Assessing the Tourist Product Innovations in Egyptian Tourism Enterprises

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Abstract

Despite of the positive development of tourism industry, based on the both economy and social development, however is facing problems of productivity and growth. Consequently, innovation as a driver of growth is destined to be the answer. Therefore, the need to be innovative has almost become a precondition for the survival, sustainability, and future growth of tourism industry in Egypt operating in a highly competitive global marketplace. Innovation differentiation advantage arises when a company creates the most up-to-date and attractive products by leading competitors in efficiency, quality, style, and design innovations. The competitors and customers of an innovative enterprise perceive it as being able to utilize the latest technology and introduce new goods or services at an early stage. The purpose of this research is to analyze the relationship between Tourist Product innovations in Egyptian tourism enterprises (dependent variable) and the (explicative / independent variables) "Changes or improvements to existing products, Commercialization of new tourist products and Research and Development to create new tourist products". The results of this research provide there is a significant and positive relationship with respect to the Variable: Tourist Product innovation with the independent variables. Findings of this study should inform policy discussions and the development of strategies to enhance innovation capacity among tourism enterprises.

Keywords: productivity, sustainability, competitors, competitive global marketplace, product innovation, tourism enterprises.

Introduction

Innovation is the process of bringing the best ideas into reality, which triggers a creative idea, which generates a series of innovative events. Innovation is the creation of new value. Innovation is the process that transforms new ideas into new value- turning an idea into value. You cannot innovate without creativity. Innovation is the process that combines ideas and knowledge into new value. Without innovation, an enterprise and what it provides quickly become obsolete (NESTA, 2008).

OECD, (2011, p: 10) defines innovation as the introduction of something new or different. Innovation is the implementation of creative inspiration. The National Innovation Initiative (NII) defines innovation as “the intersection of invention and insight, leading to the creative of social and economic value” Innovation is “value” – the creation of value adding value to customer’s satisfaction “delighting the customers”. Innovation is the basis of all competition advantages, the means of anticipating and meeting customer’s needs and the method of utilization of technology (Stone, 2009).
Innovation is fostered by information gathered from new connections; from insights gained by journeys into other disciplines or places; from active, collegial networks and fluid open boundaries (Hansen, 2011). Innovation arises from organizing circles of exchange, where information is not just accumulated or stored, but created. Knowledge is generated a new from connections that were not there before innovation requires a fresh way of looking at things, an understanding of people, and an entrepreneurial willingness to take risks and to work hard. An idea does not become an innovation until it is widely adopted and incorporated into people’s daily lives. Most people resist change, so a key part of innovating is convincing other people that your idea is a good one – by enlisting their help, and, in doing so, by helping them see the usefulness of the idea (Apakc, 2014). Although innovation can imply risk, uncertainty, high initial and continuous investments, the benefits such as price premiums for innovative product, customer loyalty, entry barriers for potential imitators, and differentiation from competition generally seem to outweigh the costs (Rosenbusch et al., 2011). Cheng and Krumwiede (2011) indicate that customer orientation has a positive relationship with service innovation.

Enterprises throughout the world are experiencing what can describe as a revolution: rising energy and material costs, fierce international competition, new technologies, increasing use of automation and computers. All these are major challenges, which demand a positive response from the entrepreneur and management if the enterprise is to survive and prosper. At a time when finance is expensive, the firm’s liquidity is bordering on crisis, the need for creativity, and innovation is more pressing than ever, and as competitors fall by the way side, the rewards for successful products and process are greater (Lecerf, 2012).

**Literature Review**

**A. Innovation Concept**

In today’s global and dynamic competitive environment, product innovation is becoming more and more relevant, mainly because of three major trends: intense international competition, fragmented and demanding markets, and diverse and rapidly changing technologies (Clark, 2010). Tourism companies that offer products adapted to the needs and wants of target customers and that market them faster and more efficiently than their competitors are in a better position to create sustainable competitive advantage (Prahalad, 2006). Competitive advantage increasingly derived from knowledge and technological skills and experience in the creation of new products (Teece et al., 2000).

Hansen et al. (2007, p: 32) assumed that innovation is “the introduction of a new product, service, or process through a certain business model into the marketplace, either by utilization or by commercialization”. Hence, encompasses: product innovation, service innovation, Process innovation, and business model innovation, and all contribute to strengthen the competitive advantage of a certain company. While Johannessen et al. (2001, p: 18) described innovation as "the creation of something new ". Also, he distinguished five areas in which companies can introduce innovation as the following:-
• Generation of new or improved products.
• Introduction of new production processes.
• Development of new sales markets.
• Development of new supply markets.
• Re-organization and/or restructuring of the company.

In tourism context, Elzek et al. (2020, p:1-14) defined innovation as “a set of new and creative operations aimed at developing the tourist destination and improving the services provided to the tourists in order to satisfy their desires and needs”.

