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The entrepreneur–opportunity nexus: discovering the forces that promote product innovations in rural micro tourism firms

Abstract

The aim of this study is to investigate what sets in motion the process that results in product innovations in rural micro tourism firms. The point of departure is to place entrepreneurship as a process that precedes innovations. This approach enables the application of the opportunity-based perspective, on the study of 40 new tourism products. Data was collected through in-depth interviews with owner-managers of micro tourism firms in rural Sweden. The focus of the analysis is on the formation of the entrepreneur–opportunity nexus. The findings suggest that in forming the nexus, three types of forces are at play: internal, supply chain dynamics, and reaction to changes. The notion of triggering forces adds a new dimension to the study of entrepreneurial opportunities. The theoretical contribution of this paper to tourism research is twofold. First, it points at the generating moment as a step towards theorising innovations, and second, the findings contribute to the growing knowledge base about entrepreneurial behaviour in micro tourism firms in rural areas. Finally, in a practical manner, the findings of this study should encourage tourism entrepreneurs to invest in exploring the value chain, regard tourists as sources of knowledge and be attentive to changes in circumstances.

Key words: Micro tourism firm, Product innovation, Opportunity-based perspective, Entrepreneurship, Rural tourism

Introduction

For tourism firms, innovations are means of creating a meaningful contribution to customer experience and a key to success and survival in a highly competitive global market (Volo, 2006). More specifically, despite being mostly incremental, product innovations are noticeable by customers, influence purchase decisions and contribute to the firm’s competitiveness (Brooker & Joppe, 2013; Clausen & Madsen, 2014; Hjalager, 2010; Williams, 2014). However, stimulating tourists with new products may be a real challenge for rural small-scale tourism firms, which often lack the resources to invest in research and
development (Nybakk, Vennesland, Hansen & Lunnan, 2008) and are thus generally less likely to be innovative (Booyens, 2016; Ioannides & Petersen, 2003). Consequently, tourism innovation potential in rural areas is often restricted by the entrepreneur’s inability to capitalise on opportunities (Hjalager, Kwiatkowski & Larsen, 2017).

Innovation has become a real buzzword (Brooker & Joppe, 2013). However, despite its popularity among researchers and policy makers alike, “innovation” has remained an elusive term. In an attempt to pin down its meaning, the so-called Oslo Manual defined innovation as:

The implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations. (OECD, 2005, p.46)

This definition leaves quite a lot of room for interpretations and critique. For instance, how do we decide if something is significantly improved or not? Alternatively, for whom precisely is it determined to be new? More than that, the definition portrays innovations as an outcome while, arguably, the more relevant questions should be about the process, which leads to innovations and the effects of innovations once implemented. Addressing the former, Rodriguez-Sanchez, Williams and Brotons (2017) study the “innovation journey” of tourism entrepreneurs, a process beginning with the discovery of an opportunity and the generation of an idea. This triggering moment is the focus of this research, in which I investigate what sets in motion the innovation process that results in new tourism products. To address this aim, I turn to entrepreneurship, which Shane defines as:

An activity that involves the discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organizing, markets, processes, and raw materials through organizing efforts that previously had not existed. (2003, p.4)

In other words, entrepreneurship may be understood as the process that precedes innovations.
It involves the recognition of opportunities and the actions taken in order to realise them. Consequently, core issues for the study of entrepreneurship are the sources of opportunities and the individual–opportunity nexus (Venkataraman, 1997). Solvoll, Alsos and Bulanova (2015) have called researchers to study entrepreneurial opportunities within tourism, suggesting that focus should be placed on the origins of opportunities and how they are developed. They add that researchers should turn to entrepreneurship literature for inspiration but stress that the specific context and characteristics of tourism require special attention.

One fundamental characteristic of the tourism industry is that it is composed of numerous micro firms. In 2009, micro firms accounted for 93% of the tour operators and 83% of the hospitality companies in Europe (TOURISMlink, 2012, p.25-27). A micro firm is defined as an enterprise which employs fewer than 10 persons and whose annual turnover or annual balance sheet total does not exceed €2 million (European Commission, 2014). For rural destinations, micro tourism firms are essential; they provide local experiences, sustain and communicate the character of the place, generate income with low leakage and create jobs (Middleton, 2001). However, although micro firms constitute an extensive and vital part of the tourism system, knowledge about them remains modest (Thomas, Shaw & Page, 2011). Within the framework of innovation and entrepreneurship research, micro tourism firms in rural areas have rarely been studied exclusively (Rønningen, 2010a) but often grouped together with small and medium-sized enterprises (SMEs).

