

SUMY STATE UNIVERSITY



**Research Paper on: - “Competitiveness of tourism sector
in developing and developed countries!”**

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Research paper on “Competitiveness of Tourism Sector in Developing and Developed Countries”.

Introduction

Nowadays, any company operates in a competitive environment both internally and externally. In these circumstances, the position and the contribution that tourism, as a branch of the tertiary sector, can have to the GDP of a country and its beneficial effects on the social, cultural and environmental level, require its integration among the priorities that any government has while determining the overall strategy of economic development. Under the conditions of an increasing global competition, tourist destinations are always looking for ways to increase their competitiveness. For a tourist destination, it is of significant importance to adopt and implement a strategy, but also to identify its target markets. The aim of each destination is to create attractive products and offer value for money, in order to have satisfied tourists, who, through word of mouth advertising to communicate their positive experience and they might return to the destination. Tourists' satisfaction is considered an important tool for increasing the competitiveness of tourist destinations in terms of globalization.

On the tourism market, the competition is becoming tougher, not only between countries in a particular region but also inter-regional. In order to achieve significant results, when the competitive advantages are mainly based on the satisfaction perceived by tourists, a large number of existing and new destinations are competing for their market segment (Pavli ET all, 2011). The competitiveness of tourism destinations and, generally, the overall competitiveness of the travel and tourism industry, became vital for their survival and growth in the international market, in the conditions of increasing leisure time and rising levels of disposable income (Esther and Ritchie, 2003). Obtaining and developing a competitive advantage consist in creating a viable and sufficiently large segment of buyers who are interested in purchasing the services offered by the company because they perceive them as having a higher overall value. According to Russo, 1999, the competitive advantages of an organisation are completely different, and can include:

- (1) Large or very large size of it;
- (2) Providing services at the lowest prices or at the highest level of quality;

- (3) Providing services most suited to customer requirements;
- (4) Dominance of a specific market segment;
- (5) Providing a higher overall value for the price received.

Price competitiveness is a frequent issue in the tourism competitiveness literature (Craigwell, 2007). Dwyer, Forsyth and Rao, 2000, examine the price competitiveness of travel and tourism in

19 destination countries using efficiency and productivity to show the competitiveness among destination countries. Zhang and Jensen, 2007, developed a model for explaining tourism flows by adding to the price competitiveness the natural endowments, climate, geography, and cultural heritage. In the prior literature, there are a number of views that claim that local competitive businesses are the key to the competitiveness of a nation. A series of other researchers also support the idea that there is a very strong relationship between a country's competitiveness and business competitiveness and indigenous industries. An example in this regard is the model of M. Porter, 1990, 2004 - a monitoring and evaluation framework model of the competitive advantage of nations - which highlights the factors that are interconnecting to generate a competitive advantage, such as government, the existing demand, the strategy and the structure of organizations and supporting industries. Wang and Reicher, 2008, state that long-term competitiveness of a tourist destination is determined to a great extent by the balance between cooperation and competition of business in tourism industry. Also, branding process for a tourism destination is crucial for long-term destination competitiveness (Boo, Busser and Ballou, 2009).

Research Methodology

Selection of countries

Considering the indicators that compose the Travel & Tourism Competitiveness Index, we further intend to achieve a comparison of the competitiveness in tourism between the first 15 most economically competitive countries according to the Global Competitiveness Report 2011-2012 of the World Economic Forum. The table below present the top 15 states in terms of global competitiveness according to the mentioned report (Schwab, 2011).

Table 1. Global Competitiveness Ranking

Country	GCI* 2011–2012		GCI* 2010–2011 Rank	Country	GCI* 2011–2012		GCI* 2010–2011 Rank
	Rank	Score			Rank	Score	
Switzerland	1	5.74	1	Japan	9	5.40	6
Singapore	2	5.63	3	United Kingdom	10	5.39	12
Sweden	3	5.61	2	Hong Kong	11	5.36	11
Finland	4	5.47	7	Canada	12	5.33	10
USA	5	5.43	4	Taiwan	13	5.26	13
Germany	6	5.41	5	Qatar	14	5.24	17
Netherlands	7	5.41	8	Belgium	15	5.20	19
Denmark	8	5.40	9				

It may be noticed that Switzerland remains the world leader also for 2011-2012. Its strengths are represented by the strong ability of innovation, technological readiness and labour market efficiency, effectiveness and transparency of public institutions. For 2011-2012, on the second rank is Singapore, which changes places with Sweden. Singapore, the leader of Asian countries, scores through governmental efficiency and lack of corruption as well as by the most developed financial market in the world. Sweden is characterized by a strong focus on long-term education and a high level of adaptability to technology. An important step is made by Finland, which is characterized by a high innovation power, by transparency in public institutions or by an educational and training environment well-structured and adapted to the market needs. USA are in a continuous decrease from year to year, now ranked 5th after ranking second in 2009-2010. One of the factors behind this decline is loss of confidence in the public institutions from the business community.

Data selection

An important barometer in the field is the Travel & Tourism Competitiveness Report annually issued by the World Economic Forum. This report presents the developments of 139 countries from their competitiveness in the tourism industry perspective, in terms of a series of indicators that reflect in a clear and objective way the position of each of them. The purpose of this report is to measure the factors and policies that make attractive the development of travel and tourism industry in different countries. The main analysed variables are grouped into three categories as follows, Blanked and Chiesa, 2011:

- (1) Legal framework;
- (2) Business environment and infrastructure;
- (3) Human, cultural and natural resources.

Each of these three categories comprises itself a number of Competitiveness pillars, as in the figure below:

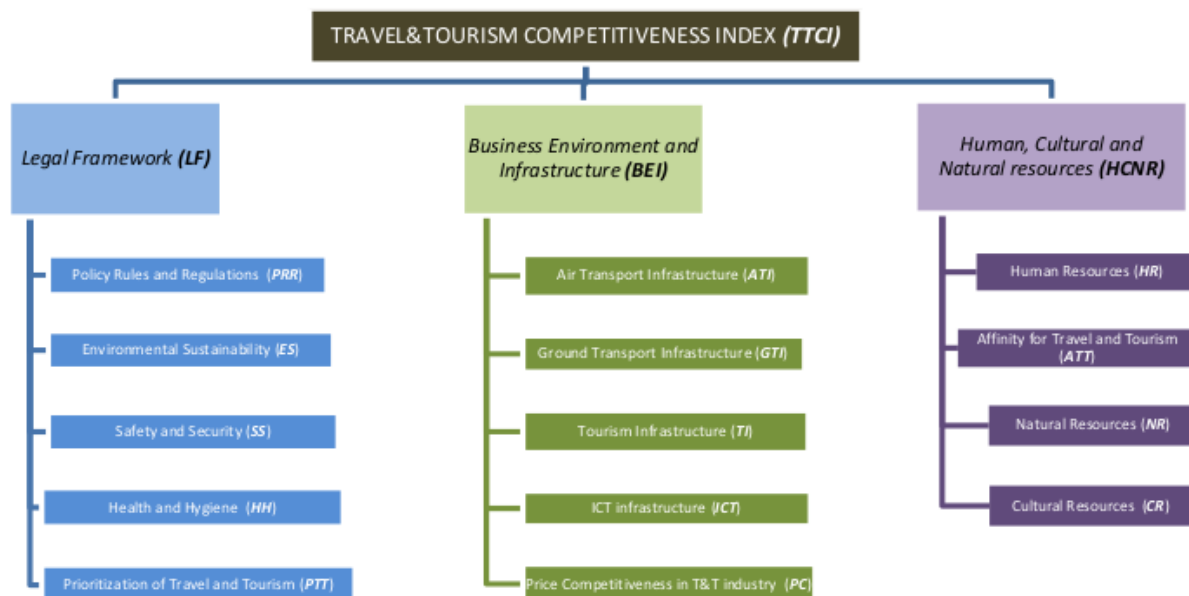


Fig 1. Travel Tourism Competitiveness Index

All the factors presented are extremely important components in determining the competitiveness of a nation. Each piece has a well-established place in the final puzzle. Excluding natural resources on which man is quite difficult to intervene, the remaining indicators depend only on the skills, competencies, orientations and value systems of each country.

2.3 Research Method

We used in this study Pearson correlation coefficient (r) to conduct the measurements and produce the aimed results.

Known as Pearson product-moment correlation coefficient, it is a measure of the linear correlation (dependence) between two variables X and Y, giving a value between +1 and –1 inclusive. It is widely used in the sciences as a measure of the strength of linear dependence between two variables.

Results

Analysing the states above classified in terms of their tourism competitiveness, their rankings change, and the results are presented in the table below.

Table 2. Tourism Competitiveness Ranking

Country	Rank	Score	Country	Rank	Score
Switzerland	1	5.68	Netherlands	14	5.13
Germany	2	5.50	Denmark	16	5.05
Sweden	5	5.34	Finland	17	5.02
United Kingdom	7	5.30	Japan	22	4.94
USA	6	5.30	Belgium	23	4.92

As it can be seen in the tourism competitiveness ranking, the first place is also occupied by Switzerland.

