

# “Female entrepreneurial businesses in tourism and hospitality industry in Poland”

## AUTHORS

Alina M. Zapalska  <https://orcid.org/0000-0001-6869-1029>  
Dallas Brozik

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## SECTION 1. Macroeconomic processes and regional economies management

Alina M. Zapalska (USA), Dallas Brozik (USA)

### Female entrepreneurial businesses in tourism and hospitality industry in Poland

#### Abstract

This paper presents characteristics of female-run tourism and hospitality businesses that operate in Poland and examines those factors that influence their performance and contribute to their success during both the transition process of the 1990s and financial crisis of 2007. The paper outlines the specific problems that they faced as their organizations built the competencies needed by small entrepreneurial firms. These firms are examples of sustainable tourism that include orientation towards the enhancement of local prosperity, generation of economic prosperity, and income and employment for workers without affecting the environment or culture of the tourist destinations. The businesses maintained the socio-cultural authenticity of their host communities, conserving their cultural heritage and traditional values, and contributed to inter-cultural understanding.

**Keywords:** reforming economy, Polish female entrepreneurs, tourism and hospitality industry, problems and obstacles to economic growth and development.

**JEL Classification:** L26, P27, Q01.

#### Introduction

Poland has been at the forefront of market reform implementation in Central and Eastern Europe in the 1990s and has proven to be an economic success after the global financial crisis of 2007. Family businesses that operate in Poland have played a very important role in enhancing community development, creating new jobs, and providing a better standard of living (OECD Economic Survey, 2005; Zienkowski, 2000). Poland has been regarded as a leader in the process of economic transformation, but small business entrepreneurs have faced many problems and obstacles (Jackson et al., 1999; Turystyka, 2011). It is important to identify and describe the environmental factors perceived to contribute to both the success and difficulties experienced by those small businesses in Poland.

The paper examines how a newly created market economy with its strong economic reforms and changes of 1990 and the financial crisis of 2007 allowed the small female entrepreneurial businesses within tourism and hospitality industry to survive and become successful. The goal is to (1) identify the major characteristics of those businesses; (2) examine factors that have promoted the founding of new ventures; (3) analyze the difficulties faced and the management strategies that were exercised; and (4) ascertain differences and similarities of the businesses that contributed to their success or failure. The findings presented are from interviews with ten Polish female entrepreneurs involved in tourism and hospitality industry.

The findings identify that determination and specific product and service orientation have proven to be key mechanisms for achieving success. A movement from passive to active offerings and a strong orientation towards health and wellness created a high demand for new holiday and vacation services. This trend allowed small tourism and hospitality businesses to grow and become successful during difficult times of economic transition and during and after the financial crisis of 2007. The experiences and strategies presented by ten female entrepreneurs can be used to make recommendations for policy makers for business strategies and environmental conditions that are needed to foster successful entrepreneurial development and growth in the tourism and hospitality industry.

#### 1. Literature review

Entrepreneurship is considered as one of the most important factors contributing to initiating and sustaining economic development of the society. Entrepreneurs discover new sources of supply, markets, and technology and establish new and more effective forms of organization. They also create new opportunities and seize them with the willpower and energy essential to overcome the resistance that the social, cultural, political, and economic environments offer (Morrison et al., 2003).

Female entrepreneurs are a group of women who have broken away from traditional roles to explore new avenues of economic involvement. Development of entrepreneurship by women has been a major step to increase female participation in the process of economic development, providing employment opportunities and improving their economic inde-

pendence, social, educational and health status as well as their families' lives. What makes the female entrepreneurs' arrival and achievements significant are the obstacles they face, the frustrations they experience, and the challenges they have to overcome (Starr and Yudkin, 1996).

Various approaches have been used to study female entrepreneurship and factors that drive women into business and make their businesses successful (Birley, 1989; Cromie and Hays, 1988). Among the reasons that women run enterprises are their skills and knowledge, their talents and abilities in managing a business, and a compelling desire to do something positive (Scott, 1986). Although men and women have demonstrated similar entrepreneurial motivations, women are characterized as being more motivated by non-economic goals than men (Orhan and Scott, 2001). According to Carter (2002), women have slightly lower expectations compared to men that income from their business would be the primary income for their family. Women attempt to maintain equilibrium between economic goals such as profit and growth and non-economic goals such as personal fulfillment and independence (Schindehutte et al., 2003). Burke et al. (2002) observed that contrary to the traditional view, having non-pecuniary motives did not necessarily affect the business in a negative way. In fact, such motives have a negligible effect on the performance of female entrepreneurs.