There is a presumed lack of knowledge about entrepreneurial behaviour in general and innovations in particular in micro tourism firms. Such knowledge is necessary to create business environments which facilitates innovations and supports these actors, who typically operate within small economic margins and are under constant threat (Müller, 2013). The circumstances in which micro tourism firms in rural Sweden operate (limited resources, knowledge and skills), and the character of the entrepreneurs (lifestyle motivations),
“provides a fascinating environment for the study of innovation” (Hjalager et al., 2017, p.14). In the present research I apply the opportunity-based perspective (Ardichvili, Cardozo & Ray, 2003; Shane & Venkataraman, 2000) on the study of innovations in rural micro tourism firms in Sweden. Guided by the question, what sets in motion the process that results in product innovations? I collected data on 40 tourism products through in-depth interviews with owner-managers of micro tourism firms in rural Sweden. The focus of the analysis is on the starting point of the innovation process. As such, I introduce the notion of forces that promote the formation of the entrepreneur–opportunity nexus. This generating moment is perceived to be a vital factor (along many others), in the development of new tourism products. Of course there is no intention here to reduce the complexity of innovation or entrepreneurship to a single event. The findings of this paper add to the cumulative knowledge about tourism innovations in rural context and to the understanding of owner-managers of micro tourism firms and their practices.

**Theoretical background**

**Entrepreneurship, the Opportunity-Based Perspective**

Entrepreneurial opportunity is the possibility for meeting the needs of potential customers through a creative combination of resources. It consists of the circumstances that enable the creation of future goods and services (Ardichvili et al., 2003; Martin & Wilson, 2016; Venkataraman, 1997). Kirzner (1997, p.78) explains opportunities as the result of “equilibrating tendencies, made up of episodes of mutual discovery and learning (by market participants)”. This means that asymmetric distribution of information and differences in opportunity perception lead to actions (by market participants), which aim to adjust supply and demand. “Kirznerian” opportunities, according to Shane (2003), do not require the creation of new information and often result in incremental innovations. In contrast, dis-
equilibrating forces (such as technological, political, regulatory, social or demographic changes), create “Schumpeterian” opportunities, which require new information and involve the creation of disruptive innovations (Shane, 2003).

Sarasvathy, Dew, Velamuri & Venkataraman (2003) distinguish between opportunity types by pre-conditions and associated levels of uncertainty. When both demand and supply are given, the opportunity is “recognised” by the entrepreneur. When only one (supply or demand) is known, opportunity is “discovered” and when neither supply nor demand exist in an obvious manner, the opportunity has to be “created” by the entrepreneur. The “three views” (Sarasvathy et al., 2003), of entrepreneurial opportunity as a function (recognised), a process (discovered), or a set of decisions (created), direct the attention to the individual–opportunity nexus and to questions regarding the factors that facilitate the discovery (or identification, creation, recognition, perception as suggested by different authors), of the opportunity. Alsos and Kaikkonen (2004) note that opportunities are heterogeneous and could exist objectively or be subjectively created by the entrepreneur. They add that the generation process of opportunities could result from either the entrepreneur’s deliberate search or be a case of serendipity.

Discovery, as explained by Kirzner (1997, p.72), is “midway between that of the deliberately produced information in standard search theory, and that of sheer windfall gain generated by pure chance”. The probability of an actor discovering an opportunity is influenced by access to information and the ability to recognise it (Shane, 2003). Access to specific information is facilitated by knowledge corridors, which are individual circumstances designed by experience (life and work) and interest. Individuals are likely to notice, search, find and absorb information, which is related to their previous knowledge (Ardichvili et al., 2003; Eckhardt & Shane, 2010; Shane, 2003). Additionally, social networks provide entrepreneurs with access to knowledge and information held by other network members. The
structure of social relationships determines the quantity and quality of information. Accessibility to information is necessary to discover opportunities (Eckhardt & Shane, 2010).

*Personal traits* determine the entrepreneur’s ability to recognize opportunities. Ardichvili et al. (2003) attribute optimism (self-confidence) and creativity to successful opportunity recognition. Shane (2003) adds intelligence, absorptive capacities (enhanced by prior knowledge) and cognitive properties such as alertness and the ability to process new information. Dimov (2011, p. 66) claims that an opportunity, expressed as a business idea, cannot be dissociated from the entrepreneur and “it lies at the tail end of a series of path-dependent actions and happenstances”.

Recently a critical realist view of entrepreneurial opportunities has emerged out of dissatisfaction with the dominant discovery approach (associated mostly with Shane & Venkataraman, 2000). Davidsson (2015) argues that opportunity itself is too broad a construct and suggests the use of external enablers, new venture ideas and opportunity confidence, as the set of circumstances that enable entrepreneurial change to happen. Davidsson (2015) also criticises the choice of the word opportunity for its positive connotation. Similarly, Kitching and Rouse (2017) advocate the use of the word possibility rather than opportunity, which they claim could only be used retrospectively (after successful exploitation). Further critiques of the opportunity-based approach are concerned with the notion that opportunities exist objectively (Ramoglou & Tsang, 2015), and argue that an opportunity is not something tangible but rather a potential or a set of circumstances (Martin & Wilson, 2016.). However as Dimov (2011) writes, the ontological debate could be laid aside. He relates opportunities to venture ideas and claims that entrepreneurship researchers should instead focus on how ideas come into being and how they relate to entrepreneurial actions.

