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Implementing Service Innovations in European Hotels

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Keywords

service innovation, change management, diffusion of innovation, implementation strategies, hotel performance

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Implementing Service Innovations in European Hotels

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Abstract

This paper examines the impact of postadoption innovation implementation strategies on five distinct performance outcomes. Using a sample of 85 hotels in Europe, the study explores which implementation strategies are most strongly linked to specific innovation outcomes and competitive performance. The results reveal that employee enabling implementation strategies have a positive direct effect on employee performance and indirect effects on customer sentiment outcomes and the operational performance of the innovation. Administratively driven implementation strategies had a positive direct effect on customer comparative performance, and an indirect effect on a firm's comparative operational performance as hypothesized. Finally, owners were more likely to be idea generators and principal early supporters of successful innovations, highlighting the power of top-down approaches to championing change within the European context.

1. Introduction

Putting innovations into practice is the difficult work of executing on a new idea. The role of postadoption implementation has received relatively little empirical attention (Dewett et al. 2007, Cadwallader et al. 2010) in spite of its central role in determining the success of new ideas. Postadoption implementation approaches involve the ways in which change agents use communication and structural techniques to execute on the innovation. Strategies that convey information about the new idea to get employees engaged and systems in place are essential elements in this critical execution stage. Curiously, the postadoption execution stage is most often identified with innovation failure, yet it has received the least attention from innovation researchers (Pellissier 2011, Dewett et al. 2007, Kotter 2002, Klein and Sorra 1996).

Everett Rogers's (1995) classic work on the diffusion of innovation, is the foundation for this study. He explored the best ways to introduce and spread new ideas post adoption, although his work paid less attention to connecting implementation to firm performance. Further, the numerous studies that have focused on the antecedents of innovation and idea generation (Vila et al. 2012, Aldebert et al. 2011, Andreu et al. 2010, Anne-Mette 2010) offer little in the way of understanding how to take a good idea and spread it organizationally to achieve advantage. Filling this gap in the literature is the focus of the current study. European hotels were selected for study because this region of the world is populated by a substantial percentage of independently operated enterprises, giving rise to the possibility of greater property level innovation, as franchised hotels are often constrained by franchise agreements from deviating from existing standards and processes.

In the context of service enterprises, Cadwallader et al. (2010) argue that innovations are highly dependent on the actions of frontline employees, making it essential to understand how to

share information and transfer knowledge to enable service workers. Dewett et al. (2007) contend that managers who strive to implement innovations can have their greatest impact by influencing human factors in the implementation process. These observations suggest that in service enterprises, execution and innovation may be one and the same. For example, in a study of hotels and restaurants in China Chang et al. (2011) found that training customer-contact employees to possess multiple skills was significantly related to both incremental and radical innovation. Indeed, unlike the traditional goods-dominant logic paradigm with its roots in technological product inventions, in a service-dominant logic paradigm, “goods are best viewed as distribution mechanisms for service provision” (Vargo and Lusch 2004, p. 9). This perspective would suggest that employee enabling implementation strategies may be central to innovation. In service firms, the execution or delivery of a new idea is often through service, since employees are expected to use the innovation directly in relationships with customers or support the innovation’s use in unscripted and individual contact with customers. Given that the innovation implementation literature has virtually ignored research on postadoption diffusion, specifically the strategies used to ensure that employees utilize innovations, this study examines the use of various implementation strategies. Further, the linkage between implementation strategies and the positive outcomes of innovation execution is measured and refined in this study. Some related work has found direct effects between organizational innovativeness and performance, whereas other studies report no direct link between innovation and performance (Subramanian and Nilakanta 1996, Chandler et al. 2000). In this paper, we present the results of a study of European hotel senior managers and owners focused on the usage of different innovation implementation strategies and the impact of these strategies on key employee, customer, and operational performance metrics.

2. The Research Question and Hypotheses

This study investigates the impact of a variety of employee enabling and administratively driven (i.e., structural and top-down) implementation strategies on perceived innovation success. Because innovations in service firms are composed of a variety of different activities that seek to change what exists into something better (Rogers 1995), it is necessary to employ an array of different implementation strategies. Nevertheless, Parry et al. (2014, p. 100) argue, “There is a need for reliable, valid, robust, data-based information regarding the project characteristics that determine success or failure of change projects.” Although much of the literature offers models or case studies, the current study seeks to carefully measure the use of implementation strategies and link them to several key outcomes. The primary question of interest in this study is: How are different innovation implementation strategies linked to various performance outcomes? The focus is not on the type of innovation implemented, but rather the usage of different implementation strategies to accomplish positive outcomes for a variety of similar service firms in Europe. Exploring the use of different implementation strategies is grounded in the view that the introduction of innovation can be planned and managed, in keeping with the change management literature (Kotter 1996).

