

## The Role of Governmental Authorities in Supporting Entrepreneurship in Tourism Industry

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### Abstract

Governments look to entrepreneurship as a main pillar of the economic development. The current study investigates the role of Egyptian governmental authorities in supporting entrepreneurship in the tourism industry in Egypt. It discusses the opportunities and challenges of entrepreneurship and their impact on the tourism industry development. The study employs the deductive approach using quantitative method based on a questionnaire survey to explore the opportunities and challenges relevant to entrepreneurship in tourism sector. The findings revealed that the entrepreneurship in tourism industry benefits from the initiatives launched by the Egyptian government while there are some challenges relate to risk-taking by youth entrepreneurs and lack of sufficient entrepreneurship education in tourism. It is also found that encouraging entrepreneurship is significantly contributing to tourism industry development in the country. The present study has useful implications to policy-makers in tourism and hospitality education and relevant governmental authorities in tourism sector in Egypt and other developing countries.

**Keywords:** Tourism Entrepreneurship; Tourism Education; Governmental Authorities; Opportunities; Challenges; Egypt.

### Introduction

Governments aim to develop innovative solutions to fill society service delivery gaps and to improve development outcomes. Therefore, the public sector started to support small enterprises have emerged in the past two decades to develop and fill in these service delivery gaps (Ribeiro-Soriano & Mas-Verdú, 2015; Pirnar, 2015; Khan & Krishnamurthy, 2016; Agapitova, et al., 2017; Marire & Dhurup, 2018). Entrepreneurship is a favorable solution encouraged by governments as a driving force for the development and competitiveness of the economy (Jochaud, 2014; Deale, 2016; Omoruyi, et al., 2017). Thus, governments help entrepreneurs via various venues including finance of their ideas (i.e., venture capital, micro-finance, banks) and encourage institutions (i.e. NGOs, incubators and accelerators) to play a significant role in helping entrepreneurs and improve their success rates (Ahmad & Abdel-Aziz, 2015).

The Egyptian government has assigned a public entity to support micro and small enterprises and young entrepreneurs. The Micro, Small & Medium Enterprise Development Agency (MSME) aims mainly to develop entrepreneurship practices, and help young entrepreneurs to start up their business. The MSME is an affiliated member in the Ministry of Commerce and Industry, the Ministry of Finance, the Ministry of Social Solidarity, the Ministry of Local Development, the Ministry of Agriculture, The Central Bank of Egypt, Information Technology Industry Development Agency, and Bidaya Center for Entrepreneurship and Development of Small and Medium Enterprises in cooperation with the General Authority for Investment (ECES, 2017).

MSME is responsible for providing small and micro enterprises (SMEs) and young entrepreneurs with support in terms of identifying investment opportunities and preparing feasibility studies, as well as, information on regulations, potential risks, and marketing channels. In addition, it helps

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entrepreneurs to creating the necessary environment to encourage and motivate graduates to enter the labour market through these projects, and spreading and encouraging the culture of entrepreneurship, research, creativity and innovation, in addition to providing an integrated package of financial and non-financial services. The agency targets the youth in particular develop their ideas; train them on investment proposal's preparation, in addition to develop their managerial skills. The agency organizes visits to the final year students in universities to introduce the financial and non-financial services provided by the agency, as well as to present successful funded and distinguished projects supported by the agency (Samy, 2017; MSMEs Development Agency, 2018). To this end, this study aims to explore the role of government authorities involved in the entrepreneurship system in supporting tourism entrepreneurship and their impact on developing the tourism sector in Egypt. It explores the opportunities offered by the Egyptian government and other public entities and authorities to support entrepreneurship in tourism sector. In addition it perceives the challenges facing these authorities in spreading the culture of entrepreneurship among youth and university graduates and encourage them to become entrepreneurs particularly in tourism sector. The paper is structured as follows, literature review part (Entrepreneurship and economic development, opportunities and challenges of entrepreneurship, and Entrepreneurship and tourism sector development), research framework and hypotheses development, research methods, findings, discussion and conclusion and implications.