Entrepreneurs perform and function in a space that is culturally and socially determined (Kitching & Rouse, 2017). This suggests that the entrepreneur–opportunity nexus
should be investigated in the context of the environment, situation and sector (levels of competition, cultural norms and public policies) in which the entrepreneur operates. In the context of rural small tourism firms and lifestyle entrepreneurs, opportunities do not necessarily arise through business activities, but rather through social ties, past experience and blurring consumption with production (Bosworth & Farell, 2011; Carson, Carson & Eimermann, 2017; Marchant & Mottiar, 2011).

Figure 1 presents a model of the entrepreneur–opportunity nexus. In the model, the nexus that connects the entrepreneur and opportunity is placed within a geographical context (incorporating social, economic and cultural aspects). The nexus may represent discovery, creation or recognition. The entrepreneurial opportunity originates from Equilibrating Dynamics (adjusting supply and demand) or Dis-equilibrating Forces (technological, political or social changes). The entrepreneur’s ability to identify the opportunity is influenced by his/her Knowledge Corridor (experience, interest and previous knowledge), Social network (links to other actors) and Personal traits (cognitive properties, creativity and absorptive capacities).

Figure 1. Entrepreneur–Opportunity Nexus model
**Small-scale tourism firms in rural Sweden**

Studying the innovation journeys of tourism entrepreneurs, Rodriguez-Sanchez et al. (2017) found that individuals got into the tourism business because they, through first-hand experience, detected possible improvements in existing tourism services. These entrepreneurs were driven by production opportunities, which their knowledge corridor (technological background) allowed them to capitalise on. This narrative fits the common notion of “who is an entrepreneur” (as articulated for example by Stam, 2010). A different picture is portrayed by Carson et al. (2017). Their study of migrant tourism entrepreneurs in Northern Sweden found that in most cases the entrepreneurs were driven by consumption opportunities (of local amenities), and got into tourism by chance, gradually through local links or in an attempt to turn their hobby into a business.

In a sense, rural micro tourism firms and the entrepreneurs behind them, are indistinguishable. Consequently, much of the research on micro tourism firms has focused on the character and motivation of the firms’ owner-managers (e.g. Ateljevic & Doorne, 2000; Carson et al., 2017; Getz & Petersen, 2005; Lundberg & Fredman, 2012). Often these individuals are characterised as “lifestyle entrepreneurs” for favouring quality of life and personal circumstances over economic gain and growth (Engeset & Heggem, 2015; Iversen & Jacobsen, 2016; Komppula, 2004; Marchant & Mottiar, 2011; Peters, Frehse & Buhalis, 2009). Owner-managers of small-scale tourism enterprises are typically constrained by lack of capital and skills. Their limited entrepreneurial behaviour (innovation, risk-taking and creativity) often results in a small number of product and market development activities (Ioannides & Petersen, 2003; Shaw & Williams, 1998; Shaw, 2014), which restricts the potential of innovation and tourism development in rural areas (Hjalager et al., 2017). However, tourism lifestyle entrepreneurs could potentially contribute to the local tourism portfolio through niche products (Carson et al., 2017). In addition, their competitive
advantage over larger companies may arise from their ability to provide “authentic” co-created experiences (Jóhannesson & Lund, 2017).

In Sweden, rural tourism development is a matter of policy interest (Brouder & Eriksson, 2013). In a review of rural tourism in Sweden, Müller (2013) states that the strength of small rural tourism firms lies in Sweden’s unspoiled, clean, safe and environmentally friendly image. Conversely, their weaknesses are limited tourism skills, poor understanding of the tourism industry, and difficulties in employing skilled staff and accessing capital. External factors, which harm small-scale tourism businesses in rural Sweden, relate to strong seasonality, lack of support for tourism activities, decline of rural services, lack of competition and high prices. Hjalager et al. (2017) adds that the Scandinavian landscape offers tourism entrepreneurs a great development and growth potential, which is hindered by innovation gaps such as lack of knowledge, awareness concerning trends and capitalization of opportunities.

Brouder and Eriksson’s (2013) study of micro tourism firms in northern Sweden shows that more than 80% of them fail within their first seven years of existence. These authors found that the availability of local networks is vital for survival, and that firms run by individuals with local knowledge and previous related work experience, are more likely to succeed. To that, Lundberg and Fredman (2012) add that managerial commitment and competence, education and certification and access to economic subsidies, are success factors for nature-based tourism entrepreneurs in Sweden, a sector characterised as small-scaled businesses located in rural areas.

Methodology

Research Approach

In his quantitative study of innovations in small-scale rural tourism firms in Norway,
Rønningen (2010a) concluded that more qualitative research is needed on the subject to eliminate the misconception of innovation by participants. Studies of innovations in small tourism firms often apply quantitative methods (e.g., Clausen & Madsen, 2014; Nybakk et al., 2008) and thus rely on the entrepreneurs’ subjective interpretation of an elusive concept (innovation). They also have limited ability to consider context when analysing the data. Alternatively, adopting a qualitative approach, allows inquiring into the meaning individuals ascribe to a social problem (Creswell, 2007). In addition, qualitative methods are “particularly oriented toward exploration, discovery, and inductive logic,” (Patton, 2002, p.55) and are thus perceived as most appropriate to study the innovation process and reveal its generating moment.

