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# **Transforming local knowledge into lifestyle entrepreneur's innovativeness: Exploring the linear and quadratic relationships**

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## **Abstract**

Tourism Lifestyle Entrepreneurs (TLEs) play an essential role in the innovation and competitiveness of tourist destinations. However, little attention has been paid to how these entrepreneurs manage local knowledge and turn it into innovation. This research examines how place attachment, community-centered strategy, and knowledge assimilation influence lifestyle entrepreneur’s innovativeness. A mixed methodology was applied with an online survey of 511 TLEs being conducted first, followed by a qualitative research where 24 additional TLEs were

in depth-interviewed. Empirical evidence shows that, while place attachment and community-centered strategy have a positive linear relationship with lifestyle entrepreneur innovativeness, knowledge assimilation has a U-shaped relationship. Based on this U-shaped relationship, three types of TLEs were identified according to their capacity to transform assimilated knowledge into innovation, namely, opportunity seekers, professionals and laggards. The theoretical and practical implications are essential for the management of a tourism destination.

**Keywords:** Tourism lifestyle entrepreneurship; Knowledge management; Quadratic analysis; Entrepreneurial innovativeness; Innovation.

## 1. INTRODUCTION

Tourism Lifestyle Entrepreneurs (TLEs) play a vital role in the sustainability and competitiveness of a tourism destination. TLEs can be defined as “tourism business owners who are actively pursuing a different lifestyle” (Bosworth & Farrell, 2011; p. 1475). They run a business that is managed in a way that incorporates non-financial goals (Thomas, Shaw, & Page, 2011). TLEs represent a significant share of all tourism businesses (Getz & Carlsen, 2000; Thomas et al., 2011), and have a potential contribution to local development because they buy and hire locally, retaining capital in the destination (Jack & Anderson, 2002). They also offer tourists creative and genuine experiences associated with the place (Kibler, Fink, Lang, & Muñoz, 2015), establishing the basis for innovation and differentiation of their business (Dias et al., 2020) and, through the spillover effect, of destinations (Stamboulis & Skayannis, 2003). Furthermore, small-scale businesses are more likely to be sustainable than large companies, contributing to the preservation of local lifestyle, traditions, and the natural environment (Bosworth & Farrell, 2011; Wang, Li, & Xu, 2019).

The limited theoretical background related with TLEs leads to contradictory approaches. For example, TLEs innovation potential is not consensual. Several reserachers consider their

innovation capacity to be limited due to lack of skills and capital, lack of trust among partners, risk aversion or low entrepreneurial behavior (Cooper, 2015; Czernek, 2017; Marchant & Mottiar, 2011; Weidenfeld, Williams, & Butler, 2010). In the other hand, other researchers consider them as innovators because: (i) they operate in niche markets, which gives them a high level of business and product knowledge (Ateljevic & Doorne, 2000; Su, Zhang, & Cai, 2020); (ii) they offer taylor-made experiences which enables them to be close to the client and constantly update and respond to changes in the market (Ateljevic & Doorne, 2000; Shaw & Williams, 2009); and, they are embedded within the local community allowing them to provide more authentic and immersive experiences (Bredvold & Skålén, 2016; Yanow, 2004).

A particular point in the study of TLEs is the importance of being embedded locally (Bosworth & Farrell, 2011; Carlsen, Morrison, & Weber, 2008), which allows them access to local knowledge, which is generally tacit and difficult to imitate (Anderson, 2012). As tourism innovations are “difficult to develop and implement but at the same time relatively easy to imitate” (Zhang, Xiao, Gursoy, & Rao, 2015; p. 3-4), local knowledge represents the foundation for the competitiveness of small-scale businesses when competing with large companies (Komppula, 2014). Moreover, local knowledge also has implications for the competitiveness of destinations, enabling them to overcome standardization issues of their image and products (Richards, 2011).

Given the importance of this local knowledge in the competitiveness of TLEs, it is essential to understand the mechanisms through which this knowledge is transformed into innovation (Steyaert, 2007). However, the research focused on these small-scale tourism businesses entrepreneurial processes is still scarce (Fu et al., 2019). Particularly, the bridge between knowledge acquisition and innovation is still to be established in the TLEs context (Hoarau, 2014). Although TLEs are close to customers and community, a feature allowing a greater access to knowledge, these entrepreneurs fail to convert that knowledge in valuable tourist

experiences (Yachin, 2019). In addition, the existent research is also scarce on TLEs innovation outcomes, and is focused on problems and barriers to innovation (Thomas et al., 2011). Thus, this research aims to contribute to consolidate an integrative framework on TLEs knowledge management and innovation, as well as to understand the relationship between these variables. Specifically, it aims to contribute to increase knowledge about this specific group of entrepreneurs, seeking to understand the processes of knowledge acquisition and assimilation, as well as their results in terms of innovation.

The contribution of this article is threefold. First, the identification of the TLEs activities aiming to acquire local knowledge. By recognizing the limitations arising from the condition of small-scale businesses, it is possible to perceive that these entrepreneurs use their own mechanisms to access local knowledge and transform it in innovation, including place attachment, community-centered strategy and knowledge assimilation. Second, this study allows understanding and empirically testing the antecedents of lifestyle entrepreneur's innovativeness in small-scale businesses, contributing to existing knowledge in the fields of entrepreneurship and innovation in tourism. Third, the findings of this study contribute to clarify the ongoing contradictory discussion in the literature in which some researchers defend that TLEs have low innovative capacity while others defend the opposite. This study highlights that the TLEs are very innovative. By finding the existence of a quadratic relationship between knowledge assimilation and lifestyle entrepreneur's innovativeness our research brings further development in this discussion. We use a sequential mixed-methods approach. First, a quantitative study based on a survey was developed to test the research hypotheses. A second qualitative study based on in-depth interviews with TLEs was conducted. The purpose is to visualize in the field and on various angles how the sources of local knowledge and connection to innovation work, illustrating concrete realities for a better understanding of the phenomenon.

The remainder of this paper is organized as follows. Section 2 provides the theoretical background, and section 3 the development of the research hypotheses. Section 4 presents the methodology. The specific methodology and results for the quantitative and qualitative studies are presented in section 5 and 6, respectively. We discuss findings in section 7. A conclusion inclusive of limitations and contributions appears in section 8.

