DECISION-MAKING PROCESS WHEN ADOPTING OR REJECTING INNOVATION IN SMALL FIRMS
A focus on the hostel industry

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Double Degree Programme

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Number of pages: 68 + appendix
Number of characters: 121,490

Handed in: 28/09/2015
i) Abstract

The decision-making process that an organization needs to go through when deciding whether to adopt or reject an innovation can vary depending on the type of company. It is very important to differentiate small from large organizations when talking about their adoption of innovation process. Each one of them has different structural and managerial characteristics that makes them act differently through the process of decision-making. In the present research I am going to focus solely on small firm decision-making process and for the empirical research I am taking a single-case study of a Danish IT start-up company called Comundu, which will be considered as the innovation who is entering the hostel market. Yet, for the theoretical part the results will be generalized to small firms because of the lack of literature on the hostel industry.

While adoption of innovation in small firms is gaining momentum, little is still known about the motives and factors that influence the small firm decision-makers when getting immerse in this type of decisions. This study is an attempt to understanding these players and the factors that they take into account when an innovation decision needs to be make. Therefore, a total of 15 interviews where conducted with hostel managers from eight different hostels located in eight different countries around the globe.

In order to have a clear focus when conducting the interviews, questions were based on the five main hypotheses of this research, which are: 1) The decision-making process is influenced by their social network, 2) Decision-makers of small firms are not only driven by economical goals, 3) Perceived Ease of Use is a factor that influence the decision-making process, 4) Perceived Usefulness is a factor that influence the decision-making process, and 5) Innovations that can be tested during the decision-making process are likely to be adopted more rapidly. After collecting and analysing the data very interesting findings are presented with all of the hypotheses being accepted.

Keywords: adoption of innovation, small firms, decision-making process, social network, motivation, perceived ease of use, perceived usefulness, diffusion of innovation.
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1. Introduction

1.1 Introduction

Everybody talks about it, organizations claim they have it, entrepreneurs want it, you read it over the internet and in the business magazines, you go to workshops about it, and even politicians use it in their speeches as a solution to boost economy; but not everybody knows exactly what it means. I am talking about innovation here; yes, I know you might be tired of reading all about it, since it has become such a buzzword for the business and entrepreneurial world, and for some a rather overused word. It is because of this overuse that the term innovation unfortunately has managed to become misleading.

So, what is innovation anyway? Innovation is best known as a new idea, yet it does not have to be a totally new idea. It can be an existing idea with a new turn, an added feature that makes it unique and original. However, there are a lot of different definitions of the term innovation. Kuczmarski (2003) defines it as a series of mindsets, or a penetrating attitude and thinking that takes firms beyond the present and into the future.

According to Sawyer (1977), innovation does not just begin with an idea, it requires more to have the chance to live. Like a seed that must fall on fertile ground to grow, an idea needs to fall on a receptive mind who has the resources, the will and the time to develop it and make it grow (Sawyer, 1977).

Personally, I think we need to start thinking of innovation as a mindset and series of behaviors that lead to the discovery and development of testing new ideas or solutions that will lead to a positive change at an individual or organizational level. For matters of this research, I will focus only on the organizational level, and more specifically on small organizations. I will, however, walk you through in the following chapters.
In the past few decades there has been an increasing interest in the role of adoption of innovation in organizations, mainly because innovation has shown to play a vital role in enhancing competitive advantage (Porter, 1980). Nowadays, innovation has become something fundamental to the survival of any organization. Companies need to cultivate innovation and adopt systems that will provide them with a competitive edge and ensure their future success (Kuczmarski, 2003).

A lot of research has been conducted into the adoption of innovation in organizations, as well as theories developed to answer questions of the researchers, who are mainly interested in understanding the factors that lead an organization to accept or reject innovation. However, there is a lot of literature regarding big corporations, and very few literature on small firms. Most of these theories don't take into account the idiosyncrasy and unique characteristics of small firms, which have a totally different decision-making process than large or even medium size firms. This is a knowledge gap that calls for further research in the matter.

Yet, the real gap I want to fill-out is the lack of literature not only about small firms and their adoption of innovation process but the behavior and influences that affect their decision-making process, specially the social network influence. According to my knowledge, there is no literature that mentions the large impact the social network of a small firm decision-maker can have. It’s very common that small business owners/managers form part of a network such as partners, suppliers, family, and friends, to mention some. It’s likely that this network would be of influence when important decisions need to be made, like the adoption of technological innovations. There are also other types of factors that influence the decision-making process on adoption of innovation in small firms that literature still not covers, therefore I will try to mention some of them in the present research.

This study will focus on a company called Comundu, narrowing the results to the hostel industry. Comundu, a Danish IT start-up company is a hostel mobile application made for internal communication between the hostel and its guests, as well as between the guests themselves. The two founders, Mia Grosen and Lase Grosen, are siblings who through their own travels
came to discover the increasing change in use of smartphones among backpackers resulting in greater online presence. Thus, they saw a new disrupting era in the hostel industry based on technological innovation, one which Comundu could envelope through assisting backpackers with their social experience by keeping them updated on the hostel’s social activities and providing a platform where they could stay in touch with other guests and with the hostel itself.

In the summer of 2014, the Grosens decided to test Comundu with an MVP (Minimum Viable Product)\(^1\) and realized that hostels were eager to innovate themselves. But it was not until April 2015 that Comundu was launched to the market, now with more than thirty hostels on-board and more than one thousand users. Whilst the future looks bright, they are still learning from the hostel and backpacker’s feedback, in constant pursuit of improving the application and their strategy to get closer and closer to becoming a successful and profitable company.

The aim of this thesis is to analyze and try to understand the factors that influence the decision-makers of hostels (Managers or Owners) to adopt or reject Comundu as an innovative tool for their small organizations (hostels). There is very scarce literature about the hostel industry and its decision-making process on adopting innovative technology. This is why I decided to generalize terms in the present research. Thus, when talking about Comundu, I will refer to it as the ‘technological innovation’ and when talking about the hostel managers/owners, I will generalize them as ‘small firm owners/managers’ or simply as ‘a decision-maker of small firms’. Yet, it is important to highlight that whilst the theoretical part of this paper will be generalized, the data collected will be based solely on hostel managers/owners.

A hostel as an organization is generally considered a small firm. The small firm structure is characterized by low hierarchical levels, simple procedures (personal or direct communication), close manager/owner relationships with their clients and employees, idiosyncratic perceptions, small scale, little risk and usually limited capacities for embracing new technologies or innovation. Mudlowney (2012), posits that managers or owners of small firms tend to pay less

\(^1\) A version of a start-up’s product that is complete enough to demonstrate its value to the users without investing too much (Moogk, 2012).
attention to productivity or growth than managers of large firms. Instead, these decision-makers are motivated by independence, lifestyle, stability, and life-enjoyment, to mention a few.

According to Kuczmarski (2003), few companies have been able to preserve a culture of innovation as a top priority. This is the case with the hostel industry, which has been maintaining a very old business model, with some resisting to adopt innovation, by justifying that their business model needs to stay more personal, mainly with the communicational strategy between the guests and the hostel staff. Personally I think the managers/owners resisting to innovate have a misleading understanding of what innovational technology can be and how it can not only boost competitive advantage, but also the social communication between the hostel and its guests without decreasing the personal interaction between one another. Companies that manage to change their business mindset and become real innovators can gain enormous rewards (Kuczmarski, 2003).
1.2 Thesis structure

The present thesis is composed of six chapters, starting with chapter one, which introduces the main subject and purpose of the thesis, as well as introducing the company that will be taken as a single-case study. In this chapter the research question is mentioned, as well as the delimitations, motivations and relevance of the present paper. The second chapter is constituted by the methodological approach used, which is a qualitative research with semi-structured interviews focused on a single-case study. This chapter also explains how the data is collected, how the analysis is conducted, the methodological limitations and the validity of the data. The theoretical framework is explained in chapter three, starting with how to differentiate small and large firms, and then discussing the main theories that will be used. At the end of this chapter, a new theoretical framework is proposed to be able to answer the main research question, as well as the main hypotheses, which are answered from a theoretical point of view. Chapter four will provide an analysis of the main findings, this time answering the hypotheses with the help of the data collected from the interview results and comparing these findings with the theoretical point of view. Followed by chapter five, where the acceptance or rejection of the hypotheses will be discussed as well as the main implications for the parties involved. Finally, chapter six will end by summarizing the results based on the research question, and recommendations for future research will be presented.
1.3 Research question

As mentioned previously, the gap in literature I want to fill revolves around the lack of research regarding the main factors that influence small firm decision-makers to adopt or reject innovation, focusing on the importance of social network. This means that I want to find out the main influences that affect owners/managers of small firms when embarking themselves on the decision-making process of adopting or rejecting a technological innovation. With the help of theory and empirical research, I will try to understand and answer the following question:

*How are small firm decision-makers influenced when deciding whether or not to adopt technological innovation?*

To be able to answer this question properly several sub-questions need to be considered and explored to help as guiding questions:

1. How does the decision-maker’s social network influence the firm’s decision on adopting or rejecting innovation?
2. What are the main factors that motivate a small firm’s decision-maker? – What are decision-makers driven by?
3. How are Perceived Ease of Use and Perceived Usefulness taken into account as part of the innovation-decision process?
4. How can a test of the innovation during the decision-making process influence its adoption/rejection?
1.4 Delimitations

With this section I will try to narrow the scope of the present research, allowing the reader a better overview and understanding of the final findings and conclusions.

First of all, it is important to mention that due to the lack of literature on the hostel industry, I had to generalize in the theoretical chapter, talking about the adoption of innovation in small firms in general as the main subject of study. However, in the empirical research the data is only collected from hostels due to a focus on a single-case study, Comundu, whom will be taken as the innovation, and the hostel managers/owners taken as the decision-makers.

The interviewees of this research will be limited to those who work for youth hostels, which are considered small firms because of their idiosyncratic approach and low hierarchical levels. There will be no geographical scope with the hostel sample comprising different countries around the globe. The focus will be on European cities (Lisbon, London, Dublin, Budapest, Spain, and Poland) but also including two major cities outside of Europe (Bangkok and Vancouver), as they are already working with Comundu.

The only requirement that I took into account when choosing the interviewees for the sample was that the hostel's manager/owner had to be acquainted with Comundu, regardless of whether or not they use it.
1.5 Motivation

Innovation has always been a subject that has interested me. During my Masters Degree I chose electives relating to innovation and Start-ups or early-stage entrepreneurship, which has also been a subject of my interest. It was thanks to one of my classes that I had the opportunity to meet the founders of Comundu in a pitching session and started to work with them in January 2015. Thus, I decided I wanted to write my thesis about innovation taking Comundu as my case study.

Now-a-days when working with Comundu it is a challenge to understand what our clients and users want (hostels and backpackers) without being biased, as a fully committed employee. Unbiased opinions are extremely important to an early-stage start-up, requiring constant user feedback to improve the product, strategy, reach, and so on. This is why I based my study on trying to understand our clients (hostels) and the factors that influence them (hostel managers/owners) when deciding they want to work with Comundu (the innovation).

1.6 Relevance

Given the increasing number of hostels worldwide, entrepreneurs have their eyes fixed on the hostel industry. Many are eager to enter the market with new and different business ideas, yet they are often unsuccessful. This shows that entrepreneurs have not understood their target fully nor how their decision-making process works. This research aims to target these entrepreneurs helping them better understand the market they want to enter.

Another group that may find this research relevant are researchers (students or professors) interested in understanding small firm behavior and structure when the innovation decision-making process takes place. The thesis will be useful to this group as it will not only focus on hostels, but in small firm’s adoption of innovation in general.
Furthermore, hostels themselves can benefit from the research by gaining insights into the mindset of their peers within the subject of technological innovation. This can be useful to make better-informed innovational choices for themselves. The same goes for those already working in the hostel industry, who may find it useful to learn more about the factors that influence these players when important decisions need to be made.

Finally, let’s not forget about Comundu as a very interested player in the present research, since the data of the analysis will be collected from its hostel prospects/clients. Thus, it will help the company gain a better understanding on the reasons and factors that impact the decision of the owners/managers when adopting or rejecting the firm’s product. With this information, Comundu will be able to emphasize the positive factors that influence these decision-makers when engaging with new prospective clients, and to easily detect which factors are not relevant to consider when trying to make a sale. In addition, the data collected will be very important because it will give the firm feedback on what characteristics the hostels consider more appealing and important when adopting an innovative tool like Comundu.
2. Methodology

In the present chapter, I will start by reviewing some of the most common earlier research methods used on the literature of adoption of innovation and explain why I will not use these methods. Following this, I'll discuss why I have chosen to make a qualitative study based on semi-structured interviews and how it will be relevant to answer my research question. The theory selection will be mentioned, as well as the case study and the company I will base this research on. Further ahead, I will explain how I will collect all the data and who will be involved in providing this data. To conclude this chapter, the data analysis and the thesis validity will be discussed.

2.1 Earlier research methods within the adoption of innovation literature

Earlier studies regarding adoption of innovation and the behaviour on the decision-making process have used mainly quantitative methods. Several studies were collected and the main theories used were detected: Theory of Reasoned Action (TRA), Theory of Planned Behaviour (TPB), Technology Acceptance Model (TAM) and Diffusion of Innovation (DOI). Most of these studies tend to be based on statistical meta-analysis, and the researchers aim to analyse the reasons for acceptance or resistance of technology by using questionnaires and surveys that provide data to help explain the subject of study’s behaviour.

According to Silverman (2006) quantitative studies and statistical meta-analysis are viewed as a way of generalizing within scientific research. Moreover, Landström (1998) mentions that questionnaires made in research tend to show desirable data instead of true data, this because the respondents don’t always have a good understanding of their own decision-making process. This way information collected from these questionnaires can be unreliable.
Research based on quantitative data helps gain a good base and understanding of the general factors that influenced actors or organizations to adopt or reject technological innovation, but it is definitely lacking to provide a deeper knowledge on the matter. Thus, I would like to base this study solely on qualitative data in order to grasp and analyse the behaviour of small firm decision-makers when adopting innovation.

### 2.2 Philosophy of Science

It is important to mention the philosophy of science when academic literature is created to understand the foundation of the chosen theory, which is why many research studies discuss this. It is therefore essential for me to mention as I am creating my own theoretical framework by taking three different theories to trying to answer the main research question. However, in order to be able to develop a philosophical perspective it is vital that the researcher make some assumptions that concern: nature of society and nature of science (Burrel & Morgan, 1979). The next scheme will portray the type of assumptions about the nature of Social Science.

![The Subjective-Objective Dimension](image)

*Source: Burrel and Morgan (1979)*

The first assumption as shown in the upper scheme is ontology, which is concerned with the nature of reality or truth, that says either reality exists or is made in the human mind. This is the base for the remainder of assumptions. The second assumption, epistemology is related to the
nature of knowledge, which tries to explain how a human being gains knowledge. The third assumption, human nature, refers to how the researcher sees human beings as controlled or as the controller. Finally the last assumption, methodology, which embodies all the means to research the main question (Holden & Lynch, 2004).

