

A STUDY ON INNOVATION STRATEGIES IN UPSCALE HOTELS: CURRENT STATUS AND FUTURE PLANS

Hanan S. Kattara, Osman A. El-Said

University of Alexandria, Egypt

ABSTRACT

The objective of this research was to evaluate the implementation level of innovation strategies in Egyptian upscale hotels according to the different building blocks that constitute an innovation strategy, namely; creativity and idea generation, customer focus, innovation climate, innovation culture, innovation methodology and management mandate. Furthermore, the research endeavoured to study the variance among hotels regarding the implementation of innovation strategy building blocks, and to develop a comprehensive innovation strategy action plan for these hotels based on the current situation.

The population of the research consisted of all five-star hotels in Egypt, representing 156 hotels. A questionnaire was designed and distributed to a sample of about 30% of the population. Findings of the research revealed a high level of implementation for most innovation strategy building blocks among hotel managers. The research presented important recommendations for the hotel industry practitioners and the future research. It ended up by presenting some guidelines for a comprehensive innovation strategy implementation and improvement.

Keywords: *Innovation, innovation strategies, innovation building blocks, upscale hotels, and Egypt.*

INTRODUCTION

Innovation was defined as the introduction of a new idea into the marketplace in the form of a new product or service, an improvement in the organization or in processes within the organization and it ranges from minor changes to existing products, processes or services to breakthrough products, processes or services with unprecedented features or performance (Baumol and Blinder, 2000). Moreover, innovation strategy was known as the process that guides decisions on how resources are to be used to meet an organization's objectives for innovation while maintaining value and making competitive advantage (Dodgson, et al., 2008). Innovation was addressed by researchers as the driving force behind any organization's sustained survival and ongoing growth (Grissmann, et al., 2013; Liu (2007). Moreover, in order for organizations to survive in today's market characterized by a global competition, they must continue to innovate, create competitive advantage and maintain its competitiveness on the long term. Thus, it is compulsory for these organizations to invent and execute an innovation strategy, and meanwhile persuade and encourage employees to attain innovation objectives and enhance the organization's competitiveness (Johnston and Bate, 2003; Liu, 2007). Therefore, the objective of this research was to evaluate the application of innovation strategy in Egyptian luxurious hotels based on the different building blocks that constitutes the strategy in order to develop a comprehensive innovation strategy action plan for these hotels based on the current situation.

LITERATURE REVIEW

The Concept of Innovation Strategy

Innovation strategy was defined as a fundamental conceptualization of what the business is about, which in turn leads to a dramatically different way of playing the game in the industry (Markides, 2000). Innovation strategy is concerned with the education and enhancement of individuals and groups, how knowledge can be acquired, created, diffused, consolidated, and then applied in the organization (Boer, et al., 2001). Additionally, organizations that are practicing innovation strategy may be divided into three categories; organizations that are attuned to the changes taking place in the market and see them as potential business opportunities, organizations that are eager to create new value for customers and organizations that are willing to redefine themselves and how they operate in order to pursue new and vibrant growth initiatives (Soosay, et al., 2005). Finally, the innovation strategy is very challenging, and it helps to focus attention on resources, capabilities, and processes and how they are best developed and deployed to meet an organization's objectives (Dodgson, et al., 2008).

The Importance of Innovation Strategies

Innovation strategy is fundamental to the success of innovation in all forms of organizations (Gary, 2005). In a highly competitive environment, an organization's ability to keep up with the pace of innovation and maintain continuous innovation efforts is critical to its survival and growth (Lau, *et al.*, 2009). However, the maintenance, acquisition and growth of an organization's capabilities depend on its innovation objectives and the consequential innovation strategy (Burgelman, *et al.*, 2001). An organization's innovation orientation guides it in adapting, integrating and reconfiguring its technological capabilities, managerial capabilities and resources endowment as appropriate in a changing environment, allowing it to maintain and enhance sustainable innovation (Song, *et al.*, 2005).