Given that the value of innovation may not be immediately apparent, but rather realized only after various efforts to implement, we believe the focus on postadoption execution allows for a deeper understanding of innovation outcomes. The mixed prior findings on the link between innovation and performance may be due to the tendency in the literature to focus on what is changed while ignoring how the new innovation is implemented. Further, prior studies of innovation outcomes have focused on costs such as R&D expenditures (Manu and Sriram 1996) and number of innovations (Han and Srivastava 1998), at the expense of more direct and

immediate outcomes such as perceived employee performance due to the innovation or customer sentiment as a result of the innovation. This study moves beyond the reliance on a few positive outcome measures and explores the link between execution and multiple positive outcomes, appreciating that innovation outcomes are realized only over time and with careful execution.

Information-exchange relationships determine the conditions under which an employee receives knowledge or has experience using a new idea. Prior research has provided preliminary conceptualizations of implementation strategies in service contexts (e.g., hospitals and hotels) including the strategies of manager intervention, employee participation, expert persuasion, and leader edict (Nutt 1986, Enz 2012). Nutt (1986) assessed 91 case studies of planned change in hospitals to identify the 4 categories of implementation strategies noted above. Enz (2012) adapted these strategies to a hospitality context and devised quantitative measures of the strategies for U.S. hotels. Whereas recent studies have begun to show that a variety of implementation strategies are used in the introduction of service innovations (Enz 2012), this study seeks to determine which employee enabling and administratively driven strategies are most strongly linked to various performance outcomes. The approach to outcomes used here is based on the qualitative and exploratory work of Simpson et al. (2006), but with the intent of devising empirical measures of multiple dimensions of innovation outcomes.

2.1. Employee Enabling Strategies

Innovations in service settings are likely to involve considerable human activity in which both employees and customers are engaged simultaneously in the delivery process (Verma et al. 2008). As such, we would expect that employee enabling strategies would be most critical to achieve human resource outcomes or employee performance, such as job satisfaction and

employee retention (see Dyer and Reeves 1995, p. 661). Prior studies have viewed changes in employee attitudes as a critical performance indicator of change (Parry et al. 2014, Guzzo et al. 1985, Neuman et al. 1989). Employee enabling strategies are likely to lead to greater enjoyment, job satisfaction, and lower turnover, because the deployment of these implementation strategies engages workers in the creative process, stretches their minds, and gives them intrinsic ownership in the innovation process (Simpson et al. 2006). Innovations are undertaken to improve organizations, and hence different change strategies are likely to have more profound direct impact on some outcomes, and less direct or immediate influence on others (Parry et al. 2014). Hence, we would expect that an innovation's success in achieving perceived employee performance would directly affect customer sentiment outcomes, like satisfaction and enhanced service quality (Dyer and Reeves 1995, p. 661; Way et al. 2010); whereas the use of employee enabling innovation implementation strategies would have an indirect effect on customer sentiment outcomes. In service firms, innovations are implemented to deliver customer benefits, and using implementation strategies that enable employees will likely shape them positively and in turn indirectly impact customer sentiment.

Moreover, we expect that an innovation's success in achieving "customer sentiment performance" such as enhanced satisfaction and service quality ratings (see Dyer and Reeves 1995, p. 661) would directly affect the innovation's success in delivering operational excellence in the form of increased occupancy, increased sales revenue, and increased revenue per available room. The use of employee enabling implementation strategies would have an indirect effect on operational performance of the innovation because employees will assess improvements in their work even if those changes are not immediately or directly altering indicators of an organization's operational performance.

The argument in this paper is that several positive performance outcomes from the introduction of an innovation are linked to each other in a cascading fashion in which the use of employee enabling innovation implementation strategies will produce positive employee performance, which will in turn affect customer sentiment and operational performance, and even ultimately the firm's performance when compared to other firms in the market. The findings within the literature on the service-profit chain offers support for the linkages between perceived employee performance, customer sentiment performance, operational performance, and organizational comparative performance (Heskett et al. 1997). Consistent with prior work that identified both employee and customer improvements as outcomes of innovation, we argue that perceived employee performance will have a direct effect on customer sentiment (Menon and Varadarajan 1992, Sigauw et al. 2006, Simpson et al. 2006).

The following hypotheses are offered to explore the direct and indirect effects of using employee enabling implementation strategies on the employee, customer, and operational outcomes. Positive employee advantages are expected to result from the use of innovation strategies that work to tap employee views and elicit commitment and involvement in the execution process. Further, spillover is expected such that customer sentiment performance is enhanced as well, both directly through employee outcomes and indirectly from the implementation strategies designed to empower and engage workers. The positive customer sentiment outcomes of the innovation have a direct effect on the perceived operational performance of the innovation, whereas employee enabling implementation strategies have an indirect effect on the perceived operational performance of the innovation. Finally, we expect that effects of employee enabling implementation strategies on a firm's comparative performance to other firms, at both the customer and operations level, are not direct but by way

of the positive influence of the innovation itself on employee performance, customer sentiment, and operational performance. The following hypotheses summarize these direct and indirect effects.

