

Characteristics of Small Hospitality Businesses: A Study in an Urban Setting in Turkey

By Atilla Akbaba

ABSTRACT

The aim of this study was to contribute to the growing body of knowledge concerning small hospitality businesses (SHBs) through an analysis of selected aspects of SHBs in an urban setting, namely Akcakoca, Turkey. Particular attention was given to the characteristics of businesses, finance, marketing, human resource management, involvement of residents in the industry, and management of SHBs. A sample of 72 businesses in Akcakoca was examined and their role in tourism was evaluated. The findings of this study reveal that SHBs carry significant deficiencies and inadequacies and face a common set of problems.

Keywords: Small hospitality businesses; Management; Akcakoca; Turkey

INTRODUCTION

The key role played by small businesses in the economy and society is emphasized by many researchers. Small businesses are well recognized and acknowledged as vital and significant contributors to economic development, employment, innovation, income generation and the general health and welfare of regional, national and international economies (Morrison et al., 2003; Ayyagari et al., 2007; Bengtson et al., 2009; Yolal et al., 2009). Because of the undeniable importance of small businesses, many international agencies worldwide (e.g., the World Bank, European Union) and national agencies within their countries (e.g., Regional Development Agencies in Turkey, KOSGEB- Turkish Agency for Improving and Supporting Small and Medium Sized Businesses) provide various kinds of support for developing small businesses. However, the experience shows that the support programs have failed to achieve the desired outcomes in the majority of cases, when the specific needs and characteristics of the targeted small businesses were not taken into consideration in shaping the programs (Baffoe, 2005; Dudensing et al., 2011).

It is known that small businesses represent a statistically significant proportion of national and international economies. For example, small businesses represent 98.4% of all businesses in Turkey (Avci et al., 2010), 99.7% of all employer firms in the United States (Small Business Administration, 2011), 99.7 % of all enterprises and around 70% of all jobs in Japan (JSBRI, 2011), 99.2% of all enterprises in the UK (BIS, 2011), and about 99% of all businesses in the European Union (Bengtson et al., 2009). These statistics are reflected within the tourism industry as well (Morrison et al., 2010). There is a broad consensus internationally that the tourism industry has traditionally been

characterized by small, independent, belong to the indigenous population, peripheral, seasonal, and often family-run businesses (Getz & Carlsen, 2000; Main, 2002; Russell and Faulkner, 2004; Bastakis et al., 2004; Dudensing et al., 2011; Jaafar et al., 2011). Despite the acknowledged importance of small businesses for the economies of countries and the significant role they play within the tourism industry, there is dearth of research on small tourism businesses and tourism (Ateljevic, 2007; Thomas et al., 2011). Same situation is true for hospitality industry as well. It is a well known fact that much of the hospitality industry is still dominated by small firms (Sweeney and Lynch, 2009), yet there is a continued absence of studies of SHBs (Main, 2002; Morrison, 2002; Alonso and O'Neill, 2009).

Thomas et al. (2011) conclude that small firms in tourism remain under-theorized and under-researched. They comment that the shortfall in research on small tourism firms is important as it often results in presumptions being made about small firms in particular settings which are misplaced. The limited academic research on small firms and their role in tourism has also resulted in some overly general conventional wisdom being perpetuated. Many of these can be seen in the literature. For example, it is often reported by the authors that one of the operational challenges hospitality businesses face is the shortage of skilled labor (Alonso & O'Neill, 2009). However, in a research they conducted on small hospitality businesses in a college town, Alonso and O'Neil (2009) found that shortage of skilled labor was not a challenge for the majority of businesses. Many researchers recently emphasize the need to challenge taken-for-granted assumptions and pre-understandings about small hospitality businesses. There is a growing consensus that the size of firm and its sectoral context are likely to be important influences on the phenomenon being studied. Morrison and Teixeira (2004) emphasize the benefits of researching beyond the general to the particular as in this research, with an industry sectoral focus within a specific type of location.

Small hospitality businesses are often less visible than larger ones in urban and resort environments, and have received little attention in these contexts (Williams, 2000). Although many common characteristics exist between small businesses in general, the milieu and the sector in which they operate should be taken into consideration when analyzing business performance, characteristics or managerial issues of small businesses. Getz and Carlsen (2005) argue that location and setting are important variables for tourism firms. The uneven spread of resources (for example natural or built attractions, customers, suppliers, labor, finance, tourism infrastructure, etc.) and degree of competition for those resources will impact on businesses in several aspects. As a consequence, there is a need for size- and sector-specific studies to explore the unique characteristics of SHBs. Morrison et al. (2010) explain this need by saying "a move to research below the surface level is recommended" (p. 744). Since there are only a few exploratory studies in the field, it can be said that research on SHBs had been ignored and there is a need for hospitality-specific research to understand the dynamics of SHBs (Lynch and MacWhannell, 2000).

Although it is widely accepted that the hospitality sector is dominated by small, owner-operated businesses, “family business” is an under-researched area in the hospitality industry (Li, 2008; Sweeney and Lynch, 2009). Tourism industry offers opportunities for easy entry into a number of business types, often small or micro in size, that appeal to sole proprietors and families (Getz and Carlsen, 2005) who are often less driven by growth and profitability and more by personal and lifestyle choices (Bosworth, 2009; Lashley and Rowson, 2010). Lashley and Rawson (2010) indicate that a high percentage of businesses in the tourism and hospitality sector are small firms, often family operated, is a common feature to be found across the globe. According to Getz (2004) the essence of family business is when a business is established with the needs and preferences of the owners and their families rather than for growth and profits. Previous research suggests that only one in eight small firms in hospitality sector has primary business growth aims (Lashley and Rowson, 2007). The majority of the business owners in the sector, on the other hand, hold a lifestyle ambition to own a business. Morrison and Teixeira (2004) emphasize the importance of identifying the business entry motivations of the SHB owners because these motivations impact on the awareness and perception of their development needs. Tourism lifestyle entrepreneurs are defined as tourism business owners actively seeking a different type of lifestyle whose motivations centre on quality of life and the local environment, so they are not as profit oriented as other growth oriented entrepreneurs (Bosworth and Farrel, 2011). Thomas (2007) notes that they do not always fit traditional models of business activity. On the other hand, previous research suggests that growth oriented business owners are more receptive to the potential for management development (Dewhurst and Thomas, 2003). Although it is widely accepted that the hospitality sector is dominated by small, owner-operated businesses, “family business” is an under-researched area in the hospitality industry (Li, 2008; Sweeney and Lynch, 2009).

