Research Article

The residents’ participation in tourism based social entrepreneurship organization: Evidence from residents’ perception on ecosphere social enterprise

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ARTICLE INFO

Keywords:
Tourism social enterprises
Residents’ perceived benefits
Resident engagement
Ecosphere social enterprise

ABSTRACT

The main objective of this study is to investigate the residents’ perceived benefits (economic, infrastructure development, quality of life, environmental conservation and cultural development) by participating in tourism social enterprises (TSE) formation and implementation phases. Specifically, this study uses Ecosphere social enterprise as a case study to assess the residents’ participation in two different phases of TSE. To achieve the study objective, we collect field-based data on four locations (Kaza, Langza, Komic and Dhankhar) in the state of Himachal Pradesh, India. The survey was carried out in September 2019 and qualitative techniques were used for the analysis. The results reveal that the residents play an important role in TSE formation and development phases, where the tourism benefits have a mediating role. The overall results indicate that the residents’ participation in the TSE development phase yielded higher benefits than the formation phase.

Management implications:
1) In order to effectively encourage local residents to support all stages of tourism social enterprises (TSE), strategic tourism plans should be reviewed from each perspective based on the economic and Non-economic factors of tourism on local residents.
2) Local residents in formation stage have less interaction with tourism activities and tourists and thus have limited knowledge about TSE strategies for tourism development than they do in the development stage. Therefore Social enterprises should allow residents to access the information and encourage them to participate decision making in all stages.
3) Some tourism services were provided by a few residents in developmental stage, the economic benefits to all residents appear to be limited. Therefore, the residents also did not perceive many economic benefits from TSE in the developmental stage. Therefore, TSE managers must ensure that direct employment is provided to residents to ensure that tourism revenue is distributed among a greater number of residents.

1. Introduction

The tourism social entrepreneurship business model is one of the new rural tourism models being used in developing and under-developed countries. An increasing number of entrepreneurship studies in tourism identified that the capitalist approach taken by tourism social enterprises (TSE) business models have been vigorously promoting communities and destination development (Jørgensen et al., 2021). Despite the role of TSE to promote communities, Vinodan and Meera (2021) comment that “over a decade there has been steady growth in several social entrepreneurial organizations that are making difference in the tourism industry for their significant creativity, capital
improvement, innovation and entrepreneurial orientation in the destination and community development”. The approaches taken by TSE concentrate not only on minimizing the economic leakages due to tourism but also on trying to enhance the quality of life of the local community (Aquino et al., 2018; Dahles et al., 2020). The approach stresses strong and enabling interaction between TSE organizations and local communities, thereby ensuring quality rural life experiences for tourists (Ryu et al., 2020). Hence, the TSE business model of tourism development is suitable for developing and less developed countries with destinations around the world (Biddulph, 2018).

The participation of the residents is important in TSE organizations (Alvord, et al., 2004; Mingzhuo et al., 2022). The level of participation influences the feeling of ownership by the residents (Dahles et al., 2020). The feeling of ownership is directly related to the suitability of the organization. Aquino et al. (2021) emphasized residents’ attitudes and participation toward TSE in the process of creative destruction of the old. Although residence participation is the trending theme of TSE organizations. Little attention has been paid to the multiphase impact of residence participation in TSE organizations. Thus, this study explores how residents’ participation in the formation phase affects participation in the development phases of the TSE tourism development.

Moreover, little attention has been paid to examining the impact of participation on residents’ perceived benefits of social entrepreneurs’ tourism development (Altinay et al., 2016). Previous studies (Janina von der Weppen & Janet, 2012; Mingzhuo et al., 2022) focused on the perceived benefits of economic impacts rather than socio-cultural impacts. Residents’ quality of life, cultural impact and environmental conservation are also considered as the most critical determinants of tourism development (Figueiroa-Domecq et al., 2022). This study focuses not only on the perceived benefits of economic and infrastructure but also culture, quality of life and environmental culture and examines how residents’ participation in the formation and development phase affects the perceived benefits of these areas. Furthermore, the mediation effects of participation in the implementation phase on the relationship between participation in the planning phase and the perceived benefits of TSE organizations are examined.

The present study focuses on ecosphere, which is a tourism social entrepreneurship in India. A social enterprise and tourism organization that focused on and provides sustainable sources of income to the local community, conserves nature and cultural heritage, creates employment for women and youths and reduces outward migration (Kaefer, 2022). Ishita Khanna founded ecosphere in 2006 with the help of local communities. Her love and attraction towards rural areas and mountains drew her attention to start an ecosphere initiative in Kaza, Langza, Komic and Dhankhar in Spiti Valley region, India. To conserve the environment and culture of this region, the ecosphere encourages local communities to participate in tourism-related projects such as home stays programs, tour operators, organic farming, solar installation of homesteads and building greenhouses to grow vegetables for tourists (Kaefer, 2022). Therefore, we selected these areas for data collection and empirically test our research model. This organization has hard and soft content. While soft content primarily includes training residents toward environmental conservation activities to help them take up different roles connected with tourism activity. While hard content mainly addresses the destination development of the basic infrastructure and quality of life of residents or necessary for tourism. The TSE organization received global recognition, winning the best social entrepreneurship organization in India. In 2011 under the category of the “World’s Leading Responsible Tourism Project and again in 2013, it has been internationally recognized as a leader in responsible travel and recommended by leading travel guides, magazines and blogs (Singh & Dhankhar, 2020).

Given the above backdrop, the main purpose of this study, which is based on social exchange theory, is (1) to explore how residents’ participation in the formation phase influences the participation in the development phase of Ecosphere TSE organizations in India. Further, it aims (2) to investigate the influence of the participation in the formation and the development phases on perceived benefits of economic, infrastructure, cultural, environmental and quality of life and finally (3) to test the mediating role of formation and implementation phases in the TSE organizations.

