

FACTORS AFFECTING THE COMPETITIVE CAPABILITY OF TOURISM ENTERPRISES IN HO CHI MINH CITY

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ABSTRACT: *Nowadays, Vietnam's tourism has attracted international visitors very strongly. Because Vietnam is a politically and economically stable country, people are friendly and rich in cultural identity. However, it is facing many problems such as incomplete infrastructure, human resources, service quality, technology capacity... This reality requires each tourism enterprise to constantly improve its competitive capability to compete not only domestic but also foreign tourism enterprises. Therefore, the study objective is to find out the determinants affecting the competitive capability of tourism enterprises in Ho Chi Minh City (HCNC). The researcher surveyed 500 tourists using the services of tourism enterprises and answered 23 questions but sample size of 457 tourists processed. The data collected from July 2018 to March 2019 in HCMC. Simple random sampling technique. Cronbach's Alpha and the exploratory factor analysis (EFA) analyzed and used for Structural Equation Modelling (SEM) technique. Finally, the findings of the study have five factors affecting the competitive capability of tourism enterprises with significance level 0.01.*

KEYWORDS: Competitive, capability, tourist, tourism enterprises and UEH.

INTRODUCTION

In the past years, implementing the comprehensive renovation, Vietnam's economy has always maintained a relatively high growth rate. It includes outstanding contributions of the tourism industry. Along with the economic-cultural-social development, Vietnam's tourism has been developing strongly and more contributions to the economy. Besides, tourism development contributes to changing the appearance of urban and rural areas, it is creating more jobs for the population in the society. Moreover, tourism activities have attracted nearly 2 million direct and indirect employees working where tourism development and the life of the community improved. Tourism industry has been contributing significantly to poverty reduction and improvement of people's lives. Determining tourism is one of the important economic sectors of the country, the Government has focused on directing all levels, sectors and the whole society is to promote the country's potentials and strengths to promote and develop tourism.

Besides, tourism industry had good results, the development of Vietnam Tourism still faces difficulties and shortcomings: competitiveness of Vietnam tourism has not improved much compared to other countries in the region. The main reason is that the development resources of the country are still limited, the awareness of the role of tourism is still inadequate, the linkages between ministries, service quality, technology, price of service, marketing... are still lack of close coordination regularly. This create synergy based on comparative advantages. Moreover, the potential of Vietnam tourism is very great, but Vietnam tourism industry is still modest is not really commensurate with the potential of the country. In the context of Vietnam's accession

to the WTO, the ASEAN Economic Community (AEC)... Tourism also faces tremendous opportunities and challenges not only on the development path. Especially requires tourism human resources must have many skills other than professional knowledge.

Moreover, HCMC needs developing tourism fast and sustainably, gradually narrowing the gap with countries with tourism development in the context of deep and comprehensive international integration is an urgent requirement for the tourism industry. Therefore, determining the core elements of competitiveness as a basis for planning tourism development strategies and improving the competitive position of the tourism industry is essential. The article uses research results to HCMC is the base. Above mentioned things, the purpose of this study is to find out the determinants affecting the competitive capability of tourism enterprises in Ho Chi Minh City. This study helps tourism managers who apply the research results for improving the competitive capability better in the future.

LITERATURE REVIEW

The competitive capability (CC)

In the field of tourism, competitive capability is a multidimensional concept, it can be considered from three different levels: country; local and enterprises. Within the scope of the article, the author only mentions destination competitiveness at the local level. Competitiveness is the sum of the characteristics of consumption and the superior value of the product in the market, meaning the superiority of the product compared to competing products of the same type in conditions of excess supply (Rodríguez-Díaz, M. & Espino-Rodríguez, T. F., 2008). The competitiveness depends on the ability to exploit its special abilities to create products with low cost and product differentiation. To improve competitiveness, it is necessary to determine competitive advantages. Competitive advantage of products is understood as the strengths that products can or can mobilize to be competitive (Formica, S. & Uysal, M., 2006).