One of the existing problems which compound the lack of theoretical and empirical data on small business-based research in hospitality industry is the cost of generating primary data on SHBs due to the paucity of secondary-based research sources on this issue in most countries. Given the scale of SHBs in most countries, sample surveys or regional studies are generally the only affordable sampling framework for most academic studies. Despite these weaknesses, there is a need for studies which build upon existing literature to establish the extent to which similarities and differences exist within and between countries in this vital area of hospitality research. Without an accurate knowledge base in this area, both the development of hospitality businesses and the contribution that research can make to policymaking, planning and the future prosperity of the industry will be impeded through inadequate information and analysis of the needs of the small business sector (Page et al., 1999).

The present study seeks to contribute to the growing body of knowledge concerning SHBs through an analysis of selected aspects of SHBs in Akcakoca, Turkey. Particular attention was given to the characteristics of

businesses, finance, marketing, human resource management, locals' involvement in the industry, and management of SHBs.

Definition of Small Business

From the review of literature on small businesses and tourism, it has been concluded that arriving at a common definition of small business is a major issue. Most of the studies in the field fail to specify the definition they employ. Few studies that draw a definition offer different approaches and there is not a consensus on what constitutes a small business. Morrison (1996, p. 400) defines the term as:

“financed by one individual or small group and is directly managed by its owner(s), in a personalized manner...it is perceived as small, in terms of physical facilities, production/service capacity, market share and number of employees.”

As indicated in this definition, there are various measures that can be used in identifying the size of a hospitality business. Number of employees, total salaries and wages paid in a certain time period, amount of capital, sales revenues, number of rooms/beds, existence of some facilities such as conference, banqueting and restaurant halls and their capacities, existence of ancillary services such as swimming pool, car parking, shops, etc. can be listed as major bases for classification. Among them, the number of employees is the most widely accepted and used measure (Thomas et al., 2011). In their study, Thomas et al. (1997, p. 9) defined small businesses as “one which employs fewer than 50 people”. This represents a conflation of the European Commission’s very small (or micro) enterprises (fewer than 10 employees) and small enterprises (between 10 and 49 employees) (European Commission, 2011). In Turkey as well, the most widely used measure in identifying the size of the businesses is the number of employees (Arslan, 2003). Though there are various definitions used by different institutions, when these definitions are analyzed, it can be seen that some institutions define small businesses as one which employs between 10 and 49 employees while others define it as employing fewer than 50 people. For example, The State Planning Organization and The Ministry of Industry and Trade both adopt the definition as between 10 and 49 employees, while KOSGEB uses the measure as fewer than 50 people (State Planning Organization, 2008; Dom, 2008; East Marmara Development Agency, 2010).

The present study employs the definition of small business used by Thomas et al. (1997). Using the same definition, since SHBs represent the largest part of the hospitality industry (Doherty et al., 2001; Main, 2002), makes it possible to capture a large proportion of hospitality businesses within the scope of this study. The tourism industry is dominated by small businesses (Getz and Carlsen, 2005; Morrison et al., 2010). In the United Kingdom (UK), the UK Department of Trade and Industry (2006) indicated that 95.6% of hotel and restaurant businesses employed less than 50 persons in 2005. In Australia, the

Australian Bureau of Statistics (2008) announced that 94.1% of accommodation businesses employed less than 50 persons in 2007. For the café and restaurant businesses, this percentage is higher (98.5%). A similar picture was seen when the situation in Turkey was analyzed. In Turkey, small businesses represent 98.4% of all businesses, (Avci et al., 2010), responsible for 47.1% of employment and contribute 14.1% of the overall value added (Oktay and Guney, 2002). The same situation is true for the hospitality industry. It is estimated that SHBs make up 91.6% of all Ministry of Culture and Tourism licensed and municipality licensed accommodation establishments in Turkey. This figure rises when other Ministry licensed hospitality establishments such as dining facilities, entertainment facilities and clubs are taken into account (Ministry of Culture and Tourism, 2011; TURSAB, 2011). Due to the fact that there are not any statistics available in Turkey on municipality licensed tourism establishments other than accommodation establishments, other SHBs such as restaurants, cafes, and bars/discotheques were not included in these figures.

Small businesses, when analyzed within the scope of national economies, carry great importance because they offer opportunities to create jobs, increase the total production and the variety of products with comparatively less investment, possess greater flexibility in following technological developments, help balance the development inequalities among the regions of the country, encourage personal savings, and they provide flexibility in adapting to changing economic conjuncture and keeping up with innovations (Thomas et al., 2011). Besides these common benefits, SHBs offer unique benefits to the region and the community in which they operate as well. SHBs provide employment for indigenous people, encourage economic diversity and stability, speed up the development of the region, and help increase the social development level and thus deserve particular attention (TAMU & TSOT, 1999).

Tourism in Akcakoca

Akcakoca, a town within the jurisdiction of Duzce province, is located in the west end of the Black Sea region of Turkey. Among all towns of the Duzce province Akcakoca is the largest and is the only town that has borders to Black Sea. Akcakoca is situated between Istanbul and Ankara, the most crowded cities of Turkey. When the driving distances are taken into account, it is almost in the middle of these two big cities, two hours to Istanbul and two and a half hours to the capital city of Turkey, Ankara. The above mentioned accessibility characteristics and the tourist attractions of Akcakoca distinguish the town from its competitors as a major tourism destination. The various attractions of the broader area include sandy beaches along 35 kilometers coastline, historic Genoese fort dating back to thirteenth century, caves, waterfalls, in-forest recreation sites, and historical buildings such as mansions, mosques, and Turkish bathhouses. Akcakoca is one of the three locations, along with Erdek and Amasra, where tourism activity has first started in Turkey. Due to its advantageous geographic location, close to the two major metropolitan centers Ankara and Istanbul, Akcakoca gained the reputation of a popular tourist

destination early in the 1950s (Okan, 1996). During the 1950s and 1960s, Akcakoca experienced a rapidly growing tourism development. Although there are no data that could provide a detailed insight about tourism activities in the area at that time, it is known that, the number of domestic and foreign tourists were so high that in order to meet the demand towards Akcakoca and provide accommodation for tourists, locals left their homes for tourists and spent the tourism seasons in their near village houses. Because the local people of Akcakoca are occupied with nut farming and spend the summer months in their villages working in the field, they use their village houses during summer. The majority of the houses in town are not in use during the summer months. First, to provide accommodation for tourists the unused houses of locals were utilized. This way, a bed capacity of 2500 was reached, an outstanding bed capacity for that period of time (Okan, 1996). In the following years, to meet the demands of continuously increasing number of tourists, along with the use of second homes, commercial initiatives such as guest houses, camping grounds, and hotels started to be built.

