International Journal of Emerging Markets

The contribution of human capital and resource-based view to small- and medium-sized tourism venture performance in Ghana

Kojo Saffu Samuel Obeng Apori Angela Elijah-Mensah Jonathan Ahumatah

The contribution of human capital and resource-based view to small- and medium-sized tourism venture performance in Ghana

Kojo Saffu
Brock University, Catharines, Ontario, Canada, and
Samuel Obeng Apori, Angela Elijah-Mensah and Jonathan Ahumatah
Takoradi Polytechnic, Takoradi, Ghana

Abstract

Purpose – Grounded in human capital theory and resource-based view, this paper aims to examine the effect of the entrepreneur's human capital and the venture's resources on the performance of small- and medium-sized tourism ventures (SMTVs) in Ghana.

Design/methodology/approach – The data were collected from 247 SMTVs, defined as tourism establishments employing less than 100 employees in the Western and Central regions of Ghana. Hypotheses derived from human capital and resource-based theories were tested to assess the relationship between the theories and SMTV performance.

Findings – The study found a significant positive relationship between education, experience and performance. However, the hypothesised positive relationship between entrepreneurial family background and SMTV performance was inconsistent with prior studies. The findings with respect to the hypothesised relationship between venture resources and SMTV performance were mixed.

Research limitations/implications – The study suffers from industry-specific, size-specific and region-specific limitations. Another limitation is the focus on human capital and venture resources as the determinants of tourism venture performance.

Practical implications – Knowing that education and experience *per se* impact on tourism venture performance, it behoves entrepreneurs in the tourism industry to endeavour to acquire the requisite education and experience. The finding has policy implications in the provision of tailor-made training and incubation programs for SMTV entrepreneurs.

Originality/value – The study adds to the understanding of the unique nature of entrepreneurship in tourism by identifying the significance of human capital factors and venture resources on the performance of tourism ventures.

Keywords Human capital, Tourism, Resource allocation, Ghana

Paper type Research paper

Introduction

Tourism is the world's largest industry and one of the most dynamic and fastest growing sectors of the economy of many nations. The potential of tourism as a socio-economic development tool has been acknowledged. In particular, the critical role of tourism in achieving several of the United Nation's Millennium Development Goals, such as poverty alleviation and employment creation opportunities has been stressed (United Nations World Tourism Organisation, 2006). This has led some commentators

International Journal of Emerging Markets
Vol. 3 No. 3, 2008
pp. 268-284
q Emerald Group Publishing Limited
1746-8809
DOI 10.1108/17468800810883684

to describe tourism as the largest voluntary transfer of cash from the rich to the poor, the "haves" to "have nots" in history (Lelaulu, 2007).

Tourism offers a great potential to boost the economy of many African countries and this has led African Heads of States to identify tourism as a sector to be developed for the economic advancement of the continent (NEPAD, 2001). Since 1995, tourist arrivals in Africa have consistently outstripped the world average. Between 2000 and 2005, international tourist arrivals to the continent increased from 28 million to 40 million and the receipts moved from $10 billion to $21.3 billion (United Nations World Tourism Organisation, 2006). During the same period, commodity prices from Africa dropped.

In spite of the importance of tourism, no attempts have been made to explore the impact of tourism resources on the performance of tourism ventures (Olsen and Roper, 1998). In developing countries, there is a dearth of research of the factors that impact on the performance of small tourism ventures (Saffu *et al.*, 2007). Considering the current trend towards smaller firms (Getz and Carlsen, 2000) coupled with the potential of tourism for poverty reduction and job creation (Ghana News Agency, 2007a, b; United Nations World Tourism Organisation, 2007), understanding the factors that affect small- and medium-sized tourism venture (SMTV) performance is warranted. This paper fills the gap. The rest of the paper is structured as follows: the context of the study is first presented. This is followed by a review of the human capital theory and resource-based view leading to the hypotheses to be tested. The results are then presented and discussed. Finally, conclusions are presented followed by the study's implications.

Context of study

Located on the West African coast, Ghana is bordered by Cote d'Ivoire to the east, Togo to the west, Burkina Faso to the north, and the Atlantic coastline to the south. From independence in 1957 to the early 1960s, Ghana's economy thrived on the back of agriculture and mining (Frimpong-Ansah, 1991; Osei *et al.*, 1993). However, by the mid-1960s, the economy was on the brink of collapse leading to the World Bank and the International Monetary Fund to salvage the situation with various structural adjustment programs (Bani, 2003). Undergoing economic restructuring with privatisation and free market reforms at the macro- and micro-economic levels, has led to an increase in gross domestic product from 3.7 in 2000 to 6.2 in 2006. Inflation has been reduced from 40.5 percent in 2000 to 10.6 percent in August 2007 (Ghana News Agency, 2007).

In spite of the macroeconomic stability, Ghana remains heavily dependent on international financial and technical assistance (CIA, 2007). For instance, in 2002, Ghana opted for debt relief under the Heavily Indebted Poor Country program, and also benefited from the G-8 debt relief program in 2005. Under the Poverty Reduction and Growth Facility, tighter monetary and fiscal policies and accelerated privatization have been highlighted. Ghana received a Millennium Challenge Corporation grant in 2006, which aims to assist in transforming Ghana's agricultural export sector, with tourism development as a significant component.

Tourism has recently been given prominence by the government. For the first time in Ghana's history, a government ministry responsible for tourism has been created as well as the development of a five-year strategic tourism action plan (Ministry of Tourism and Modernisation of the Capital City, 2003). Speeches by senior government officials also underscore the significance of tourism to contribute to national economic development, employment generation, wealth creation and poverty reduction at national and community levels, and environmental conservation on a sustainable basis (United Nations World Tourism Organisation, 2007; *Daily Graphic* (2007)).