Despite its size, Switzerland has a number and a variety of significant natural and cultural resources, including the impressive natural destinations of the World Heritage. Not only leisure tourism is the strength of Switzerland, but is also a major business center with important annual fairs. On the second place stands Germany, up one place from the previous evaluation. It is the country that strives to greater competitiveness from other competitors through policies and extremely strict environmental regulations, by implementing international environmental treaties and supporting international environmental efforts. It is known that Germany has one of the most powerful ground transport, air transport and tourism infrastructure. Sweden is the country that completes the podium. Among the strengths we can mention: environment sustainability, air transport infrastructure and information communication technology, cultural resources. One of the weaknesses of Sweden is the lack of price competitiveness. The first Asian country that appears in our study is Singapore, ranked tenth in the Travel Tourism Competitiveness Report 2011. It ranks first in the world in the category of

environmental policies, with rules highly favourable to the development of the tourism industry. Moreover, Singapore is among the safest countries in terms of health and safety and is ranked second in terms of prioritization of tourism.

Further, we intend to identify the correlation between tourism competitiveness indicator and the 3 major categories that were presented, the coherence between these major categories and the specific pillars of competitiveness.

Table 3. Travel Tourism Competitiveness Sub-indexes

COUNTRY	TTCI	RF	BEI	HCNR	COUNTRY	TTCI	RF	BEI	HCNR
Switzerland	5.68	5.99	5.58	5.48	Netherlands	5.13	5.50	5.10	4.78
Germany	5.50	5.67	5.57	5.26	Denmark	5.05	5.51	5.11	4.53
Sweden	5.34	5.67	5.15	5.21	Finland	5.02	5.74	4.75	4.55
United Kingdom	5.30	5.35	5.27	5.28	Japan	4.94	5.24	4.72	4.86
USA	5.30	5.01	5.42	5.48	Belgium	4.92	5.48	4.66	4.64
Canada	5.29	5.28	5.38	5.21	Taiwan	4.56	4.95	4.73	4.00
Singapore	5.23	5.72	5.39	4.59	Qatar	4.45	5.02	4.68	3.64
Hong Kong	5.19	5.80	5.19	4.59					

The correlation between tourism competitiveness and its major categories of indicators shows a very strong association between global competitiveness and the human, cultural and natural resources ($r = 0.91$) and a strong association towards business environment and infrastructure ($r = 0.88$). The association between global competitiveness and the legal framework is moderate ($r = 0.65$). With an average score of 5.46, the legal framework seems to be a supporting factor of tourism competitiveness. On top of the evaluation are Switzerland (5.99), Honk Kong (5.80) and Finland (5.74), countries where specific regulations are very well developed. On the last three positions can be found, in descending order, Qatar (5.02), USA (5.01) and Taiwan (4.95), states that should make serious improvements in environmental sustainability.

Table 4. T&T regulatory framework major pillars

COUNTRY	TTCI	RF	PRR	ES	SS	HH	PTT
Switzerland	5.68	5.99	5.11	6.06	6.42	6.58	5.80
Germany	5.50	5.67	5.09	5.84	6.19	6.80	4.39
Sweden	5.34	5.67	5.31	6.26	6.27	5.93	4.58
United Kingdom	5.30	5.35	5.19	5.54	5.63	5.57	4.81
USA	5.30	5.01	5.18	4.15	5.01	5.58	5.11
Canada	5.29	5.28	5.40	4.98	5.73	5.38	4.91
Singapore	5.23	5.72	6.00	4.90	6.10	5.19	6.42
Hong Kong	5.19	5.80	5.69	4.13	6.32	7.00	5.85
Netherlands	5.13	5.50	5.11	5.62	5.86	6.42	4.50
Denmark	5.05	5.51	5.16	5.88	6.22	5.87	4.40
Finland	5.02	5.74	5.39	5.69	6.48	6.60	4.53
Japan	4.94	5.24	4.61	4.79	5.76	6.29	4.75
Belgium	4.92	5.48	5.00	5.53	5.87	6.55	4.44
Taiwan	4.56	4.95	5.29	4.11	5.39	5.48	4.49
Qatar	4.45	5.02	4.75	4.55	5.69	5.52	4.61

The relationship between the specific pillars and tourism competitiveness in terms of the legal framework seems to be very powerful for safety and security ($r = 0.90$) and moderate for the other four indicators. The values shown in the above table confirm once again that, in the analysed countries, the global competitiveness affects tourism competitiveness prompt and determine new safety and security improvements and sustained efforts in order to meet the expectations from the point of view of sustainable development, health and hygiene or to implement appropriate rules and regulations for each tourist destination. With an average score of 5.11, The business environment and infrastructure also represent a supporting factor of tourism competitiveness. In this case the leader remains unchanged, too, namely Switzerland (5.58), followed this time by Germany (5.57) and by USA (5.42). On the last positions of the assessment is again, Qatar (4.68) followed this time by Belgium (4.66).

Table 5. T&T business environment and infrastructure major pillars

Country	TTCI	BEI	ATI	GTI	TI	ICT	PC
Switzerland	5.68	5.58	5.08	6.45	6.71	5.96	3.68
Germany	5.50	5.57	5.48	6.52	6.33	5.72	3.80
Sweden	5.34	5.15	5.23	5.58	5.01	5.99	3.94
United Kingdom	5.30	5.27	5.51	5.54	6.16	5.70	3.46
USA	5.30	5.42	6.17	4.97	6.54	5.16	4.25
Canada	5.29	5.38	6.68	4.77	5.89	5.38	4.19
Singapore	5.23	5.39	5.01	6.56	5.12	5.16	5.09
Hong Kong	5.19	5.19	5.10	6.74	3.68	5.90	4.53
Netherlands	5.13	5.10	4.99	6.09	5.13	5.76	3.53
Denmark	5.05	5.11	4.93	6.13	5.73	5.66	3.10
Finland	5.02	4.75	4.94	5.19	4.81	5.20	3.62

Because of a strong association, tourism infrastructure ($r = 0.73$) and air transport infrastructure ($r = 0.70$) are the specific pillars that most contribute to the overall competitiveness of the business environment and infrastructure for the analysed states. There is a moderate association of the overall competitiveness with the information communication technology infrastructure ($r = 0.55$) and a weak association with ground transport infrastructure ($r = 0.28$). Price competitiveness ($r = -0.03$) has an inverse association and almost negligible on the overall competitiveness by the reverse pairing, realizing that any price increase affects the overall competitiveness of the business environment and infrastructure. Human, cultural and natural resources, with an average score of 4.81, represent an area where the analysed states need improvements. This time first ranks Switzerland (5.48) and USA (5.48) followed by United Kingdom (5.28).

Table 6. T&T human, cultural, and natural resources major pillars

Countries	TTCI	HCNR	HR	ATT	NR	CR
Switzerland	5.68	5.48	6.17	5.00	4.70	6.03
Germany	5.50	5.26	5.54	4.50	4.68	6.34
Sweden	5.34	5.21	5.64	4.77	3.81	6.63
United Kingdom	5.30	5.28	5.70	4.48	4.51	6.42
USA	5.30	5.48	5.66	4.31	5.81	6.15
Canada	5.29	5.21	5.84	4.80	4.86	5.36
Singapore	5.23	4.59	6.13	5.68	2.64	3.91
Hong Kong	5.19	4.59	5.76	5.89	3.30	3.40
Netherlands	5.13	4.78	5.69	4.50	3.32	5.59
Denmark	5.05	4.53	5.93	4.26	2.99	4.93
Finland	5.02	4.55	5.75	4.49	3.33	4.65
Japan	4.94	4.86	5.51	3.92	4.15	5.88
Belgium	4.92	4.64	5.59	4.67	2.19	6.09
Taiwan	4.56	4.00	5.51	4.61	2.57	3.33
Qatar	4.45	3.64	5.55	4.21	2.14	2.68

The natural resources ($r = 0.87$) and the cultural resources ($r = 0.86$) are segments that have a strong

Association with the overall competitiveness of human, cultural and natural resources. Human resources ($r = 0.26$) had a weak association with overall competitiveness for the 15 analysed countries. With a value of $r=0.03$, the affinity for tourism has almost no importance to the overall competitiveness of human, cultural and natural resources from the analysed states perspective.

