

In Search of Local Innovation Networks in the South: Evidence from Tourism Firms in South Africa

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Abstract

This paper contributes to emerging global South perspectives on the importance of innovation for local economic development and poverty reduction in urban, as well as rural areas. In this respect, attention is focused on local innovation systems or networks. Innovation which ensures certain social and/ or pro-poor benefits and environmental projection is underscored in line with notions concerning innovation as a change agent towards sustainability. There is limited empirical evidence concerning nature and dynamics of local innovation networks in South Africa, and also the global South. Whilst the concept of a National System of Innovation has existed in the South Africa policy domain for about two decades, local innovation systems or networks are poorly conceptualised and understood. From a conceptual perspective, the paper draws on evolutionary economic geography and analysis case examples of local tourism innovation networks. The spatial dynamics of the systemic relationships *vis-à-vis* networks are interrogated to illuminate the nature and dynamics of identified local innovation networking in tourism as a service sector within South Africa as an emerging market economy in the global South. Policy recommendations following from the findings are distilled.

Keywords

Networking behaviour, local innovation networks, service innovation, tourism innovation, ethical entrepreneurship; social innovation; environmental innovation; South Africa

Introduction

A positive relationship exists between networking behaviour, knowledge creation and innovation in relation to enhancing competitiveness, and stimulating local and regional economic development (Carrincazeaux and Gaschet, 2015; Crescenzi and Rodríguez-Pose, 2012). From an economic geography perspective, 'location matters' for knowledge networking and learning for innovation (Boschma, 2015). Scholars hold that external or non-local knowledge is critical for building local capabilities and absorptive capacities for innovation, and that firms involved in wider non-local or global networks tend to be more innovative than those who rely mostly on proximate relationships (Boschma, 2015; Crescenzi et al., 2016; Shearmur et al., 2016). However, the mentioned perspectives have not filtered down to policy debates in South Africa pertaining to innovation systems. Local Science, Technology and Innovation (STI) policies are centred on the National System of Innovation (NSI) approach (Kruss and Lorentzen, 2011). This is attributed to policy borrowing from the global North whereby emerging markets typically adopt knowledge-based policies to enhance their competitiveness in a global environment to accelerate economic catch-up growth, as seen in South Africa, where national macro-economic policies and planning since 1994 have aimed to transform the economy into a knowledge-based economy (Kruss and Lorentzen, 2011; Lundvall and Lema, 2014; Rodríguez-Pose and Fitjar, 2013). In recent years, an emerging policy perspective in South Africa has moved beyond a national focus to recognise innovation as important for reframing place-based and local economic development (Ndabeni et al., 2016; Nel and Rogerson, 2016; Rogerson, 2014). Innovation further emerges as a consideration and area of investigation *vis-a-vis* tourism development in South Africa (Hoogendoorn and Rogerson, 2015). This said, there is a dearth of both academic and policy research, in South African and elsewhere in the global South, concerning the dynamics of local (and regional) innovation network behaviour by firms and entities, often engaged in informal learning interactions outside of the traditional NSI systems; and not least in non-science and -technology sectors such as services and tourism (Booyens, 2016; Carson et al., 2014; Ramoroka et al., 2014).

At the outset it should be emphasised that this paper is not analysing either innovation or networks *per se*. However, it interrogates the outward looking behaviour of service firms in relation to the nurturing of networking linkages, relationships or activities to foster innovation. This paper draws on case examples from a broader study concerning innovation networking in the tourism sector. This contribution scrutinises innovation networking on a local level by analysing both qualitative and quantitative data from three cases studies which formed part of the mentioned study. The evidence presented here provides important insights regarding the dynamics of local

innovation networking to inform policies aimed at advancing innovation for local economic development. Moreover, the paper makes important contributions to the international literature on the nature of local tourism innovation networks in a peripheral, global South, country.

The structure of the paper is as follows. Section two gives an overview of relevant literature in relation to learning and networking for innovation. Section three delineates the methodology followed. Section four provides an analysis of the three case examples of local innovation networks and section five offers a discussion, and section six a conclusion.

Learning and knowledge networking for innovation

Networking behaviour is central to learning for enhancing capabilities, building absorptive capacity and creating a critical mass for innovation (Cohen and Levinthal, 1990; Lundvall, 1992). The learning process is characterised by interaction and the systemic interdependence of agents or actors which take part in and play various roles in the innovation process (Antonelli, 2009; Lundvall, 2009). Networking linkages can be either formalised within well-defined structures; or consist of informal, looser affiliations which depend on relationships with personal contacts. In fact, networking relations are mostly informal in the case of services (Aslesen and Isaksen, 2007; Kuusisto et al., 2011). Moreover, innovation networks can consist of few, loose network relations; or be complex as in the case of multiple interactions between multiple actors in highly clustered, dense networks steeped with overlapping ties (Brouder, 2012; Powell and Grodal, 2006).

