

A CAPABILITY-BASED FRAMEWORK FOR TOURISM INNOVATIVENESS

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ABSTRACT

Drawing on the strategic management, innovation, tourism, marketing, and organisational behaviour literatures over the past 50 years, we propose a resource-based (Barney 1991) and dynamic-capability (Wernerfelt 1984; Teece et al. 1997; Eisenhardt & Martin 2000) research approach to theoretically explore how small tourism firms can manage and reconfigure their existing pool of resources through their innovative capabilities to deal with the turbulent environment in which they are embedded. This paper conceptually examines and schematically models the impact of the dynamic capability-generating capacity of firm-level innovativeness on sustainable competitive advantage in small tourism firms.

Keywords: Dynamic-capabilities perspective, resource-based view, firm-level innovativeness, firm performance, competitiveness, small tourism firm, conceptual model.

INTRODUCTION

Despite enormous success in recent years, the Irish tourism sector is facing a far more uncertain and challenging future. Since the onset of the global economic crisis in 2007, Ireland has suffered a significant loss in competitiveness as a tourist destination. This is evidenced by falling market share along with weakening consumer perceptions of Ireland's value for money and traditional tourism strengths (ITIC 2009). Moreover, the competitiveness of Ireland's small and medium tourism enterprises (hereafter SMTEs) is threatened by many strategic, economic, and natural disasters. For example, the eruption of Iceland's Eyjafjallajökull volcano caused widespread disruption to airlines across Europe, costing Ireland's tourism industry millions of euros. The Irish Hotels Federation (IHF) warned that the first week of ash cloud disruption alone cost its members between €17m and €20m in lost revenue. In fact, expert reports affirm that the Icelandic volcano poses a far

greater threat to Irish tourism than was experienced during the foot-and-mouth crisis or from swine flu (Marketing Times 2010).

Overall, the immediate future is looking rather bleak; with industry reports warning that it could take as long as 2014 before Ireland's level of overseas visitors returns to what it was in 2008, and 2015 before there are as many domestic trips taken as there were in 2008 (ITIC 2009). In late April 2010, a report released by the Central Statistics Office (CSO) showed that there was a clear deterioration in demand for Irish tourism during 2009, with each quarter increasingly underperforming in comparison to the same period in 2008. Factors such as the high labour-intensity of the tourism industry, low productivity, seasonality of business, and high environmental dynamism (Fáilte Ireland, 2009) have all contributed towards this underperformance. The international competitiveness of Ireland's tourism firms is subsequently coming under severe strain, particularly smaller firms; especially with the emergence of new, more affordable tourism destination alternatives (e.g., Eastern Europe).

This loss of competitiveness represents a significant challenge for all tourism stakeholder groups, including, academics, researchers, policymakers, and practitioners. Today, the fundamental question for policymakers is how to restore the competitiveness of the Irish tourism industry. A frequent response to this question is the call by the National Tourism Development Agency, Fáilte Ireland, for a heightened level of innovation across the industry (The National Development Plan 2007-2013). However, we argue that the answer resides in the dynamic capability-generating capacity of firm-level innovativeness on superior firm performance and sustainable competitive advantages; and not innovation itself. This argument is based upon new thinking in the literature, and also our understanding and conceptualisation of "innovativeness" (Walsh et al. 2009) within the confines of the resource-

based view (hereafter RBV) and dynamic capabilities view (hereafter DCV) (Teece 2007; Teece et al. 1997).

Synthesising literature on innovativeness, resource-based view, and dynamic capabilities, this paper demonstrates how capitalising on the firm-level dynamic capability of innovativeness can serve as the foundation for achieving superior competitive advantages in small tourism firms. The purpose of this paper is two-fold. First, it aims to examine how conceptualising tourism innovativeness within a capabilities-based framework may assist in developing further understanding of the innovativeness construct; and identify its role in surmounting the detrimental effects of lost competitiveness. Second, the proposed approach aims at providing a dynamic- and resource-based perspective of tourism innovativeness. This contributes towards the current debate in the tourism innovativeness literature on adopting a more innovative approach to tourism management (Hjalager 1997; Hjalager 2002; Novelli et al. 2006; Pechlaner et al. 2006).

