

ABSTRACT

Purpose - This study aims to examine the relationship between effectual (means-driven) and causal (goal-driven) logics in service innovation (SI) in small independent firms. It further seeks to unravel how these logics interact over time (Sarasvathy, 2008; Sarasvathy, 2001). Effectuation theory may assist in understanding behaviors associated with resource utilization and integration in small firms. Drawing on some parallels with bricolage, effectual logic based on constrained creativity, where an actor starts and initiates the innovation process based on what they have (Baker and Nelson, 2005; Sarasvathy, 2008). This study examines the role of bricolage within these logics and its ability to explain how they may intertwine.

Design/Methodology/approach – The study employs a multiple case study methodology. The sample is nine small independent hotels, located in the UK. Data is collected via in-depth interviews and observations. Data is analyzed through systematic stages: data reduction, data categorization and drawing conclusions (Miles and Huberman, 1994).

Findings – The findings suggest that one of the logics may be dominant in a firm, but this does not eliminate the occurrence of other logic activities. This can happen when some available resources are recognised, and the development of multiple variations and experimentations of a service comes with minimal cost. Additionally, the findings demonstrate that firms' engage with different logics' and bricolage activities at the same time when firms adapt with its resource-constraints and have the flexibility with decision making. Moreover, effectual logic and bricolage may be perceived as two sides of the same coin depending on the firm's behaviour to develop a service or to overcome a resource constraints, and sometimes both approaches lead to each other in a reciprocal cycle. Lastly, drawing from the eco-system context, the data suggests that informal relationships can lead to informal commitments. These offer novel means resulting in new/improved goals. This is contrary to classic effectuation theory which stresses formal partnerships and commitments.

Practical implications – The findings show ways to manage (SI) by dynamically exploiting available resources, adding and updating resources through informal relationships and changes in the environment. Additionally, utilise available and/or unused resources to innovate or overcome some resource-constraints.

Originality/value – This study fills a research gap in the relationship between effectual and causal logic. It builds bridge between effectuation theory and bricolage for (SI) in established small firms rather than start-ups.

Keywords Effectuation theory, bricolage, service innovation, resources.

Paper type – Research paper

Introduction

Effectuation theory, which emerged from entrepreneurship research, discerns two logics of decision-making; causation and effectuation. The traditional causation approach is that the individual makes rational, planned goal-driven decisions where he/she looks among the different available means in terms of how to achieve those goals. By contrast the effectuation approach is characterised by a situation in which the individual is driven by the different alternatives that can be achieved through the available means. It is a means-driven approach, whereby goals are adapted to choices between different alternatives, in addition to the different strategic partners who may get involved. Another behavioural approach linked to the entrepreneurship research is “Bricolage” which is “making do by applying combinations of resources at hand to new problems and opportunities” (Baker and Nelson, 2005, p. 33). It emerges from the refusal to enact to limitations on known existing resources and their uses, and use resources in ways for which they were not originally designed. Effectuation theory and bricolage concept are based on constrained creativity, where an actor starts and initiates the innovation process based on what they have (Baker and Nelson, 2005; Sarasvathy, 2008).

Although causal and effectual logic have different related-behaviours, this study aims to examine the relationship between effectual and causal logic, and how they interact over time (Sarasvathy, 2008; Read et al., 2009) and the role of bricolage within these logics and its ability to explain how they may happen simultaneously. Blauth et al. (2014) found that both logics are not mutually exclusive in practice, which means they can happen at the same time in the context of innovation. Additionally, Berends et al. (2014) found in a study of small Dutch firms about the present practices in product innovation that both logics are present. Hence, this study aims to investigate how these two logics may be interconnected to each other at the same time in service innovation in small independent context.

In most contexts service innovation occurs alongside day-to-day business activities. Usually, innovation does not occur in a scheduled timetable or within the context of specific projects (Gottfridsson, 2014; Stevens and Dimitriadis, 2004). Service innovation in small independent firms usually arises in small and incremental way (Pikkemaat and Peters, 2006), and those small adjustments can lead to new services that were unplanned. Small firms attempt to improve their service offerings according to their strengths (e.g. low-bureaucracy, high flexibility of decision making and strong customer relationships) and within their limitations (e.g. limited available resources and network relations) (Berends et al., 2014). Yet those strengths and weaknesses may affect the activities and processes of service innovation. As Berends et al. (2014) claim, most

studies concerned with formalised innovation best practices are based on large firms and there is a huge difference between big and small firms due to the different availability of resources. Large firms are more likely to have more space to innovate because of the availability of resources, in terms of financial resources, facilities, assets, skills, experience, and knowledge (López-Fernández et al., 2011).

As resource constraints and flexibility with decision making are a feature of the business environment of small independent firms. Additionally, service innovation in these firms may not follow rigid long-term plan. This supports the aim of this study to explore how service innovation process occurs through the effectual logic lens and bricolage. Moreover, this study contributes to the literature concerned with resource utilisation and integration on which there is little evidence in small independent firms' context, so it is important to understand the relationship between the available resources, and how these determine the decision paths taken to innovation.

Literature Review

Causation and Effectuation

Sarasvathy (2001) discussed in her paper two alternate conceptual approaches to explain how individuals make business decisions; causation and effectuation. Causation is the traditional approach whereas effectuation is the one that she introduced. Causation is when actions are made based on predetermined goals and focuses on the selection between available means to achieve those goals. It begins with the identification and exploitation of opportunity in the existing market, followed by a series of tasks that include extensive market study and detailed competitive analyses to develop a business plan. In order to implement the plan, resource acquisition and interaction with different stakeholders by developing partnerships takes place.

