DEFINING AND DIMENSIONALIZING ORGANIZATIONAL INNOVATIVENESS

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ABSTRACT

Few research agendas have successfully addressed tourism firm-level innovativeness, and the few studies that do exist typically provide only descriptive data or often remain at a conceptual level (Siguaw et al., 2006). Subsequently, an extensive knowledge gap concerning what constitutes firm-level innovativeness exists. Academics are confusing innovativeness with innovation and innovation orientation; producing many conflicting and inconsistent research results.

Drawing from prior relevant research conducted over the past 39 years in the innovation, tourism, organizational, strategy, marketing, consumer, and psychology literatures; this paper provides an operational definition and conceptualization of innovativeness that is useful to both tourism researchers and practitioners.

Keywords: Innovativeness, Conceptualization, Small Tourism Firm
INTRODUCTION

Recognizing the importance of organizational innovativeness is a recent phenomenon in tourism innovation theory. 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 utilized to maximum capacity and profitability, and competitiveness should increase as a result (Sundbo et al., 2007). However, tourism research to date tends to focus on micro or product-level innovation, ignoring the reality that small firms need to continually innovate as a firm-level strategic objective, especially considering that “innovations in and of themselves are not necessarily the key to long-term business success” (Siguaw et al., 2006: 556). Simply stated, a tourism firm’s long-term survival may rely more on overall strategic-level innovativeness that produces dynamic capabilities, which in turn enhances the development of innovations, and less on the actual innovations themselves (Trott, 1998).

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 ‘firm-level innovativeness’ (see Siguaw et al., 2006). However, achieving firm-level innovativeness remains a central dilemma for most small tourism firms due to an array of barriers; including lack of time, money, or know-how (Peters & Pikkemaat, 2006). Similarly, SME tourism and hospitality stakeholders are often characterized by inadequate education and training regarding innovative practices and procedures, unawareness of modern management and marketing techniques, lack of strategic planning, financial weakness, lack of economies of scale, and poor infrastructure to support innovativeness (Heart & Pliskin, 2002).

However, despite the central role innovativeness plays in the evolution of tourism and the management of small tourism firms, the subject has nonetheless received very limited research
attention in the tourism and hospitality literature. This is evident from a systematic review of twenty four (24) of the top ranking tourism and hospitality journals sourced from the Social Sciences Citation Index (SSCI) published by the Institute for Scientific Information (ISI). Even within the broader innovation literature, the focus has been on the large, manufacturing organization (see Avlonitis et al., 2004). Consequently, little significant international research activity on innovativeness within the tourism SME (SMTE) has emerged from the extant literature.

Despite the obvious lack of specific research attention, the term ‘innovativeness’ has been nevertheless frequently used in the tourism and innovation literature, but with a mix of conceptualizations and interpretations. Innovativeness is often used interchangeably with the term ‘innovation’ (Wang & Ahmed, 2004) and ‘innovation orientation’ (Siguaw et al., 2006). This is the case despite a general consensus in the literature that innovativeness does not equate to the same thing as innovation, but is instead the precursor to innovation, and represents a firm’s ability to innovate (see Hult et al., 2004). This suggests that innovativeness should be viewed as the strategic and competitive innovation orientation of an organization, and innovation as the vehicle which the firm uses to achieve its competitive advantage. This thinking provides a vivid mental vision of an input (innovativeness) and output (innovation) situation (Manu, 1992). Stated in another way, unlike innovation, innovativeness is not an end but rather a means to an end, and it is this “idiosyncratic aspect that captures the significant difference between innovativeness and innovation” (Menguc & Auch, 2006: 65).

