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ENTREPRENEUR PROFILE AND ENTREPRENEURIAL PROCESS IN THE FIELD OF TOURISM

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***Abstract:** Entrepreneurial initiative is one of the main drives of the economy. Entrepreneurship is a key factor not only for the tourism sector, but also for the economy as a whole. This is why the purpose of this research paper is to define the profile of the entrepreneur in the tourism business, the characteristics of the entrepreneurial process and the factors for success or failure in the tourism business. The paper presents a detailed description of the knowledge and skills required of entrepreneurs, the stages of the entrepreneurial process, and the main factors for the success or failure of entrepreneurs in the field of tourism.*

***Keywords:** tourism, entrepreneurship, entrepreneurial process, entrepreneur.*

1. Introduction

Tourism is an important economic sector for countries with natural and anthropogenic tourism resources. Domestic and international tourist trips generate significant revenues. This actually makes tourism an economic activity that is a significant driving force for many national economies, as well as the global economy. (Ateljevich & Li, 2009)

The dynamics and rapid growth of tourism sector worldwide require a creative entrepreneurial approach both for establishing new businesses and expanding existing ones. Entrepreneurship in the field of tourism provides opportunities for economic and social development at all geographically defined levels – European, national, regional, etc. In this respect we should point out that that entrepreneurship is inherently related to the development and realization of new business ideas. Entrepreneurial initiative is one of the main drives of the economy. Entrepreneurship is a key factor not only for the tourism sector, but also for the economy as a whole. This is why it is of the utmost importance to clearly define the profile of the entrepreneur, as well as the characteristics of the entrepreneurial process and the factors for success or failure in the tourism business.

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2. Entrepreneurship in the field of tourism

2.1. Profile of the entrepreneur in the field of tourism

Entrepreneurs in the field of tourism must have the professional knowledge and skills for the successful realization of their entrepreneurial idea. Their knowledge of the following essential characteristics of tourist services is of utmost importance (Bozhinova & Ilieva, *Hotelierstvo i restorantyorstvo*, 2015):

- Intangibility – the service cannot be tried before its actual rendering;
- Irreversibility – the service expires if it is not used at the right time;
- Indivisibility – the service is rendered and used at the same time and place;
- Volatility – service quality varies;
- Absence of ownership rights – the service can be used for a certain period of time (e.g. a hotel room is booked for a certain number of nights).

Entrepreneurs in the field of tourism need the following knowledge areas and skills: (Bozhinova, Todorova, Pavlov, & Valkova, 2018)

- Project management;
- Strategic and scenario planning and forecasting;
- Idea generation and assessment and problem solving methods;
- Quality management;
- ABC analysis and cost-benefit analysis;
- Investment analysis;
- Risk assessment;
- Tourist business management approaches and methods;
- Environment protection;
- Human resource management;
- Teamwork;
- Information and communication technologies;
- Marketing and management.

Project management is important, because every entrepreneurial initiative in the field of tourism is a project that must be implemented successfully by the entrepreneur. This, of course, could only happen when the above specific characteristics are taken into account.

Strategic and scenario planning and forecasting enable entrepreneurs to visualize what future conditions or developments are probable in order to plan the implementation of their business ideas.

Enterprises in the sector of tourism are mostly small and medium-sized family-owned firms or partnerships that must be aware of the possible *idea generation, assessment and problem-solving methods*. To a certain extent, entrepreneurs usually use these without being fully aware of them. Such a method is the "brainstorming" method, also known as "brain hurricane". It is used to generate all possible solutions to a problem which are then analysed in terms of their advantages and disadvantages to determine the most appropriate one.

Quality management is crucial for the success of entrepreneurial initiatives in the field of tourism. Service quality is essential in terms of customer satisfaction, and,

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therefore, for expanding the business and generating higher profits. The various aspects of quality management in the field of tourism should not be considered separately because it is a complex concept. For example, if it is considered only in terms of output volume, this may result in a discrepancy between customer expectations and the actual service rendered. Therefore, quality in tourism can be defined as the conformity of tourist products and services to certain standards, as well as to customers' needs and their satisfaction to the fullest extent possible.