B. Innovation Types

Innovation is the successful implementation of creative ideas within an organization. Newness or uniqueness of innovation is a matter of degree both in terms of the tangible characteristics and in terms of the relevant market. Innovation has two types as the following (Kunstler, B. 2007):

1) Incremental innovation:
   • steady improvements
   • based on sustained technologies
   • obedient to cultural routines and norms
   • immediate gains
   • develops customer loyalty
2) Disruptive innovation:
   • Change value proposition
   • Cause fundamental changes in marketplace
   • Experimentation and play/make believe
   • Needs to be nurtured for long periods
   • Worse initial performance, potential big gains
   • Creates new markets

Drucker identified four sources of innovation within a company or an industry (Morris, L. 2006):

• Unexpected occurrences
• Incongruities
• Process needs
• Industry and market changes

Three additional sources of opportunities exist outside a company in its social and intellectual environment (Rajee, F. 2005):

• demographic changes
• perceptual changes
• new knowledge

C. Innovation Elements

Innovation must increase competitiveness through efforts aimed at the rejuvenation, renewal, and redefinition of organizations, their markets or industries, if business are to be deemed entrepreneurial. Fitzpatrick (2000) identified the following elements of innovation:
a) **Challenge**: What we are trying to change or accomplish—the “pull”

b) **Customer focus**: Creating value for your customers – the “Push”

c) **Creativity**: Generating and sharing the idea(s) – the “brain”

d) **Communication**: The flow of information and ideas – the “life blood”

e) **Collaboration**: People coming together to work together on the idea(s) – the “heart.”

f) **Completion**: Implementing the new idea—the “muscle”.

g) **Contemplation**: Learning and sharing lessons lead to higher competency—the “ladder”

h) **Culture**: The playing field of innovation includes:

* Leadership: (sees the possibilities and positions the team for action-the role model)

* People: (diverse groups of radically empowered people innovate –the source of innovation)

* Basic values: (trust and respect define and distinguish an innovative organization-the backbone).

* Context: Innovation shaped by interactions with the world.

**D. Innovation Factors**

1) **Financial Factor (FF)**: Innovation can only occur if the capacity to innovate exists in a company. Innovation capacity refers to availability of resources, collaborative structures, and processes to solve problems (Lecerf, 2012).

2) **Firm Size (FS)**: Adoption and use of technology appears to be relation to the size of the company (O’cass and Weerawardena, 2009).

3) **Institutional Factor (IF)**: Institutional factors are important for SME’s innovation capability because factors related with the institutional environment may also affect innovation performance (Volchek, et al. 2013).

4) **Technological Capability (TC)**: competing companies forced to bring together their mutual resources and competencies and combine them to speed up the product development task and to develop unique products or technologies (Gynawali and Park, 2009).

5) **Consumer Preferences (CP)**: As customers can particularly drive innovation in SMEs, companies work closely with their customers on contractual work, and often have to develop new products to meet their requirements. (Lamprinopoulou and Tregar, 2011)

6) **Economic Factor (EF)**: The financial and economic crisis has impact on all areas of business activities and results in problems with accessing to financial sources which are needed to finance investments, especially for innovations (Lesáková, 2014).

7) **Culture Factor (CF)**: Values refer to act as social principles or philosophies that guide behaviors and set a broad framework for organizational routines and practices. (Hogan and Coote, 2013)

8) **Management Skills (MS)**: Manager/leader management style is one of the most important organizational characteristic predicting innovation adoption among organizations. (Kelley, et al. 2011)
9) **Learning Capability (LC):** The processes of learning at organizational level involve key components that support knowledge productivity processes, which include searching for information, assimilating, developing and creating new knowledge on products, processes, and services (Günsel, et al. 2011). Thus, Organizational learning has noted a positive relationship between organizational learning and firm innovation (Calantone, et al. 2002).

10) **Market Orientation (MO):** Market Orientation is typically involved with doing something new in response to market conditions; it is considered as an antecedent of innovation (Günsel, et al. 2011).

11) **Competitive Advantage (CA):** there are four indicators to measure the potential of firm resources to generate sustainable competitive advantages—value, rareness, imitability, and substitutability. Thus if company has valuable and rare resources like physical assets, capacities, organizational culture, patents, trademarks, information, and knowledge, it can use these resources to implement value-creating strategies that cannot be duplicated by other companies to obtain sustainable competitive advantages (Chen, 2009).

![Figure no (1) Innovation Factors](Source: Gaddefors (2007)).

**E. Innovation Forms**

Innovation categorized in three broad strands (Vedlitz, A. et al. 2008):

1) **Product Innovation:** Product innovation, alongside cost-cutting innovation and process innovation are three different classifications of innovation, which aim to develop a company's production methods. Thus, product innovation can be classified into two categories of innovation: radical innovation aiming at developing a new product, and incremental innovation, which aims at improving existing products (Paul, 2010).

2) **Service Innovation:** A service innovation always includes replicable elements that can be identified and systematically reproduced in other cases or environments (Glaeser, 2007). Service innovations regarded as new solutions in the customer interface presenting new distribution methods, novel application of technology in the service process, new forms of operation with the supply chain or new ways to organize and manage services (Atherton, 2007).
3) Process innovation:- Process innovation can generate value to internal customers, including employees or the actual organization itself, or it can create value to external customers, including business partners, end users or actual consumers. Process innovation can generate significant gains in product quality and service levels. Overall, an individual organization needs to see a significant increase in some of its key performance indicators (KPIs) to be a true process innovation (Lecerf, 2012).