In the wider innovation literature, both Siguaw et al. (2006) and Avlonitis et al. (1994) believe the confusion surrounding the innovativeness construct is further compounded by numerous
authors amalgamating the antecedents that help shape innovativeness with the concept of firm-level innovativeness itself. In the consumer literature, Midgley & Dowling (1978) argue that the majority of researchers have failed to recognize that innovativeness is in fact a standalone construct, and should not be used synonymously with ‘innovation’ or the antecedent-related ingredients needed for firm-level innovativeness. Summing up the current state of the extant literature, Wolfe (1994: 409) states that “no set of characteristics which differentiates more from less innovative organizations has emerged”, primarily due to the narrow research focus on ‘determinants of organizational innovation’ or on ‘innovation output’, rather than understanding the actual dimensions of ‘organizational innovativeness’. Moreover, the lack of a clear and unified concept definition and theory has led to serious operational and measurement issues (i.e., unidimensional versus multidimensional). Indeed, some organisational theorists (e.g., Subramanian & Nilakanta, 1996) believe that inconsistent research results regarding innovativeness can be partially attributed to the lack of a multidimensional conceptualization. This is because current unidimensional conceptualizations simply neglect multiple facets pertinent to the innovativeness domain (Wang & Ahmed, 2004). Also, due to a lack of generalizable findings from the mainstream innovation literature, tourism firms are seriously challenged as to understanding how they can become more innovative (Hall & Williams, 2008). Hence, the time has come to develop a new, more generalizable conceptualization, which integrates the critical factors relevant of innovativeness to the tourism industry.

Thus, the purpose of this paper is to develop an operational definition and conceptualization of the innovativeness construct which can assist in bringing the study of innovativeness to the forefront of tourism research. The rest of the paper is structured as follows. The next section provides an overview of the reviewed literature and extent of academic rigour in this paper.
Next, a synthesized discussion on the state of the reviewed literature that conceptualizes innovativeness is presented. Based on the foregoing analysis, the innovativeness construct is dimensionalized and defined. The concluding section puts forward the key implication of this research for small tourism firms.

**THE REVIEWED LITERATURE**

The review focuses on empirical research and conceptualizations reported by researchers published in a wide range of inter-disciplinary journals, books, and working papers covering the period from 1971 to 2010. 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 the innovativeness concept and the factors that shape it. In addition, an extensive review of the innovativeness literature indicates that to date, very little significant valid and reliable research exists that makes clear to tourism practitioners how to achieve firm-level innovativeness. Moreover, the majority of tourism and hospitality articles consulted for this research did not focus specifically on organisational innovativeness. There are of course some exceptions to this (e.g., Tajeddini, 2010; Wang, 2008). Therefore, it was deemed necessary to integrate and adapt other bodies of literature besides tourism (e.g., organization, consumer, marketing, psychology, and economics). The rationale being that in their course of discussion, these other bodies of literature may have identified or addressed issues that impact on the innovativeness concept, or, provided context or corroboration for work in the area, and so warrant inclusion in this research.

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 articles, books, and working papers 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 the text. Nevertheless, these problems with synthesizing literature can be 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 is all-inclusive. Indeed, there will be both academic and practitioner publications missed (for example, 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, hypotheses extracted from articles and books were used in their proper context. In addition, support material was referenced in order to ensure that the researchers’ interpretation of other researchers’ work is appropriate and accurate.

In total, 67 journals, books, and working papers were reviewed for this literature review.

**DEFINING THE INNOVATIVENESS CONCEPT**

Any effort to re-conceptualize and re-frame innovativeness must be based on a set of guiding principles emerging from the relevant bodies of literature. First, the new definition should coincide with Cooper & Kleinschmidt’s (1995) argument that innovativeness must be conceptualized as a broader, more firm-level construct as opposed to the extant narrower, project-level conceptualization. Second, the definition must observe Siguaw et al.’s (2006) argument that researchers should recognize the reality that firms need to continuously innovate as a strategic firm-level objective. Third, the definition must take into account the fact that antecedents cannot be utilized in defining the innovativeness construct because they do not properly reflect innovativeness (Rogers, 1998). Finally, the definition must respond to Wilson et al.’s (1999) call for a more multidimensional approach that incorporates and illustrates the
characteristically complex nature of the innovativeness phenomenon insofar as it is a multidimensional, multilayered construct.

