THE EMERALD HANDBOOK OF ENTREPRENEURSHIP IN TOURISM, TRAVEL AND HOSPITALITY: SKILLS FOR SUCCESSFUL VENTURES
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LIST OF CONTRIBUTORS

Agusdin Agusdin
University of Mataram, West Nusa Tenggara, Indonesia

María del Mar Alonso-Almeida
Autonomous University of Madrid, Madrid, Spain

Martha Alicia Alonso-Castañón
Polytechnic University of San Luis Potosi, San Luis, Mexico

Marisol Alonso-Vazquez
University of Queensland, St Lucia, Australia

María José Álvarez-Gil
Universidad Carlos III de Madrid, Madrid, Spain

Stavros Arvanitis
Technological Educational Institute (TEI) of Crete, Heraklion, Greece

Vasiliki Avgeli
Technological Educational Institute (TEI) of Crete, Heraklion, Greece

Hongfei Bao
Jeju National University, Cheju, Republic of Korea

Sébastien Bédé
EM Strasbourg Business School, Strasbourg, France

Yosr Ben Tahar
PSB Paris School of Business, Paris, France

Elricke Botha
University of South Africa, Pretoria, South Africa

Evelyn G. Chiloane-Tsoka
University of South Africa, Pretoria, South Africa

Sylvie Christofle
Graduate School of Management, University of Nice Sophia Antipolis, Nice, France

Leticia Estevez
National University of Avellaneda, Avellaneda, Argentina
<table>
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<th>Name</th>
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<tr>
<td>Anestis Fotiadis</td>
<td>Zayed University, Abu Dhabi, United Arab Emirates</td>
</tr>
<tr>
<td>Vincent Grèzes</td>
<td>University of Applied Sciences and Arts Western Switzerland, Valais, Switzerland</td>
</tr>
<tr>
<td>Vanessa Guerrier-Buisine</td>
<td>Graduate School of Management, University of Nice Sophia Antipolis, Nice, France</td>
</tr>
<tr>
<td>Coralie Haller</td>
<td>EM Strasbourg Business School, Strasbourg, France</td>
</tr>
<tr>
<td>Marta Magadán</td>
<td>University of Oviedo, Oviedo, Spain</td>
</tr>
<tr>
<td>Charlotte Massa</td>
<td>EM Strasbourg Business School, University of Strasbourg, France</td>
</tr>
<tr>
<td>Claudel Mombeuil</td>
<td>Université Quisqueya, Port-au-Prince, Haiti</td>
</tr>
<tr>
<td>Eugenia Papaioannou</td>
<td>Alexander Technological Educational Institute (TEI) of Thessaloniki, Thessaloniki, Greece</td>
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<tr>
<td>Catherine Papetti</td>
<td>Graduate School of Management, University of Nice Sophia Antipolis, Nice, France</td>
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<td>Antoine Perruchoud</td>
<td>University of Applied Sciences and Arts Western Switzerland, Valais, Switzerland</td>
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<td>María del Pilar Pastor-Pérez</td>
<td>Autonomous University of San Luis Potosí, San Luis, Mexico</td>
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<tr>
<td>Msindosi Sarah Radebe</td>
<td>University of South Africa, Pretoria, South Africa</td>
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<tr>
<td>Nkoana Simon Radipere</td>
<td>University of South Africa, Pretoria, South Africa</td>
</tr>
<tr>
<td>Jesús Rivas</td>
<td>International University of La Rioja, Logroño, Spain</td>
</tr>
<tr>
<td>Roland Schegg</td>
<td>University of Applied Sciences and Arts Western Switzerland, Valais, Switzerland</td>
</tr>
<tr>
<td>Shiwei Shen</td>
<td>Ningbo University, Ningbo, P.R. China</td>
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<tr>
<td>Nataša Slak Valek</td>
<td>Zayed University, Abu Dhabi, United Arab Emirates</td>
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<td>Name</td>
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<tr>
<td>Marios Sotiriadis</td>
<td>University of South Africa, Pretoria, South Africa</td>
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<td>Magdalena Petronella</td>
<td>University of South Africa, Pretoria, South Africa</td>
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<td>(Nellie) Swart</td>
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<tr>
<td>Anne Taylor</td>
<td>American Hotel Academy, Brasov, Romania</td>
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<td>Cina van Zyl</td>
<td>University of South Africa, Pretoria, South Africa</td>
</tr>
<tr>
<td>Stelios Varvaressos</td>
<td>Higher Technological Educational Institute (TEI) of Athens, Athens, Greece</td>
</tr>
</tbody>
</table>
ABOUT THE EDITOR

Marios Sotiriadis is Professor at University of South Africa and Visiting Professor at University of Ningbo, China. Formerly he was Professor of Tourism Business Management Department, TEI of Crete, and Tutor of the Hellenic Open University, Greece. He received his PhD in Tourism Management from the University of Nice Sophia-Antipolis, Nice, France. He is the author of 10 books and monographs, three distance-learning manuals and three e-learning materials on aspects of tourism marketing and management. He has undertaken a variety of research and consultancy projects for both public and private organisations of the tourism industry. Professor Sotiriadis’s research and writing interests include tourism destination and businesses marketing and management. His articles have been published by international journals and presented at conferences.
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PREFACE

