Analysis of Tourist Cluster in Mazandaran Using SWOT Approach

Hassanali Aghajani
Associate Professor, Mazandaran University
Email: Aghajani@umz.ac.ir
Kazem Ravanestan
PhD Student of Industrial Management, Production and
Operation Branch, Mazandaran University
Email: k.ravansetan@yahoo.com

Abstract

Clusters are geographically close groups of related companies or institutions related to a certain area which are inherently more efficient than the other companies due to advantages such as being located in one place, networks, external knowledge, variability of human capital, etc. Today, development through clusters plays a pivotal role in the economic and industrial policies of developed countries. Geographic concentration can potentially help small companies overcome limitations related to the size and improve technology development and abilities to compete in local and global markets. Therefore, the present study analyzes the tourism cluster in Mazandaran identifying its strengths, weaknesses, opportunities and threats. Then, after mapping Pareto diagrams for each of the examined fields, the most important factors affecting the clusters have been identified and presented in the SWOT matrix. Finally, based on the findings appropriate strategies have been suggested for the development of tourist industry in Mazandaran.

Introduction

Economic development through industrial clusters is one of the strategies of economic development, which has gained much attention in the recent years. During 1990s, the rapid growth of the literature of industrial clusters led to the establishment of strong connections with other fields such as business management and economic, cultural, and social policies (Valizadeh, 2007). Tourist cluster is one of the business clusters, which has recently attracted a lot of research attention. The product of the tourist industry is any product or service, which can fulfill the needs or demands of the customers and, therefore, can be a single component or a combination of components including physical goods, services, experiences, events, individuals, places, properties, organizations, information, and ideas. In tourist industry management, maximizing the satisfaction of the trip is crucial for business success (Sukiman et al., 2013).

Clusters or the geographic concentration of companies and subsidiaries involved in the same region can bring various benefits for small companies. The tourism cluster is an instrument for promoting the regional economic development and plays a leading role in economic development (Dhewanto et al., 2012).

The present study first reviews the literature of business clusters. Then, it examines the tourist cluster of Mazandaran province using SWOT approach. Finally, the results and the findings of the study are reported.

Literature Review

Tendency towards industrial clustering was a turning point in industry and technology programs of most countries at the end of the twentieth century. The possibility of exploiting the efficiencies of scale and aggregation and those of joint action has created conditions for competitive advantage and success in economic growth and export development in the international space. In general, sectoral and geographic concentration of firms has led to external savings. The presence of clusters, also, attracts brokers from distant markets and helps the emergence of specialized services in technical, financial, and administrative fields (Humphrey & Schmitz, 1998). Empirical findings from various studies suggest the clusters improve performance, innovation, and competitiveness (Sarvan et al., 2011). Clusters create competitive advantages and economic benefits for the involved companies and, in some cases, enable small companies to overcome their unsuitable conditions regarding their relatively low operational scale (Albu, 1997). Competition in a particular region motivates imitation and transfer of the most successful development methods. Therefore, innovative activities are promoted that, eventually, help firms that are more successful and stronger to have more power of choice in regard with collaboration with other firms (Porter, 1998). Companies in a cluster are inherently more efficient than other companies due to the advantages of aggregation such as networks, external knowledge, variability of human capital, etc. (Madsen et al., 2002). In other words, an industrial cluster is a group of commercial and non-commercial firms, concentrated in one geographic location and in one economic region, which establish vertical and horizontal connections with each other to produce one

or several similar or related final products or obtain external economic benefits, and which perform joint actions in many cases while being in competition. The internal relations of these firms reduce costs and facilitate access to inputs, production knowledge and technology, sales markets, and fulfilling customer needs.

Companies in a cluster tend to specialize in performing certain processes or stages in production and distribution channels (Albu, 1997). Not very long ago, industrial clusters were merely defined by the economic benefits resulted from geographic proximity. Today, however, a relatively different approach has been shaped which views the concept of cluster as a factor in creating competitive advantage (Porter, 1998). In this view, the power of a cluster depends on a series of interactive factors such as corporate strategy, input environment and conditions, demand environment and conditions, dependent and support industries, governmental policies and financial incentives, etc. Therefore, clusters are important, as the geographic concentration can help small companies overcome the limitations related to the size, contribute to technology development, and enhance their abilities to compete in local and global markets. Geographic proximity also provides opportunities for local companies through local institutions. Clusters are dynamic, lead to enhanced human capital, improved technological capacities for companies, and increase the capabilities of the workers and small producers. They can create important benefits providing employment and income for the poor (Nadvi & Barrientos, 2004). Porter (1990), who focuses on a local competitive environment among companies in similar

industries as an important source of improvement for a very innovative and competitive cluster at the global market level, found out that clusters often include most local companies, which are in fierce competition among similar industries. Companies in a cluster produce and supply a group of related products and supplements. Such concentration leads to the establishment of related businesses and helps the emergence of specialized services in technical, administrative, and financial fields (Irannezhad & Razavi, 2002). Clusters are homogeneous sets of industries in a geographic region, which are formed because of certain advantages and social capitals such as technologies and skills with economic goals (Majidi, 2002). In other words, a cluster is a set of specialized companies, organizations, and institutions operative in an industrial field, which are capable of synergistic capabilities through concentrated network relations (Afkhami & Razavi, 2004). Porter (1998) defines a cluster as the geographic concentration of related companies including suppliers, service providers, and companies in related industries and related institutions in certain fields, which collaborate with each other while also having competition. The cluster approach seeks to use knowledge and establish constructive more efficiently interactions among various sections in a cluster. Cluster policies are designed in a way to strengthen the competition based on differentiation and specialization rather than on imitation and cost reduction (Jackson, 2006).

Competitive industries potentially tend to cluster in economy based on common data, skills, and infrastructures (Delangizan, 2007). In clusters, networking

and clustering processes help the competitiveness and growth of the related companies (Basand, 2002). In a general sense, cluster analyses can be viewed as a set of activities, which bring theories from the fields of geography, management, social sciences, and economics at the service of regional economic growth. Cluster analyses can contribute significantly to the analysis of the growth of wealth in the region's economy and provides an opportunity for establishing the infrastructure for more efficient policy-making by proposing and developing effective intellectual meanings about inter-sectoral and intra-sectoral dependencies and creating a unique picture of the region's economy.

Tourist Cluster in Mazanaran Province
Tourism is one of the most dynamic and fastest-growing industries in the world and is recognized as an important economic development tool, which creates income

and jobs for the economy of nations. This industry is fragile and vulnerable against external fluctuations (Wickramasinghe& Takano, 2009). Moving and traveling to visit the unknown, different places, and fascinating sights of nature are inherent to humans. There have always been groups of people who were willing to suffer all the pain of traveling to visit other countries and meet various human communities and societies, visiting attractive places and the alluring nature, and trade various commodities. Despite all the threats against their lives and properties, they set forth to travel to near and far places. Tourism is ranked first in foreign exchange income of countries throughout the world. The economic effect of tourism on each region is an issue that must be studied and evaluated by economists and geographers. Development of tourist areas and the attractions created in those areas have significant effects on the population settlement, transportation, and spacing.

Figure 1. Map of Mazandaran.

Iran is ready for tourism industry in every aspect with its ancient and enduring culture consisting of historical and natural attractions. Among the provinces, Mazandaran has special advantages to attract tourists at national and global levels, which can be used to promote economic prosperity of the region or even the country. Currently, however, because of the lack of preparations, these opportunities are not used. Therefore, fundamental, long-term, and sustainable planning of tourism development is the prerequisite for such economic prosperity. In Mazandaran, tourism has always been the main source of income for the locals of the region. With a 220 km coastal road extending from Ramsar to Babolsar at a distance of 10 to 300 meters away from the sea, Mazandaran provides the best opportunity for the leisure of the tourists. With 12 forest parks, nine national and wild parks, 12 major waterfalls, 10 lakes, dozens of large and small rivers, four wetlands, 330 registered historic places, important highland areas, such as Javaherdeh, Dohezar, Kelardasht, Kojour, Lavij, Larijan, Savadkooh, Dodangeh, Hezarjarib, and famous mineral hot water springs of Ramsar, Lavij, Larijan, and Gholabon, Mazandaran is among one of the best tourist spots in the country. Besides, more than 12 million domestic and around 80 thousand foreign tourists visit this province annually. Moreover, due to the continuous pattern of tourist attractions in the province, presence of tourists is almost equally distributed throughout the whole province so that the broader eventual congestion is placed in areas where other attractions and facilities are located. Thus, based on the aforementioned facts and the serious

