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# Imitation strategies and interfirm networks in the tourism industry: A structure–agency approach<sup>☆</sup>

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## ABSTRACT

The paper investigates the association between tourism firms' imitation strategies and the interfirm network structure in which they are embedded. In particular, it analyzes how imitation contributes to (1) tie formation and (2) clustered structures. It also tests reverse relationships; i.e. how tie formation and clustered structures cause imitation. The paper combines network and survey data within and across nine Norwegian destinations. Estimations with instrumental variables show that imitation is an effect, and probably also a cause, of the network structure. More specifically, clustered structures increase imitation, which increases firms' involvement and tie formation activities with other firms in the interfirm network. The study illustrates how the structure–agency duality can be addressed in a tourism destination context.

## 1. Introduction

Scholars emphasize the importance of understanding tourism destinations as complex coproducing systems. Specialized firms, such as activity providers and hotels, are interdependent and need to coordinate their activities to provide destination products to visitors effectively (Haugland, Ness, Grønseth, & Aarstad, 2011; Ramirez, 1999). As firms partake in coproduction, their competitiveness partly depends on the contribution of other firms to the joint destination offering. In this context, it is important to limit rivalry and develop a unified vision with shared norms between firms to enhance resource integration and coproduction (Gomes-Casseres, 2003).

Imitation is a deliberate strategy where firms aim to become similar to other successful firms (Haunschild & Miner, 1997). It attempts to achieve shared norms that enhance resource integration and coproduction, and the focus of this paper is to study associations between tourism firms' imitation strategies and the interfirm network structure in which they are embedded. Resource integration and coproduction require individual firms to establish ties to other firms, which alter the destination interfirm network structure. Simultaneously, the network structure is likely to influence strategies pursued by tourism firms, and the dynamic is often referred to as the structure–agency duality (Giddens, 1984; Sztompka, 1991). Scholars consider the structure–agency duality as crucial to understanding the interplay between actors

and the context in which they are embedded. Examples include studies of network formation (Bhaskar, 2014; Dhanaraj & Parkhe, 2006; Kim, Howard, Cox Pahnke, & Boeker, 2016; Uzzi, Amaral, & Reed-Tsochas, 2007), innovation performance (Dhanaraj & Parkhe, 2006), and value co-creation (Chandler & Vargo, 2011; Taillard, Peters, Pels, & Mele, 2016). In tourism studies, examples include the duality between agency and path dependence (Ma & Hassink, 2013; Sanz-Ibáñez & Anton Clavé, 2014), tourism development in developing countries (Meyer, 2013), adaptation to climate change (Wyss, 2013), and tourism-related policy making (Bramwell & Meyer, 2007).

Although there is an emerging body of literature on the structure–agency duality in tourism studies, there is limited research addressing this duality from a social network approach. In this study, structure refers to characteristics of the interfirm network in which tourism firms are embedded, and agency refers to firms' autonomous strategic actions. The paper examines: (1) how the agency role played by firms through imitation strategies alter the interfirm network structure, and (2) how the network structure (reversely) affects firms' imitation strategies.

If some closely connected firms have adopted similar working practices (Haunschild & Miner, 1997), it may facilitate imitation as a catalyst for resource integration. Imitation can furthermore induce learning and increase performance (Aarstad, Haugland, & Greve, 2010; DiMaggio & Powell, 1983; March & Olsen, 1976; Tsui-Auch, 2003).

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Knowledge about the structure-agency duality concerning tourism firms' imitation strategies and interfirm network structures may accordingly be important to understand destinations as coproducing systems of autonomous, yet interdependent, actors.

Tourism research has emphasized interfirm networking as a crucial vehicle for destination development (e.g. Maggioni, Marcoz, & Mauri, 2014; Ness, Aarstad, Haugland, & Grønseth, 2014). In tourism research, scholars have also examined the time span to imitate successful innovators (Brooker, Joppe, Davidson, & Marles, 2012; Piccoli, 2008), and the building of barriers to imitation (Huang, 2013). However, studies have not examined how firms' imitation strategies alter the interfirm network structure, or how the network structure influences firms' imitation strategies. In other words, in a tourism context, one lacks substantial knowledge about the structure-agency duality concerning the interfirm network typology and firms' autonomous strategic actions, both of which are important constructs for understanding coproduction and destination development.

From a practitioner's perspective, the study contributes to understanding the implications of firms' strategic behavior and whether network structures promote the spread of work practices. Policy makers and destination management organizations (DMOs) may also find this knowledge useful as they develop planning frameworks and strategies to promote local and regional development.

## 2. Theory and hypotheses

Imitation, as noted, is a deliberate strategy where firms aim to become similar to other successful firms (Haunschild & Miner, 1997). Imitation occurs when 'one or more organizations' use of a practice increases the likelihood of that practice being used by other organizations' (Haunschild & Miller, 1997, p. 472). In the current context, it implies that imitating firms need candidate firms to imitate from, and they do so by forming interfirm ties, which in turn will alter the network structure. The paper accordingly treats imitation as a deliberate firm strategy and distinct from the concept of mimicking (DiMaggio & Powell, 1983), which can be viewed as an unconscious adoption of other firms' strategies or behavioral patterns (Alchian, 1950).

