

## DEVELOPING TOURISTIC DESTINATION: INNOVATION PERFORMANCE ISSUES

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### ABSTRACT

Tourism is one of the most developing branches of service sectors. The paper deals with a key area of a Central-Eastern-European country (Hungary) from the European perspective, i.e. tourism. Tourism provides a remarkable ratio of GDP, thus its importance is inevitable. Tourism destination management (TDM in further text) organisations are local building stones of this important branch. These organisations received remarkable development funds in the previous budget period. The aim was to turn tourism into a competitive and innovative branch. Quadruple helix model – approach to innovation systems provides the opportunity to include the fourth helix – the media-based civic society – into the innovation performance, thus its performance influences the efficacy of the given innovation system. The paper assumes that these TDM organisations, as media-based civil organisations, appear as enterprises that are responsible for touristic innovation performance. The research objective is to prove, or deny that these institutions are important workshops of innovation. A survey research was conducted. In the meantime, feedback was collected about the structure, comprehensiveness and the logical structure of the questionnaire. Cooperation characteristics, the correlations between the innovation performances, the factors generating innovation and the reason for innovation are presented. The results of the study can be used by the state-governed tourism management, the vocational organisations and the Hungarian Tourism Ltd. in the process of establishing the framework of calls, and operational models in order to make international comparisons (with other countries).

### KEY WORDS

tourism destination management, innovation systems, innovation performance, social innovation

### CLASSIFICATION

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## INTRODUCTION, AIM OF THE RESEARCH

Innovation can be met in almost every field of life. The simplest interpretation of the term means the ability to adapt to changes and the openness to novelties. Communicating the increase of innovation performance is formulated on the highest levels. The initiative of “Innovative EU” formulates this objective, which is the foundation of the necessity of improving innovative communities together with the document Horizon2020. Accepting novelties and the need thereof is vital for the future of enterprises/organisations, therefore the development of the innovation abilities of key actors in tourism, i.e. the tourism destination management (TDM in further text) organisation is important for the future of the entire industry. The size of the organisation, its autonomous financial management and its structured legal form provide the opportunity to analyse these TDMs as SMEs.

The availability of tourism development funds in the previous program period (2007-2013) laid the foundation for the creation of TDM organisations. Their structure, organisational form and parameters make them very different from each other. Thus the time has come to investigate these organisational forms on the basis of their innovation abilities and interpret their role from the point of view of increasing innovation and social wellbeing. TDM organisations and their framework system cannot be interpreted as only a Hungarian phenomenon, because there are Austrian and Italian examples as well. Thus, the research is the first step of further research as the results of the present paper provide the opportunity for the birth of future international research results.

Researchers investigated Hungarian TDM organisation from the point of view of competitiveness [1]. Several domestic [2-5] and international [6-12] researches were conducted about the innovation performance of SMEs. Previous researches investigated the influence of different information sources on innovation performance. The survey was conducted in an international environment: France The Netherlands and Croatia were involved [13]. However, so far, there was no innovation research carried out about TDMs as SMEs. Subsequently no research analysis is available about the innovation performance of TDMs.

The innovation research of TDM organisations all over Hungary was initiated 2016. The enquiry was carried out among registered TDM organisations (79 units in October 2016) and 13 questionnaires were returned when this paper was written. The final aim is to prepare a 100 % survey. The questionnaire was based on a CIS (Community Innovation Survey) kind of base, but when the questionnaire was established, the framework and results of earlier research – conducted in the service sector [7-9, 14] were considered. The data in the survey are non-representative, but according to the intention of the researcher TDMs are represented from six geographical regions, with five different settlement sizes and characteristically both legal forms.

The research objective was to prove, or deny that these institutions are important workshops of innovation. The cooperation characteristics, innovation performance and innovation-generating factors of these institutions are presented. The following research targets were formulated:

- 1.) *presentation of the innovation performance of TDM organisations (no research was made yet) and analysing the correlation between the innovation performance and the basic organisational parameters.*
- 2.) *comparison of innovation performances of researched TDMs.*
- 3.) *measuring the cooperation system of researched TDMs and investigating their social innovation results. Investigating this correlation,*

- 4.) *listing the factors hindering TDMs (this is worth because of the establishment of the new criteria system of state-managed tourism),*
- 5.) *research of future innovation plans of TDMs (interesting because of the new EU call framework system).*

In this article – after introducing the theoretical framework- the individual features of services and their innovation research is presented. Drafting the Hungarian tourism and TDM systems leads to the introduction of innovation systems. Research methodology and the results achieved so far provide the opportunity for lining up conclusions and further steps.

With the measurement of innovation performance, knowledge is gained about the framework system (cooperation, social innovation potential, legal form) in which a Hungarian TDM can be innovative. This research could not be complete without seeing the factors hindering the TDM innovation. This article wishes to be the first in the TDM innovation research and at the same time it intends to prepare the possibility of a further evaluation work, as soon as the inquiry will be – nationwide – complete. The next step is the international comparative measurements.

## **THEORETICAL FRAMEWORK**

Innovation became one of the most important sources of the national and regional economy in the past decades. Subsequently, the unveiling of innovation processes, the recognition of entities involved in renovation, as well as the research of relations and influencing factors is becoming more and more important.

Innovation is, according to literature, the ability to do things in another way [15], a change which unveils new dimensions of performance [16], or an implemented creative idea [17]. Vecsényi (2003) conceives innovation as recognised and utilised business possibility [18]. Davila et al. (2006) are the opinion that enterprises cannot only grow by means of re-regulating processes in the enterprise and cost-reduction, but innovation is the most important tool of a higher growth [19]. Porter (1985) considers innovation to be a series of small development steps which provide the opportunity of a continuous competitive advantage [20]. On the basis of the notions above, it is clear that innovation can be an economic tool to increase profits and company value.

In the eighties of the twentieth century, in the so called new economy, the knowledge and flexibility of organisational structures had a significant impact on the performance of organisations. In today's innovation economy, innovation and intuition are the critical success factors [21].

The term innovation has become ever more widespread in disciplines other than economics, therefore it is often used in the interpretation of social, educational, environmental and social changes. Thus it became necessary to define the areas of renewal [22]. The major novelty of the 2005 edition is that that the activities of organisation development and marketing are enlisted among the innovation areas. This is the most accepted and used definition in Europe and its strength is that it can be interpreted for organisations other than economic ones.

*“Innovation is the introduction of new or largely improved products (goods or services), new marketing methods, or new organisational-structural models into business practice, workplace organisations, or external relations”* [22]. This definition is considered to be the foundation on which the research is carried out.

In order to measure innovation the OECD and EUROSTAT issued a joint sample questionnaire (Community Innovation Survey – CIS) which is regarded to be elementary among other non-EU countries. The terms used in the survey are based upon the notions of

the Oslo Manual (third edition), thus their interpretation is unique. The CIS is the only harmonised data-source of measuring innovation [23], which several authors use [24, 25].

The research was based on a CIS-kind of questionnaire which was amended by questions related to the cooperation of organisations and to social innovation.

## **SERVICE INNOVATION**

The service sector provided the majority of workplaces requiring knowledge in the leading countries of the world over the past decade. Its economic importance is rising, its innovation is decisive. The usage of R+D results is more intense and the need, that decision-makers and stakeholders had proper information at their service, emerged. The aim is to make the innovation performance of the service sector measurable when describing its performance [2].

Measuring innovation and its scientific analysis in the service sector internationally began approximately twenty years ago Evangelista – Sirilli, Gallouj – Weinstein published results for scientific audiences, indicating the difficulty of differentiating between product and process in the service sector [6, 26]. The differentiation of the terms radical and incremental innovation another major feature. Another research of Evangelista – register the differentiation between product and process innovation as a result of query in Italy [6].

The uniqueness of services require the rethinking of the measurement of the sectoral innovation performance. The uniqueness of the services are: It is unascertainable, inseparable, fluctuating, damageable [7].

The third edition of the Oslo Manual is already open to services and enabled the measurement method to investigate the innovation performance of services. However, there is a need for a national and branch-related adaptation: some researchers believe that organisation innovation area and the management innovation areas are the same [8].

Several researches were conducted along the above mentioned principles. Martinez-Ros-Orfila-Sintes investigated tourism, as a typical branch of services, and investigated the innovation activities of the hotel-industry [9]. Their research analysed the correlation between the types of innovation and certain hotel-characteristics (management, size of enterprise, geographical location). Further research [14] in the hotel industry shows that hotels aligned into a higher chain of hotels and lead by managers have a higher innovation performance.

