

# **Industry Insights and Post Pandemic Practices for Entrepreneurship and Innovation in Leisure**

**Richard Shipway, Simon Mosey and Chris Symons**

## **Abstract**

This article explores how leisure organisations developed entrepreneurial practices to enable innovation for the post covid-19 pandemic era. Whilst entrepreneurship and innovation has been the subject of academic scrutiny in mainstream sport, there is a relative paucity of studies within the broader holistic context of leisure. Semi-structured interviews, conducted in the United Kingdom (UK), provide insights from nine high profile, globally recognised industry practitioners from across the leisure industry including the sport, entertainment, health and fitness, leisure, hospitality, arts and culture, events and tourism sectors. Four key themes emerged from the data including extending capabilities through (i) research and development (R&D) and (ii) digitalization, and changing culture through (iii) diversification, and (iv) sustainability. These practices were shown to enable leisure organisations to create new customer value within an increasingly competitive environment. The paper concludes with an overview of theoretical and managerial implications and provides approaches for developing more entrepreneurial practices in leisure.

**Keywords:** Entrepreneurship, Innovation, Digitalisation, Diversification, Sustainability.

## **1. Introduction**

Leisure organisations can use entrepreneurial practices to deliver new value to their customers (Mosey et al, 2023). Whereas leisure was once treated as a social service, a business culture has now swept through all areas of the sector (Roberts, 2015), resulting in a trend towards commercialisation in the provision of leisure services and a transformation of the industry. The covid-19 pandemic highlighted that the future of leisure is unpredictable with technology-based organisations attracting customers via a plethora of online services. It also exposed already existing vulnerabilities and competitiveness in leisure provision (Miles & Shipway, 2020). There is an urgent need to deliver new customer value and experience at lower cost through creating innovations in services, technologies, processes and products.

Whilst innovation is fundamental to organisational success, it is one of the most difficult aspects of corporate activity to manage and plan effectively (Kearney, 2022, Tidd & Bessant, 2018). Innovation in leisure has become a vital component for organisations to gain a competitive advantage. This study will focus on the importance of entrepreneurship and innovation for leisure, and the importance of understanding how entrepreneurial practices lead to innovations in customer value.

Ratten (2020: 1) conceptualises sport entrepreneurship as ‘any entrepreneurial activities that a sport entity is involved with, including, but not limited to, the following: creating new firms, exporting, licensing, patenting and regional economic development’. However, this study takes a broader view by including the leisure industry which incorporates economic sectors including, but not limited to, tourism, events, art and culture, sport, entertainment, and hospitality, where significant numbers of people are recruited and employed. It seeks to demonstrate an inherent need to facilitate and encourage greater variety in how leisure organisations are studied in relation to entrepreneurial activity. When exploring entrepreneurship and innovation in leisure, this study considers the following research question:

RQ: What changes in entrepreneurial practices are necessary for leisure organisations to create new value for existing and potential new customers?

## **2. An Overview of literature**

There follows an overview of entrepreneurship and innovation, and how these two terms can be applied in a holistic leisure context. This is followed by an exploration of four theoretical frameworks to explore changes in entrepreneurial practices, core competencies, dynamic capabilities, blue ocean strategic approaches and changing entrepreneurial culture.

### **Entrepreneurship and innovation in leisure**

Entrepreneurship is a universally recognised concept that can be applied to leisure new ventures, small-to-medium enterprises, larger national and multinational organisations and public-sector organisations in leisure settings (Ratten, 2011). Whilst the concept of entrepreneurship is globally recognised, definitions vary. According to Kearney (2022), there

are numerous forms of entrepreneurship including private sector entrepreneurship, public sector entrepreneurship, corporate entrepreneurship (sometimes referred to as corporate venturing, organisational entrepreneurship and intrapreneurship) and social entrepreneurship. It can also be found in all professions from education to medicine, or from engineering to architecture. Kirkham, Mosey and Binks (2011) suggest that a consensus has emerged that entrepreneurship is about recognising opportunities, coming up with alternatives, and choosing the best one.

In the post-pandemic era, there is a growing importance and relevance for entrepreneurial practices in the leisure industry with the societal needs to address physical activity goals, health and fitness opportunities and enhancing leisure experiences (Miles & Shipway, 2020). This study discusses *entrepreneurial practices* rather than entrepreneurs, as a deliberate action of bringing about *innovation*, which is another word which is equally contentious.

In the leisure sector, the term ‘innovation’ is an overused word (Mosey et al, 2023), either when used to promote the latest wearable fitness technology device or included within mission statements of quango sporting organisations or national tourist boards. Within some sections of leisure, most notably the public sector, innovation has often been viewed with suspicion by those who fear, or are resistant to, change. However, for many organisations whose long-term futures lie in their ability to innovate, their overriding pre-occupation is upon increasing the efficiency with which they serve existing customers. This leads to what we term an ‘*innovation paradox*’, a contemporary development of Christensen’s (1997) innovation dilemma, whereby demand for innovation might exist but even in larger leisure organisations, the ability to satisfy it is not evident, along with a lack of both devoted time and resources to support appropriate practices.

Innovation is a process that starts with an idea, proceeds with the development of an invention and results in the development of enhancement of products, processes, services or technological advancement as part of organisational / industry change (Kearney, 2022). A core argument hereby proposed is that organisations working in the complex tapestry and dynamic market of leisure need to be agile and open to support new creative ideas (Heffernan, 2020). Ultimately, innovation creates something new and valuable, and this can be manifest in a new product, process, service, technology or delivery method (Mosey et al., 2017).

There is a subtle distinction between innovation and entrepreneurship - the latter is more opportunistic and disruptive, and value brought is often value moving from the old to the new, without a high degree of sensitivity to the requisite organisational change (Mosey et al, 2017). We will integrate these two concepts within the leisure organisational context by proposing a definition that *'An entrepreneurial leisure organisation is one that develops innovations that can create new value and are new to the organisation'*.

The global pandemic illustrated how leisure organisations attempted to operate differently, whilst still delivering 'business as usual'. It also highlighted those external environments are complex and change can come quickly and unexpectedly. In the holistic leisure sector gradual internal environment changes were replaced with changing consumer trends, new digital services from technology firms outside the leisure sector, economic challenges for organisations and the underlying politics of operating and delivering leisure related services during the ever-changing (global, national, regional and local) conditions of a pandemic (Parnell et al., 2022; Shipway, Miles & Gordon, 2021).

