



# Doing Business in the Creative and Cultural Field

ENTREPRENEURSHIP/  
ENTREPRENEURS,  
TOURISM

University of *Sarajevo*,  
*8-10 March 2019*



# Key themes

- Entrepreneurship theories
- Evolution of entrepreneurship
- Entrepreneurial context
- Tourism and entrepreneurship
- New forms of tourism
- Innovation in tourism
- Example



# Entrepreneurship: what is it?

- ▼ It refers to the intentional creation or transformation of an organisation for the purpose of *creating or adding value* through organisation of resources
- ▼ It is a process that ‘involves all the functions, activities, and action associated with the perceiving of opportunities and the creation of organizations to pursue them ‘

(Bygrave & Hofer, 1991, p. 14).



# Entrepreneurship: Theoretical perspectives

- Economics theory
- Socio-cultural theory/ sociologist behavioural approaches
- Personal-based theory /psychological – personality approaches
- Schumpeter, unlike other economists combines all the perspectives



## Definition of Entrepreneur

**Richard Cantillon (circa 1730);** Entrepreneurship is defined as self-employment of any sort.

**Jean Baptiste Say (1816);** The entrepreneur is the agent "who unites all means of production and who finds in the value of the products..'

**Frank Knight (1921);** Entrepreneurs attempt to predict and act upon change within markets.

**Joseph Schumpeter (1934);** The entrepreneur is the innovator who implements change through new combinations

...Continued

**Penrose (1963)**; Entrepreneurial activity involves identifying opportunities within the economic system. Managerial capacities dif. from entrepreneurial capacities

**Harvey Leibenstein (1968, 1979)**; the entrepreneur fills market deficiencies through input-completing activities.

**Israel Kirzner (1979)**; The entrepreneur recognizes and acts upon market opportunities. The entrepreneur is essentially an arbitrageur. In contrast to Schumpeter's viewpoint, the entrepreneur moves the market toward equilibrium.

**Gartner (1988)**; The creation of new organizations.



# Joseph Schumpeter's 5 principles of entrepreneurship

- 1) the introduction of a new good or quality
- 2) the introduction of a new method of production
- 3) the opening of a new market
- 4) the conquest of a new source of supply
- 5) the carrying out of the new organization of any industry



