

# **IMPLEMENTATION OF CORPORATE ENTREPRENEURSHIP AS A MEANS OF BOOSTING OPERATION OF ENTERPRISES IN THE TOURISM SECTOR IN THE REPUBLIC OF MACEDONIA**

Marija Magdinceva-Sopova<sup>1</sup>, Tanja Angelkova Petkova<sup>1</sup>, Aleksandar Kalinikov<sup>2</sup>

*<sup>1</sup>University "GoceDelchev"-Stip, Faculty of Tourism and business logistics, Gevgelija,  
Macedonia, e-mail: [marija.magdinceva@ugd.edu.mk](mailto:marija.magdinceva@ugd.edu.mk);  
[tanja.angelkova@ugd.edu.mk](mailto:tanja.angelkova@ugd.edu.mk); [aleksandar.kalinikov@yahoo.com](mailto:aleksandar.kalinikov@yahoo.com); Agency for Promotion and  
Support of Tourism<sup>2</sup>*

## **Abstract**

Tourism is a particular service sector, most complex socioeconomic phenomenon and one of the fastest growing sectors in the global economy that cares for realization of tourist needs. Between the dependencies on tourism products is a direct consequence of the characteristics of the tourist offer. On the other hand, the tourist offer creates the final products that are offered to customers. Of special importance is the study of factors that are influencing the tourist offer. The improvement of operations and the increase of the efficiency of the operations is a challenge for any enterprise. Basics of the successful operation of every enterprise are the constant establishing of new methods and forms of work. The development and establishing of the concept of corporate entrepreneurship in operation allows constant establishing of new forms of work, encouragement of teamwork and entrepreneurial concepts of behavior of the enterprises. In the applied part of the paper a survey will be conducted among the enterprises in the field of tourism for knowledge and implementation of the concept of corporate entrepreneurship. The aim of the research consists of the understanding the real situation in terms of implementation of this new concept of operations for enterprises in the field of tourism. On the basis of the received results, the possibilities offered by this concept will be indicated. The contribution of this paper consists in expanding the literature in this area and implementation of the concept of corporate entrepreneurship in

enterprises in the field of tourism in order to improve their operation and meet the needs of consumers of tourism services.

**Keywords:** tourism, corporate entrepreneurship, tourism offer, tourists.

## 1. CHARACTERISTICS OF TOURISM

Tourism is a modern phenomenon that has influenced through the whole life in society. Tourism is a set of relations and occurrences arising from the travel and stay of foreigners in one place, if it does not mean permanent settlement and if it is not bound for performing of economic activity.<sup>1</sup> As massive phenomenon, tourism is in interaction with almost all activities in society, encouraging economic development, regional development, employment, standard of living and educational structure of the population, the withholding of innovation and new forms and ways of working. According to the World Tourism Organization, tourism is representing the sum of the activities of people during their trips and accommodation in a place outside of their usual residence, without interruption it, but no longer than a year, mostly for leisure or for business and other reasons.<sup>2</sup>

The basic condition for the development of tourist activity is the individual, human and his needs. The needs of the tourist encourage individuals, entrepreneurs take certain actions to generate tourism offer through the establishment and development of enterprises in the tourism sector. Tourism happens because of humans. The term tourism means travel, movement, change. Tourist offer at any time should meet the needs and demands of tourists that are constantly changing. For this reason, tourism offer should be complete and meet the needs of tourists that are resulting from travel, stay in a particular place and recreation for the period of stay.

Tourism is the branch that stimulates economic development and has a major role in the creation of the labor market and the establishment of enterprises in the tourism sector. Forecasting of tourism data is contained in the publications of the World Tourism Organization, under which in the tourism sector 9 million persons are employed from member states of the European Union and that represents 6% of the total number of employees with participation of 5.5% of GDP.<sup>3</sup> Entrepreneurship as a fourth factor of production is driving the process of creating a tourist offer and contemporary forms of entrepreneurship as corporate entrepreneurship are allowing increased efficiency of enterprises and creation of the optimal travel offer. Tourists increasingly are seeking quality offer that highlights the culture, the heritage of a

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<sup>1</sup>Hunziger W. And Krapf K.(1942), Grundriss der allgemeinen Fremdenverkehrslehre,p.21

<sup>2</sup>WTO (1998). Tourism: 2020 Vision. Madrid: WTO

<sup>3</sup>WTO (1998). Tourism: 2020 Vision. Madrid: WTO

place, but also enables fulfillment of all the tourist's desires. Application of the concept of corporate entrepreneurship in tourism expresses orientation of the entrepreneur towards the approach of innovative management to the operation as a means of gaining competitive advantage and achieving optimal tourist offer.

