

CABI TOURISM TEXTS

Rural Tourism and Enterprise

Management, Marketing and Sustainability

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COMPLIMENTARY TEACHING MATERIALS



CHAPTER 13

**Collaborate to Innovate: Challenges and
Strategies for Rural Business to Innovate**

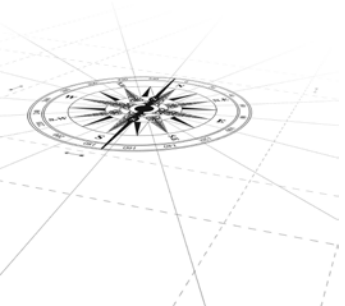


LEARNING OBJECTIVES

- To explain and evaluate the key elements of innovation and open innovation
- To explain the interrelationship between open innovation and collaboration in the delivery of the tourism offer
 - To consider and justify the importance of innovation for rural businesses
 - To critically reflect on the application of the principles of collaboration to support innovation in rural business

1 INTRODUCTION TO CHALLENGES AND STRATEGIES FOR RURAL BUSINESSES

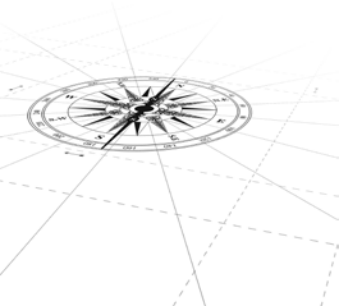
- Rural tourism has witnessed a significant growth
- Innovation supports business competitiveness
- Identify social opportunities and challenges
- Challenges:
 - a) financial
 - b) human capital
 - c) technology



2 WHAT DOES INNOVATION MEAN?

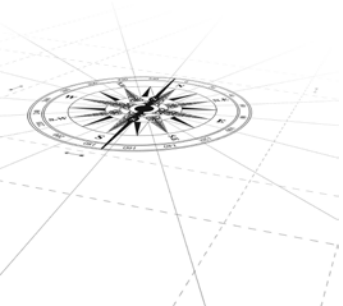
The innovation term can be used to denote:

- (i) the use or application of the innovation and
- (ii) the degree of novelty associated with the innovation.



3 WHAT DOES INNOVATING INVOLVE?

- Developing new products, services, processes or technologies
- Developing new, more efficient methods of production
- Identifying new markets both nationally and globally
- Extending distribution beyond existing channels



4 PLAYERS OF INNOVATION IN RURAL AREAS

scene-
maker

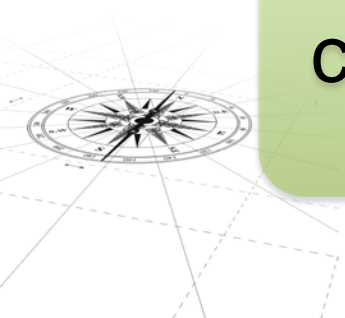
- the innovator who identified an attractor that creates attention and draws visitors

