A STUDY OF STRATEGIC INNOVATION PRACTICES WITHIN THE IRISH TOURISM INDUSTRY

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ABSTRACT

One dominant theme that continuously appears to emerge from national reports is that, in order for small tourism firms to surmount the detrimental effects of losing competitiveness (caused mainly by globalisation and the changing economic climate) emphasis must be directed at encouraging these companies to adopt a strategic innovation practice and become strategic innovators (The Tourism Policy Review, 2003). However, what makes good strategic practice in the context of innovativeness and thus increasing firm competitiveness is not clearly understood within the literature. Furthermore, research to date tends to focus on micro or product-level innovation and ignores the reality that small firms need to continually innovative as a firm-level strategic objective, especially considering that "innovations in and of themselves are not necessarily the key to long-term business success" (Sigauw et al 2006: 556). Therefore this paper makes a unique contribution to a very significant gap in the innovation and business strategy literature, by reviewing current work and conceptualizing strategic practices that link effective strategy to enhance innovativeness. Our conceptualization is elaborated with a set of propositions which have academic implications for enriching resource based theory and practical implications for managing the innovativeness journey.

INTRODUCTION

Tourism is now the largest indigenous industry within the Irish economy, with approximately 16,000 tourism enterprises and accounted for 10% of total employment and 3.5% of GNP in 2006. A total of 7.6 million overseas tourists visited Ireland in 2006, and the industry is targeted to reach 10 million overseas tourists and €6 billion in revenue by 2012. Notwithstanding these positive features, the landscape is changing and the tourism industry is at a significant turning point in its evolution. Due to unparalleled economic growth, the tourism industry has seen a "significant loss in competitiveness, which if not redressed, will undermine the capacity of the industry to benefit form the strong economic growth envisaged in international tourism in the years ahead" (The Tourism Policy Review, 2003: 40). Moreover, the industry is predominately characterized by individual, small to medium sized enterprises competing in an increasingly global international tourism marketplace. The consequence is that there is weak access to market and operational intelligence, a lack of management resources and market power and little or no financial institutional backing and so international competitiveness of the industry is being quickly eroded. A frequent response to these challenges is the call for a heightened level of "innovation" across the industry (Tourism Product Development Strategy 2007-2013, Ireland, 2007).

This line of reasoning is consistent with the current thinking in the innovation and new service development literature, where there is a convergent consensus that for small firms who want to become more competitive, the focus has to be on continuous service product innovation (see Victorina et al, 2005). Yet this historically narrow focus on micro or project-level innovations ignores the reality that small firms need to continually innovative as a firm-level strategic objective (Sigauw et al., 2006). This is especially true considering that a small

firm's long-term survival may rely more on strategic firm-level innovativeness that produces dynamic capabilities which in turn enhances the development of innovations and less on the actual innovations themselves (Trott, 1998). Simply stated, project innovation success does not necessarily imply firm-level success, yet strategic firm-level innovativeness is a necessary prerequisite for long-term survival. Hence, the defining factor of long-term survival through innovation appears based not on specific, discrete innovations, but rather on an overarching, organization-wide innovation capability structure, termed innovativeness, that is not easily transferable or imitable by other firms. For Menguc and Auh (2006), it is this idiosyncratic aspect that encapsulates the difference between innovation and innovativeness.

Theory suggests that if small firms can strategically practice innovativeness, their limited resources will be utilized to maximum capacity and profitability and that competitiveness should increase (Sundbo et al., 2006). However, it has to be stressed that innovativeness within the tourism literature has received very scant attention and even within the broader innovation literature, the focus has been on the large organization and little significant international research activity on innovativeness within the SME and in particular within the small tourism firm has emerged from the extant literature. Moreover, there has been relatively little empirical research reported that details how firms can strategically achieve firm-level innovativeness. For Markides (1997), innovativeness remains a central dilemma for most small firms because there is a lack of understanding about the firm-level strategic practices required to build innovativeness. Indeed, there is little practice description of the '*how to do variety'*, as much comment tends to focus on the pitfalls and factors conducive to innovation failure and success, an approach that has been critiqued as it can provide limited insights in to what strategic practices management should or should not employ (von Stamp, 2003; Sundbo et al. 2006). Linking effective strategic practice to enhance innovativeness

within the small tourism firm is the core objective of this article and builds upon previous work by von Stamp (2003) in the innovation literature, Markides (1997) from the strategy literature and, Sundbo and others (Sundbo, 1988; Metcalfe and Miles, 2000; Hjalager, 2002; Howells, 2006; Sundbo et al., 2006) in the tourism innovation literature

The next section of this article outlines the theoretical background of the study, which is based on the resource based view of organizations. Next, a synthesized discussion on the concept of innovativeness is presented. Subsequently, the impact of strategic practices on innovativeness is discussed and propositions are presented. In the concluding section, academic implications and future directions for research are explored.

