



Towards Financing Small and Medium Enterprises in Tourism and Hospitality Industry and its impact on Originating and Demanding Local Products and Services

Salama Ammar
*Tourism Studies Department
Higher Institute for Tourism and Hotels,
Luxor (EGOTH)*

Reham Touni
*Hotels Management Department,
Faculty of Tourism and hotels,
Minya University*

Tamer Abdulaziz
*Tourism Studies Department,
High Institute for Tourism & Hotels, Six of October City*

ARTICLE INFO ABSTRACT

Keywords:
Tourism and
Hospitality SMEs;
Originality;
Finance; Tourism
Bank; Authentic
Products.

**(JAAUTH)
Vol. 22, No. 2,
(June 2022),
PP.174-193.**

Small and medium-sized enterprises (SMEs) in tourism and hospitality settings have considerable responsibility for Egyptian economic growth. However, there is a difficulty that SMEs have in accessing the financial system. Based on a shortage in latent studies investigating several issues related to financing tourism and hospitality SMEs in Egypt, the current study filled this research gap and explored the obstacles that small investors and local people are facing. The current study investigated the importance of the originality of tourism and hospitality products, and services, and uncovered the significance of establishing an Egyptian tourism bank for SMEs. Additionally, it developed a causal model that included novel relationships and examined them in the context of Egyptian tourism and hospitality SMEs. A total of 500 questionnaires were distributed to a random sample of SMEs owners who are enrolled in Micro, Small, and Medium Enterprises Development Agency (MSMEDA), the official umbrella of micro, small, and medium projects in Egypt. The number of valid questionnaires was 316. The results indicated that financial institutions do not have a huge willingness to finance tourism and hospitality SMEs. Local people, small investors, and manufacturers need subsidies from the government and assistance to get authentic raw materials to be more able to present original products. There is a problem concerning getting the required loans, and the provision of guarantees. Decision-makers in the Egyptian tourism and hospitality sectors should give more support to SMEs that present authentic products and services reflecting the identity, customs, and traditions of the host community.

Introduction

The tourism and hospitality industries in Egypt are significant sectors in terms of their contribution to the economic growth of the country; additionally, they are fragmented

business activities. During the past few years, the Egyptian tourism and hospitality settings registered a strong drop affecting different economic sectors. However, it lately started to regain according to economic and governmental reports. A noticeable percentage of the tourism and hospitality activities is prevailed by small-medium enterprises (SMEs) (Ramzy, 2020). SMEs are one of the most important leading instruments for the tourism and hospitality industry (Ghazi, & Ammar, 2018). Providing a steady business environment is needed for these business components because they supply the country's economic development, job opportunities, and a notable resource of tax generation (Khokhobaia, 2019).

Presenting local products and services, related to the heritage and culture of a specific destination contributes as a source of national income and improves the living conditions of the local people. The heritage activities attract a larger number of tourists, increase revenue, create job opportunities, and boost exports of antiques and handicrafts, in addition to encouraging local and foreign investment in those areas (Grefe 2004; Al-Shamy 2021). Mohamed et al. (2020) confirmed that besides handicrafts and souvenirs, Egypt has rich food culture indicating the unique authenticity of the country, and a food civilization rooted back to 5,500 years ago or earlier. The Egyptian food experience is a great approach to conjure tourists' connections with Egypt's exceptional history, and they typically spend about 40% of their travel budget on food.

There are different SMEs in both the tourism and hospitality industries. In the tourism sector, they are distributed across three main industry groups: recreation and entertainment, transportation, and travel services (Pierce, 2011; Ghazi, & Ammar, 2018). While in the hospitality sector, they are represented in restaurants, and SME hotels as accommodation facilities (Rosenfeld 2008; Ghazi, & Ammar, 2018). In spite of the significance of SMEs, working in the tourism and hospitality sectors in Egypt, they are facing real obstacles: the weak fund, and decreased support, and the inability to get loans. Moreover, they are competing with international companies that produce non-original products and services. Although local craft products or local souvenirs gain attention, such souvenirs are eventually imitated by the non-original producers or even replaced by imported products (Soukhathamma vonga and Park 2019). Tourists are attracted to these non-original products and services because of their cheap price and their attractive appearance, moreover, the non-ability of tourists to distinguish between original and non-original products.

Obtaining the required fund is one of the most vital elements for SMEs' growth; nevertheless, in many cases, they have obstacles obtaining the financing they need. Finding financing can be in particular challenging for SMEs in the tourism and hospitality industry because they are often seen by financial agencies as relatively risky compared to SMEs in other industries (Council of Tourism Associations of British Columbia, 2006). According to consultations with tourism business owners in Ontario, one of the most significant impediments to improving, modernizing, and/or expanding operations for businesses in tourism industries—particularly for SMEs—is the availability of financing (Ontario Tourism Competitiveness Study, 2009).

There is a shortage in previous studies investigating several issues related to financing SMEs in the context of tourism and hospitality industries in Egypt. There is a need to explore the importance of financing and presenting subsidies and guarantees to the investors for establishing tourism and hospitality SMEs in Egypt and investigate the role of supporting these projects in enhancing the originality and authenticity of local tourism and hospitality products and services. The current study intends to fill gaps in latent literature by shedding light on the value of tourism and hospitality SMEs in the Egyptian destination, uncovering the obstacles that SMEs owners and local people are facing to get loans and guarantees, examining the importance of the originality of tourism and hospitality products, and services, exploring the significance of establishing an Egyptian tourism bank for SMEs. The research hypotheses are as follows:

H.1: *There is a significant relationship between the provision of subsidies and originality.*

H.2: *There is a significant relationship between the provision of guarantees and originality.*

H.3: *There is a significant relationship between the provision of loans and originality.*

H.4: *There is a significant relationship between originality and demand for authentic local tourism products.*

Literature Review

1. Small and Medium Enterprises in Tourism and Hospitality Industry

It is essential to understand the meaning of small and medium-sized enterprises (SMEs). Although The World Bank (WB) continues to have no definition of what an SME is because the meaning of SMEs varies depending on country standards, the International Finance Corporation (an international financial institution which is a member of the world bank group) uses a common standard definition. The International Finance Corporation declared that the small business includes from (10) to (49) employees, and its total assets and annual sales ranged between (100) thousand and less than (3) million dollars. However, the medium project incorporates (50) to (300) employees and its total assets, and annual sales are not less than (3) million and do not go above (15) million dollars (World Bank Group 2019).

