

THE ROLE OF LOCAL GOVERNMENT IN DEVELOPING SMALL TOURISM ENTERPRISES IN REGIONAL DESTINATIONS.

Sarah Givney

James Cook University

Pierre Benckendorff

James Cook University

ABSTRACT

Small tourism enterprises are at the heart of the tourism industry in many regional destinations. The growth of regional destinations is often linked much more strongly with the success of these enterprises than might be the case in metropolitan destinations, yet there are many impediments to their development. The focus of this paper is on barriers to the growth of small tourism enterprises from the perspective of small tourism operators and government respondents. The paper also assesses ways in which local government agencies in regional destinations can assist in the development process. The results indicate that both tourism operators and government respondents perceive human resources to be a core barrier to growth. However, this core barrier has different dimensions for each group. This research adds to the theory, knowledge and understanding of the development of small enterprises in tourism and offers practical implications to assist government agencies in supporting the growth of small enterprises.

Keywords: small business, growth, development, government, management

INTRODUCTION

A vast majority of tourism businesses around the globe can be classified as small enterprises (Morrison, 2002; Morrison & Teixeira, 2004; Smith, 2006; Thomas, 2000; Getz, Carlsen, and Morrison, 2004). For the purpose of this study a small tourism enterprise is defined as: "a stand-alone firm, with less than 20 employees and where the operator indicates the business relies largely on tourism trade" (Bergin-Seers and Breen, 2005, p.1). The terms small tourism enterprise and small to medium tourism enterprise (SMTE) are used interchangeably in the literature.

SMTEs have unique characteristics associated with the way their operations are structured, the strategies they pursue, and how they go about strategy making (Bergin-Seers & Breen, 2005; Getz et al., 2004; Benckendorff & Pearce, 2003). Despite these differences, SMTEs are sometimes treated in the same way as large tourism organisations. In addition, there is a growing body of literature dealing with the characteristics of small to medium enterprises (SMEs) in general and there is a temptation for researchers and practitioners to apply this research to small tourism enterprises. This temptation arises because, within the tourism literature, there is little specific research about small tourism enterprises (Thomas, 2000; Dewhurst & Thomas, 2003). Page, Forer & Lawton (1999) argue that more comparative research relating to SMTEs is needed given that these businesses dominate the sector in many destinations.

SMTE success is essential for the continuity of tourism destinations. Success and growth is also vital for the sustainability of the communities in which they operate. SMTEs contribute economically to a destination, help to ensure tourist satisfaction, and assist in creating a positive destination image (Hallack, 2007). The success of small enterprises is linked closely to the growth of regional destinations, particularly those in which tourism is the major economic activity (Wanhill, 2000). Economic impacts include job creation, GDP growth, foreign-exchange earnings, and foreign direct investment. Ensuring that these benefits continue to be realised requires that

many challenges be overcome (Smith, 2006). The location of SMTEs in regional destinations creates an additional set of challenges not faced by SMTEs in more accessible metropolitan destinations. SMEs in more accessible destinations consistently display higher rates of innovation and success than their regional counterparts (Copus, Skuris & Tsegenidi, 2008). Given these benefits and challenges, local government authorities in regional areas play an increasingly important role in supporting and encouraging the growth of SMTEs as a means of increasing visitation to destinations.

Following Page *et al.* (1999), the following paper explores some of the challenges or barriers to the growth of SMTEs in regional destinations. The research seeks to make a number of theoretical and practical contributions to an area of tourism that is not well researched or understood. A search of the tourism literature highlights that there is very little research exploring the links between SMTE development and government assistance. The study therefore compares perceptions of the barriers to small business development from the perspective of small tourism operators and local government agencies. The research also explores the various ways in which government agencies can help in developing small tourism enterprises. It is argued that due to the nature of the tourism industry, SMTE owners have different characteristics, values, and therefore different concepts of performance and success than SMEs in other industries. The purpose of the current paper is to explore the perceived barriers to SMTE growth and the role that government agencies could play to overcome these barriers. There are four aims to this study:

1. To explore tourism operators' perceptions of barriers to business development.
2. To explore governmental perceptions of barriers to business development.
3. To compare and contrast government and operator perspectives of barriers to business development.
4. To explore the various ways in which government agencies can assist businesses and thus develop their tourism industry.

BARRIERS TO THE GROWTH OF SMTEs

When considering the barriers that confront small tourism enterprises it is important to look at the characteristics of the operators. Many small tourism operators have a lifestyle approach to business which is characterised by a focus on personal and social goals rather than business growth (Dewhurst and Thomas, 2003; Dewhurst, Dewhurst, and Livesey, 2007). Getz and Carlsen (2005) also found that SMTEs are dominated by family businesses. Their motivations have been found to encompass a spectrum that runs from commercial goals to lifestyle intentions (Thomas, 2004). Thomas (2004) also established that family enterprises have limited market stability, low levels of capital investment, weak management skills and are resistant to advice or change.

