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**UNDERSTANDING THE SMALL TOURISM BUSINESS OWNER
IN HISTORICAL TOWNS: THE CHANGE OF ATTITUDE WITH
DESTINATION EVOLUTION**

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The Hong Kong Polytechnic University

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Understanding the Small Tourism Business Owner in Historical Towns: the
Change of Attitude with Destination Evolution

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A thesis submitted in partial fulfillment of the requirements for the degree
of Doctor of Philosophy

May 2015

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ABSTRACT

Tourism offers opportunities for an easy entry into a number of business types, usually small or micro in size, that specifically appeal to both sole proprietors and families. Interest in these businesses often relates more to lifestyle, locational, and leisure preferences than to the desire for profit or security (Ateljevic & Doorne, 2000; Getz & Carlsen, 2000). A few researchers have classified small tourism business owners from the motivation perspective. For example, Shaw (2003) proposed a bifurcated approach by drawing a distinction between business- and lifestyle-oriented business owners.

However, a systematic comparison between lifestyle- and business-oriented businesses is lacking, and the vital influence of motives and dynamics on business and entrepreneurship in tourism and hospitality has been downplayed or ignored (Getz & Carlsen, 2005). Small tourism businesses have existed for many years in various destinations, particularly in several historical/cultural heritage towns. For example, township destinations in China are highly popular. With tourism development in historical towns, such destinations have undergone several changes in the economic, physical, and social aspects. To date, a significantly limited

literature has directly related destination evolution to small tourism firms and investigated the development process of such businesses from a dynamic perspective; this gap is addressed by the present study. Therefore, the main purpose of this research is to provide insights into what may happen to small tourism business owners' attitudes toward owning small tourism businesses over time as a destination evolves.

As an exploratory research, a qualitative approach was applied in this study. The Old Town of Lijiang, a popular and representative historical town in China, was chosen as the study area, and the guest house was selected as the research target. Qualitative data were obtained from in-depth interviews with the guest house owners and the collection of secondary data.

Content analysis driven by analytic procedures grounded on theory, which include open, axial, and selective coding, was conducted to analyze the in-depth interview data involving 46 informants. Based on these data, the present study identifies four patterns of the change (or maintaining) of owners' attitudes in conducting business over time as destinations evolve. These patterns are change of attitude from lifestyle orientation to business orientation, maintaining of attitude of lifestyle orientation, change in attitude from business orientation to lifestyle orientation, and maintaining

of attitude of business orientation. The factors influencing the change (or maintaining) in attitudes under each pattern are also explored.

The present study also discusses the theoretical framework that has emerged from the data on this study's association with the existing relevant theories. Six elements and four propositions from the discussion become the foundation for the theoretical framework describing the mechanisms that shape the change in attitude toward conducting small businesses over time in tourist destinations. The six elements involve the factors influencing the change in attitude, which can be divided into two themes, namely, personal factors and environmental facilitators. Three sets of personal factors are determined to lead owners directly to change their attitudes in doing business in tourism. These factors are owners' situated cognition (toward their own lives, the business industry, and the external living environment), ego intrinsic needs, and demographic factors over time (i.e., age and family status).

Aside from the three sets of personal factors, another three sets of environmental facilitators are found to be effective in the change over time of small tourism owners' attitudes toward owning a business as a destination evolves. The sets of environmental facilitators are change in place (i.e., alterations in the physical, economic, social, and cultural aspects), change in tourists (i.e., the increasing

number of tourist arrivals, alterations of tourist types, and changes in tourists' needs), and change in the business industry in the destination (i.e., the full, upgrading, and increasing cost of guest houses). These environmental facilitators directly affect owners' situated cognition and intrinsic needs, which lead to the change in owners' attitudes toward doing business indirectly.

Four propositions are also discussed, namely, the dynamic perspective of understanding the small tourism business owner's attitude toward doing business, environmental facilitators, personal factors, and the process that shapes the change in attitude toward owning a small tourism business over time as a destination evolves.

The results of this study indicate that the small tourism business owner's attitude toward conducting a business should be viewed as a dynamic perspective, which is an outcome of the interactive process of environmental facilitators and personal responses. As an exploratory research, this study provides an extensive and profound understanding of small tourism business owners' attitudes toward doing business over time as a destination evolves theoretically. This study also offers practical implications in the areas of small tourism business, particularly the guest

house industry, and destination planning and management of Chinese historical towns.

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DEFINITION OF TERMS

Small Tourism Business

A small tourism business is defined as a company in the tourism industry that employs less than 10 persons.

Guest house

A guest house is a small-scale accommodation that is privately owned and gives importance to the operator's personal contact and hospitality skills. Guest accommodation is attached or unattached to the host accommodation.

Business-oriented Tourism Firm

A small tourism firm (with less than 10 employees) that has the primary objective of achieving formal economic success.

Lifestyle-oriented Tourism Firm

A small tourism enterprise (with less than 10 employees) that has non-economic objectives but wants to pursue a comfortable lifestyle. This enterprise also includes an “ideological lifestyle business.

CHAPTER 1: INTRODUCTION

1.1 Research Background

Micro, small, and medium enterprises (MSMEs) undoubtedly play a vital role in the modern economy both at the micro and macro levels (Ghobadian & Gallear, 1996). MSMEs provide many employment opportunities. Based on a 2010 report from The World Bank (Kushnir, Mirmulstein, & Ramalho, 2010), 125 million formal MSMEs could be found in a set of 132 economies that comprised more than one-third of the world's labor force at that time; 89 million formal MSMEs from this total labor force were found in the emerging markets. Globally, the number of MSMEs per 1,000 people increased by 6% per year from 2000 to 2009 (Kushnir et al., 2010). Based on the same The World Bank report, formal MSMEs account for 80% of the total employment in China (Kushnir et al., 2010). A government report in China (source: http://finance.ce.cn/rolling/201404/01/t20140401_2579231.shtml) also indicated that by the end of 2013, the number of micro and small businesses reached more than 70% of the total enterprises; if individual businesses were also included, then the share would be even higher than 90%.

MSMEs also contribute significantly in offering opportunities to people who have relatively low statuses in the job market. Modern economy, which is “marked by the feasibility of endogenous change: modernization brings myriad arrangements from expanded property rights to company law and financial institutions” (Phelps, 2007, p. 543), opened the door for individuals to engage in novel activity in the financing, developing, and marketing of new products and methods – commercial innovations (Phelps, 2007). Thus, a few researchers considered these businesses the lifeblood of modern economies (e.g., Ghobadian & Gallear, 1996). In 2000, Chapman, Ettkin, and Helms (2000) even drew an analogy that small and medium firms collectively comprise the world’s third economy after the United States and Japan. In the United States, the U.S. Small Business Administration’s (USSBA) report to the president (1999) emphasized that small businesses enable millions of individuals, including women, minorities, and immigrants, to access the dream of economic growth, equal opportunity, and upward mobility.

Lastly, MSMEs have a crucial role in promoting innovation from industry to industry (Phelps, 2007), which contributes to technological innovation and productivity growth (Chen, 2006; USSBA, 1999). Liargovas (1998) argued that the special features of such businesses fit in a market that offers extensive small-scale production and allows constant innovation and vertical disintegration. For example, in tourism and hospitality industry, small-scale or specialist accommodations present

a unique sector because they offer personalized services in a small and homely environment (Hsieh & Lin, 2010).

In the tourism and leisure industries, numerous small and independent businesses exist with a few large ones (Shaw & Williams, 1994). For example, in surveys conducted in Australia and the United Kingdom in 2005, 95% to 99% of all tourism companies were determined to be small and independently owned firms, such as guest houses, bed and breakfast establishments, travel agencies, and ground operators, among others (Nemasetoni & Rogerson, 2005). Interest in these businesses often relates as much or more to lifestyle, locational, and leisure preferences as it does to a desire for profit or security (Ateljevic & Doorne, 2000; Getz & Carlsen, 2000).

Many small tourism businesses are located particularly in several historical/cultural towns or the so-called “township” destinations, where tourism products are mainly cultural and heritage attractions, historical insights, local arts and crafts, and traditional cuisine (Booyens, 2010); even the combination of such establishments has become a special tourist attraction. For example, many tourists visit the Old Town of Edinburgh in Scotland because of its attractions. However, much of tourists’ expenditures are concentrated on establishments that are out of the old town areas,

such as accommodations, restaurants, and shopping establishments (Parlett, Fletcher, & Cooper, 1995).

Small tourism establishments, such as guest houses, restaurants, cafes/bars, and travel agencies, are operated in many tourism destinations in China, particularly in historical/cultural heritage towns such as the Old Town of Lijiang (hereafter referred to as Lijiang), Fenghuang, and Wuzhen. Many owners of these establishments are local residents. A few of them are from other places in China or other developed countries. In the beginning, although several small tourism firms were open to cater to tourists, other owners had businesses in these heritage towns merely because they wanted to enjoy nature's beauty, the rural or small-town atmosphere, or the pressure-free life, instead of focusing on growth and profit-oriented entrepreneurship. Investigating the economic and non-economic motivation of ownership is interesting and significant, as the goal of operating a small business is vital to business performance, which further influences the survival or sustainable development of business. In particular, for some local residents, owning small tourism businesses provides a way of livelihood for their families.

To date, township destinations in China are highly popular. For example, Lijiang in Yunnan Province received 26.64 million tourists in 2014

(source: http://lj.xxgk.yn.gov.cn/Z_M_053/Info_Detail.aspx?DocumentKeyID=3FF9AB396C164E84840691C8D9BD66CE). Fenghuang, another historical town in Hunan Province, received 9.56 million visitors during the same year (source: <http://www.one101.com/lyxw/news7892.htm>). However, the evolution of tourist destinations has led to the emergence of a new type of post-modern community known by various names, including tourist, recreational, or heritage shopping center or village (Mitchell, 1998). Consequently, more tourists arrived, the small town atmosphere was altered, house rent increased, and the small tourism business competition became fiercer.

Such changes that emerged in the external environment context of the small tourism business have resulted in the necessity of asking this question: What could happen to the small tourism business owner's attitude toward conducting business over time as a destination evolves? The small business literature and previous studies have suggested that small firm performance is substantially influenced by the owner's individual traits and behavior, as well as the task environment characteristics (Keats & Bracker, 1988). A few studies have also determined that the business owner's personality, management style, and perceptions of the opportunities and threats in the external environment are determined to significantly influence the development of business strategies (Williams & Tse, 1995).

However, the fate of small tourism businesses in dynamic environments is still unknown because most studies on small tourism firms were conducted from a point-in-time perspective. Therefore, the present study aims to investigate the changes that may happen to small tourism business owners' motivation over time as a destination evolves. Analyzing this topic is crucial because a firm's growth motivation depends on the individual's subjective factors (e.g., perceived ability, needs, and opportunity), which influence growth motivation and direct business behavior, and objective factors, which only partly determine the subjective perceptions because they can have a significant direct influence on actual growth (Komppula, 2004).

Based on the preceding research background, the next section identifies the gaps in the relevant previous studies. Section 1.3 presents the detailed research questions and objectives of the current study.

1.2 Gap in the Current Studies

Although studies on small firms in tourism have emerged as early as the 1980s, academic interest on this topic has fluctuated since then. However, a number of

pertinent themes and numerous specific topics and issues about small businesses have been identified with the increasing attention to this topic in scholarly papers. The principal themes related to small business include dominance of the owner-operators, entrepreneurship, family life, gender issues within the business, and the connections between business and development (Getz & Carlsen, 2005).

However, research in this area has resulted in a slightly fragmented output rather than ambitious and coherent programs (Thomas, Shaw, & Page, 2011). Therefore, several research gaps can be identified after reviewing the literature related to this field.

First, the application of small business growth theories to the tourism business is lacking (Thomas et al., 2011). Only a few studies have investigated the issue of business success in tourism (Thomas et al., 2011) and the factors influencing the growth of small minority ethnic restaurants and cafes (Altinay & Altinay, 2006). Future studies that examine the growth of other types of tourism businesses should be given more attention (Thomas et al., 2011). Therefore, only the knowledge in this area can offer a successful explanation to business owners on how to operate small tourism firms.

Second, only a few or inadequate attempts to explain how the important features of small tourism firms may be understood (e.g., their genesis, growth, or their articulation with the external socio-economic environment that they inhabit) are under-theorized instead of describing their characteristics or behaviors (Thomas et al., 2011). Most studies on small tourism focus on the mere description of the characteristics or behaviors of small tourism businesses. Therefore, if more future studies will take the same approach, then new knowledge will not be produced. In addition, assuming that small tourism firms inhabiting a static environment is unrealistic, then the manner of dealing with a dynamic environment is vital for business success.

Third, to date, a considerably limited literature has directly related destination evolution to small tourism firms and investigated the development process of such businesses from a dynamic perspective. Therefore, understanding this topic is vital because of several reasons. First, with destination evolution, the tourism development of historical/cultural heritage towns may contribute to the change in capital markets (Fan, Wall, & Mitchell, 2008). Wanhill (2000) suggested that capital markets tend to discount rather heavily the financial risks associated with small and medium tourism enterprises either by demanding significantly high returns (e.g., the case of venture capital) or by restricting the terms and conditions of loans (e.g., the case of the retail banking sector). The latter tends to be the primary lender to small

and medium tourism enterprises. The degradation of the quality of the rural or small-town's atmosphere shifts both tourists' attitudes and residents' perceptions because of commoditization with tourism development (Fan et al., 2008). Therefore, this situation may affect the small business owners' motivation. A significantly basic issue has been generated: whether small tourism businesses are naturally entrepreneurial, and if so, whether this spirit, particularly in innovation and risk taking, paves the way to stability and risk-free behavior as businesses mature (Getz & Carlsen, 2005). This fundamental issue may influence the long-term development of small tourism businesses.

Fourth, the study on the vital influence of motives and dynamics on business and entrepreneurship in tourism and hospitality has been ignored (Getz & Petersen, 2005). Getz and Petersen (2005) suggested that future studies should be conducted on the "constrained entrepreneurship" in the tourism and hospitality fields, particularly focusing on the influences of culture, gender, sole versus copreneurial ownership, and economic conditions, including development policies and the resort life cycle. Without understanding these issues, the development of knowledge on small tourism businesses and their owners will be insufficient. The long existence of lifestyle-oriented small tourism firms may also be considered as merely idealism.

Finally and more importantly, examining small tourism business owners in a longitudinal method is lacking, although several studies have attempted to describe their characteristics. Although small businesses can be viewed as the expression of their respective owners themselves and the goals of owning small businesses is vital to small firms' performance and even survival, the vital influence of a dynamic environment on small business owners' attitudes toward owning businesses has not been investigated.

1.3 Research Question and Objectives

Small business studies have generally emphasized an important novel area, that is, owner-manager exits and business closure. This means that new thinking perspectives are necessary for the owners' learning processes during the phases of a business's life and the effects of this process on the owners and their businesses. Therefore, more qualitative and longitudinal studies are necessary when considering the processes involved. Two areas particularly require study: what happens to the businesses and what happens to the owner-manager (Blackburn & Kovalainen, 2009).

In a study of small independent farms in the California organic sector, Guthman (2004) determined that as the organic sector has been struck by inter-firm competition, a few of the so-called lifestyle-oriented growers have become highly business oriented. In terms of small tourism firms, the previous belief is that entrepreneurship is weakly developed in many cases because tourism is perceived as a business with low entry barriers and requires little capital, and that only a few businesses have formal marketing strategies, skills, and knowledge (Page, Forer, & Lawton, 1999). However, recent studies have suggested that the development and management of small tourism firms are shaped by a number of different factors related to the business owner-manager, nature of the tourism activity, its locality, and other aspects of the sector-specific business environment (Ateljevic, 2007). The process of searching for and collecting information on events, trends, and changes external to the firm guides a business' future course of action, particularly when the environment is perceived in an uncertain manner due to its dynamism and complexity (e.g., competitive forces such as new entrants, substitutes, supplies, buyers, and competitors) (Oreja-Rodriguez & Yanes-Estevez, 2007). Getz and Petersen (2005) even reiterated that "constrained entrepreneurship" could exist among small business owners in the tourism and hospitality industry. Therefore, the attitudes related to owning small tourism businesses may change as the environment evolves.

Studies on the changing personality of business owners with a dynamic environment are limited. Therefore, the current study focuses on small tourism business owners (business oriented and lifestyle oriented) and their goals that reflect the development of tourism and the economy, which may feature task environment characteristics. The role of small tourism business owners, particularly their attitudes in doing business, assumes the most important factor in business performance, and thus a new approach is necessary. The key research question to be examined in this study is as follows:

Does the attitude toward owning a small tourism business change over time as a destination evolves?

The overall objective of this study is to provide insights into whether and how the motivation of starting small businesses in tourism (business oriented and lifestyle oriented) changes with a destination's evolution. Another proposition seems to relate to what happens to the attitude of the small tourism owner over time. The range of potential options of this attitude is as follows:

- Maintain (for either business-oriented or lifestyle-oriented owners)
- Change adversely, resulting in the decision to sell or close the business
- Change from being business oriented to being lifestyle oriented for a

variety of reasons (comfort level and enjoyment of the role, being trapped and therefore accepting one's fate, etc.)

- Change from being lifestyle oriented to being business oriented for certain reasons (adjusting the perception on the life environment, adapting to the market changes, etc.)
- Transformative (business can grow or shrink)

However, finding the owner who has sold or closed his/her business is difficult for the current researcher. Therefore, the changing (or maintained) patterns of attitudes to owning businesses, which we need to focus on, are as follows (Figure 1):

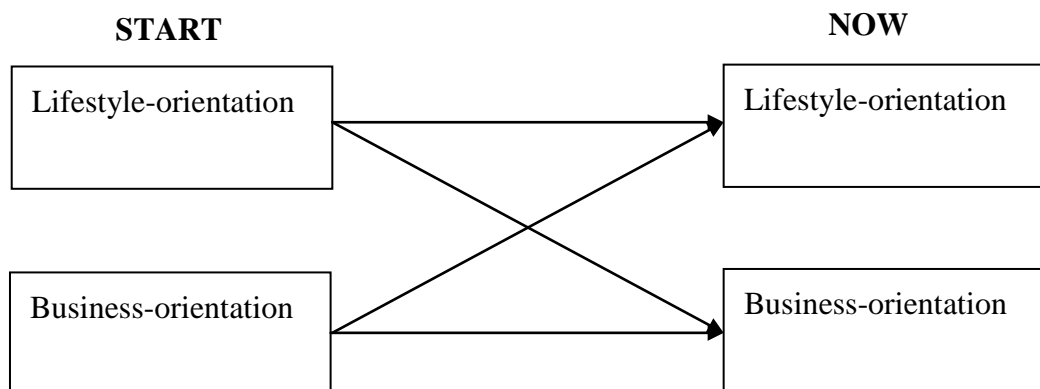


Figure 1. The Changing (or Staying) Patterns of Attitudes

Accordingly, the current research objectives are as follows:

1. To investigate whether and how attitudes toward owning small tourism businesses may change over time;

2. If the attitudes can be changed, to explain why attitudes toward owning small tourism businesses change with a destination's evolution; and

3. To propose a conceptual framework that analyzes the transformation of attitudes to owning businesses between business orientation and lifestyle orientation.

To achieve the aforementioned research objectives, this study intends to choose historical towns in China as the research context. The reasons are as follows. First, the researcher is Chinese, and she is familiar with the tourism development in this country. Therefore, the study can help develop a profound understanding of destination evolution in the study area. Second, to the researcher's best knowledge, the combination of small tourism businesses in China is most observable in historical towns. Third, tourism in historical towns has become highly popular in China in recent years. It is characterized by several tangible changes in economic, physical, and social/cultural situations that result from a clear destination evolution. Lastly and more importantly, most of the studies on small tourism owners in historical towns have focused on the description of the former's characteristics; an examination of their attitudes toward owning businesses in a dynamic perspective is clearly lacking. Therefore, conducting the current study in historical towns in China does not only have practical reasons but also helps contribute to knowledge expansion in this field.

1.4 Scope of Study

This study focuses on the small tourism business owners and analyzes their attitudes toward owning firms over time as a destination evolves. Lijiang (which will be introduced in detail in the next section) is selected to be the research site for two reasons. First, Lijiang is a typical historical town in China and has begun to develop significantly since it was listed as a United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage Site in 1997. Therefore, small tourism businesses in Lijiang have experienced a relatively long history. Second, Lijiang has many small tourism businesses such as guest houses, cafes/bars, restaurants, and travel agencies.

Before conducting the study, the definition of small tourism business and the type of businesses investigated should be addressed.

Numerous administrations and researchers have attempted to define MSMEs. No “single, uniformly acceptable, definition of a small firm” is provided (Storey, 1994, p. 8). The definition of MSMEs can be generally classified into two types, namely,

that based on the qualitative features of these businesses and that based on the number of employees. Most of the definitions are based on the latter. For example, USSBA's Office of Economic Research consider a small business to be any service or retail operation with less than 500 employees or any manufacturing firm with less than 1000 employees (Brady, 1995).

According to the European Union (EU), the main factors determining whether a company is a micro, small, or medium enterprise are number of employees and either the turnover or the balance sheet total (Table 1). The ceilings presented in Table 1 apply to the figures for individual firms only. A firm that is a division of a larger grouping may also need to include employee/turnover/balance sheet data from that grouping.

Table 1. Classifications of Companies in the European Union

Company category	Employees	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ €50 m		≤ €43 m
Small	< 50	≤ €10 m		≤ €10 m
Micro	< 10	≤ €2 m		≤ €2 m

Source: http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm

In Hong Kong, the Special Autonomous Region (SAR) Government defines small and medium enterprises as manufacturing businesses that employ less than 100 persons or any non-manufacturing business that employs less than 50 persons. Based on this definition, Hong Kong had approximately 276,000 small and medium businesses in 2007 and employed 1.2 million people (approximately 50% of the employment rate in the private sector) (Source: <http://www.legco.gov.hk/yr06-07/english/panels/ci/papers/ci0612cb1-1849-3-e.pdf>). With the development of the economy, a significant number of businesses in Hong Kong presently employ less than 10 persons, with a few of them even employing one staff member only; such companies are called micro-enterprises (Source: <http://www.info.gov.hk/gia/general/201205/30/P201205300299.htm>).

Industry Canada uses the term small and medium enterprises to refer to businesses with fewer than 500 employees and classifies firms with 500 or more employees as “large” businesses. Breaking down the definition of small and medium enterprises, Industry Canada defines a small business as one that has less than 100 employees (if the business is a goods-producing business) or less than 50 employees (if the business is a service-based business). A firm that has more employees than these cut-off figures but has less than 500 employees is classified as a medium-sized business. A micro business is defined as a business with less than five employees (Source: <http://sbinfocanada.about.com/od/businessinfo/g/SME.htm>).

The tourism industry comprises many small firms. Ateljevic and Doorne (2000) determined that approximately two-thirds of New Zealand's tourism businesses employ less than 10 people. Other research studies in New Zealand have identified a considerably higher proportion of micro businesses, many of which are only peripherally involved in tourism (Ateljevic & Doorne, 2000). The current researcher has research interests in small tourism business development in China and has concentrated on this area since 2008. To the researcher's knowledge, most of the small tourism businesses when opening are family owned, having none or a few staff members only other than family members. Moreover, many tourism and hospitality researchers define small tourism business in a grounded manner, as discussed in detail in Section 2.1.1.

Therefore, in this study, **a small tourism business is defined as a company in the tourism industry that employs less than 10 persons when opening.**

As previously mentioned, many small tourism businesses are located in Lijiang, including guest houses, shop stalls, restaurants, cafes/bars, and travel agencies. Different types of businesses may have differences in commitment, income, and development opportunities. Therefore, this study focuses on one type of small

tourism business, namely, the guest house, as the research target. The reasons for doing so are twofold. First, Lijiang has many guest houses, a fact that enhances the present study's feasibility. Second, for small business owners, guest houses are not only their firms but also often their actual houses. Therefore, more possibilities of attitudes are present in owning a business.

In conclusion, comparing the attitude toward owning a guest house, which employs less than 10 people at the beginning, in Lijiang with the present attitude, this study intends to investigate what may happen to the attitude toward owning a guest house.

1.5 Study Setting: The Old Town of Lijiang in China

This study examined the change in small tourism business owners' attitudes toward doing business over time as a destination evolves. Thus, a tourism area was required to be selected as the study setting. Lijiang was eventually selected as the case study site. This old town is located in Yunnan Province, Southwestern China. Yunnan Province borders Burma, Laos, and Vietnam. This province has a high level of ethnic diversity, with 25 of the 56 minorities in China situated in this province. The tourism industry is one of the pillar industries in Yunnan Province, which earned a

tourism income of 170,254 million RMB in 2012 (CEIC China Database, 2014a).

Lijiang has a history going back more than 800 years, and it was once a confluence for trade along the old tea horse road. As a typical cultural heritage town, Lijiang (including Dayan, Baisha, and Shuhe) was listed as a UNESCO World Heritage Site in 1997. Lijiang was the first world cultural heritage site in China.



Map 1: The Location of Yunnan Province in China

Source: <http://www.johomaps.com/as/china/chinamap1.html>



Map 2: Province of Yunnan

Source: <http://www.johomaps.com/as/china/yunnan/yunnan1.html>

1.5.1 Tourism Development in Lijiang

In this section, we briefly introduce the destination evolution of Lijiang based on a document from the Lijiang city government (2010) and the principal author's fieldwork. In the exploration phase, only a few tourists visited Lijiang. However, this town had a high visibility rate among Western tourists because of several

famous books about it, such as *The Ancient Na-khi Kingdom of Southwest China* (1947) by Austrian-American Joseph Rock and the *Forgotten Kingdom (Lijiang 1941–1949)* (1955) by Russian Peter Goullart.

A few Western backpackers traveled to Lijiang after the policy on restricting foreigners' entry into the city was rescinded in 1985. At that time, Lijiang almost had no tourism facilities, and its natural and cultural environment did not change because of tourism.

The number of tourists gradually increased when the destination entered the involvement phase. The percentage of international visitors was higher than that of the domestic tourists. Thereafter, a few local residents started to provide several simple facilities for travelers, and tourism-related advertisements were posted. The tourist market also emerged and the tourism season became gradually clear. During that time, the local government began to consider developing the tourism industry as one of the pillar industries and establish a tourism administration.

The tourism development of Lijiang then continued to the development phase, resulting in many visitors traveling to Lijiang, the investment by outsiders being produced in the town itself, and the old and simple tourism facilities starting to be

replaced by modern ones. With the rapid development of domestic tourism in the entire China, the number of tourists has increased (Figure 2), the investment in Lijiang has rapidly increased, and large-capacity, upgraded, and more modern tourism facilities have emerged since 2010. The physical environment has also started to change. For example, the old town can be particularly rowdy at night, but the neon lights of billboards light several areas of the town. The local government also aims to develop Lijiang as an international classic tourist resort.



Figure 2. Annual International Tourist Arrival (1995-2013) and Annual Domestic Tourist Arrival (2002-2013) in Lijiang

Source: CEIC China Database, 2014b

Tourism development issues in Lijiang have also attracted the attention of many researchers. Some of these researchers even investigated various commercialization

and authenticity issues. For example, Bao and Su (2004) studied the commercialization of tourism in Lijiang by examining the use of historical buildings. The comparison of the use of historical buildings in 2000 and 2002 in Lijiang revealed that commercial units increased rapidly. Su (2011) focused on heritage production and urban locational policy by examining the process of constructing an invented heritage (Mu Palace) in Lijiang and how town residents responded to this invented heritage. Zhu (2012a) explored how the dongba as the ritual practitioner perceives his authenticity during the marriage ceremony in the Nakhi Wedding Courtyard in Lijiang. By investigating three cultural performances in Lijiang, namely, Nakhi Ancient Music, Lijiang Impression, and Nakhi Marriage Courtyard, Zhu (2012b) examined how performances are interpreted and transformed into cultural productions by the local tourism market.

Many small tourism businesses in Lijiang have attracted various researchers' attention, although studies in this area are not extensive. For example, by conducting a case study on Lijiang and Dali, Xu and Ma (2012) investigated the relationship between the regional environment of destination and the entrepreneurship of small tourism business using factor analysis. Seven factors were derived from the aforementioned investigation, namely, tourism attractiveness, regional economics, information, communication, market potential and accessibility, family background,

and emotional support among entrepreneurs with shared values, hobbies, and experience.

Although several studies have been conducted on the tourism development issues of Lijiang (e.g., Bao & Su, 2004; Li, Wu, & Tang, 2006), most of them focus on the commoditization of the local culture (e.g., Zhu, 2012a; Zhu, 2012b). Although this town has numerous small tourism businesses, the literature focusing on them is relatively limited, let alone on the investigation of the attitude change toward owning firms over time. Therefore, the topic of the current study has exceptional contributions to Lijiang. The results of this study offer an in-depth understanding of small tourism business owners in Lijiang and tourism development issues as a destination evolves.

1.5.2 Guest houses in Lijiang

The first guest house in Lijiang was opened in 1995; in mid-2001, the number of guest houses increased to 66 (Li, 2012a). In recent years, guest houses have developed well. The guest house sector has expanded rapidly, as it accounts for 37% (largest percentage) of the total number of small businesses in town

(source: http://www.517life.com/news/show_2475.html). In a survey involving 300 guest houses in Lijiang, Chen, He, and Wang (2012) determined that 45% of these structures had less than a 10-room capacity, and 42.3% had 11 to 20 rooms. Only 12.7% of the total number of guest houses had more than a 21-room capacity. Therefore, the majority of the guest houses in Lijiang clearly have a small guest accommodation capacity. Based on a survey of 61 guest houses operators, Li (2012b) found that more than 55% of the owners were immigrants; most of the guest houses were also owner-operators.

According to Chen et al. (2012), the price list of guest houses generally ranged from 60 RMB to 3,000 RMB per night, although most guest houses' prices usually ranged from 150 RMB to 350 RMB. The guest houses that cost 300 RMB had the highest occupancy rate (Chen et al., 2012).

Based on the current researcher's fieldwork in Lijiang, the number of guest houses reached almost 2000 by 2013. This sector has developed well in recent years based on the trend that the guest houses have been developing into upscale-level structures (Chen et al., 2012). These guest houses, which were transformed from the local residents' traditional courtyard houses, are highly popular among travelers. In fact, this sector has already become a special tourist attraction in Lijiang. These guest

houses play a vital role not only in providing accommodation facilities for tourists but also in offering visitors the opportunity to interact with their hosts.

1.6 Significance of the Study

The tourism industry provides many opportunities to MSMEs, such as guest houses, restaurants, cafes, and souvenir shops, particularly in historical/ cultural heritage towns. Although studies on small tourism firms have resulted in many quality research achievements, the present study provides a fresh perspective on the link between small tourism business owners and destination evolution, as the research gap of the influence of the external environment, especially the destination life cycle, on small tourism business has been proposed by previous studies (e.g., Getz & Petersen, 2005; Thomas et al., 2011).

The more extensive and profound the understanding of small business owners is, the clearer their roles and effects in business will become, which presents a valid power to determine a destination's evolution. In other words, the development of small tourism businesses in a particular destination influences the area's evolution significantly. Meanwhile, small business owners could also be affected by the

evolving destination itself. Thus, examining attitudes of small tourism business owners in a dynamic perspective may help to understand their entrepreneurship behaviors and businesses' development, and as well as destination's evolution better.

Assessing the relative importance of economic and non-economic motivations of business owners is also necessary, as doing so can considerably assist in understanding their attitudes and behaviors, which may provide a deeper knowledge of entrepreneurship in tourism small-scale businesses and the factors which may influence owners' economic and non-economic attitudes. However, empirical research is lacking on the link between owners' motivation and destination evolution in historic towns. Therefore, the current study of how small tourism business owners' attitude change over time with a destination's evolution in historical/cultural heritage towns will contribute in enriching the understanding of both their value orientation and businesses.

The present study can also facilitate the understanding of one type of destination evolution pattern. In some historical/cultural heritage towns, the small town atmosphere attracts tourists, particularly backpackers in the early stage. Such an atmosphere provides small business opportunities not only to the local residents but

also to tourists who want to enjoy the way of life in these places. However, with a destination's evolution, the change in the market segment and increased commercial atmosphere due to tourism development may enhance business competition and alter the motivations and performance of small tourism firms, particularly lifestyle-oriented firms. The changing attitude toward operating businesses may influence the economic environment of the tourism area, which may further influence destination evolution.

The results of this study can also provide information on the guest house industry in China, particularly on the hosts' demographic factors, personalities, and motivating values. To date, most studies on guest house owners are from Western countries. Although China has many guest houses, studies that concentrate on this field are lacking. This study investigates owners' attitudes toward owning guest houses over time, thus by sharing the life and business stories with the owners, some features of the guest house industry may be pointed out, for example the development pattern of the guest house sector in Lijiang and challenges of owning guest houses may be suggested.

The government can also play an important role in China's tourism development, including controlling the tourism commercial process and restricting the expansion

of several types of small shops in tourism areas. As this study chooses Lijiang as the research setting, guest house owners may indicate some environmental factors which influence their daily lives and businesses there. If some environmental factors are problems emerging with tourism development, such as noisy, commercialization, and house rent increasing, these problems may can be addressed by the government's policies. Therefore, the results of this study may provide useful information for local governments regarding their plans on small business policy and tourism development. Utilizing these results may enable local governments to control over-development, accelerate small tourism businesses, and sustainably develop tourism destinations.

Chapter Summary

Small tourism businesses have been the focus of tourism management in the past decades. The exceptional charm of historical towns (e.g., natural beauty, small town atmosphere, and no pressure life) has attracted people to operate small businesses there. A few owners of these firms are businessmen in nature, and others are lifestyle-oriented owners. As destinations in historical towns evolve, both the economic and environmental ways of life change, and this change which may play an external socio-economic role in the development of small tourism firms. This

chapter provides a basic understanding of the current study's background, research problems, scope of the study, research area, and significance of the study to both small tourism businesses and tourism management. Chapter 2 examines the relevant literature and the evolution of the research problem and framework.

CHAPTER 2: LITERATURE REVIEW

In this chapter, we review the literature that facilitates the formation of this study's initial research framework. This chapter is composed of seven parts. The first part provides the research progress of small tourism businesses, their classification, and the related development issues to obtain basic knowledge on small tourism businesses. The second part discusses the research target, namely, the small-scale commercial accommodation enterprises and their host-related issues. The third part explores the nature of the entrepreneur by presenting an overview of their characteristics. The fourth part examines the business and lifestyle orientations, which are the bases of the presentation of various conceptualizations of the two types of attitudes. The fifth part discusses the relationships among individuals, businesses, and the environment. This discussion enables the acquisition of knowledge on how small business owners may respond to the dynamic environment. The sixth part provides the literature on destination evolution, particularly on the situation changes as a destination evolves and the information on tourism development in Chinese historical towns. The last part introduces the research framework that guided this study's fieldwork.

Part I: Small Tourism Business

Tourism offers opportunities for easy entry into a number of business types, often small or micro in size, that specifically appeal to sole proprietors and families. Niche markets related to social or cultural tourism may offer more diverse opportunities for small firm development than mass (Fordist) tourism (Thomas, 2004). In the United Kingdom, 99% of travel and tourism industry companies are classified as small and medium businesses; in Australia, 95% are classified as small or micro-enterprises (Thomas, 2004).

Although studies on small business have been well developed, serious methodological problems that neglect the industry context exist in small business research (Burrows & Curran, 1989). By comparing small enterprises and large ones in the tourism industry in terms of various factors, such as the notion of uncertainty, approach to innovation, and the likelihood of change, Thomas (2000) contended that treating small tourism firms as a distinct analytical category has good reasons.

In recent years, small tourism firms have attracted the attention of researchers to understand their phenomenon. An expanding literature dealing with the

characteristics and needs of this sector has also emerged (e.g. Ateljevic, 2007; Getz & Carlsen, 2005; Morrison, Carlsen, & Weber, 2010; Page et al., 1999; Thomas, 1998; Thomas et al., 2011).

2.1.1 Definition of Small Tourism Business

As mentioned in Section 1.4, no uniform definition of small business exists, and most researchers justify their definition of a small business based on the value of such business to particular projects (Thomas, 2000).

Studies on small firms in the tourism and hospitality industry also reflect a similar liberal use of the term “small business” (Thomas, 2000). Several representative definitions of small firms in tourism-related sectors are as follows. In the hotel sector, Morrison (1998) defined a small hotel as a hotel that is directly managed and financed by an individual or small group and is perceived to be small. Sundgaard, Rosenberg, and Johns (1998) regarded a small hotel as one that has less than 25 rooms. Halcro, Buick, and Lynch (1998) considered a small hotel as one having less than 15 rooms. Thomas et al. (1997) defined small businesses in tourism-related sectors, such as travel agencies, visitor attractions, accommodations, pubs or bars,

restaurants, and take-aways, as firms employing less than 50 persons. However, Rowson and Lucas (1998) regarded small businesses in the hotel sector as hotels having less than 25 employees. The World Tourism Organization (2000) defined a small hotel as typically supplying less than 50 bedrooms, employing less than 10 people, and operating in the low end of the market (cited in Morrison, 1998).

Therefore, researchers define small firms in the tourism and hospitality industry in a grounded manner, and many of these researchers take the quantitative approach. Thomas (2000) suggested that although providing a precise definition of a small firm that is accepted universally may not be possible, the essential features of this firm, such as independence, particular type of service focus, and managed by the owner in a holistic manner, are apparent.