## **2. THEORETICAL BACKGROUND**

In a very competitive tourism context, there is a tendency to imitate the best solutions (Zhang et al., 2015). According to resource-based view (RBV), the competitiveness of a company results from its ability to possess resources and capabilities that comply with four essential characteristics (Barney, 1991), which contribute to enhance the firm's competitive position (Lin et al. 2012). First, the bundle of resources and capabilities must contribute to deliver value to the market, as the result of the accumulation of technical and market knowledge, skills and experience (Espino-Rodríguez & Padrón-Robaina, 2005). Local knowledge becomes a source of value for small-scale tourism business (Guercini & Ceccarelli, 2020). For many of these local businesses, their offer associated with the place such as traditions, landscapes, experiences, or lifestyle, providing innovative experiences strongly linked to the spirit of the place and its people (Binkhorst & Den Dekker, 2009), and a basis for innovation (Dias et al., 2020). 'Selling the place' also increases the perception of authenticity (Schilar & Keskitalo, 2018), the host-guest relationship and the feeling of 'place' (Middleton & Clarke, 2001). The greater integration of the TLEs in the local community also increases the likelihood of greater collaboration with other local stakeholders (Yachin, 2019). In this way, the experiences offered benefit to the implementation of co-creation processes (García-Rosell, Haanpää, & Janhunen, 2019) and provide greater added value by allowing closer contact with

local lifestyle and traditions (Middleton & Clarke, 2001). In turn, co-creation also represents an essential source of knowledge (Hall & Williams, 2020).

Second, resources and capabilities should be unique or, at least, rare in the industry (Lockett, Thompson, & Morgenstern, 2009), meaning that they are heterogeneously distributed in the market (Lin et al. 2012). If all competitors have the same competitive basis, the result will be competitive parity. The commoditization of tourism in some small localities has led to the transformation of a host-guest relationship into a service-provider to service-consumer (Sun & Xu, 2019), which represents a loss of competitiveness. However, a significant part of TLEs are not growth-oriented, i.e., they aim at objectives other than financial, such as quality of life, community improvement or other ideological goals (Morrison, 2006; Shaw & Williams, 2009). They are generally passion-driven (Guercini & Ceccarelli, 2020), and commoditization does not arise as they recognize the role of self-identity and differentiation from large companies (Carlsen et al., 2008). In this expression of the self, there is space for a wide spectrum of differentiating and idiosyncratic solutions arising from the lifestyle and motivations of each entrepreneur offering "multi-faceted, complex and person and context dependent" products (Su et al., 2020; p. 258). This subjective interpretation that TLEs make of their business leads to a rejection of the conventional way of doing business, giving way to a greater innovative and creative capacity (Ateljevic & Doorne, 2000). Richards (2011) argues that conducting experiments in a specific location requires that they be developed with endogenous and non-exogenous creative capital.

Third, there is a sustainability dimension to the RBV. Resources and capabilities may only be temporarily unique, which does not ensure the long-term competitive advantage. Therefore, they must also be difficult for competitors to imitate (Barney, 1991). Places offer location-specific advantages associated with the accumulation of historical, natural, cultural, and social elements (Arias & Cruz, 2019). Furthermore, local knowledge is tacit and difficult to



imitate (Shaw & Williams, 2009). Given that there is no separation between production and consumption of the tourist experience associated with the site (Richards, 2011), the supply of these entrepreneurs tends to be unique in a broader competitive context (national or international) although at the local level there may exist a strong imitation (Zhang et al., 2015). In a recent study Arias and Cruz (2019) found that TLEs performance is related to the supply of local products and services, and the strategy is used to overcome the limitations of operating in regions with scarce resources. Local embeddedness is also a source of unique competitive advantage. There is recognition in the literature that TLEs are embedded locally (Andersson, Cederholm & Hultman, 2010; Bredvold & Skålen, 2016). This capacity provides privileged access to knowledge through interaction with diverse stakeholders (Guercini & Ceccarelli, 2020; Yachin, 2019).

Finally, the firm must detain a “tourism core competence”, i.e., the ability to transform these resources and capabilities into business, i.e. into marketable processes, products and services (Denicolai, Cioccarelli & Zucchella, 2010; p. 261). Within this framework, it is critical to access knowledge and turn it into value (Cooper, 2015), and competitive advantage (Pinheiro et al., 2020). The access to information and local knowledge is a key factor for the profitability of small-scale tourism businesses (Bosworth & Farrell, 2011). However, this knowledge is often complex, uncertain and relational (Hall, 2019). Therefore, although TLEs have a greater proximity to customers and the community, which allows them access to local knowledge (Valtonen, 2009), these companies fail to use it for business (Yachin, 2019) and innovation (Hoarau, 2014). One of the difficulties is related to the fact that local knowledge is practice-based and context specific (Yanow, 2004), which makes it difficult to share and to disseminate (Shaw & Williams, 2009). However, the small business condition facilitates knowledge transfer processes, especially as the borderline between work and personal life is virtually non-existent. In parallel, it is recognized that TLEs “exploit their individual resources far more inclusively

and thoroughly than workers in other industries” (Eikhof & Haunschild, 2006; p. 240). These entrepreneurs should not be synonymous of unprofessional and their potential to "change the nature of a destination should not be under-estimated" (Carlsen et al., 2008; p. 256). Thus, TLEs should be able to establish the bridge between their activity and the market (Eikhof & Haunschild, 2006). Productive knowledge results from learning processes that integrate the constant processing of local knowledge (Guercini & Ceccarelli, 2020). An important point that results from the fact that these entrepreneurs are locally embedded is the possibility to follow the continuous evolution of local knowledge (García-Rosell et al., 2019). The transformation of this knowledge in innovation is associated with local experiences and the identity of TLEs (Bredvold & Skálén, 2016), requiring specific communication and interaction skills for the success of the innovation process (Hoarau, 2014).

### **3. DEVELOPMENT OF RESEARCH HYPOTHESES**

#### **3.1. Place attachment, community-centred strategy and innovation**

In the context of tourism, and particularly in TLEs, knowledge management is a complex, relational and difficult process (Hall, 2019). Three combinations of factors compete with this. The first relates to the context in which they operate, and the multiplicity of actors who intervene directly and indirectly in the experience making it difficult to trust each other and to create a common ground of understanding (Czernek, 2017). Moreover, due to the fact that these entrepreneurs have their own agenda (Komppula, 2014), it is recognized that these small-scale businesses are generally averse to knowledge originating from official or academic sources (Hoarau, 2014). The second group of factors is related to the characteristics of these businesses. The businesses operated by TLEs are small, highly influenced by seasonality, with poorly qualified staff and high turnover (Czernek, 2017). On the other hand, the owners show little management experience, little knowledge of the tourism business, and risk aversion (Cooper,

2015; Weidenfeld et al., 2010). By pursuing objectives other than economic ones it makes TLEs different from other entrepreneurs in tourism and other industries (Carlsen et al., 2008). The third group of factors concerns local knowledge itself, which is essentially tacit and practice based (Arias & Cruz, 2019, Valtonen, 2009). As defined by Hoarau (2014), it is personal and 'sticky'. As such, TLEs experiences are linked to a specific place, a source of inspiration providing a distinctive mix of narratives, stories, natural and cultural attractors (Bosworth & Farrell, 2011), which is a combination place and practice (Anderson, 2012).