Hurt et al. (1977) was one of the earliest researchers to attempt to define innovativeness, expressing it as a ‘willingness to change’. Midgley and Dowling (1978) articulate innovativeness as a form of innate personality trait. Goldsmith and Hofacker (1991) define it as both an attitude and a behavior. For Stamboulis & Skyannis (2003) and Hjalager (1997), innovativeness conveys some behavioral change in response to a stimulus. Zaltman et al. (1973) and Berthon et al. (1999) depict innovativeness as ‘open-mindedness’, ‘enterprising’, ‘willingness to change’, ‘ability to innovate’ or to be creative. Avlonitis et al. (1994) treat innovativeness as being composed of a technological and behavioral dimension denoting both a ‘technological capacity’ and a ‘behavioral willingness and commitment’ of the firm to innovate. Kundu & Katz (2003) relate innovativeness to the organization’s ‘intention to be innovative’. For Hult et al. (2004), innovativeness means a firm’s capacity to introduce new processes, products, or ideas in the organization. Amabile (1997) aligns innovativeness with the concept of ‘organizational creativity’. Menguc & Auch (2006: 66) relate innovativeness as a “firm’s proclivity, receptivity, and inclination to adopt ideas that depart from the usual way of approaching business”. Similarly, Lumpkin & Dess (1996) conceptualize innovativeness as a firm’s tendency to engage in and support new ideas, to experiment, and be creative. Marcati et al. (2008) and Blake et al. (2003) regard innovativeness as a ‘generalized readiness’ to follow new ways and be creative. Hurley & Hult (1998) conceptualize innovativeness as an organization’s ‘cultural readiness’ to innovate or to adopt new ways of doing things. Cowart et al. (2007) relate innovativeness to the notion of risk.
While at first glance, there appears to be no consensus in the literature regarding the concept of innovativeness, there are nevertheless underlying commonalities. Five key dimensions have emerged from the foregoing discussion of the extant innovativeness literature; namely, *creativity, openness to new ideas, intention to innovate, willingness for risk-taking, and technological capacity to innovate*. Each dimension is explored in the following sections, followed by our definition.

**Creativity:** Most conceptualizations of innovativeness conceive creativity as a key component (Amabile, 1997; Lumpkin & Dess, 1996), considered by Dertouzos (1999: 31) to be ‘perhaps the most important ingredient of successful innovation’. Gumusluoglu & Ilsev (2007) state that a widely accepted definition prevails, defining creativity as “the production, conceptualization, or development of novel and useful ideas, processes, or procedures by an individual or by a team of individuals working together” and has been since used in many conceptual models (see Amabile, 1988: 126). “Think outside the box” is the slogan of numerous creativity experts who connect creative thinking to firm innovativeness (Reckhenrich et al., 2009). Indeed, firm-level innovativeness demands proactiveness in exploring new methods of doing business (Menguc & Auh, 2006). Tang (1998: 298) believes ‘creativity is a prerequisite for innovation’. Equally, Yusuf (2009: 3) considers the immense importance of creativity in innovation, stating that it serves as ‘a springboard for creative loops to fruitful innovations’, positioning creativity as a means of facilitating the successful realization of innovation (i.e., innovativeness). Feinstein (2006) considers creativity in terms of adopting new ways of doing things, in so far as combining various elements together, a combination that had been perhaps previously overlooked. Both Salavou (2004) and Sundbo (1997) discuss creativity in terms of a firm’s thinking capability to produce ideas that are new and distinctive, which for Markides (1998) can lead to new and
applicable insights. Wang & Ahmed’s (2004) definition implies an ability to exceed routine thinking process, which involves going beyond the obvious to discover newness (see Avlonitis et al., 2001).

Moreover, creativity as a dimension of innovativeness has been widely studied at the individual level; considered an important source of organizational innovation and competitive advantage (Amabile, 1988, 1996; Zhou, 2003). Likewise, Hurt et al. (1977) included ‘creativity’ and ‘originality in thinking and behavior’ in their consumer innovativeness scales. Steenkamp et al. (1999) provide insight into the association between creativity and individual consumer innovativeness; stating that innovativeness propels individuals to move beyond existing norms, behaviours, and standards; making unfamiliar purchase decisions. Based on the foregoing, innovativeness represents a firm’s creative mindset, attitude, approach, thinking capacity, and behavior that drive innovative activity throughout the entire organization.

