

Entrepreneurship for Tourism in Bacau County

Andreia – Simona MELNIC
George Bacovia University, Bacau, ROMANIA
[***andrea.melnic@ugb.ro***](mailto:andrea.melnic@ugb.ro)

Abstract: *Currently there is a large potential for entrepreneurship development in Romania, entrepreneurs playing a vital role in any healthy economy. This fact has become visible in the present day difficult economic situation facing Romania, and this because entrepreneurs are those who can create jobs when few think to employ. They are those who see opportunities in the economic crisis and they are the one who are investing including in a recession period. The overall objective of this paper is to identify the defining elements of entrepreneurship in tourism in Bacau County, a county located in the North East of Romania. The research method used was based on a questionnaire survey. After applying the survey, we identified the main resources of entrepreneurship education, the characteristics of a successful entrepreneur, the main reasons and resources for business development in tourism, the difficulties faced by entrepreneurs in tourism and factors that may contribute to business development in this field.*

Keywords: *entrepreneurship, tourism, innovation*

Introduction

As a branch of the tertiary sector interference and synthesis, tourism is now a strategic option for many national economies and regions with beneficial effects on economic, social, cultural, political, and natural environment.

Tourism provides the opportunity to launch new businesses with effects on the welfare of local communities, on the balance between community interests and those of tourists and the standard of living of local communities.

Entrepreneurship in tourism relates to the creation and operation of businesses operating on a profitable basis and take account of needs tourists and visitors, providing a close relationship with local authorities, and local resources transformation in quality tourism products and services. Thus, entrepreneurship in tourism is an asset to local communities because it facilitates the creation of new jobs, especially for vulnerable groups (e.g. women and ethnic minorities), stimulates new local businesses, increase incomes and quality of life, the quality of the local workforce, promote investments in infrastructure that will benefit local communities and lead to the creation of markets for local products being also aware, at the same time, of the environment protection and of the ecological spirit.

However, tourism entrepreneurs (especially small entrepreneurs in tourism) are facing a number of difficulties: lack of funding, lack of expertise to carry out an economic activity, lack of training and lack of skills in the field of management and marketing, legislation inhibit business growth, which is actually true barriers to the development of tourism, especially in remote areas dominated by small family businesses.

This research aims at identifying the views of entrepreneurs working in tourism in Bacau County regarding the characteristics of initiating and developing businesses in this area.

1. Towards a Successful Entrepreneurship in Tourism

To understand entrepreneurship, we must understand what the entrepreneur is. In the field literature we find numerous definitions of entrepreneurs, many of them stressing that this is a person who identifies and selects new opportunities for new businesses. The economist Jeffrey Timmons specified in the preface of the book *New Venture Creation for the 21st Century*: "A skilled contractor can shape and create an opportunity where others see little or nothing or see too early or too late" (cited in [4] p.

4). In a similar manner, Peter Drucker defined the entrepreneur as someone "who always seeks change, responds to it and exploits it as an opportunity (quoted in [4], p.13).

The growth and success of entrepreneurship implies the existence of five elements [8]

- Entrepreneurship education and training either at pre-university and, either through specific entrepreneurial courses or informal education and learning;
- Access to finance type seed, start-up, expansion, growth capital;
- Entrepreneurial culture (tolerance to risk and failure, the desire to be your own master and act on their own, culture of innovation and research, assessing welfare created by themselves);
- Support the launch and business development mentors, entrepreneurs associations and clubs, incubators, parks and business centres;
- Legislation, public policies and tax incentives to support of entrepreneurship.

Entrepreneurship is the process by which individuals, on their own or within an organization, are pursuing opportunities [2, p.3]. It is defined by terms such as Innovation, flexibility, dynamism, risk-taking, creativity and growth orientation. Entrepreneurship and innovation are critical factors in tourism and are both essential for the continued success and development of the tourism industry, both globally and regionally [3, p. 355]. As in other areas, tourism, innovation is imposed by competition and the knowledge economy and therefore must be used all the tools to be encouraged and stimulated [1, 279.]. It envisages the creation of new tourism products and services, new forms of organization and management, new ways to provide products and services to customer, new ways of marketing.

To succeed in their businesses, tourism entrepreneurs must ensure they are well positioned strategically, to be able to compete. They must be willing to risk and innovation, human resource efficiently use to create an adequate working environment for employees and customers and to base the work on moral values. [5, p. 26]

2. The Objectives of the Research

The overall aim of the present research is to identify the characteristic elements of entrepreneurship in tourism in the county of Bacau, Romania Northeast region.

The specific objectives of the research are:

1. Determining the main resources in entrepreneurship training;
2. Identifying the skills and abilities of entrepreneurs;
3. Determining of the main reasons for starting a business in tourism;
4. Identifying resources to initiate and develop business tourism;
5. Determining of barriers to tourism entrepreneurs;
6. Presentation of vision on policy implications entrepreneurs on business development in tourism.

Research Method

The research method used was based on a questionnaire survey. It was used a non-randomly sampled. The questionnaire consisted of multiple-choice questions, open questions and questions of identification.

The sample studied

The research was carried out during January 5 and February 15, 2015.