Numerous studies have been carried out with respect to innovation strategy and the relationship between innovation strategy and performance (Fang, *et al.*, 2011; Therrien, 2003). Burgess (2013) indicated that tourism and hospitality firms present a certain lack of innovation culture and strategy. In his view about the need for innovation strategy in organizations, Liu (2007) concluded that innovation is the driving force behind any organization's continued survival and continuous growth. According to Goktan (2005) innovation by itself is not a source of competitive advantage, but rather a means of reaching the ultimate organizational goal. The innovation process is directed by the strategy of the organization that in turn indicates the path for all efforts in the organization towards goal achievement. Moreover, it was noted that the importance of a clear innovation strategy should be integrated with the organization's growth strategy, and that it is important that the innovation strategy embraces activities both for sustaining and disruptive innovation (Malmlund, 2006). Enz (2012) indicated the importance strategies in which information about a new service innovation are shared with employees who must execute on the innovation. In sum, there is a need to examine the role of innovation strategy and the role of each building block in the innovation process.

Innovation Strategy Building Blocks

The integration of innovation strategy is possible to take place into any organization. After a thorough review of the literature, it was revealed that a number of building blocks must all be addressed properly in order for an innovation strategy to become integrated into the operating system of an organization.

The first building block is '*Creativity and idea generation*'. Creativity was defined as the production of novel and useful ideas in any domain (Amabile, *et al.*, 1996). Morris (2006) defined creativity as the attribute or capability to see or do things in a new or different way, and the ability to conceive of and create new and different ideas and things. Robinson and Beesley (2010) conducted a study on chefs and indicated that their sample ranked creativity more highly than working conditions and that there is a clear relationship between creativity and both organizational and occupational satisfaction. Kattara and El-Said (2014) indicated that creativity is very important for innovation strategy implementation.

The second building block is '*Management mandate for innovation*'. The integration of innovation strategy into a corporation must begin with a management mandate, and that because senior management is responsible for the corporate strategy, anything that helps feed the process of strategy creation must be initiated by them (Johnston & Bate, 2003). A study of innovation in Spanish hotels revealed that senior-level research and development managers linked innovation to the profitability of the organization (Vila, Enz, and Costa 2012).

The third building block for innovation strategy is '*Focusing on customers*'. It has been argued that the role of customer is central to the successful implementation of business strategies because the current competitive business environment calls for a continuous emphasis on delivering superior quality products and services to customers (Day & Wensley, 1988). Ruekert (1992) defined customer 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. Also, Tajeddini (2010) indicated that being market oriented improves the results of service enterprises.

The fourth building block is a '*Supportive climate*' for innovation. According to Herting (2000) a supporting innovation climate is the specific atmosphere of an organization that stimulates and sustains the development and maintenance of a new or improved internal organizational environment and products/services. Among critical components of an innovation supporting climate are organizational and supervisory encouragement for innovation, work group support, freedom to be creative, sufficient resources, and challenging work (Cadwallader *et al.* 2010 Amabile *et al.*, 1996). The fifth building block is a '*Supportive culture*' for innovation. Organizational culture was considered among many authors as a key enabler for innovation efforts in organizations (Gryskiewicz, 1999). According to Robert and Weiss (1988) organizations that embrace a culture that supports innovation are close to their customer, value-driven (innovation is one of the essential values), supportive of entrepreneurs working for them, seeking

competitive advantage through a consistent and incremental process of innovation, as well as creating and maintaining realistic expectations.

The last building block is the presence of an 'Innovation methodology'. The concept of innovation methodology has received little attention in the services literature. Morris (2006) indicated that when the importance of innovation has been thoroughly embedded into the mind of the organization and when the strategic intent is clear and the commitment to permanent innovation has been made and when people are enthusiastic and enabled, and their natural creativity is beginning to blossom, then the critical element to be added to the innovation process is methodology.

Objectives of the Research

The purpose of this research is to make a significant contribution in the following areas;

1. Evaluating the level of implementation of different innovation strategy building blocks in Egyptian luxurious hotels,
2. Examining the relationship between different innovation strategy building blocks,
3. Providing recommendations that could help hotel managers and practitioners to set the appropriate innovation strategy, in addition to providing guidelines for future researches.

