

# Chapter 17

## Entrepreneurial Tourism: The Creation of Business Opportunities in the ADRIMAG Region, Portugal

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### ABSTRACT

*The chapter presents an entrepreneurial perspective to rural tourism. It is based on the utilization of endogenous resources that exist within a rural region, and leads to a group of business opportunities related to tourism, craftwork, and agriculture, which are taken into account to define the strategic objectives for the ADRIMAG region. The chapter follows a qualitative approach to business opportunities. Through our analysis, it was possible to create, in a simple manner, a group of business opportunities based on the endogenous resources of the region. With this study, we expect to bring forth an entrepreneurial perspective that will sustainably foster tourism development within rural regions, but with high potential for tourism attraction.*

### INTRODUCTION

Rural economies rely on endogenous resources for their strategic economic development. Historical, cultural, natural and recreational patrimony support tourism activities of incalculable richness and variety (Liu, 2006; Davis, 2008). However, a clear understanding of how the relationship between entrepreneurship and tourism influences the economic health of a rural economy, how new business opportunities can be generated and how they influence the tourism development of a certain region has not yet been clearly established. As such, this chapter seeks to diminish this gap

addressing topics such as rural entrepreneurship, local development and tourism policy. For that it analyses the physical, patrimonial, economic and social characteristics of the ADRIMAG region in Portugal, and follows an entrepreneurial perspective.

Entrepreneurs perceive and pursue opportunities in order to create new business around them. They help to create new jobs and wealth. They are crucial for the development and success of any economy.

In rural and other less-favored areas with weak infrastructural facilities, relative remoteness to main markets, disadvantaged populations, rela-

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tively low income, and fragile economic fabric, new ventures are in high demand in order to diversify the economy and increase welfare. Rural entrepreneurship can play an important role in creating new jobs, income, and wealth, combating the main economic and environmental weaknesses of rural communities. Consequently, the creation of new ventures seems mandatory for an integrated development to happen.

In order to increase entrepreneurship and new business creation, rural communities must overcome a significant obstacle: guiding themselves towards the detection of business opportunities.

This chapter seeks to present an entrepreneurial perspective to rural tourism. It takes into account that this market outlook is difficult to implement in rural areas. The chapter is based on the utilization of endogenous resources within a rural region. It seeks to establish a group of business opportunities related to tourism, craftwork, and agriculture. Clearly, it follows an institutional outlook by aiming to identify a group of business opportunities. The conception perspective proposed by Stathopoulou, Psaltopoulos, and Skuras (2004) is used as a starting point, facilitating the possible creation of circumstances for entrepreneurs to enter the realization and operation stages.

The purpose of this chapter is threefold:

1. To provide the analysis of business creation opportunities in a somewhat fragmented rural area;
2. To provide a generic overview of the change of the key dimensions of the role, nature and impact of business opportunities in a rural setting;
3. To examine the strategic perspectives of the region based on a three-dimensional matrix that articulates rural tourism based on the level of strategy integration, the emphasis on product/services/destination quality and the temporal dimension.

Two fundamental issues underpin this chapter:

1. The emphasis on an entrepreneurial mindset that stimulates the tourism activities following an integrative regional perspective;
2. Its focus on the region's endogenous resources.

The chapter is divided in eight sections. The second section approaches the concept of entrepreneurship and its relationship with local development. The third section approaches the particularities of rural tourism. Section four addresses the key dimensions of the role, nature and impact of rural tourism policy. In the fifth section, we characterize the ADRIMAG region, allowing for the strategic diagnosis presented. In the sixth section, the business opportunities that were identified are presented. In the seventh section the main rural tourism policy perspectives are drawn. Finally, the main conclusions are presented.

## **LOCAL DEVELOPMENT AND ENTREPRENEURSHIP**

The success of an economy depends on the companies' ability to innovate and create added value. It is firms that create added value, promote job creation, and replace non-competitive and/or declining firms by brand new ones. In short, it is firms that allow and promote structural change of a region/country. It is important to recognize how new firms are important for the economic development of a region. As such, public policies need to encourage the development of a new entrepreneurial spirit, the creation of companies and to take advantage of business opportunities.

The study of the entrepreneur is well documented (Cantillon, 1959; Veciana, 2003; Schumpeter, 1912) as: (a) a founder and manager of a company; (b) someone capable of assuming risks; and (c) someone who has the propensity to innovate.

While Cantillon (1959) considered that entrepreneurs take risks, as they invested their own money and took a certain risk, Say (1964) associ-

ated them to the possibility of making a profit. Schumpeter (1912) was the first to associate them to agents of change. Kirzner (1976) viewed entrepreneurs as detectors of new business opportunities. In turn, Casson (1982) sought to develop a theory linking entrepreneurs to economic development. Clearly, despite the intricacies associated with the entrepreneurial perspective, it is possible to claim that economically entrepreneurs used resources to transform the business opportunities assuming some risk in order to gain profit.

The Organization for Economic Cooperation and Development (OECD) (1998) contends that entrepreneurship is crucial for the reconciliation of economic success and social cohesion. Therefore, we will follow the concept put forward by Zacharis, Bygrave, and Shepherd (2000), who defend that entrepreneurship is any attempt, by an individual or group of individuals, to create a new firm or expand an existing one.

Entrepreneurship and firm creation play a structural and dynamic role in terms of innovation and economic growth, job creation, poverty alleviation, creation of social opportunities, and empowerment of the less favored and marginalized social groups (OECD, 2004).

For public policy there are various territorial dimensions that are relevant for entrepreneurship as it is strongly affected by local, regional, economic, social and institutional factors (OECD, 1998). Specific local factors can encourage entrepreneurship such as, support programs, and measures projected and implemented by authorities and local institutions (Moreira & Martins, 2009; Moreira & Carvalho, 2012).

According to the Global Entrepreneurship Monitor (GEM) (Bosma, Acs, Autio, Cordero, & Levie, 2008), there is a positive relationship between entrepreneurship and economic growth. However, as referred by Dantas, Moreira, and Valente (2014) and Amorós and Bosma, (2014), some indicators must be properly understood: the Total Early-Stage Entrepreneurship Activity (TEA), which includes individuals between 18 and

64 years that can be considered nascent entrepreneurs or new business owners, is larger in countries as Nigeria, Zambia, Ecuador, Malawi and Ghana when compared to developed countries as Italy, Japan, France and Belgium. As such, one must clearly differentiate between two types of motivations behind entrepreneurial activities: opportunity or necessity. When someone decides to initiate a new business as possible alternative career options, i.e. because they perceive an underexploited (or unexploited) market business opportunity in the market, with high socio-economic potential impact, one can say that this person is opportunity driven. As referred by Bosma et al. (2008), it usually corresponds to a matured idea/opportunity, with a planned strategy. On the other hand, as referred by Dantas et al. (2014) and Amorós and Bosma, (2014), necessity-driven entrepreneurship occurs when someone chooses to start his/her own business (sometimes merely self-employment) as a result of being the only chance available to assure oneself/family survival. Normally, the business is some sort of independent work or a straight imitation of already existent businesses, which causes a weak socio-economic impact.

The proper development of entrepreneurship might lead to important social and economic benefits. Entrepreneurship is more than just a vehicle for the creation of jobs, competitiveness and growth, especially in rural areas: it contributes to personal enhancement and the attainment of social objectives. Furthermore, various factors play an important role in the decision-making process of new firm creation, for example, the existence of opportunities, administrative complexities, financial barriers, and attitudes and capabilities (Baron, 1998; Dunkelberg & Cooper, 1982, Moreira & Carvalho, 2012).

Entrepreneurial activity varies across countries, regions, and cities. As referred by Moreira and Martins (2009), it is also conditioned by various factors settled in the behavior, motivations, and knowledge of the individual. However, in rural environments entrepreneurial activities are

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differently understood as they are dependent on unique opportunities and sometimes inimitable endogenous available resources (Stathopoulou *et al.*, 2004). Clearly, the particular surrounding environment is a key indisputably rich essential ingredient (Hall, 2005; Chambers, 2005).

Although the presence of favorable economic exogenous conditions is important for businesses to thrive, regions must develop their intrinsic endogenous factors in order to create the proper conditions for the development of entrepreneurship (Busch & Juska, 1997). In order for entrepreneurship to flourish, it is necessary to have the proper conditions, which include financial resources, strong training opportunities, research institutions, industrial areas, uniform commercial rights, equality of opportunity, low taxes and incentives to free trade, support from large corporations, public-private partnerships, and the encouragement and support of society (Moreira & Martins, 2009; Velasco, 2003). However, as referred by Stathopoulou *et al.* (2004), rural areas still face three important types of specificity: small scale, local provenance and embeddedness specificity, and scope specificities (Hall & Mitchell, 2005).

Economic development is a complex process that involves many actors including small and large firms, various government agencies, and a blend of all of these (Malecki, 1997). New firms do not have the same likelihood of emerging in all locations: new ventures do not take place in all types of industrial sectors, and there are social and educational variations. The elements of local and regional economic structure – employment, industry, and social characteristics – explain geographical changes in innovation and entrepreneurship.

