

## Article

# Exploring Driving Forces of Innovation in the MSEs: The Case of the Sustainable B&B Tourism Industry

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**Abstract:** The purpose of this study is to explore the driving forces of innovation in micro and small enterprises (MSEs) in the tourism industry and to understand how these drivers help allocate and utilize resources, thereby increasing innovations' success and sustainable development. This study focused on Taiwan's bed and breakfast (B&B) industry. In-depth interviews were conducted with the owners of 20 B&Bs that displayed innovation activities and were selected following a strict evaluation procedure. A content analysis was then performed to obtain the seven driving forces of innovation: B&B owners' lifestyles, customers, market information, external knowledge, business expansion needs, policy, and familiar partners. The results show that the B&B owners' lifestyles and customers are key drivers of innovation. On the other hand, employees, family and friends are less frequently mentioned. Our results can serve as a reference for innovation in both the B&B industry and MSEs.

**Keywords:** tourism innovation; micro and small enterprises (MSEs); bed and breakfast (B&B); sustainable B&B industry; sustainable tourism

## 1. Introduction

Tourism innovation research can explain why or how enterprises or tourist destinations adopt new orientations in order to establish more successful operations [1–6]. Interestingly, past studies have demonstrated that larger enterprises [7] or chains [8] can promote knowledge flow, build brand image, and increase innovation implementation [9]. However, innovation research in small tourism enterprises has been increasingly emphasized [10]. Although the innovative capabilities of micro and small enterprises (MSEs) and small and medium enterprises (SMEs) are inferior to those of large enterprises, why do some MSEs still commit to innovation? This study aimed to examine the driving forces of innovation for two important reasons: (1) The drivers of innovation are an important and significant issue from the perspective of research on the innovation process [11]. By understanding the driving forces behind innovation, we can promote the innovation intentions of enterprises or organizations, thereby enhancing their input in the innovation development process. Hence, this is a crucial starting point for innovation. (2) Within the context of extremely small business operations, companies will encounter difficulties in investing their capital and time in research and development [12], which may consequently obstruct innovation [13]. Hence, clarifying the driving forces of innovation can help firms understand how to initiate innovation, which will enable them to invest or utilize effective resources. This implies that they can obtain the capacity and knowledge necessary for innovation, thereby improving their innovation success.

Furthermore, innovation and sustainable development have a close relationship in the tourism industry. Tourism destinations adapt innovative strategies, creating a more sustainable destination

environment [14]. From a marketing perspective, tourism destinations and businesses consider implementing additional green innovations if they are targeting the environmentally conscious traveler to achieve environmental conservation and preservation [15]. Dewhurst and Thomas also indicated that small business owners are concerned with maintaining a certain lifestyle rather than pursuing a strategy of profit maximization, particularly ensuring that tourism development is sustainable [16]. Therefore, innovation is an essential driver for sustainable tourism development, and innovation can promote sustainable tourism development. Clarifying the driving forces of innovation is critical to initiating innovation in the tourism industry.

On this basis, this study explores the driving forces of innovation in the bed and breakfast (B&B) industry for two reasons: (1) The B&B industry primarily consists of MSEs [17]. Their guest rooms are mostly expansions of residential dwellings, and they have a maximum of approximately 15 rooms. Moreover, B&B owners will personally serve and receive their guests, and a majority of B&Bs are independently operated by the married couples who own them [18]. B&Bs are typically microenterprises operated by one or two persons due to limited capital and resources [19]. For example, Vallen and Rande conducted a survey of 79 B&Bs, which indicated that 70 (88%) had only 1 to 3 employees [20]. Some of the B&B owners employed housekeepers or others to help them manage the B&Bs, ranging from one to five employees [19,21] to less than a few dozen [22]. Therefore, the B&B industry is primarily characterized by private or family businesses with small numbers of guest rooms and employees and MSE operations. (2) Despite its micro and small size, the B&B industry has substantial service innovation capabilities because it can utilize local environmental resources to develop unique activity-based attractions [23], provide its customers with memorable experiences [24], and continuously provide new products and services [25]. This indicates that the B&B industry has begun to focus on innovation and has already implemented innovation activities, and innovation with differentiation strategies is important for the sustainability of B&Bs when the market is in the saturation or decline stages of its product life cycle [26].

Furthermore, this study selected Taiwan's B&B industry as its area of study for the following reasons: (1) The development of Taiwan's B&B industry is relatively mature; the number of legally registered B&Bs increased from 754 in 2004 to 8115 in June 2018 [27], which represents a nearly nine-fold growth. Hence, B&B owners have strived to distinguish themselves, which has promoted diverse innovations within the industry. (2) International journals have published many survey studies on Taiwan's B&B industry [18,24,25,28–32]. This implies that the B&B industry's development has research value and is quite representative.

Based on the above, the study first reviews the literature regarding the driving forces for innovation in MSEs and SMEs and B&B innovation activities. Subsequently, this study focuses on the B&B industry in Taiwan and highly representative B&B innovation activities, which are selected after a strict evaluation procedure. Furthermore, in-depth interviews are conducted with B&B owners who displayed innovation activities. Finally, the driving forces of innovation are proposed through a content analysis, and this study provides practical implications and suggestions for sustainable development and further research.

