



**DETERMINANTS OF TOURIST DESTINATION  
COMPITATIVNESS IN ETHIOPIA**

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DEPARTMENT OF MARKETING MANAGEMENT**

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## STATEMENT OF CERTIFICATION

This is to certify that the thesis entitled “*determinants of tourist destination competitiveness in Ethiopia submitted*” by Mr. Elias Tirit to Addis Ababa University towards partial fulfillment of the requirements for the award of the degree of Master of Arts in Marketing Management is a genuine record of the work carried out by him under my supervision and guidance.

Dr. Getie Andualem Ph.D.

Sig: \_\_\_\_\_

Date: \_\_\_\_\_

## **DECLARATION**

I, Elias Tirit, declare that this thesis is my original work and has not been presented for any degree in any other universities, and that all the sources of materials used herein have been duly acknowledged.

**Declared by:**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

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## **DEDICATION**

Dedicated to my friends whom I lost at different destination of my life specially to my best friend Desalegn Aragie.

## Table of Contents

<b>Contents</b>	<b>Page</b>
ACKNOWLEDGMENTS .....	i
DEDICATION .....	ii
List of Tables and Figure .....	v
Abstract .....	vi
CHAPTER ONE: INTRODUCTION .....	1
1.1. Background of the Study .....	1
1.2 The Statement of the Research Problem .....	3
1.3. Research Questions .....	4
1.4. Objective of the Study .....	5
1.4.1. General Objectives .....	5
1.4.2. Specific Objectives .....	5
1.5. Hypothesis to be Tested .....	5
1.6. Significance of the Study .....	6
1.7 Scope of the Study .....	6
1.8. Limitation of the Study .....	6
1.9. Organization of the Paper .....	7
CHAPTER TWO: REVIEW OF LITERATURES .....	8
2.1. Theoretical Foundation .....	8
2.2. Review of the Tourism Concept in Ethiopian Industry .....	8
2.2.1 Ethiopia's Natural Tourism Industry .....	9
2.2.2 Ethiopia's Hotel Industry .....	10
2.3 Theoretical review .....	11
2.3.1 Concepts of Competitiveness .....	11
2.3.2 Tourist and Tourism Consumption .....	12
2.3.3 Definition of Destination Competitiveness .....	12
2.4. Empirical Review .....	13
2.4.1 Different Approaches to Destination Competitiveness .....	13
2.4.2 Determinants or Indicators of Destination Competitiveness .....	15
2.5 Conceptual model of Determinants .....	15
2.5.1 Inherited Resources (IR) .....	16



2.5.2 Created Resources (CR) .....	16
2.5.3 Supported Factors (SF) .....	17
2.5.4 Destination Management (DM) .....	17
2.5.5 Situational Conditions (SC) .....	18
2.5.6 Demand Factors (DF) .....	18
<b>CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY .....</b>	<b>20</b>
3.1. Introduction .....	20
3.2. Research Design .....	20
3.3. Data and Data Sources .....	20
3.4. Sampling Design and Sample size .....	20
3.4.1. Sampling Method .....	20
3.4.2. Sample Size .....	21
3.5. Research Instrument .....	22
3.6. Data Collection .....	22
3.7. Data Analysis .....	22
<b>CHAPTER FOUR: DATA ANALYSIS AND DISCUSSION .....</b>	<b>23</b>
4.1. Descriptive Analysis .....	23
4.1.1. Respondents Profile .....	23
4.1.2. Analysis of the Inherited Resources Data .....	24
4.1.3. Analysis of the Created Resource Data .....	25
4.1.4. Analysis of the Supporting Factors Data .....	26
4.1.5 Analysis of the Destination Management data .....	27
4.1.6 Analysis of the Situational Conditions Data .....	28
4.1.7 Analysis of the Demand Conditions Data .....	29
4.2 Hypothesis Testing .....	30
<b>CHAPTER FIVE: CONCLUSION AND RECOMMENDATION .....</b>	<b>32</b>
5.1. Conclusion .....	32
5.2. Recommendation .....	34
<b>Bibliography .....</b>	<b>36</b>

## List of Tables and Figure

	<b>Page</b>
Figure 2.1: Model of destination competitiveness.....	19
Table 4.1: Analysis of the Inherited Resources data .....	24
Table 4.2: Analysis Competitiveness Indicators in the Created Resources.....	25
Table 4.3: Analysis Competitiveness Indicators in the Supporting Factors .....	26
Table 4.4: Analysis of the Destination Management data .....	28
Table 4.5: Analysis of the Situational Conditions data .....	29
Table 4.6: Analysis of the Demand Conditions data .....	30
Table 4.7: Results of paired sample t-test.....	31

## ***Abstract***

*Destination competitiveness has become a critical issue in today's increasingly challenging tourism market. Many studies have indicated that tourists and their needs stand as the ultimate driving force which influences competition and competitiveness in the tourism destination. Today, destinations eventually compete on the quality of tourism experience offered to visitors.*

*However, limited research has been undertaken to examine destination competitiveness from the tourist's perspective.*

*The purpose of this study is to investigate the effect of quality of tourism experience on tourist's perception of destination competitiveness. A destination competitiveness model based on the perceptions of tourists and a measurement instrument to assess the constructs of the model were developed for this study. The model proposes that tourists perceived destination competitiveness is affected by the quality of tourism experience; which includes the experience in pre-trip planning, en-route, on-site, and after-trip (reflection) phases.*

*Furthermore, tourist involvement, as an important salient dimension of consumer behavior, is introduced into the model as a moderating factor in the relationship between quality of tourism experience and perceived destination competitiveness. The sample population of this study consists of residents of Virginia who are 18 years old or above and took at least one leisure trip away from home in the past 18 months. Three hundred and fifty-three usable questionnaires were utilized in the data analysis of the study. Canonical Correlation Analysis (CCA) and Structural Equation Modeling (SEM) analysis were performed to test the study hypotheses.*

*The results indicated that the quality of tourism experience and tourists perception of destination competitiveness do relate to each other as substantiated by the existence of shared common variances between these two major constructs. The study also revealed that tourist's perception of destination competitiveness is positively influenced by the quality of tourism experience in terms of different phases (pre-trip planning, en-route experience, on-site instrumental experience, on-site expressive experience and after-trip reflection). Furthermore, tourist involvement appears to have a moderating effect on the relationship between pre-trip planning experience, en-route experience, on-site expressive experience, and perceived destination competitiveness.*

*The study also provided managerial implications to destination managers and marketers based on the research findings. In an increasingly saturated market the fundamental task for the destination management, understands how tourism destination competitiveness can be enhanced and sustained. Competitiveness of a tourist destination is an important factor that positively influences the growth of the market share. Therefore tourism managers have to identify and explore competitive advantages and analyze the actual competitive position. There exist different approaches that model the competitiveness (Ritchie and Crouch 1993; Evans and Johnson 1995 ; Hassan2000 ; Kozak 2001 ; De Keyser and Van hove 1994 ; Dwyer , Livaic and Mellor 2003). Among all we follow the framework (Dwyer, Livaic and Mellor 2003), which was developed in a collaborative effort by researchers in Korea and Australia and presented in Sydney in 2001, and conduct an empirical analysis on Slovenia as a tourist destination. The aim of this paper is to present the model of destination competitiveness. The paper presents the results of a survey, based on indicators associated with the model, to determine the competitiveness of Ethiopia as a tourist destination.*

# CHAPTER ONE: INTRODUCTION

## 1.1. Background of the Study

The tourist destination is the central component of the functional tourism system. In the current Competitive tourism market, competitiveness has increasingly been seen as a critical influence on the performance of tourism destinations. A growing body of literature is being established regarding tourism destination marketing, management, and competitiveness issues. A successful tourism destination must embrace an integrated approach towards the many components of the tourism system [35]. The major players in the tourism system are the government, tourism enterprises, tourists, and local communities may have very different approaches to destination competitiveness. To date, most studies have evaluated destination competitiveness from the industry practitioner perspective, generally considered a supply-side approach. The existing literature rarely examined the competitiveness of tourism destination from the demand side, i.e. , the tourist perspective.