In contrast, effectuation focuses on choosing between possible objectives that can be created with the set of available resources (who I am, what I know, whom I know). Who I am includes these characteristics; for example traits, preferences, skills, abilities, passions, assets; what I know consists of prior knowledge including; education, training and expertise, knowledge from life, and informal learning. Lastly, who I know includes the social and professional networks. Those goals are constructed and evaluated within affordable losses rather than expected returns. Effectuators then seek to co-create those goals through negotiating with various stakeholders who are willing to make actual commitments. These commitments add new resources to the pool of means to achieve new goals (markets, products, and firms). Effectual logic is focused on co-creating the future by the use of intangible resources, utilising co-creation of value and relationships. Effectual and causal logics are different in terms of having two different processes at their foundations. The current literature separates them as two contrasting logics (Perry et al., 2012; Read et al., 2009). However, Sarasvathy (2001) explicitly stated that a combination of the two processes may occur simultaneously and may overlap in different contexts. Some recent articles (eg., Berends et al., 2014; Blauth et al., 2014; da Costa and Brettel, 2011) studied when firms may rely on one logic more than the other, for example at different stages of an innovation project without investigating how these two logics can happen at the same time.

There are five main behavioural differences between these two logics in order to differentiate between them (Sarasvathy, 2001), when an individual uses causal logic they begin with a given goal, decision-making is based on expected returns, execute competitive advantage and conduct comprehensive market study, exploit pre-existing knowledge and try to predict the future. Whereas individuals uses effectual logic begin with a given set of means, decision making based on affordable loss, emphasize strategic alliances and exploit contingencies, and seek to control and embrace unpredictable future. To illustrate these differences, Sarasvathy presented an example of a lady building a new concept of an Indian restaurant. Using causation approach, she would analyse the long-term opportunities in the market, collect different market segment variables for instance demographics, eating out patterns, spending habits, and income level. Conduct market research using survey and focus groups to help her decide the location, interior, menu, opening hours and some other operational details. In other words, she analyses the market and competition to develop a clear plan of how the restaurant would be, and forecast the demand to have an idea of the return on investment. Afterwards, she starts trying to get access to the required resources that will allow her to achieve her goal/plan. Whereas using effectuation approach, she begins with examining her pool of resources without considering the market conditions, investing money and acquiring new resources. She thinks of the possible actions she can do with what she knows, what she has, and who she knows. For example, she may think of convincing an established restaurant to become her strategic partner, or she may know one of the grocery shops owner and ask if she can put up a counter where she can sell what she cooks. If she knew that some employees at her friends work like her food she might start to cook at her place and do deliveries. She develops a menu that is compatible with her skills and as she her skills improve the menu keep on changing. She does not stick to a specific goal, she leverages from the environment opportunities such as meeting a new person that may expand her market, teach her new skills, or they may find a way to work together. Hence, this changes her goals and plan. This study links effectuation theory with bricolage as they may complement each other and advance our understanding of the relationship between these different approaches to take decisions to innovate.

Bricolage

“Bricolage” is “making do by applying combinations of resources at hand to new problems and opportunities” (Baker and Nelson, 2005, p. 33). It encourages to use the wasted, cheap, and forgotten physical resources to create new solutions. Particularly, it emerges from the refusal to treat the available resources as nothing. It encourages the use of self-taught skills and involve customers and other stakeholders to assist in

finding solutions or opportunities (Baker and Nelson, 2005). Usually, bricolage can direct decision making in resource-constrained environments (Gatignon and Xuereb, 1997).

Effectuation and bricolage have much in common (Fisher, 2012), both are means-driven and action-oriented which means opportunity generation is led by available resources, actions as a mean of overcoming resource constraints and resource constraints prompts innovation. They share the same perception toward resources, effectuation theory primarily focuses on the resources on hand and the different actions that can be done by using them. Bricolage is about solving problems and taking actions by recombine existing resources for new purposes rather than seeking resources from outside the firm.

To study the interrelationship between effectuation theory and bricolage, and how they may happen at the same time rather than in different stages of a firm's life or innovation process stages. This requires a context were small and incremental steps may develop new outcome or do some changes in the operational detail and firms that operates in resource-constrained environment. Therefore, the context of this study is service innovation in small independent hotels due to the characteristics of service innovation and small independent firms. Although there are some studies that linked effectuation theory or bricolage with service innovation, yet both remain a relatively underexplored areas in service innovation research (Brettel et al, 2012; Berends et al, 2014; Storey et al., 2016).

Service innovation in small firms

Service innovation takes place in the development of new or improved services, or in the service delivery systems (Ottenbacher, 2007). It is concerned with doing regular things in a new way or the application of a unique system, method or process, or better combinations of resources to improve the efficiency of the service delivery, or alter the amount of resources devoted to a particular service (Ottenbacher and Gnoth, 2005). Service innovation is viewed as the process of accessing resources and (re)combining existing available resources in new ways for the benefit of the firm and others (Edvardsson and Tronvoll, 2013; Lusch and Nambisan, 2015). The main way for innovation to occur is by resource integration (recombining existing resources) (Lusch and Nambisan 2015). Resources are the tangible and intangible assets that the firm has to acquire to develop and implement its goals (Ray et al., 2004).

Firms' ability to acquire and use external resources -such as knowledge from any actor in their network- to innovate, and the ability to portray themselves in a larger innovation network (not only their firm) is a vital factor in service innovation (Jenssen and Nybakk, 2009; Froehle and Roth, 2007). This highlights the importance of using the network relationships to expand the variety of available resources. It is not about finding the best combination of resources, it is related to the usage of hidden, scattered and badly utilized resources (Hirschman, 1958). Read et al. (2011) claimed that there are plenty of resources that are unused and left over because no one paid attention to them.

Berends et al (2014) emphasized the importance of taking firm size into consideration in innovation studies due to the differential applied practices in small and large firms. These differences may arise due to the characteristics of small firms and their resource restrictions. The classical service development processes stages are design, develop, analysis, and full launch (Melton and Hartline, 2010). And this shows logical, and linear steps. However, when there are some resource-constraints, individuals start with available means and start offering a service without going through such systematic stages to find the optimal service. Small firms often face difficulties in acquiring and developing the required skills or experience bases for service innovation due to the lack of financial resources and qualified human capital. This is sometimes perceived as a hindrance factor for small companies in developing new services (Damanpour, 2010). However, they enjoy greater flexibility than large firms to take decisions quickly and adapt to environmental and market changes, employees have closer relationships with management and customers and they develop stronger relationships with customers generally (Berends et al., 2014; Damanpour, 2010)

Considering the above mentioned characteristics of small firms and that service innovation emerges from changes and adapting the service on a daily basis (Gottfridsson, 2014; Pikkemaat and Peters, 2006). This may advance our understanding of how the previously mentioned decision-making logics co-exist or replace each other to utilise resource to innovate.

