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How economic conditions of a country impact its local tourism: Entrepreneurship and innovative approaches to challenge this threat

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Sumário

O turismo tem atraindo atenção mundial por ser um catalisador para o crescimento económico. Enquanto alguns autores defendem que as consequências trazidas por uma economia baseada no turismo se sobrepõem aos seus benefícios, as opiniões sobre a viabilidade de ter turismo como principal contribuidor para o desenvolvimento económico não atingem um consenso.

Existe uma grande lacuna na literatura quando se trata dos impactos sociais, culturais e ambientais do desenvolvimento do turismo, maioritariamente por ser uma questão negligenciada por governos e entidades privadas. Esta investigação fornecer-nos-á novas informações sobre o tema e uma visão mais precisa sobre as vantagens e desvantagens do turismo para as comunidades locais. Utilizando dados fornecidos pelo governo foi feita uma análise correlativa a fim de identificar tendências e correlações.

Neste estudo é mostrado que as inovações têm uma contribuição positiva para o crescimento do turismo, embora enfrentem muitas ameaças no processo, como a resistência do cliente à mudança. Esta investigação conclui que o turismo não pode ser visto como uma panaceia devido aos riscos associados, mas, se gerido adequadamente, tem um potencial incomparável. É inegável a importância das inovações e dos empreendedores no aumento da competitividade e atratividade do setor, mas a nota final é que estes têm impactos limitados, visto que a verdadeira influência recai sobre o governo e suas leis que, em alguns cenários, principalmente na Índia, é mais frequentemente um malefício que um benefício.

Abstract

Tourism has been getting worldwide attention due to being a catalyst for economic growth. While some authors defend that the consequences brought by an economy reliant on tourism overshadow its benefits, the opinions get split over the reliability of tourism as a main contributor to economic development.

There is a huge gap in the literature when it comes to the social, cultural, and environmental impacts of tourism development mostly due to being an issue neglected by governments and private entities. This investigation will provide us new information on the topic and a more accurate view on the upsides and downsides of tourism for the locals. Using data provided by the government it was made a correlative analysis in order to identify trends and correlations.

In this study it is shown that innovations have a positive contribution for tourism growth even though these face many threats in the process, like customer resistance. This investigation concludes that tourism cannot be seen as a panacea due to the risks associated with it but, if properly managed, can be an asset like nearly no other industry. It is undeniable the dire importance of innovations and entrepreneurs in boosting the competitiveness and attractiveness of the industry, but the final note is that these have limited impacts as the real influence lies on the government and its laws which, in some scenarios, particularly in India, is more often a liability rather than a reliability.

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1. Introduction

1.1. Framework

Tourism has been getting worldwide attention due to being a stimulant for economic growth as well as being an incredible asset to complementary industries like agriculture and energy development (Khan *et al.*, 2020). The opinions from the scholar about the industry's liability do not find a middle ground. Many believe that it is too instable and volatile to be considered a reliable catalyst for economic development while the others agree that, if properly managed, tourism has the potential to overcome most of the industries when it comes to benefits to economic development.

From the long and complex process that is seeking to turn tourism into a predictable and controllable industry, innovations take an important role in making it more resilient to seasonality and in increasing the competitiveness, visibility and attractiveness of the industry (Halls & Williams, 2020). On the other hand, this process faces several threats being the main one customer resistance and being tourism an ever-changing industry with new enticing destinies every year and new ways of travelling, the customers tend to show resistance to these continuous developments. Particularly in tourism where, unlike most industries, there is a lack of *trialability*, which means that the customers cannot have any sort of experience beforehand and are forced to try it upon arrival which only complicates the process of implementing new innovation (Sánchez, Williams & Garcia-Andreu, 2019).

From that, entrepreneurship started to gain interest and it became crucial in the innovation implementing process (Hjalager, 2010). The entrepreneurs bring the creative factor into one of the most rapid growing industries worldwide and become direct influencers in its development (Alsafadi *et al.*, 2020). Tourism will not stop being a volatile and unpredictable industry but it is up to the entrepreneurs to mitigate this phenomenon and to learn how to deal with it on a daily basis.

If properly managing tourism is complicated, properly managing tourism in India is on the edge of being impossible. Being India one of the biggest and most populated countries in the world while at the same time being one of the less educated and poorer, makes the challenge to have a viable tourism management that will contribute to a sustainable economic development seem unimaginable. Zhao & Ritchie (2007) state that developing countries tend to advertise and encourage tourism development due to all its benefits for the economy but tend to neglect all the downsides attached to an economy reliant on tourism that, more often than not, ends up convincing the scholars that tourism is not a viable economic booster and that the harmful aspects tend to overshadow its benefits.

This dissertation aims to understand the role of entrepreneurship and innovations in challenging the existing threats in the tourism industry. From the strategies used by the entrepreneurs, their role in empowering local communities, the different types of innovations and the development of these throughout history, this investigation pretends to evaluate how impactful these agents can be in *controlling the uncontrollable industry*.

1.2. Problematic of investigation

Throughout the dissertation it becomes clear that the opinions over the reliability of tourism are far from unanimous. This investigation aims to move a step closer to an agreement over the viability of the industry as a main contributor to economic development of emerging countries. The focus will be on entrepreneurs and their capability to turn innovations into standardized concepts that will aid stabilizing the sector.

In this sense, the investigation will primarily focus on understanding the innovative process and these are received and implemented in an unstable industry. From the transport network developments to the raise of the technological innovations, there are many and different ways for these to contribute to economic development but it is necessary to understand which, how and when in order to create a pattern which could be repeated for future ideas.

On a second note, the study will shift its attention into the role played by the entrepreneur in enabling these innovations. It will be seen over the course of the dissertation that the entrepreneur plays a much more important role than simply bringing innovations into life, these are also responsible for empowering the local communities and allowing them to have a say on decision-making processes therefore contributing to a more fitting management of benefits from the tourism industry that tends to be unequal.

The sole problematic of this investigation lies on tourism being seen as a volatile and unreliable industry and identifying which approaches can be taken by innovations and entrepreneurs to challenge this threat. For India, tourism is a valuable pillar for economic growth but the downsides it brings for the environment and the locals are often frowned upon.

1.3. Theoretical and empiric objectives

There were several the authors consulted for this study with the purpose of getting a better understanding of the already existing literature and for being capable of formulating objectives for my own investigation (Hjalager, 2010; Halls & Williams, 2020; Pulido-Fernández, 2012, Chok *et al.*, 2007, among others).

After a long theoretical research of those authors, it became possible to outline some general objectives, such as understanding the influence of innovations in tourism growth from the transportation developments to the technological advancements. Posteriorly, measure the impact of entrepreneurs in local communities and understand how these can play a role in mitigating some of the hazards caused by the rapid tourism growth. Lastly, analyzing the effect of tourism development on the Indian population and trying to comprehend how the industry must be managed in order to be seen as viable and reliable, even if seasonal.

From this, it is possible to identify the three objectives that were formulated based on the research questions raised from the literature. The objectives were created with the purpose of covering the whole literature so that it would be possible to discuss our results with the on opinions and statements of the authors. These were the three objectives:

- O 1 - Identify the impact of innovations in the tourism industry and its penetration in the Indian market
- O 2 - Investigate the role of the entrepreneur and the impact of entrepreneurship
- O 3 - Investigate the social, environmental and cultural impacts of tourism growth

1.4. Structure of the dissertation

This dissertation has the purpose of creating knowledge about the tourism industry, with focus on the roles of innovations and entrepreneurship in mitigating possible threats. This investigation was split into different chapters. Chapter 1 starts by making a framework for the study and is where the problematic is defined and the objectives presented. It is an introductory chapter with the purpose of presenting the study to the reader.

Chapter 2 is where the literature review starts and is split into three sub-chapters. Chapter 2.1. is about Innovation and starts with the definitions of main concepts to give a better perspective about the topic. Afterwards it is identified the main barrier for innovation implementation in the tourism industry, customer resistance and are investigated possible ways to bypass this issue. Then it is analyzed how SMEs can function as innovation agents and the chapter ends off with a characterization of internationalization as a form of innovation.

Posteriorly, chapter 2.2. starts by characterizing the entrepreneur and explain how it relies on seizing opportunities. After that, it makes a necessary distinction between mainstream entrepreneurship and tourism entrepreneurship. Although the difference might not be enormous, it is important to understand that there is a difference between the two and that methodologies or processes from mainstream entrepreneurship cannot simply be adapted into tourism. Lastly it investigates how social entrepreneurship can act in emerging economies and focus the role of community as a way to empower the locals.

Chapter 2.3. aims to provide information about tourism in emerging countries and how these are dealing with tourism's rapid growth. Firstly, it is made a distinction between tourism growth and tourism development highlighting the advantages and disadvantages of each. Then is made an

investigation over tourism's role as contributor to economic growth and lastly, it is made an introduction of pro poor tourism and all its strategies.

Chapter 3 corresponds to the theoretical approach, which is where the fundamentals for the creation of the research questions are presented. This chapter consists on an analysis of these questions. Chapter 4, includes the methodology. It is where the whole process of the investigation is defined and where the sample design for all the variables is explained. Being it a quantitative approach based on secondary data from the Indian government, it is also explained the veracity and reliability of all the data analyzed.

Chapter 5 consists in the presentation and discussion of results. This is the stage where the analyzed data is presented and the results compared with the opinions of the authors in which the research questions were based. Chapter 6 intends to gather some final considerations for the investigation. Firstly, it is made a conclusive analysis about the results obtained in the study, secondly, it reminds the contribution of the investigation for the industry, thirdly, it comprehends the academic and professional learnings obtained from the study, fourthly, are made suggestions for future research on the topic based on the experience acquired from this investigation and lastly, are stated the limitations found in the realization of this study.

2. Literature review

2.1. Innovation

“Innovation refers to the process of bringing any new, problem solving idea into use. Ideas for reorganizing, cutting cost, putting in new budgetary systems, improving communication or assembling products in teams are also innovations. Innovation is the generation, acceptance and implementation of new ideas, processes, products or services... Acceptance and implementation is central to this definition; it involves the capacity to change and adapt” - Cited from Hall & Williams (2008: 115)

2.1.1. Main concepts

Over the years, several definitions for the term innovation have emerged bending according to the different purpose of the research. In 1934, Schumpeter came up with the, probably, most used one definition since then which discriminated the five different sectors in which companies would implement innovation: Generation of new or improved products; Introduction of new production processes; Development of new sales markets; Development of new supply markets; Reorganization and/or restructuring of the company.

Van de Ven (2012) splits innovation into four factors: new ideas, human factor, interactions and structural framework. Innovation and service advancements are key factors to a certain development and sustainable income for most industries but, mostly, for those whose markets are saturated, and the customers can consume both the products and services from every corner of the world, which is the scenario in the tourism industry (Peters & Pikkemaat, 2006). Hjalager (1994), defines innovations as inventions that reach the point of being implemented and commercialized.

Innovations are not sporadic, they are a nonstop and always changing process and starting one will initiate a snowball effect (Hjalager, 2010). In 2004, Martin demonstrated that the rise of usage of

the Internet in the hospitality sector allowed an increase of benefits for the managers and staff and that the ICTs are not simply for the tourists but rather an interface that connects these with the tourism providers. Innovations are no longer seen as extents of a business but are now considered as a crucial part of the development and competitive side of a company (Valenta, 2011). They are a main source of value and it has been stated that the ability to create and innovate different and “game-changing” products or services is the most efficient way to keep competitive and to perform at the highest rate (Svejda, 2005).

Innovations do not only create capital and revenue but also allow the companies to develop new managerial skills (Svejda, 2005). Albaladejo and Garcia (2015) found a trend between the income growth between tourism and the rate of innovation development. The easier access to information and knowledge makes the tourists (customers) more demanding and since they see the destination as a bundle and evaluate it as a whole, instead of splitting it into different services and products, these must be ready to satisfy any requirement or demand from them and need to come up with “breathtaking” innovations all the time (Palatková, 2006). Innovation is not solely on products or services, there are several different ways on where entrepreneurs can innovate and Hjalager (1997) made the first characterization of innovations for the tourism industry.

With base on Hjalager’s research in 1997, Weiermair (2005) came with a slightly different modification which categorized innovation in five categories: Product, process, organizational/managerial and market innovations are the core fields of innovation, although, it has already been concluded that innovation in one sector will result in innovation in the others (Barras, 1986).

2.1.2. Customer resistance to change

Weiermair (2005), assumed that innovations will only take place if the expected profits are high enough to pay for the added cost and risk that comes with the implementation of the novelty. Pikkemaat and Peters (2006), on a discussion about innovation in the Alpine tourism came to the conclusion that in the small and medium sized hotels, in the area, the main sort of innovation activities are the ones affecting the processes and exclaim that it is hard to find any changes on

activities or products. The authors also suggest that “*market attractiveness, process management, market responsiveness and empowerment predict new service development success within chain affiliated hotels*” (Pikkemaat and Peters, 2006: 15).

Even though all authors agree that both innovation and service development are of dire importance to the industry, they are still aware of all the barriers that must be overcome in order to achieve such a conquest in such a young market (innovation wise) (Peters & Pikkemaat 2006). Simply having an original idea for a new product or an innovative process is not enough. It needs to be able to be commercialized and must be developed in order to be tested in the market. All the innovation in tourism will have to be market-tested, in most cases, there are no samples, no trial and no live tests, the moment the customer tries the product, it is already consuming it (Peters & Pikkemaat 2006).

