Evaluate of The Small Tourism Business Performance On Economic Growth In Egypt

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Abstract

Tourism is thought-about because the world's largest trade and generator of jobs. This sector takes many forms with demand met by facilities of differing scales and degree of sophistication. It also provides wide-ranging opportunities for foreign investors and native entrepreneurs. It is seen to bring inward investment, foreign exchange earnings and creation of small, medium and micro businesses and Egypt has a vibrant entreprenurial population with strong potential for growth. Moreover, one of the key challenges is the importance of stimulating and supporting emerging tourism entrepreneurs, and of maximizing opportunities for the SMME sector. Thus, this research aims to determine the role of small businesses in the tourism industry and their contribution to economic growth in Egypt. For this purpose, field researches conducted using questionnaires for Random sample of Installations Owners of Tourism and Hotels and interviews with tourism and Economic experts. This research is based on an descriptive analytic approach to achieve its goals.

Keywords: Small Business, Tourism, Economic Growth, Egypt.

1. Introduction

Tourism's ability to contribute positively to Egypt's economic goals earns that activity a higher rank in Egypt's policy priority list (Tohamy and Swinscoe, 2000) .The GDP growth rate registered 5.3% at market prices and 5.2% at factor cost in FY 2017/18, with several key sectors leading growth. Improving macroeconomic fundamentals have supported growth over this period and will likely continue to do so. Declining inflation rates and expected lower interest rates should boost private consumption and expand private lending and investment levels. As tourism continues rebounding and arrivals increase, foreign currency revenues should also see continued growth. In Q1 2018/19, the tourism and natural gas sectors were the highest performers, growing year-on-year at rates of 43% and 21%, respectively. The government is projecting economic growth at 5.6% in FY 2018/19 and 5.8% in FY 2019/20 on the back of a continued recovery in tourism, increased private consumption and surges in public investment. During Q2 2018/19, all production sectors continued to achieve positive growth. The top sectors in terms of growth were communications with a rate of 16%, tourism with 14%, extraction with 13%, and building and construction with 9% (American Chamber of Commerce in Egypt, 2019).

It is worthy to mention that, micro, small and medium sized enterprises (SMEs) have usually been perceived as a dynamic force for sustained economic growth and job creation in developing countries, where small businesses are privately-owned enterprises that have a small

market share, are based on local customers' base, and have an important role in revitalizing local communities. Small businesses typically struggle for their survival and are vulnerable to competition from large enterprises (Gilboa et al., 2019). In Egypt, there are around 2.5 Million SMEs representing 75% of the total employed workforce and 99% of non-agricultural private sector establishments. Despite their importance, they are still facing several problems, in particular access to finance which a typical challenge in developing countries. In fact, 70% of non-OECD countries report SME financing gap compared to 30% in OECD ones. Therefore, reducing this SMEs financing gap in low-income countries should increase the incentive of SMEs creation and consequently improve economic growth and increase job creation. In addition, improving the access to finance of SMEs is significantly important in promoting entrepreneurship and innovation. In Egypt, despite banking reforms that have been launched in 2004, the ability of SMEs to more easily access suitable and sufficient means of finance has always been considered a major obstacle facing many SMEs (El-Said et al., 2014).

Table 1: GDP Breakdown by Sector

	2017/18	Q1 2018/19	
	Sector Growth (%)	Share in GDP (%)	Sector Growth (%)
Tourism	37.7	3.2	43.0
Gas Extractions	17.9	3.5	21.4
Communications	10.4	2.6	18.4
Building and Construction	10.0	4.9	6.0
Suez Canal	9.6	1.5	12.3
Manufacturing (excl. Refining)	5.0	13.5	2.1
Electricity	4.2	1.7	1.8
Petroleum Refining	4.1	3.2	3.8
Transportation and Storage	3.8	4.8	3.5
Wholesale and Retail Trade	3.7	13.8	3.5
Real Estate	3.7	10.2	3.5
Social Services	3.5	5.0	3.5
Finance	3.4	4.1	3.7
Social Security and Insurance	3.4	0.8	3.5
Information	3.3	0.3	4.1
Water, Sanitation and Recycling	3.2	0.6	3.2
Agriculture	3.1	14.4	3.1
Other Extractions (excl. Crude Oil and Gas)	3.1	1.2	3.2
General Government	1.5	8.4	0.9
Petroleum Extractions	-0.7	2.4	3.5

Source: (American Chamber of Commerce in Egypt, 2019)

2. Literature Review

Today, most of the tourism literature and research seems to agree that tourism is an effective tool for successful economic development. Hence, looking at tourism from an economic perspective, the topic of entrepreneurship becomes highly important. Where that tourism entrepreneurship always has a positive contribution to a destination (Mehraliyev, 2014).Tourism is an important catalyst for entrepreneurial development and small business performance. Recognizing the positive advantages of tourism, much research has been carried out on small businesses in the tourism industry .Despite such cases, the direct impact of tourism on business performance is totally ignored(Othman and Rosli, 2011). By highlight small to medium sized enterprises (SMEs), particularly those in small cities and towns, play a crucial role in economic development and in tourism the majority of businesses are SMEs. Most economies SMEs are at

the forefront of socioeconomic development and in comparison to large businesses, SMEs in the long-run are much more likely to create new job opportunities as well as develop and implement new ideas (Mendlinger et al., 2009). Management systems in small businesses are known to be unorganized and not well established because of limited resources, such as capital and human assets, which means that small business leaders can have difficulty managing their businesses. Specifically, due to their size, small businesses do not have much time or capital for finding and hiring the right employees. As a result, to survive, they tend to hire employees who are under age 25 or over age 65 as their workforce with a high percentage of these employees having only a high school diploma, and these employees are most likely working in a service industry such as in restaurants(Putra and Cho, 2019). But, the scarcity of resources will push and encourage small business owners to draw on the collective efforts of their employees for new ideas and solutions to respond to market changes, explore new market opportunities and find new ways to improve performance (Yan and Yan, 2017).The tourism sector is dominated by small and medium tourism businesses (SMEs) which require substantial attention and support to break through challenges and constraints, from starting up through to staying competitive and relevant in a dynamic industry(Wong, 2018).

