

# INNOVATION AND LIFESTYLE ENTREPRENEURSHIP: A STUDY OF LIFESTYLE ENTERPRISES IN UAE

**Abdul Ghafar, Higher Colleges of Technology**  
**Malini Nair, Higher Colleges of Technology**  
**Pervez Akhtar, Higher Colleges of Technology**

## ABSTRACT

*This study intends to investigate the extent to which innovation is viewed and practised in lifestyle entrepreneurial firms, to sustain market competitiveness. The current literature on innovation practices and processes is based on large firms. Given the paucity of empirical work in the area of innovation and lifestyle enterprises, this study aims to develop a better understanding of the major factors influencing innovation practices in lifestyle entrepreneurial firms. This study employs an inductive and interpretive research design within a constructive paradigm. Primary data was collected from a series of face to face, in-depth, semi-structured interviews with 14 Emirati entrepreneurs from Sharjah, UAE. The findings of this study aptly highlight how innovation is regarded as important for lifestyle entrepreneurial firms' survival and growth. However, due to the lack of a systematic approach in place to manage innovation coupled with organizational constraints lacks support in measuring innovation against its potential benefits.*

**Keywords:** Innovation, Lifestyle Enterprises, Entrepreneurship, Social Norms, Barriers to Innovation, Measuring Innovation, UAE.

## INTRODUCTION

Conventional studies in understanding dynamics of innovation and entrepreneurship tend to fall into the habit of applying a western lens, which seems less applicable for understanding such through an indigenous lens (Bruton et al., 2018). Innovation in lifestyle entrepreneurial firms remains an under-researched area of investigation. Given the paucity of empirical work, this research explores the critical insights of how innovation is viewed, practiced and measured in lifestyle entrepreneurial firms. Lifestyle entrepreneurial firms have been defined as “a business with multiple set of individual goals” (Morrison, 2006), “a business grounded in preferred lifestyle and personal circumstances” (Kaplan, 2003), “as an additional source of income to sustain the quality of life” (Deakins & Freel, 2006). The accomplishment of non-profit motives supported by entrepreneurial ventures has been the core to the diverse range of theorizing the definition of lifestyle entrepreneurship.

Lifestyle firms are small in terms of size and scalability and do not desire growth to transform into medium to large-sized firm. Therefore, these firms can be defined as micro enterprises with fewer than 10 employees (European Union, 2014). It has been noted that the desire to innovate in lifestyle firms strongly resonates within the lifestyle and economic motives

of owner-manager. Small firms tend to leverage opportunities provided by setting up short-term innovation goals.

Despite the fact that lifestyle entrepreneurs do not always follow economic motives, their involvement in economic welfare and customer satisfaction should not be undervalued (Weiermair & Peters, 1988). Identifying the entrepreneurial realities and motivations as well as planning policy measures that address the quality of life balance is thus vital for those motivations to be effective. Improving quality of life can motivate entrepreneurs further and assist them to develop their interest in business and competitiveness. Introducing innovation can help business to improve productivity, reduce costs, be more competitive, build the value of the brand, establish new partnerships and relationships, increase turnover and improve profitability. Businesses that fail to innovate run the risk of losing market share to competitors, falling productivity and efficiency, losing key staff, experiencing steadily reducing margins and profit, and going out of business (El-Sokari et al., 2013; Urbancova 2013; Volchek et al., 2013).

There are many examples of highly successful innovations stemming from small enterprises, which have revolutionized entire industries. Start-up companies, young entrepreneurs, university spin-offs, and small highly innovative firms more often than not produce the major technological breakthroughs and innovations, leaving behind the R&D efforts and innovation strategies of large global corporations (Ortega-Argilés et al., 2009). Lifestyle entrepreneurs start new firms to support a desired lifestyle or even establish a specific lifestyle. They are involved in activities they enjoy (Marcketti, 2006; Peters et al., 2009).

Necessity-based versus Opportunity-based Entrepreneurship in the UAE. It is imperative to understand the context in which entrepreneurship is evolving. It can be argued how the UAE policy paradigm is striving to facilitate the balance between opportunity-based and necessity-based entrepreneurship. Necessity-based entrepreneurship in developing countries has been driven by the urge for economic development and poverty alleviation (Jamali et al., 2009; Singer, 2006). Whereas, poverty alleviation is not regarded as the main concern of fostering entrepreneurship in the UAE and instead, sustaining the long-term economic development has been considered pivotal. Given the economic slowdown overall and the public sector employment market reaching saturation point in the UAE, certain policies attempt to enlighten the thinking process in youth mind set to embark upon venture development as a future career. Whereas, on the other hand, UAE strategy to beat the international competition and emerge as one of the key players in the global economy, the focus has been accelerated on attracting global renowned corporates with the intentions of creating a knowledge economy (Nair, 2017).

This will raise many opportunities at the national level and provide avenues to discern the latest market trends and development – a pivotal platform for enhancing entrepreneurial capacity. In addition, such policies and practices will even attract the global entrepreneurial trends from the neighbouring countries. Many Asian countries have set their sights on international opportunities, which will further pave and strengthen collaborative entrepreneurial endeavours.

This research investigates the role and drivers of innovation in lifestyle entrepreneurial firms in the UAE. Key questions posed include: how lifestyle entrepreneurial firms view and practice innovation? The role of lifestyle entrepreneurial characteristics in dealing with market forces, what are the outcomes of innovative practices and underlying assumptions? Understanding the extent to which lifestyle firms measure the effectiveness of innovation

practices? And an extent to which innovation leads to improvement in lifestyle entrepreneurs' overall life quality.