The structure of this study is as follows: the next section provides a detailed discussion on the theoretical background, hypothesis development and relevant studies. Section 3 discusses data collection and its related information and methodology. Section 4 provides a detailed presentation of results and discussion. The final section summarizes the paper with constructive implications and contributions to the policy and literature.

2. Theoretical background and hypothesis development

2.1. Social exchange theory

Social exchange theory is widely used in tourism research to understand the residents’ attitude, their perceived benefits and their support towards tourism development (Ap, 1992; Day & Mody, 2017; Gannon et al., 2021; Kanwal et al., 2020; Rasoolimanesh et al., 2015). Residents’ participation is crucial for tourism development (Morales et al., 2021). Day and Mody (2017) research found that residents’ engagement in tourism social entrepreneurial organizations is determined based on perceived benefits such as infrastructure, economic and environmental factors. Recent research has applied SET to understand the impact of tourism social entrepreneurs’ tourism development in the planning and implementation phases. For example (Boley & McGeehe, 2014), used social exchange theory to assess the impact of social entrepreneurs’ economic opportunities and residents’ attitudes towards tourism development. Abou-Shokk et al. (2021) also used SET in their research to investigate the entrepreneurs’ organizational influence of women’s empowerment on tourism development across three different Arab countries. Further study by Lee and Jan (2019) utilized SET and argued that a community-positive attitude is curial for residents to support tourism organizational planning and formation development process. SET describe that individuals or groups are likely to participate in the tourism development process when they are getting an advantage from it (Kanwal et al., 2020). From this perspective, we assume that if communities’ perceived benefits are related to tourism-based social entrepreneurship organizational tourism development, they will actively involve and support tourism social enterprises’ formation and development phases for tourism development.

2.2. Residents’ participation and support for tourism social entrepreneurs’ tourism development

A growing amount of literature attempted to understand the nexus between tourism social entrepreneurship and residents’ development (Aquino et al., 2018; Jørgensen et al., 2021; Sloan et al., 2014). Residents are illustrated by the lack of knowledge of tourism development and often look for tourism initiatives to achieve economic growth and community development (Buzinde et al., 2017; Sheldon et al., 2017). However, past research suggests that Tourism social entrepreneurship (TSE) plays an important role in the adoption of sustainable strategies to achieve socioeconomic development and community building (Lavis & Lemke, 2016). Moreover, residents are considered a main stakeholder in tourism social entrepreneurship organizations because their participation is required throughout the tourism development process (Dahles et al., 2020; Kummitha, 2020). The participation of residents in tourism social enterprises is one of the key successes for tourism development as they interact directly with tourists and provide them with memorable experiences to revisit. Thus, residents with positive perceptions will end up becoming major stakeholders in the TSE formation and development process (Biddulph, 2018).

Entrepreneurship scholars suggest that the social entrepreneurial
organizational process considers five phases such as idea generation, opportunity evaluation, planning, company formation and development (Hjorth et al., 2015; Kummitha, 2016). Research suggests that the involvement of residents is an essential part of tourism social enterprises’ planning, formation and development phases (Sheldon et al., 2017). To understand the residents’ perception of the TSE tourism development process, it is helpful to examine the two major phases of TSE formation and development phases (Ryu et al., 2020). Social entrepreneurs’ organizational formation begins with a simple set of planned ideas to achieve certain objectives (Bhave, 1994). Tourism social entrepreneurs’ point of view, the formation phase focuses on organizational strategy, objectives, survey, operational planning and recommendations. Each one of these goals will give directions to the organization’s formation phase. Once there is sufficient planning and resources, tourism social entrepreneurs will go through the process of formation of the venture as a legal entity (Mair & Marti, 2006). Once venture operations are stable, social enterprises are considered to be in the development phase since their focus is on the development of the venture (Sekluukiene & Kisielius, 2015).

Resident participation is fundamental to the sustained development of tourism. Although some of the studies show that resident perception was significantly influenced by participation (Dahles et al., 2020; Iqbal et al., 2022). Therefore, to ensure participation at various levels of TSE formation and development, this study adopts the framework of Ryu et al., 2020 findings (See Fig. 1). This model proposed resident participation is invited at every phase of tourism formation and development. At the same time, TSE does not ignore necessary support from external stakeholders like governments and funding agencies, and experts. However, Ryu et al., 2020 suggest that stakeholders such as governments and funding agencies, and experts must be limited during the formation and development phase and the necessary support may be more intense in the other phases like planning, implementation and performance phases.

Residents’ involvement in the planning phase increases the motivation for social entrepreneurs to create social venture formations (Feldman et al., 2005; Haugh, 2007). Scholars suggest that residents’ involvement in the TSE formation phase is different from those that participate in the TSE development phase (Kibler, 2013; Thomas et al., 2011). Ryu et al. (2020) noted that residents’ participation in the TSE formation process could provide the residents with an understanding of socio-economic and environmental issues, communication between stakeholders and their roles in the venture formation phase. Mandrysz (2020) also mentioned that residents participate in the social entrepreneurship venture developmental phase only if they satisfy the perceived benefits and sustainable objectives of the venture. Based on this literature we proposed the following hypothesis for testing:

**H1.** Residents’ attitudes towards participation in the TSE formation phase will affect TSE developmental phase

### 2.3. Residents’ perceived benefits from tourism social entrepreneurship organizations

The involvement of residents in TSE is considered important to achieve sustainable tourism strategies that lead to providing more benefits at the individual and community levels (Bramwell & Lane, 2011; Kunjuraman et al., 2022). Past research suggests that residents’ perceived benefits are changing from economic benefits to non-economic benefits such as infrastructure development and quality of life. For example (Kanwal et al., 2020) study found that residents’ perceived benefits such as health and safety, infrastructure and quality of life satisfaction play a dominant role in tourism development.

