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Entrepreneurial Passion: A Key Driver of Social Innovations for Tourism Firms

Abstract

Small and medium tourism enterprises (SMTEs) play a vital role in the sustainability and innovation of tourism destinations. Although their role in the sustainability of destinations has received much attention, research focusing on the antecedents of their social innovation practices remains limited. Drawing on theories on entrepreneurship and social innovation, this study contributes to the body knowledge through an empirical analysis of the factors that drive the social innovations of tourism entrepreneurs. For this purpose, a mixed method approach is conducted which includes an e-survey of tourism entrepreneurs (analysed using PLS-SEM, NCA and IPMA) followed by in-depth interviews to gain additional insights. The results showed that 68% of the SMTEs pursue social development objectives, and 44% seek opportunities to improve the social conditions of the community in which the firm operates. The results also reveal that entrepreneurial self-efficacy, community attachment and entrepreneurial passion positively influence social innovations, however, entrepreneurial passion is a ‘necessary condition’ for achieving social innovation outcomes. Research also found that ‘opportunity perception’ has an indirect effect on social innovations that is mediated by entrepreneurial self-efficacy. The results provide important insights for the development of social innovation in the context of tourism entrepreneurs, with practical implications for local governments and destination authorities in supporting entrepreneurship and sustainability.

Keywords: Social Innovation, Entrepreneurship, Tourism, Sustainability, Portugal

1. Introduction

Tourism entrepreneurs create and operate tourism related enterprises which are essential for the development and competitiveness of tourism destinations (Dias et al., 2021; Sousa et al., 2023). They provide the essential services of tourism including accommodations, transport, attractions, experiences, food, and beverages (Hallak & Lee, 2023). A focus on small and medium tourism enterprises (SMTEs) is important due to the characteristics of these firms that include: a) Businesses are normally independently owned and financed by the owner(s); b) Operate in an industry with high competition and relatively low barriers to entry – i.e., low skill requirements and start-up costs; c) Businesses are often created by individuals with lifestyle objectives, rather than profit-oriented (Hallak & Lee, 2023). The low barriers to entry in tourism attract entrepreneurs from other industries and/or with little tourism experience, thus, there is a heavy reliance on ‘learning on the job’ (Szivas, 2001). This type of ‘entrepreneurial bricolage’ (see Yachin & Ioannides, 2020) represents a typical approach to how tourism entrepreneurs perceive opportunities, combine and use resources, for the purpose of value creation while operating with limited budgets. Nevertheless, while these businesses may be informal, less structured and operate ad hoc, evidence suggests they are capable of continuous innovation with a focus on the social and environmental impacts for the local community (Aquino, Lück & Schänzel, 2018; Dias, Palacios-Florencio & Hallak, 2023). These social practices include promoting responsible tourism practices, creating job opportunities for the underprivileged, and supporting local artisans, farmers and producers (Dias et al., 2020).

Two decades of research has identified the unique characteristics of these entrepreneurs and their enterprises, specifically regarding their motivations and ‘lifestyle objectives’, as well as their close integration with the community of the tourism destination (Stamboulis & Skayannis, 2003; Thompson et al., 2018). These characteristics underpin the sources of knowledge and opportunities, as well as facilitating product development and innovation (Kibler et al., 2015). The interdependence between these small and medium enterprises and their ‘place’ (i.e. community, destination, environment), influences both entrepreneurial behaviours and corporate social responsibility (Dias et al., 2021; Hallak et al., 2012), with recent studies beginning to examine ‘social innovation’ within the context of tourism firms (see Dias, Florencio & Hallak, 2023).

The concept of social innovation is gaining recognition as an important driver of sustainable growth and development in various industries (Alegre & Berbegal-Mirabent, 2016; Gasparin et al., 2021; Dias, Palacios-Florencio & Hallak, 2023). In the context of service industries, social innovation refers to the creation and implementation of innovative ideas or solutions that positively impact society, the environment, and the economy (Aksoy et al., 2019). A focus on ‘social innovation’ has implications for value creation for both the tourism enterprise and the destination, specifically, it enables tourism entrepreneurs to strengthen relationships with community and stakeholders (Dias et al., 2020) and through offering unique and socially responsible products and services, tourism entrepreneurs attract high yield market segments of socially conscious travelers (De Lange & Dodds, 2017; MacKenzie & Gannon, 2019). However, research on social entrepreneurship in tourism remains fragmented and there is “scarce literature on how social innovation processes take place” (Alegre & Berbegal-Mirabent, 2016, p.1155) with empirical evidence on the factors that help drive social innovation only recently emerging (Dias et al., 2023). Thus, the aim of this study is to expand on the body of knowledge on the drivers of social innovation in tourism, with focus on entrepreneurial and psychological predictors including entrepreneurial self-efficacy, entrepreneurial passion, and entrepreneurs’ sense of community. The objectives of this research are: (i) to identify the entrepreneurial and psychological predictors of social innovation in tourism; (ii) to prioritize the conditions for social innovation in tourism according to their importance, i.e. necessary vs sufficient conditions.

This study draws on the resource-based view of the firm and adopts a mixed methods approach utilising surveys and in-depth interviews with tourism entrepreneurs in Portugal, a country where approximately 10% of the country’s GDP is directly linked to tourism activity (Turismo de Portugal, 2022). Data are analysed using descriptive statistics, PLS-SEM, as well as Necessary Conditions analysis (NCA) and Importance Performance Matrix Analysis (IPMA) to assess the determinants of social innovation, and prioritizes the conditions according to their importance, i.e. necessary vs sufficient conditions.

Findings from this study contribute the body of knowledge on social innovation in entrepreneurship, and the factors that support social innovation activities. The study expands the RBV theory by exploring the organisational factors leading to social

innovation. These have wider implications for governments in supporting tourism entrepreneurship, sustainable tourism development, also aligning with UN Sustainable Development Goals of ‘Industry, Innovation and Infrastructure’, and ‘Sustainable Cities and Communities’ (UN Department of Economic and Social Affairs, 2023).

