



## The behaviour of tourism firms in the area of innovativeness

Žana Čivre & D. Gomezelj Omerzel

To cite this article: Žana Čivre & D. Gomezelj Omerzel (2015) The behaviour of tourism firms in the area of innovativeness, *Economic Research-Ekonomska Istraživanja*, 28:1, 312-330, DOI: [10.1080/1331677X.2015.1043778](https://doi.org/10.1080/1331677X.2015.1043778)

To link to this article: <http://dx.doi.org/10.1080/1331677X.2015.1043778>



© 2015 The Author(s). Published by Taylor & Francis



Published online: 22 May 2015.



Submit your article to this journal [↗](#)



Article views: 819



View related articles [↗](#)



View Crossmark data [↗](#)

## The behaviour of tourism firms in the area of innovativeness

Žana Čivre<sup>a\*</sup> and D. Gomezelj Omerzel<sup>b</sup>

<sup>a</sup>*Faculty of Tourism Studies – Turistica, University of Primorska, Obala 11a, 6320 Portorož, Slovenia;* <sup>b</sup>*Faculty of Management, University of Primorska, Cankarjeva 5, 6104 Koper, Slovenia*

(Received 29 November 2013; accepted 5 March 2015)

Innovativeness in companies in the tourism sector can reasonably be considered to be one of the most important factors of performance. This paper highlights the importance of two determinants of tourism firms' innovativeness – namely, market and entrepreneurial orientation – focusing on the tourism sector. A conceptual model was developed and empirically tested based on 91 Slovenian tourism SMEs. The results of the study reveal the positive impact of a market and entrepreneurial orientation on innovativeness, the positive relationship of innovativeness with firm performance, and the importance of antecedents of innovativeness and their impacts on performance. Thus, tourism firms should be encouraged to introduce more entrepreneurial and marketing activities to increase innovativeness, which fosters better firm performance. On this basis, a greater competitive advantage can be reached.

**Keywords:** tourism; tourism firms; market orientation; entrepreneurial orientation; innovativeness; performance

**JEL classifications:** L83, M310, O31

### 1. Introduction

The scope of innovation on the national and international levels (macro-level), and at the corporate level (micro-level) has attracted many researchers' attention. Kaufmann, Tsangar, and Vrontis (2012) argue that there are differences between SMEs in terms of innovation. To this end, both practitioners and academics try to ensure the best possible knowledge about innovation. In line with this, researchers suggest a better system of monitoring and encouraging innovation, as Škare and Tomić (2014) argue that economic progress is driven largely from innovation. However, studies examining the factors and effects of innovation have largely been restricted to manufacturing (Hjalager, 2010), as traditional innovation theory derives from the manufacturing industry (Hjalager, 2009). Currently, the rising share of service activities in the global economy indicates the importance of measuring the level of innovation potential, conditions for the establishment of an innovative environment in the company, and, of course, the implications for the services industry (Miles, 2003). Tourism has become the world-leading service activity when measured by its impact on the social and economic development of regions and countries, as well as by the number of employees it engages (Holjevac, 2003). It also plays an essential role for development and business opportunities for the Slovenian economy,

---

\*Corresponding author. Email: [zana.civre@fts.upr.si](mailto:zana.civre@fts.upr.si)

as authentic, modern, innovative, and unique tourism products and services present possibilities for further growth (Ivankovič, Janković, & Peršić, 2010). Moreover, the profound implications of globalisation have definitively affected the tourism sector. Thus, it is necessary for tourism companies to face the development of new technologies and, above all, structural and organisational innovation (Stamboulis & Skayannis, 2003). However, researchers still stress that research in the field of innovation in tourism is very low, with few existing studies containing empirical analysis (e.g., Gomezelj Omerzel, 2014; Hjalager, 2010; Novelli, Schmitz, & Spencer, 2006; Orfila-Sintes, Crespi-Cladera, & Martinez-Ros, 2005; Sundbo, Orfila-Sintes, & Sorensen, 2007).

To apply innovation theory to service sectors, inter-sector heterogeneity has to be considered. It is also essential to consider innovation in one specific sector at one time (Orfila-Sintes & Mattsson, 2009). For the tourism sector, which has a significant positive impact on GDP and national economies, research in the field of innovation is particularly important (Jiménez-Zarco, Martínez-Ruiz, & Izquierdo-Yusta, 2011). Prior research into the state of innovation activity in Slovenia (Stres, Trobec, & Podobnik, 2009) has shown that the only indicators of a strong positive trend in innovation in Slovenia are the sales of products that are new to the market and the sales of products that are new for a firm. In the area of lifelong learning, public investment in R&D, high-tech products export and patenting in foreign markets, Slovenia has worse results than countries leading in innovation; in fact, the trends are even negative. Membership in European and world organisations and various other international structures represents macroeconomic and political stability and thus a favourable foundation for the development of an innovative environment. Further, good geographical location and natural resources (e.g., water and wood) represent potential competitive advantages and opportunities for innovation. The competitiveness and efficiency of the services sector is an important factor in economic growth. By improving the level of innovation in its services sector, which is currently low, Slovenia can raise the innovation potential of its entire economy.

In this vein, this article presents the development of a conceptual model of innovativeness in Slovenian tourism companies, in which the antecedents and outcomes regarding innovation of Slovenian tourism enterprises are analysed. Although many authors have examined the market and entrepreneurial orientation of tourism firms separately, Tajeddini (2010) stresses the fact that little attention has been devoted to the effects of innovativeness, customer orientation, and entrepreneurial orientation on the performance of tourism firms. Thus, the objective of this paper is to investigate and develop an understanding of how entrepreneurial and market orientation influences firm innovativeness and, consequently, performance among tourism businesses in Slovenia. In the first part of the paper, we provide a theoretical background regarding innovation in tourism. Further attention is given to conceptualisation of the constructs used in the study, followed by presentation of the results of the empirical study. Based on the results, proposals for the management of tourism firms will be designed regarding innovativeness in order to raise this process to a higher level and thereby enable Slovenia to become more competitive in the tourism market. This would contribute to enhanced competitiveness of the tourist destinations in which firms operate and, consequently, to greater success.

## 2. Literature review

### 2.1. *Innovations: manufacturing versus services*

Schumpeter (1934) as a pioneer in the field of innovations, grouped innovation activities into five categories: namely product/service innovation (introduction of a new product or service), process innovation (implementation of a new method of production), marketing innovation (emerging in a new market), new resources (new sources of raw material) and organisational innovation (the development of new organisational forms). The importance of economic, technological and organisational changes, which can always be linked to innovativeness, was emphasised by many authors (Veblen, 1899) before Schumpeter as well. Studies that are more contemporary usually use the OECD definition of innovation (OECD, 2005, p. 46). Four categories of innovation are defined in this manual: product innovations (a new product/service or a significant improvement of an existing one), process innovation (a new or significant improvement of an existing business processes), marketing innovations, and organisational innovations. All of the above definitions fully apply to the manufacturing industry.