The size of many tourism enterprises is often seen as an impairment for innovation (Jacob & Groizard, 2007). Even though these can be more resilient towards seasonality, the size of the enterprise is still a key factor for internet-related innovations (Hjalager, 2010). Besides the size of the enterprise, the dimension of the destiny also influences the rate of innovation, while larger destinations tend to be more innovative than small ones (Pikkemaat & Peters, 2005). Enterprises that tend to differentiate their product or service from their competitors tend to be more successful (Walsh et al., 2008).

Hall and Williams (2020) were concerned about the consequences that might advocate from the innovativeness in terms of competitiveness, prices, visibility, and attractiveness, with particular focus on the singular enterprises. Victorino et al. (2005) reinforced this idea showing that the more innovative the enterprises were, the bigger the competitive lead was and, subsequently, more customer preference. On the same note, Hjalager (2010) highlights the role of the government relative to the management of competitiveness and how its policies will dictate how market functions when it comes to innovative processes.

When introducing innovations to the market there are several obstacles that the entrepreneurs will have to overcome being the main one, customer resistance (Sánchez, Williams & Garcia-Andreu,

2019). Even though innovation processes face risk during all its stages, the most critical one is the diffusion because it is where its value will be judged by the consumers (Rogers, 1983).

Ram (1989) states that customer resistance is, inevitably, a negative outcome when it comes to innovation evaluation. Overcoming this stage is a crucial step for the innovation success, some examples of this statement are the credit cards, online booking or even budget airlines that skyrocketed once the customers started considering them as standard (Hall and Williams, 2020). A study made by Castellion and Markham (2013) concludes that innovations in tourism are especially difficult to implement and that 40% tend to fail, being customer resistance one of the main causes. And this raises the question, why do customers show so much resistance towards innovations since the main objective of these is to make life more practical or cheaper for the tourists?

Due to the lack of *trialability* in tourism, brand image becomes essential due to the fact that most products/services are consumed in the moment of the purchase so those that do not possess a record might be targets of customer resistance due to the lack of reputation (Sánchez et al., 2019). A key step for customers to accept an innovation is that it must be different from already existing offers while being desirable, feasible and meaningful (Sethi et al., 2001). The hedonic feeling is attached with the tourism industry and, for that reason, innovations in the sector must always appeal to pleasure and satisfaction in the customer (Wang, Cole and Chen, 2018).

Contrary to what is often assumed by most literature, initial customer resistance towards innovation should be expected since when confronted with uncertain choices, in commonality with the population in general, customers tend to prefer the actual status of things instead of “being forced” to invest time, money or effort into new changes, either to its associated costs or learning required (Kahneman et al., 1991). The aversion to change has been claimed as the main barrier behind innovation processes in tourism (Hjalager, 2002; Camisón and Monfort-Mir, 2012). When evaluating an innovation, customers balance the difference between the improvements in their satisfaction and what they have to give in to get it (Sánchez et al, 2019). This judgment is known as the *endowment effect* where the customers value the losses more than the gains and for that reason, they tend to always demand more in order to compensate for what they give in (Sánchez et al, 2019). This has been stated as the main competitor against innovation, the established habits.

When the customers are comfortable with what they are doing/using it becomes harder to motivate a change, even if for the better they feel reluctant to change (Miles & Huberman, 1994).

Sánchez et al., (2019) contrary to what would be expected, also found that there is a huge risk for the first movers. Innovation success is often linked with innovation pioneers but that is not always the case. The authors found that the resistance they encountered from the customers was due to the fact that they were entering the market too early and this was not mature enough or even ready to receive such changes. They even state that “*being the first in the market is often negative*” (Sánchez et al., 2019).

2.1.3. Technological innovation in tourism

Whether it be on the holiday or in the organization process, the technological innovations are completely changing the industry (Khudoyberdievich, 2020). Coombs *et al.* (1987) claimed over 30 years ago that technology was already the main force behind the innovational process. There have been many transformational processes in technology that have caused major shifts in tourism being most of these in the transports domain allowing and contributing to a fast development pace in the industry’s development (Hall and Williams, 2020).

While Hjalager (2010) defended that the role of social media was still difficult to define even though its importance was unquestionable for the success of marketing practices, Hall and Williams (2020) claimed that it was not only a channel of knowledge of dire interest but a source of opportunity creation for new types of business models. Gossling *et al.* (2018) found that trust and credibility are main factors when it comes to social media due to the veracity of the reviews, comments or even photos. While the authors defend that these technological innovations are of immense utility for the industry, they also alert for the necessity to trust and base their choice on other customer’s preferences Gossling *et al.* (2018).

Khudoyberdievich (2020) a true supporter of technological influence in the tourism industry claims that technology is transforming the way tourists travel, whether it be on the way they order food from their hotels, on the way they travel around the city/country or even on the way they take

pictures and memories of their vacations. On the other hand, Weissenberg (2017) defends that technological innovations in the tourism industry should not be used to captivate audiences but rather to enhance the tourists experience by providing better and more advanced support in all fronts.

2.1.4. Internationalization as a form of innovation

Internationalization is often seen as the international expansion abroad of a company but can also be defined as a way of innovation (Shaw & Williams, 2009). Firms and enterprises internationalize in order to be that step away from their competitors whether in terms of visibility, factor costs or even market access (Hjalager, 2007). For a company to expand internationally it has to become aware of the county it is moving to, learn about its dynamics and transfer the knowledge within the firm meaning that internationalization is a form of innovation (Shaw & Williams, 2009). The approach of many firms focuses on “physical” markets when it comes to culture, language, and business practices (Williams & Shaw, 2011). Firms will be providing services or products to tourists in a totally different environment which requires them to create new chains of supply and links in this new framework. This forces the firms to innovate and develop new social networks at each new step (Shaw & Williams, 2004).

Shaw and Williams (2008) claim that for internationalization, firms require higher knowledge when compared with those that only operate on the national panorama. Firms expanding abroad have the necessity of extra resources to be able to overcome the lack or misunderstand information (Liesch et al., 2002). This may be defined as “market knowledge” which can be defined as the single most important factor to the globalizing firms (Hymer, 1960). Ritzer and Liska (1997) state that there is huge demand by the tourists for a “McDonaliation” of destinations because these are foreseeable, consistent, controlled, and cost-efficient. While MNEs were initially not focusing on continuous innovation they now produce repetitive, ever-growing innovations. Over time, MNEs become capable of adapting their innovations to meet the standards and demands of the domestic preferences (Williams & Shaw, 2011).

As many authors defend, internationalization does not follow the typical model of innovation in tourism because part of the knowledge must be acquired in the host country and the innovations, in order to be successful, must adapt to its ideals and demands (Matusits, 2010, Véronneau & Roy, 2009, Hjalager, 2010). Internationalization demands that its innovations are subject of knowledge transfer nationally and internationally (Williams and Shaw, 2011). Loane, Bell and McNaughton (2007, p. 490) state that the innovation orientation from most entrepreneurs of international firms comes, often, from previous international background experience, such as being born abroad, studying or working overseas, or even foreign language skills. These sorts of experiences might not only provide international networks but is also a key factor for a wider openness for new ideas (Williams, 2007a).

The rapid growth of international tourism is of higher importance not only for the companies going overseas but also for the host countries welcoming these. These firms play a vital role in the increase of tourist consumption and innovation creation (Williams & Shaw, 2011). Knowles et al, (2001) stated, nearly 20 years ago, that international firms were already outperforming national tourism and that rapidly became important drivers to facilitate innovation. The growth of international tourism is attached with innovation brought from the main countries and innovation created upon arrival on the host country (Williams & Shaw, 2011)

2.2. Entrepreneurship

“An activity that involves the discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organizing, markets, processes, and raw materials through organizing efforts that previously had not existed” - Cited from Shan (2003: 33)

2.2.1. Entrepreneur and seizing opportunities

Understood as the process that predates innovation, entrepreneurship can be considered the action of setting up an evolution via the formulation or innovation of new methods that tend to have risks associated (Zhao et al., 2011). Shane and Venkataran (2000) claim that it is all about identifying

and profiting from opportunities. The authors suggest that research should also concentrate on understanding this phenomenon either by trying to understand how these chances are spotted and worked on or how new organizations come to live through these. Entrepreneurship, due to its nature, requires “leaping” into the unknown that is composed by unpredictability and liability (Morrison et al., 1999). It requires eagerness to take risks and the capacity to identify and act upon spotted opportunities that might provide the edge over the competition (Williams & Shaw, 2011). Entrepreneurs are “creative destructors” that are determined to set new ideals and alter their costumers’ taste and desires (Hjalager, 2010).

It is a crucial factor in the innovation implementation process, and it plays a key role on increasing the competitiveness of tourism products (Hjalager, 2010). Alsafadi *et al.* (2020) claim that entrepreneurial projects contribute heavily to financial growth in all countries with particular relevance in the tourism industry. Tourism has been witnessing one of the most rapid industries growth worldwide and the “creativity” brought by entrepreneurship has had a significant impact in this performance development (Alsafadi *et al.*, 2020). Tourism tends to be a volatile sector due to continuous customer preference changes and new technological advancements and it is up to the entrepreneur to mitigate these constant trends (Hall & Williams, 2020).

Classic touristic services linked with accommodation, transportation or restoration have, over the years, been replaced and reinvigorated by experiences focused on providing memories, and emotional connection with the visitors (Alsos et al., 2014). In this process, the reliance of the tourism sector on new firms to innovate and be part of the industry’s transformation becomes obvious (Solvoll et al., 2015).

Due to all its particularities, hospitality and tourism entrepreneurship is far from being a homogeneous experience and the relation between the entrepreneur, firm, culture, destination, season, and several others will only contribute to the heterogeneity and diversification of the industry (Fu *et al.*, 2019). Some authors agree that entrepreneurship boosts competitiveness, productivity, economic growth and job creation (Liu and Fang, 2016; Luu, 2017).

Sarasvathy et al., (2003) differentiate three possible views for innovation. The first occurs when both supply and demand are given, and the opportunity is “recognized” by the entrepreneur. When only either the supply or the demand is acknowledged, the opportunity is “discovered” and when neither is available, the circumstance must be “created” by the entrepreneur. The three processes, of recognizing, discovering or creating the opportunity, direct the attentions towards the entrepreneur and his ability to succeed in these tasks and with this became relevant to identify the specific attributes or characteristics that diverged these individuals from the other business owners (Alsos & Kaikkonen, 2004).

2.2.2. Mainstream entrepreneurship and tourism entrepreneurship

The uniqueness of entrepreneurship has been a topic of debate for decades but over the last couple of years, scholars have come to an agreement of the three main views over the subject. First, *the innovation-based perspective*, which classifies the entrepreneurs as solely innovators whose main task is to use the available resources and create new services or products and implement them into the market, differentiating themselves from the regular companies (Gartner & Carter, 2003). Second, *the business formation perspective*, which refers to entrepreneurship as a process of development and establishment of new and more competitive institutions (Aldrich & Martinez, 2011). Third, *the opportunity-based perspective*, which puts the opportunity at the center and regards entrepreneurship as its exploration and exploitation, business-wide (Shane & Venkataraman, 2000).

The majority of the authors consider that the “*Opportunities are seen, recognized, discovered or created by entrepreneurs* (Sarasvathy et al., 2011: 41)”. Due to tourism’s peculiar specificities it becomes difficult for managers and scholars to use other sectors research as the adaptation often does not include industry’s specifics, such as seasonality, and for that reason, the researchers began to take different approaches. There are currently two main methods, the *convergent approach* and the *divergent approach*. The convergent is based on adapting and transferring methods, patterns and analysis to the tourism sector while adding the industry’s features (Solvol et al., 2015). On the opposite side, the divergent approach regards tourism as a “phenomenon” instead of an industry

and focuses its research on the discovery and usage of specific tools and methodologies for the sector (Hjalager, 2010).

Tourism lifestyle entrepreneurs, as “typical” entrepreneurs, in order to support and defend their socio-political philosophy, tend to deny financial and market growth. This refusal does not, inevitably, result in business stagnation or decline, instead, this rejection to join profit driven markets leads to an opportunity of expansion in ‘niche’ markets full of consumers with common values alike themselves (Ateljevic & Doorne, 2010). These entrepreneurs are often vital to innovation implementation in communities incapable of doing it on their own while also contributing to the development and replication of niche market related products (Ateljevic & Doorne, 2010).

Doorne (1994) states that these entrepreneurs’ innovations are often reproduced and imitated by other business owners adding successful components such as product packing’s or cross-service/product union. The author refers that while these innovators are driven to provide a different and authentic experience, the replicants focus solely on profit maximization. Cultural values, sense of ‘authenticity’ and ‘uniqueness’ are significant instigators for this business practice (Ateljevic., 1999). While the majority of owner-operated businesses follow the traditional top to bottom management philosophy, these companies find success in communities and close interactions with family and friends with relations based on values and ideologies; these managers set the importance on values and environment rather than personal achievements. The sense of community and family speaks higher than individual praise (Ateljevic & Doorne, 2010).

With the embodiment of these innovations and entrepreneurs, newly segmented markets began to emerge and to bring new types of consumers and visitors (Doorne *et al.*, 1999). The rise of new market groups, e.g. the ‘*backpackers*’ requires adjustments in the industry for new clients looking for different experiences (Ateljevic, 1999). The rapid transformation observed in the tourism industry in the early 1990s set the bases for market segmentation and product distinction (Ateljevic & Doorne, 2010). The authors agree that the emergence of certain markets established clearer value stances for both business owners and tourists. Atljevic and Doorne (2010) concluded that many small enterprises opt to ‘stay within the fence’ (as in limiting their economic growth and expansion)

in order to perpetuate their quality of life in their 'niche' market spot while still seeking their philosophies. The authors add that by distancing from the saturated mainstream markets, they are allowing themselves to interact with the market in their own conditions and to sustain their firms in their own terms.

