

ANALYSING THE FACTORS AFFECTING TOURISM ENTREPRENEURSHIP AND THE DEVELOPMENT OF TOURISM-BASED SMES

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Abstract

Tourism is one of the fastest-growing sectors in the global economy, contributing significantly to employment, economic growth, and cultural exchange. In many countries, tourism-based small and medium enterprises (SMEs) play an important role in driving local economies by creating jobs, fostering innovation, and enhancing the overall tourism experience. However, despite their potential, tourism-based SMEs often face numerous challenges that impede their growth and sustainability. This study examines the key factors influencing tourism entrepreneurship and the development of tourism-based small and medium enterprises (SMEs). A stratified random sampling technique selected 55 SMEs, including travel agencies, tour operators, and hotels. Data were collected via structured questionnaires and analyzed using descriptive statistics and regression analysis to identify factors impacting business growth. A pilot test ensured validity and reliability, with Cronbach's alpha confirming internal consistency. Ethical standards were followed, and informed consent was obtained. Findings reveal that while government incentives, funding, and marketing strategies play crucial roles in supporting tourism entrepreneurship, the lack of adequate infrastructure and skilled labor remains significant barriers. The study suggests that a more supportive policy environment, enhanced funding mechanisms, and investments in infrastructure are essential to foster the growth and sustainability of tourism-based SMEs. Recommendations for improving the business environment for tourism entrepreneurship are provided, along with suggestions for future research in this area.

1. Introduction

Tourism entrepreneurship plays a significant role in the growth of Small and Medium Enterprises (SMEs), particularly in tourism-driven economies. The development of tourism-based SMEs is affected by several factors, including social, economic, and institutional elements. Understanding these factors is crucial for fostering sustainable tourism entrepreneurship and ensuring the long-term viability of tourism-based SMEs. The economic environment is a critical determinant in tourism entrepreneurship. The financial health of a country, availability of capital, and access to funding are essential for the growth of tourism-based SMEs. According to Ntshangase et al. (2024), access to finance remains one of the primary challenges faced by tourism entrepreneurs, particularly in developing economies. Lack of financial resources restricts the ability of small tourism businesses to invest in infrastructure, marketing, and innovation, which limits their competitiveness (Ntshangase & Ezeudji, 2023). Moreover, the tourism industry's cyclical nature, which is highly dependent on external factors like global economic conditions, impacts entrepreneurship. During economic downturns, tourism demand tends to decline, affecting the survival of tourism SMEs (Khemraj et al., 2024).

Social and cultural factors also influence tourism entrepreneurship. Cultural heritage and local traditions are integral to the uniqueness of tourism businesses, as they define the experiences offered to visitors. The cultural heritage of a region can be a significant attraction, and entrepreneurs who tap into these resources are often more successful (Leonidou et al., 2013). However, societal attitudes

toward entrepreneurship can either encourage or discourage individuals from venturing into tourism-based SMEs. In many societies, there is a lack of recognition of entrepreneurship as a viable career option, and this can hinder the growth of tourism SMEs (Yousaf & Xiucheng, 2018). Additionally, social networks and support structures play a significant role in the development of SMEs. Tourism entrepreneurs often rely on local networks for knowledge exchange, partnership opportunities, and market access (Nguyen & Liub, 2024).

Institutional factors, including government policies and regulations, significantly affect tourism entrepreneurship. Government initiatives that provide incentives, subsidies, and support for tourism ventures are crucial for promoting the growth of tourism SMEs. However, in many regions, the absence of adequate policies and regulations stifles the growth of tourism-based SMEs (Adegunloye & Wissink, 2024). For instance, inconsistent and complex regulatory environments can create barriers to entry for new tourism businesses. On the other hand, government programs that focus on skill development and capacity building can enhance the entrepreneurial capabilities of individuals in the tourism sector (Ramukumba, 2014). Furthermore, destination branding and marketing strategies that promote local tourism can attract tourists and facilitate the development of SMEs within the tourism sector (Saner et al., 2019).

