

TRANSFORMATIVE TOURISM AS AN INNOVATIVE TOOL FOR RURAL DEVELOPMENT

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Abstract: This conceptual article identifies major changes in the 21st century society that gave birth to a new generation of cultural tourists and to an innovative type of cultural tourism business that meets their needs – transformative tourism. The transformative tourism business is analysed as an integral part of a transition from the paradigm of industrial to post-industrial servitized economic system by implementation of three major paradigm innovations. The research related to the development of paradigm innovations in cultural tourism provides an opportunity to supplement the existing knowledge not only about innovative ways of cultural tourism development in rural regions, but also about general challenges facing the rural development in the post-industrial society.

Key words: transformative cultural tourism, post-industrial economy, servitization, paradigm innovation, rural development policy, business model

Santrauka: Šis konceptualus straipsnis identifikuoja pagrindinius pokyčius XXI a. visuomenėje, pagimdžiusioje naują kultūrinių turistų kartą ir jų poreikius tenkinančią inovatyvią kultūrinio turizmo verslo rūšį – transformuojantį turizmą. Transformuojančio turizmo verslas analizuojamas kaip neatsiejama perėjimo nuo industrinės prie postindustrinės ekonominės sistemos paradigmos dalis, kuri įgyvendinama diegiant tris pagrindines paradigmą inovacijas. Tyrimai, susiję su paradigminių inovacijų plėtra kultūriniame turizme, suteikia galimybę papildyti turimas žinias ne tik apie inovatyvius kultūrinio turizmo plėtros kaimo regionuose būdus, bet ir apie bendruosius kaimo vystymo iššūkius postindustrinėje visuomenėje.

Raktiniai žodžiai: transformuojantis kultūrinis turizmas, poindustrinė ekonomika, servitizacija, paradigmą inovacija, kaimo vystymo politika, verslo modelis

1. Introduction

Tourism business is making great efforts by increasing the number of tourists interested in cultural travel and to raise people's interest in cultural tourism in general. This ambition is supported in many regions by a variety of policy measures, including rural development programmes, promoting the use of local cultural resources as a way of developing the region. However, majority of supported projects were dealing with the simplest forms of tourism and do not aim to encourage innovations in cultural tourism, especially radical ones. This situation shows a lack of capacities to innovate, because at the beginning of the 21st century, new motives and opportunities for cultural tourism are appearing to be influenced by new realities of post-industrial society. Surveys of trends in the tourism industry show that travellers are looking for a completely different kind of service that reflects a fundamental changing lifestyle that manifests itself in a desire for more self-realization and evolution towards a more complex personality (ATLAS, 2007; Skift report, 2014; World Tourism Organization, 2018). An easy available knowledge and the growth of global interconnectedness by easy travel and information and communications technology has widened the mind and holistic view of people's experience of the world, pushing business activities into new creative areas to meet the demands of the modern post-industrial society (Tinagli et al., 2007). In response to new customer needs, a specific innovative types and forms of travel are emerging in cultural tourism sector. Academic and sector-based research increasingly confirms this trend, albeit using different terms to communicate the shift towards the new travelling mind-set.

The efforts of academic community to provide an explanation for emergence of new types of cultural tourism based on the holistic approach are still concentrated on such innovative types of cultural tourism as “creative tourism” and “experiential tourism”. This article is focused on the last stage in current cultural tourism evolution process – transformative tourism, which evolved from creative and experiential cultural tourism. Most academics frame it as

“transformative tourism” or “transformational tourism”. We will use the term “transformative tourism”.