Learning involves both codified and tacit knowledge transfer. Codified knowledge is usually obtained through formal education and training activities, and tacit knowledge (i.e. 'know-what' or 'know-how') is embodied in people and gained through work experience (OECD, 1996). Tacit knowledge is, typically, transferred through networking behaviour and collaboration among individuals (Rutten and Boekema, 2013). On a broader scale, the networking behaviour of firms is central to diffusing learning, knowledge and innovations on a local level towards realising local (and regional) competitiveness and economic development (Boschma, 2015; Brouder and Eriksson, 2013; Fitjar and Rodríguez-Pose, 2015).

Networking activities allow for a reduction in transaction costs when firms rely on external actors in a network to share and transfer knowledge for innovation (Rutten and Boekema, 2013). Further benefits of inter-organisation networking and collaboration comprise information diffusion through knowledge sharing and spillovers, access to specialised assets, and inter-organisational learning (Powell and Grodal, 2006; Rutten and Boekema, 2013). Networking behaviour is especially

important for small enterprises to gain access to external knowledge from a variety of public and private sources via networking activities to enhance their competitive strength and accordingly foster their viability (Audretsch and Keilbach, 2011; de Jong and Hulsink, 2012). Further benefits include knowledge transfer or spillovers from: firms in the global North to those in the South; large firms to small firms; and industry to service firms often not engaged in their own knowledge creation activities (Audretsch and Keilbach, 2011; Forsman and Rantanen, 2011; Kuusisto et al., 2011). Likewise, networking is of significance for peripheral regions in order to enhance learning, facilitate knowledge transfer, and stimulate economic catch-up through innovation (Rodríguez-Pose and Fitjar, 2013; Varis et al., 2014).

An emerging body of research emphasising the geography of innovation, critiques the dominant systems perspective on innovation and offer that innovation networks are not necessarily explained by proximity within dense spatial clusters and dependent on localised resources and knowledge (Shearmur et al., 2016). The economic geography perspective emphasises the importance of external knowledge for innovation, accessed via spatially dispersed, non-local networks (Boschma, 2015; Crescenzi et al., 2016; Fitjar and Rodríguez-Pose, 2017; Tödtling and Trippl, 2016). Further pertinent considerations from the evolutionary economic geography literature follow. The concept of path dependency refers to evolutionary patterns whereby cumulative knowledge from past innovation creates a critical mass which impacts positively on the development of future innovations (Ma and Hassink, 2014; van Egeraat and Kogler, 2013). This learning process whereby lessons from successful past innovation and failures are internalised, adopted and diffused is characterised by the interdependence and network interaction of agents (Antonelli, 2009). The notion of capabilities is linked to path dependency and localised development. Local capabilities, also referred to as core competencies, are regarded as place or context specific and therefore hard to replicate elsewhere (Boschma, 2015; Feola and Butt, 2017; Rodríguez-Pose and Fitjar, 2013). Studies in the field of economic geography demonstrate that new economic activities, in most cases, emerge from related economic activities through the processes of path extension or renewal based on capabilities (i.e. skills, assets, technologies or products) within a locality or region. While many scholars have argued that innovations emerge from the local knowledge base and that proximity is a necessary factor for the diffusion of knowledge in dense, localised clusters; certain evolutionarily economic geographers suggest that even though innovation systems originate in specific places, innovation activities typically spread beyond the locality and often link up with global knowledge flows (Fitjar and Rodríguez-Pose, 2017; Isaksen, 2015; Martin et al., 2017). In fact, authors maintain that external knowledge is critical for building local capabilities and absorptive capacities for innovation, and that firms involved in wider national and global networking activities are more

innovative than those that are not. Furthermore, an overreliance on local capabilities may lead to lock-in and a degree of inertia in certain localities which impedes economic expansion (Boschma, 2015; Brouder, 2014; Guiliani, 2013). Therefore, knowledge from outside the territorial boundaries of a given area, and/or from related sectors within a given region, is vital for enhancing entrepreneurial discovery and the novelty economic activities i.e. innovation (Boschma, 2015; Uyarra et al., 2017). In accordance, access to external knowledge through networking behaviour appears to be especially significant for peripheral areas for enhancing learning, knowledge transfer, absorptive capacities and economic catch-up (Boucher and Roch, 2017; Isaksen, 2015; Rodríguez-Pose and Fitjar, 2013). In Africa, local capabilities and technological capacity for innovation is mostly constrained, and institutions which need to support innovation are often weak (Görg and Seric, 2016; Carson et al., 2014). Accordingly, nuanced conceptualisations are needed to appreciate innovation processes and geographies in peripheral contexts, especially those in Africa and other parts of the global South (Shearmur et al., 2016).

Brief considerations regarding innovation in tourism are provided before continuing. Effective networking and collaboration is also deemed crucial for accessing knowledge to create innovations in tourism (Williams, 2014). Several tourism scholars argue that external knowledge is essential for enhancing innovation by tourism firms and the competitiveness of tourism destinations (Brouder and Eriksson, 2013; Carson et al., 2014; Hjalager, 2014; Hoarau and Kline, 2014; Sørensen, 2007; Thomas and Wood, 2014). Sørensen (2007) maintain that that whilst tourism networks are highly local operating from within tourist destinations, they are simultaneously non-local and international. Evidence suggest that tourism networks tend to be dense, but loose in character, low in quality, and weak in strength (Brouder, 2012; Hoarau and Kline, 2014; Weidenfeld and Hall, 2014). It is suggested that such networks are not necessarily knowledge-intensive information, and do not impact significantly on innovation performance (Sundbo et al., 2007). Pechlaner et al. (2006) argue that a combination of place-specific and non-local resources is necessary for creating unique and innovative destination products and that networking for innovation purposes is not necessarily local. Indeed, it is argued that non-local networking behaviour is needed to access deeper specialist knowledge for driving tourism innovation and destination competitiveness (Mattsson et al., 2005).