The theory of collective entrepreneurship believes that a small business can develop collective entrepreneurial capability by drawing on the talents and creativity of all its employees in a synergistic way and use the capability to generate continuous and incremental innovations. A good understanding of how and under what circumstances collective entrepreneurial capability may help small businesses improve organisational performances (Yan and Yan, 2017). Howovere the topic of "entrepreneurship and small businesses" has not received the same attention in tourism research as in others. Naturally, the economy and business disciplines have quite thorough research on the topic of business growth suggesting various types of theories (Mehraliyev, 2014).
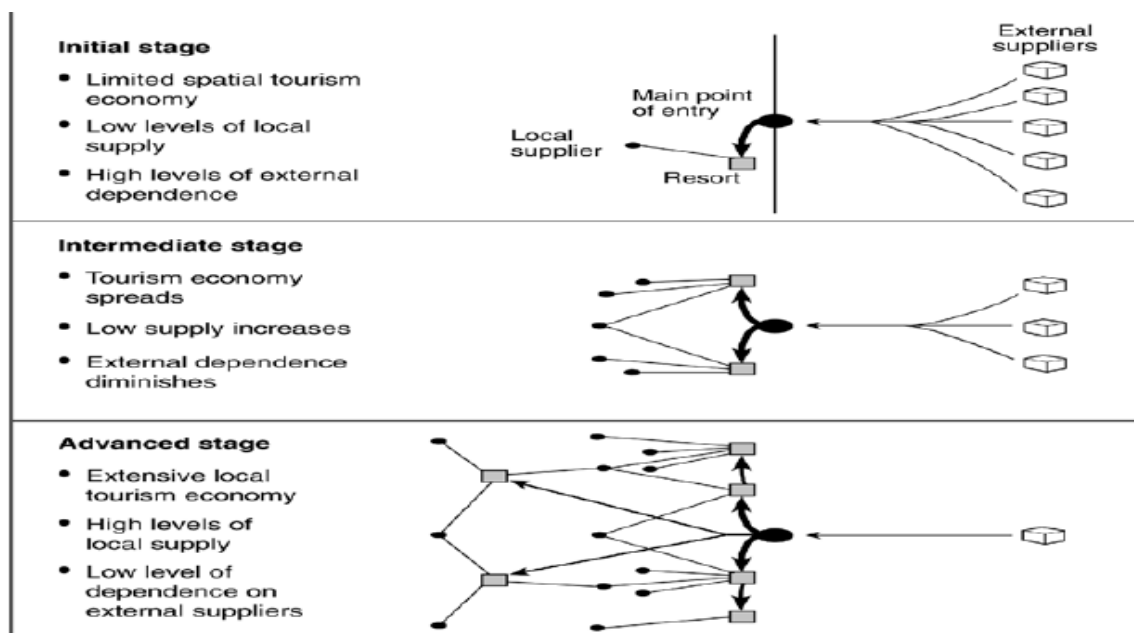

Figure 1 Model for business linkages and Tourism

Source: (Mshenga and Owour, 2009)

When linkages exist between the tourism economy and the local businesses and activities inside the economy, it means achieving higher cost savings(Anter, 2016). Thus, figure (1) shows that

there a model of tourism entrepreneurship and linkages in developing countries in this model, entrepreneurial development is a three-stage process. In the first stage, there is a limited local provision of products to a new hotel thus products consumed by hotels are mostly imported. In the second stage, tourism businesses increase in the region and this leads to profits filtering in the local economy and new businesses are formed to supply the hotels. In the mature stage of the model, there exist developed patterns of local supply with minimal dependence on foreign suppliers.

It is vital to understand entrepreneurship and small businesses are the backbone of economic development all over the world. Where they play an important role for employment, income and societal changes, particularly in transition economies(Krasniqi and Mitrovica, 2013). Rutherford (2006) describe small business as having … no power to control prices of the product it buys and sells and the credit it gives and receives … the business is managed by its owners who also control the business. A small business will most likely be a sole trader or a partnership but may also be a limited company. It will typically have fewer than twenty employees, but it may have as few as one (the owner manager) or as many as 500. Further, small business is financed by one individual or small group and is directly managed by its owner(s), in a personalized manner and not through the medium of a formalized management structure it is perceived as small in terms of physical facilities, production / service capacity, market share and number of employees. There are two performance measures are notable in the literature: financial measures, such as profit, turnover, return on investment, productivity and non-financial measures, including the number of employees, communication, learning, trust, stakeholder satisfaction, and competitive position . However, discover that the most frequently used measures are predominantly economic (Othman and Rosli, 2011). Conversely that, the main goals and objectives of the small and micro family businesses can be other than financial and they can change over time. Rather than maximising the financial performance of the firm, the owner manager may prefer independence and lifestyle. Nevertheless, even businesses with lifestyle goals wish to attain at least a minimum profitability in their operations, which guarantees the continuity of operations and a moderate livelihood for the family (Komppula, 2004).

