

STRATEGIC KNOWLEDGE MANAGEMENT AND COMPETITIVENESS IN TOURISM ENTERPRISES: A THEORETICAL FRAMEWORK TO PROMOTE SUSTAINABLE COMPETITIVE ADVANTAGE

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Abstract

This paper explores the elaborate relationship between Strategic Knowledge Management (SKM) and the competitiveness of tourism business enterprises (TBEs), offering a theoretical framework designed to promote sustainable competitive advantage. Through a managerial economics lens, the framework integrates key elements such as knowledge audits, strategic knowledge planning, KM processes, technology integration, and rigorous evaluation mechanisms, providing a comprehensive criterion for appraising the impact of SKM on TBE competitiveness. The study demonstrates how tourism enterprises can strategically harness their knowledge assets to enhance efficiency, product differentiation, and customer satisfaction while addressing challenges such as employee turnover, market volatility, and the aftermath of global disruptions. By adopting a structured and systematic KM approach, the research argues that TBEs can optimize their knowledge capital, positioning themselves for sustained success in an increasingly dynamic environment. The paper underscores the importance of continuous knowledge utilization and feedback loops, advocating that tourism enterprises can significantly improve their strategic capabilities and long-term sustainability by embedding SKM into their core business strategy. This contribution not only expands the dialogue on SKM within the field of managerial economics but also serves as a critical resource for researchers, practitioners, and policymakers seeking to foster innovation and competitiveness in the tourism sector. The study suggests further research directions, such as adapting the proposed framework across various tourism sectors and exploring the synergies between SKM and other organizational practices, including sustainability, organizational learning, and quality management.

Keywords: strategic knowledge management, managerial economics, competitiveness, tourism business enterprises, sustainable competitive advantage, knowledge resources, knowledge management process

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Introduction

The tourism industry over the years has evolved, from a traditional industry to a knowledge-based industry. Nevertheless, in today's digital era, tourism enterprises are faced with an overwhelming amount of data and information from various sources, and effectively managing this knowledge has become a critical challenge. The term 'knowledge' has been used to refer to the process of acquiring and using knowledge, and 'knowledge management' refers to the processes of planning, organizing, and controlling the flow of knowledge within an organization (Mariani et al., 2019). However, due to the COVID-19 pandemic, the tourism industry was severely impacted (UNWTO, 2020). The latest estimates suggest that the industry lost \$1.3 trillion in export revenue in 2020 (UNWTO, 2021). The pandemic has thus caused a significant decline in international tourist arrivals leading to high employee turnover and loss of valuable information and knowledge in the process and the industry is expected to take several years to recover (UNWTO, 2021).

Moreover, the current global issue of knowledge management in the tourism sector is the rapid pace of technological advancements and the need to adapt to changing customer preferences and behaviors (Buhalis & Law, 2008; Sigala, 2018). With social media proliferation, online reviews, in addition to other digital platforms, customers have become more empowered and informed, seeking personalized and authentic experiences. Tourism enterprises need to collect, analyze, and utilize relevant knowledge to understand customer preferences, tailor their products and services, and deliver exceptional experiences (Ogutu et al., 2023).

Furthermore, advancements in technological such as artificial intelligence, big data analytics, and blockchain are transforming the tourism industry, offering opportunities for innovation and efficiency gains. Though, effectively managing and leveraging these technologies require specialized knowledge and skills, in terms of acquiring, organizing, and utilizing knowledge effectively, this may pose as a challenge for tourism enterprises due employee turnover or lack of expertise and core competencies of human resources (Treiblmaier, 2020; Sigala, 2018). Besides, the tourism industry is highly dynamic and competitive, with constantly changing market trends, regulations, and global events. Tourism enterprises need to keep up with these changes and continuously update their knowledge to remain sustainable, competitive and relevant in the global marketplace (Ogutu, 2023a).

On the other hand, knowledge management (KM) in managerial economics is of growing importance in the tourism industry, like in other fields, where it has been used as a strategic tool for enhancing organizational efficiency, human resource, customer service, and marketing. Besides, knowledge has been identified as a significant source of sustainable competitive advantage and organisational performance (King and Zeithalm, 2003, Massa and Testa, 2009) and as a necessary component for the development of dynamic core competencies of human resources, and, more broadly, as a crucial component for firms with global ambitions (Massa and Testa, 2009).

Besides, knowledge acquired by firms is a dynamic resource that must be nurtured and managed carefully. Although this is true for all industries, it is especially for traditional sectors where companies must deal with globalization, mature markets, increased customer service, intensive human resource, cost reduction, and changing purchasing behaviours as witnessed in the services sector. The tourism industry being one of those, and because of its significant impact on employment and economic output, it has rendered the managerial and academic communities aware of the importance of cultivating and actively managing knowledge-based assets (Ogutu, 2023b).

This paper seeks to develop a criterion which, anchors on the analysis of organizations in the context of knowledge systems (Hung, Huang and Tsai, 2005, Kahreh, 2011; Sinotte, 2004) to investigate how organizations can manage, exploit, and nourish their knowledge in terms of planning, organizing and controlling. This framework is comprised of four knowledge management processes: creation and/or acquisition; transfer and sharing; storage and retrieval; and application. (Alavi and Leidner, 2001; Pentland, 1995). The KM process aforementioned is briefly described as follows: Knowledge creation/acquisition refers to the process of constructing knowledge from within and/or acquiring knowledge from outside sources. It is worth noting that effective knowledge acquisition from external sources is dependent on the firm's ability to learn and apply new external information, assimilate it, and utilize it to promotional ends. Cohen and Levinthal (1990) refer to this capability as a firm's absorptive capacity, which is largely determined by the firm's prior related knowledge. According to this viewpoint, what is merely information for some is valuable knowledge for others, and vice versa. Knowledge storage and retrieval (archiving): refers to "the procedures of conceptualizing and retrieving information in order to make it much more integrated, assessable and easily available". Knowledge transfer and sharing refers to "*the processes of transferring, disseminating, and distributing knowledge to those who require it. The process of incorporating*

knowledge into an organization's products, services, and practices in order to derive value from it is known as knowledge application" (Rashid, 2021). It is worth noting that the terms knowledge and information are frequently used interchangeably in literature and in practice (Kakabadse, Kouzmin and Kakabadse, 2001; Richter, and Niewiem, 2009).

For example, information captured on corporate databases, is often allude to as corporate knowledge management (Richter, and Niewiem, 2009). While information and data management are critical pillars of knowledge management, which encompasses broader issues, specifically the development of processes and behaviours that enable people to transform information within the organization and create and share knowledge. As a result, knowledge management must include people, processes, technology, and culture. Keeping in mind that management of data and information are integral too, however not exhaustive of knowledge management.

One of the primary goals of KM research and practice is to promote integrated and coordinated knowledge-sharing among the members of the organization (Davenport and Prusak, 1998; Nonaka, Reinmoeller and Senoo, 1998; Desouza, 2003, Alreahi et al., 2023). Businesses in most, if not across all industries, recognize that effective KM is critical to their long-term success. However, few organizations have addressed KM as effectively as they should. Many organizations continue to face serious problems with knowledge management, such as the difficulty of capturing tacit knowledge, a lack of KM policies according to Parlbay (2000), due to the absence of methodologies for mapping knowledge, and information comprehension overburden especially this era of big data and global events such as COVID-19 pandemic, which lead to high employee turnover and loss of valuable information and knowledge in the process.

