

Entrepreneurial Competencies and Sustainability of Tourism Entrepreneurs

Zaleha Mohamad and Noorhaslinda Kulub Abd Rashid
School of Business and Maritime Management, University Malaysia Terengganu (UMT),
Terengganu, Malaysia

Abstract: This study examining the relationship between entrepreneurial competencies towards sustainability of entrepreneurs in tourism industry. Eight variables of entrepreneurial competencies as independent variable will be tested to examine the importance of each variable in determining entrepreneur's sustainability in business. Government support programme as moderating variables will be tested based on financial, non financial and infrastructure. Sustainability as the dependent variable will be defined based on economic, social and environmental aspects. The results of this study will be useful for the tourism entrepreneurs, academic purposes, government policy as well as entrepreneur's development plan implementation. The result will also provide useful information to both government and private agencies in designing the most effective program for entrepreneurs in tourism industry.

Key words: Entrepreneurial competencies, entrepreneurs, sustainability, tourism, industry

INTRODUCTION

According to Zauhar the word tour is derived from Latin word "tornare" and the Greek word 'tornos' which mean the movement around a central point. When the word 'tour' combined with 'ism', it leads to more comprehensive meaning which is the action of movement around a circle. Tourism can be described as the phenomena and relationship that exists between tourists and others, such as the host community and service providers. Business sectors and society are also associated with tourism. The relationship between tourist and society are when the tourist knows and understands the cultures behaviours and histories of the places visited. On the other hand, the society also must know the tourist's cultures and background because they can cater to their needs and necessities during their vacation. Other than that the business industry are also connected with the tourist to cater their needs such as for beverage, transportation and commerce. Page and Connel described a person who is travelling as traveller, visitor and tourists. It means that 'a person travelling to and staying in a place away from their usual environment for more than one night but less than one year for leisure, business and other purpose tourism is one of the largest and fastest growing industries today. With its rapid growth, a diversification of tourism products and destinations is taking place, consequently, demanding new alternative types of tourism e.g., small-scale nature-related and rural 'experience' tourism. Within the total world market for

tourism, rural tourism forms a relatively small sector but is of growing importance. The reason for this is that, until now, a very large part of tourism has been concentrated on coastal zones and in cities. When governments and the tourism industry wish to develop new regions for tourism they are increasingly considering rural areas which until now, have been little developed for tourism. Good management of rural tourism can make a positive contribution for the rural economy and community and become one of the main forces influencing the direction of regional development.

LITERATURE REVIEW

Entrepreneurial competencies: Entrepreneurial competencies are defined as "underlying characteristics such as generic specific knowledge, motives, traits, self-images, social roles and skills which result in venture birth, survival and/or growth" (Bird, 1995). Baum define this concept as "individual characteristics such as knowledge, skills and/or abilities required to perform a specific job". Kiggundu conceptualizes entrepreneurial competencies as "the total sum of entrepreneur's attributes such as attitudes, beliefs, knowledge, skills, abilities, personality, expertise and behavioral tendencies needed for successful and sustaining entrepreneurship". An in-depth analysis of entrepreneurial competencies saw competencies of entrepreneurs as having dual origins: first, components that are more deeply rooted in the entrepreneur's background, (i.e., traits, personality,

attitudes, self image and social roles) and second, components that could be acquired at research or through theoretical or practical learning, (i.e., skills, knowledge and experience). Entrepreneurial competencies are considered a higher-level characteristic encompassing personality traits, skills and knowledge and therefore can be seen as the total ability of the entrepreneur to perform a job role successfully. In addition to defining competencies in terms of the possession of traits, skills and knowledge, some studies have attempted to organize these entrepreneurial characteristics into key competency domains. Under each domain there are different individual competencies made up of personal attributes, knowledge and skills. Entrepreneurial competencies are seen as important to business growth and success and an understanding of the nature and role of such competencies can have important consequences for practice.

Strategy: The concept of strategy has been used to refer to a wide range of phenomena. Strategy means different things at different levels of analysis. Three such levels of strategy are corporate (product/market portfolio choices) business (choices of how to compete within a given product/market) and functional which refer to choices of marketing, finance, manufacturing strategies and so on. In this study strategy refer to business and functional strategy. Numerous researchers have developed typologies of generic strategies. Porter distinguished between differentiation, cost leadership and focus; Miles and Snow identified defenders, prospectors, analyzers and reactors; Hofer and Schendel characterized 6 generic strategies: share increasing, growth, profit, market concentration and asset reduction, liquidation and turnaround. Miller reviewed the research of these and other scholars concluded that the dimensions discussed repeatedly were product/service innovation, marketing differentiation, breadth (niche vs related diversification) and conservative cost control (low cost, "harvester", cost leadership). Furthermore, engaging in entrepreneurial role demands entrepreneurs to continually seek out customer needs and finds ways to offer their product and services in such a way that they are offering is more attractive than others (Carson *et al.*, 1994). This requires ability to use appropriate strategies and tactics in commercialising their products or services. As Miller acknowledges it is not possible to say that these are the most important dimensions but their frequent reference in the literature suggests they are important to consider.

