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Innovation in the Venetian Hotel
Industry: A Qualitative Analysis
of Its Drivers and Obstacles

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“L’università non è una gara, non serve per dare soddisfazione alle persone che ci circondano, non è una affannosa corsa ad ostacoli verso il lavoro. Studiare significa seguire la propria intima vocazione. Il percorso di studi pone lo studente davanti a sé stesso. Cerchiamo di spiegarlo bene ai nostri ragazzi. Liberiamoli una volta per tutte dall’ossessione della prestazione perfetta, della competizione infinita, della vittoria ad ogni costo. Lasciamoli liberi di essere sé stessi e di sbagliare. Questo è il più bel dono che possono ricevere.”

Prof. Guido Saraceni

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INTRODUCTION

The economic world, nowadays, is characterized by high uncertainty, globalization, extreme dynamism and speed. Contingency theory stresses the importance of the inside and outside of the company; every firm should work and trust on its core strengths to capture opportunities in the external market. However, given the highly dynamic markets in which companies are competing, it is very difficult to build internal knowledge that is enduring and that can be used as a source of lasting competitive advantage. Fundamental to the success and performance of the company is the continuous transformation toward the achievement of long-term goals. Margins between companies erode quickly, and those able to survive and prosper are those firms able to rapidly adapt their strategy to the changing requirements of the market. In other words, those companies that are able to innovate are those that have greater success (Amabile, 1988).

Innovation has been studied thoroughly since 1934, when Schumpeter wrote about the importance of innovation for the economic development and prosperity of firms; much of the existing literature has addressed mainly innovation in the manufacturing sector. On the other hand, innovation in the service sector is a far more recent topic discussed by scholars. Innovation in the service sector, has started to be studied in more detail between the end of the 20th century and the early 2000s. The Oslo Manual (2005) has firstly introduced a clear pattern to detect and measure innovation in service sectors. In this thesis, we will focus on innovation in the hotel industry.

The hotel industry is a dynamic sector; customers are increasingly demanding and have diverse needs. Hotels are no more static lodging structures providing a room for a fix rate, they are evolving to meet their customer needs and deliver outstanding value to their guests. Venetian hotels have to adapt to these requests if they want to satisfy their customers. Venice counts 418 hotels, including those in Mestre and the islands, and it is the third visited city in Italy from 2014, according to the touristic flow measured by ISTAT. The hotel industry is highly dependent on the workforce and needs employees to deliver unique and distinctive experiences to its customers; many studies highlight the importance of human resources to achieve a competitive advantage, especially in this sector. For this reason, we will present the role of human resources and soft skills with respect to innovation, to enrich our qualitative analysis of innovation in the hotel sector.

This thesis is focused on the Venetian hotel industry because it is a specific desire of the writer which has been studying 5 years at the Ca' Foscari University of Venice and has decided to give its contribution to a beloved city. The interest for this particular sector has been growing during an internship in a four stars hotel in Venice; having the possibility to talk directly with actors operating in this sector has been crucial in understanding the great potential of this understudied field of the service sector. The regional focus is also due to the increased debate about Venice and sustainable tourism that has been growing in the last years and to the great importance that tourism has for the Venetian economy.

The aim of this thesis is the one of understanding innovation in the hotel industry, and in particular in the Venetian hotel industry. We will try to understand who are the actors, what are the causes and drivers to innovation, which are the objects to be innovated, which are the results expected from innovation and finally, what are the obstacles inhibiting innovation. We will make a qualitative analysis about innovation in the hotel sector; this analysis will be made through the administration of one questionnaire which has the scope of detecting the objects of innovation produced by managers or owners in the hotel, and their grade of innovation. Moreover, we will enrich the results of the questionnaire with interviews with hotels' managers and owners. Thanks to these results we capture innovation characteristics in the Venetian hotel sector. The sample taken into consideration counts 17 four stars hotels and one five stars hotel, out of 140 hotels belonging to these two categories. It has to be mentioned, that this study is a pioneer in terms of specific focus on Venice and innovation; according to Ciset and AVA there have not been studies that centre the attention on these precise subjects. The originality of this thesis is high but there are some limitations due to the absence of previous literature or data regarding this specific subject. Among these limitations there are: the rate of response of about 12% which could be increased and then the possibility to extend the questionnaire and the interview to all types of structures, including 1, 2 and 3 stars hotels. It is nevertheless crucial to start addressing the innovation theme in further researches regarding the hotel sector and the hospitality sector in general, at regional and national level. It is nowadays outdated the mere analysis of tourists' presence in our territory and the comparison among nights and expenses per person, there is a need for more meaningful data, to better understand the tourism economic activity and its actors.

CHAPTER 1

INNOVATION IN THE HOTEL INDUSTRY

1.1 Introduction to innovation

Introducing new products in the market, enhance the quality of already existing products, outperform competitors both in terms of lower costs and/or greater market share are vital elements for companies (Jones, 1996; Ottenbacher and Gnoth, 2005). Firms cannot rely on the existing and predetermined set of skills, resources, knowledge and technology they have at hand; fundamental to the success and performance of the company is the continuous transformation toward the achievement of long-term goals. Innovation in the hotel industry is pivotal in acquiring a competitive advantage with respect to competitors. Among the first to discuss the idea that innovation was crucial for the economic development and the prosperity of firms, there was Schumpeter (1934). One of his most recurrent themes was related to the role of innovation, that he interpreted as the creation of “new combinations”, to the economic growth and prosperity, and was central to every entrepreneur who wanted to achieve higher profits. He defined innovation as a "process of industrial mutation, that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one". His idea of innovation was closer to the modern definition of radical innovation, rather than incremental innovation. Incremental innovation includes minor improvements in current products, services or technologies, so it adds on something that is already existing, for example adding an extra feature to the booking process. Radical innovation, on the other hand, includes the introduction of fundamental changes that can be also described as revolutionary, they add something that wasn't existing before or completely rewrite how processes, services etc. were carried out.

According to Schumpeter, the main actor in the innovation process was the entrepreneur. The entrepreneur could introduce new products, he could modify the way in which

production was carried out, eliminating inefficient processes, he could enter a new market or he could have access to new raw materials that could change the production entirely.

Nowadays, the reality of modern companies is far more complex than that hypothesized by Schumpeter. The possibility and the ability to introduce innovation inside a firm is no more relegated in the hands of the entrepreneur, nowadays an innovative work behaviour is expected from all employees inside an organization. Innovative work behaviour can be defined as the “intentional creation, introduction and application of new ideas within a work role, group or organization, in order to benefit performance.” (Imran, 2011). We will see later in the following chapters which are the factors that affect innovative work behaviour inside firms.

After Schumpeter, many other scholars have defined the concept of innovation in several different ways. Innovation is crucial in every industry; in 1988 Amabile was writing “it is impossible to escape the reality that corporations must be innovative in order to survive.” According to De Jong et al. (2006), we can summarize the existing literature on innovation by dividing it into two approaches: the object-based and subject-based approaches. The first one is focused on innovation itself, meaning that it is about its definition, the type of innovation (e.g., disruptive, incremental, radical), the description of new product development, the explanation of the diffusion of innovation, the explanation of customer consumption and the subsequent adoption of new products, the existence of new technology based firms (e.g., the role of incubators). The latter, subject-based approach, is focused on the actors that foster and implement innovation, being them countries, industries, organizations, groups or individuals. We will try to give an overview of the innovation process and its actors in the Venetian hotel sector. Before analysing the Venetian hotel industry, we will introduce a literature review of the existing researches on innovation in the hotel sector.

It has to be mentioned that measuring innovation in the tourism sector is a controversial subject, which is frequently deemed to have big limitations and lack of precision. “Innovation in tourism is an intrinsically territorial, localized phenomenon which is highly dependent on resources which are linked to specific places and are impossible to reproduce elsewhere” (Camison and Monfort-Mir, 2012). There is in fact, a lack of a unified method to measure innovation in the tourism sector. It is very difficult to measure it at the intra-sectoral and regional level. Databases of innovative activities use often

inappropriate indicators and comparisons among sectors and region are hindered by these errors (Camison and Monfort-Mir, 2012). Current innovation surveys, such the *Community Innovation Survey*, often miss out the innovativeness of many low-tech and low R&D sectors, including the hotel industry; this is caused by the difficulties in measuring non-technological innovation through the designated indicators for innovation (Den Hertog et al., 2011). Despite these limitations, there have been a growing attention on innovation statistics in the last years, and steps forward have been made; we will see how the OECD tried to overcome these limitations creating the Oslo Manual guidelines to measure innovation.

According to Volo (2005), in the early years of 2000 a set of events have channelled researchers' attention on innovation within the tourism sector. Among these events there is the change in tourism demand; tourists became more sophisticated and demanding, as a matter of fact diversifying their needs and interests. Moreover, there was a shift toward the delivery of excellent guest experience throughout the sector. All these facts, demanded for a greater interest of researchers and experts to address innovation-related topics. Hotels nowadays recognize the relevance of innovation and its importance to compete in the market and sustain a competitive advantage over rival hotels and destinations, however there is still a low propensity to innovate and a low general interest on this unexplored subject, as we will demonstrate in next chapters. Innovation has been largely ignored by local, regional and national tourism authorities before the 21st century, for this and the above discussed reasons research literature on this topic is limited.

1.2 Worldwide innovation trends in the hotel industry

As we observed in the introduction to this thesis, there is not, at the moment, a study focusing on innovation trends in the Venetian hotel sector, neither specialized associations are producing articles about this precise topic and region. For this reason, we will start our analysis of this phenomenon by analysing worldwide innovation trends and we will later compare them with the results emerging from our qualitative analysis.

There are some trends according to Skift, the largest tourism industry intelligence platform which produces reports and articles about key topics for the sector, that are emerging in the last few years in the hotel sector. Big hotel chains, like Accor, which is the biggest actor in the hotel sector in Europe, is looking for the expansion of its services outside the lodging sector. Accor, in fact is looking for the possibility of offering customers services not only when they are physically in the hotel but rather all year round, trying to increase their presence in customers' everyday life. It is still unclear how Accor intends to achieve its objective, but however it demonstrates that the boundaries of hotels' products are always changing. As we will see later in the 4th chapter, the difficulty in determining the boundaries of innovation and the continuous changes of the sector, determine why it is so difficult to accept and spread a unique and standardized way in which we can measure innovation in the hotel sector. This fact will be underlined later on by experts of the Venetian hotel sector.

Other 2018 trends for the innovation in the hospitality industry include, according to Robert A. Rauch President of RAR Hospitality, the increased importance of the hotels' lobbies, which will become the centre of the hotel universe. Colin Nagy wrote an article for the Skift, speaking about the importance of the hotel's lobby. He wrote that the lobby should be a vibrant place, where customers form their first impression, where they return after a long business day or trip in the surrounding area. For this reason, one object that hotels should innovate, is the lobby. According to him is not a matter of new technology and apps, it is about organizing the space so that the customers feel welcome and where they can socialize and gather. They should be places where elegance and versatility are a must. They should anticipate customers' needs as a fresh bottle of water, a comfy chair, a newspaper that can be read calmly without being distracted by noises and telephones ringing. It should become an oasis. In our opinion, his suggestion about lobby innovation, is particularly relevant for the Venetian hotel industry which should implement this type of innovation. If the obstacles to innovation are the scarcity of economic resources and the difficulty of changing procedures across the hotel, this innovation will find no obstacles, given its feasibility and the great positive impact it could have on customers.

Rauch continues presenting other trends for 2018. Among them, the increasing implementation of technology, especially led by smartphones, which will be used by customers throughout their entire hotel experience; from the reservation, to the room key, to the possibility of downloading newspapers offered by the hotel directly on the

phone. Then, we will see an increase in the use of data and analytics in a more systematic way; hotels already begin recording customers' preferences creating a comprehensive picture of who is staying in the hotel and what are and will be their needs. There will be also a big change in food and beverage sector inside the industry, restaurants will become more independent and not only one of the many services offered by the hotel; they will aim at becoming top restaurants for hotels' guests and everyone else. According to him there is a neater definition of the restaurant's identity which is not necessarily linked to the one of the hotel. Rauch explains that the majority of innovation introduced in the hospitality sector will be directed toward the attraction of millennials¹.

Trivago, a company specializing in internet-related services and products in the hotel, lodging and meta search fields, presents at the beginning of each year an overview over trends that will characterize the following 12 months. According to Trivago, six themes will be leading 2018. First, distribution, there will be an increase and facilitation of direct bookings and a rising demand for alternative accommodations to be available on typically "hotel-like" distribution channels. Meaning that online platforms for reservations are beginning to rule over every other distribution channel and that vacation rentals are landing on these platforms, eventually rising the competition among the traditional lodging structure, the hotel, and alternative accommodation solutions for travellers. Second, technology, driven mainly by mobiles and cloud-based services. Hotels will be striving to reach their customers through their smartphones and tablets, through optimized services available online. Moreover, technology will also affect the operations management. The focus on the last years have been the one of delivering excellent guest experience, for this reason it is fundamental to streamline operational processes and facilitate the information flow inside the hotel. In this context, it will become crucial in the next months to invest on cloud-based management systems. They are relatively affordable solution, that can enable even smaller independent hotels to implement real-time tools to improve guest satisfaction and facilitate team communication. Third, marketing, both facilitating the customer experience online, through chatbots that help the guest throughout the reservation process, and by optimizing the online experience through mobile devices, as already emerged before. Moreover, it becomes vital for hotels

¹ Millennials are those people born between 1980 and mid-1990s, people reaching young adulthood in the early 21st century. Oxford Dictionary

to leverage data to address the right audiences and to put up the right content. There is a need to use these data in a smarter way. Fourth, rooms, there will be more domotics inside hotels' rooms. We will be speaking of "smart" rooms, that enable guests to control them through their smartphones; letting them control everything, from the TVs to the temperature and lighting. Rooms will tend to be "minimal" and hotels will invest more in common areas, as seen before the lobby is becoming the hotspot of the hotel. Fifth, loyalty, online reputation and loyalty programs are at the centre of hoteliers aims in the last few years. In 2018, according to Trivago, these trends will persist. Hotels will focus more on online reputations management and will reimagine loyalty programs by offering special offers dedicated to loyal customers. Sixth, sustainability, there have been a growing attention on the definition of specific measurable, meaningful and achievable goals for the reduction of emissions and environment impact. Sustainability is becoming a crucial issue also for the hospitality sector in 2018, and will probably affect customers' loyalty in the future years, given the high environmental awareness of guests, especially millennials, who are the key customers for the industry, according to Robert A. Rauch.

These trends are also reported by the Forbes, according to Daniel Newman, the top six transformation trends in 2018 will be mobile integration, artificial intelligence and chatbots, integration of the internet of things (IoT), focus on data, reputation and virtual reality.

All the experts on the sector agree on the main trends that will be characterizing 2018. What seems to be the common thread among all these articles, is the vital importance that has the ability to deliver an excellent, outstanding guest experience. The ways in which hotels have been doing so have changed in the last decades. Now, it is all about technology and ease of use, facilitating the guest through his/her activities, forecast his/her needs rather than understanding them. Hotels that are still looking to understand what their customers really want seem to be falling behind with respect to their competitors that have already these data available.

1.3 The importance of creativity and (digital) innovation in the hotel sector

Innovation and new service development are pivotal in every industry, given the high uncertainty and dynamism of today's economy. They are fundamental in every industry because they are a source of competitive advantage which enables the prosperity of the firm and influences its ability to compete in the market. Even if firms are able to keep a very high quality of their products, services and processes and are able to run their businesses in an efficient manner, this is no more sufficient to be a top player inside the industry. Being efficient is no more enough to determine the success or failure of a company inside its industry, its excellence or its defeat. Hotels face more demanding customers, with increasingly complex needs. It is therefore crucial to innovate service concepts and supporting processes, both internally and externally, through a cooperation network with suppliers and guests themselves (Den Hertog et al., 2011).

Those processes that leads firms to innovate are very complex, especially in the hotel industry, which is the focus of this thesis. The hospitality industry is mainly a services industry, for this reason studying those processes that lead to innovation and measuring its outputs is a very complex task. The innovation decision-making process consists of two main steps (Veugelers and Cassiman, 1999); firstly, an organization has to decide whether to innovate or not, and secondly it has to plan the way in which it can execute activities to reach the aspired innovation. Those factors that influence the firm decision to innovate or not have been abundantly studied in the manufacturing innovation literature, while the hospitality sector, and in particular the hotel industry, lacks a deep analysis of those factors. The same holds true for the second phase of the innovation decision-making process. The importance of determining why organizations decide to innovate is fundamental in monitoring the forces that drive innovation activities (OECD's Oslo Manual, 2005).

Innovation in the service sector, being it technological and non-technological has started to be studied in more detail between the end of the 20th century and the beginning of the 21st century. Given the early years of this stream of research there are not complete studies documenting innovation in the hotel industry. There are, however, numerous works that separately analyse different aspects of innovation in this sector. Some of these

works focus on outputs of innovation, others on the categorization of different types of innovation, others on the effect of innovation on market value. The efforts to fill the void of the missing research are considerable, however they are still fragmented.

The importance of innovation in the hotel sector has been proved by many studies, it is not only important for the success and prosperity of the firm but also for the performance of the company in terms of market value. Nicolau and Santa-Maria (2013) have proved that innovation has a positive effect on a hotel's market value. The OECD's Oslo Manual (2005) highlights that innovation can improve the effectiveness and efficiency of work, enhance the possibility of exchanging crucial knowledge and information, hence it conjointly helps firm to build a repository of knowledge that can be shared throughout the firm and foster additional innovation. Many other studies proved that innovation is one of the most important determinants of the performance of a firm. For this reason, given the magnitude innovation has in this sector and given that despite the studies that confirm this fact there are few researches analysing in depth what fosters innovation in the hotel sector, this thesis will try to give an overview of the existing literature and will try to introduce new sparks on this subject.

1.3.1 What is innovation?

We introduced in the previous paragraph the trends of worldwide innovation in the hospitality industry, but let's make a step behind and start to analyse what is innovation. We will present which are the characteristics of the innovation process, through a literature review regarding, in particular, innovation in the service industry.

When we speak about innovation, we speak about a phenomenon which started with first men and women on earth. They developed the necessary abilities to improve their living conditions, trying to build new and diverse things, progressively refining previous inventions. Innovation is the result of a conscious and accurate reflection and of the research of opportunities that can improve what already exists. Invention, on the other hand, starts from a sudden inspiration that appears almost unconsciously and frequently, a lot of time passes between the idea generation and its effective realization. Innovation is related to the socio-economic environment in which it develops, drawing incentives

and space to spread from it (Schumpeter, 1934). According to Schumpeter, invention is part of the innovation process. Invention becomes innovation when it can be used for commercial purposes, when it is useful. It is then helpful to distinguish between the concept of innovation and creativity. Creativity and innovation are two concepts often used together, however they do not express the same thing. Amabile (1988) defined creativity as “the production of novel and useful ideas by an individual or a small group of individuals working together”, whereas innovation was defined as “the successful implementation of creative ideas within an organization”. Creativity is usually considered an individual characteristic which is partially innate and motivated by internal moods and emotions and partially influenced by external factors, such for example the society culture or also the organizational culture in which the individual works (Amabile, 1988). Innovation is used to describe a process that moves from the ideation phase to the realization of the innovation itself. We will analyse in more detail the difference between innovation and creativity in chapter 3, when speaking about the role of human resources. Innovation is fundamental for every organization operating in whatever sector. Innovation is necessary to gain and maintain a competitive advantage over rivals, and it is crucial given the increasingly dynamic and changing markets conditions.

One of the main limitations of innovation literature is that this concept has been applied mainly to manufacturing industries and it has been always put side by side with scientific and technological research. However, it is proliferating the interest on innovation outside these “traditional” sector, such as the service industry.

Under Schumpeter’s vision, innovation is implicitly related to the creation of added value: a company that innovates is able to obtain and maintain a competitive advantage through the implementation of a new or improved process that adds new added value. This value is the advantage that is obtained through a specific action which is directly connected with the organization’s needs in a given moment; when operating in the hotel industry this added value can take different forms based on the customer’s point of view or the hosting community’s point of view (Andreotti and Macchiavelli, 2008). If for example, we are speaking of a tourist destination, the added value for the hosting community’s point of view will be the revenue generated from tourists. From the customer’s point of view, the added value will result from the evaluation of tangible and intangible costs and benefits.

In the last years, thanks to globalization and the evolution of the socio-economic context, customers have become the hotspot of every economic activity, conditioning the market with his/her needs and desires (Andreotti and Macchiavelli, 2008).

It is important for firms to keep introducing new innovative projects. Doing so is not an exclusive trait of R&D departments, but rather growth and innovation depend on all employees. Firms might be looking for charismatic leaders to be “innovation ambassadors”, but as we will see later discovering leadership styles, the ability to motivate, attract talented people and guide them to the company’s objectives is not linked to charisma, but rather on the power of promoting the right values and behave according to those values (Andreotti and Macchiavelli, 2008). Inside a company it is important to keep in mind that employees tend, usually, to adapt to their leader attitude. In fact, much of the motivation that employees derive in the workplace is depending on how others perceive and value their work. In this sense, those leaders that master their soft skills, will generate more motivation inside a company and provide a positive trust and value booster for his/her team (Kamin, 2013).

Boyatzis will define this type of leadership as *resonant leadership*. We will discover more about resonant leadership in chapter 3.6.

1.3.2 Characteristics and elements of the innovation process

The innovation process is not a standard process; it is diversified from sector to sector. It varies in terms of development, rate and speed at which change is introduced (especially technological change), ways in which organizations access the required knowledge, linkages among firms in the sector, organizational structure and culture, and in terms of institutional factors (OECD’s Oslo Manual, 2005). The service industry innovation differs greatly from that of the manufacturing industry. In the hotel sector, it is especially slower and consists of the sum of small incremental changes. Radical innovation is rare. Incremental innovation includes minor improvements in current products, services or technologies, so it adds on something that is already existing, for example adding an extra feature to the booking process. Radical innovation, on the other hand, includes the introduction of fundamental changes that can be also described as revolutionary, they add

something that wasn't existing before or completely rewrite how processes, services etc. were carried out.

Hjalager (2002 and 2009) regroups the determinants and driving forces of innovation into three streams of research. She agrees, as already pointed out at the beginning of this chapter that innovations introduced in firms operating in the hospitality are affected by many different factors, which can be both external and internal to the firm itself. She firstly identifies a Schumpeterian approach to innovation, where the main driver of modernization is the entrepreneur. Secondly, the technology-push/demand-pull paradigm and finally the Marshallian innovation system, which approaches innovation through clusters of firms.

The first stream of research, also chronologically speaking, pinpoints as the main driving force of innovation the entrepreneur itself. Schumpeter, in 1934, defined entrepreneurs as "creative destructors". They were the main actors of innovation, with their new ideas and intuitions; they were able to set new standards and change entire industries, changing also customers tastes and preferences. This stream of literature was focusing on entrepreneurs because, in the past, many entrepreneurs were owners and managers of the company and for this reason were able to have a big direct impact on the firm with their ideas and products. However, nowadays, the role of entrepreneurs is far less relevant in mostly every industry. The hotel sector, yet, represent an exception, especially in Venice, because it is characterized by the presence of many SMEs in which owners are still the ones directing the hotel and do not rely on general managers. Nevertheless, other researchers underline the fact that entrepreneurs in the hotel sector usually have scarce business skills, and their innovativeness is quite limited with respect to other industries, and probably far less relevant than that imagined by Schumpeter.

The second stream of research focuses on the technology-push/demand-pull paradigm. It recognizes science and technology, as well as, market changes and political or environmental issues as drivers for innovation.

The third stream of research focuses on the role of industrial districts and networks of firms as innovation drivers. This stream was trying to understand if tourism destinations can be considered as Marshallian districts, and if yes if the findings regarding industrial districts and innovation could be extended to the hospitality sector. Marshallian industrial districts, as the name says, were studied to better understand the dynamics of manufacturing firms operating in a naturally and historically bounded area. In particular,

they are considered as different with respect to generic “economic regions” because they are strictly focused on manufacturing and industrial activities only (Beccatini, 1990). The district is characterized by a community of people and a community of firms that operates in synergy in a specific area. There is competition among firms in the district but it is limited with respect to external market. Moreover, there is greater co-operation among companies; inside the district there is a very elaborate network of knowledge sharing and know-how (Beccatini, 1990). The possibility of analysing districts that are not characterized by an industrial activity but rather by service activities is still widely unexplored.

