

**Chris PHELAN<sup>1</sup>, Claudia SIMA<sup>2</sup>**

*<sup>1</sup>Edge Hill University, Ormskirk, Lancashire, UK;*

*<sup>2</sup>University of Lincoln, Lincoln, Lincolnshire, UK*

*<sup>1</sup>phelanc@edgehill.ac.uk; <sup>2</sup>csima@lincoln.ac.uk*

## FARM TOURISM AND RURAL ENTREPRENEURSHIP: IDENTIFYING MANAGERIAL AND ENTREPRENEURIAL SKILLS AND COMPETENCIES

### ABSTRACT

The work attempts to disseminate and encourage a clearer understanding of farm tourism and explore the complexity of rural and farm tourism entrepreneurship. The aim of the paper is to identify the managerial and entrepreneurial skills and competencies required of farmers to diversify their activity and develop successful farm tourism. The research uses a qualitative methodology under the form of Q Methodology. This is a sorting technique designed for the systematic study of subjectivity, opinions, and views. It makes use of a research instrument developed from the existing literature on entrepreneurial skills and competences. This was administered to farm tourism entrepreneurs in the North West of England. The article concludes by discussing key entrepreneurial skills and competencies and viewing the farmer as a rural entrepreneur within the broad landscape of farming identity. These insights may help better inform governmental rural business support, education, and consultancy services, and help policy development.

**Key words:** farm tourism, entrepreneurship, skills, North West England.

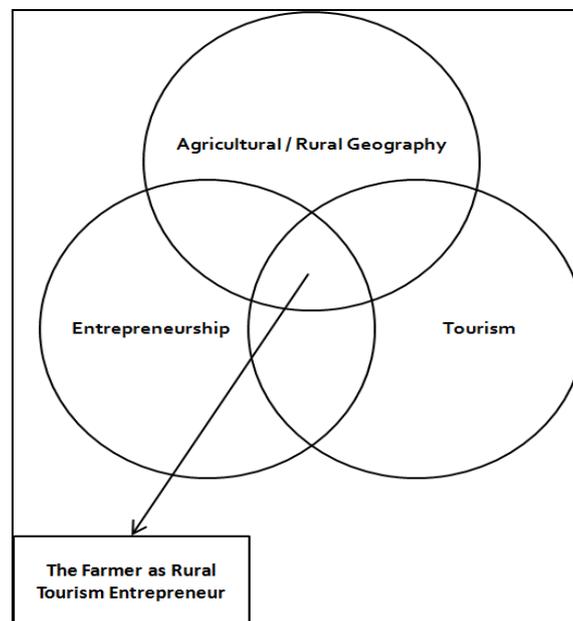
**JEL Classification:** Q01, R11.

### 1. INTRODUCTION

The purpose of this article is to explore the range of entrepreneurial skills that farmers should develop if they wish to diversify their economic activity and embrace farm tourism as a viable new source of income. The changes that occurred in rural areas in the latter half of the twentieth century such as mechanization, specialization in agricultural output, and a drop in agricultural workforce, have had profound effects on how the European countryside now functions. In the UK, for example, this period has been marked by a decline in rural land-based employment. Between 1960 and 2006, the agricultural workforce in the UK fell by one third, whilst the number of farm workers dropped by almost half (Defra, 2006). The biggest and most worrying of trends is that total income from farming has experienced considerable decline from £8.9m in 1973 to £4.4m in 2010 (Defra, 2010).

Changes in the UK agricultural policy and reform also placed additional pressure on farm households and necessitated that farmers become more entrepreneurial in nature, and to develop new skills and capabilities to remain competitive.