Some studies suggest that the maximum number of residents’ participation is desirable to achieve sustainable tourism development (Bertella & Rossi Romanelli, 2018; Tosun, 2006). While some authors also argue that, there can be certain phases where the full residents’ participation might be compromised to avoid mass tourism activities (Moscardo & Murphy, 2015). In a similar vein, a study (Pollnac & Crawford, 2009) found that residents influenced by TSE organizational strategies lead to their participation in both TSE venture formation and development phases and continued support for tourism development. A study by Bertella & Rossi Romanelli, 2018 investigates the residents and support for foreign organizations’ perspective on responsible tourism development. Their study found that tourism organizational initiatives of planning and development phases could lead to achieving residents’ economic and non-economic benefits. Furthermore, a study by Ryu et al.

![Proposed multiphase resident participation model for TSE organization adopted from (Ryu et al., 2020).](image-url)
In this study, we want to investigate the residents’ participation and their perceived benefits of tourism-based social entrepreneurship organizations based on five major factors such as economic development, environmental conservation, infrastructure development, cultural development, and quality of life. We selected these factors because past research suggests that these components are essential for communities to participate in tourism social enterprises to achieve sustainability at the destination (Aquino et al., 2018; Biddulph, 2018; Dahles et al., 2020; Moyle et al., 2020).

2.3.1. Economic benefits

To date, few studies focused on understanding the role of tourism social entrepreneurship strategies for residents’ economic growth (Kummitha, 2020; Lyons, 2015; Sakata & Prideaux, 2013; Solan et al., 2014). The TSE provided economic benefits for communities are notable and can include employment creation, improved standard of living, providing microfinance investments, and technological development (Laets & Lemke, 2016). Past research suggests that TSE Organizations’ economic benefits may influence residents’ attitudes and support towards tourism development. For example (Aquino et al., 2018), stated that TSE organizational strategies significantly generate sustainable outcomes for communities. Franzidis (2019) highlighted that among other benefits such as socio-cultural, and environmental development communities are significantly attracted to economic benefits to support TSE organizations. Altinay et al. (2016) noted that TSE’s innovative approaches advocate tourism development that generates greater economic benefits for local communities. Further, Kummitha (2020) analyzes eco-entrepreneurs organizational factors for community ecotourism development. The findings from this study revealed that economic and environmental development by eco-entrepreneurs organizations are significantly influenced factors for communities to support eco-entrepreneurial organizations. Based on the extant literature concerning communities’ economic gains from TSE are important in this study. Therefore, we hypothesize that:

H2a. Residents’ participation in the TSE formation phase will affect economic development
H2b. Residents’ participation in the TSE development phase will affect economic development

2.3.2. Infrastructure development

Infrastructure plays an important role in destination development (Khadaroo & Seetanah, 2007). The research suggests that infrastructure developed in the destination generates employment opportunities, enhances business activities, and brings several other benefits to the local communities (Park et al., 2015). For example, Kanwal et al. (2020) found that perceived road and transport infrastructure is positively related to residents’ support for tourism. Infrastructure development benefits residents in several ways such as improved road transport infrastructure will increase the tourist flow to destination. Recreational infrastructure facilities such as parks, hotels and wellness centers provide better economic benefits to local communities (Buckley et al., 2021). Past research also suggests that TSE organizations can contribute their profits to invest in the infrastructure facilities in the destination that have a positive effect on local communities’ standard of living (Kummitha, 2020). Surprisingly, infrastructure development and its relationship with residents’ support for TSE organizational tourism development have been given less attention in the previous literature (Jørgensen et al., 2021). With this gap, we hypothesized that:

H3a. Residents’ participation in the TSE formation phase will affect infrastructure development
H3b. Residents’ participation in the TSE development phase will affect infrastructure development

2.3.3. Environmental conservation

The limited TSE literature shows a strong link between TSE and environmental conservation (Aquino et al., 2018; Obradović et al., 2021). Social entrepreneurs’ business model committed to tourism aims at a reconciliation of environmental protection and fulfilling the resident’s needs (Kline et al., 2014). Protecting the environment and converting flora and fauna into tourist attractions was found to be one of the tourism social entrepreneurs’ primary motivations (Laets & Lemke, 2016). One of the most commonly recognized positive outcomes of TSE for residents is generating funds for environmental education programs to increase environmental awareness among communities (Pereda & Wurzelmann, 2015; Sloan et al., 2014). Sakata and Prideaux (2013) stated that the positive environmental impact of tourism destination will increase the residents’ environmental awareness and encourages environmentally friendly behaviour at the destination.

Past research highlighted the importance of residents’ perception of environmental conservation to support TSE tourism development. For example, Kummitha’s (2020b) research found that environmental suitability is one of the significant factors along with economic development communities to support TSE organizations. Lee and Jan (2019) found that communities are not concerned about environmental conservation programs in the involvement phase of community-based tourism organizations and at the same time communities are showing a significantly positive impact on environmental conservation programs at development phase. Furthermore, Sakata and Prideaux (2013) explored the social enterprise in a small-scale community-based ecotourism project in Papua New Guinea. Based on interviews among key community members, their research found that environmental conservation benefits had a positive outcome that led to high community participation in tourism development. Based on this literature, we hypothesized that:

H4a. Residents’ participation in the TSE formation phase will affect environmental conservation
H4b. Residents’ participation in the TSE development phase will affect environmental conservation

2.3.4. Cultural development

Local culture is one of the most important assets for TSE to promote tourism development (Moyle et al., 2020; Sloan et al., 2014). TSE believes local culture is one of the prominent indicators for tourists to drive to rural destinations. Local culture influences tourists, especially in the early phase of tourism development. For example (Dahles et al., 2020), stated that TSE shared knowledge about Cambodian culture and history and educates visitors about local culture and the challenges of residents living in today’s Cambodia. Some research describes that tourism development causes cultural and behavioural changes among the residents such as locals’ adoption of Westernized behaviour (Solan et al., 2014). For example, Notzke (2004) found that communities resist tourism development because they believe it intrudes on their culture and damages it. As a result, it is important to understand how communities perceive the tourism impact on local culture is critical for TSE’s organizational strategy and growth. Therefore, based on the aforementioned literature we hypothesized that:

H5a. Residents’ participation in the TSE formation phase will affect cultural development
H5b. Residents’ participation in the TSE development phase will affect cultural development

2.3.5. Quality of life

Literature has identified that improved communities’ quality of life that leads to support tourism development (Lee & Jan 2019; Liang & Hui, 2016). Past research suggests that local community satisfaction is
important for the success of tourism entrepreneurs’ initiatives (Jørgensen et al., 2021). Kim et al. (2013) noted that throughout the planning and managing process, tourism organizations could improve the quality of life of the residents because they are the main stakeholders of tourism development in the area. Therefore, understanding the local community satisfaction concerning tourism development is important for TSE for the effective results of TSE developmental plans in the area. Some research proposed that residents’ satisfaction level is related to many positive effects on residents’ support for TSE (Altinay et al., 2016; solan et al., 2014). Andereck and Nyaupane (2011) found that a higher level of community satisfaction can result in more people supporting TSE planning and development in the area. Based on the literature we hypothesized that (see Fig. 2);

H6a. Residents’ participation in the TSE formation phase will affect their quality of life

H6b. Residents’ participation in the TSE development phase will affect their quality of life

3. Methodology

3.1. Area of study

To investigate residents’ attitudes towards participation and their perceived benefits from tourism-based social entrepreneurship organizations; this study collects data from communities of 4 tourism destinations (Kaza, Langza, Komic and Dhankhar) which are located in the Spiti Valley of Himachal Pradesh, Northern India. There are several reasons for conducting surveys in these areas. For instance, Kaza is the administrative headquarters and largest settlement of Spiti Valley and it has 750 inhabitants. It is developed as a tourist destination due to its exquisite natural beauty, Mounties, Spiti River, culture and climate (Raman, 2019). Likewise, Komic village is a very high-altitude village in the remotest villages in India and it has 136 inhabitance only. Dhankhar has well-developed cultural and natural tourist attractions including, a stunning view of the Spiti River, Dhankar Monastery, sky-touching mountains, and the entire valley around (Singh & Dhankhar, 2020).

Initially, tourists are not aware of Spiti Valley due to poor transport facilities, high altitude, and cold desert conditions. However, in 1989 Indian government implemented a ‘border area development project’ to develop transport infrastructure and meet the needs of those living in remote areas (Jangra et al., 2021). Transport infrastructure improvement has led to an increase in tourist flow in Kaza town and surrounding villages. Especially, the recent opening of the Atal tunnel has increased adventure and nature tourism activities in Spiti Valley (Chandra and Kumar, 2021). Among other destinations in Spiti Valley Kaza, Langza, Komic and Dhankhar receive the highest number of tourists. In 2019, according to the Himachal Pradesh Department of Tourism and Civil Aviation, these chosen villages received 2465 foreign tourists and 195, 643 domestic tourists that are highest among the other tourist destinations in Spiti Valley.

3.2. Research instrument

This study research model is developed based on previous research (Franzidis, 2019; Kallmuenzer et al., 2019; Peredo & Wurzelmann, 2015) and modified based on the relationship between residents’ of Kaza, Langza, Komic and Dhankhar and Ecosphere social enterprise, which was recognized after a discussion with Ms. Ishita Khanna and local communities who are involved in tourism activities and our observations at the field. The survey questionnaire breaks down into three sections, the first section consists of respondents’ demographic information and the second section consists of two variables: residents’ participation in the formation phase and residents’ participation in the developmental phase was adapted from past studies (Allen et al., 1988; Sautter & Leisen, 1999). Both phases were assessed with five elements (See Appendix. 1). The third section consists of five variables: economic development – this consists of four items and was taken from (Andereck & Vogt, 2000; Manyara & Jones, 2007). Infrastructure development – this consists of four items and was taken from (Fallon & Kriwoken, 2003; Sirakaya et al., 2002). Environmental conservation – this consists of four items and was taken from (Neto, 2003; Torn et al., 2008). Cultural development – this consists of three items and was taken from (Jaafar, Rasoolimanesh, & Ismail, 2017). Quality of life – this consists of four items and was taken from (Shalock, 1996; Uysal & Sirgy, 2019). Section two and section three variable questions were designed on a five-point Likert scale ranging from 1 – Significantly decline to 5 – significantly improved.

3.3. Data collection

Survey-based data for this research was collected from residents who participated in Ecosphere tourism-related activities. A stratified random sampling technique was used to select the sample from the entire population (Shenton, 2004). The participants, who are involved in different

Fig. 2. Conceptual model.
Ecosphere projects including, homestays, greenhouses, tour operators, organic farming, solar installation workers and ecosphere organization office employees were asked to complet the questionnaire. One of the authors of this paper travelled to Spiti Valley and stayed with residents in Kaza, Langza, Komic and Dhankhar and hired one tour guide for language translation purposes to conduct this survey in September 2019. Due to poor transport facilities and high altitude (4,270 m), a field study was conducted before the winter season. Spent a month on data collection in these areas and was able to obtain the required information from a total of 611 local participants (see Table 1). Descriptive summary of the respondents, presented in Table 1, shows that females accounted for 34% of the sample, whereas males accounted for 66%. Almost half of the respondents (48%) had Bachelor degree, and (35%) of them had Master degree. The majority of the respondents (47%) were in the age category of 18–25 years and (33%) of them were in the age category between 26 and 36 years. In terms of occupation, the majority of the respondents were agriculture (32%), and (22%) of them were employment. More than half of the respondents (62%) had average income per year (4000–5000 USD).