## **Literature review**

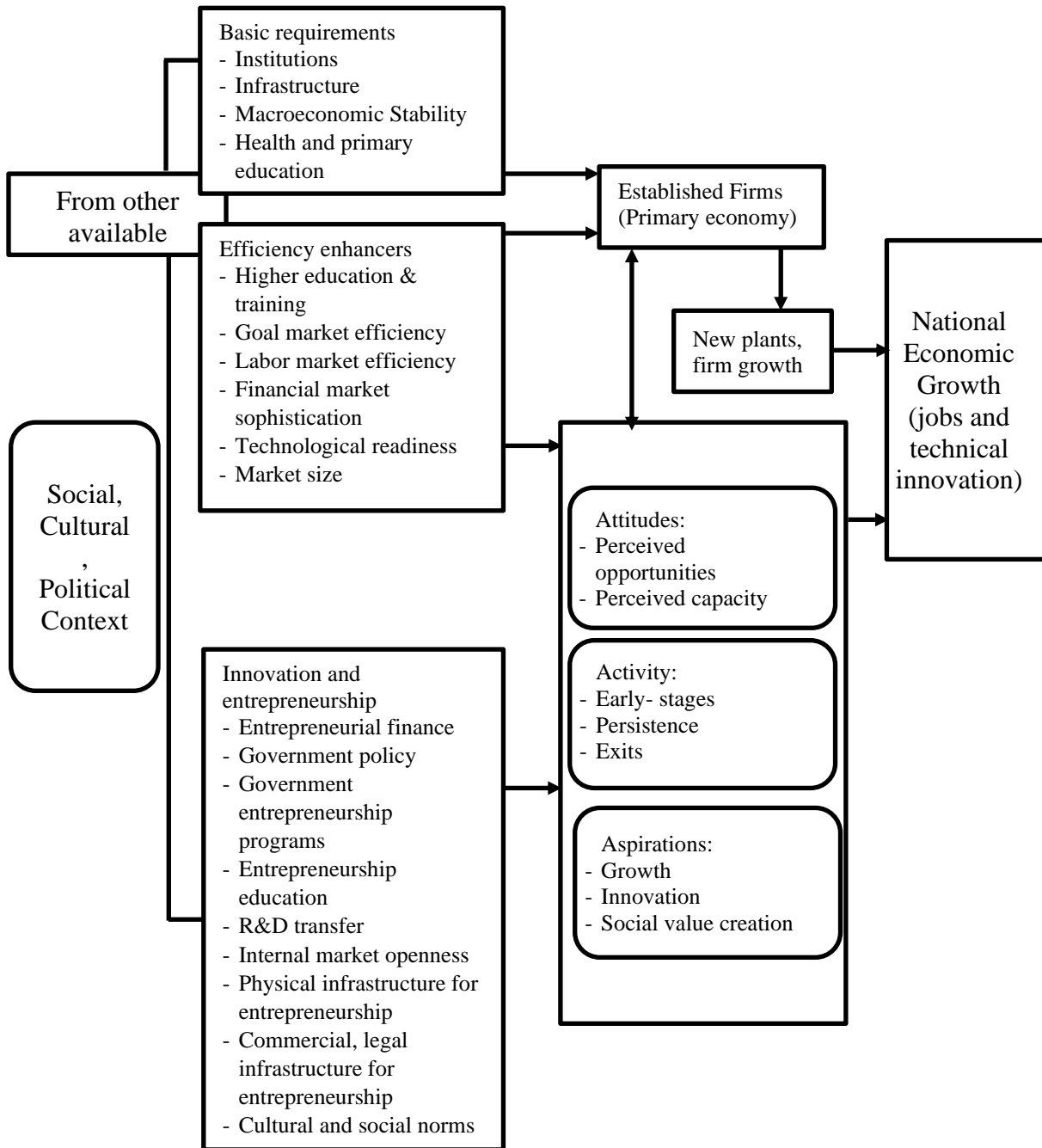
### ***Entrepreneurship and economic development***

Entrepreneurship is a valuable element in the dynamics of national economies (Chepureenko, 2015). In developing areas, entrepreneurship is spotted as the driving engine in economic growth through creating employment opportunities, supporting innovation, increasing competitiveness, and helping small firms to cope with recession, and economic crises (Nongsiej & Shimray, 2017; Kim-Soon, et al., 2018).

Entrepreneurship has a crucial role in the economic development by stimulating existing business models to improve their market offerings, and increase their efficiency, in addition to attracting new entrants to the market and help improve their effectiveness, promoting capital formation by mobilizing the idle savings of public, facilitating the conversion of new knowledge and ideas into practical innovative products and services, and changing the typical career patterns from expecting long-term employment with large firms to a flexible labour force (Davidsson, 2017; Welter, et al., 2017).

Furthermore, entrepreneurship is not just a developed-world phenomenon (Kuratko, 2016). Promoting entrepreneurship is widely perceived to be a pivotal policy to increase employment, and economic development (Kim-Soon, et al., 2018), and an attractive valid option for a career or lifestyle choice (Marire & Dhurup, 2018). As shown in Figure (1), Kelley, et al. (2011) depict that entrepreneurship supports the economic growth in three main areas; the innovation and entrepreneurship (i.e. financing innovative ideas, improves entrepreneurship culture and education, research and development transfer, internal market openness..etc); the basic requirements (i.e., infrastructure, economic stability..etc); and efficiency enhancing (i.e., higher education & training, market efficiency, labour market efficiency, technological readiness..etc.).