Tourism is seen as a crucial tool for poverty reduction and job creation. At 12 percent annual growth rate, tourism is the fastest growing sector of the Ghanaian economy and the third largest foreign exchange earner after gold and remittances from Ghanaians abroad (Ghana National Tourism Policy Document 2005). Additionally, tourism employs between 50,000 and 200,000 people directly and indirectly (Ministry of Tourism and Modernisation of the Capital City, 2003). Given the significance of tourism in Ghana's socio-economic development, understanding the factors that affect tourism venture performance is a worthwhile undertaking. Current research on performance has focused primarily on manufacturing firms, and only secondarily on service industries, such as tourism (Lerner and Haber, 2000). There is therefore a dearth of empirical evidence about the relationship between human capital and venture performance in the tourism industry (Lerner and Haber, 2000). This paper is an attempt to fill this gap in the literature.

Theory and hypotheses

Human capital theory

Human capital theory indicates that individuals with more or higher quality human capital, i.e. skills, knowledge and expertise developed through education and personal experience, achieve higher performance (Barney, 1991). Empirical research has shown that investments in human capital improve entrepreneurial performance (Blanchflower and Oswald, 1998; Cooper *et al.*, 1994; Pennings *et al.*, 1998; Bosma *et al.*, 2004). Human capital, defined as the level of skills and abilities and developed through formal education and training and work-related experiences, is an important source of competitive advantage (Coleman, 1988; Gimeno *et al.*, 1997).

Entrepreneurship literature shows a positive relationship between education and business start-ups (Bates, 1990; Evans and Leighton, 1989) and between education and discovery and exploitation of opportunities (Davidsson and Honig, 2003). Gimeno *et al.* (1997) established a positive relationship between the individual's overall human capital, as measured by educational level and work experience and economic performance. Pennings *et al.* (1998) found a negative relationship between human capital and firm dissolution. Kilkenny *et al.* (1999) found one's level of training, overall experience and total income to be positively related to business success. De Clercq and Arenius (2006) found a positive relationship between education level and the likelihood to perceive entrepreneurial opportunities.

Bates (1990) found college-educated entrepreneurs less likely to fail than those who did not possess college education. Cooper *et al.* (1994) established education had an impact on firm survival and growth. In a Finnish study, Kangasharju and Pekkala (2002) found higher education led to higher growth during recession and economic booms. Similarly, Pena (2000) found that Spanish growth companies were more likely to be managed by college educated entrepreneurs. In Jamaica, Honig (1998) found higher levels of education and financial capital increased earnings of the firms of the microentrepreneurs studied.

Elsewhere in Africa, the link between education and performance has been established. Trulsson (1997) found that Northern Tanzanian entrepreneurs were helped by university education, previous work experience and visit abroad. Using World Bank data, Ramachandran and Shah (1999) showed that low levels of education of black entrepreneurs in several African countries proved to be a competitive disadvantage compared to Asians and Europeans. The foregoing shows the significance of human capital – education in firm start-up, profitability, survival and growth.

Experience is the other dimension of human capital. Empirical studies show that broad labour market experience increases human capital (Becker, 1964). Prior experience as an entrepreneur can contribute to a successful venture path (Vesper, 1980). Labour market experience, management experience and previous entrepreneurial experience have been found to be closely related to entrepreneurial activity (Gimeno *et al.*, 1997; Robinson and Sexton, 1994). Bosma *et al.* (2004) found experience of the founder appeared to improve all the performance measures. In particular, it has been found that industry-specific investment such as possessing experience in a specific industry, and individual-specific human capital such as general managerial and entrepreneurial experience enhance performance (Bosma *et al.*, 2004).

Carter *et al.* (1997) found in their study of two US Midwestern states that prior experience in other businesses, experience in the industry, starting the business with partners reduced odds of discontinuance. Loscocco *et al.* (1991) revealed a major determinant of small business success was industry-specific experience. In the Netherlands, Bosma *et al.* (2004) established prior industry experience in an industry substantially improved small firms' survival, profitability growth prospects. Brush and Chaganti (1998) found that education and industry experience affected firm performance as measured by net cash flow and employment.

The impact of an entrepreneurial family background on business success has been recognized in the entrepreneurship literature (Scherer *et al.*, 1989). Exposure to entrepreneurial culture, proxied by parental background, is associated not only with being self-employed but is also responsible for managing others (Blanchflower and Oswald, 1998). Some studies found an association between having entrepreneurial parents and greater levels of sales (Duchesneau and Gartner, 1988). Having a self-employed parent appears to have a significant demonstration effect on the ability of the self employed to create jobs. Using a longitudinal data source of the economically active UK population, Henley (2005) investigated job creation by the self-employed. Having a self-employed parent appears to have a significant demonstration effect on the ability of the self employed to create jobs (Henley, 2005).

The foregoing establishes a link between human capital and venture performance, which leads us to hypothesise that human capital and SMTV performance are positively and significantly related. More specifically, we set the following hypotheses:

H1. The entrepreneur's education and tourism venture performance are positively and significantly related.

H2. The entrepreneur's previous experience and tourism venture performance are positively and significantly related.

H3. The entrepreneur's family background and tourism venture performance are positively and significantly related.

Resource-based theory

The resource-based view argues that a firm's valuable, rare and inimitable resources and capabilities create a greater competitive advantage (Barney, 1991). In other words, sustained competitive advantage is generated by the unique bundle of resources at the core of the firm (Conner and Prahalad, 1996; Barney, 1991). The resource-based view describes how business owners build their businesses from the resources and capabilities that they currently possess or can acquire (Dollinger, 1999). Firms can achieve sustainable competitive advantage from such resources as strategic planning and management skills (Castanis and Helft, 1991), tacit knowledge (Polanyi, 1966), capital and employment of skilled personnel (Wernerfeldt, 1984) among others. Resources have been found to be important antecedents to products and ultimately to performance (Wernerfeldt, 1984).

