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Resource Dependence of Tourism Enterprises

A Study of Dependence of Tourism SMEs on the Resources of National Tourism Organisations

by

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Abstract

Small and medium-sized tourism enterprises (SME) constitute the great majority of tourism businesses. They are a fundamental component of the tourism product, they affect the image of destinations, and they also act as brokers between tourists and local societies. Scarcity of resources has been identified as one of the features typical of SMEs.

National Tourism Organisations (NTO) usually carry the responsibility for marketing countries as tourism destinations and often also have development functions. Although the public sector budgets of NTOs are declining, they may maintain the level of tourism investment by having good cooperation with the private sector.

This research was an attempt to explore interorganisational relations between tourism SMEs and NTOs. These relations were surveyed by identifying exchange of resources between organisations. More specifically, the focus of this research was on resource dependence which results from the exchange of resources between SMEs and NTOs. Cooperation was suggested to reduce the resource dependence and, therefore, its influence was also explored. In order to measure the level of resource dependence a survey was carried out in Finland of tourism SMEs using a postal and online instrument. This presented the dependence-defining factors.

The level of dependence of the Finnish SMEs on the Finnish Tourist Board, the national tourism organisation of Finland, was reported to be at a moderate level, thereby suggesting that the SMEs retain substantial resource autonomy. Differences in the level of resource dependence were established between different types of enterprises. Size of enterprises, number of their foreign guests, their marketing activities, and their cooperation with others affected the level of resource dependence. The SMEs were most dependent on such FTB resources as destination marketing and marketing knowledge. A factor analysis revealed two factors underlying the resource dependence of SMEs on NTOs. They were named "International activity" and "Information service".

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List of Abbreviations

ANOVA	Analysis of Variance
CD	Compact Disc
CEO	Chief Executive Officer
CRS	Central Reservation System
Dba	Dependence of b on a
EAGGF	European Agricultural Guidance and Guarantee Fund
EEDC	Centre for Employment and Economic Development
ENSR	European Network for SME Research
EPG	Enterprise Policy Group
ERDF	European Regional Development Fund
ESF	European Social Fund
ETC	European Travel Commission
EU	European Union
FIFG	Financial Instrument for Fisheries Guidance
FTB	Finnish Tourist Board
FTE	Full-time Equivalent
GNP	Gross National Product
IOR	Interorganisational Relationships
IT	Information Technology
KMO	Keiser-Meyer-Olkin measure of sampling adequacy
LSE	Large Scale Enterprises
MEK	Matkailun edistämiskeskus
NTA	National Tourism Administration
NTO	National Tourism Organisation
OECD	Organisation for Economic Cooperation and Development
Pab	Power of a over b
PR	Public Relations
PROMIS	Professional Marketing Information System
PSM	Public Sector Management
Q1…Q17	Question 1…Question 17
SD	Standard deviation
SME	Small and medium-sized enterprises
SPSS	Statistical Package for Social Science
SSM	Similan Survey Manager
Tekes	National Technology Agency of Finland
TE-keskus	Työvoima- ja elinkeinokeskus
TOL	Toimialaluokitus
TSA	Tourism Satellite Account
UK	United Kingdom
UN	United Nations
UNWTO	United Nations World Tourism Organization
USA	United States of America
USTTA	United States Travel and Tourism Administration
WTO	World Tourism Organization

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CHAPTER 1

INTRODUCTION

Studies on interorganisational relationships (IOR) exploring interaction between organisations, have found out that organisations interact with others in order to attain resources or to tackle uncertainties. This comes at a price, however, for interaction also means for an organisation that it has to give up some of its authority. Still, it has been claimed, many organisations need to interact in order to survive.

This study is an attempt to explore how National Tourism Organisations (NTO) and small- and medium-sized tourism enterprises (SME) interact. More specifically, this study focuses on the resource dependence of SMEs on NTOs which results from the interaction between these organisations. In the following section, the rationale of this research will be explicated in detail. Thereafter, an overview of the resource dependence approach will be given. Then, the structure of this thesis will be introduced.

1.1 Rationale of the research into interorganisational relations

National Tourism Organisations (NTO) are often statutory organisations with the task of promoting a country as a destination abroad. Frequently, NTOs function as information brokers between markets and the tourism industry thereby contributing to tourism development in the country they represent. They may also provide marketing as well as other services for the tourism industry in order to support the industry in selling their products. To a greater extent NTOs are now pursuing cooperation with the tourism industry – not the least in anticipation of co-financing projects in order to compensate for the decreased support they are receiving from public funds.

In European countries, SMEs constitute the great majority of all tourism enterprises. They are present in virtually almost any travel experience offered by a destination. Although the importance of SMEs for the whole tourism sector is obvious, what the prerequisites are for the success of these businesses has not been much explored.

European as well as American enterprises are primarily SMEs, of which the majority are very small companies. SMEs often lack the resources they need in order either to grow or even just to survive. As the importance of SMEs for the creation of new employment as well as their innovation potential has been widely acknowledged, support of SMEs has often taken the centre stage in public policy considerations. Apart from the public sector support for the SME sector, cooperation with other organisations is claimed to be a promising strategy for SMEs to deal with scarcity of resources.

Because SMEs play an important role in tourism on the one hand and NTOs provide resources for the tourism industry on the other, this research set out to explore the relationship between the two, with a view to identifying exchange of resources between them.

1.2 Study on resource dependence

This research into resource exchange employs the resource dependence perspective. The elements defining an organisation's resource dependence consist of the importance of the resource, of the alternative resources available, and of the organisation's ability to influence the allocation of respective resources. In an empirical study on relationships between SMEs and an NTO, an attempt has been made to identify these elements and measure their intensity in the relationship. The assessment of these elements was expected not only to disclose the intensity of resource dependence – and at the same time reveal the potential power of NTOs over SMEs – but also which kind of resources SMEs were most dependent on. Furthermore, the objective was to identify which kind of SMEs were dependent on NTO resources and which possibly were not dependent on them in any way. The results of this research were expected also to give a better understanding of the resource needs of different kinds of tourism SMEs. It was also expected that the research would give indications and insights into how largely publicly funded NTO activities correspond to the needs of tourism SMEs.

Scarcity of resources was identified as one of the features typical of SMEs. It was therefore assumed that tourism SMEs, in order to secure access to certain resources, need to interact with other organisations and may therefore become dependent on suppliers of these resources. It was further assumed that SMEs cooperating with other organisations were less dependent on specific external resources than SMEs not cooperating with others.

In order to measure the dependence of tourism SMEs on NTOs, a measurement scale was developed. Saidel's (1990) study on resource interdependence was used as a starting point for the development of this scale. No other studies on resource dependence were discovered which could have been directly used as a frame of reference for this research. Saidel's development of the measurement scale for interdependence was therefore complemented with the advances of the resource dependence perspective by Pfeffer and Salancik (1978). Seventeen NTO resources were identified and used in the measurement scale. SMEs were identified by their demography, by their behaviour, and by their attitudes towards NTOs. The pilot study as well as the final empirical study were conducted in Finland.

In summary, the objective of this research was to determine the level of resource dependence of tourism SMEs on the resources of NTOs and to analyse which factors may affect it. It also aimed to assess the role of cooperation in the dependence relations between these organisations.

1.3 Structure of the thesis

This thesis consists of the following chapters. Chapters two to five cover the literature review. Chapter two introduces National Tourism Organisations. After providing an overview of their development the chapter turns to a discussion of the various rationales for their existence. Various other aspects characteristic of and important for understanding the nature of NTOs are then introduced, such as their ownership structures, the scale on which they operate, and the way they are financed. The more specific tasks of NTOs are then discussed in more detail. Since NTOs can, in many cases, be regarded as part of public sector management, the principles guiding them are also presented. Finally, the importance of NTOs is discussed by taking into careful consideration the particular difficulties in as well as the intricacies of finding reliable ways to measure their results.

Chapter three portrays the SME sector. There are various discussions of SMEs and their characteristic properties are introduced. After discussing the demography of SMEs, as well as their chances of survival, and the reasons for their possible death, features distinguishing tourism SMEs are surveyed. The chapter concludes with a closer examination of public policy aspects concerning the SME sector.

Chapter four discusses the background theory used in the analysis of the relationship between tourism SMEs and NTOs. The concept of interorganisational relationships (IOR) is introduced as a starting point for analysing the relations between SMEs and NTOs. The IOR concept is then further developed and narrowed down to two relevant accounts which can be used in the assessment of exchange relationship between organisations. The concept of cooperation is discussed with reference to different background theories. An outline of the resource dependence perspective is then provided. Factors defining dependence in interorganisational relationships, on the one hand, as well as organisational perspectives of coping with dependence on the other close this chapter.

Since the research was conducted in Finland, a brief overview of Finland as country will be given in chapter five. Tourism in Finland is introduced by giving details on its importance for the Finnish economy, on tourism products and enterprises as well as on tourism policy. The Finnish Tourist Board as the National Tourism Organisation is presented thereafter. Finally, an overview of the Finnish SMEs in tourism is given.

The methodological approach employed in this research is discussed in chapter six. First, various steps in the research process are examined. The operational definition of the resource dependence concept constituting the framework for the research methodology used in this study is then explained. Because the measurement scales for measuring resource dependence were created especially for this study, their construction is presented in more detail. Finally, the execution of the empirical study in Finland is discussed and statistical methods employed in the analysis of its results are presented.

Chapter seven is dedicated to the presentation of the findings from the empirical research. Apart from an overview of the sample characteristics, this chapter also provides detailed information regarding the levels measured for the resource dependence elements as well as the level of overall dependence. Discussion of the results of factor analysis, which was conducted in order to discover possible underlying structures in the resource dependence, closes this chapter.

Chapter eight includes the discussion and conclusions for the study. It also discusses the possible contribution this study makes to the field as well as suggestions for further research.

CHAPTER 2

NATIONAL TOURISM ORGANISATIONS

2.1 Introduction

The term tourism organisation is, according to Pearce (2000: 586) commonly used "to refer to destination based organisations constituting the official administrative bodies responsible for tourism". Such organisations often function internationally, nationally, regionally, or locally. They are established in order to promote and manage tourism by working in cooperation with others (Pearce, 2000).

National Tourism Organisations (NTO) are organisations which most often have the responsibility of marketing their country as a tourism destination. Although marketing is the most common area of their responsibility, NTOs may have other tasks as well (Cooper et al., 1998). Often they are public organizations, but they may as well be private or a combination of both. NTOs have been established for the purpose of servicing national objectives (Gee et al., 1997, Peattie and Moutinho, 2000). In the following sections, information on various backgrounds, forms, roles, functions, financing, and the importance of NTOs is presented.

2.2 Definition of National Tourism Organisation

According to the definition used by the United Nations World Tourism Organizations (UNWTO), NTOs are the executive bodies of National Tourism Administrations

(NTA). The term NTA, in turn, denotes those public organisations which are responsible for tourism management at the national level (Elliott, 1997).

The UNWTO defines NTA as the:

> "*a) Central government body with administrative responsibility for tourism at the highest level,* ***or****, Central government body with powers of direct intervention in the tourism sector.*
>
> *b) All administrative bodies within national government with powers to intervene in the tourism sector.*" (WTO, 1996)

NTOs, in turn, are defined by the UNWTO as follows:

> "*[NTO stands for..] an autonomous body of public, semi-public or private status, established or recognised by the state as the body with competence at national level for the promotion – and, in some cases, marketing – of inbound international tourism.*"(WTO, 1996)

An NTO may be incorporated in a higher NTA body or it may be autonomous. It may also be legally or financially linked to the NTA (WTO 1996, 1999).

In the relevant literature, the concepts National Tourism Administration and National Tourism Organisation are occasionally used interchangeably (Millington and Cleverdon, 1999, Pearce, 2000).

There are some two hundred NTOs in the world which operate about one thousand branch offices (Gee et al., 1997, Millington and Cleverdon, 1999). An NTO may be designated as an authority, a commission, a board, a tourist organisation, a bureau, a tourist office, a corporation, a department, a council, or a ministry. They vary regarding their size, their funding, their structure, and their tasks. There is one common denominator, however. Almost every NTO is responsible for the promotion of its respective country as a travel destination for foreign tourists (Baum, 1994).

2.3 Development of NTOs

The origin of NTOs dates back to the early 20th century. In 1901, New Zealand established an organisation which may be regarded as the first national tourism organisation. Some other countries had established organisations for promoting tourism already before World War II, but the majority of existing NTOs were founded in the 1960s and 1970s (Pearce, 1992). NTO is, therefore, a rather new form of organisation. Like many other new organisations, NTOs have been evolving constantly. This evolution has been particularly strong during the past 20 years (Millington and Cleverdon, 1999, WTO, 2000a).

In 1963, the UN Conference of International Travel stated that it is "incumbent on governments to stimulate and coordinate national tourist activities" (Hall, 1994). In the very beginning, governments pioneered tourism. It was quite necessary for governments to assume this role, as in its early stages, in order for tourism to develop, considerable investments especially in infrastructure were required. In the early stages of tourism, tourism administrations were not only involved in the development of the physical environment for tourism, they also took the role of an entrepreneur. Governments established hotels, holiday villages, theme parks, and other facilities, and they were also operating them (WTO, 2000a). In Southeast Asia and in the former state socialist countries of Europe, for example, the state usually owned all tourism resources (Hall, 1994). Although active in developing tourism, the way NTOs dealt with prospective tourists was rather passive, distributing travel information solely for those who were actively seeking it (Millington and Cleverdon, 1999).

As tourism developed, enterprises were established to take advantage of emerging business opportunities. Initially, development was often quite unrestricted, resulting in excess capacities. This, in turn, led to sometimes destructive price competition. In order to moderate the growth of supply, public sector involvement was regarded as necessary. Consequently, in many countries, governments decided to actively protect consumers from what they regarded as harmful competition. Prices were regulated, travel agency licensing, and obligatory classification of hotels were introduced (WTO 1996, 2000a).

Furthermore, in order to obtain return for their initial investment in the tourism, governments introduced taxes on tourism services (WTO 1996, 2000a). Millington and Cleverdon (1999) argue that in this phase of the development, the area of responsibility of NTOs changed from passively servicing tourists to actively marketing their countries to potential customers. Williams and Shaw (1991) argue, that one reason for governments to get involved in tourism promotion was also their willingness to earn hard currency.

Economic benefits of tourism are still key reasons for governments to get involved in tourism. Besides bringing in foreign income, tourism is considered to contribute to growth in employment as well as to regional development (Elliott, 1997, Page, 2003, Lennon et al., 2006).

The interest governments take in tourism changes along with the overall development of tourism. Lennon et al. (2006) suggest that in highly developed economies less public support of the tourism industry is needed. In such countries, governments act increasingly as coordinators between the various players involved in tourism development (WTO, 1996). Williams and Shaw (1991) maintain that since the tourism industry has become more capital-intensive with a need for such large investments as airports and marinas, the demands for government intervention has in fact increased.

In general, efforts are made within the public sector towards less bureaucracy, a liberated economy and towards fair taxation of various industries. Overall, it can be observed that the tourism sector in many countries is only moderately regulated. For the past two decades many governments have tended to withdraw from several of their earlier activities, while paying increasing attention to the promotion of tourism (Pearce, 1992). There are only few countries in Europe where governments are still directly involved in the tourism business. In the developing countries, government support is still important for the growth of tourism (WTO, 2000a).

On the other hand, there are examples of tourism administrations withdrawing from tourism activities altogether. The most important reason for this development may be an overall decrease in public funding (WTO, 2000b). In 1991, for example, the Swedish government handed responsibility for tourism promotion entirely to the private sector. The government continued to provide funds for various activities, but left it to a private sector consortium to take care of all commercial promotion. After only two years, the new strategy was discarded and the government went back to its old practice and resumed responsibility for marketing (Pearce, 1996, WTO, 1996). The USA closed down their NTO, the United States Travel and Tourism Administration (USTTA), in 1996, an its functions were taken over by other government agencies and non-profit organisations (Brewton and Withiam, 1998).

2.4 Rationales for the existence of NTOs

Like any other organisation, NTOs are established in order to achieve certain goals. These can either be expressed explicitly or they may be implicit goals, which an organisation *de facto* tries to achieve. In most cases, the main objective of an NTO is defined as to increase travel to a destination – mostly a country - by attracting people to use country's tourism services (Pearce, 1992). Nevertheless, the underlying reason for the aforementioned objective is often the need to bring in hard currency (WTO, 1996). Other motivators for government involvement are tax revenues from tourism services along with the employment opportunities it offers. Also, less developed regions may profit from the development of tourism. Elliott (1997) claims that economic factors weigh most when looking for reasons for government involvement in tourism.

Apart from economic reasons, there are also other considerations. Tourism is an activity with social consequences. It affects many people who are not tourists visiting the destination, but who belong to the local population. Tourism has also an impact on the environment. Therefore, governments may consider their involvement necessary in order to secure public interests before private ones (Elliott, 1997).

Scepticism on leaving the promotion of tourism to the private sector has been expressed, since it may potentially lead to unsustainable tourism development or problems in environmentally sensible areas (Lavery, 1996, Millington and Cleverdon, 1999, WTO, 1999). The OECD argues for public sector involvement in tourism promotion and maintains that countries where the public sector does not invest in promotion of the tourism sector, might lose market share as international competition increases (Lavery, 1996). Following the same line of argumentation Lavery (1996) maintains that the image of a destination which is created through tourism promotion, may be a factor in attracting foreign investors to the country.

Investing public money in the promotion of tourism has been the subject of much debate (WTO, 1996, Moutinho, 2000). The fragmented nature and the small size of the majority of the tourism enterprises have been used as arguments for government involvement. That is, the tourism sector consists mainly of small enterprises, while the tourism product is a combination of services from many of them (Lavery, 1996, Pearce, 2000, Gilmore, 2003). The UNWTO (1988) argues that, in order to influence tourists to visit a particular country rather than another, strong investment in promotion – which is usually out of reach of small operators – is required. These reasons, the proponents of governmental involvement claim, necessitate coherent and coordinated marketing.

Another argument which has been put forward for government involvement is so-called "market failure". Socher (2000) identifies two types of market failure. The first kind of market failure occurs when the promotional activities carried out jointly by a tourism organisation and organisations from the private sector benefit the whole destination. In this case, it is possible for organisations that do not bear the costs of the promotion also to enjoy benefits of these activities. Therefore, they might be able to sell their products at a lower price than enterprises investing in the destination promotion.

The second kind of market failure falls into the area of product development. It occurs when parts of the tourism product are public goods, such as paths, benches, parks etc., for the use of which it is almost impossible to charge a price at the time of use (Socher, 2000). Pearce (2000) and Keller (1999) argue that the image of a destination created by promotion may be also considered as a public good. Using the argumentation of market failure, NTOs may assume the responsibility of promoting a destination as a whole for the benefit of the entire tourism sector in such a way that the effects of promotion are as evenly distributed as possible (WTO, 1996).

Among the reasons for the critical discussion of both the role of government in tourism and the use of public money to support development of the tourism sector is that many tourism companies are global players with global owners. It has been argued that using tax-payers' money to support the types of business that have just been described cannot be justified as being in the national interest (WTO, 2000a). Furthermore, as funding and support for other industries has generally declined, it has become increasingly difficult to justify the use of public money to support and promote tourism (The Travel Business Partnership, 2003).

2.5 Structure of NTOs

The structure of an NTO depends on historical, political, and cultural factors in the respective country (WTO, 1996). Hall (1994) considers the structure of a tourist organisation as an outcome of a political process. Regardless of the structure and the way organisations are formed, almost every country has some kind of organisation responsible for tourism (Pearce, 1992, Baum, 1994). As expressed in the WTO definition (1996), NTOs may be autonomous bodies outside of a national government. Those NTOs that are not part of a government can be semi-public or even private organisations (Gee et al., 1997, Cooper et al., 1998). In the following sections, the most common legal forms of NTOs are introduced.

2.5.1 Statutory organisations

Tourism organisations acting on the national level are often statutory organisations, which have been established by statute or law in order to manage the tasks of government departments. A statutory organisation is autonomous and independent of ministry, its board often includes members from the tourism industry, and it can have partnership arrangements with industry. Statutory organisations outside the government are regarded as more effective in carrying out certain tasks than the more bureaucratic government departments, because they usually have more freedom to act than government departments have and are, therefore, more responsive to the demands of the industry and market (Elliott, 1997). Elliott (1997) regards statutory organisations in tourism important when it comes to the implementation of a tourism policy. He considers that besides implementing policy they are promoters and marketers as well. Conversely, according to Elliott, within a government an NTO might lack the opportunities and abilities to promptly and flexibly respond to the changing demands of markets and the tourism industry.

Statutory organisations are not only found in tourism but in such various fields as the protection of the environment and the control of foreign investments as well. They may also run government owned businesses such as airline and railroad companies (Elliott, 1997). Elliott (1997) regards statutory organisations as one of the most effective models of public sector management. As statutory organisations, NTOs can be subordinate to various government departments, such as economic, labour, national heritage, culture, or wildlife departments, to name a few (WTO, 1996).

2.5.2 Public-private partnership

Even if the current development is to establish semi-public NTOs, many existing NTOs are still statutory organisations (WTO, 1996). For various reasons the public-private partnerships have become more popular for organising NTOs and their share is expected to grow also in the future (Lennon et al., 2006). One of the most important reasons for this development is decreased funding from governments. Horner and Swarbrooke (1996) regard the need for more coherent destination marketing and the need to utilise private sector marketing skills in public sector marketing as further reasons for the increasing use of public-private organisation models. Some hold that public-private organisations allow the more effective use of tax-payers money (WTO, 1996).

Lavery (1996) maintains that public-private cooperation is an NTO model suited best for developed tourism destinations, whereas a model involving full state intervention is the most frequently applied type of organisation in developing tourism countries. Similarly, Lavery maintains that at an early stage of tourism development in any country, governments are often in key positions to develop tourism and especially the tourism infrastructure, whereas there is less need for governmental support in developed countries with strong economies. In the year 2000, the UNWTO (then WTO) conducted a survey in order to investigate the importance of public-private partnership among its members (WTO, 2000a). In this survey, the actual use of the public-private partnership model as well as interest on the part of NTOs in applying it in the future was studied. NTOs were also asked about the perceived effectiveness of such organisations. According to the study's findings, NTOs considered that public-private partnership might increase the overall effectiveness of marketing, productivity, as well as management of tourism systems. The most important reason in favour of the use of the partnership model was, however, the need to increase the promotional budgets of respective NTOs (WTO, 2000a). Private sector funding today still represents a fairly small share of NTO budgets (Lennon et al., 2006).

Governments may transfer their responsibilities to the private sector rather than to NTOs (Elliott, 1997, Millington and Cleverdon, 1999). In those cases when governments hand over their tasks to the private sector, they still bear responsibility for creating an appropriate framework within the physical, fiscal, social and legal environment which allows for sustainable tourism development. The UNWTO

(1997) argues that the upgrading of tourism infrastructure still remains a public sector responsibility.

2.6 Scale, functions and financing of NTOs

Tourism organisations can be classified by their working area *(scale),* their *functions* and their *financing* (Pearce, 1992). Scale refers to either the geographic or administrative area, where tourism organisations function. They can either be monofunctional, in which case they focus solely on one area of business, or multifunctional, in which case they have various areas of responsibility. Financing comes from public or private sources or from both (Pearce, 1992). Using these dimensions, Pearce (1992:183) specifies NTOs as "nationally working, monofunctional organisations, having responsibility only for marketing, and receiving their funding wholly or partly from the public sector".

Pearce (1992) alleges that one best organisation form for an NTO does not exist since organisations are established based on national needs. Choy (1993) argues that the role of an NTO should change following the development of the destination and its products, as well as according to the destination life-cycle. For that purpose, he maintains, a quasi-governmental organisational structure would be more flexible than a government agency with its complex bureaucracy.

2.7 Role and tasks of NTOs

2.7.1 Introduction

The role of an NTO depends on its economic and political environment, as well as on its operating environment; its administrative structure (Pearce, 1992, Choy, 1993). An NTO often functions in a central position between various actors in the quite fragmented tourism sector. It might also operate as unifying force between national, regional and local tourism organisations. (Millington and Cleverdon, 1999). In countries with a central administration, NTOs seem to be more influential, whereas in countries with a federal structure, regional and local tourism organisations are more powerful (Pearce, 1992).

Economic conditions in a country have an impact on the tasks of an NTO and their importance, as Baum (1994) found out in his research on national tourism organisations. According to his findings, developing countries placed more emphasis on tasks like the provision of general tourism information, education and training. On the other hand, NTOs in more affluent countries focused on product development and the classification of tourism services. Today, many of the tasks carried out previously by NTOs may also be outsourced to independent bodies (Lennon et al., 2006).

NTOs based on a public-private partnership, often act as coordinators. Their main task is then to bring together private companies under joint marketing campaigns. The coordinator role is even more important in their overseas operations (Millington and Cleverdon, 1999). In general, if an NTO is part of a country's public sector management, it usually has a broader spectrum of duties as that it would if it were a semi-public or private organisation (Baum, 1994, WTO, 1996).

As the disposable budgets of NTOs decrease, they need to have more focused activities. As a result, marketing and especially marketing activities abroad have become the main task of many NTOs. Some NTOs are also responsible for promoting domestic tourism (Pearce, 1992, Lennon et al., 2006) while in some countries this task is taken care of by regional or local tourism organisations (Pearce, 1992).

NTOs might have tasks which are quite different from the general outline of the responsibilities presented above. In the past, the Canadian Tourism Commission has had the goal of decreasing the number of visits by Canadians to the USA. Also in the past, the Japanese government has charged its NTO with the task of increasing Japanese travel abroad in order to decrease the mounting export surplus (WTO, 1996).

In the following paragraphs, the NTO responsibilities are summarized and categorized based on the findings in the tourism literature.

2.7.2 Planning and development

Tourism development either means the development of the tourism sector itself and its operating environment, development of the tourism infrastructure, or development of tourism products (Pearce, 1992). The main concern of governments, according to

Hall (1994), is the economic development of tourism. He claims that politicians and members of NTOs in particular maintain this standpoint.

Development issues are predominantly the responsibility of the NTA. The influence of NTOs in tourism development has diminished. Pearce (1992) argues, however, that marketing, planning and development are interdependent. He maintains that development of new products to satisfy market needs often requires policy level decisions regarding infrastructure, superstructure, education and training, financial incentives, fiscal policy and environmental issues. Also, when markets are sought for existing tourism products, policy issues may play a role (education and training, infrastructure development, environmental issues) (Pearce, 1992). Elliott (1997) argues that the specialised knowledge of NTOs should be utilised when formulating tourism policy (Elliott, 1997). Elliott (1997) maintains further that NTOs are mainly interested in the implementation of tourism policy and less interested in development and formulation of it. Pearce (1992) considers NTOs which are not involved in the development of policy, passive and maintains that they are not addressing the problems of the tourism industry.

In general, the intensity of involvement in tourism planning and development varies among NTOs (Pearce, 1992). As a notable trend, policy and planning are increasingly separated from marketing and promotional activities (WTO, 1996, Lennon et al., 2006).

2.7.3 Marketing

Marketing, and especially promotion, is the most common task of NTOs (Middleton, 1990, Williams and Shaw, 1991, Pearce, 1992, Choy, 1993, Hall, 1994, Horner and Swarbrooke, 1996, Elliott, 1997, Keller and Smeral, 1997, Cooper et al., 1998, Page, 2003). Since a customer has no possibility to see or test the tourism product before purchasing it, marketing plays an important role in describing and creating images of tourism products (Cooper et al., 1998, Bécherel and Vellas, 1999). Besides NTOs other organisations such as airlines, travel agencies, tour operators, resorts, convention bureaux, and hotels also promote international tourism – either independently or in cooperation with others (Moutinho, 2000).

Increasing focus by NTOs on promotion has been seen as justified on the grounds that scarce disposable resources should rather be used in one well defined area with a greater impact than used in a broad range of activities with very few resources for each (Choy, 1993). As marketing bodies NTOs coordinate activities for private sector companies as well as for other public sector organisations (Pearce, 1992). Batchelor (1999) argues that organisations in charge of destination marketing should not take on responsibility for all aspects of marketing but should rather provide a marketing framework for small-scale enterprises. Gilmore (2003) maintains that the fragmented nature of the tourism industry makes the task of an NTO to market a national destination very challenging.

When considering marketing in the context of destination promotion, some specific features may be identified. An NTO as a marketing body does not have direct control over the tourism product it is promoting. Destination as such is not a single product, but rather a composition of many services, the variations of which are almost unlimited. Price is not a factor which an NTO could actively use in its marketing. Neither can an NTO control the price of tourism products in the destination. Horner and Swarbrooke (1996) consider the lack of control of these factors as one of the reasons why NTOs are increasingly focussing on promotional activities. Pearce (1992) points out one more special feature of NTO marketing: the NTO does not attain directly the benefits from its own marketing. However, when the public sector is involved in an NTO, it is obtaining economic returns indirectly through the tourism sector profits.

According to Middleton (1990) NTO marketing is carried out at two levels: destination promotion and market facilitation. With promotion NTOs aim to increase the awareness of consumers of the destination. Middleton suggests that when a certain level of awareness has been reached, it is complemented with market facilitation activities. Market facilitation is cooperation and coordination between various sectors of tourism. It includes such areas as representation through a network of branch offices, workshops and trade shows, study tours, production of promotional material, information- and reservation systems, joint marketing campaigns, support for new products, dissemination of research information, services for customers, and general information services for the public (Middleton, 1990). According to Middleton, the balance between promotion and market facilitation shifts along with the degree of awareness of a destination. A destination which is quite unknown to potential customers, needs more promotion than a mature destination. In case of a highly developed tourism destination, marketing emphasis shifts over to market facilitation activities.

Needham (2000) suggests the fact that travellers in Europe increasingly buy a last minute offer or a budget holiday – emphasising the competition based on price – is a proof of poor marketing skills in destinations. He argues that if price is the most critical factor in the tourism decision making process, destinations have not been able to differentiate themselves in their marketing from their competitors. Lavery (1996) expects that NTOs will market more strategically in the future thereby following the example of successful private enterprises.

Keller (1999) proposes that as the role of NTOs changes, they are becoming more like destination marketing management centres. As a consequence, NTOs may take responsibility for product management and for the maintenance of distribution channels for the destination's tourism products in the future. Such a development would mean that NTOs would have a stronger influence on each of the marketing mix areas than presently is the case.

As tourism marketing has become the main task of many NTOs and the responsibility for policy issues has been taken over by other organisations, a gap between the marketing of tourism and planning and development has already been identified by some authors (Bramwell and Rawding, 1994, Getz et al., 1998). They argue that in such a case, implementation of tourism policy – as far as NTOs are concerned – and tourism development are not coordinated and therefore the tourism policy process is not followed through.

2.7.4 Common service

Research, lobbying and training of the industry are common services provided by NTOs for the tourism industry. For such a fragmented industry as tourism it is necessary to have an organisation which collects information, evaluates it, and identifies demand potential and development in different markets (Elliott, 1997). NTOs do not only gather information, they also produce and communicate it to the tourism industry (Pearce, 1992). Quantitative and qualitative research is needed not only for the planning of marketing, but also for the evaluation of economic, social and environmental impacts of tourism as well as for the evaluation of the feasibility of tourism development projects. Organisations such as NTOs are important in doing research, as they are regarded as neutral. They also have sufficient resources to carry out more comprehensive studies than private enterprises (Horner and Swarbrooke, 1996).

Lobbying for tourism in a national policy framework might be a further task for an NTO. In order to increase the appreciation of the tourism sector by public policy makers, NTOs might be required to lobby on its behalf. Even the level of their own funding might be dependent on the perceived importance of the tourism sector compared to other sectors (Pearce, 1992). Nevertheless, lobbying for the tourism sector is complex since it is not easy to speak with a unified voice for a heterogeneous industry. There are also conflicting interests among tourism industry members. The interests of the private and public sectors might in some cases be opposed. In such a case, the NTOs' lobbying ability could be put in question (Pearce, 1992, Choy, 1993).

Training is frequently a function of NTO, as Baum (1994) found in his study on NTOs. According to him, the involvement of NTOs in manpower development varies quite a lot between affluent and less affluent countries. Some 73% of NTOs from the least affluent countries in his study regarded training as one of their most important tasks. On the other hand, in the most affluent countries, less than one third of the NTOs reported training being within their area of responsibility. Baum (1994) states that obviously skilled labour is more easily available in countries with a developed tourism structure and that therefore less training in those countries is needed.

2.7.5 Information

One of the central responsibilities of NTOs in the past was the dissemination of information to prospective visitors or visitors already staying in the destination. More recently, the role of an NTO has changed from that of a passive provider of information to a proactive distributor using information as a promotional tool. Besides this, distributing information among the travel trade and other interest groups is often a service provided by NTOs. NTOs may be considered as information brokers, which are assembling and disseminating information among their interest groups.

Mediating information from markets to the travel industry is one important task of NTOs. Information which is required for product development, pricing and establishing distribution channels, is collected and provided for the tourism industry by NTOs (Pearce, 1992). Informing the travel industry about research results in a clear and unambiguous way is another of their information related tasks (Middleton, 1990).

Baum (1994) claims, that the affluence of a destination and the stage of its tourism development influence the importance given to information related activities. In an early stage of tourism development, these activities are considered more crucial and given more attention than in mature tourism destinations.

2.7.6 Standards

Some NTOs are involved in tourism regulation schemes. Regulation might be required to protect the public interest, people, communities, culture, national resources, or the environment (Elliott, 1997). However, the responsibility of an NTO for any kind of regulation might hamper its cooperation with the travel industry. In order to be successful, an NTO needs the support of the tourism industry (Choy, 1993).

NTOs might maintain offices in the destination which provide visitors with information relating to tourism products in order to increase customer satisfaction. Information offices with an endorsement from an NTO are perceived as trustworthy. In this position, maintains Middleton (1990) they are able to influence visitors' decisions even at a later stage of a trip. Middleton (1990) regards concern for customer satisfaction as a form of consumer protection. Information offices may also function as places where visitors can register complaints.

NTOs might also be involved in hotel grading and classification schemes, endorsement of operators as well as setting standards on how prices should be notified, what kind of complaint procedures are applied and making visitor satisfaction surveys (Pearce, 1992).

2.7.7 Operation

In the former state socialistic countries in Europe, governments were often in charge of almost everything regarding tourism. They were also responsible for operating tourism facilities. At present, it is less common to have governments as entrepreneurs, although in a number of countries some tourism facilities, airlines or railroad companies still are government owned (Hall, 1994).

Choy (1993) maintains that the role of an NTO should be consistent with the stage of development a destination has reached. He argues that therefore at the growth stage of a destination life cycle, development and operations are often primary functions of an NTO.

2.8 Financing and budgets of NTOs

Public financing - especially financing from the central administration - is the most common source for NTO budgets (Lavery, 1996, WTO, 1996). Although private sector involvement in tourism has increased, its share of funding is still not remarkable in NTO budgets. Often the private sector is not inclined to or have no resources to finance an organisation for joint tourism promotion (WTO, 1996). The private sector funding for national tourism is in most cases earned project by project

(WTO, 1996). As direct public funding has been decreasing and is expected to further diminish in the years to come, an alternative for the private sector funding is to introduce taxes and fees, earnings a part of which is then used for NTO operations. Such taxes include for example bed night taxes, government sales taxes on hotels, local taxes, departure taxes and passport issuing fees (WTO, 1996).

It is quite difficult to compare the budgets of different NTA/NTOs as the structure of budgets varies a great deal. Some countries publish the total cost of national tourism administration, whereas some disclose only the budget of an NTO (WTO, 2000a). Regional and local public funding is mostly not included or shown in NTO budgets. Regional organisations or federal states might promote tourism as well, which in turn reduces the level of the promotional budgets needed by NTOs (Millington and Cleverdon, 1999).

Contributions by the private sector are shown in NTO budgets quite differently (Millington and Cleverdon, 1999). Part of its investment in NTO activity can be in money terms, part can be recorded as an "in-kind" contribution. ("In-kind" meaning the value of the tourism industry investment in joint activities in the form of complimentary air tickets, hotel rooms, meals etc.). Some tourism administrations classify part of their administrative costs as marketing costs, some include only their direct marketing costs (Lavery, 1996). Comparisons of NTO budgets are also subject to currency fluctuations and differences in budget years.

In spite of the difficulties mentioned above, comparisons between NTO budgets have been made. In general terms, promotion constitutes the largest single item in NTO budgets. Its share varies between 60%-80% of the total (WTO, 1999). Choy (1993) argues that the emphasis on promotion is one of the key reasons for some destinations to have succeeded, if their results are measured in terms of currency revenues and tourist arrivals. Within promotional budgets there are great differences between different activity areas (Lavery, 1996).

UNWTO has summarised information on the budgets of NTAs. The global expenditure of NTOs in marketing was estimated to some US$ 1.5 billion in 1997. In general, based on an index of 100 in 1991, national tourism budgets had declined by almost 20 points from 1991 to 1997. In terms of money that indicates a decline from US$ 2,224 million to US$ 1,791 million. There was also a shift between traditional and emerging destinations. While in 1995 eight out of the ten biggest NTA budgets belonged to European countries, in 1997 only two out of the first ten were European (WTO, 1999). An average NTA budget in Europe in 1998 was US$ 30-35 million. The annual growth rate in the preceding five years was 4.5%. Promotional budgets remained at the same level during the period of study, i.e. 65% of the total (Millington and Cleverdon, 1999).

The European Travel Commission (ETC) surveyed the NTO budgets of 32 NTOs in Europe as well as some other countries in 2003. An average NTO budget of 25.4 million euros was reported. This implies a decrease in the budgets of inbound marketing: significant increases in the budgets of only few countries balanced it in the totals. Also, the ETC study suggests that the financial support from the private sector for NTOs is decreasing as well (Tourism Strategy Consultants, 2004).

Year 2004 COUNTRY	Total budget for inbound marketing (x 1,000 €)	Budget from government for inbound marketing (x 1,000 €)	Share of operating costs	Share of marketing costs
Austria	29,780	19,656	32.3	67.7
Bulgaria	3,817	3,817	29.3	70.7
Croatia	17,659	14,480	37.6	62.4
Cyprus	39,735	10,506	18.4	81.6
Czech Republic	6,222	6,222	33	67
Estonia	2,420	2,420	13.9	86.1
Finland	25,766	16,182	40	60
Flanders	13,743	11,041	57.2	42.8
France	49,100	26,540	30.3	69.7
Germany	28,700	22,465	48.6	49.5
Great Britain	68,638	51,030	60	40
Hungary	21,300	19,989	28.8	71.2
Ireland	63,945	61,973	36.1	63.9
Italy	32,126	24,171	78.5	21.5
Lithuania	0,424	0,424	5	95
Luxembourg	3,656	2,641	65.9	34.1
Malta	15,147	15,147	24.4	75.6
Netherlands	29,900	19,496	47.5	52.5
Norway	15,500	6,429	21.9	78.1
Poland	7,765	7,168	47.3	52.7
Portugal	37,123	37,123	29.4	70.6
Romania	3,500	3,500	n.a.	n.a.
Slovakia	1,917	1,833	45.5*	54.5*
Slovenia	8,070	7,245	22.7	54.3
Spain	103,291	103,291	45.7	62.8
Sweden	15,055	7,967	37.2	61.8
Switzerland	40,000	25,022	38.3	59
Total/Europe	684,300	527,778	41	59
Canada	55,881	43,926	20.2	79.8
Nepal	0,415	0,415	10	90
New Zealand	31,906	31,906	21.1	78.9
Philippines	8,297	8,297	38.9	61.1
Thailand	42,630	42,630	23.7	76.3
Total/Other	139,129	127,174	22.5	77.5
GRAND TOTAL	823,429	654,953	37.9	62.1

Table 2.1 NTO budgets and share of operating and marketing costs of the total

** = In year 2003*

Source: Tourism Strategy Consultants 2004

Table 2.1 reviews the budgets of a number of NTOs in 2004 reported by the ETC. The table contains a summary of total budgets for inbound marketing as well as budgets from the government for this purpose. Government budgets include funding from national governments as well as from other public sources (e.g. regional governments). It also summarises the shares of operating as well as marketing costs of the total NTO budgets.

The largest government budgets were documented by Spain, Ireland, Great Britain, Thailand, and Canada, whereas the largest overall budgets – including private contributions – were reported by Spain, Great Britain, Ireland, Canada, and France. The European NTOs spent in average 59% of their budgets for marketing, while the marketing share of NTOs outside Europe averaged 77.5%.

2.9 NTOs and public sector principles

Since most NTOs can be regarded as part of public sector management (PSM), Elliott (1997) argues that they should therefore respect and follow public sector principles. Elliott identifies five PSM principles: *public interest (public good), public service, effectiveness, efficiency, and accountability.* Page (2003: 278) refers to PSM as "the way in which governments manage tourism".

Elliott (1997:40) claims that *public interest* - or public good - is "a basic responsibility of public sector managers to manage for public interest and not for any private or particular political or business interest". When an NTO seeks to reach its goals, its managers should follow the explicit as well as the implicit guidelines of a political and administrative system. Elliott maintains (1997) that public sector managers in tourism have responsibility not only for their organisation or tourism sector, but also for the whole society.

Public service principle is more specified and a narrower concept than public interest, although both concepts are related. Public service principle calls for NTO managers not only to meet their economic goals; they should, at the same time, act to meet public interest demands. Tourism as a business is market driven but, according to the PSM principles, NTOs should be service driven as well (Elliott, 1997).

Effectiveness as a PSM principle suggests that an NTO has to achieve its goals and objectives. *Efficiency* stands for the maximum return on the public sector money invested through the PSM, in this case through an NTO. *Accountability* indicates that the use of power within a PSM organisation will be monitored. Actions of an organisation must be transparent in a way that can be evaluated. This includes also an examination on how well the PSM principles have been implemented. The application of the PSM principles in each country depends on respective government's interpretation of them based on its national political and administrative culture (Elliott, 1997).

Pearce (1992) maintains that since promotion of a destination benefits all tourism companies in the destination, marketing activities of NTOs have become a public good. Keller and Smeral (1997), in turn, consider the image which a destination or a country has as a public good.

2.10 Importance of NTOs

Importance of NTOs is most often measured by economic factors. Governments increasingly expect to get more information regarding the results of their investment (Millington and Cleverdon, 1999, Moutinho, 2000). In order to measure results, it is an advantage for an NTO to have private sector partners since they are able to report their sales figures and thereby the measurable result of a campaign (Millington and Cleverdon, 1999). These results are not comprehensive, however, since a multiplier impact exists. According to an US estimate, one dollar invested in tourism increases the BNP by US$2-US$4 (Edgell, 1999).

In reality, the results of national tourism promotion are very hard to measure comprehensively. It is very complicated, if not impossible, to distinguish it from other factors - such as fluctuation of currency, political circumstances, economic development, activities of competitors etc. - which affect the tourism market (Millington and Cleverdon, 1999, Moutinho, 2000, Seaton and Mathews, 2003).

Efforts have been made to find out the effects of tourism promotion. One of the measures used is the relation of the NTO budget to tourism receipts. The ETC study (Tourism Strategy Consultants, 2004) assessed the international tourism receipts for each euro invested in inbound marketing. On average, 290 euros were achieved for one euro in the marketing budget. Differences between countries are quite remarkable, however. In 2003, according to the ETC report, Lithuania achieved 1,853 euros for each euro invested, whereas the tourism receipts of Malta for one euro were only 32 euros, of Cyprus 51 euros, and of Finland 69 euros for each euro invested for inbound marketing. The reliability of this method of assessment of tourism marketing efficiency has been questioned. The ETC study suggests, however, that benchmarking between countries may be done based on this kind of calculation (Tourism Strategy Consultants, 2004).

Apart from economic impacts, NTOs' activities also help a fragmented industry which consists of very small entities to market itself internationally. Over 90 % of European tourism companies are small or medium-sized companies (SME), out of which 94% are so called micro-operators with less than ten employees. Due to this fact, Bécherel and Vellas (1999) consider that a strong, coordinating NTO can assist enterprises in their marketing efforts.

2.11 Summary

The NTO is a relatively new form of organisation, the structure and role of which varies in different countries. As an organisation it is evolving, and therefore, the structure and the role of NTOs are under constant evaluation.

It is argued that the role of a successful NTO changes according to the destination's life cycle. According to Choy (1993), at the very beginning of a life cycle, the NTO facilitates the development. After tourism has been established, the NTO moves to a marketing role. When the destination has become better known, the NTO can assume a management role and finally, an innovative role. Focusing on the right role at the right time helps an NTO to prioritise its functions, which in turn makes its overall operations more effective. Choy (1993) prefers a "quasi-government" NTO structure due to its flexibility and hence ability to adjust to changing needs in the destination.

Presently, the focus of NTOs is mainly on marketing and promotion. Many of their previous tasks have been transferred to NTAs. As NTOs have good knowledge of the tourism industry, it is argued that their know-how should be utilised in tourism planning and development. Through their marketing activity, NTOs are, to a certain extent, able to guide tourism development and implement tourism policy.

Although the public sector budgets of NTOs are declining, the level of tourism promotion investment may be maintained, if NTOs have good cooperation with the private sector. The private sector can also provide tools for measuring the results of promotion. Cooperation with the private sector might, on the other hand, be controversial in terms of PSM principles, or at least make it more difficult to adopt public interest or public service principles in the activities of NTOs.

CHAPTER 3

SMALL AND MEDIUM-SIZED ENTERPRISES

3.1 Introduction

Small and medium-sized enterprises constitute the majority of enterprises in Europe (Mulhern, 1995). In the so called Europe-19 countries (including the member countries of the European Union before May 1st, 2004, as well as Switzerland, Norway, Iceland, and Liechtenstein), SMEs account for two third of total sales and 70% of total employment, providing employment for almost 140 million people (Mulhern, 1995, Storey, 1997, European Network for SME Research, 2004a). In addition, SMEs account for 60% of value added in the EU (European Commission, 2003b). This picture is somewhat different in the USA where only 49% of all jobs are provided by the SME sector. In Japan, however, the SME sector provides the majority of jobs, about 67% (European Network for SME Research, 2004a). In Europe, SMEs are especially common in the construction, trade, hotel and restaurant and personal service sectors (European Network for SME Research, 2004b).

In this chapter, various aspects of SMEs are outlined. Diverse definitions that have been applied to SMEs are discussed. The importance of SMEs for economies, the various characteristics of SMEs, the ways they differ from large-scale enterprises (LSE) as well as their cycles of birth, growth and death are considered. SMEs in tourism have some particular features, which are examined. In the final section, public policies concerning SMEs are summarized.

3.2 Definitions and importance of the SME sector

3.2.1 Definitions

There is no generally and scientifically accepted standard definition of small and medium-sized enterprises (ENSR - European Network for SME Research, 2002b). Some definitions which have been provided in the literature on SMEs are presented below.

3.2.1.1 Definitions in the literature

The first definition of SMEs was advanced in the report of the 'Committee of Inquiry on Small Firms', the so-called Bolton Report, which was published in 1971 (Bolton, 1971). At that time it was a most significant document in that it recognised for the first time the importance of small firms (Quinn et al., 1992, Thomas, 1998). The Bolton Committee used two definitions. One was termed the *'economical definition'* while the other was called the *'statistical definition'*.

According to the Bolton Committee, three economic criteria define a small firm ('economical definition'):

- The firm has only a small market share
- The firm has no formalized management structure
- The firm is independent, not controlled by another company (Quinn et al., 1992, Storey, 1997).

The statistical definition of the Bolton Committee applied either quantitative measures, such as the number of employees, the annual turnover and number of vehicles, or the definition was based on ownership. As a result, definitions by sector were so divergent that comparisons between sectors were not possible. Storey (1997) suggests that Bolton criteria are no longer relevant.

Wynarczyk et al. (1993) have proposed definitions which are based on three criteria: *uncertainty, innovation*, and *evolution*. These criteria point out the main differences between large and small firms. According to Wynarczyk et al., the limited customer and product base of small businesses, their inability to influence prices, and the diverse objectives of their owners regarding the firm are the major causes of uncertainties for small enterprises in their operating environment. Regarding the innovation potential of SMEs, the authors hold that small firms are more likely to introduce innovations as they are able to accommodate niches and are more flexible in their operations than large organisations. In addition, according to the authors, small firms, as they grow, are likely to experience a constant evolution in their management and organization structures.

In an Australian study by Fulop (2000) on small business networks, small businesses were by definition those employing between 15 and 100 persons, depending on the industry sector. In the Bolton Committee definitions, the employment criterion for small businesses varied from 25 to 200 employees (Bolton, 1971).

3.2.1.2 Definitions of the European Commission

In 1996, the European Commission gave a recommendation for the definition of SMEs. According to this recommendation, SMEs were classified into three categories – micro, small and medium-sized enterprises – based on four different criteria. Applicable to all categories was the number of employees, whereby three further criteria – annual turnover, total balance sheet, and independence – were used only to classify small and medium-sized enterprises i.e. they were not applied to micro enterprises (European Commission, 1996). The European Commission then revised its definition of SMEs in 2005. The number of employees in each category remained the same. For micro enterprises, however, a limit for annual turnover and balance sheet sums was included as an additional criterion. These sums were also raised for the categories small and medium-sized enterprises. The changes were regarded as necessary to take account of inflation and productivity growth (European Commission, 2003f).

In *Table 3.1*, details of the criteria are outlined. Micro enterprises are those employing fewer than 10 persons. An enterprise is defined as small if it has between 10 and 49 employees. Medium-sized enterprises are employing from 50 up to 249 persons.

The Observatory of European SMEs, established by the European Commission in 1992 to improve monitoring of the economic performance of SMEs in Europe, defines SMEs only on the basis of number of employees (ENSR - European Network for SME Research, 2002a).

The reason for not using the measures for total balance sheet/annual turnover and for independence of firms given in the EU recommendation above is the difficulty of covering them in the combined statistics (ENSR - European Network for SME Research, 2002a).

CRITERIA	MICRO-ENTERPRISE	SMALL ENTERPRISE	MEDIUM-SIZED ENTERPRISE
Number of Employees	*<10*	*<50*	*<250*
Annual Turnover Or Total Balance Sheet	*<EUR 2 million* *<EUR 2 million*	*<EUR 10 million* *<EUR 10 million*	*<EUR 50 million* *<EUR 43 million*
Independence	...	*No more than 25% of the capital or voting rights held by one or more enterprises which are not themselves SMEs*	

Table 3.1. Definition of Small and Medium-sized Enterprise (SME)
(European Community Recommendation 2003)

The statistics of the European Observatory of SMEs are also restricted to the so-called 'non-primary private enterprise sector', which excludes enterprises in agriculture, hunting and fishing (ENSR - European Network for SME Research, 2002a).

3.2.2 Importance of the SME-sector

Statistics on Europe-19 countries show that in 2003 there were about 19.3 million enterprises in total, out of which 92% were defined as micro-enterprises, some 7% as small, and less than 1% as medium-sized. Only 40 000 enterprises in Europe-19 countries were large-scale enterprises (0.2%). Micro enterprises accounted for about 39.5 % of the employment, small enterprises for 17.5 %, medium-sized enterprises for 13%, and LSEs for 30% of the total employment. Hence, the whole SME sector provided employment for 97.5 million people, which constituted about 70% of total employment in Europe-19 countries (European Network for SME Research, 2004a). Additionally, in 2001 there were nearly 6 million enterprises in those ten European countries which became EU-members in 2004, providing employment for over 30 million people. Of enterprises in these countries about 67 % were SMEs (European Network for SME Research, 2004a).

SME sector is regarded as being fundamental to the competitive development and as the backbone of the European economy (Mulhern, 1995, European Commission, 2000c, ENSR - European Network for SME Research, 2002b). As stated by the European Commission, "SMEs make a significant contribution in terms of competitiveness, research, innovation, skills and employment" (European Council, 2000:84). SMEs also play an important role in fostering variety, self-fulfilment, and independence in society (Holmlund and Kock, 1998) as well as are essentially contributing to social and local integration within Europe (European Commission, 2000c). However, in some developed economies and in certain sectors SMEs are claimed to be a constraint to the economic growth (Shaw and Williams, 1998).

SMEs are claimed to contribute significantly to the productivity and growth of large enterprises (European Network for SME Research, 2004b). SMEs increase competition, they add to a diversity of enterprises, and adapt new technology and ideas developed in other enterprises (knowledge spill-over and spin-offs) (European Network for SME Research, 2004b). All these factors are maintained to affect the overall economic growth.

Research carried out in the US on employment creation suggests that small firms tend to be more consistent in creating employment, whereas economic fluctuations have a much greater impact on large-scale enterprises and their ability to provide employment (Storey, 1997). This finding has been largely supported by studies carried out in Europe (European Network for SME Research, 2004b). Mulhern (1995) argues that as of the mid-eighties small firms have accounted for most of the expansion in European employment. Margerison (1998) maintains, in turn, that small firms have gradually enlarged their share of employment and output in the last twenty years.

Although no aggregated statistics for all of Europe exist, Storey (1997) observed an increase in importance of small firms during the 1970s and 1980s in various countries. One explanation he proposes is that the emergence of new technologies, resulting in new industries as well as new products, favoured the foundation of small firms. Also, Storey argues, a growing demand for services has had a positive influence on the founding of small firms. Moreover, Storey suggests that enterprises are looking for cost advantages by subcontracting production to smaller firms. He concludes that self-employed individuals are likely to be older than employees and, therefore, demographic factors favour self-employment. Along with an ageing population, he suggests, more self-employment will emerge. On the other hand, Storey claims that growing unemployment might be a reason for increased interest in establishing a business. He also points out that government policies have an impact on the foundation of small firms. Governments are increasingly privatising and contracting out their services. Storey concludes that some governments also actively encourage self-employment in order to create employment. It is perhaps noteworthy that self-employment rates are five times higher in low income economies than in wealthy economies (Storey, 1997).

3.3 SME characteristics

There is a general consensus in the SME literature that SMEs are fundamentally different from LSEs (Storey, 1997, Beaver et al., 1998, Middleton, 1998, Thomas, 1998, Webster, 1998, Tinsley and Lynch, 2001). According to Middleton (1998), SMEs are inherently different and in order to influence business practices of SMEs and to provide support systems for them, new mechanisms must be developed.

Another common characteristic of the SMEs in Europe is that they are older than ten years. Also, the average age of enterprises increases parallel to their increasing size (micro, small or medium-size). Hart and Tzokas (1999) propose that there are two additional characteristics of SMEs: close personal contact between SME managers and their customers, and a lack of resources.

3.3.1 Ownership

In 2001, the European Network for SME Research ENSR (2002a) found in its study that about a quarter of all SMEs were sole proprietors, that about half of them were private limited enterprises, and that 20% of the small and 29% of the medium-sized enterprises were public limited enterprises. Most of the business owners were males which meant that women were under-represented. On the average, 22% of the entrepreneurs in Europe-19 countries were female. Most female owners were found in retail, business and personal services while only very few women were entrepreneurs in transport and communication (European Network for SME Research, 2002a).

Kirby (2003) argues that the term entrepreneurship is often identified with small business management. The literature, however, shows a tendency to distinguish an entrepreneur from a small business owner (Dewhurst and Horobin, 1998). Carland et al. (1984) propose that small business owners establish and run their business primarily in order to reach their personal goals, even perceiving the business as part of their personality. They contend that, in order to be identified as an entrepreneur, the main motivation of a business owner should be profit and growth. Further, the authors suggest that an entrepreneur ought to be innovative and employ strategic management practices. Kirby (2003: 10) concludes that "entrepreneurship is not about the act of founding or owning a (usually small) business, but about a pattern of behaviour or a set of behavioural characteristics".

