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ENHANCING THE MECHANISMS OF COMPETITIVENESS MANAGEMENT IN TOURISM SERVICES

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A R T I C L E I N F O.

Keywords: *Competitiveness, competition, tourism services, competitiveness factors, integrated assessment formula.*

Abstract:

This article examines various definitions of the competitiveness category proposed by scholars in different periods and analyzes the competitiveness of tourism services using an integrated assessment formula.

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Introduction

The existence of competition in the domestic market of any country is considered one of the main indicators of the successful functioning of a market economy. The competitiveness of a country's national economy is a comparative characteristic that reflects a comprehensive assessment of key economic indicators in relation to external parameters. Therefore, the competitiveness of the national economy is manifested in international competition [1, 2].

The competitiveness of economic sectors ultimately depends on the ability of individual producers and service providers to create competitive goods and services capable of meeting market demands effectively [3, 4].

Literature review

Competition is a general socio-economic category that refers to the struggle among participants in socio-economic and business processes to achieve better living and operating conditions [5].

According to the Cambridge Dictionary, competition is defined as a situation in which people or businesses strive to be more successful than others, for example, by increasing sales and earning higher profits in the market [6].

The Business Dictionary defines competition as the process through which market participants, under conditions of information transparency and a balance between supply and demand, strive to achieve better results and greater success. In particular, sellers can gain a larger market share, higher profits, and increased

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sales by offering a superior combination of price, quality, and service compared to their competitors [7].

In economics, competition is regarded as the rivalry among market participants seeking the most favorable conditions and outcomes in commercial activities [8].

According to Michael Porter, the primary driving force behind international economic success is entrepreneurial activity. The development of information and communication technologies, ease of travel, and increasing global economic openness are among the key factors enhancing the international competitiveness of business entities [9].

E. Malesky argues that competitiveness depends on the extent to which firms participate in large-scale collaborative projects and strategic alliances that enable them to benefit from technological innovations and knowledge that would be difficult to achieve independently [10].

Competitiveness is based on structural variables that influence productivity, efficiency, innovation, and specialization in the medium and long term. From a microeconomic perspective, since enterprise performance depends on its ability to compete for markets and resources, success is measured through indicators such as market share and profitability [11].

The macroeconomic approach to competitiveness focuses on countries as the primary units of analysis. National economic performance is shaped by political, cultural, social, and economic conditions [12]. It is assessed using indicators such as gross national product per capita, trade balance, foreign exchange reserves, employment levels, inflation, foreign direct investment inflows, and value-added production sectors. Factors such as country size, geographical location, stage of development, labor market flexibility, and economic openness significantly influence overall economic performance.

Michael Porter places considerable emphasis on strategic location, highlighting that geographical proximity to leading industries and innovative clusters is a crucial determinant of national competitiveness [13]. He concludes that the role of the state should be limited to creating an effective regulatory and legal framework, strengthening institutional and educational systems, providing information and essential infrastructure, ensuring sound macroeconomic management, increasing the attractiveness of the economy to foreign direct investment, and fostering a favorable business environment for domestic producers.

Tourism destination competitiveness refers to the ability of tourism destinations to maintain their position in all markets while continuously improving the quality and scale of their services over time [14].

Competitiveness can also be defined as the ability of tourism destinations to create and integrate value-added products and services through the efficient utilization of available resources while maintaining their market position relative to competitors. It also reflects the extent to which visitors' needs are satisfied by the products and services offered by a destination compared to those provided by competing tourism destinations [15].

The issue of tourism destination competitiveness has been extensively studied by foreign researchers. According to Geoffrey Crouch and J. R. Brent Ritchie, "Tourism destination competitiveness is achieved when the overall attractiveness and positive travel experiences offered to visitors are equal to or superior to those available in numerous alternative destinations open to potential

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tourists" [16].

Some tourism scholars argue that the general models of competitiveness developed by Michael Porter can also be applied to the tourism sector. Indeed, based on Porter's competitiveness framework, the Calgary Model of Tourism Competitiveness was developed in 1993. This model is built upon five key concepts: tourism destination attractiveness, destination management and marketing, intersectoral cooperation, information exchange and research activities, and the destination's capacity to satisfy tourism-related needs [17].

All scientific studies concerning the international competitiveness of tourism destinations are generally based on the paradigms of comparative and competitive advantages. In developing the theoretical concept of international competitiveness, economic and management literature presents a variety of approaches that differ significantly from one another [18].