Against this background, entrepreneurs who have the capability to manage this tacit local knowledge have the conditions for sustainable value creation and competitiveness (Cooper, 2015). Despite the scarcity of studies on the way entrepreneurs acquire and assimilate knowledge, several approaches can be identified.

A source of access to local knowledge results from the simple fact that the TLEs are embedded locally (Bredvold & Skålén, 2016), facilitating socialization processes (Zhang et al., 2015) as a result of living and spending time on a specific location (Valtonen, 2009). By being part of the local social structure (Jack & Anderson, 2002), TLEs can monitor the continuously evolving local knowledge (García-Rosell et al., 2019), and increase the alignment with social context (Bredvold & Skålén, 2016). The proximity to local stakeholders increases local knowledge acquisition through observation, listening and developing joint activities (Valtonen, 2009). The degree of integration in the community represents, on the one hand, a valuable supply of knowledge and, on the other hand, the basis for innovation in experiences (e.g. involving local stakeholders in the experiences, stimulating creativity) with a strong local character, the source of the differentiation of TLEs. As such, we hypothesize:

H1. There is a positive linear relationship between place attachment and lifestyle entrepreneur innovativeness

As considered by Ioannides and Petersen (2003) and Marchant and Mottiar (2011), place attachment constitute a passive and informal knowledge assimilation channel. However, considering the tacit local knowledge distinctive and practical nature (Arias & Cruz, 2019, Valtonen, 2009), TLEs often use more deliberate and active strategies to monitor local knowledge. For example, conducting collaborative community-oriented activities (García-Rosell et al., 2019) facilitates knowledge acquisition and the identification of entrepreneurial opportunities (Yachin, 2019). These community-centered strategies develop local networks and stakeholders engagement and promote trust within the several actors, increasing knowledge sharing (Czernek, 2014). As such, community-centered strategies foster the attraction of local knowledge by actively involving local stakeholders (Czernek, 2014). As a result, TLEs acquire new client-oriented stories and narratives (Yachin, 2019), contributing to deliver more value added experiences to the tourists (Eikhof & Haunschild, 2006).

Knowledge assimilation support innovation (Shaw & Williams, 2009) and are therefore the basis for business and destination competitiveness (Weidenfeld et al., 2010). It involves the transformation of local knowledge into new narratives and meaningful destination-specific and user-oriented experiences (Stamboulis & Skayannis, 2003). In this perspective, TLEs are capable of ‘selling the place’ (Schilar & Keskitalo, 2018), a basis for differentiation from big companies and entrepreneurs from other locations. Knowledge assimilation depends on the entrepreneurs’ personal competencies and life and market experience (Ioannides & Petersen, 2003), as well of the ability to imagine resources as products (Yachin, 2019). Due to the small-scale dimension of the business they can leverage this ability using the proximity with the tourists (Andersson et al., 2010; Richards, 2011; Shaw & Williams, 2009). By acquiring local knowledge through community participation, TLEs also strengthens local and personal identity (Bredvold & Skálén, 2016), and the achievement of sustainable goals (Morrison, 2006; Schilar & Keskitalo, 2018).

Formally, we propose the following hypothesis:

H2. There is a positive linear relationship between community-centered strategy and lifestyle entrepreneur innovativeness

### **3.2. Local knowledge assimilation and innovation**

Despite the recognition of the importance of local knowledge in innovation and competitiveness (Cooper, 2015; Weidenfeld et al., 2010), in the context of the TLEs, the effective innovation performance is far from consensual. Hall and Williams (2020) stated that innovation in tourism is composed of few leaders and many laggards, with TLEs being recognized as less innovative (Ioannides & Petersen, 2003). This is not unrelated to the fact that these entrepreneurs have limited resources, experience, and managerial capabilities (Marchant & Mottiar, 2011; Sun & Xu, 2019). As a result, there is a high incidence of unsophisticated managerial approaches in TLEs (Thomas et al., 2011). Attracted by the low entry barriers (Getz & Carlsen, 2000; Ioannides & Petersen, 2003) TLEs are more associated to opportunity seeking rather thoughtful decision-makers (Hjalager, Kwiatkowski, & Østervig Larsen, 2018).

The complexity of the innovation processes in tourism (Cooper, 2015) raises several difficulties for small-scale businesses to convert knowledge into innovation (Hoarau, 2014). In a context where innovation in tourism is evolving towards a non-separation between demand and supply, there is the emergence of networks of stakeholders that provide an experience environment (Binkhorst & Den Dekker, 2009). Thus, the traditional value chain gives place to intricate networks of agents, businesses and organizations (Richards, 2011). However, most of these entrepreneurs are lonely riders (Komppula, 2014), with reduced propensity to develop durable partnerships (Shaw & Williams, 2009), and lack of confidence in other stakeholders (Czernek 2017). These factors reduce the innovation capability (Thomas et al., 2011).

However, another perspective holds that TLEs are innovative. In this case, it is recognized that they are innovative, but with their own characteristics, which cannot be analyzed with the same lenses as traditional business approaches (Fu et al., 2019; Marchant & Mottiar, 2011). The small-scale of these businesses provides unique access to knowledge through closer contact with the environment (Andersson Cederholm & Hultman, 2016), greater involvement in the community activities (Marchant & Mottiar, 2011) and co-creation processes (García-Rosell et al., 2019; Hall & Williams, 2019). This proximity not only facilitates access to local knowledge, but also understanding the demands of tourists who seek very specific experiences, enhancing the innovation capability substantiated in customized solutions (Ateljevic & Doorne, 2000).

TLEs cannot be understood as unprofessional (Carlsen et al., 2008). On the contrary, Eikhof and Haunschild (2006) found that they are more effective in managing their individual resources than other entrepreneurs. TLEs have their own mechanisms to transform knowledge into innovation and business processes (Kibler et al., 2015). Cooper (2015) recognizes that knowledge can be transferred through spontaneous and unstructured processes. For example, informal cooperation with other entrepreneurs is an important mechanism for doing so (Marchant & Mottiar, 2011). Although these entrepreneurs tend to favor their creativity and innovation capacities and the preservation of a certain quality of life, they do not cease to pursue commercial activity (Ateljevic & Doorne, 2000; Morrison, 2006). Depending on performance and context, recent research found that there is often an oscillation of entrepreneurial attitudes from lifestyle orientation to business orientation and vice versa (Thomas et al., 2011; Wang et al., 2019).

