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Why tourist entrepreneurs are not *homo oeconomicus*? The case of a Polish mountain destination¹

Katarzyna Czernek², Paweł Marszałek³

Abstract: The neoclassical concept of *homo oeconomicus* has barely been discussed in the context of tourist entrepreneurs. Using a convergent approach, we present a complex research on the rationality of those occupied with tourism. We discuss to what degree the critique of *homo oeconomicus* is justified when one considers entrepreneurs in the tourism sector. We analyse this issue with use of qualitative research in the context of the decision as to whether to enter into cooperation with other entities within a mountain tourist destination in the south of Poland. On the basis of the research we broaden the knowledge on the incentives and behaviour of tourist entrepreneurs.

Keywords: *homo oeconomicus*, entrepreneurs, tourism, cooperation, tourist destination, Poland.

JEL codes: B50, D22, L83.

Introduction

The idea of *homo oeconomicus* is one of the oldest and at the same time one of the most controversial topics in economics and other social sciences. Rooted in the works of Adam Smith and developed by neoclassical economists this concept explained patterns of behaviour and individual features of economic agents (in tourism literature called also “actors”). It must be stressed, however, that the idea of *homo oeconomicus* – since established – has been fiercely criticized. Amongst the critics were mainly sociologists and heterodox economists.

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All of them claimed that the idea is too artificial and inconsistent with the actual incentives and behaviour of entrepreneurs and households.

Nevertheless the idea of *homo oeconomicus* has been surprisingly important within mainstream economics. This particularly concerned the theories of neoclassical orthodoxy which dominates the mainstream. The situation changed significantly in the aftermath of the Global Financial Crisis of 2007. Its very emergence (surprising to most economists), combined with the disastrous consequences have raised doubts about the adequacy and validity of prevailing neoclassical theories. Almost all orthodox assumptions have been criticized as being inconsistent with the actual behaviour and features of agents (Dembiński, 2011; Spencer, 2013).

Despite common agreement on the inadequacy and inappropriateness of the *homo oeconomicus* model there is still an opportunity to add some new insights into this topic, especially in the context of tourism. First and foremost the problem of whether the behaviour of tourist entrepreneurs is actually consistent with the concept of *homo oeconomicus* was barely considered in literature – there is practically no complex research on those issues which discusses the actors from the tourism sector.

Secondly, the few existing papers focus only on the demand side (rationality of tourists) (Mody & Day 2014; Seoho & Crompton, 1990; Tisdell, 2010) but there are no studies concerning explicitly the *homo oeconomicus* concept with reference to the supply side, i.e. entrepreneurs in tourist destinations. Fulfilling this research gap is highly justified because of the unquestionable role, stressed in many works, of those entrepreneurs in destination development (Russel & Faulkner, 2004; Richie & Crouch, 2003; Mottiar & Ryan, 2007; Gibson & Lynch, 2007; Tinsley & Lynch, 2007; Shaw & Williams, 2004).

Thirdly, the existing works on tourist entrepreneurs' behaviour, their patterns of rationality and their incentives lack a more general theoretical grounding as they more represent the so-called divergent approach (discussed more later in in the paper). Analysis of these papers is made on the basis of research ideas developed specifically for tourism and with use of context-sensitive theories and measures (Li, 2008). The minority are papers on the behaviour of tourism entrepreneurs reflecting the so-called convergent approach – i.e. clearly embedded in more general theories which would have been applied to the tourism sector (Hjalager, 2010). Moreover those discipline-founded studies rely mainly on management theories such as the stakeholder theory (e.g. Ryan, 2002) or the resource-based view (e.g. Denicolai, Cioccarelli, & Zucchella, 2010) not on the economic ones. As Skokic and Morrison (2010) claim such a domination of the divergent approach in research on tourism entrepreneurship hinders the broader work of tourism researchers in the debate on entrepreneurship conducted in the main stream of economic theory.

Thus research on tourism entrepreneurs' decisions, incentives and behaviour that is based on general – often mainstream – economic theories, is highly

recommended. The convergent approach is even more appropriate as it shows more clearly the specificity of tourism compared with other sectors of economy. Thus the aim of the paper is to evaluate and conclude whether entrepreneurs from the tourism sector should be seen as *homo oeconomicus* with respect to the assumptions of neoclassical economics. We also discuss to what degree a criticism of *homo oeconomicus* is justified when one considers entrepreneurs (actors) engaged in the tourism sector.

Using the convergent approach we present complex research on the rationality of tourist actors, not only on its individual, fragmentary aspects. In such an approach a researcher uses existing theories and tries to adapt them to a specific context (the tourism sector in this case). So he/she starts deductively and then tries to use what is already known in the context of the issue being explored. There is an abduction⁴ used (methodological approach). In the divergent approach on the other hand a researcher starts inductively – using the perspective of researched entities or the exact context which is researched and subsequently tries to develop it. Mainly induction is used here (methodological approach). Our considerations are well rooted in the theory of economics which is often underestimated and omitted in tourism research.

We conduct research in the context of one of the most important decisions made nowadays by tourist entrepreneurs – whether to enter into cooperation with other entities from a tourist destination. Such cooperation is nowadays perceived as a crucial factor that influences the functioning of tourism companies, their competitiveness as well as tourist destinations (Baggio, 2011; Baggio & Cooper 2010; Fyall & Garrod, 2005, 2015; Lemmetyinen & Go, 2009).

To achieve the research aim we use qualitative methods, the most adequate for research for the topics discussed. We clearly articulate and explain our paradigmatic position which is often avoided in research on the decisions of tourist entrepreneurs (Blackburn & Kovalainen, 2009). We start from an analysis of the neoclassical idea of *homo oeconomicus*, with special attention paid to the features of *homo oeconomicus* and criticism of this concept as formulated in literature. Then, for comparison, we present incentives and features of tourist entrepreneurs, identified in previous research, using the divergent approach. In the subsequent part of the paper we describe the methodology of the research and its results. Finally, we discuss the results obtained and formulate a conclusion.

⁴ Abduction is a specific combination of deduction and induction in analysis of qualitative data (Auerbach & Silverstein, 2003; Suddaby, 2006). See also: <https://plato.stanford.edu/entries/abduction/#AbdGenIde>.

