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ANA-MARIA NICA

Bucharest University of Economic Studies, Romania

RAISING TOURISM COMPETITIVENESS - ARE CLUSTERS THE SUSTAINABLE SOLUTION?

Abstract:

Competitiveness has been the main focus of the recent decades, in both developed and developing economies. A special interest has been given to the issue of raising competitiveness, as a way to achieve sustainable development. The domains of interest for this concern are varied, from IT to Agriculture, Finance or Arts. Tourism is not by far the exception, as many countries either rely mainly on tourism activities in their economies or have discovered that this sector of the economy is one of the best ways to choose in order to grow and exit the dangerous area of the financial crisis. There are however issues to consider regarding the tourism competitiveness and those have economic, social and environmental grounds. Companies have struggled to go the extra mile in order to grow and become more competitive. However companies - big, medium or small - face great dilemmas when considering the ongoing pressure of the competitive tourism market, the specific requirements of tourists and the global trend for more sustainability. The research gap this article addresses relates to how companies can focus on and eventually achieve balancing these aspects. Is tourism competitiveness easier to achieve when counting on collaboration networks? Are tourism clusters a solution for the oftenly encountered problem of balancing sustainability with local communities welfare, environmental duty and economic benefits? The implications of the research provide suggestions for future improvements in the field of developing tourism clusters in Romania.

Keywords:

competitiveness, tourism competitiveness, sustainable development, tourism clusters

JEL Classification: L83, Q56

Introduction

The current period is characterized by a highly competitive and dynamic environment, both internal and external. Facing the market is a difficult task, and the competition should be seen in its real dimensions. Business agents want to produce as many tourist products/services as possible, which to subsequently market and so to win, to develop. But in order to impose itself on a competitive market, the trader must obtain competitive goods/services to sell in amounts at least comparable with other competing products / services.

Currently Romanian tourism faces the same trend as the rest of the world, and is characterized by strong competition among destinations. From the economic point of view, competitiveness in tourism is defined as the ability to face competition in an effective and profitable way on the market. The destinations (resorts or countries) have increasingly more need of a new model of tourism policy to affect their competitive position in the current competition. In the context of economic and social development the focus is often put on competitiveness.

However, in the current economic background, innovation seems to be the key point to obtain the ultimate goal of higher competitiveness ranks. Moreover, when taking into account the regional range, individual efforts are not enough anymore. This paper proposes a new method of raising competitiveness in the Romanian tourism sector: clusters. The collaboration networks are the proposed answer to the problem of becoming more competitive at regional level.

Literature review

Defining tourism is not an easy task, by placing it on the border between sector and industry. Broadly, the concept includes the jobs and industries such as air transport, road transport, cruises, accommodation, food&beverage. It involves both wholesalers and retailers, a variety of attractions and a wide range of other public and private services and facilities. Separation between "tourist" services and services "for residents" is not possible because tourism activities are included within "a fragmented amalgam of sectors, organizations and activities" (Garcia Sanchez, 2010, p. 79). These features make it difficult to indicate the final beneficiaries of tourism, given that the social costs (congestion, erosion, environmental degradation, etc.) are the region's internal costs, while private and social benefits may be partly external (Pessoa , 2007, p. 69).

The positive *impact of tourism on regional development*, particularly in areas with few alternative activities (Hall, 2005, p. 360), is clearly recognized. First, accommodation tourism expense, food and shopping constitute direct income for the regions, with positive effects on the labor market. Also, as the tourism reduces unemployment by increasing labor demand, there will be a net gain, as long as the price of labor is greater than the economic cost of its availability. Moreover, tourism requires the construction and improvement of collective infrastructures, on the one hand (roads, water supply) and of

the cultural, on the other hand (museums, opera, etc.); these facilities, along with specific loisir facilities, contribute to the welfare of both tourists and residents.

However tourism, as other economic industries, is in an increasing need of adapting to the changing economic environment and the ever-growing pressure of tourism consumer behavior. Competitiveness has been the main focus of the last years when debating the nowadays dilemma of improving national and regional degree of competitiveness.

The current issue of *competitiveness* is one that must be addressed not only at micro but also at macroeconomic level, as nowadays unfortunately there is a lack of competitiveness of products/services on both the Romanian domestic market and foreign markets.