The literature on small business performance and development in tourism identifies a number of specific challenges that confront operators:

- Changes in demand which are often caused by changes in weather patterns, seasonality (Getz and Carlsen, 2005), and a change in target markets (Hwang & Lockwood, 2005).
- Limited resources such as finance (Thomas, 1998; McKercher & Robbins, 1998; Jones & Haven-Tang, 2005) and information technology.
- Difficulties in obtaining skilled labour in regard to costs and recruitment (McKercher & Robbins, 1998; Jones & Haven-Tang, 2005).
- Lifestyle approach (Dewhurst & Horobin, 1998; Shaw & Williams, 1998; Ioannides & Petersen, 2003; Ateljevic & Doorne, 2004).
- A lack of financial and managerial skills and limited access to expertise in core business disciplines (Ateljevic & Doorne, 2004).
- A lack of benchmarking, which affects pricing tactics and the various partnering or networking activities (Hwang & Lockwood, 2005).

- Location, creating difficulties in business supplies and attracting target markets (Hwang & Lockwood, 2005).

Beaver & Lashley (1998) found that there were a number of managerial deficiencies across hospitality SMEs. Such deficiencies have also been reported by other researchers and include poor financial skills, market knowledge, communications, people management, legal responsibility, quality of products/services, computer skills, maintenance, industry-specific expertise, and general management skills (Thomas, 1998; McKercher & Robbins, 1998). Detailed findings suggest that skill deficiencies vary by sector or that specific impediments arise in various sectors (Thomas, 2000; Dewhurst, *et al.*, 2007).

More specific studies have also focused on barriers such as training and human resources (Dewhurst, *et al.*, 2007; Esichaikul & Baum, 1998; APEC Tourism Working Group, 2004; Jolliffe & Farnsworth, 2003; Urbano & Yordanova, 2008). It has been noted that training within SMEs is limited. This may be attributed to the fact that many operators themselves have no formal training and are therefore unaware of the benefits of learning. This may be exacerbated by the fact that a vast majority of operators are concerned with immediate operational problems and do not have time to plan ahead (Boella, 1996; Jones & Haven-Tang, 2005).

Human resource development is a critical issue facing the tourism industry, particularly because of its labour intensive nature (Esichaikul & Baum, 1998; Morrison & Teixeira, 2004). Yet many researchers have observed that people management in SMEs has been ignored in the management literature (Wager 1998; Wilkinson 1999; Heneman *et al.* 2000). APEC and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) identified the following problems and constraints of human resource development in the tourism sector:

- shortage of qualified manpower;
- shortage of tourism training infrastructure and qualified trainers;

- working conditions in the tourism sector; and
- lack of strategies and policies for human resources development in the tourism sector (APEC Tourism Working Group, 2004).

SMTE GROWTH AND DEVELOPMENT

Clarke (1972) explains that a business is a functional unit which reflects what it does, and the nature of its product or service. Thus, many small businesses are small, remain small, and will not aspire to anything larger because the world in which they function is suited to small-scale operations. Scott and Bruce (1987) add to this by stating that businesses may not grow because of the nature of their industry.

It has been found that SMTEs do not display traditional growth or profit-objectives that are evident in SMEs from other industries. These operators appear to be more concerned with achieving family and lifestyle objectives (Hallak, 2007). This aspect may not be considered a barrier to development by operators but may be from the perspective of government bodies.

According to Jones & Haven-Tang (2005) SMTEs have special characteristics that impact on their development. These consist of:

- *Business failure rates.* Family enterprises in particular are said to possess limited market stability, low levels of capital investment, weak management skills and resistance to change.
- *Flexibility and innovation.* SMTEs are reluctant to adopt new technologies such as information and communication technology applications and management systems.
- *Entrepreneurial motivations.* SMTEs have aims and objectives that differ from those of other small businesses and which are not always consistent with commercial objectives, such as business growth and profit maximisation (Bergin-Seers and Breen, 2005).

- *Business strategies.* Some SMTEs have business strategies and are well managed and effectively exploit their resources for business growth. However others may be seriously deficient in business and strategic skills (McKercher & Robbins, 1998; French, Kelly, and Harrison, 2004).
- *Poor market intelligence.* SMTE have limited understanding of their markets. This is due to poor market research and knowledge management about customers (McKercher & Robbins, 1998).
- *Lack of integrated approach to business planning and functionality.* Many SMTEs do not adopt an integrated approach to business planning.

SUPPORTING SMTEs

The tourism literature frequently argues that small firms require institutional help to overcome their intrinsic disadvantages and failure rates (Wanhill, 2000). It has been found that the most frequent source of external advice for small firms, besides banks and solicitors, are accountants, who often hold skills in key managerial areas including costing, budgeting, and other aspects of financial management (Ateljevic & Doorne, 2004).

