

# Development of Entrepreneurship in the Tourism and Recreation Sphere: Marketing Research



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**Abstract** The processes of natural restructuring, crisis economic phenomena that take place in Ukraine have a negative impact on the economic situation. Under such conditions, it is relevant to study new approaches, principles, theoretical and methodological provisions regarding the directions and perspectives of entrepreneurship development at the destination level, as well as the development of innovative and investment forms of entrepreneurial activity in the field of tourism and recreation. The article determines that the scientific basis that defines the strategic development of Ukraine in the foreseeable future is the concept of tourism development based on the use of initiative, economic independence and innovative capabilities of business entities of the national market and its territorial and sectoral constituents. It has been established that entrepreneurship in the field of tourism and recreation creates opportunities for further economic development of regions, formation of investment and

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innovation policy and provision of competitive services in new forms. The singularities of forming the entrepreneurial concept of tourism and recreational activities have been determined. With the purpose of developing the tourism and recreational industries of Ukraine and providing better tourism services, the article proposes an innovative form of methodology for the formation of a competitive tourism environment at the destination level using the marketing principles of customer focus. The author proposes a managerial and economic mechanism for carrying out entrepreneurial activities by the means of recreation and tourism entities at the level of destinations.

**Keywords** Tourism · Recreation · Entrepreneurial activity · Marketing · Management · Destination · Service · Consumer

## 1 Introduction

At the present time, Ukraine is facing the issue of developing and creating a new form of national tourism product (service) that can be realized through further sustainable development of business structures in the tourism and recreational sector. Conducting entrepreneurial activity in tourism is a complex socio-economic process. Entrepreneurship in tourism is based on the ideology of market proportionality and adequacy of consumer production programs. It provides ways and opportunities for the further development of tourist destinations, the formation of an innovation and investment climate and competitive advantages, etc.

Comprehension of the role and importance of the effective formation, functioning and development of tourism and recreational activities in the context of overcoming the global crisis and economic globalization has necessitated further theoretical comprehension, substantiation and solution of applied character, determined the choice of the topic, formed the purpose and objectives of the scientific research.

## 2 Literature Review

The research of the issues of enterprise peculiarities in the sphere of tourism and recreation is devoted to the works of Aleynikova [1], Beydyk [2], Kyfyak [3], Lyubitseva [4]. The resolution of regional problems of tourist and recreational complex is devoted to the works of Borushchak [5], Gerasimenko and Nezdoyminov [6], Nezdoyminov [6, 7], Stechenko [8] and so forth.

Through the analysis of available scientific and methodological sources, it is worth noting that the number of tourist and recreational services being provided and implemented in Europe is increasing. However, it is worth noting that in Ukraine, sales of tourism and recreation services are less numerous in comparison to other services. However, given the dynamic development of tourism and the understanding of public authorities that tourism is a sector that generates significant profits, and at

the same time the government's intention to support this type of economic activity, it can be expected that sales of tourism and recreation services will increase in the future. Many services and websites that sell travel services already use I-commerce elements. I-commerce services are based on the principles of artificial intelligence and can be efficient in customer service. The use of I-commerce services makes it possible to personalize services and identify those that are best suited to a particular customer. This aspect adds advantages to the implementation of the tourist service system [9, p. 1008].

The specificity of investigating the issue of creating an effective investment policy for Ukrainian tourism and recreation enterprises is an important component of business development. Therefore, we can say that the tourism business needs to create a favorable economic environment. And such an environment can be formed on the basis of innovative principles of attracting finances and investments [10, p. 32]. In the tourism and recreation sector the priority areas are: development of tourism infrastructure; reconstruction and modernization of tourism and recreational facilities; development of rural «green» tourism, especially in areas that have preserved folk customs and traditions. Expansion of the range of services and provision of subsidized services; increasing the level of «stardom» of recreation and leisure facilities; preservation and protection of the natural and resource potential of the territory. It should be noted that the lack of proper managerial and financial flexibility is one of the main obstacles for business entities to enter the global market of tourism and recreation services [11, p. 38]. Some aspects of external economic activity (particularly: changes in the economy, instability of the external environment, etc.) have a direct impact on the sphere of tourism and recreation and cause the problem of revising the methodological apparatus in the management of tourism business [12, p. 40].