Competitiveness requires efficiency, quality, high productivity, adaptability, success, superior products at lower costs. Competitive strengths of a company lie in the competitive advantages and distinctive competencies that they possess in relation to other competitors. To consider a competitive firm is necessary to conduct a thorough analysis of both the company and its business environment. (Tomachi, 2012, p. 3)

Competitiveness is given by the capacity of products/services national economy to confront, in fair competition, with the supply of other countries. The competitiveness of the national economy can only be analyzed in an international context, in terms of liberalization, foreign cooperation and entry into an international circuit.

Although the *economic competitiveness of tourism* (Gursoy and Baloglu, 2009, p. 24) is defined as the ability to face competition in an effective and efficient manner in the tourism market, the specific content of tourism requires a complex and multidimensional approach of this concept, considering a number of particular aspects of the tourism product.

Worthy to highlight is that there are a number of components that contribute to the design and marketing a tourism product, and to the competitiveness of that region or locality. It's mainly the amount of each individual level of competitiveness economic agent, all summed up.

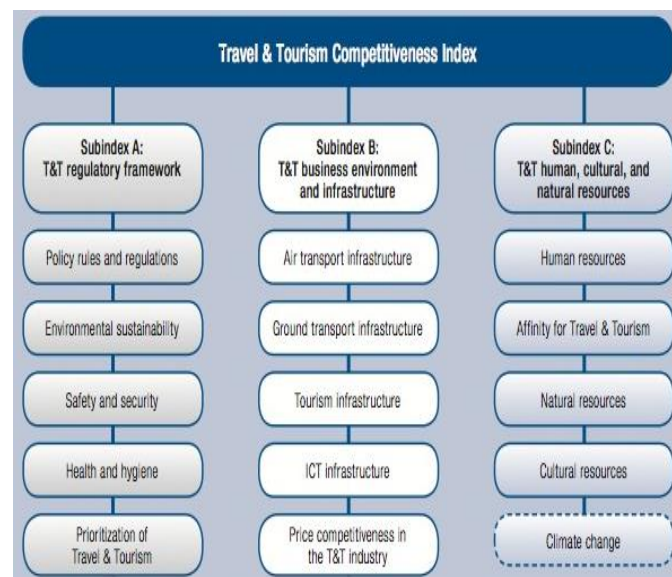
Moreover, from the perspective of tourists, tourism product consists of the full experience of leaving and returning home, being sufficient a manifestation of a single weakness of a single component for the overall level of competitiveness to be affected (Stăncioiu, 2003, pp. 30-37)

The complexity of the concept (Brau et al, 2003, p. 894) of *competitiveness in tourism* is evident when looking at the ways to measure it, so apparent in most studies in specialist publications before 2007. For example Porter states that the ambiguity arises from a too large variety of definitions and perspectives on competitiveness, which burdens considerably an exhaustive and irrefutable definition of competitiveness in tourism. In 2007 Church and Coles have developed a conceptual model of competitiveness of tourist destinations, based on "national competitiveness diamond" proposed by Porter.

The Porter's diamond of national competitiveness identifies six elements and is based on competition between domestic industries (or destinations). These elements are: the conditions of production, demand, related and supporting industries, strategies and business structures and government.

Competitiveness is a relative concept, whose measurements may vary, depending on the chosen base and the region. Most importantly the competitiveness is a multidimensional concept in the sense that to be competitive requires a certain degree of superiority in many aspects. Moreover (Mitea, 2005, p. 4) supports the idea of increasing complexity, depending on the unit of analysis and the perspective of the analyst.

Figure 1: Composition of the Travel and Tourism Competitiveness Index



Source: *Travel&Tourism Competitiveness Index Report*, World Economic Forum, <http://www.weforum.org/reports/travel-tourism-competitiveness-report-2013>.

In 2004 and later in 2007, Gunter proposes a measurement model of competitiveness in the travel and tourism industry, based on data provided by the Competitiveness Monitor (WTTC) and subsequently the Tourism Competitiveness Index (WEF).

