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The Role of Innovation and Entrepreneurship in Enhancing Competitiveness of Business in the Tourism Industry

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Academic Review Articles

The Role of Innovation and Entrepreneurship in Enhancing Competitiveness of Business in the Tourism Industry

Somsak Ounephaivong^{1*}

Abstract

Social competency has become an essential attribute for effective management in complex and diverse organizational environments. This study aims to examine the development of social competency through the integration of Buddhist principles, proposing a five-factor model grounded in both sociological and Buddhist theoretical perspectives. A quantitative survey design was employed, using a structured questionnaire administered to a sample of 240 respondents drawn from a population of approximately 2,500 employees, determined using Yamane's sample size formula. Descriptive statistics were used to analyze demographic characteristics, while inferential statistics, including one-way ANOVA and Pearson correlation analysis, were applied to examine relationships among demographic variables and social competency factors. The findings indicate that Buddhist-integrated social competency significantly varies across demographic groups and that all five factors are positively correlated. The study contributes to the growing body of literature on values-based management by demonstrating how Buddhist ethical and psychological principles can enhance social competency development. Practical implications are offered for leadership training and organizational development in culturally diverse contexts.

Keywords: Development; Social Competency; Buddhist; Integration

Introduction

The tourism industry has become one of the most dynamic and economically significant sectors worldwide, contributing substantially to employment, gross domestic product (GDP), and international trade (UNWTO, 2019; OECD, 2020). Tourism development not only supports local economies but also stimulates growth in related business sectors such as hospitality, transportation, and service enterprises (Hall, Williams, & Lew, 2014). Despite its economic importance, the tourism industry faces intense competitive pressures and ongoing challenges that require innovative strategies for sustainability and long-term growth (Hjalager, 2010). Research suggests that innovation and entrepreneurial activities are key determinants of

competitiveness and resilience within tourism markets, enabling firms to differentiate their offerings and respond effectively to evolving consumer demands and global market shifts (Schumpeter, 1934; Teece, 2007).

Innovation in tourism has been shown to foster stakeholder collaboration, facilitate the co-creation of travel experiences, and leverage digital technologies to enhance service quality and operational efficiency (Hjalager, 2010; Neuhofer, Buhalis, & Ladkin, 2015). Such transformative capabilities are vital as destinations and enterprises seek competitive advantage in a crowded global marketplace (Porter, 2008). Additionally, entrepreneurial orientation—particularly among small and medium-sized tourism businesses—contributes to economic diversification and employment generation, highlighting the importance of entrepreneurship education and supportive policy frameworks in shaping future market leaders in tourism (Lumpkin & Dess, 1996; Shane & Venkataraman, 2000).

This study investigates how innovation and entrepreneurship contribute to business performance in the tourism sector, focusing on both theoretical perspectives and empirical evidence from recent academic research. By integrating insights from innovation management and tourism entrepreneurship literature, this research aims to offer actionable recommendations for policymakers, business leaders, and educators seeking to strengthen tourism competitiveness in a rapidly evolving global context.

Innovation as a Source of Competitive Advantage in the Tourism Industry

Innovation has long been recognized as a fundamental driver of competitiveness across industries, and its importance is particularly pronounced in the tourism sector due to rapid changes in consumer preferences, technological advancements, and intensifying global competition. Unlike traditional manufacturing industries, tourism is characterized by high levels of intangibility, perishability, and experiential consumption, which heighten the need for continuous innovation to maintain relevance and competitiveness. As tourists increasingly seek personalized, authentic, and value-rich experiences, tourism businesses are compelled to innovate not only in products and services but also in processes, organizational structures, and business models.

The theoretical foundation of innovation as a source of competitive advantage can be traced to Schumpeter's (1934) theory of economic development, which conceptualizes innovation as a process of "creative destruction." According to Schumpeter, innovation disrupts existing market equilibria by introducing new combinations of resources that render older practices obsolete. These new combinations may take the form of new products, new production methods, new markets, new sources of supply, or new organizational forms. Within this framework, firms that successfully innovate gain temporary monopolistic advantages, enabling them to outperform competitors and shape market dynamics. In the tourism industry, creative destruction is evident in the emergence of digital platforms, sharing-economy models, and

experience-based tourism offerings that have fundamentally altered traditional business practices.

In tourism, innovation extends beyond technological change to encompass service innovation, organizational innovation, marketing innovation, and experience-based innovation (Hjalager, 2010). This broader conceptualization is particularly important given that tourism value creation is heavily reliant on human interaction, service quality, and emotional engagement. Hjalager (2010) argues that tourism innovation should be understood as a multidimensional phenomenon, reflecting the complex and interconnected nature of tourism systems. As a result, competitiveness in tourism is not solely determined by technological superiority but by the ability of firms to integrate multiple forms of innovation into coherent value propositions.

