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**TOURISM ENTREPRENEURSHIP**

**Challenges and possibilities in small tourism businesses**

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<p>The aim of the thesis was to find problems and possibilities in small tourism entrepreneurship. The objective of this report was to present an analytic report about the existing psychological, economic, legislative, and social problems in these types of businesses and to find out the reason why many students do not reach their goal of running tourism business. In addition, the researcher has tried to find out the future prospects in this field, possibilities of having a business of one's own in this sector. To complete the research, some field exploration was done, where some small tourism entrepreneurs were interviewed. This report is an overview of their thoughts and the existing business. Most of the information was collected from them and from several kinds of other sources.</p> <p>The terms entrepreneurship and entrepreneurial activities were included in the theoretical part in order to make the research clearer and compare the relativity with purpose: the elements of being an entrepreneur, how they grow up, what really makes them think to reach decisions. Analyzing the present business environment and the required environment to establish a business was an important part of this research as well, where the present situation in Finland was discussed. The research was focused on small tourism business so it was necessary to write about the small tourism businesses and their characteristics and the importance of market research.</p> <p>In this report, the challenges when starting a new business, why people are losing their motivation and some other relative questions were discussed. A structured scenario of a small tourism business, has shortly been introduced as well as small tourism businesses, their problems and possibilities. The findings were quite satisfactory, where the respondents have mixed reflections on the tourism business and how tourism strategy should be developed to enhance the tourism business.</p>		
<b>Key words</b> Challenges, entrepreneurship, environment, future, problems, possibilities, tourism		

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## **ABBREVIATIONS**

GDP	Gross Domestic Product
OECH	Organization for Economic Co-operation and Development
SME	Small and Medium Enterprise
UK	United Kingdom
USA	United States of America
WTTC	World Travel and Tourism Council
MCQ	Multiple choice question

## 1 INTRODUCTION

Globalization, migration, travel, tourism and business are some common buzzwords in debate and discussion. With the benefit of travel and tourism industry, people are more concerned and familiar with certain parts of a country and the world. Employees are driving themselves to a better pace to have a better career and life. Finland is one of those countries, which people are attracted to live and do business because of its distinctive qualities, like safety, infrastructure, use of technology and clean nature to be migrate and establishment. According to the parliamentary statistics of Finland, in 2013 a total of 30,300 people moved to Finland from different countries. The tourism industry offers a wide range of business opportunities for the local people also for the migrant, which develops the social norms and financial activity as well. Among all types of tourism business, a high percentage of people choose to start with a small type of tourism business, because of flexibility, less capital and social demands. (Ministry of interior, 2015)

Starting a new tourism business or building a career in the tourism industry is the primary goal of all tourism students. Some of them want to start their ambition here and some of them want to start it in their homeland. No matter where they start it there are always some particular facts that come in the path when starting a new business. Finland has its own glory in its history and nature; both of them are most essential parts of tourism, every year Finland provides the opportunity to study in different fields, for many students from all over the world. In addition, Finland still has the very flexible opportunity for the foreigners to migrate here and to start up a business. For this reason, many people intend to set up a business and settle here. Some of them are being success in fulfilling their goal and some of them are not. Who cannot success, either they are losing their motivation or they are not getting enough support from the community or mentally, or some them are not maintaining their dreams properly to building a career in tourism sector.

A large number of tourism students have passionate to start a new business in the tourism industry. Whether it is a small business or big company, everybody needs to go through a

deep thought. Somebody meet with the success somebody loose there passion on the way. Most of the tourism students have planned to work in tourism business. Through this process the factors, fact about the common discouragement, legislative problems and other barriers will be explored. Furthermore, how to motivate the new entrepreneurs and how they can overcome those common discouragements for entrepreneurship will be discussed. The objective is to bring out all the hiding reason that people are afraid of to start a new business in tourism sectors.

In the theoretical part, the researcher has tried to explain about the entrepreneurial matter for the tourism entrepreneurship. Entrepreneurial behavior, psychological advantage, characteristics of an entrepreneur and other relative component that makes a person a successful entrepreneur. Some of the preferable small tourism business has been discussed in this part, which is easy to start compare to the big company. In addition, it has been studied about the environment of entrepreneurial orientations, which is important to starting and growing a new business. Existing business environment has been discussed as well. Through the empirical study, challenges, facts, difficulties and possibilities have been explored. It was the ultimate intention to make it crystal and clear about the existing factors and make an overall environmental scenario to the readers in order to motivate them. Last part of the research carried the summery, where some recommendation has been added for the future entrepreneurs.

The research methodology can be described as a process of collecting data and information and analyze them to make a decision. Research can be done in several ways, publication research, interviews surveys and other research method. In the research method, secondary data collect from different sources and primary data collect from the interview or survey. After completing the survey and data collection results comes out from the combination of both type of data. From the secondary data the theoretical part will be written, where very fundamental related topics will be discussed about the entrepreneurial environment and from the primary data, the empirical part will be structured. In the empirical sector, we will analyze the findings and discuss them.

In this thesis, the qualitative research method has adopted. Several person were interviewed during conducting the research. In order to make a clear and reliable research, person from

the different sectors has been chosen. The questioner were semi structured, which is related to basic motivation of the research, to find out the underlying problem that an entrepreneur face during starting a business, running the business, existing opportunities and possibilities and the future aspects of trade. The conclusion and recommendation has been written from the true reflection of the interviewee and ethics has maintain properly.



## **2 TERMS OF ENTREPRENEURSHIP**

Entrepreneurship and entrepreneurial activities are associated with different type of condition and situations. Some people earn entrepreneurial quality by born and some people made by their surroundings. To be a successful entrepreneur it is important to achieve those qualities and acknowledge the impact and factors are related with entrepreneurship. In addition, it is good to know what type of problems an entrepreneur face. This chapter has been written explaining those terms and conditions.

### **2.1 Definition of entrepreneurship**

In recent years, the word entrepreneurship has become the strongest topic in public debate. By the policy makers, it has been a comprehensive recommendation to make a road for future prosperity and entrepreneurial activity has become increasingly popular in cross-country comparison (Mohanty 2005,-10). Although there is lots of precise definition of entrepreneurship, it is not completely clear yet. Since, Cantillon has formulated the first idea in the middle of the 18<sup>th</sup> century; different author has given the definition differently in literature. For the human activity, the development of a countries economy happen in any form. Researchers have reveal three major activity in this role, which is organizer, workers and user of goods produced. In this roles coordinating and organizing is considerably significant, unless the skills and resources are fully provided by the nature the main labor would remain largely unproductive. According to J.A. Timmons: “entrepreneurship is the ability to create and build something from practically nothing”. (Ivarsen, Jorgensen & Moller 2008, 40)

What is entrepreneurship? In term of entrepreneurship, it has a wide range of meaning. The act of an entrepreneur is known as entrepreneurship. Entrepreneur is a person of very high aptitude who pioneers changes, possessing characteristics found in only a very small fraction of the population. On the other hand, a person who wants to work by himself or herself is considered to be an entrepreneur (QuickMba 2010). In business Dictionary, for the definition

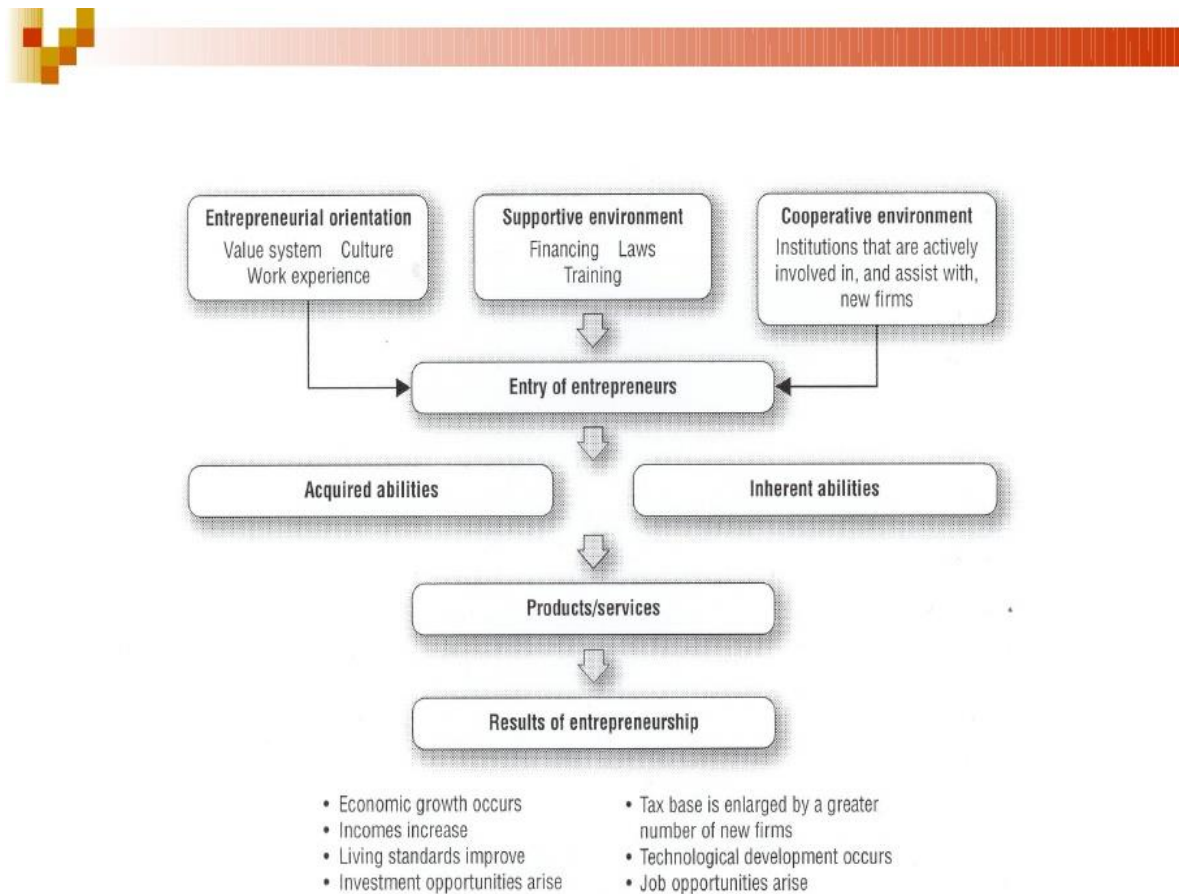
of an entrepreneurship it says, “The ability and desire of a person to develop a business, who can organize and manage the whole process with all risk and probability to make it successful and profitable”. An entrepreneur is a person who starts a new business. In economic term, it has been described as a combination of land, labor, natural resources and capital, which can make profit. An entrepreneur character have to be innovative, risk taking, foresight because it is a very essential part of a nation, who can bring the success in increasingly competitive global marketplace. (Business dictionary 2015.)