Figure 1: Entrepreneurship and economic growth



Source: (Kelley, et al., 2011)

**Opportunities of Entrepreneurship**

Developing countries pay attention to the role of labour policies aiming at improving skills among younger generations and university graduates in order to promote the potential transfer from self-employed to small entrepreneurs (Erol & Aksoy, 2018). To achieve the ‘Egypt 2030 Vision’, the Sustainable Development Strategy (SDS) is developed. The strategy suggested some programmes which should help achieve the ambitious economic goals. A cluster mind-set/approach is employed to growing and supporting domestic industries and engaging SMEs,

encompassing the informal sector & promoting entrepreneurship & innovation; achieving legislative reform to improve the investment climate & provide greater visibility to potential investors. The strategy invests heavily in the notion of better education and better educational results by focusing on delivering an improved education experience at different level of education, higher education and even technical & vocational education (The Acumen Consulting, 2016; Sustainable Development Strategy, 2016).

In 2013, the Central Bank of Egypt has launched an initiative to support the tourism sector by financing the activities of tourist hotels and other tourism service providers, travel agency services and tour booking, tourist transport, food and beverages and tourist activities in tourist areas (The Central Bank of Egypt, 2018). Recently, in 2016, the Egyptian government, via the Central Bank of Egypt, has instructed Egyptian banks to give out 20% of their total loans portfolio to small and medium enterprises with approximately EGP 200 billion in four years starting from 2017 at 5% interest rate (Sustainable Development Strategy, 2016).

What is more, in March 2017, the Egyptian Ministry of Investment and International Cooperation (MIIC) has signed a funding agreement with the Saudi Development Fund to establish the Egyptian Entrepreneurship Investment Company (EEIC) known as "Egypt Ventures" as a startup funding that invests in early-stage funds, incubators and venture capital funds (The Ministry of Investment and International Cooperation, 2018).

### ***Challenges of Entrepreneurship***

Despite the advantages provided by the MSMEs, some challenges of entrepreneurship include the absence of a competent authority to coordinate between all government agencies for entrepreneurship purposes; administrative and legal concerns resulting from the inclusion of multiple bodies and the lack of coordination between them and the overlaps, and the duplication of policy measures (El Dahshan, et al., 2011; Obaji & Olugu, 2014; Alsharif, 2015; ECES, 2017). Add to this, most government programmes supporting entrepreneurship are very recent to provide evidence of long-term impact and broad spectrum of results (El Dahshan, et al., 2011; Agapitova, et al., 2017).

The growth and development of entrepreneurship firms and initiatives face a range of challenges (Bizri, et al., 2012; Salman & Mohamed, 2012). These challenges include funding issues, taxation and bureaucracy, while lack of professional skills, lack of courage and lack of interest are the biggest personal barriers for entrepreneurs (Bizri, et al., 2012; Zimmerman & Chu, 2013; Ahmad & Abdel-Aziz, 2015). In addition, high inflation and its impact on project profitability and competitiveness, lack of management skills, and lack of economic stability are other challenges of entrepreneurship promotion (Bizri, et al., 2012; Zimmerman & Chu, 2013).

Other challenges include the limited knowledge and skills of entrepreneurs, poor financial management (Kulkarni, 2016; Atiase, et al., 2017), contradictory advisory support from external agencies (Hlanyane & Acheampong, 2017), lack of skill related to business plan, lack of entrepreneurial education and inadequacy entrepreneurship training (Staniewski & Awruk, 2015), and lack of counseling and advice, lack of adequate business information and marketing services (Roushdy & Sieverding, 2015).

### ***Entrepreneurship and tourism sector development***

Tourism and hospitality industry is considered as the fastest growing sector in the world and one of the most important growing sections of global economy which generates a great deal of profit and have contributed greatly to the GDP of many nations, especially in developing countries

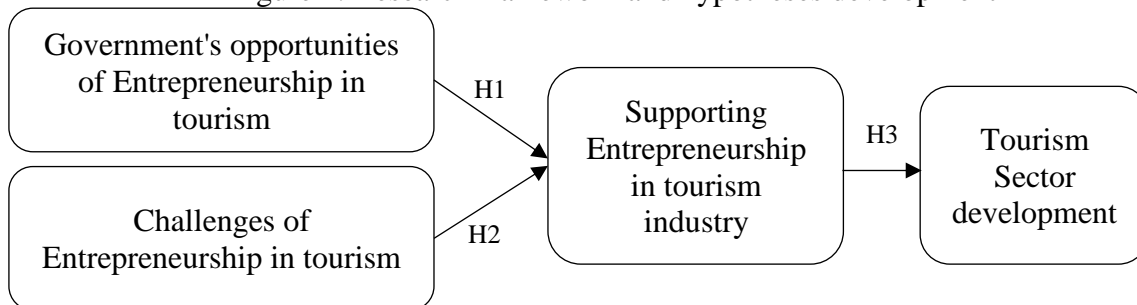
(Okharedia, 2017). Small tourism business helps sustain the local economy as SMEs are able to respond quickly to the needs of society through the use of local resources, and ensure balanced economic and social development (Iuliana, et al., 2016).

