



Sustainable competitive advantage in tourism organizations: A strategic model applying service dominant logic and tourism's defining characteristics



Nigel G. Evans

Teesside University, School of Social Sciences Business and Law, Middlesbrough, TS1 3BA, UK

ARTICLE INFO

Article history:

Received 7 December 2015

Received in revised form 11 December 2015

Accepted 28 December 2015

Keywords:

Strategic management

Service dominant logic

Dynamic capabilities

Sustainable competitive advantage

Tourism characteristics

Resource based view

ABSTRACT

This paper reviews the tourism, services, and strategic management literatures to produce a model, which demonstrates conceptually how sustainable competitive advantage might be achieved in tourism. The model brings together service-dominant logic, the defining characteristics of tourism and emphasizes the rapidly changing environments tourism organizations face by incorporating the dynamic capabilities framework. The defining characteristics of tourism are identified and the implications of these for managerial decision making are considered. The clear implication for managers is that in accordance with the resource based view (RBV) of strategy, the way in which resources are allocated, deployed and combined is critical to achieving commercial success. However, in tourism specifically, this process has to be determined by reference to the services orientation of the industry and in particular the eleven characteristics of tourism that are identified.

© 2016 Elsevier Ltd. All rights reserved.

1. Introduction

Strategic management and tourism are both relatively young fields of study, but both have developed extensive literatures which are brought together in this paper. One of the fundamental questions in the field of strategic management is how firms achieve and sustain competitive advantage (Rumelt, Schendel, & Teece, 1994:43; Teece, Pisano, & Shuen, 1997). Achieving sustainable competitive advantage in tourism specifically requires an understanding of both the services orientation of the business and the particular inherent characteristics of tourism itself. The paper develops a model which conceptualizes how sustainable competitive advantage might be achieved in tourism drawing on the literature from strategic management, tourism and the management of services.

Such an approach is predicated on the premise that achievement of sustainable competitive advantage is likely to vary in different circumstances. Differences between industries and, between individual firms within industries, are likely to impact on how competitive advantage, which is sustained over a period of time, is facilitated. Thus, the way in which it is achieved is likely to be context specific, and the particular characteristics of the industry have to be considered. In this way tourism has a number of defining characteristics which need to be considered in

order to understand how sustainable competitive advantage might be achieved in this specific context.

1.1. Rationale

Tourism is often cited as being an industry that is in some way different from others and consequently requires separate study (e.g., Tribe, 1997; Airey & Johnson, 1999; Airey, Tribe, Benckendorff, & Xiao, 2015). The growth of degree courses around the world over the last thirty years focusing on tourism (and allied fields), are testimony to a recognition of its distinctiveness. However, hitherto an integrated conceptualization of tourism specifically, which takes into account its defining characteristics and leads to the achievement of sustainable competitive advantage, has been lacking from the literature. The gap is addressed by this paper.

Those involved with tourism need to understand not only the actual strategic business changes taking place, but also to have an understanding of the underlying distinguishing characteristics. The most fundamental distinguishing feature is the recognition that tourism products represent service products rather than the provision of physical goods. Whereas physical goods are 'tangible', and can be owned, services are 'intangible' and are done on behalf or for the benefit of customers. A customer does not own an aircraft seat on a flight taken, or a hotel room which is being occupied, but instead makes use of the services offered (Evans, 2015:49). The distinguishing features have implications for managers in their decision making, since each of them represent

E-mail address: n.evans@tees.ac.uk

adjustments that need to be considered for the circumstances that present themselves in tourism specifically.

To differentiate services from physical products is insufficient to provide an understanding of the challenges of tourism, since service products are highly diverse. The categorization of services leads to differing challenges dependent on the type of service being offered. Some of the characteristics of tourism are held in common with many other service products, whilst other characteristics, can be viewed as being unique, or certainly particularly relevant to tourism products (Evans, 2015:41–72).

There has however, been a focus on assessing the distinctiveness of services in general during the early years of the new millennium through a strand in the literature which has become known as ‘service-dominant logic’. Furthermore, though the defining characteristics of tourism have, to varying degrees, been discussed, rarely are they considered together and, frequently the full managerial implications of the characteristics themselves and the inter-actions between them, are absent from the analysis.

Hitherto, there has been no attempt to bring together the relatively recent service-dominant paradigm that has been developed with the defining characteristics of tourism in a coherent strategic management model based on the academic literature. The model that is developed in this paper, as with any model, represents a tool to aid decision making and cannot in itself remove the need for flexibility and the recognition of risks. However, the model can help understanding as to how sustainable competitive advantage might be achieved in tourism by presenting the relevant factors for consideration in a logical and sequential way.