## LITERATURE REVIEW

### Lifestyle Entrepreneurship

Lifestyle entrepreneurship is likely to become an endogenous decision of those individuals who seek to enhance their lifestyle, not in order to conform to social norms (Meek et al., 2010) that govern behaviour in groups and societies, but as a potential endeavour to lead a quality of life (Heelas & Morris, 1992). Some argue that lifestyle entrepreneurs' quest of quality of life is a mere reflection of how they operate business closely aligned with their personal values, beliefs, interests, and passions (Ewing Marion Kauffman Foundation, 2004; Henricks, 2002). Note that these definitions emphasize how lifestyle entrepreneurs are fuelled by their socio-political ideology rather than their conscious rejection of economic and business growth (Ateljevic & Doorne, 2000). Thus, lifestyle entrepreneurs tend to avoid aggressive growth strategies aiming at leveraging innovation opportunities as long as their business produce a reasonable income to uphold their social status. Kuratko and Hodgetts (1998, pp.362) summarise: 'lifestyle entrepreneurs base their decision to start businesses in order to seek sufficient and comfortable living and to strike a balance between economic performance and sustainability of sociocultural values. The non-economic aspiration of lifestyle entrepreneurs driven by an individualistic approach and their expectation of suboptimal profits, seriously restraints innovation and local economic growth (Shaw & Williams, 1998). An array of academic studies voiced the issue of exploring the nature of lifestyle entrepreneurship and its role in innovation and local economies.

Since Schumpeter, a long list of well-known researchers (e.g., Ketchen et al., 2007; Smith et al., 2019) contributed to the analysis of policy and research in the field of entrepreneurship. In the second half of the last century, personality traits research appeared as a focal point in social sciences research. Nevertheless, only a few studies could provide general insights into the behaviour of entrepreneurs in every culture, nation or industry. Lifestyle entrepreneurs are fuelled by the desire to earn a respectable living, find satisfaction in career attainment and achievements, and spend quality time with family and friends (Henderson, 2002). Although the general benefits of entrepreneurship (e.g., economic activity, profit, job creation, innovation) are well recognized, the literature distinguishes lifestyle entrepreneurs by their contributions to family, community, and life quality versus high growth (Burns, 2006; Davidson & Henrekson, 2002; Pastakia, 1998; Thompson et al., 2000). Because of their focus, lifestyle entrepreneurs provide many essential community services and also serve as the "personality and charm that characterizes Main Street economies" (Henderson, 2002, p. 49). However, casting these individuals as business owners solely focused on offering personality and charm misses the motivations of a vast number of lifestyle entrepreneurs.

Murry's (2002) research captures how lifestyle entrepreneurs encounter a challenging task of balancing their family life and business life to maintain a healthy lifestyle and suggests that their quest for maintaining a good work-life balance enhance one's awareness that life is

meaningful and manageable. This is also supported in family and consumer sciences (FCS) literature that states balance between family life and work life is critical to well-being and perceptions of an overall healthy lifestyle (Horridge & Craig, 2001; McNabb, 2004). In addition to personal satisfaction, entrepreneurs can also contribute to the well-being of the community. Etzioni (1993, 1996) maintain that developing and sustaining quality of life requires attention to shared resources, social norms, and values at every level of community social structure.

The extant literature suggests the adaptation of innovation varies considerably (Cliff et al., 2006; Davidson & Wiklund, 2001; Marvel & Lumpkin, 2007), and is particularly driven by entrepreneurial impetus to a new venture. Some niche-focused ventures attempt to challenge the traditional pillars of the marketplace by offering new and yet competitive products and synchronized intersection of innovative approaches to business practices (Koellinger, 2008), while others in their attempt to fight for the spot in the marketplace tend to imitate existing opportunities, bringing little or no incremental knowledge to the market. This distinction raised one of the important questions to explore the situational factors that drive the innovative changes in the context of lifestyle entrepreneurial firms. For enterprises to pursue competitiveness, it is imperative to engage in innovative practices. For most enterprises, innovation is, or at least should be, a priority (Cefis & Marsili, 2005). Innovation can redefine product (Landoni et al., 2016) and process (Mejía Vallejo & Arias-Pérez, 2017) capabilities of enterprises and thus involves the total business environment integration that includes organizational culture, innovative leadership, creative employees and knowledge creation and utilization (Oura et al., 2016).

### **Innovation in Small Firms**

The entrepreneurship paradigm (Sundbo, 1995) is frequently used to describe innovation activities that occur at the level of individual firms and have gained favourable market position due to the development of a particular innovation. This happens without any predetermined systematic approach to the innovation process. Rather, there is a "market forced" effort to introduce a new product, process or service into various markets in order to retain, and thereof an attempt to possibly enlarge, the volume of activities, or to facilitate new business opportunities as possible outcomes (Çakar & Ertürk, 2010; Landoni et al., 2016). The focal point of this paradigm is the entrepreneur – inventor, the individual and independent actions whose drive the innovation process (Landoni et al., 2016; Mejía Vallejo & Arias-Pérez, 2017). Here innovation per se is seen as a key to obtaining a better position in the market and generation of extra profits and is often produced in a relatively unstructured manner (e.g. Calabrò et al., 2019). However, in recent years, quite a few small firm owners experienced the urge to adopt a more formal and systematic view towards innovation activity and long-term business strategy (Pirich et al., 2001) in order to create value and protect their venture from financial distress and liquidation.