Tourism includes all activities associated with temporary short-term movement of people to destinations outside the place where they normally live and work and their activities during their stay in those destinations.<sup>4</sup> In short term spoken, tourism is associated with travel for recreation or leisure which is realized through the following four subjects: tourists, business entities or enterprises, the state of the host and the local community. All persons participating in the realization of tourist services or in the creation of the tourist offer, from the entrepreneurs, managers in tourism to travel companions are affecting the quality of the tourist offer. The concept of corporate entrepreneurship involves a situation in which companies apply new ways of working, new ideas within enterprises and entrepreneurial philosophy that covers the entire operations.<sup>5</sup>

## **2. CORPORATIVE CONCEPT OF ENTREPRENEURSHIP IN THE TOURISM SECTOR**

Tourism represents a separate sector in the true sense of the word that has all the features of the service activity. Contemporary working conditions and global environment surrounding are imposing new concept of operations by encouraging entrepreneurial behavior of enterprises, innovation and flexibility in operation. Dynamic developments in the tourism market, the changes in all segments of operations, competition in the tourism market and the demands of tourists is forcing the enterprises in the tourism sector towards continuous generating of their knowledge. The difference between the traditional concept of representation of entrepreneurship in tourism, according to which the entrepreneur is the sole owner of the overall activities that are realized as a result of the possession of capital and courage for taking on risk, corporate entrepreneurship is characterized by the enterprises as the driving force of all activities. The needs of establishing new services and products that are boosting the development of corporate entrepreneurship in tourism, it forces enterprises to think about the possibilities of expanding the offer by introducing new products and services. Because of that, many enterprises respond to the rapidly changing technical requirements and consumer demand through entrepreneurial behavior.<sup>6</sup> The basis for creating and maintaining a competitive advantage consists in the ability to create an appropriate organizational structure that fosters entrepreneurial behavior and dedication to innovation and

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<sup>4</sup>Burkart, A.J. and Medlik, S. (1974). *Tourism. Past, Present and Future*. London: Heinemann

<sup>5</sup>Covin J.G and Miles M.P. (1999), Corporate entrepreneurship and pursuit of competitive advantage, *Entrepreneurship: Theory and Practice*, 23 (3), pp.47-63

<sup>6</sup>Antoncic, B., and Hisrich, R. D. (2004). Corporate entrepreneurship contingencies and organizational wealth creation, *Journal of Management Development*, No.23, pp. 518-550.

flexibility towards changes and market demands. The contemporary model of entrepreneurship or corporate entrepreneurship represents a development strategy, a way of gaining and retaining a competitive advantage and advancing of the operation of enterprises in the tourism sector. Enterprises that are participating in the creation of the tourist offer, acting entrepreneurial have implemented an innovative culture of behavior and always ready to introduce changes in the organizational structure as well as changes in the mindset of all employees, owners, managers and employees in the enterprises. Corporate entrepreneurship involves activities inwards that contain news in the operation, new resources, new customers, new markets or different, new combinations of resources, consumers and markets.<sup>7</sup> This contemporary concept of entrepreneurship extends the notion of entrepreneurship and understanding of the entrepreneur as a person who from the individual - entrepreneur and owner of the enterprises is requiring applying flexible organizational relations based on teamwork, innovation and new ways of working. According to the Commission of communications through European Union and the promoted concept "Working together for the future of European tourism", stand out five essential components for the development of the tourism industry:

- Information,
- Training of staff,
- Quality,
- Sustainable development,
- New technologies.<sup>8</sup>

### **3. PRECONDITIONS FOR APPLYING THE CONCEPT OF CORPORATE ENTREPRENEURSHIP AT ENTERPRISES IN THE TOURISM SECTOR**

The representation of the concept of corporate entrepreneurship in enterprises from the tourism sector depends on the existence of certain conditions that facilitate the way of practicing this concept. The basic condition for the application of this concept is the existence of an innovative organizational culture. The existence of organizational culture that encourages innovation provides certain conditions for applying this concept. Corporate entrepreneurship applies to those enterprises from the tourism sector that support innovation, teamwork and value the place and role of the staff in supporting and implementing the concept of development in operations. The rapid development of technology rapidly creates competitive enterprises that promote products in order to win over consumer's competitive enterprises. Enterprises have the courage to be first to market in existing