Empirical research consistently supports the assertion that innovative tourism firms are better positioned to differentiate their offerings and enhance customer satisfaction. Differentiation is especially critical in tourism markets, where many products are easily substitutable and price competition is intense. Through innovation, tourism businesses can create unique experiences that are difficult for competitors to replicate, thereby reducing price sensitivity and increasing customer loyalty. For example, destination-based storytelling, experiential accommodation concepts, and thematic tourism products represent innovative approaches that enhance perceived value and emotional attachment among tourists.

Hjalager (2010) identifies five primary categories of tourism innovation: product innovation, process innovation, managerial innovation, marketing innovation, and institutional innovation. Product innovation refers to the development of new or significantly improved tourism products and services, such as eco-tourism packages, wellness tourism experiences, or cultural immersion programs. Process innovation involves improvements in operational procedures that enhance efficiency, quality, or flexibility, such as online booking systems or automated check-in services. Managerial innovation includes changes in organizational structures, leadership styles, and human resource practices that support creativity and learning. Marketing innovation focuses on new branding strategies, distribution channels, and communication methods, while institutional innovation involves changes in governance structures, regulations, and stakeholder relationships that facilitate tourism development.

Each of these innovation types contributes to improved firm performance by enhancing value creation, cost efficiency, and strategic positioning. Importantly, these innovation forms often interact and reinforce one another. For instance, the introduction of a new tourism product may require changes in organizational routines, marketing strategies, and stakeholder collaboration. This interdependence highlights the systemic nature of innovation in tourism and underscores the need for holistic management approaches.

Technological innovation has received particular attention in tourism research due to the transformative impact of information and communication technologies (ICTs). Neuhofer, Buhalis, and Ladkin (2015) demonstrate that smart technologies—such as mobile applications, big data analytics, artificial intelligence, and Internet of Things (IoT) devices—enable tourism businesses

to deliver personalized and immersive experiences. These technologies allow firms to collect and analyze customer data in real time, tailor services to individual preferences, and enhance engagement throughout the customer journey. As a result, technological innovation strengthens customer satisfaction, loyalty, and perceived value.

The rise of digital platforms has also redefined competitive dynamics within the tourism industry. Online travel agencies, peer-to-peer accommodation platforms, and experience-sharing applications have lowered entry barriers and increased transparency, intensified competition while simultaneously creating new opportunities for innovation. Tourism firms that effectively leverage digital technologies can enhance their visibility, optimize pricing strategies, and expand market reach. Conversely, firms that fail to adapt to digital transformation risk marginalization and loss of competitiveness.

These developments align closely with Porter's (2008) competitive advantage framework, which emphasizes differentiation and value creation as key strategic outcomes. According to Porter, firms achieve competitive advantage by performing value-creating activities either more efficiently or in more distinctive ways than competitors. Innovation plays a central role in both strategies by enabling firms to redesign value chains, introduce unique offerings, and improve customer experiences. In tourism, innovation-driven differentiation is often more sustainable than cost leadership, given the sector's reliance on quality, authenticity, and emotional value.

Beyond firm-level competitiveness, innovation also contributes to the long-term sustainability of tourism businesses and destinations. Sustainability has become a critical concern in tourism due to environmental degradation, climate change, and socio-cultural impacts associated with mass tourism. Innovative practices such as eco-friendly accommodation design, renewable energy adoption, waste reduction initiatives, and community-based tourism models help mitigate negative impacts while enhancing destination appeal. Hall, Williams, and Lew (2014) argue that innovation is essential for aligning economic growth with environmental and social sustainability objectives in tourism.

Operational efficiency is another key dimension through which innovation supports sustainability and competitiveness. Process innovations, such as digital inventory management, dynamic pricing systems, and automated customer service solutions, enable tourism firms to optimize resource utilization and reduce operational costs. These efficiencies are particularly important in an industry characterized by fluctuating demand, seasonality, and high fixed costs. By improving adaptability and resilience, innovation helps tourism businesses withstand market volatility and external shocks, such as economic downturns or global crises.

The COVID-19 pandemic further highlighted the importance of innovation in enhancing the resilience of tourism businesses. Firms that rapidly adopted digital solutions, diversified revenue streams, or reconfigured service delivery models were better able to survive and recover. This experience reinforced the notion that innovation is not merely a growth-oriented strategy but a critical mechanism for risk management and crisis response in tourism.

At the destination level, innovation plays a vital role in maintaining competitiveness in an increasingly globalized tourism market. Destinations compete not only on natural and cultural resources but also on their ability to offer innovative experiences, efficient infrastructure, and high-quality services. Destination management organizations increasingly adopt innovation-driven strategies, such as smart tourism initiatives, integrated transport systems, and collaborative branding efforts, to enhance overall destination performance. These initiatives require coordination among multiple stakeholders, further emphasizing the systemic nature of tourism innovation.