For matters of the present study a subjective approach seems more relevant, not only because the method will be qualitative and based on interviews but also because subjectivism tends to work better for studies of social science due to the complicated nature of social science research (Holden & Lynch, 2004). Hence, an Interpretivist view or Anti-positivism will be applied because it leans more towards the qualitative data and focuses mainly on observations that provide this type of data. Interpretivists think that it is vital in research to analyse how human beings interpret their activities and decisions (Holden & Lynch, 2004).

This type of approach tends to influence the researcher by the relationship between the research activities, whereas positivism is a more scientific approach, where methods are organised and measurable with no involvement nor influence on the researcher. Since this research interests me greatly and the case study on Comundu is the company where I work, it will be unavoidable to be an influence in the research process.

2.3 Single case study research

A case study research can be defined as a method that includes the investigation of one or a few numbers of social units, where data is collected generally by using different sources through a holistic research process (Easton, 2010). According to Yin (2009), a case study research is defined as an empirical research that investigates in depth a phenomenon and its natural context.

For the present study I will based my research on ‘Comundu’, which will be referred to as 'small firm'. The reason I decided to make a single case study of this company is due to my personal
interest in the firm, and to take a holistic research approach. Case studies are a good idea when there is an interest in having a holistic and in-depth research (Feagin, Orum, & Sjoberg, 1991; Miles and Huberman, 1994).

The objective of a case study is to provide a rounded and detailed description of the subject of research (Djuri, Vukovi, & Nikolic, 2010), where data can be analysed from either one or more cases. Normally researchers obtain data from different types of methods such as surveys, interviews, archival analysis, questionnaires or observations. A case study can be quantitative, qualitative, or both (K. M. Eisenhardt, 1989). In the present research, I will be using only qualitative methods, specifically semi-structured interviews, which will be discussed further in this chapter.

2.4 Qualitative research method

I will use qualitative research approach for this thesis, which will explore the factors that influence the decision-making and behaviour of owners/managers of small firms when considering adopting technological innovation. According to Stebbins (2001), when basing a research question on “how or why” such as in the present thesis, and with little research done before about the subject it is suggested to use a qualitative method. This because those questions deal with links that need to be tracked over time, rather than frequency (Yin, 2003).

Furthermore, Gephart (2004) states that qualitative research is a method addressing questions regarding how social experience is made and its meaning is analysed. The author also mentions that it is an effective way of emphasizing the social construction of reality and reveals how theory functions in specific examples.

Qualitative research tends to provide a better approach for studying subjects of innovation (Sørensen, Mattsson, & Sundbo, 2010), and the research methods can be very adequate when the social aspects are complex and can’t be grasped by the quantitative data or when it is not
sufficient to do statistical analysis (Lee, 1989). Moreover, Eriksson and Kovalainen (2008), state that qualitative research has been contributed to a have a better understanding on subjects, especially when it hasn’t been completely clear with quantitative research.

As it has been mentioned earlier, one of the main things I want to discover with this research is the influence that social network or relationships of the small firm’s owners/managers of small firms have during their decision-making process when thinking of adopting innovation. Thus, Eisenhardt (1989) remarks that qualitative data tends to provide a better understanding of the dynamics between relationships, which is the “why” of what is happening.

In qualitative research, the methods normally used to get data are interviews, focus groups, group discussions, verbal protocol, and observation. They are all socially related and involve the actor(s) doing the research and being analysed (Ghauri and Grönhaug, 2002). In this study I will focus on interviews which, according to Kvale (2007), are a good tool when the objective is to explore and understand human behaviour. To be more specific, this paper will focus on ‘semi-structured interviews’, that in comparison to normal interviews follow less protocol and are focused on leaving space for the interviewee to come up with topics of her/his own interest and thus continue the interview in a more natural way, as if it were a conversation.

2.5 Semi-structured interviews

By using a semi-structured interview method, I will be expecting to engage the respondents and let them have their own comments and ideas by leading a dynamic semi-structured interview with each of them. This method allows the observation of their non-verbal communication, such as body language and voice intonation, which will be important during the analysis of the data collected.
Schischka (2013) considers semi-structured interviews as a type of participatory communication. This means that researchers are not only viewed as interviewees, but also encouraged to participate and express their own knowledge (Cornish & Dunn, 2009).

According to Kvale (1996) the semi-structured interview method in contrast to a traditional interview, is considered a type of conversation strategy that includes the participation of an interviewer or researcher who is asking questions, and an interviewee who is responding in a more informal and fluid way than a normal interview. The interviewer tries to foster or open space to an environment where the respondent feels free to converse on topics of his/her interest as freely as possible.

The interview guide (see Appendix 8.1) will be the base for the interviews. Yet, the questions will not be followed meticulously due to the free following semi-structured interview approach, which will invite for a more comfortable atmosphere.

The interviews were divided into five sections. The first section inspired by McCurdy, Spradley and Shandy (2005), is concerned with personal questions to invite the interviewee to a friendly and relaxed atmosphere. I will ask them for a little introduction about him/herself, the period of time that she/he has been working at the hostel and the main motivation for starting up that business or for working for the hostel. In the second section I will ask the interviewee basic questions about the hostel that are important to take into account before going further with other relevant topics.

The topic of innovation will be discussed in the third section, to learn about the hostel’s involvement with innovation. In the forth section I will start by addressing the subject of Comundu to try to understand the reasons that leads the hostel to adopt or reject it. I will also try to get some information about the most interesting features of the application for the interviewee, and the main expectations that the hostel manager/owner has of this innovative tool. To end up with, the fifth section will be based on the decision-making process of the hostel.
This includes questions regarding those involved in the decision-making process and the protocol, if there is any.

The order of the questions is important in semi-structured interviews to try to create the desired environment. I start with rather friendly questions to make the interviewee feel in a comfortable environment and try to gain his/her trust, inviting him/her to a comfortable atmosphere (McCurdy, Spradley and Shandy, 2005). At the same time, some of the first sections aim to gain a basic understanding of the type of hostel this person runs, thus making the latter questions more understandable. The final part of the interview probes further to answer the research question at hand.

Check Appendix 8.3 for a brief overview of all the conducted interviews: the interviewee, the hostel where they work and the city where the hostel is. Furthermore, in the Analysis Chapter a brief profile of each one of them will be presented.

2.6 Selection of theory

In order to gain a basic understanding of the research one is performing, it is important that qualitative researchers collect and study theories of the subject before starting to gather any data (Kvale, 2007). For this reason, authors regarding adoption of innovation and behaviour of decision-makers were chosen prior to writing this thesis, as well as articles, journals, texts and books on the matter.

Furthermore, I have come to learn about the main theories used when studying this subject, such as Theory of Reasoned Action (TRA), Theory of Planned Behaviour (TPB), Technology Acceptance Model (TAM), Diffusion of Innovation (DOI), and other extensions of those theories. Afterwards I analysed each of those theories individually and made a comparative analysis between them, with the help of the selected authors as I realized that none were strong enough
to answer the research question of the present case study on their own, because of its particularity.

At this point I decided to reject some of the theories that were lacking basic principles (TRA and TPB), focusing instead on TAM and DOI. Whilst these theories were close to answering my research question, they were lacking an important social factor that is key in answering my research question. So, I decided to include another theory called the Social Network Theory (SNT), which would be able to compliment both TAM and DOI, forming a new theoretical framework that could act as a fundament for this research and bring answers to the main research question. These theories will be better explained at the end of the following chapter.

2.7 Data collection

In order to decide how many hostel managers/owners I was going to interview, I had to talk to some of them that I have already contacted before to sell them the Comundu platform and ask them if they wanted to participate in the research. The only requirement I took into account for participation was to be already acquainted with Comundu and to own or manage the hostel.

I decided to include some hostels that have already adopted Comundu as an innovative tool, some that are still in the decision-making process, and some others that decided not to adopt for different reasons. This leads to unbiased results from those both in favour of and opposed to innovation. Results showed that some of the hostels don’t yet use any innovative tools, some do but not Comundu, some started with a free test of Comundu, and others started with Comundu by paying the monthly fee right away, without testing it.

Due to the fact that that Comundu is a new company and the number of hostel clients is not that large, I could only get 15 hostel managers/owners to agree to participate in the research. Thus, I tried to take a diverse sample from hostels all around the globe. There are eight different
countries included in the 15 conducted interviews, mainly from Europe but also two of them from outside Europe. This gives the research a broader scope.

The interviews were made one-on-one by myself as the interviewer and the hostel manager/owner as the interviewee. They were made via Skype or in person and usually lasted from 15 to 25 minutes. All the interviews were recorded and a summary of the main findings was transcribed.

2.8 Data analysis

It is not easy to analyse data from qualitative research. The researcher must accept that the findings will not be the absolute truth, but rather help to gain a better understanding on the subject and serve as a starting point to foster future research on the hostel adoption of innovation process that is now a days lacking in literature.

First of all, when the interviews were held via Skype I tried to use the webcam whenever possible to analyse the body language of the interviewee and to create a more relaxed and personal environment. After the interviews, I listened to the recordings several times while taking notes of the main subjects and other interesting topics that came along during the interview. With each interview conducted I learnt to emphasise more on the questions that were giving me the data I wanted to answer my research question, this without neglecting the less important questions that were there to break the ice and to create an opened and friendly atmosphere.

In the end, more than 4-hours of interviews was recorded, which can be a lot of data for a solo researcher with a time constraint. This is why I decided on transcribing only the important subjects in order to keep focus on the main research topic. According to Kavale (2009), transcription should be used as an interpretative process where the transcriber listens, analyses and writes. This is why I took my time to listen to the recordings, understand and summarize
instead of just transcribing word for word. Additionally, to be more organised when transcribing I first wrote down the categories or questions that I wanted to focus on to help me transcribe specific quotes from the interviewees.

2.9 Limitations of methodology

According to Kvale (1996), there are some opponents that claim that qualitative research method based on interviews may lead to subjective information. However, I am aware and understand that the data collected from interviews can’t be the undoubtable truth, but again neither is the data collected from statistical analysis. With this research I aim to analyse this subject with a different lens of what has already been done before, without expecting a solution but an understanding on the behaviour of these actors regarding technological innovation, which can hopefully be used for future research on the matter.

Furthermore, a single-case study could be considered a limitation due to generalisation of results, however I believe focusing on a specific case, that hasn’t been researched before (in my knowledge) can open discussion and interest for further research and can be relevant particularly to entrepreneurs trying to understand and enter the hostel industry, as well as to innovative players trying to be part of the business.

Another limitation in the present research can be the small amount of interviews conducted. There were only 15 interviews conducted due to the busy schedule of these players. All of them complying with the requirements set regarding the selection of interviewees, which was that the hostel manager/owner has heard about Comundu. This was set to ensure the hostel was acquainted with technologically innovative tools, in order to be able to provide interesting insights for this research.

Finally, the fact that I work for Comundu and that the interviewees are aware of that might bring certain bias on their answers and comments about innovation and specially about Comundu
itself. It is important to mention that even if I have been very careful on making it clear for them that this thesis is not related to the company, bias in unavoidable.

2.10 Validity

In qualitative research, validity refers to the degree of truth that the data collected involves, or in other words, how much of the knowledge of the research approaches reality (Eisner & Peshkin, 1990). According to Yin (2003), it is important to build validity in the research itself, as well as when the data is being collected. The author also mentions the importance of constructing validity when basing research on a case study approach, due to the lack of objectivity and some people’s skepticism. He recommends three main strategies in order to build validity: review by key informants, multiple sources of evidence and chain of evidence (Yin, 2003).

I have applied review by key informants when using the semi-structured interview method, which allows the interviewee to comment on their chosen subjects. ‘Multiple sources of evidence’ is a strategy that lacks in the present thesis, due to a sole focus on qualitative research, however for the results I’m looking for this is the only methodology I am interested in. Finally, the research process of the present thesis is characterized to be a ‘chain of evidence’, where my hypotheses have been changing through the research process. Hence, with the interviews I have focused on a variety of topics in order to cover the hypotheses, including: social network influence, perceived ease of use and perceived usefulness, motivation, and the speed-up process on adoption of technological innovations when testing them during the decision-making process.
3. Theoretical Framework

3.1 Introduction

To gain an overview and better understanding of the theories used in the present thesis, this chapter will start by analysing the roots of some of the theories, and then move on to focusing in depth on the theories that are most relevant for this thesis. I will break down each theory and explain why each have been chosen, and highlight how they complement the methodology.

Before delimiting this paper to address small firms, I will start with a brief comparison between small firms and large firms on the matter of their decision-making processes and their adoption of innovation. This is done to make it clear for the reader the vast difference between these two types of organizations, and why some theories do not apply as well across when researching small and large firms.

I will not only present the main ideas and characteristics of each theory, but also address their weaknesses and how they can be of better use by complementing each other. An integrated theoretical framework will be presented towards the end of this chapter and hypotheses will be portrayed and answered from a theoretical point of view.
3.2 Small firms vs. large firms

In order to follow up the subject of this thesis, it is important to differentiate small firms from large firms and how these two organizations have different factors that influence the decision-maker when deciding on adopting or rejecting technological innovation. After this, it will be clear why theories that aim to explain the decision making processes and influences on adopting innovation in organizations may be applicable to large organizations but may not be valid in smaller firms (Thong, 1999).

The definition of a small firm varies depending on the different literature. According to Mudlowney (2012) a small firm is the one that is independently operated and owned, differently from a larger firm. Mudlowney (2012) also mentions that the majority of the researchers and organizations consider that small to medium firms are composed of less than 500 employees and large firms have more than 500 employees. Other authors like Nooteboom (1994) take a small firm for an organization between five to 50 employees.

Since I am not doing quantitative research it is not vital to be precise regarding the number of employees. So, for the subject of this study, when talking of small firms I will focus mainly on companies with similar characteristics as those of hostels in Europe. The hostels brought to light in this paper have no more than 50 employees. But for purpose of the chosen literature and if the author does not specify the definition of a small firm, I will consider any article in which the author considers he/she is writing about small firms. Always trying to be selective and discard any text in which the organization is not independently operated or owned.