### **Changing entrepreneurial strategic approaches**

It is important to consider what capabilities an organisation operating within the broad leisure industry (incorporating and including the sport, tourism, arts and culture, events, hospitality, and entertainment sectors) has for entrepreneurship and whether it can extend or change those capabilities to address innovation challenges. We contend that the following three approaches may be appropriate for leisure organisations to change their practices to create new customer value.

The first proposed framework is the concept of *core competencies* (Hamel & Prahalad, 1994) as a set of skills and technologies that a leisure organisation could use to deliver valuable and distinctive products and services to existing customers. If, within the leisure sector, an organisation can achieve this better than their rivals then they are more likely to maintain and sustain a profitable position. If, within the leisure sector, an organisation has such competencies then future actions should focus upon nurturing and extending them (Mosey et al., 2017). Hamel and Prahalad adopted three tests to better understand whether organisations have a core competency that would sustain their position or whether their skill sets were not

core and would therefore most likely erode. Those three tests are equally applicable in leisure contexts, to better understand the strengths of an organisation. The tests are (i) delivering customer value; (ii) competitive differentiation, and (iii) extendibility. However, in times of rapid change, Leonard-Barton (1992) argued that core competences can become core rigidities and may constrain the organisation from being able to retain their competitive position.

Drawing from the perspectives of Eisenhardt and Martin (2000), we can address this limitation through a second framework of *dynamic capabilities*. Dynamic capabilities show how to leverage existing competencies through prioritising new products and services, adopting new decision-making approaches and forming alliances with pioneering organisations that can contribute towards the leisure sector. As such, a new framework can be developed to help organisations to extend their core competencies during times of disruption. The work of both Teece et al (1997) and Eisenhardt and Martin (2000) examined entrepreneurial organisations that survived disruption and continue to prosper and found that they engaged in a series of such strategic changes which they termed '*dynamic capabilities*'.

These have close synergies with core competencies, given they are skills which are spread across an organisation and perhaps they are better at achieving them than their competitors, but they do not need to be examined over a lengthy period to isolate them (Mosey et al, 2017). For example, the ability to develop new products, if you are a service-based organisation within the leisure sector, is a dynamic capability. Likewise, the ability to make entrepreneurial strategic decisions are another. The final dynamic capability is the ability to innovate in conjunction with other organisations, be they within the leisure sector, or elsewhere. Here, the organisation is not just speculating on their own future but are working together with other groups.

It is likely that if you look within leisure organisations that is good at developing products, good at making strategic decisions and good at forming alliances and bringing new knowledge into the organisation, it is likely we will find an organisation that is actually very good at extending its core competence. However, many leisure organisations will not be in such a fortunate position and will need to take a different approach as they find themselves without a clear and obvious core competence to extend.

An alternative approach is to consider a *Blue Ocean Strategy*. This was developed by Kim and Mauborgne (2005) and more recently articulated by Mosey et al (2017) to address contemporary innovation challenges such as digitalisation. The Blue Ocean Strategy explains how to create new market value through radically disrupting existing business models that might be currently adopted within the leisure industry. Kim and Mauborgne considered new business launches such as creation of new ventures or launching new products and services. It could be suitable for leisure organisations that aim (or need) to approach things differently. They found that most new business launches were what Mosey et al (2017) define as ‘*incremental innovations*’, slight improvements to what was already available to existing customers.

Kim and Mauborgne (2005) proposed that if an organisation was engaged in such ‘me-too’ value improvements then that organisation would be competing in a *Red Ocean*. This would be seen as a bloodbath of organisations with similar competencies that could be fighting over ever decreasing leisure market share and leading to increasingly intense competition. In contrast, should an organisation change their approach to create pioneering new customer value, then it is possible to create a Blue Ocean, where the organisation would attract brand new customers to the leisure market (Mosey et al., 2023).

One aim of this study is to consider the extent to which leisure businesses can cultivate a disruptive mind-set, to get into the habit of cannibalising their existing business model before someone else does so. The covid-19 pandemic provided clear evidence that leisure organisations are best advised to abandon traditional slow and hierarchical strategic planning and that new more agile approaches to strategy are required (Heffernan, 2020, Miles & Shipway, 2020). The previous predictions and estimates (pre-pandemic) made by many leisure organisations have largely become outdated and redundant, as we face working in the ‘new normal’ of both internal and external leisure environments. It remains important to agree on certain objectives and identify a desire to innovate in certain areas, but perhaps not follow the rigid aim of delivering against a traditional ‘leisure plan’ wholly reliant on existing competencies of the organisation (Mosey et al., 2023).

### **Changing entrepreneurial culture**

The leisure sectors are unique in that they comprise a significant experiential component with the emphasis on the provision of authentic experiences (Shipway & Jones, 2008). As Ratten (2020: 79) highlights within a sport specific context and which is equally applicable to the broader leisure contexts, these sectors all incorporate aspects of passion associated with 'heart, mind, body and soul'. As previously highlighted, despite good intentions of managers and leaders in developing entrepreneurial approaches and strategies, they are unlikely to succeed if the organisation is bureaucratic, places strangleholds on autonomy and stifles creativity. In the leisure context, to gain an entrepreneurial culture requires the introduction of novel programmes and ideas that encourage creativity within the workplace. In leisure, the impact and effectiveness of entrepreneurship will most likely be linked to behaviours that are perceived as acceptable within certain leisure related cultures. Ratten (2020) argues that despite the cultural contextual, entrepreneurs require mind-sets such as imagination and the ability to see possibilities, and those mind-sets can be encouraged through appropriate leadership and through taking part in problem solving activities as part of one's role within the organisation (Mosey et al., 2023).

To sustain innovation in leisure, organisational structures and cultures must enable collaboration, creative thinking, flexibility of resources, empowerment, availability of time, good communication and a tolerance of failure (Mosey et al, 2017). Munoz, Mosey and Binks (2013) indicate that within an organisation both tacit and explicit rules need to change to allow for the adoption of new approaches and that the tacit rules are often the most challenging to uncover and address. In Kearney's (2022) work studying barriers to innovation in healthcare, the inhibiting effect of rules, regulations, policies and bureaucracy were highlighted. Sport and leisure organisations share many of these rules, as both sectors rightly prioritise the health and safety of customers. Barringer and Bluedorn (1999) highlighted the importance of addressing the trade-off between entrepreneurial activity and traditional management practices. However, as knowledge changes regarding appropriate approaches to health and wellbeing, these very rules might perversely constrain the adoption of new practices.