2. Theoretical Framework and Hypotheses

Drawing on theories on entrepreneurship and tourism, this study examines the structural relationships among Opportunity Perception (OP), Sense of Community (SoC), Entrepreneurial Self-efficacy (ESE), Entrepreneurial Passion (EP) and Social Innovation (SI). The theoretically derived model empirically examines the network of relationships among factors that drive Social Innovation in tourism enterprises.

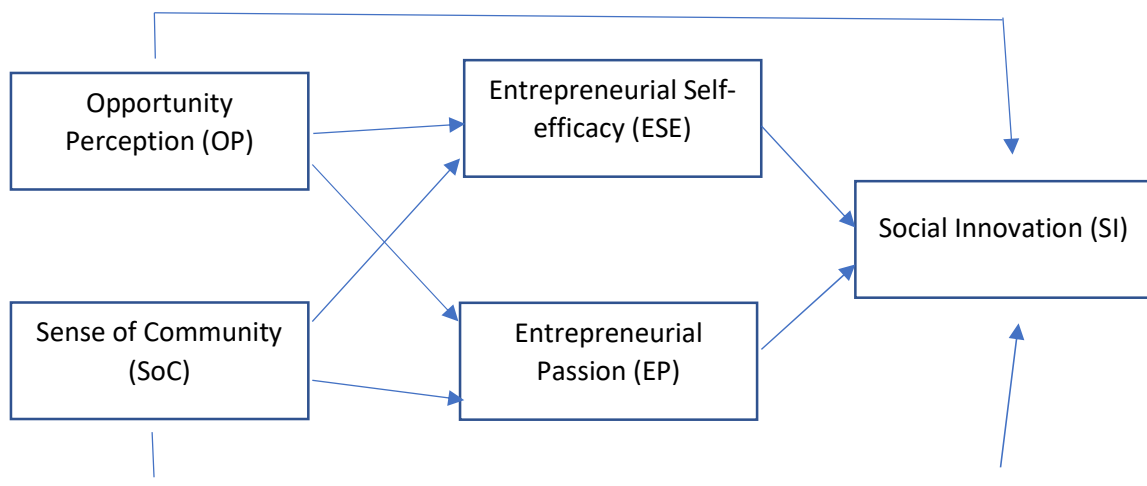


Figure 1: Drivers of Social Innovation in Tourism Enterprises

Research on entrepreneurship considers 1) an individual’s willingness and ability to create a new venture; and 2) the role of the external environment in influencing entrepreneurial activity (Zhao, Ritchie & Echtner, 2011). This study examines the individual dimensions of entrepreneurship (opportunity perception, entrepreneurial passion and entrepreneurial self-efficacy), as well as the place/environment where the tourism enterprise operates. Evidence suggests that in the context of tourism entrepreneurship, social ties between the entrepreneur and the community provide an essential source of social capital, financial resources (Dias, Palacios-Florencio & Hallak, 2023), as well as valuable local knowledge that facilitates innovation and competitive

advantages (Zhou et al., 2020; Dias et al., 2020). Embeddedness in the community promotes formal and informal business networks that creates unique tourism products and experiences, integrating local resources and access to those resources (Yachin, 2019). The sense of community provides benefits to both the entrepreneur and the local community through cooperation, local employment and purchasing supplies and materials from other local businesses (Wang, et al., 2018).

Community and place represent a central element of the motivations for tourism entrepreneurship (Carlsen et al. 2008; Wang, Hung & Huang, 2019). Strong ties to the local community provide a social network that represent a source of social exchange through informal processes (Thomas et al., 2011). Furthermore, by supplying local tacit knowledge relevant to tourism businesses, local communities can increase opportunity perception and the transformation of local knowledge into entrepreneurship in tourism (Zhao et al., 2011; O'Neill, et al., 2022).

As such, networks develop social capital and are related to entrepreneurial motivation (Zhou et al. 2020), where community support represents an important antecedent for business success (Wang et al., 2018). The involvement within the community requires engaging with local people through specific activities such as recruitment, collaborations, communication and knowledge sharing (Yachin & Ioannides, 2020). This represents a form of social capital which is a relatively underexplored area in tourism research, especially in relation to the roles of social capital in community tourism development (Zhao et al., 2011).

Local embeddedness facilitates the cooperation between local actors and access to intangible assets and knowledge (Rutten & Boekema, 2007). Due to its importance, local embeddedness requires social skills. For these reasons, Szivas (2001) found that one of the most important capabilities for tourism entrepreneurs is the capacity to handle people. Furthermore, entrepreneurs engaging is in socially responsible activities at the community level to develop friendship and cooperation and promote communication with community members, and, in return, improve social capital (Besser & Miller, 2001; Niehm et al., 2008; Dias, Palacios-Florencio & Hallak, 2023). Conversely, Wang et al. (2018) argues “owners who engage in unethical business practices will not only experience financial losses but also gain a poor reputation within the community” (p. 696).

This forms the basis for the following hypotheses:

H1a: Sense of community is positively related to entrepreneurial self-efficacy

H1b: Sense of community is positively related to entrepreneurial passion

H1c: Sense of community is positively related to social Innovation

Opportunity detection is a complex process involving the collection, filtering, and integrating of fragmented information (Shane, 2000). The ability of small tourism businesses to detect opportunities is the subject of ongoing debate (Dias, González-Rodríguez & Hallak, 2023). On the one hand, the link to the local community allows access to local knowledge, resources and heritage (Dias et al., 2021), which can, in itself, represent a source of opportunities. Indeed, the small scale of businesses allows operating very effectively in niche markets (Koh & Hatten, 2002) and introducing innovative products and experiences (Shaw & Williams, 2004). On the other hand, these often poorly structured businesses may not always gather the skills that facilitate opportunity recognition. For example, Hjalager, Kwiatkowski and Østervig Larsen (2018) note that innovation in tourism is restricted to the entrepreneurs' ability to capitalize on the opportunities detected. Thus, the likelihood of an entrepreneur detecting and exploiting an opportunity is influenced by their ability to access relevant information and the ability to recognize it as such (Yachin, 2019). Often the opportunity comes down to imitation of successful cases within the destination (Zhang et al., 2021).