The below table illustrates the main differences between a small and large firm (table 2), which is based on my own-knowledge after exhaustive research. With it, the reader will be able to understand the main differences between these two organizations:
Table 2: Differences between small firms and large firms

<table>
<thead>
<tr>
<th>Small Firms</th>
<th>Large Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated ownership and management</td>
<td>Ownership and management are autonomous</td>
</tr>
<tr>
<td>Low hierarchical levels</td>
<td>High hierarchical levels</td>
</tr>
<tr>
<td>Simple procedures: personal and direct communication</td>
<td>Complex procedures: follow a large line of indirect communication</td>
</tr>
<tr>
<td>Owner/manager has close relationship with clients, suppliers and employees</td>
<td>Manager generally does not have a close relationship with clients, suppliers nor employees</td>
</tr>
<tr>
<td>Idiosyncratic perception</td>
<td>Dependent by law and regulations</td>
</tr>
<tr>
<td>Small scale</td>
<td>Economies of scale</td>
</tr>
<tr>
<td>Employees tend to be highly motivated because they get involved in decision-making</td>
<td>Employees are motivated by different incentives from the company</td>
</tr>
<tr>
<td>Limited capacities for embracing new technologies or innovation</td>
<td>High competencies for new technologies or innovation</td>
</tr>
<tr>
<td>Little risk</td>
<td>High risk</td>
</tr>
</tbody>
</table>

Source: Own creation (2015)

In small firms, decisions are usually made exclusively by the manager, who sometimes is the owner too. Differently than large firms, where the decisions are usually made by a large number of key players following a protocol and accordingly to the firm’s mission and objectives, normally the decision making process have certain hierarchy and involves not only the manager but other shareholders of the company (Oltean, 2012). On the other hand, no matter if the company is small or large, managers must be able to make their decisions based on information they get from inside and outside the firm. And in each case, the factors that influence these decisions are different because of their diverse characteristics, which have already been mentioned. Another main difference between small businesses and larger ones is that generally the small
firm owners are closer to their clients, suppliers and employees. Oltean (2012) mentions that the small firm owner sometimes even involve his/her employees or other network in the decision-making process.

Large firms tend to have rational business goals, such as growth and competitive advantage. Small firms can have them too, but according to Parker & Castleman (2009) many, instead, prefer to keep their business small and focus on lifestyle, socializing, independence, enjoyment and stability. In these cases, their social network can be of big influence when making decisions like adopting innovation. Thus, I posit the following hypotheses for the present research:

Hypothesis 1. In the decision-making process for adopting technological of innovation in small firms, the manager/owner is influenced by his/her social network.

Hypothesis 2. Decision-makers of small firms are not only driven by economical goals.

3.3 Decision-making when adopting innovation in small firms

There has been a lot of research on adoption of innovation in organizations. The most established and recognized theories in literature that analyse this subject are: Diffusion of Innovation Theory (DOI), from Rogers (1962); Theory of Reasoned Action (TRA), by Fishbein & Ajzen (1975); and two extensions of the TRA: Theory of Planned Behavior (TPB) by Ajzen (1985) and the Technology Acceptance Model (TAM) proposed by Davis (1989).

However, there is a gap in literature as most of the research made using those theories mainly focus on larger firms rather than small companies, and the theories do not necessarily take into account the unique and different characteristics of a small firms.
For matter of the present study, I will focus on two of these theories, which are the most relevant theories of innovation when trying to address small businesses. I will focus on *Diffusion of Innovation* (Rogers, 1995), that while being a quite old theory it has remained strong and relevant when analyzing innovation. The other theory I will be using is the *Technology Acceptance Model* which is the newest version between TRA or TPB and the one that is most focused on small businesses. Before analyzing the Technology Acceptance Model, I want to mention how and why this theory was born, thereafter I will present the main characteristics of the DOI. Finally, a complementary theory of social network will be presented too.

3.4 From Theory of Reasoned Action to Theory of Planned Behavior to Technology Acceptance Model

In the following paragraphs, I will start by talking about the roots of the Technology Acceptance Model, which is the Theory of Reasoned Action and how it has been developed and extended to Theory of Planned Behavior and Technology Acceptance Model.

The Theory of Reasoned Action has been broadly used and referenced in research when trying to understand motivational influences of behavior. This theory was first born in 1975 by Ajzen and Fishbein. It posits that every behavior is mainly determined by the intentions to execute that behavior (behavioral intentions). This behavioral intention is the antecedent of behavior and appears from two independent factors: Attitudes toward performing a behavior (ATT), which is based on the person’s negative or positive perception of the outcome of engaging in that behavior; and the subjective norm (NORM), which is the person’s perception that other groups or people that are important to her/him think that he/she should perform that behavior (Stewart & Roach, 1998).

This model is only applicable when behaviors are consciously intended, and it assumes that people are generally rational and that they will take into consideration the consequences of their actions before deciding to execute the behavior (Shumaila, Foxall, & Pallister, 2010).
In 1985, Ajzen proposed an extension of the Theory of Reasoned Action: the Theory of Planned Behavior, which completes the original theory’s limitations by dealing with not only behaviors with complete volitional control but also with those behaviors where there is no volitional control at all. In this theory, Ajzen incorporated another determinant of behavioral intentions and behaviors. This new determinant was the ‘perceived control over behavioral achievement’, which is included as a variable that has indirect effect on behavior through intentions and direct effect on behavior (see figure 1.).

The explanation behind the indirect effect is that the perceived control includes motivational repercussions for behavioral intentions, meaning that when someone think they don’t have a lot of control over the performance of a behavior because maybe they lack resources, their intention to actually perform this behavior can be low even if they think positive about this behavior (Madden, Scholder & Ajzen, n.d.).
The Theory of Planned Behavior is based on the foundation that people’s behavior is highly influenced by the confidence they have of their capacity to execute that behavior (Madden, Scholder & Ajzen, n.d.). Individuals tend to decide to perform a behavior because they presume they can achieve it.

In the experiment made by Madden, Sholder & Ajzen, their results explain that the Theory of Reasoned Action can be applicable only when the behavior is under volitional control. On the other hand, when the behavior is not under control, the Theory of Planned Behavior showed to be superior to the TRA, this because of the perceived behavioral control determinant added.

One of the critics of TPB is that it only introduces one new factor. There is evidence that other determinants have strong influence on behavioral intentions like personal norms or affective evaluation of the behavior for example (Shumaila, Foxall & Pallister, 2010).
Both, the Theory of Reasoned Action and the Theory of Planned Behavior have been powerful theories that researchers have been using and still are to predict and explain behavior in different type of domains. However, it was not until the Technology Acceptance Model (adaptation of the TRA and TPB) emerged that a theory could explain not only behavior but also specifically the technological acceptance behavior. This theory will be one of the main theories of this paper because of its strong theoretical base and importance in literature regarding the subject of acceptance of technology and its behavioral approach.

3.5 Technology Acceptance Model

The acceptance of technology has been an interesting field of research for over almost three decades now. There are various theories that study the influences of behavior but not that many that focus specifically on technology. As well as other theories that focus on technology but do not focus on the influences or behaviors of the decision on adopting the technology.

The Technology Acceptance Model arrived as the only that captures these two variables. Davis originally proposed it in 1989, and as mentioned before it begun because of the need to develop a theory for the understanding and explanation of behavioral decisions of adopting technology. This theory states that an individual’s acceptance of technology is influenced by her or his intentions to use it. On the other side, the intention is influenced by the individual’s attitude towards the technology and the perception of how useful it will be for her or him (Shumaila, Foxall & Pallister, 2010).

Davis (1989) separates attitudes into two beliefs: 1) the first one is the Perceived Usefulness or PU, which means that the adopter of that technology prior to the acceptance takes into account if the technology will provide her/him an added value, whether it will increase its work performance or decrease its work overload, 2) the second one is the Perceived Ease of Use or PEU, that means that the adopter will analyze how easy this technology will be to use, how much effort will he/she (or his employees, partners, etc) will need in order to learn how to use
this technology. Davis mentions that the perceived usefulness is influenced by the perceived ease of use and not the other way around. With this, I postulate two more hypotheses:

Hypothesis 3. *Perceived Ease of Use is a factor that influences the decision-making process on adopting innovation of a small firm.*

Hypothesis 4. *Perceived Usefulness is a factor that influences the decision-making process on adopting innovation of a small firm.*

On the other hand, TAM has its limitations. According to Yang & Yoo (2004) the TAM lacks the attitude determinant, they say this can be of big influence on the system use, they also mention that some external factors should be considered such as education, system experience or age, which could have direct influence in the acceptance of technology.

Another main limitation that Mathieson (1991) finds on the TAM is that it only focuses on the intention and it does not analyze how these intentions are generated or how to use them in order to promote or increase the use.

Finally, the largest limitation of the theory and for the present paper is that it neglects the social network influence. Which is a very important subject on the present paper, especially with small firm owners/managers where their decision-making process tend to be influenced by their social network.

### 3.6 A brief comparison between three models

As we can see, one of the main differences between these three theories is what Mathieson (1991) calls the degree of generality. For the Technology Acceptance Model the PU and the PEU are the main factors of the decision of acceptance, while for the TRA and the TPB the main factors are beliefs (behaviors, behavioral intentions or perceived control). A very important characteristic that the TAM lacks is the social norms, which are better captured by the TRA and
TPB, but still rather weak. Hartwick & Barki (1994) mention the important role that the social norms can play on the decision of technology acceptance and particularly for small firms.

Another difference between these models is the characteristics they take into account that influence behavior. In his book, Ajzen (1991) mentions two factors: the internal control factor, which can be identified by characteristics of the individual; and the external control factors, which is independent from the individual. In the TAM, the factor of internal control is included by the PEO, but the external control factor is not taken into account, whereas the TPB captures both factors by identifying each of the control variables.

On the other hand, TAM is easier to apply and less costly than TPB, but it gathers broad information about the adopter’s perceptions of a technology (Shumaila, Foxall & Pallister, 2010). Here TPB is more specific with the information it gathers and gives insight on why a person or group might be satisfied or not with the technology that is being adopted (Mathieson, 1991). However, the Technology Acceptance Model has been more attractive over the resent years. This, because it is simpler to apply than the Theory of Reasoned Action or Theory of Planned Behavior and also when researching specifically about technology or innovation.

3.7 Diffusion of Innovation

One of the pioneering theories in the subject of innovation is the Diffusion of Innovation Model of Rogers (1978), who is also the most cited author of diffusion theory when talking about small businesses. Roger’s model has been one of the most influential theories of innovation since its inception to the present day.

With this theory the author states that “innovation is an idea, object or practice that is viewed as something new for the individual or the unit that will adopt it” (Rogers, 1978). It is important to mention that the innovation does not need to be new for everyone, just to the individual or
organization of adoption (Thong, 1999). The innovation provides the adopter a means of solving a problem, improving something, or exploring opportunities.

Rogers (1995) mentions that the reason of all the interest through the years on diffusion of innovation is mainly because having an idea adopted can be very hard. Even if an idea presents a lot of benefits, it might still be difficult for this idea to be adopted. The majority of innovative ideas take a long time to be adopted, and even years until they really get spread out. This is why a common problem for individuals and organizations is how to get their ideas diffused in less time (Rogers, 1995).

Before going through the main characteristics of the Diffusion of Innovation Theory (DOI) lets first define the meaning of diffusion itself. The author defines diffusion as a procedure in which innovation is communicated between members of a social system through certain channels in a defined time. This communication is based in messages that concern new ideas (Rogers, 1995). These elements are what Rogers (1995) calls the four elements of Diffusion of Innovation: communication channels, social system, time and innovation.

It is also important to mention that Rogers (1995) often interchanges the word innovation with technology, so I am doing the same in the present paper. According to Rogers (1995) technological innovation creates a type of uncertainty in the head of the potential adopters but it also represents a chance to reduce the uncertainty, because innovation is viewed as information and innovation reduces uncertainty, by seeking to achieve a desired result. Uncertainty indicates lack of predictability or information towards the future. Thus, the decision on adopting innovation normally takes place because the individual or organization is motivated and seeking to reduce uncertainty.

Diffusion of Innovation not only helps to understand how technology is spread through communication channels over time, but it also helps explain the adoption process and behavior of the adopters and why some groups or individuals are more motivated than others on adopting innovation, or why some just simply don’t adopt the innovation at all.
Rogers stated five main categories of adopters of innovation: 1) the innovators, 2) the early adopters, 3) the early majority, 4) the late majority, and 5) the laggards. He mentions that the early majority and the late majority are the critical mass, meaning that in those two categories together comprise the highest percentage of adopters. See figure 2 for visual understanding (Kaminski, 2011).

![Figure 2: Diffusion of Innovation]( Retrieved from (Kaminski, 2011)).

Not all the studies that apply this theory involve all five categories though. Some of them just differentiate among adopters and non-adopters. It is still not clear if these five categories apply to small firm’s adoption of innovation because of the small firms’ idiosyncrasy.

Rogers (1995) mentions that the innovations that in general are perceived by the adopter as having more relative advantage, trialability, compatibility, less complexity and observability will be more quickly adopted than those innovations who have less of these characteristics. The author also mentions that for an idea to be diffused, it is normally easier when individuals are homophilous, i.e. similar to each other, with similar experiences, views of life, values, background, etc. However, the challenge with innovation is that innovators tend to be heterophilous because they usually are different to their other peers (Parker & Castleman, 2009).
Another important point of the DOI, is the innovation decision-making process, which Rogers (1995) talks about in his book, stating that it is the process where a decision-maker goes from the first knowledge of the innovation to having an attitude towards it, to the decision weather to adopt it or reject it, then implementing it, and finally the confirmation of his/her decision. These are the main five steps of the innovation decision-making process: 1) knowledge, 2) persuasion, 3) decision, 4) implementation, and 5) confirmation (Rogers, 1995).

In the innovation decision-making process, the decision stage happens when the decision-maker gets involved in activities that lead to the choice of adopting or rejecting an innovation (Luutinen & Damsgaard, 2001). Adoption is understood as the decision of accepting to use an innovation as a tool that brings competitive advantage to an individual or organization. Rejection, on the other side is known as the decision to not implement the innovation (Sahin, 2006).

According to Rogers (1995) most of the decision-makers will not decide on adopting an innovation without trying it out first, while being in the process of deciding and getting involved, this to decrease the uncertainty that an innovation can cause to the possible adopter. Techniques that facilitate the trial of an innovation for the possible client or adopter tend to speed up the process of adoption (Fichman, 2000). Therefore, my last hypothesis is the following:

Hypothesis 5. *Innovations that can be tested during the decision-making process are likely to be adopted more rapidly.*

While it seems that Diffusion of Innovation Theory has a large and complete framework, it actually lacks the focus on small firms. As it has been stated previously, big organizations and small firms work differently, thus their decision-making process on adopting technological innovation can also be very different.
The DOI does not explain the dynamics or issues of small businesses that are part of a ‘multiple social system or dynamic network’ (local community, family, friends, other business owners, suppliers, etc.) with probably different beliefs and behaviors. Neither does it mention how the influence of this dynamic social network could affect their decision-making. In small firms, it is likely that the decision-maker when analyzing if adopting or rejecting technologies will be influenced by his/her dynamic network. This is why in the next section I will present the last theory: The Social Network Theory, which will complement the DOI and TAM, forming a new theoretical framework for the matter of this research.

3.8 Social Network Theory

The Social Network Theory (SNT) has been an important theory when trying to understand human social organization. It is also a theory that can apply to a variety of different research, from small systems to large global systems (Kadushin, 2004).

