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An Investigation of Effective Factors in the Growth of the Tourism with an Emphasis on Destination Competitiveness (Application of DPDM and GMM-Sys Estimator)

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Abstract:

Competitiveness is one of the most important issues in the economy of countries. In the field of tourism, the increase in competitive ability can lead to an increase in the growth of this sector and, consequently, on national welfare by maintaining and increasing market share. The purpose of this study was to analyze the factors influencing the growth of tourism sector with an emphasis on destination competitiveness for 63 selected countries during the period 2016-2007. The method was based on dynamic panel data and system generalized method of moment (GMM-Sys) estimator. The results indicated that destination competitiveness has a positive effect on the growth of the real value added of the tourism sector. Of course, its type and size vary from country to country. Thus, in the differentiation of countries based on features such as fuel exports, income levels; being in the top ten countries in terms of the number of tourists and the amount of expenditure in the tourism sector; and the level of development, there is a significant difference in the sign and size of the impact of destination competitiveness on tourism growth. Also, the growth of the tourism sector is positively related to the share of tourism in GDP, population and real exchange rate.

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Introduction:

Today, the tourism industry is considered as one of the most important industries in the world and its increasing importance has led to the recognition of not only as an industry but also as a productive industry, with many potential in growth, development and positive economic effects. Accordingly, attention to the growth of the tourism sector and the factors that improve it are important. Competition is one of the issues that can affect this industry. The competitive environment created in the international tourism industry has revealed the need for attention to the competitive ability of tourism destinations. The competitiveness of a destination is attributed to its ability to compete effectively and profitably in the tourism market and refers to the amount of attraction of tourists in order to increase the prosperity of the destination. In other words, destination competitiveness is an economic concept that influences the sustainable development of the tourism industry. Regarding the importance of tourism and the growing competition between the countries of destination, the present study first seeks to answer the question of what factors affect the growth of the tourism sector in a select group of countries that are composed of different groups? Among the various factors, the main focus is on the destination competitiveness. On the other hand, different groups of the countries, due to their specific characteristics, can be different in type and size of the impact of destination competitiveness on tourism growth; and have a different role in attracting tourists. Therefore, the other goal of the present research is to answer the second question, which is essentially whether differences between different groups of countries have a significant difference in the type and size of the impact of destination competitiveness? In other words, if the differences such as the degree of development, the level of income, export of fuel, and the ranking of countries in the top (among the ten first countries in terms of tourism or the number of tourists entering or expenditure (investment) for the tourism sector) creates a kind of relationship between destination competitiveness and the growth of the tourism sector?

Materials and Methods:

In this study, according to previous studies and especially according to Webster and Ivanov (2014), the research model is as follows:

$$\Delta \ln TGDP_{i,t} = \alpha_i + \beta \ln TGDP_{i,t-1} + \gamma_1 TTCI_{i,t} + \gamma_2 \ln TourShare_{i,t} + \gamma_3 \ln pop_{i,t} + \gamma_4 \ln RExR_{i,t} + \varepsilon_{i,t} \quad (1)$$

The relation (1) corresponds to the beta conditional convergence equation in which $\Delta \ln TGDP$ as a dependent variable represents the change in the logarithm of the real value added of the tourism sector. $\ln TGDP_{i,t-1}$ Represents the logarithm of first lag in the real value added of the tourism sector. The TPCI represents the destination competitiveness. TPCI have been extracted from reports published by the World Economic Forum (WEF). Tour Share is the share of tourism in GDP. POP is population size and RExR is the real exchange rate.

Index of t represents the time period of the research, covering the period from 2007 to 2016. i also represents 63 countries, including China, Germany, Japan, the USA, France, India, Italy, Spain, Mexico, Brazil, Australia, Canada, Turkey, Thailand, South Korea, Saudi Arabia, Russia, Philippines, Switzerland, Indonesia, Hong Kong, Argentina, Sweden, UAE, Malaysia, Netherlands, Greece, Portugal, Norway, New Zealand, Iran, Singapore, South Africa, Belgium, Chile, Denmark, Poland, Finland, Nigeria, Peru, Egypt, Pakistan, Morocco, Venezuela, Vietnam, Ireland, Colombia, Qatar, Czech Republic, Hungary, Botswana, Croatia, Dominican Republic, Albania, Bangladesh, Sri Lanka, Romania, Panama, Kazakhstan Jordan, Costa Rica, Kuwait and Kenya. In order to answer the questions in the introduction section, the relationship (1) as the main model of research was redefined in six scenarios.

Conclusions

The results indicate that the share of tourism in GDP, population and real exchange rate have a positive effect on the growth of the tourism sector. In addition, the effect of the destination competitiveness on the growth of the value added of the tourism sector is positive. Of course, the type and size of the effect of this variable is different in the groups of the country. The growth of tourism in the fuel exporting countries has a different impact (both in size and in terms of sign) of the target competitiveness indicator. In fuel exporting countries, unlike other countries, destination competitiveness has a negative impact on tourism growth. In the high income countries, the impact of destination competitiveness on the growth is positive, while in the middle income countries, the effect is negative. Also in the countries which are among the first ten countries, both in terms of the number of tourists and in terms of expenditures (for the tourism sector), the impact of destination competitiveness on the growth of tourism is different from the other countries. So that, in this group of countries, the destination competitiveness influences the growth of the tourism sector more intensively. The level of development has also been effective in terms of size and sign of influence. As in developed countries and economies in transition, destination competitiveness has led to a decline in the growth of the tourism sector, while in developing countries; this has been accompanied by an increase in the growth of the tourism.

Keywords: Growth of the tTourism Sector, Destination Competitiveness, Dynamic Panel Data.

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