1. Theoretical framework

1.1. Neoclassical concepts of *homo oeconomicus*, rationality and their critique

In the neoclassical approach which is usually treated as the core of mainstream economics, it is assumed that people are individualistic, atomized agents, always acting rationally and aiming only for the maximization of their own benefits (Colander, Holt, & Rosser, 2004; Davis, 2006). In other words an individual person is the so-called *homo oeconomicus* and is always able to freely choose a solution that constitutes the best option. The only limitations stem from “hard”, objective constraints (e.g. lack of funds). The features of *homo oeconomicus* are usually listed as (Smith, 2008; Thaler, 1998): striving for a maximization of utility (usually identified with maximum profit); stable and continuous preferences (choices independent of the behaviour of others and their decisions, a stable hierarchy of preferences, unlimited willpower, no influence of emotion and moods on actors’ decisions); unlimited egoism (a lack of altruism, hedonistic motivation); perfect knowledge and information (a lack of temporal, technological and operational limits in access to information, an always adequate interpretation of available information, full cognitive power); and independence of institutional arrangements (no legal, organizational or economic factors influence decision-making; all persons act as if in a vacuum).

The concept of *homo oeconomicus*, however, has evolved significantly since the works of Adam Smith and other classics. What is important it that it has been moving towards a more and more technical approach. This trend reached its peak in the 1970s when New Classical Macroeconomics took the intellectual leadership in mainstream economics (Mankiw, 1988). A distinctive feature of this school was the assumption about rational expectations (Bernanke & Mishkin, 1992; Kowalski, 2001, 2003). Driven by rational expectations economic agents do not make the same mistakes as they are able to make proper use of information (assumed to be perfect) and to correct previous faults (Snowdon & Vane, 2002). They are also able to formulate adequate anticipations of the short- and long-term consequences of their own and others’ decisions. Thus they become more and more rational.

As a result of the “rational expectation revolution”, the model of *homo oeconomicus* has even been strengthened within mainstream economics (Kowalski, 2001). The widely accepted neoclassical axiom is that individual agents always tend towards equilibrium and their decisions are always objectively rational. Moreover such rational agents select actions and instruments that will serve them best to achieve their goal. In this framework agents are not differentiated and pursue the uniform goal of maximizing utility. There is little or even no attention paid to their environment – institutional, social or cultural (Hirsch, Michaels, & Friedman, 1990).

Along with new theories the idea of *homo oeconomicus* has been additionally supported and reinforced since the 1970s by the increasing trends towards individualism and the specific triumph of a free market, neoliberal ideology. It has also found additional expression – and is perceived as the final stage of mainstream evolution – the so-called New Neoclassical Synthesis with its focus on the forward- looking behaviour of economic agents (Goodfriend & King, 1997).

In consequence the concept of *homo oeconomicus* has evolved into an image – approved within mainstream economics – of a kind of selfish agent, always focused only on their own profits, making rather short term decisions and functioning without any connections with other agents and institutions. Such an approach was fiercely criticized. This concerned particularly the assumption of utility maximization as the only goal of economic agents and the assumption of the perfect knowledge of the agents and their ability to always use it adequately (Akerlof & Shiller, 2012). This came from different fields, especially from sociology. Weber (1978), Polanyi (2010), Smelser (1963) or Granovetter (1985), to mention just a few, argued that human behaviour is determined not only by purely economic incentives but also by a whole set of social relationships. Such relationships are complex, multidimensional and dynamic. Individual actors have different goals, priorities and character features which should not be generalized. Moreover there also exist social goals of human activity and their realization may be contrary to a maximization of individual utility. As Polanyi (2010, p. 56) puts it, ‘a man does not aspire in the first place to protect the self-interests and material resources he has, but tries to strengthen his social position, as well as claims and social assets’.

Another quite similar stream of criticism came from economics itself. The criticism intensified, as was mentioned after the Global Financial Crisis in 2007. The pattern of features, skills and behaviour of economic agents described and shared within the mainstream turned out to be at best doubtful. Scientists from new streams of theory such as experimental economics, behavioural economics and economic psychology emphasized that treating business entities uniformly and ignoring the link between them, together with the neglect of the social nature of economic activity may lead to counter-intuitive assumptions and false results.

A common feature of these new approaches, connected often to economic heterodoxy, is the recognition that in the process of decision-making, individuals rely on limited and somewhat inaccurate information. Thus scientists like Simon, Kahnemann or Granovetter reject the assumption that individuals always make perfect and accurate decisions aimed at the maximization of their utility. Instead they argue that information may be limited or even unavailable. Moreover the agent may not be able to make good use of it due to a lack of knowledge or experience. From this point of view the model of *homo oeconomicus* is far from accurate. As Thaler (2008, p. 486), a representative of be-

havioural economics, puts it, 'real people are more stupid, more pleasant and weaker than *homo oeconomicus*'.

In this paper we assess whether the above criticism of neoclassical *homo oeconomicus* is also adequate with regard to entrepreneurs from the tourism sector. We determine what actually drives the decisions of these people and whether the characteristics specific to the *homo oeconomicus* model are relevant for entrepreneurs in tourist destinations.

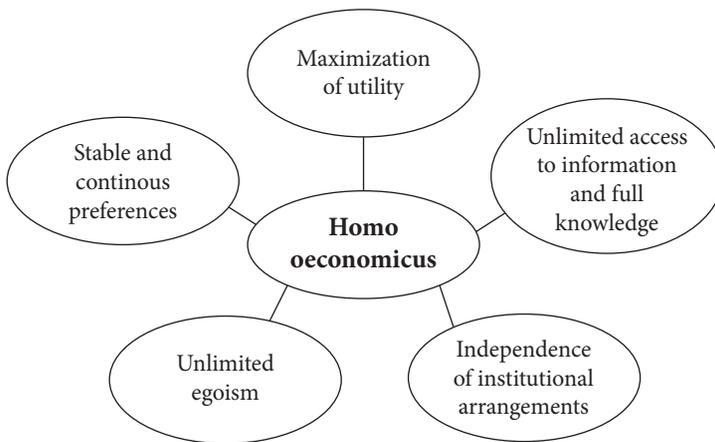
1.2. Tourist entrepreneurs' behaviour and motivation towards cooperation

As was already mentioned in the research on tourist entrepreneurs' behaviour and motivations, the divergent approach is dominant. It treats "tourism as a phenomenon rather than an industry" (Hjalager, 2010, pp. 8–9). The divergent approach to entrepreneurship is based partly or fully upon research and instruments specifically developed for tourism from which context-sensitive theories and measures are developed. Consequently a divergent approach to tourism entrepreneurship implies the development of methodologies and reaches out in a cross-disciplinary manner and does not engage extensively in debates within mainstream entrepreneurship research.