Based on the preceding discussion and the discussion on the definitions of small- and medium-sized enterprise and micro-business in Section 1.4, a small tourism business is defined in this study as **“a company in the tourism industry that employs less than 10 persons when opening.”**

2.1.2 Research Progress in the Field

The history of research on small tourism has spanned more than 35 years (Morrison et al., 2010), although the academic interest in this field has fluctuated. In the early 1990s, a wave of academic activity on small tourism business, which included several international conferences and the establishment of formal research networks, occurred (Thomas et al., 2011). Thereafter, a number of studies and publications then followed. However, studies on small tourism businesses have become a steady flow of fragmented output since 2000.

Thomas et al. (2011) outlined the broad orientation and progress of research on small tourism businesses in the past three decades. Since the late 1980s, studies in this area encouraged academics to think differently about small tourism businesses. Thus, academics questioned the treatment and understanding of these businesses merely as units of production. In the 1990s, this work continued and studies on motivations and behaviors demonstrated the importance of non-economic motivations and informal methods of managing firms. Since 2000, the studies on small firms in the tourism-related sectors have begun to consider issues beyond the economy, and they have given more attention to social relations.

The existing literature includes several prominent topics on social relations, including the sector's characteristics, destination competitiveness (e.g., Jones & Haven-Tang, 2005), contributions to economic development (including job creation) (e.g., Echtner, 1995; Wanhill, 2000), sustainable tourism (e.g., Fuller, Buultjens, & Cummings, 2005; Horobin & Long, 1996), significant social benefits (including gender issues) (Kokkrankal & Morrison, 2002), factors affecting business performance (e.g., McKercher & Robbins, 1998; Morrison & Teixeira, 2004), sustaining particular lifestyles (e.g., Ateljevic & Doorne, 2000; Getz & Carlsen, 2005; Shaw & Williams, 1990), and policy toward small tourism businesses (e.g., Rogerson, 2005).

However, except for the aforementioned topics, the limited engagement of academic research on small firms in tourism should be recognized. Two major directions for future studies have been identified by scholars in this field. First, a diachronic and systemic explanation of how small tourism firms' development is under-theorized should be provided. Therefore, studies should present their genesis, growth, and change with the external socio-economic environment rather than merely describe their characteristics or behaviors (Morrison et al., 2010; Thomas et al., 2011; Weber, 2006). The interdisciplinary and comprehensive understanding of small businesses in the tourism industry should be considered rather than merely regarding these businesses as an economic sector.

Through a comprehensive review and critical-reflective analysis of the key academic contributions of small tourism firms, Morrison et al. (2010) summarized the key research dimensions, such as value positions, gender and family, spatial contingencies, lifestyle construct, networks, and migrant entrepreneurs. These research dimensions need to be more comprehensively analyzed in terms of the social, economic, and cultural aspects of small tourism businesses through the operators' life narrative (Hampton, 2003; Rae, 2004). Although these dimensions are not exhaustive, they need to be discussed extensively for a more holistic understanding of the phenomenon.

With a review of studies on small tourism firms, Thomas et al. (2011) also indicated several areas that are generally lacking in tourism research, namely, small business growth and failure, business strategies, finance and financial management, supply chains, innovation and knowledge management, explanations on structural changes, international comparative studies, and small festivals and events business.

2.1.3 Classification of Small Tourism Businesses: Motivation Perspective

Although small tourism businesses are complex entities, categorizing them for various purposes is possible (Thomas et al., 2011). In the academe, such work began in the 1990s by documenting the motivations and characteristics of small firms in tourism. The aforementioned study determined that while some owners seek to grow their businesses, most owners do not. This characteristic of small businesses in tourism-related sectors is undoubtedly unique compared with small firms in other industries.

To date, most classifications of small tourism businesses are from the perspective of the motivation for operating businesses. For example, Shaw (2003) proposed a bifurcated approach by dividing small tourism firms into business- and lifestyle-oriented businesses. The latter was then sub-divided to incorporate “non-entrepreneurs” (those who have moved to an area as semi-entrepreneurs) and ethically driven owners. For example, a study of small hotel entrepreneurs in St. Andrews in East-Central Scotland by Glancey and Pettigrew (1997) determined that the objectives pursued by entrepreneurs could be differentiated into two broad groups: personal objectives (e.g., providing a livelihood, maintaining quality of life or lifestyle, etc.) and business objectives (building a profitable enterprise, growth, building up a reputation for service quality, etc.). The finding was less conclusive

with a broadly even distribution of 48% for the former and 52% for the latter (Glancey & Pettigrew, 1997).

Lifestyle-oriented businesses seem to predominate in tourism (Thomas et al., 2011), and they are driven by the environment and the sense of community (Ateljevic & Doorne, 2000). For example, in a study in Sweden, Klenell and Steen (1999) correlated insolvency with lifestyle and the desire to remain static. Ryan (1998) observed that among ecotourism and other outdoor-pursuit business owners in New Zealand, making money was secondary to the desired lifestyle. Dewhurst and Horobin (1998, p. 25) noted that such businesses “who are not motivated by a desire to maximise economic gain. They operate business often with very low levels of employment and in which managerial decision are often based on highly personalised criteria.” The most significant characteristic of these enterprises is that lifestyle business owners are often centered on a vision that places personal or family needs and preferences ahead of business growth and profit maximization (Getz & Carlsen, 2005).

Some researchers argued that “lifestyle business” suffered from confusion. These lifestyle firms have been observed to represent more forms of consumption than production (Thomas et al., 2011). Several researchers also believed that small

business owners seek utility maximization based on a (often single) trade-off between income/growth and quality of life goals (Thomas et al., 2011). Shaw and Williams (2004) learned that some owners could be entirely compatible with professionally organized business practice but within a particular lifestyle or cultural “framework.” They provided evidence of who operates commercial business in the surfing sector because they wanted to live in that community. These firms can be identified as “ideological lifestyle businesses.” Their “ideologies” may encompass deeply held, localized, social, or community concerns, or the artistic, spiritual, or political (e.g., gay or lesbian politics) concerns (Thomas et al., 2011).

Aside from lifestyle- and business-oriented small tourism businesses, scholars have explained that small tourism enterprises provide new livelihood opportunities for local residents (e.g., Andriotis, 2002; Iorio & Corsale, 2010; Tao & Wall, 2009), particularly in developing countries (e.g., Mbaiwa, 2011). This type of business can be identified as a necessity business. Studies on this area emphasize on the economic benefits of tourism development, particularly operating small tourism firms, in the local residents’ new livelihood strategies (e.g., Iorio & Corsale, 2010; Mbaiwa, 2011; Tao & Wall, 2009) and lifestyles (e.g., Mbaiwa, 2011), as well as the community’s economic development (Andriotis, 2002). Livelihood activities represent economic gain, and lifestyles in this area refer to new strategies to earn money. Therefore, owners of this type of businesses earn a living by opening small firms. The

economic success of operating businesses is vital for the owners. In this case, the present study tends to consider necessity small tourism firms as business-oriented ones.

Therefore, small tourism businesses are mainly classified in the current study into business-oriented and lifestyle-oriented businesses. The former is regarded as **a small tourism firm (with less than 10 employees) with a primary objective of achieving formal economic success**, and the latter is mainly defined as **a small tourism enterprise (with less than 10 employees) that mainly has non-economic objectives but wants to pursue a comfortable lifestyle**. Therefore, lifestyle-oriented businesses in the present study also **include “ideological lifestyle businesses.”**

2.1.4 Small Tourism Business Management and Development

Several influential surveys on small business management practices have been conducted over the past decade (Thomas et al., 2011). Most of these studies have confirmed the high incidence of informal and generally unsophisticated approaches to the management of many small tourism firms. Ateljevic (2007) suggested that

owners investing more in the business are more likely to formalize arrangements. He argued the usefulness of differentiating between two types of owner-managers, that is, those who consider that any change in informal arrangements will not improve business performance and those who seek to become more “businesslike” in the face of a challenging business environment. The latter incorporates significant consideration for strategy and formality.

The question of business success in tourism is problematized in several studies (Thomas et al., 2011). Focusing on the contrasting approaches of the economics and management literature, researchers have focused their attention on the minimum cost and productivity measures in SME hotels. Their studies produced a set of apparent relationships (e.g., between training and costs/productivity) but fell short of offering an integrated explanation of the performance (or growth). A rare exception is a systematic and interesting account of factors influencing the growth of small and very small minority ethnic restaurants and cafes in London (Thomas et al., 2011). Using multiple regression analysis, the researchers highlighted the importance of English fluency to growth, formal recruitment methods, and employment of co-ethnic workers. They demonstrated how the interplay of these factors combine to provide low cost and competitive advantage.

The importance of strategies and strategic alliances, which are commonly considered necessary internal dimensions of growth, has been examined through several contributions. These contributions reveal the role of commitment and compatibility in securing the longevity of alliances, inter-relationships between strategy and the functional aspects of management, possible connections between strategies and entrepreneurship, and the potential for collaboration among small enterprises (Thomas et al., 2011). A selection of papers covering research on the operational aspects of small business management has also been produced sporadically (Thomas et al., 2011). However, although these studies are valuable, consolidating such knowledge is necessary because the topics and contexts are highly different.

One of the management areas that have witnessed a more sustained research is the use of information technology for marketing. Initial research tends to map out usage and provide guidance on how to create a resonance between the information needs of the business and information and communication technologies usage (Thomas et al., 2011). Later studies focused on providing explanations for the use of IT and its consequences (e.g., Anckar & Walden, 2001; Wood, 2001).

Another important issue on small tourism firms' operation is innovation and knowledge management. Three main research strands can be identified in this area, namely, the influence of e-tourism as an innovation in small businesses, the nature of innovation in small firms, and the ability of such businesses to obtain and absorb knowledge of innovation (Thomas et al., 2011). These topics are of particular importance to research on small businesses given their number and role in local tourism economies. However, these issues remain areas of relative neglect.

2.1.5 Summary of Part I

Part I of this study reviews the sector of small tourism businesses and acknowledges the following concepts:

- 1) Although many small businesses have been established in the tourism and hospitality industry, studies in this area defined these businesses in a grounded manner, that is, based on the value of these businesses to particular projects and contexts.
- 2) The essential features of small businesses in tourism, namely, independent, particular to the kind of service focus, and managed by the owner in a holistic manner, are apparent.

- 3) The two major types of motivation toward owning small tourism businesses are business orientation and lifestyle orientation, with the former dominating the tourism industry.
- 4) Small businesses in tourism also face a challenging business environment, and related business strategies are necessary for the firms' success. Information, innovation, and knowledge management also have an important role in the recent development of businesses.

This part shows that small business owners in tourism are different from small firm owners in other industries not only because most of the former are lifestyle oriented but also because of the difference in their management behavior. Part I also provides us with an understanding of what small tourism business means, the attitudes toward owning a business, and the management issues of small businesses in tourism.

Part II provides a closer look at the background knowledge of the small-scale commercial accommodation sector, which is the business type analyzed in this study. The researcher analyzes the different types of this industry and the special characteristics of the host.

Part II: Small-scale Commercial Accommodation Enterprises

The tourism industry boom has resulted in the emergence of many types of accommodations. Small-scale or specialist accommodations particularly present a unique sector because they offer personalized services in a small and homely environment (Hsieh & Lin, 2010). The terms used in this sector, such as bed and breakfast (B&B), guest house, farm stay, boarding house, lodging house, and self-catering, are often used synonymously. These accommodations provide guests with stay experiences that differ from those offered by standard hotels.

In the past 20 years, the popularity and the number of this type of accommodation has considerably increased throughout the world (Jones & Guan, 2011), with over 45,000 B&Bs worldwide in 2007 (Scarinci & Richins, 2008). This type of accommodation emerged in Western countries, particularly those in Europe and North America. For example, the number of B&Bs in the United States in 1980 was 1,000; by 2009, about 17,000 professionally run and fully licensed B&Bs worth US\$3.4 billion were already been established, representing more than 150,000 rooms (Heights, 2009). Such small-scale accommodation enterprises have also begun to increase in Asia more than 10 years ago (Hing, McCabe, Lewis, & Leiper, 1998). In Taiwan, B&B regulations were enacted in 2000, and local government

support resulted in the B&B industry to mushroom across the country. From 2001 to 2010, legal B&B properties increased considerably from 36 to 3236; in 2011, the B&B sector accommodated 1.83 million travelers (Chen, Lin, & Kuo, 2013). In Mainland China, the so-called “rural family hotel” (an English translation of the Chinese name 农家家庭旅馆), which is similar to the definition of the home stay, emerged in the 1990s with the development of the Chinese domestic tourism. These “rural family hotels,” which are located around famous scenic spots in Mainland China, have achieved tremendous success. For example, Phoenix Town in Hunan Province has more than 300 family hotels with a monthly net profit of each hotel at 6,543 RMB; this amount is significantly higher than the average income of other local residents (Lu, 2007).

Three major approaches are used to investigate small-scale commercial accommodation enterprises. The first is the small firm or small business approach, in which size is the determining criterion (Lynch, 2005); however, this criterion is still being debated upon. The second approach is that of the family business, in which the distinctive business dimension is that of family involvement (Lynch, 2005). This perspective allows for how families, their goals, life cycles, and interrelationships can affect the business operations. The third approach is that of entrepreneurship, in which the lifestyle entrepreneur perspective has been given significant attention (Lynch, 2005). This approach is useful in veering away from a problematic

assumption of the profit-making imperative as prime motivation and recognizes the significance of personal values in determining the economic performance of firms.

2.2.1 Definition and Types of Small-scale Commercial Accommodation Enterprises

“Commercial home” refers to the type of accommodation in which tourists or guests pay to stay in private homes, interaction takes place with a host or family often living within the premises, and public space is shared (Lynch, 2005). Therefore, “commercial home” embraces a range of accommodation types, including several (small) hotels, B&Bs, and host family accommodation, which simultaneously span the private, commercial, and social settings (Lynch, 2005). By using the terms “hotels” and “B&Bs,” such accommodations as guest houses, boarding houses, and lodging houses, which are occasionally used synonymously with hotels and B&Bs, are also considered commercial home establishments (Lynch, 2005).

Although these commercial home enterprises (e.g., guest houses and B&Bs) are often used synonymously, scholars and administrations have attempted to distinguish their differences by defining them separately. For example, Ingram

(1996) explained that B&B refers to the type of establishment and the type of boarding rate being offered; the proprietors of B&Bs are usually independent owner-operators who obtain their business through informal “word-of-mouth.” Lynch (1998) defined B&B in the United Kingdom as “an establishment, usually a private home, providing overnight accommodation and breakfast to members of the public, where an evening meal is available only exceptionally.” However, in the United States, guests should understand B&Bs’ product offerings and should not be disappointed by their stay. In numerous cases, foreign visitors enjoy the informality of a stay at a B&B. Guest houses differ in terms of size because homes receiving more than six visitors are liable to pay commercial rates and must comply with the hotel fire legislation (Ingram, 1996).

The Scottish Tourist Board’s (2000) detailed definitions of the different types of accommodations are as follows.

- “A *hotel* will normally have a minimum of six letting bedrooms, of which at least 50% will have en suite or private bathroom facilities. A hotel will normally be licensed (may be a restricted license) and serve breakfast and dinner.”
- “A *guesthouse* will normally have a minimum of four letting bedrooms, of which at least 20% (a minimum of one) will have en suite or private

bathroom facilities. Breakfast to be available and evening meals may be provided. It will normally have a Fire Certificate and be commercially rated.”

- “Accommodation offering *bed and breakfast*, normally but not always, in a private house. B&Bs will usually have no more than six bed spaces, and may or may not serve an evening meal.”
- *Self-catering*: “A property which is let, normally on a weekly basis to tenants, which requires no service elements during the tie of the guests’ stay.”

(Source: Scottish Tourist Board, 2000)

Specialist accommodation refers to a boutique accommodation or small or micro-business accommodation (Carmody, 2008). The term “specialist accommodation” is “a generic, non-elitist, and integrating expression” and indicates a set of specialist accommodation, including B&Bs, guest houses, country inns, stately homes and mansions, country cottages and cabins, farm stays, dude ranches, wilderness and nature retreats, boutique inns and hotels, houseboats, and health farms (Carmody, 2008). Morrison, Pearce, Moscardo, Nadkarni, and O’Leary (1996) presented five key qualifying criteria of these styles of specialist accommodations: 1) a personal interaction between the guests and the owner-hosts; 2) a special opportunity or advantage to guests through location, establishment features, or

services offered; 3) special activities offered to guests; 4) owner operated; and 5) small guest accommodation capacity (generally less than 25 rooms).

Carmody (2008) summarized the key defining characteristics of the different styles of specialist accommodation operations as follows:

- *Ecolodge*: A nature-dependent lodge that meets the philosophy and principles of ecotourism, local materials are used in the construction, adopts sustainable environmental and social practices, and the vernacular appearance of the accommodation blends with the environment.
- *Health Spa and Nature Retreats*: Small-scale, intimate, designed to put people back in touch with nature, and emphasis on relaxation and rejuvenation.
- *Bed and Breakfast (B&B)*: Small-scale (generally less than 10 rooms), privately owned, resident-host, and personal contact and hospitality skills of the operator are important; serves breakfast only and included in the room rate; and various B&B accommodation styles are attached and unattached to the host accommodation.
- *Farm Stay*: Accommodation in a working farm's main homestead or in separate renovated working quarters, small-scale, resident-hosts, and opportunity for guests to participate in farm activities.

- *Caravan and Camping Parks*: Affordable forms of accommodation for free and independent self-driven travelers, may provide powered and unpowered caravan and camping sites or on-site cabins (villas), separate amenities blocks, and often used as a base to explore the area.
- *Cottages and Cabins*: Small-scale, self-contained individual accommodation; often catering to couples and the family market; breakfast may or may not be included in the tariff; and breakfast hampers often given to the guest upon arrival.
- *Backpacker Hostels*: Budget accommodation for backpacker travelers on extended holidays and emphasis on fun and friendly environment.
- *Houseboats*: Individual vessels suitable for calm water cruising with accommodation, amenities, and cooking facilities aboard and emphasis on water-based activities.
- *Licensed Public*: Small- to medium-scale and generally more than 50 years old, and
- *Hotels*: Typically the Australian “country pub”; location, uniqueness, and value for money are the key attributes; and historical character.

Based on the aforementioned definitions of the different types of small-scale commercial accommodations and given the characteristics of the “rural family hotel” in Mainland China (e.g., breakfast is not always provided and most have private bathroom and network facilities), the research target in the current study (i.e., the guest house) is defined as follows: “small-scale, privately owned, personal contact and hospitality skills of operator are important, and guest accommodation attached or unattached to the host accommodation.”

2.2.2 Personality and Motivations of the Host

The host is a central feature of a small-scale commercial accommodation product, and thus providing the host’s clear personality is important. Gurney (1996; cited in Lynch, 2005) identified five different types of ideologies related to private home ownership. Darke and Gurney (2000, p. 89; cited in Lynch, 2005) suggested that such a typology may be helpful in differentiating householder attitudes from hospitality and their expectations of the guests. The five types are pragmatists, petty tycoons, conflictual owners, extrinsic owners, and lexic-owners. Among these types, the extrinsic owner is the closest to the commercial hospitality event and is particularly identified with the better-quality B&B establishments (Lynch, 2005). For this type of owner, the accommodation is a means of expression that the guest is

inclined to admire (Lynch, 2005). Other previously identified types are founded on the nature of the relationship with the accommodation. Therefore, further analysis of the host's personality and the nature of his/her relationship with the small-scale commercial accommodation is at least as important as understanding the host's motivations.

Lynch (1998) proposed an in-depth motivational model of commercial accommodation hosts. This model reflects the benefits accruing or not from a dynamic process of push factors, such as labor market and life cycle events combined with mediating factors (e.g., quality of the guest-host/family experience and the home as a resource), and pull factors, such as social/psychological and economic benefits, which determine the attraction of hosting. Therefore, the host's entrepreneurial orientation may change because of hosting behavior, that is, becoming more or less entrepreneurial. A range of entrepreneurial behavior within the relatively non-entrepreneurial sample was also observed. Based on Lynch's (1998) model, Morrison, Baum, and Andrew (2001) generalized across the range of small accommodation proprietors and noted that the balance of motivations is likely to show several differences based on the commercial activity level. Such attention was given to farmhouse accommodation, an area of tourism development that has been encouraged in the United Kingdom's rural areas, where farming incomes have been in decline (Lynch, 2005). In such a situation in which hosts have effectively

been pushed into hosting by economic circumstances but pulled by the incentive of economic grants, the hosts' feelings toward the act of hosting may convey themselves toward the guests.

Note that the lifestyle motivations are dominant in small-scale commercial accommodation operators (Schuckert, Peters, & Fessler, 2008), similar to Lynch's (1994; cited in Schuckert et al., 2008) description of B&Bs as "a way of life." These lifestyle entrepreneurs have no desire to grow their businesses and are motivated by the need to experience and maintain a certain lifestyle. For example, Carmody (2008) presented a profile of the owner-operators of the nature-based accommodations sector in North Queensland. He suggested that their reason for operating a specialist accommodation is usually for a change in lifestyle. This finding is similar to that of Getz and Carlsen (2000) that lifestyle reasons dominate. In Schuckert et al.'s survey (2008) of B&Bs and vacation home owners in the Austrian province of Vorarlberg, the researchers determined that the main motivation of B&B operators is not the "dependence on extra income" but to combine pleasure with running a business. Moreover, social motivations are undoubtedly prevalent among the B&B operators, and contacts with the guests are of immense importance to them (Schuckert et al., 2008). Hsieh and Lin (2010) also noted that the reason for pursuing a desired lifestyle is clear among B&B business operators in Taiwan. One of the Taiwanese operators stated that both she and her husband are artists working in a big city. They

decided to move to the beach and pursue a life they wanted. Thus, they bought a big house and decided to open it to guests.

2.2.3 Gender, Age, Family Status, and Origin of the Host

Schein (1978) emphasized that entrepreneurs are faced with different conflict situations over time, including “personal dilemmas,” “family dilemmas,” and “business dilemmas.” These dilemmas reflect the different roles a person has to adapt to over time. Therefore, in considering the motivations and goals of owner-operators in the small-scale commercial accommodation sector, the demographic factors of the owner, such as gender, age, family status, and origin, cannot be ignored.

A special focus on this field is “female entrepreneurship” (e.g., Stringer, 1981; Kousis, 1989; Lynch, 1998). Hosting in the home is generally perceived as a gendered occupation. The explanation is partly structural, associated with women’s place in the labor market, and partly embedded in the patriarchal relations within the home (Lynch, 2005). In Goffee and Scase’s (1985) typology of the female entrepreneur, the B&B operators were described as “domestic businesswomen.” In commercial home units such as B&Bs, host families, and possibly guest houses, the

principal host is often a female (Lynch, 2005). Providers of hospitality in the relatively smaller commercial home enterprises are overwhelmingly female, with male representation increasing as the establishments become larger (e.g., small hotels) (Lynch, 2005). Several researchers have presented the factors influencing the female entrepreneur. For example, Watkins and Watkins (1984) gave the following reasons for female entrepreneurship: influence of entrepreneurial parents, marital status, bi-modal age (median 32 years), fundamentally irrelevant educational process, strong motivation for autonomy and achievement, may be forced to seek low barriers to entry, and managerial requirements not immediately central to success/failure. Goffee and Scase (1985) mentioned that age, education, family background, occupational experience, marital status, and domestic commitments contribute to the development of female entrepreneurs.

In a survey involving small hotel hoteliers in Scotland, Buick (2003; cited in Lynch, 2005) determined that 83% of the respondents were above 40 years old. Given the costs of property in the United Kingdom, expecting that the majority of the hosts would be above 40 years old is reasonable (Lynch, 2005). In a survey of the specialist nature-based accommodations sector in North Queensland, the average age of owner-operators is 49 years old (Carmody, 2008). This remarkably consistent age profile is potentially significant from the behavioral expectation and social control perspectives because the ages of hosts and guests may affect behavioral

norms. For example, younger guests perceive older hosts to behave in a parental manner (Lynch, 2005). Morrison et al. (2001) suggested the importance of life cycle in understanding the hosts of commercial homes (e.g., choosing to set up the enterprise when a certain amount of capital has been accrued to live a particular lifestyle). Dyer (1994) also mentioned that an entrepreneurial career is considerably influenced by the personal life of an individual.

Family evolution and enterprise development are two interrelated cycles that strongly influence each other. Ward (1997; cited in Schuckert et al., 2008) hypothesized three development stages of family business evolution. In Ward's schema, "family goals" start with achieving "business success," proceed to "growth and development of children" in the middle stage, and finally focus on "family harmony and unity" (cited in Schuckert et al., 2008). When investigating the female entrepreneur, Hakim (1979) learned that child rearing and family needs are important factors influencing women to become entrepreneurs. Based on a study of host families in Scotland in 1998, Lynch (1998) determined that 74% of the respondents were married or with a partner, 11% were widowed, and 11% were divorced or separated. Regarding children, Lynch (1998) found that among the host families, 61% of the respondents had children (91% of these children were 18 years old and below), and thus these children were expected to live at home (Lynch, 2005). As the accommodation unit becomes larger, a more significant involvement seems

to exist in the hosting role by the household partner (Lynch, 2005). Lowe (1988) referred to small hotels as “the familial economic unit.” Researchers also suggested that most small tourism accommodation operations are “family run” (Lynch, 2005).

The origin representing the cultural background of the owner-operators is another important factor that influences the small-scale commercial enterprises’ operation and the owners’ job–life satisfaction. For example, in a cross-cultural comparison study of B&B operators’ work and personal life balance, Hsieh and Lin (2010) discovered that Taiwanese B&B operators, who belong to a collective culture, perceive less difficulty in their ability to balance work and their personal lives. They also receive more family and social support than their American counterparts, who are from an individualistic culture.

2.2.4 Summary of Part II

Part II reviews the definition and types of small-scale commercial accommodation enterprises and the characteristics of owner-operators in this sector. This section acknowledges the following concepts:

- 1) The terms used in the small-scale commercial accommodation sector vary with each country. The research target in the current study, which is the guest house, is described as “small-scale, privately owned, personal contact and hospitality skills of the operator are important, and guest accommodation is attached or unattached to the host accommodation”;
- 2) Owners in the small-scale commercial accommodation industry have special personalities, and most of them are motivated into business by lifestyle reasons; and
- 3) A number of studies have investigated the demographic factors of owner-operators in this sector and suggested that gender, age, family status, and origin of the owner have relationships with the operation of small-scale commercial accommodation enterprise and the owner’s motivation and job–life satisfaction.

Part II provides us with a brief introduction of the small-scale commercial accommodation to help us understand the research target in this study (i.e., guest house). This part describes the characteristics of owner-operators in this industry.

Part III provides a closer look into the most important role in the small tourism business: the entrepreneur. The researcher analyzes the entrepreneur's special traits that are different from those of ordinary people.

Part III: The Entrepreneur

2.3.1 Definition, Traits, and Types of Entrepreneur

Definition of an Entrepreneur

As early as the 1960s, scholars reiterated that giving an exact definition of “entrepreneur” is difficult or even meaningless (e.g., Cole, 1969). Similarly, according to Cole (1969, p. 17), “My own personal experience was that for ten years, we ran a research center in entrepreneurial history; for ten years we tried to define the entrepreneur. We never succeeded. Each of us had some notion of it—what he thought was, for his purposes, a useful definition. And I don't think you're going to get farther than that.” By reviewing the psychology of the entrepreneur, Brockhuas and Horwitz (1986) concluded, “The literature appears to support the argument that

there is no generic definition of the entrepreneur, or if there is, we do not have the psychological instruments to discover it at this time.” Other scholars have concurred that a common definition of the entrepreneur remains elusive (Gartner, 1989).

Entrepreneur can be defined from two perspectives, namely, behavioral and trait approaches. From the behavioral approach, an entrepreneur is considered as a set of activities involved in business creation; from the trait approach, an entrepreneur is a set of personality traits and characteristics, such as need for achievement (nAch), locus of control (LOC), risk taking, values, and age (Gartner, 1989). However, empirical research found that when certain psychological traits are carefully evaluated, differentiating entrepreneurs from managers or from the general population based on the entrepreneur’s supposed possession of such traits is not possible. Thus, Gartner (1989) argued that the trait approach is unproductive and that the behavior approach is a more productive perspective.

One of the earliest definitions of an entrepreneur was provided by Cantillon (circa 1700; cited in Gartner, 1989), who described the individual as a rational decision maker who assumes the risk and provides management for the firm. The most commonly used minimum definition of an entrepreneur is simply the person who starts a business (Stewart, Watson, Carland, & Carland, 1998). Although this type of

definition is a broad one that covers everyone from street hawkers to small and large businesses (Sexton & Bowman, 1985), many researchers adhere to this basic difference between entrepreneurs and non-entrepreneurs (e.g., Gartner, 1989). For example, both Davids (1963) and Mescon and Montanari (1981) defined entrepreneurs as founders of a new business. Gartner (1989) explained that what differentiates entrepreneurs from non-entrepreneurs is that the former creates organization, whereas the latter does not.

Traits of an Entrepreneur

Psychological theories explain why people act in certain ways. Therefore, psychological predispositions could be the antecedents of entrepreneurial behavior. A number of psychological factors related to entrepreneurs have been studied, and the three most commonly discussed characteristics of an entrepreneur are achievement motivation, propensity for risk taking, and preference for innovation (Stewart et al., 1998).

Achievement motivation is the most extensively researched characteristic of an entrepreneur. The need for achievement (nAch) concept is identified as a basic

necessity that influences behavior (Stewart et al., 1998). A considerable nAch predisposes a young man to seek out an entrepreneurial position to attain more achievement satisfaction than can be derived from other types of position (Stewart et al., 1998). However, some researchers held a different view, and their studies did not actually link the need for achievement to the founding or ownership of a business (e.g., Frey, 1984; Miner, 1980). Although the relationship between achievement motivation and entrepreneurship has not been demonstrated, such inconclusiveness may be a function of the samples, different operationalizations of the achievement motivation, and convergent validity problems in instrumentation (Stewart et al., 1998). A high achievement motivation may also be correlated with business performance (Carsrud & Olm, 1986), which suggests that the achievement motivation of the entrepreneur may not only influence the ownership decision but also the organization's viability. This idea is explained by entrepreneurs with high achievement motivation engaged in more entrepreneurial activity than those with lower motivation (Stewart et al., 1998)

Entrepreneurs are often described as risk-takers who attempt to achieve rapid enterprise growth and above-average profits (d'Amboise & Muldowney, 1988). The bearing of risk is a key factor in distinguishing a manager from an entrepreneur. Risk bearing, as a prime factor in the entrepreneurial character and function, has been asserted by many researchers (e.g., McClelland, 1961; Timmons, 1978; Welsh

& White, 1981). However, several scholars have argued that entrepreneurs may not necessarily prefer to engage in more risky behavior. Instead, their behavior may be the result of framing a given situation more positively than negatively. Therefore, entrepreneurs focus on the high probability for favorable outcomes and respond based on these perceptions. By contrast, non-entrepreneurs may not share this “rose garden” view, and thus they react more cautiously (Palich & Bagby, 1995). Rather than risk taking, perhaps the different characteristics between entrepreneurs and non-entrepreneurs are actually the result of systematic differences in cognitive processes (Palich & Bagby, 1995). Entrepreneurs are notably more optimistic in their assessment of business situations (Carolis & Saporito, 2006). Therefore, they generally categorize situations as having more strengths and opportunities because the positive attributes (and potential outcomes) of a situation are naturally more salient to them. By contrast, non-entrepreneurs may be less likely to characterize the situation in optimistic terms (i.e., as having greater weaknesses and threats), and thus they make decisions that reflect the negative perspective (Palich & Bagby, 1995). By applying cognitive theory and conducting a survey of entrepreneurs and non-entrepreneurs, Palich and Bagby (1995) determined that entrepreneurs and non-entrepreneurs did not differ significantly in their responses to the risk propensity scale. Moreover, compared with other individuals, entrepreneurs tend to derive more positive/optimistic perceptions than non-entrepreneurs when presented with identical business scenarios.

By presenting an excellent historical overview of the definitions of entrepreneurs, Brockhaus (1982) considered that the most important factor from a societal perspective is the characteristic of innovation. Other scholars also emphasized on innovation as the central characteristic of an entrepreneur (e.g., Schumpeter, 1934). An energetic or novel instrumental activity is a key factor in entrepreneurial activity (Carland, Hoy, Boulton, & Carland, 1984). However, entrepreneurial creativity is different from literary or artistic creativity because an entrepreneur does not innovate by creating ideas but by exploiting the value of ideas (Carland et al., 1984).

Carland et al. (1984) listed the attitudes and behaviors that could be manifested by entrepreneurs (Table 2). The citations indicated in Table 2 as normative are generally anecdotal, as they describe either the authors' personal impressions or conclusions drawn from reading the works of others. Empirical studies draw from a diverse set of samples. Demographic characteristics, such as birth order, sex, and marital status, have been examined in some studies (Vaught & Hoy, 1981).

Table 2. Characteristics of Entrepreneurs

Date	Author(s)	Characteristic(s)	Normative	Empirical
1848	Mill	Risk bearing	√	
1917	Weber	Source of formal authority	√	
1934	Schumpeter	Innovation, initiative	√	
1954	Sutton	Desire for responsibility	√	
1959	Hartman	Source of formal authority	√	
1961	McClelland	Risk taking, need for achievement		√
1963	Davids	Ambition; desire for independence; responsibility; self-confidence		√
1964	Pickle	Drive/mental; human relations; communication ability; technical knowledge		√
1971	Palmer	Risk measurement		√
1971	Hornaday & Aboud	Need for achievement; autonomy; aggression; power; recognition; innovative/independent		√
1973	Winter	Need for power	√	
1974	Borland	Internal locus of control		√

1974	Liles	Need for achievement		√
1977	Gasse	Personal value orientation		√
1978	Timmons	Drive/self-confidence; goal oriented moderated risk taker; internal locus of control; creativity/innovation	√	√
1980	Sexton	Energetic/ambitious; positive reaction to setbacks		√
1981	Welsh & White	Need to control; responsibility seeker; self-confidence/drive; challenge taker; moderate risk taker		√
1982	Dunkelberg & Cooper	Growth oriented; independence oriented; craftsman oriented		√

Source: Carland et al. (1984, p. 356)

However, sketching a profile of an entrepreneur using the attitudinal and behavioral factors presented in Table 2 is difficult. Therefore, scholars described entrepreneurs from different perspectives. For example, from the perspective of the continuum of venture types, Vesper (1980) described growth-oriented entrepreneurs as those who never intend for their businesses to grow beyond what they consider to be a controllable size. Going beyond the notion of corporate life cycles and stages is

necessary to conceive an entrepreneurial venture. By focusing on strategic practices, entrepreneurial ventures and family business ventures were eventually distinguished (Carland et al., 1984). Family business owners emphasize the preferences and needs of the family as opposed to those of the business. When in conflict, the family's needs override those of the business.

Types of Entrepreneur

Using the typologies of the entrepreneur is practical when considering an entrepreneur's characteristics. The most well-known type of entrepreneur is Smith's classification (1967), the pioneering idea of classification for entrepreneurs based on their personality, background, and behavior. From his research, Smith differentiated them between "craft" and "opportunistic" entrepreneurs based on in-depth interviews with 52 entrepreneurs from the manufacturing sector. Craft entrepreneurs often come from a blue-collar background and have limited educational and managerial experiences. Self-employment represents livelihood, with its primary motivation provided by intrinsic factors, such as lifestyle and job satisfaction rather than economic objectives. Therefore, businesses led by craftsmen do not usually have long-range plans and typically enjoy low growth rates. By contrast, opportunistic entrepreneurs are characterized by their middle-class, white-collar

background and a higher level of educational attainment and professional management style. They are motivated by economic objectives, pursue profits, and growth, and they tend to be highly oriented toward the future, that is, following market and economic trends.

Based on the aforementioned discussion, other researchers have identified additional categories of an entrepreneur. Entrepreneurs can be divided into three types, namely, “craft,” “promotion,” and administrative” (Williams & Tse, 1995). The objectives of the three types of entrepreneurs are different from one another. The main objectives of the craft, promotion, and administrative entrepreneurs are comfort–survival, personal achievement, and market adaption, respectively. Entrepreneurs can also be classified into “craftsmen,” “growth-oriented,” and “independent” entrepreneurs (Dunkelberg & Cooper, 1982; cited in Williams & Tse, 1995).

In the tourism and hospitality-related industries, researchers have also applied Smith’s typologies of entrepreneurs to investigate small business entrepreneurship. For example, in a study of the U.S. restaurant sector, Williams and Tse (1995) found that the two classification might not be mutually exclusive, as the third group shows the characteristics of both opportunistic and craftsmen entrepreneurs. A study of 50 restaurant entrepreneurs showed that aside from the “craftsmen” and “opportunistic”

entrepreneurs, a third group category of “humanistic entrepreneurs” was identified. The third group is characterized by an intense desire to interact with people and a genuine concern for employees. The satisfied guest is the measure of success (Williams & Tse, 1995). A study of 161 restaurant entrepreneurs in Southern California followed to test this typology and determined that the opportunistic and craftsmen entrepreneurs were evident; however, the humanistic criteria appeared to be universal throughout the sample (Williams & Tse, 1995).

