

## The role of public policy in promoting the competitive capacity of tourism enterprises



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### ARTICLE INFO

#### Article history:

Received 23 June 2024

Received in revised form

18 October 2024

Accepted 9 November 2024

#### Keywords:

Tourism competitiveness

Public policies impact

Organizational performance

Innovation in tourism

Ho Chi Minh City tourism

### ABSTRACT

In the highly competitive tourism industry, both domestically and internationally, improving competitiveness is a key challenge for policymakers aiming to strengthen the operational capacity of tourism businesses. This study focuses on analyzing the direct and indirect effects of public policies on enhancing the competitiveness of tourism enterprises in Ho Chi Minh City (HCMC). Using both qualitative and quantitative research methods, the study reviews previous research, identifies gaps, refines measurement tools, and proposes research models. Surveys were conducted with 346 managers of tourism enterprises in HCMC, and quantitative analysis was performed using techniques such as statistical analysis, Cronbach's alpha for reliability, exploratory factor analysis (EFA), and partial least squares structural equation modeling (PLS-SEM). The results show that public policies have a positive impact on improving the competitiveness of tourism enterprises in HCMC, both directly and indirectly. Indirectly, public policies boost competitiveness by fostering innovation and enhancing organizational performance.

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### 1. Introduction

Tourism is one of the sectors characterized by dynamic growth and international integration, as its nature requires interaction on social and cultural issues. Additionally, this field is constantly influenced by technological innovations, changes in government policies, and environmental fluctuations (Rogerson et al., 2021). The tourism sector contributes to the entire chain of restaurants, lodging/hotels, tourism enterprises, transportation, and others that can be considered key stakeholders in a country's tourism sector. However, tourism activities are heavily influenced by public policies.

Public policies play a crucial role in shaping and promoting the development of the tourism sector. In today's context, the tourism sector is becoming an integral part of the global economy, offering significant business opportunities for enterprises and contributing to a country's economic, social, and cultural development (Zúñiga Collazos et al., 2023). Public policies in the tourism sector affect the

innovation process and influence the competitiveness and organizational performance of organizations in the industry. Public policies establish regulations and guidelines for tourism activities and provide incentives and support measures for enterprises and organizations operating in the sector (Law et al., 2019; Volgger et al., 2021). Public policies in the tourism sector may include security regulations, environmental management, taxes, and financial support, which can impact the industry's innovation capability by creating a stable and independent business environment. This helps enterprises and organizations in the industry to conduct research efficiently and develop new products, services, and technologies (Zúñiga Collazos et al., 2023). Additionally, public policies can enhance the tourism sector's competitiveness by creating favorable conditions for enterprises and organizations operating in the sector, thereby helping them to optimize performance and strengthen market competitiveness (Jin et al., 2023).

However, the impact of public policies on innovation, competitiveness, and organizational performance in the tourism sector is not always positive; obstacles and limitations may arise due to the application of inappropriate or ineffective policies, thereby reducing the industry's innovation and competitiveness. This is particularly important in intense competition amongst tourist destinations

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<https://doi.org/10.21833/ijaas.2024.11.022>

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and rapid changes in technology and the market (Zúñiga Collazos et al., 2023).

Therefore, studying the impact of public policies on competitiveness as well as innovation and organizational performance of enterprises in the tourism sector is crucial for a better understanding of the role of public policies in the current development of the tourism sector. This research will provide a deep insight into the impact of public policies on enterprises in the tourism sector, thereby providing a basis for developing public policies and measures to enhance the competitiveness of enterprises in the tourism sector. This study also provides suggestions for future research to expand the scope to include various provinces and cities and a broader range of business sectors to enhance the generalizability of the research findings.

## 2. Theoretical framework and research hypotheses

### 2.1. Overview of public policy and its impact on the tourism sector

According to the Cambridge Dictionary, public policy is defined as being a government policy that affects everyone in a country or a state. It refers to the set of laws, regulations, and initiatives that governments establish to accomplish social and economic objectives. Public policy addresses common issues or specific public goals through government choices and priorities in allocating resources to shape behavior and distribute public goods (Anyebe, 2018). Creating public policy is complex, involving stakeholders with diverse roles, interests, and resources. Public policies are shaped to meet demands from various social actors, often driven by the goal of correcting market failures (Dredge and Jamal, 2015).