F. Characteristics of Innovation
Innovation has a number of characteristics (Stone et al., 2008):

1) Relative Advantage:- over existing technologies - can be perceived, may be measured in economic terms, social prestige, convenience and satisfaction

2) Compatibility:- with existing values, past experiences, needs of potential adopters (and their social system)

3) Complexity:- degree to which an innovation is perceived as difficult to understand and use.

4) Treatability:- degree to which an innovation may be experimented with on a limited basis. A treatable innovation represented less uncertainty to a potential adopter.

5) Observability:- degree to which the results of an innovation are visible to others.

6) Re-invention:- adopting an innovation is not necessarily the passive role of just implementing a standard template of a new idea.

G. Drivers for innovation (NESTA, 2008):
- Financial pressures to reduce costs, increase efficiency, do more with less, etc.
- Increased competition
- Shorter product life cycles
- Value migration
- Stricter regulation
- Industry and community needs for sustainable development
- Increased demand for accountability
- Demographic, social and market changes
- Rising customer expectations regarding service and quality
- Changing economy
- Greater availability of potentially useful technologies coupled with a need to exceed the competition in these technologies

H. Classifying firms by degree of innovativeness
Firms are classified according to their degree of innovativeness as follows:

1. The innovative firm is one that has introduced an innovation during the period under review. The innovations need not have been a commercial success – many innovations fail (Ryan, 2010).
2. **An innovation active firm** is one that has had innovation activities during the period under review, including those with ongoing and abandoned activities. In other words, firms that have had innovation activities during the period under review, regardless of whether the activity resulted in the implementation of an innovation, are innovation active (Hansen et al., 2007).

3. **A potentially innovative firm** is one type of “innovation active firm”, which has made innovation efforts but not achieved results. This is a key element in innovation policies: to help them overcome the obstacles that prevent them from being innovative (Paul, 2010).

I. **Sources of innovation opportunities**

The Sources of innovation opportunities descending order of reliability and predictability:-

**Source 1: The Unexpected:** A success, failure or event that is unplanned for is a clue that the world is changing and that an opportunity is available. It’s not necessary to completely understand why the world is changing, just that it is and how it can be exploited (Ryan, 2010).

**Source 2: Incongruity:** The gap between what “ought to be” and what “actually is” is an invitation to innovate. Incongruities are usually visible to people within an industry, but they have learned to live with them and so ignore them (Tita W. et al 2007).

**Source 3: The process need.** This is the opportunity that perfects a process which already exists, replaces a link which is weak or redesigns an old process around newly available knowledge (Smeds et al., 2004).

**Source 4: Changing industry and market structures.** The opportunities are valuable because they are visible to people outside of a particular industry and because they force everyone within the industry to redefine their business or perish (Evan, 2017).

**Source 5: Demographic change.** The magic here is pairing the knowledge of demographic with an understanding of what they mean. This requires getting out and talking to the people that are a part of the market being affected by demographic change (Rose, 2009).

**Source 6: Changes in perception.** Whether or not one sees the glass as half full or half empty is extremely important in determining what one wants (Smeds et al., 2004).

**Source 7: Knowledge based innovation.** This is the superstar of innovation (what most of us picture when we think of the word) and the riskiest. In essence it is creating new knowledge by applying two separate forms of knowledge (Ryan, 2010).

J. **Challenges for Innovation**

Innovation is the development or adoption of new concepts or idea that leads to any form of increased organizational or social benefit (UIS, 2009).
Innovation is vitally concerned with novel approaches, new ideas, and originality, and it the means by which ideas are exploited for competitive advantage. Hence, there are three activities should receive adequate priority management attention and the commitment of resources in any organization (Smeds et al., 2004);

- The need to investigate natural resources for the possibility of transmitting them into goods and services.
- The need to develop new technology which can be used to process the raw materials which may result from the investigation of natural resources
- The need to adapt existing technology so as make them accept local materials are substitutes

Through these activities, tourism business can generating fresh solutions to problems and the ability to inherit new products or services for a changing market are part of the intellectual capital market that gives an enterprise its competitive edge (Aija, 2005).

![Innovation Challenges](image)

**Figure no (2) Innovation Challenges**


**K. Factors hampering innovation activities**

1) **Knowledge factors** (Rose, 2009):
   - Lack of qualified personnel: Within the enterprise / In the labor market
   - Lack of information on technology / markets
   - Deficiencies in the availability of external services
   - Difficulty in finding co-operation partners for: Product or process development/Marketing partnerships
   - Organizational rigidities within the enterprise: Attitude of personnel/ managers towards change, Managerial structure of enterprise

2) **Institutional factors** (Orfila, 2005):
   - Lack of infrastructure
   - Weakness of property rights
   - Legislation, regulations, standards, taxation
3) Cost factors (Boer, 2004):
- Excessive perceived risks
- Cost too high
- Lack of funds within the enterprise
- Lack of finance from sources outside the enterprise: Venture capital / Public sources of funding

4) Market factors Novelli et al., 2005:
- Uncertain demand for innovative goods or services
- Potential market dominated by established Enterprises

L. The innovation-decision process

The innovation-decision process: is the process through which an individual passes from first knowledge of an innovation to forming an attitude toward the innovation, to a decision to adopt or reject it. There are five stages in the innovation-decision process (UIS, 2009):
1) Knowledge,
2) Persuasion,
3) Decision,
4) Implementation,
5) Confirmation,

M. The Role of Innovation in Tourism

Tourism is a very dynamic sector highly exposed to global competition and characterized by constant transformation (OrfilaSintes et al., 2005). Therefore, like in other industries of manufacture or services (Tidd et al., 2005), tourism firms need to innovate to survive, because otherwise their offerings are likely to become obsolete and have no demand.