Rural diversification consists of two major components: farm diversification, and rural industrialization (Kerry and Ilbery, 1995). Farm diversification is seen as a way of providing a new source of employment and income, compatible and linked to the original agricultural focus of rural communities. An example of this is PYO farms – Pick Your Own vegetables and fruit farms where customers, often city dwellers, come to the farm to pick what they need and pay for both the products and the benefits of choosing their own fruits and vegetables. Although such a business model demonstrates creativity and a viable farm diversification strategy, it is impacted by unstable demand and high competition, and may not be a sufficient additional income source. Rural industrialization refers to the diversification of the rural industries and the rise in the manufacturing and the service industries directly linked to the rural environment. Rural industrialization is seen as a necessary and unavoidable process driven by technology developments, competition and societal pressures, but its growth potential is quite limited if the income streams are limited or insufficient. Considerable financial resources are required to engage in competitive and increased levels of rural industrialization. Small and medium-sized family farms do not always have those resources, for example. Therefore, the survival and development of these farms need to be achieved through farm diversification and creative rural entrepreneurship.



Source: Phelan and Sharpley (2010; 2011; 2012)

Figure 1. The Farmer as Rural Tourism Entrepreneur

Rural entrepreneurship is seen as an effective strategy in combating the issues related to rural decline. Farm diversification is part of a desired entrepreneurship portfolio and farmers generally see it a key issue related to establishing new business ventures in rural areas. Agritourism and farm tourism sits at the crossroads between entrepreneurship research, agricultural or rural geography studies, and tourism studies (please see Figure 1).

Farm tourism is a viable source of diversification requiring a degree of investment such as adding or modifying buildings and turning them into tourist accommodation and catering. However, quite often, already existing accommodation for seasonal workers can be turned into tourist accommodation with minimum effort. Farm tourists do prefer the natural, original state of the accommodation and require minimum changes due to basic comfort needs (such as adding en-suite bathroom). The appeal of farm tourism for tourists is experiencing living and working on a farm as a farmer but for a limited period.

Living a simpler life and experiencing the old ways are often motivations for engaging with such a niche tourism product. However, these tourists are not to be confused with farmers. They lack the skills and knowledge required to work on a farm, as a result considerable training and skills development is required from the farmer. The farmer needs to teach farm tourists what to do and how to do it correctly without harming the land, the animals or themselves. Already we can see that farm tourism requires a specific set of skills and competencies if it is to be done correctly. Therefore, it is valuable to explore this topic and understand the farmer perceptions and opinions on this topic.

## 2. STATE OF KNOWLEDGE

The term tourism entrepreneurship has been subject to a conflicting array of definitions and has been conceptualized varyingly as the identification and exploitation of opportunity, the pursuit of risk, price arbitrage, change, economic growth, and venture creation. In their attempt to provide a definition of the tourism entrepreneur, Koh and Hatten (2002:25) borrow from many established attempts and advocate that an entrepreneur should be considered the 'creator of a touristic enterprise', who is 'willing to assume all the risks and uncertainties' in pursuit of a 'market opportunity' and who believes they have the ability and skills to do it successfully. (Phelan and Sharpley (2010; 2011; 2012)

Entrepreneurship is linked to certain attributes, abilities, or skills. Entrepreneurial literature seeks to identify personality traits and constructs, such as: the need for achievement, locus of control, and risk-taking propensity; as well as more complex concepts such as neuroticism, extraversion, openness,

agreeableness, and conscientiousness (Chell, 2008). Nonetheless, research to date has failed to identify a combination of traits that explain the entrepreneurial personality and there is now deep-rooted scepticism when it comes to the relationship between traits and entrepreneurial behaviour.

Human capital theory addresses the concept of competency. Becker (1964), for example, perceives this as a set of skills and characteristics that increases workers' productivity. This can be achieved through education and training. Schultz (1975) advocated that entrepreneurial ability, as a form of human capital, could also be enhanced through training, education, and experience. The interest in competence is linked to the perceived association with business performance and growth. Increased entrepreneurial competence amongst entrepreneurs will contribute to start-up rates, growth, and profitability. However, personality is also part of the equation according to Bird (1995). The author argues that personality is directly linked to success. Certainly, the ability to entertain, educate and host tourists can be linked successfully to outgoing, open personalities. Communication skills are key to the success of a farm tourism business and not all personality types are compatible with such an endeavour.