Hwang & Lockwood (2005) explain the issues involved in searching for additional assistance. They state that SMTEs are unlikely to hire external consultants with extended knowledge in best business practise. The costs of joining business associations or establishing partnerships are also a deterrent for SMTEs, despite research which indicates that SME managers require both business support networks and social and private networks (Boter & Lundstrom, 2005). In addition to this, operators can become overburdened when getting involved with the wrong networks.

Hwang & Lockwood (2005) provide a number of possible solutions for overcoming barriers to SME development. A possible solution lies in the application of networking and benchmarking. Another form of assistance may involve business

coaching. Business coaching is defined as 'a natural conversation that follows a predictable process and leads to superior performance, commitment to sustain improvement, and positive relationships' (Blackman, 2006). Some businesses may prefer coaching because it is a more personal development process.

Boter and Lundstrom (2005) state that the management of a business demands efficient training in leadership, production, financial control and marketing. From this they suggest that support and stimulation could include equipment for research and design processes, training programs, and consulting assignments to support areas requiring external expertise. When business development is being considered by operators it may be appropriate to offer financial support channels, business information, advisory services and counselling.

In many regional destinations the role of supporting and fostering SMTE growth has increasingly been undertaken by public agencies. Research exploring government assistance for SMTEs is scarce. In a recent study, Dewhurst, *et al.*, (2006) explain that although government initiatives receive some research attention, there is limited research published about the effectiveness of existing programmes.

METHODOLOGY

This exploratory study deals with the relationship between regional SMTEs and local government agencies. Local government was chosen as a focus because in Australia it is this level of government that often has the most direct contact with small tourism operators. The study area is based around North Queensland, which has a population of approximately 229,000 residents. The study area is located about 1,200km from the nearest state capital city. The community is increasing in size and although the main industry is not tourism it is still an important component of the regional economy. Like many other regions in Australia, this area is dominated by SMEs.

The results are based on a set of interviews conducted with the owners of small tourism enterprises and individuals from local government agencies. The business operators were selected from a list of tourism businesses provided by the local government authorities and from the local phone book. The government respondents were obtained through word of mouth from other government employees, as well as research on the local council regions.

Due to the limited amount of previous research and the exploratory nature of this study, semi-structured interviews were conducted. The interviews were audio taped for ease of analysis and notes were recorded by the interviewer. Interviews were conducted at the participant's place of business in an effort to decrease the level of inconvenience for respondents. The sessions were approximately one hour in duration. The interviews were supported by a two-page self-completed questionnaire which was used to ask additional questions that did not require a lengthy explanation.

In total there were 36 contacts. From those contacted, seven government respondents and 15 operators were willing to participate in the interviews (61.1% response rate). The sample size was considered to be sufficient given the exploratory nature of the study. Saturation of concepts was observed in both samples but it would have been desirable to have more government respondents to add weight to a few comments. The majority of government agencies in the region were included in the study.

The characteristics of both the operators and government respondents have been summarised in *Table 1* & *Table 2*. To ensure confidentiality the participants have been issued with an alpha-numeric code and will be referred to by this code for the duration of the study. With regard to the operators, the first one or two letters are an abbreviation of the type of business and this is followed by the number to differentiate the participant (e.g. AC1= Accommodation 1). Government respondents are identified with the letters GB (government body) followed by a number to differentiate the participant.

TABLE 1: Profile of SMTE respondents

Code	Sector	Management structure	Years with business	Prior management experience	Number of Staff*
<i>AC1</i>	Accommodation	Couple	4	Yes, non-tourism	2 f/t
<i>AC2</i>	Accommodation	Family	21	Yes, non-tourism	4 f/t
<i>AC3</i>	Accommodation	Family	1	Yes, non-tourism	3 f/t; 5 p/t casual
<i>AC4</i>	Accommodation	Couple	5	Yes, non-tourism	2 f/t
<i>AC5</i>	Accommodation	Individual	1	No	2 f/t; 2 p/t
<i>AT1</i>	Attraction	Individual	4	Yes, non-tourism	2 f/t; 3 volunteers
<i>AT2</i>	Attraction	Couple	22	No	12 f/t; 4 p/t casual
<i>R1</i>	Retail	Family	2	Yes, non-tourism	3 f/t; 8 p/t casual
<i>R2</i>	Retail	Individual	27	No	1 f/t
<i>TO1</i>	Tour Operator	Couple	2	Yes, non-tourism	1 f/t; 1 p/t
<i>TO2</i>	Tour Operator	Individual	14	Yes, non-tourism	1 f/t; 1 volunteers
<i>TO3</i>	Tour Operator	Couple	1	No	2 f/t; 5 p/t casual
<i>TO4</i>	Tour Operator	Individual	10	No	1 f/t; 1 volunteers
<i>TO5</i>	Tour Operator	Individual	9	No	1 f/t; 6 p/t casual
<i>T1</i>	Transport	Family	3.5	No	1 f/t ; 6 p/t casual

TABLE 2: Profile of government respondents

Code	Years in agency	Staff dealing with tourism	Managed/owned a business before	Years of residency
<i>GB1</i>	1-3 years	More than 8	No	15+ years
<i>GB2</i>	1-3 years	2-4 staff	Yes, non-tourism	1-3 years
<i>GB3</i>	1-3 years	2-4 staff	No	7-10 years
<i>GB4</i>	1-3 years	1 or less	Yes, non-tourism	15+ years
<i>GB5</i>	1-3 years	2-4 staff	Yes, non-tourism	4-6 years
<i>GB6</i>	Below 1 year	2-4 staff	Yes, non-tourism	7-10 years
<i>GB7</i>	1-3 years	1 or less	Yes, non-tourism	4-6 years

DATA ANALYSIS

Given the exploratory nature of the research, a thematic content analysis was considered to be the best method to use for extracting the key categories and themes from the qualitative data. The method of analysis adopts some of the grounded theory techniques suggested by Glaser and Strauss (1967). Due to a disagreement about operationalising the techniques, grounded theory is usually divided into the 'Strauss and Corbin method' and the 'Glaser method'. This study uses the more flexible approach advocated by Glaser (1992). The analysis included 'open coding', which refers to the unrestrictive mode in which the researcher identifies the

'naturally occurring' categories depicted by the data themselves (Lee, 1998). In analysing the results the first step was to listen to all the interviews and identify the core themes. The themes from both the operators and government agencies were ranked separately according to the frequency in which they were mentioned. Once these were ranked the core theme and its properties were identified in both groups. This was done by looking at the highest ranked theme and developing a concept map to understand how the other themes were linked to this core theme.

RESULTS

The following results are presented according to the aims identified previously.

Tourism operators' perceptions of barriers to business development

Table 3 provides a list of major categories that were identified from the content analysis of interviews conducted with tourism businesses. When examining these themes it is important to take note not only of which themes are mentioned but also their ranking relative to other themes.

Table 3: Key barriers to growth: SMTE operator perspective (n=15)

Key Barriers	Respondents
Human resources	15
Time	10
Location	9
Benchmarking	9
Understanding of the market	9
Seasonality	9
Financial skills	8
Business experience and managerial skills	8
Business strategies	7
Information technology	7
Change in demand	7
Lifestyle motivations	6
Marketing/marketing budget	6
Finance	6
Area not suited/still developing tourism	3
Levels of government	3
Taxes	2

The most prevalent theme was associated with comments about human resource issues. Some of the specific barriers identified by operators when mentioning human resources included: difficulty of finding suitable staff, recruitment and training is too complicated, the costs and challenges of working in a remote area, seasonality, and the high cost of employment. One tour operator observed that:

Human resources is hard because you have to attract employees and keep them but they also have to be the complete package as it is a unique product (TO3).

An accommodation establishment which operates in a remote area to attract its niche market had additional problems with human resources:

One of our biggest concerns is that we currently need staff but cannot employ anyone in the community because not many people live here. This means we will have to build staff quarters, that's very expensive! (AC2).

A second key theme emerging clearly from the content analysis was time. Most small tourism enterprises claimed that there was a lack of time to do everything that needs to be done for the business. As a result operators tended to focus on running the business on an operational or day to day basis and other strategic decisions get pushed aside. Business owners also mentioned that because they have limited time they are unable to attend meetings and business development sessions. One of the small tour operators said that he *'works very long hours and [does] not get much time off'* (TO4).

While location was identified as a barrier for many small businesses there was a mixed response. Some owners considered location to be both a barrier but also a benefit to their niche market. The regional location of businesses was considered a barrier to growth because of the operational difficulties of running the business and the challenge of physically getting tourists/customers to the establishment. From the operational perspective, owners found it difficult to receive stock, maintain their

product, and receive general public services such as rubbish collection, sewage, electricity. This is illustrated by the following comments:

Location is our biggest asset and biggest negative. Negative in that it is a long way to travel to meetings and don't receive local services (electricity, water, sewage, garbage). But positive in that it is a peaceful getaway so you can't really have it anywhere else. (AC2).

Location is a benefit because of the surroundings for guests. It is not a benefit to run the business though as we have problems with getting stock and other services. (R1).

Other major barriers to growth included a lack of benchmarking, inadequate understanding of the market and seasonality. A perceived lack of business experience and insufficient skills in the areas of finance and management also constrained growth. These themes have been previously identified in the literature.