2.3.2 Motivation for Being an Entrepreneur

The topic of motivation in the entrepreneurship literature has evolved along a path similar to that of organizational psychology; from static, content-oriented theories to dynamic, process-oriented models (Segal, Borgia, & Schoenfeld, 2005). Early entrepreneurial studies focused on identifying the traits and characteristics that distinguish entrepreneurs from the general population. Although many entrepreneurship models presented in recent years are process-oriented models, the emphasis on the attitudes and beliefs and on how they can predict intentions, behaviors, and human endeavors, particularly complex activities such as a new venture initiative, is a result of people’s cognitive process (Segal et al., 2005).

Since the mid-1960s, process models have been preferred, beginning with Vroom's (1964; cited in Segal et al., 2005) expectancy theory, which was supplanted by Locke's (1968; cited in Segal et al., 2005) goal-setting theory and then by Bandura's (1977; cited in Segal et al., 2005) self-efficacy theory. The Vroom model considers that an individual will choose among alternative behaviors by considering which behavior will lead to the most desirable outcome. Therefore, motivation is conceptualized as the product of expectancy, instrumentality, and valence.

Two closely related explanations of entrepreneurial motivation have also been proposed, namely, "push" and "pull" theories (Segal et al., 2005). In push theory, individuals are pushed into entrepreneurship by negative external forces, such as job dissatisfaction, difficulty finding employment, insufficient salary, or inflexible work schedule. By contrast, pull theory argues that individuals are attracted to entrepreneurial activities by seeking independence, self-fulfillment, wealth, and other desirable outcomes. However, researchers have explained that individuals become entrepreneurs primarily because of the pull factors instead of the push factors (Segal et al., 2005). Similarly, reasons or motivations can be classified as either opportunity or necessity. Opportunity reasons, such as autonomy (independence/freedom), income and wealth, challenge, recognition and status, and independence, are among the most cited pull factors for starting a business (Carter, Gartner, Shaver, & Gatewood, 2003; Kolvereid, 1996). Nevertheless, individuals

may also be pushed to become entrepreneurs (Hessels, Gelderen, & Thurik, 2008). For example, necessity motives occur when a threat of unemployment forces people into entrepreneurship. Necessity-motivated entrepreneurs generally tend to have lower entrepreneurial aspiration levels than opportunity-motivated entrepreneurs (Hessels et al., 2008).

Most of the current process models of entrepreneurial motivations are produced from the economic perspective. For example, entrepreneurs are considered to be motivated by the reward structure in the economy. This economic perspective on new venture initiation focuses on the usefulness, utility, or desirability of an entrepreneurial career (Segal et al., 2005). Campbell (1992) argued that the economic decision compares the expected net present benefits of entrepreneurship with the expected gains from wage labor. Praag and Cramer (2001) found that people become entrepreneurs if the expected rewards exceed the employment wages. These economics-based models explicitly consider the role of risk in the decision of becoming an entrepreneur. According to Douglas and Shepherd (1999, p. 231), “The more tolerant one is of risk bearing, the greater incentive to be self-employed.”

Other recent models are based on an organizational psychology framework. In discussing the emerging new ventures, Shaver and Scott (1991) focused on the

deliberate choices made by individuals, namely, “Can I make a difference?” (i.e., feasibility) and “Do I want to?” (i.e., desirability). The most extensively and successfully applied theories for predicting behavioral intention are the reasoned action and planned behavior theories (Segal et al., 2005). The latter is an extension of theory of reasoned action (TRA), which includes the measures of control belief and perceived behavioral control. Theory of planned behavior was developed to account for the process by which individuals decide on and engage in a particular course of action (Segal et al., 2005). Ajzen’s (1991; cited in Segal et al., 2005) framework is a solid model to explain or predict entrepreneurial intentions. According to Ajzen’s (1991; cited in Segal et al., 2005) framework, a person’s intention is the immediate antecedent of behavior that includes three variables, namely, attitude toward the behavior (the degree to which individuals perceive the behavior’s attractiveness), subjective norm (the perceived social pressure to perform the behavior), and perceived behavioral control (i.e., a self-evaluation of one’s own competence regarding the task or behavior).

Shapero and Sokol’s (1982) model of the entrepreneurial event is dependent on three factors: perceived credibility (perceived feasibility), which refers to a perceptual measure of personal capability regarding new business creation; perceived desirability as the personal attractiveness of starting a venture; and propensity to act. Researchers have determined that the three factors’ model explains the

entrepreneurial intentions well (e.g., Erikson, 2001; Krueger, 1993). For example, Segal et al.'s (2005) study of a sample of 114 undergraduate business students indicated that tolerance for risk, perceived feasibility, and net desirability significantly predict self-employment intentions.

2.3.3 Success Factors for the Entrepreneur

A number of studies have examined the success factors for entrepreneurs who are considered good business people. The nature of entrepreneurial talent has attracted the interest of many scholars in different fields. These scholars have focused either on the entrepreneurs' social roles or on their individual characteristics (Ferrante, 2005). A few empirical studies have directly investigated the contribution of entrepreneurial characteristics (education, experience, and family background) to a set of performance indicators, such as firms' growth and innovation (e.g., Roper, 1998; Storey, 1994).

An important quality of entrepreneurs is the perception of and pursuit of opportunity (Renko, Shrader, & Simon, 2012). Entrepreneurs are distinguished by their ability to perceive and exploit opportunities overlooked by others (Renko et al., 2012).

Several studies have reasoned that entrepreneurship as a scholarly field seeks to understand why, when, and how opportunities for the creation of “future” goods and services arise in the economy, and why, when, and how a few individuals are able to discover and exploit these opportunities while others cannot or do not (Renko et al., 2012). Theories from entrepreneurship, economics, psychology, and related disciplines are synthesized to explain the perception of entrepreneurial opportunities at the nexus of individual and opportunity (Renko et al., 2012). Previous studies have occasionally argued that the subjective or socially constructed nature of opportunity makes separating opportunity from the individual impossible, and others have contended that opportunity is an objective construct visible to the knowledgeable entrepreneur (Renko et al., 2012). For example, the entrepreneur’s role is identified significantly as someone who can engage in both deliberate search and accidental discovery (Renko et al., 2012). Both objective and subjective elements of opportunities are acknowledged; between the two “camps,” the creation (subjective perception) view of entrepreneurship differs from the discovery (objective) view (Renko et al., 2012). Renko et al. (2012) considered both subjectively perceived and objectively discovered opportunities, and proposed four cognitive elements of entrepreneurial opportunities: knowledge, perception, alertness, and cognitive processing.

In accordance with Nelson and Phelps' (1966) study, Otani (1996) stressed the link between technical change and the supply of entrepreneurship, and developed a model in which entrepreneurial talent is partly endogenous and is treated as a specific form of human capital acquired through experience. The objective of the learning process, which bears an apprenticeship cost, is assumed to be knowledge of the firm's constituent elements.

As the link between the productivity of managerial time and the supply of entrepreneurship has been established (e.g., Oi, 1983; Otani, 1996), the amount of working time spent by self-employed persons in activities characterized by different entrepreneurial content and productivity should signify their ability as entrepreneurs (Ferrante, 2005). Oi (1983) found that more talented individuals, whose shadow price for managerial time is higher, are also able to supervise larger groups of workers and to coordinate larger firms. Baumol (1990) argued that entrepreneurs can be "productive" or "unproductive" and that the allocation of people between the two concepts depends on the relative returns.

Therefore, what we call entrepreneurial talent is the ability to discover, select, process, interpret, and use the data necessary to make decisions in an uncertain world and then to exploit market opportunities (Ferrante, 2005). The main factors

affecting this ability are certain innate traits (i.e., creativity, imagination, degree of risk aversion, myopia, and alertness), competence acquired through formal education (codified knowledge), and on-the-job experience. A secondary but important element is tacit knowledge that embedded in the environment and that is available to individuals (e.g., knowledge generated within an industrial district). The faster the technology and the competitive environment change, the faster the value of specific knowledge acquired through experience decays. Moreover, codified knowledge is acquired through formal education and training (Ferrante, 2005).

2.3.4 Any Difference between Entrepreneurs and Small Business Owners?

Many researchers have attempted to differentiate small business owners from entrepreneurs. For example, Carland et al. (1984) distinguished a small business owner from an entrepreneur:

“A small business owner is an individual who establishes and manages a business for the principal purpose of furthering personal goals. The business must be the primary source of income and will consume the majority of one’s time and resources. The owner perceives the business as an extension of his or her personality, intricately bound with family needs and desires.”

By contrast, “an entrepreneur is an individual who establishes and manages a business for the principal purposes of profit and growth. The entrepreneur is characterized principally by innovative behavior and will employ strategic management practices in the business.”

Therefore, entrepreneurs are seen as individuals characterized by goals of profit and growth for their ventures and by their use of strategic planning, whereas small business owners focus on providing family income and view the venture as an extension of their personalities (Stewart et al., 1998). The two types of owners differ in articulated venture strategies, personality, cognitive orientation, behavior activities, and factors associated with planning strategies in small businesses (Stewart et al., 1998). Luchsinger and Bagby (1987) considered that firms headed by entrepreneurs tend to be larger with concomitant higher risks and profit potential than the conventional small business owners. Through a survey of 767 respondents, Stewart et al. (1998) compared the proclivities for entrepreneurship, which include the three classical themes of achievement motivation, risk-taking propensity, and preferences for innovation, among entrepreneurs, small business owners, and corporate managers. Stewart et al.’s (1998) findings were interesting: small business owners are less risk oriented and are not as highly motivated to achieve as are entrepreneurs. Small business owners also lack the same degree of preference for innovation (Stewart et al., 1998). Entrepreneurs exhibit the psychological profile

that is consistent with their goals of growth and profits, and with their use of systematic planning. Alternatively, the psychological predispositions and actions of small business owners are more attuned to their personal goals and family income (Stewart et al., 1998). The only characteristic that differentiates small business owners from managers is the former's relatively higher propensity to take risks. Therefore, small business owners appear to be a conceptual link between entrepreneurs and managers, but they exhibit characteristics that are linked more to managers than to entrepreneurs. The entrepreneurs and small business owners in Stewart et al.'s (1998) study entered their businesses through a variety of modes, including start-up, franchising, purchase, and inheritance. The results of the aforementioned survey emphasize the importance of an entrepreneurial proclivity in the potential for value creation rather than new business creation.

By working with thousands of entrepreneurs and small business owners for over four years, Teoh (2011) found distinct differences in the mindset and motivations of both entrepreneurs and small business owners (Table 3). Comparing the stories of an entrepreneur and a small business owner, Marks (2012) found several differences in the personalities and reasons for entering a business. The entrepreneur is a risk-taker and a dreamer; is never satisfied with the status quo; enjoys action; thrives on chaos; is more technical than the small business owner, loves inventions, science, new technologies, and new ways to change the world; views companies as assets; and

prefers passion over profit. By contrast, small business owners pay more attention to profit margins, revenue projections, and support costs. They are more sentimental in their business and in doing business for money. Therefore, business for the small business owner is a better way of life and making a living.

Table 3. Differences between Entrepreneurs and Small Business Owners

Objectives & Views	Small Business Owner	Entrepreneur
1. Primary motivation	To make a living	To make a change and impact
2. Personal financial goal	Regular income	Exit value of company
3. Career objective	Self-employment	Financial freedom
4. Financing strategy	SBA or bank loans	Investors
5. Business strategy	Creating more sales	Providing value
6. View of assets	Real estate and inventory	Employees & customers
7. Risk taking profile	Stability	Willing to fail
8. Employee compensation	Market rate or below	Will pay for top talent

9. Work environment	Extension of owner's home	Fast paced and growth focused
10. Investment profile	Main investor/owner of company	Investor/involvement in different businesses
11. Daily actions	Day to day manager	Strategy, growth and collaboration
12. Work style	Long-term and enjoys repetitive tasks	Short-term and a serial innovator/inventor

Source: <http://www.biztechday.com/difference-between-an-entrepreneur-and-a-small-business-owner/>

Through questionnaires and interviews among micro-businesses in the craft and rural tourism industries in the North Karelia area in Eastern Finland, Reijonen (2008) found that the motives and goals of small business owners are not oriented toward growth but toward quality of life, job satisfaction, and satisfied clientele. Business success is measured by the respect and satisfaction of the customers, job satisfaction, and product quality, and from an economic perspective. Therefore, making a reasonable living, instead of growth, constitutes a measure of success.

Wagener, Gorgievski, and Rijdsdijk (2010) tested the individual differences between entrepreneurs and small business owners in the hospitality industry. Multiple analysis of variance on a unique data set of 194 business owners revealed that

several individual characteristics distinguish entrepreneurs from small business owners. Entrepreneurs clearly have higher levels of independence, tolerance of ambiguity, risk-taking propensity, innovativeness, and leadership qualities but have no market orientation and self-efficacy (Wagener et al., 2010).

Nevertheless, several researchers did not agree with Carland et al.'s (1984) classification between entrepreneur and small business owner. For example, Gartner (1989) argued the following:

“If by definition a small business owner establishes a business to further personal goals and an entrepreneur establishes a business for profit and growth, then what do we do with the individual whose personal goal is to establish a business for profit and growth? (Are the goals of profit and growth to be considered impersonal goals?)... When you define small business owners as having a business which is their primary source of income and will consume the majority of their time, do you not thereby imply that entrepreneurs start organizations that will not be their primary source of income, and will not occupy the majority of their time and resources?”

Some researchers have argued that small business start-up owners create companies for the main purposes of profit and growth, and thus they should be grouped as entrepreneurs. According to Brockhuas and Horwitz (1986, p. 43), “Most of the

attempts to distinguish between entrepreneur and small business owners or managers have discovered no significant differentiating features.” Scholars who support the behavioral approach also suggest that the traits of entrepreneurs in innovative behavior may not be present among small business owner-managers, particularly when the company has been established and operated in a stable stage (Chan & Lau, 1993). By using the diary method of 10 small business owners from various manufacturing industries in Hong Kong, Chan and Lau (1993) confirmed that several small business owners/managers spend a huge amount of time on entrepreneurial activities in running their businesses. They also argued that small business owners/managers could become entrepreneurs if they have four characteristics in their daily activities, namely, innovation, strategic management, opportunism, and risk-taking and change orientation.

Based on this discussion, the argument of whether distinguishing differences are present between entrepreneurs and small business owners exists. The most common characteristic between them is that they all own businesses. Some small business studies even used these two terms interchangeably (e.g., Glancey, Greig, & Pettigrew, 1998). Considering their differences, an entrepreneur is generally more oriented toward profit and growth, strategic planning, and risk taking, whereas the small business owner generally enters a business for personal goals/reasons, pays more attention to family needs and desires, and views the business as the extension

of his/her personality. However, the fact that some small business owners who are profit and growth oriented also exist cannot be ignored. Therefore, several theories on entrepreneurs can be also used to examine small business owners.

The current study refers to small business owners as individuals whose firms employ a few persons. Moreover, rather than precisely describing all their personalities, the study divides small business owners into different types according to their motivations (as will be discussed in Part IV).

2.3.5 Summary of Part III

In Part III of this study, the research subject, that is, entrepreneurs or small business owners, is explored in relation to personality traits, types, motivation, and success factors. This section also discusses whether any difference exists between small business owners and entrepreneurs.

The key findings from the literature are as follows:

- 1) No universal definition of an entrepreneur exists. A broad definition is that an entrepreneur is anyone who starts a business.
- 2) The psychological traits of entrepreneurs have always been discussed. The three most commonly studied characteristics of entrepreneurs are achievement motivation, propensity for risk taking, and preference for innovation. However, these factors have also been the subject of debate.
- 3) Many studies classify the different types of entrepreneurs when considering their different characteristics. The most well-known classification is Smith's (1967) typologies, in which the entrepreneur is classified into "craft" and "opportunistic" entrepreneurs based on their background, goals of owning a business, and business behavior.
- 4) The motivation of being an entrepreneur has always been a popular topic in academic research. This paradigm has evolved from static and content-oriented theories to dynamic and process-oriented models.
- 5) "Push" theory (or necessity) and "pull" theory (or opportunity) are extensively used when explaining entrepreneurial motivation.
- 6) Many studies on entrepreneurial motivations are conducted based on economic reasons, such as reward structure, wages, and risk bearing. Other studies in this field use theories from the psychology perspective, such as reasoned action theory and planned behavior theory.

7) The success factors for entrepreneurs have been discussed. The most important factor is opportunity perception, which is contributed by certain innate traits, education, and on-the-job experience. Other occupation skills, such as the productivity of managerial time, also influence the success of entrepreneurs.

The aforementioned research results help to understand the entrepreneurs, particularly regarding their personality, and to examine their motivations in applying pull and push theories from a dynamic perspective. Based on the discussion of the entrepreneur's definition and the differences between entrepreneurs and small business owners, the argument of whether small business owners can be viewed as entrepreneurs exists. Therefore, this study refers to small business owners as individuals whose firms only have a few employees. Moreover, it divides small business owners into different types based on their motivations (which will be discussed in the next part) rather than precisely defining small business owners and describing their personalities in a general manner. Some talent factors of entrepreneurs for business success cannot be ignored.

In Part IV, we take a closer look into the two types of small business owners, namely, business-oriented and lifestyle-oriented owners, and their contributing factors and values.

Part IV: Business Orientation, Lifestyle Orientation, and Small Business

Owners

Through the years, researchers have attempted to differentiate entrepreneurs from non-entrepreneurs by identifying the links between individual-level characteristics (personality traits) and organizational performance (Sadler-Smith, 2004). In the entrepreneurship literature, one method of distinguishing entrepreneurs from non-entrepreneurs is in terms of firm performance, which is often measured from sales growth data (Sadler-Smith, 2004). The distinction between entrepreneurs and owners-managers of small businesses has been set: the former is concerned about profitability and growth, whereas the latter is concerned about securing income to meet their immediate needs (Sadler-Smith, 2004). Small business owners are also more comparable with managers than with entrepreneurs, with the latter having the higher achievement motivation, propensity for risk taking, and preference for innovation (Sadler-Smith, 2004). This finding suggests that the intention to grow and an innovation or change orientation are the characteristics of entrepreneurial behavior (Sadler-Smith, 2004). The importance of new and smaller firms to the U.S. economy and, particularly of job-creating and rapidly growing businesses (“gazelles”) versus “lifestyle” businesses, has also been noted (Sadler-Smith, 2004).

In this study, small business owners are categorized business-oriented and lifestyle-oriented owners based on their prime motivation to conduct business. Business-oriented small business owners mainly aim to achieve economic success, such as profit maximization and business growth. By contrast, lifestyle-oriented small business owners mainly aim to enjoy their ideal lives in conducting business. Therefore, these two types of small business owners have different success measures in owning a business, as well as different value systems.

2.4.1 Success Measures of Small Business Owners

Financial criteria are usually considered the most appropriate measure of business success. However, many small business owners are motivated to start a business based on lifestyle or personal factors. Therefore, the personal abilities and motivations of small business owners influence their decision on whether they want to grow the business or simply decide to maintain the size that they feel comfortable with (Walker & Brown, 2004). Therefore, this case is not simply a matter of environmental factors having an influence on business opportunities, as the small business owners themselves make or support these opportunities. Non-financial goals can also lead to alternative measures of success, particularly in the small

business sector. Therefore, small business success can be measured by financial and non-financial criteria. For example, in Walker and Brown's survey (2004) of 290 small business owners-managers in Western Australia, the respondents rated the importance of items related to lifestyle and financial measures to evaluate their business success. The survey findings suggest that both financial and non-financial criteria contribute to evaluating business success, with the latter being more important. Personal satisfaction and achievement, pride in the job, and a flexible lifestyle are generally valued more greatly than wealth creation. Personal factors, such as age, and business characteristics influence the perceptions on the importance of these factors.

Financial Success Measures

From the traditional economic perspective, measures of business success are based on either employee number or financial performance, such as profit, turnover, or return on investment (Ibrahim & Goodwin, 1986; Kalleberg & Leicht, 1991). However, these measures imply an assumption of growth that presupposes all small business owners want or need to "grow" their business.

For businesses to be deemed successful, these financial measures require increases in profit or turnover or increased number of employees (Walker & Brown, 2004). According to Hall and Fulshaw (1993, p. 229; cited in Walker & Brown, 2004), “The most obvious measures of success are profit-ability and growth.” In economic terms, this measure is considered as profit maximization. Furthermore, Marlow and Strange (1994, p. 180) indicated that “all businesses must be financially viable on some level in order to continue to exist.”

However, given that some businesses have no interest in growth and thus financial gain is not their primary or only motivation, these small business owners use other non-financial criteria to measure their firms’ success.

Non-financial Success Measures

Undoubtedly, not all business owners want to grow their businesses, and some small businesses deliberately refrain from taking on employees, although such a decision could be financially detrimental to the business (Walker & Brown, 2004). One reason for this resistance to employ staff members is that creating jobs for other people, as opposed to just themselves and perhaps their immediate family, was never

an initial goal or motivation for small business owner-operators when they established the business (Walker & Brown, 2004). Nevertheless, some small business owners may change their attitude about employment as the business matures. Therefore, the intention not to employ is often a highly deliberate decision. Employee number may or may not be applicable to be used as a measure of business success, particularly in small businesses.

Non-financial measures of success used by business owners, such as autonomy, job satisfaction, or the ability to balance work and family responsibilities, are subjective and personally defined measures (Walker & Brown, 2004). These non-financial measures presume that a given level of financial security is already established. Therefore, small business owners do not require the business to be their primary source of income. Home-based businesses do not particularly need to pay accommodation expenses. The decision to grow and potentially move from a home base also has personal implications for the owner-operator in relation to additional risk of both financial and emotional nature. Therefore, many home-based business operators slip into a comfort zone and are prepared to forgo more business opportunities, more potential financial rewards, and the commensurate stress that more work brings for a better work–life balance (Walker & Brown, 2004).

The pull and push factors related to starting a business have been broadly used in the literature. The pull motivation factors include personal freedom, independence gained from being one's own boss, personal satisfaction, a less rigid and more flexible lifestyle, and greater job satisfaction (Walker & Brown, 2004). Based on Fielden et al.'s survey (2000; cited in Walker & Brown, 2004), a large percentage of their sample (88%) listed making money as a motivator, and 71% mentioned that job satisfaction, greater independence, creating opportunities, encountering new challenges, and pursuing one's own interests were important to them.

These non-financial measures are historically associated with businesses that are referred to as "lifestyle" businesses. This type of business is supposedly not interested in financial gain and has no intention of expanding the business (Walker & Brown, 2004). The mentioned affective-based criteria, which are linked to intrinsic lifestyle issues, are outside the conventional economic paradigms. These intrinsic measures have also been referred to as psychic rewards or psychic income (Walker & Brown, 2004).

2.4.2 Personality Characteristics and Business-oriented Owners

The subject of entrepreneurship has long been discussed and has been studied from a multitude of disciplinary perspectives. The most crucial perspective of conceptualization is from classical economic theory, and the main descriptors of the entrepreneur are risk taking, innovation, creativity, alertness, and insight (Cunningham & Lischeron, 1991; McMullan & Long, 1990). Moran (1998) suggested the leadership motive (i.e., being in control and having power over others) to be important for the high growth-oriented owners-managers and the importance of independence in the high and medium growth-oriented groups compared with the low growth-oriented group.

The most discussed personality of entrepreneurs is nAch,” which underlies the individual psychological drives of the motivational variables affecting the supply of entrepreneurship (Hamilton & Harper, 1994). The nAch concept was first proposed by McClelland (1961). Individuals with a high nAch are depicted as preferring to be responsible for solving problems and for setting goals to be achieved by exerting their own effort and having a strong desire to receive feedback on their task accomplishment. The supply of entrepreneurship also depends on individuals’ psychic needs for achievement rather than on the desire for money (although

monetary rewards may still constitute a symbol of achievement for entrepreneurs) (Hamilton & Harper, 1994). Hagen (1962) also examined the causal interplay among society, personality, and economic change. In this theory, the entrepreneur is regarded as a “creative personality” driven by a high need for achievement. However, his analysis is more comprehensive because it incorporates both the social and the psychological drives that produce the entrepreneurial personality (Hamilton & Harper, 1994).

Another important psychological approach to be considered was proposed by Gilad, whose theory successfully links Rotter’s psychological theory of LOC to Kirzner’s economic concept of entrepreneurial alertness (Hamilton & Harper, 1994). Based on LOC theory, individuals believe that the outcomes of events in their lives are either within or beyond their personal control. People with internal LOC believe that the environment can be controlled by their own actions, and thus they are responsible for their own destiny. By contrast, a person with external LOC interprets events as a result of outside factors that they cannot influence, such as luck, chance, fate, or “powerful others.” From Gilad’s survey of empirical psychological studies of the entrepreneur, he concluded that an individual’s LOC is a major factor determining his/her level of entrepreneurial alertness. Internal LOC particularly gives rise to heightened alertness, which is necessary for incidental learning (i.e., the recognition

of profit opportunities once they are encountered). In turn, spontaneous learning ultimately results in entrepreneurial behavior.

In a practical study, Perry, Meredith, and Cunnington (1998) tested the relationship between small business growth and the four personal characteristics of nAch, internal LOC, powerful others' LOC (POLC), and chance LOC (CLC) through a mail survey of 227 owner-managers in Brisbane and 445 owner-managers in Sydney. The findings are as follows: nAch and ILC appears to be needed during initiation to start up, but they do not affect growth *after* the successful start-up, at least not until the firm is large enough to overcome any size limitations when nAch may be of some importance; POLC is inappropriate for measuring awareness of customers and employees because awareness is intuitively highly important to sales growth; and CLC is unimportant to growth, which complements similar findings of previous studies on small business owner-managers' propensity for risk taking. Moreover, Perry et al. (1998) suggested that personal characteristics could influence growth differently, depending on the stage of the business.

Through a small sample survey of small business owners, Moran (1998) compared owner-managers identified to have high growth orientation and those with medium and low growth orientation. He also summarized the high growth orientation, which

is characterized as follows: 1) strong leadership oriented, likes to be in control and to set the direction for the business, thrives under challenge and pressure, and makes decisions promptly and firmly; 2) “learning-by-doing” orientation involves a combination of active experimentation and practical application of existing tools, techniques, and principles; 3) not “system-oriented” or more concerned about the “implementing” and “progress-chasing” role of management; may prefer to delegate these tasks and concentrate on initiating and driving-through innovations and strategic developments; and 4) tendency toward variety and change, an external focus, a preference for openness and flexibility over rigidity and order, and a preference for taking a “strategic overview” rather than taking care of the nitty-gritty details.

In the tourism and hospitality industry, profit and growth orientation exist even though lifestyle and autonomy orientations predominate owners’ attitudes and goals (Getz & Petersen, 2005). Through a survey conducted in two resort areas, namely, Canmore in Canada and Bornholm in Denmark, Getz and Petersen (2005) found that profit and growth orientation in both cases are significantly higher among those who purchased their businesses, particularly accommodation establishments and restaurants. By contrast, B&Bs and arts and craft businesses are clearly associated with lifestyle and autonomy. In this survey, several personal issues influencing the attitudes toward owning a business were discovered. First, copreneurial owners are

more profit and growth oriented than sole proprietors who have no family involvement in their business. Second, owners with children working in their business are significantly correlated with profit and growth. Gender cannot be ignored, as it was significant in Canmore in profiling profit and growth-oriented entrepreneurs, who were mostly males. However, the data from Bornholm suggest that females are more lifestyle oriented. Cultural differences may also be important when testing the propositions in different settings.

2.4.3 Characteristics of Lifestyle Orientation

Williams, Shaw, and Greenwood (1989) initially observed the phenomenon of lifestyle aspirations in small-scale firms as blurring the boundary between consumption and production (Ateljevic & Doorne, 2000). They suggested that lifestyle-oriented entrepreneurs are generally motivated by non-economic goals, and by accepting sub-optimal profits, they seriously constrain the economic and tourism development of the region (Ateljevic & Doorne, 2000).

When seeking to identify the different natures of small-business owners in tourism, Dewhurst and Horobin (1998) noted the special image of entrepreneurs as those

“who are not motivated by a desire to maximize economic gain, who operated businesses often with very low levels of employment, and in which managerial decisions are often based on highly personalized criteria” (p. 25). In an attempt to provide a new perspective, Dewhurst and Horobin (1998) proposed a model in which the continuum for small-business owner-managers is between commercial and lifestyle goals and strategies. For lifestyle-oriented business owners, “their business success might best be measured in terms of a continuing ability to perpetuate their chosen lifestyle” (p. 30). This conceptual thinking suggests a revolutionary sense that moves the traditional approach toward a concept of entrepreneurship that consists of social and cultural values as “success” factors rather than merely “development and business growth.” This sense is an expression of their socio-political ideology (Ateljevic & Doorne, 2000).

Similarly, a range of typologies and contexts surrounding tourism entrepreneurship was offered by Morrison, Rimmington, and Williams (1999; cited in Ateljevic & Doorne, 2000). Lifestyle-oriented small businesses are identified as significant elements. These lifestyle businesses are usually established by the need to create a chosen lifestyle that balances the needs of the family, income, and way of life. However, the key issue related to economic survival and viability also surrounds these businesses (Ateljevic & Doorne, 2000). Dewhurst and Horobin (1998) argued that lifestyle entrepreneurs face problems of long-term survival, which can

“jeopardize seriously the economic health and the social fabric of those communities, resorts and regions that are becoming increasingly reliant upon tourism and hospitality-related activities” (p. 33). However, Ateljevic and Doorne (2000) argued that the rejection of an overtly profit-driven orientation does not necessarily result in financial suicide or developmental stagnation but provides opportunities to engage with “niche” market consumers. Lifestyle entrepreneurs are also instrumental in the creation and introduction of innovation products to the wider industry, and they are not only capable of articulating a sense of place but also stimulate the further development and reproduction of niche market products (Ateljevic & Doorne, 2000).

Researchers have learned that lifestyle entrepreneurs build market opportunities for subsequent business-oriented entrepreneurs. Therefore, innovators are dominantly driven by the quality of life choices, whereas imitators are more focused on profit maximization (Ateljevic & Doorne, 2000). For example, in the caving region of Waitomo, the entrepreneurs behind Black Water Rafting were a group of individuals fundamentally seeking lifestyle opportunities that incorporate the landscape, community, and preferred activities around which a business could be built. The initial success of the business led to its replication by a second wave of entrepreneurs drawn to the region and primarily motivated by the desire to exploit an already identified market opportunity (Ateljevic & Doorne, 2000).

Therefore, quality of life, pursuit of individualistic approaches, enjoyment of local culture and life environment, and constrained business growth are the characteristics of “lifestyle entrepreneurship,” which consists of values embracing a broader ideological context of sustainability.

2.4.4 Motivating Values of Lifestyle-oriented Small Business Owners

What is the meaning of lifestyle? This concept seems to be taken for granted, as its meaning is often given as merely “a manner of living or way of living.” Social researchers have used the lifestyle concept to mean how people live their lives or how they want to live their lives (Jensen, 2007). Four levels, from individual to global, are considered when defining lifestyle (Jensen, 2007). At the individual level, lifestyle is intertwined with self-identity. Lifestyle may be understood as the material expression of the individual’s identity (Jensen, 2007). Lifestyle is a patterned way of investing certain aspects of everyday life with a social or symbolic value; however, this definition also means that it is a method of playing with identity (Jensen, 2007). Giddens (1991, p. 81; cited in Jensen, 2007) expressed this concept as follows: “A lifestyle can be defined as a more or less integrated set of practices which an individual embraces, not only because such practices fulfill utilitarian

needs, but because they give material form to a particular narrative of self-identity.”

An alternative view at the individual level is that lifestyle is intertwined with individual habits, goals, and beliefs (Jensen, 2007).

The tourism industry has traditionally attracted career mobile individuals to establish small firms. Out of necessity or opportunity, these individuals select this vehicle as a means to fulfill their unique lifestyle needs and value set (Morrison, Carlsen, Weber, 2008). Several business operators physically migrate to tourist destinations, whereas others already live there (Morrison et al., 2008). The relationship between lifestyle motives and migration is used, and the decision to enter into entrepreneurship is dominated by the quality of life and local environmental variables (Morrison et al., 2008). For example, a remarkable number of small rural tourism firms are started by immigrants who seek the “rural peace” in the context of Finland (Morrison et al., 2008).

A study of entrepreneurs and community relationships in the Nelson and Golden Bay areas has highlighted the role of cultural values and sense of place as significant motivators for business activity (Ateljevic & Doorne, 2000). The predominant characteristic of entrepreneurship in these areas is the influx of non-locals. These migrants actively seek closer relationships in the natural environment and

opportunities to be involved in, and they initiate inclusive community relationships that emphasize social worth as distinct from material wealth. These lifestyle entrepreneurs are usually individuals who previously visited the area as “independent travelers.” In moving to another area, they seek the opportunity to engage in extended lifestyle experiences that reflect the traditional motivations of the “backpacker” (Ateljevic & Doorne, 2000).

Through a survey of European entrepreneurial migrants to Cataluña and Languedoc, Lardies (1999) suggested that “these responses embody a desire to enhance personal satisfaction and achieve a better quality of life” and “a significant percentage gave ‘quality of life’ and explanations, such as ‘I like the country,’ as motivations for in-migration.”

Morrison et al. (2008) presented a detailed summary of the identified necessity- (push) and opportunity-derived (pull) influences in motivating the entry of lifestyle-oriented small tourism businesses. Necessity influences include the need to make a living/having no alternative, overcome labor market disadvantages, subsidize the reduced income from declining industries (including farming), provide a financial bridge between employment and retirement, fulfill socio-cultural obligations of care for family, and realize tax advantages and generate retirement

income from rural land holdings. Conversely, opportunity factors include the opportunity to escape from the urban environment/live in a high-quality amenity environment, reject the corporate employment/career transition, have freedom to work in one's own terms, experience work-life balance and family quality time, experience the "otherness" of a different place and activity, engage in escapism from social conventions, and enjoy a relatively comfortable climate and familial/familiar links to the destination. The motivations pertaining to the entry of necessity influences into the sector can be interpreted as the result of social or economic adversities that are related to employment, industrial sector, life cycle, and domestic conditions. The motivations that can be categorized as more opportunistic in nature reflect the associations of freedom of choice to a higher degree than the first category. However, both are concerned with individuals being proactive in taking control of several elements of their lifestyle that they consider to be undesirable within their particular socio-cultural-economic-environmental reference frame (Morrison et al., 2008).

Previous studies on the perceived value positions of entrepreneurs who seek to position their lifestyles and businesses illustrate that the overriding values that guide this positioning process appear to emphasize localized social, cultural, and environmental relationships. The aforementioned values are distinct from the perceived values surrounding the wider market-driven economic model represented

by the globalized “corporate” industry, government policies, and the Western growth-driven “development” model (Ateljevic & Doorne, 2000).

Based on the literature on small lifestyle firms in tourism, Morrison et al. (2008) summarized the lifestyle meanings and values in both developed and developing economies. In developed economies, lifestyle meanings and values include family values, socio-political ideology, value of life, escape route, work–life balance, and lifestyle dictates. Conversely, quality of life, liberty, freedom, survival, and the survivalist concept contribute to the lifestyle meanings and values in developing economies.

When identifying the need to examine lifestyle aspirations further, Ateljevic and Doorne (2000) conceptualized the value positions of small-scale lifestyle entrepreneurs with respect to their culture, the organization of their entrepreneurs, their market orientation, and the industry organization (Figure 3).

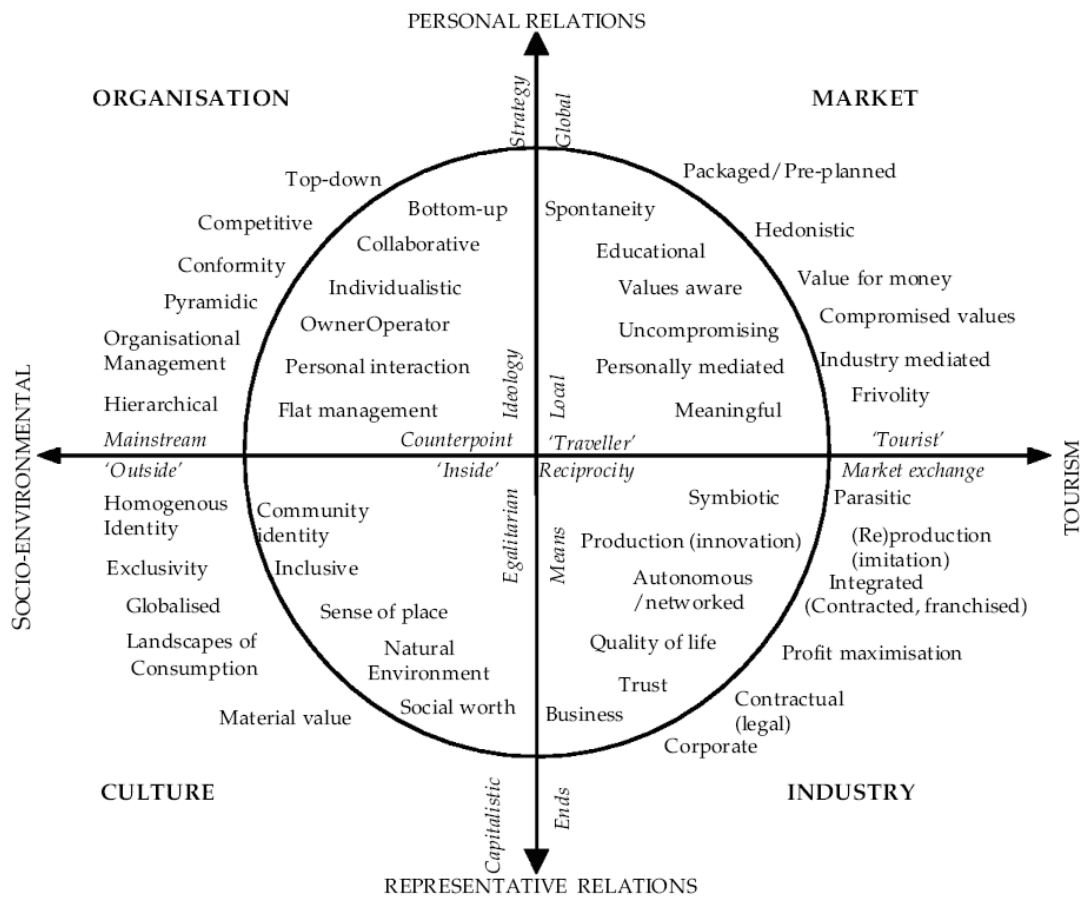


Figure 3. Perceived Value Positions

Source: Ateljevic & Doorne, 2000, p. 387.