As referred above, the two kinds of entrepreneurship – necessity-driven or opportunity-driven – strongly influence the lack of a direct and positive relationship between higher levels of entrepreneurship and gross domestic product (GDP). Moreover, as rural areas are strongly influenced by necessity-driven entrepreneurship

as a consequence of their stage of development, public policy needs to create conditions to foster opportunity-driven entrepreneurship, in order new ventures to be based on local, endogenous, innovative, added-value solutions. As such, endogenous particularities might be converted into entrepreneurial opportunities where firms can take advantage of agglomeration and proximity to use sources of information, unique natural, cultural and patrimonial resources to thrive. However, one must take into account that rural areas are poorly developed, innovative activities are not part of the local culture, and firms struggle to become more competitive (Keeble & Tyler, 1995). There is an intimate relation between entrepreneurship and economic and social development (Malecki, 1997): innovation developed within regional networks supports the existent enterprises, and presents new opportunities for entrepreneurs to initiate new businesses and serve new markets.

A high level of new firms is crucial for the vitality and dynamism of a regional economy. Therefore, it is essential to know the ideas and projects that can promote entrepreneurship in order to ensure regional economic development.

## **PARTICULARITIES OF ENTREPRENEURSHIP IN RURAL ENVIRONMENTS**

Several terms and variables have been used to address rurality (Skuras, 1998): settlement size, rate of population outflows and inflows, population density, local economic structure and landscape. However, it can also be defined as a set of existing rules and resources in a certain space and drawn upon discursive and non-discursive actions (Halfacree, 1995).

One can normally find two types of rural areas. On one hand, remote areas, characterized by depopulation, infrastructural inadequacies, high dependence on farming, and a weak industrial fabric and, on the other hand, more developed

rural areas, characterized by their relative proximity to main economic markets. As a consequence, entrepreneurship may be faced very differently in those different areas as obstacles and opportunities may differ and be differently understood (Stathopoulou *et al.*, 2004).

Rural entrepreneurship plays a crucial role in the economic development of rural and less-favored areas, as they suffer from very particular characteristics that most technology endowed areas/regions do not go through: weak infrastructural facilities, relative remoteness to main markets, disadvantaged populations, relatively low income, and a fragile economic fabric (Briedenhann & Wickens, 2004; Liu, 2006). Accordingly, new ventures are even more important in less-endowed areas as they are important economic tools in the diversification of the local economy and in increasing welfare. Rural entrepreneurship can play an important role in creating new jobs, income and wealth, thus, fighting the main economic and environmental weaknesses of rural communities (Liu, 2006; Saxena & Ilbery, 2008). Consequently, the creation of new ventures seems mandatory for an integrated development to happen (Moreira & Martins, 2009; Wilson, Fesenmaier, Fesenmaier, & Van Es, 2001).

The creation of new firms is a normally difficult issue, which is even more stringent to rural entrepreneurs as a result of three main problems (Lichtenstein & Lyons, 1996; Knack & Keefer, 1997; Davis, 2008): the lack of social and economic structures, the low population size/density and remoteness (which make it difficult for rural entrepreneurs to achieve economies of scale or critical mass and increase the transaction cost to rural businesses, as accessibility to suppliers, customers, new markets and social capital of urban and sub-urban communities are limited), and the lack of a social capital fabric, as the characteristics of the civil society and the activities of other more developed areas jeopardize the operation of businesses and their networking activities.

The social and economic composition of rural areas affect rural entrepreneurship, as the rural economy is characterized by a strong focus on agricultural, natural resources extraction, and simple manufacturing activities. Less-endowed rural areas are becoming embedded in their own culture and traditions, which is a consequence of the lack of diversified economic activities, hindering entrepreneurial behavior (Wall, Ferrazzi, & Schyer, 1998). Furthermore, low level of skills, the lack of skills diversity, and the mismatch between available jobs and people of rural communities *vis-à-vis* more developed urban milieus are some of the socio-economic hurdles rural businesses have to overcome. As such, skilled people try to find better job conditions outside the rural community, which lessens the probability of socio-economic interaction with other regions. On the other hand, public and support institutions need to recruit skilled labor from outside the milieu, which is normally not very attractive for skilled people and thus, makes public and civic assistance less plentiful (Moreira & Martins, 2009).

As was previously mentioned, location is a major feature of the physical environment as it imposes uncompetitive transaction costs to rural businesses as business relationships with main markets, suppliers, and partners are not simple.

As the presence of natural resources generates jobs and other economic opportunities for the local economy is one of the main targets for rural economies to exploit. However, due to lack of skills these natural resources are often shipped out to other regions for further processing and manufacturing, leaving rural areas with low added value opportunities and thus, creating economic externalities in other regions.

Finally, the presence of landscapes and other environmental and cultural features are important economic drivers for exploiting rural/local potential (Ray, 1998). However, a proper marketing plan must be implemented in order to not only explore the qualities of tradition, craftsmanship, nature,

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place, and culture, but also to avoid to define to narrow market niches (Howe, McMahon, & Propst, 1997).

According to Stathopoulou *et al.* (2004), the rural entrepreneur is influenced by the effects of rurality on the entrepreneurial process. Therefore, they propose a three-stage sequential process separating the conception, realization and operation of new ventures. In the conception stage, the entrepreneur's main concern is with the perception and development of new economic opportunities. In the realization stage, the entrepreneurial decision is focused on the exercise and execution of the perceived opportunity. Finally, in the operation stage, the entrepreneur is concerned with the market, financial and personal outcomes, and profit.

## **RURAL TOURISM POLICY**

According to Nylander and Hall (2005), rural policy embraces two broad dimensions: the structure and the function of the tourism industry and relationship with place. The former is related with the aims, objectives, actions and outcomes of the tourism industry and encompasses the characteristics reflected by all actors involved in the development process. The latter deals with the structural and functional elements of the territory and how well the actors are interrelated within a place context.

The structure and the function is the result of the changing nature of the demands, as well as the ability to respond to them in terms of quality of the products/services offered, promotion of the products and services, added value of the products/services and the way local players cooperate, coordinate and integrate the operationalization of the responses to the constant change in the environment. As such, it encompasses the ideologies underlying the tourism policy influencing the visitor well-being, as well as the spatial approach (Sharpley & Jepson, 2011; Lewis, Kerr, & Pomeroy, 2010).

On the other hand, the relationship with place involves the nature of the relationships of all players that influence local cultures, identity and image of the places, as well as the spatial emphasis of tourism activities in local or regional economic diversification (Wang, 2008).

As referred by Heneghan (2002), for rural tourism development to happen a critical mass must be achieved. For that a strategic plan needs to be deployed so that cooperation and group development can take place among all actors. As a consequence, a very specialized gastronomy, or a very niche segmented market destination are doomed when used as a vehicle for image/identity projection as branding and destination marketing may become diffused in a large pool of specialized individual rural tourism destinations (Boyne, Williams, & Hall, 2002). As Roberts and Hall (2001) claim, as the reality of scattered rural spaces do not match up with a dynamic changing market, it is clear that a destination based on multiple representations is far more important than the relationships with place (Nylander & Hall, 2005). As such, rural tourism policy should encompass the planning of tourism activities and rural areas and integrate them in order to respond to the needs of a changing demand.

From the rural tourism perspective one should avoid the paradox of being too narrowly focused on a specialized niche disregarding the various needs of the tourists. As such integration encompasses both vertical and horizontal relationships among stakeholders, but also the integration of activities, actions and strategies in terms of how tourism destinations are managed within the rural perspective (Nylander & Hall, 2005; Roberts & Hall, 2001; Saxena, Clark, Oliver, & Ilbery, 2007).

In order to conceptualize rural tourism, a tri-dimensional matrix is going to be used to address how sustainable rural tourism policy can be. Three variables articulate the sustainability of rural tourism:

- Level of integration of strategy, which may range from low to high;
- Extent of emphasis on product/service/destination quality, which may be highly or poorly integrated, among all stakeholders;
- Temporal dimension of the analysis, which may be focused on the short- or long-term future.

As can be seen in Figure 1, there are eight types of outcomes, according to the quadrant of the tri-dimensional matrix.

With this tri-dimensional matrix one can easily conclude not only about the current sustainable strategies a rural region/territory is following, but also what can be done to achieve a future sustainable position as it is possible to suggest recommendations for the eight different positions of the matrix, as described as follows:

- **Case 1:** There is a high level of integration among players and stakeholders with a clear long-term focus and an emphasis on high levels of service/product/destination quality. In this situation the territory can

be considered in a *Sustainable* position. As such, it must keep and /or consolidate its position in the market (see Figure 2a).