**Openness to New Ideas:** Hurley & Hult (1998: 44) adhere to ‘the notion of openness to new ideas’ as an aspect of a firm’s innovativeness, deeming it an important aspect of the firm’s culture. This conceptualization underscores the current authors’ emphasis on what Menguc & Auh refer to as a firm’s receptivity and “willingness to forgo old habits and try untested ideas” (2006: 66). Similarly, Cotte & Wood (2004) conceptualize it as the tendency to embrace change and try new things. This thinking strongly implies that innovativeness requires a company mindset or propensity to listen to ‘all voices’, either internally or externally (Ahmed, 1998), and to explore and experiment with ideas (Lumpkin & Dess, 1996). The ‘openness to new ideas’ dimension is indeed analogous to Goldberg’s Five-Factor Model of human personality (e.g., Digman, 1990) whereby the personality trait ‘openness’ or ‘open-mindedness’ is used to refer to
an innovative individual or a consumer who is more receptive and tolerant to new ideas and open
to new experiences; hence more willing/likely to take risks and adopt an innovation newly
launched onto the market (e.g., Jacoby, 1971; Leavitt and Walton, 1975; 1988). Drawing from
the individual consumer literature, Vandecasteele & Geuens (2008) argue that consumer
innovativeness has a positive correlation with such personality traits as openness to change (i.e.,
sensation/stimulation seeking, novelty seeking, and variety seeking). Hurt et al. (1977) also
incorporated ‘openness to new ideas and methods’ into their conceptualization of innovativeness.
The idea of individual consumer innovativeness has been documented in the tourism and
hospitality literature (e.g., Gurel et al., 2010). Therefore, innovativeness is composed of an
underlying personality trait termed ‘openness to new ideas’ that is possessed by all firms to some
extent; stimulating the firm’s intention to innovate.

**Intention to Innovate:** Inherent in most prior definitions of innovativeness is the firm’s
commitment or devotion to the innovation process (Berthon et al., 1999) and its intention to be
innovative (Kundu & Katz, 2003). Avlonitis et al. (1994: 14) consider the ‘manifested strategic
innovation intentions of the firm’, consequently denoting firm-level innovativeness as a carefully
planned and designed strategic phenomenon. Innovativeness can be thus conceptualized as the
firm’s intention to strategically act in an innovative manner leading to innovation; but it is not
the innovation itself. From a behavioral perspective, Avlonitis et al. (1994) treated
innovativeness as the behavioral willingness, intention, and commitment of the firm to innovate.
Also, this notion of behavioral change is quite common across tourism innovativeness studies
(e.g. Hjalager, 1997; 1996). Stamboulis & Skyannis (2003) state that a tourism firm needs to
change its behavior in order to remain at the forefront of its industry and combat market trends
and challenges. The authors therefore argue that innovation, driven by innovativeness, is needed
if the small tourism firm is to surmount the serious challenges posed by the emergence of new, alternative, and thematic tourism destinations and activities. Hence, innovativeness is the tourism firm’s behavioral intention, devotion, and willingness to innovate; shaped by its overall attitude, perceptions, and mindset towards innovation. However, innovativeness only refers to the firm’s strategic intention to innovate; it does not refer to the actual act of innovation.

**Willingness for Risk-Taking:** The notion of ‘a willingness to take risks’ is present in prior definitions of innovativeness (e.g., Panayides, 2006). Fell et al. (2003) state that introducing new products (i.e., innovation) is burdened with risk, especially since it is estimated that up to one third of new products fail at the launch stage (Cooper & Kleinschmidt, 1987). Midgley & Dowling (1978) align the notion of ‘innate innovativeness’, that is, the underlying innovative human personality trait, with perceived risk and the tendency to make risky decisions. Cowart et al. (2007) also found empirical evidence to support this relationship, discovering that innovativeness affects perceptions of perceived risk and directly affects behavioral intentions. In a work context, Ahmed (1998) consider the notion of risk, whereby individuals feel at ease with taking risks knowing that they are free to experiment with ideas, challenge the status quo, try new things and fail, ‘dumb’ ideas will be discussed, mistakes will not be punished, and basically expect that innovation is part of their job. Dertouzos (1999: 31) argues that despite the widespread acknowledgement by academics and industry that risk is a key ingredient of innovativeness, firms still fail to extend beyond their comfort zone due to their psyches that ‘propel them towards the comfort of guarantees’. In essence, risk is a significant part of innovativeness at various levels of concern within the firm. In tourism, Gurel et al. (2010) study entrepreneurial intent and individual innovativeness. Based on the foregoing, innovativeness is strongly characterized by the notion of risk and perceptions of risk, which in turn drive risk-
taking behavior, making the firm more innovative in return. A willingness to take risks is therefore essential for innovation to occur.