Ventures may be viewed as tangible and intangible "bundles of resources" that can be combined or developed to generate unique capabilities (Barney, 1991). Successful enterprise creation requires significant tangible and intangible resources that can be harnessed into strengths and weaknesses by companies and thereby lead to competitive advantage (Grant, 1991). Tangible resources can be physical such as location, facilities, equipment while intangible resources are embedded in the venture in the form of entrepreneurial capital conceptualized as the present value of an infinite series of shadow options (McGrath, 1996) or as a multiplicative function of entrepreneurial competence and commitment (Ulrich, 1998).

Since tourism is in the service-based industry, SMTVs require tangible and intangible resources to produce varied services and activities, such as accommodation, transportation, shopping and recreation activities (McIntosh *et al.*, 1995).

Considering tourism is highly related to physical and spatial factors such as view, infrastructures and superstructures (Mill and Morrison, 1992), the type and location of the venture are interrelated. Tangible resources such as venture location attractiveness, and facilities are vital resources in tourism (Lundberg *et al.*, 1995) and are protected from imitation by property rights. How well these resources are harnessed into strengths will determine the performance of small tourism ventures. Since the resource-based view addresses the resources and capabilities of the firm as an underlying factor of performance, we deem it a suitable theory to use in this study. Based on the foregoing, we hypothesise a positive relationship between SMTV resources and performance. More specifically, we set the following hypothesis:

H4. Possession of bundle of venture resources and tourism venture performance are positively and strongly related.

Researchers have measured performance in various ways. For instance, Kirchhoff (1977) used profitability, Sexton and Robinson (1989), Smith *et al.* (1987) used income, while Orser *et al.* (2000) employed revenue and number of employees (i.e. size of business). Measuring performance by employing revenue and number of employees is pertinent to small and new businesses that lack credit history. Furthermore, revenues are a valid measure for presenting the overall performance for a homogenous industry such as tourism with similar costs (Wesson and Nieva de Figueiredo, 2001). Performance measures of SMTVs appear to have special features that differentiate them from measures in other sectors and industries (Getz and Carlsen, 2000).

Methodology

Variables

Performance is the dependent variable in this study, while the independent variables include human capital and resources of the firm. Both variables are surveyed from the literature and are therefore theory-driven. We employed multiple measures of performance namely: the tourism venture's profitability, revenue, and income as recommended by (Westhead *et al.*, 2001; Kalleberg and Leicht, 1991; Birley and Westhead, 1990). Following Lerner *et al.* (2000), we measured profit on a 3-point ordinal scale 1, a profit; 2, neither a profit nor a loss and 3, a loss. Revenue was reported by the respondents for the year 2004-2005, while income was measured on a Likert scale ranging from 1, much below the average income in the Ghanaian market; to 5, much above the average income in the Ghanaian market.

The independent variables comprise human capital variables, namely: education, previous experience, and family background of the venture owner and venture resources. Years of education and experience have been used as proxy for human capital in prior studies (Dimov and Shepherd, 2005; Gimeno *et al.*, 1997). Following Lerner and co-workers, we measured education using a five-point ordinal scale. We examined previous experience in tourism and previous entrepreneurial experience by using dichotomous questions 1, yes; 2, no (Hisrich and Brush, 1984). A dichotomous question: 1, neither of the parents was or had been in business; 2, at least one of the parents was or had been in business (Cooper *et al.*, 1994) was used to measure entrepreneurial family background. To assess venture resources we asked respondents the extent to which innovation, cost control, geographical location, customer service and quality were resources for gaining competitive advantage. We also asked questions pertaining to financial resources, marketing resources, human resources of the venture. We used a 5-point Likert scale with 1, poor and 5, excellent.

Sample

The population for this research comprised SMTVs, defined as tourism establishments, e.g. accommodation, restaurants, transportation, and attractions in the Western and Central regions of Ghana with less than 100 employees. The two regions were selected because of their prominence as tourist destinations in Ghana. For instance, the largest collection of European trading forts and later used for the slave trade are located in these two regions. Furthermore, the western and central regions also have beautiful beaches, national parks and natural attractions. The Central Region is noted for the Kakum National Park and the Canopy Walkway, Africa's first and only rain-forest walkway.

Two hundred and eighty SMTVs were randomly sampled from the Ghana Tourist Board (GTB) databases held at the regional headquarters in Cape Coast and Takoradi, respectively. Owners/managers of 247 accommodation, restaurant, car rental/tour operation, and attraction establishments were interviewed representing a response rate of 88 percent.

Data collection

A structured questionnaire based on one originally developed by Hisrich and Brush (1984), and later used by Lerner and Haber (2000) in Israel, was adapted and used to collect the data in this study. To ensure there were no ambiguities and the questions were understood, the questionnaire was pilot-tested with eight respondents, four from each region. The data were collected through face-to-face interviews using students from a local Polytechnic after the co-authors had given the students a day's training in interviewing skills. Face-to-face interviews were the most preferred means of collecting data because of the remoteness of many of the ventures in the sample. For the most part, the interviews took place on the premises of the ventures.

Findings

Descriptive statistics

Table I presents a summary of the business and owner characteristics. Half of the SMTVs surveyed were accommodation establishments in the form of hotels/guest houses while a little over a third was restaurants/bars. Artefact shops and car rentals were in third and fourth positions, respectively. Sole proprietorship was the most popular venture ownership structure. Slightly more than half of the respondents had no previous entrepreneurial experience, as this was their first entrepreneurial venture. Majority of the respondents had tertiary education; about a quarter had six years of secondary education, and while a little over a quarter had three years of secondary education.