Literature that focuses on the paradoxical approach of small firms highlight the issue of striking a balance of “managing growth and liquidity, foster individual freedom and family loyalty, and support tradition and change, can both frustrate and fuel innovative behaviour” (Ingram et al., 2016, p. 165). Whereas, when it comes to lifestyle entrepreneurs who are, in most instances, part of a family businesses tend to embrace the creative approach of managing relational complexities within the firm and thus exposed to enduring paradoxical thinking (Moores & Barrett, 2010). Scholars argue that family firms often exposed to an inconsistent

landscape regard the juxtaposition of family influence with traditional business goals, which is primarily driven by generational transition shift (e.g., Irava & Moores, 2010; Nordqvist & Melin, 2010; Zellweger et al., 2012). This notable finding in the literature can be implied to how the unconventional behaviour of lifestyle entrepreneurs' deal with the alignment of lifestyle goals with the traditional business objectives. Traditional businesses objectives can pose challenges for lifestyle entrepreneurs' way of managing the business. Thus the literature reveals how authors in their attempt to identify lifestyle entrepreneurship (as being different from 'traditional small firms) require different competencies due to collocation of lifestyle and traditional business objectives. Seeking to clarify the different nature of lifestyle entrepreneurial firms, Ingram et al., (2016) contend that entrepreneurs with leadership competency are compelled to adapt enigmatic thinking in order to enhance innovative behaviour in their firms.

Innovation, nowadays regarded as an important tool to determine organizational performance and sustain competitive advantage in the marketplace. A plethora of studies emphasizes sophisticated institutional structure as a pre-requisite to cope with issues that arise in the various stages and development of the innovation process. Literature on traditional small firms and innovation reiterates substantial resource constraints (Schiliro, 2015), inability to generate ideas (El-Sokari et al., 2013; Urbancova 2013; Volchek et al., 2013) and less formalized practices which inhibit their capability to transform internal R&D into a competitive asset (Galende & de la Fuente, 2003; Lambrechts et al., 2017; McAdam et al., 2004). Subsequently, the SMEs in the UAE are unable to come up with new business models, which are sustainable and profitable. As well, lifestyle entrepreneurs are required to compete with their larger counterparts and the rising cost of including innovation within their operations poses a problem for them. SMEs also need to be flexible and introduce change but according to Burns (2016), the presence of bigger players in the industry and their ability to innovate faster is a barrier to innovation. Therefore, the lifestyle entrepreneurs approach appears to be less reactive to adapt to a dynamic environment and follow the routine of what has worked in the past despite needed change (Ward, 2009).

## METHODOLOGY

Given the exploratory nature of the investigation, a qualitative approach was used to conduct the present study with purposely selected cases of 14 lifestyle entrepreneurial firms in the UAE. For this study seeking to explore and understand the motivation, practice, behaviour and attitude concerning innovation in lifestyle enterprises in the UAE, purposive sampling was used to elicit relevant information and aid in penetration of research setting (Esterberg, 2002; Lincoln & Guba, 1985). Furthermore, Yin (2013) contends that the case study method has been widely used as a research instrument for data collection to better understand the phenomenon in question, and establishes a chain of evidence of the conceptual categories emerging from the research question.

A sample size of 14 was considered adequate for generating themes in exploratory analysis. Criteria for the selection of lifestyle entrepreneurs included their motivations relevant to the launch of a business venture as a second source of income. All the lifestyle entrepreneurs who participated in this study were also pursuing a permanent job in the public or private sector along with their business venture. In-depth, semi-structured interviews were conducted with the participants at their business locations. This technique of collecting data enabled the researcher

to explore the topic of innovation openly, allowing informants to be guided, but to also freely express opinions and ideas in their own words (Strauss & Corbin, 2008). Participants were asked close and open-ended questions about their conception of innovation and its role in their firms to achieve short- and long-term performance. Interviews were audiotaped and then transcribed to conduct analysis and ensure accuracy.

We adopted “the large-sheet-of-paper” approach (Gordon & Langmaid, 1988) in the thematic analysis to illustrate the interpretation of textual data. Text segments were created from the transcripts deductively and/or inductively to develop rigorous themes in order to yield meaningful and useful results. Thematic analysis is a hugely popular analytic method. Its popularity partly reflects its independence from any particular theoretical approach or epistemology persuasion (Braun & Clarke, 2006). Thematic analysis is the process of identifying patterns and themes based on literature and emergent within the data (Miles et al., 2014). This begins at the stage of data collection and continues throughout the process of transcribing, reading and re-reading, analysing and interpreting the data (Evans, 2017).

In the context of exploring innovation in lifestyle entrepreneurial firms, thematic analysis is useful because it enables us to examine, from a constructionist methodological position, the meanings that lifestyle entrepreneurs attach to innovation, the significance it has in their lives, and, more broadly, their social constructions of it. At the same time, it also enables us to examine how these constructions might reflect the ‘reality’ of participants’ lived experiences, the material or social contexts in which they live and which constrain and enable their opportunities for innovation. Meaningful quotes were extracted that exemplify lifestyle entrepreneurs’ perception of innovation and innovation practices to create a coherent story (Kvale, 1996).

## FINDINGS AND DISCUSSION

It has emerged from the research that entrepreneurs with strong business acumen tend to exploit opportunities innovatively due to the expected levels of entrepreneurial rewards matching with their human capital and high opportunity costs. This research shows empirical evidence of human capital (Wright et al., 2007), e.g. education level, playing a vital role in practicing innovation in new ventures (Ghafar, 2020). Although it has also been highlighted that as a result of the inherent issue of achieving financial solvency, lifestyle firms tend to avoid riskier opportunities in the search for high rewards, innovation is side-lined, and hence more faith is shown on tried and tested market practices.

