

HOW DO RURAL TOURISM PROVIDERS EXPLOIT OPPORTUNITIES? INSIGHTS FROM KAZAKHSTAN

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ABSTRACT

The study aims to investigate the process of opportunity exploitation in rural tourism sector of Kazakhstan and to address the challenges that rural tourism entrepreneurs face. In this regard the paper discusses the theory of entrepreneurship in rural context. Primary data has been systematically gained through semi-structured interviews based on qualitative research methodology. In particular, the findings revealed a specific category of entrepreneurs demonstrating irrational thinking behavior contradicting to the logical reasons of an exploitation process.

INTRODUCTION

Entrepreneurial activity is usually promoted as one of the most effective managerial approaches of redeveloping rural economies (Fuller-Love *et al.*, 2006). Many developed and developing countries are actively supporting entrepreneurship nationwide, as a stimulation tool for a sustained economic growth as well as poverty reduction (Chowdhury, 2007; Zampetakis & Kanelakis, 2010). The contribution of entrepreneurship is significant to the economic development, since it generates employment, ensures community empowerment and promotes innovation (Zhao *et al.*, 2011; Gurel *et al.*, 2010; Chowdhury, 2007). In rural areas tourism entrepreneurship functions as an effective economic driver owing to its stimulative effect on agricultural industry and other related branches, and thereby entrepreneurial activities improve economic welfare and livelihoods of local population (Hurst & Niehm, 2010; Fleischer & Felsenstein, 2000). Previous studies have highlighted diverse aspects of entrepreneurship theory. One of the broadly discussed topics has been small business issues and the role of small enterprises (Carland *et al.* 1984; Perren, 1999; Thurik and Wennekers, 2004; Amini, 2004; Ateljevic, 2006). On the other hand, tourism entrepreneurship literature has explored behavioral side of the phenomenon expressing considerable interest in the term “entrepreneurial intention” (Kobia & Sikalieh, 2009; Gurel, Altinay & Daniele, 2010; Ferreira, 2012; Morrison, 2000; Ritchie & Brindley, 2005). Additionally, the importance of innovation has been widely investigated within the scope of entrepreneurship (Swami & Porwal, 2005; Ndubisi & Iftikhar, 2012; Hjalager, 2009).

Recently a growing number of studies has been emerged in the field of rural entrepreneurship representing a new stream in research (Getz and Carlsen, 2005; Morrison, 2006; Vasela *et al.*, 2007; Phelan, C., & Sharpley, R. 2011, 2012). Entrepreneurial activities conducted in rural areas are generally associated with rural tourism (Nickerson *et al.*, 200; Fuller-Love *et al.*, 2006). Rural tourism is a small-scale entrepreneurship that is implemented for the diversification of rural economy and local development (Sonnino, 2004; Carpio *et al.*, 2008; Arroyo, Barbier & Rich, 2013). However, there has been little research devoted to the

importance of entrepreneurship within the context of rural tourism, particularly in the field of agri-tourism mainly represented by farm-based hospitality businesses (Phelan & Sharpley, 2011). A limited number of studies investigating entrepreneurial process as applied to rural tourism, including agri-farm tourism constitute a gap in research that needs to be covered in light of the increasing attention given to the concept of “rurality” in tourism entrepreneurship research. In response to the existing gap in literature, the study aims to investigate the process of opportunity exploitation in rural tourism sector, including farm tourism businesses and agri-tourism services. On the other hand, the paper addresses problems and challenges faced by Kazakh rural tourism entrepreneurs. A qualitative research method was adopted whereby individual interviews with rural entrepreneurs were conducted in order to reveal key challenges existing in the sector.

A THEORETICAL AND CONCEPTUAL REVIEW

Tourism Entrepreneurship

During many years the concept of “entrepreneurship” has been recognized and studied as a field related to management research (Wortman, 1987; Wortman, 1990). More recently, a growing number of investigations highlighting different aspects of entrepreneurship and creating comprehensive understanding of the term have been conducted, thus providing relevant preconditions for entrepreneurship to become an independent area of research (Li, 2008). Analyzing the progress of entrepreneurship research published between the period from 1985-1999, Busenitz et al. (2003) argue that it is the emerging academic field. According to Sørensen, Lassen & Hinson (2007, p.99) it is suggested to understand entrepreneurial process as “a dynamic phenomenon that is shaped in a wider interactive terrain of individual and social meaning construction”.

Some issues in the field of entrepreneurship studies are broadly addressed, while other topics still require further investigations. For instance, the research area of major consideration as mentioned by Li (2008) is small scale business in hospitality and tourism. At much earlier stage of entrepreneurship research Carland *et al.* (1984) have provided a distinction between entrepreneurship and small business. Considerable part of research works considered socio-economic contributions of small enterprises (Perren, 1999; Thurik & Wennekers, 2004; Amini, 2004). Ateljevic (2006) has highlighted problems of management in context of small tourism firms. Another topic of great interest to scholars is entrepreneurial behavior. Several studies have explored the nature of entrepreneurial intentions and traits (Bird, 1988; Mazzarol, 1999; Kobia & Sikalieh, 2009; Gurel, Altinay & Daniele, 2010; Ferreira, 2012). Within the scope of this direction the importance of culture and impact of cultural factors on entrepreneurial intent have been examined as well (Morrison, 2000; Ritchie & Brindley, 2005; He & Engle, 2013). On the other hand, there has been a growing appreciation of innovation concept in tourism entrepreneurship research during the last two decades. Hjalager (2009) explored prime movers of innovative behavior, introducing five important categories of tourism innovations. Moreover, a number of studies have analyzed the relationship between entrepreneurship, innovation, quality performance and economic growth (Swami & Porwal, 2005; Ndubisi & Iftikhar, 2012; Galindo & Mendez-Picazo, 2013). The other stream of research have devoted to the term “social capital”. In this regard, McGehee *et al.* (2010) have found that there is a significant relationship between social capital and other forms of capital, while Zhao, Ritchie & Echtner (2011) have examined the effect of different types of social capital on entrepreneurial activities in tourism sector.

Referring to Li (2008) despite significant progress in entrepreneurship research more extensive investigations are required that explore family-run business issues. However, sufficient number of studies on such topic has been accelerating. For instance, Getz and Carlsen (2005) have discussed the role and importance of family-run businesses in community development. Furthermore, Getz and Nilsson (2004) have analyzed the influence of seasonality demand on performance of family owned business ventures. Morrison (2006) has proposed a systematic framework for understanding organizational context of family business.

Widely discussed current topics in research covering the problems of economic development have given rise to increasing interest in rural entrepreneurship (Wortman, 1990). Recent and forthcoming advancements in tourism entrepreneurship research characterized by growing attention to alternative tourism forms as entrepreneurial activities peculiar to rural areas. Many studies have focused on remote zones and rural areas as an entrepreneurial milieu distinguished by specific features, and farm enterprises have become the subject of investigations (Stathopoulou, Psaltopoulos & Skuras, 2004; Fuller-Love *et al.*, 2006; Pyysiainen *et al.*, 2006; Vesala, Peura & McElwee, 2007; Zampetakis & Kanelakis, 2010).

Opportunity Identification and Exploitation

Entrepreneurial activities imply the process of gaining competitive advantage against business rivals, where opportunity identification and exploitation play crucial role being a core conception of the domains of strategic management (Ma, Huang & Shenkar, 2011), marketing (Webster, Seymour & Daellenbach, 2010) or a fundamental construct in theory of entrepreneurship (Schwartz & Teach, 2000; Koning, 2003; DeTienne & Chandler, 2007, Corner & Ho, 2010). As defined by Corner and Ho (2010) entrepreneurial opportunity is a combination of socio-economic conditions interpreted as favorable to start up new business. Opportunities are newly generated ideas of a potential entrepreneur which have been unnoticed by another individual (Ucbasaran *et al.*, 2003) originating as a result of creative thinking (Eckhardt & Shane, 2003). In particular Peiris, Akoorie and Sinha (2013, p.10) consider opportunities as “market need, economic benefit, under-utilized resources or a competitive advantage”. In this regard, opportunities are mainly characterized by an expected economic value, novelty and desirableness (Baron, 2006).