The purpose of this thesis is to examine destination competitiveness from the viewpoint of tourism stockholders. The guiding principle of this study is that from the tourist perspective, the overall competitiveness of a destination is dependent upon the perceived quality of their tourism experience with a particular destination. Specifically, the research attempts to identify the factors that are likely to influence tourist perception of destination competitiveness, and proposes a theoretical model to investigate the relationship between quality of tourism experience and tourist perception of destination competitiveness. Additionally, tourist involvement is examined to see if it influences the relationship between quality of tourism experience and perceived destination competitiveness.

In this chapter, the research problem and objectives of the study are specifically explained. The theoretical framework is discussed and the proposed theoretical model that serves as the basis for the study is presented. We are in the 21st century and realized that many new opportunities await us in the tourism industry. The advent of globalization has coincided with a boom in the tourism sector and this has presented many new challenges. Free movement of capital and trade rules is the real forces behind globalization. In the context of tourism, globalization means dramatic increases in the number of destinations and also in distances among them. International tourism

conditions have changed drastically and it has become necessary to address these challenges in order to remain competitive in the tourism market. Development of new tourism products and destinations is one of the manifestations of the tourism sector shift towards increased productivity [107].

Competitiveness is a broad concept, which can be observed from different perspectives: through products, companies, branches of the economy or national economies, in the short run or the long run. The definitions offered in the literature provide both a micro and macro connotation of competitiveness. From a macro perspective competitiveness is a national concern and the ultimate goal is to improve the real income of the community. From a micro perspective, it is seen as a firm level phenomenon. In order to be competitive, any organization must provide products and services, which must satisfy the never ending desires of the modern consumer. For such products and services, customers or clients are willing to pay a fair return or price. Let us extend the concept of comparative and competitive advantage to international tourism.

Comparative advantage seems to relate to things like climate, beautiful scenery, attractive beaches, wildlife etc. Comparative factors are close to primary tourism supply (natural, cultural and social attractiveness). We can never reproduce them with the same attractiveness. On the other hand, competitive advantage relates to tourism infrastructure the quality of management, the skills of the workforce, government policy etc in [35]. Competitive factors refer to secondary tourism supply. They can be produced and improved by the tourist firms or governmental policy. Both kinds of factors are co-dependent. Without secondary tourism supply the tourism destination is not able to sell attractions, e. g . Primary tourism supply on a tourist market and without primary supply the tourism infrastructure is not useful. To understand the competitiveness of tourist destinations, we should consider both the basic elements of comparative advantage as well as the more advanced elements that constitute competitive advantage. Where competitive advantages constitute the resources available to a destination, competitive advantages mean a destination's ability to use these resources effectively over the long-term.

Destination with a wealth of resources may sometimes not be as competitive as a destination with a lack of resources. A destination that has a tourism vision, shares the vision among all the stakeholders, has management which develops an appropriate marketing strategy and a

government which supports tourism industry with an efficient tourism policy, may be more competitive than one that has never asked what role tourism is to play in its economy in [6] The most important is the ability of the tourism sector to add value to its products. The primary attractiveness can be a source for higher value added, but the value is only created through performing activities. It can happen that the comparative advantage is lost due to the uncompetitive secondary tourism supply.

The support of tourism stakeholders is essential for successful development and sustainability of tourism and could help to improve destination competitiveness. As a result, the tourism destination will receive many benefits from enhanced tourism destination competitiveness. Despite the extensive literature on competitiveness no clear definition or model for discussing tourism destination competitiveness has yet been developed. There is a fundamental difference between the nature of the tourism

## **1.2 The Statement of the Research Problem**

It is noted that tourism destination competitiveness is becoming an area of growing interest among tourism researchers. The current literature focusing on destination competitiveness has

laid the groundwork. The concepts and relevant models have been developed, with a focus on how to improve destination competitiveness in response to market competition in [35] and [97] . As in [35] stated among the numerous forces and motives that could possibly influence the competitive environment, customers and their needs stand as the ultimate driving force behind competition and competitiveness. Competitive actions derive from customer demand and the competitiveness of a destination is directly affected by tourists' expectation, activities experiences, and satisfaction. The destination itself is a combination of various components of tourism products and services, offering an integrated experience to consumers.

In a highly competitive tourism destination market, tourists' experiences and their opinions and attitudes should be understood in order to enhance the performance of destination products and services and promote destination development strategies.

The tourism industry in Ethiopia, for the past decades is not growing as it is expected like other African countries and the rest of developing world. These reforms have brought about many

structural changes in the tourism sector of the country. Despite these changes, currently , the tourism industry in Ethiopia is characterized by operational inefficiency , little and insufficient competition and perhaps can be distinguished by its market concentration towards the big cities found in the country , where there are relatively better accommodations and other facilities compared from others and having diversified ownership structure (MTC) .

Existence of less efficiency and little and insufficient competition in the country's tourism industry is a clear indicator of relatively poor performance of the sector compared to the developed world. Thus, it is important to know the determinants of tourist destination competition for an efficient management of tour operations aimed at ensuring growth in profits and efficiency for the society in general. There exist limited theoretical and empirical literatures on the determinants of tourist destination competition, as studies on the determinants of tourist destination competition are important to diagnose the constraints for efficient management and creation of competitive tourism industry in the country.

However, there is a shortage of studies focus on the determinants of destination competition in Ethiopian tourism industry. This study will therefore try to measure and identify the major determinants of tourist destination competitiveness in Ethiopian tourism industry. To better understand the concepts of destination competitiveness of tourism experience, this study intends to investigate the following five important questions. competitiveness, and develop a theoretical model of destination competitiveness from the tourists' perspective. In particular, the following research questions are addressed in this study.

### **1.3. Research Questions**

1. What is the influence of the quality of tourism experience on tourists' perceived destination Competitiveness?
2. What are the determinants of competition for destination in Ethiopian tourism industry?
3. What makes a tourism destination truly competitive in its nature?
4. What are the major role players in Ethiopian tourism industry?

## **1.4. Objective of the Study**

### **1.4.1. General Objectives**

The general objective of this thesis is to present the model of destination competitiveness.

The paper presents the results of a survey, based on indicators associated with the model, to determine the competitiveness of Ethiopia as a tourist destination and to indicate the weak points in Ethiopia's tourism industry

### **1.4.2. Specific Objectives**

In view of the general objective this paper will attempt to achieve the following specific objectives

1. To identify and test the determinants of tourist destination competition in Ethiopian tourism.
2. To forward some policy recommendations based on the research findings.
3. To analyze empirically the effects of each explanatory variables on destination competition in Ethiopian tourism industry

## **1.5. Hypothesis to be Tested**

Based on the research questions, hypotheses are proposed and a structural model is used to determine how destination competitiveness could be influenced by the quality of tourism factors. The research also intends to identify the factors that are likely to influence the quality of tourism experience and the tourists' perceived destination competitiveness. The following research hypotheses are presented.

The study will take into account comparative and competitive advantages aspects. The overall objective of this study will to show the importance of tourism for Ethiopia and to evaluate the efficiency of the Ethiopia Tourism policy. For this purpose five variables are defined such as Inherited resources (IR) , Created Resources (CR) , Supported Factors (SF), Destination Management(DM) , Situational conditions(SC) , and Demand factors (DF) .

Based on the key findings of the mentioned research and based on research questions of this thesis, six hypotheses are propose to determine the competitiveness of Ethiopia as a tourist destination:



**H1:** Ethiopia as a tourist destination is more competitive in the field of Supporting Factors and Resources than in the field of destination Management

**H2:** Ethiopia as a tourist destination is more competitive in the field of Inherited Resources than in the field of Created Resources .

**H3:** Ethiopia as a tourist destination is more competitive in the field of Inherited Resources than in the field of Supporting Factors .

**H4:** The average value of the Supporting factors is equal to the average value of the variable Destination Management

## **1.6. Significance of the Study**

This study has the following significances for policy makers, hotels, Tour operators and other Stakeholders.

1. It enables policy makers to take deep-considerations on the competitiveness of the Ethiopian tourism industry.
2. The study tries to fill the gap in the body of knowledge
3. The study serves as a reference for further research in the study area

## **1.7 Scope of the Study**

The scope of this study geographically will be limited to the Ethiopian tourist destinations which are found in Addis Ababa. Conceptually the scope of the study focuses on the determinants of computation on the area of tourist destination. And also the study is limited to descriptive research design.