The aforementioned values as representatives of lifestyle entrepreneurs are situated within the circle, and the values outside the circle represent the more commercial and larger business concerns. Figure 3 depicts the dynamic tension between the subjective demands of individuals to enclose their value position within an ideological fence.

Therefore, tourism lifestyle firms can be surmised to *make a living* from tourism to support their lifestyle, whereas lifestyle tourism firms *make a life* in their desired destination and fall into tourism incidentally (Morrison et al., 2008).

2.4.5 Summary of Part IV

Part IV of this study discussed the two sets of success measures of small business owners, namely, financial and non-financial success measures. Business growth is a major financial measure. Non-financial measures, such as autonomy, job satisfaction, and work-life balance, have often been associated with lifestyle businesses.

Based on the preceding discussion, the personality characteristics and values of business-oriented and lifestyle-oriented were analyzed. The key findings are as follows:

- 1) The two most discussed personalities of business-oriented entrepreneurs are nAch and LOC.
- 2) Personal issues, such as gender and children's involvement, influence profit and growth orientation.

- 3) Lifestyle orientation seems to dominate the tourism industry, and lifestyle-oriented business owners are motivated by their desired lifestyle instead of formal economic success.
- 4) A system of values influences individuals who establish lifestyle firms in tourism, and the clearest personal reasons for doing so are quality of life and place attachment (related to the sense of place from the local cultural perspective).

As the business inhabiting environment, both economic and cultural environments are dynamic instead of static. The personal life stage may also influence the attitudes toward owning a business. Part V of this study details the relationships between an individual and an environment and that between business and economic environment.

Part V: The Person, Business, and the Environment

One of the most persistent debates among studies on entrepreneurship is that between the “trait” and “contingency” schools of thought (Gilad & Levine, 1986). The trait school of thought postulates that entrepreneurs share a common type of

personality that “explains” their behavior. By contrast, contingency views entrepreneurship as a response to particular situations. Therefore, the personality traits required of entrepreneurs tend to vary as external conditions change.

2.5.1 The Person and the Environment

Person–Environment Fit Model

Theories on person–environment (PE) fit have long been prevalent in the management literature and are used to explain how individuals’ personalities and traits influence them to join and remain in organizations and vocations, as well as engage in entrepreneurial activities (Prottas, 2011).

PE theories provide a framework to study the interactions between individuals and foci of fit, such as vocation, organization, group, supervisor, and job (Prottas, 2011). The different PE fit conceptualizations share the following core assumptions: 1) work environments differ; 2) individuals differ; and 3) individuals tend to move toward environments that are congruent with their needs, values, or capabilities (Prottas, 2011). Therefore, PE fit theories focus on the individual as an active agent who enters and leaves work environments to achieve personal objectives.

Henry Murray was one of the early PE pioneers who proposed that individuals have distinct psychological traits (“needs”) that they would attempt to satisfy by finding opportunities (“supplies”), either at work and elsewhere, to engage in certain behaviors (Prottas, 2011). The needs–supply conceptualization of PE fit underlies much of the trait-oriented entrepreneurial studies. Based on this conceptualization, fit is achieved when congruence exists between what the person needs, desires, or prefers (material or psychological) and what is provided by the work environment (Prottas, 2011).

In a recent practical study involving U.S. certified public accountants ($N = 322$), Prottas (2011) tested the hypothesis derived from PE theory that differences among these work arrangements are present with respect to opportunities to satisfy the psychological needs. Multivariate analysis was used to test for differences across groups, that is, self-employed with employees, self-employed without employees, and traditional employees with respect to perceived opportunities and needs for achievement, affiliation, autonomy, and dominance. The results supported the extension of PE fit to the types of employment and the need to treat the self-employed as heterogeneous.

Social Cognitive Theory

Bandura (1986, p. 24) regarded entrepreneurship as social learning and developed social cognitive theory, which properly shows the relationship between three factors (human behavior, cognition, and personal factors) and the external environment (Figure 4). As may be suggested by experiential learning theory, we learn both “from experience” and from the complex interactions between the outer world and our inner responses in perceiving, understanding, and developing preferred ways of dealing with the outer world. In turn, our perceptions and behaviors shape the world around us. Bandura (1986) identified five basic human capabilities as integral to social learning: symbolizing, forethought, vicarious learning, self-regulation, and self-reflection.

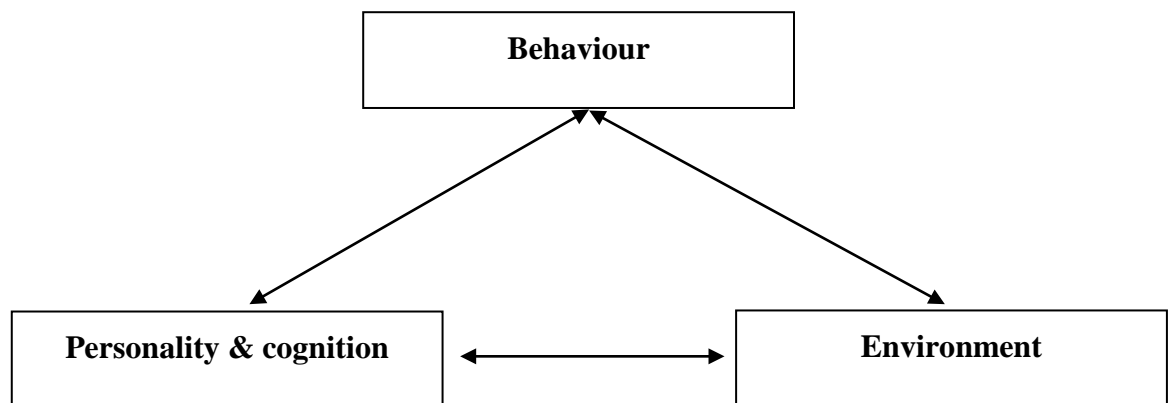


Figure 4. Social Cognitive Theory

Source: Bandura, 1986, p. 24

In terms of the relationship between the types of entrepreneur and the dynamic business environment, various studies have established that the dynamic element allows for some changes in the objectives and managerial practices pursued during the business process. Therefore, craft entrepreneurs may be forced by poor performance to be “business-like” in their approach or encouraged by unexpectedly good performance (Glancey & Pettigrew, 1997). This possibility has been verified by Glancey and Pettigrew (1997) in a study based in the Strathclyde region in Scotland that involved 150 in-depth interviews with small firms operating the crossing service and in the manufacturing industries.

In the small hotel sector, Morrison (1992) found that in the late 1980s, small independent hoteliers were called “amateurs.” If these “amateurs” had been excluded the small hotel sector, then the survivors today would be the entrepreneurs who pursued rational business policies, such as profitability, growth, or consolidation of their position in the market. This course of action may also represent an opportunity for business consolidation for entrepreneurs who have been forced to be business-oriented in terms of their objectives and practices to maintain their lifestyle and those who have acquired certain business acumen from their experience in running their small hotels (Glancey & Pettigrew, 1997). A study of small hotels in St. Andrews supported the finding that small hotel owner-managers

display tendencies associated with business-oriented entrepreneurs in other sectors of the economy to survive and prosper (Glancey & Pettigrew, 1997).

2.5.2 Business versus Economic Environment

The external business environment is particularly important in determining small firms' competitiveness. Horne, Lloyd, Pay, and Roe (1992) argued that the availability of opportunities to generate increased long-term profitability inherent in the external environment is vital for small- and medium-sized enterprises' actions and growth. An OECD (1993; cited in Man, Lau, & Chan, 2002) study indicated that changes occurring in the economy could influence the "competitiveness strategy" of small- and medium-sized enterprises. Slevin and Covin (1995; cited in Man, Lau, & Chan, 2002) even suggested that "continuous repositioning is needed for small new firms to anticipate and be responsive to the actions of competitors."

Although the foci of the external environment are different, the significant influence of the external environment on small- and medium-sized enterprises' performance cannot be ignored. Conversely, small firms do not need to behave only as recipients

of environmental changes, but they can also actively work in the environment (Malecki & Tootle, 1996).

Contingency theorists suggest that the fit among environment, strategy, or structure determines business performance (Jogarathnam, 2002). The concept of fit is relevant to both organizations that adapt strategies to match their environments and those that select industry settings to maximize their strategic competencies (Jogarathnam, 2002). Therefore, the contingency view of environmental determinism generally focuses on the need for flexible strategic responses to align the business with its competitive environment (Jogarathnam, 2002).

Therefore, organizations must modify their structures to cope with the additional information-processing requirements invoked by more dynamic, hostile, or complex environments (or they must somehow avoid or control these environments). Entrepreneurs must not only focus on achieving a “match” or congruence between environment and structure and between strategy and structure, as a third link between strategy–development and the environment should also be carefully managed (Miller & Friesen, 1983). For example, increased environmental dynamism seems to call the need for both more analyses and more innovation. Growing

environmental hostility seems to require additional analyses, and firms facing more heterogeneity apparently benefit from innovation (Miller & Friesen, 1983).

The theoretical tension between environmental determinism and strategic choice has significant implications for small firms because they are limited in terms of exerting effort to gather information and plan strategically (Jogaratnam, 2002). Small firms tend to lack strategic thinking and long-term orientation (Jogaratnam, 2002), are particularly susceptible to environmental influence (Jogaratnam, 2002), and are obliged to compete in a constantly changing and increasingly competitive business environment (Kean et al., 1998). Moreover, the limited resources available to small firms may exacerbate the effect of the competitive environment on performance (Jogaratnam, 2002).

2.5.3 Summary of Part V

Part V discussed the conceptualization of small business owners and the external economic environment. Two theories, namely, PE fit and social cognitive theories, explaining the relationship between the aforementioned two entities are also introduced. PE fit theory argues that the individual is an active agent who adapts to

work environments to achieve personal objectives, and social cognitive theory emphasizes the influence of the outer world on our inner responses.

The relationship between business and dynamic economic environment was briefly introduced. The business environment undoubtedly takes an important role in firms' success. Contingency theorists suggest that the fit among environment, strategy, and structure determines business performance. Therefore, business owners should adopt the appropriate business strategies to cope with the external economic environment to obtain business success.

Part VI: Destination Evolution and Chinese Historical Towns

Tourism destinations can be considered complex networks that involve many co-producing actors that deliver a variety of products and services (Haugland, Ness, Gronseth, & Aarstad, 2011). Therefore, tourist areas are dynamic, and they evolve and change over time. Gilbert (1939) and Christaller (1963) originally described the discovery, growth, and expansion stages of tourism areas through the changes in the number of inhabitants or tourist population and the sizes or shapes of the built-up area. Taking this argument further, the rise and fall in popularity of destinations is

characterized by changes in the psychographic tourist groups (Plog, 1974). Stansfield's (1978) work particularly considered the influences of the socio-economic environment and indicated that resorts undergo stages of development, expansion, changing clientele, and decline.

2.6.1 Destination Life Cycle

Butler's (1980) life cycle model has been one of the most significant paradigms used in research related to the development of tourist areas.

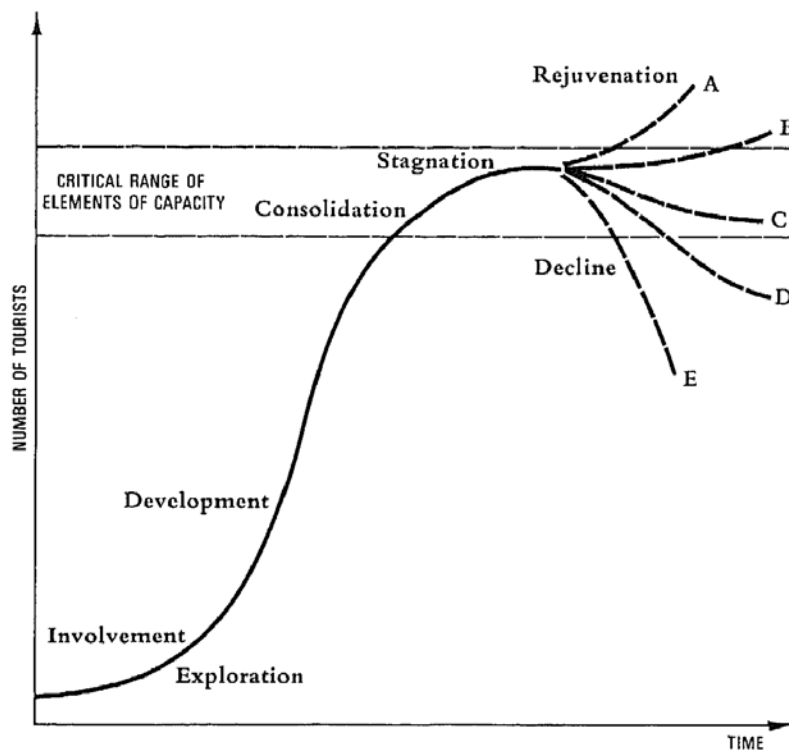


Figure 5. Butler's Lifecycle Model

Source: Butler, 1980

Figure 5 illustrates the six stages in Butler's theory. The following factors characterize the first stage called *exploration*: a small number of tourists, simple facilities, unspoiled nature, undisturbed local communities, lack of specific facilities provided for visitors, use of local facilities, and high contact with local residents. In the next stage called *involvement*, the local community is engaged in tourism, facilities and infrastructure are built, tourism associations are established, and a basic initial market area for visitors is defined. In turn, these actions accelerate tourism development. In the *development* stage, the destination is well defined, attractions have been developed, promotional campaigns raise awareness, local involvement and control of development decline rapidly, natural and cultural attractions are supplemented by man-made imported facilities, changes in the physical appearance of the area are noticeable, and the type of tourists change. All these factors represent the mid-centrics of Polg's classification or Cohen's institutionalized tourist. In the *consolidation* stage, the volume of tourists is still increasing but at a declining rate, the total number of visitors exceeds the number of permanent residents, the destination is now heavily marketed, and tourism is highly essential for the local economy with an identifiable business district. The facilities provided for tourists can be expected to arouse opposition and discontent among permanent residents, particularly those who are not involved in the tourism industry. In the fifth stage called *stagnation*, the highest number of tourists is achieved, the resort is no longer fashionable, and problems with the environment, culture, and the

changes in the local industry structure are evident because the capacity levels have been reached or exceeded, heavy reliance on repeat visitation and on conventions, natural and genuine cultural attractions would have been superseded by imported “artificial” facilities, new developments are peripheral to the original tourist area, and the existing properties are likely to experience frequent changes in ownership. After this stage, the destination has two options: *decline* or *rejuvenate*. In the decline stage, the area no longer can compete with newer attractions. Therefore, it faces a declining market (both spatially and numerically), more tourist facilities will closed, and the viability of other tourist facilities becomes more questionable. Ultimately, the area may become a veritable tourist slum or lose its tourism functions completely. Conversely, rejuvenation may occur, and it can be obtained in two ways: add a man-made attraction or take advantage of previously untapped natural resources.

In terms of measuring and identifying the stages in Butler’s model, no consensus on the measurable indicators has been formulated, although tourist arrivals is the most used indicator to identify the stages. Four variables have been proposed to improve the tourist indicator: length of stay, dispersion of tourists, characteristics of the tourists, and time of year when the visit is made (Haywood, 1986). Tourist expenditure or revenue, the number of tourist-related establishments, changes in settlement patterns, and the scale and scope of authorities’ involvement are also used

to replace tourist arrivals in identifying the stages (Ma & Hassink, 2013). “Macrostructural conditions” and contingent factors have been suggested to be considered in analyzing and explaining the “turning points” (Cooper, 1990; Haywood, 1986) of stage transition in the life cycle. In particular, “carrying capacity” has been controversially debated upon in measuring the decline stage in the life cycle model discussed in various studies (e.g., Getz, 1992; Haywood, 1986; Lundtorp & Wanhill, 2001).

In the original life cycle model, Butler (1980) considered the changes within a tourism area to be associated with various factors, such as the rate of development, number and types of tourists, tourism facilities, government policies, and environmental and social problems. Other researchers also suggested that different key factors influence the evolution of a resort from area to area. Based on the case studies applying Butler’s model, the main factors of a resort’s life cycle can be categorized into three types: 1) physical factors, such as endowment with tourism resources, locational advantages, environmental conditions, and natural disasters; 2) social factors involving changes in economic conditions, changes in the preference and needs of tourism and the political environment; and 3) human-oriented elements, including man-made attractions, tourism planning and management, resort marketing, transport accessibility, capability of entrepreneurs and tour operators, tourism investment, and government policies (Ma & Hassink, 2013).

2.6.2 Model of Creative Destruction

The model of creative destruction has been applied by several studies when considering destination evolution in rural areas or historical towns (e.g., Fan et al., 2008; Mitchell, 1998; Mitchell & de Waal, 2009; Mitchell & Vanderwerf, 2010; Qun, Mitchell, & Wall, 2012). “Creative destruction” is used to describe the changes taking place in historical towns and villages that seek to reposition themselves as centers for heritage consumption (Mitchell & Vanderwerf, 2010). For example, Mitchell and Vanderwerf (2010) suggested the progression of a historical space as a three-stage process, which sees specific communities move from a landscape of local service provision to a heritagescape and then to a leiscapescape of mass consumption.

Mitchell (1998) proposed the model of creative destruction that which connects entrepreneurialism, commodification, and creative destruction to explain the development of countryside areas. These ideas can be used to explain the developments occurring in heritage shopping villages (Mitchell, 1998). This model is based on the relationships among the three variables of entrepreneurial investment, consumption of commodified heritage (a component of the countryside ideal), and

destruction of the rural idyll. As these three components interact over time, heritage shopping villages evolve through five stages in the process of creative destruction: early commodification, advanced commodification, pre-destruction, advanced destruction, and post-destruction (Mitchell, 1998). A decade later, Mitchell and de Waal (2009) modified the model by accounting for the social complexity of rural space and the particular combination of factors. In the revised model, six stages contribute to creative destruction (Table 4).

Table 4. The Revised Six-stage Model of Creative Destruction

Stage	Activities of drivers: profiteers, preservationists and promoters	Consumers (hosts and guest)	Attitudes towards tourism	Dominant landscape
Pre-commodification	Inactive	Few	Largely positive	Productive
Early commodification	Private-sector investment in commodification may be initiated. Preservationist activity may be initiated.	Some heritage-seekers	Some awareness of negative implications amongst ruralities.	Productivist

	Policy promoting development may be implemented.			
Advanced commodification	Active private-sector investment in commodification. Preservations may be active; some may oppose non-heritage-type investments. Public sector policy/action promoting development may be implemented or continue.	Growing numbers of heritage-seekers	Increasing awareness of negative implications amongst ruralities	Post-productivist Heritage-scape
Early destruction	Very active private-sector investment.	Heritage-seekers accompanied by	Much awareness of negative	

	<p>Some will deviate from the heritage theme.</p> <p>Preservationists may actively oppose non-heritage investments (often unsuccessfully).</p> <p>Public sector policy/action promoting development may be implemented or continue.</p>	post-tourists	<p>implications amongst ruralities</p>	
Advanced destruction	<p>Scale of private-sector investment increases (e.g. hotel), with much deviation from the heritage theme.</p> <p>Preservationists</p>	Post-tourists are in the majority.	<p>The majority of ruralities offer negative comment; an out-migration of this</p>	

	<p>may actively oppose non-heritage investments (often unsuccessfully).</p> <p>Pro-development policies/actions may be implemented or continue.</p>		<p>cohort may occur.</p>	
Post-destruction	<p>Non-heritage, private-sector investments dominate.</p> <p>Preservationist activity may be diminished.</p> <p>Pro-development policies may be in place.</p>	<p>Numbers of heritage-seekers is very low.</p>	<p>The overall attitude in the community should be positive, as fewer ruralites who choose to remain will either maintain their negative</p>	<p>Neo-productivist leisure-scapes</p>

			attitude, or express one of resignatio n.	
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Source: Mitchell & de Waal, 2009, p. 164

Entrepreneurs' role in the evolution of heritage villages is an important aspect. Bryant (1989, p. 338; cited in Mitchell, 1998) argued that "more attention must be paid to the role of individual entrepreneurs and community entrepreneurial activity because where there are counterbalancing forces to those of decline, and where local or regional conditions modify the intensity and range of potential responses, exactly how individual decision-takers respond can be critical in guiding the fortunes of rural areas."

2.6.3 Economic, Physical, and Social Changes with Destination Evolution

As a destination evolves, the economic, physical, and social situations of a tourism area inevitably change over time. As early as 1963, Christaller (1963) described the idea of a consistent process through which tourist areas evolve vividly:

“The typical course of development has the following pattern. Painters search out untouched and unusual places to paint. Step by step the place develops as a so-called artist colony. Soon a cluster of poets follows, kindred to the painters: then cinema people, gourmets, and the *jeunesse doree*. The place becomes fashionable and the entrepreneur takes note. The fisherman’s cottage, the shelter-huts become converted into boarding houses and hotels come on the scene. Meanwhile the painters have fled and sought out another periphery—periphery as related to space, and metaphorically, as ‘forgotten’ places and landscapes. Only the painters with a commercial inclination who like to do well in business remain; they capitalize on the good name of this former painter’s corner and on the gullibility of tourists. More and more townsmen choose this place, now *en vogue* and advertised in the newspapers. Subsequently the gourmets, and all those who seek real recreation, stay away. At last the tourist agencies come with their package rate travelling parties; now, the indulged public avoids such places. At the same time, in other places the same cycle occurs again; more and more places come into fashion, change their type, turn into everybody’s tourist haunt.”

Therefore, in Christaller’s concept, the types of tourists change with the change in tourist areas (Butler, 1980). Similarly, Plog (1972) suggested that as tourist areas evolve, they become attractive to different types of visitors. As the area becomes accessible, better serviced, and well known, a few adventuresome allocentrics begin

to arrive, followed by an increasing number of mid-centrics. This development gives way to a declining number of psychocentrics as the area becomes older, more outdated, and less different to the visitors' areas of origin. Cohen (1972) proposed a typology of visitors based on their motivations and desires. In Cohen's classification, tourists are characterized as institutionalized or non-institutionalized; thereafter, they become known as drifters, explorers, individual mass tourists, or organized mass tourists. The drifters and explorers are constantly searching for new destinations and are not interested in ancillary services, such as comfortable accommodation. By contrast, the last two character types like to stay in an environmental bubble and place a high premium on comfort and relatively inexpensive accommodation. Therefore, Cohen's model implies that as a destination evolves, it attracts diverse personality types.

Across the six stages of the life cycle model, income tends to increase rapidly from the involvement to the development stage. Parallel to increasing income is an increased tourism income leakage from local to outside investors (Tooman, 1997). During the consolidation stage, the local economy is dominated by tourism (Butler, 1980), and a few large-scale, corporate enterprises become the dominant economic participants (Tooman, 1997). Ryan (1991) theorized that the life stages are associated with the local's marginalization process as external capital attracts further development. Therefore, local businesses become both spatially and economically

marginalized. Note that many different manifestations of entrepreneurial activity exist because of both the individual nature of entrepreneurs and the business environmental factors or conditions of the time. Applying chaos and complexity theories, Russell and Faulkner (2004) pointed out that through the evolution of a destination, the type of entrepreneurship can change a number of times. For example, in the exploration stage, entrepreneurial activity can be organic in nature, often demand-initiated and self-reinforcing, positive feedback processes drive the change, and the development seems to take on a life of its own. As development continues, the activity can become more purposeful and diverse in scale.

In the physical environment aspect, problems associated with tourism urbanization, such as pollution, smog, overcrowding, and congested conditions, have been mentioned in numerous studies. For example, in the context of parks, Boyd (2006, p. 125) explained that “user levels are low and no noticeable impact occurs on the environment” in the exploration and involvement stages. However, growth in the number of visitors to a park means more facilities and services are required, and these additional facilities may pose threats to the ecological integrity of park resources or even result in the transformation of a natural environment into an urbanized area. In heritage tourism destinations, Gu and Ryan (2012) suggested that certain residents in Shi Cha Hai Beijing Hutong remain hesitant or critical about the advantages of tourism and express concerns about the noise and intrusion effects

associated with tourism. Murphy, Benckendorff, Moscardo, and Pearce (2011, p. 43) argued that in tourist shopping villages, although tourist shopping can be an alternative use of heritage buildings and support the restoration and conservation of the physical landscape, the number of tourists can result in crowding, congestion, and pollution. The building of facilities and services for tourists can also result in negative aesthetic effects.

More importantly, an overly commercialized atmosphere may damage the small town atmosphere as township destinations evolve. Commercialization with tourism development has attracted researchers' attention since the early 1960s. Writing on Tahiti in the early 1960s when less than 10,000 tourists a year visited the island, Beed (1961; cited in Cohen, 1978) already warned that "...there is a need to plan against a rash commercialism that could quite easily sweep away much of the charm and beauty of the island." By examining the potential relevance of the concept of a destination life cycle to tourism planning, with the Niagara Falls as an example, Getz (1992) directly pointed out that "on the Canadian side, tourism quickly became the dominant economic force, resulting in high levels of commercialization." The accumulated environmental effects of growth, urbanization, commercialization, and functional diversification on the tourist areas have been tremendous. Similar changes can be observed in Javanese resort centers (Withington, 1961), Palma (Graves, 1965), and older tourist localities in Europe (Cohen, 1978). Mitchell (1998)

expressed that with the commodified landscape continuing to evolve, the number of visitors increase and an increasing number of residents perceive the degradation of their community through problems of crowding, congestion, or crime escalation. Moreover, Bunce (1994, p. 221; cited in Mitchell, 1998) observed that “it is in this new countryside that political and economic power may well concentrate, revitalizing rural communities in the process, but also threatening the very amenities that countryside idealism seeks to enjoy,” which may lead to the process of creative destruction (Mitchell, 1998).

In terms of tourism development on social change, many studies have been conducted to examine the residents’ attitudes toward tourism development. Butler (1980) noted that the attitudes held by local residents toward visitors and tourism development could undergo a process from euphoria to apathy and from irritation to antagonism, as suggested by Doxey (1976) in his “irridex” (Zhong, Deng, & Xiang, 2008). This inverse relationship between the development of the life cycle stages and residents’ influences was also supported by Martin and Uysal (1990).

The quality of life of community residents has obtained particular attention. Jurowski, Uysal, and Williams (1997) argued that once a community becomes a tourist destination, residents’ lives in the community are affected by tourism in

either a better or worse manner. Therefore, satisfaction or dissatisfaction with living conditions (e.g., employment and income), as influenced by the perception of tourism, spill over vertically to satisfaction with life domains. Consequently, satisfaction with a particular life condition influences residents' overall life satisfaction. Andereck and Nyaupane (2011) recently developed a measure of perceived influence of tourism on community quality of life by preparing a large set of items (38) from various published sources related to community aspects. These influences have been shown to play a role in residents' perceived quality of community life (e.g., preserving peace and order, safety, clean air and water, and city services such as police and fire protection). Kim, Uysal, and Sirgy's (2013) study determined that community residents do have perceptions of tourism influence in terms of four dimensions, namely, economic, social, cultural, and environmental. These perceptions of influence encourage their sense of well-being in the corresponding life domains. Kim et al.'s (2013) research results are also consistent with the theoretical foundation of carrying capacity; that is, the destination maximizes its capacity to absorb tourists. After the host population experiences the negative influences, the community residents lose their sense of economic and social benefits from tourism, and those feelings become increasingly negative because of the overcrowded conditions and rising living costs. The relationship between the cultural influence of tourism and the satisfaction in emotional well-being decreases in the growth stage of tourism development, increases in the maturity stage, and peaks in the decline.

With tourism destination evolution, the psychological influences on residents in terms of identification with the place and place attachment have also been noted. According to Lewicka (2010, p. 36), “There is a plethora of different concepts used to name people’s relations with place: place attachment, place satisfaction, place identity, place dependence, a sense of place, community attachment, sense of community and a number of other factors.” In the tourism literature, several studies applied this theory to explain tourist revisit intentions. Gu and Ryan (2008) applied the concepts to residents in Shi Cha Hai in Beijing to assess their responses to tourism. Gu and Ryan’s (2008) original work indicated a link between place attachment and perceptions through the conceptual link that the physical characteristics of a place contribute to self-identities. Constructs and evaluations of change in places also occur through these self-identities.

2.6.4 Tourism Development in Chinese Historical Towns

Since the introduction of the open door policy in 1978, destinations focusing on ancient heritage have become an increasingly visible element of the Chinese landscape (Huang, Wall, & Mitchell, 2007). In the 1980s, the successful tourism

development of Zhouzhuang, an ancient water town in Jiangsu Province, boosted the tourism developments of other historical towns (Zhang & Qiu, 2011).

Lv and Huang's (2012) review of ancient town tourism in China indicated that the research trend of this field could be identified. Studies on historical towns began in the late 1980s, when relatively rare studies focused on tourism planning and tourism development and conservation. In 1997, tourism in historical towns was identified as a research area, but the topics remained related to tourism planning, development, conservation, and landscape structure. Therefore, the number of studies on tourism in historical towns was limited. Since 2005, the study on historical towns has developed, and the research topics have included tourism resource, tourism development and conservation, tourism influence, operation and management, destination image, tourism behavior, stakeholders, and sustainable development (Lv & Huang, 2012).

Based on a review of the literature on Chinese historical towns from relatively leading journals, several critical issues have been identified, including tourism development and historical towns' conservation, community participation, and local residents' attitudes toward tourism development.

Tourism development and the conservation of ancient towns, which seems to be contradicting ideas, have been mostly discussed. One issue in this field is tourist capacity. With township destinations becoming significantly more popular, the rapidly increasing number of tourists, which may influence the sustainable development of historical towns, has been noted by researchers. For example, through surveys of the number of tourists in the three “Jiangnan” water towns of Zhouzhuang, Tongli, and Luzhi, Xiong et al. (2002; cited in Zhang & Qiu, 2011) found that a significant number of tourists visit these three ancient towns during holidays and vacations, and that the annual increase rate exceeded 30%, which was above the maximum tourist capacity limitation. This development leads to several problems in historical towns, such as congestion and the negative effects on old buildings and the physical environment. Another important concept related to tourism development that cannot be ignored is tourism commercialization in historical towns. One of the earliest studies was conducted by Bao and Su (2004), who analyzed the commercial status quo in Zhouzhuang and Lijiang by investigating the relationship between tourism and the use of buildings in 2000. A comparison on the use of historical buildings in 2000 and 2002 indicated that Lijiang has become a tourism-oriented town and that its traditional culture is being threatened by tourism; the same case is also true in Zhouzhuang. Li et al. (2006) explained that commercialization is the process of transformation from socio-cultural capitals to economic capitals, and that it is inevitable in the tourism development process. By discussing the relationship between tourism

commercialization and the development of ancient towns, Li et al. (2006) concluded that a moderate commercialized environment would further enhance and assist in realizing the sustainable development of historical towns. Qun et al. (2012) suggested that in some historical towns, new landscapes have emerged that provide local products, cuisine, accommodation, and experiences that attract the post-modern, heritage-seeking consumers. If profit and economic growth are the dominant drivers of this transformation, then these “heritagescapes” can be replaced by “leisurescapes” of mass consumption. Moreover, by applying the creative destruction model to Luzhi, a typical water town in China, Fan et al. (2008) determined that this model generally applied to tourism development in this town. However, several modifications, particularly the inclusion of the government’s roles, are required to reflect the nature of Chinese society.

In the second aspect, community participation is a critical issue in historical towns’ tourism development. Feng (2008) directly identified the vital problem of “who benefits from tourism development” by examining the case of Fenghuang, a historical town in Hunan Province. Feng (2008) argued that a large percentage of expenditures and profits flows back to outside investors, and high extraction leaves little profit in the tourism destination area. Non-locals employed in professional and managerial positions have greater responsibilities and higher salaries than members of the host community employed in lower-level positions. Moreover, only a

minority of the local people share a small percentage of the economic benefits, but the majority are paying the costs of the negative socio-ecological effects, such as environmental degradation and social conflicts. In a practical study, Liu (2006; cited in Zhang & Qiu, 2011) investigated the status quo of community participation in the ancient town of Ciqikou in Chongqing and suggested that this town needs to establish a reasonable benefit distribution mechanism and to provide more training to local people to enhance community participation. By comparing the different development patterns in the three historical towns of Zhouzhuang, Wuzhen, and Lijiang, Qin (2007; cited in Zhang & Qiu, 2011) proposed that building a local organization made up of residents could help increase the awareness of their participation and encourage them to be involved in tourism development.

Local residents' attitudes toward tourism developments in historical towns are usually discussed in the literature. For example, Huang and Wu (2003) conducted a descriptive study on the local people's attitudes toward tourism in the initial stage of tourism development. Surveys of both positive and negative effects brought to the local community were conducted in the two ancient villages of Zhuge and Changle in Lanxi City, Zhejiang Province. Factors analysis revealed that the general perspective of local residents toward tourism was positive. Through cluster analysis, the local people were segmented into three groups with different viewpoints on tourism development: tendency optimists who account for more than a half of the

participants, optimists who comprise 25.9% of the sample, and realists who have realized that tourism brings negative effects on their lives. Tang, Zhang, Luo, Lu, and Yang (2008) assessed the relationship between the place attachment of residents and their attitudes toward resource protection in the ancient villages of Xidi, Hongcun, and Nanping by applying the structural equation model. The results indicated that (1) the residents' place attachment is composed of two dimensions, namely, place attachment and place identity; (2) place dependence has a significantly positive influence on place identity; (3) place dependence and place identify have a significantly positive influence on residents' attitude toward resource protection; and (4) the effect of place dependence on residents' attitude toward resource protection is realized through place identity, which plays a mediation role.

2.6.5 Summary ofPart VI

When considering the attitude toward owning small businesses in tourism, destination evolution is assumed to be an important external, socio-economic, and environmental factor that significantly influences owners' attitudes. Thus, destination life cycle, which is one of the most important theories in this field, was first discussed in this part of the study.

The model of creative destruction, which has been excellently applied in describing the evolution of historical towns and rural areas, was introduced. This model assumes that entrepreneurial investment, consumption of commodified heritage, and destruction of the rural idyll lead the heritage area to a leiscapescape of mass consumption.

As small tourism business owners are also residents of the tourism area, the economic, physical, and social changes with destination evolution were discussed.

To develop a profound understanding of the Chinese context, a brief review of studies on historical Chinese towns was presented. Three critical issues, namely, tourism development and historical towns' conservation, community participation, and local residents' attitudes toward tourism development, were particularly discussed.

Concluding this Chapter: Toward a Research Framework

Small and micro businesses predominate in nature-based and historical tourism sectors, and most business ventures are focused on family tourism run by

owner-operators and families (Carmody, 2008). Most people enter the tourism sector for lifestyle reasons. However, as a destination evolves, the external social-economic environment for the inhabitation of small tourism businesses is changing. Morrison et al. (2008) suggested that recognizing the dynamic nature of the socially constructed phenomenon of small lifestyle-oriented tourism firms and the associated complexity involved in identifying and classifying their characteristics is important. Therefore, the current study intends to examine how attitudes toward owning small tourism businesses may change over time.

Based on the literature review, an initial research framework is constructed to guide the data collection and analysis in the next phase of study. According to Maxwell (2013, p. 54), “concept maps usually require considerable reworking to get them to the point where they are most helpful to you; don’t expect to generate your final map on the first try. The concept map for qualitative research went through many iterations before settling into its current form. In addition, no map can capture everything important about the phenomena you are studying; every map is a simplified and incomplete model of a more complex reality.” Hammersley and Atkinson (2007, p. 164) argued that a framework is based on several “sensitizing concepts” that aim to provide reference and guidelines for field study. Different from definitive concepts that give suggestions to researchers on “who to see” and “how to see,” sensitizing concepts advocate “which to look.”