2.2.3. Social entrepreneurship

Nahapiet and Ghoshal (1998: 243) defined *social capital* as “*the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit*”. The role of social capital in regional and local tourism expansion has always been undervalued and mostly ignored. Yet, recent studies show that social capital can play a crucial role in influencing the length and result of community presence in local tourism development (Zhao et al., 2011). Johannesson et al. (2003) state that social capital plays a vital role in transforming rural and local spaces from resource-reliant income into tourism entrepreneurs. Due to lack of research, McGehee et al. (2010), found it hard to characterize as a dependent or independent variable as well as the impact of its failure are not properly settled just yet.

Liao and Welsch (2005) identified two instruments through which it influences the entrepreneurs, these are *organizational legitimacy* and *entrepreneurial culture*. Organizational legitimacy is related with the importance of the business being recognized and acknowledged by the community; lack of it might diminish the chance of obtaining external information or resources (Zhao et al., 2011). Entrepreneurial culture concerns the acceptance of communities. In societies where this is common, people tend to understand risky behaviors, abide failure, encourage self-employed businesses therefore providing all the resources and mindset for private business growth (Dahles & Bras, 1999; Karlsson, 2005).

Long ago defined as a decisive patron to economic growth and social development in local communities, social entrepreneurship, has been recognized, by tourism scholars, to play a vital part in strategy delineation and implementation with the purpose of achieving social goals and contributing for a conscientious evolution in the tourism industry (Doherty et al., 2014; Alvord et

al., 2004). Date & Gill (2017) stated that social entrepreneurship, when successful, is heavily reliant on decisive stakeholders such as the government, tourists or even local communities. These authors also argue that social enterprises are more likely to reach their expansion aspirations when they motivate community engagement and collaboration.

Social entrepreneurship, especially in emerging economies, plays a significant task in distributing a large part of the social benefits throughout the needier sectors of society (Khieng, 2014). Sheldon and Daniele (2017) highlight the job of *tourism-based social enterprises* (TSEs) “to engage with local communities in order to provide a detailed and nuanced appraisal of the social value created by such ventures”.

Social enterprise is an institution difficult to categorize as it does not suit the traditional private or public organizations but rather focuses on creating social value (Doherty et al., 2014). With these come challenges, being the main one to increase the enterprises' social influence by expanding its grasp or community participation through social and monetary endorsement (Desa & Koch, 2014). Aquino et al. (2018) highlight the importance of TSEs by putting into practice market-based strategies, supporting community engagement, to try and resolve social issues and, in result, providing a safe ground for innovations to conceive sustainable and viable solutions for all the stakeholders. TSEs thrive in tourism areas where economic, social and environmental repercussions are kept in high regard; they are devoted to generate profit without ever putting in peril the communities' environment and providing a sustainable local evolution (Kline *et al*, 2014).

Recent studies display that emerging countries have been witnessing a swift rise of TSEs, mainly due to tourism being indispensable for its economies (Altinay et al., 2016). In these countries, the tourism industry tends to be controlled by overseas companies which create a leakage in income distribution (Mao et al., 2013). In a reality where local entrepreneurs lack the skills and resources and where the government is too weak to efficiently provide for local communities, the role of social enterprises is highlighted due to its ability to create the pathways for local participation (Biddulph, 2018).

2.2.4. The role of the community

Community-based tourism enterprises (CBTEs) have been playing a pivotal role in augmenting social, financial and environmental prosperity of diminished communities (Daye & Gill, 2017). Whilst in social enterprises, part of the profits is split among different areas of investment, including social objectives, the earnings created by CBTEs are directly injected into the community making this a crowd favorite (Daye & Gill, 2017). The previous authors also explain that CBTEs go beyond monetary gain contributing to risk-contraction via market diversification, education and skills training, and better structure development. Literature over the years emphasized the potential for transformation of social enterprises and entrepreneurship on local communities by expanding and supporting their direct participation in the industry; social enterprises go from economic and social benefits to elevating locals to ownership and management roles within the community (Alegre & Berbegal-Mirabent, 2016; Altinay et al., 2016; Sheldon & Daniele, 2017). Dahles et al., (2020: 821) defend this approach stating “(...) *for communities to be empowered, they need to have a critical voice in decision-making about tourism development and ownership of tourism operators.*”.

Dahle et al. (2020), also highlights the role of the government, which has been a heavy investor in the tourism industry in recent years, in providing fitting infrastructures and reliable planning strategies for its communities and investors. The authors claim that, at community level, the NGOs or social enterprises should not be held responsible for infrastructures investment or business expertise training. In order for social enterprises to actually be able to escalate their social impacts, the government could play a vital role in augmenting their efforts by reforming and properly managing taxes in effective ways and by providing facilities and coaching for young entrepreneurs willing to take over the sector (Dahles et al., 2020).

2.3. Tourism in emerging countries

“Tourism is a driver of growth in developing countries and governments in these countries should focus their economic policies on fostering the implementation of tourism activity within their territories “- Cited from Ekanayake and Long (2012: 76)

2.3.1. Tourism growth vs Tourism development

The economic and social development of its population still remains the focal concern for a country when evaluating economic growth and its impact on the economy (Castro et al., 2013). While most defend that tourism plays a determinant role in positive shifts in both social and economic aspects (Cortés & Artis, 2005; Ashley et al., 2007) there are still those that consider tourism a “volatile” industry that can have catastrophic setbacks when mismanaged (Diagne, 2004). Tourism has gotten worldwide attention due to being a catalyst to economic growth as well as being an incredible asset to affiliated sectors like agriculture or energy development (Khan *et al.*, 2020).

Tourism faces considerable difficulties in order to become a tool for socio-economic improvement in countries with lower economic development as besides all the common threats to the industry’s prosperity, it is confronted with extreme poverty which, even though it is a really immense challenge on its own, it comes with other issues associated with it, such as political instability, economic repression, social, institutional and environmental constraints (Kingsbury, 2005; Pérez, 2001; Sahli & Nowak, 2007).

Based on this argument several authors, over the years, have not only questioned the ability of tourism to contribute for economic development but also presented the sector as a negative impact for the living conditions improvement of the population in poorer countries (Kingsbury, 2005). These authors claim that tourism is unpredictable and volatile and use arguments such as: loss of control over local resources, sudden climate changes, global warming, wear of non-renewable resources, environmental catastrophes and the continuous detriment to local societies due to

problems like overcrowding, infrastructure overwhelm, increased crime, etc. (Brohman, 1996; Diagne, 2004; Kingsbury, 2005; Sahli & Nowak, 2007; among others).

While most studies have focused their research on proving that tourism growth and economic growth are directly related, Pulido-Fernández (2012) have stated that the praise given to tourism when referring to economic development has, many times, led to an overreaction over the role of the sector on the financial growth of certain countries. It is important to understand the difference between tourism growth, which is simply related with the expansion of the sector, and economic development which is responsible for the population's overall living conditions and which is required to meet and satisfy the society's needs in terms of education, health, security, income, among others (Pulido-Fernández et al., 2014).

Sharpley and Telfer (2002) reinforced that tourism can, indeed, be a viable contributor to economic growth if its planning and management is properly done and with the purpose in mind to diminish social and environmental repercussions. And is this awareness and information that is yet to be spread and consolidated worldwide as most poor countries and even most development cooperation agencies and NGO see tourism as the one, and most times the only, way of improving and developing life conditions in least favored areas ending up spoiling the environment and depriving the population from decent social conditions (Pulido-Fernández et al., 2014). Besides this, the social, economic and environmental benefits possibly achieved by tourism are not instantaneous but rather the result of a mix between policies, planning and proper management (Sánchez-Rivero et al., 2013). The role of the different stakeholders comes into the spotlight as their management and policy implementation is what will define the success of transition from tourism growth into socio-economic development (Rosentraub & Joo, 2009).

While some variables in the tourism growth process are closely related with economic development, actions and policy management should be aimed to support and empower these variables first in order to maximize their economic value. Income generation is the main factor to improve quality of life for the population but it is necessary to understand that the concept of *economic development* goes way beyond monetary gains and that other factors like safety, health and education “take on the stand”. The authors end up stating that unlimited resources can be

invested in tourism growth that if no action or policies are taken into redirecting those from tourism-focused to a broader picture, no amount of money will enable the transition from tourism growth into economic development (Sánchez-Rivero et al., 2014).

2.3.2. Tourism as a contributor to economic growth

Governments in developing countries advertise and encourage tourism development due to its diversified benefits for the economy in terms of job creation, international exchanges, various sector development in order to meet tourism's demands, and all these contribute to poverty alleviation (Zhao & Ritchie, 2007).

Some countries where this situation occurred revealed lack of management control over local resources and insufficient attraction capacity when compared to other sectors which inevitably led to failure to reach expected profits and predicted revenues (Sahli & Nowak, 2007). In 2017, UNWTO and UNDP released a study that showed a linkage between the development of tourism and its influence on poverty alleviation via economic growth. On the other hand, many authors believe that tourism as a viable mechanism to tackle poverty is purely based on how tourism development procedures are managed and combined with other crucial sectors like agriculture or energy as the tourism industry on its own cannot deal with such “burden” (Khan *et al.*, 2020).

Tourism as an economic growth contributor has been a topic of academic discussion for a couple of years now and recently, authors have come clearer on its possible roles. Oh (2005) have stated four different hypotheses for the role of tourism in economic development: *Economic Driven Tourism Growth Hypothesis* (EDTGH), *Tourism-Led Growth Hypothesis* (TLGH), *Neutrality Hypothesis* (NoCasual-NCH), and *Bidirectional hypothesis* (BiCasual-BCH).

The TLGH determines tourism as a main contributor for economic growth in two different ways. First, it classifies product goods demanded via tourism groups as export oriented allowing the increase in exports to reach, otherwise, barely achievable amounts (Pablo-Romero & Molina, 2013). Secondly, the profits made from these exchanges can be used to import, otherwise not imported, products that lead to economic growth. In sum, TLGH is a unidirectional relationship

between tourism and the economy as a whole where the sector allows the importing and exporting of products and services that will benefit the other industries (Nowak et al., 2007).

EDTGH supports that tourism is identical to any other sector and that its development will still occur when the overall economic growth is the main focus of investment (Lee & Chang, 2008). BC (BiCasual-BCH) says they are directly associated and that one's growth will immediately boost the other (Antonakakis et al., 2013). Neutrality hypothesis is when there is no relation between the economic and tourism growth (Oh, 2005).

Pablo Romero and Molina (2013) have made a full literature review of over 70 papers and have taken some conclusions that help in better understanding the correlation between tourism and economic growth. The authors found that tourism growth is less relevant in high-income countries but linked with higher economic growth in medium and low-income ones. The study demonstrated that tourism is a beneficial contributor to economic growth in all sorts of countries having more influence in the poorer. It was also shown that the economic growth associated with tourism is precisely related with the level of tourism specialization of the country (higher the specialization, higher the economic growth) but once the threshold is achieved, its contribution to economic development becomes trivial. The primary conclusion of this analysis was that countries should opt for the TLGH hypothesis while expanding and investing on other economic activities at the same time.

Recent studies tend to demonstrate that while tourism is, unquestionably, a relevant tool for economic growth and its possible benefits and contributions should be taken into consideration when formulating and applying new policies, it is also important to understand that it cannot raise the wealth of a country on its own and the investment and focus on other equally important sectors is what will determine the rate of the economic development (Šimundić et al., 2016; Adamou & Clerides, 2010). This approach highlights, once again, the role of the government as economic growth, besides tourism, can be increased through gross investment, trade openness, human capital, political stability, among others (Khan et al., 2005; Nowak et al., 2007).

2.3.3. Pro poor tourism

Too often deemed a panacea, tourism is by many considered a “cure-all” and the only viable solution to economic development for poor countries but it has been several times demonstrated that there is lack of empirical evidence to prove that tourism growth will provide beneficial impacts for the populations in these countries (Chok et al., 2007). Despite its adoration by some, tourism development acts within the same socio-political boundaries as most sectors which explains its struggle to develop an economy on its own (Kabeer, 1994; McMichael, 2000).

Pro-poor tourism (PPT) is generally described as tourism focused on generating income and benefits to the poor (PPT Partnership, 2004). It originated from the conviction that tourism should support the economic growth in poor countries and the certainty that it can do it (Ashley et al., 1999). The Department for International Development (DFID, 1999), claims the priority of pro-poor tourism is on providing favorable circumstances for the poor within the tourism industry rather than focusing on growing and expanding the sector. In order to prioritize the poor in tourism it is necessary a nearly total reformulation of the sector.

PPTs’ strategy is based on strengthening the local participation and making their needs the priority when handling decision-making processes and policy reformulation (Roe & Urquhart, 2004). In less developed countries, tourism is often regarded as a reasonable development tool where most sectors seem incapable (Chok et al., 2007). These countries can be seen as competitive markets as they possess “assets” of high value in this industry, such as natural landscapes and wildlife (PPT Partnership, 2004). Tourism is reliant on cultural and natural property allowing the poor to challenge richer countries, even if their financial capital is highly outmatched (Ashley et al., 2001). Roe and Urquhart (2004) highlight that tourism is different from all other development sectors in the sense that in tourism, the customer must go to the product unlocking opportunities for the other sectors to obtain new clients.

As long as the poor benefit from the profits generated from tourism, any form of tourism can be considered “pro-poor” (Ashley et al., 2001). Due to this, DFID (1999) advised that tourism should not be expected to solve world poverty and to be a “social justicar”. It warns that there will

always be some that lose for others to gain and that some poor will remain poor and others will become even poorer since those are the ones that lack the financial capabilities to act upon the opportunities and will, eventually, suffer due to adverse impacts on local assets (DFID, 1999).

