

The Social Impact of Tourism social Enterprises in Hungary

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DOI: [10.29180/978-615-6342-76-8_2](https://doi.org/10.29180/978-615-6342-76-8_2)

Abstract

In spite of tourism social entrepreneurship's (TSE) role in generating social value and transformation, little is currently known about how to do so. Using the literature on entrepreneurship and the logic of the tourism industry, how individuals perceive the impact that tourism has had on society in the past, how that impact has changed. Fifteen interviews were conducted with key informants in different tourism enterprises in Hungary. The results identified that tourism social enterprises require key resources like natural, financial, human capital and political and institutional for social value creation tourism development. The findings also indicate that these resources have an impact on social value creation at two levels: the individual stakeholders' level and stakeholders' involvement and collaboration is critical for tourism enterprises for creating social value at tourism destinations.

Keywords: tourism social entrepreneurship, social value creation, tourism development, tourism stakeholders.

Introduction

Tourism destinations in many low- and middle-income countries, are facing number of socio-economic problems (Aquino et al., 2018; Dahles et al., 2020). Tourism activities are considered a relevant tool for marginalised communities in those countries, and there is a constant search for strategies to ensure the greatest share of this benefits to reach the poorest segments of these countries' communities (Kummitha, 2020). An increasing number of entrepreneurship studies in tourism identified that the capitalist approach taken by tourism social Enterprise (TSE) business models has been vigorously promoting communities and social development at tourism destinations (Jørgensen et al., 2021). Despite the role of TSE to promote society as Vinodan and Meera (2021, p,988) comment that "over decade there has been steady growth in number of social entrepreneurial organizations are making a difference in tourism industry for their significant creativity, capital improvement, innovation and entrepreneurial orientation in the destination and community development".

The increasing literature suggest that residents' participation in TSE organizations has become reciprocal and local level economic, social, cultural, ecological and political dimensions can be met for shaping destination development (Bertella and Romanelli, 2017.). TSE addresses the multidimensional targets from grass-root level while facilitating the social and economic improvement of communities. However, little attention has been paid to assess how the

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individuals perceive the social impact that tourism has had on society in the past; only a few studies have paid attention to this line of research. For example, Bruton et al.'s (2013) study proved how host communities are participating in resource management and mobilization process of TSE. Altinay et al. (2017) investigate community participation in Tourism based social enterprise activities and it is seen as a way to generate sustainable tourism destinations. Furthermore, the level of participation depends on their perceived benefits from tourism (Ryu et al.,2021). Lee and Jan (2020) emphasize that the perceived benefits determine the residences attitude towards TSE may change from positive to negative. Moreover, social enterprises consider communities as the critical stakeholders who may support TSE formation and development at different stages (Anquio et al.,2018). Accordingly, residential participation in TSE may change over time based on the level of tourism benefits from TSE (Kummitha,2020).

The researchers impressed upon the importance of community development and creating social value, which we believe Hungary should also focus more on, both out of the principle benefits it brings and the glaring need the country has for it. It is clear that social entrepreneurship is a good tool for community development, and that it can work comfortably with tourism. It is, however, to be discovered how communities themselves can utilize these for their gain, as research in this field is entirely lacking. To be able to build a strategy for Hungarian communities to use this model, identifying the shortcomings and needs tourism and communities have, it is essential to study what the local entrepreneurs perceive these to be. It is worth emphasizing how communities that struggle continuously rely on tourism enterprises, social enterprises, and a combination of the two, deliberately researching the community-building benefits of tourism social entrepreneurship still manages to remain uncommon.

The aim of the research is to show how individuals perceive the impact that tourism has had on society in the past, how that impact has changed, if at all; and to gain insight into the possible future of tourism's societal impact. The research analysis shall enable me to get and give a better understanding of how the social impact of tourism has either lessened, heightened or merely changed.

The aim of this research is to answer the following research objectives:

How the social impact of tourism enterprises is perceived in the eyes of entrepreneurs currently involved with the field?

What kind of changes the pandemic brought in terms of the impact of tourism enterprises?