## **1.8. Limitation of the Study**

As with any empirical study, this study also has certain constrains that must be considered when assessing the outcomes of its findings and implications. The study encountered some sort of limitations. It is impossible to study all the determinants of tourist destination competitiveness in Ethiopian tourism industry. So the study selected amongst determinants of competitions in the industry that are meant most important. Due to the limited availability of time and other constrains the study do not include the determinants from the view point of the tourists.

## **1.9. Organization of the Paper**

Chapter one presented the overview of the study, which includes the background of the study, statement of problem, the research questions, proposed for this research. Chapter 2 consists of a review of the available literature pertaining to destination competitiveness and the relevant constructs. The theoretical background and previous conceptual and empirical research findings are discussed. Chapter 3 focuses on the modeling of indicators, and chapter 4 focuses about the research finding and discussion and chapter 5 conclusion and recommendation.

## **CHAPTER TWO: REVIEW OF LITERATURES**

### **2.1. Theoretical Foundation**

The relevant theoretical foundation underpinning the study is the rational choice theory. This theory provides useful insights on the choice or selection behavior of individual customer. The Rational Choice Theory or rational action theory is a framework for understanding and often formally modeling social and economic behavior. Rationality, which basically expresses the idea of wanting more rather than less of goods, is widely used as an assumption of the behavior of individuals. The theory, therefore, suggests that patterns of behavior in societies reflect the choices made by individuals as they try to maximize their benefits and minimize their costs (Coleman et. Al. 1992). In other words, people make decisions about how they should act by comparing the costs and benefits of different courses of action. Consequently, patterns of behavior develop within a society which results from those choices.

### **2.2. Review of the Tourism Concept in Ethiopian Industry**

The global tourism industry has huge economic importance. It contributes 10 % of the worlds gross domestic product and 6 % of exports. One billion people a year travel somewhere in the world. Africa's natural and cultural points of interest give the continent tremendous tourism Potential. This shows in the numbers. In 2015, the sector generated USD \$ 36 billion in Africa (7% of all exports in the region), up from USD \$ 10 billion in 2000. Travel and tourism also directly supports 466,000 jobs. It's expected that by 2030 the number of tourists will reach 134 million annually. But African countries' tourism industries are often constrained by a lack of infrastructure development, air connectivity and financing.

Ethiopia, in East Africa, is an example. The country has immense natural, cultural and historical attractions, but is a largely untapped tourism market. It suffers from a lack of infrastructure and the negative publicity the country received after the famine in the 1980s and various conflicts. It needs to make a big effort to market its potential and develop the measures to support the industry

Ethiopia's tourism sector showed a steady increase in the last decade. International tourist arrivals rose from 64, 000 in 1990 to 680,000 in 2013 and are expected to reach 815,000 by

2024. This 2024 figure would mean a contribution of USD \$2 billion to the country's GDP. Over the next five years the sector is expected to create over a million jobs, or 3.6 % of total employment. Comfortable hotels play a vital role in attracting tourists. After the fall of the communist government 27 years ago, Ethiopia started privatizing most of the state owned hotels and tourism establishments. To support this, the government adopted a policy that allows duty free imports of hotel furniture, fixtures and equipment. It also provides for favorable loans to investors for the construction of new rated hotels. But, while the hotel industry is growing, the number of available hotel rooms is still the lowest. In terms of room availability, Ethiopia is globally ranked 134 out of 140, compared to Kenya, Uganda and Tanzania at positions 122, 121 and 118 respectively. Furthermore, there are few hotels of an international standard, and many are old and unattractive. Infrastructure to support the hotels is lacking. There are no zoning policies to establish the areas where hotels should be constructed, or tourist activities to complement them when they are built.

### **2.2.1 Ethiopia's Natural Tourism Industry**

The natural beauty of Ethiopia amazes the first-time visitor. Ethiopia is a land of rugged mountains (some 25 are over 4000 meters high) broad savannah, lakes and rivers. The unique Rift Valley is a remarkable region of volcanic lakes, with their famous collections of birdlife, great escarpments and stunning vistas. Tisisat, the Blue Nile falls, must rank as one of the greatest natural spectacles in Africa today. With 14 major wildlife reserves, Ethiopia provides a microcosm of the entire sub-Saharan ecosystem. Birdlife abounds, and indigenous animals from the rare Walia ibex to the shy wild ass, roam free just as nature intended. Ethiopia, after the rains, is a land decked with flowers and with many more native plants than most countries in Africa. Among the many natural tourist attractions only the principal ones are briefly given below.

The river Nile, over 800km in length within Ethiopia and the longest river in Africa, holds part of its heart in Ethiopia. From Lake Tana, the Blue Nile, known locally as Abbay, flows for 800 km within Ethiopia to meet the white Nile in Khartoum to form the great river that gives life to Egypt and the Sudan. It has been said that the Blue Nile contributes up to 80 % of the Nile's flow. The Blue Nile Falls are about an hour by tour bus from Bahar Dar. Known locally as Tis Isat, the falls are over 400m (1312ft) wide and 45m (148ft) deep. Because of a series of dams

near Bahar Dar, they aren't as impressive as they used to be. Nowhere, is it more spectacular than where it thunders over the Tisisat Falls literally "Smoking Water" - near Bahar Dar . Here millions of gallons of water cascade over the cliff face and into a gorge, creating spectacular rainbows, in one of the most awe-inspiring displays in Africa. The Blue Nile falls can easily be reached from Bahir Dar and the Scenic beauty of the Blue Nile Gorge, 225km from Addis Ababa, can be enjoyed as part of an excursion from the capital.

### **2.2.2 Ethiopia's Hotel Industry**

Until recently, Ethiopia did not have enough hotels recognised under international rankings or ratings they generously awarded themselves their own stars. This made it hard for visitors to judge the quality of a hotel. This changed in 2015 when the Ethiopian government, with the help of World Tourism Organization, started rating hotels in the country. Though participation in the grading process is mandatory, the graded hotels still haven't undergone annual audits to ensure they're keeping up with the standard they were awarded. Ethiopia also only has six internationally branded and managed hotels. This is a very low figure bearing in mind that the average number of tourists per year is nearly 700, 000 and these six hotels have a combined total of less than 1,500 rooms. By comparison, Nairobi in neighboring Kenya already hosts most of the international hotel brands and expects 13 more to open their doors over the next five years. There are also only three five star hotels in Ethiopia and the majority of the rated hotels which guarantee a certain standard of service are situated in the capital, Addis Ababa. Other hotels, rated only by on line travel agents based on the guests' comments and with fewer than 100 rooms, are scattered throughout major towns.

This is a problem because most of the tourist attractions are located in the countryside. There is also a scarcity of budget facilities, like youth hostels, to cater for budget travelers and backpackers. Another major issue is the hotel structures. After the fall of the communist regime, from 1995, Ethiopia started revisiting. Over 287 enterprises were transferred from the public to the private sector out of which 34, or 11.8 % , were hotels . The aim was to improve economic efficiency, stimulate the private sector and mobilize more foreign and domestic investment. However, the process has been weighed down with problems which include; corruption, loss of jobs and a lack of ownership and transparency. The state retains control of many of the most valuable assets in the sector. These are not well maintained, as they are about to be privatized.

For example, Addis Ababa's Hilton hotel, completed in 1987, now needs urgent refurbishment. Finally, the hotel industry needs to be supported by tourism infrastructure. It needs physical facilities like car parks, sewerage and water works, transport projects and roads. These have to be based on zoning policies, to establish where the hotels should be built. With the exception of Addis Ababa, there are also hardly any offerings of recreational or entertainment activities like parks, concerts or cinemas. And there are logistical gaps like the lack of adequate ATM machines and foreign exchange bureaus outside Addis Ababa. This means visitors need to carry large amounts of cash in local currency, which is inconvenient and unsafe. To spur tourism growth and development, Ethiopia must improve the hotel industry and the infrastructure that supports it. It will take the cooperation of all stakeholders' government, hotel professionals, hotel owners and hotel trade associations to achieve a competitive and sustainable sector.