Among all the negative impacts quoted by scholars, the depravity of natural resources from local populations is the biggest concern for these communities' development (Ashley et al., 1999). Environmental decay and resource scarcity will contribute to the enhancement of the already existing trench between the poor and the rich as these have the capacity to choose where they want to live and can have the “luxury” to stay away from desecrated areas or toxic waste sites (Musavengane, 2018). Since the rich can afford higher rates of basic necessities like electricity or water, the poor have no other option but to endure the consequences from the malpractice of management of the environment (Chambers, 1995). This will result in even more social impacts that will then generate financial ones, such as diseases due to toxic wastes or subnutrition due to lack of safe food or drinkable water (Chambers, 1995; Musavengane, 2018). Logan (2004) also highlighted the role of climate change that is ruthless in exploring existing vulnerabilities and conceiving new challenges for the poor.

While it is undeniable that altruistic motives are not reliable, it lies on political responsibility to guide tourism development towards a more balanced distribution of profits and management of resources in order to favor all (Chok et al., 2007). Although, as Richter (1993) mentions, the management of political power in the tourism sector tends to reflect the management of political influence, especially in poor countries where corruption tends to be inherited in the foundations of the nations. There are other social problems attached to this as some studies demonstrated, the increase of crime is directly related with the increase of tourism, in particular in tourism “hotspots” like Southeast Asia, among others such as animal trafficking and illegal deforestation for tourism infrastructures (Saayman & Giampiccoli, 2015; Musavengane, 2018).

There have also been several reports of native communities forced to move in order to allow for the construction of infrastructures for tourism (ECTWT, 2005). These reports are not to suggest that the connections with richer nations should be limited or that technological advancement is a drawback to these countries nor to imply that tourism is the only responsible for these social and

cultural blows but rather to indicate that the way the resources are being used to promote the rapid tourism growth do not seem fitting having into account what is available to fight these issues in poor countries (Chok et al., 2007).

3. Theoretical approach

Over the last three chapters there is a lot of information about innovation in the tourism sector and its impact on emerging economies. Although the literature related to tourism tends to be scarce when compared to other sectors, the interest by the scholars is continuing to rise as tourism contribution to countries' development keeps growing and becomes a more relevant subject everyday. The lack of specialized and practical data continues to affect the industry but, in particular, the entrepreneurs that tend to obtain information from other sectors and adapt it to tourism.

Hjalager (2010) claimed that innovations are not sporadic but rather an ever-changing process. It has been, several times, demonstrated that innovations have positive impacts in the tourism industry and that are major contributors for the sector's growth (Martin, 2004). From the rise of the internet usage, to utmost development in the travel sector, innovations are no longer seen as extensions of tourism but rather as vital parts to the competitiveness and development of the industry (Valenta, 2011).

The entrepreneurs are the ones responsible for the implementation of these innovations. Shane and Venkataran (2000) state that entrepreneurs are managers focused on product/service development rather than profit making. The entrepreneurs are the ones in charge of identifying and acting upon business opportunities that might emerge (Hjalager, 2010). The rapid and, nearly, unsupervised growth of the tourism industry has "invited" entrepreneurs to start their own business and to put their ideas into motion (Lordkipanidze et al., 2005). Mostly due to customer resistance to innovation and to change, previous studies have shown that the "pioneers" of new ideas are not always as successful as those that implement those same ideas later on, when the market is more mature and ready to be modernized (Ardichvili et al., 2003).

Due to several factors, these entrepreneurs find it particularly difficult to manage these processes and to bring new ideas to emerging economies (Castro et al., 2013). From social and political instability, to environmental eradication, the issues to implement innovations in poor countries multiply when compared to the rich (Diagne, 2004). These countries tend to see tourism as a panacea that will solve all the economic and social issues of the country but it was quickly

discovered that this industry is like any other and that its growth will not, alone, be enough to have a significant contribution to the economic development of a country (Chok et al., 2007).

Q1: How are innovations perceived in the tourism industry and why is there resistance towards its acknowledgement?

Due to lack of previous research, it is difficult to measure or identify how most innovations were perceived by its customers in the tourism industry. The innovation process will only occur when its assumed by the entrepreneurs that it will provide high enough profits to cover for the added cost and the risk associated with the implementation of a new product or service (Weiermair, 2005). While Castellion and Markham (2013) concluded that innovations in tourism tend to be particularly harsh to implement and that 40% tend to fail but on the other hand, the successful ones not only become standard, like online booking or the use of credit card (even though it was not created to tourism, the adaptation fulfilled the needs of both clients and sellers) but also become main contributors to the industry's growth.

Q2: How impactful are tourism innovations on emerging economies?

As Hall and Williams (2020) explained, when it comes to innovation in the tourism industry, the government does not play the role of a tax collector but rather the role of manager, regulator, promoter, advertiser, coordinator and protector. Innovations have totally changed the organizational process of tourism and are a main factor for the industry's growth in the past couple years (Khudoyberdievich, 2020).

Measuring the impact of innovations still remains a challenge for the scholars mostly due to the wide variety of technologies used and services (Camisón & Monfort-Mir, 2011). While Hjalager (2010) defends that technological advancement led to innumerable marketing strategies, mostly led by social media, Gossling *et al.* (2018) draw attention to the reliability of these since the reviews and commentaries by others will be influenced by their own experience and taste. The authors

defend that it is an incredible source of information, but its credibility must always be taken into account.

Hall and Williams (2020) claim that technological innovation goes beyond social media and its successful marketing strategies to developing opportunities for new business models.

Q3: What is the role of the entrepreneur in enforcing innovations in emerging countries?

Entrepreneurs are considered the link between the presentation of the opportunity and the accomplishment of the same (Lordkipanidze et al., 2005). Tourism is a volatile and unpredictable industry characterized by fast trends and ever-changing preferences by the customers and the entrepreneur is the one that plays the role of maintaining the interest of the customers through innovations and by turning new ideas into standard concepts (Halls & Williams, 2008). Alsos and Kaikkonen (2004) consider that the personal ability of the entrepreneur is what will define the success of the implementation process of innovations.

Tourism has witnessed one the most rapid development industry wise and the “creativity” brought by the entrepreneurs has taken a vital role in this process (Alsafadi *et al.*, 2020). Tourism tends to be a volatile sector due to continuous customer preference changes and technological developments and it becomes the goal of the entrepreneur to mitigate these constant alterations (Hall & Williams, 2020). Entrepreneurship is perceived as an economic contributor by boosting the competitiveness of the industry, by increasing its productivity and job creation (Liu and Fang, 2016; Luu, 2017).

Many authors have identified and classified the role of the entrepreneur and their ability to contribute to economic development, but it has, most of the times, proved insufficient (Ioannides & Petersen, 2003). In these scenarios is where the role of the government is highlighted and, due to the previously mentioned issues, this is incapable of providing the facilities or assets required by small and medium tourism enterprises to act upon their innovative views (Tejada & Moreno, 2013).

Q4: Why is tourism perceived as a panacea and how viable is it as a development booster?

Despite being several times proved that tourism alone cannot solve all the economic issues of a country, many of the poor ones still consider the industry as a panacea (Chok et al., 2007). The contribution from tourism towards economic development are undeniable but it is also visible the environmental, economic, social and cultural consequences that advert from careless management of the sector (Ashley et al., 1999). Like any other industry, tourism cannot be considered an “easy way-out of poverty” but rather requires to be seen as an exceptional contributor to economic development when combined with other sectors (Sahli & Nowak, 2007). Pablo Romero and Molina (2013) claim that the viability of tourism as an economic contributor will be based on the way it is linked and connected with other industries and, more importantly, the way the funds and profits are managed and distributed in order to favor economic development rather than tourism growth.

While Khan *et al.* (2020) claim that tourism has been getting worldwide attention due to being a catalyst to economic growth and to its contribution to the growth of affiliated sectors like agriculture or energy development, the authors also defend that tourism can only be seen as a viable way to tackle poverty if its policies are designed and managed with that same purpose.

Q5: What are the benefits and the downsides of having an economy reliant on tourism?

As referred above, tourism is considered a volatile and unpredictable industry that can have catastrophic consequences when mismanaged (Diagne, 2004). While by some it is considered on the most viable way to boost the economic development of a country due to its high profits with relatively low investment (Cortés & Artis, 2005), others consider that the social and cultural problems attached with an economy reliant on tourism are not worth the cultural loss, the resource and environmental destruction and the social and health consequences that come with the financial gains (Sahli & Nowak, 2007). Pulido-Fernández (2012) claimed that the praise given to tourism has, more often than not, lead to an overreaction in terms of the role played by tourism in economic development.

While it has been shown by international entities (UNWTO and UNDP, 2017) that there is a link between tourism development and poverty alleviation via economic growth, some authors still believe that the industry can only be seen as a viable mechanism to tackle poverty if managed and combined with other crucial sectors in order to allow a sustained economic development rather than tourism growth (Khan *et al.*, 2020).

Authors state that it is important to understand the difference between economic development and tourism growth and comprehend that the first is not always a consequence of the first (Nowak *et al.*, 2007). Others highlight the role of the government in managing this issue. It is necessary that the state understands, more than anybody else, how tourism can contribute to the economic development without putting at risk the social and cultural aspects of the country and perfectly comprehend how this “gold mine” of an industry can be used to provide better living conditions to the populations of these poorer countries (Šimundić *et al.*, 2016; Adamou & Clerides, 2010).

4. Methodology

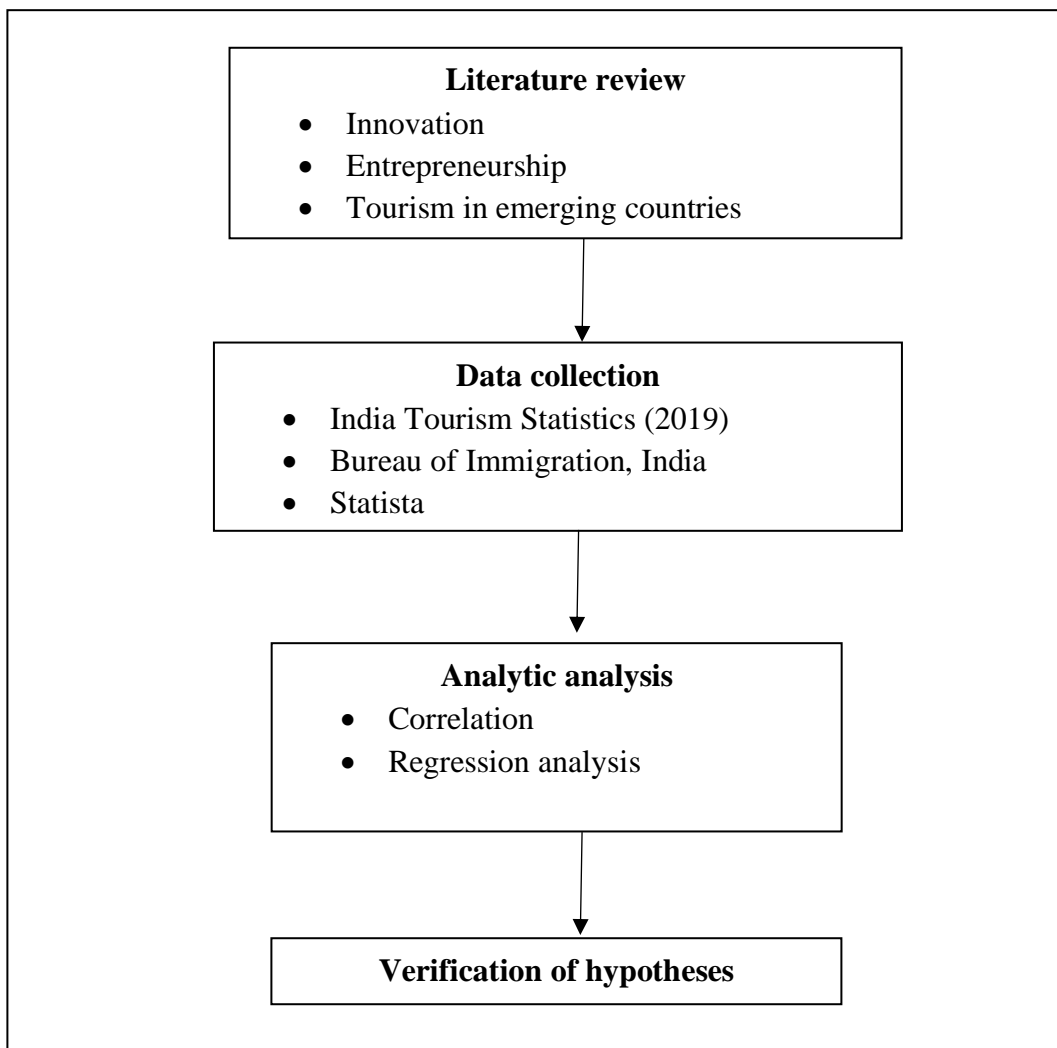
Research Questions	Specific objectives	Hypothesis	Authors
1 & 2	Identify the impact of innovations in the tourism industry and its penetration in the Indian market	<p>H1: The development of the railway's system positively and significantly influences the number of international visitors.</p> <p>H2: The development of online booking positively and significantly influences tourism growth.</p>	<p>Hall & Williams (2020), Hjalager (2010), Albaladejo and Garcia (2015)</p> <p>Castellion and Markham (2013), Camisón and Monfort-Mir (2011), Khudoyberdievich (2020), Gossling <i>et al.</i> (2018), Weissenberg (2017)</p>
3	Investigate the role of the entrepreneur and the impact of entrepreneurship	<p>H1: The growth of the tourism industry positively and significantly influences the number of jobs.</p> <p>H2: The growth of the tourism industry positively and significantly influences poverty alleviation.</p> <p>H3: The growth of the tourism industry positively and significantly influences economic development.</p>	<p>Aldrich and Martinez (2011), Pegas <i>et al.</i> (2005), Riswanto (2016), Hall and Williams (2020); (Hui Fu <i>et al.</i>, 2019). Liu and Fang, 2016; Luu, 2017). (Alsafadi <i>et al.</i>, 2020).</p>
4 & 5	Investigate tourism's contribution to economic development in India	<p>H1: The growth of the tourism industry positively and significantly social impacts.</p> <p>H2: The growth of the tourism industry positively and significantly environmental impacts.</p> <p>H3: The growth of the tourism industry positively and significantly cultural impacts.</p>	<p>Musavengane (2018), Chok <i>et al.</i> (2007), Ashley <i>et al.</i> (1999), Pegas <i>et al.</i> (2005), Khan <i>et al.</i> (2020)</p>

Source: Author's elaboration

4.1. Research model

This study is an exploratory research with the purpose of better understanding the phenomenon of tourism in an under-developed market like India. Academic researches draw its conclusions from theoretical proposals based on the behavioral assessment of a determined sample which, according to Kelley *et al.* (2003), represent the wider population in question. From all the available methodologies, the *quantitative approach* was the chosen way to pursue due to its capability to deny or support the created hypothesis via data collection and analysis (Williams, 2007).