Although a series of papers in the field of innovation have been published in recent years, Anderson, Potočnik, and Zhou (2014) stressed that there is still room for new research in the area of innovation, especially because of dissimilar approaches and non-unified theoretical backgrounds in the existing studies. For the purpose of our literature review, we divide previous authors into two groups. The first group of authors treat innovativeness as an input for firm competitiveness and business performance (Jiménez-Jiménez & Sanz-Valle, 2011; Nicolau & Santa-Maria, 2013; Orfila-Sintes & Mattsson, 2009; Pivčević & Praničević, 2012; Simpson, Siguaw, & Enz, 2006; Spencer, Buhalis, & Moital, 2012; Thornhill, 2006; Weerawardena, O’Cass, & Julian, 2006). In dealing with the turbulent external environment in today’s dynamic global market, firms have to innovate to achieve long-term success and performance (Jimenez-Jimenez & Sanz-Valle, 2011). Only firms with the capacity to innovate are able to respond to increasing changes and exploit the new market opportunities (Brown & Eisenhard, 1995). Most of the above-mentioned researchers argue about the positive relation between innovation and performance. Still, Simpson et al. (2006) emphasised that innovativeness may be also expensive and risky, and – due to increased costs, employee dissatisfaction, and hazardous changes – negative outputs can result. We agree that the relation between innovation and performance is a multifaceted issue and requires further research. Authors from our second group (Bellou & Andronikidis, 2009; Chang, Gong, & Shum, 2011; Martinez-Ros & Orfila-Sintes, 2012; Orfila-Sintes et al., 2005; Sundbo et al., 2007) focused more on the key antecedents of innovativeness (human resource management practices, the importance of employees and training, organisational culture, organisational climate, leadership characteristics, business strategy, R&D departments, market strategy, environment, and so on). Crépon, Duguet, and Mairesse (1998) emphasised that firms invest in research not only to improve innovation activities but also, and especially, because of the contribution of such efforts to firm productivity and, consequently, to firm performance. Some studies performed in manufacturing firms examined the role of firm characteristics in the relation to innovation. Veugelers and Cassiman (1999) found that by considering firm size, some particularities about innovation as well as sourcing strategy can be explained. They showed that large firms are more able to use internal knowledge while also acquiring external knowledge and are more likely to innovate. The majority of research in the field of innovation has focused on the manufacturing sector (Cucculelli & Ermini, 2013; Laperche and Picard, 2013;

Sánchez-Sellero, Rosell-Martínez, & García-Vázquez, 2013; Toivonen & Tuominen, 2009; Triguero & Córcoles, 2013). However, as the service sector is developing quickly and is becoming dominant in developed economies, researchers have begun to dedicate more attention to service sector innovativeness (Chang, Linton, & Chen, 2012; Desmarchelier, Djellal, & Gallouj, 2013; Hogan, Soutar, McColl-Kennedy, & Sweeney, 2011; Thakur & Hale, 2013). Different authors agree about the intangibility, inseparability and variability of services; therefore, future research is needed in exploring and measuring innovation in services (Howells, 2007). Hipp and Grupp (2005) stressed the importance of the human factor in service innovation processes (the service sector is much more influenced by the efficiency of employees and their personal skills and experience than the manufacturing sector) and customer involvement (there is very close interaction between customers and service delivery).

Services usually include a set of different activities. Accordingly, it is possible to deal with *innovativeness* in many areas when analysing innovations in services. Hurley and Hult (1998) state that the degree of innovation of firms is expressed by the level of encouragement of the development and implementation of new ideas, products or processes. Grönroos (1990) linked innovativeness in services with a well-known property of services: as services cannot be stored, innovations in a new service product, a new procedure for producing or delivering, a new organisational form or the introduction of new technology, cannot be stored and thus should be supplied at the same time that the service is consumed. Hult and Ketchen (2001) stated that innovativeness represents efforts to implement new ideas and may be perceived as an aspect of the organisational culture of a company. Minor adjustments of procedures and practical improvements in processes can also be included among services innovations (Sundbo & Gallouj, 1999). Compared with manufacturing, where technological options should be considered, service innovations are focused more on new service concepts, new client interfacing or even new delivery systems (Van Ark, Broesma, & Hertog, 2003). Service innovation (Carvalho, 2008) includes non-technological components (human resources, organisational structure, marketing, distribution channels, etc.) and technological components (especially ICT). However, different authors have dealt with different models with a variety of dimensions when studying service innovativeness.

## 2.2. *Innovations in tourism*

The service sector, including tourism, plays a fundamental role in developed economies. Services are becoming the largest productive sector in most economies. The growth and efficiency of services influences competitiveness, and many services stand for inputs into products that compete in domestic and international markets. Within the services sector, tourism plays an important role in the economy of various countries, as it contributes to the economic growth of the countries and provides employment. The fundamental key to increasing the competitiveness of the tourism sector lies in innovations (Carvalho & Costa, 2011). Given that services such as tourism include social behaviour that involves personal interaction between the customer and the service provider, service management theory (e.g., Grönroos, 1990) can be applied. The tourism market is characterised by high levels of competition. Tourism firms must innovate in order to keep up with their competition (Hall & Williams, 2008). This can lead to problems because innovations in tourism firms are very difficult to conceal or protect and thus can be easily copied. Indeed, tourism service innovations are highly visible (Hjalager, 2002). The empirical findings of Pivčević and Praničević (2012) support the assumption

that a high percentage of hotels tends to imitate and copy innovations introduced by competitors. Moreover, the tourism sector is marked by some particularities. While the number of tourism consumers is increasing and tourism consumption is growing, tourism firms need to exercise caution because the tourist profile has changed. Tourists today are more experienced, informed, demanding, independent, easily accessible and able to organise their holidays independently. Moreover, they are more conscious of sustainability and expect the tourism sector to be managed in a sustainable way, in line with economic, social and environmental dimensions (Carvalho & Costa, 2011). Hjalager (2011) placed definitions in the field of tourism by elaborating Schumpeter's (1961) classification of inventions and innovations, such as product or service innovation, process innovation, supply chain innovation, managerial innovation, communications innovation and institutional innovations. Furthermore, Križaj, Brodnik, and Bukovec, (2012) have tried to identify diverse types of tourism innovations that, according to Camisón and Monfort-Mir (2012), can be hidden because of tourism's complex and interdisciplinary business nature.

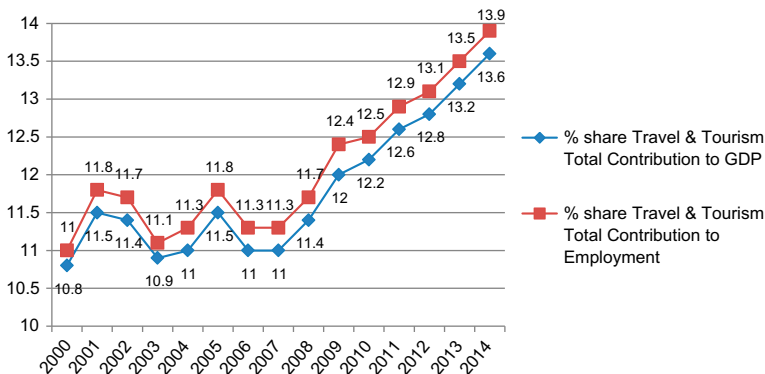
### 2.3. Slovenia: the state of the art

After the beginning of the economic crisis in late 2008 and 2009, Slovenia experienced a decrease in the development gap compared with other EU countries. Economic activity declined, and R&D and innovation goals were not achieved. In the last few years, growth in economic performance and employment has been low and slow (Bučar, Jaklič, & Udovič, 2010).

In Slovenia, the direct contribution of travel and tourism to the GDP in 2013 was 3.6% (€1271.2 million),<sup>1</sup> while the total contribution was 12.8% (€4510.3 million). Travel and tourism generated 32,500 jobs directly in 2013 (4.0% of total employment),<sup>2</sup> while the total contribution to employment (including wider effects from investment) was 105,000 jobs (13.1% of total employment) (WTTC, 2014). The results for the period from 2000 to 2014 are presented in Table 1.