It is clear that, in a society it is not everyone who has the ability of changes, invent new things, launce new products or businesses, where he needs to face a challenging marketplace, take the risk of capital and success. It is a complicated process of success, where an entrepreneur need to go through lots of stress, anxiety, fear and uncertainty. It is time consuming because an entrepreneur always has to think about the business. A person who has this all combined dormant power, can be called an entrepreneur. Entrepreneurship is the journey of opportunity, exploration and risk management to create value for profit and/or social good. From the ground level of a business take it up and turning it into a profitable business is the entrepreneurship. (Brooks & Bam, 2015)

Austrian writer Joseph Schumpeter has a different point of view for entrepreneur and entrepreneurship. He has emphasize on the power of innovation and creation. He thinks, in entrepreneurship method, it has to make something new, such as; new production, new production method, new market, new forms of organization. In addition, when these innovations create a market demand, the output will be profitable. Therefore, from his point of view we can say, entrepreneurship is a combining factor to generate a value by using different input method in an innovative manner for the customer, and the value of the product or service have to cross the limit of its production cost. Thus, manufacturing the new products gives a better output and makes profit. (QuickMba 2010)

Knowing about the entrepreneurship is fun, fascinating, frustrating and important. “The fascination is the richness of the phenomenon, there is no precise definition about entrepreneurship that shortage of suggestion takes to the frustration” says Per Devidsson. According to him, the range of the definition of entrepreneurship is comprehensive. Different scholar has define entrepreneurship in various way.

## A model of entrepreneurship



GRAPH 1. A model of entrepreneurship. (Jakanathan, Mehta, Muthukumar & Kumar 2009)

### 2.2 Small Tourism Entrepreneurship

Tourism industry is one of the largest industry in the world. Moreover, the fastest growing of the market (WTTC). After the oil industry tourism has ranked the second highest revenue-generating industry worldwide. The entrepreneurs usually induce tourism businesses; they have a significant role of innovation and modifying the opportunities that comes from the leisure and recreational industry. Though most tourism and hospitality businesses are small or medium size, it needs a huge entrepreneurial activity. In the Asia pacific region, recently they had tremendous elevation of farm attractions, homestays, family style restaurants and cafés and retailing stores that cater to tourists of different type. In the early stage of the

tourism development, entrepreneurship has played a vital role, especially in the rural and ethnic community where the multinational firms and international hotel chains were less interested in investing because of comparatively-small size of the potential market. (Chang, 2011). For the sake of economic development, entrepreneurship was considered as a central force, because it generates growth and has a great impact on innovation and change. To change the economic sector, entrepreneurship needs a largest part of involvement in the tourism industry. Assortment of the tourism product and service is needed to cope with increased market of the new type of tourism needs. (Lordkipanidze, Brezet & Backman, 2005.)

It is also very important and relevant to initiate entrepreneurship in hospitality, leisure, sports and tourism industry as like other sectors. Entrepreneurship is the propeller of alteration. Innovation, employment of tourism market. It is crucial to fulfill the demand of the consumers, which are rapidly changing in the hospitality, sports, leisure and tourism industry. It is believed, entrepreneurship is the key to develop the new ideas, create new markets and establish new businesses to supply the rapidly changing demand of the consumers in tourism industry and to simplify the new idea of development. Throughout the world; in the dynamic and rapidly evolving hospitality, leisure and tourism industry, entrepreneurship has a great influence for the success in this industry. It is agreed that hospitality and tourism industry has a huge contribution in the national economy. These industry are guaranteed, which will grow in both terms of their quantity and quality. (Ball 2005)

Travel and tourism, encompassing the transport, hospitality, visitor services and gaming sectors are considered to be the world's largest service industries. Tourism industry is a sector, which needs good social, economic and political condition as a motivational force to grow the business. Also it needs a huge support from the community and the governing body. Russell and Faulkner (2004) found that tourism entrepreneur have a role to play in the development of destination. As entrepreneurship and innovation are the key point of being successful in any industry, particularly hospitality and tourism industry, entrepreneurial approach is demanded to develop both in new businesses and in existing businesses. However, it is said that the tourism industry is less innovative than the other industry. Many tourism businesses comply with standard definitions of small tourism businesses because

they are small in terms of both number of employees (usually less than 20) and market share. (Blichfeldt 2009, 416-418)

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. Entrepreneurship is important for all kind of sectors of the economy and all type of businesses. It is more important for the industry and individual business especially the small tourism business, where it is the ultimate choice for the economic growth, productivity gains and creating new jobs. This is why entrepreneurship in the small business has been regarded as a center point of creating new enterprises, because it generates new job sectors and stimulate competition. In OECD areas SME (small and medium enterprises) also plays a vital role for the economic growth and creating new jobs. More than 95 % of the firms are SME in OECD countries and in the most countries it is estimated 60-70% of employment Entrepreneurship in the small firms are considered as the health of the economy. Supporting this statement UK government has state that,

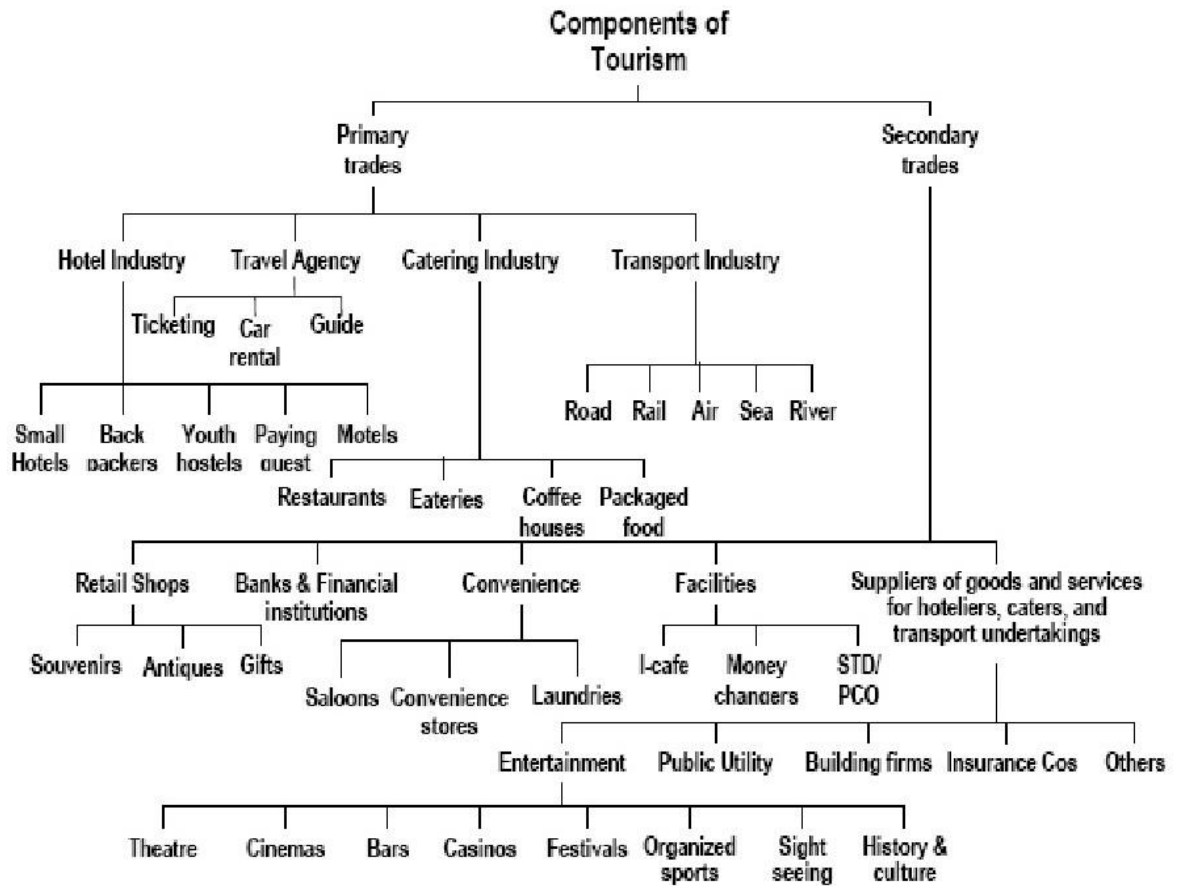
Small businesses are the lifeblood of the economy. They are at the forefront of this government's efforts to promote enterprise, innovation and increased productivity. Small firms are vitality important because of their role in the supply chain, the competition they stimulate and the ideas and product and products they bring to the market place (Ball 2005).

In each part of the world, entrepreneurship has a great degree of contribution to change economic sector. Especially entrepreneurship in the hospitality and tourism industry has its own prospect to improve society, culture and destination. In addition, it is widely spreading. Different scholars have mention it in different ways. For instance; the role entrepreneurship plays in African economies and society particularly in hospitality, tourism, sport and leisure industries, is enormous. That cannot be over-emphasized in the provision of employment, wealth creation, and in terms of innovation the primary goal of entrepreneurship is profitability and growth. "Unique touches and experiences that 'wow' are becoming tomorrow's expectations in the hospitality industry" (Ball, 2005.)

After reviewing all this discussions, entrepreneurship is mostly related with innovation, changes, initiation, risk and profit. Likely, this is the most emphasized word in the economic sector and the business industry. Nowadays the tremendous growth of tourism sector, takes more concentration of entrepreneurship and entrepreneurial activities, when it has a great influence on national economy culture and growth. To generating new ideas, production, meeting the increasing tourist demand, new job, utilizing the natural resources and opportunities, it is extensively accepted that there is no other alternative of entrepreneurship.

### **2.3 Factors about tourism businesses**

Tourism is the largest industry in the world and it is growing and it has advanced as commitment to general development. Tourism industry not only influences the economic fabric in the society but also touches the social norms and moral values. It creates a large amount of employment opportunities for both skilled and unskilled, because it is a labor-intensive industry, which increases the foreign exchanges and local income. By increasing the gross national product, it can stimulate the development of the infrastructure. (Jakanathan, Mehta, Muthukumar & Kumar 2009)



GRAPH 2. Components of tourism business (Jakanathan, Mehta, Muthukumar & Kumar 2009)

Above graph shows the wide range of tourism components. Though the primary trades are well-known as a tourism businesses, also in the secondary trades tourism has huge contribution. According to that graph the primary trades were referred to hotel industry, travel agency, catering industry, transport industry and all the subcomponent under those industries. The ranges of secondary trade are also extensive, for instance retail shop, convenience, facilities, bank and finance institutions, suppliers of goods and services for hoteliers and all the other related business with those trades. This comprehensive field of trades let an entrepreneur to choose the right business for him.