Figure 1 – Research model



Source: Author's elaboration

Figure 1 represents the research strategy implemented with the different stages in this dissertation.

4.1.1. Data collection method

The data utilized in this research was obtained from the *Indian Government Annual Touristic Reports* and from a global business data platform, *Statista*. Due to the lack of monitoring and data storing from the Indian Government it was required to opt for other viable sources of information and data bases.

From the data collected, most of it was obtained from the *India Tourism Statistics 2019* which is the yearly report for tourism in India. This report consists of unworked data provided by the Indian government to tourism researchers and stakeholders. As specified in the document the Ministry of Tourism and Ministry of Culture are waiting on results from companies, investors, or independent researchers to make decisions related to the industry's management and development.

The information is solemnly secondary* due to the large scale of the sample required. This was the only methodology viable to achieve such responses as it provides relevant information on previous years and allowed the possibility to compare the development of certain variables dependent on other factors. The data collected is split in two groups, independent and dependent variables where the first ones will function as premises to confirm or deny the dependency of the latter.

* Information gathered and interpreted by other researchers. It was deemed necessary due to the wide range of sources required for this research model

4.1.2. Analytical procedure

In order to achieve reliable results, it was necessary to utilize the analytical program Statistical Package for Social Science (SPSS), version 26.0 for Windows. Two analytical methods were utilized: correlation and regression analysis. The two methods together were recognized to obtain more conclusive responses to the objectives stipulated.

Correlation was chosen due to its efficiency in exhibiting the existing links between two variables and to provide clear information in the dependency, or not, of one of them. For this study it was used the Pearson correlation coefficient which is the most adequate to investigate the correlation relationship between two variables (Hill and Hill, 2009). Pearson classification vary between -1 and 1 being the extremes the perfect correlations and every value in-between associated with the classification below (table x) being the negative values inversed correlations (Pinto and Curto, 2010).

Correlation value	Linear association classification
Lower than .2	Very weak
Equal or higher than .2 and lower than .4	Weak
Equal or higher than .4 and lower than .7	Moderated
Equal or higher than .7 and lower than .9	High
Equal or higher than .9	Very High

Table 1: Linear association classification - *Source (Pestana and Gageiro, 2014): 748, adapted, 2019)*

Although the above classification is often used for research fields, the veracity of its associations can still be applied the touristic industry and therefore its adequacy is unquestionable for this study.

Regression analysis was utilized to measure the “strength” of the linear relation between two variables. It is the methodology utilized to measure the relationship between a dependent variable (Y) and one or more independent variables (X).

Due to the wide variety of variables and the extensive data analyzed the usage of the two methods was deemed imperative in order to obtain more accurate responses to the hypotheses. The sample evaluated is immense and for that reason the possibility of obtaining deceitful results was much higher than desired therefore the more extensive and detailed examination of all the variables in question was required.

From the literature review and the five research questions raised from it in the theoretical approach, three objectives, later split into hypotheses, were defined with the purpose of reaching a better understanding of the role of innovations in tourism and economic development in India. The three objectives are:

- **Objective 1:** Identify the impact of innovations in the tourism industry and its penetration in the Indian market
- **Objective 2:** Investigate the role of the entrepreneur and the impact of entrepreneurship
- **Objective 3:** Investigate the social, environmental and cultural impacts of tourism growth

4.2. Sample design

Having into account the nature of the data collection it becomes difficult to define the sample design as the variables will be analyzed on a country-wise scale. Each variable has its own sample, and some were easier to define than others.

Variable 1 – International visitors is often used to define tourism growth as it was found to be the most accurate variable to characterize it. There is no age or gender discrimination for this variable, and it includes every entry in the country via international borders. **Variable 2 – Visitors by land** does not discriminate by gender or nationality. Accounts for every person that bought a train ticket during the correspondent year is accountable for although it has an age restriction only including those above 6 years old since it is when the travelling fee is applied on the railways in India. **Variable 3 – Volumes in railways** does not discriminate by gender or nationality, every person that bought a train ticket during the correspondent year is accountable for although it has an age restriction only including those above 6 years old since it is when the travelling fee is applied on the railways in India. **Variable 5 – Booking penetration** accounts for the percentage of expenditure on accommodation via online bookings from 2015 to 2021. The sample are all the accommodations in India with online booking systems. **Variable 6 - Number of employees in**

the travel and tourism does not discriminate the gender of the sample but it only accounts for people over the age of 18 years old as it is the official legal age to work in India. **Variable 7 - Number of foreign tourist arrivals** refer to the number of tourists arriving in airports in India. This data was used in replacement of Variable 1 due to the necessity to track previous years (2004) to get proper conclusions in the correlation with Variable 8. It is warned multiple times during the dissertation that some results might not be as reliable as hoped for mostly due to adaptations of this sort. **Variable 8 - Poverty headcount ration at national poverty lines** refers to the percentage of population below the poverty line established based on the minimum salary of the country for the respective year. All the population is considered without any discrimination of gender or age. **Variable 9 - Direct contribution of travel and tourism to GDP** and **Variable 10 - International tourism receipts** were provided by the Indian Government Annual Report and are measured in billions of U.S. dollars. **Variable 11 - Primary school completion rate** does not discriminate by gender but does restrict the age of the analyzed to those above 10 years of age since it is the minimum age required to have it completed. **Variable 13 - CO2 emissions** is measured in metric tons per capita in the whole Indian territory. **Variable 15 - Net migration number** does not discriminate the gender or the age of the sample as it includes every single person that emigrated from a certain area within India.

All the data collected was done so with the purpose of better understanding the role of tourism for India's GDP and economy development and the next chapter will precisely show that. The data discussion chapter is going to start with explanation and brief analysis of many variables that are deemed impactful in economic, social, or cultural terms for the country.

5. Data discussion

Objective 1: Identify the impact of innovations in the tourism industry and its penetration in the Indian market

H1: The development of the railway's system positively and significantly influences the number of international visitors.

H2: The development of online booking positively and significantly influences tourism growth.

Objective 2: Investigate the role of the entrepreneur and the impact of entrepreneurship

H1: The growth of the tourism industry positively and significantly influences the number of jobs.

H2: The growth of the tourism industry positively and significantly influences poverty alleviation.

H3: The growth of the tourism industry positively and significantly influences economic development.

Objective 3: Investigate the social, environmental and cultural impacts of tourism growth

H1: The growth of the tourism industry positively and significantly social impacts.

H2: The growth of the tourism industry positively and significantly environmental impacts.

H3: The growth of the tourism industry positively and significantly cultural impacts.

5.1. Objective 1: Identify the impact of innovations in the tourism industry and its penetration in the Indian market

H1: The development of the railway's system positively and significantly influences the number of international visitors

With the purpose of verifying the existence of relationship between the number of international arrivals and the development of the railway system a Spearman test and two linear regression tests have been applied. The correlation analysis (table 1) showed that there is a strong relation between the variable 1 (n° of international arrivals) and variable 2 (percentage of visitors by land) ($p=0.963$) meaning that the increase of international arrivals influences the amount of land visitors.

On the other hand, the table 1 also shows that the relationship between variable 1 and variable 3 (volume of railway passengers) is negative ($p=-0.229$) meaning that with an increase of international arrivals the volume of railway passengers tends to decrease. On top of this analysis, it was applied a linear regression to identify any existing degree of relation between the 2 variables (table 2). From this method it was concluded that the “strength” of the link is weak ($r_p=0.053$), according to the linear association classification utilized in the study.

Correlations

	1	2	3
1. N° of international arrivals	1	,963	-,229
2. Percentage of visitors by land		1	-,093
3. Volume of railway passengers			1

Table 2: Correlation between V1, V2 and V3 – (Source: Author’s elaboration)

Linear Regression between 1: N° of international arrivals and 3: Volume of railway passagers

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,229 ^a	,053	-,263	,11963

a. Predictors: (Constant), V1

Table 3: Linear regression between V1 and V3 – (Source: Author’s elaboration)

These results go against Albaladejo and Garcia’s (2015) theory that tourism growth is directly associated rate of innovation development. While this trend might be true, it is not verifiable in this specific scenario where the development of the railway system did not contribute, directly, to an increase of the tourism industry. Camisón and Monfort-Mir (2011) also claimed that some innovations play a vital role by simply allowing the entrance of international tourists in the country’s borders and while this statement might be true, the analysis above shows that this allowance contributed little to the growth of the industry.

With base on the analysis above, it is necessary to refuse Hypothesis 1 and consider it false.

H2: The development of online booking positively and significantly influences tourism growth

For the second hypothesis and with the intention of analyzing the influence of online booking (V5) on tourism growth (V4), a regression analysis (table 3) was made which identified a perfect relation between the two variables (p=1.000) which implies a direct influence between the two variables.

Linear Regression between 4: N° of international arrivals and 5: Online booking penetration

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	1,000 ^a	1,000	.	.

a. Predictors: (Constant), V4

Table 4 - Linear regression between V4 and V5 - (Source: Author's elaboration)

Hall and Williams (2020) claimed that online booking is a crucial step for innovation success and that once it becomes standard around the world and a trend it would be a fundamental tool for tourism growth. The regression analysis shows exactly that, that tourism growth is directly associated with online booking penetration. Hjalager (2010) complements this theory stating that innovation implementation plays a decisive role on the increase of tourism competitiveness which can be proven by the analysis that shows an increase of international visitors influenced by an increase of online booking (innovation) penetration in the Indian market. The analysis also supports Castellion and Markham (2013) claim which defends that innovation success is difficult in the tourism industry but once it succeeds it tends to become standard and online booking's standardization is proof for this allegation.

Among recent authors, it is unanimous that technological innovations have huge impact in tourism growth and, as shown in the analysis above, that is a tool of immense usefulness to empower and enhance the tourists experience (Gossling *et al.*, 2018, Weissenberg, 2017). Technological

innovations have changed the way the industry works completely, and online booking became the main step of any organizational process related to touristic vacations (Khudoyberdievich, 2020).

With base on the analysis above, it is necessary to accept Hypothesis 2 and consider it true.

5.2. Objective 2: Investigate the role of the entrepreneur and the impact of entrepreneurship

In order to evaluate the role of the entrepreneur in the tourism industry it was first necessary to determine evaluation standards for such an analysis. This objective focus on understanding if the role of entrepreneurship is being relevant, or not, for tourism growth and for that, three factors will be taken into account: 1) Contribution to job creation; 2) Contribution to poverty alleviation; 3) Contribution to economic development.

H1: The growth of the tourism industry positively and significantly influences the number of jobs

For the first hypothesis a correlation test (table 4) was made and it was sufficient to prove that there is a strong relation ($p=0.973$) between the growth of international arrivals and employees in the travel industry confirming a direct influence between the entrepreneur and the increase of jobs in the tourism industry. Aldrich and Martinez (2011) referred to entrepreneurship as a process of economic development and increase of competitiveness. Therefore, the results presented in H1 go according to the authors statement as it has been of dire relevance for job creation.

Liu and Fang (2016) and Luu (2017) defended that, as a contributor to economic growth, the role of the entrepreneur and entrepreneurship lied on boosting production and competitiveness while assisting in job creation.

Correlation between V1: N° of international arrivals and V6: N° of employees in the travel industry

		V1	V6
V1	Pearson Correlation	1	,973
	Sig. (2-tailed)		,005

Table 5 - Correlation between V1 and V6 - (Source: Author's elaboration)

With base on the analysis above, it is necessary to accept Hypothesis 1 and consider it true.

H2: The growth of the tourism industry positively and significantly influences poverty alleviation

For the second hypothesis the correlation (table 5) showed that there is a moderated inversed relation between the number of international arrivals and the poverty headcount ($p=-0.687$) meaning that the increase of tourists contributed to the increase of poverty among India. It is important to refer that the data for poverty headcount is incomplete for many years and is a variable that is dependent on many factors and for that reason it is not safe to conclude that the increase of tourism is the main contributor to the raise of poverty. It is, undeniably, a contributing factor but unreasonable to assume it is the leading factor.