According to the European Innovation Scoreboard data (EIS, 2014), Slovenia belongs to the group of innovation followers, with performance close to that of the EU

Table 1. Travel and tourism total contribution to GDP and to employment (share %).



Source: Table 1 is designed based on World Data Atlas, available at <http://knoema.com/WTTC2013/world-travel-and-tourism-council-data-2013> (accessed 27 November 2014).

average. It is relatively strong in the areas of international scientific publications, R&D expenditures in the business sector and public-private scientific co-publications, but it is weak in non-EU doctorate students and knowledge-intensive service exports.

In Slovenia, the low innovation activity of the service sector has been noticed. Stare and Bučar (2009) stated that this is a consequence of an incorrect understanding of the concept of services as an unproductive labour sector. A problem also arises from the weakness of systematically emphasising the importance of technological innovation in the transition economies, which are more numerous in the manufacturing sector.

In Figure 1, six innovativeness indexes are presented (scored from 1 to 7); these form the 12th pillar, named Innovation, in the WEF 2013, *The Global Competitiveness Report 2013–2014*.

Recent empirical research on Slovenian firms confirmed results regarding innovativeness that were similar to those of the above-mentioned studies. By using a balance sheet and income data for Slovenian firms, Damijan, Kostevc, and Rojec (2009) examined the relationship between innovation, firm productivity and productivity growth and found a significant correlation between productivity and firm propensity to innovate. Later, Damijan, Kostevc, and Polanec (2010) found that exports positively influence the probability of becoming an innovator and that exports lead to productivity as well. Jaklič (2007) found that the share of innovators among exporters (25%) is much larger than that among firms that operate mainly on the domestic market (10%). Some other authors (Burger, Jaklič, & Rojec, 2008; Ruzzier, Hojnik, & Lipnik, 2013) focused on the link between innovation and internationalisation in a sample of Slovenian firms, all of which confirmed a positive correlation. Using data from Slovenian manufacturing companies, Palčič, Buchmeister, and Polajnar (2010) analysed the relationship between organisational innovation concepts and companies' performance indicators and found that R&D expenses and innovation concepts are not always correlated. Rangus and Drnovšek (2013) performed research in the area of open innovation in Slovenia, and identified

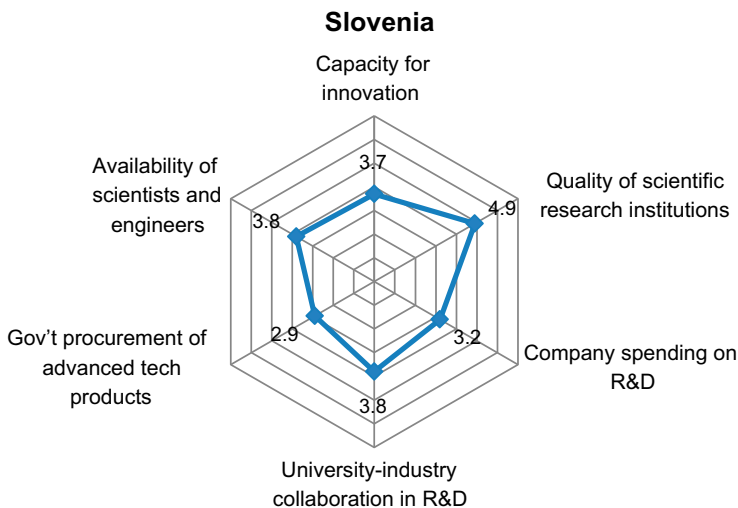


Figure 1. Innovativeness indexes.

Source: Figure 1 is designed based on World Data Atlas, available at [http://www3.weforum.org/docs/WEF\\_GlobalCompetitivenessReport\\_2013-14.pdf](http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf) (accessed 28 November 2014).

many differences in the process of implementing open innovation, regarding the firm size for both, manufacturing and service firms.

Innovativeness in the tourism sector should be understood as a necessity and as a rule. As indicated in the earlier discussion, only innovative travel products can bring high added value. Potential tourism supply increases because of tourism's capacity for innovation. There are new integral products on the market, which were previously not available. The Slovenian Tourist board (STO) is taking some innovative actions in this sector, as is the Bank of Tourism Potentials in Slovenia, which promotes the networking of ideas and their realisation.

Focusing the research spotlight on tourism firms' innovativeness, the behaviour of Slovenian firms' performance in the tourism sector will be analysed, as the Slovenian environment, including the STO, is positively oriented towards innovativeness in tourism.

### **3. Conceptual framework**

Based on the above theorising, this study focuses on two factors influencing innovativeness: (1) market orientation and (2) entrepreneurial orientation. As innovativeness is not a final goal of a firm, there is also a need to investigate how innovativeness impacts the performance of a tourism firm.

#### **3.1. Entrepreneurial orientation and innovativeness**

In the existing literature on firm innovativeness, the most commonly applied theory is Schumpeter's (1934) entrepreneurship theory. Based on his work on economic development, the outcome is seen as something new, so innovation is considered as an innovative performance. In line with this notion, the capacity of a business to provide innovative activities (Lumpkin & Dess, 1996) as well as a 'critical organisational process' that influences the performance of firms (Dimitratos & Plakoyiannaki, 2003) is defined as *entrepreneurial orientation*.

From this perspective, entrepreneurship and innovations have become essential parts of tourism firms' success due to the competitive global environment (Roxas & Chadee, 2013).

Historically, studies usually investigate the independent effect of entrepreneurial orientation on firm performance (Lumpkin & Dess, 1996) without considering a mediator, although a relevant mediator could strengthen the relationship between entrepreneurial orientation and firm performance (Wiklund & Shepherd, 2005). For example, Roxas and Chadee (2013) found that entrepreneurial orientation mediates the effects of institutions on firm performance. Additionally, due to the globalisation process in the past few years, entrepreneurship linked to innovativeness has received considerable attention in the literature. Sundbo et al. (2007) determined in their study that large size, professionalism and entrepreneurship are essential determinants of small tourism firms' innovativeness. A qualitative study regarding innovation and entrepreneurship in tourism, conducted by Blichfeldt (2009), contributed to the understanding of innovation in small and medium-sized tourism enterprises. The author identified critical success factors for the companies including innovation, differentiation, pursuit of growth opportunities, hospitality and networks, and noted that the small and medium-sized tourism firms are often regarded as less innovative comparing with other industries. The identified reasons are lack of motivation, knowledge and resources. Another study (Aldebert,



Dang, & Longhi, 2011) indicates the importance of using innovative activities in the tourism industry, such as technological developments.

Some authors have empirically tested the relationship between entrepreneurial orientation and innovativeness on business performance as its final outcome (e.g., Nybakk & Hansen, 2008; Tajeddini, 2010). Nybakk and Hansen (2008) investigated how entrepreneurial attitudes influence innovativeness and performance in Norwegian nature-based tourism enterprises and found that managers with a stronger entrepreneurial attitude tend to be more innovative and consequently to perform better. Tajeddini (2010) showed that entrepreneurial orientation in the hotel industry significantly and positively impacts innovativeness, which, in turn, has a positive effect on business performance. However, despite the increasing literature on innovativeness, there is still a lack of research into the entrepreneurial orientation and innovativeness of firms in the services (especially tourism) industries (Kraus, 2011; Thomas, Shaw, & Page, 2011).

