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# Establishing a benchmarking approach in tourism organizations and destinations

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## Abstract

In our modern world, the intensity of economic activities dominates the linkages between the natural environment and the economic system. By nature, organizations and entrepreneurs strive to gain more and advance their position in terms of competitiveness, frequently, within volatile market conditions and uncertainty. In this generic situation, specific sectors have a crucial role. Tourism is a sector with a well-acknowledged potential, and its interaction with the natural environment has been discussed thoroughly in the process of tourism expansion and development. To this effort, environmental performance levels should be an issue of high importance to avoid degradation, depletion of resources, and low-quality rates. As a direct consequence, environmental benchmarking should remain at the top of the agenda to avoid market failure phenomena and negative externalities, underscoring the significant role each of us plays in sustainable tourism development. The aim of this study is to present a theoretical point of view at the interface of the tourism economy and environmental quality concerns. In parallel, this study discusses key determinants that affect sustainable tourism development and proposes its inclusion in relevant environmental management and marketing plans, promising a brighter future for the tourism industry and the environment.

**Keywords:** Environmental quality; benchmarking; sustainable tourism development; management plans

**JEL Codes:** Q50; Q01; Z38, O10.

## 1. Introduction

As the economy increases worldwide, environmental degradation becomes a major issue that needs constant action and serious consideration. The reality of the last decades suggests that environmental degradation increases at the first stages of economic expansion. Nevertheless, such degradation slows down after a certain point, beyond which the presence of high-income levels can generate environmental improvements. Significantly, economic growth connects with a recovery concerning degradation and, consequently, with environmental quality levels (Halkos, 2013; AlKhars et al., 2022).

Many research efforts indicate that a time of high environmental degradation will be experienced by countries, followed by a time of decreased degradation levels as they continue to grow (Halkos & Tsionas, 2001). This is especially the concept within the Environmental Kuznets Curve hypothesis and the suggested inverted U-shaped shape. One concern in a globalized economic system is to decode and identify which sectors impact mostly the environment and, most notably, to what extent. Understandingly, this is an important question across academia, which needs pathways to exploit resources (e.g., natural and financial) and implement plans (e.g., environmental plans) to establish sustainability and viability in the economies with a long-term perspective. Close related, the issues of demanding attention by the governments in channeling the effects of government spending for the environment (Halkos and Paizanos, 2017) or coping with energy poverty (Halkos and Gkampoura, 2021).

To this effort, impactful sectors, such as the tourism sector, should be a subject of research given its role in sustaining a healthy and safe environment that will return benefits to humans and society (e.g., ecosystem goods and services) in the context of quality strategies and policies. Interestingly, such a linkage should be profoundly investigated since tourism is an important market player founded by an intense heterogeneous bundle of economic

activities that potentially influence the environmental performance rates differently in space and times.

At this point, methodologies that help maintain and advance the good ecological status of natural resources always compensate for the economy's potential to expand within the concept of sustainable development. From this perspective, the objective of this study is to discuss how a benchmarking methodology in the tourism system helps experience economic expansion without damaging the natural environment. Such endeavor seeks to provide a theoretical perspective that the tourism sector might find interesting in performing their sustainable business pursuits and meeting their targets set.

Indicatively, the tourism development index launched by the World Economic Forum is a useful benchmarking tool regarding the competitive position the destination possesses at a global level. For instance, [Ekonomou & Halkos \(2024\)](#) used the tourism development index to test the impacts and causalities concerning tourism's direct contribution to a county's Gross Domestic Product (GDP) and energy efficiency proxies. The authors processed panel data analysis regarding the countries that belong to the Organization of Economic and Cooperation Development (OECD) and discussed relevant practical implications.

Countries that potentially leave unobserved or untested the signs of environmental degradation (e.g., pollution levels) and their links to the questionable character of the type of economic growth they follow (e.g., sustainable or unsustainable) will lose their appeal and effectiveness, especially within severe competition at a global level. We do have to account also for the health effects (Halkos and Argyropoulou, 2021).