Alhroot & Alhroot (2013) claimed that each successful entrepreneur in tourism sector adds some significant social and economic aspects features not only for himself but for his district and his country as a whole. Small business entrepreneurs can help millions of people, including women, to find prosperity for themselves and their families. It plays a positive role in delivering welfare services effectively. It boosts economic growth by introducing innovative technologies, products, and services. Entrepreneurship accelerates structural change by replacing established and sclerotic firms. It is estimated that small firm at least 95% of private sector enterprises in the MENA region (Adly, 2015) and that about 80 % in the tourism industry is composed of small and medium-sized enterprises using less than 20 employees (Tayebeh & Hosseini, 2016). Therefore, small enterprises are the key of tourism industry and help it to reaching its full potential (Taskov, et al., 2011).

### Research framework and hypotheses development

Based on the literature review of entrepreneurship and the government's initiatives to support the development of entrepreneurship in tourism sector, the research framework of the current study has been developed. It has two predictors of entrepreneurship support in tourism sector. These are opportunities offered by the Egyptian government for entrepreneurship (i.e., Sustainable Development Strategy, 2016; the Ministry of Investment and International Cooperation, 2018), in addition to challenges of entrepreneurship in tourism (El Dahshan, et al., 2011, Bizri, et al., 2012; Zimmerman & Chu, 2013; Ahmad & Abdel-Aziz, 2015). These two constructs have been investigated to measure their impact on supporting entrepreneurship in tourism sector and how this support of entrepreneurship could help develop tourism sector (Figure 2).

Figure 2. Research framework and hypotheses development



From Figure (2), three hypotheses were developed as follows:

- H1. Government's opportunities of entrepreneurship have a positive effect on supporting entrepreneurship in tourism sector.
- H2. Challenges of entrepreneurship have a negative effect on supporting entrepreneurship in tourism sector.
- H3. Supporting entrepreneurship in tourism sector has a significant effect on developing the sector.

### Research methods

#### Research Instrument

The deductive approach employing quantitative method was used in this study to test the hypothesized model. There are five constructs in the proposed research model (Figure 2):

opportunities, challenges, and entrepreneurship support in tourism industry, and tourism sector development. The constructs are measured using a questionnaire form directed to relevant employees responsible for entrepreneurship activities in public authorities in Egypt. Statements used to measure the research constructs were developed from literature review based on a five-point Likert scale (1=strongly disagree to 5=strongly agree) to estimate the respondents' perceptions.

The initial questionnaire form was designed in English language. It is checked by a panel of academics to ensure it measures what it should do. For the validity issues, the form then translated back into Arabic language to ensure questions comprehensibility. Once more, the Arabic copy was translated back into English language to be compared with the original version. After that, the questionnaire was piloted on 25 random employees to check its validity. The form included twelve opportunities of entrepreneurship in tourism, eight challenges in addition to three statements for entrepreneurship support in tourism industry and three statements for the role of entrepreneurship in tourism sector development in Egypt. Table (1) presents the constructs of the study with their references.

Table 1: Research Constructs

Opportunities of Entrepreneurship in tourism	
Government simplifies legislations related to the registration and operation of new enterprises.	(OCED, 2018)
Government promotes the culture of participatory management within organisations	(Saeed,et al., 2015)
The Government cooperates with non-governmental organisations to increase awareness of entrepreneurial activities in society	(Ahmad & Abdel-Aziz, 2015)
Government has set up various types of funding schemes to encourage entrepreneurship	(Sustainable Development Strategy, 2016)
Financial institutions (banks) give out loans with reasonable interest rates for new firms.	(The Central Bank of Egypt, 2018)
Financial institutions (banks) give credit to start-up companies.	(Doing Business Report, 2019)
Government offer direct subsidies, fiscal incentives to encourage new enterprises	(Ahmad & Abdel-Aziz, 2015)
Government presents marketing support to entrepreneurs and new enterprises	(Kotecha, 2017)
Government plans to train small entrepreneurs on different work condition.	(Erol & Aksoy, 2018)
Government initiatives help starting up companies to increase its success opportunities in the market	(Kim-Soon, et al., 2018)
Government procurement inject large amount of resources to the entrepreneurial process	(El Dahshan, et al., 2011)
The tourism entrepreneurship sector is included in government development agendas	(Marire & Dhurup, 2018)
Challenges facing Entrepreneurship in tourism	
Lack of economic stability	(Kulkarni, 2016)
High taxes and insufficient data on projects	(GEM, 2018)
High inflation and its impact on project profitability and competitiveness	(Razavi et al., 2014)
Take a long time and multiple procedures to obtain funding and financial support	(Hlanyane & Acheampong, 2017)
The difficulty of administrative procedures to obtain loans from banks to start-up enterprises	(Ghafar, 2016)

