



Antecedents and consequences of managerial behavior in agritourism



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HIGHLIGHTS

- The study extends the realm of agritourism research by adopting contingency theory.
- Entrepreneurship is a mediator between antecedents and outcomes of the agritourism.
- Different managerial behaviors match with selective external and internal conditions.
- Managers' business experience negatively influences innovation behavior.
- Manager's sense of self-fulfillment and connectedness with others are vital for better outcomes.

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ABSTRACT

Drawing from contingency theory and the concept of entrepreneurship, this study investigates the viability of small-scale agritourism business. Specifically, this paper identifies the antecedents (i.e., external environment and internal conditions) and consequences (i.e., financial and non-financial benefits) of managerial behaviors (i.e., innovation, pro-activeness, and aggressiveness) that exist when operating an agritourism business. Based on responses from the USDA census of agriculture, the results of this research reveal the heterogeneous effects of antecedents that contribute positively and negatively to managerial behavior. The varied influences of managerial behavior on different types of business performance are identified. Also, theoretical implications of the development of agritourism studies as well as managerial implications for owners, consultants, and policymakers related to the small tourism business in rural areas are provided.

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1. Introduction

Rural tourism has become a remarkable phenomenon amidst several changes in the interests of the tourism market, including increasing demands for short vacations, experience-focused tourism activities, and social changes (e.g., the anti-urbanization movement) (Barbieri, Mahoney, & Butler, 2008; Fleischer & Tchetchik, 2005; Tew & Barbieri, 2012). Recently, a severe economic downturn within rural areas has accelerated the development of the tourism industry as an alternative solution for local economic revitalization (Hagglblade, Hazell, & Reardon, 2010; Lewis & Delisle, 2004; Tew & Barbieri, 2012). The USDA (2014a,b)

reported that the number of agritourism farms has increased from 23,350 in 2007 to 33,161 in 2012. The income from agritourism and recreational services has experienced rapid growth from \$566.8 million to \$704 million in 2012 (USDA, 2014a). However, it is reported that the actual evolution of developing small tourism businesses in rural areas is still uncertain. On average, agritourism farms obtain 20 percent of their gross farm income from niche activities, including 7.1 percent from agritourism. Average income from agritourism is \$20,670, but 51 percent of these farms earn less than \$5,000, and only 1 out of 7 earn over \$25,000 from agritourism activities (USDA, 2014b).

This indicates that despite some clear early successes, there remains a gap between ideal ways of developing and growing a new tourism enterprise and the more difficult realities faced by managers of agritourism businesses. Accordingly, several researchers have suggested a number of reasons for these potential obstacles, including seasonality, small scale, lack of knowledge and experience, and a limited support system for small businesses (e.g.,

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Barbieri et al., 2008; Bowler, Blarke, Crockett, Iberry, & Shaw, 1996; Brohman, 1996; Fleischer & Felsenstein, 2000; Getz & Nillsson, 2004; Sharpley, 2002; Wilson, Fesenmaier, Fesenmaier, & Van Es, 2001). However, there is no critical consensus to resolve the problems from the perspectives of innovative organizations. Thus, this study suggests that small, agriculture-based tourism enterprises are still viable within rural areas and focuses on the managerial behaviors of owners (or managers) when operating their small tourism businesses.

The literature of small-business management suggests that these enterprises do not usually have long-term strategies or formalized control systems (Park, Doh, & Kim, 2014). Rather, the informality and improvisation in management activities have often fostered unreasonable expectations, marginal decisions, and unexpected results (Alonso & Northcote, 2010; Lashley & Rowson, 2010). Thus, the management behaviors of small businesses may be a crucial factor to explain a complicated process. This study argues that small business management principles can be applied to tourism businesses—that is, various motivations for business creation (e.g., pursuit of leisure, the need for extra income) could induce managers to pursue different goals and orientations when operating their business (Getz & Carlsen, 2005). Furthermore, these different business contexts could also influence the evaluation of outcomes from tourism businesses as well as future decisions for operating their businesses (Morrison, Breen, & Ali, 2003).

Accordingly, this study tries to understand entrepreneurial and managerial behavior within the context of agricultural tourism in rural areas, which eventually influences organizational performance. This research also adopts contingency theory to explicate the different behavioral patterns of managers in different business contexts (i.e., perceived external environment and internal condition of the organization). Therefore, the purpose of this study is to identify the antecedents of managerial behaviors with regard to perceived external environment and organizational (or internal) condition and to test the effects of the managerial behaviors on business performance, comprising financial benefit, human relation, and self-fulfillment.

