

New Conceptual Model on Cluster Competitiveness: A New Paradigm for Tourism?

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Abstract

Tourism, one of fastest growing industry and the main source of foreign income for appreciable number of developing countries, bonds people to inspire nature, culture and heritage and experiences. Decade of 90's, Crouch and Ritchie developed a conceptual model combining attributes of Porter's Diamond model, Dwyer and Kim (2003) introduced an integrated model combining Diamond and Crouch and Ritchie models integrating endowed, created and supporting resources, destination management, government and industry specific attributes. Hence a new conceptual model has introduced by integrating main elements in national and firm competitiveness, Destination Competitiveness and Innovation focus within a cluster. Proposed conceptual model will shed more light for further studies on cluster competitiveness in macro-economic perspectives empirically.

Keywords: tourism, cluster, destination competitiveness, conceptual model

1. Introduction

Tourism sector is an industry associated with leisure and travel, is one of the fastest growing service industry for many economies around the globe, main source of foreign income for appreciable number of developing countries. As further, by the vast human potential, national materials and through multiple effects on areas and sectors or other industries of references, tourism acts as a stimulating factor for economic hence national development. It bonded people with leisure activities, that allows to inspire nature, cultures and heritages, destinations, experiences, dreams they had in past and simply to inspire their own lives with traveling. Since the 1980's the opening of national economies globally and the quick globalization and internationalization had boosted tourism sector, to become the second most important global sector, only second to financial services (Cunha and Cunha 2005). Tourism is a wide-spread phenomenon in present context, and a vital economic development factor, that include competitiveness among regions or particular destinations to win tourists. The ultimate challenge to become, maintain, protect or strengthen the competitive positions in an increasingly competitive global market is vital for every tourism destination, as the prominence in the sector has risen. There are many complexities as in one hand, tourism destination by its nature is very different than most commercially competitive products because it delivers "experience" to its visitors. This tourism experience is a mutli-task that involved different sectors, firms and stakeholders in an economy. The impacts of tourism experience is a combination of tourism enterprises (as hotels, resorts, restaurants, airlines, tour operators), other supporting industries and organizations (as arts, drama, entertainment, sports and recreation, shopping), destination management organizations (whether run as private firms, public enterprises or as private-public partnerships), the public sector (by providing infrastructure and public goods as communication, transportation) and local residents within a destination. The multiplicity of stakeholders involved in portfolio providing the tourism experience to the visitor, makes management of the destination tourism product more complex. The complexity further compounded by the fact that each tourist expectations are unique, hence it a great challenge to a destination, to be ensures the delightedness of each unique tourist. Hence it's an utmost challenge to achieve tourism destination competitiveness as the goals of the competition also not always clear or congruent as there are many diverse expectations behind tourism development public policy and private enterprises as stakeholders in macro-economic environment. Some goals address the economic return, profits and market share while other goals have interest on vast variety of social, environmental and image positioning outcomes. Managing tourism

destination competitiveness has become a major topic of interest among economic, tourism and strategic management scholars as theories, models and frameworks and processes that assist in guiding the competitiveness has emerged.

2. Literature Review

As the century we living in, the effects of globalization and making world a global village, has coincided with tourism industry boom, also with many challenges and obstacles. The success of tourism destinations influenced by relative competitiveness, as competitive advantage achieved being a superior destination to potential tourists. Following the publication of "The Competitive Advantage of Nations" (Porter, 1990), Porter suggested in the international markets the companies are competing, not the country itself, success of the companies visible and measure by economic environment, institutions and government policies. Further explained link between clusters, competition and company strategy by fulfill following three broad ways as (a) increasing the productivity of constituent firms, (b) increasing capacity for innovation and productivity growth and (c) stimulating new business formation that supports innovation and expands the cluster. Porter (1990) pointed out that huge variety of definitions and perspectives existed with the concept of competitiveness, as cannot term which one is best. The Diamond model, is supposed to represent how an economy, firm or cluster can create competitive advantage, through its four facets as; (a) Firm strategy, structure and rivalry: reflects attitudes toward competition, market institutions, degree of competition in domestic market and other cultural and historical factors (b) Factor conditions reflects: human resources, specialized infrastructure (physical and administrative) and natural resources, capital resources, (c) Demand conditions reflects: sophisticated and demanding local customers that push firms on innovation, unusual local demand in specialized segments that can serve globally and customer need that anticipate those elsewhere and (d) Related and supporting industries: presence of capable local based suppliers and competitive related industries, stimulate cooperation and rivalry and ultimately lead for competitiveness. Other than four facets, two other factors, government and chance plays a vital role while shape up the competitiveness. Porter has examined the role of industry clusters in cities, regions and states and developed "Diamond model" that offer insights on clusters and ultimately competitiveness of cluster. Also expressed competitive advantage of a particular cluster depends on the ability of its firm's thorough innovative focus that eventually brings competitiveness in local industry, as lead for cluster growth. Emerging in 1990's, as Porter's "Competitive Advantage of Nations" (1990) became popular as well as the "Diamond model" that reflect competitive advantage of a nation, firm or a cluster, way forward tourism researchers on "tourism destination and/or cluster competitiveness". Over the past two decades, body of research has grown which has sought to develop a theoretical and conceptual basis for approaching the competitiveness issue. The present stage in the developing destination competitiveness theory and knowledge having achieved a good basis upon which to identify relevant attributes of tourism destination or cluster competitiveness, as particular value in turning the focus of research move towards assessing relative importance of attributes on competitiveness.