Research Questions

The present research aims at responding to the following questions;

1. Is there an innovation strategy in Egyptian hotels which has answers for the following questions?
 - a. Are new ideas and knowledge constantly generated, valued and supported?
 - b. Are customers the core of any innovation process?
 - c. Is there an organizational climate that support innovation?
 - d. Is there an organizational culture that embraces innovation as a core value?
 - e. Do hotels adopt a methodology to create new ideas and then turn best ideas to real application?
 - f. Do hotel managers understand the concept of innovation and provide the required support?
2. Is there a relationship between different innovation strategy building blocks?

METHODOLOGY

Questionnaire design and pilot study

At the initial stage of the questionnaire development, a fairly extensive literature review was performed to gather questions relevant to the variables selected in the research framework to ensure all salient issues are incorporated in the questionnaire. The basic procedures employed in developing the scale for measuring the implementation of innovation strategy in Egyptian 5-star hotels for the purposes of this research followed the procedures recommended by Likert (1967). Four main steps were considered in developing the instrument. The first step was to identify and generate the needed research variables in order to answer the research questions outlined earlier. This first step was accomplished through three sources of information: (a) a review of innovation strategy building blocks used in previous researches, (b) a review of previously developed questionnaires for measuring the building blocks, and (c) insights gained from an examination of information relating to innovation strategy implementation from secondary sources such as newspapers, magazines, web sites and leaflets. The second step was the item generation stage. The third step was concerned with pre-testing the questionnaire, which was performed using a convenience sample of 25 academic staff. The aim was primarily to ensure the clarity of the questions and to measure whether the questionnaire could be completed within a reasonable period of time (about 20 minutes), and secondly to elicit some comments about the content validity. Face validity was performed through a second pre-test, using a sample of 10 hotel managers and innovation experts.

The Population and the Sample

In this research the target population consisted of 5-star hotel managers in Egypt. Using the Egyptian Hotel Guide, the researcher was able to prepare a list of 156 five star hotels in Egypt operating under 65 international and local hotel chains (EHG, 2012). The number of selected hotels under each chain was relevant to the total number 5-star hotels in the same chain (approximately 30% of the total population).

Stratified random sampling technique was employed in the current study as it has the advantage of that every element in the defined population has a known, independent and equal chance of being selected as a subject, and selection of one element does not affect the selection of another element. Therefore, a completely random sample of 60 five-star hotels were taken, representing 38.4% percent of the 156 five star hotel population. One questionnaire was distributed in each hotel targeting its general manager, training manager or other managerial position that have a strong relation to the area of innovation in the hotel. From these 60 distributed questionnaires 46 were answered counting for 76.6 % response rate. The sample was chosen in a way that confirms taking into consideration most international and local hotel chains in the Egyptian hotel market.

Results and Discussion

Respondents' profiles and hotel characteristics

The profile of respondents and the characteristics of the studied hotels are presented in table (1). The respondents were from different managerial positions; general managers (32.6%), training managers (41.3%), and other managerial positions (26.1%). Regarding managers' years of work with their present hotel; the category ranging from 1-3 years of work presented the highest percentage (40.8%), followed by that ranging from 5-8 years (20.4%), then that from 3-5 years (18.4%), more than 8 years (10.2%), and finally less than 1 year of work with the present hotel (4.1%). Regarding the characteristics of the hotel, the majority of studied hotels (82.6%) were attributed to chains, while (17.4%) were independent hotels. Moreover, hotels were categorized to whether highly priced hotels (23.9%) or medium priced hotels (76.1%) based on rates charged for rooms. As for the number of hotel rooms categorization; the category of more than 500 rooms presented the highest percentage (28.3%), and the category of less than 100 rooms recorded the lowest percentage (0%).

Table 1 Respondents' profiles and hotel characteristics

Profile of respondents								
Position	No.	%	Education background	No.	%	Years of Experience	No.	%
General Manager	15	32.6	T&H ¹ Graduate	11	23.9	> 1	2	4.1
Training Manager	19	41.3	Non T&H Graduate	35	76.1	1 – 3	20	40.8
Others	12	26.1				3 – 5	9	18.4
						5 – 8	10	20.4
						< 8	5	10.2
Characteristics of hotels								
Price Rates	No.	%	Hotel Management	No.	%	No. of Rooms	No.	%
High priced	11	23.9	Chain	38	82.6	>100	0	0
Medium priced	35	76.1	Independent	8	17.4	100-199	5	10.8
						200-299	10	21.7
						300-399	11	23.9
						400-499	7	15.3
						<500	13	28.3

