

# THE COMPETITION OF SMALL AND MEDIUM TOURISM ENTERPRISES CASE STUDY: EGYPTIAN TRAVEL AGENCIES

Hamida Abd El Samie Mohamed\*, Marwa Fawzy Abd El Warth\*\*

**Abstract** *The vast majority of tourism enterprises around the world can be described as small and medium tourism enterprises (SMTEs). The recent study emphasizes the important role of SMTEs for destinations. SMTEs try to improve their performance in an extremely competitive rapidly changing business environment. The paper also assesses the performance of SMTEs in the sector of travel agencies. Based on a quantitative survey, the research outlines the main areas of strengths and weaknesses concerning the business of SMTEs in Egypt. It also investigates the opportunities and strategies. Finally, the research concludes that Egyptian SMTEs can compete successfully if they can adopt new technologies and become niche players. The study also recommends that strategic partnership can foster future growth for SMTEs.*

**Keywords** *Small and Medium– Sized Tourism Enterprises, Egypt, Competitiveness, Travel Agencies, Partnership.*

## INTRODUCTION

In today's globalized world, SMEs (Small and Medium Enterprises) become more imperative for both developed and developing countries since they generate considerable percentages of overall production and employment (Page, 2007; Yilmaz, 2009). Political changes, global economic crisis, technological advances and emerging markets; all contribute to make the tourism business more turbulent and competitive. Competitiveness of tourism enterprises and tourism destinations has become the most dominant issue of the tourism industry in the past decade (Peters, Withalm & Wolfel, 2008). Competitiveness is defined as *the effort undertaken by organizations to maintain long term profitability, above the average of the particular industry within which they operate or above alternative investment opportunities in other industries* (Buhalis, 1996, p.3).

SMTEs are not simply smaller versions of larger enterprises but have both different managerial cultures and problems. Accordingly, they have special needs which affect their competitiveness and their ability to grow (Buhalis, 2006). To successfully compete, SMTEs must overcome the barriers of size and resources particularly in terms of financial, technical and human resources (Page, 2007).

The recent research has certain aims to achieve:

1. Emphasize the importance of SMEs in tourism industry.
2. Identify the strategic strengths and challenges of SMTEs in Egypt.
3. Determine strategies that can enhance the performance and competitiveness of Egyptian SMTEs.

The paper first reviews related studies on small and medium –sized tourism enterprises and their importance for destinations. It then elaborates on some of the major strategic advantages and disadvantages of SMTEs. Furthermore, the study discusses on broader view the current situation of SMTEs in Egypt; specifically the sector of travel agencies. Finally, the paper proposes some recommendations that represent practical insights for SMTEs to successfully manage their business.

## LITERATURE REVIEW

More than 85 percent of all tourism businesses that is directly or indirectly dependent on visitor expenditure are SMEs. They provide much of what is different and distinctive about a destination (Asia Pacific Economic Cooperation, 2003). Tourism SMEs or SMTEs are dominated by family

\* Lecturer in the faculty of Tourism and Hotels, Menofia University, Egypt. Email: hamidaelsayed@yahoo.com

\*\* Lecturer in the faculty of Tourism and Hotels, Menofia University, Egypt. Email: bahaama52@yahoo.com

**Table 1:** Definition of SMEs

Enterprise Category	Personnel Headcount	Turnover	Total Balance Sheet
Medium – Sized	Less than 250	50 million Euro	43 million
Small	Less than 50	10 million Euro	10 million
Micro	Less than 10	2 million Euro	2 million

Source: Buhalis & Peters, 2006, p.116

business, whose motivations have been deeply rooted from commercial goals and policies to lifestyle intentions (Wanhill, 2005). Moreover, Wanhill (2005) clarifies that family enterprises can be classified into *two kinds*: first, the self –employed who employ family labour, have little market stability, low levels of capital investment, weak management skills and are challenging to advice or change; and second, the small employer, who employs family and non-family labour , has a better business foundation , but can share similar behavior patterns to the self-employed and is therefore equally vulnerable .

This study scans both the external and internal business environment of SMTEs in Egypt to determine the threats and opportunities that faced those enterprises.

### Defining Small and Medium-Sized Tourism Enterprises

Although there is no agreed definition of what comprises a small business, but all studies assured that those businesses have common features like having small market share and number of employees, are managed in a personal way, are independent of external control and do not influence market prices(Cooper &Hall, 2008 ; Karanasios, 2008 ; Page, 2007 ; Simmons, Armstrong & Durkin, 2008). A small tourism business is financed by one individual or small group and is directly managed by its owner(s), in a personalized manner and not through the medium of a formalized management structure (Page, 2007). The European Commission defines SMEs, as all organizations with less than 250 employees, less than 50 million Euro and turnover or total balance sheet of less than 43 million Euro ( Buhalis & Peters, 2006, p.116).