attention to the issue of tourism and the development of railways and tourism facilities and the construction of coastal motorways and other main and minor roads, the tourism industry of this province can be active throughout the four seasons. It is obvious that tourism development in Mazandaran must be taken into account along with the development of relevant production, service, and infrastructural activities.

Methodology

In the present study, first, the existing resources and documents, including official reports from relevant organizations, have been used to collect the data. Parameters of tourist sites and attractions, facilities, tourism infrastructure and planning, education, and advertisement have been identified as the factors directly affecting the tourist cluster in Mazandaran. Then, an interview with experts and specialists of the tourism industry was conducted. The interview helped to identify the strengths, weaknesses, opportunities and threats of the tourist cluster in Mazandaran. Based on the various ratings of the experts and specialists, four Pareto diagrams have been drawn for strengths, weaknesses, opportunities, and threats of the tourist cluster in the province and around 75% of the highest-rated factors have been identified and shown in the SWOT matrix.

Data Analysis

Based on the recent developments, the organizations that have clear view of what they should do and that have capable management and organizational system, are expected to succeed in the future. Paths of progress appear and disappear for many

Table 1. Strengths, weaknesses, opportunities, and threats of the tourist cluster in Mazandaran.

	Current state		Future state	
	Strength	**Weakness**	**Opportunity**	**Threat**
Tourist sites and attractions	1. A 220 km coastal road 12 forest parks, nine national and wild parks, 12 major waterfalls, 10 lakes, dozens of rivers, four wetlands, 330 registered historic places, one-of-a-kind highlands, and mineral hot water 2. Proximity to the capital	1. Incorrect and unprincipled use of these attractions and their distruction	1. The presence of foreign tourists due to the unique features of the province in terms of tourism 2. Significant and desired effects on the economy of the region	1. The destruction of the natural environment in some of these tourist sites 2. Seasonal environmental disadvantages
Tourism facilities and infrastructures	1. More than 1500 rental villas in the province's cluster 2. Several good hotels in the province 3. Three connecting roads including Haraz, Firoozkooh, and Chalus 4. Rail and air transportation 5. Basic amenities in some of the aforementioned tourist sites such as forest parks and hot springs	1. Lack of accommodations compared to the growing number of tourists 2. High accommodation costs 3. Lack of fixed tariff rates for services 4. Lack of proper quality standards for providing services 5. Low qualitative and quantitative levels of basic amenities in the aforementioned places such as beaches, historic sites, parks 6. Transportation problems and lack of it compared to the growing number of tourists	1. The support of provincial and state authorities in tourism and its important role in the economic development of the region	1. Indiscriminate construction 2. The rising cost of land acquisition and construction 3. The presence of tourists as the owners of tourist sites in the province

	1. The authorities' attention to the need of this industry for systematic and principled planning	1. Lack of educational institutions to teach the methods for provision of welfare services 2. Lack of an institution to provide quality standards 3. Lack of specified rules and tariffs for services 4. Poor advertisement 5. Lack of tours and their role in introducing the attractions of the province 6. Lack of systematic planning to support tourism industry and attract foreign tourists	1. Lack of public awareness in treating the tourists 2. Reluctance of tourists to stay in the province due to the mentioned weaknesses 3. Low governmental financial support 4. High bank interests
Planning, education, and advertisement			

companies based on the quality of strategic thinking. Strategic thinking implies the ability to observe the future and understand the dynamics of the environment and the effective presence of the organization or unit in order to maintain success through time (Rezaeian, 2008). The complexity of the process of reviving tourism necessitates a systematic analysis on domestic and foreign factors. Various decision support tools have been proposed in the literature in strategic planning of tourism revival, which are mostly done intuitively in accordance with the circumstances. The success of intuitive decisions or decision patterns for previous projects does not necessarily guarantee the best output. Therefore, a systematic and analytic strategic decision-making tool is essential for the tourism industry (Wickramasinghe & Takano, 2009).