Too many administrative procedures and obligations to get funds	(Fadl, 2015)
Youth belief that entrepreneurship is too difficult task and risky	(Daniel, 2017)
Weak Entrepreneurship education and lack of management skills to manage emerging enterprises	(Hattab, 2014)
<b>Entrepreneurship Activation in tourism industry</b>	
There is an impressive progress in reforming investment policies in recent years to encourage entrepreneurship	(Investment Law 2017)
There is a significant number of tourism graduates who present their business ideas and are approved to start up	(Machmud,2017)
Generally, there is a significant increase in the number of young entrepreneurs in various fields	
<b>Tourism Sector development</b>	
Entrepreneurship is a viable strategy for the development of tourism economy	(Business Development Aid in the Middle East, 2018)
Promoting entrepreneurship in tourism sector helps build a future innovative leaders to develop the sector	(Leon, 2017)
Entrepreneurship promotes and attracts tourism investment	(Acs, et al., 2018)

### ***Research population and sample technique***

The population of the study included relevant employees in governmental authorities and international banks including:

- Ministry of Investment and International Cooperation (MIIC),
- Medium, Small and Micro Enterprises Development Agency (MSME),
- Social Fund for Development,
- National Project for Community,
- Human and Local Development (Mashro3ak),
- National Bank of Egypt,
- Banque du Caire,
- Banque Misr,
- Arab African International Bank,
- Housing and Development Bank,
- NSB Bank representatives of the Central Bank of Egypt,
- The Ministry of Social Affairs,
- National Council for Women,
- Ministry of Youth and Sports (Central Administration of Projects and Youth), Fayoum Directorate of Youth and Sports,
- Fayoum governorate

Purposive sample was employed to select relevant employees. 169 respondents have been reached and 169 valid questionnaires were collected to be used for statistical analysis. To test the research hypotheses, data were coded and entered in SPSS, the multiple regression model was used for data analysis purposes and hypotheses testing. Results were presented and used to draw conclusions.

**Research Findings**

***Reliability of measurement constructs***

Table (2) shows reliability statistics, the coefficient of internal consistency of scale reliability (Cronbach’s alpha values are greater than 0.7 for all constructs). Thus, the internal consistency of the constructs employed in the present study is evident.

Table 2: Reliability Statistics

Constructs	Cronbach’s alpha
Opportunities of Entrepreneurship in tourism	.885
Challenges of Entrepreneurship in tourism	.854
Supporting Entrepreneurship in tourism industry	.695
Tourism Sector development	.892

***Descriptive statistics***

This section of results present the mean and standard deviation values for each constructs of the study (i.e., opportunities of entrepreneurship, challenges, supporting entrepreneurship, and tourism sector development.

Table 3: Opportunities of entrepreneurship in tourism

Government's opportunities of Entrepreneurship in tourism	Mean	SD
Government simplifies regulations related to the registration and operation of new enterprises.	3.24	1.176
Government supports new and growing firms as a genuine priority at national level	3.27	1.088
The Government cooperates with non-governmental organizations to increase awareness of entrepreneurship	3.37	1.068
Government has set up various types of funding schemes to encourage entrepreneurship	3.49	1.036
Financial institutions give out loans with reasonable interest rates for new firms.	3.41	1.099
Financial institutions give credit to start-up companies.	3.44	1.068
Government offer direct subsidies, fiscal incentives to encourage new enterprises	3.16	1.104
Government presents marketing support to entrepreneurs and new enterprises	2.98	1.144
Government plans to train small entrepreneurs on different work condition.	3.11	1.052
Government initiatives help starting up companies to increase its success opportunities in the market	3.09	1.146
Government procurement inject large amount of resources to the entrepreneurial process	3.31	1.019
The tourism entrepreneurship sector is included in government development agendas	3.27	1.068
Grand Mean	3.25	

According to Table (3), it is revealed that the grand mean value is 3.25 which refers to a ‘Neutral’ perception of the authorities towards opportunities of entrepreneurship in tourism. As can be seen in Table (3), respondents have neutral opinions on the opportunities of entrepreneurship including the simplification of regulations relate to the registration and operation of new enterprises (mean value of 3.24), government supports of new and growing firms as a priority at national level (mean = 3.27), the cooperation with non-governmental organizations to increase awareness of entrepreneurial activities (mean = 3.37), variety of funding schemes to encourage entrepreneurship (mean = 3.49), loans with reasonable interest



rates for new firms (mean =3.41), “credit to start-up companies (mean =3.44), direct subsidies, fiscal incentives to encourage new enterprises (mean= 3.16), as well as plans to train small entrepreneurs (mean =3.11), initiatives to help starting up companies to increase its success opportunities in the market (mean= 3.09). In addition, resources injected to the entrepreneurial process (mean = 3.31), the inclusion of tourism entrepreneurship in government development agendas (mean= 3.27). On the other hand, the respondents have neutral opinion on marketing support of entrepreneurs and new enterprises (mean= 2.98).