In tourism, public policy has been considered as a process requiring collaboration and coordination with stakeholders, including those outside the public sector (Dredge and Jamal, 2015). Research into public policy aims to understand the factors determining who benefits from public policy, why they benefit, and the effects of the policy (Aguinis et al., 2023). In recent years, the importance of public policy has diminished due to privatization movements since the 1970s. This transition has significantly impacted the tourism sector, as demonstrated by Hall (1999) and Aguinis et al. (2023).

Nevertheless, public policy still has certain impacts and roles in the tourism sector; for example, the success of a lodging establishment such as a hotel serving tourists and residents depends not only on their own assets and finances but also on community resources. These community resources include roads, telecommunications, airports or seaports, amenities, healthcare facilities, educational facilities, and housing. Therefore, the role of public policy in the tourism sector is crucial for developing tourism enterprises.

### 2.2. Overview of competitive capability in the tourism sector

Competitive capability in the tourism sector comprises various dimensions through which organizations can achieve a certain level of superiority in their business operations. It is a dynamic concept requiring a comprehensive process regarding destinations, products, and/or tourism services to maintain and develop in the market (Dwyer, 2016; Ritchie and Crouch, 2003). Tourism competitiveness can be described as a destination's capability to generate, combine, and offer tourism experiences, including valuable goods and services appreciated by tourists, in such a way that it preserves resources and sustains its market position compared to other destinations (Dimoska and Trimcev, 2012). Similarly, Hassan (2000) defined competitive capability in the tourism sector as the ability to develop and interact between services and goods, thereby creating value to ensure the long-term sustainability of organizations and their market position sustainability in a competitive context. According to Ritchie and Crouch (2003), competitive capability in the tourism sector is the ability of a nation to create value and enhance its welfare by exploiting its tourism resources, destinations, and management processes to enhance the competitiveness of enterprises in the tourism sector.

### 2.3. Research hypotheses

#### 2.3.1. The impact of public policy on innovation in the tourism sector

Public policy plays a crucial role in promoting innovation amongst tourism enterprises. By establishing a reliable business environment and facilitating access to resources, public policy provides a foundation for developing and implementing new ideas and advanced technologies in the industry (Zúñiga Collazos et al., 2023).

One way in which public policy influences innovation is through investment in research and development. Public policy enables tourism enterprises to invest in developing new products and services by offering financial support, facilitating collaboration with research organizations, and executing research and development incentive programs. This may include the development of advanced tourism technologies, creating unique tourism experiences, and enhancing service quality (Vigoda-Gadot and Yuval, 2003).

Furthermore, public policy can also create a flexible business environment and promote innovation by reducing risks for enterprises, providing supportive policies and protection for startups, streamlining administrative procedures, and ensuring a transparent and fair legal system; public policy helps to create a favorable business environment for the development of new and small enterprises (Zúñiga Collazos et al., 2023). Another aspect of public policy's impact on innovation is

encouraging innovation in business models and management. Public policy can promote innovation by providing support and incentives for enterprises to examine and implement new business models, including socially responsible and experience-sharing models. Additionally, public policy can establish training and support programs for enterprises to improve management quality, thereby enhancing their competitiveness and success. Therefore, the author proposes the hypothesis as follows:

**H1:** Public policy positively influences the innovation of enterprises in the tourism sector.

### **2.3.2. The impact of public policy on the competitive capability of enterprises in the tourism sector**

Public policy plays a crucial role in shaping and impacting the competitive capability of enterprises in the tourism sector. By establishing regulations and guidelines, governments can influence an enterprise's business environment and operating conditions (Michel and Barragán, 2014; Wiedenhofer et al., 2017). Public policy influences competitive capability by managing and supporting the tourism sector. Governments can implement supportive financial policies and tax reductions and provide support services such as training and consulting to help tourism enterprises develop and expand their operations. In this way, the government creates favorable conditions for developing the tourism sector and enhances the competitive capability of enterprises within the sector. Additionally, public policy can also influence the competitive capacity of enterprises by managing the business environment, including the establishment and promotion of adherence to safety, environmental, and risk management regulations. By ensuring that enterprises operate in a safe and stable business environment, the government enhances customer trust and helps tourism enterprises strengthen their competitive abilities in the market (Michel and Barragán, 2014). Another aspect of public policy's impact on competitive capability is promoting sustainable development in the tourism sector by proposing and promoting policies and programs that encourage sustainable development, such as environmental protection, community-based tourism development, and cultural preservation. The government helps protect valuable resources and heritage and creates new business opportunities for tourism enterprises. Furthermore, promoting sustainable development also helps to create a positive image for the tourism sector and attracts customer attention (Wiedenhofer et al., 2017). Therefore, the author proposes the hypothesis as follows:

**H2:** Public policy positively influences the Competitive Capability of enterprises in the tourism sector.

### **2.3.3. The impact of public policy on the organizational performance of enterprises in the tourism sector**

Creating public policies in the tourism sector should be aimed at strategies capable of generating comprehensive momentum for economic and social development, particularly to enhance its adaptability in the market and create value for society. As stated by Stein and Tommasi (2006), public policies should promote stakeholder participation as shared goals can be realized within organizational structures. Thus, public policy serves as a significant government contribution to fostering the competitive capacity of tourism enterprises. (Spasojevic et al., 2019).

