ENTREPRENEURSHIP AND QUALITY IN TOURISM
IN LIGHT OF POLISH AND INTERNATIONAL RESEARCH

Scientific editor
Grzegorz Gołembski

POZNAŃ 2008
WYDAWNICTWO AKADEMII EKONOMICZNEJ W POZNAŃIU
Piotr ZMYŚLONY

LEADERSHIP ACTIVITIES OF TOURIST ENTREPRENEURS AS A FORM OF THEIR ENTREPRENEURSHIP IN A TOURIST DESTINATION

Abstract

Complexity of demand, and complementarity and fragmentation of supply in tourism lead to cooperation and partnership of various stakeholders in a tourist destination in order to pool resources and develop the destination's tourism product. The most active stakeholders initiating cooperation and partnership relations are perceived as tourism development leaders. In the article the tourism entrepreneurs' propensity to integrate and to assume the lead roles are highlighted as a manifestation of their entrepreneurial abilities characteristic of this particular economic specialisation.

Key words: entrepreneurship, tourism entrepreneurs, leadership in tourism development, cooperation, tourism partnerships.

Introduction

With complexity and spatial concentration of demand on the one hand, and complementarity and fragmentation of supply in a tourist destination on the other, satisfying all the needs and desires of tourists visiting the destination is beyond the capacity of single organisation. This is because the success of economic activity in tourism is measured by the degree of client satisfaction, and only to some extent is a result of individual efforts to improve its efficiencies and financial performance. To a large degree, perhaps even as much as on individual performance, success depends on the integration of resources being in possession of various stakeholders – public and private sector bodies, and actions taken by these entities. Com-
petitiveness of an entrepreneur's offer depends on the competitiveness of the total tourism product offered in the destination.

Aware of this connection, entities contributing to the overall tourism offer in the destination are inclined to set up partnerships to create an integrated tourism product. Some of these entrepreneurs go beyond the primary mission of pooling and mobilising resources and coordinating efforts to realise collective goals, and as a result they are perceived by other stakeholders in the destination as leaders of tourism development. This article considers the leadership of tourism businesses as an expression of their entrepreneurship, outlines the basic tasks and functions attributed to the role of a leader, and discusses the predispositions and limitations of Polish entrepreneurs to assuming the lead roles in tourism development. The discussion is supported by examples of leadership activities of entrepreneurs in one of Polish tourism destinations.

1. Tourism supply and entrepreneurship

Entrepreneurship comes forth in the conditions of risk, uncertainty, and complexity of the environment – circumstances that present opportunities for change and open up different avenues to explore. The tourism sector in tourist destinations is fragmented and diverse in terms of specialisation of stakeholder-entrepreneurs (both public and private sector companies, as well as mixed public – private sector bodies). Their individual offerings must be mutually complementary as they are viewed by tourists as a complete tourism product, defined by Middleton as a package of tangible and intangible components based on activity at a destination, a compilation of what tourists do, and amenities and services they use in the process. Each stakeholder owns or controls limited resources such as knowledge, expertise, constituency and capital, but on their own they are unlikely to possess all the resources necessary to achieve their objectives and to plan for their future in relation to the external environment. Independent but uncoordinated actions of individual stakeholders, however well executed, will not realise the potential of a tourist destination and – consequently – potential of enterprises operating therein. Tourism supply complementarity forces entrepreneurs to focus not only on their own offers but also on aspects explored by other agencies, in order to fit their offerings into the total product of the destination.

---

1 W. Alejziak, Turystyka w obliczu wyzwań XXI wieku, Albis, Kraków 2000, pp. 116-125.
Leadership activities of tourist entrepreneurs as a form of their entrepreneurship

In these circumstances tourism entrepreneurs are inclined to cooperative efforts to create new value: an integrated tourism product reflecting the consumer's perspective. This is a long term process involving a new form of economic system organisation at a destination level. Overcoming competition through coordinated efforts at one level leads to the creation of a new and higher level of competition – between tourist destinations.