## 2. Benchmarking

The concept of benchmarking mirrors a methodology that concerns tools and techniques with which an organization can measure, evaluate, and, notably, compare its performance against those who are recognized as best performers in a specific industry (Barkley & Saylor, 2001). To obtain a complete view, it should be noted that benchmarking is directly connected with the concept of continuous improvement. According to the [Project Management Institute \(2004\)](#), this methodology measures an organization against the recognized leaders or best of class, while continuous improvement indicates the never-ending pursuit of excellence.

[Wong & Wong \(2008\)](#) offer an additional definition of benchmarking. The authors state that benchmarking is a methodology to implement a systematic process to evaluate products, services, and work environment processes that are acknowledged as representing best practices for continuous improvement. [Bhutta & Huq \(1999\)](#) assert that benchmarks should be adjusted following changes in the industry. Benchmarking remains a useful business approach, since it helps organizations advance their position and gain competitive advantage continuously, whereas it progresses ‘the systematic principle of multi-dimensional evaluation comparison and learning ([Xu et al., 2024, p.2](#)).

[Reider \(2000\)](#) comments on the ‘benchmarking gap’ and the organization’s action plan to meet the established benchmark with the target being to exceed this benchmark and improve the organization's position in the market under consideration. Additionally, the author mentions some ‘rules’ that the organization should adhere to like for instance that the greater the ‘benchmark gap,’ the greater the efforts that should be put into place to meet and overcome (exceed) this benchmark, or the larger the ‘benchmark gap,’ the more critical it is. Moreover, [Reider \(2000\)](#) discusses the benchmarking types an organization can adopt:

internal and external benchmarking. Accordingly, internal benchmarking concerns the practices in the internal organizational environment with high performance rates, whereas external benchmarking relates to the desired performance the organization wishes to achieve compared to those considered as leaders.

One particular point in this methodology is that it can be used to implement the project management approach when making or practicing business as a means of establishing superior performance based on best practices. Especially this is the case when multiple projects should be implemented and time and resource constraints (e.g., budget, schedule) call for getting things done without conflicts and delays. Benchmarking can help embed efficiency when managing resources (e.g., human, technical, financial) and effectiveness when managing plans (e.g., development plans) with a long-term perspective. All things considered, benchmarking is a valuable tool to perceive where performance gaps or disadvantages or ‘delays’ are rooted, whereas, at the same time, it suggests where margins for improvements lie.