In Egypt, based on the Medium and Small Enterprises Development Law (1), Article One of Law No. 152 of 2020 defines medium projects as each established industrial project its invested capital is (5) million pounds and does not exceed (15) million pounds. Or every newly established non-industrial project, its invested capital is (3) million pounds and does not exceed (5) million pounds (Small, Medium, and Micro Enterprise Development Law, 2020). As for small projects, the sixth paragraph of the law defines them as each established industrial project its invested capital is (50) thousand pounds and less than (5) million pounds. Or every non-industrial project, its invested capital, is (50) thousand pounds and less than (3) million pounds (Small, Medium and Micro Enterprise Development Law, 2020).

SMEs in tourism and hospitality settings have a substantial role in economic development and progress, especially in developing countries (Peric et al., 2009). Tourism and hospitality SMEs improve a country's worldwide image, facilitate local, regional, and national sustainability, and participate in overall economic growth (Peric et al., 2009; Sit et al., 2020). They are important economic activities, and their growth can contribute significantly to economic development strategy, which improves the quality of life for the societies, particularly in developing territories (Carrillo-Hidalgo & Pulido-Fernández 2016). They create new job opportunities, directly and indirectly, generate foreign exchange, increase revenue, contribute to poverty alleviation, and provide opportunities for related smaller businesses (Dar & Mehta 2014; Elgarhy & Salem 2020). Additionally, they encourage residents to use geography, history, nature, and intangible assets such as cultural cuisine and customs to attract visitors and investors (Mann 2020). In Egypt, Eraqi (2007) confirmed that tourism and hospitality projects increase the national income and create jobs for the Egyptian local people. In Egypt, the improvement of SMEs is one of the major World Tourism Organization strategies that can be utilized to improve overall tourism and hospitality development indicators and enhance the quality of the standard of living of the Egyptian local people (Eraqi 2007).

Even though tourism and hospitality industries can positively influence the economic situation of a country or region, there is a difficulty local tourism businesses have in accessing the financial system (Carrillo-Hidalgo & Pulido-Fernández 2016). Tourism and hospitality projects need investments to start and improve the business (Teker and Teker 2012; Das and Ghosh 2014; Vujovic and Arsic 2018; Sit et al., 2020; Mann 2020), such as depending on debt with high-interest payments (Diaz and Kien 2019). They require finance depending on various alternatives for tourism financing like government assistance, private sector participation, institutional finance, private source of finance, foreign investment and financing by Inter-Governmental organizations (Das and Ghosh 2014).

2. Financing Small and Medium Enterprises in Tourism and Hospitality Industry

Financing tourism and hospitality projects are looking for one or more investment alternatives (such as debt and equity) with reasonable interest rates and set criteria to assess the project's financial needs (Diaz and Kien 2019). The financing of SMEs in tourism and hospitality is crucial and essential, as it enables them to establish themselves, expand, and be open to new business sectors (Carrillo-Hidalgo & Pulido-Fernández 2016). Among the most prominent areas of investment in tourism and hotel SMEs are investment in accommodation and catering services, investment in tourism transport, investment in tourist entertainment and investment in tourism companies (Mounir et al., 2018).

There is a need to pay attention to facilitating procedures for obtaining appropriate financial support to finance SMEs in the tourism and hospitality industry with the necessity of coordinating with financial institutions by signing memoranda of cooperation and providing other investment incentives for them (Mounir et al., 2018). Specifically, enabling financing hospitality and tourism projects enable families with limited resources to have a new source of income that helps them improve their

quality of life, which ultimately benefits both the development and reduction of poverty in the country (Diaz and Kien 2019). Hence, it is essential to enable access to financial services for people to ensure the development of an economy and achieve financial inclusion for most of the population, regardless of their condition (Carrillo-Hidalgo & Pulido-Fernández 2019).

Researchers confirmed that the sources of finance vary, and they divided them into internal and external sources, private and public sources, and local and international sources. First, the internal financing sources is the owner contribution; while external financing sources are such as funds from the family, friends, and the capital market sources such as companies, investment funds, development and investment banks, insurance companies, and equipment manufacturers (Badulescu et al., 2015; Vujovic and Arsic 2018). Second, private and public (governmental) investors finance SMEs and have a crucial role in tourism development (Dar and Mehta 2014); however, they have different aims and do not seek the same results. Private investors seek profitability (although this is not always the case), but public investors seek economic development for the country (Bodlender 1982). Third, according to local and international sources, Bodlender (1982) declared that local authorities are national banks and other project financing institutions, while international financial institutions are regional development banks and international aid institutions.

Egypt's most important local government financing institutions are the National Bank of Egypt, Bank Misr, and Banque Du Caire. The National Bank of Egypt implemented 32 projects in the tourism industry (Helmy et al., 2017). In comparison, Bank Misr is a partner in 208 tourism projects owned by the country. Banque Du Caire is a pioneer in funding Small and Medium Enterprises (SMEs) and microfinance projects (Helmy et al., 2017). According to IFIs, most of them are financing tourism and hospitality projects, as they consider it a means to achieve their goals (Carrillo-Hidalgo & Pulido-Fernández 2016).

The most popular and primary sources of funds for financing tourism and hospitality projects are own funds in the form of shares (share capital) and other assets in the form of loans (Vujovic and Arsic 2018). The researchers focused on bank loans which have benefits over equity capital. Bank loans mean crediting partnership; therefore, the investor (the creditor) only has a right to payment and does not have the right to vote like the case of equity capital (Vujovic and Arsic 2018). Furthermore, financing from loans is cheaper than from equity capital. On the one hand, in loans, the tax amount is deducted from the net profits; on the other hand, payments to investors are made from the net profit already taxed (Vujovic and Arsic 2018). Accordingly, bank loans have become the most common source of financing tourism and hospitality projects (Sit et al., 2020).