Human capital and venture performance

Education and tourism venture performance

Chi square test indicated a significant association between education and profitability of business (χ^2 (6) $= 15.529$, $p < 0.017$). Fifty-three percent of respondents who made profit in 2004 had diploma or degree. In comparison, only 5.7 percent of the respondents who made profit had no education. Consistent with previous results, higher education

Type of establishment (percent)	
Hotel/guest house	54
Restaurants	34
Artefacts	8
Car rentals	4
Business ownership (percent)	
Sole proprietorship	85
Limited liability	6.5
Partnership	5
Prior entrepreneurial experience (percent)	
Yes	46
No	54
Education (percent)	
No education	5.9
Junior secondary school	26.6
Senior secondary school	24.5
Tertiary education	43
Age (percent)	
Under 30 years	10
30-39	22
40-49	26
50-59	25
60 +	17

Table I.
Business and owner characteristics

was associated with monthly income of the business (χ^2 (12) = 23.307, $p < 0.025$). Of the respondents, 63 percent who had above-average income per month had tertiary education. There was no significant association between education and sales turnover in the first year of business. However, there was a significant association between education and sales turnover in 2004 (χ^2 (6) = 44.805, $p < 0.001$). Majority of the respondents (89 percent) had sales turnover of less than 150 million cedis (\$1 = 7000 cedis at the time of the survey). Of the few respondents whose sales exceeded 150 million cedis, most of them were in the higher education category.

Entrepreneurial experience and venture performance
We found a significant association between previous entrepreneurial experience and profitability (χ^2 (2) = 6.009, $p < 0.050$). Consistent with the prediction, more respondents who had prior experience in business made profits than losses. However, among the respondents who reported making profits, 60 percent compared with 40 percent had no prior entrepreneurial experience. The results also showed that previous entrepreneurial experience was significantly associated with income of business per month (χ^2 (4) = 22.239, $p < 0.001$). Almost 50 percent of the respondents, who had more, than average income per month had entrepreneurial experience. Similar results were observed for sales turnover where 66.7 percent of respondents who had turnover over 200 million cedis in the first year of business had previous entrepreneurial experience (χ^2 (4) = 10.059, $p < 0.039$). We did not find any significant association between sales turnover in first year of business and previous entrepreneurial experience. The results however, were in the expected direction. Analysis of the sales turnover in 2004 showed that 66.7 percent compared to 33.3 percent of respondents who had sales turnover over 200 million cedis had previous entrepreneurial experience. Slightly more respondents who had no prior experience had sales turnover under 50 million cedis in 2004 (50.3 percent) than did those who had prior experience (49.7 percent).

Family background and venture performance
We found an association between family background and profitability of business in 2004 (χ^2 (2) = 11.779, $p < 0.003$). However, this association was not consistent with our hypothesised relationship that higher profits would be associated with family members owning a business. Instead, 73.7 percent of respondents whose family member owned a business reported making a loss in 2004. The same trend was observed with monthly income of the business. Entrepreneurs who reported having a higher than average monthly income had no other family members in business. The χ^2 associated with this result was significant (χ^2 (4) = 29.044, $p < 0.001$). Finally, we found no significant associations between family member owning a business and sales turnover in first year of business and sales turnover in 2004.

Tourism venture resources and performance
Table II shows innovation has the strongest and most consistent relation with the performance measures. The highest correlation was observed between innovation and turnover in 2004 while the lowest correlation was with turnover in first year of business. Customer service was related to two performance variables, profitability and turnover in 2004. Financial resources were also related to turnover in first year of

Table II.
Correlation between venture resources and performance

	Profitability	Monthly income	Turnover first year	Turnover in 2004
Financial resources	0.114	0.097	0.259	0.243
Marketing	0.161	0.037	0.107	0.279
Geographical location	0.049	−0.139	0.095	0.003
Equipment	0.024	0.103	0.087	0.120
Human resource	0.127	0.068	0.118	0.226
Overall management	0.071	0.041	0.106	0.041
Efficiency	0.080	0.032	0.005	0.140
Cost control	0.063	0.035	0.050	0.138
Quality of service	0.080	0.098	0.057	0.170
Innovation	0.224	0.260	0.166	0.324
Customer service	0.192	0.066	0.073	0.173

business and turnover in 2004. Cost control was related to two-venture performance variables turnover in 2004. Surprisingly, there was no significant correlation between geographical location, overall management, and equipment and venture performance.

Discussion and conclusion

This paper has presented the analysis of an examination of the effects of human capital, and venture resources on the performance of SMTVs. The findings presented here add to our understanding of the impact of human capital and the effect of resources on the performance of firms within the context of a service industry, specifically tourism, in a developing country. The findings are summarised in Table III.

In relation to *H1* and *H2*, we found support for the relationship between education, experience and performance. The impact of education on performance is consistent with prior research that found a positive link between education and performance (Bowen and Hisrich, 1986; Bird 1989; Cooper *et al.*, 1994; Bird, 1993; Robinson and Sexton, 1994). This finding can be explained by the higher educational attainment of the respondents which is generally above the norm in the general population. For instance, 43 percent of the respondents had tertiary education while 51 percent had secondary education. These are higher than the level in the general population.

Table III.
Summary of hypotheses and results

Hypothesis	Prediction	Result
H1	Entrepreneur's education and tourism venture performance are positively and significantly related	Supported
H2	Entrepreneur's previous experience and tourism venture performance are positively and significantly related	Supported
H3	Entrepreneur's family background and tourism venture performance are positively and significantly related	Not supported
H4	Possession of bundle of venture resources and tourism venture performance are positively and strongly related	Mixed support

Furthermore, only 6 percent of the respondents had no education, which is far lower than the level in the general Ghanaian population.