RESOURCE BASED VIEW OF STRATEGIC PRACTICES AND INNOVATIVENESS

The resource-based strategy paradigm emphasizes distinctive, firm-specific, valuable, imperfectly inimitable and rare resources and capabilities confer competitive advantage on the firm that possesses them (Wernerfelt, 1984). Resources relate to a firms intangible and tangible assets whereas capabilities are the way of accomplishing firm activities, depending on the availability of resources (Wernerfelt, 1984; Barney, 1991). Simply stated, in order to produce a competitive advantage that is sustainable, firms should base their success in their distinctive competencies which are grounded in their resources and routines. For Menguc and Auh (2006), innovativeness is a rare, valuable and hard-to-copy firm level competence. It is the key driver of innovation in a firm (Damanpour, 1991; Dobni, 2006), and represents a firm's ability to continually develop innovations (Damanpour, 1991; Dobni, 2006; Paleo and Wijnberg, 2008). Fundamentally, innovativeness increase a firms capacity to innovate

(Damanpour, 1991) by encouraging innovative behaviours through strategic practices (Siguaw et al., 2006). The essence of our argument is that innovativeness is constructed by the purposeful orchestration and strategic application of practices that accumulate, bundle and leverage resources (Wernerfelt, 1984; Moingeon et al., 1998; Ireland et al., 2003). In order to create innovativeness a firm must implement strategic practices that enhance their innovativeness competence (i.e. strategic practices are the *"how to"* for creating innovativeness). Specifically this paper focuses on strategic practise involved in the acquisition of resources (e.g. collaborative capability and market orientation) or the leveraging of resources (e.g. knowledge leveraging, resource slack and leadership consistency) to build innovativeness and deliver a competitive advantage (Damanpour, 1991; Post and Hop,1998; Pfeffer and Sutton, 1999; Ireland et al., 2003; Cha and Edmondson, 2006).

Proposition 0: Strategic practices (knowledge leveraging, resource slack, leadership consistency, collaborative capability and market orientation) enhance firm level innovativeness.

INNOVATIVENESS

Historically the concept of innovativeness has not been addressed because it is not directly observable, it as a "spiritual force" that drives value creation (Kenny and Reedy, 2006). However, for Hurley and Hult (1998), it does manifests itself in a firm at multiple levels including in a firm's culture, behaviours and processes. Others (Dobni 2006; Panayides 2006; Siguaw et al. 2006) associate innovativeness with firms that are committed to doing things differently, particularly at a strategic level. These innovative firms tend to explore new

methods of doing business (Mang, 2000) and make connections between trends rather than just recognising trends (Krinsky and Jenkins, 1997). Indeed, for Markides (1997) highly innovative firms are not victims to their environment (i.e. not reactive) but foresee changes in the environment, produce new products and services, implement new innovative processes and act on opportunities as well as openly commit to innovation (i.e. they are proactive) (Markides, 1997; Dobni, 2006).

Some researchers, (Hamel, 1996; Markides, 1998; Dobni, 2006), view firms that are highly innovative as rule breakers that have maverick tendencies. They tend to be considered risk takers (Panayides, 2006) and are more concerned with creating new value than beating their competitors or how they are perceived in the market (Dobni, 2006). Indeed, firms that exhibit high levels of innovativeness experiment and explore new ideas more (Markides, 2004; de-Sousa, 2006) and so tend to tolerate uncertainty better than firms with low levels of innovativeness (Moingeon and Lehmann-Ortega, 2006). Innovativeness, it seems, is partly founded on a firms ability to take risks and tolerate uncertainty (Krinsky and Jenkins, 1997; Little, 2003; Moingeon and Lehmann-Ortega, 2006; Rutherford and Holt, 2007).

