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## Guest Editor Introduction to Special Issue on Innovation Capability in Tourism

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# Guest Editor Introduction to the Special Issue

Staurt Reid

Ever since Schumpeter popularised the entrepreneur as the catalytic agent in a process of “creative destruction” (Schumpeter 1934), innovation has been regarded as an important driver of national economic performance and firm competitiveness. Since that time, the various paradigmatic perspectives on innovation highlight how - be it through entrepreneurial activity, technological development, or management and strategy - innovation affects the fortunes of economic systems at macro and micro scales (Sundbo 1995).

Development of organisational innovation is widely seen as a way to gain, and maintain, a competitive advantage (Drucker 1985a/1985b/Johannessen et al. 2001/Porter 1990/Tidd & Bessant 2013). As Porter (1990) says, firms “achieve competitive advantage through acts of innovation” (1990:74). Innovation can give rise to new and better products and services, more efficient processes, a more defensible market position, or revolutionary reframing of business concepts that enable a firm, and often an entire industry, to grow in new directions (Porter 1990/Tidd & Bessant 2013). The advent of low-cost airlines is a case in point, constituting a paradigmatic shift that ultimately transformed the airline industry, and the tourism industry along with it.

Innovation is central to the competitiveness of tourism destinations and the firms within them (Cooper 2006/Hjalager, 2002/OECD 2006/2010/Sundbo et al. 2007). As Sundbo et al. (2007:88) relate, tourism is intensely competitive and “firms’ competitiveness depends on their innovativeness”. Of course, in competitive environments the advantages of innovation get competed away, requiring further innovation if a competitive advantage stemming from innovation is to be sustained (Porter 1990/Tidd & Bessant, 2013). This is especially true in tourism, where innovations are often incapable of formal protection and ‘front-stage’ innovations are observable, rendering ‘innovation-by-imitation’, or ‘free-riding’ common (Hjalager 2002/Weidenfeld et al. 2010). In tourism, “market leaders are therefore obliged to innovate constantly, and they have to expect any advantages they gain to be quickly eroded” (Hjalager 2002:469).

Innovation is also needed “because the environment is constantly changing” (Tidd & Bessant 2013:9). Tourism firms operate in a highly turbulent context (Frehse 2006/Hjalager, 2002/ Lew 2008), evidenced by the high churn in enterprise ownership and high staff turnover (Hjalager 2002/ WTTC 2014). Globalisation and virtualisation have enabled consumers to express increasingly diverse wants, driving expansion in the scale and scope of tourism competition (Lew, 2008/ Novelli et al. 2006); as ever more tourism businesses “are vying for consumer attention in a crowded

global marketplace, market differentiation and specialization are increasing” (Lew 2008:412). The lengthening “long tail” nurtures diversity and spawns innovation (Lew 2008); continual evolution of tourism systems is now the norm, and tourism is “one of the most dynamic segments of the service sector” (OECD 2010:9). Albeit insufficient by itself, the rising competitive pressure and increasing turbulence of tourism makes innovation necessary for enterprise survival. As Hall and Williams (2008) sum: “[though the] popular maxim that firms must ‘innovate or die’ ... is necessarily an oversimplification, innovation is crucial to the establishment, growth and survival of firms, at least in the long term” (2008:24). Yet despite the extant need for it, the research largely indicates that “innovation is rare – or non-existent – in tourism” (Hjalager 2002:470). By all accounts, most tourism innovation is modest and most tourism firms are not very innovative (Hjalager 2002/2010/ Liburd & Carlsen 2013/Sundbo et al. 2007/Weidenfeld et al. 2010).

There are significant challenges to innovation in tourism (Hall & Williams 2008/Hjalager, 2002/OECD, 2006), particularly among the small firms constituting the bulk of the industry. There are “serious obstacles to innovation processes and knowledge transfer in tourism” (Hjalager 2002:471), and the industry is “characterised more by barriers and constraints than accelerators to innovative processes” (Weidenfeld et al. 2010:609). Innovation is constrained by deficiencies in financial and human capital (Hjalager 2002/ OECD 2010/ Sundbo et al. 2007/ Weidenfeld et al. 2010 /WTTC 2014). The barriers are manifold: there are few linkages between researchers and practitioners; staff and owners are often poorly trained and poorly motivated to undertake innovation; low trust between firms, worsened by free-riding, limits inter-firm collaboration and knowledge exchange; high churn in enterprise ownership curtails long term plans and also derails any trustful inter-organisational relationships that might have been set up (Hjalager 2002/ Weidenfeld et al., 2010).

Not surprisingly, policy at national and supra-national levels often promotes measures to help tourism firms innovate. For instance, the OECD (2006) urges pro-active tourism innovation policy to maintain momentum in terms of competitiveness and growth; and the OECD (2006/2010) proposes that well-targeted tourism policies stimulating developments in human capital, information technology and R&D can help to cultivate a dynamic entrepreneurial culture among tourism firms. Yet the idea that tourism innovation policy can be “well-targeted” is moot: in order to be effective, public interventions “need to recognize where innovation may occur in tourism services” (OECD

2010:64) but the necessary “insight into the dynamics of innovations in tourism is much too scanty” (Hjalager 2002: 473). Despite rising research attention in service innovation over the last thirty years (Drejer 2004/Fliikkema et al. 2007/Hall & Williams 2008), “research on innovation in tourism has been limited” (Sundbo et al. 2007:88), and the field remains embryonic (Hall & Williams 2008/Hjalager 1994/2010/Sipe & Testa 2009/Sundbo et al. 2007). Indeed, the lack of research is surprising: “Given the pervasive and persistent nature of tourism in the modern world, let alone the intensification of innovation in the face of increased competition, there is surprisingly little research in this field” (Hall & Williams 2008:4).