¹. T&H = Tourism and hotel studies

Total number of hotels = 46

Presentation of Results

As stated earlier questions of the research were formulated to quantitatively determine and evaluate whether innovation strategy building blocks are implemented in Egyptian five-star hotels or not. In order to answer these questions, a general description of managers' responses regarding innovation strategy implementation in its different building blocks (creativity and idea generation, customer focus, innovation climate, innovation culture, innovation methodology and management mandate) is presented in the part. Descriptive analysis for each building block is based on the scores reported by hotel managers for the level of implementation in each building block. Respondents were asked to rate items on an ordinal scale of 1 (building block principles are not implemented) to 5 (building block principles are highly implemented).

Results of the respondents are shown in table 2. Following results answers the first question of the study.

It is clear from results presented in table 2, that means of scores assure that most managers indicated that they agree that creativity and idea generation principles are implemented in their hotels as the overall average mean score for this building block is (4.08) and thus indicated a high basic knowledge of the basic principles of creativity and idea generation. Moreover, means of scores of all phrases regarding the existence of creativity and idea generation principles in the workplace were noted to be high. Managers responses were ranked using scores of means. Principle A.3 "Creativity is not valued in this hotel (-)" was recorded as the highest existing principle by hotel managers with a mean score of (4.39), and followed by principle A.6 "The general work climate and culture in this hotel work against creativity (-)" with a mean score of (4.35). On the other hand, principle A.4 "Our hotel is better at generating ideas compared to our competitors" recorded the least agreement and practice among hotel managers with a mean score of (3.65), and after that principle A.2 "This hotel is successful at coming up with innovative service techniques" with a recorded mean score of (3.96).

According to the calculated means of recorded scores presented in table 2, the basic principles of applying a customer focused approach in hotels were perceived to be high. The overall average mean score for this building block is (4.22) and this confirm managers' attention to the importance of focusing on customers when designing new innovations. Principle B.2 "Customer feedback is an important source of information" recorded the highest occurrence by hotel managers among other principles with a mean score of (4.61), and then principle B.3 "There are no systems to gather customer feedback (-)" with a mean score of (4.48). While on the other hand, principle B.6 "We always track the tactics of our competitors that relates to customer service" recorded the least occurrence among hotel managers with a mean score of (3.78), and followed by principle B.4 "We have a database concerning new customers and lost customers" with a mean score of (3.87).

The overall average regarding the presence of an innovative climate in the studied hotels is (3.98). Principle C.7 "Employees and managers in this hotel don't understand the facts about the hotel (-)" recorded the highest mean score (4.59), and followed by Principle C.3 "When problems arise team members are not empowered to solve (-)" with a mean score of (4.17). On the other hand, the lowest level of agreement among hotel managers' was reported for principle D.6 "workloads and roles hotel are distributed to support greater innovation" with a mean score of (3.46). Managers' interpreted the low score for this principle due to the high rate of employee turnover among hotel employees which increases workloads and inhibits creativity and innovation efforts.

The fifth block was designed to measure the degree of agreement among hotel managers regarding the existence of a culture that supports and embraces innovation efforts in the hotel. The general agreement among hotel managers was perceived to be slightly high as the overall average mean score for this building block is (3.80). According to the calculated mean scores of different principles in this building block, it is clear that the highest existence was recorded for principle D.2 "Our organizational culture reinforces organizational networks" with a mean score of (4.26), followed by principle D.3 "Our organizational culture combines inside and outside knowledge" with a mean score of (4.20), then principle E.5 "Our organizational culture avoids change (-)" with a mean score of (4.09), and after that principle D.4 "Our organizational culture seeks efficiency through innovation" with a mean score of (4.07). On the other hand, the lowest level of agreement among hotel managers' was reported for principle E.1 "Our organizational culture seeks stability (-)" with a mean score of (3.15), and followed by principle D.7 "Our organizational culture is determined by taking risks" with a mean score of (3.26).

