Advantages of cluster economic models for tourism destination development in Georgia

Azmaiparashvili Maia¹,
Davituliani Tsitsino²

¹ Doctor of Ecology, Associate Professor; Gori State University; Republic of Georgia
European University; Republic of Georgia

² Doctor of Geography, Associate Professor; Akaki Tsereteli State University; Republic of Georgia
Kutaisi University; Republic of Georgia

Abstract.
Today, in the development of the tourism industry, it is important to create an innovative environment, manage processes and implement them in practice. The process of tourism growth poses new challenges for researchers. In the article, we discussed the importance of cluster economic models for the development of regional tourism in Georgia. We analyzed the sustainability characteristics of the cluster environment and discussed the experience of European countries on the example of tourism clusters. The importance of tourism clusters is a good opportunity to form a competitive regional tourism industry that includes all elements of the cluster, and the principle of tourism cluster formation is one of the opportunities to achieve sustainability. In the regions, less attention is paid to the issues of sustainability of tourist destinations. Spatial-regional aspects of tourism management should increasingly take into account the issues of sustainability of tourist complexes and its assessment. Among economists, it is unequivocally recognized that the regions on the territories of which the cluster is formed become the leaders of economic development. The level of economic growth of the territory of the region depends on the development of tourism business clusters. Cluster formation involves a group of functionally related economic entities that are located territorially close to each other and create a competitive advantage based on their proximity and contacts. The methodological basis of the work is qualitative and statistical research methods, data analysis, processing of analytical material presented in open sources, complex assessment of tourism development resources in the tourist cluster.

Keywords:
Tourism
Cluster
Regional development
Sustainable


**Introduction.** The study of local economic instruments for the post-pandemic period puts on the agenda a harmonized use of the region's resources and a complex assessment. World practice shows that the cluster approach is not only a means of achieving the goals of the industrial policy, but also a powerful tool for the regional development of tourism. The main mission of tourism clusters is the possibility of forming a competitive tourism industry, which includes all elements of the cluster itself: attraction, destination, people, education, capital, etc. Sh. Of course, visitors are one of the main components of the tourist cluster. The main goal in the formation of the cluster is the possibility of increasing sustainable economic and ecological tourism, quality tourism products. The competitiveness of the region depends on cluster approaches. Important components are the tourism innovation environment of the place, the importance of strategic management mechanisms for the systematic management of development, the behavior and approaches of the parties interested in the development of the tourism cluster, the importance of network cooperation, ways to overcome weak network cooperation, etc. The basis for the formation of a tourist cluster is the human, natural-climatic, geographical location of the region, cultural-historical recreational resources, infrastructure facilities, which ultimately represent the business components of the tourist cluster, including: accommodation facilities, catering organizations, transport infrastructure, financial infrastructure [1]. The need to maintain and develop tourist clusters is mentioned in almost all documents of the strategic development of the tourism sector, in this regard, the complex problems of identifying tourist clusters, assessing their impact on the regional economy, as well as cluster formations in the field of tourism are becoming more and more relevant. In the article, we discussed cluster theories, the advantages of cluster models for the sustainable development of regional tourism, and analyzed the sustainability characteristics of the cluster environment [2].

**Aim of research.** Discussing cluster theories, I will analyze the advantages of cluster models for the sustainable development of regional tourism, taking into account the sustainability characteristics of the cluster environment.
Methodology. The methodological basis of the work is qualitative research methods, analysis of qualitative textual information, processing of theoretical material of a scientific nature, logical, economic analysis - which means, on the one hand, the processing of analytical material presented in open sources, on the other hand, complex assessment of tourism development resources and cluster analysis.

Literature review. The theoretical basis of the work is local economic development, regionalism, scientific studies and manuals of both foreign and Georgian scientists and economists. The issues surrounding the cluster approach were investigated by scientists M. Porter, E. Dahmen, E. Limerom, I. Tolenado, P. Fisher and many others. The growing attention to the topic of cluster in Georgia is explained by the abundance of national scientific articles, including L. Korghanashvili, E. Baratashvili, N. Nadareishvili, I. Gagnidze, b. Gechbaya, M. Diasamidze, M. Khokhobaia, I. Gagnidze, N. Drezheshvili and others. Based on the study of scientific studies and the conclusions of leading authors, it is possible to mention positive views. M. Porter is recognized as the founder of the cluster approach in economics, which defines a cluster as "a group of geographically adjacent interrelated companies and related organizations operating in a specific area, characterized by common activities and complementing each other." According to Michael Porter's definition, a cluster is a geographically concentrated group of interconnected companies and associated institutions in a certain field, characterized by vertical (customer/supplier) or horizontal (common market, similar or related technology, intermediaries, etc.) relationships [3].