In the current context, we believe that companies in the tourism industry who are innovative are likely to engage in entrepreneurial activities to improve their innovativeness. As such, the following hypothesis is developed.

**Hypothesis 1.** *Entrepreneurial orientation has a positive effect on the innovativeness of tourism firms.*

### 3.2. Market orientation and innovativeness

Tourism firms that are focused on their customers are able to develop new tourism products or services, be more specific and efficient in targeting them and consequently have a higher competitive advantage. Additionally, successful firms are constantly monitoring their competitors and gaining market information (Jiménez-Zarco et al., 2011). Thus, it is important to understand the role of market orientation in firm innovativeness. By adopting a marketing orientation approach, firms can achieve a sustainable competitive advantage (Kohli & Jaworski, 1990; Narver & Slater, 1990).

Ruekert (1992, p. 228) defines market orientation as the ‘degree to which the business unit obtains and uses information from customers, develops a strategy which will meet customer needs, and implements that strategy by being responsive to customers’ needs and wants.’ Additionally, market orientation is one of the antecedents of an innovative culture (Hurley & Hult, 1998). As argued by Qu, Ennew, and Sinclair (2005), many researchers in the field of tourism have provided evidence of the importance of market orientation adoption and its impact on business performance and other related outcomes. Many authors demonstrated that there are some interesting applications of market orientation in the tourism sector (e.g., Nsenduluka & Shee, 2009; Peña, Jamilena, & Molina, 2012; Sin, Tse, Heung, & Yim, 2005). According to Peña et al. (2012), there is evidence that managers are aware of the importance of marketing management for the firm’s output in tourism. However, they also note that more attention is needed in this area. Additionally, it was determined that managers should pursue more activities devoted to market orientation, such as capturing and responding to market information. Still, there is a lack of research in the services sector investigating the relationship between market orientation, innovativeness and performance (Peña et al., 2012), especially in the tourism context. For example, intangible investment in marketing can positively affect the long-term productivity of firms (Verbič & Polanec, 2014).

Moreover, Tajeddini (2010) argues that the relationship between customer orientation and innovativeness requires further research.

In the current context, there is a likelihood for firms to improve their innovativeness by investing in marketing activities. Thus, the following hypothesis is developed.

**Hypothesis 2.** *Market orientation has a positive effect on the innovativeness of tourism firms.*

### **3.3. Innovativeness and firm performance**

Generally, the term 'performance' brings in the forefront measurements such as profit, costs, and market share (Laitinen, 2002), as firm performance has traditionally been viewed and measured in accounting terms (Jennings & Seaman, 1994). As innovativeness is a key factor for business performance (Deshpande, Farley, & Webster, 1993; Tajeddini & Trueman, 2008), it is essential to determine the antecedents of innovativeness and its impact on firm performance. Reflecting on this view, some studies have investigated the relationship between innovativeness and firm performance (e.g., Keskin, 2006). Tajeddini (2010), who investigated the extent to which customer orientation, entrepreneurial orientation, and innovativeness have a positive impact on hotel service performance, found that the more the hotel's managers and owners pursue new ideas, products and new technologies, the more likely it is that the firm will improve its performance (e.g., profit, sales, ROI). The results of the study show that customer orientation, entrepreneurial orientation and innovativeness have an impact on firm performance. Rasković, Mõrec, and Brenčič (2012) confirmed the positive relationship between business innovations and overall firm performance, as well as its increasing importance with the worsening of the current economic crisis. However, the link between customer orientation and innovativeness is not significant. In any case, the study by Camisón and Monfort-Mir (2012) should be considered, as it is not limited to analysing innovativeness but first deals with the problem of measuring innovativeness indicators. The study showed that the services sector is less technologically innovative than the manufacturing sector and that tourism companies are less technologically innovative than manufacturing and other services companies, as they innovate for the most part based on previously available knowledge within the organisation, allowing imitators and adapters to copy them. Based on the above theorising the following hypothesis is developed.

**Hypothesis 3.** *Innovativeness has a positive effect on the performance of tourism firms.*

## **4. Methodology**

The focus of the remainder of the paper will be on the selection of variables and measurements, data collection process, sample description and data analysis.

### **4.1. Questionnaire, data collection and sample description**

Based on the literature review, a survey instrument was developed and adopted using research by Rhee, Park, and Lee (2010), including two antecedents of firm innovativeness – (1) market orientation and (2) entrepreneurial orientation – and the innovative-

ness outcome (i.e., firm performance). A five-point Likert scale was used for all the items (except for respondents' demographic data), ranging from 1 (strongly disagree) to 5 (strongly agree). To measure market orientation (nine variables), Narver and Slater's (1990) measurement instrument was adopted, measuring customer orientation and competitor orientation. Entrepreneurial orientation measurement (six variables; adopted from Covin & Slevin, 1989; Naman & Slevin, 1993; Hult et al., 2004) focused on the measurement of risk-taking propensity and proactiveness, which relies on dealing with the company's competitors. Firm innovativeness measurement (five items) was adopted from Hurley and Hult (1998), and firm performance was measured using three items based on comparison with competitors over the past three years in terms of market share, growth rate and profitability.

First, a list of tourism firms, based on the AJPES data collection, was drawn up; then, a representative sample of 850 Slovenian tourism firms was chosen using the method of probability sampling (with available and usable email addresses). Online surveys were sent to the firms via email. In the first phase, 54 complete answers were received. After a reminder message was sent, a total of 91 returned surveys were considered for further analysis (for a 10.7% response rate). The survey was anonymous. Of the 91 respondents, 14.3% were from hotels, 11% were from bars and restaurants, 14.3% were from travel agencies, 15.4% were from farm houses with rooms, 2.2% were from farm houses without rooms, 33.0% were from other types of firms, and 9.9% did not report the firm type. The sample adequately represents the population and structural composition of the original sample.

#### 4.2. Analysis

Within quantitative research, uni-, bi- and multivariate statistical analyses were performed using the SPSS 19.0 and EQS software programmes. For all the variables, the values of skewness and kurtosis were above  $|2|$ ; therefore, their distribution is similar to normal distribution, and no items were excluded from the analysis. In order to test the model, factor analysis was performed (explorative and confirmative) using SPSS and EQS software. To check the validity of the constructs, exploratory factor analysis was performed using the principal component method. This technique was used for each dimension separately (based on one factor). In order to have a valid construct, one item was eliminated from the entrepreneurial orientation factor, as its communalities were lower than 0.2. The factor loadings are between 0.474 and 0.959. The KMO value for each dimension is between 0.711 and 0.835; therefore, all values are above the minimum acceptable level. The results of Bartlett's test for each dimension were 0.000 ( $p < 0.001$ ). The reliability of constructs was measured with the Cronbach Alpha coefficient, with values ranging from 0.769 to 0.919. Therefore, all dimensions have good reliability. Finally, EQS Multivariate Software version 6.1 was utilised for confirmatory factor analysis and testing of the proposed model. Since no non-normality was found in the data, the ERLS (Elliptical Reweighted Least Square) estimation method was used. As recommended by Hair, Black, Babin, Anderson, and Tatham (2006), the fit of the model was assessed with multiple indices: NNFI (the non-normed fit index), CFI (the comparative fit index), RMR (root mean-square residual), and RMSEA (the root mean square error of approximation). Values of NFI and CFI greater than 0.90 indicate a good model fit (Byrne, 2004). Hu and Bentler (1999) suggest that values of SRMR less than 0.08 indicate an acceptable fit.

Table 2. Descriptive statistics and results for Principal Component Factor Analysis.