On the other hand Hjalager (2010) claimed that the convergent approach provides advantages in terms of comparability, theoretical advancement for tourism studies, greater visibility for tourism researchers in mainstream entrepreneurship research and a possibility to influence entrepreneur policy. Such an approach has some advantages (for instance it allows the development of a methodology adjusted to the specificity of tourism sector) and may give some insights into actual features of tourism entrepreneurs. In such recent studies on tourism entrepreneur behaviour and incentives some specific features of tourism entrepreneurs are mentioned (e.g. Smith, 2006; Getz & Petersen, 2005; Williams, Shaw, & Greenwood, 1989; Ateljevic & Doorne, 2000). Apart from their motivation to maximize profits it is argued that in their business activity they are also motivated by non-economic, life-style and quality of life factors. These are: a desire to have a control over their working life (Di Domenico, 2003), a will to be one's own boss (Lashley & Rowson, 2010), a desire to take care of family and keep it together (Hall & Rusher, 2004), or striving to live in a natural, less stressful environment (Shaw & Williams, 1998).

The motives of tourism entrepreneurs are also important when one takes into account such a key decision as whether or not to cooperate with other actors. In recent works authors mention several factors crucial for those in the process of making such a decision. In all these analyses, together with the calculation of costs and benefits of cooperation, also mentioned as motives of cooperation are: maintaining trust with potential partners (Bramwell & Lane, 2000; Czernek & Czakon, 2016; Hall, 2004; Jamal & Getz, 1995), a will to re-

ciprocate (Björk & Virtanen, 2005; Bramwell & Meyer, 2007), the necessity to maintain a good reputation when an entity is embedded⁵ in the local community or a will to assure tourist development in a destination through cooperative initiatives (Czernek, 2014a; Riley, 2000). Some other determinants which indirectly stimulate or hamper cooperation in tourism are also stressed. They refer to the context (history, level of economic development, etc.) of the country or region analysed (Araujo & Bramwell, 2002; Reed, 1997; Timothy, 1998), struggles between different interest groups (Lovell, 2002; Tyler & Dinan, 2001), cultural convergence (Meng-Lei, Jeou-Shyan, & Yu-Hua, 2009; Yang, 2007) or geographical location and local specialization (Michael, 2007; Czernek 2013, 2014b) and many others. All of them may be treated as elements in the institutional context, directly or indirectly affecting cooperation decisions.



Features of “neoclassical” *homo oeconomicus* – conceptual framework

Despite many valuable results achieved by using the divergent approach the picture of the decision-making process (its course, premises and determinants) of tourism entrepreneurs regarding cooperation could be more precise when complemented also by the convergent approach. Achieving such a definite picture is very important, firstly, as those cooperation decisions according to many authors, lead to the development of individual businesses (Johns & Mattson, 2005; Michael, 2007) and tourist destinations (Hall, 2004; Fyall & Garrod, 2005; Tinsley & Lynch, 2007). Moreover, a better understanding of those decisions helps in the management of those destinations (Gibson & Lynch, 2007).

We use the convergent approach by embedding our research in general economic theory and the framework taken from the *homo oeconomicus* concept. We focus on several basic characteristics which are typical of the neoclassi-

⁵ The concept of social „embeddedness” stems from works of Mark Granovetter (1985, 2005) and constitutes an important part of the New Economic Sociology.

cal *homo oeconomicus* approach. The characteristics are presented in Figure 1 and create a conceptual framework for further analysis. Actual realization of these elements will be presented in the Results section whilst their description in comparison to a criticism included in recent literature and in the context of the results obtained by the adoption of the divergent approach – in Section 4.

2. Methodology

In the research conducted the ontology is relativist. It means that knowledge is seen as an inter-subjective construct rather than as objective. The decisions and behaviour of entrepreneurs are analysed through interpretations made by individuals in the society research (interpretive epistemological approach). This represents a significant shift from the more traditional, economic and positivistic approaches, discussed earlier in the paper.

In this paper qualitative methodology for data collection and analysis is used as it is the most appropriate for the achievement of the aim of the paper. Qualitative methodology has many advantages: it provides a comprehensive outlook on the complexity of the issue under consideration, makes possible purposive sampling and inductive data analysis and allows a researcher to get closer to the researched individuals and to analyse the context in which they operate (Eisenhardt & Graebner, 2007; Gioia, Corley & Hamilton, 2013).

In the research a multiple case study methodology was used. It necessitates the use of several cases to explore a problem (several municipalities forming one tourist destination) and to draw some general conclusions by uncovering patterns that help to explain the phenomenon researched. This carefully selected sampling made possible an analytical result instead of a statistical generalization (Miles & Huberman, 2003).

A destination comprising five small municipalities (Brenna, Istebna, Szczyrk, Ustroń and Wisła) was selected. In 2004 the authorities of the five municipalities signed a cooperation agreement and started a joint promotion of this area as one tourist destination. The region is located in the Beskidy mountain range in the South of Poland about 50–100 km from larger cities (Katowice, Cracow). Since it has a unique mountain landscape and many tourist attractions it is a well-known mountain destination for winter and summer activities. Szczyrk, Wisła and Ustroń are very popular for active tourism, especially skiing, whilst Brenna and Istebna are well-known agro-tourism and folklore destinations.

The research was conducted in two stages: the first – from July 2008 to October 2010 and the second – from August 2013 to January 2014. The aim of the first stage was to identify the different types of determinants of intra- and intersectoral cooperation. This first stage of the research was conducted in the five municipalities mentioned above. Later the research was deepened with reference to cooperation mainly within the private sector in Wisła.