As already pointed out in previous paragraphs, in the hotel sector the creation of networks of hotels and firms is very important for the success of innovation. It is important to grant a sufficient level of knowledge transfer, that enables the spring of new processes, products, etc. However, despite the importance of knowledge management, there is not sufficient attention on this subject in the tourism sector in general. The lack of knowledge management hinders innovation in the industry; this is caused by the inability of capturing, understanding, interpreting, adapting and manipulating know-how and expertise, and consequently by the inability of channelling this knowledge toward a systematic innovation process.

According to Pechlaner, Fischer and Hammann (2005), the innovation process in the hospitality industry can be seen as both an inter and intra-organizational network process. Innovative firms can both cultivate innovation on their own, or through co-operation with other entities both private or public.

In their studies, however, they point out how difficult is for SMEs to cooperate and create an innovative network, and for this reason the inter-organizational innovative network is underdeveloped. The most frequent model of innovation in SMEs in the hospitality sector is the one of acquiring innovation from third parties, often technology-related innovation, and integrate it in the firm’s operations. An example in the hotel sector, is the introduction of complex web structures to simplify the booking process for the final customer, or the introduction of new software to manage multi-channel booking and reach more market segments. To increase innovativeness and competitiveness, what they hope for is an increase in the cooperation among players in the tourism sector, in order to identify hidden opportunities, to share resources at their disposal, to share competencies and capabilities to the advantage of the destination competitiveness itself.

According to Keller et al. (2004) one of the key elements of innovation in the hotel industry is leadership. His studies are focused on a retrospective analysis of the market. He found that leaders in this industry introduced the majority of innovations by launching new business models. In line with these findings, Pechlaner, Fischer and Hammann, conclude that managers of the hospitality sector have to become “decentred leaders” (Decentred leaders have five specific competencies: epistemic competence, heuristic competence, relational competence, reputation-related competence and integrative competence). For them these five competencies are fundamental for the management of the innovation process, if the process is intended as an inter-organizational network and if it is based on cooperation.

One main limit of the innovation process in the hotel industry is that it lacks that standardization that is typical of many other industries, it is not systematic but rather casual. Moreover, it seems that innovations in the hospitality industry are mainly introduced by large companies, rather than by SMEs; meaning that firm size in this particular sector does matter. Larger firms, in the hospitality sector, tend to be more innovative because they have more resources, in terms of greater facilities, more skilled and trained workers and are in a better position to raise capital in the financial market; what amplifies even more the possibility to innovate is the membership of the hotel in a business group (Lopez-Fernandez et al, 2011; Sundbo, Orfila-Sintes and Sorensen, 2007). This factor enables the company to maximize the information flows, to become a knowledge repository that can be spread across the chain and maximizes the possibility to build strong brand image, prestige and reputation, which are amongst the most important competitive advantages for firms operating in the hospitality sector. Furthermore, large companies belonging to a group, share the risks of innovations and have more area in which innovate with respect to SMEs (Lopez-Fernandez et al., 2011). In addition, Martínez-Ros and Orfila-Sintes (2009) proved that what encourages innovation is not only the size of the hotel itself but also its corporate governance and ownership. They started from the assumption that owner-managers usually are less specialized in management and resource allocation, and for this reason could have a negative impact on innovations. What emerged from their research is that non-owner managers are more likely to introduce radical innovation, and even if it has greater risk they offset it with their great understanding of the determinants of competition in the industry and great management skills. Furthermore, managers having high management

skills can more easily introduce changes inside the organization. Although, they have to be aware that there is a need of formalizations to grant a standardized approach to innovation, and, at the same time, there is a need to develop an organizational culture that is not resistant to change (Lopez-Fernandez et al., 2011).

This is probably what really makes the difference at the managerial level, and could be affected by the leadership style adopted by managers in the firm. In this sense, soft skills could be the secret ingredient that unlock the potential of the firm's knowledge generation and results in innovation output.

It is crucial to promote a workplace and an organizational culture that encourages experimentation and change. There is a need to grant to workers in the hospitality sector to contribute more to the firm innovation process.

1.3.3 Categories of innovation

There are not many studies that focus on the innovation in the hotel sector in depth, as compared to other industries and sectors. However, few of them tried to analyse which innovations characterize the sector and tried to categorize them. Part of these studies adhere more to the vision of innovation defined by Schumpeter (1934), others adhere closely to the OECD's Guidelines for collecting and interpreting innovation (2005).

The OECD Guidelines for collecting and interpreting innovation (2005), represent a building block of the literature concerning the innovation in the service sector. It consists of guidelines for collecting and interpreting innovation data; these guidelines are used to conduct surveys, such the Community Innovation Survey (CIS). The Community Innovation Surveys are a fundamental starting point to analyse and compare innovation among industries and EU's nations. The new 2005 edition of these guidelines introduced and recognized the high importance of innovation not only in the service sector, but also in the less R&D-intensive and technology-intensive industries.

Hjalager's (2002 and 2009) research studies five types of innovation in the hospitality sector. She divides them by categories: product, process, organizational/managerial, marketing and institutional innovations. These categories of innovation cannot be seen as

closed “boxes”, in fact innovations are not that easy to categorize and sometimes they tap in more than one dimension, not only product or process, etc.

These categories, except for institutional innovations, are the same that can be found in the OECD’s Oslo Manual, from which Hjalager’s study starts. Product, process, organizational and marketing innovation are the four categories used later on in our questionnaire submitted to Venetian hotels to measure innovation. These categorization of innovation outputs seems clear and simple, however applying these definitions in real life and collecting information through surveys is very challenging. One of the main problem is that some indicators might not reflect what is happening in a specific firm, and if they are adjusted to meet the firm peculiar situation they are no more comparable to other data sources. The OECD understood this criticality and developed the Oslo Manual to standardize innovation statistics and provide clear guidelines that can be applied in different sectors. Despite these efforts, there are still adjustments to be done to harmonize these surveys, such as clearer guidelines to collect organizational and management innovations.

We will now present and explain each category, as proposed by Hjalager (2002 and 2009) and the OECD Oslo Manual.

Product innovations, or service innovations, involve changes that are regarded as new either by the firm, customers or competitors; they can be new services or products that were never seen before, or they can be a novelty for the particular region in which the hotel operates. Completely new concepts and services are difficult to find in the hotel sector which mostly innovates single qualities and dimensions of the entire hotel, as for example the introduction of a new spa or a new gym, as well as new services in the animation segment. As we will see later, innovation in the hotel sector is slow and disruptive, completely new products are difficult to find, few exceptions are provided by hotel chains which have more resources and can invest more in R&D programs and projects. It has also to be said that even existing products and services, if bundled in a new and creative manner, can be considered innovations, especially if they target new market segments.

Process innovations involve changes in the “back” side of the hotel. These processes are fundamental for creating value and bringing the service and experience to the final client.

The changes affecting processes have the aim of enhancing efficiency, productivity and the fluency of procedures. When speaking about process innovation there is almost always information and communication technology (ICT) involved. In fact, thanks to the introduction of new and revolutionary technology hotels generate changes to their processes; for example, in the last decades, almost every hotel has introduced automated booking software that enable them to treat many information and data coming from different sources. In the future, one main focus will be on process innovation that tackles sustainability and environmental issues, in order to decrease the impact that this industry has on pollution, climate and the surrounding environment (Peeters, Gossling and Becken, 2006).

It is important to point out that whenever we speak about introduction of new ICTs we have to consider that these new technologies are supplied to the hospitality industry from outsider suppliers. In fact, very few hotels have the ability to internally develop this kind of new technologies through direct investments. Almost all hotels rely on external suppliers whose main business is the one of producing and selling ICTs. The most favourable impacts of process innovation are obtained when new technology is combined with other strategic and managerial practices.

Organisational innovations involve new management control systems and new ways to coordinate and collaborate inside the firm. It deals with the change on the organization's hierarchy and internal organization, on employee's autonomy and direction, on career paths and reward systems, as well as changes on the methods on direct or indirect control of activities and employees. It could also deal with changes on the organisational culture and workplace values transmitted to employees, such as for example, a shift in the focus of the entire company, from cost reduction to customer experience.

Marketing innovations involve the creation and use of new marketing concepts, that tap on new ways of communicating with customers or that address new market segments. They can be seen as innovations because they change the relationship between the service supplier and the client. An example of market innovation is the introduction of loyalty programs, such the ones introduced by Accor or Hilton. They usually consist in the registration of the customer in the hotel database and the possibility for him/her to receive newsletters about special offers and special prices which are dedicated

exclusively to hotel loyal members; in exchange hotels learn about customers' tastes and needs. Loyalty programs are innovations because they change the way in which hotel and customers communicate, it transforms the relationship in a two-way interaction that is no more confined to a single use of the service but that can be repeated in the long-term, becoming a long-term relationship of loyalty. Another marketing innovation example is the creation of different brands to target different customer segments, this technique is clearly adopted by many hotel chains worldwide, such as Accor and Hilton.

For example Hilton has invented many different brands to fit different lifestyles and occasions, targeting different customer segments all around the world. From luxury to an affordable solution, Hilton has created thirteen brands.

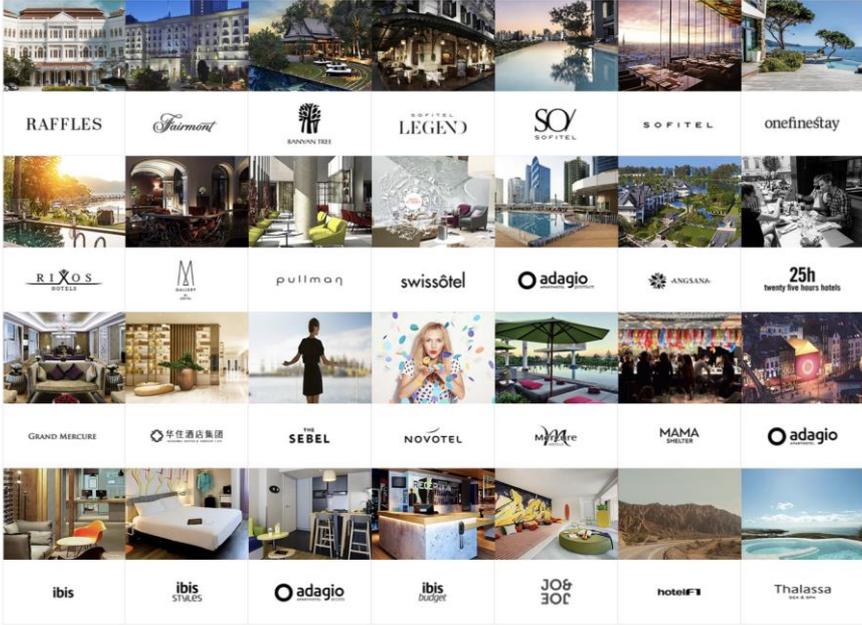
Figure 1.1: Hilton's brand portfolio



Source: Hilton official website, hiltonworldwide.com

Accor has developed an even more fragmented selection of brands, both regional and worldwide to reach different customer segments. They developed twenty-eight brands.

Figure 1.2: Accor’s brand portfolio



Source: Accor official website, accorhotels.com.

Moreover, the increasing importance of social networks in the last 10 years, have changed the way in which companies communicate to customers, meaning that we are speaking of another type of marketing innovation. In fact, hotels are now able to create their own social media profile in which they can post unfiltered and direct content that customers and non-customers can see. This new instruments are at disposal of every player in the industry, for this reason the use of a social media page cannot be considered as a competitive advantage on its own. As already explained before in this chapter, in order to become a competitive advantage this type of innovation has to be combined with a strategic plan and unique resources, such as creative and unique content to be published in a creative and innovative way.

Institutional innovations, usually involve the creation of new networks or collaborative structures or the introduction of new legal frameworks that influence the activity of companies operating in the hospitality sector, either directly or indirectly.

As already stated in the beginning of this paragraph, it is important to consider that sometimes innovations do not fall directly inside a category but rather tap in more than one category. This holds especially true in the hotel sector, where the simultaneity of

production and consumption might accentuate the difficulty in distinguishing which type of innovation has been introduced and in measuring its impact (Camison and Monfort-Mir, 2012). In addition, the categorization of service innovations is not unique, there exist many interpretations on this subject.

Moreover, the OECD's Oslo Manual puts emphasis on the fact that innovation that have to be measured, and are important for the firm, are not only those that have commercial success, but rather those that create new value, in terms of knowledge, capabilities and know-how, to the firm.

In addition to the four categories of innovation proposed by the OECD's Oslo Manual, organizational, product/service, process and marketing innovations, we measured in the questionnaire that will be presented in chapter 4, if the innovation was related to the introduction of a new technology or not. Technological innovation can be defined as the translation of technological knowledge into new products, services or processes, as well as the major technological changes in products, services and processes. For this reason, it can be considered as a sub-category of the four above mentioned types of innovations. There could be new technology involved in every type of innovation in the hotel industry, product, process, marketing or organizational innovation. However, as explained before in this paragraph, it is important to point out that whenever we speak about introduction of new ICTs we have to consider that these new technologies are supplied to the hospitality industry from outsider suppliers. In fact, very few hotels have the ability to internally develop this kind of new technologies through direct investments. Almost all hotels rely on external suppliers whose main business is the one of producing and selling ICTs. This consideration has to be made because we initially introduced innovation as a source of competitive advantage; a competitive advantage is provided by a resource or capability which is difficult, almost impossible, to imitate by competitors and whose value is difficult to erode. However, if the innovation is fully based on a technology provided by an external supplier it is unlikely that this innovation will provide competitive advantage because it can be easily imitated by competitors. As a matter of fact, other companies can simply reach the supplier and buy the new technology for their hotel, too. Hence, what expresses real innovation is not only the application of a new technology but rather the combination of the new ICT system in a strategic plan that leverages firm competences and unique resources to achieve superior performance. Furthermore, another interesting element of technological innovation provided by external suppliers is the hotels'

collaboration or the absence of it with suppliers. In particular, there are hotels that closely collaborate with ICTs suppliers to customize the new system/product to their specific needs, others prefer a “one-size fits all” product, they buy the new system which is standardized and do not collaborate with their suppliers. Following this reasoning, we have decided to measure in the questionnaire how many innovations introduced in the last two years were related to the introduction of a new technology and how many were not. The results will be presented in chapter 4.

1.3.4 Peculiar elements influencing innovation in the hotel sector

Studying innovation in the service sector is a relatively new stream of research; studying innovation in the hotel sector is an extremely new stream of research. It is very interesting to review what have been found until now by researchers focusing on this topic. Many scholars have identified the fact that there are some characteristics and peculiarities that make the hotel industry different from other service sectors; there are in fact, some peculiar elements that influence, both positively and negatively, innovation in the hotel sector. We will now present them.

According to Orfila-Sintes et al. (2005), there are three main elements that make the hotel sector different from other service sectors. First, the fact that hotels are classified according to the “stars” categorization that goes from 1 to 5, which determines the type, number and quality of services provided in the structure. This categorization is often a poor indicator of actual quality standards as it is rather a standard for facility characteristics (such as rooms of a determined surface) (Camison and Monfort-Mir, 2012). Secondly, the many ways in which an hotel can be managed; through the direct control of hotel owners, through professional executives that sign a management contract or through a franchise contract. In the hotel sector, ownership and management do not always coincide. Finally, there are hotels that operate under a chain, having a central office which is usually the strategic centre of the company, where different types of functions are concentrated. Orfila-Sintes et al. (2005) claim that these industry specific elements influence the innovative behaviour of different hotels. Among other elements that influence innovation, there is the market in which the hotel operates, and its particular

level of competition, the predominance of small firms, the inability to develop innovative technologies internally, the lack of cooperation among different structures and different players inside the tourism sector and finally, the poor human resources management skills and practices of the sector. These characteristics can influence the incentive and the ability to innovate of hotels (Orfila-Sintes et al., 2005; Camison and Monfort-Mir, 2012). The knowledge transfer, which is at the base of the innovation process, is very low in the hotel industry. There is a great lack of cooperation among different actors operating in the sector (managers, owners, customers, suppliers and institutions) (Camison and Monfort-Mir, 2012). Pechlaner et al. hope for an increase in the cooperation among players in the tourism sector, in order to identify hidden opportunities, to share resources at their disposal, to share competencies and capabilities to the advantage of the destination competitiveness itself. These finding seems to hold true in Venice, as we will see later in chapter 2 and 4.

The factors related to the human capital affecting the innovation ability and propensity of hotels is a crucial element for this thesis. As we will see in chapter 3, employees are crucial in this sector but the human resources management of this sector is somehow less developed and efficient than that of other service sectors. In fact, Hjalager (2002) highlights four frequent problems regarding the workforce in the hotellerie sector; namely low skills, scarce training, high turnover rate and lack of clear career paths. We will analyse them in more depth in chapter 3.

CHAPTER 2

VENETIAN HOTEL INDUSTRY

2.1 Introduction to the hotel industry and innovation

“This was Venice, the flattering and suspect beauty – this city, half fairy tale and half tourist trap, in whose insalubrious air the arts once rankly and voluptuously blossomed, where composers have been inspired to lulling tones of somniferous eroticism.”

-Thomas Mann

“There is something so different in, Venice from any other place in, the world, that you leave at, once all accustomed habits and, everyday sights to enter an, enchanted garden.”

-Mary Shelley

Many artists, poets and writers have portrayed the beauty and the uniqueness of Venice, both in paintings and books. Since the creation of the city, it has always been a destination for travellers, merchants and, after the advent of tourism, for many tourists. The history of Venetian tourism is beyond the scope of this thesis; however, the importance of this continuous flow of tourists and visitors has to be considered to understand the environment in which Venetian hotels operate and the consequent relevance of innovation in the industry.

This thesis will focus on the Venetian hotel industry, and in particular on the characteristics of the innovation process in this sector; including the actors involved, the causes and driving factors that lead to innovation, the objects of innovation, the expected results and the obstacles.

Innovation in the service sector, being it technological and non-technological has started to be studied in more detail between the end of the 20th century and the beginning of the 21st century. Given the early years of this stream of research there are not complete

studies documenting innovation in the hotel industry. Hotels nowadays recognize the relevance of innovation and its importance to compete in the market and sustain a competitive advantage over rival hotels and destinations, however there is still a low propensity to innovate and a low general interest on this unexplored subject, as we will demonstrate in next chapters. As we observed in the introduction to this thesis, there is not, at the moment, a study focusing on innovation trends in the Venetian hotel sector, neither specialized associations are producing articles about this precise topic and region. The scope of this thesis is the one of adding a local perspective to the phenomenon of service innovation, explaining innovation in the Venetian hotel industry.

This thesis is focused on Venice, and consequently on the Venetian hotel industry because it is a specific desire of the writer which has been studying 5 years at the Ca' Foscari University of Venice and has decided to give its contribution to a beloved city. The interest for this particular sector has been growing during an internship in a four stars hotel in Venice; having the possibility to talk directly with actors operating in this sector has been crucial in understanding the great potential of this understudied field of the service sector. The regional focus is also due to the increased debate about Venice and sustainable tourism that has been growing in the last years and to the great importance that tourism has for the Venetian economy.

Honestly, we cannot speak of Venice without mentioning the “overtourism” phenomenon who has been always strong in the last two decades. Venice has tried to address the problem by launching the marketing campaign “travel, enjoy, respect” in 2017. This attempt to “educate” tourists to be respectful toward the city and its residents has failed. Recently, from 28th April to 1st May, Venice mayor Luigi Brugnaro has introduced tourist turnstiles checkpoints. This measure was aimed at containing tourists and divert them to avoid too crowded streets. However, this stratagem did not solve the problem and caused stress among residents who felt trapped in “theme park” like city (Il Gazzettino di Venezia, 3 Maggio 2018). This topic goes beyond the scope of this thesis but since we are speaking about innovation in the hotel sector, this subject could be addressed by hospitality sector actors. An innovative solution to the problem is desirable. There is a need of a team effort, including local authorities, local community and the hospitality sector actors, to jointly work on an effective and efficient solution.

2.2 Venetian hotel industry: numbers and characteristics

Venice had the highest touristic flow among Italian cities, until 2013. It has become the third, after Rome and Milan, after 2014 (ISTAT data). In 2016 Rome was the top destination in Italy with 25 million presences², second Milan with about 10,9 million presences and third Venice with 10,5 million (ISTAT report 2017). These data highlight the dimension of the touristic sector in this city, which is far smaller (in terms of km squared) with respect to Rome and Milan. Moreover, the other big difference with respect to Rome and Milan is that the ground in which Venice sits is limited, there is no possibility of building new hospitality structures and regulations limiting the acquisition of historic buildings are very rigid (Comune di Venezia). For this reason, the number of hospitality structure in the historical centre of Venice are restricted and bounded, hence there haven't been many changes in the number and characteristics of hotels in Venice historical centre. This aspect has for sure an impact on the incentive to innovate of Venetian hotels, which face unique conditions with respect to similar structures in other Italian cities. We will see later in the fourth chapter, that Venetian hotels' owners claim that innovating the hotel structure is very hard, given the high barriers in terms of law restrictions and prohibitions.

For the scope of this thesis, we have included in our qualitative research all four and five stars hotels that are inside the Venetian municipality region, which includes, besides the historical centre, the islands of the Venetian lagoon and Mestre. It has been decided to focus only on Four and Five stars hotels, because of the need of analysing a structure that has a significant amount of rooms, employees and flow of clients. This because it has emerged in already existing literature in the hotel sector, that small hotels have relatively no innovation outputs. Since the scope of this thesis is not only measuring if innovation is present or not, but to detect also its grade, type and other dimensions, such drivers and obstacles; the presence of innovative outputs is a starting point and is crucial for the further analysis.

² Presences are calculated as the number of tourists arrived in the city times their period of stay (ex. 4 nights per 2 people represents 8 presences).

ISTAT, the Italian institute of statistics, reports include data of the tourist accommodation sector which is given ATECO code number 55. In table 2.1, we will present some useful data to better understand the industry we are analysing.

ATECO code number 55 includes all lodging facilities inside these categories:

- Hotels and similar structures, including accommodation facilities for visitors, generally for short stays. These lodging facilities have rooms or suites. They offer many services to their clients, including daily cleaning of the room and making-bed duty;
- Lodging for holidays and others structures for short stays. They include holiday villages, hostels, guesthouses, bed&breakfast. Services offered by these structures, if present, are very basic;
- Campgrounds;
- Other lodgings, including rooms and dorms for students and seasonal workers.

Table 2.1: Number of lodging facilities and operators

Period: 2015	Italy	Veneto Region	Venice Province
Number of lodging facilities	48005 (100%)	3578 (7,45%)	1456 (3,03% of Italy) (40,69% of Veneto)
Number of operators (annual average values)	258479,3 (100%)	27086,28 (10,48%)	11994,55 (4,64% of Italy) (44,28% of Veneto)

Source: ISTAT data, www.istat.it.

These data highlight the fact that Venice Province itself has the 40,7% of the accommodation facilities of Veneto; which considering that the region counts of seven provinces in total is significant to express the importance of the tourism sector in this area. However, ISTAT does not provide data for the city of Venice only, which is the area of interest of this thesis. At this scope, there exist a newly launched portal in collaboration

with the European Union, <http://geoportale.comune.venezia.it>, which provides the list of all the lodging structures in the city of Venice.

The portal was introduced in June 2017 and it is unique in its genre in Italy, it makes data about tourist accommodations available to all citizens. Geoportale shows all the regularly registered lodging structures updated to the day before. In addition, it is possible to select specific areas of the city. We will include all the area belonging to the city of Venice, including the islands of the lagoon, the historical city centre and the mainland, Mestre. In Geoportale, there are all those accommodation facilities that are recorded under the register of the tourist tax. The structures present on Geoportale are hence different from those indicated in the ISTAT data under the ATECO code number 55.

Tourism statistical surveys have an important role in the economic statistics. Data comparability at temporal and spatial level is influenced by the evolutions of system of definitions, classifications and legislations on tourism accommodations. By the introduction of the law on tourism n. 217 of 1983, the regions were involved in the establishment of the criteria to define the classifications of the receptive accommodations according to the offered services. For this reason, some lodging facilities considered in Geoportale are not present in the ISTAT data presented above.

Considering that this thesis is focused on the area of Venice and that comparisons among the rest of Italy are not the core element, we will use data of Geoportale, which respects regulations and definitions defined by the Veneto region. Table 2.2 explains clearly the updated organization of accommodation facilities for the Veneto region (as per DGR 419/2015).