	MEAN	SD	Factor loadings	Cronbach alpha coefficient
<b>Innovativeness</b>				0.844
Technical innovation, based on research results, is readily accepted	3.74	0.917	0.820	
Management actively seeks innovative ideas	4.21	0.823	0.827	
Innovation is readily accepted in programme/project management	4.01	0.888	0.793	
People are rewarded for new ideas that work well	3.56	1.077	0.677	
Innovation is perceived as constructive and is actively accepted	4.15	0.815	0.845	
Total	3.93	0.713		
<b>Market orientation</b>				0.828
<i>Customer orientation</i>				
Firm plays close attention to after-sales services	3.73	0.844	0.474	
Business objectives driven by customer satisfaction	4.75	0.508	0.795	
Competitive advantage is based on understanding customers' needs	4.57	0.635	0.768	
Closely monitoring and assessing customer satisfaction	4.30	0.863	0.715	
Business strategies driven by the goal of increasing customer value	4.35	0.736	0.744	
<i>Competitor orientation</i>				
Salespersons share information about competitor information	3.92	0.910	0.558	
Rapid response to competitive actions	3.65	0.923	0.561	
Top management regularly discusses competitors' strengths and weaknesses	3.79	0.863	0.630	
Customers are targeted when an opportunity for competitive advantage arises	4.52	0.689	0.716	
Total	4.17	0.510		
<b>Entrepreneurial orientation</b>				0.769
<i>Risk-taking propensity</i>				
In general, the top management has a strong proclivity for high-risk projects with chances of very high returns	2.88	1.031	0.866	
In general, the top management of our company believes that bold, wide-ranging acts are necessary to achieve the firm's opportunities	3.55	0.934	0.806	
Adopting a bold, aggressive posture in order to maximise the probability of exploiting potential opportunities when confronted with decision-making situations involving uncertainty	3.01	0.913	0.862	
<i>Proactiveness</i>				
In dealing with its competitors, our company is usually the first one to introduce new product/services, administrative techniques, operating technologies, etc.	3.87	0.833	0.505	
Our company wants to be better than our competitors	4.21	0.768	0.484	
Total	3.50	0.648		
<b>Performance</b>				0.919
Over the past 3 years more market share than our competitors	3.66	0.969	0.906	

(Continued)

Table 2. (Continued).

	MEAN	SD	Factor loadings	Cronbach alpha coefficient
Over the past 3 years more market growth rate than our competitors	3.57	0.884	0.959	
Over the past 3 years more profitability than our competitors	3.42	0.990	0.923	
Total	3.54	0.879		

Source: Authors.

### 4.3. Findings

The results of the uni- and multivariate analyses are shown in Table 2.

In order to test the model, structural equation modelling (SEM) procedures were used. The final model is presented in Figure 2.

Confirmatory factor analysis confirmed the validity of variables for all the dimensions. All coefficients are positive and statistically significant. The structural relationships in the model, including factors influencing innovativeness and forward calculation

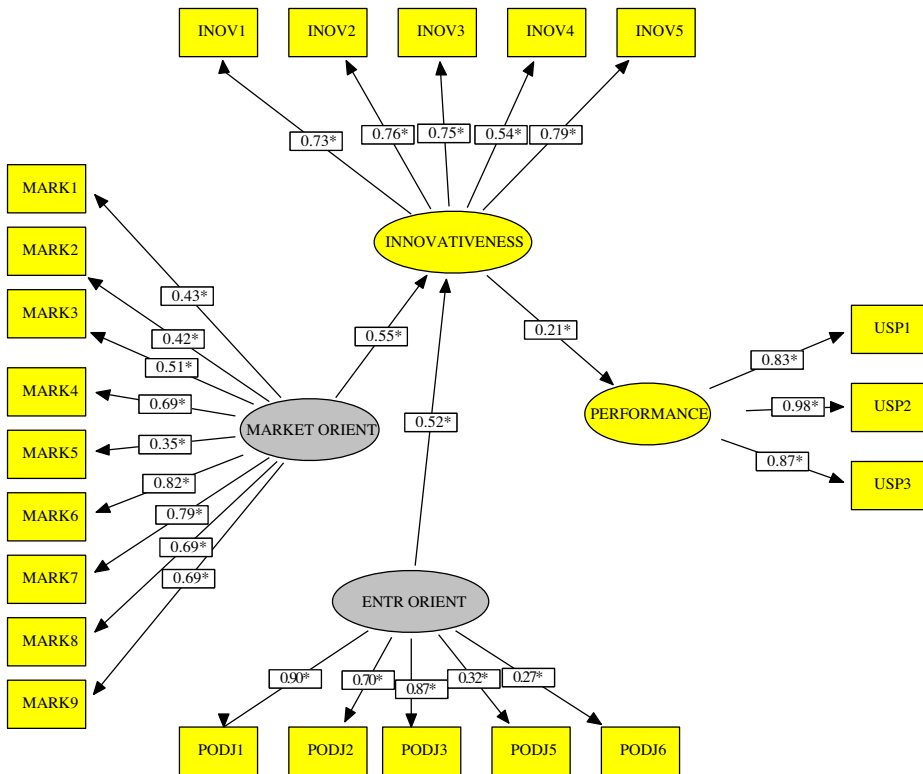


Figure 2. The model of innovativeness in tourism.  
Source: Authors.

of the the impact of innovativeness on tourism firm performance were estimated using the elliptical reweighted least square (ERLS) method in EQS 6.1. EQS reported that parameter estimates appeared in order and that no problems were encountered during the optimisation. The resulting model's goodness-of-fit indices indicated a moderately good model fit (NNFI = 0.91; CFI = 0.92; RMR = 0.11; and RMSEA = 0.07). Moreover, the results show that all three hypothesis are confirmed.

## 5. Conclusion and discussion

Both academics and practitioners have investigated the significant relationship between innovation and performance in an effort to define the important factors that positively influence innovation development (Jiménez-Zarco et al., 2011). Additionally, one of the most conspicuous developments in tourism policy internationally over the past two decades has been the growth of interest in small businesses, which have been seen by policy-makers as the economic lifeblood of the sector and, simultaneously but paradoxically, as the laggards that prevent innovation and growth.

The results of our study show the positive relationship between two antecedents of firm innovativeness (i.e., market and entrepreneurial orientation) and the outcome of innovativeness (i.e., performance). Managers are advised to identify the key factors that influence innovativeness, and they need to be aware that a market and entrepreneurial orientation is of paramount importance for tourism firms' innovativeness and, consequently, firm performance. On this basis, they could encourage innovative approaches, such as, for example, paying close attention to after-sales services, business objectives driven by customer satisfaction, understanding customers' needs, monitoring and assessing customer satisfaction, and so forth. The results of this study also reveal the importance of marketing activities toward competitors (e.g., sharing information about competitors, rapid response to competitive actions, discussions about competitors' strengths and weaknesses, and so on). Additionally, this study confirms the results of previous studies that have provided evidence regarding the impact of an entrepreneurial orientation on innovativeness, in this case specifically in the context of Slovenian tourism SMEs. In this context, the results show impacts such as top management's high-risk project proclivity, the necessity of wide-ranging acts, and initiation of actions to which competitors respond.

Regarding the importance of marketing and entrepreneurial orientation for innovativeness, a number of guidelines can be offered to researchers. A tourism firm committed to developing and improving marketing and entrepreneurial competencies must attempt to improve innovativeness activities in the firm. Innovation consequently affects the firm performance.