Under a given set of conditions, the issues of identifying new and improving existing marketing tools, mechanisms for stimulating consumer demand for tourism and recreation services, developing of an innovative means of marketing communications, etc., become acutely relevant. It is possible to increase the efficiency of a tourism enterprise (recreation or leisure facility) and improve the ability to implement and satisfy consumer demand for tourism services through the following operational measures: invention, development and implementation of innovative approaches in the marketing activities of the enterprise; rejection of such methods of managing the work of tourism enterprises that are obsolete and authoritarian in nature; introduction of innovative marketing technologies that actualize the possibilities of realization and satisfaction of consumer demand for quality tourism services.

The aforementioned operational measures to improve the efficiency of the tourism enterprise require the appropriate use of innovative strategies [13, p. 680; 14, p. 238]. In other words, the use of innovative strategies, with the assistance of which enterprises create innovative products and services and form the latest economic processes that add value to the market, has a significant impact on the stabilization of the economic situation of both the enterprise itself and the external environment in which it operates [15, p. 8]. The conducted empirical studies have made it possible to ascertain the fact that enterprises that use innovative strategies in their activities

are forced to constantly evaluate and control their external and internal environment. The purpose of this analysis is to identify new opportunities to strengthen their competitive position [16, p. 206].

Given the retrospective analysis of scientific and methodological material, it can be stated that innovation activity is one of the main criteria for the economic development of tourism and recreation enterprises. Meanwhile, it is worth noting that the study of the issue of introducing innovations, in particular in the marketing activities of tourism and recreation enterprises, is insufficiently researched and therefore requires additional study and critical analysis.

Furthermore, it should be noted that the issue of forming an organizational and economic mechanism for carrying out entrepreneurial activities by recreation and tourism entities at the destination level is poorly understood. The importance of these issues indicates the relevance of the chosen research area and determines its purpose and objectives.

### **3 Purpose of the Study**

The purpose of the article is to investigate the key principles of business organization and the formation of components of the business concept in the field of tourism and recreation.

Accomplishment of this goal necessitated solving the following tasks: to analyze the essence and specific aspects of entrepreneurial activity in the tourism and recreation sector; to determine the peculiarities of forming a business concept for tourism and recreation entities; to propose an organizational and economic mechanism for building and implementing entrepreneurial activity by tourism and recreation entities at the destination level.

### **4 Methodology**

The basis of the research methodology is an analysis of the works of domestic scholars in the field of tourism and generalization of foreign practices in the development of tourism and recreation; the personal judgment of the authors of this article was also used.

In the course of the theoretical analysis to determine the specifics of entrepreneurial activity in the tourism and recreation sphere, the author used analytical and abstract-logical research methods. The use of analytical approaches made it possible to determine the peculiarities of the formation of an entrepreneurial concept for the subjects of the tourism and recreation sphere. The application of the methodology of empirical analysis made it possible to develop an organizational and economic mechanism for the implementation of entrepreneurial activity in the field of tourism and recreation at the destination level.

## 5 Results

With the development of integration processes in the tourism sector and the aggravation of competitive struggle, management of entrepreneurial activity at the regional level is not simplified but becomes more complex, acute and multifaceted problem. Entrepreneurial activity in the tourism sector is a complex socio-economic phenomenon, and at the same time—a certain type of activity of tourist market actors, i.e. a process that requires consistent implementation of logically interrelated stages and phases. This process is based on the idea from which every new entrepreneurial activity—business.

«The tourism business is the only one economic and technological system for the formation and sale of the tourism product in order to meet the demand for tourism services» [17, p. 1592]. The latest research carried out by Ukrainian scientists, experts, and their publications [1, 2, 4] regarding the strategy of economic policy of the state in the sphere of tourism confirm that Ukraine has chosen an economic-balanced model of the national tourism product and which can be practically realized only in the context of further development of entrepreneurship and high-quality tourist service in tourist-recreational regions.