The sample studied consisted of 93 entrepreneurs, managers and administrators in the field of tourism (travel agencies, accommodation and food) in Bacau County.

According to statistics, the group consists of 63.44% men and 36.56% women. As for education level, 62.37% of respondents have university, high school 16.13%, 15.05% and 6.45% post-secondary graduate. If we consider the age, 21.5% of respondents aged less than 30 years, 54.84% between 30 and 45 years and 23.66% over 45 years.

3. Analyzing the Results

Question 1. The most important resources for business training are:

- a) school
- b) library
- c) Internet
- d) entrepreneurship training
- e) people who have succeeded, whose model can be followed later
- f) conference on entrepreneurial opportunities
- g) workshops devoted to the initiation and development of business
- h) networking events
- i) others.....

80.6% of respondents have selected entrepreneurial training as a primary resource in training as entrepreneurs, 67.7% of respondents said that school is the main resource in entrepreneurship training, 41.9% - workshops to initiate and develop business, 35.5% - the Internet. The fewest responses were those aimed at the people who have managed model (only 6.5% of respondents) and networking events (9.7% of respondents).

Question 2. Which of these resources you used in the formation your entrepreneurs?

A comparative analysis of results of the resources used by entrepreneurs, for education than those obtained in the previous question, shows a slight change in the hierarchy of responses. Thus, 54.8% said that the school had overwhelming importance in their training, 48.4% that the Internet was the main source in their training and 41,9% - training. Only 12.7% of respondents participated in conferences on entrepreneurship, 9.7% at networking events and none of the respondents followed any pattern in initiating and developing their businesses.

It is true that many studies argue that education facilitates entrepreneurial success by offering knowledge, such as innovation capacity and acquire resources [Okholina, DA, quoted 6, p.84]. Although most responses indicated the school as the main resource in their training as entrepreneurs, however, it is known that the education offered by the education system in Romania is abstract, theoretical, just practical, un-oriented to a job or real life, assuring into a lesser extent the knowledge required for a high school graduate to own a business. This is the explanation that most entrepreneurs surveyed attended university or entrepreneurial training.

A primary method of enriching the knowledge and skills of the business environment in Romania is experience in everyday activities and their transfer to other employees in the firm through training and coaching within the company, items not mentioned by the respondents in their replies. Mentoring is another ideal resource for entrepreneurs. So you can convince an entrepreneur with experience in tourism to be your mentor and to answer your questions or you regularly participate in programs such as mentoring, covering the road with one or more mentors that you make available best resources that you need, exactly when you need them.

Question 3. The entrepreneur is a person who:

- a) has the ability to make decisions
- b) is persevering
- c) trusts himself
- d) has the ability to turn ideas into effect
- e) creative
- f) knows how to communicate
- g) has the ability to raise funds
- i) others.....

80.6% of respondents have answered that the main characteristic of an entrepreneur is the ability to put ideas into practice. Other important elements are the ability to make decisions (77.4% of responses), that knows how to communicate (61.3%), has self confidence (51.6%), is creative (48.4%). The few answers refer to the ability to attract funds (38.7%), although they are very important in starting and developing a business.

Question 4. The main reasons for developing a tourism business are:

- a) desire to become financially independent
- b) the desire to be your own boss
- c) the prospect of making more money
- d) desire for new challenges
- e) avoidance of unemployment
- f) the chance to work in the field
- g) combination of private and work
- h) others

Starting the business is the initial step for an entrepreneur and understand why he opened his own business is important to understand what it determines the entrepreneur to start on this path.

Most of the respondents have stated that the main reason for initiating and developing their tourism business was the chance to work in the field (61.3%), followed by the desire to become financially independent (58.1%), desire for new challenges (48.8%), combining private life with work (25.8%). The same percentage (16.1%) is the desire to be their own boss and the prospect of making more money. None of the respondents failed to open the business to avoid unemployment.

Question 5. The main resources for starting business in tourism are:

- a) own funds
- b) obtaining a bank loan
- c) the financial support received from family and friends
- d) use of EU funds
- e) support from the authorities
- f) financial incentives offered to entrepreneurs in tourism
- g) the stock market
- h) other

If we use the structure of financial resources for starting a business in tourism, most of those surveyed (83.9%) said they used their funds for launching their businesses and 41.9% of them financial facilities provided for tourism entrepreneurs.

Bank loans are not always conducive to entrepreneurs in tourism, only 25.8% of respondents logging them, and this because of high interest or unfavourable exchange rates.

The European funds also were used in relatively low proportion (only 24.73% of respondents have used), which can mean a weaker prepare them in terms of accessing these funds, lack of co-financing, and lack of involvement of authorities in helping tourism entrepreneurs in the county of Bacau, as demonstrated by the fact that only 22.6% of respondents have obtained the support of the industry.

Another financial source that can be used for starting a business can be a financial help from family or friends. But only 12.9% of respondents said they use this financial resource, the explanation for this result could be the lack of available funds in the family that could be directed towards business entrepreneurs desire to do it alone or by calling foreign funds, such as bank loans or European funds. However, support from loved ones is very important for an entrepreneur in tourism, especially for businesses that take place around the family, such as small guesthouses.

