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Profiling Tourism Entrepreneurs and their Enterprises along the Wild Atlantic Way

Dr James Hanrahan and Dr Áine Conaghan

Abstract

This paper discusses the profile of tourism entrepreneurs and their enterprises along the WAW (Wild Atlantic Way). Ireland had witnessed less numbers of some holidaymakers in particular the British market visiting over the past five years, resulting in a significant loss of market share from GB. This research undertook a proactive approach to investigating regional qualitative stakeholders profiles while identifying factors that impact on the management of tourism Small and Medium sized Enterprises (SMEs) to develop the International market.

The research provides the industry with a snapshot of a current typology of successful tourism entrepreneurs. Furthermore, the research develops a profile of their tourism enterprises and the factors that impact on the management of these businesses in order to identify what contributes to their success. Many Irish tourism SMEs are developing an innovative approach in order to grow their tourist market. This may provide valuable insight and guidance to the tourism enterprises, local and regional authorities. The communication of these findings may facilitate multi-sector intercollaboration regarding best practice solutions with the evolving tourism industry.

Key Words: Tourism entrepreneurs, tourism enterprises, Wild Atlantic Way (WAW)

Introduction

This applied research was funded by Fáilte Ireland in order to profile tourism entrepreneurs and their enterprises along the WAW (Wild Atlantic Way). Ireland had witnessed less numbers of some holidaymakers in particular the British market visiting over the past five years, resulting in a significant loss of market share from GB. As the total number of British holidaymakers has recovered slightly in 2013 and is forecast to increase very slowly, the island of Ireland has to grow business faster than its competitors if it is to recover the level of visitor numbers it had in the past from GB. To be successful, the Irish tourism stakeholders need an innovative approach to growing our tourism business (The Tourism Recovery Taskforce, TRT, 2012). This research undertook a proactive approach to investigating regional qualitative stakeholders profiles while identifying factors that impact on the management of tourism Small and Medium sized Enterprises (SMEs) to develop the International market.

The research provides the industry with a snapshot of a current typology of successful tourism entrepreneurs. Furthermore, the research develops a profile of their tourism enterprises and the factors that impact on the management of these businesses in order to identify what contributes to their success. Many Irish tourism SMEs are developing an innovative approach in order to grow their tourist market. These may provide insight and guidance to the tourism enterprises, local and regional authorities. The communication of these findings may facilitate multi-sector intercollaboration regarding best practice solutions with the evolving tourism industry.

Research Aims

The research aims for this applied research project is to conduct a regional qualitative tourism entrepreneur analysis to identify:

- a) Entrepreneur profile: General demographics, highest level of education, language fluency, previous occupation, industry experience and knowledge.
- b) Enterprise profile: The enterprise category, number of employees, enterprise age, legal status and annual profit.
- c) Management of the enterprise: How they have developed their product or service into an experience. The value initiatives provided and how they are reducing costs to make financial savings in the management of the enterprise.

Methodology

The most significant units of supply in most locations are SMEs and, often, micro enterprises. The quality of the tourist experience is, therefore, influenced heavily by the quality of the encounter with such businesses. This creates inter-dependence between tourism SMEs. This was taken into consideration for the qualitative stakeholder profile analysis and to generate practical suggestions for tourism SME's to develop the International tourist market. The research identified how the study may become two-fold and compliment Fáilte Ireland's future initiative which was opened in March 2014, the Wild Atlantic Way.

Based on theory and a review of existing relevant studies and research reports, a qualitative interview was developed. This was designed to obtain data from entrepreneurs that own tourism SME and who would provide information that would contribute toward the research aims and objectives. The draft interview questions were then reviewed by IT Sligo Department of Marketing, Tourism and Sport, Fáilte Ireland head office and Fáilte Ireland. This linkage will prove valuable in the dissemination of results and recommendations.

From the tourism SME part of the equation, the research has undertaken a qualitative analysis of regional key tourism SMEs. The interviews were conducted face to face with successful tourism entrepreneurs located along the Wild Atlantic Way route in 2013. The information gathered was analysed, categorised and mapped upon relevant theory and current industry practice to generate practical and applied strategic solutions. The data gathered will result in an assessment of the applicability and practicality of recommendations to develop relevant solutions for the tourism industry in Ireland. Researchers utilised a purposive sampling technique to ensure a comprehensive cross sample of tourism SME entrepreneurs participated in the qualitative research. This method of data collection was time consuming and intensive. The integration of data and assessment of the results was followed by report development, delivery and dissemination.