The rest of the paper is structured as follows. The next section offers an insight into the high degree of academic rigour followed throughout this paper, providing a summary of the main journals/publications, books, and working papers used. Following this, the authors discuss the importance of firm-level innovativeness in restoring small tourism firm competitiveness. Next, we introduce the resource-based and dynamic-capability perspectives, serving as the theoretical foundation for developing the core argument in this paper. Based on an examination of the key principles of the RBV and DCV, the subsequent section presents innovativeness as a firm-level dynamic capability, examining its moderating role in the creation of superior competitive advantages. From this, we conceptually and theoretically illustrate the proposed link between resources, dynamic capabilities, firm-level

innovativeness, and superior tourism firm competitiveness. Based on the foregoing, we develop research propositions, leading to our conceptual model. The paper ends with some tentative conclusions and practical implications, as well suggestions for further research.

THE REVIEWED LITERATURE

Table 1: Reviewed Literature

Journal Title	Number
Strategic Management Journal	13
Journal of Management	3
Academy of Management Review	3
Tourism Management	3
Journal of Product Innovation Management	2
Journal of Marketing	2
Annals of Tourism Research	2
Journal of the Academy of Marketing Science	2
Organization Science	2
Industrial Marketing Management	2
Academy of Marketing Science Review	1
Journal of Marketing Research	1
British Journal of Management	1
Academy of Management Journal	1
Management Science	1
Harvard Business Review	1
International Journal of Hospitality Management	1
European Journal of Innovation Management	1
International Journal of Contemporary Hospitality Management	1
California Management Review	1
Journal of Technology, Management, & Innovation	1
Research Policy	1
Technology Review	1
Journal of General Management	1
Scandinavian Journal of Hospitality and Tourism	1
International Journal of Collaborative Enterprise	1
Conference Papers	4
Books	10
Working Papers	2
Internet Sources	5
Total	71

From a RBV and DCV perspective, the review encompasses conceptual and empirical research published in a wide range of journals, books, working papers, and internet sources. Although this may have led to some variation in quality, the key consideration was whether the study contributed to the stock of knowledge on understanding how small tourism firms can create superior competitive advantages through capitalising on the firm-level dynamic capability of innovativeness. It is also important to note that on occasion, findings from research in other areas are also included in this review, because in their course of discussion on topics such as, management, marketing, innovation, and tourism; they may have identified or addressed issues that impact on this work; or, provided context or corroboration for work in the area, and so warrant inclusion. Indeed, since the concept of innovativeness has received very scant attention within a tourism context, it was necessary to consult other bodies of literature to inform our discussion.

In addition, it is also important for the reader to be aware that when conducting a literature review, some degree of arbitrariness in the selection of material is inevitable. Indeed, with any synthesis, decisions have to be made about what is central to a topic, and so not all reviewed articles are referred to in this paper. Nevertheless, these problems with synthesising literature were diminished through a thorough and meticulous review process. It is not the intention to claim that the selection of material examined here on firm-level innovativeness, RBV, and DCV is all-inclusive. Indeed, there will be both academic and practitioner publications missed (e.g., studies not written in English). Yet, the material retrieved and examined is extensive. Furthermore, at all times and to the best of the authors' knowledge, concepts, quotes, and hypotheses extracted from articles and books were used in their proper context. In addition, support material was referenced in order to ensure that the authors' interpretation of other researchers' work is appropriate and accurate.

The review encompassed conceptual and empirical research published in 26 journal titles from a wide variety of specialisations (e.g., strategic management, innovation, tourism, marketing, and organisational behaviour), covering the period from 1959 to 2009. Indeed, the studies eventually presented for review were selected after conducting an exhaustive search of business, management, marketing, innovation, and tourism-related databases (for example ABI/Inform, Business Source Premier, Emerald Full text, and Science Direct) using key-related words and consulting the referenced literature of each piece of work in order to move through the relevant pieces of literature.

The entire journal catalogue where the articles appeared were systematically reviewed and studied by an established qualitative research method known as Content Analysis. In essence, each piece of literature was used as a platform for a more thorough literature search, beginning with seminal papers. Articles not contained in databases in the Luke Wadding Library at Waterford Institute *of* Technology were ordered through inter-library loans. The main source for those articles ordered in this way was the British Library. In total, 71 articles, conference papers, books, working papers, and internet sources were reviewed for this paper (table 1).