- **Case 2:** One can find a *Doomed* position based on a low emphasis on product/service/destination quality with a low level of integration with other rural/spatial destinations. Its short-term orientation will not yield any competitive advantage (see Figure 2b).
- **Case 3:** There are activities with high level of integration among players and stakeholders and an emphasis on high levels of service/product/destination quality. Its main problem is its short-term focus. These activities can be considered as *Constrained* as from the public policy point of view one needs to adapt the endogenous conditions of the territory to the ever changing exogenous conditions if the activities are to remain competitive in the market (see Figure 2c).
- **Case 4:** This position is *Ambiguous* as there is a lack of emphasis on service/product/destination quality with a low level of integration among stakeholders, where players and stakeholders hold a long-term focus. Policy formulation should deploy a clear emphasis on augmenting service/product/destination quality integrating structural endogenous resources of the region in order to mobilize the large pool of stakeholders. If this is not achieved this position might drop to a *Doomed* position (see Figure 2d).
- **Case 5:** (see Figure 2e) and Case 8 (see Figure 2h) need a clear policy focus on increasing the levels of service/product/destination quality to avoid falling into the low quality end, which would hinder a sustainable position in the near future. On the other hand, Case 7 (see Figure 2g) and Case 6 (see Figure 2f) need to move away

Figure 1. Rural policy development matrix  
Source: Own preparation

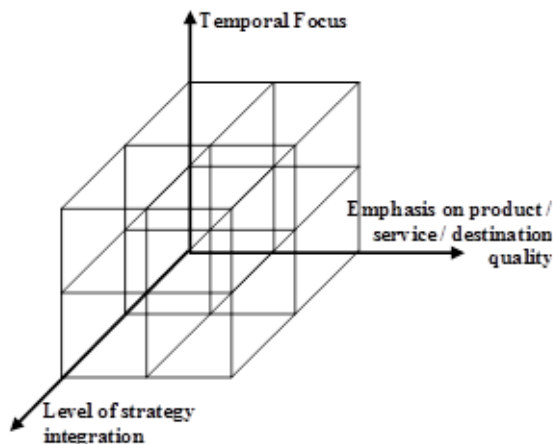
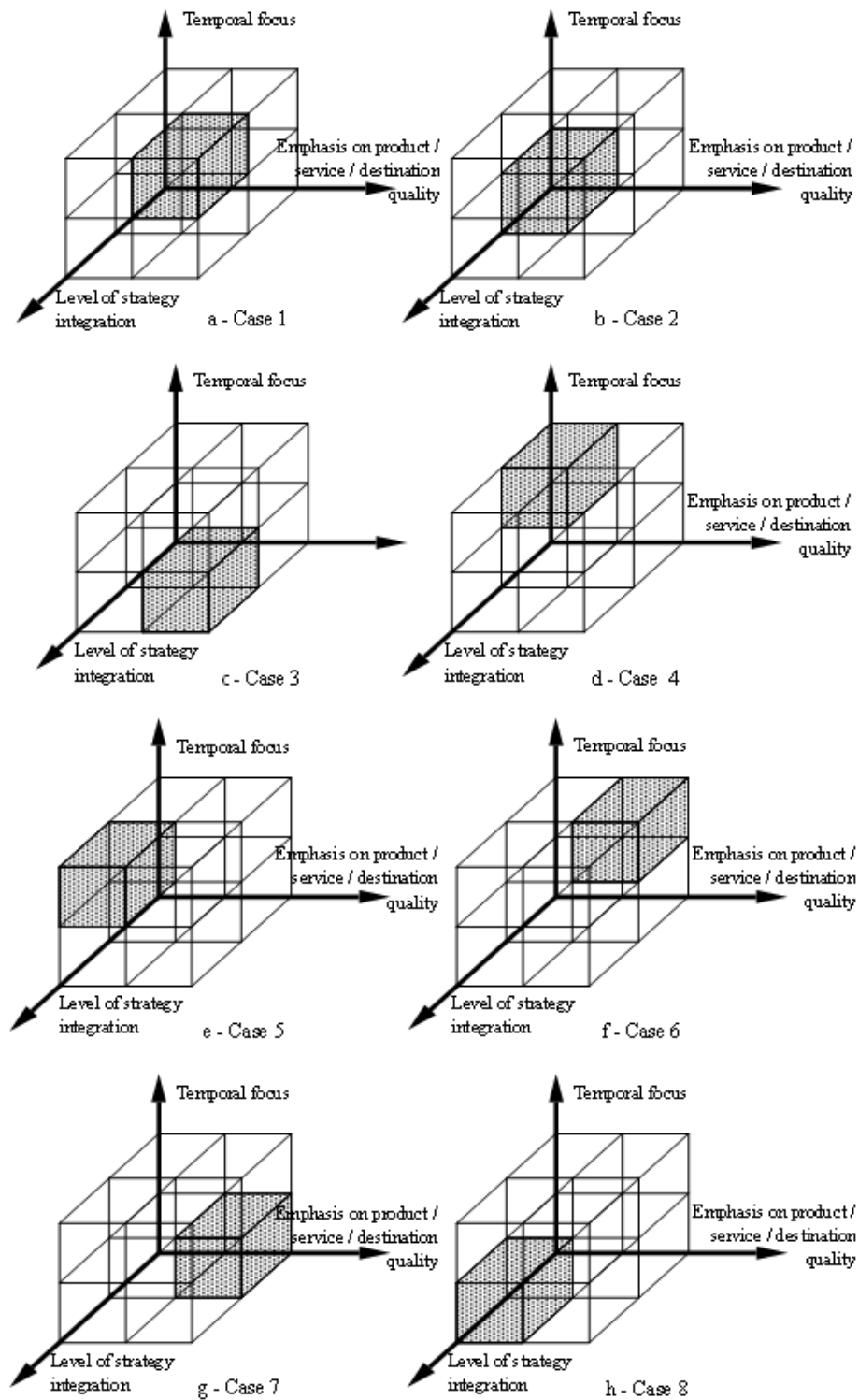


Figure 2. Cases of rural policy development matrix



from an isolationist perspective towards a more cooperative, integrated perspective with other stakeholders in order to sustain a win-win position with other stakeholders in the territory. They all can be considered *Partial Dilemmas*, although Case 7 and Case 8 need to develop a long-term perspective.

One can conclude that there are three natural movements for a rural tourism destination to achieve a long-term sustainable competitive advantage: firstly, policy makers should emphasize efficient use of resources from an integrated perspective, i.e., a fragmented perspective, based on individual rural tourism destinations, should give way to a global, more encompassing one. Secondly, emphasis on high level service/product/destination quality is a differentiation factor so that ‘winners’ and ‘losers’ are clearly separated. Thirdly, lack of attention to the future can clearly compromise attaining a sustainable future, as strategies are dynamic nature.

Heneghan (2002), Nylander and Hall (2005), Wilson et al. (2001) and Saxena et al. (2007) propose that rural tourism strategy should encapsulate the following integrated approaches to development so that the rural tourism benefit can be optimized:

- The incorporation of natural resources, activities and services;
- An strategy, with clear objectives for rural tourism development and marketing;
- The integration and coordination of various agencies/stakeholders involved, so that duplication of efforts are avoided and an integrated strategy can be followed;
- The transmission of a clear message so that a clear identity is built up and an integrated marketing is implemented;

- The provision of adequate training so that high product/service/destination quality is achieved in order to maintain/regain competitiveness;
- Develop functional links with key players so that are integrated long-term strategy can be implemented.

## **PHYSICAL, PATRIMONIAL, ECONOMIC, AND SOCIAL CHARACTERISTICS OF THE REGION**

### **Physical Characterization of the Territory**

ADRIMAG’s area is composed of seven municipalities: Arouca, Castelo de Paiva, Castro Daire, Cinfães, São Pedro do Sul, Sever do Vouga and Vale de Cambra. The area integrates the massifs of Montemuro, Arada, and Gralheira and is located between the Douro and Vouga Rivers.

The territory is located in the Centre/North of Portugal and is a mountainous and agricultural area of 1688 km<sup>2</sup>. With beautiful landscapes and high environmental quality it is used often for adventure and radical sports. The largest municipality is Castro Daire, with an area of 379 Km<sup>2</sup>. The smallest municipality is Castelo de Paiva, with an area of 115 Km<sup>2</sup>. The area is rich in historic and cultural patrimony, regional products, and typical gastronomy, with strong potential for tourism development (Moreira, 2009).

The seven municipalities that comprise the ADRIMAG region are physically and historically homogenous, resulting in common socio-economic characteristics. Due to geographical factors and highland traditions, agriculture is a traditional form of livelihood, complimenting other activities as a means of income. Geographically, the municipalities are very close and have very similar

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characteristics. The ADRIMAG region belongs to the “less-favored Portugal”, with a per capita GDP below 75% of the national rate (Ministério da Economia, 2004).

Although the distance to main cities and highways is short, inter-municipal access is poor due to sinuous and mountainous roads. This complicates the access between municipalities as there is no integrated transportation system, making it difficult for travelers to cut across the region.

