



## Rural Community Tourism and Sustainable Advantages in Nicaragua

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This paper focuses on the study of successful Rural Community Tourism (RCT) experiences in Nicaragua in order to enlarge the framework of analysis for the sustainability of tourism. Applying the resource-based theory of the firm to the tourism field, the research defines a theoretical framework where local resources and capabilities are combined through organization and strategical actions that result in the emergence of competitive advantages promoting the sustainability of the community life, while ensuring a durable approach of the tourism projects. The model is then tested empirically in a Structural Equation Modelling (SEM-PLS) setting, relying on 580 structured questionnaires gathered in 19 RCT experiences in Nicaragua. In this way, the study provides a novel framework to analyse the key pieces ensuring the sustainability of tourism initiatives. This becomes an important contribution to the literature in times where the globalisation of tourism flows result in unattainable negative impacts for resident populations at the level of destinations.

**Keywords:** Rural Community Tourism, Developing countries, Resource-based theory, Sustainable advantages, Community life, SEM-PLS modeling, Sustainable tourism.

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### 1. Introduction

The capacity of tourism to improve the living conditions of people has resulted in the emergence of new destinations all over the world, with a number of developing countries entering the tourism market recently (UNWTO, 2018). For many of these countries, rural tourism has become an important product, allowing the local communities to share their natural environments with tourists seeking for more authentic experiences (Chin et al., 2017). Tourism initiatives help rural communities to diversify their sources of income, creating new jobs, and avoiding the flight of young people to urban areas (Mair, 2006). In this context, Central America continues to grow in popularity as a tourism destination due to cultural and natural attractions, biodiversity, and affordability (Hunt et al., 2015). Nicaragua is becoming an attractive option in the region, with 1.8 million visitors and 18% of growth rate in international

arrivals in 2017 (LaVanchy, 2017; Usher and Kerstetter, 2014). Rural Community Tourism (RCT) is an experience of community based tourism present in Nicaragua since more than two decades ago (López-Guzmán and Sánchez-Cañizares, 2009). In RCT projects the local population retains substantial control and capacity of decision over the tourism planning process (Razzaq et al., 2013; Inostroza, 2008). The current investigation focuses on the study of RCT experiences in Nicaragua with the objective of better understanding how this type of projects could help to consolidate a wider notion of sustainable tourism. The contribution to the literature comes from a number of sides.

First, given the unprecedented growth of international tourism since the beginning of the century, researchers have been wondering how to limit its negative effects (Boley et al., 2017). Recent studies also seek to understand how to gain increasing support for tourism by the local population (Brida et al., 2011). One important recommendation is to promote the involvement of residents in the tourism planning process and sharing of benefits (Jurowski and Brown, 2001; Fun et al., 2014). The literature usually refers to the local community as a key stakeholder in the development process, but not as the central actor (Lee and Hsieh, 2016; Lyon et al., 2017). In the case of the RCT, the community becomes the leading actor in the development of tourism, with the help of the regional government, this being an important demonstration effect of how to reach new forms of sustainable tourism (Franzoni, 2015; Missimer, 2013).

Second, Nicaragua is an important case study because of the own characteristics of their rural communities. Capacitation and education levels of people in the West of Nicaragua appears to be relevant, with more than 50% of them being trained in rural tourism activities, also showing secondary and university levels of education. Moreover, these communities present a great sense of identity linked to their indigenous history and heritage, being also conscious of the richness of the natural environments they live in. This confers the rural communities an idiosyncratic approach when engaging in tourism initiatives (López-Guzmán and Sánchez-Cañizares, 2009). The population feel the opportunity of accessing to new sources of income and social benefits, but preserving the cultural and natural resources. Local identity and community history are two of the key resources of the local offer. Tourism also allows to attend the necessities of some feeble collectives (women, young people), providing new services that lack at the rural areas (i.e., health and sanitary facilities), and promoting an integral development path. Despite the important lessons for rural tourism initiatives that the Nicaraguan case can provide, the number of studies on the country is still scarce.

Third, the literature on rural tourism is mainly focused on cases of developed countries, usually being part of a broader regional and agriculture policy approach (see i.e., The European Network for Rural Development [https://enrd.ec.europa.eu/home-page\\_en](https://enrd.ec.europa.eu/home-page_en)). The case of Nicaragua introduces a developing country analysis. Borrowing from the resource-based theory of the firm (Peteraf, 1993; Wernerfelt, 1984), the paper designs and tests a model where the main outcome is the reproduction and enhancing of the community life itself. In line with the tourism planning literature, the research revisits the ideas that successful sustainable initiatives require of a clear engagement of local populations and a community based bottom-up strategy of development (Telfer and Sharpley, 2016; Twining-Ward and Butler, 2002).

After this introduction, the rest of the paper is as follows. Section 2 reviews the literature, presents the theoretical framework, and states the research hypotheses in the model. Section 3 sets up the data set and methodology of the study. Section 4 presents

and discusses the results of the investigation, while section 5 concludes and includes some implications and future extensions of the research.

