Vanessa Ratten
Vitor Braga *Editors*

# Stakeholder Entrepreneurship

## Public and Private Partnerships

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ISBN 978-981-16-7090-9 ISBN 978-981-16-7091-6 (eBook)
https://doi.org/10.1007/978-981-16-7091-6

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# Acknowledgements

This book on stakeholder entrepreneurship is a seminal piece of research that will hopefully stimulate more research and practice on stakeholder engagement in entrepreneurship. We thank Lucie Bartonek at Springer for all her help and feedback with the process of editing this book. It is appreciated. Thank you.

I would like to thank my mum, Kaye Ratten, who this book is dedicated to. As I grow older, I realise how much she cared for and helped me. It was her that spent the money to send me to a private school (I also went to a public school as well) and went out of her way to ensure that I had the education that I did. She valued education and knew that it would help, and it has, as evidenced by my continued interest and engagement in education. My main area of interest is entrepreneurship and innovation, and I think that comes from her as well. I also thank my dad David Ratten, brothers Stuart Ratten and Hamish Ratten, niece Sakura Ratten, and sister-in-law Tomomi Ratten.

**Vanessa Ratten**

I thank the School of Technology and Management, Porto Polytechnic, for the institutional support, in particular, my colleagues in the Business Sciences Department for their enthusiasm and constant willingness to help. I also thank to my family and close friends, for their honest support throughout life.

This work has been supported by national funds through FCT – Fundação para a Ciência e Tecnologia through project UIDB/04728/2020.

**Vítor Braga**

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# Chapter 1
# Stakeholder Entrepreneurship: The Role of Partnerships

**Vanessa Ratten**

**Abstract** Partnerships are essential to entrepreneurship as they provide a way to share relevant resources and information. Stakeholders are a form of partnership although they might be less evident than traditional relational agreements. This is due to stakeholders having formal and informal roles in the development of a business. The role of this chapter is to discuss stakeholders in terms of their entrepreneurial pursuits. This means emphasising the role stakeholder entrepreneurship plays in the formation and maintenance of partnerships.

**Keywords** Alliances collaboration · Cooperation · Entrepreneurship · Partnerships · Stakeholders

## 1.1 Introduction

Stakeholders are considered more now than before as being an integral component of entrepreneurship. Whether this is true or not is still subject to debate as it can often depend on environmental factors or the entrepreneur's tenacity being the reason for a business's success (Ratten, 2009). Normally, however, stakeholders contribute in either a minor or major way to the development of an entrepreneurial business venture. This means when discussing entrepreneurship, it is also important to consider how stakeholders are influencing entrepreneurship (Ratten & Ferreira, 2017).

The word 'stakeholder' is used in business settings as a way to refer to those who have an impact on a business (Wilson et al., 2010). This means there is some kind of linkage between the stakeholder and enterprise in terms of the directions it takes. This linkage is often easier to see in direct relationships that are apparent in everyday activities such as those by customers, employees and suppliers (Pan & Pan,

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V. Ratten, V. Braga (eds.), *Stakeholder Entrepreneurship*,
https://doi.org/10.1007/978-981-16-7091-6_1

2020). Indirect relationships such as those existing by virtue of geographic area or personal connection can also influence entrepreneurship. This is evident with communities taking more care in the type and amount of business activity that is conducted within their region. Some communities are more proactive than others, so it also depends on social and cultural elements. Personal connections in the form of family, friends or acquaintances can also have an influence on entrepreneurial decisions.

Stakeholders are often considered as a typical management function within a business (MacDonald et al., 2019). However, they can also have an entrepreneurial function as they engage in public/private partnerships. The public partnerships are from government agencies partnering with each other or with private companies on a specific project (Suseno & Ratten, 2007). Increasingly this is becoming more common as governments try to find outside funding sources. Private partnerships occur with independent companies collaborating with others on a project. This occurs due to the increased efficiencies made possible from collaboration. In the past there was more of an emphasis on intellectual property protection and hiding innovative projects, but this is less so with the increased interest in open innovation (Ratten et al., 2007).

The way partnerships develop depends on the interests of the partners and also the benefits of the project (Goodijk, 2002). Entities collaborate for a number of reasons including for necessity. In the past, partnerships tended to be defined more by formal agreements between two or more entities (Graci, 2013). This made it easier to manage in terms of sharing relevant information. Due to the knowledge economy and increased interest in technology, partnerships now tend to take a more flexible form. This enables organisations to be involved in many different forms of partnerships based on need. In some circumstances the partnership might just be for a set time period, but it could alter based on environmental events.

Partnerships can very in terms of being formalised and legalised agreements between two or more parties or loosely agreed to cooperative agreements (Clarke & MacDonald, 2019). This means some care needs to be taken when discussing the role of partnerships in stakeholder entrepreneurship in order to consider how the type of partnership may influence the rate and quality of entrepreneurship. Organisations involved in formal partnerships might have a commitment to sharing knowledge and know-how that benefits the other partner (de Visser-Amundson, 2020). Or alternatively due to their market commitments this information is continually passed between the partners. The type of information shared amongst partners can be important especially if it is time dependent.

Time is a strategic asset for organisations so information that is shared in a timely manner can have performance benefits. Information about new technology innovations or emerging trends can be important sources of competitive advantage for an organisation. This means having access to timely information is a way they can stay ahead of their competitors in the marketplace. For this reason, partnerships are encouraged as they enable organisations to potentially tap into important sources of information.

## 1.2 Overview of Chapters

This book includes eight chapters about stakeholder entrepreneurship in terms of public and private partnerships. This chapter is the first chapter in the book and has discussed the role of partnerships in a stakeholder setting. This is an important way to link the stakeholder and entrepreneurship literature together. Whilst this has occurred in the past, this book takes the view that more needs to be done in terms of building a theory of stakeholder entrepreneurship much like there is with the popularity of entrepreneurial ecosystem theory. Each chapter in this book takes the view that stakeholders need to be defined in a broad way in order to take into account more loosely defined partnerships that brings strategic value. In addition, each stakeholder should be examined in terms of their own strengths and weaknesses that they bring to a relationship. The strengths might be in terms of brand name recognition or resources. Having a well known partner can bring trust and reputational benefits to an organisation. Thus, stakeholders can be utilised as a way to bring more attention to an organisation and in order to build its market appeal. Resources in terms of financial or human capital are important particularly when an organisation wants to expand overseas. This means that resource acquisition may be the most important driver of stakeholder engagement for organisations. The quickness and ability to access resources is another consideration influencing stakeholder engagement.

The second chapter titled ‘Stakeholder entrepreneurship: A theory’ by Vanessa Ratten focuses on developing a theory of stakeholder engagement in an entrepreneurship setting. This is a useful way to start the book as it discusses how theoretical development is needed regarding the link between stakeholders and entrepreneurship. As the chapter highlights there is abundant literature on stakeholder theory but less so in an entrepreneurship setting. This is unusual given the way stakeholders interact with others to create entrepreneurial ventures. Thus, the aim of this chapter is to build a theoretical framework on stakeholder entrepreneurship that future researchers can utilise to explain their research findings. It will also be useful to practitioners wanting to know what the value of stakeholders are and how they can influence entrepreneurial behaviour.

The third chapter titled ‘Entrepreneurial Marketing and Its Relationship on Business Competitiveness in Footwear and Agro Industries of Small and Medium Industries’ by Ma’mun Sarma, Nurul Hidayati, Marthin Nanere, Philip Trebilcock and Vanessa Ratten discussed the role of entrepreneurial marketing in stakeholder engagement. Thereby offering a new perspective of how stakeholder entrepreneurship can incorporate marketing endeavours.

The fourth chapter titled ‘The role of stakeholders in thermal tourism: A bibliography review’ by Fernando Oliveira Tavares, Luís Gomes Almeida, Anabela Garcia Pinto and Vasco Capela Tavares discusses the role of stakeholders from a tourism perspective. This provides a useful context to understand the influence of public and private partnerships.

The fifth chapter titled ‘Australian entrepreneurship education: A stakeholder perspective’ by Esha Thukral and Vanessa Ratten discusses the role of education in stakeholder engagement. This is useful in understanding the influence of knowledge and learning on entrepreneurship. Education is an essential way information is shared about entrepreneurial intentions. Therefore, this chapter bridges the education, entrepreneurship and stakeholder literatures together.

The sixth chapter titled ‘Stakeholder innovation’ by Vanessa Ratten provides a discussion about what stakeholder innovation is and how it is an integral part of the global economy. Thereby emphasising the need to consider stakeholder engagement when developing innovative endeavours. This is useful in understanding how innovation is changing in society in terms of being a more inclusive topic that takes into account the role of stakeholders.

The seventh chapter titled ‘Women’s Entrepreneurship in Libya: A Stakeholder Perspective’ by Naznin Tabassum focuses on stakeholders in a country context. Thereby shifting the focus to new areas of inquiry regarding stakeholder entrepreneurship in terms of context. This will be helpful in identifying understudied areas of stakeholder entrepreneurship that requires more research attention.

The eighth chapter titled ‘Stakeholder entrepreneurship: Future research suggestions’ by Vanessa Ratten focuses on building a theory of stakeholder entrepreneurship in terms of future research paths. This is important in understanding how the research on stakeholder entrepreneurship is changing based on environmental events. The chapter provides a good conclusion to this book that focuses on stakeholder entrepreneurship and the role of public and private partnerships.

## 1.3 Conclusion

This introductory chapter has discussed what stakeholder and entrepreneurship means and why they should be studied together. As a result, the influence of stakeholder entrepreneurship as a concept was examined that enables a better understanding of future chapters of this book. A brief overview of each chapter was stated in terms of how it addresses different issues surrounding stakeholder entrepreneurship. Thereby helping to provide more information about what stakeholder entrepreneurship is and why it is an important area of study and practice.

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# Chapter 2
# Stakeholder Entrepreneurship: A Theory

**Vanessa Ratten**

**Abstract** Stakeholder theory is one of the most popular theories in the management field to understand the influence of others on an organisation's strategy. For this reason, it is important to link the concept to new fields in order to develop thinking around what it is and why it matters in society. This chapter moves the field of stakeholder theory forward by linking it more specifically to entrepreneurship. As a result, a theory of stakeholder entrepreneurship is presented in the hope that it will provide a better way to understand entrepreneurial behaviour. Whilst stakeholder theory still applies to entrepreneurship having a more defined theory premised on entrepreneurship helps to capture in more depth the intricacy and complexity of stakeholder engagement.

**Keywords** Collaboration · Cooperation · Entrepreneurship · Public/private partnerships · Stakeholder · Theory development

## 2.1 Introduction

This chapter proposes a theory aimed at advancing research on both stakeholder involvement and entrepreneurship, which is called the stakeholder entrepreneurship theory. Stakeholder entrepreneurship as a theory involves utilising stakeholders to propose innovative business ideas. Thereby challenging our assumptions of cooperation, competition and engagement with entrepreneurial endeavours. It questions our current understanding of who stakeholders are and what entrepreneurship is in society. This means that stakeholder entrepreneurship is an innovation process based on continual interaction and feedback. Thus, it is premised on reciprocity and the belief in mutual cooperation.

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V. Ratten, V. Braga (eds.), *Stakeholder Entrepreneurship*,
https://doi.org/10.1007/978-981-16-7091-6_2

Stakeholder entrepreneurship theory is somewhat different to traditional views of entrepreneurship being an individual process that disregards the role of others. Some forms of entrepreneurship notably social entrepreneurship already have a stakeholder component built into their conceptualisation but focus more on non-profit initiatives (Ferreira et al., 2018). Stakeholder entrepreneurship can also involve non-profit initiatives but focuses more on projects aimed at the collective good of society. This means including both profit and non-profit goals within its meaning. The goal of this chapter is to place stakeholder entrepreneurship theory as a prominent theory worthy of more attention.

Stakeholder entrepreneurship is an approach that well suits current market conditions caused by the COVID-19 pandemic. It goes back to initial ideas of entrepreneurship as occurring in crisis situations that are caused by market reaction (Ferreira et al., 2017b). Therefore, it is a deliberate way for society to come together to solve some of the world's most pressing problems. By pursuing business opportunities whilst addressing social needs, stakeholder entrepreneurs drive the global economy closer to efficient outcomes. This involves developing mechanisms for cooperation with the intent of shared prosperity.

This chapter will provide a discussion of why the theory is relevant in these changing environmental conditions and its role in a transforming society. Therefore, this chapter addresses the following research question: What are the promising avenues for the future development of research on stakeholder entrepreneurship? The intent of this chapter is to look back in terms of acknowledging previous scholarship but to take a more forward looking and progressive view. In the discussion that follows in this chapter, I develop a clear understanding of why stakeholder theory is useful in entrepreneurship. This involves analysing previous studies in terms of their contributions. I then comment on future directions and how this can help to advance our knowledge of stakeholder entrepreneurship. This includes raising potential research tracks that have been overlooked and in need of more attention.

## 2.2 Entrepreneurship

Entrepreneurs are driven by financial gain and are normally concerned with pursuing opportunities that enhance their profitability. Thus, the field of entrepreneurship is based on exploring market opportunities in terms of how firms can achieve a competitive advantage. Entrepreneurs are advised to pursue growth oriented strategies and to continuously adapt to change. As a result, theories of entrepreneurship place value creation in the form of financial gain at the centre of why individuals pursue entrepreneurship.

The notion of competition is deeply ingrained in entrepreneurship thinking and embodied in entrepreneurship theories. Competition underlies all theories of business from the resource-based view to the knowledge spillover theory. Entrepreneurs are aware of the fact they need to innovate and create value in order to survive. Therefore, entrepreneurs are shaped and embedded by the contexts of the society they are based in. Entrepreneurial opportunities are intimately linked to these contexts and are key components of the opportunity structure. The political context in an area may favour certain connections or relationships being formed. This is due to the information and help that can be obtained from government connections. Political changes can cause uncertainty and include entrepreneurship, which is due to rules or regulations changing that influence entrepreneurial behaviour. Some political structures favour entrepreneurship and this is evident in the kind of policies they implement. This includes initiatives such as lower taxes or tariffs that might support certain kinds of government initiatives. In addition, policies regarding entrepreneurship often focus on a specific sector such as technology or education. This means that entrepreneurs need to consider how these government policies can influence their business activity. For example, the institutional and regulatory context where an entrepreneur resides can be conducive to entrepreneurship.

Entrepreneurship is a topic with many different meanings, which makes it difficult to understand. As a general subject most associate entrepreneurship with business creation and renewal. Others see entrepreneurship as a speciality area that depends on the interest of the person. Due to the range of topics included within entrepreneurship such as value creation, international expansion and innovation it makes it difficult to have one theory that explains everything.

The entrepreneur is the person who finds opportunities and progresses them in the marketplace. This means that the entrepreneur is present in the creation of new ventures but also plays a fundamental role in other settings. They are opportunity seekers but also risk bearers. Thus, there is a long list of behavioural traits and actions associated with entrepreneurship. This is due to entrepreneurs playing a special economic function in society by capturing gaps in the marketplace. However, there is no assurance that entrepreneurship is successful as it depends on the context.

Entrepreneurs are agents of change in society, which means they have to juggle multiple roles including being a leader, motivator and innovator. Without entrepreneurship in society there can be no advancement. Therefore, government and citizens in society are viewing entrepreneurship in a more positive way. Entrepreneurs are human so they are prone to mistakes. This means there may need to be some degree of experimentation with new ideas before they are successful. Entrepreneurs assume risks associated with uncertainty over business ventures. This means they have to assess opportunities based on environmental context and access to resources. To do this they need to coordinate economic resources and people. This enables them to lead projects by organising resources.

Risk is part of entrepreneurship but can be hard to measure. It is the consequence of unknown outcomes and uncontrollable change. Entrepreneurs respond to risk by pursuing more profitable opportunities. Therefore, the profit of the entrepreneur is a result of the compensation associated with uncertainty. Risk can be estimated in terms of probable outcomes but is never fully capable of being measured. This means risk is calculable in terms of approximate outcomes. The primary function of an entrepreneur is to decide what to do based on risk. They do this with the knowledge that they might also be competing with others for market share.

Entrepreneurship generally refers to a new venture creation but often has a strategic nature due to the need to foresee market change. This means entrepreneurship whilst varying by context (such as technological, sport, manufacturing) has an underlying basis of recognising opportunities. Thus, entrepreneurship refers to opportunity recognition as a process. There has long been a practical interest in entrepreneurship due to its association with economic growth. Entrepreneurship is needed in society as it enables new ideas to emerge in the marketplace. This is important in enabling continual and radical innovation to occur. Entrepreneurship is a specialised teaching area that has a practical nature. This means whilst it still utilises academic theory it is much more practical than other subject areas.

Originally most entrepreneurship subjects were centred around small business but this has since changed to incorporate more general topics such as creativity and innovation. Most topics about entrepreneurship are dominated by discussion about how to recognise an opportunity before others do. Identifying opportunities can be a difficult task due to the need for some kind of foresight. Predicting future trends is easier said than done as it involves a degree of risk. Some predictions will occur but others are subject to environmental conditions. Moreover, market opportunities are also dependent on the context. In some contexts it is easier to act on opportunities than others. This normally occurs in more democratic open economies in which there is not as much power held by one individual or company. Although even in open economies entering a market may require some kind of political astuteness.

An opportunity refers to some kind of potential that can emerge in the marketplace. This can include a business idea that may turn into a profitable venture. It can also involve a belief or plan about the direction an industry might take. Market opportunities normally derive from problems existing in society. It might be difficult in assessing a product or the time involved in developing new iterations. This means change is inevitable in the marketplace.

Entrepreneurship can emerge in a quick or slow manner in the marketplace. Quick forms of entrepreneurship occur at a fast pace and are easy to identify. Slower forms of entrepreneurship might not be so easy to understand as they gradually emerge in the marketplace. Therefore, it can be easier to understand entrepreneurship by viewing it backwards in time after it has occurred. This enables the use of historical narratives to understand its emergence.

Opportunities exist everywhere but actually pursuing the idea can be hard. This means individuals need to carefully evaluate each opportunity on a case by case basis. This will enable a more thought out plan to emerge regarding the opportunities. There is sometimes too much hope attributed to identifying an opportunity. This positiveness can be used in good ways but can also result in a stereotype of all opportunities being good. Opportunities are discovered by individuals who can understand their potential. This means individuals need to be alert to market changes and how to recognise opportunities.

Entrepreneurs are individuals who take advantage of an opportunity when it presents itself in the marketplace. These opportunities can occur on a sporadic or continual basis depending on the level of change it involves. Entrepreneurs try to make opportunities a reality by engaging in a process of commercialisation. This means producing a product then selling it for a profit. Whilst profit maximisation is a goal for most entrepreneurs, it can take time for ideas to return a financial profit. Most entrepreneurs focus on financial gain but some also have altruistic or social goals.

Entrepreneurship is a process as it includes a number of steps from developing an idea to actually entering the marketplace. This means there is a start and end point to the process of entrepreneurship. At each stage of the entrepreneurial journey there are a sequence of activities that need to occur. At the very early stages this means establishing a brand name to sourcing materials in order to make the product. At the more advanced stage it involves marketing and selling the product to consumers in the marketplace. At the later stage it can involve selling the business or merging it with another company.

Entrepreneurship involves the how, why and by whom a business venture begins in the marketplace. The how can include whether it is a digital venture of a traditional retail store. The why refers to the reason why the business has started and the motivation for its growth. By whom refers to who is actually starting the business in terms of an individual or existing company. Entrepreneurial opportunities provide a way of discovering new economic or social value. This can involve innovative products or service that have not previously been in existence. Some entrepreneurial opportunities may make existing business practices obsolete and require new business approaches.

## 2.3 Meaning of a Stakeholder

Stakeholders as a concept include a variety of individuals and entities that influence entrepreneurship so are a good way to develop entrepreneurship theory. The word 'stakeholder' has a variety of meanings depending on its context (Akano et al., 2021). It normally refers to someone with a direct linkage to an organisation that can be easily identified by others. This includes a participant, partner or member of an organisation although it can also refer to a constituent. Thus, stakeholders can be more broadly defined as an entity or human that is affected by the actions of an organisation (Driscoll & Starik, 2004). It can also include risk or benefit recipients that are influenced by the organisation's objectives. Some stakeholders are more identifiable than others. Moreover, stakeholders can be defined in terms of the present day or future generations.

To be considered a stakeholder there needs to be some form of legitimate connection to an organisation (Eesley & Lenox, 2006). Organizations need to manage the conflicting demands of stakeholders. Some stakeholders will have a different view or orientation towards entrepreneurship because of their industry sector (Flak & Rose, 2005). Stakeholders have different expectations of entrepreneurs, which can create some tension in the market. Entrepreneurs need to manage stakeholder relationships carefully in order to obtain help and approval for their market activities.

Stakeholders are individuals, groups, communities, organisations and other entities that influence the decision making process of an entity (Freeman, 2010). Their input has the potential to influence the actions of an entity in terms of strategic direction. Increasingly business has broadened its role in society to include not just profit objectives but also societal interests (Gibson, 2000). Stakeholders normally have a permanent relationship with the entity but can have a transitory position depending on the context (Greenwood, 2007). This means that stakeholders are different to partners, alliances and joint ventures as the nature of their involvement is subjective. Thus, there is some overlap between the terms but usually stakeholders are evaluated more on input rather than contractual terms (Friedman & Miles, 2002). The terms stakeholder and partner can be used interchangeably but to a certain extent the terms are normally differentiated based on context (Ferrón-Vílchez et al., 2021). Companies recognise the meaningful differences between a stakeholder and partner as identifying these differences is important to the functionality of an entity (Hambrick & Wowak, 2021).

## 2.4 Expanding the Definition of Stakeholder

The concept of stakeholder has so many different meanings, which makes it hard to understand (Hill & Jones, 1992). The lack of a universal definition means it is hard to compare meanings. In a world characterised by constant change organisations need to carry out self-analysis to identify their core competences (Jamali, 2008). This enables them to be more competitive by strengthening their market positions. Organisations need to adopt an entrepreneurial stance in their search for new strategies. This enables them to be entrepreneurial by engaging in collaborative partnerships and by creating something of value from ideas created by joint projects. Stakeholder entrepreneurship is clearly associated with innovation due to the need to take advantage of new opportunities made possible through engagement with others or by utilising resources in new combinations (Ratten, 2019).

