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paper text:

CENTRAL AND EAST EUROPEAN COUNTRIES' TOURISM COMPETITIVENESS AS A FACTOR OF THEIR NATIONAL COMPETITIVENESS LEVEL

6**Abstract The purpose of this** research **is to** analyse **the** contribution **of** travel & tourism sector **competitiveness**

to the global competitiveness

38**in Central and East** Europe **(CEE) countries.** The aim **is to** identify **the**

correlation between the achieved travel & tourism competitiveness level (measured by

56**the Travel & Tourism Competitiveness Index) and** national **competitiveness** level on the **world**

list

1**(measured by the Global Competitiveness Index) in the** CEE countries. Structurally, **the** paper **is**

composed of the following parts: competitiveness analysis of CEE countries according to the GCI and TTCI,

1**examination of interdependence** between the **GCI and** TTCI, **and** exploration **of the** pillar's **impact,**

1**within the** TTCI, **on** the **GCI in** CEE **countries. Research results indicate that there is a** strong **correlation between the GCI and** TTCI. **The results of this study provide recommendations to development policy makers in** CEE **countries. Key words:**

5**tourism, competitiveness, CEE countries JEL Classification:** O57, **L83,** O52. I. **INTRODUCTION**

Successful tourist destinations development heavily depends on the achieved level of competitiveness. The

1**development of** CEE **countries in the future and the progress** in **the level of competitiveness should be based on all factors** (pillars) **that lead to**

tourism sector development.

1**For that purpose, it is important to examine the achieved level of**

travel and tourism competitiveness in CEE

1**countries and identify what is the influence of** tourism **development on the level of** global **competitiveness** in CEE countries. **The purpose of this analysis is to examine the interdependence between** the **GCI (Global Competitiveness Index) and**

TTCI (Travel & Tourism competitiveness

1**Index), as well as, between** the **GCI and pillars within**

the TTCI. The

> 1**aim of this research is determining the influence of pillars within** the TTCI **on**

the

> 1**value of GCI in** CEE **countries. In the** direction **of realizing the given task, the paper is structured from the following parts.** In **the first** part, **we specify**

tourism determinants as a factor of national

> 1**economies. Research methodology and hypothesis are presented in the** second **part. The third part of the paper refers to the research results and discussions. The** results **of**

> 1**this study provide recommendations to development policy makers in** CEE **countries.**

II. CONCEPT OF TOURISM COMPETITIVENESS AND T&T COMPETITIVENESS ACCORDING TO WEF
There is an agreement in the literature that

> 19**no generally accepted definition of competitiveness** exists. **"It is perhaps too broad and complex** a **concept, defying attempts to encapsulate it in universally applicable terms" (Crouch, Ritchie, 1999,**

p. 140). Many authors have researched the concept of tourism competitiveness and destination competitiveness (Lin, Huang, 2009; Vodeb, 2012; Ritchie, Crouch, 2003; Crouch, 2007; Hassan, 2000; Mihalič, 2000). For tourism destinations, competitiveness is one of the key issues that is crucial for policymakers in defining strategy and decision-making in order to maintain or improve the competitive position of destinations (Tsai, Song et al, 2009; Armenski, Marković et al, 2011). Competitiveness in tourism

> 33**is particularly important** for **"tourism-dependant countries, which heavily rely on the situation in tourism and travel industry" (Navickas, Malakauskaite,**

2009, pp.37). Competitiveness in tourism

> 37**can be described as "the result of synergy between natural and human-created factors of tourist destination appeal"**

(Malakauskaite, Navickas, 2010). One of the generally accepted definition of tourism competitiveness is the OECD definition:

> 3**"Tourism competitiveness for a destination is about the ability of place to** optimize **its attractiveness for residents and non-residents, to deliver quality, innovative, and attractive (e.g. providing good value for money) tourism services to consumers and to gain market shares on the domestic and global** marketplaces, **while ensuring that the available resources supporting tourism are used efficiently and in a sustainable way"**

(Dupeyras, MacCallum, 2013, pp. 7). There are different perceptions of variables that determine the competitiveness of tourism destinations (Cooper, Fletcher et al, 2008).

