THE INTERNATIONAL COMPETITIVENESS OF MALTA

AS A TOURIST DESTINATION

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ABSTRACT

Many small islands depend on sustainable tourism to attain long term economic prosperity and well-being for their citizens. As they become more dependent on tourism for their growth, they are more concerned with improving their competitiveness to adapt to a highly charged competitive environment and to the dynamic market conditions. The quintessential problem is how to achieve, maintain, and enhance competitiveness. There is limited research on tourism destination competitiveness (TDC), and much less on small island destinations. This study concentrates on TDC with a special focus on Malta as a small Mediterranean island in an attempt to develop a comprehensive TDC framework that is useful to small island destinations, and advances models and measures to assess competitiveness based on importance-performance analysis techniques (IPA). To achieve its research objectives, this study adopts a methodological position reflecting pragmatist assumptions and uses a sequential, exploratory, Mixed Methods design strategy. In the qualitative first phase of the design, thirty-five in-depth interviews are conducted with key 'experts' in tourism. It emerges from the participants' description that sixty tourism-specific and business-related determinants provide a broad framework for assessing TDC. In the second phase, survey research is applied in order to develop quantitative measures to reveal the relative importance of the competitiveness factors, to assess the performance of the destination on these factors, and to identify priority areas that require immediate attention for improvement. Statistical measures and procedures are modified, introduced, and tested to establish a valid model for measuring TDC. Results show that the diagonal approach and the adjusted weighted partial ranking method for measuring importance and performance are the best combination that satisfies validity criteria. When applying these techniques to assess Malta's competitiveness relative to a competing set of Mediterranean destinations, twelve tourism attributes and fourteen business-related factors are identified as priority areas for improvement, with the competitiveness deficiency gaps in business factors being notably higher than those in tourism-specific areas. This study has several implications for the development of TDC theory, methods, and application to small islands. It provides tourism researchers, policymakers, and practitioners with a theoretically robust framework that can assist them in the formulation of policies, the management of the destination, and the implementation of strategies to optimise resource allocation in order to enhance a destination's competitive position. Given that there are few studies that focus on the development and measurement of TDC models for small islands, this study makes a valid contribution to knowledge. The methodological approaches adopted in this inquiry have substantive application in IPA studies both within and beyond tourism studies. The study's outcomes are also transferable to small island destinations operating in similar environments.

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CHAPTER ONE

Introduction

1.1 Background

The travel and tourism sector is one of the fastest growing industries in the world, with arrivals dramatically rising from a mere 25 million in 1950, to 922 million in 2008, and to a projected 1.6 billion in 2020 (United Nations World Tourism Organisation 2001, 2006, 2010). In many countries, tourism is a major source of economic growth and foreign exchange earnings, with international receipts booming from US$ 2.1 billion in 1950 to US$ 682.7 billion in 2005 (UNWTO 2006). By 2006, this industry accounted for 10.3% of the global GDP, providing 234 million jobs or 8.2% of the total employment worldwide (WTTC 2006). The WTO estimates that developing countries and least developed countries earn more than 43% and 70% respectively of their total services trade revenue from tourism exports (UNWTO 2006). For small island economies with extensive international services, up to 40% of their GDP and employment is generated by the travel and tourism industry (UNWTO 2006). Notwithstanding the rapid expansion of tourism, the growth path is neither linear nor proportional. As globalisation and technological innovation remove the final barriers to travel mobility, and as new emerging destinations seek to exploit this financially and economically lucrative industry, maintaining tourism competitiveness becomes a formidable challenge for many destinations.

The European Union (EU), including its Southern Mediterranean member states, is the world's premier destination. It attracts 370 million tourists annually or approximately 40% of world tourism, contributing to €266 billion in revenue in 2008 (WTO Barometer Jan 2010). Yet, in spite of the fact that the EU tourism industry directly generates over 5% of its GDP, employs 5.2% of its total workforce, and sustains 1.8 million businesses, mostly SMEs, it is only recently that the EU officially has acknowledged its contribution to economic growth and prosperity. It appears that this initiative on an EU level is a tacit admission of the insufficient attention this major industry has received up to now. It is, essentially, an initial response to worries about tourism competitiveness of Destination Europe. The EU policy document suggests a political framework for tourism in Europe to adapt to the dynamics of global competition, changing demographics, and to the psychographic profiles of tourists (European Commission 2010). While the emphasis on tourism competitiveness is appreciated, what EU destinations expect is more guidance on how to achieve it.

A mere mention of Mediterranean island and coastal tourism in the EU policy document does not do justice to their importance in European as well as global tourism. Mediterranean tourism represents approximately 22% of worldwide tourism and is mostly concentrated in coastal areas. The tourism development model is generally based on mass seaside summer tourism, which makes Mediterranean tourism substantively seasonal. Although it is estimated that 346 million tourists will visit the region by 2020, its global market share is set to decline because of higher competition. Nevertheless, it remains the region that attracts most tourists. An annual figure of 100 million tourists visit the Mediterranean, spending about $100 billion (Mather et al. 2005). More than 84% of tourists originate from Europe, with Germany and the UK representing the largest markets (Amelung and Viner 2006). The market is extremely price competitive due to limited product differentiation and market dominance by major European tour operators (Buhalis 1999; Mangion et al. 2005; Papatheodorou 2002).

Islands constitute a major attraction for Mediterranean tourism. They represent the second most important tourism destinations after historic cities (Gartaza and Marin 1994; D' Hautessere 2003). Tourism is considered the growth engine for many of these small islands which struggle to differentiate their destination offerings while remaining price competitive (Craigwell 2007; Croes 2010). In spite of the importance of tourism to their economic survival, only recently have they drawn significant research interest (Croes 2006). Their main concerns are competitiveness and the lack of appropriate policies and strategies to maintain and enhance it (Craigwell 2007). Unfortunately, most of the research focuses on limited specific aspects of competitiveness (Claver-Cortez et al. 2007; Kozak et al. 2010)

Malta is a small island in the middle of the Mediterranean Sea and the smallest member state of the EU. It is an interesting tourism destination with over fifty years of engagement in tourism activities and with varying experiences in managing its competitiveness (Bramwell 2003; Briguglio 2008; Graham and Dennis 2010; Hoti, McAleer and Shareef 2007; Lockhart and Ashton 1991). It is a typical Mediterranean island destination based on mass tourism, with climate and 'sun-and-sea' as major appeals. What makes it different from other islands and other seaside resorts is its relatively vast cultural and historical patrimony. It is quite astounding that it manages to attract a volume of tourists three times its population of 400,000 inhabitants. Tourism generates 12% of GDP output which increases to about 20% if indirect activities supporting tourism are taken into account (NSO Malta 2008). Its share of world and European tourism receipts is 0.1% and 0.5% respectively which is significant considering its land mass of just 321 square kilometres (see Appendix A). Malta's concern with upholding competitiveness rises as its dependence on tourism to achieve economic prosperity increases.

1.2 The Problem

Globalisation with its thrust towards open markets and free movement of resources, is the force behind the increased intensity of international competition facilitated by rapid technological advances in transportation, particularly aviation, and ICT. This process offers new opportunities for emerging and developing economies to venture into economic activities with the greatest potential for creating value for their citizens. Tourism is one of these growth sectors that are sought by many countries, especially small islands, to reap rapid short-term benefits. As economies become more reliant on tourism for their development, they concentrate evermore on improving the competitiveness of their destinations in an attempt to adapt to dynamic market conditions.

The key question becomes: how does a destination develop, maintain and enhance its competitiveness in the face of ever increasing international competition? (Crouch 2010; Croes 2010; Dwyer and Kim 2003). There are so many forces and factors that influence tourism destination competitiveness (TDC) that identifying the salient factors determining competitiveness becomes a primary issue. Similarly, it is difficult to improve competitiveness unless the strengths, weakness, and priorities can be identified, understood, and measured. This is not a simple task and involves complex analysis of numerous determinants, with difficulties further compounded by the unavailability of quality data. Destinations, especially small islands, are often at a loss to understand the nature and determinants of TDC, in spite of their need for policy prescriptions to strengthen their relative competitive position.

The crux of the matter is a lack of knowledge and understanding of the relevant factors impacting on TDC, of the extent to which these factors influence competitiveness, as well as a failure to prioritise factors that require resource optimisation to mitigate competitiveness weaknesses and reinforce relative strengths.

Meeting the challenge of tourism competitiveness is further complicated by the nature of destination offerings which can be summed up as an overall unique experience produced and delivered by multiple players with multiple objectives.

These competitiveness concerns have, in recent years, generated various research works dealing with different aspects of the problem, including: strategic planning and management (e.g. Burns 2004; Formica, Tanvi and Kothari 2008; Getz 1986; Jamal and Getz 1996; Soteriou and Roberts 1998); destination marketing (e.g. Bhat and Milne, 2008; Buhalis 2000; Prideaux and Cooper 2002; Reid, Smith and McCloskey 2008; Wang and Xiang 2007); positioning, image, and branding (e.g. Blain, Levy and Ritchie 2005; Govers, Go and Kumar 2007; Pike 2002; Pike and

Ryan 2004); price competitiveness (e.g. Dwyer, Forsyth and Rao 2000a; Mangion, Durbarry and Sinclair 2005; Papatheodorou 2002); natural attractions (e.g. Deng, King and Bauer 2002; Lee, Huang and Yeh 2010; Huybers and Bennett 2003; Mehmetoglu 2007; Priskin 2001); and the environment (e.g. Hassan 2000; Mihalic 2000; Schaltegger and Synnestvedt 2002).

An emerging body of research is seeking to approach the competitive problem by adopting a more comprehensive stance in understanding and measuring TDC. Since the 1990's, some research efforts have been directed at developing a theoretical and conceptual foundation for analysing tourism competitiveness (e.g. Crouch and Ritchie 1994, 1995, 1999; Dwyer and Kim 2001, 2003; Heath 2003; Ritchie and Crouch 1993, 2000, 2003). These studies are an extension of previous research on destination attractiveness (e.g. Chon, Weaver and Kim 1991; Hu and Ritchie 1993; Kim 1998; Gallarza, Saura and Garcia 2002), tourism competitiveness strategies (e.g. Poon 1993, Pearce 1997; Hassan 2000), and general market competitiveness (e.g. Narashima 2000; Porter 1990; Waheeduzzan and Ryans 1996). These models underscore the point that TDC cannot be understood or measured on the basis of a few determinants and, as a counter, they propose several potential factors that can influence competitiveness. A few studies have attempted to apply these models wholly or partially to specific destinations or elaborate on their measurement (e.g. Crouch 2007, 2008; Dwyer, Mellor, Livaic, Edwards and Kim 2004; Enright and Newton 2004, 2005; Gomezelj and Mihalic 2008; Hudson, Ritchie and Timur 2004). Recent contributions to TDC are more interested in benchmarking destinations using composite indices based on a set of standard indicators (e.g. Croes 2010; Craigwell 2007; Gooroochurn and Sugiyarto 2005; Mazenec, Wober and Zins 2007; Ritchie, Crouch and Hudson 2001; WEF 2007a).

1.3 Justification of the Study

In spite of the increased interest in TDC, competitiveness and its determinants generally are under-researched (Crouch 2010; Kozak et al. 2010). It is only over the last decade that comprehensive models have been presented in the literature. They have shed some light on the structure of TDC and promoted a more holistic understanding of competitiveness by incorporating a diversity of factors. However, they require further conceptual elaboration (Hudson, Ritchie and Timur 2004), empirical validation (Crouch and Ritchie 1999; Dwyer et al. 2004; Kozac et al. 2010), and valid measurement (Crouch 2008a,b; Mazanec et al 2007).

One problem with most competitiveness studies, including that of Porter (1990) and Ritchie and Crouch (2003), is that they attempt to examine competitiveness in vacuity without stipulating a suitable context. Competitiveness is a relative concept and can only be appropriately evaluated against competitors or a set of competing destinations (Dwyer et al. 2004; Kozak and Rimmington 999). It is, therefore, important to identify which destinations comprise the competitiveness set.

Although various models have come up with several factors that influence competitiveness, it is unlikely that they have the same determining force on TDC for all destinations (Crouch 2007). Extant comprehensive models are limited by their inability to prioritise the competitiveness criteria they have identified (Enright and Newton 2004). So far, there is limited research on the measurement of the relative order and on the magnitude of the importance of major TDC attributes (Crouch and Ritchie 1999; Dwyer and Kim 2003). Substantive research is needed to develop valid measures of relative attribute importance and competitiveness (Crouch 2007, 2010). Evaluating their significance to competitiveness and establishing priorities have high practical applications to policymakers and destination managers. Strategies aimed at enhancing TDC involve resource allocation decisions denoting where and how marginal resources are employed. Mechanisms that facilitate the identification of priorities for improvement are invaluable tools for guiding policy formulation and strategic orientation to enhance TDC.

It is evident from the literature that there are very few empirical studies to support existing TDC models, making the need for their conceptual validation and the verification of their utility by testing them in diverse settings more pressing. Several researchers emphasise the need for more detailed empirical studies in TDC. They highlight the importance of ongoing research efforts to identify different kinds of factors that are relevant to different contexts (Crouch 2008a; Dwyer et al. 2004; Gooroochurn and Sugiyarto 2005; Heath 2003; Hudson et al. 2004; Kozak 2004; Vengesayi 2003). One particular deficiency is the absence of valid frameworks and indicators that are relevant to small island destinations (Craigwell 2007; Croes 2010; Dwyer and Kim 2003).

Small island tourist destinations have been largely excluded from the competitiveness debate (Henderson 2001; Wong 1993). Research on comprehensive approaches to TDC in small islands is comparatively rare. Most TDC models are designed for large countries and are insensitive to the requirements, contexts and characteristics of small islands. Thus, they are practically irrelevant to small destinations. A few studies that, in the last five years, have focused on TDC in small island states have used composite indices to benchmark destinations (e.g. Craigwell 2007; Croes 2010). This is of limited use to tourism stakeholders who want to know why, where and how to improve their competitiveness. More research is, therefore, needed to develop TDC frameworks built on factors that are relevant to small island destinations. Competitiveness measurements based on such models serve to inform and guide policies and strategies aimed at improving TDC.

1.4 Purpose and Objectives of the Study

In view of the deficiencies identified in the literature as well as the competitive concerns of small island tourism destinations, this study attempts to address the research problem with a clear purpose and a set of specific objectives.

The purpose of this sequential, exploratory, mixed methods study is, first of all, to explore and generate themes and factors about TDC applicable to small island destination, using face-to-face, in-depth interviews. Then, on the basis of the research findings, the intent in the second phase is to develop instruments with which to survey tourism 'experts' on the relative importance of TDC factors and the competitiveness of Malta on each of these attributes. The rationale for using a mixed design is that a useful questionnaire survey can be developed only after a preliminary exploration of tourism experts' perceptions of the salient TDC factors is carried out.

The specific objectives of this study are:

i.   to develop an island destination model for the identification of critical factors that impact on tourism competitiveness;

ii.   to identify a reference set of competing destinations within a specified context;

iii. to construct quantitative measures that reveal the relative importance and relative competitiveness of tourism and business factors determining destination competitiveness;

iv.   to establish an analytical framework for assessing island competitiveness relative to competing destinations and identifying priorities for action;

v.   to test and apply the destination competitiveness model to Malta;

vi.   to raise practical issues when applying models and measures of competitiveness to small island destinations;

vii. to suggest guidelines and recommendations to enhance the competitiveness of small island destinations.

1.5 Significance of the Study

This study is one of the very few attempts to construct a comprehensive TDC framework with small island destinations in mind. It tests the model empirically, introducing modified statistical procedures to measure the salience of TDC factors, and the performance on these factors, as well as to identify priority areas for improvement. It is also the first study to systematically examine and assess Malta's competitiveness on diverse TDC attributes. Consequently, it offers valuable insights and guidance on the optimisation of resources and capabilities to match international tourist demand, with competitiveness implications for other islands in the Mediterranean and beyond.

The study endeavours to address the deficiencies identified in the literature and meet tourism practitioners' demand for more practical but valid means of assessing island TDC. It extends previous works on TDC by developing an integrated model that identifies the most important

factors relevant to small island competitiveness. By integrating these factors into a single model, it deviates from limited variable elaborations, providing a more holistic understanding of island competitiveness. Considering the limited research on TDC, this addition makes a significant theoretical and methodological contribution to TDC model development.

The general practical applications and implications for managerial practice largely derive from the study's results. The findings provide some guidelines to policymakers and decision-makers on resource allocation to strengthen the destination's relative competitiveness. Tourism managers can use the TDC framework for diagnostic purposes and to design strategies that augment competitiveness. The model allows for performance monitoring over time, competitiveness assessment for different market segments, as well as for comparisons with competing destinations.

By operationalising the TDC framework and developing measures to assess TDC, the study attends to several methodological and measurement flaws highlighted in the literature. Refined measurement and analytical procedures enable results to be interpreted with confidence. Thus, the study provides tourism researchers, policymakers, and practitioners with quantitative theoretically robust methods and measures that are relatively easy to apply in empirical TDC studies. This can assist them in policy formulation, strategic orientation and operational implementation of marginal resource allocation decisions.

1.6 Structure of the Thesis

This chapter provides an overview of the study. It establishes the research problem leading to the study. It briefly reviews the literature about the problem and identifies gaps which the study seeks to address. A statement on the purpose of the study and research objectives is also set out. The chapter ends by emphasising the significance and contribution of the study, identifying researchers, policymakers, and tourism practitioners as potential beneficiaries.

Chapter 2 firmly grounds the research problem in tourism and general competitiveness literature while demonstrating that the study progresses beyond past research in diverse ways. Thus, it provides a combination of theoretical reviews and methodological evaluations. It offers a rationale for a TDC model for small island destinations and explores how comparative and competitive advantage propositions can be reconciled to serve as a sound theoretical foundation for competitiveness assessment. Various models are contrasted and appraised for their contribution to TDC development and their relevance to small islands. One section is specifically dedicated to a critical methodological evaluation of importance-performance literature with a view to evaluating its validity and applicability to TDC measurement.

Chapter 3 justifies the choice of methodology and methods adopted in this study on the basis of the research problem and objectives. It explores the qualitative strategy applied in the first stage of the sequential mixed methods approach, explaining the sampling procedures, data collection, analysis, interpretation, and verification processes involved in conducting thirty-five in-depth interviews to identify a TDC framework and factors relevant to small islands. This chapter also elaborates on survey methodology and methods, and the implementation strategies and procedures proposed to collect quantitative data aimed at assessing Malta's competitiveness on the identified TDC factors. It explains the rationale underlying decisions on survey population, 'expert' judgement, and sampling frame, highlighting issues of data quality and measurement. It gives an account of how the data is to be treated, analysed, and interpreted.

Chapter 4 presents the research findings of the qualitative inquiry. It reports on the competitiveness framework based on the TDC factors as they emerge from the rich descriptions of the research participants. The importance, meaning, interactions, context, and significance of each factor are interpreted within an island context on the strength of the extensive elaborations provided by the thirty-five interviewees. The findings provide insights on existing and potential sources of comparative and competitive advantage to enhance TDC and establish the basis for measuring Malta's competitiveness relative to other Mediterranean islands.

Chapter 5 builds on the exploratory findings and presents the empirical results of the quantitative investigation. It reports on the reliability and validity of the proposed measurement instruments and analytical framework. The chapter details the results emanating from an assessment of Malta's competitiveness on the suggested TDC framework. It elaborates on the most salient factors determining TDC and Malta's relative competitiveness on each of these variables. It also identifies priority areas that require intervention and marginal resources to improve the competitive position of the Island.

Chapter 6 presents the research conclusions, including a synthesis and an evaluation of the study. It discusses the qualitative findings and the quantitative results, examining the extent to which research deficiencies identified in competitiveness literature have been addressed. It evaluates the study's results in relation to the research problem and objectives, highlighting the implications of the findings for TDC. It raises practical issues and considerations pertinent to island competitiveness, providing suggestions, guidelines, and recommendations to enhance TDC. This chapter underlines the study's contribution to knowledge and its usefulness to researchers, policymakers, and industry practitioners. It also evaluates the study's limitations with a view to attracting new research in the areas focused on in this study.

CHAPTER TWO

Literature Review

2.1 Introduction

The literature review evolves on the basis of enhancing an understanding of the research problem by demonstrating that it is firmly grounded in past competitiveness research while showing that the project moves beyond that work in several ways. Thus, the literature review is organised in five sections and planned as a combination of integrative summaries, theoretical reviews and methodological evaluations

Section 2.2 examines the nature of tourism to provide a rationale for a TDC model specific to tourism. The discussion centres on three basic issues: the industry boundaries of tourism activities; the definition of the tourism 'product'; and the destination as a unit of analysis. An understanding of what makes tourism fundamentally different from other industries informs the study on how general competitiveness theories can be applied to tourism.

Tourism, as a special case of trade in services, is an integral part of an ongoing dialogue on international competitiveness so that it can only be understood within its wider context. Thus, in section 2.3, the economic and management literature is reviewed for theoretical and practical insights that are relevant to TDC. Different perspectives and meanings of competitiveness are discussed to identify conceptual and measurement problems associated with competitiveness. This section also presents a structured assessment of the main arguments for and against comparative advantage and competitive advantage as explanatory theories of international trade expounded by economists and management theorists in an ongoing competitiveness debate. A strong case is made for the reconciliation of the two concepts to provide a sound conceptual basis for TDC frameworks. This is explored in the final part of section 2.3, which draws on generic competitiveness literature to build a better understanding on tourism flows on the basis of an integrated TDC model.

This treatise then progresses to a critical evaluation of extant models of competitiveness. In section 2.4., landmark frameworks are appraised for their contribution to the development of TDC models. Major categories, concepts themes and indicators advanced by these models are scrutinised for their relevance and impact on TDC. The wider models of Crouch and Ritchie (1999), Dwyer and Kim (2001, 2003), and Heath (2003) are described in detail and contrasted for their comprehensiveness, as well as for their validity and applicability to specific destinations. Section 2.4 ends with a summative evaluation of the TDC models and seeks to identify some important

gaps in the literature and how they can be addressed. It presents a compelling case for a TDC framework that is more adaptive to the needs of small island destinations and for a more suitable competitiveness measurement that is valid as well as relevant to destination stakeholders.

The final section of the literature review is dedicated to a methodological evaluation of studies on importance and performance measurement, and importance-performance analysis (IPA) which has gained widespread acceptance in the hospitality and tourism research. A synthesis of IPA literature on conceptual and measurement issues is presented with a view to identifying and mitigating potential validity concerns.

Figure 2.1 gives an overall picture of the literature and how this study relates to the wider body of competitiveness research.
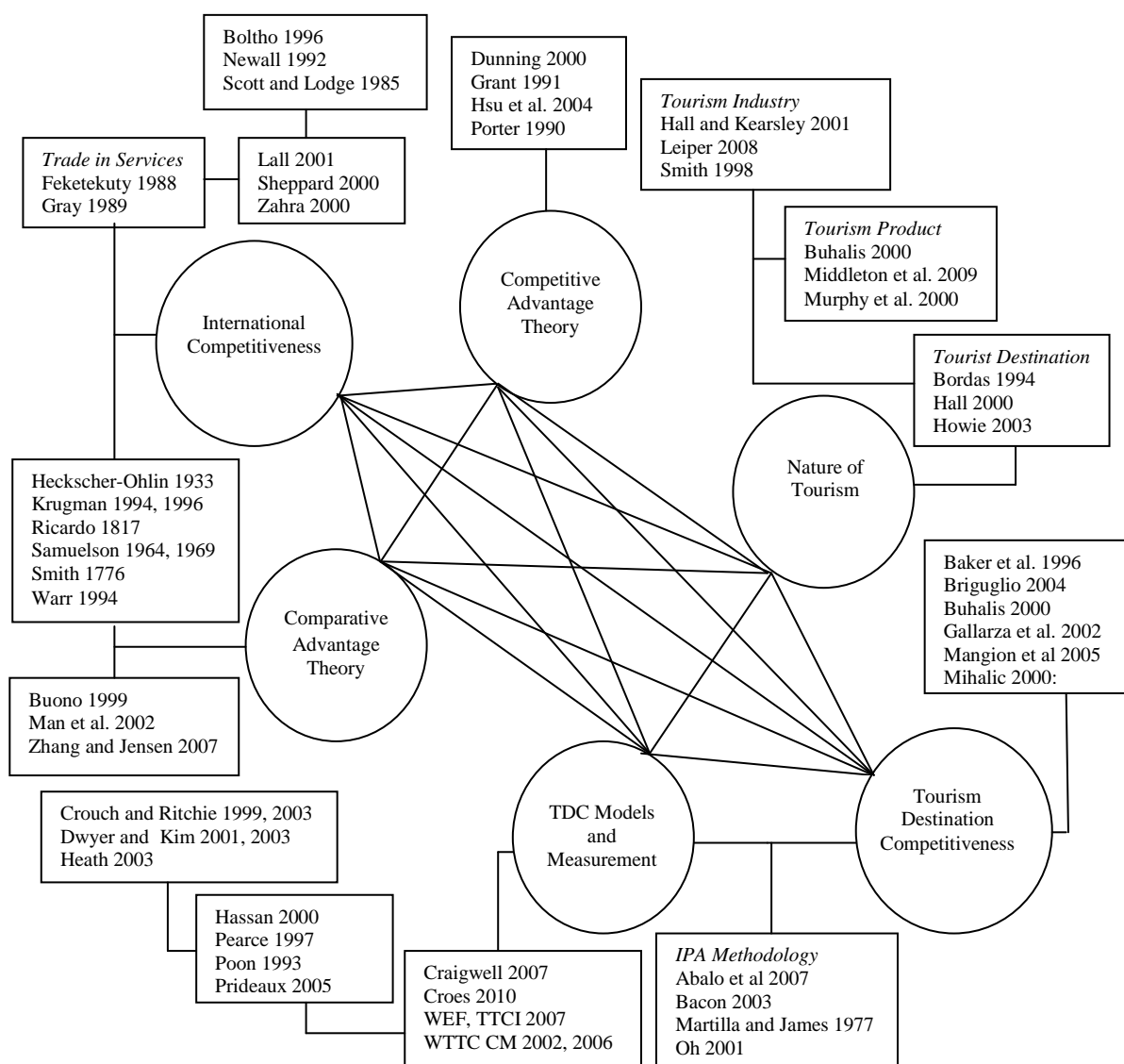
Figure 2.1: Literature Map

2.2 The Nature of Tourism

One of the longest ongoing debates in the literature concerns the nature of tourism (Pansiri 2009). At the centre of the discussion lie three important interrelated issues: the boundaries of its activities (Leiper 2008; Ritchie and Crouch 2003; Smith 1998), the definition of its 'product' (Buhalis 2000; Pearce et al. 1998; Tribe 1997), and the destination as a unit of analysis (Bordas 1994; Hall 2000; Cooper et al. 1998). For the past thirty years, for example, Leiper (1979, 1990, 1993, 2006, and 2008) and Smith (1988, 1991, 1993, 1995, and 1998) have been consistently questioning whether tourism can be encapsulated as a single 'industry' or should in fact be referred to as a set of industries. Leiper (2004) strongly believes that the intricacies of tourism activities can never be characterised by one industry because it involves the provision of a diversity of commodities supplied by the collaborative effort of several industries. On the other hand, Smith (1998), while conceding that tourism is not an industry in the traditional sense, argues that it can still be conceptualised and measured within the boundaries of a unique industry like other established industries.

Although, at face value, the controversy seems to be a long drawn-out dispute of limited academic and practical import, an understanding of the nature of tourism has important repercussions when it comes to applying competitiveness theories to tourism, evaluating economic impacts, and implementing policies by government and its agencies (Hall and Kearsley 2001; Leiper 2008).

2.2.1 Tourism as a System

An industry is defined by McConnell and Brue (2002) as a group of independent firms producing an identical or highly similar product. It is difficult to conceptualise tourism within these boundaries because it neither groups together similar businesses nor does it produce a common product. Tourism can best be described as a complex system characterised by a composite 'product', an amalgam of diverse businesses, and a host of stakeholders engaged in various interactions that ultimately shape the competitiveness of a tourist destination (Fesenmaier and Uysal 1990; Ritchie and Crouch 2003; Uysal 1998). Likorish and Jenkins (1997) describe tourism as a conglomeration of businesses comprising three separate but interconnected 'trades': primary or tourism trades (e.g. travel agencies, accommodation, and tourist attractions); secondary or related trades (e.g. banking and insurance, entertainment and leisure); and tertiary or supporting trades (e.g. public services, food, and manufacturing). Elaborating on the structure, composition, processes and interlinkages between the various elements of the tourism system, Goeldner, Ritchie, and McIntosh (2000) distinguish between the natural and built environment; operating sectors and transformational aspects of planning, development, organisation, and marketing; and between the private and public sector.

The heterogeneity of businesses and the multi-stakeholder interactions in the tourism industry have instigated some researchers (e.g. Gunn 1994; Leiper 2004; Stear 2004) to query whether it is still possible to conceive tourism as a single industry. Leiper (2008) has no doubt that the widely used generic term 'tourism industry' is simplistic and must be replaced by tourism industries to truly reflect the diversity and dynamism of tourism. He claims that the formation of an industry is essentially based on cooperation and collaboration rather than competition. Leiper (2008 p. 242) acknowledges that competition "is useful since it stimulates efficiencies and innovations" but, adhering to Schumpeter's (1950) criticism of competition, he concludes that "when not limited or constrained by cooperation, it tends to be wasteful and destructive". Identifying key examples of cooperation in tourism (such as agent-principle linkage, packaged tourism, and advertising), Leiper (2008 p. 243) argues that if cooperation is understood as "an activity that converts collections of separate business organisations into functioning industries", then evidence of diverse cooperation must show that tourism consists of several and not one industry. He anchors his claims in strategic management theories, though he admits that there are indeed few industries which are clearly demarcated.

Crouch and Ritchie (1999) advance the view that the tourism industry can be better understood if it is perceived as an open system. This system is dominated by: tourism and hospitality firms that provide the tourism experience; related and supporting industries that share production commodities with tourism; marketing intermediaries that facilitate visitation; tourists that seek to maximise their utility from the experience; and diverse interest groups that pursue their own objectives. In spite of the fragmentary nature of this 'industry', the final outcome of infinite individual productive efforts is a unique 'tourism product'. This product is a composite abstraction of numerous consumptive experiences (Buhalis 2000) produced by "a loose collection of enterprises, organisations and groups, which work together in a semi-organised, partly cooperative fashion but which are largely driven by their own self-interest" (Ritchie and Crouch 2003 p. 97). While self-interest promotes inter-firm competition, providing an environment that generates efficiency, value and innovation, the degree of interaction that induces inter-firm cooperation facilitates the development of a quality tourism product that can compete effectively at the global level.

Murphy, Pritchard and Smith (2000) deduce that this multifaceted system has the capacity to transform a diversity of elements into a unique product. It is this transformational process that makes tourism a special industry that distinguishes it from other forms of organised production (Berno and Bricker 2001).

2.2.2 The Tourism Product

The notion of a tourism industry infers a single tourism product. However, although the perception of a tourism product is common and invariably used in tourism discourse, it is actually a construction differently conceived from a single tangible product (Hall 2000; Pearce et al. 1998). It is a composite of several products and "includes everything tourists purchase, see, experience, and feel from the time they leave home until they return" (French et al. 1995 p. 11). Buhalis (2000) maintains that each individual element of the tourist product is not distinctive or unique, but collectively they create a singular tourism product that provides the basis for differentiation. It is generally agreed that the product consists of a mix of three distinct products: the tourism experience, the tourist destination as the point of the consumptive experience, and the individual products and services such as lodging, transport, restaurants, theatre, entertainment and leisure (Buhalis 2000; Pearce et al. 1998; Ritchie and Crouch 2003; Tribe 1997).

The special nature of travel and tourism products and their service orientation affect the nature of tourism competitiveness (Middleton et al. 1994). The service features of many tourism products are characterised by intangibility, inseparability, heterogeneity, and perishability. Although visitors purchase several tangible commodities, they also pay for intangibles as part of their experience such as scenery, climate, safety, heritage, hospitality, entertainment, and transport. Middleton et al. (2009) suggest that the intangibility of the product makes it difficult to display, communicate, inspect and sample prior to its consumption by tourists. These features, according to Zeithaml and Bitner (2003), do not facilitate quality standards and assurance. The heterogeneity of services supplied by different people in the production and delivery processes adds to this inconsistency. Maintaining consistency in perceived service quality is a formidable task, but as Williams and Buswell (2003) observe, it enhances the value of the product.

These issues are further compounded by the fact that services are produced and consumed simultaneously and that tourism consumption is inseparable from the tourist destination (Reisinger 2001). Buhalis (1999) views these service characteristics as important stimuli for innovative tourism marketing efforts to strengthen the competitiveness of the tourist product to consolidate its position in the international markets.

In common with other services, most of the tourism related commodities are also perishable and, therefore, cannot be stored if unused. This service feature affects pricing strategies since destinations seek to maximise the utilisation of their resources throughout the whole year (Middleton et al. 2009). Smeral (2003) also notes that the perishable nature of the 'product', as well as the temporal and spatial inseparability between production and consumption of tourism services can explain the higher tourism prices during peak seasons.

The literature suggests that tourism is a system, involving a coalition of industries that offer a vast array of diverse experiences which, although broad in scope and complex in nature, underlines the distinctive nature of tourism competitiveness. This system is manifestly identified in a tourist destination. Buhalis (2000 p. 109) argues that the constituent elements of the system's product can be brought together "under the brand name of the destinations". Tourists associate their travel experience as a whole with a destination so that product differentiation is perceived as differences between destinations.

2.2.3 Tourism Destination

Leiper (1990 p. 23) stresses that the destination "is where the most noticeable and dramatic consequences of the system occur". Ritchie and Crouch (2003) explain that the destination provides a comprehensive framework, integrating the disparate elements of tourism, which allows for an examination of tourism flows and the management of its various components to determine the future of its competitiveness. They argue that, ultimately, tourist choices are contingent on the destination's overall attractiveness. For tourists, the product is synonymous with the destination. Cooper et al. (1998) retain that this conception is logical because the main product is the experience offered by destinations, which are the source of supply 'push' factors that generate demand 'pull' forces for travelling and visitation.

A destination can be defined in several ways. Bordas (1994 p. 3) describes a destination as a cluster or "a group of tourist attractions, infrastructure, equipment services and organisations concentrated in a delimited geographic area". He argues that when competition occurs between these clusters of tourism businesses, they require strategic planning and strategies such as low cost, differentiation and specialisation to gain a competitive advantage. It is common among researchers to correlate a supply system to a specific location because of its unique attractions (Davidson and Maitland 1997; Gee, Choy and Makens 1989; Hall 2000; Mathieson and Wall 1992). For example, Gunn (1994 p. 40) refers to a destination as "a geographical area containing a critical mass of development and a unique cluster of attractions that satisfy and attract sufficient numbers of non local visitors". Similarly, the WTO (2002) defines a destination within the boundaries of a physical space in which tourists temporally reside for at least one night and which "includes tourism products such as support services and attractions and tourists' resources within one day's return travel time". Other authors focus on specific aspects of the destination. For example, Hu and Ritchie (1993) emphasise its multi-dimensional attributes; Pearce (1992) underscores the agglomeration of products and demand-pull factors; Buhalis (2000) concentrates on brand and image; and Leiper (1995 p. 87) highlights the tourism experience, defining destinations as locations where tourists "choose to stay for a while in order to experience certain features or characteristics, or perceived attraction of some sort".

Thus, broadly defined, a destination can be viewed as a distinct geographic area which can generate a sustainable flow of tourists by offering a combination of natural and created attractions as well as a multitude of other disparate tangible and non-tangible elements that constitute a unique tourism experience, resulting from the collective effort of a host of independent individuals, firms, public agencies and others who believe they have a stake in the system. The focus on the destination allows for planning, developing, managing, organizing, marketing and monitoring conceptions to meet the ever increasing sophistication of tourist demands and stakeholders' requirements that arise in contemporary tourism (Howie 2003). The management of a destination is rendered more challenging because of the complexity of the relationships of the stakeholders involved in the production of the final tourist experience (Kerr, Barron and Woods 2001; Sautter and Leisen 1999).

The literature suggests that given that the nature of tourism makes it fundamentally different from manufacturing and other services industries, new competitiveness models specific to tourism should be developed (Buhalis 2000; Dwyer et al. 2004; Hassan 2000; Leiper 2008; Murphy et al. 2000). According to Heath (2003 p. 7), "An analysis of the literature indicates that the rationale for developing a model of competitiveness that focuses specifically on the tourism sector is based on the nature of tourism offering products". The basis of such models is to be found in the extant generic literature on competitiveness (Crouch and Ritchie 1999; Ritchie and Crouch 2003; Kim et al 2003). Dwyer and Kim (2003) assert that TDC cannot be understood in isolation but must be examined within the wider context of competitiveness.

In the next section, the international competitiveness literature will be reviewed for the theoretical and practical insights that general conceptualisations and models can generate as well as for their implications for tourism.

2.3 International Competitiveness

The competitiveness debate is well-rooted in economics and business literature. This section begins by evaluating the literature on the meaning of competitiveness and different perspectives of the concept. This is followed by a review of the competitiveness controversy and a critical appraisal of the comparative advantage and competitive advantage propositions. Finally, some potential lessons are drawn and a comprehensive conceptualisation of TDC is proposed.

2.3.1 The Meaning of Competitiveness

The economics and business literature has no shortage of competitiveness definitions but none of these conceptualisations provide a generally acceptable meaning of the phenomenon (Dwyer and Kim 2001). Waheedezzan and Ryan (1996) note that this rich diversity of meaning only reflects

the particular biases and perspectives of the diverse disciplines from which competitiveness is derived. For example, whereas economists perceive competitiveness within a comparative cost and relative price perspective (Boltho 1996; Corden 1994; Krugman 1994, 1996a), management strategists view the concept within firm-specific characteristics, resource features, competencies, structure, strategy and labour-management relations (D'Cruz and Rugman 1993; Fagerberg 1988, 1996; Feurer and Chaharbaghi 1994; Grant 1991; Hamel and Prahalad 1994; Porter 1980, 1985, 1990, 2003). Yet, others conceive it within a socio-cultural and politico-historic context (Franke, et al 1991; Hofstede 1980; 1983; Kennedy 1987). The problem in defining competitiveness emerges from its broad, multidimensional, multi-level aggregation, and multi-objective nature. That is, its meaning and measurement depend on the choice of object and criteria for comparison (Scott and Lodge 1985); the unit of analysis (Rajaram and Zahra 2000); the multiplicity and variety of factors and dimensions that determine competitiveness (Porter 1990); and the end goals of its pursuit (Bristow 2005). Table 2.1 lists some of the most cited definitions of competitiveness. The European Commission (1994), for example, defines international competitiveness as the ability of firms, nations and multinational corporations to maintain and increase a high return on the resources employed to produce and sell commodities in the international market.

Author/Institution	Definition of Competitiveness
Boltho 1996 p. 2, p. 3	The level of the real exchange rate which, in conjunction with appropriate domestic policies, ensures internal and (broadly defined) external balance. International competitiveness [in the long run] is the highest possible growth of productivity that [is] compatible with external equilibrium.
European Commission Report 1994 p. 17	The capacity of businesses, industries, regions, nations or supranational associations exposed, and remaining exposed, to international competition to secure a relatively high return on the factors of production and relatively high employment levels on a sustainable basis.
Fajnzylber 1988 p. 12	Competitiveness is a country's capacity to sustain and expand its share of international markets and at the same time to improve its people's standard of living.
Fagerberg 1988 p. 355	[The] ability of country to realize central economic policy goals, especially growth in income and employment, without running into balance of payments difficulties.
Newall 1992 p. 94	Competitiveness is about producing more and better quality goods and services that are marketed successfully to consumers at home and abroad.
Scott and Lodge 1985 p. 3	A country's ability to create, produce, distribute and/or service products in international trade while earning rising returns on its resources.
World Competitiveness Report (WEF) 2002	[The] degree to which a country can, under free and fair market conditions, produce goods and services which meet the tests of international markets while simultaneously maintaining and expanding the real incomes of its people over the longer term.

Table 2.1: Definitions of International Competitiveness

The World Economic Forum (WEF 2002) provides a more comprehensive meaning to competitiveness, which has gained significant acceptance in many studies. It emphasises the need for industries to be successful in the face of international competition without resorting to protectionist measures, subsidies or cheap labour. Most of these definitions stress different foci and outcomes. While some conceptualisations focus on structural factors, affecting long term economic performance, and are concerned with productivity, skills and innovation (Fagerberg 1996; IMD 2006), others view competitiveness as a real exchange problem measured by the "relative price and/or cost indices expressed in some common currency" (Boltho 1996 p. 2). Similarly, competitiveness presumes different desired outcomes according to different definitions. It represents a means to achieving greater return on resources (European Commission Report 1994; Scott and Lodge 1985), higher income growth (WEF Report 2002), more employment (Fagerberg 1988), and a higher standard of living (Newall 1992; Fajnzylber 1988).

However, although these definitions highlight various salient characteristics and outcomes of a competitive economy, they fail to explain what leads to competitiveness (Ritchie and Crouch 2003). Mazenec et al. (2007) retort that unless these definitions are linked with performance in a cause-effect articulation, the multiplicity of broad conceptualisations serve for little except to add to the inconsistencies and confusion surrounding the concept.

2.3.2 Different Perspectives of Competitiveness

The competitiveness literature highlights two broad perspectives of competitiveness: a micro view which puts the firm and the industry at the centre of a competitive analysis, and a macro approach that focuses on the nation. Although the two approaches are complementary and interdependent, their respective analytical framework and measurement criteria are different. Applying micro criteria to macro analysis of national competitiveness often leads to confusion and serious disagreement on the nature and consequences of competitiveness (Krugman 1994, 1996a).

A Micro Approach

A micro view of international competitiveness is closely associated with entrepreneurial creativity, environmental consideration, technology advancement, knowledge capacity, and human development (Echtner 1995; Porter 1990; Crouch and Ritchie 1999). Spender (1998) supports Porter's (1990) thesis that at the heart of international competitiveness is an entrepreneurial risk-oriented culture that creates new products, technologies, organisations and industries through the exploitation of intellectual capital and technological accretion in innovative ways. Porter (2003) claims that the driving force behind many a nation's international economic success is the firm. The information and communication revolution and the ease of travelling, as well as a world-wide direction towards greater economic openness are the key factors that orientate firms towards

greater international competitiveness. Porter (1990) reiterates that the firm's competitiveness is determined by such factors as size, structure, ownership, competencies, resources, and strategies. Malecki (2002) maintains that this also depends on the firm's participation in powerful networks and strategic allegiances that give it access to otherwise unavailable technology and knowledge. The focus of competitiveness, therefore, is on structural variables that affect medium and long-term performance, productivity, innovation and skills (Fagerberg 1996; Porter 1990). Since the firm's performance is based on its ability to compete for markets and resources, from a micro perspective, success is quantified by such measures as market share and profitability.

A Macro Approach

A macro view of competitiveness puts the nation at the centre of the analysis. The productivity of the nation is shaped by the political, cultural, social, and economic environment (Krugman 1996; Davies and Ellis 2000). It is invariably measured in terms of the GNP per capita, external balance and exchange reserves, employment, inflation, foreign direct investment, and value-added economic sectors. Size, location, development stage, labour market flexibility and openness are but a few of the factors that significantly impact on the performance of the economy. Porter (1990) gives a lot of importance to strategic locations, as well as to proximity of clusters of excellence and innovation as major factors contributing towards the nation's competitiveness. He surmises that the role of government should be limited to providing sound macroeconomic management, enhancing the attractiveness of the economy for foreign direct investment, and facilitating an enabling business environment to engender competitive advantage for firms and industries through the provision of the appropriate legal, institutional, educational, information and capital infrastructure. Rajaram and Zahra (2000) point out, however, that although in general, a country gains from increased competitiveness in terms of higher national prosperity, this may be limited by undesirable cultural and social effects.

2.3.3 The Competitiveness Debate

While in competitiveness literature, there is a general agreement that firms and industries compete, any similar suggestion applied to nations is met with contention (Davies and Ellis 2000; Krugman 1996a; Warr 1994). The competitiveness debate has been spurred by Porter's (1990) attempt to extend micro foundations to national competitiveness in order to explain how nations compete. His rationale for justifying the competitiveness of nations on the basis of the competitive advantage paradigm is rejected by some world leading economists. Krugman (1994 p. 44), for example, makes it clear that competitiveness as applied to a nation is "meaningless", pointing out that "a country is not a corporation, and, therefore, it cannot be run like one". He strongly objects to suggestions promoted by Porter (1990) that equate a nation's competitiveness to 'structural competitiveness'. He considers this approach as anathema to the comparative advantage argument.

Krugman (1996b) notes that competitiveness makes sense for specific activities (such as tourism) but not for a nation since inter-country trade is a positive sum game where all partners gain from more and better goods, larger markets, and superior terms of trade. He affirms that general equilibrium conditions require only the optimisation of resources. Thus, following Krugman's logic, if tourism is in decline, it may be a reflection of the dynamics of comparative advantage and not of an uncompetitive economy. According to Krugman (1994), there is no way of defining a nation's competitiveness and he warns that this "obsession" with competitiveness can be "dangerous" because it entices and pressures countries to adopt protectionist practices. Krugman (1996a p. 181) argues that those who assess national competitiveness through economic growth are in fact measuring national productivity.

The Porterian 'competitive advantage' argument is, therefore, more in consonance with the creation or enhancement of unique resources that explain how industries compete. As Warr (1994 p. 2) cautions, "The new literature on competitive advantage contains much that is sensible and even useful at the level of industry competition policy", but if the competitive advantage argument is applied to nations, its message "threatens to encourage policies which will squander the scarcest resources of developing countries". While the concern with national competitiveness generates an interesting debate, Markusen (1992) posits that it is far more useful for countries to narrow the competitiveness analysis to the industry level and draw relevant lessons from the generic literature for a more resolute and purposeful evaluation of the competitiveness of national industries. This view is shared by Lall (2001) who emphasises the point that it is more practical and theoretically sounder for competitiveness analysis and measurement to concentrate on a particular sector such as tourism than on the economy as a whole.

It may be tentatively concluded from the literature that a focus, for example, on the destination as a unit of tourism competitiveness analysis presents a more realistic and robust approach for assessing performance on the basis of Porterian competitive advantage and Ricardian comparative advantage.

2.3.4 Comparative and Competitive Advantage

Any treatise on the international competitiveness of tourism destinations cannot fail to take into account the ramifications of both the comparative and competitive advantage paradigms. Economics literature (e.g. David and Ellis 2000; Krugman 1994, 1996a; Warr 1994) and management literature (e.g. Grant 1991; Porter 1990) both propose mutually exclusive conceptualisation of these two phenomena in the context of national competitiveness. However, on the basis of industry competitiveness, the two paradigms are reconcilable and can explain how, for example, tourism destinations compete internationally.

Just as the much heralded new paradigm of competitive advantage (Porter 1990) has not managed to dent the robustness and application of this two-century old theory of international trade, so too has the orthodox theory of comparative advantage been unable to conclusively explain international trade without incorporating the competitive paradigm to reflect the realities of international flows (Gray 1991). These concepts need not be counter-positioned but can be reconciled within an economic, management framework (Lall 2001). The two constructs are interdependent and mutually reinforcing, although they have their specific applications and limitations.

Traditionally, international competitiveness is explained within a comparative advantage framework. Ricardo's (1817) theory of comparative advantage is in fact an extension of the breakthrough Smithsonian theory of absolute advantage that rejects the economic inefficiencies of the trade basis of mercantilism. However, whereas the rigidity of Adam Smith's (1776) theory excludes a wide array of potential trade relationships, Ricardo's paradigm demonstrates that practically all countries irrespective of size and geographic characteristics have a basis for trade. The Ricardian doctrine of comparative advantage shows that a country, even if it has an absolute advantage in producing all goods with respect to another country, can still benefit by specializing and exporting goods in which it has a relative cost advantage and importing goods in which it has a relative cost disadvantage. It predicts that the pattern of trade is determined by differences in relative efficiencies of production in different countries so that each country's domestic price ratio is decided exclusively by supply-side conditions. The Ricardian explanation of international trade is significantly enhanced by the introduction of the Heckscher's (1950) and Ohlin's (1933) factor proportions model that explains differences in opportunity costs, underlying the production base. According to this theorem, differences in factor endowments (natural resources, labour and capital) account for differences in factor cost and comparative advantage. Thus, competitiveness depends on the availability of the resource factors.