The most important opportunities are beyond controlled resources and represent a valuable element of entrepreneurship that is particularly important in the context of tourism entrepreneurs (Yachin & Ioannides, 2020). In particular, “knowledge about tourism, embedded in the social network, could also be a precious asset that can facilitate opportunity identification and exploitation” (Zhao et al., 2011, p. 1578).

The structure of tourism enterprises and the motivations for starting a tourism business leads to approaches to opportunity recognition and exploration. Yachin and Ioannides (2020) regard the in-house and low-cost approaches to opportunity exploration as a form of entrepreneurial bricolage, allowing resource-constrained firms to recognize opportunities and develop innovation capabilities (Senyard et al., 2014). This apports some risk since an unstructured approach is not necessary the best way to explore new knowledge (Yachin & Ioannides, 2020). Korsgaard et al. (2015) is even more specific, proposing the concept of spatial bricolage which is effective for locally embedded

entrepreneurs due to the access to local knowledge. As such, embeddedness enables spatial bricolage, but also the inverse is true, since the practice of spatial bricolage fosters the use of local resources, strengthening local embeddedness (Yachin & Ioannides, 2020).

Considering the motives for creating a tourism business, Szivas (2001) and O'Neill, et al. (2022) found that entrepreneurs in the tourism industry are often motivated by lifestyle objectives, incorporating living in a desired place and building relationships. Through the pursuit of lifestyle objectives, tourism entrepreneurs are integrated in the tourism ecosystem which enables recognition of opportunities, and foresight of threats of the environment (Stam, 2015; Rutten & Boekema, 2007). Furthermore, entrepreneurs develop the ability to learn with the market (Sigala, 2016), as a major source of opportunity recognition, which is dependent on the entrepreneurs' ability to develop local networks, interact with other local actors to generate value and create social innovation. Against this background we hypothesize:

H2a: Opportunity perception is positively related to entrepreneurial self-efficacy

H2b: Opportunity perception is positively related to entrepreneurial passion

H2c: Opportunity perception is positively related to social innovation

Research on the drivers of innovation and performance in tourism firms have identified the importance of entrepreneurial self-efficacy (Lee et al., 2016). Entrepreneurial self-efficacy (ESE) is conceptualised as an individual's belief in his/ her ability to successfully achieve the tasks of entrepreneurship (Chen et al., 1998). These tasks include developing new product and market opportunities, building an innovative environment, initiating investor relationships, defining core purpose, coping with unexpected challenges, and developing critical human resources (De Noble et al., 1999). ESE is derived from Self-Efficacy Theory where beliefs in one's capabilities will influence individual determination, motivation, exertions of efforts, and task-related performance (Bandura, 1997). Being a subjective concept, self-efficacy depends on the entrepreneur's experience and the goals defined for the business. For example, in the case of family firms where ownership and management usually coincide, the entrepreneur seeks a balance between firm performance and the satisfaction of family interests (Arcese et al., 2020). Arcese et al. (2020) argues that in this case, strong innovation is expected since family participation is significant. Bichler et al. (2020) argue that the entrepreneurial ecosystems should provide a balance between business activities and quality of life for local entrepreneurs.

By doing so several benefits can be obtained: (i) social and regional ties are developed; (ii) local entrepreneurs become more resilient to crisis (iii); stimulation of growth-oriented businesses. Innovation in tourism firms is an outcome of entrepreneurial activities, but also guided by other determinants such as lifestyle or social goals (Partanen, 2022), meaning that innovations can be associated with non-economic objectives (Kallmuenzer & Peters, 2018). Wang et al. (2018) argues that a combination of economic and non-economic objectives creates an atmosphere that favours healthy competition and increases resilience.

Evidence from the tourism literature demonstrates that ESE can be strengthened through an entrepreneur's ties to place (i.e place attachment, place identity). For example, Hallak et al. (2015) reported that "entrepreneurs who develop strong psychological bonds to the social and physical dimensions of a particular place, will experience greater levels of beliefs in their self-capabilities as entrepreneurs (entrepreneurial self-efficacy)" (p. 38). Sigala (2016) considers that the adoption of a market-oriented approach to entrepreneurial social orientation is underpinned with three elements. First is the social network structure, where entrepreneurs generate value through networks and ties with other actors. Second, the market practices, concerning the existence of a common language and shared interpretation regarding market exchanges. Third, the market pictures, meaning that the small enterprises must promote social values and transformations by promoting more radical solutions. In this sense, Sigala (2016) suggest that tourism experiences and products must go beyond providing new products or services by promoting a shift in tourists' mindset towards the community and the environment.

The mediating role of self-efficacy has also been considered in previous tourism research. For example, Luu (2021) used self-efficacy as a mediator in the relationship between entrepreneurial activities and innovation and creativity. Hallak et al. (2015) analysed the mediating effect in the relationship between the place and firm performance. These form the basis for the following hypotheses:

H3a: Entrepreneurial self-efficacy is positively related to social innovation.

H3b: Entrepreneurial self-efficacy mediates the relationship between sense of community and social innovation.

H3c: Entrepreneurial self-efficacy mediates the relationship between opportunity perception and social innovation.

Tourism destinations rely on entrepreneurs' abilities to innovate and pursue economic and non-economic objectives for developing a competitive advantage. By doing so, local businesses can achieve better financial returns and deliver social value (Aquino, Lück & Schänzel, 2018; Broccia, et al., 2022). For this reason, policymakers promote tourism entrepreneurship as a tool for local development and social benefits through market-based activities (Altinay et al., 2016). Aquino et al. (2018) also argue that by aiming for social goals, local tourism enterprises have the potential to deliver economic and social benefits for the community and destination. A focus on social outcomes, in addition to profits, provides a greater return on investment for tourism firms (Tamajón & Font, 2013), however, it remains the case that many tourism organisations fail to see the positive outcomes of social objectives (Altinay et al. 2016). Moreover, tourism businesses adopting a profit-orientation and neglecting social value creation are steering the destination towards mass tourism and its negative impacts on the local community (Boluk, 2011). This does not suggest that tourism entrepreneurs should neglect a profit orientation, but rather a balanced model that considers social value that contributes to local development through collaboration with local stakeholders (von der Weppen & Cochrane, 2012). Thus, it is in the entrepreneurs' interest to complement profit maximisation goals with a holistic and focused fostering of community well-being (Fortunato and Alter, 2015).