Technology plays an increasingly vital role in the tourism industry. In recent years, the digitalization of tourism-related services has transformed the way tourism businesses operate. The use of technology for marketing, reservations, customer service, and operational efficiency is becoming indispensable. According to Jaafar and Rasoolimanesh (2015), the integration of technology in tourism businesses not only improves service delivery but also enhances customer satisfaction. The rise of online platforms, social media, and digital marketing strategies offers new opportunities for tourism entrepreneurs to reach broader audiences and compete in a globalized market. However, the adoption of technology remains a challenge for many small tourism enterprises, particularly in resource-constrained environments (Bai et al., 2024).

Environmental sustainability is another significant consideration for tourism entrepreneurship. As the global tourism sector grows, there is increasing awareness of the negative environmental impact of tourism activities, such as waste generation, energy consumption, and ecological degradation. Sustainable tourism practices are becoming increasingly important for tourists and are a critical factor in the development of tourism SMEs. Tourism entrepreneurs who incorporate sustainability into their business models are likely to gain a competitive advantage in a market where environmental consciousness is rising (Adegunloye & Wissink, 2024). However, implementing sustainable practices often requires significant investment in eco-friendly technologies and practices, which may not be feasible for all SMEs (Nguyen & Liub, 2024). In recent years, tourism-based Small and Medium Enterprises (SMEs) have gained prominence as they contribute significantly to employment generation, poverty alleviation, and the development of local economies. However, despite their potential, many tourism SMEs face substantial challenges that hinder their growth, sustainability, and competitiveness in an increasingly globalized and digitalized market.

One of the most pressing problems affecting tourism entrepreneurship is the limited access to financial resources. Most tourism SMEs, particularly in developing countries, struggle to secure adequate funding from both formal and informal financial institutions. This lack of access to capital limits their ability to invest in infrastructure, modern technology, staff training, and marketing, which are essential for business expansion and operational efficiency. As a result, many tourism SMEs are unable to scale up their operations or compete with larger, more established enterprises in the industry (Ikuemonisan, 2024). Another critical issue is the lack of effective government policies and institutional support. In many countries, tourism entrepreneurs face a weak regulatory environment characterized by inconsistent policies, complex bureaucratic procedures, and a lack of government incentives for SMEs. These factors create significant barriers to entry for new businesses and reduce the ability of existing tourism SMEs to thrive. Furthermore, there is often insufficient support for skill development and capacity-building programs that are essential for enhancing entrepreneurial capabilities and promoting innovation within the tourism sector.

Social and cultural factors also play a vital role in shaping the success of tourism-based SMEs. In some regions, traditional societal attitudes towards entrepreneurship are not conducive to the development of small businesses. There is often a lack of entrepreneurial culture and mentorship,

which makes it difficult for individuals to engage in tourism entrepreneurship. Additionally, the challenges associated with integrating local cultural heritage and community involvement into tourism products further complicate the development process. Tourism entrepreneurs must strike a delicate balance between preserving local culture and heritage while meeting the needs and expectations of a diverse global tourist market.

Furthermore, technological barriers remain a significant challenge for many tourism SMEs, particularly those in developing economies. While technology has revolutionized the tourism industry, enabling businesses to reach global markets, many small tourism enterprises lack the resources and technical expertise to leverage digital platforms for marketing, customer engagement, and operational management. This digital divide hampers their ability to compete with larger businesses that have access to advanced technological tools and marketing strategies. Many tourism SMEs struggle to integrate sustainability into their business models due to the high upfront costs of eco-friendly technologies and the complexity of balancing environmental goals with economic profitability. These challenges highlight the urgent need to analyze and address the factors affecting tourism entrepreneurship and the development of tourism-based SMEs. Without comprehensive understanding and intervention, the growth potential of tourism SMEs will continue to be stunted, limiting their contribution to local economies and sustainable development.