Competence is part of the knowledge, skill, and ability portfolio. Skill refers to the ability to engage in overt behaviour, whereas competencies relate to the ability to engage in cognitive activity (Kanungo and Misra, 1992). Quite often, knowledge, skills, abilities, expertise, acumen, or competency are used interchangeably in academic literature. Man, Lau and Chan (2002) describe competencies as higher-level characteristics and develop a model that categorizes six entrepreneurial competency areas, including: opportunity, relationship, conceptual, organizing, strategic and commitment competencies. Furthermore, they propose that the entrepreneur needs to hold a balance of these, with an emphasis on only a few, not being enough to ensure venture success (please see Table 1).

*Table 1*

Entrepreneurial competency areas

<b>Competency Area</b>	<b>Behavioural focus</b>
(1) Opportunity Competencies	Competencies related to recognizing and developing market opportunities through various means
(2) Relationship Competencies	Competencies related to person-to-person or individual-to-group-based interactions, e.g., building a context of cooperation and trust, using contacts and connections, persuasive ability, communication, and interpersonal skill
(3) Conceptual Competencies	Competencies related to different conceptual abilities, which are reflected in the behaviours of the entrepreneur, e.g., decision skills, absorbing and understanding complex information, risk-taking, and innovativeness

(4) Organising Competencies	Competencies related to the organization of different internal and external human, physical, financial, and technological resources, including team building, leading employees, training, and controlling
(5) Strategic Competencies	Competencies related to setting, evaluating, and implementing the strategies of the firm
(6) Commitment Competencies	Competencies that drive the entrepreneur to move ahead with the business

*Source:* Adapted from Man, Lau and Chan (2002); Phelan and Sharpley (2010; 2011; 2012)

Farmers have been encouraged to seek out new opportunities such as farm tourism or agrotourism to strengthen the economic viability of the farm and diversify the portfolio of activity. Agritourism and farm tourism are established tools for sustaining a farm and providing much needed additional income strands.

As a result, there has been an increased focus on the adequacy of both business and entrepreneurial skill towards such diversification. Farmers require a cluster of skills such as: business and management (including accounting, financial capability, strategic planning, people management), co-operation and networking, information technology, marketing and selling, entrepreneurial qualities and values, and technical and professional (i.e. farming) skills. In addition, they require higher order skills, namely: networking and utilizing contacts; recognizing and realizing opportunities and creating and evaluating a business strategy (Phelan and Sharpley, 2010; 2011; 2012). However, research is limited in relation to farm tourism skills and competences.

Research on farm tourism operators in Australia revealed that many farmers do not know what tourism entrepreneurship skills they lack and have no idea how they might acquire the necessary skills for managing a tourism business (Knowl, 2006). Research on the 'Maize Maze' farm attraction in Devon, England, revealed that their tourism venture was successful because the farm family had already established the basic business principles from their core operation. (Butts, McGeorge and Briedenhann, 2005)

### 3. MATERIAL AND METHOD

The study employs a qualitative methodology. Specifically, Q Methodology was used, which focuses on the subjective or first-person viewpoints of its participants. Q Methodology assumes that subjectivity has a measurable structure and central to Q is the notion that the respondent gives meaning to the statements by sorting them. The technique can be used to

describe a population of viewpoints, and not, as is the case with more traditional methodologies, a population of people. The individuals in a Q-study do the measuring, rather than being measured themselves. Q allows us to see if there are shared patterns across individuals. The factors (or discourses) that Q generates do provide order in a way that is both structured and interpretable by the researcher (Phelan and Sharpley, 2010; 2011; 2012).