Arguably, industries are primarily based on entrepreneurship and small businesses and suggest that the key elements of entrepreneurship in tourism include:

- **Change initiation:** the capability of identifying an opportunity for creation or innovation and the ability to turn it into a reality
- **Creative resourcing:** ingeniously marshaling resources of both financial and managerial nature, from a complex set of sources, in order to mobilize and realize the opportunity.
- **Entrepreneurial learning:** motivation to acquire the necessary knowledge and expertise through relevant exploration and reflection, in order to excel.
- **Innovation and creativity:** renewal of products or services by adding value through application of expertise and imagination.
- **Knowledge leadership:** development of sources of management information to enable first mover capability, effective strategy formulation and implementation.
- **Opportunity alertness:** continuous focus on emerging trends and opportunities to be captured and realized.

- **Relationship management:** maintenance of effective teams, networks, and flexible management structures.
- **Timing of action:** acting within a limited window in which an opportunity can be optimized.
- **Vision and strategic orientation:** Formulation of ambitions. (Peters et al., 2009) (Saleem and Abideen, 2011) (Kamitewoko and Congo, 2013) (Appiah and Kofi, 2017).

The success or performance of firms is determined by internal and external factors. As shown in the following table :

Table 2: Internal and external contextual factors

Internal	External
Owner-manager: • socio-demographic profile • business entry motivations • personal and business goals • • management capabilities **Business:** • family involvement • ownership and organizational structure • length of time in operation • involvement in a range of business activities • staff and skills • confines of size	• Competitive environment • Degree of embeddedness in community • Demand and seasonality • Geographic location • Human and financial resources • Infrastructure and business support • Micro/macro economy • Micro/macro politics • Natural disaster

Source: (Morrison and Teixeira, 2004)

The following table(3) is explain an example of a SWOT analysis conducted by a business trying to decide if they should introduce a new product to their range.

Table 3: Example of a SWOT Analysis

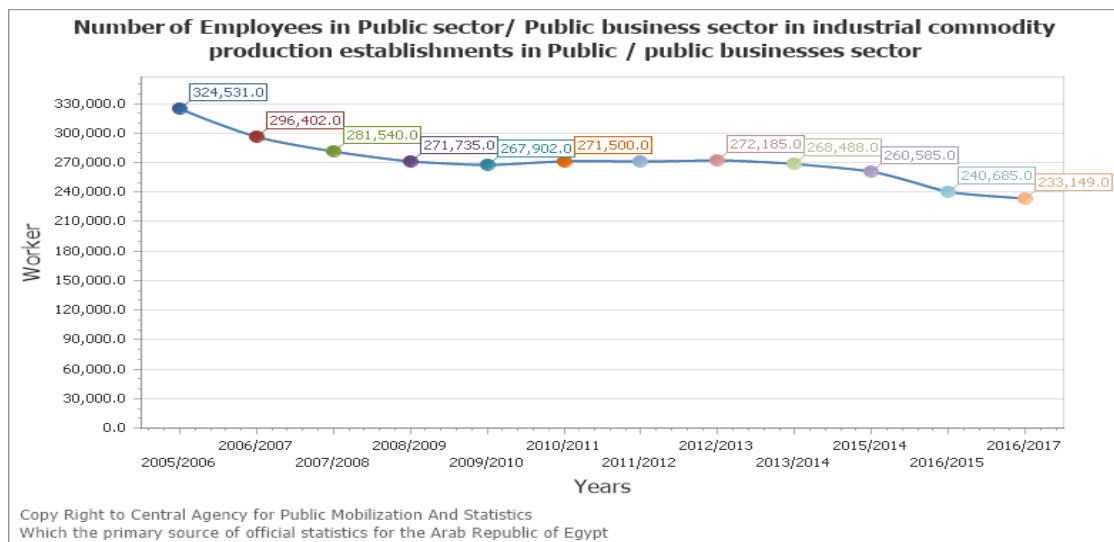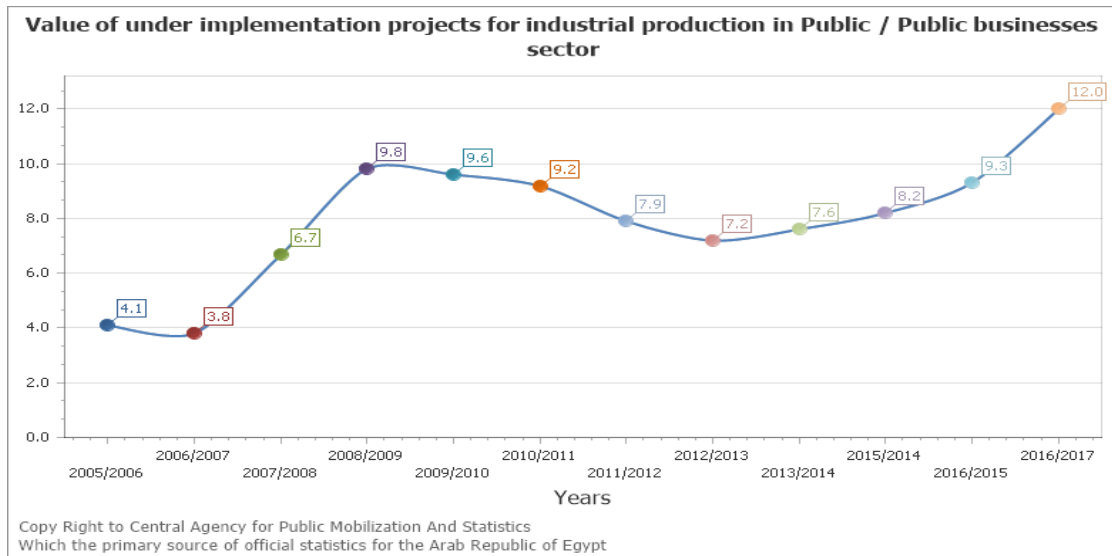| Internal environment	
Strengths (S)	**Weaknesses (W)**
Excellent sales staff with strong knowledge of existing products Good relationship with customers Good internal communications High traffic location Successful marketing strategies Reputation for innovation	struggling to meet deadlines - too much work? High rental costs Market research data may be out of date Cash flow problems Holding too much stock Poor record keeping
External environment	
Opportunities (O)	**Threats (T)**
Similar products on the market are not as reliable or are more expensive Loyal customers Product could be on the market for Christmas Customer demand - have asked sales staff for similar product	Competitors have a similar product Competitors have launched a new advertising campaign Competitor opening shop nearby Downturn in economy may mean people are spending less