Key Findings

The key findings of the report from the sample of tourism entrepreneurs are discussed in context of the current theory and applied tourism practice in the field. The discussion of the findings will flow in the following order:

- Entrepreneur profile
- Enterprise profile
- Management of the enterprise

Entrepreneur Profile

The primary entrepreneur data gathered and used during analysis included gender, age, nationality, relationship status, highest level of education, language fluency and their previous occupations. Table 1 provides a snapshot of the results. The entrepreneur profile identified a slight predominance of male entrepreneurs (65%) at the age of 30-49. The ethnicity of the entrepreneurs was mainly Irish (87%) and married (90%). Over 60% of the entrepreneurs have third level education having studied in fields including fine arts, accountancy, English, international studies and 66% indicated that they are fluent in another language. The previous occupations of the entrepreneurs had a wide variance from a skipper, zoologist, and an oil rig driller to accounts technician. Given the breadth of previous occupations by the interviewed entrepreneurs, and the resulting industries in which they embarked on with their subsequent ventures. One can conclude that although formal education provides a framework for learning, it may not be the primary determining factor driving their entrepreneurial activity.

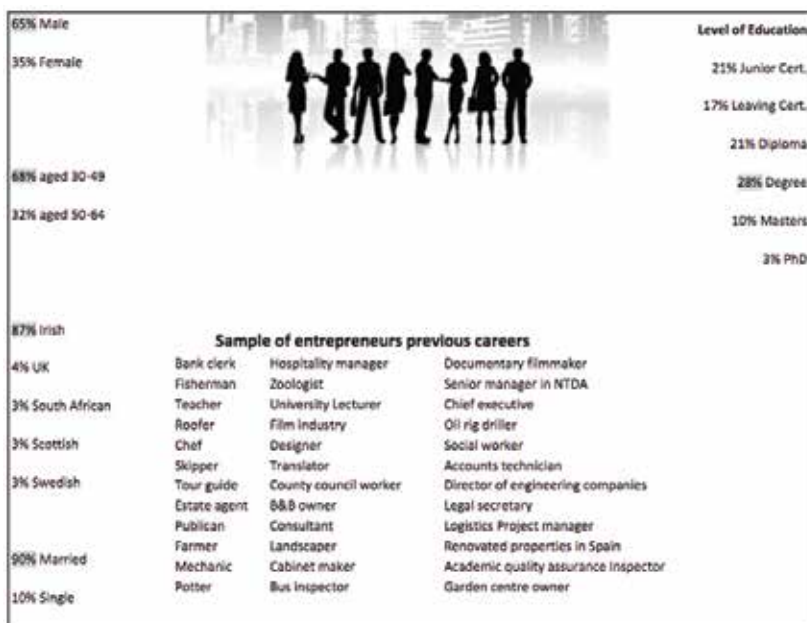


Table 1: Tourism Entrepreneur Profiles

Despite the variety of occupations held by interview candidates prior to becoming tourism entrepreneurs, the fundamental similarity is that these positions all required a great deal of responsibility and social skills. Prior industry experience and knowledge would be considered a major contributing factor to entrepreneurial success. As illustrated in Table 2, of the entrepreneurs interviewed 64% never managed or owned a tourism business and 88% have no third level degree in tourism. Nevertheless, 68% have twenty or more years' experience in the tourism industry with 47% living at the location of their enterprise and 55% indicate they will always work in tourism or until their retirement.

The entrepreneurs willingness to encourage their family to work in the tourism industry was assessed and provided mixed reaction with 46% indicated 'yes' with comments such as 'providing they have a personality', 'only if they would enjoy it'. Others indicated that they would not as a result of the intensity of being self-employed and no paid holidays. The negative characteristics of lifestyle entrepreneurs have been well documented as long term survival problems (Dewhurst and Horobin 2004; Ateljevic, 2007) and a hobbyist approach (Goulding 2004; Morrison and Teixeira, 2004).

Management experience in tourism	
36%	Had previously managed/owned a tourism business
64%	Never managed or owned a tourism business
Third level degree in tourism	
12%	Have a third level degree in tourism
88%	No third level degree in tourism
Ownership of business	
64%	Own one enterprise
36%	Own two or more enterprises
Years of experience in the tourism industry	
32%	31+ years
36%	20-30 years
7%	11-19 years
14%	5-10 years
11%	0-4 years
Living distance from the tourism enterprise	
47%	0 miles
18%	0-2 miles
14%	3-6 miles
21%	6+ miles
How many years do you see yourself working in the tourism industry	
31%	5-10 years
14%	15-20 years
17%	Until retirement
38%	Always
Encourage your family to work in the tourism industry	
46%	Yes
21%	No
33%	Don't know

Table 2: Entrepreneur industry experience and knowledge

Some entrepreneurs expressed a provisional encouragement while one entrepreneur indicated 'you would need a sound financial set up as it's so competitive'. On documenting these mixed views attention was focused on the motivation to work within the industry.