Despite its recognized importance, innovation in tourism faces several challenges. Tourism businesses—particularly small and medium-sized enterprises—often lack financial resources, technological expertise, and managerial capabilities necessary to implement innovation effectively. Risk aversion, limited access to knowledge networks, and regulatory constraints may further hinder innovation adoption. These challenges underscore the need for supportive policy frameworks, capacity-building initiatives, and collaborative networks that facilitate knowledge sharing and experimentation.

From a theoretical perspective, the tourism innovation literature increasingly emphasizes dynamic capabilities as a key explanatory mechanism. Dynamic capabilities refer to a firm's ability to sense opportunities, seize them through strategic investments, and reconfigure resources in response to environmental change. In tourism, dynamic capabilities enable firms to integrate innovation into ongoing operations and adapt continuously to shifting market conditions. This perspective complements Schumpeterian innovation theory by highlighting the organizational processes that sustain competitive advantage over time.

In summary, innovation constitutes a central pillar of competitiveness in the tourism industry. Rooted in Schumpeter's (1934) theory of creative destruction, innovation enables tourism firms to differentiate offerings, enhance customer satisfaction, improve operational efficiency, and respond proactively to environmental and market challenges. Empirical evidence demonstrates that multiple forms of innovation—technological, organizational, marketing, and institutional—jointly contribute to superior performance and long-term sustainability. Supported by Porter's (2008) competitive advantage framework and contemporary tourism research, innovation emerges not only as a strategic tool for gaining market advantage but also as a critical mechanism for sustaining growth and resilience in an increasingly complex and competitive tourism environment.

Entrepreneurial Orientation and Business Performance in Tourism Enterprises

Entrepreneurship plays a central role in shaping competitiveness within the tourism industry, which is dominated by small and medium-sized enterprises (SMEs). Unlike capital-intensive industries, tourism relies heavily on entrepreneurial initiative, creativity, and localized knowledge to create value and respond to rapidly changing market conditions. As tourism

markets become increasingly competitive and uncertain, entrepreneurial behavior has emerged as a critical determinant of firm survival and growth. Within this context, the concept of entrepreneurial orientation (EO) provides a robust theoretical framework for understanding how entrepreneurial behaviors influence business performance and competitiveness.

Lumpkin and Dess (1996) define entrepreneurial orientation as a multidimensional construct comprising innovativeness, risk-taking, proactiveness, autonomy, and competitive aggressiveness. These dimensions collectively describe a firm's strategic posture toward entrepreneurship and opportunity exploitation. Firms with a strong EO are characterized by a willingness to innovate, take calculated risks, anticipate future market trends, and act decisively ahead of competitors. This strategic orientation is particularly relevant to the tourism industry, where demand volatility, seasonality, and experiential consumption create constant pressure for adaptation and differentiation.

The theoretical roots of EO are closely linked to strategic management and entrepreneurship theories that emphasize the role of firm-level behavior in shaping competitive outcomes. While traditional economic perspectives view entrepreneurship primarily as an individual-level phenomenon, EO shifts the focus to organizational-level processes and decision-making patterns. This perspective is especially valuable in tourism research, where organizational behavior often determines how effectively firms leverage resources, engage stakeholders, and deliver value to tourists.

In the tourism context, entrepreneurial orientation has been consistently associated with innovation capability and superior business performance. Shane and Venkataraman (2000) conceptualize entrepreneurship as the process through which opportunities are discovered, evaluated, and exploited. Tourism markets, characterized by evolving consumer preferences, cultural trends, and technological disruption, provide fertile ground for opportunity recognition. Firms with a strong EO are better equipped to sense emerging opportunities—such as niche tourism segments, experiential travel, or sustainable tourism—and transform them into viable business models.

Empirical studies provide substantial evidence supporting the positive relationship between EO and performance in tourism enterprises. Vigliarolo et al. (2020) find that tourism SMEs exhibiting high levels of entrepreneurial orientation demonstrate greater resilience, adaptability, and growth potential. These firms are more likely to innovate, diversify their offerings, and adjust operational strategies in response to external shocks. This adaptability is particularly important in tourism, where external factors such as economic fluctuations, political instability, and health crises can dramatically impact demand.

The innovativeness dimension of EO plays a central role in shaping tourism firm performance. Innovativeness reflects a firm's tendency to engage in creativity, experimentation, and the development of new products or services. In tourism, innovativeness manifests in the creation of unique experiences, thematic offerings, and customized services that enhance customer satisfaction and differentiation. Innovative tourism firms are more likely to adopt new

technologies, experiment with alternative service delivery models, and co-create value with customers. These practices contribute to enhanced brand reputation and long-term competitiveness.