Methodology

Three cases examples of local innovation networks, identified as part of a broader investigation into networking for tourism innovation, are analysed. A distinction can be made between networking behaviour and networks as structures. The aim of the research was to investigate networking behaviour in relation to innovation and not to analyse networks *per se*. The nature and spatiality of knowledge flows and linkages based on interviews with a sample of actors in the identified networks were investigated i.e. whether networking linkages were formal and/or informal; dense and/or loose; local and/or non-local; and of consequence for innovation. Working definitions for networking linkages and formal, as well as information interaction are outlined in Table 1.¹

Table 1. Working definitions for networking relations

Network linkages	Reciprocal linkages or interaction with other firms, organisations or individuals to share knowledge and access business opportunities.
Formal interactions	Network relations within well-defined structures – membership to bodies or associations, attending regular meetings, receiving annual reports, participating in forums.
Informal interactions	Informal or casual interactions with personal contacts.

Source: author

Purposive, snowball sampling was used to identify respondents within networks. A mix-method approach was followed and the data was collected by means of a semi-structured questionnaire in addition to qualitative interview schedules. The analysis contains 24 firm level responses of innovative firms with the nature-based, creative and responsible tourism networks identified. Note that these niche market categories are used for analysis purposes and that they are not mutually exclusive. For instance, tourism firms within the adventure tourism network also exhibit responsible tourism innovation behaviour in certain cases.

The definitions for product, process, organisational and marketing innovations as per the Oslo Manual (OECD, 2005) were used in the survey as a starting point. However, through qualitative interviewing social, environmental and structural innovations were also identified. These are described in the subsequent section. Please note that not all entities surveyed are firms. The firm

¹ Based on Carson et al. (2014); Cukor and McKnight (2009); de Jong and Hulsink (2012); Simmie (2004); Sundbo et al. (2007); and Ronningen and Lien (2014).

level responses also include social or ethical entrepreneurs who often establish Non-Governmental Organisations (NGOs) rather than private firms. A number of qualitative interviews with actors in the regional tourism system were used in this paper for contextual purposes, in addition to the firm level data.

Local tourism innovation networks in South Africa

This investigation identifies a few local innovation networks where strong cooperation and knowledge sharing for innovation is evident amongst tourism entities in the Western Cape region of South Africa. One example is the Tsitsikamma cluster which centred on responsible nature-based tourism. Another case is a cluster of creative experience-based firms in Cape Town which collaborate with various firms and organisations to develop niche market tourism products. An example of structural innovation driven by public institutions is also identified - the promotion of responsible tourism in Cape Town by the local council within a network of cooperating tourism firms. Even though firms in these networks introduce product, process, organisational and marketing innovations, it is notable that social, environmental and structural innovations are prevalent. These innovations are aimed at achieving social upliftment outcomes, environmental protection benefits and wider structural changes characterised by the collaboration amongst a ranges of tourism actors, firms and entities part of the mentioned local innovation networks. In examining the dynamics local tourism innovation networks the mentioned three case examples are analysed. Introductory details about each case are provided subsequently before a synthesis of the findings is presented.

The Tsitsikamma Nature-based Network

The Tsitsikamma network consists of a group of nature-based tourism entities operating in and around the indigenous Tsitsikamma forest situated between Plettenberg Bay and the small town of Stormsrivier on the boarder of the Western Cape and Eastern Cape provinces in South Africa. The nature-based firms offer adventure tourism activities like zip-lining, river rafting, bungee jumping, hiking, mountain biking, and various animal encounters with *inter alia* whales, elephants and monkeys. All respondents interviewed are involved in social or environmental innovation, for instance various social and environmental programmes and projects which are part of their core business or mandate. Several respondents assert that they are passionate by social issues and environmental conservation. It is clear that innovation drives competitiveness in this niche market. Firms are involved in a collaborative marketing initiative i.e. the Active Garden Route through which likeminded ethical members market their products.

It is identified that tacit knowledge for innovation is transferred and absorbed through dense, local networking relationships based on trust and shared values. Tourism entities in the area motivate each other towards ethical behaviour and responsible tourism. Innovative behaviour by firms resulted in the adoption of responsible tourism practices by all respondents interviewed and there is evidence of others in the networking adopting similar practices. The activities of firms related to social, environmental and structural innovation are driven by passionate entrepreneurs through external knowledge linkages. Local Tourism Organisations seemingly play only a minor role in this network, albeit collaboration exists with nature conservation bodies in the area and national departments. This raises local destination competitiveness and also the impact of firms. Novel or dynamic innovation could only be identified at a handful of firms which usually are headed by visionary individuals who drive initiatives in the network. The other firms are followers and implement mainly incremental forms innovation. Nevertheless, the impact is positive and confirms the informal relationships and strong local embeddedness can drive innovation and competitiveness which in turn impacts upon growth and structural change on a larger scale.