Innovation underpinned by market perspective prevails in small firms’ strategic and operation practices (Koellinger, 2008) where the emphasis has been placed upon leading business innovatively in order to mitigate competitive threats. These responses include lowering the price, seasonal promotions, re-designing product, redesigning the layout and eco-friendly packaging. This shows that small firms operating within a saturated competitive marketplace tend to be intimidated by the crude and tactical behaviour of competitors in the quest for economic sustainability and hence take an “imitative” approach to innovation.

With regards to the role of institutional support to facilitate innovation in entrepreneurial activities, this research indicates the significant contribution of government entities to drive the quest for opportunity discovery within the setup of small firms. This includes the establishment of a structure of synchronized intersection of political, social and economic relations in society

with the aim of opportunity identification, reducing risks and facilitating human capital interaction (Welter, 2011). One respondent stated:

I became aware of doing business in different ways when I attended the seminars organized by local government [...] It also helped me to brainstorm my ideas and get very valuable feedback to scale my small business (Owner of Restaurant).

### **Understanding and practicing Innovation in lifestyle firms**

Why do they exist? Lifestyle entrepreneurial firms view innovation as a way of creating a unique position in the market place. A position that is to be acquired by performing competitively better than their counterparts in the marketplace. An increasing concern over the shrinking competitive position of the firm urges lifestyle entrepreneurs to constantly contemplate and take measures in designing and re-designing products or services, strategizing operational activities and improving processes (Faherty & Stephens, 2015). In response to competitive pressure, our respondents stated that:

You see many businesses are opening up these days [...] we consider this as a potential threat to our business [...] sales can go down [...] customers may switch to other businesses (Owner of Chocolate Business).

We have to do better than our competitors to give the best to our customers. I always closely see how other businesses are doing [...] and what we do which gives us more sales (Owner of Lifestyle Cafe).

Lifestyle entrepreneurs have been noted to surmise and function in unconventional ways and adopt a flexible approach in their business structure to respond to evolving market trends. They tend to establish close relationships with their local customers. Within this, most of the lifestyle entrepreneurs regarded improving customer relationship as a precursor of any innovation that takes place in their firms. Respondents who were managing service related businesses echoed the growing demand of customers' expectations related to the quality, aesthetics and relational attributes of their products. Customers are regarded as internal key stakeholder whose invaluable input in the form of reviews and suggestions for improvement are innovative nudges to avoid small firms' product development realm coming to halt. Hence establishing sound customer relationship regarded as a common objective by the various respondents:

Customers expect special treatment from us and they actively interact to ensure their opinions are heard as well as implemented (Owner of Coffee Cafe).

We often see our customers show good knowledge of other products in the market and constantly compare [...] we like our customers to be vocal and express their opinions freely (Owner of Fashion Boutique).

Lifestyle entrepreneurs' true allegiance between profit and non-profit motive plays an adaptive role in applying innovation to their products and services (Shaw & Williams, 1998) and complying with their customers' preferences. This definitive character of lifestyle entrepreneurs is also highlighted by Kaplan (2003) where the personal characteristics of a lifestyle entrepreneur dictate the design of the entrepreneurial activity. Furthermore, lifestyle entrepreneurs' innovative intent seeks an internal sense of gratitude and satisfaction by going beyond their capacity to incorporate customers' view.

Our employees are empowered to go out of their ways to satisfy customers [...] we take our customers seriously and make sure that they experience best services and [...] spread good reviews about our business (Owner of Event Management Business).

#### Social Norms, Innovation and Small Firms

Given the social and cultural norms in which lifestyle entrepreneurs operate (Meek et al., 2010), their understanding of innovation seems to be driven by experimenting the individual's capabilities of running a small business. It is noted that the conscious actions of lifestyle entrepreneurs related to setting up a new venture and experimenting with innovative practices are driven by the intent of conforming to social conventions. Ten of the respondents contend that conforming to social norms is a constraint on the actions of lifestyle entrepreneurs. The findings contradict the assertion of Heelas and Morris (1992, p. 45) where they define "lifestyle entrepreneurs seek to shape a lifestyle, not in order to conform to social conventions but in the hope of personal happiness and improved quality of life". On the question of understanding the motivation for setting up their ventures, our respondents stated that:

Almost all of my friends have started a business and become very successful [...] I felt I should also do something like this [...] see an opportunity in the market and I feel that I am creative and can also become successful (Owner of Community Cafe).

I wanted to be independent and empowered to follow my passion [...] try new things and prove myself (Owner of Café Coffee).

It has become a tradition for locals (i.e. Emiratis) to have the second source of income from a small start-up (Owner of Specialty Coffee).

We hear many success stories within our social circle [...] social media influence a lot of us to experience the running of small business (Owner of Gifts Box).

It has appeared that most of the respondents did not exhibit the textbook definition of innovation. It is primarily due to their ultimate focus on 'doing' what is workable and best for the business. It became apparent that small firm's owner-managers lack the awareness of various innovation theories or management practices. In addition, lifestyle entrepreneurs experience certain constraints that include: limited available sources of information, lack of involvement in the operational activities, and a fear of trying unproven methods that play a vital role in their decision making (McAdam et al., 2004). Therefore, arguably innovation in such firms takes place on an ad hoc basis in the absence of any formal structure or innovation practices (Calabrò et al., 2019). Moreover, lifestyle entrepreneurs in the UAE have become a status symbol primarily driven by the urge for seeking and establishing an identity within the social settings.