The definition of stakeholder entrepreneurship follows from an understanding of what and whom a stakeholder is. Various terms such as partners, collaborators, linkages and alliances have been used to describe stakeholders (Rowley & Moldoveanu, 2003). Businesses often define them based on their direct engagement with them. This has resulted in stakeholders more likely to be viewed as those with a visible linkage to a business. This makes it easier to see how stakeholders can influence the strategic direction of a business. However, businesses can define stakeholders differently depending on their industry and size (Treviño & Weaver, 1999). In the government and non-profit sectors stakeholders are more closely aligned to the community as they are needed to make the enterprise function (Laplume et al., 2008). This means that citizens, other non-profit entities and society in general are viewed as necessary stakeholders. In the for-profit sector, stakeholders might take a more personal view depending on their involvement (Wood et al., 2021). Private companies will view stakeholders more in terms of continual and required involvement (Aas et al., 2005). For example, suppliers or customers that make the company an ongoing reality. Family members can also be stakeholders in companies depending on the level of financial and non-financial contribution (Jones et al., 2007). In larger companies the board of directors and shareholders are viewed as key stakeholders. Irrespective of the type and nature of a company, companies will differ in how they define stakeholders based on their policies (Martin & Phillips, 2021). Following this, and based on an understanding of who a stakeholder is, stakeholder entrepreneurship is defined as entities that have a formal or informal relationship with a business entity. This means the relationship can help the entity identify and exploit business opportunities. As entrepreneurship involves innovation and creativity in a business context, stakeholder entrepreneurship also must have a business creation aspect.

Stakeholder entrepreneurship remains a vague concept due to the issue of who is a stakeholder and what is entrepreneurship taking on a variety of meanings. The words stakeholder and entrepreneurship are buzz words (Ratten, 2020). Despite the fact that the concept of stakeholder is extensively used by researchers and practitioners, its usage in the entrepreneurship field remains fragmented. This is due to the theory of stakeholder involvement coming from different perspectives, which means little attempt has been made to understand stakeholder engagement in entrepreneurship. An investigation of the stakeholder concept in entrepreneurship is needed due to its usefulness and potential to create new research insights.

A public/private partnership is a cooperative venture between government and private business (Tantalo & Priem, 2016). There has been a growth in these kind of partnerships due to public assets being outsourced that has led to more procurement contracts. Private providers are being used more to provide government services due to cost reasons (Bryson, 2004). The idea of public/private partnerships comes from a need to collaborate for social gain. This means there is a sense of solidarity amongst the participants in the partnership (Parmar et al., 2010). There has been a tradition of cooperation existing in society due to the need for shared responsibility (Aaltonen, 2011).

## 2.5 The Distinctiveness of Stakeholder Entrepreneurship

Stakeholder theory incorporates difficult to observe and test variables (Atkinson et al., 1997). A central difference between stakeholder entrepreneurship and other forms of entrepreneurship is that stakeholder entrepreneurs are driven primarily by the motivation to create value by recognising the input of others (Ratten & Usmanij, 2021). This means value is derived from others interacting in both a formal and informal way regarding entrepreneurial endeavours. Market-based incentives may mean that some stakeholders compete with each other (Raha et al., 2021). However, it is assumed that collective forms of entrepreneurship are more attractive in business due to the decreased level of risk involved and ability to share resources. After the initial idea has been discussed, stakeholder entrepreneurs are able more likely to obtain resources needed for the idea (such as human capital, financing and equipment) than individual entrepreneurs relying on their own contacts. They will then be able to scale up their idea faster than sole entrepreneurs. This will lead to eventual dominance in the marketplace and may crowd-out sole entrepreneurs.

Most activities of stakeholder entrepreneurs are directed to offering products or services that are more technologically advanced than other forms of entrepreneurship. Helping create more technology-based ventures is a defining characteristic of stakeholder entrepreneurship. The logical implication is that whilst entrepreneurship in general involves innovation and risk taking, stakeholder entrepreneurship goes a step further by addressing social problems. An example of this is public/private partnerships that require strategic investment by governments but also the leadership of private entrepreneurs (Post et al., 2002).

Stakeholder entrepreneurs correct market failures then rely on individualistic notions of entrepreneurship to embed a more consultative approach. This means changing the idea that one entrepreneur can change society by valuing a collaborative spirit to business. Stakeholder solutions to market failure provide a way of permanently addressing needs (Prud'homme et al., 2021). This means focusing on how stakeholder systems can continuously interact to address problems. By taking a stakeholder view to entrepreneurship it provides a more workable solution. This involves community-based solutions that do not necessarily rely on government interventions. For example, stakeholder entrepreneurs can utilise investments from individuals and businesses to create a venture fund. These funds are then used to establish businesses and then to maintain them in perpetuity. Once the business is established, it then can be sustainable over the long term with the support of stakeholders (Phillips, 2003). There are multiple positive spillovers to entrepreneurship as there are lower levels of failure. This means stakeholder entrepreneurship involves a modern approach to problem resolution (Carroll & Näsi, 1997). Therefore, stakeholder entrepreneurship takes advantage of the varied interests of stakeholders in crafting the best solution. Interestingly this might not be the most profitable solution, but it is the most reasonable given the circumstances.

The role of stakeholders in shaping business activities has been covered extensively in the management literature (Polonsky et al., 2002). This is due to stakeholders co-creating value that leads to increased business activity. Whilst some entrepreneurship theory incorporates the role of stakeholders especially in terms of ecosystem thinking, the role of stakeholders should be placed in a more prominent position. Thus, stakeholder entrepreneurship whilst in practice is commonly occurring, in theory it needs to be used more as a theoretical framework.

There is a tendency to treat stakeholders as passive entities when in reality they are actively engaging in entrepreneurship. This means stakeholders should be considered as an initial starting point in theorising about entrepreneurship. Stakeholder entrepreneurship theory needs to be the central theory used when understanding contextual-based entrepreneurship. This would allow a better understanding of the unique social structural position that stakeholders have in entrepreneurship. Stakeholders occupy a unique role in entrepreneurship processes that can overlap with other entities. This means the distinction between stakeholder and entrepreneurs should be further explored in research. This would extend existing stakeholder theory that affords the entrepreneur a greater or equal analytical significance.

The complex nature of stakeholder research has resulted in the formation of many different points of view within it (Marschlich & Ingenhoff, 2021). This has made it important to identify who stakeholders are and how they interact in the business environment (Carroll & Näsi, 1997). The legitimacy of the stakeholder entrepreneurship field of research will be achieved by creating a distinct body of research.

## 2.6 Entrepreneurial Knowledge in Stakeholder Relationships

Entrepreneurs generally have common characteristics such as initiative, ingenuity and persistence (Ferreira et al., 2017a). Moreover, entrepreneurs are considered as creative individuals who have a problem solving ability. This means they have a need for achievement that is linked to hard work. In order to succeed in the competitive marketplace, entrepreneurs need to be able to manage people and time through stakeholder engagement. This competence enables them to be flexible in terms of responding to new market opportunities.

Entrepreneurs need to utilise their knowledge in identifying opportunities. Knowledge can come from a variety of sources including experience, contextual information and social networks. Prior knowledge refers to the unique information a person has been able to acquire on a topic. This information helps individuals decipher changes and assess possible opportunities. Prior knowledge can be gained from a variety of contexts either via an intentional or unintentional path. This means it is useful to consider information as it emerges in the marketplace. Knowledge can also be acquired through direct engagement or interaction, which helps individuals gain first hand information. It can also be obtained through second hand experience or narratives. Thus, it is important to consider the experience of others as a form of vicarious learning.

Situational knowledge is specific value information that relates to a certain domain. This kind of knowledge enables individuals to acquire information relevant to a business environment (Ferreira et al., 2016). Not every situation is the same so knowledge about a context needs to be kept up to date. This involves updating current information sources with new practices.

Knowledge can be reused in a variety of ways including through capturing its usefulness and distributing it to other sources. Capturing knowledge can be difficult particularly when it is in a tacit form and based on experience. This means communities of knowledge providers can be a source of information that then can be translated into a written format. By documenting the knowledge, it can then be more easily transferred to others. Documents can be in paper or electronic format. Tacit knowledge is hard to quantify as it is not easily explained to others.

Individuals know more than they can explain to others. For this reason, it is important to acknowledge that personal knowledge is unique and differs for each person. Sometimes tacit knowledge is referred to as implicit learning as it occurs on an ongoing basis. This means individuals have more knowledge than they realise. Knowledge has tacit dimensions due to the implicit assumptions that are needed to understand its meaning (Fassin, 2009).

Tacit knowledge in a business setting refers to work-related practical knowledge. This means the knowledge is obtained from a work context that includes stakeholders. The knowledge is simply understood and is accumulated through experience. This means the knowledge is informally obtained by learning tasks and interacting with others. Normally it is acquired in an indirect way and takes time to accumulate. Knowledge is a unique asset that humans have by nature of their existence as each individuals is involved in the knowledge acquisition and dissemination process. Knowledge is information that is known and provides a source of value. Often individuals are unaware of the amount of tacit knowledge they have because it has accumulated over a long time period (Dunham et al., 2006). Individuals share knowledge through a process of socialisation. This involves individuals interacting with others in a social context. Socialisation involves exchanging knowledge through verbal and non-verbal means.

Entrepreneurs due to their risk taking nature are known to leverage uncertainty in the business environment. This helps them take advantage of market changes by turning inconveniences into opportunities through stakeholder engagement (Carroll & Näsi, 1997). Entrepreneurs can use their resilience to cope with adversity by maintaining a positive disposition to change within partnerships. During challenging times entrepreneurs can utilise their resilient nature to handle change. Entrepreneurs can utilise resilience to overcome pressures to ensure their continuity in the marketplace. Not all entrepreneurs are resilient as it is hard for them to switch their business models. This means some entrepreneurs do not have the capability to change. Entrepreneurs need to appraise each situation as to whether it had been caused by internal or external factors. Internal changes might be able to be rectified by action orientated changes whilst external changes might be outside of the entrepreneur's control. Entrepreneurs need to be resourceful in how they manage change.

## 2.7 Conclusion

Stakeholder entrepreneurs are able to incorporate others into their business ventures thereby creating a more shared approach. Entrepreneurship involving stakeholders is developing as companies abandon individualistic thinking to incorporate more community oriented projects. Stakeholders are a force of change in organisations as they enable both economic growth and societal development. Stakeholder theory can help in framing and analysing entrepreneurship, but scholars should also attempt to develop a specific stakeholder theory of entrepreneurship. This would enable a better focus on how the characteristics of entrepreneurship can be used in stakeholder theory.

In this chapter, it was discussed how stakeholder entrepreneurs are more effective due to being able to lean on others in times of need. Bringing stakeholder entrepreneurship into existing management and strategy theory can enable others to build better entrepreneurship theories. This chapter has provided an overview of the stakeholder theory of entrepreneurship and can help further explain the phenomenon of stakeholder entrepreneurship. I hope that research on stakeholder entrepreneurship will continue to develop and that this chapter and the topics discussed will contribute to the dissemination of knowledge about this topic.

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# Chapter 3
# Entrepreneurial Marketing and Its Relationship on Business Competitiveness in Footwear and Agro Industries of Small and Medium Industries

**Ma'mun Sarma, Nurul Hidayati, Marthin Nanere, Philip Trebilcock, and Vanessa Ratten**

**Abstract** Micro, small and medium enterprises (MSMEs) are the engines of the largest economy in the world, including in Indonesia. Nowadays, various research and studies have been carried out by researchers regarding the application of entrepreneurial marketing among MSME actors. Entrepreneurial marketing is believed to be one of the approaches that can help to solve MSME problems in order to increase the growth and development and competitiveness of MSMEs in facing various competitions in the domestic and foreign markets. This concept is a mix between entrepreneurship and marketing. There are four main differences between conventional marketing and entrepreneurial marketing, namely concepts, strategies, methods, and marketing intelligence. The concept of entrepreneurial marketing focuses more on innovation orientation, bottom up strategies, interactive marketing methods, and informal information gathering. The application of marketing to MSME actors in the national industrial center, namely the Bogor area as the center of the footwear industry, Bandung Regency as the center for the fruit and milk processing industries, and Pekalongan Regency as the center for the fish industry shows that the overall entrepreneurial marketing ability is quite good, but it still needs increased because business actors still experience various classic problems. The implementation of entrepreneurial marketing in these four industrial centers shows

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V. Ratten, V. Braga (eds.), *Stakeholder Entrepreneurship*,
https://doi.org/10.1007/978-981-16-7091-6_3

a direct and positive influence on business development. Thus, if there is an increase in the application of entrepreneurial marketing among business actors through optimization of the four principles of entrepreneurial marketing, it will make MSMEs have more developed businesses than today, at least up from the current MSME category. In the fruit, milk, and fish industry actors also show that the ability of entrepreneurial marketing has a direct and positive influence on the ability of competitiveness in products and companies in the midst of existing market competition, both from competitors in the same industry today, newcomers in the industry. The same, suppliers, and consumers.

**Keywords** Agriculture-based industry · Competitiveness · Entrepreneurial marketing · Footwear industry · Micro small and medium enterprises

## 3.1 Background

Micro, small and medium enterprises (MSMEs) play an important role in job creation and global economic development, which is about 90% of businesses and more than 50% of jobs worldwide. The contribution of formal MSMEs to the GDP of developing countries is 40% and this contribution will be even greater with the additional contributions of informal MSMEs that have not been included. In addition, these MSMEs will create as many as 600 million jobs that will be needed by 2030 and create 7 out of 10 formal jobs by SMEs in developing countries[1] 1. In the ASEAN region too, these MSMEs contribute 97–98% of all business units that are developing in most ASEAN countries and are dominated by micro-businesses ranging from 85% to 99% (OECD, 2018), which are mostly developing countries. It is not only developing countries that make MSMEs the driving force of economic growth and technological development, but developed countries such as Japan, Germany, France, and Canada also make SMEs play this role (Thornburg, 1993). Piper (1997) also added that in the United States employs about 62.3% of the workforce working in 350,000 SMEs with a workforce of less than 500 people.

### *3.1.1 Overview of MSMEs in Indonesia*

Indonesia is one of the developing countries in the ASEAN region. Most of the business units that are developing in Indonesia are included in the category of MSMEs. Based on data from the Ministry of Cooperatives and MSMEs (2021), it shows that in 2018 and 2019 the number of UMKM units reached 99.99% with the percentage of development in 2018–2019 reaching 1.98%. This percentage shows that MSMEs have a greater percentage than large enterprises (LEs) which only have 0.01% of the existing business units and in more detail, the contribution of medium enterprises

[1] https://www.worldbank.org/en/topic/smefinance

has the greatest development in the creation of the number of business units, reaching 7.85% compared to micro enterprises (1.97%) and small businesses (1.99%). Meanwhile, the share of the labor market created by MSMEs in Indonesia in 2018 reached 97% and in 2019 it reached 96.92%. Micro enterprises provide the largest contribution in terms of job creation, reaching a percentage of 89.04% compared to small, medium, and large businesses. Even so, large businesses have the largest development in the labor market share in 2018–2019, namely 5.15%. Based on the percentage contribution of MSMEs to the number of business units and the share of the workforce, MSMEs are the main driving force for the Indonesian economy. This is in line with what was conveyed by the OECD (2018) in the ASEAN SME Policy Index Report 2018, namely Indonesia has a very high density of MSMEs compared to Thailand and Malaysia.

Furthermore, in 2019 Indonesian MSMEs were able to contribute more to GDP based on current prices and 2000 constant prices compared to large businesses, reaching 60.51% at current prices and 57.14% at constant 2000 prices. Micro businesses made the largest contribution, reaching 30% more compared to small and medium enterprises. The investment performance of MSMEs in 2018–2019 showed a development of 2.14% at current prices and 2.38% at constant prices. This percentage shows that the government and private sector provide support for the development of MSMEs in Indonesia. Nonetheless, if we look at the performance of MSMEs to total non-oil and gas exports, it does have a smaller contribution than large businesses. It was noted that in 2018 it only reached a percentage of 14.47% and an increase in 2019 to 15.65%. This figure shows an improvement in the performance of MSMEs in providing export-oriented products so that in 2018–2019 they were able to provide an increase in market share of 15.43%. The winning business has the largest contribution of all shares.

### *3.1.2 Roles and Problems of MSMEs*

Given the very important role of MSMEs for developing country economies, Indonesia needs to focus on improving its performance in the form of supporting infrastructure, finance, mentoring, and policies that support the development of MSMEs. The role of MSMEs in Indonesia according to Urata (2000) includes: (1) as the main actors in economic activity; (2) job providers; (3) local economic developers and communities; (4) creators of markets and innovations through their flexibility and sensitivity to change as well as dynamic linkages between company activities; and (5) contributors to the increase in non-oil and gas exports. Thus, SMEs will be able to reduce income inequality in developing countries (Tambunan, 2001).

Various efforts have been made and policies have been formed by the government in synergy with private parties from within and outside the country. For example, the economic policy package phase I-XVI which was launched on September 9, 2019, is in order to provide support for the processing industry to large businesses and MSMEs. However, in reality, there are still various problems faced by MSMEs.

Moreover, there is a free competition in the trade sector, both products and labor force in the ASEAN region. Since the existence of the ASEAN Economic Community (AEC) which was agreed by the countries that are members of it in 2015, the flow of products and workers entering Indonesia has forced MSME actors to improve their quality so that they are not less competitive than products that enter the Indonesian market.

The problems faced by the Ministry of Cooperatives and SMEs and BPS (2003) include capital difficulties, marketing difficulties, labor difficulties, raw material difficulties, transportation distribution difficulties, and other difficulties. Susilo (2010) also stated that there are at least two problems for MSMEs related to the low quality of human resources and the competence of micro-entrepreneurs in entrepreneurship. Meanwhile, the obstacles faced in developing MSMEs in Indonesia according to Bank of Indonesia (2015) are the problem of capital, lack of knowledge about the latest production technology and how to carry out quality control of products, lack of market reading skills, marketing only through simple mouth to mouth marketing, labor difficulties due to limitations in providing salaries, inadequate managerial abilities, especially in the technical, management and accounting fields, MSMEs are still individual business entities, the business climate is still not conducive because coordination and cooperation between stakeholders is still not integrated, legality constraints, obstacles simple infrastructure, limited market access, limited access to technology, and slow response to market changes. Marketing problems are still the biggest problem experienced by small and medium industries – MSMEs in carrying out their business operations.

However, along with the times, MSMEs began to improve themselves. BPS (2019) noted that 8.28% of small and medium industries (SMEs) had made partnership efforts in the form of marketing (37.59%), raw materials (37.56%), capital goods (16.72%), money (6.25%), and others (1.88%). This number is still far from expectations, because it only reached 8% out of 100%. Of course, this is still a joint homework for MSMEs, the government, and the private sector in order to support various efforts to develop, grow, and develop the MSME industry in Indonesia so that they are able to have qualified power both in local and international markets. In addition, 11.94% of small and medium industries (SMIs) have used the internet for various activities such as marketing/advertising/sales, product sales, information search, purchasing of raw materials, and fintech loans (BPS, 2019). This shows that SMEs currently tends to be more entrepreneurial, flexible in facing change, and innovative as a form of adaptation for MSMEs in facing increasingly fierce competition from similar products from within the country and abroad which freely enter Indonesia and the wide market reachable smaller (niche market). Even though this figure is still far from expectations, at least there has been a movement of the MSME industry towards industrialization in the industrial era 4.0.

The MSME industry needs to re-understand the important role of marketing for the progress of its business that marketing is one of the spearheads for entrepreneurs in attracting demand from consumers and customers so that it needs to be managed properly by entrepreneurs both from MSMEs and large businesses. Given that marketing is also one of the main problems faced by MSMEs so that it must be managed properly. This is in line with Aziz's (2009) statement which states that marketing is one of the problems faced by MSMEs in developing countries. Hadiyati (2009) states that there are three marketing problems faced by MSMEs, namely (1) problems with market and product competition, (2) problems with market access, and (3) problems related to institutions that support small business development. The lack of understanding of MSMEs on the importance of marketing has made efforts related to marketing considered only a waste. This is because MSME's knowledge of marketing is only limited to high-cost sales promotion activities. This is in line with Stokes (2000) statement that MSMEs think that the marketing concept only applies to large businesses. In addition, the existence of differences in understanding in traditional marketing management and the application of marketing concepts by small and medium enterprises (Kraus et al., 2007a, b) is also the cause of the low knowledge of marketing concepts among MSME actors. Even though the marketing activity itself has a very broad scope, which is covered in the concept of the 4P marketing mix for marketing goods including product, price, place, and promotion (Kotler & Armstrong, 2008). Meanwhile, products in the form of services include 7P, namely product, price, place, promotion, process, people, and the physical environment (Lovelock et al., 2010). Then it was developed again into 8P, namely the 7P and 1P concepts in the form of productivity and quality.

Basically, these MSMEs have carried out marketing practices, but are only limited to the concept of sales. The MSMEs have not interpreted marketing yet into an integrated marketing concept. The concept of entrepreneurial marketing is present as an approach to solve marketing problems faced by MSMEs. This approach is a relatively new marketing concept approach and is more appropriate when viewed from the limited resources and problems faced by MSMEs. This concept was initially limited to small business actors or those who were just starting their business (Stokes, 2000). Furthermore, Hadiyati (2009) states that this concept studies the values, abilities and behavior of entrepreneurs in facing various problems and obtaining business opportunities. It is proven that in the last few decades, the concept of entrepreneurial marketing at MSMEs has begun to be carried out by studies and research by researchers. This shows that the presence of this concept is appropriate as an effort to support the marketing efforts of MSME products.

## 3.2 Literature Review

### *3.2.1 Definitions of MSMEs*

MSMEs, which consist of micro, small and medium enterprises, have various definitions that limit the business categories included in the MSME cluster. According to BPS, MSME provides a limit based on the number of workers involved in the business. Small businesses have a workforce of 5–19 people and medium enterprises have a workforce of 20–99 workers. Meanwhile, the MSMEs limitation based on Law 20/2008 on MSMEs defines MSMEs based on net worth and annual sales results. The criteria for MSMEs based on the Law are as follows:

1. Micro Business, which is a productive business owned by an individual or an individual owned business entity that meets the following criteria:
   (a) Have a net worth of not more than IDR 50,000,000 (fifty million rupiah), excluding land and buildings for business premises.
   (b) Have an annual sales result of at most Rp. 300,000,000, – (three hundred million rupiah).
2. Small Business, namely independent productive economic enterprises carried out by individuals or business entities that are not subsidiaries or non-branch companies owned, controlled or become part of either directly or indirectly from medium-sized or large-scale businesses. The criteria for Small Business (SBs) are as follows:
   (a) Have a net worth of more than IDR 50,000,000 (50 million rupiah) up to a maximum of IDR 500,000,000 (five hundred million rupiah) excluding land and buildings for business premises; or
   (b) Have annual sales of more than IDR 300,000,000 (three hundred million rupiah) up to a maximum of IDR 2,500,000,000 (two billion five hundred million rupiah).
3. Medium Enterprises, namely independent productive economic enterprises, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or are part of, either directly or indirectly, with small or large businesses that meet the following criteria:
   (a) Have a net worth of more than IDR 500,000,000 (five hundred million rupiah) up to a maximum of IDR 10,000,000,000 (ten billion rupiah), excluding land and buildings for business premises, or
   (b) Have annual sales of more than IDR 2,500,000,000 (two billion five hundred million rupiah) up to a maximum of IDR 50,000,000,000 (fifty billion rupiah).

Bank of Indonesia also defines MSMEs that the boundaries of each of these categories are based on the ownership of net assets outside of land and building assets and the annual turnover generated.