Undoubtedly, the people who work in leisure organisations are the most valuable resource (Mosey et al, 2017). This is especially pertinent when considering both entrepreneurship and the fact they will be operating in a service industry such as leisure. In doing so, it is important to consider how best to support potential entrepreneurial individuals to ensure they can

deliver their organisational goals and objectives. These entrepreneurial behaviours should not be seen as a problem for an organisation but the key to future solutions and the creative heart of the enterprise (Mosey et al, 2023).

Entrepreneurship has traditionally been seen as only accessible for senior management or departments with a focus on research and development (Kirkham et al., 2011). However, it can be argued that for real and sustainable competitive success within the leisure industry, it should be made accessible to all individuals, at all levels of an organisation. Whilst a more extensive scope of entrepreneurial leadership is beyond the scope of this article, Mosey et al., (2023) argue that leisure organisations are interlinked and interrelated through a dynamic system of people, processes and structures. Leaders can change this seemingly intractable system through pioneering new approaches to the recruitment, reward, and empowerment of entrepreneurial individuals. If this is reinforced through prioritising entrepreneurial practices over 'business as usual, it is thus possible to influence the organisational culture, and how that leisure organisation will approach innovation. However, it is the central role of leaders in leisure businesses, such as those interviewed in this study, to provide appropriate innovation challenges and to empower employees to create and share an appropriate entrepreneurial strategy (Mosey et al, 2017) that can provide the platform from which culture can support and not constrain entrepreneurship.

### **3. Research methodology**

The focus of this study is on entrepreneurship and innovation in leisure. The organisations represented in the study proved to be entrepreneurially minded with credentials and globally recognised awards to match their actions. Their diverse profiles ranged from elite performance athletes and globally recognised marketing CEOs to those working at the cutting edge of both health and fitness and arts and culture organisations. All the participants were based in the United Kingdom or Ireland, although several of their current or previous organisations are international in reach, and the sample comprised CEOs with extensive experience of working globally across the leisure industry.

#### **Semi-structured interviews**



In studies relating to entrepreneurship, the most popular data collection method adopted was interviews (Cohen & Muñoz 2015). This study has adopted online semi structured interviews as the sole approach for data collection. They were adopted principally to elicit in-depth yet conversational interviews that would collect information on a diverse range of behaviours and experiences. Shipway and Lockstone-Binney (2022: 485) advocate the use of semi-structured interviews as a ‘pathway to partial insights, perceptions and thoughts’. It was important to frame the study and accurately snapshot ideas, within a specific time period. The data were collected over an eight-week period in October and November 2021, whilst all participants were dealing with ongoing challenges of the covid-19 pandemic.

The researchers prepared a predetermined interview guideline which acted as an anchor to shape the interviews. This detailed schedule emerged from a condensed list of key topics that had emerged from the literature (Shipway, Jago & Deery, 2021), including terms such as strategy, culture, stakeholders, customers. The research team, comprising all three authors, were conscious to frame non-assuming questions to both maintain trustworthiness and to also refrain from using specialised terminology, so the questions were easier to comprehend for the participants (Jones, 2022). This tripartite method of interviewing allowed the research team to cross reference their own, often contrasting, interpretations of the interviews.

All interviews were conducted via Zoom, the video conferencing platform (Jones, 2022). Zoom was the preferred platform for all the participants and reflected both the difficulties and challenges experienced collecting data during a global pandemic (Shipway, Miles & Gordon, 2021), and the busy work schedules of the participants who all held high profile senior management positions within leisure. Being a cloud-based service, the interviews were recorded, transferred automatically into downloadable files and transcripts. Despite suggestions that the fluidity of the interview might be harder to maintain via Zoom video calls than if face-to-face interviews were conducted (Shipway & Lockstone-Binney, 2022), fortunately this was not an issue, as one member of the research team already had well established personal and professional relationships with eight of the nine informants.

### **Research sample and method of analysis**

To develop deeper insights into entrepreneurship and innovation in leisure contexts, CEOs, senior management and industry leaders were approached. Initial contact was sought from the

research team who exploited their professional connections within leisure. This resulted in a high-quality sample of nine participants, whose profiles are highlighted in Table 3.1. Pseudonyms have been used to protective their anonymity.

<b>Participant Pseudonym</b>	<b>Leisure Industry Sector</b>	<b>Participant Job Role</b>
1 Craig	National leisure organisation and social enterprise	Chief Executive Officer (CEO)
2 John	Arts and culture, theatre and hospitality organisation	Chief Executive Officer (CEO)
3 Paul	Elite professional coaching and active sport tourism	Former Professional Cyclist and Cycle Tourism Tour Guide
4 Dominic	Computer software and IT development for the sport, health and leisure	Managing Director - Computer Software Developer
5 Michael	National leisure organisation and social enterprise	Chief Executive Officer (CEO)
6 Sarah	Health and fitness	Managing Director of National Gym Chain
7 Duncan	Arts, culture and theatre consultancy	Managing Director
8 Simon	Not-for-profit trade association body for health, sport, leisure and physical activity	Director of Membership and Sector Development
9 Jess	Global sport event management agency	CMO (Chief Marketing Officer) &/ Head of Global Marketing and Engagement

**Table 3.1: An Overview of Participants**

The analytical framework for the study was reflexive thematic analysis (Guest et al. 2012; Braun & Clarke, 2019) to better understand the participants' experiences, views, perceptions and representations of the chosen phenomena. This technique moves beyond identifying predetermined conclusive outcomes, synthesising all patterns and themes that emerged from the data, striving for optimum credibility (Jones, 2022). The research team filtered the information collated, discovered consistencies and established emerging themes for further defining and coding (Jones et al, 2012). Initially, frequently used phrases were assigned to coordinating objectives. The research team then compartmentalised the data, began to contrast and highlight common patterns amongst the nine participants, and began to decipher final themes (Shipway, Jago & Deery, 2021). Once themes had been refined, the researchers

developed substance into each theme with key elements expanded upon. Where possible, and reflecting that data takes primacy (Shipway & Jones, 2008), the research team tried to ensure that participants were generally equally represented within the discussion (Guest et al. 2012).