The Cape Town Creative Tourism Network

This research observes an emerging form of creative experience-based tourism which is a prime example of urban tourism product innovation. Active participation and co-creation by tourists in tourism experiences are central to the creative tourism concept (Prebensen, 2014; Richards, 2010). In Cape Town, experiences take the form of tours which include direct interaction with locals and storytelling as an integral part of the product offering by focusing on music, arts and crafts, local food, local history and the 'realities' of township life in peripheral slum areas. Creative tour operators, of which there were only a handful, propose that there is a gap in the market for more creative, experience-based tourism in Cape Town. Most creative tour operators contend that active participation is an essential part of the process and that trust-based relationships are vital to their success. Firms typically endeavour to create active learning experiences which result in meaningful exchanges for visitors and hosts alike. Visitors are often taken into the homes of hosts and experiences are based on aspects that people can identify with such as local food, music, culture and crafts. Examples inter alia include participatory music and drumming, arts and crafts, and theatre and dance sessions.

An outstanding characteristic of network is open innovation whereby firms share information and collaborate with competitors to co-create shared products. It is reiterated that trust relationships are essential in this regard. It is also observed that the nature of networking activities

of this network is mostly dense, local and loose, but that strategic external networking relations are maintained. It is noted that firms are not are not spatially situated within close geographical proximity, but they all operate and are based across the greater Cape Town area.

The Responsible Tourism Network in Cape Town

The promotion of Responsible Tourism in Cape Town is regarded as an example of structural innovation in tourism which results from the activities of a local innovation network. This network is driven by the City of Cape Town and consists of a number of cooperating firms as discussed here. A key project facilitated by the City is the Responsible Tourism Pilot Project which aims to establish best practice in terms of social and environmental responsibility practices and reporting. The project has 21 participating tourism firms in the pilot phase and is to be rolled out on a larger scale in future. It is identified that systemic relationships exists between public (local council with the support of provincial government) and private role-players which evidence of inter-organisational networking within the Cape Town city-region for promoting responsible tourism. It is observed that tourism firms in this network are dynamic in terms of introducing environmental innovations and practices, and social innovation to a lesser extent. The environmental innovations comprise of various new and significantly improved measures to save water and energy, reduce waste and ensure environmental protection. Certain environmental innovations are technological in nature. Social innovation consists of new or significantly improved products, processes or practices with social benefits. Examples include NGOs, notably voluntourism operators, involved in initiatives concerned with offering medical care, education and skills development in impoverished areas. The environmental and social innovation mentioned are considered to be characteristic of responsible tourism which promotes sustainable tourism development.

Synthesis of findings

The synthesis presented in this section takes together the firm level data in the three networks. The nature of innovation by tourism firms are analysed first. This is followed by interrogating the dynamics of networking observed in the local innovation networks.

Tourism firms within the local innovation networks are dynamic innovators (Figure 1). All firms surveyed introduced innovations – new or significantly improved products, processes or practices during the period under review, and more than half of the entities surveyed introduced multiple innovations. Innovating entities actively collaborate with others (mostly competitors) when innovating. It is observed that 71% of firm had introduced new, rather than significantly improved

products, processes or practices. However, only half (50% of these) were new to the market, the country or the world. At least half of the innovations, therefore, were new-to-firm and mainly incremental in nature.