3. Obstacles of Financing Small and Medium Enterprises in Tourism and Hospitality Industry

Most SMEs in the tourism and hospitality industries face several obstacles to obtaining the required financing, especially in developing countries. Financial institutions (mainly banks) are generally unwilling to finance SMEs because they

neglect the market segment with lower capacity, consisting of SMEs and the poorest households (Carrillo-Hidalgo & Pulido-Fernández, 2019). The high-interest rate and shorter loan maturities make the firms' access to finance more complex and more expensive (Badulescu et al., 2015). In Egypt, Elgarhy and Tamam (2020) summarized the main difficulties of financing SMEs as follows: strictness in the request for guarantees, the problem of approving the granting of loan collateral to projects that do not have sufficient assets, or the amount of the loan is insufficient, especially in projects that require special equipment, and lack of a grace period to pay the loan installments in times of tourism crises due to the stagnation of tourism movement or in the absence of distribution channels for the sale of products, as well as labor and operating costs.

Several negative consequences occur based on the lack of financing as a common challenge hindering the development of tourism and hospitality settings. SMEs are excluded from the current financial system, making it difficult for those SMEs to carry out an activity, resulting in several popular destinations slowly dying (Diaz and Kien 2019). Specifically, local people such as women and youth can provide local products that express the Egyptian cultural heritage, but they need financial support to be able to gain access to economic opportunities and basic living conditions, and their quality of life (Akama and Kieti 2007; Carrillo-Hidalgo & Pulido-Fernández, 2019).

Many developing countries that lack funds seek financial aid from international financial institutions (IFIs) (Bodlender 1982). However, IFIs provide big financing projects such as infrastructure and concessional finance to local intermediary banks to view optimistic private-sector developers (Mann 2020). In high-income economies, 94% of adults have a bank account; however, this percentage drops to 63% in developing economies. Moreover, in developed economies, more than 50% of borrowers turn to the formal financial system; this rate drops to less than 20% in developing economies, where people borrow from relatives or friends (Carrillo-Hidalgo & Pulido-Fernández, 2019).

Attya (2021) explained the obstacles of financing SMEs in Egypt declaring that the larger the size of the project, the greater its access to financing. More than 75% of small and micro enterprises never apply for bank loans and depend on self-financing. Most small businesses that seek bank financing are rejected. Attya (2021) further declared that the Egyptian government has provided many financing initiatives through the Social Fund for Development, or through the Small and Medium Enterprises Development Authority, especially in the wake of the emergency crisis caused by the exposure of the international community to the Covid-19 pandemic, to alleviate the severity of its adverse effects. Additionally, the diversity of programs and initiatives directed at these projects exceed (40) programs under the governmental and non-governmental organizations, the Social Fund for Development, the Central Bank, and other banks. However, these initiatives did not achieve practically a complete solution to the financing problems of this type of project. A small percentage of SMEs are those that have proven to benefit from these programs.

Financing is a key element in tourism investment operations and its ease. (Abdelhamid 2021). In Egypt, there are difficulties in financing tourism activities, as banks do not want to finance tourism projects even if the rate of self-financing to loans is acceptable according to general standards. This is due to the banks' fear of the high level of risks in tourism projects and their preference for lending local business owners for import and export operations (Abdelhamid 2021). Attya (2021) declared that the Egyptian government has focused on SMEs and considered them a crucial element in the national priorities and has a role in achieving economic stability. Attia (2021) also emphasized that the significance of spreading the culture of SMEs, especially among youth and those returning from long business trips abroad, who are looking for serious investment opportunities. This spread will not be achieved without being accompanied by a tangible demonstration of the active role, aid, and facilities that the government can provide to support the work of these projects. Besides, announcing the efforts made to overcome all the obstacles they could face, especially in the early stages of the enterprise.

4. Financing and Originating the Tourism and Hospitality Local Products and Services in Egypt

The intangible cultural heritage represents a part of the national and human memory that should be documented and protected from loss because it is a spiritual or moral heritage, and neglecting in preserving it leads to gradually being forgotten and losing its peculiarities and identity (Al-Shamy 2021). Intangible cultural heritage is the orally transmitted and expressed by languages, dialects, customs, traditions, rituals, beliefs, folk practices, festivities, popular and religious holidays, professions, crafts, games, proverbs, folk tales, orally transmitted poems, singing, music of all kinds, performing arts, folk dance, practices, forms of expression, knowledge, skills, the associated artifacts, and cultural places (Al-Shamy 2021).

In tourism and hospitality settings, souvenirs (such as handicrafts) and the designs of hotels' buildings which are harmonized with their surroundings (Rosenfeld 2008) are an important intangible cultural heritage that reflects the history and can hold the values of heritage (Ona and Solis 2017). In Europe, typical cultural heritage includes festivals and events, banquets, music, theatre, shows, village and rural life (e.g. farms, Sunday markets), gastronomy, general sightseeing, village buildings, historic and religious monuments (Rosenfeld 2008). In Egypt, Cultural heritage contributes to strengthening the identity and belonging of Egyptian cultural heritage in the hearts of Egyptians, and there is a need to promote and market heritage products and crafts (Al-Shamy 2021).

Presenting local products and services, related to the heritage and culture of a specific tourism destination for sale contributes as a source of national income and improves the living conditions of the local people. The heritage activities attract a larger number of tourists, increase income, create job opportunities, and boost exports of antiques and handicrafts, in addition to encouraging local and foreign investment in those areas (Grefe 2004; Al-Shamy 2021). Traditional artifacts represent a fundamental part of a community's culture; specifically when there are made by local people and made of local raw materials (Ona and Solis 2017). Selling local products

substantially impact on the economic growth of tourism destinations, deliver additional income to communities, and generate employment and state revenues (Kastenholz et al., 2016). Handicrafts are a significant aspect of creative expression of the local community, closely tied to its way of life (Ona and Solis 2017). The purchase of local products and services such as: traditional food; handicraft; silk carpets; textiles and silver has a significant role in engaging tourists with the culture of the destination, stimulating the development of a favorable destination image (Jimura 2011; Kastenholz et al., 2016), affirming the national identity and promoting solidarity (Grefe 2004), and achieving a high quality of life for local people (Eraqi 2007).

