

Integration of Quality, Continuous Improvement, and Innovation in Tourism: The QCII Model

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This article focuses on the search for intersections of quality management, continuous improvement systems, and innovation in the field of tourism. It contains introductory theoretical insights in all three areas and (in the research section) considers professional media to find validation for theoretical starting points and further development guidelines, additionally obtained through examples of good practices and their following of key trends. Through connections between theories and practical examples, the basis for the links between sustainability, quality, improvements, and innovation in tourism are introduced, followed by the resulting QCII model for improving and innovating quality tourism offerings at the destination. The suggested model should be (spontaneously or through careful planning) evolved to follow the concepts of smart tourism, both in terms of new technologies and their balanced deployment, and in terms of the harmonisation of interests and connections between all components of the destination system.

Keywords: quality, continuous improvement, innovation, smart tourism



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Introduction

The answers to this paper's questions (where does the boundary lie between quality and innovation in tourism and what is the related role of promoting continuous improvement?) are dealt with at three levels: through a theoretical overview, a case analysis, and the proposal for the synthesis of findings in the form of a model. The model suggests the roles of the tourist system's stakeholders in improving and innovating tourism processes and offerings. In the theoretical part, the areas of innovation, internal and external aspects of quality, and related continuous improvement concepts are discussed.

In the analytical work, examples from practice acquired in professional media were used: the case of stimulating innovation in Slovenia at the national level and in a large Slovenian tourist company; an example of quality management in one of the largest international hotel corporations; a set of tools for inter-

nal promotion of continuous improvement in the organisation; and various approaches for external transparency and the involvement of stakeholders outside the organisation in its processes of improvement and innovation. The findings are summarised in three schematic diagrams: one of the links between innovation, quality and sustainability, one of the links between quality, innovation, and continuous improvement, and a model for introducing these concepts into a tourist destination. The links in the diagram and the model are based on trends and values, streamlined in the concept of smart tourism: a term that carries a double meaning related to smart technologies and their smart usage.

Theory

In a review of the various research stages of service innovation, Coombs and Miles (2000) mention the stage of synthesis in which it is possible to develop an inno-

vation categorisation model that would be suitable for all economic sectors, including tourism. To achieve this stage, the authors reduce the influence of the classical technological approach on measuring innovation, supported by (Camisón & Monfort-Mir, 2012), which argue that there are hidden and unexplored fields (also) in the field of innovation in tourism. The key field for them is innovation through *organisational learning* based on internal (embodied) and external (disembodied) knowledge. The former type of knowledge is the acquired experiences, skills, and technologies that are owned by the company, while the latter are various external sources for acquiring knowledge. With the help of both types, tourist companies improve and innovate their intangible (and difficult-to-quantify) services that they offer on the market and which address key added value(s) for their customers.

There are many different approaches to measurement and more or less complex categorisations of innovation in tourism (Camisón & Monfort-Mir, 2012; Pikkemaat & Peters, 2005; Bieger & Weinert, 2006; Hall & Williams, 2008; Hjalager, 2010). Although, the *two-core innovation model* approaches the issue with only two dimensions (Daft, 1978; OECD, 2005; Camisón & Monfort-Mir, 2012), the model focuses on two key operational areas of each company: the technological core (technical part) and the administrative core (social part). The technological/technical focus is usually divided by the development of new product- and process-related factors (Abernathy & Utterback, 1978) and the analysis of the degree of innovation introduced at the incremental-radical interval (Abernathy & Clark, 1985; Damanpour, 1991; Hjalager, 2002). In the social/management field, the focus is on innovations that change the social structure of the company, meaning changes of interactions with the internal and external environment (Damanpour et al., 2009).

Another partly related approach to describing innovation analyses the form of innovation and its impact on the system to which it belongs (Hall & Williams, 2008). The form of innovation describes its composition, and the impact describes the degree of influence of innovation on a global, national, regional, or sectoral level (Hall & Williams, 2008) or, according to the Oslo Manual definition, at the company level

(OECD, 2005). The described two-dimensional approaches (Križaj et al., 2014) can be summarised into two groups: content and appearance. The characteristics of *content* define the type of innovation: product, process, organisational, marketing and other related ways of describing the form of innovation. Features such as the incremental or radical level of innovation and the degree of impact define their *appearance*.