Table 4: Challenges facing entrepreneurship in tourism

Challenges of Entrepreneurship in tourism	Mean	SD
Lack of economic stability	3.78	1.212
High taxes and insufficient data on projects	3.64	1.109
High inflation and its impact on project profitability and competitiveness	3.72	1.108
Take a long time and multiple procedures to obtain funding and financial support	3.49	1.134
The difficulty of administrative procedures to obtain loans from banks for start-up	3.51	1.129
Too many administrative procedures and obligations to get funds	3.57	1.084
Youth belief that entrepreneurship is too difficult task and risky	3.51	1.124
Weak entrepreneurship education and lack of management skills	3.71	1.071
Grand Mean	3.60	

Table (4) shows that the grand mean value is 3.60 referring to a positive perception of the respondents towards challenges facing entrepreneurship in tourism. As can be seen in Table (4), the challenges of entrepreneurship in tourism include “lack of economic stability” (with a mean value= 3.78), “high taxes and insufficient data on projects” (mean value = 3.64), “high inflation and its impact on project profitability and competitiveness” (mean value= 3.72). Also, “Taking a long time and multiple procedures to obtain funding and financial support” (mean value= 3.49), “the difficulty of administrative procedures to obtain loans from banks to start-up enterprises” (mean= 3.51), and “many administrative procedures and obligations to get funds” (mean value= 3.57). Furthermore, “youth belief of entrepreneurship as a difficult and risky task” with mean value (3.51), and “weak entrepreneurship education and lack of management skills to manage emerging enterprises” (mean value= 3.71).

Table 5: supporting entrepreneurship in tourism industry

Supporting Entrepreneurship in tourism industry	Mean	SD
There is an impressive progress in reforming and investment policies in recent years to encourage entrepreneurship	3.38	.969
There is a significant number of tourism graduates present their business ideas and approved to start up their business	2.97	1.014
Generally, there is a significant increase in the number of young entrepreneurs in various fields	3.17	.980
Grand Mean	3.17	

Table (5) shows that the grand mean value is 3.17 which implying a ‘neutral’ perception of the respondents towards supporting entrepreneurship in tourism industry. As can be seen in Table (5), respondents have neutral opinions with supporting entrepreneurship in tourism industry where they are neutral regarding the progress in reforming and investment policies in recent years to encourage entrepreneurship” (with a mean value= 3.38), the significant number of tourism graduates who present their business ideas and are approved to start up their business

(mean value= 2.97), and the significant increase in the number of young entrepreneurs in various fields” with a mean value of 3.17.

Table 6: Tourism Sector development

Tourism Sector development via entrepreneurship	Mean	SD
Entrepreneurship is a viable strategy for the development of tourism economy	3.77	.886
Promoting entrepreneurship in tourism sector helps build a future innovative generation and leader who can help develop the sector in an innovative way.	3.86	.906
Entrepreneurship promotes and attracts tourism investment	3.84	.895
Grand Mean	3.66	

Table (6) shows that the grand mean value is 3.66 reflecting a positive attitude of the respondents towards the importance of entrepreneurship in developing tourism and hospitality sector. It can be seen in Table (6) that respondents have agreed to the statement of entrepreneurship as a viable strategy for the development of tourism economy (with mean value= 3.77), the promotion of entrepreneurship in tourism sector helps build a future innovative generation and leaders who can help develop the sector in an innovative way (mean value= 3.86), and that entrepreneurship promotes and attracts tourism investment (mean=3.84).

### Hypotheses Testing

*The relationship between opportunities and challenges of entrepreneurship and entrepreneurship support in tourism sector*

Regression analysis is used to test the hypotheses of the study. The first and second hypotheses of the study investigate the causal relationship between opportunities and challenges of entrepreneurship and entrepreneurship support in tourism sector. Table (7) depicts that opportunities and challenges explain 22.3% of variance in entrepreneurship support ( $R^2=0.223$ ).

Table 7: Coefficient of determination (R square)

Model	R Square	Adjusted R Square	Std. Error of the Estimate
1	.223	.214	.690

a. Predictors: (Constant), opportunities, challenges of entrepreneurship

To check the significance of effect between opportunities and challenges of entrepreneurship and entrepreneurship support in tourism, table (8) presents the results of ANOVA. it is revealed that the opportunities and challenges of entrepreneurship in tourism influences the entrepreneurship support in tourism industry ( $F=23.863$ ,  $P< 0.001$ ).