3.3.2 Management

Micro enterprises are in particular often said to struggle to survive (European Network for SME Research, 2002a). Shaw (2004) and Wanhill (2004) point out that small business owners often lack managerial skills, they are not aware of market trends, and their planning is short-term. Planning is therefore rather more likely to be operational than strategic (Beaver et al., 1998, Margerison, 1998). Webster (1998) maintains, however, that there is no clear evidence on the effectiveness of formal strategic planning for SMEs. Juutilainen (2005) argues that the strategic thinking of a small business owner is holistic and hence does not even require a formal structure

(Juutilainen, 2005). Beaver et al. (1998) and Webster (1998) argue that management processes in small firms are unique and techniques used for planning and management in large enterprises cannot be directly applied to small firms.

For small business owners, Tinsley (2001) suggests, social networks are more important than commercial networks. Since these networks have an influence on the attitudes of owner-managers and the goals which they pursue, they play an important role in how small enterprises are managed. The smaller the firm, the more likely it is that customers, employees, and marketing channels – the social network - are considered as "extended members of the family network" (Tinsley and Lynch, 2001:371). However, due to lack of resources SMEs are often dependent on commercial network relations as well. In order to gain access to resources, customers and information, SMEs may be compelled to pursue cooperation with other firms (Holmlund and Kock, 1998, Fulop, 2000).

3.3.3 Employment

The *'dual labour market theory'* suggests that the labour market can be divided into a primary and a secondary labour market. The primary labour market is made up of highly profitable firms, providing high productivity and employment, whereas the secondary labour market is comprised of small firms with low profitability, small-scale production, and low capital to labour ratio. In Europe, as outlined earlier, the secondary labour market is the primary provider of employment (Jameson, 1998). Special features of employment in the SME sector are highlighted below.

3.3.3.1 Labour Market

On average, an enterprise in Europe provides employment for five people (European Network for SME Research, 2004a). Many small enterprises are family businesses run by family members. There is also a great deal of 'informal employment', meaning that in these cases not all of the employees are on an official company payroll. Employment in small firms is frequently part time and casual and with jobs often being held by women. Employees of small firms are less likely than those of large firms to be members of a trade union. A negative correlation between the number of the females in a workforce and the degree of unionisation can be observed (Storey, 1997).

3.3.3.2 Quality of jobs

Wage levels appear to increase with the size of the enterprise. According to a UK study, there is a significant difference between companies with fewer than twenty employees and those with more. Employees in small firms also often do not enjoy the same fringe benefits that large firms can provide for their workforce. It must be noted, however, that there exist wide sectoral variations regarding wage levels (Storey, 1997).

Moreover, for employees of SMEs, especially in those with fifty workers or fewer, the likelihood of getting injured is notably higher than in larger enterprises. However, Storey (1997) concludes, based on a study by Curran, that harmony in the workplace is a characteristic which is frequently to be found in SME enterprises, especially in the service sector.

3.3.3.3 Training

Since the planning perspective of SMEs tends to be short-term, managers are less willing to invest in long-term projects. Training, for example, can be considered as a long-term investment (Storey, 1997). The risk of bearing the costs of training but not being able to benefit from this investment impedes an employer from investing in training of the work force. Therefore, a characteristic of employees of SMEs is that they do not advance their career within a company through various stages of training but rather by changing to another firm. Similarly, as there are usually no guarantees of higher wages after training has been undertaken, it can be observed that employees of small businesses are not very keen on extra training (Storey, 1997).

3.3.4 Internationalisation

During the last decade, the turnover growth in European enterprises was achieved by means of export. Yet the main markets for small enterprises are typically geographically close to them. This is also reflected in the fact that they export only to a limited extent (2002b, European Network for SME Research, 2004b). SMEs are less active in exporting than large-scale companies. Only twenty percent of micro enterprises are exporting, while this figure grows with the growing enterprise size (European Network for SME Research, 2002a). Hart and Tzokas (1999) and Holmlund and Kock (1998) argue that leaving aside the question of the geographic proximity of their markets, lack of resources affects export activity of SMEs. In addition, there are many SMEs in the construction and retail trade, i.e., they operate in sectors which do not export much. All of these factors lower the SME average on exports. On the other hand, many SMEs contribute to export by being subcontractors to large firms. For this reason, the SME-sector is vital for the international competitiveness of European economies(European Network for SME Research, 2002b).

Selling products overseas is not the only way for an SME to internationalise. Enterprises may internationalise also by joining cross-border co-operations, networks, and alliances, or they might have foreign subsidiaries or foreign suppliers (European Network for SME Research, 2003).

3.3.5 Business constraints

Enterprises are facing many challenges such as: rapid structural change, the increasing importance of computer services, growing competition and globalisation (European Commission, 2000a). In the 2003 ENSR survey, European SMEs reported the lack of purchasing power of consumers as their main business constraint (European Network for SME Research, 2004a). Besides that, lack of skilled labour is one of the major business constraints of SMEs. According to Storey (1997) this problem begins to diminish after an enterprise has grown to more than fifty employees. Regarding European SMEs, however, the ENSR survey (2004a) provides evidence that for medium-sized enterprises the problem of a lack of skilled labour is even more serious than for micro- and small enterprises.

Access to finance is another major problem for enterprises with up to nine employees and even more critical for enterprises with ten to fifty employees (European Network for SME Research, 2004a). Often small enterprises not only have difficulties in obtaining loans, but frequently they must also pay higher interest rates for their loans

(Storey, 1997). Administrative regulations imposed to businesses is the third major constraint identified by SMEs.

Increasing competition is regarded as a problem by 50% to 60% of SMEs. This is mainly competition from domestic enterprises, but then, the bigger the enterprise is, the higher the importance of increasing foreign competition becomes (European Network for SME Research, 2002b).

3.3.6 Differences between SMEs and Large Scale Enterprises (LSE)

As pointed out earlier, the present view in SME literature emphasises that there are fundamental differences between SMEs and large enterprises. Some of the differences, such as differences in the ability to create employment in changing macro-economic conditions, in the use of management methods, and those regarding planning time frame, have been brought up earlier.

As the ENSR (2002b) study shows, among the measurable differences between small- and medium- sized enterprises – besides the obvious difference in size – productivity is an important factor (Mulhern, 1995, European Network for SME Research, 2002b). Since the end of the 1990s, the labour productivity of LSEs (+2.8 %) has grown faster than that of the SME-sector (+1.7 %). Micro and small enterprises in particular are lagging behind large and medium-sized enterprises. The ENSR statistic further suggests that labour costs have increased fastest in SMEs, a fact which, at least to a certain extent, explains the lower pace of SME productivity growth (European Network for SME Research, 2002b). Following ENSR statistics, in spite of the significantly better labour productivity growth of LSEs, they have, in fact, lost jobs between 1988 and 2001. At the same time, employment increased in the SME-sector. The ENSR study indicates, by contrast, that profitability in SMEs and LSEs has improved almost equally (European Network for SME Research, 2002b).

As Storey (1997) points out, another fundamental distinction between small and large enterprises is the higher business failure rate among SMEs. Boer (1998) observed that over 50% of all SME start-ups were likely to go out of business within five years and some 80% of them ceased to exist within ten years.

It was noted before that whereas LSEs employ more sophisticated management methods and long-term planning, with SMEs, planning is often short-term. Lack of long-term strategic planning is a source of uncertainty for SMEs in their operating environment (Storey, 1997). Storey considers this to be another key distinction between LSEs and SMEs.

Innovation is one of the issues the European Commission attaches to the SME sector and holds it, in consequence, to be vital for the development of Europe (European Council, 2000). Storey (1997) accepts that there are differences between large and small firms regarding innovation, but contends that large firms have an easier access to the industries in which innovation plays an important role.

The third inherent difference between SMEs and LSEs, according to Storey, concerns the likelihood of evolution in enterprises. Small- and medium-sized firms are more likely to change their structures and operations than are large firms (Storey, 1997, Thomas, 1998).

3.4 Demography of SMEs

Fundamental issues regarding the development of an SME are its birth, survival (or death), and growth. The birth rate of enterprises is a particular concern in Europe, where the likelihood of an individual to become self-employed is lower than elsewhere in the world (Liikanen, 2003). Thus, policy measures to encourage the establishment of firms are needed. From a policy point of view, Storey (1997) argues that the growth of enterprises is the most important concern of policymakers, even more important than the birth. He explains this by the potential growing firms have in providing employment in the long run. Also, according to Storey, small firms often have no intention of growing. In fact, failure is above all typical in the small business sector. Consequently, he argues, it is also important to understand why firms fail. Williams et al. (1989) maintain, that in order to be able to analyse the birth, growth, and survival of tourism enterprises, the characteristics of successful entrepreneurs in the field of tourism should be studied. In this section the business demography of enterprises is studied more closely.

3.4.1 Birth of enterprises

Formation rates of enterprises vary according to sector (sectoral variation), time period (temporal variation), and geographic location (spatial variation) (Storey, 1997). The birth rate of enterprises is given as a proportion of new established enterprises of the total number of enterprises. In those EU member countries for which harmonised data are available, the average birth rate of enterprises in 2001 was 8.3% (European Commission, 2004). According to the statistics by EUROSTAT, the highest enterprise birth rates – over 10% - are reported in the new EU member countries (Czech Republic, Latvia, Lithuania, Estonia, Hungary, and Slovakia) as well as in Romania, Norway and Luxembourg (European Communities, 2005). The lowest birth rates reported in these statistics were in Belgium, Italy, Sweden and Finland.

The profitability of businesses as well as entry barriers are different among sectors and hence, affect the number of new firm start-ups (Storey, 1997, European Communities, 2005). Most enterprises in Europe have been established in the service and construction sectors (European Communities, 2005).

Macroeconomic factors, such as consumer expenditure, interest rates, and unemployment, influence the number of enterprise start-ups. In different regions and countries, governments apply various public policy measures, either encouraging or restraining the formation of new enterprises (Storey, 1997).

3.4.2 Survival of enterprises

As mentioned earlier, a very fundamental feature differentiating small firms from larger ones is their higher likelihood of ceasing operation. The single most important reason for small business failure in Europe is undercapitalisation (Storey, 1997, European Network for SME Research, 2002a). According to Boer (1998) however, in the US the main reason for business failure is management incompetence. Boer argues that 'undercapitalisation' might also arise as a result of poor management. Research results vary in this regard. Business owners tend to give financial problems as the main reason, whereas banks, liquidators and consultants are more likely to maintain that management is to blame for the business failure (Boer, 1998). Fredland and Morris (1976) consider both poor management and undercapitalisation as 'endogenous' (or internal) factors within a firm's control. However, they regard 'exogenous' (or external) macroeconomic factors as having an impact on the survival of small businesses as well.

When analysing those enterprises which survive, various issues arise. The empirical evidence supports a negative correlation between size and failure (Storey, 1997). Moreover, increasing age of firms seems to have a positive effect on their survival (Storey, 1997, Boer, 1998). Businesses, which have achieved growth - regardless of their growth rate - are more prone to survive than non-growing firms (Storey, 1997). Other factors which have an influence on small business survival, according to Storey, are the sector the business is involved in; its location; macroeconomic conditions; the type of firm; and the ambition of the owner. Characteristics of small business owners, such as age, work experience, family background, education, experience of unemployment, and prior business ownership appear to affect the survival rate of enterprises as well (Storey, 1997, Szivas, 2001).

Surviving firms show flexibility in their operations, i.e. they are prepared to make adjustment to their products, production processes, employment, labour processes, markets, as well as to their ownership structure, organization, and location (Storey, 1997).

3.4.3 Growth of enterprises

In the ENSR study (2002a), enterprises - regardless of their size - understood 'growth' both as 'increase of sales' and 'strengthening of image', as well as 'increasing the number of employees'. Nevertheless, small enterprises tend to stay small. For the majority of them growth is not an objective (Webster, 1998). According to Storey's research (1997), 68% of firms with two or fewer employees did not intend to grow. The corresponding number in somewhat larger firms – varying from 25 to 49 employees – was clearly lower: 23% (Storey, 1997). But then again, 30% of SMEs considered growth as their main objective (European Network for SME Research, 2002a).

3.4.3.1 Reasons behind growth

In order to study reasons for growth in firms, Storey (1997) proposes focusing on factors in two categories: entrepreneur characteristics and firm characteristics. He found evidence that rapidly growing firms are likely to be founded by middle-aged persons with a higher level of education as well as management experience. Rather than acting alone these are co-founders of enterprises and are motivated by market opportunity. Further, Storey presents findings that owners of rapidly growing firms have positioned themselves clearly in the market place, introduced new products, have been willing to share external resources, and are also prepared to delegate decision making in their firm (also Beaver et al., 1998).

In order to grow, enterprises require resources. They have the option to acquire them within the firm or from external sources. Usually, both of these alternatives are used (Shaw, 2004). Shaw (2004) defines resources required by small-firms as financial resources, system resources, personnel resources, business resources, and owner's abilities. Augustyn (2004) maintains that scarcity of resources is the major barrier to growth of the SMEs.

Webster (1998:207), referring to the study of Hisrich and Peters (1992), proposes that "high growth firms are often those which are created from research and development, and lay the foundations for a new industry". It has been suggested that in order to grow the organisation must be able to control the forms of exchange with its environment (Friedlander and Pickle, 1968).

3.4.3.2 Cooperation as growth strategy

To help small enterprises grow, the European Union has set the support of co-operation high on its agenda (2000a, European Commission, 2000c). The EU encourages national measures supporting the inter-firm co-operation as well as co-operation between small enterprises and research institutions. As noted in section 3.3.4, the propensity to export is fairly low among SMEs. In the last decade growth in Europe, however, has been achieved mainly through exports (European Network for SME Research, 2002b). Inter-firm cooperations could therefore be a means in helping overcome the lack of resources mentioned earlier in this chapter. Masurel and Janszen (1998) suggest that SMEs might be motivated to cooperate in commercial terms in order to reach economies of scale. Holmlund and Kock (1998) in their research on cooperation among SMEs, found that the majority of companies had a positive attitude towards cooperation. Littlejohn et al. (1996) also found positive attitudes and a high level of cooperation among small tourism businesses, but they found that this had only a limited effect on business performance. In her study on small business networks in Australia, Fulop (2000) found that the networks studied were not committed to the mutual growth. In Greiner's (1972) model of strategic change, the growth of mature businesses is claimed to occur through collaboration. In Holmlund and Kock's research, reasons for SMEs to cooperate with their peers were stated as being cost-saving, achieving coordination, and extending markets. The companies mainly cooperated in marketing, purchasing, and information sharing.

3.5 SMEs in tourism

The tourism sector throughout the world is characterised by a high number of SMEs (Wanhill, 1998, Buhalis and Cooper, 1999, Lennon et al., 2006). Despite this fact and despite the importance of tourism for a large number of countries, research on small businesses in tourism is still underdeveloped. Additionally, the body of literature on tourism SMEs is not substantial compared to the otherwise abundant general SME literature (Jameson, 1998, Thomas, 1998, Tinsley and Lynch, 2001, Shaw and Williams, 2002).

Because about 99% of all the enterprises in Europe are either defined as either micro or small (European Network for SME Research, 2002a), inevitably each tourism destination represents an amalgam of the SMEs providing tourism products and services. As a consequence, the destination and their businesses are interrelated and the wellbeing of one depends upon the accomplishments of the others (Buhalis and Cooper, 1999). SMEs are also claimed to be a key factor for the development of tourism destinations (Shaw, 2004).

3.5.1 Strengths and weaknesses of tourism SMEs

The SME sector is argued to be one which is well-suited to tourism. Small business owners have personal contacts with their customers and they are therefore able to respond rapidly to customer needs and demands (Beaver et al., 1998). They provide an interface and a contact between local culture and tourists and contribute thereby in communicating the particular characteristics of their destination (Middleton, 1997, Shaw and Williams, 2002). As SMEs are flexible due to their size, they are also able to provide customised products and services (Buhalis and Cooper, 1999). In addition, through SMEs tourism expenditure reaches the local economy rapidly (Cooper et al., 1998, Buhalis and Cooper, 1999). Kozak and Rimmington (1998) maintain that small businesses have a great influence on how tourists perceive destinations as well as on the image a destination might have.

On the other hand, the tourism sector has gone through processes of strong integration in the last decade. This, together with developments on the demand side, has given large enterprises many advantages compared to SMEs (Buhalis and Cooper, 1999). SMEs in tourism are facing the same problems as SMEs in general: shortage on financial resources, lack of management and marketing skills, lack of industry expertise and strategic vision (Beaver et al., 1998, Boer, 1998, Cooper et al., 1998, Dewhurst and Horobin, 1998, Friel, 1998, Shaw and Williams, 1998, Wanhill, 1998, Webster, 1998, Buhalis and Cooper, 1999). In the tourism industry, there is a consistently high failure rate among enterprises, regardless of the general economic situation. Tourism firms, especially those situated outside of major cities, are often dependent on seasonal demand (Boer, 1998).

3.5.2 Particular characteristics

In contrast with the literature on SMEs as a whole, the literature on the tourism sector suggests that access to the tourism industry is easy, since relevant basic skills are easily acquired while the lack of prior experience is not an obstacle (Williams et al., 1989, Szivas, 2001). Additionally, motives for start-up firms in tourism differ from those of other sectors. Whereas economic motives play an important role in the foundation of firms in general, the motive behind establishing a new business in tourism is often claimed to be non-economic (Williams et al., 1989, Szivas, 2001, Shaw and Williams, 2002). Shaw (2004) maintains, however, that the majority of tourism enterpreneurs are business-oriented. Shaw and Williams (2004:101) suggest "that, in many cases, lifestyle motives are, to some extent, embedded within an economic agenda".

Characteristically, many small tourism firms do not want to grow (Margerison, 1998). Either because the business has been established as a lifestyle company (Williams et al., 1989, Szivas, 2001) – with no intention of growing in the first place - or because the resources needed for growth are lacking. Wanhill (2004:65) maintains that from a NTA's perspective, the growth of small tourism firms is not essential, since the personalised service they offer generates considerable customer satisfaction and repeat business.

A further characteristic of the tourism industry is the high numbers of female, part-time, casual, temporary, and ethnic minority employees (Jameson, 1998). Beaver et al. (1998) argue that in tourism particularly, there is a general low level of employee training and development.

Gilmore (2003) maintains that many tourism SMEs are not involved in local or regional networks and do not perceive themselves as a part of the tourism industry. According to Shaw (2004), however, tourism entrepreneurs have an important role as cultural brokers between tourists and the local community in which they are operating.

The framework developed by Buhalis and Cooper (1999) to analyse various levels of tourism competition, emphasises the global environment in which tourism enterprises operate. The common lack of interest in internationalisation as demonstrated particularly by small enterprises might, in many cases, weaken their chances of survival.

3.5.3 Cooperation and tourism SMEs

For tourism SMEs the literature suggests that co-operation appears to be a vital option in their survival and possible growth. Pooling of resources makes the achievement of economies of scale possible for SMEs (Friel, 1998). Exchange of information, research as well as joint marketing facilitate product development and expansion of markets beyond the local area (Friel, 1998, Buhalis and Cooper, 1999). Friel (1998) argues that cooperation would possibly also increase the lobbying power of tourism SMEs (Friel, 1998). Buhalis and Cooper (1999) maintain that many tourism SMEs focus on competing against enterprises operating in the same sector within the destination. At the same time, the authors maintain, SMEs fail to see the total competitive environment including other destinations and substituting products and ignore the competition in the distribution channels. Buhalis and Cooper suggest that SME cooperation is needed at the destination level in order to increase the competitiveness of SMEs and their respective destinations as well as to facilitate higher customer satisfaction. Poon (1993) notes that collaboration between the private and the public sector would be vital if the aim is to influence the whole holiday experience.

According to Friel (1998), cooperation allows small firms to enjoy many of the advantages of larger businesses and sustain the advantages of being small. He further maintains that the importance of small business marketing cooperation has been growing significantly.

Middleton (1998) argues that the NTOs have traditionally supported SMEs in Europe. According to the author, since NTOs are under growing financial pressure and their future role in tourism has become uncertain, cooperation with other tourism organisations might be considered becoming even more important. Elliott (1997) maintains that small businesses often consider themselves neglected by public organisations, such as national and regional tourism boards.

3.6 Tourism SMEs and public policy

Since the tourism sector consists mainly of SMEs, Middleton (1998) and Shaw (2004) argue they have a strong influence on the development of destinations and on the quality of their tourism products. Therefore, maintaining and increasing the competitiveness of the tourism SMEs is a key policy issue (Middleton, 1998). Wanhill (2004:53) argues that "the rationale for [government] intervention lies in the complex nature of the tourist product, which makes it unlikely that private markets will satisfy a country's tourism policy objectives..". He also claims that the extent of government involvement is directly related to the economic significance attached to the tourism sector.

In this section, the European framework of public policy regarding SMEs is highlighted. SME involvement in public policy making is discussed and the policy instruments used are outlined.

3.6.1 European Union (EU) and SME policies

3.6.1.1 EU policy instruments

Since the mid-1980s, the EU has not only published policies but has implemented many measures to assist the SME sector (Thomas, 1998). At the beginning of the new millennium, the EU has stepped up its activities in this regard (European Commission, 2003b). The Lisbon European Council (23-24 March 2000) decided on a new enterprise strategy for the EU stating that Europe should, by 2010, "become the most competitive and dynamic knowledge-based economy in the world, capable of sustained economic growth with more and better jobs and greater social cohesion".

In order to achieve this, the EU has initiated a number of programmes; has established institutions; and has also published research on SMEs in Europe. The SME policy of the EU is outlined in the 'European Charter for Small Enterprises', which was endorsed in Santa Maria de Feira in June 2000 by the Heads of State or Government (European Commission, 2000c). The European Commission is required to report on the implementation of the Charter annually to the Council (Annex III of the conclusions). That same year in December, the European Council also launched a 'Multiannual programme for enterprise and entrepreneurship, and in particular for small and medium-sized enterprises (SMEs)'. The third multiannual programme was launched in 2000 for the period of 2001-2005 and extended later until the end of 2006 (European Council, 2000, , 2005). Its focus is especially on the new economy challenges to SMEs. It is also a tool for advancing towards the objectives set in the Charter for Small Enterprises (2003b).

An Enterprise Policy Group (EPG) was established by the European Commission in November 2000 with the objective to advice the commission of matters concerning enterprise policy (2000b). The group consists of those Directors-General who are responsible for the industry and for SMEs in the EU member states as well as of representatives of Europe's enterprise community. As the EU has strived for a better communication with small businesses and adheres to its policy 'think small first', a SME Envoy was nominated in December 2001. The main objective of the SME Envoy is "to set up a direct and close link between the Commission and the SME community" (2003d). What is more, the EU has established 255 'Euro Info Centres' providing information, advise and assistance to businesses regarding matters of the community (2003e).

The largest part of financial assistance for SMEs comes from Structural Funds of the EU. In tourism, four of the structural funds play an important role: the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Guidance and Guarantee Fund (EAGGF), and the Financial Instrument for Fisheries Guidance (FIFG) (Cooper et al., 1998, Wanhill, 2004).

3.6.1.2 SME policy objectives

In the European Charter for Small Enterprises, the EU member countries emphasize the importance of small enterprises noting their capability to rapidly comply with new market needs, their capacities in providing employment and their positive influence on social and regional development. Furthermore, the Charter applauds entrepreneurship and appeals for more tolerance in society with respect to business failures (European Commission, 2000c).

The Charter defines the following nine policy areas as important fields of action:

1. Improving education and training for entrepreneurship
2. Facilitating efficient and low-cost ways to start-up small businesses
3. Improving legislation and regulation regarding SMEs
4. Improving the availability of labour with appropriate skills
5. Improving SMEs' online access
6. Enhancing the Single Market for the benefit of SMEs
7. Developing taxation and other financial matters
8. Strengthening the technological capacity of small enterprises
9. Assisting SMEs in establishing successful e-business models and providing high quality small business support

Finally, it is worth noting that an inter-firm co-operation at all levels – local, national and international – is, referring to the Charter, one of the keys of small business success in Europe (European Commission, 2000c).

3.6.2 SME involvement in policy making

Cook and Barry (1993) maintain that for SMEs governments are frequently more of an opponent than an ally. Many small businesses view governments with distrust and even with fear (Cook and Barry, 1993). The public sector is considered bureaucratic, as not being fast and flexible enough, and incapable of providing most modern business support arrangements (Middleton, 1990). Due to this fact - and also due to limited resources - small and medium-sized enterprises do not partake particularly actively in the policy making process (Cook and Barry, 1993). Cook and Barry (1993) found, that many of those SMEs which are successful are inclined to participate in the public policy process.

SMEs are prone to get actively involved in the policy making, if an issue will affect their firm either directly or negatively; if an issue is impending; or if their executives believe that they are influential in achieving real change (Cook and Barry, 1993).

Thomas (1998) suggests that the agendas of small businesses are not taken into account by policy makers as effectively as are the views of large enterprises. Storey (1997) maintains, that lobbying organisations represent the majority views of their members. Majority views, however, might not correspond with the needs of the small number of growing enterprises even though they may contribute on a major scale to the economy in the long run.

3.6.3 Public policy instruments and targets

Public policies affecting SMEs cannot be viewed in isolation from other factors which influence the economy (Storey, 1997:253). Storey (1997) maintains, for example, that many new SME policies can only be implemented at the expense of larger firms. Therefore, when formulating a policy, not only small business interests should be considered.

Government intervention in the SME sector is often viewed as essential to ensure the birth, survival, and growth of small businesses (Dewhurst and Horobin, 1998). It may also be justified by the '*market failure*' (Storey, 1997), i.e. the market economy's inability to regulate the market in a balanced way. Furthermore, SME policies should take into consideration and compensate for the inherent weaknesses of the sector (Storey, 1997), such as those caused by its fragmented nature (Thomas, 1998). SMEs are claimed to require specific support which has to be customised according to their needs (European Network for SME Research, 2003).

3.6.3.1 Policy areas

Governments have a number of instruments they can use in support of the SME sector. Larger countries typically make use of more policy instruments than smaller countries do (Storey, 1997).

The following list contains the main categories of policies summarised in accordance with Storey (1997) and EU (European Commission, 2000a, , 2000c, , 2003b).

1. Macroeconomic policies; including interest rates, taxation, inflation, public spending, single European market.

2. Financial assistance; including access to finance, loans, micro-credits, loan guarantees, grants, start-up schemes.

3. Technology policies; including strengthening the technological capacity of small enterprises, improving online access, environment technology.

4. Simplification and improvement of the administrative environment and regulations; including cutting down on bureaucracy, promoting research, innovation and business start-ups.

5. Indirect assistance; including information and advice, promoting entrepreneurship and availability of skills through training and education, creating e-business models, promoting co-operation and innovation.

6. Relationships; including policy formulation, representation.

3.6.3.2 Effectiveness of policies

There is still a lack of evidence gauging the effectiveness of many of the policy instruments implemented by the public sector (Storey, 1997). According to Storey, there is supporting evidence for the effectiveness of technology policies as well as financial assistance. On the other hand, Storey claims, those policies directed at the simplification of regulations and legislation, or at the indirect assistance provided to SMEs have neither been proven to influence their survival, nor have they been proven to improve the performance of small firms.

Although the importance of information and advice provision cannot be verified, the EU has set up a large network of information centres for enterprises throughout Europe as well as providing online advice to SMEs (European Commission, 2003b). Mulhern (1995) maintains that small firms have in particular higher-than-average information costs. This fact holds SMEs back from taking advantage of the single market. In Holmlund and Cock's study on the Finnish SMEs (1998), lack of information was considered one of the most importance constraints for internationalisation.

As stated earlier, access to skilled labour is one of the major problems of SMEs and it is growing in importance. Furthermore, small firm owner-managers in particular often lack management skills. Yet, there is no clear evidence of positive effects of training on business performance (Storey, 1997). Thomas (1998) maintains that low participation rates of SMEs in training imply the existence of market failure. This, in turn, would offer a rationale for government interference. However, the author continues, if favourable outcomes from training prove to be low or non-existent, a public sector involvement would be inappropriate.

Government involvement as to the financial assistance of SMEs is generally based on the idea of the 'market failure' (Taylor et al., 1998). Access to finance, according to an ENSR study (European Network for SME Research, 2002a), is a major obstacle for SMEs. SMEs have difficulties in getting loans or they get only high-interest loans (Storey, 1997).

3.6.3.3 Public policy targets

Storey (1997) presents some basic considerations, which should be deliberated upon before assessing suitable policy instruments relating to the SME sector. He claims that "effective public policy requires an understanding of the factors which influence the birth, death, and growth of smaller firms" (Storey, 1997: 253). He also maintains, that the absence of targets for SME public policies makes the performance control very difficult.

Storey concludes that especially when the very low growth potential of small firms is taken into account the prevailing public policy objective of maximizing the number of business start-ups is probably ineffective. He maintains that, instead of placing business start-ups in the centre of public policy, the focus should be placed on the small group of growing firms.

The EU has set targets for its SME policy, but most of the targets are non-quantifiable and have the character of a recommendation (European Commission, 2003c). Moreover, the implementation of EU policies lies within the responsibility of member countries and there have so far been no sanctions for non-compliance.

3.7 Summary

The SME sector in Europe makes an important contribution in terms of competitiveness, employment, and innovation. However, this sector experiences a lack of various key resources. Ability to cope with scarce financial resources is crucial for the future of a firm. Financial problems are problems *per se,* but they may also be a result of a lack of other resources such as management, marketing, human skills, information, or time. There is evidence that growing enterprises have a better chance of surviving. Nevertheless, growth is often not an objective of SMEs. In order to grow, enterprises need to look for new markets outside their more traditional close-to-home markets. This might make export a vital option for many SMEs. In order to plan and carry out export activities, enterprises require information on markets and money for financing, marketing, and sales, as well as for managing the export process. In order to overcome the lack of resources, SMEs should co-operate with other enterprises. Co-operative activities require strategic and long-term planning. As SMEs frequently lack the necessary time and managerial skills, support from the outside might be considered necessary.

Compared to LSEs, the lower productivity is one of the many problems SMEs are facing. Joint activities to save costs such as joint purchasing and marketing might help SMEs to achieve the economies of scale advantages LSEs enjoy. But again, special skills for planning and organising such co-operative activities are needed.

In tourism, where the destination product consists of services provided by many enterprises of all sizes (but mainly of small businesses), co-operation between service providers is important. All tourism enterprises might be considered as being jointly responsible for the image, competitiveness and quality of the destination and finally for its survival. The labour market in the field of tourism is characterized by a high number of part-time and temporary workers due to seasonal fluctuations in demand. In order to develop year-round tourism service products as well as to locate customers for them, concerted action on the part of enterprises is necessary. This would appear to suggest that expert assistance for coordination is needed. In contrast with SMEs in other sectors, markets for tourism service products might be far away, often abroad. Consequently, the lack of financial resources to reach these markets becomes evident.

The SME literature suggests that from the public policy point of view, public support for the SME sector should focus on growth firms. In tourism, many of the enterprises are founded as lifestyle companies, which often have no intention to grow. These firms, however, are part of the destination service product and also an enrichment of it. Therefore, their survival should be in the public interest as well.

The public sector supports SMEs in many ways. Assistance might include financial aid schemes, advice and information, training and education, support in technology development or reduction of bureaucracy, to name a few. Since the management of small businesses differs from that of large companies, support and assistance for the SME sector should be designed according to the specific needs and characteristics of the sector.

In tourism, the National Tourism Organisations provide assistance especially in marketing. However, public assistance in general is often claimed to be bureaucratic, slow and not using the most modern management and marketing methods. As outside support for co-ordinated action in the tourism sector appears to be needed, the question of who could provide assistance for the tourism sector in the most effective way remains open.

CHAPTER 4

BACKGROUND THEORY TO THE STUDY

4.1 Introduction

In this chapter, the concepts constituting the basis for this study are introduced. Different approaches of explaining the concept of *Interorganisational Relations* (IOR) as well as the respective levels and units for its analysis are presented first. Then, an integrated view of IOR, which is used in this research, is delineated including the relevant concepts of resource dependence and cooperation.

Following the introduction of the concept of resource dependence, the concept of cooperation is explicated. Various theories, which contribute to the understanding of cooperation, are depicted. Finally, an overview of cooperative courses of action in tourism is given.

4.2 Interorganisational Relations

Organisations are compelled to seek relations with others due to instability in their environment caused by technological, competitive, political, social, and economic forces. Mutual relations help them respond to changing situations or to achieve their goals. Some of the aforementioned forces – especially economic and competitive forces - may also work as barriers to relations between organisations (Whetten, 1981, Waddock, 1989, Selin and Beason, 1991). Contact with others is sought after especially in times of crisis, when there are indivisible problems (i.e., problems an organisation cannot solve by itself) or due to limitations resulting from adversarial methods (i.e. when most promising solution of a problem seems to be litigation)(Gray, 1985). Gray (1985) maintains that when organisations attempt individual solutions to problems, this may result in inadequate adaptation since their actions are prone to be uncoordinated. The effects of their actions on other organisations can not be foreseen thus possibly creating unexpected problems for them.

The concept of Interorganisational Relations (IOR) is based on studies of organisational behaviour as well as on theories of larger social units (Gamm, 1981, Selin and Beason, 1991). Since the 1960's the focus and interests of researchers working in this field have shifted from matters affecting organisations from the inside towards matters affecting them from the outside. Accordingly, the focus has moved from intraorganisational analysis towards interorganisational relations (Whetten, 1981). There are various reasons for organisations to interact with each other, albeit acquisition of resources as well as uncertainties in an organisations' environments are the chief motivators. Interacting with others is one way to manage uncertainty. Though interacting with others also means that an organisation has to give up some of its authority, for an organisation to survive, interaction is often inevitable (Schmidt and Kochan, 1977, Pfeffer and Salancik, 1978, Whetten, 1981, Galaskiewicz, 1985).

IOR analysis is used in many disciplines. Research on IOR has been done on public administration, on economic and sociological issues, as well as on marketing. Each of these areas of research requires a special kind of approach, as the issues relating to focus, types of organisations, as well as the data used are different in each case (Whetten, 1981).

4.2.1 Approaches to IOR

There are two competing approaches to IOR: *the exchange approach* and *the power-dependence approach.* In order to survive organisations must exchange the resources they need such as materials, facilities, products, money, or skills (Schmidt and Kochan, 1977, Gamm, 1981, Galaskiewicz, 1985). In anticipation that it will bring benefits for all parties involved, organisations mostly establish relations with others voluntarily. *The exchange approach* regards the relations between organisations as being based on cooperation and problem solving. *The power-dependence approach*, however, does not consider the mutuality of benefits as being essential for IOR. It considers bargaining and conflict as the basis of relationships (Schmidt and Kochan, 1977). In cases of power-dependence, relationships can emerge voluntarily, but they might just as well be mandated (Whetten, 1981). The proponents of this view consider the benefits often as being asymmetrical, thus causing power differences between organisations (Schmidt and Kochan, 1977, Gamm, 1981, Galaskiewicz, 1985). Although there is a conflict between power-dependence and exchange approach, Schmidt and Kochan (1977) maintain that they are both usually present in interorganisational relationships. Therefore, they argue, an examination integrating both approaches, would be needed.

4.2.2 Levels and units of analysis

Gamm (1981) distinguishes three main levels of interorganisational analysis: *organisations, interorganisational dyad*, and *interorganisational networks*. In case of the *organisational level of analysis*, the focus lies on the factors influencing an organisation's relations with others. At that level of enquiry, units are often persons working for organisations, as well as sub-units of organisations. Important issues at this level are, for example, finding out about the motives of an organisation to start a relationship with others, or whether such organisations can be identified by certain patterns of characteristics, or how their actions are influenced by their social environment (Gamm, 1981).

At the *interorganisational dyad level of analysis* the focus is upon the relations between two or more organisations. The nature of relationships between pairs of organisations, i.e., the properties of these relationships, is studied. Also, differences and similarities between organisations, i.e., comparative properties of relationships, are examined (Gamm 1981). Also studied are characteristics such as the standardisation of relations, the interdependence between organisations, and their awareness of this interdependence. Knowledge of these aspects might help an organisation to form, maintain, or modify its interorganisational relationships (Gamm, 1981).

At the *interorganisational network level of analysis*, relations and their properties are examined. In addition, the structures of the networks organisations belong to, the networks' performances, as well as the social environments in which interactions take place, are inquired into (Gamm, 1981).

Apart from the level of analysis, different kinds of *interorganisational linkages* between the units under inquiry can be identified. Interaction between organisations can happen in the form of *dyadic linkages*, *organisation sets*, *action sets*, or *networks* (Whetten 1981:5). According to Whetten (1981), *dyadic linkages* refer to positive forms of interorganisational relationships between two organisations, and they vary from joint ventures to less formal interactions such as the coordination of activities. Consistent with Whetten, an examination including linkages between a focal organisation and all those organisations it interacts with is called *organisation set.*

In line with Whetten (1981), *action sets* are established for special purposes. They refer to a network of organisations, which are working together to reach a mutual target. *Networks* consist of all the linkages between organisations. They can be hierarchically structured, if the power in the network is in the hands of few organisations. When there is an evenly distributed balance of power between network members, it implies the existence of a 'market structure' (Benson, 1975, Whetten, 1981). Network interactions may include intensive cooperation, but they may result in conflict between organisations (Benson, 1975).

4.2.3 The interorganisational process

Many researchers have analysed the interorganisational process (McCann, 1983, Gray, 1985, Waddock, 1989, Jamal and Getz, 1995, Selin and Chavez, 1995). At the first stage, called *problem-setting*, key interacting organisations as well as key issues are identified. Organisations recognise their interdependence, the need for joint action, and the benefits they may reach by working together. In the *direction-setting* phase, organisations work together in order to find their common ground, and to incorporate their needs and expectations in mutual goals. At the last stage, called *implementation* or *structuring*, relationships are further developed by establishing understanding between the groups, and by creating rules for future actions.

4.2.4 Forms of IOR

There are many different classifications of forms of IOR and the terms used to depict the relationships between organisations can have either positive or negative connotations. Looked upon them positively, patterns of IOR may be called ‘collaboration’, ‘cooperation’, ‘coordination’, ‘coalition’, ‘alliance’, ‘partnership’, ‘bridge’, or ‘network’. Relations raising rather negative associations are described with terms such as ‘conflict’, ‘competition’, ‘cooption’, or ‘collusion’ (Akinobe and Clark, 1976, Whetten, 1981, Gray, 1985, Waddock, 1989, Selin and Chavez, 1995, Himmelman, 1996, Huxham, 1996).

The following classification of forms of IOR is based on Himmelman's (1996) definitions of four different *change strategies*, which are essentially portrayals of interorganisational relations based on exchange. Levine and White (1961:588) suggest the following definition of *organisational exchange*: “Organisational exchange is any voluntary activity between two organisations which has consequences, actual or anticipated, for the realisation on their respective goals or objectives”. This definition allows for exchange to be unidirectional but yet still to be considered as exchange (Levine and White, 1961). *Figure 4.1* displays change strategies on a continuum, where each of them is building upon the other in complexity and commitment (Himmelman, 1996).

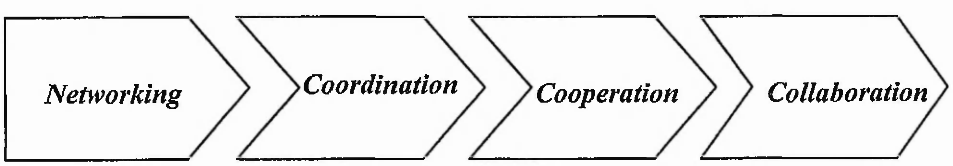

Figure 4.1 Change strategies by Himmelman (1996)

As the starting point of the continuum, **networking** is the most informal form of interorganisational linkages. It can be established easily, and works mainly on a person-to-person level. A clear-cut definition describes networking as "exchanging information for mutual benefit" (Himmelman 1996:27).

If organisations are "not only changing information but are also altering their activities for the sake of mutual good" (Himmelman 1996:27), the approach can be called **coordination**. When organisations coordinate their activities, they also usually define common goals. Whetten (1981) maintains that coordination is a very loose form of mutual adjustment. He also argues that coordination might also have negative features (Whetten, 1981). Following his argumentation, innovation might suffer when programs are made jointly, adaptive potential in organisations might be reduced following the tighter integration of systems, or – if done extensively – coordination might even affect the quality of services negatively. Litwak and Hylton (1962) recognise partial conflict as an important characteristic of interorganisational relations, because it may help avoid uniformity of services.

Cooperating organisations exchange information, adjust their activities in order to achieve a common purpose, and allocate their resources jointly (Akinobe and Clark, 1976, Himmelman, 1996). The commitment of the organisations in this case is greater than in case of coordination. Even legal arrangements may be made. The reciprocal scarcity of resources is often a motivation for otherwise autonomous organisations to either start, or join a cooperation. Cooperation is said to lead to interdependence between partners. In order to achieve the mutual benefits of cooperation, the partners must give up some of their independence voluntarily (Akinobe and Clark, 1976, Himmelman, 1996, Child and Faulkner, 1998). When organisations are cooperating, in spite of their interdependence, none of them seems to be controlling others (Akinobe and Clark, 1976).

According to Himmelman (1996), the most complex form of interorganisational relations is **collaboration**. In addition to aspects mentioned earlier regarding networking, coordination and cooperation, enhancement of each other's capacity is a further characteristic (Himmelman, 1996). Gray (1985) maintains that collaborating partners solve problems together they could not solve individually.

4.2.5 Integrated view of IOR

This study employs an integrated view of exchange and power-dependence approaches to IOR, as suggested by Schmidt and Kochan (1977). This is illustrated in *Figure 4.2.*

As resource dependence and cooperation form the frame of reference for this study, the focus of the remaining sections lies on these two concepts, highlighted as the area of inquiry in *Figure 4.2.*

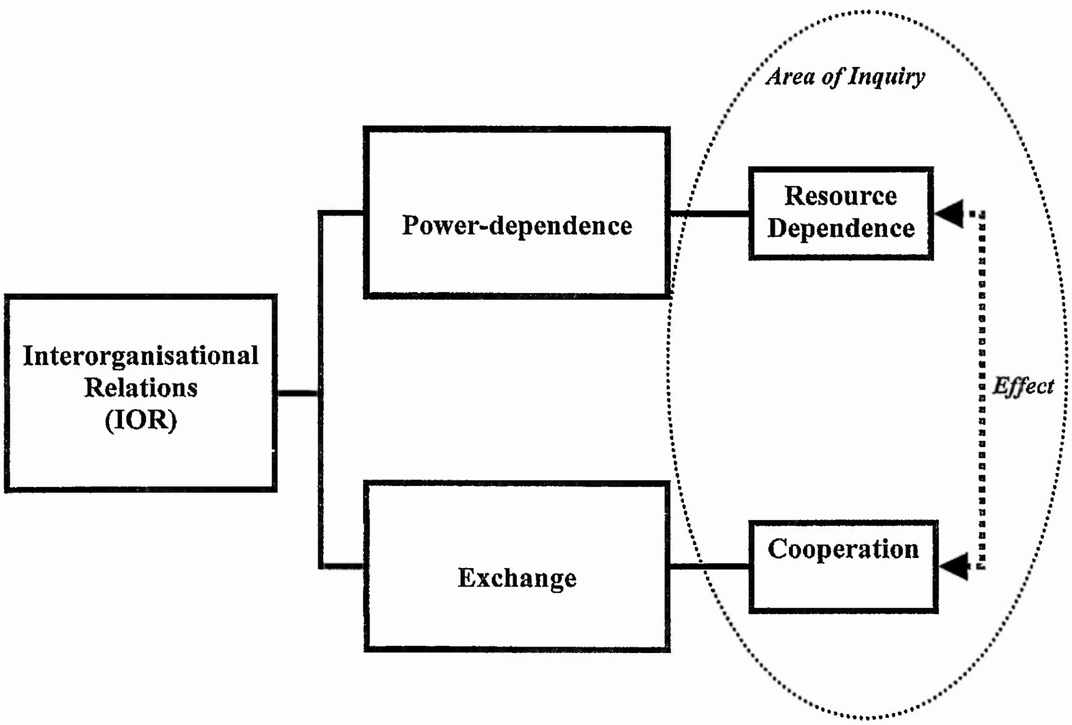

Figure 4.2 An integrated view of the IOR approaches (Based on Schmidt and Kochan, 1977)

4.3 Resource dependence

The term *resource dependence* in social sciences as discussed here is based on Emerson's (1962) theory of power in social relations. Emerson claims that "social relations commonly entail ties of mutual dependence between the parties" and further: "power resides implicitly in the other's dependency" (1962:32). Subsequently, social relations involve reciprocal actions, where the power of one results from another one's dependency (Emerson, 1962).

In following sections, the resource dependence perspective is explored in more detail.

Possible reasons for resource dependence are then examined. Notions central to the resource dependence perspective – resources, organisations, environments, and external demands – are described here. After concepts of dependence, interdependence, and power are explained, an examination of factors defining the dependence of organisations on others is made.

4.3.1 The resource dependence perspective

The resource dependence perspective considers organisations as open systems. Since essential resources are not in infinite supply, organisations need to interact (Levine and White, 1961). Ahrne (1994) maintains that in the real world, there are no self-sufficient organisations. That is, organisations need resources that can be obtained through exchange from other organisations. Interacting with others enables them to do things they could not do otherwise, and thus, they make use of these collective resources (Ahrne, 1994). The need to acquire resources from other organisations in order to survive or to grow is called resource dependence (Aldrich, 1975, Pfeffer and Salancik, 1978, Gamm, 1981, Selin and Beason, 1991, Palmer and Bejou, 1995, Child and Faulkner, 1998).

The resource dependence perspective regards the environment organisations act in as being uncertain. Responding to environmental and resource factors, organisations attempt to reduce uncertainty by minimising – or at least managing – their dependencies (Kleymann, 2001). Moreover, this environment is characterized by resource scarcity (Aldrich, 1975, Kleymann, 2001). Organisations lacking critical resources or wanting to have more possibilities to act must be prepared to give up some of their autonomy and independence towards procurement of resources (Pfeffer and Salancik, 1978, Ahrne, 1994, Child and Faulkner, 1998, Kleymann, 2001). But while resource scarcity makes it necessary for organisations to cooperate, it might also lead to competition (Child and Faulkner, 1998).

The literature on interorganisational relations places great importance on domain consensus as a condition for cooperative relationships (Akinobe and Clark, 1976, Schmidt and Kochan, 1977, Pfeffer and Salancik, 1978, Waddock, 1989, Jamal and Getz, 1995). Benson (1975:235) defines domain consensus as "an agreement among participants in organisations regarding the appropriate role and scope of an agency". In order to arrive at a consensus on domain, a joint decision making is needed. The resource dependence perspective, however, attaches domain consensus only a subordinate role as a determinant of interorganisational relations (Aldrich, 1975, Benson, 1975).

Resources

Resources may either be monetary, or physical, or they may consist of information, of skills, of knowledge, or of social legitimacy (White, 1974, Pfeffer and Salancik, 1978). Augustyn (2004) defines resources as *tangible*, *intangible*, and *human*. Kleymann (2001), in turn, divides them into two categories: *core resources* and *linkage resources*. Core resources offer a 'unique contribution' by an organisation to cooperation (Kleymann, 2001:19). Linkage resources, in turn, provide interfaces, linkage points - e.g., frequent flyer programmes, customer reservation systems (CRS) – as well as marketing campaigns. White (1974) maintains that only few resources are unrestrained. He argues that resources are either controlled or their utilisation is constrained by individuals and organisations.

Some organisations utilize their resources primarily in order to make profit ('economize') on them, but some organisations create and develop resources in order to be able to provide them for others (Håkansson and Snehota, 1995).

Organisations

Pfeffer and Salancik (1978:26) describe organisations as "settings in which groups and individuals with varying interests and preferences come together and engage in exchanges". They consider organisations as "quasi-markets for negotiating and allocating influence and control" (1978:36), and hold that, where the discretion of an outside organisation to control an activity exceeds the discretion of an organisation self, that is where the organisation's boundary is (Pfeffer and Salancik, 1978). This is where an organisation ends and its environment begins.

Focal organisation is a concept used to define a particular organisation, when the relationships of this organisation to a set of other organisations in its environments are the focus of an enquiry (Gamm, 1981). Organisations or individuals, who either at the time being, or in the future, supply, or affect the critical resources required by the organisation, are termed s*ocial actors* or *interest groups* (Pfeffer and Salancik, 1978).

Environments

Pfeffer and Salancik (1978), among others (Levine and White, 1961, Ahrne, 1994) argue that since organisations are not self-sufficient, they need contacts with their environment. Thus, they maintain, for an organisation to be successful it is often not enough to deal only with its internal matters, since its environment affects its activities and outcomes. In order to respond to external demands, it should be able to manage them as well. Organisations may have contacts with suppliers, customers, competitors, authorities, or associations representing them (Pfeffer and Salancik, 1978). According to Friedlander and Pickle (1968:291), an organisation must control the forms of exchange with its environment, its boundary conditions.

Organisational effectiveness is a measure which tells how well an organisation has been able to meet the demands and needs of its interest groups. These are in a position to judge the activities of an organisation and their acceptability from their point of view (Pfeffer and Salancik, 1978).

Pfeffer and Salancik (1978) have introduced the idea of an *enacted environment.* According to this idea, the environment of an organisation can be portrayed as the way an organisation is aware of it and how it reacts to it. An organisation can only reflect constraints and demands known to it. Yet, while the information an organisation collects from its environment is biased and never comprehensive, it is the only basis upon which it can make its own interpretation, its concept of the environment. The structure of an organisation and the distribution of power within it have influence on the way it enacts upon its environment (Pfeffer and Salancik, 1978).

Social actors are interconnected on different levels. A tightly interconnected environment is problematic for organisations, as events in one part of an interconnected system have an impact on the whole system, thereby increasing the uncertainty of the environment for all organisations (Pfeffer and Salancik, 1978).

External Demands

Pfeffer and Salancik (1978) maintain, that since there are many different actors (people, groups, and organisations), which can assess an organisation's effectiveness with each using its own criteria, there are also many different kinds of demands which are placed on an organisation. These demands are not necessarily compatible with each other. In order to help cope with potentially conflicting demands, an organisation can analyse its interest groups by weighting their importance either according to the criticality of resources provided by them, or by their power. A further step would include estimating the consequences any activity might cause among different groups: is the activity satisfying all groups, or is it only satisfying some while dissatisfying others? Is it satisfying those who are important? Pfeffer and Salancik (1978) argue that an organisation's effectiveness depends on its ability to manage external demands, not on the management of its internal relationships.

4.3.2 Dependence and interdependence

Organisations are open systems, in contact with their environment, and interdependent with other organisations. The concept of *dependence* implies that decisions of organisations are constrained by the environment. Consequently, actors as well as factors outside of an organisation can – according to the resource dependence perspective – to some extent influence and control the decision-making in an organisation (Pfeffer and Salancik, 1978)

Dependence can be *specific* or *unspecific*. Specific dependence holds when an organisation is dependent on one specific resource and, accordingly, on the supplier of this resource. In the case of unspecific dependence, an organisation's dependencies are broader based. It has many providers of resources to choose from and it may switch between partners (Kleymann, 2001). Dependence can consequently be defined as a function of the importance of a resource and the level of concentration of the supply of this specific resource.

Interdependence exists whenever an organisation or an actor has no sole control of all the conditions in its operational environment (Pfeffer and Salancik, 1978). Also, organisations have to take each other into account, if they want to achieve their goals (Litwak and Hylton, 1962). Interdependence can be classified either as *outcome interdependence* or as *behaviour interdependence*. In the case of outcome interdependence, the outcomes of actions of two actors are interdependent or even jointly determined. In the case of behaviour interdependence, actions of a social actor are dependent on the behaviour of another social actor (Pfeffer and Salancik, 1978).

Closely related to the classification above are the definitions of interdependence as *horizontal, symbiotic* or *vertical* (Pennings, 1981). Horizontally interdependent organisations are organisations competing in attaining identical resources and producing similar goods and services, but they may as well work together for mutual interest. None of the horizontally interdependent organisations holds power over another. Organisations in a symbiotic interdependence relationship complement each other by providing services to each other, but none of them controls the other one's resources. If both perform well in the relationship, both will benefit. If both fail to perform well, neither will profit. Vertically interdependent organisations are in a relationship in which dependencies and power imbalances can occur. They are exchanging resources and various levels of dependence may arise (Pennings, 1981, Galaskiewicz, 1985, Cropper, 1996).

4.3.3 Power in exchange relations

Emerson (1962) argues that the one's dependence in a relation is the source for power of the other. In order to describe this relation, Emerson has established the following *power-dependence equation*: "Pab = Dba; the power of A over B is equal to, and based upon, the dependence of B upon A" (Emerson, 1962:33). According to Emerson, the power of A over B is a potential source of influence, which will be exposed only if A makes some demand and B cannot agree to it.

According to Cook and Emerson (1984:3) power implies "potential to obtain and maintain favourable outcomes as well as potential for resource mobilization". They maintain that the position of an organisation in a network structure determines the relative power which exists between it and its exchange partners. A well positioned organisation in this regard may have greater access to valued resources, which makes it less dependent on other organisations (Cook and Emerson, 1984).

Power in a social relation may be evenly or unevenly distributed (Emerson, 1962). When an organisation has power over another, there is an asymmetry in their relationship (Akinobe and Clark, 1976, Pfeffer and Salancik, 1978, Kleymann, 2001). Schmidt and Kochan (1977) propose that goal consensus could in this case stabilise an otherwise unstable relationship. The same authors maintain also, that organisations do not engage only in power-dependence relationships, or only in symmetrical exchange relationships, but that their relationships are likely to be a combination of both (Schmidt and Kochan, 1977).

4.3.4 Dependence defining factors

According to Emerson (1962), two variables, which act together, define the level of dependence in a relation. The first variable is directly proportional to the motivational investment i.e. to the level of interest an actor has on resources provided by another actor. The second variable, in turn, is inversely proportional to the availability of those resources outside the relationship mentioned. The costs associated with the alternatives must also be taken into account. Emerson (1962) maintains that in order to measure dependence accurately, an empirical inquiry is required.

Pfeffer and Salancik (1978) have developed Emerson's criteria further in order to define dependence in a relationship between organisations. According to the authors, dependence is a function of three factors: resource importance, discretion over resource allocation and use, as well as concentration of resource control. Resource importance can be measured quantitatively by measuring a focal organisation's input or output in a certain exchange relationship as well as its proportion of the total input or output. The result is "the relative magnitude of the exchange" (Pfeffer and Salancik, 1978:46).

In case of single-material organisations, like wood-processing, or petrochemical companies, the survival of the firm is dependent on this one resource. If an organisation is producing one particular product - therefore being a single-output organisation – the highest proportion of its dependency lies on its customers (Pfeffer and Salancik, 1978). If there are only few suppliers of the resource, or if the market is limited in size, the relative magnitude of an exchange can be high. The relationship between organisations where one is highly dependent on the other, is often unbalanced due to power asymmetry (Kleymann, 2001).

Apart from the magnitude of exchange with a social actor relative to the total exchanges of an organisation, the definition of resource importance needs to include the estimation of the criticality of the resource to the functions, and, thus, for the survival of the focal organisation. Can an organisation continue to function in the absence of the resource or in the absence of the market for the output? A proportionally small resource might be critical to the survival of an organisation. The criticality of a resource is not constant, since its importance may change in course of time. The criticality itself is not problematic to an organisation. Changes in the organisation's environment are rather more challenging. They may cause uncertainty in an exchange relationship (Pfeffer and Salancik, 1978).

When defining the dependence of a focal organisation, the second question to answer is, who has discretion over the allocation and the use of resources? The focal organisation and other social actors can share the discretion. Discretion is a major source of power, but it is rarely absolute (Pfeffer and Salancik, 1978:48). Although possession is a way of gaining control over a resource, other social actors may still challenge its ownership by imposing regulations, thereby reducing the possibility of absolute control. Knowledge is, in this regard, an exceptional resource. A person who possesses knowledge has an absolute control over its distribution. However, in order to have power over a resource, it is not necessary to own it. Those controlling access to a resource might be able to have discretion over it as well. In addition, actual usage of a resource may give control over its allocation and use. Finally, those who create rules or regulations as well as those enforcing them can thereby gain power over the respective resources (Pfeffer and Salancik, 1978).