Innovative approaches to product development in tourism are less likely to be constrained but not freed from technological considerations. Within tourism content, product innovation may include changes in facilities, services and systems or the 'packaging' or 'combination' of products offered (Boer H. et al. 2004). In addition, innovative opportunity lies in process innovation, aimed at reducing operating costs or improving marketing and service delivery effectiveness. The competitive advantage gained by such innovation may be transient, yet a failure to change can, of course, lead to short-term disadvantages (Tita W. et al 2007).

However market innovation is an important option for growth lies in tourism. The tourism sector characterized by an international market, requiring a differential approach to ensure penetration. (Subrahmany, 2005). The use of innovation in the tourism sector intends to increase the competitiveness of the firms through the increase of the productivity and improving quality service and/or introducing new products (Weiermair, 2006). But the tourism has some features that pose other ambitious challenges to tourism firms. Customer orientation plays a fundamental role in tourism innovation. The success of a tourism firms relies on the continuous adaptation of the changes in the demand side (Weiermair, 2006).
Nowadays, people’s consumer behaviour is continuously changing and tourist’s interests are the “experience” that a destination can offer. Another important fact is the rise of new destinations, particularly, in emerging economies. For the most mature tourism economies, innovation can be the way to offer new and higher quality products/services and thus compete with new markets (Sheidegger, 2006). It is important to underline that a higher number of (small and medium) tourism enterprises, compared with other sectors, suffer from lower labour productivity (Sheidegger, 2006), a serious problem given that tourism is a labour intensive industry. Even so, Blake et al. (2006) consider that spending on research and development can play an important role in the way resources are efficiently used in tourism firms.

N. Innovation Typologies in The Tourism Sector

The typologies can be adapted to the tourism sector, and a resulting classification of innovation types for the tourism sector based on the reviewed literature provided (OECD, 2005):

1- **product innovation** (an incrementally changed or radically new good or service that can be commercialized);

2- **process innovation** (the implementation of an incrementally changed or radically new production process or delivery method);

3- **organizational innovation** (the implementation of a new or incrementally changed organizational method or managerial form) and

4- **marketing innovations** (the implementation of a new or incrementally changed marketing strategy that develops the sales market).

Ottenbacher (2007) emphasized the role of the entrepreneur in the production of radical innovations when described the degree of innovativeness. Radical innovations are in most cases linked with technology. This type of innovation means that the previously followed pattern disrupted. However, the impact of radical innovations can only be measured after they have been implemented.

O. Measuring Innovation Activities

Many studies attempt to measure innovation activities, such as (van Stel, 2002):

- Use a measure of business ownership rates to reflect the degree of innovative activity.
- Change corresponds to innovative activity for an industry, and new product innovations introduced into the market.
- Mainly people in the pre-startup, startup and early phases of business.

On the other hand, Measures of technological change have typically involved one of the three major aspects of the innovative process (Stevenson, 2001):

- A measure of the inputs into the innovative process
- An intermediate output, such as the number of inventions which have been patented
- A direct measure of innovative output.
- Total number of innovations per one thousand employees in each industry.
P. Tourist Product innovation

Intangibility of Tourist Products implies a large amount of risk and uncertainty about customer value. For example, a tourist who booked a certain holiday package does not know with certainty what he can expect and how he will eventually perceive and judge the quality experienced in his vacation. Especially for a destination, it is crucial to create confidence, to determine quality criteria and to introduce measures to reduce risks for the customer (Bieger, 2002). In order to determine the characteristics of an innovative product one has to understand what the difference is between a new product and the products that existed before. A difference between two different states will always be measurable or perceivable. It could be increasing in performance, a new function or a completely new product that allows the user to do something in a new or better way (Johannessen et al., 2001).

So that, Hansen et al., (2007) identify the characteristics of product innovation as the following:-

• It derives from technology and is knowledge based.
• It either fulfils a need or seizes an opportunity.
• It is multi-disciplinary and includes a certain portion of creativity and novelty.
• It is a carrier of an idea or intent of changing something.
• It arises from a social activity, where humans work together in an integrated manner.
• Its effects are noticeable and have considerable influences its surrounding environment – most often in the form of successful business. So, the tourism enterprises need to recognize the importance of innovations in Tourist Products, where:-

• In spite of the services and tourism sector have become very mature markets requiring innovation and/or new tourism attractions, the current situation of the tourism industry are to be rather characterizing by minor only cosmetic changes in product display (Keller, 2002).
• Tourism Industry is undergoing rapid and radical change through new technology, more experienced consumers, global economic restructuring and environmental limits to growth are only some of the challenges facing this industry (Weiermair, 2001).
• SMEs and tourism companies, was faced increasing competition, and are confronted with declining numbers of tourists, but now, they face the challenge of providing increased value for money either through innovation–driven cost reducing changes in production and marketing processes or through product changes providing more varied tourism experiences for quality-conscious and saturated multi-option customers Which summoned Product innovation which constitute unique selling propositions and a strategy towards gaining new markets. (Smeral, 2003).
Methodology