Another attribute connected to innovativeness is creativity (Krinsky and Jenkins, 1997; Sundbo, 1997; Braganza and Ward, 2001; Little, 2003; Salavou, 2004). For Sundbo (1997) innovative firms resolve problems in imaginative ways, whilst Salavou (2004) emphasizes that innovative firms recombine existing knowledge in new and imaginative ways thereby producing more innovations. Krinsky and Jenkins (1997) support this argument by acknowledging that firms with high levels of innovativeness imagine connections between trends. Numerous authors conceptualize creativity as the firm-level ability to think from different angles, to develop and apply knowledge to new situations, in order to generate more

ideas (Markides, 1997; Braganza and Ward, 2001; Mang, 2000; Salavou, 2004). For both Ekvall (1997) and Ismail (2005) highly innovative firms combine knowledge, situational elements and/or structural elements in imaginative and creative ways.

Creativity is, ultimately linked to how receptive a firm is to new ideas, that is innovators need to explore ideas before they reject them (Steele and Murray, 2004). For Ahmed (1998) innovative firms, tend to listen to "all voices", internal and external, and use the ideas and / or knowledge gained to implement change. The need for innovative firms to be receptive to ideas and to hear new voices has led researchers (Markides, 1998; Yami and Le-Roy, 2007) to conclude that embedding a questioning attitude in their culture is a necessary precursor to innovativeness. Indeed, Dobni (2006) argues that firms that innovative regard all people to be equal; this ultimately allows the firm to listen to the ideas and act on them. Similarly, Ohmae (1988) believes that different views of the worlds need to be appreciated in order for a firm to be innovative. Without being receptive to ideas, new voices and different perspectives a firm will not be highly innovative (Ahmed, 1998; Markides, 1998; Steele and Murray, 2004).

Implicit in the concept of innovativeness is the requirement that a firm adapt quickly to changing dynamics, which means that innovative firms need to be agile (Dobni, 2006). Tushman and O'Rieilly (1996) and Steele and Murray (2004) argue that innovative firms remove the structural resistance to change, that is they are always prepared and able to change or are flexible. Indeed, they not only adapt to change but they absorb it (Stewart and Fenn, 2006). For Yeung et al. (2007) innovativeness refers to a firm's ability to implement change in a efficient and effective manner quickly. Based on the foregoing, the concept of innovativeness is defined as the propensity and receptivity of a firm to incorporate change

into their business by creating and adopting new ideas that add new value (Hult et al., 2004; de-Sousa, 2006; Kenny and Reedy, 2006; Menguc and Auh, 2006).

Proposition 1: Firm level innovativeness is a multidimensional construct consisting of a firm's proactiveness, creativity, receptivity, ability to change and risks taking.

STRATEGIC PRACTICES

Strategic practices are the critical link between proclaiming a innovation as an strategic objective and developing an innovative firm with high levels of innovativeness (Dutta et al., 2005; Allen and Helms, 2006). Drawing from the literature, it is our contention that five strategic practices enhance firm-level innovativeness, explicitly Leadership Consistency, Resource Allocation, Market Orientation, Leveraging Knowledge and Collaborative Capability.

Leadership Consistency. In a review of current research on innovativeness and leadership, Mumford et al. (2002) concluded that leaders can influence a firms innovativeness either through their style and characteristics or through their behaviour. Indeed, numerous researchers argue that leaders that commit to innovativeness through their actions, as well as through their language and communication of the firm vision, employees' will evaluate this behaviour within the context of the firm's overall strategy and culture and emulate it (Daresh, 1991; Intagliata et al., 2000; Cha and Edmondson, 2006). However, Cha and Edmondson (2006) and Chatman and Cha (2003) warn that in order for leadership to influence firm-level innovativeness, leaders need to be consistent in their communications and actions, otherwise, employees will view any deviations as been hypocritical and can lead to a disillusioned work

force. Employees expect that the behaviour exhibited by their leaders to be consistent with the firm's strategy and culture (Cha and Edmondson, 2006).

Indeed, according to Cha and Edmondson (2006) and Intagliata et al. (2000), the negative emotions produced by leadership inconsistency results in employees under performing and being unaware that innovativeness is a priority for the firm. For Jensen and Luthans (2006), when leaders display authentic and consistent behaviour, the company experiences a greater level of productivity and innovative behavior (due to the positive emotions experienced by employees). This is consistent with, Jung et al. (2003), argument that leadership consistency enhance employees' creativity because employees model the creative practices that are instilled through leadership. Based on the above it can be concluded that leadership consistency increases a firm's innovativeness and leadership inconsistency decreases a firm's innovativeness, as a result of the emotions produced in employees through leadership and the role modeling effect (Richardsen and Piper, 1986; Jung et al., 2003; Cha and Edmondson, 2006).

Proposition 2: Leadership consistency enhances a firm's innovativeness whilst leadership inconsistency decreases a firm's innovativeness.