1.1. Objectives

- 1) To identify the key factors influencing the growth of tourism entrepreneurship in the context of tourism-based SMEs.
- 2) To assess the impact of government policies on the development of tourism-based SMEs.
- 3) To examine the role of funding opportunities in the success of tourism-based SMEs.
- 4) To explore the challenges faced by tourism-based SMEs in their operations.

1.2. Research questions

- 1) What are the key factors influencing the growth of tourism entrepreneurship in the context of tourism-based SMEs?
- 2) How do government policies impact the development of tourism-based SMEs?
- 3) What role do funding opportunities play in the success of tourism-based SMEs?
- 4) What challenges are faced by tourism-based SMEs in their operations?

1.3. Hypothesis:

There is no significant relationship between the factors affecting tourism entrepreneurship and the development of tourism-based SMEs.

2. Method

This study employed a descriptive survey design. This design allowed the researcher to explore the various factors influencing tourism SMEs such as market demand, government policies, access to resources, infrastructure, and entrepreneurial skills. The study focused on tourism-based SMEs operating in Asaba and Owerri. The population consisted of SMEs involved in the tourism industry, such as travel agencies, tour operators, hotels, restaurants, and cultural enterprises. To ensure the sample was representative of the tourism sector in these cities, a stratified random sampling technique was used. This approach allowed for the selection of SMEs from different tourism subsectors, ensuring diversity in the sample. A total of 55 tourism-based SMEs was selected, with 27 SMEs from Asaba and 28 SMEs from Owerri. This included a mix of small, medium, and large businesses to capture varied perspectives.

Quantitative data was collected through a structured questionnaire administered to the owners or managers of the selected tourism-based SMEs in both Asaba and Owerri. It used a Likert scale to measure responses, allowing for statistical analysis of the relationships between these factors and the growth of SMEs. The quantitative data collected from the structured questionnaires was analyzed using descriptive statistics. To assess the relationships between the independent variables (e.g., access to resources, market demand, government policies) and the dependent variable (e.g., business growth), regression analysis was conducted. This method allowed for the identification of significant

predictors of SME success and the determination of the strength and nature of the relationships between these variables.

To ensure the validity and reliability of the study, a pilot test was conducted with a small sample of tourism SMEs in Asaba and Owerri to refine the questionnaire. Tourism industry experts and academics reviewed the research instruments to ensure that they covered all relevant aspects of the factors affecting tourism entrepreneurship. The internal consistency of the questionnaire was assessed using Cronbach's alpha to ensure reliability. A Cronbach's alpha value of 0.7 or above was considered acceptable. Ethical standards were strictly adhered to in this study. Informed consent was obtained from all participants, ensuring they were aware of the study's purpose, their participation rights, and their privacy. One limitation of this study was its focus on only Asaba and Owerri, which may have limited the generalizability of the findings to other regions with different tourism dynamics.

3. Results and Discussions

Table 1: Demographic Distribution of Respondents by Age and Gender

Demographic Variable	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Age	21-31 years	21	38.2	38.2	38.2
	32-41 years	34	61.8	61.8	100.0
	Total	55	100.0	100.0	
Gender	Male	19	34.5	34.5	34.5
	Female	36	65.5	65.5	100.0
	Total	55	100.0	100.0	

The table presents the demographic distribution of respondents in terms of age and gender. For age, 38.2% (21 respondents) are between 21-31 years, while the majority, 61.8% (34 respondents), fall between 32-41 years. Regarding gender, 34.5% (19 respondents) are male, and 65.5% (36 respondents) are female. These results highlight a predominance of older respondents (32-41 years) and a higher proportion of female participants in the study. The gender distribution suggests a larger representation of female respondents, while the age range indicates a balanced mix of younger and older individuals within the sample.

3.1. Research question 1: What are the key factors influencing the growth of tourism entrepreneurship in the context of tourism-based SMEs?