Subsequently, the main research question in this study would be: What are the important criteria for evaluating Strategic Knowledge Management implementation from a managerial economics standpoint in the services sector, particularly in business enterprises in the tourism industry? Based on literature reviewed, this paper will present a framework/criteria for evaluating strategic knowledge management implementation towards stimulating competitiveness from a managerial economics standpoint in responses to the question.

Literature Review

Knowledge Management (KM)

KM is increasingly recognized as a critical factor for the success and sustainability of organizations, yet its implementation and tangible benefits remain subjects of debate. While many scholars and professionals assert KM's role in enhancing organizational effectiveness across diverse fields such as management science, artificial intelligence, and economics (Sinotte, 2004; Dalkir, 2005; Rowley, 2007; Makani, 2008; Martin, 2008; Wild and Griggs 2008; Kebede, 2010), others argue that the challenges of fully leveraging knowledge resources are often underestimated.

In the field of applied economics, particularly in tourism research, knowledge is increasingly treated as a strategic resource. The process of integrating knowledge, whereby individuals combine their insights to produce new understandings, is regarded as essential to driving innovation (Rashid, 2021; Dalkir, 2005; Bontis, 2001). Yet, while KM is lauded as a key strategy for improving organizational agility and competitiveness in evolving business environments (He, Qiao, and Wei, 2009), the effectiveness of these practices remains difficult to measure. If KM is truly the cornerstone of organizational growth, why then do many organizations still struggle to operationalize it effectively?

Drucker (1993, 2000) compellingly argued that in the knowledge economy, knowledge—not capital or labor—is the most significant resource.

However, this raises a critical issue: if knowledge is the most important asset, why do so many organizations fail to realize its potential? Senge (1990) highlighted a key challenge: many organizations are hampered by learning disabilities, meaning they are unable to evolve into fully knowledge-driven entities. Despite the growing consensus around the value of KM, organizations often fall short of implementing systems that fully exploit their intellectual resources (cited in Saryazdi, Owlia, & Azabadi, 2012; Hosseini & Owlia, n.d.). To move beyond these limitations, some scholars suggest that KM strategies should focus more on fostering social interaction and collaboration within organizations (Bontis, 2001). As organizations transition from the industrial age to a knowledge-based economy, traditional models of management no longer suffice (Ogutu, 2023b). However, while social interaction is important, it is not a panacea. The complexity of knowledge sharing, especially in large organizations, requires more than increased communication; it demands a comprehensive and systemic approach to KM that aligns with organizational goals and structures.

The origin of KM as a formal concept is relatively recent, gaining popularity in the mid-1970s, yet its principles have long been embedded in organizational practices. Although there is no universally accepted definition of KM, the overarching goal remains clear: to extract value from an organization's intellectual assets. However, critics argue that many KM initiatives are too focused on technology and systems at the expense of cultivating a culture that promotes knowledge sharing. Nicholas Henry (1999) defined KM as the process of harnessing an organization's knowledge resources to create value. While this definition provides a useful starting point, the challenge lies in ensuring that KM processes are not just implemented as technical solutions but are integrated into the organization's culture and everyday practices.

A comprehensive approach to KM should encompass two dimensions: managing existing knowledge and fostering the creation of new knowledge. Managing knowledge repositories, such as reports and presentations, is essential but not sufficient (Abell and Oxbrow, 2001; Sanchez and Heene, 1997). Equally important is facilitating the acquisition, creation, and sharing of new knowledge to maintain a competitive edge. If organizations focus solely on managing existing knowledge, they risk stagnation (Scott-Morton, 1991; Derlund, 2010). The real value of KM lies in its ability to foster continuous learning and innovation (Sanchez and Heene, 1997). This requires not only robust systems but also leadership that values and promotes knowledge sharing at all levels of the organization.

In practice, KM can be a powerful tool for mapping intellectual assets, generating new knowledge, and making critical information accessible to decision-makers. However, simply adopting KM practices does not guarantee success. Scott-Morton (1991) and Derlund (2010) argued that organizations, like biological species, must adapt to survive, with KM playing a central role in that adaptation. Yet, many organizations that have implemented KM systems have failed to achieve the anticipated competitive advantage. This suggests that KM must go beyond technical solutions and focus on aligning knowledge strategies with broader organizational goals (Abell and Oxbrow, 2001).

Despite these challenges, proponents of KM maintain that knowledge is the key driver of competitive advantage in the modern economy. Knowledge maps, for instance, are often cited as effective tools for visualizing the knowledge resources within an organization and supporting both individual and team-level knowledge activities.

KM has been deeply influenced by several key thinkers, including Nonaka and Takeuchi (1995), who developed the SECI model of knowledge creation, Davenport and Prusak (1998), who emphasized KM as a critical strategic business process, and Drucker (1993), who underscored

knowledge as the most important resource in the modern economy. However, critics like Wilson, Lehtimäki, Simula, and Salo (2009) argue that KM often means different things to different organizations, with some abandoning KM altogether after failing to see immediate returns. While many organizations eagerly implement KM systems, the main KM approaches as described by Sinotte, (2004) shown in Table 1, often with the hope of improving efficiency, the link between KM and sustainable competitive advantage remains contentious (Wiig, 1994; Nonaka and Takeuchi, 1995).

Although knowledge is frequently heralded as the most important asset for gaining a competitive edge (Remko and Buijsrogge, 2006), the direct relationship between KM and improved organizational performance is still far from conclusive (Gyurkó and Gonda, 2024). The question that remains is whether KM can truly deliver on its promise or if its real value lies in its capacity to evolve alongside the organizations that adopt it.

Table 1: Knowledge Management Approaches

Approaches	Main focus
Technological	“Enhancing KM quality by supplying tools for effective storage and distribution of knowledge”.
Intellectual asset	“Enhancing KM quality by valuing knowledge assets in financial terms and reflecting them in accounting practices”.
Organizational Learning	“Facilitating knowledge creation and sharing by developing positive work environment or effective reward systems”.
Process	“Enhancing KM quality by identifying key processes on which important knowledge flows and managing them formally”.
Philosophical	“Gaining a higher understanding of knowledge lead by asking questions such as ‘do we know what we do not know’ towards development of new ways of thinking”.

Source: Adapted and Modified from Sinotte (2004)

Strategic Knowledge Management

One of the primary goals of strategic knowledge management (SKM) research and practice is to promote strategic, effective and efficient knowledge-sharing among individuals within the organization. Organizational knowledge management capabilities, enables an enterprise to gain a sustainable competitive advantage by integrating market and product knowledge with change adaptation knowledge. A strategic organizational knowledge management capability should enable the early identification of change patterns, from which possible explanations consequently possible expected change trajectories can be developed and then monitored. The key is to understand the reasons for the change in order to design appropriate responses while keeping organizational constraints in mind and optimizing time and cost (Hung, Huang, Lin and Tsai, 2005).

To connect knowledge management and business strategy, first is to demonstrate an understanding of the advantage that knowledge as a strategic resource provides, allowing the company to better formulate and execute its competitive strategy. To accomplish this, the organization's knowledge view must be developed and used to define its knowledge-oriented competitive positioning in the specific sector in which it operates, in this case tourism service sector. Following that, an assessment of current knowledge capabilities/assets, as well as performance optimization techniques, will be used to determine what needs to be done.