Table 2.2: Organization of Veneto’s lodging facilities (DGR 419/2015)

STRUTTURE RICETTIVE ALBERGHIERE (Hotels and similar)	STRUTTURE RICETTIVE ALL’APERTO (Outdoor accommodation facilities)	STRUTTURE RICETTIVE COMPLEMENTARI (Complementary accommodation facilities)	LOCAZIONI TURISTICHE (Touristic rentals)
DGR n. 807/2014	DGR n. 1000/2014	DGR n. 419/2015	DGR n. 881/2015

-Alberghi o Hotel -Residenze Turistiche alberghiere -Villaggio Albergo DGR. n. 1521/2014 -Albergo Diffuso	-Campeggi -Villaggi turistici DGR n. 1662/2016 -Marina Resort	-Alloggi Turistici -Case per vacanze -Unità abitative ammobiliate ad uso turistico -Bed&Breakfast	Comunicazione dati Prevedono soltanto: -Fornitura elettricità, gas, acqua. -Manutenzione alloggio -Pulizia alloggio e, se richiesto, fornitura biancheria esclusivamente ad ogni cambio dell'ospite.
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Source: Official website of Veneto, Tourism section, www.regione.veneto.it/web/turismo

The first three categories of accommodations facilities provide their customers with services, while the last category does not provide any type of service. Given the nature of this thesis and the importance of analysing innovations on services offered by hotels we will consider only the first category, namely “Hotels and similar”, which are those accommodations facilities that offer a higher degree of services to their customers. Inside this category there are hotels, residences, villages and *alberghi diffusi*. *Albergo diffuso* is a category of hotels that have a “core” structure where there is the reception, the bar and all common areas; while rooms are located in other facilities at no more than 200 meters from the central structure³.

We will now present the data available in Geoportale (table 2.3), to focus better in the Venetian hotel sector. The area considered is including Venice historical centre (including

³ Manuale dell'albergo diffuso, www.albergodiffuso.com.

Giudecca), the mainland Mestre and the other islands of the lagoon belonging to the municipality of Venice. Finally, it must be specified that hotels with dependences count as one hotel in the following table, their premises are considered as a unique firm and fall inside the category “*albergo diffuso*”.

Table 2.3: Number of lodging structures (hotels and similar) in Venice

Hotel type	Albergo	Albergo diffuso	Residenza turistico alberghiera		
Number of Stars					
1	29	12	0		
2	38	13	1		
3	120	64	1		
4	72	46	2		
5	9	11	0		
TOTAL for hotel type	268	146	4	TOTAL Hotels	418

Source: Geoportale, <http://geoportale.comune.venezia.it>, consulted on 1st of March 2018.

From the table 2.3, we derive that the total number of Hotels in Venice is 418 according to the regulations of the Veneto region the majority of Venetian hotels are 3 stars hotels and 4 stars. For the purpose of this thesis, we will consider 4 and 5 stars hotels. This decision is based on the fact that according to the regulation above mentioned (DGR n. 807/2014), the hotels that have to provide specific services, such as a bar open at least sixteen hours a day, are only those having 4 or 5 stars. Moreover, given that the subject of this thesis is the one of understanding the innovative behaviour and the innovation process of the hotels, it is necessary to consider hotels that carry out a significant amount of activities and services that could be innovated. This decision is also reinforced by the findings of Orfila-Sintes et al. and Pikkemaat et al., who in different researches have demonstrated that higher category is linked with major innovation intensity, meaning that higher-categories hotels are more innovative than lower-categories hotels.

The total number of hotels that will be considered from this point onward is of 120 4 stars hotels and 20 5 stars hotels, a total of 140 hotels. We merged hotels, alberghi diffusi and residenze turistiche alberghiere together.

2.3 Job profiles and required skills in Venetian hotels

This thesis focuses on the hotel sector, which is an industry that is highly dependent on the workforce and needs employees to deliver unique and distinctive experiences to its customers. Many studies conducted in the hospitality field highlight the importance of human resources to achieve a competitive advantage, with respect to rivals. Tangible characteristics of a hotel, like the design of the room, the quality of the furniture and the richness of the breakfast offer, are under the eyes of its competitors. What really makes the difference and enables a firm to create a lastly and difficult to erode competitive advantage are intangibles, among which organizational culture, knowledge, capabilities, employees' motivation and so on. All these sources of competitive advantage are deeply rooted in the creation of a highly performing human resource management. In fact, if we decompose and simplify the hotel sector at its extreme we could say that hotels have the same "hardware" (Ottenbacher, Shaw and Lockwood 2005) and what makes the difference is the "software" each of them runs. For this reason, one of the factors that can really affect the customer final experience is the impact that employees have on them. An hotel experience might, in fact, offer a high number of additional services and service experiences involving many relations with hotels' employees (Den Hertog et al., 2011). Given the high impact that employees can have on firm success or failure in this particular industry, it is very important that managers concentrate their attention toward efficient, effective and accurate human resource management. For this reason, the key element of this thesis are human resources, and in particular how their soft skills and innovative work behaviour influence the level of innovation and the innovation output of their company. We will analyse in more depth employees' soft skills and their impact on the organization in chapter 3.

We will now analyse which are the skills and competencies demanded to employees in the Venetian hotel sector. These job offers, relative to the Venetian hotel industry, were published both in specialized websites, such as LinkedIn, and companies' own websites.

Table 2.4: Example of Housekeeping Floor Supervisor job offer

Housekeeping floor supervisor

Hotel: Hilton Molino Stucky

What will I be doing?

As a Housekeeping Floor Supervisor, you are responsible for supervising room attendants to deliver an excellent Guest and Member experience. A Housekeeping Floor Supervisor will also be required to assist the head housekeeper and monitor standards. Specifically, you will be responsible for performing the following tasks to the highest standards:

- Supervise Room Attendants
- Daily allocation of rooms and deep cleaning tasks to team members
- Manage guest requests, including VIP amenities and communicating them to the relevant team members
- Routine inspection of guest bedrooms to ensure they meet standards
- Aware of all room categories and amenities
- Achieve positive outcomes from guest queries in a timely and efficient manner
- Carry out lost property procedures
- Ensure guest laundry is cleaned and delivered in a timely manner
- Report maintenance issues to Maintenance/Engineering Department
- Assist Head Housekeeper with training requirements
- Represent the needs of the team to others in the hotel
- Be environmentally aware
- Comply with hotel security, fire regulations and all health and safety legislation
- Assist other departments wherever necessary and maintain good working relationships

What are we looking for?

A Housekeeping Floor Supervisor serving Hilton brands is always working on behalf of our Guests and working with other Team Members. To successfully fill this role, you should maintain the **attitude, behaviours, skills, and values** that follow:

- Committed to delivering a **high level of customer service**
- **Positive attitude**
- **Good communication skills**
- High standards of cleanliness
- **Ability to work on their own or in teams**

It would be advantageous in this position for you to demonstrate the following capabilities and distinctions:

- Experience in the hotel/cleaning industry
- Experience in managing/supervising a team in a similar role
- IT proficient
- Willingness to **develop team members and self**

Source: Hilton Careers Official Website, <https://jobs.hilton.com>.

Table 2.5: Example of Front Office Manager job offer

<p>Front Office Manager Hotel: NH Rio Novo (opening late 2018)</p> <p>Funzioni La risorsa verrà inserita all'interno del Team del Ricevimento. Riportando al Direttore, dovrà occuparsi di:</p> <ul style="list-style-type: none">• Coordinare e gestire il team del ricevimento assicurando la corretta pianificazione e il migliore svolgimento delle attività relative all'accoglienza e gestione dell'ospite, per fargli vivere un'esperienza straordinaria, degna del miglior effetto wow; offrendo assistenza anche nella risoluzione di eventuali problematiche o nella gestione di eventuali reclami.• Curare e garantire la comunicazione e la sinergia tra i reparti, analizzare ed elaborare i report di forecast e garantire l'espletamento di tutti gli adempimenti amministrativi, normativi, fiscali e relativi alla privacy. <p>Requisiti Il/La candidato/a ideale conosce i principi di revenue management e delle politiche commerciali. Possiede un'ottima padronanza della lingua inglese e di una seconda lingua straniera. Dimostra di avere inoltre una buona conoscenza di una terza lingua straniera. Costituiscono requisiti fondamentali: ottime doti relazionali, gestionali e organizzative, orientamento al cliente e al risultato, flessibilità e problem solving.</p>

Source: NH Careers Official Website, <https://nhcareers.epreselec.com>.

Table 2.6: Example of Restaurant Manager job offer

<p>Restaurant Manager Hotel: NH Laguna Palace, Mestre</p> <p>Il candidato ideale ha maturato un'esperienza significativa e strutturata in posizione analoga presso strutture di pari categoria. Riportando al Direttore, il/la Restaurant Manager dell'NH Laguna Palace si occuperà di:</p> <ul style="list-style-type: none">• Supervisionare quotidianamente i processi di produzione dei vari reparti ristorativi al fine di assicurarne e garantirne la corretta organizzazione nel rispetto degli obiettivi economici e degli standard qualitativi di Compagnia.• Verificare e controllare la corretta attuazione di tutte le procedure igienico-sanitarie come da regolamento HACCP e normative sulla sicurezza.• Supervisionare e controllare tutte le attività di ordini e stoccaggio materie relative sia alle derrate alimentari che alle attrezzature di ristorazione.
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- Pianificare l'organizzazione preventiva del lavoro tenendo conto degli obiettivi prefissati.
- Formulare, in accordo con lo Chef, le differenti offerte ristorative e relativi prezzi.
- Supervisionare e programmare il personale fisso ed occasionale.

Si ricerca una persona in possesso di ottime capacità organizzative, previsionali e relazionali, oltre ad un buon grado di intraprendenza e proattività, orientamento all'ospite e ai risultati, capacità di gestione del team, flessibilità e problem solving. Completano il profilo l'ottima conoscenza degli elementi caratterizzanti l'F&B e la consuetudine nella gestione della banchettistica. Si richiede un'ottima conoscenza della lingua inglese e preferibilmente di una seconda lingua.

Source: LinkedIn Website, <https://it.linkedin.com>

Table 2.7: Example of Maintenance Director job offer

Maintenance Director

Hotel: NH Mestre

Il/La candidato/a ideale è in possesso di un diploma di perito tecnico, una buona conoscenza della lingua inglese e ha maturato un'esperienza consolidata nel settore delle manutenzioni. Possiede una conoscenza approfondita dell'impiantistica di grandi strutture (elettricità MT&BT, climatizzazione, idraulica, telefonia, trasmissione dati, antincendio) e dei relativi programmi di gestione.

Riportando al Engineering, Maintenance & Environment Manager e interfacciandosi con le società di servizi di manutenzione e gli enti di controllo esterni, dovrà occuparsi di:

- a) Coordinare e controllare i lavori di manutenzione ordinaria e straordinaria, riparazioni, migliorie sugli impianti e sulle macchine e rispondere della corretta esecuzione dei lavori, interagire con il dipartimento, portare avanti progetti corporativi e il controllo dei consumi energetici
- b) Sviluppare con i Direttori degli hotel attività di mantenimento e/o miglioramento della struttura e del patrimonio aziendale con responsabilità nella gestione di risorse economiche nei limiti dei budget di spesa stabiliti con il bilancio di previsione
- c) Pianificare interventi e/o organizzare il lavoro per migliorare l'efficienza delle strutture nel lungo termine
- d) Analizzare l'efficienza e i ritorni degli investimenti
- e) Assicurare il corretto svolgimento delle attività appaltate alle imprese e assicurare l'osservanza degli obblighi di legge vigente in materia

- f) Gestire il personale assegnato facendo osservare le norme e misure di sicurezza generali e specifiche
- g) **Motivare, stimolare, supportare il proprio team** essendo responsabile e promotore della formazione e valutazione dei propri collaboratori
- h) Collaborare con i vari dipartimento al fine di migliorare l'efficienza

Costituiscono requisiti fondamentali: **capacità di analisi, flessibilità, spirito di iniziativa, buone doti relazionali e di problem solving, gestione dello stress.**

Source: LinkedIn Website, <https://it.linkedin.com>

After an accurate analysis of the job offers, it appears that hotels belonging to an hotel chain tend to manage the hiring process on their own through their websites or through specific websites, such as LinkedIn. On the other end, independent hotels rarely use their websites to hire new personnel, but rather ask to temp agencies and employment agencies, as well as word-of-mouth recommendations. This emerged from an online research and through a brief non-structured interview to several hotel managers of 4 stars independent hotels. Usually, hotel directors of this type use word-of-mouth recommendations to hire seasonal workers, while they rely on employment agencies when they need to hire new personnel.

About the importance of soft skills for employers it is important to mention the research by Sharma (2009), which confirmed that communication skills, teamwork and time management are considered by recruiters as being the most important traits to look for when recruiting new candidates. In particular, this research, highlighted the fact that the importance of soft skills increases as we proceed along the organizational hierarchy, starting from being appreciated for entry level employees to being crucial for top managers. The interviewees, which were both HR employees and managers involved in the recruiting process, pointed out that soft skills, intended as the ability to work in teams and collaborate with both peers and superior, the ability to contribute to the organization in a timely and smart manner and the ability to understand and embrace company's values and culture, are decisive in determining the long-term success of an employee inside a company.

In the job offers presented above there are the emotional and social competencies that appear to be more important and more valued in the hotel sector. We will use the emotional and social competency inventory (University Edition) created by HayGroup (2011) to detect which are they.

Among the most requested competencies there are:

- Team Work; working in a group giving support and respecting others, fostering others contributions and participation.
- Developing others; acting as a coach and mentor, giving constructive feedback and investing time and efforts to develop others.
- Target orientation; finding new and better ways to achieve objectives, always trying to improve performance to reach objectives.
- Service orientation; being focused on others' satisfaction, adapting services and products to others, being available to satisfy others.
- Adaptability; modifying the strategy to achieve objectives, adapting to multiple requests, adapting to unexpected events.

We will see later on, in chapter 3, why these competencies are considered crucial and it will be presented the theory behind emotional and social competencies.

2.4 Innovation in Venice

In this paragraph, we will present the point of view of two important actors dealing with the tourism sector in Venice: Ciset, Centro Internazionale di Studi sull'Economia Turistica, and AVA, Associazione Veneziana Albergatori.

On May 10th, Ciset held its XVIII Conference about "Italy and international tourism. Results and trends for incoming and outgoing in 2017". It has emerged that international tourists spent 39,1 billion of euro in Italy in 2017, with an increase of 2,7 billion with respect to 2016. In addition, according to data provided by Banca D'Italia, the tourism sector gave a strong contribution to the growth of the Italian GDP in 2017, which was settled as +1,5% with respect to 2016. This data is fundamental to understand the

importance of the tourism sector for Italy, and as a consequence the relevance that this topic should have in future researches.

After presenting data regarding tourists' presence in Italy and Italians' presence abroad, the conference shifted the attention toward the following theme "The hotel sector innovates and renovates itself: trends and prospects". An open debate among participants, coordinated by Prof. Tamma of Management Department of Ca' Foscari University, was held and what emerged from it will now be presented.

Participants were belonging to different backgrounds, including public institutions and professionals of the hospitality sector. What emerged was a distinction among two types of innovation, hard innovation and soft innovation. On the one hand, hard innovation intended has the introduction of new products and services, it is considered as risky and very costly. On the other hand, soft innovation, intended as the establishment of new standards for quality and experience without introducing breakthrough products and services. Soft innovation enhances guests experience and drive differentiation from competitors, improving the ability to greet customers and delivering them unique experiences. After this introduction to innovation, participants agreed on the fact that Veneto, and Venice, hospitality sector has to shift its attention toward soft innovation, but for doing so, actors of the industry must primarily know perfectly their customers. In this sense, it is fundamental to have high quality data available.

This appears to be a paradox of the sector, which acknowledges the importance of data but it is static regarding the collection of such data.

It was revealed that among the obstacles to collect these data, there is the complexity of services of the hospitality sector, which hinder the precise measurement of innovation. Additionally, they spoke about the need for an inter-organizational network that could foster the coordination of the different structures and could foster innovation in the industry. It has been recognised the importance of innovation, not only at the individual level of each structure but of the entire sector itself. Given the recognition of the importance of an inter-organizational network connecting all structures operating in the hospitality sector, what hinders its foundation is the high difficulty of managing this type of network. Participants did not propose any solutions to this problem.

Mr. Palumbo, General Director of MIBACT⁴, claimed that the innovation process in the hospitality industry has to be linked to the innovation process of the entire tourism industry. For him the solution to the slow innovation behaviour of this sector, is the creation of a clear and precise national strategic plan which states directions and aims of innovation. It is crucial to work on this strategic plan both nationally and regionally, given the multifaceted nature of the tourism sector of Italy, which greatly differs from region to region. He proposes as one of the first things to do, the creation of a national database of lodging structures. We have seen that an exception exists: the municipality of Venice as launched Geoportale in June 2017.

Then, the floor was given to professionals of the hotel sector. The key words of the debate were “customer” and “knowledge”. Hotels managers that had the opportunity to participate to the discussion, explained how customers are at the centre of every innovation that is introduced in their hotels; they acknowledge the importance of delivering excellent customer experiences. However, according to them one of the missing core competencies of some managers and owner boards in this sector is adaptability, intended as the ability to quickly adapt to changing conditions and requirements. What emerged is that not only hotels need high quality data to better know customer needs but they have to respond to those needs in a prompt way, almost as they predicted what was going to happen.

From this debate, we can conclude that a “wake up call” is dominating the hospitality sector and everyone is aware of what has to be done, nonetheless many actors are falling behind given the inability to adapt to the new requirements. Among the proposed solutions, there is the creation of a solid inter-organizational network to promote knowledge sharing, coordination and cooperation and the development of a national and regional strategic plan to give precise directions and common goals to be addressed in the nearest and furthest future.

We then contacted AVA, Associazione Veneziana Albergatori, and asked to present their point of view on innovation in the Venetian hotel sector.

What emerged is that there is not any previous research concerning only innovation in Venice, mainly due to the fact that this kind of research would be time-costly and it is too

⁴ MIBACT: Ministero dei beni e delle attività culturali e del turismo.

local to benefit wider audiences. Moreover, it has been signalled the difficulty in measuring innovation in SME, which are the majority of firms operating in Venice.

AVA spokesman, Daniele Minotto, vice director of the association, told us that it is difficult to “delineate the boundaries of innovation, in the service sector but especially in the hotel sector”. According to AVA the main innovations introduced in the last decade regard the product to be sold and the way in which this product is sold. In particular, he underlines the fact that the touristic product has changed a lot, and the hotels’ offer is now wide and complex. Hotels are no more selling only rooms per night, but many additional services starting from breakfast to gourmet experiences. What has changed even more is the way in which hotels sell the product to their clients, they use an approach that is more customized and they use technological channels to address to customers that were not reachable before. AVA spokesman also underlines the fact that the hotel’s offer is now increasingly integrated with extra-hotel services, including other services supplier in the hospitality and touristic sector. Given the lack of a standardized way in which innovation could be collected and the difficulty in specifically define what is innovation and what is not innovation in the service sector, there is a lack of empirical data. There is not the possibility to detect which innovations have been introduced or are to be introduced in the current year. What emerges is rather a way of explaining trends once they have been developed and absorbed by the sector. In conclusion, we can say that there appears to be a problem of misalignment of efforts, that are strong but dispersed due to the missing coordination among all actors in the tourism sector.

2.4.1 Innovation and customer orientation, the case of “Turista Altro”

The other dimension of innovation in the hospitality industry is the one oriented toward the customer side. It is fundamental, before analysing the innovation process, to underline that hotels’ customers, especially in the beginning of the 21st century have changed their attitude toward travelling, and as a consequence they have changed their needs. Especially in destinations such as Venice, where the market is mature, “mass tourism” is no more the focus of hotels, they are seeking that “individualized mass” of tourists which have specific needs and are more experienced and conscious. About this topic, the

University of Venice “Ca’ Foscari”, tried to explain this phenomenon by creating the tag “Turista Altro”. Through direct and indirect interviews, students from “Ca’ Foscari” University tried to outline which are the characteristics of the “Turista Altro”. They found out that it is usually coming from developed countries and is a wealthy person. Moreover, this type of tourist is no more interested in visiting only the must-see spots, but he/she likes to experience the real life of Venetians, including alternative itineraries and local food and restaurant. This type of tourist is experienced and does not like the pre-packed standard holidays, but he/she rather prefers to customize his/her experience in the city, in order to deeply enjoy the adventure and tailor his/her experience according to his/her own personal needs and desires.

However, it has to be said that these findings emerged from the need to identify the ideal tourist for Venice, a city that “suffers” from the rudeness of many of its visitors. For this reason, we know that this “Turista Altro” actually exist and visits Venice, but he/she is not alone. There are also many other tourists that can still fit in the definition of mass tourism, for example those visiting Venice after having landed with a huge cruise ship. But what are the implications from the hotel side, and consequently on the hospitality sector? This situation for sure highlights the fact that this industry is always evolving in terms of clients. Their needs and desires keep changing very fast. This reinforces the idea that the innovation process is crucial in the hospitality industry, and that it is a major source of competitive advantage. Only with a continuous and systematic process of innovation, hotels can keep pace with customers’ trends and needs and become successful.

2.4.2 Examples of hotels chain innovation in Venice

As emerged earlier, there is not a previous research dealing with innovation outputs of Venetian hotels. Through the questionnaire that will be presented in chapter 4, we will have a more complete picture of what has been introduced in the last two years in 18 different hotels. Now, we will focus on particular examples of marketing innovation that have been introduced by some hotels. These innovations are easily observable because they consist in a new approach to social media that has been introduced worldwide and

is now been used also in Venice. The pioneers of this marketing innovation are hotels belonging to a chain, such as Hilton and Kempinsky.

Figure 2.1: Hilton Molino Stucky marketing innovation

Hilton introduced a marketing innovation through its social media. They offered to their “fans” special prizes, such as coupon for their Spa or 2 tickets for the Peggy Guggenheim Collection. To win these prizes it was sufficient to interact with their page through “likes” and messages.

They exploited the traditional advent calendar concept to reward loyal clients and also new customers through December 2017 (Figure 2.7).



Source: Hilton Molino Stucky official Facebook page, facebook.com.

Figure 2.2: San Clemente Kempinsky Palace marketing innovation



In this other example of innovative use of social medias and marketing innovation, the San Clemente Kempinsky Palace proposed to its followers unfiltered pictures of their premises.

This is a very interesting way of communicating to customers; they can actually see how the hotel looks like, and it gives to the customer a more authentic impact than the one that could be given through “professional photos”.

Source: San Clemente Palace Kempinski Venice official Facebook page, facebook.com.

We introduced these examples because it was not possible to contact more than two hotels belonging to a chain. According to managers we have contacted, they could not divulge information about their innovative outputs and decisions.

CHAPTER 3

HUMAN RESOURCES, SOFT SKILLS AND INNOVATIVE BEHAVIOUR

3.1 Fostering innovation: the role of human resources

When we speak about innovation, it is impossible to preclude the role of human resources in the innovation process. One of the basic prerequisites for firms that want to innovate is the presence of creative individuals at all organizational levels. The subject that promotes innovation inside a firm is an individual, or a group, which manipulates the existing knowledge to solve problems and produce new and useful outputs and ideas (Andreotti and Macchiavelli, 2008). The innovative firm is the one based on people, on knowledge and people's will (Vignali, 2006). Moreover, the firm that is able to gain an enduring competitive advantage over its competitors is a firm nurturing its employees' talent (Vignali, 2006).

In the previous paragraphs, it has been underlined that innovation depends on many factors, among which company's resources, both tangible and intangible. There is not a comprehensive study identifying and explaining the driving forces of innovation in the hotel industry. One important element of the innovation process is knowledge, knowledge that often is embodied in people and their skills; innovation surveys, including Community Innovation Surveys (CIS) do not provide standard measures to quantify the contribution of the workforce to the innovation process. However, given the recognition that much of the innovation knowledge is embodied in people and their skills, and that skills are necessary to communicate and understand codified knowledge, some researchers have started analysing the role of human resources in the innovation process. Given the highly dynamic, uncertain and competitive environment in which companies operate, it is pivotal to concentrate on those scarce but highly valuable resources that the

company has, to achieve a competitive advantage over its rivals. Among these resources there are human resources; employees are fundamental for the superior performance of a company. As reported by the studies of Getz and Robinson (2003), only one fifth of improvements and innovations introduced in companies were the result of planned activities, such as strategic planning; the remaining four fifths came directly from their employees. Firms deeply count on their work force to practice innovative behaviour in the production of new products and services, they heavily rely on their employees to be innovative and keep the pace of changing markets and environments.