Academic contributions have explored the subject of entrepreneurship in general and in the tourism context in particular. Such a development is a logical process appropriate to a challenging and interesting subject area. Before launching into the chapters, there is a need to explain why this book is required in the marketplace. First, the growing recognition of entrepreneurship and its significant contribution to job creation, tourism development and offering of high quality experiences underpin this book’s production. Second, this topic is increasingly recognised as an interesting area for academic research and scholarship, and educational/training programmes. Third, although several books are available on entrepreneurship in general, the few edited volumes on the subject of tourism entrepreneurship have mainly an academic focus. Much of the academic literature on entrepreneurship (beyond some books that are now dated) is in journal article format, so this in itself partially justifies the need for a handbook such as this one that is more accessible to a wider audience. The main elements of the handbook are presented below.

THE BOOK’S AIM

This book is designed to fill a void in the academic and industry fields. It is unique because it adopts a comprehensive approach to considering the key issues and aspects of planning and operating business ventures in tourism. The rationale and main aim of the book are to provide potential tourism entrepreneurs with the necessary skills and tools for identifying and implementing an entrepreneurial activity. Given the predominant and ever-increasing role of entrepreneurship in tourism, the theme and purpose of the book are very topical. This book offers three major advantages: (1) it focuses on entrepreneurship in tourism-related industries; therefore, it provides contextualised theory and practice in these industries, (2) it takes an entrepreneurial perspective, a practical approach without neglecting the academic rigour and (3) it encompasses case studies and examples to show to readers how theory is or can be applied in practice.

The editor and contributors of this book are guided by the aim to explain and illustrate the essential knowledge, the main issues and aspects of the topic in a clear style — simplifying as far as possible and relating the principles within a carefully structured narrative and integrated framework supported by short
case studies drawn from current practice. We wish this book to be read and appreciated by students and industry practitioners alike.

THE BOOK’S AUDIENCE

This volume is proposed to be a practical handbook for entrepreneurship in tourism-related industries. It would serve as a guide for those studying entrepreneurship and preparing for entrepreneurial careers as well as a reference for the practical use of entrepreneurs at the planning, implementation, operation and evaluation stages of building a tourism business. For prospective academics studying entrepreneurship or for those engaging with the entrepreneurial tourism business, the handbook provides valuable information on the tourism context and business environment. In addition, through practical examples, the importance of developing practical entrepreneurial skills is demonstrated.

As a handbook, the book will be valuable:

- in teaching situations — both academic at the senior undergraduate (specific upper-level courses) and master’s levels, and in workshops with current and prospective tourism entrepreneurs. Readers of this textbook will be university students, undergraduate or postgraduate, in tourism businesses-related courses;
- as an actual handbook and reference for those setting up a tourism business. A handbook such as this will be a useful guide as entrepreneurs develop and refine their business concept and operation;
- for students — the book is written to meet the needs of all tourism-related courses and programmes. The material will be relevant to other courses in which service industries are important elements;
- for those working in tourism — the book recognises that entrepreneurship is a very practical subject. It constitutes a valuable contribution to developing the necessary knowledge, competencies and skills of entrepreneurial decision-making and ventures.

Examples from the industry/business world are provided to illustrate real-life practice and give readers a better understanding of entrepreneurship in tourism.

OUR APPROACH TO THE SUBJECT AND THE BOOK’S STRUCTURE

The rationale of the proposed book is based upon the following main concept: to provide students and prospective entrepreneurs with the knowledge,
know-how and best practices in order to assist them in planning, implementing and managing business ventures in the field of tourism-related industries. By taking a managerial and marketing perspective, it aims to bridge the strategic and operational functions at business/micro level.

Therefore, the purpose and content of the book focus on analysing the whole process of developing and managing the entrepreneurial process, from the conception of the entrepreneurial idea to the development and implementation of its business plan. The sections and chapters of the book have a rational sequence, reflecting the entrepreneurial and business plan development processes.

The book provides contextualised knowledge of entrepreneurship in the tourism industry and is presented in six parts. The structure is designed to follow a logical development of the subject although, as every entrepreneur or manager knows, the process of planning, managing and marketing a business venture is circular rather than linear. The book is divided into six parts, as outlined below.

“Part I (Tourism: A Consumer-driven Business Field)” clearly explains tourism and its particular characteristics. This part deals with the elements and analytic frameworks of tourism as a set of industries and business activities. It consists of two chapters highlighting the importance of entrepreneurship and entrepreneurs in tourism in order to engage the reader in the central topic of the handbook, and discusses the tourism system and tourism value chain as analytical frameworks for tourism businesses.

“Part II (Tourism Business Environment)” presents and explains the key issues of the business environment in the field of tourism. It discusses tools enhancing the analysis of this environment and highlights the importance of the concepts of creativity and innovation.

