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The Macro Context for Entrepreneurship in Tourism: A Review of Emerging Trends

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1. Introduction

- ❑ Tourism is one of the most important sectors of the global economy. In 2019, tourism accounted for 10.3% of the global gross domestic product (GDP) and around 10% of total employment (World Travel and Tourism Council, 2022). Between 2016 and 2019, international tourist arrivals increased by 17 %, surpassing 1.4 billion in 2019 (UNWTO, 2020).
- ❑ This positive evolution has been interrupted by the COVID-19 pandemic.
- ❑ Nevertheless, the activity is recovering, and it is expected that tourism activity continues to push the global economy; however, its vulnerability to macro environment events is undeniable. All this sanitary crisis confirmed tourism's vulnerability concerning disruptive occurrences (Aldao, Blasco and Espallargas, 2022).

1. Introduction

Consequently, tourism entrepreneurs must be aware of the tourism environment and understand the macro environment emerging trends.

So, this paper aims to identify the major macro-environmental factors that impact tourism activity by answering the following research question: What contextual factors should entrepreneurs expect to impact their businesses?

2. Tourism and the macro environment

Previous studies have emphasised the impact of the macro environment on the tourism value chain at several levels or dimensions, namely economic environment, political and legal environment, sociocultural environment, international environment, and infrastructure environment

Authors	Dimensions of macro environment
Bianchi (2018) ; Ghalia, Fidrmuc and Samargandi (2019)	Open and stable political and legal institutions are critical for tourism organisations and the economy in general.
Ha et al (2022) ; Croce (2018); MacNeill and Wozniak (2018); Marin (2015); Tohmo (2018)	Reinforce the importance of economic factor
Dwivedi (2021) ; MacNeill and Wozniak (2018)	Infrastructure is also crucial for tourism
Ooi et al (2015); Zhuang, Yao and Li (2019). For Buckley, Guitart and Shakeela (2017)	Sociocultural factors

3. Tourism entrepreneurship and the macro environment

The literature specifically points out five main macro-environmental factors relevant for tourism entrepreneurs: government intervention, sustainability, sociocultural factors, economic factors and technological innovation.

Authors	Macro-environmental factors relevant for tourism entrepreneurs
Cobo-Soler et al (2018) ; Ndou, Mele and Del Vecchio, (2018)	Stress the relevance of the effects of government and public initiatives on entrepreneurship and destination development, the impact of tourism-related public policies, and the benefits of establishing clusters for small business development in a tourist destination
Musavengane, Siakwah and Leonard (2019) ; Năstase et al (2010)	study sustainability's relevant relationship with destination competitiveness and the importance of cooperation between tourism firms and critical stakeholders to enhance social sustainability
Chili and Mabaso (2016) ; Kawharu, Tapsell and Woods (2017)	Investigated the challenges facing indigenous entrepreneurs in tourism
Laeis and Lemke (2016)	Consider the dependence of entrepreneurs on funding, the difficulty in accessing initial capital, and the importance of informal micro-finance institutions in funding small tourism firms
Surugiu and Surugiu, 2015	innovations provide important opportunities and challenges for tourism entrepreneurs

4. Method

A **systematic literature review** was conducted in three steps: 1) selection of the relevant sources (on WoS and Scopus-indexed journals) using appropriate selection criteria that fitted the research questions; 2) assessment of the selected articles according to exclusion criteria to reach a final sample of articles; 3) full analysis of the base of final articles to identify emerging trends associated to relevant contextual factors.

Selection criteria:

- Combination of keywords guided the search on articles' titles: (challenge* OR trend* OR opportunities* OR threat*) AND (hospitality OR tourist* OR hotel*)
- Year of publication (from 2008 onwards)
- Type of document (journal articles and reviews)
- Subject area (all academic knowledge fields, given the exploratory character of this study and the multitude of fields with potential impact on tourism and hospitality)
- Language (English).

489 resulted from Web-of-Science and **1312** from Scopus. After removing the repeated articles, a total **1436** studies were identified.

4. Method

Given the large number of articles that resulted from the search process, it was applied a **quality criteria** in this phase to reduce the number of articles to analyse: (1) to consider only articles published in scientific journals classified in the **first or second quartiles of Scimago Ranking**; (2) to apply a cut-off point, **combining publication year and the number of citations**:

In the set of articles retrieved from the Scopus database, all articles published until 2014 (inflexion point) with less than 14 citations (average of citations per year) were excluded. In the Web-of- Science set, all articles published until 2015 (inflexion point) with less than 23 citations (average of citations per year) were also excluded. In the end, eight hundred and forty-two (842) articles were selected for analysis.

Exclusion criteria were applied by reading the full article by the research team and were based on aspects such as the primary focus, not being tourism and hospitality or the context of the application being too specific (region, type of product or service). After this process, the final number of articles to include in the review was **58**.

5. Findings and discussion

- The 58 articles in this review may be organised according to the following macro-environmental factors: political legal(14), technology (13), sociocultural (12), sustainability (11), economic (5) and general trends on tourism and hospitality (3).

The factors identified in this review are similar to those usually identified as affecting tourism markets and related entrepreneurial activity (e.g., Cobo-Soler et al, 2018; Marin, 2015; Musavengane, Siakwah and Leonard, 2019; Ndou, Mele and Del Vecchio, 2018; Tohmo, 2018).