Hypothesis 1A (H1A). *Employee enabling innovation implementation strategies will have a positive direct effect on the perceived employee performance of an innovation.*

Hypothesis 1B (H1B). *Perceived innovation employee performance will have a positive direct effect on the perceived customer sentiment performance of that innovation, whereas employee enabling innovation implementation strategies will have a positive indirect effect on the perceived customer sentiment performance of an innovation.*

Hypothesis 1C (H1C). *Perceived innovation customer sentiment performance will have a positive direct effect on the perceived operational performance of that innovation, whereas employee enabling innovation implementation strategies will have a positive indirect effect on the perceived operational performance of an innovation.*

Hypothesis 1D (H1D). *Perceived customer sentiment performance of an innovation will have a positive direct effect on perceived hotel property comparative customer performance, whereas employee enabling implementation strategies will have a positive indirect effect on perceived hotel property comparative customer performance.*

Hypothesis 1E (H1E). *Perceived operational performance of an innovation will have a positive direct effect on perceived hotel property comparative operational performance, whereas employee enabling implementation strategies will have a positive indirect effect on perceived hotel property comparative operational performance.*

2.2. Administratively Driven Strategies

Management intervention is also documented in the literature as a key approach for the introduction of change. The change literature has argued extensively for the creation of crisis as a fundamental intervention strategy needed for the introduction of innovations (Kotter 1996). In situations of change, hierarchical command and control styles of execution driven through power relationships have been reported in the literature (Nutt 1986).

The second group of implementation strategies explored here within service contexts originates from formal authority, such as directives for immediate adoption of a practice by senior leaders. The use of cross departmental structural forms (lateral linkages) or appointed experts (integrators) to oversee adoption are designed administrative strategies for implementation. Unlike the employee enabling strategies, administrative strategies are structural in nature, top-down, and organizational process focused to provide institutional control.

Departmental units are guided administratively to encourage and facilitate knowledge transfer across units, to retain diversity of views, and to foster cooperative understandings directed toward the implementation of the innovation (Siguaw et al. 2006). Sivadas and Dwyer (2000, p. 33) note, "Innovators need some mechanism to connect departmental 'thought worlds' so that insights possessed by individual departments can be combined to develop new products that harness the collective wisdom of all involved." Critical to performance outcomes is strong coordination between units and the reduction of structural barriers, strategies that require top-down leadership. Prior research in the context of new product development offers support for the need for this type of coordination and direction (Song et al. 1997, Cooper 1993, Simpson et al. 2006).

We argue that administratively driven innovation implementation strategies will have a direct effect on comparative customer performance. In essence, the use of leader-led implementation strategies shape competitive advantage because of the scope and design of these execution approaches. In an effort to provide comparatively better customer satisfaction and guest service than other firms, senior leaders will use their positions to devise new administrative arrangements that facilitate the coordination of work and the flow of information. The argument that comparative customer performance is the direct result of administratively based implementation strategies is based on the logic that efforts to deliver greater customer value and develop strong long-term relationships with customers produce valuable benefits that distinguish a firm from its competition and deliver greater customer sentiment performance. Using firm resources to devise structural changes in execution are likely to assure a more sustained comparative position. As noted by Hurley and Hult (1998), firms with a greater capacity to innovate will be more likely to develop capabilities that provide competitive advantage. A few studies report the impact of intraorganizational process innovations on organizational performance (Damanpour and Shanthi 2001), and so although the literature is limited in this domain, some preliminary support exists.

Since administrative implementation strategies are built into organizational arrangements (e.g., cross-functional teams) taken by leaders to assure valuable, unique, and rare positions, we would expect these approaches to have a positive direct effect on comparative customer performance. These administratively driven strategies will also indirectly shape the comparative operational performance of the firm, including comparative price, demand, and revenue metrics. Benchmarking against the competition is key to determining organizational success since firms

that adopt new innovations are often seeking to create distinctive services that assure competitive advantage. We offer the following hypothesis for testing.

Hypothesis 2A (H2A). *Administratively driven innovation implementation strategies will have a positive direct effect on perceived hotel property comparative customer performance.*

Hypothesis 2B (H2B). *Perceived hotel property comparative customer performance will have a positive direct effect on perceived hotel property comparative operational performance, whereas administratively driven innovation implementation strategies will have a positive indirect effect on perceived hotel property comparative operational performance.*

3. Methods

3.1. Sample

The data for this study were gathered from property-level senior executives working in hotels in 11 different European countries via online survey email requests. The senior executives were used in this study because they are in the best position to observe and report potential effects of firm-wide innovations (Simpson et al. 2006). A total of 85 senior managers responded to the online survey or the personal follow-up calls. Respondents were primarily middle-aged (mean 48.5 years old) males (70.6%), with an average of 26 years of experience in hospitality, and over 10 years of experience as a senior manager. The most common positions held were director general/president (28%), general manager (29%), managing director (8%), and owner (15%). The majority of respondents were from Switzerland (58%) or France (17%), with other

central European countries represented including Italy, Spain, Germany, Austria, Norway, and Portugal, along with the United Kingdom.

3.2. Measurement: Postadoption Implementation Strategies

Based on the diffusion of innovation literature and utilizing items developed by Enz (2012), we devised measures of employee enabling and administratively driven postadoption implementation strategies. Employee enabling innovation implementation strategies include approaches that focus on fostering employee support, involvement, communication, and incentives. Administratively driven innovation implementation strategies include approaches that drive top-down execution of the innovation, such as structuring work, compelling compliance, or conveying directives.