Motivations to Work in the Tourism Industry

The entrepreneurs interviewed provided understanding into their top three motivations to work in the tourism industry. Shaw and Williams (2004) argue that the small-scale entrepreneur in tourism is somewhat different from those in other economic sectors. The most prevailing response (41%) was a lifestyle choice. There is an identified preponderance of lifestyle entrepreneurs among tourism firms (Marchant and Mottiar, 2001) and lifestyle motives are of importance within tourism entrepreneurship (Shaw and Williams, 2004).

The social aspect of meeting the people was expressed as a motivation which seems to align with the positive impacts of lifestyle entrepreneurship. Profit is often considered a obvious primary motivator, however as reflected in the respondent analysis, this was not the top motivator to work in the tourism industry but joint second reason. This is concurrent with previous studies (Price, 2009, Ateljevic, 2007). Further responses were specific to their passion for the industry, to benefit their locality (Getz and Petersen, 2005) and create employment (Morrison, 2002 and 2006; Getz and Petersen, 2005).

The research identified that half of the entrepreneurs interviewed indicated the best part of working in the tourism industry was meeting the variety of people from all over the world. The appreciation and positivity received through guest satisfaction was also important to 25% of the entrepreneurs. This was followed by their lifestyle from being self-employed. Entrepreneurs face challenges working in the tourism industry. The worst part of working in the tourism industry according to the sample of entrepreneurs was the inherent characteristic of the industry, the seasonality (34%). The next off-putting factor to the entrepreneurs was the financial uncertainty (27%) as many linked the state of the economy to the performance of their business. Dale and Robinson (2007) have documented tourism's "uncertain and unstable business environment". Furthermore, the entrepreneurs interviewed indicated that the work intensity from long hours was associated with the worst part of working in the tourism industry.

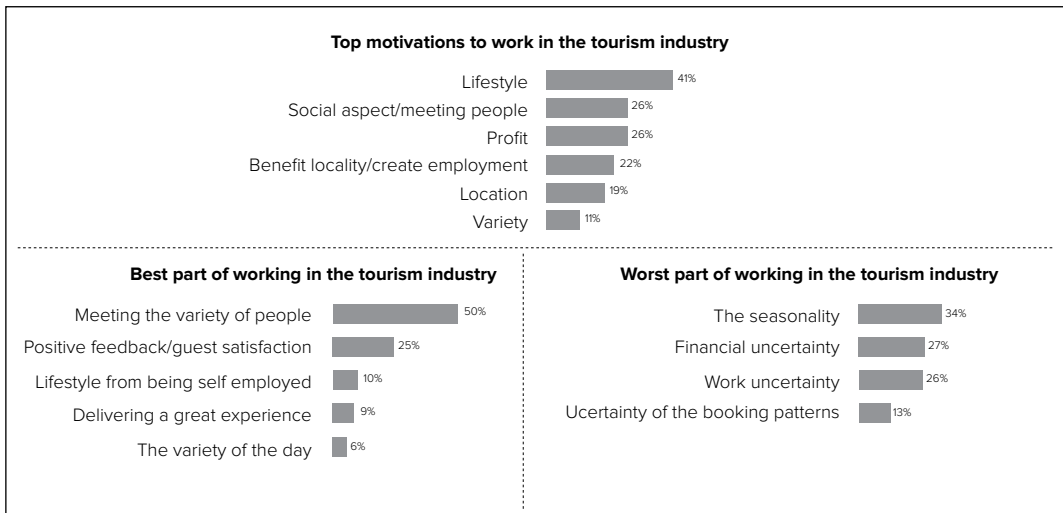


Table 3: Motivations to Work in the Tourism Industry

It was interesting that one entrepreneur indicated that ‘exceeding people’s expectations all the time is getting more difficult’, furthermore that in the past the industry was predictable but the old patterns are gone, now there is uncertainty. The ITOA (2003) have highlighted how the issues of seasonality and unpredictability of demand inevitably lead to lower profit margins. It has also been noted how the new tourist illustrated by Poon’s comprehensive model (1997) is flexible and therefore unpredictable.