Public policy plays a crucial role in managing the economy and maintaining social order, creating favorable conditions for business activities; this includes establishing laws and regulations on taxes, protecting intellectual property rights, and supervising financial risk management (Zúñiga Collazos et al., 2023). Public policy helps to create conditions for enterprises to develop and operate more effectively by ensuring a stable business environment and easy resource access. Furthermore, public policy can promote healthy competition and innovation in the economy by encouraging investment in research and development, training high-quality human resources, and creating conditions for more efficient business operations (Paddison and Walmsley, 2018).

Public policy can significantly impact organizational performance, as government decisions can influence regulations, create incentives, and stimulate organizations' available resources; in this sense, public policies can strengthen the business foundation, generating valuable outcomes for all enterprises (Moore, 2018). Therefore, the author proposes the hypothesis as follows:

**H3:** Public policy positively influences the Organizational Performance of enterprises in the tourism sector.

### **2.3.4. The impact of innovation on the competitive capability of enterprises in the tourism sector**

In tourism, innovation in products, services, service processes, organization, and advertising significantly impact enterprises' competitive capability. Progress in these areas creates new opportunities and requires enterprises to be flexible and ready to adapt to maintain and enhance their positions in an increasingly competitive market (Schönherr et al., 2023). Innovation in products and services is one of the most critical factors in creating a competitive advantage for tourism enterprises; service processes are a significant milestone in evaluating the competitive capability of the tourism business; as well as helping to optimize efficiency

and reduce costs, innovation in service processes also creates comfort and convenience for customers. Moreover, innovation in organizational methods also plays a crucial role in creating competitive advantages (Schönherr et al., 2023). Tourism enterprises need to be flexible and innovative in organizing their business activities. From developing flexible business models to building diverse partner relationships, enterprises must seize and leverage new opportunities quickly and flexibly (Nawrocki and Jonek-Kowalska, 2023; Nogare and Murzyn-Kupisz, 2021).

Considering these innovation strategies, the tourism sector must encourage new ideas and processes to improve operations, address unmet market needs, or significantly improve existing products and services. These innovative ideas arise from understanding market dynamics, entrepreneurial experience, the creative insights of entrepreneurs, agencies, organizations, and other stakeholders, as well as training and education that contribute to the tourism sector (Nawrocki and Jonek-Kowalska, 2023; Nogare and Murzyn-Kupisz, 2021). Therefore, the author proposes the hypothesis as follows:

**H4:** Innovation positively influences the Competitive Capability of enterprises in the tourism sector.

### **2.3.5. The impact of innovation on the organizational performance of enterprises in the tourism sector**

Innovation plays a crucial role in enhancing the organizational performance of enterprises in the tourism sector. By applying new ideas, advanced technologies, and flexible business models, enterprises can improve customer experiences, streamline business processes, and enhance competitiveness in the market (Hattori and Tanaka, 2017; Wiedenhofer et al., 2017). One of the most significant impacts of innovation is improving customer experiences. Enterprises can attract and retain customers by creating new, unique, customer-oriented products and services. Additionally, adopting new technologies such as mobile apps, intelligent tourism websites, and online booking systems helps create convenient and flexible customer booking experiences, increasing customer satisfaction and loyalty (Rajapathirana and Hui, 2018). Furthermore, innovation can optimize the business processes of tourism enterprises. By implementing automation technologies and modern management software, enterprises can minimize time and costs in activities such as booking services, customer management, and data analysis. This helps to increase efficiency and economic benefits for the business while providing a better customer experience (Choong, 2014; Hult et al., 2004).

