FACTORS AFFECTING ENTREPRENEURSHIP: TOURISM DEVELOPMENT AND SUSTAINABLE TOURISM INDUSTRY

MEHRDAD FOROUZANDEH¹, NOOSHA SAFAHANI², MEHRAN KARAMI FAKHRABADI³

¹ EMBA Marketing Management, Faculty of Management, Farabi campus, University of Tehran, Iran, mfrouzandeh@ut.ac.ir
² MA, Entrepreneurship, Faculty of Entrepreneurship, University of Tehran, Iran, nsafahani@ut.ac.ir
³ EMBA Strategic Management, Faculty of Management, Farabi Campus, University of Tehran, Iran, Mehrankarami@ut.ac.ir

ABSTRACT
In the recent years, we have been facing with high entrepreneurship growth and its increasing popularity among people. Islamic Republic of Iran with its cultural and geographical potentials in tourism attractions as well as its young, capable and talented workforce can take utmost advantage of the opportunities provided in current condition, training and nurturing entrepreneurship morality among its youth. This article is aimed for emphasizing on factors affecting sustainable tourism, recognizing solutions to increasing entrepreneurship in the tourism industry and, considering cultural and social situation in the country to determine and examine the proportion between entrepreneurship and its effect on tourism industry. Since this research is devoted to describe and study of what is existed, therefore it is a descriptive research. To analysis the data, content analysis has been used and the results have been shown as models and tabulations. Moreover, based on the findings and the related analysis, some reasonable approaches have been devised and suggested as to adjust the entrepreneurship development in the tourist areas. At the end, the weaknesses, strengths, threats and opportunities of this industry for the entrepreneurs have been studied as to facilitate entrance to the industry.

Keywords: Entrepreneurship, Tourism, Economic Development, Sustainable Tourism

1. INTRODUCTION
Nowadays, the economic, industrial, social and cultural conditions of the country demands different methods to deal with the bottlenecks and new solutions to resolve the problems. The combination of young population, the need to create employment opportunities and the oil price volatility and the sanctions imposed on foreign exchange and oil trade are major factors, which force the policymakers and decision-makers to seek another major source, which is readily available, of income other than oil in the country. Without any doubt, that new source should be innovation and creativity. Nowadays, human resources are introduced as an unlimited source of human-centered development. Meanwhile, the entrepreneurs have particularly an effective role in economic development process of the society. Research has shown that there is a positive correlation between economic growth and entrepreneurship in a country. This is because any country in which many entrepreneurs attempt to educate the workforce, there is a strong stimulus for economic growth and successful business trade. In Islamic Iran, there is a great geographic and cultural potential for attracting tourists. The capable young workforce in this country can also benefit from the leading opportunities such as the insecurity in the Arabic countries by entrepreneurship education and fostering entrepreneurial spirit among young people.
According to the official World Tourism Organization predicts by 2020, the number of tourist arrivals reached 8.1 billion people in the world. Therefore, many countries have increasingly recognized the fact that they should be initiative in order to improve their economic situation. They should try to find new ways to attract tourists. Nowadays, the societies were aware of the fact that tourism is an appropriate and considerable source of legal
foreign income, which may develop economic condition of the country. Then, tourism is considered as a broad concept in economic, social and cultural aspects of every society. This is considered as a developing industry.

Many countries consider this dynamic industry as the main source of income, employment, growth of the private sector and development of the underlying structure. Although different regions have different conditions, tourism is always considered an important factor for economic development (Tahmasebi, 2005, p 38).

In recent years, there has been a dramatic increase in popularity and development of entrepreneurship among people. A great interest in owning or starting a small business led to diversity in businesses and products in return. The starting wave of corporate downsizing and low-wage employees increased popularity of entrepreneurship. This encouraged the employees to resign and depart their company and start a new business (Leonhardt, 2000, p213). However, motivation alone is not enough because it is believed that becoming an entrepreneur is not only very profitable potentially, but also encourages the people to deal with various challenges and opportunities to maximize their independence, power and effectiveness (Rozen, 2003, p33). An entrepreneur is an individual who risks starting a new business, without confidence, with the purpose of gaining profits and growth by identifying imperative opportunities and providing the essential sources for investment. Although many people have great business ideas, many of them do not work on their own ideas. However, the entrepreneurs do so. In the process of creative destruction, entrepreneurs venture to create new business ideas and business activities. In this regard, they put aside current ideas. This process is a sign of a vibrant and dynamic economy. However, this continuous advance in the field of business activities leads to the embarkation of a commercial activity or failure of some companies. In fact, providing new and better methods to supply human requirements and improve quality and standards of living is indicative of a healthy and developing economic system. There are many definitions of entrepreneurship, which are used in this explanatory article. An entrepreneur is an individual who is running a business, is effectively involved in its management, and is the owner of at least 50 percent of the company (Moore, 2006, p54). In this article we seek to answer the question of what factors influence entrepreneurship in the field of sustainable tourism?