Previous studies have discussed a transformational power of travel and suggested that in many cases transformation occurs incidentally on gaining new perspectives from other cultures or from reading about a destination before or after a trip (Kottler & Montgomery, 2000; Kottler, 2002; Roberson, 2002; Lean, 2009; Saunders et al., 2014). In our opinion, any travel has greater or lesser transformative effect, but the segment of transformative tourists differs by its deliberate intention to use a travel for transformation. Getting involved in transformative travels is based on the same reasons as transformative learning – frustration with the current situation and the search for something new. Two major features of transformative tourism as special type of tourism should be emphasised: 1) the traveller's deliberate intention to transformation, and 2) long lasting impact of transformation to tourist thinking and behaviour. Both identified features demonstrate qualitative differences of the transformative tourism in comparison with other types of tourism and indicate that transformative tourism services can be attributed to the big group of services and service systems aiming to affect the individual and collective well-being, which is defined as “transformative services” (Ostrom et al., 2015). Transformative service research is proposed as a “new area” in consumer and service research (Anderson et al., 2013) and all insights from this field of research are closely related to transformative tourism research. “We’re at a point where the planet needs a higher consciousness, and transformational travel can give us that,” says cofounder of Transformational Travel Collaborative and founding president and CEO of Wildland Adventures Kurt Kutay. “It’s the step beyond authenticity and experiential travel we need.” (Trimblet, 2017).

When defining the transformative cultural tourism, it is also important to note that it covers smaller group of services than the transformative tourism and is the subset of transformative tourism. Travel agencies often offer transformative tourism services in the form of so-called “heroic” or “adventure” travels, when tourists take part in physically challenging outdoor activities in remote or exotic locations. In many cases, such travels cannot be classified as cultural travels. Tourists engaged in heroic travel seek to transform their physical and emotional qualities rather than their cultural values. Transformative cultural tourism is focused on how to use cultural components of a visited place for individual or collective transformation.

Transformative cultural travel can be focused on different areas of local culture – spiritual, physical, intellectual, and emotional. Although there are large number of studies on a whole range of special interest travel (such as yoga and spirituality, language travel, voluntary, ecotourism, etc.) dealing with transformative tourism, they are one special kind of travel-based researches and do not provide a whole picture and general specific features of this new type of cultural tourism. The research on transformative tourism as a new type of cultural tourism, which looks beyond the concept of experiences and how to fulfil them, is limited by few academic studies (Lean, 2009; Ross, 2010; Reisinger, 2013 and 2015; Wolf et al., 2017; Soulard et al., 2019). Researchers are just beginning to scratch the surface of the interdisciplinary topics that are vital to the development of the transformative tourism. A failure to work across disciplines has prevented researchers from recognizing important studies in the evolution of needs of cultural tourists and available means to meet them from organizational and development perspective. Accordingly, any effort to conduct research on the key characteristics of transformative travellers and transformative cultural tourism business based on evolutionary approach of postindustrialism is almost non-existent. This has resulted in significant gaps in the literature on management and policy of tourism innovations in attracting and managing emerging new generation of cultural tourists by means of adapting to servitized and knowledge-based post-industrial economic system.

This study addresses the need for holistic and systematic approaches to evolution of cultural tourism, so far lacking in the scientific literature. The aim of the paper is to discuss the key challenges and provide some guidelines based on the theory of servitization for rural entrepreneurs and rural development policy makers wishing to develop transformative cultural tourism in rural regions. The challenges are related to three major paradigm innovations of servitized post-industrial socio-economic system and the barriers to implement them in tourism. The paper proposes a conceptual framework to better understand a new roadmap for

future economic thinking and challenges to the rural and regional development policy by diffusion of cultural transformative tourism services as a post-industrial way to develop regions.

2. Theoretical background

Transformative cultural tourism business takes a long-term perspective and can result in high-value social, cultural, and environmental benefits as well as financial profitability. Although this new form of tourism shows great potential, efforts of enduring the transformational travels into cultural tourism business practice are still rare and unsystematic. In our opinion, the key obstacle to develop transformative tourism business is slow spread of post-industrial paradigm innovations in tourism business ("paradigm innovations are changes in the underlying mental models, which frame what the organization does" (Bessant and Tidd, 2007, p. 13.). Limited research on transformative tourism has shown that it is not sufficient to merely provide "an alternative and special interest tourism" experiences only, which are solemnly based on the market segmentation principle (Reisinger, 2013). The radical changes in consumers' lifestyles, values and consumption patterns must be met by equal radical innovations. However, to date, most innovations in tourism have been incremental rather than radical (Hjalager, 2010). Tourism innovations are usually characterized by moderately innovative businesses and often constitute developments such as product differentiation, product line extension via brand policies, or changes to the cost (price)/quality ratio of the product (Sundbo et al., 2007; Camisón and Monfort-Mir, 2012; Weidenfeld and Hall, 2014). Development of cultural tourism based on the transformative tourism concept requires qualitatively new decisions of methodological and applied character from the perspective of customers, entrepreneurs and policy-makers. It means that efforts of scholars are needed to explore the phenomenon of transformative tourism through the prism of key paradigm changes in the economic system.