Even though SNT started as a sociological and psychological theory, it can also be used for other fields. Lately it has been also mentioned in different technological researches, to analyze the behavior of groups or individuals regarding technology (Krause, Croft, & James, 2007).

Before going through the main attributions and characteristics of this theory, I would like the reader to go into the concept of ‘network’. Network is a concept that is described from a mathematical approach, as a variety of relationships or objects that are known as nodes and edges (see figure 3). A relationship or social tie of a network can play different social behaviors: love, competition, aggressive, professional, to name a few (Krause et al., 2007). They can also vary from strong ties to weak ties, I will go through this in the following paragraphs.
Social Network Theory states that a social environment can be influential on the behaviors and motives of an actor or individual, and organizations (small firms and large firms) are constructed socially, thus are influenced by the behavioral decisions of all of its actors.

There could also be a formation of groups when the social ties are strong or frequent, according to Parker & Castleman (2009) this can sometimes result in holes where information stops flowing because they mainly just communicate with one another. Rogers (2003) defines these groups or strong ties to be homophilous. And weak ties to be heterophilous, which are the ones that could be more prompted to experience diffusion of innovation or discover new ideas. It is because of this that within the SNT the relationship between the actors is more relevant than the features of individuals (Nohria, 1994).

The Social Network Theory states the importance of being aware of the type of content that flows in a relationship; this can take different forms such as professional, sentimental, advice, etc. The way this content is grasped can also involve the status of one actor in the relationship and how one actor sees the other. Another important factor to be aware of is the trust, influence or power that exists between the actors in a network. Finally, it is vital to look at the organization

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**Figure 3: Social Network**

This shows an example of social network: nodes (black circles) that represent individuals and the edges (lines) representing social connection among them. Retrieved from (Krause et al., 2007)
of the network, the size of it, the frequency of their interaction, the links that separates one actor from another and the duration of it (Parker & Castleman, 2009; Daly, 2010).

The reason why I think Social Network Theory is relevant to the present study, is not only that it complements other theories by including the social factor. But also that it offers an interesting contribution to the understanding of small firm adoption of technological innovation because it includes the interpersonal and structural characteristics of a small company owner/manager's social network that can influence their decision-making.

One of the main contributions that SNT brings to small firm research is the way it manages to include the technological knowledge exchange networks between small business owner/managers, family, employees, suppliers and friends. At the same time, SNT considers that decision-makers of small firms could get knowledge from different actors outside of the own firm (Friedkin & Johnsen, 2011).

It is also important to mention the fact that SNT help analyze the nature of the relationship and how can it influence the owner/manager of a small firm to make decisions. SNT also considers very detailed levels of possible decision-makers in different kind of groups within a small firm, and it is with these levels that researchers are able to apply this theory to internal processes too (Wasserman & Faust, 1994). Small firms can benefit a lot from their social networks, one of the greatest advantages is the possibility to share and obtain knowledge. This exchange of information provides a small firm with resources that it normally cannot count with (Chaston & Mangles, 2000). According to Balkundi & Kilduff (2006) this resource is called social capital, and can lead to competitive advantage for the small business.

Finally, another reason why the SNT was chosen for the purpose of this paper is that it never states that the actors are always driven by economic goals, instead it mentions that small firm owners/managers tend to be driven by non-economic goals, such as lifestyle and social networks.
3.9 Synergy: Proposed Theoretical Framework

After analyzing the main theories used in literature on adoption of technological innovation research, I would like to propose my own theoretical framework, making a synergy from three theories that I believe complement each other for the matter of this research. I will start by rejecting some theories that I find dispensable.

To start with, I will discard the Theory of Reasoned Action, because this theory is only applicable when behaviors are consciously intended, assuming that people are generally rational, which is not always the case with small firm owners/managers. I will also reject Theory of Planned Behavior because it focuses mainly on the confidence the individual has, and his/her capacity to execute that behavior, which is not the focus on this paper. On the other hand, the Technology Acceptance Model focuses specifically on the technological acceptance behavior and uses two factors: Perceived Ease of Use and Perceived Usefulness which will be taken as main subjects to analyze and thus, the theory will be useful when getting data to answer the research question.

The Diffusion of Innovation Theory is also relevant for this research because of its inclusion of innovation, the adopter categories, the decision-making process and the social environment where adoption normally occurs. Yet, the Diffusion of Innovation Theory has some limitations, mainly because the difference among individual and organizational decision-making process is not completely clear, and it does not include the relationships or complexity of the social contexts where small companies make decisions. Therefore, I think it is important to complement this theory with the Social Network Theory and form a better theoretical framework for future research of the topic.

The Social Network Theory comes to complement the Diffusion of Innovation Theory and the Technology Acceptance Model, by stating that the social context can impact the behaviors of the actors, and that small firms are built by the influence of the behaviors and decisions of these individuals, which in this case are the decision-makers of small firms.
To answer the main research question from a theoretical point of view and by using the new theoretical framework, I will first try to answer each of the hypotheses in the following paragraphs:

Hypothesis 1. In the decision-making process for adopting technological innovation in small firms, the manager/owner is influenced by his/her social network.

Small firm’s owners tend to be part of a dynamic social network of other firm owners, partners or suppliers. Social Network Theory is described as the type of relations composed by actors that make ties or connections. All of these connections can be made out of different objectives: affection, utilitarian, frequent, formal, and so on (Gibbs, Sequeira & White, 2007).

According to Gibbs, Sequeira and White (2007) the social networking that influences the most in the adoption of innovation of small firms are the so-called ‘extra-firm relationships’, which can be seen as the relations that firms have with other actors within their environment (institutions, competitors, governments, to mention some). Social Network is particularly important to the small business sector because of the fragility that accompanies a small size firm, this can be off-set with the support of its social network when decisions need to be made and when the company does not have all the means to make a decision on its own (Szarka, 1999).

Hypothesis 2. Decision-makers of small firms are not only driven by economical goals.

Mudlowney (2012) posits that owners/managers of small firms have relatively lower managerial motivation in comparison to professional managers of large firms. This means that the motivation of the small firm managers is not managerial per se, but they have other types of motivations. Mudlowney (2012) also mentions that owners/managers from small firms generally give less importance to productivity, growth and profit than managers from large/corporate firms; instead they tend to be driven by other factors, such as life-enjoyment, lifestyle, social status atmosphere, to mention some. Social Network Theory states that an individual or
organization is not entirely driven by economic goals, but also by their social network which plays a vital role in their decision-making process (Kadushin, 2004).

Hypothesis 3. Perceived Ease of Use is a factor that influences the decision-making process on adopting innovation of a small firm.

Hypothesis 4. Perceived Usefulness is a factor that influences the decision-making process on adopting innovation of a small firm.

According to Chattur (2009), the Technology Acceptance Model believes that in order to make decisions a small firm takes into account two main factors: one is the Perceived Ease of Use of the innovation, and the other one is the Perceived Usefulness of the innovation. Which are basically taken into account to save time to the employees when implementing and using the adopted innovation. Davis (1985) mentions that the Perceived Ease of Use has a direct influence on the Perceived Usefulness, and not the other way around. This can be explained very simply: imagine that a company perceives that a new software is really easy to use. This would make the firm happy because they might not need to spend time nor money training their staff. Due to this perception the company might have another perception: that the software might be useful too. On the other hand, even if a company perceives how useful a software might be, that will not change the fact that it might be hard to use.

Hypothesis 5. Innovations that can be tested during the decision-making process are likely to be adopted more rapidly.

The adoption of innovation decision-making process unfolds several steps according to Rogers (1995), first is the knowledge of the innovation, secondly the persuasion tends to come, the actual decision normally takes place next, then the implementation and finally the confirmation of the innovation already being used. An innovation is more quickly adopted when it provides the possible adopter a trial period during the decision-making process because most of the individuals or organizations want to know how the innovation would work in their own situation.
before deciding on adopting or rejecting (Sahin, 2006). According to the Diffusion of Innovation Theory, testing an innovation beforehand can speed up the adoption significantly.

To end this chapter, the main research question is posed and answered with a brief summary of the already mentioned hypotheses:

Research Question:

How are small firm decision-makers influenced when deciding whether or not to adopt technological innovation?

According to the theory stated in this chapter and to make a final summary of what has been mentioned; a small firm owner/manager when deciding on adopting/rejecting innovations can be highly influenced by his/her social network which can come in different forms, either extra-firm relationships such as peers, government, institutions, competitors, etc. Or other type of networks like family, friends, staff members, employees and partners. Differently from a medium or larger firm, a small firm tends to have a less structured management that do not necessarily follow any protocol when making decisions. Additionally, a small firm can be considered fragile when decisions need to be made, this is why to compensate its structure or lack of hierarchy the social network of the decision-makers are usually included before and during the analysis and adoption of the innovation.

Another factor that small firm decision-makers take into account during an innovation decision-making process is the Perceived Usefulness of the innovation that off-sets the price that the firm will spend on the innovation to the amount of value that the product or service will add to the company. This factor generally goes hand by hand to the Perceived Ease of Use of the innovation, which is another element that is generally taken into account by the small firm decision-makers, which can be explained by the time saved by the company.
One of the main priorities of a decision-maker is to reduce the amount of workload of the company’s employees or team members and this is why generally they search for these innovative tools on the first place, to make things work more efficiently. Thus, if an innovative product or service proves not to be easy to use then the probability for it to be adopted is lower, no matter how useful can it be.

Furthermore, according to the Diffusion of Innovation Theory the possibility of testing an innovation before deciding on adopting or rejecting it can be very helpful during the innovation decision-making process in terms of reducing the amount of time and research that must be done in order to be able to decide whether an innovation is worth its implementation or not. This theory also mentions that a test of it can speed-up its adoption. This way the firm doesn’t risk a lot when testing it and then it can be sure that the innovation will be something valuable for the company, and the time that is normally spent for the decision-making process will be reduced. Thus, the decision will be faster and easier to make.

As it has been mentioned, Rogers (1995) states that when an adopter is seeking for an innovation, he/she is also seeking to reduce uncertainty. Thus, when making a test before deciding whether to adopt the innovation or not the adopter will feel he/she is decreasing the uncertainty that this innovation can cause. Same with Fichman (2000) who posits that a test of an innovation during its decision-making process can not only decrease uncertainty but also make the innovation be adopted more rapidly.

In the following chapter I will present the data collected from the conducted interviews with the hostel owners/managers. The findings will form the empirical research of this paper and the hypotheses and research question will be answered with these insights. It is important to remember that the following ‘Analysis Chapter’ will just contain answers regarding the single-case study, meaning that it will entirely focus on Comundu and the hostel industry, whereas the Theoretical Chapter tried to answer the research question from a broader scope on small firm adoption of innovation.
4. Analysis: Insights on hostel owners/managers

4.1 Introduction

By now the reader should already have an idea on the chosen company for this single case study research: Comundu, a Danish IT start-up which objective is to provide a communication platform made for interaction between the hostel and its guests, as well as between the guests themselves. This platform is based on a mobile application that backpackers download when arriving to their hostel. It is important to mention that the business model of this company is composed by the hostels as the clients, who pay a monthly fee in order to be able to provide this service to their guests for free and thus, improving their traveling experience and increasing the hostel’s activities’ sales.

Before proceeding with the analysis I will provide some information about the hostel industry in order to give the reader a better understanding of the empirical findings. In addition, I will mention a general profile of the interviewees (hostel’s owners/managers), how long have they been in the business and their background education. Finally, I will analyze the insights given by the managers/owners by detecting some patterns and interesting comments they provided during the interviews that will help me answer the stated research question.

The research’s hypotheses have been answered in the Theory Chapter with a theoretical point of view. In this chapter, I will answer them from an empirical point of view, rejecting or accepting each one of them depending on the results. The following sections will present the main findings gathered from the collected data. They will be divided in the four main hypotheses: 1) The social network as a factor that influences the innovation-decision process, 2) Decision-makers not driven mainly by economic goals, 3) Perceived Ease of Use and Perceived Usefulness as a factor that influences the innovation-decision process, and 4) Testing the innovation as an incentive to speed-up the adoption process.
4.2 A general overview of the hostel business model

Many people tend to confuse a hostel with a hotel, finding it difficult to name the differences between them. It is important to clarify that these two are not the same, and that their business model is different. Yet, they still have some similarities: they both form part of the lodging industry and they both provide their customers with a temporary place to sleep in exchange of a fee. Nevertheless, hostels and hotels are two different industries that offer different experiences to their clients.

A hotel can be described as a place that rents accommodation for a temporary basis. There are different types of hotels, such as airport hotels, business hotels, gaming or entertainment hotels, commercial or residential hotels. Even though a hostel may also be a temporary rental accommodation, the main difference is that a hostel is considered to target budget travelers, where guests are generally known as ‘backpackers’ who rent a bed in a single or shared room (Bunda, 2014). Hostels unlike from hotels are mainly focused in the social aspect, and their guests (backpackers) are not only interested in saving money but also in meeting other travelers (Timothy & Teye, 2009). Hostels usually provide activities, events and common facilities, such as communal kitchen, game rooms, bars, etc. This are being used to facilitate the social interaction between their guests and to improve their traveling experience.

Another main difference between these two industries is that the hotel industry exists since the Middle Age, and it is considered a very mature and large industry compared to the hostel industry, which started in the early 20th century and it is still seen as a small industry. Even thought there has been an extremely fast growth in the past years, where hostels are popping and big hostel chains are being born (Timothy & Teye, 2009). The hostel target market is mainly young people between 18-30 years old, who prioritize social interaction over comfort, while the hotel target market may prefer comfort over sociability and can vary, from families, to business travelers, couples, or people seeking comfort and relax.
The hostel corporate governance is less complex than that of the hotel industry. Hostels are generally independently operated and owned. It is also very common that the owner of a hostel is also in charge of the managerial role. However, nowadays the hostel industry has been growing extremely fast, and even hostels have been changing their structure. Many hostels have now became structured chains, but the majority of them are still independent small business like the ones that are taken as part of this research’s sample.

4.3 Hostel owner/manager’s profile

Hostel managers/owners have different profiles between them. There is no standard background or requirement to be able to run a hostel. However, I have detected some patters between these hostel managers/owners to make it easier for the reader to understand this research.

One of the common factors that I found is the work enjoyment as a main motivation, which has been clear while interviewing them. The other one is the fact that they all considered themselves to be social oriented people, emphasizing their enjoyment of the dynamic atmosphere of a hostel and the easy interaction with people where they try to stay in touch with the staff team members and the hostel guests. Additionally, most of them mentioned that they can relate themselves with the travelers, since they have been traveling a lot in the past, and some still do whenever they get the opportunity.

As it has been stated, 15 interviews were conducted with hostel managers/owners from different cities and countries from around the globe. In the following paragraphs I will mention a small profile of each and every one of the hostel managers/owners interviewed and a little bit of background of the hostel they run, in order to give the reader a better overview of where the data will come from:
1. André Mesquita (AM): Owner of Home Lisbon and Yes Lisbon, based in Lisbon, Portugal. Both hostels have more than 80 beds. In 2014 the Home Lisbon Hostel was awarded of the best medium hostel in the world by Hostel World. André is 37 years old and started with his first hostel 10 years ago with the help of his family. The hostel is still family owned, but he is the one with the biggest share. He has a degree on Marketing Management and lived abroad for two years.