## 2. Literature Review

### 2.1. Innovation and Sustainable Development

Sustainable development is the largest concern in the tourism industry. Fukuda and Watanabe indicated that sustainable development has three dimensions: economic, environmental and social. Industries should develop their business based not only on economic performance but also on environmental and social impacts [33]. These three dimensions enable industries to increase productivity while decreasing resource use and environmental impacts, and establish significant value of innovation for sustainable development.

In tourism destinations, the concept of sustainable tourism development is considered an innovation because it is regarded as a new tourism principle with the potential to achieve both economic growth and environmental protections [34]. Haven-Tang and Jones introduce the case of LEADER+ initiatives to adapt innovative rural destination strategies, thereby creating a more sustainable rural society, economy and environment [35]. Kuščer, Mihalič and Pechlaner also developed the Mountain Destination Innovation Model (MDIM), which mountain destinations need to use to develop a strategy for implementing innovative processes, products and services to keep pace with climate change and tourism sustainability [14].

For governments, sustainable development should establish institutional mechanisms that require innovative mechanisms for tourism destinations and regions [36]. Governments should adopt legislation and regulations on economic activities and environmental issues, identify mechanisms for sustainable innovations, and further enhance the consideration of sustainability and social identity with regard to tourism businesses.

For tourism enterprises, entrepreneurs focus on cutting costs, improving quality, producing flexibility, and becoming more innovative [37]. In companies, innovation is a proactive response to a changing business [25]. Entrepreneurs adapt innovations with the additional characteristics of passion and belief in people's capacity to contribute to sustainable economic and social development in the tourism industry [38].

From all three viewpoints, innovation can promote sustainable tourism development, and sustainable development means adopting innovative strategies in the tourism industry. Therefore, in the B&B industry, clarifying the driving forces of innovation is critical to helping firms understand how to initiate innovation, which will promote their innovation success and further create an opportunity for sustainable development.

## 2.2. Driving Forces of Innovation in MSEs and SMEs

The definitions of micro-, small-, and medium-sized enterprises are generally based on those given by Eurostat [39] and the European Commission [40], which are listed as follows: Micro-sized enterprises have less than 10 employees and an annual turnover of less than €2 million. Small-sized enterprises have between 10 and 49 employees and an annual turnover of less than €10 million. Medium-sized enterprises have between 50 and 249 employees and an annual turnover of less than €50 million. Large enterprises employ more than 250 individuals. A majority of existing studies base their definitions on the number of employees. Zach [41] and Reinl and Kelliher [42] defined microenterprises or organizations as having less than 10 full-time employees. Gössling and Lane even proposed that micro- and small-sized enterprises should have less than 5 and less than 50 employees, respectively [43]. Some studies have also defined SMEs as enterprises with less than 100 employees [44–46].

The innovation factors of SMEs and MSEs can be primarily divided into driving forces and determinants. Driving forces of innovation are a significant issue within the research on the innovation process [11]. Driving forces are the causes that promote enterprises to initiate innovation. Hence, this is a crucial starting point for innovation, as driving factors cause enterprises or organizations to generate innovative ideas and further implement the subsequent innovation process. Alternatively, these innovative ideas require a group of supporting factors to ensure that the innovation process will be successfully completed. Some studies have examined the determinants or supporting factors of innovation [47,48]. Therefore, differences exist between the driving forces and determinants of innovation.

In tourism literature, most studies neglected to investigate these drivers of innovation in hospitality firms [49]. Some research has garnered results on tourism SMEs' driving forces of innovation. As Ottenbacher and Harrington's studies mention, regarding product innovation in Michelin-starred restaurants, new product development begins with idea generation [50]. The driving forces in this instance refer to what propelled the chefs' idea generation, such as visiting colleagues' restaurants and reviewing the culinary literature. Innovative idea formation will then be followed by a continuous

innovation development process, which involves several determinants. Hoarau demonstrated that small- and medium-sized whale-watching firms can absorb knowledge from scientists and customers to generate innovation [51]. Furthermore, the tourism industry is a labor-intensive industry. Because employees are equipped with knowledge and opinions [2] and B&B owners tend to have proactive personalities [25], these are also sources driving innovation. Regarding the use of new technology, information and communications technology (ICT) can narrow the gap between enterprises and consumers. Rural accommodation providers' use of online booking websites (such as Booking.com) offers a major advantage for small enterprises, allowing them to contact customers more easily and inexpensively [43]. Kallmuenzer conducted interviews in 22 hospitality family SMEs in Western Austria. The results show that the entrepreneurial family and employees are the key drivers of innovation as actors internal to the firm; however, the guests and regional competitors, as external drivers, also provide comprehensive innovation input [49].

Presently, some academic studies have published on the driving forces of innovation. However, the discussion of the driving forces of innovation in MSE tourism enterprises should be expanded. Simultaneously, some B&B owners have substantial service innovation capabilities, despite their businesses' small sizes. Thus, it is noteworthy to discuss why these B&Bs still commit to sustainable innovation; this study will attempt to explore the driving forces of innovation, with a focus on the B&B industry.

### 2.3. Categories of B&B Innovation Activities

This study identifies innovation activities in the B&B industry. Research on tourism innovation categories was first proposed by Hjalager who believed that past enterprise innovation categories primarily involved product and process innovations [52]. However, it is also necessary, due to the impacts of society and information technology, to discuss whether or how these categories should be applied to the dynamics of the tourism industry. Hence, more extensive distinctions and definitions are required. Tourism innovation follows research developments by Hjalager [53–57], Ottenbacher and Gnoth [58], Mei, Arcodia, and Ruhanen [59], and Sipe [60] and is now commonly divided into five categories: product or service, process, managerial or organizational, marketing, and institutional.