Risk-taking, another core dimension of EO, refers to a firm's willingness to commit resources to uncertain ventures. Tourism entrepreneurship inherently involves risk due to demand uncertainty, seasonality, and high dependence on external conditions. Firms with a strong risk-taking orientation are more likely to invest in new markets, adopt emerging technologies, or introduce unconventional tourism products. While excessive risk-taking can threaten firm survival, calculated risk-taking enables tourism businesses to seize first-mover advantages and capture new market segments.

Proactiveness reflects a firm's forward-looking perspective and its ability to anticipate and act on future market trends. In tourism, proactive firms engage in continuous market scanning, trend analysis, and strategic planning to stay ahead of competitors. Proactiveness enables tourism enterprises to respond to changing consumer expectations, such as increased demand for sustainable tourism, wellness experiences, or digital engagement. Empirical evidence suggests that proactive tourism firms outperform reactive competitors by shaping market dynamics rather than merely responding to them.

Autonomy, as a dimension of EO, refers to the degree of independence granted to individuals or teams within an organization to pursue entrepreneurial initiatives. In tourism SMEs, autonomy often plays a critical role due to flatter organizational structures and closer proximity between decision-makers and customers. Autonomous decision-making facilitates rapid innovation, experimentation, and responsiveness to customer feedback. This flexibility allows tourism firms to tailor offerings to specific market niches and adapt quickly to changing conditions.

Competitive aggressiveness, the final dimension of EO, describes a firm's intensity in challenging competitors and defending market position. In highly competitive tourism destinations, firms must actively differentiate themselves through branding, pricing strategies, and service quality. Competitive aggressiveness encourages tourism enterprises to pursue bold strategies, such as entering new markets, enhancing service standards, or leveraging digital marketing platforms to increase visibility. When combined with innovation and proactiveness, competitive aggressiveness strengthens a firm's strategic positioning.

Beyond individual EO dimensions, research highlights the importance of EO as a holistic strategic orientation. The interaction among EO dimensions creates synergies that enhance firm performance. For example, innovativeness combined with proactiveness enables firms to introduce new offerings ahead of competitors, while risk-taking supported by autonomy facilitates experimentation and learning. This integrated view of EO aligns with dynamic capability theory, which emphasizes a firm's ability to reconfigure resources in response to environmental change.

Entrepreneurial orientation also fosters a culture of learning and experimentation within tourism enterprises. Learning orientation is critical in an industry where customer preferences, technologies, and regulatory environments evolve rapidly. Firms with strong EO encourage knowledge sharing, employee involvement, and continuous improvement, creating an organizational climate conducive to innovation. This learning-driven approach enhances absorptive capacity—the ability to recognize, assimilate, and apply new knowledge—which is essential for sustained competitiveness.

The relationship between EO and innovation is particularly salient in tourism research. EO acts as an antecedent to innovation by shaping managerial attitudes toward change and experimentation. Firms with strong EO are more likely to invest in research and development, collaborate with external partners, and adopt new technologies. As a result, EO indirectly influences business performance through its impact on innovation outcomes. This relationship reinforces the argument that entrepreneurship and innovation are mutually reinforcing drivers of competitiveness in tourism.

Contextual factors further moderate the relationship between EO and performance in tourism enterprises. Market turbulence, competitive intensity, and environmental uncertainty influence the effectiveness of entrepreneurial strategies. In highly dynamic environments, the benefits of EO are more pronounced, as proactive and innovative behaviors enable firms to cope with uncertainty. Conversely, in stable markets, excessive entrepreneurial activity may lead to inefficiencies or strategic misalignment. This suggests that the performance impact of EO is contingent upon environmental conditions.

Firm size and resource availability also shape how EO translates into performance outcomes. While SMEs often benefit from flexibility and agility, they may face constraints related to financial capital, managerial expertise, and access to technology. These limitations can restrict the scope of entrepreneurial initiatives and increase vulnerability to failure. However, research suggests that strong EO can help SMEs overcome resource constraints by encouraging creative problem-solving, networking, and opportunity-driven strategies.

In tourism destinations characterized by strong competition and saturation, EO plays a crucial role in differentiation and niche development. Entrepreneurial tourism firms often identify underserved market segments or develop specialized offerings, such as cultural tourism, adventure tourism, or eco-tourism. By targeting niche markets, these firms reduce direct competition and enhance perceived value. This strategic focus aligns with the resource-based view of the firm, which emphasizes the importance of unique and difficult-to-imitate capabilities in achieving competitive advantage.