Growing tourist flows towards Akcakoca continued until the 1970s. During the 1970s, the demand towards the town started to decline rapidly. This was due to the reasons such as the planning and opening by the Turkish government of the Aegean and Mediterranean coasts of Turkey to tourism which are much more suitable when the length of tourism season is considered. Developing the transportation facilities that made it easier to reach those regions, offering inducement programs for tourism investments in those regions, comparative neglect of the Black Sea region, and the failure of tourism ventures that were run unprofessionally in Akcakoca in adapting contemporary management practices, all contributed to the collapse the town experienced in tourism.

The tourism industry in Akcakoca started to regain momentum after 1985, owing to the government's plans for introducing the Black Sea region to tourism and efforts of local administrations. Farming, manufacturing, commerce, and tourism sectors occupy an important place within the overall economic structure of Akcakoca. Among them, when their economic contribution to Akcakoca is taken into account, the tourism industry ranks as second following nut farming. Akcakoca relies heavily on the sun, sea, and sand tourism. As a consequence of region's climatic condition tourism activities are limited to only three months of the year, from June to August. During the remaining part of the year, aside from the weekend get-away kind of visits to the town, no noticeable tourism activities can be seen in the area.

There is a lack of reliable data on tourism activities in Akcakoca regarding domestic or international arrivals to the region, tourism receipts, employment in tourism, etc. Only available statistics are the estimates generated by the Akcakoca District Governor Tourism Bureau (ADGTB) about the number of visitors to the region. According to the ADGTB, in 2009, Akcakoca was visited by 90000 domestic and 7000 international tourists (ADGTB, 2010).

In 2010, Akcakoca had 464 beds in five properties (three hotels, one guest house, and one camping ground) with tourism licenses and 935 beds in 18 properties (10 hotels, seven guest houses, and one camping ground) with municipality licenses. When added up, the accommodation capacity of Akcakoca reaches 1329 beds in total.

In recent years, an interest has arisen in Akcakoca to rejuvenate tourism which has found support from all parties in the community. This desire to achieve development in tourism and bring back the tremendous success enjoyed during the two decades between the 1950s and 1970s has continually been expressed by local community, local administrations, the Town Council, and civil initiatives of the town. Besides the conferences and panel discussions held on how to improve tourism in Akcakoca, an annual event named the International Akcakoca Tourism, Culture, and Nut Festival was organized, and participation in the International South Mediterranean Tourism and Travel Convention has been achieved. It is a fact that the desire to improve tourism in the region does exist; however, there are several factors that must be considered and analyzed before forming a development strategy. The current and future market demand, characteristics of the region, the interest and support of the local community, the latest trends observed in tourism, performance levels of tourism ventures, and characteristics of the region's tourism industry are some of the vital factors to be taken into consideration. Among these factors, since it is a widely accepted fact that any successful planning requires accurate and reliable data on the present situation of the tourism industry and the SHBs are the backbone of this industry, data on the characteristics of SHBs in Akcakoca carry great importance. As noted earlier, the absence of data for the tourism of Akcakoca remains a continued weakness. In this context, the present study also seeks to produce data on performance levels of SHBs in this region.

Methodology

Given the absence of reliable data about the SHBs in Akcakoca, this study aims to produce comprehensive data that will give insight on the current situation of SHBs and form a base for future tourism planning activities in the region. A self-administered questionnaire was constructed to obtain the required data. The preparation of the questionnaire began with a review of literature. The relevant literature, survey instruments used in past studies, and information derived from the owners of SHBs provided the basis for developing the questionnaire. In constructing the survey instrument, the ones used by Thomas et al. (1997), Page et al. (1999), and Ateljevic (2007) were taken as a backbone. The insight drawn from the analysis of the pilot study that took place in the first phase of the research was also taken into account. The questionnaire was divided into four parts which were designed to gather data on the characteristics of businesses, finance, marketing, human resource management, locals' involvement in the industry, and management of SHBs.

A pilot study was undertaken to ensure that the wordings of the questionnaire were clear. Fifteen questionnaires were completed by the

owners/managers in the presence of researcher. Some problems were identified with the wordings and implications of some statements, so some minor revisions were made to avoid confusion.

The population of this study was the SHBs in Akcakoca, Turkey. A sampling frame was constructed from the lists provided by the Akcakoca Chamber of Trade and Industry, Municipality of Akcakoca, Akcakoca District Governor's Office, and Akcakoca Chamber of Tradesmen and Craftsmen. An investigation on these sources revealed that, there were approximately 120 SHBs operating in Akcakoca city centre, in the time period this research took place. All businesses that conformed to the sample selection criteria of size of operation (1-49 employees) and city centre location were telephoned, to ascertain their willingness to participate in the study. The main study was conducted from June to August of 2010. This period was deliberately chosen because some tourism businesses operate during the summer only. The self administrated questionnaires were distributed by the researcher to the businesses that accepted to participate and were filled out on premises in the presence of researcher. By utilizing this method, a total of 72 questionnaires were attained, resulting in 60% usable response rate. It is known that SHBs are usually reluctant to take part in research projects (Lee-Ross and Johns, 1997). The high response rate was achieved as a result of preliminary phone calls that were made to the owners/managers of each business. The Statistical Package for the Social Sciences (SPSS) version 15.0 was used to analyze the data. Descriptive statistics analysis was used to measure frequencies, averages, and percentages.