In what concerns population, this region presents a negative growth rate (-1.7%), although there are some disparities between municipalities. This negative growth rate is more notable in the villages located in the inner part of the region and with difficult accessibilities (ADRIMAG, 2004).

The topography of this region is rich in contrasts, due to its valleys and mountains and their corresponding transition zones. The climate is more pleasant and agriculture more intense in the valleys, as the soil is more fertile. This contrasts with the harsh climate and soil of the mountains, dominated by grassland farming on the tops of the hills and forests.

There are countless numbers of geological phenomena and places of interest. There are some notable examples that resulted in the creation of the Arouca Geopark.

The imposing natural beauty of this region has resulted in the classification of four locations in the “Rede Natura 2000” (Natural places). These are the Mountains of Montemuro, the Mountains Arada and Freita, the Paiva River, and the Vouga River.

There are traces of human occupation that date back to the Neolithic Age, corresponding to the third millennium BC. However, there is no evidence of human occupation during the Paleolithic Era. The tumuli and dolmens as well as prehistoric cave paintings, are the principal traces of the Neolithic Era in the region.

In regards to the Bronze Age, there are some traces of human activity, especially in the municipality of Castro Daire. The Iron Age is represented

by traces such as forts and settlements, among others, as well as by the toponymy of various villages and locations.

The archeological remains, including ruins of buildings, bridges and pathways (some of which are still used), are evidence of Roman presence. The main archeological patrimony and architecture from the Medieval Age are composed of religious sites. Much of the existing patrimony dates from the period between the 16th and 19th centuries. This includes traditional village homes, churches, chapels, monasteries, pillories, calvaries, crosses, manor houses, baskets, shrines, mills, fountains, irrigation systems and many others.

The typical culture of the region, represented by folk arts, craftwork, legends and gastronomy, has been used by a wide variety of cultural associations. This has resulted in the creation of cultural events such as gatherings, fairs, celebrations and other festive activities.

## **Patrimonial Resources**

The region has an extensive amount of patrimony that can be used, at the economic level, for the appreciation and diversification of regional supply. Among the principal patrimonial resources, the following are highlighted (Moreira, 2009):

- Archaeological patrimony (forts, dolmens, engravings, military marks, and others);
- Religious patrimony (churches, chapels, sanctuaries, shrines, crosses);
- Civil/popular patrimony (arches, gazebos, bridges, relevant buildings, traditional houses, statues, fountains, pillories, wind-mills, water mills and mines);
- Military patrimony (castles and towers);
- Manor houses;
- Rural settlements, which may be used for tourism purposes.

In the ADRIMAG region, religious patrimony is the most extensive, encompassing 86.7% of the

total number of villages. This is followed by civil and popular patrimony, with 43.8%, and archaeological patrimony, with 41%. The manor houses and rural settlements of interest to tourism find themselves within approximately 31% and 26%, respectively, of the villages within the intervention zone (Moreira, 2009).

Military patrimony has virtually no presence in the region, the municipality of Arouca being the only exception. Lastly, rural settlements and villages are mainly concentrated in the heart of the territory, corresponding to the mountainous range of Gralheira and Montemuro.

According to IPPAR, the ADRIMAG region possesses 54 properties that are classified as historical patrimony. 66.7% are Properties of Public Interest, 18.5% are National Monuments and 14.7% are Properties of Municipal Interest.

The ADRIMAG region incorporates some of the basin of the Douro River, limiting the northern part with important effluents from the following rivers: Paiva, Paivô, Arda and Bestança. There are also numerous watercourses, namely, the rivers Vouga, Caima, Teixeira and Sul, from the basin of the Vouga River. Due to their tourism and sporting qualities, these attract enthusiasts of canoeing, kayaking, canyoning, and other water sports. On the other hand, the richness and properties of the waters that cross the territory have resulted in the creation of two thermal resorts, being the unit of S. Pedro do Sul the most important at national level.

There are important factors that must be held in consideration when intending to take economic advantage of natural patrimony. The following are highlighted (Moreira, 2009):

- The land is diversified, the principal incidents in the terrain being the Mountain Range of Montemuro and Gralheira (the last is composed of the mountain ranges of Freita, Arada and Arestal).

- The number of mines scattered throughout the territory allows for the development a thematic tourism, geared towards a specific market niche.
- The high level of environmental preservation is conducive to the development of tourism.
- The mountainous landscape, with its unique characteristics, may be used for tourism, sports and leisure activities.
- The main rivers, that have attracted participants of canoeing, kayaking, canyoning, and other sports, may be explored for specific market niches.
- The diversity of geo-sites integrated in the AROUCA geopark, their tourism potential as well as their educational relevance.

## **Demographic Trends**

The resident population in the ADRIMAG region has decreased over the years (Moreira, 2009). The aging of the population is a disturbing factor: there is an increase of approximately 13% of inhabitants over 65 years, and an accentuated decrease of approximately 25% of the population between 0 and 14 years (Moreira, 2009).

The population density within the region varies between 45 inhabitants/km<sup>2</sup> in Castro Daire and 170 inhabitants/km<sup>2</sup> in Vale de Cambra. The municipalities with the largest resident population are Vale de Cambra, Arouca and Cinfães.

The level of qualification among the inhabitants of the ADRIMAG region is lower than the Portuguese average: the percentage of people with only primary education is 75.7%, whereas the national percentage is around 57%. In a similar manner, the difference between the percentage of university graduates in Portugal and in the region under analysis is 4.8 percentage points (Moreira, 2009).

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The labor market also has some large discrepancies: while the average activity rate in Portugal is approximately 48.2%, in the ADRIMAG region it is 42%. In the same way, the unemployment rate in the intervention zone is one percentage point above the national unemployment rate. The unemployment rate by gender is extremely disparate: while the difference in the national average percentage between unemployed women and unemployed men is 3.5%, in the ADRIMAG region it is 8.5% (Moreira, 2009).

### Entrepreneurship and Firm Creation

According to Moreira (2009), the rate of firm creation in the ADRIMAG region is approximately 5.79%, as can be seen in Table 1. However, this rate is lower than the national average of 13%. This clearly indicates that the rate of firm creation in the ADRIMAG region is, in average, lower than half of national average, which might be related to the rural perspective of the region

The rate of entrepreneurial initiative, which evaluates the number of firms created over the working age population, indicates significant differences between the municipalities, as can be seen in Table 2. According to Moreira (2009), the main obstacle to entrepreneurial culture resides in the fear of failing in individual initiatives. Therefore, there is clearly a need to stimulate the entrepreneurial spirit of individuals and encourage them to innovate.

Table 1. Rate of firm creation by municipality

Arouca	5.74
Castelo de Paiva	8.70
Castro Daire	4.23
Cinfães	6.07
São Pedro do Sul	5.88
Sever do Vouga	5.68
Vale de Cambra	5.02
Total	5.79

Source: Moreira (2009)

Furthermore, there are two relevant factors in the absence of entrepreneurial capital: on one hand, the lack of knowledge regarding alternative forms of financing that supports the creation and development of firms, and, on the other hand, the lack of a program focused on encouraging the creation of firms. Therefore, there is a need to stimulate entrepreneurship in order to promote new development initiatives and help combat the socio-economic weakness of the territory, thus, preventing the exodus of the population (Moreira, 2009).

Approximately 49% of the employed population in the ADRIMAG region works in the secondary sector, whereas 39% work in the tertiary sector (Moreira, 2009).

In terms of rurality, the ADRIMAG region has a rurality rate of 61%. However, in Castro Daire, Cinfães and São Pedro do Sul, all the population resides in predominantly rural areas.

### STRATEGIC DIAGNOSIS

In order to obtain a true idea of the environment, this section presents a strategic evaluation of the actual conditions that influence the economic activities of the ADRIMAG region, therefore, influencing the emergence and detection of business opportunities.

Table 2. Rate of entrepreneurial initiative by municipality

Arouca	0.19
Castelo de Paiva	0.24
Castro Daire	0.13
Cinfães	0.15
São Pedro do Sul	0.16
Sever do Vouga	0.23
Vale de Cambra	0.20
Total	0.19

Source: Moreira (2009)

While elaborating this strategic diagnosis, three critical analytical dimensions (tourism, craftwork and agriculture) were taken into consideration. They underpinned the SWOT analysis, which will not be presented, and are influenced by the surrounding environment of this predominantly rural area: accessibility, accommodation, craftwork, agriculture, restaurants and catering, tourism-based natural patrimony and tourism supporting equipment.

On a methodological level, the preparation of the strategic diagnosis, as well as the identification of the main business opportunities were based on a qualitative and exploratory approach. As such, the paper is based on a documental analysis, as well as on interviews carried out with the principal political actors of the various municipalities of the ADRIMAG region, and with those responsible for the main tourism institutions of the region.

### **Accessibilities**

The accessibilities within and across the municipalities are very disparate. This can affect the economic activity of the municipalities as a whole.

The Douro River constitutes a privileged inland waterway, allowing for a very strong tourism attraction in the municipalities of Cinfães and Castelo de Paiva. This gives them an unique attractiveness over other municipalities. However, the main fluvial tour operators have not shown a great propensity for these two municipalities.