In order to highlight the role of paradigm innovations in cultural tourism, the analysis was conducted using a systematic research methodology that treats the research subject as a system that is an integral part of a larger system (Abnor, Bjerke, 1997). The rise of transformative cultural tourism is viewed as an integral part of the transition from an industrial to a post-industrial economic system and the suggested new decisions are based on the theory of post-industrialism.

Following earlier agrarian and industrial "revolutions", post-industrialism suggested yet another revolution that would again transform how societies were organized (Hoey, 2015). Transformation of the societies' organizational model happens by the implementation of several paradigm innovations. The academic community is still discussing on the full list of paradigm innovations in post-industrial economic system, however most of the scholars agree that holistic view should be based on the key innovation – a transition from the producing and providing products as goods to service delivery, with very few firms directly manufacturing any goods. Although the role of the service sector was emphasized from the outset (see Bell, 1974), the real difference between the mental models of industrial and servitized post-industrial economic systems became apparent only in the 1990s'. After two decades of criticism on service-oriented character of post-industrial economic system, the clear evidence has emerged that manufacturing firms are servitizing – either adding services to or integrating services in their core products. The term "servitization" was first mentioned in 1988 by Vandermerwe and Rada in the article "Business Servitization: Adding Value by Increasing Service Volumes". Since then, the term has become more widely used in academic and professional business literature, and over the last two decades, it has become one of the most popular new terms in academic and professional business literature. Servitization has been extensively studied as a post-industrial way of planning and doing business in many aspects and has become one of the main subjects of new research in many social science disciplines, especially representing management, entrepreneurship, marketing, and operations management sciences. Since the 1990s, the body of literature on servitization increased significantly, and this topic seems to have become relevant to all scholars involved in research into the development of economic and social life (Baines et al., 2009). Recently, the concept of territorial servitization of states and regions and its impact on regional viability is being analyzed (Cuadrado-Roura, 2016). In this context,

the term “servitization” is taking on a broader meaning and is used as an analogy to the term “industrialization”. The industrialization is understood as the transformation of an economic system by which traditionally, nonindustrial sectors (such as agriculture, education, health, etc.) of an economy become increasingly similar to the manufacturing sector of the economy. The servitization can be defined as the penetration of service delivery elements into all areas of the economy by gradual shift from product-driven business model to service-driven business model (Vidickiene, 2017, p. 474).

The major challenges for development policy makers dealing with differences between industrial and servitized post-industrial economic system are covering the following questions: 1) what are the key resources driving the economic development, 2) how successful business model must be designed, and 3) how economic system of regions should be managed. Each question frames the area of major paradigm innovations in post-industrial economic system building from the perspectives of 1) customers, 2) entrepreneurs, and 3) policy-makers.

In post-industrial society, the value priorities of Western publics were shifting from materialist values toward postmaterialist values (Inglehart, 2018). Wherefore the first paradigm innovation focuses on disruption of industrial mental model based on the belief that the main driver of the economic development are tangible and financial resources. The post-industrial development theory argues that at current stage of evolution, the key resources essential to business success are intangible resources. As based on the evolutionary approach, post-industrialism does not ignore the role of the tangible and financial resources but emphasize a new challenge for business to increase and manage intangible resources. The transformative cultural tourism is especially sensitive to the quality of available intangible resources and success of its development directly depends on the capacity of developers to employ unused knowledge on local cultural practices and other intangible resources, according to growing dematerialized needs of customers.