The technique is suited to issues where there is debate, conflict, and contestation and where the aim is to elicit a range of voices, accounts, and understandings (Barry and Proops, 1999). Proponents of Q argue that it overcomes many of the shortcomings of positivism in that it provides a technique for the objective study of human subjectivity. (Phelan and Sharpley, 2010; 2011; 2012)

Respondents are asked to rank order items – according to their degree of preference or agreement – against a condition of instruction established in the research design. These items are typically written statements, but can be photographs, sounds or other items against which the researcher seeks to identify the operant subjectivity or shared viewpoints of individuals. Q-sorts are then subjected to a by-person (as opposed to a by- variable) factor analysis using dedicated Q Methodology software. It is made up of six key stages (Phelan and Sharpley, 2010; 2011; 2012), which comprises:

- (1) the definition of the concourse,
- (2) the development of the Q-set,
- (3) the selection of the participants,
- (4) the Q-sorting procedure,
- (5) the statistical analysis, and
- (6) the interpretation of the emergent factors.

Within the preliminary stages, the concourse, a technical term used to denote the range of issues that exist on a subject, is developed. This can be very large, consisting of hundreds or thousands of relevant issues on the topic. A more manageable range of statements known as a Q-set was developed. The resultant Q-set is a representative sample of the concourse and may be theory based or emergent, as appropriate to the research design.

For this study, the concourse was drawn from the literature on entrepreneurial skills and competencies across the entrepreneurship, tourism, rural and agricultural geography literatures. The entrepreneurial competency clusters advocated by Man, Lau and Chan (2002) in Table 1 were utilized to structure the concourse and develop a manageable Q-set. Forty-two statements were selected: seven against each of the six competency clusters. (Phelan and Sharpley, 2010; 2011; 2012)

The next stages, three and four of Q, involve selecting several participants, known as the P-set, to complete the Q-sort. In this study, fifteen

farmers who have diversified by adopting a tourism focus in North West England were invited to administer the Q-sort (please see Table 2). Table 2 presents the profiles of the 15 interviewees in the North West of England. Debate exists on the number of participants who should complete a Q-sort. Barry and Proops (1999) suggest that even twelve participants can generate statistically meaningful results. The P-set would ordinarily be smaller than the Q-set. The P-set should represent a diverse range of viewpoints and opinions to increase the opportunity of incorporating the broadest range of perspectives possible. (Phelan and Sharpley, 2010; 2011; 2012)

*Table 2*

Participant profile

Code	Core Farming Activity	Diversified Tourism Enterprise
P01	Grazing Livestock (Lowland)	Holiday Cottages.
P02	Grazing Livestock (Lowland)	Bed & Breakfast; Farm Shop.
P03	Cereals	Bed & Breakfast; Weddings / Events.
P04	Grazing Livestock (Lowland)	Holiday Cottages.
P05	Grazing Livestock (LFA)	Open Farm Attraction; Farm Tours / Classroom; Play Areas; Coffee.
P06	Cereals / Horticulture	Farm Shop; Tearooms; Pick Your Own.
P07	Grazing Livestock (LFA)	Open Farm Attraction; Farm Tours; Play Areas; Coffee; Farm Shop
P08	Grazing Livestock (Lowland)	Heritage Centre / Museum; Farm Demonstrations / Tours; Coffee; Farm Shop.
P09	Grazing Livestock (LFA)	Holiday Cottages; Camping.
P10	Dairy	Open Farm Attraction; Farm Tours / Classroom; Maize Maze; Play Areas; Restaurant / Coffee; Farm Shop.
P11	Grazing Livestock (LFA)	Holiday Cottages; Bed & Breakfast; Teashop.
P12	Dairy	Holiday Cottages; Camping; Bunkhouse; Coffee.
P13	Dairy	Farm Tours; Arts Centre; Farm Shop; Restaurant / Coffee.
P14	Dairy	Cafe; Farm Shop
P15	Grazing Livestock (LFA)	Bed & Breakfast.