FINDINGS AND DISCUSSION

Profile of the respondents and businesses

The main profile characteristics of the 72 respondents and businesses surveyed are presented in Table 1. In terms of the person responding to the questionnaire, the gender distribution was 91.7% male, 8.3% female. This result is noteworthy, because many researchers have noted the preponderance of women operating small tourism and hospitality businesses and the evidence comes from many countries and regions (Buultjens and Cairncross, 2011; Skalpe, 2007; Walker et al., 2001). Getz and Carlsen (2005) argue that culture is likely to affect gender roles and determine who can be an owner or a manager in small tourism businesses. A survey conducted by Guerrier (2001) in the UK has revealed that the majority of hotel managers were men. The author comments that the typical career structure to general manager poses problems for women (and potentially men) with family responsibilities given that it usually requires geographical mobility and a willingness to work 'unsociable' hours. It is also known that tourism profession is often noted for its negative aspects, particularly for women (Faulkenberry et al., 2000). The gender distribution statistics obtained in this research may be interpreted as a consequence of these facts. The highest proportion of the respondents (41.7%) fell into the 46-55 year age group, followed by the 36-45 year age group (22.2%). The majority of respondents described themselves as the sole owner (75%) and joint owner (18.1%).

Remaining 6.9% of respondents were managers. These results show that the survey reached the target audience of business owners or managers who were able to provide a broad understanding of their businesses and involvement with tourism. There were two questions in the questionnaire to get information on whether the respondents were Akcakoca natives or not. Of the 72 respondents, 79.2% reported that they were Akcakoca natives while 20.8% said they were not. When joint owners or partners were considered, 15.3% stated that the other partners were Akcakoca natives, only 8.3% of the partners were not and 75% said that there were not other partners. This finding is not in accord with some studies in the literature. Thomas et al. (2011) stress that in many destinations small businesses are often owned by in-migrants. Some authors (see, for example, Shaw and Williams, 2004; Getz and Carlsen, 2005) have found high occurrences of domestic in-migrants establishing tourism businesses. In-migrant small tourism business owners display entrepreneurial behavior through pro-active attempts to integrate with other local businesses, using their contacts and experiences from outside the local area, adopting new technologies, exploiting market niches and investing in business development. They identify and utilize the local attributes that are most attractive to tourists, retain extra-local networks and inject capital into the local economy, introduce new forms of human and social capital that enhance the tourism sector (Bosworth and Farrell, 2011). On the other hand, the literature identifies many advantages of indigenous owned small tourism businesses. They tend to be more committed to expressing the local character of the destination and sustaining the local environment, they are more likely to offer opportunities for personal contact between hosts and guests, experiences which tourists value (Morrison, 2006). Local ownership ensures a higher income multiplier for destinations as well, as these businesses are more likely to buy from other residents and keep the income they earned in the local economy (Getz and Carlsen, 2005). Recognizing that both types of ownerships have particular value for tourism destinations, Bosworth and Farrell (2011) suggest that the right combination of these types can promote further development in the tourism sector.

In terms of the percentage of Akcakoca natives employed within hospitality businesses, the results showed that average 56.7% of employees were Akcakoca natives. The questions on the educational backgrounds of respondents showed that a major part of the respondents (51.4%) had a high school diploma; only 18.1% of the respondents had a university, college or graduate education. Doherty et al. (2001) found that 31.4% of small tourism business owner/managers in the UK had higher education. When the small hospitality businesses were taken into account, this figure was 26%. Guerrier (2001) indicates that hotel management is becoming more professional and there is more emphasis now on the business skills of the hotel manager and his or her ability to maximize yield. From this point of view, it can be said that the percentage of respondents who hold a university degree is low. The majority of the participants (55.6%) did not receive any kind of tourism education. Among those participants who stated that they had tourism education, 87.5% took the

one or two week short vocational training courses organized by local authorities. Another interesting finding is that only 43.1% said that they had had work experience in tourism before opening the business. 56.9% of the total respondents did not have any kind of work experience in tourism.

In terms of the characteristics of the businesses, a considerable proportion of the businesses were in operation for 15 years or more (37.5%). This finding is particularly significant as research suggests that a large percentage of small hospitality businesses struggle to survive long-term (Parsa et al., 2005). The majority of the businesses were serving whole year (88.9%). When the mod of operation was analyzed it could be seen that 80.5% were individual owned and 18.1% were jointly owned businesses. The remaining 1.4% which equates to one business checked the “Other” option and explained that it was a municipality owned business. It was interesting that there were not any chain affiliated or franchised businesses among those which responded the questionnaires. Respondents were asked to indicate if they had conducted a formal feasibility research prior to establishing the business. It was found out that only 13.9% of the respondents conducted a formal feasibility research while 86.1% did not. Of those businesses which conducted a formal feasibility study, eight (11.1%) said that the feasibility study was prepared by the owner of the business, one (1.3%) by a consultant, and one (1.3%) by the manager of the business.

Table 1
Profile of respondents and businesses (N =72)

Variables		Frequency (N)	Percentage of total (%)
Gender	Male	66	91.7
	Female	6	8.3
Age	25 and below	6	8.3
	26–35	10	13.9
	36–45	16	22.2
	46–55	30	41.7
	56 and over	10	13.9
Respondent is ...	The sole owner of this business	54	75
	The joint owner or partner	13	18.1
	The manager of the business	5	6.9
	Other	-	-
Is respondent an Akcakoca local?	Yes	57	79.2
	No	15	20.8
Are other owners Akcakoca locals?	Yes	11	15.3
	No	6	8.3
	No other owner	55	76.4
	Don't know	-	-
Percentage of employees who are Akcakoca locals			56.7
Experience in tourism	Yes	31	43.1
	No	41	56.9

Education	No school education	-	-
	Elementary school	10	13.9
	Junior high school	12	16.7
	High school	37	51.4
	Junior college	1	1.4
	Bachelor's degree	11	15.3
	Master's degree	1	1.4
	Doctorate degree	-	-
Education in tourism	Yes	32	44.4
	No	40	55.6
Mod of operation	Individual owned	58	80.5
	Jointly owned	13	18.1
	Government owned	-	-
	Part of a chain	-	-
	Franchised business	-	-
	Other	1	1.4
Age of operation	3 years or less	12	16.7
	4 – 6 years	16	22.2
	7 - 10 years	10	13.9
	11 - 14 years	7	9.7
	15 years or over	27	37.5
Operation is in service ...	Whole year	64	88.9
	Only in high season	8	11.1

In terms of the structure of the businesses, the majority (69.4%) were in the food & beverage sector, followed by the accommodation sector (30.6%). Business types are presented in Table 2.