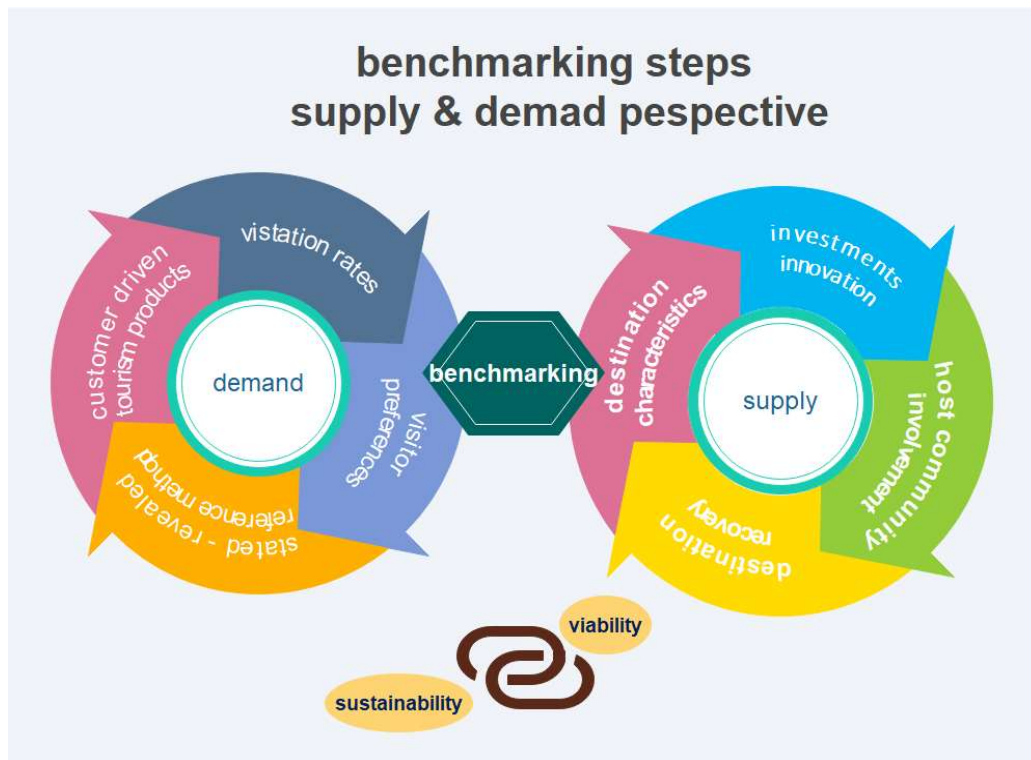
### **3. Tourism and Benchmarking**

Tourism growth is at the center of many scientific research efforts since it connects environmental quality issues, economic growth, and the prosperity of destinations, not to mention the well-being status of host communities. Furthermore, tourism remains one of the world’s most profitable industries, indicating that many economies around the world are tourism dependent in terms of economic benefits and Gross Domestic Product (GDP).

Hence, it is vital to identify a destination’s current status in light of implementing improvements, advancing the offered tourism experience, and gaining larger market shares in a market that is characterized by fierce competition. From this perspective, benchmarking destinations is a valuable step in bringing closer a destination’s success and proceeding at

advanced rates. Undoubtedly, this process should integrate all relevant environmental concerns, staying aligned with the principles of sustainable development. Figure 1 presents a supply-demand perspective in the context of benchmarking a destination.

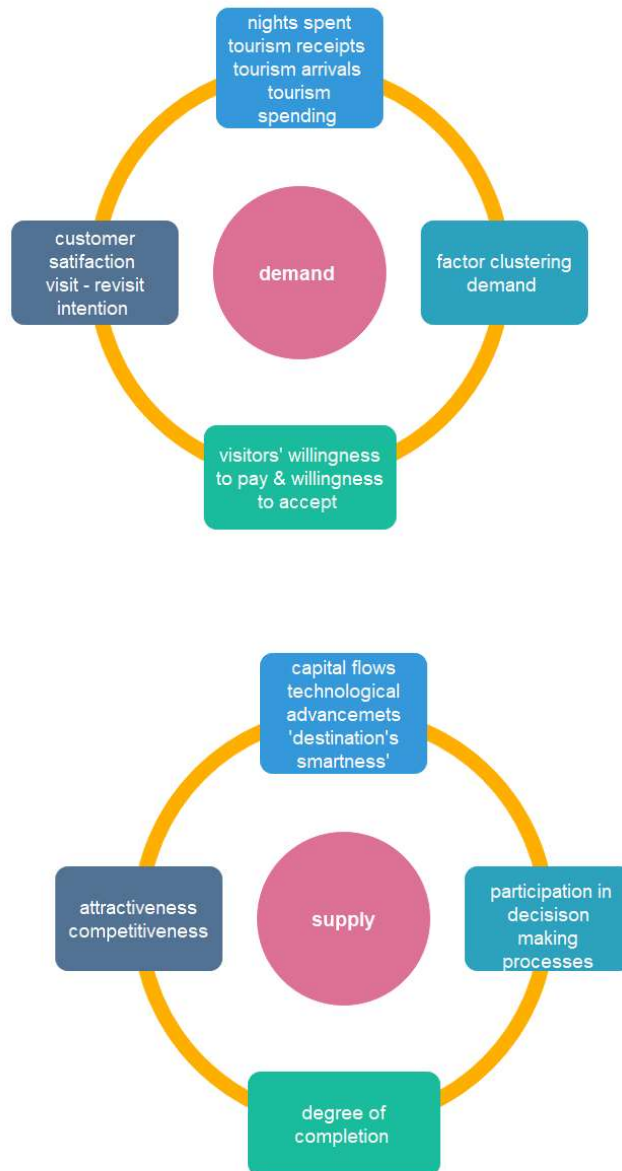
**Figure 1:** Benchmarking destinations from a supply and demand perspective.