The following table demonstrates the definitions of SMEs.

There are also qualitative criteria that can be utilized in defining SMTEs, such as the organizational structure, responsibility distribution in decision making, financial strength, recruitment and training policies, family participation in running the business, marketing functions and managerial experience (Buhalis, 1996) .

### The Importance of Small and Medium Enterprises in Tourism Industry

Small, locally owned tourism enterprises are considered as one of the vehicles by which the economic and socio-cultural benefits of tourism can be spread and the goals of sustainable tourism development achieved (Roberts & Tribe, 2008).SMTEs can bring a number of advantages to destinations. Buhalis and Peters (2006) summarize the strategic advantages of SMEs in the following:

- SMEs boost innovation and growth by providing a continued stream of new ideas, concepts, products and resources (Page, 2007). Recent studies have shown that small firms produce more economically and technically innovations than large firms (Yilmaz, 2009).
- SMEs employ flexible specialization strategies to enhance competitiveness (Cooper & Hall, 2008; Page, 2007). SMEs may be able to rapidly take advantage of new niche markets for products and services that incorporate social and /or environmental benefits in their value (Jenkins, 2006, p.242).
- SMEs are more sensitive and responsive to market changes than larger firms due to flat hierarchies. Hence they can adopt and change faster.
- SMEs generate more interesting employment opportunities (Cooper & Hall, 2008; Jones & Tang, 2005; Yilmaz, 2009).Furthermore, SMEs tend to sustain their staff even during economically difficult times , which makes them an important pillar of the national economies (Moebs, 2007).
- SMEs create clusters of value creation at destinations and maintain multiplier effects.
- Because of their small size, owners/managers have the ability to develop special and personal relationships with customers/tourists.
- What they lack in quality control issues, they make up in flexibility, niche production and personalized services (Yilmaz, 2009).
- Independent travel agencies or SMTEs can offer clients a large product diversity, known that they

do not consider themselves forced to sell a specific wholesaler's products, as nearly happen with the travel agency chains belonging to vertical groups which have their own tour operators (Guzman, Moreno &Tejada , 2008).

### Strategic Disadvantages of Small and Medium Tourism Enterprises

In general, small and medium enterprises are more vulnerable to failure, particularly in their early days of operation as up to 40% is likely to fail within the first three years and 60% close within 10 years (Buhalis, 1996). SMTEs face many obstacles to improve business performance:

**1-Management:** The very size of small businesses creates a special condition, which can be referred to as "resource poverty" that distinguishes them from their larger counterparts and requires some different management approaches (Urbano &Yordanova, 2008, p.169). Weak management skills, insufficient adjustment towards leadership, deficiencies in product development, incorrect investment planning, lack of economies of scale and scope; all these barriers faced SMTEs in managing their businesses (Buhalis &Peters, 2006; Corfu & Nistoreanu, 2006; Jones & Tang, 2005; Page, 2007; Yilmaz, 2009). Furthermore, most SMTEs lack a strategic long- term planning (Buhalis , Bastakis &Butler, 2004). This leads them continuously to fire-fight and neglect strategic developments. They often adopt a product oriented than a market oriented approach in their business (Buhalis , Bastakis &Butler, 2004).

More specifically, SMEs are rarely adopting quality management principles and often refuse to employ quality process optimization procedures (Buhalis, 1996; Buhalis &Peters, 2006; Guzman, Moreno &Tejada , 2008). SMEs also contribute to the "under-management" of the tourism industry as they are often run and owned by those who are inexperienced in business (Cooper & Hall, 2008; Page, 2007). Most SMEs tend to remain small, believing that growth is the exception not the rule (Wanhill, 2002).

**2-Human Resources:** Lee-Ross (1999) demonstrates that human resources in SMEs are characterized by a number of elements:

- Employees tend to be young, poorly qualified, low pay and have high levels of turnover.
- Managers are paternalistic, impulsive and unpredictable.
- Family members are the dominant workforce in those enterprises.
- SMEs are less likely to have accurate job descriptions, job policies and procedures, training courses and plans (Buhalis, 1996; Timo &Davidson, 1999).

**3-Marketing:** Poor marketing research and knowledge management about customers means that SMTEs can be introspective and fail to achieve full potential (Jones & Tang, 2005, p.14). Moreover, their promotional activities tend to be uncoordinated and inconsistent (Buhalis, 1996).

