



Reinterpreting the World Economic Forum's global tourism competitiveness index



Juan Ignacio Pulido-Fernández^{a,*}, Beatriz Rodríguez-Díaz^b

^a Laboratory of Analysis and Innovation in Tourism, University of Jaén, Department of Economics, Campus de Las Lagunillas, s/n. D3-273, 23071 Jaen, Spain

^b University of Málaga, Department of Applied Economics (Mathematics), Campus Ejido, s/n, 29071 Málaga, Spain

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ABSTRACT

The Travel & Tourism Competitiveness Index, published by the World Economic Forum since 2007 provides information about the relative position of each country in terms of tourism competitiveness, through a set of indicators, grouped into pillars. This index has been the subject of some methodological criticism, such as the arbitrary weighting of variables. This study uses an alternative methodology for calculating this index based on two points of reference to propose a new standardisation, which takes an aspiration and reservation level for each pillar; subsequently, a synthetic index that measures the state of the pillar in the worst position, as well as other alternative indices, is calculated. The results obtained enable the development of a ranking of countries substantially different from that obtained by the World Economic Forum, which permits further adjustment of the weighting of each pillar and the measurement of various degrees of tourism competitiveness.

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1. Introduction

As the competition between destinations increased over the last two decades, there has been a growing need to acquire knowledge about a destination's competitive ability, as well as the strengths and weaknesses of its competitors. In fact, there is a whole body of scientific literature on tourism destination competitiveness (TDC), especially focused on the analysis of its determining factors.

As will be seen later, during the last decade tourism researchers have had a particular interest in identifying, measuring and systematising the variables that determine the competitive position of host countries, which is of significant importance for making management decisions, by both policymakers and destination managers, as well as by the different tourism entrepreneurs and, even, by stakeholders in general.

In addition to other proposals for measuring TDC (Croes, 2011; Croes & Kubickova, 2013; Gooroochurn & Sugiyarto, 2005; Leung & Baloglu, 2013), the World Economic Forum (WEF) started to produce an annual report in 2007 on tourism competitiveness in 124 countries around the world, known as *The Travel & Tourism Competitiveness Report* (TTCR), which aims to provide a comprehensive strategic tool for measuring the factors and policies that make it attractive to develop tourism in different countries, allowing all stakeholders to work jointly to improve

the competitiveness of the tourism industry in their national economies, thereby contributing to national growth and prosperity.

Among other issues, the TTCR measures tourism competitiveness at country level (which has been called *Travel & Tourism Competitiveness Index*, hereafter TTCI), which provides a global tourism competitiveness index (TCI) and four competitiveness sub-indices: the first one, related to enabling environment; the second one, to T&T policy and enabling conditions; the third one, to infrastructure; and the fourth one, to natural and cultural resources. In order to obtain these indices, the information available has been organised into 14 pillars of tourism competitiveness, which split, in turn, into 90 competitiveness variables or indicators.

From the viewpoint of tourism management, a tool such as the TTCI is essential to explain and predict the tourism behaviour of host countries. In fact, as noted by Croes & Kubickova (2013: 146), "determining the level of competitiveness of destinations is important in measuring the performance of a destination compared to its competitors".

However, this index, which is the most used, is not perfect and has several criticisms. One of the main criticisms of this interesting tool has to do with the arbitrary weighting of the variables within each pillar.

Also we consider a major shortcoming that this index allows a country to be considered competitive for tourism, although it has some very poorly valued indicators.

Therefore, in order to analyse the tourism competitiveness of countries from what we understand to be competitive, we will use another index that we believe fits much better to the definition of competitiveness. We will use a multi-objective method of double reference point

* Corresponding author.

E-mail addresses: jipulido@ujaen.es (J.I. Pulido-Fernández), brodriguez@uma.es (B. Rodríguez-Díaz).

(Luque, Miettinen, Eskelinen, & Ruiz, 2009), noting that there are significant differences with the WEF index, and thereby giving a new interpretation of tourism competitiveness.

We have used the information provided in the latest report published by the WEF, and we compare the new index with the one presented by the WEF, and draw some conclusions. Furthermore, this new index can detect the particular pillar that is wrong in each country, so that policymakers and destination managers are given the opportunity to carry out the most appropriate actions in order to overcome these deficiencies.

This methodology used opens up the possibility that a panel of experts may provide both the weightings of the different pillars and their aspiration and reservation levels, and therefore, these are not the result of the arbitrary will of the writers of this study.

2. Theoretical framework

This section discusses, first, the main contributions of this study within the framework of TDC theory, paying particular attention to the various attempts to identify and systematise the factors determining TDC. One of these attempts has resulted in the TCI, whose objectives, composition, calculation methodology and main criticisms are exposed in the second part of this section.

2.1. Competitiveness of tourism destinations

Competitiveness is a broad, multidimensional and complex concept (Gomezelj & Mihalič, 2008; Gooroochurn & Sugiyarto, 2005; Hong, 2009; Mazanec, Wöber, & Zins, 2007; Ritchie & Crouch, 2003), which has led multiple definitions and analysis models. The difficulty to reach absolute consensus on such a complex concept is evidenced by the different perspective shown by the definitions provided by the OECD (1992), which focuses on the output of the country's achievement, and the WEF (2011), which focuses on the inputs that make a country's competitiveness.

In the case of tourism destinations, competitiveness is understood as the role played by their stakeholders "in creating and integrating value-added products to sustain resources while maintaining market position relative to other competitors" (Hassan, 2000: 239) or "their ability to maintain their market position and share and/or to improve upon them through time" (D'Hautesserre, 2000: 23). Therefore, TDC seems to be related exclusively to the relative position of destinations in tourism markets.