Service quality (SQ)

Parasuraman, A., Zeithaml, V.A., & Berry, L., (1985) suggested SERVQUAL as a determinants and measuring instrument of service quality. It considered as a good starting point for providing more detail to a description of service quality. They defined “determinants of service quality as a measure of how well the service level delivered matches customer expectations”. They designed SERVQUAL based on studies in America. They described ten determinants of service quality as reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the customers and tangibles. Later, (Parasuraman, A., Berry, L. L., & Zeithaml, V. A., 1988) reduced the ten attributes to five attributes. The model of changed SERVQUAL was reliability, responsiveness, assurance, empathy and tangibles. Today, service quality is considered a vital factor of any service provider in the fierce competition conditions. The higher the service quality is, the better the product is, so the higher the service quality, the more likely it is to attract customers (Zeithaml, Valarie A. , 1987). This affecting the competitive capability of tourism enterprises. Quality of tourism services is a key factor to create prestige and brand for tourism enterprise in particular and tourism industry in general. But the service quality of the tourism

industry in Vietnam in the past has not met the requirements of tourists. This affecting the competitive capability of tourism enterprises (Zhang, H., Gu, C., Gu, L. & Zhang, Y, 2011).

Hypothesis H1: Service quality has a positive impact on the competitive capability of tourism enterprises in Ho Chi Minh City.

Human resources (HR)

Over the past time, Vietnam has the orientation on training and development in high quality of tourism human resources mentioned and presented in guidelines and policies, concretized in the Strategy and Regulations. Tourism development planning and tourism human resource development planning have been issued. Recently, instead of using "high quality of tourism human resources" are mentioned, discussed more, expressing social and practical industry the mind and the need to be more specific, more clearly moving towards quantification, assessing the "high quality" element of tourism human resources (Li, H. & Huang, L, 2010). Tourism is an area heavily influenced by the context of international integration in the region and the world. Besides, the development of tourism human resources meets the requirements of integration, increasing the competitiveness for the industry concerned (Zhang, J. & Jensen, C, 2007). This affecting the competitive capability of tourism enterprises.

Hypothesis H2: Human resources has a positive impact on the competitive capability of tourism enterprises in Ho Chi Minh City.

Information technology (IT)

Information Technology (IT) is a term that includes software, internet networks, computer systems used for data distribution and processing, exchange, storage and use of information. In a more understandable way, Information technology is the use of modern technology to create, process, transmit information, store and exploit information. Besides, tourism is one of the first industries to make full use of information technology (IT) applications, IT transformations have become an essential part of the tourism industry development and significantly contributed to the success of the industry (Mangion, M., Cooper, C., Cortés-Jimenez I. & Durbarry, R, 2012). Finally, IT applications bring many benefits for tourism economic development is undeniable, especially in management. It brings many specific benefits: low distribution costs; low communication costs; low labor costs; reduce waste; support for flexible pricing... This affecting the competitive capability of tourism enterprises.

Hypothesis H3: Information technology has a positive impact on the competitive capability of tourism enterprises in Ho Chi Minh City.

Marketing activities (MA)

Marketing trends for the tourism industry during the 4.0 revolution. During the period of industrial revolution 4.0, tourism enterprises themselves faced many challenges in choosing effective marketing strategies. In Vietnam, according to statistics from 2015-2018, tourism revenue on the basis of mobile applications has increased by 68.1%. That means smart tourism is becoming a trend, requiring tourism enterprises that want to develop to focus on Digital marketing channels. Besides, the tourism enterprises seem to be catching up very quickly and gradually shifting themselves in the competition for this market. In addition, tourism enterprises are creating good

products, the direction of service marketing hits the potential customer group that is being paid attention by tourism companies (Medina-Muñoz, D., Medina-Muñoz, R. & Chim-Miki, A, 2013). This affecting the competitive capability of tourism enterprises.

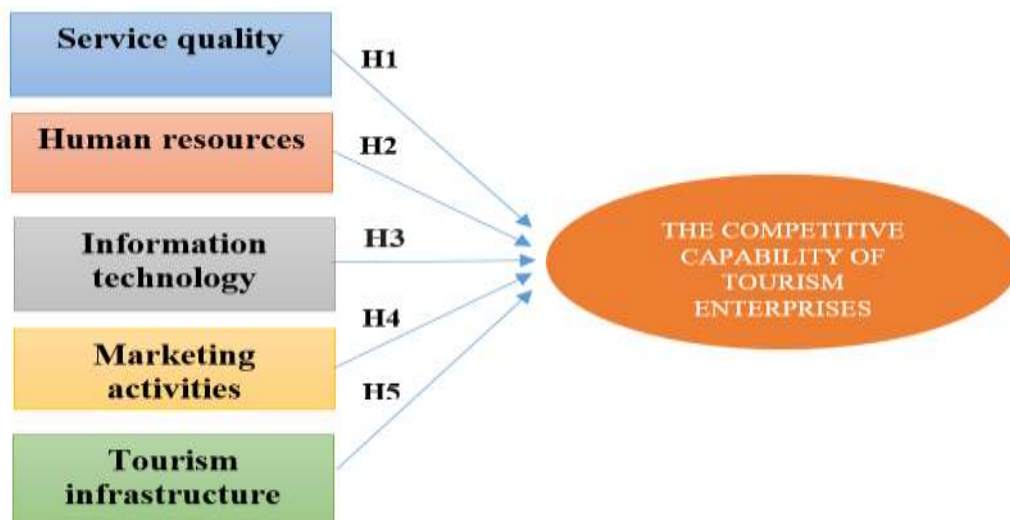
Hypothesis H4: Marketing activities has a positive impact on the competitive capability of tourism enterprises in Ho Chi Minh City.