Mohamed et al. (2020) confirmed that besides handicrafts and souvenirs, Egypt has a rich food culture which indicates the unique authenticity of the country, and a food civilization rooted back to 5,500 years ago or earlier. The Egyptian food experience is a great approach to conjure tourists' connections with Egypt's exceptional history, and they typically spend about 40% of their travel budget on food (Mohamed et al., 2020). Egyptian food differentiate and distinguish the Egyptian destination along with other cultural and natural resources, as BBC reported (Mohamed et al., 2020). Finally, the food image of a particular destination can potentially create a unique "brand" that can enforce the competitive advantage of the destination (Mohamed et al., 2020). In Egypt, the focus was on the intended part only, such as buildings and monuments, but there is also an intangible heritage such as traditional and popular cultural dimensions, crafts and local products that need more intention (Al-Shamy 2021). It is necessary to widely promote heritage handicraft products located in historical areas, such as holding exhibitions, celebrations and international festivals, as well as promoting cultural and heritage sites and adopting global strategies for awareness of the Egyptian cultural heritage actual value and emphasizing tangible and intangible heritage (Al-Shamy 2021).

Souvenirs related to culture and heritage made by local people with local raw materials are unique and authentic and present an authentic experience to the tourists (Nagarjuna 2015). Authentic souvenirs need to integrate culture and history to represent the destination identity, to be handmade and have a unique, attractive presentation, and to require local-specific skills of local artists or recognizable person for craftsmanship (Soukhathammavong & Park 2019). Latent studies confirmed that tourists are likely to avoid buying souvenirs which, in their view, are lacking authenticity, even when prices are cheaper, if they found the authentic alternatives (Soukhathammavong & Park 2019). Authentic souvenirs include uniqueness and originality, workmanship (handmade), aesthetics, function and use, cultural and historic integrity, craftsmen and appealing material, and product identification (Soukhathammavong and Park 2019). The present social and economic environment has become interested in emphasizing the originality and quality of products in a globalised environment where things lose their novelty and there is serious difficulty due to competition at both the national and international level (Grefe 2004).

Local people are usually not engaged in tourism or hospitality product development and derive minimal gains from the tourism industry while bearing many of the costs

(Akama and Kieti 2007). In spite of the significant contribution of local people in saving the cultural heritage, they are represented as key players in supporting the offered authentic tourism and hospitality products and services, especially those related to culture and heritage, they always feel excluded from participation in tourism activities (Bichler 2021). Further, there is a gap between local people and tourists and when local craft products or local souvenirs gain attention, such souvenirs are eventually imitated by non-original producer or even replaced by imported products (Soukhathammavonga and Park 2019). Furthermore, the development of small and medium sized handicrafts businesses that focus on locally themed and made items, support restaurants, hotels, souvenirs, shopping (Rosenfeld 2008). Moreover, improve the level of artisans' skills in local traditions and the involvement of high-quality craftsmen/producers (Soukhathammavon and Park 2019).

Based on the previous discussion, the following hypotheses are proposed, Fig (1):

- H.1:** *There is a significant relationship between the Provision of subsidies and originality.*
- H.2:** *There is a significant relationship between the Provision of guarantees and originality.*
- H.3:** *There is a significant relationship between the Provision of loans and originality.*
- H.4:** *There is a significant relationship between originality and demand for authentic local tourism products.*

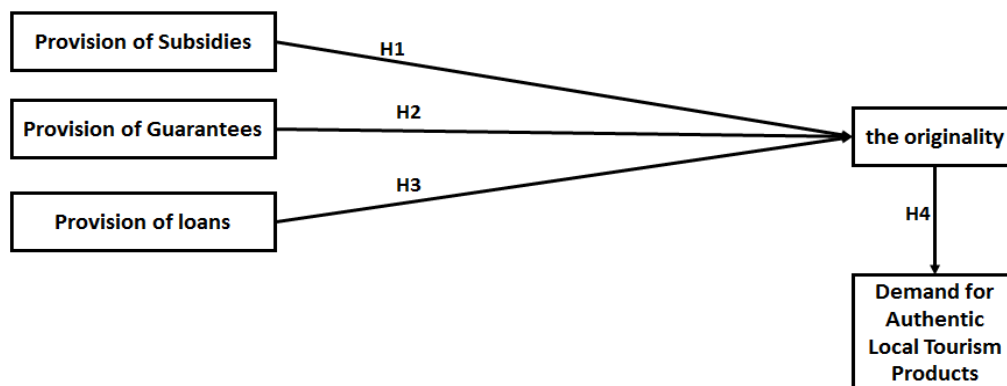


Fig.1. The proposed Research Model

3. Methodology

The current study adopted the questionnaire survey as the most suitable data collection method for large sample sizes. Among the various methods of the questionnaire survey, a web-based questionnaire survey has efficiency in providing researchers with unique features, format options, and other visual and functional advantages such as including screening questions help in excluding unqualified respondents and assure the anonymity of the respondents which help in collecting high-quality data.

1. Sampling

The current study took into consideration various data collection actions and sample characteristics. As the focus was on testing relationships related to financing SMEs in

the tourism and hospitality industry, and the originality and demand for authentic local tourism and hospitality product. A total of 500 questionnaires were distributed to a random sample of SMEs owners who are enrolled in Micro, Small, and Medium Enterprises Development Agency (MSMEDA), the official umbrella of micro, small, and medium projects in Egypt. 316 copies were collected with a response rate of (63.2%).

The characteristics of the participants were as follows: most of them were male (61.39%); where the female respondents were (38.60%). The majority of respondents were between the ages of 21 and 30 (46.5%) and between the ages of 31 and 40 (41.9%). The minority of respondents were between the ages of 41 and 50 and between the ages of 51 and 60 (5.8%) for both. More than 50% of the participants were considered medium-sized enterprises owners (capital from 3 to 5 million pounds), whereas (42.3%) of them were considered small-sized enterprises owners (capital from 50 thousand pounds to less than 3 million pounds). As for the business activities of the participating SMEs owners, car rental (22%), ceremony organizing office (17%), Bazar (13%), restaurant (39%), and Coffee (9%). Regarding the type of project ownership, partnership (58.2%), solo proprietorship (37.7%), and franchise (4.1%). When it comes to the age of the SMEs of the respondents, it is found that SMEs from (2-5 years old) were (47.9%), Up to 2 years old were (43.2%), from (5-9 years old) were (4.8%), and from (13 years to above) were (4.1%).

2. Measurement items

The questionnaire is divided into three main parts, as follows. The first section asks about respondents' characteristics. The second section includes questions regarding the profile of tourism and hospitality projects. The third part of the questionnaire contains the measurement items to examine the proposed model. The questions were rated on a Likert scale ranging from strongly disagree (1) to strongly agree (5). The study was conducted in November and December - 2021.