## **2.3 Theoretical review**

### **2.3.1 Concepts of Competitiveness**

Competitiveness research starts arguably with the seminal work on the competitiveness of nations by Porter in [33], who defined national competitiveness as an outcome of a nation's ability to innovatively achieve, or maintain, an advantageous position over other nations in key industrial sectors. Organization for Economic Cooperation and Development (OECD) defined competitiveness as the degree to which a country can, under free and fair market conditions, produce goods and services which meet the test of international markets, while simultaneously maintaining and expanding the real incomes of its people over the longer term.

Adding a time dimension to the definition of the national competitiveness in Boltho 1996. Oxford Review of Economic Policy distinguished between the short and long run competitiveness of nations. It viewed the short run international competitiveness as the level of the real exchange rate that ensured internal and external balance with appropriate domestic policies ; the longer run international competitiveness, on the other hand, could be associated with the highest possible growth of productivity that was compatible with external equilibrium.

In terms of the driving factors that determine national competitiveness, Porter in [33] argued that it is firms, not nations, which compete in international markets. Clark and Guy in 1998 believed that competitiveness ultimately depends upon the firms in the country competing both in

domestic and international markets. The firm level competitiveness generally refers to the ability of the firm to increase in size, expand its global market share, and its profit. According to Papadakis in [29], a nation's competitiveness can be measured by the accumulation of the competitiveness of firms operating within its boundaries; furthermore, the strength of these firms is considered.

### **2.3.2 Tourist and Tourism Consumption**

Tourism can be characterized as a special consumption activity, and is unique in that people displace themselves from familiar environments and voluntarily invest their time and money in making a journey to somewhere less familiar, where they undertake a range of activities before returning home in [21]. The tourism product and its consumption by tourists has been a fundamental subject in the tourism literature. The conceptualization of tourist as consumer stems from socio-cultural and geographical based studies and from the service marketing-related literature Jensen in [17] . Researchers have continuously examined the concept of tourist since the early 1960s and attempted to answer the question who actually is a tourist and what does s/he look for? in [83, 23, 30, 22, and 169] . Many of these research deal with the authenticity issue in tourism consumption. Boorstin in [52] described the replacement of the once-upon-a-time genuine art of travel with the prepackaged spectacles and pseudo-events. He argued that the tourist seldom likes the authentic product of foreign culture but prefers his own provincial expectations.

### **2.3.3 Definition of Destination Competitiveness**

Numerous definitions of competitiveness in the general literature were proposed but there seems to be no generally accepted statement of the term in [33]. Consequently, a large number of variables also appear associated with the notion of destination competitiveness. The factors could include objective measures such as visitor numbers, market share, tourist expenditure, employment, value added by the tourism industry, as well as subjective measures such as richness of culture and heritage, quality of the tourism experience, etc. Researchers have proposed different definitions on destination competitiveness from various approaches. Buhalisin [63] and Ritchie in [35] examined the definition in terms of the economic prosperity of destination residents, which is consistent with the view raised by World Economic Forum in [33]. This approach is specifically applicable to the international-level destinations.

It is considered reasonable to examine destination competitiveness with the focus on economic prosperity, since the nations (destinations) compete in the international tourism market to foster the economic well-being of residents , as well as the opportunity to promote the country as a place to live , trade with , invest in , do business with , play sport against , etc . In [97, 19].

According to d'Hartserre in [9], competitiveness is " the ability of a destination to maintain its market position and share and/or to improve upon them through time". Hassan in 2000 defined competitiveness as " the destination's ability to create and integrate value-added products that sustain its resources while maintaining market position relative to competitors" Hassan in 2000. Dwyer in [97] stated that " tourism competitiveness is a general concept that encompasses price differentials coupled with exchange rate movements , productivity levels of various components of the tourist industry and qualitative factors affecting the attractiveness or otherwise of a destination " in [97] proposed that destination competitiveness is " the ability of a destination to deliver goods and services that perform better than other destinations on those aspects of the tourism experience considered being important by tourists " in [97, 19] . Consequently , based on the major objective and perspective of this study , in this study , destination competitiveness is defined as " the destination's ability to create and provide value-added products and quality experience which are important to tourists while sustaining its resources and maintaining market position relative to competitors " in [97, 19] .

## **2.4. Empirical Review**

### **2.4.1 Different Approaches to Destination Competitiveness**

Nowadays in the increasingly competitive world tourism market, maintaining competitiveness is a major challenge for many destinations. Destination competitiveness has been claimed to be tourism's Holy Grail [35], however, the research on this field is limited and has only emerged since the 1990s. The academic journal *Tourism Management* has published a special issue on " the Competitive Destination". The variety of topics covered in this issue represents the complexity associated with the study of destination competitiveness some of them are sustainable competitiveness in [35], price competitiveness [97] , managed destinations [9], responding to competition [19] , the destination product and its impact on traveler perceptions [156] , the role of public transport in destination development [34] , environmental management



[155] , integrated quality management [15] , regional positioning [187] , and marketing the competitiveness destination of the future [63] .

Despite the various definitions of destination competitiveness, it is observed that few frameworks have been developed to assess the competitiveness of a destination in [35]. Bordas in [4] argued that competition does exist between clusters of tourism business and a strategic plan is required to gain competitive advantages: low cost, differentiation and specialization. Similarly, Poon in [32] suggested four major principles for destinations to follow if they are to be competitive: put the environment first; make tourism a leading sector; strengthen the distribution channels in the market place; and build a dynamic private sector. These approaches seems practical but has been criticized to be too broad and general to be meaningful to tourism stakeholders and policy makers in [97]. In developing the model of destination competitiveness, [24] adapted Porter's generic competitiveness model to the tourism industry and proposed that tourism competitiveness includes five dimensions: appeal, management, organization, information and efficiency.

The study incorporated tourism-specific issues into the model. Faulkner et al. in [107] adopted this model in measuring the competitiveness of South Australia. Pearce in [30] introduced the "competitive destination analysis" (CDA) to measure the competitiveness of tourism destinations. CDA is defined as "a means of systematically comparing diverse attributes of competing destinations within a planning context" in [30]. It is suggested that this systematic appraisal and comparison of key tourism elements among competitors could provide a more objective basis for evaluating the strengths and weaknesses of the destination and generate a better appreciation of its competitive advantages. CDA is considered as a better approach in identifying specific competitive features of the destinations due to its element-by-element basis in [35] . Tourism destination, as a unique experiential product is also judged by tourists on its price competitiveness. In [97] provided a series of most detailed studies related to tourism price competitiveness.

### **2.4.2 Determinants or Indicators of Destination Competitiveness**

In addition to Ritchie and Crouch's model and proposed components of tourism destination competitiveness, several studies have specifically examined the determinants of destination competitiveness. Based on Ritchie in [35] work and other related literature in [19] proposed their model of destination competitiveness and provide a list of items in determining the destination competitiveness such as endowed resources , created resources , supporting factors, destination management , situational conditions , and market performance.

Dwyer et al. in [97] also further used the factor analysis to empirically reveal the underlying dimensions of destination competitiveness through surveying tourism industry stakeholders in both Australia and Korea industry operators, government officials, and tourism research academics. A total of 83 compositeness indicators were presented in the survey and 12 factors were revealed. They are destination management , nature-based and other resources , heritage resources , quality service , efficient public service , tourism shopping , government commitment , location and access , E-business, night life , visa requirements , amusement parks . Pike in [31] demonstrated the determinants of destination competitiveness from the sources of comparative and competitive advantage related to Destination Management Organizations (DMO). The research indicates that sources of comparative advantages include the natural resources, cultural resources human resources, and goodwill resources. In addition o these the sources of competitive advantage include developed resources, financial resources, organization resources, information resources, relationship resources, and implementation resources. It can be concluded that the research findings from different studies regarding the determinants/indicators of tourism destination competitiveness share some common features. This study adopts the findings of the above research to develop the measurement scale of destination competitiveness in Ethiopia.

### **2.5 Conceptual model of Determinants**

The model seeks to capture the main elements of competitiveness highlighted in the general literature, while appreciating the special issues involved in exploring the notion of destination competitiveness as emphasized by tourism researchers. The model was developed by [97]. The model displayed in figure 2.1 brings together the main elements of destination competitiveness as proposed by tourism researchers. The determinants are classified under six main headings:

Inherited Resources, Created Resources, Supporting Factors and Resources, Destination Management, Situational Conditions, and Demand Conditions.

