notion of ‘boosterism’ came in for criticism from two perspectives.
  Consultants, paid to prepare business plans, were seen to have a vested interest
  in promoting ventures without any accountability. There was not a single
  instance interviewees could recall where consultants had advised people not to
  go ahead. Similarly, business incubators were perceived as having a vested
  interest in developing and implementing the business plan rather than treating
  the planning process as part of an informed investigation that would help
  individuals decide if they should go into business.

- The majority of new tourism entrepreneurs had no knowledge of the
  sector they wanted to work in and it was a matter of happenstance that anyone
advised them to get some first hand experience in the field. One interviewee cited a case of a man who purchased a hotel franchise and decided he didn’t like it after only four weeks. The former franchisee had spent four weeks training the new incumbent at his own expense. The parties ended up in unnecessary, stressful and wasteful legal action.

- Entrepreneurs had little understanding of what was meant by excellence in product and service delivery. The lack of tourism entrepreneur capacity to benchmark a four or five-star tourism experience was cited as a major problem, because of their own lack of experience, undermines the efforts of all support agencies.

2. Attitudes to mandating basic business skills as a precondition to business registration and entry

There was an interesting divergence of opinion to the concept of mandating basic pre-entry business skills for new entrants and a number of themes emerged. While there was support for business planning and marketing skills before operating a business, there was strong resistance to the idea of mandating pre-entry skills from male interviewees. The females on the other hand clearly defined limits to the idea of individual business freedom, suggesting that if consumer reviews were negative as a result of no barriers to entry, then barriers needed to be introduced.

- The values underpinning the resistance to mandating were bound up with fundamental notions of freedom and the need to retain spontaneity and free choice. These were expressed as support for free market forces, “everyone should be given the opportunity to fail”. The mandating of skills was seen as undermining this, suggesting a double standard and reflecting an innate resistance to authority in Australian culture that can not easily or quickly be changed. Participants were of the view that business entry was about choice rather than restriction, about the support structures put in place to prevent failure and provide people with the capacity to make an informed choice. Failure cannot be prevented; indeed the lessons from failure were seen as important to bring to the next entrepreneurial venture. Underlying these views seemed to be a notion that acquiring skills and preserving the spontaneity of entrepreneurship was somehow mutually exclusive: that formal learning acted as a dampener on the thrill of risk taking.

- There was a strong view that the risk of failure did need to be managed through a mix of tourism industry and management agency education and industry self-regulation. University style education was viewed as too threatening and TAFE education was seen as risky because of the unpredictability of the quality of the trainer. There was a general preference for successful industry operators to fill this role.

- An interesting view of failure came from the destination marketing perspective. It acknowledged two ends of the failure spectrum: economically unviable operators who delivered an excellent visitor experience versus those who had made the wrong choice, were unviable, became anti the visitor and let
their properties run down. Many of the unviable/successful operators, such as heritage B&B’s, were seen to be passionately committed to a lifestyle business of providing quality service and interaction. The fact that their business was not viable and was eating away at their superannuation didn’t appear to matter, as they’d be replaced by somebody just as good.

- Most participants believed that the influences of external factors were now operating as de-facto barriers. Increasing public liability insurance premiums, GST business activity reporting requirements, industry programs such as Tourism Victoria’s ‘Getting into Tourism’, and tourism industry accreditation as a prerequisite for inclusion in state tourism marketing campaigns, were reported to be having an impact.

3. Views on the impacts of failure

A key finding from the interviews was that the extent, range and impact of tourism business failure and loss often go unacknowledged. The key findings were

- Failure has an impact on an operator’s capacity to be re-employed because they have been out of their industry sector for 12 months or more and find it harder to be reemployed. It can take two to three years, likened to a grieving process which needs time to heal.

- Loss of self-confidence exacerbates the difficulty of getting work and compounds the sense of self-worthlessness in a vicious cycle.

- Loss of personal equity and/or retirement earnings and the subsequent impact on personal relationships are significant. Many entrepreneurs paid in cash. They brought medium sized businesses and turned them into small businesses. Most of the personal relationships were destroyed. Marriages ended. They didn’t understand what they were getting into; as a result a lot of dreams went along with the personal equity.

- Participants acknowledged the impact of loss for the wider tourism destination went beyond the individual business. If a business is in the process of failing and not performing, then it will inevitably have a direct impact on the quality of service that’s provided. If a tourism business fails that will have a negative impact on the destination as a who, because visitors can no longer choose that experience.