None of the respondents used as a means of business angel funding, crowd funding or venture capital, which reveals a slightly better inform entrepreneurs on these sources of funding.

Question 6. Barriers for entrepreneurs in launching and conducting business are:

- a) lack of skills / qualities required of an entrepreneur
- b) lack of entrepreneurship education
- c) incompatibility with already chosen career paths
- d) fear of failure
- e) corruption
- f) bureaucracy
- g) lack of support from the authorities
- h) unfair competition
- i) declining purchasing power of the population
- j) uncertainty about fiscal environment
- k) restrictive access to bank loans
- l) the high level of taxes
- m) finding appropriately qualified staff
- n) others.....

Bureaucracy (67.7% of responses) and the high level of taxes (45.2% of responses) are the main obstacles faced by entrepreneurs in tourism in Bacau County.

41.9% of respondents admitted that fear of failure is a major obstacle in launching business, and this is emphasized by the Global Entrepreneurship Monitor study [7, p.33] that Romania ranks the top five positions between EU states if we in view of the fear of business failure. The business failure is perceived as a barrier to starting new businesses, as a failure in career or indicate lack the necessary skills. Failure should be viewed positively (that best learn from mistakes is widely accepted), although it harms both the company's financial position and the confidence of entrepreneurs. Learning from mistakes has become a management tool that many Romanian entrepreneurs understand the need to use.

Other obstacles are lack of entrepreneurial education for entrepreneurs and corruption with 38.7% of responses, reduced purchasing power of the population (32.3% of responses). 29% of respondents believe that the uncertainties about the fiscal environment are another obstacle. Lack of support from the authorities, unfair competition and finding appropriately qualified staff met the same percentage, 22.6% of the responses respectively. The fewest responses (6.5%) were the restrictive conditions of access to bank loans and finding business partners.

Question 7. What is innovation in your business?

- a) new methods of selling products and services
- b) new methods to promote products and services
- c) new ways of marketing
- d) changes in the pricing policy
- e) the launch of new products and services or modification of existing features
- f) other

48.4% of respondents had used new methods of promotion, only 26.9% have used new methods of sale, 19.4% new ways of marketing, 45.16% were realized and changes in pricing policy only 16.1% have launched new products%.

These results demonstrate a low level of implementation of marketing in companies considered in the research, which can mean either a low level of knowledge of marketing, marketing research or the absence or lack of adequate strategies on pricing policy.

Question 8. How important do you think the following aspects for your business development? (Tick one option per line)

	Aspects	Very great	Great	Average	Little	Not at all	I can not tell
1	Support for investors with funds / facilities and European government	58%	25,8%	9,7%	0%	0%	6,5%
2	Increasing competitiveness by introducing modern technologies	32,3%	48,4%	16,1%	3,2%	0%	0%
3	Increasing the quality of local products and services	41,9%	45,2%	12,9%	0%	0%	0%
4	Creating advice centres and infrastructure for business	9,7%	38,7%	35,5%	16,1%	0%	0%
5	Increased cooperation between entrepreneurs	16,1%	64,5%	16,1%	3,3%	0%	0%
6	Increasing managerial and professional skills through courses, training and other forms of training	45,2%	38,7%	12,9%	3,2%	0%	0%
7	Collaboration with tour operators to promote products	45,2%	25,8%	25,8%	0%	3,2%	0%

According to the answers of entrepreneurs surveyed, support for investors through funds / European government facilities and has a huge impact on the development of their business (58% of responses), followed by professional and managerial capacity building and training courses and collaborating with tour operators to promote products (45.2% of responses). Also big implications on business development in tourism has increased cooperation between entrepreneurs (64.5% of the respondents), increasing competitiveness by introducing modern technologies (48.4%), increasing the quality of local products and services (45.2%) and the creation of centres for business consulting and infrastructure (38.7%).

Conclusions

The present study revealed the following representative from Bacau tourism entrepreneurship:

- School is the most important source of training for entrepreneurs interviewed;
- own funds are the main resource for business start tourism in Bacau County;
- the main reasons for launching tourism business is the chance to work in the field and wish to become financially independent
- increased levels of bureaucracy and taxes are the main obstacles faced by entrepreneurs in tourism in Bacau County;
- Low implementation of marketing in firms whose contractors was included in the study;
- the greatest impact on business development in tourism it has support investors through funds / European government facilities and followed by professional and managerial capacity building courses, training and other forms of training.

To overcome the problems highlighted by the research, problems found in other areas, not only in tourism, it is necessary:

- education and training of future entrepreneurs;
- participation in events that facilitate networking between entrepreneurs in tourism and exchange of resources or knowledge entrepreneurship;
- sharing ideas and advice to entrepreneurs who are starting out by experienced entrepreneurs;
- Search by young entrepreneurs a mentor to guide them in the process of launching and business development by connecting existing networks of entrepreneurs;

- financing business with government help, the banks, through international programs and better information on some newer sources: business angels, crow-funding, microfinance;
- legislation to support entrepreneurship;
- reducing bureaucracy;
- taxes that do not affect entrepreneurship;
- open government policy.

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