Table 2: Key Factors Influencing the Growth of Tourism Entrepreneurship in Tourism-Based SMEs

		Market demand shapes tourism entrepreneurship growth in SMEs.	Access to tourism-related resources boosts entrepreneurship development.	Local culture and heritage enhance tourism SME opportunities.	Effective marketing strategies influence tourism entrepreneurship success.	Entrepreneurial skills and experience drive tourism SME growth.
N	Valid	55	55	55	55	55
	Missing	0	0	0	0	0
Mean		2.89	2.69	2.98	3.62	2.98
Std. Error of Mean		.161	.151	.184	.066	.167
Std. Deviation		1.197	1.120	1.367	.490	1.240
Variance		1.432	1.255	1.870	.240	1.537
Skewness		-.724	-.582	-.733	-.500	-.812
Std. Error of Skewness		.322	.322	.322	.322	.322
Kurtosis		-1.033	-1.056	-1.412	-1.817	-1.027
Std. Error of Kurtosis		.634	.634	.634	.634	.634
Percentiles	25	1.00	1.00	1.00	3.00	1.00
	50	3.00	3.00	4.00	4.00	3.00
	75	4.00	3.00	4.00	4.00	4.00

The data indicates that effective marketing strategies (mean = 3.62) are considered the most significant factor influencing tourism entrepreneurship growth in SMEs, with respondents rating it highly. This is followed by entrepreneurial skills and experience (mean = 2.98) and local culture and heritage (mean = 2.98), which are also seen as important contributors. Market demand (mean = 2.89) and access to tourism-related resources (mean = 2.69) rank lower, but still significantly influence

entrepreneurship growth. The skewness values suggest a slight negative skew in the responses, while the kurtosis indicates platykurtic distributions, suggesting that responses were more spread out, especially for marketing strategies. The variance and standard deviation values reflect the diversity in responses, with effective marketing strategies showing the least variability.

3.2. Research question 2: How do government policies impact the development of tourism-based SMEs?

Table 3: Impact of Government Policies on the Development of Tourism-Based SMEs

		Government policies provide incentives for tourism SME growth.	Tourism regulations affect the operational efficiency of SMEs.	Tax breaks for tourism SMEs encourage business expansion.	Infrastructure development aids tourism-based SME operations.	Policies promoting sustainability benefit tourism entrepreneurship.
N	Valid	55	55	55	55	55
	Missing	0	0	0	0	0
Mean		3.05	3.55	3.62	3.09	3.07
Std. Error of Mean		.152	.129	.066	.161	.116
Std. Deviation		1.129	.959	.490	1.191	.858
Variance		1.275	.919	.240	1.418	.735
Skewness		-.992	-2.097	-.500	-1.001	-1.240
Std. Error of Skewness		.322	.322	.322	.322	.322
Kurtosis		-.424	3.055	-1.817	-.608	1.517
Std. Error of Kurtosis		.634	.634	.634	.634	.634
Percentiles	25	3.00	4.00	3.00	3.00	3.00
	50	3.00	4.00	4.00	4.00	3.00
	75	4.00	4.00	4.00	4.00	4.00

The analysis reveals that tax breaks for tourism SMEs (mean = 3.62) are considered the most impactful government policy for tourism-based SME development, closely followed by tourism regulations affecting operational efficiency (mean = 3.55). Government incentives for tourism SME growth (mean = 3.05) and infrastructure development (mean = 3.09) are seen as important but slightly less influential. Policies promoting sustainability (mean = 3.07) are also viewed as valuable but to a lesser degree. The skewness indicates that most responses lean toward positive impacts, with high kurtosis values for regulations (3.055) and sustainability (1.517), suggesting concentrated agreement on the importance of these factors. The variance and standard deviation values show a relatively high agreement across respondents, especially on tax breaks and tourism regulations.