Resource Allocation – Slack. Innovative firms manage their resources strategically, specifically they allow for resource slack (Adams et al., 2006), which according to Nohria (1996: 1246) is defined as "the pool of resources in an organization that is in excess of the minimum necessary to produce a given level of organizational output." Resource slack is believed to enhance innovativeness by allowing firms to absorb failure (Damanpour, 1991),

enhance experimentation (Nohria, 1996), increases knowledge transfer (Little, 2003) and allows the firm to allocate funds to the costly processes of innovativing (Damanpour, 1991). In essence resource slack enhances innovativeness because it increases the likelihood of risk taking (Damanpour, 1991) and exploration (Richtner and Ahlstrom, 2006). The value of resource slack in relation to exploration is that it allows for internal networking, and the subsequent exchange of knowledge and ideas which in turn leads to further knowledge creation and ultimately innovations (Little, 2003). In addition, the ability for the firm to allocate funds to activities that relate to the process of innovation and exploration of innovative opportunities, without fear of failure enhances a firms risk taking (Ireland et al., 2003).

However, some researchers have pointed out that resource slack can have a negative effect on firm-level innovativeness as it can produce inefficiencies (Nohria, 1996; Geiger and Cashen, 2002; Richtner and Ahlstrom, 2006) In Damanpour's (1991) study on the determinant of innovativeness it was expected that slack would have a positive impact on innovativeness, however he found a significant but weak relationship between resource slack and innovativeness which he attributed to the fact that there are different types of slack, specifically unabsorbed and absorbed slack. The former refers to excess resources which have not been committed, while the latter relates to that excess resources that have been committed (Herold et al., 2006). Damanpour (1991) argues that the distinction between absorbed and unabsorbed slack needs to be made due to the fact that absorbed slack has a positive relationship with innovativeness whilst unabsorbed slack has a negative relationship with innovativeness, in that it leads to inefficiency.

Other researchers have approached the relationship between resource slack and innovativeness not by making distinctions between types of resource slack but by focusing on the nature of the relationship between the two variables themselves (Nohria, 1996; Geiger and Cashen, 2002; Richtner and Ahlstrom, 2006). What these researchers found was that the relationship between resource slack and innovativeness had an inverse U relationship. Indicating that there is a point at which resource slack is no longer absorbed and therefore becomes suboptimal (Nohria, 1996; Geiger and Cashen, 2002; Richtner and Ahlstrom, 2006). This has lead to suggestions as to how to optimize the resource slack's impact on innovativeness. Nohria (1996) argues that some form of discipline needs to accompany resource slack. Whilst Richardsen and Piper (1986) study implicitly highlights that human resource slack can be optimized by oscillating between uncontrolled time (resource slack) for exploration and controlled time (no resource slack). On the other hand, Adams et al. (2006) suggests that culture can act as a social control. Ultimately, the inverse U relationship between resource slack and innovativeness indicates that from strategic practices perspective resource slack needs to be optimized through some form of control (i.e. firms must ensure that resource slack is absorbed) (Nohria, 1996).

Proposition 3: Absorbed resource slack enhances a firm's innovativeness whilst unabsorbed resource slack diminishes a firm's innovativeness.

Market Orientation. Innovativeness is enhanced by a firm's market orientation (Lee and Tsai 2005; Low et al., 2007; Laforet, 2008). Specifically, market orientation increases a firm's knowledge of consumers' needs and wants, environmental trends (both economic and social), competitors' actions and products, and other industry related information and allows a firm to maintain competitive advantage by responding to the market through innovating

(Slater and Narver, 2000; Lee and Tsai, 2005; Mavondo et al., 2005). Simply stated market intelligence increases a firms' knowledge base and enhances a firms' ability to maintain proactiveness, creativity, and reduces the risks associated with being innovative (Hurley and Hult, 1998; Aldas-Manzano et al., 2005; Low et al., 2007). Indeed, Low et al. (2007) argues that market orientation decreases the need for consumers to change their behaviour when adopting new products and services, consequently the risk of failure, when introducing new products and services, is decreased.