First, product or service innovations refer to changes that are new to the consumer, enterprise, or destination or changes that have never been previously seen, such as fine dining and peripheral facilities in the hotel industry [61,62]. The tourism industry has several new or improved products and services [58,63]. For example, product innovation is observed in hotels that provide comfortable beds and implement spatial designs to create comfortable environments [57,64]. Product innovation in the B&B industry includes spatial designs for guest rooms, restaurants, bathrooms, and outdoor spaces; hardware planning; meals; souvenirs; or activities. Moreover, service innovation refers to B&Bs' provision of new or improved customer service, such as reception services, guided tours, virtual reality, and customized services.

Second, process innovation refers to new or significantly enhanced production or delivery methods that aim to attain upgrades, efficiency, productivity, and flow. For example, airports' automatic check-in systems apply ICT to provide customers with a faster, more convenient boarding process [57]. Process innovation in restaurant kitchens can improve service speeds and enhance customer satisfaction [65,66]. Process innovation in the B&B industry involves adopting new or improved delivery methods for B&B products and services, such as new payment platforms.

Third, managerial or organizational innovations emphasize the organization of internal collaboration, the guiding and empowering of employees, career planning, and the provision of benefits and remunerations. These innovations aim to retain employees, maintain flexibility, and control costs and can also be used to improve job satisfaction, nurture internal knowledge, and build competent assets [57,58,64,67]. Managerial innovation focuses on adopting new or improved management methods to enhance internal interactions between the owners and employees, such as with B&Bs that introduce professional housekeeper training.

Fourth, marketing innovations involve implementing a new marketing concept with significant changes in product design or packaging, product placement, product promotion, or pricing [68]. Hjalager indicates that enhanced social media invites consumers to contribute and modify searches, which is likely to change the core assumptions and methods of marketing by shifting significant communication power to the customers [57]. Marketing innovations in the hotel sector have been aided by the rise of new technologies, such as communication tools, to enter into new markets and acquire potential clients [69]. In the B&B industry, B&Bs adopt new or improved marketing concepts to establish not only intimate relationships with customers but also collaborative relationships with external networks and alliances, such as marketing channels (i.e., promotional seminars), cross-industry alliances (i.e., real estate businesses), and customer relationship management (i.e., social media).

Finally, institutional innovation focuses on establishing new legal systems and industrial standards. New institutions may constitute more widespread changes, affecting the businesses of many enterprises and their customers [57]. However, the changes in key institutional policies in the B&B industry often occur on an industry level, especially in the government, and rarely on an enterprise level. Conclusively, five innovation categories exist in the B&B industry. The aforementioned implies that innovation can refer to both radically new developments and minor improvements or adjustments. Innovations can be new to the entire B&B market and to the individual B&B. Innovation strongly relates to other fields because B&Bs may not be first movers with regard to the invention and the core of science and technology [70]. Furthermore, B&Bs may rapidly utilize the outcomes of new ideas and knowledge with each innovation category.

### 3. Methodology

#### 3.1. Collection of B&B Innovation Activities

First, it is necessary to determine which B&Bs conduct innovation activities and are representative. Therefore, this study invited 17 B&B association chairmen, or former chairmen, from various Taiwanese counties and cities to participate, and they were asked to recommend B&Bs in their service areas that displayed innovation activities. This is because the association chairmen have long served in their own areas and have maintained close contact with local B&B owners or association members. Hence, they are relatively familiar with individual B&B operations and can effectively identify the development of B&B innovation activities. Additionally, chairmen have many opportunities to participate in B&B-related meetings, activities, and visits. Hence, they also have extensive observations and an understanding of B&Bs' development beyond their own areas. The chairmen were also asked to recommend other outstanding B&B innovation cases.

Seventeen respondents recommended B&B innovation activities according to the literature review's B&B innovation categories. These B&Bs must be legally registered and currently in operation and should have continuously innovated or improved in various innovation categories, which can serve as a reference for other enterprises. Detailed explanations were obtained regarding their innovation activities. The list of innovative B&B owners, compiled from the chairmen's recommendations, included 118 B&Bs; of these, 26 duplicates were removed to provide a total of 92 B&Bs.

#### 3.2. Suitability Evaluation with the Workshop

The association chairmen's list of recommended innovative B&B owners might only include association members or could be incomplete. Hence, this study organized an expert focus group to discuss the suitability of each recommended B&B's innovation activities. This further ensures the accuracy and representativeness of these innovation activities and supplements the list with additional innovative B&Bs that have been omitted. The focus group included nine participants: three representatives from B&B-related industry associations, one government agency supervisor in charge of B&B enterprises, and five professors and researchers engaged in B&B research.