Dwyer & Kim (2003) define TDC as the relative ability of a destination to meet the needs of visitors in different aspects of the tourism experience or to deliver products and services that perform better than other destinations on those aspects of the tourism experience considered to be important by tourists.

Other authors, however, consider that the key issue in TDC relates to the economic prosperity of local population. Thus, Crouch & Ritchie (1999) argue that, since destinations compete mainly for economic reasons, trying to attract the highest possible tourism expenditure level, the analysis of tourism competitiveness should focus on economic prosperity in the long term, the criterion that should be used to determine whether a tourism destination is more or less competitive. These authors present an approach for analysing the ability of a tourism destination to be competitive in which comparative advantages, competitive advantages, tourism management activities and the environment are taken into consideration.

Other authors, such as Craigwell & Worrell (2008), Dwyer, Forsyth, & Rao (2000) and Song & Witt (2000), emphasise tourism prices, considering that they play a decisive role in demand decisions. Similarly, researchers have focused the attention on specific aspects that affect TDC, such as sustainability (Pulido-Fernández, Andrades-Caldito, & Sánchez-Rivero, 2015), efficiency (Cracolici & Nijkamp, 2006; Cracolici, Nijkamp, & Rietveld, 2008), quality management (Go &

Govers, 2000), demand satisfaction (Caber, Albayrak, & Matzler, 2012), economic globalisation (Namhyun, 2012), or the environment (Mihalič, 2000). It is worth highlighting the contribution of Crouch (2011), who states that a tourism product is, in fact, an experience delivered by a destination to its visitors. Therefore, TDC is strongly influenced by the quality of that experience, which will depend, in turn, on tourism businesses, other support organisations and institutions, organisations managing the destinations, the public sector, local residents and so on.

In short, how competitive a territory can be in the market will depend on many circumstances, and thus, the degree of competitiveness of a destination may not be a significant indicator of the efficiency of its economy or of the level of welfare of its population. Indeed, a destination can base its competitiveness on low wages and few benefits, or on the availability natural resources that are unique in the world; or, alternatively, on the existence of high productivity that allows higher wages and excellent benefits, or on an improvement of the quality of services or, in general, of the tourism experience. In both cases, these tourism destinations would be competitive, but the meaning (and consequences) of that competitiveness would be radically different. It is along these lines that the index presented in this study is developed, as it challenges these forms of competitiveness; a destination cannot be considered competitive if some of its indicators are below a specified level.

This conceptual debate has been accompanied by various attempts to identify and systematise the factors determining TDC. Different approaches explaining TDC can be distinguished in the literature, although, as Andrades-Caldito, Sánchez-Rivero, & Pulido-Fernández (2013) point out, the key reference framework for examining TDC is clearly that of Crouch & Ritchie (1999), known as the *Calgary Model* or *Conceptual Model of Destination Competitiveness*, which incorporates all the relevant factors that might typify a destination's tourism competitiveness. On the basis of this model, the *Integrated Model of Destination Competitiveness* (Dwyer & Kim, 2003; Dwyer, Livaic, & Mellor, 2003; Dwyer, Cvelbar, Mihalič, & Koman, 2014) has been developed, which has been empirically tested in the Republic of Korea and Australia in 2001 (Dwyer & Kim, 2003), Slovenia in 2004 (Gomezelj & Mihalič, 2008) and Serbia in 2009 (Armenski, Markovič, Davidović, & Jovanović, 2011).

Moving beyond the conceptual debate, during the last decade, researchers have directed their efforts towards measuring TDC. In this sense, it is possible to distinguish two types of approaches within the literature on tourism. On the one hand, it is necessary to consider approaches of a qualitative nature, or 'soft measures', among which two main groups can be identified: i) those measuring TDC using survey data of tourists' opinions and perceptions (Bahar & Kozak, 2007; Botha, Crompton, & Kim, 1999; Chen, Sok, & Sok, 2008; Cracolici & Nijkamp, 2008; Haahti & Yavas, 1983; Haahti and Yavas, 1983; Kozak & Rimmington, 1998, 1999) and ii) those based on the empirical evaluation of a number of subjective indicators of tourism competitiveness, using tourism stakeholder surveys (Bornhorst, Ritchie, & Sheehan, 2010; Chen, Sok, & Sok, 2008; Crouch, 2011; Dwyer, Mellor, Livaic, Edwards, & Kim, 2004; Dwyer, Cvelbar, Edwards, & Mihalič, 2012; Dwyer, Livaic, & Mellor, 2003; Enright & Newton, 2004, 2005; Faulkner, Opperman, & Fredline, 1999; Gomezelj & Mihalič, 2008; Kim & Dwyer, 2003; Lee & King, 2009; Sirše & Mihalič, 1999). However, critics of these approaches consider that they are too subjective, and prefer using quantitative data, as they lead to more precise and accurate results. In this regard, it is worth mentioning the research works by Cracolici & Nijkamp (2006), Cracolici, Nijkamp, & Rietveld (2008), Craigwell & Worrell (2008), Croes (2011), Das & DiRienzo (2010), Gooroochurn & Sugiyarto (2005), Mazanec, Wöber & Zins (2007), Zhang & Jensen (2007) and Zhang, Gu, Gu, & Zhang (2011), which use secondary data, published with the purpose of measuring TDC. Yet, there are also critics of this approach (Crouch, 2011).

The third important issue, beyond the conceptual debate and the techniques for measuring TDC, is the importance of the factors affecting

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