## **TOURISM AND TDM ORGANISATIONS IN HUNGARY**

There are several approaches to the definition of tourism. The one provided by Michalkó is worth mentioning because of its briefness: „*Tourism is the change of environment of an individual accompanied by gaining experience through the usage of services.*” [1]. Tourism plays a key role in Hungary and in global economy as well. The direct GDP share of tourism in Hungary amounts to 5,8 %. The number of foreign tourist increased by 18,2 % in the year 2015, compared to the previous years.

The TDM organisations gradually became the coordinators and organisers of this remarkable branch in Hungary in the EU program period 2007-2013.

The gist of the activities of TDM organisations as the implementers of destination management is: „an activity keeping the interest of both the tourists and the hosts mind and serving them, because its mission is to: (i) provide tourists travel experience, (ii) provide the hosting community with economic, social

and environmental advantages; (iii) engulf the entire system of tourism, as it is able to create the renewed accord between touristic demand and offer; (iv) provide all basic tasks related to tourism management, because planning, development, marketing, professional training and administration are all activities which are mutually self-assuming for the sake of creating successful tourism.” [1; p.31.].

It is obvious from the above mentioned notions that tourism is one of the most important areas of services and TDMs are one of the most important bases of tourism.

## **INNOVATION SYSTEMS**

According to the so-called triple helix model of Etzkowitz and Leydesdorff [27; pp.109-123] the closeness and intensity of the cooperation (state-enterprise-university in the original model) defines the way of the dynamics of a branch-related (this is true for the touristic-service branch as well). The key of development lies in reducing the factors which prevent interactions, therefore the elbowroom between various areas increases and this opens the way of sustainable development.

Afterwards the existence of a fourth helix appeared [28]. In connection with that suggestions related to several factors, like work, risk capital, informal sector and civil society, were made. Carayannis and Campbell [29] developed the triple-helix model and created the quadruple-helix model in which the media- and culture-based space and civil society appear as the fourth helix. Thus it is clear that the members of society and a community are linked to business, technology, service and science, therefore the civil and public spheres join the original correlation system. The appearance of the fourth helix means the existence of social innovation. Social innovation does not have a generally accepted definition because of it being new [30]. Publishing authors put the emphasis on new, or novel solution to social problems and on the development of social and community connections.

Further consideration of the quadruple helix provided the birth of the fifth helix [31]. From this moment onwards the literature differentiates between the society and economic environment: the ecological aspect suggesting the unified approach with regard to the natural environment, social environment and economic development in a way that innovation must be used to achieve sustainable social and economic change also in case of different regional levels.

Roblek et al. underline in their research that the main challenge in an innovative economy towards the transition to greener, cleaner and more equitable economic growth is to address innovation not only from an economic, but also from a social and environmental dimension [21].

Along the above mentioned theoretical framework system, TDM organisations as media-based communities responsible for steering tourism and capable of innovation were investigated. Their innovation performance, factors generating innovation and cooperation systems, which can be the ground pillar for social innovation were also measured.

During the research, the following research propositions (RP) were made:

- RP<sub>1</sub>:** *TDM innovation performance is influenced by cooperating partners.*
- RP<sub>2</sub>:** *The social innovation success of TDMs and their cooperating partners show a correlation.*
- RP<sub>3</sub>:** *The geographical region, the settlement size and the legal form of the TDM influence the innovation performance.*
- RP<sub>4</sub>:** *Financial conditions hinder the realisation of innovations.*

## METHODOLOGY

### RESEARCH INSTRUMENT

The research investigates the period between 2011 and 2014. Table 1 shows the questionnaire structure. The questions can be grouped into five categories: basic organisational information, TDM cooperation framework and parameters, human resources (HR) parameters, basic financial parameters, and innovation performance.

