



# A model of marketing-driven innovation in lifestyle tourism businesses

**Manuel Machado**

ISCTE-IUL, Portugal

**Álvaro Dias**

ISCTE-IUL, Portugal

**Mafalda Patuleia**

Lusófona University, Portugal

**Leandro Pereira**

ISCTE-IUL, Portugal

## Abstract:

**Purpose:** The research investigates the direct and indirect effects of marketing capabilities on innovation in lifestyle tourism businesses. It also explores the mediating effects of entrepreneurial self-efficacy, intense positive emotions, and proactivity affect lifestyle entrepreneurship.

**Methods:** To test the conceptual model survey data were used with a sample of 187 entrepreneurs operating in lifestyle tourism in Portugal. The model was examined using a Partial Least Squares Structural Equation modelling (PLS-SEM).

**Results:** It was found that marketing capabilities's impact on innovation is direct and indirect, showing that entrepreneurial self-efficacy, positive emotions, and proactivity play a key part in the link between marketing capabilities and innovation.

**Implications:** By adding self-efficacy, emotions, and proactivity to the effects of marketing on innovation, the study advances the study on lifestyle entrepreneurship in tourism. In particular, the study highlights the key role of self-efficacy, emotions, and proactivity. This research describes important characteristics of lifestyle tourism entrepreneurs, providing important insights regarding psychological and behavioural factors mediating the link between marketing capabilities and innovation.

**Keywords:** innovation; intensive positive feelings; self-efficacy; proactiveness; marketing capabilities

**JEL Classification:** M31, L26, Z33

**Biographical note:** Manuel Machado holds a MSc in Tourism and Hospitality Management at ISCTE-IUL, Lisbon, Portugal and a BA in Management; he is a junior researcher in the tourism field. Alvaro Dias is a Professor of Tourism, Marketing and Entrepreneurship at ISCTE-IUL, Lisbon, Portugal; he holds two PhDs – one in Management and Marketing and another in Tourism, and is a researcher at BRU-Business Research Unit/ISCTE-IUL. Mafalda Patuleia holds a PhD in Tourism from the Faculty of Economics at the University of the Algarve and is currently the Director of the Tourism Department at Lusófona University. Leandro Pereira is an Associate Professor with Habilitation at ISCTE-IUL and CEO/founder of WINNING Scientific Management; he has more than 20 years of experience in academic activity and experience in senior management positions in consulting companies. Corresponding author: Alvaro Dias (alvaro.dias1@gmail.com)

## 1 INTRODUCTION

The concept of tourism lifestyle entrepreneurship describes a trend where entrepreneurs establish tourism businesses that align with their personal interests and desired way of life, rather than focusing solely on economic growth (Morrison, 2006). These lifestyle entrepreneurs prioritize a comfortable and fulfilling lifestyle over maximizing profits. As such,

traditional models of innovation can be challenged because entrepreneurs innovate based on their passions and not based on a systematic process of decision making (Dias et al. 2023). Although previous research demonstrated the importance of marketing capabilities for traditional businesses, the motivations and priorities of lifestyle tourism entrepreneurs might require a different approach (Ateljevic & Li, 2009; Dias et al., 2022; Getz & Peterson, 2005; Morrison, 2006;



Peters et al., 2009). More specifically, while marketing capabilities have received growing acknowledgment for playing an important role in tourism and hospitality, most research has targeted conventional organisations, and turned away from appreciating the characteristics of lifestyle tourism entrepreneurs since their motivation and innovative processes tend to differ significantly (Dias, et al., 2023b; Kallmuenzer & Peters, 2018). Although prior research focuses on the direct effects of marketing on firm performance, little is known about how some psychological and behavioral variables situated within the entrepreneurship field including self-efficacy, intense positive affectivity, and proactivity, moderate the marketing capabilities and innovation relationship within the context of the current study. This gap is particularly conspicuous as lifestyle tourism entrepreneurs tend to pursue non-economic motives; when promoting tourism and entrepreneurship as a means of business; in this sense, they take into consideration their values and passions (Dias, et al., 2023a) when undertaking business activities, thereby determining how they employ marketing capabilities to foster innovation (Kallmuenzer & Peters, 2018).

This study addresses this gap by proposing a novel model that integrates marketing capabilities with entrepreneurial self-efficacy, intense positive emotions, and proactivity. Despite its growing relevance, lifestyle entrepreneurship remains an under-researched topic, possibly due to these complexities and the evolving nature of the field.

The effects of marketing capabilities on entrepreneurial innovation in the tourism industry as its direct and indirect effects will be investigated in this research. In order to achieve the research objectives, the study starts with an extensive overview of literature, which is a crucial component in influencing the framing of conceptual model and formulating of research hypotheses. It is then followed by an elaborate account of methods used in conducting the study and the procedures followed in the data collection process. The research then reveals its findings on the impact of marketing capabilities in the tourism sector in elaborating them. The paper ends with the theoretical implications of the findings as well as recommendations for the further studies.

## 2 LITERATURE REVIEW AND HYPOTHESES

### 2.1 Conceptualizing Lifestyle Entrepreneurship

Lifestyle entrepreneurs are business owners who want to attain a healthy work-personal life balance. They do not only gain satisfaction in accomplishing their business objectives but they also receive satisfaction by spending quality time with their family. Several researches have identified the need for quality of life improvement among the lifestyle entrepreneurs. These entrepreneurs are driven by their lifestyles and excel on understanding the needs of tourists and serving such needs by offering tailor-made experiences (Bosworth & Farrell, 2011; Komppula, 2014; Paniagua, 2002). Cederholm and Hultman (2010) characterise as lifestyle entrepreneurs those with strong communication and interaction with customers and greater comprehension of the market. Strongly motivated entrepreneurs by lifestyle are likely to embrace effective approach to their business. Their competencies and attitudes do not only attract tourists but

also increase their satisfaction, allowing these entrepreneurs to be innovative and develop better managerial practices.

Williams et al. (1989) first looked into lifestyle aspirations in tourism businesses. It was argued that the main reasons lifestyle entrepreneurs do not grow their businesses are because they care more about personal achievements than making money (Shaw & Williams, 1987; Williams et al., 1989). They believe that small businesses play a role in helping people achieve their lifestyle goals and gain independence. Even so, they mention that it is not easy for these entrepreneurs to thrive and remain financially sound, which might change the region's "brand" due to its growing dependence on tourism.

Considering these insights on lifestyle entrepreneurs, there is no universally accepted definition of this type of entrepreneurs (Ateljevic & Li, 2009). Some researchers argue that many lifestyle entrepreneurs lack business experience, leading to lower performance (Getz & Peterson, 2005; Peters et al., 2009). According to McKercher and Robbins (1998), some tourism entrepreneurs, by lifestyle choice, engage in minimal business planning, which can create difficulties in the tourism industry (Lashley & Rowson, 2010). However, other researchers emphasize that these entrepreneurs, while not necessarily profit-oriented, contribute significantly to well-being (Walmsley & Thomas, 2009).

Conversely, some authors suggest that entrepreneurs with strong lifestyle motivations exhibit entrepreneurial behaviors and approaches, as they can better identify and satisfy tourists' needs, leading to smoother operations and improved results (Paniagua, 2002; Bosworth & Farrell, 2011). The same authors argue that lifestyle motivations enable entrepreneurs to improve managerial practices and combine personal and business objectives. Yet, this type of entrepreneurs is frequently described as those who start a business to achieve their personal aims, instead of aiming for economic growth (Getz & Peterson, 2005; Morrison, 2006; Peters et al., 2009).

Numerous scholars highlighted the role of contextual factors influencing the entrepreneur's behavior (Dias et al., 2021; Rocha et al., 2018; Xavier-Oliveira et al., 2015). In particular, individuals may be compelled to launch businesses out of necessity, especially in response to unemployment or job insecurity. Having to focus on necessities usually results in stronger psychological challenges, such as fearing failure and not being motivated, which are more pronounced in these contexts (Van Stel et al., 2007). Moreover, entrepreneurs motivated by need, typically rely on limited resources—whether financial, technical, or cognitive—resulting in the development of firms with insufficient capital. As Pfeiffer and Reize (2000) argue, such undercapitalized ventures are more prone to failure and tend to exhibit weaker performance outcomes.

Literature review on the marketing capabilities in tourism firms revealed the crucial role of those capabilities in the increase of competitiveness and higher performance. Research has shown that significant marketing resources help a tourism firm understand the clients' needs, anticipate the new trends, and offer the right products that satisfy the needs of the market (Lee & Hsieh, 2019; Pike et al., 2016). For example, marketing capability has been associated with improved brand image, customer retention, and revenue generation particularly among established tourism firms and

those with performance goals (Prayag, 2020). However, many studies focused on the traditional tourism and hospitality firms; even if growth and profitability are of paramount importance for-profit firms, little is known about how marketing capabilities perform in contemporary lifestyle tourism firms that do not put as much emphasis on financial growth and profitability as traditional tourism and hospitality businesses but rather choose more of personalized values and quality lifestyles (Carlsen et al., 2018). This distinction indicates that it is possible that the marketing capabilities of lifestyle tourism entrepreneurs may be owned and utilised differently from more traditional tourism enterprises.

