

# **DEVELOPING A RURAL INNOVATION NETWORK IN THE IRISH TOURISM SECTOR**

## **ABSTRACT**

The aim of a rural innovation network (RIN) is to reduce uncertainty through cooperation with other rural stakeholders, with different competencies, in order to create new knowledge and enhance firm competitiveness. The variables that impact on RINs have been identified (Murdoch, 2000), but the development of a managerial model to maximise the involvement of rural stakeholders has not, resulting in a significant knowledge gap in substantive literature. Based on first stage results, this paper presents, as a primary step to achieving a rural innovation network, a pragmatic ('how-to') framework on developing and managing a rural tourism network.

Keywords: Networks, Rural Tourism, Innovation

TRACK: Relationships and Networks

## **DEVELOPING A RURAL INNOVATION NETWORK IN THE IRISH TOURISM SECTOR**

### **Introduction**

In line with recent supranational and national tourism policies, Fáilte Ireland (FI)<sup>1</sup> has determined that a networking approach must be applied within the tourism industry in order to enhance regional competitiveness and grow the tourism industry – with a particular focus on innovation. FI's determination reflects a dominant theme in the academic literature that current and future competition must be based on knowledge and that knowledge is the basis of innovation. In essence, due to its small business context, tourism enterprises can overcome their limited resources in regard to knowledge and innovation through the leveraging of relational capital achieved through the development of community tourism networks. Indeed, convergent evidence from multiple disciplines demonstrates that innovation and networks essentially belong together for enhanced competitiveness. However, while networks have been acknowledged in academic and government circles as a key driver of competitiveness for Irish tourism companies (National Development Plan 2007-2013; Roper 2001), few research agendas have addressed how tourism innovation networks should be developed and managed, hence how to develop a sustainable tourism innovation network remains a central dilemma. Based on the foregoing, FI in partnership with the authors undertook research to develop a pragmatic ('how-to') model on the development and management of tourism innovation networks. With the word *pragmatic* in mind, the focus of the research was not purely about developing a managerial model of a theoretical or descriptive nature, but instead about addressing the practical matters that are of direct relevance to FI in the strategic development and management of their tourism innovation networks. The study focuses on one case study involving a fragmented group of tourism providers in a remote, scenic area of Ireland. Preliminary primary research findings revealed that the achievement of a successful tourism innovation network would require an action research methodology and two stages of interventions by FI and the research group. Two stages are necessary in that prior to developing an innovative tourism network – a collaborative tourism network would have to be first realized as a critical component of innovation is information sharing, most particularly confidential/tacit information (cf. Nonaka 1994), and the level of information sharing necessary to the creation of knowledge requires high levels of trust and commitment (cf. Hansen 1999). Findings from the study's first stage are presented in this paper, that is, a framework for developing and managing a rural tourism network. The next stage of research (currently in progress) seeks to evolve this network into one that is innovative. Due to space limitations, this paper first provides a brief outline of the literature that informed the study as well as perceived contributions of the study. This is followed by text that incorporates the methodology, findings and discussion that led to the development of the framework.

### **Rural Innovation Networks**

A review of the extant literature indicates that rural innovation has received scant academic attention. Moreover, there is a tendency by researchers to see rural innovation as the sole province of the individual firm (Murdoch, 1995) instead of viewing it as an interplay between a number of rural actors, that is, innovation occurs within the context of a network of dynamic interactions between individuals (Murdoch, 2000; OECD, 1996). Further, even when rural innovation networks are the primary research aim, the tendency is to focus on

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<sup>1</sup> Semi-state, Irish Tourism Development Agency.