An organisation's dependence on a social actor is not merely a function of the importance of the resource and its control. In order to complement the measure, the number of actors which can supply the critical resource or absorb the output, must be taken into account. They play an important role in defining the level of dependence. If there are only few suppliers of a resource, there are thus also fewer opportunities for an organisation to bargain about the conditions of exchange with a supplier. On the other hand, the sheer number of options available is not a guarantee for resource procurement (Pfeffer and Salancik, 1978).

In any case, pivotal for the focal organisation is securing access to resources. But even if there are enough alternatives for procurement of resources, imposed rules and regulations may restrict the access to them. In fact, regulations are used as means of obtaining control over resources (Pfeffer and Salancik, 1978).

Kleymann (2001) has used other criteria to categorize resources. Accordingly, resources can be classified by their *attractiveness*, *uniqueness*, and *remoteness*. Resource attractiveness is analogous to resource importance and resource uniqueness similar to concentration of resource control. Her term resource remoteness takes factors such as the geographical and cultural remoteness of a market, the intensity of competition, as well as other market entry barriers into account.

When measuring the dependence of an organisation, two types of problems arise. First, an organisation may not recognise all of its dependencies, or it might underestimate the power of different actors in its environment. Secondly, the focal organisation may misinterpret the demands of its environment and, subsequently, may react in an inappropriate manner. Nevertheless, it is vital for an organisation to interpret its environment and to identify its respective demands correctly. In order to be able to avert outside influence and to gain control, it is necessary to collect relevant and useful information (Pfeffer and Salancik, 1978).

The interests of others constrain the behaviour of an organisation. Information about consumers, actions of competitors, demands of trade unions, and government regulations all constrain the response of an organisation to a given situation. In most cases constraints limit the number of available options and thereby facilitate the decision-making (Pfeffer and Salancik, 1978).

Measuring its dependence in its operating environment can give the focal organisation valuable information on the importance of other organisations as well as on the power they have (Pfeffer and Salancik, 1978).

4.3.5 Managing demands

Management of demands means choosing between the strategies either complying with demands, or trying to avoid them. An organisation can either change itself for the better by adapting to its environment, or it may try to change its environment. In any case, compliance to demands results in loss of discretion and a decrease in autonomy. Therefore, organisations may adopt strategies to either avoid, or decrease their dependence on organisations in their environment. Where there are conflicting demands, by complying with some but not others, an organisation may offend those whose demands are not accepted (Pfeffer and Salancik, 1978).

Pfeffer and Salancik (1978) argue that in order to avoid demands in the first place the best method seems to be to manage them. Organisations may also use self-regulation and communication as methods of avoiding demands, as well as lobbying as far as standard setting, regulations, and legislation are concerned (Pfeffer and Salancik, 1978).

If an organisation has chosen to comply with external demands, it might try to respond to the demands of various interest groups successively. Where an organisation has chosen the strategy of changing its environment, it may either diversify, or merge with the organisation setting the demands (Pfeffer and Salancik, 1978).

4.4 Accounts of cooperation

As there is no universally accepted theory of cooperation (Child and Faulkner1998:15), one needs to look for theories which contribute to the understanding of cooperation. Theories from economics, organisation theory, game theory, and strategic management theory give us valuable insights into the theoretical framework covering cooperation. In the following, some promising theories on cooperation, are briefly described.

4.4.1 Economics

The market-power theory is concerned with efforts by organisations to improve or secure their competitive situation on the market (*offensive or defensive partnership*). The theory maintains that additional market power can be reached through cooperative courses of action. The market-power theory suggests that establishing a partnership may be a quicker and cheaper way to obtain the market power the particular organisation wants. The theory uses Porter's *value-chain concept*, which differentiates *primary* and *support activities* of an organisation. According to the type of resources partners have pooled to carry out activities, cooperative strategies of organisations can be identified. The market-power theory focuses exclusively on technical aspects of an organisation and does not consider human aspects. Nevertheless, human elements can be an important factor in the development of cooperation. This theory helps identify motives for cooperation in general as well as within more specific areas of activity of an organisation (Child and Faulkner, 1998).

The transaction-cost economics perspective considers cooperative actions as a way of reducing costs caused by transactions between organisations. These costs are incurred when transactions are arranged, managed, and monitored (Child and Faulkner, 1998). According to transaction-cost economics, the choice must be made between organising transactions through market exchanges or by using a hierarchical single organisation structure to manage them (Williamsson, 1975). Cooperation between organisations can be described as an intermediary form, which is a relationship between market and hierarchy. These kinds of relationships are characterised by interdependence between partners (Williamsson, 1975, Franz, 2001). The transaction-cost theory gives a rationale for efficiency and cost-minimisation in cooperation. Like market-power theory, transaction-cost theory represents a rather technical view of relationships with no regard to human influences on the evolution of relationships and their implications for cooperation (Child and Faulkner, 1998).

The agency theory focuses on individuals, rather than on actions as in the case with relationships based on exchange. Therefore, the human factor is of very high importance in the relationship between a 'principal' and an 'agent'. At the core of the relationship are the control mechanisms which a principal might employ in order to control or reward an agent. According to agency theory, agents are self-interested, risk adverse, and subject to bounded rationality (Child and Faulkner, 1998). Agency theory looks for the most efficient ways to handle the relationship between principal and agent. Relationships are either behaviour-oriented or outcome-oriented, the former referring to governance by control, the latter to governance by rewards. In the case of cooperation, each partner becomes an agent for the other(s). Therefore, partners should state clearly the ways each one of them will share the returns from the cooperation and how the information between them should be distributed. Clear rules increase trust, which, in turn lessens the need for control mechanisms in the long term (Child and Faulkner, 1998).

The increasing-returns theory assumes that those companies that obtain a large share of the market when launching a new product are very likely to be able to increase their returns constantly. An increasing-returns market leads companies to develop alliances to be able to achieve dominance for their products on the marketplace and to do so rapidly. While in knowledge-based industries in particular the phenomenon of increasing returns has been observed, Child and Faulkner (1998) suggest that this phenomenon can be applied to some service industries similarly.

4.4.2 Organisation theory

Organisation theories seek to explain and to predict the behaviour of organisations and individuals within various organisational structures, cultures, or situations (Shafritz and Ott, 1991). Regarding the cooperative strategies of organisations, three main aspects can be identified: resource scarcity and procurement, organisation of cooperative processes, and the nature of trust between partners (Child and Faulkner, 1998).

The resource-dependence perspective studies the models and patterns of organisations when dealing with other organisations. It suggests that resource scarcity may encourage cooperation, but that it might also be a source of competition and conflict. The basic condition for a cooperative relationship to emerge between organisations is that the benefits from cooperation exceed its disadvantages (Pfeffer and Salancik, 1978, Child and Faulkner, 1998).

Cooperative courses of action can be organised in various ways. One way to define a structure of cooperation is to look at it as either a *scale alliance* or as a *link alliance*. When competitors establish a cooperation to reach economies of scale, this is called scale alliance, while link alliances are those where organisations cooperate at different stages of the value chain (Child and Faulkner, 1998).

As mutual dependency is a consequence of cooperation, trust between partners should follow. Because the outcome of a relationship is unknown, trust is risky, however, but necessary for a cooperation to succeed (Child and Faulkner, 1998).

4.4.3 Game theory

Game theory stipulates that actors in social situations are considered as being involved in a game. The theory focuses on the strategies chosen by actors as well as on the effects these strategies have on the outcome of the game. Games vary in size (e.g., the number of players), regarding the kinds of interests players have in the game, their access to information, the frequency of games played, as well as the ways players interact. All the mentioned factors have effects on the outcome and they should be considered when trying to predict it (Axelrod, 1984, Child and Faulkner, 1998).

When the interests of players are similar, they tend to cooperate. Conflict follows when interests are very different. Because game theory holds that players are always self-interested and that cooperation might maximise joint interest but not self-interest, the players find themselves in a dilemma of choosing between competitive and cooperative behaviour. In the long run, the cooperative strategy has been proven to prevail, but for it to be successful trust between players is required (Axelrod, 1984). The model *'prisoner's dilemma'* (Axelrod, 1984) addresses the options of players to act in different situations in a simplified form. Following the prisoner's dilemma, players are given only two options, either cooperating or defecting, whereby a defection can sometimes be the most rewarding. In the case of real-life alliances, however, a defecting partner might not only hamper the alliance, but he might find it difficult to attract new partners to work with in the future. Game theory is a simplified way to analyse cooperation and thus not really very close to the true world. Nevertheless, it has been suggested as a tool for the analysis of cooperative and competitive behaviour and it has contributed to a better understanding of the nature of cooperation (Nalebuff and Brandenburger, 1996, Child and Faulkner, 1998).

4.4.4 Strategic management theory

When employing s*trategic management theory* as a perspective for analysing cooperation, the compatibility of the strategies of prospective partners as well as the consonance of organisations and cultures are examined. In order to understand cooperative strategies, the motives behind them need to be disclosed. The selection of partners is another relevant issue for comprehending the cooperative behaviour of an organisation. Strategic management theory suggests that the central motives for an organisation to enter into a cooperative relationship are the wish to expand the scale or scope of its activities, or the achievement of more efficiency (Child and Faulkner, 1998).

Geringer (1991) distinguishes between two categories of criteria employed to select partners: *task-related* and *partner-related.* Task-related criteria "refer(s) to those variables which are intimately related to the viability of a proposed venture's operations" (Geringer 1991:45). They include resources such as access to finance, competencies in an organisation, site facilities, technology, marketing and distribution systems, as well as a favourable environment or the partner's possibility to influence it. Partner-related criteria refer to characteristics such as the partners' national or corporate cultures, their size and structure, positive experiences regarding cooperation in the past, and the trust between and compatibility of their top management. The importance of the task-related criterion depends on the partner's perception of the significance of a certain resource for the cooperation, the power of a partner to provide access to that resource, and on how the competitive situation regarding the resource will be in the future (Child and Faulkner, 1998).

Child and Faulkner (1998) maintain that, contrary to the views provided by market-power theory and transaction-cost economics, strategic management theory provides realistic and more sophisticated ways to assess the optimal choice between cooperative and competitive strategy. Following their line of argument, strategic management theory also provides useful criteria for partner selection as well as attaches high importance on their compatibility, instead of looking at the cooperation only from the point of view of a single organisation (Child and Faulkner, 1998).

4.5 Cooperation defined

Following the definition in section 4.2.4, in this research cooperation is defined as the exchange of information by organisations, the adjustment of their activities in order to achieve a common purpose, and the joint allocation of resources (Akinobe and Clark, 1976, Himmelman, 1996). Following Himmelman's classification, the concept of cooperation in this research includes both cooperation and collaboration, the latter as the most developed form of IOR.

The motivation for otherwise autonomous organisations to start or join cooperation is often the reciprocal scarcity of resources. Cooperation creates mutual dependence between partners. Therefore, they must give up some of their independence voluntarily in order to reap the mutual benefits of cooperation (Akinobe and Clark, 1976, Himmelman, 1996, Child and Faulkner, 1998). Selin and Beason (1991) maintain that cooperation and interdependence replace competition and independence.

In the literature, there is on the whole general agreement regarding the importance of domain consensus for cooperation. Partners must have set a common goal for the cooperation (Levine and White, 1961, Akinobe and Clark, 1976, Schmidt and Kochan, 1977, Pfeffer and Salancik, 1978, Galaskiewicz, 1985, Waddock, 1989, Selin and Beason, 1991, Jamal and Getz, 1995, Selin and Chavez, 1995, Himmelman, 1996, Clark et al., 1998, Bramwell, 2004). Waddock (1989) points out that domains overlap primarily around areas of interdependence.

When interacting organisations compete instead of cooperating, the relationship is characterised – very much as it is in the case of cooperation - by similar goals, lack of the same kind of resources, and partial interdependence. In contrast with cooperation, there is a lack of domain consensus. When organisations are interacting but the decision making is based on bargaining, this condition can be identified as conflict (Akinobe and Clark, 1976).

4.6 Cooperative arrangements in tourism

Cooperative arrangements in tourism grow out of the need to accomplish collective and organisational goals more effectively (Selin and Chavez, 1995). This, in turn, has been prompted by cuts in government spending on tourism since the 1980's as well as by the ongoing commercialisation and privatisation of public sector functions (Caffyn, 2000, Hall, 2000).

In the early stages of tourism, partnerships were usually established between local and regional authorities and other public organisations. First in the 1990's, more private sector organisations participated in tourism partnerships (Caffyn, 2000). Today, tourism partnerships are usually cooperative marketing initiatives, intergovernmental coalitions, public-private partnerships, or joint planning initiatives relating to various tourism or tourism related sectors (Selin and Chavez, 1995). Since the 1990's airline alliances have become a powerful form of partnership in tourism (Kleymann, 2001). Apart from cooperation among airlines, partnerships in tourism are held to be underdeveloped, particularly due to geographic, organisational, and political constraints (Jamal and Getz, 1995, Selin and Chavez, 1995, Selin, 2000).

Partnerships in tourism emerge due to shifts in society, such as environmental changes, globalisation, the global interdependence which follows from globalisation, unclear boundaries between public and private sectors, as well as resource dependence (Pfeffer and Salancik, 1978, Selin, 2000).

Hall (2000) maintains that parallel to developments in the public sector regarding budget cuts and privatisation, the private sector has demanded less government interference. One outcome of this development, Hall maintains, have been cuts in government spending that have reduced the budgets of national tourism organisations. Nevertheless, Hall argues, many private-sector stakeholder groups have continued lobbying for continuing governmental funding for promotional programs in tourism. He claims that private-sector lobbying has led to an increase in marketing tasks for NTOs (Hall, 2000).

The success of public tourism organisations is currently measured using similar means as those used in the private sector, which puts more emphasis on their efficiency (Hall, 2000). Hall (2000) points out that there are differences in partnerships, however, depending on which context, public interest or market interest, they are carried in. According to Hall, a promotional campaign involving public money may also be planned to support certain less developed areas of tourism, thus not even aiming at maximising the returns of investment in the short term.

Hall (2000) isolates one underlying reason for public sector development, which has been described in the section on strategic management theory above. Currently, he claims, strategic planning considers relations with stakeholders as part of a planning process. In addition, the emergence of network and collaboration theories has affected the courses of actions of governmental agencies (Hall, 2000).

Bramwell and Sharman (1999) state that partnerships usually want to maintain their independence, but especially when policy formulation is in question, they also need stakeholders with appropriate resources who adopt these policies. They hold that stakeholders with such resources have significant power (Bramwell and Sharman, 1999). Pfeffer and Salancik (1978) maintain that in such a situation, stakeholders must abandon some of their independence in the exchange of resources.

Jamal and Getz (1995:198) have stated that it is necessary to include all key actors, both from regional planning and marketing in a partnership "in order to ensure coordinated planning and to minimize the gap between marketing and planning of tourism destinations".

There are obviously many benefits, however, attainable for tourism organisations regarding marketing partnerships. Jamal and Getz (1995) maintain that tourism organisations can influence goal setting as well as strategic planning relating to the destination when working in collaboration with public agencies. Palmer and Bejou (1995) argue that by pooling resources, the effects of marketing are expected to be higher than they would be if stakeholders acted individually. For small enterprises cooperation might be the only way to achieve economies of scale. According to Palmer and Bejou, in contrast with other forms of tourism partnerships, marketing alliances have traditionally existed within the private sector. Palmer and Bejou argue also that they have become more common between public and private sector organisations since the mid 1980's. Furthermore, they maintain that public-private partnerships in destination marketing are attractive for both parties if at least one of their main goals is regarded as being similar: namely, both partners striving for financial benefits. The authors claim, however, that in well-developed tourism areas, stakeholders may not perceive benefits from cooperation and that, thus, they are often not ready to invest in it. Another barrier for cooperation is the lack of trust among partners (Palmer and Bejou, 1995). Jamal and Getz (1995) maintain that potential partners may be discouraged from joining a partnership in fear of freeloading partners.

According to a study on European SMEs, the most important barrier that prevents partners from cooperating is the wish to remain independent (European Commission, 2004). Other factors holding SMEs back from cooperation, as indicated by the study, were the lack of information on suitable partners, fear of having to disclose sensitive information to other partners, financial risks from cooperation, as well as legal or fiscal restrictions.

Apart from promotional cooperation, typical marketing partnership among tourism organisations includes the collection of marketing research information, information dissemination, and the operation of a booking service or a visitor centre (Palmer and Bejou, 1995). Empirical evidence exists that SMEs may indeed benefit from cooperation (European Commission, 2004).

Partnerships are temporary arrangements. Caffyn (2000) has created a Tourism Partnership Life Cycle Model, which recognises the different stages of a partnership, and the actions needed at each stage in order to successfully continue or end the partnership. She also maintains that a typical partnership is mature after three years, begins to decline after six years, and ends after nine years. Bramwell (2004) points out that partnership might not be the best approach to tourism management in all situations. In some cases, he maintains, conflict or non-cooperation might even prove to be more advantageous for an issue in question.

4.7 Summary

Organisations need to interact with others in their environment. As a result interorganisational relations between organisations emerge. Organisations tend to enter relations with others due to uncertainties in their operating environment or due to lack of resources. These resources may be tangible (physical resources) or intangible (financial resources, information, skills, knowledge, etc.). Organisations can obtain resources needed by exchange with other organisations.

In order to acquire resources, however, organisations must give up some of their independence. This means that they become, to a certain degree, dependent on providers of resources. Conversely, providers of resources may gain a certain degree of power over other organisations and may make demands in exchange for the resources.

The degree of dependence of an organisation may be assessed empirically. In order to define the level of an organisation's dependence various factors must be considered. Resource importance, availability of alternative resources, as well as an organisation's ability to influence the providers of resources all affect the level of dependence of an organisation.

Organisations need to meet the challenge to manage demands of external parties. Cooperation has been identified as a possible means to manage these demands. By means of cooperation, organisations may attain objectives they would not be able to achieve by working on their own. Characteristic objectives on their agenda might be reaching greater market power, achieving economies of scale, expanding the scope of their activities, increasing efficiency, or obtaining access to resources.

At the outset, cooperation in tourism emerged predominantly between public organisations. Later, the number of private sector organisations participating in tourism partnerships grew in proportion. Presently, cooperation in tourism usually takes the form of joint marketing or joint planning of activities.

CHAPTER 5

FACTS ABOUT TOURISM IN FINLAND

5.1 Introduction

The political history of Finland starts in the middle of 12^{th} century. Until then, the area between Sweden and Novgorod (Russia) was a political vacuum. However, it was interesting to both its neighbours. In the peace treaty in 1323 the western and southern parts of Finland were designated to Sweden and the eastern part to Novgorod. In the beginning of 19^{th} century, Russia conquered Finland. It became an autonomous Grand Duchy of Russia until 1917. The revolution in Russia paved way for Finland's independence, which was declared in 1917. The republic of Finland is today a member of European Union (since 1995) and part of the European Monetary Union (Klinge, 1994, Ministry for Foreign Affairs of Finland, 2005).

In this chapter, some more features of Finland in general as well as tourism in particular will be presented. Finland's national tourism organisation, the Finnish Tourist Board, will be portrayed. Basic facts about the Finnish SME sector are provided in the last section.

5.2 General facts about Finland

Finland is a northern European country between the 60th and the 70th parallels of latitude. Its climate is cold temperate; one third of its total area lies north of the Arctic Circle. Due to the North Atlantic Current influence, however, which increases the average temperature by 10°C, the climate is marked by cold winters and fairly warm summers (Ministry for Foreign Affairs of Finland, 2005, Tynkkynen, 2005).

Finland is quite a large country with a total area of 338,000 square kilometres. Its 1,269 km long border with Russia is the easternmost border of the European Union. Sweden in the west and Norway in the north are the other two neighbouring countries. With its population of 5.2 million inhabitants, Finland is the most sparsely populated country in Europe (Rural Policy Committee, 2005). Since 67% of its population lives in urban areas, there are large areas of unspoilt nature. Forests cover 69% of the country's surface area, lakes – 190.000 of them - about 10 % (Ministry for Foreign Affairs of Finland, 2005). In order to preserve the diversity of the nature, Metsähallitus, a state enterprise, manages 35 national parks (Metsähallitus, 2005).

5.3 Tourism in Finland

5.3.1 Introduction

In the first half of the 20th century, salmon fishing, river rafting, skiing, and holidays in villas and spas were the most important tourism products in Finland. The Second World War devastated the tourism development, as rebuilding and reparations required almost all of the nation's resources. According to the peace treaty Finland also had to surrender areas where some of its leading tourism destinations were located (Hirn and Markkanen, 1987).

In the 1960's, a significant development in tourism began, which lasted until the end of 1980's. Due to a higher standard of living, shorter working hours and longer vacations, the demand for tourism products increased. The internationalisation of tourism, which then began, resulted above all from improved carrier capacity at sea and in the air. The growing demand of tourism products was met by increasing investments in tourism (Finnish Tourist Board, 2003a).

In the beginning of 1990's, the deep economic recession led many tourism enterprises into bankruptcy. The focus shifted from the production of tourism services to satisfying the demands of potential customers (Peltonen et al., 2004).

In the next sections, an overview of the importance of tourism along with some statistical information is presented. A short summary of tourism products and sectors is then outlined. An overview of the tourism policy concludes this section.

5.3.2 Importance of tourism

In Finland, although the importance of tourism is not especially acknowledged at the national level, its contribution to the development at regional and local levels has been recognised (Peltonen et al., 2004). According to the Tourism Satellite Account (TSA) project, carried out in 2004, direct income from tourism in Finland was 8.3 billion euros. Domestic travel accounts for two-thirds of the aggregate tourism demand, one-third of the income comes from inbound travel (Statistics Finland, 2004, Suunnittelukeskus Oy, 2004, Statistics Finland, 2005).

In 2002, tourism provided employment for 126,200 people on a year-round basis. Converting employment into full-time equivalents (FTE), tourism offered 58,611 full-time jobs. The value added of tourism was 2.9 billion euros, which equals 2.4% of the Finnish GNP. Compared to the value added by other business sectors, tourism is the fifth most important business sector. The share of manufacture of pulp, paper, and wood products was 4.3 % of the GNP, manufacture of machinery and equipment, 2.9 %, telecommunications 2.7 %, and chemical industry 2.6 % (Statistics Finland, 2005).

Tourism income and employment varies much between regions. South-Finland accounts for a major share of the total tourism income. In the northern province of Lapland and in Åland Islands in the south, the importance of tourism for the local economy is greater than elsewhere in the country (Statistics Finland, 2004).

5.3.3 Statistics

Two thirds of the registered overnight stays are domestic. Although they have been increasing a great deal in the winter season, the summer season (June-August) still accounts for about 40% of total overnight stays. In Figure 5.1 the total number of registered overnight stays as well as the number of overnight stays of domestic guests are presented.

Clearly, the domestic market is the most important market for tourism in Finland. However, in a country with only about five million inhabitants, the growth prospects for the domestic market are limited. Sweden, Germany, and Russia represent the largest markets for incoming travel to Finland.

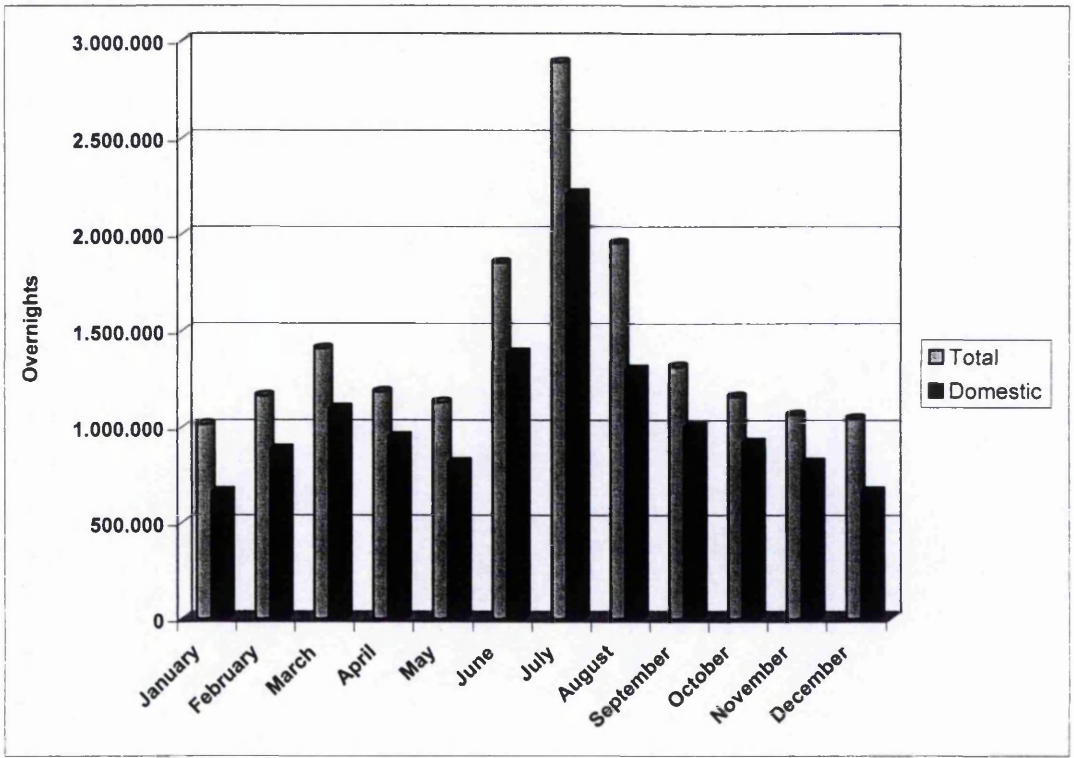

Figure 5.1. Monthly registered overnight stays in Finland 2005
(Source: Finnish Tourist Board, May 2006)

Other important markets for inbound travel are the UK, Norway and France (Finnish Tourist Board, 2005c). The overnight statistics of twelve main incoming markets are presented in Figure 5.2.

The official statistics cover only a part of the total number of overnight stays. In the annual Border Interview Survey, the number of overnights of foreign guests is estimated to 14 million (Finnish Tourist Board, 2004b).

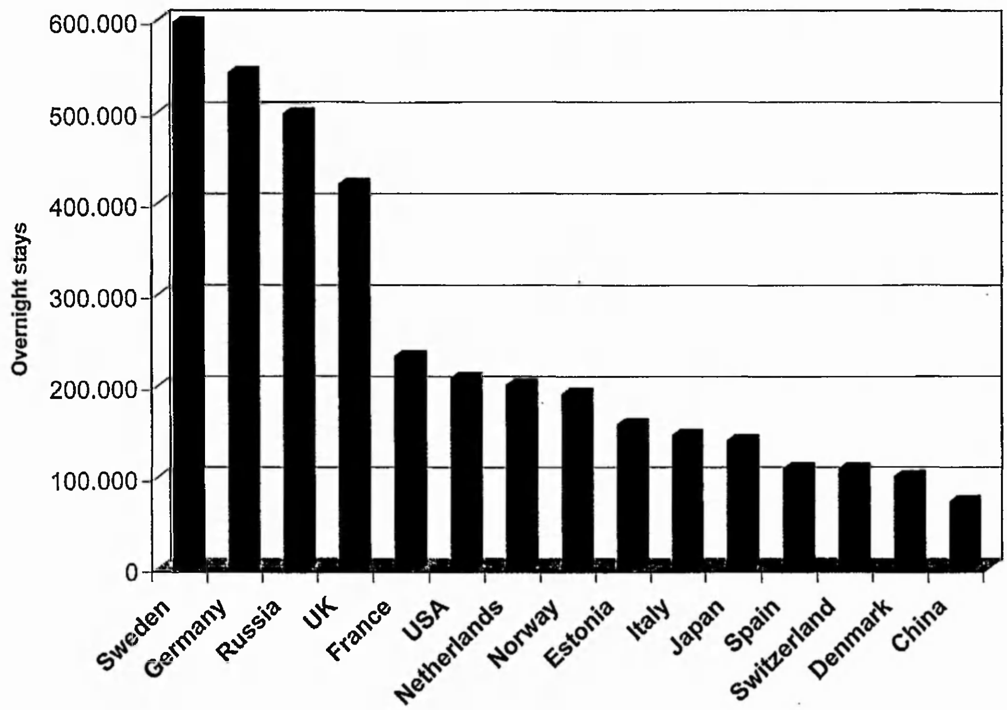

Figure 5.2 Foreign registered overnight stays by country in Finland 2005
(Preliminary data from May 2006)

5.3.4 Tourism products

Finland's vast nature is the basis of its tourism products. An unpolluted environment together with large unpopulated areas and tens of thousands of lakes and islands stand for the image of Finland (Vuoristo and Vesterinen, 2001). Holiday homes, farm stays, and various activities in nature, such as canoeing, boating, cycling, hiking, rafting, fishing, golfing, and skiing are the most commonly offered tourism products in rural areas. Due to its varied past between east and west, Finland also provides distinctive cultural facets for tourists. Cities with modern tourism infrastructure and immediate vicinity to the nature, offer cultural and leisure programmes especially for tourists on short holidays. As a modern and a safe country, Finland annually hosts a large number of guests attending meetings and conventions as well as travellers on incentive trips (Finnish Tourist Board, 2005b).

5.3.5 Tourism enterprises

In terms of places of business, accommodation services is the largest sector of tourism (excluding catering business) with its 1,778 hotels, motels, and other lodging facilities. Of the total tourism sector turnover, however, the share of the accommodation sector is only 5.4 %. The transport sector is by far the largest with a share of 43.7 % of the total tourism sector turnover (Harju-Autti, 2004).

The capacity of accommodation in Finland totalled 60,600 beds in 2004, of which almost 50,000 beds were in 684 hotels. Nine hotel chains managed 44% of the total hotel capacity. The annual utilization rate of the accommodation capacity is quite low, varying from 30% to 50%. A hotel rating system does not exist in Finland. Harju-Autti (2004) maintains that the hotel sector opposes classification, as it cannot see any obvious benefits from such a system.

Farm stay accommodation is not included in the official accommodation statistics. The Rural Tourism Committee, which consists of representatives from various ministries as well as from interest groups, has estimated that farms and other rural accommodation establishments provide around 45,000 beds. Hence, their capacity would be the second largest right after the hotel sector. Most enterprises in this sector are quite young: 60% of them have been established during the last fifteen years (Martikainen, 2004).

In 2004, 670 travel agencies were registered. Most of them had their main focus on outgoing travel, but some offered additional business- and leisure travel arrangements in Finland. About 20 incoming travel agencies organize trips for foreign tourists (Harju-Autti, 2004).

Specialist holiday organizers arrange, for example, snowmobile-, dog sledge-, and reindeer safaris, canoe-, fishing-, and hiking trips as well as other nature and adventure trips for tourists. These programmes may range from as short as one hour up to several days or even weeks. According to the enterprise registry, there were 418 enterprises providing these kinds of services in 2002. Since not all specialist holiday organizers have been registered, the real number of businesses was estimated to amount up to about 700. This sector included a further 615 enterprises providing facilities for various other activities, e.g. skiing centres, golf-courses, and other sporting facilities for tourists (Ryymin, 2004).

The visitor attractions sector with its 86 enterprises is the smallest. It includes facilities such as museums, zoos, amusement and science parks, as well as different kinds of special events (Ryymin, 2004).

5.3.6 Tourism policy

The Ministry of Trade and Industry has the main responsibility for laying the foundation for the tourism policy as well as overseeing its implementation. However, various other ministries and regional councils have also been involved in tourism policy making and in its implementation. Policy measures between various public actors have not been well coordinated (Peltonen et al., 2004).

The first tourism strategy was introduced in 1996. The current national tourism strategy was introduced in June, 2006. It was prepared in close cooperation with the tourism sector and it establishes a long-term plan for tourism development until 2020. The main areas of focus of the tourism strategy are the development of the round-the-year tourism; an intense growth of tourism from overseas; good accessibility of tourism destinations in Finland; development of tourism products and services; as well as cooperation between various players in the tourism sector (Ministry of Trade and Industry, 2006)

At the regional level, regional councils, Centres for Employment and Economic Development (EEDC; in Finnish: TE-Keskus), as well as communities have the main responsibility in developing tourism in their regions (Lindgren, 2003). Currently, national and regional tourism strategies are relatively inadequately linked (Santala et al., 2004). A new national tourism strategy should make an attempt to improve the coordination between different decision making levels (Finnish Ministry for Trade and Industry, 2006).

5.4 Finnish Tourist Board

5.4.1 History in short

Due to a significant growth of international travel in 1960's, the Finnish government wanted to become more involved in the tourism development. As an agency of the Finnish government the Finnish Tourist Board was established by statute in 1973, subordinated to the Ministry of Trade and Industry (Pihlström, 1998). It was assigned with the task to create the first tourism development agenda. The Finnish Tourist Board was also in charge of developing the domestic tourism. Furthermore, it advised the Ministry concerning important tourism investment proposals (Finnish Tourist Board, 2003a).

The overseas marketing of Finland as a travel destination began as early as 1926 as the first tourist office in Stockholm was established. At that time, the Finnish Tourist Association was responsible for marketing Finland overseas as well as for the operation of its own hotels and the hotels owned by the government. Further overseas offices were established in 1936 in New York, 1951 in Paris, 1956 in Munich, and 1957 in London. After the establishment of the Finnish Tourist Board in 1973, these overseas offices became part of its organisation (Finnish Tourist Board, 2003a).

5.4.2 The tasks and the organization of the Finnish Tourist Board

The former responsibilities of the Finnish Tourist Board regarding tourism development and its involvement in financial support schemes are now being taken care of by the Ministry for Trade and Industry. Its main task today is marketing Finland overseas as well as the development of tourism products (Finnish Ministry for Trade and Industry, 2006). With its self declared status as a national tourism expert, as well as its international activity, it aims to produce added value for the tourism industry. It focuses on cooperation with larger entities of the tourism industry. It encourages tourism SMEs to seek cooperation with regional organisations and tourism centres, which then eventually seek collaboration with the Finnish Tourist Board. The goal of the Finnish Tourist Board is to achieve a strategic position, which allows it to have a notable influence on the Finnish tourism sector (Finnish Tourist Board, 2003c).

The Finnish Tourist Board carries out following activities (Finnish Tourist Board, 2003c):

- Marketing and sales promotion overseas
- Provision of market information
- Support for product development
- Tourism product quality development
- Support for regions in outlining their strategies
- Support for development of networks in the tourism sector
- Cooperation and coordination within the public sector framework

The operations of the Finnish Tourist Board are headed by a Board of Directors. Its members come both from government departments and the travel industry (Finnish Tourist Board, 2006b). In 2006, it maintained sixteen offices; its head-office and fifteen overseas offices in twelve countries. It has announced the closing of three offices by the end of 2007 (Finnish Tourist Board, 2006a). In 2004, the Finnish Tourist Board employed 105 persons, of which about half worked in the overseas offices (Finnish Tourist Board, 2004a).

The strategic focus of the Finnish Tourist Board is on three product groups. Within each of these product groups it focuses on some specific travel products: summer products (touring, activities, countryside holidays), winter products (winter sports, adventure travel, Christmas holidays), and year-round products (short breaks, incentive travel and events, special interest). Strategic markets for the aforementioned products are identified based on analyses of market data.

5.4.3 Finnish Tourist Board funding

In 2005, the government grant for the Finnish Tourist Board was about 16 million euros (Finnish Tourist Board, 2003c, , 2006c). According to the result agreements (Finnish Tourist Board, 2002, , 2003b) between the Ministry for Trade and Industry and the Finnish Tourist Board, additional funding should be accumulated from outside sources. In 2005, outside funding, in the form of money, as well as in the form of industry discounts, totalled about 7.6 million euros (Finnish Tourist Board, 2006c).

In 2005, of the marketing budget 64 % was spent for product marketing and 36 % for general marketing. The largest part of the grant, 43 %, was allocated to operations in Finland. The share of the central- and southern European markets was about 31 % of the total, Scandinavia 9 %, Russia 5 %, Japan 5 %, America 4 %, and other countries 3 % (Finnish Tourist Board, 2006c).

5.5 SME sector in Finland

5.5.1 Sector characteristics

According to the SME barometer 2005 (Suomen yrittäjät, 2005), there were 228.400 enterprises in Finland in 2003. Of all enterprises, 93% were so called micro-enterprises i.e. they employed fewer than 10 people. Sole proprietors constitute about 40% of all enterprises in the whole SME sector. The whole SME sector, including all enterprises employing up to 249 persons, constituted 99.7% of the total. Especially the number of micro-enterprises increased sharply after the deep economic recession Finland experienced in the beginning of 1990's. This is in part explained by the fact that many unemployed persons established their own company to overcome unemployment (Small Business Institute, 2000).

The value added of the Finnish SMEs to the GNP is almost at the same level as that of the large enterprises (Small Business Institute, 2000). The aggregate turnover of the SMEs in 2003 was 284 billion Euros, of which micro enterprises earned 17% and the SME sector represented 52% of the total Finnish business income. Finnish enterprises, excluding farming, employed 1,308,000 people in total in 2003. Micro enterprises account for 24.4 % of employment, and the SME sector in total over 61 % (Suomen yrittäjät, 2005). Of all new employment in Finland since 1995, 78.5% has been created in the SME sector. This is at least to some extent resulting from outsourcing activities of large enterprises (Suomen yrittäjät, 2005). On average, Finnish SMEs employ four persons (European Network for SME Research, 2004). Most SMEs are in the service sector, followed by the retail trade.

According to Malinen (2001), over two thirds (66.4%) of the Finnish SMEs are growth oriented. The SME barometer 2005 comes to a somewhat lower number (57%), however. There are differences in growth intentions between sectors; 64% of the enterprises in the retail sector plan to grow, compared to only 44% of the enterprises in the construction sector.

About one fifth of all Finnish SMEs and 35% of SMEs in the service sector export their products (Suomen yrittäjät, 2005). In order to grow, SMEs in the service sector need to expand their markets overseas (Kämäräinen, 2004). The share of the service sector of the GNP and of the total employment is about 70%. Hytti (2000) maintains, that service sector in Finland is in fact taking on the position which has long been predicted to it.

5.5.2 Public policy towards SMEs

In general, Finnish SMEs consider that their greatest need for development is in marketing and sales, followed by training of personnel, the development of production methods, of product quality, and of networking (Suomen yrittäjät, 2005) . In order to be able to respond to the demands resulting from globalisation, SMEs expect from public authorities primarily actions regarding fiscal policy (enterprise and personal taxation, payments for social security) as well as ensuring the international competitiveness of the Finnish education system (Suomen yrittäjät, 2005). Direct financial support for product development from public authorities is one of the least mentioned wishes on their list in this regard.

The Ministry for Trade and Industry bears the main responsibility for SME policy. It also coordinates the public service provision to SMEs. Together with the Ministry of Agriculture and Forestry and the Ministry of Labour it maintains fifteen regional Centres for Employment and Economic Development (EEDC; in Finnish: TE-Keskus). These offer comprehensive services especially for SMEs (Sheikh et al., 2002, Lindgren, 2003). Finnvera, a state owned financial institute, is specialised in financing especially SMEs' operations. For applied and industrial research and development activities, financing may be provided by the National Technology Agency of Finland (Tekes), which is also a subordinate to the Ministry for Trade and Industry. The majority of support services for SMEs focus either on start-ups or young enterprises, while some services are also intended for enterprises in growth phase or consolidation.

5.5.3 SMEs in tourism

For the regional development in Finland, SMEs and especially micro enterprises, are regarded to have a central role. Tourism is considered to be able to contribute greatly to the revitalisation of rural areas. Nonetheless, in all tourism sectors micro enterprises prevail. Exact characteristics of tourism SMEs in Finland are not statistically compiled. It is estimated, however, that about 90% of them are micro enterprises (Peltonen et al., 2004).

One of the fastest growing sub-sectors is activities offered by specialist holiday organizers. These enterprises, organizing mainly nature based programmes, employ on average 1.5 persons. In the transport sector, commonly dominated by large enterprises, also many SMEs are operating in coastal and lake traffic, as well as in local transportation. During the high season, small retail shops are of importance for tourism in rural destinations.

Unpolluted nature is one of the main attractions for tourists in Finland. Consequently, a great number of tourism enterprises are located in the countryside. Finland is a large country and tourism enterprises therefore widely scattered. Cooperation between small enterprises might hence become cumbersome. Peltonen et al. (2004) maintains, that collaboration and networking could be essential in order to enhance the business performance especially of small and micro enterprises.

The Ministry of Trade and Industry regards tourism as an SME and labour intensive export growth sector (Lindgren, 2003). The Finnish Tourist Board offers two measures aimed directly at tourism SMEs. It has initiated - and partly coordinates - Quality 1000, which is a national quality improvement process for the travel industry. It has set as a goal that 1000 SMEs attend the programme (Finnish Tourist Board, 2005a). It has also published a handbook to assist tourism SMEs export their products (Artman and Boxberg, 2002).

5.6 Summary

Finland's vast and unpolluted nature constitutes the core of its tourism products. Tourism as an industry is still young in Finland, but it is growing in importance and is currently the fifth largest business sector. The importance of tourism varies greatly between regions. The Ministry of Trade and Industry in Finland regards tourism as a labour intensive growth sector.

The Finnish Tourist Board, founded in 1973, is a statutory organisation with a task to promote Finland as a destination overseas. It is carrying out various marketing activities in cooperation with the tourism industry. Besides promotional activities, the Finnish Tourist Board supports both tourism product development and product quality development. According to its strategy, it is primarily looking for partnership with larger tourism enterprises, regions, and cities.

The vast majority of the Finnish enterprises are SMEs and of those over nine-tenth are micro-enterprises. Tourism SMEs are considered to have an important role for the regional development and revitalisation of rural areas. Since the total area of Finland is large and it is sparsely populated, networking among SMEs is a challenging task.

CHAPTER 6

METHODOLOGY

6.1 Introduction

This chapter discusses the methodological approach used in this study on the resource dependence of SMEs on National Tourism Organisations. Furthermore, it discusses the objectives of this research and substantiates the use of the quantitative methodology employed. The operational definition of the theory, the measurement of the data, and the construction of the research instrument are explained in detail and methods for analysing the data are summarized.

6.2 Research process

The construction of theories, the design of methods for collecting data, and the empirical study of objects are fundamental aspects of social research. Theories are employed for the understanding of empirical reality, and for providing explanations and predictions. In order to fulfil this purpose in the social world, theories ought to be based firmly on data. Collection of data, for its part, must be designed in a way which results in accurate information about the objects of study (Gilbert, 1993).

The research process can be divided into various stages (Arber, 1993). The sequence of stages for this research is as follows:

- Outline and objectives of this research
- Review of the literature
- Definition of the research question

- Concepts and variables
- Research design
- Pilot test
- Measurement of resource dependence
- Data collection
- Design of the research instrument
- Sampling
- The administration of the main survey
- Analysis

6.3 Outline and objectives of this research

The travel industry in Europe consists to a large extent of SMEs. These companies form the backbone of the tourism industry in many destinations. Due to their small size and lack of resources, however, they are generally not able to market their products on a large scale using various marketing methods.

NTOs cooperate with the tourism industry in order to promote their destinations in an orchestrated way. They provide resources, which tourism SMEs may be lacking. They have relatively large budgets for activities that, above all, might have importance for small and medium-sized enterprises.

Lack of resources and a subsequent need on the part of SMEs to acquire them from external sources increase their dependence on resource providers. While NTOs provide resources for tourism enterprises, SMEs are often short of various critical resources. Hence it follows that a dependence relation between organisations might occur.

One of the objectives of this study was to identify possible resource dependence and its extent, between SMEs and an NTO. The study also aimed to define which factors might affect this dependence. Depending on various factors, the ways that an SME might depend on different resources could vary. Therefore, another objective was to analyse the enterprises' dependency on individual resources as well. The detection of possible underlying structures of resource dependence was a further focus of this survey.

The overall research question was the extent to which the SMEs in tourism depend on resources of an NTO. Finland was taken as the study area of this work. Within this the objectives of this research were:

- To examine the overall resource dependence of the tourism SME sector on the resources of the NTO in Finland.
- To identify factors affecting dependence of tourism SMEs on NTO resources.
- To identify specific NTO resources on which tourism SMEs are highly dependent.
- To establish the underlying structures of tourism SME's dependence on NTO's resources.

6.4 Review of the literature

The literature reviewed for this study reflects the existing body of knowledge on the research subject. The literature review includes literature provided on:

I. National tourism organisations
II. Small and medium-sized enterprises
III. Interorganisational relations
IV. Background information on Finland

Interorganisational relations were explored from the perspective of cooperation and resource dependence. Moreover, literature concerning policymaking and tourism policy issues was studied. In addition to the literature review, other secondary data were essential as background information to the study. This data included government reports on the tourism sector and tourism development in the study area, marketing plans, other published information about strategies and activities of NTOs, as well as news and articles in trade and other media.

6.5 Definition of the research question

In order to broaden knowledge of relationships between organisations in the tourism sector, this research draws upon the perspective of interorganisational relations as well as, more specifically, upon the resource dependence concept to explore the dependence of tourism SMEs on NTOs.

Within the overall question of the relationship between NTOs and SMEs the research intends to give answers to the following questions:

- What is the extent of tourism SMEs' resource dependence on the NTO in Finland?
- What are possible factors affecting tourism SMEs' resource dependence?
- Are there specific resources provided by NTO, on which SMEs are highly dependent?
- Can underlying patterns in the resource dependence of SMEs on NTOs be established?

The design of this research is both descriptive and explanatory. Furthermore, it is a cross-sectional study on the relationship between tourism SMEs and NTOs.

6.6 Concepts and variables

6.6.1 Defining concepts

The term 'concept' is a modern substitution for the older term 'idea', without the latter's associations with subjective mental metaphors (Blackburn, 1994, Honderich, 1995). A concept is "that which is understood by a term, particularly a predicate" (Blackburn 1994:72). A concept has many capacities such as "the ability to apply or indeed to misapply a concept, to extend it to new cases, to abandon it in favour of an alternative concept.." (Honderich 1995:146).

In order to render a concept measurable, it needs to be operationally defined. By operationally defining a concept, its properties or dimensions are identified. These are then converted into observable and measurable elements. Elements might be measurable objectively and precisely. They might also be subjective and measurable only by observing people's behaviour or characteristics (Sekaran, 2000).

6.6.2 Operational definition of the resource dependence concept

Resource dependence is a concept, which has been created and developed by academics since the 1960's. The term "resource dependence" denotes a theory trying to explain interorganisational interactions and dependencies resulting thereof. The resource dependence concept explored in this study is primarily based on Pfeffer and Salancik's (1978) developments of the theory as well as Saidel's (1990) research on resource interdependence.

According to Pfeffer and Salancik, resource dependence is a function of the importance of a resource to an organisation, of the availability of alternative resources, and of an organisation's ability to influence an external provider's decisions regarding its allocation of resources. The dimensions of the resource dependence concept can hence be defined as *importance*, *alternatives,* and *influence.*

The *importance-dimension*, consistent with Pfeffer and Salancik, is composed of two elements: the criticality of a resource to an organisation's operation on the one hand, and the extent of resource exchange from an external organisation on the other. These elements can be defined as *perceived importance* (later: criticality) and *magnitude of exchange* (later: magnitude).

The *alternative-dimension* can also be broken down into two elements: an organisation's *knowledge about existing alternative resources* (later: alternatives) and its *access to these alternatives* (later: access).

Only one element marks the *influence-dimension*. In order to measure this dimension, one has to find out how an organisation can affect the provision of external resources. This element can be defined as *influence on the provision of the resource* (later: influence).

Fi*gure 6.1* illustrates the dimensions and their elements resulting from the operational definition of the resource dependence concept.

6.6.3 Variables

Variables are objects of measurement in an empirical research. They are capable of taking on different values at various times for various objects (Sekaran, 2000, Nummenmaa, 2004).

Variables can be classified in different ways. Kumar (1996) categorizes them according to their causality, study design, and unit of measurement. He maintains that *independent variables, dependent variables, extraneous variables*, and *intervening variables* may operate in causal relationships.

Regarding the manipulability of variables, they can be defined as *attribute variables* or *active variables*. Attribute variables cannot be manipulated and they are essentially characteristics of subjects.

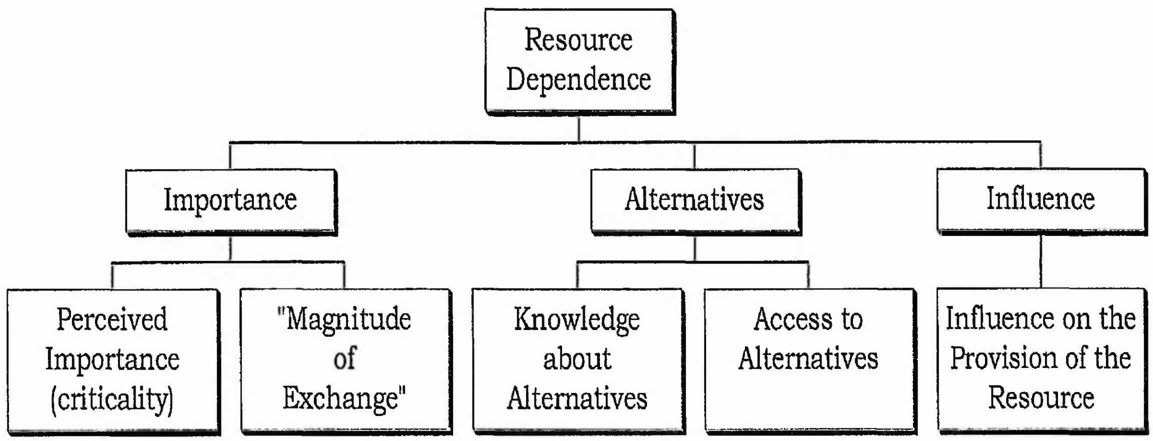

Figure 6.1 Operational definition of the resource dependence concept
(Source: Sekaran 2000; Saidel 1991; Pfeffer and Salancik 1978)

Active variables can be controlled by a researcher. From the perspective of unit measurement, variables can be categorized depending whether they measure *quantitative* or *qualitative* attributes or depending on their measurement precision. The above mentioned categories are not mutually exclusive (Kumar, 1996, Black, 1999).

In this study, the following types of variables have been used:

DEPENDENT VARIABLES

Scale variables measure resource dependence (questions 21 through 25 in the final questionnaire). In section *6.7.3*, the measurement scale is presented in detail.

INDEPENDENT VARIABLES

The demographic variables depicting enterprises were their sector, location, age, ownership, size, and share of foreign guests (questions 1 through 7). The level of a respondent's education, tourism qualification, and position within his/her organisation were additional demographic variables in this research (question 18 through 20).

Behavioural variables depict the use of IT technology (questions 8 and 9), the various levels of marketing planning (questions 10 and 11), marketing activities (question 12), cooperation (questions 13 through 15), memberships (question 16), as well as an enterprise's growth plans (question 17).

Attitude variables In the final section of the questionnaire, two attitude questions were asked. In a five point Likert-type scale, respondents were requested to give their opinion on the importance of the NTO to their own organisation (question 26) as well as on the importance of the NTO for Finland (question 27).

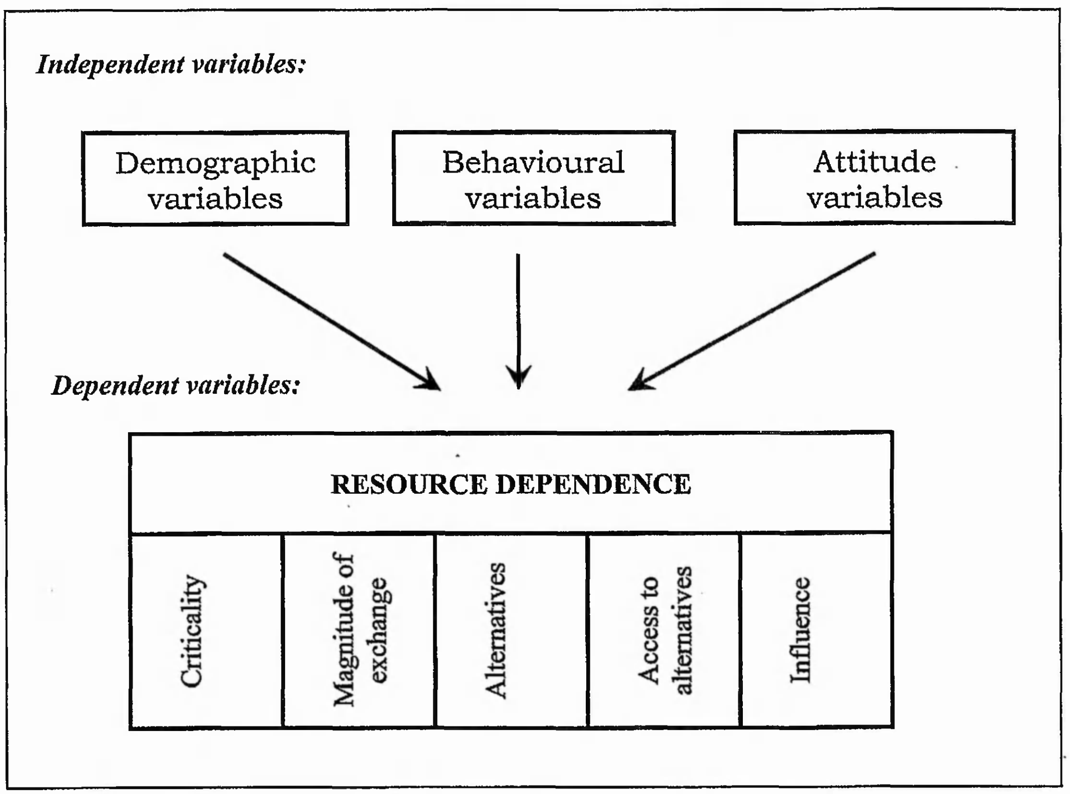

Figure 6.2 Relationship between independent and dependent variables

Figure 6.2 illustrates the relationship of the variables used in this research. The relationship between variables is indicated by the direction of the arrows.

6.7 Research design

This research is a cross-sectional study, whose main focus lies on the interorganisational relationship between tourism SMEs and the National Tourism Organisation. It aims to illustrate this relationship as well as to explain its nature using the theory of resource dependence.

Descriptive research describes relationships and discusses relevant aspects of the issue in question (Sekaran, 2000, Sarantakos, 2001). Explanatory research aims to explain social relations and to advance our knowledge of them (Sarantakos, 2001). Following these definitions, this research is both descriptive and explanatory in nature.

Scientific research should satisfy certain requirements. According to Black (1999:2), "scientists endeavour to be specific, objective, well focused and systematic, to the extent that [the results] could be replicated by someone else". Sekaran (2000) maintains that for a descriptive study quantitative data is necessary. In order to comply with these demands and since one of the objectives of this study was to quantify the level of resource dependence among SMEs, the application of a quantitative analysis was chosen.

The literature review exposed a large number of variables which could possibly be measured. In all cases they proved to be measurable. This justified an adoption of a quantitative method in this study. Furthermore, this study was carried out in Finland, which is a large and sparsely populated country. Tourism enterprises are geographically widely spread. This also supported the use of a quantitative method for collecting data. A quantitative method using online and mailed questionnaires was regarded as necessary in order to ensure an appropriate amount of data for the final analysis.