Enterprise Profile

The research focus allowed data to be gathered in order to provide an understanding of the enterprise profile which is summarised in Table 4. Tourism enterprises may be categorised across six main groups. However, it is worth noting that the enterprises within the remit of this study represented mainly attractions followed by accommodation, food and beverage. A number of entrepreneurs periodically categorised themselves as also ‘boutique and specialists’. For the purpose of this study, SME in the tourism sector is defined according to the definition used by Eurostat which relates to employment. Therefore, according to the number of employees, the enterprises were made up of 60% micro firms, 30% represented small firms and 10% medium-sized firms. Some of the enterprises occasionally have volunteers and interns.

The majority of the enterprises have been trading for longer than three years 87% with many of enterprises 56% stating they were over ten years in existence. This may be important to note given the difficulties many businesses have face in the last five years. With regards to the legal status of the enterprises, 54% are a limited company, where as 39% are sole trader and 7% are partnership. It has been highlighted that larger SME employers are more likely than average to be private limited companies (BIS, 2011). The majority of the entrepreneur’s businesses annual profit seems to support their motivation to work primarily in the tourism industry for a lifestyle rather than profit as only 8% indicate that their annual profit is substantial. Furthermore, 38% of the enterprises only broke even which could be a reason for concern. However, it may be worth note that Boer (1999) identified that tourism and hospitality industries had a consistently high bankruptcy rate.

Many authors have focussed on the support needs of tourism enterprise (Fleischer and Felsenstein, 2000; Fitzsimmons *et al.*, 2003; Wanhill, 2005). Of the enterprises, 38% receive supports from agencies. The agencies highlighted were mainly Fáilte Ireland, LEADER and INTERREG, there was also some supports recorded from Pobal, Enterprise Boards, Bord Bia, County Enterprise Board, Local Development Committees, Chamber of Commerce and the International Fund for Ireland. Some entrepreneur's were concerned with the slow pace of various state application processes for supports. Such applications were repeatedly charteredised as being time consuming with a significant focus on redtape and paperwork.

Tourism enterprise category	%	Receive support from agencies	%
Attraction	28	Yes	38
Accommodation	24	No	62
Food and beverage	24	Phone app for your enterprise	
Tour operator	9	Yes	7
Activity	9	No	93
Transport	6		
Number of employees		Tourist demographics, traveller type	
1-4	23	Family	28
5-19	37	Couple	25
10-19	13	F.I.T.	19
20-49	17	Tour Group	14
50+	10	Variety	14
Enterprise age		International tourist country of origin	
0-3 years	13	USA	32
4 - 10 years	31	UK	24
11-20 years	25	France	15
20-50 years	22	Germany	15
50+ years	9	Italy	8
		Other	6
Annual profit		Tourist age group	
Substantial	8	44+	32
Good	23	35 to 44	26
Ok	31	25 to 34	25
Break even	38	< 25 years	17
Legal status		Proportion of Domestic vs Overseas tourists	
Ltd. Company	54	Average ratio: 52:48	
Sole-trader	39		
Partnership	7		

Table 4: Enterprise Profile and Tourist Demographics (as of Summer 2013)

The use and adaptation of Smartphone applications (App.) by the tourism enterprises was also discussed with the entrepreneurs. In particular, this research required the entrepreneurs to identify whether or not the enterprise had developed a specific App for mobile devices or Smartphones. It was identified that 93% of tourism enterprises do not have an App. However, the majority of enterprises were featured on collective travel Apps such as Discover Ireland, Trip advisor, and more local travel App initiatives.

Finally, the entrepreneurs provided an insight into their customer demographics for the summer of 2013. The tourist demographics generally reflect the current Fáilte Ireland and Tourism Ireland visitor profiles. However, it was noted that the greater proportion of International tourists were from the USA (32%) rather than the UK (24%) which indicates the US market had increased in numbers along the selected sample of the WAW. The traveller type and age group was varied with 23% of the enterprises indicating they had a greater domestic market than overseas. It is worth noting this was close with the average ratio of domestic versus overseas tourists is 52:48.

Management of the Enterprise

The entrepreneurs interviewed provided insight into their top three motivations to manage their enterprise. While variation in responses can be explained by demographic differences of the entrepreneur such as age, they also vary according to the enterprise profile. Responses varied but showed some identifiable characteristics. Among the most commonly cited motivations to manage the enterprise include lifestyle (26%), this supported entrepreneurs top motivation to work in the tourism industry. Despite the lifestyle related motives, success is usually measured by governments using the traditional management paradigm which values employment and economic growth (Morrison and Teixeira, 2002; Mochrie *et al.*, 2006; Ateljevic, 2007).