Specifically, the paper relates imitation to two key network characteristics. First, it focuses on the number of interfirm ties a firm has to other firms. This is termed "degree centrality" and is an indicator of activity or involvement in the network (Freeman, 1979; Nieminen, 1974). Central firms play the role of transmitters of business practices within and beyond tourism destinations (Aarstad, Ness, & Haugland, 2015c). Second, it addresses the concept of clustering. If a firm has ties with two other firms and these two firms have a tie between them, they form a clustered triad (Holland & Leinhardt, 1970). Clustering can foster fine-grained information sharing and provide referral knowledge that increases trust (Ahuja, 2000; Coleman, 1988; Uzzi, 1997). Therefore, clustering may benefit tourism firms seeking to coproduce coherent and integrated products. Overall, the paper examines whether imitation is a cause or an effect of degree centrality and clustering.

An interfirm network can be defined as a set of firms and a set of ties or a lack of ties between them (partly derived from Brass, Galaskiewicz, Greve, & Tsai, 2004). In a tourism destination context, a network is often described as 'the stakeholders composing it and the linkages that connect them' (Baggio, Scott, & Cooper, 2010, p. 803; see also a recent review by Mwesijumo & Halpern, 2017). The paper examines structural, and not relational, network properties (cf. Gulati, 1998), and develops two partly competing, partly complementary arguments. One argument states that firms pursuing an imitation strategy will affect the network regarding degree centrality and clustering. This argument emphasizes firms' agency role in the network structure in which they are embedded. The other argument states that clustering and degree centrality will affect firms' imitation strategies, which emphasizes how the network structure can influence firms' strategic actions.

### 2.1. Imitation and degree centrality

Imitating firms need information about the external environment and other firms' practices. Scanning can be one approach to obtaining this information. Scanning 'refers to the relatively wide-ranging sensing of the organization's external environment... [and] varies in intensity from high vigilance, active scanning, to ... routine scanning' (Huber, 1991, p. 97). One way to scan the environment is to play an active role in the interfirm network by forming ties with other firms. Having many interfirm ties will enable a firm to access rich and varied information about market trends, business practices, or competitors' behavior. Thus, firms scanning the environment through networking will increase the likelihood of becoming aware of preferred strategies and business practices to imitate since many direct ties increase the amount of information available and facilitate information comparison. More simply, one can claim that to imitate, a firm needs candidate firms to imitate from, and the need for involvement and active networking is a function of its proclivity to imitate other firms. However, a firm not pursuing imitation strategies will have a lower proclivity to scan the environment for business practices to adopt. The following hypothesis, therefore, is postulated:

**H1a.** A firm's imitation strategy will have a positive effect on its degree centrality in the interfirm network.

It can also be argued that a firm's activities and involvement in the network will have a positive effect on its imitation strategy. Receiving a large input from numerous interfirm partners may tend to make the firm aware of potential strategies to imitate. Thus, scanning its environment through interfirm ties can induce a firm to adopt an imitation strategy. Conversely, firms having fewer interfirm ties may be less aware of opportunities to imitate (because they receive less input from their environment). In contrast to H1a, the following hypothesis is therefore postulated:

**H1b.** A firm's degree centrality in the interfirm network will have a positive effect on its imitation strategy.

### 2.2. Imitation and clustering

If there is a tie between firms  $i$ ,  $j$ , and  $k$ , they form a clustered triad (Holland & Leinhardt, 1970). Fig. 1 illustrates an interfirm network with five firms ( $i$ ,  $j$ ,  $k$ ,  $l$ , and  $m$ ). The straight bold lines indicate established ties, whereas the bold dotted lines indicate that  $i$  considers forming a tie with either  $l$  or  $m$ . The weak dotted line between  $l$  and  $m$  indicates that they are not directly connected, but indirectly through one or more intermediate firms. In general, networks can be more or less clustered (Watts & Strogatz, 1998). The network in Fig. 1 has two clustered triads at the outset ( $i$ - $j$ - $k$  and  $j$ - $k$ - $l$ ). If  $i$  decides to form a tie with  $l$ , the number of clustered triads increases by two ( $i$ - $j$ - $l$  and  $i$ - $k$ - $l$ ), which will not be the case if  $i$  instead collaborates with  $m$ . In other words, a single tie can have a strong impact on a network's clustering structure.

Firm  $i$ 's marginal contribution to clustering increases if it forms a tie with  $l$  (due to the increase of two more clustered triads in the network), but not if it instead forms a tie with  $m$ . Moreover, if  $i$  ceases to have a tie with  $j$ ,  $k$ , or both,  $i$ 's marginal contribution to clustering decreases. In

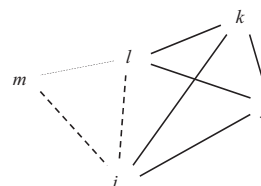


Fig. 1. The fraction of a theoretical network.

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