6.8 Pilot test

The starting point for the development of the pilot test questionnaire for this research was the research instrument used by Saidel (1990) for her study of resource interdependence between government and non-profit organisations. It provided principles for the construction of the resource dependence measurement scale. The measurement scale with five sub-scales adopting Pfeffer and Salancik's advances of the resource dependence theory was then built. The pilot questionnaire was further refined in collaboration with several small and medium-sized Finnish tourism enterprises. This procedure facilitated the selection of scale items and an appropriate language. A result of this process is a measurement scale that differs substantially from the one Saidel used.

In order to test this new measurement tool, a pilot test was carried out in Finland in September 2004. For the sampling frame, the mailing database of the Finnish Tourist Board was used. Applying the random sampling technique, a sample of 316 enterprises was drawn. Eleven addresses in the sample were without an e-mail address, and therefore the questionnaire had to be mailed to them. The rest of the sample received an e-mail with a link to the questionnaire on the Internet. Respondents were reminded twice. After subtracting from the total those questionnaires which were not delivered, a response rate of 32 % with 101 completed questionnaires was recorded.

After analysing the pilot test results, it was decided to rephrase question 21, which was part of the resource dependence scale. The goal was to sharpen the instrument in order to reveal not only important, but also critical resources for each respondent. This new set of questions was piloted for a new sample of 142 enterprises. In total, 34 filled questionnaires were returned. The response quote was 24%. The item analysis for a new set of questions showed higher correlations for thirteen items but lower correlations for four items compared to the original set of questions.

After the pilot test, in question number 1 the category "museum" was included in the category "visitor attraction". In order to clarify the sector classification to the respondents, definitions of "transport", "farms stay", "other accommodation", "visitor attraction", and "specialist holiday organizer" were added.

Regarding the question of ownership of an enterprise (question 4), the categories "part of a chain" and "franchise" were discarded as they overlapped with other categories. The category "association" was added to the same question.

The scale description for the middle of the scale (3) was modified from "Neither agree or disagree" to "Partly agree, partly disagree". These changes seemed to be necessary in order to discourage respondents from using the scale middle point as an equivalent of "do not know" or "indifferent".

The reliability coefficient (Cronbach's alpha) was computed for the pilot test. The alpha for the resource dependence scale was 0.894 (standardised alpha 0.896), which was acceptable.

6.9 Measurement of resource dependence

6.9.1 Introduction

One of the objectives of this study was to assess to what extent Finnish tourism SMEs are dependent on the National Tourism Organisation's resources. To this end, a valid and a reliable measurement tool needed to be created. The employment of a multidimensional resource dependence measurement scale allowed a detailed analysis of the factors affecting the resource dependence of the tourism SMEs.

Two elements necessary to build a resource dependence scale are a) the resources that are provided by an external provider, and b) the measurement criteria for the resource dependence.

In the section below, the definitions employed for the resources measured for the purpose of this study are provided. Resource dependence is here defined as a function of five elements, each of which is having a particular effect and is measured individually. Since some of these elements are assessed with an attitude measurement scale, a brief introduction to attitudes and their measurement is presented. The construction of the measurement scale as well as its interpretation is then explained more comprehensively in the remainder of this section.

6.9.2 Resources

In order to build a resource dependence measure, resources made available by NTOs to tourism enterprises had to be identified. Besides tangible, also intangible resources - like information, skills, and legitimacy - are exchanged between organisations (Pfeffer and Salancik, 1978).

Middleton (1998) suggests that typical tasks of an NTO include destination promotion and market facilitation. Destination promotion includes advertising, public relations, and production of promotional material. Market facilitation includes flow of research data, representation abroad, organization of workshops, trade shows and familiarization trips, travel trade information, joint campaigns, information and reservations systems, support for new products, marketing expertise for trade consortia, customer services, and general advisory services for the industry. All of these can be defined as resources of NTOs.

The focus of this research lies on the relationship between Finnish tourism SMEs and the Finnish Tourist Board. Therefore, the core resources of NTOs are employed as a framework to identify those resources which the Finnish Tourist Board provides for the tourism industry. Two papers, the strategy (Finnish Tourist Board, 2003) and the marketing plan of the Finnish Tourist Board (2004) provided a source for specifying these resources. In *Table 6.1* the NTO tasks defined by Middleton as well as corresponding resources of the Finnish Tourist Board are summarized.

NTO tasks		Finnish Tourist Board resources
Destination promotion	Advertising	• Destination marketing
	Production of promotional material	• Destination marketing
Market facilitation	Flow of research data	• Research data
	Representation in markets of origin	• Representation overseas
	Organization of workshops, exhibitions, and familiarization trips	• Contacts with the travel trade • Contacts with foreign media
	Travel trade manuals	• Travel trade information
	Joint campaigns	• Joint domestic marketing • Joint foreign marketing
	Information and reservation systems	• Consumer information • Reservation systems
	Support for new products	• Support for tourism product development
	Marketing expertise for trade consortia	• Marketing knowledge
	Customer services	• Consumer information
	General advisory services for the industry	• Information about domestic marketing • Information about foreign marketing • Training • Lobbying
		• Contacts with domestic media

Table 6.1 NTOs' general tasks (according to Middleton 1998) and the corresponding Finnish Tourist Board resources

Wanhill (2004) claims that governments have interest in creating national reservation systems. He suggests that the most likely route for NTAs is to act as facilitators to bookings by providing information as well as links to existing reservations systems. While the Finnish Tourist Board does not maintain an own reservation system for tourism products, it provides through its PROMIS (Professional Marketing

Information System) product information facilitating direct bookings by consumers from tourism service providers. Therefore, reservation systems were included in the resource list.

Middleton (1998) has not defined contacts with the domestic media as a NTO resource. Since the Finnish Tourist Board maintains these contacts, they were also included within the list above.

All identified Finnish Tourist Board resources included within the list above were used as items in the measurement scales assessing resource dependence.

6.9.3 Constructing the measurement scale

After naming the resources and defining the criteria for the measurement of resource dependence, a measurement tool was built. Resource dependence is a function of three dimensions, which in this study have been broken down to five elements. In order to combine these elements within an overall scale, they must be commensurable. Since some of the elements can only be assessed subjectively, the use of Likert type measurement technique was considered appropriate. A brief introduction to attitudes is given below.

The subscales of the resource dependence scale employed in this study will be explained in more detail. Thereafter, the scaling method chosen as well as its limitations for this study are explicated. Details relating to the scale score calculation and its interpretation are discussed in subsequent sections. Finally, the reliability and validity of the new scale are determined by using the data from the final study.

6.9.3.1 Attitudes

Attitude is usually defined as an enduring predisposition towards a particular aspect or as an inclination to behave in a certain way (Shaw and Wright, 1967, Oppenheim, 1992, Procter, 1993, McDougall and Munro, 1994, Clark et al., 1998). Consensus exists on many of the attributes attitudes have, e.g., they are learned, they are relatively constant, and they refer to a particular object. Moreover, there is agreement that attitudes may be negative or positive, that their intensity varies, and that a person's attitudes are not isolated constructs but that they are interrelated (Shaw and Wright, 1967, Oppenheim, 1992, Clark et al., 1998).

Three components are linked to attitudes: a cognitive, an affective, and a behavioural component. The view that all these three components are present in an attitude and related to each other, is almost universally adopted (Ajzen and Fishbein, 1980). The cognitive component refers to a person's beliefs and knowledge about a certain object as well as to her perception of it. The affective component corresponds to an individual's feelings towards an attitude object. The behavioural component reflects either action taken, or an intention to act by an individual (Ajzen and Fishbein, 1980, McDougall and Munro, 1994). This point of view has been challenged by Shaw and Wright (1967). They agree that the previously mentioned components are present, but maintain that attitude is "a set of affective reactions toward the attitude object" (1967:13). These reactions are derived from beliefs and knowledge a person has about an object. Attitudes then predispose an individual to behave in a certain way. Hence, according to Shaw and Wright, only affective components comprise an attitude.

Attitudes are said to be good predictors of behaviour and they are measured in order to understand why people behave as they do (McDougall and Munro, 1994). Since attitudes are abstract, they cannot be measured directly but must be inferred indirectly. They are often multidimensional suggesting that multiple indicators should be used for assessing them (Procter, 1993).

Commonly, attitudes are measured in a continuum, where one end indicates positive and the other end negative feelings towards an object. This method helps to rank people in relation to one another according to the intensity of their attitudes. Oppenheim (1992:175) maintains, that "there is no proof, however, that this model of a linear continuum is necessarily correct, though it does make things easier for measurement purposes". Section 6.9.5 includes a discussion about limitations of attitude measurement scales.

6.9.3.2 Resource dependence scale construction

Resource dependence, in this survey, was defined as a function of the following elements: importance, magnitude, alternatives, access, and influence. For the measurement of resource dependence, five separate scales were produced. Four scales consisted of seventeen items each, each of them standing for a specific resource an NTO provides for tourism SMEs. One of the elements was measured with only a single item. Below the scales are introduced at length.

Importance-scale/Criticality

The importance-scale measures the criticality of the resources to the SMEs. The statements or scale items assess the necessity of the resources for the survival of the surveyed organisations. Seventeen statements, each indicating the criticality of one resource, constitute the importance scale. The items of this scale are presented in *Table 6.2.*

RESOURCES FOR THIS ENTERPRISE *Question 21. Below are statements about various resources, which potentially could be important for this enterprise. For each please indicate to what extent you agree or disagree with the statement by ticking the appropriate box.*					
1. *Information about the domestic market is vitally important for this enterprise.*					
2. *Information about foreign markets is vitally important for this enterprise.*					
3. *In order to survive, this enterprise must have knowledge about tourism marketing.*					
4. *Support (economic, know-how etc.) for tourism product development is critical for the continuation of this enterprise's business.*					
5. *Research findings are essential for this enterprise's business.*					
6. *Marketing of Finland as a tourism destination is crucial for this enterprise.*					
7. *In order to continue its business in the domestic market this enterprise needs to cooperate with other enterprises regarding marketing.*					
8. *In order to continue its business in the foreign markets this enterprise needs to cooperate with other enterprises regarding marketing.*					
9. *For the future of this enterprise, it is important that its products are in the global reservation systems.*					
10. *Dissemination of information to consumers by phone, mail and Internet is vital for this enterprise.*					
11. *Dissemination of information to the travel trade on a regular basis is vital for this enterprise.*					
12. *Contacts established with the travel trade e.g., on workshops, trade-shows, familiarization trips are a precondition for this enterprise staying in business.*					
13. *Contacts with the domestic news media are crucial for this enterprise.*					
14. *Contacts with the foreign news media are crucial for this enterprise.*					
15. *Obtaining professional training is a prerequisite for this enterprise's survival.*					
16. *Representation through foreign offices is essential for this enterprise.*					
17. *Lobbying for the tourism sector is crucial for this enterprise.*					

Table 6.2 Importance scale

Importance-scale/Magnitude of exchange

A second dimension of resource importance is the level of resource exchange between organisations. Since this study aims to investigate the dependence of SMEs on NTOs, only the magnitude of the use of the resources of NTO by the SMEs was probed. Also, since resource flow from an NTO to the tourism industry seldom includes easily measurable, tangible resources, it consists of mainly intangible resources like research and market information, expertise, representation, and lobbying. The use of a Likert type scale in order to measure the perceived extent of resource exchange was for these reasons considered appropriate.

RESOURCES FROM THE FINNISH TOURIST BOARD (FTB) *Question 22. Below are statements about resources, which the FTB provides for tourism enterprises. For each please indicate to what extent you agree or disagree with the statements by ticking the most appropriate box.*					
1. This enterprise uses information provided by the FTB about the domestic market.					
2. This enterprise uses information provided by the FTB about foreign markets.					
3. This enterprise uses the FTB's tourism marketing knowledge.					
4. This enterprise uses FTB's support for the development of tourism products.					
5. This enterprise uses research information provided by the FTB.					
6. This enterprise makes use of the FTB's marketing for Finland as a tourism destination					
7. This enterprise uses joint promotional activities with other enterprises and organisations organised by the FTB to reach domestic customers.					
8. This enterprise uses joint promotional activities with other enterprises and organisations organised by the FTB to reach foreign customers.					
9. This enterprise uses the reservation systems or connections to them set up by the FTB					
10. This enterprise uses the FTB's information systems for disseminating information by phone, mail or the Internet to consumers.					
11. This enterprise uses the FTB's information systems to inform the travel trade about its products.					
12. This enterprise uses the activities organised by the FTB (workshops, trade-shows, familiarization trips etc.) to establish contacts with the travel trade.					
13. This enterprise uses contacts with the domestic news media, which are set up by the FTB					
14. This enterprise uses contacts with the foreign news media, which are set up by the FTB					
15. This enterprise uses training offered by the FTB.					
16. This enterprise uses the FTB's overseas offices.					
17. This enterprise makes use of the FTB's lobbying.					

Table 6.3 Magnitude scale

Statements regarding different resources in the magnitude scale were composed in a similar order compared to those in the scale measuring criticality of resources.

The wording of the statements focused specifically on the use of the NTO resources. Seventeen statements in total were included in the scale. Question 22 measuring the magnitude of exchange is shown in *Table 6.3.*

Alternatives-scale/Alternative availability

The existence of alternative resources and an organisation's awareness of them is another important factor in defining its resource dependence.

The respondents' knowledge of substitute resources to those offered by the NTO was probed with question 23.

Again, a seventeen-item scale was constructed with each item exploring the possibility of acquiring a specific resource from sources other than the NTO. The wording of the statements aimed to clearly focus on alternatives to the NTO resources. Question 23 is presented in *Table 6.4.*

<u>RESOURCES FROM PROVIDERS OTHER THAN THE FINNISH TOURIST BOARD (FTB)</u> *Question 23. Below are statements regarding the availability of resources for your enterprise from sources other than the FTB. Please indicate to what degree you agree or disagree with the statements by ticking the most appropriate box.*					
1. There are suppliers of information about the domestic market other than the FTB.					
2. There are suppliers of information about foreign markets other than the FTB.					
3. Tourism marketing knowledge is obtainable from sources other than the FTB.					
4. Support for tourism product development is offered by organisations other than the FTB.					
5. Research findings relevant for this enterprise are provided by organisations other than the FTB.					
6. Finland is promoted as a tourism destination in foreign markets also by organisations other than the FTB.					
7. Joint promotional activities for the domestic market are provided by organisations other than the FTB.					
8. Joint promotional activities for the foreign markets are provided by organisations other than the FTB as well.					
9. There are reservation systems other than those provided by the FTB.					
10. Information systems for disseminating information to consumers by phone, mail, and the Internet are obtainable from organisations other than the FTB.					
11. There are systems other than those of the FTB that provide information about tourism products in Finland for the travel trade.					
12. There are organisations other than the FTB, which can help businesses, establish new contacts with the travel trade.					
13. There are organisations other than the FTB, which can establish contacts with the domestic news media.					
14. Contacts with the foreign news media can be established by organisations other than the FTB.					
15. There are providers for professional training for enterprises other than the FTB.					
16. There are other organisations than the FTB, which represent tourism enterprises in foreign countries.					
17. A range of lobbyists other than the FTB is available to represent the interests of tourism enterprises.					

Table 6.4 Alternatives scale

<u>Alternative-scale/Access to alternatives</u>

Another dimension of resource alternatives is an organisation's access to them. A seventeen-item access scale was constructed in order to measure the respondent's perceived ability to exploit alternative resources. The order of the statements was the same as in the previous scales. They were worded in a way which aimed to make clear that a factual, not a hypothetical access to the alternatives was meant. *Table 6.5* summarizes the question 24.

ACCESS TO ALTERNATIVE RESOURCES *Question 24. Below is a list of statements about this enterprise's access to alternative resources - other than those of the Finnish Tourist Board - potentially needed by it. For each please indicate to what degree you agree or disagree with the statements by ticking the most appropriate box.*					
1. If needed, this enterprise has access to information about the domestic market from different sources.					
2. If needed, this enterprise has access to information about foreign markets from different sources.					
3. This enterprise can utilize knowledge of many suppliers about tourism marketing.					
4. This enterprise has access to support for tourism product development from various sources.					
5. This enterprise has access to research findings of different suppliers.					
6. This enterprise can make use of other than the FTB's marketing of Finland as a travel destination.					
7. This enterprise can join promotional activities with other organisations than the FTB in the domestic market.					
8. This enterprise can join promotional activities with other organisations than the FTB in foreign markets.					
9. If needed, this enterprise can use reservation systems to sell its products.					
10. This enterprise can use alternative methods for disseminating information by phone, mail or the Internet to consumers.					
11. This enterprise can use alternative methods for informing the travel trade.					
12. This enterprise has access to organisations, which can help it establish new contacts with the travel trade.					
13. This enterprise has access to organizations, which can help it establish contacts with the domestic news media.					
14. This enterprise has access to organizations, which can help it establish contacts with the foreign news media.					
15. If necessary, this enterprise can get professional training from different suppliers.					
16. This enterprise can be represented abroad by many organisations.					
17. This enterprise has access to lobbyists, which are able to represent its interests.					

Table 6.5 Access scale

Influence

Due to the large number of statements resulting from the inclusion of seventeen resources/items for each of the four scales, the decision was made to measure the influence dimension with one statement only. This decision was considered reasonable, since the influence of an organization upon others is often indirect and, therefore, cannot necessarily be measured for one single resource. The formulation of the question 25 is presented in the *Table 6.5.* The complete questionnaire is presented in *Appendix 1.*

INFLUENCE ON THE FTB *Question 25. By using the scale below please indicate to what degree you agree or disagree with the*					
This enterprise can influence FTB's decisions regarding the allocation of its resources.					

Table 6.6 Influence scale

6.9.4 Scaling method

Statements in the four new scales constructed for this study measured the respondents' opinions about different aspects of resources provided by the NTO. Three major techniques for constructing measurement scales are:

- Summated rating scale, known as the Likert scale;
- Equal-appearing-interval scale, also known as the Thurstone scale; and
- The cumulative scale, also known as the Guttmann scale

The summated rating scale developed by Likert is probably the easiest construct to measure attitudes (Kumar, 1996). These scales are relatively robust and their reliability is likely to be good (Oppenheim, 1992).

In this study, a five point Likert-type scale was used to measure dependent variables. On a Likert scale, respondents are requested to specify a degree of agreement or disagreement with a set of statements relevant to an attitude (McDougall and Munro, 1994). This results in a raw score, which is then converted into a total score by finding the average or the sum of the numerical values of all scale items (Likert, 1932, Ajzen and Fishbein, 1980, Everitt and Wykes, 1999).

In the five subscales of this study, number 1 equalled "strongly disagree", 2 "disagree somewhat", 3 "partly agree, partly disagree", 4 "agree somewhat" and 5 "strongly agree". A particular wording for the midpoint of the scale was chosen, referring to Schnell et al. (1989), to prevent respondents from using the midpoint in case of "don't know" or "indifferent" type of answers. In her study on resource interdependence, Saidel (1991) applied this approach, but used a six-point scale. Oppenheim (1992) maintained that the middle score is not necessarily the neutral point, since it can be reached in many different ways anyway.

A higher score on the scale used in this survey for the elements *importance* and *magnitude* suggests more dependence on the dimensions measured. In contrast, a higher score for the items *alternatives* and *access* proposes less dependence on a dimension. Consequently, increasing score levels in *importance* and *magnitude* also increase dependence, whereas increasing score levels in *alternatives* and *access* decrease dependence. Regarding *influence* it follows that with an increasing influence upon the resource provider, an organisation can decrease its dependence.

All statements representing items in the scale were worded positively. In the literature, recommendations are given for having up to one-half of the statements worded negatively, in order to avoid stereotyped responses at one end of the scale (Likert, 1932, Ajzen and Fishbein, 1980, Schnell et al., 1989, Oppenheim, 1992, Kumar, 1996, Clark et al., 1998). Since some of the comments from the pilot study respondents were rather disapproving regarding negatively worded statements, it was decided not to use them in the main research in order not to obstruct the response. Kumar (1996) provides support for this decision, as the scale employed can be considered to be one-directional.

6.9.5 Considerations regarding the Likert scale

The Likert scale is popular in attitude measurement because it is easy to construct and to administer. It has proven that it is easy to use, that its results are easily interpreted, and that its reliability and validity can often be established (Shaw and Wright, 1967, McDougall and Munro, 1994).

There are some weaknesses and considerations, however, which must be born in mind when using the Likert scale. First, results of the measurement with this kind of scale cannot be directly compared with results from other kind of statistical research. That is, attained scores have only meaning within the sample (Shaw and Wright, 1967). Also, attitude or opinion as such cannot be directly measured and respondents can merely be placed in relation to one another (Kumar, 1996).

Second, it must be born in mind that with the Likert scale an identical score of respondents may also have different meanings, because the underlying attitude or opinion differences stay uncovered (McDougall and Munro, 1994). Even the same total score can also have very different meanings, since it can be achieved in many different ways (Oppenheim, 1992, McDougall and Munro, 1994). According to

Oppenheim (1992), for this reason a pattern of responses measured with the Likert scale is more interesting than the total score.

Third, the properties, which the Likert scale possesses, are disputed. It is frequently regarded as an interval scale, thereby allowing the use of parametric analysis methods (Ostrom, 1989, Sekaran, 2000). While some writers have voiced concerns about the Likert scale's interval properties and would rather treat it as an ordinal scale (Shaw and Wright, 1967, McDougall and Munro, 1994), Benninghaus (1991) and others (Opp and Schmidt, 1976, Weede, 1977) argue that there are good reasons for suggesting that scales of this kind can be treated like interval scales.

6.9.6 Scale score calculation

In the resource dependence scale, high scale scores for the importance and the magnitude dimensions increase the level of resource dependence. To the extent that alternative resources are available, however, dependence is less (Cook, 1977). Consequently, high scale scores for alternatives and access *decrease* the level of resource dependence. Prior to the calculation of the resource dependence score, item scores given for alternatives and access dimensions must be reversed in order to arrive at a correct aggregate score.

The effects of the influence dimension on the scale proved to be problematic. Especially in those cases where the magnitude of resource exchange scored very low – indicating low level of dependence - influence also scored low. This had an apparent effect of increasing resource dependence. Reasonably, if no exchange takes place, there is most likely no need to influence the provider of resources. A low score for the influence dimension did in these cases cause an unfounded increase in the level of the aggregate resource dependence score. To avoid incorrect results, this dimension was discarded from the aggregate score.

Resource dependence can be calculated as a sum of all seventeen items or average total scores (Likert, 1932, Saidel, 1990). In this research, the latter method – also employed by Saidel (1990) – has been applied. In order to calculate the level of total resource dependence, the following formula was applied:

Resource Dependence

=

Mean (Importance) + Mean (Magnitude) + Mean (Alternatives/Reversed) + Mean (Access /Reversed) / 4

Using the abovementioned formula, dependence scores for single items, i.e., for a single resource, may also be determined.

6.9.7 Scale score interpretation

Resource dependence, although a widely used concept, has not been frequently measured quantitatively. This study builds up on a research carried out by Saidel (1990), where a measurement scale was employed. How to define though, whether an organisation is dependent on external resources or whether it is not? Where do we draw the line between low and high dependence?

Bacharach and Lawler (Bacharach and Lawler, 1980) maintain that dependence (or interdependence) is an inherent feature of social life. Only parties operating in total isolation can stay independent. In this study, a combined resource dependence score of 1.00 would stand for total independence of SMEs on NTO resources. Conversely, a score of 5.00 would indicate total dependence.

In line with Saidel, another way of describing the extent of resource dependence is to present the scale in percentages, where the lowest score corresponds to 0 % theoretical dependence (=100 % theoretical independence), the midpoint of the scale stands for 50% theoretical dependence/independence and the highest score indicates 100% theoretical dependence (=0 % theoretical independence).

Saidel classified the magnitude of interdependence as low, moderate, and high. Adapting the numerical levels of her analysis (1990:103) to the present study, the score of 1.0 to 2.3 would correspond to a low level of dependence, 2.4 to 3.6. to a moderate level of dependence, and 3.7 to 5.0 to a high level of dependence.

6.9.8 Reliability and validity of scale

Constructed scales must be subjected to tests of validity and reliability. Measurements which are done with the scale should be valid, i.e., measure concepts accurately. They must be reliable, i.e., they must be without bias and give consistent results from one measurement to the next (Gilbert, 1993, Clark et al., 1998, Sekaran, 2000). Benninghaus maintains (1991) that a multi-item measurement can be called a scale only after its validity and reliability have been established.

Reliability and validity are related to each other. Reliability is a necessary condition for validity, but a valid measure is not necessarily reliable (Oppenheim, 1992).

Validity

Validity explains to us what can be inferred from test scores. A measurement should be valid internally and externally. A measurement with an internally valid test is free from non-random error or bias, whereas a measurement with an externally valid test generates results that can be applied to the target population in the study (Fink, 1998). Oppenheim (1992) identifies four different types of validity: content validity, concurrent validity, predictive validity, and construct validity.

Construct validity specifies what the test measures and if it measures the concept as hypothesized (Oppenheim, 1992, Anastasi and Urbina, 1997, Sekaran, 2000). It has become the most fundamental validity concept (Anastasi and Urbina, 1997). Content validity of the measure ensures that the set of items in the scale tap the concept adequately and representatively. Concurrent validity shows how well the measure correlates with other validated measures. Predictive validity shows how well the test can differentiate among individuals to a future criterion (Oppenheim, 1992, Sekaran, 2000).

The concept of resource dependence was operationally defined for this study. For each of the elements identified, a separate measurement scale was then constructed in order to adequately tap the concept. By taking account of the relevant aspects of resource dependence, this procedure provided a basis for establishing the content validity of the measurement.

Reliability

The concept of reliability covers several aspects of score consistency. A reliable measure gives constant results in varying test conditions, at different time of testing, and with different sets of equivalent items. Reliability can be tested using statistical methods, which estimate what proportion of the total variance is "true" variance attributable to individual differences and what proportion of test scores is error variance. Any condition that is unrelated to the purpose of the test indicates error variance (Anastasi and Urbina, 1997, Black, 1999).

Reliability is measured by using only internal criteria. Stability of measure is typically tested by administering the same instrument twice to the same respondents. For assessing the more significant measure of reliability (Procter, 1993) – internal consistency - several statistical methods exist. Of these the Split-half method and Cronbach's alpha are the most frequently used.

For the four scales used in this research instrument and for the aggregate resource dependence score, the following reliability coefficients were computed in the final survey:

	Cronbach's Alpha	Standardised Alpha	Split-half Part 1	Split-half Part 2
- Importance-scale	0.915	0.915	0.845	0.858
- Magnitude-scale	0.965	0.966	0.939	0.940
- Alternatives-scale	0.958	0.958	0.921	0.933
- Access-scale	0.946	0.947	0.910	0.905
- Resource dependence	0.952	0.952	0.920	0.911

Schnell et al. (1989) regard all alpha values over 0.8 as acceptable. Anastasi and Urbina (1997) consider reliability values in the 0.80s or 0.90s as desirable. Peter and Churchill Jr. (1986) suggest a somewhat lower minimum target value of 0.75 for researchers. All Cronbach's alpha values in the main study were in an acceptable range. In the Split-half reliability test for the aggregate resource dependence scale a Cronbach's alpha value for the part 1 = 0.920 was computed and an alpha for part 2 = 0.911.

6.10 Data collection

6.10.1 Collecting data in Finland

The data for this research was collected in Finland. According to studies referred to in the literature review, Finnish SMEs are quite similar to those of other European countries (ENSR - European Network for SME Research, 2002, Suomen yrittäjät, 2005). Therefore, there is a high likelihood that data collected from this population is representative for other similar countries as well.

The national tourist board is the focal organisation in this study. The Finnish Tourist Board has, in its development, followed some of those general trends referred to in the literature review. In recent years it has focused more on cooperation with the travel industry and on marketing.

A further reason for deciding to carry out the research in Finland is the researcher's own background. Not only being a Finnish citizen, but also working for the Finnish Tourist Board have been motives for doing the study in her native country.

6.10.2 Data collection technique

According to the Finnish Ministry for Trade and Industry the number of enterprises, which could be included in the tourism sector, was 13,583 in 2002 (Häyhä, 2002). This number contains 7,963 restaurants, which were not objects of this study. Excluded from the abovementioned statistics are enterprises offering farm stays. In order to investigate effectively the extent of resource dependence among tourism SMEs, a quantitative method using questionnaire was employed. One reason for employing this method was the wide geographical spread of enterprises in Finland. Another consideration in favour of a quantitative method was a large number of potentially measurable variables detected in the literature review.

For those enterprises in the sample that had submitted their e-mail addresses, an online questionnaire was offered. Respondents received an e-mail containing the researcher's information about the study together with a link to the questionnaire. The questionnaire was located in an Internet domain which could be accessed by the researcher and an outside administrator only. The online questionnaire was created and the survey was carried out with the Similan Survey Manager (SSM) solution.

Out of 1,141 enterprises in the total sample 228 did not have or had not provided an e-mail address. They received a mailed questionnaire with a postage paid return envelope.

6.11 Design of the research instrument

6.11.1 Introduction

The research questionnaire used was developed specifically for this study. Guidelines for the development of the instrument were provided by Saidel's study (1990) on resource interdependence between state agencies and non-profit organizations.

The initial questionnaire was developed with the assistance of representatives of some Finnish tourism SMEs. They helped evaluate the relevance of proposed questions and gave important comments on the wording of the questionnaire as well as on its length.

The first section of the questionnaire included demographic questions regarding each enterprise (questions 1 to 7). In the second section (questions 8 to 17), respondents were asked behavioural type of questions. In the third section, questions focused on the demographic aspects of the responding persons (questions 18 to 20). Questions 21 through 25 were employed for the measurement scale for resource dependence. Finally, questions 26 and 27 measured the attitudes of the respondents towards the NTO.

While the demographic variables were measured using a category scale, a dichotomous scale was used to measure the behavioural questions. A Likert type scale was used for the resource dependence scales as well as to measure attitude variables in questions 26 and 27.

Below the questions of each section are introduced in more detail.

6.11.2 Demographic variables I – Questions 1 through 7

The demographic variables regarding enterprises are sector, location, age, ownership, size, and share of foreign guests. Questions 1 to 7 are shown below.

1. *Please indicate which of the following sectors of tourism this enterprise belongs to (please tick one box):*

Transport (e.g. inland water, coastal, coach, air or train traffic, car rental etc.)		Visitor attraction (e.g. amusement park, museum, exhibition, cultural event, historical places for visit etc.)	
Farms stay (e.g. commissioning or rental of holiday cottages, farm holidays etc.)		Specialist holiday organizer (e.g. excursions and activities offered for tourists, equipment hire etc.)	
Hotel		Other (please specify below)	
Other accommodation (e.g. holiday villages, hostels, camping sites, etc.)			
Incoming operator			

2. *Where is this enterprise located? Please tick one box.*

City/town		Rural area	

3. *How long has this enterprise existed? Please tick one box.*

Fewer than 2 years		6 – 10 years	
2 – 5 years		More than 10 years	

4. *Is this enterprise (please tick one box):*

Individually/family owned		Limited company	
Jointly owned/partnership		Other (please specify below)	
Association			

5. *How many people did this enterprise employ in 2004 (in full-time employees), including the owner/manager?*

1 person		50 - 249 people	
2 – 9 people		250 people or over	
10 – 49 people			

6. *What was the approximate turnover of this enterprise in 2004?*

Less than 2 million Euros		10 to 49.9 million Euros	
2 to 9.9 million Euros		Over 50 million Euros	

7. Please estimate the share of foreign customers of this enterprise's total customer base.

1 – 10 %		51 – 75 %	
11 – 25 %		76 - 100 %	
26 – 50%		None	

Sector and size are attributes of SMEs, but they have proven to be important data in explaining variance in different variables (questions 1, 5 and 6). Small enterprises often experience lack of resources and they might therefore become dependent on external resources (Pfeffer and Salancik, 1978, Storey, 1997). Size was measured both in number of employees and annual turnover. This is consistent with the definition of SMEs by the European Commission. Larger companies were expected to possess their own resources for planning and promotion as well as their own systems for collecting and distributing information. Consequently, enterprise size might explain variance in resource dependence.

In case of rural area destinations, tourism businesses often cannot rely solely on local demand, but have to promote their products nationally or internationally. Promotion calls for financial resources, the lack of which is one of the major problems of SMEs (Beaver et al., 1998, Boer, 1998, Cooper et al., 1998, Dewhurst and Horobin, 1998, Friel, 1998, Wanhill, 1998, Webster, 1998, Buhalis and Cooper, 1999). Thus, need for promotional activities may increase their dependence on external resources. For this reason, location (question 2) was regarded as a variable which might explain resource dependence.

Question 3 asked about the age of the enterprises. It was assumed that start-up enterprises require more resources than well-established enterprises and become hence more dependent on external resources.

Question 4 enquires about the ownership of enterprises. Small family-owned companies are often not willing to give up any of their independence, which is required when external resources are acquired. Shared ownership (e.g. in a limited enterprise) was expected to encourage enterprises to look for external resources. Ownership might therefore explain variance in resource dependence among SMEs (Storey, 1997).

Scarcity of resources restrains the intentions of SMEs to market their products internationally (Holmlund and Kock, 1998). Therefore, they need external resources and may become more dependent on the providers of these resources. The respective level of internationalisation was assessed in the questionnaire based on the share of overseas customers of the total (question 7). In order to be able to export tourism products, not only financial resources are required. Information about foreign markets is needed as well. Therefore, the level of internationalisation was expected to explain the variance in resource dependence on the NTO.

6.11.3 Behavioural variables – Questions 8 through 17

Behavioural questions concerned the use of IT technology (questions 8 and 9), marketing planning (questions 10 and 11), marketing activities (question 12), cooperation (questions 13 through 15), memberships (question 16), and the enterprise's growth plans (question 17).

Following the pilot survey, the order of the statements in question 17 was reversed in order to obtain a more logical order. Questions 8 to 17 are introduced in more detail below.

8. Does this enterprise use IT (Information Technology)?

Yes		No	

9. If yes, what is it used for? (Please tick as many boxes as apply)

E-mail		Storing customer data	
Reservations		Administration (i.e. bookkeeping, personnel records, business correspondence)	
Promotion		Other, please specify below	
Customer contacts			

10. Does this enterprise have a marketing plan?

Yes, a formal written plan		No	
Yes, an informal unwritten plan			

11. If yes, does this enterprise currently plan its marketing activity?

Up to 1 year		3 – 5 years	
1 – 2 years			

12. Has this enterprise used any of the following promotional methods within the last 12 months? (Please tick as many boxes as apply)

Brochures and/or presentations on CD, DVD etc.		National advertising	
Discounted prices		International advertising	
Personal selling		Internet	
Public relations (PR)		Competitions	
Sponsorship		Other (please specify below)	
Local advertising			

13. Does this enterprise cooperate with other organisations?

Yes		No	

14. If yes, which organisations has this enterprise been cooperating with in the past? (Please tick as many boxes as apply)

Business from the same sector of tourism		Finnish Tourist Board	
Business from other sectors of tourism		Local authorities	
Non-tourism business		Chamber of commerce	
Local tourist offices/Convention bureau		Other (please specify below)	
Regional tourism organisation			

15. Please indicate below the type of cooperation. (Please tick as many boxes as apply)

Joint marketing		Sharing of resources*	
Joint planning		Other, (please specify below)	
Joint purchasing			

* Sharing of equipment, buildings, market intelligence, computer reservation systems, training, clients in case of overbookings etc.

16. Is this enterprise a member of any of the following? (Please tick as many boxes as apply)

National trade/Professional association		Regional tourism organisation	
International trade association		Chamber of commerce	
Local tourist office/association		Other, please specify	

17. What are the future plans of this enterprise?

Become smaller		Grow moderately	
Stay the same size		Grow substantially	

Largely due to the opportunities it provides for collecting information, for communication, for simplifying administrative tasks, and for marketing and sales, IT has become increasingly important in business. Its use was also believed to explain variance in the dependence of SMEs on external resources.

The literature suggested that enterprises planning strategically and on a long-term basis are better able to control external demands and, therefore, decrease their dependence on external resources (Beaver et al., 1998, Margerison, 1998, Webster, 1998). Strategic marketing planning can be considered as one way of managing external demands. Lack of long-term strategic planning causes uncertainty in the planning environment. Both of these aspects were regarded as possible reasons for variation in resource dependence. Question 10 was about the sophistication of marketing planning and question 11 about the marketing planning perspective.

Question 12 enquired about various marketing methods enterprises use. The working hypothesis here was that the more active an enterprise is in marketing its products or services, the more external resources it might need in order to carry out its activities.

Cooperation is not only considered to be an important factor in helping small enterprises reach economies of scale and expand their business, but it is also believed to become more important for their mere survival. SMEs might even be dependent on cooperation with other organisations in order to gain the resources they need.

According to Pfeffer and Salancik (1978) cooperation is a means for an SME to decrease its dependency on external resources. Resource dependence was thought to vary as a result of cooperation. Question 13 asks about cooperation in a general way, question 14 enquires about cooperating partners, and question 15 focuses upon the type of cooperation which is pursued.

Cooperation in this research was defined as organisations exchanging information, adjusting activities in order to achieve a common purpose, and jointly allocating of their resources as well as joint problem solving (Himmelman, 1996).

Question 16 is about the respective enterprise's memberships. Membership of various organisations was considered as possibly reflecting cooperative behaviour and alternative sources for resources.

Question 17 enquires about the enterprise's development plans. According to Storey (1997) growing SMEs have a greater need for external resources than enterprises which do not want to grow. Use of external resources may increase an SME's dependence on resource providers. Therefore, this variable is expected to explain variance in resource dependence between enterprises.

6.11.4 Demographic variables II – Questions 18 through 20

In this section, information about respondents was requested. The level of education and qualifications held by respondents in the field of tourism were believed to explain differences in perceived resource dependence (questions 18 and 19). Question 20 asked for information regarding the responding person's position in his/her organization. The questions of this section are presented below.

18. What is your highest level of education?

Completed secondary education		Completed university degree or equivalent	

19. Do you have a qualification related to tourism?

Yes		No	

20. What is your position in this enterprise?(Please tick one box)

Owner		Other (please specify below)	
Chief Executive Officer (CEO)			
Other Executive			

6.11.5 Scale variables – Questions 21 through 25

In this section questions regarding resource importance (question 21), magnitude of resource exchange with the NTO (question 22), information about alternative resources to the NTO resources (question 23), access to alternative resources (question 24), and an enterprise's opportunities to influence the NTO's decisions regarding resources (question 25) were asked. Questions 21 through 24 contained 17 statements each, question 25 one statement. A detailed account of the respective scale variables can be found in the section 6.9.3.2 of this chapter. The complete questionnaire is presented in *Appendix 1.*

6.11.6 Attitude variables – Questions 26 and 27

In the final section of the questionnaire, two attitude questions were asked. In a five point Likert-type scale, respondents were requested to give their opinion on the importance of the NTO in regard to their own organisation (question 26) as well as on the importance of the NTO for Finland (question 27). These questions are presented below.

By using the scale below please indicate to what degree you agree or disagree with the following statements by ticking the most appropriate box.

	1	2	3	4	5
	Strongly disagree	Disagree somewhat	Partly agree, partly disagree	Agree somewhat	Strongly agree
26. FTB is important to this enterprise.					
27. FTB is important for Finland.					

6.12 Sampling

6.12.1 Target population

The study population consisted of all of the small and medium-size tourism enterprises in Finland. To obtain a representative sample, two different databases must be used. The main database for Finnish companies is maintained by Statistics

Finland (Statistics Finland, 2004). Its standard industrial classification of enterprises (TOL 2002) is widely used in Finland - also by commercial providers of addresses. The Statistics Finland enterprise classification, however, does not categorize tourism companies separately. They can be found in the main groups H (Hotels and restaurants), I (Transport, storage and communication), K (Real estate, renting and business activities) and 0 (Other community, social and personal service activities). Out of these groups, 19 classes, were chosen as the sample population[1]. Since the database of Statistics Finland - and consequently the commercial databases - does not contain enterprises from the agricultural sector, an additional database was required in order to cover enterprises providing farms stays for tourists. The database of the Finnish Ministry for Agriculture consisting of 2,165 companies offering farm stays, was used to complement the sample (Martikainen, 2004). The estimated number of rural tourism enterprises is 3,600 (Komppula, 2003).

6.12.2 Final sample

The final sample was drawn from the database of a commercial provider of addresses, Bluebook Finland, as well as from the database of the Finnish Ministry for Agriculture including farm stay enterprises. Bluebook Finland has classified its business listing according to the classification of Statistics Finland. Altogether, the business classes chosen from this database for the sample included 5,680 SME addresses. With the database of the Finnish Ministry for Agriculture, the sampling frame included 7,845 addresses.

[1] These classes were: 551, 552, 601, 6021, 6023, 61101, 612, 62, 63301, 711, 712, 71402, 74873, 9233, 9252, 9252, 9253, 9272, 9261 (Standard Industrial Classification 2002)

For the estimation of the sample size the following formula was used (Sarantakos, 2001)

$$n = \frac{(\sigma \times Z)^2}{E}$$

Where:
n = sample size
σ = Standard deviation of population
Z = Confidence level chosen for the study
E = Error to the population mean, the maximum deviation from true proportions

In a normal distribution, 95% of all the cases fall within the range of the mean plus or minus 1.96 standard deviation (or two standard deviations). Hence, z values 1.96.

In the pilot study, the standard deviation of the total dependence score was 0.33753. This was used in the calculation as σ. E score 0.04 was chosen by the researcher. The calculation of the sample was accordingly:

$$n = \left(\frac{0.33753 \times 1.96}{0.04}\right)^2$$

The formula gave a result n = 273. Since the respondent quote in the pilot survey was 32%, a sample size of 853 was considered appropriate in order to receive enough responses. After checking the samples from the two databases for doubles, a sample of 848 companies was available. The samples from both databases were drawn according to the instructions of the researcher by using a random sampling technique.

6.13 Administration of the main survey

The main survey was carried out in Finland in May 2005. This time was selected, because it was not yet the high season for the tourism industry. It was assumed therefore, that enterprises would not be too busy to respond to the survey. Moreover, in May those enterprises which work only during the summer months, are already getting ready for the upcoming tourism season and can be approached. On the other hand, at the time when the fieldwork was carried out, enterprises working in ski resorts might have been more difficult to get in touch with since the winter season had ended at the end of April.

The main survey was conducted partly online, partly as a mailed survey. Of the addresses in the final sample, 620 enterprises with e-mail addresses received an e-mail with a link to the questionnaire located under an Internet domain. A total of 228 questionnaires were mailed.

Many e-mails were undeliverable and therefore returned *(Table 6.7)*. Four mailed questionnaires were returned undeliverable. Two reminders were sent to the e-mail database, whereas the recipients of the mailed questionnaire were reminded once. The number of returned and completed questionnaires following this procedure did not meet the goal of the researcher.

Date	Type	Sent	Undelivered	Delivered	Incomplete	Responded	Response%
02.05.2005	Mail	228	4	224	1	**38**	**17%**
02.05.2005	Online	620	87	533	23	**136**	**25.50%**
22.05.2005	Online	293	82	211	12	**64**	**30%**
	Total	1141	173	968	36	**238**	**25%**

Table 6.7 Field survey statistics

An additional sample was drawn from Bluebook Finland's database using a random sampling technique. Furthermore, a second sample from the Ministry of Agriculture's database was drawn for the second e-mailing. The complementary mailing was sent to 293 enterprises. After two reminders, 200 questionnaires were completed in total on the Internet. This implied a final response rate of 27 % for the survey conducted online. Of the mailed questionnaires, 38 responses were received. Of the online questionnaires, some 35 online questionnaires as well as one mailed questionnaire were classified as incomplete. They were not included in the total sum of returned questionnaires. In total, 968 enterprises received the questionnaire. An overall return rate of 25% was recorded.

6.14 Forms of analysis

6.14.1 Data processing

Throughout the ongoing survey the data from the online-survey was saved in the Lotus Notes database using SSM software. The complete online survey data was then imported to SPSS software. The returned mailed questionnaires were numbered and the data were manually entered into SPSS. For the entire statistical analysis, SPSS 12.0.1 for Windows was used.

6.14.2 Analysis

The quantitative nature of the research meant that a large amount of data was collected. A wide range of statistical methods was used to analyse the data. In the following, the major statistical methods employed here for the data analysis will be introduced.

1. Descriptive statistics

Descriptive statistics were used to measure the central tendency (mean, median) and the measures of dispersion (standard deviation, variance).

2. Statistical analyses

a) Scale analysis

Scales measuring resource dependence were examined using a number of methods. Mainly, the statistical methods assessed the validity and reliability of these scales. The methods employed were as follows:

- *Scale mean if item deleted*: the average value for the scale was computed without the particular item under examination.
- *Corrected item-total correlation:* the Pearson product moment correlation coefficient between the item under examination and the sum of remaining items was computed.
- *Cronbach's Alpha:* was used to measure the internal consistency of the scale. The measure is based on the average covariance of the scale.
- *Alpha if item deleted:* The alpha value without the item under consideration was also calculated. This gave an indication of how the item in question affected the scale reliability.

- *Half-split method:* the sample was split into two parts and alpha was calculated for each part. This was an additional measure of the reliability of the scale.

The results of scale analysis of importance, magnitude, alternatives, and access scales are presented in *Appendix 2*.

b) Independent sample T-test

The T-test was applied to test the equality of means of two populations. Furthermore, the method was applied to test the null hypothesis that the data were from a population in which the mean of the variable in question was equal in two independent samples. This method was used when there were only two groups to be compared.

c) One Way Analysis of Variance (One-way ANOVA)

This test was applied to test the null hypothesis that the data were from a population in which the mean of the variable in question was equal in the sub-samples. The method was used when there were more than two groups to be compared.

d) Pearson product-moment correlation

This method quantifies the linear relationship of pairs of variables. It was seen particularly useful in examining the suitability of the factor analysis method for the data on resource dependence.

e) Factor analysis

In order to discover possible underlying structures in the resource dependence data, the data were subjected to exploratory factor analysis. The factor analysis used principal component analysis for the extraction of factors. An Orthogonal (Varimax) factor rotation was applied.

6.15 Summary

In this chapter, the objectives of this research have been defined and the various stages of the research process necessary to reach the objectives set, have been discussed.

For the examination of the overall resource dependence of the tourism SME sector on NTO resources in Finland the concept of resource dependence was operationally defined. Based on this definition, measurement scales including the NTO resources were developed. A combination of the scale scores made the assessment of total resource dependence possible. The validity and reliability of the scales were assessed and considered acceptable for carrying out this research. The use of a quantitative method for collecting data was justified.

Collection of demographic and behavioural data from the sample allowed the identification of factors affecting the dependence of tourism SMEs on NTO resources. For the analysis, independent sample t-test and ANOVA were considered appropriate. Resources which were included in the resource dependence scales were analysed and the dependence of tourism SMEs on individual resources was thereby assessed. In order to discover underlying structures of the resource dependence of the SMEs a factor analysis was conducted.

The instrument for measuring resource dependence was developed for this research and therefore no comparable results from previous studies were available. The weaknesses of the Likert scale, which was used in the resource dependence scales, were discussed, as were other considerations relating to this scale.

This chapter considered the extent to which a lack of comprehensive and complete database including all enterprises in Finland was a limitation to the study. Also, the sample included tourism SMEs exclusively in Finland. This must be born in mind when generalising the results of this study.

CHAPTER 7

FINDINGS

7.1 Introduction

In this chapter, the findings of the empirical research will be discussed. The chapter begins by describing the sample using demographic, behavioural, and attitude variables which will highlight differences in various aspects within the group of respondents.

Then, sample characteristics relating to resource dependence will be introduced. Here, five resource dependence elements – resource criticality, magnitude of resource exchange, alternative resources, access to alternative resources, and influence on the Finnish Tourist Board (FTB) will be discussed.

The resource dependence of the enterprises in the sample will subsequently be explained by using various explanatory variables. Particularly, the effect of independent variables on resource dependence will be examined using appropriate statistical methods. Their results will then be described.

In order to detect underlying structures in the data, a factor analysis was applied. The final section of this chapter will summarize its results.

7.2 Description of the sample

After examining the returned online questionnaires, three were disqualified, because the respondents had given only background information. Six responses were taken out of the final analysis since the responding enterprises were owned by a public body. Finally, two additional enterprises had more than 249 employees and did not meet the criteria for SMEs for this reason. 227 questionnaires were included for the final analysis.

Of the respondents 60 % were owners, 22 % Chief Executive Officers (CEO), and some 14 % other executives. In the following, further distributions within the sample will be examined.

Sector and enterprise location

The largest number of the respondents were from farm stay enterprises (29.1 %, n=66) *Figure 7.1* displays the distribution of the sample by sector.

Over 60% of the responses came from enterprises in various accommodation sectors. Other accommodation enterprises as well as specialist holiday organizers were quite well represented in the sample (18.9 %, n = 43 and 16.7 %, n = 38, respectively), while incoming operators (2.2%, n=5) contributed the smallest number. The category "other" included eight travel agencies, two meeting facilities, and three tour operators.

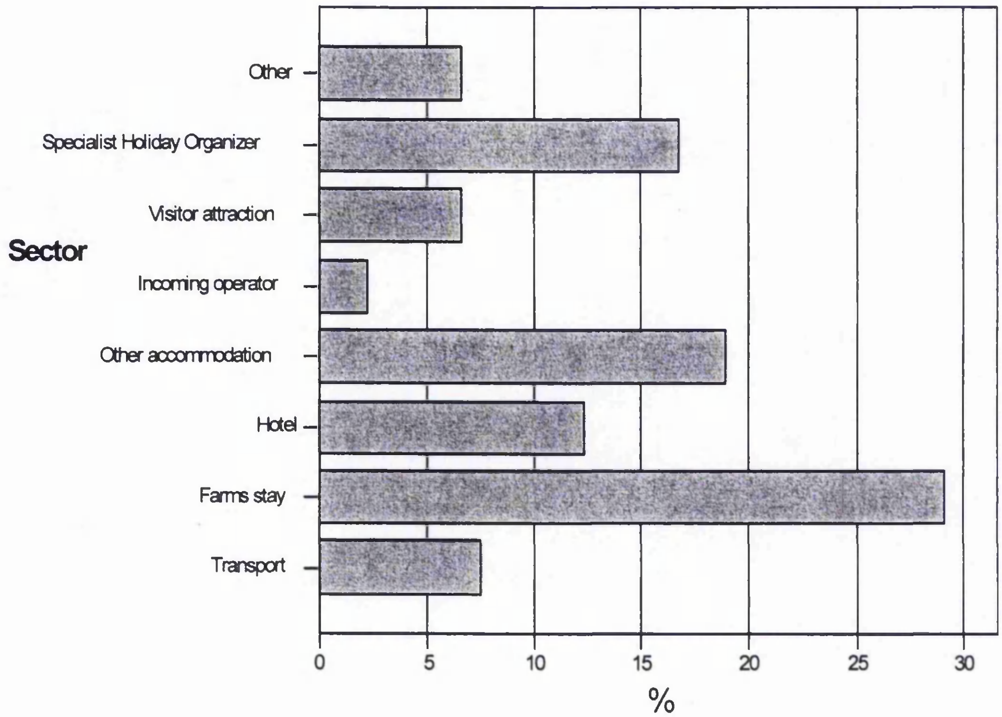

Figure 7.1 Sector distribution of the sample
(n = 227)

Some 67% of the businesses were located in rural areas and 33 % in cities. Farm stays, other accommodation and specialist holiday organizers were mainly located in rural areas, while enterprises from the transport, hotel, incoming operators, and other sectors were mainly based in cities.

Enterprise age

Over half of the responding enterprises had existed for more than ten years. Together with enterprises which had existed six to ten years, these made about 80 % of the total.

The youngest enterprises were found primarily in the transport and the specialist holiday organizer sectors. In both sectors, about 29% of all enterprises were five years or younger. Visitor attraction enterprises were the oldest, as 80% had existed ten years or longer. The distribution of the age categories within the sample is shown in *Figure 7.2.*

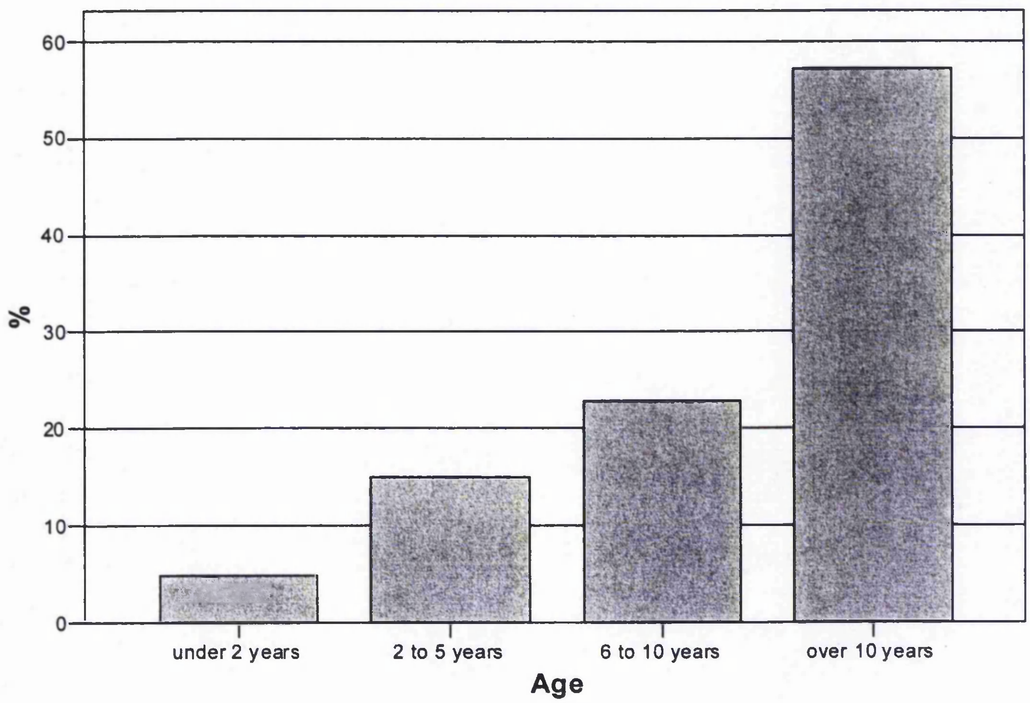

Figure 7.2 Age distribution of the sample
(n = 227)

Enterprise size

The size of the responding enterprises was defined by their turnover and by the number of full-time employees they occupied in 2004.

Consistent with the general findings in the literature regarding SMEs' annual turnover, 98% of the respondents had a turnover of less than ten million Euros per year. A large majority of these enterprises (86%) had an annual turnover of less than two million Euros. Eight enterprises did not answer this question.

By definition, 97% of the respondents were small, while the remaining 3 % were medium size enterprises. Some 82.5% were so called micro enterprises, i.e., they employed fewer than ten people in 2004. Over one third of all the respondents employed only one person. Most of these were from the farm stay sector. All enterprises from the farm stay sector, as well as all specialist holiday organizers, were micro enterprises. Medium size enterprises were from the transport and the hotel sector. *Figure 7.3* shows the distribution of the sample in different employee categories.