Langan-Fox and Roth (1995) analyzed the psychological characteristics of female entrepreneurs and grouped them into three psychological types, the need achievers, the pragmatic, and the *managerial* entrepreneurs. Mitra (2002) studies entrepreneurs' level of motivation and classified female entrepreneurs as young achievers, block-factor entrepreneurs, family-driven entrepreneurs, and income-driven entrepreneurs. Young achievers are those who started enterprises at an early age, motivated by positive pull factors and placed low importance on both conventional female roles and relational support. Block-factor entrepreneurs are those who ventured into business due to more negative push factors such as dissatisfaction in their paid employments. Family-driven entrepreneurs put family interests before their businesses, which are operated more like a hobby and for self-fulfillment. The income-driven entrepreneurs are more motivated by their financial needs although they too put priority on their conventional roles as women.

Mitra (2002) observed that women who started business in their early twenties or as soon as they graduated from college tended to operate more growth oriented ventures compared to those who delayed until after they were 40 years old or those who waited until their work-home conflicts had

lessened before venturing into business. Anna et al. (1999) found that female owners of traditional businesses have stronger expectations of balancing work and home demands and women in the non-traditional businesses have higher expectations for growth of their companies and higher returns.

Ufuk and Ozgen (2001) suggest that women choose self-employment primarily because of the flexibility it allows them to balance family and work. Schindehutte et al. (2003) suggests that women value the ability to pursue career goals while facing family obligations. Huq and Richardson (1997) argue that some women are more inclined to venture into business due to their needs to supplement family incomes and some participated in business as a hobby or to gain more freedom. Other studies showed that the ambitions and skills of the founder(s) determine the size and growth potential of the venture (Carland et al., 1984). Birley and Westhead (1994) argued that distribution of limited resources, such as funds, should not be focused on those with more apparent opportunistic and materialistic reasons for venturing into business. Those with fewer such reasons should not be ignored because start-up motives have minimal influence on growth of a business.

This paper contributes to the previous literature. By analyzing characteristics and managerial strategies of small female entrepreneurs in Poland, the paper increases awareness of the perceived problems and elements of success of those entrepreneurial ventures. The paper provides an assessment of factors and conditions that either promoted or held back private-sector development and growth. The goal of this paper is to contribute to a better understanding of the challenges and difficulties that those firms had to face in an integrated global economy. An understanding and evaluation of the economic, political, and cultural environment may have a substantial effect on the development and further growth of private sector. The paper supports other research on tourism industry (UNEP-UNWTO, 2003) because it contributes to the general understanding of the role of ecotourism and sustainable tourism (OECD Economic Surveys, 2005). The experiences of businesses that operate in tourism and hospitality businesses highlight the successes and failures over the past two decades.

## 2. Research methodology and conceptual framework

The study attempts to identify female entrepreneurs' goal orientations and motives in venturing into business. Goal orientation refers to personal motives for venturing into business as well as the goals for the

businesses. In order to examine female-owned entrepreneurial businesses that operate in tourism and hospitality industry in Poland, this analysis expands on Mitra's (2002) conceptual framework of entrepreneurs' motivations. The framework uses four dimensions, achievers, block-factor entrepreneurs, family-driven entrepreneurs and income-driven entrepreneurs to measure various factors that pushed women to venture into entrepreneurial businesses in the Polish tourism and hospitality industry. This analysis added two additional factors into Mitra's framework that might contribute to successful setting and running of an entrepreneurial business. Those two factors are personal fulfillment for enriching their customers with tradition, heritage, and cultural understandings and specializing in a unique or specific product or service that is price inelastic and in high demand by customers who are more educated, sophisticated, and oriented towards specific group of products and services.

The model developed in this paper examines whether the respondents' entrepreneurial firms are examples of sustainable tourism. The survey was developed based on a model of sustainable tourism that is composed of social justice, economic development, and environmental integrity (Figure 1) (Kalisch, 2002; Buckley et al., 2009). This model presents entrepreneurial firms that possess elements of sustainable tourism that include orientation towards the enhancement of local prosperity, generation of economic prosperity, and income and employment for workers without affecting the environment and culture of the tourist destinations. Some of the questions included in a survey inquired whether the businesses used the environmental resources available to them, maintained ecological processes, helped conserve and educate about natural resources, preserved maintaining the socio-cultural authenticity of host communities and conserved their established and living cultural heritage and traditional values, and contributed to inter-cultural understanding and tolerance.



Source: Tourism and Sustainable Development. GTZ, Sector Project. ITB Convention, Berlin (2009).

**Fig. 1. Components of sustainable tourism**

The data were gathered through a telephone survey of ten women who owned and managed entrepreneurial businesses operating in the tourism and hospitality industry located across various regions of Poland. The survey instruments were sent to the owner-managers prior to the telephone survey and provided them with information on the reasons and the goal of the research project and assured the confidentiality of the results. The telephone survey resulted in a high response rate (100 percent). Respondents answered various questions and provided additional needed information electronically. The responses were grouped into categories to identify common charac-

teristics contributing to or inhibiting women to venture into entrepreneurship and identifying the factors that helped or created barriers for their businesses' growth.