Leisure and hospitality business can be linked with the local product and resources and help to diversify the economy, enhance the government revenue, amplify the educational and cultural horizon and improves feelings of self-worth. It improves the quality of life related to the higher level of income, and the standard of living. Tourism industry helps to preserve the heritage and traditional back up, also it enables environmental protection and

improvement. Tourist are mostly attracted to the local culture, so it peptonize cultural virtues and provide employment for the artist, musicians and other performing artist. It enhancing the cultural heritage and provides recreational facilities that may be used by a local population. It breaks down the language obstacles, social cultural barriers, class barriers, racial barriers, political barriers and religious barriers. Creates a friendly image for the destination worldwide and promotes a global community- international understanding and peace. (Chowdhary, 2009)

## **2.4 Entrepreneurial qualifications**

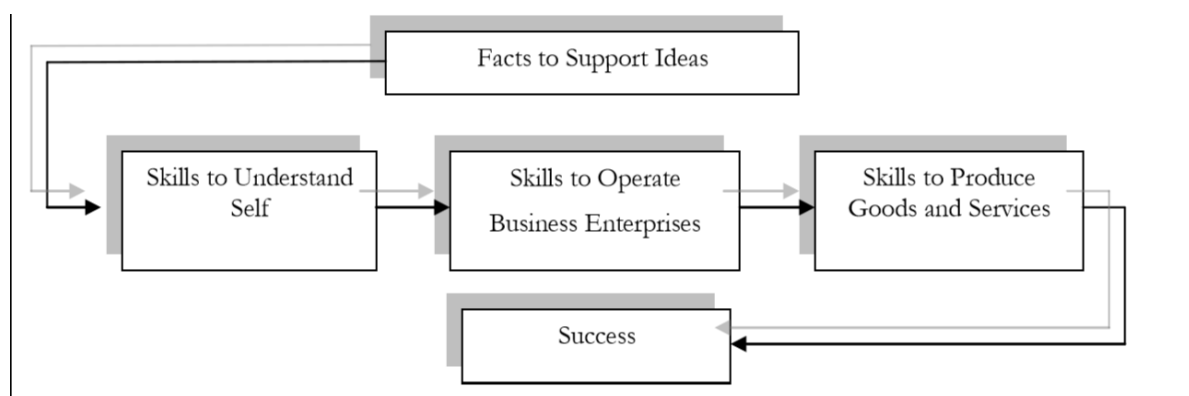
Some people believe being successful in business is luck but some people believe it is just more than luck. Being an entrepreneur is a combination of some dormant power, which is brain power, fast brain, understanding the business and what can be done in situation. Understanding the changing market and what an end-user demands. To start a new business is not an easy work. Many people believe that starting a new business means living a comfortable life and a security of regular day job to fulfill the passion or dream. Yet there are many things to consider to be a successful entrepreneur. Entrepreneurship is such an economic activity that arises and operates in socio economic and cultural settings, so it is a complex and multifaceted subject. (Mohanty 2005, 10.)

The essential qualities of an entrepreneur are not very different from the qualities required to achieve success in everything in this world. There are some qualities that are needed more abundantly if an entrepreneur wants to succeed with his business. It is very important to have courage. A courageous mind is needed very much to run the business especially in the early stage, because a newly started business may run into a bad patch in the beginning. When the potential customers are not buying the service or products as expected, overhead runs ahead of budget and there is not enough cash, business can go under pressure, Courage works as a grace in that time. What people want, how many product or service they need, how much they will pay for it and how to let them know about the product, to know all this essential terms it is important to have proper knowledge of judgment. Determination often described as a fixedness of purpose, the ambition of the business, to set a goal. A business can go long way if there is determination. An entrepreneur takes action by himself to accomplish the job.



If there is something need to be done, a successful entrepreneur gets involve directly. Goal orientation and motivation is very fundamental qualities of being an entrepreneur. To achieve the desired outcome an entrepreneur must be goal oriented and self-motivated. Creativity is a very basic demand to be successful in business. An entrepreneur must have adequate creativity, innovation and imagination. (Kumar 2008, 36-37.)

Taking all the responsibilities and result orientation is another important quality of an entrepreneur. He needs to work hard to be rewarded personally and financially and take the responsibility with enthusiasm and endurance. Self-confidence and perseverance are highly required qualification in an entrepreneur. Without self-confidence and dedication, a person cannot success with his goal. In addition, Robert Burns said, “whether doing, suffering or forbearing you may do miracles by persevering”. An entrepreneur needs to be good thinker, planner and doer. Technically competent to produce the product and ability to communicate is another strong characteristic of a good entrepreneur. To continue the smooth production and make a good image of the business it is demanded to have a good communication within and outside the enterprise Strong ability to have human relation is highly recommended of an entrepreneur. An entrepreneur should have a good relation with employees, customers, suppliers, creditors and the general public. In addition, an entrepreneur needs to have an emotional stability, consideration and tactfulness. Attributes and skills is another strong quality of a successful entrepreneur. In the initial stage of the business, it is required to have this ability. (Kumar 2008, 37-38.) The attributes and skills is illustrated below:



GRAPH 3. Attributes and skills for entrepreneurs. (Kumar 2008, 38)

Above-mentioned illustration shows the key factors of being a successful entrepreneur. Generating ideas, self-confidence managerial skills, production skills, making good image of the business, all this combined virtues can bring the success in business. In addition, technical knowledge, public relation, patience and tolerance is needed for growing the enterprise. For the cultural differences and circumstances, it is hard to define an entrepreneur character specifically, still some common characteristics can be found in all the successful entrepreneur. Such as entrepreneurs are venturesome and positive minded, where other people see problem they see opportunities. They are more open minded and quick learner, have awareness of the impact they have on their people. They do appreciate the value of experience, and take consultant from the experience persons.

## **2.5 Problems with being an entrepreneur**

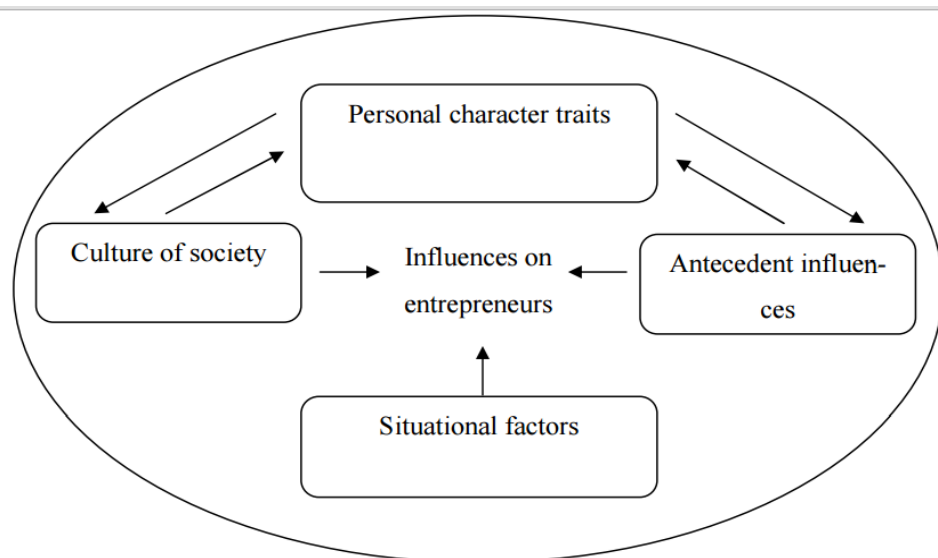
There is lots of benefit with being an entrepreneur. Despite of all this benefits there is various problems associated with entrepreneurship. There are some common problems, which every entrepreneur need to face. The major problem is sacrifice; an entrepreneur must value his business then his family at least for the first 10 years of the business. For the sake of business, he needs to sacrifice his family, not to stay away from the family but to value the business. Another problem is with income. The flow of the income can vary from time to time. Sometime he could face the money loss because of competition, market price, or government policy, so he needs to be prepared to forgo regular income. Stress is such a problem for which many people are afraid to become an entrepreneur. Individual stress, group stress, organizational stress, environmental stress could be associated with entrepreneurship. Not everybody can take the stress. Especially at the initial stage of business, all the process of entrepreneurship could be stressful. It is entrepreneur himself who take the responsibility for the success or failure of the business. Not only when he is in duty, has almost all the time had an entrepreneur needed to engage with the entrepreneurial activity. It is hard to find time for leisure and recreation. He needs to manage his time very effectively. (Kumar 2008, 36.)

Other barriers can lead an entrepreneur into depression. Very often, the first implementation of an idea goes wrong, this can happen for the lack of market research or not having the adequate knowledge about the business. Sometime family and friends does not understand

what an entrepreneur do, they give some wrong expression, which could be irritating and uncomfortable. As in the beginning it caused various difficulties, people around you can get you wrong. Things take longer time to accomplish. There is no single deal, which can take you to the bank of success. Certain deals or customer just takes to the next rung but yet lots of things to do to be successful. Sometime customer can makes you frustrated, and forces that out of control. (Baptiste 2010.)

## 2.6 Impact on an entrepreneur

There are several factors that influence an entrepreneur to start up a business. Some people become very successful in their business and some people fail. Research shown that people from some culture and region have a better entrepreneurial motivation and in some culture and region, they do not (Nayab 2011). Below an illustration shows the influence on entrepreneur.



GRAPH 4. Influence on entrepreneur. (Burns 2007, 30)

Above illustration shows that, an entrepreneur is both born and made. An entrepreneur uses their personal character traits in their favor that they are born with. There are some surroundings that also shape an entrepreneur, surroundings that consist with their antecedent influences. For instance, the social environment they are living in, the cultural trend of the

society they have grown up. The situational factors are influencing an entrepreneur mostly when he is making decision. There could be several situational fact, but the common situational factor is losing job, and the choices are few other than start up a new business. If all the components are in favor that have been shown in GRAPH 4, the degree of entrepreneurial activity should go high. After a certain period when the volumes of entrepreneurs grow up, it affects the society and influences the peoples he is living with. (Burns 2007, 30.)

Cultural factors are associated with the customary practice, tradition and beliefs of the society. Cultural factors have a great influence on entrepreneur. Family cultures that their ancestors were involve with the businesses, they disdain working as employee. Business school student often persuaded by the teacher to become an entrepreneur, even if the opportunity cost is very high. The culture of consumerism encourages the entrepreneurship. People engaged with job and other service, encourage their children to find out a secure job to have a regular income, as a result the entrepreneurial spirit squeezed in early age of a children. People living in frugal culture are less interested in entrepreneurship, because they think the income from the job is more secure from the entrepreneurship. Political instability discourages the entrepreneurship, where the political situations changes simultaneously people feel fear to invest for the security and safety. Economical support from governing body through infrastructure development, facilitation, industrial parks encourage entrepreneur for the new business. (Nayab 2011.)

Economic situation also drive a person to the entrepreneurial activity. Purchasing power of the people in general, economic prosperity of the region and the growing income level has impact on entrepreneurial success. If the local economy go down or face the recession, peoples purchasing power go down and discourage to invest for new businesses. It has an adverse effect on entrepreneurship. If people are living in subsistence economy, a large portion of the locals involve with agricultural activity, they consume most product by their own and then rest of the product go for business activity, in this situation entrepreneurship get restricted. Natural resources are some critical factor for the entrepreneurship and entrepreneurial activity. Generating capital, human resources, raw materials, infrastructure and utilities are the key value of natural resource. When this natural resources are flexible and available to use people become motivated to establish new businesses. The existence of business depends on the availability of the raw material, also the infrastructure system. When

communication facilities, such as good transport system, technological advantage are available people get more involve with entrepreneurship. (Nayab 2011.)