To examine the conceptual model, the study used 22 items from previous studies. To measure the provision of subsidies, 6-items were adapted from Kwarteng et al. (2016). As for testing the provisions of loans, 6-items scale were adapted from Kwarteng et al. (2016). Moreover, the study employed a 6-item scale for the provisions of guarantees Kwarteng et al. (2016); a 4-item scale was adapted from Ansu-Mensah et al. (2021) for the assessment of the role of finance on the performance of SMEs (the originality of their products and services). Finally, the demand for authentic tourism local products was measured by 6 items adapted from (Qiu, Chen, and Lee, 2021). The phrasing of items was slightly modified to fit the context of the current study.

3. Data analysis

The current study utilized IBM SPSS v. 22 for the analysis of the respondents' demographic characteristics, the profile of the tourism and hospitality projects, and the test of the hypotheses in the proposed model.

4. Results and Discussion

1. Validity and Reliability

The results show Cronbach's α values of all variables of the research exceed 0.71, supporting enough measurement reliability, Where Hair et al. (2010) contends that, Cronbach's α value greater than 0.7 is good for reliability (Table 1). The results indicated high-reliability coefficients for the questionnaire, indicating a satisfactory internal consistency, and shows also a high validity for the questionnaire attributes.

Table 1

Cronbach's α values of all variables in the proposed model

Dimensions	Cronbach's alpha Reliability	No. of Items
Provision of subsidies, provision of guarantees, and provision of loans	.773	17
Originality	.749	4
Demand for authentic local tourism products	.901	7

2. Descriptive Statistics

It is important to explore the significance of the means values which are as follows: values between 0.0 and 1.790 means (completely disagree). Values are between 1.790 and 2.590 means (disagree). Values are between 2.590 and 3.390 means neutral. Values are between 3.390 and 4.190 means (agree). Values are between 4.190 and 5 means (completely agree).

Table 2

Descriptive statistics for provision of subsidies

Items		M	SD	Rank
1	Cost of operation is too expensive	4.368	0.756	1
2	I cannot compete fairly with the existing well-established firms	4.071	0.898	2
3	I have limited access to finance	4.065	0.803	3
4	Subsidies from the government on raw materials are very helpful	3.948	0.903	4
5	I not aware of any subsidies	3.568	0.875	5
6	The subsidies are discriminatory	3.297	0.815	6
Total		3.886	.535	

M=Mean SD=Standard Deviation

Table (2) shows some descriptive statistics of the provision of subsidies dimension. The data shows that the mean score for this variable was 3.88, statistically meaning that the respondents seek to get the subsidies. Also, it is apparent that the respondents completely agree that the cost of operation is too expensive (M= 4.36; S.D = 0.75). They also agree that they cannot compete fairly with the existing well-established firms (M= 4.07; S.D = 0.89). They also have limited access to finance (M= 4.06; S.D = 0.80). In addition to that, they agree that subsidies from the government on raw materials are very helpful (M= 3.94; S.D = 0.90), besides they do not aware of any

kind of subsidies. This indicates that there is a gap between the governmental initiatives to support the SMEs and the owner of these SMEs because of the lack of awareness. As regards the last item of this variable, the respondents are not sure whether the subsidies are discriminatory or not ($M= 3.88$; $S.D = 0.84$).

Table 3

Descriptive statistics for provision of loans

Items		M	SD	Rank
1	Interest on loans in the open market is too expensive	4.265	0.861	4
2	I cannot compete with the larger firms for loan access	4.381	0.784	3
3	Loans from the government and support institutions are discriminatory	3.800	0.983	5
4	I don't have the requirements to access loans from the financial institutions	4.400	0.951	2
5	Loan processes are too cumbersome	4.419	0.692	1
Total		4.277	0.571	

Table (3) shows that the mean score for this variable was 4.27, statistically meaning that there is a real problem for the respondents seeking to get the required loans. The respondents agree that they could not get the required loans because of some reasons which are ranked as follows; loan processes are too cumbersome, which comes in the first rank ($M= 4.41$; $S.D = 0.69$). The second rank is that the respondents do not have the requirements to access loans from the financial institutions ($M= 4.40$; $S.D = 0.95$). The third rank is that the respondents cannot compete with the larger firms for loan access ($M= 4.38$; $S.D = 0.78$). Regarding the fourth rank, comes interest on loans in the open market. The respondents agree that it is too expensive ($M= 4.26$; $S.D = 0.86$). Whereas loans from the government and support institutions are discriminatory, come in the last rank because respondents are not sure of that ($M= 3.80$; $S.D = 0.98$).

Table 4

Descriptive statistics for provision of guarantees

Items		M	SD	Rank
1	I find it difficult to meet the requirements of the banks for loans	4.323	0.469	1
2	I am not aware of any guarantees from the government	3.335	0.899	4
3	The provision of guarantees are discriminatory	3.716	0.532	3
4	The size of my business is too small to attract guarantees	4.310	0.491	2
Total		3.983	0.383	

Table (4) shows that the mean score for provision of guarantees was 3.98, statistically meaning that the respondents agree that there is a problem concerning the provision of guarantees. The reasons being the provision of guarantees represent a problem are ranked as follows; "it is difficult to meet the requirements of the banks for loans" comes at a first rank ($M= 4.32$, $SD= 0.46$). Followed by "The size of business is too

small to attract guarantees” (M= 4.31, SD= 0.49). Furthermore, “The provision of guarantees are discriminatory” comes at a third rank (M= 3.71, SD= 0.53), “I am not aware of any guarantees from the government” is ranked last (M= 3.33, SD= 0.89).

Table 5

Descriptive statistics for the originality of products and services

Items		M	SD
1	Access to finance has aided my business to acquire certain original raw materials needed for operation.	4.245	0.432
2	My business is able to pay off its workers due to access to finance.	4.155	0.583
3	My business has acquired modern technologies which have affected the originality of my products positively due to access to finance.	4.148	0.494
4	Access to finance has helped my business expand due to its ability to provide products that show the identity of the hostel community new strategies adopted.	3.961	0.545
Total		4.127	0.389

Table (5) shows that the mean score for the originality of products and services was 4.12, statistically meaning that there is clear agreement on the importance of finance in enhancing the authenticity of the tourism and hospitality products and services and its role in supporting them to reflect the values and customs of the host community.

Table 6

Descriptive statistics for the financing obstacles

Items		M	SD	Rank
1	High-interest rate	4.419	0.623	5
2	Shorter loan maturities	4.587	0.590	2
3	Strictness in the request for guarantees	4.632	0.547	1
4	Do not have sufficient assets	4.535	0.627	3
5	The amount of the loan is insufficient	4.239	0.798	6
6	Lack of a grace period	4.516	0.574	4
Total		4.488	0.382	

Table (6) shows that the mean score for the financing obstacles was 4.88, statistically meaning that the respondents agree that the reasons mentioned above in table 6 wholly obstruct them to obtain the required finance. The obstacles of finance are ranked as follows; “Strictness in the request for guarantees” comes at a first rank (M= 4.63, SD= 0.54). Followed by "Shorter loan maturities" (M= 4.58, SD= 0.59). Furthermore, “Do not have sufficient assets” comes at a third rank (M= 4.53, SD= 0.62), "Lack of a grace period" is ranked at a fourth rank (M= 4.51, SD= 0.57). In addition high interest rate is ranked at a fifth rank (M= 4.41, SD= 0.62). “The amount of the loan is insufficient” is ranked last (M= 6.23, SD= 0.79).

Table 7

Descriptive statistics for demand for authentic local tourism products

Items		M	SD
1	I feel that the tourist is very positive when he buys the authentic local tourism product	3.836	1.118
2	I believe that using the original tourism product makes the tourist happy	3.855	1.142
3	I feel the satisfaction of the tourist when using the tourism product that expresses the identity of the tourism destination	3.776	1.152
4	I feel that the tourist is proud to use an authentic local tourism product when visiting the tourist destination.	3.836	1.124
5	I think that the tourist spends a lot of time in the tourism destination, when the tourism products he uses are authentic, compared to the time spent when using the traditional tourism products	3.855	1.118
6	I think that the tourist is more in demand for the authentic tourism product	3.526	1.409
7	I think that the authentic local tourism product is one of the brands that tourists usually want to buy	3.428	1.374
Total		3.730	0.960

Table (7) shows some descriptive statistics of the demand for authentic local tourism products dimension. The data shows that the mean score for this variable was 3.73, statistically meaning that the respondents agree that there is a tourist demand for authentic local tourism products.

3. Testing the Hypotheses of the Proposed Model

Table 8

The Correlation between a provision of subsidies, provision of loans, provision of guarantees, demand for authentic local tourism products, and originality

Variables	Correlation Type	Originality
Provision of subsidies	Pearson Correlation	.272**
	Sig. (2-tailed)	0.001
Provision of loans	Pearson Correlation	.312**
	Sig. (2-tailed)	0.000
Provision of guarantees	Pearson Correlation	.520**
	Sig. (2-tailed)	0.000
Demand for authentic local tourism products	Pearson Correlation	-0.104
	Sig. (2-tailed)	0.200

** Correlation is significant at the 0.01 level (2-tailed).

As shown in table 8, H1, H2 and H3 are supported. On the one hand, it is clear that there is a statistically significant relationship between the provision of subsidies and originality (H1: 0.272), provision of loans and originality (H2: 0.312), and provision of guarantees and originality (H3: 0.520). This is due to the importance of these items

in supporting the SMEs and enabling them to get the origin raw materials which are very essential to provide an original product that can reflect the identity of the host community and express the originality of Egyptian tourism destination. On the other hand, there the relationship between originality and demand for authentic local tourism products is not significant and H4 is not supported. This can be explained by several reasons, such as the turnout of tourists on non-original tourism products because of their cheap price with their attractive appearance, in addition to the non-ability of tourists to distinguish between origin and nonoriginal tourism and hospitality products.

Table 9

Regression coefficients for provision of subsidies and provision of loans and provisions of guarantees on originality

Model	B	R ²	F	T	Sig.
Provision of subsidies	0.074	0.348	26.821	1.353	.178
Provision of loans	0.148			2.918	.004
Provision of guarantees	0.493			7.298	.000

As shown in Table 9, the provision of subsidies has no significant effect on originality (B= 0.074, Sig.= 0.178). This result could be explained by being the governmental subsidies offered to SMEs in the tourism and hospitality industry are still in their beginnings, thus its effect on supporting the SMEs is still limited. While, provision of loans has a significant effect on originality (B= 0.148, Sig.= 0.004). This is because providing the required finance through loans plays an important role in assisting SMEs to get the original raw material, and then presenting original tourism and hospitality products and services. Additionally, provision of guarantee has a significant effect on originality (B= 0.493, Sig.= 0.000). This relationship clearly reflects the necessity of simplifying the required guarantees as they affect positively obtaining the required loans.

Table 10

Regression coefficients for the effect of originality on demand for authentic local tourism products

Model	B	R ²	F	T	Sig.
Originality	0.041- -0.268	0.011	1.655	1.286-	2000.

According to table 10, the effect of originality on demand for authentic local tourism products is not significant (B= 0.041-, Sig.= 0.200).). This can be explained by several reasons, such as the turnout of tourists on non-original tourism products because of their cheap price with their attractive appearance, in addition to the non-ability of tourists to distinguish between original and nonoriginal tourism products.

5. Conclusion and Recommendations

- Supporting tourism and hospitality SMEs enhance the originality of products and services provided and enable the capability of competing with the non-original products and services which are cheaper but not original.

-
- The improvement of the authenticity of the tourism and hospitality products and services reflects the values and culture of the local community.
 - Most SMEs in the tourism and hospitality industries face several obstacles to obtaining the required financing.
 - In Egypt, there are difficulties in financing tourism activities explained as follows: financial institutions do not have a huge willingness to finance the tourism and hospitality SMEs; cost of operation of SMEs is too expensive; local people and small investors cannot compete fairly with the existing well-established firms; they have limited access to finance.
 - Local people, small investors, and manufacturers need subsidies from the government and assistance to get raw materials to be able to present authentic products.
 - There is a fierce competition between the original products and services which depend on authentic raw materials, and the non-original tourism and hospitality products which are cheaper and have a more attractive appearance.
 - The demand for authentic local tourism products is not too much, because of the non-ability of tourists to distinguish between original and nonoriginal products and services.
 - Local people, small investors, and manufacturers could not get the required loans because of some reasons: loan processes are too complicated; they do not have the requirements to access loans from the financial institutions; they cannot compete with the larger firms for loan access.
 - There is a problem concerning the provision of guarantees because the size of SMEs is too small to attract guarantees, and sometimes the provision of guarantees is discriminatory.
 - There is a need to pay attention to establishing a bank specialized in financing tourism and hospitality SMEs and facilitating procedures for obtaining appropriate financial support to SMEs.
 - Decision-makers in the Egyptian tourism and hospitality sectors should give more support to SMEs which present authentic products and services that reflect the identity, customs, and traditions of the host community.