attractor

is the destination commercializable

collaborator

- helps maintain and sustain the enterprise

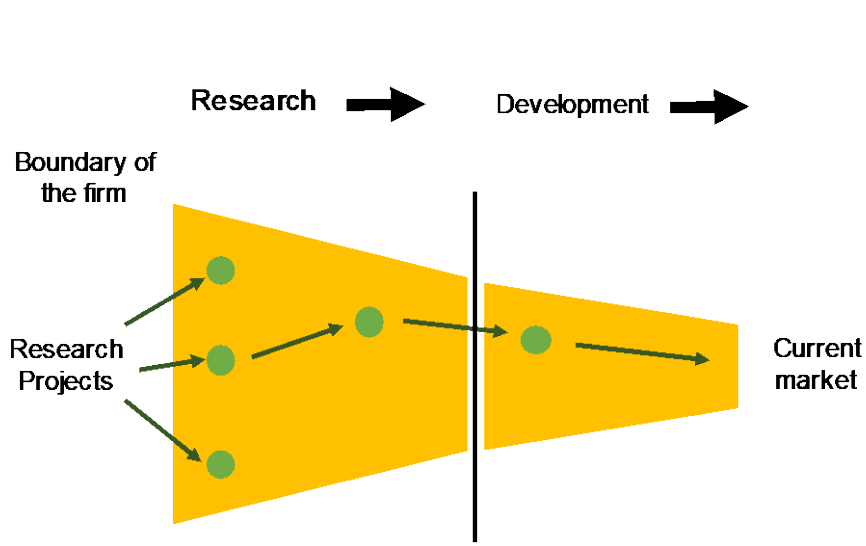


5 CLOSED VERSUS OPEN INNOVATION PRINCIPLES

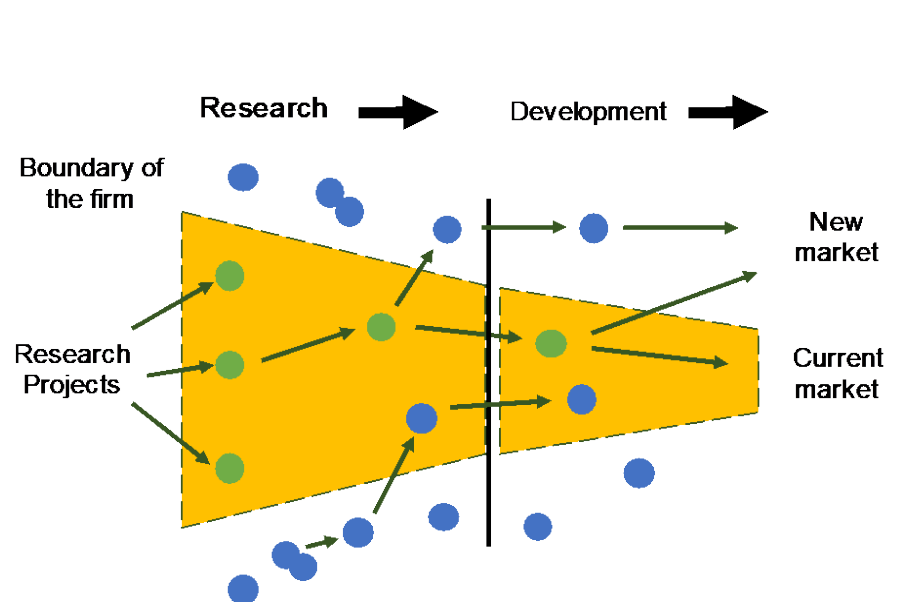
Closed Innovation Principles	Open Innovation Principles
Our employees are our only source of ideas and information	We acknowledge that not all the smart people in the field work for us. We need to collaborate work with smart people inside and outside the company
To profit from R&D, we must discover it, develop it, and utilize and market it ourselves	External R&D can create significant value, by having a collaboration and alignment with our internal R&D in order to claim some portion of that value
If we discover it ourselves, we will get it to the market first	We do not have to originate the research to profit from it. Through collaboration, we will be able to exchange and enhance our current knowledge. Having a good business model matters
If we create the most and the best ideas in the industry, we will win	If we make the best use of internal and external ideas, we will win
We should control our intellectual property (IP), so that our competitors do not profit from our ideas	We should profit from others' use of our IP, and we should buy others' IP whenever it advances our business model



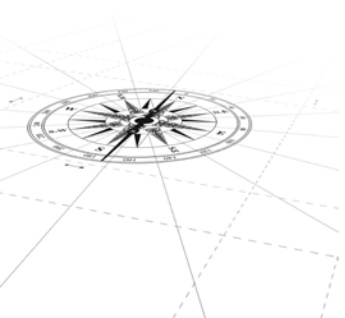
6 CLOSED VERSUS OPEN INNOVATION PRINCIPLES



Closed Innovation

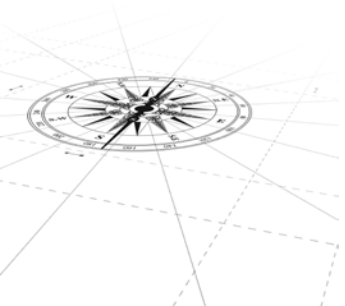


Open Innovation



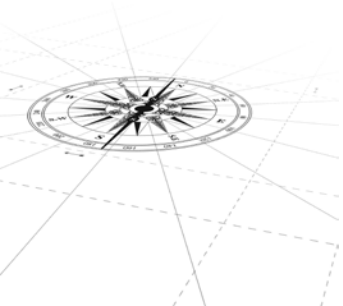
7 WHAT IS COLLABORATION?