The 'content' of innovation is described by different categorisation schemes. The 'appearance' of innovation is divided into its appearance within the company (as it was perceived within innovation and what has changed within its boundaries) and outside the company (how innovation has been perceived by customers, suppliers and competitors, and what has changed for this reason). In the field of project management and quality management, a similar role is played by efficiency and effectiveness (Sundqvist et al., 2014), the first in terms of finding optimal internal configuration, i.e., the 'content' of the object of observation, and the second in terms of its ability, external 'appearance.' The *quality domain* focuses on a similar internal and external view of the (still) non-optimal objects, analyses diverse related human activities and looks for ways to better implement them and improve their results.

One of the fundamental approaches that attempt to identify key quality areas is the *gaps approach* (Parasuraman et al., 1985; Kandampully, 2007; Uran, 2010). The proposed service quality model identifies its key dimensions, its measurement, and the reasons for the problems in achieving quality. It focuses on external aspects (customer expectations, perception and experience of service) as well as internal ones (the operation of devices and employees, their level of knowledge and skills, and their ability to manage, implement, respond and communicate).

In tourism, service quality is a basic element of tourism productivity (Sainaghi et al., 2017). The most critical role in tourism is played by employees who, during interactions with customers, have a decisive influence on the level of service quality, customer satisfaction, their loyalty and, consequently, the performance of the company (Schneider et al., 2005; Uran Maravić, 2016). For the implementation of high qual-

ity and recognisable services, tourism companies must recognise their competitive advantages and key competences that need to be constantly upgraded (Tîțu et al., 2016). In addition to the internal analysis, it is essential to analyse customer satisfaction and other factors in the environment in which the company operates (Tasci, 2016). In the aforementioned 'content/appearance' relation, therefore, we can also refer to the 'content' of activities in the field of quality in tourism, with which we ensure such (higher) quality, as well as *internal and external* 'aspects' of such efforts.

Internal Aspects of Quality

The internal aspects of service quality and gaps between them are systematically addressed by the above-mentioned model (Parasuraman et al., 1985) and its later versions, which are discussed in later sections. Prior to this, in the field of internal aspects of quality, we should mention the concept of *continuous improvement process* (CIP). One of the early works in this field (Deming, 2000), published for the first time in 1982, places the process of constant improvement in the core activity of each organisation, where the feedback obtained from its processes and from its customers is compared with the goals of the organisation and further development steps are defined according to that. As part of the management and improvement of organisational systems, the concept of 'Business Process Management' (BPM) is also used (Ko, 2009), in which the emphasis is on tracking the hierarchy of processes that bring added value rather than the social hierarchy of the organisation itself.

BPM and similar quality management systems focus on business process analysis, identification, and measurement of their key performance indicators, and measures for continuous improvement and innovation. In such activities, which are derived primarily from conventional manufacturing companies, there is a danger of too much focus on exclusive processes and technology and their structuring, standardisation, and automation; especially when there is an increasing number of creative, personalised, and complex service processes involved (Brocke et al., 2016). It is important to focus on the context of each such process (Brocke et al., 2016) and to the appropriate choice of approaches

to achieve the desired quality of the offered products and services, and outwardly invisible business processes as well (Sujová & Marcinek, 2015). It is all about the quality of the goods sold and the appropriate level of quality of all direct and indirect processes that take place in the company and which reach beyond the classical (standardised) quality assurance, as they are directed towards an all-encompassing balanced and sustainable operation (Broman & Robèrt, 2017).

These guidelines are also being followed by newer versions of the already well-established approaches to quality management and continuous improvement: Just in Time, Total Quality Management, Kaizen, Lean Manufacturing, Business Process Reengineering, Six Sigma among others (Delgado et al., 2014). In addition to measuring the in-house characteristics of the processes themselves and collecting suggestions for employee improvements, these approaches are also more or less actively focusing on the opinions of their customers. One such example is a business process management system based on the methodical processing of user feedback, the so-called Voice of the Customer (Pyon et al., 2011), which is a quantitative and qualitative marketing tool for the systematic and in-depth collection of feedback from customers about expectations, desirable and unwanted characteristics, experiences and feelings related to the 'content' of the offer and the 'appearance' of the company. Feedback is organised within a system in a hierarchical structure, in line with the strategic priorities of the company. The processed information serves as a basis for all decisions on the further development and improvement of internal processes. It is especially important that members of the development department and production staff be included throughout the process, from the collection of feedback and their processing onward; that is, internal and not only external marketing staff has to be included in the whole process (Pyon et al., 2011).

