



Social value creation through tourism enterprise



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HIGHLIGHTS

- Social value through tourism enterprise is co-created.
- A service-dominant logic explains the co-creation process.
- Resource needs and mobilisation strategies are identified.

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ABSTRACT

Despite the role of social entrepreneurship to create social value and transformation, little is still known about how social value can be generated. Drawing upon the service dominant logic and entrepreneurship literature, the paper aims to identify the resource needs of a tourism social enterprise and evaluate the means by which these resources are mobilised. Twenty seven face-to-face interviews were conducted with key informants in a developing country case study context. The key resources required for social value creation in tourism are natural; financial; political and institutional and human capital. These resources enable the generation of social value at three levels with interlocking value creation processes: at an individual stakeholder level; at the meso level and at the macro-level. Strategies associated with resource mobilisation are stakeholder involvement and collaboration; and relationship development and local community empowerment. A shared understanding of the role of tourism and cultural values is critical.

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1. Introduction

The extant entrepreneurship studies in tourism highlight the significance of creativity (Richards, 2011), innovation (Williams & Shaw, 2011), capital (Hampton & Christensen, 2007) and entrepreneurial orientation (Seilov, 2015; Strobl & Peters, 2013) in the tourism product and destination development. In addition, the importance of entrepreneurial intentions and the traits of the entrepreneurs, for their entrepreneurial activities, are underscored (Gurel, Altinay, & Daniele, 2010). These tourism entrepreneurship studies concentrated on profit-making entrepreneurial activities (Perrini, Vurro, & Costanzo, 2010), neglecting the social dimension of tourism entrepreneurship. This is surprising given that social entrepreneurship (SE) has been identified as an important

contributor to the social and environmental development of communities, societies and destinations (Florin & Schmidt, 2011). Recognising this research gap, researchers such as Thomas, Shaw, and Page (2011) called for research into the social dimension of tourism entrepreneurship. In particular, despite an increasing consensus that community engagement plays a key role in shaping the social value creation aspect of entrepreneurship (Bruton, Ketchen, & Ireland, 2013), little is known about how local communities are engaged in resource management and mobilisation processes of social enterprises (McGehee, Kline, & Knollenberg, 2014). An investigation of the local community engagement into tourism social entrepreneurial activities is crucial as effective engagement of local communities is seen as a way to generate social value (Sloan, Legrand, & Simons-Kaufmann, 2014).

This paper applies a Service Dominant Logic (SDL) perspective to our understanding of community engagement in tourism social entrepreneurial activities, and aims to identify and evaluate how the resource needs of tourism social enterprises are mobilised

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through the engagement of local communities in the context of a developing country. The paper makes two distinct contributions to the tourism management literature. First we identify the resource needs of social enterprises in tourism; a research area of limited empirical evidence despite the growing contribution of tourism social enterprises to the economic and social development of communities. Second, we investigate social entrepreneurship through the lens of SDL and thus advance both the conceptual and empirical development of social entrepreneurship literature. This is achieved through exploring the means and strategies employed by tourism social enterprises, through which different forms of capital or resources are accessed from the external environment and mobilised for the co-creation of social value.

The study adopts a SDL approach whereby the actors interact and exchange resources to co-create value for themselves and others (i.e. the actors aim for mutual betterment and well-being; Vargo & Lusch, 2011); so the SDL implicitly recognises that when actors engage in value creation, they also aim for social and wider benefits of their service ecosystem. The latter is also of critical importance, since it is a necessary requirement of social entrepreneurship (Zahra, Gedajlovic, Neubaum, & Shulman, 2009). During the last decade, the SDL has been heavily used in studying service systems, customer engagement and co-creation (see literature review by Ryzhkova, 2015), but the new thinking represented by SDL is increasingly being adopted as a more appropriate theoretical lens through which to study the generation of social value and sustainable service (Enquist, Sebhatu, & Johnson, 2015; Shirahada & Fisk, 2014; Tregua, Ruso-Spena & Casbarra, 2015). The latter studies have shown the compatibility and affordance of the SDL tenets to guide companies in the pursuit of profitability through combining social value creation with social impact and sustainability. The ability of firms and service systems to co-create social value has been associated with various concepts (such as shared value creation, social value, and sustainable value), but all of these concepts reflect the same issue – that is, the strategies and practices that contribute to a more sustainable world and simultaneously drive shareholder value (Phillips, Lee, James, Ghobadian, & O'Regan, 2015).