Another aspect of innovation's impact is enhancing market competitiveness. By creating unique advantages and differentiation from competitors, enterprises can attract customer

attention and establish a strong market position. Additionally, investing in innovation helps tourism enterprises adapt quickly to changes in the business environment and meet the increasingly diverse needs of customers (Wiedenhofer et al., 2017). Therefore, the author proposes the hypothesis as follows:

**H5:** Innovation positively influences the Organizational Performance of enterprises in the tourism sector.

### **2.3.6. The impact of organizational performance on the competitive capability of enterprises in the tourism sector**

Organizational performance and competitive capability are closely related because an organization achieving efficient, high-quality, and productive operational results tends to be more competitive in the market; this is because it can offer high-quality products or services at lower prices, allowing it to stand out amongst competitors and attract more customers (Michel and Barragán, 2014). Furthermore, organizational performance can enable an organization to innovate and develop new products or services, allowing it to maintain its competitive position and lead the market (Farida and Setiawan, 2022). Therefore, the author proposes the hypothesis as follows:

**H6:** Organizational Performance positively influences the Competitive Capability of enterprises in the tourism sector.

## **3. Research methodology**

Qualitative research involves synthesizing theories and findings from previous researchers related to the author's research topic to propose hypotheses and build a research model. The author reviewed and synthesized the background based on quality and reliable academic articles about the topic of public policy in reputational journals to develop the proposed model. Keywords such as "public policy," "competitive advantages," "innovation," "performance," and "tourism" were considered to search for relevant studies in a wide range of databases (Table 1). Next, the author discussed a focus group method of refining and supplementing the measurement scales and the research model with ten experts to make them more suitable for the research context. The selected experts include academics and professionals who have research/practical experience and knowledge about the topic of public policy in the context of the tourism industry. Their insights helped the authors to review and revise the wording of the questionnaires to improve the clarity, understandability, appropriateness, and suitability of the research context. For instance, "technological application" was paraphrased as "the use of technology" in the measurement scale of public



policy; “the enterprise’s net profit” was explained briefly as “the enterprise’s net profit after paying wages, suppliers, taxes, and expenses” in the measurement scale of competitive capability and “the profit generation” was replaced by “the level of profit achievement according to the plan” in the measurement scale of competitive capability.

Next, the author conducted quantitative research using basic analytical methods such as statistics,

Cronbach’s alpha reliability assessment, exploratory factor analysis (EFA), a measurement model, and partial least squares structural equation modeling (PLS-SEM) on survey data collected from 370 managerial staff in tourism enterprises in Ho Chi Minh City, yielding 346 valid responses. The quantitative research results reflect public policy’s role in enhancing tourism enterprises’ competitiveness.

**Table 1:** The scales of factors in the research model

No.	Factors	Code	Scales	Source
1	Public policy (PP)	PP1	Governmental organizations always listen to - and seriously consider - feedback from the tourism sector	Vigoda-Gadot and Yuval (2003)
2		PP2	Governmental organizations always welcome and acknowledge suggestions from the tourism sector	
3		PP3	Governmental organizations rigorously review identified errors occurring in their work	
4		PP4	Governmental organizations propose ideas to promote the tourism sector	
5		PP5	Public policies have ideas to improve the quality of the tourism sector	
6		PP6	Governmental organizations encourage the use of technology to participate in the development of the tourism sector	
7		PP7	Governmental organizations provide timely responses to the requests they receive	
8	Innovation (IN)	PP8	The requests sent to governmental organizations are handled properly, succinctly, and within a reasonable timeframe	Zúñiga Collazos (2015) and Valle (2016)
9		IN1	The enterprise has made improvements in its services in recent years	
10		IN2	The enterprise has made improvements in its service delivery processes in recent years	
11		IN3	The enterprise has improved its management practices to achieve better results	
12		IN4	The enterprise implements marketing strategies to enhance customer satisfaction	
13	Competitive capability (CO)	CO1	The current profit growth rate is higher than that of other organizations of a similar scale in the tourism sector	Michel and Barragán (2014) and Gutierrez Rodriguez and Almanza Junco (2016)
14		CO2	The profit growth rate over the past five years has been higher than that of other organizations of a similar scale in the tourism sector	
15		CO3	The enterprise’s net profit after paying wages, suppliers, taxes, and expenses is higher than that of other organizations of a similar scale in the tourism sector	
16		CO4	The level of profit achievement according to the plan is better than that of other organizations of a similar scale in the tourism sector	
17	Organizational performance (PE)	PE1	The enterprise manages operational processes and related procedures well	Quinn and Rohrbaugh (1983) and Naranjo-Valencia et al. (2016)
18		PE2	Customers increasingly value the quality of the enterprise’s services	
19		PE3	The enterprise’s market share is increasingly expanding	
20		PE4	The enterprise arranges suitable jobs for its employees	
21		PE5	The number of employees taking leave is decreasing	

Based on the number of variables in the research model and following the sample size theory for studies applying EFA, the minimum sample size is determined as 4 or 5 times the number of variables (Hoang and Chu, 2008). Therefore, according to this study, the minimum sample size is  $5 \times 21 = 105$  samples. However, the author surveyed 370 samples and collected 346 valid samples to ensure persuasiveness and increase reliability.