**Table 1.** Questionnaire structure.

<b>Basic organisational parameters</b>	Geographical region
	Settlement size
	Year of foundation
	Legal form
	Ownership form
	A new, or restructured organisation was created
	Number of members
	Number of participating settlements
	Proportion of self-governmental ownership
<b>TDM cooperation framework system and parameters</b>	Federation membership
	Social media
	Guest satisfaction
	Cooperating partners of the TDM
<b>HR parameters</b>	Age of the work-force
	Qualification of the work-force
	Vocational experience of the work-force (chairman, manager)
	Did the employees participate in vocational trainings
<b>Basic financial parameters</b>	Proportion of income from self-governmental subsidies
	Proportion of income from calls
<b>Innovation performance (1-4 scale)</b>	Product and service innovation
	Process innovation
	Organisational-structural innovation
	Marketing innovation
	Social innovation performance
	Innovation performance done towards environmental sustainability
	Reasons of innovation
	Factors hindering innovation
	Conditions of innovation
Future innovation development plans	

The innovation performance, the reasons for innovation, the hindering factors and the future development plans were asked on a 4-paired scale. (1 means unsuccessful performance, 4 stands for a fully successful performance.) The mean value of product/service, process, organisational-structural and marketing innovation performance answers was used. After defining the mean value of the innovation performance, the TDMs were arranged into groups, Table 2.

**Table 2.** Innovation performance groups.

<b>Innovation performance</b>	<b>Group</b>
1,00 - 1,50	1
1,51 - 2,00	2
2,01 - 2,50	3
2,51 - 3,00	4
3,01 - 3,50	5
3,51 - 4,00	6

## **SAMPLE DESCRIPTION**

The questionnaire form was used to test the research propositions. The questionnaire was compiled based on data from the Ministry responsible for the state-management of tourism and was sent to state-registered TDM organisations. There were 79 TDM organisations registered, when the research began. The final aim is to have 100 % of questionnaires returned. The first results based on 13 filled-in questionnaires are presented. The questionnaires were sent to TDM chairmen and leading managers and they were asked them personally to fill in the questionnaire. Based on the nature of the questions the managers knew the answers. The present 13 questionnaires match an answer rate of 16,7 %. Radas-Bozic [10] undermine in their research that the answer rate might be different from research to research, but the above rate is not strikingly low. During the sample questioning feedback was received about the availability and structure of the questionnaire. The survey was conducted between January and April 2016.

Considering the sample, it can be seen (Table 3) that the “other town” is dominant in the sample, however, all basic types are represented. 6 Hungarian geographical regions are present in the sample with the Balaton region having a slight over-proportion. Regarding the population, small and medium-sized settlements are dominant. The organisations were created in the period of 2000-2012, half of them in the past 8 years and the other half in the previous 8 years.

**Table 3.** Sample characteristic.

<b>Characteristic</b>	<b>Modalities</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Settlement</b>	other town	10	76,9
	county town	2	15,4
	village	1	7,7
<b>Touristic regions in Hungary</b>	Nord Hungary	1	7,7
	South Transdanubia	3	23,1
	South Lowland	1	7,7
	Balaton lake	4	30,8
	West Transdanubia	2	15,4
	Middle Transdanubia	2	15,4
<b>Number of inhabitants per settlement</b>	501 - 5 000 people	3	23,1
	5 001 - 20 000 people	4	30,8
	20 001 - 50 000 people	3	23,1
	50 000 - 100 000 people	2	15,4
	100 001 - 1 000 000 people	1	7,7

**Table 3.** Sample characteristic.  
(continuation from p.52)

Characteristic	Modalities	Frequency	Percentage
<b>Year of establishment of the organizations from the sample</b>	2 000	1	7,7
	2006	1	7,7
	2007	2	15,4
	2008	1	7,7
	2009	3	23,1
	2010	1	7,7
	2011	3	23,1
	2012	1	7,7

Presenting the above mentioned theoretical framework and the methodology create the possibility of introducing the research findings. Scientific references provide examples of researching the innovation activities of enterprises [3, 10, 11], and the correlation between innovation areas and the competitiveness of enterprises [4], the research of innovation and enterprise performance [32], researching the competitiveness of TDM organisations [1], however the research of the innovation performance of TDM organisations is still a white spot.

## RESULTS

The majority of the organisations (85 %) were newly created. The tourism information network operated by the old tourinform offices could not transform, therefore new stakeholders and participants were required. This was on one hand an advantage when the new structure was created (major, radical changes were introduced), on the other hand this can be a disadvantage when finding experts. The average organisation has 91 members which implies a very wide-range cooperation and could refer to major civil foundations of social innovation. TDMs usually engulf 6.08 municipalities in to a destination-organisation which again refers to the importance of a cooperation beyond public administration borders.