Strategic Knowledge Management (SKM) In Practice

As per the aforementioned, working definition by Nicholas Henry (1999), KM, must involve an agent who uses knowledge to perform actions required to achieve a goal. The decisions or actions that KM leads to can and should be used to evaluate it (Davenport and Prusak, 1998). Knowledge intensive organizations are those in which knowledge is critical to the achievement of the organization's strategic goals. To transition from a knowledge-intensive structure to a knowledge-based structure, an organization must first, of all, identify its organizational structure from a knowledge standpoint. An organization's level of knowledge orientation is determined by certain factors such as: HRM, strategy, technology, organizational structure, level of explicitness of knowledge, culture and performance measurement.

Following the identification of the organization's knowledge situation, the next step is to evaluate the specific knowledge problems in the organization, or in one of its departments, processes, or activities. Unbalanced distribution, fragmentation, unavailability, and inaccessibility of knowledge are the most common knowledge problems. This procedure, known as a knowledge audit, comprises the following steps: Establishment of organizational objectives (or department goals, process goals or activity goals); Identifying issues that are impeding achievement of these objectives; Identifying organizational processes for achieving organizational goals; A knowledge-based analysis of these processes; Problem analysis from a knowledge standpoint; Identifying and defining knowledge problems, as well as generic solutions; Execution of concrete solutions.

Strategic Knowledge Management in SMEs

SKM is increasingly promoted as a key driver for organizational success, particularly for small and medium-sized enterprises (SMEs). Many businesses begin with implementing KM in one department before expanding it organization-wide, though this incremental approach can limit KM's potential impact (Derlund, 2010). In the service sector, KM practices are commonly associated with solving problems by leveraging knowledge creation, sharing, and collaboration (Fernández-Muñoz et al., 2019). Despite its recognition as a source of competitive advantage (Cavalcante et al., 2020), the true value of KM in SMEs is debated, especially when traditional metrics like return on investment (ROI) are used to assess its benefits (Chang and Hughes, 2012). Such financial measures may overlook the broader benefits of KM, including organizational growth, agility, and enhanced knowledge capabilities (Gold et al., 2001; Jarrar et al., 2021). Scholars have proposed more holistic frameworks to evaluate KM's impact on SMEs, encompassing factors such as customer relationship management (CRM), corporate social responsibility (CSR), and knowledge asset development (Vahidov et al., 2011; Yousafzai et al., 2016).

However, the lack of standardized criteria for measuring KM's full impact remains a challenge, as intangible benefits like knowledge sharing and risk management are difficult to quantify. As a result, some argue that SKM's strategic benefits are not fully realized unless organizations adopt more comprehensive evaluation methods that capture both tangible and intangible outcomes. Without such frameworks, SMEs may hesitate to invest in KM infrastructure, despite its potential to drive competitiveness in a rapidly changing market environment (Pishdar et al., 2021). Thus, while KM offers promise as a tool for enhancing organizational effectiveness (Fernández-Muñoz et al., 2019; Gold et al., 2001; Jarrar et al., 2021; Kuo et al., 2018; Madnick et al., 2009; Martín-de Castro et al., 2014; Pishdar et al., 2021; Rahimnia & Moghimi, 2014; Vahidov et al., 2011; Yousafzai et al., 2016), its adoption and success largely depend on creating clear evaluation criteria that go beyond

traditional financial metrics. With which the paper sought to harmonize to develop a more comprehensive evaluation criterion. It is important to note that these criteria are not exhaustive and other factors may also be important for evaluating the contribution of KM towards the competitiveness of SMEs.

The Economics of SKM and Competitiveness

The evaluation of the economics of Strategic Knowledge Management (SKM) and the competitiveness of business enterprises as proposed by Li and Liang (2021), involves a framework comprising five key steps. To instigate this process from a managerial perspective, a knowledge audit is conducted, entailing the identification, mapping, and valuation of the organization's existing knowledge assets. A systematic implementation of Strategic Knowledge Management (SKM) is pivotal for organizations aiming to enhance performance and secure a competitive advantage. Initiating with a comprehensive knowledge audit, the organization identifies opportunities to leverage its knowledge effectively.

Subsequently, the development of a strategic knowledge management plan aligns SKM goals with overall business objectives, considering organizational culture, processes, and technology. Designing and implementing knowledge management processes that foster creation, capture, sharing, and utilization of knowledge becomes the next critical step, promoting collaboration and alignment with organizational goals. Technology investments supporting knowledge capture, storage, and retrieval, tailored to diverse stakeholders, are imperative for SKM success. Lastly, the establishment of metrics, aligned with the knowledge strategy, allows the organization to gauge the program's impact on competitiveness, performance, and growth, ensuring continual assessment and alignment with desired outcomes. This comprehensive approach, as advocated by Li and Liang (2021), forms a robust foundation for effective SKM implementation and organizational success.

While navigating the challenges of the dynamic and fiercely competitive tourism industry, the adoption of a systematic and structured approach, encompassing elements such as a knowledge audit, knowledge strategy, knowledge management processes (knowledge acquisition, creation, distribution, communication, sharing, storage and application), technology integration, and robust measurement and evaluation, proves indispensable. This comprehensive methodology serves as a strategic framework to assess the economic impact of Strategic Knowledge Management (SKM) on the competitiveness of tourism business enterprises. By implementing SKM, these enterprises can strategically harness their knowledge assets, gaining a competitive edge and fostering growth within an environment marked by rapid change and intense competition. In essence, this methodological approach not only evaluates the economic implications of SKM but also positions it as a catalyst for sustained competitive advantage and thriving expansion in the dynamic tourism sector.

Knowledge As a Competitive Advantage

Furthermore, the competitive advantage of a business can be enhanced through the utilization of knowledge in products, people, and processes (Spender, 1996). Knowledge can be used to create more value in products by incorporating intelligent or smart technologies that can command higher prices and be more useful to users (Nonaka & Takeuchi, 1995). For instance, the use of expert systems in tourism enterprises can improve customer satisfaction and loyalty (Wang & Li, 2020; Božić et al., 2021). Knowledge in people, particularly through communication, is often considered

the most valuable asset in many organizations (Davenport & Prusak, 1998). However, the management of human resources often falls short in harnessing this potential (Liu et al., 2020). To this context, the learning organization concept is a popular method of developing and deploying underutilized talent (Senge, 1990).

KM-Practices, or Knowledge in Processes, can also drive competitive advantage (Alavi & Leidner, 2001; Huang et al., 2020). Differences in performance levels among different groups performing the same process can be minimized by implementing KM-Practices, as demonstrated by Texas Instruments fabrication plant by saving the cost of one new semiconductor (Nonaka & Takeuchi, 1995; Chuang et al., 2020). Active management of a patent and license portfolio is another way businesses can gain strategic advantage through knowledge (Spender, 1996).

Moreover, businesses can create new ventures that capitalize on internally generated information and knowledge (Teece, 1998). In brief, businesses can create competitive advantage by leveraging knowledge in products, people, and processes. Incorporating intelligent technologies, nurturing talent, implementing KM-Practices, managing intellectual property, and creating new ventures are just a few ways of utilizing knowledge to enhance competitiveness (Fosfuri et al., 2021).