Literature review

The importance of tourism to the community development

Tourism enterprises are the basis on which the tourism industry lies. They establish, build, form, operate, and sustain the industry. This sector relies on businesses to accommodate the market and fuel the industry (Solvoll et al., 2015), and these enterprises serve a pivotal role in delivering desired community development outcomes. Numerous researchers in the field state that while tourism's impact on the economy is researched and analyzed in-depth, the social impact it has in the world, on Hungary even more so, is nowhere near sufficiently observed, especially considering the impact it already had, the impact it still has, and the impact it is expected to continue to have going forward in the future. As such, it is quintessential for us to regard this matter as the responsibility it is.

Disorganization in research

Solvoll et al. (2015) agree that the amount of research conducted in the field of tourism entrepreneurship, including the attention paid to the importance of the entrepreneurs, has been on the rise in the last decade, the findings however are overall disorganized. The information gathered in this field is highly dispersed, making it difficult to formulate a cohesive consensus to build upon.

As many researchers have done, they also point out how the tourism industry has been one of the most rapidly growing sectors of the economy. This is due to the increasing individual wealth, desire to travel, venues' newfound exposure on the internet, technological advancements, and the increasing accessibility of travel. As customer interests changed, and the need for innovation rose, larger and more developed tourism enterprises have come to show their ability to provide for the new circumstances, while smaller entrepreneurs have not been able to do the same.

Responsible business practices in tourism

In order to successfully operate within tourism entrepreneurship and be able to have a positive impact on society, observing responsible business practices is key. Brookes et al. (2014) elected to investigate this route in their research. In order to be able to provide for employees through stable employment and a steady work environment, contribute to the industry, develop the community, and contribute to society, a business must employ a responsible operational strategy, also known as Corporate Social Responsibility, or CSR, a term often used by corporations in their business agenda.

As sustainability became more and more of a trend, and the dire ecological footprint we leave became a more pressing issue, tourism businesses becoming purposefully eco-conscious and proactive in protecting the planet, instead of just remaining passive and avoiding doing harm became an expectation of both consumers and organizations concerned with the tourism sector.

And yet, in spite of the obvious benefits, the majority of businesses still fail to employ these practices, due to a variety of factors, including a lack of willingness to put resources into the change, lacking said resources in the first place, fear of losing income, and non-progressive governments failing to support or encourage this change, to mention some.

Social impact of tourism in Hungary

While the subject is shown to be getting more attention, especially with rising socio-economic issues, the topic is still far from being researched in excess, as the emphasis lies more heavily on its economic influence. Wang et al. (2021) impresses that as tourism evolves, more attention is being paid to the social impact that tourism has, but the number of research-focused studies is far from adequate, especially those conducted for the sole purpose of research. He emphasized his puzzlement at the lack of direct social research done in tourism at a time when the social impact is so transformative and impactful to everyday life. While he does recognize the increase in the number and quality of research, he believes that the economic focus these researchers have in order to attempt to forecast the industry for more income makes many of these results unhelpful from a social perspective.

Tourism social entrepreneurship

Aquino et al. (2018) pointed out how the always ongoing research into finding ways to develop the tourism industry and make it more sustainable leaves the industry with several alternative practices, one of which is adopting tourism social entrepreneurship.

An observation many other research papers have also pointed out was the fact that many smaller branches of innovative tourism practices, including tourism social enterprises, have a significant and undeniable positive impact on society, with no evidence to explain how this benefit is allowed to formulate, and yet barely any research is being done into the matter, thus keeping our knowledge of community development disorganized and narrow. There are many communities in less advanced parts of the world that have limited solutions to their social problems. Tourism is a constant that most communities can exploit, making it a very important facet of the economy. Even when governments cannot or will not aid a community financially, value creation through tourism is more often than not a possibility. As such, tourism enterprises are becoming a more and more common tool in modern community development.

The newfound goal of social aid that tourism can take in such cases further cements the necessity and relevancy of the tourism industry, something that is necessary both in general evolutionary terms and in order to adapt to the recent changes the world is facing.