## **2. Theoretical framework and research hypotheses**

### *2.1 Community based tourism and sustainability*

Despite that the community focus is present in tourism studies since a number of decades ago, only recently authors have started to highlight the central role that the host community plays in conferring a sustainable dimension to tourism (Lo et al., 2012; Falak, et al., 2014). Murphy (1985)'s book on *Tourism: A Community Approach* opened an important debate emphasising the importance of local initiative, and the need of planning tourism products in accordance with community benefits (Tolkach and King, 2015). John Urry (1995) defined different usages of the community term, including the idea of community as a place-based concept, a local social system, and the feeling of 'communitas' or togetherness, all them being present at certain extent in the RCT case. More recently, Choi and Sirakaya (2006) focused on the community dimension with regards to sustainability. The sustainable approach requires firstly that economic benefits should be fairly distributed throughout the local population (Pusiran and Xiao, 2013). The natural environment must also be protected as a resource for present and future generations (Ghoddousi et al., 2018). Socio-cultural sustainability implies respect for the local identity, social capital, the community culture, and the local lifestyle (Manyara and Jones, 2007; Missimer, 2013). New contributions to tourism sustainability incorporate the perspective of stakeholders through a network approach (Lee and Hsieh, 2016). This approach recognises the central role of the local community and public authorities in sharing the leadership for designing and implementing sustainable strategic planning (Franzoni, 2015).

Sustainable tourism initiatives have to be attainable by the local community (Wearing and Neil, 2009). The development path followed is an important issue too (Allen et al., 1988). The community based approach requires the benefits of tourism to be directly connected with the local requirements (Missimer, 2013). Those challenges include the conservation of natural, social and cultural resources, the capacity of providing an economic return to residents, employment opportunities to fragile collectives, and in general the increase of the local quality of life (Mathew and Sreejesh, 2017; Telfer and Sharpley, 2016).

### *2.2 The resource-based theory of the firm and competitive sustainable advantages*

The theoretical framework of the research builds on the resource-based theory of the firm and strategic management (Peteraf, 1993). According to this theory, the strategic resources of the company, tangible and intangible, play a central role to generate sustainable competitive advantages, defined as the capacity of a firm to create more economic value than competing firms in a given product market (Barney and Clark, 2007; Peteraf and Barney, 2003). The resource-based theory is extended by introducing the knowledge process, where the company can develop new capabilities in a dynamic learning path able to sustain competitive advantages in time (Eisenhardt and Martin, 2000; Teece et al., 1997). Important features of the theory include the role played by resource interactions inside the firm resulting in higher levels of business' performance (Peteraf, 2005), or the need of adopting cooperation mechanisms with other firms to acquire lacking resources (Prahalad and Hamel, 1990). Barney and Clark (2007),

building on the industrial organization postulates, identify some characteristics that the resources and capabilities should have in order to become strategical for the company, like being valuable, scarce, and non replicable. Another key issue in the theory is the need of counting on an appropriate organization structure and strategical planning to successfully combine those resources in order to develop sustainable advantages. The most important features of the organizational structure include its unity dimension (common interest, recognised authority, mutual trust, good communication, flexibility, coordination) and internal compromise (shared principles, personal efforts, long-run view, community feeling) (Helfat et al., 2007). Resources in the company include tangible (raw materials, labour force, facilities and infrastructure, financial resources) and intangible ones (managerial capabilities, human capital, technology, commercial, social and organizational capital) (Rouse and Dallenbach, 1999). Other authors emphasise how intangible resources represent the key element responsible of creating sustainable advantages (Carpenter et al., 2001).

In terms of the strategic management decisions, the main focus lies on the established corporate objectives and planning tools necessary to achieve them (Porter, 1985). According to Mintzberg et al. (2003) the firm strategy reveals the intention and general philosophy of the firm, including the values and norms of the company. The strategy also shows the internal coherence of the firm and corporate alliances (Drucker, 2006). The type of resources owned and acquired by the firm determines its philosophy and strategic management decisions (Helfat et al., 2007). A relevant case is that of the associative companies, that share resources to pursue a common objective.

In sum, the resource-based theory of the firm highlights the relevance of resources and capabilities as the basis of the competitive sustainable advantages, that guide the organizative and strategic choices of the company. Particular benefits also arise from the associative strategy of cooperative companies. Along this study, the resource-based theory of the firm will be applied to the analysis of the RCT experiences. In this context, the community becomes the subject of the tourism development project, informing and guiding the whole process as the core underlying resource (Onitsuka and Hoshino, 2018). Dimensions of this central resource include important tangible resources such as natural and wildlife resources, existing facilities for tourism services (accommodation and food services), or manufactured and art crafts goods produced for the tourism market (Aall, 2014; Franzoni, 2015).

Further on, intangible resources and capabilities represent the key pieces that while combined would become the competitive sustainable advantages of the RCT project. This set includes the local identity, history, personal skills and social and cultural resources in the community (Davies, 2009; Andereck et al., 2005). Indigenous cultures are carriers of values, history and social customs that rural communities share with the visitors (Maldonado, 2002). Expertise, experience and human capital add to this set of intangible resources. Working skills like organizational techniques, team work, service-oriented competences are more than necessary in rural communities engaged in tourism projects (Richards and Hall, 2003). Qualification programs for rural people have been proven pivotal (Berdegué, et al., 2015). Human capital formation becomes a key resource in the case of developing countries (Razzaq et al., 2013).

The central focus on the community, and the search for a limited impact of tourism on rural lifestyle, define the organizational guidelines of the project. Tourism appears as a complementary activity at rural areas, not supplanting the traditional ones. The RCT project establishes the strategic objectives of enhancing social integration, supporting and empowering weak collectives, and putting into action the entrepreneurial skills of

some members of the community for a common cause (Onitsuka and Hoshino, 2018; Scheyvens, 1999). In this context, tourism activities are to be kept in an attainable way, where the community maintains the leadership of the process, and the scale of the projects are bounded in an acceptable level (Moscardo et al., 2013).