Attitudes toward owning business may change over time, as indicated by the literature review on small tourism business, small-scale commercial accommodation enterprises, entrepreneurs, business orientation and lifestyle orientation, and relationships among person, business, and environment. This process involves five key aspects:

- Demographic factors of the owner
- Psychological traits of the owner
- Business sense of the owner
- Business environment
- Physical, social/cultural changes during the different stages of destination life cycle

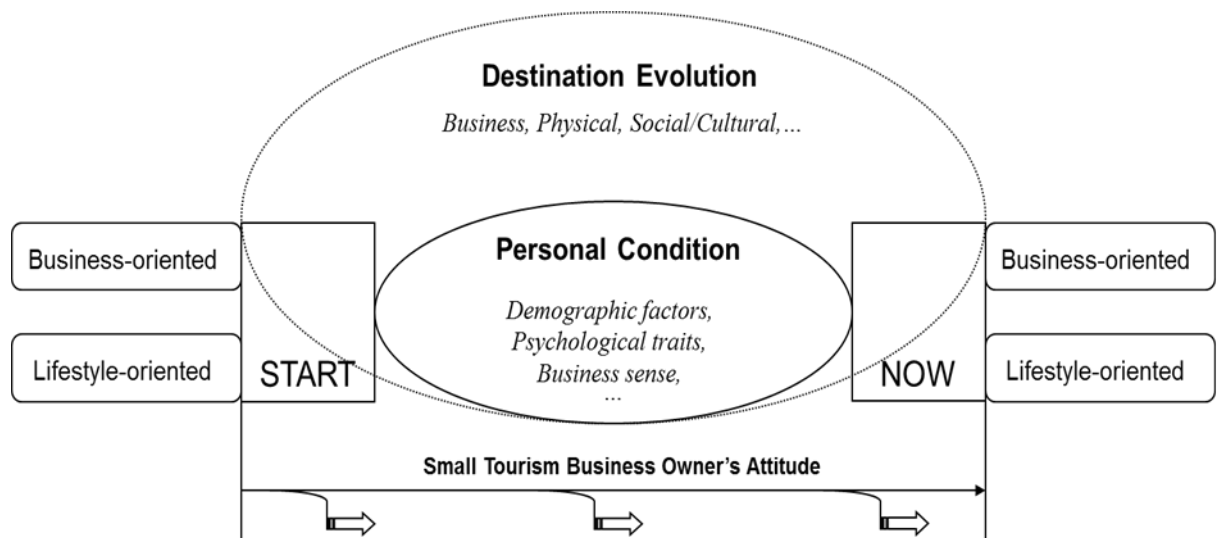


Figure 6. Research Framework

Therefore, the research framework (Figure 6) recognizes the change in attitude, which can be seen as a result of personal condition and destination evolution. Personal issues include demographic factors, psychological traits, and business sense. As discussed in Sections 2.2.3 and 2.4.2, owners of small-scale accommodation enterprises have special demographic characteristics, and their specific factors (e.g., gender, children involvement) influence profit and growth orientation. Therefore, demographic factors (e.g., gender, age, origin, and family stage) are crucial in determining attitudes toward operating small businesses in tourism. In addition, psychological traits (e.g., need for achievement, locus of control, life satisfaction, and place attachment) are vital for the entrepreneur's objectives. The type of entrepreneur dramatically influences the choice of strategy and structure (Williams & Tse, 1995), and the personality of the leader is

particularly important in determining the strategy (Miller & Dröge, 1986). For example, in their study on the adventure caving business of Black Water Rafting, Ateljevic and Doorne (2000) observed “a loss of control” after five years of operation. The lifestyles of the owners, their families, and the community became compromised by the rapid growth of the business. Thus, the owners subsequently revisited their initial value positions and implemented a deliberate strategy to constrain growth by emphasizing on product quality over quantity (Ateljevic & Doorne, 2000). More importantly, not every person has a good head for business. Therefore, owners’ business sense (e.g., opportunity perception, learning ability, time management, and good communications) significantly influences firms’ operation. According to Burke and Farratt (2004), the performance (i.e., the survival in most cases) of small firms can be synonymous with the success of the leadership style of the entrepreneur. Furthermore, the process in small firms does not reflect an exhaustive strategic analysis, as it takes a personality-driven, opportunistic, or instinctive approach (Burke & Farratt, 2004). Kaufman and Weaver (1998) proposed that four separate areas should be considered in the successful operation of a B&B: (1) fulfillment of personal goals, (2) fulfillment of financial goals, (3) general success of operation, and (4) accomplishment of what the operator wants. Therefore, business sense determines the general success of any operation.

When examining small business owners' attitudes toward owning business in tourism, destination evolution is a significant aspect. Morrison et al. (2008) advocated that the patterns of entrepreneurship conditioned by the socio-economic model, motivations, values, and meanings associated with small lifestyle-oriented tourism firms could induce a spillover development effect in the tourism destinations where they are located. As a destination evolves, the most important issue is business environment, which cannot be ignored when investigating the objectives of small firm owners because it dramatically influences firms' performance. According to Perry et al. (1998), relationships between the growth of a small firm after a successful start-up and the personal characteristics of its owner/manager depend on: (1) type of industry, (2) conditions of the economy, (3) stage of business life cycle, (4) instruments used to measure business growth and personal characteristics, and (5) type of growth. Perry et al. (1998) directly specified that economic variables have more influence than personal characteristics on growth after start-up. Moreover, small business owners in tourism industry are not only business operators but also residents in the destination area. Therefore, quality of life and place attachment are obvious factors that drive lifestyle-oriented small business owners to start tourism-related companies. Not only economic but also physical and social/cultural changes within a destination evolution may affect the change in attitudes. Baumol (1983, p. 31) found that among the determinants of the supply of entrepreneurship, social and cultural circumstances are far more potent in their effects than taxes or regulatory constraints. Therefore, in the aspect of

destination evolution, all of the changes in business, physical, and social/cultural conditions may influence the small tourism business owner's attitudes toward owning a firm.

This research framework practically incorporates all of the possible reasons emerging from the literature review on why the attitudes toward owning small tourism businesses change over time as a destination evolves. Furthermore, which among these factors are effective should be determined from the data. New factors that influence changes in attitudes may also be discovered simultaneously.

CHAPTER 3: METHODOLOGY

This first two chapters of this thesis provided an overview of the study, analyzed the research question and the scope of the study, and summarized the initial research framework based on the literature review. This chapter explains the underlying research paradigm of the study and describes the overall research design. In addition, this chapter presents the specific research procedure, including the procedures of data collection and data analysis. Finally, the validity of this study is described.

3.1 Research Paradigms

What is a research paradigm? According to Babbie (2007, p. 32), paradigms are “models or frameworks for observation and understanding which shape both what we see and how we understand it.” Paradigms are perspectives or ways of looking at reality, and they are “the frames of reference we use to organize our observations and reasoning” (Babbie, 2007, p. 31). Denzin and Lincoln (2008, p. 31) defined a paradigm as a “net that contains the researchers’ epistemological, ontological and methodological premises.” Epistemology explores issues such as “what the relationship is between the inquirer and the known” (Denzin & Lincoln, 2008, p. 31),

“what might represent knowledge or evidence of the social reality that is investigated,” and “what is counted as evidence” (Mason, 2002, p. 16). Ontology refers to what people think reality looks like and how they view the world, for example, the question of “what kind of being the human being is” (Denzin & Lincoln, 2008, p. 31) or the reflection on “the nature of phenomena, or entities, or social reality” (Mason, 2002, p. 14). Methodology signifies how individuals gain knowledge about the world (Denzin & Lincoln, 2008, p. 31) and how they collect research data. Based on these definitions, Guba and Lincoln (1994) proposed four alternative paradigms according to different combinations of ontology, epistemology, and methodology. Table 5, which is adopted from Guba and Lincoln (1994), describes the distinctions among the four alternative paradigms.

Table 5. Alternative Paradigms

Item	Positivist	Post-positivism	Critical Theory et al.	Constructivism
Ontology	Naive realism-“real” reality but apprehensible	Critical realism-“real” reality but only imperfectly and probabilistically apprehensible	Historical realism-virtual reality shaped by social, cultural, economic, ethnic, and gender values;	Relativism-local and specific constructed realities

			crystallized over time	
Epistemology	Dualist/objectivist; findings true	Modified dualist/objectivist; critical tradition/community; findings probably true	Transactional/objectivist; value-mediated findings	Transactional/objectivist; created findings
Methodology	Experimental/manipulative; verification of hypotheses ; chiefly quantitative methods	Modified experimental/manipulative; critical pluralism; falsification of hypotheses; many include qualitative methods	Dialogic/dialectical	Hermeneutical/dialectical

Source: Guba & Lincoln (1994, p. 109)

Positivism and post-positivism assume that truth exists in reality. Researchers take an objective perspective, and the methodology used is mainly experimental. Conversely, critical theory proposes that truth is shaped by social, cultural, economic, ethnic, and gender values, but researchers' values influence inquiry.

Constructivism considers that reality is socially, locally, and specifically constructed and that knowledge is created and coproduced by research and subject.

This study aims to examine how attitudes toward owning a business may change over time as a destination evolves. The researcher takes the position that the natural reality of the world is interpreted by individual subjective meaning. Reality is socially, culturally, and historically constructed, and knowledge is mainly created by research subjects. As such, the knowledge is based on the life stories of the guest house owners and the theory is constructed through the researchers' interpretation of the informants' stories. Therefore, the constructivism paradigm is most suitable for this study.

3.2 Research Design

Denzin and Lincoln (1994) defined qualitative research as follows:

“multi-method in focus, involving an interpretive, naturalistic approach to its subject matter. This means that qualitative researchers study things in their natural setting, attempting to make sense of, or interpret phenomena in terms of the meanings people bring to them. Qualitative research involves the

studied use and collection of a variety of empirical materials – case study, personal experience, introspective, life history, interview, observational, historical, interactional, and visual texts – that describe routine and problematic moments and meanings in individuals’ life” (p. 2).

According to Hennink, Hutter, and Bailey (2011), qualitative research can be used for a wide range of applications. First, qualitative methods are typically used for providing an in-depth understanding of the research questions, which consist of the perspectives of the study population and the context where they live. Second, qualitative research is useful for exploring new topics or understanding complex issues. Therefore, different from quantitative methodology which more focuses on testing hypotheses, qualitative research is most suitable for addressing “why” questions to explain and understand issues or “how” questions that describe processes or behavior. Moreover, qualitative methods are particularly suitable for examining sensitive topics because the research may build a comfortable atmosphere for participants through rapport. Hennink et al. (2011) listed several situations in which qualitative research can be conducted.

- To understand behavior, beliefs, opinions, and emotions from the perspective of study participants
- To understand and explain people’s views and behavior
- To understand processes such as how people make decisions, negotiate a

job, or manage a business

- To uncover the meaning that people give to their experiences
- To understand social interactions among people and the norms and values they share
- To identify the social, cultural, economic, or physical context in which activities take place
- To give voice to the issues of a certain study population
- To provide depth, detail, nuance, and context to the research issues
- To examine in detail sensitive issues such as sexuality, violence, and personal relationships
- To study complex issues such as human trafficking or drug use, which may be too complex or hidden to be easily explained by quantitative research

In comparing qualitative methodology and quantitative methods, the former is guided by concepts from the interpretive paradigm, whereas the latter is directed by assumptions inherent in the positivist paradigm (Hennink et al., 2011). Hennink et al. (2011) summarized the key differences between quantitative and qualitative research by purpose, conduct, and outcomes of each approach (Table 6).

Table 6. Key Differences between Qualitative and Quantitative Research

	Qualitative research	Quantitative research
Objective	To gain a detailed understanding of underlying reasons, beliefs, motivations	To quantify data and extrapolate results to a broader population
Purpose	To understand why? How? What is the process? What are the influences or contexts?	To measure, count, quantify a problem. How much? How often? What proportion? Relationships in data.
Data	Data are words (called textual data)	Data are numbers or numerical data
Study population	Small number of participants or interviewees, selected purposively (non-randomly) Referred to as participants or interviewees	Large sample size of representative cases Referred to as respondents or subjects
Data collection methods	In-depth interviews, observation, group discussions	Population surveys, opinion polls, exit interviews
Analysis	Analysis is interpretive	Analysis is statistical
Outcome	To develop an initial understanding, to identify and explain behavior, beliefs or	To identify prevalence, averages and patterns in data. To generalize to a

actions

broader population

Source: Hennink et al., 2011, p. 16.

The present research follows the process of change in attitudes toward owning small businesses in tourism over time. In addition, this study proposes to develop a theoretical framework that analyzes the reasons why the change occurs. An in-depth understanding of the motivations of small tourism business owners and how they change over time should then be obtained. Moreover, connecting small tourism business owners with destination evolution, which plays an important external social-economic context, is very new. Therefore, this study is an exploratory research that provides an initial understanding of this area, thus, qualitative methodology is most suitable for this present study.

3.3 Familiarization Tour of Lijiang

The researcher first visited the Old Town of Lijiang on the second week of July 2012. To obtain rich and valuable information for this research, the familiarization tour had the following purposes:

- Experience and become familiar with the setting

- Observe small tourism businesses in the area
- Decide on the type of business for further data collection

Upon first entering the destination, the researcher was amazed at the size of the old town and the number of operating guest houses. Through observation and casual conversations with some local residents and several hosts of guest houses, the researcher became familiar with the Old Town of Lijiang and gained a limited knowledge on its tourism development and guest house industry.

Natural and Cultural Environment of Lijiang

The Old Town of Lijiang is extensive. Famous for its orderly system of waterways and bridges, the rivers and bridges can be viewed almost everywhere inside the old town. Lijiang differs from other ancient Chinese cities in architecture, history, and the culture of its traditional residents, the Nakhi people. Several beautiful natural landscapes can also be found around the old town, for instance, Jade Dragon Snow Mountain, Tiger Leaping Gorge, and Lashi Lake.

One interesting activity inside the old town is the residents' dance called the Nakhi dance, which is performed every morning and evening in a big square located in the north gate. The dancing people dress in Nakhi costumes. Although the dance is for the locals' own entertainment and exercise, it takes the form of a special dance for tourists. Tourists usually join the activity, and others simply take photographs.

Today, Lijiang is a very popular destination in China. Masses of tourists, including individual and group tourists, walk in the cobblestone streets, especially during holidays. Particularly in the central square on Sifang Street, large groups of tourists can walk, take photographs, shop for souvenirs, and eat local snacks. In the peak season (i.e., June to August every year), the old town always receives a significant number of tourists. Even taking good photographs is difficult because of the influx of tourists. Only specific non-central places of the old town are relatively quiet, and these places have a rural town atmosphere.

In the evening, the old town can be particularly rowdy, and the neon lights of billboards illuminate certain places of the town. Noisy outdoor bars with modern singing and dancing shows turn the bar street into a modern leisure street, where lively groups of tourists attempt to outdo other groups. This commercial atmosphere almost harms the nature and culture environment of this heritage town.



Photo of Lijiang

Source: <http://baike.baidu.com/picture/15218/15218/6321062/0b7b02087bf40ad19895dacf552c11dfa9eccead.html?fr=lemma&ct=cover#aid=6321062&pic=0b7b02087bf40ad19895dacf552c11dfa9eccead>

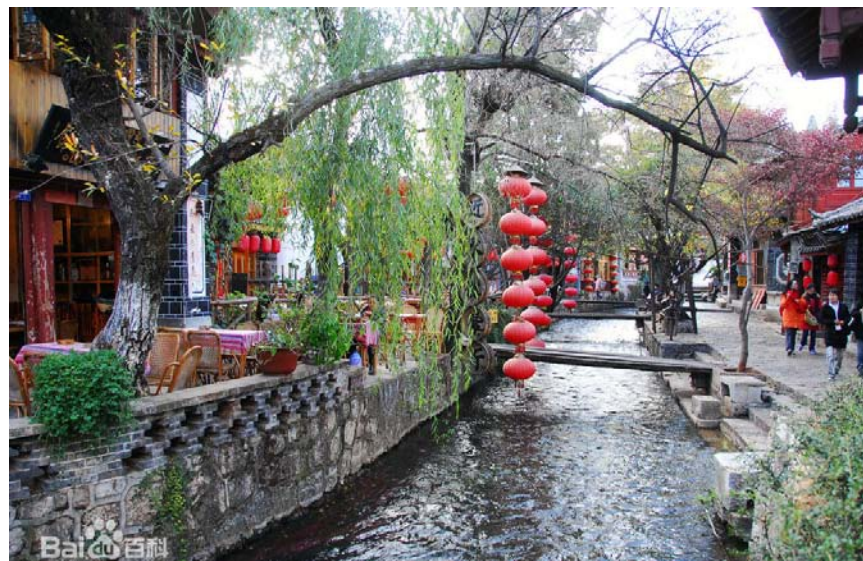


Photo of Lijiang

Source: <http://baike.baidu.com/picture/15218/15218/6321062/0b7b02087bf40ad19895dacf552c11dfa9eccead.html?fr=lemma&ct=cover#aid=6321062&pic=d50735fae6cd7b89247f27af0d2442a7d9330e8e>



Photo of Lijiang

Source: Author

Small Tourism Business in Lijiang

As in most historical/cultural towns in China, numerous small tourism firms are located in the Old Town of Lijiang. Several large-scale Naxi-style houses are preserved well in the town, and these houses are used as souvenir shops, restaurants,

cafes, bars, and accommodations. The combination of countless small tourism businesses has even become a special tourist attraction. In certain streets, a number of shops sell tourist souvenirs such as wraps and silverware. These streets gave the researcher the impression of a small shopping village. Through casual conversations with several business operators, the researcher also learned that a number of small tourism business owners are local residents, and others are immigrants from other places in China.



Photo of small tourism businesses in Lijiang

Source: Author

Guest Houses in Lijiang

Among all types of small business, accommodation (i.e., guest houses) takes the maximum ratio. Most of the guest houses in Lijiang are located in Nakhi

architectural buildings, and they have traditional Chinese decoration. For example, a pair of red lanterns is placed at each gate of a guest house, and almost every guest house has a small garden in the central area of the building, with flowers, sunshade, and comfortable chairs for customers' leisure. The room facilities are modern, and they provide tourists with a comfortable stay. Nearly all of the rooms have private bathrooms and network access. To attract travelers, most guest houses refurbish their rooms every several years.



Photo of a guest house's gate in Lijiang

Source: Author



Photo of a guest house in Lijiang

Source: Author

The researcher stayed at a guest house located in the quiet south part of the town near the south gate. The owners were a retired couple from Dalian, a large city in Liaoning Province, China. The couple told the researcher that they decided to operate a guest house because they enjoyed Lijiang and they did not want to leave once they arrived. Their business has been open since 2010. The owners help customers to order train tickets for free. The guest house only has seven rooms. Therefore, the owners only employ one elder woman to clean the rooms.

Considering the large number of guest houses in Lijiang, which have become a unique feature of the destination compared with other tourist areas in China, the researcher decided to choose the guest house as the type of business for further data collection. Moreover, the large population of guest houses offered the researcher the convenience of accessing potential informants.

3.4 Purposive and Snowball Sampling for Recruiting Informants

Purposive sampling and snowball sampling were applied to recruit interviewees. Purposive sampling refers to selecting the time, setting, and individuals who can provide the researcher with the information required to answer the research questions (Maxwell, 2013). According to Maxwell (2013), purposive sampling has at least five possible goals. First, purposive sampling achieves representativeness or typicality of the settings, individuals, or activities selected. Second, it can also achieve the opposite of the first goal, that is, adequately capture heterogeneity in the population. Third, it deliberately selects individuals or cases that are critical for testing the theories that motivate the study or that have been subsequently developed. Fourth, it can establish particular comparisons to illuminate the reasons for the differences between settings or individuals. Fifth, it can be used to select groups or participants with whom the researcher can establish the most productive

relationships so that the research questions can be answered. According to the topic of the current study and in accordance with the definitions of a small tourism business and a guest house in this study, five criteria were set for participant selection:

- (1) The informant must own a guest house in the Old Town of Lijiang.
- (2) The informant's guest house should employ less than 10 persons when opening.
- (3) The background of the informant does not matter. The participants include both local residents and immigrants as long as they have been living in Lijiang.
- (4) The informant must have owned his/her guest house in Lijiang for at least one year. An older establishment provides more potential information about the topic of this study than a newer one.
- (5) The informant's attitude toward owning a guest house at the beginning and at present can be classified into lifestyle oriented or business oriented, which signifies that the informant has a primary objective for owning a guest house.

Snowball sampling was adopted to select and approach the informants. This method is particularly suitable for identifying study participants with specific characteristics, rare experiences, or "hidden" population groups (Hennink et al., 2011). Using the snowball technique can take time because participants are identified one at a time;

therefore, this method is more suitable when recruiting for in-depth interviews. The snowball sampling process involves asking a study participant whether he/she knows anyone else in the community who meets the study criteria, requesting him/her to refer this person to the research, and asking the referred person for referrals after the interview (Hennink et al., 2011). Therefore, the sampling size can grow as time passes.

3.5 Data Collection: Procedures and Materials

The main data collection period included two phases. Phase 1 was from February 17 to March 10, 2014, and Phase 2 was from May 22 to June 12, 2014. The researcher stayed in the Old Town of Lijiang during the two phases, observed the destination, and conducted both casual conversations with local residents and in-depth interviews with guest house owners.

3.5.1 In-depth Interview

An in-depth interview is a major method of data collection in qualitative research, and it involves an interviewer and an interviewee for discussing specific topics in

depth. During an in-depth interview, the interviewer and interviewee not only ask and respond to questions, they also react to each other's (perceived) appearance, identity, and personality (Hennink et al., 2011). Therefore, in-depth interviewing is described as "a meaning-making partnership between interviewers and their respondents," which indicates that such interviews are "a special kind of knowledge-producing conversation" (Hesse-Biber & Leavy, 2006, p. 128).

Typically, in-depth interviews are particularly useful for seeking detailed information on individual and personal experiences from people about a specific issue or topic. These interviews are primarily used to capture people's individual voices and stories. They can be used to understand the context in which people live, such as the economic, socio-cultural, or lifestyle context of an individual (Hennink et al., 2011). Wengraf (2001) listed the types of information that could be collected through in-depth interviews: narratives about people's lives, the subjectivity of the interviewee, and the context in which the interviewee lives.

Although an interviewer may not be able to avoid influencing an interview, the interviewer should attempt to maintain neutrality. According to Hennink et al. (2011, p. 124), the multiple tasks that are often conducted simultaneously during an in-depth interview include the following:

- Become acquainted with the interviewee through small talk.
- Establish rapport and create a safe, comfortable environment for the interviewee.
- Pose questions in an open, unthreatening way and in a friendly colloquial manner.
- Listen and respond to the interviewee by asking follow-up questions and probing.
- Show empathy toward the interviewee.
- Motivate the interviewee to tell his/her story in detail.
- Take note of the social context and observe the environment of the interviewee.
- Observe the body language and subtle reactions of the interviewee.
- Be sincerely interested in hearing about the life of the interviewee.
- Respect the beliefs and lifestyle of the interviewee.

In terms of the quality of in-depth interviews, Hennink et al. (2011, p. 132) presented 10 evaluation criteria:

(1) Interpretive: Are the research questions interpretive in nature? Can they best be answered by conducting in-depth interviews? Are the questions open? Is the story of the interviewee heard? Does the interviewee talk the most in the interview?

(2) Appropriate: Is the application of in-depth interviews appropriate to answer the research questions?

(3) Coherent: Is the design of the interview guide (e.g., ethnographic cycle) coherently linked to the tasks conducted in the design cycle?

(4) Valid: Is the interview guide a valid operationalization of the research questions and conceptual framework as formulated in the design cycle?

(5) Transparent: Are the decisions made on the basis of the interview guide, and is the conduct of the interview transparent?

(6) Reflexive: Is the researcher reflexive about the inferences that he has made? Is he reflexive about his subjectivity and position during the fieldwork and the interviews?

(7) Culturally sensitive: Are the interview questions posed in a language understandable to the interviewee?

(8) Saturated: Are interviews conducted until the information saturation level is achieved?

(9) New information: Do the interviews produce new information?

(10) Ethical: Are the interviews conducted according to ethical principles?

The overall purpose of the present study is to examine the change in attitude toward owning guest houses over time as a destination evolves, and thus the study is a collection of life histories of the entrepreneurs (Page et al., 1999). The in-depth interview approach was necessary to accumulate useful and rich “stories” from the respondents. Thus, in-depth interview was the main method for data collection.

To recruit informants, both purposive sampling and snowball sampling were applied. In the initial stage of data collection, the researcher planned to access the possible informants by staying at several guest houses as a tourist. The researcher chose guest houses according to their small room capacity and operating period, and this information was obtained from online travel agencies (e.g., Ctrip and Qunar.com). Then, the researcher approached the owners of these guest houses through progressive casual conversations. Once trust was built, the researcher revealed her identity as a researcher, explained the study topic, and then invited these owners to be interviewed. However, after attempting several times, this approach did not work very well even though it took considerable time. Before choosing a guest house, the researcher did not know whether the host would be willing to share his/her business and life stories. Therefore, the researcher used another approach. First, the researcher observed the guest houses and then asked whether the owner was in. If the owner was in, the researcher would introduce the study topic directly and ask whether the owner would be willing to be interviewed. Fortunately, the hosts of

most guest houses were keen to converse and willing to communicate with the researcher. By the end of each interview, the researcher asked the informants to refer other people who also met the study criteria. In doing so, the sample size grew, and when the information began to be repetitive, the recruitment for informants stopped.

The Old Town of Lijiang is extensive (approximately 7.279 km²), and almost 2,000 guest houses are concentrated in the town. Thus, the researchers attempted to recruit informants from different locations of the town to minimize potential bias. In total, 55 guest house owners were recruited as informants (30 from Phase 1 and 25 from Phase 2). However, nine interviews were excluded from the data analysis because of poor interview quality or the difficulty in identifying the informant's attitude toward doing business. The final profile information of the 46 informants is presented in Appendix II. Most of the informants opened their guest houses in Lijiang with a small room capacity, 40 informants first opened their guest houses with no more than 15 rooms, and only one participant's guest house had more than 25 rooms (i.e., exactly 30). Moreover, the majority of informants had no more than five employees when they first opened their guest houses. Among of them, 36 informants even recruited no more than two employees. Among the owners, only 10 were locals, and the remaining informants came from other places in China.

The objectives set for the in-depth interview are as follows:

- To investigate why the owner opened a guest house in the Old Town of Lijiang.
- To examine the owner's perception of destination evolution of Lijiang over time.
- To investigate the owner's current attitude toward owning a guest house business.
- To examine if and why the owner has changed or not changed his/her attitude toward owning a business.
- To investigate the background information of the owner (e.g., gender, age, family stage, origin, and education and professional background).

If the informants had been recruited through snowball sampling, the researcher sought the name of the informants' guest house in the network, including their own websites or blogs, travel forums, and online travel agencies, before conducting the interview. By reading the introduction on the guest houses or customers' comments, background information about the guest house and the owner were obtained.

To establish rapport and engage the informants in a comfortable conversation, the interviews were conducted in the participants' own business setting. The average duration of the interview was approximately one hour. Interview confidentiality and the purpose of this research were conveyed at the beginning of the interview. Informed consent and permission to record the interviews were obtained from the interviewees. Notes were taken through the interviews, and they helped to record meaningful observations made on the topic under study and to avoid information loss.

In general, each interview began with two ice-breaking questions:

- “Can you share with me how you started your guest house in Lijiang?”
- “Can you tell me why you chose to open a guest house business in Lijiang?”

Once the participants began to feel comfortable to share their stories with the researcher, detailed questions, which had been prepared according to the research questions, were asked. Four major topics were identified:

- Perceptions of destination evolution
- Effects of destination evolution on their businesses' operation
- Present goals of operating tourism firms

- Reasons why they have changed or have not changed their attitudes toward owning a business

After asking these questions, demographic issues were asked (e.g., age, family stage, changes over the years). When a participant was willing to share his/her stories, demographic questions were also enquired. A detailed in-depth interview guide is provided in Appendix I.

Overall, whenever informants wanted to share their life and business stories with the researcher, probing questions were usually asked again to follow up on their responses. Informants' body languages were given close attention and considered as important data for analysis. The researcher used a cheerful and curious tone to convey that she was only interested to learn about their stories to make the informants feel at ease in sharing.

Information from the initial interviews helped to refine or revise the interview questions and topical probes for the subsequent interviews. Thus, the researcher made inductive inferences to go deeper into the issues with each following interview.

3.5.2 Secondary Data

Secondary data, including archival and library searches, were used to provide more comprehensive and enriched information about the tourism development in the Old Town of Lijiang. Secondary data sources included official statistics (e.g., annual tourist arrivals in Lijiang from CEIC China Database and documents from the local government), research on Lijiang, articles from newspapers, and online information (e.g., websites of guest houses in Lijiang from online travel agencies). All these data were complementary, as they provided comprehensive sources of data. The data were unique and provided a good source of longitudinal information on tourism development in Lijiang.

3.6 Data Analysis

3.6.1 Processes of Data Analysis

Qualitative data analysis is often described as “science and an art” (Corbin & Strauss, 2008), “structured but flexible” (Charmaz, 2006), and a process of “calculated chaos” (Lofand & Lofand, 1971). These descriptions indicate two aspects of qualitative research and data analysis. On the one hand, qualitative data

analysis is “science;” that is, not in the sense of experimental science but in the rigor and structure that come from following established procedures and using well-accepted methods and techniques for analyzing data. The “science” aspect also refers to developing evidence-based interpretations of data by applying appropriate techniques to ensure that study findings are well rooted in data. On the other hand, qualitative data analysis is described as an “art” and is often referred to as “creative” and “flexible.” It involves “chaos.” This aspect indicates the interpretive nature of analysis involving the development of a “story” from the data (Hennink et al., 2011).

In this study, the initial qualitative data collection and analysis used secondary data on the knowledge of tourism development, particularly on destination evolution and the information on guest houses in the Old Town of Lijiang, which helped to prepare the questions for in-depth interviews. For in-depth interview data, analysis began when the first in-depth interview had been conducted. Thus, the result of the data analysis contributed to refine the prepared questions for the following in-depth interviews. Moreover, the audio records of the in-depth interviews were transcribed verbatim for data analysis.

3.6.2 Content Analysis

The main data of the present study were obtained through in-depth interviews with guest house owners' in the Old Town of Lijiang, and the final theoretical framework was developed from the data. Content analysis was applied to analyze the interview data. The Cambridge Dictionary of Sociology (Turner, 2004) defines content analysis as “the analysis of the content of communication, which involves classifying contents in such a way as to bring out their basic structure” (p. 50).

In this study, the process of content analysis was driven by the analysis procedures of grounded theory. Grounded theory was established by Glaser and Strauss in the early 1960s (Strauss, 1987). Later on, Glaser and Strauss respectively continued to develop the method and took grounded theory into different directions. Glaser remained consistent with the method as one of emergent discovery, whereas Strauss, together with Corbin, added verification and more analytic procedures to the theory (Hennink et al., 2011). According to Strauss and Corbin, grounded theory “provides a procedure for developing categories of information (open coding), interconnecting the categories (axial coding), building a ‘story’ that connects the categories (selective coding), and ending with a discursive set of theoretical propositions” (Strauss & Corbin, 1990; cited in Creswell, 1998, p. 150). In the present study, Strauss and Corbin’s analytic procedures were applied to closely examine the data.

Before analyzing the data of the 6 in-depth interviews, 32 in-depth interview audio records were transcribed into verbatim transcriptions. A transcription service company in China was hired to conduct this job. Each transcription was double-checked by the researcher to ensure verbatim quality. For the other 14 in-depth interviews, because the interviewees refused to be audio recorded, the written notes by the researcher were used as transcriptions in the data analysis. The qualitative data analysis software Nvivo 10 was applied to facilitate the management of transcriptions and the coding process. The unit of analysis was either a sentence or a paragraph depending on the meaning of an informant's description.

Subsequently, Strauss and Corbin's analytic procedures were used to analyze the 46 in-depth interview data. That is, a systematic procedure of open coding, axial coding, and selective coding was implemented to listen to the "voice" of the informants and allow the theory to emerge from the data (Strauss, 1987). Open coding is the analytic process through which concepts are identified and their properties and dimensions are discovered in data (Strauss & Corbin, 1998, p. 101). During the second stage of axial coding, categories are related to their subcategories to form more precise and complete explanations about the phenomena (Strauss & Corbin, 1998, p. 124). Finally, selective coding is the process of integrating and refining categories (Strauss & Corbin, 1998, p. 143).

Opening Coding

Open coding is the first stage of breaking down data into analytic pieces and then examining, comparing, conceptualizing, and categorizing them (Strauss & Corbin, 1990). At this stage, the researcher read the data carefully, considered which codes were discussed in that section, and labeled the section with relevant codes. Such coding involves continually identifying what was said, assessing the context of the discussion, following the line of argument, and deciding which codes are appropriate (Hennink et al., 2011).

In open coding, the codes refer to an issue, topic, idea, or opinion that is evident in the data (Hennink et al., 2011). A mix of deductive and inductive codes was applied in the present study. A constructive grounded theory adopts grounded theory guidelines as tools but does not subscribe to objectivist and positivist assumptions in its earlier formulations. A constructivist approach emphasizes the studied phenomenon rather than the methods of studying it. Closer attention is given to the empirical data. By contrast, no qualitative method depends on pure induction. Instead, the questions that are asked about the empirical world reveal what people know of it. Therefore, conceptual categories arise through the interpretations of the

data rather than through the actual data or from methodological practices (Charmaz, 2005). Therefore, a mix of deductive and inductive coding was appropriate. This mix has been suggested to be an ideal approach by some researchers (e.g., Hennink et al., 2011).

Deductive codes were generated from concepts or theories in the literature at the early stages of this study. The research framework (Figure 6) channeled most of the concepts or factors that needed more attention. Developing deductive codes is commonly used as a logical starting point. Deductive strategies help to spur the development of inductive codes and recognize specific concepts, cultural references, or contextual issues in the data. However, researchers need to be careful not to impose deductively derived codes on data in which they are not validated. When coding the interview data, the deductive aspects in the present study that required more focus were developed mostly from the sensitizing concepts of the research framework (Figure 6), but the researcher could not force the data to fit the deductive codes.

Inductive codes materialized directly from the data and indicated the issues raised by informants. Inductive codes are valuable as they reflect the issues important to participants, and these issues may be different from those anticipated before the

study. Glaser and Strauss (1967) found that searching for inductive codes enables the data to “speak for itself.” Inductive coding is central to qualitative data analysis, as it reflects the principles of grounded theory (Glaser & Strauss, 1967). To develop the inductive codes in this study, the researcher read all the transcriptions word-by-word, annotated the data, noted the repetitions, identified the topic changes, and explored the underlying concepts.

This study examined the descriptions of each informant with a holistic view. Thus, the conversation with each informant was considered a story. By doing so, the relationships among the codes that were inexplicitly explained by informants could be explored originally. When open coding was completed, the codes were described, compared, and classified into different categories. Each category was labeled carefully and described to elucidate the concept it represents. In this study, 11 categories were discovered. Among them, two categories are the owners’ attitudes toward owning a guest house at the beginning, namely, lifestyle orientation and business orientation. Seven categories are the reasons why the owners changed (or maintained) their attitudes: situated cognition, intrinsic needs, demographic factors, change in place, change in guest house industry, change in tourists, and tourists demand. Two categories are the owners’ present attitudes toward owning a guest house, namely, lifestyle orientation and business orientation.

By comparing the categories of informants' attitudes toward owning a guest house at the beginning and present, whether the informants have changed their attitudes or not was determined. Subsequently, according to the different changing patterns of attitudes, the 46 informants were divided into four groups: changed from lifestyle orientation to business orientation (8 informants), maintained a lifestyle orientation (12 informants), changed from business orientation to lifestyle orientation (8 informants), and maintained a business orientation (18 informants).

Axial Coding

During axial coding, the researcher reconsidered the 11 categories and their subcategories to form more precise and complete explanations about a phenomenon (Strauss & Corbin, 1998). To have a comprehensive understanding of the phenomenon, the researcher compared the categories in each group of informants and then further divided the classifications of the factors that cause a change in the owners' attitudes toward owning a guest house over time into two broader themes: personal reasons and environmental facilitators. Significant social science research features some type of categorizing or conceptual ordering of data that forms a precursor for abstraction and theory building (Strauss & Corbin, 1998).

Selective Coding

Selective coding includes refining the categories, building a “story” that connects the categories, and obtaining a discursive set of theoretical propositions (Creswell, 1998; Strauss & Corbin, 1998). Therefore, acknowledging the whole picture, the present study reviewed the 46 informants and reconsidered the categories. Consequently, the category of tourist demand was merged with the category of change in tourists. That is, the factors of why the informants’ changed (or maintained) their attitudes were reduced from seven to six.

By connecting the categories, this study re-identified the inexplicit relationships through the case analysis of the 46 informants based on the whole picture (i.e., relationships underlying the reasons why an informant has changed or maintained his/her attitude toward owning a guest house in Lijiang over time as the destination evolves). Three relationships covering Propositions 2, 3, and 4 (Figure 7) were discovered.

3.7 Validity of the Study

Maxwell (2013) listed several ways to test the validity of research results: intensive and long-term involvement, rich data, respondent validation, intervention, search for discrepant evidence and negative cases, triangulation, numbers, and comparison.