SMEs in Hungary

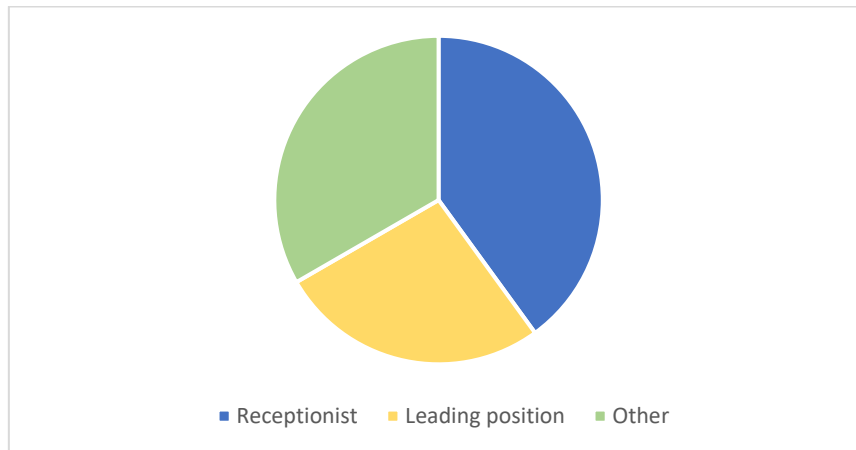
Turcsányi et al. (2012) emphasize that the role of tourism and other sectors closely linked to it, such as trade, public services, transport, and commerce, in the socio-economic processes of the world, including in Hungary, is one of the largest and most dynamically developing sectors in the world and in society. This sector has a higher than the average number of small and medium-sized enterprises in the country, but large enterprises also take up a substantial portion. They play an important role in the national economy by providing employment and improving the living conditions of the population. They contribute to nearing the international standard of payments, helping less fortunate regions to catch up, and, last but not least, helping to preserve natural and cultural assets.

Research methodology

Population of study

The participants of this study were Hungarian representatives of the country's tourism sector, meaning managers, receptionists, organizers, administrators, and other entrepreneurs who are or have been affiliated with the tourism sector in Hungary and are still actively working in the field at the time of their interview. A variety of ages and gender also served as a factor in the selection process, with the participants' ages ranging from 22 to 60.

Figure 1: *Position of participants*



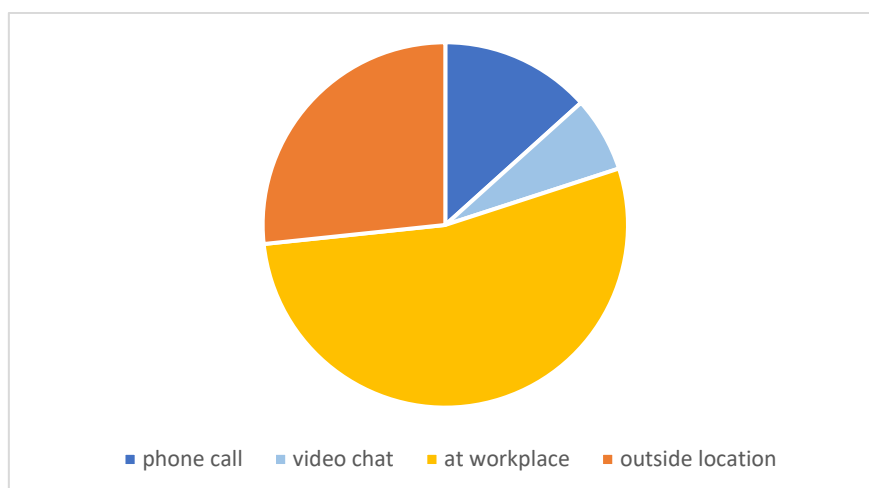
Source: *authors' own research based on the positions of the participants of the interviews*

Data collection

We decided to employ qualitative method research. We deemed this appropriate due to the aim of this paper being to investigate the recent opinions, and the way they have shifted in light of the recent years in order to formulate new opinions.

When the interviews were set up, the participants got to choose how they wished to conduct their interviews, their options being in person at their workplace or at an outside location, or digitally through video chat or the phone. For most of these interviews, we visited the participants at a pre-discussed time at their places of employment during work hours. Some participants chose a third location, one person chose a video chat conversation, and the remaining interviewees decided on taking the questions via phone calls.

