

Transformational Entrepreneurship and Tourism

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Background / Introduction

The purpose of this paper is to conceptualise the relationship between transformational entrepreneurship (TE) and tourism, thereby offering a platform for further work in this under-researched area. We contend that this conceptualisation is important, not just because there is a clear gap when it comes to the application of the concept of TE to tourism, but because of TE's potential in supporting sustainable tourism development. Especially in light of the dramatic impact Covid-19 has had on the tourism industry, transformational entrepreneurship offers an approach to rebuild tourism in a more economically, socially and environmentally sustainable manner.

Transformational Entrepreneurship

Entrepreneurs play a crucial role in tackling the social and environmental challenges of our times (Auerswald, 2012; Bosma, Content, Sanders, & Stam, 2018). Entrepreneurs can offer novel solutions to societies' problems and, as drivers of economic development, play a significant role in shaping the nature of this development (Baumol, 2002; Kirzner, 1997; Schumpeter, 1934). However, as Baumol (1990) contends, entrepreneurship exists in all societies; what matters to economic development, is whether this entrepreneurship is productive, unproductive or even destructive. As Sautet (2014) has argued, the existence of entrepreneurship itself is not sufficient to deal with societies' challenges. Thus, we require

more nuanced understanding of the types of entrepreneurship that lead to enhanced economic and social value.

Building on these ideas, we propose to look at TE as a vehicle for positive societal (including environmental) and economic change. As a concept, TE is relatively new and is characterised in various ways. Maas and Jones (2019:4) offer a definition for TE as follows:

“Transformational entrepreneurship is to promote enterprise and entrepreneurship through a systemic approach, bringing about transformation in socio-economic development.” By systemic Sautet (2014) explains this with reference to the nature of the firm as entrepreneurship that goes beyond the local community, that entails a complex organisational structure that may result in economies of scale and scope (Sautet, 2014).

More specifically, in reviewing the literature we find that TE offers a number of characteristics that suggest it can play an important role in delivering a more sustainable form of development for a number of reasons (see for example Maas, Jones, & Lockyer, 2016).

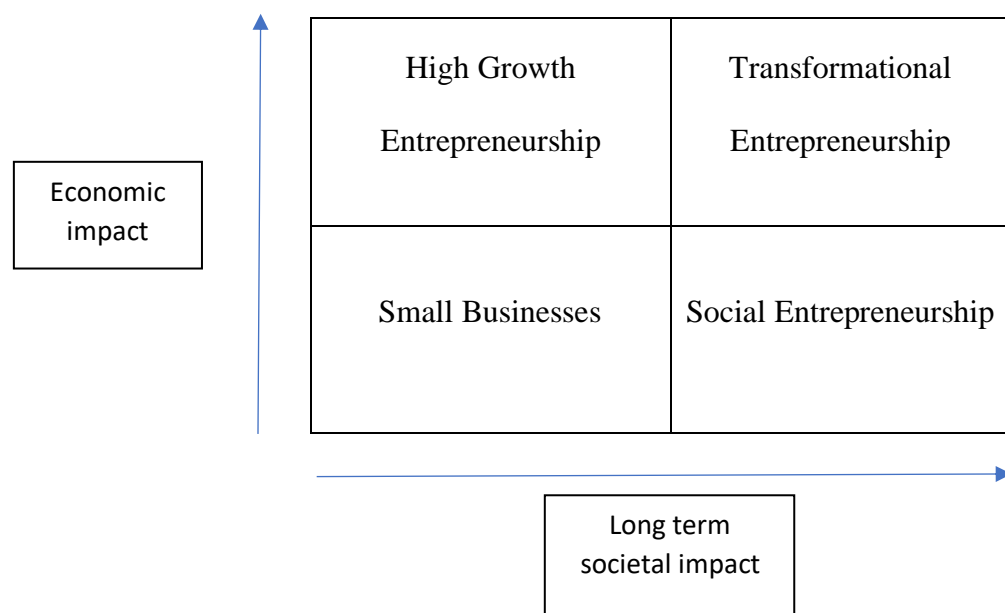
Here we summarise these characteristics as proposed by the literature:

- a) TE recognises that tackling sustainability challenges requires a systemic approach (Sims, Niles, & Huang, 2017). Here Sims et al. (2017) refer to systemic in a different way to Sautet’s (2014) paper. Systemic for Sims et al. (2017) relates to the more commonplace meaning which sees entrepreneurship as part of a bigger whole. Although Sims et al.’s (2017) discussion of the meaning of systemic is extensive and offers numerous perspectives, the statement: “The idea is that agents of transformative change must start thinking in broader, more basic, more interconnected terms” (Sims et al. 2017:35) summarises its essence. In fact, there is now a growing body of literature recognising the context-dependent nature of entrepreneurship (Autio, Kenney, Mustar, Siegel, & Wright, 2014; Stam & Van de Ven, 2019).