Mouton, further (2001) states that an appropriate methodology has to be select, as well as suitable tools for data collection and analysis have to be chosen. The philosophy adopted in this research study emphasizes the use of quantitative method that most often used to collect, analyze and summarize data (Curran and Blackburn, 2001). Therefore, the quantitative method deemed to be appropriate to carry out this study in order to improve the quality of the research. Although results found from the adoption of the quantitative approach were important, they were however inconclusive since constructs used in the survey, were imposed on respondents. This did not allow an enough understanding of participants’ personal view of the salient factors that influence business success (Lewis et al., 2007).

Having critically reviewed the literature systematically and built the theoretical framework, a quantitative approach, using deductive reasoning, utilized in order to gather appropriate data, test the theoretical framework and gain general understanding of the dimensions that assess the Tourist Product innovation in Egyptian tourism enterprises. According to Aldás (2008), regression analysis is a statistical technique used to analyze the relationship between a single dependent variable and several independent. The objective of this technique is to use the independent variables with known values to predict the dependent variable. Each independent variable weighted by coefficients that indicate the relative contribution of each of the dependent variables to explain.

Thus, Regression Analysis can be used for two purposes: Firstly, can explain the relationship of one variable with others, or Second, for purposes Predictive when can estimate the behavior of a variable based on what is known of other variables that influence their behavior. Therefore, this statistical technique is best suited to meet the study objective, related to the determination of the key factors that explain the implementation of product innovation in the Egyptian tourism enterprises that develop Tourist Products/services.

In this study, this technique could explain the relationship between the independent variables and the Tourist Product innovation, or predictive purposes, or predictive purposes, when can estimate behavior of innovation in Tourist Products with the knowing of the other independent variables that influence their behavior. Therefore, it is very appropriate statistical technique to determine which independent variables relate to the innovation in Tourist Products.

\[
\text{ETPI} = \text{INNOPR}_1 + \text{INNOPR}_2 + \text{INNOPR}_3
\]

Where, \(\text{INNOPR}_1\) = Changes or improvements to existing Tourist Products / services

"This variable could influence the innovation in Tourist Product in the extent that Egyptian tourism enterprises make changes or improvements to existing Tourist Products / services."

\(\text{INNOPR}_2\) = Commercialization of new Tourist Products / services

-70-
"This variable could influence the innovation in Tourist Product due to the growth of tourism in Egypt, and therefore competition Egyptian tourism enterprises that sell Tourist Products/services."

INNOPR$_3$ = Research and Development (R&D) to create new Tourist Products/services

"This variable can be very important, because it can be an indicator in a developing country, where apparently many tourism enterprises, especially that sell Tourist Products and services, and do little research and development (R&D).

A survey designed and applied to a representative sample of 364 tourism enterprises’ Managers; the tourism enterprises were located in the cities of (Cairo – Alexandria).

Data Analysis

The researcher used the descriptive analysis that refers to the transformation of raw data into a form that would provide information to describe a set of factors in a situation that will make them easy to understand and interpret (Bougie, 2010). Salkind (2006) described descriptive statistics as the characteristics of the sample. This research has conducted based on a national sample of 364 Managers of the Egyptian tourism enterprises that assessed the level of innovation in Tourist Product they develop.

Descriptive analysis refers to the transformation of raw data into a form that would provide information to describe a set of factors in a situation that will make them easy to understand and interpret (Zikmund, 2003). It involves examining the characteristics of individual variables by enabling the researcher to obtain a better understanding of each of the variables as they are, without manipulation or attempt to establish causality (Bougie, 2010).

In the research sample, the highest percentage (55.7 %) belongs to the operation manager, followed by GM manager (20.3 %), Other HR manager (6.6 %), marketing manager (3.8 %) and product development manager (13.46 %).

Table No (1) Demographic characteristics of the respondents

<table>
<thead>
<tr>
<th>Respondents Position</th>
<th>Working Experience</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>GM Manager</td>
<td>1-9 years</td>
<td>74</td>
<td>20.33</td>
</tr>
<tr>
<td>HR Manager</td>
<td>10-15 years</td>
<td>49</td>
<td>13.46</td>
</tr>
<tr>
<td>Operation Manager</td>
<td>16-20 years</td>
<td>203</td>
<td>55.77</td>
</tr>
<tr>
<td>Marketing Manager</td>
<td>21-25 years</td>
<td>24</td>
<td>6.59</td>
</tr>
<tr>
<td>Product Development Manager</td>
<td>26 and above</td>
<td>14</td>
<td>3.85</td>
</tr>
</tbody>
</table>

From table (1), it is clear that the high percentage of respondents in tourism enterprises have working experience between 16-20 years which their positions are - as a research population sample - (55.77%) is operation managers.
Table No (2) Respondents attitude towards "innovation strategy"

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your enterprise has a strategy</td>
<td>199</td>
<td>165</td>
</tr>
<tr>
<td>for innovation</td>
<td>59.57</td>
<td>40.43</td>
</tr>
<tr>
<td>Short-Term</td>
<td>165</td>
<td>40.43</td>
</tr>
<tr>
<td>Long-Term</td>
<td>154</td>
<td>42.43</td>
</tr>
<tr>
<td>If yes, this strategy is</td>
<td>154</td>
<td>42.43</td>
</tr>
</tbody>
</table>

Through analysis responders’ point of view about innovation strategy, the study display that 59.57% have a strategy while 40.43% do not have, however 57.58% have a Long-Term strategy while 42.43% have a short-term strategy.