In tourism, collaboration and partnerships are manifestations of entrepreneurship, described by Drucker as the purposeful and organised search for changes and the systematic analysis of opportunities such changes might offer for economic or social innovation, which in this case can be an integrated tourism product based on partnership structures.

In tourism not all stakeholders show the ability and propensity to integrate (this fact provides a confirmation of a thesis that integration is a form of entrepreneurship). These attitudes may change in the face of threats to a company's current or future operations, or as a result of a conscious integration in order to undertake joint projects of regional importance, or as a way to explore development opportunities and derive benefits from collaborative actions. Interdependence and fragmentation of sector activities, which otherwise could be viewed as a serious limitation, combined with the diversity of business specialisations become a development opportunity for entrepreneurial stakeholders.

Sharing the risk, profits and benefits as well as the responsibility for future success or failure of projects and initiatives, is the essence of partnership. This is consistent with the understanding of entrepreneurship both as an attitude and a process.

Equally important, entrepreneurship in tourism means striking an optimum balance between competition and cooperation – in some areas cooperation brings better results (e.g. promotion, information, distribution), in others competition is the preferred option.

---

2. Tourism enterprise as the leader in a tourist destination

Awareness of potential benefits resulting from collaborative partnerships is not constant and equally important among all stakeholders involved in the creation of a tourist destination's comprehensive offer. Beside stakeholders who actively create and develop partnership structures there are others who often put to doubt the benefits afforded by coordination of goals and actions. Their critical stance may be the reason why they refuse to cooperate with other stakeholders. The practice shows, however, that the real reason behind passive attitudes of some stakeholders is their aversion to change resulting from a low level of entrepreneurial aptitude compared with their potential partners. Collaboration between autonomic and equal partners is not easy. Potential benefits and drawbacks of collaborative actions in tourism destinations animate the most active entrepreneurs – those having the greatest knowledge, expertise, capital, entrepreneurial aptitude and leadership abilities – not only to cooperation with others but also to embarking on a mission to organise the pooling of resources, mobilise autonomic stakeholders to work towards common goals, and to coordinate actions while keeping the fragile partnership structures alive. The leading stakeholders are the ones that are the most aware of the limitations of their own resources in the context of supply complementarity.

The emergence of entrepreneur-leaders takes place in an evolutionary manner, through gradual building of support among a majority of enterprises, agencies and individuals engaged in tourism development. Owing to their efforts towards creating a joint integrated tourism product of the destination, they are in time perceived as leaders of tourism development, and are placed in the centre of decision making on issues relating to tourism, ensuring effective communication and cooperation between partners. The leader of tourism development, irrespective of its organisation and legal status, must be an authority that is recognised and accepted by agencies involved in tourism development planning. In this context, academic and professional commentators generally agree that in the long term competitiveness of tourist destinations and regions is not sustainable but for individuals or small groups that have a development vision, project and pass on the right values, and are able to release the necessary social energy.

The voluntary assumption of additional responsibilities that go beyond the primary role of tourism businesses is the highest expression of their entrepreneurship based on the conviction that a strong economic position and the ability to coordinate and motivate others will help them reduce the risk of wasting resources (both tangible and intangible) in ventures not directly connected with their mainstream operations. The basic impulse to take on the role of the leader is a desire to realise individual goals while optimising the use of their own resources. The expectation that their economic position will improve is an additional motive for entrepreneurial posture and actions.

Entrepreneurial abilities of leaders find confirmation in a number of roles they perform. The various roles taken on by leaders provide the best description of the leadership phenomenon and shed light on the areas where leaders exercise their entrepreneurship. Leaders perform the following functions:

1. **The coordinator.** The leader coordinates performances of collaborating agencies, supports their involvement in initiatives aimed at improving competitiveness of the destination, and keeps the partnership alive. With respect to individual partners the leader should continue to emphasise that each agency makes a much needed and unique contribution to the group, and that their individual inputs facilitate efficient achievement of shared goals. This role also means preventing possible conflicts in the destination, to which end the leader acts as a negotiator and tries to achieve consensus on matters concerning future performances.