2. Sara Alho (SA): Manager of three hostels (Destination Hostel, Sunset Destination Hostel and Alfama Hostel), based in Lisbon. Both, the oldest and smallest of these hostels opened 10 years ago, with more than 100 beds. The hostels have been running for more than five years. She has been working at the hostel for one year. Sara is 25 years old, and has a background on International Management. She considers herself as a backpacker since she has been traveling a lot in the past years.

3. Alexander Vicens (AV): Manager of the Walrus Hostel based in London, UK. He has been working in hospitality for the past five years and a half. Alexander has a background in Tourism. He has lived in a lot of different countries, so he considers himself to be an international citizen. “My passion is hostel hospitality, I am very lucky to be involved in this project” (AV).

4. Márk Molnár (MM): Manager of Avenue Hostel based in Budapest, Hungary. Márk studied Philosophy. His priorities in life are social and his main motivation is to take care of his employees, rather than the business. “Social things are more important to me than just running a business” (MM):

5. Berit Bonde (BB): Manager of the New Guest House in Thailand. Berit is 31 years old and has a background education in Service Management. She has been working at the hostel for three years. She started traveling 10 years ago and she mentions her desire to keep traveling and exploring the world whenever she has the opportunity.

6. Fatima Martín (FM): Manager of the TOC Hostel in Madrid. She has been working at the hostel for eight months and she loves to travel. She mentions she has backpacked a lot in the past.

7. Dean Barlon (DB): Manager of The Horse and Stables in London. Dean is 29 years old and has been working at the hostel for three years. He has a background in Marketing
and Public Relations. “I definitely consider myself as a backpacker, still probably am whenever I can” (DB).

8. Joab Maranhao (JM): Owner at the Spire Hostel in Dublin. Joab is 38 years old and has a degree in Business Management. He has been working for this industry for five years. He used to live at the hostel when he first arrived to Ireland; he was doing housekeeping in exchange of accommodation and through the years took over the business.

9. Andrea W. (AW): Manager and Owner at both of the Paprika Hostels in Budapest. She is 35 years old and has been working in the hostel industry for four years. She started as a receptionist, then became the manager and finally then owner.

10. Ewa Patejko (EP): Manager at the Tramp Aparthostel in Cracow. She has been working there for three years and has a Masters Degree in European Studies, currently doing a PHD on Social Studies. “Traveling is my other job” (EP).

11. Xavier Simon (XS): Manager at the Posada de Huertas Hostel in Madrid. He has been working there since its inception (13 years). Xavier has a background education in International Business.

12. Paulina Woleck (PW): Manager at the Cracow Hostel. She is 33 years old and has a degree in Business Management. She has been working at the hostel for five years now. “It is a good lifestyle to be surrounded by that many travelers from all around the world” (PW).

13. Muriel O’connor (MO): Owner at the Globetrotters Hostel in Dublin. She is 50 years old and has been working there for 10 years. She has a background education in Psychology.

14. Olivia Rodriguez (OR): Manager at the hostel Room 007 in Madrid. Olivia is 34 years old and has worked at the hostel since it got opened, two years ago.

15. Pete Edwards (PE): Manager of Samsun Backpackers Lodge in Vancouver. Pete is 37 years old and has been working at the hostel industry for 10 years now. He started working in the kitchen and then worked his way up.
4.4 Social Network as a factor that influences the innovation decision-making process

One of the main hypotheses of the present thesis is the subject of Social Network influencing the decision-making process of adopting/rejecting innovation. According to Gibbs, Sequeira and White (2007), individual decisions in small firms are regularly impacted by each firm’s social network and peer groups. This hypothesis has been already answered with a theoretical point of view in the Theory Chapter, and now I will provide some insights gathered from the interviewees that will show why this hypothesis will be accepted.

Eleven interviewees out of the sample of 15 agreed that most of the time they like to involve their social network to be part of the decision-making process of adoption of innovation. The group that influences the most in this type of decisions is the staff members of the hostel because of the direct relationship they have with the hostel guests. According to the interviewees, other groups of influence are also family, and the travelers themselves.

Before conducting the interviews, I assumed that hostel managers/owners had a close relationship with the hostel guests. Yet, it turned out that the majority of them didn’t have a lot of time to interact with the travelers. They all expressed how busy they are to stay in touch with the guests, but instead most of them mentioned the importance of maintaining a close relationship with the staff team, not only to keep them motivated but also to stay updated on their work needs and the guests needs. The staff members are considered the intermediates between the hostel manager/owner and the guests. This is why the hostel manager/owner tends to trusts the staff and value their opinion regarding adopting new innovative tools. According to the majority of the interviewees, the staff member's opinion is very valuable when making a big decision on something that might create big changes in the hostel.

Hostel managers/owners highlighted how important it was for them to hear the opinion of the hostel staff in this kind of matters because of the direct relation they maintain with the guests. For example, Sara Alho mentions that she usually asks the hostel staff for their opinion when
deciding whether to adopt any innovation like Comundu, explaining that they are the ones who are spending most of the time with the backpackers. As well as Márk, who stated the following, “Usually in this situations, I am also involving the staff and guests to see what they think about these things” (Márk Molnár).

The family factor as an influence was mentioned twice in the data because these small firms/hostels are sometimes run by families. For instance, André expresses the following, “My voice is very important because my other partners trust me, but normally if I was to decide something I ask my partners, which are my family (parents and brother)” (André Mesquita). Additionally, Dane mentions the following about the hostel’s decision-making process, “It is a very simple process for us, in this case is a family run sort of situation, the owners are a couple. So basically it means we sit on a table and discuss things” (Dean Barlon).

Other interviewees express the importance of social network as follow: “I try to keep the staff as much involved as I can. I like to ask them about this type of stuff and hear their opinion since they are the ones who have the most interaction with the guests, so they know sometimes better than me if for example Comundu is an app that the guests will use and find useful” (Paulina Woleck). Also Joab mentions, “I like to share my ideas and I like to get the ideas from my team, because I am not working alone. I work with a team so I am the main person in the business but everybody else is a part of it” (Joab Maranhao).

The majority of the interviewees agreed that the social network is something that influences their decision-making process mainly because they run a small business and they think its important to get insights from travelers and from the staff. However, most of them mention that even though they involve some of their social network, the main decision in the end is taken by the people who is running the hostel: owners and managers.

For instance, Berit Bonde mentions that she likes to ask the travelers about their opinion, but the final decision is mainly taken by the owners, herself and the other manager of the hostel. And Ewa, mentions the following, “The main decisions are taken by the owner, and I would be
the one suggesting the innovation…30% is my social network influence and the rest is up to me, and if it involves money I would need to ask the owner" (Ewa Patejko).

There were some interviewees that did not agree that involving their social network to their decision-making process was adequate or necessary. Xavier mentions “Honestly we don’t need to involve the staff in this type of decisions” (Xavier Simon). He stated that he likes to get together with the staff members once a week to talk about what it is needed at the hostel and about the travelers, but they never discuss innovative-related subjects.

These other hostel managers/owners stated that the only opinion they needed for this type of decisions was their own. For example, in Andrea’s case, she mentions the following, “I am running the business, so I don’t need to talk with anyone about it. If I like the idea or if I think its good for us, then I start it. It’s just me who takes the decision” (Andrea, W.). Additionally, when they are not the owners but they are the managers, they would usually talk about the possible implementation of the innovation with the owners, and then the decision would be taken between them without including third parties. “It is the owners who take the decisions once I proposed to them the idea already analyzed” (Olivia Rodriguez).

Moreover, Alexander states the following, “For this type of decisions, is the people who has a stake on the company that make decisions because every time you change something at the hostel profit is in risk or legal attachment and stuff like that, so the people who can be directly affected is the people who is involved in these decisions” (Alexander Vicens). And Fatima mentions, “I have to consult it with the three owners, and maybe they would consult it with the investors, but it is the owners who decide between them” (Fatima Martin).
4.5 Decision-makers are not driven mainly by economic goals

As Mudlowney (2012) and Kadushin (2004) posit in their research, small firm decision makers are not always driven by economical goals, and they are not always making pure rational choices to increase profitability of their businesses. This hypothesis will also be accepted with 13 out of 15 interviewees agreeing that their main motivation is based on other factors rather than economical goals. All the interviewees express their different types of motivation for working and running a hostel. Some of them acknowledge the importance of money but emphasize that it is not the most important motivation.

The main motivations mentioned by the interviewees are happiness with their job, passion for what they do, lifestyle, the fact that they can relate themselves with the travelers, nice job environment, relaxed atmosphere, satisfaction of running their own business and satisfaction of taking responsibility for their employees.

For instance, Pete mentions the following, “It’s more about the experience and the lifestyle. I am given time off to travel as well and I want other people to come here to enjoy the cities as much as I do” (Pete Edwards). Olivia Rodriguez expresses that her main motivation is that she feels comfortable with the job because its relaxed and she can relate with the objective of the company which is traveling.

Additionally, Sara expresses the following, “I would say that the first motivation is the environment, I am glad to say that I don’t work in a formal environment with formal clothes” (Sara Alho). And Berit mentions passion, “My main motivation for working for this industry is passion, and the ability to put that passion into what I do every day is basically a dream job” (Berit Bonde). As well as Alexander, “I am a person with a passion for hospitality in general…my mystic philosophy of business is that I have passion for what I do” (Alexander Vicens).

As we can see, there were different opinions for this question, but most of them express that money is not one of their main drivers for working in this industry. “I fell in love with the job when
I started working as a receptionist, it gave me so much happiness to run my own business” (Andrea W.). And Mark expresses the satisfaction he feels for being responsible for the employees, “A month ago, I was thinking about my motivation on working here and there was only one thing that I could think of, and that is that I am able to take responsibility for the workers” (Márk Molnár).

On the other hand, Joab, when he first moved to Dublin started working as a housekeeper at the hostel in exchange of accommodation and over time he took over the business. For him, his main motivation is that he can still relate to the backpackers. He mentions, “It is so exciting because there are always new people, every day backpackers come and go and you hear so many stories and experiences” (Joab Maranhao).

Dean mentions the fact that he considers himself to be a backpacker and he tries to be one whenever he gets a chance. He states the following, “My main motivation is being in the situation where you want to provide a good service and you want to provide a good hostel experience because that is part of what you enjoy about traveling so much and for me traveling has always been an integral part of my day to day life” (Dean Barlon).

Some of the interviewees mentioned that money is one of their main drivers but not the only one. For example, André mentions, “I need to make a living but I am not driven by the money at all, that is not important to me. I am driven by the success of it and in recognition by the market. I like the fact of making my guests happy and I like that it is a people’s business and we are selling experiences” (André Mesquita). Similarly, Fatima expresses, “I am not going to lie to you Carolina, the money is good but my motivation goes further. I have traveled quite a lot and this is why I like working for the tourism industry and with backpackers, I feel identified with them” (Fatima Martin).
4.6 PEU and PU as a factor of influence in the innovation decision-making process

Perceived Ease of Use and Perceived Usefulness are factors that can influence the decision-making process of adopting an innovation. According to Davis (1985) it is vital for a small firm decision-maker to take these two factors into account when making this type of decisions. For example, Pete mentions the following “We always need to try things out before we can commit to anything” (Pete Edwards). The two following hypotheses that PEU and PU are factors that influence the decision-making process of adopting innovation will be accepted with no negative findings of our data collected (view appendix 8.4).

All of the interviewees expressed the importance to take these factors into account. “I always take into account how easy it would be to use and its usefulness. It is something I need to consider always before deciding on adopting an innovation or rejecting it” (Paulina Woleck). Many of them make emphasis in the ‘Ease of Use’ of a new innovative product. They mention it is one of the factors that could make them change their mind on implementing a technological innovation or not. “If I can’t pick it up and use it within the first one or two minutes then I don’t see why it would work” (Dean Barlon).

They all mention that one of their main concerns is that the product’s use could be hard to explain. One of the manager’s/owner’s principal aim is to save time for the hostel staff and reduce the amount of work they have. Regarding this Ewa expresses, “When I adopt an innovation is mainly to save time of my staff and make their lives easier” (Ewa Patejko). Xavier also mentions something similar, “If I implement an innovation is to take work off my staff… I believe that the best products are not only a good concept but also easy to use” (Xavier Simon). And Olivia even stands that if Comundu would have been difficult to use, she wouldn’t have even considered to implement it at her hostel, “If Comundu were difficult to use, we will not even consider the possibility of implementing it” (Olivia Rodriguez).
4.7 Testing an innovation during decision-making can speed-up its adoption

According to Rogers (2003) the founder of the Diffusion of Innovation Theory, there is a greater chance for an innovation to be adopted if there is a trial period during the decision-making process, he also mentions that this can even speed up the implementation of the technological innovation. According to the data collected, this theory will be accepted with 13 interviewees out of 15 that thought the trial period of the innovation could foster a more rapid adoption of the innovation. “I think the trial period it’s a good way to introduce the product” (Andrea W.). Additionally, Dean mentions “It is not necessarily the case were you wouldn’t consider paying for Comundu but I think that having the unpaid test version as an entry level has certainly helped to streamline things for everybody, specially for the management”. (Dean Barlon).

One of the main reasons that make this test valuable is the economic situation in which a hostel is managed as a business. Hostels usually don’t count with high margins, meaning that they can’t afford to make risky investments. For example, Sara mentions the following, “Everything we adopt we make a test before, because as you know a hostel has really low margins, this means every bad decision we make can cost us a lot” (Sara Alho). With the same matter Dean express, “It was so much easier to start with Comundu than others because we could test it, and we were not risking an investment, so I liked the app right away and as we could do the free test, why not doing it” (Dean Barlon).

Furthermore, testing an innovation before deciding whether to adopt it or not, makes it easier for the manager to have a better idea of how the product or service will work at the hostel. Testing provides decision-makers with better tools to prove that the product will actually work without risking convincing the owner of implementing something that is not clear if it will bring value to the business. For example, Fatima mentions, “Without a doubt it is something that speeds up the process of implementation, since it is a way to prove the owners that the product will actually work” (Fatima Martín).
5. Discussion

5.1 Introduction

This chapter will start by remembering the reader about the main purpose of the whole research, together with the posed hypotheses as the main factor. A small summary and analysis of the findings will also be made. Moreover, I will start a discussion about the potential implications of the findings for the different possible actors involved or interested in this research. To finalize, I will discuss some limitations I found after collecting the data.

In this paper I aim to answer the main research question: How are small firm decision-makers influenced when deciding whether or not to adopt technological innovation? To answer this question. I decided to focus on five main subjects, which were stated as the main guiding questions and as the hypotheses.