### **Ethical considerations and limitations of the research method**

Invariably with qualitative data and certainly within this study, (being an analysis of business structures), attempting to detangle complex societal and economic dilemmas happening in real time, during a global pandemic is fraught with the risk of assumption and interpretation (Miles & Shipway, 2020). This was particularly pertinent with these senior management and high-profile individuals representing and becoming the voice for whole organisations, as only one person per leisure organisation was interviewed. There is a certain degree of risk involved here, as one person's perception of reality will differ from that of the next person (Mills & Birks 2014). The participants were also working amidst a global pandemic, in highly stressful leisure environments and ever-changing business operations.

With regards to protecting the participants, anonymity and confidentiality was promised from the point of first contact (Flick 2018). This was reaffirmed by providing a detailed study information sheet, an agreement form to sign, and a disclaimer before each interview commenced (Jones et al, 2012). Bringing awareness to the participants rights to take part freely and remove themselves from the study, should they wish to, was highlighted (Gillham, 2000). This study dealt with issues regarding entrepreneurship and innovation that were on the cusp of emerging within leisure in the post-pandemic era. To conclude, having drawn from both the literature previously discussed and the methodological stances, the study will now explore the key themes that emerged from the data.

## **4. Results and discussion**

As is standard practice in qualitative studies (Jones, 2022), the results and discussions are integrated. Four key themes emerged from the data, two focused upon strategic change and two on cultural change. The strategic changes highlighted by respondents were (i) research and development (R&D) and (ii) digitalisation. The themes addressing cultural change were (iii) diversification, and (iv) sustainability. Each theme will now be explored in further detail.

## Increasing research and development in leisure

The need to increase Research and Development (R&D) was a dominant theme emerging from the interviews. This corresponds to the dynamic capabilities approach of extending an organisations capability through investing in product or service development (Eisenhardt & Martin, 2000).

Craig cited the significant discrepancy between investment by leisure organisations in comparison to other industries, commenting *‘organisations and businesses within the sector simply doesn’t ring fence budgets for R&D’*. Horton (2003) suggested that the importance of research and development for any business revolves around a growing concern for relevance. Craig identified that in the post covid era and one surrounded by global energy crises and conflicts in Ukraine, there is reduced capacity and less investment in R&D. He noted *‘on a scale of 1 to 10, we are minus 10’*.

Simon, who works for the not-for-profit trade association body for health, sport, leisure and physical activity suggested that one key element for successful R&D comes from *‘communication at top level [management], and not necessarily at middle manager level’*. His reasoning was that staff slightly lower down the organization might not have a complete view of the market and will have ground level perspectives, whereas senior management can take a more holistic view within any given leisure-related market space. He also suggested that the most successful organizations are *‘those who are clear who their customers should be, and what problems they are trying to solve, and consequently the supply chain are then informed and have clarity of information’*.

Dominic, as a software provider to the leisure sector, alluded to an *‘unofficial strategy’* towards research and development, being the importance of working with clients for the leisure industry, and to *‘listen to their voice, as it helps us keep our foot in the game’*. In contrast from a theatre perspective Duncan referred to a sentiment survey that he had introduced across his businesses to address specific questions relating to research and development. In terms of actual research and development work Duncan discussed using research consultants and extracting aspects of the aforementioned governmental sentiment surveys to help answer specific questions regarding research and development.

What was apparent from the interviews was that R&D is an area of business that cannot be overlooked and is a vital component to ensure that an organisation can both become and stay successful. Dominic's underlying argument was the need to establish *'how your organization is able to get the customer through the door initially, and what can you do to turn your product and services from a want into a necessity?'*

All respondents acknowledged that their organisation did not have a core competence (Hamel & Prahalad, 1993) in research and development that they could rely upon to meet the ever-changing needs of current, let alone new customers. Therefore, they all were investing in new research and development capability but making sure that their customers were central in that process. Contemporary research shows this to be a potential advantage for leisure-based organizations, when faced by new services from large technology based new entrants, as Baldwin et al., (2006) found that 43% of innovations in windsurfing, skateboarding, and snowboarding were developed by customers of those products. In a similar vein, Agarwal et al., (2017) found that leisure entrepreneurs are more likely to openly share their innovation ideas with their communities and gather potential customers' feedback, incorporating this into iterative changes before the formal evaluation of the potential business opportunity.

### **Leveraging the increasing importance of digitalisation**

A second theme from the interviews was the increased reliance and recognition of the impact of digitalization and technology on the leisure industry, exacerbated by the pandemic. This was consistent with the dynamic capability strategic approach (Eisenhardt & Martin, 2000), as it entailed changes in decision making approaches and different approaches to partnerships, with software partners being much sought after within a sector traditionally resistant to the online world.

Digitalization is the conversion of offline analogue data to online digital data (Kim et al., 2021), and more recently the term 'digital transformation' has been used more widely to describe a process referred to as the '4th industrial revolution'. All senior executives interviewed indicated they had invested significantly in digital infrastructure and would continue to do so. This ranged from enabling seemingly simple customer requirements such

as being able to pay using a contactless card or phone through to more complex systems allowing customers to curate their own leisure experience in advance of arriving at the venue.

Sarah, Managing Director of a national chain of gyms, explained that she had '*set aside a budget for developing and purchasing new, cutting-edge software*'. Likewise, Michael, CEO of a national leisure social enterprise highlighted that he '*took a conscious decision three years ago to set up our own consumer facing platform for leisure management*'. Sarah stressed that:

*following lockdown, we had to throw the rule book out of the window as the pandemic emphasized the importance of technology to the fitness industry, as we seem to chip away at being a bricks-and-mortar business and facing the importance of digitalization throughout the sector.*

Similarly, within the arts and culture sector, John, who manages several central London theatres, detailed how '*we have invested very heavily, and I'm talking about multiple six figures sums in order to enhance the digitalization of our spaces*'. John explored the outcome of increased efficiency and the benefits that advancements in IT infrastructure had at his theatres, observing that '*our improved IT infrastructure has helped to improve the experience that people have when coming into the venues*', and he continued to note:

*the enhanced app capabilities helped our pre-event orders, so customers could swiftly order multiple products, 'live' in the venues, and have it delivered to their seats, either just before the show or during the interval, in a finite time.*

A further sub theme linked to digitalization was how it could be used to help provide competitive advantage. Michael elaborated:

*We invested and rolled out our digital offering to achieve a sectoral competitive advantage. In doing so, we provide the customers with a smooth, seamless journey and give them ownership of that journey. To design their own journey within our organizational framework, we needed new software. This has allowed us to leapfrog our competitors, in terms of enhancing their experiential customer journey.*

This point was reinforced by Craig, also a CEO of a national leisure social enterprise, who identified a strategic need for increased coordination between different leisure sectors and other industries outside of leisure. He promoted the need to ‘*develop an innovative mindset for leisure, by combining software expertise and knowledge with the existing experience to create suitable software that provides competitive advantage for customer facing organizations*’.