The importance of human resources in the hotel sector is also related to the fact that each hotel offers, at the very basic level, the same service to customers. In fact, if we decompose and simplify the hotel sector at its extreme we could say that hotels have the same “hardware” (Ottenbacher, Shaw and Lockwood 2005) and what makes the difference is the “software” each of them runs. For this reason, one of the factors that can really affect the customer final experience is the impact that employees have on them. This has been also proved by interviews with hotel managers at all levels. Additionally, the OECD’s Oslo Manual specifically points out the lack of skilled personnel or knowledge as one of the main factors that can hinder innovation.

The hospitality sector is continually forced to create new products, new services and new processes to meet customers’ needs and find new solution to problems (Peters and Pikkemaat, 2005). However, in terms of innovation and creativity, the hospitality sector is not among the most performing ones, rather it tends to rely on tradition and routines (Peters and Pikkemaat, 2005). This can be simply verified by comparing the number of licenses and patents of the hotellerie sector with those registered in other industries. However, as we said before, this parameter might be misleading if applied to the service sector, where innovations occur not only through the emission of new licenses and patents. Another reason highlighted by Peters and Pikkemaat, is about the workforce which characterizes this sector; in many hotels around the world the workforce is generally low skilled and it is characterized by a high turnover rate. These two findings emerging from their studies sheds lights on other two possible causes of the lack of a concrete innovation process and culture inside the hospitality industry. We will see later in this chapter how these findings are confirmed by Hjalager (2009).

Innovation, is dependent on the resources available, being them monetary or non-monetary. Among these resources fundamental for innovation there are human

resources, which provide knowledge, skills (hard and soft), know-how and many other competencies that foster innovation and most of all creativity throughout the company but also the entire sector. If employees in the hotel industry are generally low skilled, their ability to perform activities that go beyond their job requirements are extremely low; since, emotional intelligence and soft skills and the innovative work behaviour are characteristics that clearly go beyond the job requirements of an employee, companies employing only this type of workforce would experience a very scarce level in all these “extra” dimensions. Moreover, if the turnover rate in this industry is very high, the knowledge and know-how accumulated get dispersed every time an employee leaves the organization, making impossible to reach the required level of resources needed to initiate the innovation and creativity process.

Given the high impact that employees can have on firm success or failure in this particular industry, it is very important that managers concentrate their attention toward efficient, effective and accurate human resource management. So, it is very important to carefully select the employees at the moment of their recruitment, to grant the “fit” with the company’s culture and structure. Other aspects of the human resource management that must be taken care of are training, the correct assignment of both responsibilities and autonomy.

Chang, Gong and Shum (2011) individuate human resource management as a source to foster and promote innovation in hospitality firms. So HRM can be seen as a source of competitive advantage for the organization because it fosters innovation, which is a fundamental characteristic for successful firms. As said in previous chapters, innovation is crucial for companies operating in the hotel industry because it allows them to be more effective, efficient, to meet changing customers’ needs, to increase their financial performances and to outperform competitors. The findings of their research are particularly important for this thesis because they recognize human resources as a main factor fostering innovation inside the hotel; even though they do not focus on which skills make the difference at the individual level, they claim, in accordance with Ottenbacher (2007), that “hospitality innovation success is strongly related to excellent HRM practices”. However, as already pointed out in the previous paragraph, two main problems that characterize hotel’s human resources are the low skill levels among employees and the high turnover rate. These two problems are big obstacles to the innovation process, because they limit both innovative work behaviour and also the

retention and application of specific knowledge. According to the existing studies on the hospitality industry, the two solutions for these problems are effective recruiting management, so that only the “right” people are hired, and effective training. These people should “fit” the organizational culture and structure, as well as the required level of hard and soft skills.

Chang, Gong and Shum (2011) in their study wanted to overcome the existing philosophy in the management of human resources in the hospitality sector, which stated that managers should hire people that have the right attitude toward the job and then train them to acquire the desired level of skills. Chang, Gong and Shum (2011) find out that the above-mentioned philosophy in dealing with human resources is obsolete and also that treating employees as a cost rather than unique assets source of competitive advantage is very detrimental to innovation. Moreover, they suggest a new approach to foster innovation in the hospitality industry. It is based on the importance of hiring the right people, those people that possess high level of skills that are critical to the job; and training employees to keep learning and foster a continuous learning environment that benefits competitiveness and performance of the firm itself.

Hjalager (2002) posits some arguments that could explain why people in the hospitality sector are not an element that foster innovation. She highlights four problems, that were already mentioned earlier in this chapter, namely low skills, scarce training, high turnover and lack of clear career paths.

As we were discussing earlier, the workforce in the hospitality and hotel sector is usually low-skilled and characterized by high turnover. The majority of the workforce has also very scarce industry-relevant training throughout the career. She also highlights the lack of training institutions and the small number of universities that provide relevant knowledge and competencies to work in the sector. This holds true especially in Italy, where there is no formal training for students that are willing to work in the hotel sector. In Italy, only high schools, among the public instruction institutions, provide training and relevant knowledge for restaurant and bars related jobs. There is a lack of training for management positions in the hotel sector. It has been observed, in fact, that many entrepreneurs operating in the hotellerie are coming from completely unrelated sectors. This, however, is not necessarily a negative aspect because the ability to introduce new knowledge and innovations is not specifically related to a deep understanding and know-

how of the sector, but can come from the ability to connect different “worlds” to create new paths to deliver value to customers.

The second element emphasized by Hjalager is the high turnover rate in the industry. She partially explains the reason to this problem with the existence of high seasonal fluctuations in work demand and the widespread use of short-term contracts in the hospitality industry. Due also to significantly lower salaries with respect to other service industries, the hotellerie sector attracts very few talented and skilled workers. The high turnover rate hinders the information-collection process and its subsequent transformation into knowledge (Camison and Monfort-Mir, 2012). In this sector, tacit knowledge is highly dependent on the structure and the person carrying it; for this reason, tacit knowledge transfer via employees moving between hotels is almost impossible (Camison and Monfort-Mir, 2012). Decode tacit knowledge is difficult and time consuming, for this reason rarely it is passed across companies, especially in this sector. Another problem that hinders the access of talented and skilled workers in the industry is the absence of clear career paths in most organizations, except in recent years in hotels belonging to international chains.

All these characteristics of the hotel sector hinder the possibility of knowledge transfer within the organization and the possibility to develop new knowledge. This, in turn, impedes the possibility to introduce innovations in the firm and the industry itself. The shortage of skilled employees in the hotel sector, impedes hotels innovative potential, especially in innovations not related to the introduction of a new technology. These severe problems affect the ability of human resource departments in the hotel sector to find employees which have the right combination of soft and hard skills. This hold true in Venice, where according to interviews to hotel managers there are seasonal fluctuations in work demand.

3.2 Introduction to soft skills

Soft skills include a range of competencies and abilities that adds on traditional cognitive capabilities and technical skills; such as, for example, social skills, communication skills

and emotional and social competencies (Robles, 2012). It is difficult to express a single definition of what soft skills are because they are, and they have been, studied in many fields, including psychology, sociology and education. They can be perceived as being complementary to the so called hard skills (i.e. knowledge of foreign languages, mathematics, etc.). Examples of soft skills are: integrity, communication, courtesy, responsibility, social skills, positive attitude, professionalism, flexibility, teamwork, and work ethic (Robles, 2012). They are a combination of interpersonal and personal attributes. Soft skills refer to attributes that are linked to personal and interpersonal relations and behaviour; they tap more on the behavioural and emotional sphere rather than the cognitive one, as opposed to hard skills. They are related to individuals' emotional intelligence (Rainsbury, Hodges, Burchell, 2002).

In the 1960s and 1970s, the term "soft skills" was used as a synonym of human relations, interpersonal communication and team building (Kamin, 2013). These competencies have an impact in the way in which we understand ourselves, manage ourselves, understand others, communicate and appear to others. They influence a wide range of dimensions of a person, they cannot be simply associated to the work life of someone; they are important for everyday life because they include competencies regarding how we manage ourselves and how we affect our actions as a consequence of the emotions we feel. However, for the purposes of this thesis, we will focus on the impact that soft skills can have in the working environment and for this reason, we will express a definition that is inherent to this field.

Soft skills are interpersonal skills that demonstrate a person's ability to communicate effectively and build relationships with others in one-on-one interactions as well as in groups and teams. These skills include the ability to be captive and understand others points of view, the ability to communicate and cooperate with others, the ability to be favourable to changes and adaptive even in situations that are complex and require a deep understanding of others and self-emotions and the ability to interact with different environments, cultures, organizations, teams. The practice of soft skills aids in communication and promotes problem solving, negotiation, conflict resolution, and team building (Kamin, 2013).

It is important to understand the term "competency" and why it is fundamental when analysing soft skills and particular concepts such emotional intelligence, introduced in paragraph 3.4.

In this context, a competency is defined as an “intrinsic characteristic that is causally related to an effective and/or superior performance in a job” (Boyatzis, 1982). In this sentence, Boyatzis was expressing the fact that soft skills are the cause of superior performance, that there is a cause-effect connection among the competence and performance. Among two individuals having the required level of technical skills, the one having greater social and emotional competencies will achieve a superior performance with respect of the other. He defines a social and emotional competency as an intrinsic characteristic, meaning that it is a recurrent feature of the individual, that he/she will apply in all the occasions that will let him/her deploy his/her competencies. Soft skills are not innate; in fact, they can be developed. Boyatzis (2009) adds to his findings an additional perspective aimed at explaining the correlation among soft skills and superior performance. He defines social and emotional competencies as a set of behaviours which are aimed at a univocal goal and produce a superior performance. The competency, once activated through a specific behaviour and channelled toward a specific aim, results in superior performance.

When an individual applies a particular competence to perform a task, he/she behaves in a specific way which results in an effective performance. This process is very important to analyse soft skills, because it is fundamental to prove that these skills are not only deriving from aspects such personality and demographic features but rather are the result of activated competencies that can be learned and are not an innate characteristic of the individual (Boyatzis, 1982; Spencer and Spencer, 1993).

Nowadays, thanks to the increasing contributions to the competency-based approach introduced firstly by McClelland in 1973, there have been an expansion of literature concerning soft skills and competencies along with a rise of awareness of their importance among managers and firms. McClelland (1973) was the first researcher who started studying the correlation among the score of the psychometric evaluation of American diplomats and their actual performance on the job. He found that the correlation among the two elements was quite low, indicating that a psychometric test was not the best predictor of superior performance. Continuing his studies, he found that there were other factors which were better predicting higher performances, such for example the openness to other cultures, the positive attitude toward others and the recognition of power schemes. After McClelland, other scholars, such as Boyatzis (1982) and Goleman (1995) tried to categorize and better analyse which are the characteristics

granting superior performance, and he agreed with McClelland in saying that hard skills were not sufficient abilities to achieve top performances.

From the point of view of the labour market, many studies have underlined the fact that soft skills are even more important than hard skills to nowadays employers. A 2006 report carried out by The Conference Board, Corporate Voices for Working families, the Partnership for 21st Century Skills and the Society for Human Resource Management, evidenced how employers value soft skills as being more important for the company. This, principally, because these skills better reflect the changing environment, both in terms of social and economic dimension, in which companies are now operating. Skills such critical thinking, oral and written communication, collaboration, creativity, work ethic and social responsibility are fundamental for those companies that want to make the difference. If the workforce possesses these skills, the company can leverage their knowledge and potential to build a competitive advantage over its rivals. Similarly, a survey conducted by Klaus (2010) proved that 75% of the achievements reached in a career are determined by soft skills, and only 25% of them are determined by hard skills. Nevertheless, it is important to stress that soft skills cannot replace hard skills, and the two should be considered as equally important (John, 2009).

About the importance of soft skills for employers it is significant to mention the research by Sharma (2009), which confirmed that communication skills, teamwork and time management are considered by recruiters as being the most important traits to look for when recruiting new candidates. He names, as the two most important soft skills, the ability to communicate effectively and the ability to work proactively with people with different backgrounds, both in terms of different cultural background or different working experience background. In particular, this research, highlighted the fact that the acknowledgement of soft skills increases as we proceed along the organizational hierarchy, starting from being appreciated for entry level employees to being crucial for top managers. The interviewees, which were both HR employees and managers involved in the recruiting process, pointed out that soft skills, intended as the ability to work in teams and collaborate with both peers and superior, the ability to contribute to the organization in a timely and smart manner and the ability to understand and embrace company's values and culture, are decisive in determining the long-term success of an employee inside a company.

Inside a company it is important to keep in mind that employees tend, usually, to adapt to their leader attitude. In fact, much of the motivation that employees derive in the workplace is depending on how others perceive and value their work. In this sense, those leaders that master their soft skills, will generate more motivation inside a company and provide a positive trust and value booster for his/her team (Kamin, 2013). Leaders that master soft skills are those that have strong self-awareness, meaning that they understand well how they feel and how to express it, they resist well to stressful and changing environments, they can plan and organize work effectively, they have very good communication skills, they understand feelings of others and understand how to deal with their team.

Robles (2012) adds to the existing literature his contribution to better understand which are the ten most important soft skills for business executives. The survey results highlight integrity, communication, courtesy, responsibility, social skills, positive attitude, professionalism, flexibility, teamwork, and work ethic as the ten most important soft skills to possess when hired.

It is crucial for firms to understand and embrace the importance of soft skills, especially in the hotel industry which is the focus of this thesis. In the hotel industry, characterized by the intangibility of most of the services provided, soft skills are fundamental; it is fundamental to put great attention on the attitudes and skills of employees to achieve superior performance (Ottenbacher, 2007).

Employees who are creative and manage to “think out of the box” can make the difference in the hotel industry and can be a source of competitive advantage (Darvishmotevali et al., 2018), given the high competition and changing customer needs that characterizes the industry.

The recognition of the importance of soft skills has been growing also in Italy, where the annual survey carried out by Unioncamere highlights the need of such competencies and their significance for both firms and young graduates facing the job market for the first time. This report produced by Unioncamere, the informative report *Excelsior*, is created every year and about 300.000 firms are interviewed. It interests all macro areas of the Italian economy, and its scope is the one of presenting the job profiles required in the current year and the characteristics of cherished job profiles and the competencies most valued from employers.

The results of 2017 report highlight which are the most important soft skills according to the job position, they are listed in table 3.1. From the analysis of these results, we can see clearly that soft skills are almost essential for top level positions. However, also among entry level or low-skilled positions the flexibility and ability to adapt are considered as very important, too. It has to be clarified that these results include manufacturing and service industry together, and for this reason are not very representative if associated with the specific sector which is the focus of this thesis.

Excelsior report does also provide interesting information about specific sectors. It provides also insights of the tourism and commercial sector. From the observation of the Excelsior report on tourism and commercial sector of 2016, it emerges that soft skills are determined very important also in this industry. In particular, they constitute a fundamental element of evaluation; for the 80% of planned hires during 2016 they were considered has important has hard skills. Moreover, for an additional 8,2% of the total planned hires, soft skills were considered even more important than hard skills.

Among those soft skills considered as “very important” for planned hires of 2016, there are the ability to work in team for the 48,9% of the total hires and flexibility and the ability to adapt for the 47%. The ability to work autonomously and oral and written communication are also perceived as very important, in the 43-44% of the cases. The least interesting, from the point of view of employers, is the problem-solving skill. This could be seen as strange, but it emerges from the report that few of the new hires will have to deal with complex situations; according to employers only the 8,9% of the total will face complex situations.

Nevertheless, each of the soft skills mentioned is required at different levels, depending also on the job position to be filled; for example, tourist operators are required to have much higher oral and written communication skills with respect to cooks and people working in the “back office”.

These result gives us a picture of the ideal workforce, however the situation of the already employed workers could be different from the one depicted above. It is in fact true that the hotel sector faces a very high turnover rate and a shortage of skilled employees.

Table 3.1 Soft skills required by firms in 2017 according to the job position (% quota of the total of the entrances for which is required the specific competency)

	Total	Executives	Intellectual and scientific professions	Technical professions	Office workers	Commercial and services professions	Skilled workers	Plant workers and machinery workers	Unskilled workers
Ability to work in team	85,5	94,7	97,5	96,7	94,1	89,6	82,1	77,0	71,8
Problem solving skills	78,0	98,0	96,4	95,1	91,9	77,0	78,5	70,7	59,0
Ability to work autonomously	81,8	98,0	96,0	94,8	89,9	83,6	83,5	73,9	65,4
Flexibility and ability to adapt	95,1	95,2	98,2	98,4	97,5	95,7	96,3	94,5	89,3
Attitude toward energy savings and environmental sustainability	76,8	76,8	78,0	82,5	78,0	78,1	79,9	75,8	67,9

Source: Unioncamere – 2017 Excelsior Report, <http://excelsior.unioncamere.net>

3.3 Emotional and Social competencies

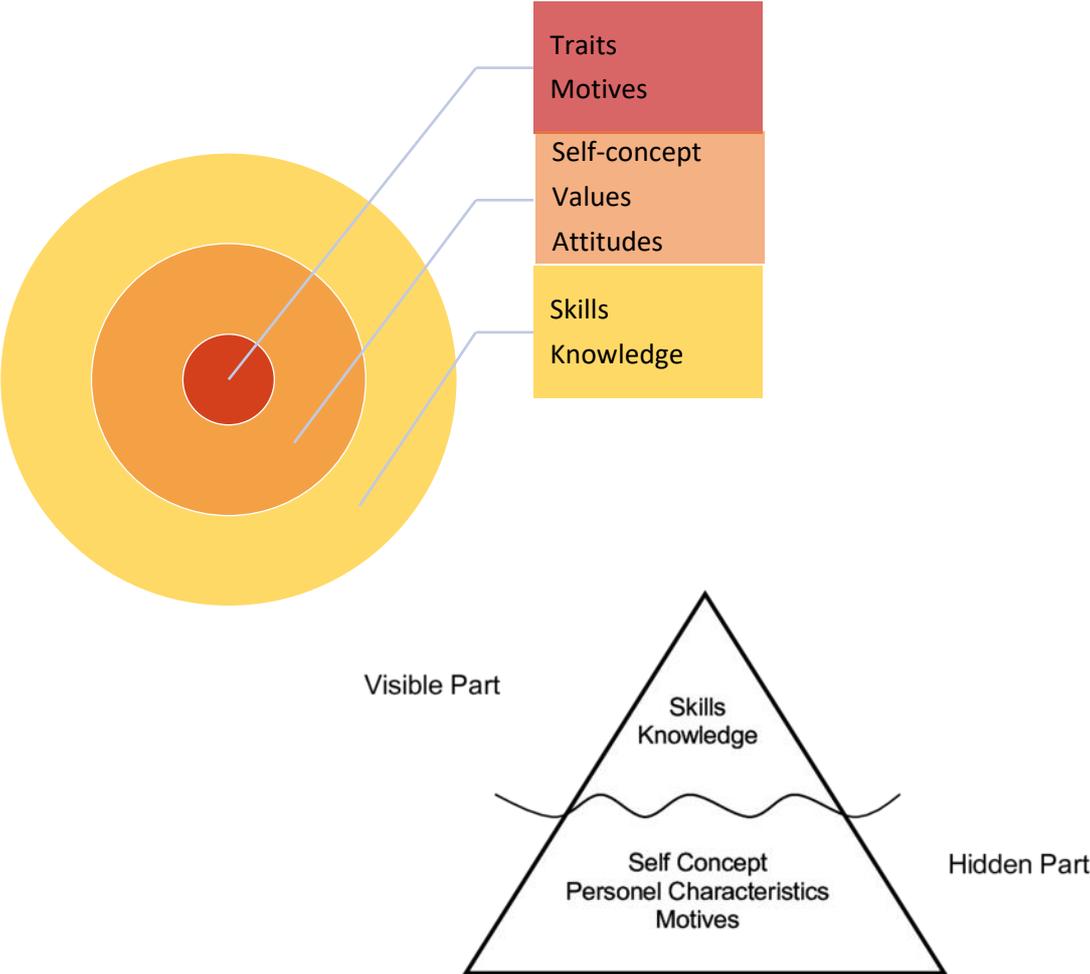
In this paragraph, we will analyse in more depth emotional and social competencies. Boyatzis (1982) defined a competency as an “intrinsic characteristic that is causally related to an effective and/or superior performance in a job”. It is very important to note that it is defined as an *intrinsic* characteristic, meaning that a person can acquire and master emotional and social competencies during his life and they are not an innate characteristic. Learning a new competence is an intentional, complex and long-lasting process, which requires awareness, motivation, practice and feedback on new behaviours, in order to retain them. Moreover, he also enriches the definition of a competency by claiming that “a competency may be motive, skill, aspect of a person’s self-image or social role, or a body of knowledge which he or she uses”. Spencer and Spencer (1993) add to Boyatzis’s findings, the possibility to identify five types of competency characteristics. They supplement the multifaceted nature of competencies defined by Boyatzis by introducing the following five dimensions in which a competency may be disclosed:

- Motives. It refers to mental schemes, emotions, personal needs and internal aims that induce someone to act. Motives guide one’s behaviour toward predetermined objectives or actions.
- Traits. It refers to physical characteristics and the tendency of behaving in a certain way when confronting a situation or an information.
- A person’s self-image, self-concept. It refers to a person’s attitude, values and self-image. A person’s values are reactive or response motivations that predict what he/she will be doing in a specific situation. An example is self-confidence, the belief that he/she can be successful in a determined situation.
- Knowledge. It refers to information and previous learning resting in a person. Knowledge is a complex competency, frequently it is measured as the ability to choose the correct answer among different options, but it fails to be an indicator of the actual application of such knowledge in practical situations.
- Skills. It refers to ability of executing a specific intellectual or practical task. Among these skills there are analytical thinking and system thinking.

After presenting these five categories, Spencer and Spencer explain in their model that there are observable and hidden characteristics. They use two graphs presented in figure 3.1, to emphasize the contraposition among those characteristics that are easily observable, skills and knowledge, which are easier to train, and those that are hidden deeper in one’s personality, such as trait, motives, self-image, values and attitudes, which are difficult to detect and develop but are able to better predict superior performance of an individual (Hay Group, 2003).

Starting from this point, Spencer and Spencer (1993) suggest that human resource managers must be aware of these characteristics and select candidates for open positions based on their traits, motives and self-concept, since they are the most difficult aspects to train. Developing skills and knowledge is less time consuming and demands for a lower financial investment.

Figure 3.1 – Observable and hidden types of competency characteristics



Source: Spencer and Spencer (1993)

When an individual applies a particular competency to perform a task, he/she behaves in a specific way which results in an effective performance. This process is very important to analyse soft skills, because it is fundamental to prove that these skills are not only deriving from aspects such personality and demographic features but rather are the result of activated competencies that can be learned and are not an innate characteristic of the individual (Boyatzis, 1982, 2009; Spencer and Spencer, 1993). Moreover, through the scheme of activated competency, observable behaviour and effective performance (Figure 3.2), it is possible to detect when a competency is activated through the direct observation of individuals' behaviours.

Figure 3.2 – Scheme to recognize competencies



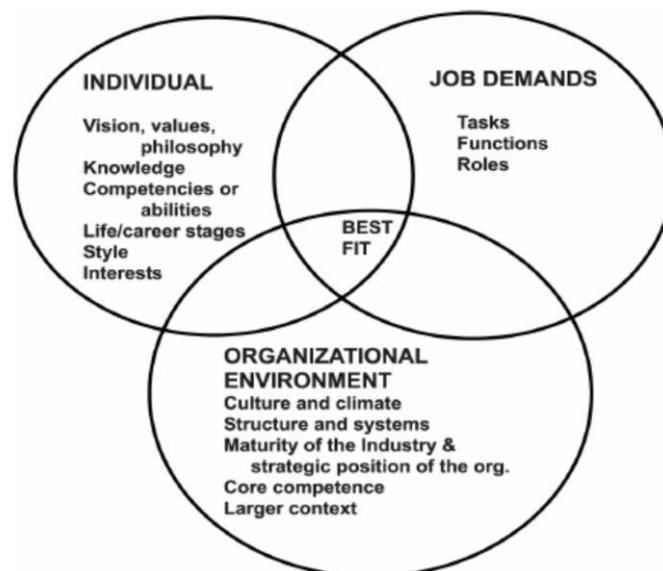
Source: Boyatzis (1982), Spencer and Spencer (1993)

Boyatzis (2009) defines social and emotional competencies as a set of behaviours which are aimed at a univocal goal and produce a superior performance. The competency, once activated through a specific behaviour and channelled toward a specific aim, results in superior performance. This reinforces the thesis of Spencer and Spencer (1993), who introduced the concept of causal link between competencies and results, specifying that competencies contain a specific aim; we cannot observe an individual's behaviour and link it to a competency if there is not a given intention behind the observed behaviour.