“Part III (Planning the Tourism Business Venture)” analyses the issues of planning a business project; that is, moving from the idea or business concept to its implementation. Thus, it focuses on issues that a prospective entrepreneur has to consider and analyse in order to make informed decisions before an investment is made.

“Part IV (Managing the Tourism Business)” examines the main issues of managing the business operation. Once the investment has been completed and the business operation is ready to cater for clientele, the crucial task is to perform the managerial functions in an effective and efficient way. This section consists of six chapters; the latter chapter discusses the implications if the business venture is not successful, and related decisions.

“Part V (Marketing the Tourism Business Offering)” focuses on the tools and processes of marketing the tourism business offering and services.
Finally, “Part VI (Specific Topics of Entrepreneurship in Tourism)” deals with crucial topics and issues that require special attention in terms of entrepreneurship in tourism. The underlying idea is to discuss the specific issues that entrepreneurs should know about the context in which they operate.

In terms of overall content and structure, the book is comprehensive and logically organised. The sequence of chapters is rational and follows the entrepreneurial process.

**FEATURES**

The book has the following special features:

- A unique structure, which divides activities into analysis of business environment, planning, managing and marketing the business venture, as well as crucial issues requiring special attention in terms of entrepreneurship. This helps to create an understanding of what has to be done to plan and manage a successful venture.
- Twenty-three chapters, one for each of the key elements readers need to understand about entrepreneurship.
- The coverage of topics spans all the stages of the entrepreneurial process.

Each chapter contains the following features to aid understanding:

- **Learning objectives.** Every chapter starts with a comprehensive set of learning objectives addressing the main points covered.
- **Introduction.** It outlines the context and the importance of the issues discussed in the chapter.
- **Case study and examples.** Examples are used to illustrate how the theories work in real-world situations. They describe real-life practices, illustrating the application of approaches and techniques related to the chapter’s topic area.
- **Summary.** It condenses the main issues; a synthesis of the key issues presented and some suggestions and recommendations for prospective entrepreneurs.
- **Review questions/questions for discussion.** They appear at the end of each chapter, allowing readers to test their knowledge and understanding.
- **References and Further reading.** It offers some suggestions for additional library resources at the end of each chapter.

**Editor’s note**

I would like to point out the interchangeability of the terms ‘enterprise’, ‘company’, ‘business’, ‘venture’ and ‘organisation’. These terms are used interchangeably throughout the book.
ACKNOWLEDGEMENTS

A handbook like this one is never a one-person effort, but it is the result of a variety of creative minds. Many people have helped or inspired me in my professional and academic career. I would like to thank, in my capacity as editor, all the colleagues who have contributed to the writing of this book, as well as all other people who have provided advice, material and support. Tourism industry practitioners, in particular, with whom I have forged lasting friendships, have helped me to conceive and contextualise this textbook.
PART I
TOURISM: A CONSUMER-DRIVEN BUSINESS FIELD
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CHAPTER 1

ENTREPRENEURSHIP AND ENTREPRENEURS IN TOURISM

Marios Sotiriadis

ABSTRACT

Purpose — The aim of this chapter is to discuss and highlight the importance of entrepreneurship and entrepreneurs in tourism in order to engage the reader in the central topic of the handbook.

Methodology/approach — A literature review was conducted on conceptual issues and practical aspects of entrepreneurs and entrepreneurship. Case studies are included to illustrate the role and contribution of entrepreneurs in the tourism field.

Findings — This chapter highlights (1) practical definitions of the terms entrepreneurs and entrepreneurship; (2) main features of tourism entrepreneurs; and (3) the role of entrepreneurs in tourism activities and their contribution to the development of a tourism destination.

Research limitations/implications — This chapter is explorative in nature, because the discussion is mostly based on a literature review. Thus, more research-based knowledge and more empirical studies are needed in this field.

Practical implications — The chapter presents the main features and characteristics of individuals involved in entrepreneurship, as well as the need for developing the appropriate skills for successful business ventures.

Originality/value — This chapter deals with the question of why tourism entrepreneurship is so important in the contemporary context and in the
business environment of tourism. The practical and entrepreneurial approach of the book is also discussed.

Keywords: Entrepreneurs; entrepreneurship; tourism-related industries; features; contribution; skills

Learning Objectives

After studying this chapter, you should be able to:

• present the importance of tourism in the global economy/at the global level;
• provide a definition of entrepreneurship;
• discuss the role of entrepreneurs;
• describe the main features of entrepreneurs;
• briefly present the role and contribution of entrepreneurs in tourism activities and their contribution for the development of a tourism destination.

1.1. INTRODUCTION

The main idea of this volume is to highlight that ‘tourism entrepreneurship’ is the backbone of tourism-related industries. Therefore, this topic deserves the current and cutting-edge volume that is relevant to practitioners and academics alike. The tourism industry and related businesses are unique in the sense that, from a service perspective, the product is the experience that is co-created by the tourists. Thus, entrepreneurs entering the tourism arena are in need of a dedicated handbook on tourism entrepreneurship that goes beyond the more generic business entrepreneurship literature.