3.3. Research question 3: What role do funding opportunities play in the success of tourism-based SMEs?

Table 4: The Role of Funding Opportunities in the Success of Tourism-Based SMEs

		Funding supports innovative tourism products and services development.	Government grants assist in tourism business sustainability.	Loans help tourism SMEs manage cash flow issues.	Investment attracts growth opportunities for tourism-based businesses.	Limited access to funds hampers tourism entrepreneurship success.
N	Valid	55	55	55	55	55
	Missing	0	0	0	0	0
Mean		3.87	3.62	2.56	3.73	3.44
Std. Error of Mean		.045	.066	.181	.061	.067
Std. Deviation		.336	.490	1.344	.449	.501
Variance		.113	.240	1.806	.202	.251
Skewness		-2.300	-.500	-.093	-1.049	.264
Std. Error of Skewness		.322	.322	.322	.322	.322
Kurtosis		3.413	-1.817	-1.816	-.934	-2.005
Std. Error of Kurtosis		.634	.634	.634	.634	.634
Percentiles	25	4.00	3.00	1.00	3.00	3.00
	50	4.00	4.00	3.00	4.00	3.00
	75	4.00	4.00	4.00	4.00	4.00

The data highlights that funding supporting innovative tourism product development (mean = 3.87) is the most significant factor, followed by government grants (mean = 3.62), indicating that these funding sources are essential for the growth of tourism-based SMEs. Investment attracting growth opportunities (mean = 3.73) also plays a key role. However, loans for managing cash flow (mean = 2.56) are seen as less impactful in comparison. The skewness values indicate a strong

positive response to funding's importance, with funding support for product development showing the highest negative skew (-2.300), suggesting that respondents strongly agree on its crucial role. The kurtosis values reflect concentrated agreement, particularly for innovative product development (kurtosis = 3.413). Limited access to funds (mean = 3.44) is also recognized as an obstacle, with a slight positive skew (0.264), indicating mixed opinions on its severity.

3.4. Research question 4: What challenges are faced by tourism-based SMEs in their operations?

Table 5: Challenges Faced by Tourism-Based SMEs in Their Operations

		High operational costs strain tourism-based SMEs.	Inadequate infrastructure hinders tourism SME development.	Policies promoting sustainability benefit tourism entrepreneurship.	Effective marketing strategies influence tourism entrepreneurship success.	Limited access to skilled workforce impacts SME performance.
N	Valid	55	55	55	55	55
	Missing	0	0	0	0	0
Mean		3.51	3.25	3.07	3.62	3.65
Std. Error of Mean		.103	.145	.116	.066	.101
Std. Deviation		.767	1.075	.858	.490	.751
Variance		.588	1.156	.735	.240	.564
Skewness		-1.950	-1.091	-1.240	-.500	-2.597
Std. Error of Skewness		.322	.322	.322	.322	.322
Kurtosis		4.137	-.305	1.517	-1.817	6.689
Std. Error of Kurtosis		.634	.634	.634	.634	.634
Percentiles	25	3.00	2.00	3.00	3.00	4.00
	50	4.00	4.00	3.00	4.00	4.00
	75	4.00	4.00	4.00	4.00	4.00

The data reveals that limited access to a skilled workforce (mean = 3.65) is perceived as the most significant challenge faced by tourism-based SMEs, followed by high operational costs (mean = 3.51) and ineffective infrastructure (mean = 3.25). The strong positive skewness values for operational costs (-1.950) and skilled workforce access (-2.597) reflect respondents' consensus on the severity of these issues. Sustainability policies (mean = 3.07) and marketing strategies (mean = 3.62) are also identified as important, but to a lesser extent. The kurtosis values, especially for high operational costs (kurtosis = 4.137), indicate a highly concentrated distribution of responses. Limited skilled workforce (kurtosis = 6.689) shows an extreme concentration of agreement on its challenge, highlighting its critical impact on SME performance.