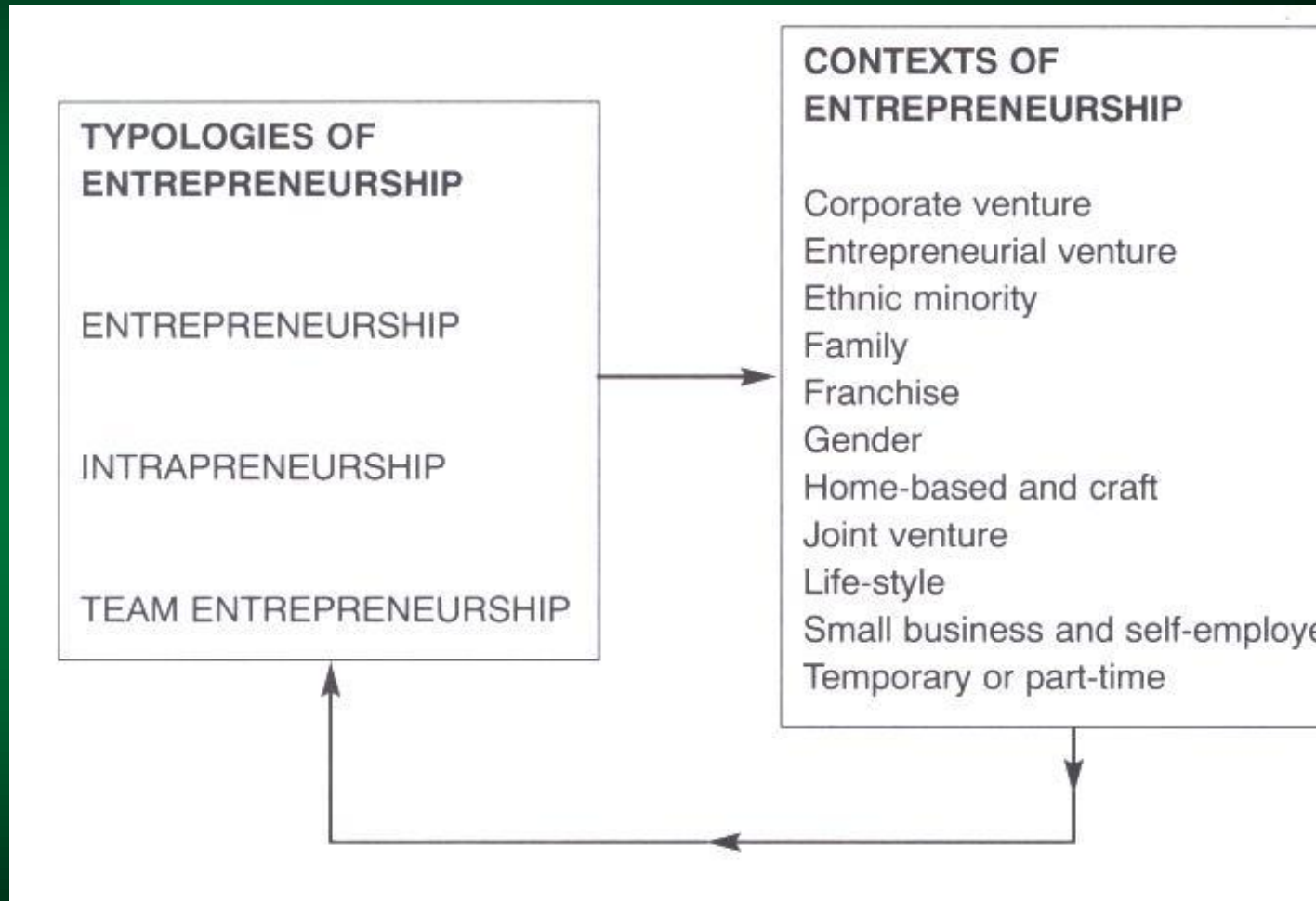
# Schumpeterian theories

- Economic growth: stress the dynamic and the cyclical nature of developments
- Economic depression causes a gradual deterioration of the whole entrepreneurial drive in people
- Chronic stagnation could be reversed by skills and competences, and entrepreneurs
- Shift of entrepreneurial energy from one sector to another





# Typologies of Entrepreneurship





# Entrepreneurial drivers

- ✓ Motivation
- ✓ Unemployment push
- ✓ Education
- ✓ Management experience
- ✓ Number of founders
- ✓ Prior self employment
- ✓ Family history

# ...continued

- ✓ Social marginality
- ✓ Functional skills
- ✓ Training
- ✓ Age of founder
- ✓ Prior business failure
- ✓ Prior sector experience
- ✓ Prior firm size experience
- ✓ Gender



# Entrepreneur - born or made?

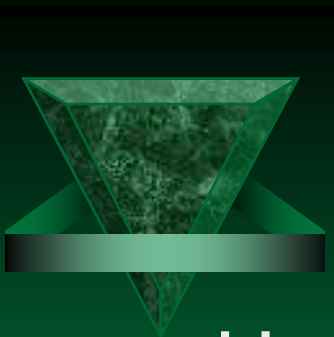
- ✓ **In-born** notion was adopted in early studies
- ✓ Personal characteristics are exhibited in personal **traits or behaviour**
- ✓ Traits can be genetically bounded or influenced
- ✓ Each individuals has mix of genetic, societal and other influences



# Entrepreneurial traits are generally associated with entrepreneurs:

alert to opportunities, anxiety/neuroticism, creativity, decisiveness, easily to bored, independent nature, inner locus of control, innovatory tendency, leadership aspirations, need to achieve, risk-taking propensity, self-confidence, self-motivation, versatility, flair and vision, self recognition through action