The convergent validity and discriminant validity were assessed through CFA. Convergent validities were achieved based on factor loading of each measurement item was highly significant (P < .01) (Hair et al., 2010). Discriminant validity was verified if the square root of the AVE for a latent construct is higher than the inter-correlation of each construct in the measurement model (Fornell & Larcker, 1981). The hypotheses in the proposed model were estimated and tested to find the mediation effects of participation in the implementation phase on the relationship between participation in the planning phase and the perceived benefits of TSE organizations.

4. Results

4.1. Descriptive statistics

Descriptive statistics were analyzed by using the SPSS statistical software (Table 2). The results indicate that the mean score for all the constructs is ranging between 3.82 and 4.23 and the standard deviation is in the range of 0.69–1.03, which demonstrates that the degree of the respondent’s participation in both the formative and development of tourism projects were generally high. Also, the results show that each of the constructs is positively and significantly correlated with each other.

4.2. Measurement model

The measurement model evaluates based on hypothetical constructs of latent variables and the validity and reliability of the responses concerning the observed variables (Hair et al., 2010). Based on the fitness of the measurement model, this study applied some indexes like CMIN/df, GFI, TLI, CFI, and RMSEA. The results confirm an adequate model fit within the suggested threshold values (CMIN/df = 1.211, CFI = 0.919, GFI = 0.991, TLI = 0.908, RMSEA = 0.051). Based on these model fit indices, the measurement model fits the sample data (Hair et al., 2010) as shown in Table 3.

The reliability and validity of the measurement model were assessed by CFA. The results presented in Table 4 show that factor loadings of all the items are higher than 0.50 and statistically significant (p < .05), Cronbach’s alpha (A) > 0.70, composite reliability (CR) > 0.70, and average variance extracted (AVE) > 0.50, which are higher than the suggested threshold values (Bagozzi et al., 1991; Hair et al., 2010). These findings confirm that the measurement model has internal consistency and good composite reliability and convergent validity.

The factor loadings, Cronbach’s alpha (A) CR values, AVE values and P-value were assessed for all the variables (Table 4). The measurement model had acceptable convergent validity since all the factor loadings of all the items are higher than 0.50 and statistically significant (p < .05), CR values were greater than 0.70, indicating that the latent variable had greater internal consistency. Composite reliability (CR) > 0.70, and average variance extracted (AVE) > 0.50, which are higher than the suggested threshold values. Therefore, this study had an acceptable level of convergent and discriminant validity (Bagozzi et al., 1991; Hair et al., 2010). Moreover, Table 5 shows that the square root of the AVE values of all the constructs is greater than the inter-construct correlations. Therefore, the results support the discriminant validity of the

### Table 1
Demographic information of the respondents.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Categories</th>
<th>Frequency</th>
<th>Percentage ( % )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td>Male</td>
<td>401</td>
<td>66</td>
</tr>
<tr>
<td>Age</td>
<td>18–25 years</td>
<td>288</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td>26–34 years</td>
<td>203</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>35–54 years</td>
<td>98</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>55–60 years</td>
<td>22</td>
<td>4</td>
</tr>
<tr>
<td>Educational Qualification</td>
<td>Highschool or below</td>
<td>177</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>Bachelor degree</td>
<td>291</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td>Master degree</td>
<td>143</td>
<td>23</td>
</tr>
<tr>
<td>Occupation</td>
<td>Agriculture</td>
<td>197</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>Employment</td>
<td>133</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>Business</td>
<td>110</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>Hose wife</td>
<td>26</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Daily wages</td>
<td>89</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Self-entrepreneurs</td>
<td>36</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>20</td>
<td>3</td>
</tr>
<tr>
<td>Income</td>
<td>Less than Indian average income per year (2000 USD)</td>
<td>166</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>Average income per year (4000–5000 USD)</td>
<td>379</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>More than average income per year (Above 5000 USD)</td>
<td>66</td>
<td>11</td>
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### Table 2
Descriptive statistics.

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>S.D.</th>
<th>RATDP</th>
<th>RATFP</th>
<th>ID</th>
<th>PEB</th>
<th>EC</th>
<th>CD</th>
<th>QL</th>
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<tbody>
<tr>
<td>RATDP</td>
<td>3.86</td>
<td>0.90</td>
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<tr>
<td>RATFP</td>
<td>4.20</td>
<td>0.83</td>
<td>.227*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ID</td>
<td>3.82</td>
<td>1.03</td>
<td>.176*</td>
<td>.226*</td>
<td>1</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>PEB</td>
<td>4.20</td>
<td>0.69</td>
<td>.156*</td>
<td>.359*</td>
<td>.132*</td>
<td>1</td>
<td></td>
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<tr>
<td>EC</td>
<td>4.05</td>
<td>0.82</td>
<td>.125*</td>
<td>.410*</td>
<td>.110*</td>
<td>.195*</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CD</td>
<td>4.23</td>
<td>0.77</td>
<td>.329*</td>
<td>.216*</td>
<td>.336*</td>
<td>0.383*</td>
<td>.131*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>QL</td>
<td>3.94</td>
<td>0.87</td>
<td>.221*</td>
<td>.302*</td>
<td>.316*</td>
<td>.263*</td>
<td>.310*</td>
<td>.125*</td>
<td>1</td>
</tr>
</tbody>
</table>

Measurement Items used for the constitution of the listed variables are presented in Appendix 1.

* Correlation is significant at the 0.01 level (2-tailed).
4.3. Common method variance (CMV)

Common method variance (CMV) issues may occur when the data are collected at the same time and from the same source (Podsakoff et al., 2012). To address this issue, the Harman one-factor test was used. According to this method, there is no serious issue of CMV in the data if the total variance for a single factor is less than 50% (Podsakoff, 2003). The results show that our data revealed that the total variance for a single factor is less than 50%. Therefore, we conclude that a common method is not existing in our data set.