LFA = Less Favoured Area (EU designation for areas where agricultural production is difficult due to landscape or climate conditions)

*Source:* Phelan and Sharpley (2010; 2011; 2012)

At the Q-sorting stage, respondents were asked to sort the forty-two Q-statements, printed as 4 x 5" cards, into three piles: (1) items they felt were important skills and competencies; (2) items they felt were of lesser importance; and (3) statements about which they felt indifferent or unsure, or that induce mixed feelings. Respondents were then asked to rank order the statements from these three piles, against the forced distribution chart from +4 to -4 according to the instruction 'most' to 'least' importance (please see Figure 2). (Phelan and Sharpley, 2010; 2011; 2012)

-4	-3	-2	-1	0	+1	+2	+3	+4
(2)								(2)
	(3)						(3)	
		(5)				(5)		
			(7)			(7)		
				(8)				

Source: Phelan and Sharpley (2010; 2011; 2012)

Figure 2. The 42 item Q-sort distribution

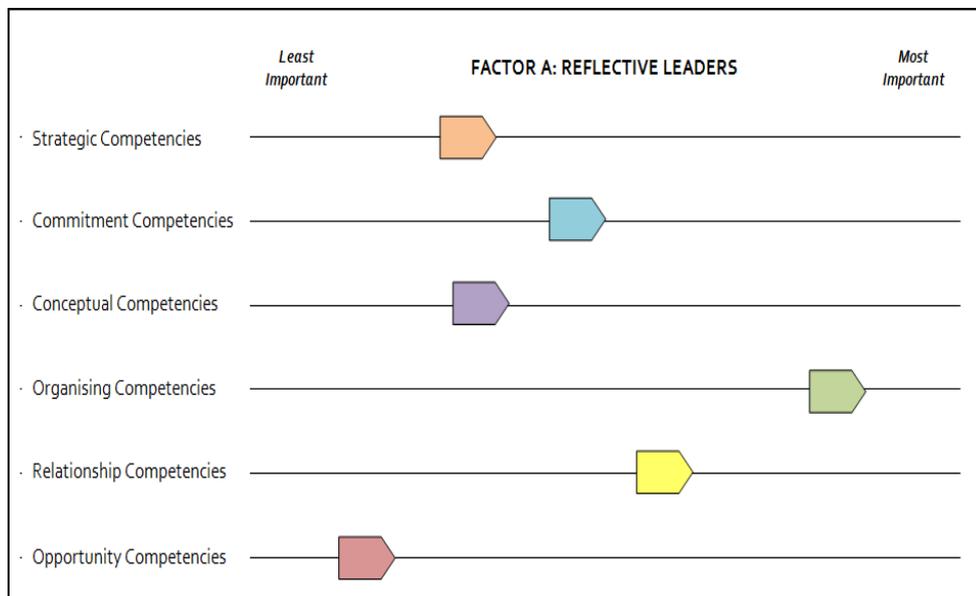
This Q-sort was required to identify the skills and competencies that farmers believe are important for successful diversification to farm tourism. Following the completed Q-sort, interviews were conducted, and respondents asked to comment on the most salient statements i.e. those placed at the extremes of the continuum (i.e. most strongly and least strongly agree). Respondents could comment more generally on wider issues to the statements being sorted and to offer any thoughts or observations that the Q-sort process had generated for them. The qualitative interview assists the researcher in the later interpretation of factors. (Phelan and Sharpley, 2010; 2011; 2012)

#### 4. RESULTS AND DISCUSSIONS

The study identified three common subjective constructions of entrepreneurial competence related to diversification and the problem of

agricultural tourism: the reflective leader, the opportunity conscious organizer, and the opportunity-based innovator. The results support the heterogeneity of farmers diversified in the studied region, which encapsulates a wide range of perspectives, from the opposite or non-risk taker to the conscious opportunity seeker, from managerial to entrepreneur. (Phelan and Sharpley, 2010; 2011; 2012)

Reflective leaders are leaders who appreciate decision-making and the ability to organize and coordinate (please see Figure 3). Key aspect for this factor is the value placed on supporting relational skills, including effective communication, consensus, and support, and promoting motivation among those who are led and organized.