(a) Micro businesses in the Decree of the Board of Directors of Bank Indonesia Number 31/24/KEP/DIR dated May 5, 1998 concerning Micro Credit Projects, micro businesses are defined as businesses that are run by poor or near poor people. Owned by a simple local resource and technology family. The business field is easy to exit and enter.
(b) Small business is a productive economic business that stands alone, which is carried out by an individual or business entity that is not a subsidiary or branch of a company that is owned, controlled, or is a part, either directly or indirectly, of a medium or large business that has assets not more than Rp.50,000,000.00

(fifty million rupiah) up to a maximum of Rp. 500,000,000.00 (five hundred million rupiah) excluding land and buildings for business or having annual sales proceeds of more than Rp.300,000,000.00 (three hundred million rupiah) up to a maximum of Rp. 2,500,000,000.00 (two billion and five hundred million rupiah).

(c) Medium Businesses are stated in the Decree of the Board of Directors of Bank of Indonesia Number 30/45/Dir/UK dated 5 Jan 1997 concerning Medium Enterprises that this business has an annual turnover of <3 billion, assets = Rp. 5 billion for the industrial sector, and assets = Rp.600 million excluding land and buildings for the non-industrial manufacturing sector.

International institutions such as the European Union (EU) and the World Bank, also provide a quite different understanding of MSMEs. The EU defines MSMEs based on the criteria for the number of workers, annual turnover, and annual balance (EU, 2005). The World Bank defines MSMEs based on the number of workers, total assets, and total annual sales made by MSMEs (IEG, 2008). Various different definitions of MSMEs from both national and international institutions will sometimes cause differences in categorizing business units and making appropriate policies.

### *3.2.2 Entrepreneurial Marketing*

Entrepreneurial marketing is a combined aspect of entrepreneurship and marketing in which the behavior of individuals or organizations in it leads to the promotion of marketing ideas in order to create added value which in the last two decades has become a new concept in the field of marketing. Gardner (1994) also states that the concept of entrepreneurial marketing is a slice between entrepreneurial behavior and marketing, lies in an innovation brought by entrepreneurs to the market. Furthermore, Bjerke and Hultman (2002) stated that entrepreneurial marketing is a marketing concept for retailer companies that grow through practiced entrepreneurship. Entrepreneurial marketing is also defined as a new stream in the field of research that describes the marketing orientation of retail companies that utilize entrepreneurial marketing knowledge to market their products (Hill & Wright, 2000) which are related to innovation and the creation of added value for entrepreneurs who have an entrepreneurial spirit.

Meanwhile, Stokes (2000) also adds that the concept of entrepreneurial marketing on the element of innovation and the development of ideas in accordance with market developments is the main key to the survival, development and success of small businesses or new businesses.

Based on the definitions presented by experts, it can be concluded that entrepreneurial marketing is a new science in marketing research as a reflection of the proactive attitude of business actors in identifying and exploiting various opportunities to acquire and retain customers through innovative approaches, risk management, optimization of resources, creating added value, and managing good and maintained relationships with stakeholders with various entrepreneurial characteristics as the basic concept. The entrepreneurial marketing approach is positioned as a trap or a complement to existing theories (Bjerke & Hutlman, 2002) and becomes a more appropriate contingency approach in terms of resource limitations and the problems that exist in SMEs (Stokes, 2000).

The emergence of the concept of entrepreneurial marketing is a complement to the existing conventional marketing concepts. It's just that this entrepreneurial marketing concept appears to solve marketing problems experienced by MSMEs or newly established businesses. The differences between conventional marketing concepts and entrepreneurial marketing are presented in more detail in Appendix 2.

Stokes (2000) also describes the difference between entrepreneurial marketing and conventional marketing, also known as traditional marketing, into 4 aspects, namely concepts, strategies, methods, and market intelligence. The basic point of view that distinguishes the two is the scale of the business, but it does not lie in the concept of the marketing mix, but rather in the differences in content and the combination therein.

Various studies are increasingly being carried out by researchers to identify differences between conventional marketing concepts and entrepreneurial marketing. Another difference regarding the two concepts is that traditional marketing tends to require a large investment of money. Meanwhile, entrepreneurial marketing requires a larger investment of time, imagination, energy and knowledge than investing money for innovation creation. This is because the concept of entrepreneurial marketing from the start is more aimed at businesses with limited funds which are identical to the characteristics of SMEs. Furthermore, when viewed in terms of the key measure of success, traditional marketing measures its success through the number of sales. Meanwhile, entrepreneurial marketing measures its success through the amount of profit it gets. Large companies are clearly interested in profits, but generally profits are not made into a certain program from their marketing activities.

Traditional marketing focuses on linear growth by acquiring one customer at a time. Meanwhile, entrepreneurial marketing finds new ways to grow geometrically. This is because the concept of entrepreneurial marketing is based on an understanding of human behavior so that SMEs can know that purchasing decisions are made in the human subconscious mind, which continues to occur with repetition. Therefore, they often communicate with customers personally through various social media. Traditionally positioned as a customer driven monologue, entrepreneurial marketing is about dialogue with customers. SMEs think that by talking and listening to customers, they will get the best ideas for improving existing products or new products. In addition, these SME entrepreneurs make various efforts that illustrate the application of entrepreneurial marketing including looking for alliances that will create a constant flow of new business through referrals and support, looking for ways to increase the size of their sales by up-selling and cross-selling at every opportunity and increasing size of their business by offering back-end products and services to provide consumer and customer satisfaction.

### 3.2.3 Competitiveness

Competitiveness is the benchmark for the company's existence in the market. This is related to how a company is able to survive in a market that is in the midst of various competitions that arise from both existing competitors, new entrants, suppliers, and consumers. Companies, both MSMEs and large scales, need to make various efforts as adaptation steps to remain competitive in the market because basically the existence of competitiveness is very important in the current era of globalization. Tambunan (2001) defines competitiveness as a concept committed to market competition in the case of companies and success in international competition in the case of countries. Competitiveness itself can be seen from the measure of the competitiveness of the company and the products the company produces when it is in the market, including the products produced by SMEs/SMIs.

Some of the characteristics of SMEs/SMIs that have high corporate competitiveness are seen in terms of the reach of domestic market share, export market share, foreign market share, production volume growth rate, export growth rate, domestic market diversification, and export market diversification. Indicators for measuring product competitiveness are seen from: product value and post-consumption consumer satisfaction with the products they consume. Therefore, in order to ensure that SME/SMI actors remain able to survive in the current market and can take advantage of opportunities to reach new markets, SMEs/SMIs must increase the competitiveness of the company and the competitiveness of its products (Susilo, 2010).

## 3.3 Implementation of Entrepreneurial Marketing in MSMEs

Basically, MSMEs have practiced the application of entrepreneurial marketing in their business activities, but they are not optimal yet and do not even realize whether they are doing entrepreneurial marketing practices. It is possible that these MSMEs do not understand optimally how entrepreneurial marketing should be practiced. For this reason, several studies were carried out in order to measure how the practice of implementing entrepreneurial marketing by MSMEs, including: (1) Sarma et al. (2013) related to the successful implementation of entrepreneurial marketing in the footwear industry in the Bogor area and (2) Sarma et al. (2016) related to an entrepreneurial marketing approach to empowering MSMEs in agro-based industrial clusters in facing the ASEAN Economic Community (AEC).

### *3.3.1 Application of Entrepreneurial Marketing in the Footwear Industry in the Bogor Region*

The footwear industry is one of the non-oil and gas industry sectors that is a priority for development, as stated in the National Medium-Term Development Plan (RPJMN) which is regulated by Presidential Regulation No. 7/2005 concerning the development of the footwear industry. This industry is considered potential in national development and is reinforced by the statement of the Chairperson of the Indonesian Footwear Association (Aprisindo) that throughout 2011, the domestic market sales potential for national footwear products reached Rp five triliun[2] but 60% of the local market is still dominated by imported footwear. This shows that the potential for the footwear industry is very high to be developed in order to increase the competitiveness of local footwear products. Moreover, the use of footwear is essential for the community for their daily lives, so that with the number of Indonesians reaching around 270 million people, it will become a potential market for the footwear industry. Rofiaty (2010) states that an effort to increase competitiveness is through an innovation strategy which is a form of creativity produced by business managers. This effort is a reflection of the application of the entrepreneurial marketing concept.

Bogor is one of the national production centers in West Java for footwear products managed by SMI actors. Widyastutik et al. (2009) stated that the city of Bogor has many SMI and the footwear industry has the potential to be used as an industrial cluster, in this case of shoes and sandals. This is supported by the potential for the footwear industry SMI in the Bogor region (Bogor Regency and Bogor City), which is based on data from the Bogor District Office of Industry and Trade and the Bogor City Department of Industry and Trade in 2012 that the production capacity of footwear in 2011 in Bogor Regency reached 1,863,360 scores per year and in Bogor City reached 3,568,272 scores per year (note: 1 score = 20 pair shoes/products). Meanwhile, the number of business units in Bogor Regency is 1941 business units with a workforce of 18,108 people and in Bogor City as many as 240 business units with a workforce of 3200 people. This capacity and number are considered large so that the footwear industry in the Bogor region, both in the District and the City, is a development priority based on the RPJM (Rencana Pembangunan Jangka Menengah = Medium Term Development Plan). The areas that are the centers of the footwear industry in Bogor City are Cikaret, Pamoyanan and Mulyaharja Villages, all of which are located in South Bogor District. Meanwhile, the area in Bogor Regency is designated as a priority superior product based on a study on the development of this regional competence by the Ministry of Industry (2007), namely in the Ciomas District.

The potential condition that makes footwear products one of the priorities for the development of the national industry, in fact, still has sub-optimal performance. This can be seen from the development of the footwear industry which is still not

[2] http://www.republika.co.id. Inpres P3DN Naikkan Transaksi Alas Kaki Rp 5 T.

optimal, namely the current condition is not much different from when it was first established. The UPT (Unit Pelaksana Teknis = Technical implementation Unit) for footwear in Bogor Regency stated that only 5% of footwear SMI have developed into large businesses. This condition is very unfortunate, given the tremendous potential in the footwear industry in Bogor Regency. According to Widyastutik et al. (2009), various problems faced by footwear SMI in the Bogor area are related to capital and marketing. These two problems seem to be a scourge for the MSMEs/SMIs in Indonesia. Partnership efforts with collectors in the provision of raw materials and product marketing are carried out by footwear SMIs in order to overcome problems related to limited capital (Undang-undang Nomor 20 Tahun, 2008).

Several reasons for this problem of limited capital include the characteristics of the business actors themselves and the consistency of support from local governments (Depperin, RIJ Departemen Perindustrian RI, 2007). The absence of a meeting point between debtors and creditors has resulted in a lack of financing through banks, even though the available funds are quite a lot (Widyastutik et al., 2009). Difficulties in obtaining bank credit are made possible by a number of reasons, including: business actors do not have financial reports that comply with banking requirements, business actors lack knowledge of access to capital, or business actors' low desire to be independent in capital (Direktorat Jenderal Industri Kecil dan Menengah, 2007). Meanwhile, the consistency of the local government in supporting the footwear industry is still not so focused, as seen in conditions that often depend on market conditions (Ermayani et al., 2010). Local governments tend to switch to working on other SMI sectors when the footwear trade is slow (Kemenkop dan UMKM RI Kementerian Koperasi dan UMKM, 2021; Kemenperin Kementerian Perindustrian, 2015).

The Ministry of Industry (2007) also identified several weaknesses and obstacles faced by footwear industry craftsmen in the Bogor Regency area, including: (a) limited capital for independent procurement of raw materials, (b) patterned craftsmen to always work on orders from collectors, resulting in less able to read market opportunities that are still very wide and open, (c) the model being worked on is still monotonous because of its position as a follower, (d) capital can not be managed properly because the payment received is a 2-month back check, which has the potential to reduce the margin that should be received because it is subject to interest of around 6% per month, and the production process technology used is still simple.

The marketing patterns carried out by the craftsmen also tend to be conventional and limited to a problem faced by the footwear SMI actors in Bogor Regency. The flow of footwear marketing in Bogor, namely shoe products ordered by collectors are given to collectors, then collectors sell in local markets in Bogor (Ermayani et al., 2010). However, there are some independent shoe SMI actors who market their products to shops using their own capital so that they do not borrow or receive orders from collectors. Limited resources are also the cause of marketing problems for small footwear industry actors. Apart from that, the characteristics of business actors, especially craftsmen, tend to have a low entrepreneurial spirit so that they are not brave enough to take risks to do business independently. In fact, acting as an independent entrepreneur is more profitable than just being a craftsman.

An effective empowerment model for craftsmen is to improve the quality of entrepreneurial behavior and business independence, which is supported by supporting elements from local government and non-governmental organizations (Utami, 2007). In order to remain sustainable and sustainable, footwear SMI actors must be concerned about business competitiveness and product competitiveness. The key to increasing the competitiveness of SMI lies in SMI entrepreneurs who have a high spirit of entrepreneurship and a spirit of innovation (Susilo, 2010), which is a reflection of the application of entrepreneurial marketing. Apart from that, the government also plays an important role in increasing the competitiveness of SMIs. Specifically and operationally, the Regional Government is obliged to become a facilitator in access to capital for footwear craftsmen, to become a regulator in protecting the footwear business through policies both at the input level (capital and raw materials), to policies at the marketing level (Kusumawati et al., 2010).

Sarma et al. (2013) conducted research on footwear industry actors in Bogor Regency (Ciomas District) and Bogor City (South Bogor District) involving 100 respondents from 25 Bogor City business actors and 75 Bogor Regency business actors. These two areas are designated as research areas because they have high concentrations of footwear production centers in Bogor City and Regency respectively.

The results showed that most of the footwear industry actors still had low education, namely the SD (Sekolah Dasar = Primary School)/MI (Madrasah Ibtidaiyah = Islamic Primary School) level of 47%. This resulted in the thought of old craftsmen who were formed from generation to generation to the next generation who did not need higher education to become actors in the footwear industry so that the willingness to continue school was still lacking. As many as 92% of respondents who are owners of footwear businesses in the Bogor area are male. This footwear business is one business that is generally in demand by men as evidenced by the large number of men who work in footwear workshops. This work was carried out before they independently established the hereditary business according to the local UPT. It is proven that as many as 48% of respondents are former workers in shoe/sandal workshops so they have skills in the field of making footwear. This is what allows these craftsmen later on to switch to setting up a footwear business independently and make it their main job. The belief in the lucrative potential of the footwear industry made the majority of them rarely (37%) even never (27%) want to move to other businesses. Armed with the skills they had acquired from their previous job before setting up their own business, as many as 6% were reluctant to take courses in footwear production and marketing. Even though these two fields are very important to do for business development.

The footwear business has been made the main business by most of the old craftsmen, it is proven that 43% of the craftsmen are over 40–50 years old and the majority of business actors have been running their business for more than 10 years (52%). However, as many as 42% of business actors who became respondents were among those belonging to the productive age, namely the age range of 30–40 years.

Business actors who are of productive age can be children of old craftsmen who are now elderly or former workers in footwear workshops, which are places to gain experience and knowledge of making footwear before starting their own business. The mindset of the Bogor footwear businessmen, which is only concerned with meeting the needs of their daily lives, causes the majority of business operators (76%) to never travel outside Bogor to observe similar businesses outside Bogor. As a result, their knowledge about the development of the footwear industry in other areas is limited and is still short-term oriented. Various activities such as visits related to this observation have been facilitated by the government, in the form of various trainings outside the Bogor area carried out by the UPT, but have not been utilized properly and optimally by the footwear business actors.

The footwear business in the Bogor area is still the mainstay of life for the majority of the perpetrators. As many as 67% of respondents who became respondents stated that around 76–100% of family needs can be met through income from the footwear business. It can be said that the footwear business in Bogor is actually included in the small industrial scale category (54%) with an average turnover per month of 100–250 scores reaching a value of IDR 10–30 million per month.

Furthermore, if it is related to how the footwear industry actors in the Bogor area carry out the implementation of entrepreneurial marketing, it shows that the overall ability of the footwear business actors in the Bogor area reaches 61%. This figure is quite large, even though the majority of business actors are classified as craftsmen, so this indicates that these craftsmen have the potential to develop independent businesses. The expertise that most of these craftsmen have is in terms of product design and has a visionary spirit. They have planned to make their own brand of products. This can be realized by means of facilitation from the UPT in terms of the ease of the procedure for applying for intellectual property rights through the UPT.

In detail, each aspect of the entrepreneurial marketing abilities of the footwear industry actors in the Bogor area based on the conceptual aspect shows a percentage of 65% which is reflected in the power of innovation, product diversification and intuitiveness of market needs based on their experience as workers in workshops footwear throughout the years as well as a hereditary business from her family. This makes them accustomed to creating various products and product innovations for their business development. The ideas for developing his footwear business, especially in making innovative footwear models, are obtained by looking at footwear models in magazines, design books, or visiting shoe shops or via the internet.

As much as 71% of the method skills of the footwear industry actors in the Bogor area that focus on interactive marketing approaches or direct contact with customers, are their greatest entrepreneurial marketing abilities. Footwear craftsmen always interact directly with wholesalers as industrial consumers. This shows that they are independent entrepreneurs who also carry out interactive marketing with retail consumers when doing direct selling.

The ability at the strategy level related to the bottom-up approach also has a fairly large percentage of 61%. This ability is considered good enough where they can customize their products according to customer tastes. They do benchmarking informally as an effort to create products according to the tastes of their customers.

Basically, the segments and target markets are formed by a process of independent elimination and selection so that they do not initially determine the market segmentation of their products. The majority of independent business actors enter the lower middle market segment and it is quite difficult for them to penetrate the upper middle segment. However, for the majority of craftsmen with a wholesale system, their products can enter the upper middle segment, even through intermediaries.

The ability of market intelligence in the context of collecting market information, Bogor footwear business actors have the lowest percentage among other variables, namely 50%. Limited access in establishing relationships with outside parties, both with medium-sized businesses, large businesses and government agencies, is still experienced by the footwear industry business actors. In addition, the low level of education of the majority of business actors is one of the reasons for the lack of relations with the relevant stakeholders.

Footwear business actors in the Bogor area actually have quite good competitiveness. This is evidenced by the index value of the competitiveness of business actors reaching 66% even though their market share only mostly reaches the domestic market share. The competitiveness of these business actors is seen from their ability to penetrate the domestic market, diversify products, create product values, and meet consumer satisfaction. Of these four abilities, the ability to meet customer satisfaction is the best ability compared to other abilities. This can be seen by the magnitude of this ability index value of 71%. This ability is one of the driving forces for business actors to innovate products, which is the main characteristic of entrepreneurial marketing abilities in business actors. Meanwhile, the ability to reach the domestic market and diversify products has an index value of 65%. This shows that there is a strong willingness from business actors to try to maintain their existence in the market in facing existing competition, both from existing competitors, new entrants, suppliers and consumers. The ability to create product value is still low because it only reaches an index value of 50%. Therefore, it is necessary to make efforts from business actors to improve the quality of their products so that they are able to provide added value to their products. Obviously, this cannot be separated from the support of government policies and other parties who are concerned about the development of the footwear industry in Indonesia.

Other research results show that the entrepreneurial marketing abilities of these footwear entrepreneurs directly affect their business development and business sustainability. Thus, if the entrepreneurial marketing abilities of these business actors are improved in terms of concepts, methods, strategies, and market intelligence, it is possible that the footwear industry in the Bogor area can be enhanced not only in the local market, but also in the international market. In addition, its sustainability can make it the largest industrial center in Indonesia and the world for sure. However, business development is not directly affected by business continuity. In general, based on index analysis, the implementation of key indicators reflecting the respective entrepreneurial marketing, business development and business sustainability is still not optimal. This is what policy makers should pay attention to in collaboration with actors and the private sector.

### *3.3.2 Empowerment of Agro-Based Industrial Cluster MSMEs in Facing AEC Through the Entrepreneurial Marketing Approach*

Agro-based industrial clusters are one of the priorities for the development of future mainstay industries. As stated in the Presidential Decree No. 28 of 2008 concerning National Industrial Policy. Geographical and sociographical conditions of Indonesia as an agricultural country have become the capital for the development of agro-based industries.

The Ministry of Industry (2015) also states that the agro industry is supported by the existence of potential renewable natural resources that come from the agriculture, fishery/marine, livestock, plantation and forestry sectors. Bank Indonesia (2015) reveals that the largest proportion of the MSME business unit sector is in the agriculture, livestock, forestry and fisheries business sectors amounting to 48.85% in 2014.

The Ministry of Industry in 2015 also stated that until the third quarter of 2014 the agro industry contributed 45.84% to GDP. This achievement shows an increase compared to the previous year, which only reached 44.64%. The same data source shows that the number of workers in the agro industry has also increased, from 1,660,406 people in 2013 to 1,708,674 in the third quarter of 2014. This shows that there are efforts to improve the performance of the agro industry.

The performance of the agro industry which shows its improvement is expected to be able to provide even better improvements in the next period. Moreover, there is a policy that the AEC (ASEAN Economic Community) requires that every country in the ASEAN region must prepare itself to face free trade in and out of their respective countries. Thus, the increase in the competitiveness of agro-industry actors must be improved so that they are able to compete with foreign products that enter Indonesia. Wangke (2014) states that the AEC is a forum to form a single trading area in order to increase economic competitiveness by making ASEAN a world production base and creating a regional market for approximately 500 million people as a form of agreement between ASEAN countries. In 2014, Indonesia's ranking according to the global competitiveness index was still in 38th position out of 148 countries. This shows that Indonesia is not too badly competitive in the global market, even though it is still below Singapore (2nd) and Malaysia (24th). This condition could make Indonesia only as a market for other ASEAN countries. Therefore, Indonesia must improve itself, especially in terms of downstream products so that Indonesia is not only a destination market for products from ASEAN countries but also the origin of products to be marketed in other ASEAN countries.

Most of the agro industries are still managed by MSMEs. As previously mentioned, this MSME has various classic problems faced during the process of developing its business, including capital and marketing. One of the efforts that can be made in order to improve the competitiveness of MSMEs is through proper marketing activities so that the agro-industry MSMEs can take advantage of existing opportunities and turn challenges into opportunities due to the emergence of the

AEC agreement. The entrepreneurial marketing approach is one of the options for managing MSME marketing activities.

Sarma et al. (2016) conducted research on the agro industry which aims to measure the ability and application of entrepreneurial marketing among agro industry actors. There are three groups of agro-based industrial clusters, namely the fruit processing industry cluster, the fish processing industry cluster and the milk processing industry cluster which are used as research objects. The three industrial cluster groups are located, namely Bandung Regency for the fruit processing and milk processing clusters, and Pekalongan Regency for the fish processing cluster. These three locations were chosen because they are development centers for each industrial cluster. A total of 100 MSMEs with a minimum of 31 MSMEs in each cluster were involved as research samples.