Table 4 CPA results: reliability and validity.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Measurement Items</th>
<th>Factor Loading</th>
<th>A</th>
<th>CR</th>
<th>AVE</th>
<th>P.Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents’ Participation in TSE Development Phase</td>
<td>RATDP1, RATDP2, RATDP3, RATDP4, RATDP5</td>
<td>0.721</td>
<td>0.883</td>
<td>0.888</td>
<td>0.616</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.781</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.879</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.875</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.641</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residents’ Participation in TSE Formation Phase</td>
<td>RATFP1, RATFP2, RATFP3, RATFP4, RATFP5</td>
<td>0.737</td>
<td>0.872</td>
<td>0.880</td>
<td>0.598</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.868</td>
<td>0.000</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>0.764</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.843</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td>0.632</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure Development</td>
<td>ID1, ID2, ID3, ID4</td>
<td>0.812</td>
<td>0.890</td>
<td>0.893</td>
<td>0.677</td>
<td>0.000</td>
</tr>
<tr>
<td>Perceived Economic benefits</td>
<td>PEB1, PEB2, PEB3, PEB4</td>
<td>0.754</td>
<td>.726</td>
<td>0.760</td>
<td>0.523</td>
<td>0.000</td>
</tr>
<tr>
<td>Environmental conservation</td>
<td>EC1, EC2, EC3, EC4</td>
<td>0.774</td>
<td>.793</td>
<td>0.793</td>
<td>0.521</td>
<td>0.000</td>
</tr>
<tr>
<td>Cultural development</td>
<td>CD1, CD2, CD3, CD4</td>
<td>0.822</td>
<td>.851</td>
<td>0.857</td>
<td>0.602</td>
<td>0.000</td>
</tr>
<tr>
<td>Quality of life</td>
<td>QL1, QL2, QL3, QL4</td>
<td>0.677</td>
<td>.798</td>
<td>0.782</td>
<td>0.518</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Notes: Bold values in diagonal represent the squared root estimate of AVE.

Table 5 Discriminant validity.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>RATDP.</th>
<th>RATFP.</th>
<th>ID.</th>
<th>PEB.</th>
<th>EC.</th>
<th>CD.</th>
<th>QL.</th>
</tr>
</thead>
<tbody>
<tr>
<td>RATDP.</td>
<td>0.785</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RATFP.</td>
<td>0.242***</td>
<td>0.773</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ID.</td>
<td>0.854***</td>
<td>0.205***</td>
<td>0.823</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PEB.</td>
<td>0.381***</td>
<td>0.795***</td>
<td>0.254***</td>
<td>0.723</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EC.</td>
<td>0.158**</td>
<td>0.618***</td>
<td>0.086</td>
<td>0.682***</td>
<td>0.702</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CD.</td>
<td>0.064***</td>
<td>0.522***</td>
<td>0.06</td>
<td>0.415***</td>
<td>0.382***</td>
<td>0.776</td>
<td></td>
</tr>
<tr>
<td>QL.</td>
<td>0.071</td>
<td>0.598</td>
<td>0.032***</td>
<td>0.365***</td>
<td>0.51***</td>
<td>0.566***</td>
<td>0.691</td>
</tr>
</tbody>
</table>

a = Cronbach’s alpha, CR = Composite Reliability and AVE = Average Variance Extracted.
development phase (RATDP), \( B = 0.306, p < .001 \) that is validating \( H1 \). The results rejected \( H2a \) that residents’ participation in the TSE formation phase (RATFP) has a positive and significant impact on infrastructure development (ID) \( B = -0.006, p < .783 \). The results confirmed \( H3a \) that residents’ participation in the TSE formation phase (RATFP) negatively impacts perceived economic benefits \( B = 0.141, P .896 \) and positively impacts on developmental phase \( B = 0.848, p < .000 \). The results show that residents’ participation in TSE formation phase (RATFP) has a positive and significant impact on environmental conservation (EC), \( B = 0.848, p < .000 \) that is supporting \( H4a \). The impact of residents’ participation in the TSE formation phase (RATFP) revealed a positive relationship with cultural development (CD), \( B = 0.911, p < .001 \), which validated \( H5a \). The results confirmed \( H6a \) that residents’ participation in the TSE formation phase (RATFP) significantly affects quality of life (QL), \( B = 0.717, p < .000 \), which validated \( H6a \). The findings indicate that residents’ participation in TSE development phase (RATDP) has a significant and positive impact on infrastructure development (ID), \( B = 0.864, p < .000 \), environmental conservation (EC), \( B = 0.220, p < .000 \), and quality of life (QL), \( B = 0.245, p < .000 \), which validated \( H2b, H4b, \) and \( H6b \). Moreover, the results show that residents’ participation in the TSE development phase (RATDP) has no significant impact on perceived economic benefits (PEB), \( B = 0.141, p < .896 \) and cultural development (CD), \( B = -0.035, p < .242 \), that is not supporting \( H3b \) and \( H5b \).

5. Discussion

Previous studies have suggested that the TSE business model is an effective method for residents’ development (Kummitha et al., 2021; Sharifi-Tehrani et al., 2022). However, there are no adequate and in-depth studies that have examined the effect of residents’ attitude towards participation concerning economic benefits, infrastructure development, quality of life, environmental conservation and cultural development of TSE formation and development phases. By examining the residents’ participation in the formation and development phases of TSE organizations, the effective variation of sustainable tourism development could be better understood. Therefore, this study contributes to the literature review on residents’ participation in the formation and development phases of TSE. This study used Ecosphere social enterprise as a case study to assess residents’ participation in two different phases of TSE. The empirical findings of SEM analysis indicate different results that could be adopted based on different phases of TSE development.

