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# **THE ROLE OF ENTREPRENEURSHIP IN THE TOURISM INDUSTRY: AN ANALYTICAL OVERVIEW OF THE KSA PROSPECTIVE OF THE SECTOR**

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## **ABSTRACT**

*This study aimed at analyzing the role of entrepreneurship in the tourism industry in the Kingdom of Saudi Arabia. For that the researchers adopted the descriptive analysis methodology, by applying an online questionnaire to the study sample with the size of 350 workers in the tourism sector in the Kingdom who are concerned in sustainable tourism development. Results showed that all the study independent variables have positive impact on the process of developing the tourism industry in the Kingdom of Saudi Arabia from the point of view of sector workers. And respondents agreed with a high level of agreement that the development the tourism industry in the Kingdom of Saudi Arabia requires that the government has to come to appreciate entrepreneurship as one of the key factors that can help the country to achieve economic growth in the tourism sector. Results also emphasized that fostering entrepreneurship is vital for the developing countries if they are to recover and resume growth as well as develop and transform their economies.*

**Keywords:** Entrepreneurship, Tourism, Tourism Industry, KSA

## **INTRODUCTION**

The service sector is the sector that many countries depend on because of its importance, whether for society or economy as a whole. Tourism is one of the activities included within the service sector, which is given attention by many countries of the world by describing tourism as a social and cultural phenomenon, its general goal is knowledge, pleasure, comfort, recreation and international solidarity. And it is no longer just a social and human phenomenon as it was in the past, but has become a complex industry that depend on development projects and the development of economic resources in order to achieve stability and balanced economic and social growth, as many of the Developed countries depend for their revenue on the tourism sector (Camilleri, 2018).

Both in the industrialized countries and emerging countries, the prime concerns are individual rationality and creativeness of entrepreneurial business, thus the Entrepreneurial philosophy ultimately reduces the unemployment rate. Therefore, examining the tourist industry and tourism industry processes in KSA are the principal phase to empowering the people to undertake tourism entrepreneurship business as the tourism industry is viewed as the agent of change in economic and social changes. Tourism entrepreneurship in KSA shall eliminate societal problems, but surge the fiscal growth and development of the country, resulting in a rise in country GDP.

One of the most prominent of development factors is the entrepreneurial energy and the creation of human resources. Entrepreneurial energy does not mean only investing in human

resources, but rather investing in tourism to form a strong tributary to the national economy, as well as working to create creative energies, creative capabilities and effective communication skills that provide the tourism industry with ideas and initiatives be able to rehabilitate the tourism industry to be a major source of sustainable development (Siakwah, Musavengane & Leonard, 2020).

However, the growth and development of the tourism sector in the Kingdom of Saudi Arabia is not in isolation from other sectors because of their association with industrial and agricultural institutions as well as other services. Among the institutions that practice this activity, we find small and medium enterprises that take several forms, including hotels, restaurants Tourism and travel agencies (Damanhour, 2017).

The third secretary of the Kingdom's permanent delegation to the United Nations said that the Kingdom has adopted the National Tourism Strategy, which aims to raise the tourism sector's contribution to the GDP to more than 10% by 2030, and provide the largest number of job opportunities in line with the Kingdom's Vision 2030 (Alasgah & Rizk, 2021).

## **Problem Statement**

Within the huge transformations that the Kingdom of Saudi Arabia has witnessed in recent years, the tourism sector comes as one of the most developing sectors that receive attention and development, under the tourism system, which includes the Ministry of Tourism, the Tourism Development Fund, and the Saudi Tourism Authority, where they work side by side To implement the national strategy for tourism, and to achieve the objectives of this sector (Ekiz, Öter & Stephenson, 2017).

The tourism sector is one of the most important pillars of achieving the Kingdom's Vision 2030, through its contribution to diversifying the base of the national economy, increasing GDP, attracting investments, increasing sources of income, and providing diverse job opportunities for citizens. All this in order to change the concept of traditional domestic tourism, and achieve a global tourism industry. Within the framework of the efforts made to stimulate the demand for domestic tourism locally and internationally, and to enable the growth of this sector; the tourism system has worked on a number of different initiatives, from launching tourist visas and facilitating their laws, developing tourism infrastructure, and paying attention to the diverse terrain in the Kingdom's regions.

After the tourism sector today has become a national concept, thanks to the distinct tourism components that the Kingdom enjoys, and its major and reliable production sector, especially with regard to attracting citizens and residents to domestic tourism, increasing investment opportunities, developing and developing national human capabilities, and creating new job opportunities for the Saudi citizen, it is necessary to support the entrepreneurial initiatives at all levels in the Kingdom of Saudi Arabia. Therefore, this study focuses on role of entrepreneurship in the tourism industry in the Kingdom of Saudi Arabia; by trying to answer the following question: what are the fundamental roles that the Saudi authorities enroll to support the entrepreneurial tourism initiatives?