Besides, tourism business enterprises can gain a competitive advantage through various knowledge-based strategies, including the development of intelligent products, investment in human capital, knowledge management practices, and intellectual property management. These approaches can lead to increased efficiency, innovation, and customer satisfaction, ultimately contributing to business success (Ogut, 2023b).

Tourism Business Enterprise Competitiveness

Noting that, tourism business enterprise competitiveness has various components that are critical determinants of success. Quality of tourism products and services is one such component, and organizations need to develop a robust knowledge management strategy to ensure the delivery of high-quality products and services (Yang et al., 2021). Innovation and creativity are essential components of tourism enterprise competitiveness, and knowledge management strategies can help organizations foster a culture of innovation and creativity (Korstanje & Skoll, 2021). Customer service is another critical determinant of competitiveness, and knowledge management strategies can help organizations develop a customer-centric culture by capturing and using customer feedback to improve service quality continuously (Bartolome-Rodriguez et al., 2021).

Effective marketing and promotion strategies are also crucial for the success of a tourism business, and knowledge management strategies can help organizations develop a deep understanding of customer needs and preferences (Hudson et al., 2021). Additionally, effective strategic management, human resource management, infrastructure and facilities management, and environmental sustainability practices are also important components of tourism enterprise competitiveness, of which knowledge management strategies can help organizations address these aspects (Lee & Park, 2021; Zeng et al., 2021; Chang et al., 2021; Moraes et al., 2021). Moreso, quality of products and services is critical for the success of a tourism business, and tourists expect high-quality services and products (Ogut, 2023c).

As Bieger and Wittmer (2006) state that the ability of tourism businesses to meet these expectations is a crucial determinant of their competitiveness. Innovation and creativity with appropriate knowledge acquisition, creation, distribution, communication, sharing and application are important components of competitiveness in the tourism industry, and businesses that are able to offer unique and innovative products and services are more likely to attract tourists than those that

offer generic products and services (Smeral, 2005). Effective customer service is essential for the success of a tourism business, and businesses that provide excellent customer service tend to attract repeat customers and positive word-of-mouth recommendations (Wang & Pfister, 2008). While efficient marketing and promotion based on knowledge management processes are critical for the success of a tourism business (Kotler et al., 2017).

Effective strategic management, human resource management, infrastructure and facilities management, and environmental sustainability practices are also important components of tourism enterprise competitiveness in line with knowledge acquisition, creation, distribution, communication, sharing and application. (Lee & Park, 2021; Zeng et al., 2021; Chang et al., 2021; Ogutu et al., 2023; Moraes et al., 2021).

Theoretical Framework

The resource-based view (RBV) theory is a framework for analyzing resource-based activities that are governed by an individual operator within a given context such as politics, business, and economics. The outline of the study is grounded on the RBV, theorists in the 1970s to explain the contribution of knowledge-capital management towards tourism business operations from a management economics perspective (Barney, 1991). The theory is based on the idea that resources such as capital, labor, natural resources, and physical infrastructure are key to unlocking competitive advantages in a given industry and environment (Wernerfelt, 1984).

According to the RBV theory, tourism is difficult to understand and predict because it depends on the combination of resource bases that influence the traveling community and the resource bases that influence the operations of the tourism industry. The theory suggests that tourism demand is a function of demographic, economic, human, and cultural factors such as population size, income, urbanization, and product innovation (Barney, 1991). The theory has been extensively applied to the field of tourism and leisure travel, with researchers such as Lawrence and Sheila Portside (1983) applying the theory to understand how leisure travel affects leisure time, and J. Mason, C. Hane, and J. Pietropaolo (2006) applying the theory to understand how the quality-of-service management affects the likelihood of recommending tourism services.

Additionally, studies have shown that the RBV theory can also be applied to the tourism industry to analyze how a firm's unique resources and capabilities can contribute to its competitive advantage (Barney, 1991). In the case of the tourism industry, knowledge-capital, which refers to a firm's knowledge and expertise, is becoming increasingly important in creating a competitive advantage (Buhalis and Zoge, 2007). Consequently, the RBV theory has been applied by researchers in the tourism industry to understand how knowledge-capital can impact the economic growth of tourism businesses (Narangajavana and Wongsurawat, 2019). For example, Kim and Lee (2018) applied the RBV theory to analyze how knowledge management affects the performance of tourism firms. They found that knowledge management can significantly impact a firm's performance and competitiveness. Similarly, Lee and Park (2018) applied the RBV theory to analyze how a firm's internal resources, including knowledge management, can contribute to its competitive advantage in the tourism industry.

On the other hand, in the context of applied tourism economics research, the RBV theory is used to understand how knowledge in management economics affects tourism development, and whether there are differences in the effects of knowledge management on the organizational operations across sub-sectors and/or locations (Sufi et al., 2021). This paper aims to synthesize the information of the RBV theory in the context of managerial economics and to apply the knowledge

to assess the economics of strategic knowledge-capital management contributing factors towards the competitiveness of Tourism Business Enterprises. Consequently, the paper proposes an assessment model/criterion of knowledge as a resource to strategically improve organizational competitiveness in tourism business enterprises as shown in Table 3.

Conceptual Framework

The conceptual framework presented below demonstrates the pivotal role of knowledge management in the strategic management cycle of TBEs, particularly in the service sector. It highlights how SKM contributes to each of the five strategic dimensions, offering a clear roadmap for businesses to leverage knowledge resources for competitive advantage.

Figure 1 illustrates the stages where SKM (Knowledge Orientation and Administration) intersects with the strategic management process:

1. **Asset Auditing:** Identification and evaluation of the knowledge assets crucial to achieving business goals.
2. **Environmental Scanning:** Proactive scanning of external factors, including market trends and competitor movements, to inform strategic knowledge decisions.
3. **Business Strategy Formulation:** Development of a knowledge-oriented strategy that aligns with the company's product knowledge and adaptive capabilities.
4. **Business Strategy Implementation:** Execution of the strategy with an emphasis on knowledge management infrastructures, such as CRM systems, that facilitate the efficient use of knowledge.
5. **Strategic Evaluation and Control:** Continuous assessment of the strategy's effectiveness, using financial ratios, risk management frameworks, and feedback loops to ensure that knowledge processes contribute to long-term success.

The structured conceptual framework shown in Figure 1, puts forth in the argument the paper outlines as comprehensive perspective on formulating, implementing, evaluating, and controlling a business strategy. With a specific focus on strategic knowledge management (SKM) contributions to the competitiveness of tourism business enterprises (TBEs) from a managerial economics standpoint, embedded on the aforementioned KM process. The formulation of a business strategy involves several critical criteria. Growth opportunities identification and the development of corresponding strategies, considering environmental factors, and incorporating corporate social responsibility are highlighted aspects. The approach draws on the insights of Mintzberg, Ahlstrand, Lampel (2009), Johnson, Scholes, Whittington (2017), and Porter, Kramer (2006).

Secondly, implementing the business strategy considerations encompasses cost management, revenue management, and customer relationship management, each targeting improved profitability. Additionally, factors such as corporate productivity ratio, knowledge capabilities enhancement, competency-driven enhancement, organizational strategic capabilities, reward system enhancement, and knowledge management infrastructures are crucial in executing a robust business strategy (Drury, 2007; Kimes, 2003; Payne & Frow, 2005; Schoenherr & Swink, 2012; Alavi & Leidner, 2001; Prahalad & Hamel, 1990; Eisenhardt & Martin, 2000; Hansen et al., 1999; Wiig, 1993).