In retrospect it may seem a simple thing to do, but for many leisure centres the ability for customers to book the gym online and in advance rather than having to phone the leisure centre and wait for the receptionist to organise the booking required a complete change in software and systems only realised through reaching outside the organisation for new capability. This drive towards creating a competitive advantage reinforces proposals made by Ratten (2020), whilst the increasing importance of digitalization for both the sport and leisure sector aligns with the dynamic capabilities approach to strategy (Teece, 1997). It is notable that the blue ocean approach (Kim et al, 2005), observed across other sectors as a response to digitalisation was not reported by our respondents. They concluded that their current and potential future customers saw value in the combination of the in-person leisure experience, enhanced by bespoke software rather than the fully digital, more disruptive offer provided by large technology firms.

### **Culture change through greater diversification**

An important trait for an entrepreneurial organization operating in the leisure space is the ability to successfully diversify their audience or customer portfolios. Diversity is the acknowledging, understanding, accepting, and valuing differences among people with respect to age, class, race, ethnicity, gender or disabilities (Esty et al. 1995). It is also a strategy

frequently used for expanding a company market or increasing sales and profits. The theme of diversification emerged from the interview data, with the focus on (i) diversifying audiences and (ii) diversification amongst employees.

Respondents agreed that diversification represented a change in the predominant culture of their organisations. However, as leaders they saw it as their role to champion this change as necessary to realign their organisations to the emerging demands of current and potential new customers. For instance, both John and Duncan spoke about the lack of diversification in the theatre and arts sector amongst their audiences, and an area that merited closer scrutiny and tactics to diversify strategies and obtain new customers. According to Glow et al (2021) there is a degree of apprehension towards audiences within the art and culture sector, which are predominantly white and middle class, which presents a medium to long term challenge for economic sustainability within the sector. John and Duncan indicated that theatre companies will diversify their theatrical productions as they cannot rely on one set of audiences. Duncan noted:

*We need new and more diverse audiences. However, it is about churns of greater gain new audiences. We really do care about diversity, we really do want to broaden our audiences, we really do want to be accessible. We have a duty in terms of broadening our programming and getting different voices on stage. We also want a board that is reflective of the broader population, and not just the people who give us the most money.*

In the context of the health and fitness sector, Michael highlighted the significance of diversifying not only their customer base, but to have the appropriate, and diverse, employees to do so. He observed that there was an essential need for employee diversification for *‘financial and business reasons, but also because we want to make an impact across wider parts of the sector which deal with mental and physical health and wellbeing, which is where we are also trying to position ourselves’*. Craig continued to comment that people are the



most important component, as *‘without the right people, you can't run a decent service, and you can't run a proper business’*. Sarah stated the importance of having colleagues who *‘felt empowered’*, as a key driver for employee motivation, and commented *‘we target people with certain skills and demographic traits and empowering managers to display different skills across the business’*.

In the context of high-performance sport, Paul was a firm advocate of selecting *‘the right person for the right role, in the most effective way’*. Likewise, Jess reinforced the perspectives of the other participants that a more diverse workforce will allow for *‘the exchange of unique views and sparking fresh ideas.’* With her experience of working with globally elite sports performers, she emphasised:

*Identifying key skills and ensuring that people are able to use those skills in the most effective arena to funnel into the process of the greater goal. This is about structure, it's about process, it's about management, and it's also about keeping the same key principles.*

The value of diversity within entrepreneurial teams is subject to much debate within the contemporary literature. Harrison and Klein, (2007) advocate the value of diverse entrepreneurial teams, specifically in terms of expertise, experience, and functional background. By contrast, they found that diversity related to opinions, beliefs, values, and attitudes tends to have negative consequences for team performance. From our respondents, drawn from a range of sectors across leisure and sport, it appears that within the context of the UK market, post pandemic, then diversity in terms of age, class, race, ethnicity, gender or disabilities (Esty et al. 1995) is crucial to respond to the emerging demands of current and potential new customers.

It is apparent that changing culture through diversification in a modern-day leisure organization is necessary to drive innovation and foster creativity. A diverse workforce can differentiate businesses from their competitors across day-to-day operations, and both a more diverse workforce and reaching new and different audiences are vital. Innovation is more likely to emerge with a more diverse workforce emanating from a more effective problem-solving team. Ultimately, a more diverse customer base will also help leisure organisations to better mitigate against risks and maintain financial security. In doing so, this diversity of both staff and customers will open up new networking opportunities and the development of stronger internal and external strategic partnerships (Mosey et al, 2017).

### **Changing culture through enhancing sustainability**

Sustainability was an ever-present topic of conversation during the interviews, ranging from eco-friendly facilities to sustainable workforces and relationships. The concepts linked to sustainability are a central theme for all businesses and are one of the main reasons for organisations, including those in the leisure industry, to make operational changes (Seebode et al, 2012). These interviews occurred at approximately the same time as the high-profile global Cop26 climate change conference, hosted in Glasgow, Scotland. Those issues were very much in the forefront of thinking amongst the participants and was seen to provide the framing for contemporary innovation challenges within their organisations. However, the rhetoric and reality differed when those in the leisure sector realistically contemplated how they could logistically reach many of these sustainability challenges.

Michael expressed his concerns on delivering a more sustainable leisure industry, musing *‘two thirds of the swimming pools in the UK are just incapable of getting anywhere near carbon neutral, simply by design’*. He continued to explain that heating swimming pools are the main strain on resources and costs and that *‘electricity and gas prices are going literally astronomical, so it's the short-term cost of energy, and it's the long term requirement to decarbonize, and nobody's got [any idea] as to where to start!’*

In the wake of the 2022 invasion of Ukraine, a global energy crisis, and rising costs of living, this point, made three months prior to more significant price rises, seemed particularly astute. McKinsey (2021) noted that net-zero commitments were outpacing the formation of supply chains, market mechanisms, financing models, and other solutions and structures that were needed to smooth the world's decarbonization pathway. Michael even made the off-the-cuff comment at the end of his interview, when discussing future sustainability in the leisure industry, that *'the whole sector is f\*cked'*. This appears to reflect realistic challenges that face the sport and leisure industries moving forwards. Both Michael and Craig were adamant there was a need for greater transparency within the sectors, highlighting the difference between rhetoric and reality when approaching global issues associated with climate change and sustainability challenges.