> 6**"They can be quantitative, such as visitor numbers, market share, tourist expenditure, employment, value added by the tourism industry, or qualitative measured variables, such as** the **richness of culture and heritage, quality of tourism services, etc."**

(Kulcsar, 2009, pp.124). Then, the tourism competitiveness,

> 5**as well as** the competitiveness **of** a **tourist** destination **"is defined taking into consideration a set of reference elements related to the major dimensions** of the industry, **such as the business environment, infrastructure, laws and regulations, and resources available"**

(Bălan, Balaure, Vegheş, 2009, pp. 979). Centre for Strategy & Evaluation Services in the document titled

> 57**"Enhancing the Competitiveness of Tourism in the EU"**

(2013), points out that innovation, and "ability to generate and apply new ideas can be seen as a critical characteristic, especially over time" in improving competitiveness of the tourism sector. Kozak and Rimmington (1999, pp. 282) point out that

> 18**"every destination has its own competitiveness set, depending on the nature and structure of its tourism industry compared with alternative tourism products offered in the international arena".** However, one of **the**

generally accepted approach for determining the variables that determine competitiveness of the tourism sector is the

53methodology of the World Economic Forum - WEF (The Word Economic Forum (WEF): The

Global Competitiveness Reports 2013 – 2014). The

1methodology for measuring national and global competitiveness, by the WEF, systematizes the key factors into 12 groups in order to quantify the level of

the

1national economy competitiveness and rankings. These, so-called, competitiveness pillars are: basic factors (institutions, infrastructure, macroeconomic stability, health and primary education), the efficiency factors (higher education, goods market efficiency, labor market efficiency, financial market development, technological competence/capacity, market size) and innovation factors (business/business process sophistication, innovation). Composite Global Competitiveness Index (GCI) is the result of measuring many factors and variables. The

methodology for measuring the T&T competitiveness, by the

1WEF, systematizes the key determinants into 14 groups of pillars or factors.

The

8TTCI consists of three subindices: A) T&T regulatory framework, B) T&T business environment and infrastructure, C) T&T human, cultural, and natural resources. The first subindex (A)

within the TTCI is composed of 5 pillars:

36Policy rules and regulations, Environmental sustainability, Safety and security, Health and hygiene, and Prioritization of T&T. The second subindex

(B) has

34five pillars: Air transport infrastructure, Ground transport infrastructure, Tourism infrastructure, ICF infrastructure, and Price competitiveness in the

T&T industry.

The third, subindex (C) consists of the following pillars:

28Human resources, Affinity for T&T, Natural resources, and Cultural resources. The TTCI is the unweighted average of the value of aforementioned subindices. The

Policy rules and regulations pillar is very important for tourism sector attractiveness and development. Governments create policy, rules, regulations, and provide the conditions for foreign direct investment, property rights protection, the lowest cost of setting up a business, etc. Environmental sustainability pillar focuses on the environmental regulations stringency created by the government in each country, which is important for the

5attractiveness of a country as a tourist destination.

This pillar incorporates the

4extent to witch governments prioritize the development of the tourism as a sector in

the national economy, as well as environmental outputs (CO_2

2emissions and percentage of endangered species). Safety and security is a very important factor of tourism sector competitiveness. Because of

that, is very important to measure and take

4into account the costliness of common crime and violence, protection from crime, the

2incidence of road traffic accidents in the country, etc. Health and hygiene is

a key determinant of tourism competitiveness in one country, and this pillar incorporates the access to improved drinking water and sanitation quality, efficient health sector in a country, etc. The prioritization of tourism sector can be reflected as

22the extent to which the government prioritizes that sector. The

priority given to tourism sector can be seen through the structure of the state budget, the number of projects in the aim of tourism development, amount of the government investment in tourism, etc. Quality air transport infrastructure is

> 2**measured by the available seat** kilometres, airport density, **the number of departures, the number of operating airlines,**

etc. Ground transport infrastructure incorporates the

> 16**quality of roads, railroads, and ports, as well as the extent to which the national transport network** is **efficient.**

Tourism infrastructure

> 2**takes into account the accommodation infrastructure (the number of hotel rooms), the presence of major car rental companies in the country,**

and an indicator

> 46**of the financial infrastructure for tourists** (for example, **the availability of automatic teller machines).**

ICT infrastructure (telephone lines, Internet, mobile telephony) is very important for tourism development in each country. The lower cost increase a country's attractiveness for tourists, so, it is clear that the

> 16**Price competitiveness in T&T industry is** very **important** determinant **of** its **competitiveness.**

Quality of human resources

> 4**takes into account health, education and training levels in** a country, **and**

> 2**measures educational attainment rates (primary and secondary),** overall quality of **the**

country's educational system,

> 2**private-sector involvement in upgrading human resources, including the availability of specialized training services,**

etc.

> 4**Affinity for T&T** measures **the extent to which a country and society are open to tourism and foreign visitors**

> 2**(national population's attitude toward foreign** travellers; **a measure of the extent to which business leaders are willing to recommend leisure travel in their countries to important business contacts; a measure of tourism openness;**

a measure of the

> 2**extent to which businesses are focused on customer satisfaction).**

Natural resources provide a country a competitive advantage for tourism. They include the quality of natural environment,

> 2**environmental attractiveness measures, number of UNESCO natural World Heritage sites,** the richness **of the** fauna in **the** country, and **the** percentage **of**

nationally protected areas. Cultural resources

> 2**include the number of UNESCO cultural World Heritage sites, sports stadium seat capacity, and the number of international fairs and exhibitions in the country,**

etc. III. INFORMATION BASIS, HYPOTHESES AND METHODS Information basis

> 1**for this research consists of the** data **contained in The Global Competitiveness** Reports 2013– 2014 **and The**

Travel&Tourism Competitiveness Report 2013. The

> 1**subject of this analysis is to examine the interdependence between** the **GCI and** TTCI, **as well as, between** the **GCI and** 14 **pillars within**

the TTCI. The

1aim of this research is determining the influence of the pillars within the TTCI on the value of the GCI in CEE countries. In accordance with the defined purpose of the research, the authors tested the following hypotheses: H1:

There is a strong

1correlation between the GCI and the TTCI in CEE countries.

H2: The

1achieved level of the T&T competitiveness in CEE countries

has a significant

1influence on their achieved global competitiveness level. The following methods are used in this study: descriptive statistics, comparative, correlation and regression analysis. Comparative analysis is used to determine the relative position of each country in the group of CEE countries (by value of the GCI, TTCI and the pillars within the TTCI), compared to the average value of these indices and pillars for a group of CEE countries as a whole. Correlation analysis is used to examine the interdependence between the GCI and TTCI in CEE countries. The influence of the pillars within TTCI on the value of the GCI is measured by the regression analysis.

IV.

1RESULTS AND DISCUSSIONS In the purpose of carrying out the given task and testing hypotheses, the paper is structured in the following 4 sections. 1. ANALYSIS OF THE CEE COUNTRIES' COMPETITIVENESS BY GCI Analysis of

the CEE

1countries' competitiveness is based on the data about rank and score of the GCI presented by the

WEF. Transforming the data, i.e. their ranking on the scale from 1 to 7 provides the comparison of the GCI among countries. The methodology of the GCI calculation indicates the equal participation of all subindices, as well as pillars included in subindices, in GCI. The overall GCI score is the unweighted mean of the 3 subindices, or, in other words, unweighted mean of the 12 pillars.

1Table 1 shows the position of CEE countries according to the GCI rank and score for 2013, as well as the average score. Table 1. The rank and the score of the GCI for CEE countries (2013) Country GCI score

(from 1 to 7) GCI overall rank GCI rank on the list of isolated group of CEE countries Albania 3.85 95 12 Bulgaria 4.31 57 6 Croatia 4.13 75 9 Czech R. 4.43 46 3 Estonia 4.65 32 1 Hungary 4.25 63 8 Latvia 4.40 52 5 Lithuania 4.41 48 4 Poland 4.46 42 2 Romania 4.13 76 10 Slovak R. 4.10 78 11 Slovenia 4.25 62 7 Average 4.28 - - Source: The Word

13Economic Forum (WEF): The Global Competitiveness Reports 2013 - 2014, http://www.weforum.org/reports/global- competitiveness-report-2013-2014

The WEF analyzed and ranked 148 countries according to the GCI in 2013.

1Based on table 1, it can be concluded that Estonia has the largest score of the GCI (4. 65), followed by Poland (4. 46) and Czech Republic (4.

43). The

1lowest score of the GCI is recorded in Albania,

Slovak Republic, and Romania. The

1differences are more drastic if we observe ranks of CEE countries on the world list of countries. The best positioned CEE country is Estonia on the 32nd place out of the 148 countries. The

worst positioned CEE

1country in the world rankings by the GCI is

Albania, on the 95th

1place. Countries in which lower scores are recorded than the average GCI score for a

CEE group of countries as a whole are: Albania, Hungary, Romania, Slovak Republic, and Slovenia. On the other side, Estonia, Poland, Czech Republic, Lithuania, and Latvia

1**record higher score of** the **GCI than the** average **score for the** investigated **group of countries. In recognition of the fact that the WEF** ranks the **total** of 148 **countries in** 2013, **it can be** concluded **that,**

the Albania, Croatia, Romania, and Slovak Republic

1**are located in the other half of the world list according to** the **GCI.**

Eight out of twelve CEE

1**countries are** positioned **in the** first **half of the world list according to** the **GCI. Table 2 shows** rank and score **of the**

subindices within the GCI,

1**as well as the average score** of these subindices. **Table** 2. The **rank** and the **score of**

the subindices within the GCI for CEE countries (2013)

25**Basic requirements** subindex **Efficiency enhancers** subindex **Innovation and sophistication factors** subindex **Score** Overall **rank Score** Overall **rank Score** Overall **rank**

4.24 94 3.68 100 3.68 119 4.37 58 4.18 60 3.28 108 4.69 61 4.05 68 3.46 80 4.80 55 4.51 37 4.07 36 5.43 26 4.64 30 4.08 35 4.61 65 4.28 53 3.60 71 5.00 40 4.41 41 3.61 68 4.91 42 4.35 47 3.93 44 4.72 32 4.60 32 3.65 65 4.32 87 4.13 63 3.32 103 4.60 67 4.27 56 3.49 77 5.06 37 4.14 62 3.88 49 4.73 - 4.27 - 3.67 - Source: The Word

13**Economic Forum** (WEF): **The Global Competitiveness** Reports **2013-2014, http://www.weforum.org/reports/global- competitiveness-report-2013-2014** In **2013,**

1**results of descriptive statistics for** CEE **countries** show that minimum **score of** the **GCI in**

CEE countries is 3.85, the maximum is 4.65,

1**while the mean score is 4.**

28. 2. ANALYSIS OF CEE COUNTRIES' T&T COMPETITIVENESS BY TTCI Analysis of T&T competitiveness of CEE countries

1**is based on** the **data about rank and score of the**

TTCI. The WEF analyses and ranks the total of 140 countries in 2013. Table 3

1**shows the position of the** CEE **countries, according to rank and score of the**

TTCI. Estonia

1**records the highest score of** the TTCI **among** CEE **countries** (4.82), **immediately followed by**

the Czech Republic (4.78).

1**Countries with the lowest score of** the TTCI **are** Croatia **(4.** 59) **and** Slovenia **(4.** 58). **The best-placed** CEE **country in the world rankings,** Estonia, **is located at** 30th **position out of** 140 analysed **countries, while the weakest positioned** country, **Albania, lags behind** Estonia for 47 **positions, situated** in 77th **place.** CEE **countries which record a lower value of** the TTCI **compared to the average value of** TTCI **are: Albania,**

Bulgaria, Latvia, Lithuania, Romania, and Slovak Republic. Considering 140 countries analysed by the WEF,

1**it can be concluded that,** with **the exception of Albania, all** CEE **countries are located in the first half of the world list** according **to**

the TTCI. The minimum score of the TTCI is 3.97, the maximum is 4.82, and the average score is 4.44. Table 3.

1**Rank and score of** the TTCI **for** CEE **countries**

(2013) Country TTCI score (from 1 to 7) TTCI overall rank TTCI rank on the list of isolated group of CEE countries Albania 3.97 77 12 Bulgaria 4.38 50 9 Croatia 4.59 35 3 Czech R. 4.78 31 2 Estonia 4.82 30 1 Hungary 4.51 39 5 Latvia 4.43 48 7 Lithuania 4.39 49 8 Poland 4.47 42 6 Romania 4.04 68 11 Slovak R.

4.32 54 10 Slovenia 4.58 36 4 Average 4.44 - - Source: The

44**Travel & Tourism Competitiveness Report 2013, http://www3.weforum.org/docs/WEF_TT_Competitiveness_Report_2013. pdf**

Table 4 shows the rank and the score of the subindices within the TTCI for CEE countries in 2013, as well as the average values of the TTCI subindices. Table 4. The rank and the score of the subindices within the TTCI for CEE countries (2013)

8**T&T regulatory framework subindex Business environment and infrastructure subindex T&T human, cultural and natural resources subindex**

Score Overall rank Score Overall rank Score Overall rank 4.65 63 3.31 90 3.96 63 4.79 58 4.24 45 4.10 53 4.99 42 4.43 39 4.37 42 5.24 28 4.49 37 4.61 28 5.55 10 4.72 30 4.19 51 5.29 26 4.16 49 4.08 54 5.08 35 4.40 40 3.81 77 4.99 41 4.19 48 3.98 61 4.92 49 3.94 58 4.56 32 4.61 66 3.67 68 3.85 73 4.96 43 3.92 60 4.06 55 5.12 33 4.52 35 4.11 52 5.01 - 4.16 - 4.14 -

59**Source: The Travel & Tourism Competitiveness Report**

2013, Romania 4.33* 4.67* 4.89* 5.36* 3.77* 2.59* 2.87*

25**http://www3.weforum.org/docs/WEF_TT_Competitiveness_Report_2013.**

Slovak R. 4.75 4.98* 5.00* 6.42 3.67* 2.18* 4.20 pdf

9**Slovenia 4.** 27* **5.** 20 **5.** 62 **5.** 82* **4.** 69 **2.** 83 **5.**

05 The best score of the 5.03 5.41 5.62 6.76 5.51 3.85 5.22 Higher standard deviation is observed among CEE Estonia Estonia Estonia Czech R. Estonia Latvia Lithuania the TTCI (0.25395) compared to the GCI (0.21065), countries The average

1**which means that there is greater variability and**

socfotrhee CEE 4.50 5.00 5.12 6.06 4.38 2.88 4.19

1**heterogeneity of the** analysed CEE **countries in terms** countries **of the** tourism competitiveness **in relation to the**

Source:

20**The Travel & Tourism Competitiveness Report 2013,**

1**variability and heterogeneity of countries in terms of**

http://www3

48**.weforum.org/docs/WEF_TT_Competitiveness_Report_2013. pdf** global competitiveness. **This** is confirmed also **by** Note: * indicates that **the**

value is below the average score for a calculation of the variation coefficient for the TTCI CEE group of countries. (5.719) and the GCI (4.920). By the cluster analysis of CEE countries When we consider P1 pillar, to reach the according to the subindices of TTCI, structure of average score of CEE countries, the following clusters is determined as follows: Cluster 1: Albania countries need to achieve some improvements: and Romania; Cluster 2: Slovak Republic, Croatia, Albania, Bulgaria, Croatia, Hungary, Lithuania, Lithuania, Poland, and Bulgaria; Cluster 3: Slovenia, Poland, Romania, and Slovenia. These countries have Estonia, Hungary, Latvia and Czech Republic. As we to make great efforts to catch up with the first-ranked can see, CEE countries are classified into 3 clusters, Estonia regarding P1. Regarding P2 pillar, the analysis but such clasterisation cannot clearly identify the shows that Albania, Bulgaria, Croatia, Romania and performance of determined homogeneous groups. Slovak Republic must make improvements in order to It has been found by the FCC(Table 5) that the reach the average of the CEE countries. Estonia is the Cluster 3 consists of countries that have the highest best ranked in the group of CEE countries according values of the TTCI subindices. Cluster 2 is to P2 pillar, while the worst ranked country is characterized by medium values of the TTCI Bulgaria. subindices. In the Cluster 1 there are countries with

1**Countries with lower value of** P3 **pillar in**

the lowest values of the TTCI subindices. comparison

1**to its average value are:** Bulgaria, **Albania,**

Latvia, Lithuania and Romania. The lowest Table 5. Final cluster centres (FCC)

1**value of pillar** P3 **is recorded in** Bulgaria **(3.37) and** Subindex within **the** TTCI Cluster the **highest in**

Estonia and Slovenia (5.62). The 1 2 3

1**countries which record the lower value of** P4 **pillar**

in T&T regulatory Framework 4.63 4.93 5.26

1**relation to its average value are: Albania,**

Romania, Business environment and Poland, Latvia and Croatia. The country with the infrastructure 3.49 4.14 4.46 highest value of P4 pillar is the Czech Republic (6.76).

22**T&T human, cultural and natural resources 3.** 91 **4.**

21 4.16 Bulgaria and Hungary are slightly behind Czech Republic. The

1**lowest value of this pillar is recorded in**

1**In order to assess the achievements of**

CEE Albania (4.71).

1**countries in each pillar, the scores of** 14 pillars **within**

1**Countries with lower value of** P5 **pillar in**

the TTCI for 2013 are presented in Table 6 and Table

1**comparison to its average value are:**

Slovak Republic, 7.

1**In order to understand the relative positions of**

Romania, Poland, Lithuania, Bulgaria and Latvia. The countries according to each pillar, the best score of the

1**lowest value of** P5 **pillar is recorded in**

Slovak CEE countries and their average value are also given Republic (3.67) and the highest in Estonia (5.51). in the Table 6 and Table 7. The Health and hygiene When we look at P6 - Air transport infrastructure (P4 pillar) recorded the highest average value (6.06), pillar, below the average for the group of CEE followed by P8 - Tourism infrastructure (5.32), then countries are: Albania, Bulgaria, Lithuania,

Poland, the P3 - Safety and Security (5.12) and the P2 - Romania, Slovak Republic, and Slovenia. Best Environmental sustainability (5.00). country in the CEE group of countries

22**in terms of air transport infrastructure is** Latvia. **The**

countries which Table 6. The score of the first seven pillars (P1-P7) record the

1**lower value of** P7 **pillar in** relation **to its**

within the TTCI for CEE countries (2013) average value are: Albania, Bulgaria, Romania, and

58**Country P1 P2 P3 P4 P5 P6 P7**

Croatia. The country with the highest value of P7 Albania 4.49* 4.63* 4.87* 4.71* 4.53 2.52* 3.24*

9**Bulgaria 4.** 15* **4.** 50* **4.** 34* **6.** 72 **4.** 25* **2.** 64* **3.**

14* pillar is Lithuania (5.22). The lowest value of this Croatia 4.24* 4.89* 5.32 6.00 6.76 4.44 3.70 pillar is recorded in Bulgaria (4.71). Czech R. 4.61 5.07 5.30 6.76 4.44 3.70 5.16

9**Estonia 5.** 03 **5.** 41 **5.** 62 **6.** 17 **5.** 51 **3.** 08 **4.**

84

9**Hungary 4.** 76 **5.** 10 **5.** 30 **6.** 55 **4.71 2.** 91 **4.**

51 Table 7. The score of the second seven pillars (P8-P14)

9**Latvia 4.** 63 **5.** 32 **5.** 07* **6.** 00* **4.** 36* **3.** 85 **4.**

34 within the TTCI for CEE countries (2013) Lithuania 4.42* 5.24 4.94* 6.22 4.13* 2.58* 5.22 Country P8 P9 P10 P11 P12 P13 14 Poland 4.35* 5.00 5.23 5.98* 4.04* 2.69* 3.69* Albania 3.67* 2.51* 4.60 5.10 5.89 2.85* 2.00* Bulgaria 6.72 3.94* 4.77 4.89* 4.62* 3.41* 3.47 Croatia 6.71 4.32 4.01* 4.63* 5.12 3.85 3.87 Czech R. 5.15* 4.23 4.23* 5.04 4.60* 3.40* 5.39 Estonia 6.08 4.77 4.83 5.20 5.22 3.81 2.54* Hungary 5.20* 3.90* 4.29* 5.11 4.32* 2.81* 4.09 Latvia 5.03* 4.12 4.65 5.05 4.24* 3.59 2.36* Lithuania 4.30* 4.21 4.64 4.94* 4.54 3.44* 3.01* Poland 4.71* 3.98 4.61 5.09 4.09* 3.70 5.35 Romania 5.07* 3.42* 4.41* 4.73* 4.11* 3.25* 3.31* Slovak R. 4.94* 3.88* 4.43* 5.01 4.36* 3.98 2.90* Slovenia 6.27 4.46 4.00* 4.96* 4.80 3.81 2.85* The best score of the CEE countries 6.72 Bulgaria 4.77 Estonia 4.83 Estonia 5.20 Estonia 5.22 Estonia 3.98 Slovak R. 5.39 Czech R. The average score of the CEE countries 5.32 3.98 4.45 4.98 4.66 3.49 3.43 Source:

42The Travel & Tourism Competitiveness Report 2013, http://www3.weforum.org/docs/WEF_TT_Competitiveness_Report_2013. pdf

Note: * indicates that the value is below the average score for a CEE group of countries. Regarding P8 pillar, the analysis shows that Albania, Lithuania, Poland, Romania and Slovak Republic must make improvements in order to reach the average of the CEE countries. Bulgaria and Croatia are the best ranked in the group of CEE countries, according to P8, while the worst ranked country is Albania. In addition, Albania, Slovak Republic, Hungary, Romania and Bulgaria record lower scores of P9 pillar relative to its average score for the group of CEE countries. Estonia has the highest score of this pillar, while Albania is the worst positioned. Countries which record a lower score in P10 pillar compared to the average score for the CEE countries are

55Croatia, Czech Republic, Hungary, Romania, Slovak Republic and Slovenia.

Estonia marks the best result. Lower score in P11 pillar compared to the average is recorded in Bulgaria, Slovenia, Lithuania, Romania and Croatia. Lower score P12 pillar compared to the average is recorded

49in Bulgaria, Czech Republic, Hungary, Latvia, Poland, Romania and Slovak Republic. Estonia is also the best positioned according to

P11 and P12 pillars. The need to improve P13 pillar exists in Albania, Romania,

60Czech Republic, Hungary, Lithuania and Bulgaria. Slovak Republic

records the highest score of this pillar. Albania,

38Estonia, Latvia, Lithuania, Romania, Slovak Republic and Slovenia also have to

work on improving the P14 pillar, while the highest score of this pillar is recorded in the Czech Republic. 3. EXPLORING THE INTERDEPENDENCE

1BETWEEN GCI AND TTCI IN CEE COUNTRIES In order to examine the interdependence between competitiveness (measured by the GCI) and T&T competitiveness (measured by the TTCI) in CEE countries, the method of correlation analysis is applied (Table 8). Table 8. Pearson correlation coefficient between the GCI and

the TTCI with pillars within the TTCI in CEE countries (2013) Elements GCI TCI GCI

26**Pearson Correlation 1** 0.752(**) **Sig. (2-tailed)** 0.005 TCI **Pearson Correlation 0.** 752(**) **1 Sig. (2-tailed) 0.**

005 P1. Policy rules Pearson Correlation 0.338 0.342 and regulations Sig. (2-tailed) 0.283 0.277 P2.Environmental

12**Pearson Correlation 0.** 662(*) **0.** 655(*) sustainability **Sig. (2-tailed) 0.** 019 **0.**

021 P3. Safety and

12**Pearson Correlation 0.** 355 **0.** 652(*) security **Sig. (2-tailed) 0.** 258 **0.**

022 P4. Health and

12**Pearson Correlation 0.** 584(*) **0.** 673(*) hygiene **Sig. (2-tailed) 0.** 046 **0.**

016 P5. Prioritization Pearson Correlation 0.398 0.590(*) of T & T Sig. (2-tailed) 0.200 0.043 P6. Air transport

15**Pearson Correlation 0.** 482 **0.** 558 infrastructure **Sig. (2-tailed) 0.** 113 **0.** 059 P **7.**

Ground transport

14**Pearson Correlation 0.532 0.** 734(**) infrastructure **Sig. (2-tailed) 0.** 075 **0.** 007 P8. Tourism **Pearson Correlation 0.** 275 **0.** 544 infrastructure **Sig. (2-tailed) 0.** 387 **0.** 068 P9. ICT **Pearson Correlation 0.** 790(**) **0.** 885(**) infrastructure **Sig. (2-tailed) 0.** 002 **0.000** P10. Price competitiveness **Pearson Correlation 0.** 349 **-0.**

192 in the T&T

26**Sig. (2-tailed) 0.** 266 **0.** 550 P11. Human **Pearson Correlation 0.** 369 **0.235**

resources Sig. (2-tailed) 0.238 0.462 P12. Affinity for

15**Pearson Correlation -0.** 348 **-0.047** T&T **Sig. (2-tailed) 0.** 268 **0.**

885 P13. Natural

15**Pearson Correlation 0.** 371 **0.** 466 resources **Sig. (2-tailed) 0.** 235 **0.127**

P14. Cultural resources

12**Pearson Correlation 0.** 314 **0.** 406 **Sig. (2-tailed) 0.** 321 **0.**

191 *

21**Correlation is significant at the 0.01 level (2-tailed). ** Correlation is significant at the 0.05 level (2-tailed). The** determined value of **the correlation** coefficient **between the** GCI **and**

the TTCI of 0.752 indicates

50**a strong positive correlation** (correlation **is significant at the 0.01 level).**

1**This way, it can be concluded that the** national competitiveness **of** CEE **countries is based on**

the competitiveness of the T&T industry. Hypothesis H1 is confirmed. Table 8 shows the correlation between the TTCI and pillars within the TTCI. 4.

1**ANALYSIS OF INFLUENCE OF** PILLARS **WITHIN** THE TTCI **ON** THE **GCI IN** CEE **COUNTRIES The** impact **of**

the TTCI on the level of CEE countries competitiveness measured by the GCI is tested by the regression analysis. The high positive influence of TTCI on the GCI in CEE countries is determined and the level of the regression coefficient is 0.624. Regression analysis confirms the impact of the competitiveness of the tourism sector of CEE countries on their competitiveness at the national level (hypothesis H2 is confirmed). Also, the

1**regression analysis is used in order to examine the influence of the pillars within** the TTCI **on** the **GCI.** The **results of the analysis are presented in Table**

9. Table 9. The

1**influence of pillar within** the TTCI **on** the **GCI in** CEE **countries**

(2013) Pillars Unstandardised B Coefficients Std. Error Standardised Coefficients Beta P1.

> 2**Policy rules and regulations** 0.454 **0.** 000 P2. **Environmental sustainability** -0.090 **0.**

000 -0.110 P3. Safety and security -0.550 0.000 -0.744 P4. Health and hygiene 0.482 0.000 0.814 P5. Prioritization of T& T -0.057 0.000 -0.156 P6. Air transport infrastructure -0.255 0.000 -0.588 P7. Ground transport infrastructure 0.119 0.000 0.272 P9. ICT infrastructure 0.069 0.000 0.267 P10. Price competitiveness in the T&T 0.503 0.000 1.366 P11. Human resources 0.710 0.000 0.933 P13. Natural resources 0.218 0.000 0.170 Dependent Variable: GCI, R Square = 1.000 Note: Regression analysis did not include all pillars within the TTCI. The reason for reducing the number of pillars was a rule that the number of variables in the regression model had to be less than the sample size. This analysis excluded the pillars with the lowest

> 1**value of the correlation coefficient** with the **GCI**

> 52**(Affinity for T&T,** Tourism Infrastructure, and **Cultural Resources). The** negative value **of the** regression coefficient **is**

recorded for P2 -

> 47**Environmental sustainability,** P3 - **Safety and security,** P5 - **Prioritization of T&T** and P6 - **Air transport infrastructure.**

Human resources (P11) has the highest positive

> 1**influence on the GCI among** eleven analysed **pillars in** CEE **countries**

(0.710). Pillars P1 - Policy rules and regulations (0.454), P4 - Health and hygiene (0.482) and P10 - Price competitiveness

> 28**in the T&T industry** (0.503) **have** also **a** significant **positive**

influence. Positive, but still modest influence is recorded in the case of the following pillars: P7 - Ground transport infrastructure (0.119), P13- Natural resources (0.218) and P9 - ICT infrastructure (0.069). V.CONCLUSION Tourism development of the CEE countries is on the different levels, which confirms their different positions on the competitiveness world list as measured by the TTCI. By analysing the CEE countries according to TTCI score in 2013, the order of the positions is as follows: Estonia (30), Czech Republic (31), Croatia (35), Slovenia (36), Hungary (39), Poland (42), Latvia (48), Lithuania (49), Bulgaria (50), Slovak Republic (54), Romania (68), and Albania (77). Albania, Romania and Slovak Republic are the three countries in the CEE group, which are the lowest ranked countries by the GCI, followed by

Croatia and Hungary. The weakest CEE countries in terms of the largest number of departures (by pillar within TTCI) from the average of CEE group are: Romania, Albania, Bulgaria, Lithuania, and Slovak Republic. The strong correlation between the TTCI and GCI suggests that the analysed countries should innovate tourism development strategies

54**in order to** increase **the** overall **competitiveness. It is important to**

point out tha` of TTCI and pillars within the TTCI on the GCI.

1**Limitation of the research is the heterogeneity of** CEE **countries. The analysis shows that the** CEE **countries are not homogeneous in terms of** the **GCI, as well as in terms of** the TTCI. **Higher degree of heterogeneity is noted in terms of** the TTCI. VI. **REFERENCES**

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