Amongst the 346 individuals surveyed, 155 females accounted for 44.8%, and 191 males accounted for 55.2% (Table 2). The majority had a university education, making up 63.3%. The highest age group was between 30 and 40 years old, accounting for 40.2%. The highest managerial tenure was 5 to 10 years, accounting for 52.9%.

**4. Research results**

Assessing Cronbach’s alpha reliability is the first step in the PLS-SEM model. With 21 variables from 4 factors (including Public Policy (PP), Innovation (IN), Competitive Capability (CO), and Organizational Performance (PE)), all variables meet the requirements with composite reliability coefficients greater than 0.3. Additionally, all Cronbach’s alpha coefficients are at least 0.8, ranging from the lowest

at 0.891 (Organizational Performance) to the highest at 0.950 (Public Policy) (Table 3).

**Table 2:** Descriptive statistics results

Variables	Classification	n	%
Gender	Male	191	55.2
	Female	155	44.8
Education level	Intermediate, college	23	6.6
	University	219	63.3
	Postgraduate	104	30.1
Age	Below 30 years old	55	15.9
	From 30 to 40 years old	139	40.2
	From 41 to 50 years old	110	31.8
	Above 50 years old	42	12.1
Management tenure	Less than five years	26	7.5
	From 5 to 10 years	183	52.9
	Over ten years	137	39.6

Therefore, after assessing the reliability using Cronbach’s alpha, the study identified 21 suitable variables belonging to four factors to be included in the EFA to explore the measurement structure of the four factors: PP, IN, CO, and PE.

The EFA with a Kaiser-Meyer-Olkin (KMO) measure of 0.950, more significant than 0.5, confirms that the EFA results are appropriate for exploring the structure of the scales (Table 4). Additionally, Barlett’s test has a Chi-Square value of 5,866.475 with a Sig-coefficient of less than 5%, indicating that the EFA results are statistically significant.

**Table 3: Results of Cronbach's alpha**

Factors	The initial number of variables	Cronbach's alpha	The number of valid variables
PP	8	0.950	8
IN	4	0.928	4
CO	4	0.901	4
PE	5	0.891	5

**Table 4: Results of EFA**

KMO value		0.950
Bartlett's test	Chi-square	5,866.475
	Degree of freedom	210
	P-value	0.000

**Table 5: Results of factor rotation**

	Component			
	1	2	3	4
PP5	0.884			
PP6	0.877			
PP8	0.871			
PP7	0.865			
PP2	0.860			
PP1	0.851			
PP4	0.833			
PP3	0.758			
PE3		0.842		
PE5		0.837		
PE4		0.831		
PE1		0.810		
PE2		0.797		
IN3			0.921	
IN2			0.908	
IN4			0.889	
IN1			0.870	
CO4				0.909
CO1				0.852
CO2				0.825
CO3				0.819
Eigenvalue	10.758	2.082	1.765	1.259
% of variance	51.230	9.912	8.405	5.995
Cumulative %	51.230	61.142	69.546	75.542

Furthermore, the results of the EFA indicate a stopping point at the fourth factor with an eigenvalue of 1.259, greater than 1, affirming that the variables included in the analysis are organized into four factors. The total variance explained at the fourth factor is 75.542% > 50%, demonstrating the extent of data variation explained to be 75.542%. Moreover, the factor rotation results demonstrate that the 21 variables included in the analysis are categorized explicitly into four factors, including PP, IN, CO, and PE, as detailed in Table 5. Next, the author used SMARTPLS software to implement an SEM model.

Hair et al. (2021) stated that the outer loading coefficient needs to be greater than or equal to 0.7 for an observed variable to be considered good quality. According to the results in Table 6, all observed variables meet this requirement as their outer loading coefficients are all greater than 0.7. Therefore, all variables belonging to the four factors, PP, IN, CO, and PE, meet the criteria for structural model analysis using PLS-SEM.

Based on the results in Table 7, Cronbach's alpha and composite reliability values for the factors are above 0.8, and the AVE values are above 0.6. This indicates that the factors ensure reliability and convergence for inclusion in the PLS-SEM structural model analysis.