Table 8: ANOVA statistics

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.733	2	11.367	23.863	.000
	Residual	79.068	166	.476		
	Total	101.801	168			

Dependent Variable: Entrepreneurship support

For the regression coefficients, table (9) revealed that opportunities of entrepreneurship in tourism according to governmental authorities is positively affecting entrepreneurship support in tourism industry ( $\beta= 0.516$  and  $P<.01$  and the first hypothesis is supported). In addition, it is found that challenges facing tourism entrepreneurship is negatively affecting entrepreneurship support in tourism industry ( $\beta= -0.165$  and  $P<.05$  and the second hypothesis is supported).

Table 9: Regression coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Hypothesis
	B	Std. Error	Beta			
1 (Constant)	2.098	.309		6.779	.000	
Opportunities	.516	.075	.480	6.839	.000	Supported
Challenges	-.165	.066	-.176	-2.499	.013	Supported

*The relationship between entrepreneurship support and tourism sector development*

Testing the third hypothesis of the current study; the impact of entrepreneurship support on developing the tourism sector, table (10) showed that there is a positive and significant correlation between the two variables ( $R=0.368$ ). Moreover, supporting entrepreneurship in tourism industry explains 13.5% of the variance in tourism sector development ( $R^2=0.135$ ). ANOVA results showed that the entrepreneurship support is significantly affecting tourism sector development ( $F=26.141$ ,  $P< 0.001$ ).

Table 10: Correlation and R square coefficients

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.368	.135	.130	.75777

Predictors: (Constant), Entrepreneurship support

Table (11) shows that supporting entrepreneurship has a significant positive influence on tourism sector development ( $\beta =0.384$  and  $P<.01$  and the third hypothesis of the present study is supported).

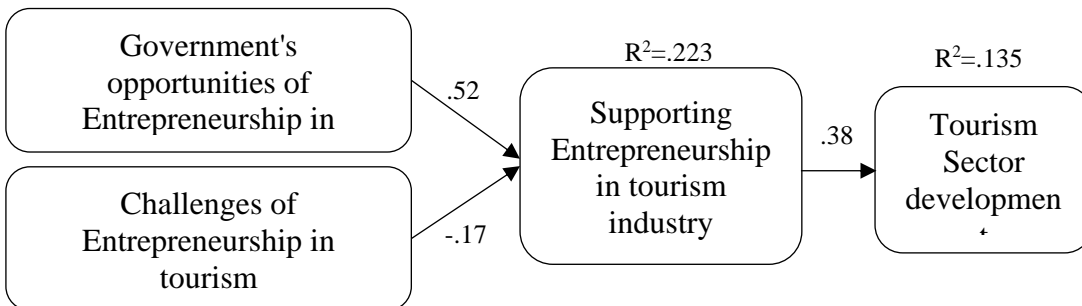
Table 11: Regression coefficients of supporting entrepreneurship and tourism sector development

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Hypothesis
	B	Std. Error	Beta			
Constant	2.607	.245		10.629	.000	
Supporting entrepreneurship	.384	.075	.368	5.113	.000	Supported

Dependent variable: tourism sector development

Figure (3) shows to the findings of the study. The research hypotheses are supported.

Figure 3: Tested research model



**Discussion of findings**

The plethora of opportunities provided by governmental authorities to encourage entrepreneurship in tourism identified in the findings suggests that these opportunities are influential in supporting entrepreneurship in tourism sector. This is in line with previous studies by Ghorbel, et al. (2017)

who found that the perceived opportunities offered by governments are one main reason of supporting entrepreneurship to tourism development.

The results revealed in the present study showed that to some extent government tries to simplify regulations related to start-up businesses. This finding is consistent with previous studies specifying the importance of simplifying regulations for starting up business (i.e., Staniewski & Awruk, 2015).

Next, government does its best to promote the culture of participatory management within organizations and support new and growing firms as a priority at the national level (Daniel, 2017). Then, it found that the government cooperates with non-governmental organizations to increase awareness of entrepreneurial activities in society which is claimed by a previous study of Ahmad & Abdel-Aziz (2015). Subsequently, government tries to diversify the types of funding schemes to encourage entrepreneurship. This is in line with extant studies claiming that governments act significantly to promote entrepreneurship and SMEs by assisting and addressing their lack of capital through entrepreneurs which could be seen as the main player in the entrepreneurship ecosystem (The Central Bank of Egypt, 2018).