It can be said that that young, but experienced people organise touristic life, as 69,2 % of TDM-employees are aged 31-40 (Table 4). Further analysis can be conducted on gender characteristics, since there are very valuable surveys about gender perspective on innovation cognitive style: a study has indicated that gender has a strong impact on attitudes towards entrepreneurship and innovative cognitive style [33].

Associations are quite popular, as 70 % of the organisations chose this form, while 30 % were founded as limited liability companies. Associations offer participation to a larger extent and operates with a larger number of members, than limited liability companies. At the same time the form of decision making demands the cooperation among members, because in an association each member has one vote, while decision-making in an Ltd primarily depends on the ownership-structure.

The presence of local governments in TDM groupings shows an interesting picture. In 46 % of the cases local governments are not members at all, while in the remaining cases the ownership structure varies between 20 % and 49 %. At the same time, almost 40 % of the income of these organisations come from local governmental subsidies: this already shows signs of individualisation as TDM organisations attempted to stand on their own and not depend on local authorities. Almost the similar amount of income of TDM organisation (34 %) comes from calls and all TDM organisations questioned received such subsidies in the period of 2011-2014.

It is remarkable that 66 % of employees have a tertiary degree which is a good rate considering the age: experienced and well-trained young employees implement touristic tasks. More than 50 % of general managers have a vocational experience of more than 7 years and the same is valid for TDM managers.

Civil cooperation is another feature and important field, where civil-based organisations enter a higher-level civil alliance for the sake of validating interests and professional cooperation. Today there are examples of such country-level cooperation in Hungary one of them is shown below (Table 4). The cooperation shows the existence of the civil net being the basis for the fourth helix-type communities. The National TDM Alliance is an important basis for developing tourism. One of the most typical forms of media-based cooperation is the use of social media for the sake of developing professional cooperation (Table 4)

The 61,5 % Facebook usage for this purpose is like the result published by Vuksic et al.; a survey on Internet usage and plans for E-commerce among SMEs was conducted. The result of the survey indicated that small-to-medium enterprises participate in Internet commerce to a great extent (71,6 % medium-sized and 63,3 % small firms) [34].

Training is emphasised and guests were asked about their opinion. Conducting the guest satisfaction research implies a strategic point of view and can help to discover the future directions of innovation. (Table 4)

Cooperating partners who assist TDMs were also interesting, as this can be a key factor for social innovation (Table 4).

This is an interesting picture. “Municipality” cooperation is typical (local government, Hungarian Tourism Holding), at the same time the schools-university-institution helix does not show such a large intensity. (61,5 %, 76,9 %). The cooperation with vocational organisations and Chambers is also typical.

**Table 4.** Selected characteristics of participating organizations

<b>Characteristic</b>	<b>Modalities</b>	<b>Frequency</b>	<b>Percent</b>
<b>TDM newly created or transformed from existing form</b>	new	11	84,6
	existing	2	15,4
<b>Age of staff</b>	20-30 years	3	23,1
	31-40 years	9	69,2
	41-50 years	1	7,7
<b>TDM is member of National TDM</b>	No	4	30,8
	Yes	9	69,2
<b>TDM is member of professional Facebook group</b>	No	5	38,5
	Yes	8	61,5
<b>Staff attended on training</b>	No	2	15,4
	Yes	11	84,6
<b>Guest satisfaction survey made</b>	No	1	7,7
	Yes	12	92,3
<b>Cooperating partners of TDM organizations</b>	Contact to local government	13	100
	Contact to vocational org/alliance	13	100
	Contact to Hung Tourism. Ltd	12	92,31
	Contact to schools	10	76,92

**Table 4.** Selected characteristics of participating organizations  
(continuation from p.54)

Characteristic	Modalities	Frequency	Percent
<b>Cooperating partners of TDM organizations</b>	Contact to prof. org/chambers	10	76,92
	Contact to county management	9	69,23
	Contact to other org.	8	61,54
	Contact to Universities	8	61,54
	Contact to ministry	6	46,15
	Contact to research institution	4	30,77

One of the main questions of the research shows that TDMs were rather successful in product- and service-innovation.