References

- Akama, J. S. & Kieti, D. (2007). Tourism and Socio-economic Development in Developing Countries: A Case Study of Mombasa Resort in Kenya. *Journal of Sustainable Tourism*, 15(6), pp. 735-748. DOI: 10.2167/jost543.0
- Badulescu, D., Giurgiu, A. Istudor, N. Badulescu, A. (2015). Rural Tourism Development and Financing in Romania: A Supply-Side Analysis. *Journal of Agric. Econ. Czech*, vol 61 (2), pp. 72–80. DOI: 10.17221/94/2014
- Bichler, B. F. (2021). Designing Tourism Governance: The Role of Local Residents. *Journal of Destination Marketing & Management*, 19 (2021), pp. 1-21. DOI.org/10.1016/j.jdmm.2019.100389
- Bodlender, J.A. (1982). *The Financing of Tourism Projects*. Tourism Management. Butterworth & Co (Publishers) Ltd

-
- Carrillo-Hidalgo, I & Pulido-Fernández, J. I. (2016). Is the Financing of Tourism by International Financial Institutions Inclusive? A Proposal for Measurement. *Current Issues in Tourism*. pp 1-27. DOI: 10.1080/13683500.2016.1260529
 - Carrillo-Hidalgo, I & Pulido-Fernández, J. I. (2019). The Role of the World Bank in the Inclusive Financing of Tourism as an Instrument of Sustainable Development. *Journal of Sustainability*, 12, 285, pp. 1- 21. DOI: 10.3390/su12010285
 - Council of Tourism Associations of British Columbia (2006), Financing Tourism Operations in BC, http://www.cotabc.com/publications/cota_publication_details.aspx?id=21, accessed at 20 Nov. 2021.
 - Dar, A. A. & Mehta, S. K. (2014). Assessment of the Role of Financial Institutions in Tourism Development of Kashmir: A Field Study from Demand Side of Market. *Journal of Kashmir for Tourism and Catering Technology*, Vol. 1, No. 2, pp 14-23
 - Das, J. K. & Ghosh, S. (2014). An Analytical Study on Investment and Financing Scenario of Tourism Industry of West Bengal. *Globsyn Management Journal*. 8 (1&2). Pp. 39-52
 - Diaz, J, F, T., Kien, D, T. (2019). Tourism Finance: Investing and Financing in Sustainable Tourism. *Jurnal Ekonomi dan Bisnis Jagaditha*, 6(2), pp. 72-77. Doi: <http://dx.doi.org/10.22225/jj.6.1.986.1-7>
 - Egyptian Junior Business Association (2020). The Micro, Small, Medium-Sized Enterprise Development Law of 2020. The Center for International Private Enterprise
 - Eraqi, M. I. (2007). Local Communities' Attitudes Towards Impacts of Tourism Development in Egypt. *Journal of Tourism Analysis*. Vol. 12, pp. 191–200
 - Ghazi, K., & Ammar, S. (2018). International tourists' attitudes and satisfaction toward airport F&B, and duty-free concessions. *Journal of Tourism Research*, 20(July), 41-109.
 - Greffe, X. (2004). Is Heritage an Asset or a Liability? *Journal of Cultural Heritage*, 5 (2004), pp. 301–309. DOI: 10.1016/j.culher.2004.05.001
 - Helmy, E. Hussein, J., El-Sisi, S. A. (2017). Evaluating the Role of National Banks in Supporting Sustainable Tourism Projects in Egypt. *International Academic Journal of the Faculty of tourism and Hotel Management, Helwan University*, 2 (2), pp. 25-42
 - Jimura, T. (2011). The Impact of World Heritage Site Designation on Local Communities: A Case Study of Ogimachi, Shirakawa–mura, Japan. *Journal of Tourism Management*, 32 (2011), pp. 288-296
 - Kastenholz, E., Eusebio, C., Carneiro, M. J. (2016). Purchase of Local Products within the Rural Tourist Experience Context. *Journal of Tourism Economics*, 22(4), pp. 729–748. DOI: 10.1177/1354816616654245.
 - Khokhobaia, M. (2019). The role of small and medium size enterprises in regional tourism development: the case of Georgia. 2 nd Interbationl Conference on Business, Management & Economics, 22-23 June. Vienna, Austria.

-
- Mann, S. (2020). Tourism as a Development Option: Perspectives from the World Bank. *Tourism in Development Reflective Essays*.
 - Mohamed, M. E.A., Hewedi, M. M., Lehto, X. (2020). Egyptian Food Experience of International Visitors: A Multidimensional Approach. *International Journal of Contemporary Hospitality Management*, 32 (8), pp. 2593-2611. DOI 10.1108/IJCHM-02-2020-0136
 - Nagarjuna, G. (2015). Local Community Involvement in Tourism: A Content Analysis of Websites of Wildlife Resorts. *Atna-Journal of Tourism Studies*, 10 (1), pp. 13-21. DOI:10.12727/ajts.13.2
 - Ona, J. G. & Solis, L. S. L. (2017). Challenges and Opportunities for the Development and Promotion of Ibaloy Crafts as Tourism Products. *International Journal of Culture, Tourism and Hospitality Research*, 11(4), pp. 593-607. DOI 10.1108/IJCTHR-11-2016-0112
 - Ontario Tourism Competitiveness Study (2009), *Discovering Ontario: A Report on the Future of Tourism*, Queen's Printer for Ontario, http://www.mtc.gov.on.ca/en/regions/discovering_ontario.shtml, accessed at 20 Nov. 2021.
 - Peric, J., Mujacevic, E., & Šimunic, M. (2009). International Financial Institution Investments in Tourism and Hospitality. *Journal of International Business and Cultural Studies*.
 - Pierce, A. (211). *Small and Medium-Sized Enterprises in Tourism Industries*, Government of Canada.
 - Qiu, L.; Chen, X.; Lee, T.J. (2021), How Can the Celebrity Endorsement Effect Help Consumer Engagement? A Case of Promoting Tourism Products through Live Streaming. *Sustainability*, <https://doi.org/10.3390/su13158655>
 - Ramzy, Y. (2020). Entrepreneurship and Small-Medium Enterprises Impact on the Egyptian Tourism Industry, *The Scientific Journal of the Faculty of Tourism and Hotels, Alexandria University*, 17 (2).
 - Rosenfeld, R. A (2008). *Culture and Heritage Tourism*. Eastern Michigan University.
 - Sit, M., Sit, A., & Karadag, H. (2019). The Impact of Tourism Demand on Tax Revenues and Bank Loans in Turkey. *Advances in Cross-Section Data Methods in Applied Economic Research*. (First ed.). Springer International Publishing.
 - Soukhathammavong, B. & Park, E. (2019). The Authentic Souvenir: What Does it Mean to Souvenir Suppliers in the Heritage Destination? *Journal of Tourism Management*, 72 (2019), pp. 105–116. DOI.org/10.1016/j.tourman.2018.11.015
 - Teker, S. & Teker, D. (2012). Tourism Projects Financing: A Public-Private-Partnership Model. *Journal of Business Management Dynamics*. 2 (5), pp. 5-11
 - Vujovic, S. & Arsic, L. (2018). *Financing in Tourism -Basic Sources of Financing the Accommodation Offer*. Finance and insurance sector industry. Silver and Smith Publishers, London, UK. Pp.223-243
 - World Bank Group (2019). *Support for Small and Medium Enterprises: A Synthesis of Evaluative Findings*