The theoretical restrictions of the comparative advantage model that assume perfectly competitive market conditions have led some critics to underestimate its use in explaining modern international trade (see for example Grant 1991). Porter (1990) goes as far as to proclaim that this theory is now superseded by the concept of competitive advantage. However, such assertions are neither conceptually nor empirically supported and are mostly the result of Porter's misinterpretation of the basic comparative cost principle (Davies and Ellis 2000; Krugman 1996a; Warr 1994). Although the competitive advantage argument enhances the understanding of international trade, it does not effectively challenge or diminish the relevance of comparative cost advantage for explaining international exchange. Indeed, Samuelson (1964 p. 145), in introducing his 'competitive continuum' model, succinctly sums up the value of comparative advantage by stating

that "we can never be exporting a good *i* while importing a good *j*, if our comparative advantage is in good *j* rather than *i*". Samuelson (1969) singles out the theory of comparative advantage as the only proposition in the social sciences to be both "true and non-trivial". The Ricardian theory has wide ranging implications for international trade and is particularly useful in explaining tourism flows. It offers a rationale for investigating inter-country differences in the factors of production which are used in tourism and the ways in which countries might use their resources more efficiently.

Although the Ricardian paradigm provides a basis for international trade theories, it does not offer a comprehensive explanation of trade flows, especially in the services (Gray 1989, 1991). Porter (1990) contends that the success of international competition is contingent on the creation of a competitive advantage arising out of differences in the competencies to deploy and use resources effectively. He proposes a six factor, 'diamond' model of competitiveness, arguing that this new approach is "a rich conception of competition that includes segment markets, differentiated products, technology differences and economies of scales" (Porter 1990 p. 20). Sinclair and Tabor (2002) reiterate that the exclusive focus of comparative advantage on supply-side variations in relative efficiencies and factor endowments completely ignores inter-country differences in demand. These authors observe that the post-trade ratio is determined by both supply and demand factors which are intrinsically based on the consumers' preferences for the traded services.

The literature suggests that the comparative and competitive paradigms together offer a better approach to understanding trade flows and industry competition. Lall (2001 p. 1505) asserts that "if this integration is done well, with a sound framework, appropriate empirical analysis, and a good grasp of governance issues, it can serve as a valuable tool of policy".

2.3.5 A Comparative/Competitive TDC Model

As discussed in the previous sections, economics and management literature has made a significant contribution to the ongoing competitiveness debate. Although many issues remain unresolved, the international literature provides useful theoretical and practical insights into tourism competitiveness.

Defining TDC is as elusive as the search for a universal definition of international competitiveness. In this case as well, tourism literature provides a plethora of meanings to TDC, with each definition emphasising a particular aspect requiring different measurement. Table 2.2 records some of the most commonly referred definitions of TDC. What is common in these definitions is their attempt to link TDC to the superiority of a destination to deliver on different aspects of a visitor experience that are perceived as satisfying by tourists.

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A more comprehensive, cause and effects synthesis of TDC that integrates the various strands of general conceptualisations of tourism competitiveness is proposed by Azzopardi (2008):

> *Tourism competitiveness can be defined as the ability of the destination to identify and exploit comparative advantages and create and enhance competitive advantages to attract visitors to a destination by offering them a unique overall experience for a fair price that satisfies the profit requirement of the industry and its constituent elements, as well as the economic prosperity objective of the residents, without jeopardizing the inalienable aspirations of future generations.*

This definition emphasises the antecedent role that comparative and competitive advantages have in achieving both the short-term profit objective and long-term societal prosperity goal.

Author/Institution	Definition of Competitiveness
Crouch and Ritchie 1999 p. 139	Destinations must ensure that their overall attractiveness and the integrity of the experiences they deliver to visitors must equal or surpass that of many alternative destinations open to potential visitors.
D'Hartesserre 2000 p. 23	The ability of a destination to maintain the market position and share and/or improve upon them over time.
Dwyer, Forsyth and Rao 2000 p. 11	Tourism competition 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 attractions or otherwise of a destination.
Enright and Newton 2004 p. 778	A destination is competitive if it can attract and satisfy potential tourists.
Hassan 2000 p. 239	[The] ability to create and integrate value added products that sustain resources while maintaining market position relative to other competitors.

Table 2.2: Definitions of TDC

One lesson that can be learned from the generic competitiveness literature is that combining the comparative advantage theory with the competitive advantage paradigm has greater value in explaining trade in services (Feketekuty 1988; Lall 2001; Markusen 1992). This integration can be done within an economic-management framework to provide a theoretical basis for a TDC model. Although several typologies of resources are in use (e.g. Ritchie and Crouch 2003; Porter 1990), a simple economic classification of resources into land, labour, capital and entrepreneurship facilitates the economic and management interpretation of comparative and competitive advantage in the development of a TDC model.

Comparative advantage in tourism emerges from differences in physical, human, and capital endowments. The diversity and uniqueness of a destination's physical characteristics such as the sun, sea and sand, mountains, lakes, valleys, deserts, forests, geographic size and position play a key role in attracting tourists to a destination (Deng et al. 2002; Kim 1998). Similarly, the quantity, quality and cost of labour employed in the tourist industry can be a source of comparative advantage (Buono 1999; Heath 2003). Without significant investment in tourism infrastructure, tourism is unlikely to develop into a thriving industry. Tourism flows are determined by the capacity of the industry to develop and maintain its tourism superstructure incorporating hotels, restaurants, theme parks, resorts, yacht marinas as well as monuments, architecture, archaeological sites, and museums. The stock of capital includes a range of other created infrastructural resources such as roads, water, electricity, sanitation, transportation and health systems. Grant (2002) and Ritchie and Crouch (2003) also highlight the potential of intangible assets such as local music, language, traditions, values and way of life as sources of comparative advantage.

Several studies demonstrate that the comparative advantage concept offers a significant explanation for international tourism flows (e.g. Man et al. 2002; Zhang and Jensen 2007). Murphy et al. (2000) identify quality, resources, environment, infrastructure and value as major influences on return tourists, whereas Prideaux (2000) demonstrates that the transport system is critical in tourism development. Dwyer, Forsyth and Rao (2000a) examined the influence of price on the competitiveness of nineteen tourism destinations and using comparative advantage criteria (efficiency and productivity), highlight their importance in impacting TDC. Zhang and Jensen (2007), using UNWTO data for a panel of one-hundred thirty-three countries, found strong evidence to support the contention that comparative advantage, arising out of supply-side factors such as natural endowments, created assets related to technology, infrastructure, and foreign direct investment, has a considerable effect on tourism flows. Their findings also show that differences in technology and country-specific factors such as culture and heritage are determining factors behind comparative advantage.

Comparative advantage is a critical element in explaining TDC but it is not sufficient to explain tourism flows. It is also necessary to take into account the role of competitive advantage in augmenting the destination's ability to take advantage of its tangible and intangible resources to create, develop and enhance unique assets. Without undermining the importance of comparative advantage, Dunning (2000 p. 178) openly acknowledges the acquired importance of competitive advantage, arguing that "the nature and composition of a country or a region's comparative advantage, which has been traditionally based on its possession of a unique set of immobile natural resources and capabilities, is now more geared to its ability to offer a distinct and inimitable set of location bound created assets, including the presence of indigenous firms".

The competitiveness literature highlights diverse sources that can be exploited to create or develop competitive advantage. Prahalad and Hamel (1990) and Minzberg et al. (1998) focus on organisation capabilities as a basic source of competitive advantage. They maintain that these assets represent hidden resources which cannot be easily imitated. Grant (2002) suggests that the process of developing the strategic organisation capabilities requires the transformation of resources into hierarchical capability proposals, where more broadly defined competences are created from the integration of more specialised resources. Hsu et al. (2004) also make the point that planning, positioning, branding and the construction of destination image can create a distinctive competitive advantage in locations with limited comparative advantage.

Ritchie and Crouch (2003) have adapted Porter's (1990) diamond framework of competitiveness to diagnose the potential for creating differences in resource deployment to achieve a competitive advantage. Thus, for example, related and supporting industries to tourism (leisure, recreation and entertainment) and supplier industries (construction, food, arts and craft) can bestow a derived competitive advantage on the destination, provided they possess their own unique advantage. The government can influence the development of a competitive advantage through its policies, regulation, marketing, and promotion of a destination. Both domestic and foreign demand can provide the stimulus for innovation and creativity to craft an advantage. Even chance events such as terrorist attacks or major disasters can serve to construct a competitive advantage by transforming these tragic episodes into tourist attractions or into places of remembrance and visitation. Crouch and Ritchie (1999) argue that competitiveness depends not only on the amount of resources a destination possesses but also the manner in which it utilises these assets.

The ability of the destination to use its resources more effectively over the long term can make a resource-destitute destination more competitive than its rivals, even if these are endowed with a wealth of resources (Ritchie and Crouch 2003; Hamel and Prahalad 1993; Thompson 1997). Thus, some countries, such as the Russian Federation, in spite of their enormous physical and cultural

wealth may be less successful in attracting tourists than micro states, such as Cyprus and Malta, because of their lack of entrepreneurial capability to mobilise and harness their resources to maximise on their comparative advantage. The fact that countries, and in particular small island destinations, may be factor disadvantaged can stimulate them further to be more creative in their efforts to mitigate comparative weaknesses (Briguglio and Vella 1995; Porter 1990; Ritchie and Crouch 2003).

TDC, therefore, depends on both its comparative and competitive advantages. Azzopardi (2009) hypothesises that whereas comparative advantages emerge from the differences in physical, human and capital endowments, competitive advantages evolve from divergences in 'entrepreneurship', a fourth factor that can be added to the economic resources classification. The economic perspective of entrepreneurship invokes risk-bearing initiatives in organizing and managing the other resources to deploy them to their best use to achieve maximum productivity. This notion of entrepreneurship fits within the management's interpretation of resource stewardship. It entails the creative, innovative and inspirational ability of a destination to employ its available resources to develop a set of competitive advantages to enhance its performance. Thus, 'entrepreneurship' captures the fundamental elements common to both the managerial and economic conceptualisation.

Figure 2.2 offers a visual set-out of this process of integration. TDC is linked to the destination's long term goal of achieving economic prosperity for the residents. Buhalis (2000 p. 106) emphasises that any TDC model "should include the sustainability of local resources for ensuring the maintenance of long term success".
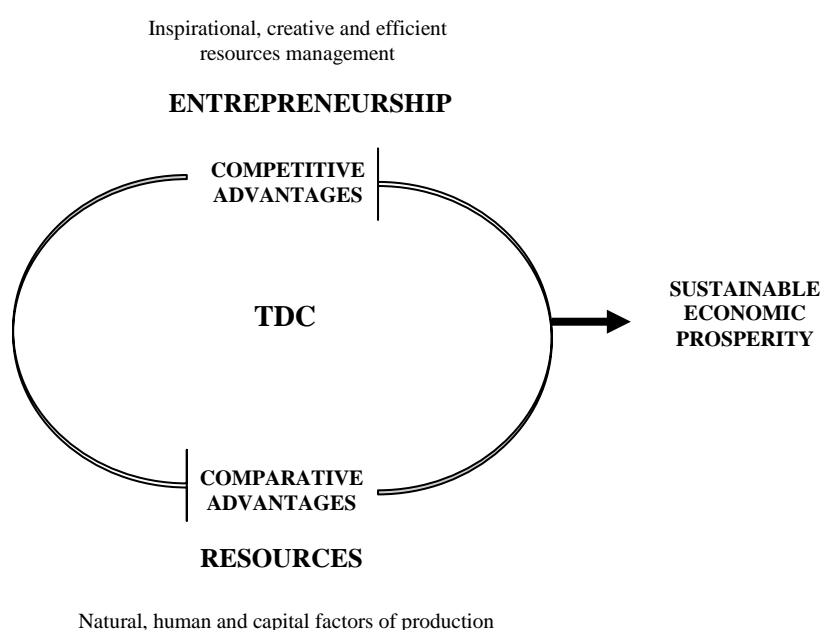
Source: original

Figure 2.2 TDC: Comparative and Competitive Advantage

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This contention is supported by Ritchie and Crouch (2000 p. 5) who declare that "competitiveness is illusory without sustainability". To achieve sustainable economic prosperity, comparative cost advantages derived from the resource base of the destination should be integrated with the entrepreneurial abilities of the industry stakeholders to create competitive advantages. In the next section, the body of literature on models, frameworks and processes will be critically evaluated for their contribution to the understanding, development and measurement of TDC.

2.4 Models of Tourism Competitiveness

Tourism literature includes several studies which either elaborate single variable models or present limited frameworks to explain tourism competitiveness, with a few exceptions focusing on developing a comprehensive TDC model that incorporates numerous elements. Section 2.4.1 outlines some basic models which concentrate on some specific aspects of competitiveness and emphasises their incremental contribution to the development of TDC models. Section 2.4.2 examines broad models which are more concerned with providing a global measurement of tourism competitiveness. In Section 2.4.3, the three competitiveness models are discussed and evaluated.

2.4.1 Focused TDC Models

Price competitiveness is one of those factors that receive particular attention in the literature because of its influence on tourist demand (Lim 1997; Sinclair and Tabor 2002; Song and Witt 2009). Most empirical studies focus on price levels as well as exchange rates, often adjusted by purchasing power parities (Mazanec et al. 2007). Dwyer, Forsyth and Rao (1999, 2000a, 2000b, 2002) have carried out extensive research on the price competitiveness of various destinations. In a comparative study of several destinations, Dwyer et al. (2000a) used price indices for a selective number of tourist goods and services to measure TDC on price. They based their calculations on 'travel costs' from/to a destination and 'ground costs' to take account of expenditures incurred in the destination. Such studies do not simply rank destinations according to their price competitiveness, but actually measure the impact of price on tourist flows (demand elasticities). Dwyer et al. (2000) concluded that, as price elasticities vary between destinations, relative prices need to be regularly monitored. These findings are supported by Mangion, Dunbarry and Sinclair's (2005) study on the price and quality competitiveness of Malta, Cyprus and Spain. These researchers applied the Almost Ideal Demand System model (AIDS) to calculate the price and cross elasticities for each pair of destinations. They also introduced hedonic pricing (Rosen 1974) to explain the reasons behind high and low prices of package holidays. Their research findings show that Mediterranean tourist destinations are highly sensitive to price changes.

Mazanec, Wober and Zins (2007) contend that price models make a substantive contribution to the extant TDC literature because they make explicit causal relations among variables, facilitating a destination's understanding of what makes it competitive. Yet, both Dwyer et al. (2000 p. 21) and Mangion et al. (2005 p. 65) were among the first to admit that TDC is also significantly influenced by non-price factors. Ritchie and Crouch (2000) argue that a destination is competitive if it has the ability and flexibility to meet tourist demand not on one, but on several elements of the tourism experience. Crouch (2008a p. 1) points out that a TDC model "should seek to consider all potentially important attributes rather than focusing on one narrow aspect of competitiveness, such as price competitiveness or the 'attractiveness' of a destination". The literature has provided some TDC frameworks that are broader but which still tend to have a particular focus.

Poon's (1993) "flexible specialisation" model is one of those wider conceptualisations that provide useful insights on TDC. Its proposals are extended in subsequent studies of competiveness (e.g. Hassan 2000; Mihalic 2000; Crouch and Ritchie 1999; Dwyer and Kim 2001, 2003) because of its specific relevance to TDC. Poon could foresee, even decades ago, how the technological changes, particularly in the telecommunication and airline industries, would affect the nature of tourism demand (Buhalis 2000). This explains her emphasis on a strategic management approach to competitiveness to deal with the "new tourism", which is more knowledgeable, flexible, "green", and independent of tour operators. Poon (1993 p. 240) proposes four basic principles to guide destinations to enhance their competitiveness: put the environment first; make tourism a leading sector; strengthen the distribution channels; and build a dynamic private sector. She argues that the transformation brought about by technological changes requires destinations to adopt "flexible specialisation" strategies to competitiveness that stimulate innovativeness to create new 'products' which are sensitive to individual tourist demands. Her ideas are influenced by Porterian competitive strategies based on product differentiation and value-added competitive advantages. Thus, she advocates strategies that favour low-volume-high-profit approaches that are conducive to sustainable tourism.

Buhalis (2000 p. 108) maintains that Poon's suggestion for product differentiation, through flexible strategies, is "particularly useful for insular, peripheral and remote destinations where a limited number of economic and financial resources are available". However, in the case of overdeveloped Mediterranean destinations that have exceeded their carrying capacity, they do not have the flexibility to adopt such strategies because they are unable to attract quality tourists. They are caught up in a vicious circle of unsustainable development and environmental degradation perpetuated by mass tourism strategies aimed at high-volume-low-profit margins.

Poon's model adds a new dimension to TDC but it is too broad to be operationalised or implemented (Buhalis 2000; Dwyer and Kim 2003; Ritchie and Crouch 2003).

Pearce (1997) offers a more practical framework that gives prominence to tourism planning and development. Using secondary data, he uses five specific criteria to assess TDC: market access, attractions, accommodation supply, prices and development processes. To measure TDC, he introduces competitive destination analysis (CDA) as "a means of systematically comparing diverse attributes of competing destinations within a planning context" (p. 16). One of the most important implications of his CDA is that an assessment of the destination's performance on individual attributes is more valid than measuring TDC on abstract concepts based on variable aggregation. Pearce argues that a methodological approach founded on an-attribute-by-attribute examination offers "a more objective basis for evaluating the strengths and weaknesses of a destination, provides a better appreciation of competitive advantage, and contributes to the formulation of more effective development policies" (p. 17). In spite of the versatility of the technique to identify potential candidates for competitive advantages, and to diagnose specific problem areas for timely corrective action, few studies have adopted CDA (see Seaton 1996). Pearce's model has high practical value but incorporates very few variables.

Hassan's (2000) model actually "puts the environment first" as suggested by Poon (1993 p. 240), forecasting that "environmental commitment will be the forefront issue for the economic revitalisation of the tourist industry" (p. 244). However, he moves away from the 'firm' focus of traditional models (e.g. Porter 2000) to centre his attention on the destination as the unit of analysis. Hassan criticises earlier models for providing useful indicators which, however, are inadequate when it comes to measuring TDC. He refocuses competitive strategy from one based on firm rivalry to stakeholder cooperation to achieve environmentally sustainable tourism growth, noting that, "the multiplicity of industries involved in creating and sustaining destinations require the development of a competitive model that examines the extent of cooperation needed for the future of competitiveness" (Hassan 2000 p. 239). In Hassan's model, the resource-based attributes of a destination represent unique comparative advantages for the destination which should be transformed into competitive advantages to position itself to exploit new demand opportunities presented by a new generation of environmentally conscious tourists. Hassan (2000 p. 240) suggests a demand-driven strategy to win competition by "careful analysis and response to the core values and needs of the segmented marketplace". The TDC framework that he proposes relies on: the sustainable exploitation of resource-based *comparative advantages* (nature, climate, culture and heritage, infrastructure, access, networks and alliances); *demand orientation* that allows effective response to new environmental demands (e.g. tourist profiles and level of environmental awareness); *industry structure* (a coalition of industry suppliers, core service providers and

stakeholders); and *environmental commitment* that ensures sustainable competition (e.g. carrying capacity).

Hassan's (2000) model has been instrumental in highlighting the importance of adequate management and monitoring of resources to ensure overall environmental quality. His views are supported by Mihalic's (2000) systematic justification of environmental management as a key factor of TDC and practical guidelines on ensuring its implementation. Both Hassan (2000) and Mihalic (2000) suggest that to achieve environmentally sustainable tourism, it requires stakeholder participation in decision processes; policies that balance short term and long term interests and objectives; and increased environmental awareness and education, commitment and enforcement. While Dwyer and Kim (2003) agree with their contentions, they point out that perceived quality of the environment is as relevant for TDC as the actual state of the environment. Hassan's (2000) model has given a new perspective to TDC but it fails to identify key variables to measure its core components, especially market and environmental sustainability.

Prideaux (2005) benefitted from the insights of earlier TDC research and presents a wider model that classifies competitiveness within a six-component framework: *demand*; *government responsibilities*; *private sector factors*; *intangible factors*; *external economic factors*; and *external political and health factors.* As a model, it brings out the determinance of situational or conditional factors on tourism flows, which Ritchie and Crouch (2003 p. 75) judge so critical "as to represent a ceiling to tourism demand and potential". Prideaux (2005) contends that international tourism demand is a function of complex interactions between multiplicities of variables operating within a destination's immediate operating environment, as well as an external environment over which the destination cannot exercise control. Such factors may include price, tourist preferences, government regulations and international threats from disease, war or terrorism.

Prideaux (2005) views the role of government and its agencies as a catalyst for enhancing or inhibiting tourism growth. The government exerts a substantive influence on the economic management of a destination, and the efficiency of the private and public sectors. Through its policies and regulations, it impacts on the quality of service provision and delivery, as well as accessibility to the destination (e.g. visa requirements). It is responsible for the provision of public and merit goods (e.g. infrastructure and law and order), services that are consumed conjointly with the local residents. However, Prideaux retains that it is the private sector that spurs tourism to success. Private firms provide such a wide range of products and services (e.g. as retailing, travel insurance, transportation) that their efficiency affects the price competitiveness of the destination. Profits motivate them to be risk-bearers, creative, efficient and enterprising. They engage in

marketing their products, as well as the destination, applying innovative strategies via the web to enhance TDC (Buhalis 2000).

Prideaux (2005) is cognisant of the fact that no TDC model can omit the "nation's attractions and the national attractiveness" from its analysis. He classifies the built (created) and natural (endowed) environment as *intangible factors,* succinctly underlining their subjective valuation. In line with other studies (e.g. Hu and Ritchie 1993; Mehmetoglu and Abelsen 2005; Botti et al. 2008; Kim 1998), he views the natural attractions, the scenery, flora, culture, customs and lifestyle projections as well as accommodation and amenities as the primary destination appeal. They provide the 'images' and 'icons' which national tourism organisations (NTOs) adopt to create positive perceptions to increase the destination's attraction.

Prideaux places a lot of emphasis on the part played by external economic factors in determining TDC. He suggests the use of objective measures to monitor their impact on tourist flows. The effects of national productivity, competitiveness, exchange rate fluctuations, price, income and cross elasticities of demand on TDC need to be evaluated as part of a strategic marketing plan. While external influences such as terrorism, safety and security, and pandemics are beyond the control of a single destination, Prideaux argues that, nevertheless, they can have tremendous effect on tourism growth. He labels these variables as *external political and health factors,* reflecting what Dwyer and Kim (2003) term as 'remote environment' conditions.

Although Prideaux's (2005) shares the same views as Poon (1993) on the importance of an efficient private sector in achieving competitiveness, his contribution lies in his explanation of situational conditions as a prominent component of TDC. Like Kozak (2003), Prideaux (2005) encourages the application of objective measures such as tourist departures, occupancy rates, revenue flows and length of stay to assess a destination's performance over time as well as international benchmarking and market segmentation analysis by nationality, and purpose of visit. Unfortunately, Prideaux (2005) makes no attempt to test his model or weigh the importance of its different factors. In spite of his calls to this effect, the model remains without empirical support.

2.4.2 Composite Competitiveness Index Models

The World Travel and Tourism Council (WTTC 2006) has put forward one of the most widely used competitive framework for analysing TDC. The model is conceptually and methodologically influenced by the work of Porter (1990) and the Global Competitiveness Report (Sachs and McArthur 2001; Porter 2000). As a model, it tries to capture the key comparative advantages of a destination derived from its resource base by introducing technology (physical and capital resources), infrastructure, and human resources components similar to mainstream TDC models

(e.g. Dwyer and Kim 2003; Heath 2003; Ritchie and Crouch 2003). It incorporates price competitiveness because of its major influence on tourism demand (Dwyer et al. 2000; Durbarry and Sinclair 2003; Mangion et al. 2005; Song and Witt 2003). The environment and the quality of life of the local community are also integrated within the model because of the acquired importance attributed to these considerations in enhancing TDC by tourism researchers (Crouch and Ritchie 1999; Hassan 2000; Middleton 1997; Mihalic 2000; Poon 1993). Comprehensively, the framework consists of eight core indicators with corresponding sets of elements: *price competitiveness, infrastructure development, environmental quality, technical advantage, human resources, level of openness, social development and human tourism.*

The framework is generally employed for cross-country competitiveness comparisons (Mazanec 2007) or to validate study results (see for example, Kozak et al. 2010). Gooroochurn and Sugiyarto (2005) have applied the eight factor framework to rank over two-hundred countries using an overall composite competitiveness index. They used confirmatory factor analysis to obtain weights for the relevant factors using the data provided by WTTC. Gooroochurn and Sugiyarto (2005) found that technology infrastructure and social development assume significant importance in TDC, but, contrary to all predictions, the environment has insignificant bearing on tourism competitiveness. This anomalous outcome can be the result of inherent problems in the measurement model.

The WTTC competitiveness monitor has also been applied by Craigwell (2007) to compare the performance of forty-five small island developing states (SIDS). This study is important because it is one of those rare studies that attempted to determine TDC in SIDS to provide useful guidelines to policymakers and decision-takers to enhance the competitiveness of a destination (Croes 2010). Although Craigwell (2007) limits the research by assuming that SIDS' only goal is to maximise market share, the study has important implications for competitiveness in small island destinations.

Basing his calculations on the data provided by the WTTC, Craigwell (2007) estimated various indices of the WTTC Competitiveness Monitor indicators and developed an empirical model to assess the main determinants of tourism market share, using shares in global tourism expenditure and the destination's share of the global value added as measures of competitiveness. Panel regression methods were used to examine differences in tourism market shares. On the basis of computed indices, results show that SIDS, overall, are less competitive than developed destinations. More specifically, Craigwell (2007), like Papatheodorou (2002) claims that prices are relatively higher in SIDS because of the higher prices in accommodation which constitute the highest proportion of total tourist expenditures. This can, of course, be true under *ceteris paribus*

conditions, but if higher prices are compensated for or even exceeded by product quality (value for money), then the effect on competitiveness will not be negative.

Estimates from the empirical model indicate that the determinants of competitiveness are a function of the incomes of source markets, travel costs, and capital to output ratios (K/Q). These findings confirm the results of Dwyer et al. (2000) and Mangion et al. (2005) and imply that fluctuations in international prices and incomes are potential sources of island vulnerabilities to external shocks (Briguglio 1995, 2004). Craigwell (2007) suggests that the study results provide support to Kaldor's Paradox in that relative prices are found to be positively related to tourism market share. This means that the more expensive the destination, the more it is able to secure a higher tourism market share. Using similar techniques to Craigwell's (2007) to evaluate the competitiveness of sixteen Caribbean islands (with less than 1.5 million inhabitants) on the basis of a composite tourism competitiveness index (TCI), Croes' (2010) results point to the same conclusion, suggesting that higher prices generate a higher quality 'product' and increased market share. Croes' objective criterion was maximisation of tourism receipts. Even Gooroochurn and Sugiyarto (2005) found a negative relationship between price competiveness and overall competitiveness (approximated by market share). This implies that higher relative prices are conducive to higher competiveness. These conclusions provide supporting evidence to low-volume-high-profit margin strategies advocated by researchers such as Poon (1993) and Buhalis (2000) to achieve sustainable tourism. However, as argued earlier, while some destinations may still have the opportunity to adopt such polices, more mature destinations, for example those in the Mediterranean, may already be caught in the mass tourism vicious circle, reinforced by dominant tour operators (Claver-Corte, Molina-Azorin and Pereira-Moliner 2007). In such cases, higher prices would mean loss of competitiveness, reflected in lower tourist arrivals and tourism receipts (De Holan and Phillips 1997; Dwyer et al. 2000; Mangion et al. 2005; Papatheodorou 2002).

Although research findings point to a negative capital to output ratio, Craigwell's interpretation that this can indicate crowding out by other economic sectors has to be treated with caution. The point is that crowding out effect generally occurs due to specific financial and economic conditions (Hampton and Christensen 2007; Barrowclough 2007; Nowak 2007). For example, it may occur when resources are fully employed or when the economy is at full employment and no spare capacity is available, or when scarcity of capital requires the rationalisation of resources to the highest possible returns (Sloman and Wride 2009).

Craigwell's (2007) and Croes' (2010) studies highlight the need for comprehensive TDC models and measures to be more sensitive to differences among tourist destinations on the basis of size, extent of economic reliance on tourism, destination life cycle and stage of development. In the

absence of conceptual and empirical studies on TDC in small island destinations, the authors' contribution is considered significant. Their choice of composite indices to measure competitiveness, however, lacks richness in detail and has limited practical value to destination managers who want to know when, where and how to enhance TDC.

The WTTC competitive framework and empirical studies that use composite indices share many of the problems associated with similar measurement models such as the World Economic Forum's (WEF) competitive conceptualisation and its *General Competitive Index* (GCI). The quality and completeness of the data are far from adequate (Mazenec et al. 2007) and cross county comparisons are based on the implicit assumption that countries compete on equal terms (Sheppard 2000). These evaluations assume that a destination competes with all countries, when in fact it competes with a specific subset within the group (Malecki 2002). Although the components of the WTTC model are relevant to TDC, the elements "in each indicator are far from exhaustive" and require regular "updating to include new components and data" (Gooroochurn and Sugiyarto 2005 p. 41).

In 2007, WEF came up with the latest addition to TDC models, offering a *Travel and Tourism Competitive Index* (TTCI) to measure tourism competitiveness (WEF 2007a, b). It builds on the WTTC's Competitiveness Monitor and WEF's GCI to rank 124 countries according to a set of criteria based on thirteen pillars (or drivers) made up of several variables which are transformed into three unweighted indices: *the travel and regulatory framework, the travel and tourism business environment infrastructure,* and *the travel and tourism human, cultural, and natural resources* (WEF 2007a pp. 24 -25) (see Table 2.3 p. 34). The indices use a combination of qualitative and quantitative measures of the variables based on an *Executive Opinion Survey* data (soft measures) and objective data (hard data). Tourist arrivals and tourism receipts are used as objective criteria with which estimated TCCI scores for the 124 countries are correlated.

Measurement problems that plague composite competitive indices such as WEF's GCI and WTTC's *Competitiveness Monitor* are common to WEF's TTCI. Its failure to weigh the constituent elements of the respective indices leads one to conclude that the TTCI unrealistically assumes that the fifty-eight variables used in the computations are uniformly important. Crouch (2008b) also points out that TTCI erroneously assumes that countries have identical goals. His criticism arises out of the fact that TTCI uses only tourist volume and tourism receipts as the only correlates, as if these are universal objectives. Like other global indices, the TTCI is indifferent to the needs of small destinations (Crouch 2008b; Croes 2010). The TTCI may be useful to large countries that are in a position to target diverse market segments because their size and resources give them the capability to follow such strategies, but small island destinations are, out of

necessity, selective in their targeted marketing and are only interested in information that enhances their competitiveness in specific market segments (Craigwell 2007; Croes 2010; Crouch 2008b).

Although it is expected that models be transparent in their methods, the TCCI does not spell out the procedures, so that it can only be assumed that the basis for the index construction follows the same methods adopted in WEF's GCI. In spite of these problems, the TCCI is another contribution in the processes of understanding TDC and its measurement and is instrumental in ascertaining that TDC remains visible internationally. Interestingly, WEF makes no reference to earlier TDC contributions, except its own GCI and WTTC's competitiveness monitor (Crouch 2008b). Table 2.3 compares the various components suggested by these frameworks which, though in some ways may be limited in their approach as well as in the number of variables included in the analysis, they nonetheless, provide a sound basis for further development of more complex TDC models.

Models	Criteria
Focused Competitiveness Models	
Porter 1990	Firm Strategy; Structure and Rivalry; Factor Conditions; Related and Supporting Industries; Demand Conditions; Government; Chance
Poon 1993	Environment; Tourism Priority; Distribution Channels; Efficient Private Sector
Pearce 1997	Market Access; Attractions; Accommodation Supply; Prices; Development Processes
Prideaux 2005	Demand; Government Responsibilities; Private Sector Factors; Intangible Factors; External Economic Factors; External Political and Health Factors
Hassan 2000	Environmental Sustainability and Factors; Comparative Advantage; Demand Orientation; Industry Structure; Environmental Commitment
Composite Competitiveness Index Models	
WTTC 2006	Price Competitiveness; Infrastructure Development; Environment; Technology Advancement; Human Resources; Openness; Social Development; and Human Tourism
WEF TTCI 2007	Tourism and Regulatory Framework: *Policy Rules and Regulation; Environmental Regulation; Safety and Security; Health and Hygiene; and Prioritisation of Travel and Tourism.* Business Environment and Infrastructure: *Air Transportation Infrastructure; Ground Transport Infrastructure; Tourism Infrastructure; Information and Communication Technology Infrastructure; and Price Competitiveness in the Tourism Industry.* Travel and Human Tourism, Cultural and Natural Resources: *Human Resources; National Tourism Perception; and Natural and Cultural Resources.*

Table 2.3: Selected TDC Models and Factor Criteria for Competitiveness Analysis

Gray (1989 p. 98) suggests that several models may be needed to explain trade in services, pointing out that "any general model of international trade must encompass extraordinary large number of causal factors". According to Crouch (2008a p. 1), in the last decade, "there have been only three separate efforts to develop an overall destination competitiveness model" which satisfy Gray's (1989) criterion. The refined versions of the three models by Ritchie and Crouch, Dwyer and Kim and Heath appeared in 2003. In the following sections, the literature on these models will be reviewed to assess their contribution to TDC development and measurement.

2.4.3 Crouch and Ritchie's (1999, 2003) Model

Crouch and Ritchie (1999) have developed a TDC model that is based on a grounded approach to competitiveness research spanning over eight years. The practical foundation of their study emerged from a series of interviews with CEOs of the Convention and Visitor Bureaus of leading North American urban tourism destinations (Ritchie and Crouch 2003). Basing their work on the hypothesis that TDC is influenced by a wide range of business and tourism conditions, Crouch and Ritchie (1994, 1999) propose a hierarchical TDC framework which they claim "offers the tourism industry a mechanism for analysing, diagnosing, planning and communicating competitive strategies" (1999, p. 142). Their research is the most detailed work yet carried out on TDC by tourism researchers and can be considered the cornerstone of subsequent TDC models (Enright and Newton 2004, 2005; Heath 2003; Hudson, Ritchie and Timur 2004). Its broadness is such that any generic TDC model is likely to refer to various components of its framework but not necessarily emulate its approach or adopt its indicators.

The Crouch and Ritchie's (2003) framework identifies thirty-six TDC factors which are clustered into five major components. The model puts at its base *supporting factors and resources* to emphasise that tourism cannot flourish in the absence of general industry growth fundamentals such as an adequate public infrastructure and accessibility to the destination. The second level represents *core resources and attractions,* comprising natural attractions, culture and heritage and other created resources and attributes such as events and the tourism superstructure that provide the primary motivation for tourist visits. The third dimension is labelled *destination management* and incorporates such activities as marketing, human resource development and resource stewardship which are deemed necessary to have control and influence on internal and external processes that impact on TDC. In the 1999 version, this category assimilated *destination policy planning and development*, which is now given prominence in the refined 2003 model, as a separate fourth level to underline its role in providing tourism stakeholders with a unified vision and direction to position the destination to face the threats and opportunities offered by international competition. The final dimension, *qualifying and amplifying determinants*, groups situational factors (e.g. location and safety) that are typically outside the direct influence of a

destination, but which, nonetheless, can limit, moderate or amplify the scope of TDC by "filtering the influence of the other three groups of factors" (Ritchie and Crouch 2003 p. 75). It also includes factors (e.g. destination awareness, cost, and value for money) that are within the control of the destination. According to this model, the micro and macro environment must be consistently monitored to identify changes that may affect the conduct and performance of the destination.

Ritchie and Crouch (2003) have made a significant contribution to TDC research by constructing what is arguably the most comprehensive TDC model in the tourism literature and providing an exhaustive list of subjective and objective indicators to measure destination performance (see Ritchie and Crouch 2003 p. 257 - 263). However, no matter how wide-ranging and important the indicator set is, it is not sufficient to explain TDC, unless the basic interactions and linkages between the various factors are explained and appropriate measurement is undertaken. The hierarchical structure of the model implies a linear sequential relationship between the various dimensions and its sustainability objective, leaving micro and macro conditions unconnected to the model (Dwyer and Kim 2003). This does not mean that Crouch and Ritchie (1999) were unaware of the complex interrelations that exist among the constituent elements of their model, but rather that they left causal linkages implicit in the explanation when they should be explicit in the model. This ties up with other measurement issues that have not been resolved to date. One concern is that the importance of the key variables has not been prioritised and the performance of the various attribute importances not measured (Crouch 2006). Another problem is the lack of empirical testing of the model (Hudson, Ritchie and Timur 2004; Ritchie and Crouch 2003; Mazanec et al. 2007). Like other large models, Crouch and Ritchie's (1999) TDC model is constantly evolving and several of its dimensions need to be developed further to enhance the model's effectiveness, especially in specific situations (Crouch and Ritchie 1999; Crouch 2007).

In 2001, Ritchie, Crouch and Hudson made their first attempt to work on the list of subjective and objective measures to operationalise each of the thirty-two components of the 1999 model. Their enumeration of measures may be considered the initial stage before establishing a composite TDC index and performance measurement. However, it was Hudson, Ritchie and Timur (2004) who tested the basic model by developing a TDC index for selected ski-resorts in Canada. The sample size was unfortunately too small to make generalisability claims, but their study shows that it is possible to operationalise at least some of the model's components.

Crouch's (2006, 2007, 2008a) effort in operationalising the model is more directed at measuring the relative importance and salience of the attributes of the model, using analytical hierarchical process (AHP) methods. Although his studies provide interesting results, they demonstrate that the

complexity of the method used generates almost insurmountable problems in collecting the data which put a big burden on the respondents (Hair et al. 1998).

Other empirical research by Enright and Newton (2004, 2005) adopted many of the elements of the Crouch and Ritchie (1999) model to assess the relative competitiveness of Hong Kong, using importance-performance measurement. While their studies support the high utility, application, and efficiency of importance-performance analysis (IPA) to measure TDC on each and every factor affecting competitiveness, they ignore validity problems associated with importance and performance measurement so that their results have to be interpreted with extreme caution. Had they refined the IPA framework and compared different measures of importance and performance to find the most valid measure, they could have come up with a robust TDC measurement model (Mazanec et al. 2007). Indeed, it is still difficult to find a whole scale testing of the model in specific destinations.

2.4.4 Heath's (2003) Model

Heath's (2003) TDC model is influenced by his search for strategies to reduce poverty in South Africa. Heath (2003 p. 2) perceives tourism as an effective way through which poverty can be alleviated and sustainable growth achieved, "provided that the tourism sector at all levels (national, provincial, regional and local levels) becomes a strategic priority and is addressed in a sustainable and internationally competitive manner". His research on destination planning and marketing in South Africa (Heath 1988, 1989) inspired his approach to TDC modelling. Similar to the other TDC frameworks, Heath develops his model by adopting elements from the international competitiveness models (e.g. Porter 1990) and the key components of Richie and Crouch (2003) model as well as indicators from Dwyer and Kim (2003). Heath (2003 p. 8) claims that the existing generic TDC models "do not appear to adequately provide an integrated treatment of the various issues surrounding the concept of 'competitiveness' and do not place sufficient emphasis on key success drivers (people) and the vital linkages (communication and information management) that need to be considered when developing a comprehensive framework of sustainable destination competitiveness".

Heath's (2003) TDC framework symbolises a strategy for competitiveness as a house building stratagem. The foundations consist of key "attractors", "non-negotiables", "enablers", "value-adders", "facilitators", and "experience enhancers". These elements are essentially the *core attractors* and *supporting resources* found in both Ritchie and Crouch's (2003) and Dwyer and Kim's (2003) classification (see Table 2.4 p. 41). In line with Ritchie and Crouch's (2003) conceptualisation of *destination, policy, planning and development*, Heath considers *a shared*

vision and leadership, *guiding values* and *principles*, and *the people factor* as the critical success factors for achieving competitiveness ("the roof").

The stakeholders are owners and builders who have a "scripted role", cooperating and collaborating within a strategic framework to achieve the common goal of tourism success. The *building blocks* consist of an *integrated development policy and framework* and a *holistic destination marketing framework and strategy*, with a focus on efficient implementation. What maintains the cohesiveness of the structure ("the cement") is having transparent communication with stakeholders, striking a balance among different interests, managing information for decision-making, and ascertaining adequate competitiveness measures.

Heath's (2003) model is significantly influenced by planning, marketing and implementation considerations to achieve tourism success. It extends and enriches other generic TDC formulations through its greater emphasis on human resource development, communication and information management which he puts at the centre of his construction. The symbolic analogy to house building to structure his model is visually appealing, but it is also restrictive in the sense that the processes of competitiveness, the interlinkages among the various variables constituting the model are not clearly explained. Similar to Ritchie and Crouch's (2003) formulisation, the model portrays an unrealistic linear relationship among the various components (see Table 2.4, p. 41 for model comparisons). Another problem relates to measurement issues since no attempt has been made to operationalise its constructs and test the model empirically.

2.4.5 Dwyer and Kim's (2001, 2003) Model

Dwyer and Kim (2003) and Dwyer, Mellor, Liviac, Edwards and Kim (2004) carried out studies that focus on establishing and refining a generic TDC model to assess destination performance on a number of selected indicators. The TDC framework has its origins in a joint collaborative project between Australia and South Korea to examine bilateral tourism flows between the two countries. Conceptually, the model is based on an extensive literature review of generic international competitiveness and tourism studies. More specifically, Porter's (1990) diamond model provides Dwyer and Kim (2001) with the 'national' and 'firm' competitiveness elements. Meanwhile, for tourism factors, they mainly rely on Crouch and Ritchie's TDC model, stating that, "The model contains many variables and category headings identified by Crouch and Ritchie (1994, 1995, and 1999) and Ritchie and Crouch (1993 and 2000)" (Dwyer, Mellor et al. 2004 p. 92).

Dwyer and Kim's model (2003) is very similar to that of Ritchie and Crouch (2003) as can be seen from Table 2.4. They divide core attractions into *endowed* and *created* resources to emphasise the importance of the resource base of tourism and incorporate Ritchie's and Crouch's '*supporting*

factors and resources' to acknowledge that in the absence of what Heath (2003) calls '*enablers'*, '*value adders'*, '*facilitators*' and '*experience enhancers*', tourism is hard to establish and nurture. As in the other two models, destination management features prominently in the model where its strategic role is seen to reinforce "the appeal of the *core resources and attractors*, strengthen the quality and effectiveness of the *supporting factors and resources* and adapt best to the constraints and opportunities imposed or presented by the *qualifying and amplifying determinants*" (Ritchie and Crouch 2003 p. 73). Dwyer and Kim (2001) rename *amplifying determinants* as *situational conditions*, in order to reflect better the influence of micro and macro competitive environment on the operation of organisations within the destination. However, their main contribution to TDC development lies in their introduction of *demand conditions* to make its relevance explicit which is a salient determinant rendered implicit in the supply-oriented Ritchie and Crouch's (2003) model.

However, both the methodology for identifying the most important indicators to include in the model, as well as Dwyer and Kim (2001, 2003) and Dwyer, Mellor et al.'s (2004) attempts to test the model are characterised by serious validity flaws that undermine the studies' results as well as any claims to generalisability. The development of Dwyer and Kim's (2001) framework is based on workshops in Sydney and Brisbane attended by fourteen and nine industry stakeholders respectively and three focus group meetings held in Seoul attended by participants from academia, government agencies and the travel trade. Dwyer and Kim (2003 p. 399) readily admitted that attendance was rather poor. In any case, the participants were asked to identify competitive elements that are relevant to TDC within the already established model.

On the basis of the workshops' results, two questionnaires, consisting of eighty-three items were developed to assess the performance of Australia and Korea on a 6-point Likert scale. A version in English and another in Korean were posted on the internet. The sampling frame consisted of membership databases of tourism in the former Tourism Council of Australia, the Council of Australian University Tourism and Hospitality Educators and Researchers (CAUTHE), as well as the Korean Tourism Academic Society, the PATA Chapter. This means that non-members and those without an email address were excluded from selection, introducing serious sampling frame biases that weaken the claims to random sampling. They also reported a 37% response rate, with only 162 people from Korea and 132 from Australia responding to the survey (Dwyer and Kim 2001). While in survey research this rate is considered very low (Babbie 1998), no further statistical details are given to assess the reliability and validity of the results. The authors acknowledge that, "concerns may be legitimately raised regarding the reliability and validity of the data and generalisations are not warranted.... and there may well be a cultural bias inherent in any responses to surveys of this type" (Dwyer and Kim 2001 p. 83). Moreover, the model fails to take into account the importance of weighing the relative salience of the different indicators in

measuring TDC. Such an omission, as in Crouch and Ritchie's (1999) model, limits the inferences that can be made on the adequacy of the variables impacting on TDC (Mazanec et al. 2007).

It is difficult to understand how, in spite of these problems with the data quality, Dwyer et al. (2004) used the same source data to perform a factor analysis on the eighty-three competitiveness indicators to identify common underlying dimensions. Information on basic tests to assess the suitability of the data for factor analysis is not given. The minimum acceptable ratio of variables to observations (1:5) required to perform factor analysis (Tabachnick and Fidell 1996; Hair et al. 1998) was also largely ignored by Dwyer et al. (2004) (1: 3.5). The statistical results, if accepted, would severely weaken any validity claims of the model. In fact, the authors concluded that "the factor analysis clearly shows that the model needs further improvement and.... the extent to which this model may require revision to better reflect respondents' views about the competitiveness indicators is worthy of consideration" (Dwyer et al. 2004 p. 99).

Gomezelj and Mihalic (2008) made an attempt to apply the original Dwyer and Kim's (2003) framework to evaluate Slovenia's tourism competiveness on the prescribed indicators suggested by the model. According to their results, Slovenia is more competitive on the natural, cultural, and created elements but less competitive on destination management and demand. With the exception of the response rate (41 %), no other statistical details are given to gauge the validity of the results. In spite of cultural differences between nations and the limitations of the model clearly stated by Dwyer et al. (2001, 2003), Gomezelj and Mihalic (2008) used the model and its survey instrument without any reservations, claiming that the "existing tourism competitiveness model developed for a competitiveness study in Korea ... and its questionnaire in particular proved to be useful for the Slovenian study" (p. 302). It was only after comparing their results to another study using Vanhove's (1999) model that "it was realised that the main competitive factors in tourism competitiveness models may be created from very different individual competitiveness indicators" (p. 302). Their recommendation is for one model with common indicators that fits all. The point is that studies that purport to apply or test models of TDC using quantitative means should, in general, adhere to the basic requirements of statistical procedures to provide valid empirical support (Hair et al. 1998).

Dwyer and Kim's model (2001) is nevertheless a significant contribution to the development of general TDC frameworks. It perceives destination competitiveness as a means to achieving economic prosperity, offering a sound basis for further conceptualisation and measurement. The model facilitates the use of subjective and objective measures of relative competitiveness and highlights the benefits to tourism stakeholders of understanding TDC indicators and measuring performance over time or against another destination.

Ritchie and Crouch 2003	Dwyer and Kim 2003	Heat 2003
Core Resources and Attractors	**Endowed Resources**	**Foundations**
Physiography and Climate	Natural Resources	Key Attractors: History, Climate
Culture and History	Cultural/Heritage Resources	Non-Negotiables: Personal Safety
	Created Resources	Enablers: Infrastructure
Mix of Activities	Range of Available Activities	Value adders: Value for Money
Special Events	Special Events	Facilitators: Accommodation
Entertainment	Entertainment	Experience Enhancers: Hospitality
Superstructure	Tourism Infrastructure	
Market Ties	Shopping	
Supporting Factors & Resources	**Supporting Factors & Resources**	
Infrastructure	General Infrastructure	
Accessibility	Accessibility of Destination	
Hospitality	Hospitality	
Facilitating Resources	Quality of Service	
Enterprise	Market Ties	
Destination Management	**Destination Management**	**Building Blocks**
Marketing	Destination Marketing Management	Destination Marketing Framework
Organisation	Destination Management Organisation	Image and Branding
Information/Research	Provision of Information	Marketing and Demand Management
	Monitoring, Evaluation and Coordination	Marketing Mix Strategies
Human Resource Development	Human Resource Development	Visitor Satisfaction Management
Finance and Venture Capital	Destination, Policy, Planning	
Quality of Service	and Development	**The Cement**
Resource Stewardship	Environmental Management	Communication Channels
Visitor Management		Stakeholder Involvement
	Demand Conditions	Partnerships and Alliances
	Tourist Preferences	Information Management/Research
	Awareness of Destination	Managing Competitive Indicators
	Destination Image	
	Situational Conditions	**Building Blocks**
Micro Environment	Destination Location	Sustainable Development Policies
	Competitive Micro Environment	Tourism Policy and Legislative Framework
	Capabilities of Firms	Management of Resources and Capabilities
	Strategies of Firms	A Positive Investment Climate
	Industry Structure and Firm Rivalry	Transformation of the Industry
		Institutional and Funding Framework
Global Macro Environment	**Global Macro Environment**	
	Political/Legal/Regulatory	
Qualifying and Amplifying	Economic	
Determinants	Socio-cultural	
Safety/Security	Technological	
Cost/Value	Security/Safety	
Awareness/Image/Brand	Price Competitiveness	
Interdependence		
Location		
Destination Policy, Planning		**The Roof**
and Development		
System Definition		Key Success Factors
Philosophy/Values		Strategic Priority on the People Factor
Vision		Guiding Values and Principles
Positioning/Branding		A Shared Tourism Vision
Development		
Competitive/Collaborative Analysis		
Monitoring and Evaluation		
Audit		

Table 2.4: Comparison of Three TDC Models

2.4.6 Summative Evaluation of TDC Models

TDC models are recent elaborations achieved in incremental steps, making noteworthy contributions to a sounder understanding of the meaning and measurement of tourism competitiveness. Researchers have advanced different frameworks and lists of innumerable variables providing useful insights in the structures and processes of TDC. However, serious concerns with respect to their empirical validation (Crouch and Ritchie 1999; Dwyer et al. 2004), competiveness measurement (Crouch 2008a; Mazanec et al 2007), and relevance to destinations (Croes 2010; Crouch 2008b) need to be addressed. Hassan (2000 p. 245) succinctly makes the point that "the use of future research agendas will rest on how actionable the results will be to improve the future of tourism destinations". These issues provide "considerable scope for future research into destination competitiveness" (Crouch 2007 p. 26).