Hypothesis 1. In the decision-making process for adopting technological of innovation in small firms, the manager/owner is influenced by his/her social network.

Hypothesis 2. Decision-makers of small firms are not only driven by economical goals.

Hypothesis 3. Perceived Ease of Use is a factor that influences the decision-making process on adopting innovation of a small firm.

Hypothesis 4. Perceived Usefulness is a factor that influences the decision-making process on adopting innovation of a small firm.

Hypothesis 5. Innovations that can be tested during the decision-making process are likely to be adopted more rapidly.
These hypotheses have been already answered with both, a theoretical point of view and with the empirical findings gathered from the interviewees. This empirical results led to the acceptance of all the hypotheses, with a majority of positive results in all of them. And with not even one negative result for the Hypothesis of Perceived Ease of Use and Perceived Usefulness (see appendix 8.4).

As it has been mentioned in the Analysis Chapter, it is very clear with the findings that Social Network can influence the decision-making process of adopting innovation in the hostel industry as well as in small firms in general according to the theoretical answers. Another factor is that most of these small firm decision-makers don’t place economical reasons as their main working motivation, instead they prioritize other factors.

The Perceived Ease of Use and Usefulness are factors that are always taken into account by these decision-makers when analyzing whether to adopt or reject an innovative product. One of the main concerns for the decision-makers when studying an innovation is always how easy would the product be to use and how much time will be saved for the user, which would then lead to the perceived usefulness. Since it has been mentioned before and according to Davis (1989) the perceived usefulness will always be influenced by the perceived ease of use, but not the other way around.

The last finding I got from the empirical research was that the possibility of having a test of the innovation before deciding whether to adopt it or not could speed-up the implementation and make the decision much easier. The interviewees mention that it could be a time saver in terms of all the research needed to do before deciding to adopt an innovation. Thus, this could be a good entry level that could facilitate the whole decision making process. "I think that having that kind of entry level as the unpaid test version has certainly helped the management and people using it as well". (Dean Barlon).
5.2 Implications

As it has been mentioned in the Introduction Chapter, the amount of hostels has been increasing in the past few years and it is still growing. Hostels are having more and more competition and this is why some of them can see the urge on adopting innovations in order to stay competitive. “The hostel competition is fierce” (Andre Mesquita). This thesis aims to provide new insights on the hostel sector and the decision-making process of adopting technological innovation, which can be useful and interesting for different parties involved or interested in the hostel industry. Centered on the findings, this section will discuss the implications for entrepreneurs, hostel owners/managers, other people working for the hostel industry, and Comundu itself.

5.2.1 Entrepreneurs

According to Schumpeter (1911) an entrepreneur is someone that is considered an economic and disruptive leader, who aims to break with routine by introducing new products. Entrepreneurs are always focused in discovering emerging markets and possibilities where there is an opportunity to introduce novel products or services and thus, satisfy people’s needs.

For the ones gazing at the hostel market it is interesting to learn how these players see innovation and how does the process of adopting or implementing a technological innovation is. It is important for them to know that the process of deciding whether to adopt or reject something is influenced by several factors and also to see who are the people that is usually involved in this type of decisions.

Additionally, it is essential to understand the main motivations of a hostel decision-maker, which according to the findings are not mainly economical but mostly about personal satisfaction, atmosphere, lifestyle, to mention some. This can help entrepreneurs to gain a better understanding on their prospective clients.
If entrepreneurs want to focus on making innovational tools for the hostel industry, it is very important that they understand their target market. According to the empirical findings of the present research, entrepreneurs need to take into account the Perceived Ease of Use, which means a product that is user friendly and that saves time to the hostel’s staff instead of requiring time to understand it.

Additionally, the interviewees also mention the importance of testing every innovative tool before implementing it. The entrepreneur should definitely consider to have the option of a trial period in order to speed-up the adoption process. This is what happened in the case of Comundu, which has been offering a monthly test to some hostels to reduce the amount of time that takes the decision-making process and its implementation.

5.2.2 Hostel owners/managers

The hostel’s decision-makers are generally owners and/or managers. And as it has been mentioned before there is no general profile to be able to run a hostel. They all come from different background educations, ages, nationalities, and so on. However, one interesting finding was that they all share some similar characteristics, and one of them is their motivation for working in the hostel industry. For example, Paulina mentioned the following, “I like the atmosphere, it is like a good lifestyle to be surrounded by that many travelers from all around the world” (Paulina Woleck).

Being able to see what your other peers and competitors are thinking regarding the subject of innovation could also be a matter of interest for the hostel managers/owners as they don’t want to stay behind. Pete Edwards mentions that nowadays changes are occurring really rapidly and the hostel industry needs to be informed and adopt themselves to the technological changes that are happening, they also need to take into account the changes that comes with the way backpackers travel now-a-days. He mentions the word ‘flashpackers’ to explain the new trend
of travelers, which according to Carl Michel (2015)\(^2\), the Executive Chariman of the Generator Hostel chain, flashpackers are considered millenials in their 20s and early 30s, who have the means to travel but choose a hostel for its social atmosphere. They generally travel with their technological gadgets: laptops, go-pro cameras, iphones, etc. Using these tools as part of their daily traveling experience and thus, getting more exposure on social media and apps while traveling.

5.2.3 Other people working for the hostel industry

For people working for the hostel industry who are not necessarily involved in the decision-making process of the hostels (hostel staff, volunteers, other type of managers, tour agencies focused on hostels, booking engine for hostels, etc.), it can also be important to stay updated on the changes the hostel is going through. It is vital that the stakeholders of this industry stay aware that a lot of hostels are changing the way they manage their businesses towards a more technological and innovative mindset. According to some interviewees like Pete technology will be a very important player in this coming years. He expressed the following, “I think anyone who isn’t embracing the full aspect of what is out there (technology), they are just losing money and not taking advantage of it” (Pete Edwards).

5.2.4 Comundu

Still in its early-stage phase, Comundu is hungry for feedback to be able to improve its sales strategy and the product itself. According to the empirical results, one of the features that interests the hostel managers/owners the most is the social interaction part of it. For instance, Fatima stated, “I like the fact that Comundu facilitates the interaction between the guests and also that we can keep the guests updated on the activities we provide” (Fatima Garcia). Likewise Paulina mentioned, “I like the idea of the guests being able to communicate with each other via the app and then meeting in person” (Paulina Woleck). Additionally, “I think the best

feature of Comundu is the communication with the guests and the possibility of keeping them updated while they are staying in the hostel” (Ewa Patejko).

5.3 Limitations

Even though the methodological limitations of the present study were discussed in the Methodology Chapter, I think it is important to postulate the final findings on the research limitations that I discovered during the whole research process and in the analysis part of it. One of them is the fact that I am conducting this research on my own, and when conducting semi-structured interviews it is recommended to be at least two people leading them. It is recommended that while someone is in charge of asking and leading the questions, another person stays in charge of taking notes and analyzing the body language and the type of answers that the interviewee provides, as well as the different topics that are discussed without being part of the planned interview.

Another limitation was the fact that I have been growing a relation with some of the hostel managers/owners interviewed since I have been working and meeting up with some of them while working for Comundu, thus this could have led to several biases. On the other hand, the timeframe of the data collection might have been short, since I had to collect data, transcribe it and analyze it. A total sample of 15 interviews were conducted within four weeks. This can be considered as a short period for a single and inexperienced researcher to handle that magnitude of data volume. This is why, it is important to mention that time constraint could have limited my reflection during the process of data collecting.

Finally, the last limitation can be the language bias. Most of the interviews were conducted in English, but not all of the interviewees and neither myself are native English speakers. Others were conducted in Spanish, which is my native language but not of all the interviewees either. They were consequently translated into English for the analysis to be made, which could have been subject to selective perceptions, bias or slight distortion of meaning.
6. Conclusion

The present research has been done with the purpose of exploring and trying to answer the following problem statement: *How are small firm decision-makers influenced when deciding whether or not to adopt technological innovation?* This whole investigation has started with a generalized theoretical analysis on small firms, this due to lack of literature in hostel adoption of innovation; furthermore, it presented an empirical research based on a single-case study: Comundu, a Danish IT start-up company that is just entering the hostel industry.

The main idea has been to study the factors that influence the small firm (hostels) decision-makers when analyzing the possibility of adopting a technological innovation. Focusing on their main motivations for engaging in that type of job, the influence that has their social network when innovation decision-making process takes place, the perceived ease of use and perceived usefulness of the innovation and the influence on speeding-up the adoption process of an innovation when testing it during the decision-making process.

While the subject of small firm adoption of innovation has been more and more discussed in the past years because of the need of these organizations to adopt themselves to technology and innovation, little remains known about the factors that influence these decision-makers when deciding on adopting or rejecting an innovative tool. Thus, this thesis represents the first attempt to analyze this specific subject (to my knowledge), and it also sheds light to a specific case study regarding the hostel industry. This case study has been analyzed by conducting 15 interviews to hostel managers from different hostels located in eight different cities and countries at a global scale. In order reduce the possibility of bias, I mixed the status of the relation these interviewees have with Comundu. Some of them are already working with Comundu and others are still in the decision-making process. Their insights have been key to the main findings of this paper.

Therefore, this thesis broadens the academic literature on decision-making process of adopting innovation in small firms, and makes an important contribution to gain a better understanding
on the influences that could present to these decision-makers, as on their motivations. This research is mainly relevant to entrepreneurs aiming to enter this specific market, to Comundu trying to understand its clients and to the researchers interested in innovation and its adoption on small firms.

After gathering all the information from the interviews and analyzing it, the findings show that financial motives are not the main motivation for the majority of the hostel managers. Instead they mention lifestyle, work atmosphere, traveling soul and/or happiness before mentioning their economical motivation. On the other hand, social network showed to be an important factor that influences these decision-makers when analyzing the adoption of an innovative tool like Comundu. Some of them mentioned the lack of protocol in a small firm like hostels, and the majority mentioned that the staff opinion is really important in this type of decisions because they are the ones that maintain direct contact with the travelers, and because they would be using the adopted innovation.

Furthermore, all of them acknowledge the importance of taking into account their perceived ease of use and the perceived usefulness of any innovative tool that they might consider implementing in their hostels. Some of them mentioned that even though a tool might be very useful, if it’s not easy to use it could be rejected because one of their main concerns is to save time to the staff and the people working at the hostel. And finally, decision-makers also consider that the possibility of testing out an innovation before adopting it can be an influence that could speed-up the adoption process.

It is very important to consider the different factors of influence of a key decision-maker when trying to enter a market. Moreover, being able to differentiate a small firm from a big organization can be vital, because usually small firm decision-making process lacks a protocol or structure which can be off-set with other factors being involved in the decision. Some other interesting findings that influence these decision-makers is that the hostel industry is still managed in an old fashion way and some of these key decision-makers are still reluctant to technology and innovation. Hostels are blooming every day, competition is getting bigger and
the travelers are changing by including more and more technology as part of their trips, this is why I think that if hostels want to gain competitive edge they will need to adopt more innovative tools to their businesses.

This industry will need to learn how to be part of this technological revolution even though it is a big step to some of them because of their type of management and the fact that some of them justify their reluctance to adopt technology by saying that a hostel must always stay personal with their guests. I personally think the personal social interaction is not mutually exclusive to using technological tools that can foster and facilitate this personal interaction. Hostels will need to learn to adopt to this because there is no question that technological innovation will gain more popularity in the following years and small firms will have to be part of it in order to stay competitive.

6.1 Future research

Whilst the present research embodies a first attempt to deliver insights on the decision-making process of adopting innovation in small firms and the decision-makers’ influences and motives, more research is still required to amplify the understanding of these small firm decision-makers. As for the limitations that have been already mentioned in this paper, I suggest that in order to make this research more valuable, another industry considered as a small firm could also be studied parallel to the hostel industry, this to be able to have different findings to compare with and not only generalize with a single-case study that might not have the same decision-making process as all small firms.

Moreover, it could also be interesting to use different methodologies to gain a better understanding of the findings when making the empirical research. For example, there is a type of study that is called the ‘verbal protocol analysis’ which according to Ericsson and Simon (1993) is a good strategy to analyze decision-making process in real time. This is made by taking a sample of people and asking them to think out loud when performing a task that involves part of the decision-making process.
7. Bibliography


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## 8. Appendix

### 8.1 Appendix: Interview guide in English

<table>
<thead>
<tr>
<th>Interview questions</th>
<th>Guiding questions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. About the interviewee</strong></td>
<td></td>
</tr>
<tr>
<td>Hello, can you please introduce yourself?</td>
<td>- Age</td>
</tr>
<tr>
<td></td>
<td>- Manager or Owner of Hostel</td>
</tr>
<tr>
<td></td>
<td>- Nationality</td>
</tr>
<tr>
<td></td>
<td>- Education</td>
</tr>
<tr>
<td>If Manager: How long have you worked at the hostel?</td>
<td>- Did you scale or you started with the managerial position?</td>
</tr>
<tr>
<td>Do you consider yourself as a backpacker?</td>
<td></td>
</tr>
<tr>
<td>Do you consider yourself a social driven person?</td>
<td></td>
</tr>
<tr>
<td>If Owner: What would you say is your main motivation for running this hostel?</td>
<td>- Profit / Economical reasons</td>
</tr>
<tr>
<td>Or Why did you start with this business?</td>
<td>- Lifestyle</td>
</tr>
<tr>
<td>- What are you driven by when running this business?</td>
<td>- Independence</td>
</tr>
<tr>
<td></td>
<td>- Passion</td>
</tr>
<tr>
<td></td>
<td>- I was a backpacker</td>
</tr>
<tr>
<td></td>
<td>- Fun</td>
</tr>
<tr>
<td><strong>2. About the Hostel</strong></td>
<td></td>
</tr>
<tr>
<td>How long has the hostel been running?</td>
<td></td>
</tr>
<tr>
<td>How many beds does the hostel have?</td>
<td></td>
</tr>
<tr>
<td>Do you provide activities for your guests?</td>
<td>- What type of activities?</td>
</tr>
<tr>
<td></td>
<td>- How do you promote those activities?</td>
</tr>
<tr>
<td>How is the social interaction between the guests?</td>
<td></td>
</tr>
<tr>
<td>What would you say are the hostel's main challenges?</td>
<td></td>
</tr>
<tr>
<td>What would you say are the hostel's main strengths?</td>
<td></td>
</tr>
<tr>
<td><strong>3. About Innovation</strong></td>
<td></td>
</tr>
<tr>
<td>Do you consider your hostel to be innovative?</td>
<td>- If yes: In what way is it innovative?</td>
</tr>
</tbody>
</table>
| Does the hostel count with any technological innovative tools? | - Booking system  
- Another type of app  
- Operative system/ softwares for facilitating check-ins or activities |
| --- | --- |
| What do you think will disrupt the hostel business within the next years? Or will things be running as usual? | - How have traveling patterns changed in the past years?  
- What have you seen different?  
- Do you think technology plays a vital role in the industry? How? |

**4. About Comundu**

| Why did you decide on adopting or rejecting Comundu at your hostel? | - How do you think Comundu will help your hostel?  
- What do you expect from Comundu?  
- What are the n most from Comundu? |
| --- | --- |
| Have you tried any innovation like this before? | - Mobile app  
- Website  
- Technology for check in or other services to improve efficiency |

**5. About the decision-making process**

| When you make a decision like adopting or rejecting a tool like Comundu or something that involves innovation and a budget, how long does the process take until is implemented and through whom does it needs to be considered? | - Family involved  
- Friends  
- Business Partners  
- Owner  
- Other Managers  
- Employees  
- Hostel Staff |
| --- | --- |
| What would you say has the highest influence to you as a decision-maker? | - Social Network  
- What Peers are doing  
- Nothing but my own opinion matters  
- Hierarchy / Following Protocol |
| How big of an influence would you say Social Network when you have to take a decision like adopting innovative tools? | - My SN is always involved  
- Family, friends, partners, employees have a say in the decision |
| Would you say the PEU and the PU of an innovative product like Comundu is something you take into account when deciding on adopting/rejecting it? | - Is it simple to use?  
- Will is safe time and money for the business?  
- Is it useful for the hostel? |
Would you be more likely to adopt innovation such as Comundu if you could test it before making your final decision? - How important is to test a product like Comundu for you before adopting it?

