

Innovation in SMEs in the Tourism Industry

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Abstract

The importance of innovation in Small and Medium Enterprises (SMEs) has encouraged researchers to inquire into the factors that influence it. This study attempts to discuss two aspects related to innovation in SMEs operating in the tourism sector. One is to identify whether entrepreneurial orientation influences innovations, and the other is to understand the role played by knowledge management in the relationship between entrepreneurial orientation and innovation. A qualitative research method has been used, and the selected sample consists of fourteen hotel entrepreneurs. In-depth interviews have been conducted with the entrepreneurs in order to collect data. The study reveals that entrepreneurial orientation influences innovations, and that knowledge management plays an important role in this relationship. One important finding was that knowledge management practices are being implemented in small and medium hotels. Thus, knowledge management plays a moderating role in the relationship between entrepreneurial orientation and innovation. A significant finding of this study is that while knowledge management practices are being implemented in small and medium hotels they have a positive influence on entrepreneurial orientation and innovation in Sri Lankan hotels

Keywords: Innovation, Entrepreneurial orientation, Knowledge management, SMEs, Tourism sector, Hospitality industry

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