Interestingly, related factors within the second top motivation were local benefits (23%) in terms of attracting money and people to the area as well as generating local employment. The third prominent motivation was a family inherited business. According to Peters and Buhalis (2004) the family orientation of enterprises can bring about a number of competitive advantages. Further responses were specific to their passion to follow their interests, to educate, showcase their products, to remain self-sustained and in essence 'refirement rather than retirement' for others.

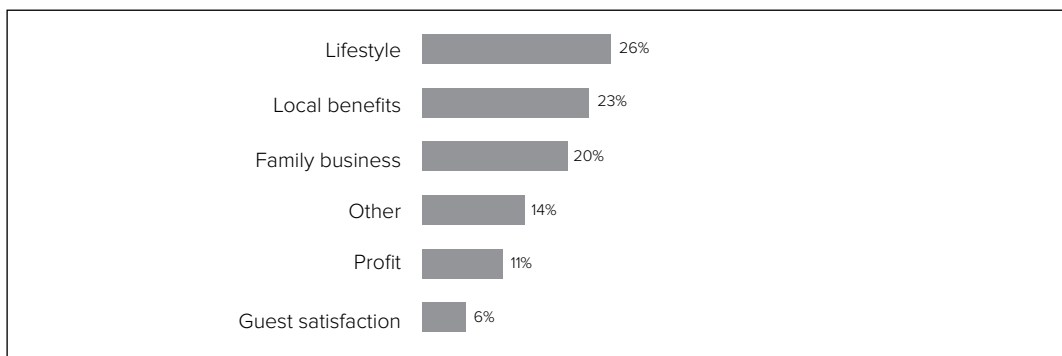


Table 5: Motivations to Manage this Business

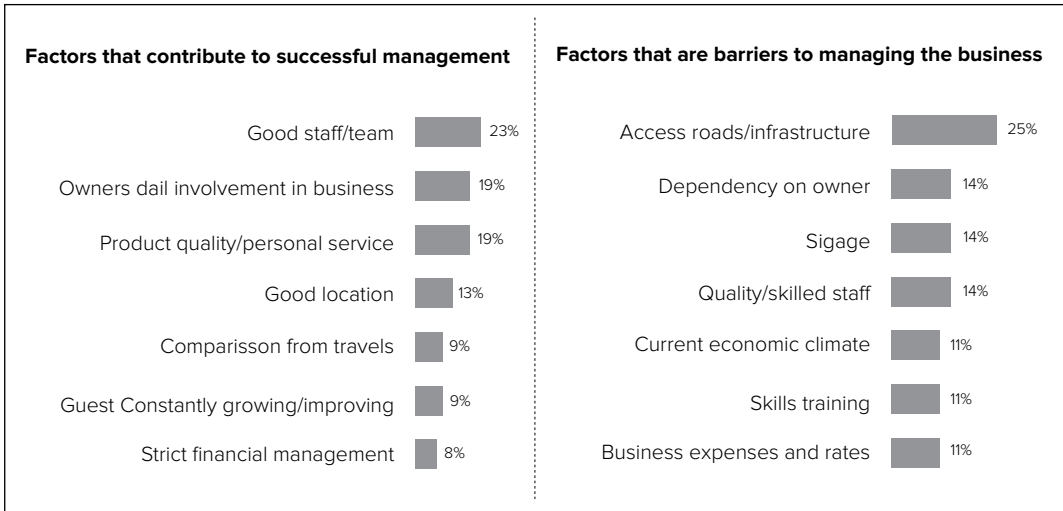


Table 6: Factors that Impact on the Management of the Business

The entrepreneurs identified various factors that they consider to be barriers to the management of the business. A quarter of the entrepreneurs indicated external factors such as road access and infrastructure in terms of access to the market and getting the tourists to their enterprise with signage being reported as an issue representing 14%. Other barriers reported looked more internally at the organisation for example, the enterprises dependency on the owner (14%) and recruiting the right staff (14%) as a result of the seasonality and retraining costs. There was concern over business expenses and rates in particular difficulties with ‘bank facilities’ and the high cost of business in Ireland and ‘local authority commercial rates.’ For business in general a frequent reason for failure identified by Hayward (1996) was undercapitalisation, operations and management issues and since the entrepreneur is often physically involved in the business enterprise, problems can easily result in fatigue and the neglect of management issues. It was noted in this study that entrepreneurs indicated how fragmentation of the industry and the speed of change in consumer technology and consumer behaviour was also recognised as a barrier.