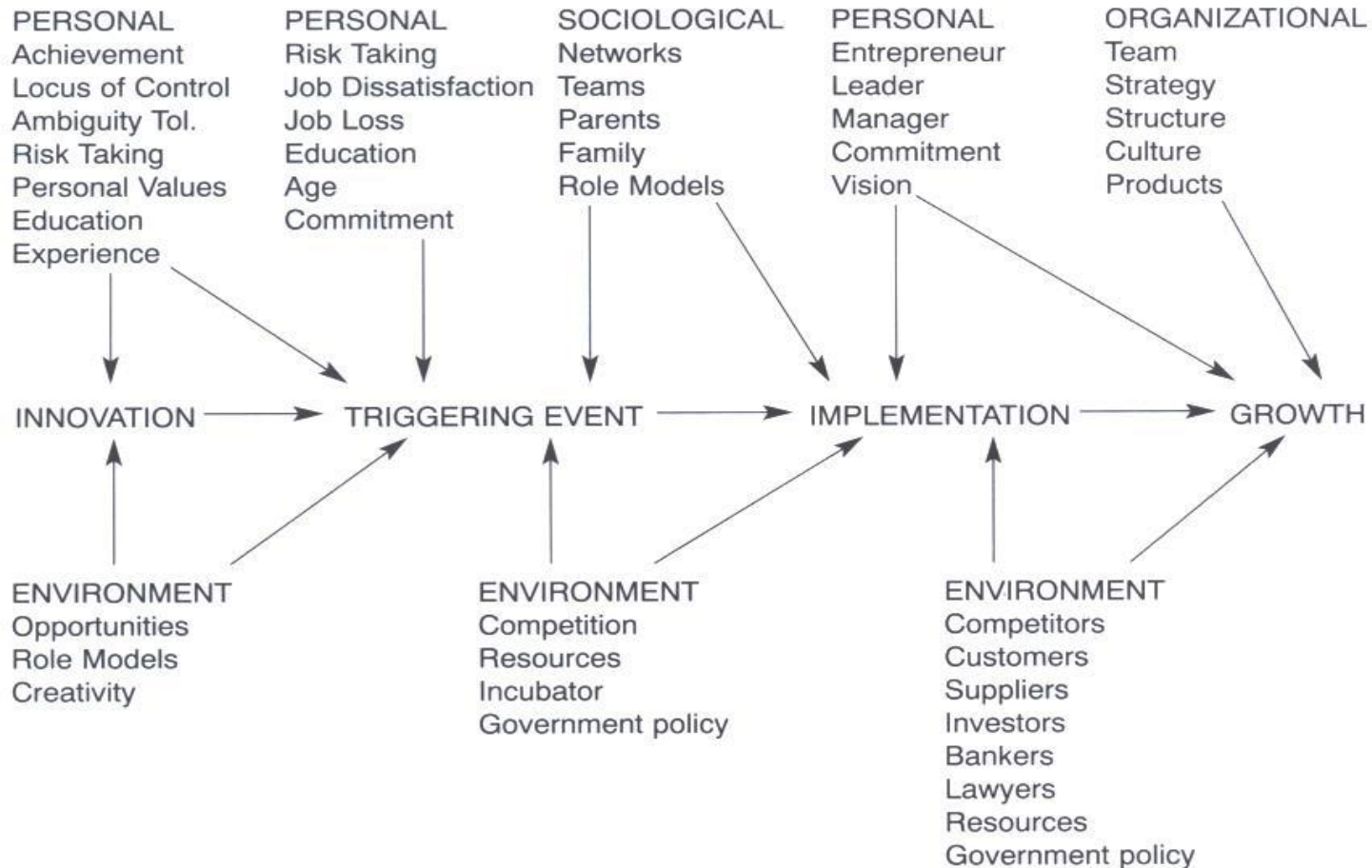
(Schumpeter, 1934; McClelland, 1961; Baty, 1990; Chell et al 1991)



# Characteristics of successfully entrepreneur

- ✓ Hard work; self-starting; setting of personal goals; resilience; confidence; receptiveness to new ideas; assertiveness; information seeking; eager to learn; attuned to opportunities; receptive to change; commitment to others; comfort with power
- ✓ Manifestation of those characteristics subject to political and economic conditions

# Factors that shape Entrepreneurial process & Bus Growth





# Key points

- Entrepreneurship is often viewed as a function which involves the exploitation of opportunities which exist within a market
- Entrepreneurs usually are considered to bear risk while pursuing opportunities, and often are associated with creative and innovative actions.
- An individual may perform an entrepreneurial function in creating an organization, but later is relegated to the role of managing it without performing an entrepreneurial role. Thus, *many small-business owners would not be considered to be entrepreneurs.*
- Individuals within organizations (i.e. non-founders) can be classified as entrepreneurs since they pursue the exploitation of opportunities.