Modern tourism is "experience" oriented, based on competitiveness rather than comparative scenic beauty in a destination. Different scholars view competitiveness in different ways (Bobirca et al., 2006). Omerzel (2006) explains, in the paradox of tourism, globalization cause to form dramatic numbers of destinations all over the globe. Economists have emphasized on price and country specific economic characteristics, while management focused in firm-specific characteristics, and the focus of sociologists and politicians has covered vast area such as social, political and cultural characteristics underlying the notion of competitiveness. This is the reason that competitiveness could be measured in different perspectives, no special way as a rule of thumb. Competitiveness and clusters are both interconnected terms, as competition is a broad concept that is widely used in economics and business. The topic of destination competitiveness has received increasing attention in economics literature, as because tourism is becoming one of the prominent sectors in world. There can see a transition from mass tourism to a "new age of tourism" that called as tailor-made approach to specific attitudes, needs and wants of tourists (Cracolici et al., 2006). In strategic management context, the competitiveness deriving from the external environment of a firm, as Lee et al., (2006) taken industrial organization theory to find out the 'fit' between strategy and the external environment on performance. In their study on competitiveness on hot springs tourism sector in Taiwan, considered resource based view (RBV) theory. Competitiveness is a new challenge for the tourism sector, as competition for larger share in tourism pie, in globally emerging. As Omerzel (2006), comparative advantage and competitive advantage of tourism seems to be much more important to an economy. Comparative advantages include climate, scenery, forests, waterways and wild life as related with primary tourism supply. But competitive advantage means, infrastructure, management quality, workforce skills and knowhow, policies of government etc. They pave way for the competitiveness of a given destination. There is a clearly seen gap between destination products and tourist's preferences, as the priority should be given in life

style changes, attitudes, morality and values of tourists, by directing future tourism directions. Dugar (2007) mentioned, competitiveness is a complex concept to measure in tourism sector, as because various aspects and complex structure it inherited with numerous challenges and limits the strategy implementations within the industry pointing out some important factors in India's tourism cluster, as it's a highly infections with macro economic factors, high social cost and intermediary conflicts and specially power of positive word of mouth. Wares et al.,(2008) further explains competitiveness in different levels, as in firm level and national level. In firm level, the firm is competitive if it can compete successfully with rivals and in national level, competitiveness reflects the ability of a country to use its resources in a way that increase the socio economic development of people. According to Ferreira and Esteveao, (2009), the touristic competitiveness is achieved with the touristic set as it competes with other touristic sets in national or international level. This summarizes the Diamond model of Porter, as competition is occur between clusters and industries, not by countries.