Table No (3) Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Average</th>
<th>Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ETPI</td>
<td>364</td>
<td>0</td>
<td>3</td>
<td>2.26</td>
<td>.757</td>
</tr>
<tr>
<td>INNOPR1</td>
<td>364</td>
<td>0</td>
<td>5</td>
<td>3.66</td>
<td>1.755</td>
</tr>
<tr>
<td>INNOPR2</td>
<td>364</td>
<td>0</td>
<td>5</td>
<td>2.75</td>
<td>2.173</td>
</tr>
<tr>
<td>INNOPR3</td>
<td>364</td>
<td>0</td>
<td>5</td>
<td>2.16</td>
<td>2.202</td>
</tr>
<tr>
<td>Valid N</td>
<td>364</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The implementation of product innovation programs in Egyptian tourism enterprises is a relatively emerging practice, and according to the results, these enterprises spend little effort yet. This is justified discriminately for each of the dimensions of product innovation assessed, so:-

**INNOPR1**: Innovation understood from efforts to make changes or improvements in existing Tourist Products had an average rating of 3.66 out of 5.0, by entrepreneurs, thus indicating that the level of changes or improvements in its products is being carried out in a priority for all enterprises surveyed. Similarly, reviewing the minimum and maximum obtained, appears that there are enterprises that have pleaded not make any effort in this direction, and others who have done the best to contribute to this task, so that not all have the same level of intent to innovate from the generation of changes in existing Tourist Products.

**INNOPR2**: Innovation understood from entrepreneurial efforts to commercialize new Tourist Products/services has had an average rating of 2.75 out of 5.0, on the part of employers, indicating that the level of commercialization of new Tourist Products are not being carried out as a priority in all enterprises surveyed, and compared to the generation of improvements in existing Tourist Products is not a task to run greater extent. Similarly, reviewing the minimum and maximum obtained, it appears that there are enterprises that have pleaded not make any effort in this direction, and others have made many efforts to do so, so that not all have the same level of intent to commercialize both new Tourist Products and services.

**INNOPR3**: Innovation understood from efforts to implement research and development (R & D) to create new products has had an average score of 2.16 to 5.0, by entrepreneurs, thus indicating that the level of R & D efforts to develop new Tourist Products are not being carried out as a priority in all enterprises surveyed.
Also, compared with tasks such as generating improvements in existing Tourist Products or marketing of both new Tourist Products and services, is a task that is executed by less than two, which allows us to understand that priorities by Tourist Product Innovation, R & D is the least interest in its current development in Egyptian tourism enterprises. Similarly, reviewing the minimum and maximum obtained, appears that there are enterprises that have pleaded not make any effort in this direction, and others have made many efforts to do so, so that not all have the same level of intent to run for research and development (R & D) to create new Tourist Products.

According to the results presented in the correlation matrix, it can be seen that the variables INNOPR1, INNOPR2, INNOPR3, have a significant relationship with respect to the Variable: (Innovation in Egyptian tourist Product), and that these relationships are positive, as show their coefficients. Table no. (4) shows a positive linear relationship with the dependent variable (Innovation in Egyptian tourist Product) with each of the independent variables, so that INNOPR3 (Research and Development to create new tourist products) and INNOPR2 (changes or improvements in existing tourist products) are variables that contribute most to the model to the extent that they are those that have a higher correlation coefficients.

**Table No (4). Correlation Matrix**

<table>
<thead>
<tr>
<th></th>
<th>ETPI</th>
<th>INNOPR1</th>
<th>INNOPR2</th>
<th>INNOPR3</th>
</tr>
</thead>
<tbody>
<tr>
<td>ETPI</td>
<td>1</td>
<td>.698**</td>
<td>.550**</td>
<td>.752**</td>
</tr>
<tr>
<td>INNOPR1</td>
<td>.752**</td>
<td>1</td>
<td>.495**</td>
<td>.368**</td>
</tr>
<tr>
<td>INNOPR2</td>
<td>.550**</td>
<td>.495**</td>
<td>1</td>
<td>.550**</td>
</tr>
<tr>
<td>INNOPR3</td>
<td>.752**</td>
<td>.368**</td>
<td>.550**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Correlation of Person</td>
<td>Correlation of Person</td>
<td>Correlation of Person</td>
<td>Correlation of Person</td>
</tr>
<tr>
<td>N</td>
<td>364</td>
<td>364</td>
<td>364</td>
<td>364</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (bilateral).**

**Table No (5). Summary of the Model**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Squared</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.878a</td>
<td>.771</td>
<td>.769</td>
<td>.364</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), INNOPR1, INNOPR2, INNOPR3  
b. Dependent Variable: tourist Product Innovation (ETPI)
It is clear that the factors of INNOPR1 (Changes or improvements to existing Tourist Products / services), INNOPR2 (Commercialization of new Tourist Products / services), INNOPR3 (Research and Development 'R&D' to create new Tourist Products / services) interpret 77% of change in tourist product innovation (ETPI).