External Aspects of Quality

With the last example of the approach to internal planning of business process improvements, we have switched to another, external quality perspective: the perspective of the users of the business processes' re-

sults. Users opt for the services of the company if they see value in them, whereas the value is difficult to understand with a uniquely manageable concept in a globalised and fragmented offer, as well as in the abundance of increasingly diverse lifestyles (Tasci, 2016). The usual variables that companies with which want to master value include customers' opinions about quality, satisfaction, trust, and price compliance. All of these variables affect the first and continuing visits of the tourist company and the tourist destination in which the company is located; this is so before (Kim et al., 2011), during, and after the buying decision (Han & Hyun, 2015).

As in all other service sectors, quality in tourism also has two main dimensions, the quality of the service process, and the quality level of the provided service itself, that is, the final market goods bought by the tourist, experienced and compared with pre-purchase expectations (Butnaru et al., 2014). All this is measured using various *methodological approaches* (SERQUAL, SERVPERF, SICTQUAL, GIQET, etc.), which are used in various service sectors: health, education, banking, telecommunications, sales, transport, delivery (Butnaru et al., 2014; Parasuraman et al., 1985; Zeithaml et al., 1990; Cid-López et al., 2015; Saraei & Amini, 2012). The main variables that are measured by SERQUAL's most established methodological approach are tangibility, reliability, responsiveness, assurance, and empathy (Zeithaml et al., 1990).

With the emergence of ubiquitous *information technologies*, not only the processes and businesses themselves changed but also the cultural habits and value systems of (potential) customers. New channels for tourism companies and new channels for the flow of quality information are thus opened (Berne et al., 2012). Such new channels allow new ways of selecting and purchasing tourist services, enabling new approaches to the marketing and creating of new types of demand. Therefore, Pearce (2008) suggests that old and new sales channels are to be intertwined and used as a network of opportunities that, in new ways, measures, defines, and targets customer values and thus also affects perception and upgraded understanding of quality.

One of the approaches to this is *smart tourism*

(Wang et al., 2016), based on the conceptual foundations of smart cities (Buhalis & Amaranggana, 2015) and the data networks used in them together with mobile technologies, artificial intelligence, cloud computing, and the Internet of Things. Perhaps such intensive integration of information technologies currently looks just like an overly pushy principle of sales promotion, but as Buhalis and Law (2008) pointed out some ten years ago, more demanding tourists want to organise travel (at least in part) by themselves, are more impatient and informed, intensively compare the prices of competitive offerings, communicate more intensively with each other, share negative and positive opinions in publicly accessible online places, and also want instant access to any information, even during the trip. All this requires smarter tourism, smarter supply, and a smarter approach to ensure the adequate quality of basic tourist services and the quality of many new details that tourists require on the wave of current information technology development and other trends.

A vital new aspect of quality is, for example, *information quality* and its impact on user satisfaction (Ghasemaghaei & Hassanein, 2015), which is still being mostly discussed in theory and less in practice (Ghasemaghaei & Hassanein, 2016). However, already very present and influential is electronic word of mouth (eWOM) whose three main areas of influence (the content of such messages, the consequence of consumer behaviour, and the impact of published reviews on the performance of companies (Kim & Canina, 2015) are already well researched both at the level of companies and destinations, and different tourist segments (Abubakar & Ilkan, 2016). Still, more and more ingenious users and ever-smarter technologies draw a thin line between when eWOM is controlled by tourism companies, and when eWOM is controlling them (Litvin et al., 2008).

Innovation

The answer to the management of diverse (yet) unmanageable situations lies in innovation: the search for new and better solutions, which bring added value to the one who introduces or accepts these innovations (Rogers, 2003). The basic aspects of innovation and its

two-dimensional *content/appearance* scopes were presented at the beginning of this paper. On the one hand, we are therefore questioning what and how we are introducing, and on the other, what the appearance of that which was introduced through all the effects and added values brought about by the innovation is. In tourism, the key issue (in addition to the company's existence and well-being) is how to effectively target the values and needs of customers, i.e., tourists, through the offerings of the company. These tourists are increasingly involved in or co-create tourist products that are purchased from tourism and tourism-related companies (Malone et al., 2017). The term 'increasingly involved' targets the findings from the section on smart tourism, that is, the new, even more fragmented conditions in which an individual tourist company operates, forming one of the pieces of the tourist mosaic at the destination (Chapman & Light, 2016; Zach & Hill, 2017).