2. **The motivator.** The leader motivates and inspires stakeholders involved in the creation of the destination’s tourist offer to improve their individual efficiencies and raise the level of entrepreneurship. A higher competitiveness of a tourist destination is not merely a reflection of better companies operating therein but above all is due to superior leadership, inspiring and motivating stakeholders to develop and function better. As one of the most entrepreneurial entities at the destination, the leader also motivates and inspires indirectly through setting example and by functioning as a role model for its partners. As Rapacz emphasises, owing to their resourcefulness and sense of responsibility, business leaders have a special role in developing entrepreneurship at the local level.

---

14 P. Zmysłony, Przyswędztwo w regionach turystycznych.
3. **The analyst.** The leader has an important, but not necessarily dominant, role in the creation of tourism development vision: co-creates strategies for regional development (if tourism is the dominant function of the region) or formulates development plans in the tourism sector (if tourism is not a dominant function), and sets goals for sustainable development of tourism. Very important is the ability to determine strengths and weaknesses of the destination, and to identify opportunities and threats in the external environment in order to take appropriate actions.

4. **The representative.** The leader, an influential entrepreneur possessing superior knowledge of tourism, represents the destination in events and initiatives of regional and transregional importance. The leader is active in initiating and maintaining contacts with the central government and its representatives, maintains cross-regional dialogue, and conducts negotiations with major investors. In other words, the leader is the destination’s spokesman in relations with third parties, including rival destinations and tourists themselves.

5. **The informer.** This function, permeating all other roles, places the leader in the centre of all actions taking place in the destination, therefore the leader is perceived as a sender, receiver and coordinator of information flows between cooperating partners. A well organised system of formal and informal communication channels ensures efficient circulation of agreed-upon messages of commercial and marketing significance. The leader-informer also organises a system of collecting statistical data on the volume and structure of tourism flows in the destination.

Decisions and actions of leaders are based on partner relations with other agencies. The leader organisation, using its entrepreneurial skills in the scopes of leadership described earlier, influences the functioning of all stakeholders at the tourist destination. The direct impact takes place through partnership relations when the leading organisation integrates partners and cooperates with them in the decision making process or in the planning of new initiatives. It is obvious that not all entrepreneurs, organisations and residents cooperate with the leader. However, every single action undertaken or inspired by the leader affects them indirectly, if only by requiring their stance on planned initiatives.

Effective discharge of the above leadership roles leads to synergy effects. Owing to these synergies, cooperation of stakeholders brings greater economic effects and better tourists’ satisfaction than the sum of individual acting. Therefore, the most important result of the leader’s activities in the destination are the synergies helping a group of stakeholders to construct an integrated tourism product. The leader must see “more and further” than other stakeholders creating tourist offer in the destination\(^\text{18}\).

Performing the role of a tourism leader with respect to tourism entrepreneurs is a rare phenomenon, which is also a confirmation of a thesis that this type of activity is a special manifestation of entrepreneurship. In the practice of local tourism development, entrepreneur's leadership can take the following organisational forms:

- individual enterprise,
- two or more enterprises collaborating on informal footing – they share leadership but will not establish a formal organisational structure,
- enterprises agree to set up a new entity; this is typically used with respect to new, costly, risk-burdened and complex ventures\(^\text{19}\), all parties to the agreement undertake to contribute to the venture on equal terms, and share the costs and profits according to a pre-determined formula.

Given that leadership is a special form of entrepreneurship, it would be interesting to look into the leadership predispositions and limitations of enterprises.

### 2.1. Leadership predispositions and limitations of the tourism entrepreneurs

Business enterprises are profit-oriented organisations, hence the fundamental criterion for all decisions that entrepreneurs make is maximisation of returns. Taking account of the limited knowledge, expertise and resources at their disposal, entrepreneurs appraise every development initiative by looking at the return on employed assets and the project's impact on the company's profitability and cash flow. They measure efficiency of their own financial performance with the use of such instruments as balance sheet, profit and loss account, and cash flow statement. Therefore, as leaders they possess the expertise and knowledge needed to appraise economic performance of current undertakings and a feasibility of planned projects with the use of accounting methods of valuation such as ratio analysis, profitability and cash flow analysis, and the methods of appraising capital investments\(^\text{20}\). Particularly important for effective leadership is ability to apply metrics of the last-mentioned group with the view to minimise the risk of investing finances in joint development projects.