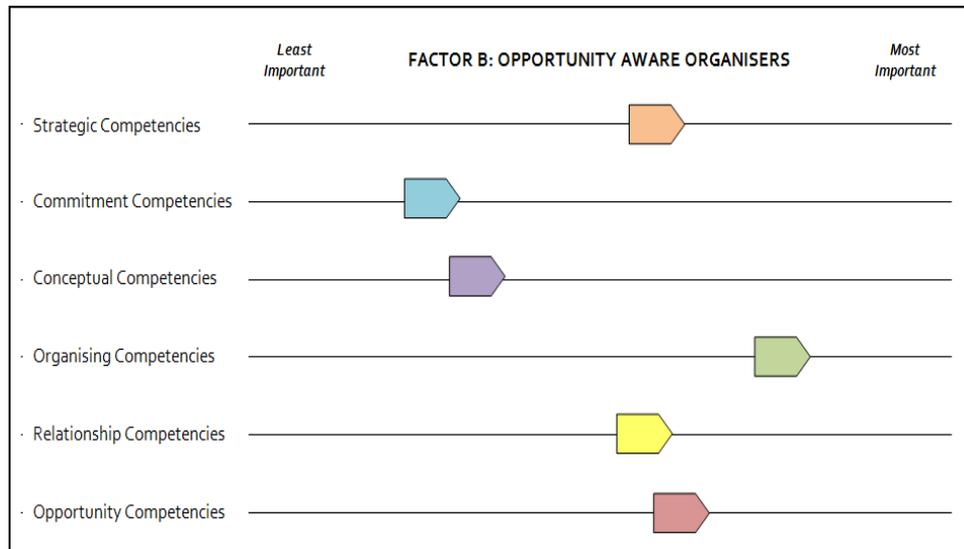
Source: Phelan and Sharpley (2010; 2011; 2012)

Figure 3. The relationship between competency clusters (Factor A: Reflective leaders)

This perspective does not extend beyond the farm gate and does not value the external network. Perspectives would seem to be most closely aligned with a more traditional agricultural crop and managerial persona.

In addition, this perspective or factor does not appreciate the skills of opportunity, but emphasizes the importance of a highly reflective set of skills: appreciating the need to be deeply aware of own strengths and weaknesses and to continually weigh the costs and benefits of decisions made and to see things from different perspectives. Lesser importance being attached to the search and

identification of opportunities would again seem to reinforce the earlier cited managerial. (Phelan and Sharpley, 2010; 2011; 2012)



Source: Phelan and Sharpley (2010; 2011; 2012)

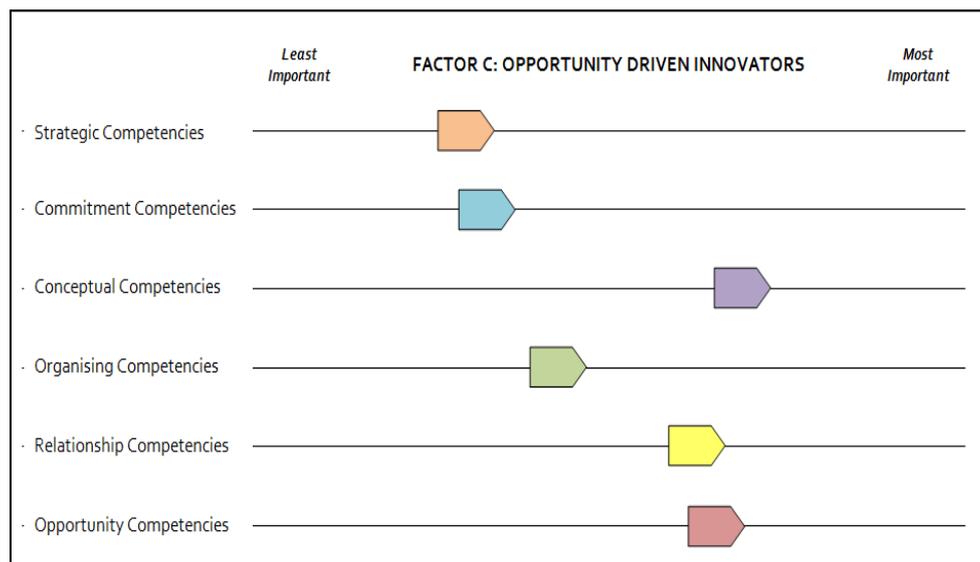
Figure 4. The relationship between competency clusters  
(Factor B: opportunity aware organisers)