Next is the business strategy evaluation and control phase necessitates' the consideration of financial ratios, employment request and turnover ratio, risk management, and knowledge management quality. These criteria provide a comprehensive assessment of the organization's financial performance, human resource management practices, risk management capabilities, and the effectiveness of knowledge management processes (Brealey et al., 2017; Huselid, 1995; Hillson & Murray-

Webster, 2017; Hislop, 2005). Thereafter is scanning the business environment, where by scanning the business environment, factors such as organizational ambiguity, organizational agility, and knowledge sharing barriers are critical. These criteria relate to identifying and managing uncertainties impacting performance, responding effectively to environmental changes, and addressing obstacles to knowledge sharing within the organization (March & Simon, 1958; Hitt et al., 2005; Nonaka, 1994).

Conceptual Model

This study sought to develop a Managerial Economics and Knowledge Management Framework for Enhancing Sustainable Competitiveness in Tourism Enterprises tailored to the unique demands of Tourism Business Enterprises (TBEs), integrating knowledge management into the core dimensions of strategic management. By synthesizing insights from previous studies and integrating new criteria, the researcher has established a criterion that would addresses both theoretical and practical gaps in how knowledge resources can propel a competitive edge in the tourism sector. The criterion framework expands on established dimensions such as asset auditing, business strategy formulation, environmental scanning, strategy implementation, and strategic evaluation and control (Albuquerque et al., 2016).

Through this model, it is argued that TBEs must adopt a knowledge-oriented business strategy that not only aligns knowledge capabilities with core business functions but also enables continuous improvement across all strategic areas. In particular, this model places a heightened focus on strategic knowledge capabilities, such as product knowledge and adaptive reconfiguration, which have been relatively underexplored in tourism contexts (Zhang et al., 2018). As part of our original contribution, the researcher emphasizes the critical need for TBEs to develop knowledge management capabilities that can effectively support and nurture these strategic assets. This involves not only managing tacit and explicit knowledge but also ensuring that knowledge processes are embedded within the broader business strategy.

Continuous Improvement and Feedback Mechanisms

A key dimension of the criterion model is the emphasis on continuous improvement through robust feedback handling mechanisms (Liao et al., 2019). Traditional frameworks have often treated feedback as an afterthought, but this model integrates feedback at each phase of strategic management. By doing so, it ensures that TBEs can continuously refine their strategies based on real-time data and insights, making them more agile and responsive to changes in the competitive landscape.

Economic Considerations of Strategic Knowledge Management

Another important contribution of this study is the explicit focus on the economic implications of SKM in enhancing the strategic capabilities of TBEs. Chen & Huang (2020) highlight the significant economic value that can be derived from optimizing knowledge assets, and our model incorporates these insights to offer a more managerial economics perspective. By evaluating economic factors such as cost management, revenue generation, and financial ratios, our framework provides a comprehensive approach to understanding how knowledge management can directly impact the bottom line of TBEs.

Strategic Knowledge Management (SKM) Contributions

Table: 2, in no specific order delineating a possible criterion for appraising SKM contributions to TBE competitiveness, outlines the facets of the **proposed criteria** for evaluating **SKM's contributions** to TBE competitiveness. These criteria, adapted and modified from **Kahre (2011)**, provides a comprehensive framework to assess how **knowledge management** can enhance the strategic positioning of TBEs in the marketplace from a managerial economics standpoint.

Table 2: Criteria of SKM Contributions towards TBE Competitiveness

TABLE 2: *Criteria of SKM Contributions towards TBE Competitiveness, Adopted and Modified from Kahre (2011).*

SN.	Criteria
1	Financial performance metrics
2	Organizational growth and learning
3	Context for organizational change
4	Cost efficiency and management
5	Revenue optimization and management
6	Customer relationship strategies (CRM)
7	Corporate social responsibility (CSR)
8	Organizational productivity ratios
9	Enhancement of knowledge capabilities
10	Knowledge assets within the organization
11	Competency-based improvements
12	Development of strategic capabilities
13	Quality of knowledge management
14	Employment and turnover rates
15	Risk mitigation and management
16	Organizational uncertainties
17	Organizational flexibility and agility
18	Barriers to knowledge sharing
19	Enhancement of reward systems
20	Knowledge management infrastructure

Source: Adopted and Modified from Kahre (2011)

This inclusive framework serves as a valuable guide for understanding and enhancing the strategic capabilities of tourism businesses (Mintzberg et al., 2009; Johnson et al., 2017; Porter & Kramer, 2006; Drury, 2007; Kimes, 2003; Payne & Frow, 2005; Schoenherr & Swink, 2012; Alavi & Leidner, 2001; Prahalad & Hamel, 1990; Eisenhardt & Martin, 2000; Hansen et al., 1999; Wiig, 1993; Brealey et al., 2017; Huselid, 1995; Hillson & Murray-Webster, 2017; Hislop, 2005; March & Simon, 1958; Hitt et al., 2005; Nonaka, 1994).

Researchers' Contribution to Strategic Dimensions

The researchers have proposed new criteria, such as organizational agility, knowledge sharing barriers, and reward system enhancement, which expand on traditional measures of strategic success. These criteria are specifically tailored to the dynamic nature of the tourism industry, where rapid adaptation to changing consumer preferences and market conditions is key. The proposed model

also incorporates insights from Mintzberg, Ahlstrand, and Lampel (2009) on growth opportunities and organizational learning, advocating for TBEs to adopt a learning organization approach that prioritizes the development of strategic knowledge capabilities.

Additionally, we draw from Porter & Kramer (2006) to emphasize the importance of integrating corporate social responsibility (CSR) into the strategic knowledge framework. By incorporating ethical and social considerations into the knowledge management process, TBEs can build sustainable competitive advantages that resonate with both consumers and stakeholders.

Materials, Methodology and method

The study employed a traditional literature review methodology, following the guidelines established by Smith (2015). This approach involves a comprehensive analysis of existing literature related to a specific research question or domain of interest. The primary aim of this methodology is to identify, evaluate, and synthesize relevant studies and findings to form a well-rounded understanding of the current knowledge on the subject. As noted by Jones (2017), this method is commonly used in academic research to provide an extensive overview of existing literature and to identify potential research gaps or areas that require further investigation.

According to Smith et al. (2020), a traditional literature review involves an in-depth exploration of available scholarly resources, including peer-reviewed articles, books, and other academic materials. During this process, the researcher critically analyzes the literature to extract relevant information that addresses the research question, a process described by Cooper (1984). The end result of this method is a detailed synthesis of the current knowledge landscape, highlighting existing research gaps and offering a foundation for future studies, as emphasized by Booth et al. (2016).

Using this approach, the study examines the relationship between Strategic Knowledge Management (SKM) and competitiveness within tourism enterprises. The research aims to provide a theoretical framework that supports the development of sustainable competitive advantage through effective knowledge management. By focusing on the factors that enhance the competitiveness of tourism businesses through the sustainable use of knowledge assets, this study contributes to the existing body of literature in the field.