**4-Technology:** The internet enabled small and independent suppliers to access directly their target markets, giving them tools and techniques that were until then only available to global players (Buhalis & Zoge, 2007).However, the majority of the SMTEs have so far failed to take full advantage of the emerging technologies (Buhalis & Deimezi, 2004; Middleton, Fyall & Morgan, 2009) .SMTEs are facing more difficulties in adopting information technology due to problems related to the scale and affordability of information technology, as well as the facility of implementation within rapidly and changing organizations (Kim, 2004, p.1). Kim (2004) also stressed that the difficulty in addressing issues of trust and confidence makes SMTEs more vulnerable than large firms to problems linked to authentication, data security and confidentiality.

Finally, SMTEs face significant financial constraints as they have little assets to support their request for loans from financial institutions and thus suffer from discrimination and critical financial deals (Buhalis, 1996). SMTEs can endure also from high rates of inflation, high interest rates and fierce competition from large firms (Page, 2007).

### Strategies for SMTEs to Successfully Compete

Buhalis (1996,p.2) identifies eight major factors perceived by SMTEs as key contributors to their ability to grow, namely : staff training, management, marketing support, better interaction with local authorities, tax exemptions and incentives, human resources and staff subsidies. Augustyn and Pheby (2005) proposed the following strategies for SMTEs to accelerate their potential growth:

- **Innovation:** the ability to innovate in new products, services and processes. In recognizing the need for innovation and change in SMEs, the owner/ manager needs to understand the strategic framework within which the organization is operating. This requires a full understanding of the firm's existing strengths, weaknesses, opportunities and threats. This should involve the consultation of all staff as to gain commitment to change and innovation (RT & Dale, 2008). Moreover, SMTE can gain sustainable competitive advantage through its ability to develop a set of core competencies that enables it to serve its selected target customers better than its rivals. Core competencies are a unique set of capabilities that a company develops in key areas such as geographic specialization and providing niche products (Yilmaz,

**Table 2:** Response rate of selected sample

	Targeted	Achieved	Response Rate
Small Tourism Enterprise	100	71	71%
Medium Tourism Enterprise	70	39	55.7%
Total	170	110	64.7%

**Table 3:** Ownership status

Attribute	Frequency	Percentage
Family business	40	36.4 %
Non-family business	70	63.6 %
Total	110	100

2009, p.162). Adopting recent advances technologies can also aid SMTEs in producing new products and services. Through investment information technology and good use of online marketing, SMTEs have the opportunity to reach new international markets cost effectively and compete with large entities with more resources (O'Toole, O'Marcaigh & Cunningham, 2007)

- *Quality*: the ability to maintain or achieve high quality in products or services, which leads to the firm's good image and reputation.
- *Cost-Effectiveness*: the ability to achieve cost effectiveness so as to set a competitive price.
- *Organicity*: the ability to create and maintain flexible, organic organizational structures and systems for achieving production speed and responsiveness.
- *Best practices approaches to human resources management*. The real challenge for tourism SMEs in relation to human resource management is finding employees with the right skills, knowledge and attitudes to their work. The creation of an internal labor market, through developing appropriate training, enhanced job security and consideration of job design and job roles, can also be used as a strategic management tool to develop a stable and satisfied workforce (Jones & Tang, 2005). SMTEs can participate in online learning environments, which are designed as tutorial systems over the internet. This can enhance learning, thus allowing managers and employees the ability to apply knowledge and skills that otherwise they would have been unable to do in an offline environment, because of the costs involved. The time constraints and workload of managers of SMTEs frequently prevents them from attending training sessions during their working hours. Hence e-learning enhances intellectual capital of SMTEs and prepares them to compete in today's dynamically changing market (Buhalis, Collins & Peters, 2003).

## METHODOLOGY

The study employed the quantitative approach, using fully structured questionnaire. The survey was conducted in April/May/June-2010.

### Sample Frame

A total number of 170 copies were distributed as demonstrated in table (2). Only 110 were completed with a response rate (64.7%). The questionnaire was directed to owners/managers of Egyptian SMTEs. The selected sample was determined according to the following criteria:

- Travel agencies in Cairo-Category A
- As mentioned in the review, number of employees is the notable indicator for SMTEs. Thus, the number of employees in the selected sample was; (10-49) in small travel agency and (50-249) in medium enterprises. Data of the selected travel agencies (names, addresses and number of employees) was obtained from the Egyptian Travel Agents Association (ETTA Directory, 2010).

### Survey Instrument

The questionnaire contained 16 closed ended questions. It was divided into three sections. The first section focused on basic information like: number of employees, year of establishment, ownership status and employees' status (being family labor, or family and non-family labor). The second section determined SMTEs characteristics, where respondents demonstrated to what extent their enterprises represent each item on the main list. Also, in this section, respondents identified the main internal obstacles that face them in their business environment. The third section highlighted the external threats and suggested strategies that can aid SMTEs to successfully compete.