We measured the use of employee enabling innovation implementation strategies with five items taken from Enz (2012). More specifically, respondents were asked to indicate the extent to which each of the following five strategies were used to implement their hotel property's most recent successful innovation including (1) individual counseling, (2) review process, (3) idea champions, (4) staff meetings, and (5) rewards (Enz 2012). Response options ranged from 1 (never used) to 5 (very often). Descriptive statistics for each of the five-item employee enabling strategies are shown in Table 1. The Cronbach's alpha coefficient for this five-item measure was 0.80.

The use of administratively driven innovation implementation strategies was measured using five items taken from Enz (2012). Respondents were asked to indicate the extent to which each of the following five innovation implementation approaches were used to implement their hotel property's most recent successful innovation: (1) directive, (2) cross-functional teams, (3)

point person, (4) volunteer soft-start, and (5) eliminate old behaviors (Enz 2012). Response options ranged from 1 (never used) to 5 (very often). Descriptive statistics for each of the five items are shown in Table 1. The Cronbach's alpha coefficient for this five-item measure was 0.70.

We employed Amos 22 (2013) a structural equation modeling software tool to conduct confirmatory factor analysis (CFA) and assess our proposed two-factor innovation implementation strategies measurement model. Model fit was assessed by examining five conventional fit indices: standardized root mean square residual (SRMR), the root mean square error of approximation (RMSEA), comparative fit index (CFI), Tucker-Lewis index (TLI), and incremental fit index (IFI). As shown in Table 2, the CFA results for our two-factor innovation implementation strategies measurement model demonstrated a good fit with the data.

3.3. Measurement: Perceived Innovation Performance

Three perceived innovation performance measures were employed in the current study. These measures were used to assess the influence that each hotel property's most recent successful innovation had on three hierarchical types of performance outcomes (see Dyer and Reeves 1995, p. 661; Way and Johnson 2005, pp. 14–15) including (1) perceived employee performance (e.g., employee job satisfaction and employee retention), (2) perceived customer sentiment performance (e.g., customer evaluation of service quality and customer satisfaction), and (3) perceived operational performance (e.g., occupancy, sales revenue, and revenue per available room). As shown in Table 2, the CFA results for our three-factor perceived innovation performance measurement model demonstrated a good fit with the data.

First, we used two items to assess the influence that a hotel property's most recent successful innovation had on two crucial employee outcomes, namely, employee job satisfaction (see Claver-Cortes et al. 2009, Pereira-Moliner et al. 2010) and employee retention (Way et al. 2010). Each respondent was asked to indicate the extent to which her or his hotel property's most recent innovation was successful at achieving (a) enhanced employee job satisfaction and (b) improved employee retention. Response options ranged from 1 (not at all successful) to 5 (completely successful). The Spearman-Brown coefficient for this two-item measure was 0.88.

Second, we used two items to assess the influence that a hotel property's most recent successful innovation had on two key customer (hotel guest) sentiments including customer evaluation of service quality (Liao and Chuang 2004) and customer satisfaction (Claver-Cortes et al. 2009, Liao and Chuang 2004, Pereira-Moliner et al. 2010). Respondents were asked to indicate the extent to which their hotel property's most recent innovation was successful at attaining (a) improved guest (customer) service quality ratings and (b) improved guest (customer) satisfaction ratings. Response options ranged from 1 (not at all successful) to 5 (completely successful). The Spearman-Brown coefficient for this two-item measure was 0.80.

Third, we used three items to assess the influence that a hotel property's most recent successful innovation had on three critical hotel operational outcomes, i.e., occupancy rate, sales revenue, and revenue per available room (RevPAR) (Metcalf 2015). Specifically, each respondent was asked to indicate the extent to which her or his hotel property's most recent innovation was successful at achieving (a) increased occupancy, (b) increased sales revenue, and (c) increased RevPAR. Response options ranged from 1 (not at all successful) to 5 (completely successful). The Cronbach's alpha coefficient for this three-item perceived innovation operational performance measure was 0.87.

3.4. Measurement: Perceived Hotel Property Comparative Performance

The current study included two measures that asked respondents to compare their hotels performance to that of other local hotels. A hotel property's customer performance and operational performance relative to its competitors (perceived hotel property comparative customer and operational performance) are critical to any investigation of innovation success given they are often the reason for innovation in the first place.

Two items were used to assess each hotel's comparative customer performance on service quality and customer satisfaction (cf. Liao and Chuang 2004). Specifically, each respondent was asked to indicate how, over the last three months, her or his hotel property's (a) customer (hotel guest) service quality ratings and (b) customer (hotel guest) satisfaction ratings compared to its (her or his hotel property's) direct competitors. Response options ranged from 1 (much worse) to 5 (much better). The Spearman-Brown coefficient for this two-item perceived hotel property comparative customer performance measure was 0.77.