The concept of public-private innovation networks and services (PPINS) (Djellal & Gallouj, 2013) confirms that the mosaic paradigm is not just a phenomenon that we find in tourism. As in other economic sectors, there is the same global and technological pressure that encourages individual economic and non-economic entities to connect to larger innovation networks. The principle of such networks has been known for a long time (Powell et al., 1996), but PPINS point to the growing phenomenon of non-technological innovations and to the changing paradigm that innovation is exclusively an in-house high-tech process in which the public sphere has no role to play. This change was indicated by the *democratisation of innovation* (Hippel, 2005) and *open innovation* (Chesbrough, 2003), although the openness of the innovation field is even more strongly reflected in the aforementioned smart cities and in the increasingly ever-present principle of the sharing economy (Acquier et al., 2017).

After the transition from a closed high-tech innovation paradigm to the openness of the innovation process, the innovation intermediaries were the first to take care of the flow of knowledge and resources among the involved companies in controlled innovation networks (Gómez et al., 2016). With the increas-

ing transition to online environments, *open innovation platforms* (OIP) have also emerged enabling searching for the missing parts (employees, knowledge, partners, etc.) of the innovation process, and fostering partnerships and finding the necessary professionals. By opening platforms for the general public and end-users, there were opportunities for free trading with development solutions, organising development challenges, voting for the best solutions, among others. The main reasons for active participation in such platforms, as providers of knowledge and solutions, are earnings and reputation (Abbate & Souca, 2013) or the mutual interest of companies and customers in seeking better user solutions and their marketing (Sigala, 2012). By actively participating in such ecosystems, as with the sharing economy, a loop between providers and consumers is tightly closed. The boundary between one and the other is blurred, which does not mean that chaos has arisen and we do not know who drinks and who pays, but this is a clear message that tourism providers must also 'open and democratise' in innovation.

One of the ways of opening up innovation processes is to *find cross-sections* between quality management, continuous improvement processes, and innovation. In their study, Kim et al. (2012) confirm that the introduction of quality management methods positively correlates with the introduction of all the main categories of innovation. Similarly, a positive correlation between employee performance, innovation and quality management has been revealed by the work of Sadikoglu and Zehir (2010) and Terziovski and Guerrero (2014). More detailed analysis of the links between innovation and various 'hard and soft' quality management approaches (statistical analysis of process variables, human capital management, focus on customer needs) also confirmed the positive impact on the degree of business innovation (Zeng et al., 2015). An example of the development of a system that promotes the spreading of the general innovation culture of the company by encouraging continuous improvement has been described by Ross (2016). Through analysing a few case studies in the fields of tourism, quality, and innovation, this article also deals with this kind of opening and connecting approaches.

Case Studies

Based on the presented theory, the analysis of selected cases is presented, which in the field of tourism indicate partial links between quality, continuous improvement processes, and innovation. Examples are selected in four areas. The first part deals with examples of promoting tourism innovations and improvements in the local, national environment. The second one deals with the situation in one of the largest tourist global corporations. Then, a group of ICT tools to stimulate the improvements in implementation and the developmental involvement of entire organisations is presented. The final part of the case analysis continues with the transparency of production and development processes both inside and outside the organisation.