Opportunity aware organizers is closely related to Factor A and parallels can be drawn in terms of emphasis and importance on organisational and relational competence (please see Figure 4). This common view also emphasizes strategic and expediency skills in so far as they compensate for several conceptual competences supported by Factor A. In addition, the distinguishing statements show that special importance is given to the identification of products and services that benefit customers and, indeed, to be able to identify these customer needs. Similarly, this common view emphasizes strategic awareness of the future direction of business, as well as the need to understand what is happening across the industry. The common view of this factor would rank very well in terms of many of the management, opportunity and strategic skills identified as essential to succeeding in agricultural affairs in general. (Phelan and Sharpley, 2010; 2011; 2012)

Opportunity innovators are differentiated from the emphasis on conceptual and opportunity skills and, while they continue to appreciate relationships, the low emphasis on the organization of skills demonstrated by previous views (please see Figure 5). This common perspective champions risk-taking, or at least, recognizes that risk can be inherent in business activity. Creativity and being aware of what is

possible would seem to underpin this opportunistic streak and risk trend. Moreover, this view is clear as the only factor comprising elements of the more traditional definitions of entrepreneurship, for example, would be opportunity. (Phelan and Sharpley, 2010; 2011; 2012)

Having provided an overview of the common subjectivity resulting from the above findings, it becomes clear that three different perspectives emerge, each encompassing a different position on a continuum between managerial and entrepreneurial, as well as between strategic and conscious opportunity. The research presented here has shown that the conceptualizations of the diversified tourism-focused farmer, thus offered in literature, would benefit from refinement and a clearer analysis of the specific competences that are most obvious or, indeed, of the nature of the entrepreneurship subject to empirical control. In addition, the above discussion reinforces the view that, in the context of entrepreneurship, farmers are not a homogeneous set of actors. (Phelan and Sharpley, 2010; 2011; 2012)



Source: Phelan and Sharpley (2010; 2011; 2012)

Figure 5. The relationship between competency clusters  
(Factor C: opportunity driven innovators)

Indeed, there is a heterogeneity of the views of common factors, which suggests that farmers, as operators of tourism enterprises, assume managerial and entrepreneurial characteristics to varying degrees.

## 5. CONCLUSIONS

The results of the study contribute to knowledge of the diversification of agricultural holdings and agricultural tourism. At policy level, the research presented in this thesis has brought conceptualizations of the farmer as an entrepreneur and a clearer concentration revealed the heterogeneity of modern agricultural identity. More specifically, it has been found that farmers who diversify into tourism are not a homogeneous set of actors, but encapsulate a wide range of perspectives, from the risk of not considering opportunity, from managerial to entrepreneur. This improvement may be either to establish a basis of competences and skills, to develop a framework or curriculum, or to be an element or criteria for evaluation in relation to publicly funded initiatives. As a result of the theoretical contribution set out above, conceptual models and taxonomies have the potential of rural development bodies to understand, aid and encourage critical debate.

This heterogeneity is important to understand the development of relevant support, training, and policy for farmers if they wish to expand into agricultural tourism or agritourism. At policy level, the research presented here has brought conceptualization of the farmer as an entrepreneur in a clearer concentration and revealed the heterogeneity of modern agricultural identity. Farmers need to be enterprising and more competitive in the future. The findings presented here have the potential to enable more tailored policy initiatives to engage with farmers and facilitate this transition. In particular, the focus on individual skills and competences and broader clusters of skills has the potential to provide the basis for improving existing agricultural and rural advisory services and enlargement training. In conclusion, farmers, as operators of tourism enterprises, assume managerial and entrepreneurial characteristics to varying degrees.

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