3.5. Hypothesis:

There is no significant relationship between the factors affecting tourism entrepreneurship and the development of tourism-based SMEs.

Table 6: Coefficients for Factors Influencing the Growth of Tourism Entrepreneurship

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	7.387	1.493		4.947	.000
	Age	2.884	.545	.617	5.295	.000
	Gender	1.880	.556	.394	3.378	.001

a. Dependent Variable: Factors influencing the growth of tourism entrepreneurship

This table presents the results of the regression analysis for factors influencing the growth of tourism entrepreneurship. The unstandardized coefficients (B) and standardized coefficients (Beta) for age and gender are shown, along with their standard errors, t-values, and significance levels (Sig.). The model indicates that both age and gender significantly influence the growth of tourism entrepreneurship, with age having the highest standardized effect (Beta = 0.617) and a significant p-value of 0.000.

Table 7: Residuals Statistics

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	12.1507	16.9140	15.1636	1.39950	55
Std. Predicted Value	-2.153	1.251	.000	1.000	55
Standard Error of Predicted Value	.411	.625	.429	.048	55
Adjusted Predicted Value	12.2990	17.1177	15.1732	1.38190	55
Residual	-3.91400	3.08600	.00000	1.81436	55
Std. Residual	-2.117	1.669	.000	.981	55
Stud. Residual	-2.171	1.712	-.002	1.011	55
Deleted Residual	-4.11769	3.24660	-.00961	1.92815	55
Stud. Deleted Residual	-2.255	1.745	-.004	1.027	55
Mahal. Distance	1.689	5.183	1.964	.791	55
Cook's Distance	.000	.141	.021	.031	55
Centered Leverage Value	.031	.096	.036	.015	55

a. Dependent Variable: Factors influencing the growth of tourism entrepreneurship

The results from the regression analysis show significant relationships between the factors affecting tourism entrepreneurship and the development of tourism-based SMEs, with age and gender being key influencing factors. The unstandardized coefficient for age is 2.884 (standard error = 0.545), with a p-value of 0.000, which is less than the significance level of 0.05. This suggests that age has a significant impact on the growth of tourism entrepreneurship in tourism-based SMEs. Similarly, the unstandardized coefficient for gender is 1.880 (standard error = 0.556), with a p-value of 0.001, also below 0.05, indicating that gender significantly influences the factors affecting tourism entrepreneurship. Given that both age and gender have p-values less than the critical value of 0.05, we reject the null hypothesis, which stated that there is no significant relationship between the factors affecting tourism entrepreneurship and the development of tourism-based SMEs. The regression analysis provides strong evidence that both age (with a beta value of 0.617) and gender (with a beta value of 0.394) play significant roles in shaping the factors that influence the growth of tourism-based SMEs. Therefore, we conclude that there is a statistically significant relationship between these variables, leading us to accept the alternative hypothesis that factors such as age and gender influence tourism entrepreneurship.