During the first phase of the research (2008–2010) the researcher analysed different forms of tourist cooperation in the chosen destination. Some of them were of the utmost importance. These were the ‘Beskid Tourist Organization’ aimed at promotion of the area and businesses in the five municipalities, The ‘Wisła Tourist Organization’ aimed at tourist promotion of the town of Wisła and ‘Beskidzka 5’ – a collaboration aimed at joint tourist promotion of the five municipalities studied. Some other forms of cooperation, including oral, informal agreements between individual partners were also analysed, e.g. ‘Discount tourist card in Wisła’.

At this stage an individual in-depth interview with an open list of information needs was used. The aim of the research required that interlocutors should be allowed to express their opinions freely. The interviewees were generally asked with whom and why they cooperate and what factors stimulate and hinder this cooperation. Interviews were conducted with sixty three interlocutors. Ten interviewees came from the public sector, representing local government in each of the five municipalities (purposive sampling). They were asked about municipal cooperation aimed at tourism promotion of the five municipalities operated in the form of ‘Beskidzka 5’. The ten public sector representatives were also asked to indicate private entities engaged in different forms of tourist cooperation in the destination and to those who (according to their knowledge) were the most antagonistic towards cooperation. This allowed further interviews to be conducted with several private sector entrepreneurs who were also asked to suggest the next interlocutors as a good source of information regarding private sector cooperation (snowball technique sampling). Finally thirty six representatives of the private sector from the five municipalities were interviewed. These were entities providing accommodation with complementary services, tourist attractions, souvenirs, inbound tourism intermediaries and different types of catering firms. The private sector entities were asked about the forms of cooperation in which they were engaged and about factors determining their decision as to whether to cooperate with other private entities or not. The remaining seventeen interviewees were representatives of non-governmental organizations. They were selected specifically or mentioned by former interviewees as a good source of information. This group of interviewees was asked about factors stimulating and hampering inter- and intra-sectoral cooperation.

This stage of the research allowed the identification of different types of cooperation determinants amongst which were not only economic, but also socio-cultural, legal, demographic, spatial and political factors. This led to the second stage of the research where only the decisions of private entrepreneurs about tourist cooperation were investigated.

The research conducted in this second stage covered forty eight of the fifty five members of the ‘Wisła Tourist Organization’ (WTO) (Seven members did not agree to take part in the research). Apart from the representative of the

Wisła authorities all members of the organization were private enterprises – directly or indirectly serving tourists. At this stage interviewees were asked an open question as to why they decided to join the WTO and whether and why they hesitated to do so.

The interviews conducted in both stages of the research were recorded. The analytical process of interview data followed the approach which consisted of three concurrent flows of activity: data reduction, data display and verification (Miles & Huberman, 2003). Data reduction involved the transcription and case card creation for each of the interviewees. At this point, based on literature, the researcher had prepared descriptions of the different features of *homo oeconomicus* (see Figure). These features constituted particular codes needed for further analysis. By analysing the content of each case card units of analysis were identified and sorted into relevant categories (codes) describing *homo oeconomicus* behaviour and motivation in terms of the decision on cooperation.

The manner of data analysis presented constituted an abductive approach since it was a combination of deductive and inductive analysis. We agree with other authors claiming that pure inductive or deductive approaches are not always productive. New ideas come from combination of deductive and inductive thinking (Strauss & Corbin, 1990).

The Atlas.ti v. 7.0 software application was used to code interviews. All these activities allowed for data reduction to a manageable size in terms of its display and further analysis and verification (Miles & Huberman, 2003) To increase the level of research reliability (Guba, 1981) the researcher spent a long time in the field to come back with an accurate and deep understanding of the issues researched and their context. Moreover all procedures in this research were documented and a detailed protocol was created. Full transcripts, definitions of codes and their applications were also created and checked (Saldaña, 2009). Since in this type of research it is necessary to present perceptions in the most realistic way quotations from the interviews have been inserted in the text. This enables accurate reporting of the interviewees' personal experience (Hamersley & Atkinson, 2000).

3. Results

3.1. Maximization of utility (profits)

Focusing on the most emphasized feature of *homo oeconomicus*, namely its striving for the maximization of utility, we found that entrepreneurs from the selected destination did stress that their activities were profit oriented. They directly expressed the opinion that all their decisions, including those about cooperation, were aimed at generating profits. A guest house and a ski lift di-

rector from Wisła, describing his cooperation with an owner of a small ski-lift located next to his, expressed it in this way:

Our collaboration with (the name of the lift) is not a matter of some kind of positive attitude towards collaboration per se. It is a case of mutual benefits that all achieve by taking part in this action, everyone is satisfied. They need one another. But there can also be a different collaboration – when we like each other a lot – but sooner or later such collaboration ends up with divorces in one way or another. There must be strong economic dependency of those actors. (A director of guest house and ski lift in Wisła)

The entrepreneurs researched stressed that before each decision on cooperation they have to calculate the potential benefits and costs of cooperation. Both categories were of a different nature – actual, potential, tangible, intangible, etc.

Researcher: 'are you interested in joint ordering some services e.g. cleaners, with other guest house owners from this street?'

Interviewee: 'I can see some technical barriers (...). Maybe the costs of such cooperation would be higher than the benefits: somebody must be employed to deliver it, or some wholesalers would do this according to the orders placed, invoice accounts would have to be separated, joint price negotiation is needed'. (An owner of a guest house in Wisła)

In general the interviewees emphasized the role of fast profit maximization in their decisions, including the decision to collaborate, and they were more or less aware that cooperation usually brings long-term benefits or may lead to some costs that can be even higher than the profits. In that case some interviewees refused to collaborate. But what was interesting is that there were also some who declared that they are ready to run an unprofitable business for a while due to other reasons:

I love what I'm doing and I wouldn't like to close this business. I will wait till next year, however, at this moment the price for one night in my guest house covers only costs (...). Still, I'm interested in collaboration with others in any form. (An owner of a guest house in Szczyrk)

Thus, despite declared profit orientation, the entrepreneurs stressed that they did not always maximize their profits, even when it would have been possible. Such behaviour, contrary to neoclassical assumptions, could imply that other features of the *homo oeconomicus* model, presented in the Figure 1 were not evident. Therefore we took a closer look at the features with reference to businesses from the researched destination.