Intensive and long-term involvement and triangulation were used to increase the validity of the present study. First, the researcher traveled to Lijiang thrice and stayed in the research site for more than two months. The researcher's sustained presence in the setting helped in studying and repeating interviews with the participants. Thus, more and different types of data were obtained, and the researcher was able to check and confirm the results of the study.

Triangulation has received increasing attention recently because of its ability to strengthen qualitative findings by indicating that several independent sources can concur with the findings or at least do not oppose them (Decrop, 1999). Denzin (1978) distinguished between different "triangulation" approaches, namely, methodological triangulation, data triangulation, investigator triangulation, and multiple triangulation. The present study applied methodological triangulation,

which refers to “using more than one research method in measuring the same object of interest, for example, using participant observation as well as questionnaires” (Oppermann, 2000, p. 142). To minimize the subjectivity of the study, the final results were derived through the triangulation of two research methods, namely, in-depth interview and secondary data. Moreover, data triangulation was used in data collection. Data triangulation refers to “using the same approach for different sets of data in order to verify or falsify generalisable trends detected in one data set” (Oppermann, 2000, p. 142). In this study, the researcher attempted to search for informants from different locations in the old town to avoid potential bias. Note that the Old Town of Lijiang, which is approximately 7.279 km², has almost 2,000 guest houses.

3.8 Study Limitations

A critical evaluation of the whole study and its results is important when considering its contributions. The specific inherent limitations of this study as an exploratory research should be acknowledged.

The first limitation is the definitions of lifestyle orientation and business orientation. In this study, lifestyle orientation and business orientation are defined based on the owner's primary motivation toward conducting small tourism business. That is, business-oriented small tourism business owners mainly aim to achieve economic success (e.g., profit maximization and business growth), whereas, the lifestyle-oriented owners essentially want to enjoy their ideal lives by doing small tourism businesses. Nevertheless, these definitions are broad. Moreover, the informants' attitudes toward doing business were identified and classified by the researcher based on these definitions. However, doing so seemed subjective to a certain extent despite the researcher's attempt to avoid this issue by questioning the informants about their attitudes toward doing business over time several times in the in-depth interviews.

Some limitations resulted from the scope of the study. First, the study selected the Old Town of Lijiang, which is a famous historical town in China, as the study setting. Numerous differences in economic and social aspects are evident in different destinations, and the context of small tourism businesses is considerably different. Therefore, external factors influencing small tourism business owners' attitudes may differ. Second, the study focuses on one type of small tourism business, namely, guest houses, as the research target. However, different types of businesses may vary in income, cost, and development opportunities, which may lead to alterations

in the business sector. Third, this study investigates the informants' attitudes toward doing business in tourism at the beginning and at present, and examines whether and how they have changed their attitudes. However, few informants (e.g., #20 and #34) tended to change their attitudes repeatedly. For example, according to Informant #20,

“My attitude toward owning a guest house has experienced several stages. At the beginning, I opened my guest house in the Old Town of Lijiang for lifestyle reasons. As I faced greater business opportunities, I began to expand my guest house. I once had three guest houses here. However, I began to feel so tired, and then I reconsidered why I chose to stay in Lijiang. So I decided to close two of them and enjoy my life by owning only one guest house.”

Therefore, this study is limited in providing insights into the theoretical framework of the change in small tourism business owners' attitudes toward doing business over time as a destination evolves.

Other limitations relate to sampling issues. This study selected the informants according to the set criteria based on the definitions of small tourism business and guest house and classified the 46 informants into four groups according to their original attitudes and whether they have changed their attitudes. The 46 in-depth interviews gave the researcher rich informative insight into the change in attitude of

small tourism business owners toward doing business as a destination evolves. However, the sample sizes in two groups that changed their attitudes toward owning a guest house over time are both eight (i.e., change in attitude from lifestyle orientation to business orientation and change in attitude from business orientation to lifestyle orientation). This result could restrain the understanding of the reasons why they changed their attitudes. In addition, as the ownership of guest houses has been changed frequently in the recent years, so among the 46 interviewees, only 6 of them operated their guest houses for more than 10 years, while the other informants are recent owners. Thus, this study cannot look at the change of guest house owners' attitudes over a long time.

Chapter Summary

This chapter explained the methodology of this study and the specific procedures used to conduct the research. First, by comparing the qualitative and quantitative paradigms, this study selected the former as its underlying methodology. Second, the familiarization tour of Lijiang was introduced to provide information about the study context. Then, the overall research design was specified, including the criteria and requirement of informants, data collection (procedures and materials), and data analysis. The section on informants presented the selection criteria. Based on the

criteria, purposive sampling and snowball sampling were applied to acquire interviewees. The section on data collection presented two sources of data. The section on data analysis first introduced the interrelated processes of three data materials and data analysis. Then, as in-depth interview was the main method of this study, the content analysis of the transcriptions (i.e., open, axial, and selective coding), which were driven by the analysis procedures of grounded theory, was explained. Finally, the strategies used to increase the validity of this study were discussed. The findings that emerged from the implementation of the described methods are presented in the next chapter.

CHAPTER 4: FINDINGS

The implementation of the methods described in Chapter 3 resulted in a rich understanding of whether and how attitudes toward owning a guest house change over time as a destination evolves. Among the 46 informants, four types of change in attitude were identified, namely, change from a lifestyle orientation to a business orientation (8 informants), maintain a lifestyle orientation (12 informants), change from a business orientation to a lifestyle orientation (8 informants), and maintain a business orientation (18 informants). Therefore, this chapter organizes the results based on the four patterns. Pattern I and Pattern III, which consist of the owners who have changed their attitudes over time as the destination evolves, describe the informants' attitudes toward owning a guest house at beginning and at the present, and the reasons for the change in their attitudes. Pattern II and Pattern IV, which consist of the owners who have maintained their attitudes toward owning a guest house with a lifestyle orientation or a business orientation, describe the attributes of the specific attitudes and the informants' reasons for maintaining these attitudes.

Pattern I: Change in Attitude from a Lifestyle Orientation to a Business

Orientation

Among the 46 interviewees, 8 informants have changed their attitudes toward operating a guest houses from a lifestyle orientation to a business orientation (Table 7).

Table 7. Cases of Changing Attitude from Lifestyle-orientation to Business-orientation

Informants	The year of opening guesthouse in Lijiang	Room capacity at start	Number of employees at start	Business expansion so far (yes or no)
#1	2009	23	2	Yes, 2 guesthouses (one in Lijiang, one in Dali)
#3	2012	30	5	Yes, 3 guesthouses (two in Lijiang, 1 in Shangri-La)
#9	2011	8	N/A	Yes, 2 guesthouses (both in Lijiang)
#11	2010	7	1	Yes, 3 guesthouses (two in Lijiang, 1 in Shangri-La)
#33	2009	6	2	Yes, 2 guesthouses (both in Lijiang)
#34	2009	6	N/A	No
#38	2012	4	N/A	Yes, 2 guesthouses (both in Lijiang)
#39	2011	9	N/A	No

Note: N/A refers to missing information.

4.1.1 Lifestyle-oriented Attitude toward Opening a Guest House at the Beginning

In analyzing the experiences of the eight informants who have changed their attitudes from a lifestyle orientation to a business orientation, 11 unique attitude attributes of lifestyle orientation emerged as they discussed why they decided to open a guest house and stay in Lijiang at the beginning (Table 8).

Table 8. Lifestyle-oriented Attitude towards Opening Guesthouses at Beginning (Pattern I)

Category	Attributes	No. of Informants	No. of References
Lifestyle-orientation	Change of life	5	13
	Alternative lifestyle	3	4
	Meeting people & making friends	5	10
	Enjoy relax & comfortable environment	4	6
	Fun	4	9
	Freedom	3	8
	Unsophisticated perception to Lijiang	3	3

Enjoy nice physical environment	2	4
Enjoy the role of being an owner	2	4
Being as second home	1	2
Being as club	1	4

Note: Reference refers to the sentences or paragraphs describing the specific attitude attribute.

Looking for a change in lifestyle is an obvious attribute of making a lifestyle decision, particularly for those who are not satisfied in the emotional aspects of their previous lives. The informants first traveled to Lijiang as tourists and found the life in Lijiang to be more attractive than their previous lives. Thus, they decided to remain in Lijiang and open a guest house using their savings as they embarked on a new career and a new life. According to Informant #34,

“I first visited Lijiang in 2007 and had a very good feeling about the place. Then, two years later, I quit my job, sold my apartment in Beijing, and moved to Lijiang. At that time, I did not like my life in Beijing. The pressure from work was too much, and I did not have a suitable boyfriend. I worked during the day and afterwards, I had nothing to do but surf the Internet. Such a routine was repeated every day, and my life became extremely boring. In Lijiang, the pace of life is significantly slow, but people here are purer, and life is so comfortable.” (Informant #34)

Another important reason why these people enjoy living in Lijiang without considering the economic problem is that, aside from operating a guest house, some of them have other sources of income (e.g., other businesses in other areas in China). These individuals are self-employed and have business partners, and thus they can stay in Lijiang most of the time and operate the guest house by themselves. Informant #1, who came from Dali, Yunnan Province, shared the following:

“I also have another business. In fact, I sell tea, from which I earn more. I began selling tea many years ago; thus, I do not need to pay much attention to that. Accordingly, I can stay here and operate this guest house.” (Informant #1)

Interestingly, meeting people and making friends are other important factors that contribute to the owners’ lifestyle-oriented attitude toward operating a guest house. Customers of a guest house come in different types, and thus the owners have many opportunities to meet new people. In addition, personal communication between hosts and guests usually occurs more in small-scale accommodations. By talking with different guests, the owners can open their minds and even make friends with the guests. According to Informant #38,

“I enjoy chatting with the guests in my courtyard. I always meet different kinds of guests. I can talk with them and get to know their lives and stories. I really enjoy that; it helps me to open my mind.” (Informant #38)

The informants also reported the pleasant and indescribable environment of Lijiang, the relaxed and comfortable feeling it exudes, and its unsophisticated perception.

“The pace of life in Lijiang is very slow; this is the life.” (Informant #3)

“In Lijiang, the pace of life is significantly slow, but people here are purer.” (Informant #34)

“I like the feeling of a slow life. In big cities, humanity is less.” (Informant #39)

Some informants opened a guest house just for the fun of it

“At the beginning, I went here and opened this guest house just for fun. Actually, I had a business in my hometown at that time.” (Informant #9)

“The atmosphere in Lijiang was once very good. We always had BBQ in the courtyard, drank, and chatted with the guests.” (Informant #1)

Owning a guest house gave the owners freedom. They could arrange their schedules because of their self-employed status.

“I like the freedom. By operating a guest house, I can travel to anywhere whenever I want. At that time, I did not care about money too much, as long as I had some money in my pocket. So I asked the aunt (helper) to manage my guest house while I traveled a lot.” (Informant #11)

As Lijiang is located in a plateau area, which is different from most places in China as they have poor air quality, the air quality in Lijiang is good and the climate is comfortable. Thus, the informants enjoyed the pleasant physical environment, such as good air and suitable climate.

“Before I moved here, I lived in Guangzhou, which is a big city. There were too many people and too many cars there. To be honest, the air quality was so poor that I would seldom see the blue sky.” (Informant #3)

“My hometown is located in Northeast China. It is too cold in winter there, but here, the weather is relatively good.” (Informant #9)

Interestingly, enjoying the role of being an owner significantly motivated the informants to open a guest house in Lijiang.

“Being the owner of a business is good. Compared with operating a restaurant or a bar, operating a guest house is much easier, and it does not bother me too much.”

(Informant #38)

Aside from providing accommodation facilities to tourists, guest houses can be used by their owners for other purposes, such as a second home or a club.

“My son lives in my hometown and he’s in middle school now. So my wife and I have to stay there most of the time to take care of him. During summer and winter holidays, my family stays in Lijiang together.” (Informant #9)

“I opened this guest house not only for catering to tourists but also for treating my business friends (inviting them to travel to Lijiang and stay in my guest house for free).” (Informant #89)

Significantly, a number of informants indicated a combination of such attributes instead of only one specific attribute when discussing their reasons for deciding to open a guest house. For instance, Informant #34, who once worked in a media company in Beijing, opened her guest house in Lijiang and left Beijing because she wanted a new life, enjoyed the relaxed and comfortable environment, and had an unsophisticated perception of the old town. Moreover, Informant #38, who was once

a policeman in his hometown, opened his first guest house in Lijiang because he enjoyed meeting new people, making friends, and being a small business owner.

4.1.2 Business-oriented Attitude toward Operating a Guest House at Present

When discussing whether their attitudes toward operating a guest house have changed and what their motivations as guest house owners are at present, eight informants interestingly reported that their attitudes are business oriented or mostly business oriented. Among the eight informants, six owners (i.e., Informants #1, #3, #9, #11, #33, and #38) have expanded their guest house business in Lijiang or nearby (Table 7). Only Informants #34 and #39 have not extended their guest house business for specific reasons, such as unavailable suitable house, limited financial sources, and personal time constraints.

“I am also considering opening one more guest house in Lijiang, but I have not found a suitable courtyard.” (Informant #34)

“I do not think I have adequate time and energy to operate another guest house, as managing a guest house involves too many details. Also, I do not have abundant financial sources to own one more guest house now.” (Informant #39)

In analyzing the data on the business-oriented informants at present, two attributes, namely, making more money and achievement, were identified (Table 9).

Table 9. Business-oriented Attitude towards Operating Guesthouses Now (Pattern I)

Category	Attributes	No. of Informants	No. of References
Business-orientation	Making more money	7	19
	Achievement motivation	4	5

Note: Reference refers to the sentences or paragraphs describing the specific attitude attribute.

Making more money significantly affects the informants' attitudes toward operating a guest house. Among the eight owners, seven mentioned this motivation.

“It is easy to make money by operating guest houses. As I have a lot of experience, I can check the room sales using my mobile phone, and I can manage the guest house even though I am not here.” (Informant #1)

“I mostly want to make more money, so that I can provide my family with a better living condition. Also, I hope to apply for immigration with my family with my savings in the future.” (Informant #38)

“It is easy to make money by owning guest houses in Lijiang, why not (more money)?” (Informant #39)

Some informants (#3, #9, #11, and #39) indicated achievement in explaining their business-oriented attitude toward operating a guest house at the present.

“My business in Lijiang has become big already. I invested a lot of money in expanding guest houses and starting a backpacking club last year. I hope I can operate a travel route connecting Lijiang and nearby destinations.” (Informant #3)

“Since I have stayed here, I found that there are many (business) opportunities in Lijiang, so I closed my IT (information technology) business in my hometown (it was too tiring). Now, I want to establish a guest house business in Lijiang as my dream career.” (Informant #9)

4.1.3 Factors Driving the Change in Attitude over Time

The informants provided their reasons for their change in attitude from a lifestyle orientation to a business orientation. The factors influencing their changing attitudes are classified into two themes, namely, personal factors and environmental facilitators. The personal factors directly driving the change in the informants’

attitudes toward owning a guest house in Lijiang are organized into three categories based on the nature of the factors: situated cognition, intrinsic needs, and demographic factors (Table 10). In addition, the factors from the external aspect indirectly facilitate the change in informants' attitudes from a lifestyle orientation to a business orientation. The environmental facilitators can be mainly divided into three categories: change in tourists, change in guest house industry, and change in place (Table 11).

Personal Factors Driving the Change in Attitude

Table 10. Personal Factors Driving the Change of Attitude from Lifestyle-orientation to Business-orientation

Category	Factor	No. of Informants	No. of References
Situating Cognition	Business opportunity perception	8	21
	Benefit of gaining resources and experiences on the job	2	3
Intrinsic Needs	Novelty decreasing	2	4
	Adjusting perceptions to Lijiang	3	10

Demographic Factors	Family status	6	10
	Age	3	3

Note: Reference refers to the sentences or paragraphs describing the specific factor.

Three categories of personal factors that directly influence the change in attitude toward owning a guest house in Lijiang were identified (Table 10). The first category is the owners' situated cognitive beliefs in operating a guest houses in Lijiang, including the perception of business opportunity and attainment of resources and experiences on the job. The former refers to the informants' cognitive belief in the business demand of guest houses. All eight informants mentioned the demand for accommodation in Lijiang. For example, according to two informants,

“Lijiang is the tourism stopover in this area. If you go to the snow mountain nearby, you have to go back to Lijiang to stay overnight. The occupancy rate of my guest house is around 30% to 40% during tourist off-seasons, whereas the occupancy rate can reach to almost 100% during peak tourist seasons (national holidays, Chinese New Year holidays, and summer vacations). The room price during peak tourist seasons can be almost double the price during tourist off-seasons.” (Informant #1)

“I have found that there are many opportunities in Lijiang since I stayed here. In the past two years, the average occupancy rate of this guest house in a year is about

60%. I plan to redecorate the house, so that I can raise the room price.” (Informant #9)

Gaining resources and experiences on the job signifies the informants obtaining experiences in operating a guest house over time as well as resources in Lijiang (e.g., customer resources and financial resources), which they considered that they should use to acquire benefits.

“Although operating a guest house involves a lot of details, I do not need to stay in the guest house all the time. I can check the room sales via my mobile phone. It is easy to manage (guest houses), so I opened another one on the side of Erhai Lake in Dali.” (Informant #1)

“I have operated guest houses in Lijiang for several years, and I owned my first guest house in 2012. Therefore, I have gained many (customer) resources. Ten rooms are not enough (to provide for my customers), so why not own more guest houses (to earn more money)?” (Informant #38)

The second category is intrinsic needs, which reflect the more affective aspects of the owner, including decreasing novelty and adjusting perceptions of Lijiang. Novelty refers to the novelty of operating a guest house and the place.

“I opened the guest house here just for fun at the beginning, especially as I was able to meet and talk with some beautiful women (in my guest house). But now, the newness is gone.” (Informant #1)

“I have stayed in the Old Town of Lijiang for more than three years. I have become used to everything here, even to the beautiful view.” (Informant #39)

Along with the decreasing novelty, the informants’ perceptions of Lijiang also adjusted over time as the destination evolved. The owners’ positive perceptions of Lijiang as a simple and comfortable place was one of the most important reasons why they decided to open a guest house and settle down in Lijiang. However, as tourism developed, several owners changed their perception of Lijiang.

“The feeling was not as good as before. Lijiang is no longer a place for people to stay for a long time.” (Informant #1)

“Lijiang was once a simple and cozy place. This is why I moved here from Beijing. But now, it is totally different.” (Informant #34)

Third, personal life status and family status certainly affected the owners’ attitudes toward owning a guest house over time. In particular, family status is the most obvious factor in this category, and six of the eight informants in this group

mentioned this issue. Among the eight informants, seven owners were around 30 years old. They had just been married or were preparing to be married; a few of them had little children. Therefore, owning a guest house is important for earning money to provide better life conditions for the informants' families. This finding held true for Informant #34, who moved to Lijiang from Beijing in 2009 and was married and seven months' pregnant at the time of the interview.

“I am married and pregnant for seven months, I need to consider my baby, and I want to give my baby a better life. I plan to buy an apartment in the new town of Lijiang.” (Informant #34)

Age is a demographic factor that influences owners' attitudes toward doing business, especially for male owners who are around 30 years old. These male informants (i.e., Informants #3, #11, and #39) initially opened their guest house for hedonistic motivations, such as fun and freedom. However, as they approached their 30s, they began to think about their future. They considered not only their careers but also marriage.

“I once traveled anywhere whenever I wanted. However, now, I am not young. Many of my friends have gotten married. I need to consider my career, and I also have to save money to prepare for marriage.” (Informant #11)

Environmental Facilitators Driving the Change in Attitude

Many external changes influencing the informants' attitudes toward operating guest houses were indicated in the interviews. These changes are classified into three major categories, namely, change in tourists, change in guest house industry, and change in place (Table 11).

Table 11. Environmental Facilitators of the Change of Attitude from Lifestyle-orientation to Business-orientation

Category	Change	No. of Informants	No. of References
Change of Tourists	Tourist type	5	11
	Tourists' needs	3	6
	Number increasing	2	3
Change of Guest House Industry	Number increasing	5	10
	Industry upgrading	4	7
	Business competition	5	7
	House rent increasing	6	12
Change of Place	Physical environment deterioration	2	3
	Commercialization	6	10
	Rising prices	1	1
	Social & culture _ Perceived residents' becoming	3	3

	sophisticated		
	Social & culture _ Perceived residents’ eager for money	1	2
	Social & culture _ Local residents’ moving out	3	6

Note: Reference refers to the sentences or paragraphs describing the specific change.

First, change in tourists includes three aspects: the growth of tourist arrivals, the transformation of tourist types, and the change in tourists’ needs. Lijiang is a popular destination in China, and the number of travelers has been increasing significantly. Tourist arrivals have dramatically and steadily grown because of the improvement of transportation facilities in Lijiang and the boom of Chinese domestic tourism in recent years. The increase in arrivals not only provides business opportunities for the accommodation industry in Lijiang but also accelerates Lijiang’s evolution as a destination.

“I did not imagine that the tourist arrivals would increase so greatly. Lijiang Rail Station was opened in 2009. Since then, the number of tourists has been increasing. However, with more and more tourists, Lijiang has become so commercialized, and many environmental pollution problems have emerged.” (Informant #3)

Notably, tourist types have transformed over the years. Lijiang, as the first-world cultural heritage in China, attracted many backpackers from overseas in the early days. Then, more domestic backpackers traveled to Lijiang. Recently, with the economic growth and boom of domestic tourism development in China, Lijiang has been transformed into a popular destination that welcomes a considerable number of tourists.

“The guests of my guest house were backpackers, and we often had BBQ and drinks together in the yard. We were very happily. Now, many visitors coming to Lijiang have personal and realistic purposes.” (Informant #11)

“The tourists before were simple. They visited Lijiang just to enjoy the sunshine and fresh air. Now, most visitors tend to be realistic.” (Informant #34)

As a result, customers’ needs in terms of small accommodation facilities have also changed. For example,

“Today, more customers are asking for modern and good facilities, even though sometimes they are not environmental.” (Informant #)

“It has been increasingly difficult to serve the guests.” (Informant #34)

Second, the change in the guest house industry, such as the increasing number of guest houses, industry upgrading, fierce business competition, and increasing house rent, influenced the owners' attitudes toward doing business. The tourism development in Lijiang resulted in the change in the accommodation sector of the Old Town of Lijiang. The number of guest houses transformed from traditional Nakhi people's courtyards has risen dramatically.

“Now, the number of guest houses in the old town has reached almost 2,000. The government plans to extend the area of this old town to the North Slope (a geographical name), and many new guest houses are being built.” (Informant #1)

Another revolution of the guest house industry that can be found in Lijiang is the upgraded sector. For example, the facilities in guest houses have transformed from simple and old to modern and good.

“More upscale guest houses have emerged in Lijiang. These boutique models have their target customers.” (Informant #11)

The increased number of guest houses and the advancement of this industry have caused the competition among the guest house sector in Lijiang to be increasingly fierce.

“The number of guest houses is huge, even the industry is full, so competition is very fierce.” (Informant #38)

However, the operating cost of guest houses has also increased mainly because of the increased house rent. The local Nakhi people are not good at doing business. Therefore, most of the guest houses in Lijiang are gradually being acquired by outsiders who emigrated from other places in China. The Old Town of Lijiang is a world cultural heritage; thus, the local government does not allow the selling of traditional houses in the old town to outsiders. As a result, the house rent has continuously increased over time as the tourism industry in Lijiang flourishes, raising the business cost significantly.

“The increase in rent is high to bear, and we cannot simply work for the house owners.” (Informant #34)

Third, the guest house also acts as the owners' living quarters. Therefore, changes such as environment pollution, commercialization, increasing prices, and changes in social and cultural aspects also affect these owners' attitudes toward doing business.

The profits obtained from operating pubs are significant. Therefore, more pubs are being established in the old town than before. As a result, noise pollution has worsened. Moreover, the Old Town of Lijiang was once famous for its orderly system of waterways and bridges. However, with the development in tourism, the water at present is not clean as it was before. These environmental issues were reported by the following informants:

“The pubs in the old town are very noisy. The government made a policy that forbids the use of audio systems after 11:00 pm. But before that time, it is too noisy.”

(Informant #1)

“I like the waterways and bridges in the old town, but the water is not as clean as before.” (Informant #3)

With the development in tourism, the commercialization problem in the Old Town of Lijiang cannot be ignored, as reported by six of the eight informants (i.e., Informants #1, #3, #9, #11, #33, and #38). Together with commercialization, increasing prices was also indicated by Informant #34. According to Informant #38,

“When I first came here, there were some local residents’ houses, but now, they have all been transformed into shops. It is too commercialized.” (Informant #38)

Moreover, guest house owners perceived the social and culture changes as factors influencing the change in their attitudes toward doing business. The residents were perceived to be more sophisticated according to some informants (i.e., Informants #11, #34, and #39). In particular, the residents' eagerness for money was considered by Informant #34 in describing the changes in Lijiang as a destination.

“The local people are not as simple as before. House rent has been increasing for the past few years. In fact, some owners of the houses are not fair. Although we signed contracts with them, they still increase our rent whenever they want. We also do not want to have a falling out with the house owners because we have spent a lot of money in furnishing the courtyard house.” (Informant #34)

The local Nakhi people's moving out from the old town was mentioned when discussing the changes in Lijiang as a destination. Currently, the Old Town of Lijiang is ruled by outsiders who conduct tourism business and visitors. Therefore, Lijiang's image has been transformed from a world cultural heritage to a tourism and shopping town.

“There were not as many guest houses before as there are now. Our neighbors were once local Nakhi people, and we had a very good relationship with them. However, they are not good in doing business. Thus, most of them have moved out as they could earn a lot of money by renting out their houses.” (Informant #11)

In summary, the change in attitude toward operating guest houses from a lifestyle orientation to a business orientation is influenced by three sets of personal factors: situated cognition, intrinsic need, and demographic factors. Moreover, the changes in the external environment, particularly in the tourists, the guest house industry, and the town aspects, enable guest house owners to change their attitudes toward doing business.

Pattern II: Maintaining a Lifestyle-oriented Attitude

Among the 46 informants, 12 interviewees were guest house owners who maintained their lifestyle orientation or mostly lifestyle-oriented attitude toward owning a business over time (Table 12). These guest house owners operated their guest houses with a limited room capacity and a few or even no employees. Among these 16 informants, only Informant #16 grew his business and opened another guest house in the Old Town of Lijiang. The rest did not expand their business.

Table 12. Cases of Staying Attitude as Lifestyle-orientation

Informants	The year of opening guesthouse in Lijiang	Room capacity at start	Number of employees at start	Business expansion so far (yes or no)
#10	2013	8	1	No
#14	2011	9	1	No
#15	2012	9	1	No
#16	2008	13	N/A	Yes, 2 guest houses (both in Lijiang)
#19	2007	7	0	No
#20	2009	8	1	No
#24	2007	14	1	No
#29	2007	6	1	No
#32	2012	11	2	No
#37	2009	6	1	No
#41	2006	8	0	No
#42	2011	6	1	No

Note: N/A refers to missing information.

4.2.1 What Contributes to Lifestyle Orientation?

When discussing why they maintained a lifestyle-oriented attitude toward operating guest houses in the Old Town of Lijiang, the informants reported nine specific attributes (Table 13).

Table 13. Lifestyle-oriented Attitude towards Opening Guesthouses (Pattern II)

Category	Attributes	No. of Informants	No. of References
Lifestyle-orientation	Easier life	7	11
	Change of life	2	2
	Alternative lifestyle	1	1
	Enjoy simple & comfortable environment	6	6
	Enjoy nice physical environment	4	4
	Freedom	1	1
	Semi-retired lifestyle	1	3
	Meeting people & making friends	1	1
	Being as second home	1	1

Note: Reference refers to the sentences or paragraphs describing the specific attitude attribute.

Comparing Table 13 with Table 8, seven specific attitude attributes (i.e., change in life, alternative lifestyle, simple and comfortable environment, nice physical environment, freedom, meeting people and making friends, and having a second home) are similar with the attributes indicated by the informants who opened guest houses for lifestyle orientation at the beginning but changed to a business orientation over time. Only two specific attitude attributes (easier life and retired lifestyle) are unique in this group.

Easier life is similar to change in life to a certain extent, but easier life emphasizes the pursuit and enjoyment of an easier lifestyle in Lijiang. Seven informants (i.e., Informants #14, #20, #24, #29, #37, #41, and #42) signified this aspect when describing why they maintained a lifestyle-oriented attitude toward owning guest houses in Lijiang. A few of these owners used to work in large cities (e.g., Informants #14, #29, #37, and #42), but they became tired of their previous lifestyle because of the long working hours or considerable work stress. They found Lijiang to be a good living place for travelers, and thus they settled there and enjoyed an easier lifestyle.

“My wife and I used to work in Shenzhen (one of the first-tier cities in China). We were both in advertising companies, so working stress was extremely high. We always had less than five hours of sleep. My wife traveled here with her colleagues and found it a good place, so we settled here and opened this guest house.”
(Informant #37)

“I can enjoy my life as long as I make a living. I feel no pressure in Lijiang. Although I earned more money as a sales manager in Shanghai before, I was so stressed. Thus, I quit my job, sold my apartment in Shanghai, and then moved here.”
(Informant #42)

This group indicated the semi-retired lifestyle factor.

“I enjoy my semi-retired lifestyle in Lijiang, and I am operating my guest house to spend time. I like traveling, and I can pay for the costs by owning a guest house.”

(Informant #10)

Notably, the owners’ lifestyle orientation can be motivated by only one of the attributes or a group of them (Table 13).

4.2.2 Factors Facilitating the Maintaining of a Lifestyle Orientation

When discussing their lives in Lijiang and their personal changes over time, the informants perceived few changes in the destination (e.g., commercialization, local residents’ moving out, and perceived residents’ sophistication), the guest house industry (e.g., increasing number, increasing house rent, and business competition), and tourists (e.g., tourist type) that are similar to the factors indicated by the informants in Pattern I (Tables 10 and 11), whose attitudes toward business changed from a lifestyle orientation to a business orientation. However, these informants maintained their lifestyle-oriented motivations. Interestingly, specific personal and

external environmental factors, which facilitate the maintenance of their dream lifestyle in Lijiang, were indicated (Tables 14 and 15).

Personal Factors Facilitating the Maintaining of a Lifestyle Attitude

Table 14. Personal Factors Facilitating the Stay of Lifestyle Attitude

Category	Factor	No. of Informants	No. of References
Situating Cognition	Reasonable understanding towards commercialization	6	7
	Limited making money opportunity	2	2
	Involving too many details	4	4
Intrinsic Needs	Not eager too much for money	3	4
	Becoming trapped in the comfortable zone	3	3

Note: Reference refers to the sentences or paragraphs describing the specific factor.

The personal factors facilitating the maintaining of a lifestyle orientation toward owning guest houses in Lijiang include two major aspects, namely, situated

cognition and intrinsic needs. Situated cognition refers to the owners' understanding of a destination's evolution and the guest house industry. One of the situated cognitive beliefs is the reasonable understanding of commercialization as a destination evolves over time. This understanding is different from that of the informants in Pattern I who mostly had a negative perception of commercialization. Some informants (i.e., Informants #20, #24, #29, #32, #41, and #42) consider commercialization to be inevitable and rational as the tourism industry flourishes. Moreover, with the social development, they could enjoy their lives in their own places, that is, the guest houses.

“The Old Town of Lijiang is well developed, and commercialization is inevitable. In fact, our lives have become more convenient because of commercialization. Therefore, social development resulted in more tourists, and we have more customers. Commercialization is prevalent in most old towns in China. Lijiang is better than other old towns, and it is huge (enough for me to find my personal place).” (Informant #20)

“Although Lijiang has been commercialized, it remains the best. You can choose where to stay and who to play with. For example, I can stay in my courtyard, and I feel very good.” (Informant #32)

The informants maintain a lifestyle attitude because they believe that the profit-making opportunity of owning a guest house is limited. Therefore, they would rather spend most of their time enjoying their lives than conducting business. Most of these owners have other types of businesses. For example, Informant #24 owns a bar in Lugu Lake (another famous tourist area in Yunnan Province), and Informant #32 owns two tourist souvenir shops in Lijiang.

“The volume of the guest house business is limited, so you cannot earn a lot regardless of how upgraded your guest house is.” (Informant #24)

“Owning a guest house does not make enough considering that you have to invest a lot.” (Informant #32)

Moreover, the informants (i.e., Informants #14, #15, #20, and #29) consider that operating a guest house involves excessive details, but they have limited time and energy to manage the business. Therefore, they choose to own a guest house as long as they can enjoy their relatively cozy lives rather than exert extra effort in the business. Informant #20, who has lived in Lijiang since 2009, opened her second guest house in 2010, but she closed it after several months because of the tiring work. According to Informant #29,

“Operating a guest house is very tiring. I can ask employees to do small things, but I have to build and maintain customer relationship.” (Informant #29)

Aside from situated cognitive beliefs, guest house owners' intrinsic needs, including lack of eagerness for money and allure of a comfortable zone, influence their lifestyle orientation. Three informants (i.e., Informants #14, #24, and #32) reported that they were not so aggressive in managing the guest house. They only wanted to enjoy their lives while conducting this business.

“Money would never be enough, but I am fine as long as I can make a living.”

(Informant #14)

Interestingly, being trapped in Lijiang was reported as one of the reasons why the interviewees stayed in Lijiang as guest house owners. The simple and comfortable life environment influenced the owners in settling down in Lijiang. They could become trapped in Lijiang and could not (or did not want to) leave this comfortable zone. Thus, they accepted this simple way of life by owning a guest house.

“I have become lazier since I stayed here.” (Informant #42)

Environmental Facilitators of Maintaining a Lifestyle-oriented Attitude

Although personal reasons influence the guest house owners' lifestyle-oriented attitude toward conducting business in Lijiang, the external factors cannot be ignored in maintaining business demand and in facilitating their dream lifestyle in Lijiang (Table 15).

Table 15. Environmental Factors Facilitating the Stay of Lifestyle Attitude

Category	Factor	No. of Informants	No. of References
Tourist demand	Number increasing	2	2
	Tourists' revisiting	6	7

Note: Reference refers to the sentences or paragraphs describing the specific factor.

The owners cannot ignore the success or the survival of their businesses. Although competition among guest houses is becoming fiercer as the industry develops, operating a guest house in Lijiang only for livelihood is not difficult because the number of tourists is steadily increasing. Therefore, the business demand still exists.

“Although the business competition is becoming fiercer, I still have my profit margin.” (Informant #20)

A special characteristic of the tourism industry in Lijiang is its relatively high revisit rate. This feature leads to the high repurchase rate of the guest houses. Therefore, owners operating guest houses in Lijiang may have good customer resources. As a result, these guest house owners can stay in town and enjoy their lives while managing a business.

“I have many repeat customers.” (Informant #16)

“Lijiang is magical. Many visitors fall in love with this place, and they travel here several times.” (Informant #41)

Pattern III: Change in Attitude from a Business Orientation to a Lifestyle Orientation

In the data analysis of the 46 informants, 8 cases emerged as owners who opened their guest houses for business-oriented motives (i.e., making a living, pursuing more economic benefits, etc.) but changed to a lifestyle-oriented attitude (i.e., enjoying the comfortable life, relishing the freedom, etc.) (Table 16). Among these eight informants, only Informant #35 grew his business in Lijiang by owning two guest houses and one bar. The others did not expand their businesses and only ran guest houses on a small scale.

Table 16. Cases of Changing Attitude from Business-orientation to Lifestyle-orientation

Informants	The year of opening guesthouse in Lijiang	Room capacity at start	Number of employees at start	Business expansion so far (yes or no)
#4	2012	7	1	No
#5	2010	7	1	No
#12	2005	10	1	No
#18	2010	18	1	No
#23	2003	7	1	No
#35	2007	6	N/A	Yes (2 guest houses and 1 bar in Lijiang)
#40	2010	7	1	No
#43	2007	14	N/A	No

Note: N/A refers to missing information.

4.3.1 Business-oriented Attitude toward Opening a Guest House at the Beginning

Three sub-attributes under business orientation were determined in analyzing why the informants chose to own a guest house business in Lijiang (Table 17).

Table 17. Business-oriented Attitude towards Opening Guesthouses at Beginning (Pattern III)

Category	Attributes	No. of Informants	No. of References
Business-orientation	Making a living	6	8
	Making more money	3	9
	Developing social capital	1	2

Note: Reference refers to the sentences or paragraphs describing the specific attitude attribute.

First, making a living is the most important contributor in driving the owners to open a guest house in Lijiang. Six of the eight informants in this group mentioned this attribute. The accommodation facilities in the Old Town of Lijiang were limited several years ago, but the number of visitors was large, especially during peak seasons (e.g., Chinese New Year, national holidays, and summer vacation), and thus the demand was considerable. In this situation, owning a guest house in Lijiang was a good way to make a living. People with a relatively high business sense, either local or non-local residents who traveled to Lijiang, opened their guest houses in the Old Town of Lijiang.

“I used to work in a state-owned factory, but I earned a small amount after the policy of reforming state-owned enterprises was implemented. But it was not enough to spend, so I sold shoes to earn money. Then, I visited Lijiang in 2002 and found that operating a guest house was a good opportunity to make money because the accommodation facilities were limited at that time. Thus, I rented this courtyard house from a local resident and opened a guest house one year later.” (Informant #23)

Second, making more money was reported along with making a living, but the former gave more emphasis on pursuing greater economic benefits beyond a livelihood. The owners who mentioned this motive tended to be ambitious, and these owners were outsiders who traveled to Lijiang as tourists and found that running a guest house in Lijiang was a good opportunity to earn benefits. Therefore, they settled in Lijiang and opened their guest house.