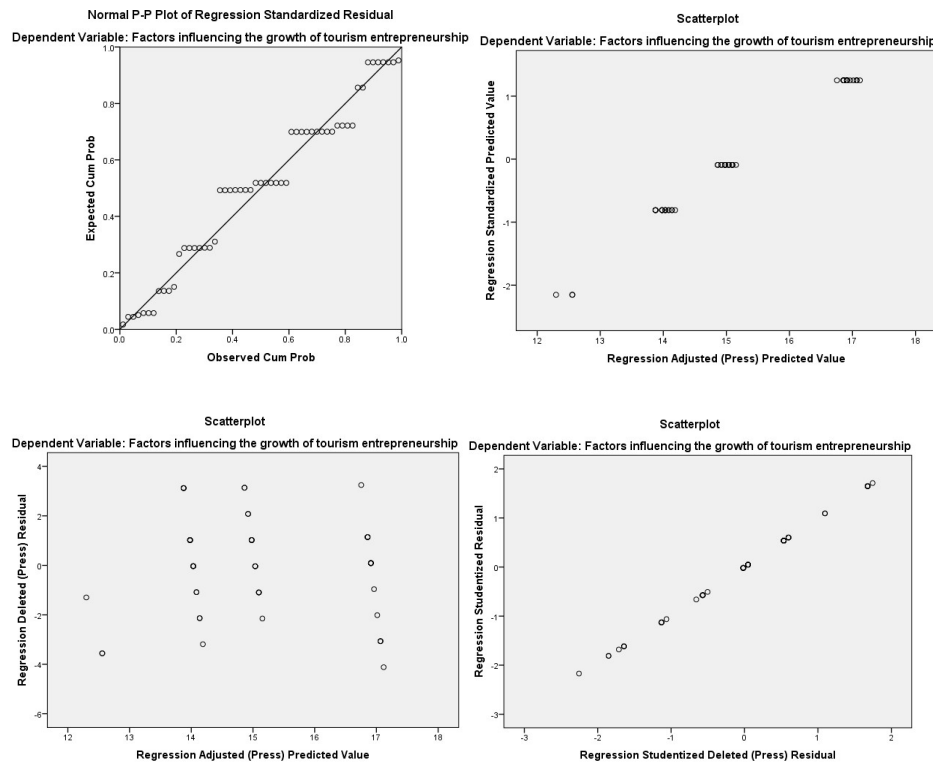


Figure 1: The Normal P-P plot and the scatterplot of regression standardized residuals

The Normal P-P plot of regression standardized residuals provides insight into the normality of the residuals for the regression analysis. In this plot, the observed cumulative probability is plotted against the expected cumulative probability. The points closely follow the diagonal line, indicating that the residuals are approximately normally distributed. This suggests that the assumptions of normality required for regression analysis are met. A normal distribution of residuals is important for the validity of the regression results, and since the plot shows no significant deviation from the line, it can be concluded that the model is appropriately fitted.

The scatterplot of the regression standardized residuals against the regression standardized deleted (PRESS) residuals helps to assess the presence of influential data points and outliers. In this plot, the points are scattered without any distinct pattern, indicating that there is no significant issue with the residuals, such as non-linearity or heteroscedasticity. The distribution of points suggests that the regression model is stable and does not suffer from any undue influence from outliers. This further supports the validity of the model and its assumptions, showing no evidence of problematic residuals affecting the analysis.

The study revealed that key factors influencing the growth of tourism entrepreneurship in tourism-based SMEs include market demand, access to tourism-related resources, local culture and heritage, effective marketing strategies, and entrepreneurial skills and experience. Market demand was identified as a significant driver of tourism SME growth, with strong customer interest fueling expansion. Access to resources such as funding, infrastructure, and networks was also seen as crucial for development. Additionally, the promotion of local culture and heritage was highlighted as an important opportunity for tourism ventures. Effective marketing strategies were considered essential for reaching a broader customer base, and entrepreneurial skills and experience were found to be key in managing business growth. In contrast, a study by Khemraj et al, (2024) emphasized that while marketing strategies were vital, access to financial resources played a more central role in tourism entrepreneurship growth, aligning with findings by Leonidou et al, (2013), who noted that capital accessibility is a major determinant. This finding agreed with the research by Yousaf and Xiucheng (2018), which found that local culture and heritage had limited impact in regions lacking strong infrastructure. In a related study, Nguyen and Liub (2024) found that entrepreneurial skills significantly influenced tourism entrepreneurship success, consistent with the present study's results.