Travel and tourism competitiveness Report 2017

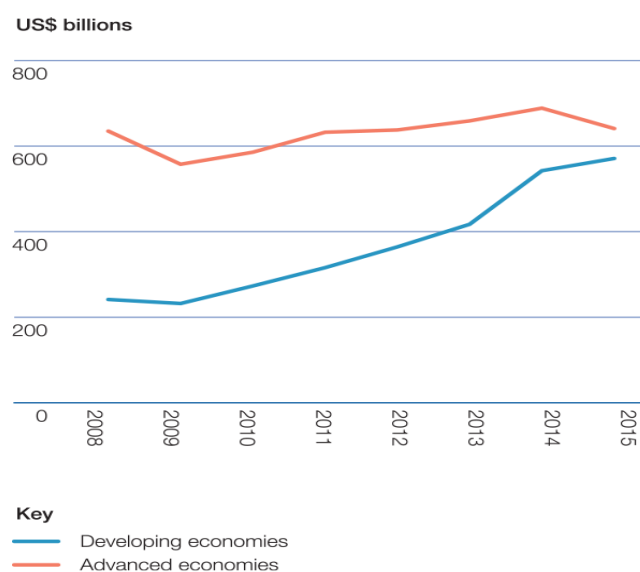
Four key findings emerge from the results of the 2017 edition of the *Travel & Tourism Competitiveness Report*. First, T&T competitiveness is improving, especially in developing countries and particularly in the Asia-Pacific region. As the industry continues to grow, an increasing share of international visitors are coming from and travel to emerging and developing nations. Second, in an increasingly protectionist context—one that is hindering global trade—the T&T industry continues building bridges rather than walls between people, as made apparent by increasing numbers of people travelling across borders and global trends toward adopting less restrictive visa policies. Third, in light of the Fourth Industrial Revolution, connectivity has increasingly become a must-have for countries as they develop their digital strategy. Finally, despite the growing awareness of the importance of the natural environment to tourism growth, the T&T sector faces enormous difficulties in developing sustainably, as natural degradation proceeds on a number of fronts.

The Rise of the South

The number of people on the move today is unprecedented, with international arrivals increasing from just 25 million in the 1950s to 1.2 billion in 2016. While, historically, the majority of travel was North to North, this reality is changing. Outbound travel from Africa, the Middle East and Asia-Pacific is expected to grow exponentially in the coming decade.

In fact, since the global financial crisis, tourist expenditures from developing nations have grown faster than that of expenditures from advanced economies- a trend on track to continue in the coming years (see Figure 2). Developing and emerging markets are not only becoming larger source markets, but they are also improving their T&T competitiveness in order to position themselves as more attractive destinations for developing the T&T sector.

Figure 2: Convergence in international tourism expenditures



Sum of receipts to all countries for which data are available for the 8 years considered.

Source: Authors' calculations based on World Tourism Organization (UNWTO) statistics.

Figure 3: Most-improved countries in the Travel & Tourism Competitiveness Index 2017

Country/Economy	Global rank 2017	Change in performance score (%) since 2015	Change in rank since 2015
Japan	4	6.18	+5
Azerbaijan	71	5.98	+13
Tajikistan	107	5.01	+12
Vietnam	67	4.80	+8
Israel	61	4.79	+11
Algeria	118	4.68	+5
Bhutan	78	4.52	+9
Gabon	119	4.47	+5
Korea, Rep.	19	4.33	+10
Egypt	74	4.32	+9
Peru	51	3.93	+7
India	40	3.86	+12
Mexico	22	3.86	+8
Chad	135	3.83	+6
Albania	98	3.81	+8

The 2017 edition of the *Travel & Tourism Competitiveness Report* finds that several developing and emerging economies have significantly improved their performance scores from 2015, when the previous edition was published. Indeed, 12 of the top 15 most-improved countries are developing and emerging markets, with at least one country from each of the five geographical macro-regions represented in the Report.

These results echo World Travel and Tourism Council (WTTC) research, which forecasts that between 2016 and 2026, the 10 fastest growing destinations for leisure-travel spending will be India, followed by Angola, Uganda, Brunei, Thailand, China, Myanmar, Oman, Mozambique and Vietnam.

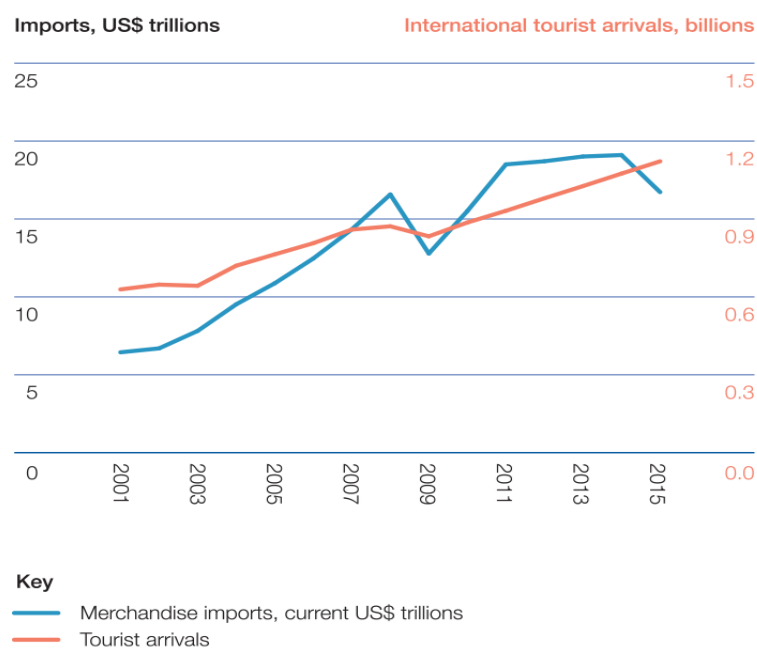
These shifts suggest that developing and emerging countries are catching up, providing better conditions to develop their T&T competitiveness and, therefore, becoming better prepared to attract and welcome the millions of new tourists who will travel for the first time in the coming decade.

This growth in demand is here to stay. South-South tourism is on the rise, and will increasingly do so as these countries improve their competitiveness and develop their T&T sectors.

Build Bridges, Not Walls

While nativist and protectionist rhetoric are on the front page of the news, the T&T industry, unlike global trade, remains, to date, relatively unharmed. Data reveals that while there has been a slump in merchandise imports, the number of people travelling only keeps rising (see Figure 4).

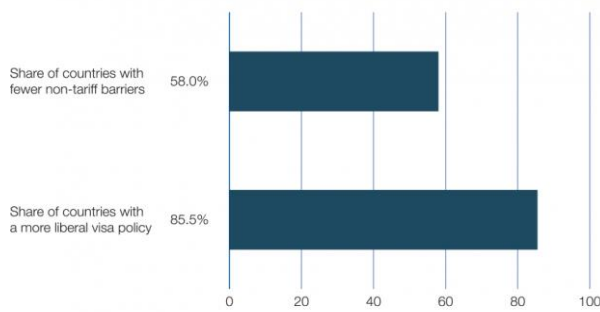
Figure 4: Trends in merchandise trade and international tourists arrivals



Source: Authors' calculations based on World Tourism Organization (UNWTO) statistics.

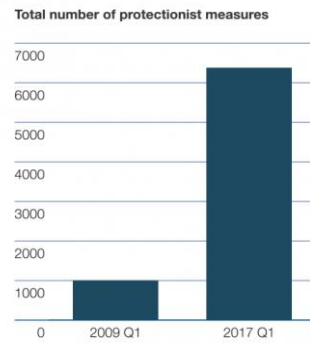
More and more, governments around the world are realizing that, for the most part, barriers to travel are not making people and countries safer, but are hindering economic growth, job creation and tolerance between countries. With a growing “wanderlust”, there is a unique opportunity for many countries to benefit from the T&T industry while, at the same time, ensuring the security of borders and citizens. This trend is sustained by diverging underlying policies in trade and tourism. In 2016, destinations worldwide required 58% of the world’s population to obtain a visa prior to departure. This is a significant improvement from 2008, when 77% of the world’s population was made to apply for a traditional visa. In general, the great majority (approximately 85%) of countries have reduced, at least partially, the burden of obtaining a tourism visa in the past two years. This contrasts with the minimal progress made on trade policy. Only about half of the countries assessed by the Travel & Tourism Competitive Index (TTCI) improved their non-tariff trade barriers (see Figure 5a). Further, the total number of trade protectionist measures has actually increased since 2015 (see Figure 5b).

Figure 5a: Change in visa and trade policies since 2015



Source: World Economic Forum, Executive Opinion Survey (2013, 2014, 2015, 2016 editions).

Figure 5b: Evolution in cumulative trade protectionist measures



Source: Globaltradealert.org.

To continue supporting the expected growth in international travel in the coming decades, there is a related need to continue improving policy frameworks and innovate the way people move across international borders. While enabling more people to discover the world, it is imperative to balance the safety of national borders and citizens with enabling the movement of people, especially non-immigrants.