**Data collection**

In this project I study ten micro tourism firms in rural Sweden. The participants were purposely selected out of three web directories of tourism firms according to two criteria: (1) EC definition of a micro firm (fewer than ten employees and less than two million euro turnover) and; (2) the firm’s main product has a stark “rural” character (functional relationship to nature and tradition). Geographically, I study firms in the Swedish counties Dalarna and Gävleborg. Dalarna is located in the middle of Sweden, northwest of the capital Stockholm. It is a rural region that is renowned for its history, culture and landscapes (Eriksson, 2014). Dalarna is an established tourism destination catering for both domestic and international tourists, and it is especially popular among German, Dutch and Scandinavian tourists. Gävleborg neighbours Dalarna to the east and despite the many natural resources (lakes, coast, and forests) in the county, tourism is not as developed as in Dalarna (Wikman, 2015; Åhman, 2016). Dalarna stretches over almost 28,000 km² and the size of Gävleborg is 18,000 km². In each of the counties, population is about 280,000 people (Gävleborg County Administrative Board, 2016; Eriksson, 2014).
I am not interested in comparing the two regions or the studied firms. Rather, my sampling selections were motivated by the explicit plans of local governments to invest in tourism development (Joffer, 2016; Åhman, 2016). I selected the firms according to a typical case sampling (Patton, 2002) based on their offering of what I perceived to be typical Swedish rural tourism experiences, which are based on landscapes, wildlife and traditions. In this research, I focus on the mechanism leading to the formation of the entrepreneur–opportunity nexus. I do not study the entrepreneurs as individuals. Therefore, the interviewees’ personal traits and previous experiences do not constitute as part of the analysis. Table 1 presents the studied firms by foundation year, number of full-time employees (FTEs), part-time employees (PTEs), main product and target market, interview language and, the number of official associations/networks the firms is a member of (Mem).

Table 1. Studied firms.

<table>
<thead>
<tr>
<th>ID</th>
<th>FTEs</th>
<th>PTEs</th>
<th>Ownership since</th>
<th>Main product</th>
<th>Main target market</th>
<th>Language</th>
<th>Mem</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2000</td>
<td>Wildlife / guided tours</td>
<td>International (families)</td>
<td>English</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2008 (current owner)</td>
<td>Accommodation &amp; Restaurant</td>
<td>Sweden</td>
<td>Swedish</td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td>1</td>
<td>2003</td>
<td>Wildlife / guided tours</td>
<td>International</td>
<td>English</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>1</td>
<td>1</td>
<td>2013</td>
<td>Guided tours</td>
<td>Sweden (families)</td>
<td>Swedish</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>2</td>
<td>1</td>
<td>2004</td>
<td>Accommodation &amp; Conference facilities</td>
<td>Sweden (companies)</td>
<td>Swedish</td>
<td>3</td>
</tr>
<tr>
<td>6</td>
<td>3</td>
<td>3</td>
<td>2012 (current owner)</td>
<td>Activities &amp; Accommodation</td>
<td>International</td>
<td>English</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>1</td>
<td>1</td>
<td>2015</td>
<td>Bed &amp; Breakfast</td>
<td>Not established</td>
<td>Swedish</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>1</td>
<td>1</td>
<td>1998</td>
<td>Accommodation</td>
<td>International (Fishermen)</td>
<td>Swedish</td>
<td>5</td>
</tr>
<tr>
<td>9</td>
<td>1</td>
<td>1</td>
<td>2012</td>
<td>Wildlife / guided tours</td>
<td>Sweden</td>
<td>Swedish</td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>2</td>
<td>2</td>
<td>2012</td>
<td>Accommodation &amp; activities</td>
<td>International</td>
<td>English</td>
<td>2</td>
</tr>
</tbody>
</table>

Note: Number of full-time employees (FTEs), part-time employees (PTEs), interview language (Language), number of official associations/networks the firms is a member of (Mem).
In micro tourism firms, the owner-managers are typically involved in all operational aspects, from marketing to cleaning, from bookkeeping to guiding tours. As well-informed interviewees they can provide insightful data from their personal experiences (Yin, 2013) and the most reliable accounts of their firm and its activities. I collected the data through ten interviews, conducted between January and June 2016, in locations and times set according to each participant’s convenience. In three cases, the interviewees were couples who share the ownership and management of their respective firms. Otherwise, participants were interviewed separately. Four interviews were conducted in English and the rest in Swedish (see Table 1). I translated the quotes from the latter to English. The interviews lasted between 90 and 120 minutes and were recorded, transcribed and saved as text files.