According to researchers Baratashvili, Dzidzikashvili, Nadareishvili, the state cluster policy has become a decisive tool in the overall set of measures aimed at increasing the competitiveness of small countries. Achieving high competitiveness for the country and creating new forms of production with spatial orientation within it is directly related to the level of education. The successful experience of small European countries in increasing competitiveness through cluster policy convincingly proves the high
efficiency of this approach. Therefore, the experience of strong highly developed states in the policy of increasing competitiveness is appropriate for a country like Georgia. An urgent task for Georgia is a thorough study of the experience of small European countries, in particular, the Scandinavian school and Ireland, and a reasonable adaptation of their successful activities, taking into account the current situation and perspectives of Georgia. According to them, tourism and recreational, financial, educational, healthcare, construction, wine, water, chemical and microbiological clusters are promising in Georgia, but additional studies are needed to reveal their potential. They consider the Black Sea coast as a tourist-recreational regional cluster as a promising example of creating industrial clusters [4].

Georgian scientist L. According to Korghashvili, it is appropriate to use cluster policy in Georgia at the present stage. In addition, it is important to pay attention to the selection and formation of promising clusters for the development of Georgia and its regions. To develop their adequate regional development strategies. In addition, it should be good to understand that the cluster is a means of development of the country and business, not the goal [5]. Gagnidze notes that in the modern world, the project of competitiveness based on clusters, i.e. Cluster Initiatives (CI) has become a widespread means of promoting economic development and determining economic policy [6].

According to the definition of specialists in the special and economic literature, a cluster is a complex, voluminous concept and refers to "a group of industrial, geographically close interrelated companies and other organizations that operate in a specific field and are characterized by the unity and/or mutual complementarity of the business" or, it is "Grouping of companies and organizations working on common issues". According to the recognized classification, the tourist, tourist-recreational cluster belongs to the industrial, which is why it is represented in the traditional sphere of economy [7].

At present, different models of clusters are considered in science and practice: Scottish, Italian, Japanese, Finnish, North American. The Scottish model envisages the
existence of a large company, which acts as the core of clusters, around which other small, medium and large firms unite; The Italian model implies a set of numerous small firms, which are united in various associations in order to increase competitiveness.

Discussion and Results. Around the world, among economists, it is unequivocally recognized that the regions in whose territories the cluster is formed become the leaders of economic development, determine the competitiveness of the national economy. An economic cluster is usually not spatially dependent on an urbanized district. In contrast to a regional cluster, it tends to have much wider boundaries and encompass a region or country as a whole. A regional cluster is a spatial agglomeration related to economic activity, which creates the basis for new forms of adaptation. They are usually composed of small and medium-sized enterprises, a central element of their success is social capital concentrated in geographical proximity. A second feature is that firms are much less interconnected than in industrial clusters.

Effective development of tourist regions of Georgia is based on the principles of sound management of the tourist complex of the territory. The advantage of looking at tourism in a cluster prism is to consider sustainability in a management system shared by different industry groups. The level of economic growth of the territory of cities depends on the development of business clusters of tourist centers. Cluster formation involves a group of functionally related economic entities that are located territorially close to each other and create a competitive advantage based on their proximity and contacts. Such as service providers, tour operators, hotels, catering establishments, entertainment centers and other organizations.

In order for the cluster to be a viable, self-sufficient, successful and efficient organization, Prof. M.P. According to Voinarenko, five conditions are necessary: initiative; innovation; Information - accessibility, openness, knowledge exchange, creation of databases and web pages: Under the tourism cluster, it is necessary to integrate business structures, authorities and government agencies, public
organizations operating in the tourism industry and related industries, which jointly use the tourism resources of a particular region for the formation, promotion and sale of its tourism [8].

The cluster approach to the analysis and regulation of the country's economy at the state level was first used in Finland in 1991-1993. The results of large-scale studies were published in a report (Advantage Finland – The Future of Finnish Industries) where the structure, trends and development perspectives were analyzed. Based on this information, the Finnish government developed a policy supporting the cluster, which brought the country a leading position in the ranking of prospective competitiveness (Growth Competitiveness Index) and current competitiveness (Business Competitiveness Index) [9].

It is necessary to take into account the experience of successful countries and consider the cluster approach as an important tool for increasing the country's competitiveness. Individual regions in Georgia have different competitive advantages, for this it is necessary to consider them in the clustering process.