The suitability evaluation method was conducted as follows: The researcher introduced each recommended B&B in turn. The introduction included the B&B's name, location, number of recommendations, recommended innovation activities, and reasons for the recommendation; this information was also accompanied by images of the B&B's exterior and its innovation activities. This approach facilitated an understanding for the focus group experts. Additionally, the experts were provided with a suitability evaluation form and were asked to decide whether they believed the B&Bs' innovation activities were suitable or unsuitable. "Suitable" scored one point, "unsuitable" scored zero points, and each B&B's total score ranged from zero to nine points. B&Bs about which the experts were undecided were discussed to reach a consensus. Furthermore, participants were also invited to recommend additional innovative B&Bs during the focus group's discussion after considering the focus group's diverse participants and to discuss their relative familiarity with the overall development of Taiwan's B&B industry. The recommender provided an explanation, and the B&B's information was immediately obtained by telephone or online. This was followed by a suitability evaluation.

Finally, 20 B&Bs that scored 9 points (i.e., unanimous agreement from all members) were selected for this study after the evaluation procedure, as this indicates that their innovation activities had high suitability and consensus.

### 3.3. Interviews with 20 B&B Owners

After confirming the B&B owners with representative innovation activities, this study interviewed the B&B owners to understand the developmental context of their innovation activities, which will uncover the driving forces of innovation. These interviews were typically conducted in person, but conversing over the telephone or the Internet was also acceptable [71]. This method primarily emphasizes the interviewee's descriptions of their personal feelings, life, and experiences, as engaging in mutual dialogue allows the researcher to obtain and explain the interviewees' personal perceptions of social facts [72].

Twenty B&B owners were interviewed, and the interview questions were primarily based on recommended innovation activities, as Table 1 illustrates. This study posed the following three main questions based on these activities:

- (1) Can you introduce your important innovation activity?
- (2) Why do you commit to innovation in the B&B?
- (3) What were the obstacles or problems you encountered during the innovation process?

These interviews lasted 60 to 90 min each. The B&B owners interviewed in this study all had fewer than 15 guest rooms, and the mean number of rooms was 7.95. All the B&Bs had fewer than 10 employees, and the mean number of employees was 5.6. This not only meets the definition for small enterprises but also denotes the features of microenterprises. The qualitative interview data were then collated; the interview recordings' written transcripts consisted of 224,994 words and 408 pages. Subsequently, a content analysis was performed to code and categorize the qualitative data, followed by an interpretation and analysis. To avoid communication errors and further ambiguities in the interview guidelines, a pretest with three B&B owners was conducted.

**Table 1.** Profiles of bed and breakfast (B&B) owners.

Code	Recommended Innovation Activities	Age	Gender	Years of B&B Operation
O1	Creative dining and tea art class	52	F	16
O2	Wedding dress experience and boutique	31	F	16
O3	Floral café	66	F	(2 Generation) 20
O4	Bamboo-themed guest rooms and bamboo experiences	37	M	26
O5	Self-owned steamed-bun shop and development of plum products	50	M	(2 Generation) 13
O6	All-healthy breakfast	53	M	9
O7	Taiwan cypress experience and product development	51	M	12
O8	English breakfast	72	M	15
O9	Creative buffet breakfast and technological services	44	F	4
O10	Rural café and gallery	75	M	21
O11	Pet services	56	F	6
O12	Creative itinerary design	37	M	11
O13	Integrated booking website	55	M	7
O14	Indigo dyeing experience and product development	55	M	12
O15	Bicycle shop	37	M	12
O16	Organic cherry tomato experience and self-owned brewery	44	M	13
O17	24-h accommodation service	43	M	12
O18	Aquaculture experiences	46	M	13
O19	Unique seafood dishes	58	M	15
O20	Cooking classes	48	F	3

### 3.4. Data Analysis

A content analysis performed in this study involves systematic categorizations to infer qualitative meaning [73,74]. This approach uses frequency recordings for quantification to present the important concepts and meanings expressed by the interviewees. A three-member research team was responsible for the content analysis. Aside from this study's corresponding author, the other two members had experience in B&B research and content analysis, respectively. All three researchers analyzed and familiarized themselves with the interview transcripts through repeated readings. Each researcher then independently selected the units of analysis and identified the innovation factors from each interviewee. The researchers then collectively discussed and confirmed the units of analysis related to innovation factors; certain units were supplemented and eliminated. After selecting their own units of analysis, the three researchers discussed the items they selected; finally, 229 items were obtained with a 100% consensus. The three researchers' interrater reliability in the categorization process was 0.92, which is higher than the required criteria of 0.8 [75]; this indicates that the categorization result had good reliability.

The units were then further grouped into meaningful, interpretable subcategories (or themes). The 229 items in this step were grouped into 18 subcategories related to innovation drivers. Finally, the subcategories were grouped into primary categories. The 18 subcategories with similar features and characteristics were grouped into 7 high-order categories (i.e., main categories). Two researchers with experience in B&B and tourism innovation research were invited to fully discuss the categorization and to summarize and confirm the main categories and subcategories until the categories accurately reflected the innovation factors. The researchers returned to the units of analysis and the original data for confirmation to reach a consensus in cases of disagreement over the categories.

## 4. Findings

This study includes a content analysis to identify the driving forces of B&B innovation or the factors inducing B&B owners to engage in innovation. The categorization results included seven primary categories: B&B owners' lifestyles, customers, market information, external knowledge, business expansion needs, policy, and familiar partners. Table 2 displays the subcategories of each driving force of innovation, which are described in detail below.