Many studies, among which the ones of Goleman and Boyatzis, have demonstrated that social and emotional competencies are critical for the success at work. These studies conclude that in an organization, the difference between what is superior and what is average performance depends, for the most part, on emotional intelligence and other emotional and social competencies, the so called "distinctive competencies". At the base of this conclusion there is the application, by Boyatzis (1982), of the "Basic Contingency Theory" which highlights the conditions that must be present to achieve a superior

performance. Boyatzis identifies three correlated factors that enables an individual to achieve a superior performance. They are individual abilities, job demands and organizational environment (Boyatzis, 1982). Individual's abilities are represented by: individual vision, values, philosophy, knowledge, competencies or abilities, life career stages, style and interests; job demands are reflected in tasks, functions and roles; the organizational environment is made up of different ingredients put together, among which all those cultural, economic, political and social aspects that can affect the expression of individual's competencies. According to Boyatzis, a superior performance is observed when we reach, through targeted actions which respect the organizational environment, a specific objective set by the organization. A superior performance is the result of the perfect fit between individual competencies, job demands and the organizational environment, as presented in figure 3.3.

Figure 3.3 – Basic Contingency Theory



Source: Boyatzis (2009)

From Boyatzis's theory we can derive that there are not standard behaviours, and hence competencies, that have to be applied in each situation. Rather, the competency to be used, and consequently the behaviour to activate, does change depending on the situation we are facing, on the context in which we are operating and on the people we have to deal with.

Individuals' competencies can be divided into two categories (Boyatzis, 1982; Spencer and Spencer, 1993):

- Threshold competencies. They are those “must have” characteristics that individuals must possess to accomplish a minimum level of efficacy. They do not differentiate among those who achieve an average performance to those that achieve a superior performance. Among these characteristics there are: technical skills and expertise, knowledge, basic skills like memory and deductive reasoning.
- Distinctive competencies. They are those characteristics that distinguish individuals with superior performances to individuals with average performances. In this category, there are: emotional intelligence competencies (self-awareness and self-management), social intelligence competencies (social awareness and relationship management) and cognitive competencies (system thinking and pattern recognition).

In conclusion, success and superior performance of employees, depends on a set of emotional and social competencies. We have introduced them explaining what they are and through which process they can be observed, we have now to clearly define the five clusters in which social and emotional competencies are divided and which are the models developed to measure them.

3.4 Emotional Intelligence

“... In this world, every day more flexible, the most important qualities to emerge have become optimism, adaptability, initiative: all aspects of emotional intelligence that anyone can learn and put into practice.”

Daniel Goleman, Working with Emotional Intelligence (1998)

In today's working environment we are more and more asked to handle fast changing conditions, team work and to efficiently handle others. These new requirements are linked to the concept of Emotional Intelligence (EI). As we have seen in the introduction

of this chapter, there has been in the last years an increasingly higher focus on the importance of soft skills. Especially, thanks to the initial contribution of McClelland, it has been overcome the belief that cognitive abilities were sufficient to predict and cause superior performance. Even if these new findings are accepted by scholars, there is still a need to get deeper in the study of emotional and social competencies and, especially, of Emotional Intelligence. Emotional Intelligence and all the related literature represent a relatively new topic of research and for this reason there is not a unique and shared definition of it. Studies on emotional intelligence initially appeared in academic articles at the beginning of the early 1990's. Moreover, EI has been widely debated in the past and it is still today; there is a need to fill some of the gaps of the existing literature.

EI can be described in different ways, however, it can be generally defined as the “ability to accurately identify and understand one’s own emotional reactions and those of others” (Cherniss and Adler, 2000) and as “the ability to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion, and regulate emotion in the self and others” (Mayer, Salovey and Caruso, 2000). EI is also about the ability to understand and control your own emotions to effectively reach your objectives and goals. Self-confidence, personal integrity, knowledge of your personal strength and weaknesses, resilience, self-motivation, perseverance and the ability to interact with others are all a result of emotional intelligence. Goleman (1995) describes Emotional Intelligence as a set of skills, abilities and competencies that, differently from traditional cognitive measures such as the Intelligence Quotient (IQ), which is traditionally viewed as an innate characteristic of the individual, can be learned and acquired by the individual throughout his/her life. It is not a single skill or ability, it is rather a construct of different competencies and abilities, we can say that emotional intelligence has different dimensions. An emotional competency can be defined as “a learned capability, based on Emotional Intelligence, which results in outstanding performance at work improves job performance” (Goleman, 1998). Boyatzis defined a behavioural competency as a characteristic that has a direct impact on the performance and effectiveness of the job, meaning that once the competency is activated by the employee, the behaviour applied to the situation is what finally influences the superior performance and its effectiveness.

According to the definition of Goleman and Boyatzis we can derive that:

- An emotional competency is the ability to recognize, understand and manage our emotions to achieve a superior performance;
- A social competency is the ability to recognize, understand and manage other’s emotions to achieve a superior performance;

- A cognitive competency is the ability to think and analyse complex information to achieve a superior performance.

These emotional, social and cognitive competencies are what enables a person to achieve superior performance at work. We will see later in this paragraph how these competencies have been divided in different dimensions by Goleman (1998).

We can say that EI and emotional and social competencies are linked one to another. In particular, EI literature can be viewed as a deeper analysis of what causes emotional and social competencies or as a parallel approach used to study them.

Many studies, among which the ones of Goleman and Boyatzis, have demonstrated that emotional intelligence is critical for the success at work. These studies conclude that in an organization, the difference between what is superior and what is average performance depends, for the most part, on emotional intelligence. This is very important for the aim of this thesis; in fact, we are trying to understand if soft skills make the difference inside organizations, and if they foster creativity and innovation inside the hotel industry.

Studies on emotional intelligence agree about the fact that it predicts criteria that matter inside the organization, however there is debate about the possibility and the methodology to use to measure it in an objective way.

There exist three different approaches to the study and the measurement of emotional intelligence:

- Bar-On Model, which uses a psychological approach;
- Mayer and Salovey's Model, which uses a cognitive approach;
- Goleman's Model, which uses a behavioural approach.

Analysing in depth the characteristics of each model goes beyond the scope of this thesis. These three approaches to EI can be divided into two different types of models; one is the *Mental ability model* and the other is the *Mixed model* (Mayer, Salovey and Caruso, 2000). Mayer and Salovey's Model is considered a *Mental ability model*. A *Mental ability model* considers EI as an intelligence represented by a set of cognitive skills which are affected by emotions. They highlight the interactions among emotions and thought. EI is measured through the submission to each candidate of a problem which involves emotions, the performance of the candidate is then measured through a scale of performance.

The Bar-on Model and Goleman's Model are both considered a *Mixed model*. A *mixed model* keeps into consideration two aspects of the individual; his/her ability to identify, assimilate, understand and manage emotions, as well as his/her personal traits such as empathy, optimism and stress tolerance (Mayer, Salovey and Caruso, 2000). These

models, the Bar-on and Goleman's model, measure EI through self-evaluations questionnaires where candidates evaluate themselves on a series of affirmations regarding their behaviours.

Goleman's model, created in 1998, identifies 25 social and emotional competencies, divided in five dimensions. He claimed that these competencies are those that most strongly predict, and most usually result in, superior performance.

These five clusters included:

- Self-awareness; it concerns knowing one's internal states, preferences, resources and intuitions. Knowing what you feel in a specific moment and use your preferences to guide your decisional process. Knowing your strengths and weaknesses;
- Self-management; it refers to managing one's internal states, impulses and resource so that they facilitate rather than interfere with the task at hand. Respecting commitments and being open to change;
- Motives; it refers to the deeper reasons that push a person to reach his/her objectives;
- Empathy; it refers to the ability of understanding others and their emotions;
- Social Abilities; it refers to the ability of relate with others and work in a team.

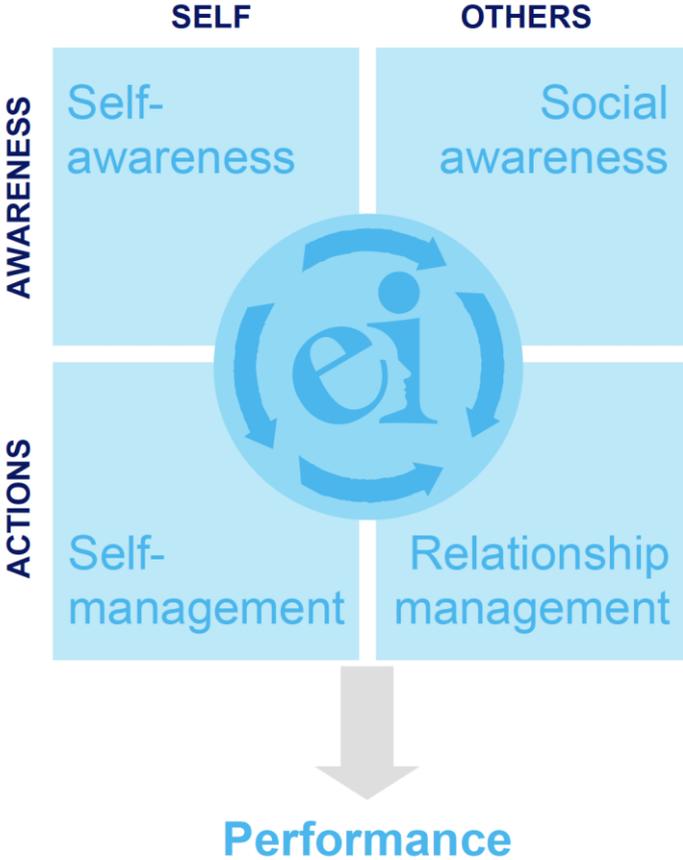
In 2002, the model was revised and reduced to a framework containing four dimensions and 18 emotional competencies, since Goleman found out that these 18 competencies were those most used after he carried out the empirical research. These four clusters are better explained in table 3.2.

Goleman's aim was the one of developing an instrument that was able to measure every competency through a unique questionnaire, which could be used by any firm, without having to adapt it to a particular industry. Goleman, Boyatzis and Rhee, with this aim, developed jointly the Emotional Competency Inventory-1 (ECI-1) in 1999. This instrument was not only applicable to every industry but also enabled the individual to evaluate himself/herself and to be evaluated from others. This tool comprehended 20 competencies, divided in four clusters (self-awareness, self-management, social-awareness and social skills).

As anticipated before, the model was revised in 2002 (ECI-2) and included 18 competencies divided in four clusters (self-awareness, self-management, social-awareness and relationship management). Moreover, it was introduced a version of the emotional competency inventory that could be used in an academic context, the ECI-U. It

was introduced to evaluate students' emotional competencies, and because these competencies were gaining increasingly more importance on teaching programmes. The validity of the model had been demonstrated, however some scholars argued that some clusters did not differentiate with respect to others. It is for this reason that Goleman and Boyatzis introduced in 2007 another revised model, the Emotional and Social Competency Inventory (ESCI), figure 3.4. This new tool included also the academic version, ESCI-U. This model comprehends four clusters and 12 competencies, evaluated through 68 items in the classic version and 70 items in the academic version.

Figure 3.4 - The Emotional and Social Competencies Inventory (ESCI)



Source: Emotional and social competencies inventory (ESCI), HayGroup (2011), at www.haygroup.com

Table 3.2 Clusters and emotional and social competencies of the ESCI and ESCI-U model

<p>A. Self-awareness It concerns knowing one’s internal states, preferences, resources and intuitions. Knowing what you feel in a specific moment and use your preferences to guide your decisional process. Knowing your strengths and weaknesses.</p>	<p>B. Social awareness It refers to the awareness of others’ feelings, needs and concerns and the ability to cultivate relationships in tune with a large number of different people.</p>
<p>a) Emotional self-awareness The ability to understand our own emotions and their effects on our performance.</p>	<p>a) Empathy The ability to sense others’ feelings and perspectives, taking an active interest in their concerns and picking up cues to what is being felt and thought.</p>
	<p>b) Organizational awareness The ability to read a group’s emotional currents and power relationships, identifying influencers, networks and dynamics.</p>
<p>C. Self-management It refers to managing one’s internal states (including deep reasons that push a person to reach his/her objectives), impulses and resource so that they facilitate rather than interfere with the task at hand. Respecting commitments and being open to change.</p>	<p>D. Relationship management It refers to managing one’s emotion in the relationship with others, understanding social situations and interacting without problems with others, including working in a team successfully.</p>
<p>a) Emotional self-control The ability to keep disruptive emotions and impulses in check and maintain our effectiveness under stressful or hostile conditions.</p>	<p>a) Influence The ability to have a positive impact on others, persuading or convincing others in order to gain their support.</p>
<p>b) Achievement orientation Striving to meet or exceed a standard of excellence; looking for ways to do things better, set challenging goals and take calculated risks.</p>	<p>b) Coach and mentor The ability to foster the long term learning or development of others by giving feedback and support.</p>

<p>c) Positive outlook</p> <p>The ability to see the positive in people, situations and events and our persistence in pursuing goals despite obstacles and setbacks.</p>	<p>c) Conflict management</p> <p>The ability to help others through emotional or tense situations, tactfully bringing disagreements into the open and finding solutions all can endorse.</p>
<p>d) Adaptability</p> <p>Flexibility in handling change, juggling multiple demands and adapting our ideas or approaches.</p>	<p>d) Inspirational leadership</p> <p>The ability to inspire and guide individuals and groups to get the job done, and to bring out the best in others.</p>
	<p>e) Teamwork</p> <p>The ability to work with others towards a shared goal; participating actively, sharing responsibility and rewards and contributing to the capability of the team.</p>
<p>E. Cognitive competencies (only ESCI-U version)</p> <p>It refers to the understanding of complex events and the recognition of underlying patterns in different situations.</p>	
<p>a) System thinking</p> <p>The ability of perceiving multiple causal relationships in understanding phenomena or events.</p>	
<p>b) Pattern recognition</p> <p>The ability of perceiving themes or patterns in seemingly random items, events or phenomena.</p>	

Source: *Emotional and social competencies inventory (ESCI)*, HayGroup (2011), at www.haygroup.com

This model is very important to better understand emotional intelligence and its dimensions and to understand how those emotional and social competencies can impact the employees' results. It is important to clarify that if an employee is strong in only one dimension of EI, it is not sufficient to achieve superior performance. In fact, what makes the difference in terms of performance is the mastery in at least one competency in each of the four dimensions, otherwise we cannot speak about superior execution of the task (Boyatzis, 2009).

3.5 Soft skills and innovation

Soft skills, as we have seen, are considered very important by companies. They are perceived as being significant both for entry level employees and top managers. In nowadays turbulent and dynamic working environment it is almost impossible to always possess the required knowledge that have to be applied to a particular event, process or situation; even in those cases in which perfect information is available it could result as not being efficient to spend resources to acquire such perfect information. Companies that want to be successful and achieve superior performance in the dynamic and uncertain environment of the 21st century must rely on the ability to adapt, collaborate and be captive, in order not only to survive the uncertainty but to prosper and achieve superior performance. Innovation is pivotal in all industries, among which the hotel industry, which is the focus of this thesis.

Employees who are creative and manage to “think out of the box” can make the difference in the hotel industry and can be a source of competitive advantage (Darvishmotevali et al., 2018), given the high competition and changing customer needs that characterizes the industry. Innovative and creative employees put effort in the creation of new and better ways to maximize customer satisfaction and they can initiate innovation processes that add value to the company. It has been proved that emotional intelligence affects innovation, profitability and creativity in the casino and travel agency sector (Prentice et al., 2013; Tsai and Lee, 2014).

Given the highly dynamic, uncertain and competitive environment in which companies operate, it is pivotal to concentrate on those scarce but highly valuable resources that the company has, to achieve a competitive advantage over its rivals. Among these resources there are human resources; employees are fundamental for the superior performance of a company. As reported by the studies of Getz and Robinson (2003), only one fifth of improvements and innovations introduced in companies were the result of planned activities, such as strategic planning; the remaining four fifths came directly from their employees. Firms deeply count on their work force to practice innovative behaviour in the production of new products and services, they heavily rely on their employees to be innovative and keep the pace of changing markets and environments. However, a systematic approach to innovation in the hotel sector is lacking and it is still applied from

too few companies, usually only from hotels belonging to a chain. The majority of managers in this sector rely on their primary instincts, gut feelings and experience to understand whether or not is the time to innovate and whether or not is the right solution for the firm (Ottenbacher and Gnoth, 2005).

According to the studies of Ottenbacher “hospitality innovation success is strongly related to excellent HRM practices”, among which training and recruiting the right people. Ottenbacher defined “the right people” as those that possess a complete set of hard and soft skills and “fit” in the organizational culture. It is proved by these studies that innovation is also linked to individuals inside the organization, to their behaviours and their personality.

From this stream of research, it emerged that the individual’s behaviours which foster innovation are mainly voluntary actions, actions that go beyond what is expected from the traditional task of the employee (Imran, 2011). In order to initiate innovation, an employee has to understand his/her working environment, analyse it, eventually discover practices and routines that are not efficient, visualize new ways of doing or seeing things, grasp signals of dissatisfaction or stress and think of a way or method to overcome these bad feelings. All these actions and behaviours are not written on job requirements, employees perform these behaviours and produce solutions, outputs, to the problems they face on a voluntary basis; this usually happens when they are motivated, both internally and externally, and when the working environment in which they operate is “alert” and willing to listen to their proposals. For all these reasons, we can say that innovative work behaviour is not dependent on the job or task performed by the individual, it is rather an intrinsic characteristic and trait that can be found in employees that usually are risk takers, motivated, have significant knowledge (not necessarily of the specific tasks of their job), feel comfortable even in the case of a radical change and have advanced hard and soft skills levels (Imran, 2011). However, this does not mean that only those individuals having these characteristics will foster innovation inside the firm; innovative behaviour is in fact influenced by other factors, such organization climate and the leadership style of top and middle managers. Few researches also claim that innovation is dependent on the firm size, however, there are many others, such the study conducted by Imran (2011), that claim that innovative work behaviours of employees do not depend on the size of the company they are working for. In conclusion, we can say that organizational size is not among those factors that can influence innovation inside a

firm, it is rather the organizational structure and culture that can determine whether the environment in which employees operate is beneficial to innovation or not; however, these findings might not apply to the hospitality sector, as we have seen in chapter 1. Organizational structure and culture are also related to the leadership style used by managers; those organizations using flatter structures and less top-down hierarchies seem to be more conducive for innovative ideas and behaviour. Moreover, it appeared from a number of studies, including that of Imran (2011), that the expectations that leaders have toward their employees clearly determines levels of innovation inside a firm; leaders can have a strong influence on their subordinates, they can increase their willingness to go beyond their traditional duties and work prescription and encourage innovative work behaviour.

Given the importance and high impact that leaders can have on innovation, we will see later in this chapter, how different leadership styles can foster the level of innovation inside a company and which are those styles that better adapt to different organizational structures.

According to the study of Scott and Bruce (1994), the contribution that individuals give to innovation and their innovative behaviour is a complex process that has three stages. The first stage of the process is the idea generation phase, the second phase is the idea promotion, and the last, third stage, is the idea realization. It can be added to these 3 phases an additional starting phase that is the problem recognition/identification phase. Following the findings of these researchers, we can define the innovative work behaviour as a process that starts with the recognition of a problem, being it a lack of efficiency or the reason of an underperforming process, which captures the attention of an employee, that, subsequently, generates a solution to the problem or the missed opportunity identified in the first step. In the idea promotion phase, the employee, depending on its level of autonomy and power inside the firm, starts promoting his/her idea, proving also its authenticity, originality and effectiveness. The final stage is the idea realization phase, in which the employee alone, or helped by other members of the organization, develops a model that can be later shared and spread throughout the company.

3.6 Creativity and Innovation: two sides of the same coin

When thinking of creativity, we tend to think about people who are exploring their artistic side through music, art, writing and design. Additionally, when thinking of creativity as a job skill, we tend to consider only those jobs in creative industries such as art, design and photography. However, creativity and creative thinking are fundamental tools for every job, and they are becoming crucial soft skills demanded in many industries and working environments. In the last decades, there has been a shift from an economy based on physical products and transactions toward an economy in which ideas and knowledge are the keys to achieve superior performance. As a consequence, creativity and creative thinking are becoming increasingly important tools because they encourage thinking outside of the box, problem solving and innovation, which are all fundamental contributions to the creation of a competitive advantage for the firm. The dominating position derived from creativity and innovation is especially important in crowded markets (Bilton, 2007), such as the hotel sector, where numerous players strive to achieve customer satisfaction and loyalty both by providing superior services and by winning the competition against other tourist destinations. The hospitality industry has focused on employees' creativity in the last years, because this sector has to face strong competition and a fast-changing ecosystem that requires significant efforts both in terms of creativity and innovation, to bring high quality service and excellent customer experience to their guests (Chang and Teng, 2016).

Creativity and innovation are two concepts often used together, however they do not express the same thing. Amabile (1988) defined creativity as "the production of novel and useful ideas by an individual or a small group of individuals working together", whereas innovation was defined as "the successful implementation of creative ideas within an organization". Creativity is usually considered an individual characteristic which is partially innate and motivated by internal moods and emotions and partially influenced by external factors, such as for example the society culture or also the organizational culture in which the individual works (Amabile, 1988; Chang and Teng, 2016). Innovation is used to describe a process that moves from the ideation phase to the realization of the innovation itself. These two concepts are related, in fact innovation is the result of

knowledge applied in a creative way. Something creative is something new and useful, to the individual, to the community, to the firm, etc.

We could say that innovation has two main ingredients; one is knowledge and the other is creativity (Amabile, 1988). It does not matter which is the type of innovation implied, it can be technological as non-technological. In addition, it is not only related to the creation of a new product or tangible solution, but, as we have seen previously when speaking about categories of innovation, it can be related to product, services, processes, marketing and organizational procedures (OECD Oslo Manual, 2005).

Even if a firm manages to have creative employees it is not sufficient to produce innovation. It needs also a specific set of knowledge and know-how from which employee can tap to develop new and useful solutions that result in innovation. Additionally, the capacity of an individual member of the organization to innovate or “think outside the box” is not a source of competitive advantage itself. This capacity must be linked to the organization’s needs, resource, capacities and systems to become a source of competitive advantage (Bilton, 2007). In order for the innovation to be useful to the organization it must be integrated within the firm.

Moreover, to foster innovation inside the firm it is necessary to grant a level of formalization sufficient to organize and manage the innovation process, but also a sufficient level of autonomy and flexibility in order to grant the flow of knowledge and ideas among employees so that creative ideas can emerge and be transformed into innovations. It is important for a firm to promote an organizational culture that cultivates employees’ creative ideas, favour knowledge sharing and rewards creativity (Griseemann et al., 2012). According to Bilton (2007), creative thinking processes inside an organization should neither take place in “absolute freedom zones”, nor in systematic patterns and carefully managed processes. They should rather take place among these two extreme situations. Following this theory, he hypothesizes some organizational conditions that foster creativity useful for the firm itself. Among these conditions, we can find:

- Toleration of diversity, complexity and contradictions;
- Creation of boundaries and constraints to the creative effort;
- Presence of a strong and clear organizational culture;
- Presence of a shared purpose;
- Encouragement of compromises and collaboration.

Creativity is the production of novel and useful ideas and for this reason Bilton includes among his hypothesized conditions the creation of boundaries and constraints; when creativity process takes place inside the firm, it is important that its output is linked to the firm's needs. The need for a strong and clear organizational culture reflects also Grissemann et al. findings, supporting the thesis that shared values, a positive working environment and knowledge sharing throughout the organization are key elements to be an innovative firm. The organizational context, intended as the atmosphere, culture and regulation inside the firm, appears to be very important also in the hotel sector (Chang and Teng, 2016); the values and objectives that are set inside the hotel, might influence the possible creative and innovative outcomes of employees.

3.6.1 Managing creativity

According to Zopiatis et al. (2018) it is essential for modern managers to develop an organizational environment in which everybody can release his/her full potential, in terms of knowledge, hard and soft skills, abilities, competencies and talents, in order to achieve organizational targets and objectives. For this reason, to manage creativity effectively, it is fundamental to create and foster an organizational culture and climate which is positive and encourages changes and innovative behaviour. Organizational culture is very important, because it includes a set of values, beliefs and implicit best practices that influence behaviours and actions of employees (Chen, 2011). In order to increase the impact it has on the workforce, it is necessary to design a reward and incentive system that put the emphasis on the right actions and behaviours by awarding positive outcomes obtained through such behaviours.