The finding that previous entrepreneurial experience was significantly related to all the performance measures confirms prior empirical research that shows that entrepreneurial experience is conducive to business performance (Rondstat, 1988), and can also contribute to a successful path (Vesper, 1980). Perhaps, the association between age and experience can explain this finding. It is plausible that the older one gets, the more life experiences one acquires. Of the respondents, 68 percent were at least 40 years old. One can speculate that all things being equal, this group may probably have more experience than the 32 percent of the respondents who are less than 40 years of age. Our findings suggest that education and prior entrepreneurial experience are essential for success in the tourism industry in Ghana.

With respect to *H3*, a surprising finding of this study is the lack of significant associations between entrepreneurial family background and performance. In other words, in the tourism industry, family background *per se* does not assure success. This finding contrasts with prior studies that found that having entrepreneurial parents was associated with higher levels of sales and appeared to have a significant demonstration effect on the ability of the self-employed to create jobs (Henley, 2005). Research has also found that exposure to existing role models may lower the hurdle to become an entrepreneur oneself (Scherer *et al.*, 1989; De Clercq and Arenius, 2006). Similarly, prior empirical research shows that entrepreneur husbands act as role models for their spouses (Caputo and Dolinsky, 1998; Coleman, 2007).

We can explain this inconsistency by the relative newness of the tourism industry in Ghana. Tourism is in its formative years and the industry can be described as new. Tourism has only recently received the attention of the government as demonstrated by the establishment of a ministry for tourism coupled with the development of a tourism action plan for the first time in the history of Ghana. Consequently, the tourism venture entrepreneurs can be considered as pioneers with no family background in the tourism industry. However, as the industry evolves, it is conceivable that those that become established and successful will become role models.

The finding relating to the hypothesised relationship between venture resources and performance, *H4*, has mixed support. The correlation between innovation, customer service, financial resources, cost control and the performance measures is consistent with the nature of the service industry in which the SMTVs operate (Gronroos, 2000). Innovation had the strongest and most consistent relationship with turnover, while customer service was related to profitability and turnover (Table II). The unique characteristics of tourism such as intangibility, heterogeneity and the simultaneous production and consumption, require SMTVs to be innovative in order to provide customers with quality service and experience. Innovation leads to high quality service, which underpins satisfied delivery (Parasuraman, 1985; Gronroos, 2000). Implicitly, satisfied customer leads to loyalty, retention, long-term relationship, survival, increased market share, and profitability (Zahorik *et al.* 2000; Anderson and Fornell, 2000).

It is interesting that neither managerial skills nor location attractiveness were significantly related to SMTV performance. This is interesting in the light of prior research that shows entrepreneur's management skills are favourable to business performance and growth (Bird, 1993; Rondstat, 1988) and successful entrepreneurs are able to use skills such as financial management, accounting and marketing (Hood and Young, 1993). In tourism, proper communication and coordination skills, behavioural performance skills, information exchange skills and speed of transaction management skills ensure sustainability (Lundberg *et al.*, 1995; Olsen and Roper, 1998). Good managerial skills are critical for SMTV performance (Lerner and Haber, 2000).

Small tourism ventures, often considered as lifestyle businesses (Haber and Reichel, 2007), can explain these findings the lack of relationship between managerial skills and SMTV performance. We reason that it is likely that life-style ventures are concerned with survival and maintaining sufficient income to ensure that the business provides a satisfactory level of income (Hanks *et al.*, 1993). Perhaps, SMTV owners/managers' focus may be more on personal fulfilment through a preferred lifestyle rather than focussing on ongoing venture growth (Haber and Reichel, 2005) or growth in terms of number of employees and revenues.

The finding may also be due to the fact that many small tourism ventures, especially those in rural areas, are micro enterprises owned by families where the decision-making process is generally more flexible, informal, unstructured than in large and established businesses (Haber and Reichel, 2007). In such an environment, there is more emphasis on personal, and by implication, informal approach, and less emphasis on formal managerial approach.

Equally surprising is the absence of any significant correlation between geographical location and venture performance, especially because tourism usually involves the consumption of particular places *in situ* (Ritchie and Zins, 1978). Location attractiveness is often viewed in tourism as a paramount resource (Haber and Reichel, 2007; Lundberg *et al.*, 1995), and is considered critical to the successful operation of a tourism venture because the two appear to be inseparable (Lerner and Haber, 2000). Geography is often mentioned as having an impact on the drawing power of tourist destinations (Mill and Morrison, 1992). Localities in the sense of the particularities of specific places are central to tourism production and consumption, and the promotion and marketing of tourism services involve capitalizing on the attributes of particular places (Cawley *et al.*, 2002). In particular, rural tourism is based on the natural amenities and rural way of life (Haber and Reichel, 2005). This study suggests that location attractiveness *per se* cannot assure high venture performance. In a recent study attractiveness of venture location was found to have a relatively minor effect on venture performance (Haber and Reichel, 2007).

As previously explained, the formative stage of tourism development, the small size and the lifestyle nature of tourism business can account for this finding. At the present stage of tourism development, tourism venture entrepreneurs are not taking advantage of location attractiveness. Perhaps, this may be due to the high cost of such infrastructural developments, which are often, outside the scope of SMTV owners/managers. Developing such high capital-intensive projects as constructing access roads or providing potable water to an area to make the location attractive requires government attention. The recent tourism action plan underpins such infrastructural development.

Overall, a key premise is that in the tourism industry, higher education and previous entrepreneurial experience *per se* assure success for SMTVs. Furthermore, profitability in the tourism industry is contingent on innovation, customer service, financial resources and cost control.

Practical implications

With respect to the finding that education and prior entrepreneurial experience are crucial for venture success, the government and other support institutions such as the Ghana Tourist Board (GTB) should consider establishing educational programs for current and prospective tourism venture owners/managers. Based on our findings, the focus of the courses should include innovation, creativity, customer service, acquiring and managing financial resources and cost control.

Perhaps, the government must also provide SMTV entrepreneurs with entrepreneurial experience through a mentoring or incubator support programme where prospective entrepreneurs could understudy or serve apprenticeship under a successful SMTV owner/manager. The entrepreneurs must take the initiative to educate themselves. It behoves prospective tourism entrepreneurs to take steps to acquire prior experience before starting a small tourism venture. By addressing the education and entrepreneurial experience of tourism entrepreneurs as prerequisites for successfully running small tourism ventures, SMTVs will play a greater role in poverty alleviation and employment creation at the national, regional and district levels of government.

Limitations and future research

This study has several limitations. Firstly, by focusing on tourism ventures, the study is industry-specific. Secondly, the focus on SMTVs renders the study size-specific. Thirdly, by studying only two regions in Ghana, the study suffers from being region-specific. Another limitation is the focus on human capital and venture resources as the determinants of tourism venture performance. There may be more factors that may impact on tourism venture performance. Generalisability of the findings to other industry sectors, large tourism ventures and other regions is cautioned.

These limitations suggest areas for further research. Research is needed to compare the performance factors of SMTVs with those in other service industries as well as in other sectors of the economy. Further research is needed to focus on SMTVs in the other regions in Ghana. Additionally, research on large tourism ventures throughout the country is warranted to ascertain if the findings about tourism venture performance is size-specific and/or region-specific. Cross-cultural research that makes comparisons possible is needed. This will lead to the development of generalizations about the factors that influence entrepreneurial tourism ventures in different countries (Lerner and Haber, 2000). Due to the focus on two independent factors, a more holistic, multidimensional research approach should be employed. This should incorporate many other factors such as the environment and institutional support that may influence performance but are not considered in this study. Extending the study to include the contribution of social capital and financial capital to the performance of SMTVs is another worthwhile research avenue.

References

Anderson, E. and Fornell, C. (2000), "The customer satisfaction index as a leading indicator", in Swartz, T. and Iacobucci, D. (Eds), *Handbook of Services Marketing and Management*, Sage Publications, Thousand Oaks, CA, pp. 255-67.

Bani, R. (2003), *Micro Enterprise Development in Ghana*, Accra, Ghana.

Barney, J. (1991), "Firm resources and sustained competitive advantage", *Journal of Management*, Vol. 17 No. 1, pp. 99-120.

Bates, T. (1990), "Entrepreneur human capital inputs in small business longevity", *Review Economic Statistics*, Vol. 72 No. 40, pp. 551-9.

Becker, G. (1964), *Human capital*, Columbia University Press, New York, NY.

Bird, B. (1993), "Demographic approaches to entrepreneurship: the role of experience and background", *Advances in Entrepreneurship, Firm Emergence and Growth*, JAI Press, Greenwich, CT, pp. 11-48.

Birley, S. and Westhead, P. (1990), "Growth and performance contrasts between types of small firms", *Strategic Management Journal*, Vol. 11, pp. 393-407.

Blanchflower, D. and Oswald, A. (1998), "What makes a young entrepreneur?", *Journal of Labour Economics*, Vol. 16 No. 1, pp. 26-60.

Bosma, N., Van Praag, M., Thurik, R. and de Wit, G. (2004), "The value of human and social capital investments for the business performance of start-ups", *Small Business Economics*, Vol. 23, pp. 227-36.

Bowen, D. and Hisrich, R. (1986), "The female entrepreneur: a career development perspective", *Academy of Management Review*, Vol. 11, pp. 393-407.

Brush, C. and Chaganti, R. (1998), "Business without glamour? An analysis of resources on performance by size and age in small service and retail firms", *Journal of Business Venturing*, Vol. 14, pp. 233-57.

Caputo, R. and Dolinsky, A. (1998), "Women's choice to pursue self-employment: the role of financial and human capital of household members", *Journal of Small Business Management*, Vol. 36 No. 3, pp. 8-18.

Carter, N., Williams, M. and Reynolds, P. (1997), "Discontinuance among new firms in retail: the influence of initial resources, strategy, and gender", *Journal of Business Venturing*, Vol. 12, pp. 125-45.

Castanis, R. and Helft, C. (1991), "Managerial resources and rents", *Journal of Management*, Vol. 17, pp. 155-71.

Cawley, M., Gaffey, S. and Gillmor, D. (2002), "Localisation and global reach in rural tourism: irish evidence", *Tourist Studies*, Vol. 12 No. 1, pp. 63-86.

CIA (2007), *The World Factbook*, available at: www.cia.gov/library/publications/the-world-factbook/index.html (accessed 20 June 2007).

Coleman, J. (1988), "Social capital in the creation of human capital", *American Journal of Sociology*, Vol. 94, pp. S95-S120.

Coleman, S. (2007), "The role of human and financial capital in the profitability and growth of women-owned small firms", *Journal of Small Business Management*, Vol. 45 No. 3, pp. 303-19.

Conner, K. and Prahalad, C. (1996), "A resource-based theory of the firm: knowledge versus opportunism", *Organisation Science*, Vol. 7 No. 5, pp. 477-501.

Cooper, A., Gimeno-Gascon, F. and Woo, C. (1994), "Initial human and financial capital as predictors of new venture performance", *Journal of Business Venturing*, Vol. 9, pp. 371-95.

Daily Graphic (2007), "World tourism day launched in Accra", 30 August, p. 50.

Davidsson, P. and Honig, B. (2003), "The role of social and human capital among nascent entrepreneurs", *Journal of Business Venturing*, Vol. 18 No. 3, pp. 301-31.

De Clercq, D. and Arenius, P. (2006), "The role on knowledge in business start-up activity", *International Small Business Journal*, Vol. 24 No. 4, pp. 339-58.

Dimov, D. and Shepherd, D. (2005), "Human capital theory and venture capital firms: exploring home runs and strike outs", *Journal of Business Venturing*, Vol. 20 No. 1, pp. 1-21.