3.2. Unlimited information and knowledge

The research showed that most of the interviewees were aware of the need for cooperation. They explained this by the existing global trends in the economy (also in tourism), such as growing market competition, greater needs and expectations of tourists, their mobility and by more strict budget constraints in local governments. The interviewees stressed that, given these trends, tourists look for a comprehensive offer that cannot be guaranteed by individual entities and that individual businesses are therefore mutually dependent.

However not all interviewees had knowledge of these trends and changing tourist need. This lack of knowledge hampered cooperation. A similar situation related to the knowledge of some random determinants of tourism activity (exchange rate fluctuations, lack of snow in the peak winter season, etc.). Even entrepreneurs with a knowledge of the factors were not always conscious of all their consequences. In some cases the actors had to rely on their intuition. Moreover during uncertainty about business activity the entrepreneurs preferred to limit their activities (including collaboration) or to wait for a further course of events.

We also identified some entrepreneurs who did not have any knowledge about potential forms or benefits of collaboration. The owner of a guest house in Brenna expressed it succinctly:

I never had any idea about collaboration with other entities. In fact I don't even know what kind of cooperation I should expect.
(An owner of a guest house in Brenna)

The identified problems identified in respect of information and knowledge had different sources. To some extent they were the fault of the entrepreneurs themselves. They were inactive in the collection of data and improving their qualifications. As one of the officials stated:

They (entrepreneurs) don't read any newspapers or advertisements, they don't go to church. Nor do they attend social consultations. Yet they are angry when they don't know something and have grievances that they didn't get information directly in their homes. (A representative of the local authorities in Szczyrk)

The problems of knowledge acquisition and transfer were also hindered by the variety and great number of entities representing the tourist supply. In this situation the transfer of information was expensive and difficult. For instance, the diversity and fragmentation of entities in the destination limited the transfer of information sent by local officials about 'Beskidzka 5' to the local community:

Informing about the needs, the actions of 'Beskidzka 5' is necessary but also expensive. It is expensive to write a letter or call everybody. And not everybody reads WWW pages, not everybody has or checks e-mail. Many are invited to the meetings, but only

a few come. (A local official working in the tourism promotional office in Szczyrk)

Thus it must be stressed that the neoclassical condition of having and using perfect information in the decision making process has been not fulfilled.

3.3. Stable and continuous preferences

The interviewees were also quite far from having continuous and stable preferences as assumed in the neoclassical model of *homo oeconomicus*. Rather the opposite, they changed their incentives, hierarchies of goals and attitudes (also toward cooperation) on a frequent basis and took many different factors into consideration. They were often not consequent in their choices. Thus it was barely possible to optimize their decisions as they were influenced by numerous psychological and social factors.

Amongst them was the special role played by moods and emotions. The interviewees pointed out that in many situations cooperation was possible only due to personal contacts and positive feelings or intuition. This may be supported by the words of one of the entrepreneurs from Wisła, describing inviting entities to join the “Wisła Discount Card”:

We selected the firms which cooperate with us nowadays using the following criteria: whether they offer good services (good quality) and at a good price; also our earlier contacts were important – we knew which entrepreneurs we can rely upon, or we knew each other privately and we just like the owners of those enterprises. (An owner of an inbound tourist intermediary firm in Wisła, an initiator of “Wisła Discount Card”)

On the other hand negative moods and aversion made cooperation harder. Some of those researched refused to cooperate, even if involvement in cooperation could be beneficial for all sides. This role was demonstrated by such feelings as envy, dislike or even distrust. This statement may be confirmed by two quotes of the entrepreneur from Brenna:

Establishment of the Local Tourist Organization was not easy (...) during attempts to register, some gave up their intention to become members and were discouraged. Amongst the biggest problems with starting cooperation were: envy, mentality, competition and attitude: “why should I cooperate, when I already enjoy a good reputation”.

Our attempts to increase the quality of services are not welcomed by the local people (...). Our professional attitude is not perceived as positive. In general we cooperate only with the municipality and schools (...). We are the best guest house in the neighbourhood, our neighbours see the tourists’ interest, see our popularity and they are convinced that we are taking clients away from them.

What is significant and in a way surprising is that envy and reluctance were in some cases a sufficient reason to reject a proposition of cooperation that could have brought significant profits. Some personal disagreements prevailed over the chance to optimize the results of an activity. As the owner of a guest house from Wisła, explained:

We are from outside the town and local people don't always want to cooperate with us, even when we want to. They treat us as a competitor, a great danger. For instance I came to one of the guest houses to book twenty rooms, as part of the cooperation, but they refused. Despite it could be their profit.

Apart from emotions or moods those from the region researched made choices under the influence of such factors as the will to imitate others, myopia or even susceptibility to mass media. This is supported by statements of an initiator of the "Wisła Discount Card":

In Wisła there 'the Discount Card' initiative also exists (...) The municipality informed about it on its website. Information was also given to the mass media: TV channels, radio, the specialist tourist press. A problem that occurred: Lady X had not agreed to give a discount but when she noticed the positive reception of the whole scheme, she changed her mind.

Hotel X also doesn't get involved (in cooperation) – sometimes it makes its involvement conditional on the behaviour of hotel Y, which is its competitor. (An owner of an inbound tourist intermediary firm in Wisła, the initiator of "Wisła Discount Card")

Thus one might argue that the willpower of entrepreneurs was limited. They changed their opinions and decisions adjusting them to other actors, majority views or even media actions.

3.4. Unlimited egoism

We also found that the decisions of our interviewees from their individual and short-term interest point of view could sometimes seem irrational. However these decisions were perceived as very accurate when one takes into account their presence in the local environment, the reputation of a given person and the perspective of long-term operation in the same local or regional environment. This was stressed, for instance, by the representative of one of the most popular tourist attractions in the destination:

Of course the aim is to achieve financial profit, but firstly, you can't do it in a selfish way, without considering local interests. Secondly – it is a time-consuming process. And then it is a permanent and continual success. If I cause trouble in the municipality which has

twenty thousand people, then I don't have the possibility to live in such a structure, because I'm a person excluded from this community. My activities (cooperation) that are aimed (not directly but indirectly) at my personal success have to take into account broader interests. Especially the municipal interest – the one in which my company is located.