Furthermore, discriminant validity values demonstrate a structure's distinctiveness compared to other structures within the model. The traditional approach to assessing discriminant validity is to use the square root of AVE, as suggested by Fornell and Larcker (1981), whereby the square root of AVE should be greater than the correlation coefficient between the latent variables.

**Table 6: Results of outer loading**

Variables	CO	IN	PE	PP
CO1	0.867			
CO2	0.905			
CO3	0.877			
CO4	0.864			
IN1		0.869		
IN2		0.920		
IN3		0.925		
IN4		0.913		
PE1			0.863	
PE2			0.858	
PE3			0.829	
PE4			0.821	
PE5			0.803	
PP1				0.860
PP2				0.871
PP3				0.849
PP4				0.848
PP5				0.869
PP6				0.882
PP7				0.833
PP8				0.868

**Table 7: Results of reliability and convergence**

Factors	Cronbach's alpha	Rho A	Composite reliability	Average variance extracted (AVE)
CO	0.901	0.904	0.931	0.771
IN	0.928	0.930	0.949	0.823
PE	0.891	0.895	0.920	0.697
PP	0.950	0.950	0.958	0.740

Table 8 shows that the correlation coefficients between the factors are all smaller than the square root of the AVE values. This indicates that the factors ensure discriminant validity when included in the PLS-SEM structural model analysis.

The results of the PLS-SEM model indicate that the relationships between the factors all show Sig. (P Values) smaller than 5%; thus, the relationships between the factors are statistically significant.

Additionally, all regression coefficients are greater than 0, indicating positive relationships (positive effects) between the factors (Table 9).

**Table 8: Results of discriminant**

Factors	CO	IN	PE	PP
CO	0.878			
IN	0.602	0.907		
PE	0.550	0.495	0.835	
PP	0.601	0.549	0.555	0.860

**Table 9:** Results of the PLS-SEM model

Relationship	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T-statistics ( O/STDEV )	P-values
IN -> CO	0.329	0.328	0.055	5.992	0.000
IN -> PE	0.273	0.277	0.053	5.155	0.000
PE -> CO	0.223	0.222	0.046	4.819	0.000
PP -> CO	0.296	0.298	0.057	5.206	0.000
PP -> IN	0.549	0.547	0.049	11.235	0.000
PP -> PE	0.405	0.402	0.055	7.300	0.000

The model results indicate that the PP factor has a positive impact on IN, CO, and PE with regression coefficients of 0.549, 0.296, and 0.405, respectively. This means that when the PP factor improves/increases by 1 unit, the IN, CO, and PE factors increase by 0.549 units, 0.296 units, and 0.405 units, respectively, while the other factors remain unchanged. This result has been demonstrated by researchers [Wiedenhofer et al. \(2017\)](#), [Michel and Barragán \(2014\)](#), [Spasojevic et al. \(2019\)](#), and [Zúñiga Collazos et al. \(2023\)](#).

The IN factor has a positive impact on CO and PE, with regression coefficients of 0.329 and 0.273, respectively. This implies that when the IN factor improves/increases by 1 unit, the CO and PE factors increase by 0.329 units and 0.273 units, respectively, while the other factors remain unchanged. This result has been demonstrated by researchers such as [Wiedenhofer et al. \(2017\)](#), [Nogare and Murzyn-Kupisz \(2021\)](#), [Schönherr et al. \(2023\)](#), and [Nawrocki and Jonek-Kowalska \(2023\)](#).

Finally, the PE factor positively impacts CO with a regression coefficient of 0.223. This means that when the PE factor improves/increases by 1 unit, the