Table 5 shows the innovation performance of TDMs. The table shows the mean value of answers received to certain innovation areas. The answers were registered on a 4-paired scale (1 means unsuccessful innovation, 4 stands for a fully successful innovation). The std. deviation of certain innovation areas is between 0,83 and 0,91, which is remarkable (Table 5).

**Table 5.** How successful was the development of different innovations in your TDM? (year 2011-2014)

TDM unit nr.	Product/service innovation	Process innovation	Organizational innovation	Marketing innovation
1.	3,50	2,80	2,00	3,50
2.	2,50	1,00	2,33	1,00
3.	3,50	3,80	3,16	3,62
4.	3,00	2,80	3,00	3,75
5.	3,50	3,00	3,00	2,88
6.	3,75	3,00	3,00	2,50
7.	1,50	1,40	1,00	1,25
8.	2,00	2,80	3,00	2,63
9.	4,00	4,00	4,00	3,38
10.	3,00	3,00	2,00	3,50
11.	4,00	3,60	2,00	3,50
12.	4,00	4,00	3,83	3,25
13.	1,50	2,20	3,33	1,88
<b>Descriptive statistics</b>				
<b>Mean</b>	3,06	2,90	2,74	2,78
<b>StdDev</b>	0,910	0,900	0,838	0,889

In Table 6, the summary of innovation groups per innovation area is presented, i.e. how many TDMs ended in the groups 1-6. These grouped data will be the foundation for the cross-table analysis to be presented later.

The questions investigating social innovation show that there is a civil and media-based cooperation among stakeholders and also there are steps towards environmental sustainability.

However, TDM organisations did not manage to solve a major problem of society- i.e. the aid of disadvantages people (Table 7).

**Table 6.** Grouping of TDMs based on innovation performance

Innovation group	Group number	Number of TDM units	Percent
<b>Product/service innovation group</b>	1	2	15,4
	2	1	7,7
	3	1	7,7
	4	2	15,4
	5	3	23,1
	6	4	30,8
<b>Process innovation group</b>	1	2	15,4
	3	1	7,7
	4	6	46,2
	6	4	30,8
<b>Organizational innovation group</b>	1	1	7,7
	2	3	23,1
	3	1	7,7
	4	4	30,8
	5	2	15,4
	6	2	15,4
<b>Marketing innovation group</b>	1	2	15,4
	2	1	7,7
	3	1	7,7
	4	2	15,4
	5	6	46,2
	6	1	7,7

**Table 7.** How successful were TDMs in developing social innovation

Social innovation area	Modality	Frequency	Percentage
social innovation developed with civic organization together	No	2	15,4
	Yes	11	84,6
social innovation developed with mass media together	No	3	23,1
	Yes	10	76,9
social innovation (communication, process...) made for handicapped people	No	8	61,5
	Yes	5	38,5
social innovation developed for spreading culture and arts	No	4	30,8
	Yes	9	69,2
Has innovation helped the development of the image of the location?	Yes	13	100,0
Has the development of innovation contributed to the sustainability of environment and to the sustainable development of tourism?	No	2	15,4
	Yes	11	84,6
Have the innovations helped the reduction of the ecological footprint of the community?	No	2	15,4
	Yes	11	84,6

The question was asked why TDM organisations create innovation and why is it important to spend money on it. The development of services, the reduction of costs and achieving marketing advances were the typical answers. These primarily mean market-economic

reasons and undermine the fact that TDMs operate in this case as profit-oriented enterprises. The table contains the mean value of the answers given on the 4-paired scale and the std. deviation of the answers. The question how relevant certain factors for the operation of TDMs are was asked (Table 8).

**Table 8.** Why was innovation carried out?

<b>Factors</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
development and expansion of services	13	3,38	0,870
reducing costs	13	3,23	0,927
marketing advantage, complying with regulations, gathering information	13	2,92	1,038
opportunity for subsidies	13	2,69	1,109
maintaining market share	13	2,54	0,877
addressing new markets	13	2,38	1,044
cooperation with institute /university	13	2,15	0,987
increasing market share	13	2,15	1,281

An important milestone of the innovation-research was to see and evaluate the parameters working against innovation, i.e. why do innovation performances not take place. This information can be vital for decision-makers in the future when regulations are being created. The chart tells the “Hungarian reality”, i.e. the lack of financial capital and the reference to high costs of innovation.