Dollinger, M. (1999), *Entrepreneurship Strategies and Resources*, Prentice Hall, Upper Saddle River, NJ.

Duchesneau, D. and Gartner, W. (1988), "A profile of new venture success and failure in an emerging industry", *Frontiers of Entrepreneurship Research*, Babson College, Wellesley, MA, pp. 372-86.

Evans, D. and Leighton, L. (1989), "Some empirical aspects of entrepreneurship", *American Economic Review*, Vol. 79, pp. 519-35.

Frimpong-Ansah, J. (1991), *The vampire state of Africa: the political economy of decline in Ghana*, James Currey, London.

Getz, D. and Carlsen, J. (2000), "Characteristics and goals of family and owner-operated businesses in the rural tourism and hospitality sectors", *Tourism Management*, Vol. 21, pp. 547-60.

Ghana News Agency (2007a), "Hospitality services operators", available at: www.myjoyonline.com/archives/travel/200704/27.asp (accessed 27 April 2007).

Ghana News Agency (2007b), "Tourism opens doors for women", available at: www.myjoyonline.com/travel/200709/9023.asp (accessed 28 August 2007).

Gimeno, J., Folta, T., Cooper, A. and Yoo, C. (1997), "Survival of the fittest?: entrepreneurial human capital and the persistence of underperforming firms", *Administrative Science Quarterly*, Vol. 42 No. 4, pp. 750-83.

Grant, R. (1991), "The resource based theory of competitive advantage: implications for strategy formulation", *California Management Review*, Vol. 33 No. 3, pp. 114-35.

Gronroos, C. (2000), "Service reflections: service marketing comes of age", in Swartz, T. and Iacobucci, D. (Eds), *Handbook of Service Marketing and Management*, Sage Publications, California, pp. 13-16.

Haber, S. and Reichel, A. (2005), "Identifying performance measures of small ventures – the case of the tourism industry", *Journal of Small Business Management*, Vol. 43 No. 3, pp. 257-86.

Haber, S. and Reichel, A. (2007), "The cumulative nature of the entrepreneurial process: the contribution of human capital, planning and environment resources to small venture performance", *Journal of Business Venturing*, Vol. 22, pp. 119-45.

Hanks, S., Watson, E., Jansen, E. and Chandler, G. (1993), "Tightening the life-cycle construct: a taxonomic study of growth stage configurations in high technology organization", *Entrepreneurship Theory & Practice*, Vol. 18 No. 2, pp. 5-31.

Henley, A. (2005), "Job creation by the self-employed: the roles of entrepreneurial and financial capital", *Small Business Economics*, Vol. 25, pp. 175-96.

Hisrich, R. and Brush, C. (1984), "The woman entrepreneur: management skills and business problems", *Journal of Small Business Management*, Vol. 22, pp. 30-7.

Honig, B. (1998), "What determines success? Examining the human capital, financial, and social capital of Jamaican microentrepreneurs", *Journal of Business Venturing*, Vol. 13 No. 5, pp. 371-94.

Hood, J. and Young, J. (1993), "Entrepreneurship's requisite areas of development: a survey of top executives in successful entrepreneurial firms", *Journal of Business Venturing*, Vol. 8, pp. 115-35.

Kalleberg, A. and Leicht, K. (1991), "Gender and organizational performance: determinants of small business survival and success", *Academy of Management of Journal*, Vol. 34 No. 1, pp. 136-61.

Kangasharju, A. and Pekkala, S. (2002), "The role of education and self-employment success in Finland", *Growth and Change*, Vol. 33, pp. 216-37.

Kilkenny, M., Nalbarte, L. and Besser, T. (1999), "Reciprocated community support and small town-small business success", *Entrepreneurship & Regional Development*, Vol. 11, pp. 231-46.

Kirchhoff, B. (1977), "Organisation effectiveness measurement and policy research", *Academy of Management Review*, Vol. 2 No. 3, pp. 347-55.

Lelaulu, L. (2007), "Presentation by President and CEO of Counterpart International – a Washington based non-profit international development agency", available at: www.yahoo/s/ap_travel/20070716/asp (accessed 16 July 2007).

Lerner, M. and Haber, S. (2000), "Performance factors of small tourism ventures: the tourism, entrepreneurship and the environment", *Journal of Business Venturing*, Vol. 16, pp. 77-100.

Loscocco, K., Robinson, J., Hall, R. and Allen, J. (1991), "Gender and small business success: an inquiry into women's relative disadvantage", *Social Forces*, Vol. 70 No. 1, pp. 65-85.

Lundberg, D., Krishnamoorhty, M. and Stavenga, M. (1995), *Tourism Economics*, Wiley, New York, NY.

McGrath, R. (1996), "Options and the entrepreneur: toward a strategic theory of wealth creation", *Academy of Management Proceeding*, Cincinnati, OH, August, pp. 101-5.

McIntosh, R., Goeldner, C. and Brent Ritchie, J. (1995), *Tourism: Principles, Practices, Philosophies*, Wiley, New York, NY.

Mill, R. and Morrison, A. (1992), *Tourism System: An Introductory Text*, Prentice Hall, Englewood Cliffs, NJ.

Ministry of Tourism and Modernisation of the Capital City (2003), *Tourism Strategy 2003-2007*, Government Printer, Accra, Ghana.

New Partnership for Africa's Development (2001), Document 2001.

Olsen, M. and Roper, A. (1998), "Research in strategic management in the hospitality industry", *International Journal of Hospitality Management*, Vol. 17, pp. 111-24.

Orser, B., Hogarth-Scott, S. and Riding, A. (2000), "Performance, firm, size and management problem solving", *Journal of Small Business Management*, Vol. 38 No. 4, pp. 42-58.