Tourism infrastructure (TI)

In the past two years, the tourism infrastructure of the country in general has been developed with the emergence of many great works to serve tourists such as Tan Son Nhat Airport, Van Don International Airport, Ha Long Tourist Cruise Port... But the actual demand does not need, when the tourist season comes, the familiar images recur: aviation overload, crowded roads, waterways and seaports to serve tourists seriously deficient... According to the general assessment, foreign tourists come to Vietnam mainly by air, then seaports; while domestic tourists travel on a seasonal basis, especially in the summer or holidays (Rebollo, J. F. V. & Baidal, J. A. I, 2003). At these times, tourists have to book tickets for the whole month, many airlines say they cannot increase their flights. Besides, Tourism is associated with moving people on a certain scale. This depends closely on transportation. An object may be attractive to tourism but still cannot be exploited without transportation (Miličević, K., Mihalič, T., & Sever, I, 2016). Through convenient transportation network, fast travel becomes a popular phenomenon in society. This affecting the competitive capability of tourism enterprises.

Hypothesis H5: Tourism infrastructure has a positive impact on the competitive capability of tourism enterprises in Ho Chi Minh City.

Research model for factors affecting the competitive capability of tourism enterprises in Ho Chi Minh City following:



(Source: Researcher proposed)

Figure 1: Research model for factors affecting the competitive capability of tourism enterprises in Ho Chi Minh City

METHODS OF RESEARCH

In this study, it is in order to collect information for research topic, the author uses data secondary and primary data. Secondary data: the researcher collects the criteria used to study the competitiveness of tourism enterprises in Ho Chi Minh City, the author has synthesized secondary data sources from documents, books, magazines, website pages, data from statistical agencies, excess benefit from research projects related to the topic, annual reports... Primary data: Information and data collected through surveys and consultations with tourism experts and tourist opinions (Hair, B. B., & Anderson, 2010). In addition, the paper used many different research methods. The researcher applied both qualitative and quantitative. Quantitative method examines numerical data and often requires the use of statistical tools to analyze data collected. This allows for the measurement of variables and relationships between them can then be established. This type of data can be represented using graphs and tables. Qualitative data is non-numerical and focuses on establishing patterns. Mixed methods are composed of both qualitative and quantitative research methods. Mixed methods allow for explanation of unexpected results. Through the article, the researcher has the research process for factors affecting the competitive capability of tourism enterprises in Ho Chi Minh City that having three phases following (Hair, B. B., & Anderson, 2010).

Phase 1: Preliminary research is carried out by available theoretical research methods and through in-depth interview techniques to explore, correct and develop key elements and components of tourist destination competitiveness. The study has interviewed 20 experienced experts in strategic management and tourism service management. Besides, the researcher applied the expert methodology and based on 10 tourists' consultation as group discussions are to improve the scale and design of the questionnaire. The results of surveying 20 tourism experts and 10 tourists who showed that factors affecting the competitive capability of tourism enterprises in Ho Chi Minh City. The researcher created a list of possible factors gathered from the literature reviews as mentioned in the above studies.