H4a: Entrepreneurial passion is positively related to social innovation.

H4b: Entrepreneurial passion mediates the relationship between sense of community and social innovation.

H4c: Entrepreneurial passion mediates the relationship between opportunity perception and social innovation.

3. Methodology

A combination of quantitative and qualitative methods were adopted for this study following the recommendations by Creswell and Clark (2007). First, a primary quantitative investigation was conducted with a structured questionnaire to assess the validity of the conceptual framework (Figure 1). An online survey was developed and distributed to a sample of tourism small businesses in Portugal. The second stage involved

a qualitative study of entrepreneurs (not included in the initial survey) to evaluate and broaden the explanatory value of the PLS-SEM results.

3.1. Quantitative Study

The target population of this study consists of Portuguese SMTEs. Since it was not possible to determine a sample frame for the target population due to confidentiality issues, we adopted a non-probability convenience sampling. Data was collected through a web-based survey questionnaire. The questionnaire was designed to capture constructs related to sense of community, entrepreneurial self-efficacy, and social innovation, drawing on scales from the literature. *Sense of community* was measured using a four-item scale from Oh, Ozkaya and LaRose (2014). *Entrepreneurial self-efficacy* was measured using a six-item scale adapted from Zhao, Seibert, and Hills (2005). The three items used to measure *Entrepreneurial passion* were adapted from Cardon et al. (2013). *Social innovation* was measured through a four-item scale adapted from Zhao, Seibert, and Hills (2005). These constructs were measured using seven-point Likert scales (1 = strongly disagree, 7 = strongly agree). To measure *Opportunity perception*, we adopted the measure from Edelman and Yli-Renko (2010) by asking the respondents to consider the economic and community context for the new firm and respond to the degree of certainty about the business' ability to: (1) attract customers; (2) compete with other firms (1 = very low certainty, 5 = very high certainty). (Appendix A).

The draft version of the survey questionnaire was assessed by four tourism academic experts to evaluate the adequacy of the measures. Then, the survey was pilot tested with a small sample of entrepreneurs for wording and comprehension. The final version was developed based on the comments and suggestions collected from both procedures. The e-survey was distributed by email through two tourism associations. It was also disseminated in social networks groups of tourism entrepreneurs and business owners. Data collection occurred over a period of four months, from October 2021 to January of 2022. A total of 178 responses were obtained, of which 153 were usable.

3.2. Qualitative Study

Fifteen in-depth interviews were conducted with entrepreneurs, with data collection ending when the researchers considered that theoretical saturation was reached. To avoid

bias in the outcome of the interviews, the researchers ensured that tourism entrepreneurs participating in the e-survey were excluded from the sample for the interviews.

Tourism entrepreneurs were identified by the researchers and contacted by telephone to schedule interviews. Most of the respondents who were initially contacted agreed to participate in the in-depth interviews. Using a matrix for aligning the interviews we sought to understand the relationship between sense of community and social innovation, and whether entrepreneurial passion enhances this relationship. The interviews were conducted by the researchers and were recorded for future analysis. Each interview took approximately 50 minutes to complete and were conducted in person or via Zoom platform. Confidentiality and anonymity of the participants was ensured.

4. Results and Discussion

The quantitative survey achieved 153 usable responses. A total of 38% of participating tourism entrepreneurs were female. Of the sample, 14% were younger than 30 years old, 17.6% were between 31 and 45 years, 57% were between 46 and 60 years old. Regarding the size of the tourism enterprise, 75.8% had five or less employees, 19.6% employed between 6 and 10 employees, and 4.6% reportedly employed more than 10 staff. Results from the survey identified several interesting characteristics of tourism entrepreneurs. Specifically, the intended goals for the business are quite plural, and business growth is a lesser priority with 80% of the entrepreneurs preferring to keep the business at ‘a size that they can manage’ by themselves or with a few key employees.

To deal with common method bias, we applied post hoc methods such as Harman’s single factor test with SPSS. The indicator shows that our data does not have common method bias, since the single factor variance (39.01%) is lower than the cut-off point of 50% (Podsakoff & Organ, 1986).

Regarding the place where they started the business, 40% of the respondents were not locals, and about 18% of business operators returned to their place of origin to create the enterprise. Business objectives included seeking profit, and in combination with other social, environmental, lifestyle and social development objectives (Figure 2).

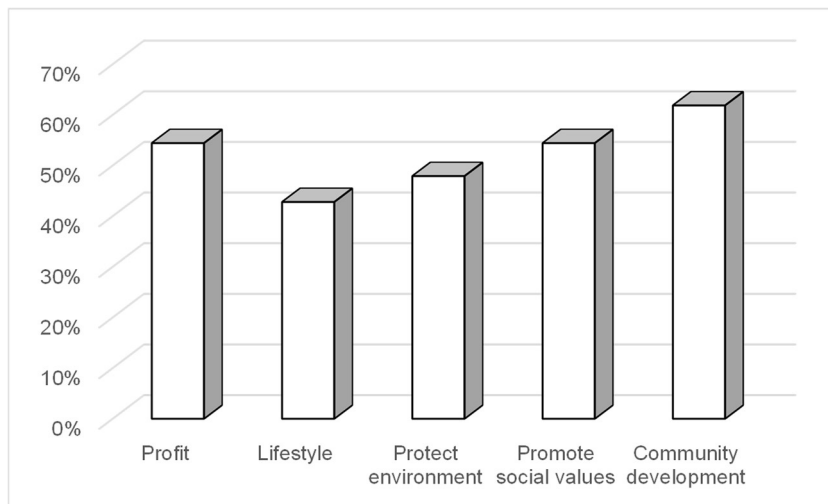


Figure 2. Importance of economic and non-economic objectives

The hypotheses and conceptual model (Figure 1) were tested through Partial Least Squares - Structural Equation Modelling (PLS-SEM) through SmartPLS 3 software (Ringle et al., 2015). Several procedures were conducted to assess the quality of constructs used. The standardized factor loadings of all items were all significant ($p < 0.001$) and above the threshold of 0.6 (with a minimum value of 0.737). These results reveal that the individual indicators are reliable (Hair et al., 2017). Internal consistency of the model was assessed through Cronbach alpha and Composite Reliability (CR); all constructs were > 0.7 (Hair et al., 2017). (Table 1).