Causation, effectuation, bricolage and service innovation

Many prior studies found that causation-related innovation processes resulted in the best outcomes (Barczak et al., 2009; Ettl and Etschberger, 2007). Furthermore, Berends et al. (2014) have empirically demonstrated that small firms deploy effectual-logic activities to innovate. Moreover, effectual logic may be found in the first stages of innovating due to the high degree of uncertainty and the unstructured process (da Costa and Brettel, 2011). Other study found that “‘innovation’ in reality happens as small step ‘bricolage’ – as a ‘do-it-yourself’ problem-solving activity taking place in daily work situations” (Fuglsang and Sorensen 2011). Therefore, causation, effectuation and bricolage are valid concepts to examine decision-making around innovation.

Effectuation is characterized by flexibility, experimentation and affordable losses (Chandler et al., 2012). Those characteristics allow service innovation to take place. In causal approach, outsiders are perceived as competitors or threats, while in effectual approach, customers, suppliers, workers even competitors are perceived as potential partners who can help in crystalizing the service by adding new means or goals. Bricoleurs involve customers, suppliers and other parties to solve a problem or launch/improve service innovation. Collaboration expands the pool of available resource and helps to broaden ones expertise (Blauth et al., 2014), and that may broaden service innovation in a particular firm. In some cases, when individuals integrate and recombine their firm’s resources creatively, they may overcome a lack of other resources to be able to innovative (Aal et al., 2016). Most likely, firms in a resource-constrained environment develop new services by adopting bricolage-related activities (Garud and Giuliani, 2013)

From an effectual perspective, opportunities are created by the existing resources (Sarasvathy, 2008). Moreover, the accumulated knowledge and resources that are gained based on previous resources and knowledge are vital in uncertain environments as they help the firm in facing new challenges as new challenges keep on evolving (Lichtenthaler, 2009). Hence, this may be potentially linked to service innovation opportunities and an ability to leverage from unexpected events in the environment to engage in service innovation activities (Wiltbank et al., 2009). This is particularly the case in small firms because of the resource-constraints that they may face. Usually firms base their innovation actions on causal logic, they have clear goals, long-term plans, well-defined strategies and sufficient resources (Webb et al., 2010). In many situations, service

innovation occurs in a resource-constrained environment, and this emphasizes the role of effectual logic and bricolage in explaining the behaviour of some actors when causal logic is not valid (Lingelbach et al., 2015; Perry et al., 2011). Despite the existing literature in regards to effectual and causal logic in service innovation, knowledge about how they happen simultaneously and how they are not mutually exclusive in practice is very limited (Blauth et al. 2014; Fisher 2012). Hence, this research examine how these different approaches are working together, what is the role of bricolage in explaining the interaction between causal and effectual logic in service innovation in small independent firms.

Methodology

Given the study objectives, we adopted an exploratory approach in our empirical research design. In particular, we employed a multiple case study approach because this allowed us to collect extensive in-depth, detailed data of the phenomenon of interest (Yin, 2013). This methodology is suited to address “how” and “why” study questions and it unravels how various relationships, interactions, social processes, and activities are interconnected in their context (Denscombe, 2007; Denzin and Lincoln, 2005). With these characteristics in mind, and the study objectives of understanding how causal and effectual logic interacts over time in service innoavtion context, resource usage and recombination, and how those resources are used to adopt with resource-constraints, multiple case studies seemed to be the most suitable option.

In particular, we examined nine independent hotels regarding their service innovation and resource utilisation in the UK. The number of cases was initially due to time constraints, but during and after the data analysis, it was identified that we reached data saturation, where adding more cases would not add any more fundamental information for the study (Palinkas et al., 2015). There is a dearth in studies linking effectuation with innovation study steams (Brettel et al, 2012; Berends et al, 2014) and usually this approach is recommended when little is known about a particular phenomenon (Yin, 2013). The selection of the cases was based on purposive sampling to spot cases within the characteristics under study based on the study objectives (Seale et al., 2004). Sample unit is constructed by the following three characteristics; small (10 - less than 50 bedrooms), independent, and provide innovative, and/or decent service. This was identified by looking at the websites, customer reviews and photos on 3rd party websites such as TripAdvisor and booking.com.

Of the potential participants approached, the hotels' willingness to participate in the study and their availability at the time of the study, were the main reasons for selection (Seale et al., 2004). Data was collected by in-depth semi-structured interviews and observations in order to explore the activities taking place in the context in terms of service innovation, behaviours associated with resource utilization and integration, and the dynamic relationship between means (resources) and their effects (goals).

Data collection

The main data source was interviews, supported with observations. Observations offered the opportunity to capture the physical setting, activities, human and social environment, that were important and relevant to form an understanding of the context. Observations and interviews go hand by hand. Observations may inspire asking some questions about some aspects that were not previously considered as well as understand the interviewee's answers in a better way and in some cases to see practically the issues discussed at interview (Seale et al., 2004). Semi-structured interviews allowed gaining more clarification and asking follow up questions with probes seeking further detailed, in-depth information to understand the participants' experiences and reconstruct events in which we didn't participate (Roulston, 2010).

Data collection took place between February, 2016 and September 2016. Altogether, 27 semi-structured interviews were conducted. In most of the cases, interviews were conducted with the owner or the manager to grasp the vision and the background of the hotel, the different developments that occurred over time in regard to their services, service delivery and their processes. In particular, this study aims to understand what is behind the decisions that had been made to introduce or improve a service, why these decisions had been made, the process of development, and how they acquired and utilised the existing resources in service innovation. Therefore, the best person to answer these questions is the one who is running the business. However, in some cases when there were more than one manager, interviews were conducted with as many of them as possible. Additionally, in cases where the manager mainly runs the business and other employees performed key roles, interviews were conducted with the non-management level to gain more details about day-to-day activities. The number of interviews in each case was based on the hotels' size, organization structure, and the accessibility the managers gave to us. Table (1) in Appendix (1) provides an overview of the study cases and the data sources. In most of the hotels the number of employees consist of full-timers and part-timers.