### 3.3.3 Fruit Processing Industry Cluster

Bandung Regency is one of the centers for cluster development of the fruit processing industry in West Java. The geographical conditions of Bandung Regency which are suitable for fruit cultivation have made this area one of the centers of cultivation and downstream fruit processing industry. Some of the fruit processing products include canned fruit, fruit jam, pickles, chips, cakes, syrup, lunkhead, and other processed products. These products are the souvenirs of tourists visiting Bandung Regency. For example, the Ciwidey area is famous for its natural products in the form of strawberries, farmers not only selling strawberries in the form of fresh fruit, but also they have started to make home industries by processing strawberries into lunkhead and strawberry-based syrup.[3] However, based on research conducted by Sarma et al. (2016), most of the fruit processing industry in Bandung Regency is still a home industry with a workforce of 1–4 people (81% of respondents). In addition, the monthly turnover earned is around Rp. 1 million to Rp. 10 million, so based on the turnover he earned, the fruit processing industry in Bandung Regency is included in the micro business category according to Law no. 20 of 2008.

As many as 42% of these business actors stated that they have only been running their business for less than 5 years so that they can be categorized as beginners even though they may have previously worked in this processing industry as workers (not business owners). The majority of business operators are in the age category of 21–30 years (55%) which is included in the productive age even though their educational background is mostly high school or equivalent (45%). However, it does not close the possibility for them to have a high power of innovation and creativity in developing their business. This is evidenced by their desire to open their own business as much as 81%. In addition, their business focus is not only on one

[3] https://jabarprov.go.id/index.php/news/12049/Makanan_Olahan_Strawberry_Kian_Berkembang

business, but on other businesses that they manage (58%). They do fruit processing industry as a source of additional family income (52%).

Like other MSMEs, this fruit processing industry experiences various problems in running its business such as production tools, capital, and inadequate human resources. This has an impact on the turnover generated by business actors. In addition, the limited capital owned also has an impact on the limited marketing activities it carries out. Thus it is necessary to increase marketing capabilities. If it is related to the entrepreneurial marketing approach as an effort to increase the marketing activities of MSME actors, it is necessary to identify them first.

Sarma et al. (2016) stated that for entrepreneurial marketing abilities, the fruit processing industry actors showed quite good abilities (greater than 50%). Furthermore, if it is broken down based on the ability of entrepreneurial marketing in terms of concepts, strategies, methods and marketing intelligence, the index value is above 6 0%. The ability to apply marketing methods is the greatest ability among other abilities (81%). This method is reflected in their activities in conducting direct marketing, establishing direct interaction and communication with new customers, being able to respond and be responsive to customer needs, and the ability to maintain relationships with customers.

### *3.3.4 Milk Processing Industry Cluster*

Bandung Regency is also a center for the development of the milk processing industry. As for areas in Bandung Regency which are centers of dairy farming including in northern areas such as Lembang, Cisarua, and Parongpong, southern regions such as from Cihampelas, CIlilin, Cipongkor, Sindangkerta, Gununghalu, and Rongga. These areas have the potential to be used as a place for the development of dairy farming due to the cold weather from the mountains which is suitable for dairy farming and the availability of adequate animal feed which is the result of cultivated idle lands to be used to obtain animal feed by Perhutani.[4]

This potential is the basic capital for the milk processing industry into processed products with high added value. In 2015 there were around 28 milk processing factories in Bandung Regency.[5] Some dairy products include milk for health (liquid, powder, and condensed milk), Probiotics, and other functional foods such as yogurt, butter, milk pie, and others.

Sarma et al. (2016) in their research report states that there are at least 52% of milk processing businesses in Bandung Regency who are household industries (the number of workers 1–4 people) are in the productive age range (41–50 years). This age range has creativity and flexibility as well as good adaptability in facing the changes that occur. This is proven by their existence in running their business for a period of 5–10 years (58%). Of course, the length of this effort has made them more

[4] https://www.alamatelpon.com/2017/10/daftar-pabrik-pengolahan-susu-di.html

experienced in dealing with existing changes, one of which is the impact of the 2015 AEC agreement. They also wish to open their own business at a later date when they already have sufficient resources to set up an independent business. Even though most of their formal education is high school or equivalent, they have the desire to search for inf ormation related to milk processing using the technology they are good.

The turnover generated by these actors' ranges from Rp. 1 million to Rp. 10 million per month so that it can be categorized as a micro business based on Law No. 20 of 2008. With such a long business age, this is very unfortunate because the development is not very significant (still on a micro scale). There are various limitations/problems faced in running a business, including limitations in terms of ownership of production equipment, ownership of capital and ownership of human resources. This limitation makes it difficult for them to be competitive, even though as many as 74% of respondents in the study of Sarma et al. (2016) this makes it the main business it manages (does not have another business).

Furthermore, from the results of the research, the identification of entrepreneurial marketing capabilities of the milk processing industry business actors shows a fairly good ability, namely with an index value above 50% with the greatest ability to do marketing methods, namely 75%. Meanwhile, the ability to understand marketing concepts, strategies and intelligence was 55%, 65%, and 59%, respectively. This index value has indeed shown a good value, but it needs to be improved again in order to increase the competitiveness of milk processing business actors in the midst of increasingly fierce competition and the increasingly rapid flow of globalization into Indonesia.

### *3.3.5 Fish Processing Industry Cluster*

Pekalongan Regency is one of the centers of the fish processing industry. The geographical condition of Pekalongan Regency, which is located in the western part of the North Coast along the north coast of the Java Sea, extends to the south, making this area has a high potential as a fish-producing area and is developed into a fish processing industry center. Various processed fish and other seafood including pepes, fish oil, supplements, and other functional foods.

Sarma et al. (2016) in their research report stated that the fish processing industry id Pekalongan Regency has a business time of less than 5 years (55%). This time frame is still not long enough so that these business actors may be just groping to find their market. The age range of business actors is included in the productive age, namely as much as 42% (41–50 years) of business actors in the fish processing industry cluster. In this age range, business actors have a creative and flexible nature in facing existing changes so that they will easily enter and open a business independently (65% of respondents). Although their educational background is only limited to high school level or equivalent (61% of respondents), it does not mean that they have a strong desire to be competitive through creating creativity by utilizing existing technological advances in order to find information for business development.

The turnover per month in the range of Rp. 1 million – Rp. 10 million per month is generated by most of the fish processing industry business actors in Pekalongan so that it is still classified as a micro business that has a turnover of less than Rp. 25,000,000 per month (Law No.20 of 2008) and including the type of home industry business if seen by many workers who work in the industry (workers 1–4 people) as much as 90% of respondents.

Like the fruit and milk processing industry in Bandung Regency, the fish processing industry in Pekolangan also experiences the same limitations/problems, namely limitations in ownership of production equipment, ownership of capital and ownership of human resources. This limitation is what is likely to cause the growth of turnover of these business actors to be classified as micro businesses because it is difficult to be competitive. Another thing that causes this is that these business actors make fish processing businesses as a source of additional family income (58%) and have 1 other business unit as their main business as much as 48%.

If it is related to the entrepreneurial ability of business actors through understanding the concept (concept), strategy (strategy), method (method) and market intelligence (market intelligence) that the assessment of business actors for all components of entrepreneurial marketing ability reaches an index value of 50%. This value is good enough, but it would be nice if it is increased for industrial development so that it can be competitive. The ability of business actors in applying the marketing method shows a fairly good index value of 75%. This capability is reflected in the ability of business actors to carry out direct marketing, establish direct interaction and communication with new customers, respond and respond to good customer needs, and the ability to maintain relationships with customers. Meanwhile, the ability to understand marketing concepts has the smallest index value. This shows that the orientation of business actors to the importance of innovation and assessment of market needs is still weak compared to other capabilities.

### *3.3.6 Agro Industry Competitiveness Capability Towards AEC*

Achievements in business development and competitiveness at MSMEs are the starting points for seeing the readiness of MSMEs for the 2015 AEC opportunities. One of the indicators of business development is the employement index. Of the three agro industries, namely the fruit, milk and fish processing industry, it shows that the achievement of the employment growth index which includes the ability to absorb labor, employment growth, and the level of ability to reduce labor shows the highest achievement. Meanwhile, the achievement of competitiveness shows that the consumer satisfaction index has the highest achievement, which means that the mindset of these business actors has referred to consumers. Whereas in the AEC readiness category, only the fruit processing cluster was adequate to face the AEC challenges. The highest achievement was in the human resource flow index and investment flow, both of which reached a value of 53%.

Furthermore, if we look at the relationship, government support or policies have a direct influence on the entrepreneurial ability of business actors and government support or policies also have a direct effect on the development of agro-industrial businesses. In addition, good entrepreneurial marketing skills are also able to increase the competitiveness of business actors. A significant direct effect is also seen between the variables of business development on competitiveness. In the end, good ability in competitiveness will increase the readiness of business actors to face the challenges of the AEC.

## 3.4 Concluding Remarks

MSMEs which play an important role in the economic development of a country in terms of labor absorption and contribution to the country's GDP make their existence very important to pay attention to their management. Despite the fact that various policies and facilitation in the form of material and non-material have been given to develop the competitiveness of MSMEs, MSMEs are still facing classic problems such as capital and marketing. The entrepreneurial marketing approach is one approach to increase the daytime power of MSMEs in local and international markets.

The MSME footwear industry in the Bogor area, the fruit and milk processing industry in Bandung Regency and the fish processing industry in Pekalongan Regency show that the overall entrepreneurial ability of business actors has shown a fairly good ability (above 50%). The components in terms of implementing the marketing methods of the four industrial centers are the capabilities that have the greatest index value so that it can be stated that business actors are good enough to apply various marketing methods in carrying out company operations in facing the market. Meanwhile, the lowest index for the footwear industry in Bogor is related to the ability of market intelligence related to the ability to seek information. Furthermore, the lowest index value for the agro industry (fruit, milk, and fish) is the ability to understand marketing concepts. This shows that the low level of business actors in understanding the importance of innovation and market interpretation for their business development.

The ability of entrepreneurial marketing, both in terms of the ability to understand concepts, design strategies, carry out market methods, and conduct marketing intelligence to obtain information from various sources is very good if it is controlled optimally by business actors. This is because the ability of entrepreneurial marketing has a direct and positive impact on business development both in the footwear industry in the Bogor area, the fruit and milk processing industry in Bandung Regency, and the fish processing industry in Pekalongan Regency. Increasing the ability of entrepreneurial marketing will also be able to increase the competitiveness of industrial actors, in this case the fruit, milk and fish processing industries. Thus, there is a need for efforts to support entrepreneurial marketing capabilities among MSME actors through more massive and intensive activities such as counseling and mentoring to MSME actors, digital marketing training, establishing relationships with potential partners, assisting with facilities and infrastructure. Support each industry player in accordance with their respective fields.

**Acknowledgments** The author would like to thank to the Directorate General of Higher Education who has given the author the opportunity to conduct research through the 2012-2013 National Strategic Grant, to the Ministry of Women's Empowerment and Child Development in collaboration with the Center for Gender and Child Studies IPB University in 2014, and the Ministry of Research and Higher Education, the 2016-2018 Competency Grants.

## Appendices

### *Appendix 1: Definition of Entreprenual Marketing*

| Author. Year | | Definitions | Dimensions |
|---|---|---|---|
| 1. | Morris et al. (2002) | EM is the proactive identification and exploitation of opportunity for acquiring and retaining profitability through innovative approaches to risk management, resource leveraging and value creation | Identification Exploiting Resources Leveraging Risk Management Value Creation |
| 2. | Miles and Darroch (2004) | Entrepreneurial marketing is composed of a proactive organizational focus on customer satisfaction through innovative and efficient value creation throughout the value chain | Customer satisfaction value creation |
| 3 | Beverland and Lockshin (2004) and Becherer et al. (2006) | Entrepreneurial marketing as effective action or adaptation of marketing theory to the special needs of SMEs. Those effective actions should simultaneously resolve some risk | Innovation<br>Opportunities<br>Risk and resources |
| 4 | Bäckbrö and Nyström (2006) | EM is the overlapping aspects between entrepreneurship and marketing; therefore it is the behaviour shown by any individual and/or organization that attempts to establish and promote marketing ideas, while developing new ones, in order to create value | Individual behaviour organizational behaviour<br>Create value |
| 5 | Becherer et al. (2008) | Entrepreneurial marketing describes the marketing processes of firms pursuing opportunities in uncertain market circumstances | Market opportunities Leveraging |

| | | | |
|---|---|---|---|
| 6 | Hills et al. (2010) | "EM is a spirit, an orientation as well as a process of pursuing opportunities and launching, and growing venture that create perceived customer value through relationship, especially by employing innovativeness, creativity, selling, market immersion, networking, or flexibility" | Marketing Orientation<br>Entrepreneurial Orientation<br>Create relationship |
| 7 | Kraus et al. (2010) combined the definitions of marketing from the AMA (American marketing association) definition | "EM is an organisational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organisation and its stakeholders, and that is characterised by innovativeness, risk-taking, pro-activeness, and may be performed without resources currently controlled". | Creating value<br>communicating value<br>Delivering value |
| 8 | Jones and Rowley (2011) | "Entrepreneurial marketing is (....) strategic direction and involves organizational members' practice of integrating customer preferences, competitor intelligence and product knowledge into the process of creating and delivering superior value to customers". | Creating superior value<br>Delivering superior value |
| 9 | Hills and Hultman (2011) | "Entrepreneurial marketing is considered more proactive, more innovative, more opportunity and growth oriented, and more willing to take risks than conventional marketing" | Proactive Innovation<br>Growth Opportunity<br>Willing to take risk |
| 10 | Hacioglu et al. (2012) | "We define entrepreneurial marketing as a process with an entrepreneurial spirit (marketing by founder- entrepreneur)" | Process |
| 11 | Ionita (2012) | "EM is a set of processes for creating, communicating and delivering value, guided by intellectual logic and used in a highly uncertain business environment | Creating<br>Communicating<br>Delivering value |
| 12 | Miles et al. (2015) | EM draws on the work of both marketing and entrepreneurship scholars by focusing on how individuals and management teams accept risk to innovatively and proactively leverage resources to create value in the market[alce | Entrepreneurial Orientation<br>Leverage resources<br>Seek Opportunity |
| 13 | Whalen et al. (2016) | EM is a combination of innovative, proactive and risk taking activities that create, communicate and deliver value to and by customers, entrepreneurs, marketers, their partners and society at a large | Innovative<br>Risk assessment<br>OpportunityDeliver Value |

Source: Extended and adapted from Toghraee et al. (2017) and Ionita (2012) from Ismail & Zaino, 2018 pages 659–661

## *Appendix 2: Differences in the Concept of Conventional Marketing and Entrepreneurial Marketing*

| Aspect | Conventional marketing | Entrepreneurial marketing |
|---|---|---|
| Basic premise | Facilitation of transactions and market control | Sustainable competitive advantage through value creating innovation |
| Orientation | Marketing as objective, dispassionate science | Central role of passion, zeal, persistancce, and creativity in marketing |
| Context | Established, relatively stable markets | Envisioned, emerging, and fragmented markets with high levels of turbulence |
| Marketer's role | Coordinator or marketing mix; builder of brand | Internal and external change agent; creator with dynamic innovation |
| Market approach | Reactive and adaptive approach to current market siruation with incremental innovation | Proactive approach; leading the customer with dynamic innovation |
| Customer needs | Articulate, assumed, expressed by customers through survey research | Unarticulated, discovered, identified through lead users |
| Risk perspective | Risk minimization on marketing actions | Marketing as vehicle for calculated risk-taking, emphasis on finding ways to mitigate, stage, or share risks |
| Resource management | Efficient use of existing resources scarcity mentality | Leveraging, creative use of the resource of others, doing more with less; actons are not constrained by resources currently contolled |
| New product/ service development | Marketing supports new product/ service development activities of research and development and other techicel departments | Marketing is the home of innovation, curtomer is co-active produces |
| Customer's role | External source of intelligence and feedback | Active participants in firm's marketing decision process, defining product, price, distribution, and communication approach |

Source: Morris et al. (2002)

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# Chapter 4
# The Role of Stakeholders in Thermal Tourism: A Bibliography Review

**Fernando Oliveira Tavares, Luís Gomes Almeida, Anabela Garcia Pinto, and Vasco Capela Tavares**

**Abstract** It is our goal to review the existing bibliography on the determinants of thermal waters tourism, its resources and its impact. This article presents both the characteristics of thermal tourism and the distinction between health thermal tourism and leisure thermal tourism. On the presentation of the several variables taken into account to the right readings on what this kind of tourism is, we concluded that it is a developing activity and it translates the increase on the population longevity along with the desires of: living more, living better and looking for new well-being experiences.

**Keywords** Thermal waters · Health tourism · Well-being tourism · Leisure tourism · Sustainable tourism

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V. Ratten, V. Braga (eds.), *Stakeholder Entrepreneurship*,
https://doi.org/10.1007/978-981-16-7091-6_4

## 4.1 Introduction

The activity known as international tourism is defined by the circulation of people between cities and countries; it is a social phenomenon that is directly related to economical means. International tourism offers the consumption of specific services that may not be offered in the tourist's country; in general, tourism is a very important factor to the growth of world economy once it is directly related to intense human experiences.

Pessot et al. (2021) outline the relevance of the correct exploration of natural resources to enhance tourism activities. The synergic combination of activities, treatments and cure effects is the basis of the decisions of managers and policymakers to understand which are the areas of intervention to develop the area of thermal tourism. Bayat and Yalman (2020) argue that health thermal tourism is one of the types of alternative tourism emphasized in tourism policies, being essential to ensure a country's touristic diversity. Ramić et al. (2020) state that life, culture, prosperity, well-being, and power in all civilizations is connected to water. For the authors, hot springs are an inspiration for common people and places where life, work, treatments, and personal development happens.

When defining leisure, Pineda-Escobar and Falla Villa (2017) agree with Neumeyer and Neumeyer (1958), Boniface and Cooper (1994) and Ramos (2008). It's their opinion that, on a holistic perspective, leisure can be defined as a non-specific time of relaxation and tranquility. On an organic perspective, all these authors define leisure as a time out of working activities; this perspective clearly distinguishes between work and pleasure, or private life, and unlike the holistic perspective, it establishes that even when you have some leisure activities during working time, these activities are quite residual when compared to the time and dedication work demands.

Weaver and Oppermann (2000) defend that the multiple meanings of the words tourism and tourist tend to be presented as obstacles to the establishment of a universal terminology. We can't forget that both those words have evolved and now they present the answer to very specific goals and aims. Throughout the world there is a considerable number of sacred places that have remained from the Greek-roman tradition; these places, where the water is a reference, represent the beginning of local tourism, and, somehow, we can consider it the beginning of tourism itself.

Generally speaking, tourism has been defined as a motivation, or a set of motivations, that leads to a temporary displacement into attractive places where one can perform activities without receiving any payment in return. It's in the main motivation that the definition of tourism can be segmented, once tourists travel seeking both for health and well-being; these displacements work in one of three ways: preventative, curative, or enhancement of quality life. Health tourism stands for all the activities tourists do in other countries or regions combining health services with holidays. Pearcy and Lester (2012) characterize this kind of tourism using three elements: people are away from home, health is the main goal, and the activities take place in a specialized unit. There are other authors that divide between tourists that seek for services that can enhance their well-being- to which we can call well-being tourism-, and tourists that seek treatment to a specific medical situation- to which we can call medical tourism. According to a study led by one university in the south of Spain, Correa and Leiva (2016) have analyzed the possible effects of two variables on what the tourist's choice is concerned: (a) familiarity, motivation and image as the intention for visiting a place of well-being; and (b) motivations operating as sociological criteria that create different groups of tourists.

The aim of this study is to review the bibliography related to the determinants of thermal tourism, of its resources and of its impact. In order to achieve these objectives, we have divided this work into six sections: introduction; methodology; concept of thermal tourism, its evolution and the distinction between health tourism and leisure tourism; studies referring the determinants factors when choosing thermal waters tourism; quantitative and qualitative studies on thermal waters tourism, as well as its variables; and main conclusions and questions leading to future research.

## 4.2 Methodology

It is the goal of a research work to provide the answers to questions concerning concepts, techniques, theories and means that had been previously used by other authors.

Our purpose is to review and analyse literature on thermal waters tourism; we also intend to know both the international literature on this industry, and the variables and factors that guests consider more important. First, we have collected the information on an academic data base, which is the primary research and it allows the access to a big number of academic and scientific resources in real time. This strategy defines the way results are collected, observed and exposed. In order to guarantee the authenticity, the transparency and the possibility of comparing the different studies, we have used the literature systematic revision method used by Denyer and Tranfield (2009). This method not only identified, selected, analyzed and synthesized the previous clear research on thermal tourism and their exposition, but also led us to think about the subject and its level of knowledge. To help us on the chosen method, we can rely on Denyer and Tranfield (2009) who assure that a deep revision is willing to be both supervised and replicable, and they indicate the process that has to be followed: (i) the definition of the research question; (ii) the place where the study is being done; (iii) the selection and evaluation of the studies; (iv) the analysis and the synthesis; (v) the presentation of the results.

As these authors proposed, we looked for books and scientific articles, published up to 2018, mentioning the key words "thermal tourism" and clarifying what had been studied that far, in order to allow us to present the results observed on the abstract of this article before presenting the conclusion.

## 4.3 The Concept of Thermal Tourism

The historical origin of thermal hot springs can be traced up to the first civilizations where that type of tourism aimed directly to the improvement of health and well-being (Erfurt-Cooper & Cooper, 2009).

For Chrobak et al. (2020), over the past years there has been a growing demand for places to relax, relieve stress and treat physical and mental illnesses due to the constant social changes and a more stressful lifestyle. That demand is observed in locations where health and well-being benefits are promoted. Encarnação (2017) refers that man looks within nature for the answers to health and well-being worries ever since ancient civilizations. The culture of water as therapy has made its first appearance in Classic Greece, but it was during the Roman Empire that thermal waters have acquired the status of a tradition as a public space of relaxation and leisure. Nowadays, thermal tourism has become a segment of an emergent market directed to people that both look for treatments on the prevention of illnesses and improvement of their physical and spiritual condition, and search for cultural and relaxing programs. As a result of this new era, Magdalini and Paris (2009) think thermal tourism is not just a tendency, instead it is a millenary activity constantly renewed.

Aguilar et al. (2021a) refer that the boom of global health tourism led the touristic destinations and companies to specialize in health and well-being tourism as a form of corporate strategy. In some destinations, health tourism not only fights seasonality and diversifies coastal tourism but also contributes for the sustainable development of rural destinations (Aguilar et al., 2021a). Thermal waters have been used throughout history to treat health conditions and are sought every year by people who intend to have healthier holidays and to improve their health and well-being (Aguilar et al., 2021a).

Today the word thermal itself leads to a concept of a healing thermal water that is medically recognized by its chemical and therapeutic effects. This means that the use of this water aggregates medical, social, sanitary, administrative, and homing conditions, all properly organized. This concept has been adapted to new market demands and faster life rhythms; it has been a focus for new researching projects aiming to associate it to healthier ways of living, in a transversal perspective that combines cure, prevention, leisure, and well-being.