Finally, we used three items adapted from extant measures (e.g., Claver-Cortes et al. 2009, Pereira-Moliner et al. 2010) to assess each hotel's comparative operational performance in occupancy rate, sales revenue, and RevPAR (Metcalfe 2015). Specifically, each respondent was asked to indicate how, over the last three months, her or his hotel property's (a) occupancy rate, (b) sales revenue, and (c) RevPAR compared to its (her or his hotel property's) direct competitors. Response options ranged from 1 (much worse) to 5 (much better). The Cronbach's alpha coefficient for this three-item perceived hotel property comparative operational performance measure was 0.87.

In sum, the current study included five distinct performance measures (three perceived innovation performance measures and two perceived hotel property comparative performance

measures). As shown in Table 2, the CFA results for our five-factor perceived performance measurement model demonstrated a good fit with the data.

3.5. Measurement: Common Method Variance

Given that all of the measures employed in the current study were derived from data that were obtained from the same rater (a single source), we used the Harman single-factor test to address the possibility of single rater bias or common method variance (see Podsakoff and Organ 1986, Way et al. 2010). All 22 items that we employed to measure employee enabling innovation implementation strategies (5 items), administratively driven innovation implementation strategies (5 items), perceived innovation employee performance (2 items), perceived innovation customer sentiment performance (2 items), perceived innovation operational performance (3 items), perceived hotel property comparative customer performance (2 items), and perceived hotel property comparative operational performance (3 items) were entered into a principal components factor analysis, and the results of the unrotated solution were examined.¹ Five factors with an eigenvalue greater than 1 emerged from this analysis and no single factor accounted for the majority of the variance. Hence, the results of the Harman one-factor test indicate that common method variance is not a problem (i.e., a substantial amount of common method variance was not present) in the current study.

4. Results

The means, standard deviations, and bivariate correlations for the current study's seven variables are presented in Table 3. As reported in Table 3, employee enabling innovation implementation strategies and administratively driven innovation implementation strategies were

positively correlated ($r = 0.74, p < 0001$). Further, the three perceived innovation performance measures were significantly correlated with each other ($r = 0.23, p < 0005$ to $r = 0.44, p < 0001$) but do not suggest conceptual overlap. Finally, the perceived hotel property comparative performance measures were correlated with each other ($r = 0.47, p < 0001$), but were not correlated with two of the three perceived innovation performance measures.

We employed Amos 22 (2013) to assess our hypotheses and proposed structural model. The data was analyzed in two steps: first the measurement and then the proposed structural models were assessed (McDonald and Ho 2002). The CFA results for the measurement and the proposed structural models are presented in Table 4.

As shown in Table 4, both measurement model 1 (six employed measures) and the complete measurement model (all seven employed measures) demonstrated a good fit with the data. Whereas the latter measurement model included all seven of the current study's measures, measurement model 1 only included the six measures employed to test the positive direct effects put forward in H1A–H1E: (1) employee enabling innovation implementation strategies (five items), (2) perceived innovation employee performance (two items), (3) perceived innovation customer sentiment performance (two items), (4) perceived innovation operational performance (three items), (5) perceived hotel property comparative customer performance (two items), and (6) perceived hotel property comparative operational performance (three items).

As shown in Table 4, the proposed structural model demonstrated a good fit with the data. We used the bootstrapping function in Amos 22 (2013) to obtain standardized direct effect and two-tailed significance (bias-corrected percentile method) estimates to test the positive direct effects put forward in our hypotheses (H1A–H1E and H2A–H2B) as well as standardized indirect effect and two-tailed significance (bias-corrected percentile method) estimates to test the

positive indirect effects put forward in H1B–H1E and H2B. Figure 1 displays the proposed structural model with estimated standardized direct effects.

In support of H1A, employee enabling innovation implementation strategies had a positive direct effect on perceived innovation employee performance ($\beta=0.50, p < 0.01$). In support of H1B, perceived innovation employee performance had a positive direct effect on perceived innovation customer sentiment performance ($\beta=0.54, p < 0.01$). Further, employee enabling innovation implementation strategies had a positive indirect effect on perceived innovation customer sentiment performance ($\beta=0.27, p < 0.01$). In support of H1C, perceived innovation customer sentiment performance had a positive direct effect on perceived innovation operational performance ($\beta= 0.34, p < 0.05$) and employee enabling implementation strategies had a positive indirect effect on perceived innovation operational performance ($\beta= 0.09, p < 0.05$). In contrast with H1D, the direct effect of perceived innovation customer sentiment performance and the indirect effect of employee enabling innovation implementation strategies on perceived hotel property comparative customer performance were not significant at the $p < 0.10$ level ($\beta= -0.07$ and $\beta= -0.02$, respectively). In support of H1E, perceived innovation operational performance had a positive direct effect on perceived hotel property comparative operational performance ($\beta =0.40, p < 0.001$). The positive indirect effect of employee enabling innovation implementation strategies on perceived hotel property comparative operational performance was significant at the $p < 0.10$ level ($\beta=0.03, p < 0.10$). Thus, the results provide empirical support for H1A–H1E; H1D was not supported.