This gap in the literature becomes evident when one considers psychological and behavioral variables that can moderate the marketing capabilities and innovation relationship among lifestyle tourism entrepreneurs. Therefore, while traditional tourism firms might use marketing capabilities for economic reasons, lifestyle-oriented business may also do so to achieve personal project-related satisfaction, inspiration and customer relationship congruence with the lifestyle entrepreneur's intent (Komppula, 2014). Research to date has not explored how factors such as entrepreneurial self-efficacy, intense positive emotions and proactivity might moderate this relationship for this type of sector which prides itself in engagement and authenticity (Dias, et al., 2023b). The identification of these mediating factors could extend the knowledge on how lifestyle entrepreneurs allocate marketing assets into innovative processes, thereby contributing to a better comprehension of lifestyle entrepreneurship and innovation in tourism.

## 2.2 Marketing Capabilities vs Entrepreneurial Self-Efficacy

Marketing capabilities can be defined as the firm ability to gain, enhance, and utilize appropriate, knowledge, skill and resources in its marketing activities, to address the needs of the customers and achieve a competitive advantage (Morgan et al., 2018). Self-efficacy refers to a person's perception that he/she can take certain actions in a certain context (Kavanagh & Bower, 1985). Following this perspective, Liu et al. (2019) state that self-efficacy, which relates to the belief that one can achieve desired outcomes, significantly determines entrepreneurial intentions and how entrepreneurs make decisions. According to Wei et al. (2020), self-efficacy may have an effect on innovative behavior in several ways. And because the market always creates new opportunities for entrepreneurs, individuals who have a strong sense of self-efficacy most likely think that innovation is connected with personal satisfaction (Chen & Greene, 1998). As a result, such individuals are inclined to set high performance goals and are able to introduce new solutions or improvements (Caines et al., 2019; McGee & Peterson, 2019; Tolli & Schmidt, 2008). On the other hand, those who have low levels of self-efficacy may avoid innovative behaviours or may be averse to change.

Jiang and Gu (2017) note that entrepreneurs who score high in self-efficacy tend to be more confident of own competencies and expertise. Such increased self-belief usually takes a form of enhanced creativity, also producing innovative ideas. Furthermore, as Chen and Greene (1998)

note, these individuals are more likely to take the entrepreneurial routes since they are more likely to possess relevant technical skills that help them recognize opportunity and create a venture.

Entrepreneurial self-efficacy also plays an instrumental role in cultivating a proactive behavior as well as ensuring that there is some level of market orientation (Avlonitis & Giannopoulos, 2012). As Kakoudakis et al. (2017) highlight, the level of self-efficacy can be used as a valid estimation of one's belief in being able to cope with future uncertainties, especially in the tourism industry, which characterises a high level of dynamism. It also provides the managers with a keener sense of changes in the hospitality industry, to foresee and address emerging opportunities. In addition, Altinay et al (2016) also propose that business-related self-efficacy can be enhanced by continued interaction with stakeholders (customers, suppliers and rivals) to increase the environmental awareness and introduce value co-creation. Mu et al. (2018) revealed that when entrepreneurs practice proactive behavior and transformation leadership, then the marketing capabilities will positively influence performance among entrepreneurs; the results indicate that marketing capabilities would link to performance through overall effectiveness. Following this reasoning, the first hypothesis is postulated:

*H1: Marketing Capabilities have a positive effect on entrepreneurs' self-efficacy behavior.*

## 2.3 Intense Positive Feelings

There are scholars who argue that passion is one of the integral components of the entrepreneurial process (Cardon et al., 2017); passion plays a fundamental role in triggering creativity and supporting the acquisition and usage of knowledge of new market opportunities.

Besides, emotional conditions have a meaningful impact on individual performance – positive feelings, e.g. happiness, tend to result in higher effectiveness, while negative moods, for example, sadness, can adversely impact on the completion of an activity. Entrepreneurship itself involves some crucial challenges to consider and lessons to be drawn from the failures or the emotionally challenging circumstances (Haynie & Shepherd 2011; Horng et al., 2023; Miller & Le Breton-Miller, 2017;); unmanaged negative emotions may foster insecurity and elevate the risk of poor decision-making and failure. Since learning is a behavior that can be developed over time, adverse emotional experiences may hinder the learning process.

In contrast, positive emotional states—such as happiness—can foster a workplace environment conducive to trust, creativity, and collaboration, all of which are fundamental to build intellectual capital and enhance firm's competitive position (Dias et al., 2023a; Isaac et al., 2009). Entrepreneurs who experience strong positive emotions are generally more inclined to pursue innovation, adopt advanced strategies, and engage in the development of new services. Those driven by a passion for innovation tend to actively seek novel solutions to various challenges, generating original ideas. In the end, highly emotional experiences, which are positive or negative, are influential in determining the entrepreneurial activity and the ability to discern business opportunities (Scott &

Venkataraman, 2000). Thus, we articulate the following hypothesis:

*H2: Marketing Capabilities have a positive effect on entrepreneurs' intense positive feelings.*

## 2.4 Proactiveness

Entrepreneurial proactivity usually involves early introduction of innovations in products or services, paying attention to predicting change in markets and remaining futurist (Mu et al., 2018). Proactive firms are urged to monitor customers' changing demands; hence, they are better positioned to identify and penetrate other markets abroad to attain a competitive advantage (Pérez-Luño et al., 2011). These are businesses which usually practice strategic planning especially on their financial and managerial resources and try to introduce innovations ahead of the competitors (Rauch et al., 2009; Scott & Venkataraman, 2000;).

Several scholars focus on the high investments of time and resources demanded by proactivity. For example, gaining access into a new market may require extensive knowledge about potential suppliers, customer tastes, and strategic partners (Leischnig & Geigenmüller, 2018; Mu et al., 2018; Pérez-Luño et al., 2011). On the other hand, proactive firms that display relatively small levels of proactivity may lack the intelligence drawn from foreign markets to serve as strategic players globally. In the rural tourism industry, proactivity is about acting before any competitors, designing new strategies proactively, introducing new experiences and services to customers ahead of time, always anticipating trends (Kallmuenzer & Peters, 2018).

The study of proactivity in entrepreneurship indicates that proactive enterprises exhibit positive market performance (Leischnig & Geigenmüller, 2018; Sarkar et al., 2001). Such firms tend to seek first-mover advantage before rivals enter the market in the short term and strategically craft their market environment in the long term (Dias et al., 2023b). Proactive organisations gain experience and learning from market changes (Horng et al., 2023). Hence, the following hypothesis was formulated:

*H3: Marketing Capabilities have a positive effect on entrepreneurs' proactiveness.*

## 2.5 The determinants of innovation

Innovation is one of the best-known components of consequential long-term business success, mainly in that it can create competitive advantages (Das & Joshi, 2007; Lee & Hsieh, 2010). It is often conceptualised as the effective integration of various resources into the development of products or services (Lee & Hsieh, 2010). Cohen et al. (2019) further describe innovation as the transformation of ideas into improved or entirely new offerings—whether products, services, or processes—that deliver value to both organisations and their stakeholders.

Proactive firms are typically more inclined to seek out and apply new knowledge as a way to address specific challenges and recognize emerging market opportunities (Cohen & Levinthal, 1989; Dai et al., 2014). Danneels and Kleinschmidt (2001) argue that firms aiming to capitalize on such opportunities must leverage this knowledge to enhance their products or services and adapt internal processes to meet the evolving expectations of demanding

customer segments. However, when managers focus too much on proactivity, problems may emerge. According to Atuahene-Gima et al. (2005), an overly aggressive pursuit of new markets can create complexity and information overload, ultimately hindering innovation processes.

Nonetheless, proactive behavior is often associated with continuous learning and operational refinement, which together serve as strong drivers of innovation (Dias et al., 2020). Furthermore, Vora et al. (2012) in his study of small and medium-sized enterprises commented that proactive firms are more likely to innovate as well establishing a close relationship between proactivity and innovative performance. Thus, we hypothesise:

*H4: Proactiveness have a positive effect on entrepreneurs' innovation.*

Job performance is significantly influenced by emotions and several work environment aspects can influence the way people feel about work. One of these elements is intrinsic motivation that de Jesus et al. (2013) describe as a value of personal involvement and commitment. This type of motivation results from taking a personal interest in and liking of the work itself. An increasing number of research supports a strong relationship between intrinsic motivation and entrepreneurial creativity and innovation (Amabile & Pratt, 2016; Cerasoli et al 2014; de Jesus et al 2013; Liu et al 2016).

Additionally, team climate is another crucial aspect of working environment that affects office emotions. Collaborative work usually presupposes exchange of ideas, trying out new methods, and open discussion with colleagues (Edmondson, 1999). According to Drach-Zahavy and Somech (2001), it is possible for a team cohesion to create a better emotional state among employees, this improves their engagement with organisational practices and their capacity to detect and address problems.