Source : (Queensland Government, 2017)

Globally, SMEs are considered the central power which leads world's Economies and they are the elixir that gives life to states' development. Adittionally, Some experts, , believe that SMEs play a role as indirect exporters through selling products to foreigners against hard currency(Youssef, 2014). Moreover, SMEs account for approximately 50% of local and national gross domestic product (GDP), 30% of export and 10% of foreign direct investment.Empirical studies show that SMEs contribute to over 55% of GDP and over 65% of total employment in high-income countries. SMEs and informal enterprises account for over 60% of GDP and over 70% of total employment in low-income countries and contribute over 95% of total employment and about 70% of GDP in middle-income countries.In Egypt medium-sized, small and micro-enterprises account for over 90% of active businesses and contribute to over 80% of GDP and 75% of total employment(OECD,2010). Based on the CAPMAS census of establishments, Table 2 and represent the number of SMEs and associated workers in selected geographic jurisdictions in Egypt:

Table 4: Number of SMEs and their workers

	EGYPT	Cairo	Non- Cairo	Giza
Establishment	2,450,903	355,988	2,094,915	136,739
Workers	7,254,033	1,298,892	5,955,141	442,744

Source :- (yousef, 2014)

Value of under implementation projects for industrial production in Public / Public businesses sector

Copy Right to Central Agency for Public Mobilization And Statistics
Which the primary source of official statistics for the Arab Republic of Egypt

Number of Employees in Public sector/ Public business sector in industrial commodity production establishments in Public / public businesses sector

Copy Right to Central Agency for Public Mobilization And Statistics
Which the primary source of official statistics for the Arab Republic of Egypt

3. Methodology

3.1. Data Collection

There are two tools to collect data, design a questionnaire Random sample of Installations Owners of Tourism and Hotels (Cairo and Luxor) and some Websites in Egypt and conduct interview with tourism experts and economists to evaluate of The Small Business Performance In Tourism On Economic Growth In Egypt.

3.1.1. Questionaire

This research aims to evaluate the Small Tourism Business Performance On Economic Growth In Egypt. Therefore, a field study was conducted through the distribution of a questionnaire to a Random sample of Installations Owners of Tourism and Hotels (Cairo and Luxor) and some Websites in Egypt. To know the strengths and Weaknesses of small tourism business in Egypt to Facing challenges and exploiting opportunities and knowing their effects on Egypt's economic growth.

The questionnaire consisted of two parts. The first part was about personal data, Ownership, and location of the institution and the number of employees. The other part was about evaluated the

Small Tourism Business Performance On Economic Growth In Egypt in the present and future. For the second part, a 5-point Likert scale was used within the questionnaire, ranking as follows strongly disagree (1), disagree (2) neutral (3) agree(4) strongly agree(5) for positive statement and vice for negative to positive statements respectively. A total of 99 questionnaires were collected between July and June 2019 .

The study examined the Small Business Performance In Tourism On Economic Growth In Egypt, so utilize the correlation, regression Split-Half and Factor Analysis methodology to evaluate the Small Business Performance In Tourism On Economic Growth In Egypt and present some basic descriptive statistics to describe the basic features of the data in a study and provide simple summaries about the sample and the measures.

3.1.2. Interview

interviews were conducted with some tourism experts and economists, with open-ended questions. The interviewees were asked to answer 6 questions about evaluating of The Small Tourism Business Performance On Economic Growth In Egypt.The interviewees give useful information about small business performance in tourism and its impat on economic growth in Egypt.

3.2. Data analysis

The results and discussion were extracted after analyzing the questionnaire which directed to Owners of Tourism and Hotels (Cairo and Luxor)Institutions in Egypt and interview which conducted with economists and tourism experts. By relying on the results of field study the aim of the research were accessed**.**

3.2.1. Quesionaire analysis

The analysis of the questionnaire was serve as a basis for evaluating the level of small business of tourism, as well as for the improvement of the business environment for small businesses in tourism and know their impact on economic growth. Researcher has analyzed the data of questionnaire by using the Statistical Package for Social Science (SPSS) analysis system Version 24. Further, descriptive statistics frequency and percentage, histogram and tabular summarization were used to present demographic factors, Indecent variably and for evaluate of the small business performance In tourism on economic growth in Egypt.