An organizational culture that fosters creative thinking and innovation should be open to change, encourage autonomy of employees, nurture communication among employees and from employees and their supervisors, letting them having an active role inside the firm and it should be open to mistakes (Zopiatis et al., 2018). In order to impact employees, it is also important that employees' and company's objectives are aligned and

that they share the same set of values, for this reason hiring, one of the processes of human resource management, is also very important for the creation of an innovative company. We all undertake commitments during our life, because even though they limit us they also give meaning to our life and our work, they are a source of motivation. Innovative firms need to transmit values, motives and beliefs that their employees think are worth of being supported (Andreotti and Macchiavelli, 2008). For these values to be inspiring it is important to let employee free, imposing these values will undermine motivation, creativity and innovative behaviour. Individual's behaviours which foster innovation are mainly voluntary actions, actions that go beyond what is expected from the traditional task of the employee (Imran, 2011); for this reason, it is important to let employee free to adhere to the firm's value. If people think they are free to determine their future they will be more motivated, will work harder and be committed (Andreotti and Macchiavelli, 2008).

Crucial for a firm who wants to nurture a creative and innovative environment is the ability to understand the importance of people inside the firm and their knowledge and competencies. For this reason, it is important to train human resources constantly. Among the reasons to understand why it is so important to pay attention to the relations among innovation, creativity and training, there are (Andreotti and Macchiavelli, 2008):

- *The importance of creative abilities.* Since it is impossible to understand which are all the competencies that will be asked in the future, it is fundamental to develop training courses that help employees to deal with unknown and new circumstances.
- *Situations demand innovations.* Often it is not possible to solve problems and situations with a unique perfect solution; it is important to develop creativity to be able to “see” different paths and solutions.
- *Creativity is not a substitute to knowledge.* As already seen in chapter 3.2, threshold competencies are still fundamental to function as bedrocks for distinctive competencies. For the creative process to be effective, there is a need for knowledge and transfer of knowledge.

3.7 Leadership styles

Many scholars have studied the leadership concept since the beginning of the 20th century. Early studies focused initially on the individual characteristics of leaders, focusing on the person; later the focus shifted toward leaders' behaviours and attitudes; it then shifted again toward the events and contexts where the leader exerted his/her power. Nowadays, studies on leadership use a complex approach that keeps under consideration different aspects, among which the leader characteristics, the context, the group and the relationship among the leader and the group (Malaguti, 2001). Leadership style is very important because as we will see later, it affects the performance of the leader and his/her time and has an impact on the organizational climate.

We will focus on leadership styles proposed by Daniel Goleman and Richard Boyatzis. To introduce leadership styles, Goleman (2002) uses an approach similar to the one explained before to study emotional and social competencies. He, in fact, takes into consideration leaders' behaviours to analyse their style; the set of competencies that one leader has leads to different leadership styles. A leadership style depends on the way in which the leader behaves in different situations, on his/her attitudes in different situations; it is depending on personal characteristics, such as motives and values, on the leader experience and the context in which the leader is exerting his/her power.

According to Goleman (2002), given the same set of preconditions, leaders which used styles of leadership with a higher emotional impact obtained better results with respect to others. Boyatzis and McKee (2006) reinforce this argument by claiming that successful leaders have high emotional intelligence and are aware of their self and others.

Goleman theorises the presence of six leadership styles:

- Visionary Leader. He/she has a clear vision of the future and the desirable path to reach objectives; he/she defines goals and ideals, not predetermined behaviours, leaving autonomy to co-workers. He/she is able to motivate people by explaining in detail the desired future. This leadership style is a conveyor for innovativeness and experimentation, granting control and controlled risks. It is very useful when the team needs a new perspective or direction.
- Coaching Leader. His/her role is the one of connecting the team objectives and values to the ones of the firm; he/she is strong in dialoguing with others and

understanding their emotions; his/her aim is the one of encouraging and advising the team. This style fosters communication, innovation and participation.

- Affiliative Leader. He/she promotes harmony within the team and emphasizes emotional connections. He/she gives great importance to the organizational climate, for this reason encourages inclusion and resolution of conflicts. The stress is on human relations and he/she is less focused on targeted objectives. This style is useful to reinforce and motivate teams and employees inside the firm.
- Democratic Leader. He/she focuses on collaboration and understanding of others' opinions and feedbacks. His/her objective is the one of creating a sharing climate, in which everyone can collaborate and give his/her opinion. This style fosters superior and innovative solutions and is useful when co-workers are prepared and willing to cooperate.
- Pacesetter Leader. He/she focuses on performance and the achievement of goals; he/she is very demanding and expects excellence from the team. There is more focus on technical aspects of performance, rather than on emotions; he/she expects to be always understood and does not trust co-workers. This style can be useful only when co-workers are autonomous and highly motivated.
- Commanding Leader. He/she uses an autocratic approach, focusing only on team results. His/her feedback is not aimed at encouraging others but only on focusing attention on results. This is the less effective style because it impacts negatively the organizational climate, causing stress and negativity. It can be carefully used to break up with the past and break solid negative routines.

In order to obtain a superior performance, as with emotional and social competencies, it is not sufficient to master one leadership style but it is fundamental to use at least four of the six styles according to the situation. Goleman (2002) identifies among the four most relevant styles the commanding, coaching, democratic and affiliative; who masters at least these four obtains better performances and has a greater impact on organizational climate. Each leadership style taps on different emotional and social competencies. To apply visionary leadership a leader must possess inspirational leadership, self-awareness, empathy, integrity and ability to foster change. Coaching leaders are stronger in developing others, emotional awareness and empathy. Affiliative leaders need to have empathy, know how to manage conflict and relations network. To apply a democratic

leadership style, you have to master team work, empathy and conflict management competencies. Commanding leaders usually possess influence, achievement orientation and empathy. Pacesetter leaders are considered to master achievement orientation, initiative and empathy.

Leadership is considered as the ability to build and develop a team, to guide the team through coaching and mentoring, and to coordinate it. These characteristics are all necessary to build organizational climates which are favourable for innovation (OECD's Oslo Manual, 2005). Leaders have an important role in fostering innovation; their soft skills, and leadership styles, have a strong impact on innovation. Empirical research on the hotel and hospitality sector found a significant relationship between the managerial actions and the innovation climate in the firm. (De Jong et al., 2003, Grissemann et al. 2012). It is important that managers promote an organizational culture that encourages employees to be creative and think outside of the box, through a rewarding system that stimulates creativity.

CHAPTER 4

QUALITATIVE ANALYSIS OF INNOVATION IN THE VENETIAN HOTEL INDUSTRY

4.1 Introduction

The aim of this thesis is the one of analysing the innovation process in the Venetian hotel sector. The innovation process is not a standard process; it is diversified from sector to sector. It varies in terms of development, rate and speed at which change is introduced (especially technological change), ways in which organizations access the required knowledge, linkages among firms in the sector, organizational structure and culture, and in terms of institutional factors (OECD's Oslo Manual, 2005). Given the fact that the innovation process is not standardized along different industries, we wanted to give an overview of its characteristic in the Venetian hotel sector. In order to carry out this analysis, we started by studying the existing literature regarding the hotel sector and the innovation process. There is not a previous work examining this theme in the micro regional level we have chosen, and for this reason we started by academic researches studying innovation and the role of human resources in the hospitality sector worldwide. Moreover, we used the OECD Oslo Manual (2005), as the main reference to build a questionnaire, which aim was the one of measuring the innovation outputs of Venetian hotels.

In order to understand which was the sample to be analysed, we have selected official data coming from Geoportale, which is an online portal containing all lodging structures in the Venetian municipality. We considered as our sample all four and five stars hotel, because according to regional regulations they have a significant amount of services and rooms, and for this reason they have more characteristics that can be innovated, hence they are considered more useful for this thesis that has to consider the difference among

types of innovations, the drivers of innovation, the results expected from innovation, and the obstacles to the introduction of innovations.

After choosing the sample, we submitted the questionnaire measuring innovation outputs to all 140 hotels, through an email presenting the research and containing instructions to complete the online questionnaire. We used a Google form survey to create the questionnaire and collect the resulting data. Given the very low rate of response, only 2,86%, we contacted directly via telephone 80 out of 136 hotels (140 minus 4 hotels which responded to the online survey). We asked respondents to complete the questionnaire via telephone and we interviewed them to enrich the perspective about the innovation process. We proceeded with these interviews to build a qualitative research to the existing small data set resulting from questionnaires in order to achieve more meaningful results.

This qualitative research was carried out through the examination of existing literature and articles published by different authorities, among which the AVA (associazione veneziana albergatori), the Ciset (Centro internazionale di studi sull'economia turistica), telephone pre-interviews and interviews carried out with middle managers, managers and owners of Venetian hotels.

The results emerging from these two approaches were merged to give us a more general picture of the characteristics of the innovation process and the role of human resources in the Venetian hotel sector. There have been many limitations to this research, among these the low rate of response of the structures and the missing literature referring to these specific topics not only at regional level but also at national level. We hope, however, that this thesis will serve as an initial starting point to further analysis on these topics and this sector.

4.2 The sample: Venetian hotels

In chapter 2, we have seen the differences in national and regional classification of lodging facilities. Given that the focus of this thesis is the Venetian sector, we are considering as

our sample, four and five stars hotel in the municipality of Venice, which includes, besides the historical centre, the islands of the Venetian lagoon and Mestre.

From table 2.1, which reports data coming from Geoportale, the online portal that shows all the regularly registered lodging structures updated to the day before, we derive that the total number of Hotels in Venice are 418 according to the regulations of the Veneto region. The majority of Venetian hotels are 3 stars hotels and 4 stars. For the purpose of this thesis, we will consider the 4 and 5 stars hotels. This decision is based on the fact that according to the regulation above mentioned (DGR n. 807/2014), the hotels that have to provide specific services, such as a bar open at least sixteen hours a day, are only those having 4 or 5 stars. Moreover, given that the subject of this thesis is the one of understanding the innovation process, innovative behaviour and the innovation outputs of the hotels, it is necessary to consider structures that have an internal organization and that carry out a significant amount of activities and services that could be innovated.

The total number of hotels that has been considered for this thesis is of 120 four stars hotels and 20 five stars hotels, a total of 140 hotels.

4.3 The questionnaire

In order to measure innovation outputs in Venetian hotels, we have created one questionnaire, using Google's survey form.

The questionnaire was structured in order to gather general data useful to understand hotel and respondents' characteristics. It was based on the four categories of innovation proposed by the OSLO Manual (2005).

The initial part was aimed at recording the profile of the respondent. It asked the education level divided between middle school, high school diploma, bachelor degree, master degree, 1st level master and 2nd level master. The role of the respondent in the hotel: owner and general manager, general manager or other manager. The years working in the hotel and the years in which the respondent has been working in the same position in the same hotel. Additionally, we asked the years in which the respondent has been working in the hotel sector.

These information were useful in delineating the profile of the respondent, in terms of years of experience, education level and decisional power inside the organization. Figure 4.1 shows the part of the questionnaire aimed at collecting these information.

Figure 4.1 – Respondents general information

5. **Da quanti anni lavora in questo hotel? ***

Contrassegna solo un ovale.

- Meno di un anno
- 1-2 anni
- 3-5 anni
- 6-10 anni
- 11-20 anni
- Più di 20 anni

6. **Da quanti anni lavora in questo ruolo in questo hotel? ***

Es: Se ha indicato di essere manager (responsabile) indicare da quanti anni ricopre questo ruolo in questo hotel. Non considerare il periodo in cui occupava un ruolo diverso all'interno dell'hotel (es. semplice impiegato o addetto).

Contrassegna solo un ovale.

- Meno di un anno
- 1-2 anni
- 3-5 anni
- 6-10 anni
- 11-20 anni
- Più di 20 anni

7. **Da quanti anni lavora nel settore alberghiero? ***

Si prega di considerare anche gli anni di lavoro in altre strutture alberghiere.

Contrassegna solo un ovale.

- Meno di un anno
- 1-2 anni
- 3-5 anni
- 6-10 anni
- 11-20 anni
- Più di 20 anni

modo, viene raccolto al solo fine di inviare il report finale personalizzato.

3. **Il Suo titolo di studio ***

Seleziona tutte le voci applicabili.

- Licenza Media
- Diploma Istituto Superiore
- Laurea triennale (3 anni)
- Laurea magistrale o ciclo unico (5 anni)
- Master 1° livello
- Master 2° livello

4. **Il Suo ruolo in hotel ***

Contrassegna solo un ovale.

- Proprietario e General Manager
- General Manager
- Altro Manager (Responsabile F&B, HR, etc.)

Source: Innovation Questionnaire, Emma Rachello (2018)

The questionnaire then asked to the respondents the characteristics of the hotel in which they work. They were asked the number of stars of the hotel, the number of rooms, if the hotel is independent or is operating under a chain, the services provided, the number of employees and the type of customers of the hotel. Figure 4.2 shows the questions collecting these data.

Figure 4.2 – Hotels general information

8. Categoria Hotel *

Contrassegna solo un ovale.

- 3 stelle
- 4 stelle
- 5 stelle
- Altro: _____

9. L'hotel fa parte di una catena alberghiera o è indipendente? *

Contrassegna solo un ovale.

- Indipendente
- Fa parte di una catena alberghiera
- Altro: _____

10. Numero di camere hotel *

11. Che servizi offre il vostro hotel? *

Seleziona tutte le voci applicabili.

- Ristorante
- Bar
- Piscina
- Spa
- Sala conferenze
- Altro: _____

12. Come definisce la clientela del Suo hotel? *

Quale segmento di clientela frequenta il Suo hotel? Es: se la maggioranza della Sua clientela è costituita da turisti in vacanza inserire il valore 1. Se la Sua clientela è equamente divisa tra turisti e business men/women inserire il valore 3. Se la maggioranza della Sua clientela è costituita da business men/women inserire il valore 5

Contrassegna solo un ovale.

	1	2	3	4	5	
Turismo Leisure	<input type="radio"/>	Turismo Business				

13. **Numero di dipendenti ***

Si prega di indicare solo dipendenti assunti con contratti a tempo determinato o indeterminato attualmente in regola e attualmente operativi in hotel.

Contrassegna solo un ovale.

- 1-5
- 6-10
- 11-15
- 16-20
- 21-30
- 31-40
- 41-50
- 51-60
- 61-70
- 71-80
- 81-90
- 91-100
- Più di 100

Source: Innovation Questionnaire, Emma Rachello (2018)

The second section of the questionnaire was focused on the collection of data regarding innovation. It is based on the OECD Oslo Manual (2005) guidelines for measuring innovation. In fact, it present innovation in four different categories: product/service innovation, process innovation, marketing innovation and organizational innovation. Even though the Oslo Manual makes a distinction between technological innovation and organizational innovation, stating that within technological innovation we can find product/service and process innovation and within organizational innovation marketing and organizational innovations, we decided to overcome this categorization. We in fact kept each of the four categories made explicit in the OECD Oslo Manual, but we added for each type a sub-category dividing innovation outputs related to the introduction and/or use of a new technology and innovation not related to the introduction and/or use of a new technology. We will now present the four categories:

- Product/service innovation; this type of innovation includes the introduction of a new or significantly improved in terms of characteristics and/or use product or service directed to the customer.
 - Examples of innovation related to new technology: implementation of a new entertainment package in the room (new smart tv, new pc), the possibility to contact the reception and submit requests through a live chat.

- Examples of innovation not related to new technology: introduction of a new “resting system” (new beds, new pillows, new mattresses), new rooms design, opening of a new restaurant, bar, spa.
- Process innovation; this type of innovation includes new methods to manage the hotel processes.
 - Examples of innovation related to new technology: implementation of a new software to manage reservations, introduction of “fast” or “self” check-in, introduction of new technologies aimed at filing records.
 - Examples of innovation not related to new technology: new methods/procedures to file reservations, new contracts with suppliers.
- Marketing innovation; this type of innovation includes new approaches to the marketing function, such as new pricing decisions, new ways of communicating with customers, new customers’ segmentation.
 - Examples of innovation related to new technology: launch of a new websites, introduction of new revenue management software.
 - Examples of innovation not related to new technology: introduction of a new brand, introduction of a new communication strategy.
- Organizational innovation; this type of innovation includes new ways of organizing work and increase productivity of personnel.
 - Examples of innovation related to new technology: introduction of a new technology to detect best practices, introduction of a new e-learning platform for employees.
 - Examples of innovation not related to new technology: reorganization of the personnel to increase productivity, introduction of a new system to record “best practices”, the introduction of new training courses, the change in employees’ activities to increase productivity.

Each respondent was asked to rate the average grade of innovation of each subcategory, based on a Likert scale going from 1 (slightly innovative) to 5 (drastically innovative). Then, they indicated the number of innovations introduced, for each subcategory, in the last two years.

Figure 4.3 – Product/service innovation

1) INNOVAZIONE DI UN PRODOTTO E/O SERVIZIO

Questo tipo di innovazione include l'introduzione di un prodotto e/o servizio, indirizzato al cliente, nuovo o significativamente migliorato in termini di caratteristiche e/o di uso.

Esempi di innovazioni di un servizio includono: implementazione di un nuovo servizio in camera, l'introduzione di una nuova spa in albergo, inserimento di un nuovo pacchetto di intrattenimento nelle camere (ex. Nuovi pc, smart TV), ecc.

14. Innovazione di un prodotto e/o servizio collegata all'introduzione di una nuova tecnologia (considerare gli ultimi 2 anni) *

Inserire il grado di innovazione MEDIO delle novità introdotte in hotel e collegate ad una nuova tecnologia. Esempi di questo tipo di innovazione sono l'inserimento di un nuovo pacchetto di intrattenimento nelle camere (Nuovi pc, Smart TV), o la possibilità da parte del cliente di contattare l'hotel tramite una live chat dedicata sul sito web.
Contrassegna solo un ovale.

1 2 3 4 5

Leggermente innovativo Drasticamente innovativo

15. Numero di innovazioni di un prodotto e/o servizio collegate all'introduzione di una nuova tecnologia *

Indicare il numero di innovazioni introdotte negli ultimi 2 ANNI.

16. Innovazione di un prodotto e/o servizio NON collegata all'introduzione di una nuova tecnologia (considerare gli ultimi 2 anni) *

Inserire il grado di innovazione MEDIO delle novità introdotte in hotel e NON collegate ad una nuova tecnologia. Esempi di questo tipo di innovazione sono l'implementazione di un nuovo sistema di riposo (nuovi letti, nuovi materassi, nuovi cuscini, ecc), il cambiamento di design delle camere, apertura di un nuovo servizio nella struttura (nuovo bar, nuova spa).
Contrassegna solo un ovale.

1 2 3 4 5

Leggermente innovativo Drasticamente innovativo

17. Numero di innovazioni di un prodotto e/o servizio NON collegate all'introduzione di una nuova tecnologia *

Indicare il numero di innovazioni introdotte negli ultimi 2 ANNI.

Source: Innovation Questionnaire, Emma Rachello (2018)

Figure 4.4 – Process innovation

2) INNOVAZIONE DI UN PROCESSO

Questo tipo di innovazione include l'introduzione di nuovi metodi per la gestione dell'hotel in generale. E' inclusa l'introduzione di nuovi sistemi per gestire il front e back office, come l'introduzione di nuove tecnologie, software o tecniche.

Esempi di innovazione di un processo includono: l'introduzione di un nuovo software per la gestione delle prenotazioni, l'introduzione di un nuovo metodo di archiviazione pratiche, l'introduzione di un nuovo metodo di "fast" o "self" check-in, utilizzo di un nuovo software per gestire le richieste dei clienti durante il loro soggiorno, utilizzare nuovi tipi di contratti con i fornitori.

18. Innovazione di un processo collegata all'introduzione di una nuova tecnologia (considerare gli ultimi 2 anni) *

Inserire il grado di innovazione MEDIO delle novità introdotte in hotel collegate ad una nuova tecnologia. Esempi di questo tipo di innovazione sono l'implementazione di un nuovo software per la gestione delle prenotazioni, l'introduzione del "self" check-in e/o check-out tramite un nuovo servizio digitale.

Contrassegna solo un ovale.

	1	2	3	4	5	
Leggermente innovativo	<input type="radio"/>	Drasticamente innovativo				

19. Numero di innovazioni di un processo collegate all'introduzione di una nuova tecnologia *

Indicare il numero di innovazioni introdotte negli ultimi 2 ANNI.

20. Innovazione di un processo NON collegata all'introduzione di una nuova tecnologia (considerare gli ultimi 2 anni) *

Inserire il grado di innovazione MEDIO delle novità introdotte in hotel NON collegate ad una nuova tecnologia. Esempi di questo tipo di innovazione sono l'implementazione di un nuovo sistema per la gestione delle pratiche, l'introduzione di nuovi tipi di contratto con i fornitori.

Contrassegna solo un ovale.

	1	2	3	4	5	
Leggermente innovativo	<input type="radio"/>	Drasticamente innovativo				

21. Numero di innovazioni di un processo NON collegate all'introduzione di una nuova tecnologia *

Indicare il numero di innovazioni introdotte negli ultimi 2 ANNI.

Source: Innovation Questionnaire, Emma Rachello (2018)

Figure 4.5 – Marketing innovation

3) INNOVAZIONE NEL CAMPO DEL MARKETING

Questo tipo di innovazione include l'introduzione di un nuovo approccio al marketing, sia nelle decisioni di pricing che nei metodi di comunicazione e di segmentazione dei clienti. Esempi di innovazione includono: l'utilizzo di un nuovo sito web, l'utilizzo dei social media, l'introduzione di un nuovo metodo di comunicazione diretta con il cliente, introduzione di un loyalty program, introduzione di un nuovo brand, introduzione di un nuovo sistema di revenue management.

22. **Innovazione nel campo del marketing collegata all'introduzione di una nuova tecnologia (considerare gli ultimi 2 anni) ***

Inserire il grado di innovazione MEDIO delle novità introdotte in hotel collegate ad una nuova tecnologia. Esempi di questo tipo di innovazione sono l'implementazione di un nuovo sito web, l'introduzione di un nuovo software legato al revenue management.

Contrassegna solo un ovale.

1 2 3 4 5

Leggermente innovativo Drasticamente innovativo

23. **Numero di innovazioni nel campo del marketing collegate all'introduzione di una nuova tecnologia ***

Indicare il numero di innovazioni introdotte negli ultimi 2 ANNI.

24. **Innovazione nel campo del marketing NON collegata all'introduzione di una nuova tecnologia (considerare gli ultimi 2 anni) ***

Inserire il grado di innovazione MEDIO delle novità introdotte in hotel NON collegate ad una nuova tecnologia. Esempi di questo tipo di innovazione sono l'utilizzo di una nuova strategia per comunicare con il cliente, introduzione di un nuovo brand.

Contrassegna solo un ovale.

1 2 3 4 5

Leggermente innovativo Drasticamente innovativo

25. **Numero di innovazioni nel campo del marketing NON collegate all'introduzione di una nuova tecnologia ***

Indicare il numero di innovazioni introdotte negli ultimi 2 ANNI.

Source: Innovation Questionnaire, Emma Rachello (2018)

Figure 4.6 – Organizational innovation

4) INNOVAZIONE NELL'ORGANIZZAZIONE DEL LAVORO

Questo tipo di innovazione include l'introduzione di nuovi sistemi di organizzazione del lavoro per aumentare la produttività.

Esempi di innovazione dell'organizzazione aziendale includono: introduzione di un nuovo sistema di rilevazioni di "best practices", introduzione di un sistema di "raccolta idee" dei dipendenti, introduzione di un nuovo corso di formazione, introduzione di nuove soluzioni di gestione del personale.

26. Innovazione nell'organizzazione del lavoro collegata all'introduzione di una nuova tecnologia (considerare gli ultimi 2 anni) *

Inserire il grado di innovazione MEDIO delle novità introdotte in hotel collegate ad una nuova tecnologia. Esempio di questo tipo di innovazione sono l'utilizzo di un nuovo metodo di rilevazione delle "best practices", l'introduzione di una piattaforma di e-learning per i dipendenti.

Contrassegna solo un ovale.

1 2 3 4 5

Leggermente innovativo Drasticamente innovativo

27. Numero di innovazioni nell'organizzazione del lavoro collegate all'introduzione di una nuova tecnologia *

Indicare il numero di innovazioni introdotte negli ultimi 2 ANNI.