It should be noted that, although this study makes important contributions to the understanding of the role of innovativeness, it also has some limitations. Specifically, it is limited to the tourism sector and has a small sample size. Although a positive relationship was identified among market orientation, entrepreneurial orientation, innovativeness and firm performance, other determinants of innovativeness might be included in the model for further research. For example, several researchers have analysed the influence of firm size and firm age on innovation activities (Acs & Audretsch, 1990; Balasubramanian & Lee, 2008; Damanpour, 1992; Greve, 2008; Maffini Gomes, Kruglianskas, & Scherer, 2009; Sorenson & Stuart, 2001; Zenger & Lazzarini, 2004). The influence of firm size and firm age on innovativeness can be negative or positive. On one hand, large firms are more aggressive, can earn higher returns on R&D, and

have more professional structures and thus are less flexible and lack managerial control (Chen & Hambrick, 1995). On the other hand, they have stronger market power and thus can easily spread innovations (Boone, Carroll & Witteloostuijn, 2004). In any case, the owners of small firms can include entrepreneurial activities among employees (Davenport & Bibby, 1999). Usually, a positive relationship between firm age and innovativeness has been found. Sorensen and Stuart (2001) analysed the influence of firm age and proved that, although older firms generate more innovations, these are usually of lower quality. This occurs because older firms generally have more difficulties in exploiting new knowledge and are involved in established routines; furthermore, firm age can reduce organisation-environment inputs. In this regard, the aim was to analyse the effect of firm size and firm age as moderator variables in the relationship between innovativeness and performance; however, owing to the small sample size, no such moderator was included in the model. Thus, this represents a limitation of the present study. However, future research could replicate and extend these findings using the mentioned determinants.

Another possible direction for further research would be to investigate the difference between different sectors of tourism firms and how environmental (internal and external) characteristics may affect organisational innovation. Another plausible area of future research would be the significance of tourism firms' network capacity for innovation activities. Thirdly, an attempt to determine how employees can be encouraged to start thinking differently and to motivate them to develop new ideas and behave innovatively could prove to be a very interesting and important study. Objective indicators of firm performance could also be included in future studies, such as sales, profit, ROI, and so on. In this vein, various measures in the area of innovativeness in tourism could be developed so as to address potential barriers to innovativeness.

### Disclosure statement

No potential conflict of interest was reported by the authors.

### Notes

1. Industries such as hotels, travel agents, airlines and other passenger transportation are also included as activities of the restaurant and leisure industries that are directly supported by tourists.
2. Employment by hotels, travel agents, airlines and other passenger transportation services, restaurants, and leisure industries directly supported by tourists is included.

### References

- Acs, Z. J., & Audretsch, D. B. (1990). *Innovation and small firms*. Cambridge, MA: MIT Press.
- Aldebert, B., Dang, R. J., & Longhi, C. (2011). Innovation in the tourism industry: The case of tourism. *Tourism Management*, 32, 1204–1213.
- Anderson, N., Potočnik, K., & Zhou, J. (2014). Innovation and creativity in organization: A state-of-the-science review, prospective commentary and guiding framework. *Journal of Management*, 40, 1297–1333.
- Balasubramanian, N., & Lee, J. (2008). Firm age and innovation. *Industrial and Corporate Change*, 17, 1019–1047.
- Bellou, V., & Andronikidis, A. I. (2009). Examining organizational climate in Greek hotels from a service quality perspective. *International Journal of Contemporary Hospitality Management*, 21, 294–307.

- Blichfeldt, B. S. (2009). Innovation and entrepreneurship in tourism: The case of a Danish caravan site. *Revista de Turismo y Patrimonio Cultural*, 7, 415–431.
- Boone, C., Carroll, G. R., & Witteloostuijn, A. (2004). Size, differentiation and the performance of Dutch daily newspapers. *Industrial and Corporate Change*, 13, 117–148.
- Brown, S. L., & Eisenhard, K. M. (1995). Product development: Past research, present findings, and future directions. *Academy of Management Review*, 20, 343–378.
- Bučar, M., Jaklič, A., & Udovič, B. (2010). *National system of innovation in Slovenia*. Ljubljana: Fakulteta za družbene vede. [Electronic book series CIR analyses].
- Burger, A., Jaklič, A., & Rojec, M. (2008). Exporting and company performance in Slovenia: Self-selection and/or learning by exporting? *Ekonomski časopis*, 56, 131–153.
- Byrne, B. M. (2004). Testing for multigroup invariance using AMOS graphics: A road less traveled. *Structural Equation Modeling*, 11, 272–300.
- Camisón, C., & Monfort-Mir, V. M. (2012). Measuring innovation in tourism from Schumpeterian and the dynamic-capabilities perspectives. *Tourism Management*, 33, 776–789.
- Carvalho, L. (2008). *Innovation and entrepreneurship: A model to service sector* (PhD thesis). Portugal: Evora University.
- Carvalho, L., & Costa, T. (2011). *Tourism innovation – A literature review complemented by case study research*. Book of proceedings, Vol 1, International conference on tourism & management studies, Algarve.
- Chang, S., Gong, Y. P., & Shum, C. (2011). Promoting innovation in hospitality companies through human resource management practices. *International Journal of Hospitality Management*, 30, 812–818.
- Chang, Y. C., Linton, J. D., & Chen, M. N. (2012). Service regime: An empirical analysis of innovation patterns in service firms. *Technological Forecasting and Social Change*, 79, 1569–1582.
- Chen, M. J., & Hambrick, D. C. (1995). Speed, stealth, and selective attack: How small firms differ from large firms in competitive behavior. *Academy of Management Journal*, 38, 453–483.
- Covin, J. G., & Slevin, D. P. (1989). Strategic management of small firms in hostile and benign environments. *Strategic Management Journal*, 10, 75–87.
- Crépon, B., Duguet, E., & Mairesse, J. (1998, August). Research, innovation, and productivity: An econometric analysis at the firm level. *NBER Working Paper*, W6696. Cambridge, MA: National Bureau of Economic Research.
- Cucculelli, M., & Ermini, B. (2013). Risk attitude, product innovation, and firm growth. Evidence from Italian manufacturing firms. *Economics Letters*, 118, 275–279.
- Damanpour, F. (1992). Organizational size and innovation. *Organizational Studies*, 13, 375–402.
- Damijan, P. J., Kostevc, Č., & Polanec, S. (2010). From innovation to exporting or vice versa? *The World Economy*, 32, 374–398.
- Damijan, P. J., Kostevc, Č., & Rojec, M. (2009). Does innovation help the good or the poor performing firms? (LICOS Discussion Paper 230/2009). Unpublished manuscript.
- Davenport, S., & Bibby, D. (1999). Rethinking a national innovation system: The small country as 'SME'. *Technology Analysis & Strategic Management*, 11, 431–462.
- Deshpande, R., Farley, J. U., & Webster, F. E. (1993). Corporate culture, customer orientation, and innovativeness in Japanese firms: A quadrat analysis. *Journal of Marketing*, 57, 23–37.
- Desmarchelier, B., Djellal, F., & Gallouj, F. (2013). Environmental policies and eco-innovations by service firms: An agent-based model. *Technological Forecasting and Social Change*, 80, 1395–1408.
- Dimitratos, P., & Plakoyiannaki, E. (2003). Theoretical foundations of an international entrepreneurial culture. *Journal of International Entrepreneurship*, 1, 187–215.
- European Innovation Scoreboard. (2014). European Commission. Retrieved from [http://ec.europa.eu/enterprise/policies/innovation/files/ius/ius-2014\\_en.pdf](http://ec.europa.eu/enterprise/policies/innovation/files/ius/ius-2014_en.pdf)
- Gomezelj Omerzel, D. (2014). Entrepreneurial and customer orientation as predictors of innovativeness in tourism firms. *Academica turistica*, 7, 15–27.
- Greve, H. R. (2008). A behavioral theory of firm growth: Sequential attention to size and performance goals. *Academy of Management Journal*, 51, 476–494.
- Grönroos, C. (1990). *Service Management and marketing*. Lexington, MA: Lexington Books.
- Hair, J. F., Jr., Black, W., Babin, B., Anderson, R. E., & Tatham, R. L. (2006). *Multivariate data analysis* (6th ed.). New Jersey, NJ: Pearson Prentice Hall.