Correlation between V1: N° of international arrivals and V8: Poverty headcount

		V7	V8
V7	Pearson Correlation	1	-,687
	Sig. (2-tailed)		,518

Table 6 - Correlation between V1 and V8 - (Source: Author's elaboration)

In 2005, Pegas *et al.* defended that proper tourism investment in local tourism led to a significant decrease of the percentage of population below the poverty line (this statement was based on a study made in Bahia, Brazil, in 2005). Although, the opposite is noticeable in India as the increase of international visitors not only does not contribute to poverty alleviation as it might be claimed to be one of the factors leading to this continuous growth.

These results go according to Khan *et al* (2020) claims that defend that tourism can only be seen as a viable support for poverty alleviation if the industry’s policies are designed and managed with that purpose and has seen before, developing countries like India tend to focus on economic growth rather than economic, sustained and viable, development.

With base on the analysis above, it is necessary to refuse Hypothesis 2 and consider it false.

H3: The growth of the tourism industry positively and significantly influences economic development

Being economic development a complex factor to measure it was split into two variables, V9: Direct contribution of travel and tourism to GDP and V10: International tourism receipts. For the first variable was made a regression analysis (table 6) which displayed a very high relationship ($p=0.948$). This means that, as expected, the rise of international tourisms provided directly to the increase of direct contribution from the industry to the country’s GDP.

Linear Regression between V1: N° of international arrivals and V9: Direct contribution of travel and tourism to GDP

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,974 ^a	,948	,931	2,45368

a. Predictors: (Constant), V1

Table 7: Linear regression between V1 and V9 - (Source: Author’s elaboration)

For the second analysis was also applied a linear regression (table 7) that also presented a very high relationship ($p=0.954$) explaining a strong relationship and correlation ($r_p=0.977$) between the two variables. This indicates that an increase of international arrivals will, as predicted, effect the international tourism receipts.

Linear Regression between V1: N° of international arrivals and V10: International tourism receipts

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,977 ^a	,954	,939	,83681

a. Predictors: (Constant), V1

Table 8: Linear regression between V1 and V10 - (Source: Author's elaboration)

As Riswanto (2016) stated, the entrepreneur is the one responsible for the creative side of innovation implementation and in the process of destroying old paradigms and implementing new one with the purpose of bringing prosperity and economic growth. Alsafadi *et al.* (2020) added that entrepreneurial projects tend to contribute heavily to financial growth in all countries with particular relevance in the tourism industry and, as shown, India is no exception. Therefore, the results from H3 go according with the authors and demonstrate their claim as true.

With base on the analysis above, it is necessary to accept Hypothesis 3 and consider it true.

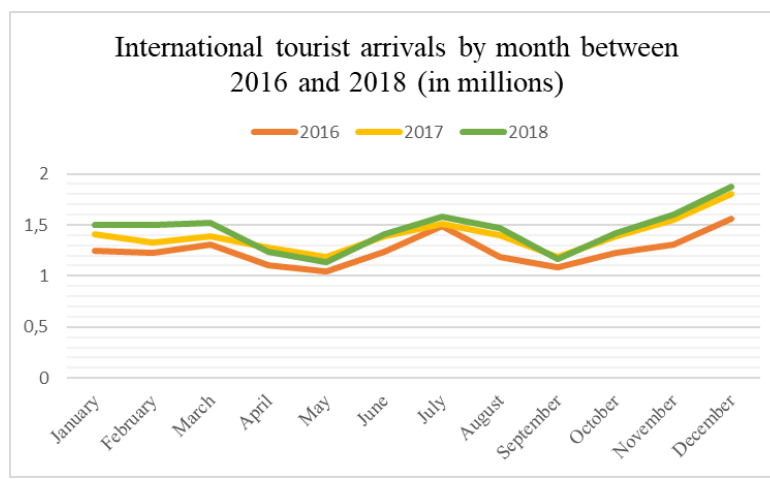


Figure 1: Seasonality in India - (Source: India Tourism Statistics, 2019)

According to Figure 2 it is possible to notice that seasonality in India is not as severe as in many western countries where the three summer months' account for over 50% of the international tourists in most places. Although, it is observable that the tendential distribution of tourists around the year has barely changed between 2016 and 2018. As previously mentioned, the success of entrepreneurship is difficult to measure but according to Hall and Williams (2020) one of the main assignments of entrepreneurs in the tourism industry lies on mitigating seasonality due to its volatility and unpredictability. The authors defend that, despite all the peculiarities of the sector, the entrepreneurs are responsible for the mitigation of volatile trends such as seasonality, therefore placing certain blame on the entrepreneurs (Hall and Williams, 2020).

This continuous challenge might be due to several factors like the weather or the price rises for hotels or flights in certain months but the unsuccess of the entrepreneur also has a part in this particular scenario.

5.3. Objective 3: Investigate the social, cultural, and environmental impacts of an economy reliant on tourism

According to some authors, an economy reliant on tourism is deemed to fail and the social, environmental, and cultural consequences brought by it outshine the economic gains. In this objective, three analyses for each of these aspects were made to get a better understanding of the impacts of tourism growth outside of the economic scope.

H1: The growth of the tourism industry positively and significantly social impacts

For the social aspect it was made a correlation analysis (table 8) between V1: Number of international visitors and V11: Primary school competition rate. The analysis shows that there is a very strong but negative correlation ($p=-0.982$) between both variables meaning that the increase of the number of international tourists has had an impact on the primary school competition rate

around the country. It is daring to assume that the growth of tourism is the only reason for the increasing rate of school dropouts but it reasonable to assume its high influence.

Correlation between V1: N° of international arrivals and V11: Primary school completion rate

		V1	V11
V1	Pearson Correlation	1	-,982
	Sig. (2-tailed)		,018

Table 9: Correlation between V1 and V11- (Source: Author's elaboration)

This analysis agrees with Musavengane (2018) that stated tourism growth results in several positive financial impacts but even more social ones like sub nutrition of the population, lack of drinkable water or a decrease of the population's basic education.

With base on the analysis above, it is necessary to refuse Hypothesis 1 and consider it false.

H2: The growth of the tourism industry positively and significantly environmental impacts

For the environmental impacts there were innumerable variables that could have been selected for this analysis but it was decided to select the CO2 emissions due to the already severe situation of air quality in India, which particular emphasis on some of the most touristic cities like Mumbai or New Delhi. In Table 9 it is possible to identify a very strong association ($p = 0.940$) between V12 and V13 meaning that the increase of international visitors directly contributes to the increase of CO2 emissions.

Correlation between V12: N° of international arrivals and V13: CO2 emissions

		V12	V13
V12	Pearson Correlation	1	,940
	Sig. (2-tailed)		,221

Table 10: Correlation between V12 and V13- (Source: Author's elaboration)

Chok *et al.* (2007) defend that there are several countries which deem tourism as a panacea and that see the industry as the only viable economic development strategy, more often than not while neglecting all the harmful social and environmental impacts that come with it. On the same note, Ashley *et al.* (1999) claimed that local communities are the ones that suffer the most from environmental depravation. This analysis proves both points of the authors showing that tourism growth is linked with environmental hostility.

With base on the analysis above, it is necessary to refuse Hypothesis 2 and consider it false.

H3: The growth of the tourism industry positively and significantly cultural impacts

For the third hypothesis, it was made a correlation analysis between V14: number of foreign tourist arrivals and V15: Net migration number to determine the cultural impacts of tourism growth. Table 10 shows that there is a strong association ($p=0.808$) between the two variables meaning that an increase in the number of foreign tourist arrivals influences the net migration number.

Correlation between V14: nº of foreign tourist arrivals and V15: Net migration number

		V14	V15
V14	Pearson Correlation	1	,808
	Sig. (2-tailed)		,192

Table 11: Correlation between V14 and V15- (Source: Author's elaboration)

This analysis goes according with Pegas *et al.* (2005) that claim that an increase of migrant flux is due to disruption and exploitation of community's livelihood for the construction or privatization of space for touristic infrastructures. The authors also defend that excess of migrant flux will have negative impacts on local communities and its culture.

While some international entities (UNWTO & UNDP, 2017) claim that there is a link between tourism development and poverty alleviation via economic growth, some authors believe that

tourism can only be a tool to fight off social, environmental, and cultural impacts if it is designed, managed and combined with other sectors to serve this explicit objective (Khan *et al.*, 2020). This result proves

With base on the analysis above, it is necessary to refuse Hypothesis 3 and consider it false.

6. Conclusion

6.1 Innovations and entrepreneurs' contribution for tourism growth

Tourism has been in the spotlight of scholars for the last couple of years due to its unmatched growth and contribution to economic development. Innovation and entrepreneurship became main assets in this development and, consequently, drawn the attention of researchers to try and understand the linkage between these *tools* and the growth of the tourism industry. There was close to no research on the topics when related to the tourism industry, the tendency has been to adapt innovation and entrepreneurship research to the industry but its inaccuracy was quickly exposed due to the sectors' peculiarities such as seasonality which made it unique and unpredictable.

The purpose of this study has been to analyze the role of innovations and entrepreneurship in this economic *boom*. It is known that both can be marvelous mechanisms to boost any sort of industry, but the challenge laid on understanding how significant these would be in overcoming tourism adversities.

Innovation, usually defined as the process to bring new, solving ideas to eventual problems are not sporadic. They are a nonstop and ever-changing process which tends to face many obstacles during its cycle. Two of the primal concerns of any innovation trying to rise into this industry are lack of *trialability* and customer resistance.

Overcoming the barrier that is customer resistance to change is a crucial success for the success of any innovation. People tend to not like the changing process and the requirement to learn or adapt to a new process implemented as they are already familiar with the product or service and for this, the acceptability to change tends to be low unless the innovation has clear and upfront benefits that

will make their life much easier. Once this stage is achieved the process to turn the innovation into *standard* is a much simpler one, examples of that are the online bookings or the credit card that were distrusted and dubious at first but quickly became essential to any tourist.

Contrary to might be believed, in the tourism industry, being an innovator and a first mover is not always a good thing. Due to the customer resistance that exists in the sector it has been shown that first movers tend to fail due to the market not being prepared for such changes. Sánchez *et al.* (2019) claimed that being the first in the market is often negative in the tourism industry.

Tourism belongs to a small group of sectors where the product/service cannot be tried or tested beforehand. This multiplies the difficulty of the implementation of innovations due to the lack of feedback before it goes into the market which elevates the risk while keeping the reward. In this scenario, online reviews gain further importance as it becomes the only means of previous experience for any future client. Companies started to realize the relevance of these tools as the customers' decision would, more often than not, be based on previous guests' experiences since this is the closer to reality that they could get. On top of that, there is also the issue of seasonality, a phenomenon that has been subject of many studies over the years, but it is still relatively misunderstood.

Technological innovations are changing the tourism industry. There have been many major shifts in the way tourism is experienced. From the way tourists order food to the way they book hotels the whole process has been modified and modernized with technological innovations over recent years. Most of these changes occurred in the transportation sector which allowed a fast development pace for the industry's growth.

Technological innovations are claimed to not only be sources of dire information but also the opening of opportunities for new business models. From these new models, many used social media either to base their business or simply to use it as a booster but it was quickly found that this strategy was heavy reliant on trust and credibility due to the veracity or reviews or comments made by previous guests. While these tools are of immense utility, the fact that these are based on other people's experiences or preferences might become unreliable to certain decision making.

Often seen as a different approach of expansion, internationalization has become an important way of innovation for many companies. Internationalization does not follow the typical model of innovation in tourism but, in order to be successful, it must adapt to the host country's standards and demands. This process requires that its innovations are subject of knowledge transfer on a national and international scale.

Seen as the process that precedes innovation, entrepreneurship is considered the action of setting up an implementation of new methods and processes via innovations. Innovation implementation in the tourism industry requires the entrepreneurs to "leap" into the unknown and to face the risks associated with it due to the industry's unpredictability and unreliability. The entrepreneur is responsible to mitigate the ever-changing trends in the sector mainly caused by the constant customer preference change and technological developments.

Tourism entrepreneurship is far from being a standardized experience due to industry's peculiarities and this has been shown in the literature that tries to make the distinction between mainstream entrepreneurship and tourism entrepreneurship. Due to the sector's specificities it becomes challenging for the managers and entrepreneurs to use knowledge and research from other sectors and apply to their own scenario as the adaptation often does not have into account the industry's peculiarities. Few are the sectors that face seasonality or lack of trialability, and these forced the entrepreneurs and researchers to take into different approaches.

From this branch a new category was born, the tourism lifestyle entrepreneurs, focused on their socio-political philosophy these entrepreneurs tend to deny financial and market growth aiming to fulfill their ideals rather than profits. Unlike what might be expected this approach does not always result in sales stagnation or decline but rather provides the opportunity of expansion into new 'niche' markets full of clients that value the same ideals and experiences. These particular entrepreneurs are crucial to the process of innovation implementation in communities that would, otherwise, be incapable of implementing them on their own.

The role and impact of regional and local tourism enterprises have, often, been undervalued and vastly ignored by the governments and ruling entities. Yet, in recent years, the potential for transformation of these enterprises on local communities has been emphasized by their contribution to expansion and support of direct participation. Social enterprises go from economic and social benefits to promoting locals to management positions within the community to provide them a voice in the decision-making process. Dahles et al., (2020: 821) states that: “(...) *for communities to be empowered, they need to have a critical voice in decision-making about tourism development and ownership of tourism operators.*”.