either the potential rewards associated for rural stakeholders adopting the network concept for innovation (Roper, 2001) or on the many variables that impact a rural stakeholder's network involvement (Virkkala, 2007; Kingsley and Malecki, 2004), but management models of the process are scarce (Murdoch, 2000). This study is informed by the leveraging of several parallel research streams such as the inter-organisational network field (Barringer and Harrison, 2000; Hakansson, 1987), the innovation network field (Biemans, 1992), the strategic alliances literature (Buchel, 2000), the knowledge (Burt, 2004) and communication fields (Knapp, 1984). The research will make a unique contribution to a very significant gap in the rural development and innovation literature on three dimensions. From a theoretical perspective, there is a gap in the research literature on managerial models for rural innovation networks and this proposed research will provide a new source of empirical data. In addition, the research should contribute both to the network paradigm research stream and to research on organizational structures for innovation. From a policy perspective, FI can incorporate the study's findings in the formulation, implementation and evaluation of rural innovation policy strategy. Finally, from a practice perspective, rural enterprises seeking to gain innovative advantage through a rural network will have a prescriptive tool for achieving best managerial practice through the utilisation of implementable guidelines developed by the study.

### **Methodology/Findings/Discussion**

To facilitate the development of a framework, the proposed research focused on content, context, processes and outcomes of developing a tourism network. Hence, there was a need for a qualitative methodology which allows for a more detailed and richer analysis than a quantitative approach offers. Further, as previously indicated, the research context involved establishing a tourism network in a remote, scenic area of Ireland – this required that the research group utilised an action research approach.<sup>2</sup> The following text presents a project narrative which traces the dynamic processes inherent in the establishment of the rural tourism network. Due to space limitations, the narrative is necessarily brief – presenting only the major steps taken (see Figure 1).

#### *Strategic Identification of Best Match Locations*

From the outset, FI realized that developing a tourism network required a strategic orientation to its establishment. This meant ensuring that a location and its potential tourism proposition must align with strategic goals for the region as well as being capable of supplying a very high standard and range of elements which make up the holiday experience. This involved conducting desk research/analysis on a number of destinations. With FI's assistance, the final case destination was identified – the case site has immense opportunities for walking, riding, cycling, rambling and fishing.

#### *Preliminary Meeting – Fáilte Ireland and Research Team*

FI indicated to the research team that it would not be a simple or spontaneous endeavour to establish a tourism network in the site area – due to the micro nature of the tourism businesses involved, they would have limited time, and some individuals would be nervous about collaborating with “competitors” thereby impacting the sharing of information. Overcoming these issues centred around: *Why should the tourism practitioner get involved – that is, what is he/she getting out of it?* Therefore it was felt by all that it would be imperative that any concerns about their time, roles and responsibilities would be addressed from the outset. It was perceived that relationship challenges would be overcome through

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<sup>2</sup> The methodology involved twenty-four interviews with the site area's tourism providers as well as workshop observations and analysis of archival documents.

interventions – planned workshops, providing interactive encounters where individuals would start to build trust and commitment as well as communicate with each other. Also, the benefits of developing a network to the area and to each individual would have to be clearly communicated.

#### *The State of Relationships in the Remote Scenic Area: Prior to Interventions*

What is particularly noteworthy from the diagnosis of the key individuals in the site area is that there was very little communication occurring between the businesses, as exemplified by comments from one of the area's tourism providers: *"We have no communication within ourselves anyway."* Although the parties understood that the benefits of co-ordinated efforts lead to results that exceed what a firm could achieve if it acted solely in its' own interests, there was very little cooperation between the parties to achieve mutual goals – this is succinctly supported by statements made in the interviews by two of the tourism providers: *"There's no together thinking at all"* and *"I know that everybody does their best down there but I would feel that in my own personal opinion that there isn't an awful lot of togetherness with everybody."*

The foregoing indicated to FI and the research team that, in order to ensure the successful establishment of the tourism network, a major component of the project would involve the development of close interpersonal relationships that incorporate trust, commitment, cooperation and communication. The foregoing underpinned the study's interventions.