Phase 2: The researcher tested a reliability scale with Cronbach's Alpha coefficient and exploratory factor analysis. Completed questionnaires were directly collected from the surveyed tourists related to the competitive capability of tourism enterprises in Ho Chi Minh City because it took them less than 20 minutes to finish the survey. There are 500 tourists to survey among more than 7 million tourists represented and answered 23 questions but sample size of 457 tourists processed (43 samples lack of information). The primary sources of data collected from July 2018 to March 2019 in Ho Chi Minh City. The researcher surveyed by hard copy distributed. All data collected from the questionnaire are coded, processed by SPSS 20.0 and Amos. Any observational variables with a total correlation coefficient greater than 0.3 and Cronbach's Alpha coefficient greater than 0.7 would ensure reliability of the scale. This method is based on the Eigenvalue, the appropriate factorial analysis and the observed variables in the whole which are correlated when Average Variance Extracted is $> 50\%$, the KMO coefficient is within 0.5 to 1, Sig coefficient $\leq 5\%$, the loading factors of all observed variables are > 0.5 . In addition, the researcher testing scale reliability with Cronbach's alpha coefficient and exploratory factor analyses (EFA) were performed. (Hair, Anderson, Tatham, & Black, 1998).

Phase 3: The researcher had confirmatory factor analysis (CFA) and model testing with Structural Equation Modelling (SEM) analysis. The purpose of CFA helps to clarify: (1) Unilaterality, (2) Reliability of scale, (3) Convergence value, and (4) Difference value. A research model is considered relevant to market data if Chi-square testing is $P\text{-value} > 5\%$; $CMIN / df \leq 2$, some cases $CMIN/df$ may be ≤ 3 or < 5 ; $GFI, TLI, CFI \geq 0.9$. However, according to recent researchers' opinion, GFI is still acceptable when it is greater than 0.8; $RMSEA \leq 0.08$. Apart from the above criteria, the test results must also ensure the synthetic reliability > 0.6 ; Average Variance Extracted must be greater than 0.5 (Hair, B. B., & Anderson, 2010).

RESEARCH RESULTS

Table 1: Cronbach's alpha for factors affecting the competitive capability of tourism enterprises in Ho Chi Minh City

Service quality (SQ)	Cronbach's Alpha
SQ1: Tourism enterprises understand and create good relationships with tourists	0.862
SQ2: Tourism enterprises have commitment to supply service quality for tourists	
SQ3: Staffs solve the problem of tourists' complaints quickly as soon as possible	
SQ4: Tourism enterprises are always interested in tourist satisfaction and to meet their needs	
Human resources (HR)	Cronbach's Alpha
HR1: Human Resource planning is sufficient to meet needs for the tourism	0.943
HR2: Human Resource quality is the task of business priorities of tourism enterprises to improve the competitive capability	
HR3: Capacity of forecasting labor demand and supply is good for tourism	
HR4: Staffs' skills such as English, majors, behavior, knowledge that affecting the competitive capability of tourism enterprises in Ho Chi Minh City	
Information technology (IT)	Cronbach's Alpha
IT1: The network supports communication and facilitates the connection between individual organizations that affecting the competitive capability	0.943
IT2: IT Applications are available in the travel industry, supporting both national and internal functions that affecting the competitive capability	
IT3: Enterprises use IT to address the individual needs and desires of consumers	
IT4: Information technology systems are very convenient for customers to identify and buy products and services	
Marketing activities (MA)	Cronbach's Alpha
MA1: The price policies of service affecting the competitive capability of tourism enterprises in Ho Chi Minh City	0.949
MA2: The promotion policies affecting the competitive capability of tourism enterprises in Ho Chi Minh City	
MA3: The distribution channels of service affecting the competitive capability of tourism enterprises in Ho Chi Minh City	
MA4: The advertisement affecting the competitive capability of tourism enterprises in Ho Chi Minh City	
Tourism infrastructure (TI)	Cronbach's Alpha
TI1: The infrastructure services of electricity, water, the phone service and internet infrastructure that affecting the competitive capability	0.895
TI2: The ability of the service is to meet ports, bridges and airports that affecting the competitive capability	
TI3: Policies such as credit, finance, Commerce and Science & technology that affecting the competitive capability	
The competitive capability (CC)	Cronbach's Alpha
CC1: Service quality affecting the competitive capability of tourism enterprises in Ho Chi Minh City	0.860
CC2: Human resources affecting the competitive capability of tourism enterprises in Ho Chi Minh City	
CC3: Information technology affecting the competitive capability of tourism enterprises in Ho Chi Minh City	
CC4: Marketing activities and infrastructure affecting the competitive capability of tourism enterprises in Ho Chi Minh City	

(Source: The researcher's collecting data and SPSS 20.0)

Table 1 showed that all of 23 variables surveyed Corrected Item-Total Correlation greater than 0.3 and Cronbach's Alpha if Item deleted greater than 0.7. Table 1 showed that Cronbach's Alpha for Service quality (SQ) is 0.862; Cronbach's Alpha for Human resources (HR) is 0.943; Cronbach's

Alpha for Information technology (IT) is 0.943; Cronbach's Alpha for Marketing activities (MA) is 0.949; Cronbach's Alpha for Tourism infrastructure (TI) is 0.895 and Cronbach's Alpha for the competitive capability (CC) is 0.860. This showed that all of Cronbach's Alpha are very reliability. Such observations make it eligible for the survey variables after testing scale. This data was suitable and reliability for researching.