### **3 SMALL TOURISM BUSINESS**

Nowadays, small type of tourism businesses are widely adopted in the tourism industry. This chapter discussed the required personality for this type of business also the importance of market research to be successful in business. Typical characteristics of small tourism businesses and some common startup business in this industry have been studied in the following parts of the chapter.

#### **3.1 Suitable staff**

If a person is creative, have enough time to work longer period and love to communicate with the people every day, then he is already a well-suited person to start a new tourism business. The business is about service and giving an excellent experience to the tourist that can bring them back (Business partners Ltd. 2015). Yet before starting a new tourism business a few things should take under the consideration. In conceptual mind it seems easy to start a new business, but to have a clear vision and determination we should prepared ourselves by facing us a few questions The answers will give us a contrast opinion, if we are suited to owning and/or managing a business. We should know why we want to involve with tourism business, time management, and personal public relation, the expectation of economic return, understanding the customer service, personal skills and experience. If we are ready to give up the holidays at the best times of the year, how our business will influence our family, then the decision should be positive. When someone is thinking about the tourism business, he should be aware about the daily activity of the tourism businesses. (Zaknich 2008.)

The most common activities are feeding and accommodating the strangers , providing the information of local attractions, situational operations. Also small tourism businesses provide entertainments, do hosting, service and goods supplying as well as satisfy many other requests. For this reason a person have to be genuinely interested in people, have to

have ability to deal with the people, understanding and tolerant, organized and business like. Business environmental situation is another important factor to consider. It is better to have a professional advice to know if it is proper time to invest and the probability of changing the condition. Knowing about the tourism growth of that particular area or if there is strong potential for growth, is the initial observation before setting up business. Then it comes to competitiveness of the market, competitions that exist in the market and the future prospective. To have a better output, create something uniquely different to get an edge over the established competitors. For the secured investment, it is necessary to know about the market size as well. (Zaknich 2008.)

### **3.2 Importance of market research**

There is an old adage ‘people don’t plan to fail, they simply fail to plan. Research is an elementary part of business planning. It is essential for developing effective business strategies, which can help a business to identify the opportunities and the potential customers. In the research field, it mainly includes the economic, political, social and technological trends that directly affect a new business. Existing and potential market for the product including the market size, market source and customer’s demand form the product. Study on the established business in the same area providing the same service or product can identify the factors and learn from them. Assessment of the financial resources and assets that can be used as security for a loan, self-assessment for the skills and competencies can be a good start of market research. (Zaknich 2008.)

Gathering information and analyzing it in details to know the present situation of the market, and the possible future is the basic approach of every business. Because it gives all the necessary information of expectation, existing customers, the competition and the industry in general. It helps to undertake the future marketing challenges, which is the most likely undisputed part of business planning process. In addition, it helps to set the strategic goal for the market segmentation and product differentiation (Entrepreneur stuff 2015). Tourism WA (Western Australia) has found some key reason to fail a business in their research. Those mentioned factors are lack of market research, not having enough capital. Management experience is needed to be successful in a business. Incompatible business partner,

inadequate business plan, excessive fixed cost and failure to get early advice can be a big reason to fail in business. (Zaknich 2008.)

Furthermore, it is good to list the requirement for leases, licenses, insurance, staffing and other factors; everything that is needed to operate the business. Fixing the marketing strategies and activity, measure time and cost for these activities is another important part of market research. After researching all those elements if the answer is viable, further scheme should take into consideration, this include the business operation during the off-season. If there is any stuff needed, the quantity of them, what skill they have to have. The best potential market and process to reach them, develop the managerial skills and most importantly afford the market properly to the targeted consumers. Those finding assist a business to develop a rough budget, which is helpful to review the expenses and estimated revenue to take the decision whether the business is going to be profitable for long term or not. (Business partners Ltd. 2015.)

Finding the common expenses are also included with the market research. It is important to know the possible startup cost for the business. The startup cost is vary time to time and business to business but usually it always takes enough money to get to the opening day of the business. It is hard to open a business when it is undercapitalized. Therefore, the wise consideration is carefully identify the cost that will be needed to get open the business. Some basic opening costs that take to open a recreation business are shown in chart below.





GRAPH 5. Typical startup costs for a recreation business (Pfister & Tierney 2009, 226)

The conclusive reasons to do the market research for the tourism business are most likely the same with every other market research. After reviewing above-mentioned explanation, we can summarize the key factors of market research. Which are, find out the potential customer, understanding their needs which is associated with their age, location, choice, demand, profession, influence on them, and their interest. Set a realistic target. Develop the marketing plan and take an effective strategic plan. Know how the potential customers connected with the media to get a desired output of marketing. Identify the existing problem and solve them. How the Future business expansion will be done. Identify the business opportunities, when the consumer's environment is in changing mode, like test, education, culture and residence.

### 3.3 Characteristics of tourism businesses

Some very basic characteristics make a tourism product different from any other product or services. Travel and tourism products are mostly consider as service than tangible products. The distinguishable characteristics that make a tourism product different from the other products are: services are intangible, services are inseparable, ownership is not transferred, services are heterogeneous in nature, and services are perishable (Bennett & Strydom 2001.

5). In addition, tourism business has some issues, which makes it unpredictable sometimes. Beside these basic characteristics of tourism product, tourism business also have some different nature from other business. Although some characteristics are the same as for other business, there is at least three more feature that makes a tourism business particular. (Sing 2008, 57.)

**Seasonality of demand:** Most tourism product has its own season for demand. It fluctuates greatly between seasons of the year. Many American and European countries has its main holiday in the summer time because of the warmness, longer period of light and good weather and they peak their holiday in this time. This nature of seasonality has great influence on tourism businesses. The occupancy of tourism service goes higher during the peak season, which goes up to 90% to 100% for the sixteen week of the year, and it goes 30% less for twenty weeks of the year. On weekly basis, a city center restaurant can occupied 80% in the weekend and about 20% in the weekdays. It happens same with the aviation industry, a 0800 hours flight can be 95% full when the following flight will be 45% if it is a 1000 hour flight. (Sing 2008, 57.)

**High fixed cost:** A fixed cost is referred to one that has to be paid just once in advance to run a particular business and to receive customers. Tourism service has a very high fixed cost of service operation and has a low variable cost compare to the other business. The main components of fixed cost in tourism businesses are; premises (capital costs and annual maintenance costs); rents, leases and rates; equipment (including repairs, renewals and servicing); heating, lighting and other energy costs; insurances; wages and salaries and social provision for full time employees; management overheads and administrative costs; the bulk of marketing costs. (Sing 2008, 58.)

**Interdependence:** Each aspect of the tourism component is in part dependent on other aspects (components) for success. A vacation planner buys a combined product, when they start their journey to the destination, not just one product. If the destination is an attraction then it is related with accommodation, transport and other services, such as recreational activities and catering. Sometime the accommodation facilities and recreational activities are advertise by the tour operator and travel agents, attraction and transport. Tourist board together or separately promoting the tourist destination, activities and its facilities. For instance to make

more contrast the idea, when a safari park or a ski resort are being planned to make, some potential issue need to take under consideration; Such as car parking facilities, restaurant facilities and accommodation facilities of that particular area. Although each visitors facilities are separately owned all those services are functionally related with each other. (Sing 2008, 58.)

Except those above-mentioned characteristics, tourism business needs a long-term market development. Investing in a tourism industry is a long-term commitment because it takes time to take the business in a higher level of achievement. Another cautious matter is the single use nature of assets. For example, the accommodation facilities have limited alternative uses for other services. (Zaknich 2008.)

### **3.4 Common startup businesses**

The sectors of tourism businesses are relatively extensive. However, aviation industry, accommodation industry, entertainment, recreation and attractions businesses are widely spread. Due to lack of capital and experience many people choose some other types of small businesses. Which are relatively less complicated to start and manage. After studying on small tourism businesses, there are many local and immigrant entrepreneur have been found. Some of their business types are being discussed below.

#### **3.4.1 Restaurant or tavern and bar business**

Usually a restaurant or eating-house is a place where the business is concentrate on selling meals, and it is not allowed to sell any kind of liquor unless it acquires a license from the authority. On the other hand, a tavern is a place that is licensed to sell liquor for consumption and to sell meal it has to take license separately. It takes lot of thought to select the type of operation, menu selection and venue selection. It is recommended to establish this type of businesses in undisturbed, neat and regularly maintained places. Mostly it comes to

consideration when the business is associated with serving liquor and providing live entertainment, neighbor should not be disturbed (Western Cape Government, 2014). Bar business requires a different type of personality than the other business. For the time management, night work, working with drunk people, and have a different lifestyle it needs a suitable personality. A bar can be a sports bar, hookah bar, neighborhood bar, brewpub or beer bar, specialty bar or a club. All this type of bar gets almost the same operational method expenses depending on area and region. (Entrepreneur Staff 2015.)

### **3.4.2 Traditional food and food truck**

Traditional food often referred as regional food or regional cuisine, which is based on national, state or local regions. A well-known regional food definition: “a traditional cuisine is a coherent tradition of food preparation that rises from the daily lives and kitchens of a people over an extended period in a specific region of a country, or a specific country” (Donna & Gollnick 2014). Now-a-day the cross cultural activities are being developed because of travel and tourism people tend to test different types of cultural food. A food truck is a food shop that can move here and there in convenient places. Some say it is a restaurant on wheel. Nowadays food truck business is increasing convincingly, people are being interested in street food, for the breakfast, lunch, dinner and the snacks in between. The good thing of a food truck is it can go where the customer is. (Investopedia 2012.)

### **3.4.3 Beauty salon and day spa**

The business industry in fashion and beauty is growing rapidly even in slow economy. Opening a day spa or beauty salon can be an ideal profession for the person who is committed to wellness and beauty. This type of businesses faces some special challenges like separating trends, safety concern to manage a high turnover work force, skilled workers, managing the environment and balancing the noise. For the initial decision the vision needs to be fixed whether the focus is going to be on beauty, health, wellness, stress relief, pampering or executive retreats. (Redman 2015.)

#### **3.4.4 Tour operator, guiding and event planning business**

As the tourism industry is successively growing in last few decades, the tour operator and the guiding business has many potential offers to make, to the visitors and tourists. A tour operator often named by its modes of transport, this is why taking decision become challenging sometime. Most common tour that offers by the tour operator are; extended tour, charters, escorted luxury tours, fishing tours/sports tours, historical/art tours, four wheel drive tours, adventure, day tours, group tours, wine tours, cultural tours e.g. cooking, guided walking tours, tag-a-long tours, nature base and eco tours, boating. (Tourism Boost 2015.) The potential benefit of owning this type of businesses is it takes less capital to start and the outcome can be very satisfactory. An event planning business, can plan the entire event, rental, advice or consultant on specific matter. This is a creative and challenging business where always needs to be ready with creativity and alternatives. (Wilson 2009.)