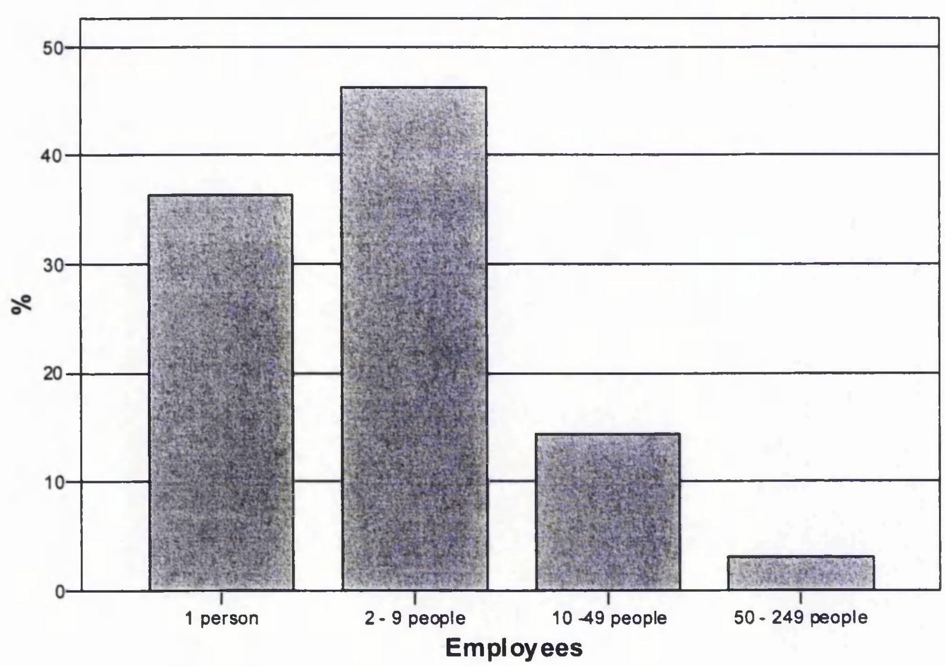

Figure 7.3 Distribution of the sample by number of employees
(n = 223)

All enterprises employing one person as well as a great majority of enterprises with two to nine employees had annual earnings under ten million Euros. Companies employing 10 to 49 people showed a greater variance regarding their income.

One third of the responding enterprises earned less than two million Euros, about 58% between two and ten million Euros, and about one tenth earned between ten and fifty million Euros. *Figure 7.4* presents the turnover of the sample broken down in terms of number of employees.

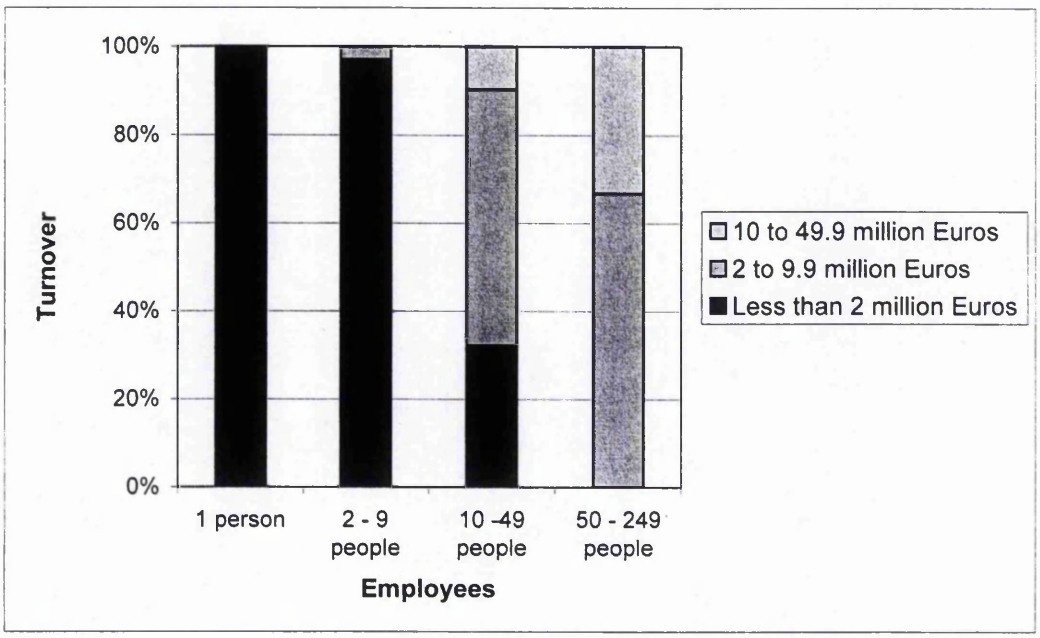

Figure 7.4 Respondents by number of employees and turnover
(n= 217)

Of all enterprises located in cities, 29 % had an annual turnover over two million Euros, whereas only 6 % of the enterprises in rural areas earned more than that. In cities, 64 % of all enterprises employed fewer than ten persons, while over 92% of the enterprises in rural areas were in this size category.

Enterprise ownership

Over half of the enterprises in the sample were owned by one person or by a family. Nearly 30 % of the responding enterprises were limited enterprises. The distribution of the sample by ownership is presented in *Figure 7.5.*

The majority of the specialist holiday organizers, farm stays, and other types of accommodation were owned by one person or a family. Limited companies were mainly in the transport and hotel sectors as well as among incoming operators. The category "other" included six foundations, three limited partnership enterprises[2], one cooperative, and one enterprise as part of a chain.

Close to 20% of the limited enterprises employed only one person. On the other hand, 25% of the enterprises employing more than ten people were either family owned, or owned by a single individual. Proportional to their size the ownership form shifted from one person/family and partnership to a limited company.

2 Limited partnership enterprise is a company form including silent partner(s) with a capital investment. Other than for regular partners, silent partner liability is limited.

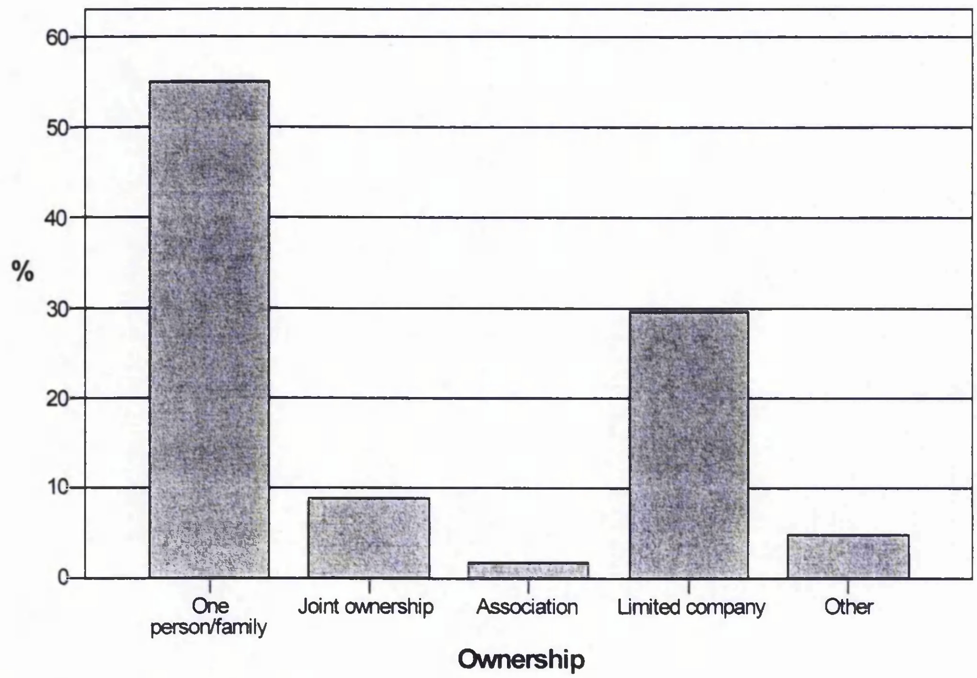

Figure 7.5 Forms of ownership
(n=227)

Number of foreign guests

The responding enterprises in this sample were only moderately international. In total, 88 % of the respondents had fewer than half of their quests from abroad. Some 52 % of them had less than a 10 % share of foreign guests. 4 % of the respondents had only domestic guests.

Enterprises in the transport and hotel sectors were the most internationally oriented. Also 95% of the farm stay enterprises had foreign guests. The visitor attraction sector proved to be the most domestically oriented sector. Enterprises with a larger share of foreign guests tend to be bigger than less internationally oriented enterprises. Of enterprises with no foreign guests at all, 80 % employed only one person. Distribution of the sample according to share of foreign guests is presented in *Figure 7.6.*

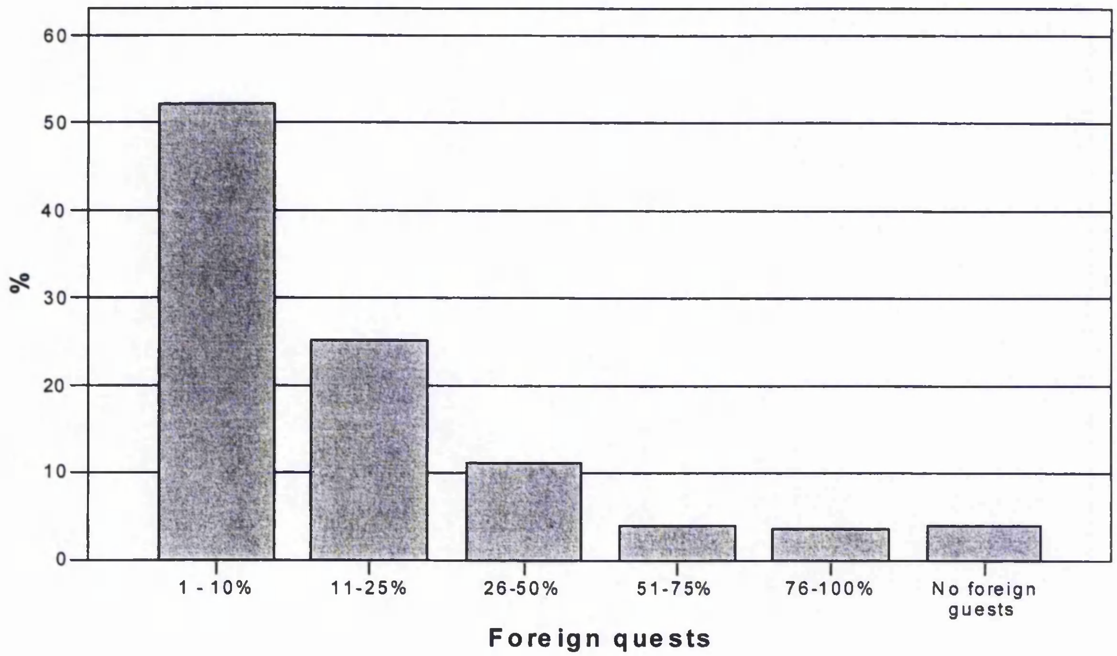

Figure 7.6 Respondents by the share of foreign guests
(n = 226)

Use of Information Technology (IT)

A great majority of the SMEs (89.8%) made use of Information Technology (IT). One tenth (10.2 %) of the companies did not use IT in any form. E-mail (98.5%), promotion (80%) and contacts (78.5%) were the most frequently mentioned areas where the respondents applied IT technology in their business. *Figure 7.7* shows the application of IT by the sample.

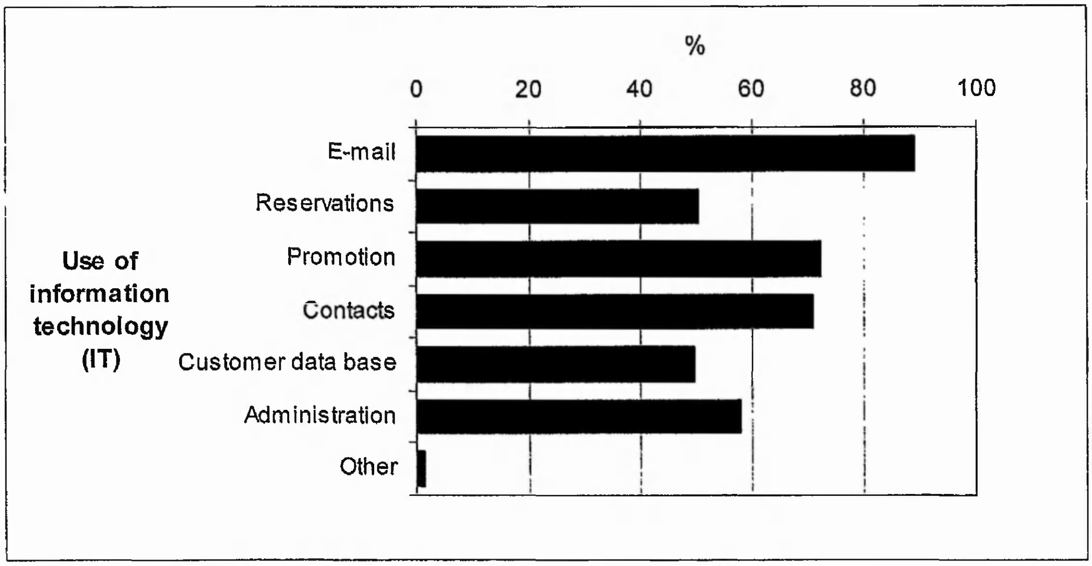

Figure 7.7 Application of information technology (IT) by the respondents (n = 227)

All enterprises, ranging from the transport, hotel, and incoming sectors all the way to the sector "other", used IT in their businesses. Over 90% of the visitor attractions and specialist holiday organizers reported IT-use as well. The largest number of non-IT-users (10% of the total sample) came from the farm stay and the other accommodation sectors.

Marketing

Of the respondents some 25 % had a formal marketing plan while about 50 % planned their marketing in an informal manner. One fourth of the responding companies did not plan marketing at all.

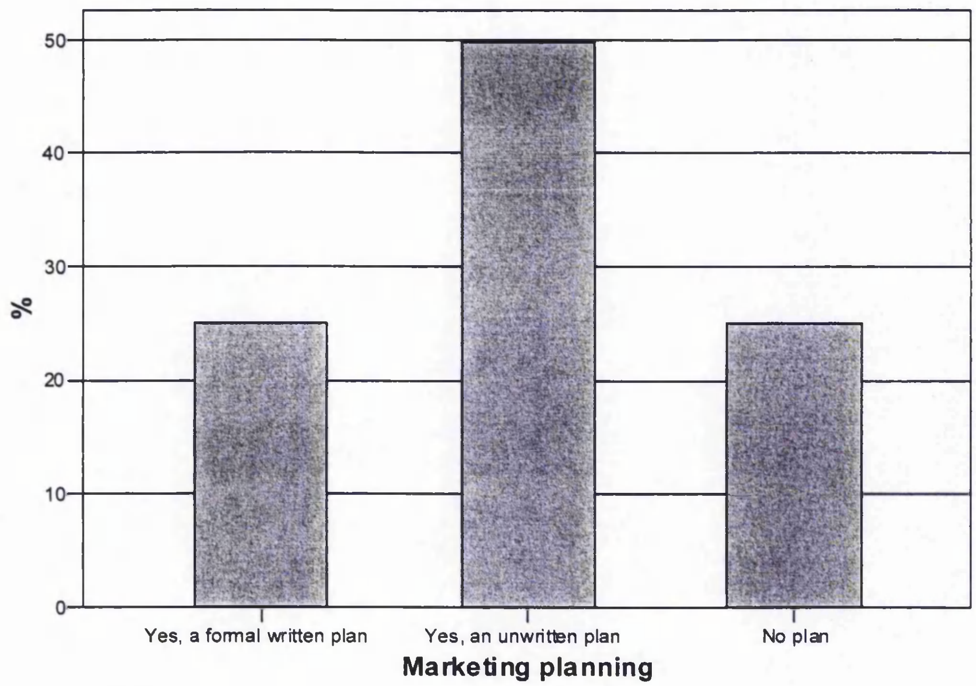

Figure 7.8 Distribution of the sample by the marketing planning
(n=227)

Those who planned, most often planned their marketing one to two years in advance (65.5%). Some 15.5 % planned their marketing short term (up to one year), another 19 % planned long term (three to five years in advance). *Figure 7.8* shows the distribution of the sample according to their marketing planning procedures.

On average, companies used 4.2 different marketing activities mentioned in the survey. The marketing methods most frequently applied by the SMEs were Internet promotion and publishing of brochures, CDs, and other promotional material, which were used by 68.3 % and 67 % of the respondents, respectively. Other frequently utilized means of marketing were personal selling (63.9 %) and advertising in local media (52.4 %). More sophisticated activities like PR, discounted prices, advertising on a national or international level etc. would be used only to a limited extent by the respondents. *Figure 7.9* presents the use of different marketing methods by the SMEs.

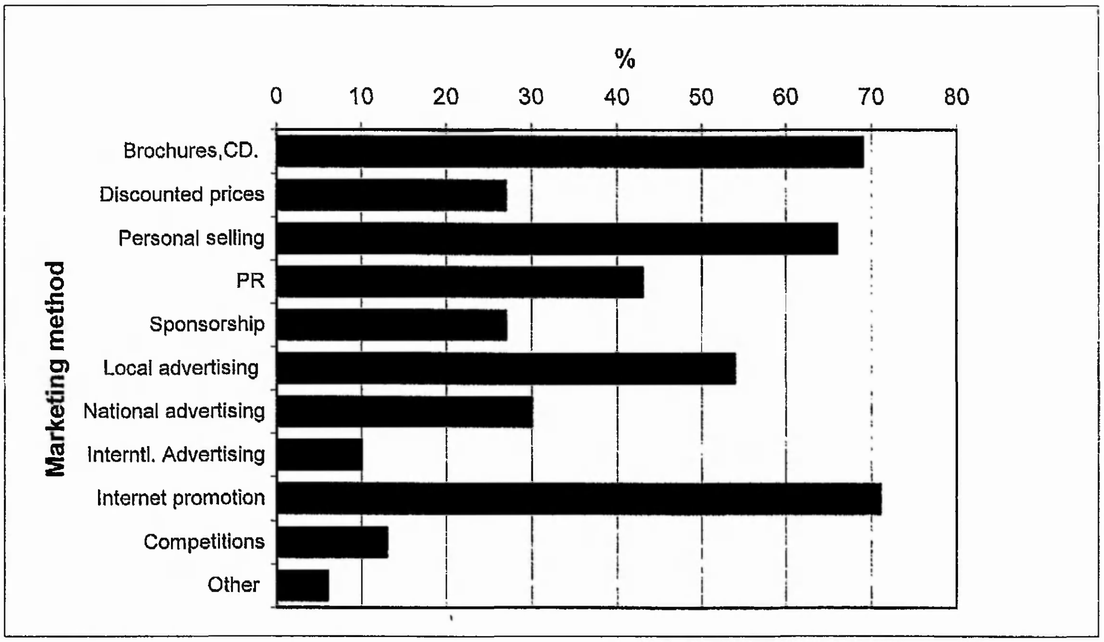

Figure 7.9 Use of marketing methods by respondents
(n = 227)

Cooperation

The largest number (93.4%) of the respondents cooperated with other organisations. Only a small proportion of them did not (6.6 %). This finding of a high level of cooperation is consistent with the EU study among European SMEs in 2003 (European Commission, 2004). This study showed that of 19 European countries Finland had the highest levels of SME cooperation. Of all Finnish SMEs some 68% worked together with others. Tourism companies, either from the same or another tourism sector, were most often mentioned as partners in cooperation (72.3 % and 77% respectively). Some 17.6% of enterprises worked together with the FTB, whereas 34.4% cooperated with the local authorities. *Figure 7.10* displays the cooperation partners of respondents.

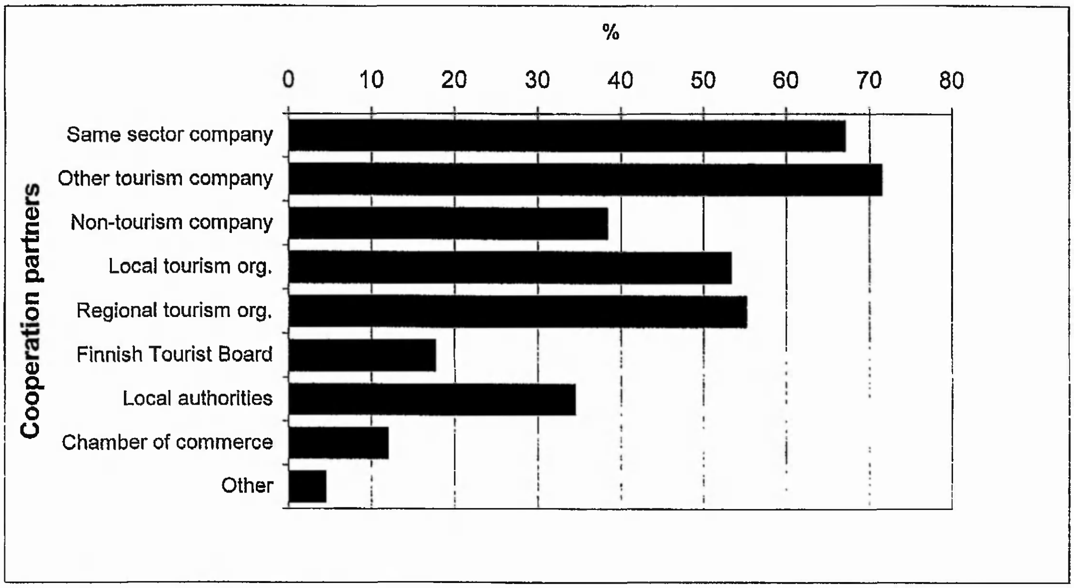

Figure 7.10 Cooperation partners of respondents
(n = 227)

SMEs which cooperated with the FTB frequently had other partners as well. *Table 7.1* displays the various kinds of other organisations these SMEs work with.

	FTB partners	
Cooperation partner	**N**	**%**
Same sector company	33	82.5
Other tourism company	38	95.0
Non-tourism company	26	65.0
Local tourism organisation	31	77.5
Regional tourism organisation	36	90.0
FTB	-	-
Local authorities	28	70.0
Chamber of Commerce	16	40.0
Other	3	7.5

Table 7.1 Frequencies of other cooperation partners for FTB partners
(N=40)

Enterprises cooperating with the FTB also cooperated frequently with other tourism enterprises, regional and local tourism organisations, as well as same sector enterprises. FTB partners were generally more likely to cooperate than other enterprises.

The most frequent partners of the FTB were hotels and specialist holiday organizers (30% and 22.5% respectively). All FTB partners had foreign guests, over 60% of them between 11% and 50% of the total customer base. IT was used by every partner. FTB partners planned their marketing (97.5%) and most of them did it on a long term basis (94.8%).

Forms of cooperation varied between the respondents, but marketing and sharing of resources were the most frequently referred to *(Figure 7.11).*

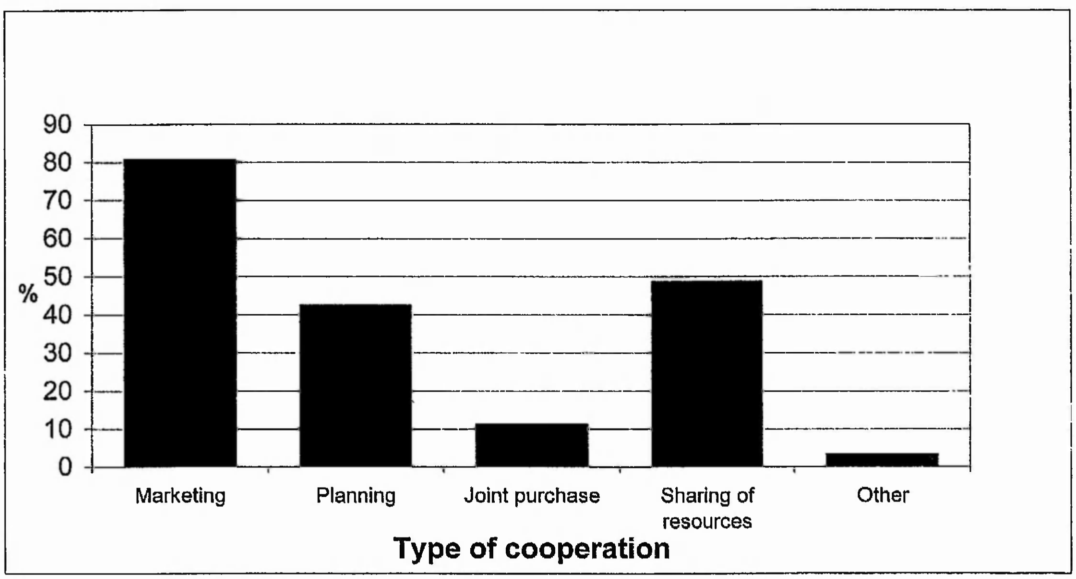

Figure 7.11 Types of respondents' cooperation
(n=227)

Membership

Almost one quarter of the respondents were not members of any organisation. The respondents, who were members, were most frequently members of their sector organisation (60%) or the local tourism organisations (57%). Some 42% were members of the regional tourism organisation *(Figure 7.12)*.

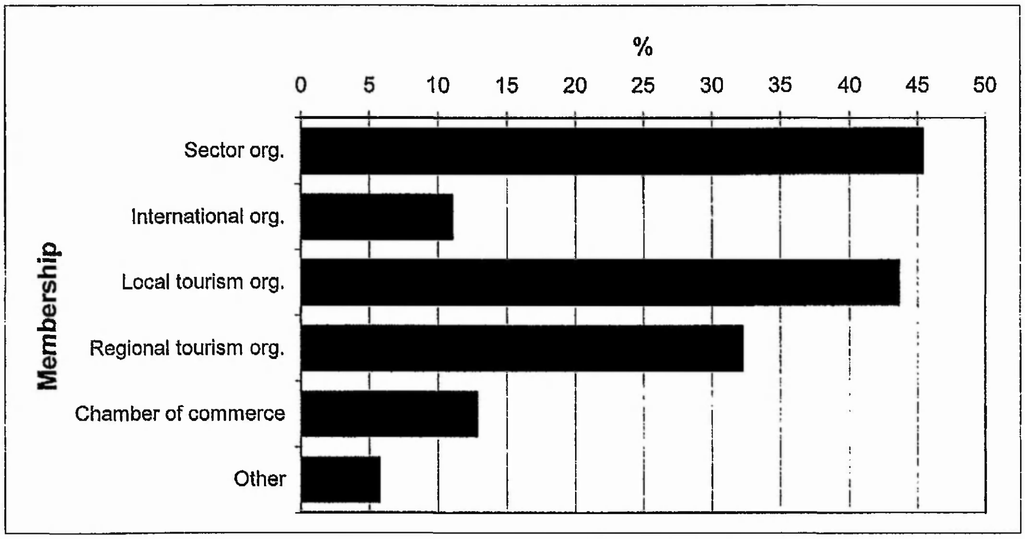

Figure 7.12 Membership of respondents
(n=227)

Future plans

Nearly two thirds of all enterprises (63 %) had plans to grow in the future *(Figure 7.13)*. Komppula (2004) reports similar findings in a study of rural tourism businesses in Finland. These findings are also consistent with the general literature regarding Finnish SMEs (Malinen, 2001, Suomen yrittäjät, 2005). They are, however, not consistent with the general literature, which states that most small enterprises do not want to grow (Storey, 1994). Some 33.5 % of the respondents did not want to expand their business. Nine enterprises (4 %) had plans to reduce their business in the future.

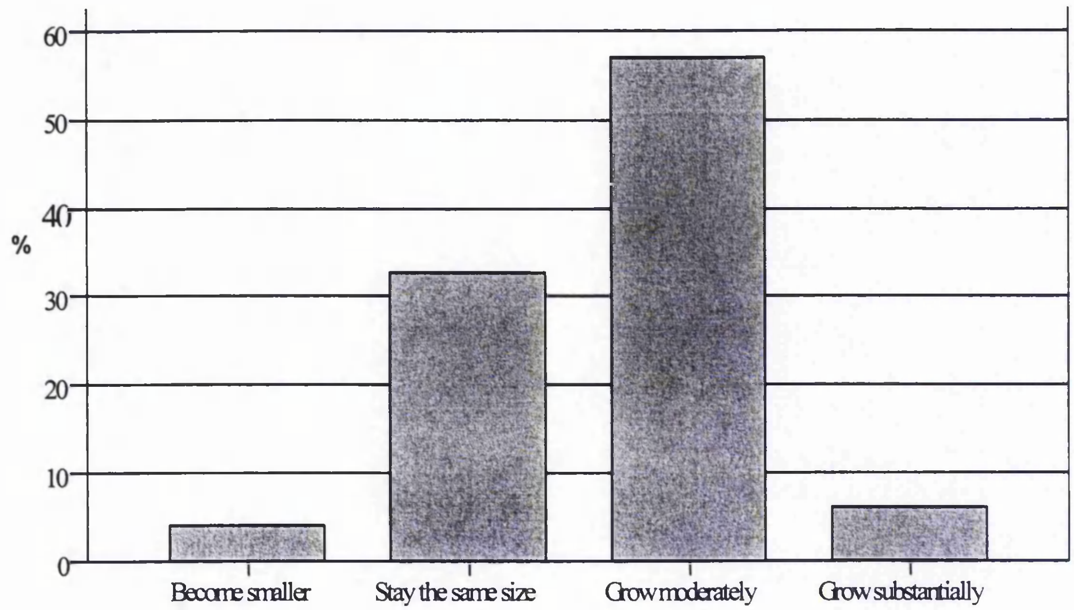

Figure 7.13 Future plans of respondents
(n = 227)

Enterprises operating in the transport and hotel sectors were the most expansion oriented, since respectively 75 % and 82% of all the respondents out of these two sectors reported growth intentions. Enterprises intending to grow substantially in the future came mainly from the accommodation (71%) and the specialist holiday organizer sectors (14%). On the other hand, all the enterprises which planned to become smaller in the future, also came from these sectors.

Education and tourism qualification

Some 57 % of the respondents for this study had completed secondary education and 35 % had completed university degrees or equivalent. In total, 8% of the respondents did not answer this question. About 51 % had some qualification in tourism.

Importance of the Finnish Tourist Board

Respondents were asked to rate the importance of the Finnish Tourist Board (FTB) for their business on a five-point Likert-type scale, where number one indicated disagreement and number five agreement with the statement. Some 18.5 % of enterprises considered the FTB to be at least somewhat important for their business. Over 50% of respondents considered the FTB unimportant for their business. The mean score for all respondents was 2.49. *Table 7.2* summarizes the findings regarding the importance of the FTB for the business of SMEs.

FTB'S IMPORTANCE FOR BUSINESS "FTB is important for this enterprise"	N	%	MEAN	MEDIAN	SD
Strongly disagree	43	19.4	2.49	2.00	1.084
Disagree somewhat	77	34.7			
Neither agree nor disagree	61	27.5			
Agree somewhat	32	14.4			
Strongly agree	9	4.1			
Total	222	100.0			

***Table 7.2 Frequencies, central tendency, and dispersion of scores for FTB's importance for SMEs business** (n=222)*

When respondents were asked to rate the importance of the FTB for Finland, the result was somewhat different. The largest number, about 69% regarded the FTB as being important for Finland. A mean score of 3.95 for all respondents was computed. Some 8% regarded the FTB as not so important and about 23% thought of the FTB as neither important nor unimportant for the country. *Table 7.3* summarizes the results of the FTB's importance for Finland.

FTB'S IMPORTANCE FOR FINLAND "FTB is important for Finland"	N	%	MEAN	MEDIAN	SD
Strongly disagree	7	3.2	3.95	4.00	1.034
Disagree somewhat	10	4.5			
Neither agree nor disagree	52	23.4			
Agree somewhat	71	32.0			
Strongly agree	82	36.9			
Total	222	100.0			

Table 7.3 Frequencies, central tendency, and dispersion of scores for FTB's importance for Finland
(n=222)

7.3 Analysis of resource dependence

7.3.1 Introduction

Resource dependence can be defined as an organisation's overall dependence on external resources. In order to assess the resource dependence of SMEs in this research, five separate scales were presented to the respondents. Resource importance was appraised with scales measuring the criticality of the resources in general as well as by measuring the magnitude of exchange of the FTB resources specifically. Scales measuring the availability of resource alternatives as well as the access to them, evaluated the alternatives the respondents had to the resources of the FTB. The influence of the respondents on the FTB was assessed with one general statement.

Resource dependence in this survey was defined as a function of resource criticality, magnitude of resource exchange, alternatives to resources, and access to alternative resources. Since the effects of influence element proved to be problematic, in order to avoid incorrect results, this dimension was discarded from the aggregate score (see discussion in Section 6.9.6).

High resource criticality and high magnitude of resource exchange increase an enterprise's dependence, whereas a wide range of alternatives and a good access to them reduce an enterprise's dependence, respectively. In the following section, more detailed findings on overall dependence will be presented.

7.3.2 General overview

In this study overall resource dependence is expressed as a mean value of the scores of four measured resource dependence element scales. *Table 7.4* presents the resource element values for each resource included in the measurement scale as well as for total resource dependence. Since the influence element was measured only with one general statement and not separately for individual resources, the influence element is not included in this table.

Dimension/resource	Criticality		Magnitude		Alternatives		Access		Total Dependence	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD
Information on domestic market	3.74	0.974	2.42	1.175	3.86	0.911	4.01	0.925	2.58	0.515
Information on foreign market	3.03	1.175	2.27	1.228	3.62	0.998	3.68	1.048	2.51	0.625
Marketing knowledge	4.14	0.976	2.25	1.200	3.94	0.901	3.90	0.969	2.66	0.528
Product development support	3.52	1.074	1.92	1.066	3.95	0.904	3.58	1.209	2.49	0.555
Research	3.13	0.992	2.31	1.246	3.79	0.908	3.61	1.107	2.51	0.561
Destination marketing	3.55	1.177	2.94	1.346	3.90	0.916	3.54	1.101	2.77	0.653
Joint domestic marketing	3.62	1.158	1.97	1.185	3.77	0.908	3.99	1.078	2,48	0.598
Joint foreign marketing	2.92	1.268	1.96	1.284	3.50	0.930	3.53	1.217	2.47	0.686
Reservation systems	3.10	1.357	1.70	1.106	3.98	0.908	3.58	1.188	2.33	0.605
Consumer information	3.77	1.165	1.77	1.105	3.93	0.917	3.81	1.071	2.47	0.572
Travel trade information	3.49	1.195	1.69	1.031	3.99	0.895	3.73	0.953	2.38	0.551
Contacts with travel trade	3.02	1.172	1.93	1.240	3.98	0.903	3.78	1.095	2.30	0.602
Contacts, domestic media	3.18	1.178	1.69	0.991	3.97	0.875	4.00	0.946	2.23	0.535
Contacts, foreign media	2.44	1.141	1.73	1.112	3.61	1.025	3.41	1.138	2.28	0.604
Training	3.39	1.127	1.63	0.920	4.20	0.886	4.07	0.991	2.20	0.552
Representation overseas	2.62	1.223	1.74	1.167	3.81	1.010	3.43	1.179	2.27	0.631
Lobbying	3.24	1.195	1.76	1.059	3.85	0.960	3.25	1.214	2.48	0.576
Total	3.29	0.751	1.99	0.931	3.87	0.706	3.70	0.799	2.43	0.436

Table 7.4 Dependence scale item scores and the total dependence score for individual resources
(Based on a pairwise deletion of cases with missing values)

The computed mean value of the overall dependence of the respondents was 2.43. Following Saidel's classification of dependence levels (Saidel, 1990), resource dependence can be defined as low, moderate, or high. In this survey, dependence is considered low when the mean score indicating the level of dependence lies between 1.00 and 2.30, moderate between 2.40 and 3.60, and high between 3.70 and 5.00. The overall resource dependence of SMEs on the FTB can hence be considered to be moderate.

Resource dependence can also be defined in relative terms. 100 % would stand for a total dependence, while 0 % would signify a complete independence (Saidel, 1990). The dependence of Finnish SMEs is thus about 36 % of the theoretical 100 %. This stands for a substantial independence of SMEs in respect to the resources the FTB provides. *Table 7.5* presents the aggregate statistics for each resource dependence element.

RESOURCE DEPENDENCE ELEMENTS		CRITICALITY	MAGNITUDE	ALTER-NATIVES	ACCESS	INFLUENCE
Total (n=227)	Mean	3.29	1.99	3.87	3.70	1.69
	Median	3.29	1.76	3.88	3.71	1.00
	SD	.751	.931	.706	.799	.919

Table 7.5 Statistics for resource dependence elements (n=227)

In the following sections, overall resource dependence scores and results of statistical tests for different variables are presented.

7.3.3 Sector and resource dependence

Table 7.6 summarizes the scores for each resource dependence element by sector. Hotels considered the resources presented in the survey to be significantly more critical (mean 3.86) for their business than did farm stays and other accommodation both of which gave criticality of resources the lowest rating (means 3.16 and 3.03, respectively).

SECTOR		CRITICALITY	MAGNITUDE	ALTER-NATIVES	ACCESS	INFLUENCE
Transport (n=17)	Mean	3.50	2.31	4.00	3.72	1.53
	Median	3.53	2.24	3.88	3.53	1.00
	SD	.628	1.044	.675	.880	.624
Farm stay (n=66)	Mean	3.16	1.75	3.83	3.69	1.71
	Median	3.06	1.53	3.88	3.71	1.00
	SD	.706	.681	.607	.723	1.049
Hotel (n=28)	Mean	3.86	2.73	4.13	4.19	1.96
	Median	3.94	2.76	4.21	4.39	2.00
	SD	.518	1.037	.590	.629	.854
Other accommo-dation (n=43)	Mean	3.03	1.78	3.65	3.45	1.73
	Median	3.06	1.47	3.56	3.18	1.50
	SD	.757	.727	.783	.734	.816
Incoming operator (n=5)	Mean	3.75	2.49	4.31	4.49	1.40
	Median	3.65	2.18	4.12	4.65	1.00
	SD	.443	.934	.657	.497	.548
Visitor attraction (n=15)	Mean	3.34	2.28	3.73	3.76	2.29
	Median	3.18	2.00	3.94	3.82	2.00
	SD	.881	1.194	.707	.771	1.267
Specialist holiday organizer (n=38)	Mean	3.23	1.80	3.98	3.58	1.27
	Median	3.26	1.50	4.00	3.76	1.00
	SD	.845	.910	.813	.920	.560
Other (n=15)	Mean	3.28	1.88	3.73	3.52	1.79
	Median	3.18	1.24	3.70	3.43	1.00
	SD	.539	1.104	.693	.868	1.051
Total (n=227)	Mean	3.29	1.99	3.87	3.70	1.69
	Median	3.29	1.76	3.88	3.71	1.00
	SD	.751	.931	.706	.799	.919

Table 7.6 Scores of resource dependence elements by sector (n=227)

Results of statistical tests for different variables regarding resource criticality can be found in *Appendix 3*.

Compared to other sectors, enterprises in the hotel sector reported the highest level of magnitude of resource exchange with the FTB (mean 2.73). Farm stay and other accommodation enterprises, closely followed by the special holiday organizers, used the FTB resources the least. The difference between hotels and farm stays as well as between hotels and other accommodation was statistically significant. Results of statistical tests for different variables regarding the magnitude of resource exchange with the FTB are presented in *Appendix 3*.

Incoming operators, hotels, and transport enterprises scored high (mean> 4.00) in the Alternatives scale. Hotels and incoming operators reported a good access to alternative resources (mean > 4.10) as well. No statistically significant differences between sectors were reported, however, regarding alternative resources or access to them. Complete results of statistical tests for various variables regarding alternative resources and access to alternative resources are in *Appendix 3*.

The influence of different sectors on the decisions of the FTB was at a rather low level. In most cases the median was 1.00. A statistically significant difference in influence was reported between hotels and special holiday organizers. Results of statistical tests for different variables regarding influence of the SMEs on the FTB are in *Appendix 3*.

Table 7.7 shows the resource dependence scores for different sectors. Here we find that the resource dependence of all enterprises is at a moderate level (mean 2.43).

The highest aggregate resource dependence scores were reported for the hotel sector (mean 2.61), for the transport sector (mean 2.54), and for visitor attractions (mean 2.53). The lowest scores were computed for the farm stay sector (mean 2.35), followed by incoming operators and specialist holiday organizers (mean 2.36 for both).

RESOURCE DEPENDENCE BY SECTOR			
SECTOR	MEAN	MEDIAN	SD
Transport	2.54	2.67	.425
Farm stay	2.35	2.29	.351
Hotel	2.61	2.63	.461
Other accommodation	2.43	2.44	.422
Incoming operator	2.36	2.46	.411
Visitor attraction	2.53	2.51	.569
Specialist holiday organizer	2.36	2.28	.501
Other	2.49	2.60	.413
Total	2.43	2.46	.436

Table 7.7 Resource dependence scores by sector
(n=227)

In order to find out if statistically significant differences in resource dependence between sectors existed, an ANOVA test was carried out. No significant difference in resource dependence between sectors could be found ($F_{(7,219)}=1.481, p=0.175$).

7.3.4 Enterprise location and resource dependence

All five resource dependence elements scored somewhat higher for enterprises located in urban areas *(Table 7.8)* than for those located in rural areas. The score differences were not large, however. The only significant difference between enterprises in the rural area and enterprises in the city/town was reported for access to alternative resources.

LOCATION		CRITICALITY	MAGNITUDE	ALTER-NATIVES	ACCESS	INFLUENCE
City/town (n=75)	Mean	3.37	2.14	3.99	3.95	1.72
	Median	3.35	1.82	4.00	4.00	1.00
	SD	.754	1.056	.685	.779	.907
Rural area (n=152)	Mean	3.25	1.91	3.81	3.57	1.68
	Median	3.29	1.73	3.85	3.55	1.00
	SD	.750	.858	.711	.781	.927

Table 7.8 Scores of resource dependence elements by location
(n=227)

Resource dependence scores by location are presented in *Table 7.9*. Here, we learn that the total resource dependence score for enterprises in the rural area was higher than for enterprises in the city/town.

RESOURCE DEPENDENCE BY LOCATION			
LOCATION	MEAN	MEDIAN	SD
City/town	2.41	2.46	.515
Rural area	2.45	2.46	.393
Total	2.43	2.46	.436

Table 7.9 Resource dependence scores by location
(n=227)

In order to find out whether the location had a significant effect on the resource dependence, a t-test was carried out. No significant difference between enterprises in cities and in the rural area was found *(t=0.616, df=225, p=0.539)*.

7.3.5 Enterprise age and resource dependence

For the youngest (under two years of age) and the oldest (over ten years of age) enterprises the resources presented in this study were more critical than for the others (mean of 3.42 and 3.34, respectively). The oldest enterprises reported the highest scores in the magnitude of resource exchange with the Finnish Tourist Board (mean 2.05). The youngest enterprises scored lowest in this regard (mean 1.59). No great difference between enterprises in different age groups was reported in the alternatives and in the access scales. The oldest enterprises reported the highest mean score in influence (1.79). Mean differences between various age groups were not significant, however. *Table 7.10* displays the scores for each resource dependence element by enterprise age.

EXISTED SINCE		CRITICALITY	MAGNITUDE	ALTER-NATIVES	ACCESS	INFLUENCE
Under 2 years (n=11)	Mean	3.42	1.59	3.88	3.75	1.64
	Median	3.41	1.35	3.94	3.87	1.00
	SD	.528	.654	.649	.745	.809
2 to 5 years (n=34)	Mean	3.26	2.02	3.86	3.74	1.65
	Median	3.35	1.65	3.79	3.88	1.00
	SD	.862	1.061	.588	.890	.917
6 to 10 years (n=52)	Mean	3.15	1.90	3.74	3.52	1.50
	Median	3.18	1.85	3.82	3.53	1.00
	SD	.689	.829	.751	.713	.700
Over 10 years (n=130)	Mean	3.34	2.05	3.92	3.75	1.79
	Median	3.35	1.81	3.88	3.76	1.00
	SD	.760	.952	.723	.810	1.002

Table 7.10 Scores of resource dependence elements by age (n=227)

Resource dependence scores were – except for the enterprises less than two years of age - very similar across age groups *(Table 7.11)*. The resource dependence level for the youngest group of enterprises was somewhat lower than in other groups.

RESOURCE DEPENDENCE BY AGE			
EXISTED SINCE	MEAN	MEDIAN	SD
Under 2 years	2.35	2.28	.320
2 to 5 years	2.42	2.38	.490
6 to 10 years	2.45	2.44	.374
Over 10 years	2.44	2.48	.456

Table 7.11 Resource dependence scores by enterprise age
(n=227)

An ANOVA-test showed that there was no statistically significant difference, however, between enterprises in different age groups $(F_{(3,223)}=0.185, p=0.907)$.

7.3.6 Enterprise size and resource dependence

The size of enterprises was assessed using two variables: the number of employees and turnover. In general, scores for resource criticality as well as for magnitude of exchange increased significantly as the number of employees increased. The smallest enterprises reported significantly lower levels of access than larger enterprises. In addition, large enterprises reported notably higher scores for influence than micro enterprises (one to nine employees). An overview of the scores for resource elements by the number of employees is presented in *Table 7.12.*

EMPLOYEES		CRITICALITY	MAGNITUDE	ALTER-NATIVES	ACCESS	INFLUENCE
1 person (n=81)	Mean	3.15	1.61	3.87	3.67	1.72
	Median	3.06	1.44	3.88	3.71	1.00
	SD	.733	.592	.644	.769	.952
2 - 9 people (n=103)	Mean	3.24	2.03	3.80	3.60	1.55
	Median	3.29	1.88	3.82	3.53	1.00
	SD	.735	.878	.749	.750	.869
10 -49 people (n=32)	Mean	3.69	2.49	3.99	4.12	1.97
	Median	3.68	2.15	4.00	4.27	2.00
	SD	.607	1.207	.758	.738	.897
50 - 249 people (n=7)	Mean	4.06	3.57	4.06	4.04	2.43
	Median	4.12	3.59	4.24	4.38	2.00
	SD	.304	.750	.681	.768	.976

Table 7.12 Scores of resource dependence elements by employees
(n=223, missing=4)

In this study, it was found that as the number of employees increased, so did levels of resource dependence *(Table 7.13)*. Whereas enterprises with only one employee reported an average resource dependence level of 2.31, a level of 2.88 was computed for medium-sized enterprises.

RESOURCE DEPENDENCE BY EMPLOYEES			
EMPLOYEES	MEAN	MEDIAN	SD
1 person	2.31	2.25	.401
2 - 9 people	2.47	2.54	.403
10 -49 people	2.53	2.56	.515
50 - 249 people	2.88	2.75	.433

Table 7.13 Resource dependence by enterprise size/number of employees
(n=223, missing=4)

A significant difference between enterprises in different size categories was reported *($F_{(3,219)}$=5.995, p=0.001)*. A post-hoc test (Bonferroni) was conducted. This showed that enterprises employing only one person reported significantly lower levels of resource dependence than enterprises with two to nine employees *($p<0.05$)* or enterprises with over fifty employees *($p<0.01$)*. Thus, a contrast test was carried out to compare the dependence between micro enterprises and enterprises with 10 employees and more. The test showed a significant difference between these two groups *($t=3.390$, $df=219$, $p=0.001$)*. Larger numbers of employees indicated higher levels of resource dependence.

Turnover was a second factor used to measure enterprise size in this study. The majority of respondents had a turnover under two million Euros. This group of SMEs reported significantly lower criticality, magnitude, access, and influence scores than enterprises with a higher turnover. Enterprises with the highest turnovers reported high scores for alternatives (mean 4.41, median 4.53) as well as for access (mean 4.83, median 4.88). Enterprises with a turnover between 2 and 9.9 million Euros attained the highest score in influence (mean 2.29, median 2.50) of all SMEs. The scores for resource dependence elements by turnover are presented in *Table 7.14.*

TURNOVER		CRITICALITY	MAGNITUDE	ALTER-NATIVES	ACCESS	INFLUENCE
Less than 2 million Euros (n=189)	Mean	3.21	1.89	3.83	3.62	1.62
	Median	3.24	1.67	3.82	3.59	1.00
	SD	.733	.814	.702	.789	.887
2 to 9.9 million Euros (n=25)	Mean	3.76	2.65	4.01	4.08	2.29
	Median	3.82	2.24	4.06	4.27	2.50
	SD	.597	1.294	.773	.725	.999
10 to 49.9 million Euros (n=5)	Mean	3.75	2.31	4.41	4.83	1.40
	Median	3.88	1.53	4.53	4.88	1.00
	SD	.546	1.564	.686	.183	.548

Table 7.14 Scores of resource dependence elements by turnover
(n=219, missing=8)

Enterprises with a turnover between two and 9.9 million Euros scored highest in resource dependence (mean 2.60). In respect to their turnover, the largest enterprises had the lowest resource dependence score (mean 2.20). *Table 7.15* summarizes the scores by turnover.

RESOURCE DEPENDENCE BY TURNOVER			
TURNOVER	MEAN	MEDIAN	SD
Less than 2 million Euros	2.42	2.44	.415
2 to 9.9 million Euros	2.60	2.63	.513
10 to 49.9 million Euros	2.20	2.18	.496

Table 7.15 Resource dependence by size/turnover
(n=219, missing=8)

No significant differences in resource dependence levels was computed between different turnover groups *($F_{(2,216)}=2.674$, $p=0.071$).*

7.3.7 Enterprise ownership and resource dependence

Enterprises owned by one person or family considered resources to be less critical than did enterprises with other kinds of ownership arrangement (mean 3.17). Associations scored higher regarding resource criticality, magnitude of exchange, and access, but reported a lower level of alternatives than did other enterprises. Along with associations, limited companies scored over 2.00 in magnitude of exchange. Influence scores for one person/family enterprises and limited companies were at about the same level (means 1.72 and 1.69, respectively). Aforementioned differences between groups were, however, not statistically significant *Table 7.16* summarizes the scores for each element by enterprise ownership.

OWNERSHIP		CRITICALITY	MAGNITUDE	ALTER-NATIVES	ACCESS	INFLUENCE
One person/ family (n=125)	Mean	3.17	1.92	3.82	3.55	1.72
	Median	3.18	1.69	3.88	3.53	1.00
	SD	.801	.877	.699	.808	.956
Joint ownership (n=20)	Mean	3.35	1.77	3.80	3.78	1.50
	Median	3.47	1.50	3.71	3.81	1.00
	SD	.736	.623	.709	.749	.889
Association (n=4)	Mean	3.76	2.62	3.53	3.91	2.50
	Median	3.71	2.50	3.53	3.79	2.50
	SD	.717	1.214	.453	.393	1.291
Limited company (n=67)	Mean	3.47	2.22	3.96	3.86	1.69
	Median	3.35	1.97	4.00	3.82	1.00
	SD	.642	1.087	.715	.781	.871
Other (n=11)	Mean	3.34	1.46	4.09	4.10	1.40
	Median	3.50	1.47	4.06	4.29	1.00
	SD	.640	.405	.801	.753	.516

Table 7.16 Scores of resource dependence elements by ownership (n=227)

While associations reported the highest resource dependence level (mean 2.74), the group "other ownership" reported the lowest (mean 2.15). *Table 7.17* displays the various scores of resource dependence by ownership.

RESOURCE DEPENDENCE BY OWNERSHIP			
OWNERSHIP	MEAN	MEDIAN	SD
One person/family	2.43	2.46	.418
Joint ownership	2.38	2.40	.399
Association	2.74	2.71	.375
Limited company	2.48	2.53	.482
Other	2.15	2.18	.330

Table 7.17 Resource dependence by enterprise ownership (n=227)

An ANOVA-test was employed. No significant differences were computed between the various groups ($F_{(4,222)}=1.940$, $p=0.105$).

7.3.8 Share of foreign guests and resource dependence

Enterprises with no foreign guests scored lowest in the criticality of resources as well as in the magnitude of resource exchange. These findings were statistically significant. The survey showed that resources were most critical for those enterprises with an overseas guest share between 51% and 75% (mean 3.88). This group also scored highest in the magnitude scale (mean 2.78). Enterprises with a 26 % to 50 % overseas guest ratio reported the highest levels of alternatives as well as highest levels of access (means 4.06 and 4.08, respectively). Together with enterprises with no foreign guests, enterprises with 51% to 75% share of foreign guests scored highest in influence (mean 1.78). A summary of the scores of resource dependence elements scores by share of foreign guests is displayed in *Table 7.18.*

FOREIGN QUESTS		CRITICALITY	MAGNITUDE	ALTER-NATIVES	ACCESS	INFLUENCE
1 - 10% (n=118)	Mean	3.13	1.77	3.84	3.64	1.71
	Median	3.18	1.53	3.85	3.71	1.00
	SD	.709	.767	.734	.828	.951
11-25% (n=57)	Mean	3.51	2.30	3.81	3.69	1.74
	Median	3.53	2.00	3.82	3.71	1.00
	SD	.749	1.046	.736	.794	.936
26-50% (n=25)	Mean	3.51	2.20	4.06	4.08	1.61
	Median	3.53	2.15	3.94	4.06	1.00
	SD	.691	.988	.578	.572	.783
51-75% (n=9)	Mean	3.88	2.78	3.94	3.81	1.78
	Median	4.06	3.00	4.12	3.65	1.00
	SD	.685	1.092	.748	.810	.972
76-100% (n=8)	Mean	3.50	2.08	4.01	3.40	1.25
	Median	3.68	1.94	3.88	3.38	1.00
	SD	.688	1.013	.524	.917	.463
No foreign guests (n=9)	Mean	2.76	1.49	3.76	3.56	1.78
	Median	2.47	1.12	3.82	3.59	1.00
	SD	.801	.753	.611	.754	1.093

***Table 7.18 Scores of resource dependence elements by the share of foreign guests** (n=226, missing=1)*

Resource dependence levels were lowest among enterprises with no foreign guests (mean 2.23). Enterprises with shares of 51% to 75% foreign guests reported the highest levels of resource dependence (mean 2.73). Resource dependence scores by the number of foreign guests are presented in *Table 7.19.*

RESOURCE DEPENDENCE BY FOREIGN GUESTS			
FOREIGN QUESTS	MEAN	MEDIAN	SD
1 - 10%	2.35	2.37	.395
11-25%	2.58	2.56	.432
26-50%	2.43	2.57	.466
51-75%	2.73	2.83	.617
76-100%	2.54	2.49	.414
No foreign guests	2.23	2.25	.404

Table 7.19 Resource dependence by the number of foreign guests
(n=226, missing=1)

The ANOVA-test showed a significant difference between these six groups ($F_{5,220)}=3.640$, $p=0.003$). The post-hoc test (Bonferroni) showed that enterprises with 1-10% shares of foreign guests reported significantly lower levels of resource dependence than enterprises with 11-25% shares of foreign guests ($p<0.015$).

It was presumed that enterprises which are willing to provide their services overseas, need more and more specific resources. They might, therefore, become more dependent on providers of these resources. Consequently, a contrast test was carried out. This exposed a statistically significant difference between enterprises with 10% or less or no foreign guests and enterprises with foreign guests between 11% and 100% ($t=3.003$, $df=220$, $p=0.003$). Tourism enterprises with more foreign guests were more dependent on FTB resources.

7.3.9 Use of information technology (IT) and resource dependence

Enterprises using IT in their business reported significantly higher levels of criticality, magnitude, alternatives, and access than those that did not use IT. The measured levels for the element *Influence* were quite similar in both groups. Table *7.20* summarizes computed scores for different resource dependence elements.

IT USAGE		CRITICALITY	MAGNITUDE	ALTER-NATIVES	ACCESS	INFLUENCE
No (n=23)	Mean	2.87	1.46	3.59	3.50	1.65
	Median	2.71	1.29	3.65	3.35	1.00
	SD	.842	.407	.834	.862	1.071
Yes (n=203)	Mean	3.33	2.04	3.90	3.72	1.69
	Median	3.35	1.82	3.88	3.71	1.00
	SD	.727	.953	.686	.791	.900

Table 7.20 Scores of resource dependence elements by the use of information technology (IT) (n=226, missing=1)

While the level of resource dependence for enterprises using IT was somewhat higher than for non-users *(Table 7.21)*, this finding was statistically not significant *(t=1.410, df=224, p=0.160)*.

RESOURCE DEPENDENCE BY IT USAGE			
IT USAGE	MEAN	MEDIAN	SD
No	2.31	2.28	.311
Yes	2.45	2.46	.447

Table 7.21 Resource dependence by the use of information technology (IT) (n=226, missing=1).

7.3.10 Marketing planning and resource dependence

Two dimensions of marketing planning were studied. First, it was assessed how formally enterprises planned their marketing. Secondly, the time scope of the planning was determined.