### **2.5.1 Inherited Resources (IR)**

Inherited resources are classified as Natural and Cultural (Heritage) . The natural resources of a destination signify the environmental framework within which the visitor enjoys the destination in [97]. They are crucial for many forms of tourism and visitor satisfaction. The culture and heritage of a destination, its history, traditions, artwork etc. , provides a powerful attracting force for the prospective visitor in [156]. The indicators of the inherited resources are Historic sites, Heritage, National parks, Cleanliness, Traditional arts, Attractiveness of climate for tourism, Flora and fauna (e. g. animals, birds , forests) , and Unspoiled Nature .

### **2.5.2 Created Resources (CR)**

There are at least five types of created resources that influence destination competitiveness: tourism infrastructure, special events, range of available activities, entertainment and shopping. Mo, Howard and Havitz (1993) have argued that destination service infrastructure is, after destination environment, the most important factor in a tourist's experience. The capacity of special events to generate tourism expenditure is well documented. The set of activities possible within a visit are undoubtedly important tourism attractors. These can include recreation facilities, sports, facilities for special interest etc. The category of entertainment can be found in many forms. The amount of entertainment is less important than its quality or uniqueness.

The Competitiveness indicators in this variable are Amusement, Community support for special events, Night life, Airport efficiency, Local tourism transportation efficiency, Water based activities, Entertainment, Diversity of shopping experience, Special events, Tourist guidance and information, Existence of tourism programs for visitors, winter based activities, Adventure activities, Sport facilities, rural tourism, Recreation facilities, Congress tourism , Food service facilities, Accommodation, Nature based activities, Visitor accessibility to natural areas, and Health resorts and spa .

### **2.5.3 Supported Factors (SF)**

Supporting factors underpin destination competitiveness. They include attributes such as general infrastructure, quality of service, accessibility of destination, hospitality, etc. A destination's general infrastructure includes road network, water supply, financial services, telecommunications, health care facilities, etc. Destinations have become reliant on the delivery of quality services. A commitment to quality by every enterprise in a destination is necessary to achieve and maintain competitiveness [118]. Competitiveness indicators are Animation, Health facilities to serve tourists, Attitudes of customs officials, Efficiency of customs, Visa requirements as an impediment to visitation, Destination links with major origin markets, Financial institutions and currency exchange facilities, Quality of tourism services, Telecommunication system for tourists, Accessibility of destination, Communication and trust between tourists and residents Hospitality of residents towards tourists. Resident support for tourism development fosters a competitive destination.

### **2.5.4 Destination Management (DM)**

Destination management has a potentially important influence on destination competitiveness. It includes activities such as destination marketing, planning and development, destination management organizations and human resource development. Destination management should focus on a systematic examination of unique comparative advantages that provide a special long term appeal of the destination [130].

Tourism planning takes place on many levels: destination, regional, national, international. Planning is carried out by different organizations and agencies. The indicators are Extent of foreign investment in destination tourism industry, Government co-operation in development of tourism policy, Public sector recognition of importance of sustainable tourism development, Quality of research input to tourism policy, planning, development, Destination has clear policies in social tourism (e. g. disabled, aged), Public sector commitment to tourism / hospitality education and training, Private sector commitment to tourism / hospitality education and training, Level of co-operation between firms in destination, Development of effective destination branding, Tourism development integrated with overall industry development, Existence of adequacy tourism education programs.

### **2.5.5 Situational Conditions (SC)**

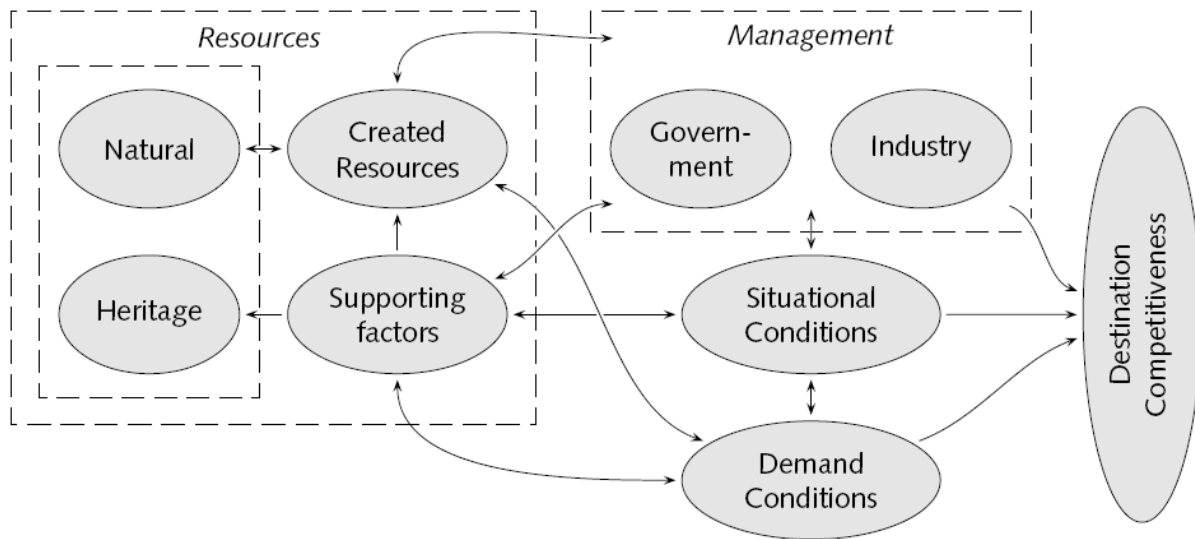
Situational conditions may enhance or reduce destination competitiveness. The performance of the tourism industry depends on the overall structure of the industry and the positive environment in which it is situated. A competitive destination depends both on the micro environment and on the macro environment. On the micro level, competition among firms creates an environment for excellence. On the macro level, tourism is influenced by a range of global forces including economic restructuring of economies, demographic changes, computerization etc.

The political dimension is a key factor that contributes to the nature of the destination. Safety and security can be a critical determinant of the tourism destination. The financial cost of the tourism experience is, however, important. Competitiveness indicators are Co-operation between public and private sector, Access to venture capital, Investment environment, Use of ecommerce , Manager capabilities , Value for money in shopping items , Use of it by firms, Value for money in accommodation , Value for money in destination tourism experiences , Political stability , and Security/safety of visitors .

### **2.5.6 Demand Factors (DF)**

Demand factors assume special importance in determining destination competitiveness. The reason is that a destination may be competitive for one group of tourists but not for another group. It depends on their motivation for travel. We can distinguish between domestic and foreign demand. In many cases the domestic tourism drives the nature and structure of a nation's tourism industry. Foreign demand thrives more readily when domestic demand is well established. The competitiveness comprises three main elements of tourism demand: awareness, perception and preferences in [97]. Awareness can be generated by marketing activities, the image can influence perceptions and actual visitation will depend on perceived destination product offerings. The Competitiveness indicators in these factors are International awareness of destination, International awareness of destination products, fit between destination products and tourist preferences and Overall destination image.

Figure 2.1: Model of destination competitiveness



Taken together, Inherited, Created and Supporting Resources provide various characteristics of a destination that make it attractive to visit. This is why they are all placed in the same box. Inherited resources can be classified as Natural and Cultural. The Natural Resources include physiography, climate, flora and fauna etc. The culture and heritage, like the destinations' history, customs, architectural features, and traditions enhance the attractiveness of a tourism destination. Created Resources include tourism infrastructure, special events, entertainment, shopping and any available activities. The category Supporting factors and Resources provides the foundations for a successful tourism industry. They include general infrastructure, quality of services, hospitality, and accessibility of destination.

Destination Management includes factors that enhance the attractiveness of the inherited and created resources and strengthen the quality of the supporting factors. The factors of Situational conditions can moderate modify or even mitigate destination competitiveness. This can be a positive or unlikely negative influence on the competitiveness. There would seem to be many types of situational conditions that influence destination competitiveness. These are Destination location, micro and macro environment, the strategies of destination firms and organizations, security and safety and the political dimension. If we want a demand to be effective, tourists must be aware of what a destination has to offer. The awareness, perception and preferences are the three main elements of the tourism demand.

## **CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY**

### **3.1. Introduction**

This chapter gives an outline of the research methodology used in the study. It describes the research design, sampling design and sample size, data and data sources, research instrument, data collection and data analysis.