Further, business enterprises are the only stakeholders in tourist destinations (in contrast with territorial self-governments, market-support organisations, or

---


tourism administration institutions) that are subject to real competitive pressures. Their success in terms of economic potential achieved in competitive environment predisposes entrepreneurs to leadership roles in local tourism development.

Moreover, amongst all other agencies functioning locally in the tourism sector, business enterprises have the most advanced marketing skills as their operations have to be highly customer-oriented. The reason is simple: if one entrepreneur fails to deliver a product demanded by tourists, his or her competitors will supply what is needed. Hence entrepreneurs in their pursuit of new markets pay a lot of attention to the motives determining consumer needs, consumer behaviours, and reasons for volumes and structures of demand\(^\text{21}\).

With market and marketing orientation, tourism entrepreneurs have the ability to directly identify and measure the needs and expectations of consumers using information from internal sources. It gives them a solid foundation for performing the roles of informers and planners, given that the convergence of planning provisions and tourist expectations is an essential precondition of all development plans.

And finally, tourism enterprises are the most active, albeit often not the biggest, organisations investing in tourism development. Importantly, they invest mainly in strictly tourism-related projects and intangible assets (such as human resources and marketing)\(^\text{22}\) which make up the best part of local tourism product. The more investment projects a company has completed or is pursuing, the more it feels the impact of decisions made at local or regional level, and the more it sees the need to participate in the decision making process.

Discussing the leadership potential of business enterprises one more, important aspect of management practice must be mentioned, i.e. the role of charismatic, creative individuals known as the transforming leaders\(^\text{23}\). Examples of leaders who left the greatest impact on their organisations include Lee Iacocca (Chrysler), Jack Welch (General Electric Co.), Max DePree (Herman Miller Inc.), or Roberto Goizueta (Coca-Cola). Even though these examples relate to huge multinational corporations it does not mean that leadership personalities have a greater chance to realise their entrepreneurial potential in market-oriented organisations than in self-government structures or institutions operating on the market periphery.

Despite having strong leadership potential, only few entrepreneurs decide to play the lead roles in tourism development. There are several reasons for this.

Firstly, tourism enterprises are on the whole fragmented and financially weak. At tourist destination level there is a shortage of businesses strong enough in terms

---


of organisation and finances to take the lead in tourism development. Even fewer entrepreneurs who see the need for leadership decide to assume that role. It has to be emphasised that only the biggest and strongest enterprises, those controlling the most tourism supply at a destination, become leaders.

Further, leadership roles do not bring immediate profits for entrepreneurs, meaning that the outcomes of leadership activities are uncertain and difficult to measure in the short term. Although the benefits in the long term are shared among all stakeholders, the leader must immediately engage the company's capital, knowledge and expertise, and bear the greatest responsibility. This goes against the basic rationale behind investment decisions, namely the expectation of maximum returns from projects companies embark on. It can therefore be said that leadership roles could compromise efficiencies of market oriented entrepreneurs, assuming – of course – that leadership would be their sole activity. Even though it is not the case, it must be borne in mind that resources needed for an effective discharge of leadership responsibilities would have to be transferred over from the company's core business. It confirms the thesis that the only entities that can afford to become local tourism leaders are the financially strongest organisations, or entities established jointly by several local enterprises, financed and supported in terms of resources – at least in initial stages – by all partners, and representing their interests.

Finally, leaders can become over involved with leadership tasks to the extent that they start neglecting the core business of their businesses and, consequently, weaken their leadership position.