Table 1. Composite reliability, average variance extracted, correlations, and discriminant validity checks.

Latent Variables	α	CR	AVE	1	2	3	4	5
(1) Entrepreneurial self-efficacy	0.916	0.937	0.748	0.865	0.609	0.354	0.512	0.482
(2) Entrepreneurial passion	0.915	0.946	0.855	0.560	0.925	0.558	0.521	0.391
(3) Sense of community	0.952	0.969	0.913	0.332	0.521	0.955	0.473	0.226
(4) Social Innovation	0.729	0.830	0.712	0.408	0.452	0.388	0.844	0.330
(5) Opportunity perception	0.805	0.911	0.837	0.414	0.335	0.200	0.227	0.915

Note: α -Cronbach Alpha; CR -Composite reliability; AVE -Average variance extracted.

Bolded numbers are the square roots of AVE. Below the diagonal elements are the correlations between the constructs. Above the diagonal elements are the HTMT ratios.

Next, we tested for convergent validity. First, all standardized factor loadings were positive and significant on each construct. Second, the CR values of all the measures were > 0.70 . Third, as presented in Table 1, the average variance extracted (AVE) surpassed the cut-off point of 0.50 (Bagozzi & Yi, 1988). For discriminant validity we used the Fornell and Larcker criterion that demands that the square root of AVE of each construct must be superior to the largest correlation with any construct (Fornell & Larcker, 1981). The criterion was verified. Heterotrait-monotrait ratio (HTMT) values (Hair et al., 2017; Henseler, Ringle, & Sarstedt, 2015) were also estimated and were inferior to 0.85 (Hair et al., 2017; Henseler et al., 2015), providing additional evidence of discriminant validity. We tested for collinearity between constructs, being the VIF values below the indicative cut-off point of 5 (Hair et al., 2017), revealing no collinearity.

The quality of the model was also assessed. First, the determination coefficient (R^2) for entrepreneurial self-efficacy, entrepreneurial passion, and social innovation were 23.0%, 32.2%, and 25.6%, respectively, and greater than the recommended 10% (Falk & Miller, 1992). The Q^2 values for all endogenous variables (0.17, 0.27, and 0.16 respectively) were positive, indicating the predictive relevance of the model. A bootstrapping analysis with 5,000 subsamples was used to test the hypotheses by assessing the significance of the parameter estimates (Hair et al., 2017). The results in Table 2 show that sense of community has a significant positive effect on entrepreneurial self-efficacy ($\beta=0.259$, $p < 0.01$), on entrepreneurial passion ($\beta=0.471$, $p < 0.001$) and on social innovation ($\beta = 0.197$, $p < 0.05$). These results provide support for H1a, H1b, and H1c, respectively. Opportunity perception has a significantly positive relationship with entrepreneurial self-efficacy ($\beta = 0.363$, $p < 0.001$) and entrepreneurial passion ($\beta = 0.241$, $p < 0.001$), supporting H2a and H2b, respectively. Results show that the relationship between opportunity perception and social innovation was not significant ($\beta = 0.027$, n.s.), thus H2c was not supported. Entrepreneurial self-efficacy also showed a significantly positive effect on social innovation ($\beta=0.205$, $p < 0.01$), supporting H3a. Finally, entrepreneurial passion has a significant positive effect on social innovation ($\beta =0.225$, $p < 0.05$), providing support for H4a.

Table 2. Structural model assessment.

Path	Path coefficient	Standard errors	<i>t</i> statistics	<i>p</i> values
Sense of community →Entrepreneurial self-efficacy	0.259	0.078	3.333	0.001
Sense of community →Entrepreneurial passion	0.473	0.070	6.809	0.000
Sense of community →Social Innovation	0.197	0.084	2.334	0.020
Opportunity perception →Entrepreneurial self-efficacy	0.363	0.064	5.627	0.000
Opportunity perception →Entrepreneurial passion	0.241	0.056	4.318	0.000
Opportunity perception →Social Innovation	0.027	0.071	0.387	0.699
Entrepreneurial self-efficacy →Social Innovation	0.205	0.079	2.612	0.009
Entrepreneurial passion →Social Innovation	0.225	0.101	2.238	0.026

The tests for the mediating hypotheses are presented in Table 3 and followed the recommendations of Hair et al. (2017) for bootstrapping procedures to test the significance of the relationships. The indirect effect of sense of community on social innovation through the mediating effect of entrepreneurial self-efficacy ($\beta=0.053$, n.s.) was not significant, thus H3b was not supported. However, when considering the mediating effect of entrepreneurial passion, the indirect relationship was significant and positive ($\beta =0.107$, $p < 0.05$), providing support for H3c. The indirect effect of opportunity perception on social innovation was significant and positive via the mediating effect of entrepreneurial self-efficacy ($\beta=0.074$ $p < 0.05$), providing support for H4b, but was not significant via the mediator of entrepreneurial passion ($\beta=0.054$, n.s.). As such, H4c was not supported.

Table 3. Bootstrap results for indirect effects.