### 3. Results

Poland is among the most diverse European countries in respect to its culture, heritage, and nature for development and growth of small entrepreneurial businesses within tourism and hospitality industry. From the Baltic coastline in the north through the lakes district, lowlands, and highlands to mountain ranges in the south, domestic and foreign tourists can

find areas of cultural heritage and enjoy nature. Since the 1990s entrepreneurial female firms within the tourism and hospitality industry have developed in all

parts of Poland. Those businesses developed quickly and remain relatively small but are extremely successful within their scales of operation.

Table 1. Characteristics of ten female businesses within tourism and hospitality industry in Poland

Type of business	Number of workers	Geographic location	Types of clients
Art gallery and studio	10	City	Domestic and international
Beauty salon and wellness spa	5	City	Domestic and international
Agro-tourism bed and breakfast	9	Country	Domestic and international
The farm and guesthouse	11	Suburb	Domestic
The health and spa guesthouse	12	Suburb	Domestic and international
Horseback riding farm	5	Country	Domestic
The café shop	6	Small town	Domestic and international
Cosmetic, dental, and plastic surgery	15	Small town	Domestic and international
Horseback riding in the wilderness	4	Suburb	Domestic and international
The pottery house	8	Small town	Domestic and international

Tourism activities cover a wide spectrum of services such as bed and breakfasts, guesthouses and inns, restaurants and cafés, tourist wellness and health services, sport and entertainment training, and rental services (Table 1). The most common tourist activities provided are visiting pilgrimage places, national parks and nature experiences, outdoor and recreational activities, arts festivals and cultural events, art and folklore related galleries and art or cooking seminars, visiting historical places, wellness and health related seminars, and sports training. These entrepreneurs were able to increase competitiveness that contributed to a regional economic growth and job creation. The businesses are relatively young, and the average length of activity has been about twenty years. Most of the respondents had already set up their ventures before the 1990s when the restrictions on private activity were lifted. However, the skills acquired before 1990 were not always useful in the new economic and political environment. The sizes of businesses are relatively small, but over the years most of them increased their services to international clientele.

Successful small tourism and hospitality entrepreneurs are typically those who developed a strong competitive advantage by focusing on a particular product, service, or niche market. Offering higher quality and better services and products have been the

keys to their survival and rapid growth. Their services were offered to those tourists who are more educated, sophisticated, and oriented towards healthy and active lifestyles. Tourism in a post-communist Poland is perceived to be oriented not only towards tourists who are better educated but also to those who are more culturally aware and attuned to the natural environment with an interest in a healthy life style and nature-based activities. These changes in social trends were prompted by political and economic changes and have generated new demand patterns for travel and tourism and changing product needs.

These case studies document how the female entrepreneurs' focus and strategies have made their tourism and hospitality businesses successful in a challenging business environment. Most of the businesses interviewed belong to a group of sustainable enterprises (Table 2). The respondents stated that their businesses created a strong positive effect on a local environment, community, society, and economy. According to their experience, their businesses have been a key source of growth, wealth creation, and employment and respectable work for their local economy. They consider cooperation among governments, businesses, labor, and society to be important to promote sustainable enterprises and assure the quality of employment.

Table 2. Major factors influencing women to become entrepreneurs

Business	Major factors influencing women to become entrepreneurs
Art gallery and studio	Achiever, block-factor, income-driven entrepreneur, sustainable enterprise, personal fulfillment, unique service, protect socio-cultural authenticity
Beauty salon and wellness spa	Achiever, block-factor, income-driven entrepreneur, sustainable enterprise, personal fulfillment, unique service
Agro-tourism bed and breakfast	Achiever, block-factor, income-driven entrepreneur, sustainable enterprise, personal fulfillment, unique service, protect socio-cultural authenticity
The farm and guesthouse	Achiever, block-factor, income-driven entrepreneur, sustainable enterprise, personal fulfillment, unique service, protect socio-cultural authenticity
The health and spa guesthouse	Achiever, block-factor, income-driven entrepreneur, sustainable enterprise, unique service protect socio-cultural authenticity



Table 2 (cont.). Major factors influencing women to become entrepreneurs

Business	Major factors influencing women to become entrepreneurs
Horseback riding farm	Achiever, block-factor, family-driven, income-driven entrepreneur, sustainable enterprise, unique service, protect socio-cultural authenticity
The café shop	Achiever, block-factor, income-driven entrepreneur, sustainable enterprise unique service
Cosmetic, dental, plastic surgery	Achiever, block-factor, income-driven entrepreneur
Horseback riding in the wilderness	Family-driven, income-driven entrepreneur, sustainable enterprise, personal fulfillment, unique service, protect socio-cultural authenticity
The pottery house	Achiever, family-driven, income-driven entrepreneur, sustainable enterprise, personal fulfillment, unique service

The competitiveness and capability of small enterprises in a quickly globalizing environment depend on mutual trust, respect, and good labor-management relations. Qualified personnel who are satisfied with working environment produce better outcomes both in terms of enterprise performance and enterprise. The respondents experiences indicate that long-term capabilities for their enterprises imply that the management should be based on sustainability.