2. Literature review

2.1. Rural tourism business

The rural environment has been perceived as an ideal site for tourism businesses—that is, rural areas are places where visitors can enjoy the feeling of peacefulness, simplicity, tranquility, and a sense of tradition that collectively represent the antithesis of modern and urban life (Barbieri & Tew, 2010; Page & Getz, 1997; Frochot, 2005). The rural tourism experience has typically been conceived as recreational activities undertaken during the holiday season or during free time (Phillip, Hunter, & Blackstock, 2010). This increase of consumer demand during short holiday breaks as well as the escalating reaction against mass tourism has fostered an expansion of rural tourism, particularly farm tourism businesses (Nemirschi & Craciun, 2014; Phelan & Sharpley, 2011).

Meanwhile, many agricultural and economic researchers (e.g., Nickerson, et al., (2001), Sharpley & Vass (2006)) have focused on the possibility that rural tourism businesses could serve as supplemental income for traditional agricultural production. In fact, those researchers are concerned with the transition of many traditional agricultural businesses to a new model with diversified income streams. From this perspective, new or expanded tourism businesses would be a mechanism to relieve the downward trend of the rural economy. Thus, as a supplemental enterprise, tourism would be helpful in maintaining farming and the farm environment (Barbieri & Tew, 2010; Nickerson, Black, & McCool, 2001; Sharpley

& Vass, 2006). In fact, the development of rural tourism offers potential solutions to many problems in rural areas (Ainley, Phelan, & Kline, 2011). For example, job creation associated with the development of tourism businesses could bring income growth to an area. Furthermore, the creation of new farm markets for agricultural products might also increase the opportunity for promoting local crafts and other goods that could broaden the regional economic base and activate competitiveness among local economic entrepreneurs (Fleischer & Tchetchik, 2005; Frochot, 2005; Getz & Carlsen, 2005).

The growth of tourism in rural areas may be attributed to the expectation that it could play a significant role in both “value creation” and “value-added” performance in the local economy (Phelan, 2014). In other words, depending on the economic situation of the area, tourism businesses could boost local economies by generating revenue and instigating consumer activities directly related to various tourism attractions in the area. At the same time, rural tourism businesses could support small local businesses such as farms or ranches by creating a supplemental income source.

2.2. Contingency theory

The basic concept of contingency theory stems from the fields of general management and organizational behavior, which explains the mechanism and relationships of the small-business environment and management practice. In this theory, environment and management behaviors are treated as components of business practice that have a significant influence on business performance. Donaldson (2001) posits that the effectiveness of an organization depends on its ability to adapt its structure and protocol to an array of contingencies. Many researchers in the field of organization science (e.g., Donaldson (2001), Van de Ven, Ganco, & Hinings (2013)) have referred to contingency theory as the integration of classical viewpoints and modern behavioral theories. Unlike the classical perspective, which argues that the best results are achieved by optimal use of resources and capabilities, contingency theorists state that the maximum level of performance results from fitting the appropriate level of strategic action to certain inevitable contingencies. Business managers must, therefore, control and shape how they react toward each contingency, which is defined as any variable that moderates the effect of an organizational characteristic on its performance, including environmental and organizational elements (Donaldson, 2001; Miner, 2015). Thus, contingency theory suggests that the principal determinant of business performance is the interaction between a strategy and the environment. From this perspective, business success is a function of a manager's ability to develop effective strategies that best fit environmental conditions and promote business survival (Pertusa-Ortega, Molina-Azorin, & Claver-Cortes, 2010).

2.3. Entrepreneurship in business management

Similar to an orientation toward creating different and new values through the investment of time and money, the concept of entrepreneurship is most concerned with identifying different patterns of managerial behaviors that are affected by the business environment (Hatten, 2015; Timmons, 1994). Contingency theory focuses mostly on revealing contingencies and the adaptations that managers make toward those contingencies in order to negotiate a balance between business operation and environment and, thereby, ensure business survival. Entrepreneurship, on the other hand, is more concerned with the direction and level of managerial behavior—whether conservative or assertive—that must overcome the environmental changes or regard changes as an opportunity for business growth.

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