The study found that government policies play a critical role in the development of tourism-based SMEs through providing incentives, influencing operational efficiency, offering tax breaks, promoting infrastructure development, and encouraging sustainability. Government incentives were seen as essential for fostering growth, while tourism regulations were found to directly affect operational efficiency. Tax breaks were identified as a significant factor in encouraging business expansion, and infrastructure development was deemed necessary for smooth operations. Additionally, policies aimed at promoting sustainability were found to have positive effects on the growth of tourism entrepreneurship. Research by Adegunloye and Wissink (2024) suggested that while government incentives were important, a lack of adequate infrastructure hindered the growth of tourism-based SMEs. Effective tourism regulations could enhance operational efficiency, but poor infrastructure could limit their impact. In a related study, Olaleye et al, (2024) found that tax incentives were beneficial, but their effectiveness was diminished without robust policy enforcement. Furthermore, policies promoting sustainability, as noted by Bai et al, (2024), were crucial in fostering long-term growth, supporting the current study's results. Thus, government policies are vital, but their impact is contingent on holistic implementation.

The study revealed that funding opportunities significantly contribute to the success of tourism-based SMEs. Funding supports the development of innovative tourism products and services, enabling businesses to stay competitive. Government grants were identified as essential for ensuring long-term sustainability of tourism businesses, while loans provided a means to manage cash flow issues. Investment opportunities were also found to be important for attracting growth prospects, although limited access to funds was recognized as a major barrier to entrepreneurship success. A study by Motta and Sharma (2020) emphasized that access to loans was often restricted, limiting growth potential for tourism SMEs. This finding agreed with Jaafar and Rasoolimanesh (2015), who noted that financial constraints, especially in rural areas, hindered the expansion of tourism-based businesses. In a related study, López-Penabaz et al., (2022) pointed out that loans were critical for

smoothing cash flow, but the high interest rates and collateral demands made them difficult to secure. Similarly, a study by Eggertsson et al., (2024) found that investment opportunities played a central role in SME growth, yet businesses often struggled to attract such investment due to a lack of financial literacy. Therefore, while funding is vital for tourism SMEs, access and effective utilization of funds remain key challenges.

The study identified several challenges faced by tourism-based SMEs, including high operational costs, inadequate infrastructure, and limited access to skilled workforce, which significantly impact their operations. High operational costs were found to place a financial strain on businesses, while inadequate infrastructure was seen as a major hindrance to development. Despite these challenges, policies promoting sustainability were viewed as beneficial for tourism entrepreneurship. Additionally, the importance of effective marketing strategies was highlighted as a key factor influencing the success of tourism-based SMEs. In contrast, research by Saner et al., (2019) emphasized that inadequate infrastructure was the primary challenge limiting tourism SME development, while operational costs were not as significant a concern. This finding agreed with a study by Ramukumba (2014), which showed that while sustainability policies were helpful, poor infrastructure often had a more immediate effect on business success. In a related study, Jackson (2015) found that limited access to skilled workforce was a critical challenge, which aligns with the present study's results. However, Ogomgbunam (2023) argued that although marketing strategies were important, they were less impactful in the face of financial constraints, which contrasts with the findings of the current study that highlighted marketing as a key success factor. Thus, while the challenges identified are consistent, their relative impact varies across different studies.

4. Conclusion

This study provides a comprehensive analysis of the key factors affecting tourism entrepreneurship and the development of tourism-based SMEs. It highlights the significant role of market demand, access to resources, local culture, effective marketing strategies, and entrepreneurial skills in fostering business growth. Furthermore, the study underscores the impact of government policies, funding opportunities, and infrastructure development in shaping the success and sustainability of tourism SMEs. Despite the positive influences, challenges such as high operational costs, inadequate infrastructure, and limited access to skilled labor remain critical barriers that hinder the growth potential of tourism-based enterprises. These findings are consistent with previous studies, which emphasize the need for a more supportive policy environment, improved access to funding, and targeted investments in infrastructure and workforce development. For tourism-based SMEs to thrive, it is essential for governments, financial institutions, and business owners to collaborate in creating an enabling environment that addresses these challenges and maximizes the growth opportunities in the tourism sector. Future research should focus on developing practical frameworks to support SMEs in overcoming these barriers, with particular attention to the regional differences in infrastructure and funding availability that affect their performance.

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