Several studies determined different types of opportunities: tacit and codified opportunities (Smith, Matthews & Schenkel, 2009); imitation-based, allocative-based, discovery-based, construction-based opportunities (Hunter, 2013); supply and demand opportunities (Burg *et al.*, 2012; Gregoire and Shepherd, 2012). Codified opportunity is a condition favorable for an individual to exploit market insufficiency with orientation to product (service) imitation or its tempered improvement, while in case of tacit opportunity the main focus is a significant improvement or a novel innovation (Smith, Matthews & Schenkel, 2009). Imitation based-opportunities are business concepts observed by entrepreneurs and further exploited with insignificant changes and minor innovations, generating minimum value, whereas allocative opportunities are associated with a resource monopoly or a new demand arisen due to the demographic shift (Hunter, 2013). Discovery-based opportunities occur as a result of discovery actions of an individual possessing industrial knowledge, while construction opportunities are created as a result of intuitive thinking through investigation and learning processes (Hunter, 2013). Supply opportunities derive from a situation of demand and supply discrepancy or

changes in process of production, whereas demand opportunities occur owing to alterations of consumers' preferences and demographic changes (Burg *et al.*, 2012).

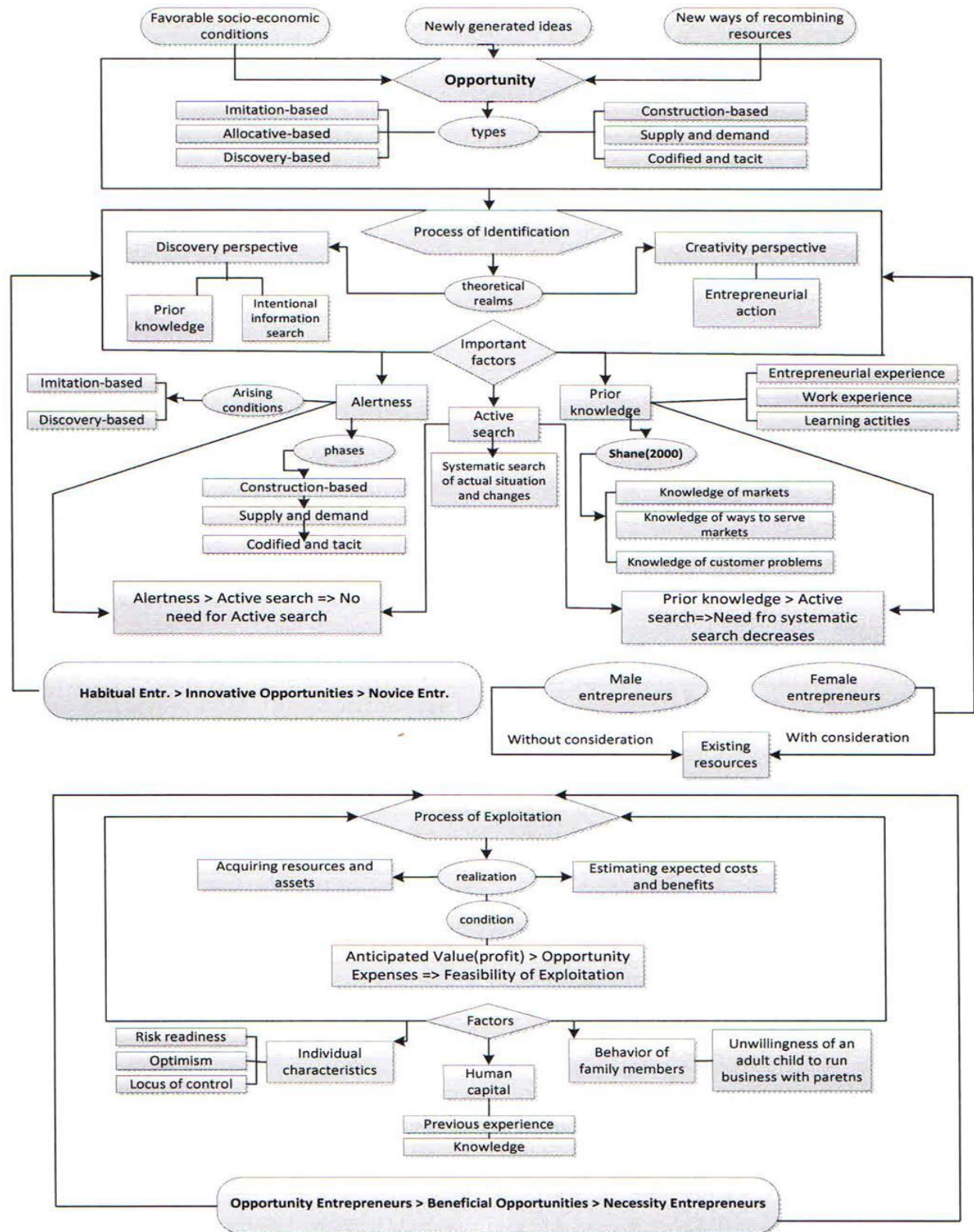
New business opportunities arise from the process of acquiring actual information and relevant knowledge about the conditions of an external environment affected by socio-political and economic factors (Webster, Seymour & Daellenbach, 2010; Ucbasaran *et al.*, 2003; Gonzalez & Husted, 2011). Referring to Dean and McMullen (2002) an opportunity occurs in a situation of the knowledge imperfection. Not every person perceived as a potential entrepreneur is able to utilize knowledge and information for opportunity identification and further exploitation, since individuals have diverse abilities as well as different levels of opportunity alertness. DeTienne and Chandler (2004) claim that the capability associated with identifying opportunities is a key distinctive feature of prosperous entrepreneurs leading to successful business ventures.

Ucbasaran, Westhead and Wright (2008) suggesting that entrepreneurs possessing an advanced ability in relation to the identification of many different opportunities most probably are able to find those opportunities which have a greater value, in this connection emphasize the importance of human capital including both general and entrepreneurship-specific. Business initiators with an enhanced human capital identify multitude opportunities due to being knowledgeable and more skilled. A recent study concur that individuals "with greater prior knowledge of customer needs or problems tend to identify more opportunities" (Gonzalez & Husted, 2011, p.249). Moreover, an estimated value received from opportunity exploitation is projected to be increased depending on a quality of human capital (Ucbasaran, Westhead & Wright, 2008). As identified by Ucbasaran *et al.*, 2003 from the comparative behavioral study on habitual and novice entrepreneurs, individuals having wider cognitive capabilities are able to better process information enabling them to recognize opportunities more often, furthermore identify more unique and innovative opportunities. The process of opportunity identification and exploitation are systematically illustrated in the Figure 1.

DeTienne and Chandler (2007) indicated that opportunity identification is realized by male and female entrepreneurs in different ways based on a different content of acquired knowledge, whereas business ideas do not differ in terms of innovativeness. In this regard, Gonzalez and Husted (2011) added that there is no difference in the number of opportunities recognized by men and women. Nevertheless, Smith (2009) claimed that males are able to identify opportunities without the consideration of owned resources, and on the contrary females recognize opportunities in conformity with existing resources.