Entrepreneurial orientation also contributes to destination-level competitiveness by fostering innovation ecosystems and collaborative networks. Entrepreneurial tourism firms often engage in partnerships with local communities, suppliers, and destination management organizations to co-create experiences and share resources. These collaborations enhance

knowledge exchange, reduce risk, and support collective innovation. As such, EO extends beyond firm-level outcomes to influence broader tourism development processes.

From a policy perspective, the importance of EO in tourism underscores the need for supportive institutional environments. Entrepreneurship education, access to finance, business incubators, and innovation support programs can enhance entrepreneurial capabilities and encourage risk-taking. Policymakers play a critical role in reducing regulatory barriers and creating conditions conducive to entrepreneurship. In destinations where supportive policies are in place, tourism firms are more likely to adopt entrepreneurial strategies and achieve sustainable growth.

The role of EO in crisis management has gained increased attention in recent years. Tourism crises—such as economic downturns, natural disasters, or global pandemics—expose the vulnerability of tourism enterprises. Research suggests that firms with strong EO are better equipped to respond to crises by rapidly adapting business models, exploring alternative revenue streams, and leveraging digital technologies. This resilience highlights EO as a strategic resource not only for growth but also for survival in turbulent environments.

Despite extensive empirical support for the EO–performance relationship, the literature also highlights several challenges and limitations. Measuring EO consistently across contexts remains a methodological concern, as cultural and institutional differences influence entrepreneurial behavior. Additionally, the optimal level of EO may vary depending on firm characteristics and environmental conditions. Excessive risk-taking or competitive aggressiveness may undermine long-term performance if not balanced with strategic planning and resource management.

Future research increasingly emphasizes the need to integrate EO with other theoretical perspectives, such as innovation capability, dynamic capabilities, and stakeholder theory. This integrative approach provides a more comprehensive understanding of how entrepreneurial behavior translates into sustainable competitive advantage in tourism. By examining the interactions among EO, innovation, and collaboration, scholars can better explain performance differences among tourism enterprises.

In summary, entrepreneurial orientation represents a critical strategic posture that shapes business performance and competitiveness in the tourism industry. Grounded in the multidimensional framework proposed by Lumpkin and Dess (1996), EO captures key entrepreneurial behaviors that enable firms to identify opportunities, innovate, and adapt to uncertainty. Empirical evidence demonstrates that tourism enterprises with strong EO exhibit superior innovation capability, resilience, and growth potential. By fostering learning, experimentation, and proactive market engagement, EO strengthens the competitive position of tourism firms and contributes to long-term sustainability in an increasingly dynamic global tourism environment.

Stakeholder Collaboration and Innovation Ecosystems in Tourism

Tourism operates within complex and highly interconnected systems involving a diverse range of stakeholders, including tourism businesses, government agencies, destination management organizations, local communities, non-governmental organizations, and tourists themselves. Unlike industries characterized by linear value chains, tourism functions as a networked system in which value is co-created through interactions among multiple actors. This interdependence makes stakeholder collaboration a central element in fostering innovation, enhancing destination competitiveness, and achieving sustainable tourism development.

Stakeholder theory, as proposed by Freeman (1984), provides a foundational framework for understanding the importance of collaboration in tourism systems. According to this theory, organizational success depends on the effective management of relationships with all stakeholders who influence or are influenced by organizational activities. Rather than prioritizing shareholders alone, stakeholder theory emphasizes the creation of shared value through inclusive decision-making and mutual engagement. In tourism, where the quality of the visitor experience is shaped by the collective actions of multiple actors, stakeholder alignment is particularly critical.

The application of stakeholder theory to tourism highlights the need for cooperation among public and private actors to deliver cohesive and competitive tourism experiences. Tourism businesses rely on infrastructure, regulations, cultural resources, and community support, while destinations depend on private enterprises to translate resources into marketable products. Misalignment among stakeholders can result in fragmented offerings, reduced service quality, and diminished destination competitiveness. Conversely, effective collaboration enhances coordination, trust, and innovation capacity across the tourism system.

Innovation in tourism increasingly occurs at the network or ecosystem level rather than within isolated firms. Innovation ecosystems refer to interconnected networks of organizations and individuals that collectively create, diffuse, and apply knowledge to generate innovative outcomes. In tourism, these ecosystems involve interactions among accommodation providers, tour operators, technology firms, cultural institutions, policymakers, and local communities. Such ecosystems enable the pooling of resources, sharing of knowledge, and co-creation of value, thereby accelerating innovation and strengthening competitive advantage.

Research suggests that strong networks and partnerships facilitate knowledge sharing, resource pooling, and co-creation of tourism experiences. Buhalis and Law (2008) highlight the transformative role of information and communication technologies (ICTs) in connecting tourism stakeholders and enabling coordinated destination management. Digital platforms support information exchange, collaboration, and integration across the tourism value system, allowing stakeholders to align strategies, optimize resource use, and enhance visitor experiences. These networks contribute to innovation diffusion and improve the overall competitiveness of tourism destinations.