- Operators who did not have the necessary marketing or aesthetic skills, were responsible for detracting from area values in the form of visual pollution. McCormick (2002) cited what was, in his experience, a typical example of a farmer and his wife who might decide to extend the farm product line – typically in the form of a B&B or food production. Because of the small capital outlay and lack of entry barriers;
• Entrepreneurs put up a shed and then wonder where the customers are going to come from. Then the problems begin. They seek to attract attention through loud signage and lights. The local council, in the name of entrepreneurship and business growth, encourages this practise when neither concept applies.

• The current market failure of public liability insurance cover was perceived to be an outcome of the failure of tourism operators to include basic protective provisions in their businesses. Because the risk-averse insurance industry does not see the tourism industry as having viable market entry requirements they feel quite justified in raising premiums in line with the perceived risk.

4. Alternatives to the current system for business start-up and support

There was consensus that the current system of business entry in Victoria was haphazard, patchy and in need of streamlining and professionalising to an agreed standard, as in other exports industries. There was overall agreement also on the need to better manage the risk of failure but that any alternative scheme could only strengthen the chances of business survival rather than guaranteeing success. The strength of emotional blindness could not be over emphasised as many businesses proceeded against sound advice.

• Given the variety of ways to come into any business an opportunity was identified in the strong desire of potential new tourism entrepreneurs to register and protect their business name. The business registration office in Melbourne was therefore seen as the key-capture point for restructuring Victorian business entry.

• In terms of a well-tested program the New Enterprise Incentive Scheme (NEIS) was thought to deliver the best results for new entrants. Under the scheme, unemployed new entrants are assigned a mentor and ten weeks of skills training. The merit of mentoring is the provision of people with appropriate experience providing support. The implementation of a modified NEIS model for all potential new entrants at the point of registration was seen as a potentially successful mechanism for providing greater sustainability for all new businesses.

• All participants who had been involved in skills training with operators confirmed that once operators had been exposed to the skills building process, greater acceptance of training occurred and a cycle of continuous improvement was set in train. This was demonstrated with a pilot group of 100 established business operators who reported marked improvements in their business performance after undertaking a modification of the NEIS program. Many participants requested further training after completion of the program.

Overall, all respondents saw a big role for education, the need to increase awareness of existing supports including improving the skill base, systems and
structures and the need to convince operators of the benefits of improving their
skills.

DISCUSSION

Lack of skills, planning and lifestyle choice, as discussed by Collings et al (1994), Leiper and McGibbon (2001), and others, have been confirmed in this study as prevalent characteristics of the tourism entrepreneur. Thus, it may be said that the attitude to lifestyle dominates the way these entrepreneurs run their business, keep their business from developing (Getz, 2004); and even consciously reject certain economic and business growth opportunities (Ateljevic and Doorne, 2000). These findings also support assumptions about lifestyle motives for tourism entrepreneurs as a deliberate life choice rather than being influenced by industry-specific circumstances or labour market forces.

As observed by Szivas (2001), low entry barriers were instrumental in entrepreneurs entering tourism as it appeared to require only rudimentary levels of skills. Business success appeared a secondary objective and even by industry leaders this was not necessarily considered fatal, as there is apparently always another entrepreneur willing to take the place of the failed business and replicate its service. Overall, industry knowledge was considered to be minimal among entrepreneurs with success being achieved through risk taking and/or luck rather than deliberate process innovation; and there was a high reliance upon personal and family savings (superannuation) generated from previous non-tourism income.

Is the business of being in tourism really any different from running any other business? The paper has attempted to demonstrate the correlation between the entrepreneurial (entry) skills and the reduced risk of failure, and the link between no or low skills and a marginal operation. It is argued that because of the embeddedness of individual firms in the production and consumption of the tourism experience, marginal businesses can have a negative impact on the whole visitor experience and the wider destination. The embedded nature of tourism is acknowledged in Tourism Victoria’s (2002) reference to the notion of ‘seamless experiences’ which visitors collect and take away from individual encounters with people, individual products, firms and whole regions. The concept of seamlessness can operate negatively for the visitor if a business is in the process of failing (Hollick 2003). The poorest business will be perceived as the weakest link in a chain of experiences. From this study it may hence be deducted that tourism businesses have an impact beyond the individual entrepreneur, because each one has a cumulative impact on how consumers experience the wider destination. This includes the experience of being in the destination combined with the production and delivery of products and services. Tourists leave a destination having had a range of product and service experiences from different businesses that form part of a whole

The authors further argue that a business failure in the tourism industry is likely to have a more profound effect because of the integrated nature of tourism and its reliance on a complex of factors from which the tourism experience is derived. In this sense tourism is different from a retail experience where every
business encounter is a discreet one where the quality judgement of the consumer is confined to the individual business.

It may further be legitimate to argue that under-performing entrepreneurs in the process of failing could be included in the definition of ‘failure’ in terms of their tourism impact. Operators, for example, who may have invested all of their capital reserves into a business who are subsequently unable to sell and are therefore obliged to stay in the business. As a consequence, operators let the business run down, deliver poor quality service and provide a poor visitor experience. In an analysis of 53, small, nature-based tour operators in Victoria, McKercher & Robbins (1998) similarly found that the failure or under performance of a business was seen by established operators to hurt the industry as a whole. Many new entrants had not researched the field; had nothing to differentiate themselves from existing operators; and quickly went broke, after hurting existing businesses.

CONCLUSION

A number of small business and tourism research studies have made the case for the need for tourism entrepreneurs to have the necessary skills prior to a business being launched. In 1995, Meredith argued that unless problems concerning the legal environment, financial estimates, staffing, location, feasibility studies, management structure and outside advice were realistically examined and resolved, before the business was launched, the chances of survival would be lowered. Neck (1995) stressed similar issues and suggested that new entrants needed to be committed to feasibility studies before starting, and strategic marketing once established.

McKercher and Robbins (1998) also concluded that to enhance the likelihood of success, prospective nature-based operators needed to undertake the following prior to operating their business:

- Conduct research to see if there was a market for their business, define how they would differentiate their product and how it would be delivered;
- Set clearly defined, realistic business goals;
- Have sufficient resources to operate the business;
- Have the appropriate personal attributes.

Government response to the low skill base, lack of success and subsequent lack of investment in the sector has seen a range of initiatives targeting existing businesses. Good practises that can be held up as exemplars have been identified followed by attempts to upgrade standards through “benchmarking”, sharing best practise, providing financial support, and investing in the skills of the labour force. Significant shifts in entrepreneurial tourism practise, however, have generally only resulted from a combination of carrots and sticks rather than industry self-regulation. Investment in employee training, for example, received brief focus during the industry training guarantee levy during the 1980’s while significant tax reform, which brought with it an improved level of business record keeping and reporting, was enforced through the
implementation of the GST. State organisations, however, have been aware of the need to raise competency at the pre-entry point.

At a policy level, numerous industry reports (e.g. Hutchinson, 1997), state tourism strategies and regional plans, such as those developed by Tourism Victoria, recognise the need for investment in training and staff development for the industry. Tourism Victoria, in its handbook *Starting Up in Tourism* (nd) advises potential entrants of long hours, demanding guests, loss of privacy and the length of time and effort required to generate a profit. There is no system in place, however, to ensure that any potential entrant will read this document. It is advisory rather than mandatory, making its value hard to measure. The recent enthusiasm for tourism industry accreditation in Victoria suggests tourism is no different in this regard. Discussion of the need for industry standards have been strongly advocated by the Victorian Tourism Operators Association (VTOA) and the National Training Board of Tourism Training Australia since the early 1990’s.

The lack of response by new and established tourism entrepreneurs to improve their skills has generally been put down to the atomistic nature of the tourism entrepreneur (Braun, 2002), the fragmented nature of tourism and hospitality, and a range of associated constraints such as lack of time, distance, relevance of training nature of the training institution (Beeton & Graetz, 2001), market failure (Wanhil, 1999) but rarely to the lack of commitment to quality or business success of the tourism entrepreneurs themselves. A number of studies have confirmed that unskilled and/or financially marginal operators are not going to value or see the need for training (Thomas & Long, 2001; Beeton & Graetz, 2001).

The poor preparedness of many new tourism entrants sits in marked contrast with the skills required to deliver quality tourism experiences, regardless of the scale of the business. There are contradictions in the solutions offered by tourism industry advisors and managers. An industry with a low skill base is incapable of self-regulation. Problems of low awareness of the current support services could be addressed if, for example, the business registration office became a quality assurance centre providing counselling and mentoring rather than remain a cashier point (Hollick 2003). There is clearly an opportunity for local government, which issues permits to entrepreneurs to operate in the tourism industry, to be part of a new partnership in lifting industry performance. Such a proposal would require a complete change of role for staff and a change of culture in the business community.

The issues presented here are not unique to Victoria and have implications across the nation and for all new micro and small business entrepreneurs. The infrastructure exists for addressing the problem, but the lack of progress begs the question – is there really more money to be made by investing in ongoing failure for the sake of entrepreneurship and growth?

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