THE IMPORTANCE OF FIRM-LEVEL INNOVATIVENESS IN RESTORING SMALL TOURISM FIRM COMPETITIVENESS

In recent years, academics have started to view innovation not at a micro/product-level but as a macro/firm-level perspective (Siguaw et al. 2006). The main premise underlying this new trend is that the defining factor of long-term survival through innovation appears to be based not on specific, discrete innovations, but rather on an overarching, organisation-wide innovation capability structure, termed “innovativeness” (Trott 1998). The logic

underpinning this reasoning is that a tourism firm's long-term survival may rely more on overall firm-level innovativeness that produces dynamic capabilities which in turn enhances the development of innovations, and less on the actual innovations themselves (Abernathy & Utterback 1978; Trott 1998). For Menguc & Auh (2006), it is this idiosyncratic aspect that encapsulates the difference between innovation and innovativeness. *Innovation* is typically defined as an outcome-oriented measure, such as "new product success" (Ayers et al. 1997); while *innovativeness* is recognised as a contextual variable representing the firm-level orientation or inclination towards innovation (Menguc & Auch 2006; Hurley & Hult 1998). Thus, innovation is a tangible and explicit concept, whereas innovativeness is intangible and implicit to the individual organisation.

Defining Firm-Level Innovativeness

At present, the innovativeness literature represents a very fragmented corpus, with many different definitions and conceptualisations being offered by various researchers coming from diverse research disciplines. As a result, there is currently no generally accepted or unifying definition and theory of firm-level innovativeness; but depends on the individual researcher's interpretation and research agenda. For some, innovativeness refers to a firm's proclivity, receptivity, and inclination to adopt ideas that depart from the status quo (Zaltman et al. 1973; Hurley & Hult 1998). For others, it is the firm's willingness to forgo old habits and try new, untested ideas (Menguc & Auh 2006), representing a firm's ability to exceed routine thinking processes (Wang & Ahmed, 2004), which involves going beyond the obvious to discover newness (Avlonitis et al. 2001). Hurley & Hult (1998: 44) view innovativeness as "the ability of the organisation to adopt or implement new ideas, processes, or products successfully"; treated as a 'cultural precursor' that provides the 'social capital' to facilitate innovative behaviour (Hurley et al. 2005). Likewise, Hult et al. (2004) rationalise

innovativeness as a firm's capacity to introduce new processes, products, or ideas in the organisation.

Nevertheless, following a comprehensive and inter-disciplinary review of extant conceptualisations, we found that although an unambiguous definition of innovativeness does not exist, most researchers generally agree on the following dimensions: creativity, openness to new ideas, intention to innovate, willingness for risk-taking, willingness for sharing ideas and information, and capacity to innovate. Based on this, we define firm-level innovativeness as:-

“An organisation-wide strategic mindset and attitude towards innovation possessed to some degree by all firms; composed of an embedded cultural willingness, propensity, receptivity, market responsiveness, commitment, intention, and technological capacity to engage in risky behaviour and to rapidly incorporate change in business practices through the [early] creation and/or adoption of new ideas that facilitates innovation and delivers a superior competitive advantage” (Walsh et al. 2009).

Conceptualising innovativeness at the macro, firm-level in the tourism innovation literature is not coincidental but concurrent with a growing body of literature that centres on the topic of innovativeness. Indeed, organisational innovativeness is frequently cited as being a key source of competitive advantage and subsequent firm performance – particularly in the context of small and medium-sized enterprises (Henneke 2007; Peters & Pickkemaat 2006; Hult et al. 2004). Many researchers recognise the importance of innovativeness as a firm-level strategic objective to ensure the survival of small tourism firms (e.g., Sundbo et al. 2007; Novelli et al. 2006; Damanpour 1991). However, as academics in this area, we must

focus our attention on developing a more complete understanding of *why* innovativeness is so important in the restoration of small tourism firm competitiveness.

The Criticality of Firm-Level Innovativeness for SMTE Competitiveness

As one of the fastest growing sectors of the global economy, tourism consists of many SMTEs trying to be successful in an extremely competitive and rapidly changing business environment. Tajeddini (2009) argues that the tourism and hospitality industry, specifically the hotel industry, are very vulnerable to economic and environmental changes and incidents, such as the global financial crisis and natural disasters. Hence, SMTEs need to adopt a more powerful strategy of survival and differentiation. In this respect, Jogaratnam & Ching-Yick Tse (2006) state that tourism and service industry players, particularly hoteliers, must be more innovative and flexible to ensure long-term competitiveness. Furthermore, dynamic environments call for dynamic capabilities (Helfat et al. 2007).