Sarah indicated that innovation could stem from both embracing a sustainable workforce and developing sustainable partnerships with other organisations. Her underlying point was the importance of growing her workforce and *'creating a sense of community, whilst also growing their skills set, before bringing new people on board'*. This point was further echoed by Michael who felt *'investment in people is top of our list, as without the right people, you don't provide a decent service. A happy and loyal workforce is likely to result in better productivity'*. Referring back to Sarah's perspectives on sustainable relationships with partners, it was clear that she was passionate about working with smaller businesses *'which can provide a more personal service and generally smoother channels of communication'*. This viewpoint was further cemented when she observed *'even for our maintenance, we use small businesses, and I'm only interested in working with people who care about us'*.

John reflected on his career both inside and outside of the theatre sector in terms of experiences of running sustainable businesses. Prior to working in theatre spaces, John worked within the food sector and reflected on his interactions with ethical food suppliers; many of whom also provide services to the art and cultural sector in which he now operates. He contemplated that ethical and sustainable food *'often comes at a higher price'*. However, as consumers have become more aware and careful with their actions and lifestyles, the

demand for ethically sourced and produced food has increased and people are actually willing to pay the price. He elaborated on this point:

*when ethical products become commercially viable, this enables us to be more ethical in our purchasing. However, when buying quality, ethical products, you also tend to pay premium prices. However, we continue to do this when it is viable for both the consumer and the operator (us), and where the price point is right.*

Sustainability was frequently highlighted by all the participants. In summary, and to reflect this awareness, Michael was keen to stress the importance of longevity, and in the context of his own national leisure social enterprise spoke of his desire that ‘*we want to be a 100-year company*’. In sum, we found sustainability to be a complex and contentious issue. When framed broadly in terms of environmental sustainability and hence organizational long term sustainability, then it could be used to unite entrepreneurial teams to develop innovations more in tune with customer groups demanding more sustainable products and services (Mosey et al, 2017). However, when articulated as a global challenge, leaders and employees alike appeared to feel powerless in the face of forces perceived to be outside of their control. (McKinsey 2021). Our respondents broadly fell into two camps around this issue, the ‘doves’ who argued that sustainability and ethics should be primary concerns as these will be the driving values of their future customers. This contrasted with the ‘hawks’ who took the view that regardless of values, price would always be the fundamental driver of customer behaviour and therefore sustainability should only be incorporated if it resulted in cost savings for the organisation.

## **5. Implications for theory**

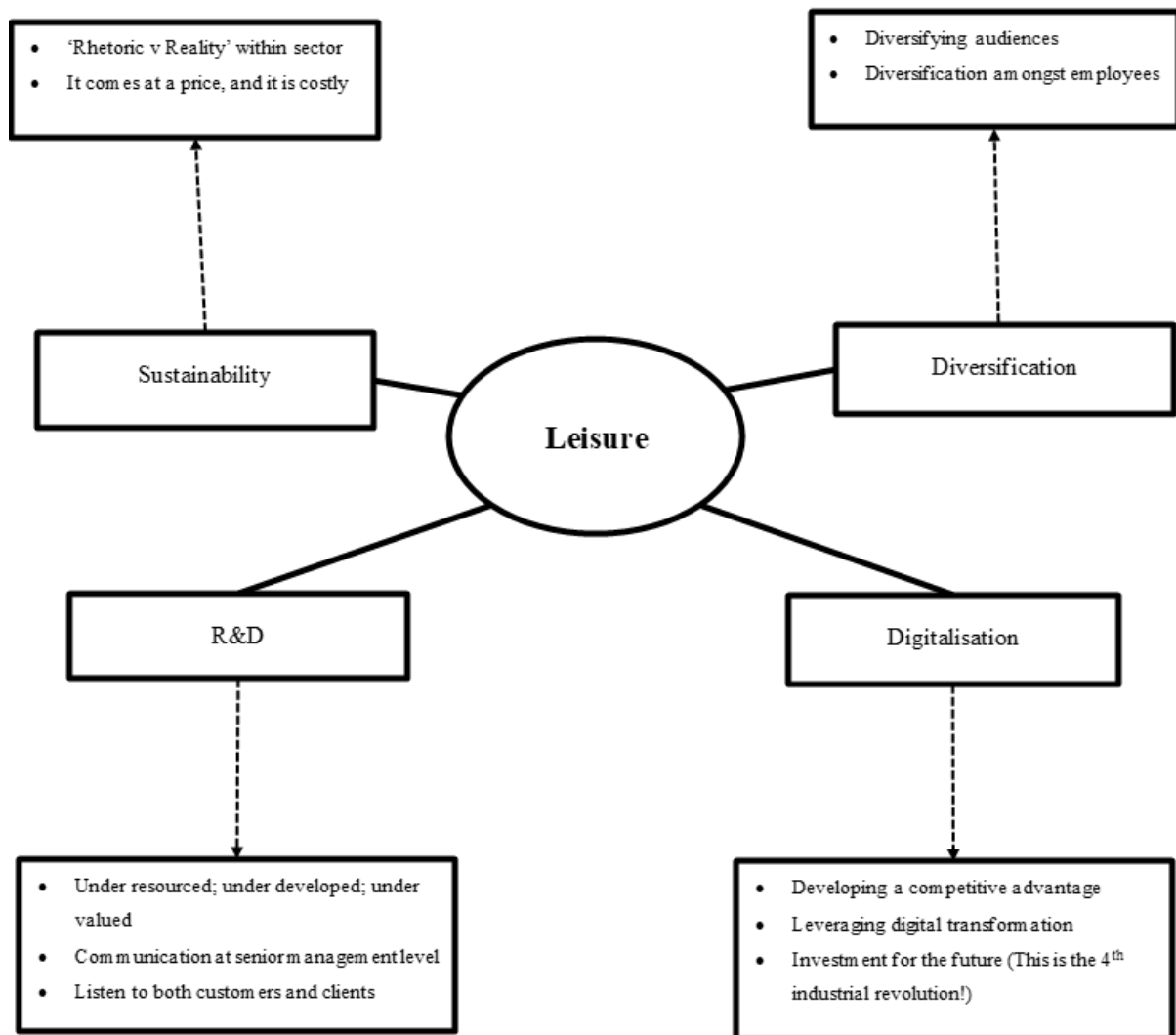
The study participants, drawn from organisations large and small and from sports, leisure, gyms, theatres, and software providers all agreed upon the significance of an entrepreneurial approach to strategy and the concomitant need to change their organisational culture. Their recent experiences of digital adoption in response to the covid-19 pandemic emboldened

them to build upon their new capability for adding customer value through combining new digital enabled services with the benefits of an ‘in person service’ and the customer loyalty this bestows, especially when compared to digital only offers (Mosey et al, 2023).