Even though “growing numbers of tourism researchers are addressing the wide palette of issues that fall within the innovation headline and expanding the methodological scope” (Hjalager 2010:1), innovation in tourism is not yet well understood (Hall & Williams 2008/Hjalager 1994/2002/2009/2010/Sipe & Testa 2009). Further research is needed to advance tourism innovation theory and practice (Hall & Williams 2008/Hjalager, 2002/2010). Without more research, policy and practice will continue to struggle; well-intentioned efforts to stimulate innovation in tourism will stumble; and efforts to suitably equip students with requisite skills and capabilities for innovation will fall short of the mark. Accordingly, this special edition has called for new perspectives on innovation in tourism, and insights into the role that educators might play in advancing innovation policy and practice.

Fittingly, the authors contributing to this special edition have shared novel views about the ways innovation arises in tourism practice and on how educators might equip tourism students to innovate. The authors point out that innovation is increasingly necessary, drawing attention to the role of policy and education in nurturing innovation capability in industry.

As founder and director of Wiedemann Consultants, a consultancy specializing in Airport City and Aerotropolis development, Dr Mirjam Wiedemann provides insight into the industry perspective. Thanks to advances in air travel, the world is indeed a smaller place, presenting ever more opportunities for firms to deliver innovative tourism products and services catering to diverse consumer interests, and opening new grounds for destinations to compete. Developments in health and medical tourism, accommodation, airport and airline innovations all illustrate the innovation potential of industry. Dr Wiedemann calls us to ponder how education providers might help to produce the workforce innovation capability now increasingly needed by industry.

Professor Chand draws our attention to the role that the industry can play in stimulating innovation performance

through human resource management (HRM). Although the relationship between HRM factors and innovation performance been researched in various settings, Professor Chand’s empirical investigation extends the HRM paradigm into the hotel industry in India. The results indicate that hospitality firms may indeed achieve a higher level of innovation performance if they have well-developed HRM practices across recruitment and selection, manpower planning, job design, training and development, quality circle and pay system. The findings indicate the scope for further research into possible relationships between HRM factors and innovation performance within tourism and hospitality firms.

Professor Lapointe, David Guimont and Alain Sévigny pinpoint the essential challenge facing Destination Management Organisations (DMOs) in attempting to foster innovation within the fragmented, competitive and complex context of tourism. They describe how, in the county of Rivière-du-Loup in Quebec’s Lower St. Lawrence region, the Living Lab en Innovation Ouverte (LLio) has engaged stakeholders in a co-creation process and has lowered the extant barriers to innovation; in fact, the LLio has catalysed a shift too open innovation by highlighting the value of co-creation process and helping to build the trustful climate required for collaborative innovation effort. The case shows us that if the conditions are right, innovation barriers can be dismantled, and an innovation culture can arise instead. Dr Susan Vinnicombe and Professor Neck point to the characteristics of agricultural producers who recognize and seize opportunities for innovation through diversification into agritourism in Australia. Structural adjustments and changed consumer behaviour provide the impetus for agricultural producers to diversify, yet only some take the necessary action to exploit change as an opportunity for innovation. Action apparently hinges both on a preparedness to take risks, and a ‘discovering eye’ enabling these agripreneurs to spot opportunities that others seem to miss. Involvement in networks and social embeddedness help them to see the opportunities, and this connectedness also enables the first movers to demonstrate the innovation potentials to others. There is ample room for additional research into agricultural entrepreneurship and the innovation processes in the establishment of agritourism ventures.

Associate Professor Mileva illuminates issues and developments in the competencies and future skill needs of the tourism sector in Europe. Notably, although education and training programs are increasingly reflecting learning outcomes relevant to industry, there is no generally accepted framework for study curricula: learning outcomes are broad, with varying degrees of emphasis on core and transversal skills. Universities, employers, careers services, policy makers and individuals all play a part in generating the

capabilities and competencies relevant to the tourism. The question arises as to how suitable partnerships may be formed to deliver education that cultivates relevant skills and capabilities for innovation.

Computing technology can be expected to play a significant role in the future delivery of education, redefining the learning environment and provoking innovation in how education takes place. The intersection of learning and technology takes centre stage in the short discussion of Intelligent Tutoring Systems by Dr Syed Rizvi and Dr Syed Rizwan. As they explain, the artificial intelligence decision networks of Intelligent Tutoring Systems approximate an individual one-to-one learning environment, offering a superior platform for hospitality and tourism education in comparison to the relatively more static environment of Computer Assisted Tutoring. In addressing the need for workforce innovation capability, there is ample scope for innovation in how tourism education takes place.

By definition, innovation calls for new ideas, and novelty may sometimes be found in other realms. To that end, I have contributed a few thoughts drawing on the innate creativity of design. Design-inspired methods such as Participatory Inquiry may present a new direction for research into ways

to stimulate creativity and innovation in tourism. Novel methods such as Participatory Inquiry may help inform education practice to grow the innovation capability of the students who will be the future leaders of the industry and its academy.

The articles in this special edition display the varied research directions in the exploration of innovation capability in tourism. As the turbulent context of the modern tourism industry calls for relentless adaptation, research into innovation capability in tourism is both timely and relevant. It is hoped that readers might gain insight and inspiration from the research and ideas presented in this special issue, perhaps sparking further strides along the many paths to an enriched understanding of the innovation capability for modern industry practice.

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