Drawing from the resource-based (Barney 1991) and the dynamic capabilities (Teece et al. 1997) views of the firm, if small tourism firms can strategically practice innovation, their limited resources will be utilised to maximum capacity and profitability, and competitiveness should increase as a result (Sundbo et al. 2007). Recognising innovativeness as a firm-level competence is particularly significant because, if harnessed effectively, should yield a superior competitive advantage. Fundamentally, innovativeness increases a firm's capacity to innovate (Damanpour 1991) by encouraging innovative behaviours through strategic practices (Siguaw et al. 2006); increasing overall competitiveness.

Therefore, innovativeness undoubtedly contributes to a firm's positional advantage and its subsequent competitive stance (Hult & Ketchen 2001). Consistent with the strategic marketing literature (e.g., Bharadwaj et al. 1993; Day & Wensley 1998), Menguc & Auch

(2006) argue that continuous innovation (i.e., innovativeness) is necessary to sustain barriers to imitation. Because innovativeness satisfies the three main conditions that shape casual ambiguity - tacitness, complexity, and specificity (Reed & DeFillippi 1990) - it is deemed to be an extremely high barrier to imitation. Put simply, innovativeness is a firm-specific, valuable, and socially complex resource and capability that is not easily transferable or imitable by other firms (Hult & Ketchen 2001), representing a strategic driver of firm success. It is non-universal in nature, having idiosyncratic properties that make it difficult to be transferred or traded between firms, raising the barriers to imitation (Menguc & Auch 2006). In essence, innovativeness is so embedded within the firm's organisational culture, climate, strategy, structure, systems, behaviours, and processes (Hurley & Hult 1998), that it cannot be easily imitated or competed away from the individual firm; thus making it a unique and valuable source of overall firm competitiveness and performance. Thus, academics and small tourism practitioners cannot afford to ignore the criticality of innovativeness in creating and sustaining superior competitive advantages for SMTEs.

In line with these arguments, this paper positions innovativeness as a critical organisational competency and dynamic capability that reconfigures existing organisational resources to create and sustain superior competitive advantages for small tourism firms.

THEORETICAL PERSPECTIVES: RESOURCE-BASED AND DYNAMIC-CAPABILITIES VIEWS OF THE FIRM

The DCV is the evolutionary and complementary version of the RBV (Bowman & Ambrosini 2003), used as an alternative approach for understanding how and why firms can create a sustainable competitive advantage, and what makes some firms more competitive than others.

Numerous but similar definitions of 'dynamic capabilities' exist throughout the strategic

management literature, which successfully capture the key components of this theory. The original definition proposed by Teece et al. (1997: 516) refers to dynamic capabilities as “the firm’s ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments”. Teece et al.’s (1997) definition considers dynamic capabilities as the driver of a firm’s competitive advantage by means of converting and reconfiguring organisational strategic resources and competences in response to changing market conditions and environmental turbulence and instability. Teece et al.’s conceptualisation is noteworthy because it tends to focus mainly on the firm’s ability to learn and evolve (Lei et al. 1996) - key aspects of an innovative firm (Hurley & Hult 1998).

Since its inception, the dynamic capabilities concept has become the subject of increased research attention (Zollo & Winter 2002), with subsequent studies expanding and refining the original definition. In what is considered to be a major contribution, apart from that of Teece et al. (1997), Eisenhardt & Martin (2000: 1107) define dynamic capabilities as “the firm’s processes that use resources...to match and even create market change”. Helfat & Peteraf (2003: 997) conceptualise dynamic capabilities in terms of “adaptation and change”, due to their ability to “build, integrate, and reconfigure other resources and capabilities”. Bowman & Ambrosini (2003) regard dynamic capabilities as the firm’s ability to renew its existing resources in response to environmental changes. Zollo & Winter (2002: 340) focus on the notion of organisational learning as a source of dynamic capability, which they defined as “a learned and stable pattern of collective activity through which the organisation systematically generates and modifies its operating routines in pursuit of improved effectiveness”. Additionally, the literature notes the importance of managerial sense making capability as a source of dynamic capability. Adner & Helfat (2003: 1012) conceptualise dynamic capabilities by using the term “dynamic managerial capabilities” to refer to the general