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<sup>7</sup>Ireland R.D., Covin J.G. and Kuratko D.F., (2009), Conceptualizing corporate entrepreneurship strategy, *Entrepreneurship Theory and Practice*, No.33, pp.19-46

<sup>8</sup>Tourism, the EU and Culture. European and international information, news & analysis. No.5.5 july 2001

conditions.<sup>9</sup> In terms of tourism enterprises the developing conception in the operations is contained in the continuity of monitoring of the work processes, evaluation of products and services that are offered to tourists or consumers, to evaluate their needs, providing conditions to meet the needs on time, creating an appropriate teamwork and continuous training of employees. Innovative employees who implement the concept of corporate entrepreneurship carry the concept of corporate entrepreneurship, organizational conception, development of new products, processes, services and ways of working that promote the work of enterprises. Important preconditions for boosting the development conception of the work is the existence of the entrepreneurship management that supports open communication and provides resources for research and development. The identity of enterprises that implement corporate entrepreneurship varies according to five main elements: autonomy, innovation, reactivity, competitive aggressiveness and risk-taking.<sup>10</sup>

The introduction of the concept of corporate entrepreneurship depends on the thinking and decisions of the entrepreneur of the management of enterprises. They are the carrier's of the concept of work and therefore if they want the enterprises to be successful they should implement market principles in operation based on continuous improvement of operations and knowledge of all employees.

The application of corporate approach in operations within enterprises in the field of tourism depends on representation of the following concept of work:

- Defining of specific, transparent and clear objectives in operation,
- Defining the vision and mission of the enterprise,
- Flexible, highly motivated management,
- High motivated teamwork,
- Procurement of information technology,
- Implementing of a flexible organizational culture,
- Implementing a process of continuous learning and
- System feedback.

Managers who understand the value of employees in meeting the needs of tourists and realization of tourist offer actually recognize the concept of corporate entrepreneurship. Tourist sector represents a very dynamic market with high potential for growth primarily as a result of consumers – tourists who are constantly on the move. Therefore, enterprises should constantly adjust their conception of work and behave enterprising. It means to apply original working process and adapting to the challenges of the processes of globalization and economic integrations. Each company must be able to simultaneously run three important things: to promote, to

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<sup>9</sup>Suarez F.& Lanzolla G.(2005), The Half-Truth of First-Mover Advantage, Harvard Business Review,

<sup>10</sup>Dess G., Ireland R., Zahra S., Floyd S., Janney J.& Lane P., (2003), Emerging issues in corporate entrepreneurship, *Journal of Management*, No.29

expand and innovate.<sup>11</sup> These enterprises are currently found in the new development stages that are characterized with discovering of new possibilities of work, using contemporary technology of meeting the needs of tourists and changing in the approach to employees.

#### **4. RESEARCH METHODOLOGY**

The application of the concept of corporate entrepreneurship through representation of teamwork, the establishing of changes in operations, constant training of management and employees and the establishing of innovations in the work of enterprises in the tourism sector in the Republic of Macedonia is the subject of practical research that was conducted in 45 enterprises from the tourism sector. Practical research was conducted in the period from January 1<sup>st</sup> 2015 to June 30<sup>th</sup> 2015. Through the method to a questionnaire which consisted of fifteen questions from the surveyed 45 enterprises of the tourism sector in the country, 35 have shown interest and responded to questions.

#### **5. SURVEY RESULTS**

According to the results from the survey conducted among enterprises in the field of tourism and the total number of observations received for each question, is concluded that the sample consists of 35 enterprises, whereupon the first question – Who are the users of the services and products that you are offering?, the majority of the surveyed enterprises or exactly 32 said that their customers are only domestic tourists.

The second question – Do you understand the concept of corporate entrepreneurship? The majority of the surveyed enterprise or 23 enterprises responded that they do not understand and 12 enterprises responded that they understand.

On the question – Does the owner of the enterprise have attended any types of training for improving? The majority of surveyed enterprises or 21 enterprises responded that they have attended training and 14 companies responded that constantly receiving training.