## **4 ENVIRONMENTAL SITUATION**

Situational factor means the circumstances surrounding the business. Factors that are beyond control, the external environment that fully or partially affect the business. It is like an influencer communications, which are dominance by the community, economic, social-cultural groupthink, and ideological situation, and these situations are impacted by local situational factors. According to the marketing or behavioral sciences factors as consumer preferences and economic conditions are exogenous (Brown 2013). A business has always been influenced by its surrounding circumstances, managerial behavior, policy making, and gradually in the process of planning. In business dictionary definition the business environment has been explained as “The combination of internal and external factors that influence a company’s operating situation. The business environment can include factors such as: clients and suppliers; its competition and owners; improvements in technology; laws and government activities; and market, social and economic trends” (Business Dictionary 2015).

### **4.1 Elements for business orientation**

It is widely accepted that, a good business environment attract many businessperson to invest in that particular place or region. A business friendly environment increases the entrepreneurial orientations where an entrepreneur feels safe to invest, when the potential market is raising and the political situation are stable. The equal legal system for all kind of business and people helps to grow the small businesses. The elements that affect directly or indirectly the investors to invest in a specific sector are as follows;

Economic environment; the key elements of economic environment are the gross domestic product, income level at per capita and per capita level, profit earning rate, productivity and employment rate, industrial, monetary, and fiscal policy of the government. The economic environment has immediate and direct impact on a business industry. A businessperson must take under the consideration, the economic factors before starting a business. (Pujari 2015.)

Social environment; is another essential factor that helps a particular place to attract the new businesses. A social environment consists of the customs and traditions of the society, in which business is existing. Taste of the host community, their standard of living, educational level does have a great degree of influence on business. Customer's attitude towards innovation and life style, consumption habit, habits of people when all this elements goes in favor, the growth rate of a business goes high. (Pujari 2015.)

Political environment; plays an important role to attract the investors in the country and persuade the existing entrepreneur for new businesses. Political environment has instant and clear influence on business transactions. Type of government in power, their attitude towards different group of societies, their policies and the stability are the main elements that and investor consider before investment. Also the government intervention in business, foreign policy of government, values and ideology of political parties are the things that makes people more interested to develop the entrepreneurial behavior. (Pujari 2015.)

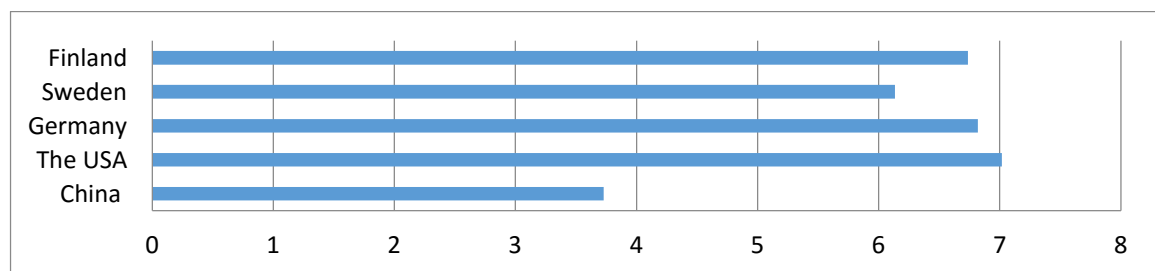
Legal environment; are related with the various laws and legislative acts, legal policies for licensing, policies related with foreign trade, foreign exchange regulations and management act, laws to keep a check on advertisement. Nowadays many countries are being flexible with legal environment, especially acquiring a business license, loans, and regulations to activate more the entrepreneurs. (Pujari 2015.)

There are some other facts that induce people to be more entrepreneurial oriented. Technological environment, which is related with various innovations and inventions, scientific improvements, developments of this sector, import and export technology and other relevant matters. Customers are another industrial unit that impact a business, also the suppliers, competitors, public and the marketing intermediaries, tax reduction and zero corruption plays a vital role for the entrepreneurial orientations. (Pujari 2015.)

## 4.2 Existing business environment

Finland has become the world's most attractive home for forerunners, enterprises and individuals (Berner 2012). Finland has a highly globalized industrial economy with a rising service sector. It has lots of potential key elements of starting a new business, because it offers a first class business environment. Furthermore, it is easy and fast to establish a business here. Very good infrastructure system gives a modern logistic and communication network, which is very friendly for doing business here. Highly educated persons have a reputation for effective problem solver and reliable partnership, which is totally corruption free. Finnish government is also very business friendly, he has taken many intervention to develop the business industry and entrepreneurial activity, and by increasing the flexibility of the taxation system and consulting, they help the small and medium enterprises (Ministry of foreign affairs of Finland, 2014).

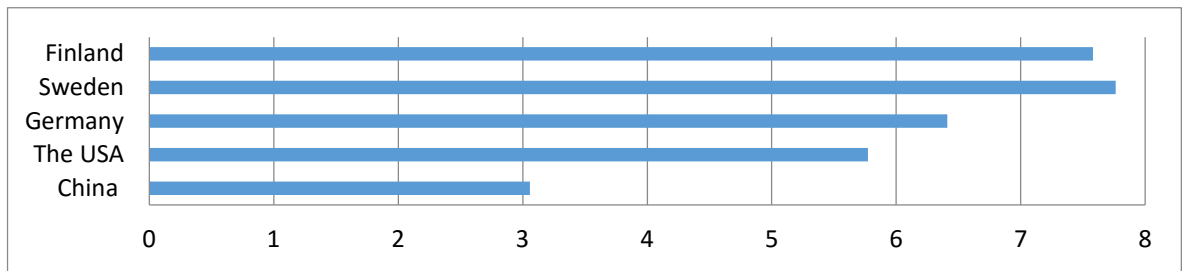
Finland has a long experience of trade with northern Europe and a good combination of history and cultural ties with the neighboring countries, which offers insight and knowledge into the region. Internal political parties have a strong penchant for consensus and pragmatic policies implemented by coalition government, which gives a steady political environment. The big amount of foreign investment comes from Sweden (46.7%), the Netherlands (21.5%), Denmark (5.9%), and Germany (5.7%) (UHY 2012). Below are the illustrations, concerning cost of capital, government transparency, corruption perceptions, ease of doing business, and other issues, which will give a clear and crystal perception about the business environment of Finland comparing with other countries.



GRAPH 6. Cost of capital. (Invest in Finland 2013)

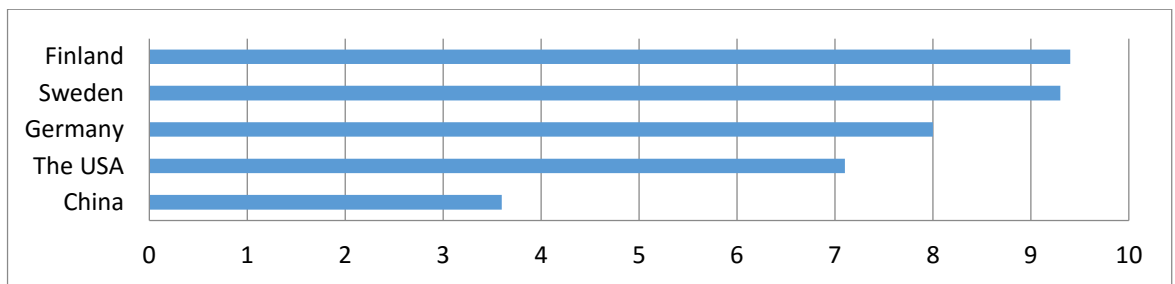
Above illustration shows the respective cost of capital in different countries, where point 1 indicate the worst situation and point 10 is the best situation for the investment. Finland got 6.7 point in this index where the USA remains with point 7.





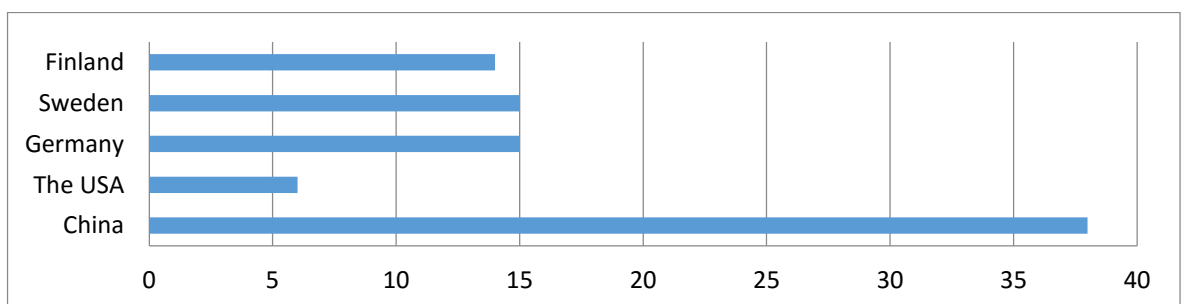
GRAPH 7. Transparency of government policy. (Invest in Finland 2013)

Finland has a very good government transparency policy. Where Germany and USA remains far behind compare with Finland and Sweden got little higher position than Finland with point 7.9.



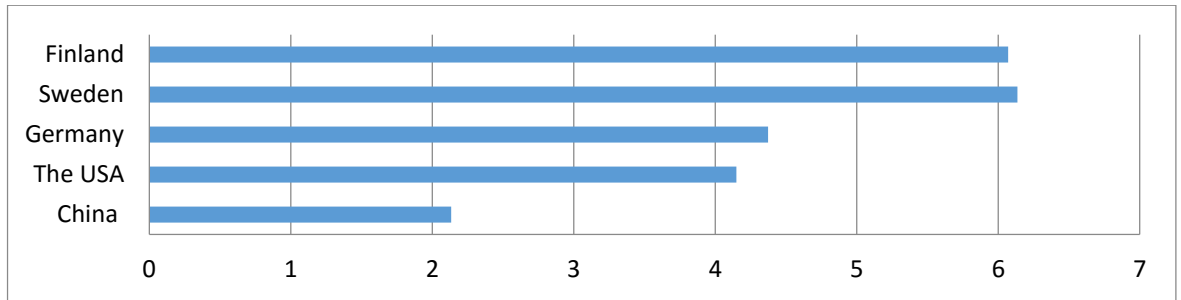
GRAPH 8. The corruption perception. (Invest in Finland 2013)

Finnish people have very good reputation of being a peaceful nation and the least corrupted country. Sweden is almost same as Finland in corruption index where Germany, USA and china has low point respectively.