In present scenario, tourism is a major economic service among world; so on destinations no longer take passive approaches to underutilize the resources. Crouch and Ritchie (1995), explains tourism development policies and plans, organizational structures and the marketing strategies drive destinations more to competition, but it should focus more on what that makes a tourism destination competitive. As a result of that, the destinations welcome tourists around, but doing little to intervene in the visitation process, being content to rely on the travel trade to attract and serve the tourists. The hospitality factor or simply person to person encounters between front-line employees also with local people is neglected but a most vital factor in tourism destination competitiveness. Yuksel et al.,(2000) simply explain as if there is a shortcoming at a most critical interface such as tourist contact front-line employee in a given destination resort, all other factors are insignificant. Even if destination has a best strategic focus, best scenery or adventure experiences in resort, those things diminish just one second of first impression on hospitality, that highlight the importance on destination management in tourism competitiveness. It's evident that only few attentions made in past to analyze and understand the "experience provided by tourism", because more concerned on to attract tourists to the destination in high volumes, simply neglecting the core tourism product. Inman et al.,(2002) argued the abundance of natural resources of many nations move for develop their competitive skills, as a nation's prosperity depends on the level of productivity and competitiveness of business and industries, They also stress a continuous innovations made on products and services, way forward competitive advantage. Tourism and travel, an important part of the service economy and according to World tourism Organization, the world's largest industry and it is predicted to be one of the few industries that will continue to generate job opportunities in future. But tourism clustering particularly is one of the least researched in world economy (Nordin, 2003). The boundaries of tourism and travel industry are fairly difficult and therefore its extent is hard to measure: it diversify many sectors as restaurants, hotels, airlines, travel agents, shopping complexes etc. Loss of competitiveness is a significant challenge nowadays for all tourism stakeholder groups including academics, researchers, policy makers and so on. Issues as how a company's ability to compete is affected by the place where it is located, why similar and related activities from geographical concentrations and how different types of related economic activities develop in relation to each other are central issues in debating (Nordin, 2003). Kim and Dwyer, 2003, highlight the importance of relative importance of different dimensions of competitiveness. As "how important the natural resources compared with destination image? How important the price competitiveness with destination management?" and so on, that relative importance of the factors in competitiveness can be answered by making hypothesis. Although Walsh et al.,(2003) mentioned the importance on firm-level innovativeness in achieving superior competitive advantage as well as performance in small scale tourism firms through two integrative relationships between resources based view and dynamic capability view.

Tourism as even a vital sector in service economy, that have received little attention on cluster theory for economic development, only briefly mentioned in Porters cluster approach (Miller et al.,2005). There is a "universal view" among comparing destinations in competitiveness with each other also its vital to compare several types of tourist destinations, like cities, resorts as a case sample (Enright et al., 2005). Cunha and Cunha, 2005, explains, it have seen very few attention in past scholars towards a model for evaluate impacts in tourism for local development. According to Miller and Gibson (2005), cluster research basically popularized with "clustering" concept of porter, as clustering is a continuously evolving and dynamic process. The area on cluster research moreover operationalizing Porter's general concepts on "Clustering " and "Cluster Diamond", but research on practical applications are limited. More quantitative researches done by scholars on potential industry clusters in regional wise and qualitative researches basically focused on cluster mapping or graphical presentations on economic linkage within a cluster. (Miller and Gibson, 2005). According to Enright et al., (2005), a case study based on Cuba, a world class sun and sand destination, reflects competitiveness in tourism, but it doesn't guarantee the development successfulness of tourism because of other factor conditions such as

HR, capital investments, infrastructure and other 3 facets of the Diamond, cause as a barrier to destination development. There is lack of empirical analysis on practical use of empirical base on cluster diamond. Miller et al., (2005) mentioned, research on tourism clustering must expand to encompass scenario outside the classic Porter's cluster. As it's much deeper sense as go beyond from Porter's framework, by adding more strategic points to a model. As when it concerns tourism in developing countries here are some strategically obstacles in practically and there has not been sufficient research conducted to make the impact to the economy in developing countries, as the clusters also at in a weaker starting point (Wares et al.,2008,Ferreira et al.,2009).

According to Balan et al., (2009), in 1950, top fifteen destinations' attracted 98% or almost all of the tourists to them, but sixty years later that became 57%, signifying the competitiveness as a key factor that tourism destinations should keen on. The focus on tourism industry has shifted from simply attracting more tourists to increase the competitiveness of the destinations. Ferreira et al., (2009), expressed that as tourism is a powerful instrument in national and regional level, but discussions made on tourism clustering is still in an embryonic phase. It is evident that very few number of researches explaining the tourism cluster competitiveness and impacts to regional and national economy. As innovations has been long recognized as a key factor in competitive advantage, Walsh et al.,(2010) explain this is a necessary condition but not sufficient and highlights the importance of other aspects as in line with gaining competitiveness for tourism industry.