When the researcher asked interviewees about the importance of other motives apart from profit maximization relating to running a tourism business and entering cooperation, they also stressed the need for individual satisfaction, which is typical of tourist business activity. Some of them – the entrepreneur from Wisła – stressed that what they do is not only their job but also a way of life. Thus, in some cases, apart from generating profits, they presented selfless behaviour:

My son asks me: 'why did you start this gastronomy business? You have your transport firm!' You know, I don't have to earn money from that. I'm happy that I can give a job to people. To young people and somewhat older people. And that they will be able to add some money to their often very poor salary. And if it goes well and something else is left for myself I will be very happy (...). Besides, I love cooking. (An owner of a transport firm and a restaurant in Wisła)

Such an attitude was obviously not common amongst our interviewees but some people also stressed similar motives for their business activity. For example members of boards of some partnership structures stressed that they were eager to work in those boards for free but only on condition that this work will generate enough satisfaction for each of them. This was also one of the reasons why many of non-profit organizations had problems with continuing their activities when this eagerness had faded. This situation occurred in the 'Beskid Tourist Organization' (BTO) where board members decided to limit their activity after the local authorities did not support those activities. A BTO representative presented this in these words:

Our eagerness to work for free has finished as far as the board is concerned. It has just finished (...). I think that such an engagement, if it's not paid, does make sense if something is created that gives satisfaction to everyone, when this is something new that we are pleased with. But when you devote your own time at the expense of your own business – that is, the possibility to generate income and it is not accepted by the local community, it discourages you, definitely. (An entrepreneur, a representative of 'Beskid Tourist Organization')

Moreover apart from the purely individualist, egoistic attitudes – expressed by a tendency towards profit maximization – interviewees frequently claimed

that they were also motivated by local pride and being members of the local community, which influenced their decisions as well as those connected with cooperation. This is confirmed by the statement of one of the owners of guest houses and ski-lifts in Istebna:

I see my future in Istebna. I would enter into cooperation more for the municipality's sake than for the profit (...). By all means be available for the improvement of the conditions of the local community. I have one hectare of land here under a ski-lift, a developer wanted to buy it, he wanted to build a housing development there, he didn't need the ski lift, everything would be destroyed. He offered me 1,5 million PLN. I didn't agree even though it would provide security for me for the rest of my life. But I thought: Kazik – my neighbour – the owner of a small ski-lift – “would kill me”, neighbours who have rooms to let here would take offense, the municipality – the next ski=lift doesn't work, such a ski-lift, which actually served the municipality the best – a washout. After a talk with the developer I started looking for a different solution – better for the municipality and for all of us. I was looking for someone who would enter into partnership.

The interviewees also claimed that they had experience in conducting activity abroad and could have left the destination. However they started – or were going to start – families here and wanted their family to continue their business. Therefore they cared about the socio-economic development of the local area and engaged in various forms of activities, also charitable, as well as partnership structures promoting the region or Wisła municipality:

We work in a foundation as a non-profit organization and we pay extra money for that – our private money – and if we see that there is a chance that the BTO would influence municipal development then we would engage in this organization. Because there is some kind of local pride in us. Each of us had a possibility to live somewhere else – either in a big city or abroad – and to do something else. I have been living in Vienna for six years and now I have come back to Wisła because I like this region. (an initiator and representative of non-profit organization in Wisła)

An owner of a guest house in Szczyrk justified his motivation for cooperation in this way:

I'm constantly up-to-date because I'm the boss of sport events – I'm on organizing committees, I provide knowledge and engagement in Szczyrk, I work socially because I like it. Because I want this place to prosper, to develop. I have been running my business since 1972. I have been visiting this place since the 1960s. This is a family busi-

ness, my daughter will take it over. My son-in-law works here, my grandchildren are waiters. (An owner of a guest house in Szczyrk, engaged in non-profit organizations in this municipality)

An understanding of the charity and pride issues, as well as their impact on specific decisions, was better within the group of more experienced entrepreneurs. They stressed that this kind of attitude, including charitable activity, in the long term translates into their own business activity and generates profits. The owner of a rope park in Wisła put it in this way:

(...) when the municipality asks us to sponsor some events then we join in or not. But mainly we do. Because, after all, we are in the same town and whatever the municipality does, we need to help. This could be, for example, ‘Children’s Day’, we distribute free admission tickets to our park. Or we sponsor the food for the volunteers at the event (...). Nowadays people have a very consumer attitude to life. And I think there are less and less people working charitably and not everybody appreciates the fact that when you do charity work, it affects your business. I can see it because I do charity work in several organizations.

3.5. Independence of institutional arrangements

According to the *homo oeconomicus* concept, actors are not bound in their choices by any obstacles stemming from institutional arrangements such as the structure of a given economy, its historical, structural or administrative features. Our research showed that this was not the case for our interviewees. The actors were influenced in their decisions by many legal, administrative or infrastructure factors. These were often obstacles which made the decision process harder, caused delays and also hampered cooperation.

An important group of factors were legal regulations – both domestic and supranational. Representatives of both sectors – private and public – claimed that domestic law hampered their day-to-day activity and thus interfered also with their cooperation. Entrepreneurs criticized the reluctance of municipalities in using stimulating instruments such as tax vacations or tax reductions. Local authorities, on the other hand, argued that they are limited in their actions by law and the low degree of power decentralization. As two of the officials stated:

But we are not self-government! Excuse me – what can I do? To fix tax at a given level? (...) I have already everything precisely written out: to whom I can give tax vacations and to whom I cannot. This is all regulated. It is not that I do what I like or what I think I should do. There are actions which are illogical and completely unconnected with the economy and management.