“I visited Lijiang in 2007 and found many business opportunities. The cost of opening a guest house at that time was very low, so I rented this house from a local resident. When I opened my guest house, I spent a lot of money (RMB 900,000) in the decoration, and my guest house was one of the first-class accommodations at that time.” (Informant #3)

Interestingly, developing social capital, which leads to more profit, was indicated. A guest house can provide the host with many opportunities to know other people (i.e., the guests), as one feature of a guest house is the personal connection inherent in the venue. Then, the host can develop personal relationships with the guests and even cooperate with them to conduct businesses. Informant #35, who once studied in Germany and came back to China in 2006, said,

“My original motive in opening this guest house was to know other people who could bring me intangible benefits.” (Informant #35)

4.3.2 Lifestyle-oriented Attitude toward Operating a Guest House at Present

The owners were asked about whether they changed their attitude toward doing business and what their motives were at present. Interestingly, eight informants changed their attitude from a business orientation to a lifestyle orientation when making a living was no longer a significant issue. In the analysis of their current motivations, four specific attributes contributed to their lifestyle orientation (Table 18).

**Table 18. Lifestyle-oriented Attitude towards Operating Guesthouses Now
(Pattern III)**

Category	Attributes	No. of Informants	No. of References
Lifestyle-orientation	Meeting people & making friends	3	3
	Enjoy comfortable life	3	3
	Enjoy easier life	3	3
	Alternative lifestyle	1	5

Note: Reference refers to the sentences or paragraphs describing the specific attitude attribute.

First, enjoyment in meeting people and making friends was reported by several interviewees. As a specialist accommodation, guest houses provide a venue for getting to know different types of people not only among guests but also between the host and the guest. Three informants (Informants #4, #40, and #43) enjoyed the moment of getting to know new people, chatting with them, and even being good friends with them.

“I can meet different guests who come from places all over the world every day, which is very enjoyable.” (Informant #4)

Second, once making a living ceased to be a considerable problem for them, several informants began to enjoy their comfortable lives in Lijiang. This enjoyment became their main reason for owning a guest house.

“Happiness is very important. I do not want to be too tired. In that case, life would be meaningless.” (Informant #5)

Third, despite the fact that running a guest house is a livelihood, the stress of owning a guest house is low, especially for owners who opened their guest houses several years ago when the house rent was not high. Thus, the enjoyment of an easier life was reported as one of the main motives in owning a guest house.

“It is easier to own a guest house than having other jobs.” (Informant #18)

Once the cost of opening a guest house was earned back and/or when the owners developed other economic sources over time, owning a guest house in Lijiang became an alternative lifestyle for the owners.

“I have considerable social capital already, and I have other businesses in Guangzhou. So I do not care how much money I can make by operating guest houses in Lijiang. I just enjoy my life here.” (Informant #35)

4.3.3 Factors Driving the Change in Attitude over Time

When discussing why the guest house owners changed their attitude toward doing business from a business orientation to a lifestyle orientation over time, both personal reasons and external factors were indicated.

Personal Factors Driving the Change in Attitude

The personal reasons that contribute to the change in attitude include three categories, namely, situated cognitive beliefs, intrinsic needs, and demographic factors (Table 19).

Table 19. Personal Factors Driving the Change of Attitude from Business-orientation to Lifestyle-orientation

Category	Factor	No. of Informants	No. of References
Situating Cognition	Not easy to expand business	2	2
	Stable economic sources	2	4
Intrinsic Needs	Enjoy the comfortable life	8	14

	Enjoy the simple life environment	2	2
	Enjoy of the combined venue of work and life	1	2
	Getting used to Lijiang	1	1
	Becoming trapped in the comfortable zone	1	2
Demographic Factors	Family status	1	1

Note: Reference refers to the sentences or paragraphs describing the specific factor.

Difficulty in expanding the business and stable economic sources were reported under situated cognition. Owners believed that establishing more guest houses in Lijiang at present was not easy because of such reasons as high house rent and excessive details involved in operating a guest house. Therefore, they preferred to enjoy their lives instead of pursuing greater economic benefits all the time.

“The guest house business expansion has been difficult in the past two years, as the annual house rent is now at least RMB200,000.” (Informant #12)

“This type of business involves excessive details. If I own another guest house, I will have to hire more employees, but the employees cannot be trusted.” (Informant #43)

The accommodation demand always exist in Lijiang; thus, operating guest houses can provide stable economic sources to the owners, which drives several informants

to not overly focus on the business issues. Instead, these informants have changed their attitude over time to enjoy their lives. Informant #23 mentioned:

“Even if the owner is too lazy, the costs of operating a guest house can be earned back during the peak seasons (summer vacations).” (Informant #23)

The second category of personal factors that drive the change in attitude from a business orientation to a lifestyle orientation is the guest house owners’ intrinsic needs. All of the eight informants mentioned that the enjoyment and comfort of owning a guest house in Lijiang, such as free time and low pressure, influenced their attitude’s transformation. According to Informant #23, who first settled down in Lijiang to make more money,

“It is easy to operate a guest house. I can wake up naturally, and my time is free.” (Informant #23)

The simple life environment was reported by two informants (i.e., Informants #23 and #35). Nowadays, personal relationships in every working environment are complicated, and people may not want to deal with this problem. However, a guest house owner does not have this issue, and it is one of the advantages of running a small-scale accommodation.

“Now, most people in the Old Town of Lijiang are non-locals, so the personal relationships in Lijiang are simpler and our lives here are cozier.” (Informant #23)

Interestingly, the enjoyment of the combined venue of life and work was pointed out by one informant (i.e., Informant #5). For most owners, a guest house is not only their working venue but also their living quarters. Therefore, owners can enjoy their life and work simultaneously.

“This guest house is not only my working place but also my living area. I really enjoy this.” (Informant #5)

Another interesting point is habit, which signifies the owner getting used to Lijiang and accepting the life of owning a guest house. According to Informant #43, who traveled to Lijiang and settled there in 2007,

“I have stayed in Lijiang for a long time, and I have become used to living here.” (Informant #43)

Moreover, becoming trapped in a comfort zone or getting lazy over time was indicated in the conversations on why owners have a lifestyle orientation toward doing business at present rather than pursuing more economic benefits. The Old

Town of Lijiang is perceived to follow a cozy life, and people who live in the town are likely to become too comfortable or lazy.

“The pace of life in Lijiang is slow. People will become lazier if they stay here for a long time. Now, I do not even pay attention to the business.” (Informant #43)

In terms of the demographic issues in this group, family status was reported by one female informant (i.e., Informant #12), who opened her guest house in 2005 and now has two children (6 and 3 years old).

“Now, my children are still young, so owning a guest house is suitable for me. I can have more time to take care of them.” (Informant #12)

Environmental Facilitators Driving the Change in Attitude

Apart from personal reasons, specific external environment factors also facilitate the guest house owners' change in attitude toward doing business from a business orientation to a lifestyle orientation, such as changes in the guest house industry and tourist demand (Table 20).

Table 20. Environmental Facilitators of the Change of Attitude from Business-orientation to Lifestyle-orientation

Category	Factor	No. of Informants	No. of References
Change of Guest House Industry	House rent increasing	4	6
Tourist demand	Tourists' revisiting	4	9
	Number increasing	2	4

Note: Reference refers to the sentences or paragraphs describing the specific factor.

First, most of the small business owners in Lijiang are non-locals. They only rent houses in the Old Town of Lijiang instead of buying them. However, recently, the house rent in Lijiang has dramatically increased; thus, owning another guest house is expensive. After recognizing this situation, several owners have abandoned their business ambitions and simply enjoyed their lives. According to Informant #12, who opened her guest house in 2005,

“It has been difficult to own another guest house in the past two years. The annual house rent is at least RMB200,000.” (Informant #12)

Second, tourist demand influences owners' change in attitude toward doing business, including tourists' revisiting and increasing number. As discussed in Section 4.2.2, a

special characteristic of the tourism industry in Lijiang is the relatively high revisiting rate. Therefore, the likelihood of repurchasing guest houses is also relatively high. In addition, the guest houses that have been opened for a long period may have more potential customers as a result of word-of-mouth (WOM). Moreover, the number of tourists steadily increases over the years. Therefore, business demand always exists, and the owners of guest houses are not pressured. They can choose to enjoy their lives rather than exert effort in doing business.

“Although the guest house industry is almost full, many tourists arrive during peak seasons.” (Informant #18)

“Many visitors come to Lijiang repeatedly. Actually, almost 20% of the guests in my guest house are repeat customers.” (Informant #12)

Pattern IV: Maintaining a Business-oriented Attitude

Among the 46 informants, 18 interviewees opened their guest houses in Lijiang because of business-oriented motivations and have maintained this business orientation over time (Table 21). Four of them (i.e., Informants #8, #13, #21, #25) expanded their guest house business in Lijiang. Although two of them (i.e.,

Informants #28 and #44) did not expand their guest house business, they developed other types of small tourism business in Lijiang (e.g., owning a bar and selling jade).

Table 21. Cases of Staying Attitude as Business-orientation

Informants	The year of opening guesthouse in Lijiang	Room capacity at start	Number of employees at start	Business expansion so far (yes or no)
#2	2005	14	1	No
#6	2005	10	1	No
#7	2001	10	1	No
#8	2003	20	2	Yes (2 guest houses in Lijiang)
#13	2010	12	N/A	Yes (2 guest houses in Lijiang, and 1 restaurant in Lijiang)
#17	1998	16	1	No
#21	2008	11	2	Yes (2 guest houses in Lijiang)
#22	2002	24	1	No
#25	2009	12	N/A	Yes (4 guest houses and selling tea business in Lijiang)
#26	2012	9	1	No
#27	2012	15	N/A	No
#28	2013	3	1	Yes (1 guest house in Lijiang and 1 bar in Lijiang)
#30	2007	10	2	No

#31	2010	14	1	No
#36	2011	5	0	No
#44	2012	7	1	Yes (1 guest house in Lijiang, 1 bar and selling jade in Lijiang)
#45	1998	6	1	No
#46	2011	10	1	No

Note: N/A refers to missing information.

4.4.1 What Contributes to Business Orientation?

Four unique attributes emerged in analyzing why these owners kept their guest houses and maintained a business orientation toward owning a guest house in Lijiang (Table 22)

Table 22. Business-oriented Attitude towards Owning Guest houses (Pattern IV)

Category	Attributes	No. of Informants	No. of References
Business-orientation	Making more money	11	25
	Making a living	6	7
	Achievement motivation	3	4

	Developing social capital	1	3
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Note: Reference refers to the sentences or paragraphs describing the specific attitude attribute.

In comparing Table 22 with Table 17, making more money, making a living, and developing social capital can be found in the group of owners that maintained a business orientation (Pattern IV) and in the group that changed from a business-oriented to a lifestyle-oriented attitude (Pattern III). Only the reason for achievement differs between these Patterns III and IV.

“Being a man, I have my own dream and goal. I need to work hard, and I think I can achieve my goal by doing business here.” (Informant #26)

“I definitely have my goal.” (Informant #27)

According to Table 22, making more money is the most important reason explaining the business motive of this group of owners. Making a living is another significant attribute, especially for owners who came from less developed areas in China. Several informants (e.g., Informants #25, #26, and #27) reported that their business-oriented attitude toward owning a guest house in Lijiang was inspired by

personal achievement. Creating social capital, which may lead to business benefits later on, was also mentioned.

Business orientation can be driven by only one attribute or a combination of certain attributes (e.g., making more money and achievement motivation).

4.4.2 Factors Facilitating the Maintaining of Business Orientation

In the conversations about the owners' business and personal lives in Lijiang, two major themes of personal factors (Table 23) and external environmental factors (Table 24) facilitate the maintaining of a business orientation in owning a guest house.

Personal Factors Facilitating the Maintaining of a Business-oriented Attitude

Table 23. Personal Factors Facilitating the Stay of Business Attitude

Category	Factor	No. of Informants	No. of References
Situating Cognition	Business opportunity perception	11	14
	Benefit of gaining resources and experiences on the job	2	2
Intrinsic Needs	Enjoy the way of making money and having fun together	6	9
	Stress of owning guest house	3	7
	Being inspired higher material desires by tourists	1	1
Demographic Factor	Age	3	5

Note: Reference refers to the sentences or paragraphs describing the specific factor.

The personal factors that facilitate guest house owners' maintaining of a business-oriented attitude are categorized into three: situated cognition, intrinsic needs, and demographic factors. Situated cognition refers to owners' cognitive understanding of the guest house business in Lijiang and their personal business or

career development. Clearly, business opportunity perception significantly affects their business motivation. Owners believe that the business demand of accommodation exists, and it can generate benefits by owning a guest house or expand it in Lijiang. According to Informant #45, a local resident in Lijiang who has owned a guest house since 1998,

“The rate of return on investment on a guest house in Lijiang is high.” (Informant #45)

Interestingly, the benefit of gaining resources and experiences on the job was reported by two informants (i.e., Informants #27 and #46). These owners chose to develop and take advantage of their resources and experiences obtained from owning guest houses over time rather than to change to another business type and career.

“I have no experience in other jobs, (so I insist on owning a guest house here to earn money).” (Informant #46)

Intrinsic needs, such as enjoying the way of making money while having fun, stress due to increased business competition, and inspiration from tourists' higher material desires, influence these owners' maintaining of a business orientation toward

owning a guest house in Lijiang. First, the owners can make money while having fun by owning a guest house unlike in other businesses.

“Life in big cities is very busy and exhausting. Also, saving money there is difficult, whereas I can make money while having fun here.” (Informant #31)

Second, the stress of owning a guest house drives several owners to maintain a business orientation. As discussed in Section 4.1.3, the business competition has been steadily growing because of the overflow and rise of the guest house industry in Lijiang, and the business cost has increased because of the increasing house rent. Therefore, many owners have become stressed. They believe that they have to take action, such as expand business, to survive the challenging business environment.

“I cannot afford to enjoy the lifestyle. The competition is becoming fierce because of the overflow of the guest house sector here. Also, the business cost is high because of the increasing house rent.” (Informant #36)

Informant #8, who is a local in Lijiang, opened his first guest house in 2003. His business motivation was also affected by tourists. By meeting an increasing number of visitors, the owner’s mind became open to higher material desires that could have been inspired by tourists.

“In the old days, I only wanted to make a living for my family. But after meeting more people, I have changed. I also want to have a beautiful house, own a car, and travel.” (Informant #8)

In addition, the demographic factor of age facilitates the owners’ maintained business-oriented attitude toward operating a guest house. According to Informants #27 and #36, who are around 30 years old,

“I am over thirty, and I need to use my skills and experiences in operating guest houses. I think changing careers is very difficult for people who are over 30.” (Informant #27)

“Similar to those who are in the same age group as me, I need to think about the future. I have to be rational.” (Informant #36)

Environmental Factors Facilitating the Maintaining of a Business-oriented Attitude

Aside from the personal reasons, the external environmental factors also influence the owners in maintaining a business-oriented attitude toward owning a guest houses in Lijiang. The external factors can be categorized into three: change in tourist,

change in guest house industry, and change in place. The factors under the change in tourists and change in guest house industry (Table 24) and their roles are similar to the attributes that drive owners' change in attitude from a lifestyle orientation to a business orientation (Table 11).

Table 24. External Factors Facilitating the Stay of Business Attitude

Category	Factor	No. of Informants	No. of References
Change of Tourists	Number increasing	13	28
	Tourists' type	4	9
	Tourists' needs	1	6
Change of Guest House Industry	Number increasing	7	16
	Industry upgrading	3	4
	Business competition	11	18
	House rent increasing	7	11
Change of Place	Economic development	3	5
	Commercialization	7	12

Note: Reference refers to the sentences or paragraphs describing the specific factor.

Economic development and commercialization were reported under change in place.

Lijiang was once a less developed area in China. Recently, the local economy has

developed significantly as a result of the booming tourism industry. Therefore, local people can invest their extra money. According to Informant #46, who is a local resident in Lijiang,

“The local economy has developed. We have more money than before, and the extra money should be invested in business.” (Informant #46)

The commercialization of the Old Town of Lijiang influenced the maintaining of a business orientation in owning a guest house of seven informants (i.e., Informants #2, #7, #30, #31, #44, #45, and #46). As the place has become more commercialized, the business environment has become challenging. This situation further encourages the business orientation in operating a guest house of the owners. According to Informant #31, who has owned a guest house in Lijiang since 2010,

“Lijiang has been commercialized, and earning money here is becoming difficult for us.” (Informant #31)

Chapter Summary

This chapter provided a comprehensive description of the four patterns of the change in attitude toward owning a guest house in the Old Town of Lijiang as the

destination evolves: the change from a lifestyle orientation to a business orientation, the maintaining of a lifestyle orientation, the change from a business orientation to a lifestyle orientation, and the maintaining of a business orientation. The specific attributes of lifestyle orientation and business orientation in each group were identified. The reasons behind the change in or the maintenance of attitude toward owning a guest house in Lijiang under each pattern were discussed.

The next chapter discusses the definitions of lifestyle and business entrepreneurship in small-scale firms in the tourism and hospitality industry, compare the similarities and differences in the influencing factors of the four patterns, and present the refined framework that explains the mechanism in the change in attitude toward doing small tourism business.

CHAPTER 5: DISCUSSION

Based on the rich understanding of the attitude toward owning a guest house presented in the previous chapter, this chapter discusses these findings along with the existing knowledge on the motivations of small tourism business owners. That is, the conceptualizations of the lifestyle orientation and business orientation are specified.

Subsequently, this chapter summarizes all of the influencing factors and compares the similarities and differences among the four patterns of the change in (or the maintaining of) attitude toward conducting business over time as a destination evolves.

As posited in Chapter 1, the previous studies did not provide a rich understanding of small tourism business owners' attitude toward conducting business over time as a destination evolves. Therefore, the main purpose of this study is to develop a theoretical framework to describe the mechanism shaping the change in attitude toward doing small tourism business. This chapter discusses the theoretical framework that emerged from the data of this study associated with the existing

relevant theories. Six elements and four propositions from the discussion are used as the foundation for the theoretical framework. The six elements are the factors influencing the change in attitude. The propositions refer to the dynamic perspective of understanding the small tourism business owner's attitude toward doing business, the environmental facilitators, the personal factors, and the process that shapes the change in attitude toward owning a small tourism business over time as a destination evolves.

5.1 Conceptualization of Lifestyle Orientation and Business Orientation

Traditionally, entrepreneurs are considered innovators or exploiters of profitable opportunities that stress the "heroic" nature of entrepreneurs as business pioneers driven by strong profit-making motives (Shaw, 2003). Subsequently, more socially led perspectives have modified this view and argued that a range of entrepreneurial types exists. This range includes "classical entrepreneurs," "artisan entrepreneurs" who are interested in employment satisfaction and independence, and "managerial-type entrepreneurs" who emphasize the recognition of management skills (Shaw, 2003).

In tourism studies, significant attention has been given to the artisan type, which can be deconstructed into a range of entrepreneurial cultures that include those of lifestyle and family embeddedness. From this perspective, the attitude toward doing business is reoriented to fit owners' personal lifestyle types, and the motivation of growth may not exist (Shaw, 2003). This orientation is a remarkably special characteristic of small businesses in the tourism and hospitality industry, and it has drawn the attention of many researchers (e.g., Ateljevic & Doorne, 2000; Getz & Carlsen, 2000; Ryan, 1998). It even became the most discussed topic of this study area in the 1990s (Thomas et al., 2011). Therefore, for certain business owners, "tourism entrepreneurship can be seen as a form of consumption rather than production" (Williams, Shaw, & Greenwood, 1989, p. 1650; cited in Dewhurst & Horobin, 1998).

The following factors of lifestyle entrepreneurship have been mentioned in previous studies: personal satisfaction and achievement (Walker & Brown, 2004), pride in the job (Walker & Brown, 2004), flexible lifestyle (Walker & Brown, 2004), autonomy (Walker & Brown, 2004), job satisfaction (Walker & Brown, 2004), ability to balance work and family responsibilities (Walker & Brown, 2004; King, Breen, & Whitelaw, 2014), quality of life (Ateljevic & Doorne, 2000; King, Breen, & Whitelaw, 2014), seeking lifestyle opportunities that incorporating the landscape, community, and preferred activities (Ateljevic & Doorne, 2000), cultural values and

sense of place (Ateljevic & Doorne, 2000), escape from the urban environment/live in a high-quality amenity environment (Morrison et al., 2008), rejection of corporate employment/career transition (Morrison et al., 2008), freedom to work on one's own terms (Morrison et al., 2008), fulfilling a long-term dream (King et al., 2014), combining hobbies and skills (King et al., 2014), and working from home (King et al., 2014).

Based on the data of this study (Tables 8, 13, and 18), the elements of lifestyle orientation in owning a guest house in Lijiang are change in life, alternative lifestyle, meeting people and making friends, enjoying a relaxed and comfortable environment, fun, freedom, unsophisticated perception of Lijiang, enjoying a nice physical environment, enjoying the role of an owner, having a second home, being as club, easier life, retired lifestyle, and comfortable life. In comparing such attributes of lifestyle orientation with the elements suggested in the literature, several attributes are found to be similar, such as enjoying a relaxed and comfortable environment, freedom, unsophisticated perception of Lijiang, enjoying a nice physical environment, enjoying the role of an owner, easier life, retired lifestyle, and comfortable life. Moreover, some new elements have emerged, such as alternative lifestyle, meeting people and making friends, having a second home, and being as club.

Alternative lifestyle means that the owners of a small tourism business have other economic sources. These owners regard their guest house business as an alternative lifestyle. Therefore, they enjoy the life of being small tourism business owners rather than focusing their attention on the profits or the success of a business. As owners of a small tourism business, they have many opportunities to meet people, who are mostly tourists, and even make friends with them. Meeting people and making friends motivate the lifestyle orientation. Moreover, as a venue, guest houses can be used as a second home and a club. This attribute may be unique in the small-scale accommodation sector in tourism destination. Therefore, when owning different types of small tourism businesses, the attributes of attitude toward doing business may vary.

From the “production” perspective, the literature on small business in general and the studies on tourism and hospitality industry suggest the following attributes of business-oriented attitude toward doing business: avoiding unemployment and responding to economic necessity (Morrison, 2006; cited in Shaw, 2014), profits (King et al., 2014; Walker & Brown, 2004), turnover or return on investment (Kalleberg & Leicht, 1991), business growth (Walker & Brown, 2004), increasing the number of customers (King et al., 2014), employing more staff (including family members) (King et al., 2014), increasing the quality of service offered (King et al., 2014), expanding the range of available products and services (King et al., 2014),

leadership motive (Moran, 1998), need for achievement (Hamilton & Harper, 1994), and locus of control (Hamilton & Harper, 1994).

As shown in Tables 9, 17, and 22, the present study indicates several attributes of business orientation, including making a living, making more money, achievement motivation, and developing social capital. China is a developing country and the Old Town of Lijiang is located in a less developed area in China. Therefore, tourism development provides numerous business opportunities, particularly for locals to make a living and improve their life quality. Hence, making a living by owning a small tourism business is the most important motive of business-oriented attitude. For owners who previously had relatively good financial resources or for owners who had owned a small tourism business for a period and had savings, pursuing greater profits is one attribute of business orientation. The achievement motivation influenced some owners' business ambitions. Moreover, developing social capital (i.e., making more money), which may expand the range of business with others, make profits, and fulfill a long-term dream, was reported by some informants in this study.

Making a living is a particularly important motive for owning a small tourism business in a developing country. The other two attributes, namely, making more

money and achievement motivation, are commonly mentioned in the literature as reasons for having a business-oriented attitude. Conversely, developing social capital is newly found in the current study. Although the potential benefits of developing social capital (i.e., profits and expanding the range of business) coincide with the elements of business orientation in previous studies (i.e., King et al., 2014; Walker & Brown, 2004), this attribute emphasizes a new result of doing small business in tourism.

5.2 Factors Influencing the Four Types of Change in Attitude

In the previous chapter, four types of change in attitude were identified, namely, changing from a lifestyle orientation to a business orientation, maintaining a lifestyle-oriented attitude, changing from a business orientation to a lifestyle orientation, and maintaining a business-oriented attitude. Under each type, the factors influencing the change or maintenance of the attitude were explained in detail. Table 25 summarizes all of the influencing factors and indicates the similarities and differences in the four types of the change in attitude toward conducting business over time as a destination evolves.

Table 25. Influencing Factors for the Four Patterns of the Change (or Stay) of Attitude

Theme	Category	Factor	Pattern	Pattern	Pattern	Pattern
			I	II	III	IV
Personal Factors	Situating Cognition	Business opportunity perception	√			√
		Benefit of gaining resources and experiences on the job	√			√
		Reasonable understanding towards commercialization		√		
		Limited making money opportunity		√		
		Involving too many details		√		

		Not easy to expand business			√	
		Stable economic sources			√	
Intrinsic Needs		Novelty decreasing	√			
		Adjusting perceptions to Lijiang	√			
		Not eager too much for money		√		
		Becoming trapped in the comfortable zone		√	√	
		Enjoy the comfortable life			√	
		Enjoy the simple life environment			√	

		Enjoy of the combined venue of work and life			√	
		Getting used to Lijiang			√	
		Enjoy the way of making money and having fun together				√
		Stress of owning guest house				√
		Being inspired higher material desires by tourists				√
	Demographic Factors	Family status	√		√	
		Age	√			√
Environmental	Change of Tourists	Tourist type	√			√
		Tourists' needs	√			√

Facilitators		Number increasing	√	√	√	√	
		Tourists' revisiting		√	√		
	Change of Guest House Industry		Number increasing	√			√
			Industry upgrading	√			√
			Business competition	√			√
			House rent increasing	√		√	√
	Change of Place		Physical environment deterioration	√			
			Economic development				√
			Commercialization	√			√
			Rising prices	√			
			Social & culture _ Perceived	√			

		residents' becoming sophisticated				
		Social & culture _ Perceived residents' eager for money	√			
		Social & culture _ Local residents' moving out	√			

Note: "√" refers to the specific factor has effect in influencing the specific pattern of attitude's changing (or staying).

For Pattern I, the personal factors driving the change in attitude from a lifestyle orientation to a business orientation are business opportunity perception, benefit of gaining resources and experiences on the job, decreased novelty, adjusting perceptions of Lijiang, family status, and age. The environmental reasons are change in tourist type, change in tourists' needs, increased tourist number, increased number of guest houses, industry upgrading, business competition, increased house rent (business cost), physical environment deterioration, commercialization of the place, increased prices, and issues about social and cultural changes as tourism develops

including perceived sophistication of residents, perceived eagerness for money of residents, and local residents' moving out.

For Pattern II, the personal factors facilitating the maintaining of lifestyle attitude are reasonable understanding toward commercialization, perceived limited profit-making opportunity, excessive details involved in the guest house business, not too eager for money, and becoming trapped in a comfort zone. The environmental factors are increased number of tourists and tourists' revisiting, which signify a remarkable customer resource.

In Pattern III, the personal factors driving the change in attitude from a business orientation to a lifestyle orientation are difficulty in expanding the business, stable economic sources by owning a guest house, enjoying a comfortable life, enjoying a simple life environment, enjoying the combined venue of work and life, getting used to Lijiang, becoming trapped in a comfort zone, and family status. The environmental facilitators are increased house rent (business cost), tourists' revisiting, and increased number of tourists.

In Pattern IV, the personal reasons facilitating the maintaining of a business-oriented attitude are business opportunity perception, benefit of gaining resources and

experiences on the job, enjoying the way of making money and having fun together, stress of owning a guest house, being inspired by tourists' higher material desires, and age. The environmental facilitators are increased number of tourists, change in tourist type, change in tourists' needs, increased number of guest houses, industry upgrading, business competition, increased house rent (business cost), local economic development, and commercialization of the place.

Table 25 indicates that the growth of tourist arrivals is the only common factor influencing the four patterns of the change in attitude toward conducting business over time as a destination evolves.

The factors unique to Pattern I are two personal intrinsic needs (i.e., novelty decreasing and adjusting perceptions of Lijiang) and some changes in place (i.e., physical environment deterioration, increased prices, perceived sophistication of residents, perceived eagerness for money of residents, and local residents' moving out).

The factors unique to Pattern II are three personal situated cognition factors (i.e., reasonable understanding toward commercialization, limited profit-making

opportunity, and involvement of excessive details) and one intrinsic need (i.e., not too eager for money).

The factors unique to Pattern III include two situated cognition factors (i.e., difficulty in expanding the business and stable economic sources) and four intrinsic needs (i.e., enjoying a comfortable life, enjoying a simple life environment, enjoying the combined venue of work and life, and getting used to Lijiang).

The factors unique to Pattern IV are three personal intrinsic reasons (i.e., enjoying the way of making money and having fun together, stress of owning a guest house, and being inspired by tourists' higher material desires) and one environmental facilitator (i.e., economic development of the place).

5.3 Theoretical Framework for the Change in Small Tourism Business Owners' Attitude as a Destination Evolves

This section discusses the final framework (Figure 7) that emerged from the interpretation of the data by content analysis in association with the previous literature and relevant theories. These reflections with theoretical foundations lead to

a theoretical framework explaining the mechanism of the change in attitude toward doing business over time as a destination evolves. This section first conceptualizes the elements in the framework based on the previous theories and the findings of the present study. This conceptualization defines the concepts in the theoretical framework. Then, the relationships between the concepts are discussed to develop the theoretical propositions.

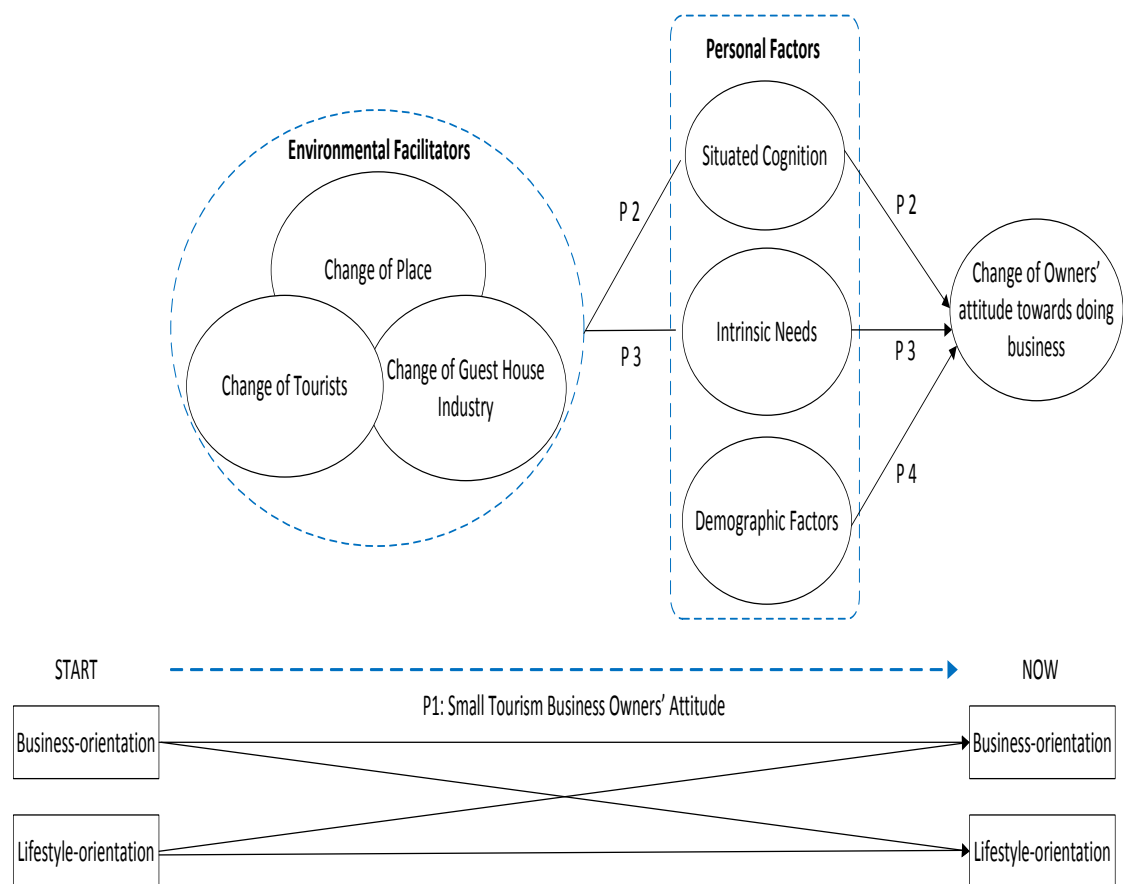


Figure 7. Theoretical Framework: Owners' Attitudes towards Doing Business over Time as Destination Evolution

5.3.1 Elements in the Emergent Theoretical Framework

In this theoretical framework (Figure 7), six elements influencing the change in attitude toward owning a small tourism business over time as a destination evolves were identified from the data. These six elements can be divided into two themes, namely, environmental facilitators and personal factors. The environmental facilitators include change in place, change in tourists, and change in the guest house industry. The personal factors are owners' situated cognition, intrinsic needs, and demographic factors.

First, change in place can be easily noted over time as a destination evolves. Place is a socially constructed idea that people ascribe to a space, transform into a place, and give value to it, thus making it dynamic (McKercher, Wang, & Park, 2015). Changes in place can be seen in many aspects, such as economic transformation, new class divisions, and migration of both permanent and short-term residents, and these changes can lead to fundamental community restructuring (Nelson, 2001; cited in McKercher et al., 2015). In the present study, as a destination evolves, change in place was noted in the physical, economic (e.g., commercialization and cost of living), and social and cultural aspects (e.g., perceived sophistication of residents, perceived eagerness for money of residents, and local residents' moving out). These

findings are consistent with those of McKercher et al.'s (2015) work, which suggested that "place" with a touristic sense has multiple social, spatial, and economic connotations.

Second, change in tourists as a destination evolves has been well studied in the literature, and the most important theory is Plog's psychographic profile of visitors (2001). In Plog's work (2001), different types of tourists were identified (Figure 8). Based on how personality determines travel preferences, Plog (2001) explained a destination life cycle. He argued that most destinations follow a predictable but uncontrolled development pattern from birth to maturity and finally to old age and decline. At each stage, the destination appeals to a different psychographic group of travelers who determine the destination's character and success. At an early stage of development, destinations tend to appeal to venture types. Instead of requiring some support services (e.g., hotels, restaurants, and organized sightseeing activities), venturers would rather go out on their own and discover what a place has to offer. They like to have a new experience of any kind. Near-venturers may decide to visit the intriguing places that they hear from venturers. When these near-venturers visit the destination, they initiate the destination's development cycle because they ask for more services than the venturers. They also tell their friends and relatives about their travel experiences in this new destination. Then, more people visit the destination, and they look for more services. Consequently, the local people build

hotels, restaurants, and shops; sell tourist souvenirs; and offer other services. After being discovered, the destination soon faces the pressures arising from rapid growth and development. Mid-centric people begin to visit the destination as well, as the destination has developed a reasonable infrastructure. At this time, tourism development continues almost unabatedly. More tourism facilities are built, and the place gradually takes on a more touristic look. Small businesses of all types are also established in an uncontrolled manner. Then, the place begins to look like other overdeveloped destinations, losing its distinctive character along the way. As the destination becomes more popular, the more likely dependables will visit because they prefer to make safe choices. However, in the national population, fewer near-dependables exist than mid-centrics, and dependables are fewer than near-dependables. Therefore, the base of potential tourists diminishes, as venturers vacate this now-tawdry destination for the next, unspoiled place. The base will have fewer people. Dependables travel less, stay shorter, and spend less than their venturer counterparts. All of these lead to the misery stage of the destination.

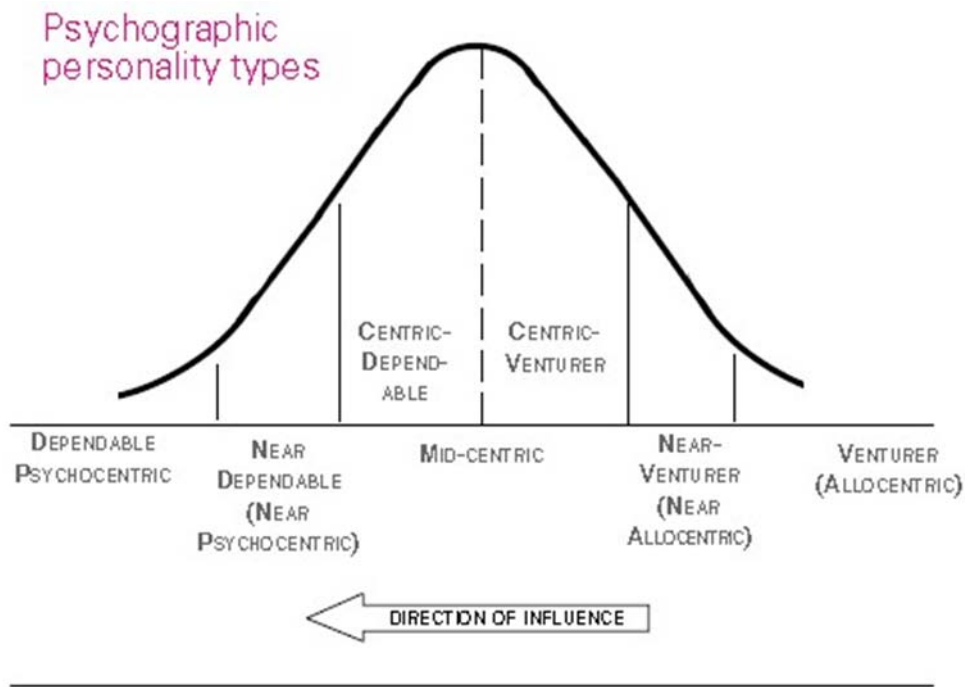


Figure 8. Plog's Psychographic Profile of Visitors (Plog, 2001)

In this study, with the increasing number of visitors, changes in tourist types and tourists' needs were observed. As a tourist place, the Old Town of Lijiang has developed rapidly in recent years, and the number of visitors has grown significantly. Moreover, the travelers visiting Lijiang have transformed from "venturers" to "centric-dependables" or "near dependables." Therefore, tourists' need for small-scale accommodation has changed. In the old days, "venturers" did not care much about the facilities, but now, more "centric-dependable" or "near dependable" visitors prefer more standardized and modern facilities in guest houses to have a safe choice.