Indirect effect	Estimate	Standard errors	<i>t</i> statistics	<i>p</i> value
Sense of community →Entrepreneurial self-efficacy → Social Innovation	0.053	0.029	1.844	0.066
Sense of community →Entrepreneurial passion → Social Innovation	0.107	0.053	2.002	0.046

Opportunity perception → Entrepreneurial self-efficacy → Social Innovation	0.074	0.032	2.311	0.021
Opportunity perception → Entrepreneurial passion → Social Innovation	0.054	0.028	1.932	0.054

Necessary Condition Analysis (NCA). Following recommendations by Richter et al. (2020) for NCA, we first estimated the effect size d of the latent variables (LV) scores in PLS-SEM for the dependent variable (social innovation). As shown in Table 4, the d scores of opportunity perception and sense of community are inferior to the threshold of 0.1, meaning that both constructs cannot be considered a *necessary condition* for social innovation. The test for NCA permutation revealed that all effects are significant with the exception of ESE. As such, entrepreneurial passion can be considered a necessary condition or, by other words, a ‘must have’ for social innovation. The bottleneck analysis (Table 5) shows that to achieve a 50% level of social innovation, the value of entrepreneurial passion must have a value of at least 1.844 (in a scale from 1 to 5). This finding contributes to the existing knowledge on social innovation in tourism firms by specifying that the absence of entrepreneurial passion will be a constraint for social innovation development. This finding extends previous studies, such as von der Weppen and Cochrane (2012), which did not explicitly consider the role of entrepreneurial passion.

Table 4. NCA effect sizes

Construct	CE-FDH	p -value
ESE	0.265	0.258
Entrepreneurial passion	0.190	0.001
Opportunity perception	0.000	0.000
Sense of community	0.000	0.000

Table 5. Bottleneck table (percentages)

Entrepreneurial passion	
0.000%	NN
10.000%	1.011

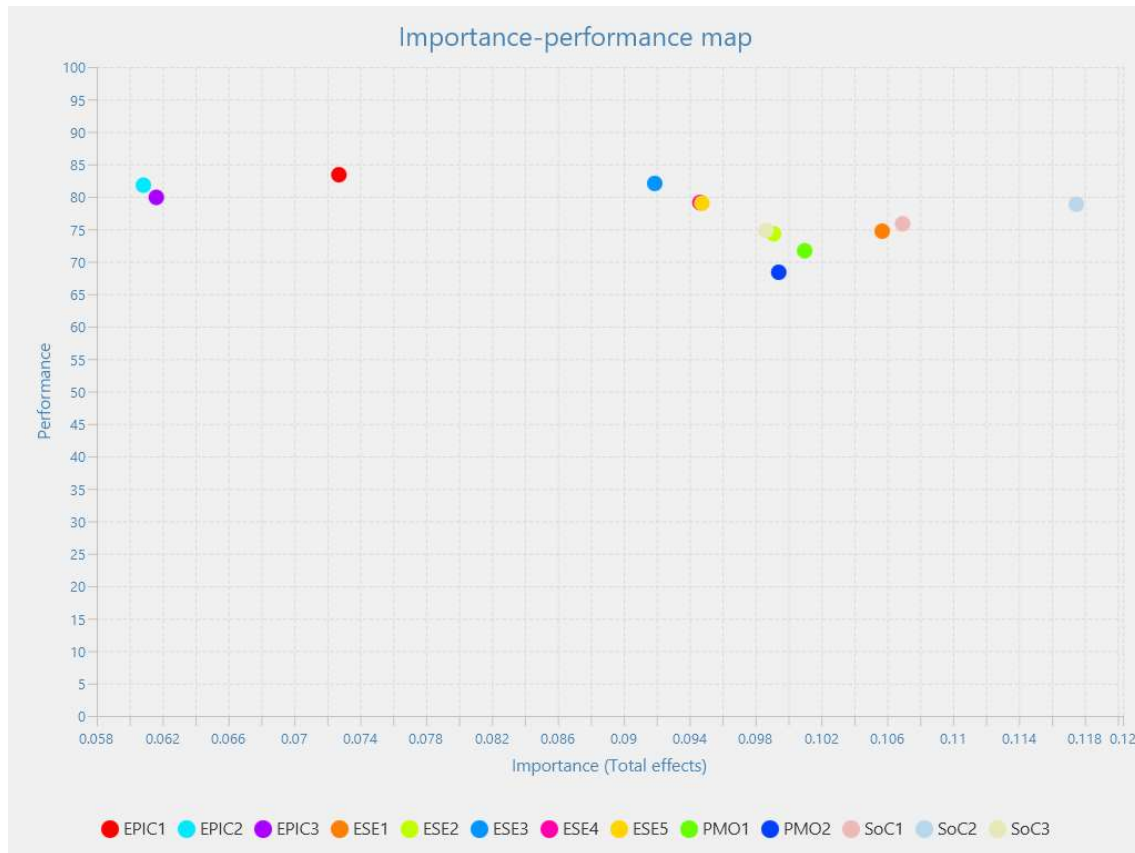
20.000%	1.219
30.000%	1.428
40.000%	1.636
50.000%	1.844
60.000%	2.053
70.000%	2.261
80.000%	2.469
90.000%	2.677
100.000%	2.886

Importance-Performance Map Analysis (IPMA). To provide additional insights we also conducted an importance-performance map analysis (IPMA) to assess the relative importance of constructs in explaining social innovation in the structural model (Ringle & Sarstedt, 2016). The results presented in Figure 3 show the relative importance of each construct on social innovation. Accordingly, entrepreneurial self-efficacy and sense of community appear as the most important constructs. In a more detailed analysis, Figure 4 presents the results at the items level. The two most important items are associated to sense of community, namely SoC2 (We feel connected with others who are important to us) and SoC1 (We feel sense of contact with people who care for us). The next two are related to ESE: ESE1 (Successfully identifying new business opportunities) and ESE2 (Creating new products).

Figure 3. IPMA results for the independent variables



Figure 4. IPMA results for the items



Findings from IPMA highlight the importance of sense of community and entrepreneurial self-efficacy, and recognising the role that community engagement plays in social innovation and entrepreneurial processes. Thus, the stronger this connection, or more specifically, and as suggested by Rutten and Boekema (2007) and Korsgaard et al. (2015), the greater the degree of embeddedness, the greater the access to local resources, traditions, and cultural heritage. By benefiting from this facilitated access, tourism entrepreneurs gather the essential conditions for the creation and development of their business. These results not only confirm previous studies that highlight the role of community support in the success of tourism businesses (cf. Hallak et al., 2012) and in the entrepreneur's subjective assessment. In a broader perspective, the benefit of this relationship also strengthens resilience to external shocks (Newbert & Hill, 2014) and improving the tourism destination sustainability, as suggested by von der Weppen and Cochrane (2012).