The importance of innovation originating from these entrepreneurs has been recognized at destination level. Their capacity for innovation is essential to the destination (Kibler et al., 2015), providing entrepreneurial spirit that adds vitality to the place and to the experiences of

the destination (Morrison, 2006). This effect is leveraged by the existence of cohesive clusters (Hall, 2004), supporting shared environment in which knowledge is repeatedly tested, selected and preserved (Guercini & Ceccarelli, 2020). Therefore, experience and previous knowledge are essential aspects for TLEs innovation performance (Wang et al., 2019).

As the place acquires an essential role in opportunity detection (Arias & Cruz, 2018; Yachin, 2019), embeddness assumes added importance (Bosworth & Farrell, 2011). Thus, in a context where local knowledge is constantly evolving (García-Rosell et al., 2019), the capacity to integrate external knowledge into the organizational knowledge base is essential (Hoarau, 2014), in a process of accumulation of ‘knowledge stock’ (Weidenfeld et al., 2010). The problem lies in the ability to transform this knowledge stock into business innovation (Yachin, 2019). It is not only a question of adequate absorption of new knowledge as defended by Czernek (2014), it is necessary to transform this knowledge into marketable experiences (Eikhof & Haunschild, 2006). In this context, TLEs will professionalize their organizational structure and innovativeness along with the development of the knowledge assimilation capability. Thus, we propose the following hypothesis:

H3: There is a positive linear relationship between knowledge assimilation and lifestyle entrepreneur innovativeness.

There are also arguments that support the idea that high levels of entrepreneur’s innovativeness can exist when the level of assimilated knowledge is low. For example, several studies reported that TLEs are attracted to tourism business by finding interesting opportunities that do not require special skills or training (Ateljevic & Doorne, 2000; Fu et al., 2019; Morrison, 2006). However, the lack of managerial skills as well as the reduced experience in the tourism business suggests that these organizations are not prepared to deal with an increasing number of opportunities and knowledge, leading to a decrease in the responsiveness

of the TLEs businesses to generate innovation (Hjalager et al., 2018; Yachin, 2019). Table 1 summarizes the factors limiting TLEs innovativeness.

**Table 1**

Factors limiting the TLEs innovativeness

<b>Factors</b>	<b>Detail</b>	<b>Literary support</b>
Lack of skills and business experience	Lack of managerial and business experience, formal training, reduced resources (capital, staff, equipment)	Cooper (2015), Ioannides and Petersen (2003), Marchant and Mottiar (2011), Morrison (2006), Thomas et al. (2011), Su and Xu (2019), Yachin (2019)
Lack of planning/strategy	Decision to start business related to the detection of an opportunity rather a rational decision-making process.	Cooper (2015), Hjalager, et al. (2018), Morrison (2006)
Limited entrepreneurial behavior	Risk aversion, passivity, low creativity and innovation. Recognized as laggards. Quality of life aspirations	Cooper (2015), Czernek (2017), Decelle (2004), Hjalager (2010), Ioannides and Petersen (2003), Komppula (2013), Morrison (2006), Thomas et al. (2011), Weidenfeld et al., (2010), Yachin (2019)
Lack of trust	Unwillingness to cooperate and integrate collaborative networks	Czernek (2017), Thomas et al. (2011)
Operationalization problems	Difficulty in turning knowledge into innovation. Limited efficiency.	Hoarau (2014), Morrison (2006)
Lack of time	Despite their knowledge and ability, they do not have the time to materialize the opportunities	Ateljevic (2007), Komppula (2014)
Research capabilities	Reduced research skills and valorization of academic research	Cooper (2015), Czernek (2017), Hoarau (2014)



Nevertheless, other studies found that TLEs often change their business focus, namely from lifestyle-oriented to business-oriented (Su et al., 2020; Wang et al., 2019), evidencing ambitious behaviors (Getz & Carlsen, 2000) creating more structured businesses able to capitalize on innovation knowledge (Marchant & Mottiar, 2011, Thomas et al., 2011). Table 2 presents a more detailed description of the factors promoting the TLEs innovativeness

**Table 2**

Factors promoting the TLEs innovativeness

<b>Factors</b>	<b>Detail</b>	<b>Literary support</b>
Local knowledge	This knowledge is tacit and difficult to imitate, being the basis of differentiation and competitive advantage	Anderson (2012), Bosworth and Farrell (2011), Carlsen et al. (2008), Czernek (2017), Hall (2019), Komppula (2013), Richards (2011)
Locally embedded	Community integration facilitates access to knowledge and cooperation.	Andersson Cederholm & Hultman, (2010), Bredvold & Skålén (2016), Jack and Anderson (2016), Mottiar, (2007)
Niche products	Allows better knowledge of customers and development of taylor-made products and services	Ateljevic and Doorne (2000), Carson, Carson and Eimermann (2018), Fu et al. (2019), Shaw and Williams (2009)
Experience co-creation	Tourists participate actively, increasing the perception of authenticity and product or service customization	Binkhorst and Den Dekker (2009), Fu et al. (2019), García-Rosell, et al. (2019), Hoarau (2014), Richards (2011)
Professional management	Results-oriented management combine with quality of life goals	Ateljevic (2007), Carlsen, et al. (2008), Sweeney and Lynch (2009).

Networking	Integration into groups within and outside the community promotes the detection of opportunities and access to knowledge.	Guercini and Ceccarelli (2020), Hoarau (2014), Weidenfeld et al. (2010), Yachin (2019), Zhang et al. (2015)
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Individual and organizational learning processes also contribute to improve TLEs responsiveness to deal with continuously evolving local knowledge (Arias & Cruz, 2018; Guercini & Ceccarelli, 2020). As such, the more knowledge the firm assimilate the greater the entrepreneur’s innovativeness. Thus it can be argued the existence of a curvilinear relationship where low knowledge stock and high knowledge stock increases entrepreneur’s innovativeness. Formally, the following hypothesis is proposed:

H4<sub>alternative</sub>. There is a U-shaped relationship between knowledge assimilation and lifestyle entrepreneur innovativeness: TLEs businesses with very low levels of knowledge assimilation and TLEs businesses with very high levels of assimilation will have higher levels of innovativeness than TLEs businesses with moderate levels of knowledge stock.