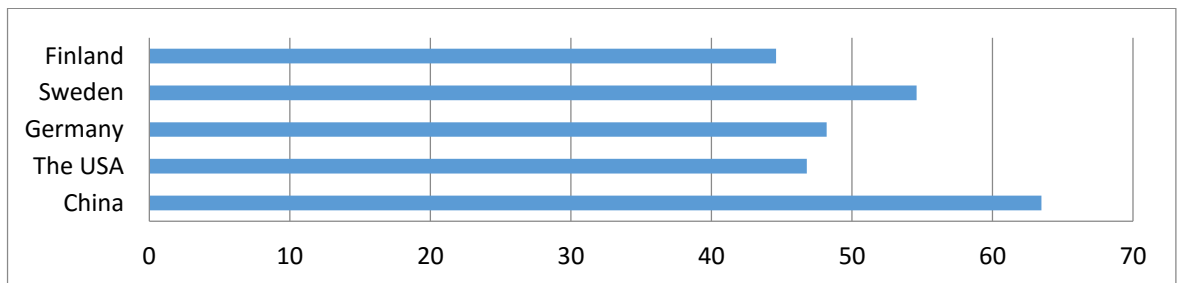
GRAPH 9. Time required to start a business. (Invest in Finland 2013)

The illustration shows the number of days needed to start a business in different countries. In USA, it is possible to start a business in 6 days where in Finland it takes about 14 days. In this index in China, it takes longer time, which is about 36 days.



GRAPH 10. Bureaucracy does not hinder business activity. (Invest in Finland 2013)

Finland has less bureaucracy complication with doing necessary paperwork to start business. Due to bureaucracy complication, businesses get restricted in the beginning.



GRAPH 11. Total tax rate, Combination of profit tax (% of profits), labor tax and contribution (% of profits), and other taxes (% of profits, 2010). (Invest in Finland 2013)

Country	Score	Rank
Finland	5.47	4
Sweden	5.61	3
Germany	5.41	6
The USA	5.43	5

GRAPH 12. Global competitiveness- Score and Rank in the Global Competitiveness Index (2011-2012) (Invest in Finland 2013)

In global business competitiveness, Finland is in satisfactory situation to start a new business. Finland ranked as 4<sup>th</sup> place for the business environment, Sweden 3<sup>rd</sup>, the USA and Germany in 5<sup>th</sup> and 6<sup>th</sup> respectively. Above-mentioned illustrations show that, Finland offers sufficient opportunities to start a new business, and optimal business environment.

## **5 EMPIRICAL STUDY**

The word empirical comes from completely different source. It is from the Greek word “empeirikos”, meaning experienced. It was originally used in medicine for doctors making choices based on observation and experiment rather than theoretical ideas. It is now used for any kind of knowledge that comes from experience (Empirical Vocabulary 2015). Empirical study means, the knowledge comes from the investigation, experiment or experience not from the literature readings or theoretical knowledge based on logical or mathematical assumptions. It is important to find out the empirical evidence to do the research on the specific field. The empirical research attempts to describe accurately the interaction between the instrument (or the human senses) and the entity being observed. Empirical study enhances our knowledge and helps us see more of the structure of the world. The human beings are fundamentally created as empirical creature, where always different kind of questions comes to their mind. They want to explore and experiment new things. Why, how, when, future, methods, causes are involve with their curious mind. (Barr & Feigenbaum 1981.)

### **5.1 Research methodology**

Research methodology means the methods and procedures, which are being used to get a result and complete the research. According to Business Dictionary definition “research methodology is the process used to collect information and data for the purpose of making business decisions”. The methodology may include publication research, interviews, surveys and other research techniques, and could include both present and historical information (business dictionary 2013). Research methodology often can be called a systematic way to solve a problem, and the science of studying how the research is going to be carried out. Essentially, the procedures by which researchers go about their work of describing, explaining and predicting phenomena are called research methodology (Rajasekar 2013). The mythologies are the study method to gain knowledge about a specific field, chosen to

carry out the research. Among various kinds of methodology, it is important for the researches to choose appropriate process of method to explore the desired result.

Research is logical and systemic search for new and useful information on a particular topic. The word research consists with the re-search, where re means again and search means find out. Therefore, research means try to find out the new facts and answers of particular set of questions again on a particular phenomenon. It is an investigation to finding the solution to scientific and social problem by systematic analysis, and searching the knowledge to discover the hidden truth. Knowledges gain from gathering information, from different sources like experience, human being, books journals, nature etc. to complete the research. A research is a new contribution to the existing knowledge and the research is only way to make progress in a field. The area of research is not limited only in science and technology, anything that needs to be developed, finding the factors and analyze them requires research. In most cases, research is done to solve the unsolved problem, to acquire respectability, get recognition, curiosity to find out the unknown facts, find out the knowledge facts and to serve the society by solving social problems (Rajasekar 2013.) According to Sociologist Norbert Elias, the research aim is to make known something previously unknown to the human being. It is to advance human knowledge, to make it more certain or better fitting (Veal 2006, 2.)

### **5.1.1 Quantitative research**

To develop a service and product of a specific business or service sector, surveys and questionnaires have a major role to contribute. Quantitative research is about to asking those question, opinion and make survey in a structured way so that it can give an idea about the hard facts and statistic to the readers. In addition, to represent a reliable and accepted result to the target market the survey people should be in fairly large number. According to the Business Dictionary, the sampling techniques of the collected information, which findings may be expressed numerically, and are amenable to mathematical manipulation enabling the researcher to estimate future events or quantities (Business Dictionary 2013). To explain a phenomenon in statistical way quantitative research is being used broadly, where the research findings can be read and understood easily by looking at the statistical data (Veal

2006, 40.) Above explanation clarify that the quantitative research involve with the statistical analysis, which is depend on numerical evidence to conclude it or to test the hypothesis.

The choice of quantitative research depends on questioner types, because most often quantitative research questions are structured and close ended, where most answers are limited in MCQ and short answers. To find a quantitative or numeric answer quantitative research is the best way. In addition, to find out someone opinion about specific matter, we often want to explain phenomena, like what factors are related to changes in student achievement over time and also for the testing of hypothesis, quantitative research is very competent (Upm data 2010.)

### **5.1.2 Qualitative research**

The aim of the qualitative research is to explore the issues and facts that are related with the research field. The patterns of the questions are different from the quantitative research. Like the quantitative research, the structured and close ended question is not used in qualitative research. The qualitative research questions are more semi structured or unstructured, where an interviewee has total freedom to express their own idea and thoughts. With qualitative research, it is possible to go deeper into the facts and reveal the underlying problems, reason, opinion and motivations. This type of research enhances the possibility to get insights into the facts and helps to develop the idea or hypothesis for potential quantitative research. To uncover the trends in thoughts and opinion, qualitative research is a good method to use (Wyse 2011). There are many constructive definitions for qualitative research but not all those are same. Some writers have drawn attention on purpose and focus:

Qualitative researchers are interested in understanding the meaning people have constructed, that is, how people make sense of their world and the experience they have in the world” (Merriam 2009, quoted in sagepub).

Other has narrate it from epistemological view:

Qualitative research is, research using methods such as participant observation or case studies which result in a narrative, descriptive account of a setting or practice. Sociologists using these methods typically reject positivism and adopt a form of interpretive sociology” (Parkinson & Drislane 2011, quoted in sagepub).

There are some situations when qualitative research is a more appropriate method than quantitative research. The pattern of quantitative research put the interviewees in a limited frame to answer. So the better situation for this type of research is, when the problems are known and needs to reveal it in structured and statistical way. On the other hand, when it is the matter of knowing in details the issues it is better to choose the qualitative research. James Veal has state that, generally a qualitative research is not related with the numbers. It is a process to collect a large number of information from small amount of people rather than limited information from large number of people and the collected information generally are not presentable in numerical form (Veal 2006, 40). Qualitative research is committed to understand the people's experience and attitudes towards some specific matters. This method aim to answer the questions about how, why and what rather than how much and how many. The result of qualitative research shows the perspective, experience, attitude or life circumstances and opinion within the related field. There is some limitation for qualitative research. Some criticisms are, samples are small and cannot be represent to the country side populations, the findings are lack rigor and the researcher unfair opinion can make research less reliable. (Patton & Cochran 2002.)

This research paper has outline for the qualitative research. Research topics shows how appropriate it is to use this type of research to reveal the factors, where the aim is to explore the underlying issues, experience and opinions about the small tourism business and their future. It would be hard to find the relevant answer about the subject with other types of research methods, which authors want to reveal. Moreover, only the experienced and the business related people were interviewed to get a reliable outcome.

## **5.2 Data collection and analysis process**

Collecting the data is one of the most important part of the research process. Without the data collection it is impossible the complete the research. Collecting data is a tough process, which needs to go through proper planning. Without a planning process, data collection will not be viable and the lack of purity shall remain. Collecting data means the process and procedures to gathered information, opinion by exploring the facts of the particular subject to make an analytical and structured outcome. Often it describe as gathering and measuring

information on variables of interest, in an established way that can find the answer of stated research questions, test hypothesis and evaluate outcomes. For the survey and the research process there are two type of data collection process, which are primary data and secondary data. The theoretical part of this research has been written from the secondary data, and the empirical work depends on primary data. Primary data can be collected from observing, personal interview, survey, telephone interview and other personal communications. (Sakthi 2013.)

A descriptive research method has been adopted in this research, where a semi-structured questionnaire was made for the personal interview (see appendix). A semi structured-interview let the interviewee to talk freely, he can come up with new ideas and suggestions for the existing factors. It is totally opposite of structured interview where an interviewee cannot divert the track and he have to stick with the topics. A semi-structured interview gives more open and wide platform to express their thoughts and explore the underlying problem. The aim of this research was to find out the factors, challenges and the future prospect of the tourism business, for which it was the best option to conduct the qualitative research because of its flexible and fluid structure that let the researcher go deep inside the problem.

The business related person and entrepreneurs were chosen to interview in this research. All of them have their own tourism business and they are conscious with the existing problems. To make the research more crystal clear a business advisor were chosen to interviewed, who is employed in the regional business register office and advising the new businesses and discussing the matters. For the entrepreneurs the questions structure was related to their business introduction, effort needed, motivation, push and pull factors, starting hinders, existing challenges, government support, Finland tourism markets, authority and societies role for the new entrepreneur and entrepreneurship. For the business advisor the questions was related to the existing business environment of the region, acknowledgement about the entrepreneurship challenges, entrepreneurs complain, opportunities and the future of the tourism businesses. All the personnel were informed beforehand and appointments were taken in their flexible time. Some of the interview has been done in their business place and some of the interviews were taken the convenient place of the interviewee.

There are various methods of analyzing a process. Analyzing a process means step-by-step breakdown the phase of a process, which bear the inputs, outputs, and operations that take

place during each phase. Although there is computer software available to analyze the qualitative research process but the traditional way of analyzing the report is manual means, where reading the text, notes, transcript or audio take place. It is a very important part of the process to keep the data in safe and confidential for the ethical issue (Veal 2006, 206. 210). During the interview all conversation has been recorded and saved. For the privacy and confidentiality the use of the name of the owner and the business is factious. To analyze the report, manual means has been adopted. Analyzing and discussion has been made after listening the recorded audio and reading the notes.