The new millennium brought new society living habits, and health, well-being, life quality and leisure have become common words. Some authors, like Leoni et al. (2018) and Valeriani et al. (2018) consider water as the differentiating factor, once water needs to have a satisfactory microbiological quality, and, to attain it, it has to be properly managed in order to control its exposure to habitués and infectious agents; it is known that several cases of individual and collective outbreaks are associated to pools, spas, and similar other places, such as jacuzzi and natural spas used for well-being and leisure activities. Actually, depending on the exquisite composition of each thermal water, there are different beneficial characteristics to improve one's health, though this also implies difficulties both on the monitorization and on the maintenance of each property.

To keep all the benefits of thermal waters, and according to Giampaoli et al. (2013), natural waters can be enriched with salts and minerals depending on their geological composition; sulphur, chlorine (Cl), bromo (Br), iodine (I), magnesium (Mg) or calcium (Ca) are some of the elements that can be added to natural waters without changing their health original benefits (Özkuk et al., 2018). As Godoy et al. (2017) refer, water is essential to life, it cannot be replaced in environment. We can say that the development of a place is directly associated to the presence of thermal waters and hydric resources; these two elements are directly linked to touristic, natural and cultural available resources.

As referred before, thermal tourism has a long and constant history (Connell, 2011). Though it was first forbidden due to epidemic illnesses and religious strictness, this kind of tourism made its reappearance in the nineteenth century, when several changes were introduced, and they have determined the future of the sector. It was revitalized by the glamourous aristocracy, and this has helped to keep the tourist's presence. Traditionally, thermal waters stays were for 14–21 days. The length of these stays presents a problem to most of the Portuguese thermal structures. Along with this, the development of medical technologies has discredited these kinds of hydro treatments. As a result, the number of clients has dropped. Fortunately, this tendency is changing, and according to Antunes (2012), products connected to well-being and health have been rising, which can be seen as a relevant economic and social phenomenon.

Ortiz et al. (2016), and also Antunes (2012), think that the ideas linked to environment and sustainability provided by this kind of tourism will bring the economic and social development needed to the quality of life of the population that live in or near these places. Enlarging the field of analysis, Costa et al. (2015) agree that thermal tourism is associated to an intellectual activity, i.e., to historical, political and social fields. This is somehow corroborated by Vilar Rodríguez and Lindoso (2019); they state that the kind of people looking for this kind of tourism not only search for physical and mental stability, but also search for relaxing and cultural programs. In conclusion, thermal tourism is redefining the product, and it is converting outdated concepts into modern touristic centres.

Thermal tourism is an alternative to the beach and to the sun, particularly for those tourists that have a more modern vision of thermals as an entertainment time. This has become the biggest challenge thermal facilities have to achieve. As a result, the communities can witness a revalorization of their historical identity, as shown in Fig. 4.1. The categories designated by model and cultural complementarity reflect the efficacity of systemic and political dimensions.

Vrkljan and Hendija (2016) see health tourism in three different ways: medical, spa, and well-being. A study made on Croatia has observed that in a health spa the tourism service is provided both by special hospitals and health resorts to get medical rehabilitation; their aim is to include medical supervision in the use of both natural cure elements and physiotherapy. The same study concludes that the special

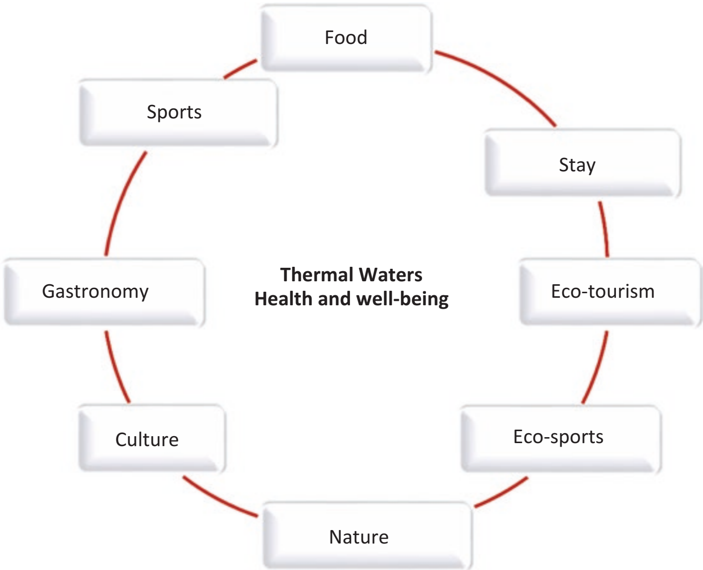


**Fig. 4.1** Advantages/valences of thermal facilities. (Source: Developed by Authors)

hospitals that are oriented to the market demands are more successful than those that are not.

When one speaks about the transformation of tourist's demand and the consumer's behaviour, Buhalis and Costa (2006) consider that the clients should be the owners of the industry; this means the consumers build their own experiences, a strategy called *customer-centric*. Silva and Silva (2003) show that not only Portuguese macroeconomy has been profiting from the leisure and tourist activities, but also the regions have been breaking some traditional barriers, allowing these microeconomic structures to develop. On the other hand, Antunes (2009) and Gonçalves and Guerra (2019) state that health and well-being tourism can provide a great capacity of maximising local resources and dynamizing all the activities connected with those resources as long as there is an adequate plan so that it allows the growth of regional and local economies. New jobs and new activities generated by thermal tourism can erase some national asymmetries.

According to Ferreira (1995), the clients of health and well-being tourism look for leisure time, relaxation time in rural areas, and take advantage of the services provided to take care of their body (losing weight, skin treatment, anti-stress); this two-fold opportunity leads to the blurring of limits when we talk about medical, sports, leisure, and beauty tourism.

Regarding this absence of boundaries, Ramos and Santos (2008) present a perspective that considers Germany, Austria and Switzerland as being in the vanguard of thermal tourism conception. For example, Germany is the best European country for thermal institutions as it has a high level of clients and a various range of services. Santinha and Breda (2014) think that health tourism tends to answer to these requests because, when in need for a specific medical treatment, there's the medical tourism that can also include physical and psychological well-being found in resorts, spas or hot springs, the so-called well-being tourism. Also, Hall (2011) suggested that the health tourism concept was determined as a phenomenon of an industrial and commercial society concerning a person that travels to an unfamiliar environment to improve or to keep health. Lunt (2011), just like Voigt et al. (2011), has defined the well-being tourism as the act of travelling aiming the promotion of health, and physical, psychological or spiritual well-being.

Thermal tourism has also been described by Lopes (2011) as the set of displacements to all locations concerning physical and psychological well-being, and also providing relaxation and rehabilitation services that join medicine and complementary treatments (anti-stress, relaxations and beauty) in a comfortable and cosy space. The same authors refer that miner medicinal waters, i.e., therapeutic waters, are also the frame of those treatments, aiming either anti-stress treatments or somatic aesthetics. This definition has been also accepted and described by Ramos and Fernandes (2012). Accepting the same perspective, Gustavo (2010) mentions an interdependence of all the concepts presented before, which leads to a more sophisticated and diversified offer to keep with the motivations of the demand.

As Ramos and Ferreira (2013) have mentioned, there's a need to consolidate and implement a new cycle by joining the thermal waters activities with multifunctional spaces. The authors refer that those spaces need to be renewed so that the well-being and treatment centres are an alternative to the offers providing sun and sea. As a result, the profile of the new consumer, according to López and Ferreres (2004), includes not only health and relaxation, but also the contact with nature and beauty. This is what has dictated the changes done in the facilities (San Pedro, 2004; Rodríguez, 2005), including anti-tobacco, anti-stress, and dietetics treatments, for example. That is the reason why thermal tourism should articulate therapeutics and entertainment (Monbrison-Fouchère, 1995); it is necessary to take the new trends and answer to the new life style tensions. Offering different activities is a way to keep the clients' loyalty (Sarmento & Portela, 2010), especially in our modern societies. That is the challenge of thermal waters tourism.

The tourist is the client. As a business, the tourist's needs have to be identified. There are four groups of well-being tourists, all motivated by relaxation programs, that were mentioned by Correa and Leiva (2016):

1. the indifferent: a great part of this group does not show any interest on this kind of tourism;
2. the motivated: at least 2/3 of this group has already done this kind of tourism, and intend to do it again as they know the concept and the advantages of using the well-being programs;
3. the opportunists: this high-income group values the utilitarian benefits of this kind of tourism (2/3 has done it), but they do not know the concept;
4. the unmotivated: this low-income group, though they have already done this well-being tourism, do not know the concept and do not intend to visit these destinations.

There are many historical, political and social contexts to take into account when thinking about thermals in a tourism perspective (Ramos, 2008) as it is related to pleasure, well-being and evasion activities. The concept of Health Tourism is the answer to the people's new demands and it leads to the adaptation of thermal institutions and spas, nowadays envisaged as places where relaxation, socialization, interculturality are supposed to be important and integrated in a healthy and sustainable environment (Ramos, 2008). This shows that each place has to keep its cultural and environmental features and specificities, it needs to adjust to its dimension; the outstanding development is seen as the natural result.

## 4.4 Determinant Factors of Thermal Tourism

For Aguilar et al. (2021b), the term "health tourism" is a general concept that needs to be thoroughly studied because it comprises other general concepts such as spa tourism, well-being tourism, and medical tourism. The natural resources, the type of medicinal mineral water, the conservation of the natural environment and the sociocultural heritage of the surrounding areas are taken as essential elements of spa tourism (Aguilar et al., 2021b).

ISPA (2011) classifies SPA in eight categories: (1) *cruise ship* spa (in a cruise); (2) *day spa* (one day treatments); (3) *destination spa* (life style treatments); (4) *medical spa* (medical care); (5) *mineral spring spa* (hydro therapy treatments); (6) *club spa* (hotel gym facilities); (7) hotel spa; and (8) resort spa.

Elbaz et al. (2021) verified that the experience factors in health tourism play a key role in increasing the loyalty to the destination, inciting the tourists' satisfaction. There are three dimensions of the experience of health tourism that have a big impact in the tourists' satisfaction: the destination's appeal, infrastructures, and the treatment's quality (Elbaz et al., 2021). On a general note, for Portuguese tourism, Tavares et al. (2016) also look at how a hotel room price is largely explained by the type of room considered and the hotel's location, especially if the hotel is by the sea. Wangchuk et al. (2021) understand that medical hydrology is the use of water as a therapeutical tool in different physicochemical processes that prevent and treat health conditions; in Bhutan's case, these therapeutical treatments are not very developed and lack the approval of clinical studies.

According to Fernandes (2006), spas are more important now due to three fundamental reasons: (1) a growth on life longevity, leading to an increase of trips done by the elder; (2) a daily run away from nature as a result of big cities life; and (3) a civilizational crisis in the developed countries, leading to loneliness and to affective, emotional and spiritual crisis. Costa et al. (2015) add their opinion to what is stated before by referring that there are three factors determining the development of thermal tourism: European population ageing, the ever-growing desire of living more and better, and the people's conscience that there are threats to their health. The search for new and different leisure experiences is also mentioned by the same author. All these demographic and lifestyle changes establish a new health and well-being paradigm (Laesser 2011); this paradigm, clearly including alternative experiences, defines a personalized way of doing tourism, which not a mass tourism anymore. Tourism and destinations organizations are aware of this, and they are exploring tendencies and projecting suitable experiences, modernizing management and processes, and they are also developing liaisons with other organizations to attract and keep new clients.

Actually, the client's transformation is one of the most critical factors in all this process; tourism is changing dramatically in every possible way: volume, characteristics, locations, and preferences. As an example, we can quote Laesser (2011) who states that health and well-being influence the consumer's behaviour patterns; there's a rising interest for this health and well-being market niche as it can be proved by the economy growth and the number of published studies. Witt and Moutinho (1994), Gómez (1998), McIntosh et al. (1999), these authors show there is a great number of factors changes and convergence (such as holidays schedules, weekend journeys, population progressive ageing) that will influence the tourism system. The modern facilities, the diversity of services, the relation price/quality, the available accommodation (Antunes, 2009), or the décor, the price, the offered treatments, the professionals' attitude (Azman & Chan, 2010), are considered decisive factors when the client needs to choose a thermal facility. A study taken place in Portugal points treatment quality, hygiene, cleaning service, experience cost, and location as the criteria influencing the clients' choices (Gustavo, 2010).

Navarrete and Shaw (2021) state that the social important of spas is primarily motivated by their healing aspects related with a medical purpose. The trend that some European countries have been following reorients their functions, making them more related with beauty, recreational use, and the concepts of well-being and leisure. Navarrete et al. (2021) conclude that thermae have been gradually distancing from a secular form of implementation in a territorial context and from a model that once gained notoriety because of its both genuine and functional character. All seems to indicate that thermae are walking towards a transmutation of their functional profile in the geographic space but without distancing from a commercial brand that was based on the distinction, exclusivity, and the highest standards of quality, that is, without distancing from the basis of its success (Navarrete et al., 2021).

Excellence, safety, ethics, these are indissociable words when talking about tourism in general or health and well-being tourism in particular. Barros et al. (2007) presents the factors that, according to him, have the most significantly contributed to the change of tourists' consumption habits in what health and well-being are concerned:

- Population ageing;
- Growth on average life expectancy in developed countries;
- Access to more information;
- Health care system inability to keep up with the health treatment demands;
- Price gap between prices in developed and in developing countries;
- Demand of health, well-being, prevention and relaxation programs.

Guerra (2016) takes the analysis to the side of the professional organizations and points ten determinants elements as the factors to take into account when talking about competitivity:

- Geography and climate;
- Culture and history;
- Activities diversity;
- Tourism macrostructure;
- Water hygiene and quality;
- Image;
- Special events;
- Entertainment;
- Infrastructure;
- Positioning and branding.

In spite of all that is offered by thermal facilities, and as a consequence of these troubled days, Antunes (2012) considers that some organizations have been restructuring their services, creating wealth in their regions, and attracting investment, opposed to some that haven't done it. Antunes, just like Witt and Moutinho (1994), Gómez (1998) and McIntosh et al. (1999), establishes some differentiating factors important both to the development and growth of thermal tourism, and to the acquisition of customers, in a very demanding market:

- Elder people have more free time and a higher income, being more available to tourism;
- Leisure and holidays time are now dispersed along the year;
- Particular trips are a tendency;
- Bigger demand for cultural and leisure short trips;
- Better urban access and connectivity;
- Pleasure on discovery and on adventure;
- Nature grounded tourism.

Goeldner et al. (2002) show us that a destination is more attractive if it creates, keeps and develops a whole set of resources, products and services that can motivate the client when the choosing moment arrives. Pikkemaat (2004) adds that studying the concept of image and the factors that make a clients' decision is also very important. According to the author, destinations holding a positive and strong image are more easily chosen by tourist. Table 4.1 reveals the factors that are referred in literature as having impact in thermal tourism. Though not mentioned in the Chart, the brand recognition and the services/procedures certification have to be added to all these factors.

Rudin-Brown and Burns (2007) mention the "pull-push" strategy as the glue to all concepts of tourism, i.e., destinations search to "pull" the tourists to the offer, and the tourists search to "push" for themselves everything that can satisfy their needs. Also, Brea and González (2006) refer to the intentions of the thermal tourism client, and they consider that the service quality is an important satisfaction antecedent but it is not the only determinant element when referring satisfaction. As a

**Table 4.1** Impact factors on thermal tourism

| Author | Factors |
|---|---|
| Fernandes (2006) | Population ageing, being more available to tourism; |
| | Distance from nature as a consequence of a city lifestyle; |
| | A civilizational crisis in the developed countries, leading to loneliness and to affective, emotional and spiritual crisis. |
| Costa et al. (2015) | European population ageing; |
| | Ever-growing desire of living more and better; |
| | People's conscience that there are health threats; |
| | Search for new and different leisure experiences. |
| Laesser (2011) | Demographic and lifestyle changes, need to reduce stress on everyday life; |
| | Search for personalized ways of doing tourism; |
| | Health and well-being influence the consumer's behaviour patterns, rising interest for this health and well-being market niche. |
| Witt and Moutinho (1994), Gómez (1998), and McIntosh et al. (1999) | Elder people has more free time and a higher income; |
| | Leisure and holidays time are now dispersed along the year; |
| | Particular trips are a tendency; |
| | Growth on weekend trips; |
| | Nature grounded tourism; |
| | Growth on the tendency for discovery and adventure. |
| Barros et al. (2007) | Population ageing; |
| | Growth on average life expectancy in developed countries; |
| | Health services complement; |
| | Search for health, well-being, prevention and relaxation treatments. |

Source: Developed by Authors

matter of fact, the consumer's satisfaction influences positive and negatively the behavioral intentions. This means that satisfaction acts as an intermediate variable; service quality explains the variability of the behavioural intentions; so, satisfaction and quality have a huge impact on behavioural intentions. The same authors conclude that a service quality both improves the client's satisfaction and increases the behavioural intentions, i.e., it increases the communication and the buying intentions of the word of mouth, and decreases the sensibility to price. This is important once the thermal clients mainly choose the facilities following family and friends' recommendations.

Silva and Carvalho (2011) consider health and well-being tourism a strategic product, and yet it is away from the global tourist circuits. Traditionally a millenary activity, thermal tourism includes nowadays the leisure component, as stated before, and consumers do not have the cure as a central motivation; they face thermal activities as holidays, and they become tourists. In fact, the diversity of activities linked to thermal tourism is rather big. In Germany, Hungary and Czech Republic there are balloon rides; in Austria there are special spas for kids and babies; in France there are archaeology caves, thematic notes, charrette rides, artificial beaches, visits to parks or animal reservations, biological products fairs, beer festivals, jazz festivals, antiquity museums and vegan museums. Besides these offers, Joukes and Pereira (2017) state that medical tourism can be a good opportunity to some institutions. This is the reason why Rodrigues and Mallou (2014) consider that people's perceptions are influenced both by push motivations (search attitude, personal and interpersonal characteristics), and by pull motivations (the way people understand destination characteristics, i.e., quality and diversity of the offer). Pereira et al. (2018) identify this kind of tourist as being willing to travel with no time limitations; on the other hand, Carneiro et al. (2013) indicate that when the tourist is older, the motivation is concentrated on cultural events, socialization, health, well-being and new experiences. As a conclusion, one may say that this a market niche ready to grow in the years to come (Paffhausen et al., 2010).

## 4.5 Thermal Variables in Study

Ramos and Santos (2008) have done a qualitative and quantitative study to conclude that the model of thermal development will reconvert and rehabilitate the strategies of Portuguese thermal waters activity; Portugal has to keep the therapeutic and entertaining components, it has to modernize infrastructures and equipment, to implement new activities, to preserve and to order physical spaces, and to integrate programs that seek for a more touristic perspective. Lopes (2016) shares the same point of view; this author states that health and well-being tourism is growing especially due to the great enthusiasm of getting physically in shape. According to Lopes, an adult, young, educated and financially independent class will be looking for this kind of tourism, mainly women, but also men. There are new values to take into account when looking for health and well-being care, such as:

- The feeling that life is uncertain brings daily hedonist concerns;
- The appreciation for youth and autonomy;
- The appreciation for physical appearance and aesthetics looks;
- The need to make a statement through experiences either personal or professional;
- The worship of health, youth and psychological balance, i.e., a healthy ageing that is being disseminated by media and celebrities.

These values take Sousa (2017) to present a map with the potential places to practice eco-sports, which is an advantage to thermal tourism:

- Nature tourism, that tended to eco-tourism, must evolve to contribute to the economic, environmental, cultural and social sustainability;
- Thermal tourism must explore its natural resources, which are a competitive advantage.

Esteves (2017) presented a study that aimed to understand the motivations tourists were searching for health and well-being in thermal facilities and spas. The results showed that health, relaxation and rest are the motives, along with peace, personal care and evasion, as Clark-Kennedy and Cohen (2017) also suggest.

Galiza (in Spain) is willing to grow in several fields; for example, a growing number of places offering services, and also the development of new products linked to the region natural resources, as Brea et al. (2018) put it. These authors say that the community involvement of Galician Thermae in the national program of Social Thermalism has brought the decrease of job seasonality, the increase of job offers, and the annual municipality income; these three factors led to better business results just because new targets are reached: products coming from the natural, patrimonial and cultural environment, and a new market population with high incomes. Table 4.2 sums up the most studied themes on thermal tourism.

A survey done by Silva and Carvalho (2011) to thermal tourism entrepreneurs of central Portugal has identified the principal actions to be taken to develop the business and the places where the activities are experienced: to lead scientific researches on the properties and therapeutic effects of miner medical waters, to attract a young public, to qualify the lodging, to improve the link between thermal facilities and lodging, to improve outdoor spaces, to improve and multiply the accessibility requirements, to create and develop a brand, and to maximise the physical spaces to the promotion of cultural and entertaining activities. This survey also suggests: therapeutic programs for children with special needs, touristic and educational walks around the thermal facility, walks to promote other regional products, fitness programs, programs to fight children's obesity. According to the authors, the success of the strategy depends on the complement of all the possible business activities.

**Table 4.2** Themes on thermal tourism

| | |
|---|---|
| Health care; | Fatigue release; |
| Physical therapy; | Physical or neurological treatments due to everyday working duties; |
| Social activity; | Release of daily life boredom and break downs; |
| Entertainment; | Personality development; |
| Better life quality; | Prestige; |
| Relaxation; | Better family relationship; |
| Mental therapy; | Search for new experiences; |
| Nature experiences; | Self-knowledge. |
| Meditation; | |
| Multiple activities. | |

Source: Developed by Authors

## 4.6 Conclusion

The first conclusion is clear: thermal tourism is a heterogeneous and transdisciplinary field; it needs a whole range of profound knowledge of the several branches of tourism. The other conclusion is that thermal tourism is divided into health tourism and leisure tourism.

As stated before, thermal tourism tends to grow; people live longer, people want to live better, people want to reconnect with nature, people want to work on the prevention of illnesses, people want to relax, people want individual and new experiences. Thermal tourism can provide these needs. Besides this, as the activities are grounded in a specific place, it has impact in the economic development of the region.

This article proved that the existing qualitative and quantitative studies present several and similar questions: distinction between physical and psychological therapies, topics related to leisure, new experiences, contact with nature, meditation, prestige, and so on.

In Portugal there are no academic studies on the factors that determine the preferences of tourists; we propose a future research done by surveys and a statistical processing of data to conclude on those factors.

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# Chapter 5
# Australian Entrepreneurship Education: A Stakeholder Perspective

**Esha Thukral and Vanessa Ratten**

**Abstract** Research on entrepreneurship education is growing due to its practical significance and its role in fostering economic growth. The aim of this chapter is to highlight and present an overview of the current state of entrepreneurship education (challenges and opportunities) and how COVID-19 can be a transformational opportunity for entrepreneurship education as one has to reimagine new ways to design and deliver curriculum based on collaboration and cooperation in between students and teachers and various educational institutions.