The second paradigm innovation focuses on the shift from industrial product-driven business model to service-driven business model as a key driver of the economic development in post-industrial economy. The scholars are still concentrated on transition to service-driven business model in manufacturing. However, servitization movement encompass all areas of the economy requiring restructuration of economic system as any case of business servitization in manufacturing or agricultural enterprise means that some activities are taking from current service sector. Transformative tourism development best illustrates how the servitization is blurring the line between manufacturing, agriculture and services by the accumulation of two or all three activities attributed to special traditional sector of economy in one enterprise. Understanding the mechanism of re-distribution between sectoral activities is a prerequisite to provide high-quality transformative tourism services.

The third paradigm innovation focuses on the question “How to increase the servitization capacity by innovation policy instruments?” When evaluating the impact of servitization strategies, emphasis has been placed primarily on organization-level benefits and competitiveness (Smith, Maull, & Ng, 2014). However, it becomes clear that smooth transition from an industrial to a post-industrial economic system is often impossible only through business efforts. Servitization movement requires an innovative combination of activities across a wide range of economic sectors and subsectors and provides new rationale for having territorially based trans-sectoral innovation systems (national, regional, or local). The needed changes are so multi-faceted and complex that they can only be implemented with the help of public authorities. In order to encourage business servitization, there is a need to apply the concept of territorial servitization as new approach in regional innovation policy. Research in territorial servitization theme focuses on knowledge-intensive businesses (to which also can be attributed transformative cultural tourism), treating them as one of the key engines to regional development.

The conceptual framework of three major paradigm innovations in post-industrial economic system from the perspectives of customers, business and policy-makers provide the guidelines for entrepreneurs and rural development policy makers how to develop transformative cultural tourism and use it as a tool for development of rural regions.

3. The incentives and barriers to implement paradigm innovations in transformative cultural tourism development

This chapter explores how to encourage development of transformative cultural tourism by implementation of paradigm innovations which are common for all sectors in post-industrial economy. The suggested framework focuses on three key differences between the mental models of industrial and post-industrial service-driven economic systems. There is a three-step framework for implementation of paradigm innovations, discussed in the previous chapter, as they present holistic set of major challenges to development of cultural tourism business and rural policy.

Paradigm innovation 1. Focusing on employment of intangible cultural resources

The first step of transformative cultural tourism development should start by changing mental model of the definition of culture according to the customers' needs. Although the academic world has, to a greater or lesser extent, agreed that cultural tourism is a movement of tourists for cultural reasons (Jovicic, 2016), only the last studies has taken into account that culture as a social phenomenon can be understood in a narrow or broad sense. So far, exploring and exploiting the potential of the cultural tourism, business scholars, entrepreneurs and tourism policy-makers have focused on the narrow definition of culture limited by *material manifestations of previous human activity*. Focusing on the material manifestations, the cultural tourism business is defined and analysed as visits to museums, archaeological, historical and industrial sites, art exhibitions, and other material cultural resources. Focusing on the previous human activity, most researchers treat cultural tourism as "heritage tourism", which involves the consumption of historical and cultural heritage, which gives testimony to the past, an interest in the past and describe it as "heritage tourism" (Poria, Butler, & Airey, 2003; Timothy & Boyd, 2006). The narrow approach to the concept of culture was also confirmed by the International Charter for Cultural Tourism, which states that cultural tourism is a form of tourism, which has the objective, among other aims, to discover and learn more about monuments and places of historical and artistic interest (ICOMOS, 1976).

According to the broader concept of "culture", culture encompasses distinctive spiritual, intellectual, material and emotional qualities that characterize society or social groups. It also includes patterns of life, fundamental human rights, value systems, traditions and beliefs. In its broadest ethnographic sense, culture is "that complex whole which includes knowledge, belief, art, law, morals, custom, and any other capabilities and habits acquired by man as a member of society" (Tylor, 1871, p. 1). Studies on the tourism situation demonstrate an increasing segment of tourists focusing on a broad definition of culture (ATLAS, 2007; Skift report, 2014). The much broader nature of contemporary cultural tourism confirms the United Nations World Tourism Organization at the 22nd Session of the General Assembly held in Chengdu, China by a new operational definition of cultural tourism: "Cultural tourism is a type of tourism activity in which the visitor's essential motivation is to learn, discover, experience and consume the tangible and intangible cultural attractions/products in a tourism destination. These attractions/products relate to a set of distinctive material, intellectual, spiritual and emotional features of a society that encompasses arts and architecture, historical and cultural heritage, culinary heritage, literature, music, creative industries and the living cultures with their lifestyles, value systems, beliefs and traditions" (World Tourism Organization, 2019, p. 30).