Table 5 Reliability Statistics

Cronbach's Alpha	N of Items	Validity Coefficient
.610	12	0.781

Before proceeding with further analysis, the reliability testing was leaded in order to ensure consistent measurement across various items in the questionnaire. Indeed, the reliability of a measure indicates stability and consistency of the instrument. Consequently, this method determines reliability through examining the internal consistency of the research instrument such as questions (items) in the questionnaire, which are normally presented. Cronbach„s Alpha is one of the most frequently applied metrics to measure a scale„s reliability, in which its index ranges from 0.0 to 1.0. Found that the value is normal which is an indicator for higher internal consistency; table 5 examine the value of Cronbach Alpha if of the item.

Table 6: Descriptive Statistics for Personal Data

		Count	Column N %
Social status	Married	29	74.4%
	Single	10	25.6%
qualification	High	25	65.8%
	Medium,	11	28.9%
	Other	2	5.3%
Experience	Training courses	10	25.6%
	Personal experience,	16	41.0%
	other	5	12.8%
	vocational training	8	20.5%
ownership of institution	Individual	19	48.7%
	Partnership	17	43.6%
	Other	3	7.7%

From Table 6 found that the highest rate of the sample were married where married represents 59.5% of the sample but the Single represents the lowest rate of the sample, Single represents 40.4% of the sample. Educational qualifications of business owners Increased educational levels of business-owners have been shown to enhance their capabilities (Blackburn et al., 2013) so, table 6 shows that the education level of Owners where High level represent 65.6% of the sample of this research but the other qualifications level represents the few percentages of the sample of the research where they were 12.2% of the sample while Medium level represents 22.2% of the sample of the research. To evaluate the Small Tourism Business Performance It was necessary to know the Experience of business owner's because business experiences of owners play an important role in the decision to enter a business career. So, the findings reported in Table 6 indicated that personal experience represented 37.3% of the sample. While the percentage of vocational training reached 23.2%, and training courses 29.2%. But there were other variables represented 10.1% of the sample. In addition to Table 6 pointed out ownership of the institution. where Partnership 50.5% of the sample and Individual 39.3% of the sample but there were other variables represented 10.1% of the sample.
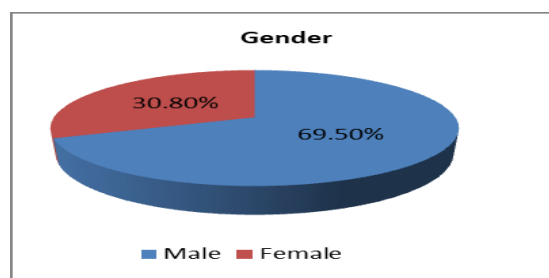

Figure 2: Gender of the sample

From figure 2 shows that males represents the highest rate of the sample where, males are 57.5% of the sample but the female represents the lowest rate of the sample, female represents 42.4% of the sample. Although, women are more likely than men to start businesses without seeking financing and also female business owners, like their male counterparts, largely rely on personal finances
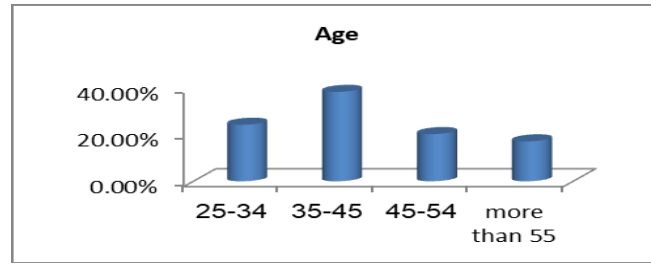
figure 3: The Age Categories

The previous figure 3 explains the percentages of age categories where are found a difference between the individuals of the sample. Less than half of the sample was between the ages of 35 - 45 years and 24.2% of the sampled individuals were between the ages of 25-34 years while 20.2% of the sample were between the ages of 45-54 years. But the lowest percentage was for the segment they were their age of more than 55 years where it represents 17.1% of the sample
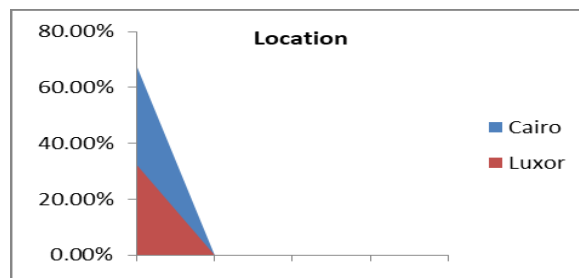

Figure 4: Location

Figure 4 shows that Cairo represents the highest rate of the sample where, Cairo are 67.6% of the sample but Luxor represents the lowest rate of the sample, Luxor represents 32.3% of the sample. According to this analysis, small businesses in tourism seek more growth opportunities and also benefit from this to increase the economic growth in Egypt.