The major TDC models have been developed for large countries and are insensitive to the needs of small countries, especially small island destinations. Porter's (1990) diamond model has achieved considerable influence in competitiveness literature, providing the business foundations for the much acclaimed WEF and IMD competitiveness indices as well as for TDC models. While its contribution to TDC conceptualisation and measurement is undeniable, it's application to small developing economies is questionable. Davies and Ellis (2000) and Rugman and D'Cruz (1993) note that it is next to impossible for small countries to draw exclusively on their home 'diamond' to achieve international success. Small island destinations do not have unlimited resources. Their home grown demand is not big and sophisticated enough to create competitiveness features to face the challenges of international competition as suggested by Porter. Similarly, the TDC models of Ritchie and Crouch (2003), Dwyer and Kim (2003) and Heath (2003) have been built with large countries in mind (North America, Australia and Korea, and South Africa).

TDC models have sought to integrate the various competitive strands highlighted in earlier works with their own conceptualisations, providing an exhaustive list of competitiveness indicators. However, as Dwyer and Kim (2003 p. 399) state, "There is no single or unique set of competiveness indicators that apply to all destinations at all times". The literature (e.g. Crouch 2007, 2008a; Gooroochurn and Sugiyarto 2005; Hudson et al. 2004; Crouch and Ritchie 1999; Dwyer et al 2004; Kim and Dwyer 2003) highlights the ongoing need for identifying new factors and indicators that are specific to particular countries and situations. Dwyer and Kim (2003) are more particular and suggest that future research should also focus on developing and testing TDC models for geographically small destinations, such as small islands.

While TDC models have identified several competitiveness dimensions and attributes, they fail to evaluate the relative importance of the constituent elements. Crouch (2008a, b) emphasises that the

importance of attributes in determining TDC cannot be the same within a destination or across destinations. The literature underlines the need for empirical studies not only to identify competitiveness factors relevant to specific destinations but also to assess their relative importance (Dwyer et al. 2004; Mazanec et al. 2007; Crouch 2007, 2008a).

Some TDC models have resorted to developing composite indices to serve as quick comparative measures of tourism performance. Although these indices are useful in raising international awareness on the importance of TDC as well as for analysis, and implementation of adequate strategies to enhance competitiveness, single TDC measures of their own cannot reveal the fundamental weakness of a destination's competitiveness structure or single out corrective measures to resolve it (Lall 2001). Competitive rankings are simply an average of a number of considerations so that certain strengths may hide weaknesses that need to be mitigated, especially if the strengths relate to past performance while the weaknesses relate to future growth.

TDC frameworks often lack empirical support to validate their conceptualisations and practical utility to destinations (Heath 2003; Hudson et al. 2004; Kozac 2004; Vengesayi 2003). One concern is the measurement of TDC. Crouch (2008a) stresses that TDC measurement depends on the quantification of the relative importance of its attributes as well as the relative performance on these attributes. A factor-by-factor analysis as suggested by Pearce's (1997) CDA seems to offer the opportunity to identify the strengths and weakness of a destination on each of the respective element of competitiveness.

One of the greatest weaknesses evident in comprehensive competitiveness frameworks, such as Porter's (1990) and Ritchie and Crouch's (2003) models, is that they propose exhaustive lists of TDC factors without the mechanism for prioritising these criteria. The literature suggests that one way of resolving this issue is to adopt a sequential strategy where first, each factor is examined for its importance, and subsequently the destination's relative competitiveness on each of these factors is assessed. This study adheres to this technique which is popular with many destination attractiveness and image studies known as importance-performance analysis (IPA) (see Deng 2007; Hudson, Hudson and Miller 2004; Levenburg and Magal 2005; Tontini and Silveira 2007; Van Ryzin and Immerwahr 2007). This approach is based on marketing conceptualisations (see Martilla and James 1977) and is highly versatile, in diagnosing priority areas requiring action for improvement (Enright and Newton 2004; Leong and Tan 1992). The literature suggests that TDC assessment can benefit from IPA if its methodology and measures of attribute importance and competiveness provide valid results (Oh 2001). Therefore, it is appropriate to dedicate the last part of the literature review to a critical evaluation of IPA studies.

2.5 Importance-Performance Analysis

The aim of reviewing the IPA literature is to critically evaluate, in an integrative manner, past research studies on IPA and to summarise broad views relating to strengths and weaknesses of this analytical framework in order to serve as a guide to advancing a research instrument for assessing a TDC model. In the process, arguments will be evaluated, key issues and gaps in the methodology will be identified, and conclusions relevant to the study's objective will be drawn.

Importance-performance analysis (IPA) promises to provide a valuable framework to explore both the importance of each attribute as well as a destination's performance on each attribute. The technique has gained widespread acceptance across many fields and is extensively used in the hospitality and tourism industry because of its simplicity and attractiveness in projecting results and in suggesting strategic action to improve competitiveness. Although these characteristics are desirable in any technique, they do not represent reliability and validity criteria that underlie sound research methodologies (Oh 2001).
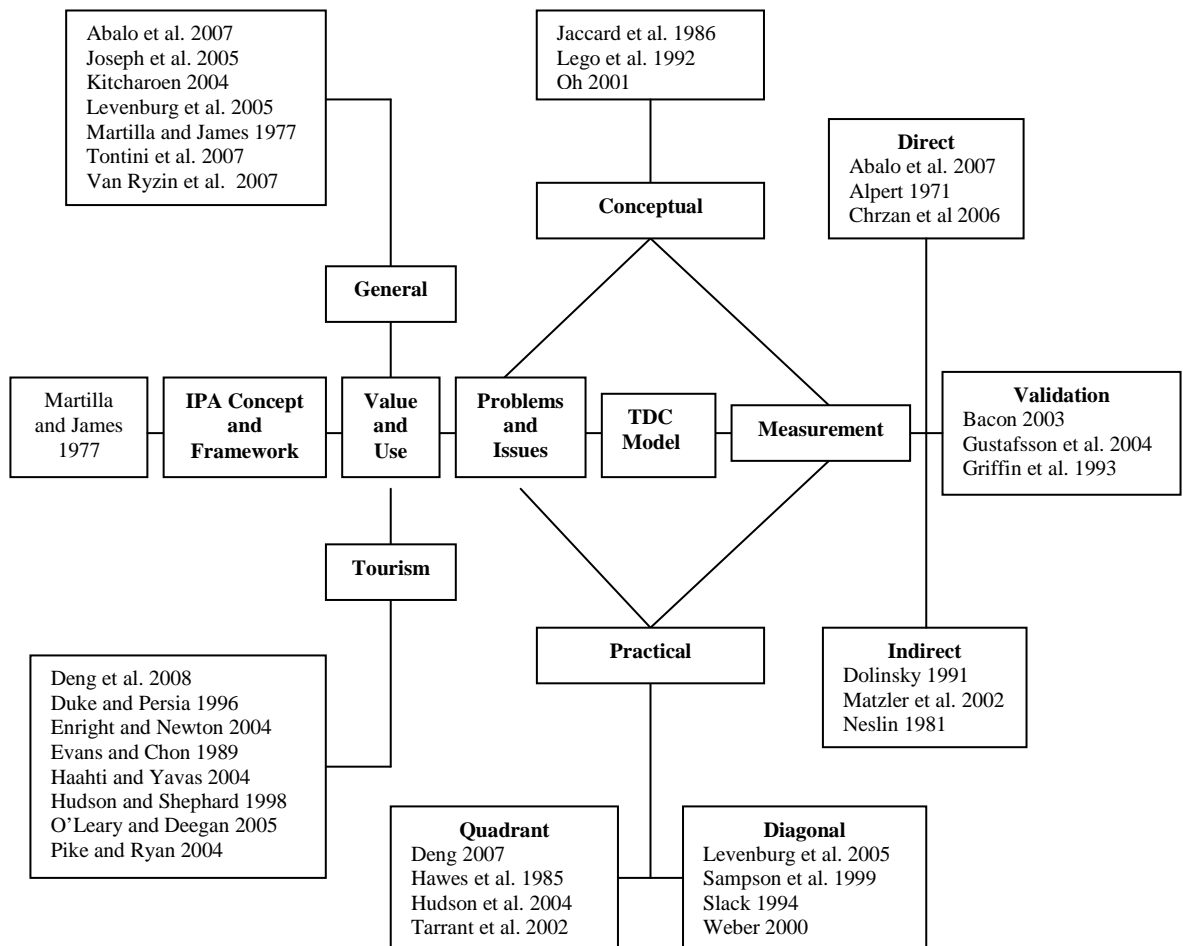
Figure 2.3: IPA Literature Map

Figure 2.3 represents a chart that maps out the conduct of the IPA literature review. The literature is first examined for a comprehensive understanding of the workings of the IPA framework as well as its value and application in various studies, with special emphasis on the hospitality and tourism research. The discussion then moves to identify the main issues and problems prevalent in IPA methodology and application. The literature review will focus on core conceptual, measurement, and practical concerns that arise from the use of the IPA method. Finally, some conclusions from the studies under review will be drawn which may assist in the development of an appropriate research instrument to assess a TDC model.

2.5.1 IPA Concept and Application

The IPA technique is a basic diagnostic decision tool (Matzler, Sauerwein and Heischmidt et al. 2003; Johns 2001) that facilitates the identification of improvement prioritisation (Sampson and Showalter 1999), the mobilisation and deployment of scarce resources to where they are needed most (Levenburg and Magal 2005), and the harmonisation of strategic planning efforts to enhance relative competitiveness (Matzler, Bailomb et al. 2004).

Martilla and James (1977) were the first to introduce IPA, basing their application on the conceptual foundation of multi-attribute choice models (Wilkie and Pessemier 1973). They recognised the value of analysing both attribute importances and factor performances, illustrating their case through a simple study of an automobile service dealer set on increasing service customers and repeat sales of new vehicles. The authors first identified fourteen attributes affecting service department patronage from the literature and interviews with the service and sales employees. They then conducted a questionnaire survey (45% response rate) using scale rating (based on a five-point Likert scale) to assess each attribute's importance and the performance of each attribute. This became the established procedure for subsequent importance-performance studies.

Slack (1994) argues that the utility of the strategic framework of Martilla and James (1977) derives from its ability to simultaneously examine the customers' or visitors' judgement of the importance of salient attributes and their perceptions of the providers' performance in meeting the demands on each attribute. Although measures of importance and performance can provide useful management information independently, the combined measures of importance (the perceived worth/value of attributes of the purchasing experience) and performance (the perceived state of the attributes of the consumptive experience) can effectively identify better competitiveness drivers, yielding greater marketing and management insights for decision making (Guadagnolo 1985; Haahti and Yavas 2004; Martilla and James 1977; Tarrant and Smith 2002; Wade and Eagle 2003).

Martilla and James (1977) presented their results in an IP matrix as in Table 2.5 which gives a typology that classifies importance and performance on a scale of low or high, making the interpretation of data easier and more useful for strategic management decisions.

Attribute Importance/Performance	Low Performance		High Performance	
High Importance	(IV)	Concentrate here *(Increase resources)*	(I)	Keep up the good *(Sustain resources)*
Low Importance	(III)	Low priority *(No change in resources)*	(II)	Potential overkill *(Curtail resources)*

Table 2.5: The Traditional IPA Matrix

The actual mean values of the ratings or the scale means for importance and performance can be used as hair points in constructing the two-dimensional grid that divides the matrix into four quadrants as shown in Figure 2.4 that provides a visual display of the results and potential strategic outcomes.
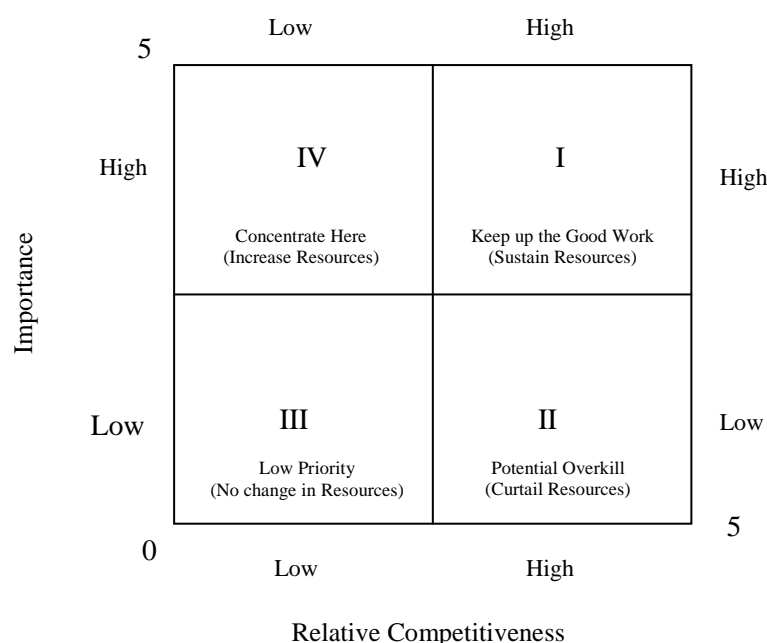
Source: Martilla and James 1977

Figure 2.4: The Original IPA Framework

The 'classical optimisation' interpretation (Eskidsen and Kristensen 2006) given by Martilla and James (1977) is quite straightforward:

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Quadrant (I): High Importance and High Performance (Keep up the good work)

Attributes falling within this quadrant are indicative of a destination's success in meeting customers' standards of performance in areas which visitors deem relevant. They represent major strengths and potential competitive advantages that should be maintained or exploited. It is assumed that scarce resources are being effectively allocated where they are needed most and that the current action strategies should be kept in place or enhanced.

Quadrant (II): Low Importance and High Performance (Possible overkill)

This area captures those attributes that are suggestive of over-performance. Marginal resources are being directed at attributes that represent minor strengths that have minimum impact on the firm's or a destination's relative competitiveness. These attributes signify inefficient use of resources and should command the lowest priority for improvement. Cost cutting strategies may be appropriate to release resources and effort to be redeployed where they are needed.

Quadrant (III): Low Importance and Low Performance (Low priority)

Attributes falling in this category do not embody an immediate competitive threat and are viewed as minor weaknesses. They are likely to attract low priority in the rationing of scarce resources by decision-makers and are potential candidates for losing out completely on resources and effort. If no gains can be achieved from improved performance, extra effort in this area is unnecessary.

Quadrant (IV): High Importance and Low Performance (Concentrate here)

This quadrant is the most critical categorisation because it provides a classification of elements in which the firm or destination fails to satisfy the customers' perceived level of performance in areas they judge as salient. Underperformance on these attributes requires immediate attention and the highest prioritisation in terms of resources and effort. The factors identified in this quadrant represent major weaknesses and threats to competitiveness. Policy changes and strategies should focus on directing marginal resources and extra effort to these attributes.

The IPA framework has been widely applied across various fields and contexts including food services (Sampson and Showalter 1999; Tontini and Silveira 2007); education (Alberty and Mihalik 1989; Ford et al. 1999; Kitcharoen 2004; O'Neil and Palmer 2004); healthcare (Abalo et al. 2007; Dolinsky 1991; Yavas and Shemwell 2001); banking (Joseph et al. 2005; Matzler et al. 2003; Yeo 2003); public administration (Van Ryzin and Immerwahr 2004, 2007); and e-business and IT (Levenburg and Magal 2005; O'Neill et al. 2001; Skok et al. 2001). In tourism, policymakers and management have used the IPA matrix to assess the competitive position of a product, service, company or tourism destination and to formulate the relevant strategies to achieve a competitive advantage over rivals (Deng 2007; Hudson, Hudson and Miller 2004;

Enright and Newton 2004). It achieved significant popularity among tourism, hotel and leisure researchers who adopted the approach in studies of destination image (Joppe et al. 2001; Litvin and Ling 2001; O'Leary and Deegan 2005); destination policy (Evans and Chon 1989); destination positioning (Pike and Ryan 2004); hotel and lodging services (Deng et al. 2008; Chu and Choi 2000; Mohsin 2007; Beldona and Cobanoglu 2007; Ryan and Huimin 2007); resorts and outdoor recreation (Hudson and Shephard 1998; Uysal et al. 1991; Guadagnolo 1985); tour services (Duke and Persia 1996; Zhang and Chow 2004), international meetings and conventions (Breiter and Milman 2006; Go and Zhang 1997); restaurant services (Keyt et al. 1994); and parks and protected areas (Haahti and Yavas 2004; Hollenshorst et al. 1992; Hunt et al. 2003; Tonge and Moore 2007; Wade and Eagle 2003).

There is only one instance where IPA methodology was explicitly applied to the combined framework of tourism-specific and business-related features to assess a destination's competitiveness. Enright and Newton (2004) applied the IPA matrix to assess the relative competitiveness of Hong Kong as a tourist destination on fifteen tourism-based factors and thirty-seven business-linked attributes that contributed to urban tourism in the Asia Pacific region. Their study was based on a survey of senior travel trade managers and practitioners (members of the Hong Kong Tourist Association) who were asked to evaluate the importance and performance of the selected attributes which had earlier been identified from the tourism and general competitive literature. In conformity with the traditional Martilla and James (1977) approach, the direct measurement of attribute importances was based on a bi-directional five-point Likert scale. Similarly, performance scores were obtained by asking respondents to rate Hong Kong's competitiveness on a five-point Likert scale. Out of two mailings involving 1,116 companies, only 183 answered the questionnaire which represented a low response rate of 16.4%. The results were displayed on the classical four-quadrant IPA space and the potential strategic action was inferred on the basis of the classical resource optimisation interpretation.

Although Enright and Newton's (2004) study demonstrates the value of including business-related factors in a comprehensive examination of a destination's competitiveness, its adherence without contestation to the original Martilla and James' (1977) IPA framework results in serious validity problems for its research findings. In essence, the study fails to take into account potential biases arising out of social desirability, unawareness, respondent fatigue and non-engagement, low response rate and common method bias and their implications for importance measurement and the validity of the results. While tests of internal consistency were undertaken by the authors, discriminant and predictive validity checks were largely ignored.

Tarrant and Smith (2002) maintain that the conceptual and methodological problems inherent in the original Martilla and James (1977) framework, as well as the lack of statistical analysis and validation seriously weaken the predictive power of the analysis. That can explain Enright and Newton's (2004) problem with interpreting unambiguously the results and providing a clear direction for action from their IPA grids (Mazanec et al. 2007). Approximately 33 - 40% of the tourism factors and business related attributes in the IPA space fell either on one of the two axes or were too close to either of the axes, making it impossible for a decision maker to interpret this outcome with the desired level of confidence level (see Enright and Newton 2004 p. 785 Tables 3 and 4). Moreover, most of the tourism attributes (67%) and business-related factors (70%) were concentrated in the positive quadrants of the IPA, denoting strong correlations between attribute importances and performances with serious consequences for the validity of the results.

These problems are symptomatic of most of the studies that employ the traditional IPA methodology. Huan et al. (2001) remark that most IPA studies are empirical applications that ignore the need to validate their results. The disregard of conceptual and methodological considerations is well noted in fourteen pre-2000 general as well as tourism IPA studies reviewed by Oh (2001 p. 620). Oh stresses that tourism and hospitality researchers should have more regard for explicit validation of their studies. An examination of thirteen post 2000 IPA tourism studies reviewed by the current research (see Table 2.6) confirms that reliability and validity concerns continue to be overlooked even in recent hospitality and tourism research.

The studies in Table 2.6 are as varied in their subjects as in their number of attributes under scrutiny, sampling sizes and response rates, rating scales and crosshair points. Whenever actual or scale means were used as crosshair points of the importance-performance grid, a high percentage of attributes fell in either quadrant two or three (Table 2.6 column 5). Alternative determination of crosshairs points would have led attributes to fall in different quadrants (Oh 2001). It appears that these studies have applied the IPA approach without any significant modification to the original Martilla and James' (1977) importance-performance framework.

A small number of researchers have attempted to deal with these validity issues, but the discussion is rather limited and fragmented. Although some of the studies have endeavoured to modify and extend the original IPA method (e.g. Burns 1986; Crompton and Duray 1985; Dolinsky and Caputo 1991; Malhotra 1996; Slack 1994), the IPA framework has remained basically unchanged (Deng 2007; Matzler et al. 2003; Oh 2001). In the next sections, the wider IPA literature will be critically reviewed to discern on core methodological issues and evaluate alternative approaches that seek to address these problems.

Author	Year	Response Rate		Subject	No of Attributes	Scales Used (Likert)	Crosshairs (means)	% of Positive Attributes
		No	%					
Deng, Kuo and Chen	2008	417	(na)	hotel lodgers (in hot spring hotels)	20	5**	actual	60.0
Beldona and Cobanoglu	2007	265	13.3	hotel lodgers	24	5*	actual	70.8
Deng	2007	386	58.0	tourists (visiting hot springs)	21	5**	actual	57.1
Moshin	2007	645	na	hotel guests	30	7*	na	100.0
Tonge and Moore	2007	132	62.0	visitors (marine parks)	14	5*	scale	78.6
Li, Wong and Luk	2006	151	na	managers (in joint venture hotels in China)	12	5*	actual	83.3
O'Leary and Deegan	2005	281	49.0	tourists (Ireland's image destination)	17	5*	actual	88.2
Enright and Newton	2004	183	16.4	senior managers	52	5*	actual	66.7
Haahti and Yavas	2004	82	na	tourists (on their last day to SantaPark)	13	5*	actual	77.0
Hudson, Hudson and Miller	2004	220	88.0	tourists (using tour operator services)	13	5*	target driven	38.5
Zhang and Chow	2004	438	88.0	tourists (in group tours)	20	5*	actual	85.0
Wade and Eagle	2003	129	na	tourists (visiting national parks)	15	5*	target driven	40.0
Chu and Choi	2000	564	na	international travellers	13	7*	actual	83.3

*direct scale rating   ** implicitly derived importance   Positive indicates the % of attributes in either Quadrants1 or 3

Table 2.6: Review of Tourism Importance-Performance Literature

2.5.2 Theoretical and Practical Considerations

In IPA literature many studies have put forward their own versions to infer resource allocation and prioritisation from the IPA matrix, suggesting modified techniques to measure attribute importances. Whilst most of the emerging techniques reflect the researchers' dissatisfaction with the outcomes and interpretation of the original IPA model, the literature does not offer an adequate approach to address in a systematic fashion the theoretical and practical concerns arising out of the IPA methodology. Nor have any significant effort been made to empirically contrast and validate the alternative techniques to determine which of the proposed models best represent a sound and accurate interpretation of consumer preferences and choices. However, the literature does provide useful insights and guidelines in evaluating importance measurements and analytical frameworks.

2.5.3 Quadrant and Diagonal Methods

In IPA literature, the data-centred, scale-centred, and diagonal methods are the prevalent approaches to inferring priorities, although the quadrant method is the preferred technique in tourism studies (see Table 2.6 p. 50).

The positioning of the horizontal and vertical axes fundamentally establishes the category into which individual attributes fall. In Figure 2.5 (p. 52), for example, point 13 falls in QIV if the scale means are used but in QIII if actual means are employed. The scaling of the axes represents a notable inconsistency among several studies that apply the IP grid to diagnose areas for action to achieve a competitive advantage. Basing his conclusions on a critical review of earlier studies that have applied data-centred or scale-centred approaches and on a reassessment of the data in these studies to compare the two approaches, Oh (2001) clearly demonstrates that alternative scaling of the axes leads to significantly different categorisation of attributes and interpretation of the results.

The choice of cross-hair points is rather subjective and depends on the researcher's objective. To Martilla and James (1977), the decision of where to place the axes in a four-quadrant grid is "a matter of judgement" in that the objective is the relative rather than the absolute measurement of the importance and performance levels of the attributes. Their prescription, which is adopted by numerous researchers, is to use the data-centred approach where the mean values of observed importance and performance ratings determine the cross-hair point of the IP matrix (e.g. Crompton and Duray 1985; Hudson et al. 2004; Deng et al 2007; Eskildsen and Kristensen 2006; Levenburg and Magal 2005; Matzler et al 2003; Ryan and Cessford 2003; Zhang and Chow 2004; Weber 2000). Other studies, however, employ a scale-centred approach where the mean values of the established scales (such as 4 in a 7-point Likert scale) determine the cross between the vertical and horizontal axes of the grid (e.g. Chen and Lee 2006: Evans and Chon 1989; Go and Zhang 1997; Hawes and Rao 1985; Tarrant and Smith 2002; Tonge and Moore 2007; Tontini and Silveira

2007). Oh (2001) contends that the scale-centred approach is the better technique because of its transparency in explaining the research outcomes. Nevertheless, the data-centred approach is equally clear and valid as long as the results are interpreted on the basis of its assumptions. In other words if, for example, the original scale is truncated, this would have to be taken into account in elucidating the outcomes.
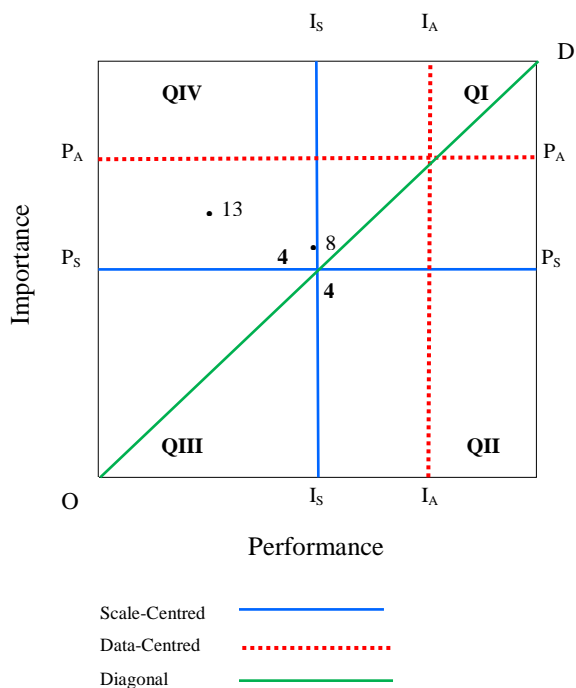
Figure 2.5: Quadrant (Actual vs Scale Means) and Diagonal Partitions

Irrespective of how the IP grid is divided, the quadrant approach firmly groups point estimates of the importance and performance of individual attributes into any of the four categories. Tarrant and Smith (2002) point out that no matter which crosshair point is chosen to divide the importance-performance grid, the quadrant approach has a problem in distinguishing between the attributes positioned in the same region. Some points can overlap either of the two axes or be too close to the intersection of all the quadrants to infer valid interpretation of priorities (Tarrant and Smith 2002; Wade and Eagle 2003). Borderline attributes may not be interpreted in the same way as other attributes that are distinctly within the relevant categorisation. If, for example, the axis is set at 4 and a single attribute has a value of 4.1 (see point 8 in Figure 2.5), one cannot interpret with confidence that it accurately fits this category. Using different sample sizes across five different recreational settings, Tarrant and Smith (2002) conclude that this problem is exacerbated with smaller sample sizes (less than 400).

Bacon (2003) and Eskildsen and Kristensen (2006) supports Tarrant and Smith's (2002) conclusions, observing that the innate problem in the quadrant approach is a question of

'discontinuity in the inferred priority'. They maintain that a small change in the position of an attribute can result in a significant change in the inferred priority. Bacon (2003) suggests that a partition that represents a smoother transition from high to low priorities is more appropriate to improve the validity of establishing priorities in the IP space. Among the alternative divisions of the IP grid, the diagonal line approach offers a more continuous transition in the inferred priorities (Abalo et al. 2007; Bacon 2003; Eskildsen and Kristensen 2006).

Several studies have used diagonal lines to differentiate among alternative resource priorities in an IP space (e.g. Hawes and Rao 1985; Levenburg and Magal 2005; Sampson and Showalter 1999; Slack 1994; Weber 2000). This extension of the quadrant method involves inserting an upward sloping 45^0 diagonal line to separate regions of different priorities (see line OD in Figure 2.5). Bacon (2003) defines this line as an iso-priority diagonal where all points on it has equal priorities for improvement (I= P). The points above the line depict an area of high priority for improvement and opportunity (I > P), while the region below suggests low priorities (I < P). The difference between importance and performance (P - I), or gap analysis, is often used to predict consumptive behaviour (Sethna 1982; Ford et al. 1999). However, while Shaw et al. (1992) claim that gap analysis is rigorously grounded, others question its theoretical validity. Bacon (2003) assiduously points out that, since importance and performance are two different constructs measured on different scales, the mathematical difference between importance and performance merely projects an intuitive rather than a precise meaning.

As has been noted in IPA literature, the scale-centred and the data-centred quadrant approaches and the diagonal methods are widely used in a variety of contexts, while their predictive validity is rarely examined. Bacon (2003) is an exception in that his empirical study attempts to validate his IPA model. The author used fifteen different data sets to test which of the scale-centred quadrant, the data-centred quadrant and the diagonal approach can predict the priorities for obtaining a competitive advantage. Bacon (2003) concludes that the performance of the diagonal line model is relatively better than the other models. The adjusted R^2 of the diagonal line was found higher than that of the scale-centred method in eight of the nine datasets and greater than the adjusted R^2 of the data-centred quadrant model in thirteen of the fifteen data sets. However, he could not explain the low predictive validity of even the best model. On the basis of his analysis, Bacon (2003) notes that the specific gradient of the partitioning diagonal needs to be ascertained and that the model's ability to predict priority areas must be validated.

2.5.4 Importance and Competitiveness Measurement

Validity problems in tourism studies that apply IPA methodology can be invariably traced to conceptual and measurement problems. The concept of performance and its measurement are

much less controversial than that of importance and most of the discussion in IPA literature focuses on conceptual and measurement problems of importance (Abalo et al 2007; Baker and Crompton 2000; Garver 2003; Eskildsen and Kristensen 2006; Oliver 1997; Tontini and Silveira 2007).

Jaccard et al. (1986) argue that in the absence of a clear definition of importance, it is difficult to measure the concept without ambiguity. They observe that importance is conceptualised differently by different researchers in the studies they reviewed and conclude that the construct is a multidimensional concept. Lego and Shaw (1992) support these views and note that different conceptualisations require different measures. This implies that if the importance measure does not reflect its specific meaning, the implications for the study in terms of validity can be serious. Oh (2001) proposes a two-stage approach to defining importance whereby first the level of salience of an attribute is established and then its strength measured in terms of a key objective. On this basis, measuring relative importance against a clear value criterion would reflect the highly competitive environment in which the tourism industry operates.

Even if importance is conceptualised in line with the study's objective as suggested by Oh (2001), the literature is still uncertain as to which method accurately measures visitors' perceptions of attribute importance. Although several importance measures have emerged from the IPA literature, the focus is primarily on the choice between direct and statistically derived estimates.

2.5.5 Direct Importance Measurement

Most studies using IPA methodology for resource prioritisation and allocation favour reported importance as a direct way of measuring the importance of selected attributes (Abalo et al. 2007; Chrzan and Golovashkina 2006; Griffin and Hauser 1993). Direct methods are quite straightforward and only require limited statistical skills and expertise, which make such approaches simple, comprehensible, and attractive for decision makers to implement. The literature offers various alternatives to obtain stated attribute importances. The most common approach is direct rating where respondents are asked to rate the importance of some attribute on a Likert-type scale (Oliver 1997). Similar techniques involve point allocation methods. For example, in constant sum ratings, respondents can be asked to allocate 100 points across a set of attributes in terms of their importance, while in anchored scale ratings, they may be required to assign 10 points to the most important attribute and up to 10 points to other attributes. Griffin and Hauser's (1993) research findings did not yield any significant differences among direct rating, constant-sum and anchored scales. Bottomley, Doyle and Green (2000), however, claim that direct ratings are superior to the other techniques because they provide more stable importance weights and are generally the method best preferred by respondents.

Bacon's (2003) empirical research supported the claim made by Alpert (1971) that direct measures of importance reflect better attribute importance than indirect methods. One advantage of the direct approach is the idiosyncratic nature of the self-reported procedure that emphasises the individual differences in importance weights. Neslin (1981) also highlights the high convergent validity of direct importance measurement but he seriously questions its predictive power. The problem may be conceptual and an appropriate measurement instrument that is based on a clear, unambiguous definition of importance can go a long way in improving the predictive validity of the model (Baker and Crompton 2000; Jaccard et al. 1986; Ryan and Cessford 2003). Myers and Alpert (1977) point out that, for example, confusing determinance with importance confounds the issue of predictive validity. Oh (2001) succinctly infers that reliability and validity considerations are subject to acknowledging the multidimensional nature of the importance concept whereby different definitions necessitate different measurements.

IPA literature has also highlighted validity problems associated with self-reported measures of attribute importance due to various biases that weaken their ability to explain observed behaviour (Lowenstein 1995; Smith 2007). Gustafsson and Johnson (2004) identify social desirability bias as one potentially damaging problem. Customers or visitors are sometimes inclined to deliberately reveal preferences that are simply acceptable to others rather than what they really feel and want to admit (King and Bruner 2000; Middleton and Jones 2000; Nancarrow and Brace 2000). However, Bacon (2003), citing Green et al (1981), claims that empirical findings show that the prevalence of social desirability bias in direct measures of importance is not large enough as to make its predictive power less effective than that of indirect methods. Sambonmatsu et al. (2003) contend that respondents may nonetheless be unaware or deprived of the required knowledge to evaluate the importance of the various attributes of a product or service. Other potential biases that can result in misleading assessments of attribute importance include rater fatigue especially since direct measures of importance involve a parallel set of repetitive questions to measure performance within the same questionnaire (Carman 1990; Oh and Parks 1998). Bacon (2003) notes that fatigue bias can contribute to the apparent lack of respondents' engagement and involvement with questionnaires. These biases can partly explain the observed tendency for customers or visitors to rate all attribute importances as uniformly high (Abalo et al 2007; Garver 2003; Gustafsson and Johnson 2004). This would seriously limit the ability of IPA matrix to discriminate effectively among attributes which will naturally cluster in the upper part of the traditional IPA grid.

The reason for inflated ratings of attribute importance may well lie within the research procedure set by Martilla and James (1977) which has been adopted by numerous studies that use IPA. Wade and Eagle (2003) argue that since the questionnaire elicitation of attribute importance is based on a list of attributes already established as important by a preceding qualitative study or a literature

review, there is a natural progression for attributes' importance to be rated as high by respondents. The practice requiring consumers to rate individual attributes one at a time without taking into account competitive considerations is likely to lead to an overestimation of attribute importance and restrict the range of importance scores. This is supported by various empirical studies (Oh 2001; Wade and Eagle 2003). Indeed, IPA was never meant to be a repository of absolute importance and performance scores. The use of absolute rather than relative (competitive) importance significantly limits the discriminatory and predictive power of stated importance measures since absolute importance measures are not a realistic depiction of the high competitive environment in which tourism destinations operate.

To avoid some of these problems, some studies have used more complex approaches to direct measurement of importance that include paired comparison methods such as the analytic hierarchy process (AHP) (Saaty 1977, 1980, 1994). This technique has also been applied in some tourism studies (e.g. Ananda and Herath 2002; Chen 2006; Crouch 2007; Crouch and Ritchie 2005). AHP is based on a hierarchical structure, pairwise relative comparison, and the application of redundancy in evaluation (Saaty 1980). Mouthino et al. (1996) view this approach as broad, flexible, and suitable for deriving numeric measures of relative importance of decision variables. However, some critics, particularly Hill and Zammit (2000) and Dyer (1990) question its theoretical foundation, sustaining that the model lacks a theoretical basis for constructing hierarchies, has no underlying statistical theory and provides arbitrary measures of importance. Furthermore, Gustafsson and Johnson (2004) highlight the practical difficulties involved in surveying participants in that the method imposes a heavy burden on respondents to comply with its requirements, making it unsuitable for IPA application.

2.5.6 Indirect Importance Measurement

Statistically inferred methods have been primarily instigated by the need to avoid apparent biases and weaknesses pertaining to direct importance quantification (Gustafsson and Johnson 2004; Matzler et al 2003; Van Ryzin and Immerwahr 2007). Since the derived measures of attribute importances are normally elicited from a single performance scale (that requires only one set of questions on attribute performances), the questionnaire's length (and cost) can be significantly curtailed. Thus, these approaches can benefit from lower rater fatigue and higher respondent involvement.

Most of the techniques that are used to elicit inferred attribute importance are generally based on correlation estimation, multivariate regression measurement, and conjoint analysis (Anderson and Mittal 2000; Chu 2002; Matzler et al. 2003). These implicit measures are essentially estimates of relative importance in that importance weights depend exclusively on data for all attributes and,

therefore, should discriminate effectively among a variety of attributes. According to Garver (2002), this should prevent attributes from crowding together in one segment of the IP grid. Van Ryzin and Immerwahr (2007) reiterate that since these approaches accentuate the attributes that are empirically related to some measure of overall performance, an appropriate use of these dependence techniques can provide for more precise estimates of relative importance and allow for higher predictive validity. However, as Neslin (1981) points out, the aggregate nature of the statistical procedures ignores the individual differences in importance weights, causing the experimental error to be increased and, consequently, the estimation precision to be reduced.

Although derived estimates of relative importance are not necessarily sensitive to the same biases and failings of direct measurements, they are primarily limited by the strict assumptions underlying their statistical procedures. In linear regression, the importance weights are generally derived from standardised regression coefficients obtained by regressing an overall measure of performance on the performance ratings of individual attributes (Chu 2002; Dolinsky 1991; Neslin 1981; Matzler et al. 2003; Oliver 1997). The standardised coefficients express the relationship between an individual attribute and the overall performance of a product and service. It is, consequently, a measure of inferred importance, its strength explaining the contribution of each individual attribute to the overall service performance (relative importance). The higher the coefficient, the greater is its relative importance.

However, the precision of these estimates depends exclusively on the strict adherence to the conditions of unbiasedness and linearity assumed by the regression procedure. Lowenstein (1995) notes that it is, generally, difficult for simple correlation and regression approaches to meet these requirements. When the assumptions of these statistical models are violated, the validity of the results is compromised. In regression estimation of importance, several studies reported non-linear relationships between individual attribute performance and the overall performance measure, as well as strong multicollinearity among attributes (Mittal et al. 1998; Sethna 1982; Ting and Chen 2002). Matzler, Fuchs and Schubert (2004) expect that significant attribute multicollinearity would result when regression procedures are applied to derive attribute importance and highlight the consequent implications of multicollinearity on the model precision. Danaher (1997) postulates that a strong presence of multicollinearity on regression coefficients renders their precision so weak that it may be difficult to discriminate successfully among the attributes.

Furthermore, statistically derived importance methods often infer that correlation relationships are causal (Bacon 2003; Sampson and Showalter 1999). Oh (2001) argues that the IPA graphical representation tacitly assumes at least some form of correlation between importance and performance. However, he goes even further and suggests that the relationship between the two

constructs can be causal. Even Martilla and James (1977) indicate that importance and expectations are potential antecedents to performance. That is, performance may be directly influenced by the importance that consumers attach to the various attributes. Research findings in Sampson and Showalter's (1999) study show that the relationship between performance and importance can be causal and negative. However, the validity of these results is highly questionable. When 6th to 8th grade students are asked to make accurate evaluations of disaggregated service attributes in a monopolistic business environment, the potential for high awareness bias is significant.

The studies examined by Oh (2001) tend to support the plausibility of strong positive or negative correlations between the two concepts, especially when scale-centred approaches are used. A high positive correlation between importance and performance would drive all attributes to fall within quadrants (I) and (III) whereas a high negative correlation would result in attributes being located in quadrants (II) and (IV) (refer to Figure 2.5 p. 52). The strength of these relationships can have serious validity implications for the IPA matrix. However, Oh (2001) readily acknowledges the high probability that in-between concepts correlation can be exacerbated and confounded by among-attribute correlations.

The introduction of response biases such as the halo effect (Chong and Wong 2005) or acquiescence influence (Van Soest and Hurd 2004) can inflate correlations among attributes, confounding any causality relationship. Bacon (2003) explains that negative regression coefficients are also possible because complex interrelationship among attributes that are examined concurrently can cause some importance attributes to be underestimated. Portraying attribute importance as negative, however, is in contradiction to the a priori basic assumption that the selected attributes are important as established by preceding qualitative studies or literature reviews. Any suggestion of causality implied by correlation relationships must, therefore, be treated with caution. Although correlation is a basic condition for causality, a strong correlation coefficient between an individual attribute and overall performance does not necessarily justify determinance (Stratmann et al. 1994).

2.5.7 Empirical Validation

In IPA literature there is limited empirical evidence to support which of the derived and direct importance approaches perform best in assessing the relative importance in IPA application. In one of the first empirical studies that explicitly examined the performance of direct and indirect approaches to importance measurement, Griffin and Hauser (1993) reported that stated importance ratings outdo regression estimation of attribute importance. The authors compared three direct methods of quantifying importance (scale rating, constant sum scale, and anchored scale) to one

statistically derived importance measure obtained by regressing performance ratings for consumer products on an overall rating of satisfaction. Results showed that each of the three direct measures of importance correlated highly with consumer preferences for the hypothesised product concepts and had high face validity in addition to a high predictive power. In contrast, regression-based importance measures did not correlate with consumers' preferences for the defined products and had quite a few non-interpretable negative coefficients as well as poor face validity. Griffin and Hauser (1993) attribute the poor predictive validity of the regression procedure to multicollinearity between variables which they confirmed on reworking the data of an earlier study (Griffin 1989). Although the superiority of the direct measures of importance over simple regression estimation has been confirmed by Bacon (2003) and Gustafsson and Johnson (2004), Griffin and Hauser's (1993) research findings have nevertheless to be treated with caution. The results have to be interpreted in the light of a comparison between three direct importance measures against a single statistical method which does not necessarily represent the best statistical alternative. Not even Griffin and Hauser (1993) claim that they have found the best method.

Gustafsson and Johnson (2004) undertook the task to compare the performance of four statistically derived measures of importance (multiple regression, normalised pairwise estimation, partial least squares, and principle components regression) with that of a single direct importance measure based on a ten-point Likert scale. All importance measures were examined against a set of established criteria that included variation explained, diagnosticity (the ability to identify the consumers' most important attributes), non-interpretable negative measures, and prediction. Postal, supermarket and pharmacy services were surveyed and comparisons made across three data sets obtained from convenience samples of university students who finished written surveys as part of their course. Research results did not justify the superiority of any one measure over the rest. They performed differently on the set criteria. For example, multiple regression and normalised pairwise estimation performed better in variation explained, partial least squares and principle components regression in diagnostic power and direct importance ratings in the relative ability to explain future (long term) consumer behaviour such as consumer loyalty. Gustafsson and Johnson (2004) conclude that derived importance methods are better at capturing immediate consumers' purchasing experiences whereas direct measures reflect better consumers' perceptions of overall attribute salience over time. This may well imply that experts are better positioned at evaluating 'forward-looking' importance judgments in direct measurements. Given the relative strengths and weaknesses of each method, Gustafson and Johnson (2004) recommend that whenever possible a study should apply different measures to quantify importance but that in any case the choice of approach depends on the study context and the researcher's objective. While that advice follows from the research outcomes, it should be noted that the authors use only one alternative to operationalise importance directly which may not be the best performer among stated

measures. The results have also to be interpreted with care because of the possibility of common method bias and unmet model assumptions in the statistical approaches and sample specificity of the study.

Bacon's (2003) study provided additional evidence that direct measures are better than statistically derived importance measures but he could not explain the low predictive validity of such approaches. The author bases his conclusions on a comparison of the adjusted R^2s within diverse data sets across the three measurements. Results show that scale-rated data are generally more valid than correlation coefficients, which in turn have higher validity than regression coefficients. In most of the data sets examined, the coefficient of determination of direct ratings was higher than that of the correlation and regression measures. Although the results sustain Bacon's (2003) contention that direct measurement of importance using Likert scale ratings are relatively better than statistical alternatives, he could not explain the poor prediction of consumer priorities of even the best fitting model. In all cases, the models' variables explain less than forty per cent of the total variance. Among-attribute correlation, which seems to be a characteristic of scale-rated data, and high level of aggregation, are plausible reasons for the low predictive validity of the reported importance measure. It can be surmised that direct measurement of attribute importances, however popular, needs to improve its overall validity (Chrzan and Golovashkina 2006).

2.5.8 Alternative Importance Measures

It has been suggested in the literature that partial ranking techniques can circumvent some of the problems associated with derived importance measures as well as rating scale importance measures. Partial ranking basically involves asking respondents to rank attributes in order of importance. As a result, ranking scores are distributed in a way that ensures effective discrimination within attributes. Since this procedure requires participants to evaluate their preferences relative to the rest of the attributes, importance weights reveal the competitive measures of stated importance for all attributes. The fact that respondents are required to state only their top few preferences should reduce rater fatigue and induce greater involvement. Matzler et al. (2003) and Sampson and Showalter (1999), following Mersha and Adlakha (1992) applied partial ranking methods in their IPA studies on the basis of the mean rank of ordered attributes using the frequency scores (or percentages) for each attribute. In all cases, they failed to achieve an adequate value distribution within the IPA space. The problem is in their aggregation procedures which ignore both the range of attributes under consideration as well as the reported order of respondents' preferences. If these variables are taken into account, among-attributes discrimination should improve. In a study carried out in primary healthcare settings, Abalo et al. (2007) provide some support for these contentions but the study does not demonstrate an effective spread of attributes across the IPA segments. This may have been the result of measuring attribute

importances and performances on different scales as well as failing to explicitly validate their model and importance and performance measures.

A number of tourism studies have adopted conjoint analysis as a sophisticated alternative multivariate methodology which depends on less restrictive assumptions than multiple regression analysis and which can avoid the validity traps of reported importance techniques (Feather et al. 1995; Linberg at al 2001; Mattila 1999; Thyne, Lawson and Todd 2006; Van Limburg 1988). This technique permits the researcher to evaluate attribute importance and the levels of each attribute. The consumer can only assess a few service profiles which are an aggregate of service levels. Since the experimental design of conjoint analysis is orthogonal in nature, it can exclude among-variables multicollinearity (Haider and Ewing 1991). The use of multi-levels for each attribute also minimises concerns with respect to non-linear dependence normally associated with regression techniques. However, Hair et al. (1998) point out that the conjoint technique requires an elaborate data collection process that places a huge burden on the respondent in the face of numerous conjoint stimuli to be evaluated, and is thus difficult to implement when more than a few attributes are concerned. This makes conjoint analysis inappropriate for examining the numerous attributes that determine the competitiveness of a tourist destination.

2.5.9 Conclusion

IPA literature does not identify any particular approach that distinguishes itself in addressing validity concerns but a few empirical studies have provided some guidelines for applying IPA. Various studies suggest that 'importance' is a multidimensional concept that has to be quantified by a measure that faithfully reflects its conceptualisation. Some researchers advocate the use of direct 'importance' measurement, but caution against potential biases of self-reported measures. The surveying of experts is considered one way of reducing social and awareness biases. Other researchers suggest that implicit importance measures have better predictive validity than direct ratings. However, these indirect measures are also known to be severely limited by the model's underlying statistical assumptions. To address these statistical concerns, some tourism studies adopt more sophisticated approaches such as conjoint analysis and AHP, but these techniques are deemed unsuitable mostly because they require an intricate data collection process that puts an arduous task on research participants. The literature recommends the use of multiple methods to measure importance within the same study. It emphasises the need for further research to improve the validity of IPA methods and measurement of its core concepts.

2.6 Summary of the Literature Review

Tourism literature suggests that tourism is a special case of trade in services with particular characteristics that require special treatment in competitiveness analysis. Economic and

management literature has identified several conceptual and measurement problems that are the subject of an ongoing competitiveness debate, but it also provides TDC studies with sound theoretical foundations based on the integration of comparative and competitive advantage theories. These concepts are implicit in several models that focus on specific aspects of competitiveness and the enumeration of various components that affect it. In spite of their narrow focus and measurement problems, these models contribute to a better understanding of competitiveness and the development of TDC frameworks. This is acknowledged by the three most comprehensive competitiveness models to date, which have been primarily designed with large countries in mind. These models provide exhaustive lists of indicators but are still incomplete elaborations. They lack empirical support to validate their formulations and have limited practical utility in evaluating TDC. The literature has strongly suggested further research in TDC models and measurement, especially in small destinations. IPA has been identified as a potentially useful diagnostic tool for assessing TDC. There is a strong body of evidence to show that IPA is a useful and versatile tool but the technique is still surrounded by conceptual, methodological and measurement ambiguity. IPA has been particularly criticised for its poor discriminatory and predictive validity. IPA literature highlights the need for IPA research to be extended to incorporate reliability and validity measures.