#### *The Initial Meet and First Intervention*

Based on an initial profiling, a targeted group of key industry participants were contacted and asked to meet with FI and the research team to discuss developing a tourism network. It was envisaged that these key individuals would potentially champion the initiative, create interest and recruit micro and small tourism services providers in the area to create the network. The initial meeting with them focused on presenting the beneficial nature of the project for the area and for each tourism provider. The meeting was received very positively and most individuals involved felt that the process of developing a network in the area would be beneficial. Moreover, the key individuals were pleased with FI's attention on their area. The outcome from the meeting was a decision to conduct a market analysis of the area. The results were presented at the first intervention planned – a "Strategy Workshop" organised by FI at which the research group were observers. The workshop was highly interactive; tourism providers actively engaged in the discussion on their: strengths, weaknesses, opportunities and threats.

#### *The Second Intervention*

The next intervention involved developing a business plan for the network. In order to ensure that there was a sense of ownership amongst the tourism providers towards the business plan, a "Brainstorming Workshop" was used as a forum to brainstorm around relevant findings such as target market identification, product identification, business practice development, marketing and branding. This was facilitated by the research group. The workshop also began a process of identifying how well current products and service standards met the needs of those customer segments identified in the market analysis and where gaps in provision existed. In essence, it began the process amongst the tourism providers in the area of identifying where improvements could be made and what actions needed to be taken in order to move forward. In conjunction with the workshops, to ensure that the 'voice of the individual' was incorporated in to the design of a business plan, network members were contacted individually. What is particularly noteworthy is that the workshops also had an

underlying motive in terms of building trust and communication by acting as familiarization events. Moreover, the benefits of collaborating with each other to achieve potential economies of scope derived from an integrated market proposition for the area was continuously communicated and re-enforced throughout interactions. Based on the market analysis, first and second workshops as well as individual discussions with network participants, a business plan was devised and sent to a steering committee of the area's tourism providers (established by FI and the research team) for review and feedback. Commitment to involvement in the business plan was sought and obtained from the network members. They agreed to follow key action items which involved the enhancement of infrastructure, product and hospitality services. These action items were seen to be pivotal to growing trust between individuals and network commitment. Importantly, network participants were communicating with each other (indicating the growth of trust) which further led to the development of a joint marketing communication package and proposition.

#### *The Third, Fourth and Fifth Interventions*

In order to motivate network members to undertake actions detailed in the business plan, an "Actions' Workshop" was designed to formulate, clarify and agree the next steps in the process and to assign timelines to completion. An important outcome from this workshop was the identification of training programmes to match the needs of the businesses. What is particularly noteworthy here is that training programmes need to be adaptable in order to service the individual requirements of a tourism network. To further emphasise the importance of cooperating to compete, a "Champions Training Workshop" was organised showing the network members that through linking tourism product and services within a locality, a more enhanced market offering should materialize resulting in greater customer satisfaction. A particular outcome from this exercise was the expression of commitment through action by members symbolised through the sign up of members to FI Charters and agree to: (1) awards-based, consumer-focused service training and customer care, (2) networking with other appropriate tourism suppliers so as to maximise inter-operator cross-selling on a local and regional basis, (3) environmental best-practice as set out in the FI's 2007-2009 action plan, "Tourism and the Environment," and (4) buy-in to the management, development and co-ordination of a tourism enterprise network. A further "Collaborative Actions' Workshop" was designed to bring greater collegiality amongst network members, thereby furthering trust/commitment building. The focus of the workshop was centred on a theme (Food Programme) in which the network members engaged in and worked with one another in order to achieve an outcome.

It was clear at the end of these interventions that the tourism network members had moved from a stage of mistrust, no commitment, little cooperation, and little communication to one involving a degree of trust, a high level of commitment and cooperation, and considerable communication. Figure 1 details the framework which is currently being examined by FI as a strategy for a national roll-out. Stage 2 of the study involves the evolvement of the tourism network in Year 2 to one that is innovative.

#### **Conclusion**

The first stage of this study involved facilitating a group of fragmented tourism providers in a remote rural area to develop sufficient trust, commitment, cooperation and communication in order to establish a successful tourism network. Based on findings, it is perceived that this has been achieved. A major outcome from this stage is a blueprint which provides a "how-to" guide to establishing and managing rural tourism networks. The next step of the authors' ongoing study involves the facilitation of this network to become innovative.

