

TOWARDS AN EXPLANATORY MODEL OF INNOVATION IN THE CULTURAL TOURISM DISTRICT

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Over the last decades the phenomenon of territorial agglomeration is an interesting research topic for scholars, because of the impact on the companies operating within (Hjalager, 2000). The geographical concentration of firms within a specific geographic space generates positive externalities in the form of enhanced competitiveness and better performance. Compared to large firms, small firms seek this concentration as a means to achieve these benefits, and make up for the lack of some resources (Grando and Belvedere, 2006).

Traditionally the literature about industrial districts or territorial agglomerations focuses on manufacturing sectors, while studies on tourism districts have received less attention (see Michael, 2003; Saxena, 2005; Merinero, 2008). The present paper focuses on cultural tourism districts form of agglomerative that is gaining importance due to the high growth of culture industries (Scott, 2000). Politicians, economists and researchers are very interested in cultural tourism as a basis for sustainable local development, especially in small towns with a significant historical legacy (Troitiño, 1998; García-Hernández, 2007).

As Hjalager (2000) suggests, the established framework for industrial districts can be applied to the study of cultural tourism districts. This is due to a number of communalities, namely: interdependence among firms, flexible boundaries of companies, relations of cooperation and competition, trust based on collaboration, and a cultural community with the support of public policy. Firms operating in cultural tourism districts are predominantly of small and medium size, and independent from large multinationals. Among them collaboration is more frequent than opportunistic behavior, and they tend to maintain stable structures for support and cooperation (Prats, Guía and Molina, 2008).

This paper elaborates a theoretical model to analyze the direct effect of social capital on innovation, as well as the mediating effect of knowledge acquisition between the former and the latter in firms within cultural tourism districts.

The model builds on the theoretical and empirical literatures on territorial agglomerations firms, social capital, and acquisition of knowledge (Becattini, 1990; Nahapiet and Ghoshal, 1998; Tsai and Ghoshal, 1998; Adler and Kwon, 2002; Tiwana, 2008; Kallio *et al.*, 2010). In addition we also make reference to specialized literature on tourism districts (Michael, 2003; Saxena, 2005; Novelli *et al.*, 2006; Aurioles *et al.*, 2008; Merinero, 2008).

Our model adds to the foregoing scholarly work by disentangling the relevance of social capital and the acquisition of knowledge for innovation within cultural tourism districts. In so doing we also fill a gap in the theory on industrial districts concepts such as social capital, knowledge acquisition and innovation. The analysis of these relationships explains why some firms are more innovative than others.

This paper overcomes the limitations of other models in that it takes into account that innovation in cultural tourism district is not only affected by the social capital generated within, but also by the relations established outside of the boundaries of the district. To this end we analyse the bi-dimensional nature of social capital distinguishing between bonded capital and bridging capital.

We also explain the connection of these two dimensions of social capital through the acquisition of knowledge, and the latter with firms' innovation. An important contribution of the model is the consideration of a mediating effect that provides more nuanced explanation of innovative performance in cultural tourism firms. This way we emphasize the role of the acquisition of knowledge as a mediating factor between social capital and innovation.

On the other hand, the theoretical model focuses on the context of cultural tourism, which has been scarcely studied in the literature (see Rogerson, 2006 as an exception).

World Heritage Cities are an appropriate and interesting framework for developing an empirical study based on our model. In these cities territorial organization of cultural resources and infrastructures (hotels, restaurants, transport system, shopping centers, etc.) are critical to success of local development based on cultural tourism (Meethan, 1996).

In this context it is essential that tourism firm collaborate and build relationships at different levels to offer a «complete experience» of the destination.

The recommendations that emerge from the present study are that tourist firms should combine local relations – typically resembling networks with strong ties – with external relations – usually observed in the form of dispersed networks with structural holes. For the strategy of tourist firms the former type of relations are suitable for exploitation while the latter for exploration. Overall these firms are expected to benefit from joint strategies of exploitation and exploration, given that their combination is critical to firm innovation.