

IO Economic model of a business. Application to a company of the tourist sector

Topic: Methodological aspects of input-output analysis 4

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In this paper we present a business Input-Output model for a company that belongs to the tourism sector.

The IO tables show the interdependences that exist in the company productive structure and give us the possibility to set out, under some hypothesis, economic models of business simulation. We will show the great potential of these models in the taking of microeconomic decisions. In our study, we break down demand according to nationalities and groups of clients, studying which part of that demand provides the largest profit to the company. Subsequently, we make some simulations, from which we study the effects produced in the gross operating surplus of the different departments of the company, which are derived from a final demand increase of the company services.

In this paper, our aim has been to show the great capacity that business origin and destination tables have for economic analysis at the firm level. The input-output analysis based on the business origin and destination tables can be a very powerful tool for the decision-making because of its simplicity for the data management and the flexibility of its formulation to achieve different objectives. It is possible to carry out different types of analysis: structural, production processes, price structure or environmental analysis, depending on the information we wish to obtain. In this document, based on a good breakdown of demand, we have been able to show which segments of that demand bring more profit to the company. This is very interesting when presenting new marketing strategies to attract new clients.

Taking the study of this paper as a starter point and considering an enlargement of it, the relation between the input-output tables of the tourist company and the input-output regional tables could be studied. This could also be done with the national accounts, as Polenske did in 1997.

Nowadays, the use of input-output models and techniques for microeconomic analysis is not very common, which is quite surprising because these models are a powerful tool, even unique, to solve a wide variety of business management and organizational problems.