«Structural changes in the economy, instability of the environment require a revision of the forms and methods of managing the market of tourism services. The topical issue is to define new and improving existing marketing tools, mechanisms for shaping the demand of consumers for tourism services» [18, p. 5283].

«Customer orientation has an impact not only on production and consumption, but also on the associated common practices, which are not purely economic, for example, consumption practices» [19, p. 1372].

«The application of innovations in tourism greatly facilitates the process of providing tourist services, which begins with informing about them and ends with their final consumption. For example, the emergence of the World Wide Web has led to the simplification of information exchange, improvement of methods of implementing the marketing cycle in tourism, the development of electronic means of payment with customers and suppliers and more» [20].

The formation of the essence of the concept of entrepreneurship and its socio-economic character is conditioned by the fact that it is directly affected by factors of industrial and commercial activity and the external environment and public consciousness.

By the definitions of scientists [1, p. 52; 7, p. 84] the concept of «entrepreneurship» is revealed from different positions: as commercial, risky activity what is directed on getting profit, as a method of competition, as a general plan reflecting the multiscope and importance of this concept for modern market activity of entrepreneurs.

The research conducted by us on the development of business activity allows us to state qualitative changes in the business paradigm in tourism, namely, new direction—entrepreneurship, that is, activity aimed at achieving the goals on the basis of the opportunities of entrepreneurship. It can be considered as activity on

the basis of integration of entrepreneurial opportunities of the employee and tourist enterprise.

Summarizing the presented theoretical approaches [1, 4, 5, 7] to define the essence of the concept of entrepreneurship in the tourism and recreation sector, it should be concluded that entrepreneurship in tourism and recreation has the following characteristic features.

First—entrepreneurship in the tourism and recreation sphere performs the function of combining tourism and recreational resources with the satisfaction of the demand of the population and tourists in the reproduction of physical, spiritual, psychological forces at the expense of their own material resources and entrepreneurial abilities.

The second consists of the fact that the satisfaction of the needs of tourists and recreationists is carried out in the conditions of market competition of all subjects of tourist business in the specialized territories of tourist and recreational complex.

Generalizing the considered theoretical approaches to define the essence of the concept of «entrepreneurial activity» in the tourism and recreation sector, we propose the following interpretation: «entrepreneurial activity in the tourism and recreational sphere» is an economic activity that combines resources, functions of recreation and tourism and is technologically related to the production, sales and consumption of tourism products, concomitant and specific tourist services and products to achieve the goal of business and satisfy the needs of society.

Taking into consideration the peculiarities of entrepreneurial activity in the tourism and recreational sphere as a multidimensional economic and socio-cultural process, it is necessary to determine the types of entrepreneurship by functional and sectoral activities in tourism. According to the efficacious Classifier of Economic Activities, tourism and recreational activities can be defined as a process of combining actions that lead to the receipt of a specified set of products and services based on the use of certain resources: raw materials, equipment, labor, technological processes, etc. Some scientists [4, 6, 7] consider the classification of entrepreneurship in tourism through the prism of economic and civil relations, sectoral and functional activities, by geographical criterion.

The author's approach to the definition of «entrepreneurial activity in the tourism and recreational sphere» allows to expand the classification of entrepreneurship by the following criteria:

- firstly, the regulatory policy of the state in the field of tourism, the mechanism of licensing of tour operator and travel agency activities restricts access to the tourism activities of all enterprise entities;
- secondly, the development of the market of tourist and recreational services leads to the specialization of enterprises and the emergence of the newest forms of territorial and economic entities of the tourism business by type of tourism and geography of Tour Operating;
- thirdly—the intensification of competition in the international and regional markets causes an intensification of entrepreneurs' efforts to identify the manufacturer of tourism products or services, which is provided by the form of positioning in foreign and regional markets;

- fourthly, the objective basis for the formation of the industry is, first of all, the necessity to separate the producer of tourist products from the intermediary in the system of division of labour, which has a specific type of economic activity by the object of entrepreneurial activity.