Table 2
Primary activity of businesses (N = 72)

Activity	Frequency (N)	Percentage of total (%)
Hotel	12	16.7
Motel	-	-
Hostel	-	-
Guest house	7	9.7
Camping ground	3	4.2
Restaurant	28	38.9

When the motivations for starting a tourism business are analyzed it can be seen in Table 3 that 30.6% stated that they started this business because they wanted to be their own boss. 29.2% indicated that they enjoyed this kind of work and, at the same time, made a living out of it. A considerable proportion of respondents (13.9%) entered the tourism industry because of unemployment. Seven participants (9.7%) who marked the “Other” choice revealed specific motivations such as taking advantage of a business opportunity which suddenly arose, contribution to the promotion of Turkey, and utilizing an existing unused building that was perfect for tourism purposes. This finding is in line with Lashley and Rowson (2010) and Mottiar (2007) who explain that lifestyle motivations predominate in tourism. In the study by Page et al. (1999), enjoyment from the form of the work was the major factor (54%) motivating owners to establish small business ventures in tourism. The length of ownership is reflected in the degree of involvement in tourism which ranged from 38 years to less than one year. The average length of ownership was around nine years.

Table 3
Motivations for starting the business (N = 72)

Variables	Frequency (N)	Percentage of total (%)
To do what I enjoy doing while making a living	21	29.2
To make more money than by being employed	4	5.6
Because of unemployment	10	13.9
To have a pastime in retirement	1	1.4
To be my own boss	22	30.6
To show people that I own a business	2	2.8
Other	7	9.7

Contemporary hospitality research has extensively addressed many of the problems hospitality businesses face, including seasonality, uncertainty, high labor costs, low profit margins, competition, economic downturn and employee related problems (Nelson, 2001; Enz, 2004; Sunley, 2006). Furthermore, since SHBs have limited resources it is very hard for them to get informed about upcoming risks and opportunities, follow the changes in the industry, explore the market trends, and maintain a healthy growth. One approach which can be helpful for SHBs in overcoming such difficulties is creating a network with other small businesses, membership in tourism organizations and other business associations. Some 49 of the 72 (68.1%) businesses were members of local trade and professional organizations (e.g. the Akcakoca Chamber of Tradesmen and Craftsmen). This was followed by 19 businesses which were members of local tourism organizations (e.g. Akcakoca Tourism and Promotion Association). Only two businesses were members of national tourism organizations and one business belonged to an international organization, namely European Camping Grounds Clubs. Some 21 respondents (29.2%) did not have any kind of membership.

Employment in small hospitality businesses in Akcakoca

A range of questions were asked to examine the employment in small hospitality businesses. Respondents were asked to indicate how many full-time (defined as working 40 hours or more a week) and how many part-time employees they employed (defined as working less than 40 hours a week). The 72 businesses in the sample employed 554 full-time employees and 83 part-time workers in total. This indicates that the use of part-time workers was not a significant component of hospitality employment in Akcakoca case. To get a more detailed picture of employment, respondents were asked how many employees they employed during: normal trading, at the busiest time of the year and at the quietest time of the year. The results indicate that the number of workers employed by businesses during normal trading averaged 278 employees, which increased to 483 in the busiest months and dropped to 247 in the quietest time of the year. This indicates a significant variation in the working year between the peak and shoulder season with almost a 95% change in staffing requirements. This figure is considerably higher than the findings of Page et al. (1999) who reported that the change in staffing requirements was 65%. A question in this section of the questionnaire was asked to identify the busiest and quietest months of the year. The respondents indicated that the busiest months were June, July, and August; the quietest months were December, January, and February. To establish the degree of variation in employment requirements among the SHBs over the last year and forecast changes expected for the up and coming year, respondents were asked to consider if employment requirements had changed and if they expected any change for the next year. For the past 12 months, 70.8% of respondents felt that the number of workers had remained stable, with 18.1% feeling it had dropped and 11.1% commenting that it had grown. In terms of the expectation of changes over the next 12 months, 65.3% of respondents indicated that employment would remain stable, 25% felt it

would grow and 9.7% felt it would decline. When employers were asked about their recruitment methods, it was seen that a major part of the respondents (56.9%) used word of mouth to fill their vacancies. This is similar to Page et al.'s (1999) and Thomas et al.'s (1997) findings as can be seen in Table 4. For the present study, the second most frequently used method by small businesses (44.4%) was individual applications. 29.2% who marked the "Other" choice indicated that themselves or family members worked in the business and thus they did not feel a need to hire someone. These findings support Lee-Ross and Johns (1997) who state that small to medium-sized hospitality businesses employ few workers and the majority of their employees are family members, each one performing more than one job. It is interesting that none of the businesses used local or national press to seek employees. Another remarkable point to consider is that even though there are many schools offering tourism education in Akcakoca at varying levels such as vocational high school, junior college, college, and master's level that educate hundreds of students, only 10 respondents (13.9%) said that they hired students from those schools. The responses to this question reflect that cost seems to be an important consideration in hiring practices and planning or rationale in recruitment approaches were out of question. When the use of other recruitment methods was analyzed, one could see some major differences with the findings of other studies. The use of individual applications, local press and employment office methods differed significantly. Individual applications occupies a major part in the case of Akcakoca while it was null in Thomas et al.'s (1997) and Page et al.'s (1999) studies. The SHBs in Akcakoca did not use the local press for recruitment while other studies report that this method was used extensively in the UK and New Zealand settings. Moreover, Page et al. (1999) report that some 21.89% of respondents used employment offices to fill their vacancies while this figure is only 1.4% for Akcakoca. It can be said that the findings on employment are in contrast with Doherty et al.'s (2001) study. Doherty et al. (2001), conducted one of the most comprehensive studies on the UK hospitality industry, concluded that contrary to expectations, all sectors of the industry and the vast majority of the companies within these sectors have displayed a high level of sophistication in and considerable commitment to their human resources policies and procedures.

Table 4
Recruitment methods used by businesses (N = 72)

Methods	Frequency (N)	Percentage of total (%)*	Thomas et al. (1997)		Page et al. (1999)	
			N	%	N	%
			-	-	65	21.89
Employment office	1	1.4	525	39	77	25.93
Local press	-	-	215	16	15	5.05
Schools**	10	13.9	-	-	-	-
Consulting firms	-	-	-	-	-	-
Transfers from other businesses	3	4.2	991	73	203	-
Word of mouth	41	56.9	-	-	16	68.35
National press	-	-	-	-	-	5.39
Internet	1	1.4	-	-	-	-
Individual applications	32	44.4	138	10	23	-
Others	21	29.2				7.74

*The percentages do not sum to 100% because respondents could select more than one category.