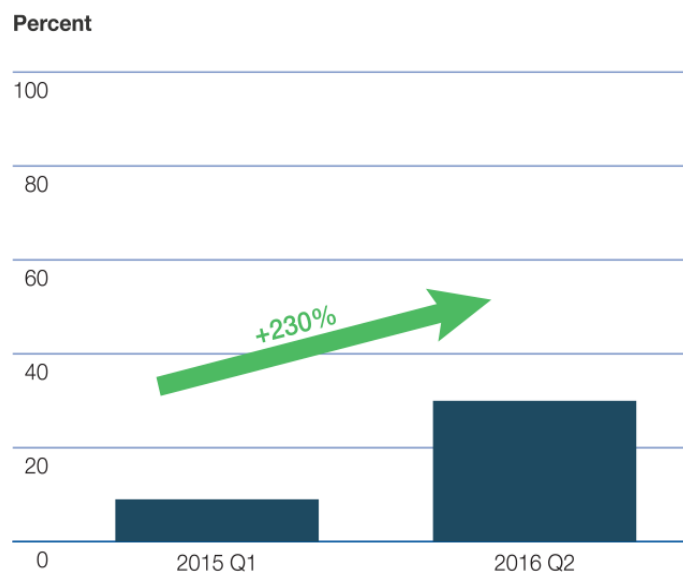
The World Economic Forum's 2017 *Digital Borders Report* presents a vision for the future of travel, where eligibility to travel is based on the individual rather than on the legacy system of the traveller's country of origin. In this digital age, technological solutions can and should be created and implemented to move the global system from one of physical to digital borders. In effect, "digital" needs to be integrated across the travel journey—from digital identification and authentication through biometrics to a frictionless airport transfer courtesy of digitally enabled security devices and the creation of a digital interface and individual profiles to increase accuracy, efficiency and security.

Embracing the Fourth Industrial Revolution

As the Fourth Industrial Revolution expands, digital is increasingly becoming a basic requirement to be competitive across the T&T industry. Countries not integrating technology and enhancing their connectivity will be left behind. In recent years all countries have significantly increased their telecommunication infrastructure. Today, having a mobile phone signal is nearly ubiquitous, and the usage of mobile phones and internet services has boomed.

With 4.9 billion unique mobile (cell) phone users worldwide and an estimated 2.7 billion people on social media, digital services available via mobile platforms and social media are offering many more services and changing the way they are provided. While the internet already transformed the sector two decades ago, today a second revolution is taking place, with the rapid increase of services provided through mobile devices. In less than two years, the share of online booking has exploded, from 9% to almost 33% (see Figure 6).

Figure 6: Mobile travel service bookings as a share of total online bookings worldwide



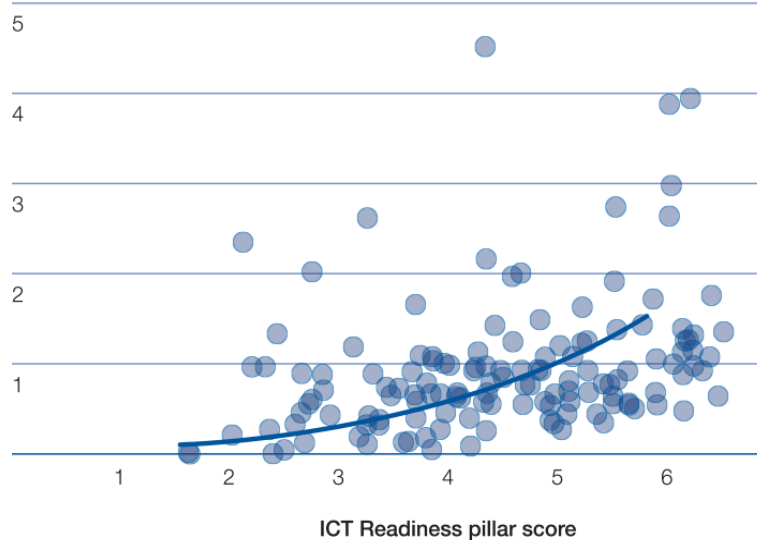
Source: Criteo, *Travel Flash Report 2016*, <http://www.criteo.com/media/5717/criteo-travel-flash-report-october-2016.pdf>.

As mobile technology becomes mainstream, the T&T sector has had to adapt. Indeed, mobile devices have enabled the customization of services well beyond what was previously possible as a result of an improvement in the capacity to understand individual preferences and behaviours. They have also enabled the traveller to have real-time access to information and constant access to services.

ICT readiness correlates directly to the amount of value that tourism can generate (see Figure 7). However, the meaning of being “ICT ready” continues to evolve rapidly, causing many organizations, companies and countries alike to spend time rethinking their “service delivery” to integrate constant connectivity into the experience.

Figure 7: Correlation between ICT readiness and tourism receipts

Average spending (US\$ thousands)
per international tourist



Source: Travel & Tourism Competitiveness Index 2017, authors' calculations based on World Economic Forum and World Tourism Organization (UNWTO) statistics, 2015.

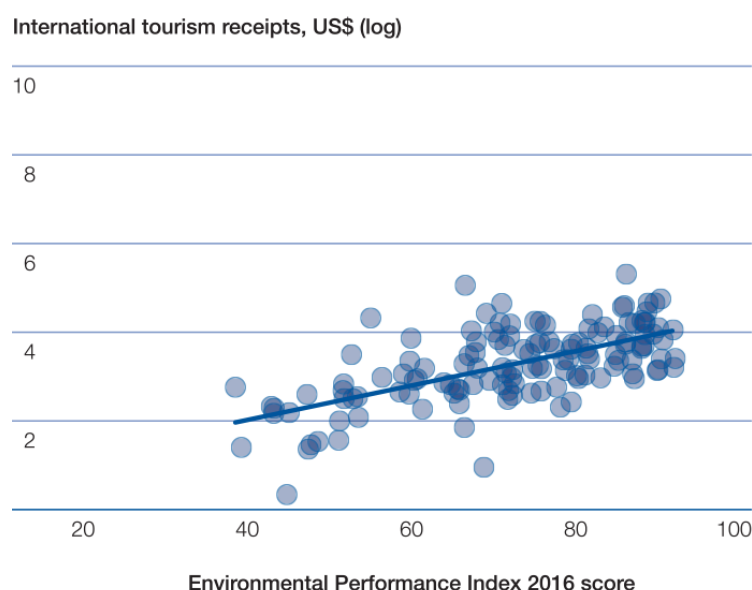
At the same time, the growing number of connected citizens around the world provides a unique opportunity to benefit from the inclusive nature of the T&T industry. In effect, the internet has become a great mechanism to enable locals and travellers to connect directly without relying on intermediaries, hence business models have to change accordingly.

Environmental Standards is a Win-Win

Despite growing global awareness of the importance of sustainability, and the fact that real progress has been made on some fronts, many aspects of the natural environment continue to degrade, causing a serious and quantifiable impact on the tourism sector. Though countries are increasingly committed to respecting international environmental standards, environmental performance benchmarking assessments show that deforestation, overfishing, and air and water pollution continue to reduce the global natural capital.

Data reveals that the environmental strength of a country is directly related to tourism revenue (see Figure 8). Although this relationship is complex, and there is no evidence of direct causality, the more pristine the natural environment of a country, the more tourists are inclined to travel there, and the more they are willing to pay to access well-preserved areas. Consequently, as the natural capital depletes, destinations lose revenue.

Figure 8: Correlation between selected countries' environmental performance and tourism receipts

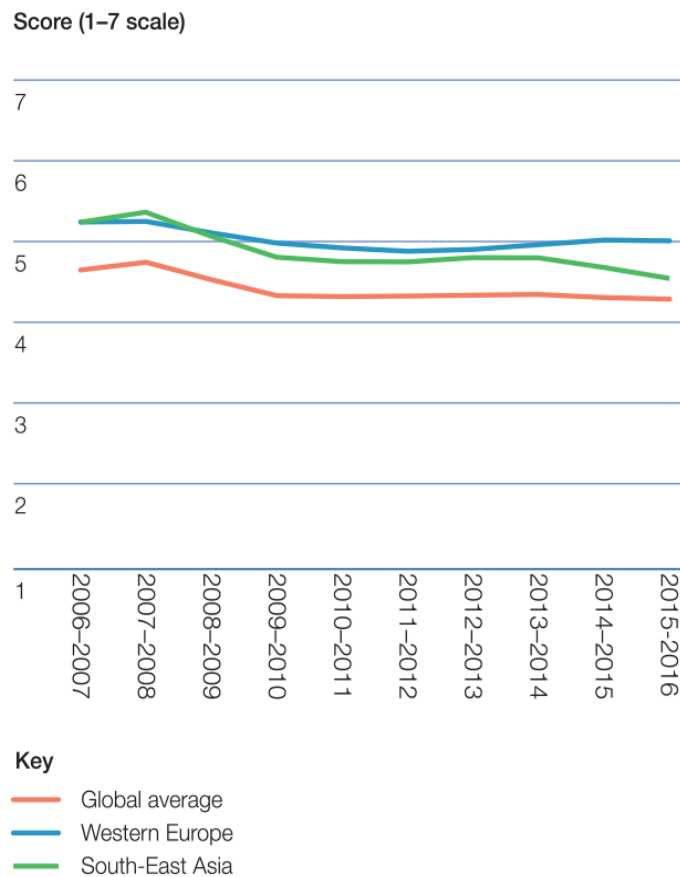


Sources: Authors' calculations based on World Tourism Organization (UNWTO) statistics and Yale's Environmental Performance Index 2016.