We don't have any areas of our own. Thus our competence, as a municipality, is only information on the land development plan, and, perhaps environmental decisions. (...). We have virtually no control over the investments in the municipality. (Officials responsible for tourism development in Szczyrk and Istebna)

There were, however, some activities that local authorities could take to stimulate private tourist entrepreneurs and cooperation and if a given authority was aware of such opportunities and did not hesitate to use them, conditions for cooperation and increasing profits were significantly better. As one of the officials from the destination stated:

It is the climate in the municipality (...) there has to be a will to cooperate, to listen to others, to create opportunities by adopting plans, granting permission, granting access to municipality infrastructure, to roads, to take areas on lease. (A representative of local authorities in Ustroń)

The research showed also the great role of EU funds in starting and developing cooperation. As one of the interviewees put it:

Definitely, the will to cooperate was easier for us due to EU funds, which strengthened and stimulated cooperation, as well as its continuation – in order to gain new funds from this source. (A representative of “Beskidzka 5” cooperation)

However in some cases the formal requirements of an EU project made cooperation more difficult. The problems pointed out by interviewees came down to the very detailed list of requirements, complex reporting or numerous restrictions.

Another important institutional obstacle also connected with the law was the significant fragmentation of property. Property in Poland is protected by regulations, which give the owner ultimate power of decision. Such a situation has had serious consequences. For instance when the land under a ski-lift was the property of several dozen persons, any potential investment requires permission from all the owners involved. Thus in such situations potential investors could not realize their goals and achieve the expected return on investment.

Apart from the legal aspects there were also administrative problems which limited the independence of actors. Such problems were connected mainly with conflicts on the division of competence between officials, blurred responsibilities of partnership structures or long-lasting bureaucratic procedures. As one of interviewees said:

So now duplication of work begins: here is the BTO, there is ‘Beskidzka 5’, there are promotion departments. Everybody is looking at each other. Now one may consider if it makes any sense to keep so many jobs in promotion departments. (A representative of local authorities in Szczyrk)

All the problems implied additional costs for the entrepreneurs, mainly in terms of lost time. Given this the possibilities to maximize profits were limited once more.

Another group of institutional limits on entrepreneurs' independence were problems connected to infrastructure – its low quality or even lack of infrastructure. Shortfalls in this area were often the result of the period of communism in Poland. Problems were connected not only to the poor quality of roads and sewage systems, communications etc.. Difficulties also arose from the practicalities and organization of tourism in the previous period. According to one person:

Certainly there is the influence of circumstances from the previous regime (...) At that time in Wisła there were a lot of guest houses belonging to state-owned foundries and mines. Their managers were supposed to host all tourists who were sent by these plants. There was a situation in which someone from outside organized everything and the guest houses always had clients. (An director of a guest house and ski-lift in Wisła)

Such a situation is no longer possible as most of state-owned plants do not exist and the others have drastically limited expenditures for such activity.

4. Discussion

Comparison of the model and the actual features shows clearly that the entrepreneurs from the destination researched are far from being *homo oeconomicus*. This is visible in Table, corresponding with Figure 1 where we compare the features of neoclassical *homo oeconomicus* identified in literature with features of tourist participants from the said destination. Moreover we compare in the table our results with a criticism of the neoclassical approach formulated earlier and described in Section 2.1.

In Table 1 it is shown that the results of the research are consistent with criticism of the *homo oeconomicus* concept presented in the earlier part of the article. Neither was profit maximization so important, nor knowledge and information perfect. The decision-making process of those interviewed was influenced by institutional arrangements and procedures, factors connected to their embeddedness in the local community, social relationships and factors such as trust, reputation or even charity. The entrepreneurs recognized and understood their mutual dependence and generally had far from egoistic behaviour. They also changed their preferences and hierarchies of aims, reacting to changes in the local area or even to media activity. Thus from the neoclassical point of view, they often behaved irrationally.

It must be stressed that the entities researched were profit oriented but profit was not the sole or even the most important goal of their activity. The actors

Features of *homo oeconomicus*, its literature critique and the identified features of the researched entrepreneurs – a comparison

Features of 'neoclassical' <i>homo oeconomicus</i>	Critique of <i>homo oeconomicus</i> : features of actual entrepreneurs identified in literature	Results of the research – features of entrepreneurs from the tourism sector
Maximization of utility	personal attitude; strong influence of emotions on decisions; aversion to losses more important than profit oriented approach; numerous mistakes; numerous cognitive illusions	persons operating under the influence of emotions and personal relations; different goals; profits often perceived as less important; local interest as decisive factor; business perceived as a way of life (fulfilling dreams)
Stable and continuous preferences	susceptibility to mass media; too much confidence in the majority's behaviour; lack of consequence in choices; so-called effect of turning; large role of moods and emotions; limited willpower, myopia	lack of consequence in choices; large role of moods, emotions and personal relationships; susceptibility to mass media; willpower constrained by performed social roles
Unlimited access to information and full knowledge	numerous temporal, technological and operational limits in access to information, problems with processing data and its interpretation; limited cognitive power	obstacles to information access; insufficient knowledge; relying on intuition instead of "hard" data; awareness of uncertainty
Unlimited egoism	avoiding threats as a better motivation rather than looking for optimization; non- hedonistic motivation, awareness of other people – their needs and conditions	well understood and appreciated position of a given entity within the local community; awareness of other people and their needs; local pride, charity
Independence of institutional arrangements	legal, organizational and economic factors influencing decision-making process; possibilities to optimize dependent on the quality and structure of institutions	entities operating under different and changeable institutional arrangements, affecting their activity; important role of legal frameworks and quality of municipal services

also took into account the necessity to maintain good social relationships with other entrepreneurs and entities in the area where they lived. Sometimes, as some cases showed, they made decisions leading to unsure profit, but which allowed them to maintain good relationships with others and protect the reputation of a given actor. The interviewees stressed that they have to think long-term, and thus some of them – especially the more experienced – decided to cooperate with others, although this cooperation initially generated only costs. As they stressed, proper relationships with the local community are a valuable

resource in business activity. Interviewees were aware that they and their families live in this actual community.

Thus they were ready to resign from individual, short-term profits on behalf of the interests of their municipality or region. In this context one may agree with Granovetter (1985) who states that what apparently looks like irrational behaviour (as it does not directly serve profit maximization) can be quite reasonable when one takes into account a specific context, especially one connected with embeddedness in a network of social relationships.