Prior to the interviews, the image, offerings, target market and history of each firm were noted. The desk study was based on data and content collected from different on-line sources, the firms’ own websites and social media pages, tourism-related web platforms and, user generated content (comments and reviews). Social media and blogs turned out to be especially useful as their chronological structure allowed the identification of changes (such as new products or collaborations), and enabled me to follow developments through time. The purpose of this stage was to provide background and context. The interviews were purposely structured to backtrack changes. I asked participants to identify the newest product or latest change in the firms’ operation. Next, the inquiry continued to reveal the sources of knowledge that inspired the change or product idea, the different links the entrepreneur had utilised to realise it, and how these were formed. The backtracking investigation was done in order to deconstruct the process that resulted in the creation of a new product and reveal its generating moment. This approach was inspired by what Fuglsang (2017) calls the process-oriented reflexive approach (to CIT), which is useful in retrospectively identifying key moments which shape present and future experiences. The inquiry was repeated in a reversed chronological
order for the company’s different products. In addition, the interviewed entrepreneurs were specifically asked about their experience with different knowledge sources (e.g., customers, other firms, and fairs) and other networking-related practices (e.g., conferences, conventions, and destination marketing initiatives). Concluding the interviews, the entrepreneurs were asked three general open-ended questions regarding challenges they face, skills and knowledge they believe they lack and how they try to overcome these challenges and shortages. The purpose was to allow the interviewees to reflect and share information derived from their own knowledge and perspective, which in return provided useful background information to understand the circumstances micro tourism firms in rural areas operate in.

In an attempt to discover what sets in motion the process that results in product innovations, 40 tourism products were studied. In line with the specific setting of this research, the studied products are rural in their character and are based on local natural, cultural and human resources. Bar transportation, the studied products represent different components of a tourism experience and include activities and hospitality services. The “story” of each product was traced back to its origin. I analysed the data through the opportunity-based perspective on entrepreneurship, with a focus on how entrepreneurial opportunities emerge and the dynamics of the individual–opportunity nexus.

Limitations

Innovations are most often incremental, and small changes may be difficult to recall. As the findings of this study are based on each of the participants’ own perception and recollection, at times the interviewees could not account for the source of opportunity, idea or where and how the initial contacts were formed. By contrast, some of the participants perceived certain knowledge sources and external actor as promoters of innovation but could not directly attribute any specific product or significant change to them. An additional shortcoming
associated with the chosen data collection method is that it limits the findings to opportunities that resulted in new products; thus, product ideas and entrepreneurial opportunities that were not realized, are beyond the scope of this study.

**Findings: Forming the Entrepreneur – Opportunity Nexus**

My research reveals that none of the studied products had developed directly out of “Schumpeterian” changes. Conversely, more than half of the studied products could be associated with “Kirznerian” equilibrating tendencies. The opportunity to develop these products was generated by asymmetric information (about resources or trends), and it was discovered or recognised (supply, demand or both are known) by the entrepreneur. To a large extent, the opportunity to develop these tourism products was “out” in the market independently of the entrepreneur that eventually exploited it. Product ideas were embedded, for example, in a tour operator’s inquiry (“into the wild” experience, firm 6), or in international trends (snowshoeing, firm 4).

Associating tourism innovations with “Kirznerian” opportunities supports the notion that both are typically incremental (Shane, 2003; Williams, 2014). However, excluding the entrepreneurs from the analysis will obstruct the possibility to explore why they, and not others, have acted on the opportunity. How the entrepreneur from firm 10 has turned an old school that was for sale (objective opportunity) into a unique hotel, illustrates the notion that whether opportunities exist independently or not, it is the entrepreneur's subjective perception of the opportunity (a function of knowledge corridors and personal traits) that sets the innovation process in motion. It is, therefore, suggested that the key to study how a product innovation process starts, lies in the entrepreneur–opportunity nexus. Accordingly, the analysis focuses on finding what sets the process in motion. The idea of forces that push and pull the entrepreneur and opportunity towards each other, is used to portray the formation of the nexus. In the context of micro tourism firms in rural areas, this study has identified three
triggering forces: *internal forces, supply chain dynamics and reaction to change in circumstances*. These were added to the entrepreneur–opportunity nexus model. The updated version is presented in Figure 2. The following sections present the findings of the study and illustrate how the forces have triggered the innovation process. A complete list of the studied tourism products by triggering force is featured in Table 2.

Table 2. Studied products by triggering force.