Analysis of the means of scores was conducted to determine the level of implementation of innovation methodology principles. According to the calculated means of scores, it is apparent that innovation efforts in these hotels implement all the steps of the innovation methodology as the overall implementation among hotel managers was perceived to be a little high because the overall average means score for this building block is (3.95). Regarding the calculated mean scores of different principles in this building block, it is clear that the highest implementation was recorded for principle E.2 "Creating great ideas and choosing the best of them" with a mean score of (4.20), followed by principle E.3 "Transforming great ideas into great innovations" with a mean score of (4.04), and then principle E.4 "Applying great innovations to develop markets" with a mean score of (4.04). On the other hand, the lowest level of implementation reported by hotel managers was reported for principle E.5 "Normalizing the innovation culture as permanent innovation" with a mean score of (3.72), followed by principle E.6 "Measuring the return on innovation that the hotel achieves" with a mean score of (3.74). Moreover, there was high rate of disagreement among hotel managers

regarding the proposition cited in principle E.7 "Innovation efforts relate to just a loose set of policies (Luck (-)" with a mean score of (4.02).

The last part of the questionnaire was designed to examine the degree to which senior managers support the implementation of innovation strategy in their hotels. It is clear that management mandate principles are implemented in these hotels to some extent, as the overall implementation among hotel managers was perceived to be a little high because the overall average mean score for this building block is (3.75). With regard to the calculated mean scores of different principles in this building block, it is clear that the highest implementation was recorded for principle F.7 "There is no clarity concerning who is responsible for the results (-)" with a mean score of (4.52), followed by principle G.4 "Senior managers have the responsibility to lead innovation efforts" with a mean score of (4.20), and then principle F.1 "All employees in this hotel understand the future vision of hotel" with a mean score of (4.09). On the other hand, the lowest level of implementation reported by hotel managers was reported for principle F.6 "We establish a linkage with a local university by funding studies" with a mean score of (1.65), and followed by principle F.5 "We institute innovation awards" with a mean score of (3.80).

Table 2. Summary of descriptive analysis results of different innovation strategy blocks

Innovation Strategy Building Blocks		Mean	S.D.	Rank
Block one: Creativity and idea generation 1= Completely disagree - - - 5=Completely agree				
A.1	New ideas and knowledge are constantly generated in this hotel.	4.20	0.78	3
A.2	This hotel is successful at coming up with innovative service techniques.	3.96	0.79	6
A.3	Creativity is not valued in this hotel ⁽⁻⁾	4.39	0.77	1
A.4	Our hotel is better at generating ideas compared to our competitors.	3.65	0.82	7
A.5	Creativity has a role to play in employee advancement in this hotel.	4.07	0.74	4
A.6	The general work climate and culture in this hotel work against creativity ⁽⁻⁾	4.35	0.90	2
A.7	Creativity has a positive effect on the financial position of this hotel.	3.98	0.86	5
Overall agreement regarding the presence of creativity and idea generation		4.08	0.84	
Block two: Focus on the customer 1= Almost never - - - 5=Almost always				
B.1	We conduct market research studies to divide customers into market segments	4.22	1.01	4
B.2	Customer feedback is an important source of information	4.61	0.65	1
B.3	There are no systems to gather customer feedback ⁽⁻⁾	4.48	0.91	2
B.4	We have a database concerning new customers and lost customers.	3.87	1.05	6
B.5	We have a database for loyal customers and seek their opinions periodically.	4.43	0.83	3
B.6	We always track the tactics of our competitors that relates to customer service.	3.78	0.89	7
B.7	We don't have a view of possible future customer trends ⁽⁻⁾	4.15	1.19	5
Overall agreement regarding the presence of customer focus in hotels		4.22	0.98	
Block Three: Innovation Climate 1= Completely disagree - - - 5=Completely agree				
	Our hotel's organizational structure prevents innovation efforts ⁽⁻⁾	3.78	1.05	6
C.2	Our hotel's delegation of power system strengthens innovation efforts.	4.07	0.71	3
C.3	When problems arise team members are not empowered to solve ⁽⁻⁾	4.17	0.74	2
C.4	Our hotel's information flows facilitates implementing innovative ideas	3.93	0.93	4
C.5	Our hotel's resource allocation systems encourage innovation efforts.	3.87	0.72	5
C.6	Workloads and roles in our hotel are distributed to support innovation	3.46	1.07	7
C.7	Employees and managers in this hotel don't understand the facts about the hotel ⁽⁻⁾	4.59	0.69	1
Overall agreement regarding the presentation of a supportive innovation climate		3.98	0.91	
Block Four: Innovation Culture 1= Completely disagree - - - 5=Completely agree				
D.1	Our organizational culture seeks stability ⁽⁻⁾	3.15	0.99	7
D.2	Our organizational culture reinforces organizational networks.	4.26	0.61	1
D.3	Our organizational culture combines inside and outside knowledge.	4.20	0.81	2
D.4	Our organizational culture seeks efficiency through innovation.	4.07	0.83	4
D.5	Our organizational culture avoids change ⁽⁻⁾	4.09	1.11	3
D.6	Organizational culture challenge existing management models.	3.59	1.00	5
D.7	Our organizational culture is determined by taking risks.	3.26	1.20	6
Overall agreement regarding the presence of an organizational culture that support innovation		3.80	1.04	