The central concept of the cluster is tourist resources, they play a crucial role in the development of tourism, because they are more the main motive and reason for people to participate in tourist trips. The city of Batumi is one of the outstanding tourist destinations in the entire Black Sea region. With its old and new architectural buildings, ancient port, botanical garden and seaside boulevard, European squares and streets, world-brand high-class hotels and colorful cafes. Batumi cluster is characterized by research and development opportunities, enterprises and organizations, suppliers and partners, workforce, associated structures, material-technical base, contingent of specialists are concentrated within its geographical boundaries. Also, the natural and recreational potential, houses of prominent people, museums of local history, memorial complexes, places of worship, areas of national natural parks, botanical and landscape reserves, parks, etc., are noteworthy. Sh. Effective use of the resource potential of the cluster helps to clearly identify the market factor – tourism demand –
tourism supply within its borders. Batumi is the center of attraction around which routes and service programs are formed. The economy is built on the city cluster, but if we consider the tourism clusters in the area from the point of view of sustainability, they are practically left out of attention. The urban development of the city is mainly based on economic considerations, however, the consideration of the "green city", the introduction of the concept of sustainability is less noticeable, the elements of the tourism cluster as a whole do not respond to the framework of sustainability.

By means of clustering or grouping of objects, using the Cluster Analysis module of the statistics program, we tried to present the positive impact of the cluster model with the criterion of sustainable development. To make the tourist destination of the city visible, we conditionally divided it into two clusters, selected variables, the number was 14, the object of observation was 10; We used the K-means method, in the process of clustering, for full-scale analysis, the objects in both clusters were as similar as possible, and at the same time, they differed from the objects of other clusters. According to dispersion analysis, the characteristics of dispersion between groups and within groups, variability were formed, the smaller the value of dispersion within groups and the greater the dispersion index between groups, the better the clustering. The advantage of the area cluster approach lies in the fact that it allows to study the situation between interrelated enterprises in a complex, sustainable development way, to form a competitive cluster space in such a way that the sustainability policy is realized.

The effective functioning of clusters depends on the distance between the groups included in it and the influence of the variables. Clusters are not sensitive to variables. They differ in risk. The latter indicates that dividing the cluster into groups gives qualitative results. Although cluster analysis is an iterative process of multi-objective optimization, it often requires more data preprocessing and modification of model parameters. Considering that a cluster is a group of functionally related economic entities that are
located territorially close to each other and create a competitive advantage based on their proximity to each other. In a city environment, the sustainability assessment of a tourism cluster cannot be fully realized due to the lack of sustainability data. The driving factor on the way to sustainable development is the various components measured in the cluster, it is difficult to calculate the data of sustainability and unsustainability of tourism indicators.

In the work "Pandemic and conceptual issues of economic development of the region", scientist Chagelishvili notes that in the modern changing world, where along with strong competition, management in conditions of uncertainty is common, conceptual approaches to the socio-economic development of the country and regions are becoming more and more active, where development according to the cluster model is relevant. Especially when the pandemic puts on the agenda the maximally harmonized use of resource potential and priorities of countries and regions and the deepening of export-oriented economic policy [10].

It should be noted that in the opinion of the author of the work "Cluster formation in the tourism industry and increasing the competitiveness of the regional tourism market", the formation of cluster strategies in one of the tourist regions of Georgia, namely Adjara, is accompanied by both facilitating and hindering factors [11]. The analysis of the problems reveals that tourist services are characterized by high sensitivity to the development or underdevelopment of individual areas of the state/region: variation in the quality of offered services, stability or instability, stable or unstable environment, etc. The field of economy is characterized by important tourism specifics: seasonality, user involvement in the offer process; The influence of external factors on the quality of tourist services; cross-modal nature of tourist activities; Territorial localization of suppliers and enterprises. It is this character and territorial localization that determine the need to consider its activity from the perspective of a cluster approach [12].

**Conclusion and recommendations.** In conclusion, we note that in modern conditions, new approaches to the spatial placement of tourist infrastructure facilities are used for
the reasonable and effective development of the resource potential of the region. The cluster approach is an effective tool for sustainable economic growth of the tourism industry and the region. As practice shows in tourism, clustering plays a major role in increasing the competitiveness of both the country and the region. The economy built on a cluster is an attractive economic model for investments, which ensures a high standard of living of the population and equal involvement in the production of both large enterprises and small and medium-sized businesses of the region. For the economic development of Georgia, the cluster policy is an important strategic component that ensures the effective growth of the territory's competitiveness.

References: