

KNOWLEDGE NETWORKS: EFFECTS ON TOURISM DESTINATION COMPETITIVENESS¹

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ABSTRACT

Tourism market shelves contain composite products and thus requirement for alliances and collaboration between various local actors is very high. We can easily illuminate an argument that in the global tourism market, destinations are those players that compete for more costumers, not individual business operators. In this sense, innovation becomes crucial for building competitiveness, and leads as to understanding of how destinations source, share and use knowledge. Once we utilize the destination as a network of stakeholders (i.e. network system nodes- enterprises, government bodies, destination management organizations, etc.), it becomes clear that destination functions by the movement of information and investment through the network. In itself, this is an innovative notion of a destination because underlines managing knowledge across complex network systems as a crucial to this process. In this paper we are examining the benefits of knowledge network configuration linked to the competitive performance of destinations.

KEY WORDS: tourism destinations, networks, knowledge diffusion, entrepreneurship

BACKGROUND

“Knowledge economy” is a desirable target for many regions and nations. Business milieu can be fostered towards transformation through strengthening the knowledge transfer, influencing cultural variables and

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boosting social interaction. Tourism market shelves contain composite products (Mak, 2003). As such, the requirement for use of alliances and collaboration between various local actors is very high, and focuses on understanding of how businesses and institutions affect the creation and dissemination of information in a destination environment, and the resulting policies. We can illuminate an argument that in the global tourism market, actually, destinations are those players that compete for more costumers, not individual business operators (Ritchie & Crouch, 2011; Camisón, 2020).

In this sense, innovation becomes crucial for building competitiveness, and as such, leads as to understanding of how destinations source, share and use knowledge. One can easily notice that majority of knowledge management literature is concerned with individual organizations, and then concepts are applied to tourism stakeholders (enterprises, government ministries, destination management organizations, etc.) In this paper we are considering knowledge management destination level benefits. The nature of networks, their analysis, metrics and diffusion, helps us to understand the benefits of knowledge management for destination innovation and competitiveness.

DESTINATIONS AS NETWORKS AND PARTNERSHIPS

To date, there are fine examples of knowledge management application in destination networks (Scott, et al., 2008; Emmendoerfer, et al., 2022; Belbaly, et al., 2004; Elvekrok, et al., 2022; Chambers & Rakic, 2015). We can easily find out that knowledge sharing is valuable not just within the organization, but also can be followed through networks and partnerships, to creating “communities of knowledge” and “value-creating society” at the destination level (Cavalheiro&Cavalheiro, 2020).

The company uses own strategies and actions to strengthen its position in relation to the competitors, but, in an internet governed networking society (Raab&Kenis, 2009; Mueller et al., 2007) resources are intangible and dynamic. Thus, relationships, interaction and networks become essential in regard to the marketing at various levels (Payne & Frow, 2017; Christopher et al., 2013). Tourist destination can be viewed as a unified tourist product in relation with other potential destinations for tourists.

Co-operation or rivalry between various elements of the tourist product can influence development or stagnation of a destination (Chim-Miki & Batista-Canino, 2017). Considering destination as a geographical cluster, the

ongoing community social processes affects the behavior of companies in a cluster environment.

Here, social network analysis (Casanueva et al., 2016) can reveal linkages among defined set of persons, the characteristics of those linkages predicting social behavior, and will promote effective collaboration and integration within groups across functional, hierarchical and geographical boundaries (Scott et al., 2008; Chung et al., 2020).

DESTINATION COLLABORATION

Often, tourism researchers highlight the fact that tourist product is dominated by service intensive production. Tourism is highly complex and multi-sectoral industry (Moyle et al., 2017). Tourism environment includes multi-stakeholder scenarios, ethical considerations, environment, social and cultural pressures from all levels of the government (Ngo et al., 2018; George et al., 2007). Spatial proximity of agents is forcing to consider agglomerate product of destination, not their own product only (Gordon & McCann, 2005). This stresses the importance of interplay between competition, collaboration and regulation/institutions, in the context of developing and marketing a tourist destination (Dennis, 2000).

OECD report (Möhring, 2005) shows that destination stakeholders are pooling key resources and processes of collective learning in order to gain competitive advantage for individual participants and for destination as a whole. Strategic interdependence has been established between agents with horizontal/vertical links. This agglomeration requires interaction between entrepreneurs and local institutions, collaboration in various government level activities, and coordination in various policy areas.

Here, we consider stakeholders as organizations that have some role in the tourist destination. With support of stakeholder analysis, we will understand how operators affect the creation and dissemination of information in a destination and resulting policies. In stakeholder theory (Freeman, 2016; Freeman, 2015), the organization is analyzed following its relationships with groups of employees, customers, suppliers, government levels, and participants of the community. Once the group has either the power to affect or has a stake in the business performance, the group qualifies as a stakeholder. Growth of the community activism is directing stakeholder

participative government as a basis for business ethics and strengthens principles of an organization.

KNOWLEDGE TRANSFER AND SOCIAL CAPITAL IN NETWORKS

Organization operates in a locality, affected by social environment and social interactions. As such, organization is embedded in larger networks of interpersonal relationships and social structures. Here, information and knowledge flows are directing general behavior of the destination system. Innovation and economic growth is influenced by these processes on a larger scale, since network structure is enriching efficiency of the destination attempts to share knowledge, impede innovation and foster competitiveness (Shaw & Williams, 2009; Zonooz et al., 2011).

Here, we are concerned with two issues: the acquisition of knowledge within a single stakeholder (business, group, association), and the diffusion of the acquired knowledge within the destination network of groups of stakeholders, based on the similarity of the stakeholders (clustering) or their spatial proximity (Storck & Hill, 2009; Singh, 2005).