The analysis of strengths, weaknesses, opportunities, and threats (SWOT) is a commonly used tool to examine the internal strengths and weaknesses of a production or service industry while also focusing on the external opportunities and threats. In general, SWOT is a list of situations or factors with descriptions of their current and future trends of the internal and external environment.

Strategy formulation using the SWOT matrix: Weihrich (1982) proposed the SWOT matrix as the first step in the development of strategies. The SWOT matrix is a tool for developing strategies based on the logical combination of factors related to the internal strengths and weaknesses or factors related to environmental opportunities and threats. This matrix conceptually identifies four different strategic groups: the SO strategy

makes use of the internal strengths to benefit from the opportunities (the ideal state); the goal of WO strategies is to reduce the internal weaknesses using the merits of the external opportunities; ST strategies include using strengths in order to reduce the effects of external threats; and finally, WT strategies are defensive tactics in order to reduce internal weaknesses and external threats (Wickramasinghe& Takano, 2009).

Table 1 presents the matrix of strengths, weaknesses, opportunities, and threats for the tourist cluster in Mazandaran. In this matrix, tourist sites and attractions, facilities, tourism infrastructure and planning, education, and advertisement have been selected as the factors directly affecting the tourist cluster in the province. From the combination of strengths and the threats, strategies are identified which can turn environmental threats to opportunities. From the combination of weaknesses and the opportunities, the weaknesses can gradually turn to strengths. Based on the SWOT analysis the following strategies are proposed for tourism development through cluster in Mazandaran:

1. Strategies for increasing productivity and optimizing the use of tourist attractions and potentials
- Formulating a systematic plan in order to best organize the more efficient use of tourism potentials and several attractions of the province;
- Encouraging the private sector to invest in the area with the continuous monitoring of relevant institutions;
- Identifying and preserving the province's attractions and preventing

the destruction and waste of potentials and environmental impact;
- Cooperation and collaboration of public and private institutions in order to attract tourists.

2. Strategies for improving quality through the standardization of services
- Organizing numerous training programs for the staff and management of accommodations and services in order to provide the best services;
- Establishing standards for service units in the methods of providing services;
- Improving and expanding the possibilities in tourism centers of the province while maintaining the quality;
- Financial support from units to develop facilities and improve their quality.

3. Strategies for attracting tourists
- Using extensive media advertisement to introduce tourism features and attractions of the province;
- Improving transportation facilities and equipment, roads, railways, airlines and cooperation and coordination among the relevant organizations;
- Stabilizing prices and tariffs for service units;
- Using tours and tourist festivals;
- Improving service and tourism centers qualitatively and quantitatively.

Having identified the development strategies of the tourist cluster, the goals related to the cluster development as well as the components and amounts of the goal, are presented in Table 2 along with the methods of how to achieve and monitor these goals.

Table 2. The goals of the tourist cluster development in Mazandaran.