The literature review has revealed a number of gaps that this study aims to address. The literature highlights the need for ongoing research, and for a greater effort to develop an understanding of the factors that impact TDC. It stresses the importance of more detailed empirical studies on the diverse components that make up TDC. It underlines the lack of applied research building in the different contexts in which TDC models can be applied. Great emphasis is placed on the need to develop and test a TDC model that is relevant to small islands. It is argued that, since no set of competitiveness factors is universally applicable to all destinations, it is necessary to explore the different types of indicators that are relevant to different contexts. The literature also points to the substantial amount of research that is needed to develop suitable measures of competitiveness to assess the relative importance, performance and priority of the different factors that influence TDC.

CHAPTER THREE

Research Methodology and Methods

3.1 Introduction

This chapter explains the methodological foundation of the inquiry and evaluates the strategies and methods used to address the research questions. The study's objectives provide a road map for the entire research process and are restated as follows:

i. to develop an island destination model for the identification of critical factors that impact on tourism competitiveness;

ii. to identify a reference set of competing destinations within a specified context;

iii. to construct quantitative measures that reveal the relative importance and relative competitiveness of tourism and business factors determining destination competitiveness;

iv. to establish an analytical framework for assessing island competitiveness relative to competing destinations and identifying priorities for action;

v. to test and apply the destination competitiveness model to Malta;

vi. to raise practical issues when applying models and measures of competitiveness to small island destinations;

vii. to suggest guidelines and recommendations to enhance the competitiveness of small island destinations.

These objectives guide the study and determine the methodological position, research design, operational strategies, methods and procedures taken up in this inquiry. This chapter presents a broad review and evaluation of the methodological options that are available for the study of tourism destination competitiveness, and then discusses the specific strategies and analytical techniques applied to this research.

The structure of the chapter follows the guidelines for discussing research processes suggested by Creswell (2003) and consists of three main sections. Section 3.2 examines the ontological, epistemological, and methodological assumptions of some alternative philosophical paradigms that can inform the study on TDC. It presents logical and gradually developing arguments for the

choice of the methodological stance, and the selection of analytical methods of inquiry that are consistent with the preferred approach. This grounds the study within a sound methodological context and provides a rationale for the adopted research strategy. This section concludes by discussing the sequential two-stage mixed approach, and by presenting the research design, broken down into various processes aimed at achieving the study's objectives.

Section 3.3 focuses on the exploratory first phase of the study. It discusses methodological issues relevant to qualitative inquiries and gives an account of the procedures used to explore the factors that determine tourism competitiveness within the context of small islands. It provides background information on the researcher, and considers the extent to which these personal, subjective factors impact the research process and findings. The discussion proceeds with an open, thorough account of data collection, management, and analytical procedures with a view to achieving credibility and high ethical standards. This section subsequently justifies and explains in detail the sampling strategies, the data analysis and interpretation processes, as well as the verification procedures used in the qualitative phase of the inquiry.

Section 3.4 is concerned with the quantitative second stage of the research design. The conduct of the quantitative inquiry is dependent on the research findings emerging from the initial qualitative investigation (reported in Chapter 4). This section deals with survey methodological issues and methods, and discusses the design strategies, the quantitative analytical processes, and the data treatment utilised in the measurement of TDC. It also reports on the actual implementation of the survey. Initially, the focus is on providing a justification for choices regarding the survey research design, the surveyed population, 'expert' judgements, the sampling frame and other data quality considerations, including the use of the self-administered questionnaire as a data-gathering technique. The attention then shifts to the questionnaire design, the pre-tests, and the pilot study undertaken to assess various aspects of the research strategy and survey instruments. This is followed by an extensive description of the field research, and the procedures applied to ensure high ethical standards. This section finally discusses various measurement issues, evaluates quantification procedures introduced in the analysis of data, and examines the statistical treatment and interpretation of data as applied in this study to ascertain that the results conform to reliability and validity criteria.

This chapter comes to a close with a summary of the main methodology and methods considerations discussed.

3.2 Methodological Position and Research Strategy for TDC Studies

There are various, often contrasting methodological approaches to social scientific inquiry which can inform and guide research in tourism destination competitiveness. They differ mostly on their philosophical assumptions about the nature of reality (ontology), knowledge (epistemology), values (axiology), research strategies (methodology), and procedures (methods). These basic assumptions directly or indirectly influence the researcher's choice of research framework, including broad-based strategies and specific techniques to address the research question.

Although most of the assumptions underlying methodological approaches, strategies and methods are often unspecified in tourism studies, an explicit statement on, and justification of, philosophical stances enhance the quality of tourism research (Pearce and Butler 1993). Thinking through philosophical issues not only clarifies the research design but also facilitates the identification of the most suitable approach to deal with the research questions in an optimal way (Easterby-Smith, Thorpe and Lowe 2002).

Researchers hold different views of reality (e.g. single vs multiple realities) and make diverse assumptions about the nature of knowledge and its justification (objectivity vs subjectivity). Divergent claims to knowledge create contrasts on the role of values in an inquiry (e.g. value-free vs value-bound) which requires different research rhetoric (formal vs informal literary style). Opposing philosophical positions suggest different methodological approaches (e.g. quantitative vs qualitative) and distinct methods and procedures to address the research questions (hypothetico-deductive vs inductive; surveys vs in-depth interviews).

Figure 3.1 illustrates how the initial, broad-based knowledge assumptions influence the research design decisions.
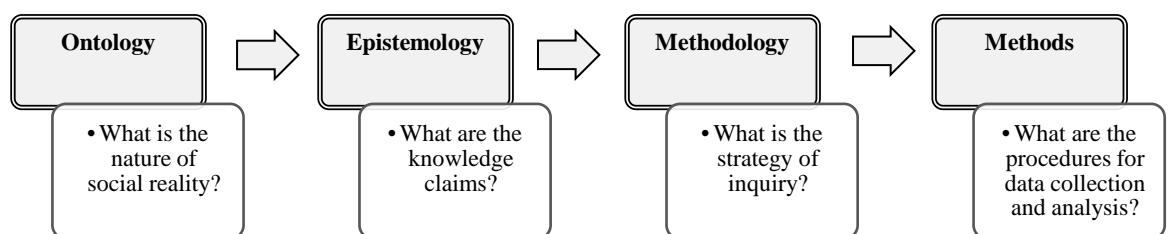
Figure 3.1: Philosophical Assumptions Underpinning a Research Design Choice

When philosophical stances, research strategies and procedural methods are integrated, they provide diverse paradigms for doing research (Creswell 2003; Guba and Lincoln 1994a). These aspects are simply interrelated levels of decisions that go into the research design to inform and guide the study (Crotty 1998).

3.2.1 Research Paradigms

Several studies have reviewed different research approaches and their implications for research design and methods (e.g. Cherryholmes 1992; Creswell 2003; Creswell and Piano Clark 2007; Crotty 1998; Denzin and Lincoln 1998, Guba and Lincoln 2005; Howe 1988; Lincoln and Guba 1985, Miles and Huberman 1994; Neuman 2000; Punch 1998; Tashakkori and Teddlie 1998; Teddlie and Tashakkori 2009). Five paradigms that have influenced social science research are considered in this study: positivist, postpositivist, constructivist, advocacy/participatory, and pragmatist approaches.

Table 3.1 summarises these methodological positions which suggest alternative research frameworks, incorporating associated methods for the TDC study. Although various options are available when deciding on the research design, there are hardly any algorithms that indicate the ideal choice for the TDC study. However, as can be deduced from Table 3.1, choices are quite intricately tied to specific philosophical stances. This can at least ascertain that different aspects of the research design, such as ontology, epistemology, axiology, methodology, methods, and logic of inquiry, rhetoric, data analysis, and quality considerations are consistent with each other. As Morgan and Smircich (1980) note, the choice of approach is ultimately contingent on its appropriateness to achieve the research objectives.

The positivist approach as depicted in Table 3.1 is often referred to as the 'standard view of science' (Robson 2002). It assumes one single reality and seeks to provide explanations of phenomena related to general laws (Guba and Lincoln 1994b). Objective knowledge is obtained from direct observation or experience, while scientific knowledge is based only on hard facts and value-free evidence. Thus, quantitative data is derived from standard rules and procedures with the aim to test hypotheses against facts to generate universal laws. Using deductive methods of inquiry, the positivist paradigm has, as one of its key objectives, the measurement of causal relationships among variables under controlled conditions. Its deterministic stance makes positivism an unlikely approach for TDC studies as well as for social science research. It has been severely criticised both for its philosophical assumptions (see Bhaskar 1986; Blaikie 1993) as well as its applicability to social research (see Benz and Shapiro 1998; Sarantakos 2005). Unrealistic assumptions and strict adherence to natural sciences' methodologies, makes the philosophical underpinnings of positivism unviable for behavioural and social science research (Byrne 1998).

	Positivism	**Postpositivism**	**Constructivism**	**Advocacy/Participatory**	**Pragmatism**
Ontology Nature of reality, being and truth	Naive realism (Singular reality) An objective external reality that can be discovered Governed by fixed natural laws (e.g. Tests hypotheses true/false)	Critical realism (Probabilistic) External reality understood imperfectly Triangulation of sources required (e.g. reject/fail to reject hypotheses)	Ontological relativism Multiple constructed realities/holistic Reality is constructed in people's minds (e.g. Quotes used to illustrate different perspectives)	Critical/Historical realist (Political reality) Multiple viewpoints regarding social realities Explanations that promote justice (e.g. findings negotiated with participants)	Singular/multiple realities Best explanation within personal value systems (e.g. test hypotheses and offer multiple perspectives)
Epistemology Nature of knowledge and its justification Relation between researcher and reality (researcher and that being researched)	Objectivism/Dualism Knower and known independent Dualist/Objectivist/True findings Distance and impartiality (data collected objectively)	Modified dualism/Objectivism Knower and known independent Subjective knower - objective world Findings are probably true Distance and impartiality (data collected objectively)	Subjective point of view Reality co-constructed with participants Knower and known inseparable Transactional/Subjective Findings are emergent/created Closeness (data collected subjectively)	Objectivity with interaction with participants valued by researchers Transactional/Subjective Findings are mediated by values Collaboration (Participants are treated as collaborators)	Objective/subjective views Depending on stage of research cycle Practicality (Data is collected by what works)
Axiology Role of values	Value-free inquiry Unbiased Checks used to eliminate bias	Values in inquiry Their influence may be controlled Unbiased Checks used to eliminate bias	Inquiry is value bound Biased Researcher talks about their biases and interpretations Values are an integral part of social life No values are wrong, only different	All aspects of research guided by social justice Biased and negotiated Researchers negotiate with participants about interpretations Science must begin with a value position Some positions are right, some are wrong	Values important in interpreting results Multiple stances Researchers include biased and unbiased perspectives
Methodology Techniques, procedures, methods to investigate reality	Quantitative (Quan) Deductive	Primarily Quantitative (Quan) Triangulation of Quan and Qual Deductive Researcher tests an a priori theory	Qualitative (Qual) Inductive Researcher starts with participants view and develops patterns, theories and generalisations	Any Qual + Quan with a critical stance Dialogical/Dialectical Participants involved in methods decisions Participatory Researcher involves participants in all stages of research and engages in cyclical reviews of results	Qual + Quan Using best methods Combining Researchers collect both quan + qual

Table 3.1: Differences among Key Methodological Positions and Implications for Choice of TDC Research Design and Implementation *(continued)*

	Positivism	Postpositivism	Constructivist	Advocacy/Participatory	Pragmatism
Research Purpose	Confirmatory plus exploratory Discover natural laws	Confirmatory plus exploratory Discover natural laws	Often exploratory plus confirmatory Understand, describe meaningful action	Often exploratory plus confirmatory Empower people to change society	Confirmatory plus exploratory
Logic Role of Theory	Hypothetico-deductive Rooted in conceptual frame/theory	Hypothetico-deductive Rooted in conceptual frame/theory	Inductive Interpretivism, symbolic interactionism	Inductive and hypothetico-deductive	Inductive/hypothetico-deductive Inductive-deductive research cycle
Typical Studies Designs/Techniques	Correlational; survey; experimental; quasi-experimental	Correlational; survey; experimental; semi-structured interviewing	Narratives, phenomenology, case study, ethnography, grounded theory	Narrative, story	All design traditions; MM designs: sequential ; parallel; transformative
Possibility of Causal Links	Real cause temporally precedent to or simultaneous with effects	Causes identifiable in a probabilistic sense that change over time	Impossible to distinguish causes from effects	Causal relations understood within the framework of social justice	Causal relations are transitory but are hard to identify
Sampling	Probability	Mostly probability	Purposive-theoretical	Purposive	Probability, purposive and mixed
Possible Generalisation	Nomothetic position External validity important	Modified nomothetic position External validity important	Only ideographic statements possible Transferability issues important	Ideographic statements emphasised Results linked to issues of inequalities	Ideographic statements emphasised External validity and transferability
Data Collection Strategies	All types; typically involves structured observations, close ended interviews, questionnaires and tests	All types; typically involves structured observations, close ended interviews, questionnaires and tests	All types - typically unstructured observations, open-ended interviews, focus groups and unobtrusive measures	All types	All data collection strategies
Form of Data	Numeric	Mostly numeric	Typically narrative	Typically narrative	Narrative plus numeric
Data Analysis	Statistical analysis: descriptive and inferential	Statistical analysis: descriptive and inferential	Thematic strategies: categorical and contextualising;	All types	Integration of thematic, statistical analysis, and data conversion techniques
Interpretation	Verification/Falsification	Probability	Sense Making	Voice	
Validity/ Quality	Internal/external validity	Statistical validity, internal validity,	Credibility; transferability; dependability	Transferability	Inference quality & transferability
Rhetoric	Formal style	Formal style	Informal literary style	Advocacy and change	Formal or informal

Source: Adopted from Cherryholmes 1992; Cook and Campbell 1979; Creswell 2003; Creswell and Piano Clark 2007; Crotty 1998; Denzin and Lincoln 1998; Girod-Seville and Perret 2001; Gliner and Morgan 2000; Guba and Lincoln 1994a, 2004, 2005; Howe 1988; Lincoln and Guba 1985; Mertens 2003; Miles and Huberman 1994; Neuman 2000; Perry, Riege and Brown 1999; Punch 1998; Sarantakos 2005; Tashakkori and Teddlie 1998; Teddlie and Tashakkori 2003, 2009

Table 3.1: Differences among Key Methodological Positions and Implications for Choice of TDC Research Design and Implementation

Postpositivism acknowledges the criticism levied at positivism and attempts to adjust their assumptions to address some of its weaknesses (Phillips and Burbules 2002). For example, while positivists assume that the researcher is independent from the object or person being studied, post-positivists recognise that his/her background knowledge and values can influence what is observed (Reichardt and Rallis 1994). Like the positivists, however, they too are committed to objectivism and underline all plausible effects of diverse potential biases. While both philosophical stances adhere to a singular reality, postpositivists claim that this reality can be known and understood only imperfectly and probabilistically. Postpositivist research focuses on explanations and causal relationships among variables. A key feature of this approach is the construction of quantifiable measures of observations, and using statistical techniques to test or verify theories. Postpositivist methodology and methods of inquiry are, therefore, directly relevant to this study which endeavours to develop instruments to measure and assess island competitiveness.

Social constructivism (interpretive or naturalistic inquiry) offers a contrasting philosophical position to positivist stances, positing different knowledge claims, assumptions and methodological processes (Berger and Luckmann 1967; Lincoln and Guba 1985; Neuman 2000). It assumes a world of multiple realities constructed in people's minds. Research is based on the participants' views of the phenomenon being studied. Subjective meanings are negotiated contextually through interaction between the researcher and the researched. Acknowledging personal bias, the researcher interprets the participants' perceptions to inductively discover a pattern of meaning (Creswell 2003; Crotty 1998). Quality criteria are based on credibility, trustworthiness and transferability as opposed to postpositivist norms of internal and external validity. This approach is most appropriate to this study which seeks to explore the factors that impact TDC and their meaning to small island competitiveness.

The advocacy/participatory approach is projected as an alternative to postpositivist and constructivist paradigms when it comes to dealing with inequality and social justice issues concerning marginalised individuals or groups (Creswell 2003; Neuman 2000; Heron and Reason 1997; Kemmis and Wilkinson 1998). While positivist assumptions are considered too restrictive to advance a radical reform agenda, the constructivist stance is viewed as not going far enough to engender a political agenda that pushes for far-reaching changes to transform people's lives. The fundamental ontological assumption is that, whereas an external reality exists and can be known, truth cannot be apprehended (Guba and Lincoln 1994). Social realities reflect incremental developments of political, economic, social, and ethical values within cultural and historical structures (Perry, Riege and Brown 1999). Epistemologically, assumptions are subjective, generating value laden inquiries (Guba and Lincoln 1994a). Research areas generally focus on issues like suppression, inequality, and empowerment. Participants are considered active

collaborators and partners in the research process (Kemmis and Wilkinson 1998). Diverse theoretical standpoints, including feminist perspectives (Olesen 2000), critical theory (Fay 1987), and queer theory (Gamson 2000) can be combined with the philosophical assumptions to examine phenomena of interest. However, since this study does not include among its objectives the transformation of people's lives or their emancipation from emotional or social inequalities, the advocacy/participatory approach is judged inappropriate for the purpose of this research.

The pragmatist approach is a reconciliatory alternative methodological position to the competing paradigms discussed above (Creswell and Plano Clark 2007; Patton 1990; Reichardt and Rallis 1994; Teddlie and Tashakkori 2009). In spite of the contrasting philosophical underpinnings, when it comes to applied research the positivist and constructivist stances are not necessarily incompatible with each other (Bryman 1988; Johnson, Onwuegbuzie and Turner 2007). Pragmatism has its roots in the work of Pierce, James, Mead and Dewey (Cherryholmes 1992; Howe 1988; Murphy 1990; Rorty 1990). Ontologically, truth is 'what works'. Epistemologically, pragmatism is not committed to any specific paradigm. Knowledge claims "arise out of action, situations and consequences" (Creswell 2003 p. 13). Methodologically, the pragmatist stance promotes all methods and procedures that address the problem (Murphy 1990). To pragmatists, it is practical solutions to problems that really matter (Patton 1990). This practice-oriented methodological position (Cherryholmes 1992), that advocates the use of whatever philosophical or methodological approaches that works best for a particular research problem, provides the rationale for mixed methods studies which adopts both quantitative and qualitative approaches (Bryman 2006a; Campbell and Fiske 1959; Greene 2005; Johnson and Onwuegbuzie 2004).

This study embraces the pragmatist views and adopts a Mixed Methods approach (MM) as the most appropriate methodological position to achieve the research objectives. Further justification for the application of MM to this study and for the choice of the MM strategy are given in the following sections.

3.2.2 A Rationale for Mixed-Methods (MM)

In the *Journal of Mixed Methods Research*, MM is comprehensively defined as "research in which the investigator collects and analyses data, integrates the findings, and draws inferences using qualitative, and quantitative approaches, or methods in a single study or program of inquiry" (Tashakkori and Creswell 2007b p. 4). Projected as the third paradigm by MM scholars (e.g. Creswell 2003; Johnson and Onwuegbuzie 2004; Johnson et al. 2007; Teddlie and Tashakkori 2003), MM proposes a pragmatic methodology that combines qualitative and quantitative designs, mixing methods of data collection, analysis and interpretation at different stages of the research process in a single study or series of studies.

The epistemological and empirical rationale of MM is based on the compatibility of qualitative and quantitative methods and the strengths that a combined approach has over single strategies. MM offers a better understanding of the research problem than a single paradigm, building on the strengths of independent approaches and balancing their relative weaknesses (Jick 1979). Pragmatism serves as the philosophical foundation of the newly established third paradigm. MM does not inhibit multiple views of the world, but encourages a practical and pragmatic approach to research.

Over the last two decades, several studies have contributed to the founding of MM as an independent methodology. Procedures for designing MM are laid down by seminal works such as Greene et al.'s (1989) on design decisions; Brewer and Hunter's (1989) on research processes; and Morse's (1991) on a notation system on how to incorporate a qualitative component to complement the quantitative element. Other influential works include those of Creswell (1994, 2002, 2003); Creswell and Plano Clarke (2007); Neuman and Benz (1998); Teddlie and Tashakkori (1998, 2003, 2009); Patton (1990); Greene (2007); Greene and Caracelli (1997); Bryman (1988, 1992, 2006a, 2006b); Bergman (2008); and Johnson and Onwuegbuzie (2004). Interest in MM spread across disciplines and it has been applied in various fields, including public administration (Howell-Moroney 2008); nursing (Rogers, Day et al. 2003); psychology (Johnson and Price-Williams 1996); tourism (Buultjens, Gale and White 2010); sociology (Dykema and Schaeffer 2000); and education (Aldridge, Fraser and Huang 1999). International institutions such as the World Bank have also shown greater interest in funding and publishing MM studies (e.g. Bamberger 2000; Barron et al. 2008; Rao and Woolcock 2003).

The methodological position adopted in this study is based on MM philosophical assumptions. This choice has been largely influenced by the research question and objectives. Tourism destination competitiveness needs to be explored further because of the limited research in this area (Crouch 2010; Vengesayi 2003), the inadequacy of existing models to explain competitiveness in small islands (Craigwell 2007; Croes 2010; Dwyer and Kim 2003), and undetermined TDC variables in specific contexts (Dwyer et al. 2004). This underscores the importance of the qualitative aspect of the study. Similarly, TDC requires valid quantification (Crouch 2010, 2006; Ritchie and Crouch 2003). The study's engagement in competitiveness assessment, resource prioritisation and intervention, as well as outcome predictions emphasises the significance of the quantitative side of the inquiry. Therefore, to achieve the study's objectives, both qualitative and quantitative methods are required. A Mixed Methods design offers the researcher a strategy that facilitates the exploitation of those strengths of these traditional approaches that fit the needs of this inquiry.

The design is problem-driven, with findings in the initial exploratory qualitative part informing the subsequent quantitative inquiry. What is of interest to the research design is the utility of qualitative and quantitative approaches in resolving the research question and not the paradigmatic dichotomy between them (Onwuegbuzie and Leech 2005). A Mixed Methods approach offers the researcher the possibility to resolve problems "using both numbers and words" and a combination of "inductive and deductive thinking" (Creswell and Plano Clark 2007 pp. 9-10). According to Maxcy (2003 p. 59), "it is perfectly logical for researchers to select and use different methods as they see the need, applying their findings to a reality that is at once plural and unknown".

MM provides the researcher with various advantages, but it also presents him with challenges in terms of the breadth of data collection required, the time involved in analysing text and statistical data, and the requirement to be well-versed in both qualitative and quantitative approaches.

3.2.3 A Sequential Exploratory Design

Having established a methodological position, it is required to identify a research strategy and methods that are consistent with its assumptions. Several frameworks have been examined for determining the most appropriate data collection strategy (e.g. Greene et al. 1989; Creswell et al. 2003). MM proposes a variety of diverse strategies that include sequential exploratory, sequential explanatory, and concurrent triangulation stratagems. Whereas a sequential explanatory design (quantitative stage followed by a qualitative phase) is characteristically used to explain and integrate findings of an initial quantitative study to examine exceptions in detail, a concurrent triangulation design uses both qualitative and quantitative methods simultaneously to confirm findings within a single study (Teddlie and Tashakkori 2009). Both these strategies are deemed unsuitable to address the research question. The purpose of this study is to first explore competitiveness, identifying the most important factors that influence it, and then use the results to test the relative competitiveness of a small island destination. Thus, a sequential exploratory design is considered the most appropriate strategy for this inquiry (Creswell 1999). Given that the exploratory design consists of two separate stages, it is simpler to describe, execute, and report. Practical considerations, limited resources, and emphasis on instrument development induced the researcher to give greater weight to the quantitative part.

Sequential mixed designs are used when the stages of a study follow in succession, with one phase depending on the other. Figure 3.2 represents a visual model of the sequential exploratory design. The strategy is determined by the research problem which seeks to understand, assess, and enhance island destination competitiveness.

The Problem Island Destination Competitiveness		(a) Objective (i)	Phase 1 Qualitative	Qualitative Data Collection (35 In-depth Interviews)
				Qualitative Analysis and Findings (TDC Factors)
Purpose (Sequential) (a) Exploratory (b) Explanatory		(b) Objectives (ii) - (vii)	Phase 2 Quantitative	Instrument Development (Pilot Study)
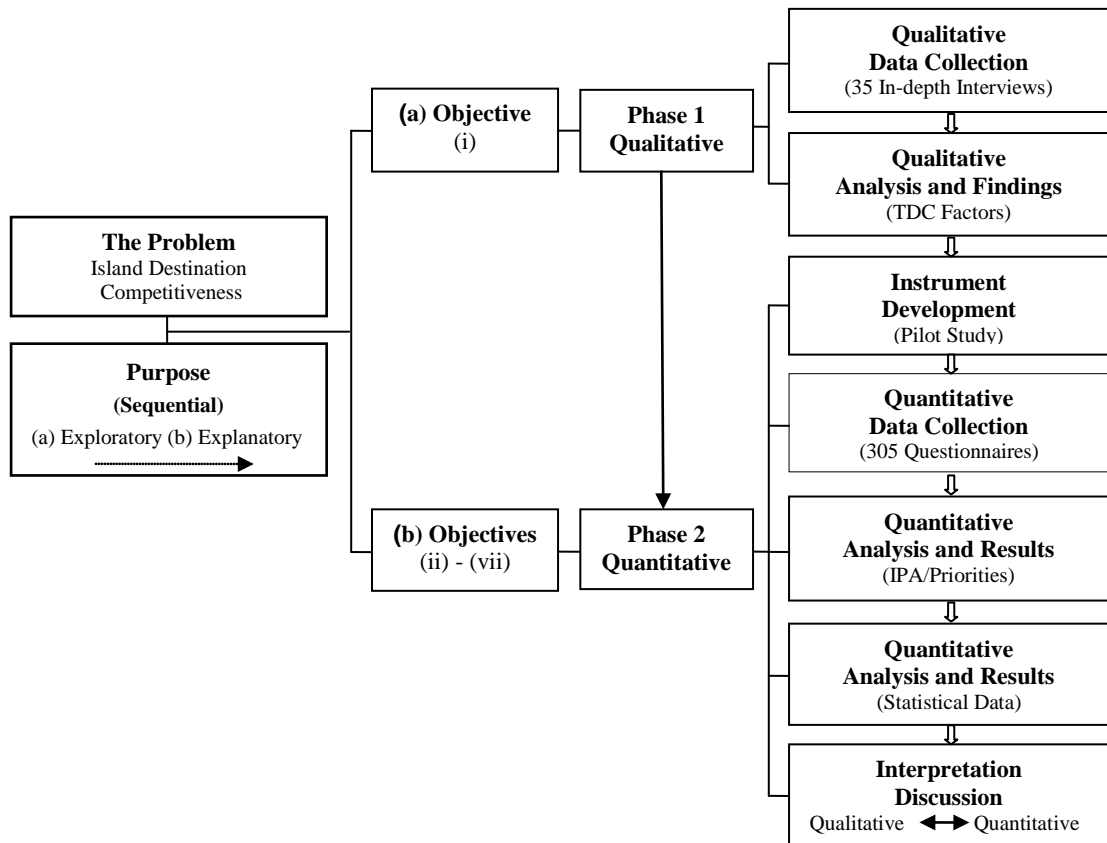
TDC = Tourism Destination Competitiveness; IPA = Importance-Performance Analysis

Source: original

Figure 3.2: Exploratory Sequential Research Design

The purpose of the study is to address these concerns in explicit ways, specifying relevant objectives to be realised in two separate stages. In the first phase, an inductive approach is adopted to explore destination competitiveness and identify competitiveness factors emerging from the views of a purposive/theoretical sample of research participants reported in thirty-five face-to-face interviews. The qualitative research design is comprehensively discussed in Section 3.3 while an extensive description of the emerging attributes influencing island competitiveness is detailed in Chapter 4. The second phase builds on the findings of the first stage. The generated list of competitiveness items serves as the initial step for developing attribute importance and competitiveness measures. Data collection is based on surveying a population of 305 participants using a self-administered questionnaire. Section 3.4 deals exclusively with quantitative methodology, survey research and instrument development and administration. The results of the quantitative analysis are reported in Chapter 5. It is at the instrument development juncture that the first connection between the two approaches occurs. (For a temporal analysis of TDC in Malta and Cyprus based on objective measures see Appendix A). Qualitative findings and quantitative results are first analysed separately but are then interpreted jointly in the light of each method. This is the objective behind the final discussion in Chapter 6.

3.3 Qualitative Research Methodology and Methods

The mixed methods design employed in this study has been explained in the previous section. This section examines the methodology and methods applied in the first phase of the study to explore the main determinants of competitiveness that are relevant to small islands (objective i). The qualitative strategy adopted is based on the guidelines provided by Miles and Huberman (1994) and informed by the different strands of traditional qualitative methods.

In the following sub-sections, an open, detailed account of data collection and analysis procedures is presented as a platform for achieving credibility and high ethical standards. Data collection can be perceived as a process involving multiple interdependent actions with the purpose of generating quality data to address the research question. Face-to-face interviews are often the principal source of data collection in several qualitative studies (Creswell 1998; Robson 2002). They give the researcher the opportunity to refine the enquiry, follow up interesting leads, and investigate motives in a way that impersonal questionnaires cannot do. Non-verbal cues also help in the better interpretation of better verbal response. While interviews are useful in collecting rich and revealing information on TDC, they are nonetheless time-consuming, require a lot of preparation, and involve the onerous task of transcribing huge amount of audio-taped material.

This section starts with a concise account of the researcher's background in order to make explicit any potential impact this may have on the research process. This is followed by an examination of the key ethical considerations in gaining access to participants. A brief description of the research context is also provided to put the study in perspective. The discussion proceeds by an elucidation on the influence of the research question on identifying suitable participants, and on the ensuing sampling frame. Subsections 3.3.6 to 3.3.8 outline the procedures for data gathering, capturing and management. Sampling strategies, data analysis processes, and verification procedures are set out in the final part of this section.

3.3.1 The Researcher as an Instrument

In qualitative inquiries, the researcher is the main instrument. The investigator brings into the study a life baggage of academic and professional knowledge and experiences from which he cannot be simply separated. The subjectivity he brings to the study bears on the research process. My formal education at post graduate level is in economics, planning, finance, and research methods. Over the last fifteen years, I have been teaching tourism economics at the University of Malta, and working on research and consultancy assignments in tourism, the environment and corporate management with some publications in these areas.

This acquired knowledge, experience and skills have improved my preparation to better target quality data and augment my capacity to understand concepts and how they relate to each other as they emerge from the data. It is important to make explicit this bias not merely as a statement of potential weakness which requires critical self-reflection, but also as a realisation of a possible positive influence on the data collection and interpretation. As Dey (1993) points out, researchers cannot dispose of this accumulated knowledge and experience. Kvale (1996) succinctly observes that data in qualitative research are being "co-authored" rather than just being gathered. Even as the researcher "is thinking through the meaning of data", analysis is already happening (Miles and Huberman 1994 p. 101). Corbin and Strauss in the 'Basics of Qualitative Research' (2008) see value in the researcher's background to the study:

> *Sensitivity or insight into data is derived through what the researcher brings to the study as well as through immersion in the data during data collection and analysis ... Theories, professional knowledge that we carry within our head inform our research in multiple ways ... Our backgrounds and past experiences provide the mental capacity to respond to and receive the messages contained in the data (pp. 32-33).*

The critical issue for the researcher is that, irrespective of his background, he should not "lose sight of the data" and "work with concepts in terms of their properties and what the participants are saying" (Corbin and Strauss 2008 p. 33).

3.3.2 The Context

To keep the data in context, it is best to describe the setting and situation in tourism during the qualitative phase of the inquiry. Malta is the largest of a small archipelago of six islands situated in the middle of the Mediterranean Sea, 93km south of Sicily and 288 km east of Tunisia. The two inhabited islands of Malta and Gozo have a land area of 246 km^2 and 65 km^2 respectively (316 km^2), and an overall coastline of 252.8 km (see Figure 3.3).

Malta is the smallest country in the EU and has a total population of 413,609 and a density per square kilometre of 1309 inhabitants. In 2008, the GDP per capita at current market prices was approximately €13,800, with tourism's contribution to the economy nearing 20% of the GDP (Central Bank of Malta, Quarterly Review 2009 p. 23).

For the duration of the interviewing phase, tourism was undergoing a significant recovery from the decline experienced in 2007. Tourism increased by 3.8% to almost 1.3 million in 2008. A significant rise in tourist arrivals in the first half of 2008 was followed by a marginal increase in the 3rd quarter. The small downturn in the 4th quarter was indicative of the subsequent slump in tourism during the survey stage of the investigation in 2009. In 2008, the total tourist nights rose by 2.25% on 2007 but the average length of stay decreased from 8.9 to 8.7 nights. Total

expenditure also declined by 1.6% but this can be explained by the fall in spending on air fares as low cost carriers expanded their business. In the period under review, 87.9 per cent of all inbound visitors consisted of tourists coming from EU Member States (Central Bank of Malta 2010; NSO 2009; see also Appendix A).

Source: http://www.fairdealproperties.com.mt/AboutMalta.aspx
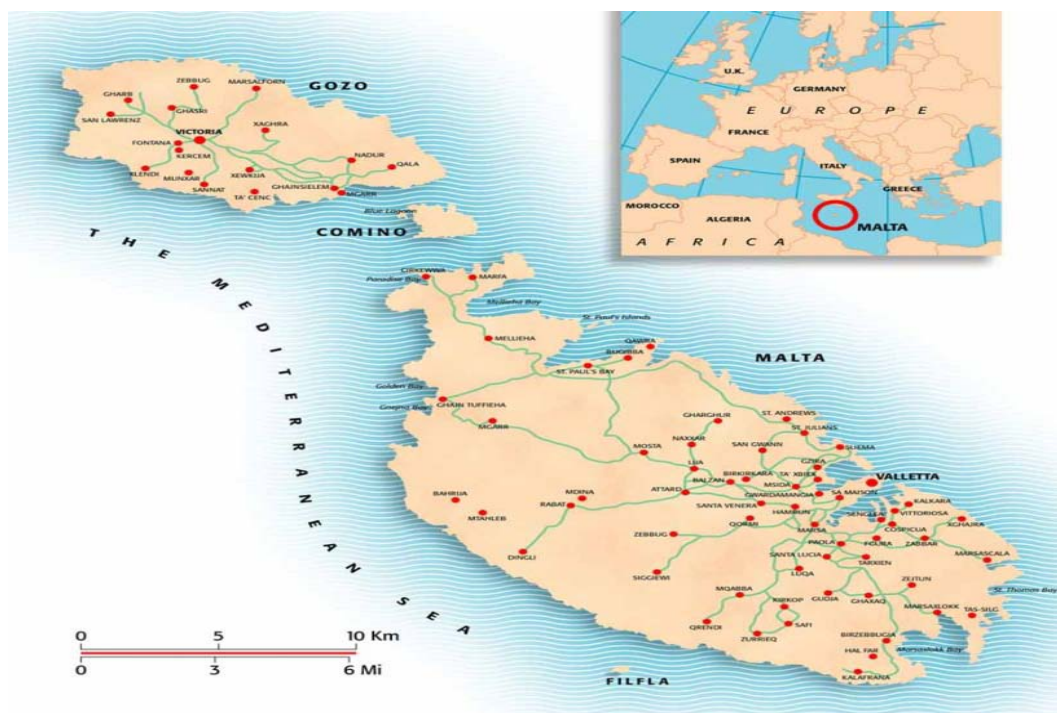
Figure 3.3: Map of the Maltese Islands

3.3.3 Locating the Participants

To obtain quality data, it is necessary to identify the participants who possess three basic qualities: (i) the expertise, knowledge and experience in tourism that meet the conceptual and informational needs of the study; (ii) the ability to articulate their experiences and views; and (iii) the disposition and availability to share their experiences (Creswell 1998; Morse 2007). Locating these people was not the result of chance observations since the researcher's background and experience in tourism provides him with valuable indicators. Tourism business databases, MTA partner institutions, associations and federations' member lists, publications and newspapers were consulted to identify potential research candidates. Recommendations by some participants of reputed 'experts' who are information-rich were also considered. The reference team also offered advice on likely informants. The overriding criterion for participant selection was their potential to contribute to an understanding of island tourism competitiveness.

3.3.4 Sampling Frame

The sample structure is the outcome of the research question and the consequent sampling method used (Flick 2002; Miles and Huberman 1994). The sample consists of two editors of two leading newspapers; three academics in the fields of tourism, marketing and small island states; two ex-ministers of tourism; fifteen group directors/chairmen; and thirteen chief executives/general managers/directors. On average, the participants had eighteen years of experience in diverse tourism activities. During the time of the interviews, they were working in one or a combination of the following areas: international tour operating business; international and local hotel chains; tourist accommodation and real estate; destination management companies; restaurants and entertainment; English language schools for foreigners; diving schools; airlines and airports; cultural heritage; planning; environment agencies; travel journalism; marketing; guiding services; research; public policy; and national tourism agencies. Some of the participants are or have previously been actively involved at the highest level of decision-making in national tourism federations, associations, and public policy institutions.

3.3.5 Gaining Access

Expert interviews have an advantage in that valuable information can be gleaned from participants who are familiar with and knowledgeable about not only tourist attractions but also business factors that determine TDC. However, gaining access to the participants is not always easy because of their busy schedules and demanding work commitments. Initial contact was at times difficult but recommendations and introductions somewhat smoothened and facilitated communication and rapport with the participants. There was one instance, however, when the interview did not materialise in spite of three appointments because of last minute cancellation by the person concerned. At the end, it was decided to replace him by another suitable participant.

Once contact was established, the process generally involved several emails to personal secretaries to fix appointments. At times I was given direct telephone access to the person concerned. An introductory letter or email followed thanking participants for acceding to my request, and outlining the interview protocol. They were informed on the purpose of the study and of their right to withdraw their participation at any time. Permission was sought to record the interview on a digital recorder and to take notes during the meeting. They were informed that a copy of the transcript would be sent for their scrutiny to verify for its accuracy of and faithfulness to their interpretations. They were assured of confidentiality and measures to secure their anonymity in reporting the study and in future publications. They were assured that, once the analysis was completed, the tapes and any documentary evidence leading to their identity would be destroyed. In any report, they would be referred to as participant P1, P2 and so on, without following any particular order. I pointed out the potential benefits that may accrue to the participants and the

overall tourism industry. They were also informed that the university ethics committee had approved the study (see Appendix B1).

3.3.6 Data Collection

The thirty-five interviews were conducted between August 2007 and November 2008. On average, interviews lasted between 60-80 minutes and took place at the office of the participants who made arrangements for a quiet, undisturbed meeting. In one particular case, however, telephone calls were allowed through and at one stage, the ever apologising participant, disappeared twice for significant periods of time. As is expected in such circumstances, the interview took longer than anticipated and there were lapses in concentration at different points.

The interviews were conducted in such a way as to assist the researcher to extend his knowledge on TDC and analyse meaning in a consistent way. Every effort was made to induce the participants to talk freely and openly in order to gain some understanding and insights into their perspectives of TDC. I prepared myself thoroughly for the interview and asked questions in a simple and courteous manner, listening attentively to their responses and intervening only when necessary. I introduced myself to the participants, explained the purpose of the interview, reassured them of confidentiality, and asked them again for permission to record the interview and take notes. Small talk followed so that, as the dialogue progressed, a basic trusting rapport was established. The main thrust of the interview focused on a few questions that zoomed in on TDC, namely, "In your view, what factors determine the competitiveness of island destinations? Can you describe these factors and explain their relevance to Malta? How can Malta improve its competitiveness on these factors? Can you prioritise these factors?" Probes and prompts were used when necessary to focus on the subject being researched, to elaborate on particular themes, or to clarify potential misunderstandings.

Accurate conceptualisation of the research problem through directed questioning paid off in obtaining quality data that met the requirements of the research question. The participants provided important contextual information reflecting years of participation and activity in the competiveness process of tourist destinations. They brought valuable insights and meanings to the interview process because they were quite familiar with specific ideas, policies and generalisations on TDC. When the recorder was switched-off the discussion continued in a more informal manner. The participants showed a genuine interest in the study, a desire to be informed of the findings, and a willingness to extend future support. Their cooperation later proved invaluable in achieving closure of the qualitative process (see section 3.3.9 p. 84) and in successfully implementing the survey research in the second phase of the study (section 3.4.9.3 p. 108).

3.3.7 Data Capture

Creswell (1998) maintains that in an interview it is necessary to record correctly and faithfully the participants' views. Capturing interview data on tape put me in an advantageous position. I could record interviewees' responses verbatim to enhance the validity of the data and give my full attention to the participant. I had the time to take occasional notes on emerging themes, exhort the interviewee to expand on issues and plan for the next question. The Sony digital recorder used for this purpose was quite small and unobtrusive and it produced high quality audio feedback.

After each interview, digital sound data files were uploaded into a Sony voice editor and imported into F4 transcription software. The interviews were in English, Maltese and very often in a mix of the two according to the exigencies of the participants. I preferred to transcribe the material myself since I am well versed in both languages and wanted to examine the raw data with minimum loss of interpretation and meaning. It took me an average of 9-11 hours of transcription time for every one hour of tape. The arduous task resulted in 335 pages (135,457 words) of transcribed tapes, memos and notes. However, it was worth the effort because it gave me immediacy and a handle on what was being described (Miles and Huberman 1994; Patton 1990).

Following every interview, details of the place, time and duration were noted on a prespecified form. Observations, ideas, impressions, interpretation on anything that shed light on the context, or helped the researcher in making sense of the interviews or underlined his influence on the process, were written down in reflective memos. This was considered useful for enhancing the rigour and validity of the data. Then I went through the transcribed material, checked whether the data provided the information I was seeking, and, whenever necessary, jotted down, descriptive, methodological or theoretical memos. At this point I was ready for the following interview. In qualitative inquiry, data collection and analysis are inseparable, giving the researcher the flexibility to adjust the inquiry as theoretical sampling proceeds.

3.3.8 Data Management

The data was organised, managed and stored with the aid of a qualitative software programme. Several packages are available on the market (e.g. Atlas, NUD*IST) but MAXQDA 2007 was preferred for its functionality and ease of use. It does not require intensive training or specialist knowledge to learn how to use it. Several authors are utilising the software or recommending its use (e.g. Corbin and Strauss 2008; Flick 2006; Lewins and Silver 2007).

MAXQDA allows for the concurrent viewing of four interactive windows: a document system, a coding schema, a text browser, and a text retrieval facility, exhibiting coded data (see Figure 3.4). These features enhance the researcher's ability to interact with the data system.

The strategies for managing data in MAXQDA are relatively straightforward. Rich text format files of the transcribed interviews were imported, organised and saved in the document section of MAXQDA. The programme conveniently allows for a quick backup of the material.

The data is then interpreted and analysed in the text browser. Text lines and paragraphs are automatically numbered. Different colours were assigned to codes which emerged in the margin display and the code schema window. Memos were linked to codes for quick reference. Subsequently, highlighted text was dragged and dropped onto the various codes. The programme is flexible enough to permit the reorganisation of codes across and within the hierarchies as the analysis progresses. Text was retrieved in the relevant pane either by a single or set of attributes. This proved very effective in making comparisons within a single interview and across the whole data set.
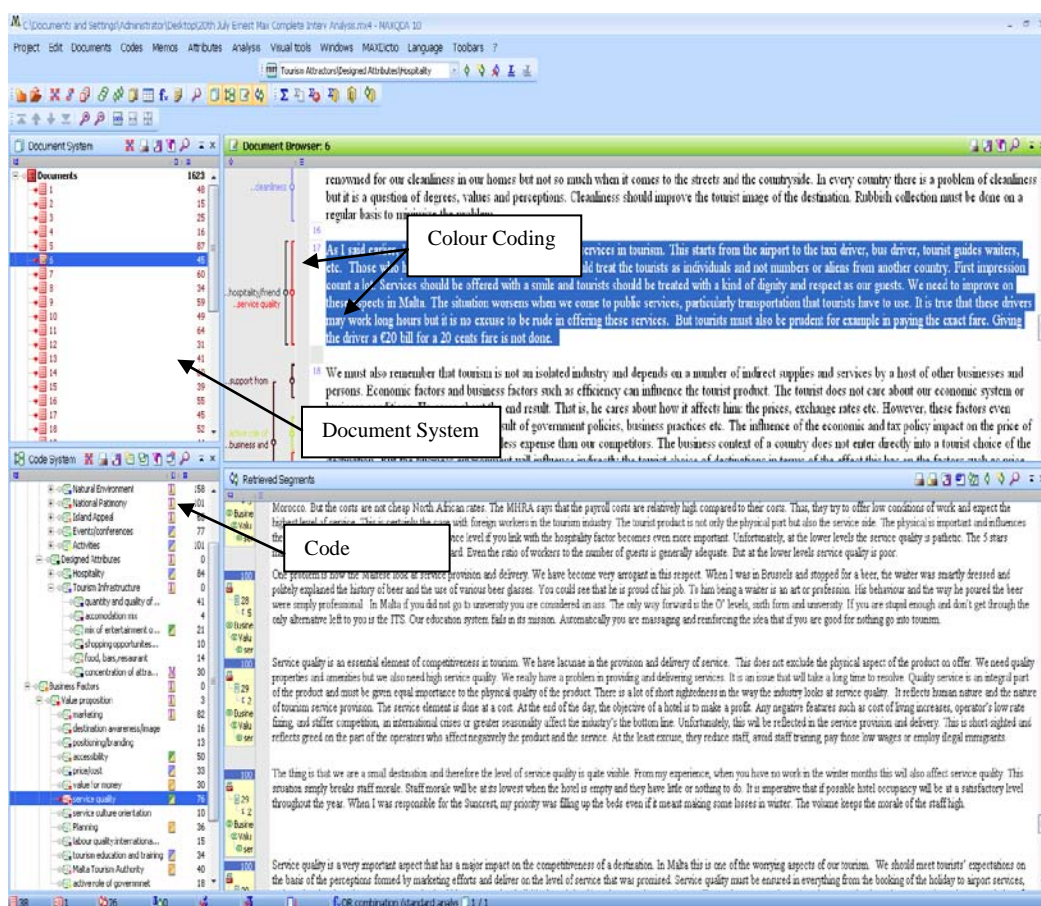
Figure 3.4: Interface Exhibiting Document System, Coding Scheme, Text Browser and Retriever

MAXQDA also provides some basic visual tools to facilitate text analysis such as 'Document Comparison Charts' and Code Matrix Browser (Figure 3.5).

'Max Maps' was used as a drawing tool to create simple models, and diagramming of interlinkages among categories and properties.
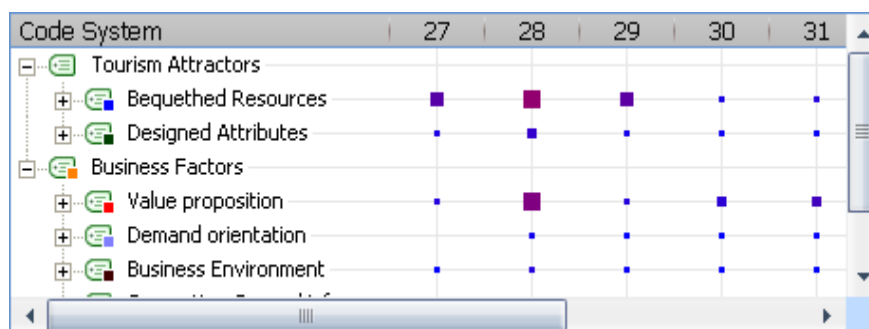
Colour and size of the boxes indicate the number of coded segments for each participant.
For example, P28 discusses value proposition more than P29

Figure 3.5: A Snapshot of a Code Matrix Browser

The use of a qualitative software programme is a valuable aid to managing and storing data. However, on its own, it does not carry out any analysis so that it was treated for what it is: a mechanical tool. Thinking, insights and interpretation remain within the realms of human investigation (Morse 2007).

3.3.9 Sampling Strategy

Quality sampling is critical for generating valid data. Sampling decisions are not limited to the data collection phase, where decisions have to be made on the most suitable participants to inform on the research question, but extend to different stages of the qualitative research process. Flick (2002) observes that qualitative researchers have to take "material sampling" decisions involving the selection of specific interviews for elaboration, segments of the text for interpretation, and "presentational sampling" on the use of selective text that best supports findings. At the interpretation stage, "sampling decisions determine substantially what empirical material in the form of text becomes, and what is taken from available texts concretely and how it is used" (Flick 2002 p. 72).