**Keywords** Entrepreneurship education (EE) · Entrepreneurial intention (EI) · Entrepreneurship education programs (EEPs) · COVID-19 · Online learning

## 5.1 Introduction

For many years entrepreneurship has gained a lot of attention because it is associated with economic and social value. It is often-researched subject around the world. Entrepreneurship is an intentional and planned behaviour that can bring innovation to markets, increase economic efficiency, create new jobs, and increase employment levels. Many empirical studies have indicated that entrepreneurship or at least some aspects of entrepreneurship can be taught, and education has an integral role to play in inculcating entrepreneurial intentions and attitudes. Popularity of this viewpoint has led to a drastic rise in the number of entrepreneurship education programs (EEPs) in colleges and universities around

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V. Ratten, V. Braga (eds.), *Stakeholder Entrepreneurship*,
https://doi.org/10.1007/978-981-16-7091-6_5

the world (Karimi et al., 2016). Australia is no exception when it comes to rising entrepreneurship education programs. The last decade specifically has not only seen outstanding increase in the numbers of entrepreneurship programs but also noteworthy growth in entrepreneurship ecosystem and support system/structures (like governments accelerators/incubator programs, chambers of commerce, industry associations, innovation hubs, etc.) that augment both entrepreneurial mindset and entrepreneurship. Entrepreneurship education importance cannot be overlooked as it not only greatly valuable to people who want to be entrepreneurs but also equally important for people working in large companies who have entrepreneurs as partners or clients.

## 5.2 Entrepreneurship Education and Its Importance

Danish Foundation for Entrepreneurship defines entrepreneurial education as "Content, methods and activities supporting the creation of knowledge, competencies and experiences that make it possible for students to initiate and participate in entrepreneurial value creating processes" (Lackéus, 2015). It can therefore be said that the main goal of entrepreneurial education is to develop some level of entrepreneurial competencies. Entrepreneurial competencies are defined as skills, attitudes, knowledge that enhances the willingness and ability to create a new venture (Lackéus, 2015).

Thus, entrepreneurship education is an integral and the most important components of ecosystem to enhance the entrepreneurial intentions. In social psychology literature points out that "intentions have proved to be the best predictor of planned individual behaviours" (Karimi et al., 2016, p. 188). The assessment of desirability and feasibility of the venture determine the goal intentions and entrepreneurial education assists in achieving that (Gelderen et al., 2015). It is becoming increasingly important to infuse entrepreneurship into education because of the associated outcomes like innovation, commercialization, economic growth, job creation. There is a vast body of literature that highlights that entrepreneurial intentions (EI) play a very integral role in the decision to start a business.

Entrepreneurship education nowadays not only focuses on teaching students how to start a business but also recognising opportunities and targeting it. The focus these days is on experiential learning which helps students challenge the preconceived notions and face their fears. To facilitate this blended learning approach is used which accommodates different learning styles such as business plan competitions, case study analysis and often guest speakers are also invited to share their experiences and learning while pursuing entrepreneurship career (Ratten & Usmanij, 2021).

Entrepreneurship programs are now much more dynamic and extends beyond the formal curriculum to include accelerators and incubators providing supportive infrastructure but also assists in establishing interactions with industry and government entities. Some even offer the seed capital to start off the business idea. Like, 'The Melbourne Accelerator Program' (MAP) which runs in collaboration with the University of Melbourne that invites young, and bright minds to pursue their university program which is committed to creating impactful businesses. In 2016, MAP was even ranked 8th best University aligned accelerator program in the world (Gautam, 2021). This clearly shows that the field of entrepreneurship education is growing significantly.

Entrepreneurship education (EE) is described as the "application of enterprise behaviours, attributes and competencies into the creation of cultural, social or economic value" (QAA, 2018, p. 7). Entrepreneurship education, unlike general education, focuses on promoting entrepreneurial skills and knowledge. This can but not always lead to new venture creation. Entrepreneurship and associated skills can be applied to both teams and within organizations. Thus, the benefit of entrepreneurship education is that it can be applied to varied settings and contexts.

A study by Monster found that 82% of companies are planning to hire. This is definitely good news for career ready individuals waiting to be absorbed. But a more dynamic skill set would be needed since the world we live has changed a lot over a year and half due to COVID-19 pandemic and therefore success in the future is dependent on those new skills. The new skills that are needed includes ambiguity, curiosity, openness, resilience, optimism, social network, action, entrepreneurship, and empathy (Brower, 2021). All of which are stimulated and inculcated during the course of entrepreneurship education.

Broadly speaking the notion that entrepreneurial education facilitates productive entrepreneurial activity, is built on human capital theory and self-efficacy theory. According to neoclassical human capital theory, education enhances the productivity and earnings of individuals. Human capital is therefore associated with an increased performance of the firm and successful entrepreneurship (Lux et al., 2020). Self-efficacy theory argues that "developing a stronger belief in one's ability to successfully perform the various roles and tasks of entrepreneurship increases entrepreneurial intentions" (Ahmed et al., 2020, p. 5). This means that self-efficacy theory focuses on how individuals/students develop skills through entrepreneurship education. Since EEP gives opportunity to students to engage in very many tasks like doing market research, being creative and writing a business plan, pitching the idea. It also provides an opportunity to meet role models as guest speakers which enables students to learn from the experiences of established entrepreneurs. EE also triggers emotions through competitions, business incubators etc. This way students are equipped with skills like creativity, openness, empathy, resilience, entrepreneurship. These skills can not only help individual into transforming entrepreneurial intentions to new venture creation but also can help individual when operating within an organizational setting for an entrepreneur.

## 5.3 Entrepreneurship Education: Case of Uneven Distribution

In Australian the first postgraduate course focusing on entrepreneurship education was introduced in 1989 and since then the numbers have risen tremendously. The expansion of entrepreneurship education when assessed in terms of number of courses or programs introduced by the universities is tremendous and impressive. In the 1990s approximately 53 entrepreneurship courses were offered in 17 universities and except for two institutions all offered it as elective (Gillin, 2013). By 2014, entrepreneurship education was available at almost every Australian university. This was also highlighted by 2014 report on review of entrepreneurship education that 95% of Australian universities offer entrepreneurship at undergraduate level and 90% at the postgraduate level (Scanlon & McCormack, 2021). But a closer look at the curriculum offering showcases a variety of challenges. The entrepreneurship education in most institutions was limited within business schools rather than being made accessible across disciplines. Thus, raising questions whether business schools are the natural home for entrepreneurs and entrepreneurship? La Trobe University in 2012, made entrepreneurship education – referred to "Innovation and Entrepreneurship" an integral part of every undergraduate course. This meant that every undergraduate course will at least have one compulsory subject about innovation and entrepreneurship thus making entrepreneurship educations accessible to many (Scanlon & McCormack, 2021). In a recent study by Monash STEM experts Lucas Johnson and Jennifer Mansfield it was highlighted that the popularity of STEM education has been rising in Australia however implementing STEM has been a challenge to a considerable extent due to lack of clarity around what it will be like in the real world. Thus, making entrepreneurship programs available to every undergraduate course particularly in STEM context will help students become aware of future career opportunities and assess business prospects in their field (Johnson & Mansfield, 2019).

To make entrepreneurship education more robust and dynamic many Australian universities are including accelerators and incubators providing supportive infrastructure, assisting students in establishing interactions with industry and government entities. For example, University of Queensland's, Idea Hub pre-incubator, iLab accelerator with its seed funding program for supporting students and others through their entrepreneurial journey. However, there are very many other institutions/universities who are still undertaking substantive actions to expand their entrepreneurial ecosystem and therefore most of those initiatives are either in the nascent stage or the development phase. This again highlights lack of uniformity in the entrepreneurial programs offered by the universities. Despite 'Australian Business Dean Councils' (ABDC) efforts a council formed by 41 Australian University business schools, to promote entrepreneurship education by cooperation across universities, entrepreneurship discipline learning standards have not met with priority, out of 40 Higher education institution (HEI) in Australia only few represent the best practice initiatives thus, showing inconsistent distribution of EE initiatives in Australia's higher education system. The body has recently endorsed a potential project in this regard.

Entrepreneurship education varies across countries, institutions in terms of audience, objectives etc. as both universal and country specific nuances play a role when working as an entrepreneur (Aaltio & Wang, 2015). These differences or issues associated with coherence and purpose may often dilute the efficacy of the entrepreneurship programs. Entrepreneurship education or curriculum, therefore there is a need to consider the cultural differences in learning (Packham et al., 2010). In Australia, many students from Asia undertake undergraduate and postgraduate courses. This has resulted in a need to impart knowledge about skills and business practices that students can apply in their home country. Thus, given the market environment the entrepreneurship education needs to be contextually appropriate (Ratten & Usmanij, 2021) and international collaborations should be included to create more valuable learning for students belonging to different cultures.

The above overview showcases that there is still a long we to go when it comes to making entrepreneurship education more penetrative, all pervasive, meaningful and robust. In the past isolated efforts were made by institutions, teachers etc. to engage students in creative and innovative learning, but now gradually it is changing. The ABDC council is trying to promote and advance the value of excellence in business studies through commitment and cooperation across Australian universities, industry, and government. It is regulated by the Tertiary Quality and Standard Agency (TEQSA) and verifies that the degree-level learning outcomes are benchmarked against external standards.

## 5.4 Entrepreneurship Education: Challenges and Opportunities During COVID-19

COVID-19 was declared a "public health emergency of international concern" by the International Health Regulations Emergency Committee of the World Health Organization (WHO) on January 30, 2020, and a pandemic on 11th March 2020. Amid speculation and uncertainty revolving around the virus led various governments to explore emergency measures like lockdowns, social distancing, travel bans, remote working mandates etc. to stop the spread of virus (Liguori & Winkler, 2020). To curtail the spread of virus, universities took drastic measures and had to switch their complete instructional apparatus to online teaching. This transition poses unique challenges and potential opportunities to the higher education management landscape especially for courses that have experiential nature like entrepreneurship education (Ratten & Jones, 2021).

Entrepreneurship education Programs (EEPs) "consist of several components including course content (e.g., lecture material, guest speakers, online resources, modes of delivery, etc.), and course goals (e.g., learning introductory concepts and theory compared to learning specific skills)" (Ahmed et al., 2020, p. 4). This means that entrepreneurship education (EE) requires some form of interaction wherein students can immerse in an environment that enables them to learn about how to perform a task. Incubator centres, science and technology parks are often situated on campus thus allowing students to have more interaction with businesses. This shows that "some aspects of entrepreneurship education lend themselves nicely to online instruction, whereas others require much more planning and deliberate thought to execute effectively" (Liguori & Winkler, 2020, p. 3). This scenario, therefore, gives rise to unique challenges but also a potential opportunity for entrepreneurship education. Therefore, EE has become one of the fastest growing areas of research.

While overall the education sector will and is viewing COVID-19 to be challenging, it does however hold a potential to open new avenues. Like previously entrepreneurs were invited as guest speakers in class to share their experiences, now since the mode of teaching is now online, guest speakers from various international locations can now be invited thus opening possibilities of interaction with entrepreneurs from across the globe (Ratten & Jones, 2021). More and more competitions can be organized with industry wide cooperation like the Victorian Tourism Industry Council (VTIC) Student Entrepreneurial Award which is conducted every year and this year was no exception. This year it was conducted online. The competition encourages new ideas and keeps the spirit of entrepreneurship and innovation alive amongst students and promotes interaction with well-known industry experts (VTIC, 2021).

Over the past 20 years the integration/adoption of online learning in higher education was significant but slow and gradual especially in entrepreneurship education (EE). Now with COVID-19, online adoption must be rapid to replace face to face mode. Widespread use of online learning too has its own advantages, it makes education accessible and flexible, this means there is no need for students to necessarily commute from one place to another and follow a set schedule and enables students to balance work-study allowing them to set their own learning pace which leads to students developing important skills like self-discipline, self-motivation (Consortium for North American Higher Education Collaboration., 2020). This means that effective engagement responsibility is not on teachers/lecturers/facilitators alone but also on self-determined student driven learning system. This kind of approach can be explained by a theoretical concept known as Community of Inquiry model which represents a process of creating deeper, collaborative, and meaningful learning experience (Roddy et al., 2017).

While pursuing higher education with online learning two issues came to the forefront: one being that little is known about the success and effectiveness of online learning and secondly the ability and prowess to effectively teach entrepreneurship using online teaching methods given the wide learning objectives (Liguori & Winkler, 2020). Online learning places a lot of demand on regular feedbacks on delivery and teaching methods to ensure that the online teaching is made in-tune to the needs of the students.

This current pandemic is still evolving and so things will not return to normal soon and therefore we need to adopt and reimagine new ways to design and deliver curriculum based on collaboration and cooperation in between students and teachers and educational institutions.

## 5.5 Conclusion

Entrepreneurship education is integral for the overall growth of the economy. Therefore, the importance of entrepreneurship education cannot be ignored. But ironically only few Higher education institution (HEI) in Australia represent the best practice initiatives thus, showing inconsistent distribution of EE initiatives in Australia's higher education system. To successfully achieve the outcomes of EE courses, coordinated efforts are required rather than isolated measures.

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# Chapter 6
# Stakeholder Innovation

**Vanessa Ratten**

**Abstract** Stakeholder innovation is a way to bring attention to the need for collaboration in innovative endeavours. Innovation does not generally occur from one individual deriving an idea but from that individual partnering with others in order to commercialise the idea. This form of stakeholder engagement can occur in a formal or informal way but does happen often in a innovation setting. This chapter will provide an overview of stakeholder innovation in terms of why it is needed for entrepreneurship. This involves highlighting the way entrepreneurial ecosystems facilitate workplace innovation through stakeholder interaction.

**Keywords** Collaboration · Cooperation · Innovation · Networks · Partnerships · Stakeholder

## 6.1 Introduction

Stakeholder innovation is generally defined as the production of novel ideas that are new and different to existing ideas that take place in a collaborative relationship (Leonidou et al., 2020). This form of innovation is essential in today's marketplace in order to respond to changing societal and stakeholder demands. Many organisations expect some kind of innovation in the way they respond to market changes and engage in partnerships (Albats et al., 2020). This can involve proactive innovation whereby stakeholders provide forecasts about changes and then derive solutions (Roberts & Bradley, 1991). This can include unprompted suggestions about how to solve a specified problem.

Stakeholder innovation requires originality in terms of coming up with new ideas with this process in order to be effective should solve problems (Steiner, 2008). The originality should be appropriate given the circumstances but also effective in

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V. Ratten, V. Braga (eds.), *Stakeholder Entrepreneurship*,
https://doi.org/10.1007/978-981-16-7091-6_6

providing a solution. Innovation should be non-obvious in terms of not being readily identifiable by others (Jones et al., 2019). This means it should be authentic and discoverable in a novel way. Originality refers to the pursuit of uncommon solutions that have no right answer, which involves divergent thinking in terms of creating new understandings.

Normally stakeholder innovation is an intentional process as stakeholders deliberately derive new ideas through collaborating with others (Li et al., 2018). This means thinking about unconventional solutions that might be appropriate given the market context. Stakeholder innovation is an evolutionary process whereby new ideas emerge over a period of time and involves a person interacting with their environment (Stathopoulos et al., 2012).

Stakeholder innovation is needed to find innovative solutions to business problems. It helps create new ways of thinking and enables entrepreneurs to progress in the marketplace (Ratten & Jones, 2018). It involves relating previously unrelated things in a new way. This means deviating from past practices by forming new paths. To be creative there needs to be novelty and usefulness in the reason for the partnership (Achterkamp & Vos, 2006). This means people need to be able to understand the value in the idea and the motivation for cooperation. The process of stakeholder innovation requires inquisitiveness in terms of questioning why and how things are currently done and whether this can be improved (Tyl et al., 2015). To do this intuition is needed in terms of understanding whether an idea will work in practice. To act in a creative way stakeholders need to be prepared in terms of having the required information and skills to decipher new ideas (Watson et al., 2018). This involves a concentrated effort in finding solutions to problems or ways to improve existing services. To do this stakeholders need to be open to new experiences by trying to consider alternative approaches and being flexible in approaches.

This chapter will provide an overview of what stakeholder innovation is and why it matters in the global economy. This will be helpful in connecting the entrepreneurship literature in terms of what entrepreneurship is and why stakeholders are needed to the innovation field. Firstly, the chapter highlights the need for a stakeholder approach to entrepreneurship in terms of intentions and ecosystems. Then the role of leaders in terms of cultivating a workplace devoted to innovation is stated. The chapter concludes by suggesting that stakeholder innovation is one of the most important forms of innovation as we progress in society.

## 6.2 Stakeholder Entrepreneurship

Entrepreneurs actively pursue opportunities by being aggressive agents of change. This means they need to balance different objectives and overcome obstacles through engaging in stakeholder relationships. To do this can be a difficult process as there can be much chaos in the marketplace and competition amongst stakeholders. Stakeholder entrepreneurship involves the commercialisation of business ideas by a number of individuals or entities that are considered stakeholders (Reypens et al., 2016). Due to the increased ability of individuals to self-create new technology ideas via online platforms, the rate of stakeholder entrepreneurship has increased (Ratten, 2020). This has coincided with more online communities being established in order to disseminate ideas.

Stakeholder entrepreneurship occurs when stakeholders introduce new ideas to a product or service based on their collaboration (Markovic & Bagherzadeh, 2018). Due to the rise in digital technologies and self service capabilities it is easier now for stakeholders to implement change. Stakeholder entrepreneurs utilise their experience and knowledge to create new ideas. Their competencies are useful in exploiting gaps in the marketplace that are not being addressed by others particularly around innovation.

People come up with ideas on a daily basis but stakeholder entrepreneurs progress these ideas by implementing them into the marketplace. Stakeholder entrepreneurs have a need for achievement and this is evident in their initiative, problem solving ability and creativity. Often this need for achievement becomes evident in competition that makes stakeholder entrepreneurs more self-aware about their need to win. Stakeholder entrepreneurs are self-starters who have a high level of planning ability that makes them determined to succeed. As a stakeholder entrepreneur it is necessary to set clear and realistic goals. This means assessing performance based on measurable items. Moreover, stakeholder entrepreneurs have the ability to self-assess and learn from their mistakes. Often stakeholder entrepreneurs are creative in thinking about alternative ways of seeing market opportunities. This innovation is stimulated by the market environment in which change is inevitable.

Stakeholder entrepreneurs are often driven by a need for independence and autonomy in their actions. This is accompanied by a creative spirit in trying to create something new. Entrepreneurs can work by themselves or in teams depending on the project. Often a team-based approach is required especially in big projects (Kazadi et al., 2016). Entrepreneurs by nature are risk taking but differ in terms of stage of business development. Entrepreneurs with a high need for achievement tend to see risk as part of their daily activities (Jones et al., 2018). Risk can be understood in terms of the general outcomes associated with business or the probability of failure. Thus, every entrepreneurial venture should be evaluated in terms of the perceived consequences of failure.

Stakeholders can be evaluated in terms of their entrepreneurial capability, but firms can also be assessed for their entrepreneurial orientation (Hall et al., 2014). This involves assessing a firm's propensity for entrepreneurship based on a number of factors. An entrepreneurship mindset involves having a propensity to act on innovative opportunities, which involves assessing market gaps for their potential to create value. Stakeholder entrepreneurs are able to sense whether a business idea will work in the marketplace. This means acting on ideas then mobilising resources. A stakeholder entrepreneur is able to function in the midst of uncertainty by acting in a positive way. This involves a willingness to build or change things by having a passion for innovation. Stakeholder entrepreneurs persevere despite hardships and are able to overcome obstacles, which means that is a reflective state of mind in that it involves a constant willingness to question current conditions.

## 6.3 Entrepreneurial Leadership Amongst Stakeholders

A stakeholder entrepreneur is an entity that innovates with others in order to create something of value so it can be considered as a disruptive activity as it changes current conditions. Stakeholders have a commitment to being proactive in pursuing new ideas, which involves being committed to the new venture process and being decisive about what steps are needed in order to progress the idea (Jiang et al., 2020). Entrepreneurship represents an innovative category of human action as not all humans are motivated to be entrepreneurial because of their willingness to engage in innovative activities. Some humans are more entrepreneurial than others due to their need to focus on proactive and futuristic behaviour. Entrepreneurial opportunities are different from normal opportunities as they involve innovation. This means they emerge from value gains in the marketplace rather than just efficiency gains.

Stakeholder entrepreneurial opportunities are subjective as they require an individual to assess their viability in the market based on current conditions (Carlisle et al., 2013). This means focusing on the time and space at which they occur is needed. In order for individuals to recognise an opportunity they need to be alert to change. This means being knowledgeable and attuned to new emerging conditions. Stakeholder entrepreneurs engage in a number of diverse activities from technology development, market research to commercialising innovation (Apostolopoulos et al., 2021).

Stakeholder entrepreneurship is considered a key competence and useful tool to navigate the dynamic global marketplace. More people are learning entrepreneurship traits in order to manage multiple careers that often accompany the gig economy. It is more common nowadays for new university graduates to have multiple jobs that are based on short time frames. These positions are referred to as gigs as they only occur for a set time period. This differs to the traditional career of having one or two long term positions. This means having an entrepreneurial orientation can be helpful to individuals wanting to build their career. The competitive and crowded labour market makes entrepreneurship a necessity. Thus, entrepreneurship can involve creating a sense of personal identity associated with innovation, risk taking and proactive activity.

Leaders need to have the capacity to change when market forces require their company to enter a new market sector. This involves using managerial wisdom in terms of learning from the past whilst focusing on the future. Strategic leaders are individuals who have the overall responsibility for the future of their organisation. They go beyond normal leadership tasks to focus on creating new paths. This means guiding and supporting futuristic initiatives with appropriate planning. Strategic leadership involves deciding on what actions are needed given certain time frames. This can involve forging a bridge with the past by looking to the future. To do this, leaders should reaffirm core values but analyse possibilities. This includes focusing on time opportunities as a way of capturing market trends. Strategic leaders provide a road map for an organisation to evolve. This means utilising their capabilities as a way to innovate. Strategic leaders establish a broad set of objectives for an organisation to pursue. This enables them to reassess environmental turbulence that can open up new possibilities. Moreover, strategic leaders are able to communicate their vision for the future by assessing risk and ambiguity in the marketplace.

Strategic leaders have overall responsibility for the health of their organisation and they need to proactively engage in entrepreneurship and innovation activities. Entrepreneurship nurtures creative thinking that is needed in the competitive global marketplace. The fourth industrial revolution involves the convergence of digital technologies into cyber physical systems. This has been made possible by advances in information and communications technology such as machine learning and cloud computing. The digital disruption caused by this innovation has fundamentally changed the way people live and work. Artificial intelligence and the internet-of-things are expected to further change society.

## 6.4 Entrepreneurial Identity

Entrepreneurship is being promoted as a way of life in terms of solving societal problems and adjusting to new market conditions. In the traditional perspective of entrepreneurship, business activity is premised on financial gain and does not take into account any social or lifestyle motivations. Social dimensions are part of human life and need to be carefully considered in entrepreneurship. This is due to entrepreneurial behaviour constantly evolving based on market dynamics. Stakeholder entrepreneurship is not static but rather a fluid concept that is based on social conditions. Individuals' social roles in society and their subsequent entrepreneurial activity is often intertwined. This makes it a necessity to understand how entrepreneurship is socially constructed based on life experience. Identity is a complex concept due to an individual having social, personal and cultural identities. Social identity involves how an individual is viewed within a social context whilst personal identity is more inert and based on subjective values. Cultural identity refers to ethnic or religious associations that individuals are often born with as part of their family and socio-cultural background.