2.2. Examples of entrepreneur-leaders in Polish tourist destinations

In Polish tourism destinations there can be found enterprises characterised by above-average entrepreneurial capabilities, entities which in a changeable, complex, interdisciplinary environment are perceived as leaders of tourism development. To identify local leaders and analyse their qualities and attitudes, the Chair of Tourism at the Poznań University of Economics carried out two research projects in the 2002 to 2006 period: "Tourism in the process of socio-economic development" and "Tourism and sustainable development of regions". The surveys were conducted in three different types of tourism destinations: coastal – the town and municipality of Ustka; mountain – the eastern part of Klodzko Valley;
and rural – Kashubian Switzerland (Kashubian Lake District – Szwajcaria Kaszub­skaja) in northern Poland. The cases presented in this paper all come from Kashu­bian Switzerland. In the survey three entrepreneurs characterised by relatively superior leadership predispositions were selected:

- “Niedźwiadek” hotel in Wdzydze Kiszewskie (Kościorzyna municipality),
- “U Stolema” boarding house in Ostrzyce (Somonimo municipality),
- “Danmar” timber houses manufacturer in Szymbark (Stężyca municipality).

“Niedźwiadek” hotel (“Niedźwiadek”) is among the best equipped accommodation establishments in Kashubian Lake District. “Niedźwiadek” serves primarily business groups (conferences, training courses, staff integration programs) which make up 70% of their clients, and affluent individual customers. The firm conducts regular demand surveys and on-going analysis of internal data. The firm’s leadership potential is due to its superior financial condition (one-quarter of the “Niedźwiadek’s” annual profits are retained and invested in further expansion), and is reflected in the fact that many other local organisations (not only tourism-related firms) provide services that are complementary to the core business of “Niedźwiadek”.

Local initiatives are stimulated and coordinated by Friends of Wdzydze Association (Stowarzyszenie Przyjaciół Wdzydzu), a non-profit organisation set up in 2001 on the initiative of “Niedźwiadek”, whose role is to disseminate information about Wdzydze, its surrounding areas and local people, promoting local development, and organising external promotion of the area as a tourist destination. Association is the chief organiser of cultural and sporting events, including “Wdzydze Fair” and sailing regatta on the local lake, provides financial support for printing of tourist brochures, and was the initiator of erecting a mobile phone base station in the area. It cooperates with major holiday centres in the municipality, as well as with Gdańsk Chamber of Tourism and Pomeranian Regional Tourism Organisation. Leadership capabilities of “Niedźwiadek” have been put to the test in an argument around the establishment of a national park in place of Wdzydze Landscape Park, a conflict which ended with the commissioning of environmental bodies to advice on initiatives launched by the Association. There is cooperation between the entrepreneur and the local government, although owing to the firm’s perception of the local authorities as a weaker partner, the collaboration is not set on permanent basis. Even so, in 2003 the hotel’s owners proposed the setting up of entrepreneurs’ council at the Mayor’s Office. Local authorities have also invi-

See also: A. Niezgoda, P. Zmysłony, Identifying Determinants of Development of Rural Tourist Destinations in Poland, Tourism vol. 51, 2003, no. 4, pp. 443-454.

The hotel runs 120 bed-places, a restaurant for 200 guests, 4 conference rooms, a tavern, bar, fitness and wellness services, open air swimming pool, tenpin bowling facility, grounds for team sports, bicycle hire facility, a yacht, water scooters, horse riding and britzkas, other attractions.

The entrepreneur to co-create the tourism development vision for Kościelina municipality, and to give advice on current issues, although the latter collaboration is incidental (mainly events organisation).