The questionnaire was piloted among 20 travel agencies in order to assure the validity of the questions. The analysis employed descriptive statistics to provide a plethora of information. Frequencies, means and standard of deviation were computed using the Statistical Package of the Social Science (SPSS, Version 14.0). Moreover, t-test One Sample was considered where it is univariate test of significance. It is used to compare between the sample mean and the respondents answers (Hair, Bush & Ortinau, 2003).

## RESULTS AND DISCUSSIONS

### Company Profile

The labor power of 71 travel agencies (64.5% of the sample) was within the range of 10-49 employees. Whereas, the labor power of 39 travel agencies was within the range of 50-249 employees. This coincides with the reviewed literature as small businesses dominate the tourism destinations.

Concerning the ownership status, (63.6 % of the sample) was non-family business. On the other hand, (36.4 % of the sample) was family business.

The results are displayed in table 3. The responses reflect the organizational change that occurs in the travel business in Egypt, as travel agencies become more individually owned and managed.

Regarding the year of establishment, half the sample (55 travel agencies) was established from 1981 to 1990. Moreover, a percentage of (22.7 %) was established from 1971 till 1980. Only 10 agencies (9.1 % of the sample) were established from 1991 till 2010. The results are clearly appeared in table 4.

**Table 4:** Year of establishment

Attribute	Frequency	Percentage
1960-1970	20	18.2 %
1971-1980	25	22.7 %
1981-1990	55	50 %
1991-2000	6	5.5 %
2001-2010	4	3.6 %
Total	110	100

As for the employees status, (9.1 % of the sample) employed only family labor, while the majority (90.9 % of the sample) employs both family and non family labor.

### Characteristics of Egyptian SMTEs

The research employed six items that represent the main features or characteristics of SMTEs. Results are illustrated in table 5. Respondents rated those items from their viewpoints according to the mean value respectively as follows:

- Producing more economically innovations than large firms.
- Diversified and flexible nature.
- Decision making is more instant and communications are better.
- Creativity in producing new products.
- The ability to create new jobs when major tour operators are downsizing.
- Labor intensive and multi-tasking.

Moreover, applying t-test (One Sample) for SMTEs characteristics indicates high significance whereas ( $p < 0.05$ ).

**Table 5:** SMTEs Characteristics (n=110)

Attribute	1-Less Extent	2	3	4	5-Great Extent	M	SD
1-Labor intensive and multi-tasking	5 4.5 %	24 21.8 %	29 26.4 %	32 29.1 %	20 18.2 %	3.35	1.14
2-Diversified and flexible nature	4 3.6 %	6 5.5 %	10 9.1 %	55 50 %	35 31.8 %	4.01	0.98
3-Creativity in introducing new products	10 9.1 %	15 13.6 %	20 18.2 %	20 18.2 %	45 40.9 %	3.68	1.36
4-Decision making is more instant and communications are better	3 2.7 %	12 10.9 %	12 10.9 %	65 59.1 %	18 16.4 %	3.75	0.95
5-The ability to create new jobs	5 4.55 %	12 10.9 %	33 30 %	38 34.55 %	22 20 %	3.55	1.07
6-Producing more economically innovations than large firms	0 0	4 3.63 %	10 9.1 %	26 23.64 %	70 63.63 %	4.47	0.80

### Internal barriers facing Egyptian SMTEs

The survey firstly introduced the main obstacles that hinder the enterprises from improving their businesses then it discussed the problems of every organizational function separately namely; human resources management, marketing, technology and financial aspects.

Regarding the internal areas of deficiencies in the Egyptian SMTEs, results in table ( 6) indicated that high costs and quality deficiencies was the main barrier hindering their growth followed respectively by; human resources problems, weak management skills, lack of strategic vision, marketing and promotion problems, limited adoption of technology, limited knowledge of business environment and finally suffer from information scarcity. The results came in favor with the reviewed literature.

This section represents the backbone of the survey because human resources management is critical component in SMTEs. As shown in table 7, respondents arranged the main problems of human resources in their enterprises according to their importance:

- Lack of practical experience and customer service skills.
- Lack of qualified/professional staff.
- Lack in knowledge of other languages.
- Lack of investment in training
- Turnover and dishonesty

**Table 6: Internal Barriers for SMTEs (n=110)**

Attribute	M	SD
1-High costs and quality deficiencies	5.87	2.51
2-Marketing and promotion problems	4.75	2.31
3-Lack of strategic vision	5.10	1.70
4-Suffer from information scarcity	2.32	1.55
5-Limited knowledge of business	4.02	2.22
6-Weak management skills	5.13	2.57
7-Limited adoption of technology	4.60	1.83
8- Human resources problems	5.51	2.36

\*Scale used (1-least important, 8-most important)