Incentive systems also contribute to the formation of motivation and innovation results. Rewards can be divided into two categories of transactional (for example, salary or other financial benefits), or relational (for example, personal growth or training). A positive effect of monetary encouragements on employee performance has been shown, and various researches did associate increases in innovations with financial rewards, as well (Condly , & Clark , 1998; Eisenberger & Shanock , 2003). On the other hand, relational rewards place great importance on the interpersonal dynamics and the managerial practices (Armstrong, 2008; Stajkovic & Luthans, 2001). These can be in form of public recognition, developmental opportunities, project funding or performance feedback (Amabile & Pratt, 2016). Particularly, feedback serves for an employee's feeling of being valued as well as being an essential aspect of the enhancement of innovation performance (Byron & Khazanchi, 2012; Madjar et al, 2002; Zhang et al, 2017). Therefore, we hypothesise:

*H5: Intense Positive Feelings have a positive effect on entrepreneurs' innovation.*

Creating and applying new ideas are important elements of innovation (Brown & Duguid, 2009; Kazadi et al., 2016). Innovators should find the necessary inputs required to turn their ideas into working models that generate new products or services. Previous research point out that firms can

improve the process by cultivating creativity self-efficacy among their staff (Puentes-Díaz, 2016). Having creativity self-efficacy means that one trusts that can produce unique solutions and keep trying to reach demanding goals (Carmeli & Schaubroeck, 2007; Mathisen & Bronnick, 2009). Puentes-Díaz (2016) claims that innovation emerges within organisations as a result of motivation.

Jiang and Gu (2017) believe that when someone feels confident in using creativity, that individual tends to show innovative behavior because of their knowledge and skills. Hsu et al. (2011) postulate that self-efficacy plays a major role in motivating people to produce new ideas, relying on critical thinking and solving issues. According to several researchers, entrepreneurial self-assurance often goes along with innovative actions (Chen & Greene, 1998). Dempsey & Jennings, 2014). As such, self-confidence contributes not only to the identification of new opportunities but also to experience learning, leading to a closer link between entrepreneurial creativity and innovative behavior, as a result of intervening factors such as beliefs, motivation or knowledge (Barakat et al., 2014). In consequence, we hypothesise:

*H6: Entrepreneurial self-efficacy has a positive effect on entrepreneurs' innovation.*

## 2.6 The mediating effects

In addition, proactiveness acts as a mediator, which ensures that marketing capabilities result in innovative marketing performance, since it promotes a strategic and competitive approach of marketing. Marketing capabilities, when used by proactive entrepreneurs, enable people to identify customer and market needs before they emerge, enabling entrepreneurs to use the tactics to introduce new products to the market before their rivals (Anderson et al., 2015). This kind of preparedness strengthens responsiveness and allows entrepreneurs to quickly respond to changes in customer needs or desires, by rapidly bringing new products to the market (Noble, 1999). In addition, proactiveness demands constant scanning of the environment; this assists an entrepreneur in incorporating a larger volume of marketing information while designing new products or services (Covin & Wales, 2019). Engagement in proactive behavior also creates some risk taking whereby the entrepreneurs are willing to use resources to advance market vantage point (Hughes, Morgan, Ireland, & Hughes, 2014). When marketing capabilities are connected to an innovative orientation, proactiveness ensures that there is a continuous competitive advantage and facilitates the transformation of market knowledge into unique solutions.

*H7: Proactiveness mediates the relationship between marketing capabilities and entrepreneurs' innovation.*

Positive feelings are considered as another pivotal moderating factor, acting as a bridge between marketing capability and innovation, encouraging entrepreneurs to be more intentional and innovative in their activities. Enthusiasm and passion help expand thinking in the cognitive flexibility form, where entrepreneurs are receptive and ready to try out new things as they deal with challenges (Cardon et al., 2017). These emotions do not only instigate motivation but so seek creativity; individuals who are in a positive loop are most likely to come up with more creative solutions and

perspectives (Amabile & Pratt 2016). This emotional involvement strengthens the relationship between marketing capabilities and innovation by seeking for customer response that goes beyond expected performance and distinct value propositions (Baron, et al, 2016). Additionally, positive feelings help maintain the resource of resilience for the entrepreneur. Therefore, high positive emotions allow the marketing capabilities to be directed to new creative outcomes by entrepreneurs. Accordingly:

*H8: The relationship between marketing capabilities and entrepreneurs' innovation is mediated by intense positive feelings.*

The concept of entrepreneurial self-efficacy is central to the mediation role it plays between marketing capabilities and innovation by boosting the confidence of the entrepreneur in undertaking challenges and implementing innovations. Marketing capabilities are enhanced by high self-efficacy, allowing entrepreneurs to use market knowledge and customers' understanding, thereby creating more innovations (Hmieleski & Carr, 2015). Self-efficacy helps entrepreneurs to cope with ambiguity that is inherent in innovations, making it a characteristic of individual resilience (Newman, et al., 2019). In addition, it fosters risk-taking and tenacity, two important factors that help to realize opportunities in markets and to probe new-product or new-service development (McGee & Peterson, 2019). As shown, previous studies discussed that efficacy relating to Self-Belief has a positive impact on proactivity that provides an orientation and problem-solving disposition for identifying and capitalizing on opportunities; in this vein, it helps the entrepreneur to benefit from the marketing resources to address emerging requirements (Shepherd, 2019). Thus, entrepreneurial self-efficacy intensifies the relationship between marketing capabilities and innovation by promoting a favourable attitude to testing and incremental learning, enabling an entrepreneur to develop marketing capabilities into tangible and valuable competitive advantage improvements. As such:

*H9: The relationship between marketing capabilities and entrepreneurs' innovation is mediated by entrepreneurial self-efficacy.*

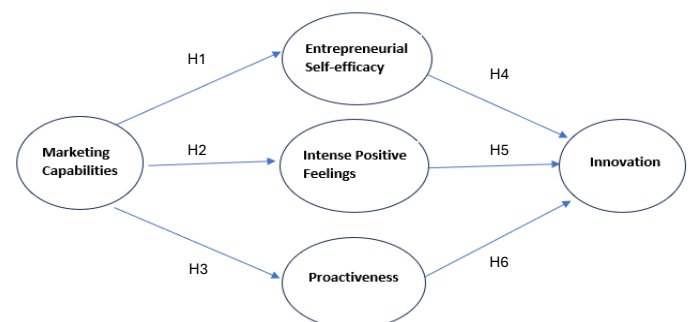


Figure 1. Conceptual model

### 3 METHODOLOGY

#### 3.1. Sampling procedure and measurement

For the purpose of this study, the sample consisted of small independent enterprises operating in the tourism industry in Portugal. The highly distinctive cultural and economic context in Portugal largely relying on the development of tourism, makes the country an appropriate example of attracting lifestyle entrepreneurs, whose ambitions go beyond the primary pursuit of profit. Portugal's favorable climate, picturesque landscapes, rich culture, delectable cuisine, and warm hospitality make it a magnet for tourists worldwide, bolstering the success of its tourism industry. The industry is mainly represented by small firms operating with a focus on limited operations and capital. However, only a few of these businesses have engaged in formal planning and marketing (Park et al., 2014).

Official reports reveal that the tourism industry grew significantly in recent years, becoming a key driver of global economic growth (CTP, 2021). Scholars like Jackson (2006) and Oppermann (1993) considered tourism as a crucial tool for economic development, particularly in rural areas where it helps prevent desertification. In regions like Madeira, the Azores, and the Algarve, tourism is the primary source of development (Soukiazis & Proença, 2008).

Since the economic crisis at the beginning of 2010's, tourism and hospitality played a significant role in generating wealth and creating jobs. According to the national statistics bureau, Portugal recorded 42.6 million overnight stays in 2021, marking a growth of 40.7% compared to previous year (INE, 2022). However, the industry has been affected by the pandemic between 2020 and 2021, although its performance has been improved in 2021 (compared to 2020).

Data were collected in Portugal, a country with a significant and growing tourism market. The study focused on the owners of small, independent tourism businesses who seek a certain lifestyle, following the criteria of Dias et al. (2023a). These 'tourism lifestyle entrepreneurs' (TLEs) were selected by convenience sampling, as no official list of TLEs exists. To be included, they had to: (i) Own a tourism enterprise; (ii) Operate independently; (iii) Have lifestyle objectives for their business. A final sample was established with 187 valid responses.

Measurement for each construct was adopted from pre-existing scales. As such, the four-item measure for marketing capabilities was adapted from Spanos and Lioukas (2001). Proactiveness and Innovation measures, both 3-items scales were taken from Hughes and Morgan (2007). Intense Positive Feelings were measured using a four-item scale adopted from Cardon et al. (2017). A six-item measure from De Noble et al. (1999) was used to assess entrepreneurial self-efficacy.

The first version of the questionnaire resulted from translation from English to Portuguese and then reverse-translated to ensure that the original sense of the items was preserved. The Portuguese version was pilot tested with 10 respondents to confirm that participants in the study fully understood the expression and wording. Slight corrections were made based on the respondents' suggestions.

#### 3.2. Data collection process

The study reached a total of 187 valid answers. The threshold of 50 was surpassed, considering the rule of thumb of 10 responses for each variable used in the conceptual model (Hair et al. 2017). In this case, the obtained sample is more than the triple of this threshold. The sample descriptive is as follows: 67% of the entrepreneurs are male; 15% are less than 30 years old, 62% has between 31 and 50 years old, and 23% more than 51 years old. 36% reported no prior entrepreneurial experience; 38% had five or fewer years of entrepreneurial experience and the remaining respondents reported to have six or more years of entrepreneurial experience. Regarding the location, 33% of the business were developed in the same region where they were born and always lived there, 42% established in another region rather than its birthplace and the remaining business were in the same area of naturality but lived elsewhere for a period of more than five years.