Since 2004, the Slovenian Tourist Board, in partnership with the Ministry of Economic Development and Technology, and the University of Primorska's Faculty of Tourism Studies Turistica, has been systematically promoting the innovation of Slovenian tourism through the Sower and Creator Awards and the Bank of Tourism Potentials (BTPS) platform, for which they have received several international acknowledgements (UN WTO, OECD, EU). Sower and Creator are annual awards for realised tourism products and still unrealised tourist ideas. The BTPS is a tourism innovation platform, on which information about tourism trends and ideas is published, and their authors and potential investors can connect in order to realise their ideas (Križaj & Zakonjšek, 2011). The most remarkable example of these activities is the creation of a new niche tourist agency for sustainable tourism; the co-investor found the idea of the agency and contacted the author through the BTPS.¹

Sava TMC, a part of Slovenia's largest chain of hotels and spa resorts Sava Hotels & Resorts, applied for the 2011 Sower Award, with their Network of Innovation (Sava TMC, 2011). In a similar way, as suggested in the theoretical part of this paper by Berne et al. (2012), they have recognised the interconnection of

new information channels that can also be exploited in tourism for both conventional production activities and the quality management with continuous improvements process. The latter was addressed by Sava TMC, which managed the network through three sub-systems for (1) promoting and capturing innovation proposals, (2) effective handling of innovation proposals, and (3) implementing innovation proposals and measuring impacts. The size of the organisational team shows their large-scale approach: six representatives of the management, six representatives of the dislocated companies, a joint innovation coordinator and two representatives of support processes (personnel, information support). According to their application documentation (Berne et al., 2012), the number of improvements proposals increased from 29 to 1,471 in two years. At the time of the application preparation, over 900 innovations were proposed in their company in the first quarter of 2011, of which more than half were accepted for immediate introduction. The number of proposals per employee increased from 0.02 to 1.22 proposals per employee. According to their internal estimates, the effect of the innovations introduced before and after the introduction of the system rose from €6,000 to almost half a million euros a year.

A similar, global example is related to Starwood Hotels, one of the largest hotel networks with over 30 leading service brands and over 5,700 locations. On the blog of a provider of an application development platform (Quick Base, 2016), an interview was published with the administrator of the Six Sigma Starwood Hotels programme for North America. After deciding that his group would become responsible for operational innovation, the interviewed administrator's team was caught in a trap by running long lists of what was being improved, but not what has actually been accepted into the daily business from these lists. They found that they undertook too many projects at the same time, but did not devote enough attention and time to the people in the organisational structure of their companies to become accustomed to and adopt all the innovations. As a result, the number of projects decreased, and an analysis of the behaviour and reactions of employees to the innovations was introduced (Rogers, 2003), which set the admin-

¹ Information about this example was obtained during the interview between the author of the article and the author of the niche sustainable tourism agency idea.

istrator's project in the right direction. In addition to pointing to meaningful and contextual (Brocke et al., 2016) work with information related to the introduction of innovations, the interview emphasises the importance of project sponsors (Sense, 2013) who, in addition to project managers in charge of introducing improvements and innovations, check and influence the proper climate in all key departments and the hierarchical levels of the company to which the innovation is being introduced.

The third area in the Quick Base interview, related to the change management and the ever-smarter technologies (Buhalis & Amaranggana, 2015), was the Citizen Development concept. The concept serves as an approach to the production of software according to the 'Lego' principle, in which the in-depth knowledge of computer programming languages is not important, because the new internal/business or external/user applications are created with pre-prepared software modules. The approach is particularly interesting for smaller (tourist) providers who do not have such complex internal structures as large corporations (Bloomberg, 2016), although also the Starwood Hotels Six Sigma administrator believes that such tools can contribute to a more agile daily deployment of process improvements, as they reduce dependence on internal or external professional computer programmers.

Quick Base itself offers a tool based on the Citizen Development concept (see <http://www.quickbase.com/about-us>). It is primarily aimed at managing business processes, automating them, capturing data, and generating analytical reports on the operation of business systems. More specifically, it is focused on quality and, like the presented example of the Sava Innovation Network are ICT tools, is represented by KaiNexus (Kutscher, 2016). They are based on one of the continuous improvement approaches (Kaizen in the case of KaiNexus) and allow employees throughout the organisation to participate in the exchange of ideas to reduce costs, increase sales, or increase user satisfaction. These are web and mobile platforms, which, through various methods, stimulate the active participation of all employees in the business system. According to KaiNexus, 3 % of submitted proposals are implemented in systems with a classic physical sug-

gestion mailbox and, for their system, they claim that 80 % of the proposed improvements are introduced (Kutscher, 2016). There are many versions of this kind of tools available online for 'each-and-every' employee integration in the analysis of performance and operational quality, and continuous improvements process (Hyphen, Treehive, Vibecatch, Teamphoria, etc.); one of their main features is to increase the transparency of operation and cooperation within the organisation (Piccolo et al., 2015).