The World Economic Forum began publishing in 2007 the Travel & Tourism Competitiveness Report. It is a joint effort of specialized institutions in countries around the world on all 6 continents, individualized as such in the editions of this report. The main objective of the index is to measure, compare and contrast the global tourism and to monitor its progress. This is an important step in analyzing tourism, as it allows setting the parameters and the importance of tourism in the economies of emerging countries.

Each of these sub-indices is composed of a number of criteria of Travel & Tourism Competitiveness (Figure 1). Each criterion, in turn, is composed of a number of individual variables. The information is evaluated and ranked on a scale from 1-7.

To face the current challenges, including productivity, investment, new technologies, both researchers and state policymaker entities support the need for countries to become more "competitive", which is everytime more difficult to achieve. Therefore, the researchers (Şchiopu *et al*, 2015, p. 480) have started to put forward the importance of innovation when pursuing an economic activity, includind that of the tourism industry. In the research proposed, the key factor of success are the business incubators, with a view towards the development of the tourism sector. The present paper proposes an alternative tool to obtaining competitiveness through innovation: tourism clusters.

Business clusters have passed from being mere 'geographic concentrations of interconnected companies and institutions in a particular field, linked by commonalities and complementarities' to companies having (Gursoy and Baloglu, 2009, p. 23) a greater chance to be competitive on a national and global basis, when their businesses are competing and collaborating at the same time. Through this, new services and products are being developed, and *sustainable competitive advantage* can be achieved.

Therefore, tourism clusters seem to be a result of the relocation of companies with complementary domains of activity, but which are not necessarily be involved in the same sector. However, those may benefit by pre-existing network membership and dynamic of such alliances.

A recent research about this topic (Muhammet and Karadal, 2011, p. 50) deals with tourism cluster as a geographic concentration of interconnected companies, suppliers, and associated institutions in a particular field. Clusters are considered to increase the productivity with which companies can compete, nationally and globally, so clusters provide increased productivity and innovation skills; for this reason cluster development should be supported not only by the central government, but also by local authorities. Moreover, a model proposed by Da Cunha (2005, p. 51) presents a holistic, multidisciplinary and multi-sectorial local development through a synergistic on the concepts: competitiveness, social justice and *sustainability*. The results of this research make possible that agents obtain strategic guidance with a view towards responsible tourism policies and strategies on competition, cooperation and sustainability of private companies and institutions.

Rauch et al (2014, p. 340) propose a systematic review of case studies to aggregation of qualitative research results. They developed an example to demonstrate how this approach can advance the empirical entrepreneurship. With a view to this end, a total of 13 case studies have been synthesized in order to examine how business clusters within clusters increase the performance of companies. The results of this analysis proved useful towards the improvement of existing clusters, but also towards the creation of public policies, which should enhance the creation of new clusters in tourism.

Methodology

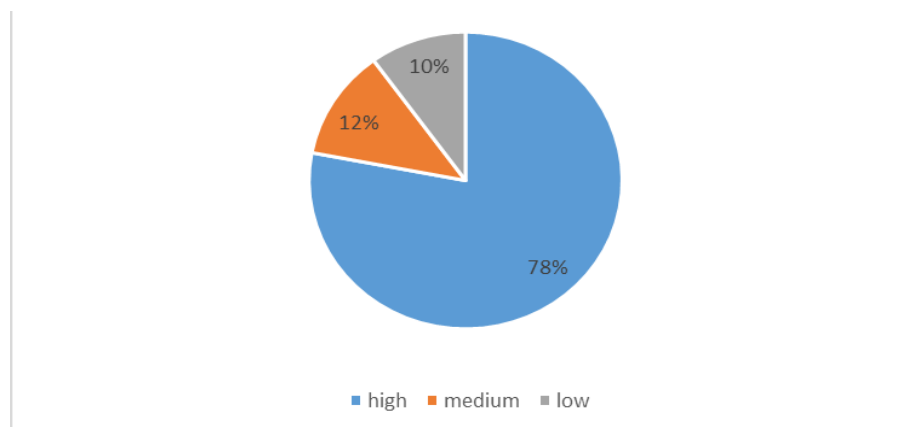
The research of this paper aimed at determining a series of issues regarding the perception of Romanian tourism agents about the creation of clusters. The first objective of this research was to highlight the degree of awareness regarding the existence of clusters of the main tourism economic agents. The second objective aimed at determining the perceived benefits of tourism clusters. Last but not least, the third objective looked into the role of clusters towards obtaining more competitiveness in the domain of tourism management.