Our proposed classification of entrepreneurship is the basis for the development of further organizational and economic foundations for the development of tourism and recreation complex of the region and scientific substantiation of the entrepreneurial concept of tourism and recreational business entities.

Further development of regional reforms in Ukraine, associated with the introduction of modern market-oriented methods of management in theory and practice, has made significant changes in the key factors of production: land, labour and capital, added to them a new factor—entrepreneurial potential (the potential ability of tourism entities to efficiently use the totality of human and material resources).

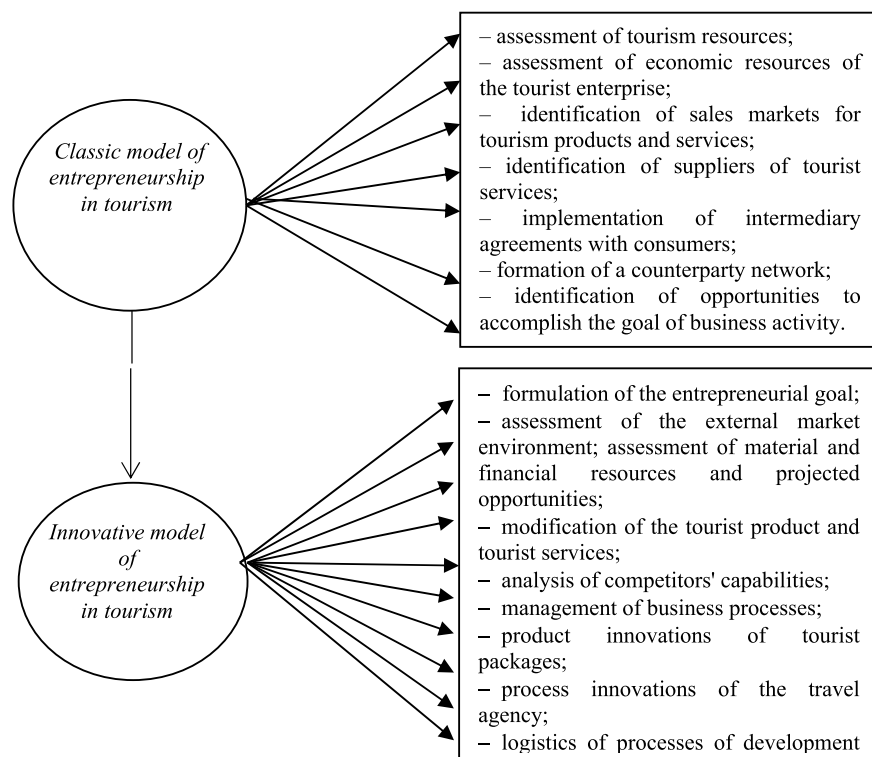
The formation and exploitation of this potential by entrepreneurs of the regional tourism market will be the essence of the notion of «entrepreneurial concept». In our opinion, the feature of our proposed interpretation of the entrepreneurial concept in tourism and recreation, is its comprehensive integration into the system of national and international tourism industry, where the term «tourist product» is used in one definition to combine goods and services, offered by entrepreneurs in the tourism industry.

In the course of analyzing the forms of entrepreneurship in the national and regional markets, for the formation of the entrepreneurial concept of tourism business, we propose to extend the classical and innovative models of entrepreneurship with an alternative combination of their constituent economic elements of the entrepreneurial concept (Fig. 1).

The general mechanism for the formation and implementation of the entrepreneurial concept of tourism and recreation entities is considered by us as a system of organically linked organizational, economic and informational measures that provide the prerequisite conditions for its effective functioning (Fig. 2).

All the aforementioned measures should ensure not only the achievement of the ultimate goal, but also the quality of management in tourism enterprises. The key components of the generalized scheme are the:

- management system;
- economic indicators;
- development management;
- cooperation,
- integration,
- clustering and joint venture.