### 4 RESULTS

PLS-SEM was appropriate for this exploratory research thanks to its emphasis on predictive ability and its capacity to handle complex relationships within a model involving multiple mediators and constructs (Hair et al. 2017). Unlike Covariance-Based SEM considered to be better suited for theory confirmation and requires larger sample sizes to achieve adequate model fit, PLS-SEM is variance-based and excels in exploratory contexts with smaller samples. Moreover, PLS-SEM allows for the simultaneous assessment of both reflective and formative constructs, as seen in this study (Hair et al. 2011). The decision was influenced by the fact that PLS-SEM is able to work on models with non-normal data and improve the amount of variance explained. Besides, PLS-SEM allows the study team to use both reflective and formative models, keeping in line with the nature of the exploration being carried out here (Ringle & Sarstedt, 2016).

The analysis unfolded in three main steps. Initially, the researchers ensured that the measurement model was reliable and valid. The next step was to assess how good the structural model was. Finally, researchers tested the hypotheses. Convergent validity was checked by reviewing three main aspects of quality. Three conditions were required: the factor loading for each item had to be high (0.60 or over) and statistically significant ( $p < 0.001$ ), helping ensure the reliability of each indicator (Hair et al., 2017). Also, the Cronbach's alpha and composite reliability of each construct had to be higher than 0.70. Third, the AVE for all the constructs had to be over 0.50 to show that over half of the variance in the indicators came from the constructs (Bagozzi & Yi, 1988; Hair et al., 2017).

The final results supported the fact that the convergent validity. All standardized factor loadings had a value of over 0.60 and were statistically significant ( $p < 0.01$ ), with the lowest observed value being 0.744. Besides, all the constructs had Cronbach's alpha and CR greater than 0.70, and their AVE values were above 0.50. Table 1 shows the results of the analysis; according to Hair et al. (2017) and Henseler et al. (2015), we use the Fornell–Larcker criterion and the HTMT.

This criterion examines the separate validity of each construct by contrasting the square root of its AVE with its

correlation with the rest of the constructs. The result meets this requirement when the square root of AVE is more than the highest correlation the construct has with any other construct (Fornell & Larcker, 2016). This requirement is entirely met in the present study, as seen by the bolded statistics in Table 1. If the HTMT results are lower than 0.85, this means that discriminant validity is confirmed, according to the suggestions of Hair et al. (2017) and Henseler et al. (2015). The findings in this study correlate with this rule, adding more proof to the validity of the measurement model.

|        | $\alpha$ | CR    | AVE   | EPIPF        | ESE          | Innov        | Proact       | RBVMK        |
|--------|----------|-------|-------|--------------|--------------|--------------|--------------|--------------|
| EPIPF  | 0,912    | 0,938 | 0,791 | <b>0,889</b> | 0,377        | 0,462        | 0,504        | 0,550        |
| ESE    | 0,917    | 0,938 | 0,751 | 0,506        | <b>0,867</b> | 0,292        | 0,412        | 0,520        |
| Innov  | 0,922    | 0,950 | 0,865 | 0,482        | 0,466        | <b>0,930</b> | 0,610        | 0,457        |
| Proact | 0,903    | 0,933 | 0,777 | 0,417        | 0,384        | 0,425        | <b>0,881</b> | 0,409        |
| RBVMK  | 0,820    | 0,881 | 0,649 | 0,356        | 0,538        | 0,255        | 0,327        | <b>0,806</b> |

Note: EPIPF - Entrepreneur intense positive feelings; ESE - Entrepreneur self-efficacy; Innov - Innovation; Proact - Proactiveness; RBVMK - Market Capabilities

Table1. Composite reliability, average variance extracted, correlations, and discriminant validity checks

After confirming that the measurement model was valid, the researchers looked into collinearity to guarantee the reliability of testing the structural model (Hair et al., 2017). If indicators are overlapping, they might confuse the estimated outcomes in a model and decrease its quality (Hair et al., 2017). To test for possible issues with correlation, the variance inflation factor (VIF) was applied, making sure the values were below the threshold of 5. From the values, it is clear that collinearity is not an issue in the study.

|                 | Effect size ( $\beta$ ) | Standard deviation | T statistics | P values |
|-----------------|-------------------------|--------------------|--------------|----------|
| EPIPF -> Innov  | 0,270                   | 0,085              | 3,191        | 0,001    |
| ESE -> Innov    | 0,277                   | 0,080              | 3,469        | 0,001    |
| Proact -> Innov | 0,227                   | 0,057              | 3,983        | 0,000    |
| RBVMK -> EPIPF  | 0,356                   | 0,066              | 5,427        | 0,000    |
| RBVMK -> ESE    | 0,538                   | 0,049              | 11,074       | 0,000    |
| RBVMK -> Proact | 0,327                   | 0,061              | 5,403        | 0,000    |

Note: EPIPF - Entrepreneur intense positive feelings; ESE - Entrepreneur self-efficacy; Innov - Innovation; Proact - Proactiveness; RBVMK - Market Capabilities

Table 2. Structural model assessment.

The four endogenous constructs (Entrepreneur Intense Positive Feelings, Entrepreneur Self-efficacy, Innovation, and Proactiveness) achieved satisfactory levels of explained variance ( $R^2$ ): 12.7%, 28.9%, 33.9%, and 10.7%, respectively. These values exceed the minimum threshold of 10%, thereby supporting the robustness of the structural model. Additionally, the model's predictive relevance was confirmed through the  $Q^2$  statistic, with all values exceeding zero: 0.097 for Intense Positive Feelings, 0.212 for Self-efficacy, 0.286 for Innovation, and 0.081 for Proactiveness—further validating the model's predictive strength.

As shown in Table 2, the results support hypotheses H1, H2, and H3. Specifically, Marketing Capabilities were found to have a significant positive effect on Entrepreneurial Self-

efficacy ( $\beta = 0.538$ ,  $p < 0.001$ ), Intense Positive Feelings ( $\beta = 0.356$ ,  $p < 0.001$ ), and Proactiveness ( $\beta = 0.327$ ,  $p < 0.001$ ). To test the remaining hypotheses (H4, H5, and H6), both direct and indirect effects were analyzed. Regarding direct effects, the findings indicate that Intense Positive Feelings significantly influence Innovation ( $\beta = 0.270$ ,  $p < 0.001$ ). Similarly, Entrepreneurial Self-efficacy ( $\beta = 0.277$ ,  $p < 0.001$ ) and Proactiveness ( $\beta = 0.227$ ,  $p < 0.001$ ) also demonstrate significant positive effects on Innovation, supporting the respective hypotheses.

To examine the significance of indirect effects, this study employed a bootstrapping procedure, which is widely recommended for mediation analysis (Hair et al., 2017; Preacher & Hayes, 2008). The results, presented in Table 4, reveal that the indirect effect of Marketing Capabilities on Innovation, mediated by Entrepreneurial Intense Positive Feelings, is significant and positive ( $\beta = 0.096$ ,  $p < 0.001$ ). Likewise, the indirect effect of Marketing Capabilities on Innovation through Proactiveness is also statistically significant ( $\beta = 0.074$ ,  $p < 0.001$ ). These findings confirm support for both H4 and H7, as well as H5 and H8, through the combined evidence of direct and indirect effects. Furthermore, the analysis shows that the indirect effect of Marketing Capabilities on Innovation via Entrepreneurial Self-efficacy is also significant ( $\beta = 0.149$ ,  $p < 0.001$ ). As such, both H6 and H9 are validated by the strength of the direct and mediated pathways.

|                          | Effect size ( $\beta$ ) | Standard deviation | T statistics | P values |
|--------------------------|-------------------------|--------------------|--------------|----------|
| RBVMK -> EPIPF -> Innov  | 0,096                   | 0,034              | 2,865        | 0,004    |
| RBVMK -> ESE -> Innov    | 0,149                   | 0,046              | 3,270        | 0,001    |
| RBVMK -> Proact -> Innov | 0,074                   | 0,024              | 3,067        | 0,002    |

Note: EPIPF - Entrepreneur intense positive feelings; ESE - Entrepreneur self-efficacy; Innov - Innovation; Proact - Proactiveness; RBVMK - Market Capabilities

Table 3. Indirect effect testing

The conceptual model developed in this study aims to deepen the understanding of both the direct and indirect influences of Marketing Capabilities on innovation among entrepreneurs operating within the tourism sector. Empirical evidence provided useful information about the range of issues in lifestyle entrepreneurship. The findings of the first analysis was that marketing abilities increased entrepreneurs' self-efficacy. Relevant research (Kakoudakis et al., 2017) shows that it contributes to how companies face and deal with continuous uncertainties in the tourism market. Studies also suggest that if tourism entrepreneurs show strong self-efficacy, they can better understand what consumers require, how to approach suppliers, and spot rivals in the sector (Altinay et al., 2016). The outcomes show that marketing abilities boost business performance by making entrepreneurs more effective.