Reducing Costs to make Financial Savings in the Management of the Enterprise

In order for the entrepreneurs to provide value initiatives, they need to reduce costs to make financial savings in the management of the enterprise. The entrepreneurs indicated that they are conducting strict management of their businesses. With a particular focus on staff management, reduction of business expenses, purchasing policy, less stock and faster suppliers and sustainable management which was incorporating the use of green technology with the introduction of energy, waste and water saving measures.

<p style="text-align: center;">25%</p> <p style="text-align: center;">Staff management</p>	<ul style="list-style-type: none"> • Entrepreneurs and their families repeatedly noted to be working long hours • Tighten labour costs/reduce staff hours/wage reductions/no pay rise in two years • Flexible workforce, can't be complacent • Less staff • More volunteers/interns • Employing more students part time • More effective staff training
<p style="text-align: center;">26%</p> <p style="text-align: center;">Sustainable management</p>	<ul style="list-style-type: none"> • Strict energy management incorporating staff training • Improved insulation • Rainwater harvesting • Own water supply secured • Certification, sustainable management systems • Converting from oil to other fuels • Improved waste management • Use and adoption of green technology • Grow your own • Educate the customer with signage
<p style="text-align: center;">18%</p> <p style="text-align: center;">Business expenses</p>	<ul style="list-style-type: none"> • Cut back on maintenance costs of the grounds • Renegotiate rates and banking fees • Examining every cost base and items on the profit and loss • Review competitors • Operate from home rather than a commercial business • Dye our own towels for reuse if needed • Close in winter due to the rates and insurance • Micro manage e.g. Milk in jug for welcome pack rather than a carton

<p>16%</p> <p>Purchasing and Suppliers</p>	<ul style="list-style-type: none"> • Shop smart and shop around constantly • Negotiate contracts for best price • Review supplier costs • Less stock and faster suppliers • Purchasing perishables less and more often to reduce waste
<p>10%</p> <p>Business efficiency</p>	<ul style="list-style-type: none"> • Strict time management • Increased family involvement • Smart value menu design e.g. Replaced lobster and crab with farmed salmon on the menu • Asked more from existing staff and suppliers
<p>5%</p> <p>Marketing</p>	<ul style="list-style-type: none"> • Reduce marketing expenditure • Cooperative marketing • Joint specific marketing network • Move majority of print media to e-marketing

Table 7: Reducing Costs to Make Financial Savings

The sustainable management of businesses has been undertaken by a vast amount of entrepreneurs as a result of concerns over utilities. These utility expenses are seen to be a challenge for many of the entrepreneurs. Enterprises have gone to great lengths to keep a close eye on particular resources to reduce costs and make financial savings. An entrepreneur micro manages what he sees as potential waste through the use of set portion sizes and indicated how it has come down to watching how far he fills the jug on the tables. Staff management has seen the uptake of interns and more seasonal employment of students. With regards to business expenses there is widespread micro management. Many of the food and beverage enterprises in an effort to reduce costs highlight how they consistently struggle to ensure they do not compromise the quality and delivery of their food. Many of the entrepreneurs indicated that financial aspects are so refined that they cannot invest further to the surroundings of the business or non essential maintenance. A particular concern arose as some entrepreneur indicated that with insurance and rates going up, they were considering the viability of opening throughout the winter. This may be of concern as the Wild Atlantic Way may be launched as a year round product. Finally, a move towards more cooperative marketing has been noted and a decline in budget for print media with this funding being diverted to e-marketing for the enterprises.

Conclusion

This research has provided local government, national policy makers and the wider tourism industry in Ireland with a unique vantage point to plan and support and future development of tourism SMEs in Ireland. The research has generated a snapshot of the current typology of successful tourism entrepreneurs. This in itself should prove to be a useful decision support tool when considering factors which may allow for the growth and expansion of successful

tourism entrepreneurs in Ireland. The research has also developed a profile of tourism enterprises along the Wild Atlantic Way and catalogued a wide variety of factors that impact on the management of these businesses. This should help identify what contributes to the enterprises success for developing the experience and value component of the tourism product.

Furthermore, the research has highlighted how enterprises are reducing costs to make financial savings in the management of the enterprise. The communication of these findings may facilitate multi-sector intercollaboration regarding best practice solutions to support and grow tourism entrepreneurs and enterprises within the evolving Irish tourism industry.

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