# Tourism entrepreneurship

- ✔ Tourism provides a specific context in terms of identification of entrepreneurial opportunities and the process of their conversion into a consumable tourism product.
- ✔ Thomas Cook's tour packages, Ray Kroc's McDonald's, Walt Disney's theme parks, J.W. Marriott's and Conrad Hilton's hotels are just a few classic entrepreneurial brands in the world of hospitality and travel enterprises.
- ✔ Multiplicity of stakeholders with individual motivation and needs for a coordinated approach to develop a vital component of the economy through a strategy focused on economic yield while considering environmental, social and cultural values.
- ✔ We see new approaches by both the private and public sectors in creation of innovative businesses as well as tourism development models with



# *Tourism Development: From Boosterism to Sustainability- from Entrepreneurship to Entrepreneurism*

- ✓ **Phase One: *Boosterism*** 50s -60s(mass tourism, modernisation theory or discourse of Enlightenment in the late 1940s)
- ✓ **Phase Two: *Expansion of Mass Tourism*** 1960s -1970s mass consumption created by fast social and economic changes –shift from planning to marketing
- ✓ **Phase Three: *Tourism as Resource User*** (the post-Ford era) the turning point in production-consumption dichotomy, the neo-liberal development doctrine of structural economic adjustment
- ✓ **Phase Four: *Sustainable or Alternative Approach to Tourism Development*** (the bottom up approach, local community empowerment, multiple stakeholders in the process of decision-making).



# Respond to the new circumstances

- ✓ New policies
- ✓ New travellers
- ✓ New strategies to tourism development
- ✓ Alternative forms of tourism
- ✓ New business models in tourism
- ✓ 'tailor-made' tourism products
- ✓ Opportunities for small/entrepreneurial firms

# Tourism and entrepreneurship: tourism as a specific context /sector

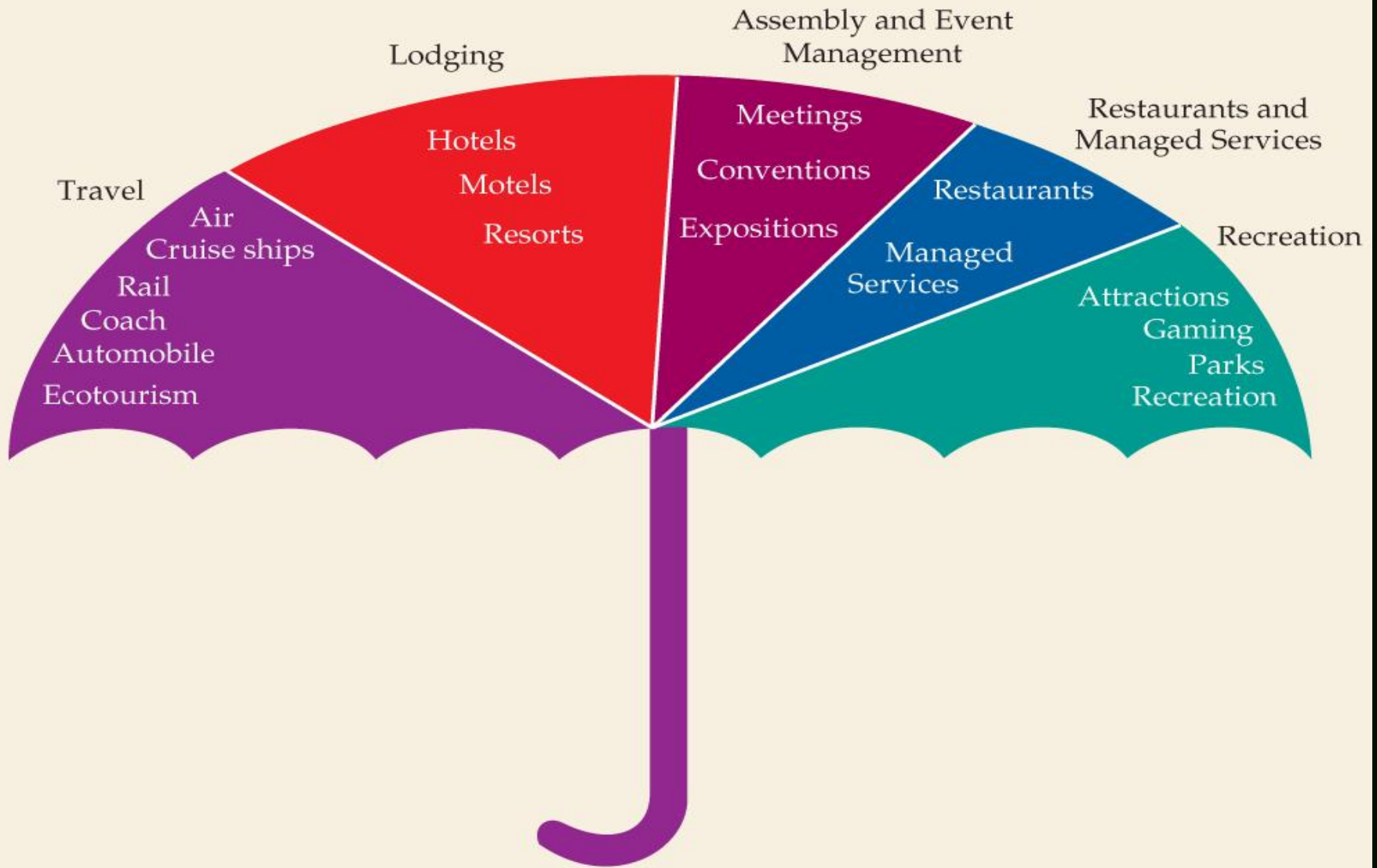
## Tourism, what is it?