#### **Barriers to Innovation in lifestyle firms**

The authoritarian style of management in most of the lifestyle entrepreneurial firms is reluctant to take risks and develop their approach to managing innovation, through a process of trial and error (Farsi & Toghraee, 2014). The adaptation to change is relatively slow as compared to the western lifestyle firms where owner-managers are seen as a change agent who tends to foresee benefits of innovation by strategizing operational activities. On the contrary, lifestyle entrepreneurs in the UAE firms tend to have low involvement in the daily operational activities and thus hinder the processes of idea generations and of idea sharing among staff. Their focus is very much on the end result without the realization of the processes as means to gain ends. The findings of this research highlight the need of reconfiguring the operational and strategic



competencies to address the organizational innovative culture that seeks to create a successful and effective environment to encourage innovation, flexibility or risk-taking (Faherty & Stephens, 2015).

The main responsibility of our employees is to focus on the execution of day to day operations (Owner of Emirati Cuisine).

I often see the same businesses are doing well in the market and try to follow their way of doing business [...] my employees seems less concerned with coming up new ideas as they are busy with their day to day responsibilities (Owner of Lifestyle Café).

I do not see the need of training my employees to be more innovative and therefore [...] do not follow any formal structure of implementing innovation in my business [...] I lead the new ideas in my business (Owner of Cookies Factory).

Their responses show that employees in some lifestyle enterprises are less engaged and empowered that may proliferate and lead to a low level of innovation within small firms. It is evident that due to an unconventional way of thinking coupled with the lack of awareness of certain innovation tools and techniques, most of the lifestyle entrepreneurs struggled to provide overarching goals and coordination practices that build synergies between efforts (Kuratko & Hodgetts, 1998; Ingram et al., 2016).

### **Measuring innovation in lifestyle entrepreneurial firms**

It has been noted that due to non-economic stimuli of lifestyle entrepreneurship, their business success might best be measured in terms of a continuing ability to perpetuate their chosen lifestyle (Davidson & Henrekson, 2002; Pastakia, 1998; Thompson et al., 2000). Since lifestyle entrepreneurial firms lack know-how and expertise in implementing any formal innovation practices, this research finds that they use the mixed approach in quantifying the outcomes of their informal innovation practices. Many respondents mentioned that customer satisfaction rate, frequent visits, repeated orders and gaining new customers are the main benefits of the customer-pull innovative approach. Given the niche demographics of small firms' customers, these benefits have been highlighted as critical to measure their business performance. Although these benefits are subjective and difficult to measure but are regarded as pivotal to achieve competitiveness and financial solvency in lifestyle entrepreneurial firms. As one owner-manager stated:

Seeing customers paying regular visits to our shop shows that we are providing quality products (Owner of Trendy Abayas).

The intent of incorporating innovative ideas lies at the heart of lifestyle entrepreneurial firms' customer relationship practices. Respondents echoed the importance of nurturing and retaining customers through the development of unique and differentiated products and services have become critical than ever before. This is an interesting finding that confirms with measuring innovation criteria proposed by Brooks and Simkin (2012) which includes: customer satisfaction with innovative products or services launched and the percentage of sales or profit from innovation in a given period. The underlying assumption of customer-centred innovation practices was the anticipation of generating and sustaining economic return. The nature of their businesses did not require the use of sophisticated innovation tools and techniques and therefore, all of them did not appear to be in the favour of recruiting people and consulting the third party to devise and implement innovation in their firms. Instead, they use market research as a relevant

innovative activity that enables them to better understand how their target customers think and adapt to their needs (Galende & de la Fuente, 2003). Nine respondents reported the use of survey and face-to-face feedback sessions to measure the outcome of their newly launched products. Moreover, this classifies a traditional way of becoming proactive in the anticipation of future trends to engage in product market innovation.

We seriously engage with our customers to learn and act by developing unique and customized perfumes for the purpose of strong relationship in future (Owner of Gifts Box).

Innovation in our business helps us to discover different opportunities [...] design better products and services to satisfy customers' needs and beat the competitors (Owner of Elite Dress).

Engagement in small firms product development through suggestions and opinions becomes the customer's endogenous right. The establishment of such endogenous right further extends the firm's knowledge base that drives successful innovation. For example, local Emirati customers empathize with the new businesses, particularly owned by an Emirati entrepreneur. They exhibit more commitment to the success of a new business by providing sincere and yet invaluable suggestions for the sake of business development. A coffee shop owner responded stated:

We often find some very good suggestions in our feedback from the customers [...] they are always eager to see how their ideas are added during their frequent visits to our coffee shop (Owner of Specialty Coffee).

This research has investigated lifestyle entrepreneurs who are primarily motivated by the need to succeed and sustain at living a certain quality of life supported by an additional stream of income (Deakins & Freel, 2006). The identified subjective nature of measuring the benefits of innovative practices proven to be a pre-requisite to generate economic returns. Growth in terms of acquiring financial solvency and good reputation are the primary indicators of lifestyle entrepreneurial firms. Meanwhile, some respondents appeared to seek growth as a by-product of leveraging innovation opportunities. Some lifestyle entrepreneurs embraced paradoxical thinking as a competency to fuel creativity and innovation in their firms. Their paradoxical approach to solving problems in their firms has resulted in a better innovative performance which includes, lesson learnt from problems, exploring opportunities, developing synergies within the firm, uncovered hidden. Five respondents reported the importance of collaborative efforts in small firms where frontline employees must be empowered to occupy themselves with innovative behaviour (Davenport & Bibby, 1999).