A survey among decision-making agents and mid-level management in the travel and tourism industry (travel agencies, hotels) has been pursued in the period: March 2015 – May 2015. The questionnaire has 14 questions, based on the main scope and objectives presented above.

Results and discussion

The tourism agents who participated in the survey are middle and top managers of tourism companies from the Western Development Region of Romania. The research was designed to encompass as many sub-sectors of tourism as possible, also from complementary activities, such as Universities. The main tourism companies questioned are accommodation units (hotels and inns), food&beverage units (in the hotel or outside of their premises), travel agencies and local suppliers.

Figure 2: Perceived degree of benefits brought by a collaboration network



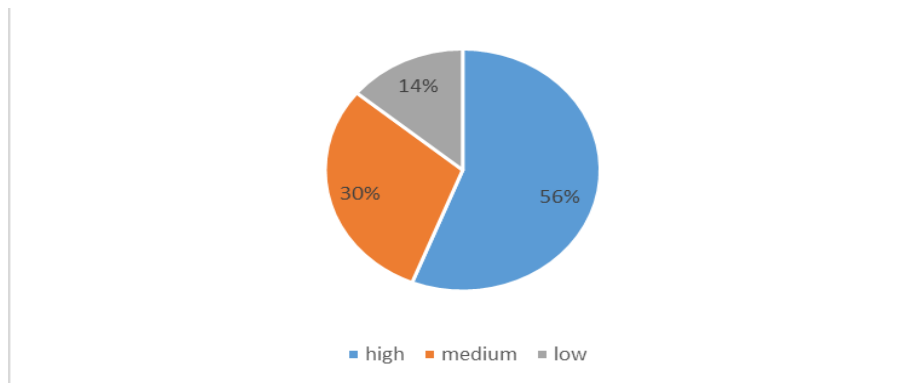
Source: author, based on the results of the survey

From the total number of answers, a 63% acknowledged having heard about collaboration networks, such as clusters. The international experience of the managers has been indicated as the main source of information. A secondary source is the affiliation (past or present) to such a network, with a rate of 19% of the answers. The questions encompassed by the awareness objective of the research have shown a latent

background of the tourism sector situation in the Western Development Region of Romania. This also proves a certain degree of openness towards forming or entering a collaborative network such as a tourism cluster.

When asked about the degree of benefits of tourism clusters, as shown in Figure 2, 78% of respondents gave a positive answer, while only 10% remained reluctant towards this type of collaboration. Both of the University representants find themselves in those 10%, which leads to the conclusion that efforts need to be taken with a view to widen the range of tourism agents to form a potential cluster in the Region.

Figure 3: Perceived degree of safety and security within a collaboration network



Source: author, based on the results of the survey

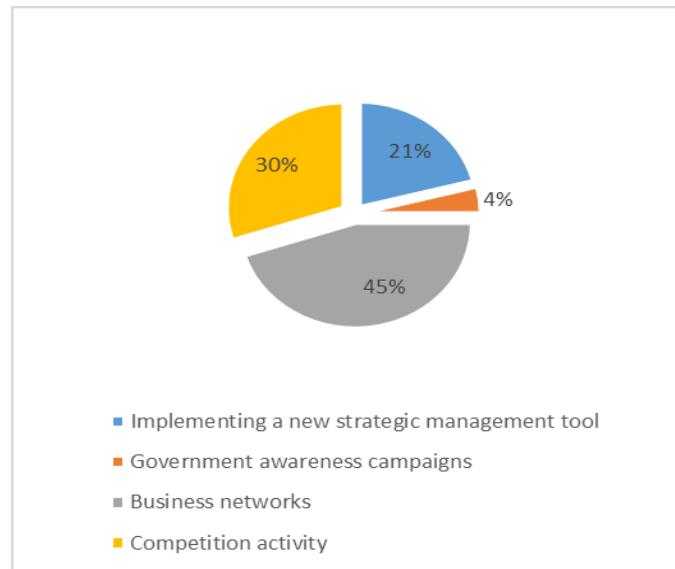
More than half of the respondents, as shown in Figure 3 – 56% of the total number of answers have indicated a high perceived degree of safety and security when affiliated to a collaboration network such as a business cluster in the tourism domain. However a rather high degree of the answers have been negative – 14% of the total number of answers showed apprehension about the potential risks of a collaboration network. The first objective of this research was to highlight the degree of awareness regarding the existence of clusters of the main tourism economic agents. The second objective aimed at determining the perceived benefits of tourism clusters. Last but not least, the third objective looked into the role of clusters towards obtaining more competitiveness in the domain of tourism management.