**Capacity to Innovate:** Avlonitis et al. (1994) argue that it is not sufficient that a firm only has the behavioral willingness, commitment, and strategic intention to innovate and take risks (i.e., willingness and commitment), but it must also possess the necessary capacity to innovate. Hurley & Hult (1998: 44) view a firm’s capacity to innovate as “the ability of the organization to adopt or implement new ideas, processes, or products successfully”; treated as a ‘cultural precursor’ that provides the ‘social capital’ to facilitate innovative behavior (Hurley et al., 2005). Likewise, Hult et al. (2004) rationalize innovativeness as a firm’s capacity to introduce new processes, products, or ideas in the organization. Gebert et al. (2003: 42) define innovativeness as “the capacity of an organization to improve existing products and/or processes and the capacity to utilize the creativity resources of the organization to the full”. Sundbo et al. (2007) refer to the technological aspect or the ‘innovation capacity’ of tourism destinations. Moreover, Tang (1998, 1999) believes knowledge and skills form the basis of the competence to innovate, composed of both creativity-related skills and domain-related knowledge. Capacity to innovate could be thus classified as a firm-level strategic flexibility to innovate; having the necessary technological and managerial capabilities in place to respond flexibly to the market (see Gilbert, 2007). Utterback (1979) argues that more flexible firms (due to their flatter structure) tend to be better innovators than rigidly structured firms. This is especially relevant in the small tourism firm considering its smaller size and the transparent nature of the industry, meaning that ideas can be easily copied if not implemented quickly (see Hjalager 2002; Cooper 2006). Moreover, Paleo and Wijnberg (2008) argue that by conceptualizing innovativeness in terms of innovative capacity, researchers are essentially offering a method of understanding how to create innovative organizations (e.g.,
Hurley et al., 2005). The authors believe that a firm’s innovative capacity is best thought of as its ability to potentially produce innovations; however, this dimension is influenced by its organizational structure. Innovativeness is therefore, composed of a capacity and ability to innovate, whereby the necessary skills, knowledge, and capabilities are readily available to take advantage of market opportunities ahead of the competition.

Based on the foregoing, the researchers offer the following conceptualization of innovativeness:

“Firm-level innovativeness is an organization-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 behavior and to rapidly incorporate change in business practices through the [early] creation and/or adoption of new ideas that facilitates innovation and delivers a sustained competitive advantage”.

CONCLUSION

It is the overall aim of this conceptual paper to contribute towards the ongoing effort to surmount the historical lack of consistency in previous conceptualizations and research findings in the innovativeness literature. Contributing towards the ongoing research efforts to develop a general and unified definition of the construct, this paper offers a new multidimensional conceptualization of firm-level innovativeness. Our new conceptualization and definition is tailored to the characteristics of the tourism sector. By disentangling and dimensionalizing innovativeness, the researchers provide a very useful tool for small tourism firms seeking to understand, and subsequently increase their level of innovativeness, and enhance their businesses through innovation. Indeed, this piece of conceptual research further clarifies the innovativeness concept for tourism stakeholders, including tourism practitioners, educators, and, researchers. Finally, the researchers provide an extremely valuable and solid foundation to facilitate theory
development and intellectual dialogue in a tourism and innovativeness context. Representing a new thematic area in the tourism arena, the researchers successfully contribute towards progressing knowledge and insight in the tourism innovativeness research sphere.

In conclusion, given the infancy of research into tourism innovativeness, researchers have an ideal opportunity to reach consensus on a definition that avoids the pitfalls of ambiguity, while simultaneously providing an operational definition and conceptualization useful to both tourism researchers and practitioners.

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