Table 7.22 presents the scores for each resource dependence element by formality of marketing planning procedure. As the sophistication of SMEs' marketing planning increased, levels of their scores for resource dependence elements also grew. Enterprises not planning at all scored lowest in all elements. Apart from alternative resources, the differences between these groups regarding other resource dependence elements were statistically significant.

MARKETING PLANNING		CRITICALITY	MAGNITUDE	ALTER-NATIVES	ACCESS	INFLUENCE
Yes, a formal written plan (n=57)	Mean	3.73	2.54	4.01	3.88	1.84
	Median	3.76	2.24	4.00	3.90	2.00
	SD	.678	1.098	.687	.876	.938
Yes, an unwritten plan (n=113)	Mean	3.33	1.94	3.87	3.71	1.61
	Median	3.29	1.76	3.88	3.71	1.00
	SD	.646	.858	.666	.741	.849
No plan (n=57)	Mean	2.77	1.52	3.72	3.48	1.70
	Median	2.71	1.35	3.82	3.35	1.00
	SD	.709	.532	.783	.791	1.025

Table 7.22 Scores of resource dependence elements by formality of marketing planning (n=227)

Enterprises which made formal marketing plans, reported higher levels of resource dependence with regard to their marketing than enterprises which did not have marketing plans *(Table 7.23)*.

RESOURCE DEPENDENCE BY MARKETING PLANNING PROCEDURE			
MARKETING PLANNING	MEAN	MEDIAN	SD
Yes, a formal written plan	2.60	2.59	.490
Yes, an unwritten plan	2.43	2.47	.412
No plan	2.28	2.24	.366

***Table 7.23 Resource dependence by formality of marketing planning** (n=227)*

An ANOVA-test showed a significant difference between these groups ($F_{(2,224)}=8.433$, $p<0.001$), while a post-hoc test (Bonferroni) showed significant effects between enterprises with a formal marketing plan and enterprises with an unwritten plan ($p<0.05$) as well as between enterprises with no marketing plan ($p<0.01$). These findings were confirmed with a contrast test showing that dependence on resources was higher for enterprises with marketing plans than for those who did not plan ($t=3.647$, $df=224$, $p<0.001$).

The question of a marketing planning scope was answered only by those enterprises making a marketing plan (n=169). The more long-term the planning of an enterprise the higher was the reported level of the resource criticality as well as the magnitude of resource exchange. Such a general tendency could not be observed regarding alternatives and access. However, enterprises planning three to five years ahead also reported the highest levels of alternatives and access. Enterprises planning only short term up to one year scored highest in the influence scale (mean 2.08, median 2.00). *Table 7.24* summarizes the scores for each resource dependence element by marketing planning scope.

PLANNING SCOPE		CRITICALITY	MAGNITUDE	ALTER-NATIVES	ACCESS	INFLUENCE
Up to one year (n=26)	Mean	3.36	2.03	3.78	3.74	2.08
	Median	3.26	1.73	3.76	3.71	2.00
	SD	.626	.768	.732	.737	.977
One to two years (n=111)	Mean	3.47	2.13	3.95	3.73	1.59
	Median	3.51	1.94	3.91	3.71	1.00
	SD	.709	.990	.625	.806	.829
Three to five years (n=32)	Mean	3.53	2.31	3.97	3.95	1.65
	Median	3.53	1.88	4.00	4.03	1.00
	SD	.655	1.154	.786	.780	.915
Total (n=169)	Mean	3.46	2.15	3.93	3.78	1.68
	Median	3.47	1.94	3.94	3.76	1.00
	SD	.685	.991	.673	.791	.882

***Table 7.24 Scores of resource dependence elements by marketing planning scope** (n=169)*

Differences in the planning scope of enterprises did not influence the resource dependence scores, as shown in *Table 7.25.* An ANOVA-test showed no significant difference between these groups $(F_{(2,165)}=0.014, p=0.986)$.

RESOURCE DEPENDENCE BY MARKETING PLANNING SCOPE			
PLANNING SCOPE	MEAN	MEDIAN	SD
Up to one year	2.47	2.60	.408
One to two years	2.49	2.51	.451
Three to five years	2.48	2.49	.474

***Table 7.25 Resource dependence by marketing planning scope** (n=169)*

7.3.11 Marketing activities and resource dependence

Generally speaking, SMEs using any of the listed marketing methods also scored significantly higher on resource dependence dimensions than those which did not use these methods. Enterprises employing international advertising considered resources as most critical (mean 3.92). These enterprises also reported the highest level of magnitude of exchange with the FTB (mean 2.85), alternatives (4.25), and access (4.26). The highest scores for influence were reported by enterprises using sponsorship as marketing method (1.86). *Table 7.26* summarizes the mean scores for resource dependence elements by marketing methods.

MARKETING METHODS			CRITI-CALITY	MAGNI-TUDE	ALTER-NATIVES	ACCESS	IN-FLUENCE	RESOURCE DEPEN-DENCE
Brochures, CDs, etc.	No=75	Mean	3.08	1.76	3.75	1.58	3.48	2.42
	Yes=152	Mean	3.39	2.09	3.92	1.74	3.80	2.44
Discounted prices	No=167	Mean	3.17	1.84	3.83	1.62	3.58	2.40
	Yes=60	Mean	3.63	2.39	3.97	1.90	4.02	2.52
Personal selling	No=82	Mean	3.02	1.76	3.70	1.67	3.53	2.40
	Yes=145	Mean	3.44	2.11	3.96	1.70	3.79	2.46
PR	No=132	Mean	3.12	1.76	3.78	1.67	3.57	2.39
	Yes=95	Mean	3.53	2.29	3.98	1.72	3.88	2.49
Sponsorship	No=168	Mean	3.22	1.88	3.83	1.63	3.64	2.41
	Yes=59	Mean	3.48	2.28	3.97	1.86	3.85	2.49
Local advertising	No=108	Mean	3.17	1.89	3.78	1.69	3.55	2.44
	Yes=119	Mean	3.40	2.07	3.95	1.69	3.83	2.43
National advertising	No=162	Mean	3.17	1.81	3.82	1.70	3.59	2.40
	Yes=65	Mean	3.60	2.41	3.98	1.67	3.97	2.52
Intern-national advertising	No=206	Mean	3.23	1.90	3.83	1.68	3.64	2.42
	Yes=21	Mean	3.92	2.85	4.25	1.81	4.26	2.56
Internet promotion	No=72	Mean	3.01	1.68	3.85	1.56	3.57	2.32
	Yes=155	Mean	3.42	2.13	3.87	1.76	3.76	2.49
Competitions	No=199	Mean	3.24	1.91	3.85	1.68	3.66	2.42
	Yes=28	Mean	3.63	2.52	4.01	1.81	3.99	2.55
Other	No=214	Mean	3.32	2.00	3.86	1.70	3.70	2.44
	Yes=13	Mean	2.83	1.78	3.90	1.54	3.70	2.26

Table 7.26 Scores of resource dependence elements by marketing methods (n=227)

When studying the effects of different marketing activities on overall resource dependence of SMEs, one significant effect was found. Enterprises using internet promotion in their marketing had significantly higher dependence on FTB resources than those which did not promote via the internet *($t=2.748$, $df=225$, $p=0.006$)*.

7.3.12 Cooperation and resource dependence

Enterprises which cooperated with at least one organisation, considered the listed resources to be more critical and they exchanged more of them with the FTB than those not cooperating at all. Also, cooperating enterprises reported not only higher levels of alternative resources and access to them, but also higher levels of influence than non-cooperating enterprises. A summary of the scores of resource dependence elements can be found in *Table 7.27*. A t-test was employed to find out if the perceived importance (including criticality and magnitude scores) and alternatives (including alternatives and access scores) differed significantly among respondents. Enterprises which cooperated reported higher levels of resource importance *($t=3.444$, $df=225$, $p=0.001$)* as well as resource alternatives *($t=3.321$, $df=221$, $p=0.001$)*. Cooperating enterprises considered resources listed as significantly more important and also had significantly more alternatives to the FTB resources.

COOPERATION		CRITICALITY	MAGNITUDE	ALTER-NATIVES	ACCESS	INFLUENCE
No (n=15)	Mean	2.60	1.42	3.57	2.94	1.40
	Median	2.59	1.12	3.58	3.00	1.00
	SD	.888	.550	1.038	1.001	.828
Yes (n=212)	Mean	3.34	2.03	3.89	3.75	1.71
	Median	3.35	1.81	3.88	3.76	1.00
	SD	.718	.940	.677	.756	.924

Table 7.27 Scores of resource dependence elements by cooperation (n=227)

SMEs which cooperated with others had somewhat higher scores for overall resource dependence than non-cooperating enterprises *(Table 7.28)*. This finding, however, was not statistically significant *($t=0.418$, $df=225$, $p=0.676$)*.

RESOURCE DEPENDENCE BY COOPERATION			
COOPERATION	MEAN	MEDIAN	SD
No	2.39	2.28	.344
Yes	2.44	2.46	.442

Table 7.28 Resource dependence by cooperation
(n=227)

Cooperating enterprises were asked to identify their cooperation partners. Regardless of the kind of organisations SMEs cooperated with, the cooperation increased the level of all resource dependence elements. As could be expected, those who worked with the FTB considered the resources surveyed to be most critical (3.94). Furthermore, these SMEs also reported the highest level of magnitude of exchange (3.24). Those enterprises which cooperated with chambers of commerce scored highest in alternatives (4.17) as well as in access to alternative resources category (4.30). The highest score in influence was reported by the group "other" (2.10), followed by those enterprises cooperating with the FTB (1.85) and with chambers of commerce (1.81). Scores for each resource dependence element as well as for total resource dependence by cooperation partners are displayed in *Table 7.29*

COOPERATION PARTNERS			CRITI-CALITY	MAGNI-TUDE	ALTER-NATIVES	ACCESS	IN-FLUENCE	RESOURCE DEPEN-DENCE
Same sector companies	No=75	Mean	3.04	1.68	3.63	3.41	1.72	2.42
	Yes=152	Mean	3.41	2.14	3.98	3.84	1.68	2.44
Other tourism companies	No=65	Mean	2.88	1.52	3.71	3.39	1.67	2.33
	Yes=162	Mean	3.46	2.17	3.93	3.82	1.70	2.47
Non-tourism companies	No=140	Mean	3.16	1.79	3.78	3.53	1.69	2.41
	Yes=87	Mean	3.50	2.30	4.00	3.96	1.69	2.47
Local tourism organisation	No=106	Mean	2.98	1.67	3.75	3.46	1.63	2.36
	Yes=121	Mean	3.56	2.26	3.97	3.90	1.74	2.50
Regional tourism organisation	No=102	Mean	3.09	1.57	3.72	3.50	1.65	2.37
	Yes=125	Mean	3.46	2.32	3.98	3.85	1.72	2.49
Finnish Tourist Board	No=187	Mean	3.15	1.72	3.82	3.62	1.66	2.36
	Yes=40	Mean	3.94	3.24	4.06	4.03	1.85	2.77
Local authorities	No=149	Mean	3.16	1.77	3.77	3.52	1.69	2.41
	Yes=78	Mean	3.54	2.40	4.05	4.04	1.70	2.47
Chamber of commerce	No=200	Mean	3.22	1.87	3.82	3.61	1.67	2.42
	Yes=27	Mean	3.79	2.87	4.17	4.30	1.81	2.55
Other	No=217	Mean	3.29	1.97	3.86	3.69	1.67	2.43
	Yes=10	Mean	3.34	2.22	4.04	3.83	2.10	2.42

Table 7.29 Scores of resource dependence elements by cooperation partner (n=227)

When studying the effects of cooperation with different partners on the overall resource dependence of SMEs, one significant effect was found. SMEs cooperating with the FTB were more dependent on its resources than enterprises not cooperating with it *($t=5.804$, $df=225$, $p<0.001$)*. The mean score of resource dependence for SMEs working with the FTB was 2.77.

In general, cooperation of any type increased the levels of all resource dependence elements. Enterprises buying resources jointly judged the resources to be most critical (3.61) for their business. Cooperating SMEs in the category "other", reported the highest levels of magnitude of exchange (2.38) and influence (2.00). The summary of the results regarding resource dependence by type of cooperation is summarized in *Table 7.30.*

TYPE OF COOPERATION			CRITI-CALITY	MAGNI-TUDE	ALTER-NATIVES	ACCESS	IN-FLUENCE	RESOURCE DEPEN-DENCE
Marketing	No=44	Mean	2.72	1.39	3.66	3.28	1.37	2.29
	Yes=183	Mean	3.43	2.13	3.91	3.79	1.77	2.47
Planning	No=131	Mean	3.13	1.81	3.78	3.50	1.67	2.42
	Yes=96	Mean	3.52	2.23	3.98	3.96	1.71	2.46
Joint purchase	No=202	Mean	3.25	1.96	3.86	3.68	1.67	2.42
	Yes=25	Mean	3.61	2.18	3.93	3.80	1.88	2.52
Sharing of resources	No=117	Mean	3.14	1.83	3.80	3.58	1.66	2.40
	Yes=110	Mean	3.46	2.15	3.93	3.82	1.72	2.47
Other	No=220	Mean	3.29	1.97	3.87	3.70	1.68	2.43
	Yes=7	Mean	3.28	2.38	3.86	3.70	2.00	2.55

Table 7.30 Scores of resource dependence elements by type of cooperation
(n=227)

If marketing was the type of cooperation, a significant effect on the total resource dependence was exposed *(t=2.511, df=225, p=0.013).* It became clear that SMEs cooperating with others in marketing matters, reported higher dependence on FTB resources than enterprises not involved in this type of cooperation.

7.3.13 Membership and resource dependence

SMEs which were members of other organisations, commonly reported significantly higher levels of criticality and magnitude of resource exchange than non-members. They also reported a higher level of available alternatives as well as of access to alternative resources than non-members. The highest levels of alternatives and access were reported by members of international organisations and of the chambers of commerce. The influence score proved also to be higher for members than non-members. *Table 7.31* presents the scores for resource dependence elements and total resource dependence by membership.

MEMBERSHIP			CRITI-CALITY	MAGNI-TUDE	ALTER-NATIVES	ACCESS	IN-FLUENCE	RESOURCE DEPEN-DENCE
Sector organisation	No=124	Mean	3.12	1.78	3.79	3.57	1.66	2.39
	Yes=133	Mean	3.49	2.24	3.96	3.85	1.73	2.48
International organisation	No=202	Mean	3.24	1.96	3.83	3.63	1.68	2.44
	Yes=25	Mean	3.69	2.23	4.18	4.26	1.83	2.40
Local tourism organisation	No=128	Mean	3.08	1.73	3.71	3.50	1.58	2.40
	Yes=99	Mean	3.56	2.32	4.07	3.95	1.84	2.47
Regional tourism organisation	No=154	Mean	3.16	1.77	3.78	3.56	1.62	2.40
	Yes=73	Mean	3.57	2.44	4.04	3.98	1.85	2.50
Chamber of commerce	No=198	Mean	3.25	1.89	3.83	3.63	1.68	2.43
	Yes=29	Mean	3.59	2.63	4.11	4.16	1.76	2.49
Other	No=214	Mean	3.29	1.99	3.87	3.72	1.71	2.43
	Yes=13	Mean	3.25	1.89	3.89	3.36	1.31	2.47

Table 7.31 Scores of resource dependence elements by membership
(n=227)

There were no significant differences in resource dependence between members and non-members.

7.3.14 Future plans and resource dependence

Enterprises, which intended to grow substantially in the future, reported the highest levels of resource criticality, magnitude of exchange, alternatives, and access.

Statistically significant differences in these scores, however, were reported between enterprises which wanted to grow moderately or did not have any intentions to grow. *Table 7.32* summarizes the scores for resource dependence elements by future plans of enterprises.

FUTURE		CRITICALITY	MAGNITUDE	ALTER-NATIVES	ACCESS	INFLUENCE
Become smaller (n=9)	Mean	2.31	1.20	3.51	2.83	1.11
	Median	2.35	1.00	3.67	3.00	1.00
	SD	.941	.296	1.070	1.197	.333
Stay the same size (n=74)	Mean	3.07	1.71	3.77	3.55	1.70
	Median	3.06	1.49	3.82	3.42	1.00
	SD	.767	.658	.752	.789	.901
Grow moderately (n=129)	Mean	3.45	2.15	3.92	3.78	1.73
	Median	3.41	1.94	3.94	3.79	1.00
	SD	.664	.995	.644	.711	.962
Grow substantially (n=14)	Mean	3.61	2.46	4.05	4.18	1.71
	Median	3.74	2.24	3.94	4.29	1.50
	SD	.520	1.201	.675	.794	.825

Table 7.32 Scores ofr resource dependence elements by future plans
(n=226, missing=1)

Resource dependence levels among enterprises planning to grow in the future were somewhat higher than for enterprises planning to either stay the same size, or to become smaller in the future *(Table 7.33)*.

RESOURCE DEPENDENCE BY THE PLANS FOR THE FUTURE			
FUTURE	MEAN	MEDIAN	SD
Become smaller	2.29	2.19	.330
Stay the same size	2.36	2.38	.428
Grow moderately	2.49	2.49	.446
Grow substantially	2.46	2.48	.403

Table 7.33 Resource dependence by plans for the future
(n=226, missing=1)

The difference between these groups was statistically not significant, however *($F_{(3,222)}=1.721$, $p=0.164$)*.

7.3.15 Respondent's education level and resource dependence

Those respondents who had completed a university degree or an equivalent, reported higher levels of criticality, magnitude, alternatives, and access than persons who had completed only secondary education. The latter group reported a higher level of influence than the former. A statistically significant difference between respondents was only calculated for the access dimension: respondents with higher education reported higher levels of access to alternative resources than respondents with a lower level of education. *Table 7.34* presents the scores for resource dependence elements by respondents' education.

EDUCATION		CRITICALITY	MAGNITUDE	ALTER-NATIVES	ACCESS	INFLUENCE
Completed secondary education	Mean	3.27	1.95	3.82	3.61	1.71
	Median	3.29	1.76	3.82	3.53	1.00
	SD	.736	.820	.741	.783	.930
Completed university degree or equivalent	Mean	3.34	2.11	3.94	3.85	1.58
	Median	3.35	1.59	3.94	3.87	1.00
	SD	.773	1.138	.673	.804	.801

Table 7.34 Scores ofr resource dependence elements by respondent's education
(n=209, missing=18)

The level of resource dependence was slightly higher for respondents with a lower educational level *(Table 7.35)*. A t-test did not show any significant difference between these two groups *($t=0.665$, $df=207$, $p=0.507$)*.

RESOURCE DEPENDENCE BY RESPONDENT'S EDUCATION			
EDUCATION	MEAN	MEDIAN	SD
Completed secondary education	2.45	2.47	.403
Completed university degree or equivalent	2.41	2.37	.501

Table 7.35 Resource dependence by respondent's education
(n=209, missing=18)

7.3.16 Tourism qualification and resource dependence

Respondents with a tourism qualification reported higher scores for all resource dependence elements than persons without such a qualification. These findings were statistically significant regarding resource importance and magnitude of exchange. In *Table 7.36* the scores for resource dependence elements by respondents' tourism qualification are displayed.

TOURISM QUALIFICATION		CRITICALITY	MAGNITUDE	ALTER-NATIVES	ACCESS	INFLUENCE
No	Mean	3.12	1.77	3.82	3.62	1.62
	Median	3.15	1.45	3.85	3.71	1.00
	SD	.753	.803	.749	.850	.944
Yes	Mean	3.45	2.19	3.91	3.77	1.76
	Median	3.41	1.94	3.91	3.71	1.00
	SD	.718	.999	.665	.746	.894

Table 7.36 Scores of resource dependence elements by respondents' tourism qualification (n=227)

Respondents with tourism qualification reported a higher resource dependence level than respondents without such a qualification *(Table 7.37)*.

RESOURCE DEPENDENCE BY RESPONDENT'S TOURISM QUALIFICATION			
TOURISM QUALIFICATION	MEAN	MEDIAN	SD
No	2.37	2.36	.439
Yes	2.50	2.53	.426

Table 7.37 Resource dependence by respondent's tourism qualification (n=227)

A t-test was carried out and it showed a significant difference between these two groups *($t=2.234$, $df=225$, $p=0.026$)*.

7.3.17 Summary

The examined resources were the ones considered the most critical for large SMEs, for enterprises that worked in cooperation with the FTB or advertised internationally. Also, incoming operators as well as enterprises with a 51-75% share of foreign guests achieved high scores regarding the criticality of resources for their business. These resources were judged to be the least critical for SMEs which intended to become smaller in the future or which did not cooperate at all. Furthermore, enterprises which either did not plan their marketing, or did not have foreign guests, considered these resources as less critical than other enterprises did.

Large SMEs indicated the highest levels of resource exchange with the FTB. Compared with other possible partners, the SMEs cooperating with the FTB showed higher level of resource exchange. The size of an enterprise, however, appeared to be a more important factor in determining the level of resource exchange than cooperation with the resource provider itself. The lowest level of magnitude of resource exchange was computed for SMEs intending to become smaller, as well as for those SMEs not having foreign guests, not cooperating with other organisations and not using IT in their business.

Incoming operators and large enterprises with a turnover over ten million Euros, reported the highest level of alternative resources and the best access to these alternatives. Members of chambers of commerce and enterprises which cooperated with them, also scored high in these two dimensions. The lowest level of alternatives and access were reported by enterprises which wanted to become smaller, did not make marketing plans, or did not cooperate.

The level of influence on the FTB was generally low and in no case exceeded the median score of 2.50. The highest levels of influence were computed for associations (2.50), enterprises employing 50 to 249 people (2.43), enterprises with a turnover over ten million euros (2.29), and for incoming operators (2.29). SMEs cooperating with the FTB scored 1.85, indicating a level of influence only slightly over the average (=1.69).

7.4 Role of individual resources

7.4.1 Introduction and general overview

In this study, seventeen resources provided by the FTB were included in the resource dependence scale. The criticality of each individual resource, the magnitude of its exchange with the FTB, the availability of alternatives to the particular resource, as well as the individual respondent's ease of access to alternatives were all assessed. This allowed a separate investigation of the dependence of SMEs on individual FTB resources.

Destination marketing is a resource which 9 % of all respondents reported themselves to be highly dependent on. Another resource many enterprises were very dependent on, was joint foreign marketing (5%). For about 60% of all responding enterprises, the dependence level was higher than the calculated average dependence level. Since their dependence level was 2.40 or above, they can be considered to be moderately or highly dependent on those FTB resources. Generally, low dependence was reported for resources such as 'training', 'representation overseas', 'contacts with the domestic media', 'contacts with foreign media', as well as 'contacts with the travel trade'. An overview of the dependence levels of SMEs on individual resources is presented in *Table 7.38.*

RESOURCE DEPENDENCE	HIGH 3.70-5.00		MODERATE 2.40-3.69		LOW 1.00-2.39	
Resources	N	%	N	%	N	%
Information on domestic market	6	3%	148	65%	73	32%
Information on foreign market	6	3%	128	56%	93	41%
Marketing knowledge	8	4%	153	67%	66	29%
Product development support	6	3%	124	55%	97	42%
Research	7	3%	131	58%	89	39%
Destination marketing	21	9%	143	63%	63	28%
Joint marketing domestic	8	4%	125	55%	94	41%
Joint marketing foreign	12	5%	110	49%	105	46%
Reservation systems	4	2%	94	41%	129	57%
Consumer information	6	3%	129	57%	92	40%
Travel trade information	4	2%	105	46%	118	52%
Contacts with travel trade	6	3%	89	39%	131	58%
Contacts domestic media	3	1%	87	39%	136	60%
Contacts foreign media	4	2%	88	39%	134	59%
Training	4	2%	66	29%	156	69%
Representation overseas	6	3%	77	34%	143	63%
Lobbying	8	4%	119	52%	99	44%
Overall dependence	3	1%	129	57%	95	42%

Table 7.38 Distribution of the sample into high, moderate and low dependence categories

7.4.2 Explaining dependence on individual resources

Since the resources used as items in the resource dependence scale are very diverse, a closer look at each of them independently allows a more multifaceted analysis of SMEs' resource dependence.

The same variables which were used to explore the variation in overall resource dependence, were applied to find out differences in dependence on the individual resources. Eighteen explanatory variables were used in this analysis. Effects of variables: 'sector', 'age', 'ownership', 'number of employees', 'turnover', 'number of foreign guests', 'marketing planning', 'planning scope', 'marketing activities', and 'future' were explored with ANOVA tests. For the variables 'location', 'IT-usage', 'cooperation', 'cooperation partners', 'cooperation type', 'membership', 'education', and 'tourism qualification' t-tests were employed. In both tests the significance level was set at 5%.

A summary of the effects of the independent variables on resources can be found in *Table 7.39.* A tick in a cell shows that at least one statistically significant difference between the relevant sub-samples for the dependency dimension can be explained by the explanatory variable in question. Results of statistical tests can be found in *Appendix 5.*

Out of fourteen variables which had a statistically significant effect on at least one of the seventeen resources surveyed, the variables 'cooperation partners', 'marketing planning', 'marketing activities', 'employees', 'foreign guests', 'turnover', and 'tourism qualification' were computed most frequently.

No statistically significant difference in resource dependence could be explained with the help of the variables 'age', 'planning scope', 'cooperation', and 'education'.

Resources	Sector *ANOVA*	Location *t-test*	*Ownership* *ANOVA*	Employees *ANOVA*	Turnover *ANOVA*	Foreign Guests *ANOVA*	IT-usage *t-test*	Marketing Planning *ANOVA*	Marketing activity *t-test*	Coop partners *t-test*	Coop type *t-test*	Member-ship *t-test*	Future Plans *ANOVA*	Tourism Qualific. *t-test*
Total dependence				√		√		√	√	√	√			√
Information on domestic market				√					√	√		√		
Information on foreign market				√		√		√	√	√	√		√	√
Marketing knowledge				√				√		√				
Product development support														
Research			√	√				√	√	√	√			
Destination marketing					√	√			√	√				
Joint domestic marketing						√			√	√				
Joint foreign marketing				√		√	√	√	√	√	√	√		
Reservation systems	√			√	√	√		√	√	√				
Consumer information				√				√	√	√				
Travel trade information				√				√	√	√		√		√
Contacts with travel trade	√		√	√	√	√		√	√	√	√	√		√
Contacts, domestic media	√			√				√	√	√	√	√		
Contacts, foreign media				√		√		√	√	√	√	√		√
Training								√	√	√				√
Representation overseas				√	√	√		√	√	√	√		√	√
Lobbying		√								√				

Table 7.39 Effects of explanatory variables on individual resources

√: statistically significant effect on dimension, $p < 0.05$;

Included in the table are only variables with a significant effect on at least one resource. Excluded variables are age, planning scope, cooperation, and education.

Variance in only one resource, namely, 'product development support', could not be explained by any of the explanatory variables.

In the following, a more detailed account is given on those independent variables that frequently showed a statistically significant effect on individual resources. The presentation of explanatory variables is in the order of the frequency of their effects on resources surveyed.

7.4.2.1 Marketing planning

'Marketing planning' as a variable was used in this survey as an indicator for the sophistication level of planning in an enterprise. Pfeffer and Salancik (1978) suggest that an organization can reduce its dependencies by *enacting* on its environment. Accordingly, in this study, it was held that it would be likely that enterprises which plan their marketing, would be less dependent on external resources than enterprises not planning. Marketing planning as an explanatory variable explained variance in SMEs' dependence on twelve resources. The summary in *Table 7.40* shows the mean scores indicating the level of dependence for each of these resources.

It could be observed that the level of dependence on these resources listed increased with increasing levels of marketing planning sophistication of SMEs. The highest resource dependence levels were reported by SMEs with formal marketing plans. They were especially dependent on the marketing knowledge (score 2.84), the research (2.72), information on foreign markets (2.71) of the FTB, and joint foreign marketing (2.70) with the FTB. There was a statistically significant difference in scores between SMEs making formal plans and those not planning at all in all cases. In addition, regarding the variable 'research' also the difference between enterprises planning formally and those making informal plans was statistically significant.

MARKETING PLANNING				
RESOURCES	Yes, a formal, written plan	Yes, an unwritten plan	No plan	Total
	Mean			
Information on foreign market	2.71	2.49	2.35	2.51
Marketing knowledge	2.84	2.67	2.47	2.66
Research	2.72	2.50	2.33	2.51
Joint foreign marketing	2.70	2.46	2.26	2.47
Reservation systems	2.55	2.29	2.20	2.33
Consumer information	2.64	2.46	2.32	2.47
Travel trade information	2.54	2.38	2.22	2.38
Contacts with travel trade	2.57	2.29	2.05	2.30
Contacts with domestic media	2.38	2.26	2.02	2.23
Contacts with foreign media	2.49	2.32	2.00	2.28
Training	2.30	2.26	1.99	2.20
Representation overseas	2.56	2.24	2.05	2.27

Table 7.40 Dependence scores on individual resources explained by marketing planning

7.4.2.2 Enterprise size

The size of an enterprise was measured applying two variables: 'number of employees' and 'turnover'. The variable 'number of employees' explained the variance of dependence on twelve resources. *Table 7.41* displays these resources on which the variable 'number of employees' had a statistically significant effect.

RESOURCES	NUMBER OF EMPLOYEES				
	One person	2 to 9 people	10-49 people	50-249 people	Total
	Mean				
Information on domestic market	2.45	2.63	2.69	2.83	2.58
Information on foreign market	2.36	2.56	2.52	3.21	2.50
Marketing knowledge	2.51	2.73	2.72	3.04	2.66
Research	2.40	2.58	2.47	2.96	2.51
Joint foreign marketing	2.30	2.51	2.51	3.49	2.46
Reservation systems	2.17	2.33	2.55	2.86	2.32
Consumer information	2.30	2.54	2.57	2.96	2.47
Travel trade information	2.17	2.46	2.51	2.86	2.38
Contacts with travel trade	2.13	2.28	2.61	3.25	2.30
Contacts, domestic media	2.12	2.27	2.40	2.36	2.24
Contacts, foreign media	2.16	2.33	2.38	2.82	2.29
Representation overseas	2.13	2.26	2.49	3.18	2.27

Table 7.41 Dependence scores on individual resources explained by the number of employees

The micro enterprises in this survey were generally less dependent on the resources in question than small and medium-sized enterprises. Medium-sized SMEs reported the highest dependence scores for 'joint foreign marketing' (score 3.49), for 'contacts with travel trade' (3.25), and for 'information on foreign market' (3.21). The difference between medium-sized SMEs and others was statistically significant. Also, small SMEs with 10 to 49 employees were more dependent on the FTB's travel trade contacts than micro enterprises (score 2.61).

Another measure of size – turnover - explained variance in four resources. These are presented in *Table 7.42.*

RESOURCES	TURNOVER			
	Less than 2 Mill.	2 to 9.9 Mill.	10 to 49.9 Mill.	Total
	Mean			
Destination marketing	2.79	2.76	2.00	2.77
Reservation systems	2.27	2.58	2.40	2.31
Contacts with travel trade	2.25	2.70	2.30	2.30
Representation overseas	2.23	2.57	2.25	2.27

Table 7.42 Dependence scores on individual resources explained by turnover

In respect to 'destination marketing', the enterprises with the highest turnover (10-49.9 million euros) reported a lower level of dependence than the other respondents. The SMEs with the lowest turnover were significantly less dependent on 'reservation systems', 'contacts with travel trade', and 'representation overseas' than enterprises with turnover of 2 to 9.9 million Euros.

7.4.2.3 Foreign guests

The variable 'foreign guests' indicated variance in eight resources. Dependence scores for these resources are presented in *Table 7.43.*

REESOURCES	FOREIGN GUESTS						
	1 –10%	11-25%	26-50%	51-75%	76-100%	No foreign guests	Total
	Mean						
Information on foreign market	2.35	2.76	2.60	3.00	3.00	1.94	2.51
Destination marketing	2.71	2.96	2.76	3.03	2.74	2.28	2.77
Joint domestic marketing	2.38	2.64	2.57	2.76	2.39	2.35	2.48
Joint foreign marketing	2.29	2.69	2.59	3.11	2.97	2.14	2.47
Reservation systems	2.24	2.42	2.47	2.58	2.43	2.28	2.33
Contacts with travel trade	2.24	2.45	2.26	2.72	2.35	1.86	2.30
Contacts with foreign media	2.15	2.48	2.33	2.64	2.63	1.95	2.28
Representation overseas	2.12	2.53	2.33	2.75	2.47	1.90	2.27

Table 7.43 Dependence scores on individual resources explained by amount of foreign guests

Highest levels of dependence were computed for SMEs whose customers were over 50% and up to 75% of foreign origin. Of all FTB resources, these SMEs were most dependent on 'joint foreign marketing', 'destination promotion', and 'information on foreign market'. Enterprises with a foreign customer share of 11-25% scored also high in the 'destination marketing'.

7.4.2.4 Tourism qualification

Tourism qualification explained difference in six resources out of seventeen. Dependence scores for these are displayed in *Table 7.44*.

RESOURCES	TOURISM QUALIFICATION		
	No	Yes	Total
	Mean		
Information on foreign market	2.40	2.61	2.51
Travel trade information	2.30	2.45	2.38
Consumer information	2.18	2.41	2.30
Contacts with foreign media	2.15	2.41	2.28
Training	2.12	2.27	2.20
Representation overseas	2.15	2.38	2.27

Table 7.44 Dependence scores on individual resources explained by tourism qualification

In all these cases, respondents with a tourism qualification were more dependent on the resources in question than respondents without such a qualification.

7.4.2.5 Marketing activities

The effect of the use of various marketing activities on the resource dependence on individual resources was examined by using a t-test. The results of the test and dependence scores for each individual resource are presented in *Table 7.45*. A tick in a box indicates that a significant difference between employment and non-employment of the respective activity existed. A summary table of resource dependence scores for individual resources by marketing activities can be found in *Appendix 4*.

In general, a statistically significant effect indicated higher dependence on the relevant resource. Most of the effects on the dependence on individual resources were attributable to 'internet promotion' (effect on ten resources), followed by 'national advertising' (effect on six resources).

RESOURCES	MARKETING ACTIVITIES EMPLOYED										
	Brochures, CDs, other	Discounted prices	Personal selling	PR	Sponsorship	Local advertising	National advertising	International advertising	Internet promotion	Competitions	Other
Information domestic market							√		√		
Information foreign market							√	√	√		
Marketing knowledge											
Product development support											
Research									√		
Destination marketing									√		
Joint domestic marketing									√		
Joint foreign marketing							√	√	√		
Reservation systems					√						
Consumer information					√				√		
Travel trade information	√				√						
Contacts with travel trade	√	√	√	√	√		√			√	
Contacts domestic media									√		
Contacts foreign media	√			√			√	√	√		
Training											√
Representation overseas	√			√			√		√		
Lobbying											
Overall dependence									√		

***Table 7.45 Dependence on resources explained by marketing activities employed** (n=227)*

'Contacts with the travel trade' appeared to be a resource which was often affected by an enterprises' marketing activities. Variances in dependence scores for some resources ('information on foreign market', 'joint foreign marketing', 'contacts with foreign media', and 'representation overseas') were frequently explained by the use of marketing methods.

7.4.2.6 Cooperation

In order to find out whether cooperation with different organisations had any effect on resource dependence, a series of t-tests was carried out.

	COOPERATION PARTNERS								
	Same sector enterprise	Other tourism company	Non-tourism company	Local tourism organisation	Regional tourism organisation	FTB	Local authorities	Chamber of commerce	Other
Information domestic market				√	√	√			
Information foreign market				√	√	√			
Marketing knowledge						√			
Product development support									
Research		√		√	√	√			
Destination marketing				√		√			
Joint domestic marketing				√		√			
Joint foreign marketing		√		√	√	√			
Reservation systems						√		√	
Consumer information						√			
Travel trade information		√		√	√	√		√	
Contacts with travel trade		√	√	√	√	√	√		
Contacts domestic media						√			
Contacts foreign media		√		√	√	√			
Training						√			
Representation overseas					√	√		√	
Lobbying		√				√			
Overall dependence						√			

Table 7.46 Effects of cooperation with various partners on resource dependence (n=227)

The significance level was set at 5%. The summary of the findings is listed in *Table 7.46.*

In all reported cases, the resource dependence level of an SME was higher, if it cooperated with a relevant partner. A summary of resource dependence scores for each resource by cooperation partners are displayed in *Appendix 4*.

Dependence on various resources varied depending on the cooperation partner. The enterprises which cooperated with the FTB reported significantly higher dependence on FTB resources in all but one case. Cooperation with local and regional tourism organisations increased the dependence on certain FTB resources in many cases. In addition, cooperation with partners had effect especially on an enterprise's dependence on information on the domestic market, the FTB's research, contacts with the travel trade, and on some resources associated with foreign marketing.

7.4.2.7 Type of cooperation

Marketing cooperation had a significant effect on six resources. A summary of the findings about the effects of this variable is presented in *Table 7.47.* A summary of resource dependence scores for individual resources by type of cooperation are presented in *Appendix 4.*

SMEs engaged in marketing cooperation were more dependent on 'information on foreign market', 'research', 'representation overseas', 'contacts with travel trade', as well as contacts with domestic and foreign media. If SMEs planned in cooperation or shared resources with others, it increased their dependence on 'contacts with travel trade'. In addition, SMEs planning cooperatively were more dependent on 'research' than those not planning and sharing of resources increased SME's dependence on 'joint foreign marketing'.

	TYPE OF COOPERATION				
RESOURCES	Marketing	Planning	Joint purchase	Sharing of resources	Other
Information on domestic market					
Information on foreign market	√				
Marketing knowledge					
Product development support					
Research	√	√			
Destination marketing					
Joint domestic marketing					
Joint foreign marketing				√	
Reservation systems					
Consumer information					
Travel trade information					
Contacts with travel trade	√	√		√	
Contacts with domestic media	√				
Contacts with foreign media	√				
Training					
Representation overseas	√				
Lobbying					

Table 7.47 Effects of the type of cooperation on resource dependence (n=227)

7.4.2.8 Membership

Table 7.48 summarizes significant effects of membership on the dependence on individual resources. A tick in an appropriate box means that a statistically significant difference in the condition was computed. A summary table of resource dependence scores for individual resource by membership is displayed in *Appendix 4*.

RESOURCES	MEMBERSHIP					
	Sector organisation	International organisation	Local tourism organisation	Regional tourism organisation	Chamber of Commerce	Other
Information on domestic market				√		
Information domestic market						
Marketing knowledge						
Product development support						
Research						
Destination marketing						
Joint domestic marketing						
Joint foreign marketing				√		
Reservation systems						
Consumer information						
Travel trade information			√		√	
Contacts with travel trade	√					
Contacts with domestic media	√					
Contacts with foreign media				√		
Training						
Representation overseas						
Lobbying						
Overall dependence						

Table 7.48 Effect of membership on resource dependence
(n=227)

Membership of regional organisations increased the dependence of SMEs on three resources: 'information on domestic market', 'joint foreign marketing', and 'contacts with foreign media'. In all, membership had an effect on seven individual resources.

7.4.2.9 Sector

Between sector and individual resources, statistically significant differences were reported in two cases. Hotels perceived a higher level of dependence on 'reservation systems' than farm stay enterprises, other accommodation, and specialist holiday organizers. Specialist holiday organizers reported higher dependence on 'contacts with domestic media' than farm stays did.

7.4.2.10 Further observations

Differences in ownership had a significant effect on two resources: research and contacts with travel trade. There was also a significant difference in regard to the location of an enterprise in respect to lobbying. Enterprises located in rural areas perceived more dependence on this resource than enterprises located in the city/town.

With regard to the future plans of enterprises, out of seventeen resources surveyed, statistically significant differences were reported only regarding information on foreign markets. Enterprises which planned to grow moderately in the future reported higher levels of dependence than enterprises planning to become smaller.

A detailed account on the ANOVA and t-test results regarding resource dependence and individual resources can be found in *Appendix 5*. Post-hoc test results explaining the direction of effects of individual resources are reported in *Appendix 6*.

7.5 Summary of the findings on resource dependence

The dependence of the Finnish SMEs on the resources of the FTB is at a moderate level. Differences do exist especially due to the size of enterprises, depending on how many international guests they have, and what kind of marketing planning procedures they employ. In this survey, the perceived resource dependence varied also depending on the respondents' qualification in tourism. Also, some marketing activities, cooperation with certain partners, as well as a certain type of cooperation increased SMEs' overall resource dependence.

Based on the literature, it was assumed prior to the survey that smaller enterprises, younger enterprises, and enterprises with a larger share of foreign guests would be more dependent on FTB's resources. This assumption was only partially verified. The increased size of an enterprise led to a higher dependence on resources. The age of an enterprise did not have a statistically significant effect on its dependence on the surveyed resources. An increased number of international guests, however, resulted in a rising level of resource dependence. Furthermore, it was assumed that strategic planning would reduce SMEs' dependence on resources. This assumption could also not be verified. Instead, it became clear that an increasing sophistication in marketing planning procedures led to a higher dependence on resources.

Since enterprises, regardless of their size, their sector, or of other demographic indicators, reported a very similar amount of alternative resources, as well as a similar kind of access to them, the difference between dependence levels was mainly determined by the levels of resource criticality and magnitude of resource exchange. It was observed that enterprises that considered certain resources to be highly critical for their business also exchanged more of these resources with the FTB. Consequently, their dependence on FTB resources increased as well.

7.6 Analysis of factors underlying the resource dependence of SMEs

7.6.1 Introduction

In order to discover any underlying structures in the data, factor analysis was carried out. The question was whether it is possible to condense the resource dependence data relating to seventeen resources to more common factors of dependence. The factor analysis included all the calculated dependence scores for the seventeen resource dimensions for the 227 respondents.

The first necessary step was the examination of the adequacy of the data for factor analysis. The methods used were Inter-item correlation, the Bartlett test of sphericity, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy, and the reliability analysis of the scale.

After the factor model adequacy was established, the factor analysis was carried out. The resulting factors are presented in section 7.6.4.

7.6.2 Examination of factor model adequacy

Inter-item correlation (Pearson Product-Moment Correlation)

An inter-item correlation matrix was established to ensure that an adequate correlation between the scale items existed. Without sufficient correlation no factors can be extracted from the data. *Table 7.49* presents the inter-item correlations of the survey data.

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15	Q16	Q17
Q 1	1																
Q2	.667	1															
Q3	.625	.677	1														
Q4	.494	.552	.646	1													
Q5	.575	.628	.597	.633	1												
Q6	.509	.561	.462	.400	.588	1											
Q7	.603	.616	.705	.597	.624	.604	1										
Q8	.554	.748	.633	.529	.661	.625	.705	1									
Q9	.434	.490	.574	.588	.539	.400	.655	.565	1								
Q10	.417	.456	.614	.546	.530	.384	.612	.555	.668	1							
Q11	.477	.484	.532	.494	.495	.392	.646	.569	.610	.644	1						
Q12	.496	.511	.611	.504	.589	.462	.632	.649	.579	.593	.692	1					
Q13	.437	.446	.566	.557	.508	.472	.663	.500	.510	.584	.605	.563	1				
Q14	.499	.695	.563	.549	.652	.593	.606	.762	.503	.523	.566	.603	.649	1			
Q15	.370	.306	.481	.533	.453	.276	.511	.331	.457	.594	.472	.451	.586	.494	1		
Q16	.448	.628	.501	.503	.588	.576	.555	.727	.509	.531	.533	.612	.500	.773	.456	1	
Q17	.426	.465	.485	.497	.535	.438	.552	.532	.479	.495	.515	.517	.547	.582	.472	.564	1

Table 7.49 Inter-item correlation matrix

The highest correlation found was $r = 0.773$ between variables 14 and 16. These variables measure the dependence on the resources 'contacts with foreign media' and 'representation overseas'. Both are related to an enterprise's foreign market activities and can be expected to correlate with each other.

Altogether six items had correlations at the 0.7 level. These pairs of variables were:

Q14: 'Contacts with foreign media'

Q16:'Representation overseas' $r = 0.773$

Q8: 'Joint foreign marketing'

Q14: 'Contacts with foreign media' $r = 0.762$

Q2: 'Information on foreign market'

Q8: 'Joint foreign marketing' $r = 0.748$

Q8: 'Joint foreign marketing'	
Q16:'Representation overseas'	r = 0.727
Q3: 'Marketing knowledge'	
Q7: 'Joint domestic marketing'	r = 0.705
Q6: 'Destination marketing'	
Q8: 'Joint foreign marketing'	r = 0.705

Five of the six correlations mentioned above were related to international activities. This indicates that an underlying structure in this regard might exist.

Altogether 33 items had correlations at the 0.6 level and 57 items correlated at the 0.5 level. The smallest correlation found was 0.276. The mean correlation between the items was 0.542.

Bartlett test of sphericity

The test result of the Bartlett test of sphericity was 2904.775, with a significance of 0.0000. This result gives further proof that the correlation matrix is not an identity matrix and that at least some variables have significant correlations with each other.

Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy

A KMO statistical value of 0.5 is acceptable, values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 good, values between 0.8 and 0.9 meritorious, and values above 0.9 excellent (Field, 2000). The computed value for the resource dependence scale was 0.944. Hence, the factor analysis for the resource dependence data would be appropriate.

Reliability analysis – Cronbach's alpha

The internal consistency of the data is confirmed by a high Cronbach's alpha of 0.952 and standardised alpha of 0.953. The Cronbach's alpha value using the split half method was for part 1 = 0.920 and for part 2 = 0.911. These results gave further assurance of the adequacy of the data for the application of the factor analysis.

7.6.3 Methodology for the factor analysis

Selection of factor extraction and rotation methods

Following Kline's suggestion, principal component analysis was chosen for the factor extraction, since "principal components maximize the variance explained for any number of factors" (Kline, 1994). Given that the orthogonal solution frequently produces a simple structure, the Varimax rotation method was chosen. It facilitates the later interpretation of the extracted components.

Factor extraction – number of factors

The principal component analysis extracts as many components as there are variables in the test. Therefore, a decision must be made, how many factors are to be included in the test. Since the nature of the factor analysis in this survey was purely exploratory, no decisions about the number of factors to be extracted was made prior to the analysis.

Kaiser's criterion suggests that only factors with eigenvalues of greater than or equal to 1 should be considered. Using this as criterion, two factors with eigenvalues over 1 were extracted. The eigenvalues of these extracted factors and the percentage of variance which they account for are shown in *Table 7.50.*

Factor	Eigenvalue	% of variance	Cumulative %
FACTOR 1	5.671	33.4	33.4
FACTOR 2	5.375	31.6	65.0

Table 7.50 Extracted factors and their share of variance in a rotated solution

Another technique to decide upon the number of factors, which should be taken into the final analysis, is the examination of a scree plot. In this kind of graph eigenvalues are plotted against the factor with which they are associated. The line has a point, where it starts to straighten after a sharp descent. This point has been suggested to be the cut-off point for selecting factors. (Cattell, 1966, Field, 2000). The scree plot is displayed in *Figure 7.14.*

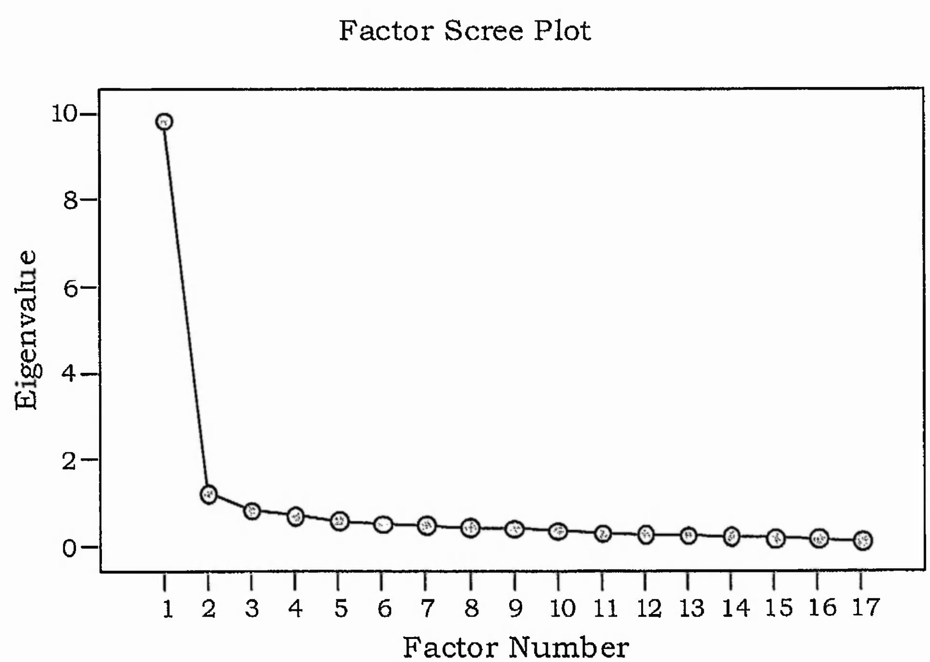

Figure 7.14 Factor scree plot

The point of inflexion in the curve above is at the point of the second factor, suggesting that two factors could be extracted. Since the sample contains more than 200 subjects, this method is a fairly reliable criterion for factor selection (Field, 2000).

7.6.4 Findings from factor analysis

The factor analysis using the principal component analysis resulted in two factors with eigenvalues over 1. Loadings on these two factors are shown in *Table 7.51.* The highlighted areas indicate the assignment of variables to each factor.

	FACTOR 1	FACTOR 2
Q2combi	0.842	0.243
Q8combi	0.821	0.347
Q6combi	0.772	0.176
Q14combi	0.722	0.441
Q16combi	0.691	0.405
Q5Combi	0.682	0.435
Q1combi	0.672	0.310
Q3combi	0.566	0.563
Q15combi	0.105	0.799
Q10combi	0.282	0.794
Q13combi	0.349	0.718
Q11combi	0.364	0.709
Q9combi	0.361	0.693
Q4combi	0.433	0.624
Q7combi	0.588	0.610
Q12combi	0.500	0.609
Q17combi	0.443	0.552

Table 7.51 Factor loadings after Varimax rotation with Kaiser Normalization

Following variables loaded on Factor 1 and Factor 2:

Factor 1:	**Factor 2:**
Information on foreign market	Training
Joint foreign marketing	Consumer information
Destination marketing	Contacts with domestic media
Contacts with foreign media	Travel trade information distribution
Representation overseas	Reservation systems
Research	Product development support
Information on domestic market	Joint domestic marketing
Marketing knowledge	Contacts with travel trade
	Lobbying

The variables 'joint domestic marketing'(Q7combi) and 'contacts with travel trade'(Q12combi), which were assigned to the Factor 2, also had quite high loadings on factor 1 at a 0.5 level. Also, the variable 'marketing knowledge' (Q3combi) had a relatively high loading (0.563) on Factor 2. Considering the inter-item correlations, which were fairly high, variable loadings on both factors are consequential. This is also confirmed with the factor plot graph shown in *Figure 7.15.* The closer the variable is to the factor axis, the stronger its loading is on the factor. Variables, which are between axes, have loading on both factors (Nummenmaa, 2004).

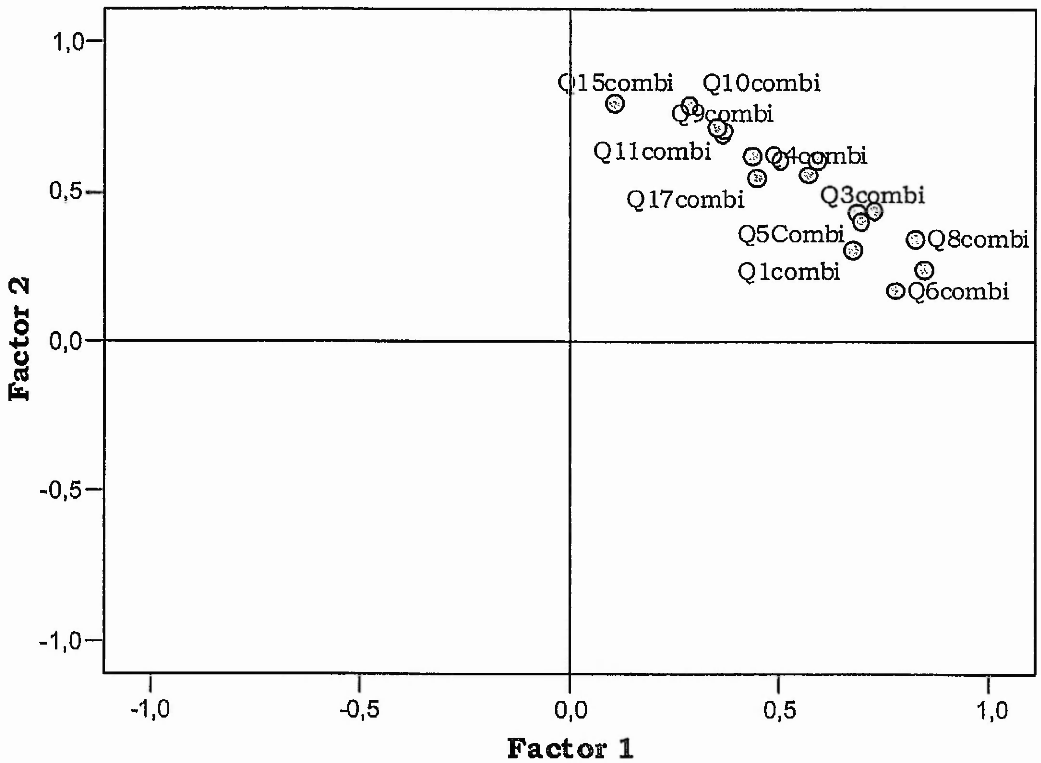

Figure 7.15 Factor plots in rotated space

The variables with the largest loadings have a bearing on the naming of the factor (Kline, 1994). The largest loadings on the Factor 1 relate to activities in or towards foreign markets. It was therefore named "*International activities*". The variables with the highest loading on this factor were: 'information on foreign markets', 'joint foreign marketing', 'destination marketing', 'contacts with foreign media', and 'representation overseas'. Other variables with loadings over 0.5 on this factor were 'research', 'information on the domestic market', and 'marketing knowledge'.

The variables with the highest loadings on Factor 2 concerned information. These variables were 'training', 'consumer information', 'contacts with domestic media', 'travel trade information', and 'reservation systems'. Training (variable Q15combi) means gaining or gathering information. Information distribution to consumers and to the trade, reservation systems, and domestic media demonstrate information dissemination. Based on this line of reasoning, the Factor 2 was named *"Information service"*. Other variables with a loading over 0.5 on this factor were 'product development support', 'joint domestic marketing', 'contacts with travel trade', and 'lobbying'.

7.6.5 Summary

In this section, underlying structures in the resource dependence data were explored. Two factors were extracted. In line with the largest loadings on factors, they were named *"International activity"* and *"Information service"*. Since few of the variables had loadings on both factors, and since the correlation between extracted factors was large, it was established that both factors worked together.

From the point of view of the Finnish tourism SMEs, 'International activity' and 'Information service' can be defined as the core resources of the FTB. The Finnish tourism SMEs were mainly dependent on these kinds of FTB resources.

CHAPTER 8

DISCUSSION AND CONCLUSIONS

8.1 Introduction

This study of tourism SMEs and NTOs was conducted within a framework of interorganisational relations (IOR), where the centre of attention was placed upon the interorganisational dyad between organisations. In reference to Gamm (1981), it was found that tourism SMEs in Finland constituted an organisation set with the NTO as the focal organisation. An integrated view of IOR – suggested by Schmidt and Kochan (1977) – has been applied. This allowed an analysis of the relations between organisations from the perspective of power-dependence as a foundation of organisational relationships as well as of the effects of cooperation on such a relationship. The possible influence cooperation (as a form of inter-organisational relations based on exchange) might have on resource dependence (as a form of power-dependence) was hence looked into.