Regarding the perceived costs of entering a cluster association type, almost 35% of the respondents described them as high. In terms of individual costs, 54% think that the quality of the product and also its competitiveness would increase significantly.

The third objective of the research, which looked into the role of clusters towards obtaining more competitiveness in the domain of tourism management, had a series of questions in the survey. One of them was a "hidden" one, as the denomination "cluster" was not mentioned, being substituted by "business networks". However, business

networks were indicated as the best way to achieve a higher degree of sustainable competitiveness, as shown in Figure 4 below.

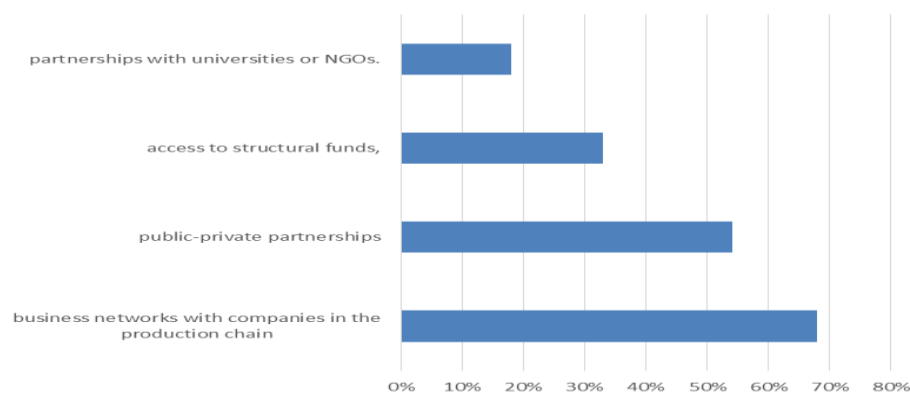
Figure 4: What do you think would help in smoothing the line between costs and benefits of becoming more competitive?



Source: author, based on the results of the survey

Out of the tools for management projects, 32% were in favor of evaluation indicators for monitoring and evaluating economic, social and environmental performance and 41% in favor of models of sustainability.

Figure 5: How are these tools achievable?



Source: author, based on the results of the survey

When asked about the ways these tools easier to achieve (Figure 5), almost 70% indicated the fourth answer option: business networks with companies in the production chain.

Conclusions

This research paper has aimed at highlighting the ways of raising the degree of competitiveness in the tourism sector, in the Western Development Region of Romania. The survey among tourism agents has had a series of interesting outcomes, as presented in the Results and Discussion section above.

The research gap to which this research addressed is how can companies balance aspects of economic, social and environmental grounds. A major part of the answers has indicated a positive attitude towards the collaboration networks, such as business clusters. Issues such as economic benefits, environmental duty and community welfare can be more easily addressed when counting on the support and jointly developed know-how of a cluster-type association. Based on the research results, cluster type business organisations/ networks seem to be the answer, the solution for the often encountered problem of balancing competitiveness with local communities welfare, environmental duty and economic benefits.

These offer a series of advantages, as open access to more types of resources and technologies, developing the business activity within a strategic alliance, transfer of know-how and knowledge. Also, a higher degree of reaction to environmental factors and influence is one of the perceived benefits of the tourism agents from the Western Romanian Development Region.

Companies seem open towards joining a cluster association, when presented the benefits. Also, they were able to perceive some specific benefits emerging from such associations, to be used in the following parts of the research.

Acknowledgement

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