According to a report by the World Tourism Organization (2018), the field of cultural tourism has moved away from the previous emphasis on classic western tangible heritage towards a much broader and inclusive field of diverse cultural practices in all corners of the globe. Rather than just visiting new heritage objects, tourists are looking for ways to get to know the local culture, interact with the locals in a meaningful way, and feel more local than tourist. In addition to information about the local history, tourists also want to gain new practical knowledge and skills.

Academic research also confirms growing interest in intangible cultural resources (Frey, 2009; Richards, 2011a, 2011b; Jovicic, 2016; Richards, 2018). The literature review shows that motivation and behaviour of cultural tourists are changing towards post-industrial dematerialized

values. Summarising discussed changes two new trends can be observed in cultural tourists needs:

- Shifting from acquiring information and viewing experiences to gaining skills for transformation;
- Shifting from interest in historical artefacts to interest in living cultural practices.

The first trend deals with the extension of spatial characteristics of cultural tourists needs. The segment of transformative tourists demonstrates the highest level of motivation to travel for cultural tourism reasons as a wish to acquire not only information on local culture and viewing experiences, but also new practical knowledge and skills. The travel should give an opportunity to become familiar with a new cultural practice and gain skills to adapt it to the lifestyle of the tourist. Culture refers here not to particular types of knowledge, but to fundamental new processes of transformative learning that are nourishing, healing, and restorative.

The second trend deals with temporal characteristics of definition of culture. Traditional cultural tourism tours and Internet provides a lot of information about historical artefacts but the transformative tourists are not oriented to the past. They want to learn from the living cultural practice which could be applicable in their life. The transformative tourists have a critical attitude to the cultural norms, lifestyle, traditions and values inherited from their own families and communities. The globalization is raising their doubts by a spread of information flows on alternatives. New opportunities to know different cultural practices and evaluate their impact to quality of life encourage people to revise their behaviour and attitudes. The perception that "cultures are rules and laws which are passed from one generation to the next generation" became not attractive for a growing share of people and gives a new meaning to world-famous definition of "sustainable development" developed by the Brundtland Commission and described as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987, p. 43). Nevertheless, before starting integration into a new culture, people want to test new perspectives during transformative travel.

Both trends are asking the extension of cultural tourism business services. Till now, transformative cultural travels were mostly oriented on spiritual cultural practices. The needs of self-transformation have been realized mainly by religious, pilgrimage, yoga forms of tourism. In the 21st century, the interest of tourists has grown to learn about other elements of human culture dealing with intellectual, emotional and physical cultural practices in very different areas of human life. Best pioneering initiatives of transformative tourism around the globe show that people are traveling with hope to find the most important elements of human culture for themselves, including agriculture, food culture, housing culture, healing culture, community building culture, conflicts solving culture, etc. A lot of people travel to find a way to transform their environment, not their personality. The globalization and growing mobility open a lot of opportunities to learn from different cultures and compose its own cultural system as a mosaic of cultural elements learned at visited places.

Rural regions usually are not rich with tangible cultural resources, but, in the context of prescribed changes, a lot of transformative tourism destinations can be proposed in rural areas. In our opinion, success factor in transformative cultural tourism development is the attention shifting from cultural practices with a long history to innovative or marginal cultural practices with the capacity to encourage change in attitude and behaviour. Interesting local living cultural practices, relevant to development of transformative tourism, are available in every region, including rural ones. The possible diversity of services in transformative tourism at one rural destination demonstrates eco-villages where the tourist has an occasion to become familiar with a number of new eco-culture components. Evidence from European case studies suggests that ecovillages have a big potential to involve tourist into transformative learning trainings dealing with technical aspects of new eco-culture in everyday life (nature friendly agricultural technics, waste management, eco-housing, heating, etc.) (Palojärvi et al., 2013) or with organizational and social aspects of communal life as living place planning, local money, decision making models, conflict resolution culture, etc. (Vidickiene, 2013). The initiatives of ecovillages in transformative tourism also show that many destinations are employing rather new or just

emerged original cultural practices based on the concept of permaculture broadened from agricultural systems design towards human habitats.