We saw that conventional leisure strategic thinking has now become obsolete in a post pandemic era where the slow and predictable have surrendered to the swift and the uncertain (Mosey, 2020). We observed effective leisure organisations underpinning their survival through extending their dynamic capabilities through new decision-making approaches and new product and service development processes (Eisenhardt & Martin, 2000). Leaders agreed that to deliver against this entrepreneurial strategy, changes in culture were required necessitating the recruitment of more diverse employees and the empowerment of diverse teams to address sustainability innovation challenges.

Based on the experiences of industry experts, Figure 1 summarises their perspectives on changing practices for delivering entrepreneurship and innovation in leisure. The views and experiences of these entrepreneurial leaders highlight a contribution to knowledge that researchers of sport and leisure should be cognisant of, as it is unlikely that this is the last crisis the sector will face. Moreover, as the sector faced significant disruption due to the pandemic when compared to other parts of the economy, then researchers considering other sectors could build upon these insights. For instance, scholars considering digital disruption within healthcare, education and professional services could potentially use this framework to help focus their investigation into the entrepreneurial capabilities required to address their contemporary innovation challenges.

**Figure 1: Entrepreneurship and Innovation in Leisure**



In the context of the increasing importance of digitalization, the global pandemic served to reinforce the centrality of technology for leisure and technology plays a crucial role as an integral member experience tool from virtual class offerings to artificial intelligence-driven solutions. Moving forward, from a managerial perspective, the key is to find the balance between technology and providing authentic and shared experiences within leisure spaces (Rihova et al, 2015; Shipway & Jones, 2008). Our leisure experiences are being changed through use of technology, and whilst consumers do seek those ‘hyper-experiences,’

they also want technology to be made easy, and for the processes to be simple. There are significant policy and managerial implications for the leisure sector in the field of tech. New emerging leisure focused applications will have to keep pace with rival apps that permeate every other aspect and domain of our everyday lives. There is a need to manage leisure consumer expectations, whereby as we become more experienced with buying online, we will demand the same levels of flexibility from our leisure experiences.

Future research would benefit from (i) exploring the role of leisure-related ‘communities’ to foster entrepreneurial and innovative activity in broader leisure organisations; (ii) scrutinising the intricate balance and challenges between embracing more technology, whilst still maintaining authentic social community interactions; (iii) investigating a far broader and more diverse sample of leisure organisations, businesses, individuals and consumers; and (iv) better understanding the entrepreneurial and innovative perspectives of employees at all levels of leisure organisations. This study has focused on high-profile, established CEO-level insights, which whilst a strength of the research, is also recognised as a potential limitation.

## **6. Managerial implications**

Rather than being sequential as presented, the relationship between strategy and culture change and subsequent actions were seen to be iterative and intertwined. In all cases the innovation challenges of diversification and sustainability were seen to guide the recruitment, motivation and empowerment of individuals across all levels of the organization (Mosey et al, 2017). In terms of managerial implications, it is logical that project teams from customer facing roles should work together with technology experts and local managers to help identify customer problems, examine alternative solutions and adopt the most appropriate ones. The industry insights from participants suggest that leisure organisations are now required to quickly determine how to survive, recover from, and acclimatise to the crises of recent years. Sadly, ineffective leisure organisations will inevitably face future crises, and if left unsupported, they will inevitably fail. In contrast, from a managerial perspective, leisure organisations that can comprehend what is required in terms of entrepreneurial activity and innovative practices to remain relevant in the swift and uncertain post pandemic world should be able to enhance their capacity to survive and thrive.

## 7. Conclusions

We conclude with two reflections about the holistic leisure sector that other sectors could learn from as they face the seemingly intractable global challenges of digitalisation, diversification and sustainability. First, the leisure sector continues to provide customer value with their emphasis upon health, wellbeing and competition within a safe environment. Humans have an innate need to socialise, compete and share personal experiences and the sector has unique capabilities to provide these. Second, the broader leisure sector has been slow to change but hastened by the covid-19 pandemic and the encroachment of digital competitors, the sector has responded. Individual organisations have developed new hybrid products and services to attract customers back into the gyms, theatres, or leisure parks. Inappropriate bureaucracy has been stripped out of organisations and created the space for new entrepreneurial and innovative partnerships to offer personalised leisure experiences. The prevailing challenges to create new customer value in the sector are abundant, but so are opportunities for entrepreneurial practices to enable innovation in leisure.

## References

- Agarwal, R., Moeen, M., & Shah, S. (2017). Athena's birth: Triggers, actors, and actions preceding industry inception. *Strategic Entrepreneurship Journal*, 11(3), 287–305.  
<https://doi.org/10.1002/sej.1259>
- Audretsch, D.B. and Belitski (2017). M. Entrepreneurial ecosystems in cities: Establishing the framework conditions. *The Journal of Technology Transfer*, 42 (5), 1030-1051.
- Baldwin, C., Hienert, C., & Von Hippel, E. (2006). How user innovations become commercial products: A theoretical investigation and case study. *Research Policy*, 35(9), 1291–1313. <https://doi.org/10.1016/j.respol.2006.04.012>
- Barringer, B. R. & Bluedorn, A. C. (1999). 'The relationship between corporate entrepreneurship and strategic management', *Strategic Management Journal*, 20(5): 421–444.



Braun, V. & Clarke, V. (2019.) Reflecting on reflexive thematic analysis, *Qualitative Research in Sport, Exercise and Health*, 11 (4), 589-597.

Cohen, B. and Muñoz, P., (2015). Toward a theory of purpose-driven urban entrepreneurship. *Organization and Environment*, 28(3), 264–285.

Christensen, C. M. (1997). *The Innovators Dilemma*. Harvard Business School Press. Boston, MA, USA.