Government perceptions of the barriers to business development

Table 4 provides a list of key themes that were identified from the interview sessions as being a barrier to development. The themes are listed in descending order.

Table 4: Key barriers to growth: government perspective (n=7)

Key Barriers	Respondents
Human resources	7
Limited/no financial and managerial skills	6
Finance	6
Limited/no business strategies	6
Limited ability in understanding the market	5
Lifestyle motivations	5
Limited business experience	4
Time	4
Seasonality	4
Lack of benchmarking	4
Marketing/marketing skills	4
Use of information technology	3
Negative approach to learning	2
Industry susceptible to change	2

Consistent with the interviews with tourism operators, the analysis of responses from local government representatives also identified human resources as a major theme. However, some of the human resource issues identified by government representatives were different. Government respondents identified human resources as a barrier because of skill shortages, operators taking on too many roles, operators not utilising staff, a lack of skills, and employment being too expensive. These issues are illustrated by the following quote from a government respondent:

There is a high staff turnover in the tourism industry. So it is hard for businesses to get staff. Attracting quality staff is a big issue. But when they [business owners] get staff they don't know how to use them and don't know how to keep them (GB6).

The majority of government personnel felt that small business owners have limited financial and managerial skills. A comment was made that small business owners may not have these specific skills but do have skills in other areas which may or may not be transferred to the running of a small business.

Financial and managerial skills are a] barrier in regards to what is and what is not a viable business. A lot of people see an opportunity and may have some funds but don't have the skills to become a viable business. (GB4).

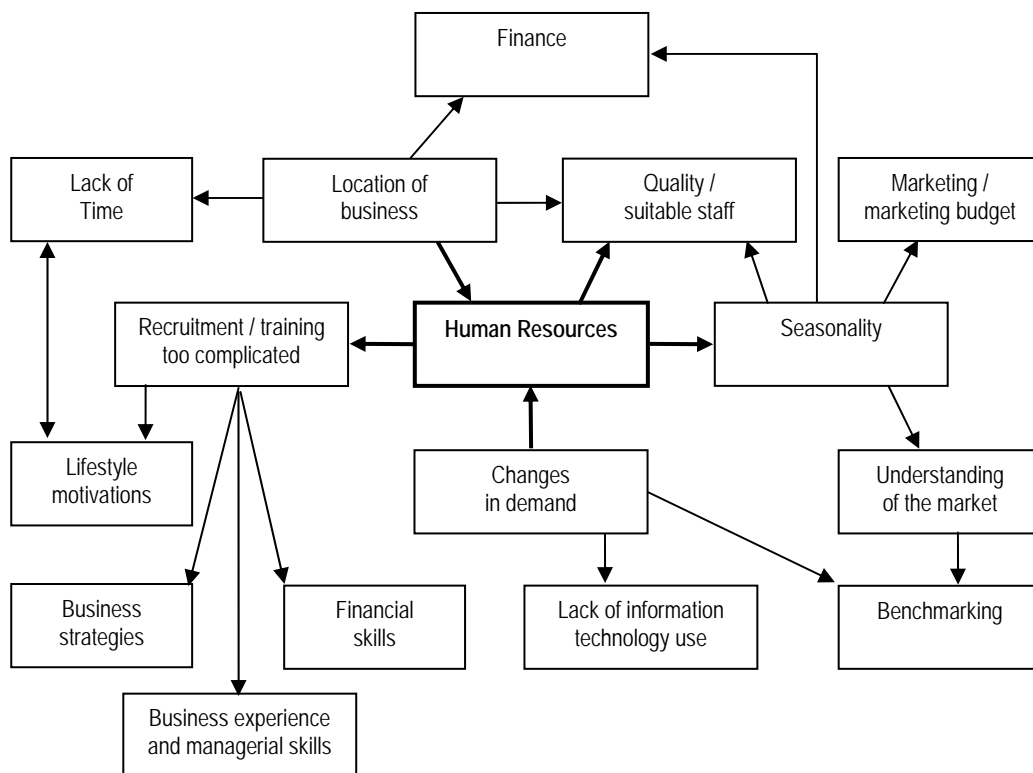
In terms of a government perceived barrier, the issue with finance seemed to be the general lack of money. A government employee simply stated that *businesses are often too small to buy in the assistance they need: an accountant for example.* (GB2). Finance is considered to be more of a barrier from a government perspective as it is ranked 14th with tourism operators.

Contrasting government & operator perspectives of barriers to growth

The following discussion is based on the identification of the core category, or theme, from the content analysis (Glaser, 1992). While a number of differences were presented between government respondents and SMTE operators, the most common theme was centred on human resources. Many of the other themes can be linked qualitatively with this core theme. Figures 1 and 2 provide concept maps of the linkage between a number of the themes discussed earlier. There are a number of dimensions associated with the core theme. It is important to note that the dimensions within these figures are not ranked according to importance.