Third, change in the accommodation industry as a destination evolves is mentioned in the existing body of knowledge. Butler's (1980) destination life cycle model divides the development of a tourist area over time into six stages (i.e., exploration, involvement, development, consolidation, stagnation, and decline/rejuvenation) with the number of tourists. At the beginning of the exploration stage, no specific facilities are provided to travelers; thus, the use of local facilities and the contact between local residents and tourists are relatively high, and these two factors per se may be considered as special attractions for certain tourists (Butler, 1980). He further indicated that, with the increasing number of travelers, local residents may enter the tourism industry and begin to provide visitors with a number of facilities; this phase is called involvement. Subsequently, he identified the development stage, which reflects the beginnings of a well-defined tourist market area. At this stage, local involvement rapidly declines when larger and up-to-date facilities are provided by outsiders or external organizations, particularly for the accommodation sector (Butler, 1980). Then, although the total number of tourists continuously increases, the rate of growth will decline, and the destination enters the consolidation stage, during which the local economy mainly relies on the tourism industry (Butler, 1980). When the peak number of visitors is attained, the area subsequently enters the stagnation stage. Thus, when room capacity surpasses the number of travelers, business owners/managers need to exert effort to attract visitors. In this phase, existing properties tend to experience changes in ownership. Finally, when the destination can no longer compete with other tourist attractions, it faces a decreasing

market and enters a decline stage (Butler, 1980). When the tourism industry moves out from this area, the turnover of property is expected to be high, and tourist facilities will be replaced by other non-tourism facilities. By contrast, the destination may be reconstructed if efforts (e.g., adding of manmade attraction and taking advantage of previous untouched natural resources) can be realized. However, not all destinations clearly experience all stages of the cycle (Butler, 1980).

The data of the present study indicate a number of similarities with Butler's work (1980). The Old Town of Lijiang has entered the development stage, and so the number of tourists has grown dramatically. The number of guest houses has been steadily increasing, which already reached approximately 2,000 by the end of 2013, and most of these guest houses are owned by outsiders rather than local residents. In addition, the guest house industry in Lijiang has been upgraded, and thus more up-to-date facilities are provided. As a result of the overflow and upgrade of guest houses, the business competition in the sector has become fierce. Moreover, the increase in house rent, which is the most important part of business costs, further influences the operation of guest houses. The frequent changes in the ownership of properties have also emerged in Lijiang.

Fourth, cognition is defined as "the collection of mental processes and activities used in perceiving, remembering, thinking, and understanding, as well as the act of

using those processes” (Radvansky & Ashcraft, 2014, p. 6). Cognition should be regarded as an interaction effect, which is the result, at least in part, of causal processes spanning the boundary between the individual and the natural, social, and cultural environment (Robbins & Aydede, 2009). Therefore, cognition is dynamically systems based, and situated cognition maintains that cognitive activities do not occur only in the mind but extend to the environment (Bechtel, 2009). Situated conceptualization has four basic types: “(1) perceptions of relevant people and objects, (2) agentive actions and other bodily states, (3) interoceptive states, such as motivations, emotions, and cognitive operations, and (4) likely settings” (Barsalou, 2009, p. 245). Therefore, the situation can vary from a large region of space over an extended period to a small region of space for a moment (Barsalou, 2009).

In the current research, as the destination evolved, situated cognition among the small tourism business owners occurred, ranging from the cognition of the external living environment to that of the industry and the self. In terms of cognition of the living context, commercialization has emerged with the flourishing tourism in the Old Town of Lijiang. Several small tourism business owners considered commercialization to be reasonable because of the economic development of the area, but others regarded it negatively. This difference may further influence small business owners’ perceptions of the place. As tourism develops in Lijiang, the guest

house industry has changed significantly. Therefore, owners' situated cognition of the industry was reported. Several owners believed that business opportunities for small-scale accommodation continue to exist, and that this type of business is a stable economic source. Nevertheless, others reported that the business opportunity in owning a guest houses was limited, and that expanding the business was difficult because of the high costs. At the same time, owning a guest house was expected to be an easy job. However, after doing it for several years, certain owners found that this kind of business involved too many details, which diminished their enthusiasm for the job. Furthermore, as owners gained more resources and experiences from owning guest houses over time, a number of the informants recognized they should make use of and obtain the benefits of their accumulated resources and experiences.

The fifth element in the framework is the small tourism business owners' intrinsic needs, which emphasize owners' innate factors. According to Deci and Ryan (1985), "intrinsic motivation is based in the innate, organismic needs for competence and self-determination. It energizes a wide variety of behaviors and psychological processes for which the primary rewards are the experiences of effectance and autonomy" (p. 32), and "intrinsic needs are innate to the human organism and function as an important energizer of behavior" (p. 32). In addition, intrinsic motivation is one of the contributors to creativity (Robbins, 2005; cited in Lee-Ross & Lashley, 2009), and creativity is vital for the hospitality entrepreneur. In the

present study, intrinsic motivation is defined as “the desire to apply oneself to a job because it is inherently interesting and satisfying” (Robbins, 2005; cited in Lee-Ross & Lashley, 2009, p. 77).

Considering the tourism development in the Old Town of Lijiang and the working experiences of being small tourism business owners, some owners’ intrinsic needs changed over time. These intrinsic reasons further influence their attitude toward doing business. The data of this research indicate that the ego-intrinsic needs are being not too eager for money, being trapped in a comfort zone, becoming inspired by tourists’ higher material desires, and being stressed from conducting the guest house business in Lijiang. Moreover, for some informants, the novelty of being a guest house owner in Lijiang seemed to have disappeared over time. However, for the other informants, they found owning a guest house to be enjoyable (e.g., enjoying a comfortable life, enjoying a simple life environment, enjoying the way of making money, and having fun together). Moreover, the interviewees have been staying in Lijiang for several years. Thus, a number of them might have adjusted their perceptions of the place or might have become used to Lijiang.

Finally, the demographic factors of small tourism business owners affect their goals of doing business in Lijiang. Schein (1978) suggested that business owners have to

adapt to deal with different situations over time, namely, personal, family, and business dilemmas. A number of previous studies on owner-operators and entrepreneurship revealed that demographic factors, such as gender, age, family status, and origin, influence entrepreneurs' motivations, and their business operation (e.g., Goffee & Scase, 1985; Watkins & Watkins, 1984). In the tourism industry, Thrane (2008) indicated that marriage and children are associated with more work and higher earnings for men, and the effects of marriage and children on workload and earnings are exactly the opposite for women. In the small-scale accommodation sector, Lynch (2005) specified the effects of age and marriage on business, and Morrison et al. (2001) suggested the role of life cycle in understanding the hosts of commercial homes.

Based on the interviews with the informants, two demographic factors influence the change in attitude toward owning a guest house in Lijiang, namely, age and family status. When owners entered their 30s, they began to consider their careers and conduct their businesses more seriously. This finding is in accordance with that of Watkin and Watkin (1984). In addition, most of the owners' family status, including marriage and parenthood, makes them more business oriented in doing guest house business in Lijiang. However, for one female informant, the effect of family status on her attitude toward owning a guest house was the opposite. She became more lifestyle oriented because she wanted to have more time for her children. This

distinction between male and female owners in the small-scale accommodation industry was also suggested in previous literature (e.g., Lynch, 2005)

5.3.2 Propositions

As presented in Figure 7, this framework is based on four propositions developed from the literature and the data of this study. Proposition 1 illustrates the overarching dynamic process of the change in small tourism business owners' attitude toward conducting business. This process involves adjusting, experiencing, and learning in the working and living contexts. Propositions 2 and 3 indicate how the changes in the environmental context influence the change in owners' attitude toward doing business. Proposition 4 describes the effects of the changes in the owners on their business motivations. Each proposition is discussed as follows.

Dynamic Perspective of Small Tourism Business Owners' Attitude toward Conducting Business

This study found that the small tourism business owners' attitude toward conducting business could be maintained or changed over time as a destination evolves. This change can be from lifestyle oriented to business oriented and vice versa. Among the

46 informants, 12 interviewees maintained a lifestyle orientation in conducting business, 18 maintained a business orientation, 8 changed their attitude toward doing business from a lifestyle orientation to a business orientation, and 8 changed from a business orientation to a lifestyle orientation. This study also revealed that the maintaining of or the change in attitude is an outcome of a process involving the interactions among several external environmental facilitators and various personal factors.

The findings of this study remain consistent with the theories on the effects of the environment on the people and on the business (e.g., person–environment fit model, social cognitive theory, and contingency theory). Therefore, the attitude toward conducting business should be viewed as a dynamic perspective. This perspective is consistent with Dewhurst and Horobin’s (1998) suggestion that “owner-managers may alter their business perspectives over time and as a result of changes in their personal or environmental circumstances” (p. 32). Further, the findings of this research confirm that the small tourism business owner’s attitude toward conducting business can be more “businesslike” because of the challenging business environment (Ateljevic, 2007). The present study found that the attitude in doing small business in the tourism and hospitality industry could be more attuned to “lifestyle” or a comfortable zone for a better work and life balance, which has been discussed in previous studies on small business (Walker & Brown, 2004) but seldom

mentioned in tourism and hospitality research. This discussion leads to Proposition 1.

Proposition 1:

The attitude toward owning a small tourism business can be changed over time as a destination evolves, and this change is an outcome of a process involving the external environmental facilitators and the owner's personal factors.

Changes in the Environment and the Change in Owners' Attitude toward Conducting Business

In this study, specific environmental factors, including change in place, change in tourists, and change in guest house industry, influence owners' personal situated cognition and intrinsic needs in their lives and their businesses directly, whereas the environmental factors affect these owners' attitude toward conducting business indirectly.

Consistent with Prottas's (2011) work on person–environment fit theory, an individual is an active agent who adapts to the dynamic work environment to

achieve personal values and objectives. Regarding cognition, two constructivist principles cannot be ignored, namely, “knowledge is not passively received but actively built up by the cognizing subject” and “the function of cognition is adaptive and serves the organization of the experiential world, not the discovery of ontological reality” (Clancey, 2009, p. 20). The data of this study also confirmed these statements. For example, as the time of remaining and owning a guest houses in Lijiang becomes longer, owners become more familiar with the place and gather more knowledge about the town’s small-scale accommodation industry. Therefore, they can use their accumulated knowledge and resources to manage their guest houses in a more formal or businesslike approach or even expand their guest house businesses in Lijiang. Therefore, Proposition 2 is developed as follows:

Proposition 2:

The changes in the environment affect small tourism business owners’ situated cognition directly and further influence their attitude toward conducting business indirectly.

In addition, self-determination is important in the development and experience not only of cognition beliefs but also of intrinsic needs. Similar to cognition beliefs, an individual’s intrinsic needs are part of an ongoing process that continues to seek and attempt to conquer optimal challenges (Deci & Ryan, 1985). According to Deci and

Ryan (1985), the interaction between the environment and one's innate capacities is central to the development of intrinsic motivation. In fact, in discussing the development of intrinsic needs, Deci and Ryan (1985) suggested that people orient to all types of inputs and that they develop references gradually and behave more selectively. Their competencies tend either to flourish or to atrophy depending on whether they are accompanied by interest.

As indicated in Carson et al.'s work on small business owner (1995, p. 70; cited in Dewhurst & Horobin, 1998, p. 32), "It is ... recognized that after a certain stage of development a comfort factor becomes important to business owners and many run 'lifestyle' firms." This phenomenon was also evident in the group of informants who changed their attitude toward owning a guest house in Lijiang from a business orientation to a lifestyle orientation. Other intrinsic needs driven by the changes in the working and living contexts were found in determining why small tourism business owners changed their attitude toward conducting business. For instance, several informants opened their guest houses originally for lifestyle reasons, as they perceived Lijiang as a simple and comfortable place. However, given the destination's evolution over time, the informants' perceptions of Lijiang were adjusted, and these perceptions made them more businesslike. Therefore, we present Proposition 3 as follows:

Proposition 3:

The changes in the environment affect small tourism business owners' intrinsic needs directly and further influence owners' attitude toward conducting business indirectly.

Changes in the Person and the Change in Owners' Attitude toward Conducting Business

Aside from situated cognition and intrinsic needs, other personal situations can be involved over time, such as demographic factors. Therefore, business owners need to adapt for themselves and their families (Schein, 1978) aside from coping with the external business environment. Previous studies on small-scale accommodation suggested that specific demographic factors are significant in understanding this sector, such as gender, age, and life cycle (e.g., Lynch, 2005; Goffee & Scase, 1985; Morrison et al., 2001). In the present study, age and family status were effective in the change in owners' attitude toward conducting business. Therefore, Proposition 4 is presented as follows:

Proposition 4:

The changes in the personal demographic factors over time influence small tourism business owners' attitude toward conducting business.

Chapter Summary

Based on the findings of the present study and the previous literature, this chapter discussed the conceptualization of lifestyle orientation and business orientation in a small tourism business, particularly what contributes to lifestyle orientation and business orientation. In consideration of the reasons why small tourism business owners changed (or maintained) their attitude toward conducting business over time as a destination evolves, all of the influencing factors were summarized, and the similarities and differences among the four types of the change in attitude were identified. Subsequently, the theoretical framework that emerged from the data was discussed. The six elements in the framework, namely, change in place, change in tourists, change in the guest house industry, situated cognition, intrinsic needs, and demographic factors, were first introduced together with the existing literature on each element. Then, the relationships among the six elements and the change in small tourism business owners' attitude toward conducting business over time as a destination evolves were discussed. Four propositions on how attitude toward

owning a small tourism business may change over time as a destination evolves
were presented.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

The previous chapter discussed the conceptualizations of lifestyle orientation and business orientation of small tourism business owners' attitude toward conducting business, the similar and different influencing factors among the four patterns of the change in attitude over time as a destination evolves, and the proposed theoretical framework analyzing the mechanisms that shape the change in attitude toward owning a small business over time as a destination evolves. This chapter summarizes the answers to the research question and objectives, considers the theoretical and practical implications of this study, presents the recommendations for future research, and ends with the closing remarks.

6.1 Answers to the Research Question and Objectives

To sum up, this study has successfully answered the research question and achieved the objectives stated in Chapter 1. The main research question of this study is:

Does the attitude toward owning a small tourism business change over time as a destination evolves?

To address this research question, this study selected the guest house as the small business type and the Old Town of Lijiang as the study setting. Through in-depth interviews with 46 guest house owners in the Old Town of Lijiang and after qualitative data analysis, this study confirms that the attitude toward conducting small tourism business in tourism areas can change over time as a destination evolves.

Specifically, this study has addressed the following research objectives:

1. To investigate whether and how attitude toward owning a small tourism business may change over time.

Answer: Attitude toward owning a small tourism business can change over time as a destination evolves from a lifestyle orientation to a business orientation or from a business orientation to a lifestyle orientation. Some owners can maintain their lifestyle-oriented or business-oriented attitude.

2. If attitude can be changed, then explain why attitude toward owning a small tourism business changes with a destination's evolution.

Answer: This study identified four patterns of the change in owners' attitude toward conducting business over time as a destination evolves and discovered the factors influencing the change in attitude in each pattern.

In Pattern 1, the informants first visited Lijiang as travelers. They eventually opened their guest house to settle down in Lijiang as they were looking for change in their lives or an alternative lifestyle. The benefits of being in Lijiang or owning guest houses in the old town are meeting people and making friends, enjoying a relaxed and comfortable environment, enjoying a fun or free lifestyle, enjoying a simple and nice environment, enjoying the role of an owner, and using the guest house as second home or a club. However, the informants changed their attitude to be more business-oriented over time because of their desire to make more money or achieve motivation. The reasons for this change are the owners' personal situated cognition (i.e., owners' business opportunity perception and owners' cognition belief of the benefit of gaining resources and experiences on the job), owners' intrinsic needs (i.e., decreased novelty and adjusting perceptions on Lijiang), demographic factors (i.e., family status and age), change in tourists (i.e., change in tourist type, change in tourists' needs, and increasing number of tourist arrivals), change in the guest house industry (i.e., increased number of guest houses, industry upgrading, business competition, and increased house rent), and change in place (i.e., physical environment deterioration, commercialization, increased prices, perceived

sophistication of residents, perceived eagerness for money of residents, and local residents' moving out).

In Pattern 2, the process and the reasons why the informants arrived in Lijiang and opened their guest houses are similar to those of the participants in Pattern 1. However, the informants in this type maintained their lifestyle orientation in owning a guest house. The reasons facilitating the maintaining of their attitude include personal situated cognition (i.e., reasonable understanding of commercialization, owners' belief in limited money-making opportunity, and excessive details involved in operating a guest house), owners' intrinsic needs (i.e., not too eager for money and becoming trapped in a comfort zone), and environmental facilitators (i.e., high business demand due to increased tourist arrivals and tourists' revisiting).

In Pattern 3, the informants went to Lijiang as tourists and found accommodation business opportunities or they moved to Lijiang because they had heard of these prospects. They opened a guest house to make a living or create jobs, make more money, and develop social capital. However, over time, they changed to a lifestyle-oriented attitude toward owning a guest house to obtain an alternative lifestyle after earning back the business costs, obtaining other economic sources, or gaining the benefits of owning a guest house, such as meeting people, making

friends, and enjoying a comfortable or easier life. The factors driving this change are owners' situated cognition (i.e., difficulty in expanding the business and stable economic sources by owning a guest house), owners' intrinsic needs (i.e., enjoying a comfortable life, enjoying a simple life environment, enjoying the combined venue of work and life, getting used to Lijiang, and becoming trapped in a comfort zone), family status, change in the guest house industry (i.e., increased house rent that constrains the growth of the guest house business), and high business demand induced by tourists' revisiting and increased number of tourists.

In Pattern 4, a total of 7 informants were local residents, and the other 11 participants were outsiders who moved to Lijiang because of business motivation. They opened their guest houses as a result of their desire to make more money, make a living or create a job, achieve motivation, and develop social capital. The factors influencing the maintained business-oriented attitude are personal situated cognition (i.e., business opportunity perception and belief in the benefit of gaining resources and experiences on the job), owners' personal intrinsic needs (i.e., enjoying the way of making money and having fun together, stress of owning a guest house, and being inspired by tourists' higher material desires), owners' age, change in tourists (i.e., increased tourist arrival, change in tourist type, and change in tourists' needs), change in the guest house industry (i.e., increased number of guest

houses, industry upgrading, business competition, and increased house rent), and change in the place (i.e., economic development and commercialization).

3. To propose a theoretical framework to analyze the mechanism shaping the change in attitude toward owning a small tourism business over time as a destination evolves.

Answer: This study proposed a theoretical framework (Figure 7) that describes the mechanism shaping the change in attitude toward owning a small tourism business over time as a destination evolves. This framework includes two themes, namely, personal factors and environmental facilitators. The personal factors have three elements: situated cognition, intrinsic needs, and demographic factors. The environment facilitators have three elements, namely, change in tourists, change in the guest house industry, and change in the place. The relationships among the personal factors, the environmental facilitators, and the change in attitude toward conducting a small tourism business were explored. Based on the relationships, four propositions based on the theoretical framework were proposed.

Proposition 1: The attitude toward owning a small tourism business can change over time as a destination evolves. This change is an outcome of a process involving external environmental facilitators and the owner's personal factors.

Proposition 2: The changes in the environment affect small tourism business owners' situated cognition directly and further influence owners' attitude toward conducting business indirectly.

Proposition 3: The changes in the environment affect small tourism business owners' intrinsic needs directly and further influence owners' attitude toward conducting business indirectly.

Proposition 4: The changes in personal demographic factors over time influence small tourism business owners' attitude toward conducting business.

6.2 Contributions and Implications

The present study investigated small tourism business owners' attitude toward conducting business from a dynamic perspective and provided a novel connection between small tourism business and a destination's evolution. This section discusses the theoretical contributions and practical implications of the study.

6.2.1 Theoretical Contributions

The study describes the mechanisms that shape owners' change in attitude over time as a destination evolves. The theoretical contributions of the study as an exploratory research are as follows:

First, the findings suggest a dynamic view on studies on small tourism business. The existing literature on small tourism businesses mainly focuses on describing their characteristics or behaviors, whereas limited research has explained their important features, such as their genesis and growth (Thomas et al., 2011). Moreover, numerous previous studies have investigated the motivation of owning a small tourism business from the point-in-time perspective. Thus, Getz and Petersen (2005) questioned whether small tourism businesses are naturally entrepreneurial or not. The present study confirms that the small tourism business owners' attitude toward conducting business should be viewed as a dynamic process. That is, their attitude or entrepreneurship can be changed or maintained depending on both external environmental factors and personal reasons. Specifically, four patterns of attitude toward doing business over time were identified, namely, changing from a lifestyle orientation to a business orientation, maintaining a lifestyle orientation, changing

from a business orientation to a lifestyle orientation, and maintaining a business orientation.

Second, this study provides an interactive view to understand small tourism business owners and a destination's evolution. Small tourism businesses cannot only be regarded as common economic units. Some researchers even consider that "tourism entrepreneurship can be seen as a form of consumption rather than production" (Williams et al., 1989, p. 1650; cite in Dewhurst & Horobin, 1998). However, the external social-economic environment inhabited by small tourism businesses is a tourism area that evolves over time in various aspects (e.g., tourist, social and culture environment, and business situation). Therefore, the need for research on the influence of the external environment, especially on the destination life cycle on small tourism business, has been proposed (e.g., Getz & Petersen, 2005; Thomas et al., 2011). To the researcher's best knowledge, this study is the first to connect small tourism business with a destination's evolution. As a destination evolves, change in tourists, change in place, and change in business industry affect the small tourism business owner's attitude toward doing business.

Third, the findings of this research offer a deep view of small tourism business owners' attitude toward conducting business. The existing literature on small

tourism business owners mainly divides owners' motivation into two categories, namely, business orientation and lifestyle orientation. However, small tourism business owners are complex individuals (Thomas et al., 2011), and thus a deep understanding of these two major motivations is limited. Although a few previous studies have suggested specific attributes (e.g., Glancey & Pettigrew, 1997; King et al., 2014), these studies were conducted in developed countries. Therefore, the current research, which was conducted in the developing country of China, provides a deeper understanding of tourism entrepreneurship in developing countries.

6.2.2 Practical Implications

This study primarily aims to develop a theoretical framework to describe the change in small tourism business owners' attitude toward conducting business over time as a destination evolves. The results offer practical implications in the areas of small tourism business, especially the guest house industry, and destination planning and management.

First, this study provides insight into the small tourism business industry in a dynamic perspective. As a destination evolves, the full and upgrading of the industry

raise business competition, and meanwhile the cost may increase as the local economic growth with tourism development. Thus, small tourism business owners may need to consider that and balance their lifestyle and economic motivations. Otherwise, too ideal lifestyle attitude may lead to the failure of business, only if the owners have a lot of customer resources already.

Similarly, when a destination enters a relative developed stage, the business environment is too fierce, thus, it is only better for the people who are businessmen in nature or very good at doing business to open tourism businesses, and it is not a good timing for lifestyle individuals to start their businesses.

Third, this research investigates the guest house sector. For example, the findings indicate that business competition among the guest house sector has been becoming fiercer because of the overflow and upgrade of the industry and the increasing house rent as the destination achieves a level of success. Cohen's tourist typology (cited in Butler, 1980) and Plog's (2001) psychographic personality types reveal that as a destination evolves, the tourist type changes from venturer or non-institutionalized to dependable/organized mass tourists. This transformation further indicates that more travelers prefer modern facilities and popular brands. The results of this study confirm that the change in tourists over time as a destination evolves influences the

guest house business. In addition, similar to those in Taiwan where the specialist accommodation industry is developed, owners are threatened by investors from large-scale or upscale specialist accommodation enterprises (Chen et al., 2013). Therefore, owners may need to consider providing guests with relatively modern and upgraded facilities to run a successful guest house, as tourists' needs may become more standardized or upgraded in the long run.

Fourth, according to the informants in this study, revisiting tourists are vital in generating customers. Even owners who have owned guest houses for several years do not experience business stress because they have great customer resources, which include revisiting tourists and new visitors who learned about the guest houses through WOM. Moreover, previous studies have suggested that WOM marketing is the most effective (e.g., Chen et al., 2013; Nuntsu, Tassiopoulos, & Haydam, 2004). Therefore, guest house owners should try their best to increase their customers' staying experience, such as promoting the home atmosphere in the guest houses and providing good service, to develop customer retention.

Fifth, the guest house industry provides not only accommodation facilities for tourists but also personal communication opportunities between guests and hosts. As suggested in previous studies, this sector offers travelers a distinct benefit compared

with standard hotels (Hsieh & Lin, 2010). The properties are personal in nature, and they offer a friendly and private atmosphere, which creates leisure attractions with a unique local flavor (Chen et al., 2013). In fact, this characteristic also exists in other types of small tourism businesses, such as cafes and restaurants. Therefore, the local government should take action to protect the small tourism business industry, such as lowering the tax on operating small-scale business and avoiding excessive large-scale investments.

Sixth, the Old Town of Lijiang, a famous and representative historical town in China, is selected as the study setting, and specific problems arise from the destination. For instance, with the destination's evolution, the physical environment has been getting worse, an increasing number of local residents have moved out, and the historical town is becoming more commercialized. All of these changes cause the historical town to lose its pristine beauty and distinction. As the government in China takes an important role in area development, the local government should pay attention to these potential issues and make specific policies to avoid these problems to the greatest extent. For example, in terms of physical environment deterioration, the government should create policies on controlling environmental pollution and provide more job positions as cleaners or environment inspectors. Moreover, the local government should monitor the level of commercialization and avoid excessive entrepreneurship behaviors to protect the small town atmosphere and local culture.

6.3 Suggestions for Future Research

Despite its basic limitations, this exploratory study arguably provides a sound theoretical foundation to describe the change in small tourism business owners' attitude toward conducting business over time as a destination evolves. Therefore, the study can provide a guideline for future research on this area of small tourism business and useful implications for the guest house industry and tourism development in Chinese historical towns. A number of studies are recommended by this research as a starting point.

First, the present study chose only one study area, that is, the Old Town of Lijiang in China. For future research, more study settings in China or in other countries are strongly recommended as economic and social aspects vary in different destinations. The context of small tourism businesses is distinct; thus, investigating the change in small tourism business owners' attitude toward doing business over time as a destination evolves in different areas has great potential.

Second, the results of this study emerged from the guest house industry. Different types of tourism businesses may have different costs, incomes, and opportunities depending on a destination's evolution. Therefore, future studies can attempt to examine this research topic in other small tourism business types, such as cafes, tourist souvenir shops, and restaurants. Moreover, future research can compare this change in attitude among different small tourism business types.

Third, as an exploratory research, the findings of this study are mainly based on the in-depth interviews of 46 informants. Therefore, other methods need to be considered in future research. For example, focus group discussions can be used to obtain insights into the change in small tourism business owners' attitude over time as a destination evolves.

Fourth, only the qualitative approach was applied in this study. Conducting a survey of small business owners to verify further the results of this study is significant.

Finally, a longitudinal research design should be adopted to explore the evolutions of small tourism business owners' attitude over time as a destination evolves. By doing so, richer and deeper insights into this topic can be obtained.

6.4 Closing Remarks

The booming tourism industry has resulted in the emergence of many types of businesses that motivated many individuals to open their own business for both personal and financial benefits. Although previous studies have paid attention to small tourism business owners' attitude toward doing business, most of these studies simply described their characteristics without investigating this issue from a dynamic perspective. In particular, theories on the vital influence of the external environment on owners' attitude toward conducting business appear to be ignored (Getz & Carlsen, 2005; Thomas et al., 2011). Therefore, the key research question of this study is as follows:

Does the attitude toward owning small tourism businesses change over time as a destination evolves?

Therefore, this study aims to develop a theoretical framework to analyze the mechanisms shaping the change in small tourism business owners' attitude toward doing business over time as a destination evolves.

As an exploratory research, the study applied the qualitative approach. This study selected the Old Town of Lijiang, a famous and representative historical town in China, as the study setting because it has achieved a certain level of success and has evolved considerably. The guest house was selected as the type of small tourism business to be investigated, as this sector presents a unique perspective: guest house owners offer personalized services in a small and homely environment (Hsieh & Lin, 2010). Guest houses not only provide accommodation facilities for tourists and sometimes the owners themselves but also enable a number of opportunities for host and guest communication. The data collection involved in-depth interviews with guest house owners in the Old Town of Lijiang, casual conversations with local residents and several hosts of guest houses, and relevant secondary data (e.g., office statistics, research on Lijiang, and website information on the guest houses in Lijiang). The implementation of such approaches resulted in extremely rich insights into the change in owners' attitude toward owning a small business over time as a destination evolves, the factors influencing the change, and the processes in which the change in attitude is shaped.

Four patterns of change in small tourism business owners' attitude toward conducting a business were identified, namely, change from lifestyle orientation to business orientation, change from business orientation to lifestyle orientation,

maintained lifestyle orientation, and maintained business orientation. Under each pattern, the factors influencing the change in owners' attitude were determined.

Six sets of factors are associated with the change in owners' attitude toward owning business as a destination evolves. Among them, three sets of personal factors were found to directly lead owners to change their attitude toward doing business in tourism. First, owners' situated cognition of their own lives, the business industry, and the external living environment contribute to the change in their attitude toward doing business. Second, the ego-intrinsic needs of small tourism business owners influence the change in their attitudes. For example, several owners opened their guest houses simply for fun at the beginning, but after several years, the novelty of being a guest house owner and the novelty of the place decreased, and these owners became more business oriented. Third, changes in demographic factors, such as age and family status, affect the small tourism business owners' attitude toward owning business over time.

Besides the three sets of personal factors, another three sets of environmental facilitators induce the change in small tourism owners' attitude toward owning a business over time as a destination evolves. The first factor is the change in place, which includes alterations in the physical, economic, and social, and culture aspects,

as the destination evolves. Change in tourists, such as the increasing number of tourist arrivals, alterations of tourist types, and changes in tourists' needs, was also noted. Lastly, change in the business industry in the destination influences owners' attitude toward doing business, such as the overflowing, upgrading, and increasing cost of guest houses. These environmental facilitators directly affect owners' situated cognition and intrinsic needs, which indirectly lead to the change in owners' attitude toward doing business.

This study also identified the mechanisms that shape the change in small tourism business owners' attitude toward owning business over time as a destination evolves (Figure 7). The attitudes of small tourism business owners should be viewed as a dynamic perspective, which is an outcome of an interactive process involving environmental changes and personal responses over time. Therefore, as an exploratory research, this study provides a comprehensive understanding of the mechanisms that shape the change in owners' attitude toward owning a business over time as a destination evolves.

APPENDIX I

In-depth Interview Guide

Interviewee:

Name		Gender	Male Female
Origin		Occupation before owning guest house	
Age group	18-25 26-35 36-45 46-55 56-65 66 or above	Education	a. Less than secondary/high school b. Completed secondary/high school c. Some college or university d. Completed college/university diploma/degree e. Completed postgraduate degree
Phone No.		Email	

Interview setting:

Place	
Date	
Start time	
End time	

Ice-breaking questions:

Q1. Could you share with me how you start your guest house in Lijiang?

Q2. Could you tell me why you choose to start guest house business in Lijiang?

Topic one: Perceptions of destination evolution

Q1. How did you feel about Lijiang when you first came here?

Q2. What changes have been happened in Lijiang since you lived here?

Q3. What reasons do you think to the changes of Lijiang?

Q4. How do you think about Lijiang now?

Topic two: Effects of destination evolution on their businesses' operation

Q1. What types of tourists did your guesthouse serve when opening?

Q2. What types of tourists does your guesthouse serve now?

Q3. How was the average occupancy rate of your guesthouse at start?

Q4. How is the average occupancy rate of your guesthouse now?

Q5. Could you describe the change of average occupancy rate of your guesthouse since these years? Why?

Q6. What difficulties did you meet when you opening the guesthouse? How did you resolve them?

Q7. What difficulties do you have when owning the guest house now?

Q8. Is it easier to operate a guesthouse in Lijiang before or now? Why?

Topic three: Present goals of operating tourism firms now

Q1. What are the major reasons for owning guesthouse now?

Q2. Is there any difference of the attitude to owning guesthouse between start and now? Why?

Topic four: Whether or not change attitude to owing business

Q1. Could you share with me the major motives to owing guesthouse since these years?

Q2. Is there any change of your attitude to owning guesthouse since these years? Why?

APPENDIX II

List of Informants

Informant	Age/Age group	Gender	Family status	Origin	Occupation before	The year of opening guest house	Room capacity when opening	Number of employees when opening
#1	30	M	Married and with children	Dali, Yunnan Province	Self-employed	2009	23	2
#2	56-65	M	Married and with children	Local	N/A	2005	14	1
#3	28	M	Single	Yangshuo, Guangxi Province	Hotel	2012	30	5
#4	36-45	M	Divorced	Hunan Province	Self-employed	2012	7	1
#5	29	M	Married but no children	Dali, Yunnan Province	Self-employed	2010	7	1
#6	46-55	M	Married and with children	Local	Working	2005	10	1
#7	46-55	M	Married and with children	Local	Farmer	2001	10	1

#8	50	M	Married and with children	Local	Working	2003	20	2
#9	40	M	Married and with children	Jilin Province	Self-employed	2011	8	N/A
#10	38	M	Married and with children	Jiangsu Province	Working	2013	8	1
#11	30	M	Single	Yangshuo, Guangxi Province	Teacher	2010	7	1
#12	28	F	Married and with children	Fujian Province	Self-employed	2005	10	1
#13	35	F	Married and with children	Kunming, Yunnan Province	Self-employed	2010	12	N/A
#14	34	M	Married and with children	Henan Province	Working	2011	9	1
#15	27	F	Single	Local	Working	2012	9	1
#16	30	M	Married and with children	Hunan Province	Self-employed	2008	13	N/A
#17	56-65	M	Married and with children	Local	Not working	1998	16	1
#18	28	F	Married and with children	Local	Working	2010	18	1
#19	51	M	Married and with children	Beijing	Lawyer	2007	7	0

#20	34	F	Married but no children	Hunan Province	Working	2009	8	1
#21	46-55	M	Married and with children	Henan Province	Farmer	2008	11	2
#22	56-65	M	Married and with children	Shenyang, Liaoning Province	Not working	2002	24	1
#23	50	F	Divorced	Liaoning Province	Self-employed	2003	7	1
#24	34	F	Single	Sichuan Province	Self-employed	2007	14	1
#25	28	M	Married but no children	Guangdong Province	Student	2009	12	N/A
#26	32	M	NULL	Xizang Province	Self-employed	2012	9	1
#27	31	M	Single	Sichuan Province	Working	2012	15	N/A
#28	32	M	Married and with children	Tianjin	Working	2013	3	1
#29	45-50	F	NULL	Heilongjiang Province	Working	2007	6	1
#30	25	F	Single	Yunnan Province	Student	2007	10	2
#31	27	M	Single	Shandong Province	Student	2010	14	1
#32	30	M	Married and with children	Shenzhen, Guangdong Province	Working	2012	11	2
#33	35	M	Married and with children	Wuhan, Hubei Province	Working	2009	6	2

#34	30-35	F	Married and be pregnant	Beijing	Working	2009	6	N/A
#35	36-45	M	Married but no children	Liaoning Province	Self-employed	2007	6	0
#36	28	M	Single	Baoding, Hebei Province	Working	2011	5	0
#37	33	F	Married but no children	Shenzhen, Guangdong Province	Working	2009	6	1
#38	31	M	Married and with children	Chongqing	Policeman	2012	4	N/A
#39	27	M	Single	Sichuan Province	Soldier	2011	9	N/A
#40	45	F	Married and with children	Sichuan Province	Self-employed	2010	7	1
#41	50	M	Married and with children	Local	Self-employed	2006	8	0
#42	40	F	Divorced	Shanghai	Working	2011	6	1
#43	37	M	NULL	Jiangsu Province	Self-employed	2007	14	N/A
#44	25	F	Married but no children	Dali, Yunnan Province	Working	2012	7	1
#45	35	M	Married but no children	Local	Self-employed	1998	6	1
#46	24	M	Single	Local	Working	2011	10	1

Note: N/A refers to the information is missing.

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