This chapter deals with the question of why tourism entrepreneurship is so important in the contemporary context and in the business environment of tourism. The chapter then discusses the framework of tourism and the business and market environments in which entrepreneurial ventures are designed, managed and developed.

The main aim of this chapter is, therefore, to discuss and highlight the importance of entrepreneurship and entrepreneurs in tourism in order to engage the reader in the central topic of the handbook. First, the importance of tourism-related industries is highlighted. Second, the concepts of entrepreneurship (the business activities) and entrepreneurs (the individuals involved) are discussed and clearly defined. Then, the contribution of entrepreneurship in tourism is outlined.
1.2. THE IMPORTANCE OF TOURISM AND ITS RELATED INDUSTRIES

Tourism and travel are important economic activities in most countries around the world. In 2015, international tourism marked an impressive above-average growth for six consecutive years in terms of international tourist arrivals, with a record total of 1.2 billion tourists travelling the world. Some 50 million more tourists (overnight visitors) travelled to international destinations around the world in 2015 than in 2014 (World Tourist Organization (WTO), 2016). This reflects a 4 per cent growth, or an increase of 50 million tourists who travelled to any international destination during the year.

The latest report by World Travel & Tourism Council (WTTC, 2016) indicated that, for the fifth successive year, the growth of tourism-related industries in 2015 (2.8 per cent) outpaced that of the global economy (2.3 per cent). In total, tourism generated US$7.2 trillion (9.8 per cent of global gross domestic product (GDP)) and supported 284 million jobs, equivalent to one in 11 jobs in the global economy. Tourism-related industries are a key force for good, and it has proven, in the past, that they are strong and adaptable enough to face any challenges. Prospects 2017 remain positive, with international tourist arrivals expected to grow by 4 per cent worldwide (WTO, 2016). Tourism will continue to grow, creating more jobs and bringing in more economic and social benefits.

Further, World Tourism Day 2015 was celebrated around the theme ‘One billion tourists, one billion opportunities’, which highlighted the transformative potential of one billion tourists. With more than one billion tourists travelling to any international destination every year, tourism has become a leading economic activity (WTO, 2016). Representing more than just economic strength, these achievements reflect tourism’s vast potential and increasing capacity to address some of the world’s most pressing challenges, including socio-economic growth, jobs creation, inclusive development and environmental preservation. As an economic activity that contributes to as many as one in 11 jobs worldwide, tourism is a valuable source of livelihood for millions of people. Built around the millions of cross-cultural encounters happening every day in different corners of the world, tourism is also a gateway to greater understanding of the world beyond our borders.

Nevertheless, a scanning of the WTO’s latest report revealed that the terms ‘job creation’, ‘talent development’, ‘employment’ and ‘revenues’ appear to be used frequently in tourism, which is not surprising at all. On the contrary, what is surprising is that the concepts ‘entrepreneurship’ and ‘entrepreneurial activity’ do not appear a single time and are, in fact, totally absent! There is no doubt that the outcomes and achievements of tourism, at global level, are attributable to micro-, small- and medium-sized enterprises as well as big companies. Further, it is estimated that the above-mentioned aims, set by the WTO, will not be addressed properly without enhancing and promoting entrepreneurship in tourism.
The creation of tourism enterprises — for that provide products and services in facilitation, transportation, attractions, accommodation, catering and travel-related retail businesses — is behind the such impressive achievements and performance. The creation and operation of tourism enterprises offer new employment opportunities, earning of real income, generation of tax revenues and stimulation of other industries and productive activities in the local/regional economic system. However, this business activity ‘is not an act of nature, but an act of the tourism entrepreneur’ (Koh & Hatten, 2002, p. 22).

The theme of this handbook is not to analyse the economic, social or other contribution of tourism to a region’s or country’s economic and social developments and well-being; instead, the theme is to provide practical guidance and assistance for the creation and operation of new ventures in tourism.

In this regard, it would be very useful to clarify the concepts of entrepreneurship and entrepreneurs, as there are a multitude of definitions of entrepreneurship and entrepreneur. Let us start by considering the business activity and then the individual.

1.3. ENTREPRENEURSHIP

Many definitions of entrepreneurship are offered by scholars. Some of these are cited below in chronological order. Entrepreneurship is:

- ‘the creation of an innovative economic organisation (or network of organisations) for the purpose of gain under conditions of risk and uncertainty’ (Dollinger, 1995, p. 7);
- ‘the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence’ (Hisrich & Peters, 1998, p. 9);
- ‘an activity that involves the discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organising, markets, processes and raw materials through organising efforts that previously had not existed’ (Shane, 2003, p. 4; Shane & Venkataraman, 2000, p. 218);
- ‘a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach, and leadership balanced’ (Timmons & Spinelli, 2007, p. 79);
- ‘the result of a systematic and disciplined process of applying innovation and creativity to opportunities and needs in the market’ (Zimmerer & Scarborough with Wilson, 2008, p. 5).