The choice for a theoretical sampling strategy was determined by the research question which sought to identify a framework to facilitate the discovery of salient factors that determine TDC. According to Miles and Huberman (1994 p. 29), "whether the theory is prespecified or emerges as you go" sampling decisions are guided by conceptual concerns. These authors assert that in qualitative investigations, generalisations to extant or novel theories are analytical and not statistical. Thus, the study relied on purposive and theoretical sampling rather than randomisation techniques to gather the most relevant and enriching quality data pertinent to the inquiry. To

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Morse (2006), sampling is necessarily purposive and "inherently biased" in qualitative studies. It initiates the study and subsequently "directs where you go" (Charmaz 2008). Theoretical sampling is seen as purposeful in the sense that it is geared towards establishing TDC themes and properties from the analysis based on conceptual concerns. It is not ruled by methodological or representativeness criteria but by the overriding principle of relevance to TDC. Participants were chosen because of their expected ability to shed insights and knowledge on TDC.

Flick (2002 p. 67) points out that "the basic principle of theoretical sampling is the genuine and typical form of selecting material in qualitative research". Glaser and Strauss (1967) defined theoretical sampling as:

> *The process of data collection for generating theory, whereby the analyst jointly collects, codes and analyses his data and decides what data to collect next and where to find them in order to develop his theory as it emerges. The process of data collection is controlled by the emerging theory (p. 45).*

Corbin and Strauss (2008) suggest that sampling should stop when "theoretical saturation" is reached, that is when no new knowledge in construct development is made. The strategy is in consonance with MM precepts because it is an abductive method of logical inference, making theoretical conjectures, checking possible explanations from the data and following the most plausible explanation (Charmaz 2008; Reichertz 2007). Accordingly, data collection and analysis in the study was an iterative process, involving successive waves of sampling decisions as the study developed. Findings were the result of a constant comparative method involving the iterative practice of going back and forth between data collection and analysis. It was an investigative quest to answer the research question in what Miles and Huberman (1994) describe as detective work where researchers are "cerebral detectives" (p. 29) seeking for "clues, sifting and sorting and creating a plausible case" (Morse 2007 p. 238). "At each step along the evidential trial, we are making sampling decisions to clarify the main patterns, see contrasts, identify exceptions or discrepant instances, and uncover negative instances whether the pattern does not hold" (Miles and Huberman 1994 p. 29).

Directional sampling was instrumental in developing a TDC framework and competitiveness factors which were verified through the process of saturation (Morse 2007 p. 241). It kept the research process focused, specifying the properties of TDC and providing the motivation to progress from the descriptive to the analytic (Charmaz 2008).

Figure 3.6 shows the sampling strategy adopted in this study. In the initial stage of the study, a convenience set of participants was sampled to identify the scope, categories and properties and the overall process of competitiveness. Three participants coming from the tour operator business,

hotel sector, and research field were selected after consultations with the reference team. They were selected because of their wide experience in tourism, their senior position in their respective organisations, and their long-time involvement in tourism. I met these participants several times in the past during public lectures, discussion forums and tourism events. I was also familiar with two of the participants' writings on several aspects of tourism in Malta. After informing them of my project, they showed genuine interest and willingness to participate in the study.

Constant Comparative Analysis

Constant Comparative Analysis
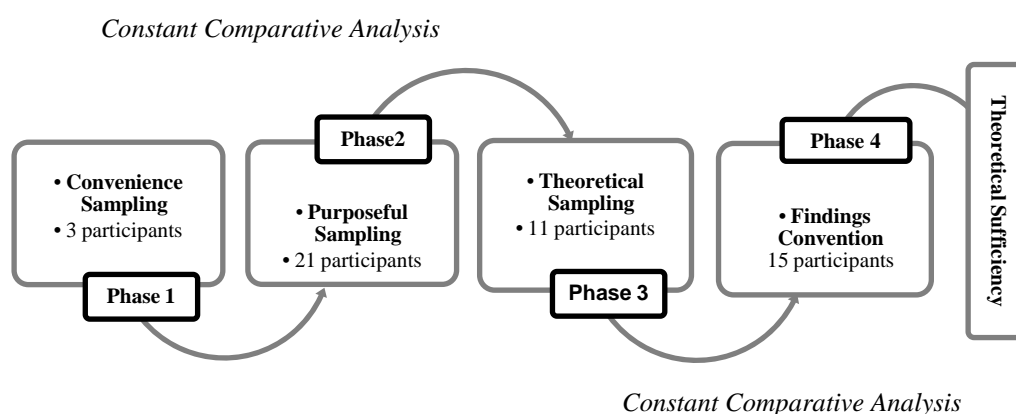
Source: original

Figure 3.6: Sampling Strategy

A spill-over effect of these exploratory interviews was the setting up and the testing of the robustness of the data management system, software application, and interview procedures and analysis. As explained in section 3.3.6 (p. 78), interviews proceeded by asking open-ended questions moving on to more structured questions with prompting and probing where necessary. All the data was transcribed after each interview and sent to the interviewees to check whether their views were faithfully reported and reflected in a fair and correct manner. Subsequently, each interview was analysed using in-vivo coding. One interview was given to a colleague who is well-versed in qualitative research and the analysis were compared, noting minor differences in our approaches but basically reporting the same findings.

The first stage in the sampling process reached its objective of achieving conceptual widening by capturing as many TDC themes or categories as possible and conceptual deepening by identifying a rich diversity of properties within these categories. It also set the process for further sampling and analysis (Creswell 1998; Miles and Huberman 1994).

In the second phase of the sampling strategy, purposeful sampling was applied in order to select twenty-one participants as indicated by the preliminary analysis of the convenience sample. The

purposive interviews aimed at revealing the participants' decomposition of the emerging competitiveness construct into properties and dimensions. Participants were picked for their ability to determine diverse meanings and scope of TDC and extending the range of themes and factors. It was important at this stage to collect rich descriptions by purposefully sampling a knowledgeable, varied set of participants (Locke 2001; Morse 2007). The final outcome of this cycle was a set of properties that populated the TDC construct taken from the data and preliminary hypothetical links between the identified categories. The object was not to saturate the categories, because purposeful sampling is not necessarily directional in the grounded theory sense (Hood 2007). Sampling then proceeded in the manner that was consistent with the set design (Morse 2007).

In the third phase, theoretical sampling was used to select eleven participants who had the potential to provide the particular descriptive requirements of the evolving concepts. There are no established, unambiguous procedures on how to conduct theoretical sampling because the concept is difficult to define. Charmaz (2008 p. 121) claimed that "theoretical sampling articulates a practice that the best qualitative researchers may follow, but may not define". Thus, theoretical sampling was conceived less of a procedure and more of a strategy seeking relevant data to explicate and refine categories underlining the theory. Participants were selected on the basis of their potential to add value to the data on a particular concept or category. Sampling was determined by the need to develop the properties of TDC until saturation of categories suggested by the data was reached. Dey (1999 p. 275) preferred the term "theoretical sufficiency" to 'theoretical saturation" as this was a better reflection of the sampling practice. In this phase of the study, interview questions were more focused, directed and targeted to elicit data that adds to specific properties and verification of the TDC construct.

By the 35th interview, a detailed description of TDC defined by its properties was evolved and verified through the process of saturation. To edge the analysis to a close, a group of participants were invited to a presentation of and discussion on the research findings. The meeting was held at the boardroom of a five-star hotel made available by one of the participants. The meeting was attended by thirteen participants and one member of the reference team. The discussion was moderated by an ex-minister of tourism and lasted about four hours. The researcher met the moderator three days earlier to confer on the purpose of the meeting and on procedural matters. The objective of this meeting was to discuss the research findings and check whether new insights could be used to modify them and bring the process of saturation to a conclusion. In summing up the discussion, the moderator commented that there was a consensus that the analysis made sense to them and that the findings matched their experiences and understanding of TDC. On the basis of the discussion, as well as its conclusions and observations made during the meeting, the researcher was convinced that the point of 'theoretical sufficiency" had been reached.

3.3.10 Data Analysis

Analysing qualitative data involves an iterative process of constant comparison, coding, creating categories, properties and dimensions and using memos and reflective notes to build a conceptual framework. As discussed earlier, data collection, analysis and interpretation of material are carried out concurrently. Though they are not temporarily independent, the interpretation process started off with open coding and moved to selective coding as the analysis came to a close. MAXQDA facilitated this strategy of continuous interaction between interpretation, analysis, and theorising through its programme utilities. An account of the methods employed and of MAXQDA screenshots is provided to enhance the credibility of the study findings (Bringer et al. 2004).

The analysis began with an open coding process to generate the primary categories. The first three interviews were subjected to in-vivo coding where words, phrases and sentence were extracted and classified in order to attach codes to them. Each case generated a unique list of hundreds of in-vivo codes. A frequency table was used to compare and analyse the lists. Repeated or insignificant codes were discarded, retaining the rest. It was the first step in construct development where categories were named relative to their conceptual meaning and ordered within a colour scheme in MAXQDA to reflect differences in categories and properties (see Figure 3.7, left-hand window).

The other thirty-two interviews were coded in a gradual process of conceptual development through the evolvement of new properties and dimensions and verification of the framework. The more interviews that were coded and analysed through the process of constant comparison, the more refined and developed the initial category scheme became.

In MAXQDA, the interpreted text was highlighted and paired-off with the relevant coloured properties. Text was compared so that some codes were combined while others were removed. Coding stripes pointed out differences in codes or relationships between them in (see margin to the left of the memo in Figure 3.7).

As the process approached "theoretical sufficiency", the categories required less modification. It is not clear when open coding actually ended and focused coding started as these are not separate processes. Charmaz (2008 p. 57) defines focused coding as "using the most significant and/or frequent earlier codes to sift through large amounts of data" based on their power "to make the most analytic sense to categorise your data incisively and completely". At this juncture in the analysis, focused coding was directed to elucidate bigger chunks of data.

As data was compared to more data, coding became more focused to explicate meaning and conceptual depth. Memos were used as part of the constant comparative strategy. Descriptive

memos were valuable for detailing, synthesising and clarifying ideas on categories and properties. Theoretical memos served to explore ideas conceptually with a macro view to the study and a lesser focus on individual aspects (see Figure 3.7).
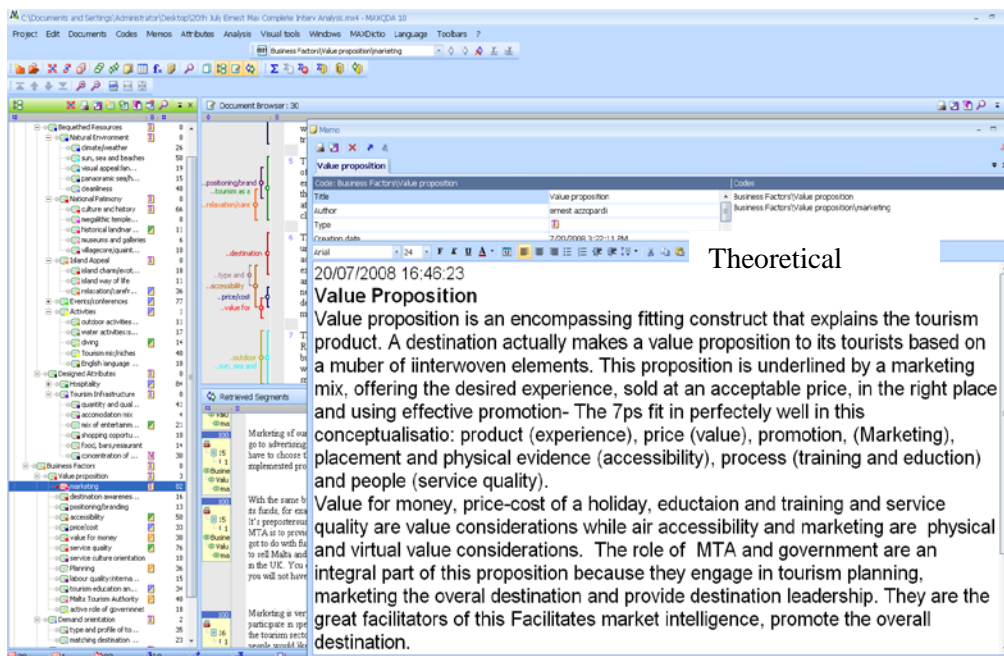
Figure 3.7: A Sample Theoretical Memo

In the final phase of theoretical sampling, focused coding was used to reintegrate the data back through constant comparative strategies, memoing and diagramming. Charmaz (2008 p. 61) does not see the need of axial coding for researchers who prefer flexible guidelines. Bryant and Charmaz (2007 p. 9) argue that a malleable use of such a technique can only be valuable to the study as long as it "earned its way into the respective methodological repertoires for the specific research problems".

Focused coding was used in this study to elucidate relations among categories and broaden the analytic substance of the data. MAXQDA maps provided the visual tools to clarify ideas and conjecture relationships between categories and properties. Figure 3.8 illustrates the use of diagramming techniques to explore potential relationships among the various elements of TDC.

The strategy of constant comparison was instrumental in establishing links between the constructs and the central phenomenon of TDC. The properties of the categories were specified so that all elements of the paradigm were explained. Theoretical 'saturation' was achieved at the final phase

of the process. A conceptual framework was finally developed as an overall representation of TDC.
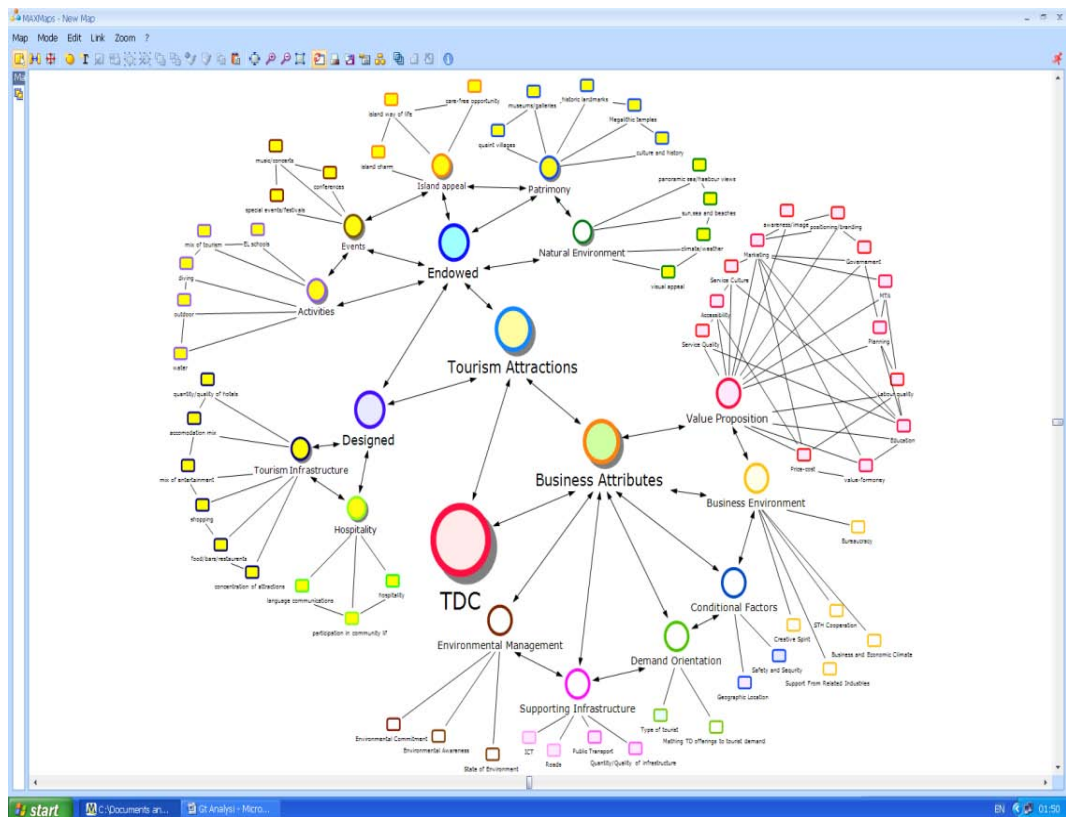
Figure 3.8: Example of Modelling (MAXQDA Maps)

3.3.11 Verification Procedures

There are different views on the value of verification in qualitative research as well as on its basic characteristics, and the methods for ascertaining it (Creswell 1998; Kvale 1996; Lather 1991; Lincoln and Guba 1985; Walcott 1994). In this study, the verification procedures are entrenched within the research process. The constant comparative method is an integral part of the verification process that obliges the researcher to revisit the data to seek evidence that sustains or rejects his interpretations and findings. The qualitative findings are also verified for their accuracy by making references to the extant literature, and contrasting them with quantitative results.

Howe and Eisenhart (1990) suggest that, beside quality standards assumed in specific methods, other broad verification procedures should be followed to establish the credibility of the study. Creswell (1998) advocates the use of at least of two procedures out of a classification that lists common trustworthiness criteria suggested by notable researchers and methodologists.

Following Creswell's (1998) guidelines, procedural measures were implemented to enhance the credibility of the study:

1. *A prolonged engagement in the field induces a good rapport with participants.* Good relationships established during the interviews facilitated the participants' response in checking the transcription of the recorded material and extending their assistance by answering queries when requested. Similar cooperation was evident in their active participation during a meeting to close the inquiry and verify the findings.

2. *Triangulation involves the application of diverse sources.* Corroborating evidence was sought from the literature and quantitative results which are discussed in Chapter 6.

3. *Peer debriefing offers the opportunity for verifying the research process.* To this end, a doctoral student from the RGU Business School was engaged as a peer examiner on the methods, meanings, interpretations and other aspects of the research process. Similarly, a reference team of 'experts' proffered critical reviews, advice and guidance on the study.

4. *The researcher's bias is best stated explicitly at the beginning of the study.* Aspects of the researcher's background and past experiences that could have an impact on the research process were clarified at the outset of the inquiry.

5. *Member checking is one of the most important strategies for establishing credibility.* The transcripts were checked for accuracy by forwarding them to the participants. Whenever necessary, participants were consulted to clarify meanings or expand on their interpretations. The research account and findings were also subjected to the scrutiny of participants at a meeting specifically organised for this purpose.

6. *Rich, detailed descriptions of emerging themes, the participants, as well as the setting permit the reader to make his own judgement with respect to the authenticity of the findings and their transferability to other settings on the basis of common features.* The research setting and the participants were described in sections 3.3.2 and 3.3.4 respectively while a detailed account of the TDC factors is provided in Chapter 4.

7. *An external auditor provides an outside view of the research process.* A colleague from the Department of Economics, extraneous to the study, was entrusted with assessing the quality of the research at various stages of the process while a Director of International Studies agreed to audit the qualitative inquiry in its entirety.

The strategies adopted for verifying the accuracy of the study findings are summarised within Creswell's (1998 pp. 201-203) framework in Table 3.2.

Strategy	Action
1. Prolonged Time	Interviews: August 2007 - November 2008
2. Triangulation	Literature sources and quantitative findings (Chapter 6)
3. Peer Debriefing	Doctoral student from RGU Business School
	Reference team of 'experts'
	Presentation: TDC for Small States: Competitive Strategies for Small States. University of Malta and Commonwealth Secretariat. Malta 5-6 May 2008
	Discussion on National Radio Station: 15 November 2008
	Presentation: Malta's TDC: Methodology and Study Results
	8th European Conference on Research Methodology for Business and Management Studies
	University of Malta, 22 - 23 June 2009
4. Role of Researcher	Statement on the role of researcher in section 3.3.1
5. Member Checking	Transcript verification with interviewees
	Verification meeting with participants: 5 June 2009
6. Thick Descriptions	Setting: section 3.3.2
	Participants: section 3.3.4
	Constant comparisons and theoretical sampling
	Detailed and transparent account of procedures employed: Chapter 3
	Report on findings: Chapter 4
7. External Auditors	Lecturer in Economics Department: assessment throughout the process
	Director of International Studies: review of the whole project

Table 3.2: Strategies for Verifying the Accuracy of Findings

3.4 Survey Methodology and Methods

In the previous section, the methodology and methods used in exploring the factors influencing TDC within an island context (objective i) were explained in detail. This section is concerned with explaining the survey methodology, implementation stratagems, and quantitative analytical processes utilised in the second stage of the research design to achieve objectives ii-vii (p. 63).

The discussion opens with a rationalisation of the survey research design as a fitting strategy for a quantitative approach. It proceeds with an elaboration on the choice of survey population, 'expert' evaluations, sampling frame, and other data quality considerations. Similarly, the use of the self-administered questionnaire as an efficient data-collection method is justified. The study then focuses on the questionnaire design, the pre-tests, and the pilot study undertaken to assess various aspects of the research strategy and survey instruments. This is followed by an account of the field research and the procedures adopted to ensure high ethical standards. Measures adopted to achieve a high response rate, as well as the actual administration of the survey instrument, and the recording of data are also duly reported. A brief discussion on the level of measurement precedes the final part that examines the statistical treatment of the data, and the quantification procedures applied in the analysis to ascertain reliable and valid results.

Figure 3.9 shows the basic steps considered in developing a suitable quantitative research design and implementing the planned strategy.
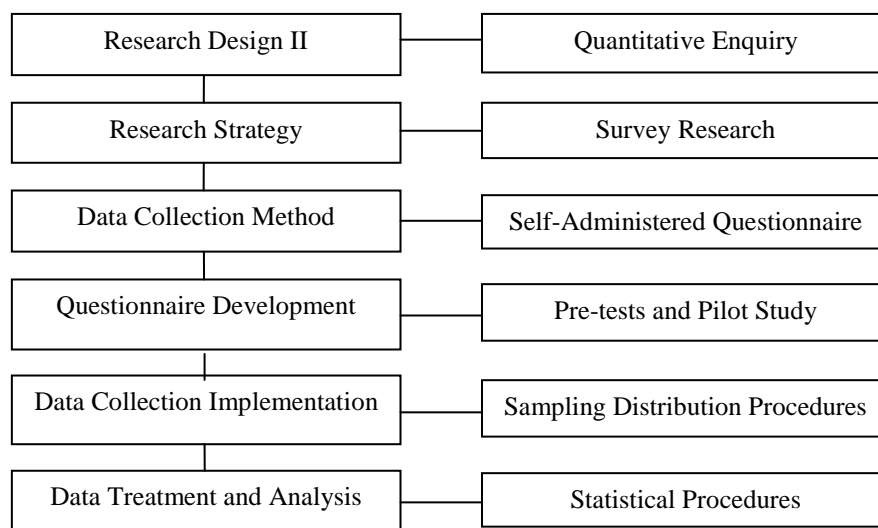
Source: original

Figure 3.9: Quantitative Research Design and Implementation

3.4.1 Rationale for Survey Research

Survey research is one of the most widely used approaches to doing research (Moser and Kalton 2001). Its use as an overall approach for gathering information is well documented. Over the last four decades it has been extensively developed and applied in various fields such as business, management, education, economics, government, political psychology, sociology, marketing and tourism (Fowler 2002; Moser and Kalton; 2001; Neuman 2000). In survey research, representative samples of a population are asked to reveal their perceptions, beliefs, or opinions on the phenomena under investigation and provide information on such aspects as demographic characteristics and behaviour in temporal space. The purpose of surveys is to generalise from a sample to the population so that inferences can be made about the population (Babbie 1998; Moser and Kalton 2001; Robson 2002). It involves a process based on having of voluntary participants answer a number of identical questions so that valid quantitative data can be generated to address various research concerns. It is intrinsically statistical in nature (Creswell 2003; Fowler 2002; Groves 1989) and provides a suitable research strategy for fixed designs (Neuman 2000; Oppenheim 2001).

Survey research is almost synonymous with non-experimental fixed design (Babbie 1998; Robson 2002). It is therefore deemed as the most appropriate approach to adopt in this cross-sectional quantitative inquiry on TDC. The purpose of the second phase of this study is essentially to provide a comprehensive analytical framework to assess the strengths and weaknesses of an island destination on a set of factors determining its competitiveness relative to other destinations in the Mediterranean. It also aims at establishing priority areas so that resources can be redeployed efficiently to enhance TDC. Several research questions need to be answered to satisfy the purpose of this part of the study: in what context is competitiveness being assessed? What is the relative importance of each tourism attraction and business factor that impacts on an island's competitiveness? How does the destination perform on each of these factors relative to its competitors? Which importance-performance framework is best suited for TDC analysis? Which combination of importance and relative competitiveness measures and IPA models best predict priorities for competitiveness enhancement? Which TDC factors feature as top priorities for improvement?

In conformity with fixed design requirements, a single questionnaire survey is used in this study to systematically gather data in standardised formats from a large number of respondents within an identified population (Bryman 1989). The purpose of the survey is both descriptive and interpretative in that it provides information on the distribution of several characteristics of a population, such as demographic descriptors, as well as explanations of island TDC. Survey research follows a deductive approach, beginning with the research problem and ending with

empirical measurement, data analysis, and final reporting. It is a cost-effective approach which enhances data accuracy through large data gathering. It allows results to be generalised to an entire or to a similar population, and is flexible in selecting an appropriate data collection method (Robson 2002).

3.4.2 Survey Population

One of the most important aspects of survey research is the coverage of the enquiry. In this study, the surveyed population is defined as senior executives not below a managerial position or equivalent role, having no less than ten years experience in tourism, and working in the accommodation sector, destination management companies, inbound tour operators and travel concerns in Malta.

With large survey populations, it is uncommon to aim at full coverage of the population because the extensive resources required to conduct such an exercise rarely justify the need for extraordinary detailed analysis and unequivocal accuracy. It is evident that in a survey census there are no selection biases and sample variance is zero. However, as Moser and Kalton (2001) succinctly put it, 'complete coverage' and 'complete accuracy' are 'illusory' since, in practice, errors are always present in any inquiry. The main justification for opting to carry out a census of the sampling units in this study is not driven by the appealing above mentioned considerations, but is rather dictated by the need to have sufficient units to meet the requirements of valid analysis and interpretation. To use a data set for statistical analysis, the literature recommends a minimum of five observations to each variable (Hair et al. 1998). Thus, a minimum of 150 observations is needed for the purpose of this study, although 300 sampling units would be more agreeable. The relatively small number of sampling units available (340) is just sufficient for the purpose of the analysis. Given that Malta barely exceeds an area of 321 square kilometres, with a heavy concentration of the sampling units in the northern part of the island, surveying all the units in the frame is deemed feasible.

3.4.3 Expert versus Tourist Evaluation

The use of tourism experts' evaluative judgement instead of tourists' assessment raises some issues which have been given due consideration by the reference consulting group. The key concern is whether the experts' appraisal of tourism attractors is consistent with tourists' evaluation. Tourists, as temporary visitors, are well-positioned to evaluate destination attractiveness and visitation experience, but their stated discernment of tourism attractors need not be better than that of an expert or of an experienced industry practitioner evaluations. Gearing, Swart and Var (1974 p. 2) argue that: "there are often differences between the opinions expressed by tourists and their actual behaviour. For instance, a respondent might very well express a greater

interest in archaeological museums or a lesser interest in luxury accommodation than his behaviour reveals". They claim that "each expert opinion is representative of a large group of tourists", and through "observing actual tourist behaviour and knowing which factors induced which responses from tourists, they can have a more precise view of tourists' preferences than visitors often cared to reveal". It can also be argued that tourists' perceptions of tourism attractors are in the first place significantly influenced by travel experts' promotional material and marketing drives. Thus, industry experts not only know tourists' perceptions, but actually help to shape them. This may explain why comparative research consistently shows convergence between experts' and tourists' evaluations (Var et al. 1977). Ideally, both experts' and tourists' assessments are taken into account but, as Formica (2002) points out, it is very rare for studies to include both.

Even if tourists are able to reliably assess tourism attractions, they are usually 'unknowledgeable' and, therefore, incapable of evaluating the relative importance of business factors to TDC competitiveness or of assessing a destination performance on these attributes. This TDC study requires individuals to evaluate both tourism attractors as well as business factors. Managers are judged as having the required competencies to assess both components because they have the business experience, as well as networking capabilities, and are in constant, direct contact with tourists. In tourism literature, it is common for researchers to survey hotel executives, destination managers, tour operators, travel agents, and academics to give 'expert' judgement on the importance and performance of tourism attractions. These researchers use a variety of sampling frames, such as membership lists of tourism associations, directories of travel associations and travel agents, and/or consultant locality guides in the yellow pages (see, for example, Crouch 2007, 2010; Dwyer et al. 2004; Hu and Ritchie 1993; Enright and Newton 2004; Faulkner et al. 1999; Formica and Uysal 2006; Smith 1995).

3.4.4 The Sampling Frame

The question of whom to sample cannot be examined in isolation. Ideal sample frames that guarantee every member of the population a known chance of selection are uncommon. The best that a researcher can do is to be honest and transparent on the comprehensiveness of the sampling frame. The sampling frame for the purpose of this study consists of all hotels and other types of accommodation, as well as destination management companies (DMCs), inbound tour operators, and travel agents listed in the Malta Tourism Authority (MTA) database as on December 2008. In all, 361 units appear on the list. One hundred and forty-sixty are accommodation units, of which 94 are hotels (14 five-star, 36 four-star, 36 three-star and 8 two-star), 19 guesthouses, 27 holiday complexes, and 6 hostels. The remaining 215 units comprise 87 DMCs and 128 inbound tour operators and travel agents. The lists, names, addresses, emails and telephone numbers were verified with other databases and statistical sources. In particular, the Malta National Statistics

Office (NSO) publications provide up-to-date listings, while the Malta Financial Services Authority databases give names, addresses and short description of activities of registered companies. Two other databases, the membership lists of the Malta Hotels and Restaurants Association (MHRA) and the Federated Association of Travel and Tourism Agents (FATTA) that also includes DMCs, were also checked to confirm the reliability of the data. Although the information is limited to the associations' membership, they represent the majority of the business categories. Thus, details of members provide an additional source for establishing the accuracy of the data. The sampling frame was subsequently scrutinised for duplicate listing and for the adequacy of the information to enable the identification and location of each unit with certainty. After a final verification, twenty-one business units were found to have a business licence but had ceased to operate, or were in the process of liquidation. The final list comprised 340 units as at March 2009. The sampling design was consistently discussed with survey professionals at MTA and NSO who provided the researcher with valuable statistical information, advice and guidance in order to maintain high professional standards in carrying out the survey work.

Although it is difficult to meet the stringent requirements of an ideal frame (Moser and Kalton 2001; Babbie 1998), the accuracy and completeness of the final sampling frame are considered sufficient for the proper conduct of this survey. The adequacy of the sampling frame depends on the particular needs of the study rather than on some special characteristics of the frame (Babbie 1998; Fowler 2002; Moser and Kalton 2001). One such need is having enough observations to satisfy the statistical requirements to perform the desired procedures. Statistical considerations, for example, have constrained the study to survey all the elements in the sampling frame. A census of the survey population is possible because Malta is a very small island where tourism is heavily concentrated in one area, with sampling units often within a walking distance of each other. The island of Gozo has been excluded from the survey because it depends almost exclusively on the local population for its tourism.

3.4.5 Data Quality Considerations

Better survey design and execution are achieved when high quality procedures are in place. The objective of a good research design and implementation is to produce the most accurate, precise, reliable and valid study results. The extent to which these are feasible or desirable depends on the research problem, the use made of the data and the costs involved (Groves 1989; Moser and Kalton 2001). Choices and compromises have to be made on design alternatives, potential errors and costs. However, the "trade-offs between costs and methodological rigour in all aspects of survey design process" must be accounted for by the researcher (Fowler 2002 p. 158).

To achieve high quality data and credible results, a total survey design approach (Dillman, 1978, 2000; Fowler 2002; Neuman 2000) has been adopted by the researcher. A holistic approach to survey design and implementation process means taking into consideration not only one or two aspects of the data collection process, but also the different facets of the survey to achieve the quality standards appropriate to the study's objectives. The quality of the questions as measures, questionnaire format and layout, data collection, data gathering methods, choice of surveyed population, sample frame, sample size and response rate constitute decision parameters that heavily weigh on the quality of the data survey. In reporting the details of the survey, the relevant aspects of the data gathering process that affect the data quality or error level will be explained below to demonstrate the validity of the study.

Designing the study's procedures and implementing remedies concerning questionnaire design and execution is one way of addressing common method biases (CMB) that are closely associated with survey research and measurement error (Friedrich et al. 2009; Podsakoff et al. 2003). CMB is the variance that may result from the measurement method rather than the specified construct (Bagozzi and Yi 1991). The manner in which items are worded (e. g. ambiguity, complexity and reverse coding), question design, type of scale, scale length, and response format are but a few examples of potential sources of CMB (Fiske 1982). The presence of response biases also impinges on the quality of survey data (Donaldson and Grant-Vallone 2002; Podsakoff et al. 2003). Some respondents may not be knowledgeable about the construct being measured (unawareness bias), or have a propensity to rate higher people or objects with whom they are familiar (leniency bias) (Guilford 1954; Farh and Dobbins 1989). It is also possible for some respondents to want to appear in a favourable light in spite of their true feeling (social desirability bias) (Crowne and Marlowe 1964; King and Bruner 2000; Smith 2007), or simply decide to disagree or agree with the questions irrespective of the content (acquiescence bias) (Winkler et al. 1982; Furr and Bacharach 2008). Some respondents may even suffer from a cognitive bias (halo effect), whereby a preconceived feeling of 'positivity' or 'negativity' prejudices their interpretations (Cialdini 2001). Another potential cause of CMB is when the dependent and independent variables are obtained from the same respondent. This can have a confounding effect on empirical results (Bagozzi and Yi 1991; Friedrich et al. 2009).

Following Podsakoff et al.'s (2003) recommendations, this study adopts various design procedures to minimise the diverse sources of CMB. It is not always possible or practical to have different respondents to assess predictor and criterion variables separately. Besides, measuring these variables separately may introduce confounding intervening variables between independent and dependent measures. Such procedures are also expensive and time consuming to implement. An adequate alternative used in this study was to separate the criterion and independent variables

methodologically. Thus, respondents are asked to rate the variables on different scales and different formats (Podsakoff et al. 2003). The predictor variable, priorities, is also validated against pilot study results and exploratory research findings. Other measures include targeting 'tourism experts' as respondents who are knowledgeable on both tourism and business conditions affecting TDC. A self-completion questionnaire allows the research participants to remain anonymous. To minimise the respondents' feeling or fear that they were in some way being scrutinised, they are assured that there are no right or wrong answers to the questions posed. They are only encouraged to be honest in answering the questions. Such steps help to reduce the risk of participants modifying their response to appear more acquiescent, lenient, socially desirable, and/or consistent with how they think the researcher likes them to reply. The survey questionnaire as a data collection mode, apart from avoiding interviewer bias, generates a less socially desirable response and provides higher response accuracy than face-to face interviews (Robson 2002).

Question design has an important effect on the quality of data and survey estimates. An appraisal of survey questions can significantly lower survey error. Pre-testing the questions by means of cognitive interviews, focus groups, expert evaluations, and piloting the questionnaire can ameliorate the extent to which questions are reliably comprehended and accurately answered. Numerous survey methodological texts offer practical guidelines in questionnaire design, format and layout (e.g. Babbie 1998; Dillman 2000; Fowler 2002; Moser and Kalton 2001; Wiersma 2000). They provide valuable checklists against poor design. For example, in question wording, one is advised to avoid doubled barrelled questions, leading questions, questions in the negative, ambiguity, complexity and unnecessary detail (Robson 2002; Tourangeau et al. 2000). More detailed procedures are outlined in subsequent sections.

3.4.6 Data Collection Mode

One of the most important considerations of good survey design is the choice of the data collection mode. This must be suitable to the surveyed population, adequate to the phenomena being examined and apposite to the instrument requirements in a manner that is cost effective and which generates good response rates (Fowler 2002). The self-administered questionnaire is ubiquitous in survey research and is a common method applied in quantitative design (Cooper and Schindler 2001). It permits the gathering of a representative sample data in standard form from a large population (Robson 2002; Fowler 2002). The choice of a questionnaire survey as a means of collecting data is based on various aspects of the research process. The self-administered questionnaire is seen as a valid data gathering mode that secures straightforward answers to questions based on simple scales such as the Likert type and preference ranking measures (Moser and Kalton 2001). Its choice is also conditioned by its relative merits compared to other data collection methods and the feasibility of remedial action to mitigate its relative disadvantages.

Interviewer surveys, where respondents' answers are verbally recorded have the advantage of inducing higher response rates, allow for answering respondents' queries, and offer the possibility of multi-method data collection such as observations and visual cues (Robson 2002). However, interview surveys are deemed highly expensive, requiring trained interviewers, long data collection periods, and involving a significant risk of interviewer bias when compared to alternatives. They are judged more appropriate for much longer survey instruments than the ones proposed in this study. Telephone surveys, while cheaper to conduct, are viewed as prone to sampling and interviewer biases and considered more appropriate for short and simple questionnaires. The self–administered questionnaire presents a suitable alternative to these methods because it is comparably not expensive to implement, and effective in asking questions that can require visual aids, or which involve long and complex response categories, or entail batteries of similar questions (Oppenheim 2001). The self-administered questionnaire offers the possibility of better quality data because it minimises interviewer bias as respondents are not required to share their views with an interviewer, and they have also sufficient time to reflect on the questions to give considered answers to the questions (Robson 2002). Anonymity also contributes to lower non-return bias and social desirability bias since respondents are more willing to reveal their true preferences. Although generally high literacy is required to perform self-administered questionnaires, this poses no threat to the internal validity of this inquiry since the survey population is highly educated. A low response rate, generally associated with this type of data gathering mode, is seen as the most threatening source of bias.

3.4.7 Questionnaire Design

The questionnaire is designed to gather data required to achieve the study's objectives and answer the research questions. It seeks to provide valid measures of the research questions by encouraging respondents' cooperation to provide high quality data for analysis. Steps are taken to ensure that the participants are knowledgeable about the phenomena under study, understand the questions as intended by the researcher, and are willing to answer the questions in the form established by the survey instrument.

For convenience, the questionnaire is divided into two sections. In the first section, questions are asked to derive different measures of relative importance and relative performance within the context of competing tourism destinations in the Mediterranean (objectives ii and iii p. 63). On the basis of the questionnaire findings, the IPA approach and the importance and performance measures that best predict priorities to enhance TDC can be identified (objective iv p. 63). This framework can be used to assess Malta's performance on each tourism attractor and business factor identified in the qualitative exploratory study, and to highlight priority areas for

improvement objective v (p. 63). In the second section, questions are asked to gain some understanding of the demographic profile of the respondents (see Appendix B3).

Competitiveness is a relative concept and not an absolute construct (Dwyer and Kim 2003; Feurer and Chanharbaghi 1994). It cannot be measured in abstraction or acontextually as in the classical competitive models of Porter (1990) and Ritchie and Crouch (2003). The best means of evaluating TDC is to assess a destination relative to its competitors (March 2004; Kozak 2002; Kozak and Remmington 1999). Thus, the initial step in the questionnaire is to establish the destinations that constitute the competitive set.

The first question requires respondents to identify Malta's top three competitor destinations and rank them in order of importance, objective ii (p. 63). The participants' choice is directed towards similar types of destinations in the Mediterranean region. Answers to this question inform the study on Malta's perceived key competitors. The purpose of this question is not to benchmark Malta's competitiveness against a specific tourist destination or to measure Malta's competitiveness on listed factors against a set of corresponding items of a particular island competitor. It is rather to guide the participants in the way they complete the questionnaire by inviting them to think in relation to key competitor destinations. It provides respondents with a suitable mindset or context to make their evaluation in concordance with the concept of relative competitiveness. Similar approaches are adopted by various tourism studies (e.g. Crouch 2007; Enright and Newton 2004; Gomezelj and Mihalic 2008; Wilde and Cox 2008). This question aims to improve the quality of the data and contribute towards achieving valid questionnaire results.

General TDC models have produced exhaustive categories of factors that are relevant to destination competitiveness. Although these classifications of attributes offer significant qualitative value and insights in understanding competitiveness, they need to be quantified to allow for an examination of the strength of each factor with respect to destination competitiveness. Even if these factors are common to similar locations, their weight in determining competitiveness varies. Some factors are more important than others when compared to similar destinations so that the relative importance or value of each factor needs to be evaluated.

Having established a set of important factors that are relevant to island destinations and a set of Mediterranean competing destinations, the next logical step is to assess the relative importance of each attribute in determining the tourists' decisions on their choice of destination relative to competition. Questions 2 and 4 require respondents to assess the importance of each enumerated factor in contributing to island TDC; keeping in mind the competitor destination set identified in question 1 (objective ii p. 63). Question 2 comprises a set of 30 tourism attractors such as climate,

culture and history, island charm and sea and beaches. Question 4 encompasses another set of business factors that include such items as destination awareness, air accessibility, competitive environment and general infrastructure. The factors are randomly coded to minimise order bias and enhance respondent engagement (Krosnick 1999). The structure of the scale is based on a 7-point Likert scale: (i) extremely unimportant (2) unimportant (3) slightly unimportant (4) neutral (5) slightly important (6) important (7) extremely important. This scale is frequently used in importance studies (e.g. Deng et al. 2008; Tonge and Moore 2007; O'Leary and Deegan 2005), although the 5-point scale is more popular in tourism studies. The 7-point scale is preferred to a 5-point scale because it gives better consistency and validity measures (Rasmussen 1989). It may not be as good as a 9-point scale as the more intervals you have, the more it approximates to a ratio scale, and thus, improving the interpretation of the results. However, the incremental information gained from having a 9-point scale or higher is insignificant (Peterson 2000; Spector 1992; see also subsection 3.4.11). Likert scale scores provide a direct measurement of attribute importances that allows for the implementation of importance-performance analysis and further statistical analysis. Factors can be rank-ordered by their relative importance means.

Once the relative significance of each factor impacting on TDC is known, the performance of the destination on these factors can be measured. Questions 6 and 8 require respondents to refer to the competing set of destinations specified earlier in the questionnaire. Within this context, they are asked to rate the island's relative competitiveness on each of the factors listed in questions 2 and 4 (objective iii). For easy comparison, performance is estimated on a 7-point Likert scale with (1) much worse (2) worse (3) slightly worse (4) neutral (5) slightly better (6) better and (7) much better. It is generally acceptable for relative competitiveness to be measured using Likert scale rating (Abalo et al. 2007) to provide a direct measure of attribute performances. Factors can be ranked by their relative competitiveness means which permit importance-performance analysis and further statistical analysis.

Competitiveness can be improved if a destination deploys its scarce resources to their best use. This requires the identification of priorities for improvement. Questions 2, 4, 6 and 8 provide the quantitative measures (objective iii p. 63) necessary for the application of importance-performance analysis (IPA) to denote priority areas for enhancing TDC. Empirical studies show that these measures have problems in discriminating within and among factors and achieving high validity power. This study, therefore, introduces, for the first time in tourism studies, a modified weighted partial ranking (WPR) method as an alternative to the Likert scale rating (LSR) to measure importance and relative competitiveness (see subsection 3.4.12.6 p. 117). It is hypothesised that a diagonal approach that uses WPR ratings discriminate better within and among attributes and has a higher predictive validity than other techniques that use LSR measures. This method, if supported

by results, would significantly reduce the size and cost of subsequent questionnaires, decrease rater fatigue, enhance respondent engagement with evaluations, minimise non-response bias, and contribute to better quantity and quality of data. The aim of questions 3, 5, 7 and 9 is to achieve objective iii (p. 63).

Questions 3 and 5 require participants to identify the five most important tourism attractors and the top 5 most important business factors from among the list of tourism attributes in question 2; and of business factors in question 4 and rank them in order of importance (objective iii p. 63). For ease of operation, questions 3 and 5 follow immediately after questions 2 and 4 so that respondents can simply quote the number code adjacent to the relevant attributes. This provides a preference ranking measurement of relative importance and a logical consistency check for questions 2 and 4. Attributes that are rated among the five most important factors should also achieve the highest scores using direct ratings (LSR). In ranking attributes by importance, from 1 being the most important to 5 as the least important, raters are guided to make evaluative decisions on the basis of comparison to all the other factors taken together, thus ensuring a relative measure of importance.

The purpose of questions 7 and 9 is to derive a WPR measurement of relative competitiveness, objective iii (p. 63). In a similar fashion to questions 3 and 5, respondents are asked to identify the top 5 tourism attractors and the 5 most important business factors in which Malta performs better than its competitors and rank them in order of achievement (1 being the highest). These questions also provide a logical consistency test for questions 6 and 8.

Questions 2 to 9 are necessary to achieve objective iii (p. 63) because the importance and performance measures proposed in the literature are generally inconsistent (Alpert 1971; Bacon 2003; Chrzan and Golovasckina 2006; Griffin and Hauser 1993; Matzler et al. 2003; Sampson and Showalter 1999; Oh 2001). Since the interpretation of IPA results depend on the selected method and measurement, it is difficult to know a priori which combination of approach (scale-centred, data-centred or diagonal) and measurement (Likert, ranking or statistical) provides reliable and valid IPA results (Abalo et al. 2007; Gustafsson and Johnson 2004). The answer to this question would provide the most valid framework and measurement to test Malta's competitiveness and identify areas of priority for improving its performance on selected tourism and business factors (objectives iv and v p. 63).

Question 10 provides a single item measurement of the overall competitiveness which is useful for convergent validity testing, and examining the robustness of derived importance measures from regression coefficients. This question requires respondents to carry out an overall assessment of Malta's competitiveness as an island destination relative to similar destinations in the

Mediterranean on a 7-point Likert scale ranging from: (1) extremely uncompetitive (2) very uncompetitive (3) slightly uncompetitive (3) neutral (4) slightly competitive (5) competitive (6) very competitive and (7) extremely competitive. The level of overall competitiveness is believed to be a function of performance of each of the competitive attributes. A single-item measurement is preferred because it is suitable for the purpose of this research, as well as being simple to administer to a large sample, demanding less of respondents' time. This advantage is supported by empirical research (Gorsuch and McPherson 1989; Szymanski and Henard 2001). Other studies use similar types of questions to measure global measures of a construct (Lundahl et al. 2009; Nadiri and Hussain 2005). Multi-item measures have the advantage of better content validity and easier means of internal consistency testing (Oliver1980). However, empirical research shows that multi-item constructions do not necessarily have higher construct validity than single measures (Day and Johnson 1982; Szymanski, and Henard 2001). Using Spearman's formula for the correction of attenuation, single item measure is found to have comparable reliability estimates to multi-item constructions (Wanous and Reichers 1996; Wanous, Reichers and Hudy 1997; Loo 2002).

Question 11 is the last question in Section 1 of the questionnaire. It requires respondents to identify, from the tourism and business factors, the top three areas of priorities that Malta should concentrate on to improve its competitiveness (objectives iv and v p. 63). The purpose of this question is to enable the validation of the three IPA approaches for establishing priorities (scale-centred, data-centred, and diagonal models), and the three measuring methods of importance and performance (LSR, WPR, and regression coefficients). By evaluating the relative predictive power of the various models, the question of which model and measurement combination in this study best predicts priorities can be resolved. Direct measurement of priorities is also useful for estimating the most accurate slope of the diagonal line which can vary significantly from one model to another (Bacon 2003).

The second section of the questionnaire deals with demographic characteristics of the surveyed elements of the population. Six questions are asked to elicit information on gender, age, education, position in the organisation, type of business, and years of experience in the tourism industry. This information is considered useful for understanding the profile of respondents and for qualifying the 'expertise' of the respondents.

Once the details of questionnaire design are completed, it is necessary to test it before embarking on the actual survey.

3.4.8 Pretesting and Piloting the Research Design

Pretesting particular aspects of a fixed design and piloting it on a small scale prior to the major research effort offers the researcher the opportunity to assess its difficulty and determine whether the main survey is worth executing (Babbie 1998; Fowler 2002; Oppenheim 2001; Yin 2003). Pretesting and piloting the study provides a check on the adequacy of the research instrument, data collection plans and methodological procedures by trying out systematically the various features of the main enquiry. Even if it were possible to adopt a tried and tested instrument to reduce the amount of pretesting and piloting work needed, it would still be necessary to ensure that it is relevant to the population in question and capable of generating the data required. Pretesting is not seen simply as a standard research procedure but rather as a multi-stage process where every opportunity is taken to pretest every aspect of the research design. The size and design of the pilot project is a matter of judgement, time and money but it is best to be of comparable structure to the main study. The final research design and field procedures are informed by the pilot study, as well as by an ongoing review of the literature that highlights the prevailing relevant theories.

3.4.8.1 Pretesting the Questionnaire

A survey questionnaire should be tested to enhance higher quality data gathering (Babbie 1998). Its design is an essential part of the process to establish reliable and valid data. Measurement errors can arise when questions are misunderstood and not answered accurately. The choice of vocabulary and sentence structure, as well as instructions or rules on how to answer questions can be a major source of comprehension problems. Validity concerns can also result if the same question is interpreted differently by respondents or interpreted in the same way but not in the manner intended by the researcher. Other errors may be caused by the respondents' inability or unwillingness to retrieve the information required to answer the question (Oksenberg, Cannell, and Kalton 1991).