Table No (6) ANOVA Analysis for the proposed model

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>160,523</td>
<td>3</td>
<td>53,508</td>
<td>403,980</td>
<td>.000a</td>
</tr>
<tr>
<td>Residual</td>
<td>47,683</td>
<td>360</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>208,206</td>
<td>363</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), INNOPR1, INNOPR2, INNOPR3
b. Dependent Variable: tourist Product Innovation (ETPI)

Table No (7) Matrix of coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>(Constant)</td>
<td>1.067</td>
<td>.045</td>
<td>23.974</td>
</tr>
<tr>
<td></td>
<td>INNOPR1</td>
<td>.212</td>
<td>.013</td>
<td>16.753</td>
</tr>
<tr>
<td></td>
<td>INNOPR2</td>
<td>-.004</td>
<td>.011</td>
<td>-.320</td>
</tr>
<tr>
<td></td>
<td>INNOPR3</td>
<td>.199</td>
<td>.010</td>
<td>18.963</td>
</tr>
</tbody>
</table>

a. Dependent Variable: tourist Product Innovation (ETPI)

ETPI = C+ β1 INNOPR1+ β2 INNOPR2+ β3 INNOPR3
All β should ≠ 0 to determine that all variables explain the model
H0: β1=β2=β3=β4=β5=0
H1: some β ≠0

From ANOVA Table, it is revealed that this effect of factors INNOPR1 (Changes or improvements to existing Tourist Products / services), INNOPR2 (Commercialization of new Tourist Products / services), INNOPR3 (Research and Development 'R&D' to create new Tourist Products / services) on (tourist product innovation "ETPI") is significant where the value of F is 403,980 and sig.<0.05 which is the minimum level of significance expected, therefore the hypothesis H0 is rejected, and must be at least some β ≠ 0, and thus at least some of the independent variables explain the behavior of the dependent variable ETPI.

Subsequently the significance of the parameters evaluated individually. For this t-test is evaluated in the coefficient matrix, taking into account the hypothesis:
H0: βj =0 and:
H1: βj ≠0

INNOPR1 (Changes or improvements to existing Tourist Products / services), INNOPR3 (Research and Development 'R&D' to create new Tourist Products / services) have a significant individual significance within the model, and therefore could argued that the variables that contribute to it.
By contrast, INNOPR2 (Commercialization of new Tourist Products / services) should be discarded according to the first analysis, because it is not considerably significant for the analysis of dependent variable. With a corrected R2 of 0.769, the model is explaining 76.9% of the information with the variables used, namely INNOPR1 and INNOPR3. Therefore, once the model is estimated and diagnoses that confirm the validity of the results, the regression line obtained from the coefficient matrix is:

$$\text{ETPI} = 1.067 + 0.212 \cdot \text{INNOPR1} + 0.199 \cdot \text{INNOPR3}$$

From this equation, we can predict the level of innovation in the tourist product that will have a particular enterprise, if we know about their perceptions. Also to predict the degree of innovation of Egyptian tourist product, the regression coefficients also allow identifying the relative importance of individual variables to predict. In this case, it is clear that the variable INNOPR1 is the most important (0.212) followed closely by INNOPR3 (0.199).

<table>
<thead>
<tr>
<th>Table No (8) Regression Results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B</strong></td>
</tr>
<tr>
<td>Constant</td>
</tr>
<tr>
<td>INNOPR1</td>
</tr>
<tr>
<td>INNOPR2</td>
</tr>
<tr>
<td>INNOPR3</td>
</tr>
</tbody>
</table>

R2 = 0.77; **p<0.01
Source: Author

**Conclusion and Discussion**

According by ANOVA analysis, the significance level for the F test of the regression is 0.000, which is lower than 0.05 which is the minimum level of significance expected, therefore the hypothesis H0 is rejected, and must beat least some $\beta \neq 0$, and thus at least some of the independent variables explain the behavior of the dependent variable Tourist Product Innovation (ETPI).

The main conclusion of this study was the observation a significant relationship with respect to the Variable (ETPI) with the variables INNOPR1 (0.698**), INNOPR2 (0.550**), INNOPR13 (0.752**), and that these relationships are positives, as show their coefficients. Especially exists a positive linear relationship between the dependent variable ETPI with the independent variables: INNOPR3 (Research and Development to create new tourist products/services) and INNOPR1 (changes or improvements in existing tourist products/services) that are the variables that most contribute to the model.