Data Analysis

All the interviews were transcribed, documented and coded in Nvivo 11 to be immersed with the data as these activities allowed us to go through the data many times. Given the study objectives, the analysis was applied in two steps; first, in-depth within case study analysis took place to investigate the relationship between the effectual and causal logic; second, cross cases analysis, where the transcribed data from the 9 hotels was taken as a whole dataset and analysed to look for the different approached-related behaviours and the relationship between them and how they are linked to each other. A thorough systematic analysis to the data took place over several stages: data reduction, data categorization and drawing conclusions following Miles and Huberman (2004) guidelines. The difference between the previous two steps in the unit of analysis, each hotel or all together.

In the first stage, within each case, a brief description of the firm's vision/background and the offered new services is presented briefly. Categorizing the firm's decisions and their approach to service innovation in regards of understanding who was involved, what triggered the development of a specific service, the role of network, resources and goals, and from there conceptualise an understanding of how the two logics can be related. The second stage built on the open coding step that was performed before and generate more codes to follow the inductive approach. Afterwards, from the generated initial codes, we collated the codes that are all relevant to each other to develop potential themes. Those themes were mainly related to the different approaches that can be adopted to overcome resource-constraints and how effectual and causal logic and bricolage might be linked together in this context. We continued to identify and compare codes to make sure that they were coherent and internally consistent (Braun and Clarke, 2006).

Overall Cases Description

In addition to the hotels' characteristic in Table (1). Hotels from A to F, are simple organizational structure hotels, the owner or the manager in each hotel runs the business to generate revenues without having clearly formulated strategic ambitions. When they think of new services or the delivery process they think of the whole package of the new offered service, service quality, efficiency, effectiveness, creativeness, and satisfying customers' wants and expectations. They tend to find an equilibrium point between the available resources and customer's preferences. Service innovation in these hotels ranges from a complimentary biscuits and water, selling additional products, bar facility, or in terms of process, changing the way the breakfast is served, changing the ingredients towards more healthier or local ingredients, discounts on local tourist attractions,

online booking systems and channel management systems. In those hotels, there is one who is in charge of the hotel either the owner or manager. Hotels A, C, E, the owners are the people who manage and run the hotel. In Hotel B and F, the owners assigned a manager and they don't interfere with that manager's decision and their way of operating the hotel. In Hotel D, the lessee does not run the hotel entirely but he is around most of the time, and interfere with the manager's decisions.

Hotels G, H, I, have higher standards and a bit more complex organizational structure. They have strategic vision that they look forward to achieve it. Hotel G, the owners always wanted their hotel to be 4-star quality that offers better service and bigger rooms from the other hotels in the area. They introduced a helipad recently, free transportation to and from the hotel to various places such as the train station, airports, and the nearest football stadium, and they offered free access to one of the local gyms to customers. The owners are farmers by profession, so they do not have any experience in hotels but they tend to always seek the best possible advice. Yet they are always around the hotel, one of the brothers is responsible of the front of house and dealing with customers, the other one is more behind the scenes, he makes sure things are running properly with the suppliers, sets and evaluates the prices, implements more environmentally friendly changes for example. Hotel H, is located in a city in which there is no 5-star hotel and they want to obtain 5-star rating by meeting criteria that are related to the different offered services, facilities, policies and regulations, service delivery, and customer service levels associated with that designation. There are two managers who manage the hotel instead of a general manager, and the owner asks them to offer an elite and luxurious service, yet the owner does not have any experience in the industry, hence, she lets the managers take most of the decisions. Hotel I, there is a general manager who is responsible for most of the decisions, unless there is a big investment that is considered to be taken the owners have to get involved. There are many managers underneath her, such as restaurant manager, reservations and sales manager, front of house manager. This hotel offers sumptuous rooms with world class amenities.

Further Analysis and Discussion

This section consists of two sub-sections; the first one is related to how effectual and causal logics may happen simultaneously. The other section is related to the role of bricolage in explaining the relationship between effectual and causal logic in small independent hotels to innovate.

The interaction between effectual and causal logics

Each case was analysed as one unit of analysis; in terms of understanding their vision, their business plan, and their activities to operate the business. This gave us an understanding of the main approach that is adopted in each of these hotels, and the activities that are taken to deal with service innovation. This showed us that these hotels tend to have a dominant logic, where most of their activities are related to that logic, yet they perform other activities that are related to the other logic due to uncontrollable factors or day-to-day circumstances. From that perspective, this supports the view which claims that these two logics might be applied simultaneously. According to the analysis, to perform some activities that are not mainly linked to the dominant logic may occur when the hoteliers recognise the availability of a particular resource, the minimal or zero cost of having different variations of a particular service, respond to some external information, events and meeting new people, and lastly facing some resource-constraints in their business. These might be the triggers behind the interaction between both logics.

Hotels from A to F in table (1), have effectual logic as the dominant one, as they act according to what can be done using their available resources, performing many unplanned activities to innovate and take advantage of any worth-pursing opportunity to acquire new resources and try to recombine the available and free resources internally and externally without setting goals and try hard to achieve them. Hotels from G to I in table (1), have certain standards for their service and they want to maintain those standards or achieve higher ones. Usually, they set goals, have a plan, focus on expected returns and emphasize competitive advantage. The hotels tend to keep on looking for new services to generate more revenues and/or reduce the cost because they can't continuously set higher bedrooms prices. This latter point is one of the reasons that lead those hotels (where causal logic is the dominant one) to act upon the available resources and not to acquire new ones because of the cost issue. Paying money to acquire new resources, may lead the business to be unprofitable.

Hotels under the umbrella of causal logic, may perform some effectual logic related- behaviours when they recognise available or/and unused resources, that can be utilised them to generate more revenues or to find ways to bring more people in. For example, in Hotel G, the owner mentioned that they have monthly meetings, where they describe in their minutes of meeting what is their plan for next months, what happened in regards to the previous tasks. Yet, this does not prevent them from considering what can be done by the existing internal and external resources. The following example explains how this hotel introduced new package for their customers because of the natural resource that is already there.

“We have got the bluebell walk coming up, we own hundreds of acres of woods, and we have got beautiful English bluebells which is quite rare so we do a weekend away which come a day, do a walk and have dinner so we just try to find ways to fill the rooms really” (Owner, Hotel G).