Figure 2: *Chosen Location and Medium*



Source: *authors' own research based on the participants' personally chosen individual interview circumstances*

The interviews were structured, and all included the same questions regardless of the person's position. When selecting participants, choosing more than one representative of an enterprise

was a priority achieved in most cases. This serves to show the differences in knowledge between representatives of their given enterprise, the perspective of different positions, and the level of insight in different fields. The majority of the participants work at Budapest-based establishments, due to the low number of responses the interview requests have received from entrepreneurship not located in the capital.

The interview design

We have arranged 15 in-depth interviews, ranging from ten to thirty minutes in duration. The questions were formulated by taking inspiration from frameworks set up before the formulation of this research. The result of these interviews shows how the different tourism entrepreneurs perceive the position of the industry as of late. Some of the enterprises represented belong to chains and international corporations, and a number of entrepreneurs from individually owned businesses also participated.

The main goal of the questions prepared for the interviews was to gain an understanding of the impact they have experienced, how they perceive it, and to measure their professional outlook on this segment in Hungary, along with the prospects that tourism is believed to have.

Research results

Q1) Are you satisfied with the monetary benefits of your employment?

Respondents Answer: When asking this question, it was clarified that monetary benefits include, but are not limited to salary. There was a noticeable divide between the answer of those in leading positions and all others. Without exception, every participant in a leading position was overall satisfied with the monetary aspects of their positions. However, the answers of the remaining participants were more varied. It did, however, turn out to appear as a general consensus that the salaries have not quite followed the inflation in prices.

Q2) What sort of resources do you think are the most needed for running tourism entrepreneurship?

Respondents Answer: When asked this question, the three most common replies were monetary funds, human resources, and infrastructure. At least two of these three replies were included in all the answers.

Other replies included exceedingly hospitable treatment, professional knowledge, and knowledge of the local area, such as the sights, restaurants, transportation, and other local amenities that may interest the guests.

Cultural resources and natural resources were notably missing from the answers of all participants, proving that social values and sustainability are absent on the list of priorities in Hungarian tourism entrepreneurship, social resources however are recognized as a matter of import, but primarily from a profit perspective. This proves the lack of conscious business approach that Hungary exhibits in most fields of the economy.

Q3) What are your strategies for mobilizing said resources?

Respondents Answer: As human resources were mentioned by everyone, the mobilization strategy of this resource has received great amounts of consideration all over. Retaining the hired employees was emphasized by every leader, which goes to show the difficulties that

establishments have been recently facing regarding the employee turnover rate that has been unavoidable in tourism since the pandemic lockdowns and the consequent financial issues that have started affecting people's livelihoods and ended up making good and loyal employees even more precious a commodity.

Q4) How important of a role do you think tourism entrepreneurship serves in society in Hungary?

Respondents Answer: The answers to this question showed that entrepreneurs perceive those directly employed in tourism to be the most impacted. Many said that people with no higher education or qualifications, and students who are in the process of acquiring qualifications are the parts of society that are the most benefiting from tourism.

Overall, the replies reflected that all participants perceive tourism to be a significant influence on society, but they had difficulty putting their opinions into words, and the majority have not given the matter too much thought prior to hearing the question.

Q5) What is and has been your tourism enterprise's role in the changes in the social impact of tourism?

Respondents Answer: The Budapest-based participants generally agreed that their hotels have not contributed enough in the past, partially due to it not being a priority, as it is neither mandated nor supported by the government in a monetary way. Every participant mentioned the employment of students at their businesses, which is a highly reoccurring aspect in the perception of the participants.

An important observation made on this topic during the process of analysing the results of the interviews was the fact that most involved enterprises have only contributed when it benefitted their cause and was convenient for them. Contributing to the social sphere with conscious, deliberate business strategies is nigh unheard of, so much so that it did not appear to have ever been considered a priority to the leadership layer in the past.

Q6) What changes did the pandemic bring to your tourism enterprise?

Respondents Answer: Several of the entrepreneurs reported vast differences in their places of employment. Several positions not strictly essential to day-to-day operations were suspended. In the case of businesses that had to fire their workforce, finding new employees, rebuilding their teams, and coaching said new employees remains an expensive and time-consuming challenge to the majority of businesses.