المراجع العربية

- الجارحي، سيد درويش مصطفى و سالم، محمود معوض تمام (2020). "اقتصاديات تمويل المشروعات السياحية الصغيرة شواهد من جهاز تنمية المشروعات المتوسطة والصغيرة ومتناهية الصغر". المجلة الدولية للتراث والسياحة والضيافة. 41 (2). 188-205
- الشامي، أسماء مصطفى. (2021). الموارد التراثية والثقافية للدولة المصرية كداعم لصناعة السياحة والسفر. مجلة العمارة والفنون والعلوم الانسانية، المؤتمر الدولي السابع " التراث والسياحة والفنون بين الواقع والمأمول" (عدد خاص)، مصر
- عبد الحميد، رانيا محمد. (2021). "الاستثمارات السياحية ومساهمتها في الدخل القومي لمصر". مجلة كلية السياسة والاقتصاد العدد الحادي عشر، 1-26
- عطيه، أشرف إبراهيم (2021). "واقع المشروعات الصغيرة والمتوسطة في الاقتصاد المصري: تحديات العمل وآليات المواجهة". مجلة العلوم القانونية والاقتصادية - العدد الأول - السنة الثالثة الستون
- منير، خروف و ريم، ثومرية و ليندة، فريحة (2018). أين تكمن أهمية الاستثمار السياحي في الجزائر وماهي سبل تحفيزه؟ . بحث مقدم في الملتقى الدولي الرابع حول: الاقتصاد السياحي وتدبير المقاولات السياحية. المملكة المغربية، جامعة سيدي محمد بن عبد الله، المدرسة الوطنية للتجارة والتسيير، كلية العلوم القانونية والاقتصادية والاجتماعية، قسم التدبير والإدارة

نحو تمويل المشروعات الصغيرة والمتوسطة في صناعة السياحة والضيافة وأثرها في تأصيل المنتجات والخدمات المحلية والطلب عليها

ريهام توني

قسم إدارة الفنادق، كلية السياحة والفنادق،
جامعة المنيا

سلامة عمار

قسم الدراسات السياحية، المعهد العالي للسياحة
والفنادق، الأقصر (EGOTH)

تامر عبد العزيز

قسم الدراسات السياحية - المعهد العالي للسياحة والفنادق 6 أكتوبر

معلومات المقالة	المخلص
الكلمات المفتاحية المشروعات الصغيرة والمتوسطة والمتناهية الصغر في السياحة والضيافة؛ الأصالة؛ التمويل؛ بنك سياحي؛ المنتجات الأصلية.	يقع على عاتق الشركات الصغيرة والمتوسطة (SMEs) في مجال السياحة والضيافة مسؤولية كبيرة في نمو الاقتصاد المصري. ومع ذلك، فإن هناك صعوبة تواجه تلك الشركات في الوصول إلى النظام المالي. استنادًا إلى النقص في الدراسات السابقة التي تبحث في العديد من القضايا المتعلقة بتمويل الشركات الصغيرة والمتوسطة في مجال السياحة والضيافة في مصر، قامت الدراسة الحالية بمحاولة سد هذه الفجوة البحثية واستكشاف العقبات التي يواجهها صغار المستثمرين والسكان المحليين. بحثت الدراسة الحالية في أهمية أصالة المنتجات والخدمات السياحية والضيافة، وكشفت عن أهمية إنشاء بنك سياحي مصري للشركات الصغيرة والمتوسطة. بالإضافة إلى ذلك، فقد طورت نموذجًا سببيًا تضمن علاقات جديدة وفحصها في سياق الشركات الصغيرة والمتوسطة في مجال السياحة والضيافة المصرية. تم توزيع إجمالي 500 استمارة استبيان على عينة عشوائية من أصحاب المشروعات الصغيرة والمتوسطة المسجلين في جهاز تنمية المشروعات الصغيرة والمتوسطة والمتناهية الصغر (MSMEDA)، المظلة الرسمية للمشروعات الصغيرة والمتوسطة والمتناهية الصغر في مصر. بلغ عدد الاستبيانات الصحيحة 316. أشارت النتائج إلى أن المؤسسات المالية ليس لديها استعداد كبير لتمويل المشاريع الصغيرة والمتوسطة في مجال السياحة والضيافة. يحتاج السكان المحليون وصغار المستثمرين والمصنعين إلى دعم من الحكومة ومساعدة للحصول على مواد خام أصلية لتكون أكثر قدرة على تقديم المنتجات الأصلية. هناك مشكلة في الحصول على القروض المطلوبة وتقديم الضمانات. يجب على صانعي القرار في قطاعي السياحة والضيافة المصريين تقديم المزيد من الدعم للشركات الصغيرة والمتوسطة التي تقدم منتجات وخدمات أصلية تعكس هوية وعادات وتقاليد المجتمع المضيف.