### **3.2. Research Design**

The study adopts both quantitative and qualitative research approaches. Specifically, a survey research method is the basic research design through personally administered questionnaires including closed-ended questions. Research survey is undertaken on descriptive survey.

### **3.3. Data and Data Sources**

Primary data was gathered from the respondents found at the seven selected stakeholders in the tourism industry using a self administered questionnaire.

### **3.4. Sampling Design and Sample size**

#### **3.4.1. Sampling Method**

Following the model, a survey was conducted to determine the competitiveness of Ethiopia as a tourist destination. Underpinning the survey instruments was a set of indicators of destination competitiveness. The researcher agrees that determinants of destination competitiveness are many and varied.

There is no single or unique set of determinants that apply to all destinations at all times in [97]. Generally they include objectively measured variables such as visitor numbers, market share, employment, earnings, as well as subjectively measured variables such as climate, richness of attractiveness, image, appeal, beauty etc.

The most common research method of tourism attractiveness is from the visitors perspectives. In our case this approach is limited due to the short period of visiting time and the limited knowledge of domestic and foreign visitors about a given destination, particularly about the destination management determinants.

The use of tourism experts as tourism stakeholders has some benefits and advantages. Their knowledge about the entire portfolio of destination competitive resources can help to discover the tourist destination more appropriately. The survey was performed from March to April 2018. The respondents were selected from tourism stakeholders on the supply side that is tourism industry stakeholders, government officials, tourism school academics and Postgraduate students on tourism courses. Further use of the model would need to incorporate tourism consumer input and perception. Out of 150 questionnaires sent, 68% were returned.

The sample included 6.8 % government officials, 12.8 % tourist agency managers, 26.4 % hospitality sector managers , 6 % tourism school academics , 15 % tourism services managers , 12 % postgraduate students on tourism courses , 15% employers in local tourist organizations and 6 % the others .

The majority of the participants were young up to 40 years of age (61.9 %). The respondent average length of residence in Ethiopia was 36 years ( SD = 11.29). The results revealed that 0.02 % of respondents were residents for less than 20 years, 36.4 % of them were residents for between 20 and 30 years, 15.2 % of them for between 30 and 40 years, and 48.38% of them for more than 40 years. Only four of them were not born in Ethiopia, only one of all respondents has lived in Ethiopia less than 13 years. The sample was not well balanced in terms of gender (66.1% female, 33.9% male). The majority of the participants had completed college or university (50.8%), so most of the respondents were quite highly educated. This result implies that the survey questionnaires were collected from various tourism stakeholders who are currently involved in tourism related organizations, associations and business.

### **3.4.2. Sample Size**

The sample size of the study is bounded to the selected target population purposely selected from the seven stakeholders. These include government officials, tourism school academics and postgraduate students on tourism courses tourist agency managers, hospitality sector managers and employers in local tourist organizations.



### **3.5. Research Instrument**

To achieve the purpose of the study, a structured questionnaire was prepared for use in the survey. Survey questions for the questionnaire were gathered from various studies and from the relevant literature.

The questionnaire was divided into two sections. Part I of the questionnaire asked respondents to obtain their personal background, questions regarding their gender, age, occupation. In part II of the questionnaire, respondents were asked to rate the relative importance of various determinants of the grouped destination factors. Their responses to the questionnaire were measured on a five point Likert-type scale of importance ranging from 1 (not important at all) to 5 (most important).

### **3.6. Data Collection**

The primary data for the study was collected through self-administered questionnaire from the reef the selected seven major stockholders of the tourism industry from a total of 150 questionnaires distributed, 102 were returned.

### **3.7. Data Analysis**

The data gathered through the survey were analyzed using descriptive statistics to identify respondents' profile. And also exploratory factor analysis technique was performed on 83 selected variables which are most important for the study and to investigate relationships among major determinants in Ethiopian tourism industry. And "one-sample t-test" was run on identified factors of competitiveness in the tourism industry.

The level of significance for this study was predetermined to be 5%. The data was organized, summarized and analyzed using SPSS (Statistical Package for the Social Sciences) version 20 for Windows. SPSS was used to compute simple descriptive data and to the advanced statistical procedures of factor analysis

## **CHAPTER FOUR: DATA ANALYSIS AND DISCUSSION**

This chapter gives an overview of the data analysis results. First, descriptive analysis of the respondents' profile. The next part gives an overview the outcomes of the factor analysis. After the underlying factors are known, one sample t-test on these factors is conducted to compare the importance level for these different determinant factors of destination competitiveness factors. The results of the analysis highlights research questions and hypotheses constructed.

### **4.1. Descriptive Analysis**

This section presents the descriptive analysis of the respondents' responses to each item in the survey questionnaire in which section one explores general information about respondents' demographic characteristics of the respondents. And also the determinant factors are analyzed based on the response given at the questioner

#### **4.1.1. Respondents Profile**

The demographic and socioeconomic characteristics of the respondents are shown .The respondents profile gives an indication to the sampled respondents' gender, age group, marital status, educational qualification, income level, and occupation type.

The majority of the participants were young up to 40 years of age (61.9 %). The respondent average length of residence in Ethiopia was 36 years (SD = 11.29). The results revealed that 0.02 % of respondents were residents for less than 20 years, 36.4 % of them were residents for between 20 and 30 years, 15.2 % of them for between 30 and 40 years, and 48.38 % of them for more than 40 years. Only four of them were not born in Ethiopia, only one of all respondents has lived in Ethiopia less than 13 years.

The sample was not well balanced in terms of gender (66.1% female, 33.9% male). The majority of the participants had completed college or university (50.8 %), so most of the respondents were quite highly educated. This result implies that the survey questionnaires were collected from various tourism stakeholders who are currently involved in tourism related organizations, associations and business.

#### 4.1.2. Analysis of the Inherited Resources Data

The relatively high rating given to Ethiopia's natural resources, Historic sites, and Heritage is to be expected. It is well known that the country has areas of attractive natural resources, the nature is still unspoiled and the climate is really favourable. The smallest standard deviation in this group for the unspoiled nature with value 0.7 indicates quite high agreement between respondents. The high ratings should not be a cause for complacency. The maintenance of Ethiopia's competitive advantage in this area requires constant environmental monitoring of the impacts of tourism development.

The relatively high standard deviation in the responses for historic sites , artistic and architectural features and heritage indicates that respondents share different views about their perceptions of these attributes . The means are lower too. It is unlikely that these attributes can be improved through appropriate tourism policy. In general, these destination attractions (inherited resources) have been considered as tourism supply factors, which represent the driving forces generating tourism demand (Uysal 1998) and also primary sources or determinants of measuring destination attractiveness (Hu and Ritchie 1993)

Table 4.1: Analysis of the Inherited Resources data

No	Competitiveness indicators	M	SD	Mean in %
1	Attractiveness of climate for tourism	3.83	0.76	76.6
2	Artistic and architectural features	3.22	0.80	64.4
3	Unspoiled Nature	4.40	0.70	88.0
4	National parks	3.58	0.72	71.6
5	Historic sites	4.86	0.74	97.2
6	Heritage	4.46	0.86	89.2
7	Traditional arts	3.73	0.79	74.6
8	Flora and fauna (e. g. animals, birds,)	4.00	0.79	80.0
9	Cleanliness	3.66	0.76	73.2

**Source: my own table**

### 4.1.3. Analysis of the Created Resource Data

Ethiopia is rated most above average on attributes of health resorts , visitor accessibility to natural areas, variety of cuisine, Casino, nature based activities, accommodation (variety/quality) and food service facilities, but most below average in amusement/theme parks, community support for special events and night life (see table 4.2). Variety of cuisine had the smallest standard deviation in this group with the value of 0.74, indicating agreement between respondents. Less consistency between respondents was found in the area of water based activities (standard deviation of 0.93) and winter based activities (standard deviation of 0.93).

The survey results indicate much room for improvement in the area of Created resources because most of the indicators of Created resources are below or equal or less above the average (50% ). Other attributes that may need attention are entertainment and special events.

The survey also implies that Ethiopia could develop greater community support for special events .Improvements should be made in the efficiency and quality of local transportation. If so, residents can benefit as well as tourists.