<table>
<thead>
<tr>
<th>Internal Forces</th>
<th>Supply Chain Dynamics</th>
<th>Reaction to Circumstances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hidden gem: guided tour (item 1)</td>
<td>Trail management (item 6)</td>
<td>Heritage tourism (item 1)</td>
</tr>
<tr>
<td>Rear research activities (item 1)</td>
<td>Bicycle &amp; culture tour (item 8)</td>
<td>Inversion (item 4)</td>
</tr>
<tr>
<td>National park trip (item 3)</td>
<td>Tour operator</td>
<td>Sea and beach (item 9)</td>
</tr>
<tr>
<td>Moonwalk safari (item 2)</td>
<td>National park trip (item 1)</td>
<td>Available for purchase/for use</td>
</tr>
<tr>
<td>International activity (item 6)</td>
<td>Multi-day adventure (item 5)</td>
<td>New taxi (item 4)</td>
</tr>
<tr>
<td>Myths and rituals tour (item 4)</td>
<td>Multi-day trip (item 3)</td>
<td>Beer and bacon (item 8)</td>
</tr>
<tr>
<td>Island征シス (conference facility (item 5)</td>
<td>Luxury guided tour (item 6)</td>
<td>Old School tour (item 10)</td>
</tr>
<tr>
<td>Nature tour (item 9)</td>
<td>In-the-wild (item 11)</td>
<td>Collaboration</td>
</tr>
<tr>
<td>Island travel (item 10)</td>
<td>Canoeing</td>
<td>Rockhounding (item 4)</td>
</tr>
<tr>
<td>Local activities (item 18)</td>
<td>Painting course (item 7)</td>
<td>Summer hike (item 9)</td>
</tr>
<tr>
<td>Evaluation</td>
<td>Nature photography course (item 9)</td>
<td>New information</td>
</tr>
<tr>
<td>Accommodation (item 1)</td>
<td>Bird watching (item 9)</td>
<td>Hiking tour (item 1)</td>
</tr>
<tr>
<td>Self-driving tour (item 3)</td>
<td>Other forms</td>
<td></td>
</tr>
<tr>
<td>R&amp;R in a remote location (item 7)</td>
<td>Course (item 2)</td>
<td></td>
</tr>
<tr>
<td>Filing package (item 8)</td>
<td>Activities (item 2)</td>
<td></td>
</tr>
<tr>
<td>Remote failure (item 8)</td>
<td>Kayaking (item 7)</td>
<td></td>
</tr>
</tbody>
</table>

Internal Forces

The innovation process of nearly half of the studied products was triggered by what was labelled *internal forces*. Products in this category are the embodiment of each entrepreneur’s subjective perception of the potential utilization of local resources to create tourism products.

The notion of internal forces corresponds to what the opportunity-based perspective relates to as the entrepreneur’s knowledge corridor; meaning product ideas that were generated out of the entrepreneur’s individual experiences, habits and interests.
Everything here in our operation we can connect to what we have seen in other places. Soon we travel to Missouri, we are interested in fishing tourism and we heard that there is an expert operation there. (Firm 5)

More than that, lifestyle motivations play an important role in setting the innovation process in motion for products in this category; the products (or tourism experiences), are what the entrepreneur would like to do, or are created to allow the entrepreneur to pursue his/her personal goals.

I develop my products based on personal interest and local resources... We have so much here, it is so interesting and exciting. Things I enjoyed myself I believe other would like as well. (Firm 9)

The internal forces category was further divided into three subcategories. The first and largest, vision, includes mainly the studied firms’ core and primary products, which in general reflect the entrepreneur’s initial business idea for a tourism experience. “We sell silence, that’s what people miss today,” states the owner of firm 10 about his popular isolated island cabin. In his case, the innovation process was triggered by his belief in the value of momentary escape from a crowded and loud urban life. Vision could also relate to how an entrepreneur values the potential of a local resource as an opportunity for a tourism experience, just as the owner of firm 4 has developed the “Mystical Rapids” tour around a river and a waterfall in the area.

The second subcategory of internal forces is evolution. Products in this subcategory are mostly incremental and adaptive, and were born out of the entrepreneur “living the operation”.

We often change the tours from season to season, we make modifications according to the evaluations and staff insights. We actually made all our trips longer and more complete packages. (Firm 3)
For example, the owner of Firm 8, initially a bed and breakfast establishment, describes how this business evolved into a fishing camp:

*Just after the year 2000, tourists that were interested in fishing started coming here. In the beginning I was renting out our own boat... more and more fisherman came so we bought new aluminium boats to rent out and made it into a package. We also got in touch with a local association that was developing fishing tourism and through them we got in contact with a Polish travel agency. Ever since most of our clients are fishermen. (Firm 8)*

The third identified type of internal forces is *interest*. This subcategory includes products which were developed around a time when the entrepreneur had acquired a new hobby or personal interest such as gardening (firm 2), wilderness survival (firm 6) and vegetarian cooking.

*Small changes all the time much depends on who we are...for example veggie lunches. ... (Running a company) you must do and develop what you are interested in. (Firm 2)*

**Supply Chain Dynamics**

A supply chain is the alignment of actors (including end users), who are involved in bringing products or services to the market (Mentzer et al., 2001). The unique characteristics of tourism products, such as the notions of the total tourism product (Smith, 1994) and co-creation of experiences (Mossberg, 2007), distinguish tourism from most other sectors. In addition, the product supply chain features actors who are unique to the tourism industry; destination management organizations (DMOs) and tour operators. The former coordinate, market and support local tourism firms. All firms in this study are connected to the local DMO. However, the strength and quality of the relationship varies between them and influences the generation of opportunities. Firm 4, which enjoys a close relationship with the local DMO, was the only one that this relationship had directly generated opportunities for; two of the firm’s products were born out of the DMO’s perception that certain tourism
activities are missing in the destination.

In the supply chain, the studied micro firms are connected to external actors. The dynamics of these relationships set product innovation processes in motion. This category of triggering forces relates to equilibrating tendencies, which, according to Kirzner (1997), generate entrepreneurial opportunities. In other words, what sets product innovation in motion are either unmet demand or unutilised resources. Nearly one third of the studied products were generated through supply chain dynamics (see Table 2 for more detailed information). The most dominant external actors were foreign tour operators, who through explicit requests triggered the development of five products. Tour operators may ask for a product in a specific geographical area (Fulufjället national park, firm 1), a certain length (multi-days, firms 1 and 3), for a certain market (Dutch families, firm 4), or in a certain theme (wilderness, firm 6). For the tourism firms, these inquiries embed opportunities.