Conceptual: Conceptual competency is related to the ability to think out of the box which is often reflected in

the ability to stimulate new thinking patterns and develop new ideas and concepts which may sometimes require deviation from the normal procedure of doing things. This ability allows entrepreneurs to do things differently and take on new ways as well as focus on finding new ideas and act on them. The ability to think analytically and to cope with uncertainty depends heavily on conceptual abilities. According to Man and Lau conceptual competency reflects the conceptual abilities of entrepreneurs such as analysing, problem solving, decision-making, innovating and risk taking. Conceptual competency also reflects the mental abilities to coordinate all of the organization's interests and activities.

Opportunity: The ability of entrepreneurs to maximize opportunities is crucial. Their ability to learn will determine whether they can use the experience to maximise not just opportunities that arise but also their ability to raise finance to acquire additional and specialised resources that will determine their further development and success.

Thompson maintained that an entrepreneur is someone with a vision who spots a new opportunity and is minded to act on it and start something and enterprising behaviour relates to start a new venture which requires setting out ideas obtaining resources and making things happen. Extending this view, it has been suggested that the ability to select high quality opportunities and devise appropriate strategies to turn opportunities into reality may have a considerable impact on venture performance (Buckley *et al.*, 1989).

Networking: The networks within which entrepreneurs and their organisations are embedded have been found to provide accurate information and advice which can be used to take market decisions and evaluate the validity of these decisions. For example, entrepreneurial organisations have been found to access information about customers from their networks and use this information to improve their pricing structures and tailor their communications. An important finding of such research is that the information and advice provided to entrepreneurs from their network is trustworthy, reliable and can be acted upon. Johannisson also argues that the personal network of the entrepreneur is the strategically most significant resource of the firm. The value in the network is only realized through the owner-manager's positive use of the resources contained within. This implies an interchange with members of the network through some form of networking activity. This is consistent with social network theory that relies upon two basic premises. First, the entrepreneurial process involves gathering scarce resources from the environment

and second, resources are usually obtained through contact with the entrepreneur's social network. Thus, Birley, Cromie and Myers found evidence for networking being primarily the domain of the owner-manager.

Learning: The role of an entrepreneurship development program is to provide business and management tools to persons that have been screened for the appropriate personality traits through the training of such individuals, the number of successful entrepreneurial endeavours can be substantially increased. Entrepreneurship education is an unavoidable component of modern economic development strategy. Proof of the success of well-designed entrepreneurship development programs in India, Africa and other developing areas is provided by Gupta.

Moreover, competencies can be improved through education and training (Burgoyne, 1993, Parry, 1998). Experience has shown that training programmes for entrepreneurship can largely achieve their aim of developing entrepreneurial competencies. More importantly, the competency approach contributes to the training and development of practicing and potential entrepreneurs in that it highlights the importance of not only upgrading the skills and knowledge needed for entrepreneurial success in different settings but also of cultivating the appropriate attitudes towards this aim.

Commitment: Commitment competency refers to the ability to sustain effort, commit to long term goals, commit to personal goals and restart after failure. Commitments can take various forms including commitment to organizations unions (Barling *et al.*, 1992) occupations and professions (Blau, 1985) team and leaders Beckers (1992) goals and personal careers. Commitment in general refers to the fact that commitment is a stabilizing or obliging force that gives direction to behaviour such as restricts freedom and binds the person to a course of action. Several authors suggested that commitment influences behaviour independently of other motives and attitudes and in fact might lead to persistence in a course of action even in the face of conflicting motives or attitudes. Commitment can lead individuals to behave in ways that from the perspective of neutral observers might seem contrary to their own self-interest (Brickman, 1987; Brown, 1996).

Management: Competencies are variously defined as the ability to use knowledge and skills effectively in the performance of a managerial role (Boyatzis, 1982). Mumford describes the process of management development as an attempt to improve managerial effectiveness through planned and deliberate learning processes. Management competency has been defined by Boyatzis (1992) as an underlying characteristic of a person

which results in effective and or superior performance in a job. Entrepreneurs who are the owner managers and have overall control of the firms required to take up managerial role. Managerial tasks reflect activities such as planning organizing, directing and controlling various resources in organization.