Although tourism is often negatively impacted by the pollution caused by other human activity, it is important to recognize that processes, mechanisms and activities associated with tourism also damage the environment. Globally, there is little sign of improving T&T development standards (see Figure 9). In particular, the footprint of the sector has been reduced in the majority of countries of Northern and Western Europe while it has increased in most developing nations, especially in Asia.

Given the close relationship between natural resources and a very large segment of the tourism industry, then, a lack of progress on fostering sustainability, both from a general and sectoral point of view, will reduce tourism development opportunities.

Figure 9: Trend in T&T environmental impact perceptions, by selected region



* Responses to the question: In your country, to what extent is the travel and tourism sector developed in an environmentally sustainable way? (1 = not at all, 7 = to a great extent).

Source: World Economic Forum. Executive Opinion Survey (2006–2016 editions).

1. Compare and contrast the influence of economic, social and political characteristics that have developed tourism in developing countries.

Tourism has traditionally acted as major source of income within many developing countries. The huge amounts of investment put into this sector points to the important role it plays in the growth of the economy and the development of economic potential. At independence, Kenya identified tourism as a major driver of the economy and as over the years strived to develop this sector through numerous

investments. As a result there has been development and opening up of many tourist markets, making Kenya one of the leading tourist destinations in the world. There has also been development in domestic tourism, a factor that largely boosted tourism in the country. Other countries that can be considered as developing tourism markets include Tanzania, Rwanda and China.

Despite the positive impacts of tourism, the sector also faces numerous challenges that these countries have had to grapple with. The governments of these countries have put in place strategies to overcome these challenges which threaten their economic potential. There are numerous factors that have influenced the growth and development of tourism in developing markets. These factors are political, social and economic.

Economic factors that have influenced tourism in developing countries

The economic stability of a country plays a great role in the development of other sectors within that country. A stable and highly performing economic climate encourages investment in various sectors and consequently there is more economic growth. Kenya and other developing countries that place great emphasis on tourism have experienced the influence of economic actors on tourism development in their countries.

Foreign Investment in tourism

Kenya has open economic policies which allow foreign direct investment in tourism and other support services. The hospitality industry in the country is dominated by foreign investors from countries such as Britain and Italy. The hotel industry is especially important as tourists who come into the country expect first class accommodation and treatment, a factor that has a great influence on their perception of tourism. The open door economic policies are also replicated in other tourist markets such as India, which is another major tourist destination in the developing world. Last year, foreign investment in tourism in India ranged into billions of dollars with foreign investors building hotels and other facilities that greatly contribute to tourism development. Although Kenya has relatively few infrastructure solely owned by the government, it is still regarded as the leading country in East Africa in as far as its investment in communication, transportation and financial with a positive GDP growth of 4.5 % mostly owed to tourism growth. Among the economic developments, which make tourist industry to prosper, are increase of computer literate skilled

workers in the industry whose dealing with the tourist has become more effective. Kenya having a good percentage of its foreign income coming from other remittances from its citizens working overseas, it has also seen the need to encourage foreign investment by providing economic regulations that attract them. Kenyan infrastructural growth has been credited by many economists even being ranked as the immediate alternatives to South Africa.

However, the dominance of the hospitality industry by foreign players has to an extent hampered the development of domestic tourism as foreign investors are not familiar with local tastes. As a result, there is a perception that their hotel packages are tailored for the foreign markets and do not appeal to local tourists. This has hampered the growth of domestic tourism, although in recent years there has been a gradual effort at attracting local tourists to the tourism circuit in Kenya.

It is also worth noting that Kenya has a high population of its country within the middle class and therefore there is more disposable income within the population. Statistics indicate that over 40% of Kenyans are middle class citizens meaning that they possess the potential to afford holidays and safaris in the country's tourist attraction areas. This factor has greatly influenced the growth of domestic tourism.

Supporting economic factors Kenya's infrastructure

Kenya has a well-developed infrastructure that supports tourism activities. The country has a well-developed road network within the main highways and other feeder roads leading into tourist attraction areas. This has encouraged investment in tourism transport with people being encouraged to invest in tourist vans. There is also good airline connection, with Nairobi serving as a transport hub within the African region. There are many international flights that come into Nairobi, and most of these flights originate from traditional Kenya tourist markets. Among the major airlines that come to Nairobi are British Airways, the Royal Dutch Airline and Delta Airlines. It therefore means that foreigners interested in visiting Kenya have good transport connections into the country. Other countries within the African regions have been emulating Kenya in transforming their airports into hubs in order to attract more tourists into their countries. A good example is Rwanda which in recent years has put efforts to position itself as a tourist destination. Currently Rwanda is planning to build a new airport which will enable it accommodate larger plane and therefore encourage travel into the country.

Kenya has a reliable source of electricity power from several of its hydroelectric power supplies. This has proved its ability to provide energy in tourist related areas and recreational facilities. This electricity includes maintaining the electric fence systems in the national parks, providing security measures for the tourists in the process of their visits.

Financial Services

Kenya has been ranked as number four in east Africa in its financial service delivery as ranked by Nairobi Stock Exchange. It is also hailed for its international standards banking systems that have allowed efficient transfer of money therefore ensuring a smooth monetary flow of the visitors while away from their countries. The country is proud to own two of the four international banks while there are other family owned, local and microfinance whose service delivery has reached that of international banks.

Kenya has always enjoyed its progress international economic relations, this is mostly due to its flexibility and openness in the allowing other nations also to invest in its country. From this mutual relationship, Kenya has always accessed both supplies and markets across borders with no problem therefore in accessing both tourists and other supplies that can be useful in facilitating tourism management.

Social Factors

Kenya and most of the developing countries have a rich cultural heritage that is greatly attractive to tourists. The Kenyan coastal areas that tourists love as many cultural and historical artefacts which attract foreign visitors.

Socially Kenya constitutes of 42 ethnical tribes of indigenous blacks, Arabs and a few Europeans and Asians... Most of the Kenyan traditional activities and cultural values up to date have remained as a source of tourist attraction to many foreign citizens. There are also tourist related artefacts produced from the traditional activities, which normally portrays a high level of technicality, skills and creativity, which even today's technological development has not yet outworn them. Among these skills, include pottery, carvings, paintings and other forms of decoration.

Tourists can also be interested in observing other cultural activities like, traditional circumcisions, sacrifices dances, crowning of social leader, wedding ceremonies among others, which are characterized by a high degree of creativity and uniqueness and hence attractive. Most of the tourist attraction sites are based on real life alongside some of the cultural groups who have maintained their traditional activities

and therefore still act as a supplementary source of entertainment in the tourism industry.

Kenyan people are known to live in as a collective group of both nuclear and extended family this has helped in efficient transfer of cultural influences from one generation to the other and therefore conserving the culture. Early in the olden days, there used to be rivalry over property in this case livestock, grazing and watering fields among the people of different communities but with education and government administration intervention, such vices were replaced by cohesive strategies with no conflicts. Kenya belongs to three linguistic groups of which each has its sub tribes with unique tourist attraction sites. These groups include the Bantu, Cushite's and Nilotic, the Bantu are located mostly in the central, a few in the western side while the rest are found in the coast, they comprise of almost a third of the country's population. Among them the most commonly known are the kikuyu Kamba and Luhya. The Kikuyu people are commonly found around the Mount Kenya region whose major tourist attraction aspects are their historical involves the freedom fighters against the British colonial rule. However the kikuyu having suffered a lot in colonial era, they have still developed a negative attitude towards any white person therefore making tourism exploration in that area .The kikuyu are known to be the sole owners of the country's largest coffee farms which were introduces by the colonialists and servers as a tourist attraction site.

With the introduction of universal education in Kenya thee social livelihood among the citizens in Kenya include improvement in communication process. Through the introduction of education, there has been an improved communication network mostly between the tourist stakeholders and the local communities living within the tourist attraction sites. This has reduced the incidence if hostility among the tourist by this rural community since they have perceived the white as an enemy due to the colonization stigma. Effort from the government to explain to them the importance of such people to the community has become effective and instead they have been incorporated in tourism improvement strategies. These local communities after a series of training have become of great use in protecting the animals from poaching, forest from deforestation and also acting as tour guides and securities to the tourists.

Tourism Outlook and attractions in Kenya

Tourism in majority of the developing countries is the second ranked source of foreign income, first one being agriculture. In Africa, the major tourist attraction sites are the wild life followed by unique geographical features and some of the cultural dynamics amongst different communities. Many state leaders regard its vital importance in its role in economic development as a complete industry for exporting services. Tourism provides great macro-economic impact mostly in, providing foreign income for purchases of imports and creation of mass employment from hospitality, recreation, forestry, wild life transport, security cultural among others. In as far as tourism is concerned Kenya has been regarded as one of the most exciting destinations for international tourists in the world. Initially when one could mention Kenya with respect to tourism, the first picture to come to one's mind was the wild life but with the fast pace of development, leisure has been incorporated among the reasons to visit Kenya for holidays.