**Table 7: Human Resources Problems of Egyptian SMTEs (n=110)**

Attribute	1	2	3	4	5	M	SD
1-Lack of practical experience and customer service skills	4 3.64 %	5 4.55 %	11 10 %	19 17.27 %	71 64.54 %	4.35	0.96
2-Lack of qualified / professional staff	8 7.3 %	20 18.2 %	12 10.9 %	45 40.9 %	25 22.7 %	3.54	0.97
3-Turnover and dishonesty	62 56.4 %	20 18.2 %	18 16.4 %	6 5.5 %	4 3.6 %	1.82	0.98
4-Lack of investment in training	33 30 %	47 42.7 %	10 9.1 %	10 9.1 %	10 9.1 %	2.25	1.23
5-Lack in knowledge of other languages	15 13.63 %	25 22.72 %	65 59.1 %	2 1.82 %	3 2.73 %	2.57	0.85

\*Scale used (1-least important, 5-most important)

**Table 8: Recommended training courses for human resources**

Attribute	Frequency	Percentage
Training on financial management	100	90.9 %
Website designing or technology	92	83.6 %
Marketing knowledge	73	66.4 %
Training on using CRS or GDS	84	76.4%
Crisis Management	95	%

\*More than one choice is applicable

**Table 9:** Financial Problems of Egyptian SMTEs

Attribute	Frequency	Percentage
Seasonality affected cash flow	33	30 %
Bank attitudes are very traditional	26	23.6 %
Lack of financial government support	67	60.9 %
Limited provision of guaranteed funds	44	40 %
Currency risks	48	43.6 %
High interests and taxes	58	%

\*More than one choice is applicable

**Table 10:** Proposed Strategies for financial Problems (n=110)

Attribute	Unimportant	Neutral	Important	M	SD
1- Flexible rules in the acquisition of finance	10 9.1 %	20 18.2 %	80 72.7 %	2.63	0.64
2-Support from the government	9 8.2 %	21 19.1 %	80 72.7 %	2.64	0.62
3-Greater flexibility from banks to get loans	19 17.3 %	41 37.3 %	50 45.4 %	2.28	0.74
4-Elimination of unnecessary taxes	15 13.63 %	35 31.82 %	60 54.55 %	2.40	0.51

Training is the key success tool for improving human resources. Table 8 illustrates the recommended courses for training. Around (90.9 % of the sample) considered training on financial management as their prime concern. Moreover, (86.4 % of the sample) reported that training courses on crisis management is also important issue, especially at turbulent times where many travel agencies encounter many local/ international crises.

SMTEs are distinguished by their poor or limited financial resources. Responses displayed in table 9 represent the financial problems in SMTEs. Around (60.9 % of the sample) agreed that lack of financial government support is the main reason for their financial problems. Also, (52.8 % of the sample) identified high interests and taxes to be also important factors in the financial aspects. Then, respondents considered the following reasons respectively; currency risks, limited provision of guaranteed funds, seasonality affected cash flow and finally bank attitudes are very traditional.

To overcome the previous financial barriers that encountered SMTEs, respondents ranked the suggested solutions in table 10 from their viewpoints. Support from the government was the most suitable solution for SMTEs, followed respectively by; flexible rules in the acquisition of finance, elimination of unnecessary taxes and greater flexibility from banks to get loans.

Concerning marketing problems in the Egyptian SMTEs, results indicated that limited marketing budgets came at the top of the list, followed respectively by ; lack of promotional capacity (budget & expertise) , lack of qualified persons in using marketing research techniques, lack of available market(s) information and finally, inadequate promotional channels. Results are clearly displayed in table 11.

### E-commerce and Egyptian SMTEs

As demonstrated in table 12, respondents determined the main reasons for adopting e-commerce according to their importance as follows:

- Providing easy access to information of tourism services.
- Reaching new markets.
- Establishing interactive relationships with customers.
- Better communications with customers.

On the other hand, there were some obstacles that faced SMTEs in adopting e-commerce. Around (58.2 % of the sample) implied that cost of system maintenance and training was the prime impediment. Also, (51.8 % of the sample) stated that insufficient financial recourses for equipments can be another important factor. The results are shown in table 13.