Would you be more likely to adopt innovation such as Comundu if it was for free? - How much does the budget influences? - Would it speed up the adoption of innovation if it was for free?

### 8.1 Appendix: Interview guide in Spanish

<table>
<thead>
<tr>
<th>Preguntas de entrevista</th>
<th>Guía</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Acerca del entrevistado</strong></td>
<td></td>
</tr>
</tbody>
</table>
| Hola, me haces el favor de presentarte? | - Edad
- Gerente o dueño del hostal
- Nacionalidad
- Educación |
| Gerente: ¿Cuánto tiempo llevas trabajando en el hostal? | - Empezaste directo de gerente o escalaste de puesto? |
| Dueño: ¿Cuál es tu motivación principal para trabajar en el hostal? ¿Por qué fue que empezaste este negocio? | - Razones económicas
- Estilo de vida
- Independencia
- Pasión
- Yo fui un mochilero
- Diversión |

**2. Acerca del Hostal**

| ¿Cuánto tiempo lleva el hostal? |
| ¿Cuántas camas tiene el hostal? |
| ¿Hacen actividades para el huésped? | - ¿Qué tipo de actividades?
- ¿Cómo promocionan sus actividades? |
| ¿Cómo dirías es la interacción social entre los huéspedes? |
| ¿Cuáles consideras son los retos principales? |
| ¿Cuáles consideras con las fuerzas principales? |

**3. Acerca de Innovación**

| ¿Consideras que tu hostal es innovador? | -Si sí, En qué manera? |
¿Cuenta el hostal alguna herramienta de innovación tecnológica?
- Sistema de reservas
- Alguna otra app
- Sistema operativo/ software que facilite los check-ins o actividades

¿Qué crees que vaya a cambiar en la industria de los hostales en los próximos años? O ¿las cosas seguirán igual?
- ¿Cómo han cambiado los patrones de viajeros y de alojamiento en los últimos años?
- ¿Qué haz visto diferente?
- ¿Crees que la tecnología juega un papel importante? ¿Cómo?

4. Cerca de Comundu

¿Por qué decidiste adoptar o rechazar Comundu?
- ¿Cómo crees que Comundu ayudará a tu hostal?
- ¿Qué es lo que esperas de Comundu?
- ¿Cuáles son las funciones de Comundu que más te interesan?

¿Han tratado alguna innovación parecida antes?
- App móvil
- Sitio web
- Software para facilitar check-ins

5. Acerca del proceso de la toma de decisiones

¿Por qué consideras tiene la mayor influencia a la hora que tomas una decisión?
- Contactos sociales
- Lo que la competencia está haciendo
- Mi opinión es lo único que importa
- Seguir protocolo o jerarquía

¿Qué tanto influencia crees que tus contactos sociales tienen a la hora que tomas decisiones de adoptar innovación tecnológica?
- Mis contactos siempre lo involucro
- Familia, amigos, los involucro

¿Qué tanto tomas en cuenta la facilidad de uso del producto y la utilidad percibida?
- Es fácil de usar?
- Ahorrará tiempo y dinero al largo plazo?
- ¿Qué tan útil será?
¿Crees que el hecho de poder probar los productos innovadores (como Comundu) antes de decidir de adoptarlos ó no influya en tu decisión de manera positiva?  
El presupuesto influye en tu decisión de adoptar tecnologías de innovación?

- Qué tan importante es para ti probar algún producto (por ejemplo Comundu) antes de decidir si adoptarlo?
- Crees que aceleraría la adopción si fuera gratis?

8.3 Table of interviewees

<table>
<thead>
<tr>
<th>Interviewees (15)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Comundu Clients</strong></td>
</tr>
<tr>
<td>Lisbon (AH) from Destination Hostels</td>
</tr>
<tr>
<td>André Mesquita (AM) from Home Lisbon</td>
</tr>
<tr>
<td>Budapest (MM) from Avenue Hostel</td>
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<tr>
<td>Andrea W. from Paprika Hostel</td>
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<tr>
<td>Dublin (MO) from Globetrotters Dublin</td>
</tr>
<tr>
<td>Joab Maranhao (JM) from Spire Hostel</td>
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<tr>
<td>London (AX) from The Walrus Hostel</td>
</tr>
<tr>
<td>Vancouver (PE) from Samesun Backpackers</td>
</tr>
<tr>
<td>Bangkok (BB) from New Road Guesthouse</td>
</tr>
</tbody>
</table>
8.4 Data analysis table

*Positive means it agrees with the hypothesis
*Negative means it does not agree with the hypothesis

<table>
<thead>
<tr>
<th>Interviewees</th>
<th>H1: Decision-makers are influenced by their social network</th>
<th>H2: Decision-makers not only driven by economical goals</th>
<th>H3: Perceived Ease of Use influences</th>
<th>H4: Perceived Usefulness influences</th>
<th>H5: Testing innovation speed-up the adoption process</th>
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<tbody>
<tr>
<td>AM</td>
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<td>OR</td>
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<td>PE</td>
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<td><strong>Results:</strong></td>
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<td><strong>Accepted</strong></td>
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<td><strong>Accepted</strong></td>
</tr>
</tbody>
</table>
8.5 Summary of Interviews

1. Interview with André from Home Lisbon in Lisbon.

About Social Network as an influence

We don't have a clear chain of command and decisions are taken informally. My voice is very important because my other partners trusts me but normally if I decide I ask my partners, which are my family (parents and brother).

About main motivations to run the hostel

I’ve been entrepreneurial since I was a kid. I need to make a living but I am not driven by the money at all, that is not important to me. I am driven by the success of it and in recognition by the market. I like the fact of making my guests happy and I like that is a people’s business and we are selling experiences. People come and stay with us and then they leave with new experiences and they socialize.

My own knowledge is the biggest influence when I take a decision. I might have a strong opinion but I like to take into account my social network’s opinion when I am in a decision-making process.

About testing innovation before as a factor to speed up its adoption

For me it was ok to start without the test and paying. But other sister partners would definitely prefer with free testing beforehand.

Other interesting insights or comments

The hostel competition is fierce in Lisbon. We have talked about having an app before Comundu. I want Comundu to be an extension of the hostel’s character, like an assistant. Like a facebook or tinder for the hostel. The main features that interest me is the communication between the guests, the social interaction.
2. Interview with Sara from Destination Hostels in Lisbon

About Social Network as an influence

I check it with the marketing department. But it is basically me who takes the decision, and once I analysed I proposed to the CEO. I ask the guides what they think. In Comundu case was basically my decision but for most things I always ask the guides what they think because they are the ones who know the guests better, they are the ones who spend the more hours with the guests.

About PEU and PU

Everyone we take a decision we measure the consequences, so every time there is a new software, every time we are going to make a change I know its going to take time to teach the staff. When we decided about Comundu that was one of the things that I was most concerned about, how to teach the staff, how to make the staff download the app for themselves. I knew a lot of them didn’t have a smartphone and I knew it would make a lot of questions and that I would have to be pressuring them to promote it.

About main motivations to run the hostel

I would say that the first motivation is the environment, I am glad to say that I don’t work in a formal environment with formal clothes. Everyone that works here is pretty young or at least young-minded, so I think that is my first motivation. Every time that I come to work I feel better than most of my classmates who also study International Management.
I am also a traveller, so I think to work in a hostel is the perfect environment for me, because I know their needs, because I am one of them as well, there is no better pleasure for me than to help people who are also travelling, to have a better time in Lisbon because is my city and I love it. So if I can help people having a great time while in Lisbon, I feel happy with that.

About testing innovation before as a factor to speed up its adoption

Well for us is really important to test before adopting. Everything we adopt we make a test before, because as you know a hostel has really low margins, this means every bad decision we make can cost us.

Other interesting insights or comments

Our activities we promote through a PR. Everything we do in reception is with a new software. We are trying to have more dynamism in our Social Media. I think we might not be the most innovative but we do have the spirit to innovate.
About Comundu

What I thought that Comundu would do the best was to connect the guests from out three hostels in a way that they could see how many people are going to an event.

3. Interview with Alexander from Walrus Hostel in London

About Social Network as an influence

At that time, we were three businesses partners, and for this software, the other two partners didn’t want it, didn’t understand it and never saw the potential. For this type of decisions is the people who has a stake on the company, because every time you change something profit is in risk or legal attachment and stuff like that, so the people who can be directly affected is the people who is involved in these decisions. The stakeholders now trust my criteria.

When what you do is your passion, in my spare time I spend it researching or meeting people related to the industry and we talk about different topics. You have to choose the right people to work with.

About PEU and PU

Example of a software they implemented and how he measured and perceived the ease of use and usefulness: It was so different that everyone was afraid, they didn’t want to do it and it got until the point that I said ‘I am going to do it, yes or yes’. It was until they point my business partner told me, ok Alex if you want to do this, this is 100% your responsibility. Once it was up and running it was like magic. They trade of of usefulness what greater that the ease of use of the software, because it was a challenge to teach people to use it.

About main motivations to run the hostel

I am a person with a passion for hospitality in general, so what the whole overall means is to be very welcoming with everyone and understand the inside-out of the business in terms of we are offering a service to people who is traveling around the world or doing a big effort in terms of going on holidays. We try to match the amount of effort hey have done with the quality of the service they are going to receive and after that they are happy customers, they will be happy to recommend us.

Of course there is a great business behind it. If you do it as a goal for the money it-self. My mystic philosophy of business is that I have passion for what I do, so when I have passion for what I do I am not sleepy, I am no tired, I am not complaining, I am just doing it all the time and a good consequence of that is the profitability or the money coming in, so I try to choose my
projects with a sense of passion involved. Otherwise is so much work to do, that if you don’t have a real passion for it you will end up failing any way.

**About testing innovation before as a factor to speed up its adoption**

I went to the whole process of making a trial, I studied the whole company. I think the most important thing for everyone before you do business with someone is that you have to trust. One of the things that actually convinced me is that this company had been working for that industry for the last 15 years, so that was something and then I discussed the different variations of what could happen and how we could fix things. It was a six-month research until we took the decision basically.

**Other interesting insights or comments**

I think in terms of accommodation, the best option for anyone to travel right now is airbnb, and the think they can’t beat us so far is the social area. So we focus on the social area as much as we can, that is how it works for now. I can see the hostel industry is changing, and platforms and innovations like Comundu are trying to break throw this, trying to connect the people that is traveling around the globe so they will interact and that is going to happen in some point. There is a lot of people trying, maybe the market is not ready yet, but you can see the travellers already start mixing their accommodation preferences, for instance some guests stay some days at the hostel, make their connection and meet people and then they go to an airbnb.

4.Interview with Mark from Avenue Hostel in Budapest

**About Social Network as an influence**

If its going to increase the monthly outgoing money then its something that we (one owner and him) need to talk with the other owner, whom its also an investor, so if it’s a monetarily decision it has to be told to that person, but since his point is to make a good hostel at the end usually he is going to understand that we are the one who take responsibility to make a good hostel. Usually in this situations I am also involving the staff, and guests to see what they think about these things. The owner of the hostel is a really rational man, very objective so whenever there is a decision or whenever he is supporting this decision, in the end everyone is going to support this decision.

**About PEU and PU**

Yes, I take into account how easy it would be to use. Yesterday for example I was analysing if adopting a software or not, and in the end I decided that we are not going to use it, even if it is a very good thing but in the end it would be a lot of work to transfer all the data we already have so it would not be easy to use for the staff.
About main motivations to run the hostel

A month ago when I decided to be somewhere in between manager or owner, I was thinking about my motivation on working here and there was only what thing that I could think and that is that I am able to take responsibility for and that was, the workers. Because myself I think I am much more social. So, social things are more important to me than just running a business so the owner is a business man, I am not. So my motivation is to provide the best working place for those who work there.

About testing innovation before as a factor to speed up its adoption

Yes, it is very important to test something before adopting it.

Other interesting insights or comments

To adopt decisions there need to be considered the two owners. 
Mark not a business oriented person, his main motivation is providing his employees a good working atmosphere, he considers himself to be a social person.

5.Interview with Berit Bonde from New Guest House in Thailand

Berit, 31 years old works in Thailand for Go Beyond Asia, a travel agency focusing on tours and as part of that they have the New Road Guest House Hostel. She has been in the company for 3 years. She studied at CBS Service Management.

About Social Network as an influence

To take decisions: My partner Jesper and the managers who are a thai couple. Soren who is the boss has been a little bit in but we don’t really have to clear it up with him if we believe is a good idea. We also integrate our SEO, Marketing. We also sometimes ask the travellers what they thought about it. Its been me and Jesper who has been running the hostel mostly, so its our decision mainly. Of course we know that we cannot do it without the others.

About PEU and PU

The amount of time that we had to use to get the product going on was an issue when the product was not completed. There was a lot of basics the app didn’t have, so we stoped for some time because we didn’t have the resources also from a user aspect. So, yes definitely. The less time, the better.
About main motivations to run the hostel

I started traveling 10 years ago, I still try to explore. My main motivation for working for this industry is passion, and the ability to put that passion into what I do every day that basically a dream job.

About testing innovation before as a factor to speed up its adoption

We think it was fun to be in a test situation, but it was probably good that Mia was there to do it, who was testing there doing it. I was afraid that if we needed to have to do the testing ourselves it would have cost some frustrations and the energy needed put would not have been there. Of course the ability to test something before you apply something that may or not be expensive of course it impacts.

Other interesting insights or comments

Features that interest you the most about Comundu: The ability to get in contact with the travellers, for instance ‘hey there is four people on a tour, we have two seats left why don’t you join?’ so it has a sales aspect in that way but we would also like to use Comundu as a social platform, because the more people interact, the more people join a tour in this case we believe they will also have a better experience at the hostel. The ability to get in contact, and send push messages.