## **LITERATURE REVIEW**

Saudi Arabia achieved the first ranks in the indicators of the Global Entrepreneurship Monitor report for the year 2019-2020, which was recently issued. According to the international report, Saudi Arabia ranked first in the "knowing someone who started a new project" indicator, which indicates positivity in the business environment and the desire to do business, while it ranked second in the "having knowledge and skills to start a business" indicator, which indicates the positive impact support programs in building the skills of young people that qualify them to start their entrepreneurial work. It ranked third in terms of government policies supporting

entrepreneurship, and it ranked third in the "Expectations of Jobs that are created by entrepreneurship" indicator. It ranked sixth in the "Promising Opportunities for Starting a Project in my Region" indicator, which shows the great interdependence between the economy and its growth, creating opportunities for starting a business and ease of doing business, which increases the chances of starting a business (Hart, Bonner, Prashar, Ri, Levie & Mwaura, 2020).

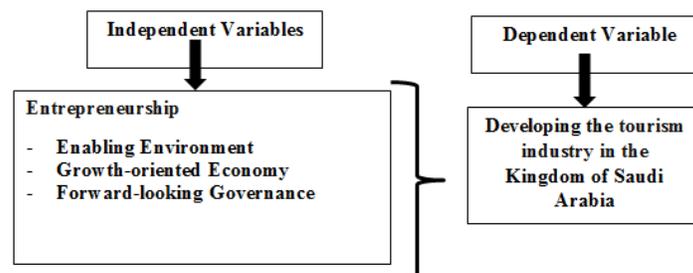
Tourism investment in the Kingdom is distinguished from the rest of the neighboring countries in that it brings together more than one tourist component, and the Kingdom occupies the 22nd place among the countries with the highest rate of incoming tourism in the world thanks to the Two Holy Mosques, which gives a preliminary indication of the importance of this sector and the feasibility of the return on investment in it, especially as It is one of the fastest growing sectors at 4.5 percent annually, and it has a number of factors and elements of tourist attractions. With this upward growth and expectations that the number of tourists in the Kingdom will double to 45.3 million by 2020, it has become imperative for all sectors to unite efforts to support the SCTA's march to overcome difficulties and obstacles in its efforts to continue its role in the process of organizing the national tourism sectors and for the tourism industry to be a tributary of the national economy, including a complete regulation of the travel and tourism sectors, including the reclassification of the accommodation and tourism services sectors, the development of tools to stimulate investment and tourism financing in cooperation with the Ministries of Finance, Economy and Planning, and the development of exhibitions and conferences tourism in cooperation with the Ministry of Trade and Industry (Lingga, 2019).

Here, it can be noted that the growth witnessed by the tourism sector in the Kingdom was driven by entrepreneurship projects to develop this sector, provide job opportunities, and provide events that rise to the level of the local recipient, who suffered from the monotony of most of the activities that were presented in the past, and which did not put the youth group at the top of its priorities. Although the proportion of young people to the total number of citizens in the Kingdom is about 60%, in addition to the high level of awareness of the importance of tourism and entertainment and its role in supporting the local economy, which Vision 2030 emphasizes on its development away from dependence on oil (Sulphay & Alkahtani, 2017).

## METHODS AND PROCEDURES

After reviewing the theoretical literature, and the previous studies related to the subject of the study, the study variables were determined according to the role of entrepreneurship in the tourism industry in the Kingdom of Saudi Arabia.

### Study Model



**FIGURE 1**  
**ENTREPRENEURSHIP**

## Study Hypotheses

Based on the study variables, the following null hypotheses were mad

*H01: There are no statistically significant influences at the level of significance ( $\alpha \leq 0.05$ ) of the entrepreneurship enabling environment on developing the tourism industry in the Kingdom of Saudi Arabia.*

*H02: There are no statistically significant influences at the level of significance ( $\alpha \leq 0.05$ ) of the entrepreneurship growth-oriented economy on developing the tourism industry in the Kingdom of Saudi Arabia.*

*H03: There are no statistically significant influences at the level of significance ( $\alpha \leq 0.05$ ) of the entrepreneurship forward-looking governance on developing the tourism industry in the Kingdom of Saudi Arabia.*

## Study Tool

The study relied on a questionnaire designed by the researcher, and the questionnaire consisted of two sections: The first section covered the demographic data; included: gender, age, and experience. And the second section included the study variables:

- Enabling Environment
- Growth-oriented Economy
- Forward-looking Governance

## Validity and Reliability Test

In order to test the capacity of the paragraphs and then to measure what it was developed for; the questionnaire was subject to the validity and the reliability test.