As the theory states, collaborative and associative networks established with neighbouring communities and other stakeholders help to provide some lacking resources. The existence of a basic transport infrastructure is key to ensure the accessibility of visitors, while the disposability of specific hospitality services also becomes necessary (Lo et al., 2012; López-Guzmán and Sánchez-Cañizares, 2009). The public authorities usually play a major role at the initial stages of development, by providing support to the local community regarding financial loans, strategic planning, promotion and communication actions, and other necessary investments in infrastructures and human capital (Lyon et al., 2017; Hunt et al., 2015).

Transplanted to the tourism context, the resource-based theory partially resembles that of the “capitals approach to sustainability”, where the sustainable focus relies in keeping or expanding the stock of community capitals, i.e., the natural capital, the human capital and mainly the so-called social capital (Flora, 2004; Lehtonen, 2004). More generally, recent contributions in this line suggest that “from a destination perspective, sustainable tourism development is defined as tourism activities that maintain and enhance destination community well-being through net contributions to all forms of capital” (Moscardo et al., 2017, p. 287).

The final part of the theoretical model refers to the concepts of competitive advantages and firm’s performance. As stated by the resource-based theory, the combination of resources and firm strategy results in the development of competitive sustainable advantages promoting the economic performance and value creation above that of the competing firms. In this case, given that the community is the core resource in the RCT model, the competitive sustainable advantages substantiate in a number of tangible and intangible outputs reinforcing the community project itself. The higher performance of the RCT model comes from its capacity to ensure the reproduction of the rural community, in comparison with other tourism initiatives where the community well-being is clearly affected. As a result, the theoretical framework of the resource-based model to be employed in the investigation includes three main constructs: the community resources and capabilities, organization and strategies, and sustainable community advantages.

### *2.3 Research hypotheses*

Building on this theoretical setting, the empirical part of the investigation seeks to answer the following general research question: Can the RCT experience, focused on the community resources and capabilities, develop an organizative and strategical approach that results into competitive sustainable advantages ensuring the reproduction of the community lifestyle, leading to a sustainable tourism process?. To test this general question, a model is proposed in figure 1, with the following three hypotheses:

H1: Rural populations with specific community resources and capabilities positively influence the implementation of community based organization and strategies.

H2: Rural populations with specific community resources and capabilities positively influence the emergence of sustainable community advantages helping to enhance the community lifestyle.

H3: Community based organization and strategy positively influence the development of community sustainable advantages helping to enhance the community lifestyle.

[Insert Figure 1 around here]

The following section defines the methodological issues in the empirical testing of the model.

### **3. Data issues and methodology**

The research study focuses on the analysis of rural community tourism projects taking place in the West of Nicaragua. Following a directory of the Nicaraguan Institute of Tourism (INTUR), a number of communities actively engaged in this type of projects were selected in order to better understand the variables underlying these successful stories. A previous work of identification of the successful communities was carried out with the help of the governmental technicians and the community leaders. No other stakeholders participate in these RCT experiences, so these are the two main groups included in the study. Two departments were finally selected according to the relevance of their RCT projects and representativeness inside the country geography, namely León and Chinandega (Figure 2). Other communities were identified in the country, although a deficient accessibility situation prevented to include them in the study. After initial direct interviews with the key agents, a questionnaire to gather data for the analysis was designed. At a first stage, a pilot work was conducted to identify the relevant indicators for the questionnaire, while conducting a pilot test on their performance. As a result, minor modifications were made by means of exploratory and confirmatory factor analysis, removing a few redundant items based on non-significant factor loadings.

[Insert Figure 2 around here]

The data sample finally includes 580 usable questionnaires from 19 rural tourism communities, based on a non-probability convenience method, with statistical significance level of 95%, with around 30 questionnaires per locality. All them are small communities of no more that 500 residents living a rural life and engaged in tourism activities as a complement of their traditional activities. The data gathering process was carried out between November 2016 and January 2017. All interviews were focused on selected people that participates or are aware of the on-going RCT initiatives, belonging to the local community, with some understanding of these projects and its recent development. The 58% of the people interviewed were from the León Department, the bigger one with 11 selected communities, while 42% to Chinandega, with 8 communities. The 19 communities included in the study are listed in Figure 2b. These communities were selected because of their good performance in tourism at least in the last ten years, with a regular presence of the INTUR agents through RCT cooperatives. The existing tourism activities range from guided wildlife routes, volcano visits, birds' and flowers watching, art craft and traditional food experiences, intercultural encounters, as well as female-led training initiatives for tourism education and

qualification of the local population. Most of these communities have developed agreements with regional governments for improving their accessibility by road infrastructures and telephone lines, also cooperating in the preservation of their cultural and natural resources with national government offices. They have also jointly developed the building of facilities for tourism and hospitality services during the last two decades, like accommodations and feeding communitarian locations. A number of legal regulations has been arising in the country, including the recent Sustainable Rural Tourism Law 835/2013, and subsequent Administrative Decrees rigorously defining a framework that provide the limits, resources and personnel necessary to achieve sustainable initiatives in a wide sense. These include multiple dimensions, like the economic, social, productive and environmental ones for sustainable and responsible tourism. The 19 selected rural communities outstand in terms of collective leadership, tourism engagement, and social empowerment, leading to a sustainable community life, as remarked by the INTUR officials in the area.

In terms of the questionnaires, descriptives show that 75% of respondents are living in their community of origin, with a mean stay of 29 years. 31% of respondents have primary schooling level, 23% secondary education, and 38% university studies. 52% are women, with a mean age of 35 years old. The 8% of the sample occupies managerial positions in the project, 40% shows some expertise or qualification in tourism, 32% are wage earners, 12% tourist guides, and 9% retailers. All of them have been working in the last three years in the community where they are living now. The questionnaire was designed using a Likert seven-point scale (with 1='totally disagree' and 7='strongly agree'). The employed methodology includes Structural Equation Modelling (SEM) for testing the empirical model through questionnaire data. PLS (Partial Least Squares) technique with SmartPLS 3.0 software is employed.

## **4. Results and discussion**

### *4.1. Analysis of the measurement model*

The measurement model includes three constructs and building indicators making the empirical model (table 1). Indicators for each construct, namely resources and capabilities, organization and strategies, and sustainable community (competitive) advantages are taken from the literature on tourism sustainability and the resource-based theory, as detailed in section 2. Methodologically, the assessment of the outer model for reflective indicators in PLS is based on individual item reliability, construct reliability, convergent validity and discriminant validity (Hair et al., 2012). Reliability and convergent validity of the reflective constructs is evaluated by the Dijkstra and Henseler's rho ( $\rho_A$ ), average variance extracted (AVE), factor loading values and level of significance (Henseler et al., 2016).

Individual item reliability is assessed by the standardised loadings ( $\lambda$ ), and simple correlations of indicators with their latent variable (Hair et al., 2017). Individual item reliability is adequate with a  $\lambda$  greater than 0.707. Loadings ( $\lambda$ ) could be also considered if greater than 0.6 and significant (Benitez-Amado et al., 2015). As a general result, this appears to be the case for all indicators in the model (table 1). Following the empirical results, it is interesting to highlight that for the Community Resources and Capabilities variable, the loads with higher values come for some intangible resources such as the community history and social and cultural resources of the community, while for capabilities they include personal skills and experience in tourism and expertise in rural

services. In the case of Organization and Strategies, higher loads appear for the initial help of the regional and local governments in financial, strategic planning and marketing issues, as well as for pursuing the direct benefit of the community by focusing on fostering social integration, developing entrepreneurial skills, and reinforcing the role of women as a socio-economic pillar and modernization force of rural areas all along the process. In the case of Sustainable Community Advantages, higher loads arise for key competitive advantages for the community, such as a better social performance, valuing the local culture, stimulate responsible tourism, fostering the quality of life in rural areas, and an integral development of the community through tourism. Other key indicators with high loads in Community Advantages variable include additional improvements brought by the RCT project. Restoring the community heritage, providing health and education facilities, new sources of income, and the conservation of surrounding stock of natural resources. In this way, empirical results would follow the theoretical framework, where intangible resources play a key role in leading the process, strategies are defined to seek for a direct benefit to the core resource in the model, the community, while both combined, resources and strategies, lead to community competitive advantages that ensure the reproduction and enhancement of the core variable, the rural community lifestyle.

Further, construct reliability is assessed using composite reliability ( $\rho_c$ ), Cronbach's alpha, and the Dijkstra and Henseler's rho ( $\rho_A$ ) statistic (Sarstedt et al., 2017). Cronbach's  $\alpha$ ,  $\rho_A$ , and  $\rho_c$  must be higher than 0.70, with a  $\rho_A$  value greater than 0.707 pointing to reliable construct scores (Hair et al., 2017). Table 1 shows that all constructs in the model present internal consistency. To assess convergent validity, AVE values, the share of the variance of indicators by construct, should be greater than 0.50, this being the case for all constructs in the model as shown in table 1 (Hair et al., 2017).

[Insert Table 1 around here]

Table 2 shows that discriminant validity is satisfied by all constructs in the model according to Fornell and Larcker (1981). The discriminant validity of constructs is also reflected by HTMT ratios below 0.85 values in table 2 (Henseler et al., 2015). As shown, the model presents a good performance in terms of reliability and convergent and discriminant validity of the constructs. In sum, the measurement model shows that indicators would be capturing well the latent variables in the model, with the whole model also showing good behaviour.

[Insert Table 2 around here]

#### *4.2. Structural model assessment*

The hypothesised relationships of constructs within the structural model are evaluated by the path ( $\beta$ ) and  $R^2$  coefficients (Roldán and Sánchez-Franco, 2012). Chin (1998) proposed standardised path coefficients over 0.2 to be desirable, also expected to be significant (Sarstedt et al., 2017), this being the case for the empirical model (figure 3). The  $R^2$  values could range on values of 0.75, 0.50 and 0.25, pointing to substantial, moderate or weak predictive power of the model, respectively (Hair et al., 2017). Figure 3 shows important predictive power of the model, all them being above 0.5.



[Insert Figure 3 around here]

Additionally, an overall measure of the goodness of fit of the model is employed, the SRMR (Standardized Root Mean Square Residual), whose value should be lower than 0.08 (Henseler et al., 2016) for the measurement model and the structural model, and around 0.10 for PLS-SEM estimates (Hair et al., 2017). The analysis also includes two other assessment measures, namely, the geodetic discrepancy (dG) and unweighted least squares discrepancy (dULS) (Dijkstra and Henseler, 2015). All three measures behave properly as shown in table 3, suggesting a good fit of the structural model.

[Insert Table 3 around here]

#### *4.3. Mediating effect*

Total effects (direct and indirect) in the model appear to be relevant and significant (table 4). Further, table 4 tests for the existence of a mediating effect in the relationship between the Community Resources and Capabilities (CRC) and Sustainable Community Advantages (SCA), led by the Organization and Strategies (OS) variable in the model. Mediation occurs when a third variable influences the relationship between two other ones, with direct, indirect and total effects arising in the model (Sarstedt et al., 2017). Results show this to be the case, reflected by the increase of the  $\beta$  coefficient from 0.286 to 0.693 when including this mediating variable in the model, with that relationship appearing significant at  $p \leq 0.001$ . Computed total effects also reflect that the latent variable OS would be mediating the relationship between the CRC and SCA variables.

Moreover, the significance level of specific indirect effects point towards a mediation effect too, as shown by the confidence intervals (Hair et al., 2017). If indirect effects are significant, then could be a partial mediation effect (complementary or competitive) when variance (VAF) is among 0.20 and 0.80 (Hair et al., 2017; Vinzi et al., 2010). The VAF value is of 0.585 in this case, what according to Nitzl et al. (2016), would be suggesting that the construct OS partially and complementarily mediates the relationship between CRC and SCA constructs, this being an interesting result of the empirical model. In this way, not only resources and capabilities are key pieces for defining a sustainable tourism strategy in an RCT setting, but it also needs the concurrence of community-based ways of organization and strategies leading to sustainable advantages that support and reinforce the whole community lifestyle, as previously shown by the resource-based theory.

[Insert Table 4 around here]

#### *4.4. Discussion of results*

The three previous subsections confirm a good definition and robust performance of the empirical model in line with theoretical prescriptions, with a mediating effect arising as well. Results in table 4 and figure 3 lead to the acceptance of the three hypotheses defined. H1 shows that an existing stock of resources and capabilities, related to

tangible and intangible assets and abilities of the community, is a necessary condition to define a set of community-based organization and strategies. H2 validates the necessity of existing community resources and capabilities, like local identity and cultural consciousness, to influence the emergence of sustainable community advantages. H3 shows that well-designed organization and strategies result in the surge of competitive advantages providing a sustainable framework for the rural community life. All this self-sustaining process provides a direct benefit to the community, reinforcing their positive perception and support to tourism as a desirable activity in the rural environment. These positive outcomes include higher levels of social cohesion, better performance in the economic, social and cultural spheres, and the surge of new services for the community.

In more detail, the key condition for success comes from the role played by the community in the design and implementation of the whole rural tourism project. The process initially requires a local consciousness on the intrinsic value of existing resources and capabilities at the community level. The existence of intangible resources to be marketed in the tourism experience, able to reflect the values of the community to the new visitors, with a special focus on the local identity, local history, and social and cultural heritage stock. As the theory stated, the type of resources owned and acquired by the community (firm) determines its philosophy and strategic management decisions. In the case of Nicaragua, tourism activities building on community resources apply strategies based on the promotion of the community values.

It is also important to count on a set of local skills and capabilities, including expertise in service providing and qualified people, to ensure the success of tourism initiatives from the very beginning. In a second stage, one central issue is the capacity of collaboration of the community with the regional and national governments, as a qualified provider of financial aid, strategic planning, and promotion and communication tools, as the literature states and the empirical results remark. Community stakeholders interviewed along the study, recognised the pivotal role played by the government in supporting rural communities at initial stages of the project. The specificities of the Nicaraguan regional and national governments helping to build attainable tourism RCT projects, and the level of education of rural communities enabling them to lead the processes going on, are proven vital to reach sustainable experiences too. The strategic vision applied in Nicaragua also includes the capacity of empowering women and young people as an important pillar of the process, resulting in this way in a modernization of rural societies. Other related strategical actions include to promote the social integration of the community, and formulating attainable and realistic objectives, where the tourism project is not the centre of the rural community life, but a complement of that.

In regards to the sustainable competitive advantages arising from the RCT experiences, these are basically focused on improving the living conditions of people through the reinforcement of the community dimension at rural places. In fact, the main outcomes are twofold. As shown in the model, first they allow to keep and enhance the community resources, both intangible, like culture and traditions, and tangible such as heritage and natural resources, or education and health facilities. Second, the RCT initiatives bring new advantages for the community, like the empowerment of weak collectives, an increase of the women and young people self-esteem, responsible tourism, employment opportunities, or new sources of income. Third, the community focus keeps and fosters the rural community system as a whole, leading to

improvements of the community performance, quality of life, integral development, and reduction of the poverty levels, as shown by empirical results.

Launching and sustaining successful RCT initiatives also requires the active implication of the government as seen. Historically, given the peculiarities of the Nicaraguan administration, the government provided great support to rural communities, for example with the launch of a sustainable tourism legislation and related practices. Since the times of Sandinista revolution in the 1980s, rural communities have received public education and support as a shared vision of the country development process. This situation improved the education level of people at rural areas, launching cooperatives and other socialist-flavoured initiatives. This context allows them to better succeed in RCT projects, given the pre-existing community feeling and a set of personal skills. The sustainable dimension of RCT also includes other social benefits arising, such as the reinforcement of the environmental consciousness of people, with recycling activities, the capacity of the community to appropriate from main tourism rents, or an important degree of involvement and participation of the community in the tourism project, supported by an honest cooperation between public authorities and local communities.

The resource-based theory applied to tourism projects appears in this way as a relevant framework to guide a sustainable rural tourism initiative, enhancing the social, cultural and environmental dimensions of the local community. This theoretical setting could also contribute to the literature that seeks to limit the undesired effects of tourism development in current times of “tourismphobia” episodes at crowded destinations. Putting limits to development, letting the process be led by the community focus and empowering some feeble collectives, are all important pieces of sustainable tourism projects all around the world.

In sum, all these findings become aligned with the main recommendations of the literature as shown in section 2, highlighting once more the importance of consciousness and leadership of the local population in the design of a sustainable and durable tourism project. Finally, it is worth noting that negative outcomes also appeared in the Nicaraguan case, despite not being present in this study for two main reasons: the first one is theoretical and refers to the design of the study, mainly focusing on understanding the key pieces conforming the most “successful” sustainable RCT initiatives. The second is empirical, given that along the measurement model testing, all negative indicators did not reach the required levels of reliability, being ruled out of the analysis in this first stage. In this way, the model shows high levels of consistency between the theoretical design and the empirical performance of its components, contributing as a new step in the tourism sustainability literature.

## **5. Conclusions and implications**

### *5.1 Conclusions*

This paper has added to the literature on sustainability issues at rural tourism environments, with specific focus on indigenous communities at developing countries. Rural Community Tourism is an experience where the community retains the leading role on the tourism project, receiving the bulk of the benefits. Identifying the central role of the community along the process, what in turn guarantees its reproduction, has been the main contribution of the research. Building on a quite novel application of the resource-based theory of the firm to tourism analysis, the paper has defined a framework where existing resources and capabilities at the community level lean on

applied development strategies and a conscious organization, to facilitate the emergence of competitive advantages for rural tourism projects. The empirical model has purposely been designed to highlight how the community dimension becomes the key component conferring the particular sustainability conditions to rural communities seeking to engage into tourism activities. To illustrate the model, the paper has built on a number of successful RCT initiatives in the West of Nicaragua.

By following this path, the rural development process reinforces the cultural, economic and environmental dimensions of the local society, also promoting additional community goals. Relevant outcomes in this respect include higher levels of social cohesion of the population, the capacity of offering a working and living environment for all of its members, and the promotion of a responsible type of tourism with an integral communitarian development. In this way, the defined notion of sustainability of the community life transcends the tourism discipline, being in line with the sustainable development paradigm historically characterising the indigenous rural communities of Latin America.

### *5.2 Theoretical implications*

Main theoretical implications include the usefulness of the defined framework of analysis, building on the resource-based theory, to the study of the conditions of sustainability surrounding new tourism projects at developing countries. This then becomes an important framework of reference for small and medium projects seeking to limit the negative impacts that tourism could exert on the indigenous culture and local resources. Moreover, the research continues highlighting the importance that the socio-cultural dimension plays in achieving a sustainable tourism initiative, as recently reflected by the literature. Additionally, such a theoretical approach could also be applied in the case of developed countries, given the impact that the expansion of tourism has nowadays on many of these destinations and their resident population.

### *5.3 Practical implications*

In terms of practical implications for policy issues, the research has shown a path to achieve a number of the key pieces pointed by the current literature on community based tourism and sustainability issues. These include the need of continue building strong cooperation and trust linkages among stakeholders, mostly for the local population and public administration, and particularly for small initiatives with initial scarce resources. The leading role played by residents in the definition and implementation of the tourism project, as the best way of gaining support and implication, or the design of attainable initiatives resulting in sustainable practices, are also practical lessons emerging from the study. The importance of counting on personnel with the necessary educational and experience endowments for tourism services that could guarantee the success of the project is another one. The central role that young and female people could achieve in these experiences is also an important outcome.

Moreover, what really becomes the central implication of the investigation is the need of counting on the consciousness of the local community regarding the value of their main intangible resources, such as identity and cultural richness, together with other tangible richness tied to their natural environments and rural lifestyles. In this way, the research has shown how the community focus and the emergence of a pro-active

attitude towards the design of a tourism development project could confer a clear sustainable dimension to the whole project.

It is also important to bear in mind that the communities engaging in tourism activities in Nicaragua use them as a complement, not as a central activity of their living style, what also allows to limit their impact. This is another interesting implication for communities seeking to enter in the tourism business, but in a more sustainable way.

#### *5.4 Limitations and future research*

A limitation of the study arises because of the small size of the communities analysed, despite this being the norm of many rural societies spread around geographies of Latin America and Asia. It is particularly in these settings where the study becomes a relevant contribution. Future extensions of the study include a more complex theoretical framework to allow for new constructs improving the scope of the analysis. New qualitative methods would also help to enrich the framework of analysis by introducing additional stakeholders in other experiences, or accounting for the inter-relationships taking place with other rural communities in the area. The role of the public administration should also be analysed in a deeper detail, as pointed out by the literature, all these matters being in the future agenda of the authors.

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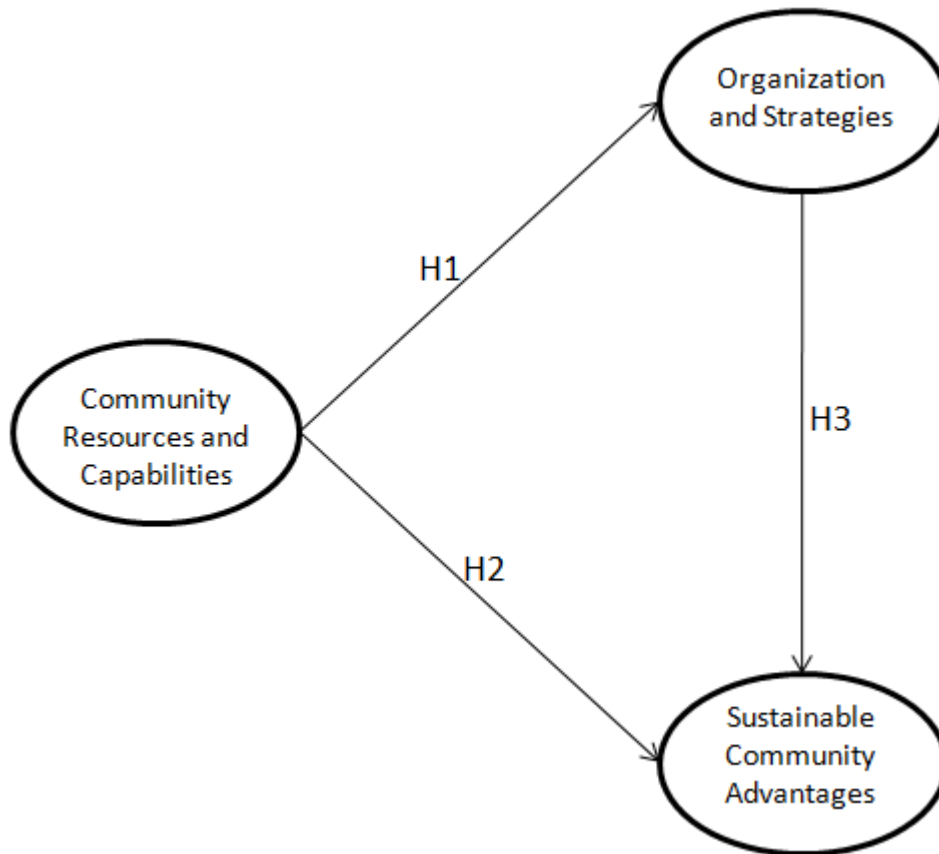