3. Objectives of the Study

There are number of theoretical and empirical studies on tourism cluster concept, destination competitiveness and innovations in tourism industry have been surfacing in the literature. The tourism cluster literature basically focused on cluster mapping, model frameworks and initializing clusters and destination competitiveness focused more on application of Porter's "Diamond model" of national competitiveness framework. Hence in this paper, focus for a new conceptual model developed by integrating the components of Diamond model, models on destination competitiveness developed by Crouch and Ritchie (1995, 1999) and Kim and Dwyer (2003).

Hence primary objective is to identify the elements of a new paradigm, way forward for a new conceptual model that combine innovation focus within cluster framework. Herein the importance of comparative and competitive advantages in tourism sector, incorporated with innovation focus within clusters/destination is highlighted.

4. Discussion

4.1 Competitiveness on Tourism Destinations

Emerging in 1990's , as Porter's "Competitive advantage of Nations" (1990) became popular as well as the "Diamond model" that reflect competitive advantage of a nation, firm or a cluster, way forward tourism researchers on "tourism destination or cluster competitiveness". Over the past two decades, body of research has grown which has sought to develop a theoretical and conceptual basis for approaching the competitiveness issue. The present stage in the developing destination competitiveness theory and knowledge having achieved a good basis upon which to identify relevant attributes of tourism destination or cluster competitiveness , as particular value in turning the focus of research move towards assessing relative importance of attributes on competitiveness. As in the decade of 90's, Crouch and Ritchie developed a conceptual model that to tailored distinctive characteristics of destination competitiveness, by combining the attributes in Porter's Diamond model. Their model recognizes that destination competitiveness based upon destinations' resource endowments (comparative advantages) and capacity to deploy resources (competitive advantage) and acknowledge the impact of global macro-environmental forces and competitive micro-environmental circumstances, (Crouch and Ritchie ,1995, 1999), Ritchie and Crouch (2000). Inspired by the idea of making more competitive towards tourism sector, Dwyer and Kim introduced an integrated model combining main elements in Diamond model and Crouch and Ritchie model. Hence Dwyer and Kim (2003), Kim and Dwyer (2003, 2004) model is an integrated approach combining endowed resources both natural (mountains, sea, water) and heritage (handicrafts, cuisines, customs and created resources (infrastructure, events and adventure, shopping) and supporting resources (general infrastructure, service quality, destination management and government and industry specific attributes. Thus many scholars have setup their analysis based on these models. Poon (2010) pointed out that success is not only measured in terms of growth but also on how well tourism destinations managed to achieve their specific objectives and how resilient they have been in a rapidly and radically changing global market. As the notion of clustering was discussed in 1990's by Porter, is quite challengeable in present contexts Ketels (2006). The cluster nowadays are relevant to all types of locations and different in their focus, economic impact, size but as in common , exhibit positive impacts of proximity on company productivity. Globalization has given more impetus to specialization as new clusters develop in developing and transition economies and old clusters in advanced economies focus on more advanced or specialized activities or disappear. Ketels (2006), Johnston

(2003). Most comprehensive model developed by Crouch and Ritchie (1995, 1999) but integrated model developed by Dwyer and Kim (2003) underlies the important of tourism demand factors that neglected (Armenski et al., 2011). The integrated model covers up the tourism portfolio, and the model empirically tested by past scholars for Korea and Australia in 2003, Slovenia in 2004 and 2008 and Serbia in 2009 and 2011.

4.2 Clustering and Innovation Focus

Industrial clusters has emphasized by eminent scholars in past and are vital for economic development as, clusters in particular regions enhances regional distinctive advantages. clusters as , are geographic concentrations of interconnected companies, specialized suppliers and service providers, firms in related industries, and associated Institutions (eg: universities, standards agencies, and trade associations) in particular fields that compete but also cooperate (Porter 1990). Simply, tourism cluster is a set of attractions, less differentiated and concentrated in one geographical area and providing political and social harmony by collective value chains and management networks, lead for both comparative and competitive advantages in macro –economic perspectives. Nordin (2003) mentioned, cluster theory suggests that industries grow in certain regions as opposed to others for other reasons than pure economical factors. Hence highlight innovations and research on innovations, skilled workforce, knowledge management as well as investments. In a cluster, the focus is the linkages, between firms, as taking the form of buyer-supplier relationships, research and training initiatives, joint marketing and lobbying. However it’s a non-planned phenomenon but usually not a group of firms that deliberately join to reach common objectives. Nordin (2003) points out that, tourism thematic clusters that combined with strategic segments, as sun and sand, cultural heritage, adventure, activities, sports etc. Clustering based on “themes” and generally cross geographical and political boundaries and is more functional than spatial phenomenon, although they may be found in a rather limited geographic area. Destinations like clusters generally arise naturally, but may need to be developing to reach their fullest potential, thus their course of development maybe influenced by a number of factors such as strategy, plans, support given by public sector, investment in infrastructure and joint marketing efforts (Nordin, 2003). (see Figure 1)