- Hall, C. M., & Williams, A. M. (2008). *Tourism and innovation*. London: Routledge.
- Hipp, C., & Grupp, H. (2005). Innovation in the service sector: The demand for service-specific innovation measurement concepts and typologies. *Research Policy*, 34, 517–535.
- Hjalager, A. M. (2002). Repairing innovation defectiveness in tourism. *Tourism Management*, 23, 465–474.
- Hjalager, A. M. (2009). Cultural tourism innovation systems – The Roskilde festival. *Scandinavian Journal of Hospitality and Tourism*, 9, 266–287.
- Hjalager, A. M. (2010). A review of innovation research in tourism. *Tourism Management*, 31, 1–12.
- Hjalager, A. M. (2011). Strategic innovation in tourism business. In L. Moutinho (Ed.), *Strategic management in tourism* (2nd ed., pp. 127–129). Wallingford: CABI.
- Hogan, S. J., Soutar, G. N., McColl-Kennedy, J. R., & Sweeney, J. C. (2011). Reconceptualizing professional service firm innovation capability: Scale development. *Industrial Marketing Management*, 40, 1264–1273.
- Holjevac, A. I. (2003). A Vision of tourism and the hotel industry in the 21st century. *International Journal of Hospitality Management*, 22, 129–134.
- Howells, J. (2007). Services and innovation: Conceptual and theoretical perspectives. In P. Daniels & J. Bryson (Eds.), *The handbook of services industries* (pp. 34–44). Cheltenham: Edward Elgar.
- Hu, L., & Bentler, P. M. (1999). Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling: A Multidisciplinary Journal*, 6(1), 1–55.
- Hult, G. T. M., & Ketchen, D. J. (2001). Does market orientation matter? A test of the relationship between positional advantage and performance. *Strategic Management Journal*, 22, 899–906.
- Hult, G. T. M., Hurley, R. F., & Knight, G. A. (2004). Innovativeness: Its antecedents and impact on business performance. *Industrial Marketing Management*, 33, 429–438.
- Hurley, R. F., & Hult, G. T. M., (1998, July). Innovation, market orientation, and organizational learning: An integration and empirical examination. *The Journal of Marketing*, 62, 42–54.
- Ivanković, G., Janković, S., & Peršić, M. (2010). Framework for performance measurement in hospitality industry: Case study Slovenia. *Economic research*, 23, 12–23.
- Jaklič, A. (2007). Creating multinational enterprises in transition economies: Examining the impact of firms' factor endowments in Slovenia. *Economic and Business Review*, 9, 79–102.
- Jennings, D. F., & Seaman, S. L. (1994). High and low levels of organizational adaptation: An empirical analysis of strategy, structure, and performance. *Strategic Management Journal*, 15, 459–475.
- Jiménez-Jiménez, D., & Sanz-Valle, R. (2011). Innovation, organizational learning, and performance. *Journal of Business Research*, 64, 408–417.
- Jiménez-Zarco, A. I., Martínez-Ruiz, M. P., & Izquierdo-Yusta, A. I. (2011). Key service innovation drivers in the tourism sector: Empirical evidence and managerial implications. *Service Business*, 5, 339–360.
- Kaufmann, H., Tsangar, H., & Vrontis, D. (2012). Innovativeness of European SMEs: Mission not yet accomplished. *Economic Research*, 25, 333–360.
- Keskin, H. (2006). Market orientation, learning orientation, and innovation capabilities in SMEs. *European Journal of Innovation Management*, 9, 396–417.
- Kohli, A. J., & Jaworski, B. J. (1990). Market orientation: The construct, research propositions, and managerial implications. *Journal of Marketing*, 54, 1–18.
- Kraus, S. (2011). The role of entrepreneurial orientation in service firms: Empirical evidence from Austria. *Service Industries Journal*, 33, 427–444.
- Križaj, D., Brodnik, A., & Bukovec, B. (2012). A tool for measurement of innovation newness and adoption in tourism firms. *International Journal of Tourism Research*. Retrieved from <http://onlinelibrary.wiley.com/doi/10.1002/jtr.1905/abstract>
- Laitinen, E. (2002). A dynamic performance measurement system: Evidence from small Finnish technology companies. *Scandinavian Journal of Management*, 18, 65–99.
- Laperche, B., & Picard, F. (2013). Environmental constraints, product-service Systems development and impacts on innovation management: Learning from manufacturing firms in the French context. *Journal of Cleaner Production*, 53, 118–128.
- Lumpkin, G. T., & Dess, G. G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*, 21, 135–172.