Discussion

SKM, Managerial Economics, and TBE Integration

In developing this study, the researcher has introduced a Strategic Knowledge Management (SKM) framework that is tailored to the tourism industry, specifically focusing on how TBEs can leverage knowledge management to gain a competitive edge. The framework not only aligns with established theories of managerial economics but also offers new, innovative criteria that are both comprehensive and applicable to the unique challenges faced by TBEs.

The researcher proposes this framework to fill a gap in existing literature where knowledge management has been underutilized as a strategic tool in the tourism sector. As Alam and Perry (2002) note, SKM can enhance operational efficiency, product differentiation, and customer satisfaction—critical components for gaining competitive advantage. Building on these insights, its further asserted that SKM's impact on TBEs can be more effectively assessed by integrating key knowledge

management processes such as creation, storage, retrieval, transfer, and application into the strategic evaluation. Our framework identifies these processes as core elements in optimizing TBEs' knowledge assets to foster innovation and sustainable growth.

This study contributes several original insights that go beyond existing models. First, the framework introduces criteria such as organizational agility, knowledge sharing barriers, and CSR to emphasize the broader, more complex environment in which TBEs operate. In contrast to previous works, our focus is on ensuring that knowledge assets are not just accumulated but actively applied to enhance strategic decision-making and respond to market dynamics. In doing so, we are advocating for dynamic adaptability within TBEs—a concept critical to maintaining long-term competitiveness in a rapidly changing tourism industry.

Furthermore, we have drawn on Mintzberg, Ahlstrand, and Lampel (2009) to assert that growth and learning must be viewed as both outcomes and drivers of SKM. Our framework places heavy emphasis on continuous learning, allowing TBEs to identify growth opportunities and develop strategies that align with both internal capabilities and external market trends. This represents a new approach in the tourism context, where growth is often reactionary rather than strategically planned based on knowledge-driven insights.

Strategic Knowledge Integration in TBEs

Our research also highlights the importance of aligning knowledge management with business strategy, specifically in the tourism sector. Drawing from Johnson, Scholes, and Whittington (2017), we propose that organizational change is inevitable for TBEs that wish to still be competitive. However, our contribution lies in showing how knowledge management can be the engine driving that change, particularly in environments where market conditions are volatile, and customer preferences shift rapidly. This allows TBEs to be more proactive in shaping their future rather than merely responding to external pressures. The paper also extends Porter and Kramer's (2006) CSR criterion by integrating ethical and social considerations into the knowledge strategy of TBEs. This demonstrates that knowledge management does not merely serve operational efficiency, but also aligns with broader societal goals, which are increasingly important in the modern tourism landscape.

Researchers' Input towards Knowledge Management

The proposed framework emphasizes the transformative potential of technology in managing and utilizing knowledge. In this respect, we align with Lee and Kim (2021) but expand upon their findings by proposing a comprehensive suite of digital tools, such as CRM systems, social media monitoring, and data analytics to facilitate knowledge sharing, improve customer relationships, and enhance marketing strategies. What distinguishes our contribution is the focus on how these technologies can be integrated into broader strategic goals for TBEs, rather than being used in isolation.

Practical Implications

The practical implications of this study are clear: Tourism Business Enterprises (TBEs) must adopt knowledge management as a core component of their business strategies to achieve sustainable

growth. The framework we have proposed serves as a blueprint for implementation, offering actionable insights for managers to make informed decisions regarding knowledge asset optimization, risk management, and customer-centric innovations. Moreover, it has been demonstrated that knowledge management processes can directly influence organizational performance, employee engagement, and customer satisfaction. For example, by focusing on reward systems and competency-driven enhancement, TBEs can foster a culture of continuous learning and knowledge sharing, which are critical for adapting to external changes.

Closing the Gap in Existing Literature

This research study fills an important gap in the existing body of work on strategic knowledge management in tourism. By integrating managerial economics with knowledge management processes, we provide a more nuanced understanding of how TBEs can leverage knowledge not just for operational improvements, but for strategic growth and competitiveness. Additionally, our innovative criteria—such as business environment scanning, organizational agility, and knowledge sharing barriers—expand the scope of evaluation, offering a more holistic approach to understanding the full impact of strategic knowledge management in TBEs.

Managerial economics plays a crucial role in assessing the contribution of Strategic Knowledge Management (SKM) to the competitiveness of Tourism Business Enterprises (TBEs) within the highly competitive tourism industry. SKM is vital for improving operational efficiency, product differentiation, and customer satisfaction, all essential for gaining a competitive edge (Alam & Perry, 2002). To evaluate SKM's impact, various facets such as technology integration, strategic evaluation, and business strategy formulation and implementation need to be considered for a managerial economics context (Varshneya & Jain, 2019).

In the tourism sector, businesses need to leverage knowledge assets effectively to remain competitive. SKM addresses this by enhancing not only the operational aspects of TBEs but also the strategic alignment of knowledge with business goals. Drucker's (1995) insights highlight criteria for knowledge assets auditing, ensuring that TBEs can evaluate their knowledge management (KM) infrastructure and quality. This involves assessing how well knowledge is created, stored, shared, and applied to improve strategic decisions and business outcomes.

The contribution of SKM to TBEs can be best understood by integrating business strategy, knowledge processes, and technology tools. This being a managerial economic integration, it is crucial for strategy formulation, implementation, and control, as well as for scanning the business environment for new growth opportunities (Eisenhardt & Martin, 2000; Porter, 1980). Experts have identified various strategies to enhance organizational performance by utilizing KM effectively.

For instance, Mintzberg, Ahlstrand, & Lampel (2009) emphasize growth and learning as key criteria for identifying opportunities and developing effective strategies. Moreso, Johnson, Scholes & Whittington (2017) stress the importance of managing organizational change to adapt to environmental factors impacting the tourism industry. Further, Porter & Kramer (2006) propose that incorporating Corporate Social Responsibility (CSR) into business strategies enhances both ethical standing and social impact, contributing to long-term competitiveness. In addition, Drury (2007) focuses on cost management, while Kimes (2003) highlights revenue management strategies. Both are crucial for improving profitability.

In parallel, Payne & Frow (2005) suggest that effective Customer Relationship Management (CRM) drives customer loyalty and retention. The corporate productivity ratio (Schoenherr &

Swink, 2012) reflects efforts to boost organizational efficiency through KM-driven processes. Similarly, Alavi & Leidner (2001) and Prahalad & Hamel (1990) emphasize the enhancement of knowledge capabilities and employee competencies through targeted KM strategies, ultimately enhancing TBEs' ability to innovate and adapt.

Eisenhardt & Martin (2000) underscore the importance of developing strategic capabilities to improve decision-making, while Hansen, Nohria & Tierney (1999) suggest implementing reward systems to encourage knowledge sharing and usage within organizations. Besides, Wiig (1993) also stresses the importance of building a robust KM infrastructure with tools and technologies that support knowledge storage, retrieval, and dissemination.

To evaluate organizational performance, Brealey, Myers & Allen (2017) point to the significance of financial ratios, while Huselid (1995) recommends monitoring employment and turnover as indicators of human resource management effectiveness. Hillson & Murray-Webster (2017) advocate for comprehensive risk management practices, and Hislop (2005) emphasizes evaluating the quality of KM processes. In the same light, organizational agility and knowledge sharing are also pivotal. March & Simon (1958) and Hitt, Ireland & Lee (2005) link agility to a firm's ability to respond to environmental changes, while Nonaka (1994) focuses on managing barriers to knowledge sharing. These components of KM are critical for organizational resilience, helping TBEs adapt quickly to market fluctuations and customer demands.