I like to experiment new things and do not fear of failure [...] In fact, I always learn something when I try new things in my business and I feel satisfied about my decisions (Owner of Restaurant).

“[...] I tell my staff to talk to me about the issues and tell me the problem. I don't want to hear that everything is going smoothly. I take a proactive approach to understand problem and then work on it develop a feasible solution” (Owner of Event Management Business).

## CONCLUSION

The main objective of this research was to provide a deeper understanding of how innovation is viewed and practiced in lifestyle enterprises. This research contributes to the existing literature and concludes that previous literature that suggests theories related to

entrepreneurship and innovation generated and applied in western countries may not be fully applicable to societies with different personality traits and socioeconomic conditions (Ali, 2019; Dilli et al., 2018). Our empirical findings show that lifestyle enterprises in the UAE must upscale their creative and innovative entrepreneurial competencies to leverage the hybrid nature of non-economic (i.e. lifestyle) and economic (i.e. traditional business objectives) goals associated with their firms. Many lifestyle entrepreneurs' goals that include flexibility, passion, freedom, etc. are tied up with the economic sustainability of their firms.

Contrary to the literature, it is also noted that a negative connotation associated with lifestyle entrepreneurship for being a half-serious enterprise is not true. In fact, lifestyle entrepreneurship is not a 'hype' but a real opportunity and thus provides the perfect landscape to redefine the role of innovation. This research concludes that innovation is a more multi-faceted concept than a pure conception of New Product Development (NPD), especially when studied in lifestyle entrepreneurship. The exhibition of innovation practices appeared to be imbued with relational values that nascent small firms seek to establish (Ali, 2019; Dilli et al., 2018). Relational values that impede entrepreneurship and innovation in small firms are inherent in it, integral to it, inseparable from it (Ewing Marion Kauffman Foundation, 2004; Henricks, 2002). As the findings stated, lifestyle entrepreneurs' decisions are often based on highly personalized criteria of managing the relationship with employees and customers to practice innovation in a competitive marketplace. In the circumstances under which, customer-centred approach is viewed as accretive to building enterprise value, lifestyle entrepreneurs prefer to entrust the innovative practices of their businesses to their employees' intuitions and customers engagement practices.

Having a "control and influence" has been noted as one of the similarities between the family firms and lifestyle entrepreneurial firms and thus can hamper employees' engagement in innovation activities (Lambrechts et al., 2017).

One of the main drivers for lifestyle entrepreneurs to engage in innovative practices is to live up to the aspirations and expectations of a social circle and thus requires to re-invent their business model. Their behaviour takes a sudden shift and replaced by risky innovation especially when the long-term continuity of their firm is surrounded by environmental uncertainty. Therefore, the innovations that take place in lifestyle firms are a mere reflection of maintaining the socio-political status.

The research further states that most of the lifestyle entrepreneurs have the perception of cosmopolitan entrepreneurship and thus such perceptions overshadow the enslaved factor of being real entrepreneurs leading to success. This is where many entrepreneurs participated in this research appeared to have set their sights on the outcomes and lack the understanding of innovative path leading to achieve valuable outcomes.

The method of data collection used in our research yield exploratory and descriptive results. These results are subjective and therefore, conclusions cannot be generalised. Moreover, future studies should include other geographical regions (i.e. emirates) to develop a holistic understanding of the phenomenon as well as be able to make comparative studies.

## REFERENCES

- Ali, I. (2019). Personality traits, individual innovativeness and satisfaction with life. *Journal of Innovation & Knowledge*, 4, 38-46.
- Ateljevic, I., & Doorne, S. (2000). Staying within the fence: Lifestyle Entrepreneurship in Tourism. *Journal of*