Personel: An entrepreneur's personal tie to a friend not involved in his business may by chance lead to contacts with persons with information or resources his firm needs. Searching for these resources via normal organizational channels might cost more time or funds than the organization could spare. So, if the right connections are successfully made across the firm's boundaries into the extended network, two major constraints are cut: time and money. Some research has been conducted into attempts to identify the characteristics of successful growth firms. These characteristics may be associated with the personal qualities of the entrepreneurs or entrepreneurial team (age, gender) the characteristics of the firm (sector, size, etc.) or the managerial strategy of the firm.

Many psychologists believe personality is made up of five basic traits (Barling *et al.*, 1992). In any individual the expression of each trait is determined by a person's genetic make up and environmental influences. It seems the environment's influence is about 65% of a person's personality. Similarly, their inherent intelligence might also influence skill and improve potential.

Sustainability: Sustainability or the concern for long term viability covers three main dimensions which are economic, social and environmental. Economic viability is measured through profitability and growth potential; social viability involves activities that promote community and social well-being while the environmental viability entails the activities by the business that are considered ecologically friendly. It is a general agreement among managers and directors that the implementation of sustainability is a significant step towards improved competitiveness of the company in the future. Identifying the social and environmental issues that are important to key stakeholder and improving stakeholder relationship can foster loyalty and trust. Good performance on sustainability can garner a positive reputation with stakeholder and improve community relations and business performance. Alternatively, the consequences of mismanaging sustainability can be costly in terms of reputational damage and potential impacts on the bottom line. The management must also make choices about how to implement the sustainability strategy and integrate economic, social and environmental impacts into their organizations. These impacts sometimes managed using "soft" leadership elements such as people and culture along with a variety of informal systems. Sustainability impacts can also be managed through "hard" or formal

implementation systems like compensation, incentives and performance evaluations. A balance between economic progress, social responsibility and environmental protection sometimes referred to as the triple bottom line and can lead to competitive advantage.

Sustainability economy: According to Johan Afendi and Mohamad Zaki tourism gives positive impacts such as generate more income to the local communities. They give opportunities in employment and the supply of services. But tourist also gives a negative impacts to economy such as economic leakage, control destination by foreign investors, rising prices of goods and unhealthy competition between operators. The ultimate focus of sustainability strategies and program must be short term and long term financial performance. The sustainability processes must be converted to monetary measures. The impacts of sustainability actions should include present and future benefits and costs represented through additional revenues to the organizational or reduction in costs. Revenues related to sustainability management initiatives can be positively impacted through reputational effects.

Sustainability sosial: Sustainability social can be defined as build the capacity, motivation and habitual inclination of individuals, communities and other collective decision making bodies to apply sustainability requirements through more open and better informed deliberations, greater attention to foster reciprocal awareness and collective responsibility. In broad terms the social consequences of tourism may be broken into two aspects namely moral and cultural. Moral aspects refer to those areas related to values, ethics and religion while cultural aspects encompass more of the artistic and craft aspects which anthropologists call manifest material culture.

Sustainability environment: Environment is a very important element of sustainability. Sustainability is much more than a function of the natural environment alone. It is critical for future tourism development plans to be compatible with the environment for the industry to maintain its market competitiveness. The entrepreneur must define their commitment to the natural environment. It means striving to protect and restore the environment and promoting sustainable development with products processes, services and other activities. The entrepreneur must be committed to minimizing the use of energy and natural resources and decreasing waste and emissions. At a minimum, the entrepreneur fully complies with all existing international, national, local regulations, industry standards regarding emissions and waste. It strives for continuous improvement in the efficiency with which it uses all forms of energy in reducing its consumption of

water and other natural resources, its emissions into air, water and land of hazardous substances. It also entails a commitment to maximize the use and production of recycled and recycle materials, the durability of products and to minimize packaging.