The operational manager also mentioned in regards to this offer:

“We own woods on the opposite side of the golf course and when the bluebells are out, it is spectacular.. The owner takes the walk, everyone will wear their walking boots, walk cross the golf course and they walk through the woods looking to the bluebells. Then they come back for lunch... It is just another way of trying to generate revenue”.

This shows how this hotel exploits the resources in their surroundings to develop new offers. It is not a resource that they tried to acquire, it was already there so they just had to recognise its presence and use it. Additionally, the one who guides the walk is the owner so this is other way of utilising resource in hand, as human capital are like any other resource, without any additional cost he performs extra service. Therefore, this illustrates that even if these hoteliers have their own agenda and plans, the flexibility and the eagerness to generate extra revenues may induce them to respond and perform some unplanned activities upon what is available.

Another form of resource utilisation can be viewed in this hotel, as how the engagement with one effectual activity (usage of the available resource) may lead to other activity; perceive other stakeholders as partial employees to help in service innovation development process. In hotel I, General Manager decided to give up her office and to share the same office with other employees in order to have another available room which can be utilized for other purposes, and later she decided to turn it to a small conference room. This is one

of the effectual activities, as they had this extra room and now they are thinking of what are the different options that it can be used for. Afterwards, some customers suggested if they could have a gym or to use a gym somewhere else in the city. Here, the approach of the general manager shows that she is happy to listen to the employee's ideas and customers as she realises that they may enrich the service by their knowledge, ideas and expertise.

“Yes we have examples of certain customers that they wanted a gym. One of the staff said what if we just put some treadmill and little machines upstairs at the director's room which was the second conference room that we now have which was the GM's office and I'm I thought actually that is not a bad idea. I am going to ask the guests that do want to have a gym if a couples of machines will solve that problem, so that is something we are doing directly with those particular clients” (General Manager, Hotel I).

This reflects that this hotel may engage in particular effectual behaviour, which is evaluating the different effects of available mean (room) and decide in which way to use it by discussing that with some employees and customers. General Manager adopted some effectual behaviours by her attempt to find new services for the same resource. The adaptability of what is being offered and the tendency to try different ways to use the same resource, in addition to the engagement with customers and identify them as actors who may collaborate in the development process are all related to effectual behaviours that may affect service innovation process (Blauth et al., 2014; Melton and Hartline, 2010). This rose because of the different interactions between the management, employees and customers, beside of the idea of why to not to utilize these resources in a new different way. This demonstrates how effectual behaviour can occur in hotels which already have a plan, by allowing the employees to share their ideas and insights and include customers as well for further explanation and collaboration in order to change the entire or part of that particular service. This also shows how one effectual behaviour can leads to other ones in causal-logic dominant hotel.

In some occasions, in the context of service innovation in small independent hotels, the ability to try different variations of the same service may happen effortlessly. Carry out some changes to the intended plan can be easily done, with minimal or no cost which induces the emergence of the effectual behaviours. For example, in Hotel H and I, both had fine restaurant and that was their long-term goal to have this kind of restaurant. Then they realised that it would be better if they just reshuffle the arrangements of their restaurant

setting so customers would not perceive it as an expensive restaurant which might discourage their entrance, and change a little bit their menu.

"This used to be more of a fine dining restaurant but we thought that was more of a hindrance rather than a unique selling point because I think it was perceived as a very expensive place. Because there is so much competition, we decided to change the format a little bit and we relaxed it a little bit. so we set up tables differently, so just the napkin, cutlery on top in a very informal, so people don't perceive it as oh my God I'm going to spend so much money in this place. This was a little strategy that we did" (General Manager, Hotel I).

This is an example of how the way the current tangible resources are recombined may change the service delivery atmosphere. This happened in an unplanned way but as a strategy to respond to the changes in the market and customer perception. This was more like an experiment to see if it works or not. Similarly, this happens in another form, where the hotel was using the same resource (room) differently in different times during the day.

The operational manager in Hotel G mentioned: *"We started doing Santa breakfast on Saturday morning where the children will come and they see Santa, get presents and have breakfast and then they go home and they have been very popular because by 12 o'clock it is over and done with so people can go and get on with the rest of the day, we have used the room in the morning, and then we can turn it round for dinner and dance at night time so you are maximizing your available space..."* this is part of changing what they are offering to maximise their resource utilization and develop multiple variations of the service to meet different goals. They have not set the activities that they would like to do and try to see how they can arrange it. They planned it in a way to use their resources in an effective and efficient way.

Moreover, they thought of another event for the coming year because they had something similar last year and it succeeded, *"Last year we did the snow ball, for the first time that was really popular so we are doing one this year as well and because of that we are doing one in January because there is a thing called burn's night, having sort of a Burn's ball, so you always try to think of new things to do"* (Hotel Manager, Hotel G).

This goes along with effectual logic, as they do not analyse the revenues versus cost. They already have these resources; room, food, employees, so they do not have something to lose. They are mainly introducing new services and new events, not developing new product where raw material and equipment are required or huge investments is required like to build a spa. This can explain the tendency of these hotels to engage in effectual logic, as they plan to do things or use their resources in novel ways, yet if it does not work, it will not cost them that much. They tend to be flexible in terms of their response to the unplanned and uncertain opportunities as they arose and adapt what they are doing according to the available resources (Chandler et al., 2012), and these are the main characteristics of effectual logic. Also this explains how these hoteliers learn from their own experience, investigate what worked previously and try to do it again, or organise something similar. This enables the experiential learning and highlights the importance of using what have been learnt previously (Sarasvathy and Dew, 2005).

All Hotels are up to challenges and competition. To respond to these challenges this may lead them to may lead them to be open to new ideas if they encounter any new information and create a relationship with their suppliers, which take the shape of a partnership mould rather than falling in a mere transactional one for the mutual benefit of both sides.

One example of the partnership with suppliers can be seen with Hotel I. They had a collaborative event with their whisky and different spirits supplier in order to bring more customers to their hotel, and the supplier - in his turn- would inform the hotels' customers about his drinks. This is part of having the partnership attitude toward outside firms (effectual) rather than the competing attitude (causal) (Fisher, 2012).