In certain cases opportunities imply the process of searching new possible ways of recombining currently owned resources (Butler, Doktor & Lins, 2010). For instance, in the sector of rural tourism and rural tourism that is considered as its segment, entrepreneurs usually establish their businesses on a basis of existing resources diversifying private dwellings into guest houses providing country hospitality or recombining resources in order to create complementary services additional to primary agricultural activities in case of farm tourism business that offers rural experience.

Figure 1
THE PROCESS OF OPPORTUNITY IDENTIFICATION AND EXPLOITATION (DEVELOPED BY THE AUTHOR)



The literature defines two theoretical realms in entrepreneurship research studying opportunity identification issues from the discovery and creativity perspectives. According to Peiris, Akoorie and Sinha (2013) discovery theory recognizes opportunities as an independently existing phenomena that focuses on a role of prior knowledge and intentional information search, defining them as main crucial factor in a discovery process, while creation theory comprehend opportunities as an innovative phenomena created by entrepreneurial actions, originating in changing conditions of an external environment. However, Clydesdale (2012) argues that entrepreneurs are engaged in both discovering and creating processes. On the one hand, DeTienne and Chandler (2004, p.244) distinguish four models in opportunity identification process, namely “active search, passive search, fortuitous discovery and creation”, considering antecedent approaches from the ontological perspective. On the other hand, Baron (2006) through an integrative study examined three factors including active search, alertness and prior knowledge, identifying them as the most important and generally accepted by previous investigations.

Entrepreneurial alertness is considered as a combination of cognitive features and perceptual abilities of an individual interrelated with an advanced insight that induces the process of opportunity identification (Ucbasaran *et al.* 2003; Gaglio & Katz, 2001). Entrepreneurs display alertness to emerging conditions of unsatisfied market demands or undeveloped resources (Li & Gustafsson, 2012). Saks and Gaglio (2002, p.317) describe the pursuance of alertness by three phases such as “motivation”, “reasoning” and “breaking the existing means-end framework”. Li and Gustafsson (2012) expound that the alertness arise from a real reason generating a motivation. The motivation occurs in case of existing favorable socio-economic conditions augmented by inducements that probably can be an expected value, enabling an entrepreneurs to exhibit alertness. Such kind of motivation inspires individuals to acquire relevant information and knowledge (Webb *et al.* 2011). The second phase is characterized by a transition of an entrepreneur from the motivation to reasoning stage, implying the process of a real situation appraisal (Saks & Gaglio, 2002). Alert entrepreneurs are very sensitive to signals of changes and through breaking “the existing means-end framework” they are able to implement new visions and creative decisions presented as products, services or processes which are developed in innovative ways (Gaglio, 2004; Saks & Gaglio, 2002). Generally speaking, alertness is a rare ability to exercise vigilance to opportunities existing at the moment without relying on a systematic search (Moreno, 2008).

Active search is one of the main capabilities of entrepreneurs applied to recognize presently existing opportunities owing to a systematic search technique (DeTienne & Chandler, 2004). Finding useful information as a result of active search is significantly important in opportunity identification (Baron, 2006). Individuals demonstrating an intensive searching behavior and exploiting various possible sources of information tend to reveal more opportunities (Ucbasaran, Westhead & Wright, 2008).

Prior knowledge is specific information derived from previous entrepreneurial and work experience, learning activity or gained in a different way (Baron, 2006), and closely connected to creativity (Shepherd & DeTienne, 2005). Individuals explore almost dissimilar opportunities depending on diverse prior knowledge that has been formerly gained (Shane, 2000). Shane (2000, p.452) divides prior knowledge as “prior knowledge of markets, prior knowledge of ways to serve markets, and prior knowledge of customer problems”.

Referring to Fischer (2011) active search is apprehended as an active process related to detecting actual situations and changes, and since alertness is a capability to identify an

opportunity when it exists, it is understood as a passive action. However, there is an important connection between the first two factors, showing that in case of strong alertness, complementary search is not required or inversely (Fischer, 2011). Furthermore, the past study conducted by Baron (2006) indicated that all above mentioned factors are correlated with each other. Similarly, a rich content of prior knowledge decreases the need for a systematic search.

The process of opportunity identification is followed by an exploitation phase realized through acquiring resources and assets (Haugh, 2007; Perrini, Vurro & Costanzo, 2010). However, only minority of opportunities that has been identified at an initial stage might be exploited by an entrepreneur, as expected benefits and projected costs need to be estimated in order to select the most valuable opportunity (Ucbasaran, Westhead & Wright, 2008). According to Plummer, Haynie and Godesiabois (2007) the exercise of exploitation is perceived by entrepreneurs as feasible enough, when the anticipated value will considerably exceed opportunity expenses. Consequently entrepreneurs make a decision on opportunity exploitation when they detect a significant estimated value and strong potential demand (Shane & Venkataraman, 2000). However, it is argued that in addition to the factors of an external environment entrepreneurial strategizing determines the success of exploitation, implying that entrepreneurs think over the relevant strategies relying on personal projections (Plummer, Haynie & Godesiabois, 2007).

Shane and Venkataraman (2000) analyzing individual differences in the opportunity exploitation process found that people demonstrating high levels of risk readiness, optimism and locus of control are more willing to exploit opportunities. Moreover, exploitation of opportunities depends on individual's previous experience and knowledge (Moreno, 2008), that is considered as a main source of valuable information that probably can decrease the exploitation costs (Shane & Venkataraman, 2000). An entrepreneur possessing a superior level of human capital has a greater chance to exploit opportunities in more efficient ways (Ucbasaran, Westhead & Wright 2008). In case of family businesses the willingness of adult children becomes an important factor in the opportunity exploitation process, because identified opportunities can be rejected due to the uncooperative behavior of an adult child demonstrating unwillingness to take part with parents in further realization of business opportunities (Leaptrott & McDonald, 2008). Block and Wagner (2010) divided individuals into two groups (*opportunity entrepreneurs* – the opportunity seeking category of people; *necessity entrepreneurs* – the category of people forced by a need) and found that opportunity entrepreneurs comparing to necessity entrepreneurs exploit much more beneficial opportunities, since they differ in response to human capital.

Tourism Entrepreneurship in Rural Context

Rural entrepreneurship is considered as small and family business initiatives implying new product or service development that occur in rural settings (Morrison, 2006). As identified by Vasela *et al.* (2007) entrepreneurship in rural context widely spreads within the farm sector and involves the process of diversification defined as pluriactivity. Business owners involved in diversification are more inclined to be entrepreneurial comparing to conventional farmers (Pyysiainen *et al.* 2006; Cameron, 2007). It is explained by the difference existing between diversified business and conventional farming in terms of entrepreneurial tasks, meaning that some of important tasks associated with product development, marketing and opportunity identification can be carried out solely through diversification (Pyysiainen *et al.* 2006). Equally

Phelan and Sharpley (2012) emphasize that the considerable part of modern farms tend to operate as entrepreneurial units, and conventional farm activities are increasingly shifted by an alternative farm entrepreneurship that is becoming the main development strategy for rural households and for the region in a whole. In this regard, the diversification strategy can be defined as an innovative combination of basic farm activities with supplementary non-agricultural activities, and this form of diversified activity is usually implemented through tourism (McElwee & Annibal, 2010). Recently emerging new forms of rural enterprises are aiming at satisfying a niche market needs (Bosworth & Farrell, 2011). Referring to European Commission (2008) property and household owners targeting at the diversification of income sources offer gainful activities such as camping sites or B&B farm stay services, thus fill growing market niche represented by rural tourism.