The question then arises as to what factors are behind such characteristics of entities in a tourist destination. Of special importance here are the very features of the tourist activity and tourist sector. Our results complement previous research on these specific features and their impact of the decisions of tourism entrepreneurs. The first feature is that most tourism enterprises are small and medium size (SMEs) (Smith, 2006). Such firms often lack specific and expert knowledge because access to it is too expensive for them (Cohen & Levinthal, 1990; Sparrow, 2001). It is stressed that if SMEs are to adapt and use any knowledge they have to perceive it as useful in their day-to-day activity (Cooper, 2006; Shaw & Williams, 2009) thus they prefer tools which are easy to apply and give fast, not necessarily the most effective, solutions to the problems (Jenkins, 1999). Typical is therefore to make most of decisions intuitively, based on their direct contacts and own knowledge which is never comprehensive or perfect. They do not assess the utility of each decision in terms of a thorough calculation of potential financial costs and benefits as is assumed in the neoclassical pattern.

Another specific tourism feature influencing entrepreneurial decisions, is tourism fragmentation (Baggio & Cooper, 2010; Mistilis & Sheldon, 2006). Tourists' needs cannot be fulfilled by a single entrepreneur – a great number of varied entities acting within many different areas and on different scales is necessary. Thus building different kind of relationships (especially cooperation) between tourism enterprises is necessary. At the same time the necessity to cooperate with others and dependency on their offer makes tourist businesses very uncertain. This uncertainty forces entrepreneurs to make decisions which, from the neoclassical point of view, are not always optimal ones.

There are also several distinctive features of tourism which hinder access to information and its transfer and create higher uncertainty in running a tourism business. Amongst them one may point at the rather inflexible and immobile tourist supply on the hand and a very flexible tourist demand on the other (Holloway & Humphreys, 2012). These factors limit or even eliminate the possibility to have perfect information before each decision can be made as also with a decision on cooperation. A similar impact is made by the seasonal character of employment in tourism and the frequent hire of part time employees. Moreover due to unskilled labour and the low wages in tourism it

is hard to stimulate the improvement of an individual's qualifications (Riley, Ladkin, & Shivas, 2002).

Referring to the insight of Thaler quoted one may state that tourism entrepreneurs, even more than those in other sectors of the economy, are far too easy-going and bother too little to be *homo oeconomicus*. Their features, decisions and actions do not correspond with the neoclassical picture of the economy. Thus our research extends recent knowledge about the motivation and behaviour of tourism entrepreneurs by justification and exemplification of a critique of the *homo oeconomicus* concept not applied in tourism literature up to now.

It can therefore be said that our results are in line with Tribe's (1997; 2007, p. 280) statement that tourism business studies which represent mainly positivist approaches and often focus on the economics of business "only offer a partial reading of the world". It is because they fail to observe tourism in its wider social and cultural settings. This is also a problem of the neoclassical concept of *homo oeconomicus* which does not allow a true understanding of the decisions of tourism entrepreneurs.

Conclusions

In general it can be concluded that the features of the neoclassical model of *homo oeconomicus* were barely present in the behaviour of the tourist entrepreneurs researched. The research showed that a decision on joining a cooperation depended not only on cost-benefit analysis and profit maximization but also on social relationships in the local community, trust in potential partners or even such factors as charity and local pride. Moreover knowledge, access to information or the willpower of interviewees were far from neoclassical assumptions. Although some of the features, incentives and mechanisms, determining decisions (also on cooperation) made by entrepreneurs were mentioned earlier in literature (see Section 2.2), they were not explicitly analysed with reference to the neoclassical *homo oeconomicus* concept and its critique. By exploiting the convergent approach we organized this debate by adding new arguments against the idea of *homo oeconomicus* and deepening knowledge on the rationality and motives of the entrepreneurs from the tourism sector.

On the basis of the research it is possible to formulate some practical recommendations. From the point of view of cooperation in tourist destinations it is important to maintain personal relationships between entities as they work directly and indirectly for tourism development. Personal ties should therefore be treated as giving measurable, future and long-term benefits. Local authorities, non-profit organizations and entrepreneurs themselves should create and take opportunities to develop such relationships. For example, local authorities can organize workshops and meetings for potential and real partners of

partnership organizations (such as Destination Marketing Organizations) to build a platform for them to enable them to get to know one another, to develop their relationships and to learn about other destinations/countries and their positive cooperation results (good practices). All those involved in tourist destinations must realize that activities aimed at establishing and/or sustaining such personal relationships (irrational from the neoclassical perspective), are quite reasonable in a specific, social context.

Thus the conclusion that the neoclassical perception of rationality does not well suit the tourism sector does not imply that its entities are not rational. Rather their decisions are made on the basis of many factors, going beyond naively understood self-interest and optimization. For proper destination management and development, understanding of those factors, especially in the context of such an important issue as tourism cooperation, is very much needed. The results of the research should, however, be treated as the first step towards the identifying patterns of rationality of tourism entities. The statement that they are not rational in the neoclassical sense opens the debate on other theories which may explain the decisions made by the actors under discussion. In other words the question arises whether other concepts of rationality formulated in economic literature may better explain the behaviour of tourist entrepreneurs. Especially useful in further research may be theories from the area of evolutionary economics and behavioural economics. These interdisciplinary approaches, linking elements of psychology, economics and sociology, appear to be very helpful in analysing such complex issues as the incentives and attitude of those engaged in tourism, characterized by very intense social and interpersonal links. A fruitful approach may also be the mentioned concept of Mark Granovetter's social embeddedness.

This study displays some limitations primarily associated with the methodology adopted. The size and location of the sample might bias the insights of the study towards a Polish and regional context. Moreover the country has a specific history that can influence the decisions and activities of its citizens, including private tourist entrepreneurs. On the other hand, the history of Poland, as a transition country, allowed the fulfilment of one of the gaps in research and the presentation of empirical results from one of the countries that are felt to be under-researched. Regardless of the limitations mentioned we believe that additional research is necessary to better explain and understand decisions on cooperation in tourist destinations and we consider our research as a good starting point.

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