Source: Authors' elaboration

This is a generic approach, and we attempt to provide a theoretical approach that might be applicable after a thorough discussion. The demand side concerns the visitation rates, whereas the supply side considers the tourism offerings. The target output is twofold: environmental protection and visitor satisfaction. Figure 2 provides potential benchmarks that a destination should target to reach better performance rates and continue to develop sustainably within a viable tourism economy. If this is the case, tourism expansion can lead to other sector's developments through its multiplicative and multiplier effects.

**Figure 2:** Benchmarks related to a destination's performance.



Source: Authors' elaboration

A determinant role in succeeding when benchmarking destinations is the issue of environmental protection. Primarily, this includes the visitor's responsible character (e.g., buying behavior, spending attitude, environmental awareness) regarding the demand side. On



the supply side, this issue interrelates with energy efficiency issues, pollution levels, ecological footprint, intervention of humans in the natural environment, and culture of sustainable tourism growth. The challenging mission of every destination is to establish economic growth (e.g., viability) without damaging the natural environment (e.g., sustainability) in the long run. Significantly, it is important to understand what resource efficiency means and where effectiveness is placed when planning and structuring relevant policies.

For instance, capital investment spending, internal travel and tourism consumption, and tourism's contribution to a country's GDP further stimulate research opportunities to achieve sustainable growth and enhance tourism competitiveness (Halkos & Ekonomou, 2023; Ekonomou & Halkos, 2024; Halkos and Paizanos, 2017). Moreover, Destination Management Organizations (DMOs) will find less visible or unobserved areas for further improvements. Then, they can set new goals and objectives for advancing their appeal to visitors. Hence, they will reevaluate, reorganize, and restructure processes and functions and proceed smoothly to achieve the destinations' pursuits.

#### **4. Conclusions**

This study presents an approach to conducting a benchmarking methodology in tourism destinations. This approach considers the supply and demand sides. Benchmarking is a tested and reliable tool for comparing a destination's performance or an organization against those who are recognized as best in class or leaders. Benchmarking 'speaks out' the performance rates an organization must achieve. Consequently, efforts will be made to improve the premed across the competition. Moreover, such a benchmarking approach integrates the environmental dimension, for instance, concerning energy efficiency and the

visitors' eco-friendly character. As a direct result, organizations should adopt benchmarking tools to follow the principles of sustainable development beyond the pure economic benefits.

Attention should be paid to integrating a benchmarking methodology in the organizational structure of organizations, such as DMOs. Such an approach will help manage resources advantageously. One should bear in mind that this process demands resources and time. It is a business-oriented methodology. It concerns a substantial amount of effort and needs analytical skills and integrity. Also, it needs constant focus on observing the market and recognizing new trends with practical implications in the real market.

Considering all of the above, destinations can implement benchmarking to compete by elaborating on a wide range of indicators (e.g., key performance indicators) regarding all dimensions of sustainability: economic, environmental, and social concerns. Thus, in its modern version, benchmarking can be characterized by its multifaceted character and high-impact results when practicing tourism business. Last, given the significance of climate change impacts and linkages and causalities with the tourism system, this methodology will help achieve and complete timely mitigation and adaptation targets following the premises of the scientific community.

Understandingly, to benchmark a tourism system's performance, it would be beneficial to highlight the meaning and contribution of systems thinking in reaching desirable and sustainable growth rates.

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