The following anecdote did not evolve to become a tourist product but it portrays the dynamics of how an innovation process can start with a simple communication with consumers:

*I quite generously spend a lot of time trying to help customers and by that I research different possibilities. For example, I got an email from a family. They asked if they could participate in one of our tours but exclude the accommodation as they will drive a campervan. I answered that it would be possible to modify it somehow, then they asked where they could hire a camper van... so I looked into campervan rentals in Sweden. Now I could develop a tour, which I won’t any time soon, but it is an idea! (Firm 3)*

In this study, the innovation process of three products was triggered by consumers’ (tourists) requests. It is interesting to note that the dialogue with the consumers was not initiated by the entrepreneurs in any of them. In light of the important role attributed to tourists as a source of knowledge and as drivers for innovation (Clausen & Madsen, 2014; Hall & Williams, 2008; Williams, 2014), it is both surprising and alarming to learn how seldom consumers (and their
knowledge), were mentioned during the interviews. Only firm 3 regularly conducts customer evaluation forms, which according to the entrepreneur, are “Maybe the best tool to develop and improve the tours”.

For two firms (accommodation providers), the development of new products and activities was set in motion through the actions of other local companies. Presumably, as they are overly occupied with operational tasks, the small lodging providers were passive in their approach to innovations; new products and links were initiated by external actors.

Most often, people with knowledge contact us and together we develop a package (Courses). For example, the yoga package, it started as an email from an instructor. (Firm 2)

I have so little time and I know so little about this area so I am just so happy they (other actors) come to me. (Firm 7)

**Reaction to change in circumstances**

A reaction to change in circumstances set in motion the innovation process of products in the final category. For example, the development of the bear-watching product (firm 9), was triggered by the opportunity to use an old hunting cabin ideally located in the woods, as a hide-out. In this and two other studied products, the entrepreneur gained access to new resources (through purchase, mandate or collaboration), which created opportunities. Circumstances may also change when the entrepreneur learns about new trends, available resources or is inspired by other firms (seen locally or in other destinations). As the following quotes illustrate, for products in this subcategory, the entrepreneur–opportunity nexus is formed, to some extent, by serendipity.

The whole (birding) activity started when I was looking for a guide for one of our trips. He was really interested in birds and just by the way told me that we are located near the best place to watch birds in Dalarna. From there it all happened quickly. (Firm 1)
The butterfly safari, my most popular product, was completely unplanned. I got in touch with another company through a project... We planned horse activities together but as she is a butterfly expert we somehow spoke about it and got the idea to develop it. (Firm 4)

Nevertheless, as Dimov (2011) argues, opportunity is always associated with the entrepreneurs and their actions. Circumstances change continuously; resources become available, information flows and new consumption trends surface. It is presumed that the likelihood to discover and seize an opportunity, is determined by the entrepreneur’s personal traits and ability to create and utilise links to other actors (Ardichvili et al., 2003; Shane, 2003). However, studying the entrepreneurs’ cognitive and social abilities was beyond the scope of this study.

Figure 2. Entreprenur–Opportunity Nexus model with triggering forces.

The possibility to act upon an opportunity

The possibility to seize an opportunity is an interesting theme that emerged from the data but is not represented in Table 2. Studying the “story” of tourism products revealed that at times, the entrepreneur had an idea for a product (generated through supply chain dynamics or by
internal forces), but the actual development process was set in motion only after circumstances allowed it. Earlier in this paper, I defined entrepreneurial opportunities as the possibility for meeting the needs of potential customers through a creative combination of resources. In the context of this study, this means introducing new tourism products. Product ideas are generated from the entrepreneur’s subjective perception of how to utilise and creatively combine resources.

Ideas come from what happens around, trends, customers, own travels, people that live here, other firms. I have been a tourist myself, I try to create something that I think others would enjoy. (Firm 7)

The entrepreneur’s perception is influenced by his/her knowledge corridor (ability to imagine resources as products), personal traits (creative thinking), and social network (access to information and inspiration). Eriksen (2015) noted that small-scale tourism entrepreneurs do not lack product ideas but rather the possibility to develop them. Indeed, the realisation of product ideas is conditioned by the possibility to act upon the opportunities. In this sense, although the innovation process begins with the formation of the entrepreneur–opportunity nexus, the process is often facilitated by circumstances. For example, the entrepreneur from firm 1 tells the story of his guided tours

Hidden pearls was an old dream of mine. I was living remotely in the wild, local people introduced me to many special spots but I never got to do anything with it. Then a few years ago we had a practitioner (came through the public employment office) that was really motivated so I suggested he makes a tour based on these spots. (Firm 1)

Out of the conversations with the interviewed tourism entrepreneurs it is suggested that the greatest barrier for realising ideas is lack of time. Tourism products in rural Sweden are rather simple in the sense that they do not require an intense research and development process. More than that, many of the studied products are based on natural resources, which according
to the Swedish right of public access (Sandell & Fredman, 2010) are accessible to all and free to use. On the other hand, as this owner-manager is clearly articulating, time is scarce.