The questionnaire design process is informed by theories in cognitive psychology (Aborn 1999; Ericsson and Simon 1980, 1984; Hippler et al. 1987; Tourangeau 1984) as well as social psychology (Turner and Martin 1984) that provide for greater guidance and insight in questionnaire design in such areas as context effects, the development of response categories, and social desirability. Theoretical research in these domains, in particular the survey response model that breaks down the response process into comprehension, retrieval, judgement, and response formulation stages (Strack and Martin 1987; Tourangeau 1984), contributes to a better understanding of the central issues that affect survey data quality and influence choices for structuring and sequencing the question and response categories in the early stages of questionnaire design.

Even if informed by the best theoretical research, the specific context of a Mediterranean island destination, the concept of island tourism competitiveness, and the choice of 'experts' as the surveyed elements of the population suggest that pretesting the questionnaire can be beneficial in ensuring high quality survey data. Several methods are available for pretesting questionnaires such as cognitive interviewing, respondent debriefing, behaviour coding of respondent-interviewer, questionnaire appraisal coding systems, interviewer debriefings and expert panels.

Given time and resources constraints, and the use of a self-administered questionnaire as the data gathering instrument, this study uses a combination of mainly cognitive interviewing and expert panel techniques for pretesting the questionnaire. The reasons for pretesting the instrument are to determine whether the competitiveness concept and questions are understood by the respondents in the same way and as intended by the researcher; to underline the items and questions that show confusion or misunderstanding with respect to intended meaning; to identify spurious or missing items; and to obtain the respondents' perception of task difficulty, fatigue and question sensibility. Selection of candidates is based on purposive judgement so as to be informed on different aspects of the questionnaire design. Initially, a cognitive interview was conducted with a highly experienced hotel manager who has been working in different areas of the tourism industry in a career spanning over thirty years. The respondent was given a draft questionnaire which he filled while concurrently explaining verbally how he interpreted the survey questions and formulated the answers. When necessary, he was probed by the researcher to explain how he went about answering the question, how and why a question was easy or difficult to answer, what certain items meant to him, how he arrived at such an answer, how certain was he of the answer given, and whether he was able to find the answer to the question from the response option shown. In general, the questions were found to be comprehensible and could be answered readily.

Fowler (2002) suggests that probably one of the best ways to pretest a questionnaire is to administer it personally to a select group of subjects and then to engage in a discussion on its various facets. Thus, in the second stage, a group of seventeen, final year students in tourism studies were given the draft questionnaire to complete on their own as if they were part of the final survey. This was followed by a post-mortem review of the survey responses, and an analysis of the processes involved in generating the answers. In the subsequent discussion, the evaluation focused on such aspects as: the presentation and layout; the clarity of instructions and questions; whether the wording was simple, clear and unambiguous; whether there were any issues with answering the set questions, or with understanding what kind of answers were expected; respondent fatigue and engagement; the length and time to complete the questionnaire; and the design of the letter of introduction. Finally, in a further step to validate the instrument, an improved version of the questionnaire was subjected to the scrutiny of six 'experts' composed of a leading tour operator, a

chairman of an international hotel group, a tourism product director, an academic tourism researcher, a marketing research director, and the two project supervisors.

In the final draft of the questionnaire, the presentation and layout were improved and some minor changes were implemented. A short explanatory note on the survey objectives was added to the cover page to make sure that the respondents were in the right frame of mind to answer the questionnaire. Question headings were also amplified to clarify their meaning. All items were retained, but they were randomly numbered to ensure that respondents' attention was maintained, especially when answering questions 3 and 5. An extension to the item 'concentration of tourist attractions' was added in brackets to ensure that it was understood as intended. On average, it was estimated that the questionnaire would take between 20-25 minutes to complete.

3.4.8.2 Pilot Study

Although pretesting different aspects of the research design is essential to enhance its validity, a pilot study establishes the valid interrelationships of the disparate elements such as the data gathering, coding, logging and processing, analyzing and evaluating the data. A work-and-think-through of the entire project design on the basis of a small-scale replica of the main study provides significant insights and essential guidelines on how best to implement the final study.

The questionnaire in the final format as indicated by pretesting was therefore administered in an identical way as intended for the real project. The pilot was directed at a representative sample of the designated population to be surveyed. Table 3.3 shows the number and percentage proportion of units selected for the pilot sample from the sampling frame.

Units	Survey Population		Pilot Sample	
	Units	(%)	Units	(%)
1. HA	109	(32)	11	(32)
2. TA	85	(25)	9	(25)
3. TO	71	(21)	7	(21)
4. DMC	75	(22)	8	(22)
Total	340	(100)	35	(100)

HA = hotel accommodation; TA = travel agent; TO = tour operator; and DMC = destination management company

Table 3.3: Stratified Pilot Sample

Moser and Kalton (2001 p. 51) suggest that the size and design of the pilot survey "is a matter of convenience, time and money". Given that the sampling frame consisted of only 340 units, a sampling of 10% of the units was deemed adequate for the purposes of the pilot study. Every effort, however, was made to have an analogous structure to the main study. To increase the representativeness and reliability of the pilot results, systematic random sampling was employed to

select 35 elements from a sampling frame of 340 units which were listed in order of accommodation classification and type of business.

An email announcing the survey was sent to the highest executive of the pilot sample five days prior to the distribution by hand of the instrument together with a letter to introduce the research project. Whenever it was not possible to meet the CEO, general manager, or some other designated executive, the questionnaire was left with the respective secretary on the understanding that it would be collected personally within ten to fifteen days. Since the systematic sample covered a relatively small geographic area, it took three days to distribute the questionnaires. Three days before collection day, a reminder email was sent or a telephone call made so that the data gathering was completed within the stipulated period.

At 97%, the response rate was very satisfactory. In all, thirty-four questionnaires were returned. Three were returned by post and four filled online after participants requested a word format of the instrument to be sent by email. One respondent failed to complete the survey, citing business travel as the main reason of his unavailability. Two questionnaires were discarded because one respondent returned the questionnaire with a missing page while the other did not complete the demographic details in Section 2. Thus, the number of usable questionnaires was thirty-two (91%). All the set questions were answered, none was qualified or endorsed with multiple answers, and no entries were made in the available category 'other'. This indicated a good research design and an instrument with strong face validity. The completed questionnaires were coded and entered into a prepared codebook using Microsoft Office Excel 2007 database package. Data entry operations were significantly improved by using separate spreadsheets for each question in the survey. This improved the efficiency of the coding and data entry which could be done concurrently by different data entry operators, reducing fatigue and time constraints. The data was then copied to a codebook in SPSS 17 database file to perform the required statistical analysis.

Pilot studies are generally perceived as testing grounds for the reliability and validity of scales (Moser and Kalton 2001; Oppenheim 2001). Even though there can be substantive conceptual and empirical grounds for retaining all the items in the scale (Babbie 1998), the pilot study provides an opportunity to statistically test for the reliability of the scale by using Cronbach's alpha (α). Reliability analysis performed on tourism and business factors suggests that the scale is highly reliable ($\alpha = 0.87$). The construct validity is also acceptable since the results for all items show that alpha does not rise following the deletion of each item sequentially from the data set, indicating that all items contribute to the high value of alpha. Other validity checks included the introduction of variance statistics. The mean spread for tourism factors (1.95) and business factors (1.41) suggests that respondents can moderately discriminate between tourism and business factors,

supporting the view that business factors are at least as important as tourism attractors in evaluating destination competitiveness. Even though the sample size is relatively small, the IPA framework is valid since, even after allowing for sampling error by subjecting the mean of each attribute to ±1 standard deviation, the position of each factor remained firmly within the same IPA space.

Several other statistical procedures intended for the real study were performed, including Pearson's and Spearman's rho correlations, regression with dummies and other parametric, and nonparametric tests. The modified weighted partial ranking (WPR) technique for measuring importance (I) and performance (P), and the relevant data transformation of WPR ratings into metrics were tested on the data. Different IPA methods and IP measures using Likert scale ratings (LSR) and weighted partial ratings (WPR) were tested for predictive validity. Results tend to support the hypothesis that the diagonal method using WPR for measuring attribute importance represents the combination that best predicts priorities for enhancing TDC. Its predictive validity [(R^2=0.56) and (R^2=0.70)] was higher than the diagonal technique using LSR [(R^2=0.13) and (R^2=0.64)]; higher than the scale-centred data method using LSR [(R^2=0.13) and (R^2=0.11)] or WPR [(R^2=0.19) and (R^2=0.44)]; and higher than the data-centred approach using LSR [(R^2=0.13) and (R^2=0.57)], or WPR [(R^2=0.18) and (R^2=0.5)]. The figures in the brackets are the adjusted R^2 for tourism attractors and business factors respectively. It was found useful to have several plots to illustrate better the differences between the models and measures in discriminating among attributes and predicting priorities. Given the size of the pilot study, results should, however, be interpreted with caution.

The pilot study served to identify as many problems as possible, and to address them before the final survey could be executed. In this case, no significant problems were identified that could affect the various facets of the questionnaire design, procedures or data analysis. Practical observations and empirical considerations emanating from the pilot study helped to shape the last draft of the main questionnaire.

3.4.9 Research Implementation

Irrespective of the quality of the research design, the success of the study depends on its implementation. Babbie (1998 p. 186) contends that "a brilliant research design that is improperly executed will result in failure".

3.4.9.1 Steps to Increase Response Rate

A low response rate creates a bias that undermines the validity of the results. A survey can be viewed as a social interaction based on exchange principles. If respondents feel that the value from

this exchange overwhelms the costs in terms of time and effort, they are more likely to participate in the survey and engage with the questionnaire (Dillman 1978). The more a researcher generates a feeling of trust and motivates respondents through the creation of intrinsic rewards, such as a feeling of importance in participating in worthwhile research, the greater the probability of survey response. The significance of non-response bias cannot be underestimated as it erodes the credibility of the study. Non-response bias is an important source of survey error. It is problematic because it is difficult to estimate the effect of non-response on the data. Therefore, suitable provisions must be made to ensure a satisfactory response rate. Biased estimates are avoided if response rates approximate 90% (Jones 1995).

Several steps in keeping with the suggestions offered by several researchers (see, for example, Fowler 2002; Babbie 1998; Wiersma 2000) were taken to ascertain a high rate of participation in the survey. Although group survey administration generally elicits high response rates, it is not easy to group people from so many diverse establishments. While postal and internet surveys are cheaper to administer, these methods are known to generate low response. Therefore, a hand-delivered, hand-picked strategy was considered the best way to increase the probability of successful survey participation, defined by Babbie (1998) as a response rate exceeding 70%. Personal contact, through the presence of the researcher who can introduce the study, appeal for participation in the survey, leave the questionnaire with the designated respondent, and pick it up at a later date increases the possibility of a response rate without necessarily introducing interviewer bias. It is also presumed that a highly literate surveyed population, which is generally familiar with questionnaires, has a professional interest, and understands the relevance of the enquiry to its business, is more likely to complete and return questionnaires (Green et al. 1997).

Other steps taken to improve the response rate included: a call for support from professional associations; an advance introductory letter announcing the survey, giving realistic time cues, and promising access to study results; and planned follow-up measures, using multiple contacts such as fax, telephone, emails and further visits (Fowler 2002; Dillman 2000).

3.4.9.2 Introductory Letter

One week before actually carrying out the survey, a letter introducing the study on the international competitiveness of Malta as an island tourist destination was sent to the most senior executive of the surveyed units. It briefly explained that the study aimed at identifying and assessing the importance of salient factors that determine island TDC and evaluate Malta's competitiveness on these attributes. Respondents were informed that they were chosen on the basis of their relative experience, knowledge and expertise in tourism. They were encouraged to participate actively in the survey because it could assist their business and the tourism industry to

improve performance. They were promised access to the final summary results once the study was concluded. Assurances were given that confidentiality and anonymity would be observed and that the information acquired in the process of the data gathering stage would be solely used for research purposes. As voluntary participants, they were reminded of their right to withdraw their involvement in the research at any time during the execution of the survey. It was further explained that being part of a doctoral programme at The Robert Gordon University, the project had the prior approval of the ethics committee of the University.

Respondents were informed that the researcher was being assisted by two collaborators who would distribute the instrument by hand as from 20 July 2009, and would pick it up in a similar fashion on a follow-up visit convenient to them. The contact details of the researcher, supervisor and Research Ethics Committee were also provided (see Appendix B2). An abridged form of this letter was printed on the cover page of the survey questionnaire.

3.4.9.3 Support from Professional Bodies

The Malta Hotel's and Restaurants Association (MHRA) and the Federated Association of Travel and Tourism Agencies (FATTA) were supportive of this project since its inception. Thus, they accepted to extend their assistance by sending emails to their members, encouraging them to actively participate in this survey. In his email, FATTA President announced that "FATTA supports such initiatives ...... [and] strongly encourages members to support this initiative too by answering the questionnaire as promptly and as accurately as possible". The backing of these Associations to the survey was deemed important not only in terms of increasing the response rate but, more significantly, in ascertaining high quality data.

3.4.9.4 State of Tourism during Survey Period

The survey was conducted between the 20 July and 5 September 2009. During this period, tourism continued to exhibit a downward trend in Malta when compared to 2008. In July and August, tourist arrival fell by 9.2% and 3.5% respectively. Tourism expenditure also declined considerably almost by 18% and 11% over these months. In the third quarter of 2009, the net value added in hotels and restaurants dropped by approximately 11% as against the same quarter of 2008 (CBM Quarterly Review 3/2009). Table 3.4 shows business conditions during the survey period based on selected tourism indicators.

To some extent, tourism statistics for 2009 reflected the state of recession of European Union economies which account for about 84% of Maltese tourism. However, these figures also highlighted the need for increased tourism competitiveness. These negative results heightened

tourism stakeholders' interest in tourism competitiveness and motivated respondents to participate in the survey and to answer the questionnaire with commitment.

	July % change 2009/08	August % change 2009/08	September % change 2009/08	Annual % change 2009/08
Number of tourists	-9.2	-3.5	-6.8	- 8
Guest nights*	-7.1	-11.1	-13.3	-12
Tourism expenditure	-17.7	-10.8	-14.1	-12
Total nights spent	-8.0	-5.5	-8.6	-9

*in collective accommodation: hotels, aparthotels and guesthouses
Source: Malta National Statistics Office (News Release: January, 2010; October 2009; September 2009; August 2009
Central Bank of Malta. 2009 *Quarterly* Review, 42 (3)

Table 3.4: Tourism Trends in Survey Period: Selected Indicators

3.4.9.5 Survey Administration

Two final year university students in Economics and Tourism Studies were engaged as full-time research assistants to help in the administration of the questionnaire. They were selected on the basis of their pleasant personality, high personal integrity and drive, and keen research interest in the area of enquiry. They also had some field experience in survey research. They were each given a separate list of business establishments with contact details such as addresses, emails and telephone numbers and a corresponding number of a six-page questionnaire placed in A4 envelopes. The list was decided on geographic considerations to reduce transport costs and increase time economies. The research assistants were given an introductory reference letter which they were advised to keep always in hand together with an official identification document. They were briefed on the field procedures, and instructed to hand deliver the survey instrument to the most senior executive of the business, or to a designated officer not below the grade of manager or equivalent denomination. Great care was taken to explain to them the importance of providing necessary explanations only when required, and in a non-directional way. In any case, they were asked never to assist respondents with the interpretation of the questions. This was done to minimise the risk of interviewer bias. They were to personally collect the questionnaire at a later date convenient to the research participant. The 5 of September 2009 was set as the final date by which all questionnaires had to be collected.

Detailed records of the questionnaires delivered and returned were kept on a daily basis, and any problem affecting the data-gathering process was logged. Regular weekly meetings were held to monitor progress and discuss issues that affected the smooth running of the survey. No serious cases were reported, but it was noted that there were eleven instances when collection day appointments were not kept, although, in all cases, a reminder email or a telephone call ensured a successful collection on the second attempt. Seventy-three respondents requested the questionnaire to be sent as an email attachment which they returned duly filled in the same way. One respondent preferred to return the questionnaire by fax.

3.4.10 Response Rates

Returned questionnaires were immediately given an identification number and checked for completion. At the end of the eight week period, returned questionnaires were checked again for completeness and reconciled with those delivered. Table 3.5 summarises the results of the data gathering phase and gives the response rate for the survey questionnaire. Two hundred and ninety out of 305 questionnaires (95%) were returned, which denoted that the steps taken to ensure a high response were adequate. Fifteen respondents refused to complete the questionnaire, citing such reasons as lack of time (8) and business travel (7). Nine questionnaires had to be discarded because of: missing pages or too many missing values (5); respondents had less than the stipulated 10 years experience in tourism (2); and questionnaires filled by front desk officers or senior clerks (2). These results were similar to those obtained in the pilot study showing the importance of piloting survey procedures before the actual survey is carried out

Results	Pilot		Survey	
Response Rate	34	(97%)	290	(95%)
Usable	32	(91%)	281	(92%)
No answer	1	(3%)	15	(5%)
Unusable	2	(6%)	9	(3%)

Table 3.5: Response Rates: Comparing Pilot with Survey Results

3.4.11 Level of Measurement

Before proceeding to an explanation on how survey data was treated and analysed to answer the research questions, a basic understanding of scale properties will inform the discussion on the choice of appropriate statistical tools to apply to the data.

Likert type scales are the most popular scaling techniques used in survey research (Babbie 1998). They are widely used because they entail simple procedures to build and quantify, incur limited time to administer, and avoid the risk of verbal bias (Moser and Kalton 2001). Research findings show that this scale is reliable and valid (Oppenheim 2001; Spector 1992), and extremely useful with large data sets (McDougall and Munro 1994; Robson 2002). In the generic literature, Likert scales are extensively applied in various disciplines to measure diverse constructs (cf. Bramwell 1998; Bai et al. 2006; Jaffar et al. 2005; Kiedrowski 2006) and frequently used to determine importance and performance in IPA tourism studies (e.g. Chu and Choi 2000; Gomezelj and Mihalic 2008; Haahti and Yavas 2004; Sau-ling 2009; Wade and Eagle 2003).

Various statistical techniques can be applied to analyse data based on Likert scales (Babbie, Halley and Zaino 2007; Osgood, Suci and Tannenbaum 1967). However, valid interpretation of results

depends on the scale properties. In survey research, nominal or categorical data, such as gender, age cohorts, educational levels, job classifications, and business types provide basic information on the surveyed population. They represent sets of mutually exclusive groups requiring unsophisticated nominal measurement such as the mode, frequencies, percentages, and chi-square. At the other extreme, ratio scales, such as height and weight, are the epitome of measurement level which retain all the characteristics of all other types of scales but which, in addition, has a 'true' point as its origin and differences between numbers have meaning. Powerful parametric tests (such as Pearson's product moment correlation and multiple regressions) can be applied to ratio scales, but this measurement is generally more prevalent in the physical than in the social sciences.

Interval scales are considered a lower form of measurement than ratio scales because the zero and units of measurement are arbitrary. Since distances between two categories are equal and, therefore, differences between two numbers have meaning (e.g. 32° and 97° on a Fahrenheit scale), parametric tests can also be applied to interval data. In the social and behavioural literature, ordinal measurement is the most common type of scale which permits the rank ordering of objects under study according to some set of characteristics. Thus, the median, percentiles, and a whole range of nonparametric tests, are considered more appropriate procedures, although they are less powerful than their corresponding parametric equivalents.

The Likert scale is often treated as an interval measurement so that parametric tests can be utilised (Smith 1995). Within the strict interpretation of Stevens' (1946) typology of the level of measurement, the Likert scale represents ordinal measurement (Siegel and Castellan 1988; Clark and Wood 1998; Wilson 1971). However, some studies demonstrate the robustness of parametric tests applied on ordinal data and postulate that, since the amount of conceivable error is minimal, ordinal data can be treated as interval scale (e.g. Labovitz 1970, 1971; Lord 1953: Nunnally 1978). Bryman and Cramer (2003) make a strong case for treating ordinary scales as interval, arguing that multi-item questionnaires that include more than 15 elements have "similar properties to the 'true' interval scale" (p. 58). Responses on a Likert scale represent equal distances on the conceptual variable with distances either way of the neutral stance being equal (Dometrius 1992). Current practice treats multi-item measures as a special case of interval scale and applies parametric tests to the data (e.g. Bai et al. 2006; Cho 1998; Otto and Ritchie 1996; Pizam et al. 1979; Tribe and Smith 1998; Lord and Novick, 1968; von Eye, 2005). With respect to the use in this study of the 7-point multi-item importance and performance Likert scales assuming interval data, Jaccard and Wan (1996 p. 4), in a literature synthesis on the subject, conclude that "for many statistical tests, rather severe departures (from intervalness) do not seem to affect Type I and Type II errors dramatically". It is widely held by social and behavioural scientists that as long as the scale has 5 or, preferably, 7 points, the precision of the statistics is not compromised, and the application of

parametric procedures on these scales does not generally have serious implications for the study conclusions (Rasmussen 1989).

This evaluation reflects the view of several researchers who defend the robustness of parametric techniques when ordinal data is used (e.g. Binder 1984; Kim 1975; Zumbo and Zimmerman 1993; Labovitz 1970). When ordinal data is treated as interval scale "most of the time, provided that you have a good quality ordinal measure, you will arrive at the same conclusions you would have using more appropriate tests" (Fife-Schaw 1995 p. 47).

3.4.12 Data Treatment and Analysis

This section introduces the basic statistical procedures that are used in this study and explains how they are applied to the data to achieve reliable and valid results. The analysis uses descriptive statistics (e.g. frequencies, percentages, means, standard deviations, and standard errors) to examine categorical data (such as age, gender, education, and tourism experience). Similarly, it applies correlation analysis, using Pearson's product moment correlation coefficients, as well as Spearman's rho (ρ), to establish any correspondence between different competitiveness measures. Multivariate analysis, including analysis of variance, factor analysis, and multiple regressions, is performed on the data to explore the structure of multi-item scales and to test the validity of models and constructs.

This study utilises two powerful software packages to organise, manage, and analyse survey data. Microsoft Excel 2007 is used for the initial data inputting operations and to systematise the raw data into coded segments using separate worksheets. It allows for the application of easy statistical functions and the transformation of data into aggregation metrics and dummy variables to be used in regression analysis. The compatibility of Windows Excel 2007 with The Statistical Package for the Social Sciences (SPSS), which shares the same Windows operating system enables the optimisation of the two computer programmes for survey research analysis. SPSS, which in 2009 was re-branded as Predictive Analytics SoftWare (PASW), is an established, widely used computer application that provides efficient data processing, analytical reporting, graphical representation, and modelling. Its data handling and statistical capabilities are used to perform diverse statistical procedures including hypotheses testing and multivariate analysis.

3.4.12.1 Reliability and Validity Assessment

Unless an instrument is reliable it cannot be valid (Robson 2002). Reliability assesses the degree of consistency if repeated measures of the variable are made. In other words, it determines the extent to which measures of a variable are free from random error (Hair et al. 1998). If a scale is administered on separate occasions to the same group of respondents, its reliability over time or

external consistency can be estimated by using test-retest procedures. In this study, it is deemed impractical to perform this operation to check for the external validity. Instead, as is more common practice in survey research, internal reliability tests are performed to establish whether the sixty tourism and business indicators of the scale measured the same construct. Cronbach's alpha (α) is used to determine the consistency of the whole scale. This statistic is the most widely used reliability measure and it is generally accepted to set the minimum threshold for Cronbach's alpha (α) at 0.7, although in exploratory studies it can be reduced to 0.6 (Hair et al. 1998; Malhotra and Birks 2003). Other tests performed include split-half, and scale-if-item deleted. Split-half reliability assesses the correspondence between respondents' scores for two halves ($\alpha \geq 0.7$) (Bryman and Cramer 2003; Hair et al. 1998).

Since there is no established instrument in the literature against which the reliability and validity of the study's instruments can be benchmarked, an indirect measure of the construct validity is obtained by estimating Alpha (α) following the removal of each item sequentially from the data set. If the scale alpha does not increase after an item is deleted, it indicates that all items contribute to the high value of α and, therefore, the construct validity is determined.

While reliability is necessary for an instrument to be valid, it is not sufficient to ensure validity. Validity is generally concerned with how accurately the concept is defined by the measure (Hair et al. 1998). Establishing the face or content validity of a construct is the minimum a researcher can do to establish the validity of a scale (Bryman and Cramer 2003). In this study, content validity is attained by a subjective, systematic evaluation of the correspondence between individual indicators of the constructs and the concepts of importance and performance through conducting pretesting and piloting procedures and expert assessment. At face value, the measures achieved high content validity. Other criterion-related validity tests are normally used to empirically assess the extent to which the scale accurately represents what it is supposed to measure. Criterion validity is based on concurrent and predictive validity (Malhotra and Birks 2003). Concurrent validity involves assessing the data on the scale and criterion variables that have been gathered at the same time. Construct validity is the most difficult type of validity to determine. The most acceptable construct validity criteria used are convergent, discriminant, and predictive evaluations. Convergent validity is one of the most important and frequently used tests to examine the extent to which different measures of the same concepts are harmonised with each other (Bryman and Cramer 2003). In this study, alternative measures of importance and performance are correlated with each other and with the same measures used in the pilot project to assess their degree of correspondence. High correlation coefficients signify that the scale is measuring the targeted concept. In contrast, discriminant validity measures the extent to which conceptually similar concepts are different. In this case, low correlations indicate that the constructs are distinct (Hair et

al. 1998). Although discriminant validity is an important aspect of the validation process, this study focuses more on convergence and nomological validity. Nomological or predictive validity involves examining the degree to which a measure makes accurate predictions on a criterion measure that it should theoretically be able to predict (Hair et al. 1998; Malhotra and Birks 2003). In this study, an overall measure of relative competitiveness and a direct measure of priority are introduced to ascertain nomological validly, using correlation and regression analysis.

3.4.12.2 Regression Analysis

At individual-level data, regression analysis is used to estimate indirect measures of importance. Performance scores of each factor are regressed on the overall competitiveness measure and the regression coefficients are used as importance weights. Correlation coefficients obtained from correlating the ratings of each attribute to the overall rating of overall competitiveness are also computed to have an alternative statistical measure of importance. These measures are then compared with reported measures of importance. One advantage of using regression and correlation analysis is to assess the convergent validity of the instrument.

At the aggregate level data, regression procedures are applied to establish which combination of models and measures best predicts priorities to answer the set research question. The regressions are performed on aggregate level data that includes direct importance, performance, and priority means. Since IPA data are generally analysed with aggregate data, this approach is considered appropriate (Aigbedo et al. 2004). Priorities are regressed on different measures of importance and relative competitiveness as suggested by Bacon (2003). The priorities construct does not appear to share a method bias with the independent variables. Using Spearman's rho 'ρ', priorities strongly correlate with similar empirically derived measures in the pilot study [($\rho=0.7$, $p < 0.01$) for tourism factors, and ($\rho = 0.9$, $p < 0.01$) for business factors], and in the qualitative enquiry [($\rho = 0.8$, $p < 0.01$) and ($\rho= 0.9$, $p < 0.01$), respectively].

The coefficient of determination, R^2, adjusted R^2, standard error of the mean, and significance F are useful statistics applied to compare the various models and measures for their predictive validity. The higher the coefficient of determination, the higher is the predictive power of the model. The adjusted R^2 is used as a conservative measure of overall model fit and to compensate for differences in data sets when comparing models applied in the main survey and in the pilot study. The F statistic is also an important statistic because the variable set may have statistically significant aggregate effects even if individual variables have no such effects when tested independently by the t-statistic (significance values) (Bryman and Cramer 2003). The standard error of the estimate measures the size of the prediction error and, therefore, the accuracy of the prediction while tolerance values assess the extent of standard errors in the model. The larger the

tolerance values, the smaller the standard error and the higher the validity of the model (Hair et al. 1998). Reports of each process and results are recorded in the tables for evaluation and comparison.

3.4.12.3 Regression with Dummies

To test for the predictive power of the scale-centred and data-centred quadrant models using different importance and performance measures, regression procedures are performed using dummy variables as surrogate metrics for each IP space. A dummy variable is a dichotomous metric that represents one category or level of a nonmetric independent variable (Hair et al. 1998). In this study, indicator coding is used for dummy coding where the category is represented as either 1 or 0. Each quadrant is represented by 4 different levels of priorities: Quadrant (I) - Good work (right priorities), Quadrant (II) - Possible overkill (over-performance), Quadrant (III) - Low Priorities, and Quadrant (IV) - Concentrate here (High priorities).

To represent the nonmetric variables of the 4 quadrants, four dummy variables are created (Q_1, Q_2, Q_3, and Q_4) as shown in Table 3.6

Quadrant	Dummy Variables	Q_1	Q_2	Q_3	Q_4
(I)	$Q_1 =1$, otherwise, 0	1	0	0	0
(II)	$Q_2 =1$, otherwise, 0	0	1	0	0
(III)	$Q_3 =1$, otherwise, 0	0	0	1	0
(IV)	$Q_4 =1$, otherwise, 0	0	0	0	1

Table 3.6: Dummy Variables for Quadrant Models

$Q_1 = 1$ represents the factors that are performing efficiently and all the other factors in the other 3 quadrants are given a value of 0. $Q_2 = 1$ stands for items that are over-performing while the rest are given a value of 0 and so on. However, only 3 dummy variables are actually required (K-1) to represent the effects of IPA based on quadrant models. Any one category can be omitted by giving it all zeros for the dummy variables, since this category is totally predicted by the other categories. This is defined by the regression equation with the 3 dummy variables set at zero (the intercept). This category acts as the baseline reference or comparison priority level. The choice of which quadrant to omit is arbitrary since prediction results (R^2, adjusted R^2, the standard error of the estimate and significance F) do not change irrespective of which quadrant is excluded. The interpretation of dummy variables would, however, be different each time the reference category is

altered. In the regression analysis, the regression coefficient for the dummy variable stands for deviations from the reference group on the criterion variable so that they do not change the nature of the relationship but only provide differing intercepts among the categories (Hair et al. 1998).

The regression equations with dummy variables Q_1, Q_2, Q_4 for the scale-centred and data-centred quadrant models are specified as follows:

1. $Pr_s = a_o + a_1Q_{s1} + a_2Q_{s2} + a_3Q_{s4}$, where Pr = priorities, s = scale-centred

2. $Pr_d = a_o + a_1Q_{d1} + a_2Q_{d2} + a_3Q_{d4}$, where Pr = priorities, d = data-centred

Effects coding is an alternative to indicator dummy coding that is sometimes used to achieve group variation from the mean of all categories. This involves coding the reference category as -1 instead of 0. However, effects coding leaves the prediction results unaltered. Since the purpose of performing regressions with dummies is to determine the predictive validity of models for comparisons with others to answer the set research question, indicator dummy coding is preferred.

3.4.12.4 Validation of Diagonal Method

Regression analysis is also used to derive the slopes of the diagonal lines to evaluate the predictive power of diagonal models using different importance and performance measures. The slope of each iso-priority line is obtained by the ratio of the regression coefficients when priorities are regressed on importance and performance means of tourism and business factors.

In general: (1) $Pr_x = a_0 + a_1I_x + a_pP_x$

Rearranging: $a_1I_x = -a_pP_x + Pr_x - a_0$

$$I_x = -(a_pP_x)/a_1 + (Pr_x - a_0)/a_1$$

(2) $I_x = -(a_p/a_1)P_x + (Pr_x - a_0)/a_1$

where $-(a_p/a_1)$ is the gradient of the diagonal line and $(Pr_x - a_0)/a_1$ the intercept.

The iso-diagonal line can be plotted with any y-intercept since the objective is relative and not absolute priority. Once the exact gradient of the diagonal line is computed, it is drawn to pass through the centre of the data or the scale, dividing the IP space into higher and lower priorities.

Table 3.7 shows the coordinates of three data points for different measures and methods required to draw the iso-line in an IP space.

	WPR Scale-Centred		LSR Scale-Centred		WPR and LSR Data-Centred	
	I	**P**	**I**	**P**	**I**	**P**
Intercept (cpt)	$I_m - a_2/a_1 P_m$	0	$4 I_m - a_2/a_1 P_m$	0	$I_m - a_2/a_1 P_m$	0
Cross-points	0.5	0.5	4	4	I_m	P_m
Endpoint	$a_2/a_1 +$ cpt	1	$7a_2/a_1 +$ cpt	7	$a_2/a_1 +$ cpt	1
a. When using a 7-point Likert scale in the data-centred					$7a_2/a_1 +$ cpt[a]	7

I = Importance; P = Performance; I_m = mean of I; P_m = mean of P; cpt = intercept

Table 3.7: Iso-Line

3.4.12.5 Partial Ranking Equations and Congruence Metrics for IPA

Monotonic data transformation of ranked data are used in this study to transform ordinal measures into metric scales suitable for IPA to ascertain better discrimination between attributes and improve the diagnostic qualities of the model. In ranking *f* attributes according to *t* top preferences by assigning them natural numbers from 1(most important) to *t* (least important) with no ties allowed, each attribute *i* can be given a value V_i in a specified interval of (0, 1). Given *n* raters who assign *r* ranks to *f* attributes, the ranking scores *s* are obtained. Ranking scores, lying in a set interval, increase with the degree of preference. The attributes that do not receive any ranking are given a value of zero. Thus, the ranking score (weight) obtained by the rank given by the j-th rater to the i-th attribute is given by:

(1) $s_{ij} = (t-r_{ij}+1)/t$; otherwise 0

The importance and performance weights (s_{ij}) derived for the top five preferences (1 being the highest) in this study are given by 1.0, 0.8, 0.6, 0.4 and 0.2 respectively. The final ranking is determined by multiplying the respondents' preferences by their respective weights. Variants of this weighting technique are used to quantify attribute importance in various studies (e.g. Aigbedo and Parameswaran 2004; Carvalho and Leite 1999; Matzler et al. 2003; Mersha and Adlakha 1992; Sampson and Showalter 1999), but the procedures used do not reduce the propensity for the mean of the rating scores over raters to group items at the end of the scale. This predisposition for

clustering at the bottom of the scale increases the lower the ratio of top preferences to the number of factors ranked by each rater (t/f). A monotonic transformation of the mean of weighted ranks over raters (i.e. $n^{-1} \sum s_{ij}$), k_i to $(k_i)^{t/f}$ that does not change the order of measurement (Siegel and Castellan 1988) but which augments low k_i and leaves high k_i relatively unchanged is performed to mitigate this problem (Abalo et al. 2007). In this study, the transformed measures of importance and relative competitiveness are used for the first time in tourism research. The respective equations for relative importance (I) and relative competitiveness (C) are given by:

$$(2) \ \ \mathbf{I_i = (n^{-1} \sum s_{ij})^{t/f}}$$

$$(3) \ \mathbf{C_i = (n^{-1} \sum s_{ij})^{t/f}}$$

These procedures are expected to have a wider spread over importance and competitiveness constructs of the IPA framework, contributing to higher predictive validity of the model. Models using these metrics are compared and validated using different approaches and alternative relative importance and relative competitiveness measures.

3.4.12.6 Factor Analysis

The object of factor analysis is generally to reduce the number of variables in a data set or detect an underlying structure between variables (Hair et al. 1998). The principal components method extracts components on the basis of linear combination of variables that explains the highest variation in the original variables. The principle axis factoring method further assumes that some of the variability in the data cannot be explained by the components so that, although the total variance explained by this solution is smaller, it makes it more suitable when the aim is to examine the relationships among the variables (Bryman and Cramer 2003).

Several researchers consider factor analysis very useful as an exploratory technique (i.e. searching for structure among variables or as a data reduction method), but are highly critical of its use as a statistical confirmatory method (i.e. to test the extent to which the data meets a theoretically established structure) (Hair et al. 1998). In this study, factor analysis is principally performed on the data sets to explore the underlying structure between tourism and business variables. It also discerns whether the data can be summarised to be used in later multivariate techniques in future studies. Different factoring techniques are available but principal component analysis (PCA) and common factor (CFA) analyses are the more widely used methods. Although these differ in their approaches, they often provide similar results (Hair et al. 1998; Tabachnick and Fidell 1996). This study adopts PCA and principal axis factoring analysis (PAF). Since it is assumed that the factors are correlated, as is frequently the case, PAF is used with Promax rotation method.

Before applying factor analysis, the data sets are first tested for their suitability for factor analysis. A sample size above 100 cases is often considered suitable for factoring, although the main recommendation is for the ratio of variables to observations to exceed a minimum of 1:5 (Tabachnick and Fidell 1996). Some researchers even suggest a 1:10 items-to-cases ratio (Nunnally 1978). Other statistical tests include evidence of correlation coefficients ≥0.3 for the majority of items. Bartlett's test of sphericity which evaluates the overall significance of correlations between variables supports the potential for structure detection at a significance level ≥ 0.5. More importantly, the Kaiser-Meyer-Olkin (KMO) statistic for sampling adequacy, which specifies the proportion of variance in the variables caused by underlying factors, must exceed 0.5.

Once the suitability of the data for factor analysis has been established, the next step is to set the criteria for practical and statistical significance to interpret the results. Hair et al.'s (1998) recommend that for practical significance factor loadings ≥ 0.3 are considered to meet minimum requirement, ≥0.4 important and ≥0.5 practically significant. To achieve statistical significance based on 0.5 significance level and a power level of 0.8, they suggest that an acceptable coefficient for a sample size of 200 is 0.4, for 250, 0.35 and for 300 a minimum coefficient of 0.3. The decision on the selection of the appropriate number of factors is based on the need for a simple solution with as few factors as possible, but which explain as much of the variance in the original data set. Kaiser's eigenvalue criterion (1974) and Catell's scree test (1966) are also useful to establish the number of factors to retain. The eigenvalue is the total variance explained by that factor. Factors having eigenvalues ≥ 1 are retained. The scree plot shows plots of eigenvalues of factors. The factors above the break in the plot are candidates for retention, since they account for most of the variance in the data. Hair et al. (1998) postulate that the eigenvalue criterion is most reliable when there are 20 - 50 variables and that a solution that accounts for 60% of the variance can be perceived as satisfactory. For better interpretation of results and theoretically more meaningful solutions, factor solutions can be rotated without actually changing the underlying solution. Orthogonal solutions are easier to interpret but assume factors to be uncorrelated. Oblique techniques do not assume independence of factors but can be more difficult to interpret. The two approaches often give similar solutions so that most researchers perform both rotations and report on the simplest structure to interpret (Pallant 2001). This means a solution where variables load strongly on one factor and each factor is represented by a number of strongly correlated variables to it (Thurstone 1947). In this study, the Varimax procedure is used for the orthogonal approach and Promax for the oblique method (both available in SPSS). The final interpretation is a subjective evaluation.

3.5 Summary

This chapter sets out the methodology and methods that have been developed for this study. It discusses some philosophical approaches that are pertinent to an inquiry on tourism competitiveness and provides a rationale for its methodological stance based on pragmatist assumptions and an MM framework. It proposes a two-phase sequential approach as an effective strategy to address the research problem and achieve the study's objectives.

The methodology and techniques used at each stage of the inquiry are treated in separate sections. The first section gives a detailed explanation of the methods used to explore the factors that determine competitiveness in small islands. It gives an extensive, open account of the qualitative research processes involved in the conduct of the inquiry, including data collection, management, analysis and interpretation, sampling strategies, as well as verification procedures. Findings emerging from this exploratory phase of the study are reported in Chapter 4.

The second section, and final part of the chapter, evaluates survey methodology, and the methods used to measure destination competitiveness. In particular, it examines data quality issues and ways of addressing them. It describes the steps taken in designing the questionnaire and justifies it in terms of the research objectives. It reports on the results obtained from pretesting and piloting the research design and provides a detailed account of the survey implementation process. A discussion of how the quantitative data is treated and analysed concludes the chapter. Explanations of methods and procedures specifically applied in this inquiry are given special consideration. The results of the quantitative inquiry are reported in Chapter 5.

CHAPTER FOUR

TDC Framework and Factors

4.1 Introduction

The main objective of the qualitative first phase of the MM design is to identify a set of factors that determines tourism competitiveness. The research findings will then provide the basis for conducting the quantitative stage of the study.

This chapter sets out to present an overview of a proposed destination competitiveness framework grounded in the research participants' perspective. It proposes a model portraying the various categories and components and how they connect to competitiveness. The framework serves to reveal the dynamic complexity of destination competitiveness which is perceived as a means to ensuring prosperity for individual stakeholders and society at large.

In response to the set objective, this chapter reports the study's findings on the most important determinants of destination competitiveness. Each factor is described on the basis of the rich, detailed descriptions given by research participants. At the end of the chapter, a summary of the findings is presented. Following the suggestions by Creswell and Piano (2007) and Teddlie and Tashakkori (2009) on mixed design methodology, the findings are discussed after the results of other data collection methods are analysed.

4.2 A Framework for Tourism Destination Competitiveness

The grounded framework of the destination competitiveness model is presented in Figure 4.1. It emerges that destination competitiveness is not an end in itself but a means to achieving societal and individual prosperity. Competitiveness depends on the creation and exploitation of competitive and comparative advantages arising from the integration of tourism attractions and business factors that determine the total tourism experience. Competitiveness factors fall within two broad categories: *Core tourism resources and attributes* and *core destination business and management factors.*

The core tourism resources and attributes provide the key attractions that are basic to the establishment and growth of island tourism. These tourism attractions endow island destinations with potential sources of competitive and comparative advantages (COCA) that can be exploited to achieve and sustain destination competitiveness. This classification includes *bequeathed*

attributes (inherited resources) such as natural environment, cultural and historical patrimony, and island appeal, as well as *designed attributes (created resources)*, encompassing tourism superstructure, hospitality, activities, and events.

The core destination business and management factors make an indispensable, albeit indirect, contribution to TDC, supporting tourism activities by enabling, and enhancing the core tourism resources and attractors. Five sub-categories emerge: *destination value proposition, business environment, supporting general infrastructure, environmental management, and demand orientation*.

The destination value proposition underlines the participants' suggestion for a marketing approach to managing the destination, and includes price/cost, value for money and service quality as value elements, as well as air access and marketing as real and virtual accessibility considerations. The business environment classifies factors that describe the firms' operating conditions and inter-firm relationships, denoting such elements as bureaucracy, competitive environment, and enterprise. Supporting infrastructure facilitates tourism growth by providing the required physical infrastructure and general services such as public transport, roads, telecommunications, and water and electricity which are commonly used by local residents as well as tourists. Environmental management includes quality, awareness, and commitment to the environment as important elements. Demand orientation incorporates tourists' profiles, tastes and perceptions on the basis of which strategies are defined to ensure congruence between tourists' demands and the destination's offerings. Conditional factors are events, attributes and forces such as terrorism, natural disasters, international economic factors, geographic location, safety and security that may impact tourism competitiveness but over which the destination has no control.

The arrows in the model indicate the complex interrelations between the various components and elements that constitute destination competitiveness. Hence, bequeathed and designed attributes form the resource base of tourism offerings. These components depend on the support of destination business and management factors to establish and enhance tourism growth through the exploitation and creation of competitive and comparative advantages. Likewise, the nature of business and management factors are dependent on the characteristics of the destination resource base. Both categories are influenced by external conditional factors. The overall destination competitiveness is determined by the interaction of tourism attractions and business factors. However, destination competitiveness is not the end goal of the process but rather the means to achieving the 'wellbeing' and 'prosperity' objective for the individual and society as a whole.

Core Tourism Resources and Attributes

Tourism Attractions

| Natural Environment |
| National Patrimony |
| Island Appeal |

Bequeathed Attributes

Inherited Resources

Designed Attributes

Created Resources

| Events |
| Activities |
| Hospitality |
| Tourism Infrastructure |

COCA

Conditional Factors

Destination Competitiveness

Sustainable Economic Prosperity Standard of Living Well-Being

COCA

| Value Proposition | Business Environment | Supporting Infrastructure | Environmental Management | Demand Orientation |

Core Destination Business and Management Factors

Business Factors

COCA: Competitive and Comparative Advantages

Source: original

Figure 4.1: The Key Factors of Tourism Destination Competitiveness

4.3 Factors Determining Destination Competitiveness

Based on conceptually driven information provided by the research participants (henceforth referred as P1, P2 etc.), the study identified sixty tourism and business-related factors that have a determining influence on TDC. The research findings are reported in two separate sections. Section 4.4 describes the factors falling within the core attractors and resources category while section 4.5 deals with factors in the core destination business and management factors grouping.

4.4 Core Tourism Resources and Attractors

Research findings showed that tourism depends on naturally bequeathed resources and attractions. Thirty tourism factors that impact TDC have been identified in this major category. On the basis of the participants' interpretation of island destination competitiveness each variable will be taken in turn for more detailed description, underlining its context, meaning, interaction and strategic significance for island competitiveness.

Climate/Weather

The participants' general perception was that differences in climate and weather conditions are major pull factors for Mediterranean island destinations. Mediterranean islands are blessed with a comparative advantage in climatic conditions. P8 argued that, "Either you have the right climate or not and if you're blessed with one you're lucky and should make the most of it". P22 remarked that, "As long as there are still people looking for plenty of sunshine, mild winters and warm summers we'll always be in business". Some participants went as far as to state that these natural attributes dominate all other attractions. P28 made the following observations:

> *The climate is the most important attraction. It's the climate rather than sun and sea that represents the major appeal to tourists. Their* [North European] *winters and springs are still much colder and wetter than ours, which give us an advantage. The mild Maltese climate is indeed very appealing to tourists. It's associated with the lifestyle of the destination: a more relaxed lifestyle.*

Even if climate does not on its own explain island tourism, its centricity was perceived to dominate the tourism experience. Some participants commented as follows on the spill-over effects of a stable warm weather:

> *It provides added attraction to conference and incentive travel and the organisation of open air concerts, performances, festivals, events, country walks and water activities (P14).*
> *Clear, sunny blue skies give 'vibrant colour' to the physical surroundings, positively affecting the mood of many people (P9).*

Weather and climatic conditions were viewed as effective attractions to North European tourists who "seek relief from their gloomy weather in the warmer and milder climates of Mediterranean islands" (P15). They are also appealing to "third age winter tourists" who, according to P9, "come

to Malta for long winter holidays because the cost of energy in their home country would outweigh the cost of staying in a five-star hotel enjoying our mild winters".

The importance of climate to the destination competitiveness is so evident to participants that they pointed out climate change as the single biggest long term threat to island tourism and the livelihood and prosperity of their populations. Islands have a direct interest in global warming and climate change since it can rob them of their primary comparative advantage. Participants observed that "any problem with the climate and the sea is a problem with our tourism" (P25).

Sun, Sea and Beaches

It seemed natural to participants that 'sun, sea and beaches' are one of the biggest, if not the biggest, assets of island tourism. Tourists choose islands for a holiday because "they are islands, and Mediterranean islands mean sun and sea" (P29). Although islands can be small, to the participants, the sea is their strongest asset, providing open vistas, numerous pleasurable activities, encounters of people on beaches, along coasts or on pleasure boats, and carefree opportunities for relaxation. These natural attributes were perceived as the greatest attraction for people living in landlocked countries "who can't look at the sea" as well as for those "who can look at the sea but can't get into it" (P20).

One strongly held view among participants was that, irrespective of the cultural and historical wealth and other attractions a Mediterranean island like Malta can possess, it is the climate and the sea that provide the real basis for visitation. Such views are clearly articulated by P17.

> *They* [cultural and historic assets] *are important. But if you're to ask the tourists whether they would still come to Malta, if it didn't have the Hypogeum, they would perhaps ask you what or where is this Hypogeum. The cultural aspects are simply the cherry on the cake. For islands like Malta, their major assets are the climate, the sun and the sea. Without these attractions, what could possibly motivate tourists to come to Malta? Tourists come to Malta for a safe, care-free, relaxing holiday. All other attractions are pluses, or cherries on the cake.*

Participants acknowledged that Mediterranean island tourism is essentially 'bucket and spade' tourism. They commented that tour operators promote island destinations as sun-and-sea resorts and are ever demanding more facilitates and accessibility to the sea since "rocky or not rocky, sandy or not sandy, this is the area that distinguishes us as an island destination" (P29).

Many participants believed that climate and the sea are too big an attraction to be ignored in any analysis of competitiveness but "the total final experience is much bigger than any one attraction" (P13). As P8 put it: "Sun and sea yes, but with a host of other attractions and activities. It's certainly more than that!" Participants maintained that competing on sun-and-sea alone is not a viable sustainable future option. It makes island destinations more vulnerable to resources

constraints, seasonal fluctuations and nearly perfect competitive conditions. As P5 stressed, at some stage fundamental choices have to be reconsidered:

> *We must start to question ourselves what kind of tourism we want, given the sophistication of our product. I don't think we give it too much thought, what type of tourists perfectly suites our product.*

Visual Appeal

The natural environment was considered an important aspect of a destination's appeal. Destinations endowed with attractive physiographic features, scenic beauty, magnificent countryside, abundant flora and fauna, and landscapes are a source of comparative advantage. Participants observed that small island destinations do not necessarily have the extensive greenery, parks and wildlife of say, Italy or Scotland, but they contended that on a micro scale the natural environment can be intriguing and appealing to tourists because "it is different, typically Mediterranean and picturesque" (P9). It was noted that the variety of trees, flora and fauna stand in sharp contrast to much bigger countries with very cold or hot climates. Some participants suggested that topographic features contribute to the overall appeal of the Maltese islands. P21 commented as follows:

> *When nature is in bloom, the contrasting sharp colours of the variety of trees, shrubs and flowers are a marvel. And the countryside in Gozo is by far greener and more picturesque than in Malta because the typography of the island of Gozo is completely different from that of Malta. Gozo is made of hilltops and if you have hilltops you have valleys, which create a more visual appeal than when you have large plains.*

P9 observed that the visual appeal emanating from nature is so strong because the Mediterranean climate generates "an explosion of colours" in contrast to the "grey eminence dominating the long wintry seasons of north European countries". Concurring with these views, some participants suggested that the permanence of the surrounding sea, sun and blue sky of Mediterranean islands also have a huge impact on the overall visual appeal. It was, however, pointed out that this visual appeal is under serious threat from development pressures, uncontrolled practices by hunters and trappers, as well as others bent on degrading the environment.