**Table 2.** Driving forces of innovation.

Main Category		Subcategory	Number of Items	Total	%
4.1 B&B Owners' Lifestyles	4.1.1	Ideals and dreams of B&B owners	25	89	38.9
	4.1.2	Professional background of B&B owners	22		
	4.1.3	Interests of B&B owners	15		
	4.1.4	Personality of B&B owners	14		
	4.1.5	Life experiences of B&B owners	13		
4.2 Customers	4.2.1	Customers' needs and preferences	31	50	21.8
	4.2.2	Customers' reactions and suggestions	19		
4.3 Market Information	4.3.1	Popular trends	23	29	12.7
	4.3.2	Market competition	4		
	4.3.3	New ICTs	2		
4.4 External knowledge	4.4.1	Participation in external activities	12	20	8.7
	4.4.2	External professional organizations	8		
4.5 Business Expansion Needs	4.5.1	To increase scope of business	12	20	8.7
	4.5.2	To create additional income	8		
4.6 Policy	4.6.1	To coordinate with local development	9	13	5.7
	4.6.2	Government policy	4		
4.7 Familiar Partner	4.7.1	Family and friends	4	8	3.5
	4.7.2	Employees	4		
Total				229	100

#### 4.1. Lifestyles of B&B Owners

Tourism sector managers are a major source of information for innovation activities [61,76]. Owners in the B&B industry are also a primary source of innovation, as drivers of innovation can originate from the attitudes, methods, and experiences found in the owners' daily lives. A total of 89 items, or approximately 38.9% overall, fall within this category. Our results indicate that the five subcategories include B&B owners' ideals and dreams, professional backgrounds, interests, personalities, and life experiences.

##### 4.1.1. B&B Owners' Ideals and Dreams

As a form of employment, the B&B has attracted many individuals who seek to use their own homes to provide accommodations and services, and work-life balance is a critical issue associated with B&B owners and innkeepers [18,77]. Some B&B owners choose to work at home because they must accommodate needs resulting from both work and personal aspirations. Hence, innovation might be derived from the ideals and dreams pursued and achieved by B&B owners.

*O12: The B&B helped me find what I most wanted to do in my life and to pursue my own ideals. I hope my ideals can affect more people. I think about what methods can be used so that the design and planning of travel itineraries can allow more people to get to know the land that this B&B is on.*

*O2: My parents did not have a good economic situation and could not afford a wedding dress when they were married. Hence, my mother would like everyone can have a dream wedding here.*

##### 4.1.2. B&B Owners' Professional Backgrounds

Innovation is also a result of the owners' professional skills or knowledge acquired from previous jobs, which they have transformed and integrated into the innovation of B&B services or products.

*O7: My wife's family members are experts. I am also very familiar, as my family used to work with Taiwanese cypress. I used this knowledge and expertise to change and transform the things and skills that I am very familiar with.*

##### 4.1.3. B&B Owners' Interests

The drivers of innovation are derived from the owners' interests, such as cooking, dyeing, and creating; B&B owners are expected to share their favorite interests with customers.

*O6: The emphasis on a healthy diet and the origins of food materials were already a part of my life and interests. The B&B breakfast is an expression and extension of my interests. If we eat healthily, our guests will naturally eat healthily as well.*

#### 4.1.4. B&B Owners' Personalities

This driving force for innovation comes from the owners' personalities, as they are willing to absorb new knowledge and methods and apply them to developing innovations. For example, Tang indicated that managers or operators with proactive personalities can drive innovation [25,76].

*O20: As the B&B's owner, I should be active, with a keen desire for knowledge, to bring novelty to the B&B. For example, thousands of different cuisines exist, and by inviting professional chefs to conduct cooking courses, the guests can learn, and I can also learn on the side.*

#### 4.1.5. B&B Owners' Life Experiences

The owners have encountered opportunities or accidents in their lives that have led them to change. Innovations have come from the B&B owners' actual life experiences.

*O5: We worked from morning until night. My wife worked until she had serious anemia, so I wanted to change our lives. After that, I learned about organic diets and was determined to share this concept of a natural and healthy diet with the guests who visit this place. Hence, we redesigned the B&B menu. The breakfast was originally rice porridge, and we decided to change this staple to steamed buns.*

### 4.2. Customers

Customers were noted as key drivers of innovation [78,79], and Chen et al. indicated that satisfying individual customers is at the core of service innovation [80]. A total of 50 items, or approximately 21.8% overall, fell within this category. Our results indicated that two subcategories included customers' needs and preferences and customers' reactions and suggestions.

#### 4.2.1. Customers' Needs and Preferences

Customers were observed to be important sources of innovation; Ottenbacher and Harrington argued that frontline employees must focus on customers' dining situations and preferences and report this information to chefs to adjust the dishes [50]. Owners of B&Bs achieve customer satisfaction by continuously observing their customers' behaviors, needs, and preferences.