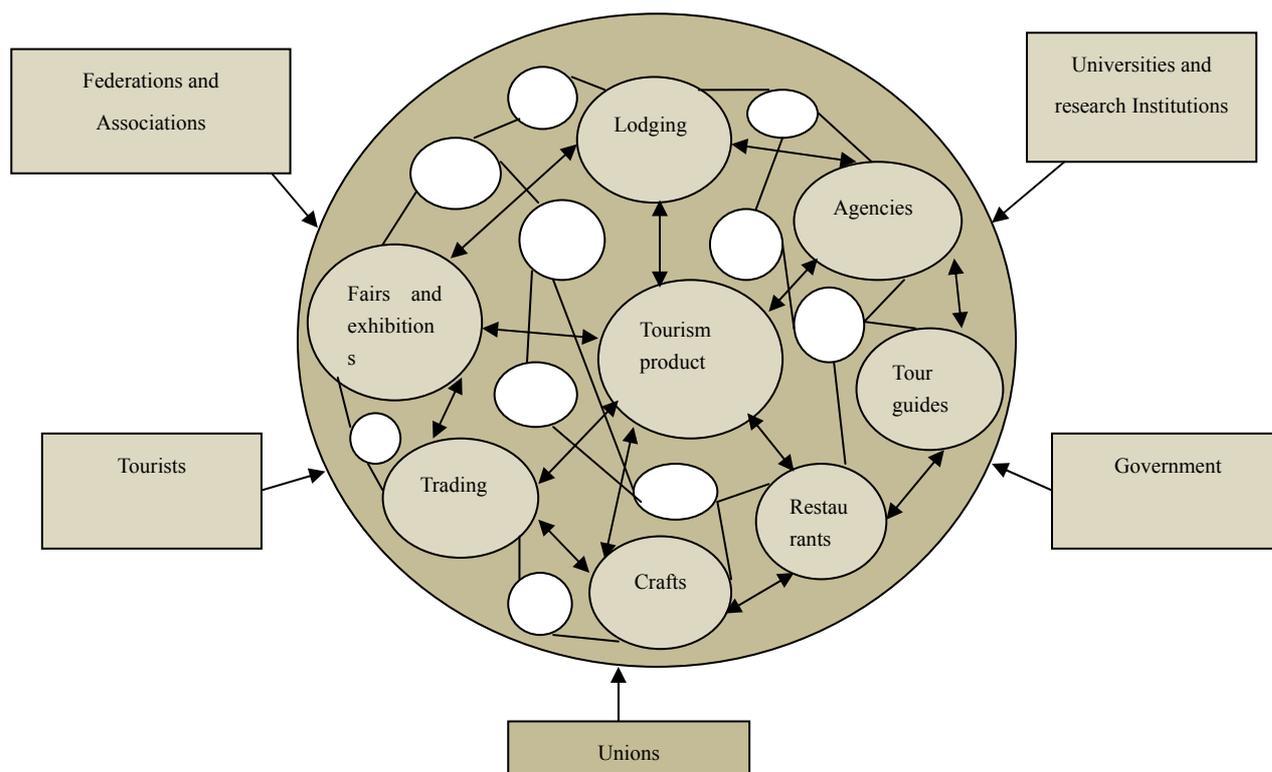


Figure 1. Tourism cluster representation

Source: Cunha and Cunha, 2005

Importance of service innovations had lesser attention in contrast with the manufacturing sector, because of secondary and capital-scarce, and results to underestimated and excluded in government interest and policies in many economies. Innovation is a factor that facilitated by a cluster, as cluster participants often are able to more clearly and rapidly perceive new market needs. Decelle (2003) mentioned, in a tourism cluster as having distinction as geographical clusters and activity based clusters, is also play key point on innovative approach. Hence propose the innovation dynamics as applying push strategy proactive towards innovation attitude, improve training of operators, staff, developing role of public and private enterprises, Research and Development towards national innovation system and specially linkage building with macroeconomic environment in long run.