#### 4. METHODOLOGY

The target population for this study are tourism lifestyle entrepreneurs (TLEs) who operates in Portugal. Portugal is a member state of the European Union (EU), which is the second largest economy in the world in nominal terms, after the United States. As other EU countries, Portugal economic development is strongly linked to its entrepreneurial activity. According to recent studies on entrepreneurial behaviour and attitudes (GEM, 2020), Portugal evidenced in 2019, a similar or even a superior behavior when compared to the global average in entrepreneurship indicators such as Perceived Opportunities Rate (Portugal 53.52% vs global average 53.65%) or Perceived Capabilities Rate (Portugal 61.43% vs global average 58.27%).

The TLEs were selected based on the following inclusion criteria: (i) have a tourism related business (e.g., restaurants/cafés, pubs, accommodations, tour operators, visitor attractions, and travel agencies) as followed by Hallak, Assaker, and Lee (2015); (ii) run an independently-owned business; (iii) pursuing objectives besides financial ones. That means that the businesses could be framed in a lifestyle context, as suggested by Thomas et al. (2011).

This study uses a sequential mixed method approach. More specifically, a quantitative study based on a survey questionnaire was first made, followed by a qualitative study based on in-depth interviews with TLEs. The main reason for the qualitative study was to obtain more deep insights on the transformation of local knowledge into innovation by TLEs. This information is particularly relevant due to the absence of studies within the particular context of lifestyle tourism entrepreneurship.

## **5. QUANTITATIVE RESEARCH: METHODOLOGY AND RESULTS**

### **5.1. Data collection, sampling and measurement scales**

The quantitative study uses data collected from Tourism Lifestyle Entrepreneurs' (TLEs) in Portugal to test the proposed research hypotheses. The data was collected through a self-administrated face-to-face survey. Data collection occurred during 2019. Respondents were selected using a non-probability sampling procedure since obtaining a sampling frame is difficult. More specifically, a purposive sampling technique was utilized to ensure that the respondents are effectively Tourism Lifestyle Entrepreneurs' (TLEs). Respondents were selected by two researchers during tourism meetings (Tourism-up, Taste-up, Tourism Entrepreneurship Challenge). The questionnaire was fulfilled immediately on site by respondents. A final sample of 511 completed questionnaires was obtained. The sample characterization is as follows. 61% were male, and 67% run their business in the place of birth.

6% were below 30 years old, 22% were between 30 and 40 years old, 31% were between 40 and 50 years old, 30% were between 50 and 60 years old, and 11% were older than 60.

The questionnaire was developed following a three-step approach. First, based on an extensive review of the literature a first version of the questionnaire was developed adopting and adapting existing scales to measure the constructs of interest. Second, all the measures were subject to extensive discussion with a panel of academic experts with knowledge in tourism and entrepreneurship. Finally, a revised version of the questionnaire was pre-tested with eight TLEs through a series of structured face-to-face interviews to validate the wording, the survey design, and eliminate ambiguities and errors.

In this study all the measures leading to the development of our constructs were drawn from the literature (See Appendix A). Knowledge assimilation was measured using two items adapted from Jansen, Van Den Bosch, and Volberda (2005). The items used to measure community-centered strategy were adapted from Besser and Miller (2001). Place attachment was measured through items adapted from Lalli (1992). We also adopted existing measures for our dependent variable, lifestyle entrepreneur's innovativeness. More specifically, we measure lifestyle entrepreneur's innovativeness using items adopted from Kropp, Lindsay and Shoham (2006). All of the scale items, apart from community-centered strategies, were measured using seven-point Likert-type scales anchored by one (strongly disagree) and seven (strongly agree). Community-centered strategy was assessed by asking respondents to evaluate on a 7-point Likert type scale (one equals not important at all to seven equals extremely important) the importance of specific strategies.

## **5.2. Result and data analysis**

### *5.2.1. Common method bias and descriptive statistics*

Because our study uses data collected from a single informant, common method bias (CMB) can constitute a threat to the validity of our results (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). We address concerns of common method bias (CMB) taking procedural and statistical remedies (Podsakoff *et al.*, 2003). The procedural remedies implemented in the research design stage were: we protected respondents' anonymity; we create simple and concise items; we placed the dependent variable after the independent variables in the survey, we pre-tested the questionnaire with TLEs to clarify ambiguities. The results of the Harman's single-factor test showed that a total of four factors were generated accounting for 74.05% of the variance in the data, with the first factor accounting for 21.23% of the variance, which is below the threshold of 50% (Podsakoff *et al.*, 2003). The highest value of correlation between constructs (0.79, see Table 1) was less than the maximum level accepted of 0.9 (Bagozzi, Yi, & Phillips).

### 5.2.2. Reliability and validity

A confirmatory factor analysis (CFA) with the maximum likelihood (ML) estimation method using IBM SPSS-AMOS 25.0 software was conducted to assess the reliability and validity of the latent constructs. The outcomes of the CFA indicated that the measurement model had good fit with the data:  $\chi^2 = 114.023$  ( $df = 28$ ;  $p < 0.001$ ), CFI = 0.955, TLI = 0.928; IFI = 0.955, RMSEA = 0.077, and standardized RMR = 0.040. The CFI of 0.955, TLI of 0.928, and IFI of 0.955 meet the recommended minimum threshold of 0.90 for adequate fit (Kline, 2005). The RMSEA of 0.077 does not exceed the cutoff of 0.08 nor does the standardized RMR of 0.040 the cutoff of 0.10 (Kline, 2005).

The standardized factor loadings, summarized in Appendix A, are generally above 0.7 and all significant at  $p < 0.001$ , confirming convergent validity (Bagozzi & Yi, 2012). The

Cronbach's Coefficient Alpha ( $\alpha$ ), composite reliability ( $\rho$ ), and average variance extracted (AVE) values for each latent construct are presented in Table 1. The  $\rho$  and  $\alpha$  values for study constructs exceed the threshold of 0.7 (Fornell & Larcker, 1981). The lowest  $\alpha$  obtained was 0.67 and the lowest  $\rho$  was 0.75. The AVE values of all latent constructs were greater than the suggested minimum standard of 0.5 (Bagozzi & Yi, 1988), ranging from 0.53 to 0.69. As shown in Table 3, discriminant validity was confirmed as the square root of AVE for each construct was higher than the correlations between all constructs. Taking all these results into consideration, our data provide support for good reliability and validity of all constructs. The descriptive statistics of all items as well as the respective constructs are presented in Appendix A and Table 3, respectively.