28. Innovazione nell'organizzazione del lavoro NON collegata all'introduzione di una nuova tecnologia (considerare gli ultimi 2 anni) *

Inserire il grado di innovazione MEDIO delle novità introdotte in hotel NON collegate ad una nuova tecnologia. Esempi di questo tipo di innovazione sono la riorganizzazione del personale per aumentare la produttività, l'introduzione di un sistema di "raccolta idee" dei dipendenti, il cambiamento nella divisione delle attività di ciascun dipendente.

Contrassegna solo un ovale.

1 2 3 4 5

Leggermente innovativo Drasticamente innovativo

29. Numero di innovazioni nell'organizzazione del lavoro NON collegate all'introduzione di una nuova tecnologia *

Indicare il numero di innovazioni introdotte negli ultimi 2 ANNI.

Source: Innovation Questionnaire, Emma Rachello (2018)

This questionnaire was sent via email, as a link directing to the Google's survey form, to the sample considered in this thesis: 140 hotels in Venice. Jointly with the link, we explained the aim of the research and gave instructions to complete the survey.

The return rate was very low and respondents were four; for this reason, we reached 80 hotels via telephone to collect answers to the survey.

4.4 Hotels' interviews

Among the main critiques on innovation databases in the hospitality sector and the existing empirical researches carried out in the last few years, there is the failure to capture all the relevant dimensions of the innovation process through questionnaires.

This limitation is explained partially by the difficulty in choosing the right indicators to measure innovation and in part due to the fact that sometimes innovations do not fall directly inside a category but rather tap in more than one category. This holds especially true in the hotel sector, where the simultaneity of production and consumption might accentuate the difficulty in distinguishing which type of innovation has been introduced and in measuring its impact (Camison and Monfort-Mir, 2012). In addition, the categorization of service innovations is not unique and standardized, there exist many interpretations on this subject.

The innovation decision-making process consists of two main steps (Veugelers and Cassiman, 1999); firstly, an organization has to decide whether to innovate or not, and secondly it has to plan the way in which it can execute activities to reach the aspired innovation. Those factors that influence the firm decision to innovate or not have been abundantly studied in the manufacturing innovation literature, while the hospitality sector, and in particular the hotel industry, lacks a deep analysis of those factors. The same holds true for the second phase of the innovation decision-making process. The importance of determining why organizations decide to innovate is fundamental in monitoring the forces that drive innovation activities (OECD's Oslo Manual, 2005).

To overcome these limitations and to monitor which forces drive and obstacle innovation activities in the Venetian hotel sector, we decided to complete our analysis through a brief interview to respondents. Through telephone and face-to-face interviews, we overcame also the problem deriving from the poor understanding of some managers and owners, which find particularly difficult to discriminate among different kinds of innovations, such the one identified in the questionnaire. This misunderstanding of the concept of innovation has been underlined by other researchers, such as Volo (2004).

We contacted 80 hotels via telephone to collect questionnaires and interviews, among these, 13 decided to respond to the questions via telephone and one decided to respond personally at their premises. Communicating with them directly via telephone gave us the

opportunity to collect more qualitative information about innovation. In this way, we were able to enrich the perspective on innovation that was resulting from the survey answers.

One limitation we found during this phase is the following: diverse hotels belonging to an hotel chain declared that they had policies prohibiting to disclose information to third parties, except for interviews previously approved by the central direction. We, consequently, had the possibility to collect only two surveys from hotels belonging to a chain. In particular, one is a structure belonging to and directly controlled from an international luxury chain and another is a franchise structure⁵.

To capture more relevant dimensions of the innovation process, we integrated results coming from the questionnaire with the following questions:

- Who is in charge of introducing innovations in the hotel?
- Why does your hotel innovate? Which are the reasons driving and motivating the introduction of innovations in your hotel?
- What does your hotel innovate? What are the innovations introduced in the last two years?
- What are the results expected from innovations?
- Which are the major obstacles to innovation in your hotel?

With these questions, we were able to understand the actor responsible for the introduction of innovation in the hotel; the causes/drivers of innovation; the object of innovation; the results managers and owners expect from changes derived from innovation and the obstacles that according to them hinder the introduction of novelties.

⁵ A hotel franchise can be vaguely compared to a chain, since it is a management agreement, that provides certain services (brand, reservation system, support, etc.) in return to follow specific regulations and procedures. In other words the hotel brand is shared by other proprietors.

4.5 Questionnaire results

After having contacted 140 hotels via email and 80 of them directly via telephone, we were able to collect in total 18 answers to the questionnaire.

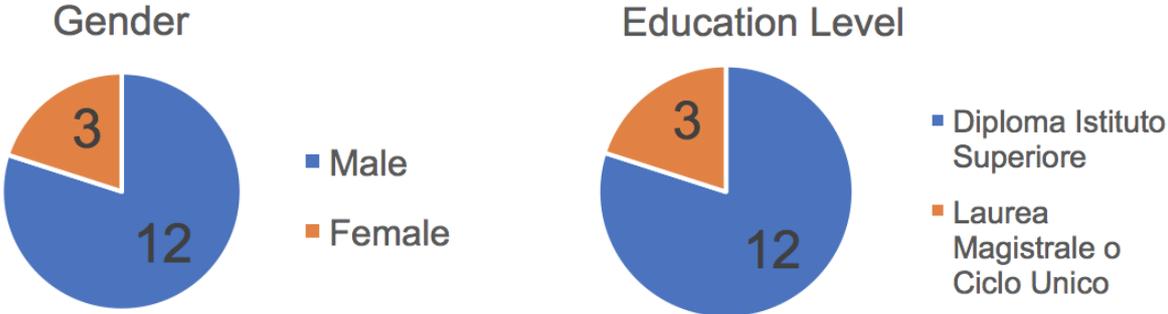
Among these results, three respondents gave us the results for two different structures each, because they shared the administration and control function. Hence, the respondents were 15 but the structures analysed are 18.

We reached 18 hotels, 17 four stars hotels and 1 five stars hotel. The impossibility to reach other five stars structures was mainly due to the fact that the majority of five stars hotels in Venice belongs to a chain, and as mentioned earlier they informed us that following their policy they could not discuss with us their newly introduced innovation. We collected information about two hotels belonging to a chain; the remaining 16 are independent structures.

According to the distinction to differentiate among micro and small firms and medium firms⁶, among our sample of 18 hotels there are 3 micro firms, having less than 10 employees, 8 small firms, having less than 50 employees and 7 medium firms, having less than 250 employees.

What emerged regarding the respondents' general information is described in the following figures and tables.

Figure 4.7 - Gender and education level of respondent



⁶ D.M. 18 aprile 2005, criteri di individuazione di piccole e medie imprese.

Figure 4.8 – Job position of respondents

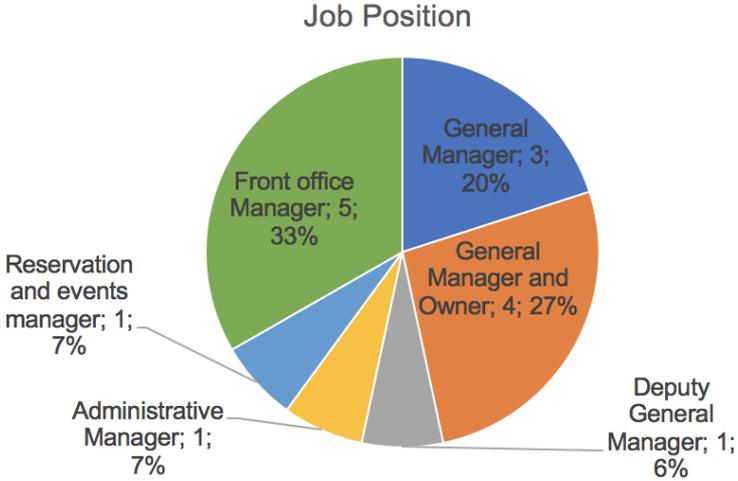


Table 4.1 – Years working in the hotel sector and years working in the hotel

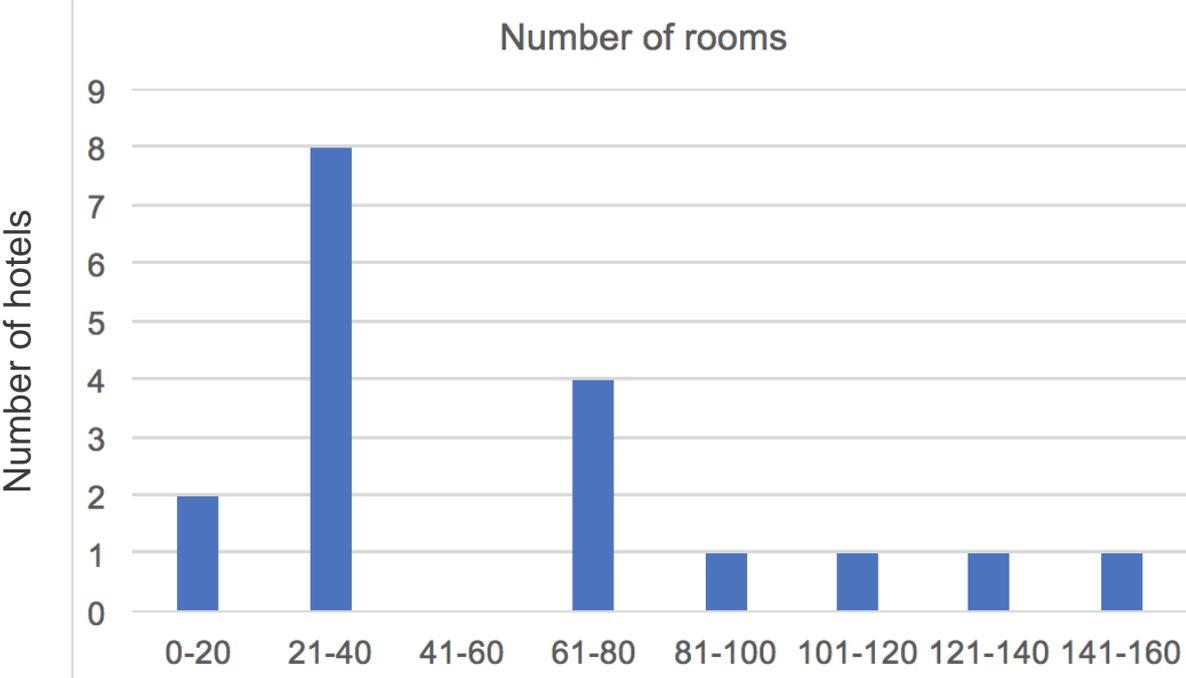
Years working in the hotel sector		Years working in the hotel
19,9	Sample mean	8,3
22	Sample median	7,5
22	Sample mode	4

The study of Peters and Pikkemaat (2005) demonstrates that education seems to have no influence on the degree of innovation in the hotel industry. This finding is somehow proved true also in the Venetian hotel sector, even though the sample was very small. The results highlighted the fact that all respondents were working in the hotel sector from at least 2 years, that the number of years working in the hotel and the number of years working in the hotel sector coincide in only two cases over 15, this seems to validate the existing literature claiming that in the hotel, and more generally hospitality, sector there is a high turnover rate.

What emerged from the results regarding the general information about 18 Venetian hotels (17 four stars and 1 five stars hotels) which responded to the questionnaire, is that hotels located in the historical centre and islands define their guests as 100% leisure, while hotels in Mestre define their guests as 50% leisure and 50% business. In particular,

the proportion in Mestre is highly dependent on the period taken under consideration. Other findings are summarized in the following figures.

Figure 4.9 - Number of rooms

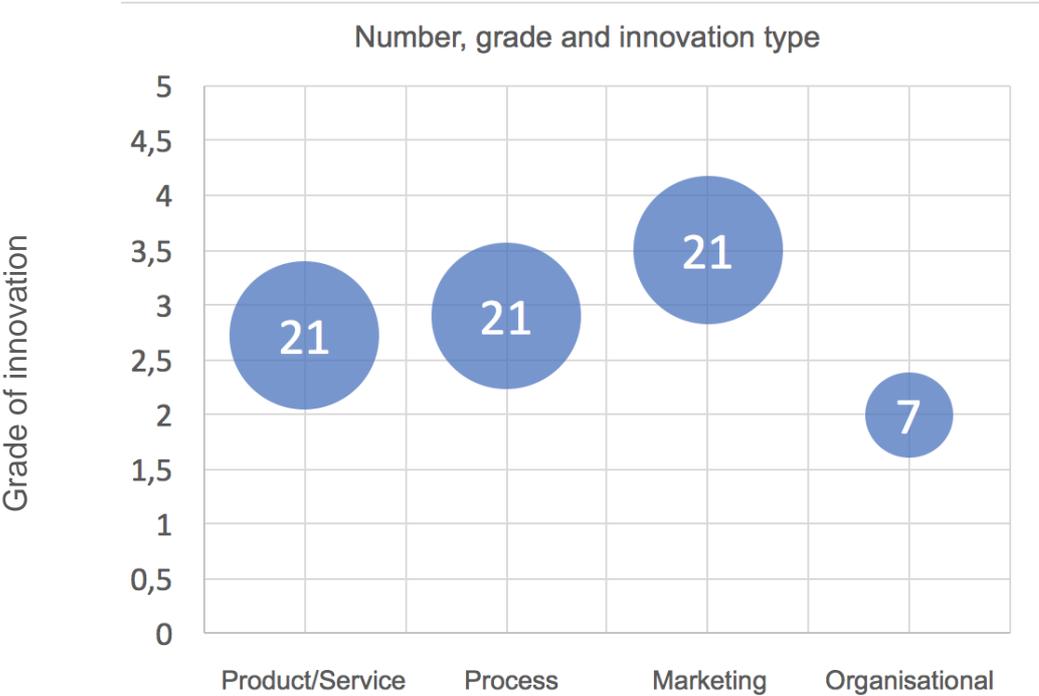


The majority of the hotels responding to our questionnaire has between 21 and 40 rooms. The mean is 56,3 and median is 36. We collected the number of rooms of respondents to understand if the hotel size in terms of rooms does affect innovation, the economies of scale may explain some innovation decisions made by firms. According to Camison et al. (2012), the reduced dimension of many hospitality firms might be an obstacle in reaching an optimum rate of innovation, given also diseconomies of scale. Moreover, this research highlights the fact that small companies often are resistant to change, both because employees resist change and because the organizational culture promotes a conservative rather than innovative approach. This seems to be exactly the case of the Venetian hotel sector, as we will see in the next paragraph, the majority of hotels interviewed indicated “resistance to change” as one the main obstacles to innovation.

Results regarding the characteristics of the innovations introduced in the last two years are summarized in the following figures. Among the 18 interviewed hotels, 3 did not

introduce any type of innovation in the last two years, the other 15 introduced at least one innovation. The total number of innovations introduced is 70, 21 fall under the definition of product/service innovation, 21 under process innovation, 21 under marketing innovation and 7 under organizational innovation. As shown in figure 4.10, the innovations that have been considered by managers as more radical and innovative are those introduced in the marketing area; while those less innovative are those introduced in the organisational area.

Figure 4.10 – Number, grade and type of innovation introduced in the last two years in 15 hotels



Organizational innovations introduced by Venetian hotels were very few, had low impact and were mainly related to new technologies. This factor is coherent with previous studies which highlighted that the larger the size of the hotels the larger their willingness to update their employees’ skills and train them with frequency (Orfila-Sintes et al., 2005). According to these studies their capability to do so is linked to economies of scale; given that the interviewed hotels have all less than 155 rooms and the median is 36 rooms, we can conclude that the very low dimension of Venetian hotels can be a reason that inhibits

their ability to introduce organizational innovations. Further analysis should be carried out to validate this result.

We then tried to understand if there are correlations among the number of rooms of an hotel and the number of innovations introduced. Results are presented in table 4.2.

Table 4.2 - Number of rooms and number of innovations introduced

<i>Number of rooms</i>	<i>Total N. of innovations</i>	<i>Average number of innovations per hotel</i>
0-20	5	2.5
21-40	34	4.25
61-80	25	6.25
81-100	3	3
101-120	2	2
121-140	1	1
141-160	0	0

From this table, we can derive that it is not true that larger hotels introduce more innovations. The tendency is true up to a certain point, number of rooms and increasing number of innovations introduced are correlated until the class comprehending hotels with 61 to 80 rooms, then the correlation seems to be inverted. This finding is not sufficiently meaningful, given the low number of respondents, to proof this tendency, however it suggests that economies of scale when introducing innovations are important until a certain threshold that probably changes from destination to destination, given that “innovation in tourism is an intrinsically territorial, localized phenomenon which is highly dependent on resources which are linked to specific places and are impossible to reproduce elsewhere” (Camison and Monfort-Mir, 2012). We will see in the next paragraph, with the integration of these data with interviews what are, according to managers and owner, the main obstacles to change and innovation.

Next table, tries to put in evidence the relation between number of employees and number of innovations introduced. It appears that the connection among the number of employees and number of innovations is unvaried for micro and small firms; then the

situation for medium firms changes drastically with a great increase of average number of innovations introduced per hotel.

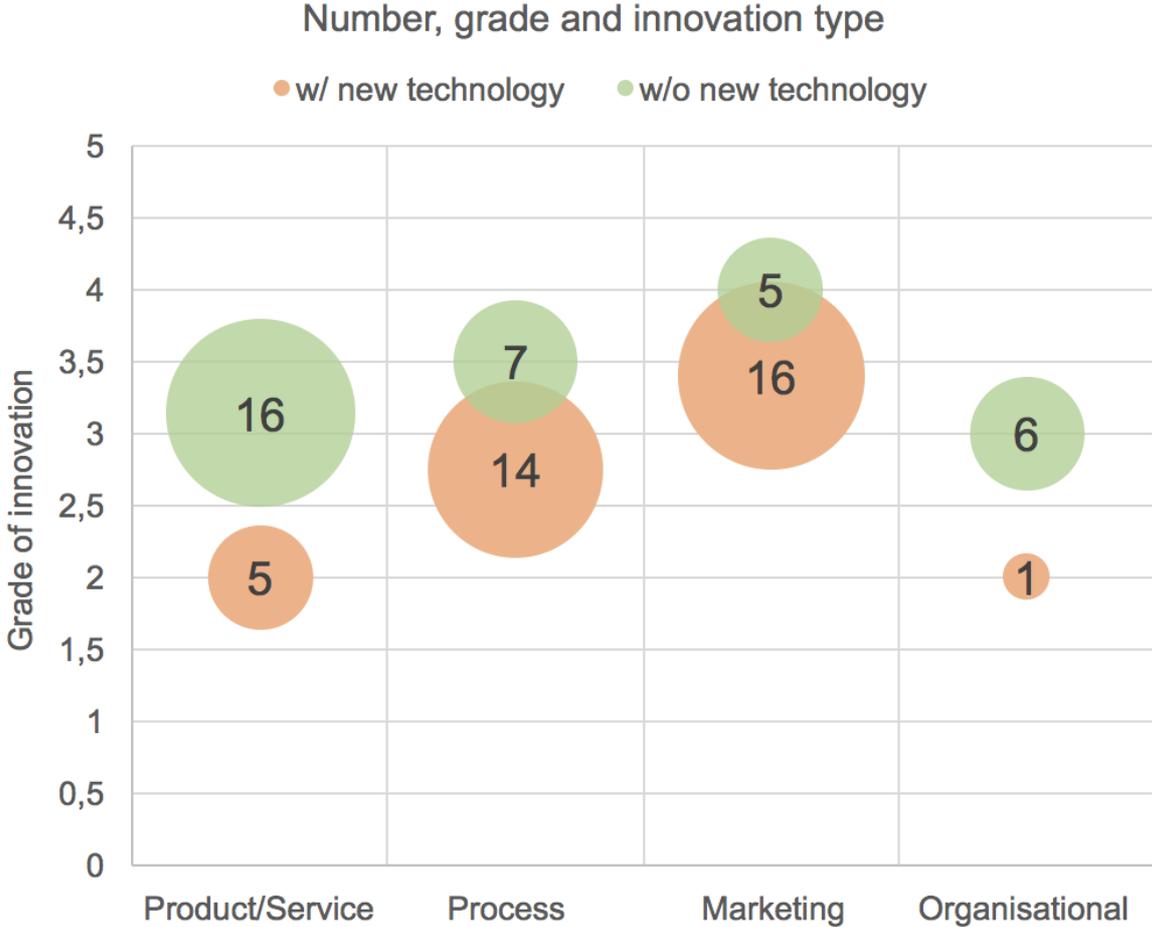
Table 4.3 – Number of employees and number of innovations introduced

<i>Number of employees</i>	<i>Number of hotels</i>	<i>Total N. of innovations</i>	<i>Average number of innovations per hotel</i>
Micro firm (less than 10 employees)	3	6	2
Small firm (from 11 to 49 employees)	8	16	2
Medium firm (from 50 to 249 employees)	7	48	6.85

This situation is however, as already said for the table before, not sufficiently supported given the low number of respondents. However, this result paired with respondents’ interviews gives us a hint for future detailed studies.

Finally, according to the way in which the questionnaire was designed we were able to determine how many of those innovations were related to the introduction of a new technology and how many were not. It emerged from the results of the questionnaire that innovations related to the introduction of a new technology have been rated, on average, less innovative than those not related to the introduction of a new technology. This result holds true for all the four categories of innovation, with no exception. Moreover, it is clear than in the process and marketing category there is a predominance of innovations related to a new technology, rather than those that are not. While for organizational and product/service innovation, the results show an opposite situation; the majority of innovations are not related to the introduction of a new technology. The results are presented in figure 4.11.

Figure 4.11 – Number, grade and type of innovations related to the introduction of a new technology or not



According to Pechlaner, Fischer and Hammann (2005), it is very difficult for SMEs to cooperate and create an innovative network, and for this reason the inter-organizational innovative network is underdeveloped. The most frequent model of innovation in SMEs in the hospitality sector is the one of acquiring innovation from third parties, often technology-related innovation, and integrate it in the firms’ operations. An example in the hotel sector, is the introduction of complex web structures to simplify the booking process for the final customer, or the introduction of complex software to manage multi-channel booking and reach more market segments. This study reflects the findings in the Venetian hotel sector where the majority of innovations introduced by independent hotels is technological and provided by third parties. Moreover, they have less impact because the majority of hotels use standard technology and software rather than customize these product and services to best fit the hotel characteristics and business strategy.

4.6 Interviews results

We presented to each hotel the same questions, whether they had been introducing something new in the last two years or not; the questions are the following:

- Who is in charge of introducing innovations in the hotel?
- Why does your hotel innovate? Which are the reasons driving and motivating the introduction of innovations in your hotel?
- What does your hotel innovate? What are the innovations introduced in the last two years?
- What are the results expected from innovations?
- Which are the major obstacles to innovation in your hotel?

The answers to these questions gave us the possibility to enrich our qualitative research with meaningful data and results.

In 17 out of 18 hotels, the figure in charge of introducing innovation are the owners or owner of the structure, only in 4 hotels this figure coincides with the general manager in the remaining 13 owners are not involved in the hotels' operations and functions daily. One hotel is part of a chain in which decisions are centralized, they conform to the decisions made by the group's headquarters and innovations are spread throughout the hotels belonging to the same chain. In every hotel considered, the final decision regarding the introduction or not of an innovation was in the hands of an owner, being it the group controlling the hotel, the single owner, the group of owners, or the owner-manager.

Thanks to the interviews we discovered that some owners accept managers and employees' suggestions and interpret them as strong recommendations, others accept them but interpret them as mere ideas and rarely are implemented.

Drivers that push hotels to innovate are diverse. Seven hotels affirmed the main driver to innovation is the possibility to increase revenue; five of them claimed that it is the only driver, one said that it is paired with the need to save time and avoid human errors, the other one indicated as a driver also the need to improve their market positioning, competitiveness, meet customers' needs and finally, introduced as a driver of innovation the changing legal requirements. Three hotels stated that their main driver to innovation is the desire to improve aesthetics; one hotel paired it with the desire to increase customer's satisfaction, and the other two paired it with the desire to enhance customer's

experience in their properties. Two hotels answered that their main driver is the need to save time in daily procedures, to be able to dedicate less time to routines and more time to customers' face-to-face contact. Two hotels replied that what drives innovation is the need to radically increase processes effectiveness. Two hotels responded that the main driver to innovation is to catch up with market changes. One hotel explained that innovation is introduced to meet franchise standards. Finally, the last hotel affirmed that for them the driver is to improve hotel climate for the well-being of employees and guests. We then asked what has been innovated in the last two years in the hotel. Four hotels introduced process and marketing innovations. Four hotels product/service innovations. Three hotels no innovation at all. Two hotels product/service, process, marketing and organizational innovation. Two hotels product/service and marketing innovations. One hotel only process innovations and one only marketing innovations. Finally, one hotel introduced product/service, process and marketing innovation.