The second case, “U Stolema” boarding house (“U Stolema”) based in Ostrzyce has a similar impact on local tourism development. To promote its own vision of development and integration of local tourism operators, “U Stolema” has set up Ostrzyce Tourism Lobby. The tasks carried out by the Lobby include promoting Ostrzyce and surrounding areas (through publication of leaflets and brochures, and participation in major tourism shows organised in Poland), determining infrastructural needs in the municipality, and organising mass events. To fulfil its stakeholder integration function, the Lobby organises meetings of tourism service providers during which participants debate plans of joint actions for upcoming season, and promote agrotourism among local farmers. The Lobby also co-organises seminars on cultural heritage of Kashubian Region. In 2003 the company was a founding partner of the association known as The Friendly Kashubian Countryside whose aim is to protect local cultural heritage, encourage sporting activities and promote tourism attractions of Kashubian Lake District. In partnership with the Municipal Cultural Centre, “U Stolema” organises on its grounds numerous sports and recreation events, including the popular Ostrzyce Summer Events, Carriage Driving Tournaments, National Triathlon Championships, and off-road car rallies.

“U Stolema” collaborates with other tourism entrepreneurs from Ostrzyce area complementing each other’s market offerings, and with local residents supplying produce for the company’s catering facilities. Jointly with Turystyczne Kaszuby Association, the entrepreneur promotes the destination in Poland and abroad. The company enjoys the support of local authorities in the form of local taxes relief. Its active posture provides an additional stimulus for local authorities to put more effort into development of tourism infrastructure.

The third entrepreneur “Danmar” in Szymbark, a company operating in the timber processing industry is a rare example of auxiliary tourism goods manufacturer which – owing to its initiatives aimed at improving tourism attractiveness of the destination – has become a major creator of local tourism product. The firm is a maker and builder of wooden houses, including summer houses for tourism purposes, and has itself become a tourist attraction. In 2003, supported by the National Heritage Centre of the Ministry of Culture, the company and local authorities jointly set up the Centre for Education and Promotion of Szymbark

28 The facility runs 84 bed-places, and a cafe and two bars for 60 guests in total. It occupies a large area, with camping grounds, a mini-golf course, grounds for team sports, and a marina. The company also owns a small excursion ship and water sports equipment.

Region, an organisation pursuing various social and cultural initiatives and programs (relating to tourism, timber processing traditions, national heritage, community integration, employment and entrepreneurship promotion), and a carpentry museum which preserves the history of wood processing crafts. “Danmar” is the initiator and major financial sponsor of tourism promotion activities (maps and brochures). The company, however, sees its main role in supporting initiatives of local authorities and proposing new ideas for local development. The pinnacle of entrepreneur’s leadership activities has been the setting up – in partnership with local authorities and other entrepreneurs – of the Local Tourism Organisation “Wieżyca Summit”.

The presented examples show that – owing to the interdisciplinary character of tourism – leadership roles in tourism development can be performed by very different companies, and that in tourism economy there are many opportunities for entrepreneurial activities and partnerships. All three cases presented in this paper offer services of superior quality, are professionally managed, use strategic planning, and make substantial capital investments, which is a reflection of their entrepreneurial approach. In each instance active involvement in tourism development is based on the assumption that tourists perceive and appraise individual services through overall quality of the tourism product offered in the destination. Owing to their strong economic positions they are independent and exacting in the relations with local authorities, but at the same time active and creative.

Conclusions

Entrepreneurship in tourism economy finds expression – to a much greater extent than in other industries – in partnership structures set up to develop a common, integrated product. Given the complex nature of tourism development, multiplicity of issues that entrepreneurs are faced with, and fragility of partnership structures based on informal ties of independent entities, the leadership roles are taken on by the most entrepreneurial partners. To become the leader in a tourism destination, a private sector company must have a strong economic position, and be socially mature and decisive in its actions: in other words the company must possess entrepreneurial capabilities. Even though private company leadership is relatively rare, when it finally emerges it is effective because the strongest attributes of commercial enterprises are their economic expertise and business experience.
Leadership activities of tourist entrepreneurs as a form of their entrepreneurship

References

Alejziak W., Turystyka w obliczu wyzwań XXI wieku, Wydawnictwo Albis, Kraków 2000.
Middleton V.T.C., Marketing w turystyce, Polska Agencja Promocji Turystyki, Warszawa 1996.


Zmyślony P., Rola przywództwa w rozwoju polskich regionów turystycznych, Turystyka i Hotelarstwo 2004, no. 6.