2. LITERATURE REVIEW

Entrepreneurship

There is no universal definition of entrepreneurship. However, all the experts have agreed to the fact that the essence of entrepreneurship is nothing else except the beginning of a change through innovation, which is risky in general (Morison, 2009). Shane and Venkataraman (2007) have emphasized that entrepreneurship is nothing else except the discovery and exploitation of opportunities. Moreover, Bygrave defined entrepreneur as an individual who identifies opportunities. He encourages the organizations to follow those opportunities. However, based on chaos theory and complexity, Russell and Faulkner believed that entrepreneurs should lay beyond their beliefs and create opportunities themselves. Russell and Faulkner (2013) have identified the importance of entrepreneurial as development of the position of tourism. According to Schumpeter's theory regarding the relationship between the entrepreneurs and change, turmoil and instability, Russell and Faulkner found a significant relationship between innovative individuals as the entrepreneurs and development of the golden beach.

Traditional and New Entrepreneurs

There are many differences between various kinds of entrepreneurs and their levels of education and personal skills and training. These differences are effective on choosing the kind of job that is feasible for them and the reasons behind their self-employment. Those who have poor education and low skills and training are interested in self-employment since this provides the best opportunities for employment and independence and stability for them. Those who are studying entrepreneurship call this type of entrepreneurs as traditional entrepreneurs who are more willing to provide and meet the daily needs and individual services (Greg, 2003). In contrast, those who are highly educated and professionally trained have more interests in self-employment. These are called the new modern entrepreneurs. This kind of entrepreneur often leaves their job after working as an employee for a company for a while and become an entrepreneur once they gain skill and experience. Then, they tend to increase their capabilities in order to take risks in their jobs and attend courses on entrepreneurship. Then, they began to consult with successful entrepreneurs (Hosler, 2006).

Tourism

The terms tourist and tourism were first used officially in 1937 by the League of Nations. However, tourism industry is much older than that. This term was used when an individual leaves his own city for 24 hours to travel to overseas. The term also includes travel within the country. It can also be extended to
daily trips. Application of tourism industry as a tool for international development has grown dramatically in the past decade. As the best evidence of this phenomenon, the creation of pro-poor tourism campaign and starting Tourism-Eliminating Poverty program by the World Tourism Organization can be cited here (World Tourism Organization, 2002-2004). Nowadays, the tourism industry is the third largest economic phenomenon in the world after the oil and automobile industries. Economic profit and income from tourism can be studied both directly and indirectly. The direct benefits and income refer to the funds, which the tourists and travelers directly spend on goods and services and the organizations that provide those products and services receive those funds. Indirect benefits can be achieved through cash flows, which the travelers spend in the destination. This money flows in the local economic system and increase the level of income of the people. Using coefficient of income funds, the revenue circulation and the effect of the cash flow in economic system of the destination society can be calculated. Because the money that tourists spend in an area changes the level of production, income, rate of employment, corporate and government revenues, and the balance of payments, the formula would be as follows: coefficient = (1-c + m). In this equation, c represents the marginal propensity to consume, i.e. increased percentage of the income that is used to purchase goods and services while m represents the marginal propensity to import, i.e. increased percentage of income that is spent for goods import and the passengers. Some applications of this coefficient are as follows: Income ratio, in which the additional revenue from local funds, which is spent by any tourist is calculated. Employment rate, by which the number of primary and secondary jobs created by the funds spent by a tourist or traveler is calculated. State coefficient, by which the revenue that is obtained from any traveler or tourist, which is added to the state treasury, is calculated (Chuck Y, 2008).