In general, all municipalities have a good accessibility through the principal highways that encircle the region. However, the network of inter-municipal accessibility has some horizontal and vertical shortcomings. This makes intra-regional travel extremely unfavorable and very challenging.

### **Accommodation**

In what concerns the supply of accommodation in the municipalities under analysis, there are 777 rooms with an overall capacity for 1570 people.

This is insufficient for a region with a strong potential for tourism and endogenous resources (Moreira, 2009).

The options presented are diverse: boarding houses, agro-tourism, rural tourism, hotels, and guest housing. The municipality of São Pedro do Sul has the widest range of accommodation options, with 390 rooms, in other words, more than half of the total accommodations of the territory. The municipality of Castro Daire comes in second place with a 186 rooms (Moreira, 2009).

The region also has three campgrounds: the Thermal Waters of São Pedro do Sul (with a capacity for 500 people), the Thermal Waters of Carvalhal Campground in Castro Daire (240 people), and the Merujal Campground of Arouca (350 people). There are also campgrounds in Arouca, S. Pedro do Sul, Cinfães and Vale de Cambra.

The typologies of Rural Spaces Tourism in the region are the following:

- Guest Housing – 5 units;
- Rural Tourism – 7 units;
- Agrotourism – 5 units;
- Rural Hotels – 1 unit.

In spite of the variety of accommodations in the municipalities, there is a concentration of hotels that supply thermal products with some historic influence. The municipality of São Pedro do Sul has a perceptible advantage over the other municipalities.

There are also various types of accommodation establishments. However, there are very few hotels in the main boroughs of the municipalities. This makes the “generation of tourists with stay/overnight trips” difficult outside of “thermal” municipalities.

In general, throughout the entire territory there is a willingness to bet on rural tourism, and benefit from rural housing with tourism potential. In this way, it can be stated that there is a large potential for rural tourism, given that it would distribute accommodation capacity throughout

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the entire territory. On the other hand, betting on hotel accommodations in the principal boroughs of the municipalities could be used to boost the development of cooperative tourism. Therefore, it would generate “tourism with overnight trips” that would be impossible without credible accommodations.

### **Craftwork**

The region craftwork is greatly diversified (*green wine*, baskets, tin, artistic copper, embroidery, pottery, quilts, tapestry, table linens, cooperage, weaving, clogs and honey). The largest problem with craftwork is the pulverization of activities and the lack of size. Given the weak representation of cooperatives and their lack of dimension, it is difficult to benefit from the supply and commercialization of products that represent the region as a whole. Clearly, if craftwork is to move away from a *Case 2 Doomed* position, based on the abovementioned matrix, its needs to emphasize product quality and a more integrated level of development with other economic activities to achieve a regional perspective.

The large strategic bet of craftwork may come from two possible situations: on one hand, the creation of a regional brand, where the representative products of the mountain ranges could benefit from a joint image, giving them a larger representation, and, on the other hand, benefit from a larger marketing power, complementing the existing tourism supply of the region. In this manner, they could benefit from interesting dynamic similarities: (a) identity, although local, may be associated to a larger territory, giving it more notoriety; and (b) presence in a vast area, allowing for the increase of dimension, which, at this moment they do not possess given the pulverization of craftwork.

### **Agriculture**

The large drawback of agriculture is common to the rest of the country: it is an activity associated to subsistence and population aging, making it

highly unattractive to the younger population. Another inconvenience is the small economic scale of farming activities, and the lack of cooperative organization among farmers, giving them a large disadvantage when bargaining with other economic agents. As occurred with craftwork, agricultural activities need to develop a more integrated perspective with other economic activities to move away from a *Case 2 Doomed* position.

The development of a regional brand and a cooperative organization, just like in handicraft, may enhance the appearance of natural, traditional, and organic products of regional origin. This gives them increased bargaining power, representation, and notoriety. To this end, it is imperative that small farmers have bureaucratic support given their low level of education, and lack of familiarity with the preparation of subsidies application processes.

Agriculture must be built around a similar rationale of other economic activities such as, restaurant and catering, rural spaces tourism and farming entertainment. For example, the logic of organic farming must be geared towards a regional brand that not only enhances agricultural supply, but also serves restaurants based around regional gastronomy. In a similar manner, organic agriculture may serve farming entertainment projects where education, recreational tourism, and extensive production work as supplementary economic activities.

It should be noted that the emergence of an agriculture associated to natural and traditional products may enhance population attachment in rural municipalities, resulting in less depopulation. This would ease rural tourism projects in which the accommodation-craftwork-agriculture aspect would benefit from interesting economic similarities, given that tourist movement could enhance regional craftwork and local agriculture.

### **Restaurants**

The restaurant industry presents itself, in every municipality, with excellent quality and typical characteristics. This gives restaurants an unique

gastronomical representation that is used as a differentiating element. The distribution of restaurants is presented in Table 3. However, it is clearly necessary to enhance equitable supply distribution, especially in inner areas, in order to improve tourist inflow and stimulate the interior highland areas.

In order to stimulate demand, it is advisable to bet on typical characteristics and endow restaurant supply with an entertainment/folklore aspect. Furthermore, it is also advisable to elaborate a group of gastronomical fairs throughout the entire region, balancing the rural/urban component and the interests of each municipality. This prevents the destruction of potential inter-municipal tourism and would give an integrated perspective to the restaurant industry.

It should be noted that a strategy for the restaurant industry may function with two strategic components: structural and supplementary. The former is related to the possibility of affirming itself as a stimulator of gastronomical tourism. The second component is related to the possibility of complementing rural, mountainous, weekend, historic, and sports related tourism. Therefore, restaurants are a fundamental aspect of tourism enhancement. It also plays an equally important role in the conversion of antique or deserted properties in new estates of accommodation and restaurant. This is especially the case in rural areas with less concentration of restaurant units.

Table 3. Number of restaurants by municipality

Municipalities	N.º de Units
Arouca	14
Castelo de Paiva	16
Castro Daire	7
Cinfães	10
S. Pedro do Sul	23
Sever do Vouga	31
Vale de Cambra	33
<b>Total</b>	<b>134</b>

Source: Moreira (2009)

## Natural and Cultural Patrimony

The natural patrimony that supports tourism is wide, diversified and of an incalculable richness and variety. It is comprised of the following differentiating elements:

- The mountains and their scenic resources, that constitute the *leitmotiv* of thousands of visitors on weekends and holidays;
- The non-polluted water courses, allowing for high competition sport and recreational activities;
- The Douro River, due to its easy navigation, can be used to facilitate the flow of visitors;
- The native flora and fauna, as well as geological curiosities that can be exploited for thematic tourism;
- The existence of viewpoints, with superb panoramas, can be attractive stopping points, enhancing craftwork and local/regional restaurants;
- The existence of communal places of interest integrated in the Rede Natura 2000;
- The existence of unique typical characteristics, linked to architecture and nature, stimulating socio-cultural entertainment and unique events;
- The existence of local festivals and folklore that permit the implementation of typical regional events.

The principal opportunities brought forth by this natural patrimony are the following:

- The creation of thematic parks with supporting infrastructures;
- The need to bet, on the one hand, on regional characteristics and, on the other hand, on the diverse tourism niches (health, mountain, adventure, etc.);
- The creation of city, biological, sports, and mountain parks, among others, with sup-

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porting infrastructure that benefit from regional characteristics and materialize municipal tourism activities;

- The utilization of rural and forest houses for tourism purposes;
- The implementation of hiking trails, footpaths, and natural pathways that permit mountain and maintenance tourism;
- The use of the Douro tourist circuit, in order to offer a credible natural alternative;
- The aggregation of pulverized themes in Mountainous Themed Programs

### **Support Tourism Equipment**

The region has an architectonic group of regional visibility and a monument (Monastery of Arouca). However, there is a need to complement this patrimony with a group of traditional villages that stimulate rural tourism.

The group of mines, with high tourism potential in all municipalities, could be used to complement to the entire natural environment of the region. This diversification could be enhanced through the implementation of thematic tourism and cultural parks, museums, and eco-museums associated to mining activity. This would complement the natural and historic tourist activities that exist in the region, using craftwork and local gastronomy as an aggregated tourist advantage.

The implementation of historic, scenic, and rural routes, with entertainment, footpaths, and biking paths, could give the tourism component a more robust sustainability.

Finally, it is important to create thematic parks that diversify the thermal activities that exist in São Pedro do Sul and Castro Daire. On one hand, this avoids the cyclical pattern that occurs with existing establishments. On the other hand, it would benefit from the existing tourist inflow of the two municipalities.

### **Identification of Business Opportunities in the Utilization of Endogenous Resources**

When taking into consideration an opportunity-based perspective from a regional perspective, the utilization and profitability of endogenous resources and business opportunities, as well as the strategic diagnosis formulated above, the principal strategic actions for the exploitation of business opportunities in the region become explicit.