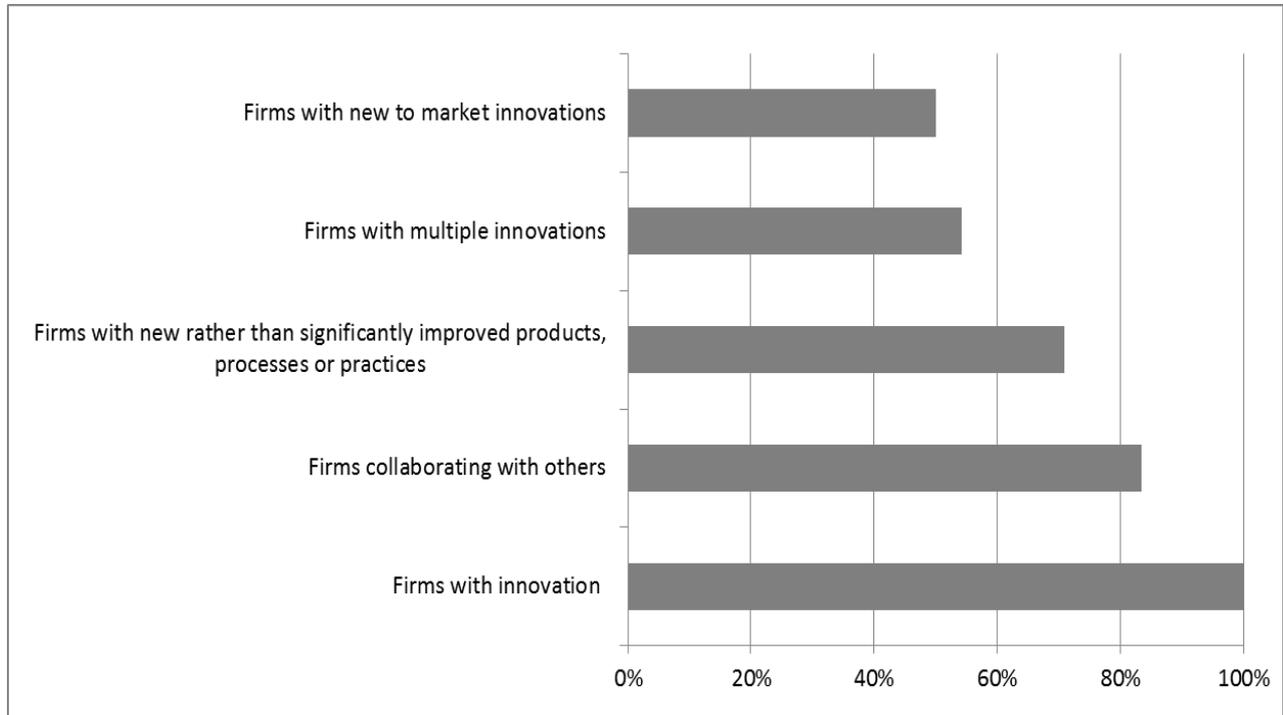


Figure 1: Innovation by tourism firms in local innovation networks (source: author)

In terms of networking linkages, a dense pattern of local networking is evident (Figure 2). This is characteristic of tourism destinations where networking linkages for business and marketing purposes are clustered on the local level. Since different service providers contribute to the overall ‘tourism experience’, strong cooperation between tourism firms which include competitors is evident. It is notable that regional networking, in other words networking between tourism entities in local innovation networks and formal actors in the wider regional system emerges as being particularly weak. Knowledge linkages to government departments or agencies, the research community and universities, therefore, are almost non-existent which point to the absence of functioning tourism innovation system in the region based on the findings of the overall study which had a total sample of 156 tourism firms across the region

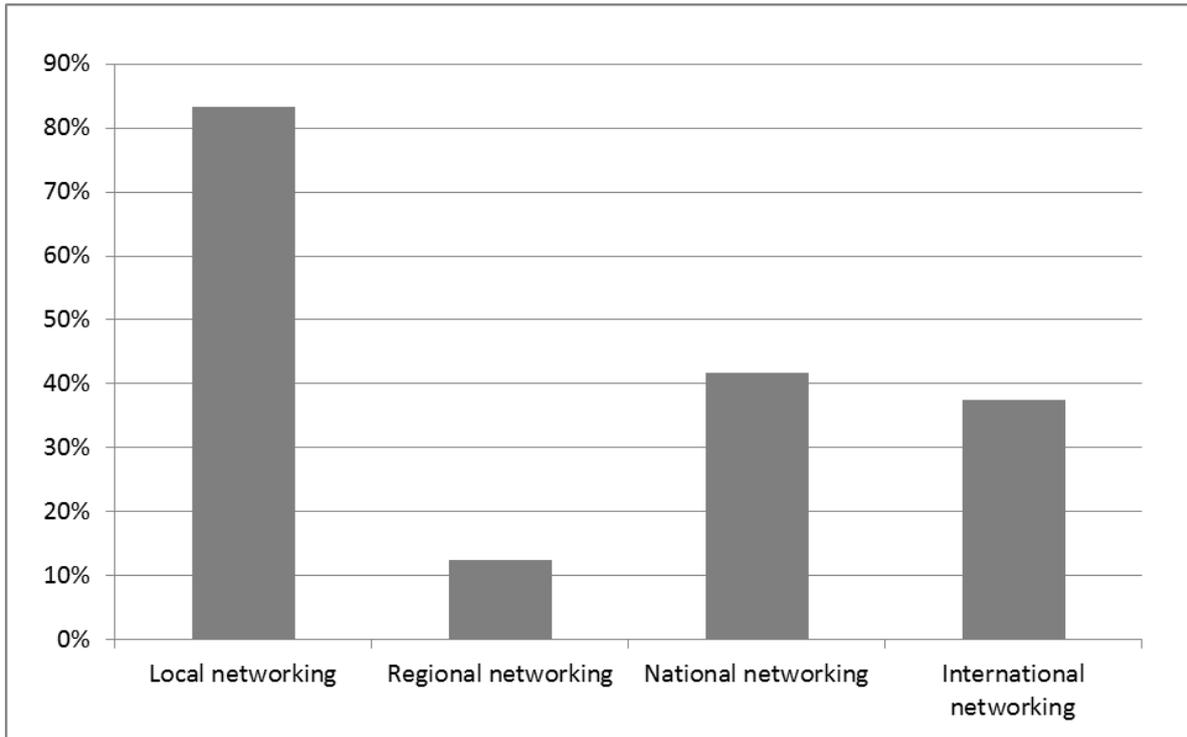


Figure 2: Geography of networking linkages by tourism firms in local innovation networks (source: author)

Evidence from the case examples further highlight that the pattern of local networking is relative loose. In other words, informal networking were up to three times in more prevalent than formal networking although most entities indicated that they made use of both formal and informal networking.