For tourism operators, the key dimensions associated with human resources were the quality/suitability of staff, seasonality, change in demand, complexity of recruitment and training, and the location of the business (see Figure 1). Some businesses such as tour operators found it particularly difficult to find suitable staff as they had to have specific skills.

Figure 1: Concept map of major barriers to growth from an operator perspective



Human resource problems are exacerbated by the seasonality of the industry. As well as being an issue for finding suitable and high quality staff, seasonality was linked with the overall budget of the business and the financial resources necessary for marketing.

Because we are only a small complex we don't have the funds to advertise which is a major drawback. What we spend in advertising we cannot justify because it will take too much out of the business (AC4).

Seasonality linked with understanding the market. Not many business owners fully understand the market they are in and therefore find seasonality additionally difficult. A government respondent mentioned that a lot of businesses '*worry when they are quiet. Then when they don't average out for the year they realise it's not what they thought it would be*' (GB7).

In addition to not understanding the market, businesses are not aware of the advantages of benchmarking and therefore do not often compare with other businesses. Of the 15 operators interviewed only six stated that they benchmark their business in some way. Benchmarking may assist businesses in anticipating and managing seasonality.

Change in demand is perceived as a key a dimension by tourism operators and had a variety of links. Firstly it is linked to human resources because when business increases, owners need more staff. Another link is with limited understanding of the market because owners did not know when and how to seek employees. In addition to this many operators were unaware of the effect of the market on their business.

Tourism operators go a step further than government respondents with regard to employment and say that it is not only too expensive but it is too complicated. Employment becomes complicated because of limited financial and managerial skills, limited business experience, lack of business strategies and lifestyle

motivations. Operators think that the troubles of employment decrease their social time.

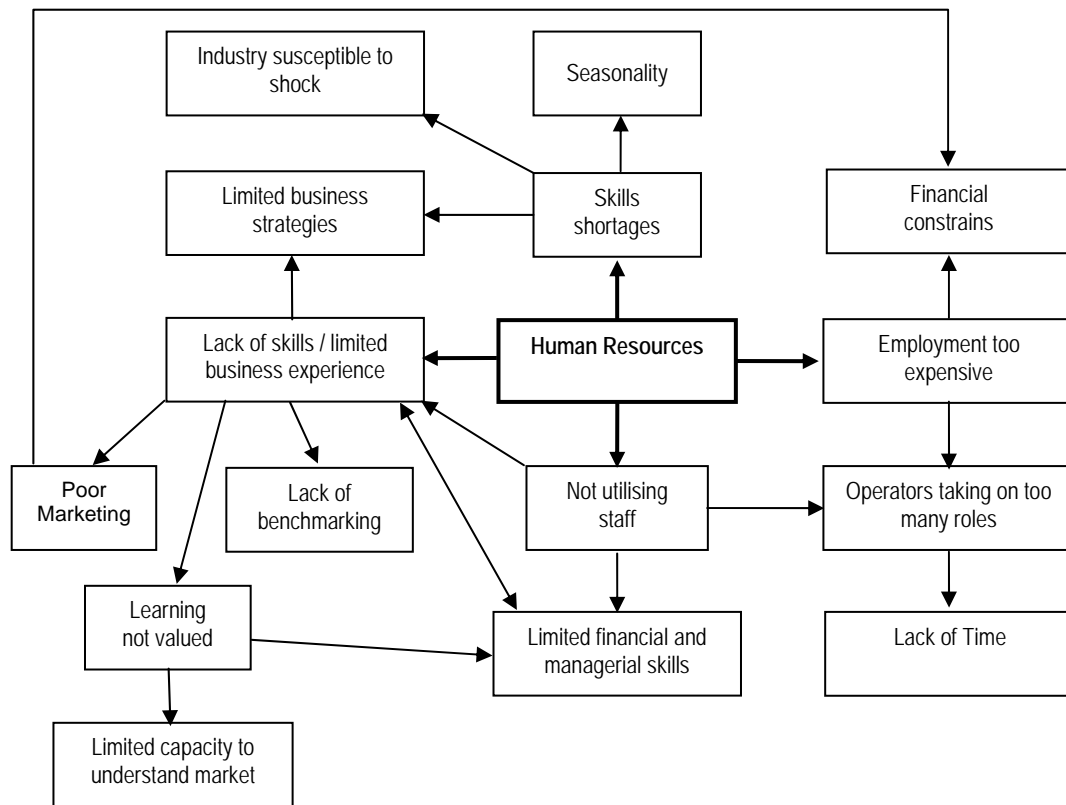
Eight operators stated that they have limited financial skills. Due to a low level of financial skills it is difficult for operators to understand the benefits of employing someone because they are simply afraid of decreasing their profits. Operators also mentioned that they have limited business experience and managerial skills. Some operators understand the importance of a business plan; however others do not fully understand the concept. *'I don't have any staff so I don't need a business plan'* (TO4).