The results of the study suggested that residents’ participation in the TSE formation phase has a positive determinant of participation in the development phase. Therefore, residents’ support for TSE and tourism benefits play a mediating role in this relationship. Thus, The H1 is supported. The results also suggested that residents’ participation in the TSE formation phase negatively influences infrastructure development in TSE destinations. However, residents positively support the TSE infrastructure development phase. Therefore \( H2a \), was not supported by residents but supported \( H2b \). These findings contradict previous research by Kanwal et al. (2020), where the study results indicated that the developed infrastructure of the destination is positively related to residents’ support for tourism. Moreover, research also suggests that communities may ignore harmful tourism infrastructure development that can cost wildlife and profound damage to the ecosystem (Mandić et al., 2018).

Similarly, residents’ participation in the TSE formation phase negatively influenced residents’ economic development. However, participation in the TSE development phase positively influences residents’ economic development. Therefore \( H3a \), was not supported but yet again \( H3b \) was supported. Our study results are consistent with other studies in this field, which suggest that TSE faces many challenges in the formation phases; for example, Aquino et al. (2021) revealed that residents’ mobilization is the biggest challenge for TSE. However, Mingzhuo Wang et al., 2022 documented that TSE faces many difficulties during institutionalization. Furthermore (Lee & Jan 2019), research proved that the development phase of tourism enterprises satisfies the economic benefits of communities. Therefore, residents support the TSE development phase that plays a mediating role.

Recent research suggests that environmental conservation is an important factor in residents’ support for TSE (Dahles et al., 2020; Situmorang & Mirzanti, 2012). Our study hypotheses \( H4a \) and \( H4b \) positively influence residents’ support of the TSE formation and development phase. Chirozva (2015) revealed that residents’ perception of environmental conservation awareness is more significant in the development and involvement phases. However, de Lange and Dodds (2017) noted that TSE encourages residents to participate in environmental education programs to increase natural habitat and tourism attractions.

The TSE actively engage in local traditions and culture and exhibited its culture to tourists (Lee & Jan 2019). However, our study hypotheses obtained significantly different results. The TSE formation phase positively influences residents’ culture; however, negatively influences the development phase. Therefore \( H5a \), was supported and \( H5b \) was not supported. Our study findings are consistent with other results (Ryu
et al., 2020), who proved that formation phase of tourism development, TSE actively engage in social networks to promote cultural tourism as a visible tourism product. However, Bowers (2016) noted that growing TSE might lead to negative impacts such as cultural degradation and cultural change.

Lastly, residents’ participation in the TSE formation phase did not significantly influence on quality of life. However, residents’ participation in the TSE development phase was positively influenced. Therefore, our proposed hypotheses (H6a and H6b) obtained different results. This finding is in line with the proposition of Kamwal et al. (2020) as they revealed that the development of TSE increases the residents’ quality of life. For instance, boosting the local economy, providing local employment and business activities increases the education and health facilities. Furthermore, Lee and Jan (2019) proved that in the development and consolidation phase, residents are satisfied with their quality of life, which increased their environmental awareness and supports further tourism development.

6. Conclusion

6.1. Theoretical implications

The purpose of the Ecosphere social enterprises business model is tourism development through increased residents’ participation. This enterprise is already produced sustainable results for the Kaza, Langza, Komic and Dhankhar village residents. However, the following suggestions would help tourism social enterprises and their stakeholders to argue the favourable consequences and ensure sustainability and minimize negative consequences in tourism.

The study results contribute to the theory and practices of tourism. According to social exchange theory (Ap, 1992). Residents’ participation in the formation phase positively affected participation in the development phase, which in turn significantly achieved the perceived benefits of the Ecosphere business model. The findings also revealed that residents’ participation in the development phase fully mediated the relationship between residents’ participation in the formation phase and perceived benefits. That is, the residents’ participation in the formation phase affected the perceived benefits of tourism social enterprises only indirectly through the residents’ participation in the development phase. Therefore, residents’ participation should be encouraged not only in the development phase but also in the formation phase to generate positive results in tourism development.

Consistent with the previous research (Lee & Jan 2019; Ryu et al., 2020), the results of the study also identified the importance of understanding the impact of residents’ participation on their perceptions, particularly perceived benefits (infrastructure, economic, quality of life, culture and environmental conservation) of TSE. First, the residents’ perceived significant growth in the infrastructure due to the TSE business model. Some studies (e.g., Masson & Petitot, 2009) found that tourists’ spending on dining out culture accounted for 30% of the total spending on average. Hence, enhancement in infrastructure such as hotels and restaurants would certainly add a great addition to tourism development. At present Kaza, Langza, Komic and Dhankhar villages do not have any large restaurants. As TSEs, need to provide empowerment to small local restaurants and coffee shop owners allowing them to provide quality service to residents and tourists. In regards to the perceived economic benefits, 80% were positive responses about the income coming from homestay programs and agricultural and artistic performances (Table 4). As part of sustainable tourism development, Ecosphere authorities consistently work to provide income to residents. Many locals provide homestay accommodations to tourists and TSEs establish souvenir shops for tourists. Participation in the development phase has a positive impact on residents’ quality of life such as cleanliness in public places and pride in being a person from Ecosphere. Concerning cultural development artistic performances of Spiti Valley places a crucial role to attract tourists. Many local art forms such as the art of Zama pottery (The craft of clay pottery) were on the verge of disappearing but were preserved because of tourism development in this region. The TSEs not only preserving local art forms but also encourage other local forms like Khasha art, Indo-Aryan and Indo-Tibetan art. As a part of the tourism development, the tourism social enterprises set up art-oriented seminars to train local artists and facilitate their performances. Residents may have fewer concerns about environmental conservation activities during the TSE formation phase (Lee & Jan 2019). The increasing tourist inflow will cause communities to encounter environmental problems such as air pollution, noise, and littering, particularly, this may happen in the development phase (Schianetz et al., 2007). Previous research suggested that residents’ perception of environmental conservation in the consolidation phase is significantly higher than in the formation and development phase of TSE (Kim et al., 2013; Martínez-Román et al., 2015). Furthermore, scholars (e.g. Aquino et al., 2018) suggested that increasing number of communities are positively concerned about environmental conservation based on environmental education programs offered by the TSEs.