**Table 3**

**Descriptive statistics, composite reliability, average variance extracted, and correlation**

<b>Latent Variables</b>	<b>Mean</b>	<b>S.D.</b>	<b><math>\alpha</math></b>	<b><math>\rho</math></b>	<b>AVE</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
(1) Lifestyle Entrepreneur Innovativeness	6.16	1.13	0.79	0.79	0.56	<b>0.75</b>			
(2) Community-centered Strategy	5.98	1.32	0.70	0.77	0.53	0.62	<b>0.73</b>		
(3) Place Attachment	4.02	1.08	0.74	0.75	0.60	0.50	0.54	<b>0.78</b>	
(4) Knowledge Assimilation	5.44	1.75	0.81	0.82	0.69	0.54	0.54	0.34	<b>0.83</b>
(5) Knowledge Assimilation <sub>squared</sub>	-	-	-	-	-	-0.29	-0.38	-0.15	-0.79

**Note:** The bolded diagonal values are the square root of the Average Variance Extracted (AVE);  $\rho$  -composite reliability;  $\alpha$  = Cronbach's alpha; AVE – Average Variance Extracted. S.D. – Standard deviation.

*5.2.3. Results of the structural model and hypotheses testing*

A covariance-based structural equation modeling (CBSEM) approach was conducted by means of IBM SPSS-AMOS 25.0 software to test the proposed hypotheses. The goodness-of-fit statistics show that the proposed structural model generally fits the data well ( $\chi^2 = 126.360$ ,  $df =$

34,  $p < 0.000$ ; CFI = 0.960; TLI = 0.935; IFI = 0.960, RMSEA= 0.072, and standardized RMR = 0.041). The standardized path coefficients' estimates and the corresponding  $t$ -Values for the postulated hypotheses are summarized in Table 4.

**Table 4.**

**Summary of the hypotheses testing results.**

Hypotheses	Path	Path coefficient	$T$ -Value
H1	Place attachment→ lifestyle entrepreneur innovativeness	0.170	2.731
H2	Community-centered strategy→ lifestyle entrepreneur innovativeness	0.348	5.043
H3	Knowledge assimilation→ lifestyle entrepreneur innovativeness	0.561	5.058
H4 <sub>alternative</sub>	Knowledge assimilation <sup>squared</sup> → lifestyle entrepreneur innovativeness	0.334	3.825

Hypothesis 1 proposed that place attachment has a positive linear relationship with lifestyle entrepreneur innovativeness. The results indicate that this hypothesis was supported since the estimated path coefficient  $\gamma_1$  is positive and significant ( $\gamma_1 = 0.170$ ;  $p < 0.01$ ). The estimated path coefficient of community-centered strategy on lifestyle entrepreneur innovativeness  $\gamma_2$  is also positive and significant ( $\gamma_2 = 0.348$ ;  $p < 0.001$ ). This result supports H2, which postulated a linear positive relationship between community-centered strategy and lifestyle entrepreneur innovativeness.

As the estimated coefficient of knowledge assimilation on lifestyle entrepreneur innovativeness  $\gamma_3$  is positive and significant ( $\gamma_3 = 0.561$ ;  $p < 0.001$ ), and the coefficient of knowledge assimilation squared  $\gamma_4$  is also positive and significant ( $\gamma_4 = 0.334$ ;  $p < 0.001$ ), there is no support for H<sub>3</sub> but H4<sub>alternative</sub>, in its turn, is supported. The reason for this argument is: first, H<sub>3</sub> hypothesized a positive linear relationship between knowledge assimilation and lifestyle entrepreneur innovativeness. This relationship exists if  $\gamma_4$  is not significant. Therefore, H<sub>3</sub> cannot be accepted. Second, the coefficient  $\gamma_4$  is significant, which means that the

relationship between knowledge assimilation and lifestyle entrepreneur innovativeness is quadratic rather than linear. Moreover, the signal of  $\gamma_4$  is positive, meaning that the relationship is described by a U-shaped function as hypothesized in  $H4_{\text{alternative}}$ . Taking the  $H3$  and  $H4_{\text{alternative}}$  results together, our study suggests that when TLEs knowledge assimilation is very low or very high, they will manifest a high level of innovativeness. At medium levels of TLEs knowledge assimilation, their innovativeness will be at its minimum value.

## **6. QUALITATIVE RESEARCH: METHODOLOGY AND RESULTS**

### **6.1. Qualitative methodology**

A total of 24 in-depth interviews were conducted with TLEs. Data collection from interviews finished when researchers considered that theoretical saturation seemed to have been achieved. The interviewees were included in the study using the same criteria as for the qualitative study. To avoid bias in the interviews, the researchers ensure that TLEs that participate in the survey questionnaire were excluded from the sample of TLEs contacted to participate in in-depth interviews. All interviewees developed their activity in the central region of Portugal. In order to obtain a wide range of perspectives, in the case selection, there has been an effort to identify different types of business. Table S2 (supplemental file) presents the interviewees profile.

Our approach to data collection was as follows. An initial approach was made through direct contact with the entrepreneurs during tourism meetings as for the quantitative study. After this initial contact, the respondents identified by the researchers were contacted by phone to obtain consent to conduct the in-depth interviews and schedule the interview. Most of the participants who were initially contacted agreed to participate in the in-depth interviews. Three did not participate alleging lack of time. Using an interview guide we sought to understand the intensity of the innovation generated, collect examples of innovation and identify the factors



behind the innovation, including the place attachment, the community-centred strategy and the assimilation of knowledge. The interviews were conducted by two researchers of the study, recording and recording notes. The interviews lasted an average of 45 minutes and were conducted at the entrepreneurs' facilities. Confidentiality and anonymity of the participants were assured.

## **6.2. Qualitative results**

The interviews allowed a more concrete perception of the empirical results obtained in the quantitative study. Regarding the place attachment, an objective was to identify the link to the place and the extent to which this contributes to innovation. It was found that the place where they develop their activity is a source of inspiration for new ideas. It was noticed three non-mutually exclusive processes: the place attachment allows access to local knowledge; the place attachment facilitates the involvement of local stakeholders in the realization of experiences; and the place attachment fosters access to distribution channels.

In the first case, for 13 of the interviewees, it was perceived that the place attachment allowed a greater access to traditions, legends and stories, through socialization processes resulting from daily activities (street meetings, informal conversations or joint meals). It also provides greater proximity to partners and competitors and learn about good practices and the preferences and demands of tourists and visitors. As L21 states "we can learn a lot from our older neighbours [...] by always learning a new story that amazes our guests".

In respect of the second process, a total of eight participants stated that the place attachment enables local stakeholders to be involved in the experiments. In fact, the place attachment allows establishing trust with people and entities pertaining to the local community, which allows asking for their contribution in order to deliver value added experiences to tourists. For example, the interviewee L16 mentioned that her hostel collaborates with a nearby

restaurant to carry out cooking experiences for his guests. The L14 tour guide arranged with an elderly lady to take small groups of tourists to a traditional indoor patio. Another example, a restaurant (L3) invites every Thursday a resident to make a dish and tell the stories and traditions associated with it. In these cases, the experience was innovative as a result of the entrepreneurs' place attachment.