The emergence of digital ecosystems has significantly altered the structure of tourism collaboration. Online platforms, destination management systems, and social media channels enable real-time interaction among stakeholders and facilitate collaborative marketing, data sharing, and service innovation. Through digital connectivity, small tourism enterprises gain access to broader markets and knowledge networks that were previously unavailable. This democratization of access enhances innovation potential and reduces structural inequalities within tourism systems.

Chesbrough's (2003) open innovation framework further reinforces the importance of external knowledge flows in driving innovation outcomes. Open innovation challenges the traditional closed model of innovation by emphasizing the use of external ideas, technologies, and partnerships to complement internal capabilities. In tourism, open innovation is particularly relevant due to the sector's reliance on diverse knowledge sources, including customer feedback, cultural traditions, and technological developments. By engaging external stakeholders, tourism firms can access new ideas, reduce innovation costs, and accelerate time-to-market.

Open innovation practices in tourism often involve collaboration with customers, communities, and technology providers. Co-creation of experiences with tourists, for example, enables firms to tailor offerings to specific preferences and enhance perceived authenticity. Similarly, partnerships with technology companies facilitate the adoption of digital solutions such as smart tourism applications, virtual reality experiences, and data-driven personalization. These collaborative arrangements expand innovation capacity and support differentiation in competitive markets.

Collaborative innovation ecosystems also play a critical role in destination-level competitiveness. Destinations are not single entities but complex systems in which multiple stakeholders jointly shape the visitor experience. Effective destination management requires coordination among accommodation providers, transport services, attractions, public authorities, and local communities. When stakeholders collaborate strategically, destinations can develop coherent branding, improve service quality, and enhance overall competitiveness.

Destination management organizations (DMOs) often serve as key coordinators within tourism innovation ecosystems. DMOs facilitate stakeholder engagement, support joint marketing initiatives, and promote innovation through capacity-building programs and partnerships. By acting as intermediaries, DMOs help align stakeholder interests and reduce coordination failures. Research suggests that destinations with strong collaborative governance structures are better positioned to innovate and adapt to changing market conditions.

Sustainability challenges further underscore the importance of stakeholder collaboration in tourism. Environmental degradation, climate change, and social impacts associated with tourism growth require collective action across sectors. Hall, Williams, and Lew (2014) argue that innovation is essential for achieving sustainable tourism development and that such innovation often emerges from collaborative processes. Sustainable tourism initiatives—such as eco-

certification schemes, community-based tourism, and low-carbon transport solutions—depend on coordinated efforts among businesses, governments, and communities.

Collaborative innovation ecosystems enable tourism stakeholders to address sustainability challenges by integrating economic, environmental, and social objectives. For example, partnerships between tourism firms and local communities can promote inclusive development and cultural preservation, while collaborations with environmental organizations support conservation efforts. These initiatives not only mitigate negative impacts but also enhance destination appeal among environmentally conscious tourists, thereby contributing to long-term competitiveness.

The interaction between entrepreneurship and stakeholder collaboration is particularly evident in tourism clusters and regional innovation systems. Geographic clustering of tourism enterprises, support institutions, and knowledge organizations facilitates informal knowledge exchange and collective learning. These clusters enhance innovation capacity by fostering trust, shared norms, and collaborative problem-solving. Empirical studies suggest that tourism clusters with strong stakeholder networks exhibit higher levels of innovation and competitiveness.

Knowledge sharing is a central mechanism through which stakeholder collaboration enhances innovation outcomes. Tourism knowledge is often tacit, experiential, and context-specific, making it difficult to codify and transfer through formal channels. Collaborative networks facilitate the exchange of tacit knowledge through face-to-face interactions, joint projects, and shared experiences. This knowledge exchange supports incremental and radical innovation, enabling tourism stakeholders to continuously improve offerings and processes.

The role of tourists as active stakeholders in innovation ecosystems has gained increasing attention in tourism research. Tourists are no longer passive consumers but active co-creators of experiences. Through feedback, online reviews, social media engagement, and participatory activities, tourists contribute valuable insights that inform innovation processes. Engaging tourists as stakeholders enhances responsiveness to market demands and supports the development of customer-centric innovations.

Despite the recognized benefits of stakeholder collaboration, several challenges hinder effective collaboration in tourism innovation ecosystems. Divergent interests, power imbalances, and lack of trust among stakeholders can impede cooperation. Small tourism enterprises may lack the resources or capabilities to engage fully in collaborative initiatives, while public-sector actors may face bureaucratic constraints. Additionally, coordination costs and information asymmetries can limit the effectiveness of collaborative arrangements.