To the fourth question – What type of training has attended in the last five years? The examined were the owners of the enterprises were in the previous question have stated positively. With that 8 enterprises stated that they had attended training for protection from work, 3 enterprises have attended training for foreign language and 2 entrepreneurs have attended training in financial management.

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<sup>11</sup>Drucker P.(2005), Управување во новото општество, Адикес, Нови Сад, 2005, стр.82

The fifth question – Does the management is planning training for improving of employees and what type of training? - 19 entrepreneurs have spoken positively and 16 entrepreneurs are not planning training. From the entrepreneurs who are planning to conduct training for staff training, 12 enterprises will conduct a training for learning a foreign language, 3 enterprises will conduct training from the field of communications and 4 enterprises training from the field of catering.

The sixth question – Does in the enterprise are allocated funds for training and improving of the employees?, the majority of companies surveyed responded negatively or 32 enterprises provided funds for training and only 3 enterprises or only 8.5% allocate funds to implement training for the employees.

The next question – Does the enterprise established a list of products and services offered to consumers and it does to specify which?, the majority of enterprises are declared positive, regarding only 30 enterprises or 85% of the surveyed companies established lists of products and services in the form of menu, lists of arrangements for tours, brochures, promotional material, flyers with recorded products and services, 15% or 5 enterprises did not establish a list of products and services.

On the question – Do you accept innovations in the operation?, 32 enterprises have stated that they accept innovations and only 3 enterprises have pleaded that they did not accept any innovation in operations but they work on the established way of working.

From the received answers of the eleventh question - Source of funding of the innovation in the enterprise? It is concluded that the financing of innovations is usually carried out with loans for which is stated from 25 enterprises and 7 enterprises establish innovations financed with their own funds.

On the question – In which segment of operations commonly are imposed innovations?, 32 enterprises that stated that they accept innovations in operations majority of the enterprises or 25 enterprises have stated that they establish innovations in information technology and 7 enterprises purchased new equipment.

The next question – Do you think that the success of the operation depends on the establishing of new products and services?, managers of 17 enterprises have stated that they believe that the success of the operation depends on the establishing of new products and services and 18 enterprises have stated that they do not think that the success depends of establishing new products and services.

On the question – Do you think that the success of the operation depends on the representation of teamwork? The majority of the enterprises or 28 enterprises stated that they think the success of the enterprises of the tourism sector depends on practicing teamwork and only 7 enterprises stated that the teamwork will not impact on operations.

The fourteenth question – In which way continuously is pursuing the improvement of operation? 13 enterprises have said that they introduced new business processes in the operation, 7 enterprises have said they introduced new products and services, 6 enterprises stated that they perform continuous staff training, 5 enterprises by practicing teamwork and 4 enterprises by increasing staff motivation.

The last question – Do you think you're better than competing enterprises and why?, the majority of the enterprises or 23 enterprises have stated that they believe they are better than competing enterprises due to the establishing of new products and processes in operation and 12 enterprises think that they can't compete with rival enterprises.

## **CONCLUSION**

The tourism sector is very dynamic market with high growth potentiality for growth primarily as a result of consumers – tourists who are constantly in motion. So enterprises in this sector should constantly adjust their concept of work and behave enterprising. The improvement of operations and the increase of the efficiency of the operations is a challenge for any enterprise. Basics of the successful operation of every enterprise are the constant establishing of new methods and forms of work. The development and establishing of the concept of corporate entrepreneurship in operation allows constant establishing of new forms of work, encouragement of teamwork and entrepreneurial concepts of behavior of the enterprises. On the basis of the received results from the conducted survey for understanding the real situation in terms of applying the concept of corporate entrepreneurship in enterprises in the field of tourism, it can be concluded that the majority of surveyed enterprises accepts the establishment of innovations, new forms of work and new business processes and the same are financed by borrowed money credits. Enterprises from the area of tourism sector do not fund for training of employees and most of them do not know the meaning of the term corporate entrepreneurship. Therefore, enterprises that decide its operations to the corporate model based on entrepreneurship have the opportunity through the establishment of learning programs for substance, meaning and application of the corporate concept of operations, practicing programs for continuous training of management and employees and establishing a fund to financing, training and improvement of employees for applying the original process of organizing the work and to be ready to adapt to the challenges of establishing new forms and methods of organization of business activities.

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