### **5.3 Validity and reliability**

In qualitative research validity means the data has been collected by the researcher for the research, whether it reflect the true phenomenon or not, which have been studied. The research in leisure and tourism industry are full with difficulties and complexity because the research is largely involve with the people's face, behavior, attitude and their knowledge about the tourism industry. To gather those information a researcher needs to depend on his own report in the form of questionnaire survey or interview. For this reason, the existence number of imperfection could be in the report result, which means the validity of the leisure and tourism data can be rarely compatible with the data of natural sciences. (Veal 2006, 41.)

The persons have been interviewed in this report, everybody has their own tourism business, or somehow they are related with the tourism business. All the questions they have been asked either they have experience those facts or they have been dealing with those matters every day. Also from the different type of business, the persons were interviewed to know the actual matters, since different sectors are involved with different difficulties and opportunities. To ensure the validity and match the factors, one business advisor have been interviewed as well.

Reliability refers to which research findings would be the same if the research were to be repeated at a later date or with a different sample of subject. Again, the model similar with the natural science, where it says that if experimental condition were controlled properly,



and the repetition of the research result will be the same, regardless whenever or wherever the research is conducted. However, the natural science is different from the social science. In social science people need to work with human being. The changing nature of human being can produce the different result in further research. While interviewing an individual person can give an accurate information about his own behavior but interviewing a group of people cannot give a faultless result for the entire society. It means social scientist together with the leisure and tourism industry need to be very careful while collecting the data and making general and theoretical statement for the empirical research. (Veal 2006, 41.)

The subject was to explore the challenges and opportunities in the tourism businesses. The research was carried out with the experienced persons and answer was informative and realistic which makes the research reliable. The questions were about the legislations, opportunities and hinder, which is almost same for all kind of tourism business, because the answers were pretty much similar among the participants. Based on the secondary and the primary data it can be said the findings are reliable.

## **6.FINDINGS AND DISCUSSIONS**

Since there is no well codified, generally accepted protocol available to present the findings of qualitative research, a researcher often face difficult problem to interpret the survey or experiment. Due to techniques and problems of the data collection, processing and analysis a researcher get few guideline to convince the reader of their validity and reliability. For this reason, the qualitative research result follows various format to interpret and present its data. (Knafl & Howard 1984.)

This part was written based on the information collected during the interview. At the beginning all the interviewee background has been introduced according to their business and profession, but due to confidentiality matter real name of the interviewee and their firm have concealed. The letter A,B,C and D has been used instead. In the following parts the findings have been discussed, which have been mentioned by the interviewees during the interview. To reduce the length and the broadness of the report, findings have summarized instead of writing the whole speech. At the end of this chapter, some recommendations have been added for the entrepreneurs and future researchers.

### **6.1 Participants background**

Participants are well established and satisfied with their business. All of the participant own a tourism related business. Each business is different with the each other so the experiences have been achieved from different way and prospect. Participant A owns a food accommodation and event place in Jakobstad. It has been established in 1987 with aim to work for creativity and to establish a lively meeting-place to provide space for cultural diversity. The activity of his business is organizing cultural events, workshop for young people, outreach youth work, education in the field of cultural event, café, lunch, restaurant, hostel and conference facility as well as various kinds of projects, courses and event. His nationality is Finnish, and he has studied on some other field. However, his passion and

interest to work with different culture and people bring him into this business. Participant B: have a very typical Finnish food business, which is situated in Lahti (8<sup>th</sup> largest city, 100 km south east away from Helsinki). They are selling different kind of pizza and buffet lunch. According to the owner, they sale more than 100 buffet on average per day. Except the owner they employed another three person. This business has owned by two brothers. The person that have interviewed, has studied till masters in arts from Bangladesh. He moved to Finland in 2009 and started this business in 2010 along with his brother.

Participant C is running a newly established business in Jämsä. It is a pizza shop, which he has bought from another person. He have finished his degree in tourism and hotel management from Centria University of applied sciences in 2013 and started this business following year. He has two employee in his pizza shop. Participant D also have graduated from Centria University of applied science on tourism and hotel management in 2012. He moved to Finland from Bangladesh in 2008. He was very passionate in doing the tourism business from the beginning of his study and in 2010 he starts his first move for the business. His business is a restaurant on wheel or food truck. He has moved place to place in the early stage of his business and finally has settled in Seinäjoki. He is selling different kind of Indian food and grills and in summer time he extends his business with selling ice cream. He has two Finnish and two Bangladeshi employee in his business.

## **6.2 Challenges**

Different kinds of challenges are associated with the tourism business. Those challenges and difficulties can be different in each type of tourism business. Some challenges came up with planning and starting business. Some challenges appear during running the business, some challenges with organizing and changing markets. Some challenges attached with marketing and future planning. After talking with all the interviewees, the researcher has found out some remarkable challenges. Due to maintain the length of the report, researcher has not written the whole conversation. The main finding has been summarized below depending on the interviewee's speech and experiences.

### 6.2.1 Psychological facts

A most common barrier or challenge of starting a new tourism business is psychological facts. Several dilemma works into the mind. What if that happen, if I lose, if business does not run as I expected, how will be my status, how I will understand the business, what people say those kind of uncertainty push the business activity before it started. In most cases, people get confused when they discuss with many person about the idea and business. It is better to set a goal and go for it. It is hard to know about the specific facts of the business before start it. There is nothing wrong with give a try says interviewee A. Also he a person should be genuinely passionate and interested on tourism business. Dealing with different kind of people, working longer time, and food related business needs high interest and passion. When he have been asked what motivated, he said I wanted to do something new, give an environment to the people who think creativity, this is why all the students and other people can make concert, meetings, exhibition and we help them all the way we can. Interview C says it is required to have entrepreneurial qualities to own a new business. Being my own boss and working with something new gives a better feeling than to work under someone else and being dominated. He says it is stressful as well, when you need to work longer time; even you need to think about the business when you are not working.

Jobless persons are often interested to establish a new business says interviewee B. When he came in Finland there was less opportunity to find a job that suits him. Moreover, he fined it comparatively easy to start a tourism business than the other businesses. In addition, restaurant business can be a good option to start with a small capital. According to interviewee D most psychological issues comes from the mental pressure. Those mental pressure comes from the existing tourism market, competitions, discouragement, and lacking of the knowledge of tourism business. And to overcome this mental pressure a person should do enough market research before starting the business.

### 6.2.2 Regulation and competition

The Finnish trade act is based on the idea that Finnish citizens and foreign citizens residing within the European economic area are free to carry on trade in Finland. The same regulation for the corporation, foundation and branch offices located within the European economic area. In principle, no trading permit is required. The principle of freedom of trade prevails. The general rule is that no permits or licenses are required to start a business in Finland. In certain circumstances, those not resident in the EEA need a permit from the national board of patents and registration. Enterprises must submit a basic declaration to the trade register using the startup notification, with which they may also apply for registration in the trade register and vat register. (Expat Finland 2015.)

Official procedures and regulations did not hinder the business activity but there is some bureaucracy still exist in the business registration and in other legal system, says interviewee A. Starting a business in the food industry require some mandatory official procedures and preparations. Building up a hygienic kitchen, environment inspection, food inspection sometime makes a business slower in the establishing period; for this long procedure an entrepreneur often revert from the business activity. To make an entrepreneur motivated and inspired for the business activity, government rules and regulations should be more flexible for the small businesses, says interviewee D.

Competition is one of the biggest challenge for the small business, and almost all the interviewees have agreed with this statement. This competition has a lot of influence especially on tourism business. Small businesses are mostly typical and when someone thinks about starting a new business, they are almost same kind (e.g. food, accommodation). As a result, growth of the business becomes so competitive and it is hard to go further with the business. Less competitive market increases the business growth and attracts more people. A big percentage of small businesses are occupied with pizzeria, cafeteria, hotel or restaurant. To compete with the established business it is necessary to bring something new trend, new test, better quality and offer, which takes much effort and can causes failure the business. Only economically strong businesses can last longer in this competition, but most of the small business entrepreneurs are not strong enough for long run.

### **6.2.3 Financial difficulties**

Money matter is one of the bigger fact, no matter what are you doing whether for personal life or for a business. To start up a new business you always have to think about money. In this case, most entrepreneurs are facing problem with collecting the capital. It is necessary to have entrepreneur's own capital or savings to start. Though there is many financing company and expertise assistance are available but nobody has seek their advice and money lending except one from all the interviewees. Among all the interviewee there was one Finnish national rest of all were immigrants in Finland. According to them, it is very hard to fundraise their business unless they have their own savings capital and it is impossible to get success from the business by taking loan. Surprisingly they do not even have much idea about financing company and their assistance like "Finnvera" or "Tekes" which are investing money and assisting new business. Often the lack of friends and family members make it difficult to arrange desired fund for the business, when friends and family is one of the biggest option to fund the capital.

In every stage of the business, finance is most essential elements to continue it smoothly. As it is needed to start a business, also it is necessary to be prepared for the unforeseen expenses. People who are not financially solvent and does not have their own capital in most cases it is hard for them to be successful, and many of them think, after taking loans if business get fail it becomes very difficult to recover that crisis. Likewise, this type of uncertainty and not enough savings creates unbroken restriction to the entrepreneurs' path.

### **6.2.4 Social issue and other barriers**

World travel and tourism council statistics 2013 shows that direct contribution and relative contribution of travel and tourism industry in Finland economy were comparatively in lower percentage than many other European countries. However, the real growth was quite satisfactory in 2014, but according to some entrepreneurs, there is not enough tourism market that can attract more visitors and customers. If there is not enough consumer market for the product, then definitely people will be less interested of doing business in that specific field.

For the immigrant entrepreneur, social problems are more extended. One of them is language barrier. It is important to know the local language to communicate with people and run business further. Although English language is widely accepted here, an entrepreneur must know Finnish and Swedish too. Especially the area where living both Finnish and Swedish speaking people like Jakobstad and other cities in Ostrobothnia, it is more essential. There was some report about the foreign people concerning the tax matter in the journals that an immigrant entrepreneur is not paying the business tax properly, for this reason, local people concepts goes negative about the immigrant entrepreneurs. Another one challenge is Finns are mostly traditional not trendy. They have poor reputation in adopting new things. Hardly, they are interested to taste the food that they are not used to. Maintaining the hygienic environment is important and demanded. It is assumed that immigrant have likely less hygiene sense than local. Therefore, if a restaurant is operating by an immigrant local peoples are not much interested to go there, also Finnish people enjoy more, the home-made food than to go outside and have some lunch says interviewee C.

Taxation is not a major barrier for some, but other thinks for the new and small type of businesses taxation system should be more flexible. Weather and seasonality also encounter as a challenge for the tourism business by all the interviewees. Finland has long winter and only some specific region can attract tourist in the winter season, as an example Lapland, Rovaniemi. It is rare to get tourist in other cities during this time and local have less outdoor activity during this time. Good season for business is only just few month and yet they cannot say this is peak season, because of unpredictable weather. Maintaining the employee and keep them satisfied is another one challenge for the tourism business says interviewee A. Long working hour and high salary cost make things more complicated. To run a business only by the employee, is more critical. Moreover, according to the immigrant entrepreneurs it is not possible to get success unless entrepreneur work by himself, when it is matter of small business.