The geographic scope of a cluster can range from a single city or state to a country or even a group of neighboring countries and in present context; cities are acting as major tourism destinations or at least as having the potentiality to be. Anttonen et al., (2004) mentioned that as why cities compete with each other to gain competitive advantage. Weiermair (2004) point out the future challenges of tourism industry is based on either (a) innovation-driven cost reducing changes in tourism production or marketing process or (b) product changes, more varied tourism experiences for quality – conscious and saturated multi-option customers. Hence highlight vital areas in tourism innovations as quality assurance, employee and customer satisfaction, new forms of distribution such as online booking, agent relationships and reduced costs of product delivery. Lack of time, money or knowhow and specially risk aversion are the barriers in competition, also bureaucracy and political situation acts as outside barriers in innovativeness. Tourism industry is less innovative than other industries and also lack of motivation, knowledge and resources' lead for less innovativeness (Bodil, 2009). According to Iordache et al., (2010), tourism cluster is a geographic concentration of interconnected companies and institutes through tourism activities, as including suppliers, services, government and institutions, education centers and competitors. Further stated that premises in tourism cluster development involve with following basic aspects as; (a) existence of competitive enterprises (b) favorable geographical location, natural potential, culture traditions, gastronomy, sincere hospitality (c) key partners are concentrated in the vicinity (d) greater diversity of partners and (e) existence of formal and informal links between cluster partners . The unique structure of tourism industry, innovation is still lag behind and many consists with small type business, therefore the need of collaboration and knowledge sharing and cooperation is effective for a destination (Plaza et al.,2011). When governments prioritize the tourism sector and making steps for a robust destination-marketing campaign as a whole in tourism, it leads for innovations. But practically destination marketing campaigns made by governments lead to strength the demand side, while supply side in tourism remained as it was. In this scenario, innovation prioritization transfer conventional tourism to a much more strategically sector. That way forward thematic cluster competitiveness, by put forwarding innovation driven strategies specially caters the sector.

4.3 “New Conceptual Model” for Tourism Cluster Competitiveness

The conceptual model bring an integrated approach to measure competitiveness as in tourism, both comparative advantages (related to climate, sceneries, wild life etc.) and competitive advantage related with tourism infrastructure (restaurants, hotels, events and attractions, transport etc.), the quality of management, workers skills and government policies. (Kim and Dwyer, 2003). This model discusses main elements in national and firm competitiveness as recommended by many scholars. (Diamond model by Porter, 1990), Dwyer and Kim (2003), Centinkaya (2009), Omerzel (2006), Main elements of destination competitiveness proposed by tourism researchers (Crouch and Ritchie 1995, 1999), Enright and Newton (2005), Omerzel (2006), Ritchie and Crouch (2010) and Innovation focus within a destination/cluster that leading to competitiveness introduced by the author. (see figure 2).

The integrated model integrating main elements of national and firm competitiveness as well as tourism destination competitiveness proposed by eminent scholars in past, by providing a realistic display on linkages between various factors towards competitiveness as below mentioned framework for tourism macroeconomic environment.

1st factor in the model: Indicating the vital role of resources base in tourism competitiveness, **Core Resources** divided in to two types as **Inherited Resources** such as natural resources and cultural/heritage resources and **Created Resources** such as tourism infrastructure, special events, shopping, and entertainment. *2nd factor in the model:* **Supporting Factors and Resources** include attributes such as general infrastructure, service quality, accessibility to the location, hospitality to tourists. Hence together core resources and supporting factors and resources provide the basic foundations for sustainable tourism industry as well as destination/cluster competitiveness. The **bi-directional arrows** from core resources to supporting factors and resources indicate that the causal relationship of both factors as, the existence of core resources is insufficient to generate visitation, if