As shown in Figure 1 and in support of H2A, administratively driven innovation implementation strategies had a positive direct effect on perceived hotel property comparative customer performance ($\beta=0.35, p < 0.05$). In support of H2B, perceived hotel property

comparative customer performance had a positive direct effect on perceived hotel property comparative operational performance ($\beta = 0.54, p < 0.001$) and administratively driven innovation implementation strategies had a positive indirect effect on perceived hotel property comparative operational performance ($\beta = 0.19, p < 0.05$). Hence, the results presented above provide empirical support for H2A and H2B.

4.1. Auxiliary Result: Drivers of Innovation

The innovation process requires change agents to help drive new ideas. Given the role of strategic senior leaders in creating competitive advantage, we extended our analyses to consider which group of change agents is most likely to succeed in the introduction of innovation, those at the top of the organization who own their service enterprises, or those closer to the day-to-day operations and the actual implementation process including operations managers and employees. If as we hypothesized, service enterprises must rely on employee engagement to effectively execute, it seems plausible that they are critical champions of change; however, a distinction should be drawn between idea origination and the championing of its execution. In keeping with the literature that explores top-down versus bottom-up change initiatives, we argue that in service enterprises, a top-down change effort is more likely to succeed because of the temporary and part-time nature of service work, and the need to champion innovations over an extended period of time. We thus put forth the following contention: the most successful innovation implementation outcomes will come from innovations that originated and that received early support from owners versus those innovations that originated and that received early support from operations managers and employees; that is, those closer to the day-to-day operations and the actual implementation process.

Congruent with our contention above, owners were the most frequent (31.8% and 25.9%, respectively) principle early supporter of successful innovations (1 = the principle early supporter of the most recent successful innovation was the hotel's owner; 0 = otherwise) and idea generators of successful innovations (1 = the hotel's owner(s) came up with the idea for the most recent successful innovation; 0 = otherwise). As reported in the appendix, the auxiliary measurement and structural models demonstrated a good fit with the data. Figure A.1 displays the auxiliary structural model with estimated standardized direct effects. Consistent with the contention above, owners top-down driven innovation had a positive direct effect on perceived innovation customer sentiment performance ($\beta = 0.32, p < 0.01$), further perceived innovation customer sentiment performance had a positive direct effect on perceived innovation operational performance ($\beta=0.29, p <0.05$). Finally, owners top-down driven innovation had a positive indirect effect on perceived innovation operational performance ($\beta=0.09, p <0.01$).

5. Conclusions

These findings were consistent with the literature and previous findings that show employee participation helps to promote innovation adoption (Enz 2012, Pellissier 2011). Administratively driven implementation strategies were significant in predicting comparative performance. Given that the survey was completed by senior leaders, greater importance may be placed on the actions of leaders in the context of long-term customer relationship development and organizational positioning, because the respondents would be likely to lead hotel change and may use their power to control implementation and obtain compliance. This finding is interesting in light of the literature that shows formal authority might hamper implementation (Cohn and Turyn 1980). More attention should be given in future research to administratively driven

implementation strategies. Innovation in smaller hotel contexts may require more administratively driven top-down implementation to be successful. As the supplementary analyses show, innovations driven from the top are more likely to produce success. This finding combined with the hypothesis testing suggest that innovation in European hospitality contexts should be driven from the top, but can elicit success when employee enabling strategies are used to facilitate execution. It appears that when owners are responsible for idea generation, and are early supporters, a positive direct effect on customer sentiment performance and operational performance is found.

The strong linkage between positive employee and customer outcomes suggests that line-level employees are essential to innovations delivering positive customer sentiment. This finding is consistent with the literature that supports the unique nature of the cocreation of services and the importance of the broad service ecosystem (Vargo and Akaka 2012). It was also interesting to observe that the use of innovation adoption strategies that enable employees, individuals who are likely closer to the day-to-day operation, are key to operational performance. Again the findings show that employees play a critical role in assuring the performance success of postadoption implementation. Strategies that bring employee engagement into the execution process are critical, particularly when combined with owner and senior leaders as champions and drivers of change.

Although the study found a positive direct effect of perceived innovation operational performance on perceived hotel property comparative operational performance (H1E), it was surprising that the direct effect of innovation customer sentiment on comparative customer performance was not significant (H1D). This finding may suggest that innovations that drive consumer benefits may not be directly translated into comparative firm performance.

Continuous innovation and an accumulation of successful innovations may be essential to elicit long-term competitive advantage. Future research should explore and elaborate more fully the complex linkages among different outcome measures, and the impact of innovation specific outcomes on longer-term performance. As others have suggested, it may be that by focusing on specific innovations, researchers have missed the key role that pervasive and continual innovation or an orientation toward innovation has on the linkage of specific innovation outcomes with each other and competitive performance (Siguaw et al. 2006).

In conclusion, the results of this study should encourage European hotel managers and owners to think about the best implementation approaches to consider in future innovation efforts. Our findings would seem to question the greater effectiveness of bottom-up champions often used in U.S. hotels, and indicate that administratively driven strategies may be a powerful tool for introducing new ideas. This study has provided preliminary results that the use of both employee enabling and administratively driven strategies work to produce positive outcomes. Hence, a careful balance of these implementation strategies is necessary for managers to deliver positive outcomes and effectively innovate in hospitality services. Within a European context, top-down strategies in particular are viable execution approaches in the process of innovation if both employee and customer outcomes are desired, especially if championed by senior leaders.