- Maffini Gomes, C., Kruglianskas, I., & Scherer, F. L. (2009). Company size effect in innovative performance. *Journal of Technology Management & Innovation*, 4, 13–31.
- Martinez-Ros, E., & Orfila-Sintes, F. (2012). Training plans, manager's characteristics and innovation in the accommodation industry. *International Journal of Hospitality Management*, 31, 686–694.
- Miles, I. (2003). Services innovation. Coming of age in the knowledge-based economy. In D. Dankbaar (Ed.), *Innovation management in the knowledge economy* (pp. 59–81). London: Imperial College Press.
- Naman, J. L., & Slevin, D. P. (1993). Entrepreneurship and the concept of fit: A model and empirical tests. *Strategic Management Journal*, 14, 137–154.
- Narver, J. C., & Slater, S. F. (1990). The effects of market orientation on business profitability. *Journal of Marketing*, 54, 20–35.
- Nicolau, J. L., & Santa-Maria, M. J. (2013). The effect of innovation on hotel market value. *International Journal of Hospitality Management*, 32, 71–79.
- Novelli, M., Schmitz, B., & Spencer, T. (2006). Networks, clusters and innovation in tourism: A UK experience. *Tourism Management*, 27, 1141–1152.
- Nsenduluka, E., & Shee, H. K. (2009). Organisational and group antecedents of work group service innovativeness. *Journal of Management and Organization*, 15, 438–452.
- Nybakk, E., & Hansen, E. (2008). Entrepreneurial attitude, innovation and performance among Norwegian nature-based tourism enterprises. *Forest Policy and Economics*, 10, 473–479.
- OECD. (2005). *The measurement of scientific and technological activities. Proposed guidelines for collecting and interpreting technological innovation data. Oslo manual* (2nd ed.). Paris: OECD/European Commission EUROSTAT.
- Orfila-Sintes, F., Crespi-Cladera, R., & Martinez-Ros, E. (2005). Innovation activity in the hotel industry: Evidence from Balearic Islands. *Tourism Management*, 26, 851–865.
- Orfila-Sintes, F., & Mattsson, J. (2009). Innovation behaviour in the hotel industry. *Omega-International Journal of Management Science*, 37, 380–394.
- Palčič, I., Buchmeister, B., & Polajnar, A. (2010). Analysis of innovation concepts in Slovenian manufacturing companies. *Journal of Mechanical Engineering*, 56, 803–810.
- Peña, I. P., Jamilena, D. M. F., & Molina, M. Á. R. (2012). Validation of a market orientation adoption scale in rural tourism enterprises. Relationship between the characteristics of the enterprise and extent of market orientation adoption. *International Journal of Hospitality Management*, 31, 139–151.
- Pivčević, S., & Praničević, D. G. (2012). Innovation activity in the hotel sector-the case of Croatia. *Economic Research*, 25, 337–363.
- Qu, R., Ennew, C., & Sinclair, M. T. (2005). The impact of regulation and ownership structure on market orientation in the tourism industry in China. *Tourism Management*, 26, 939–950.
- Rangus, K., & Drnovšek, M. (2013). Open innovation in Slovenia: A comparative analysis of different firm sizes. *Economic and Business Review*, 15, 175–196.
- Raskovič, M., Mõrec, B., & Brenčič, M. M. (2012). Market orientation, business innovation and HRM in top Slovenian employers. *Economic Research*, 2, 1–20.
- Rhee, J., Park, T., & Lee, D. H. (2010). Drivers of innovativeness and performance for innovative SMEs in South Korea: Mediation of learning orientation. *Techovation*, 30, 65–75.
- Roxas, B., & Chadee, D. (2013). Effects of formal institutions on the performance of the tourism sector in the Philippines: The mediating role of entrepreneurial orientation. *Tourism Management*, 37, 1–12.
- Ruekert, R. W. (1992). Developing a market orientation: An organizational strategy perspective. *International Journal of Research in Marketing*, 9, 225–245.
- Ruzzier, M., Hojnik, J., & Lipnik, A. (2013). Relationship between innovation and internationalization of Slovenian internationalized companies. Proceedings of the 14th MIC, Koper.
- Sánchez-Sellero, P., Rosell-Martínez, J., & García-Vázquez, J. M. (2013). Innovation as a driver of absorptive capacity from foreign direct investment in Spanish manufacturing firms. *Procedia – Social and Behavioural Sciences*, 75, 236–245.
- Schumpeter, J. A. (1934). *The theory of economic development*. Cambridge, MA: Harvard University Press.
- Schumpeter, J. (1961). *The theory of economic development*. New York, NY: Oxford University Press.

- Simpson, P. M., Siguaw, J. A., & Enz, C. A. (2006). Innovation orientation outcomes: The good and the bad. *Journal of Business Research*, 59, 1133–1141.
- Sin, O. Y. M., Tse, A. C. B., Heung, V. C. S., & Yim, F. H. K. (2005). An analysis of the relationship between market orientation and business performance in the hotel industry. *International Journal of Hospitality Management*, 24, 555–577.
- Škare, M., & Tomić, T. (2014). Examining the link between innovation, productivity and growth: A global view. *Academy of Economic Studies*, 16, 606–624.
- Sorenson, O., & Stuart, T. E. (2001). Syndication networks and the spatial distribution of venture capital investments. *American Journal of Sociology*, 106, 1546–1588.
- Spencer, A. J., Buhalis, D., & Moital, M. (2012). A hierarchical model of technology adoption for small owner-managed travel firms: An organizational decision-making and leadership perspective. *Tourism management*, 33, 1195–1208.
- Stamboulis, Y., & Skayannis, P. (2003). Innovation strategies and technology for experience-based tourism. *Tourism Management*, 24, 35–43.
- Stare, M., & Bučar, M. (2009). *Driving Forces of Innovations towards services – Inclusive innovation policy in the new member states*. *Socialiniai mokslai*, 1, 7–14.
- Stres, S., Trobec, M., & Podobnik, F. (2009). *Raziskava o stanju inovacijske dejavnosti v Sloveniji s predlogom aktivnih ukrepov za spodbujanje konkurenčnosti in inovativnosti v slovenskem gospodarstvu* [A research on the state of innovation in Slovenia with a proposal for active measures to promote competitiveness and innovation in Slovenian economy]. Ljubljana: Javna agencija RS za podjetništvo in tuje investicije. Retrieved from <http://www.imamidejo.si/resources/files/RID.pdf>
- Sundbo, J., & Gallouj, F. (1999). Innovation in services in seven European countries. *Synthesis Report for European Commission, DG XII, TSER-SI4S*, 99, 1. Villeneuve d'Ascq Cédex: IFRESI-University of Lille.
- Sundbo, J., Orfila-Sintes, F., & Sorensen, F. (2007). The innovative behaviour of tourism firms – Comparative studies of Denmark and Spain. *Research Policy*, 36, 88–106.
- Tajeddini, K. (2010). Effect of customer orientation and entrepreneurial orientation on innovativeness: Evidence from the hotel industry in Switzerland. *Tourism Management*, 31, 221–231.
- Tajeddini, K., & Trueman, M. (2008). Effect of customer orientation and innovativeness on business performance: A study of small-sized service retailers. *International Journal of Entrepreneurship and Small Business*, 6, 280–295.
- Thakur, R., & Hale, D. (2013). Service innovation: A comparative study of U.S. and Indian service firms. *Journal of Business Research*, 66, 1108–1123.
- Thomas, R., Shaw, G., & Page, S. (2011). Understanding small firms in tourism: A perspective on research trends and challenges. *Tourism Management*, 32, 963–976.
- Thornhill, S. (2006). Knowledge, innovation and firm performance in high- and low-technology regimes. *Journal of Business Venturing*, 21, 687–703.
- Toivonen, M., & Tuominen, T. (2009). Emergence of innovations in services. *Service Industries Journal*, 29, 887–902.
- Triguero, A. & Córcoles, D. (2013). Understanding innovation: An analysis of persistence for Spanish manufacturing firms. *Research Policy*, 42, 340–352.
- Van Ark, B., Broesma, L., & Hertog, P. (2003, June). *Services innovation, performance policy: A review*. Synthesis Report in the Framework of the Project Structural Information Provision on Information in Services. Groningen: University of Groningen and DIALOGIC.
- Veblen, T. (1899). *The theory of the leisure class: An economic study of institutions*. London: Unwin.
- Verbič, M., & Polanec, S. (2014). Innovativeness and intangibles in transition: The case of Slovenia. *Economic Research*, 27, 67–85.
- Veugelers, R., & Cassiman, B. (1999). Make and buy in innovation strategies: Evidence from Belgian manufacturing firms. *Research Policy*, 28, 63–80.
- Weerawardena, J., O'Cass, A., & Julian, C. (2006). Does industry matter? Examining the role of industry structure and organizational learning in innovation and brand performance. *Journal of Business Research*, 59, 37–45.
- WEF. 2013. The global competitiveness report 2013–2014. Retrieved November 28, 2014, from [http://www3.weforum.org/docs/WEF\\_GlobalCompetitivenessReport\\_2013-14.pdf](http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf)
- Wiklund, J., & Shepherd, D. (2005). Entrepreneurial orientation and small business performance: A configuration approach. *Journal of Business Venturing*, 20, 71–91.

WTTC Travel & Tourism Economic Impact. 2014. Retrieved November 27 , 2014, from <http://www.wttc.org/>

Zenger, T., & Lazzarini, S. (2004). Compensating for innovation: Do small firms offer high-powered incentives that lure talent and motivate effort? *Managerial and Decision Economics*, 25, 329–345.