Findings suggest that Marketing Capabilities have a major effect on the emotions of entrepreneurs. Experts have found that someone's mood can greatly influence creativity, spotting opportunities, and professional relationships.



Particularly, those who are happier may be more prone to innovative approaches, come up with fresh concepts, and look for different solutions. However, when someone is not very happy, this can involve a sense of doubt and a greater chance of failure. Researchers had already shown that Marketing Capabilities may affect the emotions of entrepreneurs and their results (Haynie & Shepherd, 2011). Isaac et al. (2009) and Miller & Le Breton-Miller (2017) describe these factors.

| Hypothesis | Description  | Test result |
|------------|--|-------------|
| H1         | <i>Marketing Capabilities have a positive effect on Entrepreneurial Self-Efficacy.</i>                                       | Validated   |
| H2         | <i>Marketing Capabilities have a positive effect on Intense Positive Feelings.</i>   | Validated   |
| H3         | <i>Marketing Capabilities have a positive effect on Proactiveness.</i>   | Validated   |
| H4         | <i>Proactiveness has a positive effect on Innovation.</i>  | Validated   |
| H5         | <i>Intense Positive Feelings have a positive effect on Innovation.</i>   | Validated   |
| H6         | <i>Entrepreneurial Self-Efficacy has a positive effect on Innovation.</i>  | Validated   |
| H7         | <i>Entrepreneurial Self-efficacy mediates the relationship between marketing capabilities and entrepreneurs' innovation.</i> | Validated   |
| H8         | <i>Intense positive feelings mediate the relationship between marketing capabilities and entrepreneurs' innovation.</i>      | Validated   |
| H9         | <i>Proactiveness mediates the relationship between marketing capabilities and entrepreneurs' innovation.</i>                 | Validated   |

Table 4. Summary of Hypothesis Testing

The study also demonstrates that Marketing Capabilities are related to how proactive entrepreneurs are in the tourism industry. Enthusiastically, Mu et al. (2018) advised that proactivity helps a company foresee changes in the market and handle competition well. What was found in this study is in line with previous works (e.g., Pérez-Luño et al. in 2011). Rauch et al., 2009 and Scott & Venkataraman, 2000 state that proactive organisations are more capable of dealing with changes and retaining their competitiveness.

Moreover, the analysis confirms that proactivity leads to a higher level of innovation; taking advantage of updated knowledge and technology, proactive companies can find new opportunities in the market and possess an advantage over rivals (Cohen & Levinthal, 1989). The works of Dai et al. (2014) and Danneels & Kleinschmidt (2001) confirmed this finding. Still, several researchers point out that too much enthusiasm for innovation can result in people receiving too much information and confusing work environments (Atuahene-Gima et al., 2005). However, this study highlights that proactive behavior continues to be a major reason for the innovation among entrepreneurs.

In addition, it was shown that feeling intense love can improve entrepreneurs' ability to develop fresh ideas. It corresponds with the findings of scholars who stress how emotions impact personal performance and creative productions (Cardon et al., 2013). According to Haynie & Shepherd (2011), Isaac et al. (2009), Miller & Le Breton-

Miller (2017), and Williams (2001), there are similar challenges. In accordance with recent studies, intrinsic motivation, how people interact in teams, and rewards contribute greatly to individuals' emotions at work (Amabile & Pratt, 2016). According to Condly & Clark (1998), de Jesus et al. (2013), Drach-Zahavy & Somech (2001), Edmondson (1999), Eisenberger & Shanock (2003), and Stajkovic & Luthans (2001), employee motivation consists of push-pull motivators. Hence, higher levels of mood and emotional well-being help entrepreneurs perform better and generate new ideas.

Also, the study finds that entrepreneurial self-efficacy is closely related to innovation. Those who believe in their own competence aim higher, notice more chances, learn from past errors, and invent new ideas to solve problems (Caines et al., 2019; McGee & Peterson, 2019; Tolli & Schmidt, 2008). However, individuals with less self-efficacy find it difficult to try new techniques and usually generate less innovative ideas (Neumeier et al., 2019; Wei et al., 2020). The study confirms the findings of earlier studies alike (Caines et al., 2019) and demonstrates that self-efficacy is essential for the creation of innovative ideas (as in the studies of Carmeli & Schaubroeck, 2007; Chen & Greene, 1998; Dempsey & Jennings, 2014; Hsu et al., 2011; Jiang & Gu, 2017; Mathisen & Bronnick, 2009; Puente-Díaz, 2016).

## 5 DISCUSSION

### 5.1 Theoretical Implication

The study aims to study lifestyle entrepreneurs in tourism, paying attention to how marketing skills influenced innovation. Even though the research data focuses on Portuguese lifestyle tourism entrepreneurs, the findings contribute meaningfully to the academic discourse on tourism entrepreneurship.

A key theoretical contribution of this study lies in its integration of multiple underexplored dimensions—namely, entrepreneurial self-efficacy, intense positive emotions, proactivity, and innovation—in the context of Tourism Lifestyle Entrepreneurship. By examining the mediating role of marketing capabilities across these dimensions, the study offers new and valuable insights into the mechanisms that foster innovation among lifestyle entrepreneurs.

More specifically, this research reinforces the growing body of literature emphasizing the strategic importance of marketing capabilities in driving entrepreneurial innovation. It highlights how marketing capabilities exert an indirect influence on innovation through their interaction with self-efficacy, emotional engagement, and proactive behavior. These findings demonstrate that effective marketing strategies not only support the creation of unique customer experiences but also foster innovation that enhances the well-being of tourists and the distinctiveness of entrepreneurial offerings. Greater marketing capabilities are shown to create a competitive advantage in the market. Lifestyle entrepreneurs with stronger marketing capabilities may have a competitive advantage in differentiation and regularly offering new ideas. As a result, the study adds important value to existing concepts of strategy and how tourism businesses excel.



## 5.2 Practical Implication

The study gives emphasis to strategies that help increase growth in lifestyle entrepreneurship by utilising marketing as an innovative tool. It is important for entrepreneurs to first enhance their marketing by investing in technology and systems for gathering market information and understanding customers. For instance, companies can use digital tools such as CRM or analyze social media to see how their customers and the market are changing.

Another essential aspect is increasing a person's belief in their business abilities. It is important for entrepreneurs to take part in specific workshops that teach them how to decide, solve problems, and market their business successfully. Working with older entrepreneurs can provide both confidence and important knowledge to young business leaders and may also build the right emotional association between your customers and your company..

Finally, entrepreneurs in the lifestyle tourism industry must take a proactive role to remain ahead of the competitors. It is important to always pay attention to industry trends and work with local tourism boards to stay ahead. Fostering partnerships to design exclusive tourism experiences can encourage innovation, e.g. by joining discussions for innovation or coordinating regional promotion.

## 5.3 Limitations and Future Research Direction

This study is not without limitations. First, the research focuses exclusively on lifestyle tourism entrepreneurs in Portugal, which limits the generalizability of the findings to other cultural and geographic contexts. Future research could extend this work to countries with different cultural, economic, and tourism characteristics to assess the robustness of the conceptual model.

Second, the reliance on self-reported survey data introduces the potential for common method bias, as participants' responses may be influenced by social desirability or self-perception. While steps were taken to minimize this risk, such as ensuring respondent anonymity and using validated scales, future studies could incorporate additional methods, such as triangulating self-reports with objective performance data or conducting longitudinal research to further validate the findings over time.

Third, the study's narrow focus on small, independent tourism enterprises limits its applicability to larger or more diversified organisations. Small tourism enterprises were selected because they epitomize lifestyle entrepreneurship and provide a relevant context for this research. Nonetheless, future research could examine whether the relationships identified here hold in larger firms or those with different strategic orientations.

Lastly, the cross-sectional design of the study prevents capturing the dynamic nature of entrepreneurial behavior and innovation. A longitudinal approach would allow researchers to examine how marketing capabilities, entrepreneurial self-efficacy, and emotional and behavioral factors evolve over time and under varying market conditions.

## ACKNOWLEDGEMENT

This work was financially supported by the Business Research Unit (UIDB/00315/2020), funded by national funds through FCT - Fundação para a Ciência e a Tecnologia.