- b) TE also recognises entrepreneurship, and relatedly innovation, as a means of tackling these challenges via the offer of novel solutions (Auerswald, 2012).
- c) Rather than focussing on survivalist self-employment activities, or subsistence entrepreneurs (Schoar, 2010 see also Sautet, 2014), TE is interested in opportunity-driven entrepreneurship that can drive structural transformation (Gries & Naude, 2010).
- d) Relatedly, TE moves from the local to the systemic (Sautet, 2014). Thus, firms may not necessarily be ‘born systemic’, but TE focuses specifically on those start-ups that are both keen and that offer the potential for growth beyond local markets.
- e) TE contains within it an ethical component, what Miller and Collier (2010) refer to as the creation of a virtue-based organisation, whereby resources are shifted out of an area of lower and into an area of higher purpose and greater value.

These characteristics may then result in the creation of companies with high levels of economic and societal (social value, including the environmental) impact (Figure 1).

Figure 1: A Map of Socioeconomic Value Creation (from Marmer, 2012)



In sum, there is an agreement that TE leads to higher levels of socially and economically productive entrepreneurship (Marmer, 2012). It does this by focussing on ventures that are systemic (Sautet, 2014, Schoar, 2010; Sims et al. 2016), that are opportunity driven (Gries & Naude', 2010) and that are virtue-based (Miller & Collier, 2010). This tallies closely with the definition provided by Maas, Jones, and Lockyer (2019) which suggests TE's purpose is "to promote enterprise and entrepreneurship through a systemic approach, bringing about transformation in socio-economic development."

Transformational Entrepreneurship and Tourism

Tourism's economic, social and environmental footprint is immense. According to the UNWTO (2018), tourism contributes approximately 10% of global GDP and one in ten jobs worldwide are dependent on the sector. While it can be a force for good, tourism's negative social and environmental impacts have similarly long been recognised (Boissevain, 1979; Krippendorf, 1987; Turner & Ash, 1975).

While tourism is an area that could benefit from TE with wider implications for society, the relationship between the two concepts is not necessarily straightforward. Here we explore each of our previous facets of TE and discuss these, briefly, with regard to their relationship to tourism.

- a) TE requires a systemic approach, meaning tourism firms need to be seen as part of a wider system (context).

Tourism draws on a complex interplay of stakeholders as recognised in early conceptualisations of tourism systems (e.g. Leiper, 1979). This accords with the systemic approach TE supports. To achieve TE in tourism there is a need to recognise different stakeholders' needs whereby we acknowledge that given the complexity and conflicting

interests that lie at the heart of tourism systems (even achieving consensus even within host communities is not an easy undertaking (Timothy, 2007)), this will not be an easy undertaking.

b) TE requires on entrepreneurship and innovation.

Although tourism offers much scope for innovation, many tourism SMEs are very staid in their business practices, reluctant to change existing business models (Walmsley, 2019). Put bluntly, the vast majority of tourism firms would find themselves in the ‘small business’ quadrant of Marmer’s (2012) typology. Investigations of TE in tourism could therefore usefully focus both on firms that display TE traits, as well as identifying appropriate support mechanisms to move firms into the TE quadrant.

c) TE relies on opportunity entrepreneurship

As with the other points here, tourism relationship to this third feature of TE is ambiguous. Tourism presents an opportunity for many who see it as a means of pursuing lifestyle aspirations (see also below). However, considering that tourism is frequently promoted precisely because it has low entry barriers and can provide the means of income generation (sustenance) for those in marginalised regions, it is often tied to necessity entrepreneurship. We argue that TE in tourism could start with necessity entrepreneurship but might then, with appropriate support, change into opportunity entrepreneurship. This is something that, to our knowledge, has received no attention in the literature.

d) TE relies on systemic start-ups.

Where TE focuses on scaling up economic activity, tourism is heavily reliant on small, even micro firms with owner/managers often lacking critical business skills. Frequently tourism

firms are driven by lifestyle entrepreneurs (Bredvold & Skålen, 2016), many of whom place limited emphasis on growth (Wallis, Walmsley, Beaumont, & Sutton, 2020). As per point (c) TE in tourism can develop both from the ground up, i.e. new ventures that at the outset seek to grow to a size where their impacts are felt beyond the local level, as well as focus on existing firms that are not systemic but that are ready to make the step into TE.

e) TE requires virtue-based organisations.

Both the negative and positive impacts of tourism development have long been recognised. The literature is now replete with studies of sustainable (responsible, eco-, green- alternative tourism) where entire journals are dedicated to the sustainability issue (e.g. Journal of Sustainable Tourism). Although it could be argued that some progress has been made therefore, there is still a gap when it comes to studies that seek to understand the complex dynamic at the level of the individual entrepreneur between growth ambitions and creating social value. Squaring the circle of business ethics and maximising economic returns is one that TE addresses head-on.

Conclusion

To summarise, what we are offering is a conceptual exploration of the relationship between transformational entrepreneurship and tourism with implications for future research. We move here beyond a simplistic notion that all entrepreneurship is equally beneficial to society. We are not denying the value of small-scale entrepreneurship. At a minimum it provides a means of subsistence for millions of people on the planet. Nonetheless, as Sautet (2014) recognises, it does not generate sufficient wealth to eliminate mass poverty. This is where our conceptual exploration how tourism can harness TE to make a systemic and sustainable improvement to the lives and communities tourism touches. This is an area that our knowledge has received little, if any, attention to date and yet one that has both relevance

for research and policy makers seeking to improve tourism's sustainability while harnessing its economic potential.

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