Of all the services rendered in the field of tourism, accommodation and catering are considered the most important ones. In order to achieve the high quality that would meet the needs of the tourists, hotels and restaurants should implement *quality management systems* that comply with certain internal and/or external standards, such as ISO (International Organization for Standardization, 2018).

Tourism entrepreneurs' ability to use *investment cost-and-return approaches and methods* is important for determining the future financial benefits that are the main objective of any entrepreneurial initiative. Methods that are suitable for calculating the economic and financial stability are the net present value method and the method for calculating the expected return on investment.

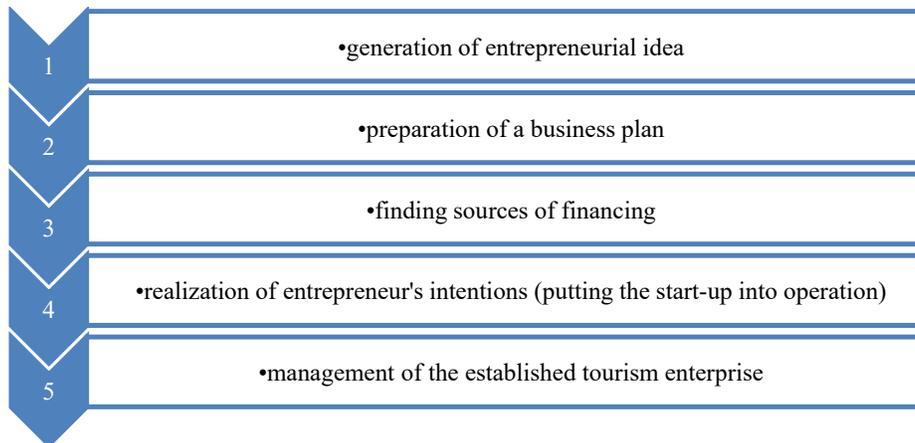
Risk assessment in tourism is essential for mitigation and/or avoidance of all types of risks. Tourism entrepreneurs face a specific set of risks that are directly related to the specific characteristics of tourism industry. However, these risks should be considered in terms of their specific characteristics in order to be assessed and successfully mitigated and/or eliminated. In order to prepare a detailed mitigation plan and exercise control (preliminary, operative, and follow-up) over each of the foreseeable risks, entrepreneurs should initially create a register of all possible risks, which can be modified in the process of implementation of the entrepreneurial idea, as well as during the operation of the established tourist enterprise.

Entrepreneurs' knowledge on the approaches and methods of tourism business is important both for the economic, and for the social and environmental dimensions of their activities. The main factor that needs to be taken into account is staff quality, because service quality is essential for customer satisfaction, and hence the success of tourism enterprise. On the other hand, entrepreneurs are responsible for the good management of the business and the motivation of the staff. The economic and social dimensions of entrepreneurial activity in tourism are measured in terms of profitability, employment and intercultural contacts. The environmental dimensions are considered in terms of their environmentally friendly activities and protection of the environment (e.g. separate waste disposal, use of renewable energy, recycling, etc.). The right combination of entrepreneurial knowledge and skills is a prerequisite for a successful and competitive business.

2.2. Entrepreneurial process in tourism industry

The entrepreneurial process in tourism may be analysed in terms of its main development stages, or the constituent elements of these stages. Generally, the entrepreneurial process in tourism goes through the same stages that are typical for the entrepreneurship in every other industry. However, in the field of tourism they have some specific characteristics. These stages are:

Figure 1. Entrepreneurial process in tourism industry



Source: The author

The conception of an entrepreneurial idea is the stage where different factors, categorized as personal and environmental by some authors (Lindner & Kolektiv, 2007), or as basic, driving, personal, and restraining by others (Koev, 2007) affect the idea. From the point of view of tourism entrepreneurs, these factors can generally be categorized as internal and external. Internal factors include:

- Entrepreneurs' personal traits, such as initiative, risk-aversion, organizational skills, motivation, etc.;
- Education;
- Experience in the field of tourism.