Diversified rural business connected to tourism service delivery generally includes small-scale recreational pursuits and family-owned accommodation properties (Cawley & Gillmor, 2008). For instance, considerable part of small businesses in America is represented by family farms (Nickerson *et al.*, 2001). According to Fuller-Love *et al.* (2006) small enterprises predominate especially in rural areas. Being a popular approach to restructuring farm systems rural tourism is recognized by Nickerson *et al.* (2001) as a form of entrepreneurship. In most of rural areas rural tourism business is dominated by micro and small-scale enterprises, consequently their effective functioning has a direct as well as favorable impact on industrial improvement and regional development (Getz & Carlsen, 2005). Investigating agricultural tourism in Virginia Blacka, *et al.* (2001) classifies rural tourism entrepreneurs operating in rural areas and distinguishes the following categories:

1. Supplementary enterprise
2. Complementary enterprise
3. Primary enterprise.

Functioning as a supplementary enterprise means that the proportion of rural tourism products or services is insufficient in product mix of a farm. In this case rural tourism partly supports other activities of farms or rural households. If agri-tourism takes an equally important role in farm's activities it is considered as a complementary enterprise. Rural tourism is understood as primary enterprise, when it is predominated in agricultural activities of households (Blacka, *et al.*, 2001).

It is argued that there is no significant difference between entrepreneurial processes taking place in urban areas and rural regions (Stathopoulou *et al.*, 2004). Nevertheless, rurality implies several categories of specific conditions defined as elements of external environment. In connection with this statement, Stathopoulou *et al.* (2004) identified main factors affecting entrepreneurship such as physical, social and economic environments. Moreover, Zampetakis and Kanelakis (2010) claim that rural entrepreneurship deals with unique challenges that can cause a negative influence on business growth. Specifically, previous studies stress the disadvantages of rural territories associated with the geographic distance, making entrepreneurial activity especially challenging, meaning that rural areas are located far from larger markets, skilled human resources and important information sources (Figuroa-Armijos *et al.*, 2012; Zampetakis & Kanelakis, 2010; Stathopoulou *et al.*, 2004).

However, Bosworth and Farrell (2011) argue that rural areas can be perceived as quite attractive to start business for lifestyle entrepreneurs primarily driven by personal motives. On the one hand, this type of entrepreneurs is less profit-oriented and specifically motivated by local

environment, and on the other hand being self-employed, they contribute to the rural economy through stimulating employment. Despite this fact, lifestyle entrepreneurship and self-employment can provide only a short-term contribution, and unable to assure sustainable development of local economy (Getz & Carlsen, 2005). Although the remoteness of rural areas is acknowledged as an obstacle on the way of entrepreneurial actions, allocation of unique natural resources in the countryside provides a wide range of opportunities for the responsible use of local resources (Stathopoulou *et al.*, 2004). Since small-scale entrepreneurship is particularly prevailed in upcoming sector such as sustainable nature-based tourism (Getz & Carlsen, 2005), rurality presents favorable opportunities and necessary conditions for the development of rural tourism business.

Tourism oriented small businesses have a considerable socio-economic as well as environmental effect on rural economy. As Morrison (2006, p.204) states, small sized family-run tourism businesses “positively contribute social and financial capital to rural and peripheral communities and local economies.” However, Ateljevic (2007) note that small enterprises connected to the sector of tourism have a certain weaknesses in management, particularly problems in marketing, business networking, planning and managing human resources.

METHODOLOGY

In order to reveal the real situation in domestic rural tourism market the study adopted qualitative approach relying on the phenomenological research philosophy. According to Altinay and Paraskevas the qualitative approach is usually considered as the most useful data collection technique that is able to provide in-depth understanding and detailed representation about the investigated phenomenon (Altinay & Paraskevas, 2008).

Primary data has been systematically gained through semi-structured interviews. Interviewing has been selected as the most suitable data collection technique for the following reasons:

1. It enables a researcher to gather extensive data and comprehensive information about the current situation in Kazakh rural tourism market. This is vitally important in case of strategic planning, because there is no actual statistical data in the field of rural tourism which are required for the analysis and future projections.
2. It provides the opportunity to understand real perceptions of rural entrepreneurs and more accurately reveal their problems.

Totally 25 interviews have been conducted with providers of various rural tourism offerings functioning in rural areas. 25 respondents have been included in the sample size following the approach recommended by Creswell suggesting 5 to 25 numbers of interviews for the phenomenological research (Creswell, 1998). The general description of the study sample is demonstrated in a following Table 1.

The interviews have been conducted with rural tourism service providers operating in rural areas which are located in different regions of Kazakhstan including Korgalzhyn, Sandyktau (Kokshetau), Shuchinsk, Katon-Karagay, Karkaraly, Talgar, Zhabagyly, Tulkibas, Boldyberek (South Kazakhstan), Shet (Karaganda), Burabay, Kungei Alatau, Ridder, Shymbulak, Uryl (East Kazakhstan), Lenger, Lepsi. Rural entrepreneurs providing rural tourism-related services have been contacted personally and the conversations have been recorded, considerable part of interviews has been carried out by telephone because of the long territorial distance. Interviews have lasted approximately 20 minutes – 2 hours. The original research tool has been designed in

english and has been translated into Kazakh and Russian languages in order to enable respondents to express their opinion easily as well as clearly understand the content.

№	Gender	Ag	Status	Education	Industrial background	Provided rural tourism offerings
1	Male	61	Owner	Journalism	Economics	B&B outdoor sports
2	Male	57	Owner	Ornithologist	Nature reserve management	B&B birds watching
3	Male	50	Owner	None	None	1)B&B
4	Male	20	Owner/partner (family business)	Student	None	1)Accommodation
5	Male	58	Owner	Agriculture	Food production	B&B (farm stays) Falconry Agri-sales (natural dairy products)
6	Male	55	Owner	None	None	B&B Agri-sales
7	Male	51	Owner	Geology	Business	1) B&B educational (scientific) excursions
8	Female	47	Owner	Communications	None	1) B&B
5	Male	58	Owner	Agriculture	Food production	B&B (farm stays) Falconry Agri-sales (natural dairy products)
6	Male	55	Owner	None	None	B&B Agri-sales
7	Male	51	Owner	Geology	Business	1) B&B educational (scientific) excursions
8	Female	47	Owner	Communications	None	1) B&B
9	Male	53	Owner	None	None	1) B&B
10	Male	66	Owner	None	None	1) B&B
11	Female	37	Leaseholder	Finance	Hospitality Industry Food & beverage Chef Accountant	1) B&B
12	Female	36	Owner	Pedagogy	None	1) B&B
13	Female	50	Owner		Business	1) B&B
14	Male	26	Owner	Art	Art	2) Falconry
15	Female	40	Owner	Foreign languages	Ecotourism coordinator	1) B&B horse riding 3) hiking tours (forest, mountain) kymyz show eagle show

16	Male	55	Owner	Geology	Business	B&B hunting tours
17	Male	50	Owner	Military	None	1) B&B
18	Female	43	Owner	Ecology	Ecotourism coordinator	1) B&B
19	Female	32	Owner/ partner (family business)	Housewife	None	1) B&B
20	Male	48	Owner	Agriculture, farm management experience	Emergency services	B&B rural excursions fishing apiary tours honey sales folk shows
21	Male	64	Owner	None	Business	1) B&B
22	Male	56	Owner	Engineering	Business	1) B&B
23	Male	26	Owner	Finance	Business	1) Food service
24	Male	35	Owner/ partner (family business)	Law	Firm director	1) Accommodation
25	Female	60	Owner	Tourism	Tourism	1) B&B