The third process concerns the access to distribution channels which is facilitated by the fact that the TLEs are embedded in the local community. Fifteen out of the 24 interviewed claim that they gained all or part of their customers through formal networks (tourist office, travel agencies) or informal networks (taxi driver, neighbors or local associations).

With respect to the community-centred strategy, they are deliberate activities developed with the community allowing the achievement of two objectives: to raise more knowledge about local traditions and customs; to attract and contact new tourists. Concerning the first objective, nine of the participants declare to have participated in the organization of activities involving several members of the community. For example, one of the interviewees (L12) collaborated in the realization of a YouTube documentary about the village, another (L2) developed a project with EU funds for the creation of a museum about the village's pottery traditions.

For the second objective, 19 of the interviewed declared having participated in local events and festivities in order to attract more visitors. Examples are a local handicraft and gastronomy fair (L3, L10, L17, L18, L19 and L22) or a fado night (Portuguese World Heritage traditional music) (L1).

The community-centred strategy proves to be an essential point for innovation as it allows tourists to assess their interest in the new ideas that they want to put into practice, without compromising their daily activities. There is also a double feeling that the community-centred strategy act as a magnet for tourists and knowledge and as a field for experimentation.

With regard to the third variable of the study, knowledge assimilation, it was sought to understand how the operationalization of the identified knowledge and the opportunities detected in innovation was conducted. In the context of the interviewees, the capacity to capitalise on the opportunities detected in benefit of the business is very variable. In line with the quadratic relationship identified in the previous study, it is possible to observe that there are three groups to consider: opportunity seekers, professionals and laggards.

Opportunity seekers refer to small businesses with just the owner and eventually two or three employees only. They do not have a strong knowledge assimilation capacity, but are excellent at capitalizing on few opportunities in innovation. They correspond to the left side of the U curve. This is the case with tour guides or handicraft workshops for tourists. In the former case, they lack tangible assets, which facilitate the process of innovation, while craftsmen are quick to adapt the design to follow market trends or to introduce new versions that incorporate elements of local traditions and legends. In both cases, they have some time in the low season or during the week to invest in service or product innovation.

Professionals comprise of businesses that have a high knowledge assimilation capacity and are highly innovative. They correspond to the right side of the U curve. This requires a flexible business where change is rapidly implemented. This is the case with surf camp and some hostels. They are more inflexible structures but have a great capacity to innovate in terms of technological channels and communication and positioning.

The third group, the laggards, corresponds to the lower part of the U curve, corresponding to organizations that have some capacity to assimilate knowledge but the innovation generated is scarce. The restaurants and other hostels are examples. The type of business is less flexible compared to the others examined, showing a heavier cost structure and an activity that is very absorbent. Thus, although there is an appropriation of knowledge and ideas, due to lack of resources and time, they are unable to capitalize on these ideas to generate innovation.

## **7. DISCUSSION**

The results from both studies suggest that the place attachment contributes to TLEs innovativeness, aligning with previous research that recognized the role of the place attachment in increasing trust in the community and stakeholders (Czernek, 2017), promoting informal meetings (Marchant & Mottiar, 2011), community-centred strategies (Dias et al., 2020) involving local stakeholders and accessing distribution channels (García-Rosell et al, 2019; Yachin, 2019). Other authors have also pointed out the role of the place attachment in access to local knowledge (Thomas, et al., 2011; Valtonen, 2009). However, these studies do not establish a relationship with innovation, as our results indicate. Thus, this study contributes to extended existing knowledge on entrepreneurial innovation by recognizing the influence of the place attachment on innovation, and by empirically testing the bridge between the access to local knowledge and innovation as previously theoretically recognized by Hoarau (2014) and Guercini and Ceccarelli (2020).

The results also underline the importance of community-centred strategy in entrepreneurs' innovativeness, as the quantitative results reveal, and specify in which practices this phenomenon occurs. Thus, the qualitative study indicates that the adoption of active community practice acts as a magnet for new ideas, identifying opportunities and testing new products and services. As Binkhorst and Den Dekker (2009) point out, in a context where innovation in tourism is about not separating supply and demand, holistic stakeholder networks offer an improved experience environment. The positive effect of the community-centred strategy on entrepreneurs' innovativeness highlights the importance of social capital in driving entrepreneurial activity aligns with previous research (Dias et al., 2020; Marchant & Mottiar, 2011). Our results expand existing knowledge by identifying that TLEs benefit from a more active and deliberate strategy in their interaction with society and stakeholders. These practices

allow to overcome some of the limitations of the TLEs, namely the lack of skills and managerial competencies, and their reduced willingness to cooperate.

The quadratic relationship identified in the quantitative study and examined in the qualitative study contributes to answer the dichotomy described by Thomas et al. (2011) where TLEs are simultaneously understood by policy makers as the lifeblood of tourism and as the laggards that limit innovation and growth of the tourism destination. Previous research divides TLEs into two groups: those who do not want to change their business to ensure lifestyle objectives and those who seek to have a more structured business (Bredvold & Skålen, 2016). As Lundberg and Fredman (2012) point out, TLEs and successful entrepreneurship are not necessarily mutually exclusive. In the context of TLEs, this study enables a more detailed analysis of the processes of transformation of knowledge into entrepreneurs' innovativeness, as requested by Yachin (2019). He states that proximity to the community and customers facilitates access to knowledge, yet TLEs are not always able to use it to the benefit of the business.

Within this framework, the results shed light on the discussion about the innovative capacity of TLEs. As indicated earlier, previous research establishes a continuum, in which at one end these entrepreneurs are recognized as not very innovative and at the other they show a pivotal role in the innovation of destiny. The quadratic effect and the qualitative study provide an explanation for this apparent contradiction by recognizing that there are three types of TLEs in terms of the capacity to transform assimilated knowledge into innovation:

- Opportunity seekers. Corresponds to small-scale companies or businesses with a small structure but with an innovative capacity that derives from the capitalization of a small amount of detected opportunities. These entrepreneurs are generally passionate freelancers (Guercini & Ceccarelli, 2020), with a good capacity to perceive

opportunities (Hjalager et al., 2018) and capable of dealing with producer-oriented experiences (Richards, 2011).