“We have got whisky events coming up with one of our suppliers to do whiskey tasting night so they are coming to obviously supply the whisky and host it so that is something we work together with them as well. So we created a menu to go with the whiskey and so they are bringing a host with them to kind of introduce the whisky with each course. So it is like tasting instead of wine tasting it is a whiskey one”... “it is more like trying new ideas as well as seeing if it is popular if it is working then we can do it again or if it is not that popular then we would probably not do it again so we find out why it wasn't popular and see if that when we need to change things” (Event management and reservations manager, Hotel I)

This example discloses clearly how both parties worked together to introduce such event to build a joint market. It shows how this hotel was open to try a new event and check if it popular or not. They neither got engaged in market analysis nor calculated the returns from that event, but it was more like seizing the opportunity and accepts an offer from an external party to develop a new service (Read et al., 2011). This external party provided tangible resources as well as creative idea for an event which will benefit both parties. In this example, both parties offered and exchanged resources to be used to do this event.

In conclusion, effectual and causal logics may interconnect in three circumstances. First: when decision makers recognise specific unused available resources as an opportunity to innovate. Second: when it is easy to recombine these resources. Third: the experimentations and the development of various options of a service can occur with minimal cost. Fourth: when hoteliers seize the opportunity to adapt to some external information, offers, events and meeting new people

Overcome resource-constraints: effectuation theory and Bricolage

The main focus in this study is small independent hotels, believing that they operate in resource-constraint environment. Moreover, operating in such kind of environment may affect the interrelation of both logics; effectual and causal logic as well as bricolage. These hoteliers engage in different activities of the two different logics and bricolage to solve a specific problem by using resources at hand. The data shows that even if the causal logic is the dominant one in a hotel, in order to solve a problem, the hoteliers would possibly refer to what they have in hand as the only available solution, which leads to bricolage in a combination with effectual logic. As acquiring new resources usually involves spending money. Moreover, effectuation and bricolage tend to synchronize in service innovation at some point because of the attempt to use the available or unutilized resources and their amateur skills that they learnt through the different stages in their life.

It was perceived while doing the data analysis, such as a set of means are taken as given, that resource constraints are also fixed. This may in turn affect the way hoteliers take decisions, as they select between the possible actions that can be taken within the available resource and resource-constraints together. The availability and constraints of resources induce taking an action. This is clarified by the following example,

“The bar idea was born out of necessity. We had a room we tried as a dining room it was a try method and basically for customers who like to dine here but logistically keeping in mind that we are 2 man-operation it is not possible for us to bring from the kitchen since we already have a really beautiful restaurant downstairs for breakfast so we abandon the idea of having even more grandiose a dining room. Then I thought maybe conference room, it requires a lots of attention and special furniture and maybe a bigger room. It will restrict maybe to 10 people the most with a lecturer on top and an equipment obviously, screens, everything so that idea was abundant as well because we have a quite competition in Nottingham where people can book it and it is already established. For us it will be from scratch with no knowledge. Then that idea gone and we left with nothing but to open a liqueur place” (Owner, Hotel A).

To have a bar at the premises started because there was an abundant resource, an available room, and they wanted to use it and found that the idea of having a bar will generate some revenues. She, the owner, thought of the different options that can be made by utilising this resource. Thus, she did a simple small market analysis independently, which led to this conclusion about the bar. Moreover, in order to continue with what she started, she had to find ways to solve the problems that rose from opening the bar in a way that she had to use some discarded resources and amateur skills, which leads to bricolage (Baker and Nelson, 2005). Also, since she did not have any employees and has no experience in serving the customers, she intends to learn over time and to pursue easy and cheap solutions using resources at her hand to solve the problems or challenges.

“I was thinking because it is only me and I may be busy here and there so everything that in a bar is basically under a lock so you can see but you cannot take. What you can do we have designed a little corner in the moment it is just a notice that the bar is open for you and just ring the bell so I put the bell there the normal office old fashioned bell. A lot of people feel uncomfortable with this bell as it is like more or less using me like a slave and I laugh about it and say use it because it is the only practical solution. So I said for customers that they have to learn to ring the bell” also she is learning those skills by getting along with work, and that what was happening in many cases. *“It is starting gradually I have no bar experience as a bartender no idea how to pour a part from me, and I was trembling for a couple of evening but now I’m getting better”* (Owner, hotel A). She uses her amateur skills to serve drinks for people and she received a positive feedback from her customers.

Most of these small hotels operate in a resource-constrained environment, either limited space, limited budget, limited network or limited experience and knowledge. Therefore, in order to adapt and overcome these shortages, small hotels show some effectual or/and bricolage activities. For instance, one of the hotels did not have a breakfast area (given resource constraint), thus they had to think of a creative way for serving the breakfast to cover this constraint. Therefore, they thought of serving the breakfast in the rooms as a unique selling point and that although it is special, it is complimentary. In that way they had to do something from what they have.

“We offer our people wide range of in-house baked pastries, selection of cereals, fresh juices....just enough for one person to have a nice breakfast, in other places customers have to pay extra of having the breakfast delivered to their room, where with us that is the concept so a lot of people find it nicely because it is something different, you know it is not something a lot of hotels do, in many aspects we are unique” (Manager, hotel B). Moreover, during describing the situation about the space and the breakfast room, the receptionist who does the breakfast shift mentioned: *“no it is only in the rooms, the building has got the hotel attached to the restaurant next door. They are separate businesses, but once in a month maybe guest may, particularly if they have booked 3 rooms and you know three different guests and they all want to have breakfast together they may have it in the restaurant because at the moment we do not have breakfast room”* (Receptionist, Hotel B).

According to some other hotels, they cannot afford having many staff members in the breakfast shift. Therefore, they had to deliver their breakfast in different way to be efficient even if it has not been their initial way of delivering the breakfast at the beginning. *“About 2 months ago we introduced a continental buffet. What we found is that while guests are being seated and waiting for their coffee or tea they don't mind grabbing croissant which gives us time to service everybody, you know we don't get 70 people sitting down waiting, with nothing in front of them. In this way we bought ourselves 10 or 15 minutes which now I can have 2 less staff on”* (Restaurant manager, Hotel I). However, due to the situation they had to change the delivery process and recombine the available resources for new purposes (Fisher, 2012), and this leads to the conclusion that even if a hotel used to be mainly under the causal logic, once a specific constraint emerges, the hotelier will see no other option but to reshuffle and recombine the resources at hand.

