

Article

Competitiveness in Businesses and Tourism Destinations

Competitiveness is a presently fashionable buzzword and is particularly relevant when, as it is the case, the economic climate demands new competitive capabilities as well as extra efficiency to achieve success from both companies and territories. However, and beyond the term itself, competitiveness is a broad concept worth to put some thought on.

What is competitiveness?

Competitiveness, as a term, indicates the ability of either a company or group of enterprises, or territory, to produce certain goods and / or services for one or many specific markets.

The increase, stability or decrease of the competitive ability is closely related to the so-called "three E": Efficiency, Efficacy and Effectiveness: Efficiency in the management of the available resources, efficacy in reaching the established goals and effectiveness in combining the former to achieve customers, employees and shareholders' satisfaction.

Competitiveness does not spontaneously come: it is built upon and achieved through a process where different actors play their roles: our suppliers, our employees, our physical and economic environment, our local, regional and national administrations; our shareholders and, specially, our managers on which the creation of a culture of competitiveness generating both saleable and attractive services and products that also are profitable to our company and respectful with the environment, culture and identity, is largely dependent.

To establish a culture of competitiveness in business or destinations implies a strategic thinking process. To determine this strategy and the culture itself become our management road map and, at the same time, the baseline to benchmark our success in achieving such objectives in terms of Efficiency, Efficacy and Effectiveness.

The competitiveness in companies

To create, change or optimise our competitive structure (set of actions, elements and strategies generating competitiveness), we must pay careful attention to the following aspects:

- a) **Setting up a strategy:** We must develop a strategic plan allowing us to clearly identify our goals from the previous analysis of our environment and the assessment of our capabilities. Without a clear definition of goals, to be truly competitive is impossible. Beyond the name, good planning is equivalent to a shared reflection and analysis process between the various actors in our company with a systematic collection of findings and purposes.
- b) **A clear HHRR and team management policy** enabling us to develop strategies to recruit and retain the best talent, with a compensation in accordance to a situation featured with shortage of skilled labour due to the vocation crisis and lack of appeal of the industry (seasonality and compensation environment).

- c) **A suppliers (of raw materials and services) management and relationship strategy**, fitting within our cost structure and ensuring that our products and services have a reasonable quality. Such strategy should also include elements enhancing their loyalty if we are to consider our suppliers as an important element in our competitive structure.
- d) **To have a clear product/service policy**, which is consistent with our objectives and having the necessary flexibility, innovation and differentiation to compete in a globalised market where customer habits and requirements constantly change.
- e) **To ensure adequate knowledge of both our markets and customers**, by means of specific mechanisms along with our product / service policies, enabling us to focus our services upon the requirements and demands from customers, anticipating changes and adapting our production processes and services, as well as establishing techniques improving loyalty and specialisation.
- f) **A firm commitment to quality**, to a new concept of quality, which we call "reasonable quality" and understood as the fair rendition of services while meeting customer expectations. This should also include the necessary mechanisms to assess our progress and ensure that our self imposed standards are scrupulously met.
- g) **To dimension, adapt and effectively manage our infrastructures**. Due its very nature, many of the activities, as well as the tourism experience are linked to the existence of specific infrastructure. Although these are usually defined as either basic or complementary, they are all to be perceived as necessary for the integral enjoyment of the tourism experience. Appropriate size and strength (facilities and attractions) are the key to be competitive, avoiding both to under and oversize.
- h) **To finely tune the ability to influence our immediate vicinity**. The mainstreaming of tourism activity makes implicit the clear dependence of our business with respect to our territory. It is a known fact that tourism cannot be dissociated from the territory supporting it and, hence, the profitability and competitiveness of our business depends on the competitiveness of the territory where they are. The more we can help to ensure such competitiveness, the better our competitive structure will become.

It is also important to get the necessary mechanisms to anticipate changes in our furthest environment, which will require precise information systemics.

- i) **Our managers' leadership**. People having the responsibility to lead the team towards the achievement of previously set objectives are key to our competitive structure whatever the size of our company. They will have to exercise their leadership: establishing the objectives and individual responsibilities, defining the pace and the approach to tasks, monitoring progress, assessing individual and group performance and making any adjustments that may be required. They will also have to Reward performance and promote both effective and emotional communication, determining the milestones and remaining in control of the final results.

In small firms it is also legitimate to talk about leadership, this being specially remarkable in family companies where leadership, its exercise and the eventual timely replacement may be particularly critical.



Competitiveness in destinations

The competitiveness assessment of a tourist destination has evolved in pace with the very concept of competitiveness. According to the historical or traditional approach, the concept of competitiveness was associated to the **comparative advantages** where a good supply of resources ensured good results. In the new global economy competitiveness has evolved to a new concept: the **competitive advantage** adding value to resources and attractions, the capability a destination, along with and its public and private managers. may have in order to properly integrate different factors, those being either production, social or derived from institutional dynamics, will ensure competitive advantages and, therefore, market positioning.

Several authors dealing with the competitiveness of tourism destinations (Ritchie and Crouch, -2003-, Buhalis -2000-, Go and Gowers -2000- among others) argue that, in tourism, the determinant of competitiveness consists in a good combination of both comparative and competitive advantages. A good endowment in resources, such as geographic location, climate, history, a rich cultural heritage, natural environment, etc., well combined with competitive advantages such as prices, industrial structure, corporate governance and institutional management, may end up linking competitiveness with productivity ultimately resulting in profitable businesses and competitive destinations.

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