*O11: I keep thinking about this society's background and the necessary products to better fulfill customers' needs. Or I think about what they like and dislike, want or do not want, to develop our new products. I really always think about these matters.*

*O17: If you only allow the guest to check in at 4 PM, they will need to hurriedly settle in, then rush out to eat, then rush back in and go to bed. When they wake up the next day, perhaps because they chatted endlessly until dawn and did not sleep much, even checking out at 12 or 1 PM is very rushed. Thus, we felt that this was not right. We should be very accommodating and sufficiently slow! We used to say that, when interacting with oneself and one's environment, you should be able to slow down with your loved ones and enjoy 24 h to experience your stay in this B&B. Therefore, we felt that we should try this out, and it is also what we have strived for.*

#### 4.2.2. Customers' Reactions and Suggestions

The B&B owners' innovative ideas come from their customers' opinions, as they obtain ideas for innovation from positive and negative suggestions:

*O9: The first consideration of restaurant design was temperature. Initially, we hired a professional chef, and he prepared Western cuisine, so he faced a few difficulties in Western cuisine. The first is*

*during the winter, for example, chicken chop. If I make an appointment with the guest, say at nine o'clock, he might be delayed until nine-thirty. In terms of our operations, the customer will react within approximately ten minutes in the winter, saying the food is cold and the texture is bad. This will prompt us to make changes in our menu and readjust.*

#### 4.3. Market Information

Ottum and Moore examined what facilitates successful processing of market information and thus offer ideas for better managing the development of new products [81]. Hence, B&B owners aspire to keep pace with current trends when facing market changes, which compels them to invest in innovation activities. A total of 29 items fall within this category, or approximately 12.7% overall. Market competition included three subcategories, which include popular trends, market competition, and new ICTs.

##### 4.3.1. Popular Trends

Dynamic markets still produce new events and trends. Innovation comes from popular trends in which the owners have invested to both keep up with the times and maintain their novelty in the accommodation market.

*O10: This is because everyone began to notice and like the trend of drinking coffee. Therefore, I kept a tight grasp on this trend and opened a café in the B&B.*

*O14: Indigo dye has several aspects that can be developed, so we spent a lot of much energy and effort on this. This was because we believed that there is a future in it, that it has development potential, and that it is suitable to be combined with the B&B industry.*

##### 4.3.2. Market Competition

Competition is regarded as a driving force of innovation [57,64,82–84] and could drive firm innovation to address rapidly changing external markets [85]. Changes in demand as well as rapid changes in technology and ease of imitation compel B&B owners to face industrial and market competition, which prompts them to make changes.

*O4: Of course, I have felt that increasing difficulties and competition exist in the B&B business. When there is competition, we should change or upgrade! So, we began to think about how to redesign and present our guest rooms and services.*

##### 4.3.3. New ICTs

The emergence of new ICTs can enhance product and service efficiency and utility [43,65]. Furthermore, Ottenbacher and Harrington also indicated that some Michelin-starred chefs' new ideas come from the availability of new cooking technology [50]. Therefore, B&B owners display the intention to use new ICTs to integrate or improve existing B&B products or services.

*O9: In terms of iPad design, I initially thought that our iPad could combine controls for the lights, television, and air conditioning. This means that we will not have to find a remote control or have many remote controls lying around. Similarly, when you need to switch on the lights, you do not need to stand beside the switch and press it, which may not be easy to operate.*

*O13: We are individual businesses, but by sharing the same background system, we can see each other's occupancy. This is the gift of technology. We will not need to confirm by telephone or by going to each B&B. The information system is extremely helpful to the integrated website and B&B business.*

#### 4.4. External Knowledge

The B&B owners participate in external lessons and professional organizations to acquire new knowledge and produce new ideas to input into innovation activities. Nieves et al. also indicated the importance of external knowledge in hotel innovation development and commercial success, as these provide new knowledge or suggestions to generate innovation [86]. A total of 20 items, or approximately 8.7% overall, fall within this category. Our results indicate that two categories included external activities and professional organizations.

##### 4.4.1. Participation in External Activities

Innovation is not solely derived from customers or owners but also through such external activities as visiting the outside world, learning from courses, visiting, and participating in activities. For example, Ottenbacher and Harrington indicated that visiting a colleague's restaurant was the most popular source of ideas for Michelin-starred chefs [50]. They might be inspired to use a specific spice in another combination or might adopt a cooking technique for a different dish. These are equally important channels.

*O8: I always wanted to change the breakfast style but could never form an idea. Then, I participated in visits organized by the association and observed the breakfast methods and plating in other B&Bs. I thought that the English style was not bad, and I immediately began experimenting and planning when I got back. This gradually took shape.*

##### 4.4.2. External Professional Organizations

Volberda et al. argued that the search for management innovation is influenced by external change agents because third parties, such as consultants and academic researchers, often model new practices, processes, or structures [87]. The B&B industry also involves collaborations with many professional organizations. Both parties can provide, exchange, or share knowledge, which can promote innovation.

*O3: Actually, businessmen have a very sensitive sense of smell for coffee. When you open a B&B, you must have the ingredients for coffee. Then, regardless of whether the teachers or the company have the ingredients, they will come to you. They will say that since you operate a B&B, do you want to provide your guests with coffee? I think this is necessary, and it also provided a foundation for the café.*

#### 4.5. Business Expansion Needs

The owners explore other businesses or professional fields in addition to the B&B to diversify their businesses, which compels the owners to innovate. A total of 20 items fall within this category, or approximately 8.7% overall. Their business expansion needs included two subcategories: increasing the scope of business and creating additional income.

##### 4.5.1. Increasing the Scope of Business

The B&B industry tends toward a market development strategy. Innovation was intended to expand these businesses beyond the B&B industry and create more opportunities. Furthermore, B&B owners hope that B&B operations and new businesses enhance the value of each.