The main business opportunities identified related to craftwork are:

- Investment in similar/complementary tourist activities allowing for the exploitation of synergies created by tourism;
- Stimulate a regional brand that brings together all craftwork supply, resulting in the attainment of a larger notoriety;
- Increase alliances/representation in tourism activities;
- Investments tied to the diversification of craftwork, in order to attain a sustainable dimension;
- Aggregation of supply and value chain through intermediary cooperatives.

The main business opportunities associated to agriculture are the following:

- Investment in production/commercialization of rural/organic products;
- Aggregation of supply and value chain through intermediary cooperatives;
- Investment in a regional brand tied to natural/organic products;
- Investment in planning activities and forestry management that complement/enhance the main tourism activities;

- Investment in activities that use forest by-products for energy efficiency (biomass).

Finally, the principal business areas in tourism are the following:

- Tourism projects associated to allotment of houses as a second habitation;
- The creation of a web of footpaths and biking paths that, on the one hand, allows tourists to create their own path, with their origin and destination and, on the other hand, diversifies the supply of a tourism firm according to the needs of the target audience
- The execution of adventure events (hiking, canoeing, rafting, guiding, BTT, ...);
- Projects associated to rural, adventure and eco-tourism;
- The creation of rural and urban accommodation units (hotels, inns, hostels, campgrounds, etc.)
- The utilization/transformation of rural and forest houses for tourism purposes;
- The transformation of rural villages for rural tourism;
- Investments associated to typical regional gastronomy in rural areas;
- The promotion of regional gastronomic fairs after or before summer;
- Complementing restaurants with tourism entertainment and folklore;
- Investments in natural thematic parks;
- Increment the supply of tourism products (health, mountain, adventure, leisure, etc.)
- The use and development of activities associated to adventure tourism;
- The creation of tourism walking routes;
- Investment in city parks, with infrastructures that support tourism and leisure;
- Investment on tourism packages that include footpaths, archaeological trails, natural pathways, mountain tourism, main-

tenance circuits, sports retreats, among others of small and medium duration for different market segments (youth, adults, mature, etc.)

- Investment in the complementarities of mountain/river in order to benefit from the tourism circuit of the Douro;
- Investment in tourism mountain parks;
- Complement tourism thermal routes;
- The aggregation of the tourism supply of the various municipalities of the region;
- Investment in activities that increase visibility outside the municipality through cultural and sporting events;
- The stimulation of events and festivals outside of the summer season;
- Implement and diversify riverside beaches;
- The creation of a reservation center for this region, permitting the aggregated management of accommodation supply and demand;
- The conversion of forest shelters and abandoned primary schools in hostels.

Although the identified opportunities constitute the fundamental pillars of tourism, craftworks, and agriculture, there is a need to refer to an integrated perspective of the same elements in order to give them strategic complementarities.

In the area of tourism, the following activities were identified as having potential for the creation of firms and/or self-employment:

- Construction/transformation of rural housing projects;
- Construction/exploitation of accommodation units (hotels, inns, hostels, campgrounds, etc.);
- Food retail units (bakeries, restaurants, snack bars, coffee shops, etc.) that support riverside beaches, accommodation units, and other tourism enhancing natural patrimony;

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- Tourism entertainment units for the exploitation of various (ecotourism, mountain, leisure, radical sports, among others) niches;
- Tourism units geared towards thematic areas that complement existing nuclear activities within the region, such as thermal activities.

In the areas of craftwork and agriculture the following activities were identified for the creation of firms and/or self-employment:

- All projects related to craftwork: basket weaving, tin work, artistic copper, embroidery, pottery, pottery painting, quilts, tapestry, table linens, cooperage, weaving, clog work, and honey;
- Commercialization/marketing firms tied to the diffusion of regional craftwork;
- Rural, forest, and organic production units;
- Commercialization/marketing firms tied to the dissemination of agricultural products;
- Production units tied to forest planning and management and the use of forest by-products.

Tourism must be seen as a nuclear economic component, and a motor of integrated and sustainable development. The different tourism packages must manage tourist inflow, and meet the needs of the target audience (rural, adventure, leisure, health, mountain, sports, etc.).

Accommodation, in its various components and for its diverse target audiences, is a stimulator of settling, staying, and spending the night in the region. Therefore, without the capability of fixating tourists, flows generated by the various tourism packages will not have an adequate economic usage. On the other hand, with a strong capability of fixating tourists, gastronomical, architectural, folkloric, cultural, and natural entertainment may gain new momentum. This is likely to result in

economic advantages for the typical and notable characteristics of the region as well as for the local entrepreneurs tied to entertainment tourism, restaurants, craftwork, and agriculture.

Various benefits can be taken from the dynamic complementarities between tourism as a generator of inflow, accommodation as a settling/staying element and typical regional entertainment, polarizing tourism activities, restaurants, craftworks, and agriculture. These may enhance regional visibility, and stimulate the image of a regional brand tied to eco-tourism, geo-tourism and enotourism, resulting in economic and social advantages. Thus, an integrating strategy that enhances the region as a whole, and that benefits the identified strengths, is essential to consolidate the future.

## **STRATEGIC CHALLENGES**

The development of an integrated strategy for the ADRIMAG region, with an emphasis on high product/service/destination quality, based on endogenous resources aims at setting up a long-term self-sustainability regional development strategy. As such the following key elements should take part of this long-term strategy:

- Innovation;
- Regional clusters;
- Sectoral interaction;
- A self-sustainable strategy.

Innovation is an interactive and systemic process. Freeman (1987) defines innovation system as a set of public and private institutions, whose activities and interactions generate, modify and diffuse new concepts, new technologies and new business. For Lundvall (1992) this innovation system includes all elements of the economic structure and the institutional framework affecting the processes of learning, researching and exploitation of new knowledge, which include

the following essential aspects: the firms' internal organization, inter-firm relationships, the public sector, the financial system, the scientific and technological institutions and the education and training system.

The regional dimension and systemic perspective are defended by Cooke and Morgan (1998) who claim that the regions are becoming important development arenas and that regional networks are privileged places for the establishment of trust-based relationships that are essential for the learning and innovation processes. This view is also supported by Saviotti (2001). However, studies dealing with the innovation systems involving in tourism do not abound (Hjalager, 2010; Hjalager, Huijbens, Björk, Nordin, Flagestad, & Knútsson, 2008; Mattsson, Sundbo, & Fussing-Jensen, 2005).

A concept of an integrated innovation ecosystem based on innovative measures shall prevail, where regions such as ADRIMAG's hold a wide range of innovative organizations located in an environment where indigenous resources are relatively homogeneous. If the region is not to be a set of pulverized, non-integrated resources, there must be systemic links between the various organizations, whether public or private, in order to complement their activities. In conclusion, innovative measures are essential for the development of an integrated perspective.

The increasing specialization of regional economies has led some scholars to reflect on the growing importance of sectoral concentration in certain territories, taking advantage of clustering of skills and know-how that result from the business development dynamism. This cluster concept, as a lever of regional development, is increasingly important as the basis for an integrated regional development system as advocated by the OECD (1998).

The OECD (2001) defines clusters as strongly interdependent business networks. This cluster

can also be understood as a model of collective efficiency in which a group of companies and institutions, interacting positively, has economic influence in a given territory. Given that clusters are formed by firms from several sectors, either through vertical relationships involving relationships between suppliers and customers, or through horizontal relationships involving uniform technologies or services, geographic concentration may promote the cluster competitiveness (Porter, 1990). Thus, a regional cluster policy can not only minimize the systemic imperfections of regional innovation but also enhances the sustainability and competitive development of the firms within the cluster.

The development of the ADRIMAG regional cluster strategy must be based on the regional endogenous resources in order to address the long-term future strategic perspective in order to create dynamic complementarities among the various stakeholders in order to give life to the various opportunities found in the previous section.

The emphases on tourism, on the region scenic beautifulness and on the potential of endogenous resources need to be deployed as a driver of innovation and leverage of the integrated development of the entire region. In this sense it is necessary to have a cross-sectoral approach in order to complement the accommodation and the typical regional food with the potential of the natural, cultural and landscape tourism into an integrated whole.

In conclusion, the integrated development strategy must go through an innovative attitude that enhances the endogenous capacities and capabilities of the entire region integrating regional clusters, in order to lead to a self-sustaining process over time in which the collective development process is the result of the internalization of skills, capabilities and resources of each of the regional actors.

With regard to the general objectives, the integrated development strategy of the ADRIMAG

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region must have the following guidelines in order to achieve the *Sustainable-case 1* position described above:

1. To be built up on the previous years' work of regional players. In this respect it should be noted that tourism and entrepreneurship play a primary role;
2. The integration of the development potential of the various tourism products of the region so that existing and / or future territorial dynamics can be complemented;
3. The establishment of partnerships between public and private entities and among private players to ensure sustainable development;
4. To intertwine the various instruments / development programs in order to create an integrated regional perspective;
5. Being committed to quality and continuous improvement of services.