It is evident that two ideas/principles are central to the entrepreneurship concept: (1) the creation and recognition of opportunities, inclusive of the will and initiative to seize those opportunities and (2) the creation of new businesses in
conditions of risk and uncertainty in order to make a profit (Timmons & Spinelli, 2007; Zimmerer & Scarborough with Wilson, 2008). According to the latter authors, entrepreneurship involves the application of focused strategies to explore new ideas and new insights to create a product or a service that can either satisfy individuals’ needs or solve their problems. Some of these similarities in the definitions include the following terms, used to describe entrepreneurship, and constitute the key features of entrepreneurship: business opportunity recognition, innovation, risk-taking, idea creation, creativity, achievement orientation and resourcefulness.

Shane (2003) suggests that the notion of innovation constitutes a key attribute of entrepreneurship. Zimmerer and Scarborough with Wilson (2008, p. 43) define innovation as ‘the ability to apply creative solutions to problems and opportunities to enhance the lives of people’. In this case, creativity is described as the ability to develop new ideas and to discover new ways of looking at opportunities and problems. According to Drucker (1985), innovation is the tool used by entrepreneurs to exploit change as an opportunity. Entrepreneurial ventures thrive on innovation. There are three main types of innovation: process, organisational and marketing (Oberg, 2010). Innovation outputs can be either new ways of doing things, or the development of new products, services or techniques (Porter, 1990). These two concepts and their implications, in terms of tourism entrepreneurship, are discussed in Chapter 5.

It is worth pointing out that (1) successful entrepreneurship is a constant process that relies on creativity, innovation and application in the marketplace and (2) the individual is the main force behind, and at the beginning of, this entrepreneurship process (Zimmerer & Scarborough with Wilson, 2008).

1.4. ENTREPRENEURS

An entrepreneur can be defined as a person who sees an opportunity in the marketplace and establishes a business with the aim of meeting the market’s needs. There is a plethora of definitions of the term ‘entrepreneur’; some of these are cited below in chronological order. An entrepreneur is:

- ‘a person who carries out commercial innovation: modification of existing knowledge and/or practices. If innovation is successful, it leads to a state of creative destruction. Innovation could occur in five forms: offering of new goods/services; new production methods, new sources of supplies; new markets/distribution systems; and/or new management techniques’ (Schumpeter (1949), cited in Koh and Hatten (2002, p. 27));
- ‘a person who sees an opportunity and assumes the risk (financial, material, and psychological) of starting a business to take advantage of the opportunity or idea’ (Hatten, 1997, p. 31).
• ‘an individual who is alert to opportunities for trade … is capable of identifying suppliers and customers and acting as an intermediary where profit arises out of the intermediary function’ (Deakins & Freel, 2009, p. 7);
• ‘a person who creates a new business in the face of risk and uncertainty for the purpose of achieving growth and profit by identifying significant opportunities and assembling the necessary resources to capitalise on them’ (Zimmerer & Scarborough with Wilson, 2008, p. 5).

Ahmad and Seymour (2008, p. 9) proposed the following formal definitions for the purpose of supporting the development of related indicators, mainly statistical data at national level, as recommended by the Organization for Economic Co-operation and Development (OECD):

- Entrepreneurs are those persons (business owners), who seek to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.
- Entrepreneurial activity is the enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.
- Entrepreneurship is the phenomenon associated with entrepreneurial activity.

It should be pointed out that entrepreneurs do not only come up with new ideas, but they also act on them. Based on the above definitions, it looks evident that entrepreneurs identify opportunities and then adopt various means to exploit or develop these opportunities in order to obtain a wide range of outcomes. Literature suggests that entrepreneurs also possess specific characteristics, namely: creativity and innovation, determination and persistence, need for independence, need for achievement and risk-taking, commitment and determination, leadership, opportunity obsession, tolerance of risk, creativity, self-reliance and adaptability and motivation to excel (Longenecker, Moore, Petty, & Palich, 2006, p. 16). The factors that distinguish entrepreneurs most strongly from others in a business/strategic management are innovation, opportunity recognition, process and growth. These characteristics and capabilities are much needed in tourism-related industries.

Case Study 1.1: A Set of Advice to Starting Entrepreneurs

Two authors (an academic and an industry practitioner) offer advice/tips to budding entrepreneurs based on their vast experience and in-depth case studies analyses in the business field and entrepreneurship. The main tips are outlined as follows:

**Qualities:** It is important to have a deep understanding of the qualities necessary to succeed in a highly challenging market/industry, and the complexities of decision making along the way.
**Catalyst:** The most common reason that highly motivated and talented employees leave their job — be it voluntarily or by force — is a disagreement with their boss or with the direction their company is taking. A lifelong job is not the kind of career that most employees are looking for. So, when they get fired, or when they see an opportunity that their boss fails to support, it is not at all uncommon for such an event to be the catalyst that gets them out on to do their own venture.