External factors include:

- Competition level in the same category of tourism services;
- Availability of tourism resources (natural and/or anthropogenic);
- Seasonality;
- National policy in the field of tourism, etc.

During the second stage of the entrepreneurial process in the field of tourism, entrepreneurs should prepare business plans with detailed descriptions, analyses, implementation action plans, and the expected future development of their business ideas. Entrepreneurs who do not have sufficient experience in the field of tourism should use the services of professional consultants to prepare their business plans.

The third stage (provision of financial resources) concerns the estimated costs for the implementation of entrepreneur's idea according to the business plan. This stage may be skipped, provided that entrepreneurs are able to cover all costs with their own funds. However, if they have to borrow some of these funds, the third stage is of paramount importance, because without the necessary financial resources the business venture cannot be successful. Entrepreneurs can use a range of financing sources, such as banks, foundations, EU funds, national development programmes, etc.

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Putting the tourism start-up into operation (Stage Four) and its subsequent management (Stage Five) require the use of a managerial style that would ensure its successful operation. The choice of a managerial style depends on entrepreneur's personality. This means that in order to select the best managerial style, entrepreneurs should acquire certain managerial qualities, such as interpersonal communication skills, vision, and detailed knowledge about the specific characteristics of the tourism activities they intend to perform.

2.3. Factors for success or failure of entrepreneurs in the field of tourism

The development of the entrepreneurial idea and the management of the established tourism enterprise are affected by various factors. These heterogeneous main factors for success or failure of entrepreneurs in the field of tourism can be grouped in terms of their association with (Madgerova, 2004):

- Provisioning of resources for the tourism enterprise;
- Organizational and managerial knowledge and solutions;
- Marketing policy.

Provisioning of resources for the tourism enterprise depends on both the availability and proper use of natural and anthropogenic resources required for enterprise's operation. Human and financial resources are also important, although financing is rather difficult to obtain from banks and various EU programs. This is largely due to the tough requirements of some banks regarding the extension of investment loans and the considerable red tape barriers to applying for and receiving grants from the European funds.