The promotion of the integrated development should be underpinned on the following key areas:

1. *Natural resources tourism*, that takes advantage of local endogenous resources that differentiate the region, namely its rivers and mountains;
2. *The rural heritage*, in particular its typical villages, its crafts, its gastronomy and its cultural animation;
3. *Entrepreneurship and business creation*, as it plays a pivotal role in job creation, economic growth and innovation. Due to its importance, this aspect is fundamental to reverse the socio-economic vicious cycle of regions of low population density;
4. *Deploy an unique image / identity*, in order to take advantage of the ADRIMAG region tourism potential, as well as the various regional products with differentiating capability, such as craftwork, organic farming, and typical gastronomy;

5. *Social-oriented services*, in order to improve the standard of living and achieving an integrated social development;

The focus on these five key areas seeks to underpin the ADRIMAG region strong innovative and entrepreneurial dynamics, so that it can be considered a region with high quality of life, strategically based on its endogenous resources, promoting tourism and environmental preservation without neglecting the social cohesion and the welfare of its inhabitants. For such a strategy to come true, an integrated region and intersectoral innovative perspective is needed.

Taking into account the existing endogenous resources, the economic environment, the work already started in this territory in the field of tourism, the political will to invest in tourism as a way to develop and promote all municipalities and its transversal nature, tourism is a core area to be developed. However, it is necessary to follow an integrated perspective that takes advantage of the accommodation, gastronomy, hydrotherapy, craftwork, theme parks, i.e., all the infrastructure and equipment to support tourism.

The conservation and appreciation of the rural patrimony and the promotion of life quality by enhancing social services represent equally two very important ways to act in this territory. According to the analysis done, the former because this territory has a very wide historical, cultural and natural patrimony that needs to be preserved and appreciated, knowing that it represents its largest asset, the base of its identity and the reason it is worth working and making an effort. The latter because the "soul of the territory" are the people and it is necessary to provide them with acceptable conditions by enhancing the services, structures, infrastructures and equipment that are available for them. As such, it is necessary to create conditions to increase people's life quality in order to maintain the population in the region and captivate other people to the territory, making it

possible to continue to promote the history, the culture, the traditions and uses.

Tourism is also a sector that characterizes itself for being very transversal in various domains: economically, socially, culturally and environmentally. In this circumstance, a strategy based on the development of tourist activity involves promoting and appreciating the diverse areas associated to it.

Economically, tourism contributes by creating employment, firms and by increasing the family income. Socially, it can help in fixating the population, enhancing life quality, involving the inhabitants, promoting education and training in tourism. In terms of patrimony and culture, tourism can contribute to recover patrimony and cultural traditions, increasing the appreciating of craftwork, gastronomy and local products and promoting the exchange of cultural animation. Environmentally, tourism helps to conserve natural resources, appreciating and requalifying natural spaces, increasing awareness and promoting environmental animation.

Nowadays, the competitiveness between tourism destinations is very fierce, and because of this, quality and a good resource management, of both tourism products and services, should be considered the principal factor of differentiation, knowing that despite the particularities of the territory, they represent a competitive advantage alone in terms of comparison with the other products and services that Portugal offers, which is the case of natural tourism and cultural tourism.

Within the seven municipalities of the ADRIMAG area we can define common tourism products, and others that are specific or have better conditions to be developed in certain municipalities, making them attraction poles around which all tourism activity is developed.

The ADRIMAG region has a high natural and cultural attraction, where the products with stronger tourist potential are related to nature tourism (ecotourism), gastronomy and wine and

cultural and landscape touring. However, other products, as in the case of nautical tourism and hydrotherapy, can also be strategically developed in order to complement the above-mentioned ones, given the potential and the good conditions found in the municipalities where they are explored.

It is clear that in all municipalities, at least three tourism products find favorable conditions to develop themselves, highlighting Nature tourism, gastronomy and wines and cultural and landscape touring, common to almost all the municipalities. Hydrotherapy or health and well-being tourism, and nautical tourism are found in the municipalities of S. Pedro do Sul and Castro Daire, and in the municipalities of Castelo de Paiva and Cinfães, respectively, with high potential of development. Although they are not present in all municipalities, these two products enhance tourism activity, given the great amount of health and well-being (hydrotherapy) tourists that can be driven to consuming products of nature tourism, gastronomy and wines and cultural and landscape touring, if there is an organized tourism offer. From here we understand the importance of cluster and of an intersectoral perspective.

Tourism needs structural and sustainability actions. On one hand, all projects related to cultural patrimony, infrastructures, destinations, among others, are thought to be the structural bedrock in order to respond to the core necessities of tourism: accommodation, restaurants, tourism animation and vocational training. On the other hand, it is important to create sustainable conditions for these structural actions in the long-term, in order to create competitive advantage that is able to give unicity to the region. Alongside these projects it is important to develop an internet website that integrates and publicizes all the resources of the region, namely the services related to rural tourism, historical and monumental patrimony, as well as the potentials of the region and the various tourism events that occur during the year.

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The creation of a differentiated regional brand can be considered a long-term sustainability element. The potential of the region can be highlighted and sustained by the principal craftwork products, biological agriculture products and typical culinary in a very interesting way.

Considering the added-value of landscape, rural, historical and archaeological patrimony and the undeniable environmental quality brought in landscape, fauna, flora, waterfalls, geological curiosities and river radical sports, it is fundamental to bid on qualifying the services offered in order to achieve a differentiated product. This way, the vast growth potential of tourism flow related to rural tourism, adventure sports and leisure can be availed with structural actions by recovering the architectonic patrimony in rural/traditional villages for rural tourism and/or accommodation.

There is a recent architectonic patrimony related to disabled mine complexes that have an incalculable tourism potential and that can be considered a structure for tourism development in the region, whether with hotel complexes or with theme parks related to tourism requalification. Equally, investment on implementation of tourism routes, related to rural tourism, mountain and adventure sports are important to create a wide supply of services to the diverse public targets.

As was referred before, the preservation and appreciation of rural patrimony has a link to other strands mentioned before: tourism, entrepreneurship and social based services. In fact, the preservation and appreciation can contribute to increasing the tourism potential of the territory, as it will help to requalify and recover the rural patrimony, not only constructed and edified, but also cultural patrimony related to uses, culture and traditions that can and should be maintained and enhanced as a social identity factor and as external attractiveness, on a cultural animation strand, that makes it possible for visitors and tourists to integrate themselves in the territory, giving

them a sense of belonging and empowerment, by actively participating and involving them in the lifestyle of the population.

Beyond contributing for the increase of tourism demand, the patrimony preservation will also help enhance the life conditions and the fixation of the population and/or the return of the population that had abandoned the territory because of the lack of conditions or because of not having enough job offerings. By preserving the territory and the patrimony will generate job alternatives and will promote new intervention areas that will lead to the creation of new firms that offer products and services to visitors, tourists and resident population.

It is expected to recover patrimony in an integrated way. For that, it is important to select rural nucleus in each municipality and to plan integrated interventions oriented not only for enhancing the inhabitant's life quality, offering services and activities directed to the population, but also for the increase of external attractiveness, that will make it possible of tourists and visitors to enjoy the richness and the beauty of the cultural patrimony of the region.

The strategic sustainability should also be considered. In this case a great bid in culture and rural typicality is important to complement structural investments. This way, the creation of zones/regions demarcated principally by regional culinary and typical products is advised.

Entrepreneurship is also a key area to support as it contributes innovation, business creation and employability. Comprehensively, its importance is also felt in improving social cohesion in the region.

A large number of factors that determine the increase and the success of entrepreneurship have a local dimension: they are highly affected by local phenomena and are supported by initiatives conceived and implemented locally. The OCDE (1998) referred that entrepreneurship is basically stimulated by local support instruments

available for potential entrepreneurs. Among the most important factors, we can highlight company incubators, idea incubators, the information and support services for potential entrepreneurs, the business networks, microcredit, grants and entrepreneurship training courses.

The business areas to support will be diverse and oriented by the population's necessities and the region's specificities, having always in mind the strategic performance of ADRIMAG: Nature tourism and endogenous resources, namely regional products and craftwork; rural patrimony and social based services, always in the perspective of enhancing the population's life conditions, preserving the environment, the responsibility, the social cohesion and innovation.

As referred before, accommodation, restaurants, tourism animation and vocational training are central elements for the development of regional tourism. However, if we consider all regions as potential competitors to ADRIMAG, it is easy to conclude that these elements are unique to the ADRIMAG region. This way, and considering its unique potentials, both in terms of endogenous resources related to landscape beauty, with potential water courses, with historical and monumental patrimony, with rural nature, with its typical culinary and with the offer of natural products and craftwork, a project that reunites the image/identity of the region is indispensable, in order to create a long-term strategic sustainability that differentiates it from potential competitors, both geographically as well as in services supplied.

The bet on a single identity / image is based on the need to take exploit an alternative destination to the main adjacent regional destinations, in terms of content, cultural positioning and uniqueness of the mountain-river combination. This distinctive perspective may include craftworks, organic farming and the typical gastronomy.