- The small number of articles on the economic factor is due to most studies retrieved from the databases focusing on the impact of tourism on the economy and not the impact of the economy on tourism. Therefore, those articles were outside the scope of our review and were excluded.

5. Findings and discussion

- The distribution of articles by macro-environmental factors over the years, are concentrated in recent years particularly in **factor technological** (digital transformation), **sociocultural** (covid-19), and **political/legal** (geopolitical aspects and economic-social policies). **Sustainability** (climate change and environmental deterioration) has a more balanced distribution. The **absence of articles on the economic factor before 2013 is worth noting** (considering the financial and debt crisis that affected most economies in 2008 and the following years).
- Although most studies address an **international context** at the continental or the European Union level, there are also **national-oriented studies** (USA and UK), mainly relate to the political-legal factors (specific institutional and regulatory contexts) and sustainability (effects on tourism destinations).

This result is similar to Bianchi (2018) and to Ghali, Fidrmuc and Samargandi (2019), who highlight the role of political-legal institutions for tourism, and to Musavengane, Siakwah and Leonard (2019), that claim the relevance of sustainability for destination competitiveness.

5. Findings and discussion

- Regarding the type of studies, quantitative studies (28) and literature review studies (16) predominate. Qualitative studies are fewer (8). There are also 2 conceptual studies and 4 mixed-methods studies. The economic factor is studied based only on quantitative studies. The remaining factors are studied using all types of studies.
- The lack of conceptual papers is worth noticing, suggesting the need for further theoretical development in this area of tourism studies.

When referring to tourism and hospitality entrepreneurship, Fu et al (2019) have suggested that it "is currently rich in practice but poor in theoretical development" (p. 2).

5. Findings and discussion

The main themes by factor were identified:

- In the political-legal factor: geopolitics/political and institutional instability and local politics

Geopolitical risk and political instability affect the destination's long-term investment prospects and deteriorates its image and reputation (Demiralay & Kilincarslan, 2019; Wernick & von Glinow, 2012). Local policies aimed to ensure that tourism development and management practices are environmentally, culturally, and economically sustainable (e.g. Brendehaug et al., 2017; Guo et al., 2019; Neto, 2003).

- In the economic factor: economic crisis, financial crisis, economic growth and macroeconomic factors

Given the damaging effects of economic crises, such as the 2009 crisis, numerous research papers have analyzed its multiple consequences in the tourism and hospitality sector (e.g., Khalid et al., 2020; Papatheodorou et al., 2010; Smeral, 2009). From an entrepreneurial perspective, one must register the lack of studies concerning financing issues (Laeis and Lemke, 2016).

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- In the sociocultural factor: millennial generation, environmental behaviours, covid-19 stand out

There is a growing interest in generational analysis in tourist literature, in which millennials are considered an important segment (Jamal & Newbold, 2020; X. Li et al., 2013).

Also for some authors environmental sustainability is the foremost topic in the contemporary tourism and hospitality industry, thus there is an increasing attention to environmentally sustainable behavior as an essential research topic in this field (Dong et al., 2020; Garvey & Bolton, 2017).

These results highlight the focus on sociocultural issues on the demand side, not just on the supply side (i.e., cultural resources; e.g., Chili and Mabaso, 2016; Kawharu, Tapsell and Woods, 2017).

5. Findings and discussion

In the technological factor: mobile technology predominates, followed by big data, robotic technology, and digital transformation.

According to Stankov and Gretzel (2020), "tourism has been quick to jump onto the emerging Industry 4.0 trend, embracing increased technological development" (p. 478).

- Concerning sustainability, climate change stands out, with environmental management by hotels occupying the second place.

Many tourism destinations owe their popularity to their climates. Thus, climate change is likely to have a significant impact on the demand for tourism in the future (Pulido-Fernández et al., 2019). The concern of hotels with environmental management is not surprising since the sector is one where the relationship between sustainability and operation is crucial (Kim, Barber and Kim, 2019).

5. Conclusions

- ❑ Based on a systematic literature review of 58 articles, this paper aims to characterise the main macroenvironmental factors impacting tourism and hospitality.
- ❑ Results suggest that political-legal, technological, sociocultural, and sustainability factors may be the most relevant ones for entrepreneurs in tourism and hospitality.
- ❑ More specifically, within political/legal factors, the literature highlights the relevance of geopolitics/political and institutional instability and local politics. Concerning technology, the focus is on mobile technology, followed by big data, robotic technology, and the digital transformation of the industry.
- ❑ The most relevant sociocultural factors have been those related to covid-19, as expected, but also generational issues and the environmental awareness of consumers. Under the sustainability umbrella, climate change and environmental management in hospitality have been the most relevant topics.

This paper brings significant contributions to theory and practice. In the first case, the paper identifies the main concerns of recent literature regarding the macro environment and tourism and identifies main gaps (lower number of papers on the economic perspective and the lack of conceptual papers). Future papers should address these gaps.

Finally, this paper organises the information, suggesting the main categories that entrepreneurs must consider when studying the macro environment of their businesses.

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**Thank you for your
attention**

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