

## Two-Page Summary

### **Rural Tourism Entrepreneurship: Tourism Industry and Rural Community Co-evolve During the Amenity Transition in Hocking Hills, Ohio**

This paper uses case studies to challenge the conventional understanding of the rural tourism industry and the rural community as separate areas of study, while focusing on their interactions. Since the rural tourism transition in essence involves the entrepreneur destroying the old production-based system while creating a new amenity-based system by leading the whole rural community into the market mechanism, viewing either the rural community or the tourism industry as external would miss the pith of the dynamically evolving processes of amenity transition. As a result, this study focuses on how entrepreneurs, as important agents, use their business strategies to co-produce both the tourism industry and rural community simultaneously.

Schumpeter & Opie (1934) interprets entrepreneurs as creative destructors. While forestland typically produces a range of economic commodities and socio-environmental non-commodities simultaneously, entrepreneurs convert current non-commodities into new amenity commodities for exurbanites' consumption and establish a tourism industry in the process. In this way, the social, environmental, and economic aspects of the countryside begin to link together under the market mechanism. As a result, the disturbance caused to the equilibrium of the market (Hjalager, 2010) also ends up being a disturbance to the rural community.

On this dynamic relationship between the tourism industry and the rural community, one school of researchers is optimistic that the tourism industry and the rural community can achieve prosperity jointly. On the other hand, the other school is more pessimistic, believing that the development of the tourism industry and the rural community will ultimately decline. There is an element of truth in both these arguments, but there is also a discrepancy as follows: The optimistic school views amenity transition from the tourism industry's perspective, and regards the rural community as an external background that passively waits to be either extracted or reinvested. Meanwhile, the pessimistic school views amenity transition more from the rural community's perspective, and regards the tourism industry as something invasive. However, since both schools agree that the result largely depends on whether the tourism industry deems the rural community worthy of reinvestment under entrepreneurs' broad business visions, it becomes crucial to undertake a more specific analysis of how entrepreneurs' creative destructive roles function in the transition of the tourism industry and the rural community.

This paper creates a new theoretical framework that enables a vision of tourism industry and rural community co-production from the perspective of entrepreneurs' business strategies. By analyzing how entrepreneurs create monetary value from multifunctional forestland through commodification of natural and cultural heritage, this study explores how entrepreneurs use different business strategies to link the underused forest resources left by the declining forest products industry with exurbanites' unsatisfied desires for natural amenities in various ways, thereby leading both the tourism industry and rural community through different co-evolving paths.

This research conducts an analysis of semi-structured interviews to compare policy objectives with business cases in Hocking Hills which is part of the Appalachian Region in the United States. The Appalachian region is a cultural region that, although endowed with abundant natural resources, has long struggled with poverty. Since a robust entrepreneur-led rural tourism ecosystem is often regarded as

a catalyst to stimulate economic growth in amenity rich but underdeveloped regions; beginning from 1997, the Appalachian Regional Commission (ARC) has an entrepreneurship initiative and has invested \$43 million in 340 business projects to encourage entrepreneur-led regional development. However, contrary to the initiative’s previous assumption that the region could benefit from business success arising out of this investment and gradually catch up with the rest of the U.S., Markley et al. (2008) established that the ARC’s entrepreneurship initiative has not only been unable to incubate stronger and higher growth businesses, but could even cause the Appalachian region to lag behind the rest of the nation. Why is this? To understand how different businesses strive to survive within and collectively influence the region in order to have different futures, I choose four tourism businesses according to Thiel and Masters (2014) business formation-expansion matrix.

The findings are unexpected. Quite contrary to the expectations of the Appalachian Regional Commission, the businesses that actually planned to grow with the Hocking region in the long term were businesses A and D. However, if viewed from the tourism industry’s perspective alone, business A has the least revenue and business D has the fewest invested assets. If viewed from the community’s perspective, we find that business D—the one that appears to dislike the Appalachian community the most—chooses to stay, while business C—the one that has reinvested most in the Hocking community—chooses to leave. How is this conundrum explained?

	Business A	Business B	Business C	Business D
	Horse-riding farm	Theme park	Zip-line tour	Team-building adventure
Competitive Advantage	1 <sup>st</sup> industry expertise (horse training)	2 <sup>nd</sup> industry expertise (manufacturing)	From within (local physical landscapes and social heritage)	From outside (sell to a higher market niche through team-building training)
	Rural community	Tourism industry	Rural community	Tourism industry
Profit source	Lower cost	Lower cost	Higher value add	Higher value add
Future plan	Stay	Leave	Leave	Stay

Why does a relatively uncompetitive business choose to remain, while a competitive business plans to leave? Why does a business whose competitive advantage comes from embeddedness in the heritages of the community is the business that hates this community the most? The traditional disjuncture between tourism industry literature and rural community literature causes confusion for researchers and policymakers as a result of many seemingly unexplainable paradoxes. This study uses four business cases in Hocking Hills, Ohio as examples to illustrate the following: First, the binary distinction between competitive and uncompetitive businesses judged from the tourism industry’s perspective be deceptive. Second, there is also a potentially misleading binary distinction between heritage-based and connectivity-based tourism business as judged from the rural community’s perspective.

Thus, to understand the evolution of the tourism destination, it is questionable to derive conclusions based on separating the tourism industry and the tourism community. Since the evolution of the tourism destination is so complicated and specific to place, understanding of entrepreneur-led regional development should be obtained by comprehensively analyzing how each entrepreneur’s creative destruction decision-making process is situated within the dynamics of industry–community, and how both the tourism industry and the rural community of the region are co-produced collectively by various tourism entrepreneurs’ decision-making processes. Thus, conversation between the two traditionally separate paradigms is very crucial indeed.