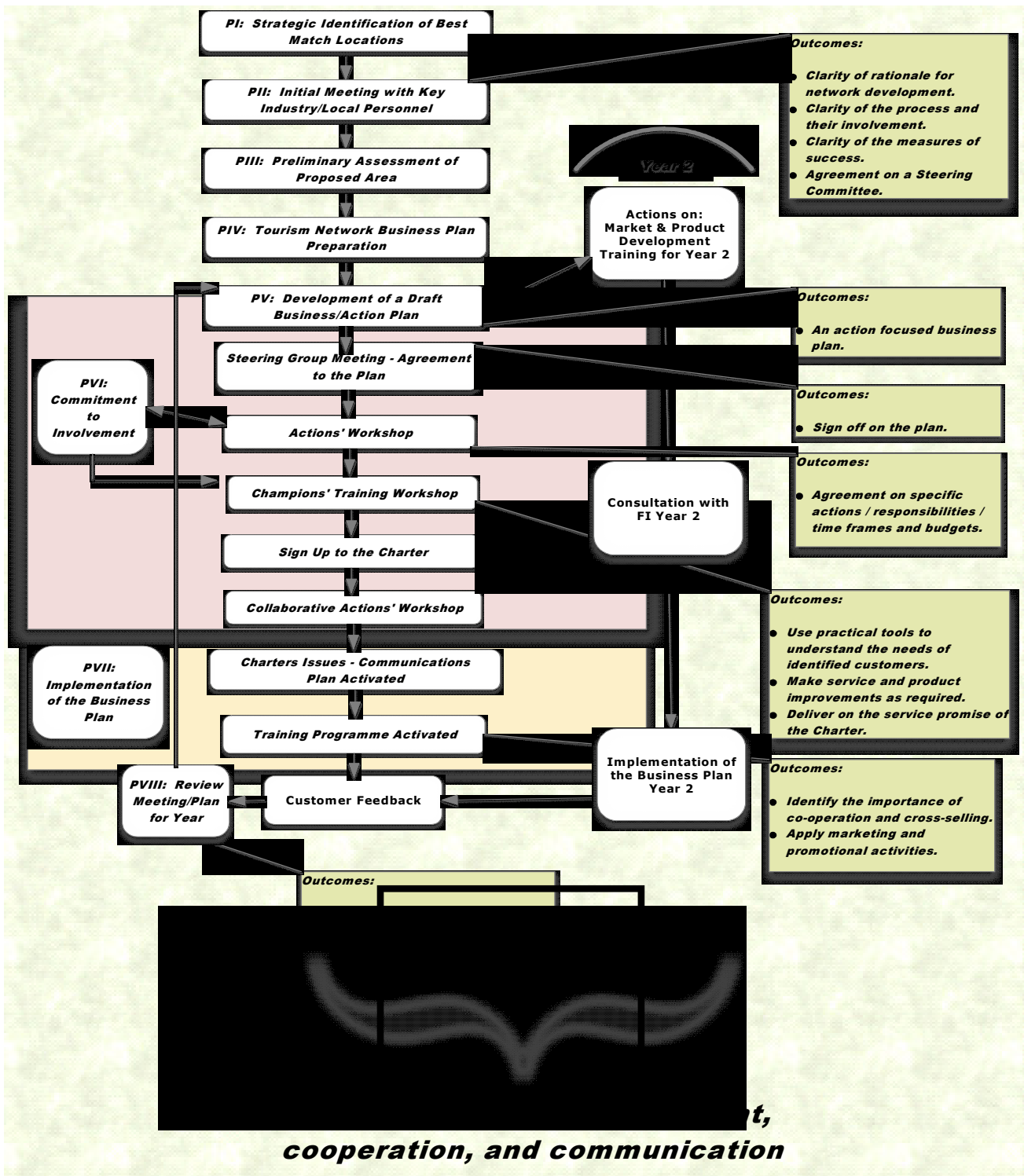


Figure 1: Framework for Developing and Managing a Tourism Network

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