Furthermore, it is assumed that the government presents marketing support to entrepreneurs and new enterprises. This will help small entrepreneurs to penetrate local markets and improve their performance as perceived by Austrian & Piazza (2014). The government also plans to train small entrepreneurs on different work condition and launch initiatives help starting up companies to increase its success opportunities in the market which is referred to by Deale (2016) as an opportunity to support entrepreneurship in tourism sector. In addition, the inclusion of tourism entrepreneurship in the government development agendas is a good opportunity to enable this culture as claimed by Agapitova, et al. (2017).

The perceived opportunities have been found to be a significant factor in entrepreneurship support in the present study which is similarly found in extant studies (i.e., Tayebbeh & Hosseini, 2016; Nongsiej & Shimray, 2017).

As for the challenges that can influence entrepreneurship support in tourism sector. The present study has revealed a negative effect of these challenges on entrepreneurship support which is similar to the evidence of previous studies by Samitowska (2011); and Hlanyane & Acheampong (2017). The results revealed the barriers to entrepreneurship support include the lack of economic stability in the country which is supported by Acs, et al., (2018) where open economies is an attractive investment climate to support entrepreneurship. Additionally, the high taxes and insufficient data on projects, in addition to high inflation rates and its impacts on project profitability and competitiveness are a set of barriers that facing entrepreneurship and determine its prevalence. This result is in line with GEM (2018). Taking a long time and multiple procedures to obtain funding and financial support was another barrier of entrepreneurship highlighted in this research which is agreed with El Dahshan, et al. (2011). Another significant challenge is a youth's belief that entrepreneurship is too difficult task and risky which is highlighted in a previous study by Daniel (2017). The final barrier is the weak entrepreneurship education and lack of management skills of graduates to manage emerging enterprises. This finding is in line with previous studies by Hattab (2014); and Ghafar (2016) who found that there is a lack of entrepreneurial education in higher education in general in Egypt.

However, there is remarkable progress in reforming and investment policies in recent years in Egypt to encourage entrepreneurship and entrepreneurs where Egypt developed a sustainable development strategy to achieve economic growth and increase investment rate. One pillar of the development strategy is to support entrepreneurship as a viable strategy for the development of tourism sector.

Arasti, et al. (2012) agreed that promoting entrepreneurship in tourism sector helps build a future innovative generation of leaders who can help develop the sector in an innovative way.

### **Conclusion, implications, and recommendations**

The present study has investigated the effect of opportunities and challenges of entrepreneurship in tourism sector and found that the Egyptian government tries to offer a number of opportunities to support entrepreneurship particularly in regulations simplifications and financial support provision for new entrepreneurs. However, there is still a road map to improve the enablers of entrepreneurship and facing the revealed challenges. The present study found that the offered opportunities help support entrepreneurship in tourism and contribute to tourism sector development.

The present study contributes to theory as it is the first study to authors' knowledge exploring the opportunities and challenges of entrepreneurship in tourism sector. The study adds to the knowledge to the literature in entrepreneurship in developing countries with a focus on Egypt and the Egyptian tourism sector. In addition, the present study contributes to practice. It is useful for policymakers who wish to do their best to improve tourism entrepreneurship in developing countries. Where the government could improve its policies, strategies and systems in terms of entrepreneurship and assist both the internal and external stakeholders in understanding the entrepreneurship situation of the country. It reveals a clear list of opportunities need to be improved and a number of challenges that need to be faced by the government. The education policy makers are also in need to reform the high educational system in Egypt to spread the culture of entrepreneurship and acquire graduates with the necessary skills to prepare their business plan proposals, doing feasibility studies and improve their management skills to lead their projects and improve the success rates for their ideas and investments.

The present study has a number of recommendations addressed to the Egyptian government as follows:

- The government should provide strategic plan to support and enable entrepreneurialism across all forms of business, industry and public sector,
- It has to increase community awareness of the entrepreneurship culture and importance through presenting successful models of the Egyptian businesses.
- It is also recommend to connect the Egyptian entrepreneurial ecosystem with networks nationally and internationally to offer new opportunities by the global markets.
- Additionally, advocating for the uptake of entrepreneurship education is a necessity through strengthening communication with the higher education system.

As for tourism industry, there is a need to carry out awareness campaigns to promote the entrepreneurship intellectual culture within the society and tourism education institutions using different media. The Ministry of Tourism should support programmes addressed towards enhancing tourism entrepreneurial activity in Egypt.

### **Research Limitations and venues for future research**

The current study has some limitations. One limitation is it is limited to quantitative method only in handling the opportunities and challenges of entrepreneurship. Another limitation is it is limited to governmental authorities relevant to entrepreneurship. The future research should address these two limitations and does a more in-depth qualitative research to explore the challenges of entrepreneurship in-depth and a detail. Also the need to explore the challenges from the side of entrepreneurs should be conducted to have a full picture of the opportunities and challenges of entrepreneurship in tourism sector.

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