it's in the absence of tourism infrastructure as accommodation, transportation, activities and events organized, entertainments and shopping, as thus facilitate visitations. In other terms, those attributes represent "value-added" in terms of overall tourism product by destination management. Thus the foundation consists of both core resources and supporting factors and resources with their causality relationship among competitive advantage. *3rd factor in the model: Destination Management* as can enhance the appeal of core resources, and strengthen the effectiveness and quality of supporting factors resources while best adaptations constraints imposed by situational conditions (Crouch and Ritchie, 1999). As the model here, it combines two sectors of management as undertaken by private sector and public sector/government. These can combine the activities as tourism/hospitality industry associations, funding of destination marketing programmes, industry training programmes, adoption of "green" tourism operations by *private sector*, and developing national tourism strategies, marketing and destination image promotions, national manpower/workforce development, environmental and cultural protection undertaken by *government*. *4th factor in the model: Demand Conditions* comprise 3 main attributes that shape up tourism demand, such as awareness, perception and preference. Awareness could generate by destination management and marketing activities while image influences perception and herein influence visitation. Visitation leads for tourist to match between their tourist preferences on product and service attributes and perceived offerings. *5th factor in the model: Innovation focus* within the particular destination or in a cluster is more cater on two attributes such as product/service differentiations or innovations and tourism experience innovations. Present tourism themed more on "experience hunting" as innovation focus more on experiences such as more towards activities and value-added product-service-experience combined packages will add more value for the cluster. There are *bi-directional arrows* linking both core resources and supporting factors and resources to Demand Conditions, Destination Management and Innovation Focus by reflecting a causal link among each factor.

- The attributes of core resources and supporting factors and resources influence demand for the destination/ cluster, and in other way, demand conditions such as tourist preferences and motives for travel influence types of tourism products and services. As simply, demand causality linked to promote core resources and supporting factors by link both demand with comparative advantages of destination/cluster.
- Attributes of core resources and supporting factors and resources influence destination management to achieve and maintain tourism sustainability both in private sector and government. Also the activities and influences of public and private sector destination management influence the types, variety and extent of tourism products and services, or core resources and supporting factors, as creating causal link between factors.
- The attributes of both core resources and supporting factors and resources have a causal link with innovation focus within cluster/destination, as both factors influence on each other. Core resources and supporting factors and resources influence on innovativeness within cluster by focus on adding value to destination/cluster resources, while on the other way, innovation way forward for new trends on core resources as in created resources specially and supporting factors and resources.
- *6th factor in the model: Situational conditions* are forces in the external environment that relate to economic, social, cultural, demographic, environmental, regulatory, technological and competitive trends and events. Situational conditions include both treats and opportunities from macro-environmental forces. Situational conditions falling within one of two interactive and interrelated aspects in destination/cluster as; (1) operating environment and (2) remote environment. Operating environment includes the institutions within destination/cluster and remote environment consists of forces and events outside the destination/cluster that constraint the strategies, but management has no control over those forces.
- There are **arrows (indirect links)** from situational conditions to each of the factors as resources, destination management, demand conditions and innovation focus, by indicating the indirect influence in macro-economic terms. Hence economic, political, socio-cultural, technological and other activities may influence by situational conditions as they basically acts as forces with both opportunities and threats, while no control imposed within destination or cluster among them. Also the **arrow (direct link)** from situational conditions to destination/cluster competitiveness reflects the direct link between these two factors. As an example, sudden terrorist attack causes for reduce tourism flows immediately as ultimately lead for reduce competitiveness, that may result for number of years. *7th factor in the model: The Destination/Cluster Competitiveness* is the overall outcome of the model, linked with all 6 factors explained by the model, in macro-economic perspective. As in long-run, the competitiveness of

tourism clusters way forward socio-economic prosperity of the tourism destination, while leading for quality and well being of life in its citizens. Hence tourism destination, or cluster competitiveness is a scenario that linked with national economy development, as ultimately lead for achieve development goals imposed as a nation.