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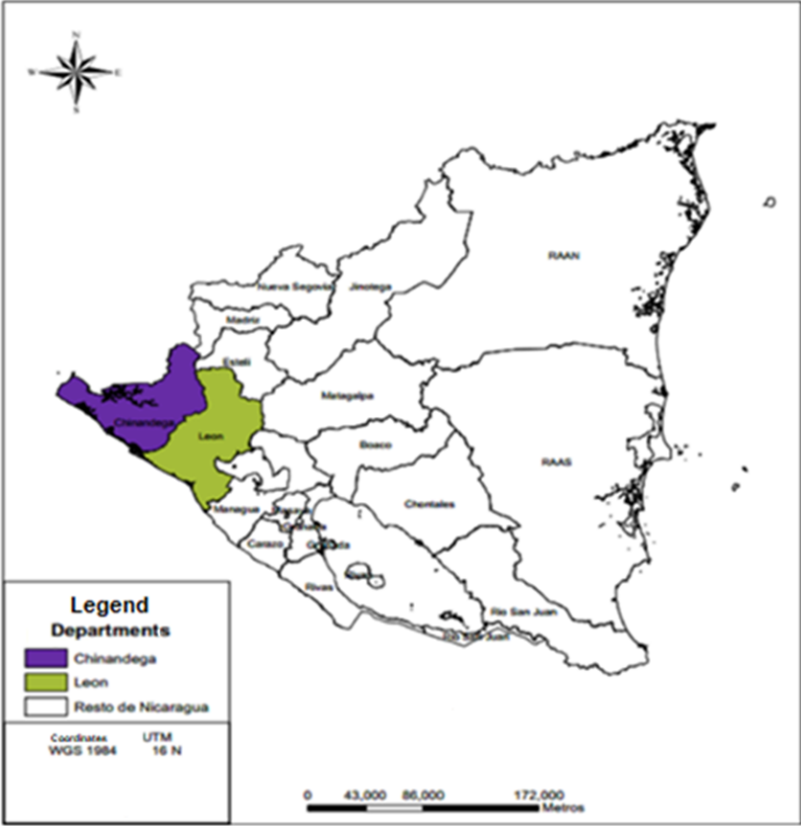
## Tables and Figures

Figure 1. Research Model

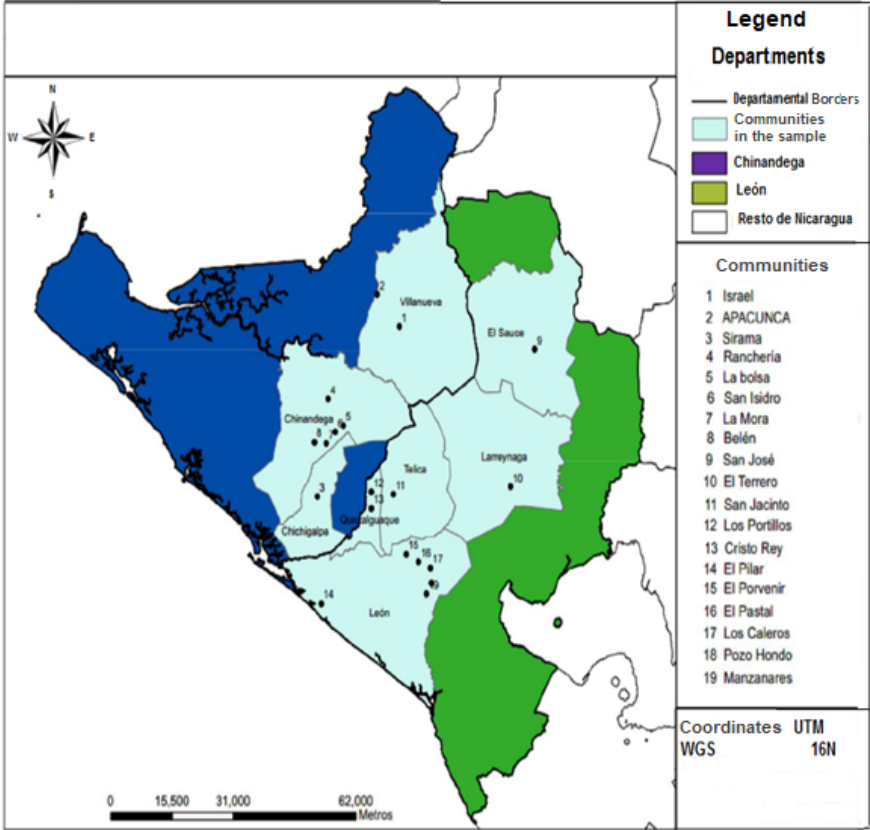


**Figure 2. Location of selected RCT initiatives in Nicaragua**

a) Western Communities



b) Selected communities



Source: Nicaraguan Institute of Tourism (INTUR).