Table 7: Descriptive Statistics of Small Tourism Business Performance

	Mean	Std. Deviation	Skewness	Kurtosis
I keep my eyes on the Tourists movements in the Egyptian Tourist Destination	3.72	1.213	-.355	-1.453
I think the human and financial resources have an impact on the small business performance in the tourism sector	4.51	.506	-.053	-2.108
The organization's location may have a role in achieving a competitive advantage	4.08	.807	-.144	-1.442
Training and development of employee's skills always affect the organization's work performance	4.56	.502	-.269	-2.035
It is essential for tax and regulatory policymakers to consider their impact on small business owners	4.37	.714	-.685	-.708
I think marketing is one of the main challenges that facing the small business in tourism	4.77	.427	-1.330	-.247
My organization will offer new ways to market its products that no other companies have used in the market over the next years	4.49	.644	-.886	-.203
Small Business Performance in Tourism	4.3541	.36995	.178	-.731

Table 7 shows summary statistics for each of the selected data variables of Small Tourism Business Performance. It includes measure of central tendency (Mean), measure of variability (Standard Deviation), and measures of shape (Skewness and Kurtosis). Regarding the mean, we observe that V12 "has highest mean, this means that this question tends to higher agreement. On the contrary V2 "I keep my eyes on the Tourists movements in the Egyptian Tourist Destination" has lowest value. Moving to the standard deviation we see that V12 "I think the marketing is one of the main challenges that facing the small business in tourism" has lower variability but V2 " I keep my eyes on the Tourists movements in the Egyptian Tourist Destination" has higher variability. Of particular interest here are the skewness and kurtosis, which can be used to

determine whether the sample comes from a normal distribution. Values of these statistics outside the range of -2 to +2 indicate significant departures from normality, which would tend to invalidate many of the statistical procedures normally applied to this data. In this case, most of items are normally distributed.

Table 8: Descriptive Statistics of Economic Growth

	Mean	Std. Deviation	Skewness	Kurtosis
I see Tourism is one of the most important factors that affecting Egypt's economic growth	4.85	.366	-1.996	2.090
The Small Business sector is one of the most important stimuli of economic growth in Egypt	4.54	.600	-.924	-.065
I think the small size of the institution has a role in increasing profit rates and thus increasing economic growth	3.67	1.009	-.727	.108
I see the development of the small business in tourism have a role in the economic growth of Egypt	4.64	.537	-1.140	.336
Macroeconomic enhancement will play a role in stimulating entrepreneurship in innovation and employment in the next years	4.77	.427	-1.330	-.247
Economic Growth	4.4923	.36374	-.765	.809

Likewise Table 8 discusses the summary statistics for each of the selected data variables of Small Tourism Business Performance. It includes measure of central tendency (Mean), measure of variability (Standard Deviation), and measures of shape (Skewness and Kurtosis). Regarding the mean, we observe that V1" has highest mean, this means that this question tends to higher agreement. On the contrary V7 "I think the small size of the institution has a role in increasing profit rates and thus increasing economic growth" has lowest value. Moving to the standard deviation we see that V1" I see the Tourism is one of the most important factors that affecting Egypt's economic growth" has lower variability but V7 " I think the small size of the institution has a role in increasing profit rates and thus increasing economic growth" has higher variability. Of particular interest here are the skewness and kurtosis, which can be used to determine whether the sample comes from a normal distribution. Values of these statistics outside the range of -2 to +2 indicate significant departures from normality, which would tend to invalidate many of the statistical procedures normally applied to this data. In this case, most of items are normally distributed.

Table 9: Correlations

		Small Business Performance in Tourism	Economic Growth
Small Business Performance in Tourism	Pearson Correlation	1	.514**
	Sig. (2-tailed)		.001
	N	39	39
Economic Growth	Pearson Correlation	.514**	1
	Sig. (2-tailed)	.001	
	N	39	39
**Correlation is significant at the 0.01 level (2-tailed).			

Table 9 shows Pearson product moment correlations between Small Business Performance in Tourism and Economic Growth. The correlation coefficient is about 0.5 which indicates a moderate relationship between Small Business Performance in Tourism and Economic Growth. The p-value indicates that there is a statistically significant relationship between both variables.

Table 10: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.514[a]	.265	.245	.31613
a. Predictors: (Constant), Small Tourism Business Performance				

ANOVA[a]					
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.330	1	1.330	13.308	.001[b]
	Residual	3.698	37	.100		
	Total	5.028	38			
a. Dependent Variable: Economic Growth						
b. Predictors: (Constant), Small Tourism Business Performance						

Since the P-value in the ANOVA table is less than 0.05, there is a statistically significant relationship between Economic Growth and Small Tourism Business Performance.

Table 11: Regression Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.290	.606		3.782	.001
	Small Tourism Business Performance	.506	.139	.514	3.648	.001
a. Dependent Variable: Economic Growth						

The output shows the results of fitting a linear model to describe the relationship between Economic Growth and Small Tourism Business Performance. The equation of the fitted model is Economic Growth= 2.290+ .506* Small Business Performance in Tourism.

Factor Analysis

Table 12: factorability tests

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.597
Bartlett's Test of Sphericity	Approx. Chi-Square	160.442
	df	78
	Sig.	.000

Table 12 explain the factorability tests provide indications of whether or not it is likely to be worthwhile attempting to extract factors from a set of variables. The KMO statistic provides an indication of how much common variance is present. For factorization to be worthwhile, Since KMO = .597, factorization is somehow acceptable. Bartlett's test for sphericity tests the hypothesis that the correlation matrix amongst the variables is an identity matrix, indicating that they share no common variance. Since the P-value is < 0.05, that hypothesis is rejected.