Findings from the quantitative study present two important contributions. First, it supports the relationship between sense of community and social innovation, which highlights reciprocal effect of the entrepreneurial activity towards the community where the business is located. Second, this study is a pioneer in understanding the importance of the relationships associated with sense of community, which plays an essential role in entrepreneurial passion. This driving role of community allows us to understand the concern with lifestyle objectives (Dias et al., 2020) and quality of life (Bichler et al., 2020).

Another dimension that is included in this study is opportunity perception. This is an essential dimension to consider in a study of entrepreneurship, but its conceptualization is not sufficiently studied in the context of tourism SMEs (Yachin & Ioannides, 2020). Indeed, the role of opportunity perception has certain properties in the tourism context that distinguish it from other entrepreneurs in other sectors. The tendency towards a low-structured approach to business referred to by Thomas et al. (2011), results from the low barriers to entry in the tourism business that attract entrepreneurs from various sectors and levels of experience (Szivas, 2001) and leads to bricolage entrepreneurial activity (Yachin, 2019). The results of this reveal that opportunity perception influences entrepreneurial self-efficacy and entrepreneurial passion, which aligns with previous studies regarding the role of entrepreneurial orientation in business development and value creation (Liu & Huang, 2020).

Contrary to expectations, the relationship between opportunity perception and social innovation did not find support. A possible explanation for this leads to the discussion about the goals set by tourism entrepreneurs regarding their businesses. Small businesses in tourism seek a combination of economic and non-economic objectives (Carlsen et al., 2008; Bredvold & Skålen, 2016), with Kallmuenzer and Peters (2018) suggesting that innovation may be a result of non-economic objectives. Our study does not confirm this result, pointing more in the direction that innovation results from market pressures as suggested by Sigala (2016). Recognizing the possibility of changing objectives over time, in a shift from economic to social objectives and vice versa, as pointed by Williams and Nadin (2011). Our results suggest social innovation in small tourism businesses is more likely to be associated to opportunities resulting from local embeddedness as indicated by Yachin and Ioannides (2020), than from a systematic environmental scanning as

conducted by more structured firms. Furthermore, considering that H3b was not supported, the transformation of community relations into social innovation is independent of the level of entrepreneurial self-efficacy.

Our study also found that entrepreneurial self-efficacy positively influences social innovation. This result highlights the central role of the entrepreneur as owner and manager of his/her business, and often the only employee. On the one hand, the entrepreneur's perspective on the level of success or performance is associated with his or her own beliefs and ambitions, which is why entrepreneurial self-efficacy is recognized as the most appropriate way to measure the subjectivity of performance in these small businesses (Wang et al., 2019). On the other hand, if we add the validation of hypothesis H3c concerning the mediating role of entrepreneurial self-efficacy in the relationship between opportunity perception and social innovation, we found that the mediating effect enhances a relationship that, in its direct form, was not supported. We thus verify that the entrepreneur's belief in the achievement of business objectives is determinant for the recognition of opportunities to be converted into social innovation.

The study also analyzed the direct influence of entrepreneurial passion on social innovation as well as its mediating role in the relationship between sense of community and social innovation. Both relationships are positive and significant. However, the relationship between opportunity perception and entrepreneurial passion mediated by entrepreneurial passion did not find support. These results highlight the existence of an entrepreneurial class characterized by a strong commitment to their businesses, which is related to the social, lifestyle and quality of life goals as suggested by Thomas et al. (2011) and Yachin (2019). Furthermore, the influence of entrepreneurial passion on social innovation reveals an important link with crucial importance on destination development and sustainability. Previous research identified antecedents by established no priority among them (c.f., Dias, Palacios-Florencio & Hallak, 2023). As such, findings from this study constitute a development of existing knowledge on the drivers by identifying entrepreneurial passion a necessary condition for social innovation.

Interviews conducted in the qualitative stage of the study further developed the insights obtained through the quantitative research, based on the influence of four dimensions on social innovation and entrepreneurial processes: community involvement, opportunity

perception, entrepreneurial self-efficacy, and entrepreneurial passion. Some interesting examples of social innovation could be found. For example, two interviewees revealed offering travellers the opportunity to engage with local communities through volunteering activities, a tour firm explores local cuisine by educating tourists on the environmental and social impacts of their food consumption, and two hostels offer breakfast and other meals prepared with local and seasonal ingredients.

In the first dimension, for 13 of the interviewees, the relationship that is established with the local community allows for greater integration and greater access to local resources as well as heritage, whether natural or cultural, facilitating integration and access for the creation and development of their businesses. These entrepreneurs insert themselves in the local community and benefit from this connection, representing an important source of competitiveness by providing access to valuable local knowledge (Dias et al., 2020) allowing a differentiation from large companies (Yachin 2019). As L10 mentions

"the fact that I was born here, makes it possible for me to know all the people and that enables a better knowledge about the region's heritage. And we speak the same language!"

This comment highlights the results from the IPMA. On the other hand, it was corroborated by the respondents that this relationship increases resistance to negative external effects (Newbert & Hill, 2014) and improves the sustainability of the destination (Von der Weppen and Cochrane, 2012). This question supports one of the objectives of this study, based on the reciprocal effect of business activity towards the community where the business is located. This finding also corroborates Alegre and Berbegal-Mirabent's (2016) study regarding the importance of network and stakeholder involvement as antecedents of social innovation. Nine of the interviewees mentioned that the objectives intended for the business are quite plural and that business growth is not always the main priority. Another dimension concerns the perception of opportunity. The results obtained reveal that 11 of the interviewees, show that perceived opportunities influence entrepreneurial self-efficacy and entrepreneurial passion. Most of the interviewees come from different areas of tourism activity. As L7 mentions

"Initially, I had no experience in tourism, but I quickly become passionate about it and learned how to provide value-added experiences to tourists".