Tourism operators considered the *location* of the business to be a key dimension of human resources. Location is linked with human resources because of the loss in time associated with staff to travelling to and from work. There may also be a cost for the operator in keeping staff close by. Because of this, location can affect the operator's ability to attract quality/suitable staff. Location was also difficult in regards to functioning as a business. The location of the business can be a deterrent for customers to access.

Government respondents perceived there to be four dimensions associated with human resources: employment being too expensive; operators not utilising staff; a lack of skills/ limited business experience; and skills shortages (see *Figure 2*). One government respondent stated that *'businesses are often too small to buy the assistance they need'* (GB2). A tour operator stated that *'To employ someone I would have to be certain that person will bring in money'* (TO5).

As a result of limited or no staff, SMTE operators tend to take on too many operational roles, thereby reducing the time spent on the more strategic and visionary aspects of the business.

'Too many businesses are working in the business and not on the business' (GB2).

Figure 2: Concept map of major barriers to growth from a government perspective

Taking on too many roles becomes a problem when operators are ready to employ people because they do not know how to use staff effectively. This issue is a reflection of the limited financial and managerial skills possessed by operators. Government respondents extend this link by reference to the fact that operators have limited business experience. A government respondent made the comment that financial and managerial skills and business experience is a *'barrier in regards to what is and what is not a viable business. A lot of people see an opportunity and may have some funds but don't have the skills to become a viable business'* (GB4).

As can be seen from the following links, government respondents believed that operators lack skills in benchmarking, marketing, business experience and financial and management skills. Several government respondents indicated that SMTEs needed to benchmark more and that business owners needed to develop benchmarking skills.

'Businesses lack marketing skills. They don't know how to make their business unique or how to differentiate it from the market. They are not aware of the resources out there such as the support and guidance of other government agencies/organisations' (GB6).

The perceived lack of skills and business experience is complicated further by a view that operators place limited value on learning. This is reflected in the low value operators place on improving their skills through training and their understanding of the market.

Government respondents perceived skill shortages as a barrier but recognised that this was not specific to tourism. However, due to the nature of the industry, it becomes a larger issue particularly with regard to seasonality and the fact that the industry is susceptible to shock.

How can government agencies assist businesses to develop the tourism industry?

The analysis of this question is addressed in four parts. The first part explains what assistance is actually offered to businesses. The second part focuses on what additional assistance the government respondents thought that the businesses needed. The third part looks into what assistance businesses would like in helping to develop their operations. The fourth part discusses practical ways in which government can assist operators.

Six different bodies or agencies were represented by the government respondents. These agencies provide a range of services and assistance to support small businesses, including marketing, public relations activities, networking, infrastructure provision, acting as an intermediary (referral work) and information. Some agencies also provide support to grow the business, including counselling, mentoring, training, workshops, coaching and business management help. The most common type of assistance offered to businesses was networking.

Out of the seven government respondents interviewed, four mentioned that operators already have sufficient support or information about where to find assistance. The other three employees thought that businesses would benefit from additional assistance in marketing, networking, mentoring or coaching, workshops to assist with applying for grants or writing business plans and help with starting up a business. One government representative noted that it is important that these programs and workshops are flexible as it is often difficult for business owners to attend.

Operators were asked a series of questions relating to ways in which government could assist them. Table 5 summarises operators' responses to various types of government assistance.

Table 5: Operator responses to government assistance

	Have used	Would be useful	Not useful
Networking	9	0	6
Finance	1	9	5
Coaching	1	6	8
Business planning workshops	1	5	9
Information provision	3	2	10

Six operators felt that networking would not be useful. Three of them indicated that they could not get to the meetings and another three said it would be no help whatsoever. The fact that six operators stated that networking was not useful is astounding given the nature of the tourism industry.

When asked about financial assistance, operators suggested a variety of measures that would be useful, such as: helping to combat seasonality, helping with the marketing budget, and a commission for bringing people to the area. Nine operators said that financial assistance would not help them because they did not know how to

do the paperwork, did not feel comfortable with 'hand-outs', or they already had grants in place.

There were mixed responses to coaching. One respondent indicated that coaching would not be useful because there were too many interruptions during the day and no time at night. Another indicated that the coaching would need to be provided free of charge.

Although five operators wanted to make use of business planning workshops they all had different preferences: two operators wanted workshops to specifically help with the paperwork for grants, one wanted the workshops for help with a marketing plan and the other one needed them to be flexible. Two operators stated that they did not have any time to attend these workshops. One operator did not think workshops would be useful because nothing new would be learnt. Six government respondents mentioned that their agencies provided some sort of workshops for operators. Yet nine operators interviewed do not think this support is useful. Perhaps this is because of the lack of flexibility of workshops or a negative attitude to learning that was mentioned by government respondents.