**Page et al. (1999) used the term as 'Polytechnics' and Thomas et al. (1997) as 'Training Provider/College' which are similar in meaning.

Participation of Akcakoca locals in tourism businesses

Since it is known that local peoples' participation in tourism shows different motives in different stages of life cycles of destinations (Kreag, 2001), understanding the nature of the locals' participation as owners and employees carries great importance. On the other hand, the recruitment methods used by the tourism businesses in Akcakoca also showed that there might be a conscious inclination toward favoring Akcakoca locals in hiring practices. For these reasons, and to develop a greater understanding of the role of Akcakoca locals' participation in these businesses, a range of questions were included in the study. The first question was to find out whether the respondents were Akcakoca locals or not. 79.2% defined themselves as Akcakoca locals while 20.8% said they were not. Answers to the question about the owners of the businesses revealed that 80.5% of the businesses had only one owner and the remaining 18.1% were jointly owned businesses. Of these businesses 15.3% said that the other owners were Akcakoca locals while 8.3% were not. When asked if the businesses used Akcakoca culture as a feature to promote their tourism products, only 27.8% (20 businesses) used it in aspects of their advertising. In terms of the percentage of

Akcakoca locals in total personnel of the businesses, it was identified that approximately 57.2% of the employees were locals. When the variation in the structure of participation in total workforce from high season to low was examined, the respondents said that during peak season 38% of the employees were non Akcakoca locals while this figure drops to 29.6% during low season. During normal trading months the percentage of non Akcakoca locals was 30.9%.

Business operations

To examine respondents' perception of trends in their business over the past year, a number of indicators of business performance were examined. These were: the number of customers in the last year, average spending by customers, trends in turnover, net profit, quality of goods and services, level of productivity, number of successful new products, and creating employment for family members. Another question examined the expectations of respondents on the same indicators for the next year. Results of the answers given to these questions can be seen in Table 5. When the table is analyzed, it can be seen that the respondents were not happy with the past year. A large proportion of the respondents reported that the main trend for the business remained the same along these indicators with some noticeable exceptions. Although there was an increase in the number of customers (37.5%) and the number of successful new products (44.4%) in the last year, the overall business turnover (41.7%) and the net profit (43.1%) declined. In general, these results are in congruence with the findings of Page et al. (1999) that while the volume of business is increasing, visitor spending is not keeping pace.

In terms of the anticipations for the following year, it can be seen that most of the respondents were full of hope and expected huge increases along the indicators. For example, respondents stated that they expected an increase in the number of customers (76.4%), overall business turnover (69.4%), level of productivity (70.9%), and net profit (66.7%). On the other hand, a slight portion of respondents reported that they did not have a prediction along the indicators for the next year. Another finding that draws attention in Table 5 was that the respondents were sure and satisfied about the level of quality of goods and services. Last year some respondents (65.3%) maintained the level of quality and for the next year 41.7% stated that it would remain the same while 54.2% anticipate an increase in quality offered to customers. Small and medium-sized hotel businesses, especially in resort areas, rely on repeat business and they tend to differentiate their product by close attention to detail and personal service (Lee-Ross and Johns, 1997). These may be an explanation to concern of SHBs on quality.

Table 5
Performance indicators

Indicators	The last 12 months				The next 12 months			
	Increased	Remained the same	Decreased	Don't know	An increase	Remain the same	A decrease	Don't know
Number of customers	37.5%	34.7%	27.8%	-	76.4%	15.3%	4.2%	4.2%
Average spending by customers	9.7%	50%	40.3%	-	40.3%	45.8%	9.7%	4.2%
Overall business turnover	29.2%	29.2%	41.7%	-	69.4%	13.9%	9.7%	6.9%
Net profit	15.3%	40.3%	43.1%	1.3%	66.7%	16.7%	11.1%	5.6%
Quality of goods and services	34.7%	65.3%	-	-	54.2%	41.7%	1.3%	2.8%
Level of productivity	30.6%	56.9%	12.5%	-	70.9%	23.6%	1.3%	4.2%
Number of successful new products	44.4%	52.8%	2.8%	-	54.2%	41.7%	1.3%	2.8%
Creating employment for family members	15.3%	77.8%	5.6%	1.3%	52.8%	40.3%	-	6.9%

In conjunction with the subjective performance indicators, some objective performance indicators were also included in the questionnaire. Questions aimed at gathering data about the number of employees in businesses were objective performance measures. These data were presented under the employment heading. There were two other objective measures which asked businesses about their actual turnover and the extent to which their businesses were dependent upon tourism. Only 26.4% of the respondents indicated a figure representing their total turnover. Total turnover ranged from TL 5,000 per annum to TL 1,200,000 per annum. The average turnover was TL 149,440 per annum. This produces a total turnover of TL 2,317,000 for the businesses that answered this question. In terms of the proportion of businesses which estimated their income from Akcakoca residents, 59.7% of the respondents said that they were able to estimate the percentage of overall turnover from local residents. The average percentage was 35.1% while 64.9% of the turnover was generated from tourism. Looking at this result it can be said that although the businesses in Akcakoca rely mainly on tourism, they utilize the potential of local residents as a major source of their turnover as has also been identified elsewhere (Morrison, 1996; Page et al., 1999; Ateljevic, 2007).

The respondents were asked whether they saw any obstacles to the improved performance of their businesses. As Table 6 shows, 56.9% of respondents reported the government regulations as a major obstacle, followed by unstable conditions of the country (52.8%), and lack of customer demand (27.8%). It is noticeable that competition was not seen as an obstacle. The