However, researchers that have tested the relationship between market orientation and innovativeness have produced inconsistent results (Low et al., 2007). For example, Lee and Tsai (2005) and Low et al. (2007) found that market orientation increased a firm's innovativeness whilst Verhees and Meulenberg (2004) found that highly innovative firms were inhibited by market orientation. Aldas-Manzano et al. (2005), on the other hand, found no relationship between market orientation and a firm's innovativeness. These inconsistencies could potentially be explained by the different conceptualizations of market orientation that have been adopted in extant research, these being Narver and Slater (1990) and Kohli et al. (1993) definitions and associated measures of market orientation. Narver and Slater (1990) view market orientation as a culture that encourages employees to gather information on customers and competitors, share the information around the firm and react to the information. Whilst Kohli et al. (1993) focuses on a firm's behaviors in relation to market intelligence, that is the generation, dissemination and response to market intelligence. Both conceptualizations are similar in that they specify that a firm must respond to the information gathered however, this specification could potentially be the source of the inconsistencies in previous research on orientation and innovativeness. More specifically the scales associated with these definitions implicitly measure aspects of innovativeness, for example, Narver and

Slater (1990) scale includes a firm's ability to create customer value which is a component of innovativeness. Whilst Kohli et al. (1993) responsiveness construct is largely made up of aspects of innovativeness. Verhees and Meulenberg (2004: 135) support this thinking by arguing that "continuous innovation is implicit" in each of Narver and Slater constructs and that innovation could be seen to be a response to market intelligence within Kohli and Jaworski framework.

In order to eliminate the source of these inconsistencies and re-examine the relationship between market orientation and innovativeness, market orientation will be defined as a firm's ability to gather market intelligence and disseminate market intelligence within the firm (Kohli and Jaworski, 1990). However, it is still anticipated that market orientation will enhance innovativeness by allowing firms to stay abreast of environmental changes.

Proposition 4: Firms with high levels of market orientation will have higher levels of innovativeness and firms with low levels of market orientation will have lower levels of innovativeness.

Leveraging Knowledge. For Pfeffer and Sutton (1999) highly innovative firms leverage knowledge, that is they actively minimize the gap between static knowledge and active knowledge (i.e. the knowledge gap). Specifically, Zahra and George (2002) argue that a firm can minimize the gap between knowing and doing by encouraging knowledge sharing. Pfeffer and Sutton (1999) supports this view, and adds that action learning, action orientated leaders and an environment based on freedom rather than fear also minimizes the knowledge gap. Ultimately, firms should leverage knowledge by incorporating routines that encourage employees to realize knowledge and therefore enhance their creativity, ability to adapt to

changes and receptivity (Pfeffer and Sutton, 1999; Majchrzak et al., 2001; Zahra and George, 2002; Ireland et al., 2003).

For Zahra and George (2002) realized knowledge consists of a firms ability to exploit and transform knowledge; knowledge transformation is seen as the ability to internalized and integrate knowledge whilst knowledge exploitation is seen as the ability to apply and reuse knowledge (Zahra and George, 2002; Nielsen, 2006). Knowledge transformation enhances a firm's creativity by increasing the amount of biosociation and the generation of new ideas (Zahra and George, 2002; Nielsen, 2006), whilst knowledge exploitation is believed to result in more creative outcomes, as a firms ability to identify and assess opportunities for innovation is reinforced (Pfeffer and Sutton, 1999; Majchrzak et al., 2001). Firms that leverage knowledge increase the amount of realized knowledge as a part of minimizing the knowledge gap, it is anticipated that leveraging knowledge will result in higher levels of knowledge transformation and exploitation and consequently innovativeness.

Proposition 5: Leveraging knowledge results in smaller knowledge gaps and therefore firm level innovativeness.

Proposition 6: Leveraging knowledge results in higher level of knowledge transformation and exploitation and therefore firm level innovativeness.

However, for Uotila et al. (2007) firms that leverage knowledge can potentially restrict innovativeness with the very structures and routines designed to improve the firms ability to exploit knowledge, specifically by restricting a firm's ability to explore. He and Wong (2004) found that where there is a disproportionate amount of exploration or exploitation

innovativeness suffered, thereby providing further support for the argument that innovativeness can potentially diminish if exploration and exploitation are not balanced. On the other hand, Miller et al. (2007) argues that knowledge exploitation result in firms being less risk adverse and more likely to explore new opportunities. That is, knowledge exploitation encourages exploration rather than inhibits it and therefore enhances firm level innovativeness (He and Wong, 2004; Miller et al., 2007; Uotila et al., 2007). To date the extant literature has not resolved this debate consequently a third proposition is presented in order to clarify the exact relationship between knowledge exploitation and innovativeness.

Proposition 7: Firms with high or low levels of knowledge exploitation will have lower levels of innovativeness than firm with average levels of knowledge exploitation.