2. Social entrepreneurship (SE): definition and role in tourism

Social entrepreneurship (SE) encompasses 'the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organisations in an innovative manner' (Zahra et al., 2009: 519). The underlying assumption is that, unlike commercial entrepreneurship, SE is driven by social objectives which lead to social change through innovative ideas (Alvord, Brown, & Letts, 2004; Chell, Nicolopoulou, & Karatas-Ozkan, 2010; Mair & Martí, 2006); such initiatives include the Grameen Bank in Bangladesh which changed millions of lives by providing financial services to the poor, the Aravind Eye Hospital in India which has cured blindness at very low subsidised costs and Sekem in Egypt, a business which was instrumental in reducing pesticide use.

Social entrepreneurship is rapidly evolving internationally, but the absence of commonly agreed SE definitions and adequate systems of related statistics is responsible for the limited and fragmented measurement of SE (SEFORIS, 2012). The KPMG (2015) report (2012 Barometer of SE) reveals the growing importance and size of this alternative economy, but it also shows that its purpose and responsibility are intrinsically linked to the economic, political and judicial traditions of each country. For example, 40% of the UK SE has been developed in poor urban areas with the aim to respond to the deficiencies and limitations of the government. Hence, SE in

the UK is considered as a real tool to fight against exclusion in urban areas. In Italy, the economic crisis has boosted the development of SE based on a strong cooperative movement; furthermore Italy was the first country to vote for a defined status for SE in 2005. In France, SE represents nearly 10% of all jobs and is rapidly growing (SE jobs increased by 23% between 2000 and 2010, whilst the private sector only grew by 7% during the same period). The Barometer has also identified 63 national or international social entrepreneur networks (i.e. organisations that incorporate SE in order to foster mutual support between peers). On average, each network includes 500–1000 SEs, and they are dispersed globally with dominance in Europe and Asia (25% based in Europe, 4% in North America, 12% in Asia, 4% in Africa, 1% in Middle East, 1% in Latin America and the remaining 16% International).

Social entrepreneurship is a process-based phenomenon (Di Domenico, Haugh, & Tracey, 2010) through which financial capital, human capital, social capital and intangible resources are combined in new ways to pursue identified opportunities for value creation (Chell, 2007). On the one hand, financial capital is significantly important as it attracts investors to increase the amount of capital available (Bugg-Levine, Kogut, & Kulatilaka, 2012) thereby enabling the acquisition of other resources and the development of services and products (Dorado, 2006; Meyskens, Robb-Post, Stamp, Carsrud, & Reynolds, 2010). On the other hand, human capital influences the potential to acquire other resources (Haber & Reichel, 2007; Ottosson & Klyver, 2010) particularly in the entry into nascent entrepreneurship (Davidson & Honig, 2003). Another stream of literature recognises social capital (e.g. Park, Lee, Choi, & Yoon, 2012; Zhao, Ritchie, & Echtner, 2011), because the social context or networks influence some of the actions of individuals (Naphiet & Ghoshal, 1998).

It is widely recognised that tourism is a major driver of social value creation (Kline, Shah, & Rubright, 2014; Sigala, 2013) and that tourism entrepreneurship can lead to social change (Ateljevic & Doorne, 2003). Indeed, tourism can act as a social force that serves human development through a wider vision of tourism's role in global communities (Higgins-Desbiolles, 2006). Moreover, social enterprises in tourism are found to empower local communities, support sustainable regional development (e.g. the social venture 'Made in USA', McGehee et al., 2014), and improve the social capital and quality of life of communities by promoting a sustainable lifestyle and food provision even in developed economies (Kline et al., 2014). However, social enterprises are particularly important in the context of developing countries where government institutions do not sufficiently support entrepreneurial activity in the tourism sector (Kwaramba, Lovett, Louw, & Chipumuro, 2012; Roxas & Chadee, 2013; Sloan et al., 2014). In these developing countries with extreme resource constraints, entrepreneurs' aid or substitute supportive institutions which are normally absent or weak, fail to provide the necessary infrastructure and mechanisms for development (Mair & Martí, 2006). In these destinations, entrepreneurship tends to favour a 'responsible approach' (Goodwin, 2011) with simultaneous consideration for economic, social and environmental goals. Entrepreneurship is therefore as much a social phenomenon as an economic one and economic growth is not the only relevant outcome of its activities (Korsgaard & Anderson, 2011).

Indeed, emerging research reveals the rapid growth of tourism SE and its critical role in supporting sustainable tourism development and social value creation. This includes social festivals aiming to support the development of a responsible social identity construction (Gordin & Dedova, 2015); social restaurants aiming to provide a social way of food production and provision (Kline et al., 2014); accommodation supporting community development and equal entrepreneurial activities (Sigala, 2013); social sports tourism

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