Methodology

Research Methods: Abstraction method, induction and deduction methods, comparative analysis method, generalization method, system analysis method, integrated assessment method, and expert evaluation method.

Results and Discussion

The issue of tourism destination competitiveness has been actively studied by scholars and researchers since the 1990s. Today, it is widely recognized that the development of tourism activities in a destination cannot be achieved without enhancing its competitiveness. Therefore, studying international experience and theoretical knowledge, as well as developing mechanisms for their implementation, has become an important and relevant task.

The general conceptual model of tourism destination competitiveness was proposed by Geoffrey Crouch and J. R. Brent Ritchie in 1999 and further refined in 2005. The research methodology adopted by these scholars was based on a combination of theoretical studies and interviews conducted with tourism experts and destination managers.

The methodological foundation of their research is known as the Analytic Hierarchy Process (AHP), a systematic decision-making approach developed by the American mathematician Thomas L. Saaty. AHP applies mathematical techniques to analyze complex problems and support decision-making through a structured and hierarchical framework.

Based on this methodology, Crouch and Ritchie identified 36 key factors influencing the competitiveness of tourism destinations and concluded that five factors are of primary importance in determining a destination's competitive position [19].

Table 1.

The Five Most Important Factors of Tourism Destination Competitiveness

Group	Factor	Description
Group I. Supporting Factors and Resources	Infrastructure	Roads, transportation systems, healthcare systems, communication systems, public services and government institutions, drinking water supply, law

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		enforcement agencies, banking system, and educational system.
	Supporting Resources	Quality of local human resources, accumulated knowledge and capital resources, educational and research institutions, financial institutions, and various service sectors.
	Ease of Access to the Country	Liberal air transport regulations, entry visas and permits, international road and air transport connections, and competition among different modes of transport.
	Hospitality	The friendliness of local residents toward visitors and their willingness to provide assistance.
	Entrepreneurship	The entrepreneurial capabilities of business operators within the tourism destination.
	Political Will	The extent to which policymakers and public administrators not only recognize tourism as a key driver of socio-economic development but also regard it as a strategic priority.
Group II. Core Resources and Attractions	Special Events	Festivals, celebrations, sporting events, and other activities capable of attracting tourists.
	Nature and Climate	Natural attractions of the destination and the seasonal duration of favorable climatic conditions.
	Culture and History	The cultural and historical heritage of the tourism destination.
	Diverse Tourism Activities	The destination's ability to offer visitors a variety of tourism experiences and opportunities.
	Entertainment Facilities	Theaters, concerts, comedy festivals, opera performances, circuses, and similar attractions.

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	Tourism Infrastructure	Accommodation facilities, restaurants, transportation services, recreational facilities, theme parks, museums, art galleries, exhibition and conference centers, and airports.
	Market Ties	The existence of strong cultural and economic links with tourist-generating markets.
Group III. Tourism Destination Management	Governance	The quality and reputation of the organization responsible for managing the tourism destination.
	Marketing	The destination's ability to attract visitors and satisfy their needs through effective marketing activities.
	Service Quality	The ability to provide visitors with a positive travel experience.
	Information and Research	The existence of an established system for collecting information useful in decision-making processes.
	Human Resource Development	The availability of training programs for qualified personnel in the tourism sector.
	Finance and Credit System	The availability of financial support programs for tourism development.
	Visitor Management	Programs aimed at monitoring and managing tourists' positive and negative experiences.
	Crisis Management	The level of preparedness for emergencies and crisis situations.
	Resource Management	The extent of efforts directed toward the efficient use and conservation of available resources.
Group IV. Tourism Destination Policy, Planning and Development	Systemic Approach	The degree to which all public and private organizations recognize themselves as part of an integrated tourism system.