*O15: At the time, I felt that this was still horizontal integration. I did not want to do this anymore because I recognized the costs of operating a B&B, so instead, I considered vertical development as a possibility. When I decided to enter into new businesses, such as my bicycle shop, it was to do something else to add value to the B&B through the new shop. More importantly, I thought that it was an innovation for my B&B.*

#### 4.5.2. Creating Additional Income

As B&Bs primarily attract holiday guests and operating income is limited, their owners engage in other businesses, beyond providing accommodation, to create additional income. Therefore, they have great incentives for innovation.

*O16: Actually, in the beginning, the B&B mainly attracted holiday guests. If you rely solely on selling rooms, then, outside the holiday season, the vacancy period is too long. We wanted to add something to increase our business income, so we opened a brewery.*

#### 4.6. Policy

Active and effective government strategies can promote tourism innovation [59,88]. Innovation was generated to coordinate not only the policies promoted by the government but also the direction of development in the region where the B&B was located. A total of 13 items fall within this category, or approximately 5.7% overall. This included two subcategories, which involved coordinating with local development and government policy.

##### 4.6.1. Stimulating Local Development

The need to stimulate regional development has caused B&B owners to generate innovative ideas and actions. The B&B owners aspire to contribute to local development and attempt to present local cultural characteristics.

*O18: We must highlight the differences between our cities, so we added local culture to the leisure industry. Aquaculture is already a part of the local culture. By designing this new activity, we mainly hope that this cultural value can be discovered, which will bring new opportunities for local development.*

##### 4.6.2. Government Policy

Few B&B owners said that new policies or policy changes might lead to innovation, such as major construction projects, tourism policies, or tourism development plans. Policy changes or encouragement from the government propels B&B owners to change.

*O3: Previously, when we did not have a two-day weekend and amidst such an obvious leisurely environment, my B&B ran very smoothly. However, in the few years after the leave policy was promoted, we found that the B&B industry has many new opportunities, and this brought about changes in business ideas and methods.*

#### 4.7. Familiar Partner

Familiar partners indicate that employees, family, and friends are the core of innovation; as Kallmuenzer argued, the entrepreneurial family and employees are key drivers for innovation as actors internal to the firm [49]. A total of 8 items, or approximately 3.5% overall, fell within this category. Our results indicated that two subcategories included family and friends and employees.

##### 4.7.1. Family and Friends

Owners' family and friends provide their own knowledge and experiences, and B&B owners adopt their suggestions to develop new products or services.

*O1: A good friend of mine told me "You should come up with ideas so that your income is not just based on the rooms. In reality, you only have these rooms, which are limited". She told me, "You should come up with more ideas". She kept giving me this idea, which caused me to make these changes in my services.*

#### 4.7.2. Employees

Nieves et al. argued that employees are often responsible for exploring and testing new ideas [68]. Employees in the tourism sector are a critical element in generating innovation [89,90]. The B&B business involves several partners, and the mutual exchange and sharing of knowledge between both parties could promote innovation.

*O19: O19: We hired a few employees to help with meal preparation and customer service. They are constantly in contact with the customers, or they know a few collaborating businesses. We always encourage our partners to propose good ideas. For example, they always have new ideas when designing food plating, and customers have reacted positively.*

### 5. Discussion and Conclusions

The present study conducted a literature review, interviews, and content analysis as qualitative methods to generate the seven driving forces of innovation: B&B owners' lifestyles, customers, market information, external knowledge, business expansion needs, policy, and familiar partners. Based on these characteristics of innovation drivers, B&B owners' lifestyles and customers are key drivers for innovation, and employees, family and friends are less frequently mentioned. From the perspective of internal factors, the interviewees identified B&B owners' lifestyles as the central source of innovation (38.9%). Lifestyle refers to the owners' life experiences, life background, interests, and attitudes, among other characteristics. As Plummer mentioned, lifestyle refers to individuals' everyday behaviors [91]. Each lifestyle is characterized by a wide variety of activities, interests, and opinions, which form a unique style of living. Similarly, the B&B owners presented the style in their everyday lives and could express both their personal ideals and professional background to the customers through preparations or modifications. Additionally, lifestyle also includes the individual's personality and cognition [92]. This study's results indicate that innovation was correlated with the B&B owners' personalities, especially when they have a keen desire for knowledge. This type of open personality often desires to seek new experiences or explore new ideas [93]. As Tang noted, managers or operators with proactive personalities can drive innovation in the accommodation industry [25,76]. Moreover, entrepreneurs with stable characteristics and attitudes towards change can influence the firm's innovation activities [94–96]. Therefore, B&B owners' lifestyles are closely linked with the drivers of innovation. On the other hand, training and selecting internal employees to produce professional human capital also provides another source of innovation [97,98]. Nevertheless, this phenomenon is not common in the B&B industry; as the majority of B&Bs are family-operated businesses, only a small number of full-time employees are employed, and the businesses are primarily managed by the owners. B&B owners have a strong dominant lifestyle and balance work and life. The finding is different from Kallmuenzer's, namely that entrepreneurial families mainly influence innovation, particularly by introducing sustainability goals and commitment to the family firm [49].

From the perspectives of external factors, the driver of innovation came from customers, and the customers' needs and preferences were most frequently mentioned (21.8%). The B&B owners understand their customers' suggestions and engage in dialogues and opinion sharing, which serves as a reference for the owners and drives the generation of new ideas. Similarly, Duverger believed that customers were an important source of innovation, regardless of whether they had positive opinions, were dissatisfied, or were service defectors [78].