### Questionnaire Validity

To identify the suitability of the questionnaire for the goals to be achieved, the questionnaire was reviewed by a number of faculty members in the same field of the research. And by retrieving all suggestions, all the necessary adjustments on the paragraphs of the questionnaire were made, by deleting, adding some paragraphs, and by paraphrasing others.

### Questionnaire Reliability

The internal consistency coefficient ( $\alpha$ ) according to the alpha Cronbach's equation was conducted to ensure the reliability of the study tool, and the value of ( $\alpha$ ) 75.9% as shown in table (1), which is high when compared with the minimum acceptable rate of 60%.

<b>Variables</b>	<b>Reliability coefficient (<math>\alpha</math>)</b>	<b>Rate</b>
Enabling Environment	81.4	Good
Growth-oriented Economy	79.9	Good
Forward-looking Governance	77.5	Good
Total average	79.6	Good

## Study Sample

The sample size consisted of 350 workers in the tourism sector in the Kingdom of Saudi Arabia.

## Results Display

This section presents the results of the characteristics of the study sample.

### Respondents' Demographic Characteristics

#### Gender

Data in table (2) show that (31.7%) are female workers and (68.3%) are male workers.

	<b>Demographic variable</b>	<b>Frequency</b>	<b>Valid Percent</b>
Gender	Female workers	111	31.7%
	Male workers	239	68.3%
	Total	350	100.0%

#### Age

Data in table (3) show that (19.55%) are (25-30 years) old, and (31.56%) are (31-40 Years) old, and (30.44%) are with (41-50 Years) old, and (18.45%) are with (Above 50 Years) old.

	<b>Demographic variable</b>	<b>Frequency</b>	<b>Valid Percent</b>
Age	25-30 years	57	19.55%
	31-40 Years	110	31.56%
	41-50 Years	108	30.44%
	Above 50 Years	75	18.45%
	Total	350	100.0%

#### Experience

Data in table (4) show that (24.88%) are with (3-5 years) of experience, and (42.00%) are with (6-10 years) of experience, and (33.12%) are with (More than 10 years) of experience.

	<b>Demographic variable</b>	<b>Frequency</b>	<b>Valid Percent</b>
Experience	3-5 years	112	24.88%
	6-10 years	189	42.00%
	More than 10 years	149	33.12%
	Total	450	100.0%

## DATA ANALYSIS AND DISCUSSION

### Trends toward the Enabling Environment

The arithmetic means, standard deviations, rank and levels of the measurement of study sample attitudes towards enabling environment are illustrated in table (5).

No	Paragraph	Arithmetic mean	Std. Deviation	Rank	Level
1	Entrepreneurs need a supportive culture that embraces and celebrates entrepreneurship	4.18	0.926	1	High
2	Training opportunities that are responsive to the needs of entrepreneurs as well as the needs of their work force should be provided	4.15	0.933	2	High
3	A healthy ecosystem encourages individuals to act on entrepreneurial intentions and then supports that action	3.87	0.753	3	High
4	The healthy ecosystem upholds the rule of law to ensure businesses operate with the same opportunities and the same set of regulations	3.62	1.186	4	Medium
5	Supporting the entrepreneurship ecosystem as well as individual entrepreneurs is a central part of political stability in any country.	3.51	0.992	5	Medium
6	The healthy ecosystem provides political space for businesses to advocate for pro-entrepreneurial policies	3.42	1.165	6	Medium
<b>Average</b>		3.79	0.9925		High

The enabling environment variable was detailed in items 1-6 in table 5, with the arithmetical means for the answers provided by the study sample and the measure of the variable ranging from 4.18 to 3.42. The entire arithmetic means indicates the approval of the sample concerning the paragraphs that measure the enabling environment variable as they exceed the default mean. Results also show that the item stating, “Entrepreneurs need a supportive culture that embraces and celebrates entrepreneurship”, had the highest rate of approval with a mean of 4.18, and standard deviation of 0.926. On the other hand, the item that states that, “The healthy ecosystem provides political space for businesses to advocate for pro-entrepreneurial policies”, obtained the lowest rate of approval with a mean of 3.42 and standard deviation of 1.165.

Overall, the general average mean for the respondents’ answers is 3.79, with standard deviation of 0.9925, indicating respondents’ general approval of the paragraphs scales (high) and their positive attitude towards them.