In the following, an overview of the key findings of this research is presented. Then some general remarks on the sample are made. After that, the findings of the analysis of the overall resource dependence of the tourism SMEs will be presented. Following this discussion, resource dependence from the perspective of SMEs as well as from the perspective of NTOs is considered and the effects of cooperation on resource dependence are summarised. Possible outcomes relevant to public policy based on the findings of this research are then outlined. In the final sections, together with an overview of the possible contributions this study makes to the field, suggestions for further research as well as limitations of the study will be presented.

8.2 Key findings

This research set out to measure the extent to which SMEs were dependent on the resources of NTOs. The study was conducted in Finland, where the Finnish Tourist Board as an NTO was the focal organisation and the Finnish tourism SMEs constituted an organisation set. Objectives of this research were:

- To examine the overall resource dependence of the tourism SME sector on resources of the NTO in Finland
- To identify factors affecting dependence of tourism SMEs on NTO resources
- To identify specific NTO resources, on which tourism SMEs are highly dependent
- To find out what the underlying structures are of tourism SME's dependence on NTO's resources.

In the following, an overview of the findings related to these objectives is presented. A more detailed discussion on the findings can be found in the remaining sections of this chapter.

Using the resource dependence measurement scale the dependence level of tourism SMEs was estimated to be 2.43 on a scale of one to five, with one standing for total independence and five for total dependence. This level of dependence can be regarded as moderate. In relative terms, the dependence of the tourism SMEs was about 36%. This finding suggests that the tourism SMEs sustained substantial resource autonomy with regard to the NTO.

Resource dependence varied, however, between different kinds of enterprises. In particular, the size of an enterprise (measured by the number of employees), the number of its foreign guests, its marketing planning and the application of some marketing activities, as well as its cooperation partners and the type of cooperation resulted in variance in dependence levels. Furthermore, the tourism qualification of a respondent also affected the level of dependence measured.

The resource with the highest dependence level measured was destination marketing. Some 9% of the respondents reported high dependence, and 63% reported moderate dependence on it. The dependence level of the SMEs on the marketing knowledge of the FTB was the second highest, and the dependence regarding information on the domestic market was the third highest level assessed. Again, a variance between different types of SMEs was observed. These findings are discussed in more detail in section 8.4.

A factor analysis was employed in order to find out if any underlying factors for the dependence of SMEs on the resources provided by the FTB could be established. Two such factors, referred to as "International activity" and "Information service" were identified. "International activity" consisted mainly of resources related to activities in foreign markets. "Information service" included resources which were related to gaining or distributing information. It was observed, however, that both of these factors worked together. These two extracted factors are to be considered to constitute the two types of activities of the FTB on which the Finnish tourism SME sector is most dependent.

8.3 General remarks

8.3.1 The sample

The sample included 227 enterprises of which 97% were small and 3% medium-sized. At the European level, the corresponding figures for the whole SME sector are 99% small and 1 % medium-sized enterprises. Hence, the distribution of enterprises in different size categories can be considered quite accurate. In rural areas, most of the businesses were classified as micro enterprises and their annual earnings were under two million euros. Larger enterprises were found in cities.

The majority of the European SMEs are more than ten years old. Also, over half of the SMEs in this sample had existed for longer than ten years. Only 20% of enterprises in the sample were five years old or younger.

The majority (96%), of the SMEs in the sample had foreign guests. In comparison, some 35% of the SMEs in the service sector in Finland in general export their products (Suomen yrittäjät, 2005). The number of foreign guests most SMEs have, however, is less than 10% of their total customers. Tourism enterprises are able to "export" their products to a certain degree without much particular effort. Therefore, a direct comparison of different economic sectors in this regard is difficult.

The SMEs in the sample cooperated a lot with their peers and with other organisations. By what can be inferred from the literature in this subject (Buhalis and Cooper, 1999), it seems that the Finnish tourism SMEs are cooperating more than tourism SMEs in some other countries.

Nearly two thirds of the SMEs in the sample reported that they would like to expand their business in the future. This figure corresponds quite well with other findings regarding the SME sector in Finland in general (Malinen, 2001, Suomen yrittäjät, 2005) as well as with findings on tourism businesses in particular (Komppula, 2004). It seems therefore safe to assume that the Finnish SMEs are more growth oriented than SMEs in general.

8.3.2 Resource dependence

As stated earlier, the level of dependence of the tourism SMEs on the resources of the FTB was considered moderate. Consistent with the findings of Kleymann (2001), dependence of SMEs on the resources of the FTB can be signified as unspecific, since SMEs reported a high level of alternatives to all resources of the FTB presented in this study.

The highest overall levels of resource dependence were reported by medium-sized enterprises, by SMEs working together with the FTB, by associations, and by SMEs with a large number of foreign guests. The lowest levels of resource dependence were computed for SMEs with an annual turnover between 10 and 49.9 million euros, SMEs with no foreign guests, SMEs with only one employee, and for those whose ownership structure was classified as "other".

The resources of the FTB listed in this survey were generally regarded as moderately critical by the tourism SMEs (mean 3.29). These resources were, however, highly critical for the largest SMEs in this survey - measured both in terms of the number of employees as well as with their turnover – for hotels, and for enterprises which had a large number of foreign guests. Furthermore, SMEs, which had a more strategic approach to their marketing planning and, therefore, made marketing plans in a formal manner, regarded these resources as significantly more critical for their business than other enterprises. Cooperation increased the perceived criticality of the resources. Respondents with a tourism qualification perceived the resources also significantly more critical than respondents without such a qualification.

The FTB resources were not utilized to a great extent by the respondents (mean 1.99). Some enterprises, however, reported significantly more resource exchange with the FTB than the average. Enterprises with a large number of employees reported the highest level of resource exchange with the FTB. Hotels not only regarded the resources listed highly critical, they also made use of them more than enterprises from other sectors with the FTB. Moreover, enterprises with a turnover between 2 and 9.9 million euros, with a large number of foreign guests, and those which planned their marketing in a formal manner, reported considerably higher levels of resource exchange than other groups. In addition, enterprises which intended to grow, used significantly more FTB resources than SMEs with other plans for the future.

Enterprises which cooperated and which were using different marketing methods also used more FTB resources.

The SMEs considered the availability of alternative resources to be very good. An overall level of 3.87 was computed for alternatives to the FTB resources. Regardless of their demographics, SMEs commonly reported quite high levels of availability of alternative resources. Members of various organisations, especially members of local and regional organisations, had more alternative resources available than non-members.

The overall level of access to alternative resources was also relatively high (3.70). Enterprises in the highest turnover class claimed the highest levels of access. Incoming agencies also reported good access to alternatives, as did enterprises, which were members in an international organisation. Respondents with a high level of education were better able to perceive opportunities of gaining access to alternative resources than respondents with a lower completed level of education. Overall, the lowest levels of access were measured for SMEs not cooperating at all and for those enterprises, which intended to become smaller in the future. The SMEs located in the rural areas also reported significantly lower levels of access to alternative resources than the SMEs in cities.

The enterprises in the survey reported rather low levels of influence on decisions of the FTB regarding the allocation of its resources (1.69). The largest SMEs showed the highest levels of influence in general. Enterprises which were engaged in marketing cooperation saw themselves in a significantly better position to influence the FTB than those who were not engaged.

The factor analysis employed revealed the existence of two underlying factors regarding the dependence of the Finnish tourism SMEs on the resources of the FTB. The variables 'information on foreign markets', 'joint foreign marketing', 'destination marketing', and 'contacts with foreign media' had the highest loadings on the first factor, named "international activity". Also, the variables 'representation overseas', 'research', and 'information on domestic market' had fairly high loadings on this factor

These findings indicate that tourism SMEs are especially dependent on those resources of NTOs which concern either international markets or international activities. Many of the variables loading on the factor "international activity" have quite obvious relationships with foreign market activity, but also commitment to research and marketing knowledge are required from enterprises in order to be successful in international markets. It was assumed that information on domestic market might still be important for SMEs interested in international markets because they need to assess their competitive environment.

Since SMEs are commonly not in a position to acquire all resources required to efficiently sell their products abroad, they are dependent on resources from external sources. Based on these findings, it could be upheld that one of the most important type of resources NTOs can provide to tourism SMEs are those related to or supporting their international pursuits.

The variables 'training', 'consumer information', 'contacts with domestic media', 'travel trade information', 'reservation systems', 'product development support', 'joint domestic marketing', and 'contacts with travel trade' showed high loadings on factor two. This factor was named "information service" because all the variables mentioned above are related to information in some way. In order to be able to develop and market their products, SMEs need to gather information about market needs. SMEs also provide information for potential customers directly or they provide it for all other stakeholders with an ability to influence potential customers' purchase decisions. Hence, enterprises require information but they must also be prepared to distribute information.

The variable 'training' implies the need of an enterprise to acquire information in order to fulfil its tasks successfully, whereas the variables 'travel trade information' 'consumer information', 'contacts with the media', 'reservation systems', 'joint domestic marketing', 'lobbying' and 'contacts with the travel trade' imply the information an enterprise provides for its stakeholders about its products. Usually, SMEs do not have enough own resources in order to distribute information effectively to their stakeholders. Also, they are dependent on external resources on acquiring information needed in their businesses. It can hence be concluded, that another important group of resources NTOs could make available for tourism SMEs, is about information provision. NTOs could make information about foreign markets, such as information about trends, development, competitors, customer behaviour, and customer needs, easily available to SMEs. Additionally, they could develop methods – possibly together with other tourism organisations - which allow SMEs to provide information on their products to relevant stakeholders.

8.4 Perspectives of SMEs on resource dependence

Taken as a whole, the tourism SMEs in Finland were only moderately dependent on the FTB resources. Hence, they had not given up a lot of their autonomy and independence in order to receive these resources. Since the SMEs also reported relatively high levels of available alternative resources, as well as relatively easy access to them, it is possible that tourism SMEs in general are rather independent concerning these kinds of resources – not only with regard to the resources of the FTB but also to those of alternative suppliers.

There was a preliminary assumption, following Storey (1997), that SMEs just starting up would require quite numerous and various resources, but would have difficulty in obtaining them. It was therefore assumed that these businesses would be more dependent on NTO resources. This assumption could not be verified in this research. No significant difference was found between various age groups of SMEs regarding their resource dependence on the FTB. Furthermore, since growing enterprises are more likely to survive (Storey 1997),it was assumed that along with growth, there would be less dependence on NTO resources. Respectively, for small enterprises this process would then work inversely towards more dependence with diminishing size. The results of this research, however, showed the highest overall dependence for the largest and for the medium-sized SMEs, while for enterprises employing only one person the lowest dependency was recorded. In addition, the dependence of small SMEs on each of the individual resources was lower than dependencies of larger enterprises.

In this study it became clear, that the smallest SMEs, employing only one person, did not acutely need the resources currently provided by the FTB. They regarded them as less critical for their business than did larger enterprises. They also used significantly less resources of the FTB than other enterprises did. Very small tourism enterprises are often established in order to ensure their owners a certain life-style, and not so much on entrepreneurial grounds (Williams et al., 1989, Szivas, 2001). This might also, at least partly, explain the low level of perceived criticality of resources as well as the low level of use of these resources among the smallest tourism SMEs. The level of assessed resource criticality as well as resource use increased considerably with an increasing size of SMEs.

Differences in resource dependence could be explained by the fact how formally SMEs planned their marketing. Time frame for marketing planning, however, did not have any effect on resource dependence. It was assumed that a formal written marketing plan would reflect a strategic approach to management. It was further assumed that strategic planning could help SMEs to overcome uncertainty in their operating environment and that it would prompt them to be aware of and react to changes in their environment. This way, it was alleged, they could better manage their dependencies (Beaver 1998; Margerison 1998; Webster 1998; Pfeffer and Salancik 1978). However, those SMEs working based on formal marketing plans were significantly more dependent on the FTB resources than were enterprises that did not plan formally. This might indicate that a strategic approach to planning its business possibly makes SMEs more aware of the resources needed as well as of where to obtain them. They might also be more aware of the costs of alternative resources. Resources provided by an NTO might prove to be more cost-effective than other alternatives.

Although growing enterprises regarded resources as more critical than other SMEs and also exchanged resources with the FTB more frequently than the average enterprise did, they did not differ in overall dependence compared to others. This might be explained by the fact that growing enterprises reported to have an easier access to alternative resources than those not wanting to grow. However, growing SMEs were significantly more dependent on information on foreign markets than others were. This could be seen as an indication of the importance of foreign markets for tourism companies looking for growth.

In this study, resource dependence was not only assessed as an overall score for the complete sample, but also for the individual resources included in the dependence measurement scale.

Marketing knowledge was regarded as the most critical of all individual resources listed in this survey. Information on the domestic market was also highly critical. SMEs exchanged this kind of information with the FTB more frequently than most other resources.

When examining the Finnish tourism SMEs and their dependence on individual resources in the light of demographic and behavioural variables, some effects on their resource dependence could be observed. The highest overall levels of dependence were computed for the medium-sized enterprises. These SMEs had a relatively high level of dependence on 'information on foreign markets', on 'contacts with the travel trade', and on 'representation overseas'. In addition, SMEs with a high number of foreign guests also reported relatively high dependence levels on resources related to foreign markets. Their highest dependence scores were recorded in 'joint foreign marketing', in 'destination marketing', and in 'information on foreign markets'.

Besides activities related to foreign markets, the dependence of SMEs on 'contacts with the travel trade' varied quite a lot from enterprise to enterprise. As stated earlier, medium-sized enterprises were more dependent on the FTB's endeavours to assist in creating contacts with the travel trade. As a rule it can be stated that almost any kind of marketing activity the SMEs were involved in increased their dependence level on the trade contacts. Yet, the dependence levels measured in this category were still not as high as those reported by the medium-sized enterprises.

Use of national and international advertising as well as promotional activities on the Internet proved to have an effect on the dependence of the SMEs on resources related to foreign markets. SMEs which promoted their business on the Internet, were generally more dependent on FTB resources – especially on marketing and information – than enterprises, which did not use the Internet for marketing.

Advertising in national and international media tends to be costly which might be the reason why its use increased as the size of enterprises increased.

8.5 Perspectives of NTOs on resource dependence

The strategic plan of the FTB stipulates as one of its goals achievement of a strategic position which allows it to have a significant influence on the Finnish tourism sector (Finnish Tourist Board, 2003b). This research suggests in fact that Finnish tourism SMEs tend to be autonomous and only moderately dependent on the resources of the FTB. With reference to the association postulated by Emerson (1962) between power and dependence of organisations it can be concluded that the FTB is not in command of exercising much power in order to have a strong influence on the Finnish tourism industry. On the other hand, the FTB seeks cooperation primarily with larger enterprises, regions etc., and advises SMEs to work together with regional organisations (Finnish Tourist Board, 2003a). According to this survey, some 18% of all tourism SMEs worked together with the FTB. If it is in fact the intention of the FTB to influence the whole Finnish tourism industry, the Board should seek cooperation also with the majority of the tourism enterprises, SMEs.

Less than one fifth of tourism SMEs responding considered the FTB somewhat or very important for their business, which further substantiates the claim that the FTB does not command a strong influence on the Finnish tourism industry. Nevertheless, the majority of the respondents – some 69% - considered the FTB important for Finland. More than one third of them even regarded the FTB as very important for the country. From this we can conclude that the FTB is considered by Finnish tourism SMEs as quite a significant player in terms of destination level marketing but is not seen so much as a partner with which they could cooperate.

Many NTOs find themselves in a demanding situation at a present time. Their role and their tasks are changing and their source of financing is often questioned. More cooperation is expected to emerge between NTOs and the private sector - not least because of the gaps in NTO funding. NTOs increasingly seek funding from the private sector (WTO, 1997). The measurement scale of magnitude of exchange in this research reflects the amount of resource exchange between Finnish tourism SMEs and the FTB. Since the level of resource flow from the FTB to the SMEs was considered to be rather low (score 1.99), this would suggest that there could not be a significant flow of funds in the opposite direction either. This indicates that external funding for the FTB comes from other sources than the SMEs.

One reason for the modest use of FTB resources by tourism SMEs might well be the wealth of alternative resources available, as well as the ease of access which according to the findings of this study SMEs had to them. Although the SMEs considered many of the resources important, the FTB cannot be considered an exclusive supplier, since there are many alternative means of obtaining these resources. Other organisations "compete" with the FTB by providing similar resources for the tourism sector.

As mentioned earlier, medium-sized enterprises were most dependent on the resources of the FTB. This might indicate that the resources provided by the FTB are geared to fulfilling the needs of medium-sized enterprises rather than those of small and micro enterprises. From this we can also conclude that small tourism enterprises possibly have different resource needs than medium-sized enterprises. If it were decided that as a matter of public policy small enterprises should be supported, it would be necessary to assess their resource needs separately from medium-sized enterprises.

The findings on the resource dependence of various kinds of organisations suggest that a different approach by the FTB might be required. First, in order to complement – and not to compete with – other providers of resources, attention should be focused on resources which should be provided exclusively by the FTB. These could be resources which are otherwise unattainable for SMEs. Second, the FTB could switch its focus more on servicing those SMEs which are already dependent on its resources. SMEs acting internationally or looking for growth by expanding in foreign markets were identified as such.

8.6 Effects of cooperation on resource dependence

One purpose of this research was to analyse the effects of cooperation on resource dependence. There was a preliminary assumption, in reference to Pfeffer and Salancik (1978) that cooperation might decrease the dependence of SMEs on the resources of NTOs. Pfeffer and Salancik suggest that cooperation would grant small enterprises more negotiating power than they would have when acting on their own and, hence, decrease their dependencies.

Market-power theory and strategic management theory suggest that cooperation is a way to achieve economies of scale. Masurel and Jansen (1998) regard this as a possible motivation for SMEs to cooperate. Transaction-cost theory considers cooperation as a means to reduce the transaction costs of enterprises (Child and

Faulkner 1998). Saving costs, extending markets, as well as better coordination between organisations are regarded by Holmlund and Kock (1998) as the main motives behind the cooperation of SMEs with their peers. The perspective of resource dependence suggests that resource scarcity might encourage cooperation (Child and Faulkner 1998).

The idea behind the cooperation of NTOs with the tourism industry is often to increase market power by joining forces. Additionally, Middleton (1998) maintains that growing financial pressure and an uncertain future might also increase interest on the part of NTOs in cooperating with other tourism organisations.

Given that different kinds of organisations reported that they had a relatively wide range of resources available, which were alternative to those offered by the FTB, and that they also reported relatively good access to these alternatives, resource scarcity could not be identified as a primary reason for the cooperation of SMEs with the FTB.

Since many alternatives for FTB resources were available and accessible, in the first place the aim of the cooperation with the FTB might have been to reduce costs rather than to extend markets. It may be that resources made available by the FTB also provide the best value for money and they are therefore opted for. However, some FTB resources, such as joint marketing campaigns, are inherently and primarily aimed at reaching economies of scale as a result of various partners joining forces. Since the motives of SMEs in cooperating were not studied in this research, a reliable analysis on reasons behind the cooperation with the FTB cannot be provided here.

The great majority of the Finnish SMEs surveyed in this study worked together with other organisations. According to the literature, the Finnish SMEs in general seem to be likely to cooperate (European Commission, 2004). Some 72 % of them cooperated with a company from the same sector. This finding does not support Buhalis and Cooper (1999) who suggest that many tourism SMEs, instead of cooperating, compete with the same sector enterprises in the destination.

Some 18% of the Finnish tourism SMEs said that they did cooperate with the FTB. Many of these enterprises cooperated simultaneously not only with the same sector and other tourism enterprises but also with regional tourism organisations as well. Hotels and specialist holiday organisers were the most frequent partners of the FTB. Other characteristics of partners the FTB cooperated with were their long-term marketing planning and their international customers.

A majority, i.e. over 80% of the SMEs, working together with others, cooperated in marketing matters. This finding supports Friel (1998), who has maintained that marketing cooperation between small businesses will become more important. About half of SMEs cooperated in sharing of resources. Joint purchase, which was referred to as one of the main areas of SME cooperation by Holmlund and Kock (1998), was mentioned by only 11% of the tourism SMEs as a type of cooperation pursued.

Across-the-board, there was no significant difference in dependence between cooperating and non-cooperating enterprises. Cooperating organisations regarded the resources listed in the survey as much more critical and exchanged them more frequently than did non-cooperating organisations. These organisations, however, also reported higher levels of alternative resources as well as a better access to them than non-cooperating organisations, which decreased the level of their overall resource dependence. In conclusion, those SMEs which are cooperating seem to attach more importance to the NTO resources in the first place. For this reason, they are probably more inclined to exchange these resources with an NTO than non-cooperating SMEs. Moreover, cooperation seems to give SMEs a larger pool of resources to choose from, a better access to these resources, as well as allowing greater influence regarding the allocation of the resources of an NTO.

When examining the outcomes of cooperation in more detail, an increased dependence was observed in some cases. As anticipated, in particular SMEs working together with the FTB were significantly more dependent on its resources. Moreover, cooperation with other partners, such as other tourism enterprises and local- and regional tourism organisations, also increased the dependence of the SMEs on certain FTB resources. Cooperating SMEs were also frequently more dependent than non-cooperating SMEs on the distribution of information to the travel trade as well as on contacts with it.

Cooperation with local or regional tourism organisations increased the SMEs' dependence in particular on those FTB resources which were identified as variables of the factor previously named "international activity". In conclusion, this indicates that the resources of NTOs related to activities in international markets might be needed by local and regional tourism organisations to complement the pool of resources resulting from their cooperation with SMEs. This suggests that local and regional tourism organisations might be to some degree dependent on certain NTO resources. Close cooperation between NTOs with local and regional tourism organisations would therefore be necessary in order to adjust and optimize their activities with each other.

8.7 Policy issues

The SME sector is considered vital for economies in Europe due to its importance in terms of competitiveness, employment, and innovation. The contribution of the SME sector to employment in Europe will quite possibly become even more important in the future, as many LSEs are moving their production outside Europe on a large scale. Another factor potentially increasing the number of small businesses is the ageing population. It has been argued that since self-employed persons are generally somewhat older, the increasing age of the population might result in more self-employment. The growing demand for services has been met by founding more small businesses (Storey, 1997).

Maintaining and increasing the competitiveness of the SME sector is, according to Middleton (1998), a key policy issue. The EU is paying a lot of attention to the strengthening of the SME sector and has made an effort to increase the number of start-up enterprises. Storey (1997), however, argues that the growth of enterprises should be a concern more important to policymakers than the birth of new businesses. Businesses that plan to grow, Storey maintains, have proved more likely to survive than businesses that do not plan to grow.

The internationalisation of SMEs might become, according to Buhalis and Cooper (1999), a matter of their survival. Lack of resources, however, affects the export activities of SMEs (Holmlund and Kock, 1998, Hart and Tzokas, 1999). Middleton (1998) suggests that new ways to support small businesses should be invented.

According to Middleton (1998), NTOs in Europe have traditionally supported tourism SMEs. In case of Finland, the NTO has explicitly stated in its strategy (2003), that it seeks cooperation with large enterprises. SMEs are encouraged to cooperate with regional organisations instead. Arguably, it is correct to contend that Finnish tourism SMEs are not what the FTB focuses its attention on, and consequently they are not directly supported by it. Resources provided by the FTB also reflect this. That the resources might be better suited for larger enterprises might be indicated by the fact that in Finland, they were used by medium-sized enterprises to a larger extent than by smaller ones. Across-the-board, medium-sized enterprises were significantly more dependent on the FTB resources than smaller enterprises were.

Although the level of dependence of medium-sized enterprises on FTB resources was quite high, at the same time these enterprises reported high levels of alternative resources available as well as good access to them. Not only medium-sized enterprises, but also all SMEs in general reported high levels of availability of alternatives to the FTB resources. Due to this fact, the resources provided by the FTB could not be considered unique for the SME sector and therefore they were more easily substitutable. This suggests that the FTB might in fact be competing with other providers of similar resources. As the provision of NTO resources increasingly includes monetary compensation for their use, the question of commercial competition in this regard might become more relevant in the future. The provision of exclusive resources, which would complement other available resources, would surely secure the FTB more influence on the tourism industry.

Apart from the medium-sized Finnish tourism SMEs, other groups of enterprises were identified that were also dependent on the resources of the FTB. SMEs with a high number of foreign guests were more dependent on the FTB resources than enterprises selling domestically only, or those with a small number of foreign guests. Obviously, the resources they were mostly dependent on were related to foreign markets. In addition, enterprises planning to grow were significantly more dependent on information on foreign markets. These findings are supported by Holmlund and Kock (1998) who found that resource scarcity acts as a constraint for export. In order to support those SMEs intending to grow in international markets, more specific resources geared towards these enterprises would be required.

8.8 Implications of this study

Following this study, tourism SMEs are not particularly dependent on NTO resources. Certain SMEs, however, do seem to require support in order to be able to grow and sustain in an international environment. The findings of this study indicate that tourism SMEs call for those resources of an NTO that, on the one hand, support them in their endeavours in international markets, and that, on the other, help them to gain or distribute information in order to develop their business. If SMEs aim to achieve growth in international markets, they should also become more involved in marketing their products internationally.

As stated earlier, growing SMEs are said to be more likely to survive. In many destinations, SMEs aiming to grow must expand by promoting and selling overseas. However, activities in international markets demand lot of resources – not only money, but access to information and knowledge as well. Lack of resources is one of the most crucial obstacles for SMEs hindering them in their efforts to internationalise. Small enterprises, however, might well be able to meet demand for niche products in international markets, thereby possibly complementing services provided by large international tourism companies. In order to grow and to expand their markets, many SMEs are dependent on outside support. The provision of activities aimed at foreign markets is one possible way of supporting the internationalisation of SMEs. Therefore, measures specifically designed to support export of SME tourism services could be provided. Since growing and internationalising enterprises are more prone to survive in the long term, it is in the interest of governments to assist and support them in this regard.

This study suggests that the most beneficial resource which NTOs can provide for the tourism SME sector is the promotion of the destination as a whole. The highest overall dependence score was recorded for the destination promotion. In addition, the SMEs considered the NTO in Finland as highly important for the country. Although destination promotion was not considered unique as a resource by the SMEs - many alternatives available were reported - it is probably still a resource uniquely assigned to an NTO by the tourism industry.

As indicated by Elliott (1997), the increasing share of international tourism of the global travel could lead to more interdependence between public and private sectors.

Cooperation between NTOs and the SME sector would then become inevitable. Also, for an NTO like the Finnish Tourist Board, in order to gain influence on the tourism industry, more cooperation with the whole tourism sector would be required. Increased outside private sector funding, however, might result in marketing activities, with a focus on the products of the co-funding partners being then primarily promoted instead of the destination as a whole. While the tourism sector consists of many small enterprises, they can hardly be expected to co-fund destination promotion, which would benefit all tourism companies in the destination regardless of their participation in the campaign.

Cooperating SMEs found the resources specified in this research significantly more important than did those enterprises which did not cooperate. This might have been a reason for them to cooperate in the first place. Cooperating SMEs also reported availability of a significantly higher level of alternatives to those resources offered by the FTB. Since high levels of available alternatives as well as good access to them decrease the dependence of enterprises, this finding supports the claim that cooperation helps organisations decrease their level of resource dependence.

In accordance with the public sector principles introduced in Chapter 4, when an NTO is cooperating with the private sector, it should primarily safeguard the public interest. With regard to these same principles, public management including NTOs should not favour any particular group of enterprises. The services of NTOs should therefore be similarly available to enterprises of all sizes from all tourism sectors.

SMEs constitute the great majority of all tourism enterprises in many European countries. It is therefore safe to say that they are a fundamental component of the tourism product. Tourism SMEs add a local flavour to a tourism product, they can bring economic benefits to almost any corner of a country, they are closely related to the local community and therefore prone to stay there, and they are able to provide tourism services to niche markets as well. Due to increasing internationalisation of the tourism market and due to the fact that tourism industry is very fragmented and tourism enterprises geographically widely spread, tourism SMEs still depend on public promotion.

8.9 Contribution of this research

Although SMEs outnumber large enterprises in tourism, research on them is still limited (Page et al 1999; Szivas 2001). Moreover, resource dependence as well as interdependencies between tourism organisations is a field that has not been much explored. This research has made an effort to add to the existing body of knowledge on tourism SMEs by investigating our understanding of the resource dependence of tourism SMEs on National Tourism Organisations.

This research has offered explanations for differences in the extent of resource dependence between tourism enterprises. At the same time, it has clarified the extent of power one particular NTO, the Finnish Tourist Board, has over the tourism SME sector in Finland. This study has further looked into the types of resources tourism SMEs are dependent on. Results of the empirical study provided insights into the levels of dependence of various kinds of SMEs on the resources of an NTO.

Differences between SMEs could be thereby detected. The results of this study also elucidate the importance and the availability of alternatives to different kinds of resources for the tourism SMEs.

NTO provision of resources to the tourism industry can be regarded as an aspect of a tourism strategy implementation process. It is therefore important for policy makers to understand which of these resources, based on the needs of the industry, the public sector should provide. In order to better target public support, more knowledge of needs of SMEs is required. This research has made an effort to contribute to the existing body of knowledge in this regard.

Cooperation has been claimed to be a means for an organisation to manage its resource dependencies. This research has attempted to find out empirically the kinds of effects cooperation might have on resource dependence in the specific case of Finnish tourism SMEs.

According to Pfeffer and Salancik (1978), effective organisations must be able to manage their external demands. In order to help an organisation cope with these demands, it should be able to analyse the importance of its interest groups as well as the power they have on it. For the measurement of resource dependence in this research, a measurement scale was developed. The scale used in this study could be adapted and used by individual SMEs for an internal analysis of their stakeholders.

8.10 Limitations of this research

The objective of this research was to explore the interorganisational relationships - especially resource dependence - between tourism SMEs and NTOs. The empirical study was conducted in Finland. Although SMEs engaged in tourism and NTOs are similar from country to country in Europe there are also some important differences, in the case of Finland influenced by the structure of tourism, by the stage of tourism development as well as by the administrative and political organisation.. Notably key distinguishing features for Finland are that it is a sparsely populated country with a relatively small national economy. Its tourism is dominated by domestic demand while demand from overseas up to now has been on a small scale. As a consequence, large international tour operators do not play a significant role in incoming travel. As far as the structure is concerned, at the level of the central government there is a national tourism organisation, the Finnish Tourist Board, which is a statutory organisation subordinated to the Ministry of Trade and Industry but structure of regional tourism organisations is very diverse, since regions can independently decide on their organisation of tourism. Together these specific features of the Finnish tourism inevitably have an effect on the nature of the SMEs and their relationship with the NTO and it is important to keep these in mind; the results of this study are not directly transferable to other countries and destinations. However, they do offer insight into a particular context, which can raise issues not easily observed in other cases.

In order to be able to quantify the level of resource dependence, the empirical research was quantitative in nature. Since the area of inquiry is not yet much explored, a qualitative study prior to the quantitative survey could have provided a more profound basis for the quantitative work. This was not possible, however, due to time and financial limitations.

Although care was taken in drawing the sample from the sample frame and random sampling technique was used, the results of this study may not be considered to be representative for all tourism SMEs in Finland. The response rate in the final study was 25%, which was somewhat lower than expected after the pilot study. A low response rate might also have an impact on the representativeness of the final sample

An online-questionnaire was used for the study, which had the advantage of allowing a control over those questionnaires which were filled only partly and then left incomplete. The total number of incomplete questionnaires was 35 (3% of the total). This might indicate that – in spite of the careful pilot study – the questionnaire might have been somewhat too long for a number of respondents.

There is no database in Finland containing all tourism enterprises. Furthermore, in the database of the Statistics Finland, tourism enterprises are categorized under dozens of different classes. In spite of the careful selection of appropriate classes of database for the random sample in this research, one should be aware of this limitation.

8.11 Recommendations for further research

In this research, the resources of NTOs were the focal point of the enquiry. Resource dependence between SMEs and NTOs was consequently measured based on these resources. This survey included one country, Finland, and hence covered only relations to one NTO. To attain comparable information from a larger number of NTOs, a similar research could be conducted in different countries. This research would give a better understanding of similarities as well as differences relating to the tourism industry in various geographical locations, economies, and stages of tourism development.

It was argued earlier that there would be cases where NTO resources are not unique for tourism SMEs since an abundance of similar alternative resources are available for them. Further research on the resource needs of tourism SMEs would help in identifying resources which are important for SMEs but which are not easily or not at all available for them. A qualitative study would help in determining such resources. This would assist in formulating more effective public policies supporting SMEs as well as indicate NTOs possible resources needs of SMEs not yet satisfied by other providers of resources.

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Appendix 1

The questionnaire (English and Finnish versions)

Study of Tourism SMEs

Frankfurt, 23.04.2005

Dear associate,

Enclosed please find a questionnaire regarding tourism SMEs. I hope that you are able to spare some of your time to fill it out. Although the questionnaire contains quite a lot of questions, they are rather simple so that answering them takes only 10-15 minutes.

This questionnaire is part of my research on the relations between tourism SMEs and the Finnish Tourist Board (FTB). My research focuses on the assessment of resources required by tourism SMEs as well as on how a national tourism organisation, the FTB, meets these needs.

I am currently working for the Finnish Tourist Board in its German office. This research is part of my independent PhD theses at the University of Surrey, School of Management, in Guildford, UK, under the supervision of Professor David Airey and Dr. Edith Szivas.

I would appreciate it very much if a person in charge of your business could fill out the enclosed questionnaire. Your answers will be kept absolutely confidential. Information identifying the respondent will not be disclosed under any circumstances.

I hope that the results of this research will potentially help to allocate resources of the FTB and other national tourism organisations on tourism SMEs more effectively. If you have any questions regarding this research, you can contact me either by e-mail: raija.seppala-esser@surrey.ac.uk or by phone +49-178-3996396.

I would be very grateful if you would send the questionnaire back in the return envelope provided by the 16.05.2005.

Thank you very much for your participation in this research.

Raija Seppälä-Esser
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RESOURCES OF TOURISM SMES

Frankfurt, 23.04.2005

Dear Respondent,

it will take you about 10-15 minutes to answer this questionnaire. The questionnaire consists of two parts. In the first part (questions 1 to 20), background information regarding your business is explored. This information is needed in order to analyse the results statistically. The questions in the second part of this questionnaire (questions 21 to 27) explore various resources required in your business. The questions are quite short so that answering them does not take very long.

Thank you very much for your assistance!

1. Please indicate which of the following sectors of tourism this enterprise belongs to(please tick one box):

Transport (e.g. inland water, coastal, coach, air or train traffic, car rental etc.)		Visitor attraction (e.g. amusement park, museum, exhibition, cultural event, historical places for visit etc.)	
Farms stay (e.g. commissioning or rental of holiday cottages, farm holidays etc.)		Specialist holiday organizer (e.g. excursions and activities offered for tourists, equipment hire etc.)	
Hotel		Other (please specify below)	
Other accommodation (e.g. holiday villages, hostels, camping sites, etc.)			
Incoming operator			

2. Where is this enterprise located? Please tick one box.

City/town		Rural area	

3. How long has this enterprise existed? Please tick one box.

Fewer than 2 years		6 – 10 years	
2 – 5 years		More than 10 years	

4. Is this enterprise (please tick one box):

Individually/family owned		Limited company	
Jointly owned/partnership		Other (please specify below)	
Association			

5. How many people did this enterprise employ in 2004 (in full-time employees), including the owner/manager?

1 person		50 - 249 people	
2 – 9 people		250 people or over	
10 – 49 people			

6. What was the approximate turnover of this enterprise in 2004?

Less than 2 million Euros		10 to 49.9 million Euros	
2 to 9.9 million Euros		Over 50 million Euros	

7. *Please estimate the share of foreign customers of this enterprise's total customer base.*

1 – 10 %		51 – 75 %	
11 – 25 %		76 - 100 %	
26 – 50%		None	

8. *Does this enterprise use IT (Information Technology)?*

Yes		No	

9. *If yes, what is it used for? (Please tick as many boxes as apply)*

E-mail		Storing customer data	
Reservations		Administration (i.e. bookkeeping, personnel records, business correspondence)	
Promotion		Other, please specify below	
Customer contacts			

10. *Does this enterprise have a marketing plan?*

Yes, a formal written plan		No	
Yes, an informal unwritten plan			

11. *If yes, how far ahead does this enterprise currently plan its marketing activity?*

Up to 1 year		3 – 5 years	
1 – 2 years			

12. *Has this enterprise used any of the following promotional methods within the last 12 months? (Please tick as many boxes as apply)*

Brochures and/or presentations on CD, DVD etc.		National advertising	
Discounted prices		International advertising	
Personal selling		Internet	
Public relations (PR)		Competitions	
Sponsorship		Other (please specify below)	
Local advertising			

13. Does this enterprise cooperate with other organisations?

Yes		No	

14. If yes, which organisations has this enterprise been cooperating with in the past? (Please tick as many boxes as apply)

Business from the same sector of tourism		Finnish Tourist Board	
Business from other sectors of tourism		Local authorities	
Non-tourism business		Chamber of commerce	
Local tourist offices/Convention bureau		Other (please specify below)	
Regional tourism organisation			

15. Please indicate below the type of cooperation.(Please tick as many boxes as apply)

Joint marketing		Sharing of resources*	
Joint planning		Other, (please specify below)	
Joint purchasing			

* Sharing of equipment, buildings, market intelligence, computer reservation systems, training, clients in case of overbookings etc.

16. Is this enterprise a member of any of the following? (Please tick as many boxes as apply)

National trade/Professional association		Regional tourism organisation	
International trade association		Chamber of commerce	
Local tourist office/association		Other, please specify	

17. What are the future plans of this enterprise?

Become smaller		Grow moderately	
Stay the same size		Grow substantially	

18. What is your highest level of education?

Completed secondary education		Completed university degree or equivalent	

19. Do you have a qualification related to tourism?

Yes		No	

20. What is your position in this enterprise?(Please tick one box)

Owner		Other (please specify below)	
Chief Executive Officer (CEO)			
Other Executive			

RESOURCES FOR THIS ENTERPRISE

21. Below are statements about various resources, which potentially could be important for this enterprise. For each please indicate to what extent you agree or disagree with the statement by ticking the appropriate box.

(IMPORTA)	1 Strongly disagree	2 Disagree somewha t	3 Partly agree, partly disagree	4 Agree somewha t	5 Strongly agree
1. Information about the domestic market is vitally important for this enterprise.					
2. Information about foreign markets is vitally important for this enterprise.					
3. In order to survive, this enterprise must have knowledge about tourism marketing.					
4. Support (economic, know-how etc.) for tourism product development is critical for the continuation of this enterprise's business.					
5. Research findings are essential for this enterprise's business.					
6. Marketing of Finland as a tourism destination is crucial for this enterprise.					
7. In order to continue its business in the domestic market this enterprise needs to cooperate with other enterprises regarding marketing.					
8. In order to continue its business in the foreign markets this enterprise needs to cooperate with other enterprises regarding marketing					
9. For the future of this enterprise it is important that its products are in the global reservation systems.					
10. Dissemination of information to consumers by phone, mail and Internet is vital for this enterprise.					
11. Dissemination of information to the travel trade on a regular basis is vital for this enterprise.					
12. Contacts established with the travel trade e.g., on workshops, trade-shows, familiarization trips are a precondition for this enterprise staying in business.					
13. Contacts with the domestic news media are crucial for this enterprise.					
14. Contacts with the foreign news media are crucial for this enterprise.					
15. Obtaining professional training is a prerequisite for this enterprise's survival.					
16. Representation through foreign offices is essential for this enterprise.					
17. Lobbying for the tourism sector is crucial for this enterprise.					

RESOURCES FROM THE FINNISH TOURIST BOARD (FTB)

22. Below are statements about resources, which the FTB provides for tourism enterprises. For each please indicate to what extent you agree or disagree with the statements by ticking the most appropriate box.

	1	2	3	4	5
(MAGNITUD)	Strongly disagree	Disagree somewhat	Partly agree, partly disagree	Agree somewhat	Strongly agree
1. This enterprise uses information provided by the FTB about the domestic market.					
2. This enterprise uses information provided by the FTB about foreign markets.					
3. This enterprise uses the FTB's tourism marketing knowledge.					
4. This enterprise uses FTB's support for the development of tourism products.					
5. This enterprise uses research information provided by the FTB.					
6. This enterprise makes use of the FTB's marketing for Finland as a tourism destination.					
7. This enterprise uses joint promotional activities with other enterprises and organisations organised by the FTB to reach domestic customers.					
8. This enterprise uses joint promotional activities with other enterprises and organisations organised by the FTB to reach foreign customers.					
9. This enterprise uses the reservation systems or connections to them set up by the FTB.					
10. This enterprise uses the FTB's information systems for disseminating information by phone, mail or the Internet to consumers.					
11. This enterprise uses the FTB's information systems to inform the travel trade about its products.					
12. This enterprise uses the activities organised by the FTB (workshops, trade-shows, familiarization trips etc.) to establish contacts with the travel trade.					
13. This enterprise uses contacts with the domestic news media, which are set up by the FTB.					
14. This enterprise uses contacts with the foreign news media which are set up by the FTB.					
15. This enterprise uses training offered by the FTB.					
16. This enterprise uses the FTB's overseas offices.					
17. This enterprise makes use of the FTB's lobbying.					

RESOURCES FROM PROVIDERS OTHER THAN THE FINNISH TOURIST BOARD(FTB)

23. Below are statements regarding the availability of resources for your enterprise from sources other than the FTB. Please indicate to what degree you agree or disagree with the statements by ticking the most appropriate box.

	1	2	3	4	5
(ALTERNAT)	Strongly disagree	Disagree somewhat	Partly agree, partly disagree	Agree somewhat	Strongly agree
1. There are suppliers of information about the domestic market other than the FTB.					
2. There are suppliers of information about foreign markets other than the FTB.					
3. Tourism marketing knowledge is obtainable from sources other than the FTB.					
4. Support for tourism product development is offered by organisations other than the FTB.					
5. Research findings relevant for this enterprise are provided by organisations other than the FTB.					
6. Finland is promoted as a tourism destination in foreign markets also by organisations other than the FTB.					
7. Joint promotional activities for the domestic market are provided by organisations other than the FTB.					
8. Joint promotional activities for the foreign markets are provided by organisations other than the FTB as well.					
9. There are reservation systems other than those provided by the FTB.					
10. Information systems for disseminating information to consumers by phone, mail, and the Internet are obtainable from organisations other than the FTB.					
11. There are systems other than those of the FTB that provide information about tourism products in Finland for the travel trade.					
12. There are organisations other than the FTB which can help businesses establish new contacts with the travel trade.					
13. There are organisations other than the FTB which can establish contacts with the domestic news media.					
14. Contacts with the foreign news media can be established by organisations other than the FTB.					
15. There are providers for professional training for enterprises other than the FTB.					
16. There are other organisations than the FTB which represent tourism enterprises in foreign countries.					
17. A range of lobbyists other than the FTB is available to represent the interests of tourism enterprises and					

__ACCESS TO ALTERNATIVE RESOURCES__

24. Below is a list of statements about this enterprise's access to alternative resources - other than those of the Finnish Tourist Board - potentially needed by it. For each please indicate to what degree you agree or disagree with the statements by ticking the most appropriate box.

	1	2	3	4	5
(ACCESS)	Strongly disagree	Disagree somewhat	Partly agree, partly disagree	Agree somewhat	Strongly agree
1. If needed, this enterprise has access to information about the domestic market from different sources.					
2. If needed, this enterprise has access to information about foreign markets from different sources.					
3. This enterprise has can utilize knowledge of many suppliers about tourism marketing					
4. This enterprise has access to support for tourism product development from various sources.					
5. This enterprise has access to research findings of different suppliers.					
6. This enterprise can make use of other than the FTB's marketing of Finland as a travel destination.					
7. This enterprise can join promotional activities with other organisations than the FTB in the domestic market.					
8. This enterprise can join promotional activities with other organisations than the FTB in foreign markets.					
9. If needed, this enterprise can use reservation systems to sell its products.					
10. This enterprise can use alternative methods for disseminating information by phone, mail or the Internet to consumers.					
11. This enterprise can use alternative methods for informing the travel trade.					
12. This enterprise has access to organisations, which can help it establish new contacts with the travel trade.					
13. This enterprise has access to organizations, which can help it establish contacts with the domestic news media.					
14. This enterprise has access to organizations, which can help it establish contacts with the foreign news media.					
15. If necessary, this enterprise can get professional training from different suppliers.					
16. This enterprise can be represented abroad by many organisations.					
17. This enterprise has access to lobbyists which are able to represent its interests.					

INFLUENCE ON THE FTB

By using the scale below please indicate to what degree you agree or disagree with the following statement by ticking the most appropriate box.

	1	2	3	4	5
(INFLUEN)	Strongly disagree	Disagree somewhat	Partly agree, partly disagree	Agree somewhat	Strongly agree
25. This enterprise can influence FTB's decisions regarding the allocation of its resources.					

IMPORTANCE OF THE FINNISH TOURIST BOARD

By using the scale below please indicate to what degree you agree or disagree with the following statements by ticking the most appropriate box.

	1	2	3	4	5
	Strongly disagree	Disagree somewhat	Partly agree, partly disagree	Agree somewhat	Strongly agree
26. FTB is important to this enterprise.					
27. FTB is important for Finland.					

Thank you for your assistance!

Please return this questionnaire by May 16, 2005 in the envelope provided!

TUTKIMUS MATKAILUALAN PK-YRITYKSISTÄ

Hyvä yrittäjä/yritysjohtaja

Oheisena on tutkimuslomake, joka käsittelee pieniä ja keskisuuria (pk) matkailualan yrityksiä. Toivon, että voisitte löytää hetken aikaa ja vastata lomakkeessa oleviin kysymyksiin. Vaikka tutkimuslomakkeessa on runsaasti kysymyksiä, ovat kysymykset helppoja ja siten niihin vastaaminen vie vain noin 10-15 minuuttia.

Kysely on osa tutkimustani, joka keskittyy matkailun pk-yritysten ja MEKin välisiin suhteisiin. Tutkimuksellani pyrin selvittämään millaiset resurssitarpeet matkailualan pk-yrityksillä on ja miten kansallinen matkailutoimisto, MEK, vastaa näihin tarpeisiin.

Olen MEKin palveluksessa ja työskentelen tällä hetkellä Saksassa. Tämä tutkimus on kuitenkin osa minun itsenäistä väitöskirjatyötäni, jota teen University of Surrey'ssa (School of Management) Guildfordissa, Iso-Britanniassa. Työtäni yliopistossa ohjaavat professori David Airey ja Dr. Edith Szivas.

Olen erittäin kiitollinen, jos yrityksessänne liiketoiminnasta vastuussa oleva henkilö vastaa oheiseen kyselyyn. Vastauksenne käsittelen ehdottoman luottamuksellisesti. Mitään tietoa, josta voisi tunnistaa vastaajan ei paljasteta ulkopuolisille.

Toivon, että tämän tutkimuksen tulokset voisivat osaltaan vaikuttaa MEKin ja muiden kansallisten matkailutoimistojen resurssien kohdentamiseen matkailun pk-yrityksille. Tutkimusta koskevia kysymyksiä voitte lähettää minulle joko sähköpostitse osoitteeseen: raija.seppala-esser@surrey.ac.uk tai soittaa minulle numeroon: +49-178-3996396.

Vastauksenne pyydän lähettämään oheisessa, teille maksuttomassa palautuskirjekuoressa. Pyydän ystävällisesti vastaamaan kyselyyn 16.05.2005 mennessä.

Kiitän panoksestanne tähän tutkimukseen.

Frankfurtissa 23.04.2005

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MATKAILUN PK-YRITYSTEN RESURSSIT

Frankfurt, 23.04.2005

Hyvä vastaaja!

Tähän kyselyyn vastaaminen vie n. 10-15 minuuttia. Kyselylomake on kaksiosainen. Ensimmäisessä osassa (kysymykset 1 – 20) keräämme taustatietoja, joita tarvitaan vastausten analysoimiseksi tilastollisesti. Toisen osan kysymyksillä (21 – 27) tutkitaan eri puolia yrityksenne tarvitsemista resursseista. Kysymykset ovat verrattain yksinkertaisia ja siksi vastaaminen niihin on verrattain nopeaa.

Kiitän avustanne tämän tutkimuksen toteuttamisessa!

1. *Millä matkailun sektorilla edustamanne yritys toimii? Valitkaa yksi vaihtoehdoista.*

Liikenne (esim. sisävesi-, rannikko, linja-auto- lento- junaliikenne, auton vuokraus)		**Käyntikohde**(esim. huvipuisto, museo, näyttely, kulttuuritapahtuma, historialliset kohteet)	
Maaseutumatkailu (esim. mökkien välitys, maatilojen matkailupalvelut yms.)		**Ohjelmapalvelut** (esim. matkailijoille tarjottavat retket, aktiviteetit, välinevuokraus)	
Hotelli		**Muu, mikä?**	
Muu majoitus (esim. lomakylä, retkeilymaja, leirintäalue tms.)			
Incoming matkanjärjestäjä			

2. *Missä tämä yritys sijaitsee? Valitkaa yksi vaihtoehdoista.*

Kaupungissa		Maaseudulla	

3. *Kuinka kauan tämä yritys on ollut toiminnassa? Valitkaa yksi vaihtoehdoista.*

Alle kaksi vuotta		6 – 10 vuotta	
2 – 5 vuotta		Yli 10 vuotta	

4. *Onko tämä yritys (valitkaa yksi vaihtoehdoista):*

Yhden henkilön/perheen omistuksessa		Osakeyhtiö	
Kahden tai useamman henkilön (ei perheenjäseniä) yhteisesti omistama		Muu, mikä?	
Yhdistys			

5. *Kuinka monta henkilöä tämä yritys työllisti v. 2004 (täysinä henkilötyövuosina mitattuna), omistaja/johtaja mukaanlukien?*

Yhden henkilön		50 - 249 henkilöä	
2 – 9 henkilöä		250 henkilöä tai enemmän	
10 – 49 henkilöä			

6. *Mikä oli tämän yrityksen arvioitu liikevaihto v. 2004?*

Alle 2 milj. euroa		10 – 49.9 milj. euroa	
2 – 9.9 milj. euroa		Yli 50 milj. euroa	

7. Mikä on ulkomaalaisten asiakkaiden osuus tämän yrityksen kaikista asiakkaista arvionne mukaan?

1 – 10 %		51 – 75%	
11 – 25 %		76 – 100 %	
26 – 50 %		Ei ulkomaalaisia asiakkaita	

8. Käyttääkö tämä yritys informaatioteknologiaa (IT) toiminnassaan?

Kyllä		Ei	

9. Jos vastasitte edelliseen myöntävästi, niin pyydämme teitä seuraavassa ilmoittamaan, mihin IT:tä tässä yrityksessä käytetään. Valitkaa kaikki kyseeseen tulevat vaihtoehdot.

Sähköposti		Asiakastietojen ylläpito	
Varaukset		Hallinto (esim.kirjanpito, varastokirjanpito, henkilöstö-rekisterit, kirjeenvaihto)	
Markkinointi		Muu, mikä?	
Yhteydenpito asiakkaisiin			

10. Onko tällä yrityksellä markkinointisuunnitelma?

Kyllä, kirjallinen suunnitelma		Ei suunnitelmaa	
Kyllä, epämuodollinen, ei-kirjallinen suunnitelma			

11. Jos vastasitte edelliseen myöntävästi, pyydämme teitä seuraavassa ilmoittamaan, kuinka pitkällä tähtäimellä markkinointia suunnitellaan?

Alle vuoden tähtäimellä		3 – 5 vuoden tähtäimellä	
1 – 2 vuoden tähtäimellä			

12. Onko tämä yritys käyttänyt joitakin alla mainituista markkinointikeinoista viimeisen 12 kuukauden aikana? Valitkaa kaikki kyseeseen tulevat vaihtoehdot.

Esitteet ja/tai digitaalinen markkinointimateriaali (CD, DVD jne.)		Mainonta (ilmoitukset, tv- ja radiomainonta yms.) kansallisesti	
Erikoistarjoukset		Mainonta (ilmoitukset, tv- ja radiomainonta yms.) kansainvälisesti	
Henkilökohtainen myynti		Markkinointi Internetissä	
PR/suhdetoiminta		Kilpailut	
Sponsorointi		Muu, mikä?	
Mainonta (ilmoitukset, tv- ja radiomainonta yms.)paikallisesti			

13. Tekeekö tämä yritys yhteistyötä muiden organisaatioiden kanssa?

Kyllä		Ei	

14. Jos vastasitte edelliseen myöntävästi, niin ilmoittakaa seuraavassa, minkä tahojen kanssa yhteistyötä tehdään. Valitkaa kaikki kyseeseen tulevat vaihtoehdot.

Oman alan yritykset		MEK	
Muut matkailualan yritykset		Paikalliset viranomaiset	
Muut kuin matkailualan yitykset		Kauppakamarit	
Paikalliset matkailutoimistot/kongressitoimistot		Muu, mikä?	
Alueelliset matkailuorganisaatiot			

15 .Minkälaista yhteistyö on? Valitkaa kaikki kyseeseen tulevat vaihtoehdot.

Markkinointiyhteistyötä		Resurssien yhteiskäyttöä*	
Suunnittelua yhteistyössä		Muuta, mitä?	
Yhteisostoja			

* Laitteiden ja välineiden yhteiskäyttö, rakennukset, markkinatieto, varaussysteemit, koulutus, asiakkaat, jos ylibuukkauksia jne.

16. Onko tämä yritys jäsen joissakin seuraavista organisaatioista? Valitkaa kaikki kyseeseen tulevat vaihtoehdot.

Oman alan kansallinen järjestö/ammattijärjestö		Kauppakamari	
Alan kansainvälinen järjestö		Muu, mikä?	
Paikallinen matkailuorganisaatio			
Alueellinen matkailuorganisaatio			

17. Mitkä ovat tämän yrityksen tulevaisuuden suunnitelmat?

Pienentyä		Kasvaa maltillisesti	
Pysyä nykyisen suuruisena		Kasvaa huomattavasti	

18. Mikä on korkein saamanne koulutus?

Ammatillinen- tai ylioppilastutkinto		Korkeakoulututkinto tai vastaava	

19. Onko teillä matkailualan koulutusta?

Kyllä		Ei	

20. Mikä on asemanne tässä yrityksessä? Valitkaa yksi vaihtoehdoista.

Omistaja		Muussa johtavassa asemassa	
Toimitusjohtaja		Muu	

EDUSTAMANNE YRITYKSEN RESURSSIT

21. Seuraavassa on väittämiä resursseista, jotka saattavat olla tärkeitä tämän yrityksen toiminnalle. Ystävällisesti ilmoittakaa oheista asteikkoa käyttäen missä määrin olette kustakin väittämästä samaa tai eri mieltä.