An additional step forward is *external transparency* (Heimstädt, 2017), in which the clients also obtain insight into the operation of the company. Usually, such systems are predominantly based on eWOM, for which the goal is not so much to inspect the quality of service process as to look at the quality of the service (Butnaru et al., 2014). However, with available online platforms strongly equipped with customer review functionality, such as TripAdvisor, Booking.com, and Yelp, ever-resourceful tourists are gaining an ever greater insight into not only what they are or will buy, but also what the company is doing 'behind the curtains.' One example of a 'wide-open curtain' is shown in the article on a carpenter's workshop from Buenos Aires, which was promoted on several crowdfunding platforms, transmitting live work processes of the crowd-funded products in the workshop (Peters, 2016). One of the platforms, Kickstarter, soon also offered Kickstarter Live services to all projects published on their platform (Hughes, 2016), confirming that this can be an important message in terms of the transparency and quality of innovation production processes.

External transparency and simultaneous opportunity for crowdfunding of improvements focused on exclusively tourist providers are offered by the TravelStarter platform (Tourmag, 2015); in exchange for financing providers' development activities, crowd-funders are offered diverse packages of benefits for existing and emerging tourist products. In the area of smart cities and their external visibility, the good practice example is the city of Vienna, which recently offered residents a mobile application to propose improvements during their everyday use of city infrastructure (der Standard, 2017). The received proposals are publicly available, as well as their implementation

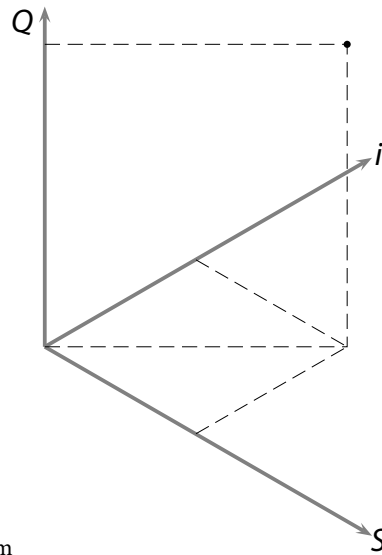


Figure 1

Tourism Qis
Coordinate System

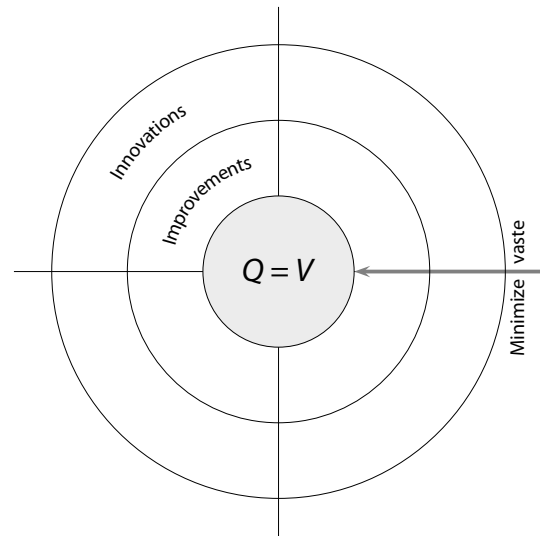


Figure 2 Values Target

statuses, and are part of a larger data network throughout the city. Specifically, the wien.at site offers over 600 e-government services and records eight million pageviews per month, thus confirming the importance of transparency of the information and the consideration of ‘each-and-every’ member of large human networks in development and service quality-related activities.

Discussion

Based on the presented theories and analysed examples, the basis for thinking about new development guidelines in the current global technological and economic cycle is sustainable development, which includes elements of innovation and quality management (Broman & Robèrt, 2017; Bourke & Roper, 2017). In tourism and beyond, therefore, the priority axes can describe the so-called tourism Qis coordinate system (quality – innovation – sustainability).

Considering the existing or emerging tourist offerings, in view of the shown priority axes, one focus should on: (S) sustainability – by which in the widest possible meaning of the word everyone checks whether he plays an optimal and fair game towards all the building blocks of the systems he is part of; (Q) quality – by which the companies are thinking about whether and how the guest will get what she expects

from them; and (i) innovation – by which companies consider how they can positively surprise their guest. Depending on which axis the company is more or less attentive, it is positioned in the indicated Qis coordinate system.

