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THE RELATIONSHIP BETWEEN TRAVEL & TOURISM AND BUSINESS ENVIRONMENT INDICATORS

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Abstract – Relationship between Travel & Tourism indicators and Business environment indicators was reviewed by the author. The correlation between indicators of the Travel & Tourism and Business environment indicators is calculated.

Key words – travel & tourism industry, Business environment indicators.

Tourism is a promising and dynamically developing sector of the economy at present. As can be seen from The Travel & Tourism Competitiveness Report [3, p. 3], for the sixth consecutive year, travel & tourism industry growth outperforms that of the global economy, showcasing the industry's resilience in the face of global geopolitical uncertainty and economic volatility. The industry contributed 7,6 \$ trillion to the global economy (10,2% of global GDP) and generated 292 million jobs (1 in 10 jobs on the planet) in 2016. International arrivals followed suit, reaching 1,2 billion in 2016, 46 million more than in 2015. These promising figures are expected to continue increasing in the coming decade.

The development of tourism allows the country to attract additional investments and create new jobs. Therefore, travel & tourism industry has beneficial effects on other sectors of the economy. The indicator, which reflects the state of development of the tourism sector in the country, is The Travel & Tourism Competitiveness Index (TTCI). TTCI benchmarks the T&T competitiveness of 136 economies. The TTCI measures “the set of factors and policies that enable the sustainable development of the Travel & Tourism (T&T) sector, which in turn, contributes to the development and competitiveness of a country.” It comprises four sub-indexes, 14 pillars, and 90 individual indicators [3, p. XIII].

However, growth travel & tourism industry is impossible without the appropriate development of the business environment.

Doing Business Index is one of the main business environment indicators. Doing Business measures aspects of business regulation affecting domestic small and medium-size firms defined based on standardized case scenarios and located in the largest business city of each economy. In addition, for 11 economies a second city is covered. Doing Business (DB) covers 11 areas of business regulation across 190 economies. Ten of these areas - starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency -are included in the distance to frontier score and ease of doing business ranking. Doing Business also measures features of labor market regulation, which is not included in these two measures [1, p. 13].

In addition, indicators for assessing the quality of the business environment include Global Competitiveness (GC). The GC indicators are grouped into 12 pillars: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size, business sophistication, and innovation. These pillars are in turn organized into three subindexes: basic requirements, efficiency enhancers, and innovation and sophistication factors. The three subindexes are given different weights in the calculation of the overall Index, depending on each economy's stage of development, as proxied by its GDP per capita and the share of exports represented by raw materials [2, p. 4]. The Global Competitiveness Report 2016–2017 covers 138 economies included based on data availability. Altogether, the combined output of the economies covered in the GCI accounts for 98 percent of world GDP [2, p. 5].

It should be noted that information and communication technologies become important for business in the modern information age. The level of development of information and communication technologies shows the ICT Development Index. The ICT development index based on 11 indicators. The ICT Development Index is a unique benchmark of the level of ICT development in countries across the world. The IDI has up to now been based on 11 indicators. The Index is designed to be global and reflect changes taking place in countries at different levels of ICT development. It therefore relies on a limited set of data which can be established with reasonable confidence in countries at all levels of development [4]. ICT Development Index 2017 covers 176 economies.

The relationship between indicators of Travel & Tourism and Business environment indicators was considered in this research by the author. The coverage was 138 countries, for which there are at least 3 out of 4 indicators. Spearman's correlation was calculated. The analysis showed the presence of a significant relationship (Table 1).

Table 1

The correlation relationship between indicators of Travel & Tourism and Business environment indicators

Variable	Spearman Rank Order Correlations MD pairwise deleted Marked correlations are significant at $p < 0,05000$			
	DB	TT	GC	ICT
DB	1,000000	0,792882	0,832338	0,830255
TT	0,792882	1,000000	0,889624	0,837141
GC	0,832338	0,889624	1,000000	0,832944
ICT	0,830255	0,837141	0,832944	1,000000

As can be seen from the table, there is a significant correlation relationship between all analyzed indicators. This shows the dependence of the travel & tourism industry on the overall quality of the business environment.