participants who marked the “Other” choice (12.5%) stated that the local community of the region did not have good feelings toward tourism and consequently they did not provide sincere support for tourism. It is also noteworthy that employee related issues were not highlighted by the respondents. Only 8.3% of respondents considered these issues as a major obstacle. It is widely acknowledged in the literature that among all the problems facing the hospitality industry, attracting, retaining and motivating hospitality workers constitute fundamental concerns (Richardson, 2008; Alonso and O’Neill, 2009). A comparison with the findings of the UK research (Thomas et al., 1997) and New Zealand research (Page et al., 1999) reveals that there are some points that draw attention. Though competition was considered a major impediment in both countries, it was not the case in the present study where respondents indicated that competition from local companies and larger companies was not a noteworthy obstacle. On the other hand, government regulations and unstable conditions of the country were major impediments respondents indicated for Akcakoca, Turkey and these findings differ from other studies. Concern of the respondents about the unstable conditions of the country can be explained with the social and economic structure of the country and the reflections from the incidents witnessed in surrounding geographical regions (e.g. Iraq, the Middle East, formerly known Soviet Union countries, etc.). Lack of external guidance received relatively higher percentage compared to other two studies. Low membership of SHBs in tourism organizations and other business associations and insufficiency of support and guidance provided by the government can be regarded as reasons behind this concern. Respondents were asked whether they had sought to introduce any new capital into the business during the last 12 months. 55.6% said that they sought to introduce new capital (compared with 50% in the UK survey and 43% in New Zealand survey). When the sources of capital were analyzed, it was seen that the respondents did not have diversified sources. The capital sources used were their own funds (36.1%), banks (11.1%), family members (6.9%) and other businesses (1.4%). The results are similar to Page et al. (1999) study where the principal source of capital was the personal funds of the respondents (67%).

Table 6
Obstacles to improving business performance (N = 72)

Obstacles			Page et al. (1999)		Thomas et al. (1997)	
	Frequency (N)	Percentage of total (%)*	N	%	N	%
Inflation			62	20.88	369	14.56
Labor costs			46	15.49	407	16.06
Interest rates	18	25	89	29.97	357	14.09
High rents or rates	11	15.3	94	31.65	655	25.85
Debtors/poor cash flow	7	9.7	38	12.79	104	4.1
Lack of external guidance on business development	17	23.6	17	5.72	54	2.13
Competition from local businesses	11	15.3	102	34.34	463	28.27
Labor productivity	10	13.9	11	3.7	57	2.25
Lack of skilled employees	7	9.7	32	10.77	222	8.76
Lack of customer demand	1	1.4	68	22.9	306	12.07
Government regulations	5	6.9	66	22.22	393	15.5
Limited access to finance	20	27.8	24	8.08	167	6.6
Competition from larger businesses	41	56.9	49	16.5	388	15.31
Unstable conditions of the country	9	12.5	-	-	-	-
Other	3	4.2	-	-	-	-
(Lack of motivated employees)	38	52.8	-	-	155	6.12
	9	12.5				
	-	-				

*The percentages do not sum to 100% because respondents could select more than one category.

Continuous improvement and high performance in Internet applications such as e-mail correspondence, website effectiveness, online marketing and bookings grow as a critical competitive factor (Olsen and Connolly, 2000), but industry and academics suggest the hospitality industry lags other industries in information technology (IT) implementation (Siguaw et al., 2000; Buick, 2003; Murphy and Kielgast, 2008). Examined with a tourism industry perspective, the use of IT will provide benefits such as reducing transaction, print and distribution costs, and enabling last minute changes, one-to-one customer interaction and broad market reach. Scaglione et al., (2009) revealed that Internet technologies have a positive impact on hotel performance. To gain some insight about the use of information technology in businesses, a question about computer usage was included in the questionnaire. As can be seen in Table 8, most of the respondents (73.6%) said that they did not use a computer within their businesses. The ones who had computers (26.4%) were

using them to make reservations (18%), to perform accounting functions (11.1%), to follow up business correspondence (13.9%), and to store customer data (8.3%). When these findings are compared, the first thing that strikes one's eyes is the high percentage of small businesses which do not have a computer in all three countries though this percentage is a bit higher in Turkey. Since information technology is now viewed as a vital business tool for organizations, it is expected that SHBs extensively utilize this tool. As Table 7 shows, the results from the UK and New Zealand studies are not too dissimilar to current study's findings with businesses most commonly using computers to undertake correspondence, accounting functions and to assist with cashflow planning. It is indicated in the literature that the low IT use by SHBs may stem from high costs, poor understanding of the technology, lack of training, traditional ownership, deficiency of rational management and marketing functions and management's short-term operational focus (Christian, 2001).

Table 7
Use of computer technology by businesses (N = 72)

Reason for using the computer			Page et al. (1999)		Thomas et al. (1997)	
	Frequency (N)	Percentage of total (%)*	N	%	N	%
Accounts and book-keeping	8	11.1	136	45.79	484	19.1
Business correspondence	10	13.9	135	45.45	492	19.4
Cashflow planning/monitoring	1	1.3	84	28.28	265	10.5
Storing customer data	6	8.3	81	27.27	284	11.2
On-line ordering of supplies	7	9.7	12	4.04	109	4.3
Stock control	7	9.7	26	8.75	256	10.1
Reservations	13	18	38	12.79	173	6.8

*The percentages do not sum to 100% because respondents could select more than one category.

Marketing and small hospitality businesses

Previous small business literature suggests that marketing is not taken seriously by small firms (Coviello et al., 2006; Pelham, 2000) due to the perceived inappropriateness of market research and planning by the owners/managers (Blankson and Stokes, 2002). The findings of this study seem to confirm these conclusions indicated in the previous literature. Concerning the marketing aspect of businesses, only 10 respondents (13.8%) out of 72 said that they had a formal or informal marketing plan. Among them there was only one business which had a formal plan; the remaining nine businesses had informal plans. This figure was 58% in both the UK and New Zealand studies indicating that there is a huge gap in approaches toward planning. Page et al. (1999) argue that the high percentage in planning may be a result of adherence to such activities as stipulated by banks and other financial institutions. In the case of Turkey, banks, other financial institutions and government agencies which extend credits or inducements to

businesses require such formal planning activities and the present study indicates that in total 12.5% of SHBs receive funds; 11.1% from banks and 1.4% from government sources. However, the percentage of businesses which perform formal marketing plan is still very low. Although this concern toward planning may be related to the rapidly changing business environment within which the SHBs operate, such as Akcakoca where seasonality can adversely affect them in many ways, the education and knowledge levels and visionary outlooks of the owners or managers of the SHBs may be the major reason behind this attitude toward planning. When it comes to the time horizon for planning, it is seen that four respondents (5.6%) planned up to one year, one (1.4%) 1-2 years and five (6.9%) 3-5 years. In terms of the businesses' ability to conduct market research, it was seen that most of the businesses (86.1%) did not conduct any formal market assessment or research. Of the 72 businesses, three reported that they conducted research on visitor satisfaction, two on customer needs, two on possible new products/services, one on local competition, one on quality or customer service, one on effectiveness of marketing activities, and one on visitor numbers. These results are totally at odds with the findings of Thomas et al. (1997) and Page et al. (1999) which reported that the businesses were eager to conduct market research. Page et al. (1999) observed a high level of response to different components of the question on market research, ranging in 70-82% for specific items, and their findings were not dissimilar to results from the UK study of Thomas et al. (1997). When the findings of the current study were analyzed, a situation hard to understand arises at this point. On the one side, the respondents indicated the lack of demand (27.8%) as an obstacle for them to improving business performance (Table 6) and complain that the demand toward their business is in a decline (27.8%, see Table 5), on the other hand they do not try to utilize any of the advertising and promotion methods.