The construction of an identity depends on numerous factors including the cultural and historical context. This makes an identity dependent on experience but also social norms. Social identity is the result of being a member of various communities. This sense of belongingness impacts the construction of one's self. An individual interacts with others in social contexts and this shapes their identity. Social identity is based on the norms and regulations existing in society. This impacts the way an individual behaves in order to be accepted by others. Social identities can be differentiated based on private or public meanings. Private social identities refer to a more personal nature in terms of how they want to be identified by personal contacts. This means that a family member or close personal friend will associate the person with a particular identity. Public social identity is a sense of belonging to a certain group that is known by others. This can include occupational identity in which certain education or experience is required. Entrepreneurs are often associated with male identity traits such as assertiveness and power. Although increasingly entrepreneurs are being known for more feminine traits such as agreeableness.

## 6.5 Frugal Innovation

Stakeholders can be involved in numerous forms of innovation including cost efficient forms such as frugal innovation. Frugal innovation is defined as innovation that is cost effective and uses available but limited resources. This means quality solutions are found to problems through cheaper forms of innovation. Frugal innovation means different things depending on the context but normally requires the use of stakeholders to find solutions to market problems. In a business context innovation means some form of positive change but it can also refer to technical alterations that make products or services more efficient. Innovative people are good at producing new ideas and being inventive. These personality traits are valued in businesses that derive their competitive advantage from change. Innovation is considered as an important business word as it signals positive change. It has garnered attention by business for its ability to project a certain image in the marketplace. This is due to businesses needing to be seen as adaptive and able to respond to disruption.

Frugal innovation is a type of innovation that refers to the use of limited resources for positive change. It is commonly used in low-income countries that do not have the same resources as developing countries. Individuals in emerging markets often innovate with the resources at hand in a way that is comparable to the innovation occurring in other contexts. This ingenuity is needed as there is a demand for affordable products that incorporate some kind of innovation. In resource scare environments individuals need to develop new products.

Organizations are trying to utilise frugal innovation in the way they develop and offer products. This is due to austerity and sustainability concerns requiring new innovation processes. Consumers are normally price conscious regardless of their income level. This means increasingly frugal innovation is being used as a way of providing innovative solutions at cost effective process. Frugal innovation processes consume fewer resources and are made in a more responsible manner. This means increased accessibility to innovation regardless of cost. Organizations are utilising frugal innovation processes as a form of competitive differentiation. This enables them to pursue sustainable goals whilst acting in an innovative way. The reason for this is due to resource scarcity meaning that organisations need to utilise resources in a new way. This can involve recombining resources in different ways or re-using resources in order to produce new outputs.

Frugal innovation can enhance individuals' quality of life by providing necessary products. This is important for low-income consumers who would otherwise be unable to afford innovative products. Frugal innovation goes beyond just introducing change into the marketplace by thinking about the best ways to link efforts to results. This means a more long-term approach is applied in order to produce a better outcome for all involved. Frugal innovation enables change to occur, which is a process that results in a shift in the environment. Gradual change occurs on an incremental basis and often results from stakeholder engagement.

## 6.6 Workplace Innovation

Workplaces provide a source of much innovation and are expected to influence other types of innovation. Workplace innovation refers to new aspects of work organisation in terms of technologies or management practices. It occurs when organisations and individuals interact to foster change. This means it tends to focus on how work partnerships encourage change. Increasingly there has been more emphasis on workplaces on creating positive change that leads to increased efficiencies. This means emphasising innovation in workplace environments as a way of fostering innovation.

Workplace innovation involves organisational behaviour designed to improve current practices. This means it is context dependent and reliant on the involvement of management. Thus, it is a capability renewing behaviour as there needs to be a constant flow of information within the workplace to make innovation a reality. Companies that place emphasis on innovation and change are normally considered more innovative. This means workplace innovation can be considered as a combination of practices that enable innovation to occur. This incorporates organisations that empower employees to behave in an innovative way. The reason for implementing a culture of innovation is linked to the idea that innovation can improve an organisations performance. Moreover, workplace innovation incentivises change and influences the quality of an individual's working life. Individuals or teams of individuals can support workplace innovation. However, to fully realise the benefits of innovation there should be some kind of strategy involving workplace based creative practices. This means emphasising the organisation as a whole and not just individual employees. An organisation's ability to develop novel ideas is based on how well individuals work together, which is why stakeholder engagement is required. Some organisations have a more team approach to innovation and this helps them respond to changing environments.

Organizations to be innovative need to be open and receptive to new ideas. This means promoting a spirit of entrepreneurship in all business activities. This shared vision is evident in organisational members being willing to change and helping other stakeholders. An organisations innovative culture is articulated by having a strategy around innovation. This means planning in advance for how ideas can be implemented in the workforce. To do this there needs to be senior management commitment towards innovation such as having flexible work relationships based on open communication channels. Moreover, having tools and resources to capture knowledge can help. Supportive knowledge management practices involve valuing information and disseminating it to others. This involves the timely acquisition and communication of relevant information.

Innovation is achieved by placing value on positive change. Organizations that are innovative are typically viewed as flexible and dynamic entities. They provide resources for innovation and are prepared to take advantage of new opportunities. An entrepreneurial mindset has a behavioural, cognitive and emotional component. The behavioural component relates to how individuals act in society. This means assessing an individual's capability for entrepreneurship by their actions. The cognitive component relates to the thinking or belief systems an individual has in terms of what they think entrepreneurship involves. This can include a belief in the need to think in creative ways in order to progress in society. The emotional aspect involves the feelings associated with entrepreneurial behaviour. For some individuals behaving in an innovative and creative way is part of their life but for others they need to consciously consider how to do this.

In an organisation there needs to be signals that entrepreneurship and innovation is supported. This means devoting time and help for individuals who come up with innovative ideas and enabling them to engage in stakeholder activities. This includes motivating others to be innovative and sending messages that innovative behaviour is sought after. The ability of individuals to be innovative is based on whether they have work autonomy to engage in creative tasks. This means organisations need to give individuals some discretion as to how they do their jobs. This includes having flexible work practices enabling individuals to be productive. This can be achieved through the use of workplace innovation in an entrepreneurial ecosystem environment.

## 6.7 Entrepreneurial Ecosystems

The word 'ecosystem' is borrowed from the biology and natural science fields as it describes how something can grow or decline based on environmental conditions. Therefore, it is useful to understand how environmental conditions shape entrepreneurship. Collaboration enables companies to absorb knowledge and information from others. In order to understand the role of entrepreneurship in society it is useful to take an ecosystem point of view. This enables a better understanding of how interconnected actors, institutions and processes formally and informally collaborate on entrepreneurial ventures. The rate and quality of entrepreneurship differs based on geographic, political and institutional factors but also stakeholder engagement.

Each entity in an ecosystem plays a different role depending on their position. Entities central to the proper functioning of an ecosystem are those responsible for knowledge dissemination. This can include research institutions and education providers. They provide ideas and feedback on progress made by others in an entity. Similar to an octopus they have tentacles that contribute to other elements of an ecosystem. For example, universities have technology transfer offices and incubator programs that encourage start up activities. They also often have partnership with government entities that enable ideas to gain traction. This can include local government councils responsible for developing business activity in this area. Universities also provide training courses for businesses based on need. Therefore, using the octopus metaphor for an ecosystem each tentacle of the octopus can feed into other areas. An octopus normally exists with other animals and marine life. Therefore, it is similar to what occurs in an entrepreneurial ecosystem. Another metaphor for an entrepreneurial ecosystem is a tree or forest. A tree grows within an area based on available rain and soil conditions. The tree is also used as a place for others to reside such as birds and other insects. Therefore, each tree is dependent on other elements of the environmental for its survival. The tree is part of a forest or other habitat depending on where it has been planted. Therefore, the tree can represent each entity in an ecosystem whilst the forest represents the broader entrepreneurial ecosystem environment.

Each entity in an entrepreneurial ecosystem plays a role in sustaining the environment. This means there is a sense of solidarity existing amongst entities in ensuring they can overcome obstacles, grow and survive. This provides a form of mutualistic interdependence that integrates complementary differences. As an entrepreneurial ecosystem is an artificial construction it is also subject to interpretation. This means the distinct roles of entities can differ based on how the entrepreneurial ecosystem is described to others. Using a biology metaphor to describe an entrepreneurial ecosystem might seem unusual but makes sense given the similarities. However, it is a useful way to understand how entrepreneurship occurs in the business environment. Entrepreneurial ecosystems are an attractive topic to study due to their practical significance. They are flexible systems that adapt to change, which means the concept has been enthusiastically embraced by researchers. The advantage of using entrepreneurial ecosystems to describe how entrepreneurship occurs is that it acknowledges the role people and place play in economic conditions.

An ecosystem is a self-regulating as it depends on trust and reciprocity in order to work properly. This means each entity in the ecosystem is relying on others in order to survive. Entities in an ecosystem are interacting on a continual basis. In each ecosystem there sometimes needs to be intervention by others when there is a blockage or disturbance that effects the flow of the system. The inability of others to intervene means that a governing body needs to regulate others conduct. This ensures that the entities in the ecosystem play in a fair way. Therefore, in each ecosystem there will be rules and regulations about expected standards of behaviour. This ensures that interaction continues and one entity does not become too powerful. Despite this intervention there will still be an unwillingness of others to change their behaviour. This means change should be embraced as a strategy for competitiveness. In an ecosystem there will be processes that are easier to control than others. This means the functionality of the ecosystem depends on the ability of it to overcome obstacles. When interventions are needed in an ecosystem they need to be implemented in a reasonable way. This involves considering how others in the ecosystem are behaving and then making changes if needed. This ensures the changes are safe and ensures the long-term integrity of the ecosystem. The interventions often occur due to market or system failures. Market failures typically occur when technology becomes obsolescent and new technology emerges. System failures are more likely due to insufficient communication existing amongst ecosystem members.

There is no clear cut strategy as to how an ecosystem should be managed. Rather it depends on the nature of an ecosystem and how it has been established. It can be useful to have a set of guiding principles that can be applied to an ecosystem. This will enable a more dynamic and flexible approach to ecosystem management. Therefore, what constitutes ecosystem management is based on ongoing interaction amongst stakeholders.

## 6.8 Conclusion

This chapter has provided a discussion of what stakeholder innovation is by highlighting the relevance of entrepreneurial ecosystem thinking. This is useful in acknowledging the need to think of stakeholders when entities in an ecosystem engage in entrepreneurship. The role of different forms of innovation such as frugal and workplace were also discussed in terms of how they influence innovation capabilities. Thus, the chapter has examined numerous reasons why stakeholder innovation is essential in the global entrepreneurial ecosystem environment.

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# Chapter 7
# Women's Entrepreneurship in Libya: A Stakeholder Perspective

**Naznin Tabassum**

**Abstract** Female entrepreneurs have shown innovative approaches to support the nation during recent COVID-19 pandemic. However, due to ongoing civil war and unstable political situation, Libya's economic and social condition are at stake. The age-old patriarchy and stereotypical perception still restrict women's mobility and women still face numerous constraints to generation of human, social and financial capital. Men are considered the main drivers of economic development and the contribution of women are yet to receive full recognition. Although Libya has achieved freedom from the autocracy of Colonel Gaddafi but establishing efficient local Government is essential for political stability and economic and social development including strengthening women's status in the labour market.

**Keywords** Women · Entrepreneurship · Stakeholders · Gender · Stereotypes · Patriarchy · Libya

## 7.1 Introduction

Libya has suffered due to decades of conflicts and the current situation summarises the chaos of the great power politics. During 2020, Libyan economy has performed the worst and contracted by about 31%. The social and poverty situation have worsened and among those in need were 40% women and 35% children. The unemployment rate showed on the rise from 2019 to 2020, among which female labour force in 2019 was higher (24.13%) compared to male labour force (15.35%) (World Bank Group, 2021a, b). It was a failure on the international partners' part not having realistic plans for a post-Gaddafi Libya. Even local leaders did not succeed in creating a vision for the future in terms of new economic and political systems post 42 years

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V. Ratten, V. Braga (eds.), *Stakeholder Entrepreneurship*,
https://doi.org/10.1007/978-981-16-7091-6_7

of Colonel Gaddafi's dictatorship. Moreover, the empowerment of militia group and the current pandemic have contributed to this mess (Beaumont, 2021).

Gender gaps in entrepreneurship and employment are associated with lower levels of productivity and income. All economies across the world struggled due to the unprecedented challenges of the COVID-19 pandemic. Despite this challenges, many economies attempted and made progress to reduce gender wage gap, improvements on legislation related to marriage, parenthood and remove constraints to women's entrepreneurship, however, further improvements are required to establish gender equality. For example, Libya achieved average score of 50 on Women, Business and the Law index 2020 which shows that women in Libya are still not on an equal standing with men across all areas measured. The Women, Business and the Law index is calculated on mobility, workplace, pay, marriage, parenthood, entrepreneurship, asserts and pension. However, it is encouraging to see that Libya scored 75 on entrepreneurship measure. There have been improvements in relation to access to some opportunities same as men such as women registering a business, signing a contract and opening a bank account. The major barrier to women entrepreneurship is access to credit and laws to start a business (World Bank Group, 2021a, b). Laws and regulation as well as social norms still restrict women's ability to enter the workplace or start a business.

Women in Libya continue to be victims of cultural stereotypes and autocratic system. They still face challenges from domestic violence, honour killings, and unfair personal, family and citizenship laws (Shalaby, 2016). For example, Libyan law specifically personal status laws does not support women in relation to marriage, divorce and inheritance. Domestic violence is not criminalised as domestic violence under Libyan Law. There is a chance for a rapist to escape prosecution if he marries his victim. Moreover, a man killing or injuring his wife or another woman for suspects of having extramarital sexual relations would be allowed for a reduced sentence through penal code (Human Rights Watch, 2020). Although the summons for dignity, bread and social justice including gender equality and women's rights have been made by women. However, this situation has worsened due to the rise of ethnic and religious conflict in Libya (Shalaby, 2016). It is becoming increasing clear that change is required within Arab societies and laws to facilitate women's rights and establish gender equality.

Research suggests that Arab countries have taken reasonable steps to improve the status of women since the rise of beginning of Arab Spring which involved a series of anti-government protests, uprisings and armed rebellions in Arab countries such as Libya. However, there is still gender discrepancies and gender equality is far from its establishment the Zippered list electoral mechanism in Libya can be considered as just a baby step into empowering women progression. It is unfortunate that women still faces gender wage gap, occupational gender segregation, sexual discrimination and unequal access to political and leadership positions (Shalaby, 2016). This shows how in post revolution political systems, women's advancement has been negatively impacted due to civil wars in Libya.

## 7.2 Historical Overview

Libya achieved independence in 1949 and came to be known as the United Kingdom of Libya. The country is an oil rich country, mostly with dessert that prolongs along the northeast coast of Africa bordered by Tunisia, Algeria, Egypt, Sudan, Chad, and Niger. The capital of Libya is Tripoli which is also the largest city in the country. The country's total area is 1.76 million square kilometres (km) with a population of 6375 million in 2017 (Schneider and Ferguson, 2020). Colonel Gaddafi ruled the country for four decades until he was deposed in 2011 resulting from an armed revolt aided by Western military involvement (BBC, 2021). The current Government of Libya is divided into two parties which are in continuous dispute; one of the party is the internationally recognised and Tripoli-based Government of National Accord (GNA) led by the Prime Minister Abdul Hamid Dbeibeh. The other party is the Interim Government led by Khalifa Haftar, supported by the Libyan House of Representatives (HOR) and by the armed group known as the Libyan National Army (LNA) (Human Rights Watch, 2020). There is a war exhaustion across the country and Libyans are looking forward to a Libya which is more peaceful.

Libya is one of the MENA-OECD countries in the Middle East and North Africa region. The early economic reforms in Libya attempted to partially open markets to foreign investors. During 1995–2007, GDP growth in Libya was supported by higher oil prices which increased revenues for exporters and benefitted energy importers through higher remittances and investment from neighbouring Gulf States. Before the 2008 global crisis, exports grew and FDI reached record volumes. The FDI growth descended due to political turbulence and wars in Libya. Over the past decade, economic growth in Libya has been halted due to civil wars (OECD, 2021). Moreover, Since 2007, the MENA-OECD Investment programme has been leading two innovative initiatives to mainstream women's empowerment into the wider political debate and unlock women's economic Opportunity in this region. However, gender equality in entrepreneurial activity in far from equal (OECD, 2016).

Women are considered as the unused resource and potential drivers of growth and social development in the Middle East and North Africa (MENA) region. Women represent 49% of the total population, but their participation in the labour force is low (WB gender statistics, 2016). In Libya, it is twice as likely for a man (15%) to engage in an entrepreneurial activity than a woman (7%) (Kelley et al., 2015). In 2007, MENA governments recognised the importance of women's economic empowerment by endorsing the *Declaration on Fostering Women's Entrepreneurship in the MENA Region*. A new project was launched in 2013, i.e. *Supporting Women as Economic Actors during the Transition Period* in Egypt, Jordan, Libya, Morocco, Tunisia, and Algeria. The project grasped the opportunity of this critical juncture to help ensure that ongoing democratic reforms resulting in equal economic opportunities for both men and women. This was especially timely as governments in the MENA transition countries have been in the process of revising their laws, constitutions and enforcement mechanisms (OECD, 2016).

## 7.3 Women & Entrepreneurship

### *7.3.1 Libyan Female Entrepreneurs: Characteristics, Motivations, and Effects*

People tend to enter into entrepreneurship activity when they are influenced by various factors such as opportunities perceived, have start-up skills and know an entrepreneur although having anxiety of failure. People's perception regarding requirement of startup skills to start a business is very high, over 75%, global averages of 84.2% for men and 79.8% for women. On the contrary, women also start a business due to necessity and not just to pursue a business opportunity. The MENA and sub-Saharan Africa regions show the largest increases in women's necessity motives for entrepreneurship at 35% and 27%, respectively (Entrepreneurship Monitor, 2018/2019). This shows that women tend to start a business in MENA regions mostly because they have no other means of economic support or employment.

The trend of women starting their own business is growing. The highest participation rate of women in entrepreneurship is in the 25–34 and 35–44 year old age groups (Entrepreneurship Monitor, 2018/2019). The highest rates of women's entrepreneurial intentions were reported in MENA (36.6%) compared to lowest in Europe (8.5%). For example, young Libyan women entrepreneurs, Aziza Al-Hassi, Tufaha Suhaim and Amine Kashroud created 'School Connect' and helped children learn online during the pandemic. In order to create sustainable businesses and empower women, European Union, UNDP and Tatweer Research awarded the team a grant and with this support, 'School Connect', now called "Panda" managed to register 10,000 students and parents of 30 students (UNDP, 2020).

It is encouraging to see that women have been participating and contributing to the country's development through their roles as entrepreneurs, academics, healthcare workers, leaders etc. Through entrepreneurial activity women have brought in innovative solutions. Women starting entrepreneurial ventures as well as entering into workplace have been beneficial not only to promote their independence and dignity but also to enhance country's sustainable development (UNDP, 2021).

In order to help entrepreneurs, re-establish businesses, improve unemployment situation and promote sustainable economic recovery in Libya, UNDP launched Re-Start-Up Marathon with support from the Government of Japan. Many women were elected as entrepreneurs as a result of this competition, for example, a woman in Tripoli who became IDP and lost her construction company during conflict, will not only re-start her business and bring new customers but also will create at least 10 new job opportunities. Similarly, another woman in Benghazi who also re-started her home-nursing project which closed down due to the war and aims to recruit 12 unemployed nurses who will visit the aged people, people with disabilities and pregnant women. Another women in Tawergha, is focusing on to develop a vocational centre where both men and women will have the opportunity to undertake carpenter, metal and sewing trainings so they are skilled enough to contribute to rebuilding the cities (UNDP 2021).

### 7.3.2 Gender Specific and Intersectional Constraints to Entrepreneurship

Entrepreneurship is considered as a means to support economic growth (Acs and Amorós, 2008; Wennekers et al., 2010) and is crucial for economic development of regions and nations (Song et al., 2019). Women's contribution is increasingly being noticed by the policy makers and they are now starting to realise the importance of establishing gender equality for private sector development, job creation and sustainable economic growth. The educational gains achieved by women have translated into social development for children and families. Women are more than ever before aspiring to join the workforce as employees or entrepreneurs. Although the contribution women make to the economy is worthwhile and they represent half of the region's employment potential, but they are still the most under-utilised economic asset in many countries including MENA regions (Bastian et al., 2019).

In MENA countries, women are likely to start businesses which account for two thirds less compared to men businesses. The entrepreneurial activity by female is among the lowest across all world regions. Women have also shown less interest and ambition compared to men in relation to expansion and progression of their businesses (Xavier et al., 2012). Research suggests that there are a number of factors such as perceived capabilities, opportunity recognition, experience with business discontinuity that shapes an individual's entrepreneurial intention and feasibility of the venture (Bastian et al., 2019). However, women's choices regarding entrepreneurship are influenced by gendered social perception in the region (Achtenhagen & Welter, 2003; Jamali, 2008).

The role and status of men and women in MENA societies i.e. in Libya is very much affected by patriarchy and religious belief (Hofstede, 1992; Shalaby, 2016). The patriarchal society which is based on masculinist attitudes about biological differences determine the social role of women (Omair, 2008). Social theory (Eagly, 1987, 1997; Koenig & Eagly, 2014) justifies the context as it explains that men and women acting in accordance with their social roles are often segregated along gender lines and that this functions to confirm gender stereotypes. It is because women are more involved in caregiving work, the characteristics ascribed to them are those of being nurturing, caring, and concerned with personal relationships. On the contrary, men are typically seen by society as exhibiting masculine characteristics, such as leadership, strength and assertiveness (Vogel et al., 2003; Skelly & Johnson, 2011). Such cultural norms and stereotypical beliefs are detrimental to women in entrepreneurship as well as management.

Gender stereotyping effects negatively as previous research suggested that women lacked confidence in their own capabilities in comparison to men (Wilson et al., 2007; Greene and Brush, 2018) and even established female business owners are found to suffer from such belief which sometimes had negative impact on their firm growth (Kirkwood, 2009). Women in Libya are not only affected by the patriarchy, gender stereotyping and cultural norms but also unstable political situation, unsupportive law, unequal access to resources and finance (Shalaby, 2016; World Bank Group, 2021a, b). These factors act as constraints on their way to become and sustain as entrepreneurs.