When interrogating networking behaviour for the purposes of accessing knowledge and creating innovations, a distinct networking pattern emerges. External (non-local) knowledge is demonstrated to be vital for innovation purposes. Figure 3 show that external networking linkages are important for innovating firms, and that firms with novel innovation – those with new, rather than significantly improved, products, processes and practices and those with new-to-market, and first-to the country and the world – rely more on external knowledge than those with new-to-firm innovation.

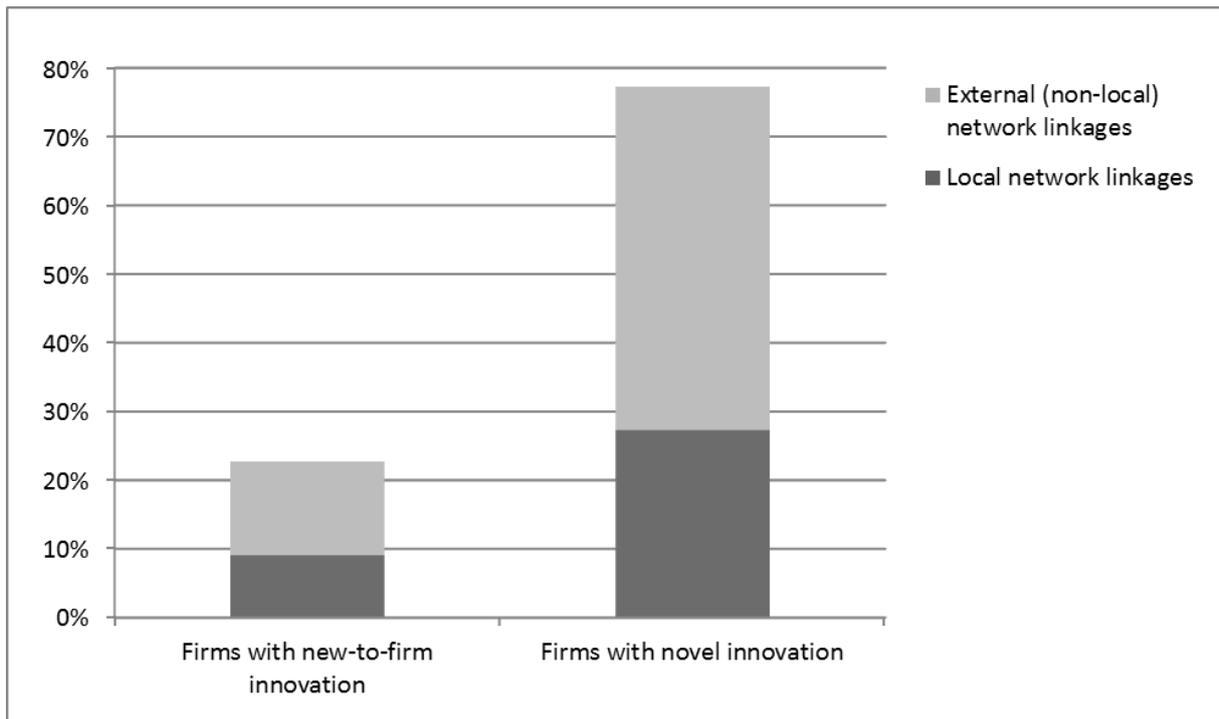


Figure 3: Relationship between innovation and networking (source: author)

Further observations regarding the dynamics of dynamics of knowledge networking in local innovation networks are distilled here. This research emphasises in innovation in the identified local innovation networks is not exclusively concerned with achieving commercial success, but also with spreading or diffusing social and environmental innovations, knowledge and practices within a given network to achieve wider benefits. Local tourism innovation networks typically revolve around a champion - often an ethical entrepreneur passionate about social and/ environmental issues. The qualitative evidence of this investigation reveals that the entrepreneur, when starting out, usually has strong, albeit few knowledge linkages through which he or she brings external knowledge, often tacit knowledge or from 'outside' the tourism sector, into a local area (Figure 4). He or she then characteristically starts to apply knowledge in a new context and accordingly introduce novel innovation to the local tourism destination and market, and start building a network of likeminded persons to spread their ideas and practices (stage 1). Where novel innovation is identified, open innovation is also evident. Actors are open to learning and ideas flow freely to others. This is especially pertinent in relation to the examples of environmental and social innovation where champions actively encourage other network actors adopt and adapt practices in order to ensure that benefits in relation to environmental protection or socio-economic upliftment in poor communities are diffused within a given area. In such cases the activities of such actors are regarded

as structural, in other words innovation which leads which promote structural change through the spreading the benefits of innovation on a larger scale, beyond the firm level - especially innovations which are more inclusive, collaborative and mutually beneficial.