Transformative tourists do not follow traditional travel patterns and even do not accept being called tourists. For this reason, development of transformative cultural tourism in rural regions has a good perspective, but success depends on the efforts of entrepreneurs and rural development policy-makers to shift from investments to preservation of tangible objects of cultural heritage to employment of intangible cultural resources available in form of living cultural practices. The first step is the identification of local living cultural practices with the potential to be attractive for transformative travellers.

Paradigm innovation 2. Servitization of the cultural tourism business as a way to provide high-quality transformative tourism services

The next step is servitization of the cultural tourism business. The servitization movement is pervading almost all industries but is still weak in tourism business. Despite the fact that according to statistical classification of economic activities, the tourism business is included in the service sector, the traditional concept of cultural tourism built in industrial economy is based on product-dominant logic and concentrates on the development of specialized enterprises producing and selling “tourism product”. The discussed evolution of cultural tourists’ needs is requiring re-examination of tourism business model. However, most case studies on transformative cultural tourism projects are not devoted to the understanding, description and formalization of the underlying business model of enterprises and local communities that move into transformative cultural tourism business. Specifically, little attention has been placed on required profound modifications in the list of transformative tourism business services providers as the key challenge is to be involved in transformative tourism business of new players coming from various sectors. Insights derived from limited studies of transformative cultural tourism projects demonstrate that successful initiatives are focusing on those aspects of business that align with the theory of servitization (Reisinger, 2015; Smith, 2017; World Tourism Organization, 2018). The servitized business model is particularly attractive to farmers and rural entrepreneurs shifting to lifestyle entrepreneurship (Vidickiene, 2017). Supplementing their core business with tourism services, such entrepreneurs maintain a desirable lifestyle and promote it in the society.

More deep cultural transformation occurs in such cases when providers of tourism services are not specialized travel agencies, but enterprises or local communities engaged in a certain cultural practice and promoting its development in society. For example, it could be a biodynamic farm, which besides the main biodynamic gardening activity offers service to tourists who want to practice in this agro-ecological approach to gardening; horse farm which starts with training for tourists on how to use horses for therapy; producer of traditional local handicrafts who trains tourists skills in old disappearing craft technology, etc. Such entrepreneurs implement business model called “Product plus Service System” (some authors use the name “Product-Service System”) by adding to their main business activities the provision of the transformative teaching and hospitality services for tourists (see Fig. 1).



Fig 1. Process of main business activity servitization by transformative cultural tourism services.

What are the critical factors that drive transition from product-driven business model to service-oriented business model in cultural tourism? In our opinion, the key factor is requirements to the quality of transformative tourism services. Transformative cultural tourism must be a tourism that enables transformative learning. A key aspect of transformative learning is providing a context for reflection (Taylor, 2007). But a guide trained on the bases of codified knowledge will not be able to offer their clients (tourists) something more than a superficial introduction to a new culture. Visiting the point of destination, transformative tourists hope to acquire not only formal, codified tangible knowledge transferred by the guide of tourism agency. They want to perceive (1) a new element of culture through the method of “learning by doing”; (2) experience new cultural practices by interacting with local people engaged in a certain cultural practice; and (3) learn on the basis of the tacit knowledge of their mentor that is difficult to transfer to another person by means of writing it down or verbalizing it. Transformative tourists need a mentor who has a tacit knowledge acquired during practicing the culture. This is the kind of knowledge that is difficult to transfer to another person by means of writing it down or verbalizing it. For this reason, only a practitioner is able to integrate a tourist into local culture and discuss with critics. In this context, delivering of transformative tourism services in farm or rural enterprise using business model “Product plus Service System“, gives more chances to provide high quality service.

Paradigm innovation 3. Supporting development of transformative cultural tourism by promoting territorial servitization?