**Full perception and deep understanding of industry environment:** The prospective entrepreneurs must appreciate the difficulty of becoming a service provider, in other words, providing tourism and travel services. The service industries involve more complexities, resulting in challenges of becoming an entrepreneur in a service setting.

**Learning the hard way:** Instead of looking for ‘an idea’ (so they can become an entrepreneur), the best use of their time is to find a compelling, even painful, problem that their knowledge, capabilities and networks are well suited to resolve. It is quite clear that nobody will pay you to solve a non-problem.

**Competencies and skills/abilities:** A prospective entrepreneur, who combines expert knowledge with great passion and pride in his/her offering, has higher probabilities of success. However, although pride and passion are necessary, they are just not sufficient. There is a further need for a great deal of persistence and an ability to manage uncertainty. These two, combined with expertise, pride and passion, are vital for an entrepreneur.

**Reducing uncertainty:** The most important asset for any entrepreneur is his/her network. The network is crucial in their ability to hit the ground running. The team needs to be able to execute on the critical success factors in the industry where the business venture operates. Almost always, despite the entrepreneurial heroes lionised in the popular press, successful entrepreneurship is a team sport, and not just an individual’s endeavour.

**Tenacious and persistent:** Entrepreneurs must be tenacious and persistent in any industry. The ‘overnight success’ of Starbucks, for example, took more than 20 years of hard work, however, entrepreneurs must also be agile enough to know when to persist and when to pivot. Hence, it is important to indicate how difficult life is as an entrepreneur, without all the sugar-coating that we see in today’s media. There are always daunting challenges that a venture will face in entering and trying to become profitable.

**Funding:** Some business ventures can be started and, sometimes, can rapidly grow, using customer funding, instead of venture capital. The cold hard facts are that the vast majority of fast-growing entrepreneurial companies never raise any venture capital. A prospective businessperson could use customer funding and not raise venture capital. In this regard, Chapter 19 of this handbook provides reliable and updated information on crowdsourcing for tourism ventures.
Some questions to ask yourself before starting a new business: Is there a real market for your idea? Do you really want to compete in the tourism industry? Are you the right person to pursue it? No matter how talented you are or how much capital you have, if you are pursuing a fundamentally flawed opportunity, then you are heading for failure. Therefore, before you launch your lean start-up, take your idea for a test drive and make sure it has a fighting chance of working.

(The authors are: John Mullins, Associate Professor of Management Practice in Marketing and Entrepreneurship at London Business School; and Tiffany Putimahtama, President of United SP Corporation, a family-owned real estate investment company.)

Source: The Case Centre (2017) and Mullins (2013).

Based on the above, where the focus is on what an entrepreneur does, rather than what he or she is, it should be stressed that, an entrepreneur (1) identifies new business opportunities, (2) is creative and innovative, (3) is willing to take calculated risks, (4) obtains financial resources, (5) starts and manages own enterprise(s), (6) is able to market a concept, product or service and (7) organises and controls resources and monitors performance to ensure a sustainable and profitable operation. These ideas and principles are equally valid in the service industries, including tourism.

1.5. ENTREPRENEURSHIP IN TOURISM

According to the WTTC (2016), the total contribution of tourism-related industries to GDP (including wider effects from investment, the supply chain and induced income impacts) was US$7,170.3 billion in 2015 (9.8 per cent of GDP) and is expected to grow by 3.5 per cent to US$7,420.5 billion (9.8 per cent of GDP) in 2016. It is forecasted to rise by 4.0 per cent, per annum, to US $10,986.5 billion by 2026 (10.8 per cent of GDP). Tourism is expected to grow faster than the wider economy and many other industries over the next decade. It is also anticipated that the industry will support over 370 million jobs by 2026.

With regard to the employment, tourism-related industries generated 107,833,000 jobs, directly, in 2015 (3.6 per cent of total employment), and this is forecasted to grow by 1.9 per cent in 2016 to 109,864,000 (3.6 per cent of total employment). By 2026, tourism-related industries will account for 135,884,000 jobs, directly, an increase of 2.1 per cent per annum over the next 10 years.
Obviously, tourism continues to grow, which opens up many avenues for entrepreneurs who are interested in launching a business venture. Tourism and travel include the following industries: accommodation services, food and beverage services, retail trade, transportation services and cultural, sports and entertainment services. It is estimated that more than 90 per cent of the business in tourism-related industries are small- and medium-sized enterprises (SMEs) (European Union (EU), 2015).

The role of SMEs in tourism is very relevant (Getz, Carlsen, & Morrison, 2004; Williams & Shaw, 2011) and especially important when responding to customers’ specific demands and providing them with the tourism services requested in a customised way (Novelli, Schmitz, & Spencer, 2006). There is no doubt that SMEs in tourism play a vital role in all types of economies – developed, emerging and developing. SMEs can also be credited for being a key driver in the development and competitiveness of a tourism destination/area. Although large companies have a significant influence on the nature of what is supplied to particular markets, for example, tour operators in relation to mass tourism, the most significant units of offering in most destinations and locations are SMEs and, often, micro enterprises (Getz et al., 2004; Thomas, 2007).