Osei, B., Baah-Nuako, A., Tutu, K. and Sowah, N. (1993), "Impact of structural adjustment on small scale enterprises in Ghana", in Helmsing, A.J. and Kolstee, T. (Eds), *Small Enterprises and Changing Policies*, Intermediate Technology Publications, London.

Parasuraman, A., Zeithaml, V. and Berry, L. (1985), "A conceptual model of service quality and its implications for future research", *Journal of Marketing*, Vol. 49, pp. 41-50.

Pena, I. (2000), "Intellectual capital and business start-up success", *Journal of Intellectual Capital*, Vol. 3, pp. 180-90.

Pennings, L., Lee, K. and van Wittteloostuijn, A. (1998), "Human capital, social capital and firm dissolution", *Academy of Management Journal*, Vol. 41, pp. 425-40.

Polanyi, M. (1966), *The tacit dimension*, Peter Smith, Gloucester, MA.

Ramachandran, V. and Shah, M. (1999), "Minority entrepreneurs and private sector growth in sub-Saharan Africa", Discussion Paper, RPED, No. 086, The World Bank, Washington, DC.

Ritchie, B. and Zins, M. (1978), "Variables influencing the attractiveness of a tourism region", *Annals of Tourism Research*, April/June, p. 256.

Robinson, P. and Sexton, E. (1994), "The effect of education and experience on self employment success", *Journal of Business Venturing*, Vol. 9, pp. 141-56.

Rondstat, R. (1988), "The corridor principle", *Journal of Business Venturing*, Vol. 3, pp. 31-40.

Saffu, K., Apori, S. and Elijah-Mensah, A. (2007), "The impact of human resource management practices on performance: an analysis of small tourism enterprises", paper presented at the 52nd ICSB World Conference, Tukur, June 13-15.

Scherer, R., Adams, J., Carley, S. and Wiebe, F. (1989), "Role model performance effects on the development of entrepreneurial career preference", *Entrepreneurship Theory & Practice*, Vol. 13 No. 3, pp. 53-71.

Sexton, E. and Robinson, P. (1989), "The economic and demographic determinants of self employment", *Frontiers of Entrepreneurship Research*, Babson College, Wellesley, pp. 28-42.

Smith, N., Bracker, J. and Miner, J. (1987), "Correlates of firm and entrepreneur success in technologically innovation companies", *Frontiers of Entrepreneurship Research*, Babson College, Wellesley, MA.

Trulsson, P. (1997), *Strategies of entrepreneurship: understanding industrial entrepreneurship and structural change in Northern Tanzania*, Linkoping University, Linkoping.

Ulrich, D. (1998), "Intellectual capital = competence × commitment", *Sloan Management Review*, Vol. 39 No. 4, pp. 15-27.

United Nations World Tourism Organisation (2006), "Africa needs to speak up", available at: www.world-tourism.org/newsroom/Releases/2006 (accessed 7 November 2006).

United Nations World Tourism Organisation (2007), World Tourism Day.

Vesper, K. (1980), *New Venture Strategies*, Prentice Hall, New York, NY.

Wernerfeldt, B. (1984), "A resource based view of the firm", *Strategic Management Journal*, Vol. 5 No. 2, pp. 171-80.

Wesson, T. and Nieva de Figueiredo, J. (2001), "The importance of focus to market entrants: a study of micro brewery performance", *Journal of Business Venturing*, Vol. 16 No. 4, pp. 377-403.

Westhead, P., Wright, M. and Ucbasaran, D. (2001), "The internationalization of new and small firms: a resource-based view", *Journal of Business Venturing*, Vol. 16 No. 4, pp. 333-58.

Zahorik, A., Rust, R. and Keningham, T. (2000), "Estimating the return on quality: providing insights into profitable investments in service quality", in Swartz, T.A. and Iacobucci, D. (Eds), *Handbook of Service Marketing and Management*, Sage Publications, Thousand Oaks, CA, pp. 223-46.

Further reading

Mincer, J. (1974), *Schooling, experience, and earnings*, Columbia University Press, New York, NY.

Ministry of Tourism and Modernisation of the Capital City (2005), *Ghana National Tourism Policy Document*, Government Printer, Accra, Ghana.

Oppermann, M. (1996), "Rural tourism in southern Germany", *Annals of Tourism Research*, Vol. 23 No. 1, pp. 86-102.

About the authors

Kojo Saffu is an Associate Professor of Entrepreneurship in the Faculty of Business at Brock University in St Catharines, Ontario, Canada. His articles have been published in journals such as the *Journal of Small Business Management, Management Decision, International Journal of Entrepreneurial Behaviour and Research, Journal of Managerial Psychology*, the *International Journal of Management*, the *Asian Journal of Business and Entrepreneurship* and the

International Journal of Educational Management. Kojo Saffu is the corresponding author and can be contacted at: ksaffu@brocku.ca

Samuel Obeng Apori is the Rector of Takoradi Polytechnic. Prior to his appointment, he was a Senior Lecturer in the Faculty of Agriculture at the University of Cape Coast, Ghana. He has also served as a lecturer at the University of Ibadan in Nigeria and as a research fellow at the Aberdeen University.

Angela Elijah-Mensah is Head of Secretaryship in the School of Business Studies at Takoradi Polytechnic, Ghana. She is a doctoral student in entrepreneurship at the Maastricht School of Management. Her research interest is in female entrepreneurship.

Jonathan Ahumatah is the Dean of the School of Business, Takoradi Polytechnic, Ghana. He is involved with research in entrepreneurship at the Polytechnic.

This article has been cited by:

1. Kaustav Misra, Esra Memili, Dianne H.B. Welsh, Surender Reddy, Gail E. Sype. 2015. Cross-country technology gap in Latin America. *Cross Cultural Management: An International Journal* **22**:4, 630-648. [Abstract] [Full Text] [PDF]