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Strategies		
	Development Priorities	The selection of priority development directions by public and private organizations.
	Vision	The ability of stakeholders within the destination to anticipate and plan for future development.
	Branding and Market Positioning	Activities undertaken to establish and strengthen the destination's image and position in the market.
	Development Policy	The quality and consistency of tourism development policies.
	Competitor and Partner Analysis	Formulation of development strategies based on a global analysis of competitors and partners.
	Monitoring and Performance Evaluation	Assessment, monitoring, and continuous improvement of programs aimed at enhancing competitiveness.
	Audit	Periodic auditing of financial performance to identify the strengths and weaknesses of destination competitiveness.
Group V. Qualifying and Amplifying Determinants	Geographic Location	The destination's geographical position relative to major tourist-generating markets.
	Safety and Security	The degree to which the destination ensures the safety and security of tourists.
	Price Competitiveness	Factors affecting the affordability of the tourism destination.
	Interconnectivity	The destination's proximity to or distance from other tourism destinations.
	Awareness and Image	The level of recognition and reputation of the tourism destination.
	Capacity	The carrying capacity of the tourism infrastructure developed within the destination.

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According to the researchers, the systematization of the competitiveness factors presented in this model enables more effective management of tourism destinations.

In the following section, the competitiveness of tourism services is analyzed using an integrated assessment formula, which provides a comprehensive evaluation of the factors influencing tourism service competitiveness.

$$K_r = \sum_{i=1}^{n} wixi,$$

$$\sum_{i=1}^{n} w_i = 1$$

Here:

K_r = Overall Competitiveness Index of Tourism Services

w_i = i – Criterion Weight Coefficient

xi = i – Standardized Score for the Criterion

n = *Number of Evaluation Criteria*

$\sum wi = 1$ *The sum of all weight coefficients is equal to* 1

Based on the above formula, we selected the following five criteria for assessing the competitiveness of tourism services:

Quality of Tourism Services

Price Competitiveness of Tourism Services

Infrastructure

Customer Satisfaction with Tourism Services

Safety and Security

These criteria represent the key dimensions influencing the overall competitiveness of tourism services and serve as the basis for the integrated competitiveness assessment.

Table 2.

Based on these five criteria, the results of the assessment are presented as follows.

Criterion	**Score (x_i)**	**Weight (w_i)**	**Weighted Score ($w_i \times x_i$)**
Quality of Tourism Services	9.0	0.30	2.70
Price Competitiveness of Tourism Services	8.0	0.20	1.60
Infrastructure	8.5	0.20	1.70
Customer Satisfaction with Tourism Services	9.5	0.20	1.90
Safety and	9.0	0.10	0.90

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Security			
Total		**1.00**	**8.80**

Based on the data presented in Table 2 above, the formula can be expressed as follows.

$$K_r = w_1 x_1 + w_2 x_2 + w_3 x_3 + w_4 x_4 + w_5 x_5$$

Formula results $K_r = 8.8\ equal$

The results indicate that the competitiveness of tourism services is at a high level. The obtained integrated competitiveness index demonstrates that tourism services possess strong competitive advantages in terms of service quality, customer satisfaction, infrastructure, pricing, and safety. Therefore, it can be concluded that the tourism sector has significant potential to maintain and strengthen its position in the market.

Table 3.

The different values of the integrated competitiveness index can be interpreted as follows

Index Value	Assessment
0.0 – 4.9	Low Competitiveness
5.0 – 6.9	Moderate Competitiveness
7.0 – 8.4	Good Competitiveness
8.5 – 10.0	Very High Competitiveness

Conclusion and Recommendations

The integrated assessment formula presented above consolidates multiple criteria into a single indicator for evaluating the competitiveness of tourism services. This approach enables the comparative assessment of tourism enterprises, identification of their strengths and weaknesses, support for strategic decision-making, and evaluation of investment attractiveness.

One of the key factors in enhancing business competitiveness is the efficient and sustainable utilization of available resources. The findings of this study demonstrate that the rational management of energy, water, labor, and financial resources contributes to reducing service costs and increasing profitability. The implementation of environmentally sustainable practices strengthens the market image of tourism enterprises and attracts environmentally conscious customer segments.

Furthermore, digital management systems facilitate real-time monitoring of resource consumption and support prompt and effective decision-making. Improving employee qualifications and strengthening motivation systems contribute to higher service quality and increased customer satisfaction. The use of an integrated indicator-based assessment mechanism enables a comprehensive analysis of the factors influencing competitiveness and provides a solid basis for managerial decision-making.

In conclusion, improving management mechanisms based on the sustainable use of resources can significantly enhance the long-term competitive advantage, operational efficiency, and market stability of tourism and hospitality enterprises. Therefore, tourism organizations should prioritize resource efficiency, innovation, digitalization, and continuous service quality improvement as essential components of their competitiveness strategies.

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