Cluster development goals	Goal components and values	Methods to achieve the goal	Monitoring criteria
Enhancing the ability to attract tourists	1. Increasing the productivity of tourist attraction factors (natural, historic, and religious) to the extent of 20% at the threshold of the plan 2. Increasing the number of tourists by 10% at the end of the plan 3. Reducing tourist accommodation costs by 20%	1. Promotion and improvement of welfare and service facilities in areas with tourist attraction potential 2. Upgraded the needed transportation facilities for the tourists 3. Promotion and improvement of performance and efficiency levels of service and accommodation units 4. Increasing residential centers 5. Monitoring tariffs and prices	1. The growth of tourist numbers
Management development	1. Implementing, developing, and improving the quality control system in the cluster member units 2. Increasing the capabilities of general managers of industrial units 3. Earning international quality management certificates	1. Implementing quality control systems 2. Organizing specialized training courses to empower managers 3. Continuous development of the quality control system and improving the processes 4. Providing high quality products to fulfill customer needs and increase customer satisfaction	1. Earned certificates 2. The training courses held 3. Increasing tourists' level of satisfaction
Human resources development	1. Improving the necessary awareness level and knowledge for service unit employees 2. Improving the quality of labor	1. Organizing specialized and general training courses in order to raise the awareness of the staff 2. Continuous training programs	1. The training course held (person hours)

Conclusion

As savings resulted from the aggregation of units may have positive effect on production and cost reduction due to the increase of production in the other firms, it is considered the main factor for the development of industrial areas and formulation of large industrial cities in regional economy. Such savings occur

when the production costs of the firms in a certain industry is reduced with the increase of production. For these savings to be realized, the firms in the given industry must come together. The features and advantages of industrial clusters, on one hand, and the specific conditions prevailing in the economy of countries, on the other, have shown the need for more attention to the development of industrial clusters as an efficient policy to solve some current difficulties and problems. In this regard, it is necessary to try to discover and exploit the regional advantages and to create synergistic rings among the firms. Strategic management implies the process of guiding strategic programs and ensuring proper implementation in order to guarantee the success of organization in the long run. To establish effective strategic management in the organization, at first, the strategies must be recognized and implemented. For this purpose, the strengths and weaknesses of the organization must be identified compared to other organizations and used for devising and formulating strategies. In addition, environmental risks and threats must be identified compared with the opportunities.

The tourism industry is one of the good potentials for the economic prosperity in the province due to its natural sightseeing such as the Caspian, forests and forest parks, several hot springs, etc. Quantitative and qualitative weakness of residential centers and hotels, false prices, instability in prices, lack of proper tariffs for services, and lack of transport terminals are but a few of the problems to be named in this area. In order to address these problems, solutions such as providing appropriate facilities, encouraging the private sector to invest in this area and promoting the quality level of services are suggested. Moreover, to provide better services, a standard provider and service provision unit can be created to help this industry provide better services. A guideline by the tourism authority can also be effective for providing better services and tariffs. In addition, preparing various promotional campaigns through different media in order to identify and introduce the tourism attractions of the province, and establishing an advertising unit is of great importance. The present study uses the SWOT matrix in order to identify the strengths, weaknesses, and environmental opportunities and threats in the tourist cluster in Mazandaran. Increasing efficiency and optimizing the use of tourism attractions and potentials, quality improvement through standardizing services and attracting tourists have been selected as the best strategies. Then, improving the ability to attract tourists, management and human resources development have been introduced as the goals of the tourist cluster development in the province. Further, each of these goals is broken down into operational programs to obtain the goal values that have been considered. Considering the important economic role of the tourism industry in Mazandaran developing tourism industry through cluster seems urgent for the economic development of the province.

References

1. Afkhami, R. (2002). Industrial networks and clusters. Tehran, IR: Iran Small Industries and Industrial Parks Organization.

2. Anderson, T. (2009). Business clusters development policies. (Ghasemi, A., R. A. Saberian, M. Ali Moghaddam, Trans.). Tehran, IR: Labor and Social Security Institute.

3. Delangizan, S. (2007). Clusters of science and technology: Towards a general theory. Journal of parks and growth centers.

4. Irannezhad, Zh.,and Razavi, M. R. (2002). Industrial clusters. Tehran, IR: Nashr-e No.

5. Majidi, J. (2002). Industrial clusters. Tehran, IR: Iran Small Industries and Industrial Parks Organization.

6. Rezaeian, A. (2008). Principles of organization and management. Tehran, IR: SAMT.

7. Valizadeh, M. (2007). Knowledge management cluster and industrial cluster development. Tadbir monthly, 18 (186).