Tourism in Kenya is by magnitude the highest by far in foreign income earner owing its achievement from not only its natural resources but also the stakeholder's devotion in excellent plan and show case implantation. This has made Kenya despite having almost similar natural resources in east Africa to be the first and most favourite destination for tourist in the region.

Kenya as the tourism stakeholders put it, it has been blessed with a well-integrated combination of natural mostly, geographical features whose uniqueness has always being a source of amazement to tourist and hence attracting them. The most amazing thing is despite the several visits, photos and videos taken on several sites, it has never reached a point of monotony but instead more curiosity ids developed making more visitors to frequent as many consecutives holidays as possible. Among the unique and amazing geographical attracting sites are, the lake Vitoria and Naiveté not forgetting the amazing look of the rift valley, which also has some of the traces of the early man evaluating historical evidences.

The second tallest mountain in Africa, Mount. Kenya happens to attract many in its activities like climbing it, exploring its wild life and vegetative variations among the slopes. However irrespective of a variety of different attraction sites and scenery, tourism exploration in Kenya cannot be a 100% complete in terms of satisfaction in the absence of wildlife exploration,. The most famous and amazing tourist attraction issues are the big five mammals and the herds behaviour of migrating beasts and birds among different habitats.

Several boards operate independently with a common aim of maintaining and improving the tourism industries in Kenya. These boards are listed alongside their area of operation as follows: Kenya wild life service in the maintenance, management and conserving the wild life and its habitats, plantations developing board in ensuring local wildlife and other ecosystems in the area of their management are conserved. Hospitality companies ensure the locomotion, accommodation and the general welfare of the visitors.

Kenyan government has also taken the initiative to incorporate the private sector in this business to aid in its efficiency of improving tourism service delivery. Among the privatized organization, include the cultural organization formerly known as the Boas of Kenya and the Kenya italic hotels. however there are other sectors that were specially introduced purposely for the tourism industry development include the Kenya airways for travelling logistics, tourists travelling agents, and other associations like , hotel owners, caters, beach operators and coats managers associations.

Political factors

The political stability of nay country plays an important role in attracting visitor's t its borders. A major factor that has placed Kenya at the top of tourist destinations is its relative political stability compared to other developing and emerging tourist destinations. Since its independence, Kenya has provided security to its visitors a factor that has played a great part in its development. Contrasting this with an emerging destination such as Nigeria, Kenya has made great strides in terms of political stability. Although Nigeria has in recent years tries to diversify its economy by investing in tourism, perceptions of insecurity have always drawn back these efforts. However, Kenya ha also had its fair share of insecurity that has sometimes posed a challenge.

Political violence had an immediate impact on the tourist industry for it directly affected the major tourism attraction areas mostly in the coast region. According to the political analysts, the violence was termed to be immature implying that chances of its repetition were high. These therefore led to the international tour guides to raise a warning sign on the likely hood of Kenyans political unrest, which defiantly lowered the tourists, turn out. Kenya has also involved itself with fallouts with international fallouts with other nations indirectly or directly. Kenya being a major allies of America, which is a major enemy of Arabic countries leading to terrorist attacks. America having a strict security network has become hard to be hit by terrorists and therefore they result into hitting weaker countries. This has therefore made Kenya to be a subjected it this terrorist attacks therefore making it insecure for the tourists to explore freely.

Most African countries have raised concerns on the rate at which undesirable behaviours from the western countries have been transferred to Africans. Among these vices include drug abuse, sexual immorality and human trafficking with more than 90 % of them owing their causes to tourists. Other ecological problems associated with tourism include soil degradation, overcrowding of human beings in the animal habitats interfering with their normal activities mostly reproduction and therefore compromising the population increase. Most of the jobs created by this industry do not benefit the local people who are mostly involved or associated with tourist attraction sites. Influx of tourists has made the price of goods and services to go up therefore making it hard for the locals to afford. There has been a major reported problem in biodiversity mostly in the coast due to the development in the name of building of structures like hotels which will affect the natural habitats of the coast.

2. Compare and contrast current issues and problems associated with tourism development in one developing and one emerging destination. Give examples where the impacts are different.

Tourism presents many challenges despite its economic and social potential. A comparison of Kenya and Rwanda in tourism development challenges reveals many similarities and differences. Kenya is a developing tourist destination while Rwanda is an emerging destination. Some of the challenges facing both countries in the growth of tourism is the global economic meltdown. The economic recession in the world has hit both countries leading to a decrease in the numbers of tourists. The crisis has discouraged foreigners from visiting some countries as a result of lack of disposable income.

One challenge that Kenya has greatly suffered from in the development of its tourism is environmental degradation. As tourism grows, there is a drive towards clearing large areas of land for the construction of facilities such as hotels. This has led to depreciation of forest cover. The destruction of the environment along the coastal areas has also posed a great challenge to tourism development in the country. In contrast, Rwanda has attempted to avoid these problems.

In most developing countries, governments do not invest back into the community the funds gained from tourism. This is one of the problems that communities in Kenya have always complained about. The government therefore faces the challenge of satisfying communities living along the tourist destination areas such as Masai Mara. This has sometimes led to unrest in these areas as the communities demand a large share of the tourist revenues. This is also a challenge in Rwanda although there are no large populations living along these areas in Rwanda. The problem is therefore greater

in Kenya where the population is large and with greater economic and social awareness by the people.

3. Evaluate with recommendations the future development of tourism in these areas.

As various governments within the developing world pursue economic success they have put in place strategies to guide the future development of the industry. The future of the tourist industry is bright despite the grim outlook posed by the present challenges. The global economic crisis is especially a serious challenge at present. However, as economies in Europe and other traditional tourism markets recover, the tourist destinations will experience a boom.

Some countries such as Kenya have at present put in place strategies to encourage domestic tourism which mitigates against global factors such as the financial crisis and travel advisories on security. In recent years, the growth of the domestic market in Kenya has witnessed tremendous growth and there are indications that this is a trend that is set to grow. As more Kenyans explore the tourist attractions in their own country, hotels and lodges will continue reaping returns even during the low season.

The emerging markets are also creating a situation of competition, which has forced the traditional markets to evaluate their marketing strategies. Countries such as Nigeria and Rwanda are struggling to catch up with traditional markets and this has given rise to intense competition in the tourism market. The increased competition means that tourists are likely to experience better packages and treatment in the various competing destinations. Value for money is an important consideration for tourist and increased competition provides an opportunity for realizing this advantage.

It is important that government in developing countries put in place effective policies to promote tourism. They should liaise with local communities to achieve this aim. The participation of local communities in the development of tourism strategies ensures that there is coordination of ideas, especially with regard to issues such as environmental protection and revenue distribution. The local communities understand their ecosystem better and their views should be incorporated in all issues affecting tourism in their communities. There is also a need for the development of regional tourism in developing countries so that the market does not only rely on European markets alone.

On the overall, tourism development in the developing destinations faces mixed prospects. However, there is no denying that the industry provides great promise to the economic potential of the developing countries both in the short term and the long term. Policies by the various governments must be positively channelled and the various tourist organizations in these countries should work towards strengthening the industry for a better future.

4. Natural resources and biodiversity

Policy Context Natural resources are important elements of the tourism product and key drivers of attractiveness for a destination. They are both a private property and a global common. Destinations that are able to offer travellers access to unique experiences including natural resources have a competitive advantage and those with recognised world heritage status or recognition have added power and publicity to attract. Areas of special interest are important parts of country heritage and environment and policy makers want to ensure that the assets and attractions of comparative advantage deliver maximum competitive advantages that support long-term sustainable tourism growth. This requires a delicate balance and recognition of the mix of heritage, natural resources and features that form part of international competitiveness. Challenges many countries possess a range of recognised formal and informal natural resources. Building a sustainable competitive tourism strategy that capitalises on these is a challenge. It requires careful integration of tourism development and sustainable competitiveness strategies. Some resources are more fragile than others and demand management or protection becomes important in preserving biodiversity. This can also create competitive advantages by attracting particular segments of tourism, often high value. Increasing access to natural resources also involves costs and requires commitment to balanced development alongside complementary policies on biodiversity, infrastructure, transport, skills, cultural education, service quality and sustainable development. There is a need for a consolidated measure on country natural heritage attractiveness derived from evidence on the number of World Heritage Sites, climate, natural beauty and biodiversity status and preserved areas. Measure Number of recognised natural heritage sites and preserved areas. **Interpretation** Countries with a large number of natural heritage sites, a high degree of biodiversity and a network of natural assets, formal and informal, can promote these attractions as part of a tourism competitiveness strategy. Formal designation can be an important ingredient in effective place making to develop strong marketing messages and attract visitors. However informal sites and natural attractions can also attain a status, including through social media networks, and confer attractiveness advantages for improved international competitiveness. These indicators should be read in connection with

information on biodiversity and ecosystems. The interpretation should take into account the levels of economic development and the structure of countries' tourism economies patterns. Geographic location and population density also play a role. Sources and Methods □ Government agencies, and international organisations, e.g. UNESCO □ The International Union for Conservation of Nature (IUCN) biodiversity indicators.