Another change that was observed in several cases was the newfound dependency hotels have on OTA-s, or Online Tourism Agencies. Their significance has been on the rise for years now due to how convenient and quick reserving through these sites is, but when the pandemic came, many tourists lost their trust in direct reservations and started to reserve almost exclusively through such sites, as they ensure safety and client discretion that customers trust more.

While the pandemic was predominantly negative to business, some entrepreneurs attempted to take advantage of the months spent in lockdown by developing both their properties and the knowledge of their employees.

Q7) How did your tourism entrepreneurship sustain during COVID?

Respondents Answer: This was a matter where the ownership of businesses made the greatest difference. For those belonging to big corporations or companies, such as the hotels asked,

losses were minimal. Some businesses were able to earn some income during the pandemic by renting out their rooms for longer-term use to home-office workers, students forced out of their dorms, or those in need of COVID isolation hotels.

The tourism enterprise sector was forced into finding ways to make the task that needed completing completable by fewer people. Many have also shared that regardless of how long their enterprise spent closed, it took them approximately a year to start earning profit instead of just earning back the operational costs.

Q8) How are your tourism entrepreneurship's recovery strategies following the pandemic?

Respondents Answer: The focal point of the recovery strategies brought up was to find innovative alternatives to keep operating and earning income. Some achieved this by lowering prices, offering discounts, targeting organized tourist groups, or renting out long-term.

Another important aspect was the budget. Some hotels recovered financially by requesting support from their owners, franchise, and investors. What seemed to be a common point, however, was the lack of a concrete, rigid recovery strategy, due to the rapidly fluctuating state of the economy making flexibility essential to the survival of all tourism-related businesses.

Taking advantage of all occurring possibilities was also of high importance. Elevating the standards in order to be able to charge a higher price, and marketing well around events contributed greatly to the recovery efforts. Keeping a professional, dedicated, and reliable team of employees was another essential aspect of recovery.

Conclusion

A conclusion that we have reached during the analysis of the interviews that we have conducted is the fact that despite the level of professionalism that these entrepreneurs have, despite the level and length of their training, the length that the careers they have had, let it be just a few years, or decades spent in the industry, the social aspect and social consideration of tourism entrepreneurship in Hungary is so underdeveloped, unconsidered an unprioritized and disregarded that these professionals have not had the opportunity to get proficient in this aspect. However, as Hungary is gradually catching up, so to speak, to the rest of the world, the economy began slowly but surely aligning with the economic system of the west, and all of the separate sectors of the economy are following. Tourism has proven itself to be no exception, adapting to the tourism of the rest of the world by analysing more, and moving towards becoming more conscious regarding business structure, sustainability, impact, and development most importantly.

The entrepreneurs we have spoken to included well-trained, seasoned professionals who lead successful businesses, and yet they were shown to have shortcomings in the matters asked of them. During and after the interviews, many of them admitted to such shortcomings, which leads to the reasonable conclusion that there is reason to believe in development in the near future of this field.

After these interviews, we have concluded that the majority of current tourism entrepreneurs are excellent candidates to work and operate a modern system of tourism if given the proper opportunities, education, and adequate funding.

However, we must say that overall, the positive social impact of tourism is, unfortunately, lacking due to the above-mentioned resources not being provided. Hungary, Budapest in particular, has the makings to be an opportune place for positive social impact and change, but time and the previously mentioned resources must be provided first. Due to this, the direction of positive change that the Hungarian tourism sector is heading towards is severely hindered, by possibly decades, therefore we propose bringing attention to the magnitude and nature of the changes that funding, education, and opportunities could bring Hungary's social sphere.

Our research is limited by the interview participant profile. The majority of the answering entrepreneurs are from Budapest, meaning that the findings reflect the impact of urban tourism significantly more than rural tourism. The reason behind the nature of the participant profile is the lack of opportunity, because we did not receive affirmative replies from entrepreneurs that we have contacted outside of Budapest. The novelty and lack of precedent of similar studies done in Hungary was another limiting factor. The topic of social impact is low on the list of priorities for Hungarian enterprises, and the topic needs further research.

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