Denscombe, M., (2010). *Good Research Guide: For small-scale social research projects*. 4th Edition. Berkshire: McGraw-Hill/Open University Press.

Eisenhardt, K.M. and Martin, J.A. (2000). Dynamic capabilities, what are they?, *Strategic Management Journal*, 21, pp.1105-1121.

Esty, K., R. Griffin, and Schorr-Hirsh, M. (1995). *Workplace diversity. A manager's guide to solving problems and turning diversity into a competitive advantage*. Avon, MA: Adams Media Corporation.

Flick, U., (2018). *The SAGE Handbook of Qualitative Data Collection*. London: Sage.

Gillham, B., (2000). *Research Interview*. London: Bloomsbury Publishing.

Glow, H., Kershaw, A. and Reason, M., (2021). Leading or avoiding change: the problem of audience diversification for arts organizations. *International Journal of Cultural Policy*, 27 (1), pp.130-148.

Guest, G., MacQueen, K. and Namey, E., (2012). *Applied thematic analysis*. California: SAGE.

Hamel, G. and Prahalad, C. K. (1994). *Competing for the Future*. Cambridge, Mass: Harvard Business School Press.

Harrison, D. A., & Klein, K. J. (2007). What's the difference? Diversity constructs as separation, variety, or disparity in organizations. *Academy of Management Review*, 32(4), 1199–1228. <https://doi.org/10.5465/amr.2007.26586096>

Heffernan, M. (2020). *Uncharted: How to map the future together*. London: Simon & Schuster.

Jones, I. (2022). *Research Methods for Sport Studies*. London: Routledge.

Jones, I., Brown, L. and Holloway, I., (2012). *Qualitative research in sport and physical activity*. London: Sage.

Kaplan, S.L., (2007). Business strategy, people strategy and total rewards. *Benefits & Compensation Digest*, 44(9), pp.12-19.

Kearney, C. (2022). *Leading Innovation and Entrepreneurship in Healthcare: A Global Perspective*. Edward Elgar: Cheltenham.

Kim, W.C. and Mauborgne, R. (2005). *Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant*. Cambridge, Mass: Harvard Business School Press.

Kirkham, P. Mosey, S. and Binks, M. (2011) *Ingenuity in Practice: A Guide for Clear Thinking*. Nottingham: University of Nottingham.

Leonard-Barton, D. A. "Core Capabilities and Core Rigidities: A Paradox in Managing New Product Development." *Strategic Management Journal* 13 (Summer 1992): 111–125.

London, M. and Mone, E.M., (1999). Continuous learning. *Pulakos (Eds.), The changing nature of performance: Implications for staffing, motivation, and development*, pp.119-153.

March, J.G. and Shapira, Z., (1987). Managerial perspectives on risk and risk taking. *Management science*, 33(11), pp.1404-1418.

McKinsey, (2021). COP26 made net zero a core principle for business. Here's how leaders can act [online]. New York. Available from: <https://www.mckinsey.com/business-functions/sustainability/our-insights> [Accessed 29 December 2021].

Miles, L. and Shipway, R., (2020). Exploring the COVID-19 pandemic as a catalyst for stimulating future research agendas for managing crises and disasters at international sport events. *Event Management*, 24 (4), 537-552.

Mills, J. and Birks, M., (2014). *Qualitative Methodology: A Practical Guide*. London: SAGE.

Mosey, S. Noke, H. Kirkham, P. (2017), *Building an Entrepreneurial Organisation*, London: Routledge.

Mosey, S. Shipway, R. and Symons, C. (2023). *Entrepreneurship and Innovation in Sport and Leisure*, London: Routledge.

Munoz, C., Mosey, S. & Binks, M. (2011). 'Developing opportunity-identification capabilities in the classroom visual evidence for changing mental frames', *Academy of Management Learning and Education*, 10 (2), pp.277–295.

Munoz, C., Mosey, S. & Binks, M. (2013). 'The tacit mystery: Reconciling different approaches to tacit knowledge', *Knowledge Management Research and Practice*, 1–10.

Neeley, A., and Hill, J. (1998). *Innovation and Business Performance: a Literature Review*, Centre for Business Performance, Judge Institute of Management Studies, University of Cambridge, Cambridge.

O'Connell, D.J., McNeely, E. and Hall, D.T., (2008). Unpacking personal extendibility at work. *Journal of Leadership & Organizational Studies*, 14(3), pp.248-259.

Parnell, D. Widdop, P. Bond, A. and Wilson, R. (2022). COVID-19, networks and sport, *Managing Sport and Leisure*, 27:1-2, 78-84.

Rihova, I. Buhalis, D. Moital, M. and Gouthro, M. (2015). Conceptualising customer-to-customer value co-creation in tourism. *International Journal of Tourism Research*, 17 (4), 356-363.

Ratten, V. (2011). Social entrepreneurship and innovation in sports. *International Journal for Social Entrepreneurship and Innovation*, 1 (1), p.42-54.

Ratten, V. (2020). *Sport Entrepreneurship: An economic, social and sustainability perspective*. Emerald Publishing: Bingley.

Roberts, K., (2015). *The business of leisure: Tourism, sport, events and other leisure industries*. Macmillan International Higher Education.

Seebode, D., Jeanrenaud, S. and Bessant, J., (2012). Managing innovation for sustainability. *R&D Management*, 42(3), pp.195-206.

Shipway, R. and Lockstone-Binney, L. (2022). Research Methods for Volunteering. In: Holmes, K. Lockstone-Binney, L. Smith, K. and Shipway, R. (eds) (2022). *Routledge Handbook of Volunteering in Events, Sport and Tourism*. London: Routledge.

Shipway, R. and Jones, I. (2008). The Great Suburban Everest: An 'Insiders' Perspective on Experiences at the 2007 Flora London Marathon. *Journal of Sport & Tourism*, 13, 61-77.

Shipway, R. Jago, L. & Deery, M. (2020). Quantitative and Qualitative Research Tools in Events. In: Page, S.J. & Connell, J. (eds). *Routledge Handbook of Events*.: 2<sup>nd</sup> Edition. London: Routledge.

Shipway, R. Miles, L. and Gordon, R. (2021). *Crisis and Disaster Management for Sport*. London: Routledge.

Tidd, J. and Bessant, J.R. (2018) *Managing Innovation: Integrating Technological, Market and Organizational Change*. John Wiley & Sons, Hoboken, NJ.