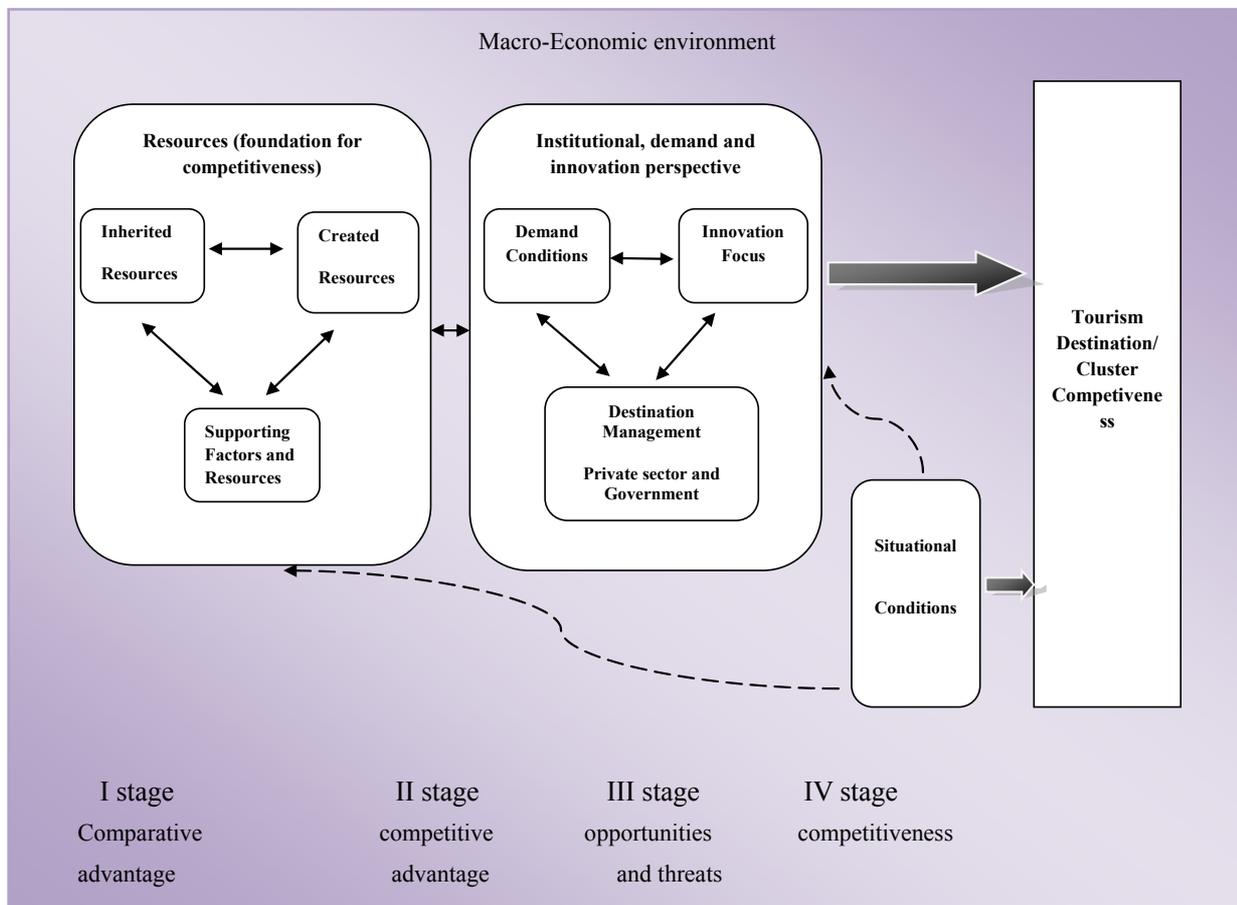


Figure 2. Conceptual model proposed

Model for tourism destination/cluster competitiveness (original model adapted from Kim and Dwyer (2003) and developed further by the author)

5. Conclusion

Competitive advantage in tourism is no longer natural, but increasingly man-made, driven by information technology and innovation, as such it not simply the stock of natural resources that will determine its share in the tourism market, but how they managed and integrated with other competencies to create the competitive advantage to the destination. Hence its worth to questioning “why many destinations in developing countries characterized by an abundance of resources and cost advantages, are not able to create wealth and prosperity in tourism?”, as very limited research based on tourism cluster competitiveness done by taking developing nations. Hence the significance of the paper could be categorized by two main aspects as to;

- Develop new analytical framework to assess cluster competitiveness of the tourism
- Way forward innovative strategies as by uplifting tourism cluster competitiveness

Many scholars given their contribution on tourism destination competitiveness as Crouch and Ritchie (1995, 1999), Alavi and Yasin (2000), Kim and Dwyer (2003), Enright and Newton (2004), Omerzel (2004), Crouch (2007), Omerzel and Mihalic (2008), Cracoloci and Nijkamp (2009), Ritchie and Crouch (2010), Poon (2010). This study will shed more light and a useful tool for further studies on related fields as in environment and Resource Economics, Economic Geography, Business and Marketing, Strategic Management, Public Finance and more over Macro-Economic Forecasting. Therefore the new conceptual model integrating elements in comparative, competitive advantage and innovation focus on clusters, would be fruitful to economists and policy makers in formulating and implement strategies for the sector, clear sign to potential investors as to invest on

which sectors in tourism and decision makers in economy whom engaging in increasing competitiveness of the tourism sector in the economy. Eventually the model developed will enrich the empirical literature on tourism competitiveness and a foundation for many future academic and empirical studies, specially in developing country perspectives.

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