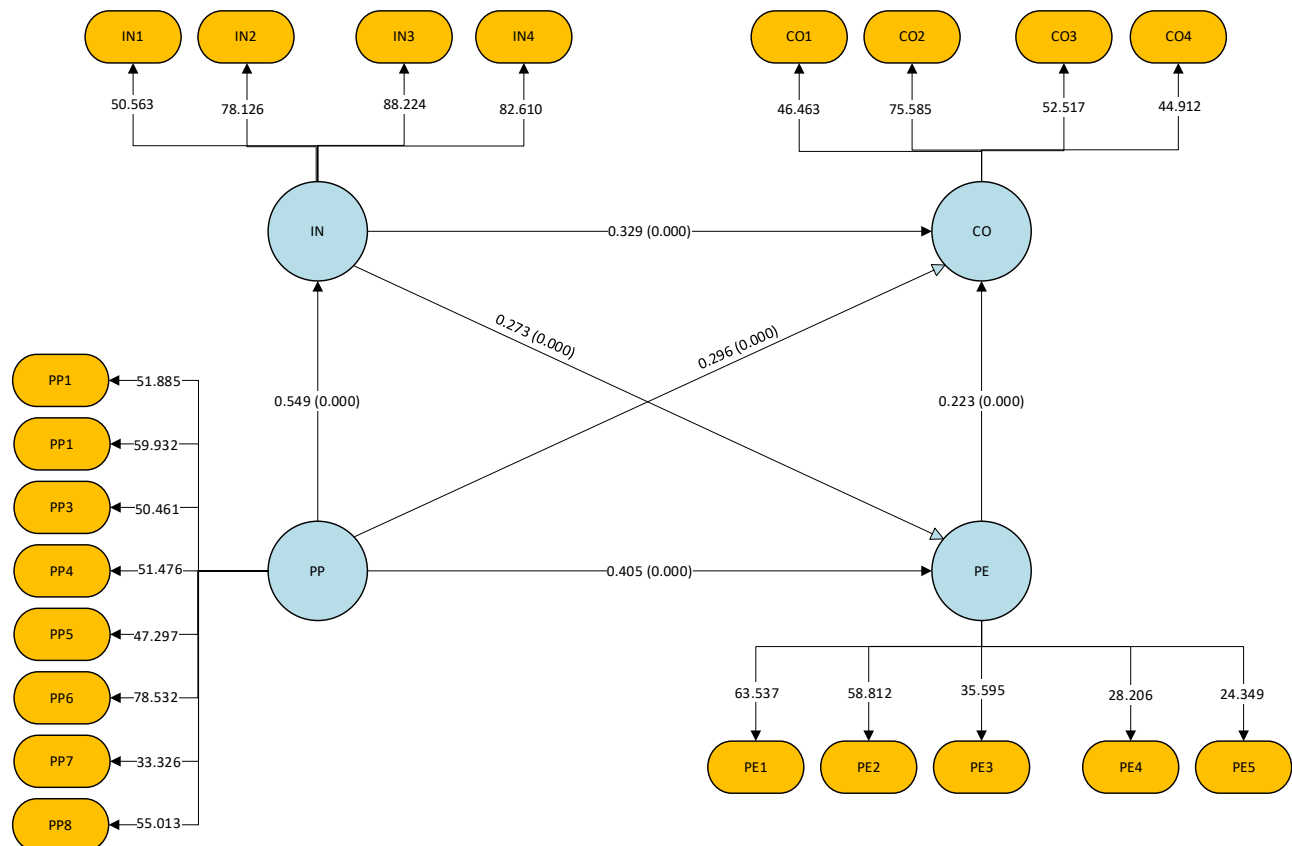
CO factor increases by 0.223 units, while the other factors remain unchanged. Researchers such as [Michel and Barragán \(2014\)](#), [Spasojevic et al. \(2019\)](#), and [Farida and Setiawan \(2022\)](#) have demonstrated this result.

Furthermore, according to [Hair et al. \(2019\)](#), VIF < 3 indicates no multicollinearity issue in the PLS-SEM model. From the obtained results, we observe that the VIF coefficients of the factors in [Table 10](#) are all smaller than 3; thus, there is no multicollinearity issue in the model.

Therefore, the results of the PLS-SEM model ([Fig. 1](#)) demonstrate the role of PP in enhancing the Competitive Capability of tourism enterprises, specifically: (1) PP has a positive impact on IN, CO, and PE; (2) Innovation (IN) has a positive impact on CO and PE; and (3) PE has a positive impact on CO.

**Table 10:** The results of the multicollinearity test

Factors	CO	IN	PE	PP
CO				
IN	1.548		1.431	
PE	1.562			
PP	1.687	1.000	1.431	



**Fig. 1:** Results of the PLS-SEM model

## 5. Conclusion and policy implications

### 5.1. Conclusion

The research study aims to evaluate the role of public policies in promoting the competitive capacity of tourism enterprises in Ho Chi Minh City (HCMC); the research focused on analyzing the direct influence of public policy on the competitive capability of tourism enterprises, as well as understanding the indirect impact of public policy on the competitive capability of tourism enterprises through the mediating factors of organizational performance and innovation. Quantitative research methods were applied to address the research question. Additionally, qualitative research methods were utilized through discussions with experts to refine and supplement measurement scales and research models to fit the research context better. The study's main findings demonstrate the role of public policy in increasing the competitive capability of tourism enterprises in HCMC. Directly, public policy positively influences the competitive capability of tourism enterprises operating in HCMC. Additionally, public policy has an indirect impact through organizational performance and innovation on the competitive capability of tourism enterprises. This highlights the critical role of public policy in enhancing the competitive capability of enterprises in HCMC. Furthermore, the research results also indicate that organizational performance and the innovation of enterprises are two internal factors driving the increase in the competitive capability of these tourism enterprises.