Table 8
Methods of advertising or promotion (N = 72)

Methods	Frequency (N)	Percentage of total (%)*
Brochures	23	31.9
Discounted prices	16	22.2
Local advertising	19	26.4
National advertising	2	2.8
Conventions	3	4.1
Merchandising	2	2.8
Sponsorship	4	5.5
Personal selling	1	1.3

*The percentages do not sum to 100% because respondents could select more than one category.

Respondents were asked to indicate which methods of promotion or advertising they had used within the last 12 months. The most frequently used method was brochures (31.9%) followed by the Internet (30.5%) and local advertising (26.4%). In Page et al.'s (1999) study, the most important source used was the local advertising (74%) followed by brochures (68%). Similar figures were produced in Thomas et al.'s (1997) study. When it comes to the use of the Internet (31% of businesses in New Zealand and 11% in the UK), it can be seen that this percentage is slightly higher in Turkey and in New Zealand. In the case of Turkey, this finding is surprising since the results have indicated that (Table 7) most of the respondents (73.6%) did not use a computer within their businesses. Another surprising point is that, 37.5% of the respondents said that they did not use promotion or advertising methods. The use of discounted prices (22.2% of businesses used this method in Turkey compared with 47% in New Zealand and 48% in the UK) is also an important method businesses have used. When the data obtained on advertising and promotion methods were examined, one can see that the data are fairly consistent with the findings of Thomas et al. (1997) and Page et al. (1999).

CONCLUSION

Within tourism literature, the neglect of research on tourism supply issues, especially on SHBs, is evident (Thomas et al., 2011). In light of the relative dearth of research on SHBs, this study aimed to provide a greater understanding of this prominent section, or submerged part of the iceberg, of the tourism industry by producing data on the characteristics of businesses, finance, marketing, human resource management, locals' involvement in the industry, and management of SHBs in an urban setting in the City of Akcakoca, Turkey. Thomas et al. (2011) argue that one of the fundamental weaknesses of the existing literature is the tendency to consistently conceive small businesses narrowly and almost exclusively in isolation of their wider social contexts. This paper has examined SHBs in a specific milieu within which they operate and attempted to draw conclusions by taking into consideration the surrounding factors. The Akcakoca data reveal that SHBs carry significant deficiencies and inadequacies and face a common set of problems. Though it can be said that the findings of this study are not significantly different from that of other studies found in the literature, there are some major points identified that should be considered. Since it was discussed in detail under the findings and discussion heading of this study, a list of prominent points were a high proportion of male owners, unemployment is a leading motivation to enter into the tourism industry, respondents' general educational level is very low, the majority of the participants did not have any kind of tourism education, a major part of respondents did not have any kind of work experience in tourism before opening the business, an amateurish structure in tourism and SHBs is visible from looking at the absence of any franchised or chain affiliated businesses, low interest in feasibility analysis, formal planning, marketing research, etc., and a low usage of information

technology. In a broader frame, low membership in tourism organizations and other business associations, major impediments in regulatory and economic environments such as government regulations, unstable conditions of the country, and lack of demand can be listed as major differing points. In the case of Akcakoca, the role of Akcakoca natives as workers and business owners was also examined which gives clues on some important issues such as participation in tourism and the impact of tourism on the community. This study has identified some of the dimensions of small business activities in a region of Turkey never researched before and attempted to develop a comparative approach where the data and similar research methodology exists. This approach would definitely contribute to tourism literature by paving the way toward developing generalizations and explanations, making comparisons and testing theories in an era globalization shapes the tourism industry.

Producing comprehensive data that will give insight on the current situation of SHBs and form a base for future tourism planning activities in Akcakoca was also among the aims of the present research. As it is known that SHBs constitute a major proportion of the tourism industry and play a prominent role (Morrison, 2002), deriving reliable data on all aspects of SHBs is vital for planning activities (Morrison et al., 2003). Such an effort would definitely help people or institutions in charge of planning activities with the challenge of properly planning the tourism industry whether on a regional or countrywide scale. In this regard, future research providing updated information of the state of SHBs could make a very positive impact. In addition, Alonso and O'Neill (2009) indicate that, in time of much economic uncertainty, it becomes vital for regional, state and national agencies to monitor small tourism businesses' performance, as they provide employment to very large number of citizens. From this point of view, in countries where the hospitality industry is dominated by small businesses, obtaining specific knowledge on all aspects of SHBs is a necessity for establishing models and explanations of how they contribute to the local and national economies.

In designing this study, efforts were made to minimize its limitations, however, it still needs to be addressed that the results of this study may not have been representative of the whole population, due to the fact that questionnaires were distributed to the participants who were willing to participate in the survey. Consequently, it can be said that the findings of the present research reflects the opinions of only the ones who were willing to fill out the questionnaires. Future studies can try to utilize alternative approaches to reach SHBs and elicit their participation voluntarily such as by getting support from local administrations, tourism organizations and other business associations or by providing some kind of incentive to those who participate in the study. The evolution witnessed in the employment structure of businesses is a significant topic. At the start of 2011, businesses with no employees accounted for 74.1% of all private sector businesses in the UK, an increase of 3.8% since the start of 2010 (BIS, 2011). The employment motives of SHBs, for example, proportion of part-time and full-time employees or having no employee at all, and the implications of the

employment structure remain an interesting area for researchers. Future research could also enlarge the scope of this study by covering more or different aspects of SHBs. In addition, since this study was conducted solely in Turkey, future research may also look at whether the findings of this research differ in other countries.

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Atilla Akbaba, Ph.D., is Professor, İzmir Katip Çelebi Üniversitesi.