Block Five: Innovation methodology 1= Not at all - - - 5=To a great extent				
E.1	This hotel implements the innovation process using a complete and substantive methodology for the following steps:	3.89	0.82	5
E.2	Creating great ideas and choosing the best of them;	4.20	0.81	1
E.3	Transforming great ideas into great innovations;	4.04	0.94	2
E.4	Applying great innovations to develop markets	4.04	0.89	3
E.5	Normalizing the innovation culture as permanent innovation.	3.72	1.07	7
E.6	Measuring the return on innovation that the hotel achieves	3.74	0.83	6
E.7	Innovation efforts relate to just a loose set of policies (Luck) ⁽⁻⁾	4.02	1.01	4
Overall agreement regarding the implementation of innovation methodology		3.95	0.92	
Block seven: Management Mandate 1= Almost never - - - 5=Almost always				
F.1	All employees in this hotel understand the future vision of hotel	4.09	0.69	3
F.2	Senior management is not committed to do infrastructure changes ⁽⁻⁾	4.02	0.93	4
F.3	Employees feel top management is enthusiastic about their work.	3.98	0.68	5
F.4	Senior managers have the responsibility to lead innovation efforts	4.20	0.65	2
F.5	We institute innovation awards	3.80	0.78	6
F.6	We establish a linkage with a local university by funding studies	1.65	0.77	7
F.7	There is no clarity concerning who is responsible for the results ⁽⁻⁾	4.52	0.69	1
Overall agreement regarding management mandate		3.75	1.15	

Source: the researcher based on Field Survey Data Analysis

Positive statements are in standard and negative ones are in italic and have the symbol of (-).

DISCUSSION OF RESULTS

It can be concluded that while means of scores regarding the agreement of hotel managers that **creativity and idea generation** principles existence in their hotels are high (overall mean, 4.08), results of the open ended questions indicated that more efforts and endeavours are definitely required from hotel managers to assure the application of idea generation and creativity principles and check weakness points and neglected procedures. This result is in agreement with the results of a study conducted by Hon (2011) who indicated that organization environment plays a significant role in predicting employee creativity. The level of **customer focus** varied across the studied hotels (overall mean, 4.22). All in all it can be concluded that results of the means of scores as well as results of the open ended questions indicated that a lot of efforts and steps are to be taken in order to meet customers' needs and wants in the Egyptian highly competitive market. This is in line with a previous study that indicated the importance of gathering customers' information and the higher productivity level expected from higher levels of information processing to meet customers' needs and wants (Chathoth, 2007).

The overall mean regarding the existence of **supportive climate** to innovation strategy implementation is (3.98). Results of open-ended questions indicated that most hotels' organizational structures were observed to be centralized bureaucratic except for higher chain categories. Moreover, it was observed that the higher the category, the more empowerment is given to the employees for handling guests' issues. Goktan (2005) emphasized the importance of an innovation supporting climate because it is necessary for creative ideas to emerge in organizations and such climate encourages individuals to use their creative potential and provides the necessary resources. The presence of **a culture for innovation** was also precisely studied and many significant results were found (overall mean, 3.80). Many hotel managers asserted that, due to the high labour turnover and poor employment conditions and human resource management practices, it is difficult to create an organizational culture that supports innovation. This result was in agreement with the literature (Ogbonna & Harris, 2002).