Joint efforts to promote common strategies, and strategic networks as the shared vision and a system orientation to achieve common objectives, which requires trust and commitment among stakeholders as well as recognizing their interdependence (Wang and Krakover, 2008)



8 WHY COLLABORATE?

- New business opportunities
- Shared synergy through complementary resources
- Leverage risk
- Transfer of knowledge
- Access to new technology
- Shared responsibility in sustaining the “attractor”
- Create value to local communities
- Enhanced visibility, marketability, and business referral



9 THE BASIC BUILDING BLOCKS FOR RURAL TOURISM TO THRIVE:

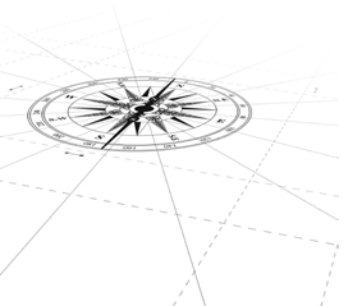
- Appropriate forms of collaboration
- Responsible stakeholders need to ensure sustainability of rural tourism and its assets
- Shared aims and resources

“In between the gaps” Newly constructed bridge at Sukau Rainforest Lodge that does not destroy the trees.



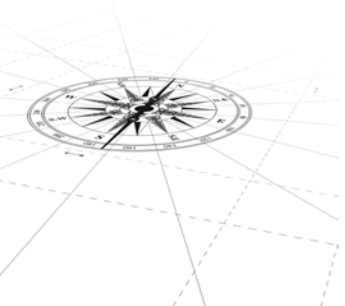
10 STRATEGIES FOR SETTING UP RURAL COLLABORATION

- Build network
- Active participation
- Nurture trust
- Bridging differences into common challenges
- Empowerment of “attractor” through active participation



11 BUILDING INNOVATIVE RURAL ENTERPRISE THROUGH COLLABORATION

- Networks and clustering building through cooperation, and relations in general with other actors
- Clear roles and functions of each collaborator
- Engage in activities and action that increase employees' competence
- Create platform to share knowledge
- Create clear process in knowledge acquisition



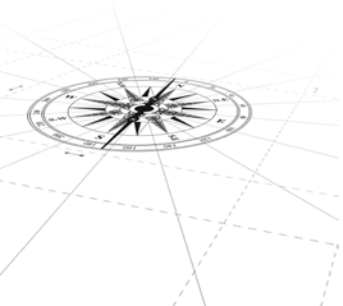
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EXAMPLES OF RURAL INNOVATION THROUGH COLLABORATION

Rurally-
demanded
innovation

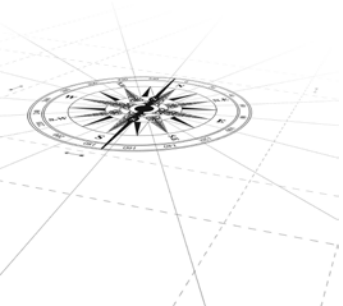
Rurally-
generated
innovation

General
purpose
innovations



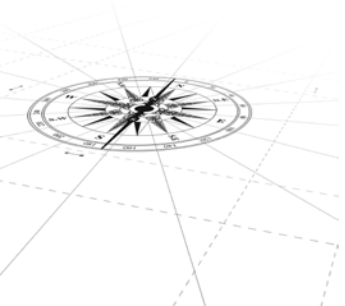
13 CHALLENGES FOR RURAL BUSINESS TO INNOVATE

- Lack of available resources due to the small size of rural businesses
- Limited availability of qualified personnel, as many people working in such enterprises are family members whose involvement is not conditional on the possession of formal qualifications
- Lack of reach in marketing activities (ie: small rural enterprises cannot achieve economies of scale for marketing activities on their own). Any commercial development must also consider the conservation of the natural environment, cultural and rural areas



14 CONCLUSIONS

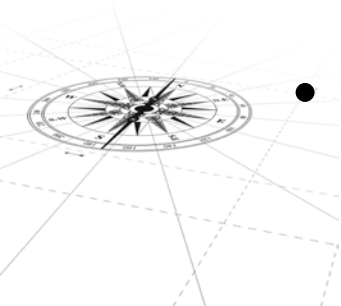
- The process of open innovation involves collaboration of various stakeholders including the businesses, charities, government and local communities in co creating new innovative products and services to create value. This is done through working together to achieve a goal



15 CONCLUSIONS (continued)

Hence, it is very important for businesses to engage in:

- Close collaboration, interaction and exchange among all stakeholders addressing business and social opportunities or challenges that can lead to higher impact for the society and enhance their chances of survival
- Solving common challenges collaboratively with government, society, and other stakeholders provides access to markets, across sectors as well as across societal needs
- Adopting a 'network mindset' by engaging in collective forms of collaboration, seeking to obtain wider social and environmental impact in society



16 REVIEW QUESTIONS

- What may be the potential challenges presented in rural businesses to create value through collaboration?
- Give examples of types of collaboration which are created through social engagement with communities in rural tourism? Explain how such collaboration is best managed.
- Outline the potential and relevant stakeholders that may be useful in developing a new local tourism network.