The mean European Union subsidy intensity in the period 2011-2014 has already been presented, yet it still seems that the reason against innovation given by Hungarian TDM organisations is the lack of financial motivation tools. The table contains the mean value of the answers given on the 4-paired scale and the std. deviation of the answers. The question how relevant certain factors for the operation of TDMs are was asked (Table 9).

**Table 9.** Factors preventing innovation

<b>Factors</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
lack of financial capital	13	3,31	0,630
cost of innovation is too high	13	3,23	0,725
lack of financial resources (outside organization)	13	3,23	0,927
lack of information provided by cooperation partners	13	2,38	1,044
difficulty in finding cooperation partners	13	2,38	0,768
lack of trained workforce	13	2,38	0,961
unclarity of legal regulation	13	2,31	0,855
uncertainty in demand of innovative products and services	13	2,15	0,801
risk of innovation	13	2,08	0,954
market is dominated by competitors	13	2,08	0,862
lack of market information	13	2,08	0,760
lack of cooperating networks	13	2,08	0,862
lack of coordinating organization	13	2,08	0,862
no demand for innovation general	13	1,77	0,832
no demand for innovative products due to former innovations	13	1,46	0,519

This seems to be reflected to the question “*Evaluate the conditions of the realisation of innovation in Hungary*”, according to which the openness of local authorities and the HR as well as the quality of training are appropriate, while network cooperation possibilities, the legal background and the factors of financial motivation show lower satisfaction. The table contains the mean value of the answers given on the 4-paired scale and the std. deviation of the answers. The question how relevant certain factors for the operation of TDMs are was asked (Table 10).

**Table 10.** Conditions of carrying out an innovation in Hungary.

<b>Factors</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
quality of HR, quality and openness of education	13	3,08	0,760
openness of local government	13	3,08	0,760
cooperation in network	13	2,54	0,660
available capital	13	2,54	0,660
legal background	13	2,46	0,877

Despite all factors hindering innovation, TDMs are positive regarding their plans as they answered the raised question by saying that they are thinking of further developing their services and products and plan to hold trainings and info-communication developments. Information technology changed the world of tourism completely. Tourism steps on a path to evolve to being both people-driven and data-driven, thus utilizing ICT approach increases competitiveness and profitability [35].

All these signs indicate a “profit-oriented” way of thinking and are a sign of hope regarding the development of Hungarian tourism. The table contains the mean value of the answers given on the 4-paired scale and the std. deviation of the answers. The question how relevant certain factors for the operation of TDMs are was asked (Table 11).

**Table 11.** Future development plans of TDMs

<b>Factors</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Service development	13	4,00	0,000
Product development (related to tourism)	13	4,00	0,000
increasing sales and marketing skills	13	3,69	0,480
workforce training	13	3,62	0,650
ICT development	13	3,54	0,660
Process development	13	3,31	0,751
developing management and leadership skills	13	3,08	0,954
Organizational development and changes	13	3,00	1,000

## **DISCUSSION**

**RP<sub>1</sub>:** *TDM innovation performance is influenced by cooperating partners.*

The Chi-square test of the cross-table analysis shows a significant relation ( $p < 0,05$ ) between the Hungarian Tourism Holding and the product/service innovation. The relation is strong ( $p = 0,023$ ; Cramer’s  $V = 1,00$ ). There is also a significant relation between the Hungarian Tourism Holding as a cooperating partner and the organisational-structural innovation ( $p = 0,021$ ; Cramer’s  $V = 1,00$ ).

The proposition was partly affirmed, i.e. certain cooperating partners influence innovation performance and this relation is very strong.