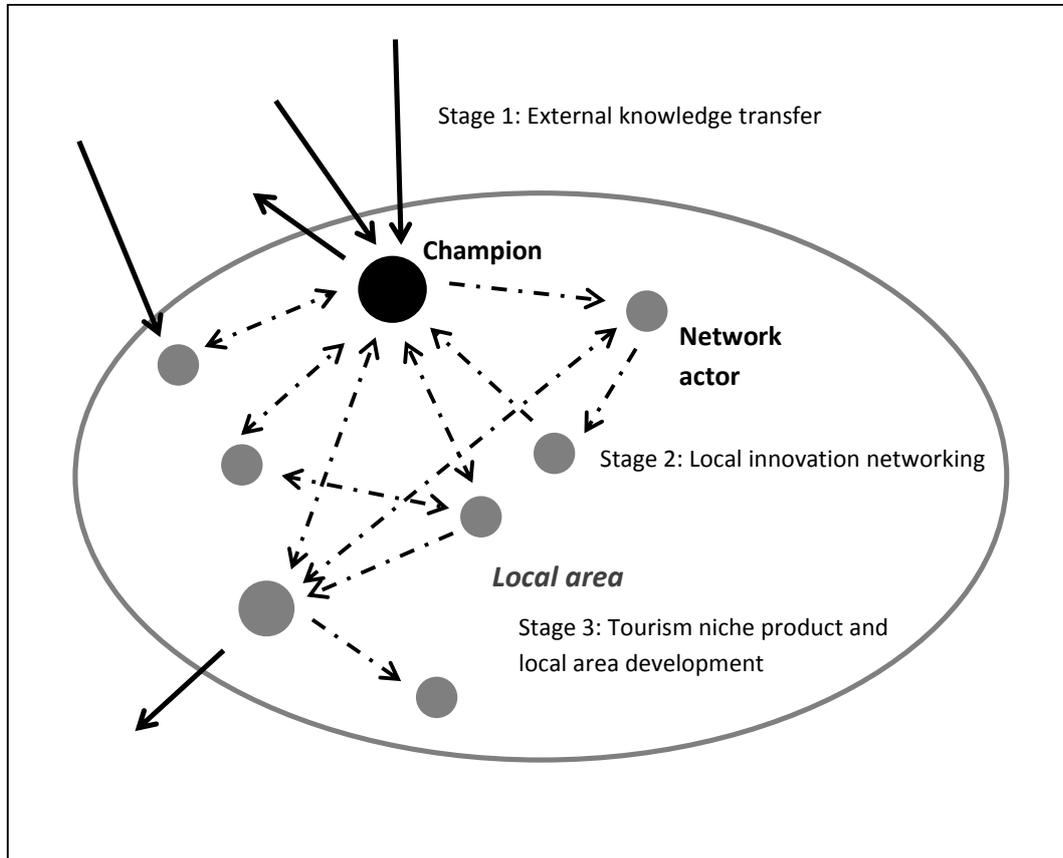


Figure 4: Networking and knowledge diffusion in local tourism innovation networks (source: author)

Networking linkages at stage 2 tend to be weaker; more numerous and more incremental innovation. Subsequently knowledge is spread which results in knowledge becoming embedded in the local knowledge base and part and parcel of local capabilities. These observations underscore the importance of understanding learning, knowledge accumulation and the building as a path dependent process. Accordingly, a critical mass forms which impacts both on the development of the tourism product, which becomes augmented with experiences focussed on theme (i.e. active, nature-based activities, creative experiences and responsible tourism practices as per the case examples), and also the tourism area (stage 3).

In the case of responsible tourism in Cape Town, this champion is the local council which catalyses innovation and network formation around responsible tourism in the city. At the early stages of this project, international universities were important knowledge linkages who played a role in putting the initial policies in place that made the responsible tourism project possible. Table 2 summarised the findings outlined.

Table 2. Knowledge networking and innovation dynamics in local tourism networks

Stage 1: External knowledge transfer	Stage 2: Local innovation networking
<p><i>Type and flow of knowledge</i></p> <p>Tacit knowledge embodied in champion</p> <p>External, often international knowledge transfer</p> <p>Certain individual network actors (other than champion) have external linkages</p>	<p>Tacit knowledge diffused amongst network actors</p>
<p><i>Characteristics of knowledge linkages</i></p> <p>External knowledge linkages are few in number</p> <p>Strong ties are evident– strategic in character</p>	<p>Numerous local linkages</p> <p>Weak ties</p>
<p><i>Nature of innovation</i></p> <p>Typically novel and linked to entrepreneurship</p>	<p>More incremental</p>
<p><i>Role of agency</i></p> <p>Champion: external knowledge broker & change agent</p>	<p>Central network node forms around champion</p> <p>Diffusion of practices amongst network actors</p>
<p>Stage 3: Tourism niche product and area development</p>	
<p>Knowledge networking and innovation results in the development of more inclusive forms of tourism niche product and areas through facilitating structural change linked to the wider spread of social and environmental benefits</p>	