## REFERENCES

- Altinay, L., Sigala, M., & Waligo, V. (2016). Social value creation through tourism enterprise. *Tourism Management*, 54, 404–417. <https://doi.org/10.1016/j.tourman.2015.12.011>
- Amabile, T. M., & Pratt, M. G. (2016). The dynamic componential model of creativity and innovation in organisations: Making progress, making meaning. *Research in Organisational Behavior*, 36, 157–183.
- Altinay, L., Sigala, M., & Waligo, V. (2016). Social value creation through tourism enterprise. *Tourism Management*, 54, 404–417. <https://doi.org/10.1016/j.tourman.2015.12.011>
- Amabile, T. M., & Pratt, M. G. (2016). The dynamic componential model of creativity and innovation in organisations: Making progress, making meaning. *Research in Organisational Behavior*, 36, 157–183.
- Anderson, B. S., Kreiser, P. M., Kuratko, D. F., Hornsby, J. S., & Eshima, Y. (2015). Reconceptualizing entrepreneurial orientation. *Strategic management journal*, 36(10), 1579–1596.
- Armstrong, M. (2008). Human Capital Management – Achieving Added Value through People. In *Human Resource Management International Digest* (Vol. 16, Issue 5). <https://doi.org/10.1108/hrmid.2008.04416eae.001>
- Ateljevic, I., & Doorne, S. (2000). 'Staying within the fence': Lifestyle entrepreneurship in tourism? *Journal of Sustainable Tourism*, 8(5), 378–392.
- Ateljevic, J. (2007). Small tourism firms and management practices in New Zealand: The Centre Stage Macro Region. *Tourism Management*, 28(1), 307–316.
- Ateljevic, J., & Li, L. (2009). Tourism Entrepreneurship – Concepts and Issues. In *Tourism and Entrepreneurship* (First Edit). Elsevier Ltd. <https://doi.org/10.1016/b978-0-7506-8635-8.00002-2>
- Atuahene-Gima, K., Slater, S. F., & Olson, E. M. (2005). The contingent value of responsive and proactive market orientations for new product program performance. *Journal of Product Innovation Management*, 22(6), 464–482. <https://doi.org/10.1111/j.1540-5885.2005.00144.x>
- Avlonitis, G. J., & Giannopoulos, A. A. (2012). Balanced market orientation: qualitative findings on a fragile equilibrium. *Managing Service Quality: An International Journal*, 22(6), 565–579. <https://doi.org/10.1108/09604521211287543>
- Bagozzi, R. P., & Yi, Y. (1988). On the evaluation of structural equation models. *Journal of the Academy of Marketing Science*, 16(1), 74–94. <https://doi.org/10.1007/BF02723327>
- Barakat, S., Boddington, M., & Vyakarnam, S. (2014). Measuring entrepreneurial self-efficacy to understand the impact of creative activities for learning innovation. *International Journal of Management Education*, 12(3), 456–468. <https://doi.org/10.1016/j.ijme.2014.05.007>
- Baron, R. A., Mueller, B. A., & Wolfe, M. T. (2016). Self-efficacy and entrepreneurs' adoption of unattainable goals: The restraining effects of self-control. *Journal of business venturing*, 31(1), 55–71.
- Beaver, G., & Jennings, P. (2000). Editorial overview: small business, entrepreneurship and enterprise development. *Strategic Change*, 9(7), 397–403.
- Bosworth, G., & Farrell, H. (2011). Tourism entrepreneurs in Northumberland. *Annals of Tourism Research*, 38(4), 1474–1494. <https://doi.org/10.1016/j.annals.2011.03.015>

- Boyd, N. G., & Vozikis, G. S. (1994). The Influence of Self-Efficacy on the Development of Entrepreneurial Intentions and Actions. *Entrepreneurship Theory and Practice*, 18(4), 63–77. <https://doi.org/10.1177/104225879401800404>
- Brown, J. S., & Duguid, P. (2009). Organisational learning and communities of practice: Toward a Unified View of working, learning, and innovation. *Knowledge and Communities*, September 2015, 99–122. <https://doi.org/10.1287/orsc.2.1.40>
- Byron, K., & Khazanchi, S. (2012). Rewards and creative performance: A meta-analytic test of theoretically derived hypotheses. *Psychological Bulletin*, 138(4), 809–830. <https://doi.org/10.1037/a0027652>
- Caines, V., Earl, J. K., & Bordia, P. (2019). Corrigendum: Self-employment in later life: How future time perspective and social support influence self-employment interest (*Front. Psychol.* 10, 448, (2019) 10.3389/fpsyg.2019.00448). *Frontiers in Psychology*, 10(AUG), 3389.
- Cardon, M. S., Gregoire, D. A., Stevens, C. E., & Patel, P. C. (2017). Measuring entrepreneurial passion: Conceptual foundations and scale validation. *Journal of Business Venturing*, 28(3), 373–396. <https://doi.org/10.1016/j.jbusvent.2012.03.003>
- Carlsen, J., Morrison, A., & Weber, P. (2008). Lifestyle oriented small tourism firms. *Tourism Recreation Research*, 33(3), 255–263. <https://doi.org/10.1080/02508281.2008.11081549>
- Carmeli, A., & Schaubroeck, J. (2007). The influence of leaders' and other referents' normative expectations on individual involvement in creative work. *Leadership Quarterly*, 18(1), 35–48. <https://doi.org/10.1016/j.leaqua.2006.11.001>
- Carr, J. C., & Hmieleski, K. M. (2015). Differences in the outcomes of work and family conflict between family- and nonfamily businesses: an examination of business founders. *Entrepreneurship Theory and Practice*, 39(6), 1413–1432.
- Cederholm, E. A., & Hultman, J. (2010). The value of intimacy - negotiating commercial relationships in lifestyle entrepreneurship. *Scandinavian Journal of Hospitality and Tourism*, 10(1), 16–32.
- Cerasoli, C. P., Nicklin, J. M., & Ford, M. T. (2014). Intrinsic motivation and extrinsic incentives jointly predict performance: A 40-year meta-analysis. *Psychological Bulletin*, 140(4), 980–1008. <https://doi.org/10.1037/a0035661>
- Chaharbaghi, K., & Cripps, S. (2006). Intellectual capital: Direction, not blind faith. *Journal of Intellectual Capital*, 7(1), 29–41. <https://doi.org/10.1108/14691930610639750>
- Chen, C. C., & Greene, P. G. (1998). Distinguish Entrepreneurs From Managers? *Journal of Business Venturing*, 13(4), 295–316.
- Cohen, W. M., & Levinthal, D. A. (1989). Innovation and Learning: The Two Faces of R & D. *The Economic Journal*, 99(397), 569. <https://doi.org/10.2307/2233763>
- Cohen, S. L., Bingham, C. B., & Hallen, B. L. (2019). The role of accelerator designs in mitigating bounded rationality in new ventures. *Administrative Science Quarterly*, 64(4), 810–854.
- Condly, S. J., & Clark, R. E. (1998). The Effects of Incentives on Workplace Performance: A Meta-analytic Review of Research Studies I. *Performance Improvement*, 16(3), 46–63.
- Covin, J. G., & Wales, W. J. (2019). Crafting high-impact entrepreneurial orientation research: Some suggested guidelines. *Entrepreneurship theory and practice*, 43(1), 3–18.
- Crawford, A. & Naar, J. (2016). Exit Planning of Lifestyle and Profit-Oriented Entrepreneurs in Bed and Breakfasts, *International Journal of Hospitality & Tourism Administration*, 17(3), 260–285, DOI: 10.1080/15256480.2016.1183548
- CTP. (2021). Estatísticas de Julho de 2021. [https://ctp.org.pt/uploads/articles/documents/no4\\_Economia\\_e\\_Turismo\\_em\\_Números\\_Fevereiro\\_Abril\\_2021.1625657650.pdf](https://ctp.org.pt/uploads/articles/documents/no4_Economia_e_Turismo_em_Números_Fevereiro_Abril_2021.1625657650.pdf)
- Dai, L., Maksimov, V., Gilbert, B. A., & Fernhaber, S. A. (2014). Entrepreneurial orientation and international scope: The differential roles of innovativeness, proactiveness, and risk-taking. *Journal of Business Venturing*, 29(4), 511–524. <https://doi.org/10.1016/j.jbusvent.2013.07.004>
- Danneels, E., & Kleinschmidt, E. J. (2001). Product innovativeness from the firm's perspective: Its dimensions and their relation with project selection and performance. *Journal of Product Innovation Management*, 18(6), 357–373. <https://doi.org/10.1111/1540-5885.1860357>
- Das, S. R., & Joshi, M. P. (2007). Process innovativeness in technology services organisations: Roles of differentiation strategy, operational autonomy and risk-taking propensity. *Journal of Operations Management*, 25(3), 643–660. <https://doi.org/10.1016/j.jom.2006.05.011>
- De Noble, A., D. Jung, and S. Ehrlich. (1999). "Entrepreneurial Self-Efficacy: The Development of a Measure and Its Relationship to Entrepreneurial Action." In *Frontiers of Entrepreneurship Research*, edited by R. D. Reynolds, W. D. Bygrave, S. Manigart, C. M. Mason, G. D. Meyer, H. J. Sapienze, and K. G. Shaver. Waltham, MA: P&R.
- de Jesus, S. N., Rus, C. L., Lens, W., & Imaginário, S. (2013). Intrinsic Motivation and Creativity Related to Product: A Meta-analysis of the Studies Published Between 1990–2010. *Creativity Research Journal*, 25(1), 80–84. <https://doi.org/10.1080/10400419.2013.752235>
- Dempsey, D., & Jennings, J. (2014). Gender and entrepreneurial self-efficacy: A learning perspective. *International Journal of Gender and Entrepreneurship*, 6(1), 28–49. <https://doi.org/10.1108/IJGE-02-2013-0013>
- Dias, Á., Cascais, E., Pereira, L., Lopes da Costa, R., & Gonçalves, R. (2022). Lifestyle entrepreneurship innovation and self-efficacy: Exploring the direct and indirect effects of marshaling. *International Journal of Tourism Research*. 24(3), 443–455. <https://doi.org/10.1002/jtr.2513>
- Dias, Á., González-Rodríguez, M. R., & Patuleia, M. (2021). Retaining tourism lifestyle entrepreneurs for destination competitiveness. *International Journal of Tourism Research*, 23(4), 701–712. <https://doi.org/10.1002/jtr.2436>
- Dias, Á., González-Rodríguez, M. R., & Hallak, R. (2023a). Nascent entrepreneurship: A critical perspective and research agenda in tourism and hospitality. *International Journal of Contemporary Hospitality Management*, 35(7), 2527–2544.
- Dias, Á., Palacios-Florencio, B., & Hallak, R. (2023b). Drivers of social innovation for tourism enterprises: a study on lifestyle entrepreneurship. *Journal of Sustainable Tourism*, 1–18.
- Dias, Á., Silva, G.M., Patuleia, M., & González-Rodríguez, M.R. (2020). Transforming local knowledge into lifestyle entrepreneur's innovativeness: exploring the linear and quadratic relationships. *Current Issues in Tourism*, 1–17. <https://doi.org/10.1080/13683500.2020.1865288>
- Drach-Zahavy, A., & Somech, A. (2001). Understanding team innovation: The role of team processes and structures. *Group Dynamics*, 5(2), 111–123. <https://doi.org/10.1037/1089-2699.5.2.111>
- Edmondson, A. C. (1999). *Psychological Safety and Learning Behavior in Work Teams* Author (s): Amy Edmondson Published by: Sage Publications, Inc. on behalf of the Johnson Graduate School of Management, Cornell University Stable URL: <http://www.jstor.com/stable/2666999> in W. Administrative Science Quarterly, 44(2), 350–383.
- Eisenberger, R., & Shanock, L. (2003). Rewards, Intrinsic Motivation, and Creativity: A Case Study of Conceptual and Methodological Isolation. *Creativity Research Journal*, 15(2–3), 121–130. <https://doi.org/10.1080/10400419.2003.9651404>
- Fornell, C., & Larcker, D. F. (2016). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research* This, 18(1), 39–50.
- Getz, D., & Peterson, T. (2005). Growth and profit-oriented entrepreneurship among family business owners in the tourism