This way, and given the potential of the endogenous resources of the ADRIMAG region, there is an absolute necessity of differentiating the region as a tourism destination, which would

help potential consumers to identify and recognize the tourism potential of the region. As a consequence of this differentiation two incalculable and significant advantages would come: on one side, a significant advantage in bargaining power with other intermediaries / tourism operators that could offer a relatively differentiated tourism-related product and, on the other hand, an integrated perspective where all regional business players would benefit – as in case of pulverization no one will be able to create a high awareness and the success of one player is a result of the failure of the others.

The physical identity of the brand should take into consideration the cultural, monumental and landscape patrimony, taking advantage of nature tourism and the potential of nautical and health and well-being tourism. The potential of regional products, of the projects related with biological agriculture and typical culinary of the region could be complemented with the physical identity of this brand. Equally, in order to enhance the long-term sustainability, there is an imperious need of creating a consistent physical identity combined with psychological identity of the brand, in order to create and promote a differentiated region.

In short, the sustainable development model shall promote, in an integrated way, the economic, social and environmental development of the region, taking into account the resources / characteristics of the territory.

## **CONCLUSION**

Entrepreneurship plays a crucial role in economic recovery and development, mainly through the creation of social opportunities and empowerment in rural areas like those analyzed in this paper. However, from a meso/macro perspective, it is necessary to identify and deploy a group of opportunities in order to enhance the unique endogenous resources that create regional added value.

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Clearly, the identification of opportunities is the first step in the development of entrepreneurial tourism. Nevertheless, it is mandatory to deploy a long-term sustainable strategy to strengthen the endogenous characteristics and to mitigate principal threats.

A sectoral/regional system of innovation perspective is mandatory in order to generate complementarities among several stakeholders and to minimize systemic imperfections. As such, an integrative perspective is needed to:

- Regenerate rural patrimony, enhancing services, infrastructures and equipment that promote history, culture, traditions and uses;
- Recover patrimony and cultural traditions so that craftwork, gastronomy and local products can sustain local competitiveness;
- Regenerate and conserve natural resources in order to increase awareness and to underpin local specificity and endogenous image;
- Deploy tourism products and services in order to promote natural tourism (ecotourism), gastronomy, wine, cultural and landscape tourism, and health and well-being tourism;
- Create a regional brand that exploits a differentiated regional brand encompassing rural, historical, landscape and archeological patrimony, as well as local landscape, flora, fauna, geological curiosities and water sports that are crucial to achieve a differentiated product;
- Create a general, integrated ecosystem of innovation in tourism, in order to final favorable conditions for the ADRIMAG region to develop economically, socially, culturally and environmentally.

As was seen, opportunities may arise throughout the entire region. However, no matter how beautiful or well-endowed the endogenous re-

sources are among the municipalities, it is mandatory to understand that the integration of the development potential of the various products can open up a long-term territorial dynamic that would lead to a unique, sustainable image / identity of the region tourism potential.

In order to summarize the future long-term regional strategy, based on the agriculture, craftworks and tourism endogenous resources, the concepts of (economic, social, environmental, and patrimonial and cultural) scope, strategic function, scale and form are going to be used, as shown in Table 4.

The economic scope is bounded by wealth, employment and social well-being creation, as referred throughout the strategic challenges section. On the other hand the social scope strives for creating the conditions so that a tourism-based training might end up in tourism-based events and tourism-based entrepreneurship, which avoid human resource brain-drain and the improvement of quality of life. The patrimonial, cultural and environmental scopes, as presented throughout the chapter, are essential souls of the ADRIMAG's tourism destination competitive advantage as only they can sustain the long-term regional uniqueness integrating rural tourism, historical and monumental patrimony with the promotion of a robust vivid regional destination image.

It is clear that the creation of business opportunities is of key importance for rural communities to move away from necessity-driven entrepreneurship styles and to exploit opportunity-driven entrepreneurship strategies. This means that the creation of business opportunities tuned to the regional integrated perspective is very important to overcome the predominance of smallness of microbusiness scales, typical of rural communities as referred above (Stathopoulou et al., 2004; Moreira & Martins, 2009). As a consequence, an integrated, networked perspective is important to overcome and outperform other competing destinations. This is reflected by the strategic, scale and form functions of Table 4.

Table 4. Scope, function, scale and form of the long-term strategy

<b>Economic scope</b>	Wealth creation; employment creation; improvement of the social well-being.
<b>Social scope</b>	Improvement of quality of life; promotion of better entrepreneurship and tourism-based training; more social tourist-based events; more people-based involvement; avoid further decrease of the resident population.
<b>Patrimonial and cultural scope</b>	Deploy endogenous patrimonial and cultural resources – unique typical characteristics, linked to architecture and nature, stimulating socio-cultural entertainment and unique events; the existence of local festivals and folklore that permit the implementation of typical regional events– for an integrated tourism regional image.
<b>Environmental scope</b>	Deploy endogenous patrimonial and cultural resources – The mountains and their scenic resources, that constitute the <i>leitmotiv</i> of thousands of visitors on weekends and holidays; the non-polluted water courses, allowing for high competition sport and recreational activities; the Douro River, due to its easy navigation, can be used to facilitate the flow of visitors; the native flora and fauna, as well as geological curiosities that can be exploited for thematic tourism; the existence of viewpoints, with superb panoramas, can be attractive stopping points, enhancing craftwork and local/regional restaurants; the existence of communal places of interest integrated in the Rede Natura 2000 – for an integrated tourism regional image.
<b>Strategic function</b>	To deploy the different abovementioned tourism market niches and intertwine them from a network-based perspective so that the ADRIMAG region can stand out as an integrated network alternative to other competing destinations.
<b>Scale</b>	Deploy a networked perspective in order to overcome the predominance of the smallness of microbusiness scale. An enlarged spatial and functional cluster can be achieved using an enlarged tourism image/identity.
<b>Form</b>	An intertwined rural business structure based on an outwardly opportunity driven perspective needs a diverse set of enterprises in order to reflect the complexity and diversified nature of the rural environment.

This chapter presented a macro-entrepreneurial perspective to rural tourism following an institutional outlook based on business opportunities related to tourism, craftwork and agriculture. Three important conclusions may be taken: the first conclusion is related with the viability of deploying, based on business opportunities, an entrepreneurial tourism policy for rural, less-favored regions, characterized by relative remoteness to main markets, disadvantaged populations and fragile economic fabric.

The second conclusion is that through a long-term integrated perspective it is possible to design a high quality product / service / destination based on endogenous resources. Thirdly, it is possible to foster tourism in rural regions as long as a well-thought strategy is deployed taking into account the scale, form, function and scope of the strategic perspective of the region.

This chapter used several theoretical concepts to address its objective. One can say that the main theoretical implications are related to the richness and variety of its theoretical underpinnings.

Rurality, destination image, entrepreneurship, regional innovation, tourism and rural development policy matrix were only few of the topics dealt with throughout the chapter. However, it was clear that the practical implications were also very insightful as one can conclude that for a regional development to occur an integrated, multifaceted perspective needs to be deployed.

## FUTURE RESEARCH DIRECTIONS

One of the main challenges for future directions is to complement this study under an ecosystem of innovation perspective taking into account the region’s rural perspective as well as its tourism-based activities. This is an unique opportunity as the entrepreneurial base plays an intrinsic role in the regional economy. Furthermore, it could also be complemented with the role played by regional development associations’ initiatives, which might complement or substitute the role universities play in developed, well-endowed regions.

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## **KEY TERMS AND DEFINITIONS**

**Endogenous Growth:** Endogenous means “from within” and refers to the fact or action originating internally. As such, endogenous growth pertains to the economic growth obtained with resources coming from the region. Economically, one can claim that growth or development comes from inside the region that explains the economic development.

**Entrepreneurship:** Is the process of evaluating, committing to and achieving, under contextual constraints, the creation of new value from new knowledge or different combinations of existent knowledge for the benefit of all stakeholders.

**Innovation System:** Is the flow of knowledge, technology and information among people, businesses and institutions that is key to the innovative process. It involves the interaction of a complex set of relationships among universities, firms and research institutions so that innovation and economic development may thrive.

**National Innovation System:** Is the set of relationships of the innovation system that is rooted inside the borders of a nation state.

**Necessity-Driven Entrepreneur:** Is someone who started a business because there were no better options for work, rather than because he/she saw the startup as an opportunity.

**Opportunity-Driven Entrepreneurs:** Are defined as those opportunity-driven entrepreneurs who sought to either earn more money or be more independent, as opposed to maintain income.

**Regional Economic Development:** Is the set of sustained, concerted actions taken by policy makers to promote the economic well-being and the standard of living of certain communities or regions. These actions may involve investing in infrastructure, social well-being, human capital, business development, among other initiatives.

**Regional Innovation System:** Is the set of relationships of the innovation system that is rooted inside the borders of a region.