The interview questions developed to understand the current situation in rural tourism market and to identify the reasons of rural entrepreneurs for starting and operating tourism business associated with rural tourism. In particular rural tourism providers have been asked to talk about the process that they have gone through in making a decision, and factors inducing to start up own business. On the other hand, rural tourism providers have been also asked to talk about their individual experiences and would they like to make any changes in the future or do something in a different way. In order to increase the reliability of the research special prompts have been used. According to the method suggested by Altinay and Paraskevas analysis of the data collected by an interview took place in two stages as:

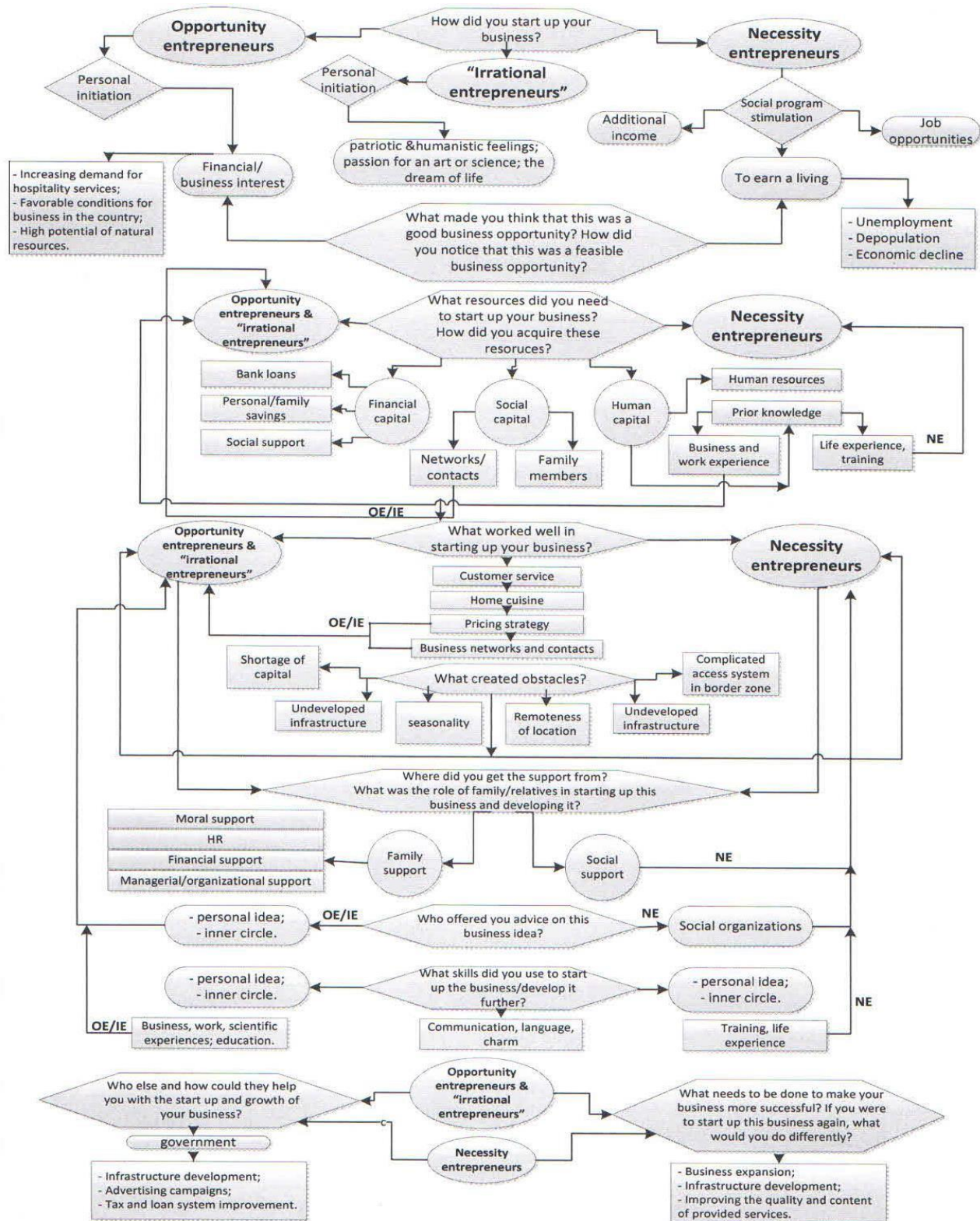
- 1) Familiarization with the data
- 2) Cording, conceptualization and ordering (Altinay & Paraskevas, 2008).

At the first stage analysis recordings of interviews have been carefully examined in order to be familiar with the content, consequently emerging topics have been identified. On the other hand, transcripts of interviews have been comprehensively analyzed. Method of cording has been used in qualitative data analysis. At an initial stage of analysis the *open coding* technique has been applied. During this process the empirical data has been broken down into several categories, and distinctive features of an investigated phenomenon have been revealed.

During the analytical process the logical diagram has been constructed in order to emphasize the relationships between categories and clarify important aspects of the phenomenon. Adhering to this procedure, categories of entrepreneurs in rural tourism have been identified and constructed. Moreover, the reasons of rural entrepreneurs for starting and operating tourism business associated with rural tourism have been demonstrated diagrammatically in Figure 2, and categories of rural tourism entrepreneurs have been defined and named as:

1. Opportunity Entrepreneurs
2. Necessity Entrepreneurs
3. Irrational Entrepreneurs

Figure 2
METHOD OF OPEN CODING
THE PROCESS OF OPPORTUNITY IDENTIFICATION AND EXPLOITATION DEPENDING ON
CATEGORIES OF ENTREPRENEURS (DEVELOPED BY THE AUTHOR)



The first two categories correspond to the theory of entrepreneurship as it is indicated in the literature review. For instance, majority of previous studies (Block & Wagner, 2010; Deli, 2011; Williams & Williams, 2014; Block & Sandne, 2009; Fossen & Büttner, 2013; Zali, Faghih, Ghotbi & Rajaie, 2013) divided individuals into two groups as «opportunity entrepreneurs» – the opportunity seeking category of people as well as «necessity entrepreneurs» – the category of people forced by a need. Block and Wagner (2010) also found that opportunity entrepreneurs comparing to necessity entrepreneurs exploit much more beneficial opportunities, since they differ in response to human capital. In addition to this, the research identified another category of entrepreneurs among Kazakhstani rural tourism providers and defined them as irrational entrepreneurs.

REASONS FOR STARTING RURAL TOURISM BUSINESS DEPENDING ON CATEGORIES OF ENTREPRENEURS

Necessity Entrepreneurs

Interviewed rural entrepreneurs above all have been motivated by a necessity to earn a living. Since the concept of guest houses offered by experts has not required a sufficient investment and could be implemented on a basis of a currently owned infrastructure, local people have been interested in hospitality business as a favorable opportunity which could help them to generate any kind of income. Transforming their private properties into guest houses and starting to accommodate tourists in home stay houses have been the distinctive features of rural enterprises operating in rural areas. Generally, hospitality entrepreneurship has been considered by informants as a reluctant activity due to the unemployment, depopulation and overall economic decline in rural areas. The rationale for starting up tourism business was explained by informants:

1. First informant stated:

We started this business because of deadlock. We didn't think that it will be profitable or not, we just started, and step by step it was developed. We started our business 7 years ago. There was no job in our village at that time. Something should be done to earn.

2. Also a second informant stated:

We had no jobs in our village, many people moved to cities. We considered this business as a source of income.

3. Moreover, a third informant admitted:

There were very difficult times, there was a crisis and we had to do many different things to survive. At that time this business was like financial motivation for us and additional source of income.