*We need to be professionals in everything from hosting, guiding, accounting, marketing, selling, product development, pricing, trademarking and more. This is why the working day never seems to end. (Firm 1)*

Due to lack of practical know-how, tasks like bookkeeping, web-page maintenance or working with suppliers exhaust all of the entrepreneurs’ available time and prevent them from capitalizing on opportunities. In addition, the interviewed entrepreneurs have expressed their difficulties in hiring skilled personnel, which in turn could free more working time, because of regulatory issues and limited labour availability.

**Discussion and Conclusions**

This research originated in the growing interest as well as perceived challenges in studying tourism innovations (e.g. Eriksen, 2015; Hoarau, 2014; Nordli, 2016; Nordli, 2017; Hjalager et al., 2017). The point of departure was to regard (product) innovation as the outcome of an entrepreneurial process. Accordingly, the aim of this study was to investigate what sets in motion the process that results in product innovations in rural micro tourism firms. Placing entrepreneurship as an antecedent to innovation enabled me to apply the opportunity-based perspective and focus on the formation of the entrepreneur–opportunity nexus. The results are context-dependent and suggest that for rural micro tourism firms, the formation of the nexus is promoted by three types of forces: internal forces, supply chain dynamics and reaction to a change in circumstances.

Rodriguez-Sanchez et al. (2017) found that the identification of problems, needs or suboptimal use of resources triggered the innovation process of tourism services. In contrast, this paper shows that when lifestyle preferences influence business decisions, the
development of new products is mostly driven by internal forces. The lifestyle character associated with owner-managers of small-scale tourism firms and the entrepreneurs’ knowledge corridor have significant influence on the generation of ideas and product innovations; through vision, evolution and personal interest. Whilst it was beyond the scope of this study, the findings lay down the foundation for further research to focus on unpacking the dynamics between the entrepreneurs’ past and present, in relation to knowledge absorption and innovation capacity.

Small-scale tourism firms often supply only a part of the total tourism product and are limited in knowledge and resources. Linking with external actors, along and across the chain, facilitates knowledge and information transfer. It is safe to assume that linking to external actors has a great importance for micro-tourism firms. The findings of this study suggest that for the rural micro tourism firm, there are plenty of entrepreneurial opportunities and product ideas to discover, in the supply chain. Rønningen (2010b) proposed a tour operator driven innovation system, in which small-scale firms benefit from tour operators’ professional knowledge. The findings here support this notion and demonstrate how tour operators facilitate product innovations through specific inquiries. However, there are also disadvantages and innovation constrains associated with supplying to tour operators. Carson et al. (2017) report that, unwilling to change the character of their operation, some small-scale tourism firms in rural Sweden refused to work with international tour operators. In a sense working with these international operators could prove to be a double-edged sword because of the uneven relationship in which a micro lifestyle firm is dependent on, and restricted by, the demands of a large international profit-oriented company. Further research on the dynamics of such relationships could significantly contribute to our understanding of the tourism industry in general, and micro tourism firms in particular. Other highly relevant research questions that emerged from this study are why micro tourism firms fail to utilize customer knowledge, and
what knowledge sourcing strategies they could apply. Customers, or consumers, are an integral part of the supply chain dynamics. Their role in the co-creation of tourism experiences makes them an important knowledge source (Hall & Williams, 2008). Theoretical advancements relating to sourcing customer knowledge may have significant practical implications for micro tourism firms, helping them to integrate their customers into the innovation process.

In relation to the opportunity-based perspective, the findings demonstrate how the entrepreneur’s knowledge corridor and social network (links to external actors) generated product ideas. It is also assumed that the entrepreneurs’ personal traits (creativity, awareness and other cognitive properties) facilitated the discovery of opportunities. However, studying these was beyond the scope of this study. The updated version of the model (Figure 2) provides a theoretical framework for the study of the entrepreneur–opportunity nexus. The notion of forces that push and pull the entrepreneur and opportunity towards each other, adds a new dimension to the study of entrepreneurial opportunities. In addition, the research design represents an empirical approach that may help to lift the theoretical discourse above the need to taxonomise opportunities and entrepreneurial actions. Furthermore, it is intriguing to apply this approach to different settings. Presumably, different forces set the innovation process in motion for firms in other countries, other sectors and of different sizes and structure.

In the context of rural micro tourism firms, this study contributes to the body of knowledge on entrepreneurial behaviour of these unique and relevant business entities. It also enhances the understanding of tourism product innovations. In a more practical manner, the findings presented in this paper should encourage tourism entrepreneurs to invest in exploring the supply chain, regard tourists as sources of knowledge and be attentive to changes in circumstances. While knowledge corridors and personal traits are individual, forming and
utilizing links to external actors is a practice which owner-managers of micro tourism firms can develop and should apply. After all, such links embed entrepreneurial opportunities.
Reference List


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