capacity of managers to create, extend, or modify the resource base of an organisation. Likewise, Helfat et al. (2007) conceptualise dynamic capabilities as "...the capacity of an organisation to purposefully create, extend, or modify its resource base". For Teece (2007: 1319), dynamic capabilities can be disaggregated into "the capacity (1) to sense and shape opportunities and threats, (2) to seize opportunities, and (3) to maintain competitiveness through enhancing, combining, protecting, and when necessary, reconfiguring the business enterprise's intangible and tangible assets".

The fundamental proposition of the DCV overlap with the RBV, which are, that a firm's superior competitive advantage is derived from the set of resources and capabilities controlled by a firm that are valuable, rare, imperfectly imitable, and non-substitutable (VRIN) (Barney 1991). If a resource possesses all of these four attributes, then it is considered to be highly heterogeneous and immobile, making it a strategic source of superior competitive advantage. In addition, the organisation (O) must be able to absorb and apply these four conditions (Barney 1991, 1994, 2002).

Simply, firms should not expect to be able to simply 'purchase' or 'buy' a superior competitive advantage on open markets as if it were a tradable entity (Barney 1986, 1988; Wernerfelt 1989), but such advantages must be found in the VRINO resources that are already controlled by the firm (Dierickx & Cool 1989). Since firm-specific resources and capabilities are so embedded in the firm's structures and processes, it would be necessary to buy or sell the entire organisation or sub units in order to imitate or replicate its competences and capabilities.

Having discussed firm-level innovativeness in relation to RBV and DCV, the following section marries these concepts, positioning firm-level innovativeness as a dynamic capability.

INNOVATIVENESS AS A FIRM-LEVEL DYNAMIC CAPABILITY

Capabilities are distinctive, unique, and intangible dimensions of an organisation. For Menguc & Auh (2006), innovativeness is a distinctive firm-level competency since it is rare, valuable, and hard-to-copy; which cannot be easily accomplished overnight. Innovativeness is an embedded aspect of the firm's social structure (and culture) of the firm (Lado & Wilson 1994).

Due to the dynamic and highly flexible nature of the tourism industry, innovativeness is deemed to be an extremely important organisational capability because it enables the small tourism firm to quickly adapt and respond to its changing environment. According to Teece et al. (1997), the ability to “orchestrate changes”, build new capabilities, transform the asset base, and reconfigure processes is crucial for competitiveness in changing environments. Eisenhardt and Martin (2000) argue that a firm who possesses the ability to be nimble, change quickly, and to be alert to changes in the environment (attributes of innovativeness), and thus apply its dynamic capabilities sooner and more strategically than competitors, will be better able to adapt more quickly and easily to changing market conditions, and thus create a superior competitive advantage. Indeed, a more innovative, or, innovation capable, organisation is one that has the ability to build and deploy distinctive resources faster than others (Winter, 2003). An innovative firm is essentially a highly proactive firm that constantly explores new market opportunities instead of exploiting existing ones or waiting for new opportunities to simply happen (Menguc & Auch, 2006). Innovativeness, characterised by a high degree of organisational flexibility and the active and effective implementation of new organisational strategies and practices, enhances productivity and enables firms to match their asset base to the requirements of a rapidly changing business

environment. This lends weight to the argument that innovativeness plays an undeniable role in helping a tourism firm to create and sustain a competitive advantage.

LINK BETWEEN DYNAMIC CAPABILITIES (INNOVATIVENESS), RESOURCES, AND SUPERIOR SMALL TOURISM FIRM COMPETITIVENESS

Eisenhardt & Martin (2000) acknowledge the significant contribution which the RBV has made to understanding *how* firms create and sustain a competitive advantage; yet, they note that this strand of literature fails to adequately explain how and why firms have competitive advantage in *dynamic* markets where change is rapid and unpredictable. This represents a key concern for our research since tourism represents a dynamic sector. Hence, we have included the DCV in our conceptual model to demonstrate the competitive advantage-generating capacity of the firm-level capability of innovativeness.