6.Interview with Fatima Martín from TOC Hostel in Madrid

About Social Network as an influence

Pues como te has dado cuenta es bastante tardado. Ahora más que nada por ser verano es una etapa muy ocupada para el hostal. Yo diría que tarda entre 3-5 meses en tomar una decisión así. Y como te mencionaba tengo que consultarlo con los 3 dueños que están en Barcelona y ellos igual lo consultan con los inversionistas u otros socios que deben tener acciones en los TOC.

En este tipo de hostal, son los dueños que más peso tienen.
No mucha influencia tienen los contactos, aquí es protocolo.

About PEU and PU
Eso es muyu importante, ya que por más bueno que sea el producto si es difícil de usar por ejemplo, si toma mucho tiempo en enseñar al staff o algo así a veces no vale la pena.
About main motivations to run the hostel

No te miento Carolina, el dinero es bueno pero mi motivación va más allá. Yo he viajado mucho anteriormente y es por eso que me encanta trabajar la industria del turismo con mochileros. Me gusta tener contacto con viajeros porque me identifico con ellos.

About testing innovation before as a factor to speed up its adoption

Sin duda es algo que aceleraría el proceso, ya que es una manera de probar con hechos a los dueños que el producto de verdad va a funcionar. Porque ahora ellos son muy escépticos a todo este tipo de productos innovadores.

Other interesting insights or comments

Pero por eso nos interesa Comundu. Creo que es bastante buena idea para la promoción de actividades y para mantener a los huéspedes al tanto de todo lo que pasa todo el tiempo. Yo creo que la tecnología sin duda juega un papel muy importante. Los hostales tenemos que adaptarnos a que los viajeros ya no viajan como antes y que los aparatos tecnológicos como smartphones son parte del viaje, entonces sin duda las apps y todo este tipo de cosas van a entrar y ya están entrando en la industria hostelera.

7. Interview with Dean Barlon of Horse and Stables in London

Dean is 29 years old and has a background in Marketing an PR, he has been working at the hostel for 3 years.

About Social Network as an influence

We are quite a small hostel and that applies to the company as well. So, it is very simple process for us, in this case is a family run sort of situation, the owners are a couple. So basically it means we sit on a table and discuss things. We do involve some of the staff, to see if they like the idea. I would say it’s a combination to all of us, but mainly is myself and Alex (two owners), because we are the ones who are going to research it, we are probably going to be the ones who will do most of the implementation.

About PEU and PU

If its not easy to use people are probably going to give up on it pretty quickly, if I can’t pick it up and use it within the first one or two minutes then I don’t see why it would work.

About main motivations to run the hostel
I definitely consider myself as a backpacker, still probably am whenever I can. This is what I tell people whenever they ask me this question ‘If you hangout in a barber shop long enough, eventually you’ll get a hair cut’ and I just happen to hang around in hostels long enough I guess, that I ended up managing one. My main motivation is being in the situation where you want to provide a good service and you want to provide a good hostel experience because that is part of what you enjoy about traveling so much and for me traveling is always been an integral part of sort of my day to day life.

About testing innovation before as a factor to speed up its adoption

For me it is important to test before. It was so much easier to start with Comundu than others because we could test it, and we were not risking an investment, so I liked the app right away and if we could do the free test so why not do it. It is not necessarily the case were you wouldn’t consider paying for it but I think that having that kind of entry level as the unpaid test version has certainly help to streamlining things for everybody for the management and for just people using it as well.

8. Interview with Joab from the Spire Hostel in Dublin

Joab is 38 years old and has a degree in business management, he has been working in this industry for 5 years.

About Social Network as an influence

I like to share my ideas and I like to get the ideas from my team, because I am not working alone I work with a team so I am the main person in the business but everybody else is a part of it. I get some ideas from my work team, the staff.

About PEU and PU

Yes, I definitely take into account the ease of use.

About main motivations to run the hostel

I lived in the hostel for 6 months when I arrived in Dublin. I started with housekeeping in exchange of my accommodation and started to work at the reception and in 2010 I had the privileged to take over the business.

It is so exciting because its always new people, every day backpackers come and go and you see so many stories and experiences. That is my main motivation.
About testing innovation before as a factor to speed up its adoption

Once the product is well explained to me, I decide to pay because I think its worth it. The free version is good to give more confidence to whom is testing it but in my case I believed in Comundu at the first place, so I didn’t need the test it.

9. Interview with Andrea W. of Paprika of Cracow

Andrea is 35 and she is the Manager and Owner of the Paprikas Hostel (2x). She has been working at the hostel industry for four years. She started working as a receptionist first and then became Manager and then Owner.

About Social Network as an influence

I am running the business, so I don’t need to talk with anyone about it. If I like the idea of if I think its good for us, then I start it. Its just me who takes the decision.

About PEU and PU

It is definitely an important factor ton take into account because. No one wants ton spend time in a program that its hard to use and awful.

About main motivations to run the hostel

I feel in love with the job when I started working as a receptionist, it gave me some much happiness to run my own business.

About testing innovation before as a factor to speed up its adoption

I think the trial period is a good idea, because I guess even if you pay for a month and you don’t like it you can’t stop spaying for it after. But the trial period I think it’s a good way to introduce it.

10. Interview with Ewa Patejko from Tramp Aparhostel in Cracow

Ewa is 33 years old she is the Manager of Tramp Aparhostel for 3 years. She has a master degree from European studies and doing her PHD on social studies.
About Social Network as an influence

I always look for the demand and for what its needed at the hostel or what can be improved and then I am just talking to my boss, he says yes or no, and if yes I do all the rest. I talk also with the Staff, asking what type of innovation they would need and then I would be the one implementing it. 30% is my social network influence and the rest is up to me, and for the money I would need to ask the owner.

About PEU and PU

When I adopt an innovation its mainly to save time for my staff and make their lives easier, I always consider the easier software or innovation so its easier for the staff to learn and to move around in a system.

About main motivations to run the hostel

Traveling is my other job when I am on my maternity leave. My main motivation is economically and having a good maternity leave.

About testing innovation before as a factor to speed up its adoption

I don’t think the test makes a difference for me. I think when I have made my decision and my vision on how to do things, I don’t need a test version, I am fine with the product as it is, when I decide it on it.

Other interesting insights or comments

For the things that I find more important to consider when implementing an innovation I would consider two things, attractiveness for the hostel on the marketing hostel and also an innovation that will help the staff and the guests to communicate.

11. Interview with Xavier from Posada de Huertas in Madrid

Xavier Simon Gerente de Posada de Huertas, cuenta con master en Negocios Internacionales. Lleva 13 años trabajando en el hostal, los mismos años que lleva el hostal.

About Social Network as an influence

Seguimos estudiando el tema, resulta que el propietario se dio cuenta que existen otros competidores de Comundu. Yo tomo las decisiones, y el dueño es una persona bastante ocupada. Las decisiones se toman entre yo y Emilio (dueño), pueden ser muy rápidas y pueden
ser muy lentas. Depende la decisión. Los dos tenemos visiones distintas. La verdad que no involucramos al Staff en este tipo de decisiones.

**About PEU and PU**

Si yo contrato productos de este tipo, es para quitarle trabajo a la recepción y tampoco me quiero complicar la vida la verdad. Yo creo que los mejores productos no solo es buen concepto pero también fácil de usar.

**About main motivations to run the hostel**

La mayor motivación de Xavier es superar la facturación, la satisfacción de los clientes. El nivel económico y bueno, la empresa sobre todo y la satisfacción de los clientes. Dar un servicio a la altura.

**About testing innovation before as a factor to speed up its adoption**

Si, es primordial para mi. Por que trabajamos mucho con las estadísticas y tengo la filosofía que las cifras no mienten, entonces por eso los testings son muy importantes para mi.

**Other interesting insights or comments**

Si se puede quitar más trabajo con un programa como Comundu por ejemplo sería lo ideal. Porque la verdad tenemos demasiado trabajo. El tema de que los clientes puedan comunicarse entre ellos me parece muy bueno. Porque el perfil del cliente, antiguamente venían dos, tres, cuatro personas juntas y ahora cada vez viajan personas más solas que a veces son tímidas de conocer gente o gente que no se entera mucho de las actividades.

12. **Interview with Paulina Woleck from Cracow Hostel in Cracow**

Paulina Wolek. I am 33 years old and I am the Manager of the Cracow Hostel. I have a background education on Business Management. I have worked at this hostel for almost 5 years now.

**About Social Network as an influence**

Well for this type of decisions I need to talk to my boss about it, which is the owner of the hostel. But it is up to me to do the research and convince him that will add a value to the hostel. This is why I needs to first be sure myself that it is worth it to implement it and then talk to my boss who basically trust me in this type of decisions. I would say my opinion is the one with the biggest influence because I am the one researching about it. Definitely, I try to keep the Staff as much involved as I can. I like to ask them about this type of stuff and hear their opinion since
they are the ones who have the most interaction with the guests, so they know sometimes better than me if for example Comundu is an app that the guests will use and find useful. And even for themselves, they know if this app will make their lives easier or not. After all is them who are going to be using it and not me.

**About PEU and PU**

I always take into account how easy is to use and its usefulness. It is something I need to consider always before deciding on adopting an innovation or rejecting it. For instance, sometimes the amount of time that it requires a software to understand and to use its way more than the benefit that we could get out of it. I always try to find good products but that are easy to use and understand.

**About main motivations to run the hostel**

I like the atmosphere, it is like a good lifestyle to be surrounded by that many travelers from all around the world. It is very interesting to see how they interact and of course in the first years I was more involved with the guests but now a days I am rarely getting in touch with the guests. It is more with the staff team that I get in touch with but it is also nice to be with them and provide them a nice work atmosphere. I don’t consider myself to be a backpacker. I love to travel but I never got the chance to do it that much but I definitely consider myself to be social driven person.

**About testing innovation before as a factor to speed up its adoption**

I think if a product is good there is no need to have a test. Just make a good research about it. But now that I think about it, a test could actually make it easier to speed up the process of adoption, because it can safe all the time of research and if we try it before and works then we don’t have any doubts that it is worth the investment.

**13. Interview with Muriel from Globetrotters in Dublin**

Masters in Physiology, Muriel O’connor is the owner of the Hostel, she is 50 years old. She has worked there for 10 years. The hostels are 30 years old.

**About Social Network as an influence**

Basically is my own decision and probably I would outsource this type of decisions to a member of the staff and they would take over. There are 20 staff member, I make sure to involve them in this type of decisions.

**About PEU and PU**
She is not the one who analyse this since a staff member takes over and is the one doing all the research about the possible adoption of an innovative product.

**About main motivations to run the hostel**

It would be a number of factors. Economic reasons would be the main agenda over the past years. I suppose the number one reason is that I got into the service industry a long time ago.

**About testing innovation before as a factor to speed up its adoption**

No, I think the product needs to fit its own way, I don’t think this testing would have changed anything.

**14. Interview with Olivia Rodriguez from Hostel Room007 in Madrid**

Olivia es Española tiene 34 años. Estudió administración y dirección de empresas. Hizo un MBA y es la Gerente de Hostel Room007. Lleva trabajando ahí desde que abrió , hace dos años.

**About Social Network as an influence**

Tengo que considerar a los dos dueños. Son ellos quienes toman las decisiones junto conmigo. Lo que pasa es que básicamente si hay algo desde que yo desde el principio no quiero, no se hace. Si hay algo que quiero, se plantea con ellos.

**About PEU and PU**

Si Comundu fuera difícil de usar ni de coño lo consideraríamos.

**About main motivations to run the hostel**

No son económicas la verdad porque yo cuando entré no tenía una compensación económica alta. No son económicas. Tiene que ver con una cosa personal mía. De estar agusto, me gusta mucho el trabajo de Gerente de establecimiento hotelero y el hostel pues tiene un público objetivo que coincide con mi forma de ser y de viajar.

**About testing innovation before as a factor to speed up its adoption**

No creo que tenga que ver. No importa si existe un trial period, no creo influenciaría en la decisión de implementar Comundu.
15. Interview with Pete from Samsun Backpackers in Vancouver

Pete Edwards, Director of Sales and Assistant Manager for the hostel in Vancouver. 37 years old and he has no formal training. He started in kitchen working and some hostels in Australia, worked his way up to there and he has been in the company now for over 10 years. He considers himself as a backpacker, he has travelled a lot. He has visited 67 countries. My real love was travel, definitely I consider myself a backpacker even though I am a bit older, but still young of heart and act like 22 most of the time.

About Social Network as an influence

Most of the things go through myself, we also have a Marketing Director. It really depends on what it is and what we are doing at the time, if we see there is a real benefit for us and also it depends on cost, if there is cost involved we would need to get the Head Office involved as well. I would need to talk with our General Managers at Head Office and then I would have to go to our President and Vicepresident. There is 6 of us in the Head Office, and everything that involves major changes of any sort, or anything that we are bringing or that has a cost then there is the team of the 6 of us that we need to talk about it and the finally decision would down from our company president. I don't get staff involved because otherwise would be to many cooks on the kitchen, but I ask generally our Canadian marketing adviser. I don't get to many people involved because its too many voices and too many opinions and not always relevant opinions as well.

About PEU and PU

We definitely do that because if it is something that its going to be time involved and labour involved and we don’t see a huge benefit from it that could be a turn off as well, but if its something that its easier to train then that's a huge plus..

About main motivations to run the hostel

I still really like what I do, and I am really proud of the cities that we are in and I want people to enjoy the cities as much as I do and have a really good experience and meet other travellers like I did. Its more about the experience and the lifestyle. I am given time off to travel as well and I want other people to come here to enjoy the cities as much as I do.

About testing innovation before as a factor to speed up its adoption

I think specially with hostels, there is a lot of products that come out you all the time. If you get people coming out it kind of honestly it falls on deaf ears. We always need to try things out, and
that goes with everything across the board. We need to give it a little bit of a trial before we can commit to anything.

**Other interesting insights or comments**

I think it's really exciting right now about what is happening. There is a lot of good things happening. The ability for the guests to be connected with their hostels before they even arrive and you can create more of a brand presence with the guests before they even set foot in your hostel. Online presence is extremely important now, you can't hide anything and you don't want to hide anything, you want to be very upfront with who you are and what type of hostel you have and have realistic expectations for guests before they arrive. And get them excited about coming. Everything is coming more digital and also moving forward you will be going to see more connection between the hostel and the guests. I think anyone who isn't embracing the full aspect of what is out there (technology), is just kind of losing money and not taking advantage of it and that goes from having a huge online presence, from different booking engines to being able to book on their phones, or guests being able to sign up for activities on their phones. I think there is a lot of things out there that can really get customers to engage with you and get involved more with your brand than it ever was before. Changes have happened really rapidly and it is hard to keep up with all of it, specially when you have to spend more money on things.