The interviews identified market trends and external knowledge as other external sources of innovation. Regarding market trends, owners faced with B&B market information evaluate and invest in innovation activities to match market trends, thereby creating a business advantage for their B&Bs. This is similar to enterprises that can observe the environment's events and trends to predict environmental changes. This application of market information is similar to when hotels formulate strategies, which are crucial for their survival and growth [99,100]. Tang's study on hotel innovations also noted that when hotel managers emphasized constant environmental scanning and

provided timely responses to external environmental changes, this promoted new or improved service innovation [76]. Regarding external knowledge, B&B owners participate in different professional activities and organizations to acquire knowledge, skills, and expertise through external opportunities. As Rønningen noted, when small tourism enterprises collaborate with tour operators, the mutual exchange and transfer of competence and the provision of professional support services can stimulate innovation [101].

Hence, clarifying the driving forces of innovation can help firms understand how to initiate innovation, which will enable them to promote their innovation success and further create sustainable development. This study has contributed not only to the MSEs but also to examining the B&B industry as a case study. Through the research design and research analysis conducted in the present study, research findings were obtained that have both theoretical and managerial implications.

### *5.1. Research Contributions*

This study has three primary research contributions. First, this study mainly explored the driving forces of innovation. The results can serve as an important reference for research on the driving forces of innovation, B&B innovation, and MSE innovation. Our results also revealed that lifestyle propelled innovation, which previous studies have rarely mentioned. This is the second primary contribution of this study. Although personality traits reflect the B&B owners' personalities or attitudes, their lifestyle is a manifestation of their unique backgrounds and styles of living. Their individual lifestyles can provide customers with new experiences through their products, services, and processes. The third contribution involves this study's research design. Extensive discussions have occurred regarding the definition and categorization of innovation or tourism innovation in previous studies. However, existing innovation research still lacks a method to judge whether the individuals, enterprises, or tourist destinations have actually innovated, as this is often directly and subjectively determined by the researcher. Whether the interviewees actually understand the meaning of innovation and whether the data or samples obtained contain real innovations are topics that still warrant further discussion. Therefore, this study adopted a process including experts' recommendations, discussions, and selections, and a common consensus was achieved from an objective perspective. This ensures that all the recommended cases did indeed meet the conditions and qualifications for real innovation, which enhances the accuracy and representativeness of innovation research.

### *5.2. Managerial Implications*

Understanding the driving forces of innovation, which can motivate enterprises to invest in sustainable development, is crucial to initiating innovation [11]. They can provide MSEs with new ideas to consider when investing in innovation. Owners of B&Bs can also evaluate and initiate innovation based on their own characteristics, expertise, and abilities, such as their enjoyment of interacting with customers, unique lifestyles and insights, skills in specific specialties, or close relationships with the government. This study also found that a majority of B&B innovations came from the owners' lifestyles, which are a manifestation of their everyday lives. Owners of B&Bs can transform their expertise or familiar interests into products or services and integrate these into their B&B businesses. For example, certain B&B owners in this study introduced their familiarity with bamboo into the guests' rooms and experiential activities, designed experiential activities based on indigo dyeing, and integrated Taiwanese cypress into their breakfasts; as Dewhurst and Thomas indicated, small business owners are concerned with maintaining a lifestyle and ensuring that tourism development is sustainable [16].

Furthermore, customers are necessary for tourism innovation because enterprises must continuously adapt to their customers' needs, expectations, and satisfaction levels [84,102]. The B&B industry involves incredibly close contact with people, and the owners have numerous opportunities and occasions to interact with their customers. Therefore, owners should interact and communicate with their customers during meal times or while checking out. The problems and needs that the

customers mention will enable owners to understand the areas that need improvement or upgrading, which may introduce further innovation opportunities.

B&B owners should also be encouraged to keep up with market information and interact with the external world, for example, by participating in courses, lectures, and visits. This will ensure that they can obtain resources and knowledge beyond their own industry, which will promote innovation. This is crucial for MSEs because they lack resources [103]. Hence, the acquisition, assimilation, and utilization of external knowledge and the application of external resources and support are particularly important for innovation [85].

### 5.3. Limitations and Directions for Future Research

This study selected B&Bs that received unanimous agreement (i.e., 9 points) on a suitability evaluation, which indicates that their innovation activities were highly representative. However, a broad definition was used to obtain the focus group's consensus on innovation activities, and only one point was necessary during the suitability evaluation to indicate that the activity was innovative. Future studies can continue to interview individual innovative B&B owners as samples to provide a richer content analysis and comparison. Future studies can also explore whether causal relationships or correlations exist among the driving forces identified in this study, such as the relationship between owners' lifestyles and market competition, and whether customers cause business expansions. Questionnaire surveys can be conducted among B&B owners engaged in innovation activities, and further quantitative analyses can be performed to gain a comprehensive understanding of causal and correlational links.

Driving forces cause enterprises to innovate, and the generation of innovative ideas is followed by a continuous innovation development process that consists of several determinants. Future research can focus on these determinants in B&B owners' particular innovation development processes to provide a basis for evaluating innovation development. The present study also suggests that future studies can develop the scale and questionnaire items to produce an innovation grade and evaluate B&B innovation capability.

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