The RBV and DCV have been proposed as two distinct, yet closely intertwined, mechanisms which firms can use to achieve superior competitive advantage and persistent superior business performance (Barney & Arikan 2001). Eisenhardt & Martin (2000) demonstrate this link, in so far as dynamic capabilities are perceived to be the antecedent organisational and strategic routines which managers call upon in order to alter and reconfigure their organisational resource base, that is, acquire and shed resources, integrate them together, and recombine them as necessary– to generate new value-creating strategies (Grant 1996; Pisano 1994). Eisenhardt & Martin (2000) consider dynamic capabilities to be the key drivers behind the creation, evolution, and recombination of resources in order to create and sustain a competitive advantage. Eisenhardt & Martin (2000: 1118) argue that dynamic capabilities should be conceptualised as “tools that manipulate resource configurations”; since long-term competitive advantage lies in resource configurations via dynamic capabilities, and not in the

actual dynamic capabilities themselves. Likewise, Teece (2007) consider dynamic capabilities to be the enabling factors that help firms create, deploy, and protect intangible assets.

The mediating role of dynamic capabilities in the deployment and development of strategic resources has been widely studied (Amit & Schoemaker 1993; Barney 1986; Barney & Zajac 1994). Moreover, managers are believed to play a moderating role in the process by which resources lead to sustainable competitive advantages, since “resources, in and of themselves, do not confer a sustainable competitive advantage” (Fahy and Smithee 1999: 7).

The landscape of the tourism industry is radically changing. Teece et al. (1997) asserted that in a dynamic environment typified by a high volume of change, a firm’s competitive advantage will rest on the firm’s *internal processes and routines* that enable the firm to renew and change its stock of organisational capabilities in response to environmental changes, thereby making it possible to deliver a constant stream of new and innovative products and services to customers in order to satisfy changing customer needs, wants, and expectations. Today more than ever, a firm’s sustainable competitive advantage significantly depends on its capacity to innovate, or innovativeness (e.g., Hult et al., 2004; Stamboulis & Skyannis, 2003; Hjalager, 1997). That is, its cumulative involvement in learning processes that go far beyond the borders of R&D and in which organisational and managerial aspects play a fundamental role (Marques & Ferreira, 2009). Hence, organisational learning and managerial skills moderate the magnitude of affect of the dynamic-capability of firm-level innovativeness on firm competitiveness (e.g., Zollo & Winter, 2002).

Based on the foregoing discussion, the authors propose the following:-

Proposition Development

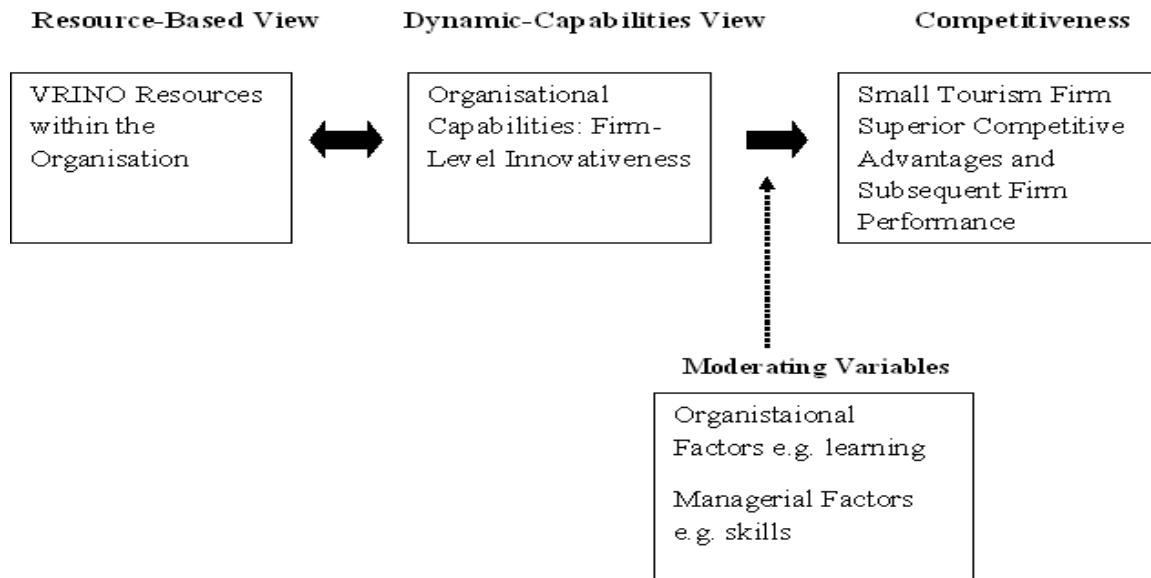
P1a: A significant positive relationship exists between greater firm-level innovativeness and small tourism firm superior competitive advantage.