Quality and innovation are intertwined in the effort to maximise the satisfaction of tourists, as illustrated by the proposed *values target* (Figure 2). At the core of each tourist company’s focus are the values and expectations of the targeted customer (Malone et al., 2017). Companies attempt to identify them as much as possible in the process of the fulfilment of the customer’s needs. While doing so, the company is guided with strategic decisions about internal (written or unwritten) quality standards. To achieve the $Q = V$ equation, the company has to operate in accordance with the basic principle of most quality management methods: ‘minimise waste.’² In the process of identifying with the client and optimising its own performance, the company tackles two levels of this minimisation.

At the first level, it seeks to minimise any harmful or unnecessary elements that impede the achieve-

² Kaizen, for example, talks about the elimination of waste (Hanebuth, 2002), but since the $Q = V$ quest is a permanent, never completed optimisation process, the minimisation seems a more appropriate term in this case.

ment of $Q = V$ by continuously improving existing business processes and final products. On the second level, it seeks to introduce new processes and products in order to maintain a balance between the offered quality and the (changed) values of the clients. During the optimisation, the values and expectations of the clients can also be exceeded (positively), which can mean that (1) despite its larger investments as competitors, it maintains its competitive advantage, (2) company is expanding or upgrading the target market segment due to exceeding $Q > V$, or (3) company unnecessarily invests and drains itself more than needed. Because of all of this, Figure 1 is shown as a target. The goal of the company is to reach the status $Q = V$: at the daily level it attempts to achieve this with minimal corrections to the existing offer and processes, and occasionally, also by innovating to test the opportunities for targeting additional markets or merely redirecting the focus due to changes in trends and values.

The difference between the two levels, the introduction of improvements and innovations, is adequately explained for the purpose of this contribution by Harvey (2007). In the case of introducing improvements, the question is easy: 'Can the process be improved?' In the case of innovation, the question is more fundamental: 'Are we doing the right thing?' If a company is too intensely focused on the existing processes, there is a risk of overlooking the fact that the process as such has become inadequate and needs to be rebuilt. Thus, the question at the second innovation level withdraws from the current mode of operation and improvement and encourages rethinking what the target's core is (Figure 2). In doing so, it is important to overlook the existing structures in the company and focus on the target values and customer needs; and instead of focusing on the *process improvement* focus on *process design* (Tussyadiah, 2014). For such activities, more knowledge and more risk are required, but the company should decide what will generate greater or optimal added value.

The arguments presented thus far lead to the construction of a final proposal for the systematic introduction of quality principles, continuous improvement and innovation in a tourist destination (QCII model). The tourist company is part of a (geographi-

cal) tourist destination, which is (the destination, not the tourist provider) usually perceived as the vacation target to tourists. This mechanism directs all destination stakeholders, including academia (Onn, 2018), towards networked coepetition thinking (Chim-Miki & Batista-Canino, 2017). The QCII model shown in Figure 3 must (spontaneously or through careful planning) evolve into a content- and business-networked destination (Pearce, 2008), which wants for its offer to follow the changing trends and values of guests.

The starting point of the picture is represented by the existing business processes of tourist companies, which are usually or regularly improved to 'minimise waste' – from the smallest tourist providers to chains, such as Sava Hotels & Resorts and Starwood Hotels. The first source of information for such activities are the employees, motivated by tools and methods similar to the KaiNexus tool. Due to the principles of smart networking, as well as internal and external transparency, we are looking for approaches that go even further and are captured in the proposed QCII model. The first requirement is that it must enable tourist providers to obtain the feedback of experts, customer opinions, potential 'coepetition' partners and potential investors in a simple way during the minimisation process.

Investors (financial or with other incentives and rewards) are those individuals and private and public organisations that are in the interest of: (1) participating in the profits of the investee, or (2) the higher quality and performance of the investee, which in return raises the reputation and attractiveness of the entire destination. The investors of both types (1 and 2) are included in the Bank of Tourism Potentials of Slovenia on the national level. The first type is the mentioned example of investing in a sustainable tourism agency. The second type is the financial and promotional awards granted by the state for the purpose of bigger B2B and B2C (both between the competition and among tourists) recognition of the most successful companies and the most promising ideas. Investors of Types 1 and 2 may be interested in both improving and innovating the tourist offer.