Businesses are not always able to respond to cultural transformation needs and offer tourism services that customers want to receive. In parallel with conventional obstacles to implementation of innovations (risk aversion, lack of time and funding, length of the project, etc.), special barriers occur in the process of two discussed paradigm innovations implementation. The barrier to implementation of first paradigm innovation can be defined as “resource interpretation gap”. The resource interpretation gap occurs when farms and rural enterprises possess the necessary assets to innovate but do not fully understand and manage their potential in the context of tourism development (Hjalager et al., 2018). The task of policy makers is to find a way how to activate the potential of local intangible cultural resources for development of transformative cultural tourism business.

The barrier to implementation of second paradigm innovation can be defined as a lack of skills in transformative teaching. The servitized businesses can offer knowledge and skills on promoted cultural practice, but they need training in transformative teaching strategies and technics. By the way, transformative tourism may be defined as innovative learning/teaching method which not only enables a person to get new information, but also shows a suitable context of the cultural practice and allows testing of the new cultural values in practice. As the theory of transformative learning proposed by Mezirow (1991) continues to evolve by

including new perspectives on adult learning and development, it is clear that cultural tourism is becoming a special form of implementing transformative learning.

Rural development policy should help entrepreneurs to overcome or break down barriers to both paradigm innovations. However, there is not enough to give answers to the question: “What kind of support is needed?” Overcoming or breaking down barriers to analysed paradigm innovations in the development of transformative cultural tourism business require cardinal changes in traditional policy making modes and organizational structure. The key challenges when servitizing farming or other rural businesses by transformative cultural tourism services include implementation of the third mentioned paradigm innovation – promoting territorial servitization in rural regions.

The policy challenge is that a shift of tourists’ interest from cultural artefacts to intangible cultural resources and the differences between servitized and product-driven tourism business model require cross-sectoral or even transdisciplinary policies. As a result of business servitization, the transformative cultural tourism development spans more than one sectoral jurisdiction and therefore requires a co-ordinated response in policy formulation and implementation. For example, if winegrowing businesses supplements farming activities by tourism services, it made the profile of such businesses different from those that were situated in tourism or wine alone (Hall & Baird, 2013). The diversity of non-traditional cultural tourism supply stakeholders entering into the transformative tourism business is blurring sectoral boundaries and requires applying integrated rural development approach by promoting territorial servitization. In the context of servitization, integrated rural development means the integration of activities across sectors of the economy into an entrepreneurial ecosystem of economic activities where one component complements another, creating synergistic effects.

The territorial servitization approach is based on an entrepreneurial ecosystem concept and focused on the development of knowledge-intensive business services in certain territories. This approach is relevant for transformative tourism services as they can be classified as knowledge-intensive business services. In search of the best ways on how to encourage territorial servitization processes, recent research suggests moving from regional policies that offer certain measures to promote entrepreneurship to policies to create an “entrepreneurial ecosystem” in the region (Horváth & Rabetino, 2019). The entrepreneurial ecosystem approach contains a shift of traditional economic thinking about businesses, and especially on markets and market failure, to a new economic view on people, networks and institutions (Stam, 2015). The entrepreneurial ecosystem approach also feeds the shift in entrepreneurship policy from the quantity to the quality of entrepreneurship. The policy should not be about maximizing a certain indicator of entrepreneurship, but about creating a context, a system, in which productive entrepreneurship can flourish (Stam, 2015).

The concept of territorial servitization, proposed as the most suited to the modern post-industrial economic system, is still in its infancy. However, in our opinion, it is a promising direction for future research in rural development. Territorial servitization policies have a long-term perspective as, according to studies, regions benefit from servitization processes via the interplay of generating employment opportunities, opening up new markets, contributing to rebuild the competitive advantage of local businesses, enabling an efficient allocation of technology resources, etc. (Vendrell-Herrero & Wilson, 2017; Lafuente et al., 2019; Gebauer & Binz, 2019). At the same time, territorial servitization concept provides new rationale for place-based view of integrated rural development promoted by the Organisation for Economic Co-operation and Development as a new paradigm for rural development (OECD, 2006).