The European Union (EU) recognises that Europe’s economic growth and jobs depend on its ability to support the growth of enterprises (EU, 2015). In the EU, the most important sources of employment are SMEs, and the European Commission (EC) stresses that entrepreneurship creates new companies, opens up new markets and nurtures new skills. The EC aims to reignite Europe’s entrepreneurial spirit, to encourage people to become entrepreneurs and to motivate more people to set up and grow their own businesses. Its initiatives to promote entrepreneurship are summarised in an Entrepreneurship Action Plan, adopted in January 2013.

Within this framework, the EU has implemented a specific support programme – ‘Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME)’ – running from 2014 to 2020 (EU, 2016). The EC aims to promote entrepreneurship and improve the business environment for SMEs, to allow them to realise their full potential in today’s global economy. This programme has thematically focused on tourism, in general, and in employment, decent work and capacity building in tourism as well as trade, investment and competitiveness in tourism. The COSME framework programme aims to enhance SME competitiveness, increase tourism demand, diversify offerings and products and enhance quality, sustainability, accessibility, skills and innovation.

Koh and Hatten (2002, p. 23) stress that the perception, decisions and actions of tourism entrepreneurs ‘fundamentally determine what, where, and when touristic enterprises will be created in a community, touristic entrepreneurs are the sculptors of a community’s touristscape’; in other words, they are the driving force behind a destination’s offering/supply. The following case study illustrates this issue.
Case Study 1.2: A Partnership to Link with Intermediaries: Vanuatu Safaris Air Pass

While tourism has been an important source of foreign exchange for Vanuatu, the benefits have not necessarily extended to communities in the country’s outer islands. To generate tourist interest in more remote locations, two strategies were launched: (i) development of a unique experience (island bungalows) and (ii) making travel to the outer islands economical and a clear value-added experience for tourists.

The Vanuatu Island Bungalow Association (VIBA) plays a key role in monitoring the progress of this tourism programme by coordinating bookings and providing continued support to bungalow owners. A bungalow is generally a small bush cabin, built from local materials, without many of the conveniences of a modern hotel. There are also adventure lodges — owned by local chiefs, communities or families — built of local materials in an environmentally friendly way. A maximum of 10 rooms/bungalows are located on each island. The bungalow operators are more likely to protect the marine and coastal resources that serve as tourist attractions.

To develop this new product of island bungalows for Vanuatu’s tourism industry, linkages had to be established with Vanuatu’s regional airline, island bungalow managers, travel agents and wholesalers, local tour operators and international funding agencies. Without these linkages, the mechanisms to provide bungalow owners with continued support and improvements in product quality, business skills, management and customer service skills training, and marketing would not be possible.

Access to the outer islands was provided by developing a four-coupon air pass – Vanuatu safaris air pass (VSAP) — with the nation’s regional air carrier and local inbound operator whereby foreign tourists save 50 per cent on domestic air travel. Each coupon is valid for one domestic flight (regardless of distance), with Vanair, so that tourists can travel to at least 2 of Vanuatu’s 18 islands.

The air pass markets the islands as an adventure to experience: adventure tours, indigenous peoples, cultural traditions unchanged for centuries and accommodation in a traditional rural bungalow. The VSAP has benefited the rural areas that have few opportunities to generate cash. Developing small eco-tourism operations diversify their economies, create new jobs and generate tourism revenue. The coordinated marketing programme, with Island Safaris of Vanuatu and Vanair, has led to an increase in the number of bungalows registered with VIBA and has sold 50 passes monthly.
Later, when Island Safaris of Vanuatu and Vanair were reviewing the air pass, several changes were made, which included:

- posting air pass information on Vanair and Vanuatu National Tourism Office websites;
- offering tourists the opportunity to buy an unlimited number of extra coupons; and
- allowing the pass to be bought not just in US dollars but in both Australian and New Zealand dollars.

By offering the air pass for sale in Australian and New Zealand dollars, wholesalers such as Qantas Holiday could promote the air pass to all their 85 agents worldwide. Tourists from Australia and New Zealand are Vanuatu’s largest market share. Major supporting partners provided financial aid to support VIBA’s partnership programme with Vanair and Island Safaris of Vanuatu.

Through the VIBA and the Tourism Development Council Board meetings, the programme is monitored for issues involving: (1) promotion — to track demand and note changes for future improvements; (2) intermediaries — to make certain that they are providing external assistance and marketing support as agreed upon and (3) rural communities — to ensure tourist revenue is directly benefiting the economy that owns and operates the island bungalows, minimising leakage.

Stakeholders believe results are achieved through working together. Local tourism entrepreneurs are the driving force behind Vanuatu’s tourism offering; along with public bodies and agencies, they have designed and managed their community’s touristscape.