P1b: The positive effect of firm-level innovativeness on superior competitive advantage is moderated by managerial and organisational aspects of the firm.

A DYNAMIC CAPABILITY MODEL OF FIRM-LEVEL INNOVATIVENESS

On the basis of the foregoing theoretical base, the authors now turn to presenting an integrated conceptual model based on seminal work across the RBV and DCV literatures (e.g., Eisenhardt & Martin 2000; Barney 1991). It depicts the role of the dynamic capability-generating capacity of firm-level innovativeness on superior competitive advantages and performance. Working concurrently, “resources are the source of a firm’s capabilities” and “capabilities are the main source of its competitive advantage” Grant (1991: 119). This means that relevant resources and capabilities must exist together in order to create a superior competitive advantage for the small tourism firm.

Figure 1: A Tentative Model of the Dynamic-Generating Capacity of Innovativeness on Superior Tourism Firm Competitiveness and Performance



CONCLUSIONS & IMPLICATIONS

This paper has presented a discussion of the most salient aspects of the innovativeness and DCV literatures in a tourism competitiveness context, arguing the central importance of the firm-level dynamic capability of innovativeness in the restoration of small tourism firm competitiveness. Drawing on the resource-based view and dynamic capabilities perspective, this paper subscribes to the viewpoint that innovativeness is indeed a rare, valuable, inimitable, and non-substitutable firm resource; and furthermore it is a set of dynamic

capabilities. Using this discussion as a foundation, a conceptual model was developed demonstrating the proposed mediating role of firm-level innovativeness in achieving superior competitive advantages and performance for small tourism firms. Based on a meticulous examination of the key literature, the conceptual model shows the integrative relationship between RBV and DCV, the role of innovativeness as a transformational capability, and demonstrates the competitive value of firm-level innovativeness for small tourism firms. The model also depicts the moderating effect of managerial skills and organisational learning on the relationship between innovativeness and competitiveness. This paper has both academic and practical implications.

Academic Implications

This paper provides an initial insight into the critical importance of firm-level innovativeness in achieving superior competitive advantages for small tourism firms; contributing to the tourism innovativeness literature. It gives tourism academics and researchers a solid foundation on which to build further research in this area, and empirically test the research propositions abovementioned. This paper could therefore be used as a potential starting point for designing and conducting more targeted research on this topic.

Practitioner Implications

Small tourism firms can potentially adopt and apply the conceptual model presented here to enhance and inform their choice of competitiveness strategy. Innovation has been long recognised as a key success factor in driving superior competitive advantages. However, the fundamental role of innovativeness in long term business success and sustainability is a relatively new phenomenon in tourism. Reverting back to the concept of VRINO resources, the likelihood of innovativeness in ensuring superior, and even sustainable, competitive

advantages, is far greater than that of innovation itself. In other words, innovation is a necessary but not a sufficient precondition for the survival of small tourism firms. Innovativeness is the underlying capability structure that encourages and drives tourism innovative behaviour (Sundbo et al. 2007).

Hence, this paper contributes towards ongoing research efforts in developing an *implementable* set of guidelines for small tourism firms in order to help inform their choice of competitive approach.

Avenues for Further Research

There is a definite need for more in-depth research to be carried out in this area going forward. The conceptual model presented here is only a first attempt, but nevertheless an extremely important first step, to fully understanding how small Irish tourism firms can achieve superior competitive advantages through capitalising on the firm-level dynamic capability of innovativeness. The model has limitations and creates scope for further research. The main limitation is the fact that the model is untested and requires further collaboration with practitioners, to explore its applicability and identify whether it requires any further modification. Since the model has been developed from literature, the current model reflects previous research and thinking. Hence, the next stage of this research is to conduct qualitative work in order to operationalise and refine the model, to generate a more comprehensive model that is capable of practical use in an empirical setting. The qualitative research will consist of a series of in-depth interviews with leading experts in the area (n = 20 SMTE practitioners operating in south east region of Ireland), relying on the key informant technique.

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