Panoramic Sea/Harbour Views

Panoramic sea and harbour views are an important part of an island's appeal. Participants noted that the sea is almost always central to the overall visual appeal of an island destination. They suggested that the reality for small islands is that the sea is the only element that offers an unobstructed, immense open expanse that generates deep feelings of relaxation. It provides open vistas and panoramic views that leave lasting impressions on tourists. It was the general view that Malta is endowed with various vantage points that project breathtaking views of the deep, blue Mediterranean Sea, pretty bays, imposing cliffs, and magnificent natural harbours set in

outstanding picturesque or historical settings. The Grand Harbour was identified as an exceptional example of a splendid view described by P26 as "a wow factor" of immense proportion to tourists:

Most Mediterranean ports are commercial with huge container depots everywhere and are derelict and dirty which contrasts sharply with the state of our natural, historic fortified harbours. Surrounded by beautiful bastions which are floodlit at night to create a stunning impression, our harbours represent a marvellous attraction to tourists.

Cleanliness

Cleanliness was perceived as a very important contributor to destination competitiveness. Participants argued that its relative importance is more evident when it is lacking. A destination is expected to uphold the highest cleanliness and hygiene standards in hotels, bars, restaurants and other establishments. In such instances, participants noted that services and venues are regularly monitored and rules strictly enforced because the issue involves public health hazards that can have devastating consequences for tourism success.

However, it was noted that cleanliness has strong influence on the visual appeal of the destination. While all destinations have to grapple with this issue to varying degrees, participants pointed out that 'rubbish dumps' are more visible in small islands than large destinations and that the resources to manage the problem are more limited. Some participants contended that in Malta the problem is aggravated by low rainfall, major activities in limestone quarrying, construction development, and infrastructural projects. Furthermore, a population density of 1,309 people per square kilometre, in addition to an annual inflow of tourists three times the local population, exacerbates matters by creating considerable waste at a rate faster than it can be managed.

Participants noted that public attitude to cleanliness in Malta is paradoxical in that the inhabitants are well known for keeping their homes impeccably clean but are notorious once "beyond their threshold". They commented that this attitude is not confined solely to individual citizens but also to local shops and business owners. Even tourists, they retorted, sometimes forget the basic rules of tidiness. They were also sceptical of the government's approach to mitigating the problem. Echoing public sentiments, they remarked that "we have to wait for a visit by the Pope to have roads repaired, the streets swept and areas embellished!" (P29). Stakeholders, they insisted, are as much a part of the cause as of the solution. P22 commented on the situation as follows:

Destinations that don't offer a clean environment are at a serious disadvantage. In Malta we really have a problem. Dumps, dust, dirt, construction waste and dug up roads are conspicuous to tourists and affect their perceptions of the environment in Malta. In other words, unless there's a serious effort to clean up Malta, the competitiveness of Malta as a tourist destination will suffer irreparable damage. In Malta, you await the first rains to clean the air and our streets. This isn't the way to promote and keep the environment clean. We need to educate the population, including the commercial community and tourists, to keep the environment clean. This doesn't exempt the government and its agencies from providing efficient and effective cleaning services. A clean environment is good for tourism and for the quality of life of the locals.

Participants suggested that waste management and public cleaning practices are critical for maintaining high standards in the countryside, streets, tourism zones, and beaches. Their suggestions included: more bins, toilet facilities and recycling sites; regular garbage collection; proper disposing of waste, recycling of material; greater cooperation among authorities responsible for public cleaning; and consistent and effective enforcement of existent regulations.

Culture and History

The cultural and historical patrimony was described as one of the most important asset by which a destination can effectively compete in tourism. Archaeological sites, landmark buildings, historical cities and quaint villages, traditional music, cuisine, handicrafts and art are some of the characteristics that were indicated by the participants as generating interest and a powerful appeal among tourists. Participants suggested that if small islands, apart from their natural appeal, are endowed with priceless cultural and historical heritage, they should use it to derive a competitive advantage. Although it is difficult for Mediterranean islands to shake off their stereotypical sun-and-sea image, some participants maintained that if Malta creatively manages and markets its cultural wealth in conjunction with its natural attractions, it can appeal as an elite destination. The 'surprise' element in finding such an unlikely combination of attractions in a small island destination enhances its overall attractiveness.

Malta is one of those rare instances in which a small island has both a natural appeal as well as a cultural and historical patrimony that is far bigger than its size. Participants contended that there is nothing comparable to its concentration of cultural and history assets in other small Mediterranean islands. P5 stated that: "We're the envy of many and much bigger destinations" and P35 remarked that: "You don't have to change hotels to enjoy the experience". P21 commented as follows:

> *Historically and culturally, we're very rich and a tourist spending a seven day holiday will be spoilt for choice ... so many monuments, archaeological sites, museums, palaces, towers and fortifications and other places of great historical importance. It's important to remember that our historical and cultural heritage left to us by the Knights and our ancestors is priceless and you don't find it anywhere concentrated in such a small area. Where would you find the massive magnificent bastions, protecting our main cities which are the work of excellent military architecture and engineering? What about Valletta, Mdina, the Citadel, Mnajdra and Ggantija temples? They are places of world heritage standard. St John's cathedral is another example of a masterpiece which prides itself on its massive art and other treasures which are second to none.*

The issue of quality and authenticity was raised by participants to emphasise that cultural and historical wealth, even if of 'iconic status', does not automatically give the destination a competitive advantage. Authentic assets are the basis for comparative advantage, but participants highlighted that it is the creation of curiosity, mystery, awe, legend, vividness, and grandeur that makes them appealing, comprehensible, memorable and constituting singular experiences.

It was pointed out by some participants that competitive advantage is not achieved by the drawing up of inventories but by "breathing life into these fossils" (P28), "creating a visual experience that enables visitors to interact" (P1), and "surprising tourists by the vividness and wonder of well-preserved sites" (P5).

Cultural and historical assets need proper management, stewardship, creativity and interpretation. Without such attitudes and actions, P28 argued that world wonders of the calibre of Hagar Qim and Ggantija remain undecipherable experiences to tourists:

> *In the eyes of the general tourist and the average Maltese, such colossal monuments as Ggantija and Hagar Qim aren't more than a big rubble wall. You can call such perceptions philistine, barbaric and ignorant but, without drastic reform in the way we package, present and market these great monuments, these remain the perceptions of the general visitor ... What makes Ggantija special is that you're transporting yourself 4000 BC where, when everyone was building using mud and reeds, this civilisation cut massive stones and carried them to a chosen site and built a permanent structure that's unique. It's humanity's only evidence of its first attempt to build permanent structures using cut stone. How do you expect temples like Ggantija to sell on their own?*

Participants underlined the need to rationalise and prioritise sites that attract tourists' interest and to direct them to sites with the highest appeal and "not according to the interest of couriers" (P29).

Megalithic Temples and Archaeological Sites

Archaeological sites were identified by the participants as special attractions to tourists because of the mystery, the unknown elements involved and a sense of discovery about mankind's past that makes them intriguing. They represent one of those rare appeals that significantly depend on interpretation and ways and means of creating an interaction between the visitor and the experience. Some participants highlighted the fact that it is very difficult to find a comparable concentration of numerous archaeological sites of world heritage importance in an area of 321 square kilometres, as is the case with the Maltese Islands. Ghar Dalam, going back to around 7,400 years BC, is one of the earliest evidence of human settlement in Malta. Megalithic temples dating between 4,500 and 5,000 years BC are found across the islands. Among the most important attractions, participants mentioned the temples of Hagar Qim, Mnajdra, Skorba, Ta Hagrat, Tarxien, Ggantija, and the Hypogeum, the only subterranean prehistoric temple in the whole world. All of these sites are designated as world heritage sites by UNESCO. Yet, in spite of their world historical importance, participants noted that they are relatively unknown to tourists. P31 made the following observations:

> *Malta can boast of a unique cultural baggage unparalleled in Mediterranean destinations. Our problem is how to make this large and rich patrimony appealing and relevant to our tourists. Let me give you an example. Hagar Qim and Mnajdra temples, historically, are unique as the only free standing temples in the world and by far more important and attractive than Stonehenge in Britain. Yet, most people know about Stonehenge but only perhaps those who visited Malta know about our temples.*

Historic Landmarks (Cities, Buildings and Churches)

Historic landmarks are an integral component of the historic and cultural appeal of a destination. Some participants remarked that these landmarks offer tourists photo opportunities for recollection. Participants observed that Malta was one of the very few islands that have magnificent towers and castles, churches, cathedrals and palaces which were architectural gems tied to various important historic developments. The three harbour cities of Birgu, Bormla and Isla, as well as Mdina, the old capital, and Valletta, the capital city, were picked as icons of unparallel beauty. P29 commented:

> *Malta is an island of churches and chapels which harbour enormous art treasures and collections. They have a long history and are rich in patrimony. In Valletta alone, if all churches were opened to tourists they'll take days to appreciate the immense artistic and cultural wealth of these edifices. St John's Co-cathedral is a masterpiece in its own right but the rest of the churches are no less rich in patrimony and history.*

It was pointed out that Malta's international visibility can be significantly improved if it is identified with the iconic, well-known city of Valletta.

Museums and Galleries

Museums and galleries offer visitors the opportunity to find specialised collections of art treasures, historic and cultural artefacts and experiences showcased in one place. They add value to the tourism product. Participants asserted that museums and galleries provide a specific attraction to special interest groups but their appeal can be widened to a larger population if creative designs, exhibitions, and interpretations are integrated to arouse interest, curiosity and appreciation. The Maritime Museum in Birgu was cited as a good example of how to make the experience vivid and relevant to visitors. Participants acknowledged that Malta can boast of several museums and galleries mostly concentrated in the cities of Valletta and Mdina.

Quaint Villages and Village Cores

Quaint villages form part of the cultural heritage of a destination and represent a contrasting alternative to the city environment. According to the participants, they are appealing if they retain distinctive features and offer a special ambiance with well-preserved architectural settings and a rustic way of life. Concurring with these views, P29 remarked:

> *Isn't it marvellous that in such a small island you have sixty to seventy village cores in Malta and Gozo that project local architectural designs and the village way of life? If we don't preserve and properly maintain these village cores one day there'll be nothing unique about them. Tourists are interested in where and how the local people live and we should provide them with the opportunity to visit and enjoy the experience of walking through a typical Maltese village.*

Some participants referred to some examples of traditional villages. Qormi is locally renowned for its bread-making and still operates the highest concentration of time-honoured bakeries. They also

mentioned Siggiewi as a centre for limestone quarrying and Marsaxlokk as the last remaining traditional fishing village. It was observed that what makes these villages appealing is the authentic, lived experience. Participants applauded bread festivals in Qormi, limestone heritage centres in Siggiewi, and open fish markets and fish festivals in Marsaxlokk as innovative ways of enhancing their attractions and keeping traditions alive. Walking through village streets, visiting chapels and churches, and having a snack at local clubs were perceived as enriching experiences for tourists.

Island Exoticness/Charm

Participants suggested that exoticism is determined by "preconceived imagery" which can be very powerful in enhancing an island's attraction. They defined "exoticness" as a distinct island appeal based on perceptions that exploit tourists' innate curiosity and interest in something different, and strikingly glamorous and pleasurable. They pointed out that island features provide the basis for this exotic imagery. The insularity and detachment created by the surrounding sea is suggestive of "something decisively diverse", exclusive, and "almost romantic", with "a promise of an intimate experience that's not found in large cosmopolitan cities" (P28). Some participants conjectured that if this island happened to be small, sunny, sovereign, and located in the middle of the Mediterranean, it can generate an even greater curiosity. It was claimed that this notion of "island exoticness" was conjured up by the exotic imagery of the Mediterranean region as a whole. Islands contribute to and benefit from this Mediterranean appeal. Participants noted that this built up perception is based on tranquil sun-and-sea relaxation, idyllic lifestyles, and diversity of peoples, cultures and languages often characterised by generalised references such as "Mediterranean way of life", "Mediterranean temperament" and "Mediterranean culture and civilisation".

It was generally perceived that Malta offers this exotic island pull but some participants argued that this is tempered by other significant conditions that either reinforce or undermine the attraction. Malta, like Cyprus, although having its brand of exoticism, "doesn't exactly fit the exotic perception identified with small remote Greek islands with a small indigenous population of fishermen and farmers and a few whitewashed buildings" (P14). In the case of Malta and Cyprus, the appeal is more one of charm, if "exoticness" is more narrowly defined. This is how P28 explained these contrasting perceptions:

> *In the case of Malta, that* [exoticism] *represents a little bit of an anomaly. When they [tourists] come to Malta they discover a sophisticated city-like destination with all the pluses and minuses. It comes as a shock to them because they find a destination with island as well as mainland city attributes. The experience is unique, but most tourists holding such perceptions aren't prepared for what they find. The first impression will be negative because, if they were looking for a laid back, quiet, relaxed island destination where time has stopped and women were still riding on donkeys, they'll be surprised with what they find.*

P7 remarked that "few islands fitted the description of a Robin Crusoe island and, in any case, they're not found in the Mediterranean, especially in summer".

Island Way of Life

An island way of life generates a perception of diversity that is appealing to tourists. P3 commented as follows:

> Tourists wonder what kind of people the Maltese are. Are they Italian, Arabs or what? Curiosity is a strong attraction and generates interest. I remember a Kenyan friend telling me that he loves the place because it isn't Arabic; it isn't strictly European but something in-between and that makes it particular ... What is different is our way of life, the Mediterranean way of life!

Participants suggested that tourists expect life to be particularly different in small islands because of their insularity and smallness. They emphasised that an island way of life is appealing because, compared to most European cities, life on islands is distinctively slower, "with no trains to catch or long distances to drive" (P21).

The following are how some participants described this way of life:

> In a densely populated sunny island like Malta, people are always around from early morning to late evenings not only in main squares or towns but almost everywhere. They seem to have all the time in the world to shop, drink and talk and gossip on almost everything, from news to politics to football, sex, and religion (P11).

> Everybody seems to know everybody else and everyone has the time to stop and chat with neighbours and strangers alike. Life doesn't stop after work but continues in village band clubs, nightclubs, and beaches. Every occasion is an occasion to celebrate, whether it's the village festa or a football match (P23).

> The Maltese talk loud, love to party loud, and celebrate big with large deafening petards for every occasion. Noise is part of this colourful living. It may seem peculiar to some tourists but it's part of life. You either love it or hate it (P10).

Relaxation/Carefree Opportunity

It was generally agreed by the participants that the primary motive for island tourism is the opportunity to enjoy a relaxed, carefree holiday. The prospect to "laze about" in a safe, friendly environment provides an overriding appeal. Participants stated that relaxation takes several forms and listed various attributes and attitudes that contribute to stress release: easy communication, favourable climate, entertainment, safety, friendly people, personalised services, and pleasant things to see and do. They emphasised that relaxation incorporates the real choice of "doing nothing except pampering yourself the way you want" (P17). It was noted that relaxation is highly subjective and can be sought in diversity as well as in familiarity with places, people, language, and way of life.

Participants maintained that small Mediterranean island destinations offer good opportunities for relaxation. They suggested that a relaxed, happy, and hospitable population, sunny warm weather, and the vast expanse of the ever present Mediterranean Sea have "a contagious feel-good factor" on tourists. As P21 asserted, "Whenever tourists choose an island for their holiday, their main consideration is a laid back, forget-all type of holiday". The combination of factors that makes an experience relaxing ultimately depends on the tourist's idea of what constitutes relaxation.

It was pointed out that the phenomenon of short-term breaks accentuates the potential for high volume tourism in small islands like Malta based on tourism where "the tourist is leisure-oriented and travelling to take a break to relax" (P26). The rationalisation behind island destination choices for short term breaks is almost always casual and the process often simplistic as expounded by P28:

> *Nowadays, in November, you find a bargain price for a four day holiday in Malta and decide there and then to take it. The reason is you need a break. Malta is accessible, the price is cheap, the climate is right, it looks an interesting destination, the hotels are good, and sightseeing is attractive and the weather forecast looks good. So why not take a short break to relax?*

Events and Festivals

Events and festivals are occasions for enriching tourists' experiences and enhancing the sophistication of the destination. These activities contribute to the overall destination's appeal and add variety to the things tourists can do and see. Events and festivals enable a destination "to surprise the tourists with the extra value-for-money experiences" (P29) provided for free. Participants suggested that competitive advantages are derived from the lasting, inimitable, vivid images that events and festivals create, the beautiful memories they engender and the live postcards they offer to share with family and friends. According to participants, they provide tourists with excellent opportunities to capture on picture and film the authenticity, colour, movement, costumes, and customs for later recollection.

Through significant publicity some special events such as visits by celebrities or world dignitaries, international pyrotechnic displays, or chess competitions raise the world tourism profile of a destination. It was pointed out, however, that only mega-events have the power to create their own tourism demand. The motivation for travelling becomes the event rather than the destination. The destination is in fact secondary to the event since "people will not travel to Malta to see Pink Floyd but to see Pink Floyd in Malta" (P28). Participants noted that mega-events are singular attractions which require scale economies and substantial financial outlays often beyond the resources of small islands.

Malta is so rich in culture that many events and festivals are characterised by religious festivals and historical re-enactments which brings to life the island's traditions and history, creating colourful pageantry. The village feast, the festive band marches, and firework displays, according to the participants, give an authentic testimony to cultural traditions and customs of the islanders.

Sharing these views, P35 made the following observations:

> *Events and festivals provide additional appeal and are plus factors. Tourists will not come to Malta specifically because of the event but such events enrich their touristic experience. Tourists need things to do or see, especially in the evening. Attending events, going to concerts, participating in festivals and viewing pageants, processions, historical re-enactments, or road shows add colour and enrich tourists' experiences.*

Participants emphasised the need for consistent and adequate budgets to ensure quality and continuity. They also suggested that a calendar of events advertised in advance can go a long way in promoting these activities. Although the 'surprise' element engendered by distinctive, authentic festivals and events increase the appeal of the destination, participants argued that unless they are "show-cased" they remain chance events. P34 commented as follows:

> *Malta is like a shop with its store at the back of the shop full of genuine attractive wares but with the shop window either empty or with a display of the wrong items. If you happen to enter and, by chance, you come across some of the hidden charms you'll go again, but if you bypass it you'll never know about it, simply because the shop window didn't attract you.*

Music, Concerts and Performances

Concerts and performances are very popular events with tourists. Participants argued that these activities are necessary to increase the island's appeal but not sufficient to create specific demand. They claimed that live pop, rock, jazz, and classical concerts held in historical and picturesque settings raise the culture profile of the destination and provide an enchanting experience to visitors. Similarly, open air performances, musical festivals, band marches and military displays add to the charm of the destination and provide free entertainment. Local theatre productions and operas are crowd pullers for the locals, but it is difficult for a small island to attract the big names and effectively market them internationally to appeal to special interest groups. Participants also noted that concerts and performances provide additional attractions in winter.

Conference and Incentive Travel (CIT)

Participants maintained that to attract CIT business, the destination should be appealing on the logistics front by having: efficient, flexible and creative destination management companies; state-of-the-art ICT infrastructure; quality accommodation and amenities; and air access at competitive prices. In addition, a destination should be also appealing on the aesthetic front, offering touristic attractions within time-distance reach of conference delegates.

P14 commented as follows:

> *To attract such business, our firms, our industries, and our people must have organisational skills, managerial skills, excellent communication skills, state-of-the-art ICT infrastructure, and all that it takes for a successful conference. The other ancillary factors that give added appeal are, for example, a good climate and tourist attractions.*

CIT was viewed as an activity that engenders stiff competition among destinations because it generates significant revenue to hotels and has a high income multiplier effect on the rest of the economy. Participants concurred that CIT business makes a significant contribution to sustained and sustainable island tourism. It offers the potential for a destination to diversify its product and spread tourism to off-peak months. It also contributes to sustaining tourism investments and reduces the dependency on tour operator generated business. It was estimated by P29 that five-star hotels in Malta depend on CIT for twenty-five percent of their business and the room rates are at least twice that paid by tour operators, "equivalent to 50% of total revenues".

Several arguments were brought forward to demonstrate that Malta is in an advantageous position when it comes to attracting CIT business. Malta's central location in the Mediterranean "makes it a logical place for people to come together from all over Europe" (P14). It has a sophisticated product based on a developed tourism infrastructure and CIT expertise. Most five star hotels are situated within walking distance of each other along 'the golden line' so that, collectively, they can accommodate delegates of varying conference sizes. The big hotels and destination management companies can rely on their international networks to lobby for CIT business and on inter-and-intra public and private sector cooperation for the efficient and effective execution of their obligations.

Participants remarked that the distance-time factor gives Malta a competitive edge. The concentration of diverse attractions within a short distance from the conference location allows delegates to have an enjoyable tourism experience without getting exhausted. It was, however, pointed out that destination appeal can at times, although very infrequently, be seen by organisers as a drawback if they perceive tourism attractions as distractions from conference business.

Outdoor Activities

According to the participants, the diversity of activities available within a destination is an important tourism attraction because it adds to the interesting things that tourists can do. Outdoor activities, and particularly water-related activities, enhance the destination's appeal and provide an enriching mix of tourism experiences to tourists of all ages. P19 identified abseiling, climbing, and horse riding as engaging for the young and special interest groups, offering opportunities for developing niches and spreading tourism over the lean months. "Country walks with a difference"

(P27) was indicated as particularly attractive for destinations like Malta. The emphasis is on a combination of elements that makes county walks special. P9 commented as follows:

> *As you know, in Malta, the countryside is sparse but attractive and colourful. It's interesting because its irregular terrain makes features change quickly. Tourists can enjoy beautiful scenery, different landscapes and magnificent sea views. And you know, they can walk through small villages, have local drinks and snacks in traditional coffee shops or band clubs, and share small talk with the locals. It's a chance to experience history as you walk on a trail of frequent historical landmarks. It's the intensity of the experience: an enjoyable, relaxing close-to-nature experience. Country walks can and should be easily organised along historical trails.*

It was pointed out by some participants that country walks are not aggressively promoted with tourists because of two key environmentally-related concerns: hunting and trapping and general cleanliness. Tourists who go for country walks are environmentally conscious and view environmental degradation and hunting and bird trapping as abhorring. This was how P32 and P31 commented on the incongruity of these activities:

> *As soon as these nature-loving tourists see the bird trappers' nets, they would immediately be angry and sorely disappointed. Hunting and trapping are in total conflict with tourism and the environment. Their 'hobby' is destroying the livelihood of a lot of people in the tourism industry! (P32).*
>
> *It is useless to promote the environment and the countryside and then people continue to dump mattresses and fridges in the open. Furthermore, we cannot afford to entice tourists to go for country walks, only to end up in open hunting grounds (P31).*

Participants contended that outdoor activities reduce the seasonality aspect of Mediterranean tourism. The general view was that outdoor activities do not necessarily create niches but can make winter tourism more attractive through intensifying the experience. Tourists visit in winter for a number of reasons but whatever the motive, "filling in the time with pleasurable activities" (P9) enhances their experience.

Water Activities

"If you don't like water, don't come to Malta because you're either in it or seeing it". That statement by P32 captured the feeling of the rest of the participants. It seemed obvious to participants that an island destination "surrounded by clear blue Mediterranean Sea" (P8) and endowed with "a mild climate and good weather for most of the year" (P13) should be "naturally advantaged in water-related sports and activities" (P26). Among the most important water sport they listed are swimming, sailing, yachting, boating, windsurfing, kayaking, water-polo and diving. The thrust of their argument was that these activities enrich the tourism experience by adding to the quantity, variety, and quality of things tourists can do. Participants saw in these activities the potential for niche development to diversify the tourism product.

Diving

Diving was specifically identified by participants as the water sport that offers islands a distinct competitive advantage. It was noted that diving is an attraction in winter as well as in summer. Some participants argued that while summer offers the opportunity for family holidays and occasional diving breaks, winter is ideal for diving holidays where professional and amateur divers can practise their sport. Thus, diving has been developed into an important niche, facilitating the diversification of tourism in the lean months and increasing product differentiation relative to other Mediterranean island resorts that literally close down after the summer season. Diving has also contributed to marine conservation because it encourages the establishment of more protected marine areas and puts pressure on the authorities to outlaw spear fishing.

Malta has been described as "a diver's paradise" (P31) because of a combination of factors such as favourable climate and weather, clean sea, variety of fish and underwater architecture, various wrecks, as well as 'top notch' facilities and easy access to diving sites. According to the American Association of Professional Diving Instructors (2007), Malta is the best destination for diving in the Mediterranean. The strong appeal of diving in Malta is best described by P32:

> *But in Malta, underwater, I can see as far as across the street. The visibility is excellent and nice. The colours are simply beautiful and you can look across and see the colours and the plants. The whole landscape is visible and scenic. It's essentially scenic!*

Participants mentioned several factors that make up Malta's relatively competitiveness when it comes to diving, including aggressive marketing and promotion activities, affordable prices, a good track record of safe diving, professionally certified instructors and licensed schools, and excellent decompression chambers, and health facilities. P32 argued that, in contrast to other destinations, diving in Malta is accessible throughout the year:

> *Malta is big enough so that some part of it is always sheltered. But it is small enough that you can drive across to your diving site. Diving is thus accessible throughout the whole year. Most of our diving is from the shore. In 90% of diving destinations diving is by boats. That makes diving not always possible since in bad weather you can't go somewhere else. In Malta you can do that, but most of the diving is from the shore.*

Contrary to general perceptions, participants commented that real competition for Malta does not come from other Mediterranean islands but from the Red Sea. The problem for Malta is that its operational costs, in terms of energy and labour, are higher than those for its competitors, while it has to compete against the cheaper prices offered by Red Sea diving destinations.

Tourism Mix/Niches

According to participants, a niche involves building on an attractive activity to appeal to a special interest group. It was argued that a niche is designed to be small, specific and specialised.

Although a niche gives a sense of focusing on a particular aspect, creating niches was understood to mean widening interests to satisfy different and specific touristic preferences. Participants observed that having a mix of tourism based on diverse niches gives island tourism greater security through diversification. 'Niching' not only reduces reliance on sun-and-sea tourism but also facilitates tourism spread. Participants felt that the higher the diversity of niches, the greater the versatility of the destination's overall appeal. As long as niches remain niches, they contended that special interest groups can be targeted to create destination loyalty, repeat visitation and "permanent tourism" (P9).

As P25 noted, marketing is the key to successful niches:

> Niches are good for our tourism. They attract special interest groups and make our tourism market more diverse. Niches need to be promoted by individual business whilst the MTA should market the total destination. At the micro level, diving schools, language schools, medical centres and so on must invest in promoting their niches as they're the ones that benefit from the return. Niches are good for the country as, apart from benefits to their direct industry, these niches provide increased appeal and services for tourism in general.

There are ample opportunities for exploring the development of niches in Malta. Among the most important niches mentioned are those in the medical, sports, and cultural fields. Eco-tourism was indicated as particularly feasible for Gozo which would raise its international profile and protect the Island from overdevelopment and environmental degradation. The participants' view was that Malta's geographic location, its physiography, its educated labour force, and its developed public and tourism infrastructure provide the basic supportive framework for 'niching'. P28 pointed out, however, that their success can build pressures for unbridled expansion:

> If someone in Malta develops a niche in the production of genuine agro products such as olive oil, dried tomatoes, etc., mainly for tourist consumption, it's wrong for others to jump on the bandwagon to dilute its quality and success. That is a national disease. The more niches the better as long as they remain niches. The idea is to widen and not deepen in the sense that you make your product as diverse and as interesting as possible.

Participants warned that the "mimicking effect" can kick-start a process of self-destruction. Niches were also at times seen to create 'crowding out' effects. It was suggested that, for example, a high volume of foreign students can effectively 'crowd out' adult tourists in peak tourism months by competing for the same resources such as public transport, accommodation, and seat availability on airlines.

English Language Schools

The teaching of English language to foreigners was identified as one of the most successful niches in tourism. The success is attributed mostly to Malta's competitiveness on English communication skills, people's hospitality, and destination safety. P12 remarked that the destination is safe enough "for parents to send their children alone to study English". Furthermore, participants observed that

the destination offers a host of diverse attractions that allow students to combine the learning of a foreign language with a summer holiday.

Many benefits were seen to be reaped from this particular niche. P3 noted that "today's foreign students are tomorrow's tourists" as friendship bonds with host families create a motivation for re-visitation. Foreign students were also perceived as the destination's best marketing device by their promotion of its attractions through word of mouth. With most of the students coming from countries such as China, Germany, Italy, Norway, and Libya this activity helps to diversify the island's tourism by reducing its dependence on the British market.

However, the success of this niche raised some concerns with respect to the overall competitiveness of the destination. P20 made the following observations:

> *English language schools for foreigners have started off on a limited scale but it's grown to a size today that it can't be ignored. Five years ago it wasn't the case. I think we're going through a gradual process of coming to terms with reality. Some people are fighting it, others are embracing it. Generally, it receives quite a bit of negative publicity, unfortunately, because a lot of it tends to happen over a very short period of time. The younger part of it is very visible because it's concentrated in the short summer months and people fuss over their noise, rowdiness etc. The reality is: do we complain about our own youth? Sorry, but these youths are your future return tourists. People miss the fact that a large percentage, more than 50%, of this market are actually adults.*

With a heavy influx of English language students during the peak tourism months, they are seen by some participants to compete with mainstream higher spending tourists. Rowdiness, noise, and unruly behaviour are normally tolerated aspects of 13-18 year olds but when this has to be shared by neighbours and mainstream tourists in hotels, entertainment areas, and on aeroplanes, public buses and beaches, participants retorted that it becomes intolerable and resentful. Participant 35 acknowledged that "we had many complaints in this regard and some of our clients left Malta halfway through their stay because they couldn't take it anymore".

The problem as seen by most participants is that "this market has grown out of a niche to a mass phenomenon to the detriment of the industry" (P28). Originally, English language schools were few, providing high quality services as host families were handpicked and well-paid and student numbers were manageable. As numbers swelled, participants commented that schools mushroomed, host families withheld their services, and quality standards deteriorated. Participants claimed that because of this mimicry phenomenon, the minute something proves to be financially lucrative, it is imitated up to the point of destruction.

Hospitality

Hospitality is an expected and sought after value by tourists. Participants commented that even if tourists live "in an impersonal society", when they visit a destination they expect "some warmth in their relationship with their hosts" (P9). Most tourists preferred destinations where they are made to feel safe, welcome, and at home. Participants maintained that the pull power of hospitality is incalculable and often proves to be the winning factor when differences between destinations are blurred. They maintained that the degree of bonding and attachment between tourists and their host depend on the friendliness, courteousness, dignity, fairness, warmth, and kindness with which they are treated. It was pointed out that hospitality is notable when expectations are exceeded: "the going that extra mile" and "the going out of your way" (P31). After all, participants argued, tourism is synonymous with hospitality.

Malta is generally viewed as a highly hospitable destination. Tourists are still made to feel important, well-cared for and welcome. Hospitality was described an island trait. Participants suggested that living with foreigners was for many years a way of life for the Maltese. P28 aptly observed: "Our [Maltese] hospitality did not start with our tourism but was part of our island survival kit". P12 commented that "whenever we [Maltese] see a foreigner we want to impress him that we are a nice people in spite of living on such a small island". Simple gestures like buying drinks for everyone in bars, driving a person to the place requested instead of showing him the way, and taking tourists home to meet the family are typical of the traditional Maltese hospitality. P26 commented on Maltese hospitality as follows:

> *This is where Malta has an advantage in tourism. The Maltese are the most hospitable people I've ever met. When you get to know Maltese people well, you're instantly part of the family. They'll bend over backwards. They'll go to the end of the world to look after you. The population is the most wonderful, warm, caring people. In Asia, I can tell you everything changes behind your back. In Malta, it's different. They take you home, feed you and look after you.*

Although the Maltese have so far retained a very positive attitude to tourism and exhibited pride in being a hospitable nation, there was a general feeling among participants that traditional hospitality is under threat. They opined that modern economic society leaves no space for personal relations and that even on islands "life is not as slow as it used to be" and "people have less time for other people" (P24). Some saw the threat coming from lack of education, others from, arguably, the employment of front line foreign staff in the various tourism establishments. This is what P11 had to say on the matter:

> *So while the government engaged in a campaign aimed at locals to maintain and promote hospitality, this important feature of the Maltese national identity started being represented by foreign front line personnel. Similarly, at the same time that the industry is criticising the Maltese for losing this important national characteristic, it's contributing in a big way to this loss through their employment of foreign workers.*

Participants warned that "losing out on hospitality" (P25) will make Malta forgo one of its most important competitive advantages. They cautioned that the moment the business community views tourists as money spinning machines and the local residents perceive visitors as intruders, that "will be the end of tourism as we know it today" (P13). They called for priority to be given to reinforcing this positive value since it impacted strongly on the Island's competitiveness.

Language Communication

Participants perceived language communication as an important attribute of tourism competitiveness because it intensifies the hospitality aspect of tourism. They argued that good language communication makes tourists feel safe, welcome, cared-for, and empowered to engage in conversation. It gives them a meaningful access to the destination so that "even if you are on your own, you will never be alone" (P5). It comes across as a hospitality enshrinement and a source of competitive advantage. In some destinations "it takes a hammer to break the ice" (P27), let alone if there are additional language barriers. Participants observed that English is the "lingua franca" in tourism. Thus, they found it advantageous for Maltese tourism that English is widely spoken. Many people can also speak Italian, French and German, all languages representing the biggest tourism markets after the United Kingdom. This competency in foreign languages was attributed to the island's need to break away from its insularity and engage in business and trade with the rest of the world. P28 commented as follows:

> *A lot of Maltese can speak English, Italian and French so that tourists find it very easy to communicate with us. Now, that's an important consideration in tourism. Being an island, it's almost a necessity for the locals to know languages as has always been the case. If you go to Tunisia they only speak French and if you go to Spain they'll only talk to you in Spanish. That gives Malta an advantage that's significant. It enhances the tourists experience and comes across as a warmer welcome and reinforces the concept of the hospitality of the Maltese. As a people we're used to interacting with strangers, given our century's long history of colonisation by various powers.*

The widespread use of English gives Malta a head start in niche tourism such as English language teaching schools for foreigners and medical tourism where, according to some participants, patients feel safer and better looked-after when they are spoken to in their native language.

Participation in Community Life

Participation in community life was perceived as a distinct attraction because it opens a unique window on the authentic life of the inhabitants. Tourists experience hospitality when they come into contact with the inhabitants but participants maintained that visitors appreciate its authenticity when they immerse themselves in the community. It was pointed out that a positive community experience provides opportunities for new friendship ties that motivate repeat tourism and enhance future growth.

Access to such an experience depends on the hospitality of the host population which, according to participants, is more likely to be found in small islands than large destinations. The following are P25's observations:

> *Tourists can take part in the village fiesta, band marches and share the village gossip. They can integrate with the community and form everlasting friendship with the locals. That's possible in Malta but not in many other destination where there's a stark contrast between tourist zones and village cores.*

Islanders are generally hospitable, but some are considered more so than others. The Maltese are perceived as approachable, warm, and friendly. Participants noted that the Maltese will not think twice before inviting strangers to their homes, or introducing them to their network of friends. Given the chance, some tourists will jump at the opportunity and consider it a remarkable act of extraordinary hospitality uncommon in other destinations. However, some participants pointed out that this can also be counter-productive. Some tourists are indifferent to or even irritated at being more than casual observers of everyday life in a host destination. P28 commented as follows:

> *It may be possible that the society from which the tourists come from has lost the values and skills of intermingling with strangers. Thus, it may be strange for them to accept such opportunities and, in some cases, may view this behaviour with suspicion. We may be slowly losing our characteristic hospitality but such tourists don't encourage it. It may be this cold behaviour that's making the locals less hospitable.*

Quantity and Quality of Hotels

Without an adequate tourism infrastructure it is difficult to establish the industry and maintain its growth. Some participants stated that the hotels are the most important element of the tourism infrastructure and the one on which tourists often base their perceptions of quality and value for money holidays.

Hotels are generally classified by utilising a star system that should reflect the quality of the physical properties as well as that of the services provided. Participants argued that, whereas it is easier to objectively quantify the former, it is difficult to set standards for the latter. Therefore, star classification has to be interpreted with caution because quality depends on tourists' expectations and relative experiences in their home country and other destinations. The star classification was generally questioned by participants because it does not meet comparable quality perceptions. P24 argued that "it's a known fact that our stars don't conform to the same level of stars elsewhere". This undermines tourists' trust and satisfaction. Research participants' quality assessment of hotel accommodation in Malta is summed up by P25 as follows:

> *There seems to be wide differences in quality standards and quality services. Our star ratings are different from those in other destinations. Quality performance is worse in the three star-sector compared to European destinations. The four- star sector is better but not as good or necessarily of comparable continental standards. Generally, there hasn't been much noticeable renovation and serious maintenance works for the past twenty years in many four and, especially, three- star*

properties. In some instances there's a major need for a complete overhaul or rebuilding if they want to keep up with the times and reflect the expected quality of their star classification.

Small island destinations which depend on mass tourism are prone to over-capacity in bed stock in the lean months and under-capacity in the peak season. P15 estimated that in Malta "if you multiply the number of available beds by the average stay we can host nearly two million tourists. But what would you do with this tremendous excess capacity in the winter and shoulder months?" To aggravate matters, according to P34, there is an "imbalance between various hotel categories" and market demand conditions. P28 pointed out that "if you plot your bed stock and project it against European demand for categories of accommodation, you'll find that you're higher than average in the five-star, more than the market share in reality, and you're very much underrepresented in the rest". Some participants blamed the official upmarket tourism policy of the 1990's, which strongly incentivised five-star properties developments when mainstream tourism in Malta was based on average income earners, for the incongruence in the accommodation sector. P28 retorted that "outside of five-star, it was 'abandon ship' policy" so that there is a mismatch between what the market demands and the quality and quantity of accommodation available.

P15 admitted that "in the three-star category and lower, we have a lot of old property and very little investment". P28 remarked that most of the properties are "living fossils from the 1960's". The reason for such properties staying in business, according to P29, is the prospect of "real estate investment" with the owners only waiting until they get the chance "to transform their properties into apartments".

Accommodation Mix

A competitive destination, according to the participants' views, offers a choice of accommodation based on differences in style, price, setting, decor, location, service, facilities, amenities, brands and other features real or virtual. Different categories of accommodation should be available to match the tastes of different tourists. It was suggested that the wider the mix, the greater is the attraction for tourists with different budgets and motivations. Although the mix of accommodation increases the appeal of the destination, participants claimed that providing choice comes at the cost of excess bed capacity for most of the year, significant maintenance, refurbishment and renovation costs, and slow investment recovery rates because of highly competitive room rates. Participants remarked that in Malta there are supply gaps in accommodation at the lower level of the scale, becoming acute in the student sector.

Mix of Entertainment Opportunities/Venues

It was evident to the participants that tourists like to have fun and seek entertainment venues that satisfy their tastes in a safe environment. The quality and variety of entertainment, as well as the

diversity that suits different age cohorts, from children and youths to adults and mature tourists, provide a mix that influence a destination's appeal. Participants suggested that local talent and venues add value and peculiarity to the entertainment appeal. Malta offers a variety of entertainment venues, from nightclubs to bars to theatres, cinemas, and casinos, but participants argued that, while in summer entertainment opportunities increase with outdoor venues readily available in tourist zones, in winter there are fewer entertainment prospects. Paceville is known to tourists as the Mecca of entertainment with a concentration of hotels, bars, restaurants, nightclubs, casinos, and cinemas. It is considered Malta's main centre for nightlife and entertainment for the locals as well as visitors. Some participants felt that Paceville was becoming a centre for very young unruly and drunk adolescents whose presence is objectionable to adult patrons. P24 commented as follows:

I've been in Paceville for over thirty years and seen it evolve into different sectors. It's a false perception that Paceville is a leisure and entertainment area for very young people. You do have a section for the young where you find some twenty bars and a hyped-up area for students near the stairs. In this area [Paceville] *you will find an enormity of diverse activities and entertainment going on round the clock. You find casinos, a yacht marina and first class restaurants and night clubs. Paceville is an adult entertainment area!*

It was pointed out by some participants that Malta needs alternative entertainment areas, providing innovative forms of activities that cater for different ages. P25, echoing the views of other participants, lamented that as far as family entertainment is concerned "in Malta we stopped at where tourists eat and drink". He commented on family venues as follows:

Entertainment is a key element in the competitiveness of a destination. I'm worried about the family entertainment side of our tourism. Tourists want to fill in the time and have fun. We lack entertainment facilities even during daytime. For example, there's only one Popeye Village [the original set used for the film Popeye] *in the world, but did we develop this facility to a full entertainment park and market it? We need such facilities where tourists and families can spend whole days having fun.*

Shopping Venues and Opportunities

Shopping was described by the participants as a big attraction to tourists. They commented that shopping is almost a ritual for tourists. P20 declared that "all tourists like to shop and women simply love it". P18 remarked that shopping is an enjoyable, relaxing activity because tourists "have the time and the money to spend" and "shop for shopping's sake" (P19).

The higher the number and diversity of the retail outlets and shopping venues, and the more creative the display of wares, the greater is the shopping appeal. Mediterranean islands, because of their climate, offer the prospect of numerous open-air markets. P33 commented that "open markets give tourists the chance to be lost in the crowds of bargain hunters and the noise of hawkers in a colourful environment that gives character to the place".

In Malta there is a variety of retail outlets and shopping venues but some participants noted that most of the goods on display are available in any European country. They claimed that less space and visibility are given to Maltese products and handicrafts, including genuine Malta souvenirs which leave a gap in the memorabilia available to tourists.

It was highlighted by the participants that more creativity and enterprise are needed for higher quality venues to entice tourists to spend more time on shopping. Shopping access to tourists was also considered a problem.

P26 remarked as follows:

> *Shopping is a big attraction to tourists. In Malta, all shops in Valletta close early. Are people crazy? You have a cruise ship full of tourists who want to go shopping and you close the shops and go home! In Malta, when it's raining nobody stands on street corners to sell umbrellas. Where is the entrepreneurship? That's a problem to overcome.*

Bars, Food, and Restaurants

Food and the venues where it is served were considered by most participants as a key feature of tourism. Tourists have different dietary requirements and preferences, as well as different budgets to spend on food. Participants claimed that the greater the diversity of restaurants, bars, and food outlets, the higher is the probability that tourists' tastes and pockets are met. Tourists expect to have value for money on their food experiences, but participants suggested that tourists are more impressed when their expectations are exceeded. Culinary delights and local cuisines generate an attraction in their own right. Participants noted that Mediterranean islands benefit from a strong international perception of good gastronomic appeal due to the much publicised Mediterranean diet. Exploitation of this relative advantage depends on living up to expectations.

In Malta, there is no shortage of bars, restaurants, and fast food outlets but participants indicated that quality standards vary considerable. P12 remarked that there are many instances when "new restaurants initially offer first class service only to lower their standards within a few months". P18 also noted that many outlets "keep the same menus for years". P19 complained that there are many good restaurants which give value for money but the information is generally unavailable to tourists. He argued that "the locals and repeat tourists know about the differences but that first time tourists may find it difficult to know where the best restaurants are, or may not even know how to get there".

Some participants indicated that there are few restaurants that offer authentic traditional Maltese cuisine. They commented that tourists generally love to try out local dishes. While a varied choice of menus and venues is necessary to satisfy tourists' preferences, according to participants, offering a special choice of Maltese dishes emphasises culinary differences between destinations.

Traditional cuisine gives added value to the product and should be preserved as an integral part of the national heritage. P29 was concerned that "if we aren't seriously going to promote traditional Maltese dishes through the value chain from raw ingredients to presentation, they'll disappear".

Concentration of Attractions

A concentration of attractions and amenities was seen by the participants to offer a competitive advantage where the time-distance-fatigue-money factor plays an important part. Participants maintained that Malta has an advantage that it should exploit since it has a concentration of a vast, rich, and diverse multiplicity of attractions within an area of 321 square kilometres. P18 remarked that "in one day in Malta, tourists can visit many magnificent palaces in Valletta, enjoy a good lunch, have a nice swim, and return to the hotel with enough time and energy left to enjoy the night out". In some destinations large distances have to be covered to visit just one attraction which involves time, money and travel fatigue, all of which are important considerations to tourists. It was pointed out that even island destinations like Sicily and Sardinia are large enough to have this time-distance-money-fatigue syndrome.

4.5 Core Destination Business and Management Factors

The previous section gave a detailed account of the tourism competitiveness factors that were identified as the most important elements constituting the core tourism attractors. Research findings showed that tourism competitiveness is also influenced by generic business-related factors. Concomitantly with the qualitative research objective, the study has identified thirty important attributes that fall within this core category. In the following sections, each variable will be analysed, explaining its meaning and importance to competitiveness based on the information provided by participants.

Marketing

Marketing was perceived by the participants as the virtual access to the destination. Small island destinations need marketing to raise awareness about their existence and to promote their attractions.

Demand strategies are the key to marketing success. P11 asserted that "If you know your demand you can always win the market". A destination is expected to target those markets most likely to be drawn to the destination. P30 suggested that "the best tourists for us are those whose preferences and expectations match what we're offering". Participants believe that a successful marketing strategy is based on identifying and building on the destination's comparative and competitive advantages, enhancing perceptions of individual market segments' appeal, and satisfying the needs of specific segments.

P11 articulated these demand-centric approaches to marketing as follows:

> *It's important first to identify what are our attractions and what makes us different. We need serious studies on what makes us different. Then, we can focus our marketing on a competitive product that we can deliver. We must study tourists' perceptions. We must take into consideration their preferences and demands and aim at matching their preferences.*

It was observed that product development and innovation, together with pricing and promotion are inseparable elements of an integrated planning and management approach to destination marketing. Without a holistic approach to destination marketing, according to P28, the strategy will be ineffective:

> *When we decided to tackle the issue of price, we forgot to budget for product development and promotion. Then came a time when we removed the subsidies and allowed the price to find its own equilibrium and we focused on advertising. When they* [the national authorities] *turn to the product they don't do anything about the price or the marketing. Such an approach is apt to fail. Unless you tackle simultaneously all the variables that constitute marketing, you're actually not doing marketing at all but simply publicity.*

It was stressed by some participants that to have a long term positive impact on tourism growth the destination should deliver on its marketing promises. P35 commented that "marketing without a good product means broken promises". Unfulfilled promises, to participants, mean unsatisfied tourists, bad publicity, loss of competitiveness, and uncertain tourism growth.

Tourism marketing requires significant inputs from the private and public sectors. National tourism organisations were perceived by the participants as being more suited to market the whole destination on behalf of the country and to facilitate and support the marketing initiatives of industry partners. The role of national agencies, like the Malta Tourism Authority (MTA), involves market leadership, the identification of market opportunities, creation of an effective brand and appealing image, and the overall promotion of the destination. Some participants commented that a destination marketing effort will benefit from the national tourism agency's close collaboration with stakeholders, making available its networks of offices and contacts and supporting individual businesses to participate in fairs, exhibitions, trade shows business conferences, and workshops. Others emphasised the importance of market research and the sharing of market intelligence. P31 made the following observations on the MTA's research function:

> *The marketing of our destination is based on a lot of research that is done by MTA. The research department identifies the trends in our core markets and analyses the demographic data and psychographic information, including age, spending patterns, satisfaction, and preferences of incoming tourists. This is the backup to the marketing that we do. It's given importance by us but it isn't given publicity.*

Marketing requires significant budgetary spending. Some participants suggested that for marketing to be effective, budgets should be designed within long term plans. P13 maintained that public

funds should also be used to support private sector investment and marketing initiatives in innovative or growth products:

> *My position was always to consolidate the main sources of existing tourism but at the same time make some provision for innovative ideas, and then to move on and extend budgets to finance new ideas and niches in tourism. This is important because, ultimately, future tourism depends on our ability to be flexible, innovative, and creative in meeting tourists' demands.*

Internet based marketing was considered an important platform for creating "intimate destination experiences" and building relationships with potential and existing tourists "who increasingly want to be in control of their experiences" (P8). The internet is an effective marketing instrument that smoothens tourism flows and facilitates tourism experiences, providing virtual encounters between the various tourism stakeholders.