## **6.3 Possibilities**

Finland is a country of paradoxes, which is heavily dependent of traditional industries such as pulp and paper but at the same time is at the leading edge in many hi-tech sectors. The Finnish travel and tourism sector offers everything that need to be a successful businessperson in tourism sectors. A dynamic business climate, a clean and unique environment, and a society that is both safe and internationalized.

### **6.3.1 Present situation and initiatives**

Nowadays the number of foreign visitors has increased dramatically. According to the forecasts of the WTTC, the total demand for travel in Finland will grow by 33.7 percent in 2016 from 2006. It has a unique and unspoiled nature with four distinct season, safe and friendly atmosphere, easy transport system east to west and north to south, excellent business opportunity in varied business area. Finland has a great future doing business in tourism sectors. If someone can fulfill the basic demand of being an entrepreneur then it is very easy and comfortable for him to do the tourism business. Friendly Finnish people and environment gives a great opportunity in doing business. Finland has got many unique places and reason to bring the tourist to visit here, which is a very essential part for the tourism businesses. Flexibility of the legislation attracts more entrepreneur in doing businesses. Tourism board is working under the project of rural tourism development where they are expecting to grow in respect of domestic travelers approximately 3%. Foreign travelers are expected to spend more than earlier when they travel in Finland. (Statistics Finland 2013)

They have some stronger support for the small enterprises as well. Policy makers have taken several project to drag more attention to the tourism business. Motivating the tourism entrepreneurs to participate in focused training, so that, all the entrepreneurs can achieve the basic competency in entrepreneurship and tourism industry. By using the tourism sources, improve the ability of rural entrepreneurs and motivate them to develop the business. Prompting making taxes and payments equitable and simplifying the license procedure especially for small enterprises. To access easily to the workforce, making plan and



implement to the field. Supporting the success of generation changes by researching the significant of generation change in the success or rural tourism businesses. (Thomas 2004.)

### 6.3.2 Economic support possibilities

The initial stage of business required a sufficient amount of money. The amount of money can be fluctuate depending on the idea of the business. Where money is the biggest challenge to start a new business, to solve this issue there is several financial supporting organization in Finland. There are some financing organizations, which invest capital to the new business almost without charge of interest. Some moneylender organizations, capital investors and banks require a minimum percentage of equity capital, which is around 20% of the capital. By taking their assistance, an entrepreneur could actually help themselves to setup their business and they can get off from the stress at the initial stage of the business. Some financial supporting company and their activity will be discuss below.

TABLE 1. Economical support possibilities

Financial supporting organization and their activity	
Employment and economic development office	Start-up grants (The start-up grant is discretionary support for a person establishing a business, intended to secure his/her livelihood during the business start-up phase). For more information contact the employment office or visit the website: <a href="http://www.mol.fi">www.mol.fi</a>
Finnvera	They provide business loans and guarantee for all businesses except entrepreneurs in farming, forestry and building developing businesses. <ul style="list-style-type: none"> <li>▪ Entrepreneur loan (maximum €100,000)</li> <li>▪ Micro loans for starting businesses or existing businesses (maximum € 35,000)</li> <li>▪ Loan for new and existing women entrepreneurs (maximum € 35,000)</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Micro-guarantee helps small and medium sized enterprises to obtain finance for their operations i.e. Finnvera act as guarantor for entrepreneurs to obtain loans for the banks. (maximum € 85,000)</li> </ul> <p>For more information refer to: <a href="http://www.finnvera.fi">www.finnvera.fi</a></p>
Financing of the Foundation for Finnish Inventions	<p>Supports entrepreneurs to develop and exploit invention proposals by support funding, grants and loans</p> <ul style="list-style-type: none"> <li>▪ Grants covers all early cost in the development of innovations</li> <li>▪ Support funding is geared toward patenting, product development and commercialization and it is repaid without interest if the business is successful</li> <li>▪ Loans could also be given without security</li> </ul>
Tekes	<p>Tekes assists enterprises to implement projects on a larger scale, with more challenging targets and within a tighter period. Tekes can provide companies operating in Finland with funding for challenging projects. For more information refer to: <a href="http://www.tekes.fi">www.tekes.fi</a></p>
Bank	Bank loans

### 6.3.3 Advisory facilities

Importance of the business advisory service by the experts cannot be over emphasized to start a new business. By discussing with the experts new horizons of knowledge and information can be explored, which is very important for the market research and future planning for the business. There are several advisory organizations in Finland, some of them working all over the Finland and some of them are working on a local basis. They consult the new established business and sometime they visit companies and discuss with them, how to proceed with something. Some advisory organizations will be discussed below in the table.

TABLE 2. Advisory support possibilities

Uusyrityskeskus	They assist in evaluating and developing business ideas, preparing income statements, surveying opportunities for financing, choosing the form of operations and type of business, finding out about license and notification issues, preparing a marketing plan, planning the entrepreneur's social security and pension-related matters, and finding suitable premises
Concordia	Matter relating to the entrepreneurship can be discuss here. They visit companies and consult how to proceed with something. They have a large network through which they try to find solutions to all kinds of challenges.
ELY centers	The center for economic development, transport and the environment. It supports the establishment, growth, and development of small and medium-sized enterprises by offering advice, education and development service. Improvement of business efficiency and management skills development of technology and innovation personal education and training for new employees also a regular activity of this organization.
Business incubators	This is a systematically organized company, which helps newly started business to accelerate the growth and success of entrepreneurial companies through business support resources and services. E.g. premises at a reasonable rent, shared office services, and advice, training and consultation for enterprise management

## 6.4 Recommendations

Doing a business in tourism industry needs some extra entrepreneurial qualities. Some characteristics are very different from the other type of business, which requires passion, interest and motivation. Before starting a business, it is recommended to make the determination or fixedness of the goal. It is good to ask oneself whether this business is right

for me or not. Different business needs different types of personality. If tourism business does not suit someone, they should avoid this option. Market research is another one important task to do before starting any type of business. Market research increases the foresight and enables to understand the market situations, which helps an entrepreneur to make prior planning and solve the problems. Nowadays business development depends on the market research and lack of information about the current market situation, public demand can cause business failure. To know the competitor, potential customers and their needs there is no other option than market research. Understanding the customer and listen to them can be very helpful to build a better service sector and launching new products.

Some language course is needed to run the business. It is most important for the immigrant entrepreneur especially. Without knowing the local language, it is unwise to think about a new business. For the local entrepreneurs English is required very often. There is many language course institute like ‘Arbis’ and some other business development institute, which can look after the language difficulty and train them for management. An entrepreneur should use the proper knowledge of information that is available for them. If something is not understandable or need to know, should not be hesitate to ask for assistance. Starting small is a wise choice for the new entrepreneurs. Have a set plan and start with small things can take it further and make it bigger. As they say it, if you fail to plan you plan to fail. To avoid the financial pressure there is no better option than having own capital. An entrepreneur should have their own savings before he start a new business. Saturated business creates more competition and managing this type of business needs more endeavor. Launching something new can be a good choice in this case.

## 7 CONCLUSION

The research was to enhance the writer's knowledge about the tourism and tourism related business. To find out the common discouragement of entrepreneurship, author has chosen this field to explore. Being an entrepreneur is always exciting and adventurous, and when it is about tourism entrepreneurship, it is excellent to meet with new people, communicate with them, people from different country, different culture, different society makes this feelings higher. As the tourism industry is growing so fast worldwide, the sector of tourism business is expanding and opening the new horizon of opportunity. Young people are being more engaged with tourism activity. Advance technology and communication system has made the world smaller. Exploring new place, culture, activity has become a passion to a wide range of people.

Findings are mostly related with psychology and financial facts, which keeps people under a fuzzy thinking towards tourism entrepreneurship; tradition, culture, habit, weather, and tourism market also influence this thought. Typical characteristics of tourism businesses often discourage people (e.g. unpredictability, seasonality, irregular income). Certainly, some of these facts are challenging but Finland is an easy place to start a new business. Easy registration system, qualified consulting system, financial help and comfortable operating system makes people motivated in starting new businesses. Setting up a business is also good way to find work, move and migrate in Finland. In term of entrepreneurship and entrepreneurial factors, it is hard to reveal the underneath matters. People are less intended to show there interest, and tell everything they have been asked. Because of privacy, security and competition they try to avoid the questions related to the internal components. Still the information that has been found will help an entrepreneur to understand the scenario and make a decision to start a new business.

It is true that there is some problem of being an entrepreneur, problem with the money, system and lack of entrepreneurial qualifications. Still all those problems can be recovered with a willing mind. Before starting a business there is lots of things coming into the mind lots of fear, anxiety and insecurity make people confused no matter whether the business is small or big, the initial thought are almost same. However, according to the entrepreneur interviewees, all the psychological challenges that appears in the beginning, at some point it

doesn't really exist. All the problems found during the research can be overcome. Nothing is easy predictable but we need to go after our dreams and motivations. You get support from everywhere; Finns are so friendly and helpful. Things that are need to be done they do it without any confusion. By developing the tourism industry and creating opportunity for the new businesses can change an economy of a country and Finland is totally aware of this. Although there is some hurdles an entrepreneur need to go through they will find themselves in a glorious position and warmly welcome when they are successful.

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## **CHALLENGES AND POSSIBILITIES OF TOURISM ENTREPRENEURSHIP**

### **Aspects of small tourism business**

The aim of this research is to encounter the existing challenges and possibilities in small tourism businesses, barriers related with starting a new business and continuing the process. The research include government initiatives towards business, social role and other personal issues, related to the entrepreneurship in order to motivate new tourism entrepreneurs. This research is part of author's thesis. Your kind participation will help to explore the facts engaged with entrepreneurship in tourism business.

### **Questions for entrepreneur running a business in tourism industry**

1. Personal background shortly. Name, which region you come from? Do you have any previous entrepreneurial experiences? With all due respect, may I know your education level?
2. Introduction of your business. What type of business? When did you start your business? How many persons are working here? How would you compare your business performance with the other business 'in the same field'?
3. What is your opinion about starting a new business? What type of effort it needs?
4. What motivated you to start a tourism business?
5. Which push and pull factors related with entrepreneurship?
6. How would you explain hinders that comes through the path for entrepreneurship?
7. While running the business, what kind of challenges do you face?
8. What do you think of support given by the government?
9. What about the growth of tourism market? Does Finland have enough tourism market to attract the new entrepreneur for tourism business?

10. Do you think authority and society can do something to attract more people to become entrepreneurship? If yes, what are those initiatives?

**Question for the business advisor (person related with registering and consulting new business).**

1. Describe the development of tourism business in this region.
2. According to your knowledge, what are the challenges that an entrepreneur face to start a business?
3. Are there any complaints or suggestions do you get form an entrepreneurs regarding business? If yes, what are those problems? Any measures taken to solve them?
4. What are the opportunities for an entrepreneur?
5. How would you describe the future of tourism business?