Opportunity Entrepreneurs

Opportunity seeking initiative entrepreneurs usually have been motivated by financial and business interests, focusing on feasible as well as favorable business opportunities. There has been a common belief among the self-driven business starters that there was an increasing demand for hospitality services. Furthermore, tourism industry has been considered as a

financially attractive sector having the real future prospects. One informant reflected motivations in business accordingly:

It is profitable industry, strong financial motivation. This business financially is very attractive. There are necessary conditions in Kazakhstan for the development of hospitality industry. There are good perspectives.

Additionally, another informant indicated an opportunity of reaching international market as following:

First off all, Burabay is the region with a strong tourism potential. Government pays considerable attention to the development of Burabay region (plan to development of Shuchinsk-Burabay resort zone in Akmola region). So, I expected good perspectives in terms of business development. Secondly, there was an opportunity in terms of getting access to Russian market, since there are many Russian tourists visiting Burabay resort.

On the other hand, a significant part of informants have located in resort and park zones distinguished by a high tourism potential denominated by a rich diversity of natural resources, therefore entrepreneurs have been gaining a value from such conditions. Benefiting from unique environmental conditions, rural entrepreneurs aimed at making a profit and further development. As one informant explained:

Region is satiated far away from megalopolises; there is big diversity of agrobiocenosis, very good ecological conditions, very rich flora and fauna. In one day tourist can visit sand-dunes that by horses go to the glaciers. Tourists want to see many things in a short period of time, and the region can offer such kind of opportunity. All of this is very attractive for tourists, and I thought that why not use our remoteness as a unique selling point.

“Irrational Entrepreneurs” as a Specific Contradictory Category

The findings revealed that financial interests have been not as much important for the major part of entrepreneurs as esthetic or scientific interests in starting up the business. The main intention for many people has been the passion for an art, the dream or breath of life, or patriotic duties. The business had been perceived by this category of self-driven entrepreneurs mostly as a hobby than work. They had been motivated by a desire of contributing to the prosperity of their region through creating public services, to the revival of national culture and folk through touristic animation programs as well as awakening and involving rural population into service sector, direct sales and socio-cultural environment due to the tourism development. For example, one rural tourism provider claimed that:

My motivation was not a business. I wanted to revive the art of falconry in Central Kazakhstan. I wanted to promote this old Kazakh art to the people. I have learned how to work with eagles and gained experience in this field. First off all it was interesting to foreign people. There are also beautiful places, historical objects, petroglyphs in Central Kazakhstan. So, in order to make the visit of our guest interesting I started to show them such places.

Yet A Provider of Science Tourism Made the Following Statement

In 2004 I have explored one problem in Ridder – shock blast crater. I am a former geologist... Tourists from Germany who was interested in craters, they contacted me. They had been living in my house, and then they ask to come again. It was interesting for me as well. I have a two-stored house with 4 rooms, and a small

garden house, so I started hosting guests. In fact I didn't think about the business. It was like hobby for me. I just connected my labor of love with hospitality and tourism. The main motivation is my interest, interest in science.

On the other hand one of the informants reported that:

The original idea was a revival of winter sports, make Balkashino as a center of winter sports, the second was the development of tourism in Balkashino. It was the purpose for my further life. I wanted to develop tourism in my region. My initiative helped to improve rural infrastructure and the region has become more attractive to tourists.

While another informant explained a startup motivation accordingly:

I had a dream to create something. I travelled a lot, and I saw guest houses made from wood in Austria. I dreamed to do something similar in my country.

According the research findings “irrational entrepreneurs” were not motivated by economic values, they were driven by strong patriotic and humanistic feelings, passion for an art or science, or the dream of life, therefore they make a decision on exploitation without estimating costs and benefits. For instance, one entrepreneur stated:

“Depending on a social category of my clients I can significantly decrease the price of stay. One day I accommodated a group of students, I noticed that they had no much money and I charged them very cheaply”

While the owner of a touristic center said that:

“Generally, in terms of business it was not a good opportunity. It was just a hobby of mine, the goal of my life. I wanted to develop tourism in my region. I initiated the reconstruction of a very old roller trail; I spent 2 years for negotiation with the regional authorities. As a result, the money was allocated and the roller track was reconstructed and a new ski lodge was created. All of these belonged to the state. The ski lodge has now become my competitor. But in general my initiative helped to improve rural infrastructure and the region has become more attractive to tourists”.

RESOURCE AND FINANCIAL BASE OF RURAL TOURISM STARTUPS

Rural tourism providers offering hospitality services required different types of capital for their startups including: financial, human and social capital. Basically most of entrepreneurs indicated that they had private houses, or other kind of real estate which had been used as main assets during start-ups. At an initial stage of the business some people have bought the land or buildings, or started from renting. Considerable number of rural enterprises has been founded based on owners' own savings or family funds. Comparatively small number of people has taken bank loans due to the high interest rates, consequently owing to the high risks. Although hotel owners indicated that they hired a staff, because of the necessity of an additional labor force, almost every owner of guest houses accommodating tourists within their own properties claimed that all functions were assigned between family members.

Financial Base Depending on Categories of Entrepreneurs

No external support and impetus have been gained by self-driven Opportunity Entrepreneurs and Irrational Entrepreneurs during start-ups, while Necessity Entrepreneurs

operating in rural settings started their business activities relying on a social support. Necessity Entrepreneurs have been sponsored financially or materially by social organizations. The investigation revealed that some small scale Necessity Entrepreneurs operating in rural areas started their businesses within the framework of the Kazakhstan Tourism Development Initiative, aimed at implementation and development of tourism as a source of complementary income and additional job opportunities which has been financed by Eurasia Foundation. In accordance with the community based tourism program pilot projects have been implemented in regions of Kazakhstan with high ecotourism potential, including Aksu-Zhabagyly, Katon-Karagay, Lepsi, Ridder and Karkaraly. It involved experts and volunteers from Voluntary Service Overseas provided a consultancy and training support for local communities in creating and managing guest houses. Additional assistance has been offered by nongovernmental organizations, tourism companies and by the non-profit organization – Informational-Resource Center of Ecotourism established by Kazakh Tourism Association that provided a marketing (advertising and promotion) as well as educational support for rural entrepreneurs. As indicated by the informants, they started up to provide hospitality services for tourists owing to the encouragement of nongovernmental organizations and tourism companies that had been involved in community based tourism project:

Necessity Entrepreneur

“Kompas” provide us with pillows, blankets, refrigerators, some kind of building materials. After we have returned money to them, but it was like interest-free loan. Our business worked well and it was possible to return the loan in one season. I have also used my own financial means for the purpose of food service. Approximately, the proportion was: 30% - the support of “Kompas” and 70% - my own resources.

Opportunity Entrepreneurs and Irrational Entrepreneurs providing rural tourism related hospitality services in rural territories have started their business activities according to personal intentions, relying on their own initiative and funds. This category of entrepreneurs was impelled by different motives and reasons as financial and business interests as well as esthetic or scientific interests.

Only insufficient number of self-driven entrepreneurs has acquired financial capital by winning grants from international organizations.

Self-Driven Entrepreneur

The considerable part of our capital was gained from Grants. We have started to cooperate with international nature conservation organizations. International organizations helped me to raise my start-up capital. We are still working with them. We are cooperating with World Wildlife Fund, with United Nations Development Program. Now we have got big grant from European Commission for the development of rural tourism.

Self-Driven Entrepreneur

Nobody gave me money. I found the solution myself. In order to revive the art of falconry I needed big amount of money, because of this we established a household – farm household. After that, in order to realize agricultural products and make a profit we bought a

small café. So we sell the products at the café and we used earned money for the development of the art of falconry. Then I connected my activity with tourism. However the tourism is not a primary activity for us, we are developing it as an additional activity.