	1	2	3	4	5
(IMPORTA)	Täysin eri mieltä	Jokseenkin eri mieltä	Osittain samaa, osittain eri mieltä	Jokseenkin samaa mieltä	Täysin samaa mieltä
1. Tiedot kotimaan markkinoista ovat ratkaisevan tärkeitä tämän yrityksen toiminnalle.					
2. Tiedot ulkomaan markkinoista ovat ratkaisevan tärkeitä tämän yrityksen toiminnalle.					
3. Tämän yrityksen on osattava markkinoida, jotta se voisi jatkaa liiketoimintaansa.					
4. Tuki (taloudellinen, tieto-taito yms.) matkailutuotteiden tuotekehitykseen on tärkeää tämän yrityksen toiminnan jatkuvuudelle.					
5. Tutkimuksista saatavat tiedot ovat olennaisen tärkeitä tämän yrityksen liiketoiminnalle.					
6. Suomen markkinointi matkailukohteena on tälle yritykselle ratkaisevan tärkeää.					
7. Pysyäkseen toiminnassa on tämän yrityksen tehtävä markkinointiyhteistyötä kotimaan markkinoilla muiden organisaatioiden kanssa.					
8. Pysyäkseen toiminnassa on tämän yrityksen tehtävä markkinointiyhteistyötä ulkomaan markkinoilla muiden organisaatioiden kanssa.					
9. Tämän yrityksen liiketoiminnan jatkumiselle on tärkeää, että se on mukana varausjärjestelmissä.					
10. Tämän yrityksen olemassaololle on tärkeää, että se informoi kuluttajia tuotteistaan puhelimitse, postitse ja/tai sähköisesti (= sähköposti ja Internet).					
11. Tämän yrityksen olemassaololle on tärkeää, että se informoi matkailupalvelujen myyjiä säännöllisesti uusista tuotteistaan.					
12. Kontaktit,jotka on luotu matkailupalvelujen myyjien kanssa workshopeissa, ammattinäyttelyissä ja opintomatkoilla, ovat edellytys tämän yrityksen toiminnan jatkuvuudelle.					
13. Tämän yrityksen toiminnalle on ratkaisevan tärkeää, että sillä on kontakteja kotimaiseen mediaan.					
14. Tämän yrityksen toiminnalle on ratkaisevan tärkeää, että sillä on kontakteja ulkomaiseen mediaan					
15. Ammatillinen koulutus on edellytys sille, että tämä yritys selviytyy kilpailussa.					
16. Tämän yrityksen toiminnan jatkuvuudelle on tärkeää, että se on edustettuna ulkomailla.					
17. Matkailuyritysten edunvalvonta on ratkaisevan tärkeää tämän yrityksen toiminnalle.					

MEKIN RESURSSIEN KÄYTTÖ

22. Seuraavassa on väittämiä resursseista, joita MEK tarjoaa matkailuyrityksille. Ystävällisesti ilmoittakaa oheista asteikkoa käyttäen, missä määrin olette kustakin väittämästä samaa tai eri mieltä.

	1	2	3	4	5
(MAGNITUD)	Täysin eri mieltä	Jokseenkin eri mieltä	Osittain samaa, osittain eri mieltä	Jokseenkin samaa mieltä	Täysin samaa mieltä
1. Tämä yritys käyttää MEKin tuottamia tietoja kotimaan markkinoista.					
2. Tämä yritys käyttää MEKin tuottamia tietoja ulkomaan markkinoista.					
3. Tämä yritys käyttää MEKin matkailumarkkinoinnin osaamista.					
4. Tämä yritys käyttää MEKin tukea (taloudellista, tieto-taitoa jne.) matkailutuotteiden kehittämiseen.					
5. Tämä yritys käyttää MEKin julkaisemia tutkimustietoja.					
6. Tämä yritys hyötyy siitä, että MEK markkinoi Suomea matkakohteena ulkomailla.					
7. Tämä yritys osallistuu MEKin koordinoimaan yhteismarkkinointiin kotimaassa.					
8. Tämä yritys osallistuu MEKin koordinoimaan yhteismarkkinointiin ulkomailla.					
9. Tämä yritys käyttää MEKin tuottamia varausjärjestelmiä tai sen tarjoamia yhteyksiä niihin.					
10. Tämä yritys käyttää MEKin kuluttajainformaation jakelujärjestelmiä (puhelimitse, postitse ja Internetin kautta).					
11. Tämä yritys käyttää MEKin säännöllistä informaation välitystä matkojen myyjille uusista matkailutuotteista Suomessa.					
12. Tämä yritys osallistuu MEKin organisoimiin tapahtumiin (workshopit, ammattinäyttelyt, opintomatkat jne.) luodakseen kontakteja matkojen välittäjiin.					
13. Tämä yritys hyödyntää MEKin luomia kontakteja kotimaiseen mediaan.					
14. Tämä yritys hyödyntää MEKin luomia kontakteja ulkomaiseen mediaan.					
15. Tämä yritys hyödyntää MEKin tarjoamaa ammattia tukevaa koulutusta.					
16. Tämä yritys hyödyntää MEKin ulkomaan toimistoverkostoa.					
17. Tämä yritys hyödyntää MEKin edunvalvontaa.					

MUIDEN KUIN MEKIN RESURSSIT

23. Seuraavassa on väittämiä edustamanne yrityksen saatavilla olevista, muista kuin MEKin resursseista. Ystävällisesti ilmoittakaa oheista asteikkoa käyttäen, missä määrin olette kustakin väittämästä samaa tai eri mieltä.

(ALTERNAT)	1 Täysin eri mieltä	2 Jokseenkin eri mieltä	3 Osittain samaa, osittain eri mieltä	4 Jokseenkin samaa mieltä	5 Täysin samaa mieltä
1. Kotimaan markkinoista on saatavilla tietoa muiltakin tahoilta kuin MEKistä.					
2. Ulkomaan markkinoista on saatavilla tietoa muiltakin tahoilta kuin MEKistä.					
3. Matkailumarkkinoinnin osaamista on saatavilla muualtakin kuin MEKistä.					
4. Tukea (taloudellista, tieto-taitoa jne.) matkailutuotteiden kehittämiseen on saatavilla muualtakin kuin MEKistä.					
5. Tutkimustietoja on saatavissa muualtakin kuin MEKistä.					
6. MEKin ohella muutkin tahot markkinoivat Suomea matkakohteena ulkomailla.					
7. Muutkin tahot kuin MEK koordinoivat useiden organisaatioiden yhteismarkkinointia kotimaassa.					
8. MEKin ohella muutkin tahot koordinoivat useiden organisaatioiden yhteismarkkinointia ulkomailla.					
9. Muutkin tahot kuin MEK tarjoavat varausjärjestelmiä tai yhteyksiä niihin.					
10. Muutkin tahot kuin MEK tarjoavat järjestelmiä kuluttajien informoimiseksi (puhelimitse, postitse ja Internetin kautta).					
11. On olemassa muitakin keinoja informoida matkailu-palvelujen myyjiä säännöllisesti uusista tuotteista Suomessa kuin MEKin tarjoamien kanavien kautta.					
12. MEKin ohella on muita tahoja, jotka auttavat matkailuyrityksiä luomaan kontakteja matkailu-tuotteiden välittäjien kanssa.					
13. Muutkin tahot kuin MEK auttavat matkailuyrityksiä luomaan kontakteja kotimaisen median kanssa.					
14. MEKin ohella muutkin tahot auttavat matkailuyrityksiä luomaan kontakteja ulkomaisen median kanssa.					
15. MEKin ohella on muitakin tahoja, jotka tarjoavat ammatillista koulutusta yrityksille.					
16. MEKin lisäksi on muitakin tahoja, jotka edustavat matkailuyrityksiä ulkomailla.					
17. MEKin lisäksi on muitakin tahoja, jotka valvovat matkailuyritysten etuja.					

VAIHTOEHTOISTEN RESURSSIEN SAATAVUUS

24. Seuraavassa on väittämiä siitä, millaiset mahdollisuudet tällä yrityksellä on tarvitessaan käyttää vaihtoehtoisia, muita kuin MEKin resursseja. Ystävällisesti ilmoittakaa oheista asteikkoa käyttäen, missä määrin olette kustakin väittämästä samaa tai eri mieltä.

	1	2	3	4	5
(ACCESS)	Täysin eri mieltä	Jokseenkin eri mieltä	Osittain samaa, osittain eri mieltä	Jokseenkin samaa mieltä	Täysin samaa mieltä
1. Tämä yritys voi tarvitessaan saada käyttöönsä tietoja kotimaan markkinoista monilta eri tahoilta.					
2. Tämä yritys voi tarvitessaan saada käyttöönsä tietoja ulkomaan markkinoista monilta eri tahoilta.					
3. Tämä yritys voi hyödyntää monien tahojen matkailumarkkinoinnin osaamista.					
4. Tämä yritys voi saada tukea (taloudellista, tieto-taitoa jne.) matkailutuotteiden kehittämiseen useilta eri tahoilta.					
5. Tämä yritys voi saada käyttöönsä sille tärkeitä tutkimustietoja monista lähteistä.					
6. Tämä yritys voi hyödyntää muidenkin kuin MEKin Suomen markkinointia matkailukohteena ulkomailla.					
7. Tämä yritys voi osallistua yhteisiin markkinointi-toimenpiteisiin kotimaan markkinoilla muidenkin kuin MEKin kanssa.					
8. Tämä yritys voi osallistua yhteisiin markkinointi-toimenpiteisiin ulkomaan markkinoilla muidenkin kuin MEKin kanssa.					
9. Tämä yritys voi halutessaan saada tuotteensa monien tahojen varausjärjestelmiin.					
10. Tämä yritys voi halutessaan käyttää vaihtoehtoisia järjestelmiä informoidakseen kuluttajia tuotteistaan.					
11. Tämä yritys voi halutessaan käyttää vaihtoehtoisia järjestelmiä informoidakseen matkojen myyjiä uusista matkailutuotteista.					
12. Tämä yritys voi osallistua monien tahojen kautta ammattilaistapahtumiin (esim. workshopit, ammatti-näyttelyt tai opintomatkat).					
13. Tämä yritys pystyy luomaan kontakteja kotimaiseen mediaan muidenkin kuin MEKin avustuksella.					
14. Tämä yritys pystyy luomaan kontakteja ulkomaiseen mediaan muidenkin kuin MEKin avustuksella.					
15. Tämä yritys voi halutessaan saada ammattia tukevaa koulutusta monilta eri tahoilta.					
16. Tämä yritys voi halutessaan olla edustettuna ulkomailla monien tahojen kautta.					
17. Tällä yrityksellä on kontakteja tahoihin, jotka ovat valmiit valvomaan sen etuja.					

VAIKUTUSMAHDOLLISUUDET

Ystävällisesti ilmoittakaa oheista asteikkoa käyttäen, missä määrin olette väittämästä samaa tai eri mieltä.

(INFLUEN)	1 Täysin eri mieltä	2 Jokseenkin eri mieltä	3 Osittain samaa, osittain eri mieltä	4 Jokseenkin samaa mieltä	5 Täysin samaa mieltä
25. Tämä yritys voi vaikuttaa MEKin päätöksiin siitä, miten se käyttää resurssejaan.					

MEKIN MERKITYS

Ystävällisesti ilmoittakaa oheista asteikkoa käyttäen, missä määrin olette seuraavista väittämistä samaa tai eri mieltä.

	1 Täysin eri mieltä	2 Jokseenkin eri mieltä	3 Osittain samaa, osittain eri mieltä	4 Jokseenkin samaa mieltä	5 Täysin samaa mieltä
26. MEK on tärkeä tälle yritykselle.					
27. MEK on tärkeä Suomelle.					

Kiitos vastauksistanne!

Pyydän ystävällisesti palauttamaan täytetyn kyselylomakkeen oheisessa, teille maksuttomassa palautuskirjekuoressa **16.5.2005** mennessä.

Appendix 2

Scale analysis

APPENDIX 2

SCALE ANALYSIS

Item-Total Statistics - RESOURCE DEPENDENCE SCALE

RESOURCE DEPENDENCE	Scale Mean if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Information on domestic market	38.75	.660	.950
Information on foreign market	38.83	.724	.949
Marketing knowledge	38.67	.750	.949
Support for product development	38.85	.696	.950
Research	38.82	.753	.949
Destination marketing	38.57	.620	.951
Joint marketing domestic	38.86	.808	.948
Joint marketing foreign	38.87	.792	.948
Reservation systems	39.01	.684	.950
Consumer information	38.86	.707	.950
Travel trade information	38.95	.721	.949
Contacts with travel trade	39.03	.752	.949
Contacts domestic media	39.10	.717	.949
Contacts foreign media	39.05	.806	.948
Training	39.13	.588	.952
Representation overseas	39.06	.753	.949
Lobbying	38.85	.668	.950

Item-Total Statistics - IMPORTANCE SCALE

IMPORTANCE	Scale Mean if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Information on domestic market	52.34	.547	.912
Information on foreign market	53.04	.569	.911
Marketing knowledge	51.93	.537	.912
Support for product development	52.56	.477	.914
Research	52.93	.653	.909
Destination marketing	52.49	.480	.914
Joint marketing domestic	52.45	.687	.908
Joint marketing foreign	53.11	.712	.907
Reservation systems	52.92	.549	.912
Consumer information	52.27	.539	.912
Travel trade information	52.59	.627	.909
Contacts with travel trade	53.04	.725	.907
Contacts domestic media	52.89	.560	.911
Contacts foreign media	53.59	.684	.908
Training	52.68	.511	.913
Representation overseas	53.41	.627	.910
Lobbying	52.81	.647	.909

Item-Total Statistics - MAGNITUDE SCALE

MAGNITUDE	Scale Mean if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Information on domestic market	31.55	.769	.964
Information on foreign market	31.71	.824	.963
Marketing knowledge	31.73	.847	.962
Support for product development	32.07	.809	.963
Research	31.68	.793	.963
Destination marketing	31.02	.550	.968
Joint marketing domestic	32.00	.779	.963
Joint marketing foreign	32.00	.854	.962
Reservation systems	32.30	.746	.964
Consumer information	32.21	.845	.962
Travel trade information	32.29	.796	.963
Contacts with travel trade	32.03	.743	.964
Contacts domestic media	32.30	.813	.963
Contacts foreign media	32.25	.847	.962
Training	32.35	.695	.965
Representation overseas	32.23	.806	.963
Lobbying	32.20	.739	.964

Item-Total Statistics – ALTERNATIVES SCALE

ALTERNATIVES	Scale Mean if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Information on domestic market	34.46	.681	.957
Information on foreign market	34.24	.647	.957
Marketing knowledge	34.53	.770	.955
Support for product development	34.57	.704	.956
Research	34.40	.688	.956
Destination marketing	34.53	.760	.955
Joint marketing domestic	34.40	.794	.955
Joint marketing foreign	34.15	.734	.956
Reservation systems	34.61	.709	.956
Consumer information	34.55	.735	.956
Travel trade information	34.61	.785	.955
Contacts with travel trade	34.58	.803	.954
Contacts domestic media	34.57	.813	.954
Contacts foreign media	34.22	.744	.955
Training	34.80	.756	.955
Representation overseas	34.44	.749	.955
Lobbying	34.45	.728	.956

Item-Total Statistics - ACCESS SCALE

ACCESS	Scale Mean if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Information on domestic market	36.71	.593	.945
Information on foreign market	36.36	.651	.944
Marketing knowledge	36.60	.681	.944
Support for product development	36.30	.694	.944
Research	36.30	.731	.943
Destination marketing	36.21	.732	.943
Joint marketing domestic	36.73	.715	.943
Joint marketing foreign	36.21	.723	.943
Reservation systems	36.28	.713	.943
Consumer information	36.52	.747	.942
Travel trade information	36.41	.729	.943
Contacts with travel trade	36.47	.674	.944
Contacts domestic media	36.70	.696	.944
Contacts foreign media	36.09	.682	.944
Training	36.77	.687	.944
Representation overseas	36.14	.739	.943
Lobbying	35.94	.655	.944

Appendix 3

Effects of explanatory variables on resource dependence dimensions

Appendix 3

EFFECTS OF EXPLANATORY VARIABLES ON RESOURCE DEPENDENCE DIMENSIONS

ANOVA results for the dimension Criticality

Variable

Sector	F=4.280	*df=7,219*	p=<0.001**
Hotels reported higher criticality of resources than farm stays and specialist holiday organizers.			
Age	F=0.949	*df=3,223*	p=0.418
No two groups are significantly different at the 0.05% level			
Ownership	F=2.226	*df=4,222*	p=0.067
No two groups are significantly different at the 0.05% level			
Employees	F=7.361	*df=3,219*	p=<0.001**
Enterprises with 10 to 49 persons and 50 to 249 persons reported higher resource criticality than enterprises with one person or 2 to 9 persons.			
Turnover	F=7.741	*df=2,216*	p=0.001**
Enterprises with a turnover of 2 to 9.9 mill. Euros reported higher resource criticality than enterprises with a turnover under 2 mill. Euros.			
Foreign Guests	F=5.110	*df=5,220*	p=<0.001**
Enterprises with 11-25% and 50-75% share of foreign guests reported higher resource criticality than enterprises with less than 10% foreign guests.			
Marketing Planning	F=29.933	*df=2,224*	p=<0.001**
Enterprises with a formal, written marketing plan reported higher resource criticality than enterprises with an unwritten plan or no plan. Enterprises with an uwritten plan reported higher criticality than enterprises with no plan.			
Planning Scope	F=0.451	*df=2,165*	p=0.638
No two groups are significantly different at the 0.05% level			
Future Plans	F=11.411	*df=3,222*	p=<0.001**
Enterprises intending to grow moderately reported higher resource criticality than enterprises wanting to stay the same size. Enterprises planning to become smaller reported lower resource criticality than others.			

* = significant at p<0.05, ** = significant at p<0.01

T-test results for the dimension Criticality

Variable				
		t	*df*	p
Location	City/town	1,075	*225*	0,284
	Rural area			
	No significant difference between two groups at 0.05% level.			

		t	*df*	p
Marketing activity (Yes/No)	Brochures, CDs, etc.	3,196	*216*	0.002**
	Discounted prices	4,172	*216*	<0.001**
	Personal selling	4,436	*216*	<0.001**
	PR	4,636	*216*	<0.001**
	Sponsorship	2,174	*216*	0.03*
	Local advertising	2,677	*216*	0.008*
	National advertising	4,066	*216*	<0.001**
	Internat. advertising	4,098	*216*	<0.001**
	Internet promotion	4,309	*216*	<0.001**
	Competitions	2,526	*216*	0.012*
	Other	-2,347	*216*	0.020*
	Enterprises employing marketing activities reported higher resource criticality, except those employing "other" marketing activities			
T-test results for variable criticality		t	*df*	p
Cooperation	Yes	3.799	*0,225*	<0.001**
	No			
	Enterprises which cooperated reported higher levels of resource criticality.			
		t	*df*	p
Cooperation partners (Yes/No)	Same sector companies	3,959	*216*	<0.001**
	Other tourism companies	5,454	*216*	<0.001**
	Non-tourism companies	3,268	*216*	0.001**
	Local tourism org.	6,416	*216*	<0.001**
	Regional tourism organisation	3,824	*216*	<0.001**
	MEK	6,447	*216*	<0.001**
	Local authorities	3,528	*216*	<0.001**
	Chamber of Commerce	3,689	*216*	<0.001**
	Other	0,168	*216*	0,867
	Cooperation with any of the partners mentioned increased the level of resource criticality.			
		t	*df*	p
Cooperation type (Yes/No)	Marketing	2,568	*218*	0.011*
	Planning	0,304	*218*	0,761
	Joint purchase	1,093	*218*	0,276
	Sharing of resources	0,450	*218*	0,653
	Other	0,904	*218*	0,367
	Enterprises which had marketing cooperation with others reported higher resource criticality than those who did not have it.			
		t	*df*	p
Membership (Yes/No)	Sector organisation	0,530	*218*	0,597
	International org.	0,745	*218*	0,457
	Local tourism org.	2,145	*218*	0.033*
	Regional tourism org.	1,725	*218*	0,086
	Chamber of Commerce	0,425	*218*	0,671
	Other	-1,555	*218*	0,121
	Enterprises which were members in a local tourism organisation reported higher resource criticality than those who were not.			
		t	*df*	p
Education	Completed secondary education	-0,665	*207*	0,507
	Completed university degree or equivalent			
	No significant difference between two groups at 0.05% level.			
		t	*df*	p
Tourism Qualification	Yes	3,320	*225*	0.001**
	No			
	Respondents with tourism qualification reported higher resource criticality than respondents without such qualification.			
		t	*df*	p
IT-Usage	Yes	2,849	*224*	0.005**
	No			-
	Enterprises using IT reported higher resource criticality.			

* = significant at <0.05 level, ** = significant at <0.01level

ANOVA results for the dimension Magnitude

Variable

Sector	F=4.851	*7,218*	p=<0.001**
Hotels reported higher exchange of the Finnish Tourist Board resources than farm stays and other accommodations.			
Age	F=0.990	*3,222*	p=0.399
No two groups are significantly different at the 0.05% level			
Ownership	F=2.830	*7,218*	p=0.026*
Enterprises with "other" form of ownership exchanged less resources with the Finnish Tourist Board than one person enterprises and limited companies.			
Employees	F=17.500	*3,218*	p=<0.001**
Exchange of resources increased by the increasing number of employees.			
Turnover	F=8.284	*2,215*	p=0.001**
Enterprises with a turnover of 2 to 9.9 mill. Euros reported higher resource exchange with the Finnish Tourist Board than enterprises with a turnover under 2 mill. Euros.			
Foreign Guests	F=6.014	*5,219*	p=<0.001**
Enterprises with 11-25% share of foreign guests reported higher resource exchange with the Finnish Tourist Board than enterprises with less than 10% foreign guests.			
Marketing Planning	F=20.387	*2,223*	p=<0.001**
Enterprises with a formal, written marketing plan reported higher resource exchange with the Finnish Tourist Board than enterprises with an unwritten plan or no plan. Enterprises with an unwritten plan reported higher iresource exchange than enterprises with no plan.			
Planning Scope	F=0.617	*2,164*	p=0.541
No two groups are significantly different at the 0.05% level			
Future Plans	F=7.567	*3,221*	p=<0.001**
Enterprises intending to grow moderately reported higher resource exchange level than enterprises wanting to stay the same size.Enterprises planning to become smaller reported lower levels of resource exchange than others.			

* = significant at p<0.05, ** = significant at p<0.01

T-test results for the dimension Magnitude

Variable

		t	*df*	p
Location	City/town	1,608	*224*	0,110
	Rural area			
	No significant difference between two groups at 0.05% level.			
		t	*df*	p
Marketing activity (Yes/No)	Brochures, CDs, etc.	3,096	*216*	0.003**
	Discounted prices	3,358	*216*	0.001**
	Personal selling	2,904	*216*	0.004**
	PR	4,318	*216*	<0.001**
	Sponsorship	2.422	*216*	0.018*
	Local advertising	1,753	*216*	0,081
	National advertising	3,981	*216*	<0.001**
	Internat. advertising	3.583	*216*	0.002**
	Internet promotion	3.820	*216*	<0.001**
	Competitions	2.516	*216*	0.008**
	Other	0,812	*216*	0,418
	Enterprises employing marketing activities reported higher resource importance, except those employing local advertising or "other" marketing activities			

		t	df	p
Cooperation	Yes	3.913	*224*	0.001**
	No			
	Enterprises which cooperated reported higher levels of resource exchange with the Finnish Tourist Board.			
		t	*df*	p
Cooperation partners (Yes/No)	Same sector companies	4,292	*216*	<0.001**
	Other tourism companies	6,316	*216*	<0.001**
	Non-tourism companies	3,967	*216*	0.001**
	Local tourism org.	5,047	*216*	<0.001**
	Regional tourism organisation	7,196	*216*	<0.001**
	MEK	12,032	*216*	<0.001**
	Local authorities	4,741	*216*	<0.001**
	Chamber of Commerce	4,632	*216*	<0.001**
	Other	0,796	*216*	0,427
	Cooperation with any of the partners mentioned increased the level of resource exchange with the Finnish Tourist Board.			
		t	*df*	p
Cooperation type (Yes/No)	Marketing	7,123	*224*	<0.001**
	Planning	3,352	*224*	0.001**
	Joint purchase	1,114	*224*	0,267
	Sharing of resources	2,650	*224*	0.009**
	Other	1,134	*224*	0,258
	Enterprises which did marketing, planning or joint purchase with others reported higher levels of resource exchange with the Finnish Tourist Board than those who did not.			
		t	*df*	p
Membership (Yes/No)	Sector organisation	3,726	*224*	<0.001**
	International org.	1,155	*224*	0,258
	Local tourism org.	4,759	*224*	<0.001**
	Regional tourism org.	4,783	*224*	<0.001**
	Chamber of Commerce	3,235	*224*	0.003**
	Other	0,391	*224*	0,696
	Enterprises which were members in a sector organisation, in a local or regional organisation,as well as in a chamber of commerce, reported higher levels of resource exchange with the Finnish Tourist Board			
		t	*df*	p
Education	Completed secondary education	1.101	*206*	0,273
	Completed university degree or equivalent			
	No significant difference between two groups at 0.05% level.			
		t	*df*	p
Tourism Qualification	Yes	3,528	*224*	0.001**
	No			
	Respondents with tourism qualification reported higher resource exchange with the Finnish Tourist Board than respondents without such qualification.			
		t	*df*	p
IT-Usage	Yes	5,374	*223*	<0.001**
	No			
	Enterprises using IT reported higher levels of resource exchange with the Finnish Tourist Board.			

* = significant at <0.05 level, ** = significant at <0.01level

ANOVA results for the dimension Alternatives

Variable	F	*df*	*p*
Sector	1.813	*7,214*	0,086
No two groups are significantly different at the 0.05% level			
Age	0,760	*3,218*	0,517
No two groups are significantly different at the 0.05% level			
Ownership	0,947	*4,217*	0,437
No two groups are significantly different at the 0.05% level			
Employees	0,764	*3,214*	0,516
No two groups are significantly different at the 0.05% level			
Turnover	2.258	*2,211*	0,107
No two groups are significantly different at the 0.05% level			
Foreign Guests	0,562	*5,215*	0,729
No two groups are significantly different at the 0.05% level			
Marketing Planning	2.390	*2,219*	0,094
No two groups are significantly different at the 0.05% level			
Planning Scope	0,664	*2,162*	0,516
No two groups are significantly different at the 0.05% level			
Future Plans	1.761	*3,217*	0,156
No two groups are significantly different at the 0.05% level			

* = significant at p<0.05, ** = significant at p<0.01

T-test results for the dimension Alternatives

Variable		t	*df*	p
Location	City/town	1,822	*220*	0,070
	Rural area			
	No significant difference between two groups at 0.05% level.			
		t	*df*	p
Marketing activity (Yes/No)	Brochures, CDs, etc.	1,452	*216*	0,148
	Discounted prices	1,220	*216*	0,224
	Personal selling	2,636	*216*	0.009*
	PR	1,909	*216*	0,058
	Sponsorship	1,305	*216*	0,193
	Local advertising	1,626	*216*	0,105
	National advertising	1,461	*216*	0,145
	Internat. advertising	2,688	*216*	0.008*
	Internet promotion	0,202	*216*	0,840
	Competitions	1,375	*216*	0,171
	Other	0,151	*216*	0,880
	Enterprises employing personal selling and/or international advertising reported higher level of alternatives.			
		t	*df*	p
Cooperation	Yes	1,630	*13,754*	0,105
	No			
	No significant difference between two groups at 0.05% level.			

		t	*df*	p
Cooperation partners) (Yes/No	Same sector companies	3,431	*216*	0.001*
	Other tourism companies	2,381	*216*	0.018*
	Non-tourism companies	2,223	*216*	0.027*
	Local tourism org.	2,537	*216*	0.012*
	Regional tourism organisation	2,880	*216*	0.004*
	Finnish Tourist Board	1,892	*216*	0,060
	Local authorities	2,887	*216*	0.004*
	Chamber of Commerce	2,375	*216*	0.018*
	Other	0,800	*216*	0,424
	Enterprises which cooperated with one of the partners mentioned (except the Finnish Tourist Board), reported higher levels of alternatives that those which did not cooperate.			
		t	*df*	p
Cooperation type (Yes/No)	Marketing	2,089	*220*	0.038*
	Planning	2,052	*220*	0.041*
	Joint purchase	0,477	*220*	0,634
	Sharing of resources	1,370	*220*	0,172
	Other	-0,029	*220*	0,977
	Enterprises which had marketing and/or planning cooperation with others reported higher level of alternative resources.			
		t	*df*	p
Membership (Yes/No)	Sector organisation	1,818	*220*	0,070
	International org.	2,240	*220*	0.026*
	Local tourism org.	3,989	*220*	< 0.001**
	Regional tourism org.	2,561	*220*	0.011*
	Chamber of Commerce	2,031	*220*	0.043*
	Other	0,108	*220*	0,914
	Members of international organisations, local and regional tourism organisations as well as chambers of commerce reported higher level of resource alternatives than non-members.			
		t	*df*	p
Education	Completed secondary education	1,144	*204*	0,254
	Completed university degree or equivalent			
	No significant difference between two groups at 0.05% level.			
		t	*df*	p
Tourism Qualification	Yes	0,975	*220*	0,331
	No			
	No significant difference between two groups at 0.05% level.			
		t	*df*	p
IT-Usage	Yes	2,016	*219*	0.045*
	No			
	Enterprises using IT reported higher level of resource alternatives.			

* = significant at <0.05 level, ** = significant at <0.01level

ANOVA results for the dimension Access

Variable	F	*df*	*p*
Sector	3,151	*7,214*	0.003**
Hotels reported significantly higher levels of access to alternative resources than other accommodation sector.			
Age	1,124	*3,218*	0,340
No two groups are significantly different at the 0.05% level			
Ownership	2,547	*4,217*	0.040*
No two groups are significantly different at the 0.05% level			
Employees	4,273	*3,214*	0.006*
Enterprises with 10-49 employees reported higher levels of access to alternative resources than enterprises with less than ten employees.			
Turnover	9,232	*2,211*	<0.001**
The level of access increased significantly with increasing turnover.			
Foreign Guests	1,509	*5,215*	0,188
No two groups are significantly different at the 0.05% level			
Marketing Planning	3,704	*2,219*	0.026*
Enterprises with a formal, written marketing plan reported better access to alternative resources than enterprises without a plan.			
Planning Scope	0,994	*2,161*	0,372
No two groups are significantly different at the 0.05% level			
Future Plans	7.100	*3,217*	<0.001**
Enterprises intending to grow moderately or substantially reported better access to alternatives than enterprises, which wanted to become smaller. Additionally, enterprises intending to grow substantially reported higher access than enterprises, which wanted to stay the same size.			

* = significant at p<0.05, ** = significant at p<0.01

T-test results for the dimension Access

Variable		t	*df*	p
Location	City/town	3,374	*220*	<0.001**
	Rural area			
	Enterprises in cities/towns reported better access to alternative resources than enterprises in rural area.			
		t	*df*	p
Marketing activity (Yes/No)	Brochures, CDs, etc.	2,684	*216*	0.008**
	Discounted prices	4,056	*216*	<0.001**
	Personal selling	2,234	*216*	0.026*
	PR	2,851	*216*	0.005**
	Sponsorship	1,980	*216*	0.049*
	Local advertising	2,695	*216*	0.008**
	National advertising	3,287	*216*	0.001**
	Internat. advertising	3,418	*216*	<0.001**
	Internet promotion	1,660	*216*	0,100
	Competitions	2,198	*216*	0.029*
	Other	0,058	*216*	0,954
	Enterprises employing various kinds of marketing activities reported better access to alternative resources (except internet promotion).			

		t	*df*	p
Cooperation	Yes	3,918	*220*	<0.001**
	No			
	Cooperating enterprises reported better access to alternative resources than enterprises not cooperating.			
		t	*df*	p
Cooperation partners) (Yes/No	Same sector companies	3,854	*216*	<0.001**
	Other tourism companies	3,689	*216*	<0.001**
	Non-tourism companies	3,942	*216*	<0.001**
	Local tourism org.	4,339	*216*	<0.001**
	Regional tourism organisation	3,343	*216*	<0.001**
	Finnish Tourist Board	2,873	*216*	0.004**
	Local authorities	4,620	*216*	<0.001**
	Chamber of Commerce	4,218	*216*	<0.001**
	Other	0,484	*0,216*	0,629
	Enterprises which cooperated with any of the partners mentioned, reported higher levels of access to resource alternatives that those which did not cooperate.			
		t	*df*	p
Cooperation type (Yes/No)	Marketing	3,873	*220*	<0.001**
	Planning	4,348	*220*	<0.001**
	Joint purchase	0,672	*220*	0,502
	Sharing of resources	2,290	*220*	0.023*
	Other	0,268	*220*	0,789
	Enterprises which had marketing and/or planning cooperation with others or which shared resources with other, reported higher level of alternative resources.			
		t	*df*	p
Membership (Yes/No)	Sector organisation	2,662	*220*	0.008**
	International org.	3,691	*220*	<0.001**
	Local tourism org.	4,412	*220*	<0.001**
	Regional tourism org.	3,750	*220*	<0.001**
	Chamber of Commerce	3,451	*220*	<0.001**
	Other	1,560	*220*	0,120
	Members in organisations mentioned reported higher levels of access to alternative resources than non-members.			
		t	*df*	p
Education	Completed secondary education	2,095	*203*	0.037*
	Completed university degree or equivalent			
	Respondents with higher level of education reported better access to alternative resources.			
		t	*df*	p
Tourism Qualification	Yes	1,431	*220*	0,154
	No			
	No significant difference between two groups at 0.05% level.			
		t	*df*	p
IT-Usage	Yes	1,231	*219*	0,220
	No			
	No significant difference between two groups at 0.05% level.			

* = significant at <0.05 level, ** = significant at <0.01level

ANOVA results for the dimension Influence

Variable	F	*df*	*p*
Sector	2,589	*7,212*	0.014*
Hotels reported higher levels of influence on the NTO than special holiday organizers.			
Age	1,254	*3,216*	0,291
No two groups are significantly different at the 0.05% level			
Ownership	1,281	*4,215*	0,278
No two groups are significantly different at the 0.05% level			
Employees	3,291	*3,212*	0.022*
No two groups are significantly different at the 0.05% level			
Turnover	6,287	*2,209*	0.002**
Enterprises with turnover of 2 to 9.9 million euros reported more influence on the NTO than enterprises with turnover less than 2 million euros.			
Foreign Guests	0,399	*5,215*	0,801
No two groups are significantly different at the 0.05% level			
Marketing Planning	1,065	*2,217*	0,346
No two groups are significantly different at the 0.05% level			
Planning Scope	2,488	*2,159*	0.040*
Enterprises which planned their marketing up to one year ahead reported higher levels of influence on the NTO than enterprises which planned their marketing one to two years ahead.			
Future Plans	1,271	*3,215*	0,285
No two groups are significantly different at the 0.05% level			

* = significant at p<0.05, ** = significant at p<0.01

T-test results for the dimension Influence

Variable		t	*df*	p
Location	City/town	0,352	*218*	0,725
	Rural area			
	No significant difference between two groups at 0.05% level.			
		t	*df*	p
Marketing activity (Yes/No)	Brochures, CDs, etc.	1,456	*216*	0,147
	Discounted prices	2,035	*216*	0.043*
	Personal selling	0,201	*216*	0,841
	PR	0,465	*216*	0,643
	Sponsorship	1,647	*216*	0,101
	Local advertising	0,034	*216*	0,973
	National advertising	0,172	*216*	0,864
	Internat. advertising	0,660	*216*	0,510
	Internet promotion	1,663	*216*	0,098
	Competitions	0,734	*216*	0,464
	Other	0,586	*216*	0,558
	Enterprises employing discounted prices reported higher level of influence.			

		t	*df*	p
Cooperation	Yes	1,272	*218*	0,205
	No			
	No significant difference between two groups at 0.05% level.			
		t	*df*	p
Cooperation partners) (Yes/No	Same sector companies	0,123	*0,216*	0,902
	Other tourism companies	0,224	*216*	0,823
	Non-tourism companies	0,136	*216*	0,892
	Local tourism org.	0,797	*216*	0,427
	Regional tourism organisation	0,684	*216*	0,494
	Finnish Tourist Board	1,270	*216*	0,205
	Local authorities	0,008	*216*	0,993
	Chamber of Commerce	0,793	*216*	0,429
	Other	1,472	*216*	0,143
	No significant difference between any two groups at 0.05% level.			
		t	*df*	p
Cooperation type (Yes/No)	Marketing	3,111	*218*	0.003**
	Planning	0,304	*218*	0,761
	Joint purchase	1,093	*218*	0,276
	Sharing of resources	0,450	*218*	0,653
	Other	0,904	*218*	0,367
	Enterprises which had marketing cooperation with others reported higher level of influence on the NTO.			
		t	*df*	p
Membership (Yes/No)	Sector organisation	0,530	*218*	0,597
	International org.	0,745	*218*	0,457
	Local tourism org.	2,086	*218*	0.038*
	Regional tourism org.	1,725	*218*	0,086
	Chamber of Commerce	0,425	*218*	0,671
	Other	2,747	*218*	0.013*
	Members of local tourism organisations reported higher level of influence than non members. Non-members of "other" organisations reported higher level of influence than members did.			
		t	*df*	p
Education	Completed secondary education	0,954	*201*	0,341
	Completed university degree or equivalent			
	No significant difference between two groups at 0.05% level.			
		t	*df*	p
Tourism Qualification	Yes	1,109	*218*	0,269
	No			
	No significant difference between two groups at 0.05% level.			
		t	*df*	p
IT-Usage	Yes	,181	*217*	0,857
	No			
	No significant difference between two groups at 0.05% level.			

Appendix 4

Summary tables of resource dependence scores for some variables

Appendix 4

SUMMARY TABLES OF RESOURCE DEPENDENCE SCORES FOR SOME VARIABLES

Resource dependence scores for individual resources by marketing activities, cooperation partners, type of cooperation, and membership

RESOURCES	MARKETING ACTIVITIES (mean if answer = Yes)										
	Brochures, CDs, other	Discounted prices	Personal selling	PR	Sponsorship	Local advertising	National advertising	International advertising	Internet promotion	Competitions	Other
Information domestic market	2.58	2.60	2.60	2.60	2.64	2.61	2.69	2.69	2.63	2.62	2.40
Information foreign market	2.49	2.55	2.53	2.56	2.46	2.46	2.70	2.86	2.57	2.67	2.35
Marketing knowledge	2.64	2.69	2.67	2.70	2.66	2.63	2.72	2.79	2.71	2.71	2.37
Product development support	2.46	2.47	2.49	2.49	2.45	2.46	2.47	2.48	2.50	2.61	2.42
Research	2.53	2.59	2.56	2.58	2.53	2.53	2.58	2.54	2.58	2.55	2.38
Destination marketing	2.77	2.77	2.77	2.72	2.68	2.70	2.87	2.81	2.83	2.67	2.81
Joint domestic marketing	2.44	2.54	2.48	2.51	2.51	2.43	2.56	2.62	2.54	2.51	2.38
Joint foreign marketing	2.49	2.61	2.50	2.57	2.45	2.43	2.63	2.80	2.53	2.76	2.38
Reservation systems	2.31	2.43	2.35	2.41	2.49	2.34	2.42	2.38	2.36	2.51	2.32
Consumer information	2.46	2.59	2.48	2.50	2.61	2.45	2.49	2.58	2.53	2.64	2.17
Travel trade information	2.42	2.51	2.41	2.45	2.54	2.43	2.44	2.52	2.43	2.57	2.15
Contacts with travel trade	2.35	2.53	2.37	2.48	2.48	2.36	2.42	2.48	2.35	2.63	2.01
Contacts domestic media	2.27	2.32	2.24	2.31	2.32	2.27	2.33	2.36	2.29	2.18	2.00
Contacts foreign media	2.32	2.41	2.34	2.39	2.29	2.29	2.45	2.54	2.38	2.47	2.00
Training	2.22	2.24	2.19	2.24	2.27	2.20	2.16	2.20	2.24	2.19	1.90
Representation overseas	2.30	2.47	2.33	2.39	2.36	2.23	2.42	2.40	2.36	2.46	2.00
Lobbying	2.48	2.53	2.47	2.51	2.57	2.46	2.51	2.55	2.52	2.55	2.23
Overall dependence	2.44	2.52	2.46	2.49	2.49	2.43	2.52	2.56	2.49	2.55	2.26

Table 5-1 displaying means for independent NTO resources (dependent variable) by marketing activities (independent variable) (N = 212)

DIMENSION	COOPERATION PARTNERS (mean if answer = Yes)								
	Same sector enterprise	Other tourism company	Non-tourism company	Local tourism organisation	Regional tourism organisation	NTO	Local authorities	Chamber of commerce	Other
Information domestic market	2.56	2.61	2.62	2.67	2.65	2.86	2.64	2.75	2.75
Information foreign market	2.53	2.55	2.55	2.65	2.64	2.99	2.58	2.67	2.67
Marketing knowledge	2.67	2.68	2.69	2.73	2.70	2.94	2.69	2.72	2.72
Product development support	2.47	2.48	2.46	2.48	2.45	2.64	2.43	2.36	2.36
Research	2.55	2.57	2.58	2.60	2.59	2.79	2.56	2.56	2.56
Destination marketing	2.78	2.78	2.73	2.87	2.81	3.00	2.78	2.73	2.73
Joint domestic marketing	2.45	2.49	2.51	2.58	2.51	2.78	2.54	2.59	2.59
Joint foreign marketing	2.46	2.55	2.51	2.60	2.58	3.12	2.57	2.68	2.68
Reservation systems	2.33	2.36	2.37	2.39	2.31	2.65	2.31	2.57	2.57
Consumer information	2.49	2.48	2.43	2.47	2.46	2.77	2.47	2.55	2.55
Travel trade information	2.40	2.45	2.42	2.45	2.46	2.72	2.47	2.60	2.60
Contacts with travel trade	2.32	2.38	2.41	2.40	2.39	2.80	2.41	2.44	2.44
Contacts domestic media	2.25	2.27	2.29	2.27	2.26	2.47	2.24	2.29	2.29
Contacts foreign media	2.31	2.36	2.36	2.38	2.40	2.78	2.34	2.49	2.49
Training	2.21	2.22	2.16	2.23	2.19	2.36	2.22	2.28	2.28
Representation overseas	2.28	2.32	2.29	2.34	2.35	2.77	2.34	2.52	2.52
Lobbying	2.47	2.54	2.50	2.48	2.54	2.73	2.47	2.51	2.51
Overall dependence	2.44	2.47	2.47	2.50	2.49	2.77	2.47	2.55	2.42

Table 5-2 displaying means for independent NTO resources (dependent variable) by cooperation partners (independent variable) (N=212)

DIMENSION	TYPE OF COOPERATION (mean if answer = Yes)				
	Marketing	Planning	Joint purchase	Sharing of resources	Other
Information on domestic market	2.61	2.64	2.63	2.57	2.61
Information domestic market	2.56	2.55	2.52	2.52	2.57
Marketing knowledge	2.69	2.69	2.67	2.66	2.75
Product development support	2.50	2.47	2.61	2.49	2.43
Research	2.56	2.60	2.60	2.55	2.75
Destination marketing	2.79	2.69	2.88	2.71	3.21
Joint domestic marketing	2.49	2.49	2.47	2.50	2.71
Joint foreign marketing	2.51	2.53	2.61	2.58	2.60
Reservation systems	2.35	2.39	2.42	2.37	2.21
Consumer information	2.49	2.50	2.56	2.50	2.50
Travel trade information	2.41	2.42	2.39	2.43	2.46
Contacts with travel trade	2.35	2.39	2.48	2.39	2.36
Contacts with domestic media	2.28	2.24	2.23	2.23	2.36
Contacts with foreign media	2.36	2.31	2.47	2.34	2.46
Training	2.23	2.21	2.26	2.20	2.21
Representation overseas	2.31	2.31	2.35	2.34	2.46
Lobbying	2.50	2.47	2.57	2.52	2.64
Overall dependence	2.47	2.46	2.52	2.47	2.55

Table 5-3 displaying means for independent NTO resources (dependent variable) by type of cooperation (independent variable) (N=211)

DIMENSION	MEMBERSHIP (mean if answer = Yes)					
	Sector organisation	International organisation	Local tourism organisation	Regional tourism organisation	Chamber of Commerce	Other
Information on domestic market	2.64	2.52	2.61	2.71	2.66	2.56
Information domestic market	2.51	2.51	2.59	2.61	2.53	2.60
Marketing knowledge	2.69	2.66	2.69	2.71	2.61	2.48
Product development support	2.46	2.34	2.48	2.43	2.31	2.42
Research	2.60	2.31	2.56	2.59	2.46	2.69
Destination marketing	2.81	2.59	2.80	2.88	2.62	3.10
Joint domestic marketing	2.50	2.26	2.55	2.54	2.48	2.58
Joint foreign marketing	2.51	2.42	2.54	2.64	2.58	2.62
Reservation systems	2.35	2.40	2.39	2.34	2.43	2.37
Consumer information	2.51	2.53	2.47	2.49	2.53	2.53
Travel trade information	2.47	2.36	2.48	2.43	2.60	2.53
Contacts with travel trade	2.41	2.45	2.38	2.35	2.44	2.31
Contacts with domestic media	2.32	2.13	2.26	2.28	2.37	2.19
Contacts with foreign media	2.35	2.34	2.36	2.42	2.36	2.35
Training	2.26	2.18	2.20	2.21	2.26	2.04
Representation overseas	2.37	2.44	2.33	2.39	2.41	2.33
Lobbying	2.49	2.34	2.49	2.55	2.59	2.38
Overall dependence	2.48	2.40	2.47	2.50	2.49	2.47

Table 5-4 displaying means for independent NTO resources (dependent variable) by membership (independent variable)(N=172)

Appendix 5

Effects of explanatory variables on dependence on individual resources

Appendix 5
Effects of explanatory variables on dependence on individual resources

Resource	Sector	Location	Age
Information on domestic market			
Information foreign market			
Marketing knowledge			
Product development support			
Research			
Destination marketing			
Joint domestic marketing			
Joint foreign marketing			
Reservation systems	F=3.206,df=7,218, p=.003		
Consumer information			
Travel trade information			
Contacts with travel trade	F=2.125,df=7,218, p=.042		
Contacts domestic media	F=2.622,df=7,218, p=.013		
Contacts foreign media			
Training			
Representation overseas			
Lobbying		t=2.108, df=224, p=.036	
Total dependence			

Resource	Ownership	Employees	Turnover
Information on domestic market		F=3.339, df=3,219, p=.020	
Information foreign market		F=5.304, df=3,219, p=.002	
Marketing knowledge		F=4.758, df=3,219, p=.003	
Product development support			
Research	F=2.813, df=4,222, p=.026	F=3.437, df=3,219, p=.018	
Destination marketing			F=3.884, df=2,216, p=.022
Joint domestic marketing			
Joint foreign marketing		F=7.913, df=3,219, p=.000	
Reservation systems		F=5.978, df=3,219, p=.001	F=3.398, df=2,216, p=.035
Consumer information		F=5.452, df=3,219, p=.001	
Travel trade information		F=7.401, df=3,219, p=.000	
Contacts with travel trade	F=3.243, df=4,218, p=.013	F=12.484, df=3,219, p=.000	F=6.7872, df=2,216, p=.001
Contacts domestic media		F =2.625, df=3,219, p=0.51	
Contacts foreign media		F=3.592, df=3,219, p=.014	
Training			
Representation overseas		F=8.191, df=3,219, p=.000	F=3.289, df=2,216, p=.039
Lobbying			
Total dependence		F=5.995, df=3,219 p=.001	

Note: All tests are two-tailed, v = at least one significant effect

Resource	Foreign guests	IT-usage	Marketing planning
Information on domestic market			
Information foreign market	F=11.756, df=4,217, p=.000		F=4.952, df=2,224, p=.008
Marketing knowledge			F=7.327, df=2,224, p=.001
Product development support			
Research			F=7.287, df=2,224, p=.001
Destination marketing	F=3.886, df=4,217, p=.005		
Joint domestic marketing	F=3.278, df=4,217, p=.012		
Joint foreign marketing	F=9.782, df=4,217, p=.000	t=2.486, df=224, p=.018a	F=6.071, df=2,224, p=.003
Reservation systems	F=2.642, df=4,217, p=.035		F=5.773, df=2,224, p=.004
Consumer information			F=4.695, df=2,224, p=.010
Travel trade information			F=5.127, df=2,224, p=.007
Contacts with travel trade	F=3.551, df=4,217, p=.008		F=11.451, df=2,224, p=.000
Contacts domestic media			F=6.974, df=2,224, p=.001
Contacts foreign media	F=5.636, df=4,217, p=.000		F=10.828, df=2,224, p=.000
Training			. F=5.951, df=2,224, p=.003
Representation overseas	F=7.271, df=4, 217, p=.000		F=10.026, df=2,224, p=.000
Lobbying			
Total dependence	F=4.884, df=4,217, p=.001		F=8.433, df=2,224, p=.000

Resource	Planning scope	Marketing activity	Cooperation
Information on domestic market		v	
Information foreign market		v	
Marketing knowledge			
Product development support			
Research		v	
Destination marketing		v	
Joint domestic marketing		v	
Joint foreign marketing		v	
Reservation systems		v	
Consumer information		v	
Travel trade information		v	
Contacts with travel trade		v	
Contacts domestic media		v	
Contacts foreign media		v	
Training		v	
Representation overseas		v	
Lobbying			
Total dependence		v	

Note: All tests are two-tailed, *v* = at least one significant effect

Resource	Cooperation partners	Type of cooperation	Membership
Information on domestic market	v		v
Information foreign market	v	v	
Marketing knowledge	v		
Product development support			
Research	v	v	
Destination marketing	v		
Joint domestic marketing	v		
Joint foreign marketing	v	v	v
Reservation systems	v		
Consumer information	v		
Travel trade information	v		v
Contacts with travel trade	v	v	v
Contacts domestic media	v	v	v
Contacts foreign media	v	v	v
Training	v		
Representation overseas	v	v	
Lobbying	v		
Total dependence	v	v	

Resource	Future plans	Education	Tourism qualification
Information on domestic market			
Information foreign market	F=4.521, df=3,222, p=.004		t=2.502, df=225, p=.013
Marketing knowledge			
Product development support			
Research			
Destination marketing			
Joint domestic marketing			
Joint foreign marketing			
Reservation systems			
Consumer information			
Travel trade information			t=2.137, df=225, p=.034
Contacts with travel trade			t=2.811, df=224, p=.005
Contacts domestic media			
Contacts foreign media			t=3.335, df=224, p=.001
Training			t=2.011, df=224, p=.046
Representation overseas		F=3.9659, df=3,221, p=.013	t=2.819, df=224, p=.005
Lobbying			
Total dependence			t=2.234, df=225, p=.026

Note: All tests are two-tailed, *v* = at least one significant effect

Appendix 6

Post-hoc test results for dependence on individual resources

Appendix 6

POST-HOC TEST RESULTS FOR DEPENDENCE ON INDIVIDUAL RESOURCES

DIMENSION	EXPLANATORY VARIABLE	SIGNIFICANT DIFFERENCES IN DEPENDENCE	*p-value*
Information on domestic market	-	None	-
Information on foreign market	EMPLOYEES	50-249 people > 1 person*	*.002*
		> 2-9 people	*.029*
		>10-49 people	*.030*
	FOREIGN	0% foreign guests < 11-25% foreign guests	*.001*
		< 26-50%	*.026*
		< 51-100%	*<.001*
		1-10% foreign guests < 11-25%	*<.001*
		< 51-100%	*<.001*
	PLANMARK	no plan < yes, a formal written plan	*.007*
	FUTURE	become smaller < grow moderately	*.008*
	TOURQUALI	yes > no *(t (225),2.234)*	*.013*
Marketing knowledge	EMPLOYEE	1 person < 2-9 people	*.017*
		< 50-249 people	*.043*
	PLANMARK	no plan < yes, a formal written plan	*.001*
		< yes, an unwritten plan	*.046*
Product development support	-	None	-
Research	OWNER	One person/family > other	*.043*
	PLANMARK	yes, a formal written plan > yes, an unwritten plan	*.045*
		> no plan	*.001*

***** **">" means "more dependence than" and "<" means "less dependence than""**

DIMENSION	EXPLANATORY VARIABLE	SIGNIFICANT DIFFERENCES IN DEPENDENCE	*p-value*
Destination marketing	TURNOVER	10-49 mill. Euros	
		< less than 2 mill. Euros	*.017*
		< 2–9.9 mill. Euros	*.040*
	FOREIGN	11-25% foreign guests	
		> 1-10%	*.028*
		> 0%	*.018*
Joint marketing domestic	FOREIGN	11-25% foreign guests	
		> 1-10%	*.010*
Joint marketing foreign	EMPLOYEE	50-249 people> 1 person	*<.001*
		> 2-9 people	*.002*
		> 10-49 people	*.003*
	FOREIGN	51-100% foreign guests	
		> 0%	*.005*
		> 1-10%	*<.001*
		11-25% foreign guests	
		> 1-10%	*<.001*
	IT-USAGE	Yes > No *(t (224), 2.486)*	*.018*
	PLANMARK	yes, a formal written plan > no plan	*.003*
Reservation systems	SECTOR	Hotel	
		> Farm stay	*.033*
		> Other accommodation	*.023*
		> Specialist holiday organizer	*.037*
	EMPLOYEE	1 person < 10-49 people	*.008*
		< 50-249 people	*.011*
	TURNOVER	less than 2 mill. Euros	
		< 2-9.9 mill. Euros	*.032*
	PLANMARK	yes, a formal written plan	
		> yes, an unwritten plan	*.019*
		> no plan	*.005*
Consumer information	EMPLOYEE	1 person < 2-9 people	*.020*
		< 50-249 people	*.014*
	PLANMARK	yes, a formal written plan	
		> no plan	*.008*

DIMENSION	EXPLANATORY VARIABLE	SIGNIFICANT DIFFERENCES IN DEPENDENCE	p-value
Travel trade information	EMPLOYEE	1 person < 2-9 people	*.002*
		< 10-49 people	*.016*
		< 50-249 people	*.008*
	PLANMARK	yes, a formal written plan > no plan	*.005*
	TOURQUALI	Yes > No *(t(225), 2.137)*	*.034*
Contacts with travel trade	OWNER	Limited enterprises > one person/family enterprises	*0.029*
	EMPLOYEE	50-249 people> one person	*<0.001*
		> 2-9 people	*<0.001*
		> 10-49 people	*0.039*
		10-49 people > one person	*<0.001*
		> 2-9 people	*0.025*
	TURNOVER	less than 2 mill. < 2-9.9 mill.	*0.001*
	FOREIGN	0% < 11-25%	*0.044*
		< 51-100%	*0.049*
	PLANMARK	yes, a formal, written plan > yes, an unwritten plan	*0.009*
		yes, a formal, written plan > no plan	*<.001*
		yes, an unwritten plan > no plan	*0.036*
	TOURQUALI	Yes > No *(t(224), 2811)*	*0.025*
	POSITION	owner < other executive	*0.037*
Contacts domestic media	SECTOR	Farm stay < Specialist Holiday Organizer	*.021*
	PLANMARK	no plan < yes, a formal written plan	*.001*
		< yes, an unwritten plan	*.016*
	POSITION	Owner < CEO	*.015*

DIMENSION	EXPLANATORY VARIABLE	SIGNIFICANT DIFFERENCES IN DEPENDENCE	p-value
Contacts foreign media	EMPLOYEE	1 person < 50-249 people	.030
	FOREIGN	1-10% foreign guests	
		< 11-25%	.003
		<51-100%	.018
	PLANMARK	no plan	
		< yes, a formal written plan	<.001
		< yes, an unwritten plan	.002
	TOURQUALI	Yes > No *(t(224), 3.335)*	.001
Training	PLANMARK	no plan	
		< yes, a formal written plan	.007
		< yes, an unwritten plan	.008
	TOURQUALI	Yes > No *(t(224), 2.011)*	.046
Representation overseas	EMPLOYEE	50-249 people> 1 person	<.001
		> 2-9 people	.001
		> 10-49 people	.040
		10-49 people > 1 person	.028
	TURNOVER	less than 2 mill. Euros	.033
		< 2-9.9 mill. Euros	
	FOREIGN	1-10% foreign guests	<.001
		< 11-25%	.014
		< 51-100%	.030
		0% foreign guests < 11-25%	.040
		< 51-100%	<.001
	PLANMARK	no plan	
		< yes, a formal written plan	.005
		< yes, an unwritten plan	.005
	TOURQUALI	Yes > No *(t(224), 2.819)*	.005
Lobbying	LOCATION	City/town < Rural area *(t(224), 2.108)*	.036