Table 4.2: Analysis Competitiveness Indicators in the Created Resources

No	Competitiveness indicators	M	SD	Mean in %
1	Diversity of shopping experience	3.00	0.80	60
2	Amusement/Theme parks	2.06	0.77	52
3	Community support for special events	2.39	0.86	47.8
4	Adventure activities	3.10	0.88	62
5	Local tourism transportation efficiency	2.55	0.84	51
1	Food service facilities	3.38	0.82	67.6
2	Water based activities	2.85	0.93	57
	Health resorts , spa	4.27	0.74	85.4
3	Special events/festivals	3.06	0.79	61.2
4	Variety of cuisine	3.81	0.73	76.2
5	Tourist guidance and information	3.08	0.86	61.6
1	Winter based activities	3.10	0.93	62
2	Sport facilities	3.22	0.76	64.4

Source: my own table

#### 4.1.4. Analysis of the Supporting Factors Data

Ethiopia is rated as above average in hospitality of residents towards tourists, communication and trust between tourists and residents, accessibility of destination, telecommunication system for tourists , quality of tourism services and in financial institutions and currency exchange facilities, but below average in animation, health/medical facilities to serve tourists, attitudes of customs/immigration officials, efficiency of customs/immigration, visa requirements as an impediment to visitation and destination links with major origin markets see table 4.3. Overall, the rating of these groups of attributes was considerably lower than for the inherited resources and Created resources.

Hospitality in Ethiopia was rated highly. Ethiopia’s residents were rated above average in their friendliness to tourists and the ease of communications between tourists and residents. Customs efficiency and attitude were rated above average. Maybe there is no need to spend time on this. Room for improvement is indicated in animation there is a lack in tourism products and programs for entertainment and attractive experiences. Of course there is nothing to do about Ethiopia’s location compared to the major origin markets.

Table 4.3: Analysis Competitiveness Indicators in the Supporting Factors

No	Competitiveness indicators	M	SD	Mean in %
1	Animation	2.59	0.79	51.8
2	Health facilities	2.77	0.88	55.4
3	Attitudes of customs	2.89	0.85	57.8
4	Efficiency of customs	2.91	0.86	58.2
5	Visa requirements	2.91	0.85	58.2
6	Destination links	2.95	0.84	59.0
7	Financial institutions	3.19	0.77	63.8
8	Quality of tourism services	3.25	0.74	65.0
	Telecom system	3.26	0.91	65.2
	Accessibility of destination	3.31	0.85	66.2
	Communication and trust	3.34	0.84	66.8
9	Hospitality of residents	3.45	0.76	69.0

Source: my own table

#### **4.1.5 Analysis of the Destination Management data**

Compared to the group of competitive destinations, Ethiopia is rated above average in resident support for tourism development, appreciation of service quality importance, tourism hospitality training responsive to visitor needs and private sector recognition of sustainable tourism development importance. The highest rating was accorded to the resident support for tourism development. As also in the group of supporting factors, the indicator hospitality of residents towards tourists was rated the highest, there are indications that residents are aware of the tourism development benefits. Ap and Crompton (1993) profiled four levels of reactions

by residents to tourism activities. The first level is embracement, which describes a euphoric stage where residents hold very positive attitudes toward tourists and their impact.

Tolerance is next and describes residents who are positive on some impacts and negative on others. Adjustment, the third level, is where residents have learned to cope with tourists. The last stage describes a community where residents leave when tourists arrive. According to Yoon, Gursoy and Chen (2000), who studied residents' attitudes and support for tourism development, local residents are likely to participate in supporting tourism development as long as the perceived benefits of tourism exceed the perceived cost of tourism. The human resource function is critical to the performance of any destination. Since competition between firms is determined by skills, human resources are central factors in achieving or maintaining competitiveness (Bueno 1999).

Tourism stakeholders need to understand the hr practices that strengthen the knowledge-sustained competitive advantage. The rating for private and public sector commitment to tourism education and training is quite below average. This indicates that the human resources development (hrd) in tourism operation and management is not understood significantly enough. Countries which depend on tourism economic earnings know too well that popularity and continued sustainable growth of their destinations is directly related to the quality of their tourism workforce.

Efforts in tourism education and training have to be undertaken by at least three main stakeholders: government agencies, private and public schools, and industry sector. The perception is that Ethiopia rates relatively low in many indicators of the group Destination

Management. The lowest ratings were given to the extent of foreign investment in the destination tourism industry, government co-operation in development of tourism policy, public sector recognition of the importance of sustainable tourism development and quality of research input to tourism policy, planning, development. In this area there really is much room for improvements. In the field of tourism, scientific research has always been important. Now, when tourism consumers are changing their habits and preferences, this is even more evident.

Table 4.4: Analysis of the Destination Management data

No	Competitiveness indicators	M	SD	Mean in %
1	Extent of foreign investment	2.15	0.90	43.0
2	Destination vision	2.72	0.78	54.4
3	Destination vision	2.73	0.76	54.6
4	Destination has clear policies	2.39	0.92	47.8
5	Public sector recognition	2.38	0.98	47.6
6	Quality of research input	2.38	0.79	47.6
7	Existence of tourism programs	2.61	0.78	52.2
8	Public sector commitment to tourism	2.50	0.88	50.0
9	Private sector commitment to tourism	2.53	0.71	50.6
10	Government co-operation	2.53	0.71	50.6
11	co-operation in development of tourism policy	2.33	0.89	46.6
12	Development of effective destination branding	2.33	0.89	46.6
13	Development of effective destination branding	2.59	0.87	51.8

Source: my own table

#### 4.1.6 Analysis of the Situational Conditions Data

Ethiopia is rated above average in security/safety of visitors, political stability, and value for money in destination tourism experiences, value for money in accommodation, use of it by firms and value for money in shopping items, but below average in co-operation between public and private sector, access to venture capital, investment environment, and use of e-commerce and manager capabilities (see table 4.5). Slovenia is often perceived to be a safe country (sto 2004; 2005).

The low standard deviation for the political stability indicates a high level of agreement in the rating of this indicator. In the case of bad performance of tourism industry, Slovene tourism managers should no longer excuse themselves by referring to the bad political situation or the neighborhood of the Balkans.

Table 4.5: Analysis of the Situational Conditions data

No	Competitiveness indicators	M	SD	Mean in %
1	Co-operation between public and private sector	2.35	0.84	47
2	Security/safety of visitors	4.16	0.76	83.2
3	Access to venture capital	2.59	0.83	51.8
4	Value for money in accommodation	3.39	0.84	67.8
5	Use of e-commerce	2.86	0.72	57.2
6	Manager capabilities	2.94	0.82	58.8
7	Value for money in shopping items	3.06	0.68	61.2
8	Value for money in destination tourism experiences	3.44	0.86	68.8
9	Political stability	4.11	0.71	82.2
10	Investment environment	2.63	0.80	52.6

Source: my own table

#### 4.1.7 Analysis of the Demand Conditions Data

Ethiopia is rated below average in all demand conditions indicators in table4.6. Each of these items is important for generating high and stable tourism flow in the future. The perceived fit between destination tourism products and tourist preferences is very important in giving visitor satisfaction. Destination marketing managers should become alarmed because of the very low rating for international awareness. Maybe they have already made a first move. At the Ethiopia tourism organization (Eto), they have set themselves the general task of enhancing awareness of Slovenia on the main target markets (Pak and Hauko 2002).



Table 4.6: Analysis of the Demand Conditions data

No	Competitiveness indicators	M	SD	Mean in %
1	International awareness of destination	2.00	0.84	40.00
2	International awareness of destination products	2.15	0.84	43.00
3	Fit between destination products	2.70	0.69	54.00
4	Overall destination image	2.83	0.89	56.6

## 4.2 Hypothesis Testing

As mentioned above, extensive research was undertaken by Sir.e in the late nineties. The research results were analysed in the case study presented at the 49th Congress of Aiest (1999) at Portoro. The study took into account comparative and competitive advantages aspects.