**Table 11: Marketing Problems of Egyptian SMTEs (n=110)**

Attribute	1	2	3	4	5	M	SD
1-Limited marketing budgets	4 3.64 %	23 20.9 %	16 14.55 %	37 33.64 %	30 27.27 %	3.60	1.19
2-Lack of qualified persons using marketing research techniques	18 16.36 %	12 10.9 %	20 18.2 %	30 27.27 %	30 27.27 %	3.38	1.41
3-Lack of promotional capacity (budget & expertise)	8 7.27 %	12 10.9 %	30 27.27 %	40 36.36 %	20 18.2 %	3.47	1.13
4-Lack of available market information	10 9.1 %	18 16.4 %	22 20 %	50 45.4 %	10 9.1 %	3.29	1.12
5-Inadequate promotional channels	20 18.2 %	13 11.8 %	27 24.5 %	33 30 %	17 15.5 %	3.13	1.32

\*Scale used (1-least important, 5-most important)

**Table 12: Benefits of e-commerce for SMTEs (n=110)**

Attribute	Unimportant	Neutral	Important	M	SD
1- Reaching new markets	0 0	19 17.3 %	91 82.7 %	2.82	0.26
2-Better communications with customers	5 4.5 %	20 18.2 %	85 77.3 %	2.72	0.54
3-Establishing interactive relationships with customers	9 8.2 %	8 7.3 %	93 84.5 %	2.76	0.58
4-Providing easy access to information of tourism services	0 0	10 9.1 %	100 90.9 %	2.90	0.67

**Table 13: Barriers of adopting e-commerce**

Attribute	Frequency	Percentage
Limited knowledge of available technology	55	50 %
Relatively small e-commerce market size	46	41.8 %
Cost of system maintenance and training	64	58.2 %
Lack of IT expertise	38	34.5 %
Insufficient financial resources for equipments	57	51.8 %

\*More than one choice is applicable

### Threats and Opportunities for Egyptian SMTEs

Respondents ranked the threats that encountered their enterprises as shown in table 14

- Economic impacts.
- Fierce competition.
- Global crisis.
- Change in commission paid by airlines.
- Disintermediation; Internet.
- Greater power of vertical groups.
- Weak support from public sector.

The vast majority (84.5 % of the sample) believed that increasing service quality was the ideal solution for enhancing the competitiveness of SMTEs. Also (80 % of the sample) implied that exploiting opportunities from the internet can be an appropriate strategy for SMTEs. The results are demonstrated in table 15.

### CONCLUSION AND IMPLICATION

In an era where tourism industry is dominated by requests for tailored and specialized experiences, SMTEs play and objective role in providing adequate products and services

**Table 14:** Threats facing Egyptian SMTEs (n=110)

Attribute	1	2	3	4	5	6	7	M	SD
Disintermediation: internet	10 9.1 %	10 9.1 %	10 9.1 %	20 18.2 %	13 11.8 %	37 33.6 %	10 9.1 %	4.52	1.82
Weak support from the public sector	8 7.3 %	20 18.2 %	23 20.9 %	15 13.6 %	9 8.2 %	20 18.2 %	15 13.6 %	4.06	1.91
Greater power of vertical groups	13 11.8 %	17 15.5 %	19 17.3 %	11 10 %	10 9.1 %	20 18.2 %	20 18.2 %	4.16	2.07
Change in commissions paid by airlines	7 6.4 %	12 10.9 %	15 13.6 %	6 5.5 %	4 3.6 %	36 32.7 %	30 27.3%	4.96	2.01
Global Crisis like terrorism	9 8.2 %	10 9.1 %	10 9.1 %	11 10 %	10 9.1 %	25 22.7 %	35 31.8 %	4.98	2.03
Economic Impacts	6 5.5 %	3 2.72 %	1 0.9 %	15 13.63 %	15 13.63 %	25 22.72%	45 40.9%	5.59	1.68
Fierce Competition	6 5.5 %	10 9.1 %	4 3.6 %	10 9.1 %	20 18.2 %	10 9.1 %	50 45.4%	5.35	1.93

\*Scale used (1-least important, 7-most important)

**Table 15:** Proposed strategies for SMTEs

Attribute	Frequency	Percentage
Developing strong partnerships with other public/private enterprises	47	42.7 %
Exploiting opportunities from the Internet	88	80 %
Serving personalized services to customers	61	55.5 %
Flexibility and innovation	54	49.1 %
Building market niches	47	42.7 %
Having more scientific approach to management	76	69.1 %
Increasing service quality	93	84.5 %
Building good image or brand	44	40 %

\*More than one choice is applicable

to tourists by responding to the most specific requirements ( Novelli , Schmitz &Spencer , 2006 ). SMTEs constitute the “life blood of the travel and tourism worldwide “(Novelli, Schmitz &Spencer, 2006, p.1141). SMTEs formulate a significant contribution in terms of competitiveness, research, innovation, skills and employment (Airey, Esser & Szivas, 2009). On the other hand, SMTEs face a scarcity of financial resources, a lack of management and marketing skills, a lack of industry expertise and strategic vision (Airey, Esser & Szivas, 2009). This exploratory study has profiled Egyptian SMTEs with regard to their problems in different aspects. The common features of the surveyed travel agencies were creating more economically innovations than larger firms and having diversified and flexible nature. Human resources problems and quality deficiencies were considered the main internal barriers for Egyptian SMTEs. Concerning human resources, the surveyed travel agencies

suffered from lack of practical experience and customer service skills. Results also clarified that limited marketing budgets and the lack of promotional capacity represented the key drivers for marketing failure in SMTEs. E-commerce is the ideal solution for SMTEs to expand their businesses. But, in spite of that, Egyptian SMTEs face many obstacles in adopting new technologies. To provide a roadmap for Egyptian SMTEs, the present study proposes the following recommendations;