Social networks are the main channel for acquisition and diffusion of knowledge towards members of the network. Dense and well-formed social network favors search behavior for new opportunities, sharing experiences, and community development. This intense web of relationships helps in benchmarking and amalgamation of the best practices, improving performance and the profitability of network members. Social network analysis tool can be used to explain network characteristics and to discuss network structure points of improvement. Transmission of knowledge through a network depends mainly of the concentration of node's neighbors in a network graph (revealing the patterns of social relations), local density of links, and the capability of the system to exchange ideas, information and knowledge between elements of the system.

Once socialization and regulations create trust between network members, social capital starts forming as a principal resource. According to researchers (Moscardo et al., 2017; Bhandari & Yasunobu, 2009) the use of social capital results into the "collective benefit" and "individual benefit". As norms, values and institutions are socially constructed among the members of the destination society, networks starts to facilitate collective action for mutual benefit.

Two social capital terms are highlighted by the researchers: “bonding” and “bridging” (Soulard et al., 2018; Kc et al., 2018). Bonding social capital starts growing once destination acts as a dense and multiplex network, with shared trust/values/norms, and very low instrumentality. Bridging social capital forms in large and less instrumental networks, with high level reciprocity, different types of trust, and violation risk. If the member network ties are too tight, then entering a new member in the network could prove to be too difficult. If destination wants to reach real economic development, then needs to access wider market network. Bonding ties will be replaced with bridging ties in order for different social identities to overlap and bond in the wider destination network. As a consequence, improving individual situation of a local competitor can be achieved by improving the collective competitive destination position on the market. The domain of this type of multifunctional horizontal organizational structure is STFs (Small tourism firms), destination marketing, competitor co-operation, and B2B (Business to Business).

Looked from this angle, knowledge transmission/diffusion in a tourism destination is a process in which destination stakeholders (knowledgeable individuals) transfer their knowledge to the other members in a social community network they belong. Efficiency of the network and the stakeholder’s nature (key, primary and secondary stakeholders) will influence destination’s innovative and thus competitive ability. Knowledge diffusion process becomes faster with the existence of a structured network of stakeholder relations, and with presence of high degree of local cohesion. Encouraging local stakeholders to form clusters in which both cooperate and compete raises overall destination competitiveness. Since STFs are very combative, public sector intervenes to initiate cooperative process and facilitate network building, but operation of a network is left to the destination stakeholders.

CLUSTERING TOURISM ENTREPRENEURS AND BUILDING CRITICAL NETWORK COMMUNITY

One of the aims of the EU (European Union) Structural Funding is to stimulate economic growth and job creation through establishing of new types of structures for partnerships and collaboration between businesses, institutions and government bodies (Dellmuth&Stoffel, 2012). Many actors are involved in tourism production, public, private and third parties, with

different aims, goals and motivation. This actors need co-ordination and balance of their autonomous actions, in order to achieve co-operation and competition between firms and institutions, individual-collective intention and action (Soulard et al., 2018). The social context of the destination is characterized by formal and informal rules which run social interaction that takes place through network of partnerships, relationships and alliances. Businesses and local government need to agree on the basic values and modes of behavior to achieve the success in performing the balancing acts.

The new network member comes from different social context and is attached to different social settings. This understanding raises the dilemma how to bond new members into the network, since different prerequisites affect the viability of the network. First, organizational structure defines how the group is working (new member faces the spontaneous or structured way of organization structure). Second, is very difficult for new members to nurture the idea of trust between competitors, and to accept notion that there aren't any hidden agendas in the group actions. Third, cultivating the feelings of sharing common problems among the network participants, and, lastly, historical evidence and written documentation on network business success helps in understanding the benefit of the individual engagement in collective goals.

DISCUSSION

The logic of competition and cooperation is in the very heart of the concept of cluster (Cunha & Cunha, 2005; Zhang, 2008), as a local or a spatially concentrated network. Tourism industry includes complementary businesses that collectively offer the destination product, this composite effort demands local coordination linked to wider products and marketing structures. As per Delgado et al. (Delgado et al., 2010), local advantages, such as knowledge and relationships that distant competitors can't reach, are the building blocks of the competitive advantage in a global market. Furthermore, the niche strategy (availability of specialty products) of a destination requires developing an infrastructure for innovation which results in network of firms that collaborate between themselves, and connect with authorities, businesses, and interest groups. Research findings suggest that networks are critical to the process of tourism firm's creation and development (Tinsley & Lynch, 2001; Van der Zee & Vanneste, 2015) for the following reasons: first, networks serve as a source of learning and information (through mutual interaction and role modelling); second, source of innovation (new

opportunities and ideas creation); third, various resources (physical goods, finance human resources) are made easily available; fourth, maintain and build high levels of entrepreneurial confidence; and lastly, entrepreneurs use networks as a vehicle to promote their actions in the socio-political environment.

CONCLUDING REMARKS

This paper has outlined theoretical approach in examining the nature of networks and their influence on the way destinations use and share knowledge in order to become more innovative and competitive on the tourist market. A tourist destination can be defined as a social arena where different community stakeholders meet and interact with each other in person. This interaction results in creation of mutual social capital which functions as a bridge between goals of a destination as a collective/composite product and the goals of individual business. Once we utilize the destination as a network of stakeholders, it becomes clear that destination functions by the movement of information and investment through the network. In itself, this is an innovative notion of a destination because underlines managing knowledge across complex network systems as a crucial to this process. This suggests an agenda focused on network configuration and metrics linked to the competitive performance of destinations. Therefore, we conclude that both individuals and companies (individual) and institutionalized (collective) efforts are needed for the success of entrepreneur. Focusing on the relations between them and the benefits of an established structured network highlight the inseparability and bring forward the need for individual and collective engagement to destination development.

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