The overall objective of this study was to show the importance of tourism for Ethiopia and to evaluate the efficiency of the Ethiopia Tourism policy. Ethiopia tourism experts, 25 in all, were asked to appreciate different factors influencing competitiveness of the country. They shared the opinion that the management capability to add value to non-produced attractiveness is not satisfactory. Based on the key findings of the mentioned research and based on research questions of this case study, three hypotheses were proposed to determine the competitiveness of Ethiopia as a tourist destination. For this purpose five new variables were defined:

1. Ir, as a mean score of the first group of survey questions. Inherited Resources
2. Cr, as a mean score of the second group of survey questions. Created Resources
3. Sf, as a mean score of the third group of survey questions. Supported Factors

We verified the competitiveness of Ethiopia as a tourist destination following the hypotheses:

1. Ethiopia as a tourist destination is more competitive in the field of Supporting Factors and resources than in the field of destination Management.
2. Ethiopia as a tourist destination is more competitive in the field of Inherited Resources than in the field of Created Resources.
3. Ethiopia as a tourist destination is more competitive in the field of Inherited Resources than in the field of Supporting Factors.
4. The average value of the variable inherited Resources is equal to the average value of the Supporting Factors variable

Table 4.7: Results of paired sample t-test

Variable	M	SD	(1)	(2)	(t)	(3)
sfr-mgt	0.61	0.37	0.54	0.68	17.61	00.00
ir-cr	0.54	0.46	0.45	0.62	12.8	00.00
ir-sf	0.60	0.54	0.50	0.70	12.20	00.00

Source: my own table

Column headings as follows: (1) lower 95% confidence interval of the difference; (2) upper 95% confidence interval of the difference; (3) Sig. (2-tailed) . n = 118, m =mean, sd = standard deviation. Source: Own calculations. For the purpose of obtaining these outputs, we set up three null hypotheses:

For testing the null hypothesis that the average difference between a pair of measurement is 0, we used a paired-samples t-test. The t test procedure also displays a confidence interval for the difference between the population means of the two variables. The results in table4.7 indicate the statistically significant difference between variables in all three cases. We can therefore eject all placed null hypotheses. The upper analysis corresponds to results of the study made by Sir.e and Mihali.c in the 1999. Ethiopian tourism competitiveness is built mainly on the diversity and richness of its attractions.

The secondary tourist supply is much less competitive. Unfortunately this primary attractiveness itself can be a source for higher value added, but the value is only created through performing activities and successful management. Thus it can happen that the advantage, due to the attractions is lost through the non-competitive secondary tourism supply (Mihali.c 1999). Especially in the area of all kinds of resources, inherited and created, Ethiopia is an attractive destination .This means that Ethiopia has the opportunity to become a successful tourism destination, but for the efficient prosperity of tourism industry, many improvements in the area of destination management should be made.

## **CHAPTER FIVE: CONCLUSION AND RECOMMENDATION**

### **5.1. Conclusion**

In this thesis we analyze the determinant of Ethiopian tourism industry. Following the reference literature we establish six main groups of variables: Inherited resources, Created resources, Supporting factors, Situational conditions, Management, and Demand. On the basis of the obtained empirical results we can reveal areas where improvements should be made to Ethiopia as a tourist destination.

A majority of 83 factors were evaluated below 4 (on the scale from 1 to 5). This means that there are only a few attributes, for which Ethiopia was rated well above average. Despite the fact that the majority of our respondents were people who can be treated as destination managers, the destination management factors were evaluated the worst. This indicates that there is no clear strategy for further development. This is clearly seen from the low degree of co-operation between public and private sector, between education institutions and tourism companies. It seems that the government has no long-run solution for the co-operation between all potentially involved stakeholders. The development of the Ethiopia tourism sector

in recent years has been based on the construction of physical infrastructure. The elements like quality of services, educational programmes and development of human resources, stimulation of creativity and innovation and formation of new interesting tourism products, were neglected.

The development of tourism destination management, which is one of most important factors for competitiveness, was unsuccessful. The main problem seemed to be the danger, that because of the ineffectiveness in the phase of development and marketing of tourism products, the destination is losing the potential premium for the comparative advantages. This can be the reason for the diminution of the added value. It is possible that the tourism sector does not benefit enough from government support for the planned development of the destination and that the marketing effort does not work in the desired direction. According to respondents, government co-operation in the development of tourism policy is not satisfactory.

However, ensuring an appropriate and dynamic organizational structure to manage the destination tourism process is a vital element of destination competitiveness. Government should

be involved in the promotion, regulation, presentation, planning, monitoring, co-ordination and organization of tourism resources. All kinds of management activities and actions can be considered as destination competitive strategies that can allow Ethiopia as a tourist destination to enhance its competitiveness. Management should take care of creating and integrating value in tourism products and resources so that Slovenia as a tourist destination could achieve a better competitive market position. Tourism can present an important factor in the internationalization of the economy, as is evident from the discussion of Ethiopia small and medium enterprises (Ruzzier 2005).

The unfavorable environment for foreign investment in the destination tourism industry represents an obstacle in maintaining or increasing the competitiveness and for faster development of Slovenian tourism. This is particularly important for the segment of small and medium enterprises, which represent 98 % of all tourism business subjects. Ensuring a healthy investment climate is an essential ingredient of longer-term competitiveness. Investment in new products and services may also help to overcome seasonality constraints. Every destination is comprised of many public and private sector actors. In practice, a strategic framework is required to outline their respective roles as well as their opportunities. Both should play their roles and achieve their specific goals and objectives. However, the cooperation between public and private sector was rated quite low. It is increasingly appreciated that a strong spirit of partnership and collaboration is required among all stakeholders to realize the potential of destination and to maximize available resources. Ethiopia is still in a transition period. Privatization of tourism enterprises has just started.

All these circumstances do not favour an ideal public-private partnership. It is increasingly recognized and accepted that resources must be maintained and managed in an appropriate way if we want to prevent undue deterioration. This is why the low rating for public sector recognition of importance of sustainable tourism development should cause concern. In the area of destination image, perception and awareness there is room for improvements. The ratings for these factors did not exceed 3 (on the scale from 1 to 5). Particular emphasis must therefore be placed on developing and promoting the particular image of the destination to compete effectively in the international marketplace.

There is a gap between destination products and tourists preferences. Changes in lifestyles, values and behavior are key driving forces in shaping the future direction of tourism marketing. Tourists are more knowledgeable, experienced, environmentally aware, independent and considerably better informed. The presented research represents only one single step in the analysis of the competitiveness of Ethiopia as a tourist destination. We have listed some of the main dimensions and indicators only.

The first aim of this paper was to indicate the weak points of the Ethiopia tourism industry. The results reveal where Ethiopia is below and where it is above average, comparing it with the competitive destinations. There is a need to explore the relative importance of the different dimensions of competitiveness. Thus, for example, how important are the natural resources compared to, say, resident's hospitality, how important is the service quality compared to prices. Such researches must be prepared for the specific destinations and specific visitor market segments. More research needs to be undertaken on the importance of different attributes of destination competitiveness. There is a need for more detailed empirical studies of consumer preferences and the determinants of travel decision. The model allows destination competitiveness to be monitored over time. This can provide a moving picture of destination competitiveness at different points in time. The model of competitiveness could be improved by seeking better to quantitatively measure and evaluate the relative importance of various factors determining the destination competitiveness.

## **5.2. Recommendation**

Based on the findings of the study, the following recommendations are forwarded

- This study recommend for the development of theoretical framework of destination competitiveness from the tourist's perspective based on their perception of quality of tourism experience.
- As discussed in the limitation section, both destination competitiveness and tourism experience are very complex constructs which could and should be examined from various approaches and perspectives. Therefore, future studies should develop better unified definition of destination competitiveness and tourism experience. Future research is needed to build on the conceptual framework which combines the demand and supply side of the destination competitiveness in terms of concept, perceptions, and practices.

- Tourism experience needs to be examined from alternative approaches in addition to the chronological and temporal aspects of different phases in taking vacations. More specific studies should be carried out to investigate the destination competitiveness based on different destination locations and functions , and how different purposes and expectation of tourism experience influence tourists thoughts on destination competitiveness
- The proposed model of the relationship between the quality of tourism experience and perceived destination competitiveness was limited to the empirical test on the sample of target population from selected stakeholders.
- Future studies should replicate the study for targeting more travelling parties from other geographic regions , states , and various international cultures in order to improve the understanding of tourists perception of destination competitiveness and generate a more solid relationship among constructs in this study

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