- Professionals. They represent the TLEs with more structured businesses with more systematic approaches in the knowledge assimilation and with high innovative potential. Their activity, although linked to lifestyle, is business-oriented (Wang et al., 2019), reflecting a balance between both objectives (Sue t al., 2020) and the need to innovate in order to compete with large companies (Carlsen et al., 2008).
- Laggards. They correspond to TLEs with some capacity to assimilate knowledge but little innovative. They correspond to a less innovative category (Ioannides & Petersen, 2003), where innovation is understood only from an instrumental perspective (Cooper, 2015) and linked to the need to maintain the business (Morrison, 2006).

By identifying these groups, this study shed light on previous discussion about the TLE's ability to innovate. Thus, this study confirms that under some conditions TLEs are less innovative, aligning with previous research (e.g. Cooper, 2015; Marchant & Mottiar, 2011; Morrison, 2006; Su & Xu, 2019). Simultaneously, our results apparently contradict the same studies and provide support for authors that have the opposite opinion (e.g. Anderson, 2012), Bosworth and Farrell, 2011; Komppula, 2013; Richards, 2011). As such, this study extends existing by recognizing that both situations are possible, and by identifying in which situations innovation is more likely to exist.

Nevertheless, the businesses run by TLEs have a certain degree of informality, which stems, on the one hand, from the association to the lifestyle and, on the other, from the reduced management and tourism experience (Cooper, 2015). Thus, innovation is generally the result of a practice-based approach (Hoarau, 2014), so it is not expected to find a systemic and structured approach to innovation. Instead, despite being deliberate, the innovation process is usually *ad hoc*, starting from the identification of opportunities and new knowledge through

socialization or the realization of more active initiatives that we designated a community-centered strategy. However, the results indicate that it is also necessary to translate these new ideas and opportunities into products and services and apply them for commercial purposes (Czernek, 2017). From the qualitative study, the ability to operationalize was found to be dependent of the availability of resources and time of TLEs and its employees, as previously identified in the literature review. When they succeed in doing so, innovation is generated. When they cannot they will accumulate the stock of knowledge.

## **8. CONCLUSION**

The results of this study contribute to the existence of a dedicated body of research on entrepreneurship and innovation in tourism, reducing the need to import business theory models as suggested by several researchers (e.g., Carlsen et al., 2008; Fu et al., 2019; Marchant and Mottiar, 2011). By considering innovation as an outcome it is possible to identify the precedent variables and establish a stronger framework for innovation processes in the context of TLEs.

Specifically, three variables have been identified that influence the innovation generated by TLEs. First, place attachment plays a key role as a basis for accessing local knowledge which represents the basis for the competitiveness of these small businesses. Second, the results also indicate that a community-centred strategy represents a valuable approach to innovation, where a deliberate and active interaction with local stakeholders has an important benefit in innovation. Third, knowledge assimilation represents an important organizational mechanism to translate local knowledge into innovation. This means it is not enough to know the traditions, the way of life or the local narratives. It is necessary to capitalize on these opportunities by applying them for commercial purposes. However, it turns out that this relationship is not linear. Entrepreneurs present different rhythms in the conversion of detected opportunities into

innovation. Specifically, innovation is greater when the knowledge assimilation capacity is low or high and is lower when there is an intermediate assimilation capacity.

This investigation also presents limitations and points avenues for future investigations. The question of generalization inevitably arises from the use of data collected through a purposive sample in a single country. Future research should use a probabilistic sample collected from lifestyle tourism entrepreneurs from different countries. It would be interesting to see whether the results obtained with the proposed hypotheses remain the same for TLEs from other countries.

This study suggests possible policy implications and executive plans for the entrepreneurs and relevant parties. As the place is a potential source of innovation, the capitalization of this opportunity results in a long term path. Destination managers should promote mechanisms to identify and collect local knowledge and identity: documentation, repositories, museums, etc. At the same time, they should 'bring this knowledge to life', promoting its exchange in the local community, promoting active moments of conviviality such as fairs, informal meetings, encounters, and even promoting a participative management of the destination that encourages participation and a sense of community. These forms of knowledge transfer must be reinforced through mechanisms of knowledge assimilation, allowing for real appropriation and, at the same time, deliberately aggregating potentially dispersed intentions into a set of attractions and experiences that are unique and differentiating. The mechanisms can be education, training, tutoring, mentoring, etc.

In the variables studied, the place attachment was considered to analyze the effect of integration in the community. However, other variables could be used with complementary effects, namely (i) the place identity that would make it possible to assess the extent to which the entrepreneur is aligned with the intended image of the destination. The lack of a place identity could lead to a situation of conflict between the objectives of the TLEs and the



destination management (Ateljevic and Doorne, 2000). (ii) The effect of online promotion strategies on the attraction and retention of TLEs and capital as suggested by Huynh (2019). (iii) Incorporate context variable for a broader picture as proposed by Gasparin and Quinn (2020), like the protection of the intellectual property, developing education and HRM or creating infrastructures that further stimulates destination entrepreneurship.

This study focused on innovation as a dependent variable, thereby ensuring the study on innovation as a process. However, the study of entrepreneurial self-efficacy as an outcome will allow us to evaluate the implications on perceived performance from the perspective of the entrepreneur, assessing his satisfaction with the business he develops.

### **Conflicts of interest**

No potential conflict of interest was reported by the authors.

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## Appendix A

Construct indicators: measurement scales, descriptive statistics, standardized factor loadings, and *t*-Values.

Constructs and items	Mean	S.D	SFL	<i>t</i> -Value
<b>Place attachment</b> ( <i>1= Strongly disagree; 7= Strongly agree</i> )				

I feel that I belong to this place	4.04	1.20	0.87	_a
This place is very familiar.	4.01	1.22	0.67	9.94
<b>Community-centered strategy</b> ( <i>1=Not important at all; 7=Extremely important</i> )				
I seek to strengthen and improve the local community.	6.16	1.56	0.78	_a
I seek to improve my image with the local community.	6.19	1.50	0.81	14.74
I am addressing clients that are not served by other local companies	5.59	1.94	0.59	10.83
<b>Knowledge assimilation</b> ( <i>1= Strongly disagree; 7= Strongly agree</i> )				
We quickly turn opportunities into new services.	5.42	1.90	0.89	_a
We quickly see the changes that occur in the market.	5.45	1.92	0.76	13.04
<b>Lifestyle entrepreneur innovativeness</b> ( <i>1= Strongly disagree; 7= Strongly agree</i> )				
I solve problems in an innovative way.	6.12	1.37	0.71	_a
I am creative in the use and control of resources.	6.16	1.35	0.73	14.23
I develop creative solutions to difficult problems.	6.19	1,34	0.80	14.89

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**Notes: a\_Indicates a parameter that was fixed at 1.0; SFL = Standardized Factor Loadings; S.D – Standard deviation.**