All sectors of Polish tourism and hospitality are dynamic and subject to constant change and evolution. Such dynamic changes are not new. An increase in international rail and air transportation has provided new opportunities for businesses to develop and grow. Changes have become particularly important since 1990 with respect to the range of products and services offered by small entrepreneurial firms such as gift shops, hotels, and restaurants, and these, in turn, have implications for workplace practices and relations.

Respondents stated that new products and demand have been observed in different regions and areas of the industry. Changes in the industry have been driven by increasing consumer demand, and most of the products and services were provided on a small and local scale during first years of operation. Over the years, customers have required additional levels of service and higher quality of services which consequently required a better skilled and more educated and better trained labor force to support higher levels of service quality. The industry introduced a broad range of new and innovative products and services. Many small hotels, health and beauty spas, restaurants, gift shops, cafés, and other services evolved into more complex and multi-activity enterprises. Offerings are similar to traditional large scale hospitality industry ventures and include leisure and sport activities, conferences, conventions, gaming, retail, and travel.

An increasing trend towards new and hybrid occupations into geographical areas reflects the nature of the new trend in products and services offered by the market. Diversification and introduction of unique tourism products and services such as eco-tourism or sustainable tourism have been

greatly influenced by demographic and geographic change of tourism industry. As a result of such changes, a generation of better informed and wealth-oriented consumers requires more sustainable and environmentally friendly products and services. Demand for green tourism products has been growing, and it is expected to grow given that the demand for Polish products and services is increasing due to lower prices, attractive services and products, and an increasing interest from tourists from other countries of European Union.

The rewards of business ownership for respondents also include the satisfaction of building a business as well as employing people and helping them achieve their full potential. The female entrepreneurs started their businesses because of a social or spiritual need and the need for personal fulfillment. Some have a vision of supporting the growth of the business to build a healthy work environment or create a service that will support wellness and the healthy life-style of their clients. For these female entrepreneurs, owning and operating a business is an important part of their careers and their personal goals. They all expressed that hard work, the vision of how the business could grow, and personal sacrifices were key to their success. Respondents also added that finding a unique product or service was a driving force for a business success.

Only two respondents said that if they had the chance they would have done things differently to make their business more successful. In terms of the aspects of business they would have changed, five of respondents indicated financial aspects are an issue that occurred a number of times. Marketing and people management issues also featured strongly in the responses. The problems of finance and marketing were quoted as being major impediments, and experience and innovative product were the factors that were of most assistance. It was not clear from the responses whether the financial and marketing impediments were a symptom of other problems, like bad management leading to a cash-flow crisis, or the actual cause, as if they could not raise enough start-up capital for the business at the beginning of their operations. The most common problems reported were market knowledge and

planning, but a lack of financial capital was more important during earlier stages of operations.

## Conclusions

This study tries to highlight the entrepreneurial characteristics that affect the success of the female entrepreneurs. The study is based on tourism and hospitality enterprises operating for the minimum of twenty years. The analysis of the entrepreneurial characteristics reveals that education, training in the specific sector, and prior experience help in operating the enterprise successfully. The analysis of entrepreneurial motivation suggests that the female entrepreneur's dream motivates them to start the enterprise. This is considered crucial factor in starting and operating the business.

The female entrepreneurs were motivated for economic development, job creation, and delivery of health-oriented services and products. The female entrepreneurs expressed that their business success has been tied to their commitment to enhance local prosperity. They wanted their businesses to attract a large amount spending to be retained locally. They also expressed that their commitment to generate income and decent employment for workers without affecting the environment and culture of the tourist

destinations ensured the viability and competitiveness of destinations and enterprises in the long term. Respondents stated that development and growth of their businesses provided a positive experience for local populations, other tourism industry sectors, workers, and tourists themselves.

The success of their businesses came from an optimal use of environmental resources that constituted a key element in tourism development. Respondents stated that orientation towards ecotourism and sustainable tourism services delivered and developed a climate of respect for the socio-cultural authenticity of host communities. By providing positive experiences for both visitors and hosts they also provided direct financial benefits for conservation and financial benefits and empowerment for local people.

This study was based on insights from diverse intellectual perspectives and took into account both the social context of entrepreneurship as well as characteristics of the female entrepreneurs themselves. Similar studies need to be conducted in the other areas of the Eastern and Central Europe. Such focused efforts can help develop a more complete understanding of the causes, correlations, and consequences of successful, sustainable entrepreneurship.

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