

Difficulties For Tourism Enterprises in The Province of Chachapoyas, Amazonas, Peru, 2022

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Abstract

Enterprises are very important for local economic development and growth, but there are internal and external factors that hinder their sustainability. The objective of the research is to identify the difficulties for tourism enterprises in the Province of Chachapoyas, Amazonas, Peru. The study was descriptive with a quantitative approach of non-experimental design, the population was made up of 241 micro and small businesses (Mypes) in the tourism sector in the categories of accommodation, restaurants and travel agencies, obtaining a convenience sample of 52 Mypes, to which a survey was applied. The results show that the internal factors represent a high level of difficulty with 44.2%; external factors represent a medium level in terms of difficulties with 48.1%; followed by a high level with 40.4% and at a general level they show that the difficulties for undertakings in the tourism sector reach 50% for both the high level and the medium level. Concluding that the difficulties for tourism ventures in the Chachapoyas Province of Amazonas of Peru face internal difficulties that reach a majority of 44.2% at a high level and external ones 48.1% at a medium level.

Keywords: Entrepreneurship, Entrepreneur, Difficulties, Tourism Sector, Companies.

Introduction

Entrepreneurship is an instrument that gives the individual the freedom to create his own lifestyle, define his own objectives, how to carry them out and at what time to carry them out (Romero and Milone, 2016), innovation, risk taking, proactivity, competitive aggressiveness and autonomy stand out (Bedi, 2017). Entrepreneurial activities, and especially the figure of the entrepreneur, have gained relevance, especially in the last decade (Escuela Superior Politécnica del Litoral, 2015). Entrepreneurship and innovation are key variables for the improvement of competitiveness levels and the development of a country (Cantillo et al., 2021; Rincón et al., 2022).

Ventures are born with a purpose of becoming a profitable sustainable business and generating sources of employment (Zambrano et al., 2019). It constitutes a main element in the development processes of nations which will allow the generation of new products and services (Mayer et al., 2020). It can be understood as the realization of any activity developed by a person or group of people on their own initiative (Londoño and Álvarez, 2021).

Under these considerations, the entrepreneur is the person who assumes certain risks when starting a new business (Gutiérrez et al., 2018). Therefore, entrepreneurial activity is based on attitude, culture and personal capacity that is fundamental to produce goods and services (Campo-Tertera et al., 2019; Vera et al., 2022; Londoño and Álvarez, 2021).

The National Competitiveness Council (2017) stated that the 10 most entrepreneurial countries according to their strategic division, we have the United States, Australia, United Kingdom, Canada, Denmark, Iceland, Sweden, Singapore, Taiwan and Switzerland. Likewise, in the Latin American region, entrepreneurship represents 90% of entrepreneurial activity and its contribution is important in terms of employment and Gross Domestic Product (Buitelaar, 2010).

The country of Ecuador has the highest rate of entrepreneurial activity in Latin America; but the impact is not due to the economy or the generation of employment, but because many of these ventures fail to consolidate (Rueda, 2019). In that country, small and medium-sized enterprises (SMEs) are the main economic sources; on the other hand, the lack of management between the difficulty to run and manage a business or company and the limited technology and machinery for manufacturing products are determining variables (Gavilánez et al., 2018).

The Global Entrepreneurship Monitor 2015-2016 report places Peru as the country with a high level of new business entrepreneurship with 17.8% of nascent entrepreneurs which represents the fifth highest rate worldwide and the second highest rate among Latin American countries after Ecuador (León, 2018). Many of the entrepreneurs are in tourism, being a great potential that continues to increase in recent years (Ministerio de Comercio Exterior y Turismo, 2022).

Under these considerations, tourism has become one of the main players in international trade, representing one of the main sources of income for many developing countries (World Tourism Organization, 2014). The tourism industry is responsible for the creation of more than 270 million jobs, between direct and indirect. The activity generated by the hospitality, travel agencies, passenger transport and leisure sectors in general (Orús, 2021).

According to the latest Travel and Tourism Competitiveness report prepared by the World Economic Forum in 2019, Peru is among the 50 most competitive countries in the world in the sector, ranking 49th out of a total of 140 international destinations analyzed (Comex Peru, 2019). Tourism continues to grow in Peru and makes it the second national income in the category of non-traditional exports, below agro-exports, having displaced the textile and apparel sector to third place (Carpio, 2015).

Despite the potential and growth of tourism, there are some difficulties that limit the growth of entrepreneurs in that category; as described by Rodriguez and Williams (2018), the most common mistakes when innovating by the most frequent entrepreneurs in the tourism sector are: lack of knowledge, too much optimism, complex solutions, psychological risks and human talent management. The survey conducted by América Economía in 2016 reveals that the main difficulty faced by tourism companies is access to financing, lack of government support not having venture capital and not having access to awards or support programs (América Economía, 2016).

The desire for entrepreneurship has always existed in Peru, but, unfortunately, about 80% of new businesses fail (Verona, 2019). Despite being a country of entrepreneurs and gathering many innovative ideas, there are problems that prevent a real take-off of these initiatives, the main difficulty is the lack of technical human capital, followed by the lack of financing and regional expansion (Deustua, 2018).

In the departments of Amazonas, Apurímac, Huánuco, Junín, Piura and Tumbes, there is a probability that a person will start any business (Instituto Nacional de Estadística e Informática [INEI], 2018). Amazonas ranks seventh in new business creations at the national level.

The province of Chachapoyas has the highest tourist movement in the Amazon region, being the most visited province in the region, being in first place with 68.5%. During 2018, according to the Quarterly Survey of Domestic Tourism, it is estimated that more than 400 thousand domestic tourism trips were made to the Amazon region (Ministry of Foreign Trade and Tourism, 2019). Directly favored by the large influx of tourists, tourism enterprises, such as hotels, restaurants and travel agencies, have good economic income. But many of these enterprises had difficulties so much so that many of them stopped working. That is why this study is proposed to identify the difficulties of tourism enterprises in the province of Chachapoyas since this activity is the fastest growing in the province and region of Amazonas.

Methodology

The research was descriptive, with a quantitative approach and a non-experimental design. The variable difficulties for the enterprises was made up of internal and external factors. For this purpose, the population consisted of the Mypes of the tourism sector in the province of Chachapoyas (Amazonas). According to the report of the Regional Directorate of Foreign Trade and Tourism of Amazonas as of 2021, there are a total of 241 MSMEs, made up of hotels, restaurants and travel agencies. Table 1 shows the distribution of the population under study:

Table 1. *Distribution of the Study Population*

Industry	Number of Mypes
Lodging	89
Restaurants	92
Travel Agencies	60
Total	241

Note: *Information provided by the Regional Directorate of Foreign Trade and Tourism of Amazonas.*

A convenience sampling was used, from which a total of 52 MSMEs were obtained. A questionnaire was used to collect the data, which was validated by three experts. The survey was applied between July and August using two survey modalities (virtual and physical); the virtual survey was sent through the e-mails of the MSEs. For data processing, descriptive statistics were used to generate tables and figures.

Results

After analyzing the data, it was found that the internal factors represent a high level of difficulty with 44.2% followed by a medium level with 36.5%. External factors represent a medium level of difficulty with 48.1% followed by a high level with 40.4%. The data at the general level show that the difficulties for entrepreneurship in the tourism sector in 50% of high and medium level. The internal factors are shown in Table 2, where administrative management and self-financing are observed as one of the internal difficulties in the enterprises.

Table 2. *Internal Factors as Difficulties for Ventures*

Indicators	Level		
	High	Medium	Low
Administrative Management	38.5%	40.4%	21.2%
Own financing	48.1%	34.6%	17.3%

Internal factors such as administrative management and self-financing represent internal difficulties that, in most cases, are of a high level. In the study, it was observed that administrative management represents a medium level difficulty with 40.4%, representing that the MSMEs or enterprises that do not have well defined organization, planning, direction and control, all of them will be a difficulty that will not allow them to grow in the market.

On the other hand, financing is one of the factors that has the most repercussions when starting a business, which the MSEs in the tourism sector mentioned as a high level difficulty with 48.1%, representing a difficulty that can be of great importance that should be taken into account when starting a business, since it will allow the business to survive in the first few months. Many of the entrepreneurs mentioned that this point is the main one, since it is difficult to have the capital of another person or it is difficult to get such capital to run a business.

Table 3 shows the external factors that influence the development of the enterprises, with the highest level of difficulty being the market and the support from the public and private sector in favor of entrepreneurs in the tourism sector.

Table 3. *External Factors as Difficulties for the Ventures*

Indicators	Level		
	High	Medium	Low
Marketplace	46.2%	38.5%	15.4%
Financing	36.5%	32.7%	30.8%
Support	46.2%	32.7%	21.2%
Bureaucratic barriers	32.7%	51.9%	15.4%

One of the difficulties of the external factors is the market, which is rated as a high level difficulty with 46.2%; that is, if the business does not have a market where it can offer its services or goods, it will not be profitable; therefore, this market difficulty is comprised of demand, supply and suppliers. That is to say, every entrepreneur must have a clear target demand and supply with which to compete and also have regular suppliers to provide support for the Mype's operating cycle.

Another external difficulty is financing; that is, access to credit is considered a high level difficulty with 36.5%; when starting a business, it is very difficult to have a large portfolio to access credit, which is why many of the MSEs close or cease to operate. In the first months of creation, this difficulty is felt more, and when the business is on track it is easier to obtain a loan for a considerable amount. In response to this, and as a result of Covid-19, the Peruvian national government, in order to activate the tourism sector and boost the national economy, made available the *Reactiva Peru* program, which provided credit facilities, but the entrepreneurs did not meet the requirements for accessing this support, which is considered a difficult difficulty to solve when starting a business.

The third external difficulty is related to support; that is, the support received by entrepreneurs from the public and private sectors. Considering that the lack of support is a high level difficulty with 46.2%, within public support is the Regional Directorate of Foreign Trade and Tourism of Amazonas - *DIRCETUR Amazonas*, which is the entity that provides support to the Mypes of the tourism sector in the region in order to make them more competitive and provide a quality service to visitors. Within the private sector, the Association of Hotels, Restaurants and Related - *AHORA Amazonas*, the Association of Tourism Operators - *ADOTUR Amazonas* and the Center for Technological Innovation in Handicrafts and Tourism *Utcubamba - CITE Amazonas* are considered to have little participation.

As an external difficulty, bureaucratic barriers were considered, the entrepreneurs mentioned that it is a medium level difficulty with 51.9%, these bureaucratic barriers are present from the moment of the creation of the Mype. The formalization process is a process that, many times, the entrepreneur for lack of knowledge closes his business; currently the government is implementing the creation of institutions that help the entrepreneur in the formalization process as is the case of the program *Tu Empresa*, which has the purpose of contributing to the formalization of enterprises.

As a second point of bureaucratic barriers in the declarations to *SUNAT*, being a procedure that must be done through an accountant and when starting a business the entrepreneur does not have the knowledge or capital to hire such services causing the entity to close or penalize the entrepreneur. The processing of operating licenses and supervision by the competent entities is also considered a difficulty.

Discussion

According to the results, there are great difficulties for the development of tourism ventures in the province of Chachapoyas, one of them in the low administrative management of entrepreneurs, low investment and little support received by that sector to support the ventures are strengthened. According to Mendoza and Loja (2018), who stated that there is low development of tourism ventures due to the low level of investment and knowledge in management. Similarly, Reyes et al. (2015) stated that there are several tourism ventures without much success and the vast majority are due to various factors such as public or private sector support.

Tourism is a source of employment for many people, but despite this it is only recently taking on the importance that tourism and to become aware of carrying out the corresponding actions to generate sustainable development (Garzón and Toloza, 2021). In the tourism enterprises in the Amazon region and in the province of Chachapoyas, there is little support from entities to make tourism a competitive and sustainable activity, which means that many of the businesses do not have the economic solvency to continue offering services in this sector. Despite the existence of public entities such as the Regional Directorate of Foreign Trade and Tourism of Amazonas - DIRCETUR, which has to implement policies to support the sector.

One of the difficulties is the lack of financing, and the policies of the banking sector that does not give the facilities in terms of access to credit to grow the enterprise. This being fundamental, according to Pinzón (2015), there must be a uniformity of public and private policies of the banking sector allows to recognize, in turn, the existence of different lines of financing that allow the creditor to obtain economic solvency to achieve the growth of its business. Similar to Santero et al. (2016), one of the determining environmental conditions to favor new ventures is financing; accessing the necessary capital in the first years of operation is essential for their development and survival, especially in small companies in which capital needs are lower.

The factors that determine to undertake in the tourism sector are dissimilar; therefore, the analysis of a tourism entrepreneur must take into account internal and external factors (Silveira-Pérez et al., 2016). During the growth phase of the ventures, they go through different periods of evolution that usually end in a crisis in order to survive, the ventures need a founder with knowledge in administrative management, with a good sense of adaptability, creativity and a positive vision (Sepúlveda et al., 2009).

Conclusions

During the growth cycle of the enterprises, internal and external difficulties arise that, many times, end up disappearing these new businesses. In the tourism sector, internal difficulties were identified as high (44.2%) and external difficulties as medium (48.1%). Entrepreneurs in the tourism sector need support from the public and private sectors to grow their businesses and achieve sustainability over time. This activity in the tourism sector generates sustainable development and growth in the local economy, which is why the Regional Directorate of Foreign Trade and Tourism of Amazonas - DIRCETUR and the other entities involved in the sector must implement policies that allow these activities to generate development and sustainability in the Province of Chachapoyas and the Amazonas region.

One of the difficulties that stands out for tourism sector enterprises is the issue of financing, since access to capital in the first years of operation is essential for their development and survival, especially in the province of Chachapoyas, most of which is made up of micro and small enterprises. For this reason, both public and private financial sector policies should have better policies to support entrepreneurs.

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