**Fig. 1** Typological model of entrepreneurship in the tourism and recreation sector. *Source* Compiled by the authors

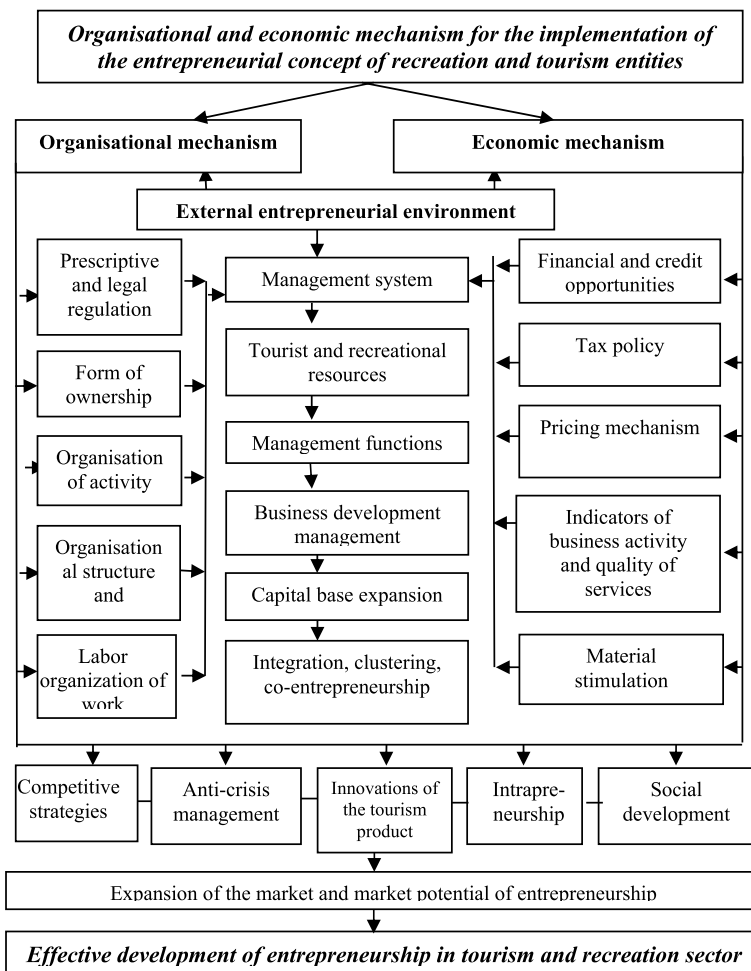
## 6 Conclusion

Thus, the entrepreneurial concept as well as the process of entrepreneurship in the tourism and recreation sector is an open system that depends on the mutual exchange of resources and results of activities with the external world, while simultaneously, influencing it through business relationships and commercial transactions with business partners.

The defined models of entrepreneurship and the proposed organizational and economic mechanism for the implementation of the entrepreneurial concept of recreation and tourism entities can be used in the establishment of innovative tourist and recreational complexes, which have the following features:

- (1) vividly highlighted tourism and recreational specialization;
- (2) significant number of private entrepreneurs providing their accommodation and nutrition services, organization of leisure and excursions on semi-legal conditions, i.e. the presence of shadow business;





**Fig. 2** Diagram of the mechanism of implementation of the entrepreneurial concept in the tourism and recreation sector. *Source* Compiled by the authors

- (3) aspiration of each enterprise and state administrative structures to get the maximum income in their territories;
- (4) discursiveness and unmanageability of processes that are taking place;
- (5) deficiency and costliness of a specific marketing investigations;
- (6) lack of information regarding business activities and successes (failures);
- (7) indirection of regional strategy of entrepreneurial development in the field of recreation and tourism.

Thuswise, the issue of formation of the mechanism of realization of business activity in the sphere of tourism and recreation is an additional argument on necessity of building the proper entrepreneurial concept and estimation of business from

the point of view of its survival and ability to compete, as well as expediency of investments in this sphere at the state and regional level. Taking into account the aforementioned, *further scientific research* should be directed toward defining tendencies of development of innovative forms of entrepreneurial activity in the sphere of tourism and recreation at macro level.

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