### Trends Toward the Growth-Oriented Economy

The arithmetic means, standard deviations, rank and levels of the study sample and the measurement of their attitudes towards the growth-oriented economy variable are measured in table 6.

No	Paragraph	Arithmetic mean	Std. Deviation	Rank	Level
1	Fostering entrepreneurship is vital for the developing countries if they are to recover and resume growth as well as develop and transform their economies.	3.79	1.126	1	High
2	Entrepreneurship phenomenon has proved to us that if an economy is to develop fully, entrepreneurship should be allowed to flourish.	3.78	1.180	2	High
3	Entrepreneurship is essential for economic growth, employment, and poverty reduction.	3.65	1.135	3	Medium
4	It can be stated that the biggest impact of entrepreneurs to an economy is the innovative contribution that they make.	3.43	1.176	4	Medium
5	Individuals often resort to entrepreneurship, as they have been unable to find suitable employment or a suitable means of income.	3.22	1.176	5	Medium
6	Individuals often resort to entrepreneurship as they find a market niche and have the solution to profit from such niche.	2.97	1.134	6	Medium
<b>Average</b>		3.47	1.155		Medium

The growth-oriented economy variable was detailed in items 7-12 in table 6, with the arithmetical means ranging from 3.79 to 2.97. Results show that the item stating, “Fostering entrepreneurship is vital for the developing countries if they are to recover and resume growth as well as develop and transform their economies”, had the highest rate of approval with a mean of 3.79, and standard deviation of 1.126. On the other hand, the item that states that, “Individuals often resort to entrepreneurship as they find a market niche and have the solution to profit from such niche”, obtained the lowest rate of approval with a mean of 2.79 and standard deviation of 1.134. And the general average mean for the respondents’ answers is 3.47, with standard deviation of 1.155, indicating respondents’ general approval of the paragraphs scales (Medium) and their positive attitude towards them.

### **Trends toward the Forward-Looking Governance**

The arithmetic means, standard deviations, rank and levels of the study sample and the measurement of their attitudes towards the forward-looking governance are measured in table 7.

No	Paragraph	Arithmetic mean	Std. Deviation	Rank	Level
1	In Jordan, government has come to appreciate entrepreneurship as one of the key factors that can help the country to achieve economic growth.	4.17	0.971	1	High
2	The success of entrepreneurship in any country of the world depends on the seriousness of the government coupled with the good business policy.	4.15	0.951	2	High

3	Policies of certain countries and government directives either can enhance or hinders entrepreneurship.	3.86	0.773	3	High
4	Entrepreneurs are always looking for opportunities within the system that can give them an advantage.	3.80	0.991	4	High
5	There are relevant connections between business environment and entrepreneurial activity, on one side, and governance, on the other side.	3.59	1.179	5	Medium
6	Government policies and principles are important for entrepreneurship to succeed in any country. These are the regulations that make it possible for young businesses to exist within parameters that are not restrictive to their growth.	3.45	1.160	6	Medium
<b>Average</b>		3.84	1.004		High

The forward-looking governance variable was detailed in items 13-18 in table 4.14, with the arithmetical means ranging from 4.17 to 3.45. Hence, results show that the item stating, “In Jordan, government has come to appreciate entrepreneurship as one of the key factors that can help the country to achieve economic growth”, had the highest rate of approval with a mean of 4.17, and standard deviation of 0.971. On the other hand, the item that states that, “Government policies and principles are important for entrepreneurship to succeed in any country. These are the regulations that make it possible for young businesses to exist within parameters that are not restrictive to their growth”, obtained the lowest rate of approval with a mean of 3.45 and standard deviation of 1.177. In addition, the general average mean for the respondents’ answers is 3.84, with standard deviation of 1.004, reflecting the respondents’ general approval of the paragraphs scales (high) and their positive attitude towards them.

## Testing the Study Hypotheses

### Testing the First Hypothesis

*H01: There are no statistically significant influences at the level of significance ( $\alpha \leq 0.05$ ) of the entrepreneurship enabling environment on developing the tourism industry in the Kingdom of Saudi Arabia.*

Table (8) shows the Chi-square value, the level of significance, and the degree of freedom for the influence of the entrepreneurship enabling environment on developing the tourism industry in the Kingdom of Saudi Arabia.