Collaborative Capability. Innovativeness can be enhanced by inter-organisational collaboration as resources are actively transferred and shared, thereby increasing a firm's resource based (Hardy et al., 2003). Specifically, knowledge transferred between the organisations increase the knowledge base within firms and physical assets can be shared or pooled between firms (Post and Hop, 1998; Hardy et al., 2003; Ylitalo et al., 2004). Collaboration can also enhances a firms ability tolerate risk as the risk and the cost of undertaking innovation can be shared between the two firms (Post and Hop, 1998). For these authors collaboration can also improve a firm flexibility as knowledge specific to innovativeness can be shared. In summary, innovativeness can be enhanced by inter-organisational collaboration as it can reduce costs associated with under taking innovation, expand a firm's resource base and allow firms to learn more about the dynamic capability innovativeness (Post and Hop, 1998; Ylitalo et al., 2004).

However, Post and Hop (1998) and Ylitalo et al. (2004) argue that firms need to actively manage and develop their relationships with other firms in order to realize the potential benefits of the relationship. For Blomqvist and Levy (2006: 12) this ability is called the collaborative capability which is defined as a firm capacity "to build and manage … [inter-organisational] relationships based on mutual trust, communication and commitment". Indeed part of managing collaborative relationships is taking the time to establish mutual objectives and demonstrating commitment (Ylitalo et al., 2004; Blomqvist and Levy, 2006). Specifically, firms need to demonstrate their commitment through their behaviour towards the other firm and actions (Ylitalo et al., 2004). Mandell and Steelman (2003) suggest that innovative firms, also, master the art of activation – they have ability to access and leverage the other firms' resources as required while maintaining trust. Faems et al. (2005) extends the concept of managing collaborative relationships by suggesting that firms need to build collaborative portfolios based on their desired outcomes and strategic objectives, i.e. some collaborative relationship in the portfolio may be focused on knowledge transfer and sharing whilst others maybe focused on sharing financial resources. Ultimately, firms that have organisational routines designed to build trust and commitment into the collaborative relationships are more likely to reap benefits (knowledge transfer, resource and risk sharing, and learning) (Ylitalo et al., 2004; Blomqvist and Levy, 2006). It can be concluded from the above discussion that firms with strong collaborative capabilities will therefore have higher levels of innovativeness, as their collaborative relationships will produce more benefits (Post and Hop, 1998; Ylitalo et al., 2004; Blomqvist and Levy, 2006).

Proposition 8: Firms with high collaborative capability levels will have higher levels of innovativeness than firms with low collaborative capability levels.

CONCLUSION

Two significant gaps in extant literature were identified in this paper, these being a deficiency in what constitutes innovativeness and the lack of research into the creation of a firm's innovativeness capability using strategic practices. Based on the resource view of the firm this paper contended that firms' innovativeness capability is built by strategic practices such as market orientation, leveraging knowledge, collaborative capabilities, leadership consistency and resource slack. Specifically, firms market orientation and collaborative capability facilities the acquisition of resources whilst leadership consistency, resource slack and leveraging knowledge are mechanisms for maximizing the potential of internal resources thereby building the firm's innovativeness competency.

In order to operationalize the propositions suggested in this paper, future research would have to focus on defining and measuring the proposed dimensions of innovativeness. In developing the measurement scale it might be useful to consult the current organisational literature as well as literature on the characteristics of innovative individuals and teams. Once an innovativeness scale is developed a national study of firms innovativeness and strategic practices could be undertaken in order to validate the strategic practices propositions developed here. Indeed this is a key part of our future research agenda. The expected outcome of this ongoing research for practice will be a diagnostic model that will allow firms to measure their innovativeness and identify which strategic practices their innovativeness is suffering, as well as for identifying and utilizing the most relevant strategic practice required to upgrade their innovative mode. Indeed, our research may find that low levels of innovativeness are prevalent within the tourism industry, which would have key policy implications for the use of the propositions developed in the current paper

Researchers may, also, like to explore the specifics of ‘how and why’ the strategic practices presented in this paper build innovativeness. There is, also, scope for researchers to examine the relationship between other strategic practices and firm level innovativeness as the list presented here does not include all techniques of acquiring, bundling and leveraging resources. Furthermore, the bundling component of strategic practices could be tested by examining the interactions between groups of strategic practices, for example “What impact does market orientation have on innovativeness when combined with leveraging knowledge?” There is also the possibility of extending current capabilities research by focusing on strategic practices or providing “how to” guidance for developing capabilities.

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