- and hospitality industry. *International Journal of Hospitality Management*, 24(2), 219–242.
- Hair, J., Hollingsworth, C. L., Randolph, A. B., & Chong, A. Y. L. (2017). An updated and expanded assessment of PLS-SEM in information systems research. *Industrial management & data systems*, 117(3), 442–458. <https://doi.org/10.1108/IMDS-04-2016-0130>
- Hair, J. F., Ringle, C. M., & Sarstedt, M. (2011). PLS-SEM: Indeed a silver bullet. *Journal of Marketing theory and Practice*, 19(2), 139–152. <https://doi.org/10.2753/MTP1069-6679190202>
- Haynie, J. M., & Shepherd, D. (2011). Toward a theory of discontinuous career transition: Investigating career transitions necessitated by traumatic life events. *Journal of Applied Psychology*, 96(3), 501–524.
- Hechavarria, D. M., & Reynolds, P. D. (2009). Cultural norms & business start-ups: The impact of national values on opportunity and necessity entrepreneurs. *International Entrepreneurship and Management Journal*, 5(4), 417–437. <https://doi.org/10.1007/s11365-009-0115-6>
- Henseler, J., Ringle, C. M., & Sarstedt, M. (2015). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the Academy of Marketing Science*, 43(1), 115–135. <https://doi.org/10.1007/s11747-014-0403-8>
- Horng, J.-S., Liu, C.-H., Sheng-Fang Chou & Hu, D.-C. (2023). Entrepreneurial Orientation, Organisational Learning, and Performance in Hospitality and Tourism Start-ups: The ESCAPE Perspective. *International Journal of Hospitality & Tourism Administration*, 24(3), 468–490.
- Hsu, M. L. A., Hou, S. T., & Fan, H. L. (2011). Creative self-efficacy and innovative behavior in a service setting: Optimism as a moderator. *Journal of Creative Behavior*, 45(4), 258–272. <https://doi.org/10.1002/j.2162-6057.2011.tb01430.x>
- Hughes, M. & Morgan, R.E. (2007). Deconstructing the relationship between entrepreneurial orientation and business performance at the embryonic stage of firm growth. *Industrial Marketing Management*, 36, 651–661.
- Hughes, M., Morgan, R. E., Ireland, R. D., & Hughes, P. (2014). Social capital and learning advantages: A problem of absorptive capacity. *Strategic Entrepreneurship Journal*, 8(3), 214–233.
- Isaac, R. G., Herremans, I. M., & Kline, T. J. B. (2009). Intellectual capital management: Pathways to wealth creation. *Journal of Intellectual Capital*, 10(1), 81–92.
- Jaafar, M., Abdul-Aziz, A. R., Maideen, S. A., & Mohd, S. Z. (2011). Entrepreneurship in the tourism industry: Issues in developing countries. *International Journal of Hospitality Management*, 30(4), 827–835.
- Jackson, J. (2006). Developing regional tourism in China: The potential for activating business clusters in a socialist market economy. *Tourism Management*, 27(4), 695–706. <https://doi.org/10.1016/j.tourman.2005.02.007>
- Jiang, W., & Gu, Q. (2017). Leader creativity expectations motivate employee creativity: a moderated mediation examination. *International Journal of Human Resource Management*, 28(5), 724–749. <https://doi.org/10.1080/09585192.2015.1109535>
- Kakoudakis, K. I., McCabe, S., & Story, V. (2017). Social tourism and self-efficacy: Exploring links between tourism participation, job-seeking and unemployment. *Annals of Tourism Research*, 65, 108–121.
- Kallmuenzer, A., & Peters, M. (2018). Entrepreneurial behaviour, firm size and financial performance: the case of rural tourism family firms. *Tourism Recreation Research*, 43(1), 2–14. <https://doi.org/10.1080/02508281.2017.1357782>
- Kavanagh, D. J., & Bower, G. H. (1985). Mood and self-efficacy: Impact of joy and sadness on perceived capabilities. *Cognitive Therapy and Research*, 9(5), 507–525. <https://doi.org/10.1007/BF01173005>
- Kazadi, K., Lievens, A., & Mahr, D. (2016). Stakeholder co-creation during the innovation process: Identifying capabilities for knowledge creation among multiple stakeholders. *Journal of Business Research*, 69(2), 525–540. <https://doi.org/10.1016/j.jbusres.2015.05.009>
- Komppula, R. (2014). The role of individual entrepreneurs in the development of competitiveness for a rural tourism destination - A case study. *Tourism Management*, 40, 361–371. <https://doi.org/10.1016/j.tourman.2013.07.007>
- Lashley, C., & Rowson, B. (2010). Lifestyle businesses: Insights into Blackpool's hotel sector. *International Journal of Hospitality Management*, 29(3), 511–519. <https://doi.org/10.1016/j.ijhm.2009.10.027>
- Lee, J.-S., & Hsieh, C.-J. (2010). A Research In Relating Entrepreneurship, Marketing Capability, Innovative Capability And Sustained Competitive Advantage. *Journal of Business & Economics Research (JBER)*, 8(9), 109–120. <https://doi.org/10.19030/jber.v8i9.763>
- Leischnig, A., & Geigenmüller, A. (2018). When does alliance proactiveness matter to market performance? A comparative case analysis. *Industrial Marketing Management*, 74(September), 79–88.
- Li, L., Tse, E. & Zhao, J.-L. (2009) An Empirical Study of Corporate Entrepreneurship in Hospitality Companies, *International Journal of Hospitality & Tourism Administration*, 10(3), 213–231, <https://doi.org/10.1080/15256480903088196>
- Liu, D., Jiang, K., Shalley, C. E., Keem, S., & Zhou, J. (2016). Motivational mechanisms of employee creativity: A meta-analytic examination and theoretical extension of the creativity literature. *Organisational Behavior and Human Decision Processes*, 137, 236–263.
- Madjar, N., Oldham, G. R., & Pratt, M. G. (2002). There's no place like home? The contributions of work and nonwork creativity support to employees' creative performance. *Academy of Management Journal*, 45(4), 757–767.
- Mathisen, G. E., & Bronnick, K. S. (2009). Creative self-efficacy: An intervention study. *International Journal of Educational Research*, 48(1), 21–29.
- Mc Kercher, B., & Robbins, B. (1998). Business development issues affecting nature-based tourism operators in Australia. *Journal of Sustainable Tourism*, 6(2), 173–188.
- McGee, J. E., & Peterson, M. (2019). The Long-Term Impact of Entrepreneurial Self-Efficacy and Entrepreneurial Orientation on Venture Performance. *Journal of Small Business Management*, 57(3), 720–737.
- Miller, D., & Le Breton-Miller, I. (2017). Underdog Entrepreneurs: A Model of Challenge-Based Entrepreneurship. *Entrepreneurship: Theory and Practice*, 41(1), 7–17. <https://doi.org/10.1111/etap.12253>
- Morgan, N. A., Feng, H., & Whitler, K. A. (2018). Marketing capabilities in international marketing. *Journal of International Marketing*, 26(1), 61–95.
- Morrison, A. (2006). A contextualisation of entrepreneurship. *International Journal of Entrepreneurial Behaviour & Research*, 12(4), 192–209.
- Mu, J., Bao, Y., Sekhon, T., Qi, J., & Love, E. (2018). Outside-in marketing capability and firm performance. *Industrial Marketing Management*, 75(October 2017), 37–54. <https://doi.org/10.1016/j.indmarman.2018.03.010>
- Neumeyer, X., Santos, S. C., Caetano, A., & Kalbfleisch, P. (2019). Entrepreneurship ecosystems and women entrepreneurs: a social capital and network approach. *Small Business Economics*, 53(2), 475–489. <https://doi.org/10.1007/s11187-018-9996-5>
- Newman, A., Obschonka, M., Schwarz, S., Cohen, M., & Nielsen, I. (2019). Entrepreneurial self-efficacy: A systematic review of the literature on its theoretical foundations, measurement,