In the same way, as in process improvement, the QCII model must be able to connect all the mentioned

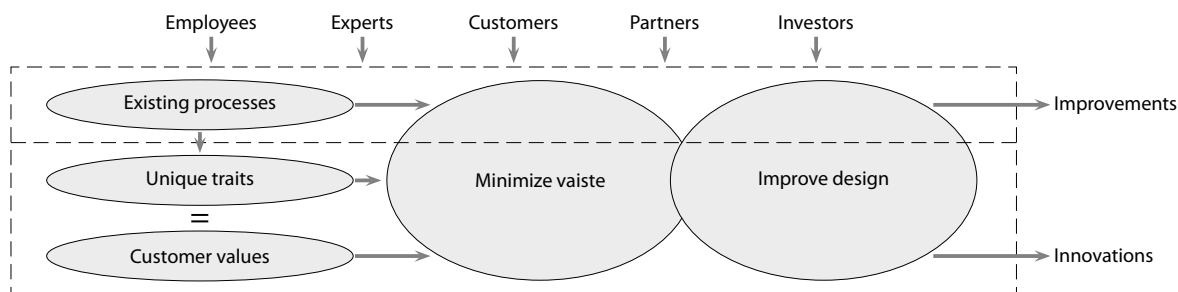


Figure 3 QCII Model of Systematic Introduction of Principles of Quality, Continuous Improvement and Innovation in the Tourist Destination

stakeholders in the case of *innovation*. In accordance with the basic principles of quality management and the presented difference between improvements and innovations, the process begins with the identification of the key competitive advantages, knowledge, previous experiences and vital processes of the company. In the second step, the company attempts to harmonise all of these with the key and perspective values and needs of the targeted customers and, on the basis of these findings, develop a new or radically renewed tourist offering through the partnership development process with all the listed stakeholders.

There is no need to emphasise that the presented QCII model can only function successfully if it is composed of motivated stakeholders from all depicted groups. Nor is it necessary to additionally emphasise that QCII must be part of smart networks, which will not be just another current craze but will be part of a living system that is understood and adopted by most of its population.

Conclusions

The tourist QIS coordinate system (quality – innovation – sustainability), the values target, and the QCII competition model have shown general and tourism specific links between quality management, continuous improvement and innovation. Connections are based on the previously presented theoretical foundations and examples of good practices of following the current development trends. One such already mentioned trend is the concept of smart tourism, which emphasises ubiquitous opportunities to connect both

technological capacities and business interests of the systems of which we are part. Another more recent and wider trend that confirms ‘smart’ orientation, suggested throughout this paper, is ‘service encounter 2.0’, where new business configurations stem in multi-organisation service systems built from employees, technology and customers (Larivière et al., 2017).

If a shift in the minds of understanding of the destination management principles was required a few years ago (that the company is part of a larger tourist destination and has to act accordingly), a similar shift is taking place today in understanding the concepts of universal and multi-layered sustainability. The technological capabilities and the values associated with global accessibility (as well as the footprints of the human civilisation on Earth and beyond) underline the need for thoughtful linking of the tourist company with stakeholders in the domestic tourist destination and around the world. Such content- and technology-related smart operation is expected from the tourist company and its processes of following the values and needs of its customers. The same applies to all other QCII stakeholders.

Based on the analyses carried out, this article proposes guidelines for further development steps and collaboration, while it should not be taken for granted that all current key trends to follow are correctly included in the utilised forecasts. As with the hitting the target with innovations, there must also be a certain degree of caution present when taking this article into account in the sense that innovation is never a completely predictable process. It is more like a new

opportunity, potentially useful for the next turn on the road, which we do not yet see absolutely clearly. The aim of succeeding research beyond this point is to additionally clarify the picture and add other current and future trends to further conceptual thinking and empirically verify the individual parts of the proposed QCI system. The future studies should include analyses of the capabilities, opinions and intentions of all of the listed stakeholders, as well as analyses of their development and collaboration activities and the effects achieved. All this is facilitated by internal and external sources of knowledge, with the mention of which this article started and ends in the same tone – a prerequisite for achieving quality and innovation (in tourism) is a smart relationship between the exploitation of internal and external knowledge.

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