5 Cultural and creative resources

Policy Context Cultural and creative resources are important elements of the tourism product and key drivers of attractiveness for a destination. Destinations that are able to offer travellers access to unique experience through local culture and the creative economy have a competitive advantage and a basis for generating publicity to attract more awareness, interest, visitors or expenditure. Culture and creativity in various forms can create significant competitive advantages that support long-term sustainable tourism growth and spinoff benefits to other policy areas such as skills and talent attraction. Challenges many countries possess a range of cultural and creative resources and attractions. Building a sustainable competitive tourism strategy that capitalises on these can create competitive advantages by attracting particular segments of tourism, often high value but can also have negative effects such as pressure on community resources and social integration issues. Cultural attractions can be concentrated in particular cities or locations raising challenges around the spread of benefits and diversion for wider development gains and complementary policy investments in areas such as education, skills, health and sustainable development. Gathering evidence to compile an index will also require further research and testing. Measure Composite measure of the number of recognised cultural and creative attractions in different forms. Interpretation Countries with a vibrant and/or distinct cultural identity and range of creative activities and events can attract more attention and economic benefits. A country listing measure can show the importance of cultural assets in promoting a country as part of a tourism competitiveness strategy and how development of these assets can improve competitiveness. The listing of informal cultural attractions will be developed with an agreed set of assessment criteria for consistent eligibility and classification for competitiveness. Informal cultural development can also attain a status and confer attractiveness advantages for improved international competitiveness.

Sources and Methods

1. Government agencies and organisations.
2. International organisations and cultural agencies.
3. UNESCO cultural databases.
4. OECD work on the creative economy and tourism.
5. Independent authorised Cultural Assessments and country evaluation reports
6. Qualitative evidence from visitor interview surveys.
7. Web analytics on social media popularity, trending and innovative metrics.

6. Visitor Satisfaction

Policy Context Visitor satisfaction is an important qualitative indicator from the demand side. Customer demand is determined by a range of factors including the experience and recommendation of others. Social media, blogs and other review sources play an important role in the decision making of many travellers. Obtaining visitor feedback through official surveys is equally important to gain insight on customer satisfaction and the competitiveness of the tourist offering. This can inform future decision making by National Tourism Administrations to improve competitiveness and design promotions that play on strengths and address weaknesses. The stated preferences of visitors are also important in determining the likelihood of repeat visits and thus future competitiveness to generate economic benefits. Challenges this is recognised as a fundamental indicator from the demand side and vitally important in terms of understanding consumer preferences, the value of their experiences and future intentions. Such intelligence alongside market trends and forecasts can assist to shape competitive offerings in order to retain and attract visitors in the future. It can also assist in targeting specific markets and customer profiles according to preferences and other considerations such as expenditure profiles to convert more interest to visits and repeat visits. However, gathering visitor satisfaction evidence is challenging. Many countries conduct surveys to obtain feedback but this can be ad hoc and vary over time, making comparisons difficult. Different approaches between countries also raise problems of comparability and assessing relative competitiveness. The timing of surveys and methods of obtaining customer feedback are important as well as the way questions are framed. Many practical matters should be considered alongside the details of statistical methods (sampling, baselines and longitudinal data, accounting for psychological and non-price/expenditure influences on decision making as well as use of econometric models to show correlation and identify causation). Measure a comparable measure of visitor satisfaction rating and intention for repeat visits. The measure will gather evidence on a standard basis to produce satisfaction scores against defined criteria and a rating to show potential for repeat visits. This could be segmented by tourist type and market

to link with other measures in the competitiveness framework. Interpretation A consistently high customer satisfaction rating across a range of criteria and high stated intention to repeat visit would indicate a competitive destination, now and in the foreseeable future. Evidence of ability to convert interest and satisfaction into additional visits, economic benefits and social influencing will be associated with a high level of competitiveness. Countries that do not gather evidence of visitor satisfaction or score low in terms of the agreed criteria will be associated with low levels of competitiveness. This is also likely to be reinforced by the results for other core indicators. Sources and Methods [?] National Tourism Administrations and National Tourism Organisations (visitor satisfaction surveys)

[?] European Travel Commission.

FUTURE DEVELOPMENT INDICATORS

Government budget appropriations for tourism

Policy Context Governments recognise the power of tourism to generate significant economic growth. They also identify market failures that induce intervention, directly or indirectly, and public expenditure annually in efforts to improve the economic contribution from the tourism sector. Tourism agencies receive annual appropriations of funding. The funding is increasingly allocated to agencies for delivery of outcomes such as improved economic prosperity, providing advice and programmes to achieve improved productivity, competitiveness, security and sustainability. The funding is a sign of commitment to the tourism sector and to working in partnership by investing for improvements in performance ability and competitiveness. The funding is often linked to a national strategy to be delivered with industry partners as part of a policy that aims to do things such as improve the quality of products and services within the tourism industry, facilitate tourism investment opportunities, and to support the establishment of additional sustainable air services, promote the country as a tourist destination in key markets and conduct research that will inform future government interventions. Policy makers must justify the levels of appropriation by gathering evidence of contribution and impact. An indicator in this topic will facilitate government assessment of appropriations for tourism across countries and to target priority growth markets.

Company mortality rate

Policy Context Tourism has become one of the fastest growing economic sectors in the world in terms of jobs, GDP and new firm creation. A dynamic business sector will stimulate more business births than deaths with competitive businesses growing and replacing inefficient ones. Measuring the number of companies in tourism provides a perspective on whether the sector is growing or shrinking. It does not of itself fully inform on the sector's status, but is another indicator that by comparison with others adds context to the understanding of the country's tourism competitiveness. Creating the conditions to encourage business start-up, survival and growth is a key policy area. The relative level of business failures in the sector year-on-year will provide a way of showing the change in a country's stock of business, wealth, job support and competitiveness in the tourism sector.

Structure of tourism supply chains

Policy Context The business structure of the tourism sector is an important factor in the relative market power and competitiveness of a country. In all countries, many businesses are small and have limited growth potential which can inhibit national competitiveness. However the growth of businesses of scale and the presence of international operators, including multinational companies, can be an indicator of opportunities and a means of enhancing country competitiveness. Policy makers require to assess the sector structure and balance to optimise economic benefits to the country and develop the competitive position.

Use of e-tourism and other innovative services

Policy Context The use of e-tourism services has emerged as an important component in enabling consumers worldwide to access information about travel and tourism. Various studies in mature economies have estimated that over 60% of travel is researched and booked on-line with over 95% of travellers starting their research on-line. Social networking and social media is extremely powerful globally in shaping perceptions and household tourism decisions. Policy makers require a deeper understanding of how these services are being used in accessing information making choices and purchases. The role of social media, specific outlets and platforms such as You Tube, Twitter, Google, LinkedIn and Facebook can have significant influence on tourism competitiveness. Country policy makers must ensure that their presence on social media outlets and blogging sites is positive, that it can be used to market destinations and contributes to their overall tourism competitiveness. Being aware of

the influence of e-business is essential for successful competitive positioning by countries in the emerging, globally networked, internet-empowered tourism industry and markets. Expenditure on e-tourism services continues to rise and it is vital for businesses and policy makers to be at the forefront of such developments and innovate to develop a stronger competitive position.

AREAS FOR DEVELOPMENT

This report has presented a set of 11 core indicators that can be applied by countries, largely from existing data and other accessible sources. Suitable guidance will be required to ensure consistent application of approach and methodology. Supplementary indicators and a further set of suggested indicators for future development have also been presented. These require further work and commitment by countries as a group and individually to lead on some indicator research and development. This can be taken forward in the coming years alongside implementation of the core indicator set. This work can also assist to clarify the relationships between indicators in the framework and the balance between results versus input oriented indicators. Practical testing and experimentation is likely to lead to some adjustment and replacement of indicators over time where the balance requires adjustment. There are several areas for further development that were recognised and discussed at the various meetings by members and partners which have not been resolved sufficiently to be taken forward in this report. These important issues (branding; weighting and use of indices; quality considerations; investment; skills; and digital capability) should be addressed as part of future work.

Branding

Country and destination branding is one of the major tools used to differentiate a country's tourism offering, especially in ways to maintain or enhance global competitiveness. Significant sums are spent to promote a country destination and the assets of attractiveness. Much of this expenditure is on advertising, marketing and branding. The evaluation of effectiveness of such expenditure is often driven by the advertising industry rather than tourism metrics and analysing the return on investment from branding can be very complex and costly. It is a feature that influences competitive performance but its role in tourism competitiveness per se is difficult to measure. Developing some measure of competitiveness around this is attractive but extremely challenging and will require further discussion and development with members. Some countries have developed individual approaches and there is a starting point to learn from this experience and develop from existing knowledge and practices among members. This would rightly recognise branding as a

powerful part of the marketing mix of a country to promote distinctiveness and attract more tourism in line with country objectives of improved competitiveness.

Weighting and use of Indices

The use of weightings is a sensitive matter that can form part of the future development agenda. In a weighted data set each unit is assigned a weighting factor where some data are adjusted to contribute more than others. Deriving appropriate weights for variables involves considerable research and evidence and well as making a number of additional assumptions where evidence is not available. These weights can be calibrated with evidence and adjusted with experience. The statistical validation process for this requires considerable effort and data from all countries as well as agreement on the derivation of weighting factors to be applied. The process of weighting applied to survey data is often controversial. The simpler the process, the less controversial but often the most difficult to agree, especially where sampling and response rates are inconsistent, where probabilities are used, when the approach has to cope with bias and meta-analysis. Weighting can become complicated and amplify the problem of variance and bias. It can also be misused to produce subjectively desired, prejudiced results, especially in areas of political interest such as competitiveness.

Indices can lead to rankings and comparisons which can be misleading and counterproductive as shown by the uses of a number of existing sources. A number of measures could be suitable for the development of indices that would allow valid competitive positioning measures to be presented for indicators that are not otherwise easily quantifiable or comparable. This could include measures on attractiveness (such as cultural and heritage assets) and accessibility factors as well as customer satisfaction. This could be developed in the future to present information in a way that comparisons could be made between countries. However this could be controversial and misleading, unless the data and measurement protocols are strictly applied in a consistent manner.

Quality Considerations

Quality is a key consideration and an inherent factor of competitiveness. Some countries have established quality mark standards for the industry and sub segments such as accommodation and training qualifications. Also there are a number of national tourism quality agencies that promote use of common methodological tools to assess competitiveness of the sector and defined sub sectors. Developing such an approach across all member and partner countries and building it into specific measures is very difficult. Structures and standards vary by country and some systems

in place may not be transferable or adaptable to other members. Individual country approaches to quality classification and competitiveness can work well and play an important role in competitiveness as well as attracting further investment. The explicit quality mark or grading for assets and facilities such as accommodation, attractions, beaches, restaurants and travel can drive up standards and performance as well as attract more tourism. It can also be applied to industry training levels and links to assessing growth in productivity. There is future scope to develop common standards for quality in competitiveness and a classification system that uses marks such as ISO 9001 and ISO14001.

Investment

Investment levels in the tourism industry covers a wide range of market segments including accommodation of all types and sizes, leisure attractions and facilities, skills and training, transport and tour operations. Some important investment is small scale and local while others can be large multinational investment projects with complex financial structures. Finding indicators that pick up on the investment by the public and private sector and measurement of countries and segments where there are changes in investment trends and patterns are all important in understanding competitiveness and the relative movement in country performance. The drivers and enablers of competitiveness are all affected by investment levels. However considerations including the breadth of investment, variations in scale and ownership patterns within and between countries, makes it difficult to identify a composite measure or indicator. Foreign direct investment (FDI) is often used as an indicator but even here investor patterns and motivations vary for reasons beyond the competitiveness of individual country tourism. There is an important role for considering how levels of tourism investment affect, and reflect, competitiveness and this could form part of the future work agenda.

Skills

Factors within skills, training, employment, managerial development and leadership considerations are vital for tourism competitiveness. It is also very difficult to obtain reliable consistent data across countries. Issues such as the high seasonality of employment, share of casual, short-term and fixed-term employment, wage levels and issues around security of employment all make the development of a single indicator very difficult. Skills are closely linked to productivity which is a Core Indicator however further work will be required to pick up on the deeper influences of skills, education and wages on tourism competitiveness. Several supplementary indicators relate directly or indirectly to skills considerations, such as employment by age,

education levels and contract type. The next steps can take forward this work as part of the wider understanding of how several indicators could contribute jointly to aid the understanding of country tourism competitiveness.

Digital Capability

Tourism information and decision making is increasingly influenced by on-line sources and on-line trading, business to business and business to consumer communications and marketing. Digital connectivity is essential for all countries to reach potential and existing tourists and also affects the ability of businesses in the sector to build and develop their firms to improve competitiveness and generate greater economic and social benefits. Fast and reliable digital connectivity is one tool to enable business expansion, encourage investment and to reach potential markets and opinion formers; countries with comprehensive super-fast broadband connections have a competitive advantage which is becoming more important as social media and internet access takes a prominent role for promoters as well as in generating tourist awareness, branding, influencing decision making and purchases. Finding a single measure to reflect this requires further work and tracking of the influence of digital connectivity from the supply and demand side perspectives.

Conclusion

Tourism evidently plays a great role in the developing countries. This is more so in countries that have put tourism at the top of investment priorities. Considering these important factors, there is a need to conserve and maintain this industry by having many improvements in ensuring the industry is attracting and retaining more tourists. The first thing to consider is the importance of natural biodiversity to tourists. Wild life is the major tourist attraction sites therefore there is a need to maintain all the factors that make wildlife to be sustainable. This conservation measures include avoiding poaching and illegal logging, which lead to deforestation. Through the wildlife service providers, they educate the community on the importance of the wild life and the need to conserve it. Tourist related institutions in Kenya and other developing countries should be started in order to train the Kenyan staff on the better techniques to attract and retain tourists in the nation. This train may range from transport and logistics, hospitality management and tour guiding .security measures should be improved in this case including elimination of terrorism threats in certain countries, ensuring a stable government to avoid violence because of civil war and other upraising which are likely to scare away tourists from coming. There is also need to establish presentable agents and scouts in the tourist's countries who provide first-hand information and guidance on which country to go for holiday and the attraction sites that one is expected to experience.

Travelers from developed countries have higher purchasing power and a greater ability to purchase goods. However, developing countries have a strong sense of pride in their cultural heritage so they will often spend more on their tourist attractions. In addition, tourism is a cheaper form of travel that offers a good opportunity for developing countries to promote themselves and economic development.

Furthermore, developing countries often receive more international tourists than developed countries do. The rapidly growing economies in developing countries that have opened their borders to the world since the early 1970s and their increasing reputation for quality tourism experiences appeal to foreign travellers.

The main purpose for developing countries to establish quality tourism is to appeal to foreign tourists because local travellers are very limited. There are many factors that influence tourists' decisions not to visit a certain country. While some of the factors are general concerns about the cost, safety, and comfort of travel, others relate directly to the quality of tourist attractions in their own country. The level of development at home determines how much foreigners will spend on transportation, food, accommodations, and entertainment while they are visiting the country.

Multimillion-dollar advertising campaigns have been launched by tourism boards in developing countries that have nothing more than natural resources or historic sites as tourist attractions. Despite the non-monetary benefits of having a strong tourism industry, many foreign tourists would rather visit developed countries where they can get more for their money.

Although developed countries often receive more tourism traffic, according to a study from the Centre for Information and Research on Tourism (CRIT), the developing world provides nearly twice as much revenue to international tourism as developed countries. Further, CRIT reports that some developing countries have made a significant contribution to international tourism revenues with a share that is higher than that of developed economies.

This is not due solely to stronger sales in these economies, but also because there were simply fewer tourists coming from the developed world in some cases. Tourism has developed unevenly in developed and developing countries. Developed countries have attracted many tourists from other parts of the world, while developing countries continue to attract tourists from other regions of the world. Can be afforded

by many people from developing countries do not have the means to take other types of vacations such as destination vacations or vacation packages.

T&T is a significant part of many national economies around the world and remains a critical sector for development and economic growth. Furthermore, supporting the T&T expansion, it can become an integral part 1280 Stefan Drago's Cristae / Procedia Economics and Finance 15 (2014) 1273 – 1280 of a broader economic development strategy for advanced and developing economies alike.

Job creation, raises of national income or benefits of the general competitiveness of economies are effects of developing a strong T&T sector. In conclusion, through detailed analysis of each pillar of the Index, businesses and governments can better understand the particular challenges to the sector's growth and then formulate appropriate policies and actions to tackle weaknesses. One of the main conclusions is that the most competitive 15 countries of the world are not a homogenous group, there are a number of differences, strengths and weaknesses that differ from each other.

The average of tourism competitiveness index shows that in these developed countries several improvements are still needed. This research paper reveals very strong correlation between the overall competitiveness and the business environment and infrastructure, respectively human, cultural and natural resources, as well as the strong correlation between the overall competitiveness and the specific regulatory framework.

While studying the legal framework for these 15 countries we can notice that the correlations between the specific pillars and the overall competitiveness of the regulatory framework is strong with health and hygiene and moderate with political rules and regulations, environmental sustainability, safety and security and prioritization of tourism. In relation to business environment and infrastructure, there is a strong association with the air transportation and tourism infrastructure and with ground transportation quite weak. In terms of overall competitiveness of human, cultural and natural resources, affinity for travel has an association almost non-existent, while cultural and natural resources have a strong association.