- antecedents, and outcomes, and an agenda for future research. *Journal of vocational behavior*, 110, 403-419.
- Oppermann, M. (1993). Tourism Developing Space in. *Tourism*, 20, 535-556.
- Paniagua, A. (2002). Urban-rural migration, tourism entrepreneurs and rural restructuring in Spain. *Tourism Geographies*, 4(4), 349-371. <https://doi.org/10.1080/14616680210158128>
- Park, D. B., Doh, K. R., & Kim, K. H. (2014). Successful managerial behaviour for farm-based tourism: A functional approach. *Tourism Management*, 45, 201-210.
- Pérez-Luño, A., Wiklund, J., & Cabrera, R. V. (2011). The dual nature of innovative activity: How entrepreneurial orientation influences innovation generation and adoption. *Journal of Business Venturing*, 26(5), 555-571.
- Peters, M., Frehse, J., & Buhalis, D. (2009). The importance of lifestyle entrepreneurship: A conceptual study of the tourism industry. *PASOS Revista de Turismo y Patrimonio Cultural*, 7(3), 393-405. <https://doi.org/10.25145/j.pasos.2009.07.028>
- Pfeiffer, F., & Reize, F. (2000). Business start-ups by the unemployed - an econometric analysis based on firm data. *Labour Economics*, 7(5), 629-663.
- Pike, S., Gentle, J., Kelly, L., & Beatson, A. (2018). Tracking brand positioning for an emerging destination: 2003 to 2015. *Tourism and Hospitality Research*, 18(3), 286-296.
- Prayag, G. (2020). Time for reset? COVID-19 and tourism resilience. *Tourism Review International*, 24(2-3), 179-184.
- Preacher, K. J., & Hayes, A. F. (2008). Asymptotic and resampling strategies for assessing and comparing indirect effects in multiple mediator models. *Behavior Research Methods*, 40(3), 879-891. <https://doi.org/10.3758/BRM.40.3.879>
- Puente-Díaz, R. (2016). Creative self-efficacy: An exploration of its antecedents, consequences, and applied implications. *Journal of Psychology: Interdisciplinary and Applied*, 150(2), 173-193. <https://doi.org/10.1080/00223980.2015.1051498>
- Rauch, A., Wiklund, J., Lumpkin, G. T., & Frese, M. (2009). Entrepreneurial orientation and business performance: An assessment of past research and suggestions for the future. *Entrepreneurship: Theory and Practice*, 33(3), 761-787. <https://doi.org/10.1111/j.1540-6520.2009.00308.x>
- Ringle, C. M., & Sarstedt, M. (2016). Gain more insight from your PLS-SEM results. *Industrial Management & Data Systems*, 116(9), 1865-1886. <https://doi.org/10.1108/imds-10-2015-0449>
- Rocha, V., Carneiro, A., & Varum, C. (2018). Leaving Employment to Entrepreneurship: The Value of Co-worker Mobility in Pushed and Pulled-Driven Start-ups. *Journal of Management Studies*, 55(1), 60-85. <https://doi.org/10.1111/joms.12318>
- Sarkar, M. B., Echambadi, R. A. J., & Harrison, J. S. (2001). Alliance entrepreneurship and firm market performance. *Strategic Management Journal*, 22(6-7), 701-711. <https://doi.org/10.1002/smj.179>
- Scott, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management*. *The Academy of Management Review*, 25(1), 217-226. <http://www.jstor.org/stable/259271%0Ahttps://pdfs.semanticscholar.org/e777/71389077a13c680c124a005da85fbb5b3742.pdf>
- Shaw, G., & Williams, A. (1987). Firm formation and operating characteristics in the Cornish tourist industry - the case of Looe. *Tourism Management*, 8(4), 344-348. [https://doi.org/10.1016/0261-5177\(87\)90092-6](https://doi.org/10.1016/0261-5177(87)90092-6)
- Shepherd, D. A. (2019). Researching the dark side, downside, and destructive side of entrepreneurship: It is the compassionate thing to do!. *Academy of Management Discoveries*, 5(3), 217-220.
- Sousa, L., Dias, A. L., & Pereira, L. F. (2023). The determinants of social self-efficacy of tourism lifestyle entrepreneurs. *International Journal of Tourism Research*, 25(4), 429-441. <https://doi.org/10.1002/jtr.2580>
- Spanos, Y. E., & Lioukas, S. (2001). An examination into the causal logic of rent generation: contrasting Porter's competitive strategy framework and the resource-based perspective. *Strategic management journal*, 22(10), 907-934.
- Soukiazis, E., & Proença, S. (2008). Tourism as an alternative source of regional growth in Portugal: A panel data analysis at NUTS II and III levels. *Portuguese Economic Journal*, 7(1), 43-61. <https://doi.org/10.1007/s10258-007-0022-0>
- Stajkovic, A. D., & Luthans, F. (2001). Differential effects of incentive motivators on work performance. *Academy of Management Journal*, 44(3), 580-590.
- Tolli, A. P., & Schmidt, A. M. (2008). The Role of Feedback, Causal Attributions, and Self-Efficacy in Goal Revision. *Journal of Applied Psychology*, 93(3), 692-701.
- Van Stel, A., Storey, D. J., & Thurik, A. R. (2007). The effect of business regulations on nascent and young business entrepreneurship. *Small Business Economics*, 28(2-3), 171-186. <https://doi.org/10.1007/s11187-006-9014-1>
- Vora, D., Vora, J., & Polley, D. (2012). Applying entrepreneurial orientation to a medium sized firm. *International Journal of Entrepreneurial Behaviour and Research*, 18(3), 352-379. <https://doi.org/10.1108/13552551211227738>
- Walmsley, A., & Thomas, R. (2009). Understanding and influencing the entrepreneurial intentions of tourism students. *Tourism and Entrepreneurship: International Perspectives*, 335-345. <https://doi.org/10.4324/9780080942728>
- Wei, J., Chen, Y., Zhang, Y., & Zhang, J. (2020). How Does Entrepreneurial Self-Efficacy Influence Innovation Behavior? Exploring the Mechanism of Job Satisfaction and Zhongyong Thinking. *Frontiers in Psychology*, 11(May), 1-15. <https://doi.org/10.3389/fpsyg.2020.00708>
- Williams, A. M., Shaw, G., & Greenwood, J. (1989). From tourist to tourism entrepreneur, from consumption to production: evidence from Cornwall, England. *Environment & Planning A*, 21(12), 1639-1653. <https://doi.org/10.1068/a211639>
- Williams, S. M. (2001). Is intellectual capital performance and disclosure. *Journal of Intellectual Capital*, 2(3), 192-203.
- Xavier-Oliveira, E., Laplume, A. O., & Pathak, S. (2015). What motivates entrepreneurial entry under economic inequality? The role of human and financial capital. *Human Relations*, 68(7), 1183-1207. <https://doi.org/10.1177/0018726715578200>
- Zhang, J., Gong, Z., Zhang, S., & Zhao, Y. (2017). Impact of the supervisor feedback environment on creative performance: A moderated mediation model. *Frontiers in Psychology*, 8(FEB), 1-13. <https://doi.org/10.3389/fpsyg.2017.00256>

## Appendix: Survey Items

### Marketing capabilities

- Market knowledge
- Control and access to distribution channels
- Advantageous relationships with customers
- Customers “installed base”

### Proactiveness

- We always try to take the initiative in every situation (e.g., against competitors, in projects when working with others).
- We excel at identifying opportunities.
- We initiate actions to which other organisations respond.

### Intense Positive Feelings

- It is exciting to figure out new ways to solve unmet market needs that can be commercialized.
- Searching for new ideas for products/services to offer is enjoyable to me.
- I am motivated to figure out how to make existing products/services better.
- Scanning the environment for new opportunities really excites me.

**Entrepreneurial self-efficacy**

- Developing new product and market opportunities
- Building an innovative environment
- Initiating investor relationship
- Defining core purposes
- Coping with unexpected challenges
- Developing critical human resources

**Innovation**

- We actively introduce improvements and innovations in our business.
- Our business is creative in its methods of operation.
- Our business seeks out new ways to do things.

*SUBMITTED: AUG 2024*

*1<sup>st</sup> REVISION SUBMITTED: DEC 2024*

*2<sup>nd</sup> REVISION SUBMITTED: MAR 2025*

*ACCEPTED: APR 2025*

*REFEREED ANONYMOUSLY*

*PUBLISHED ONLINE: 15 JUNE 2025*