## 7.4 Toward the Future

Nearly 10 years have passed since Libya achieved freedom from the autocracy of Colonel Gaddafi which should have made a way towards establishing more of a democratic government structure and further economic and social development. However, due to collision between two political parties, the country is still in war situation which had a derogatory impact on the economic and social condition of the country (Human Rights Watch, 2020). Since 2014, serious abuses, violation of international laws, summary executions, torture and destruction of properties were reported due to the ongoing conflict. The Covid-19 pandemic contributed to further worsen the situation and slowing down the economic recovery of the country. Although various challenges are in place, some improvements have been tried to be in place. Since 2011, with an aim to help provide security and assist with the conflict, an array of local actors from armed groups to civilian councils, tribal elders and other notables have tried to fill in the vacuum left by the central state. There was a ballot that took place in June 2014 and representatives emerged which was supported by Western diplomats and NGOs, however, a political power struggle has ruptured Libya between competing governments, based either in Tripoli or the east of the country. However, until the national crisis is resolved, it is difficult to put forward measures for economic and sociocultural recovery (Fitzgerald, 2018).

In respect of the entrepreneurship, the OECD-MENA Women's Business Forum (WBF) in 2012 released women in business policies to support women's entrepreneurship development in the MENA Region OECD-MENA Women's Business Forum (WBF) which was created in 2009 has grown to become a network of over 500 representatives from MENA and OECD governments, business and civil society committed to improving policies impacting on women's entrepreneurship (OECD, 2016). The European Union (EU), the United Nations Development Programme (UNDP) and Tatweer Research in 2018 jointly announced a 400,000 LYD grant to support six Libyan startups two of them run by women. The grants are part of the Impact Fund programme, an initiative led by Tatweer Research and framed within the EU funded *Strengthening Local Capacities for Resilience and Recovery* project implemented by UNDP (EU Commission, 2018). This funding has helped the entrepreneurs to come up with innovation ideas and help the country during pandemic. However, women's integration in the economy requires further improvement.

In regard to female entrepreneurship, it is important to understand the motivations and constraints that exist for male and female entrepreneurs in Libya (Shalaby, 2016; Bastian et al., 2019; World Bank Group, 2021a, b). Establishing efficient local government is essential to Libya's success (Fitzgerald, 2018). The laws and policies require changes to support women's career progression. Equal treatment in the labour market should be made a legal right for women and also fair access to credit and resources should be provided. Human and social capital of women need to be increased through relevant education, support programmes and networking events. An entrepreneurial role model present within women's network plays significant role and valuable to entrepreneurial intention (Bastian et al., 2019). Previous research suggested that patriarchal society and stereotyping perception restricts women's mobility (Ahmad, 2011), therefore, although difficult but it is crucial to eliminate the patriarchy and permit women empowerment at national level. Finally, concerning future research, longitudinal studies as well as both qualitative and quantitative research should be carried out on female entrepreneurship in Libya to better understand the phenomenon and its implications for Libya's economy.

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# Chapter 8
# Stakeholder Entrepreneurship: Future Research Directions

**Vanessa Ratten**

**Abstract** In any discussion or analysis of entrepreneurship, there needs to be some degree of consideration for stakeholders. This is due to the need for most entrepreneurial endeavours to collaborate whilst compete with others for marketshare. Stakeholders as a concept have been studied extensively in the management and marketing fields, but are less explicitly addressed in the entrepreneurship literature. The aim of this chapter is to build a theory of stakeholder entrepreneurship that takes into account previous iterations of stakeholder thinking in other fields whilst making it unique to the entrepreneurship area. The chapter first discusses what stakeholders are and how they fit into entrepreneurship. The topic of stakeholder entrepreneurship is then highlighted that paves the way to an examination of future research directions. Suggestions about possible fruitful areas of inquiry regarding stakeholder entrepreneurship are stated.

**Keywords** Collaboration · Cooperation · Entrepreneurship · Public/private partnerships · Stakeholder · Team building

## 8.1 Introduction

Stakeholders are an important consideration in any entrepreneurial endeavour (Jimenez et al., 2021). Normally most entrepreneurship research discusses the entrepreneur as an individual or entity and this is the focus of inquiry (Ratten, 2017). However, as this chapter will assert, entrepreneurship should be considered a group effort based on the input of a number of different people and entities. Issues such as sustainability and social responsibility have led to more entrepreneurs considering others when implementing and managing their business ventures. Financial goals

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V. Ratten, V. Braga (eds.), *Stakeholder Entrepreneurship*,
https://doi.org/10.1007/978-981-16-7091-6_8

are always paramount in most entrepreneurial endeavours but with financial gain also comes social goals. In addition, public/private partnerships are needed in entrepreneurship in order to access specific resources. This means entrepreneurs need to balance private with public considerations of their business efforts. This means in order to fully understand entrepreneurship, a stakeholder approach is required to fully understand entrepreneurship (Ramadani et al., 2017). This will help the research to move in a new direction by blending the stakeholder perspective with specific areas of entrepreneurship. In this chapter, it is suggested that entrepreneurship research needs to go back to its roots in terms of focusing on stakeholders. This will enable a way of embracing societal issues by focusing on how entrepreneurship can have multiple goals.

The outline of this chapter is as follows. First, an explanation of what stakeholders and entrepreneurship are and the reason for their popularity in the literature is stated. This then leads to a discussion of stakeholder entrepreneurship in terms of how it is defined and conceptualised. This enables a focus on the theory of stakeholder entrepreneurship, which is premised as an important entrepreneurship theory. Next, future research suggestions for stakeholder entrepreneurship are stated that highlight the possibilities for this field of research. This includes new theoretical perspectives that can emerge, research methodology considerations and research trends.

## 8.2 Entrepreneurship

Entrepreneurs are never satisfied with the current market conditions and try to create new business ventures (Ratten & Ferreira, 2017). They are aspirational and take risks by thinking outside current norms. Entrepreneurs work better in conducive and supportive environments. Whilst most entrepreneurs are interested in financial gain, there has also been an increase in entrepreneurs wanting to obtain social or societal gain (Ramadani et al., 2018). Entrepreneurship is not just the result of individual action but also is reliance on government and community factors (Ferreira et al., 2020). This has meant it is useful to understand entrepreneurship from a societal perspective. Therefore, moving away from the individualistic perspective of entrepreneurship as a lone-hero and not impacted by others. In order to commercialise ideas, entrepreneurs need the help of others. This means entrepreneurship is a collective effort based on mutual need (Ferreira et al., 2017).

There tends to be more entrepreneurship in certain regions due to the influence of beneficial infrastructure. This has meant acknowledging the regional, economic and social factors that contribute to entrepreneurship (Ferreira et al., 2019). Entrepreneurship is a process that involves focusing on opportunities for new products or services. This means exploring new ideas then evaluating them for their market potential. An ecosystem is an environment in which constant interactions occur amongst its members (Bischoff, 2021). This means it is a form of community as each entity reacts based on the involvement of others. The mutual interdependence amongst entities in an ecosystem is subject to environmental conditions. Therefore, entities evolve based on the changes in the environment. In the ecosystem each entity rises or falls based on the climate. This means there are cooperative but also competitive relationship existing in the ecosystem. As a result, an ecosystem constantly changes and is a complex system. Each actor in the ecosystem performs a specific role in ensuring its continual evolution. For example, entrepreneurs develop ideas, venture capitalists provide funding and universities contribute to research capabilities.

Entrepreneurs need to think about how they can survive but also what their social contribution is to their local communities. This includes thinking about how they can enact and react to changes based on economic conditions. Entrepreneurial resourcefulness refers to the ability of entrepreneurs to navigate business opportunities with available resources. This means understanding how entrepreneurs can survive in the long term by adapting and being more flexible to market changes. Entrepreneurs should anticipate risk and take out insurance policies. This will help to alleviate the damage resulting from some situations occurring in the marketplace. Entrepreneurs should take proactive measures to avoid risk.

Every business no matter how well planned or managed has some kind of risk involving stakeholders (Matten & Crane, 2005). This is due to nothing being certain in business as the market environment constantly changes. As a result, managing business is a risky process. Risk cannot be completely eliminated but can be minimised. Whilst processes can be implemented to decrease risk there will always be some kind of residual risk existing in a business. Risk refers to a condition in which an entrepreneur cannot completely control the outcome. These situations are common as there is a degree of market fluctuation that is hard to predict. Pure risk involves a certain situation having a high likelihood of occurrence. For example, there is a high level of risk involved in employees leaving a company and working for a competitor. This risk is likely to occur due to other companies poaching staff and individuals wanting to progress their careers. Speculative risk involves risk that could occur and have positive or negative repercussions. This type of risk is normally referred to in a more favourable manner in terms of a business venture having a better outcome than that was expected. Entrepreneurs often speculate on a trend and can see the value of their business venture increase or decrease as a result.

## 8.3 The Concept of Stakeholder

There is a growing consensus amongst entrepreneurship scholars that the field should contribute to societal advancement. Many scholars have implied either partially or fully, that stakeholder involvement is essential to entrepreneurship. This has coincided with a rapid increased interest in entrepreneurial ecosystem theory, which is linked to stakeholder theory. In reality stakeholder theory is a component of any ecosystem, so it makes sense that entrepreneurial ecosystem research has become popular.

The frequent use of stakeholder theory in management studies is based on the need to consider alternative points of view (Clarke, 1998). Despite the large volume of research on stakeholders there is a lack of clarity in an entrepreneurship setting particularly in terms of how to deal with an entrepreneurship. There needs to be more clarity about what we mean by the term ‘stakeholder entrepreneurship’. Often researchers, practitioners and policy makers discuss stakeholder engagement in entrepreneurship but in different ways. Researchers normally refer to ecosystems as incorporating stakeholder views or discuss the role of formal and informal partners (McGahan, 2021). Practitioners will not necessarily specifically discuss stakeholders but they will mention other entities or individuals that influence business decisions (Rasche & Esser, 2006). Policy makers take a different stance by considering the community and environment as core stakeholders (Reypens et al., 2021).

The word stakeholder is complex due to the concept changing over time (Freeman, 1999). Stakeholders are both constrained and enabled by entrepreneurship. This is due to the establishment of new businesses requiring planning. Entrepreneurship involves creativity or some kind of novelty within the business creation process. It can be performed by a variety of individuals, firms or communities. Therefore, it can be considered as a multi-level phenomenon incorporating individual, network, community and social perspectives. Entrepreneurship is primarily about being alert to new business opportunities. This alertness derives from new products not yet being produced or new markets opening. Entrepreneurs make bold decisions about how best to pursue opportunities in terms of how to recombine resources in order to obtain a benefit. This means discovering and exploiting market opportunities. Entrepreneurs also make judgments about how to best use resources given the environmental situation. This involves an element of risk as there is uncertainty about the outcome.

The concept of stakeholders has become influential in management research (Freeman et al., 2021). It is used in different management fields such as strategy and technology as it offers a way to understand value creation (Talbot et al., 2021). Its linkage to entrepreneurship needs to be conceptualised and theorised on its own. Currently the emergent nature of stakeholder entrepreneurship research is not being systematically addressed and answered in research. Therefore, a more comprehensive review of stakeholder entrepreneurship is needed. Stakeholder entrepreneurship offers a more novel form of entrepreneurship that merits theory building and testing. Stakeholders are a key source of value creation and provide a way to sustain performance (Roloff, 2008). This means that they positively influence the development of entrepreneurial ventures even during varying environmental conditions.

There is a fast growing academic interest in stakeholder entrepreneurship due to both concepts already being popular research topics. Stakeholder entrepreneurship literature can be broadly categorized into three streams of research. First, it is used as a way of understanding partnership formation and usage in an entrepreneurial context. As more linkages exist in business projects, stakeholders can be used as a way to understand the process of entrepreneurship. Second, stakeholders can be a reason for the success or failure of an entrepreneurial venture (Jones & Wicks, 1999). Some stakeholders are more useful than others due to their social contacts or ability to acquire resources (Wicks et al., 1994). Third, stakeholders are a potential instigator of entrepreneurship. The idea of the sole or lone entrepreneur is often not true as it requires a team of people or entities to be successful with entrepreneurial projects.

## 8.4 Stakeholder Entrepreneurship

Stakeholder entrepreneurship should be considered an umbrella term due to it encompassing a number of different meanings. This means stakeholder entrepreneurship is unique because no single theoretical lens can provide a full explanation of why and how it occurs. A way to understand stakeholder entrepreneurship is by layering existing theories related to both topics of interest. Theories such as knowledge spillover, social networks and entrepreneurial ecosystems help explain the need for stakeholder involvement in entrepreneurship. Yet despite this overlap stakeholder entrepreneurship is a separate theory that requires its own explanation.

Stakeholder entrepreneurship should be understood by examining contextual processes. This involves considering environmental as well as time sensitive information regarding stakeholder involvement in entrepreneurship. Stakeholder entrepreneurship involves considering different levels of analysis (eg individual, community, team, firm, industry and environment) in business activity. Thus, stakeholder entrepreneurship research is designed to explore the inherent complexity of entrepreneurship due to how it adapts and changes in the global economic environment. There are multiple actors, contexts, countries, industries and institutions involved in stakeholder engagement (Karlsen, 2002). These diverse entities means there are multiple interdependencies amongst stakeholders (Kaler, 2002). For example, government and private business entities may have different views about economic development. This includes how and why they are involved in entrepreneurial activity. There are also constant changes faced by entrepreneurs due to the needs of stakeholders. This constantly evolving nature of stakeholders means that there is some risk and volatility associated with these relationships (Hult et al., 2011). This creates a sense of uncertainty about market conditions and how they might change.

The goal of stakeholder entrepreneurship is to predict and manage behaviour. Stakeholders are sometimes affected by other behaviours and this contagion can influence entrepreneurship. Stakeholders are not static entities as they change over time and this variation has implications for entrepreneurship (Gioia, 1999). Stakeholders have strengths and weaknesses in terms of their involvement in entrepreneurship. Start-up entrepreneurs have a high need for funding and must search for financial resources. Therefore, networks are important for entrepreneurs as they facilitate resource acquisition.

Stakeholder theory can explain and predict entrepreneurial behaviour. By stakeholder entrepreneurship it means other entities apart from the entrepreneur being involved in innovative activity. It is the involvement of others in the decision-making process by providing novel ideas. This means that stakeholder entrepreneurship is about generating cooperation amongst entities on entrepreneurial projects. Thereby focusing on collaboration and cooperation in entrepreneurship.

Stakeholder entrepreneurship activities range from incremental change to radical innovation that disrupts the market (Jimenez et al., 2021). Therefore, stakeholder entrepreneurship is a process that deliberately engages with others in the innovation process (Jacobs, 1997). It involves a change in the perceived logic of how entrepreneurship should occur. It can thus be thought of as the introduction of new partners aimed to cocreate value or by engaging customers, partners and suppliers.

Has the progress of stakeholder entrepreneurship been delayed due to the popularity of entrepreneurial ecosystem theory? Should entrepreneurship research try to develop a distinct theory of stakeholder involvement instead of adapting previously existing theory? Will the stakeholder theory of entrepreneurship gain traction and become a common theory? Answering these questions is based on the uniqueness of stakeholder theory in an entrepreneurship context.

## 8.5 Research Gaps and Future Research Directions

There are a number of research gaps regarding the theory of stakeholder entrepreneurship. This means that there is still some way to go before a fully comprehensive theory is developed that integrates both the stakeholder and entrepreneurship literature. More information is required about the different ways to conceptualise and understand stakeholder entrepreneurship in terms of community and network perspectives. This involves focusing more attention on what stakeholder entrepreneurship is and how it can be measured in society. This would enable a better understanding of how to measure stakeholder entrepreneurship. An overview of the research gaps, potential research questions and theories that can be applied to stakeholder entrepreneurship is stated in Table 8.1.

## 8.6 Theoretical Perspectives

An organisation and its stakeholders have a reciprocal relationship in terms of influencing the actions of each other (Phillips & Reichart, 2000). This reciprocity means that it is important for organisations to consider the impact of their actions on others. The concept of stakeholder entrepreneurship diverges from other entrepreneurship concepts as its roots lie in collaboration rather than individual involvement in entrepreneurship. It refers to innovation activities that are motivated by a financial or social need that requires multiple entities to interact in society (Frooman, 1999). Stakeholder entrepreneurship is aimed at successful innovation and change. The reason behind the increased interest in stakeholder entrepreneurship is due to the need for entrepreneurs to connect with others.

**Table 8.1** Research gaps and future research directions

| Research gap | Potential research questions | Theories that can be applied |
|---|---|---|
| Develop a more comprehensive understanding of stakeholder entrepreneurship by including different perspectives<br>The community perspective | How can stakeholder communities encourage entrepreneurship? | Community-based entrepreneurship |
| | What kind of procedures can be utilised to harness the potential of community-based entrepreneurship utilising stakeholder resources? | Communities of practice |
| | What kind of relationship practices emerge through stakeholder participation in entrepreneurship? | Social innovation |
| | How can stakeholders act as a community to develop entrepreneurship? | Social practice theory |
| The network perspective | How can groups of stakeholders be involved in entrepreneurship? | Strategic alliance theory |
| | What kind of collaborative networks are most useful for entrepreneurship? | Network learning |
| | What is the role of networks in facilitating stakeholder entrepreneurship? | Knowledge spillover theory of entrepreneurship |
| | What kind of relational capabilities influence stakeholder entrepreneurship? | Entrepreneurial ecosystems |
| Direct more attention to stakeholder entrepreneurship | How can firms engage in entrepreneurship by virtue of their stakeholder involvement? | Business model innovation |
| | How can businesses align their strategies with innovation? | Strategy as practice |
| | What kind of processes in terms of information dissemination facilitate stakeholder entrepreneurship? | Value co-creation |
| Enhance the performance of stakeholder entrepreneurship endeavours | How can stakeholders leverage their shared resources in positive ways? | Performance management |
| | How can networks be structured to facilitate entrepreneurship? | |
| | What kind of stakeholder relationships facilitate entrepreneurship? | |

More organisations are taking initiatives around finding innovative business ideas (Freeman et al., 2007). This means that stakeholder entrepreneurship brings together numerous actors, players and interests. In the business management area, entrepreneurship has been frequently studied from a strategic change, innovation and technology perspective. Stakeholder entrepreneurship incorporates these perspectives by aligning the interests of stakeholders with entrepreneurship.

Stakeholder entrepreneurship should be used as a theoretical basis for future studies regarding entrepreneurship. As a theory, the stakeholder view of entrepreneurship provides a holistic understanding about the factors that influence entrepreneurship. Whilst other theories such as the knowledge spillover theory of entrepreneurship and entrepreneurial ecosystem theory are popular in entrepreneurship studies, there is still room for new theories. This chapter suggests that a new and very relevant theory is the stakeholder theory of entrepreneurship. Stakeholder theory is commonly used in the business ethics and management fields but not much in the entrepreneurship field. This is expected to change as researchers realise the significance of stakeholders on the entrepreneurship process. Stakeholders in a direct and indirect way influence how and why entrepreneurship develops. This contextual approach is useful as a theory as it provides a new thinking to emerge about entrepreneurship.

Stakeholder theory can be used to complement existing theories such as social learning and entrepreneurial identity theories. There is a need for more theorisation in stakeholder entrepreneurship work. Whilst stakeholder theory is a mainstream theory used in a variety of contexts (Parmar et al., 2021), new more specific theory regarding entrepreneurship is required. It might be also useful to borrow from existing entrepreneurship theories to further develop stakeholder entrepreneurship theory. To do this there needs to be consideration about the level of analysis in which the theory is premised. For example, entrepreneurial intention theory is based at the individual level whilst social network theory is orientated towards the group level.

## 8.7 Methodology and Method

At the moment many studies about stakeholders take a conceptual view and are more descriptive in nature (Lusch & Webster, 2011). Whilst it can be beneficial to have conceptual orientated papers more needs to be done from a methodology perspective. This includes case studies about how specific entrepreneurs or organisations have used a stakeholder approach to analyse entrepreneurial processes. As stakeholder engagement with entrepreneurship can be evaluated in a positive, negative or neutral way it helps to obtain different points of view. This will enable data to be triangulated in order to evaluate converging and conflicting statements. In order to do this multiple methods including both qualitative and quantitative approaches should be considered. This will support broader generalisations of findings.

The research study context should be global in nature. Thus, whilst single country studies provide good information more rich and detailed information can be obtained from multiple countries. Most research is currently based on developed country contexts, so more research is needed on developing countries. This will enable different cultural attitudes towards entrepreneurship to be evaluated. As most research published is in English language having studies about non-English speaking contexts will also increase our knowledge about this topic. In terms of studying stakeholder entrepreneurship, it is useful to understand the enablers of the process in terms of increased interest in innovation and technology that has resulted in strategic investment in select industries. In addition, there have been structural reforms and government policy regarding innovation that have encouraged entrepreneurship.

A stakeholder view of entrepreneurship can give insight into the role of an entrepreneur in the global economy. At the moment, there is no satisfactory answer to the question of what stakeholders are most relevant for entrepreneurship. There are two main reasons for individuals to partake in entrepreneurial opportunities with stakeholders are: (1) they possess relevant resources and information about an opportunity and (2) they have the motivation to pursue them. This means there are different theoretical approaches to entrepreneurship. The economic view focuses on financial need for entrepreneurship. The psychological view focuses on personality characteristics of entrepreneurs such as the need for achievement and ability to persevere. However, the actual practice of stakeholder entrepreneurship might be a combination of these theories so new theories are needed.

## 8.8 Research Trends

There is a need to understand the basic trends in stakeholder entrepreneurship. This includes what is happening in the research and why specific topics are being investigated. Related to these questions is the question of who are the most important stakeholders in an entrepreneurial business. Some stakeholders are more likely to be involved in entrepreneurship so they should be studied in more depth. One major research question concerns the initial involvement and use of stakeholders in entrepreneurship. There is currently an unclear picture of how stakeholders influence the broader context of entrepreneurship. This is a complicated issue as stakeholders will have different views as to the way a business venture should progress. Stakeholders who are initially part of the decision making process for a business are more likely to be involved with business decisions later on the process. The stakeholder context could help contextualise entrepreneurship research.

Entrepreneurs play a number of roles in the global economy. They are disruptors as they seek to address customer needs in the marketplace. To do this they focus on identifying potential market opportunities that have been overlooked by others. This means disrupting the market equilibrium by introducing new products or services. By doing this they alter the status quo by implementing change and altering to potential business opportunities. Studying stakeholders within entrepreneurship provides a number of research advantages which need to be researched in more detail.

## 8.9 Concluding Thoughts

This chapter has sought to answer whether the stakeholder theory of entrepreneurship is a new theory or an extension of an existing theory. This is debatable given there is a large number of studies in the entrepreneurship field that have used elements of stakeholder theory. However, theory is subject to interpretation and advancement. Therefore, I suggest that the stakeholder theory of entrepreneurship is a new theory and can be used as a theoretical framework for entrepreneurship research. This will pave the way for a bigger body of literature premised on the stakeholder theory of entrepreneurship to be developed. Thereby offering a more holistic way of understanding the internal and external factors that influence entrepreneurship. Stakeholder entrepreneurship as a theory is a promising future research area so it will be interesting to see what happens in the future with this area of study.

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