In the tourism industry, effective KM strategies are essential for improving the quality of tourism products and services (Yang et al., 2021) and fostering a culture of innovation (Smeral, 2005). KM tools such as online training programs and digital platforms enable continuous learning and knowledge sharing among employees (Bieger & Wittmer, 2006), while social media and CRM systems facilitate the understanding of customer needs and market trends (Korstanje & Skoll, 2021; Bartolome-Rodriguez et al., 2021). Therefore, the evaluation of SKM's contribution to the competitiveness of TBEs demands a multifaceted approach.

This approach integrates technology, evaluation metrics, and strategic formulation, demonstrating that SKM enhances not just operational efficiency but also strategic organizational agility and customer-centricity. By implementing technology-driven KM tools and aligning them with strategic objectives, TBEs can achieve sustainable growth and maintain a competitive edge in the global tourism market. In the context of managerial economics, KM must therefore be viewed as an integral part of TBE business strategies to ensure long-term success and adaptability in a fast-changing industry.

Results

Proposed Structural Theoretical Assessment Criterion

Table 3, presents an extensive criteria framework for evaluating the impact of Strategic Knowledge Management (SKM) on the competitive advantage of Tourism Business Enterprises (TBEs) from a managerial economics perspective. This model integrates a range of norms to measure the effectiveness of Knowledge Management (KM) processes, including knowledge creation, storage, transfer, and application, and highlights how these processes contribute to various organizational outcomes from a managerial economic framework. Building on Drucker's (1995) seminal work, criteria 10, 13, and 20 emphasize the importance of knowledge assets auditing, which evaluates the organization's knowledge assets, the quality of KM, and the infrastructure supporting knowledge

storage and retrieval. These principles form a cornerstone of the model by aligning with the KM process of knowledge creation/acquisition, ensuring that TBEs can generate and capture valuable knowledge to enhance their competitive positioning.

Furthermore, following the insights of Kianto et al. (2013), criteria 9, 11, and 12 are vital to the alignment of Knowledge Strategy and Business Strategy Formulation. These criteria demonstrate how TBEs can foster knowledge capabilities and competencies, facilitating the integration of KM processes with strategic planning. The role of knowledge transfer and sharing is especially critical here, as it enables organizations to bridge internal silos and ensure knowledge flows seamlessly across departments, driving innovation and competency enhancement.

Additionally, criteria 15, 16, and 17, also highlighted by Kianto et al. (2013), as pivotal in evaluating Knowledge Management Processes and Business Environment Scanning. These measures assess KM's role in mitigating risks, reducing ambiguity, and enhancing organizational agility—key factors in the tourism industry's volatile landscape. The ability to effectively apply knowledge to real-time risk management and decision-making processes underscores how knowledge application drives organizational responsiveness to external market conditions.

The work of Lee and Kim (2021) introduces a modern perspective by integrating Knowledge, Technology and Business Strategy Implementation into the framework. Criteria 1, 4, 5, and 14, reflect the tangible impact of KM on improving financial outcomes, driving cost efficiency, and supporting employee retention. By linking KM to technology-driven business strategies, these criteria highlight how TBEs can leverage knowledge storage/retrieval systems, analytics, and digital platforms to streamline operations, discover new revenue streams, and improve staff engagement.

In brief, Table 3, outlines a robust criteria/framework for assessing the impact of Strategic Knowledge Management (SKM) on the competitiveness of Tourism Business Enterprises (TBEs) from a managerial economics perspective. Each criterion reflects a key dimension of KM, with a focus on practical application.

These criteria include the assessment of Knowledge Assets (criteria 10, 13, and 20), Strategy Formulation (criteria 9, 11, and 12), Business Environment Scanning (criteria 15, 16, and 17), and Technology Implementation (criteria 1, 4, 5, and 14), offering a holistic evaluation approach. This integrated framework, proposed by the researcher is supported by the foundational contributions of Drucker (1995), Alavi and Leidner (2001), Wiig (1997), Kianto et al. (2013), and Lee and Kim (2021), illustrates the intricate relationship between knowledge management processes and TBEs' strategic success. It underscores how KM not only influences the internal capabilities of TBEs but also molds their external adaptability and long-term sustainability in an increasingly competitive global tourism market.

Table 3: Proposed Managerial Economics and Knowledge Management Framework for Enhancing Sustainable Competitiveness in Tourism Enterprises

SN.	Strategy	Action-Oriented Criteria	Role of Knowledge Management Process	5-Point Score (Total 100)
1.	Knowledge Assets Auditing	Identify and assess organizational knowledge assets	<i>Knowledge Creation/Acquisition:</i> Auditing ensures the organization knows where and how to acquire valuable knowledge assets.	(1)(2)(3)(4)(5)
		Optimize knowledge management quality	<i>Knowledge Application:</i> Ensures that quality standards are met by applying knowledge effectively across processes.	(1)(2)(3)(4)(5)

		Maintain and update knowledge management infrastructures	<i>Knowledge Storage and Retrieval</i> : Ensures knowledge is effectively stored, organized, and readily available for future use.	(1)(2)(3)(4)(5)
2.	Knowledge Strategy and Business Strategy Formulation	Enhance organizational knowledge capabilities	<i>Knowledge Creation/Acquisition</i> : Enhancing capabilities requires acquiring and generating new, valuable knowledge.	(1)(2)(3)(4)(5)
		Strengthen competency-driven knowledge enhancement	<i>Knowledge Application</i> : Applying knowledge to build skills and expertise drives competency in business operations.	(1)(2)(3)(4)(5)
		Develop strategic capabilities using knowledge	<i>Knowledge Transfer and Sharing</i> : Sharing knowledge across teams and units ensures organizational strategies are aligned.	(1)(2)(3)(4)(5)
3.	Knowledge Management Processes and Environmental Scanning	Mitigate risks through knowledge management	<i>Knowledge Transfer and Sharing</i> : Sharing knowledge on risks allows the organization to proactively manage uncertainties.	(1)(2)(3)(4)(5)
		Reduce organizational ambiguity with knowledge integration	<i>Knowledge Application</i> : Applying integrated knowledge to decision-making reduces ambiguity and enhances clarity.	(1)(2)(3)(4)(5)
		Enhance organizational agility through knowledge sharing	<i>Knowledge Transfer and Sharing</i> : Agile organizations rely on fast, effective knowledge sharing to respond to market changes.	(1)(2)(3)(4)(5)
4.	Knowledge Technology and Business Strategy Implementation	Analyze and apply knowledge to improve financial ratios	<i>Knowledge Application</i> : Applying financial knowledge improves key metrics like profit and return on investment.	(1)(2)(3)(4)(5)
		Leverage knowledge to manage costs effectively	<i>Knowledge Application</i> : Applying cost-management knowledge leads to reduced operational expenses.	(1)(2)(3)(4)(5)
		Utilize knowledge for optimized revenue management	<i>Knowledge Application</i> : Effective application of market and revenue data maximizes earnings potential.	(1)(2)(3)(4)(5)
		Monitor employment and turnover through knowledge-based systems	<i>Knowledge Storage and Retrieval</i> : HR systems store and retrieve knowledge to track employee performance and retention.	(1)(2)(3)(4)(5)
5.	Strategic Evaluation and Control, Measurement, and Evaluation	Foster growth and learning through knowledge creation	<i>Knowledge Creation/Acquisition</i> : Continuously acquiring new knowledge is essential for learning and growth.	(1)(2)(3)(4)(5)
		Drive organizational change through knowledge application	<i>Knowledge Application</i> : Applying knowledge to processes facilitates adaptation and transformation in response to market changes.	(1)(2)(3)(4)(5)
		Strengthen customer relationships using knowledge (CRM)	<i>Knowledge Transfer and Sharing</i> : Sharing customer insights across departments enhances CRM strategies and loyalty.	(1)(2)(3)(4)(5)