- Sustainable Tourism*, 8(5), 378-392.
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77-101, DOI: 10.1191/1478088706qp063oa
- Brooks, N., & Simkin, L. (2012). Judging marketing mix effectiveness. *Marketing Intelligence & Planning*, 30(5), 494-514.
- Bruton, G. D., Zahra, S. A., & Cai, L. (2018). Examining entrepreneurship through indigenous lenses, *Entrepreneurship Theory and Practice*, 42(3), 351-361.
- Burns, P. (2006). *Entrepreneurship and Small Business*. Tavisstock and Rochdale: Palgrave, Macmillan.
- Calabrò, A., Vecchiari, M., Gast, J., Campopiano, G., Alfredo, M., & Sascha, M. (2019). Innovation in family firms: A systematic literature review and guidance for future research. *International Journal of Management Reviews*, 21(3), 317-355.
- Çakar, N. D., & Ertürk, A. (2010). Comparing innovation capability of small and medium-sized enterprises: Examining the effects of organizational culture and empowerment. *Journal of Small Business Management*, 48(3), 325-359.
- Cefis, E., & Marsili, O. (2005). A matter of life and death: innovation and firm survival. *Industrial and Corporate Change*, 14(6), 1167-1192.
- Cliff, J. E., Devereaux, J., & Greenwood, R. (2006). New to the game and questioning the rules: The experiences and beliefs of founders who start imitative versus innovative firms. *Journal of Business Venturing*, 21, 633-663.
- Davenport, S., & Bibby, D. (1999). Rethinking a national innovation system: the small country as SME. *Technology analysis and strategic management*, 11(3), 431-462.
- Davidson, P., & Wiklund, J. (2001). Levels of analysis in entrepreneurship research: Current research practice and suggestions for the future. *Entrepreneurship Theory and Practice*, 25(4), 81-100.
- Davidson, P., & Henrekson, M. (2002). Determinants of the prevalence of start-ups and high growth firms. *Small Business Economics*, 19(2), 81-104.
- Deakins, D., & Freel, M. (2006). *Entrepreneurship and small firms*. 4th ed. Berkshire: McGraw Hill.
- Dilli, S., Elert, N. & Herrmann, A.M. (2018). Varieties of entrepreneurship: exploring the institutional foundations of different entrepreneurship types through ‘Varieties-of-Capitalism’ arguments. *Small Business Economics*, 51, 293-320.
- El-Sokari, H., Van Horne, C., & Huang, V. Z. (2013). *Entrepreneurship: an Emirati Perspective*. Global Entrepreneurship Monitor UAE Report. Zayed University.
- Esterberg, K. G. (2002). *Qualitative methods in social research*. Boston: McGraw-Hill.
- Etzioni, A. (1993). *The spirit of community: The reinvention of American society*. New York: Simon & Schuster.
- Etzioni, A. (1996). The responsive community: A communitarian perspective. *American Sociological Review*, 61, 1-11.
- European Union (2014). Definition of micro, small and medium-sized enterprises, available at: [http://europa.eu/legislation\\_summaries](http://europa.eu/legislation_summaries) (accessed 20 March).
- Evan, C. (2017). *Analysing Semi-Structured Interviews using Thematic Analysis*. London: SAGE Publication.
- Ewing Marion Kauffman Foundation. (2004). Promoting entrepreneurship and education. Retrieved April 28, from [www.emkf.org](http://www.emkf.org)
- Farsi, J. Y. & Toghraee, M. T. (2014). Identification of main challenges of small and medium sized enterprises in exploiting of innovative opportunities (case study: Iran SMEs). *Journal of Global Entrepreneurship Research*, 4(4), 1-15. <https://doi.org/10.1186/2251-7316-2-4>.
- Galende, J. & de la Fuente, J.M. (2003). Internal factors determining a firm’s innovative behaviour. *Research Policy*, 32, 715-736.
- Ghafar, A. (2020). Convergence between 21st Century Skills and Entrepreneurship Education in Higher Education Institutes. *International Journal of Higher Education*, 9(1), 218 – 229. <http://doi:10.5430/ijhe.v9n1p218>
- Gordon, W., & Langmaid, R. (1988). *Qualitative Market Research: A Practitioner’s and Buyer’s Guide*. London: Routledge.
- Heelas, P. & Morris, P. (1992). *The values of the enterprise culture*. London: Routledge.
- Henderson, J. (2002). Building the rural economy with high-growth entrepreneurs. *Economic Review*, 87(3), 45-70.
- Henricks, M. (2002). *Not just a living: The complete guide to creating a business that gives you a life*. Cambridge, MA: Perseus.

- Horridge, P. E., & Craig, J. S. (2001). Female business owners in apparel manufacturing: An integrative perspective. *Clothing and Textiles Research Journal*, 19(3), 89-102.
- Ingram, A. E., Lewis, M. W., Barton, S. & Gartner, W. B. (2016). Paradoxes and Innovation in Family Firms: The Role of Paradoxical Thinking. *Entrepreneurship Theory and Practice*, 40(1), 161-176. <http://doi:10.1111/etap.12113>
- Irava, W., & Moores, K. (2010). Clarifying the strategic advantage of familiness: Unbundling its dimensions and highlighting its paradoxes. *Journal of Family Business Strategy*, 1, 131-144.
- Jamali, D., Zanhour, M., & Keshishian, T. Peculiar (2009). Strengths and Relational Attributes of SMEs in the Context of CSR. *Journal of Business Ethics*, 87, 355–377. <https://doi.org/10.1007/s10551-008-9925-7>
- Kaplan, J (2003). Patterns of entrepreneurship. John Wiley & Sons.
- Ketchen Jr, D. J., Ireland, R. D., & Snow, C. C. (2007). Strategic entrepreneurship, collaborative innovation, and wealth creation. *Strategic Entrepreneurship Journal*, 1(3-4), 371-385.
- Koellinger, P. (2008). Why are some entrepreneurs more innovative than others? *Small Business Economics*, 31, 21–37.
- Kuratko, D. F., & Hodgetts, C. (1998). Entrepreneurship—A contemporary approach. Hinsdale, IL: The Dryden Press.
- Kvale, S. (1996). Interviews: An Introduction to Qualitative Research Interviewing. London: Sage Publications.
- Lambrechts, F., Voordeckers, W., Roijackers, N., & Vanhaverbeke, W. (2017). Exploring open innovation in entrepreneurial private family firms in low- and medium-technology industries. *Organizational Dynamics*, 46(4), 244-261.
- Landoni, P., Dell’Era, C., Ferraloro, G., Peradotto, M., Karlsson, H., & Verganti, R. (2016). Design contribution to the competitive performance of SMEs: The role of design innovation capabilities. *Creativity and Innovation Management*, 25(4), 484-499.
- Lincoln, Y. S., & Guba, E. G. (1985). Naturalistic inquiry. Beverly Hills, CA: Sage.
- Marcketti, S. B., Niehm, L. S., & Ruchita, F. (2006). An exploratory study of lifestyle entrepreneurship and its relationship to life quality. *Family and Consumer Sciences Research Journal*, 34(3), 241–259.
- Marvel, M. R., & Lumpkin, G. T. (2007). Technology entrepreneurs’ human capital and its effects on innovation radicalness. *Entrepreneurship Theory and Practice*, 31(6), 807–828.
- McAdam, R., McConvery, T., & Armstrong, G. (2004). Barriers to innovation within small firms in a peripheral location. *International Journal of Entrepreneurial Behaviour & Research*, 10(3), 206-221.
- McNabb, T. (2004). FCS students learn how to achieve a balance. *Journal of Family and Consumer Sciences*, 96(1), 15-16.
- Meek, W. R., Pacheco, D. F., & York, J. G. (2010). The impact of social norms on entrepreneurial action: evidence from the environmental entrepreneurial context, *Journal of Business Venturing*, 25(5), 493-509.
- Mejía Vallejo, A., & Arias-Pérez, J. (2017). Approach to differences in product and process innovation capabilities and financial performance in manufacturing companies. *Espactos*, 38(4).
- Miles, M. B., Huberman, A. M., & Saldana, J. (2014). *Qualitative Data Analysis: A Methods Sourcebook*, SAGE Publications, Inc., Thousand Oaks, CA.
- Moores, K., & Barrett, M. (2010). Learning family business: Paradoxes and pathways. 1<sup>st</sup> ed. Bond University Press. <https://library.bond.edu.au/publication/learning-family-business-paradoxes-and-pathways>
- Morrison, A. (2006). A contextualization of entrepreneurship. *International journal of Entrepreneurial Behaviour & Research*, 12(4), 192-209.
- Murry, S. H. (2002). Predictors of multi-dimensional well-being in women entrepreneurs: Family/business demands and sense of coherence. (Doctoral dissertation, University of Wisconsin–Madison, 2002). *Dissertation Abstracts International*, 63(4), 2100.
- Nair, M. (2017). Integration of knowledge creation and quality management practices in the UAE hospitality sector. Fifth International Conference on Advances in Social Science, Management and Human Behaviour-SMHB.
- Nordqvist, M., & Melin, L. (2010). Entrepreneurial Families and Family Firms. *Entrepreneurship & Regional Development*, 22(3), 1-29.
- Ortega-Argilés, R., Vivarelli, M., & Voigt, P. (2009). R&D in SMEs: a paradox?. *Small Business Economics*, 33, 3-11.
- Oura, M. M., Zilber, S. N., & Lopes, E. L. (2016). Innovation capacity, international experience and export performance of SMEs in Brazil. *International Business Review*, 25(4), 921-932.