Then, we asked which are the results expected from innovation. Six hotels claimed that they expect short term results and tangible monetary returns, one of them added that they count on these results within the next season (from the introduction of the innovation). Four hotels look for short term results for marketing innovations and long term results for those innovations that involve changes in processes, structures and work routines; among these four one specified that they expect both monetary results and increased customer satisfaction and two that innovations make them more appealing to the customer. One counts on high monetary benefits. One hotel expects high monetary returns and high time savings, a radical change that benefits the whole structure. One hotel counts solely on short term results. One claims that the awaited result is impact on daily operations and time savings. One hotel declares to expect high benefits in terms of time savings and customer satisfaction. One hotel hopes for time savings and reduced human errors. One hotel expects increased functionality and ease of use, more beauty and less stress. Finally, one hotel looks for medium and long term results aimed at enhancing customers' experience and brand reputation.

Finally, the last question of our interview dealt with obstacles to innovation. Nine hotels answered that the main obstacle is the resistance to change of employees, which are unwilling to change and broke their routines and are averse to variations; one hotels pairs it with the inability to cope with market dynamism, three of the nine hotels added that what hinders innovation are low returns to investment. Four respondents claimed that

the obstacle is the will of hotels' owners and their risk adversity; three of them added that it is usually paired with lack of money to be invested. Two hotels affirmed that in Venice costs to innovate are too high and there is too high bureaucracy, which hinders drastically potential innovators. One highlighted the fact that small hotels cannot face high costs and that returns to investment for this type of structure are too low. There are also two structures that admit that there are no real obstacles to the introduction of innovations. To present the qualitative information resulting from hotels' interviews we have decided to present a table to summarize our findings.

Table 4.4 presents the answers to the above-mentioned questions and identifies:

- Actor: who is in charge of promoting innovation, who introduces innovation;
- Cause/Drivers: why the hotel innovates;
- Object: what is usually innovated;
- Results: what does the actor and the hotel employees expect from innovation, whether expectations are met or not;
- Obstacles; what hinders innovation, the reason that prevents actors from innovating.

In this table, we divided the hotels based on the number of employees. This distinction was made to differentiate among micro and small firms and medium firms⁷. Micro firms have less than 10 employees, small firms have less than 50 employees and medium firms have less than 250 employees. We decided to make this distinction between micro-small hotels and medium hotels to analyse if according to the dimension of the firm the innovative behaviour changes. We then replicated the division per number of rooms, to understand if according to the dimension of the hotel the innovative behaviour changes. Table 4.2 reports the findings resulting from telephone interviews. Results will be commented in the next paragraph.

⁷ D.M. 18 aprile 2005, criteri di individuazione di piccole e medie imprese.

Table 4.4 – Actors and characteristics of innovation in the Venetian hotel sector. Division by more or less than 36 rooms and by more or less than 50 employees

	ACTOR	CAUSE/DRIVERS	OBJECT	RESULTS	OBSTACLES
More than 36 rooms (9 hotels)	Hotels' owners (9)	Increase revenue (4) and improve market positioning, competitiveness, customer satisfaction and meet changing legal requirements (1 of 4); save time in daily procedures (2); meet franchise standards (1); improve aesthetics and customer satisfaction (1); catch up with market changes (1)	Process and marketing innovation (2); product/service innovation (2); no innovation (2); product/service, process, marketing and organisational innovation (1); product/service and marketing innovation (1); process innovation (1);	Short term results and tangible monetary returns (5); Short term results for marketing innovations and long term results for the remaining types (2) and be more appealing to customers (1 of 2); short term results (1); reduced human errors and time savings (1)	Resistance to change of employees (5), plus inability to cope with dynamic market (1 of 5) and low returns to investment (2 of 5); owners' will and risk adversity (3) and lack of money (2 of 3); too high costs and bureaucracy (1)

<p>Less than 36 rooms (9 hotels)</p>	<p>Hotels' owners (8); hotel's group (1)</p>	<p>Increase revenue (3) and save time and avoid human errors (1 of 3); radically increase process effectiveness (2); improve aesthetics and enhance customer experience (2); catch up with market changes (1); improve hotel climate and well-being of employees and guests (1)</p>	<p>Process and marketing innovation (2); product/service innovation (2); no innovation (1); product/service, process, marketing and organisational innovation (1); product/service and marketing innovation (1); marketing innovation (1); product/service, process and marketing innovation (1)</p>	<p>Short term results and tangible monetary returns (2), within next season (1 of 2); Short term results for marketing innovations and long term results for the remaining types (2) and more appealing to customers (1 of 2); high monetary returns and high time savings (1); medium and long terms results, increased customer experience and brand reputation (1); high benefits in terms of time saving and customer satisfaction (1); high monetary benefits (1); increased functionality and ease of use, more beauty less stress (1);</p>	<p>Resistance to change of employees (4), and low returns to investment (1 of 4); owners' will and risk adversity and lack of money (1); too high costs and bureaucracy (1); too high costs for a small structure and low returns to investment (1); no obstacles (2)</p>
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More than 50 employees (7 hotels)	Hotels' owners (6); hotel's group (1)	Save time in daily procedures (2); increase revenue (2) and improve market positioning, competitiveness, customer satisfaction and meet changing legal requirements (1 of 2); improve aesthetics and enhance customer experience (1); catch up with market changes (1); meet franchise standards (1);	Product/service, process, marketing and organisational innovation (2); product/service innovation (2); process and marketing innovation (1); no innovation (1); process innovation (1);	Short term results and tangible monetary returns (3); short term results for marketing innovations and long term results for the remaining types (2) and more appealing to customers (1 of 2); medium and long terms results, increased customer experience and brand reputation (1); short term results (1)	Resistance to change of employees (4), plus inability to cope with dynamic market (1 of 4) and low returns to investment (1 of 4); owners' will and risk adversity and lack of money (2); too high costs and bureaucracy (1)
Less than 50 employees (11 hotels)	Hotel owners (11)	Increase revenue (5) and save time and avoid human errors (1 of 5); radically increase process effectiveness (2); improve hotel	Process and marketing innovation (3); product/service innovation (2); no innovation (2); product/service and	Short term results and tangible monetary returns (4), within next season (1 of 4); Short term results for marketing innovations and long term results for the	Resistance to change of employees (4), and low returns to investment (2 of 4); too high costs and bureaucracy (2); too high costs for a small

		climate and well-being of employees and guests (1); improve aesthetics and customer satisfaction (1); improve aesthetics and customer experience (1); catch up with market changes (1)	marketing innovation (2); product/service, process and marketing innovation (1); marketing innovation (1);	remaining types (2) and more appealing to customers (1 of 2); high monetary returns and high time savings (1); high benefits in terms of time saving and customer satisfaction (1); high monetary benefits (1); increased functionality and ease of use, more beauty less stress (1); reduced human errors and time savings (1)	structure and low returns to investment (1); no obstacles (2); owners' will and risk adversity (2) and lack of money (1 of 2);
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From this table, it emerges the fact that hotels with more than 36 rooms and those with less than 36 rooms, both identified the same main drivers, expected results and obstacles. In fact, at the top of each column, we find the most cited attributes and they coincide independently from the hotel size. Then, there are some differences in the least cited attributes; however, we conclude that the hotel size is not a discriminant for innovative behaviour, at least in our analysis. There is a need for more interviews to understand if this finding can be effectively validated for the Venetian industry. This finding is in contrast with Lopez-Fernandez et al.'s (2011) and Sundbo et al.'s (2007) researches. Larger firms, in the hospitality sector, tend to be more innovative because they have more resources, in terms of greater facilities, more skilled and trained workers and are in a better position to raise capital in the financial market (Lopez-Fernandez et al, 2011, Sundbo, Orfila-Sintes and Sorensen, 2007); however, in Venice, hotels with these characteristics are very rare, and this revelation is hard to prove.

About the discrimination between hotels with more than 50 employees and hotels with less than 50 employees, we observe the same findings. What differs among the two categories are drivers, the most cited for hotels with more than 50 employees are the possibility to save time on daily procedures and increase revenue, while on the other hand the main driver is only increase revenue. This might be explained by the fact that hotels with more than 50 employees have a general manager and other middle managers that have more influence on innovative decisions, and being them involved in daily operations they understand that improved and efficient functions are crucial to the hotel performance and competitiveness. However, as already said before there is a need for more interviews to understand if this finding can be effectively validated for the Venetian industry.

Finally regarding the object of innovations, that is what hotels have innovated in the last two years, the results are diverse and there is no apparent common thread that connects these decisions. About this, we have developed an innovation matrix that however could explain how Venetian hotels seem to approach innovation. We will see it in paragraph 4.7.1.

The fact that hotel owners and managers declare to expect both short term benefits, especially tangible monetary benefits, from their investments in innovation is in line with the findings of other similar studies, which find out that hotels culture do not usually favour the implementation of new product or services or processes with immediate costs

and long-term benefits, because hotels managers seem to be unaware of the key importance an high quality service to customers and achieve sustainable competitiveness (Orfila-Sintes et al., 2005). Few owners and managers (5 out of 18), recognize the importance of medium and long term results, especially for process and organizational innovation.

In conclusion, it emerges that the type of innovation to be adopted and the characteristics of each innovation (cost, impact, obstacles, results), have to be considered carefully based on the dimension of the lodging structure itself, in terms of number of rooms and also number of employees involved, the advantages in terms of savings (both monetary and time savings), and the costs to be borne and amortized throughout the hotel. In short, hotels carefully consider which are their real necessities and real possibilities, to the detriment of customer experience.

4.7 Qualitative analysis conclusions

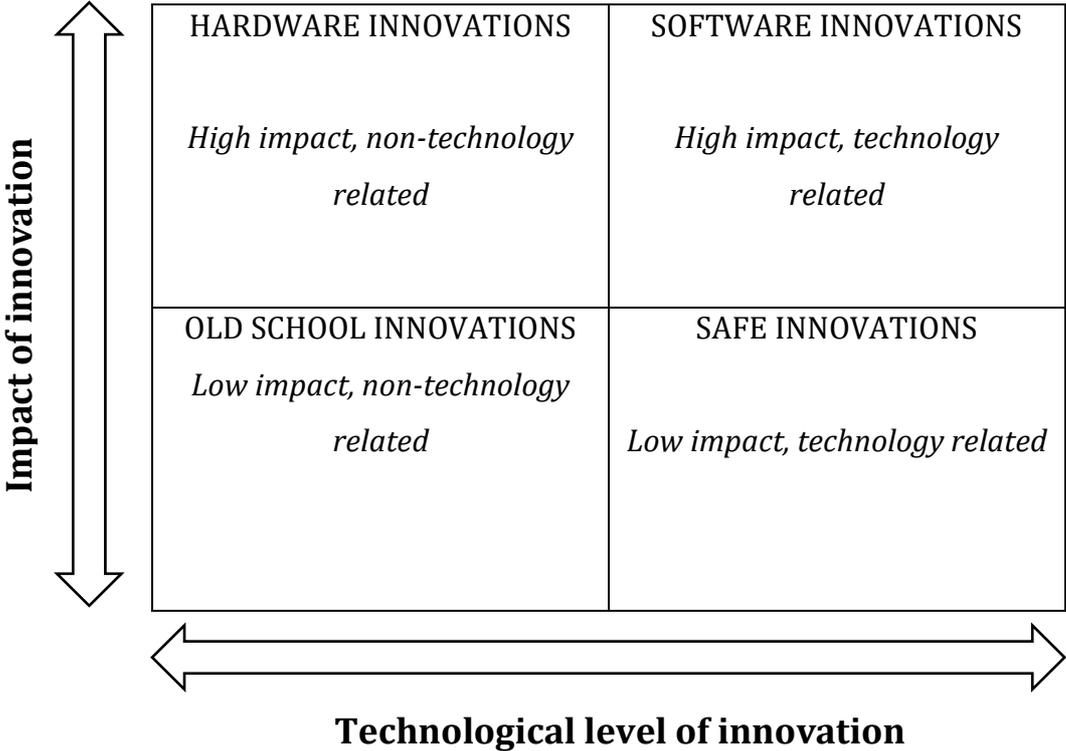
After having presented questionnaire results about hotel's and respondent's characteristics, the number and type of innovation introduced in the last two years and the answers to interviews, we will now present some conclusions derived from these data. The subject that promotes innovation inside a firm is an individual, or a group, which manipulates the existing knowledge to solve problems and produce new and useful outputs and ideas (Andreotti and Macchiavelli, 2008). The innovative firm is the one based on people, on knowledge and people's will (Vignali, 2006). Moreover, the firm that is able to gain an enduring competitive advantage over its competitors is a firm nurturing its employees' talent (Vignali, 2006). We understood that the subject promoting innovation inside Venetian hotels coincides with the owner or the group of owners, and rarely employees' and managers' will is taken into consideration. The fact that the innovation process is mainly in the owners' hands leads mainly to two scenarios. One is dominated by risk adversity, scarce understanding of the market and low involvement on hotel's activities, which in turn hinders innovation almost completely. The other scenario is dominated by experienced owners which have a deep understanding of the market and

the hotel sector, and having the possibility to directly affect and impact their firm, they decide to innovate and be innovative to be top players. We observed both scenarios in the Venetian hotel industry. When respondents reflect on the impediment to their innovative capacity, they point at resistance to change. This result is in line with previous studies on the sector. The hospitality sector is continually forced to create new products, new services and new processes to meet customers' needs and find new solution to problems (Peters and Pikkemaat, 2005). However, in terms of innovation and creativity, the hospitality sector is not among the most performing ones, rather it tends to rely on tradition and routines (Peters and Pikkemaat, 2005). This observation is probably a consequence of the lack of skilled personnel and knowledge highlighted by many scholars. It emerges in fact that the majority of managers and owners in the Venetian hotel sector still rely on their intuitions and experience to understand whether is time to innovate. In this sense, soft skills could be the secret ingredient that unlock the potential of the firm's knowledge generation and results in innovation output. It is crucial to promote a workplace and an organizational culture that encourages experimentation and change; employees and managers have to consciously contribute more to the firm innovation processes. Innovative work behaviours of employees do not depend on the size of the company they are working for, as emerged from our qualitative analysis; organizational size is not among those factors that can influence innovation inside a firm, it is rather the organizational structure and culture that can determine whether the environment in which employees operate is beneficial to innovation or not. To promote innovative behaviour and to avoid resistance to change it is fundamental to maintain a workplace atmosphere that encourages change; managers and owners should provide employees training not only to better carry out their daily operational tasks, but rather to cooperate with others, be captive, be adaptive and be able to manage change (Lopez-Fernandez et al., 2011). According to these results, we think that innovative behaviour and soft skills of hotels' managers, owners and employees should be tested. This, for sure, would be a pioneer study in the hotel industry and would add an interesting perspective to the innovation process and its drivers. This could be done in collaboration with the Ca' Foscari Competency Centre, which has developed the Become 360 questionnaire which is able to measure through auto evaluation and peer and colleagues' evaluation, the emotional and social competencies possessed by an individual. The initial aim of this thesis was the one of including such analysis and data, but it has emerged that managers and owners have

very low awareness of these topics and it has been concluded that the administration of this questionnaire without previous preparation would have led to contaminated results. For this reason, we hope for a greater awareness about the importance of human resources and their soft skills from hotel owners and managers in the following years, and for a greater collaboration of these actors with subjects like the Ciset and AVA, which could provide useful guidelines and strategies to positively and proactively approach innovation in the following years.

4.7.1 Snap-shot matrix, four clusters of innovations

Table 4.5 – Snap-shot matrix, four clusters of innovations



We tried to develop a model who could provide a snap-shot of the different types of innovations introduced by the interviewed Venetian hotels. With this aim, we developed a matrix having two dimensions, the impact of the innovation and its technological level. This matrix is not intended to be a static model; in fact, it describes the actual situation detected through interviews and questionnaires but it could reshape in the following

years. Based on the characteristics and typologies of innovations that the hotel introduces it defines itself as a specific type of innovator with a peculiar innovative behaviour. In this model, there are four different clusters:

- Hardware innovations: innovations that have a high impact in the structure, the grade of change which is brought by the introduction of the innovation is important. Novelties are non-technology related;
- Software innovations: innovations that have a high impact in the structure, the grade of change which is brought by the introduction of the innovation is important. Novelties are technology related;
- Old school innovations: innovations that have a low impact in the structure, the grade of change which is brought by the introduction of the innovation is minor. Novelties are non-technology related;
- Safe innovations: innovations that have a low impact in the structure, the grade of change which is brought by the introduction of the innovation is minor. Novelties are technology related;

The two dimensions of the matrix are the impact of innovation and the technological level of innovation. The impact is expressed as the grade of novelty of the innovation introduced and also the impact that it has in other functions of the hotel; in other words, it is the grade of change which is brought by the introduction of the innovation. Consequently, high impact innovations are those which implied a great change inside the organization, at almost all levels and for most employees, meaning that it changed significantly the way in which operations were carried out and the concept behind the execution of tasks. Low impact innovations, on the other hand are those characterised by a small change inside the organization, impacting only one function inside the hotel and only the employees assigned to the specific function, it changed slightly the way in which operations were carried out and did not change the reason and the concept behind the execution of tasks.

The other dimension of the matrix defines if the innovation is related to the introduction of a new technology or not.

An example of hardware innovation is the complete restyling of hotels' rooms. The grade of change brought by this innovation is important and influences everyone inside the hotel, from the receptionist to the general manager because it has a high impact on all

functions. Changing completely the room design and aesthetics changes the way in which it appeals to customers, the positioning of the structure with respect to competitors and probably also the revenue. An example of software innovation is the introduction of a new website which is able to collect direct bookings. The grade of change brought by this innovation is great and influences diverse functions inside the hotel, including receptionists, booking managers and general managers. This new direct approach to the customer has significant repercussions on the way in which processes are carried out inside the hotel. An example of old school innovation is the introduction of incremental improvements of the room, such as new bedding systems. The impact is limited to the well-being of customers and housekeepers, the grade of change deriving from this novelty is low. An example of safe innovation is the creation of a social media page of the hotel. It is considered “safe” because it consists in a novelty which is not difficult to implement and readily available, standardized. The impact is limited and does affect only few employees assigned to the management of the social media pages. It has however to be mentioned that an innovation like this can become of high impact if paired with a renewed branding and marketing strategy that reinvents the way in which the hotel approaches its customers.

It has emerged from interviews that Venetian hotels deal, usually, with one cluster of innovation or more than one cluster. The majority of the interviewed hotels introduce just one type of innovation at a time, having limited monetary resources and low management ability to coordinate more than one introduction at a time. Others are able to introduce more than one innovation type jointly, having more monetary resources and management ability. Another innovative behaviour is the one of focusing only on low impact innovations. We can conclude that there exist at the moment three type of innovative behaviour; the interviewed hotels can be classified as multi-dimension innovators, sequential innovators or wannabe innovators.

Multi-dimension innovators are able to innovate more dimensions at a time, for instance, they are able to introduce both hardware innovations and safe innovations together. *Sequential* innovators manage to introduce just one type of innovation at a time, for instance, they can introduce hardware innovations one year and safe innovations two years later. *Wannabe* innovators, would like to introduce more innovations and novelties in their hotels, but due to various obstacles focus only occasionally on low impact innovations.

In the Venetian hotel sector these three innovative behaviours are found and well fit to describe the way in which hotels' owners and managers deal with innovations. Every interviewed structure recognizes the importance of innovation.

Seven out of 18 hotels could be classified as *wannabe* innovators. They recognize the importance of innovation, but the approach to it is occasional and not formalized. They tend to focus only on low impact innovations (both old school and safe innovations). In these structures the main obstacles to innovation are resistance to change both of employees and owners and the unwillingness to bear too high costs. Nine out of 18 hotels could be classified as *sequential* innovators. Their approach to innovations is more formalized and they focus on one type of innovation at a time, but they are able to introduce novelties both with low and high impact. From the interviews, it has emerged that these structures are small in terms of rooms (less than 50) and number of employees (less than 50), except for two of them. This could explain their behaviour but further research is needed to understand if others factors can influence it.

Only two out of 18 hotels can be defined as *multi-dimensional* innovators. They were able of introducing diverse types of innovation simultaneously. Both structures can be classified as medium firms. What emerged from the interviews is that both structures have an extremely formalized approach to innovation and discuss their business plans and strategy focusing on medium and long term objectives only.

In conclusion, this qualitative research presenting attributes of the innovation process in the Venetian hotel sector has demonstrated that there are different approaches to innovation and that even if the hotel industry has a very low innovation rate it is worth to be analysed in more depth. Further research is required to collect meaningful data and strengthen results.

CONCLUSIONS

The aim of this thesis was to shed light on a dark spot of existing literature on innovation in the hotel sector. We analysed all the elements at our disposal; existing literature regarding the tourism and hospitality sector, the trends on hotel innovation worldwide, the opinions and positions of experts such as Ciset, Centro Internazionale di Studi sull'Economia Turistica, and AVA, Associazione Veneziana Albergatori, and finally we collected autonomously data about innovation in the Venetian hotel sector, both through questionnaires and open interviews.

Trends for innovation worldwide are converging toward a common thread, which is the vital importance of delivering an excellent, outstanding guest experience. The ways in which hotels have been doing so have changed in the last decades. Now, it is all about technology and ease of use, facilitating the guest through his/her experience, forecast his/her needs rather than understanding them. Hotels that are still looking to understand what their customers really want seem to be falling behind with respect to their competitors that have already these data available. From this overview of worldwide trends, we have confirmed the crucial importance of data, which have to be high quality and readily available. Looking at the Italian market, this importance has been recognised by the General Director of MIBACT, Mr. Palumbo, and other experts interviewed throughout our research. Also in the Venetian hotel sector, which is the focus of our thesis, the value of data has been recognized. What is fundamental is the shift from the conception of tourism and tourists as a blurred mass of people, to the idea that tourists are heterogeneous individuals with diverse needs, diverse approaches to travelling and diverse expectations. Innovation fits in this picture of a renewed conception of tourism, lodging structures and customers. Given that the focus is on excellent guest experience, being innovative is essential to be a top player in this industry.

We have then concentrated our efforts towards the understanding of what is innovation, and how it is measured in a service industry. It has immediately been revealed how this process is hindered by decades of focus on manufacturing industries rather than service industries. Since the early 2000s, there have been growing interests on studying innovation in the service sector, but there are still many limitations due to poor indicators, lack of comparability, and extremely heterogeneity of the service sector. We developed our personal questionnaire to measure innovation outputs introduced in Venetian hotels

in the last two years, based on previous researches and the OECD Oslo Manual guidelines. Results were then integrated with interviews to give a qualitative analysis of the innovation process in Venice.

It has emerged that Venice is a market characterized by specific traits, such as the high restrictions from a structural point of view, given the extremely tight rules derived from the priority of preserving an historical and unique city and, then, the small dimension of hotels located in the historical centre. Our qualitative analysis highlights as main driver to innovation the possibility to increase revenues and secondly the potential to radically improve processes. While, the main obstacle to innovation is resistance to change of employees, and in some cases, also of owners themselves. It is from this significant result that our literature review on human resources and soft skills impact becomes precious. Crucial to a successful firm in 2018, is the ability of its workforce to adapt, collaborate and be captive. However, the majority of managers and owners in the Venetian hotel sector still rely on their intuitions and experience to understand whether is time to innovate. In this sense, soft skills could be the secret ingredient that unlock the potential of the firm's knowledge generation and results in innovation output. It is crucial to promote a workplace and an organizational culture that encourages experimentation and change; employees and managers have to consciously contribute more to the firm innovation process.

There are four main limitations to this research. The first one is the low number of structures interviewed, which should be expanded to get a picture of the innovation process which is more meaningful. The second one is the variety of the sample analysed, other categories of hotels could be considered to highlight differences among groups. Thirdly the research could be enriched by adding comparisons among different cities and different Italian regions, and finally international cities, to detect the differences in innovative behaviour and their causes. Fourth, the research could be enriched by analysing more aspects discriminating innovation such as the management characteristics. There could be a focus on managers' soft skills, to detect if this specific set of skill is able to predict and foster innovation or not.

This qualitative research presenting attributes of the innovation process in the Venetian hotel sector has demonstrated that there are different approaches to innovation and that even if the hotel industry has a very low innovation rate it is worth to be analysed in more depth.

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