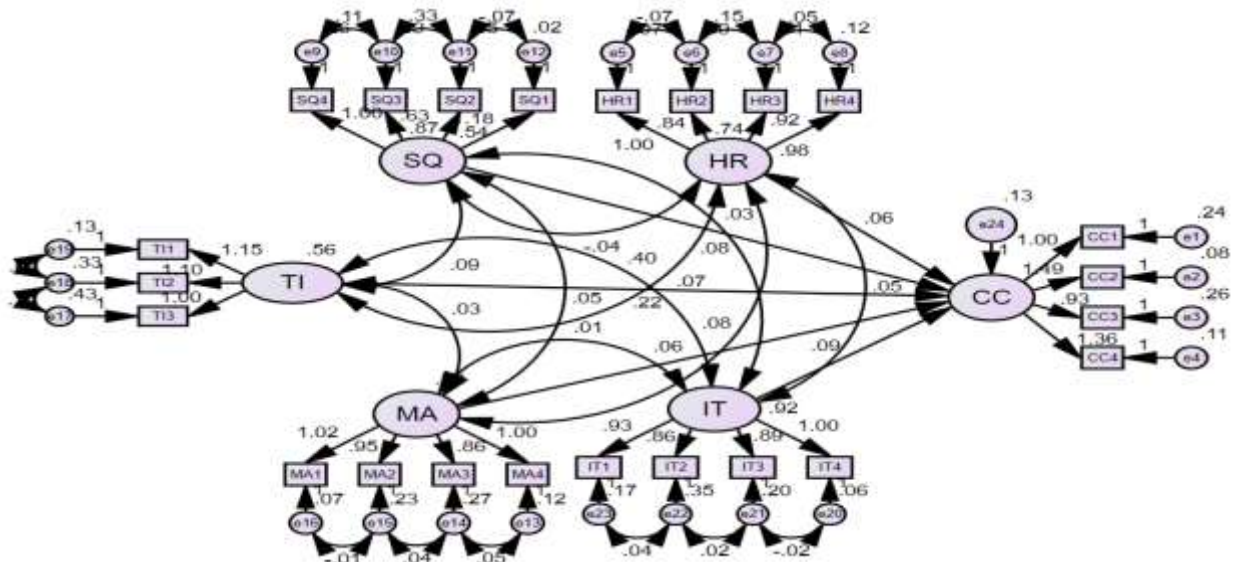
Table 2: Coefficients from the structural equation modelling (SEM)

Relationships	Coefficient	Standardized Coefficient	S.E	C.R.	P	Conclusion
CC <--- HR	.060	.133	.021	2.892	.004	H2: Supported
CC <--- SQ	.078	.128	.026	2.955	.003	H1: Supported
CC <--- TI	.219	.368	.037	5.916	***	H5: Supported
CC <--- IT	.094	.204	.026	3.686	***	H3: Supported
CC <--- MA	.060	.122	.021	2.824	.005	H4: Supported

Note: *** Significant at 1 percent (All t-tests are one-tailed)

(Source: The researcher's collecting data and SPSS 20.0, Amos)

Table 2 showed that column "P" < 0.01 with significance level 0.01 and column "Conclusion" H1: supported; H2: supported; H3: supported; H4: supported and H5: supported. This showed that five factors affecting the competitive capability of tourism enterprises in Ho Chi Minh City with significance level 0.01.



(Source: The researcher' collecting data, SPSS 20.0 and Amos)

Figure 2: The structural model showing the structural linkage between HR, SQ, TI, MA, IT and

Chi-square = 481.055; df = 201; p = 0.000; Chi-square/df = 2.393; GFI = 0.916; TLI = 0.962; CFI = 0.970; RMSEA = 0.055.