The first hypothesis	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	198.178 <sup>a</sup>	3	0.000
Likelihood Ratio	157.123	3	0.000
Linear-by-Linear Association	75.452	1	0.000
N of Valid Cases	350		

Data in table (8) show that the value of Pearson Chi-Square is (198.178), and the P value is less than (0.001) and the degree of freedom is (3); this means that the null hypothesis will be rejected and the

alternative hypothesis will be accepted as follows:

<b>Table 9 HYPOTHESIS 1</b>	
<b>Hypothesis 1</b>	<b>Decision</b>
There are no statistically significant influences at the level of significance ( $\alpha \leq 0.05$ ) of the entrepreneurship enabling environment on developing the tourism industry in the Kingdom of Saudi Arabia.	Rejected
There are statistically significant influences at the level of significance ( $\alpha \leq 0.05$ ) of the entrepreneurship enabling environment on developing the tourism industry in the Kingdom of Saudi Arabia.	Accepted

### Testing the Second Hypothesis

*H02: There are no statistically significant influences at the level of significance ( $\alpha \leq 0.05$ ) of the entrepreneurship growth-oriented economy on developing the tourism industry in the Kingdom of Saudi Arabia.*

Table (10) shows the Chi-square value, the level of significance, and the degree of freedom for the influence of the entrepreneurship growth-oriented economy on developing the tourism industry in the Kingdom of Saudi Arabia.

<b>Table 10 CHI-SQUARE TEST FOR TESTING THE SIGNIFICANT INFLUENCES OF THE ENTREPRENEURSHIP GROWTH-ORIENTED ECONOMY ON DEVELOPING THE TOURISM INDUSTRY IN THE KINGDOM OF SAUDI ARABIA</b>			
<b>The second hypothesis</b>	<b>Value</b>	<b>df</b>	<b>Asymptotic Significance (2-sided)</b>
Pearson Chi-Square	186.122 <sup>a</sup>	3	0.000
Likelihood Ratio	161.675	3	0.000
Linear-by-Linear Association	73.633	1	0.000
N of Valid Cases	350		

Data in table (11) show that the value of Pearson Chi-Square is (186.122), and the P value is less than (0.001) and the degree of freedom is (3); this means that the null hypothesis will be rejected and the alternative hypothesis will be accepted as follows:

<b>Table 11 HYPOTHESIS 2</b>	
<b>Hypothesis 2</b>	<b>Decision</b>
There are no statistically significant influences at the level of significance ( $\alpha \leq 0.05$ ) of the entrepreneurship growth-oriented economy on developing the tourism industry in the Kingdom of Saudi Arabia.	Rejected
There are statistically significant influences at the level of significance ( $\alpha \leq 0.05$ ) of the entrepreneurship growth-oriented economy on developing the tourism industry in the Kingdom of Saudi Arabia.	Accepted

### Testing the Third Hypothesis

*H03: There are no statistically significant influences at the level of significance ( $\alpha \leq 0.05$ ) of the entrepreneurship forward-looking governance on developing the tourism industry in the Kingdom of Saudi Arabia.*

Table (12) shows the Chi-square value, the level of significance, and the degree of freedom for the influence of the entrepreneurship forward-looking governance on developing the tourism industry in the Kingdom of Saudi Arabia.

<b>The third hypothesis</b>	<b>Value</b>	<b>df</b>	<b>Asymptotic Significance (2-sided)</b>
Pearson Chi-Square	193.575 <sup>a</sup>	3	0.000
Likelihood Ratio	164.221	3	0.000
Linear-by-Linear Association	72.156	1	0.000
N of Valid Cases	350		

Data in table (13) show that the value of Pearson Chi-Square is (193.575), and the P value is less than (0.001) and the degree of freedom is (3); this means that the null hypothesis will be rejected and the alternative hypothesis will be accepted as follows:

<b>Hypothesis 3</b>	<b>Decision</b>
There are no statistically significant influences at the level of significance ( $\alpha \leq 0.05$ ) of the entrepreneurship forward-looking governance on developing the tourism industry in the Kingdom of Saudi Arabia.	Rejected
There are statistically significant influences at the level of significance ( $\alpha \leq 0.05$ ) of the entrepreneurship forward-looking governance on developing the tourism industry in the Kingdom of Saudi Arabia.	Accepted

## CONCLUSION

Results of the analysis, and results of hypothesis testing, showed that all the study independent variables have positive impact on the process of developing the tourism industry in the Kingdom of Saudi Arabia from the point of view of sector workers. And respondents agreed with a high level of agreement that the development the tourism industry in the Kingdom of Saudi Arabia requires that the government has to come to appreciate entrepreneurship as one of the key factors that can help the country to achieve economic growth in the tourism sector. Results also emphasized that fostering entrepreneurship is vital for the developing countries if they are to recover and resume growth as well as develop and transform their economies.

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