**Table 1. Indicators, loadings ( $\lambda$ ) and measurement model assessment**

Indicators	Description	$\lambda$	Confidence intervals		Measurement model assessment			
			2.5%	97.5%	Cronbach's $\alpha$	$\rho_A$	$\rho_c$	AVE
<b>Community Resources and Capabilities</b>					0.900	0.917	0.912	0.509
CRC01	Local identity	0.659	0.585	0.717				
CRC02	Community history	0.755	0.692	0.801				
CRC03	Craftworks and handicraft	0.739	0.680	0.785				
CRC04	Accommodation facilities	0.675	0.605	0.731				
CRC05	Food related facilities	0.682	0.616	0.737				
CRC06	Natural resources of the community	0.695	0.656	0.733				
CRC07	Social and cultural resources of the community	0.719	0.682	0.755				
CRC08	Expertise in rural tourism services	0.766	0.704	0.811				
CRC09	Training and labour force availability	0.658	0.585	0.718				
CRC10	Personal skills and experience of the community	0.772	0.744	0.802				
<b>Organization and Strategies</b>					0.940	0.941	0.950	0.705
OS01	Getting financial support by regional/national administrations	0.854	0.828	0.877				
OS02	Getting strategic planning support by administrations	0.855	0.825	0.881				
OS03	Getting marketing support by administrations	0.832	0.800	0.860				
OS04	Defining attainable objectives	0.756	0.712	0.793				
OS05	Fostering social integration	0.831	0.801	0.857				
OS06	Developing entrepreneurship skills	0.833	0.796	0.863				
OS07	Putting women as a socio-economic pillar	0.873	0.848	0.894				
OS08	Putting women as a force in the modernization process of rural societies	0.877	0.853	0.898				

<b>Sustainable Community Advantages</b>					0.966	0.966	0.969	0.692
SCA01	RCT improves the performance of the local community	0.864	0.838	0.886				
SCA02	RCT confers value to culture and traditions	0.841	0.810	0.868				
SCA03	RCT stimulates responsible tourism	0.866	0.838	0.890				
SCA04	RCT improves the quality of life in rural areas	0.833	0.800	0.864				
SCA05	RCT promotes an integral development of the community	0.877	0.855	0.896				
SCA06	RCT allows women to reach more employment opportunities	0.802	0.761	0.836				
SCA07	RCT allows women to obtain higher economic independence	0.842	0.815	0.866				
SCA08	RCT increases the well-being and self-esteem of women	0.828	0.799	0.853				
SCA09	RCT allows to restore the community heritage	0.816	0.777	0.850				
SCA10	RCT provides revenues for education and health facilities	0.845	0.815	0.870				
SCA11	RCT generates employment for disadvantaged groups	0.792	0.754	0.827				
SCA12	RCT provides additional sources of income	0.819	0.787	0.848				
SCA13	RCT promotes the conservation of natural resources	0.838	0.806	0.864				
SCA14	RCT reduces poverty	0.775	0.737	0.808				

**Table 2. Discriminant validity analysis and HTMT values**

	<b>Sustainable Community Advantages</b>	<b>Organization Strategies</b>	<b>Community Resources &amp; Capabilities</b>
<b>Sustainable Community Advantages</b>	<b>0.832</b>		
<b>Organization and Strategies</b>	0.754	<b>0.840</b>	
<b>Community Resources and Capabilities</b>	0.693	0.756	<b>0.713</b>
Note: For discriminant validity, diagonal elements should be larger than off-diagonal elements.			
<b>HTMT values</b>			
	<b>Community Resources &amp; Capabilities</b>	<b>Organization Strategies</b>	<b>Sustainable Community Advantages</b>
<b>Community Resources and Capabilities</b>			
<b>Organization and Strategies</b>	0.721		
<b>Sustainable Community Advantages</b>	0.668	0.790	

**Table 3. Goodness of fit measures**

	<b>Measurement model</b>			<b>Structural model</b>		
	Value	Confidence intervals		Value	Confidence intervals	
		2.5%	97.5%		2.5%	97.5%
SRMR	0.10	0.028	0.034	0.10	0.028	0.035
dULS	6.162	0.381	0.580	6.162	0.381	0.574
dG <sub>2</sub>	1.174	0.182	0.267	1.174	0.183	0.266

**Table 4. Total and indirect effects in the model**

<b>Total effects</b>					
	<b>β</b>	<b>t-values</b>	<b>p-values</b>	<b>2.5%</b>	<b>97.5%</b>
<b>H1: Community Resources and Capabilities -&gt; Organization and Strategies</b>	0.756	55.633	0.000	0.729	0.783
<b>H2: Community Resources and Capabilities -&gt; Sustainable Community Advantages</b>	0.693	34.683	0.000	0.654	0.732
<b>H3: Organization and Strategies -&gt; Sustainable Community Advantages</b>	0.537	13.608	0.000	0.460	0.612

<b>Specific indirect effects</b>					
	<b>value</b>	<b>t-values</b>	<b>p-values</b>	<b>2.5%</b>	<b>97.5%</b>
<b>Community Resources and Capabilities -&gt; Organization and Strategies -&gt; Sustainable Community Advantages</b>	0.406	12.425	0.000	0.344	0.471
<b>Total indirect effect</b>					
	<b>value</b>	<b>t-values</b>	<b>p-values</b>	<b>2.5%</b>	<b>97.5%</b>
<b>Community Resources and Capabilities -&gt; Sustainable Community Advantages</b>	0.406	12.425	0.000	0.344	0.471



**Figure 3. Hypotheses testing**