The necessity of entrepreneurship in tourism industry (Green industry, rather than the oil industry)

The Islamic Republic of Iran was measured in a format of competitiveness between the countries in terms of tourism in a trilateral cooperation with the chamber of commerce, world economic forum and in presence of many top managers of the country. Iran was ranked as the 114th rank among 139 countries, which is not in any way a desired rank (The Travel and Tourism Competitiveness Report 2011). The tourism industry is considerably paid attention to by global political leaders and policy makers due to its stability and increasing income. While the number of passengers was only 227 million people in 1980, this number increased to 528 million in 1995. Now, with the expansion of demand, it increased to 983 million in 2011. All data represent a rapid growing trend in tourism. The resulting foreign exchange earnings from tourism in 2009 were equivalent to $ 851 billion. This increased to 928 billion dollars in 2010. In 2011, this amounts increased to 1030 billion dollars (740 billion euros). This $ 102 billion increase showed 3.9% growth compared to 2010, which is a unique record. This increase is remarkable since tourism industry declined relatively since 2008 with the financial crisis in 2011 (Tourism Highlight Report 2012).

3. METHODOLOGY

In this research, the researcher attempted to identify and examine the fit between entrepreneurship and its impact on tourism. Given the social and cultural situation of the country, since this research study described and discussed whatever was there, it is a descriptive study. Since the characteristics of the population can be evaluated through surveys in descriptive studies, this research is a descriptive research whose type is survey. The research tools included observational and library methods. In order to collect the data relevant to topic of the research and literature, various updated books, thesis, articles, databases, internet resources were used. For data analysis, content analysis was used. The results obtained from data analysis are extracted as several models and tables.

4. RESULTS

Analysis of tourism state in the world and presenting a local model for Iran

There are several types of tourism. Identifying the types of tourism is crucial in planning in this field. In one division, tourism is divided in three types of cultural tourism, ecotourism and adventurous tourism. These are briefly referred to as ACE (Phenol, 2003). Other forms of tourism are developing as well such as space tourism, e-tourism, which has begun in recent years.

Purpose of tourists for travelling

According to studies conducted by the World Tourism Organization, tourists’ incentives to travel in 2012 were as follows.

1) Leisure, recreation and holidays, 51 percent, which approximately included 506 million people
2) Business trips, 15%, which in total included 148 million people
3) Visiting relatives and friends, religious journeys and pilgrimages, health and treatment, etc. 27%, which approximately included 266 million people
4) Others, 7%, which approximately included 68 million people whose purpose of travel was not known

Tourism Elements

Overall, these elements are divided into five categories including transportation, food, accommodation, services and attractions.

Transportation

1) More than half of all tourist arrivals have travelled by air transport in 2011. This figure is about 51% (over 499 million). However, in 2009, this figure was equal to 53 percent. In 2010, it was equal to 51 percent of 943 million passengers.

2) In 2009, approximately 39% of tourists have traveled by land transport. In 2010 this figure increased by 2 percent to 41 percent. In 2011, 41% of the trips were done through land transport, the same as 2010. This included more than 382 million people.

3) Maritime transportation without any changes from 2010 was the same 6 percent. However, this level has increased by 1% in 2010 compared to 2009.

4) Travel by rail lines remained the same as in 2010, which was equivalent to 2 percent. This decreased by 1 percent compared to 2009.

Trends indicated that the tendency for air transport increased remarkably compared land and maritime transportation from 1980 to 2009. However, since 2010, this trend has not only stopped, but also decreased by 2 percent compared to the previous year and it continues.

Increased curiosity of the tourists, increased flight costs, lack of increase in the household income and air accidents and increased intra-regional travels by cars were considered as the effective factors in the increase in travel by road. In this regard, increased competition between maritime transport companies, especially cruise ships, decreased the price of travel program planning. Increases in sensation of seeking diversity, gaining a new experience, and satisfying the sense of curiosity lead to an increase in the rate of maritime travels.

Food and Restaurants

Next to the cost of travel, hotel and food usually and equally compromise the remaining costs of the passengers. The cost of food normally compromise 18 to 20 percent of total cost of the travel (Chakvay, 2006).

Accommodation

Accommodation services is a term used for preparation of the facilities for rest and sleep, with a business focus on tourism industry and hospitality services (smith, 2005). Many writers (including Holloway, 1994 McIntosh and Goldner, 1990 and Senicker and Sibler, 1997) emphasized that accommodation and catering services in tourism industry is one of the most complex and the dynamic sectors of this industry.

Services

Services and facilities for the passengers have the major impact on tourism economy. Restaurants and food services, accommodation and catering facilities, transport services, camps, information services, sport-entertainment facilities and stores increase the rate of employment, income and the source of collecting taxes. Tourism products and services are distributed in both direct and indirect ways. Here, some factors in the distribution of tourism products and services are cited. Wholesaler organizations act as the intermediate between suppliers of tourism products and services, and travel agencies (which are accounted as the retailer). The collective excursion curator who is called "land activities curator" provides travel products and services as the first retailer in smaller scale “(Chakvay, 2006). The travel agencies act as the retailers in the tourism industry. They provide all services required by tourists including travel tickets, reserve hotel and car rental.