Therefore, due to the lack of other place to serve breakfast, the hotelier had to think out of the box and came up with the idea with serving and delivering fresh pastries as a breakfast in a special and authentic way. And to cope with the possibility of serving a larger group, the hotel management made an informal partnership with the nearby restaurant use its wider space and serve breakfast for larger groups there. Consequently, this example shows that forming connections with the businesses next to the hotel can be useful in facilitating providing extra services.

Another example that shows the importance of informal commitments in offering service “who I know” and relationships with other businesses. For example in hotel H, the manager mentioned:

“There is a bar downstairs and at the far end, the (next to them) bar, have a function room next to ours. Whenever we get large functions 200+ people we open the full bar area, everybody can actually get down and we can cater for that amount of people. We inform each other about any coming events. We keep fairly good communication, network.. I see them every day and if they have got any reservations for instance, if they have got a function that is actually happening, they will give me the actual dates and I will put it in my diary. It all depends on the number of people coming to the function”.

As a result of resource-constrained environment, small independent firms will have to adapt some effectual behaviour to adapt to their constraints and find temporary alternatives to deal with unplanned uncertainties; therefore, relying on social ties to overcome resource constraints (Lingelbach, et al., 2015) could be an option considering the minimal or low cost in some cases. The previously mentioned examples embody clearly how “who I know” as a mean may help to overcome some constraints and provide additional services.

Another example of how hoteliers would go with adapting to lack of resources is using a particular tangible resource, such as CCTV Monitor to overcome the limited number of employees. For instance, in the previous example of hotel B, the receptionist is the same person in charge for breakfast shift, which adds challenges to accomplish both tasks fairly and simultaneously. Therefore, while generally hotels put the CCTV monitors at the reception desk, CCTV monitors were placed in different locations in hotel B to adapt with this unusual situation. This is an example of how innovation can be applied with using tools in a way other than in what they were originally intended for.

“We got lots of CCTV'S cameras so we can see if there is a guest at the reception. So when you go and do a breakfast you always need to have half an eye on the screen” (Receptionist, Hotel B).

In this example as a whole, it can be shown how the effectual activity of using the available resource, given the limited number of employees and space, can lead to some effectual and bricolage activities to overcome the different obstacles. And that each one of them leads to the other, like a cycle.

Lastly, the idea of how the two logics can be combined might be that hotels operate in resource-constrained environment tend to be more into the effectual logic and do things in more convenient way than going a step further and attain some goals. As one of the hotels started to have packed breakfast before 7:30 as their customers were asking about having something easy to carry instead of having the breakfast at the premise. Afterwards, this idea had been evolved and became more practical over time as a response to regular customers' requests since this idea extends the hotel's borders and it does not require considerable resources or efforts. The owner in Hotel E mentioned the following when she mentioned about buying the next door property which they will be converting into a small hotel.

“We are not doing the kitchen because we have got 16 bedrooms with renovation to do. So it is going to be a big project so we will be very bust for a while. The breakfast room and the kitchen at the next door building needs a lot of work, kitchens especially are very expensive so it is partly budget thing. We were thinking initially, next door will do more of what like a budget option, more of like Travelodge kind of option. All the bookings will be run through here so you can say to people oh you can have full service, or you can have that it is 5 pounds cheaper and from a lot of people specially people who travel a lot they don't want a full English breakfast, they prefer packed breakfast. Eventually when we have got some money, we are going to redo the basement, redo the kitchen and then we will offer full service there as well. And we can offer; because it is got a restaurant variation on it we can start serving for external customers so for example, X hotel charge 15 pounds for breakfast, we can offer it let us say 10 pounds.. But this is probably in two years. That is what I am estimating” (Female owner, Hotel E)

This example in hotel E suggests that in fact the flexibility of small independent hotels allows the hotels to do changes as a response to unplanned circumstance, such as changing the type of served breakfast in the case of hotel E whereas this action could not be applied easily in bigger industries without causing a resistance or high notice. In addition to the financial constraints and due to the priority of renovating the rooms, the hotelier of hotel E took this idea and it will be the main inspiration of the next door building, until they have enough money then will renovate the kitchen and maybe employ a chef which is more into planning and having a considerable long-term way to develop the firm and compare their prices and their offerings with the competitors (more into causal logic). This also supports the idea that when a firm goes into an expansion path and become bigger in size, it tends to follow the causal logic activities more (Tasic and Andreassi, 2008) while employing what have been learnt previously from past experience (Sarasvathy and Dew, 2005).

Conclusion

It is useful to assess how effectual, causal logic and bricolage may interrelate in the process of service innovation in small independent firms. The explanation of their relationship may further explore the reasons behind their actions which may allow a better understanding of service innovation in resource-constraint environment. This study shows that when a firm adopts the causal logic, yet they recognise some available resources; internal or external ones, and the ability to develop various variations of a service with minimal cost, they may tend to engage with some effectual behaviours. Taken into consideration the flexibility of these firms, bricolage and effectual logic take a big part of their service innovation process as a way to overcome resource-constraints and offer a new or improved service. This is associated with the idea of set of means is given, that is the case with resource-constraints. Firms have to find a way to deal with it, without huge investments. Moreover, it may happen that an idea that was emerged from an effectual and/or bricolage action, is the main idea of a future long-term business plan and this is due to the changes in the resources' availability.

