



REVIEW ARTICLE

INTERNATIONALIZATION AND
INNOVATION IN TOURISM

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Abstract: Internationalization and innovation are significant themes in tourism research whose inter-relationship has been largely neglected. Starting from the international economics literature, which focuses mainly on the multinational enterprise, and on knowledge issues, the relationship can be conceptualised in three ways: internationalization is a form of innovation, successful internationalization requires innovation, and internationalization requires firms to have superior knowledge. Turning from this generic literature to the specificities of tourism, two aspects of the simultaneity of production and consumption critically shape internationalization: the requirement for co-presence, and consumer mobility. However, a firm-focussed approach fails to address the changing international environment of the enterprise, especially the increasing importance of global connectivity in relation to entrepreneurs, labour and tourists. **Keywords:** innovation, internationalization, entrepreneurship, labour, tourists. © 2010 Elsevier Ltd. All rights reserved.

INTRODUCTION

Internationalization and innovation in tourism are interwoven but, with few exceptions, the respective literatures have remained unengaged with each other. This constitutes a double lacuna. First, although internationalization is recognized as a central feature, and a driving force, that shapes and reshapes tourism (Fayed & Fletcher, 2002; Johnson & Vanetti, 2005; Lanfant, Allcock, & Bruner, 1995), the economic aspects have been weakly theorised (Bianchi, 2002; Hjalager, 2007; Knowles, Diamantis, & El-Mourhabi, 2001). Yet innovation theories can provide insights into the driving forces, nature, and processes of internationalization. Secondly, internationalization is a key dimension of tourism innovation, evident in terms of markets, knowledge transfer and production conditions. This paper explores

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how the relationships between innovation and internationalization can be conceptualised, thereby contributing to mapping out future tourism research agendas.

Theoretical work on the economic analysis of both innovation and internationalization traditionally has focussed on manufacturing (Coviello & Munro, 1997), and selectively on some service sectors such as retailing (Alexander & Dawson, 1994; Coe & Hess, 2005). In contrast, tourism is relatively neglected (see Shaw & Williams, 2004; Sinclair & Stabler, 1997). This is rooted in an ideological paradigm that sees manufacturing as the dynamic motor of the economy. Yet there is strong and growing evidence of the internationalization of tourism, whether in terms of production (Go & Pine, 1995) or consumption (Vellas & Becherel, 1995). This makes the relatively limited theorisation of tourism innovation particularly surprising.

The starting point for this conceptualization is the most developed area of research in the field, the international economics literature on multi-national enterprises. This asserts the central importance of comparative knowledge advantages, especially under conditions of uncertainty. Originating with Hymer (1960), these theories argue that firms which internationalize necessarily have superior knowledge (and hence innovation capacity) than nationally-focussed companies. Caution is needed here. While the term multi-national has become synonymous with large-scale enterprises, it can refer to *any* enterprise operating across borders. Internationalisation is not—and probably never was—the exclusive preserve of large corporations (Zahra, 2005). There is also a need to consider internationalization and innovation in small and medium sized enterprises (SMEs) (Prashantham, 2008), which are especially important in tourism (Mungall & Johnson, 2004; Smeral, 1998).

The generic literatures on internationalization and innovation need to be informed by the specificities of tourism. While there are several distinctive features of tourism innovation (Hall & Williams, 2008, chapter 1), the key issue in internationalization is the simultaneity of production and consumption. This has two main consequences. First, enterprises that provide services directly (rather than through subcontracting) to tourists in international markets require co-presence: they must have a material local presence, whether in the form of a car rental office or airline staff at an airport. Secondly, tourism is distinctive in that a significant market segment (international tourism), by definition, is mobile beyond the immediate locality. Firms developing their global reach and brand building (Vellas & Becherel, 1999) may therefore have to undertake direct foreign investments, requiring associated innovations, if they are targeting the provision of tourism services to *non-nationals*—whether from their own or other countries—in a foreign destination.

Although international economics provides a useful perspective, it fails to address the changing context of the internationalization of innovation, especially in tourism. The distinctiveness of tourism innovation is shaped not only by the inherent mobility of tourism consumers, but also by the more generalised internationalization of mobility,

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