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Koh and Hatten (2002), based on a review of the historical thoughts of the entrepreneurs, have identified a number of roles of the entrepreneurs; that is, he/she is an arbitrageur, innovator, market filler, risk bearer, decision maker, creator of an enterprise and coordinator of the production factors. Further, they (Koh & Hatten, 2002, p. 25) suggested the following definition for the tourism entrepreneur:

> [The tourism entrepreneur] is a creator of a touristic enterprise motivated by monetary and/or non-monetary reasons to pursue a perceived market opportunity .... Of course, the tourism entrepreneur also believes he/she has the ability and skills to entreprendre successfully, and is willing to assume all the risks and uncertainties associated with launching and operating a touristic enterprise.

It is generally believed that the entrepreneurship, in related industries, is one of the main engines and drivers of tourism development.
1.6. THE BOOK’S AIM, OBJECTIVES AND APPROACH

This handbook takes the perspective of the individual, the prospective entrepreneur of a tourism business venture. Thus, its aim is twofold:

1. To contribute to developing skills for entrepreneurship and business initiatives in tourism-related industries (i.e. tourism, travel, hospitality and leisure)
2. To provide practical guidance and assistance to prospective businessperson for his/her entrepreneurial journey in these industries.

The specific objectives are: (1) to provide prospective entrepreneurs with practical guidance to go from the business concept to a profitable and sustainable operation and (2) to present, in a practical way, the analytical frameworks and practical tools/methods needed to minimise the risks involved and maximise the chances for a successful venture.

To address the above aim and objectives, the approach of the proposed book is based on the following concepts as the starting point to present and discuss, in a practical way, the key knowledge and methods/tools:

- A business idea: The feasibility and sustainability of any enterprise, as a business activity, depend upon whether it can add any value or provide a service/an offering based on the tourism assets to the current or prospective consumers within a global market — the right offering/service at the right price (value-for-money).
- The individual: The focus is on the person wishing to undertake a business initiative and develop and implement a venture/project in the field of tourism. How can he/she proceed? What are the conditions, the prerequisites to make its project a successful business? What are the steps to be taken from the initial concept to the operation of the business? Therefore, the unit of analysis is the person and his/her idea for business venture.
- Implementation of theoretical knowledge into effective practices/processes: Most probably, this person (student or businessperson) has a sound understanding of the theoretical backgrounds and needs to move to applications. However, it may transpire that he/she lacks the knowledge and skills of how to apply the theoretical knowledge.

Fig. 1.1 depicts the general approach of the handbook. Apparently, the focus of the handbook is on the components of ‘applying’ and ‘creating’. It constitutes a contribution to the development of skills of applying the knowledge by presenting in a practical way the adequate/suitable methods and tools.
The role played by entrepreneurship and entrepreneurs in the field of tourism is undeniable and generally recognised. The main purpose of this chapter was to engage the readers with the central topic of this handbook. It, firstly, presented and highlighted the importance and the contribution of tourism to the global economy. Then, the two concepts of entrepreneurship and entrepreneurs were clearly defined. The main features and characteristics of individuals involved in business ventures were also outlined. This was followed by an outline of the contribution of entrepreneurship and SMEs in tourism-related industries.

The chapter was completed by presenting and clarifying the main elements of the book, specifically, the aim, objectives, approach and perspective/focus. The following chapters will provide detailed presentations and analytic discussions on key issues and aspects of entrepreneurship in tourism-related industries.

Fig. 1.1. The General Approach of the Book. Source: Author

1.7. SUMMARY

The role played by entrepreneurship and entrepreneurs in the field of tourism is undeniable and generally recognised. The main purpose of this chapter was to engage the readers with the central topic of this handbook.

It, firstly, presented and highlighted the importance and the contribution of tourism to the global economy. Then, the two concepts of entrepreneurship and entrepreneurs were clearly defined. The main features and characteristics of individuals involved in business ventures were also outlined. This was followed by an outline of the contribution of entrepreneurship and SMEs in tourism-related industries.

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Review Questions

Now you may check your understanding of this chapter by answering the following questions or discussing the topics:

- Discuss the contribution of tourism to the global economy and the economy of your country.
- Outline a definition of entrepreneurship that you believe is the most appropriate.
- Discuss the various definitions of the concept ‘entrepreneur’ and identify the underlying ideas/principles.
- What are the main features of an entrepreneur?
- Present the main ideas and message from the case study on partnership in Vanuatu.

NOTE

1. Vanuatu, officially the Republic of Vanuatu, is a Pacific island nation located in the South Pacific Ocean. The archipelago, which is of volcanic origin, is some 1,750 kilometres east of northern Australia, 540 kilometres northeast of New Caledonia, east of New Guinea, southeast of the Solomon Islands and west of Fiji. This state/nation is made up of roughly 80 islands that stretch 1,300 kilometres. (Source: https://en.wikipedia.org/wiki/Vanuatu)

REFERENCES AND FURTHER READING


Entrepreneurship and Entrepreneurs in Tourism