4. Conclusions and discussion

Tourism plays an important role in regional development strategies of many localities. Tourism business is a powerful tool to catalyse economic and social development of rural regions suffering from outmigration and economic decline in traditional staple industries, such as agriculture, fishing, timber, and mining (Brouder, 2013; Carson & Carson, 2011; Rogerson, 2015; Saarinen, 2014). “Tourism has become synonymous with regional development in rural and peripheral areas” (Brouder, 2012, p. 334), because tourism can provide alternative sources

of revenue for regions where traditional industries have declined, and whose economies have suffered as a result. A phenomenon of a growing importance in rural development is cultural tourism. Culture and tourism were two of the major growth industries of the 20th century, and towards the end of the century, the combination of these two sectors into “cultural tourism” had become one of the most desirable development options for countries and regions around the world (Richards, 2011a).

Mass cultural tourism mostly associates with urban tourism. However, rural regions have a lot of opportunities to develop transformative cultural tourism not only as a niche in the nature tourism. New social movements dealing with agroecology, health food, and ecovillages are pushing people to transformation of daily routines and consuming culture. The inspiring stories in media and rural development studies (e.g., Palojärvi, et al., 2013; Reisinger, 2013 and 2015; Vidickiene, 2013; Vidickiene et al., 2019; Walter, et al., 2018; Wolf et al., 2017) show that entrepreneurship in rural areas could find a unique blend of resources relevant for transformative cultural tourism business, either inside or outside of agriculture, and propose rural areas as the best travel destination for learning how to change itself and a society currently concerning the most recent issues.

Transformative cultural tourism development in rural regions takes the first steps but shows great potential in generating economic, social, cultural, and environmental effects and ensuring development focused on long-term viability rather than short-term profits. Delivering of transformative cultural tourism services is an attractive way to diversify activities of farmers and other rural entrepreneurs because this form of tourism allows creating new livelihoods for local people by employing unused intangible cultural resources. A new project of transformative tourism can assist for rural community by providing the tourists as additional customers for various local businesses, including local food and crafts. Development of transformative cultural tourism is also a promising way to revitalize rural tourism business. Diversification of rural tourism business by transformative cultural tourism services is especially useful for rural development at the present time as, according to the study of Lane and Kastenholz (2015), many rural tourism destinations entered the final phase of Tourism Area Life Cycle and need regeneration through innovations. For this reason, the emergence of the transformative cultural tourism as an innovative type of cultural tourism should receive special attention in rural development policy.

The problems of transformative cultural tourism development are one of the most illustrative examples of the nature, importance and benefits of paradigm innovation for development of states and regions, including rural ones, since evolution of cultural tourism best illustrates the changes in prevailing mental models that are a reflection of traditional culture. As a result, research on the incentives and barriers to disrupt the industrial mental models practising on transformative cultural tourism development provides an opportunity to complement existing knowledge not only on the evolution of cultural tourism but also on how regional and rural development should meet the needs of the post-industrial society, where services dominate in output, employment, and value added. This growth in services pushes entrepreneurs and policymakers into the area of unknown intangible reality. The socioeconomic system evolved into more complex phenomena where a big share of resources is intangible and for managing it, we need a new roadmap for future economic thinking. The task of scientists is to make this new roadmap. New characteristics of servitized socioeconomic system should be well defined and integrated into the mental model of entrepreneurs, policy makers, and academics.

Mental models are enduring and resistant to change (Genter & Stevens, 1983). As pointed out by John Ikerd in his book “Crisis and opportunity: Sustainability in American agriculture”, “successful old paradigms, such as industrialization, often collect a host of avid, but unwitting, advocates. The advocates tend to apply their industrial paradigm – unconsciously, spontaneously – to any problem that arises. They separate, sequence, analyse and organize as a matter of standard operating procedure. Integration, simultaneity, synthesis and spontaneity are missing from their mental problem-solving tool box. Thus, they are automatically led to specialization, never to synergism, as their logical solution, regardless of the nature of the problem” (Ikerd, 2008, p. 32). However, we live in a time of paradigm shifts and the future will require new ways of thinking based on meta-knowledge elaborated by integration of

different disciplines. The article is an invitation to both researchers and practitioners to extend the ideas proposed under the umbrella of three key paradigm innovations as a basis for understanding specific features of the development in the post-industrial socio-economic system, beyond the limits of industrial era modernism based on the technological innovations.

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