Establishing partnerships and forming strategic alliances with private/public enterprises will create new opportunities and pool their financial resources.

Raising the standards of personnel through improving education and training will disseminate the internal barriers facing SMTEs. Fostering collaboration with universities

and educational institutions can aid SMTEs in improving their human resources' qualifications. Moreover, enhancing e-training courses can save both time and money and achieve the required aim.

Adopting regularly SWOT analysis and benchmarking best practices can shape the strategic vision for SMTEs managers/owners.

Innovation and specialization are appropriate suitors for SMTEs; they need to focus on specialized products in order to become niche providers.

Consulting specialized IT (Information Technology) companies must be considered to enhance their online presence. SMTEs can use blogs, customer reviews and useful links to improve the performance of their websites.

SMTEs should introduce new regulations to enhance their services quality, and Adopting advanced approaches of crisis management can lessen the adverse impacts of these crises.

## FURTHER RESEARCH

The recent study focused on small and medium tourism enterprises, whereas; future studies can be undertaken to survey micro businesses. These enterprises need more studies to discuss their features and opportunities to remain in marketplace.

## REFERENCES

- Airey, D., Esser, R. & Szivas, E. (2009) . The development of tourism SMEs on NTOs . The case of Finland [Electronic Version] . *Journal of Travel Reserch*,48 (2) ,177-190.
- Asia Pacific Economic Cooperation . (2003). *Development needs of small and medium size tourism businesses*. APEC International Centre for Sustainable Tourism . Queensland, Australia. Retrieved February 23, 2010, from [http://www.apec.org/apec/enewsletter/march\\_vol\\_2/publications.primarycontent\\_paragraph\\_002.link\\_URL.Download.ver\\_5.1.9.pdf](http://www.apec.org/apec/enewsletter/march_vol_2/publications.primarycontent_paragraph_002.link_URL.Download.ver_5.1.9.pdf).
- Augustyn, M. & Pheby, J. (2005) . Capability based growth. The case of UK tourism SMEs . In E. Jones & C. Haven Tang (Eds.) , *Tourism SMEs, service quality and destination competitiveness* (pp 87-107).Cambridge : Cabi Publishing.
- Buhalis , D. (1996) . Enhancing the competitiveness of small and medium-sized tourism enterprises [Electronic Version] . *International Journal of Electronic Commerce*, 6, 1-6.
- Buhalis , D. ,Collins, C.& Peters, M. (2003) . *Enhancing SMTEs business performance through the internet and e-learning platforms* . Retrieved Desember 7, 2010,from <http://equbs.surrey.ac.uk/cgi/viewcontent.cgi?.pdf>.
- Buhalis , D., Bastakis, C. & Butler, R. (2004). *The perception of small and medium sized tourism accommodation providers on the impacts of the tour operators' power in Eastern Mediterranean* . Retrieved April 20, 2011, from <http://equbs.surrey.ac.uk/cgi/viewcontent.cgi?article=1016&content=tourism.pdf> .
- Buhalis , D. & Deimezi , O.(2004).*E-tourism developments in Greece : Information communication technologies adoption for the strategic management of the Greek tourism industry*. Retrieved February 2, 2011, from <http://equbs.surrey.ac.uk/cgi/viewcontent.cgi?article=1011.pdf> .
- Buhalis , D. & Peters, M. (2006). SMEs in tourism . In D. Buhalis & C.Costa (Eds.), *Tourism management dynamics: Trends, management and tools* (pp.116-129).Oxford: Elsevier Butterworth-Heinemann.
- Buhalis, D. & Zoge , M. (2007) . *The strategic impact of the internet on the tourism industry* . Retrieved March 6, 2011, from <http://springerlink.metapress.com/content/r7613815622308K5fulltext.pdf>.
- By,RT. & Dale, C. (2008). The successful management of organizational change in tourism SMEs : Initial findings in UK visitor attractions [Electronic Version].*International Journal of Tourism Research*, 10,305-313.
- Cooper, C . & Hall, C.M. (2008) . *Contemporary tourism: An international approach*. Oxford: Elsevier Butterworth-Heinemann.
- Corfu, A. & Nistoreanu, P.(2006). Insights in internationalization of tourism firms [Electronic Version] . *Amfiteatru Economic*, 19, 1-6.
- Egyptian Travel Agents Association (ETAA). (2010). *Agencies Directories* , ETAA, Cairo, Egypt .
- Guzman, J. , Moreno, P. & Tejada, P. (2008). The tourism SMEs in the global value chains : The case of Andalusia [Electronic Version]. *Services Business*, 2, 187-202.
- Hair, J., Bush, R. & Ortinau , D. (2003). *Marketing Research: Within a changing information environment* (2<sup>nd</sup> ed.).Boston: Mc Graw-Hill.
- Jenkins, H. (2006). Small business champions for corporate social responsibility [Electronic Version]. *Journal of Business Ethics*, 67, 241-256.
- Jones, E . & Haven-Tang , C. (Eds). (2005) . *Tourism SMEs, service quality and destination competitiveness* . Cambridge: Cabi Publishing.
- Karanasios, S. (2008). *An e-commerce framework for small tourism enterprises in developing countries* [Electronic Version] . Doctoral Dissertation, School of Information Systems, Faculty of Business and Law, Victoria University, Melbourne, Australia .
- Kim, C.(2004).*E-tourism: An innovative approach for the small and medium –sized tourism enterprises ( SMTEs)*