- Pastakia, A. (1998). Grassroots ecopreneurs: Change agents for a sustainable society. *Journal of Organizational Change Management*, 11(2), 157-168.
- Peters, K., Kashima, Y., & Clark, A. (2009) Talking about others: Emotionally and the dissemination of social information. *European Journal of Social Psychology*, 39(2), 207-222.
- Pirich, A., Knuckey, S., & Campbell, J. (2001). An interface between entrepreneurship and innovation: New Zealand SMEs perspective. DRUID Nelson and Winter Conference.
- Shaw, G., & Williams, A.M. (1998). Entrepreneurship and tourism development. In D. Ioannides and K.G. Debbage (eds) *The Economic Geography of the Tourist Industry* (pp. 235–255). London: Routledge.
- Smith, A. M., Galloway, L., Jackman, L., Danson, M., & Whittam, G. (2019). Poverty, social exclusion and enterprise policy: A study of UK policies' effectiveness over 40 years. *The International Journal of Entrepreneurship and Innovation*, 20(2), 107-118.
- Singer, A. E. (2006). Business Strategy and Poverty Alleviation. *Journal of Business Ethics*, 66(2), 225-231.
- Strauss, A., & Corbin, J. (2008). *Basics of Qualitative Research*, 3<sup>rd</sup> ed. Thousand Oaks, CA: Sage. <https://doi.org/10.1177/1094428108324688>.
- Sundbo, J. (1995). Three paradigms in innovation theory. *Science and Public Policy*, 22(6), 399-410.
- Thompson, J., Alvy, G., & Lees, A. (2000). Social entrepreneurship: A new look at the people and the potential. *Management Decision*, 38(5), 328-339.
- Urbancova, H. (2013). Competitive advantage achievement through innovation and knowledge. *Journal of Competitiveness*, 5(1), 82-96.
- Volchek, D., Henttonen, K., & Edelman, J. (2013). Exploring the role of a country's institutional environment in internationalization: Strategic responses of SMEs in Russia. *Journal of East-West Business*, 19(4), 317-350.
- Ward, J. L. (2009). The ten hidden arts of successful business families. *Family Business*, 20(4), 49-52.
- Weiermair, K., & Peters, M. (1998). The internationalization behaviour of small-and medium-sized service enterprises, *Asia Pacific Journal of Tourism Research*, 2(2), 1-14. <http://DOI: 10.1080/10941669808721992>
- Welter, F. (2011). Contextualizing entrepreneurship – Conceptual challenges and ways forward. *Entrepreneurship Theory and Practice*, 35(1), 165–184.
- Wright, T. A., Cropanzano, R., & Bonett, D. G. (2007). The moderating role of employee wellbeing on the relationship between job satisfaction and job performance. *Journal of Occupational Health Psychology*, 12(2), 93-104.
- Yin, R.K., (2013). *Case Study Research: Design and Methods*. Sage Publications.
- Zellweger, T. M., Nason, R., & Nordqvist, M. (2012). From longevity of firms to transgenerational entrepreneurship of families. *Family Business Review*, 25(2), 136-155.