Government support programme: Othman was argued that the development of micro and small business scale can be seen through the sheer amount and variety of supporting mechanisms and policies that exist for encouraging entrepreneurial competency including; funding schemes, entrepreneurial programs and activities, physical infrastructure and advisory services. In fact, Chamhuri Siwar also agreed with Othman which mentioned that there have been numerous support programmes in entrepreneurial competency provided by the government agencies and institutions aimed at fostering the development of small and business enterprises in a context of entrepreneurship, such as funding scheme, entrepreneurial program, physical infrastructure and advisory service that will contributed to the business sustainability. According to Hafidzah Hassan the funding scheme is intended to foster assisting and support entrepreneurship in small and medium business scale. The aim is to set up the successful entrepreneurs that will join the existing international market in bringing successful local entrepreneurs across the country. The idea is that they will highlight the role that entrepreneurs can play in creating jobs and promoting competitiveness. Therefore, the assisting of funding scheme will make the local entrepreneurs going beyond the current situation.

ENTREPRENEURSHIP AND SUSTAINABILITY

Model framework: Based on the above, a model framework for this study is proposed as (Fig. 1). Entrepreneurship is considered a central force of economic development as it generates growth and serves as a vehicle for innovation and change. Tourism is one of the economic sectors in which a great degree of involvement is needed by the entrepreneurial sector.

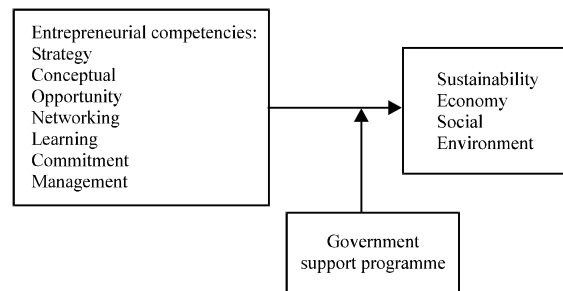


Fig. 1: Model framework

diversification of tourism products and services is needed to cope with increased demand for new types of tourism needs. These include opportunities for more sustainable tourism.

The relationship between entrepreneurship and sustainable tourism entrepreneurs can be motivated by the consideration that entrepreneurship has a potential to have positive impacts upon a region's economic, socio-cultural and environmental aspects. Development of small-scale tourism entrepreneurship can contribute to the sustainable regional development by strengthening the local culture and identity by diversifying rural tourism activities and by keeping the rural population in the region as well as by minimizing environmental impacts. The influence of government can also be significant through activities that complement the tourism industry. Supplier and its indirect impact on the determinants of national advantage industries (accommodation, transportation and food services).

CONCLUSION

From the theoretical perspective, it is important for policy makers to understand where entrepreneurship comes from and what factors affect the entrepreneurship. One perception of entrepreneurial behavior is that entrepreneurial characteristics are inborn. Also, the entrepreneurial tradition (e.g., entrepreneurial family) plays an important role in obtaining entrepreneurial behavior. Another perception is that entrepreneurial behavior can be acquired through education and training. Based upon this viewpoint, the local government should target its promotional efforts differently.

REFERENCES

- Barling, J., C. Fullagar and K.K. Kelloway, 1992. *The Union and its Members: A Psychological Approach*. Oxford University Press, New York, USA., ISBN:9780195360875, Pages: 264.
- Becker, T.E., 1992. Foci and bases of commitment: Are they distinctions worth making?. *Acad. Manage. J.*, 35: 232-244.
- Bird, B., 1995. Towards a theory of entrepreneurial competency. *Adv. Entrepr. Firm Emerg. Growth*, 2: 51-72.
- Blau, G., 1985. The measurement and Prediction of career commitment. *J. Occupat. Psychol.*, 28: 277-288.
- Boyatzis, R.E., 1982. *The Competent Manager: A Model for Effective Performance*. John Wiley and Sons, New York, USA., ISBN-13: 9780471090311, Pages: 308.
- Brickman, P., 1987. Commitment. In: *Commitment, Conflict and Caring*, Wortman C.B. and R. Sorrentino (Eds.). Prentice Hall Publisher, Englewood Cliffs, New Jersey, USA., pp: 1-18.
- Brown, R.B., 1996. Organizational commitment: Clarifying the concept and simplifying the existing construct typology. *J. Vocational Behav.*, 49: 230-251.
- Buckley, P.J., H. Mirza and S.F. Witt, 1989. Japan's international tourism in the context of its international economic relations. *Serv. Ind. J.*, 9: 357-383.
- Burgoyne, J.G., 1993. The competence movement: Issues, stakeholders and prospects. *Personnel Rev.*, 22: 6-13.
- Carson, D.J., J. Hill and P. McGowan, 1994. In Pursuit of Entrepreneurial Marketing Management Competencies. In: *Research at the Marketing Entrepreneurship Interface*, Hills, G.E. and S.T.M. Neill (Eds.). The University of Illinois Publisher, Chicago, Illinois, pp: 76-79.