Whether be a rich country or a developing one, tourism is, frequently, seen as an important tool for economic development but it is necessary to understand the difference between tourism growth and tourism development and how these will, indeed, contribute to the economic and social development of the countries. There will always exist a debate of whether tourism is or not a trustworthy asset for economic development. While many defend that its numbers are undeniably solid and that the industry play a crucial role in in positive social and economic changes, especially in poorer countries. Others claim that its volatility can have catastrophic setbacks if mismanaged.

Pulido-Fernández (2012) claimed that the has praise given to tourism over its influence on economic development that, often, led to an overreaction over its role on financial growth in certain countries. It is important to understand that tourism growth is related to the expansion of the sector with the objective of making it more profitable and competitive while tourism development lies on the responsibility to provide better social and economic benefits to the population, whether it be in terms of wages, overall living conditions, education, health, security and so on.

In developing countries tourism is still advertised and encouraged by the ruling entities due to all its benefits for economic growth, from job creation to international exchanges, the vantages provided by tourism development are innumerable. It has been demonstrated that tourism has a more significant impact in poorer countries and that the economic growth associated with the tourism industry is directly correlated with the level of specialization of the industry in that country. Although, once the threshold is reached its contribution to economic development becomes trivial. In this sense, tourism can and should be used in the early stages of economic development but it

needs to remain in mind that it will not be able to support the economy on its own and that its profits must be managed properly in order to develop other sectors and industries to achieve a sustainable economic development overall.

The relevance of tourism as a tool for economic growth is undeniable and its impacts should be taken into account when formulating and designing new policies and business plans but it also important to retain that the industry is incapable of holding the country's economic development on its own and that it must be managed accordingly to provide assets for other equally important sectors in order to enable a viable economic development.

Amidst the role of tourism in economic growth and development, different tourism strategies started to emerge being one of them the PPT (Pro poor tourism). This strategy focuses on providing a voice to the poor and allowing them local participation and making them the priority of any decision-making and policy reformulation. In less developed countries tourism has shown to be an efficient tool to balance the weights and where most other industries fail.

Due to tourism's reliance on cultural and natural property, the poor can challenge the rich, even if their economic power is highly outmatched and can be seen as competitive markets die to these assets. From all the negative impacts associated with tourism exploit, the depravity of natural resources from local populations is the main fight of these Pro poor tourism as it is denying the communities from their quality of life for the economic gain of a few others. Environmental decay and resource scarcity will only contribute to the augmentation of the already existing trench between the poor and the rich and the latter have financial freedom to determine where they want to reside leaving the ravaged areas or toxic waste sites for the least favored.

6.2. Final considerations

Having into account all the content described in the previous chapter it becomes clear that tourism is an, inevitably, volatile industry and that it requires agents to help stabilize and enable the sector's full potential. Over the years it became undeniable that tourism can play an essential role in boosting a country's economy and that, when properly managed, can become an asset for many

other directly related sectors. The rapid growth of the tourism industry was unforeseen, and it quickly became a focus for most countries all around the world. It did not matter if it was a rich or poor country as all nations had their own strengths whether based on religion, culture, or geography. In some cases, the poorer countries even got the upper hand due to their, yet, unexplored and unexploited natural resources that were quickly perceived as valuable assets.

From its early stages, tourism proved, time over time, to be an unpredictable and uncontrollable industry. This volatility became an issue and it became up to the governments to manage this phenomenon and to mitigate its harm. Entrepreneurs and the innovations they implement come in as key parts in the process of allowing tourism its economic participation without jeopardizing the locals' quality of life. While it is evident the impact that innovations, especially in the technological sector, and entrepreneurs had in the tourism industry it is a bit less visible the influence that these had in the local communities and in allowing them to become participative and have a say in the decision-making processes.

The role of communities and the quality of life of the locals is something that is often neglected by the governments in favor of economic growth and profits. An occurrence that has become regular in developing countries, the economic focus *blinds* the decision-makers giving it priority over social, environmental, or cultural aspects that end up hurting the local communities. The result of this mismanagement brought innumerable consequences to the population within the most desired tourism locations, from deprivation of natural resources to the average raise of prices resulting in lower quality of life, or even the force migration to enable the construction of tourism facilities, local communities have been, time over time, neglected for the sake of profit.

The role of entrepreneurs gained relevance over time as it became a fighting tool to balance the social and financial inequalities created by tourism. Either by social entrepreneurship or by allowing the local communities to take part in decision-making its impact has been noticed, even if still far from ideal. The base of this investigation lies on understanding how entrepreneurship and innovations play a role in mitigating the aftermath of this ruthless industry and how they work as balancing agents providing opportunities for the locals.

To fathom this process, it was necessary to establish objectives, three, to be precise. The first one, *“Identify the impact of innovations in the tourism industry and its penetration in the Indian market”* had the purpose of trying to measure the impact of innovations. Comprehend how some became standard parts of the industry and how the development happened within the Indian market. Objective two, *“Investigate of the entrepreneur and the impact of entrepreneurship”* lied on understanding the role of the entrepreneur in remodeling tourism as a viable and sustainable industry and evaluating its impacts. Evaluating the efficiency of entrepreneurship can be done through several parameters but for this analysis it was considered its contribution to: job creation, poverty alleviation and economic development. The last one, *“Investigate the social, environmental, and cultural impacts of tourism growth”* had the purpose of truly understanding the impacts caused by an improperly managed tourism industry. The variables used to measure these impacts were primary school competition rate for social impacts, co2 emissions for environmental impacts, and migration rate for cultural impacts.

The methodological process occurs from the necessity to understand the link between entrepreneurship and innovations with tourism development and how these are affected by each other. From the literature, five research questions were raised that helped understand the concepts and were fundamental for the formulation of the objectives. From these, more questions were raised and compiled into the three main objectives of the study that required a more practical approach to achieve any conclusions. Out of this necessity, data collection methods were utilized according to the nature of the study and its sample and analyzed in order to obtain trustworthy results that allowed to reach conclusions for each objective.

With base on the analysis done throughout the investigation, it is possible to conclude that innovations have, indeed, been main contributors to tourism growth in India, from the allowing the entrance of tourists via railway innovations to enabling online bookings for restaurants, hotels and other touristic facilities, innovations have had a visible positive impact in India’s tourism industry’s development. Attached to that, entrepreneurship also took a part in making the industry more competitive with international markets. Entrepreneurial projects tend to contribute heavily to financial growth in all countries with particular relevance in the tourism industry and as shown, India is no exception. On the other hand, tourism can only be seen as a viable support for poverty

alleviation if the industry's policies are designed and managed with that sole purpose. When it comes to external impacts, the results are unanimous. At this point, tourism in India is harmful for the quality of life of the locals. Education has not been improved since the tourism boom. Environment has been getting ravaged by the big companies since the focus on the industry. And the net migration has never been higher forcing communities to move in order to provide room for tourism facilities.

6.3. Suggestions for future research

Even though the growth of the tourism industry has been without parallels and its influence in the economic development of countries have been unquestionable, these results have not been properly accompanied by theoretical and empirical studies resulting in a lack of knowledge transfer about the industry. In this sense, it is necessary to invest and bring new and original information onto the field about the market and the industry's specificities instead of adapting information from other sectors that will always end up less accurate than ideal.

One way to fight this is by seeing tourism as reliable developing industry rather than a volatile and seasonal *gold mine*. It is necessary to understand that tourism has its specificities and that it cannot be managed as any other industry and the same applies to the literature and practical approaches, these must be tourism-oriented rather than tourism-adapted.

It is important to give a new direction to the strategic thought, from managers and entrepreneurs to scholars and article writers, the approach towards the industry has to become more specific. It is necessary to understand tourism, its strengths, its weaknesses, its specificities, it is necessary to understand how to fight or at least learn how to live with seasonality and, equally important, it is necessary to understand why the industry is so volatile and how to mitigate or predict it.

Having into perspective the objective and the results obtained in this investigation, it becomes clear that, for future analysis, there are still many areas within the tourism industry that require adjustments in order to obtain proper results.

One way to close this “gap” is by changing the image of tourism, it needs to be seen as a reliable industry to attract the interest of scholars and investigators capable of providing new methodologies that allow the discovery of new data and information to be used in future analysis. The implementation of new processes and techniques will grant the possibility to achieve and identify, yet unknown, information about specific elements of the industry.

As for the entrepreneurship chapter, the main recommendation is direct contact with the entrepreneurs. Due to the size and timeframe of this investigation that was not possible, but it is believed that such an approach would provide valuable intel on the interactions between the entrepreneurs and the local communities and governments. It would be given a clearer perspective on the challenges and threats that these face during the process of implementing new ideas into such a characteristic market.

Lastly, when it comes to analyzing the tourism growth and contribution to economic development of a country it is ideal to have any sort of contact with government of the latter. Unfortunately, that was not possible for this investigation as the several tentative of contacts were in vain but would, undoubtedly, be an asset of immense value.

6.4. Experience Acquired

This investigation contributed to a much better understanding of how the tourism industry functions, particularly in India, and why it is often seen as a panacea. It provided valuable information on the contribution of innovations and entrepreneurship in fighting off its most dangerous threats and how these can enable tourism to become a viable contributor to a sustainable economic development. This investigation has demonstrated that: innovations play an important role in tourism development, entrepreneurs are responsible for the standardization of most innovations and play a decisive part in enrolling the local communities into decision-making processes, and that tourism can, indeed, be an extreme contributor to economic development in developing countries if properly managed.

This study, above all, allowed to understand the importance of tourism as whole to economic development, from its upsides to its downsides, from its volatility in winter to its reliability in

summer, tourism has proven to be an asset for all the associated industries, from transports to restauration, allowing these to harvest some of the benefits of its immense profits during the high season.

6.5. Limitations

This investigation was ambitious, perhaps, too ambitious in terms of time, sample, and objectives the task challenging, and its difficulty multiplied when the industry chosen was tourism. It is necessary to understand that this study, although conclusive, does not provide the sufficient knowledge to affect any decision-making processes. It does provide valuable information, trends and correlations but these do not stand capable of affect decisions on their own mostly to the size of the sample and to the reliability of the data used.

First and foremost, it is necessary to highlight the reliability of the data due to the lack of it and to the need of adaptation on some variables used which might lead to slightly misleading results. The lack of support from the governmental entities forced the need to search for other sources of viable data which was not ideal. The sample was different in many of the variables and that required a constant adaptation to make viable analysis between them.

Secondly, while the results, due to the size of the sample, can be generalized for the territory of India, it is not suggested to adapt its results to any country due to the specificities of the industry linked with the specificities of India.

Thirdly, the lack of primary data. Due to the immense sample, this possibility was early abandoned which forced the utilization of previously collected data that brought some issues like being out-of-date or not existing data as specific as intended.

Lastly, the impossibility to observe “in loco” the interactions between the entrepreneurs and the local communities, the tourism enterprises and the governmental entities, the touristic innovation and the resilient customers made the whole analysis much more theoretical that what would be desired.

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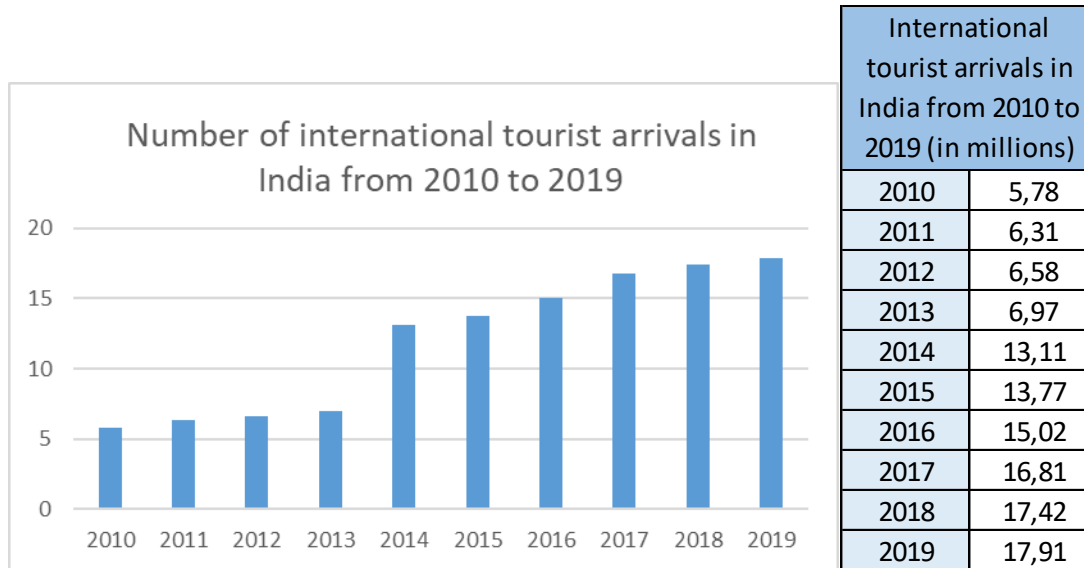
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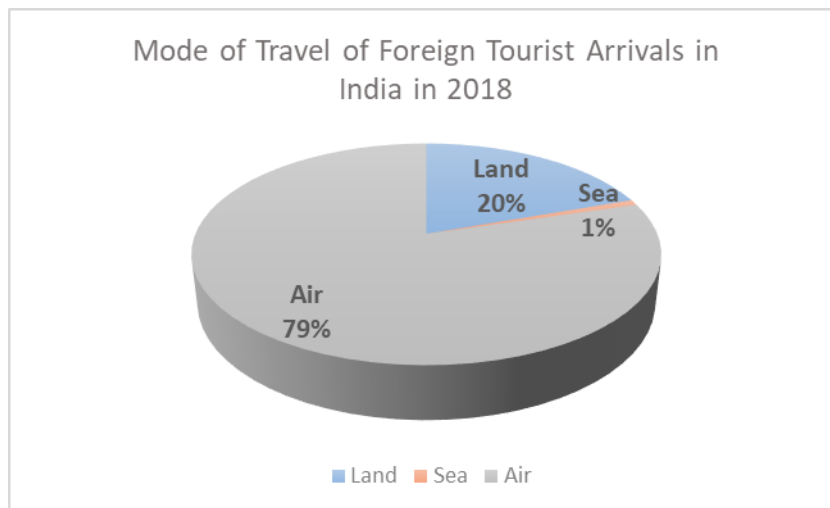
8. Attachments