Attractions

To attract tourists from various countries and regions and with different motivations, the presence of several tourism attractions and resources in the destination is essential. It is not expected to develop tourism industry just by investment in tourism and providing a variety of transportation and accommodation facilities and other services, without appropriate attractions. That is why tourism attractions and resources are considered as the
main components of this industry "(Kazemi, 2006). Mc Donnel (1974) believed that tourist attraction include: "an empirical relationship between a tourist or traveler and the site visited and the guide who provides information specific to that location". The attractions are generally divided into two categories: natural and cultural attractions. The developing countries attempted to provide historical opportunities by taking steps in this industry beyond the time. They intended to promote tourism by holding Multifunctional Festival. They also intended to provide historical evidence for various locations and events in order to create a better economic position for their country.

The countries including France with more than 80 million foreign tourists, Spain with more than 60 million foreign tourists, America with more than 55 million foreign tourists, China with more than 52 million foreign tourists, Italy with more than 46 million foreign tourists are looking for new tourist and tourism markets with a fresh look. They know very well that every tourist enters at least $1,000 in the cycle of economy and employment of the society. For example, Turkey make some advancement and development in both economic and industrial aspects of the society by preserving cultural heritage and the environment of the country by focusing on historical and tourist sites. One of the illustrious effects of these attractions is the 10-day celebration of Rumi and the Wedding Night in the city of Konya, which witnessed the presence of five thousand people per SEMA program. According to the mayor of Konya city, this city is being prepared to host three million tourists each year. In past years, Turks gained two billion dollars by benefiting from Rumi. The reality is that many countries like Turkey have invested for Iranian tourists. They actually worked instead of relying on fanciful statistics and false reports to the public. In Turkey, more than 200 thousand people can directly earn money by benefiting from attractions of a tomb while the statistics on the number of total foreign tourists or directly employed people in the industry does not surpass that surprising amount. We are still looking for hotel development and expansion of the network and tourist establishments. However, the adverse propaganda against Iran and introducing Iran as an unsecured country are the reasons behind the fact why the statistics show dramatic decline in the number of foreign tourists in Iran.

The factors affecting entrepreneurship in tourism industry development

Given the above-mentioned material obtained from worldwide review, the factors affecting the development of entrepreneurship in tourism industry development are discussed here. Therefore, in the following figure, the model of entrepreneurship development in dimensions of individual, network, organizational and environmental factors is represented.

![Figure 1: the model of the entrepreneurship development in the tourism industry](image-url)

Generally, in each country, there are potential areas to attract the tourists. These potentials should be identified and introduced in order to take advantage of them in development of tourism industry in an optimal syntax. One of the ways to attract tourists, which is paid special attention to in recent years in the world, is using the opportunity of hosting international and regional events. Other factors are given in figure 2. They include the dimensions of cultural, political, sports, artistic and entertaining, scientific and educational and commercial exchanges.
Figure 2: the ways to attract the tourists through the events

<table>
<thead>
<tr>
<th>Cultural celebrations</th>
<th>State and political events</th>
<th>Art and entertainment</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Festivals</td>
<td>• Assigning office roles</td>
<td>• Concerts</td>
</tr>
<tr>
<td>• Carnivals</td>
<td>• State ceremonies</td>
<td>• Film and music festivals</td>
</tr>
<tr>
<td>• Memorials</td>
<td>• Political events</td>
<td></td>
</tr>
<tr>
<td>• Religious ceremonies</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commercial exchanges</th>
<th>Scientific and educational</th>
<th>Sport competitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Meetings and conferences</td>
<td>• Conferences</td>
<td>• Amateur / professional</td>
</tr>
<tr>
<td>• Markets and displays</td>
<td>• Seminars</td>
<td>• Audiences / participants</td>
</tr>
<tr>
<td>• Buyers and traders</td>
<td>• Clinics</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cultural Heritage, Handcrafts and Tourism Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational arrangements</td>
</tr>
<tr>
<td>Understanding and assigning value for tourism industry</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Political and economic macro environments</th>
</tr>
</thead>
</table>

| The structure of inter-organizational relations and coworkers |

<table>
<thead>
<tr>
<th>Stakeholders groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>hotel owners, local residents</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cultural Heritage, Handcrafts and Tourism Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriate implementation of the tourism industry</td>
</tr>
</tbody>
</table>

Figure 3: The conceptual framework of the factors affecting the implementation of the tourism industry
The entrepreneurs should consider the desired factors to attract and develop sustainable tourism industry with respect to general and organizational environments and the stakeholders that have an impact on Cultural Heritage, Handcrafts and Tourism Organization. The entrepreneurs should try to control and manage these factors (Figure 3). In Figure 4, the causes of underdeveloped tourism industry are cited.