The strategic management academic literature contains two major schools of thought regarding competitive advantage. The competitive positioning view (CPV) associated particularly with the works of Porter (1980, 1985) and the resource based view (RBV) associated with writers such as Wernerfelt (1984) and Barney (1991). It is argued that both approaches have relevance and a ‘hybrid’ approach should be adopted in a valid conceptualization.

1.2. Aim and objectives

This paper aims to: produce a model of how sustainable competitive advantage might be achieved in tourism organizations.

In pursuing this aim, the paper explores the strategic management literature and the literature relating to managing service and tourism organizations. The literature provides a logical and rigorous basis for deriving a model which can be followed by managers to meet specific and localized requirements. The conceptualization provides tourism managers (and other stakeholders) with a valid framework which could be utilized, for example in:

- Training staff about the particular challenges facing tourism organizations;
- Developing a strategy to guide tourism managers in their decision-making in a structured logical manner;
- Providing tourism academics and policy makers with a tool they can utilize in gaining insights into how commercial success might be achievable; and,
- Determining the allocation of scarce resources in tourism organizations in a rational way in both commercial and public sector settings.

2. Methodology and approach

A five stage conceptual model is presented which is predicated on the understanding that in striving for commercial success, tourism managers need to follow a valid strategic approach. They also need to be conversant with the specific characteristics of tourism and the management implications of these characteristics.

The model is derived from a review of three academic literature themes: the strategic management literature, particularly the literature relating to schools of strategic thought and achieving competitive advantage; the literature distinguishing services from other forms of economic activity (since tourism is viewed as a type of service); and, the specific tourism literature relating to strategy and tourism’s distinguishing characteristics. The three themes are linked and in parts overlapping and are brought together in the model’s conceptualization.

The paper is organized as follows: the following section provides a theoretical underpinning for the paper reviewing the strategic management, services and tourism literatures. The subsequent section of the paper discusses sequentially the five stages of the model. The paper concludes with a discussion of the paper’s contribution and an assessment of the implications for tourism managers. Finally the model’s limitations and the potential for further development are discussed.

3. Literature review

3.1. Two schools of strategic management thought

Since competitive advantage is a term associated with the strategic management literature, the validity of a model that attempts to examine competitive advantage in tourism rests on its grounding in this literature. Developing a business model as a tool for analysis is useful in that it gives firms a sense of action. It falls within the realm of managerial choice and informs managerial decision-making (Bell, 2013). A model allows various strategic options to be explored before resource deployment takes place.

Though the concept has been questioned (McGrath, 2013) because of the transient nature of competitive advantage, there is some consensus in the literature that fundamentally sustainable competitive advantage involves achieving superior performance relative to competitors which can be sustained over a protracted period of time. Hill and Jones (2009:77), for example, state that “a company has a competitive advantage over its rivals when its profitability is greater than the average profitability of all companies in its industry”. No competitive advantage will be permanent since firms are able to acquire the skills needed to duplicate the benefits of a firm’s value creating strategy (Lei & Slocum, 2005). Thus, sustained competitive advantage occurs when a firm is able to maintain above average profitability over a number of years. (Hill & Jones, 2009:83).

Strategy can be delineated in different ways, but in particular two major schools of thought have developed as to how competitive advantage might be achieved (Peters, Siller, & Matzler, 2011; Bell, 2013). The competitive positioning view (CPV) associated particularly with the works of Porter (1980); Porter, 1985), can be contrasted with the resource based view (RBV) associated particularly with Wernerfelt, 1984; Rumelt, 1991; Barney, 1991; and Peteraf, 1993.

CPV normally adopts a so-called ‘outside-in’ process by which external analysis of the environment, including the industry in which the firm operates and the markets within which it competes, are analysed before an internal analysis of the organization is carried out. CPV rests upon the theory of industrial economics and the resulting ‘Five Forces’ model (Porter, 1980) suggests that the success of an organization is derived from the interaction of external forces such as the bargaining power of buyers and suppliers (Peters et al., 2011). In this view an organization is successful when it successfully implements a range of strategies required by the external environment (Volberda et al., 2011:18).

By contrast, RBV, which has become the pre-eminent position in strategy research over the last twenty years (Lockett, Thompson, & Morgenstern, 2009), advocates an ‘inside-out’ process. The process starts with an internal analysis which focuses on firms’ ownership of different types of resources and capabilities which enable them to develop differing strategies (Javidan, 1998). Following Barney (1991), competitive advantage is based on the ownership of firm specific

Download English Version:

<https://daneshyari.com/en/article/1013579>

Download Persian Version:

<https://daneshyari.com/article/1013579>

[Daneshyari.com](https://daneshyari.com)