Attachment A - Variable 1



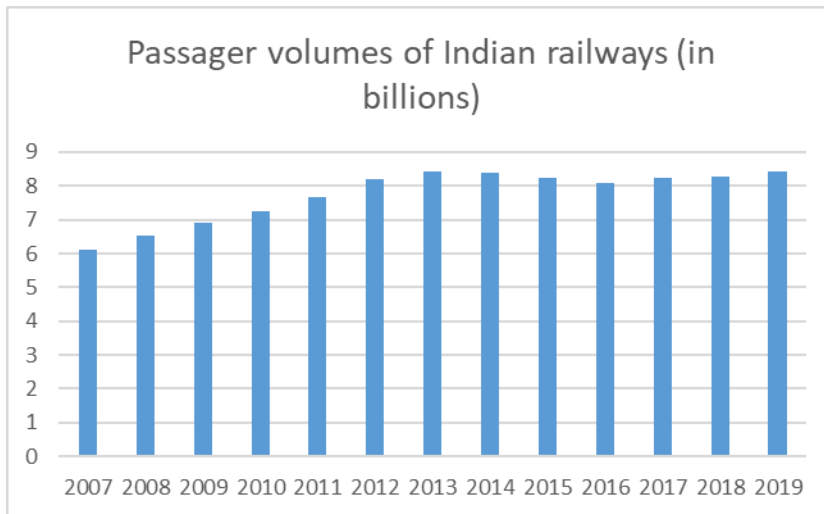
Source: *India Tourism Statistics 2019*

Attachment B - Variable 2



Source: *India Tourism Statistics 2019*

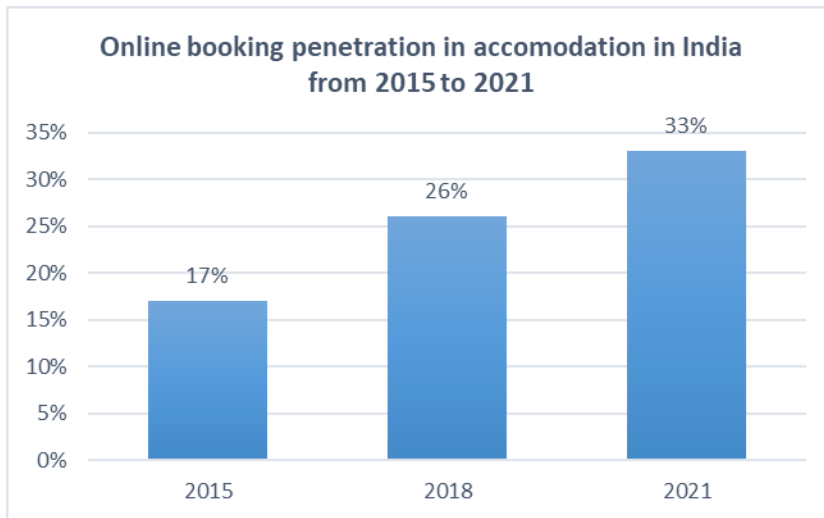
Attachment C - Variable 3



Year	Passenger volumes of indian railways (in billions)
2007	6,12
2008	6,52
2009	6,92
2010	7,24
2011	7,65
2012	8,2
2013	8,42
2014	8,39
2015	8,22
2016	8,1
2017	8,22
2018	8,29
2019	8,44

Source: *India Tourism Statistics 2019*

Attachment D - Variable 5



Source: Statista

Attachment E - Variable 6



Source: Statista

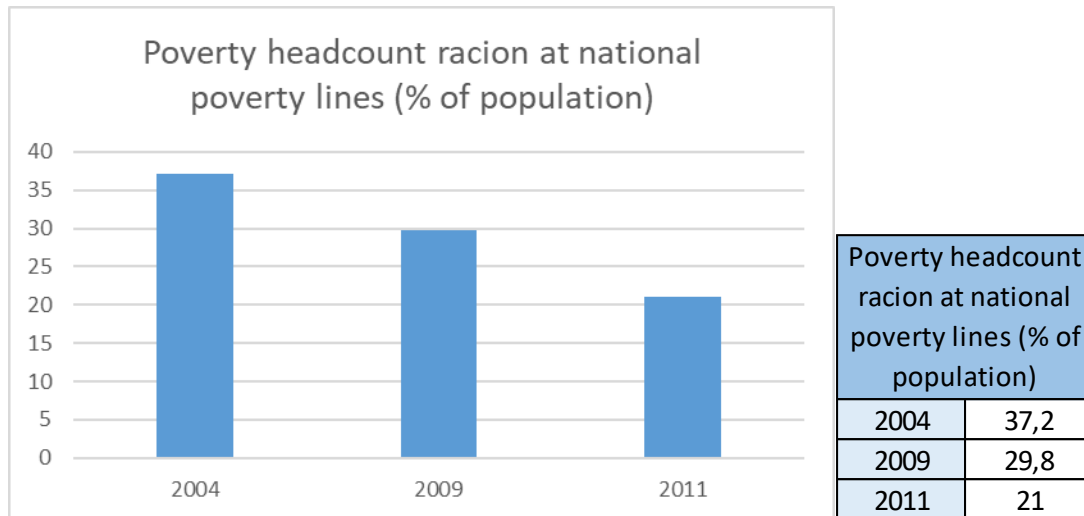
Attachment F - Variable 7



Number of foreign tourist arrivals in India from 2000-2018 (in millions)	Year
2,65	2000
2,54	2001
2,38	2002
2,73	2003
3,46	2004
3,92	2005
4,45	2006
5,08	2007
5,28	2008
5,17	2009
5,78	2010
6,31	2011
6,58	2012
6,97	2013
7,68	2014
8,03	2015
8,8	2016
10,04	2017
10,56	2018

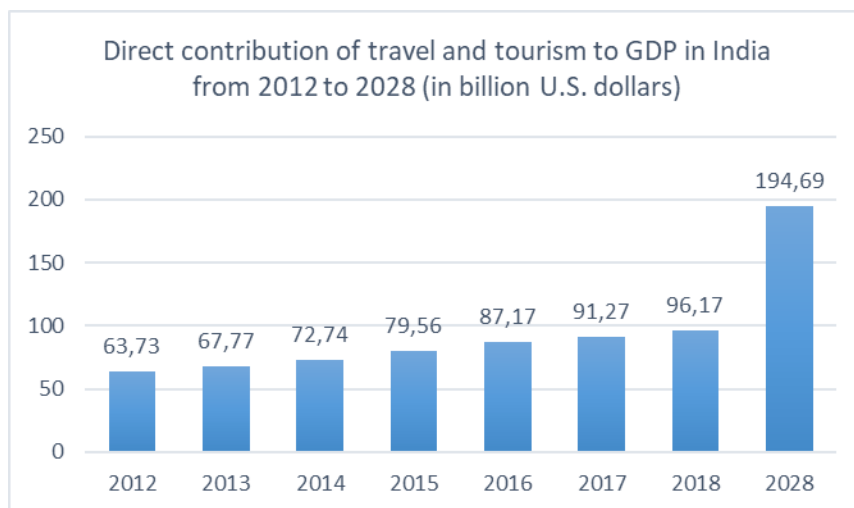
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Attachment G - Variable 8



Source: Statista

Attachment H - Variable 9



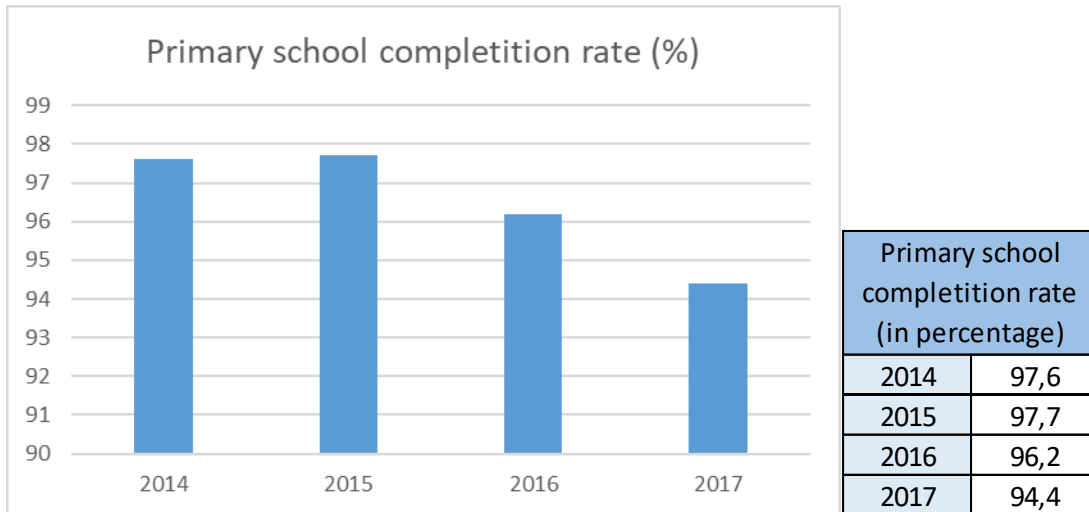
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Attachment I - Variable 10



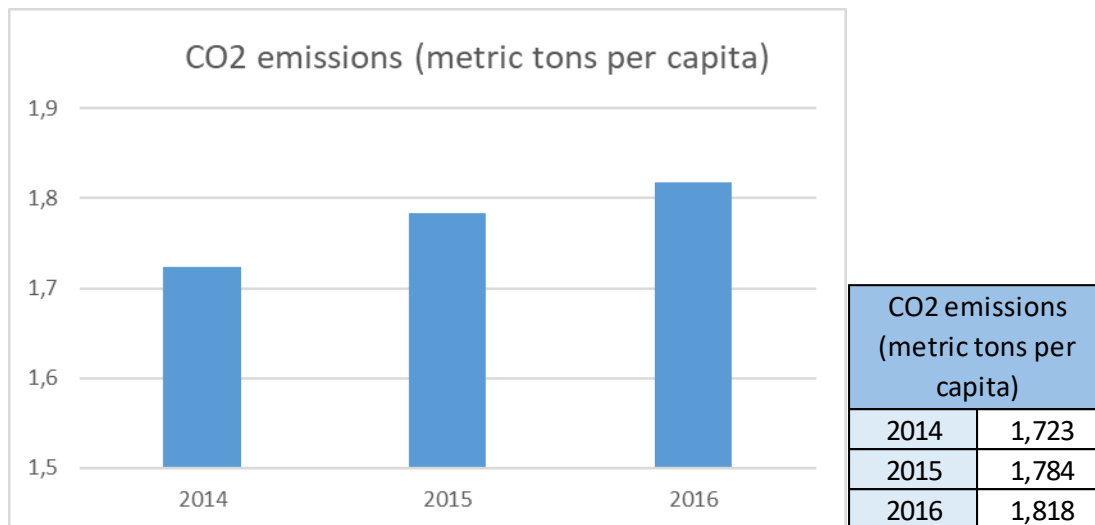
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Attachment J - Variable 11



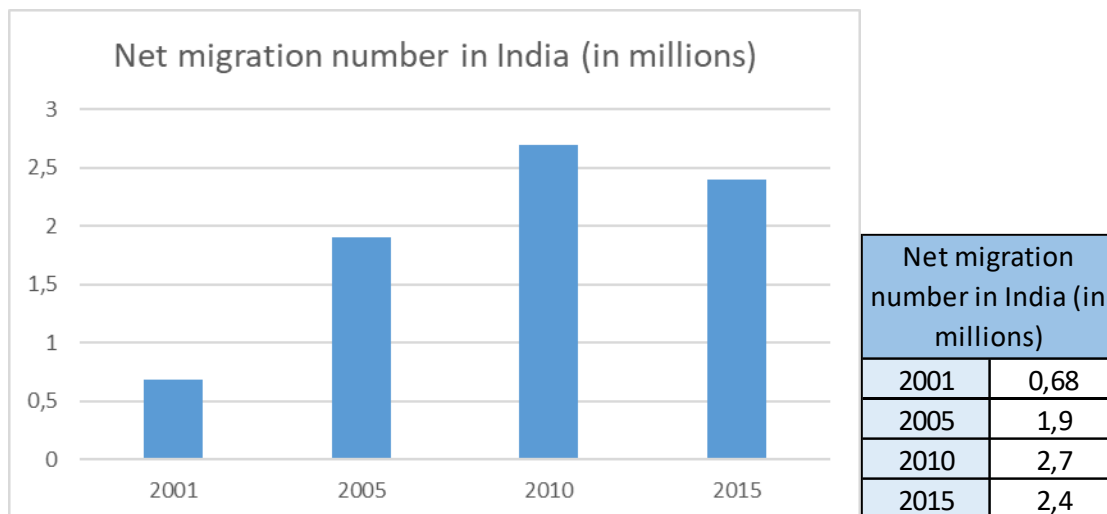
Source: Statista

Attachment K - Variable 13



Source: Statista

Attachment L - Variable 15



Source: India Tourism Statistics 2019