Governance structures play a critical role in overcoming these challenges and enabling successful collaboration. Transparent decision-making processes, clear roles and responsibilities, and inclusive participation mechanisms enhance trust and commitment among stakeholders. Governance models that balance public leadership with private-sector initiative are particularly effective in fostering innovation ecosystems. These models encourage shared ownership of outcomes and align incentives across stakeholders.

Policy interventions are also essential in supporting stakeholder collaboration and innovation ecosystems in tourism. Governments can facilitate collaboration by investing in infrastructure, supporting knowledge-sharing platforms, and providing incentives for joint innovation projects. Policy frameworks that promote public–private partnerships and reduce regulatory barriers enhance the capacity of tourism systems to innovate. In regions where supportive policies are in place, tourism innovation ecosystems are more likely to thrive.

The importance of stakeholder collaboration became especially evident during periods of crisis, such as global economic downturns or health emergencies. Crises disrupt tourism systems and expose vulnerabilities in fragmented or poorly coordinated destinations. Research indicates that destinations with strong collaborative networks are more resilient and better able to coordinate crisis responses, share resources, and adapt strategies. This resilience reinforces the strategic value of collaboration beyond routine operations.

From a theoretical perspective, the ecosystem approach integrates stakeholder theory, open innovation, and systems thinking to provide a comprehensive understanding of tourism innovation. Rather than viewing innovation as a firm-level activity, the ecosystem perspective emphasizes collective value creation and interdependence. This shift aligns with contemporary views of competitiveness as a systemic outcome shaped by interactions among multiple actors.

The integration of digital technologies further strengthens tourism innovation ecosystems by enabling connectivity, data sharing, and real-time coordination. Smart tourism initiatives, which integrate ICTs with destination management, exemplify the potential of digital ecosystems to enhance innovation and competitiveness. These initiatives rely on collaboration among technology providers, tourism businesses, and public authorities, illustrating the convergence of digitalization and stakeholder engagement.

Despite growing recognition of the importance of innovation ecosystems, empirical research remains fragmented, and measurement challenges persist. Future studies should explore the dynamics of stakeholder collaboration across different cultural, institutional, and destination contexts. Longitudinal research designs can provide deeper insights into how innovation ecosystems evolve over time and how collaboration influences long-term competitiveness.

In summary, stakeholder collaboration and innovation ecosystems constitute a critical foundation for competitiveness in the tourism industry. Grounded in stakeholder theory (Freeman, 1984) and open innovation principles (Chesbrough, 2003), collaborative networks enable tourism stakeholders to share knowledge, pool resources, and co-create value. Empirical evidence demonstrates that destinations and enterprises embedded in strong innovation ecosystems are better positioned to innovate, adapt to change, and address sustainability challenges. By integrating entrepreneurship, innovation, and collaboration, tourism innovation ecosystems enhance both firm-level performance and destination-level competitiveness in an increasingly complex and interconnected global tourism environment.

Body of Knowledge

1. Evolution of Tourism Competitiveness Early tourism research focused on demand, destination attractiveness, and economic impacts. Contemporary scholarship views tourism as a dynamic, knowledge-intensive system. Competitiveness is now understood as a function of strategic capabilities, innovation, organizational behavior, and collaboration, rather than solely natural or cultural resources.

2. Innovation as a Driver of Competitiveness Grounded in Schumpeter's (1934) theory of creative destruction. Tourism innovation includes technological, service, organizational, marketing, and institutional forms. Empirical studies show innovation enhances customer satisfaction, operational efficiency, adaptability, sustainability, and resilience.

3. Entrepreneurial Orientation (EO) Rooted in strategic entrepreneurship theory. EO dimensions—innovativeness, proactiveness, and risk-taking—are critical in tourism SMEs. EO strengthens opportunity recognition, innovation capacity, adaptability, and growth in uncertain and competitive environments.

4. Stakeholder Collaboration and Innovation Ecosystems Informed by stakeholder theory and open innovation. Tourism destinations function as ecosystems involving firms, governments, communities, and tourists. Networks, partnerships, and digital platforms facilitate knowledge sharing, coordination, and innovation diffusion.

Taken together, the existing body of knowledge suggests that tourism competitiveness is a multidimensional and systemic phenomenon. Innovation provides the mechanisms for differentiation and adaptation; entrepreneurial orientation supplies the behavioral and strategic drivers of opportunity exploitation; and stakeholder collaboration creates the enabling environment in which innovation and entrepreneurship can flourish. Integrating these perspectives offers a comprehensive framework for understanding how tourism businesses and destinations achieve sustainable competitive advantage in an increasingly complex global environment.