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A Theoretical Framework to Promote Sustainable Competitive Advantage

	Promote corporate social responsibility (CSR) through knowledge sharing	<i>Knowledge Transfer and Sharing:</i> Sharing knowledge about social responsibility initiatives promotes organizational CSR efforts.	(1)(2)(3)(4)(5)
	Enhance corporate productivity by applying knowledge	<i>Knowledge Application:</i> Applying process knowledge ensures higher productivity and operational efficiency.	(1)(2)(3)(4)(5)
	Overcome knowledge sharing barriers	<i>Knowledge Transfer and Sharing:</i> Breaking down barriers ensures seamless knowledge flow and organizational efficiency.	(1)(2)(3)(4)(5)
	Motivate employees with a knowledge-driven reward system	<i>Knowledge Application:</i> Applying knowledge about employee performance leads to fair and motivating reward systems.	(1)(2)(3)(4)(5)
TOTAL OUT OF 100			
KEY: Excellent A (100-91), Very good B (90-81), Good C (80-71), Average D (70-61), Below Average E (60-51), Fail F (below 50 points)			

Source: Researcher, 2024

Theoretical Implications

Through an in-depth analysis of knowledge management (KM) within tourism business enterprises (TBEs), an innovative criteria framework has been developed, forming the basis for an inclusive Managerial Economics and Knowledge Management Framework for Sustainable Tourism Competitiveness Paradigm. This criterion, while not a fully formalized theoretical construct, represents a dynamic, adaptable structure tailored specifically for the tourism sector. It incorporates essential KM processes—knowledge creation/acquisition, storage/retrieval, transfer/sharing, and application—and strategically aligns them with the unique needs of TBEs.

Enhancing Knowledge Management in Tourism:

The framework is designed with the tourism industry's distinct characteristics in mind. It integrates KM into the core of strategic operations, considering factors such as customer satisfaction, cultural sensitivity, global market trends, and sustainability. By embedding these KM processes within strategic goals, TBEs can more effectively leverage knowledge to respond to industry-specific challenges, fostering innovation and competitiveness.

Holistic Assessment Standards:

The framework introduces a comprehensive set of criteria for evaluating knowledge management across several key dimensions. It emphasizes the importance of auditing knowledge assets by assessing both the quality and accessibility of knowledge within the organization. Strategic alignment is another vital aspect, ensuring that knowledge management initiatives are closely integrated with the broader business objectives. Furthermore, the framework incorporates knowledge into risk mitigation strategies and financial decision-making, highlighting the role of knowledge in effective risk and financial management.

Technology integration is also a focal point, as advanced tools such as data analytics, CRM systems, and digital learning platforms are crucial for enhancing knowledge management processes. These evaluation standards provide a holistic perspective, enabling tourism business enterprises (TBEs) to optimize their knowledge assets, improve organizational agility, strengthen financial performance, and manage risks more effectively.

Dynamic Adaptability:

One of the core innovations of the framework is its emphasis on dynamic adaptability. This principle reflects the need for continuous evolution in KM strategies, ensuring they remain flexible and responsive to the fast-changing nature of the tourism industry. The model supports the ongoing development of KM processes to align with shifting customer preferences, emerging technologies, and external environmental factors, thus enabling TBEs to maintain a competitive edge.

Pathway to a Sustainable Tourism Knowledge Management Paradigm:

Although the framework is not yet a standalone theory, it integrates key elements that could form the foundation of a Sustainable Tourism Knowledge Management Paradigm. By embedding sustainability into its processes—such as CSR and community engagement—the framework ensures that TBEs not only enhance their competitiveness but also contribute positively to the environment and society. Further investigation and refinement could evolve this framework into a widely recognized theoretical model for KM in the tourism sector.

Conclusions

The literature emphasizes numerous conditions and strategies that businesses can leverage to achieve success. Key factors such as formulating a robust business strategy, implementing and evaluating it effectively, and continuously scanning the business environment are crucial for identifying growth opportunities and sustaining expansion (Mintzberg, Ahlstrand, & Lampel, 2009; Johnson, Scholes, & Whittington, 2017). Additionally, critical elements like cost management, revenue generation, customer relationship management (CRM), corporate productivity, knowledge enhancement, competency development, strategic capabilities, reward systems, and knowledge management infrastructures are essential for driving organizational efficiency, profitability, and employee skills improvement (Drury, 2007; Kimes, 2003; Payne & Frow, 2005; Schoenherr & Swink, 2012; Prahalad & Hamel, 1990; Alavi & Leidner, 2001; Wiig, 1993).

In evaluating organizational performance, financial ratios, employment turnover, risk management, and knowledge management quality are key metrics (Brealey, Myers, & Allen, 2017; Huselid, 1995; Hillson & Murray-Webster, 2017; Hislop, 2005). For tourism business enterprises (TBEs), operating in a highly dynamic environment requires not just agility but also the effective management of knowledge-sharing barriers (March & Simon, 1958; Nonaka, 1994). A strong knowledge foundation is essential for elevating the quality of tourism products and services, fostering innovation, and delivering exceptional customer experiences (Yang et al., 2021; Wang & Pfister, 2008).

To meet these challenges, tourism organizations must adopt advanced knowledge management strategies that incorporate technological innovations. In today's digital landscape, tools like online

training platforms, social media monitoring, and data analytics are invaluable for staying attuned to customer needs and emerging trends (Bieger & Wittmer, 2006; Korstanje & Skoll, 2021). CRM systems further support the management of customer feedback, facilitating continuous improvement and adaptability to evolving market demands (Bartolome-Rodriguez et al., 2021). By strategically deploying these technology-driven tools, tourism businesses can cultivate a customer-centric culture and maintain a competitive edge.

The ongoing global challenge for the tourism sector is managing knowledge effectively in an era of rapid technological change, shifting consumer preferences, and fluctuating market conditions. To remain competitive, tourism enterprises must strengthen their capabilities in knowledge acquisition, organization, and utilization. Further research is essential to identify successful strategies in areas such as diversity and inclusion, digital transformation, sustainability, organizational culture, leadership with emotional intelligence, artificial intelligence integration, learning and development, social media engagement, globalization, and organizational resilience (Eisenhardt & Martin, 2000; Hitt, Ireland, & Lee, 2005). These areas are vital because they directly impact organizational performance, employee engagement, customer behavior, and expectations. By embracing these strategic priorities, tourism enterprises can position themselves for sustainable success in an ever-evolving landscape.

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