Also to predict the degree of innovation of Egyptian tourist product, the regression coefficients also allow identifying the relative importance of individual variables to predict. In this case, it is clear that the variable INNOPR1 is the most important (0.212) followed closely by INNOPR3 (0.199). From previous results, innovation is occurring all the time. Everything can and will be replacing by something better; if not by you, then by someone else. Everything is a potential resource that can be use to fuel the Innovation process.
The ability to connect people with ideas or solutions to people facing risks or problems is a key to creating a self-sustaining, flourishing enterprise. Consequently, tourism enterprises need to innovate, growth and development cannot be sustained without additional innovations (usually in the tourist product or services or in its marketing). With additional innovations, tourism enterprises become “glamorous”, where introducing new products is usually seen as part of the process of innovation, which itself seen as the engine is driving continued growth and development?

The “winning performance” of tourism enterprises focuses on competing on quality not prices, domination of a market niche, competing in an area of strength, having tight financial and operating controls, frequent product or service innovation. Consequently, successful businesses will each employ their own strategy; they achieve competitive advantage through acts of innovation. Learning and problem-solving are common activities in many working environments today, but some people believe that true entrepreneurship occurs when individuals ignore the established ways of thinking and acting and seek novel ideas and solutions that can meet customers’ needs. Entrepreneurship is, therefore, the innovatory process involved in the creation of an economic enterprise based on a new product or service which differs significantly from products or services offered by other suppliers in content or in the way its production is organized nor in its marketing.

Small businesses have a greater proclivity to innovate than their large counterparts and are, therefore, crucial in helping a country respond to myriad changes in the economic, technological and social environment. Tourism enterprises need innovation to survive and thrive. Thus, they need leaders who excel at driving innovation. However, many leaders fall short when it comes to fostering ideas. What can do to support leaders as they create conditions that nurture innovation? Hence, most tourism enterprises need to constantly improve their existing products and services through continuously innovating needed changes; and for survival of the enterprise, must need to create new products and services to meet yet unfulfilled needs. Tourism enterprises that rely exclusively on innovation will prosper until their products and services run out of gases and become obsolete and non-competitive. On the other hand, tourism enterprises that are totally creative will have their new products and services ready to launch, but often too few current products sufficiently up-to-date and competitive to generate the cash needed to fund their creativity.

Therefore, changes are that the very successful leaders of the future will be more likely to make creativity and innovation a strategic priority in their organization. In today’s environment where competition requires business enterprises to be distinct and meet customer needs with better or never products and organization becomes in critical necessity. While innovation as the source of success in the market economy, tourism enterprises is not creative and innovative cannot survive in the market place. Thus, tourism enterprises are continuously creative and innovative to remain relevant to the customer, which is the purpose of every business.
Tourism enterprises have probably been innovating for some time... to thrive, or to survive! Innovation happens or ganically; it is human nature. Introduction of formal Innovation metrics or processes needs to recognize and reward existing practice whilst building Innovation Management as a critical process. The end-points of Innovation process may be outside tourism enterprise, put measures in place to sense and influence these. Ultimately, creating sustainable success for your customers creates sustainable success for you. Whether it found a formal Innovation process or not, you have ideas, and effort being spent on those ideas, flowing around tourism enterprise. Know where they are and stimulate the idea economy to drive conversion into value.

**Recommendations**

Tourism enterprises must consider innovation as a major business objective. They need to show they are willing to take calculated risks. They need to establish a culture that fosters openness, experimentation and customer intimacy. Moreover they need to put into place the processes that will turn good ideas into profitable businesses. Tourism enterprises must adopt a top-down and bottom-up culture of innovation through encouraging new approaches to leadership, involving employees and customers in all innovation-related processes, rewarding creative effort, learning from failure—all are elements of an enterprise culture that is 100 percent supportive of innovation. There is almost no different between the two groups in enterprises where there is a very strong cultural commitment to innovation. This is likely a two-way street—that is, prominent enterprise support reinforces the use of leader innovation behaviors.

Tourism enterprises must close the employee/leadership gap, where leaders play a pivotal role in fostering and creating a culture of innovation. Most leaders feel they excel at the behaviors that lead to higher levels of innovation. However employees do not see their leaders the way leaders see themselves. Tourism enterprises must examine innovation by level. While every level plays a critical role in innovation, it is important to consider actions that are appropriate to that level. Individual contributors are both a source for ideas, and for execution, (Innovation is everyone’s job). Tourism enterprises must ignite innovation action. Big ideas often start with many little ones, as well as failures that teach valuable lessons along the way. Tourism enterprises must shake things up, and push leaders toward action. Innovation requires risk acceptance and unambiguous commitment on the part of both the leader and the employee.

Tourism enterprises must deal with communication as a key. Driving execution is challenging, especially when it comes to innovation. Where innovation is a key, tourism enterprises should also imbed innovation behaviors directly into the competency models and performance plans for the roles.

**References**


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testing innovation in the tourism sector in Egypt

Dalia Hassan

PhD Candidate in the Tourism Department

The study examines the relationship between innovation in tourism products in Egyptian tourism institutions (independent variable) and (independent variables / explanatory) "changes in current products, marketing new tourism products, and research and development to provide innovative tourism products". The results of this study showed a positive relationship between the independent variable "innovation in tourism products" with the independent variables mentioned above. This means that innovation in tourism products can be achieved through changes in marketing, and through research and development. Therefore, the results of this study can be used to develop strategies to increase the ability of companies in the tourism sector to innovate.