Support for Rural Tourism Entrepreneurs

The support of family members has been the most important factor in realization of goals for self-driven *Opportunity Entrepreneurs* as well as *Irrational Entrepreneurs*, and equally for Necessity Entrepreneurs. As indicated by informants nearest family members, in some cases relatives have played a significant role during the period of formation and further development of family businesses. At the early stage of startups family members have not provided only a moral support, but they also had been involved in organizational procedures, in management and service as a main source of human resources on the one hand, and provided a financial support on the other hand in case of identified 3 categories of rural entrepreneurs.

KEY ASPECTS OF RURAL TOURISM BUSINESS

Customer Orientation

According to the opinions of informants in starting up the business they succeeded basically in *Customer Service* enhanced by an individual approach. A hospitable atmosphere and homemade cuisine have become the most attractive aspects of rural tourism products offered in rural villages. For example, one informant made the following comment:

Every detail in tourism business is interconnected with each other. We understood that customers have expectations. First off all this expectation is to see the nature. The next one they need good food service and comfortable lodging. We are positioning our food service as a home-made cuisine. Accommodation is the most common B&B, however we offer not only breakfast, we provide tourist with full food service. Because we serve tourists as our guests and we try to create home atmosphere. So such kind of approach helps to create customer satisfaction.

Pricing Strategy

On the other hand, informants also indicated the importance of *Pricing Strategy*. Some entrepreneurs have established and followed an effective pricing strategy, which helped to increase sales revenue. As commented by one of informants a well-considered decision concerning the pricing strategy that has been taken at an initial stage of business development has led to the progress and considerable economic performance:

Our prices for accommodation and food are cheap within the region. So our accommodation services worked well and we can maintain a high demand for our offerings.

Business Networks

Moreover, entrepreneurs have relied on creating business networks and relationship development. For instance, one informant reported that the business succeeded directly because of the well working business networks:

First of all my networks and relations worked well. I have many partners, friends in Moscow. I also have close relationships with a sanatorium that is located next to my recreational center. They allowed my guest to use their swimming pool.

Similarly Other Three Informants Emphasized The Importance Of *Business Networks* Stating That:

Informant 1: *I made a contract with Kazakh and Russian tourism companies. Cooperation with tour companies helps us a lot.*

Informant 2: *I am closely cooperating with the museum, I take tourists to there. And also I communicate with Altai expeditions. Some tourists come to me through Altai expeditions.*

Informant 3: *I have created a connection between me, my tourists and local population. I am cooperating with local population. I provide my tourists with the opportunity to buy natural products, homemade food and they will buy from local population needed products. Local population has an opportunity to sell their products directly.*

Skills and Experiences

Some entrepreneurs had quite a big professional experience in the field of tourism and hospitality, educational background related to the sphere, while some of them started tourism business and operating very successfully now, based solely on a life-experience, even without the secondary education. For instance, one informant reported that:

Before tourism business I did many things, I used to start and developed many different businesses. I started my tourism business operating as a tea house, we have bought the building of a shop, than I improved the surrounding infrastructure and started to offer accommodation (campsites made from wooden houses) services for tourists. I have only 5 years of education; however I can say that I am successful. The education is not much important as an idea, vision and life experience.

Another informant, in contrast, made the following comment:

I had an experience in the field of hospitality, I used to work in hotels, but one day I decided to work for myself. I was invited by founders of the hotel; they offered me a mutually beneficial cooperation. I started up my business by renting a hotel.

Equally with the working experience and education, personal qualities and skills associated with professionalism, learning capability, talent, language and communication skills have been influential in all aspects of business. Findings identified that entrepreneurs particularly have relied on communication skills as a key factor in dealing with clients during the process of business operations. As suggested by majority of informants customers put a premium on friendly atmosphere achieved by good communication. Communication skills have been crucial for almost every starter in managing overall performance of their businesses and spreading positive word-of-mouth leading to repeat customers. Additionally, communication has been a useful tool in building an effective relationship with stakeholders. Some entrepreneurs needed specific skills that have been beyond common hospitality skills such as a talent in art or scientific skills, as noted by one informant:

I needed special skills in the field of the falconry art. In order to gain the knowledge I learned this art from Kazakh people moved from China. They trained me and shared their knowledge.

Another informant mentioned social skills gained from everyday life:

We used only a life experience, because me and my wife we don't have any education, and communication with tourists, rustic charm, simplicity.

A third informant spoke about professional as well as communication skills:

I used to work as a cooker, then I worked as chef, I worked in fashionable restaurants. I always interested in operations of big hotels. I have got the economic education – “finance and credit”. I was invited to work to the hotel where I worked as an accountant. Then I worked 2 years as a director of that hotel. So I used my cooking skills, managing skills, knowledge in finance and accounting, communication skills: openness, hospitality, and personal charm.

BARRIERS TO RURAL TOURISM DEVELOPMENT

At the next stage of logical and data analytical analysis key themes have been redefined and conceptualized in a new way. Based on the approach suggested by Altinay, Brookes and Aktas first-order thematic categories have been converted into more extensive second-order topics by adopting the *axial coding* technique (Altinay, Brookes & Aktas, 2013). As a result, relying to the method recommended by qualitative papers (Chathoth *et al.*, 2014) broad thematic categories were systematize and defined as «barriers» to rural tourism development in rural areas of Kazakhstan have been identified.

Barriers Associated With Infrastructure and Facilities

As it was shown by findings problems of undeveloped touristic (facilities) and public infrastructure (roads, water supply) also currently exist. Several problems which constitute obstacles with the growth of business emphasized by different informants as following:

Informant 1: *The road is in a terrible condition. Foreigners often ask me: why you have so much oil, but why your roads are so bad?*

Informant 2: *One of the major problems is water. We have a two-story building, and there is no water in our suite room. It is not because we do not have water, we have strong water resources in the region. The problem is that: all water supply lines are very old or they will be renewed by low quality water supply lines, and as soon as the pressure is given, they are destroyed. In the summer we deliver water by fire trucks. Financial support that is provided by the government is usually stolen because of corruption.*

Informant 3: *There are no tourist facilities. National Park is responsible for this, but they are not solving these problems. Tourists pay entrance fee therefore they need comfortable conditions. For instance in recreational places that are visited by tourists should have necessary facilities such covered places where tourist can stay when it rains, toilets. There are no even toilets. All of this makes the visit of tourists uncomfortable. We also need clarity in tourist routes within the territory of National Park. Where tourists can have a rest, where they can make a fire, where smoking is permitted, where they can take a bus, where they can eat. It is one of the most problematic things for us.*

Informant 4: *Buying online tickets for train is an obstacle. Even if you bought the ticket online you have to go from our village to the city centre to go to the ticket window any way, and change it to real ticket. It is called online, but it is not really online ticket. It is very problematic for tourists. Moreover, it looks like that our station Tulkubas is not designed for people. For instance, sometimes the trains stopped at 2nd way, and there are no special conditions for disabled people. Especially Japanese tourists were shocked.*

Barriers Associated with Human Resources

The next obstacle for business is a low quality of human resources. Entrepreneurs do not satisfy by hired employees referring to their incompetence as well as poor performance. Unqualified hired personnel are not able to demonstrate a productive work due to the lack of skills that should be gained during education. Almost every hired employee requires additional training, as reported by one informant:

I have to train hired staff. Educational institutions educating students give only theoretical knowledge; consequently they prepared employees without practical skills. The teachers also don't know what tourism in reality is.