CC

CONCLUSIONS AND MANAGERIAL IMPLICATIONS

Conclusions

The tourism industry will become one of the three key economic sectors of Ho Chi Minh City with annual revenue growth of 15-16 percent and by 2020 it will reach 11 percent of the city's GDP structure. Besides, research result showed that the researcher surveyed 500 tourists using the services of tourism enterprises and answered 23 questions but sample size of 457 tourists processed. The data collected from July 2018 to March 2019 in HCMC. Simple random sampling technique. Cronbach's Alpha and the exploratory factor analysis (EFA) analyzed and used for Structural Equation Modelling (SEM) technique. Tourists' responses measured through an adapted questionnaire on a 5-point Likert scale such as conventions: 1: Completely disagree, 2: Disagree, 3: Normal; 4: Agree; 5: completely agree. Finally, the findings of the study have five factors affecting the competitive capability of tourism enterprises with significance level 0.01.

Standardized coefficient of tourism infrastructure (TI) is 0.368; Standardized coefficient of information technology (IT) is 0.204; Standardized coefficient of human resources (HR) is 0.133; Standardized coefficient of service quality (SQ) is 0.128; Standardized coefficient of marketing activities (MA) is 0.122. The researcher had managerial implications for tourism policymaker of Vietnam continued to improve the competitive capability following.

Managerial implications

Enhancing the competitiveness of HCMC tourism in the integration period. The researcher had managerial implications for tourism policymaker of HCMC continued to improve the competitive capability following. (1) Standardized coefficient of tourism infrastructure (TI) is 0.368. Tourism is a general industry, tourism quality and tourism services depend on: building transport infrastructure; transport services; natural environment; the social environment; community consciousness; quality of human resources and tourism technical facilities. Tourism enterprises need to promote tourism development in the coming time, it is necessary to expand the tourism market to avoid dependence on a market, to promote the image of the country, people and Vietnamese cultural history. (2) Standardized coefficient of information technology (IT) is 0.204. Tourism enterprises should be application of IT in the tourism industry to enhance competitiveness is an indispensable requirement set in the process of development and international economic integration of Vietnam. Along with the development of the tourism industry, the contribution of the IT industry in this area in the future, it will not become more and more profound and meaningful, leading to successful competition. IT influences the strategic management and marketing of modern organizations, as a paradigm shift that can transform "best" business practices around the globe. IT transforms the strategic position of organizations by changing efficiency, differences, operating costs and response times. (3) Standardized coefficient of human resources (HR) is 0.133. Human resources play a very important role, directly impacting the business performance of enterprises and the development of HCMC tourism industry. Tourism enterprises are depending heavily on their employees. Therefore, along with the increase in the number of visitors and facilities, the tourism industry has been focusing on improving the quality of human resources, is one of the goals for HCMC tourism towards sustainable development. (4) Standardized coefficient of service quality (SQ) is 0.128. The tourism industry should focus on improving the quality of tourism products, service quality. This is to encourage investment in

upgrading and further developing the infrastructure and technical facilities in service of tourism. Tourism enterprises focus on developing specific tourism potentials of HCMC on the basis of exploiting the potential of cultural tourism, ecotourism and island tourism. At the same time, tourism enterprises continue building and developing high-class tourism products, encouraging and creating conditions to invest in building high-class, comfortable, modern and synchronous resorts. Besides, it is necessary to improve the quality of tourism training and development, improving the professionalism in tourism activities. HCMC must be timely solutions such as: Having a visa policy to facilitate tourism development; Increasing resources for promoting, supporting tourism development; Ensure a safe and secure environment for tourists; tourism product development, quality control of tourism services and having good policies and related to tourism. Tourism enterprises have tourism development strategies in areas such as quality of Vietnam tourism brand development, marketing strategy planning; implementation of planning and development investment associated with the programs and projects on tourism development. Besides, HCMC tourism industry needs cooperation in connecting with all levels of branches, local authorities to take a drastic and strong synchronization to improve the quality of the tourism environment. (5) Standardized coefficient of marketing activities (MA) is 0.122. Tourism enterprises focus on developing some specific tourist areas. Tourism enterprises continue promoting the role of enterprises and localities in promotion with other countries. Tourism enterprises must have professional staff on tourism. Vietnam should mechanisms and policies for the tourism development in the coming time such as taxes, land rent, tourism Law, and other policies. Tourism enterprises should be noted: promoting and creating good images, implementing wide planning, increase the quantity and quality of products/services, improve the quality of human resources. All of things must ensure the motto of HCMC tourism: Safe, security, friendly and quality.

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