- in Korea*. Retrieved February 20, 2010, from <http://www.oecd.org/dataoecd/56/13/34268048.pdf>.
- Lee-Ross, D.(Ed.) . (1999). *HRM in tourism & hospitality: International perspectives on small to medium sized enterprises*. Singapore: Thomson Learning.
- Middleton, V.T., Fyall , A. & Morgan , M. (2009). *Marketing travel and tourism* (4<sup>th</sup> ed.). Oxford: Butterworth-Heinemann.
- Moebs, S.(2007). *A good mix in blended learning for small and medium – sized enterprises in particular from the IT and tourism industry* [Electronic Version] . MSc Thesis, The National College of Ireland, Ireland.
- Novelli , M. , Schmitz, B. & Spencer, T. (2006). *Networks, clusters and innovation in tourism : A UK experience* [ Electronic Version ] . *Tourism Management*, 27, 1141-1152.
- O'Toole, A., O'Marcaigh, F. & Cunningham, M. (2007). *Tourism SMEs and the web*, A research project commissioned by the Irish Tourism Industry Confederation. Retrieved December 22, 2010 from [http://www.itic.ie/fileadmin/docs/Tourism\\_SME\\_and\\_the\\_Web.pdf](http://www.itic.ie/fileadmin/docs/Tourism_SME_and_the_Web.pdf) .
- Page, S. (2007). *Tourism management: Managing for change* (2<sup>nd</sup> ed.). Oxford: Elsevier-Butterworth-Heinemann.
- Peters, M. , Withalm, J. & Wolfel, W. (2008). *Capability maturity models for SMEs and collaborative networked organizations in tourism*. Retrieved June 6, 2011, from <http://springerlink.metapress.com/content/rg26h348578g74g4/fulltext.pdf> .
- Roberts, S. & Tribe, J. (2008) . Sustainability indicators for small tourism enterprises . An exploratory Perspective [Electronic Version].*Journal of Sustainable Tourism*, 16 (5), 575-594 .
- Simmons, G., Armsrong , G.A. & Durkin, M.G. (2008). A conceptual of the determinants of small business web-sites adoption: Setting the research agenda [Electronic Version]. *International Small Business Journal*, 26 (3), 351-389.
- Timo, N. & Davidson ,M. (1999). Flexible labour and human resource management practices in small to medium –sized enterprises : The case of the hotel and tourism industry in Australia. In D.Lee-Ross (Ed.), *HRM in Tourism and Hospitality* (pp.17-36). Singapore: Thomson Learning .
- Urbano, D. & Yordanova , D. (2008). Determinants of the adoption of HRM practices in tourism SMEs in Spain: An exploratory study [Electronic Version]. *Services Business*, 2, 167-185.
- Wanhill, S. (2002) . *Sustaining tourism SMEs* . Retrieved March, 2,2011,from <http://unpan.1.un.org/intradoc/groups/public/documents/clod/clod0044547.pdf>.
- Wanhill, S. (2005).Investment support for tourism SMEs: A review of theory and practice. In E. Jones & C. Haven Tang (Eds.) , *Tourism SMEs, service quality and destination competitiveness* (pp 227-253).Cambridge : Cabi Publishing.
- Yilmaz,B. (2009). Competitive advantage strategies for SMEs : A case study in tourist sector [Electronic Version]. *MIBES Transactions*, 3 (1), 157-171.