Conclusion

This study examined the role of innovation and entrepreneurship in enhancing the competitiveness of businesses in the tourism industry by synthesizing insights from innovation theory, entrepreneurial orientation, and stakeholder collaboration literature. The findings from the reviewed literature clearly indicate that tourism competitiveness is a multidimensional and systemic phenomenon that cannot be achieved through isolated firm-level strategies alone. Instead, sustained competitive advantage emerges from the dynamic interaction between innovative capabilities, entrepreneurial behavior, and collaborative innovation ecosystems. Innovation was identified as a core mechanism through which tourism enterprises differentiate their offerings, enhance service quality, and improve operational efficiency. Rooted in Schumpeter's concept of creative destruction, innovation in tourism extends beyond

technological advancement to include service, organizational, marketing, and experiential innovations. These diverse forms of innovation enable tourism firms to respond effectively to changing consumer preferences, technological disruptions, and external shocks, thereby strengthening resilience and long-term performance. Entrepreneurial orientation further reinforces tourism competitiveness by shaping firms' strategic posture toward opportunity recognition, risk-taking, and proactive market engagement. Tourism enterprises with strong entrepreneurial orientation demonstrate higher levels of innovation, adaptability, and growth, particularly in volatile and competitive environments. Entrepreneurship thus functions as a catalyst that transforms innovation into measurable performance outcomes and supports firm survival during periods of uncertainty. At the system level, stakeholder collaboration and innovation ecosystems provide the enabling environment in which innovation and entrepreneurship can flourish. Tourism destinations operate as interconnected networks where value is co-created through cooperation among businesses, governments, communities, and tourists. Effective governance structures, open innovation practices, and digital platforms enhance knowledge sharing, coordination, and collective problem-solving, contributing to both firm-level and destination-level competitiveness.

In conclusion, this study highlights that the integration of innovation, entrepreneurial orientation, and stakeholder collaboration offers a comprehensive framework for understanding and enhancing competitiveness in the tourism industry. Adopting a holistic and system-based approach is essential for achieving sustainable growth, resilience, and long-term competitive advantage in an increasingly complex global tourism environment.

Suggestions

Suggestions for Implementation

Tourism businesses should prioritize continuous investment in both technological and non-technological innovation to strengthen differentiation and responsiveness to market changes. This includes adopting digital technologies, developing experience-based products, improving service processes, and fostering organizational cultures that support creativity and learning. Managers should actively promote entrepreneurial orientation by encouraging proactive decision-making, calculated risk-taking, and employee autonomy, particularly within small and medium-sized tourism enterprises.

Destination managers and policymakers should focus on strengthening stakeholder collaboration through inclusive governance mechanisms and public-private partnerships. Establishing digital platforms, innovation hubs, and knowledge-sharing networks can facilitate coordination and innovation diffusion across tourism systems. Policymakers are also encouraged to reduce regulatory barriers, improve access to finance, and support entrepreneurship education and training programs to enhance innovation capacity, especially among SMEs.

From a sustainability perspective, innovation and collaboration should be leveraged to promote eco-innovation and responsible tourism practices. Tourism stakeholders should work collectively to implement environmentally friendly technologies, community-based tourism initiatives, and sustainable destination management strategies. Developing collaborative crisis-management frameworks can further enhance destination resilience and preparedness for future disruptions.

Suggestions for Future Research

Future research should adopt integrative and longitudinal research designs to better capture the dynamic interactions among innovation, entrepreneurial orientation, and stakeholder collaboration over time. Long-term studies would provide deeper insights into how tourism innovation ecosystems evolve and how competitive advantages are sustained in changing environments.

Comparative studies across different countries, regions, or destination types would help clarify the influence of cultural, institutional, and economic contexts on tourism competitiveness. Additionally, mixed-method approaches combining quantitative analysis with qualitative case studies could enrich understanding of governance mechanisms, collaboration processes, and innovation outcomes within tourism ecosystems.

Further research is also encouraged to explore the mediating and moderating roles of factors such as digitalization, sustainability orientation, and crisis resilience in the relationship between entrepreneurship, innovation, and performance. Such studies would contribute to theory development and provide more actionable guidance for practitioners and policymakers.

Declaration of Interests

The author declares that there are no financial or personal relationships that could have influenced the research reported in this paper.

Ethical Considerations

This study is based on a review and synthesis of existing academic literature. As such, it did not involve human participants, primary data collection, or experimental procedures. All sources used in the study have been appropriately cited and acknowledged in accordance with academic integrity and ethical research standards.

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Definition of Conflicts of Interest

A conflict of interest refers to any situation in which an author's personal, financial, or professional relationships could inappropriately influence, or be perceived to influence, the objectivity, integrity, or interpretation of research findings. In the context of this study, no such conflicts of interest were identified.

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