This study contributes to effectuation literature by empirically demonstrating the relationship between effectual and causal approach, as in reality these two logic may not be mutually exclusive and there are scarce studies that investigated the interrelations between these logics (Read et al., 2009). There are few studies that links those two theoretical perspectives; effectuation theory and bricolage, although they have much in common (Fisher, 2012). This study tries to link these concepts together and examine how they are intertwined. Effectuation theory is still in its infancy stage, therefore, there is a need to further explore the effectuation

literature empirically and develop it by connecting it with established literature (Blauth et al., 2014; Perry et al., 2011). This study links effectuation literature with service innovation as there are calls issued by Brettel et al, (2012), Berends et al, (2014) and small business economics Journal in 2016 to link effectuation and innovation study streams. Additionally, this study expands effectuation theory and bricolage scope to include established small independent firms rather than individual entrepreneurs and start-ups to gain new theoretical insights into the dynamism of effectuation activities of innovation. This study contributes to resource utilisation and integration literature in small independent firms in an eco-system service innovation context (Perry et al., 2011; Senyard et al., 2014) to overcome resource-constraints by the usage of other's resources, recombination of the available ones or/and social and professional networks.

Managerial implications

Beyond the implications for scholars, this study has implications for practitioners. Managers should be aware of the effectual logic related activities and bricolge in service innovation and their role to overcome some resource-constraints. They induce the creativity and infuse novel service innovation ideas into the firm. Our findings encourage owners/managers of small independent firms to utilise and recombine available resources for new purposes and in different variations even if they already had some long-term goals. Moreover, it supports the idea to respond to unplanned opportunities (new people, information, events) and make some partnerships with suppliers, other businesses, and competitors as this may expand the pool of available resources to innovate without significant investment or effort. Managers should recognise the importance of free and unused resources as these are available that can be utilised. In line with our discussion about how to overcome resource-constraints, owners/managers should consider their social and professional network as these relationships may lead to informal commitments that may help in that dealing with that subject.

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Appendix: Table (1) Hotels' characteristics and Data sources

| Hotels | Number of bedrooms/ number of employees | Facilities (breakfast is provided in all hotels) | Data sources Interviews (with whom/ duration) Observations (duration) | The duration of the interviewee in that position and his/her experience | Date of establishment |
|---------|---|---|---|---|--|
| Hotel A | 11 bedrooms/ owners (married couple) and a housekeeper | Dinner (occasionally) and bar. | Owner/ 70 minutes Tour in the hotel (25 min with the housekeeper). | No previous experience in hotels. She is an interpreter. They had 2 extra rooms in their previous house, so they decided to use them as bed and breakfast in 2011. | 2014 |
| Hotel B | 21 bedrooms/ 9 employees | Breakfast served in bedrooms because there is no breakfast room. | Manager / 35 minutes Receptionist/ 41 minutes Tour (around 30 minutes with the receptionist). | Manager works there since the opening/ she worked in restaurants for 15 years. Receptionist started working there in 2015. No previous experience. | 2013 |
| Hotel C | 22 bedrooms/ owners (married couple), and 6 employees | Bar, dining area | Owner/ 45 minutes Tour (around 30 minutes with the owner). | He established the hotel, 44 years of experience. He studied hotel management course for 3 years. | 2002 |
| Hotel D | 41 bedrooms/ around 15 employees | Function room | Manager/ 50 minutes Receptionist 1/ 48 minutes Receptionist 2/ 20 minutes Recorded tour (22 minutes with the manager) | He started working 6 months ago (2016). No previous experience in hotels. He was in the armed force and security industry. Receptionist 1 has been working there for 17 years. Receptionist 2 started working 3 months ago. Her previous experience in warehouses and factories. | It was opened 25-30 years ago. It was sold 10-15 years ago, then the hotel has been leased to a new lessee in 2015. |
| Hotel E | 11 bedrooms/ owners (married couple) and a housekeeper | ----- | Male owner/ 40 minutes Female owner *First interview: 114 minutes *Second interview: 20 minutes Housekeeper: 25 minutes | They have been running this hotel for 6 years. Both had experience in hotels. He worked for 18 years and she worked for 5 years in other hotels. | They took over in 2010. (it was run by her parents since 2006). |
| Hotel F | 14 bedrooms/ 9 | Dinner, bar | Manager/ | He has been working there for one year and 6 months. 47 | 2012 |

| | | | | | |
|---------|-----------------------------------|--|--|---|---------------------------------------|
| | employees | | 142 minutes Recorded tour (30 minutes with the manager) | years of experience in hotels. | |
| Hotel G | 32 bedrooms/ around 40 employees. | 2 golf courses, 3 restaurants, function/ conference rooms. | Owner/ 35 minutes Operational manager *First interview: 44 minutes *Second interview: 30 minutes Hotel manager/ 97 minutes Restaurant manager/ 39 minutes Waitress/ 26 minutes 4 hours of observation in the bar and reception. Tour (30 minutes with the operational manager) | Owner is a farmer, no experience in hotels. Operational manager started working there since 2008. She has 25 years of experience in hotels. Hotel manager started working there 11 years ago. She became the manager 6 years ago. Restaurant manager has been working there for 23 years. She became the manager 8 years ago. Waitress has been working there for over 3 years. | 2006 |
| Hotel H | 27 bedrooms/ around 40 employees. | Restaurant, bar, function/ conference rooms | Operational manager/ 44 minutes Executive chef and front of house manager/ 40 minutes Reception manager/ 25 minutes Housekeeping manager/ 10 minutes Receptionist/ 44 minutes Bartender/ 20 minutes 3 hours of observation in the bar and reception | Operational manager has been working there for 2 years. Executive chef and front of house manager has been there since the reopening. 15 years of experience in hotels Reception manager has been working there for one month. He has 10 years of experience in hotels and restaurants. Housekeeping manager started working there 4 years ago. She became the housekeeping manager in the last few months. She worked before as a waitress and bartender. Receptionist has been working there for 2 months. 4 years of experience in hotels. | Reopened in 2015 under new ownership. |

| | | | | | |
|---------|--|--|--|--|---|
| | | | Tour (around 20 minutes with the operational manager) | Bartender has been working there for 3 years. Has 18 months of bar work experience. | |
| Hotel I | 42 bedrooms/ around 45 employees | Restaurant, 2 bars, conference rooms. | General Manager/ 48 minutes Reservations and event's sales manager/ 45 minutes Restaurant manager/ 37 minutes One hour of observation in the bar. | General manager has been working there for one year. 24 years of experience in hotels. Event manager was working there since 2015. 3 years of experience in hotels. She studied Service Sector Management. Restaurant manager was working there since 2015. He managed some restaurants and bars before. | Reopened in 2015 under new management, same name. |