Table 13:Communalities

	Initial	Extraction
V1	1.000	.827
V2	1.000	.817
V3	1.000	.628
V4	1.000	.769
V5	1.000	.654
V6	1.000	.858
V7	1.000	.671
V8	1.000	.647
V9	1.000	.741
V10	1.000	.679
V11	1.000	.773
V12	1.000	.742
V13	1.000	.803
Extraction Method: Principal Component Analysis.		

From table 13 communalities used to examine the proportion of each variable‟s variance that can be explained by the principal components. The initial value of the communality in a principal components analysis is 1. The values in extraction indicate the proportion of each variable‟s variance that can be explained by the principal components. Variables with high values are well represented in the common factor space, while variables with low values are not well represented (In this example, we don‟t have any particularly low values).

Table 14: Total Variance Explained

	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.449	26.532	26.532	3.449	26.532	26.532	2.504	19.258	19.258
2	2.139	16.456	42.987	2.139	16.456	42.987	2.307	17.748	37.006
3	1.555	11.962	54.949	1.555	11.962	54.949	1.757	13.517	50.523
4	1.464	11.262	66.211	1.464	11.262	66.211	1.753	13.484	64.007
5	1.000	7.695	73.906	1.000	7.695	73.906	1.287	9.899	73.906
6	.778	5.981	79.887						
7	.622	4.785	84.672						
8	.535	4.117	88.789						
9	.436	3.353	92.141						
10	.348	2.680	94.822						
11	.319	2.452	97.274						
12	.203	1.561	98.834						
13	.152	1.166	100.000						
Extraction Method: Principal Component Analysis.									

From table 14 this procedure performs a principal components analysis. The purpose of the analysis is to obtain a small number of linear combinations of the 13 variables which account for most of the variability in the data. In this case, 5 components have been extracted, since 5 components had eigenvalues greater than or equal to 1.0. Together they account for 73.906% of the variability in the original data.

Table 15 : Component Matrixa

	Component Matrix[a]				
	Component				
	1	2	3	4	5
V9	.824	.038	-.200	-.051	-.131
V12	.772	.060	.081	.095	-.355
V4	.657	-.386	.127	.400	-.108
V13	.619	.530	-.339	.073	-.137
V3	.600	-.055	.318	.002	.404
V7	-.033	.711	.037	.404	.023
V6	.440	-.633	-.035	.513	-.004
V11	.487	.574	-.420	-.173	.006
V8	-.430	.498	-.053	.449	.096
V1	.172	.337	.765	-.230	-.212
V10	.326	.278	.673	-.071	.196

V5	-.192	.166	.140	.740	.149
V2	.456	.001	-.193	-.155	.740
Extraction Method: Principal Component Analysis.					
a. 5 components extracted.					

Table 15 contains component loadings, which are the correlations between the variable and the component. Because these are correlations, possible values range from -1 to +1.

Table 16 : Rotated Component Matrixa

Rotated Component Matrix[a]					
	Component				
	1	2	3	4	5
V13	.877	.083	.138	.031	.082
V11	.834	-.190	.023	-.026	.199
V9	.681	.416	-.261	.076	.173
V12	.585	.527	-.149	.303	-.087
V6	-.096	.891	-.042	-.202	.113
V4	.150	.851	-.066	.105	.083
V5	-.189	.221	.755	-.015	-.013
V8	-.036	-.282	.738	-.093	-.110
V7	.326	-.175	.707	.176	-.052
V1	.044	-.090	-.043	.885	-.176
V10	.033	.048	.087	.779	.249
V2	.202	.034	-.103	-.053	.873
V3	.117	.353	-.080	.411	.561
Extraction Method: Principal Component Analysis.					
Rotation Method: Varimax with Kaiser Normalization.					
a. Rotation converged in 6 iterations.					

Scree Plot
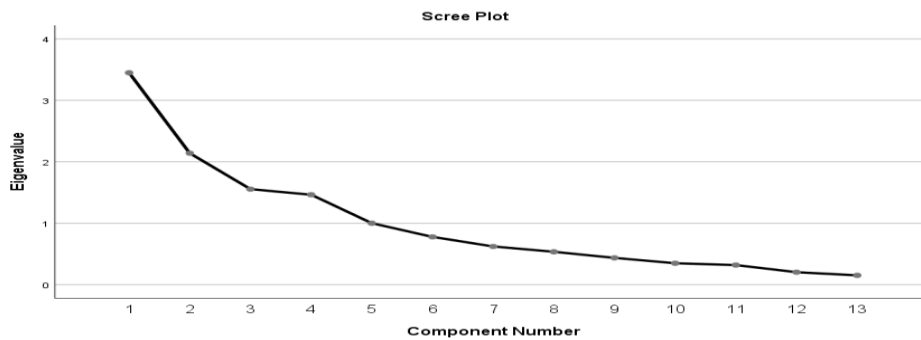
3.2.2. Interview Analysis

An interview was made with 5 experts in tourism and economists in Egypt; face to face, via internet. The interview consisted of 6 questions chosen carefully .