![Diagram of causes of underdevelopment of tourism industry](image)

**Figure 4: Model of causes of underdevelopment of tourism industry**

**Tourism Execution System**

The elements that are effective in the tourism industry can be expressed in format of a system as follows. Hardware system: the quantity and quality of the set of facilities and equipment required in tourist services affairs such as hotels, restaurants, lodgings (motels), financial facilities of transportation system, etc. Investment in such establishments in the format of national policies relevant to tourism industry can be made by the government (or the private and cooperative sectors). Tourism Human Tools: All employees who are employed in the tourism hardware (Level of insight, knowledge, behavioral skills, and executive management)

Tourism Software includes all the systems, procedures and guidelines that employees of tourism hardware use in order to provide tourist services. In addition, it includes the new method of tourism advertising, marketing, and improving and modifying all methods and software systems. Tourism organizational tools includes all the organization, departments and agencies that take responsibilities for coordination and planning for other three elements of tourism executive system (tourism hardware, software and human tools) in coordination with the Executive Management of tourist attractions. As a result, the tourists (with different goals) can use the primary sources of tourism (tourist attraction) with the best scientific and practical methods in the country.
5. CONCLUSIONS

Nowadays, in the competitive economy based on current world market in the face of development and rapid changes, the international environment is in transition from an industrial society to an information society and the national economy interpretation into the global economy. In this economy, the entrepreneurship is considered as an engine of economic development, which play an important role in economic growth and development of the countries. This leads to increased productivity, rate of employment and social welfare. Then, creative and innovative individuals may be considered as the entrepreneurs in global aspects who cause great industrial, productive and service developments. Their role as engines of economic development, national heroes and industrial development, stimulating and encouraging investment, creating jobs, the main item of technology transfer is explained in the communities. On the other hand, attracting tourists and foreign investment lead to increased tourists arrivals as well as economic growth and development in Iran. Therefore, entrepreneurship is essential in the tourism industry more than any other industry. Therefore, the fundamental factor and various dimensions of tourism for entrepreneurship were discussed. Then, several solutions and strategies for the entrepreneurs for the purpose of sustainable development of tourism industry with respect to high potential grounds for Iran in this field were proposed.

Therefore, by examining the strength of top rank countries in the tourism industry, several fundamental factors for progress and achieving the ultimate goals in this industry can be identified. The successful factors in the tourism industry and the important factors in attracting tourists include:

1) Respecting the rights and establishing security and comfort for foreign tourists using welfare services and accommodation facilities
2) Extension of tourism culture in the country
3) Marketing and advertising to improve Iran's tarnished image in the field of tourism
4) Launch archaeological and tourist sites in the country
5) Providing advanced banking services to tourists
6) Regular and coordinated advertisements by the relevant organization and department of foreign affairs in other countries around the world
7) Expedite the issuance of visas for tourists
8) Accept international credit card
9) Establishing and strengthening satellite networks, television, and radio and increasing overseas advertising
10) The need for the participation of private sector in the country’s tourism industry

Tourism industry in Iran is in public, micro and macro environment. Therefore, a comprehensive study of the factors affecting this industry prevents the researcher to digress to different issues in different directions for the purpose of synergies and integration of the activities. It also helps to reinforce the strengths and resolve the weaknesses. In addition, it cites the threats the entrepreneurs may face and provide several opportunities for them.

Strengths

Favorable characteristics of the rural area for the entrepreneurial development
The diversity of natural and cultural resources for launching entrepreneurship
The basis of a favorable tourism and the increasing demand for products
Safety and reliability (low crime rates)

Weaknesses

Low entrepreneurial culture
Lack of adequate infrastructure
The administrative and legal obstacles
Low investment in this sector
Lack of competition
Short introduction of optimal locations for tourism

Opportunities

Economic growth and exploring the opportunities
Strengthen and improve the local and national identity Develop innovation
Development of the entrepreneurship and employment for women
Threats

The increasing migration of rural population to the cities
Reduction of Agriculture
Uncontrolled migration of tourists to one area and destruction of tourist attractions

REFERENCES


Yaghoob Zade, Rahim (2009). cultural tourism and providing solutions, Tehran Azad University, Research Center for Strategic research, the first publication.