- ✔ Tourism is a social phenomenon associated with human travel for different pursuits including business, leisure, pleasure, religion, education, security, politics...
- ✔ During and after the travel experience, in return creating an increasing number of interconnected activities in economical, social, political, policy and educational forms
- ✔ As a result of the complexity of tourist motivation there is a number of tourism forms defined according to the purpose of travel or other common features.
- ✔ Understanding human motivation or curiosity is, in fact, an essential precondition to understand tourism entrepreneurship as manipulation of the human curiosity for commercial purposes is at the very heart of the entrepreneurial ability.

# Tourism product: what makes it specific?

- ✓ The tourism industry (a number of individual sectors) includes a range a single fulfilments or tourist needs (e.g. meal, bed, transportation) to fulfilments of an entire traveller's holiday needs (e.g. packaged holiday).
- ✓ Tourism product is unique; most tourism products or services are often intangible and inhomogeneous, they can not be standardised as many factors may shape the tourist experience,
- ✓ Unlikely that any product can ever be perceived equally by all customers.
- ✓ As opposed to other industries where products have a more clearly defined utility or used value, and it can be seen /felt before the act of consumption, in tourism it is more often based on the tourists' perception and curiosity

# Tourism Industry







# Product Areas

- ✓ a number of core product areas (cultures of excellence- natural-based activities)
- ✓ Special events
- ✓ Products for groups
- ✓ Products for FIT (free independent tourist)
- ✓ Soft/hard advantage
- ✓ Special interests
- ✓ Sports events
- ✓ Cultural events – festivals
- ✓ Wine



- In contemporary industries, innovation takes place in social, cultural, economic, institutional and regulatory environments – innovation systems.
- in a tourism context, the composite product and the sequential purchase and consumption process enhance the notion of entrepreneurship,
- gaps in the value chain are constantly created, filled, reopened and remodelled.