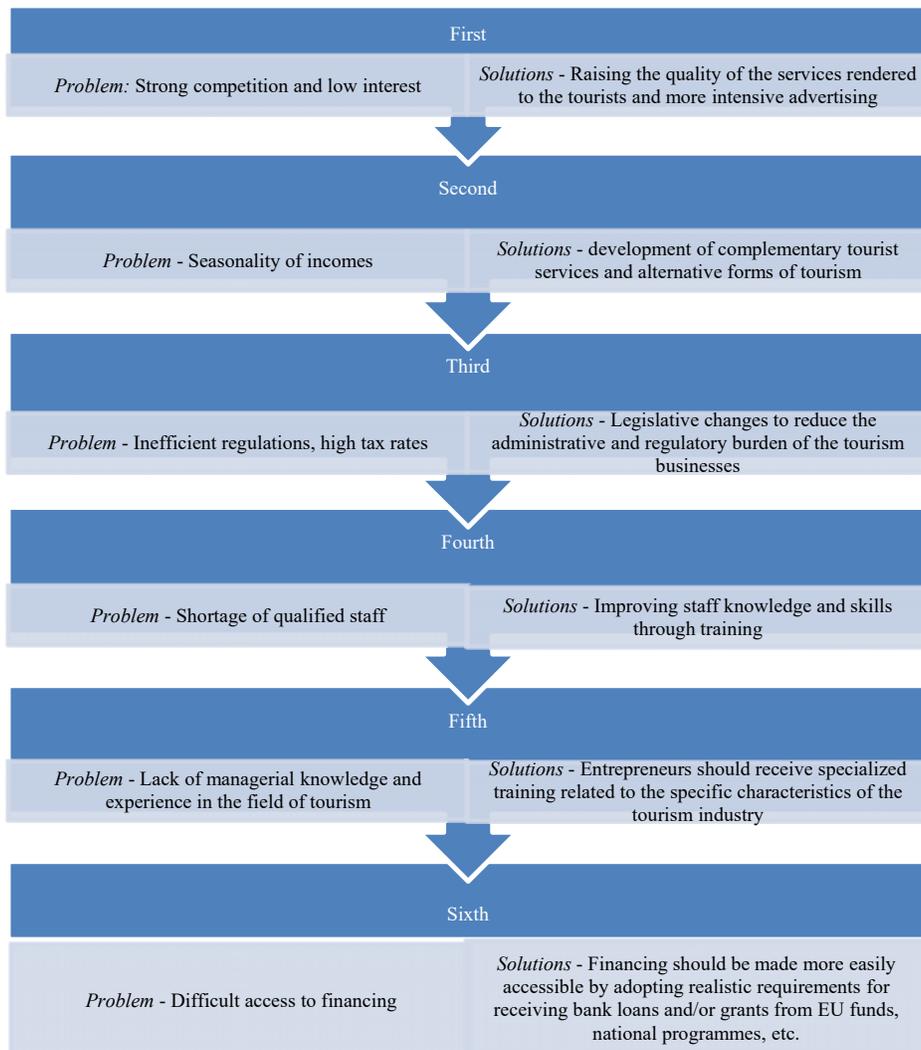
The organizational and managerial knowledge have a significant effect on the performance of any tourism enterprise. Interestingly, this applies not only to the management, but also to the staff of the enterprise with respect to its profitability and the quality of the tourist services.

Marketing policy is one of the factors that may result in a success or a failure of tourism enterprise due to the importance of pricing decisions, advertising and market demand surveys. A balanced marketing policy can lead to an increase of the number of tourists and vice versa. Various types of marketing policies are applicable to the field of tourism (Rakadzhyska, Marinov, & Dyankov, 2017).

The specific characteristics of entrepreneurship in the tourism industry and, in particular, the factors of its success or failure are associated with some common problems in the field of tourism. These problems and the possible solutions thereto are presented in Figure 2.

The figure shows that there are solutions for resolving or avoiding all possible problems. The essential factor in this respect are tourism entrepreneurs' knowledge and skills.

Figure 2. Tourism Enterprises Problems and Solutions



Source: The author

3. Conclusion

The dynamic development of tourism sector needs entrepreneurial knowledge and skills to enable the establishment and maintenance of competitive tourism enterprises. This paper outlined the profile of successful entrepreneurs and the knowledge they need for the realization of entrepreneurial initiatives in the field of tourism considering the logical

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sequence of the entrepreneurial process. The main factors for the success or failure of entrepreneurs in the field of tourism are outlined.

It can be concluded that tourism offers a wide range of opportunities for realization of business ideas. However, this requires in-depth knowledge of the specific characteristics of entrepreneurship and the entrepreneurial process in the field of tourism. Entrepreneurs must also take into account the heterogeneous factors for their success or failure in the tourism industry.

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PROFIL PREDUZETNIKA I PREDUZETNIČKI PROCES U OBLASTI TURIZMA

Rezime: *Preduzetnička inicijativa jedna je od glavnih pokretača privrede. Preduzetništvo je ključni faktor ne samo za turistički sektor, već i za privredu u celini. Zbog toga je cilj ovog istraživačkog rada da definiše profil preduzetnika u turističkom poslu, karakteristike preduzetničkog procesa i faktore uspeha ili neuspeha u turističkom poslu. Rad predstavlja detaljan opis znanja i veština potrebnih za preduzetnike, faze preduzetničkog procesa i glavne faktore za uspeh ili neuspeh preduzetnika u oblasti turizma.*

Ključne reči: *turizam, preduzetništvo, preduzetnički proces, preduzetnik.*