Ten operators stated that assistance in the form of information provision would not be helpful. From this group, three operators indicated that they could find this information themselves. Another three operators indicated that the information they had received previously was often not specific to their business. Four of the government agencies represented in this study provide businesses with market information. Yet ten operators did not deem this type of assistance useful.

Operators were given a chance to express other ways in which government agencies could assist in the development of their business. Six operators expressed a need for assistance in marketing. This marketing assistance was mentioned in terms of general 'how to' information and assistance in negotiating discounted prices. Only

four operators agreed that local government effectively promotes tourism enterprises.

Three operators mentioned that local government could help to facilitate access to specific areas of government because there are too many layers of government to deal with. Two operators mentioned that government could improve infrastructure which would therefore make the area more attractive to visitors. Another two operators mentioned that government agencies are understaffed so their ideas are often lost.

DISCUSSION

The results have provided an insight into the issues that small tourism operators in regional destinations are facing as well as the ways in which government can assist them. Tourism operators considered their top three barriers to development to be human resources, time, and location. Human resources were considered to be the main barrier in developing the business and many other themes were related to this barrier. The findings partly support the research of an Australian survey which established that the three most important issues for small firms were finding the right staff, finding skilled staff, and retaining good staff (Barrett & Mayson, 2005). Retaining staff was not mentioned in this study however this may be due to the fact that not many of the operators have staff outside of the family.

Time was perceived as a barrier to business growth and this lack of time meant that operators can only do the tasks that are important to them. Unfortunately strategic planning is not always one of those important tasks. The results support previous research which indicated that a general lack of strategic appreciation amongst operators coupled with modest cash flows and an emphasis on short term goals constrained the growth and development of new products and markets (APEC Tourism Working Group, 2004). Location was considered to be a barrier to operators in the regional context because of the difficulties of running a business and attracting

visitors/customers. This finding provides some support for the work of Hwang & Lockwood (2005). A substantial number of operators also stated that they did not benchmark with other businesses. Cano, Drummond, Miller & Barclay (2001) highlighted the role of benchmarking in helping tourism businesses to understand the markets that they were operating in.

The top three barriers for government respondents are human resources, limited financial and managerial skills, and finance. The government respondents' perspectives on human resources being a barrier ranged from industry skill shortages to employment being too expensive. Many researchers have written about these aspects but have not linked them together. The literature suggests that it is common in most SMEs that the operators lack specific skills such as financial and managerial skills. Qualifications in management and marketing, among others, help in everything from day to day management to an appreciation of strategic issues (APEC Tourism Working Group, 2004). Finance was perceived as a barrier to business growth by government respondents. Hwang & Lockwood (2005) observed that financial limitations can inhibit the improvement of the business and the ability to be innovative in new ventures.

The practical implications for the study evolve from comparing the main barriers mentioned by both parties and the government assistance that is already in place. This study revealed that human resources were a major barrier to the growth of SMTEs and that this should therefore be a focus of government attention. Local government can provide programs to demonstrate the advantages of hiring new staff as well as assisting with recruitment and training. Government agencies could also assist by attracting suitable staff to the region. These assistance opportunities were not suggested directly by government or operator respondents but appear from the content analysis of barriers to growth. Perhaps in alleviating the pressures of human resources, operators will have time to function more efficiently and effectively.

CONCLUSION

When increasing tourism within a region it is important to look behind the scenes at small businesses, because they are usually the foundation of the industry. This study has done just that. The perspectives of the two key players of the industry were sought and analysed. In comparing the perspectives of these respondents it was found that both perceive the core barrier to be associated with human resource issues. Practical implications on how government agencies and other policy makers can improve their assistance to tourism operators have been raised. This study makes some contributions to an under-researched area. It has also added to the theory on small tourism businesses by providing practical information on how government can assist small tourism businesses.

This paper highlights a number of opportunities for researchers wishing to explore this topic area further. The issues surrounding HRM practices in SMTEs clearly require further investigation. While the HRM practices of small enterprises are different to those of larger organisations it has been suggested that this 'small business way of doing things' was not necessarily inferior (Coetzer, Cameron, Lewis, Massey & Harris, 2007). This line of inquiry would be useful to explore in a tourism context. The exploratory nature of this paper meant that the study focussed on qualitative data from a small area. Further research might build on the findings by including a larger sample size, perhaps using a quantitative approach. Another area for future research would be to compare different locations to determine whether similar barriers exist in different contexts. This paper could also be used as a guide for a larger longitudinal focused study. An interesting study may be to compare the results for tourism businesses with other SMEs, particularly in service industries such as finance and retail. Alternatively, as stated in the literature, a cross-sector comparison within the tourism industry may provide additional opportunities for research.

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