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 38 years in the innovation, organizational, strategy, marketing, consumer, tourism, and psychology literatures; this paper conceptualizes firm-level innovativeness, delineating it as a multidimensional construct. This paper allows future research to operationalize innovativeness.

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). Other researchers have called for this broad firm-level perspective of innovativeness.

However, it has to be stressed that innovativeness within the tourism literature has received very scant attention, and even within the broader innovation literature, the focus has been on the large organization (see Avlonitis et al., 2004). Consequently, little significant international research activity on innovativeness within the SME, and in particular within the small tourism firm, has emerged from the extant literature. Nevertheless, despite the lack of research attention, the term ‘innovativeness’ has been frequently used in the tourism and innovation literature, but with a mix of conceptualizations and interpretations; often being used interchangeably with the term

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‘innovation’ (Wang and Ahmed, 2004) and ‘innovation orientation’ (Siguaw et al., 2006). This is the case despite a general consensus in the literature that innovativeness is 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 orientation of an organization, and innovation as the vehicle which it uses to achieve its competitive advantage, providing a vivid mental vision of an input (innovativeness) and output (innovation) situation (Manu, 1992).

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 and Auch, 2006: 65).

For both Siguaw et al. (2006) and Avlonitis et al. (1994), 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. For Midgley and Dowling (1978), 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 dimensions of ‘organizational innovativeness.

The lack of a clear and unified concept definition has meant that the innovativeness domain is very broad and so there is a tendency amongst researchers to operationalize the concept as unidimensional (Damanpour and Evan, 1990). This is despite the fact that the vast majority of researchers consider organizational innovativeness as a multidimensional phenomenon (Salavou, 2015).
The lack of multidimensional conceptualization has resulted in inconsistent research results regarding innovativeness, because current unidimensional conceptualizations neglect multiple facets pertinent to the domain (Wang and Ahmed, 2004). Indeed, Subramanian and Nilakanta (1996) notes that there is a weakness evident in the literature regarding both the conceptualization and measurement of innovativeness, and this in turn has fuelled the conflicting and non-comparable results yielded by past research examining organizational innovativeness.

Thus, the purpose of this paper is to develop an operational definition and conceptualization of the innovativeness construct which can assist in developing appropriate innovativeness measurement scales. The rest of the paper is structured as follows. The next section provides an overview of the reviewed literature in this paper. Next, a synthesized discussion on the reviewed literature that conceptualizes innovativeness is presented. Based on the foregoing analysis, the innovativeness is dimensionalized. In the concluding section, observations are drawn for future theoretical and empirical development in firm-level innovativeness for the small tourism firm.

THE REVIEWED LITERATURE

The review focuses on empirical research and conceptualizations reported by researchers published in a wide range of journals, books and working papers. 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. 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, organization, consumer, innovation, and tourism, they 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 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 author’s knowledge, concepts, quotes, hypothesis 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.

The review encompassed empirical research and conceptualizations reported by researchers from a wide variety of specializations (e.g., marketing, economics, strategy, organizational behaviour, consumer, tourism, innovation), covering the period from 1971 to 2009. In total, 66 articles and books were reviewed for this literature.

DEFINING THE INNOVATIVENESS CONCEPT

Any effort to re-conceptualize innovativeness must be based on a set of guiding principles emerging from the relevant bodies of literature. First, the new definition should coincide with

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Cooper and Kleinschmidt’s (1995) argument that innovativeness should 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 past researchers are too focused on the actual ‘innovation’ itself, failing to recognize the reality that firms need to continuously innovate as a strategic firm-level objective. Third, Rogers (1998) clearly points out, antecedents cannot be utilized in defining the innovativeness construct because they do not reflect innovativeness. 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 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 and 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 and 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 and 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 and 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 and Hult (1998) conceptualize innovativeness as an organization’s ‘cultural readiness’ to innovate or to adopt new ways of doing things. Both Cowart et al. (2007) and Gounaris et al. (2003) 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, 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.

**Creativity:** Most conceptualizations of innovativeness conceive creativity as a key component (Amabile, 1997; Lumpkin and Dess, 1996), considered by Dertouzos (1999:31) to be ‘perhaps the most important ingredient of successful innovation’. Gumusluoglu and 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 and 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 and 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 employee 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 and 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 and
Auh refer to as a firm’s receptivity and “willingness to forgo old habits and try untested ideas” (2006: 66). Similarly, Cotte and 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 and 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 and 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. 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, hence driving the firm towards innovative behavior.

**Intention to Innovate:** Inherent in 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 and 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. This notion of behavioral change is quite common in all tourism innovation studies (e.g. Hjalager, 1997; 1996). Stamboulis and 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 firm’s behavioral intention, devotion, and willingness to innovate; shaped by its overall attitude, perceptions, and mindset towards innovation. Thus, 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’ has emerged from prior definitions of innovativeness (e.g., Panayides, 2006). Gounaris et al. (2003) consider the notion of risk in light of the level of difficulty, uncertainty, and ambiguity associated with innovation. 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 and Kleinschmidt, 1987). Midgley and 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) 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’ (p. 31). In essence, risk is a significant part of innovativeness at various levels of concern within the firm. Furthermore, the authors argue that the willingness to engage in risky behavior is paramount as regards 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 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 and 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.
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. Indeed, a more innovation capable organization is
 one that has the ability to build and deploy distinctive resources faster than others (Winter,
 2003). 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.

CONCLUSION

Despite the literature calls (e.g., Wilson et al., 1999; Subramanian and Nilakanta, 1996; Wolfe,
 1994; Damanpour, 1991) for the development of a more multi-dimensional definition of
 innovativeness, few researchers, if any, have successfully managed to achieve a single,
 consistent, concise, and measurable conceptualization. The consequence of this poor
 conceptualization of innovativeness is a lack of both valid and reliable innovativeness
 measurement scales, meaning that very little empirical research has been conducted in this area.

Moreover, due to the lack of a universally accepted definition and subsequent measurement
scales, existing research results are conflicting and non-comparable in nature. This has caused an extensive knowledge gap in this subject area. Contributing towards the ongoing research efforts to develop a general and unified definition of the construct, this paper offers a new conceptualization of firm-level innovativeness. This conceptualization dimensionalizes the innovativeness concept, and so should provide a useful tool for researchers seeking to operationalize the firm-level innovativeness. It is the overall aim of this conceptual paper to contribute towards the ongoing effort to surmount the historical lack of consistency in previous findings. Moreover, this piece of research clarifies the innovativeness concept for tourism practitioners, educators, and indeed, researchers; progressing knowledge in the tourism innovativeness field.

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