Source: author

Discussion

Core findings from this study are outlined here. The broader study on innovation and networking in tourism found that inter-firm networking for innovation in tourism are relatively weak overall, with particularly weak formal systemic relationships between firms and actors in the regional tourism system (cf. Booyens and Rogerson, 2017). These findings correspond with Sundbo et al. (2007) who observe that innovation systems in tourism are generally weak. A key contribution of the research presented in this paper is that even though regional tourism innovation is weak, there is evidence of small local innovation networks in tourism. These local tourism innovation networks are demonstrated to be dynamic in terms of social, environmental and structural innovations which ensure certain social and/ or pro-poor benefits. It is argued that these innovations result in more inclusive and responsible forms of tourism niche product and area development in line with notions concerning grassroots innovations as agents of change towards achieving sustainability (Booyens and Rogerson, 2016; Feola and Butt, 2017). A significant observation is that these networks mostly operate in isolation, and actors have limited interaction in wider South African tourism systems or sub-systems. A key policy question in this regard concerns how peripheral innovation networks can engage better with existing place-based tourism systems towards promoting innovation on the regional level based on arguments that a regional innovation system consist of a number of local sub-systems (cf. Brouder, 2012; Carson et al., 2014; Rodríguez et al., 2014).

A further key contribution is that external knowledge is an important catalyst for stimulating innovation in the local areas facilitated through the actions of champions. These champions typically are ethical entrepreneurs, and also government agencies and NGOs, who act as change agents (cf. Feola and Butt, 2017). External knowledge networking is linked to novel innovation and linkages consisting of strong ties are few in number. These finding corresponds with the economic geography literature which underscores the importance of external knowledge for innovation particularly in peripheral regions or areas. In other words, firms typically benefit from networking linkages to within localities diffuse knowledge and introduce innovation both for ensuring economic and social development whilst maintaining global linkages for learning best practice (Boschma, 2015; Crescenzi et al., 2016; Carson et al., 2014; Lagendijk and Pijpers, 2013). Indeed, Grillitsch and Nilsson (2015: 229) contend: 'It is widely accepted that firms in peripheral regions benefit to a lesser extent from local knowledge spillovers than firms located in agglomerations or industrial clusters'. In particular, the importance of 'cross-sectoral outreach' to access knowledge from outside the tourism sector for innovation is emphasised (Brouder, 2012; Hjalager, 2014). This research demonstrates further that the local ties are dense, but loose. Such ties result in forms of innovation which are incremental,

rather than novel in line with Boschma (2004) and Brouder (2012). Nevertheless, it is argued that local ties and embeddedness are imperative for the diffusions of knowledge, ethical practises and structural change on the local level as underscored by Brouder (2012); Feola and Butt (2017), and Pechlaner et al. (2006).

Policy recommendations follow. This research suggests that local innovation networks are not necessarily 'carbon copies' of the NSI transposed on a local level. What emerges from the empirical evidence, in urban and non-urban settings, is that innovators rely on a broader network of actors 'outside' of the traditional NSI structures with little, if any, support from local government. The implication is that a static NSI approach to innovation on the local level, with an emphasis on institutional actors within a system's approach, is not sufficient for understanding or supporting innovation on the local level and more specifically in peripheral and rural areas where institutional support and innovation capabilities are usually either lacking or non-existent. What is more, innovation does not hinge on local government to play a central coordinating role as appears to be the understanding in certain South African policy discourses. Moreover, innovation in local tourism innovation networks is not explained by agglomeration, proximity and clustering. A key recommendation is that innovation policies, especially in peripheral areas in the global South, should focus on the promotion of open and diverse innovation networks (cf. Crescenzi, 2016) rather than focussing on the fostering of local place-based innovation clusters or systems.

Whilst this research offers compelling insights, not enough is known about the role of agency and how governments in the global South can support the non-local networking, inclusive innovation with a focus on pro-poor benefits and the formation of local and regional innovation networks. An important policy question is how local government can support innovation on the local level and how local government can in turn be supported by provincial and national government structures and agencies. In addition, further area of investigation is how strong social capital can be built, in regions and locales, for enabling innovation in the absence of strong formal institutions (cf. Boschma, 2015; Rodríguez-Pose and Di Cataldo, 2015).

Conclusion

This research contributes to literature on the nature and dynamics of local innovation networks, with a focus on innovation in services, which are under-researched in the global South context. Key contributions are that tourism innovation networks operate in isolation, typically disconnected from wider tourism systems, and rely on external (non-local) knowledge for novel innovation. This said, local embeddedness remains important for diffusing incremental innovations linked to ethical practices for wider impact on the local level. This research demonstrates further that local innovation networking relationships in services do not necessarily operate like a traditional NSI in the sense that it consist of formal cooperation within well-defined institutional structures involving government, universities or science councils, and businesses or communities on the local level. Rather, network actors consist of a diverse range of actors including ethical entrepreneurs, NGOs, government agencies or departments, competitors and internal knowledge partners. Network relations furthermore are mostly informal, spatially diffused and reliant on trust relationships. It is important to reiterate that knowledge and support linkages for innovation initiatives are not necessarily localised; even though networking linkages, innovation and its impacts are evident on a local level. It is recommended that innovation policies, especially in peripheral areas in the global South, should focus on the promotion of open and diverse innovation networks rather than focussing on the fostering of local place-based innovation clusters or systems.

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