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Table 1. Descriptive Statistics for Innovation Implementation Strategies Items

	Mean	SD	Minimum	Maximum	Variance
Employee enabling innovation implementation strategies items					
1. Individual counseling	3.22	1.17	1.00	5.00	1.37
2. Review process	3.34	1.24	1.00	5.00	1.53
3. Idea champions	2.96	1.30	1.00	5.00	1.68
4. Staff meetings	3.45	1.19	1.00	5.00	1.41
5. Rewards	2.75	1.17	1.00	5.00	1.36
Administratively driven innovation implementation strategies items					
1. Directive	3.43	1.05	1.00	5.00	1.10
2. Cross-functional teams	2.66	1.23	1.00	5.00	1.51
3. Point person	2.87	1.31	1.00	5.00	1.72
4. Volunteer soft-start	2.32	1.09	1.00	5.00	1.19
5. Eliminate old behaviors	3.53	1.08	1.00	5.00	1.16

Note. $N = 85$.

Table 2. Confirmatory Factor Analysis Results.

Model	χ^2	<i>df</i>	<i>p</i>	SRMR	RMSEA	CFI	TLI	IFI
1. Two-factor innovation implementation strategies measurement model	33.81	34	0.477	0.045	0.001	0.99	0.99	0.99
2. Three-factor perceived innovation performance measurement model	16.63	11	0.119	0.034	0.078	0.98	0.96	0.98
3. Five-factor perceived performance measurement model	60.12	43	0.043	0.056	0.069	0.97	0.95	0.97

Notes. Table 2 presents the CFA results for our three proposed measurement models (via Amos 22). Model fit was assessed by examining five conventional fit indices: SRMR values as high as 0.08 indicate a good fit with the data; RMSEA values as high as 0.06 indicate a good fit with the data whereas values above 0.06 and as high as 0.08 indicate an adequate fit; CFI, TLI, and IFI values of 0.95 and higher are considered an excellent fit with the data whereas values between 0.90 and 0.95 are considered a good fit with the data.

Table 3. Means, Standard Deviations, and Bivariate Correlations.

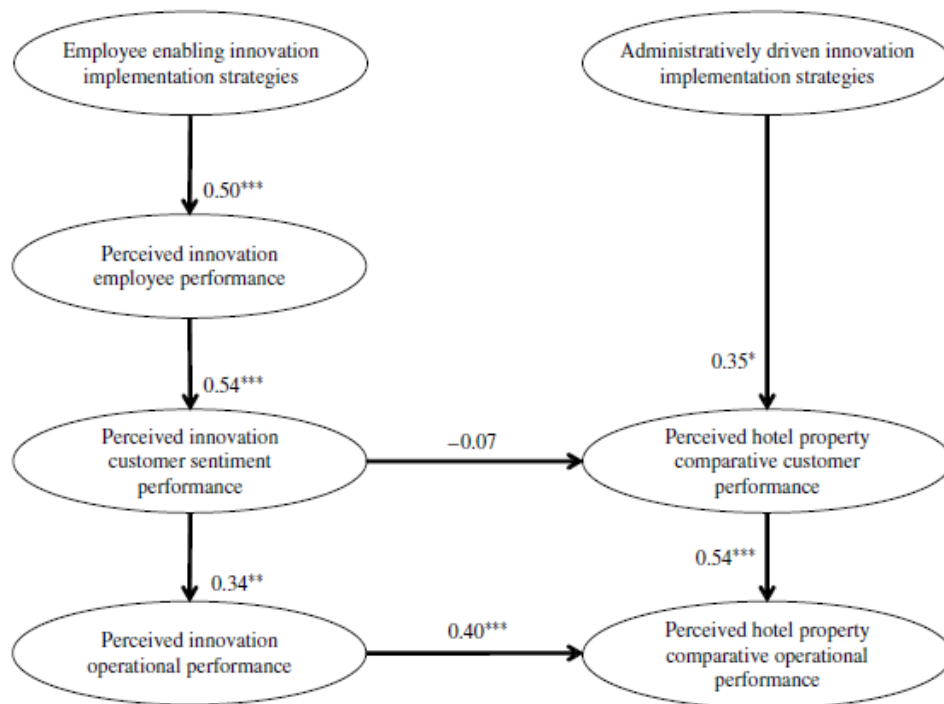
Variables	Mean	SD	1	2	3	4	5	6
1. <i>Employee enabling innovation implementation strategies</i>	3.14	0.90						
2. <i>Administratively driven innovation implementation strategies</i>	2.96	0.77	0.74**					
3. <i>Perceived innovation employee performance</i>	2.95	1.06	0.47**	0.32**				
4. <i>Perceived innovation customer sentiment performance</i>	3.59	0.86	0.25*	0.17	0.44**			
5. <i>Perceived innovation operational performance</i>	3.37	0.98	0.05	0.03	0.23*	0.29**		
6. <i>Perceived hotel property comparative customer performance</i>	3.80	0.55	0.17	0.29**	0.00	0.04	-0.04	
7. <i>Perceived hotel property comparative operational performance</i>	3.54	0.74	0.12	0.35**	0.00	0.00	0.37**	0.47**

Note. $N = 85$, * $p < 0.05$, ** $p < 0.01$.