This comment illustrates one of the findings of the IPMA in that entrepreneurial confidence in identifying new business opportunities and creating new products is important for social innovation development. This aligns with previous studies on the role of entrepreneurial orientation in business development and value creation (Liu & Huang, 2020). With regard to the perception of the opportunity in relation to social innovation, 13 of the respondents reported that social innovations stem from community integration, which reinforces findings from the quantitative survey regarding the relationship between community and social innovation. All 15 respondents from the interviews reported that their self confidence in obtaining positive business results generates positive effects on innovation in community-related services. Thus, entrepreneurs with higher self-efficacy are more likely to identify opportunities that facilitate social innovations.

Finally, we wanted to address the direct influence of entrepreneurial passion on social innovation, as well as its mediating role in the relationship between sense of community and entrepreneurial passion. 10 of the respondents are fully committed to their business and underline that they are committed to social objectives, ensuring their lifestyle and quality of life, believing in the sustainable development of the tourism destination and the holistic promotion focused on the well-being of the community (Fortunato & Alter, 2015).

5. Conclusions

Social innovation in tourism entrepreneurship has the potential to bring significant social impact at both the individual and community levels. It has the power to transform the way businesses operate, allowing them to be more inclusive and sustainable. At the same time, it provides an opportunity for social entrepreneurs to address societal challenges and make a positive impact on the destination and its community. This study adopted a mixed methods approach utilising surveys and in-depth interviews with tourism entrepreneurs in Portugal, to assess the determinants of social innovation, and prioritizes the conditions according to their importance. Thus, the research sought to clarify how social innovations

are generated by tourism enterprises which supports the sustainability of destinations. The findings are depicted in figure 1.

An important contribution from this research is the identification of entrepreneurial passion as a necessary condition for social innovation. Entrepreneurial passion is a key factor in social innovation outcomes. In a sufficiency logic, the other constructs are sufficient but not necessary to develop social innovation in comparison to entrepreneurial passion. Moreover, entrepreneurial passion establishes an important relationship between the connection to the community and social innovation, verifying that entrepreneurial passion enhances this relationship. If we understand the importance that small businesses have in destination innovation and competitiveness, and if we combine this analysis with the fact that tourism enterprises are characterized by an ad hoc and unstructured approach to innovation, the results of this study allow us to recognize that this approach relies on a strong connection to the community as a basis for support, incentive, information and knowledge.



Figure 1.

Key factors leading to social innovation.

The study is also pioneering in the analysis of opportunity recognition for these types of firms, realizing the indirect role in the generation of social innovation through the mediating effect of self-efficacy. In essence, considering that many entrepreneurs in

tourism have come from other industries, this finding reveals that the degree of confidence in their own abilities is a determining factor in transforming opportunities into social innovation. This study also highlights the importance of combining different types of objectives, economic and non-economic, not only for their importance in terms of business performance, but also for their relevance in the return to the community, which creates a virtuous cycle of access to knowledge and resources available in the community.

These results bring important insights regarding the development of innovation ecosystems in tourism, since it establishes not only a concrete role for community involvement and that it should be taken into consideration when defining these ecosystems, but also integrates this important stakeholder in a holistic vision of fostering entrepreneurship. For example, tourism firms can develop projects that engage with local residents and organizations to gather insights and expertise. On the other hand, by focusing on SMTEs, this study brings specific knowledge that help in decision making for the development of a tourism ecosystem. In this sense, entrepreneurial passion and self-efficacy have facilitating effects on the nascent generation and social innovation. Destination managers should recognize that passion is a key ingredient for social innovation. As such, they must encourage entrepreneurs to pursue their passions and support them in their efforts to make a positive impact on the community. Furthermore, training that encourages entrepreneurial skills and business knowledge is essential to reinforce these two vectors. In addition, the availability of formal mechanisms to scan the environment, such as market research and diagnostic tools, may prove essential to enhance the ability to detect opportunities. Destination managers should also offer regular training sessions on entrepreneurial skills and business knowledge. Entrepreneurial training should be accompanied by the availability of knowledge and information concerning the place and ecosystem where the entrepreneur operates. Local knowledge and symbiosis between the entrepreneur and community are key drivers of innovation and performance.

We are cognisant that data for this study was collected in 2021-2022 and at a time when tourism businesses were dealing with the challenges of the pandemic. Consequently, new research is warranted to explore the model effects, as well as capturing entrepreneurial passion and social innovation in post-pandemic environment. Another limitation of this study is the focus on a specific industry (tourism), which may affect the generalizability of the results to other sectors. This issue is important to discuss, as it may influence the

validity and applicability of the findings. Therefore, it is necessary to acknowledge the differences and similarities between tourism and other industries, and to suggest how the results can be transferred or adapted to other contexts. Alternatively, future research can replicate this study in different sectors to test the robustness and consistency of the results.

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Appendix A- List of scale items

Variable	Items	Source
<i>Sense of Community</i>	I feel sense of contact with people who care for me I feel connected with others who are important to me I feel intimate with people I spent time with	Oh, Ozkaya and LaRose (2014).
<i>Entrepreneurial self-efficacy</i>	Developing new product and market opportunities Building an innovative environment Initiating investor relationship Defining core purposes Coping with unexpected challenges Developing critical human resources	Zhao, Seibert, and Hills (2005).
<i>Social innovation</i>	Identifying new business opportunities for social change. Creating new products/services to solve social problems. Thinking creatively to benefit others. Commercializing an idea for social enterprise.	Zhao, Seibert, and Hills (2005).
<i>Entrepreneurial Passion</i>	Inventing new solutions to problems is an important part of who I am. Being the founder of a business is an important part of who I am. Nurturing and growing companies is an important part of who I am.	Cardon et al. (2013).
<i>Opportunity perception</i>	... new business ability to: (1) attract customers; (2) compete with other firms. A likert-type scale was used ranging from one (very low certainty) to five (very high certainty).	Yli-Renko (2010)