### 5.2. Policy implications

Based on the research findings, the author proposes the following policy implications aimed at enhancing the competitive capability of tourism enterprises through public policy:

- Governmental organizations in Ho Chi Minh City should listen to and seriously consider opinions from enterprises in this field to develop appropriate policies for the industry, support enterprises, and promote tourism development. This can be achieved through organizing meetings, forums, or workshops where both parties (tourism enterprises and governmental organizations) can exchange views and propose specific solutions. This helps to improve the relationship between governmental organizations and enterprises, creates a positive working environment, and supports the development of the tourism sector.
- Enhancing the linkage and effectiveness of collaboration between public organizations and tourism enterprises aims to issue public policies that closely align with the actual activities of tourism enterprises. This could involve establishing a systematic and coordinated feedback system to capture and address input from tourism enterprises. To achieve this, governmental organizations need to develop a database or an online system where enterprises can submit feedback, responses, or requests for support. This system should ensure security and ease of use. Governmental organizations should establish a specialized team to handle this feedback. This team can receive, categorize, and respond to issues raised by tourism enterprises quickly and efficiently.
- Ensuring transparency, accountability, and effectiveness in the operations of governmental organizations is crucial for increasing the suitability of each public policy when issued. Therefore, seriously reviewing and rectifying errors in work is extremely important. An essential solution is establishing a clear and transparent complaint and feedback handling process to receive and address complaints and feedback from enterprises in the tourism sector. This process should be publicly disclosed, and fairness and transparency should be ensured throughout the handling process.
- There is a need to enact policies to support the development of tourism enterprises and generate ideas for enhancing the quality of the tourism sector. This could involve bolstering tourism promotion and marketing through creative and effective advertising campaigns. This may include developing advertising videos, beautiful images, and engaging content on social media platforms or tourism websites. Additionally, developing attractive tourism packages and special promotion programs could help to attract tourists. This includes collaborating with industry partners such as hotels, restaurants, and transportation companies to create diverse and appealing tour packages. Furthermore, investing in tourism infrastructure and conserving and developing tourist destinations are also essential parts of the strategy to promote the tourism sector. This will enhance the travel experience for customers and create a sustainable infrastructure for industry growth.
- There is a need for policies to promote the adoption of advanced technology to serve the development of the tourism sector. This could involve promoting mobile applications or online platforms to provide travel information conveniently and book tickets and hotel reservations for tourists. Moreover, leveraging artificial intelligence and data analysis to predict and assess tourism demand could help governmental organizations understand the market better and develop effective tourism promotion strategies. Additionally, promoting green and sustainable technology in the tourism sector is essential to the solution. This may include investing in public transportation systems, constructing green tourism areas, and utilizing energy-saving technologies in tourism operations.
- Governmental organizations must respond promptly to requests to acknowledge and enforce more reasonable policies for the tourism sector.



Establishing regular feedback and communication mechanisms is also crucial for governmental organizations to update and adjust policies and regulations continuously, following feedback from tourism enterprises. This helps to ensure that regulations reflect the needs and conditions of the tourism sector while also creating conditions for enterprises to operate effectively and sustainably in the long term.

- Policies to enhance the quality of feedback from governmental organizations based on contributions from tourism enterprises could involve establishing standards and performance indicators. These standards help to evaluate and improve the process of handling requests, ensuring that tourism companies receive feedback and support promptly.

Although efforts were made to improve the research to as high a standard as possible, limitations in time and knowledge persist. The study still has certain limitations, such as a relatively small sample size and a restricted scope, as it was only conducted amongst tourism enterprises in Ho Chi Minh City. The study is limited to tourism enterprises in Ho Chi Minh City, which can affect the generalizability and external validity of the findings to other regions or countries. Therefore, future research could increase the sample size and expand the scope to include various provinces and cities, as well as a broader range of business types/industries, to enhance the applicability of the research findings. Future research can expand the study scope to include other regions or comparative analysis with other cities, so the generalizability of this study might be improved.

## Compliance with ethical standards

## Ethical considerations

Informed consent was obtained, and data were anonymized to ensure confidentiality.

## Conflict of interest

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

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