While a Second Informant Adds

The biggest problem is the guides, especially who work at the nature reserve. Sometimes we work with them. Guiding in ecotourism is a very specific activity. None of tourism faculties are developing necessary skills of students. For instance, students get the degree of tourism managers, and it is considered that they can work at nature reserves. But in reality they are not able to adapt to the specificity of activities conducted at nature reserve. They are required to have biological knowledge; however they do not have such kind of skills, so they are not capable to work as the ecotourism guides. The next problem is related to English speaking guides. There are many guides who had a degree of foreign language philology or translator; however they also do not understand the nature, biology, they usually do not see the connection between their job and ecotourism. It is very difficult to retrain them as an ecotourism guides, because they do not have any biological background. Professional guide-biologists, guide-ornithologists are very old. For instance, the best guide in Kazakhstan is 73 years old; the youngest guide-ornithologists are around over 50. There is no qualified young generation of ecotourism guides. Guides are not able to create tour programs according to the interests of targeting groups (eco tourists). A content of the programs have to be interesting for tourists, it is necessary to show new things every day. This problem is very serious nowadays, because none of tourism companies in Kazakhstan usually have ecotourism guides with biological knowledge.

Barriers Associated With the Tax and Loan System

Other barriers impeding progress and development of rural tourism businesses are related to the problems of paying taxes and taking loans. As respondents indicated, it is quite difficult for them to make new investments and expand their businesses because of the high interest rates and pledge conditions. In this regard entrepreneurs of a rural tourism sector expect the support in a form of tax breaks as well as soft loan system that is considered as an efficient instrument of regional tourism development. Informants expressed their expectations as followings:

Informant 1: Since tourism business operating in rural areas requires considerable investments, and since there are big risks in tourism, entrepreneurs need tax-free system during 3 years since they start up. We need tax breaks.

Informant 2: Government could give incentives to entrepreneurs starting new business exempting them from paying taxes or reducing taxes for 50 % during the first 5 years of operation.

Informant 3: I would like to improve my business and I tried to get the loan from bank according to the governmental program "Dorojnaya karta biznesa", but the conditions are quite difficult. For instance if I need 12 million tenges I have to put 4 million as a deposit, to put the real estate as a guarantee, and only

after that I am allowed to get the loan. It is unreal, if I have such amount of money, what is the reason to ask the bank? For tourism the conditions should be quite flexible.

Informant 4: I need support at governmental level in terms of taking loans from bank. For example, if I would like to take a bank loan, I have to give something as a guarantee. I have no guarantee. So I don't know what I can do. For instance, if I would like to get bank loan of 3 million tenges, I have to give something as a guarantee that amounted to 10 million tenges.

DISCUSSION AND CONCLUSIONS

Opportunity entrepreneurs comparing to necessity entrepreneurs exploit much more beneficial opportunities, since they differ in response to human capital (Block & Wagner, 2010). According to the findings Necessity Entrepreneurs who started their operations based on social program stimulations run small-scale businesses (home stays, guest houses) while self-driven opportunity entrepreneurs run more complicated forms of tourism business (hotels, rural tourism complexes, touristic centers). An entrepreneur possessing a superior level of human capital has a greater chance to exploit opportunities in more efficient ways (Ucbasaran, Westhead & Wright, 2008). As identified by Ucbasaran *et al.* (2003) from the comparative behavioral study on habitual and novice entrepreneurs, individuals having wider cognitive capabilities are able to better process information enabling them to recognize opportunities more often, furthermore identify more unique and innovative opportunities. The findings revealed that Necessity Entrepreneurs had no previous experience and knowledge in the field of tourism business, some of them indicated that they have no any education. Necessity Entrepreneurs only had been involved in short-term business trainings conducted by social organizations. As regards Opportunity Entrepreneurs, they have advanced business skills gained from previous entrepreneurial and work experience; moreover some of them have education directly related to tourism industry. Moreover, a certain number of opportunity entrepreneurs in past started and run different businesses, consequently they became habitual entrepreneurs with stronger entrepreneurial cognition comparing to necessity entrepreneurs. Therefore, self-driven Opportunity Entrepreneurs owned more profitable businesses.

According to Plummer, Haynie and Godesiabo (2007) the exercise of exploitation is perceived by entrepreneurs as feasible enough, when the anticipated value will considerably exceed opportunity expenses. Consequently entrepreneurs make a decision on opportunity exploitation when they detect a significant estimated value and strong potential demand (Shane & Venkataraman, 2000). As findings indicated, Initiative Entrepreneurs usually have been motivated by financial and business interests, focusing on feasible as well as favorable business opportunities. There has been a common belief among the self driven business starters that there was an increasing demand for hospitality services. Furthermore tourism industry in Kazakhstan is considered as a financially attractive sector having real future prospects.

According to the previous studies the process of exploitation realized through acquiring resources and assets (Haugh, 2007; Perrini, Vurro & Costanzo, 2010). Expected benefits and projected costs need to be estimated (Ucbasaran, Westhead & Wright, 2008). The findings of the research show that Necessity Entrepreneurs are very sensitive to expected costs, since they have very limited resources. Necessity Entrepreneurs aiming to create additional source of income exploit given opportunity (idea offered by social organizations) in conformity with owned resources. Since the concept of guest houses offered by experts has not required a sufficient investment and could be implemented on a basis of currently owned infrastructure, Necessity

Entrepreneurs were willing to start hospitality businesses as a favorable opportunity which could help the to earn a living.

In this regard, the findings of the research are in line with the literature, however there is a difference that needs to be discussed. In the theory of entrepreneurship the decision making process of an entrepreneur to exploit a recognized opportunity is principally explained by an individual interest to gain economic value perceived as the prospective profit (Perrini, Vurro & Costanzo, 2010). Classical behavior of entrepreneurs is tied to estimation of cost and benefits before the exploitation of opportunities (Ucbasaran, Westhead & Wright, 2008; Plummer, Haymie & Godesiabois, 2007). Reasonably thinking entrepreneurs exploit identified opportunities only when they have a higher anticipated value comparing to the expected costs (Block & Wagner, 2010; Shane & Venkataraman, 2000). As the findings revealed self-driven opportunity entrepreneurs noticed opportunities in currently existing socio-economic environment that they perceived as favorable for their start-ups. Moreover, opportunity entrepreneurs started to operate in response to the market need leading to a potential economic benefit. In other words, they exploit opportunities with a significant expected value in favorable conditions of an increasing demand. Necessity entrepreneurs also demonstrated a rational decision making process by identifying and exploiting opportunities with regard to owned resources. Since this category of entrepreneurs has very limited resources, they exploit opportunities through recombination of currently existing personal resources. Although opportunity entrepreneurs were seeking for a higher profit, and necessity entrepreneurs aimed at additional source of income, both category of entrepreneurs generally was driven by financial motives which made them sensitive in terms of expected costs.

However, the result of the research contradicts to the theory indicating that a specific category of entrepreneurs exploit business opportunities not only when expected benefits considerably exceed estimated costs. The study has found another category of entrepreneurs identifying and exploiting opportunities relying on an irrational thinking behavior. They have totally different motives and intentions contradicting to the logical reasons of an exploitation process. Comparing to opportunity and necessity entrepreneurs the revealed category called as “irrational entrepreneurs” tend to demonstrate contradictory behavior. “Irrational entrepreneurs” are totally unconcerned about neither financial expenses nor estimated profit. The main motivation for “irrational entrepreneurs” is a noble impulse or internal humanistic stimulus driven by a call of duty or patriotism. In general the study has shown that rural tourism sector of Kazakhstan is represented by business activities not only by traditional categories of entrepreneurs, but also by business initiatives of irrational entrepreneurs demonstrating non monetary motivations during the opportunity exploitation process. It can be also concluded that tourism entrepreneurs operating in rural areas and peripheral zones have faced several obstacles when starting up the business: remoteness of the location; shortage of capital; low quality of human resources; undeveloped infrastructure and recreational facilities; seasonality and complicated access system in a border zone, and the majority of revealed problems still exist.

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