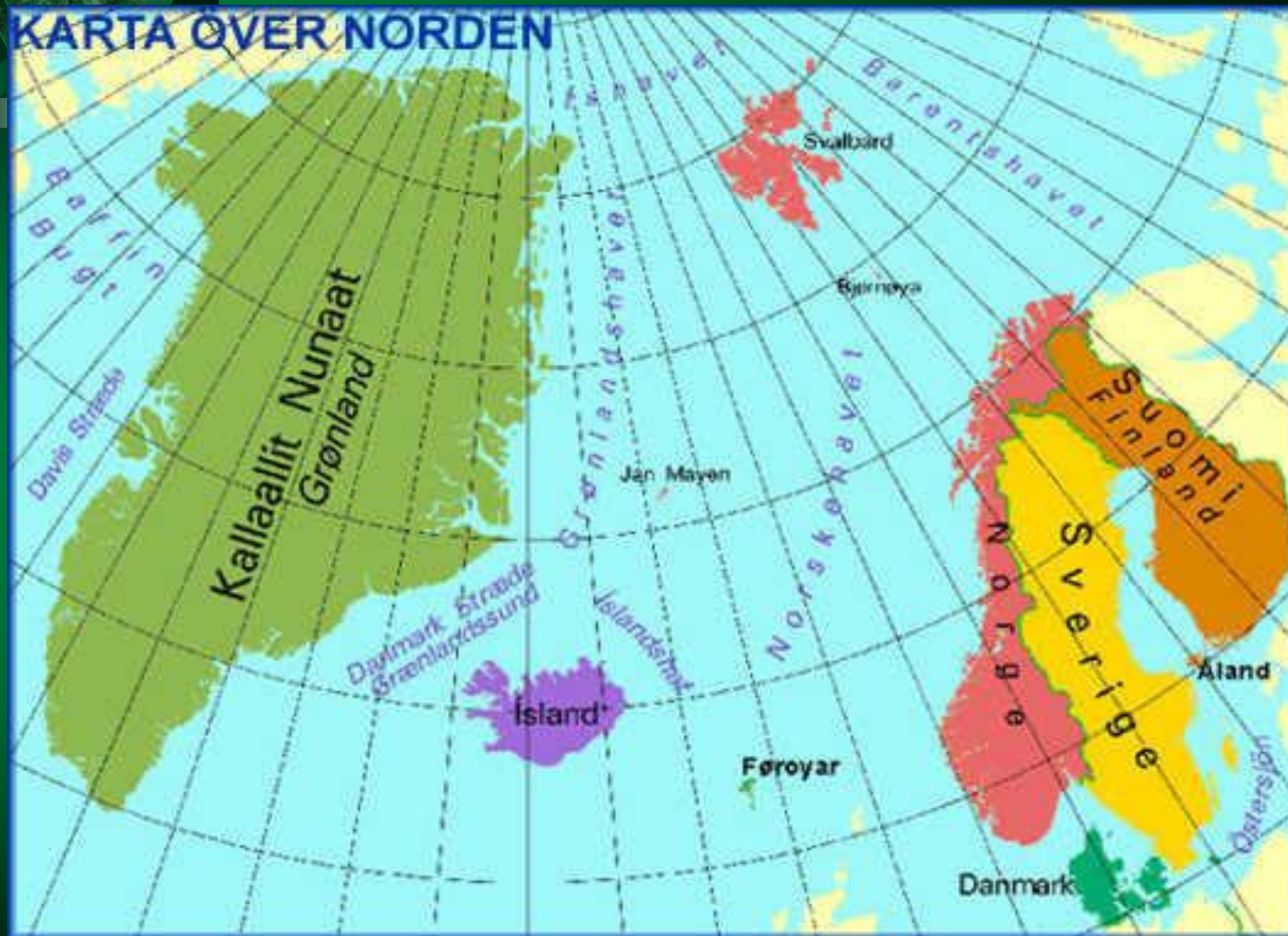




# Tourism innovation: an example from the North Pole

- Periphery, tourism's become important source of economic development
- Has a long history in tourism yet low number of visitors
- many opportunities due to the shifting demand
- How do they innovate?

# KARTA OVER NORDEN



22/03/2019

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Luka



# ICEHOTEL Jukkasjärvi village , *Sweden*

- **The Icehotel corporation**, started in a traditional way in 1970s as summer tourism, in 80-90s turned into an attractive development, starting with igloos and expanded into hotel, church and ice bars. Vast network of actors has been engaged in transforming local attraction into a global business





# What we've got in BiH?

- ✓ the country is blessed with natural resources
- ✓ Just need creative and brave people, entrepreneurs