Arguably, after discussed these questions, the interviewees pointed out that there was a positive effect ofSmall Business Performance In Tourism On Economic Growth In Egypt where, smal business in tourism has the characteristics of large capacity to the realization in the economic growth for the country. Egypt is currently witnessing significant legislative reform, aimed at enhancing the investment environment and encouraging both local and foreign investments. SMEs, which constitute more than 70% of the economy across different sectors, are one of the main pillars of the Egyptian economy. Accordingly, it is not a surprise that the Egyptian government is prioritizing addressing the needs of such key players through legislative reforms.

Also, the development of small business could give Egypt the "quantum leap" it needed as they could create jobs, fight poverty, increase incomes and boost exports, also required government support not only in terms of financing but also in terms of ideas, feasibility studies and follow-up. However, this kind of support had not always been rendered, and financing for SMEs was often associated with conditions that are hard to meet. SMEs has high flexibility and resilience to anticipate and adapt to the dynamic changes or market developments, due to its dominant foothold benefited from the domestic market and strongly in the use of inputs.

4. Disccusions

It is vital to understand that there are three factors influence entrepreneurship. They include antecedent influences (i.e., background factors such as family influences and genetic factors that affect motivation, skills and knowledge), the "incubator organization" (i.e., the nature of the organization that the enterpriser was used in simply previous to beginning a business, the skills learned there), and environmental factors (e.g., economic conditions, access to venture capital and support services. There are five institutions that have a prominent role in shaping SME policy in Egypt: the SFD, the Ministry of Trade and Industry, the Ministry of Investment (MOI), the Ministry of Finance (MOF), and the Ministry of Higher Education and Research. Yet there is no dedicated inter-ministerial committee or body to coordinate policy initiatives in the SME field. By highlighting small businesses borrow for four principal reasons: to begin a business, purchase inventory, expand a business, and strengthen the firm"s financial foundation. Firms select different means that of finance relying on the meant purpose. Small businesses" finance choices usually fall into two categories: debt and equity. Other unconventional sources will additionally play an important role in meeting a firm"s money desires. In addition to it is important to note that Egypt has made considerable improvements in delivering targeted policy to enhance SME innovation through dedicated centres and networks – namely, the Egypt Technology Transfer and Innovation Centres (ETTIC). Egypt also performs well in helping to improve SME operations through start-up and growth services provided by the Industrial Modernisation Centre (IMC). The government has successfully transformed the National Supplier Development Programme (NSDP) from a pilot project to an operational linkage platform which works actively to connect foreign investment with small firms.

Generally, although the Egyptian government is more and more interested in these comes, it still faces many challenges that diminish its role in economic development, such as Financing: these projects area unit inherently restricted to capital that enables them to line up and continue. Management and Marketing: these projects lack the social control information and expertise that enable their house owners to figure well and fruitfully and market their product. This sector still needs a lot of care as it reaches a satisfactory level of management information and

knowledge. Access to and info: one of the largest challenges in managing these projects is that the lack of comfortable information and lack of data. Government and non-governmental actors lack information on the variety, type, and needs of those comes and their house owners, which directly affects the ability to help them. On the other hand, the projects themselves lack legal and economic info, such as the way to register, extract proper licenses, the number of resources on the market to them and their potential to influence economic process in Egypt. Government procedures: it increases the burden on tiny business WHO have to face complicated and expensive procedures for registering all told relevant government agencies, obtaining licenses, etc.

5. Reccommendations

- The institutional setting of MSME policy should be reconfigured: a single interministerial body should oversee and co-ordinate the work of ministries, while a one-stop shop arrangement for assisting and informing SME should be rolled out across Egypt"s regions .

- Delivering improvements in targeted policy to enhance SME innovation through dedicated centres and networks.

- Improving the business climate for SMEs through promoting start-ups and SME growth, including among youth and women, facilitating access to finance and strengthening the legal and regulatory framework.

- It is important for SMEs to be included in the decision-making processes and their perceptions and objectives incorporated into tourism development strategies. In addition we need to better understand the comprehension level of the assistance that SMEs receive from government (local, state and federal) and quasi-government organizations (e.g. visitor and tourism bureaus and councils) that support tourism development. This is especially important for smaller destinations who often bundle numerous secondary assets into a major tourism destination.

- Entrepreneurs should have more experience to deal with the stress of any external factor through offering workshops and lectures to transfer the realities of entrepreneurship. Starting a business is risky and needs money is the most important start-up ingredient.

- Owner-managers should Be Focussing on marketing elements in small businesses to be able to increase tourism demand and increase economic growth for Egypt. Owner-managers should be having a high level of ability in providing diversification of new tourism goods and services and accelerated reaction to changes in economic circumstances to attract more tourists to Egyptian tourist destinations and to ensure economic growth.

- Supportting and providing assistance to women entrepreneurs on a continuous basis as women entrepreneurs are playing critical roles for Orientation towards achievement of the small business development in tourism concequently, leads to new ideas and approaches to venture creation in small business and economic growth in Egypt.

- According to WIPO, (2010) improvement of infrastructure for the innovation activities of small businesses in the tourism sector as the most optimum form of entrepreneurial activity in the field of innovation and represent the most dynamically developing sector. Thus,

according to the assessments of western experts, global economic growth is already based, more than 75 percent, on the achievements of scientific and technical progress, more than half of the profits obtained by firms are generated as a result of the promotion of new goods

and services on the market, while the share of non-material assets in the value of the long-term assets of firms from western Europe is close to 50 percent (in the United States of America to 70 percent), thereby preserving quite high rates of growth which significantly exceed the rates of growth of other assets and creation of new competitive advantages.

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