Table 4. Confirmatory Factor Analysis Results for Measurement and the Proposed Structural Models.

Model	χ^2	<i>df</i>	<i>p</i>	SRMR	RMSEA	CFI	TLI	IFI
1. Measurement model 1 (six employed measures)	158.86	137	0.097	0.066	0.044	0.96	0.96	0.96
2. Complete measurement model (all seven employed measures)	246.72	188	0.003	0.073	0.061	0.93	0.91	0.93
3. Proposed structural model	250.44	201	0.010	0.077	0.054	0.94	0.93	0.94

Notes. Table 4 presents the CFA results for the measurement and proposed structural models (via Amos 22). Model fit was assessed by examining five conventional fit indices: SRMR values as high as 0.08 indicate a good fit with the data; RMSEA values as high as 0.06 indicate a good fit with the data whereas values above 0.06 and as high as 0.08 indicate an adequate fit; and CFI, TLI, and IFI values of 0.95 and higher are considered an excellent fit whereas CFI and IFI values between 0.90 and 0.95 are considered a good fit with the data.

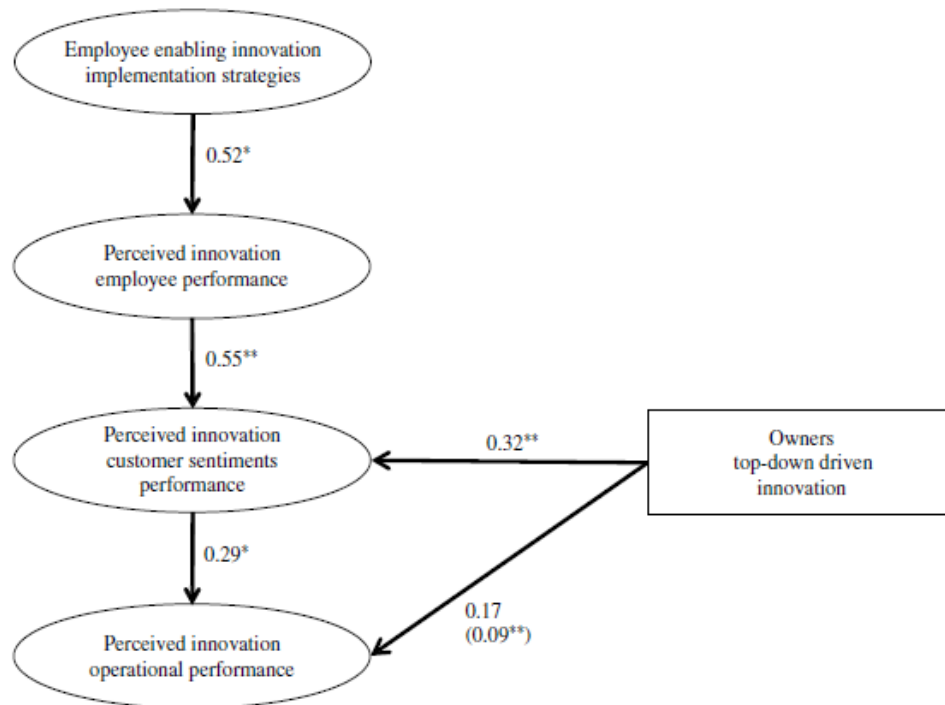


Note. Figure 1 displays the proposed structural model with standardized direct effect and two-tailed significance (bias-corrected percentile method) estimates.

$N = 85$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

Figure 1. Proposed Innovation Implementation Strategies and Performance Outcomes Structural Model

Appendix



Note. Figure A.1 displays the auxiliary structural model with standardized direct effect and two-tailed significance (bias-corrected percentile method) estimates; standardized indirect effect estimate (top-down driven innovation on innovation operation outcomes) is presented in parenthesis.

$N = 85$, * $p < 0.05$, ** $p < 0.01$.

Figure A.1. Auxiliary Structural Model

Table A.1. Results of Auxiliary Measurement and Structural Models

Model	χ^2	<i>df</i>	<i>p</i>	SRMR	RMSEA	CFI	TLI	IFI
Auxiliary measurement model	94.75	56	0.001	0.065	0.091	0.92	0.88	0.92
Auxiliary structural model	97.82	60	0.001	0.075	0.087	0.92	0.89	0.92

Note. The CFA results for the auxiliary measurement and structural models are presented in Table A.1. Model fit was assessed by examining five conventional fit indices: SRMR values as high as 0.08 indicate a good fit with the data; RMSEA values as high as 0.08 indicate an adequate fit whereas values above 0.08 and as high as 0.10 indicate a mediocre fit; and CFI, TLI, and IFI values between 0.90 and 0.95 are considered a good fit.