An important component of the innovation strategy framework is the existence of **a methodology** that directs the innovation efforts in the hotel toward achieving innovation goals (overall mean, 3.95). None of the studied hotels proved to have a complete written innovation methodology. Some hotels have incomplete innovation methodologies, especially large hotel chains. Similarly, Huston and Sakkab (2006) found that even when organizations are committed to innovation, most of these organizations fall in one of three categories regarding methodology, incomplete methodology, poorly applied methodology, or absent methodology, any of which can cripple innovation efforts. Additionally, the innovation strategy can be the reflection of the characteristics of **top management** in the hotel industry (overall mean, 3.75). Results indicated that the importance of top management team is presented in their direct responsibility for setting the hotel's strategic objectives as well as for allocating the resources necessary for implementing the strategies. This result was confirmed with some studies affirming that the integration of innovation strategy

into a corporation must begin with a management mandate because senior management is responsible for the corporate strategy and anything that helps feed the process of strategy creation must be initiated by them (Johnston & Bate, 2003).

The statistical test **Pearson Correlation (P.C)** was employed in order to test the relationship among the different innovation strategy building blocks. Results illustrated in table 3, revealed a highly significant correlation between all the innovation strategy building blocks. This highly significant correlation means that an increase in any of the six building blocks will consequently lead to an increase in all other building blocks. These results provided an answer for the second question of the research as it indicated the relationship between the different building blocks that build up the innovation strategy.

Table 3. Correlations between different innovation strategy building blocks

Innovation building blocks		Creativity & idea Generation	Customer Focus	Innovation Climate	Innovation Culture	Innovation methodology
Customer Focus	PC	.551 (**)	-	-	-	-
	Sig.	.000	-	-	-	-
Innovation Climate	PC	.468 (**)	.562(**)	-	-	-
	Sig.	.001	.000	-	-	-
Innovation Culture	PC	.682 (**)	.591(**)	.739 (**)	-	-
	Sig.	.000	.000	.000	-	-
Innovation methodology	PC	.650 (**)	.466 (**)	.552 (**)	.724 (**)	-
	Sig.	.000	.001	.000	.000	-
Management Mandate	PC	.611 (**)	.467 (**)	.649 (**)	.698 (**)	.654 (**)
	Sig.	.000	.001	.000	.000	.000

Limitations and Directions for Future Research

This research shows very promising results with respect to the innovation strategy implementation, but it represents an initial attempt to investigate the phenomenon. It is noteworthy to mention that, several limitations were encountered in the current research. These included that the research was limited to the category of 5-star hotels in Egypt. Future research should explore other categories of hotels as well as other types of service contexts such as restaurants, motels, etc. Moreover, due to time restrictions, this research was conducted at a single time point. Suggestions for future researchers are to adopt a time crossing methodology for research design rather than a single time point. Findings of the research were, therefore, indicative rather than conclusive. Additionally, there were no previous studies that tried to draw a complete picture of the different blocks that constitutes innovation strategy. Therefore, a lot of future studies are needed in order to ensure the reliability of results.

Recommendations of the Research

The findings of this research, when correlated to the review of literature, raised major recommendations that have to be directed to hotel managers in the area of innovation strategy implementation. Hotel managers have to motivate employees' creativity. Money should not be the only tool used for motivation. Other ideas to motivate employees may include., feeling of accomplishment and importance by enabling employees to contribute thoughts, ideas, suggestions to problems at hand or to regular work activities, and frequent communication between leaders and employees. Managers have to study the design of the physical workspace to create opportunities for interaction among employees and facilitate the flow of information among team members. It is recommended that the Egyptian hotel association creates a formal channel of communication between different hotels in Egypt that allow each hotel to acquire the needed information about customers in other hotels at any time. Moreover, hotels should create yearly financial reserves directed to enhancing their current situation (incremental innovation) and introducing innovative solutions (radical innovation) required by customers. The CEO and senior executives in hotels must believe that innovation is important and consistently reinforce the need for innovation by sponsoring new ideas and pushing for more innovation at the strategic level and throughout the business. Training is an important factor in the transition to a culture of innovation, as it can teach employees essential methods, processes and tools for innovation.

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