6.2. Practical implications

Although many professionals in the area of tourism social entrepreneurship and tourism development context acknowledge the importance of residents’ participation in TSE organizations, the participation is still insufficient and the number of problems faced by the tourism social entrepreneurs such as lack of proper infrastructures, lack of conservation of cultural and religious sites, lack of tourism centers and publicity and security. Therefore, from the practical perspective, this study suggests ways to enhance residents’ participation and thus increase perceived benefits of (economic, infrastructure development, quality of life, environmental conservation and cultural development) in Ecosphere tourism social enterprises. It also notes that most of the following suggestions are made based on author(s)-field observations and beyond the direct findings of this study.

Residents in the formation phase have less interaction with the tourism activities and tourists and thus have limited knowledge about TSE strategies for tourism development than they do in the development phase, which is consistent with the finding of (Hunt & Stronza, 2014; Lee & Jan 2019). The SEM analysis revealed that residents were not satisfied with their economic, infrastructure and quality of life benefits. The TSE organizations should conduct assessment excises for residents to know the level of knowledge about tourism. This may be helpful for TSE to drive destinations towards sustainable development. The TSE should encourage residents to participate in TSE planning. Those involving residents in TSE planning may help to develop tourism sustainably because residents know the value of socio-cultural and ecological resources. On the other hand, in the formation phase, limited tourism services are available, and few tourists visited the destination, the economic benefits at this phase are limited (Ryu et al., 2020). Therefore, during the formation phase, TSE ensures fixed employment to the residents at this phase and distributes tourism revenue to them. Furthermore, the analysis revealed that during the formation phase, residents were not satisfied with their quality of life because residents did not get proper economic benefits from tourism, as well as they believed that tourism is dominated by well-economically settled residents. Therefore, TSE must ensure that the residents have an equal opportunity to provide tourism services to the tourists.

We also suggest educating the residents, extensive training programs for residents were connected with the implementation of TSE tourism development policies, we also recommend TSEs required comprehensive tourism planning and implementation for sustainable tourism development of Kaza, Langza, Komic and Dhankhar starting with systematic tourism inventory planning. Tourism inventory planning will give the residents a broader framework and an occasion to participate in the tourism planning of TSEs. This kind of tourism planning program would give a sense of improving the quality of life for the residents.
Finally, strong stakeholder involvement in TSEs can certainly encourage residents to participate in TSE organizations. Studies have already proved that stakeholders’ participation is an important to the TSE business model (Kummitha, 2020; Sautter & Leisen, 1999). Therefore, these TSE organizations should support and strengthen the institutions that build social capital. The clubs and associations would facilitate social interaction and in turn, encourage the development of the region. At present due to the high altitude of the region, the recreational and leisure facilities are available to the tourists and residents are limited, so conscious effort from local government, NGOs and local agencies should invest in clubs, associations and recreational and leisure activities. These social activities promote tourism-related activities and allow more public participation in other TSE organizational activities.

6.3. Research limitations and further directions

This research inevitably contains some limitations that offer directions for future studies. The data collection was focused only on one tourism social enterprise in India. Thus, future studies may cover multiple locations to validate the findings that are reported in this study. Furthermore, future studies may also consider different phases of TSE development. Second, this study focused on quantitative analysis to find residents’ perceived benefits (Economic benefits, infrastructure development, quality of life, environmental conservation and cultural development). However, this study did not focus on residents’ sustainability indicators such as psychological and emotional attitudes toward the TSE sustainable development. Therefore, future research should focus on assessing the role of TSE stakeholders in promoting sustainable tourism development by using a mixed-method approach. Finally, future studies should focus on measuring community attributes toward tourism social enterprise for sustainable tourism development based on the sustainable attitude scale (SUS-TAS).

CRedit authorship contribution statement

Harshavardhan Reddy Kummitha: Conceptualization, Methodology, Writing – original draft, Data curation. Mohanad Ali Kareem: Data curation, Software, Validation. Sudharshan Reddy Paramati: Visualization, Writing – original draft, Writing – review & editing.

Declaration of competing interest

The authors declare no conflict of interest in the present study.

Data availability

Data will be made available on request.

Appendix. I: Research Instrument and Items

Residence attitude towards participation in TSE formation Phase:

1) Setting of tourism facilities (skiing, snowboarding)
2) Road and transport infrastructure development and maintains
3) Implementation of homestay
4) Solar electricity installation for homestays
5) Construction of tourism infrastructure facilities

Residence attitude towards participation in TSE development phase

1) Setting of tourism facilities (skiing, snowboarding)
2) Road and transport infrastructure development and maintains
3) Implementation of homestay
4) Solar electricity installation for homestays
5) Construction of tourism infrastructure facilities

Infrastructure development

1) Availability of public and private transport facilities
2) Construction of road facilities
3) Availability of basic facilities for tourists (Internet, electricity, telephone)
4) Accommodation facilities and restaurants

Perceived Economic benefits

1) TSE organizations create more jobs for my community
2) Tourism development leads to more development in our community
3) Tourism benefits other industries in our community (Souvenir shops, agricultural products)
4) Tourism promotes the growth of land and real estate in our community

Environmental conservation

1) TSE organizations provide environmental awareness workshops to communities
2) TSE conserves the environment in a sustainable way
3) TSE helps to preserve the natural environment
4) TSE Provide sustainable livelihoods that are linked to nature and culture conservation

Cultural development

1) TSE preserve the cultural identity of local communities
2) TSE promotes local cultural festivals
3) TSE conserve the cultural and historical buildings

Quality of life

1) TSE improves living standards in our community
2) TSE constructs cultural centers like clubs, community centers
3) TSE improves the community facilities like schools, playgrounds, theatres
4) TSE reinvest company profits to improve the destinations.

References