**RP<sub>2</sub>:** *The social innovation performance of TDMs and their cooperating partners show a correlation.*

The cross-table analysis shows a significant relation ( $p < 0,05$ ) between the university cooperation and the social innovation carried out in civic cooperation. The strength of the relation is moderate ( $p = 0,05$ ; Cramer's  $V = 0,539$ ). There is also a significant relation between the university cooperation and the innovation developed for handicapped people. The relation is moderate ( $p = 0,024$  Cramer's  $V = 0,625$ ). A further significant relation can be seen between the university cooperation and the innovation developed for a sustainable environment. The relation is moderate ( $p = 0,05$ ;  $V = 0,539$ ). Yet another significant relation can be tracked down between research institutions and innovation developed for handicapped people. The relation is strong ( $p = 0,02$  Cramer's  $V = 0,843$ ). Another significant relation can be seen between the county management and social innovation carried out in civic cooperation. The relation is moderate ( $p = 0,021$ ; Cramer's  $V = 0,640$ ). The relation between the county management and the social innovation for the sake of sustainable development is also significant. The relation is moderately strong ( $p = 0,021$ ; Cramer's  $V = 0,640$ ). The relation between the professional Chambers and social innovation carried out in civic cooperation is also significant. The relation is moderately strong. ( $p = 0,005$ ; Cramer's  $V = 0,778$ ). This is also true for the relation between the Hungarian Tourism Holding and social innovation for the sake of sustainable environment. The relation is moderately strong ( $p = 0,015$ ; Cramer's  $V = 0,677$ ). Universities play an important role in supporting social innovation and governmental institutes (county management, Hungarian Tourism Ltd., chambers) may influence and support social innovation development.

The cases above partly confirm the RP<sub>2</sub> propositions, i.e. the existence of social innovation can be influenced by certain cooperating partners. The relation is at least moderately strong.

**RP<sub>3</sub>:** *The geographical region, the settlement size and the legal form of the TDM influence the innovation performance.*

No significant relations could be shown; therefore, my proposition cannot be confirmed.

**RP<sub>4</sub>:** *Financial conditions hinder the realisation of innovations.*

Table 11 shows that TDMs consider the lack of financial resources, the high costs of innovation and the availability of financial means outside the organisation to be the most important factors hindering innovations, therefore the hypothesis can be confirmed.

## CONCLUSION

In this article, the innovation performance of TDM organisations was investigated and correlations whether certain dimensions influence the innovation potential were also sought. Parallel to this some basic TDM parameters were investigated. This was necessary, because so far there was no similar research about TDMs in Hungary. It was important to collect the most possible base data which provided the foundation for later researches and correlation investigations. The final research is still ongoing as the aim is to measure about 100 % of TDM organisations. Information about the reasons for innovation, the factors hindering innovation, the social innovation potential and the future plans of TDMs was gathered.

The research propositions asked during the research were answered, i.e. do cooperating partners influence the innovation potential. Do cooperating partners have an impact on the development done for social innovation. At the same time the organisational characteristics

(geographical location, legal form and settlement size) do not influence innovation performance). It became clear that the scarceness of financial resources hinders the spreading of innovation.

The research targets formulated at the beginning of the research were fulfilled:

- 1.) The innovation performance of the researched institutions was presented and the correlation to the basic organisational parameters was tested.
- 2.) The TDM cooperation system and social innovation results were measured.
- 3.) The factors hindering innovation which is an important information because of the establishment of the new criteria system of state-owned tourism management, which is being reorganised now, was measured. The findings of the research will be handed over to the state-owned tourism management.
- 4.) Knowledge was gained about the future development plans of TDMs, which is interesting because of the establishment of the criteria system of EU calls (data will be provided to the state-owned tourism management).

Community media helped exploit the media-based spaces and TDMs also contributed to social wellbeing. Product- and service-based innovation potential is remarkable, just like the range of entities contributing to tourism and their contact-network. The research database provides further opportunities of analysing data and researching various correlations. TDMs are key workshops of touristic innovation and the research bears further possibilities. Factors with a positive influence on the innovation performance must be further investigated and enhanced by assigning sources and creating the legal and regulatory environment.

The sample questioning showed a good feedback. Once there is a broader sample it might be worth to group the TDMs, by clustering, and define the parameters which can be used to show a significant innovation performance. Apart from that the research database provides the opportunity for further data analysis and the research of further correlations. The next step is the investigation of the entire TDM base and the comparison with TDM organisations from various countries. The research can have international results.

As there has been no research conducted on the field of innovation performance in Hungary among TDM organisations, the decision makers and state-run tourism management will find the further analysis of parameters hindering innovation and the fine-tuning of the implementation-criteria system and its modification according to feed-backs important.

The further research target direction is the definition of the characteristics of innovative TDM organisations and the analysis of parameters influencing their innovation-related decisions. All this can contribute to using EU subsidies in better ways.

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