Graphical representation of the correlation relationship between indicators of Travel & Tourism and Business environment indicators is presented in Figures 1-3.

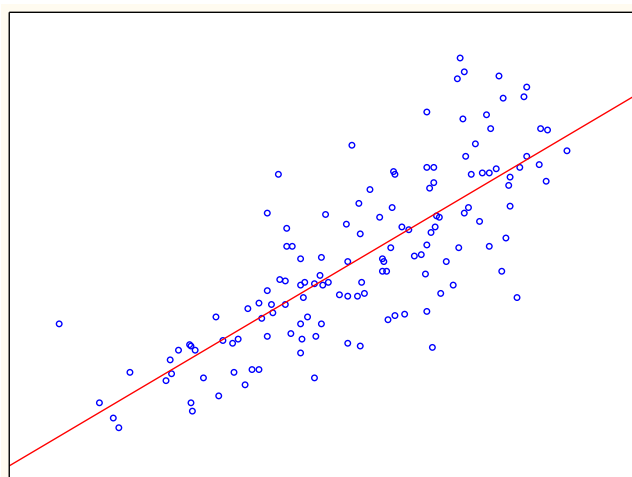


Fig. 1. The correlation relationship between indicators of Travel & Tourism and Doing Business

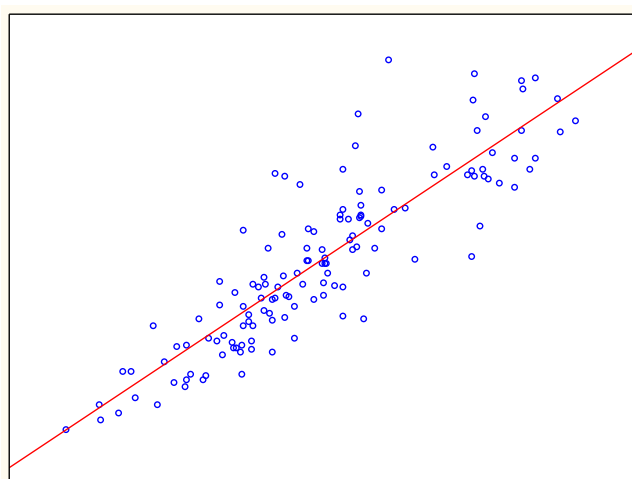


Fig. 2. The correlation relationship between indicators of Travel & Tourism and Global Competitiveness

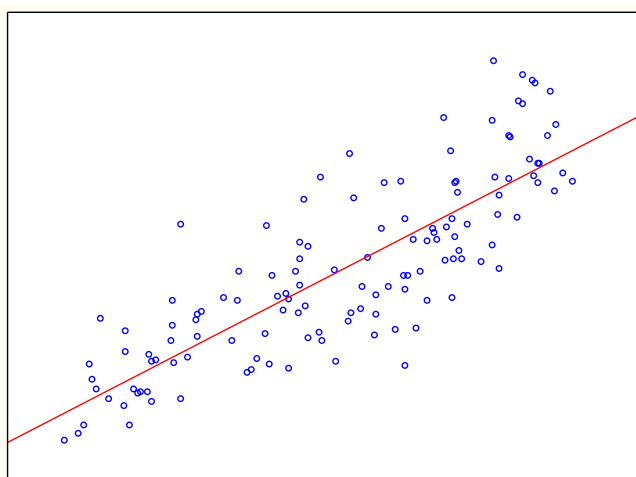


Fig. 3. The correlation relationship between indicators of Travel & Tourism and ICT Development Index

As shown in the pictures above the level of development of the tourism sector depends on Business environment indicators.

Based on the research conducted it can be concluded that tourism sector is depend on environmental quality indicators. This shows that the development of tourism as an economic sphere is impossible in a low-quality business

environment. Therefore, the policy of the travel & tourism industry in the long term should be created taking into account indicators of quality of the business environment.

References

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