Destination Awareness/Image

If tourists are unaware of the existence of a destination and its attractions, it is impossible for tourism to occur. "Making the destination known to the world" (P26) is a priority for small islands. Participants maintained that it was the primary task of those responsible for marketing to put the destination on the world map and create a favourable destination image. This is more important for an island destination like Malta because of "our small size and our geographic position in the extreme periphery of southern Europe" (P34). What is needed, according to P19, "is the constant presence of Malta in communication media to raise awareness and keep Malta in the spotlight as an exotic island destination". Some participants pointed out that there are other marketing channels through which the destination and its attractions can be made known, including word-of-mouth, friendship ties, diplomatic missions abroad, and emigrants forums.

Raising awareness about the existence of a destination is vital, but promoting an appealing image of the destination is important to motivate visitation. Destination image is defined as a synthesis of people's perceptions of the destination which should be exploited to enhance the destination's unique appeal. Participants acknowledged that although a high level of destination awareness coupled with a formidable good image lead to tourism growth, these objectives require sustained marketing efforts.

Positioning/Branding

Participants defined positioning as a process whereby different market segments that are attuned with the destination's offerings are identified and targeted. It requires "identifying your product, finding out what's special, and seeking the right markets" (P7). Some participants saw Malta's positioning stance as counterproductive given the sophistication of its product.

P14 and P28 made the following observations:

If we've such a high profile product rich in culture, history, arts, and traditions, and then you position Malta for low profile tourists who aren't interested except in sun and sea and fish and chips, they'll be the first to complain that there's nothing much to do in Malta. They aren't interested to go to our historical palaces, the Hypogeum, Hagar Qim, museums, churches. Such product-client mismatch is also bad for such tourists (P14).

Because we don't know the extent of our wealth of authentic attractions, we spent forty years trying to sell Malta for its sandy beaches where we can't compete. We've been constantly reinforcing the idea in the international market the view that Malta is just a Mediterranean island summer resort like any other destination with nothing special or unique about it. Whoever's developing the product and selling it isn't even conscious of what the country can offer. The people who're selling don't know their product. As a result they've developed an alternative product which reinforced the image of a generic Mediterranean sun-and-sea spot rather than a unique destination (P28).

Branding was defined by participants as a creative exercise that seeks to evoke in the minds of tourists an image of "an inimitable, gratifying experience identifiable uniquely with the destination" (P18). That image continues to stir up beautiful memories associated with the destination long after the experience. For branding to be effective, it should project one clearly identifiable image of the destination. "Mixed messages", participants claimed, do not brand a destination successfully since "the idea of branding isn't to have a dart board and aim to hit at the highest possible number of attributes" (P30).

While some participants saw the need for branding, others became sceptical after the recent much publicised attempt to brand Malta failed to deliver the desired results. P28 attributed 'this failure' to stakeholders' misunderstanding of the branding concept, leading them to expect immediate results:

The concept of branding, the much abused exercise of branding Malta which was ridiculed by so many people and which is often referred to as the B word, the forbidden word, isn't a dirty word after all. Branding is part of marketing. Malta is so much micro limited in its marketing vision that we don't realise that branding is the wider aspect of marketing while promotion is the narrow part of marketing.

Other participants thought differently and questioned the emphasis on branding when the problem is one of awareness. Reflecting the view of these participants, P26 commented as follows:

Most people can't find Malta on a map. There're people who get to Malta and think they're in the Seychelles. Let's start by fixing that. Malta can sell itself. If you choose the right images and its location then you have a brand. Does it have to have a brand? No I don't think so. Logistically, it's too difficult to achieve that. Malta is Malta. Let Malta sell itself. The only way to do it is to educate people where it is, what it is, and what it stands for. That's the message you need to get out there.

Accessibility

Air transport is the gateway to island tourism. The ease, frequency, multiple connections, cost, convenience, safety, and comfort of air travel were identified as elements that influence access and

tourism growth. Participants noted that an island destination's dependence on air transport makes its tourism vulnerable to shocks in the air industry. Terrorism, natural disasters, and financial distress to the airline industry affect airline operations which in turn affect tourism access to the destination.

The introduction of low cost carriers (LCCs) was viewed by some participants as an innovation that has provided island destinations with a "lifeline" to tourism development and diversification. They perceived LCC as instrumental in enhancing tourism demand, competition, new routes, direct frequent flights, convenience, and lowering airfares. The success of LCCs was attributed to its ability to identify and satisfy new travellers' needs:

> *People have less time to waste on two or more connection flights to a destination, and less time to spare in long hours of waiting at airports. They want point to point flying, avoiding long security checks and queues in major airports. Low cost carriers satisfy the demand for this market and their availability and efficiency affect the competitiveness of tourist destinations (P17).*

Another point put forth by the participants was that LCCs have reduced the destination's dependence on tour operators and are encouraging new independent travelling. They maintained that LCCs are popularising short break tourism and "property tourism". Reflecting these views, P34 commented as follows:

> *In the past, tourists used to plan and to book their holidays months ahead. This is significantly changing. Low cost airlines have developed and sustained short term break or weekend tourism. People are attracted by special low air fare offers and decide they need a short break and just choose a destination on offer that appeals to them, maybe because they've never been there before. In the recent past we exclusively depended on tour operators for our bookings.*

Some participants suggested that LCCs are responsible for the growth of "permanent tourism". Sustaining the view that the most powerful lobby for LCCs comes from the real estate market, P9 made the following observations:

> *Tourism is no longer necessarily where I'm going for a holiday, but where I'm travelling to. The reasons may be varied: relaxation, peace and tranquillity, sunbathing on the beach, cultural, visiting museums, and so on. But another reason can be that I've property in Malta and want to enjoy it as frequently as I can. It's like having a nice flat in Gozo and you try to spend the weekends there to enjoy it. By the way, it also explains that low cost airlines don't necessarily mean low income tourists.*

The notion that LCCs only attract low income tourism was rejected by most participants. They insisted that LCCs also benefit the frequent traveller who is more interested in saving on travel costs to spend more on the destination.

Participants highlighted the fact that there are several advisory, regulatory, and legal deeds such as visa requirements, travel restrictions, outright travel bans, bureaucratic delays, and inordinate

security checks, landing rights, slot allotments, and taxation that limit air access to a destination to the detriment of its competitiveness. P15 summed up these actions and their consequences on tourism as follows:

> *Any action that limits our air access routes or creates obstacles or restrictions to entry into Malta, including legislative, fiscal, and environmental measures, puts our tourism at risk. Whatever makes it difficult to access Malta, whether physically through less routes and/or frequency, or cost-wise through taxes, surcharges, and so on, will have serious consequences for our tourism and the economy.*

Some participants insisted on protecting the national airline for national strategic reasons but endorsed the benefits from more competition by LCCs. They indicated many ways in which the national airline can improve its productivity and competiveness, including alliances with other airlines, code-sharing, enhancing sales networks and reaping economies of scope.

Price/Cost

Price is a major determinant of tourism demand. It is what the tourist pays for the travel experience and includes costs of flights, board and lodging, internal transportation, tourism services, entertainment, shopping and other consumptive experiences. Air fares, accommodation costs, and exchange rates were perceived as the most important considerations influencing tourists' perceptions of the price competitiveness of destinations.

Small island destinations have higher production and distribution costs than other destinations because they do not have significant economies of scale and rely almost exclusively on imports for the majority of goods, especially raw material and energy needs. Some participants argued that government induced costs, taxation, and structural inefficiencies in various industries also affect the cost base of the tourism experience. It was noted that "while costs were relatively high, prices and profits were low because of competitive conditions" (P29). Reflecting the views of participants, P14 made the following observations:

> *When it comes to costs, we have the cost structure of the EU, like wages, etc., but when it comes to the rates structure we're competing with North African destinations: Morocco, Tunisia, and Egypt. In the EU, they have high-cost-high-rates and, therefore, they're profitable. In North African destinations they have low-costs-low-rates and are profitable. Now in Malta we're trying to build our sustainable tourism on the EU high costs and low rates of North Africa.*

Some factors impacting price competitiveness were considered beyond the control of the destination:

> *Competitiveness should take into account local prices, the prices of competitors, exchange rates, and the national income of the country of origin of the incoming tourists. Any change in these parameters will influence the tourist inflow to the destination (P17).*

Some participants pointed out that for islands like Malta, where Britain represents the biggest tourism market, the exchange rate between the sterling and the euro has serious consequences for the price competitiveness of the destination. A strong euro against the sterling makes it more expensive for British tourists to visit euro destinations. It was pointed out that exchange rates raise the price of a holiday through transaction costs and influence tourist perceptions on prices that do not necessarily reflect reality. Tourism flows between euro countries avoid exchange rate problems, introducing transparency, eliminating "price illusions" and making "tourists feel safe in their money dealings" (P15).

In mass tourism destinations, tour operators are major influences on price competitiveness because they control a large volume of their business. Tour operators engage in massive package holidays promotion where destinations are differentiated on the basis of price. According to some participants, their dominant market position gives tour operators a "stranglehold on hotel rates" (P3) and "the ability to dictate prices" (P15). P17 commented that, ironically, their dominant market power brought about almost perfectly competitive conditions in destinations, "in many cases pushing prices to equal costs".

Reflecting the views, P15 commented as follows:

> *Our rates are mainly dictated by tour operators. Although now thanks to the web there're a lot of direct bookings, most of our hotels still depend on tour operators. Our latest surveys clearly show that we still depend on tour operators for hotel business. The tour operators don't give you any allowance for inflation adjustments in our rates but they still oblige us to bear the negative consequences of a depreciation of the sterling against the euro.*

Value for Money

Value for money plays a critical role in determining competitiveness. Participants maintained that an economic exchange in tourism entails paying a price at least equal to its perceived value since it involves a trade-off where a tourist parts from his money in exchange for satisfaction derived from a consumptive experience. Value for money is defined as the subjective evaluation of the interaction between price, quantity, quality, utility, and satisfaction.

Participants emphasised that value for money is all about "worthiness", "fairness", and "honesty":

> *What's really significant is value for money. That is, price is seen relative to what the destination has to offer. Tourists want to be treated fairly and finally evaluate whether the experience was worth it. For the money paid, were their expectations met or surpassed? Value for money is often tied to tourists' perception of the destination. It's very subjective but the perception of fairness or value for money is a significant influence on a destination's competitiveness. Two tourists will have three different value for money evaluations (P23).*

The price-value relationship means that people are prepared to pay more as long as it is worth it. P31 remarked that "if the price is low but you've a bad product and a bad service, people aren't

going to bother with the destination". What matters to competitiveness, according to the participants, is that tourists perceive their overall tourism experience as value for money:

> *Ultimately value for money is the most significant consideration. It's important for tourists to perceive that they're getting a fair return on the money they've spent. This is a critical factor that impacts on tourists' final evaluation of their total holiday experience. From my experience, tourists are prepared to pay a high price as long as they perceive at least an equal value in return. They hate to be cheated out of their money. Even if they pay low prices, they're still concerned with getting value for money (P25).*

Some participants suggested that small island destinations like Malta are more likely to compete on a value for money basis than merely on price differentials. It was asserted that a destination enhances its competitiveness if it offers differentiated experiences that give added value to tourists and satisfy their total wants successfully.

Service Quality

Service quality enhances the value of the destination experience. Participants perceived service quality as an important determinant of competitiveness that needs a concerted effort by all stakeholders to achieve excellence in providing an overall service experience. For a destination to earn a reputation for the highest level of service, providers should be responsive to tourists' demands, "knowledgeable", "competent", "approachable", and "friendly" in delivering "safe", "reliable", "dependent", "consistent", and "timely" services such as air and road transportation. Positive perceptions of the level of service improve the image of the destination and influence its competitiveness. Participants suggested that service providers should deliver on agreed services valued by tourists and possibly exceed their expectations. Adequate information and effective communication are needed to allow tourists to make their own choices and exercise control in decisions that affects them. It was stressed that tourists have the right to accurate information on availability and costs of services because quality service is related to the price paid and level of delivery required.

Participants felt that a competitive advantage in service quality is achievable if a destination understands what satisfies tourists and harness its efforts to meet their expectations. P8 remarked that "as service providers, it's our job to know tourists' demand in order to satisfy them" and maintained that, "different tourists represent different demands and [therefore] different ways of providing the same service". It was pointed out that a competitive advantage can be derived from satisfying various emotional and utilitarian needs of tourists who want "individual attention" and need to feel "noticed", "important', and "valued". Participants drew attention to tourists' needs to be treated with "courtesy", "respect", "honesty", "discretion", "empathy", and "comprehension".

P2 commented as follows:

Success depends on satisfying and indeed exceeding tourists' expectations and satisfaction. Tourism is a service, and a personal service at that. It's not a standardised good. Therefore, the quality of the service offered by people for people is of critical importance. The personal attention, the friendliness, the timeliness and expediency with which the service is delivered makes the difference. Tourism isn't like the production of toothpaste. Each single service is a unique and inimitable experience.

As stated before, service quality depends on realistic standards for tourism facilities and services. Participants acknowledged that there is a problem with hotel star classification in Malta that does not reflect international standards and expectations. P31 commented as follows:

Our problem is really in service quality. It's in this area that we need to make a big quality leap. At present the grading of hotels is done on the basis of the physical product and not on service quality. In tourism you need to uphold the highest standard in the physical product and even more so in service delivery. In reality, what makes the difference between quality hotels is the service. We're looking at and considering a reclassification which would address the anomalies of having too many differences in each grade and level of service.

Investment in human resources was considered an important means for achieving long term solutions to service quality. Some participants observed that tourism relies too heavily on part-time and foreign workers who are mostly uncommitted to service quality. P14 remarked that "even the fact that he's [employee] doing this part-time job not for the love of it but for the money reflects on the service offered".

Many participants expressed dissatisfaction with the level of services in Malta, particularly in areas of public transport and food and beverage. P11 commented that "we've the same inept attitude when providing services to tourists ranging from the services of a taxi driver to a bus or coach driver and those of the hotel's receptionist to the waiter".

Service Culture/Orientation

Service culture was defined as an orientation or predisposition towards service provision and service delivery. A poor service orientation affects the total service quality experience, and damages the image of the destination as well as individual businesses. Participants claimed that the Maltese are not culturally disposed to "serving and waiting".

Many reasons were brought forward to justify the roots of this negative orientation:

Serving has still the connotation of "servility" of past colonial times (P12.)

One problem is how the Maltese look at service provision and delivery. In Malta if you haven't been to university, you're considered an ass. The only way forward is the O' levels, sixth form and university. If you're stupid enough and don't get through, the only alternative left to you is the ITS [Institute of Tourism Studies]. *Our education system fails in its mission. Automatically, you're massaging and reinforcing the idea that if you're good for nothing, go into tourism (P28).*

We have this classic Maltese "w' ija" [everything goes] syndrome. This isn't good enough. You can't pin the problem of poor service culture to a single reason. It you're treated this way by people, starting off by your parents, your extended family, the people serving you an ice-cream when you're a three year old, then this works out into an accepted mentality (P20).

More education and better work conditions were seen by the participants as the catalyst for service culture change. P29 observed that "how you treat them [employees], how you pay them, and how you keep their morale high" influence service employees' attitude to work.

Some participants commented that it was almost paradoxical how a people renowned for their hospitality are so poorly disposed to serving others.

Training and Education

One important issue raised by most participants was that without a well-educated, entrepreneurial, and productive workforce that understands the nature of tourism and international competitiveness, small destinations cannot effectively respond to the challenges posed by the dynamics of international tourism. Industry success depends on the competencies, practices, and techniques that people bring to tourism. Education and training provide intellectual and practical knowledge and facilitate creativity and innovation, empowerment and motivation to compete. Education and training were viewed as the key to higher labour productivity, value added and comparative advantage. Labour productivity is significantly influenced by the quality and standards of educational institutions and training programmes and on their flexibility and responsiveness to meet the changing needs of tourism. Some of the participants' views are summarised by P29 as follows:

The only way to increase productivity is by quality training and education. Give me another way to add value to your product if not by a skilled workforce and an enterprising management, knowledgeable, flexible and ready to go. We need more people with knowledge and skills to move in tourism. We've talked ad nauseam on innovation and competitiveness – it's a cliché. Isn't innovation a product of education? Our institutions may not be the best providers of training but the doors are wide open to training abroad. So many opportunities! A trained workforce, adaptable to change, is the industry's best weapon to face competition.

Small island destinations, according to some participants, can be insular in an educational sense. The local educational experience is limited when it comes to institutions to compete in providing adequate preparation to face the challenges of a highly competitive tourism industry. It was suggested that international exposure to education and training experiences can mitigate these insular barriers and raise the competencies and quality of the tourism workforce. P26 contended that "no matter how good you are, if you don't have an international experience, your training and education is limited".

Traditionally, front-line staff training and management development were the main channels for improving the skills of tourism employees. In recent years, a broader approach to tourism education has been put in place to provide a good foundation which includes languages, history and interdisciplinary subjects. Some participants suggested that tourism employees also need training in the "soft skills" to be able to relate and assist tourists. Some participants concluded that lifelong education and continuous professional development are the means to uphold the highest standards in tourism.

It was noted that the inter-linkages between the tourism industry and other industries are so strong that tourism success does not depend only on the quality of its managers and labour force but also on the education of the broader population. Some participants suggested that, where tourism is a significant contributor to economic growth and citizens' welfare, education in tourism should be introduced at an early age. Young children and their parents should be made aware of their responsibilities towards the environment and the consequences of their behaviour and attitudes on tourism.

Labour Orientation/Labour Quality

The labour force is one of the most important sources of comparative advantages since differentiation in service provision and delivery significantly derive from labour quality. P8 asserted that the quality of the labour force "can make or break the industry" since, as P18 explained, "the quality of your people will tell on the quality of the services and, ultimately, on the success of the destination".

Tourism is a labour-intensive industry, providing "ample scope for youth employment opportunities" (P5). In spite of its importance to the economy and employment generation, participants observed that tourism is one of the industries with the highest labour turnover which, in turn, has significant consequences for its competitiveness. They noted that orientating the labour force to the tourism industry and attracting and retaining employees at every level are difficult objectives. The reasons for these problems include: job seasonality, job insecurity, low prospects for career advancement, low pay, unsociable long hours of work, and poor management practices that fail to reward talent and "the right values in people" (P27). Participants also viewed cultural attitudes as a strong setback for employee recruitment and retention, especially at lower job levels. P26 noted that "the Maltese look at service line jobs mainly as a matter of the last resort", while P27 remarked that "the only interested persons are the [irregular] immigrants".

Investment in human resources is the key to increase tourism productivity and competitiveness. Some participants highlighted the importance of exposing tourism employees to international

experiences in order to break the 'inward looking island mentality' (P20) and increase their productivity by being more open to innovative and creative experiences. P26 made the following observations:

> *In Malta, a lot of people have not had the opportunity to go overseas, to travel and to experience the next level up. And that explains a lot. We try to send our staff overseas to other hotels to experience really great service. They can't improve unless they've seen it and experienced it. It's like being the tallest midget in China. Because they think they've reached the top, they think it's the greatest thing on earth. They don't really believe that there could be anything better. That's something very difficult to change. It's a big problem. And that's really where Malta needs to wake up and look at the rest of the world. They have to go away to realise that maybe they could do things better.*

Planning

Tourism planning is generally the responsibility of government and national tourism agencies. Participants claimed that the private sector is too much driven by short-term interests and profitability to be concerned with long term societal interests and sustainable tourism. According to P1, "we [the industry] want the money now and we want to get it now". Although private interests should be respected, P13 concluded that "the common good should ultimately supersede any other good". This does not mean that planning should be imposed from above. Participants insisted that "participatory and democratic" planning processes are more likely "to achieve ownership and success" (P13). Participants argued that, unless planning sets a vision and communicates a common unifying goal, it is difficult to achieve its aims. P7 emphasised that long term planning means "planning for sustainable tourism which must be seen in the wider context of development". Participants noted that planning involves carrying capacity and sustainability issues. Planning involves identifying demand and being flexible to adjust to the dynamics of the market. P23 commented as follows:

> *A plan will set clear boundaries of development and gives a sense of direction to the development of the total destination. It sets clear objectives and strategies how to achieve them. We need a vision of where we want to go and achieve. Planning is basic to successful tourism in Malta. The problem is that people care only about immediate results. When tourist numbers fall, we take panic actions to reverse the trend. A tourism plan gives you at least the basic framework for rational decision-making.*

It was asserted by some participants that Malta lacks a viable long term plan for its tourism. They claimed that there is no political will to plan for sustainable tourism and see it through. P19 argued that "in spite of all the good intentions, Malta has always gone in the opposite direction" to its stated belief in sustainable tourism. P12 remarked that "it's ironic that, in principle, everyone speaks and agrees on sustainable tourism in Malta, including MTA, and then decisions on the ground favour policies of mass tourism". Participants felt that the MTA's efforts to focus on sustainable tourism are being "hijacked by the industry that wants numbers and more numbers" (P12). They insisted that "going after numbers" constrains resources and infrastructure to breaking point. P17 observed that Malta has one of the highest penetration indexes in the world, "with a

high population intensity, economic impact and land use". Participants highlighted the point that other than numbers, tourism success is better measured by tourist expenditure and length of stay. Quoting an ex-Maltese President, P9 made the following observations on sustainable tourism:

> *Malta has approximately a population of about 400, 000 people. We get about 1.2 million tourist a year or three times our population. If China were to be that successful, the rest of the world would be empty. That means size imposes a limit in terms of numbers. Above that limit tourists consume our resources faster than we can handle and would impoverish our quality of life.*

Malta Tourism Authority (MTA)

National tourism institutions like, the MTA, are important agents that foster destination competitiveness. Participants stated that the role of these public institutions is to provide vision, leadership, direction, planning, policies, regulation, law enforcement, research and information, destination management, monitoring and evaluation and to act as focal points for stakeholders' communication, collaboration and cooperation, as well as product development. They also play an important part in raising awareness, promoting and marketing the destination.

There was no consensus among participants on the most important function of the MTA. Some participants suggested that MTA should focus exclusively on marketing and product development. P28 insisted that the regulatory function of MTA is "a diversion from its main function of marketing Malta as a tourist destination". Others disagreed and suggested that the MTA should be a regulatory body since the other functions are better performed by other specialised agencies. P31 claimed that, with adequate budgeting and human resources, the MTA can handle its current responsibilities within the existing framework.

Most criticism was aimed at MTA's *modus operandi*. It was pointed out that the structure of the board, 50% of whom come from the private sector, makes it possible for people sitting on the board to use their position to gain unfair advantage by deciding on budgets, granting of licences, and enforcement practices. P17 affirmed that "MTA has appeared several times before the Commission for Fair Trading which gave it a dressing down".

The majority of participants criticised the MTA for diverting a significant part of its marketing budget to other activities:

> *Marketing of our destination is crucial in making Malta competitive. The MTA has a €23 million budget to promote Malta as a tourist destination. Eighty per cent of this budget goes to its administration and only 20% go to advertising. Come on! Something is very wrong here. It's a lopsided way of doing business. As an association, we query this anomaly every single year. In tourism, if you're not seen, you're not there. The moment you're absent you lost the market (P15).*

Some of these claims were refuted by a few participants who claimed these are mere perceptions that have to be changed:

> *The government allocates about €24.5 million. Only three million is allocated to salaries. Five million is on airline support. And that's a type of marketing support. Two million are spent on our PR representatives and activities abroad. This is an overhead because it's fixed, but this isn't administrative. Another three million is spent on tour operator support which I believe is important. That's how the MTA budget is actually spent and I've quite a job trying to change this mistaken general perception and government's contention that we have a lot of money to spend on marketing. A lot of spending, such as that on airline support, is fixed. If we stop the support for tour operators we'll have problems in tourism. On these two areas we spend eight million out of twenty-four, or one-third of the total budget (P31).*

Role of Government

Government was ascribed the role of supporting industry growth through its policies and rules and its commitment to tourism. Government provides public goods and general infrastructure conducive to tourism development. It supplies adequate funding to national tourism agencies, uses its own resources abroad, particularly embassies, to support destination marketing initiatives, and ensures accessibility to the destination. Government is expected to provide real time economic and business information for businesses to plan and make sound business decisions.

According to participants, it was of paramount importance that the government and its agencies make their commitment to tourism in an unambiguous and explicit manner, and clearly manifest their efforts to harness the diverse interests of the various ministries, departments, and the private sector towards tourism growth.The onus is on government to strike a balance between development demands and environmental needs for sustainable tourism.

Participants suggested that the government can facilitate new investment and support existing businesses in tourism through tax incentives and subsidies and a reduction in bureaucratic procedures and government induced costs. Government's role in sustaining tourism is fittingly summarised by P18:

> *The government can influence tourism by encouraging investment and providing the right investment climate. The government can incentivise entrepreneurs to be innovative and creative in the presentation of the tourist product and its development through taxation and support schemes. It can reduce bureaucracy to lower costs and facilitate new investments without unnecessary delays.*

While the supportive role of the Maltese government in tourism development was generally acknowledged by the majority of participants, there was some resentment at increasing government induced costs and tax policies.

> *Why should Malta have a final tax rate of 35% when onshore taxes in Cyprus are at 12%, in Ireland at 15% and even in the UK, where we have companies, at worst we pay a maximum of 29% company tax. Malta needs to be competitive if it wants to attract business in this sector.*

Government policies aren't necessarily very friendly to those who want to invest in tourism and related businesses. I don't know who its consultants are, but the government must take care of its home grown stuff (P20).

In over thirty years in tourism I've learnt that politicians pay a lot of lip service to the importance of tourism but it never got the support it deserves. We're not asking the government to subsidise our hotels, etc. or to salvage us when we're in trouble, but at least not to burden us with additional costs and bureaucratic rules that stifle our businesses (P30).

Type and Profile of Tourists

An analysis of destination competitiveness cannot ignore demand considerations. It was pointed out that economic factors such as exchange rates, incomes, relative prices and tourists' preferences must be taken into account. The majority of participants, expanding on demand importance, focused on tourist-centred approaches or destination-focused orientations.

One strongly held view was that what made a destination competitive is its ability to identify what tourists want and give them what they demand. Some participants suggested that a demand-driven approach should focus on understanding what attracts or repels tourists to/from a destination to satisfy their wants in excess of their expectations. The importance of "seeing through the eyes of the tourist" can never be stressed enough.

Some participants suggested that destinations should identify, analyse and understand tourists' cultural and social backgrounds, study their demographic profile and then modify the product to meet their demand. They contended that tourists' perceptions, motivations, attitudes, age, education and stage in the family life cycle permit destinations to segment their markets appropriately and target them effectively, offering the right mix of attractions as perceived by tourists. P25 asserted that "the tourist is king":

If I buy toothpaste to brush my teeth I know that the company is selling what I want and not what it wants. They have developed an array of toothpastes in a way to satisfy the different whims of its customers. The basic product remained unchanged but everything else, including the taste and appearance, has been altered to satisfy different preferences.

Tourists' characteristics evolve over time, setting new trends and demand changes. Flexibility to adjust to changes in market demand was seen as the key to tourism success. According to the participants, Malta is too complacent when it comes to demand strategies. P33 retorted that Malta's stand that "we can survive on what we offered for years" is an "illusione auto distruttiva" (a self-destructing illusion). P25 pointed out that "in the 1970's Malta had a tourist product which was in high demand so that the accepted approach was one of take-it-or-leave-it". However, he added that with so much competition "the tourist is king" and "unless the island measured up to what tourists want, you'll never sell your destination". P28 was concerned that when it comes to tourism planning "we tried to impose values and what we thought best for tourists without knowing or caring what tourists really wanted".

Matching Destinations Offerings to Tourists' Preferences

Some participants questioned an excessive 'demand-push' approach to competiveness. It was suggested that a destination should first evaluate its attractions and then identify a demand that fits the destination's appeal. They preferred a 'demand-pull' orientation to maximise on the destination's resources. P14's proposition was to "go for tourists for whom we have an appeal on the basis of our high-value-high-profile tourist product". Instead of looking for market segmentation, destinations should look at product segmentation to seek a balance between their offerings and tourists' demands.

According to these participants, Malta has never taken this approach seriously. Consequently, in spite of a refined sophisticated product, the island continues to compete with other Mediterranean destinations for the low income tourists ending up with a mismatch in its tourism. To P14, a demand-push approach means that "metaphorically, if they [tourists] like your buildings to have white facades, then we comply and paint all houses white".

Questioning the appropriateness of 'demand-push' strategies, these participants made a case for a 'demand-pull' approach:

> *Another approach is to see what we can offer and then try to attract tourists that like what we've to offer – if we have sculptured and gilt-edged facades and we try to attract tourists from Newcastle who don't appreciate such features it will result in a client-product mismatch. In this case, trying to bring over a client who doesn't like my product would do us more harm than good. Continuing with my previous analogy, I can do two things not to have this client-product mismatch. I can say Newcastle tourists (assuming for argument's sake that Newcastle tourists represent mass tourism) want white facades and, therefore, I'll restructure the buildings' facades, remove the sculptures and paint over white the gilt-edged constructions to endear mass tourism. In doing so I would be undermining my own product. Alternatively, I can reason that, with my current beautifully sculptured and guilt-edged product, I can attract much better tourists than those from Newcastle, say from London, Paris, or the USA who like my product and are prepared to pay more (P14).*

Business and Economic Climate

A business and economic climate that favours investment and business operations in tourism enhances the competitiveness of the destination. Participants noted that regulatory frameworks and policy stances affect the competitiveness of tourism businesses. Competition policy, financial regulations, tax regimes, interest rate structures and incentive schemes impact on business effectiveness and profitability. Success in tourism, in P6's view, depends on a destination's ability to attract new investments and provide the "motivation and flexibility to develop innovative products and services". It was pointed out by the participants that the efficiency of institutions in education, finance and public services are necessary for supporting and stimulating business initiatives to enhance competitiveness.

Participants perceived the business and economic climate in Malta as generally conducive to doing business in tourism. According to P16, Malta's entry into the EU reduced "government's manoeuvrability in helping directly the tourist industry" but it also opened up the economy to greater competition, especially in the banking and airline industries. The most worrying aspect of the economy that is adversely affecting the relative competitiveness of the destination was perceived to be the price hikes dominated by "unprecedented exorbitant increases in water and electricity rates" (P15). Participants claimed that higher inflation rates than those of competitor destinations dampen business confidence and erode the price competitiveness of the destination.

Competitive Environment

Small island destinations do not have a large domestic demand to spur domestic firms to compete internally, besides which low economies of scale encourage the formation of monopolies to the detriment of customers. P7 reiterated that policy intervention is necessary to break monopolies and open up markets to competition: "the less competition onshore, in spite of or because of more protection, the less resilient to external shocks and the less competitive the destination when pressure comes to bear". The participants' view was that inter-firm competition ensures tourist-focused strategies, offers best quality services at the lowest price, attracts new investment and innovation, and avoids wasteful use of scarce resources.

Islands have an innate predisposition to be competitive since they have always had to face international competition for survival. P4 argued that "the fastest growing economies and the most competitive are those which face international competition head-on" and pursue outward-oriented policies designed to achieve integration within a globalised world economy. Participants described Malta as an export-led economy that depends for its success on high labour productivity. They contended that a competitive environment creates the conditions for tourism businesses to be more flexible and dynamic and thus more able to win international competition. Some participants pointed out that some industries, such as the transportation and energy sectors, still enjoy monopoly status. It was noted that the introduction of competition in aviation has lowered airfares and improved air services, making the destination more competitive. According to P4, "in joining the EU, Malta has brought competition upon itself which if nurtured to withstand the test of time can produce an adequate response to international competitiveness".

Level of Bureaucracy/Red Tape

A heavily regulated environment managed by layers of bureaucracy and red tape was seen to increase transaction costs and operational expenses and impede competitiveness by interfering with business planning and investment decisions. A less regulated business environment allows a destination to be more responsive, innovative and competitive. To the participants, cutting on

bureaucracy means reducing the size of the public sector to its core competencies. It was noted that government-induced costs include costs of gathering and reporting required information and of conforming to established rules and regulations. P33 retorted that with Malta's entry in the EU "we're not only made to incur higher costs to comply with new rules and regulations, but have to go through the frustration of dealing with public servants".

Some participants censured the government for competing for financial and labour resources which they claimed can be better utilised by the private sector to enhance competitiveness and create wealth. Most of these resources are wasted on inefficient projects and on public services that are not delivered expeditiously, transparently, or cheaply. P33 stated that public officers are so "intoxicated" with power that "whenever you need the services of a civil servant or a public entity the first answer is always no! As if they are to tell you yes is a sign of weakness".

Participants perceived government bureaucracy as anathema to progress and change, creating artificial barriers to business investment and competitiveness. They reiterated that bureaucrats in Malta have a way of dampening competition by discouraging new projects and investments through long drawn procedures. P28 commented that it seems as if "everything is designed to slow you down". The Malta Environment and Planning Authority (MEPA) is singled out for bureaucratic excesses and for having the ability and the "means for stifling business innovation" (P17). Criticising MEPA for wasteful practices, P23 remarked that "if you know that a project is definitely a no go, why engage in a two or three year process and incur so many costly studies when you know that the project can never be approved!"

Innovative/Creative Spirit
Without the innovative and creative spirit of an entrepreneurial class, it is difficult for a destination to remain competitive in the future. Participants argued that destinations achieve a competitive advantage if they are enterprising and manage to keep up offering better quality products and services and superior experiences at cheaper prices than their competitors. Participants described 'enterprise' as the ability to alter focus to meet shifts in international scenarios based on sound market intelligence and to identify untapped opportunities to satisfy the market. They viewed a competitive environment as the breeding ground for innovation and creativity. They asserted that without risk there is no "newness". P9 commented that "no risk, no enterprise" while P29 stated that "without reward there will be no risk". P14 contended that the higher the profit the greater is the vitality of the enterprise, not only to identify market gaps and fulfil unsatisfied demand, but also "to create new demand for newly created experiences". Participants insisted that access to bigger tourism markets, constantly evolving tourist profiles, demand sophistication, new

technologies and regulatory regimes provide opportunities for specialism and for the production of distinctive offerings that create competitive advantages for the destination.

Stakeholders' Cooperation

Tourism is a multi-stakeholder industry where "everyone has a shared responsibility" (P32) for the success of the destination. The multiplicity of players involved in sustaining tourism ranges from suppliers, to public agencies, market intermediaries, the general public, NGOs, and tourists. Significant coordination, collaboration, and cooperation among stakeholders are required without which it is difficult for small islands to be competitive. Participants suggested that marketing, research, training, retailing, the environment and the organisation of conferences and events offer scope for inter-firm cooperation and partnerships. Participants remarked that although "a multi-stakeholder industry had multi-stakeholder interests" (P14), these interests converge when TDC is at stake. Participants noted that many firms produce different elements that jointly constitute a destination's offering so that they depend on each other for ensuring success. They maintained that inter-firm dependence presents a wide scope for collaboration, cooperation, partnerships and networking to unify self-interests for the sake of ensuring the destination's competitiveness. P24 emphasised that "industry collaboration enables the destination to offer quality experiences at competitive prices". This is possible if "cooperative efforts and collaborative strategies aim at serving tourists better" but not if "strategic partnerships and networks would lead to cartels and power bases" (P24).

It was clear, in the view of many participants, that it is the government and its agencies that should provide industry leadership and be "an example in communication and collaborative efforts" (P20). A lack of cooperation and coordination among various ministries and between public and private agencies "puts tourism growth at risk and limits the destination's ability to be competitive" (P7). P28 quoted an ex-tourism minister as telling his cabinet colleagues that they were "all ministers of tourism" since they were responsible to "educate the people, build the roads, clean public places, plant trees, and so on". Participants observed that in Malta there is still a problem with inter-ministerial and inter-public agency cooperation and coordination to sustain tourism because of differing priorities and vested interests where "no minister will make the effort so that the tourism minister gets the limelight and appreciation of the public" (P28). P24 pointed out that even Malta's business community fails "to see the whole picture". Some participants cited examples of uncooperative behaviour among industry partners where "although they try to give the impression that they are one big family, they protect their turf with all their might" (P35).

Support from Related Industries

It is difficult to delineate the boundaries that constitute the tourism industry because many industries are intertwined with tourism. Participants noted that some industries can, however, still exist even without the tourism industry. They referred to industries such as leisure and entertainment, retailing, health, education, agriculture and fishing as "shoulder industries to tourism", supportive of a destination's drive for achieving competitiveness. These industries do not depend on tourist demand for survival but their goods and services are nevertheless sought out by tourists. Participants argued that a destination benefits from strong, related competitive economic sectors such as telecommunications, retailing, entertainment, and sports that offer an array of high value, low cost, quality goods and services. This adds value to the tourism product which gains from what P2 described as "derived competitiveness". Some participants postulated that although different industries have different vested interests, profit transcends those interests and creates "a naturally shared interest strong enough to provide the basis for networks of collaborators" (P14).

Quantity and Quality of General Infrastructure

Public infrastructure involves capital investment projects generally funded through taxation that yield public services necessary for the overall development of a country. Some participants noted that the state of the infrastructure depends on government's competency to ensure adequate infrastructural investment to match development needs. They maintained that comparable infrastructural provision among destinations does not create any competitive advantage but any "noticeable differences or significant weaknesses in the physical infrastructure will make one destination gain at the expense of the other" (P27).

Public infrastructure supports tourism competitiveness in direct and indirect ways. Participants stated that the efficiency, costs, speed, and quality of goods and services produced and delivered by industries that support tourism rely on the availability, reliability, safety, and efficiency of general infrastructural services. These include transport networks, water and electricity, waste disposal, banking, insurance, and communication networks.

Participants remarked that unless quality tourism infrastructure is complemented by quality public infrastructure, the imbalance leads to negative perceptions of the destination. P21 asked, "How can tourism flourish if once you get out of your five-star hotel, the environment and infrastructure is in shambles?"

The general view of most the participants was that tourists' encounter with the physical state of infrastructural assets as well as with the service experiences they generate, influence their

perceptions of the destination's modernity or mediocrity. Some participants claimed that, even before visiting a destination, tourists have anticipations of a destination's infrastructure which can leave their stance neutral in one destination but negative in another.

Meeting infrastructural requirements to maintain competitiveness in a densely populated island destination like Malta was considered a major challenge. Lack of transparency in awarding contracts and non-commitment to quality assurance were seen as barriers to quality infrastructural development:

> *Something somewhere is wrong if we can't get these things right first time. Rough, shoddy work in infrastructural development doesn't do us any good. Contracts must be transparent and governments must be, and appear to be, clean in awarding public contracts and enforcing stringent standards and enforcement (P5).*

Constant investment is required for infrastructural development to keep up with ever growing demands made on it by population and tourism growth. Some participants criticised the current practice of developing and maintaining the infrastructure in "bursts" and called for more long term planning. P28 commented as follows:

> *We often make a sharp jump from something antiquated to the most modern system but with nothing in between. Our development is characterised by big bursts upwards and downwards. That's the main feature of our infrastructural development. That works against us.*

It was pointed out that lack of long term infrastructural planning explains the contrasting co-existence of the infrastructural state-of-the-art projects such as the national hospital and digitised communication systems, and the Third World state of the roads and a "medieval" public transport system.

Public Transport

Public transport impacts a destination's competitiveness because it constitutes an essential service used by tourists. Tourists spend a good proportion of their time travelling, even if the destination is small. P27 commented that the transport experience provides tourists with their "first and last encounter with a destination". Participants considered transport services as efficient if towns, villages and major attractions are well-connected. Buses, taxis, coaches and mini-buses need to be safe, clean, comfortable, and user-friendly. Participants also suggested that the services should be affordable, reliable, punctual, and efficient, and delivered by drivers who are honest, courteous, and properly groomed. They also highlighted the interaction between public transport, the environment, and the destination's appeal. If public transport is efficient, it can entice the local and tourist populations to substitute private for public transport, thus "reducing significantly traffic congestion, parking, noise, and pollution problems" (P5), and contribute towards "improving the state of our environment" (P26).

Participants generally agreed that the transport system and services in Malta are below the expected standards. They attributed the failure of the system to attract new investments and offer user-friendly services to a monopoly situation that is expensive and "a disservice to the local community and tourists" (P27). Monopoly practices were blamed for the long term negative impact on tourism. P20 claimed that the transport agents "use their monopoly power to keep the status quo and inflict as much damage as they can on the tourist sector". A reform of the sector was considered urgent.

Participants made a scathing attack on the behaviour of bus and, especially, taxi drivers for being shabbily dressed, unruly, and often dishonest towards their customers. P16 exclaimed that it is almost as if "they are antagonistic and irritated at giving a service". P18 retorted that "tourists don't want badly dressed drivers to pull them by their sleeves to use their services, to decide for them where they should go, or act as their unsolicited guides". Participants also had negative comments on coach drivers "who fight over tips and commissions with guides in front of tourists" (P33). They concluded that the "notorious" behaviour of some of the drivers tarnishes the hospitality of the Maltese.

State of the Roads

Roads are but one aspect of the general infrastructure, but their state is so "abysmal" that participants picked out roads as a matter of national priority. Some participants observed that "everyone talks about it" (P26) but, with the exception of a few arterial roads, little has been done over the last few decades to address the issue. Participants claimed that the roads are in such an "appalling" state that they are creating an image of "shabbiness and a derelict environment" (P24). Tourists who drive around in hired cars or travel on public buses are not impressed by the experience. P22 asserted that tourists will never forget their "bumpy journey on their way to the hotel and it's the last thing they remember on their way back to the airport".

ICT infrastructure

ICT is an important source of destination competitiveness and mitigates some of the disadvantages of island periphery and insularity since it offers the opportunity for virtual integration with the rest of the world. A destination remains competitive if it has a sound ICT infrastructure in place and keeps abreast of technological developments to "meet, or even surpass, the expectations of present and future tourist demands" (P16), "enhance business opportunities" (P13), and "provide a whole range of services that are consistent with the electronic age we're living" (P9). The destinations of the future will depend exclusively on these services as they become an accepted way of life. Participants remarked that ICT services make life easier for travellers by providing them "with real time services online" (P8) and offer facilities ranging from information on the destination, to

airline ticketing and payment, hotel reservations, electronic banking, and insurance. More importantly, they contended that ICT satisfies tourists' needs to remain connected "to their network of friends, family, and colleagues on a 24/7 basis" (P13). Participants qualified a sound telecommunications sector as one that is accessible, fast, reliable, cheap, and user-friendly.

The internet was considered a powerful marketing tool to raise awareness of the existence of the destination and provide information on its attractions. Participants noted that the internet provides an open platform where complaints and compliments can be aired without restriction which can be beneficial or disastrous to the destination's image. They contended that the internet brings about real competition as no other means has done, allowing comparisons of prices, flight times, hotels and other services online. P27 maintained that "you can compare almost everything, including what you've been promised with what you've expected and what you've experienced".

Destinations which have an efficient ICT infrastructure are in a better position to attract new investment to tourism because ICT "contributes to a vibrant, innovative and profitable business experience" (P2). Participants claimed that ICT is dramatically changing traditional ways of doing business, delivering basic services and finalising economic transactions between service providers and tourist-clients. P9 noted that the internet "sounded the demise of the middleman" because it creates the opportunity for "a direct relationship between suppliers and customers". P6 posited that future tourism "will depend less on tour operators and more on individual bookings on line". This change is being accelerated by proactive service providers who are keen to avoid costs of intermediaries and increase profit margins. Participants cautioned, however, against "internetising" basic services at the expense of travellers who may not have easy access to the web or are unfamiliar with the facility. Doing so, they warned, will exclude a significantly large market potential.

Malta's ICT capabilities relative to destinations in the Mediterranean give it a competitive edge. It was suggested that Maltese tourism has gained from a rapid development in ICT, enabling the industry to offer advanced services on line. Malta's size has attracted multinational corporations to launch new systems, services, and technologies within a managed and controlled environment, enabling the Island to stay at the leading edge of technological application.

State/Quality of the Environment

The environmental quality, commitment and enforcement, and awareness and education play a significant role in environmental management of the destination. Environment degradation reduces the tourist experience as well as the citizen's quality of life. Tourists are increasingly sensitive to environmental issues and may not visit the destination if it has poor environmental credentials.

Participants proposed that the environment should be protected and upgraded to improve the visual appeal and competitiveness of the destination. P18 observed that although small islands do not have the "enormity of the pollution problems of large urban destinations, environmental problems are more visible because of their size".

Participants complained that, in spite of greater international consciousness of the cost of human activity on the environment, "this awareness is not being reflected enough in our behaviour and actions as producers and consumers of tourism" (P18). As the consequences of climate change and global warming on the economy and quality of life become more apparent, environmental considerations will prove more determining on people's choice of a destination. Participants hoped that once the environment becomes a national priority, alternative sources of energy, using cleaner technologies, waste reduction, recycling and disposal, and conservation of non-renewable resources will become more widespread.

Mediterranean tourists who hail from northern European countries put a high value on the environment. Some participants claimed that the environment is so important to some large European companies that they will not do business with hotels and destinations that do not have environmentally-friendly policies and effective measures in place. P31 stated that some tourists will only stay in hotels with "green credentials".

It was argued by some participants that environmental values are at the core of the incongruity between tourists' environmental demands and the destination's offerings. If these values contrast sharply with those of the host destination, the mismatch will negatively affect the destination's image and competitiveness. P14 remarked that "we must not forget that most of the tourists that come to Malta have been made aware of the environment since early childhood and if their environmental values and those of the host destination are at odds, they will tend to shame that country". Participants pointed out that tourists' environmental values can be misjudged by the host destination if it makes injudicious assumptions on congruity of values:

> Sometimes I feel that we assume that our values are synonymous or are those of tourists. We assume that what bothers us should bother them and what is acceptable to us is acceptable to them. In practice, there're many instances where it's exactly the opposite. What doesn't bother us bothers them and what bothers us doesn't bother them (P28).

P16 pointed out that such miscalculations cause destinations to become complacent regarding their environmental performance.

Construction and overdevelopment were identified as having the biggest negative impact on the natural environment and the overall visual appeal of the destination. Participants commented that

urban sprawl, excess supply of buildings, and empty, abandoned, or unfinished properties create visible eyesores and contribute to environmental degradation. P32 maintained that behind the uncontrolled building development is the greed of "unscrupulous speculators" who, in no time, "unashamedly" have transformed a small island into a "reconstruction site". P12 remarked that "an aerial view of Malta produces a shocking reality of massive construction" that has permanently scared the natural environment. P5 commented on environmental degradation in Gozo as follows:

> *If you're to look at the haphazard, careless and abusive way in which development is occurring in Gozo: senseless construction of concrete, ugly buildings everywhere in the middle of pristine countryside, you'd come to realise the abominable way in which the island is being reduced.*

Certain aspects of the island's traditions and pastimes are not necessarily environmentally friendly. The deafening noise from the firing of petards during village feasts, and hunting and trapping are not favourably perceived by environmentalists and tourists. Hunting and trapping, are particularly damaging and are a major source of negative promotion on the international media:

> *I don't need to tell you how much damage hunting and trapping has inflicted on our tourism. The bad publicity they gave us was very damaging and contributed to the perception that Malta isn't environmentally friendly. Whether we're in fact environmentally friendly or not is irrelevant because in the tourism world it's perceptions that count (P11).*

Environmental perceptions are significantly influenced by the strong local and international environmental lobbies that contrast with claims made by hunter and trapper federations. A negative environmental image promoted by international environmental groups can prove devastating to the destination's competitiveness. Banning traditional pastimes was, however, perceived to generate strong antagonistic attitudes towards tourism among numerous hunters and trappers who blame the environmentalists for their predicament.

Environmental Awareness/Education

Participants claimed that for the destination to succeed it must educate its citizens to be more environmentally conscious to enable them to participate effectively in decision-making processes that influence the environment and its management. Tourists are increasingly environmental conscious, exerting pressure on the destination to be environmentally friendly. Participants commented that global warming and the effects of climate change have raised international environmental awareness to new heights so that TDC is manifestly subject to the destination's environmental credentials.

Environmental Commitment/Enforcement

Environmental commitment was considered a long term choice for sustainable tourism, requiring integrated planning, coordination, and enforcement. The level of commitment is judged by the quality of national policies, rules and regulations, and their enforcement. P15 asserted that "it's

useless to enact a lot of laws if you can't or won't enforce them or worse if you have ministers enacting laws that are contradictory". P3 suggested that besides education, one needs policies and legislation in place to protect the environment "and, more importantly, for Mediterranean people we need effective and across the board law enforcement".

To participants, commitment to the environment means consistent, fair, and effective enforcement of the rules and regulations. P28 pointed out that a destination is not committed if it is selective in its enforcement decisions where "in one year, no enforcement is carried out and in the next year you take a couple of people to court, and then you hear nothing again for another two years".

Participants claimed that the environment cannot be safeguarded without a clear public commitment that makes the destination environmentally credible. They contended that contradictory public statements undermine the destination's environmental credentials with significant consequences for its competitiveness:

> *For the chairman of the MTA to claim in court that his interest is in tourism and not the environment really takes the biscuit (P23).*
>
> *The statement of MTA chairman in a court case was very revealing when he stated that he doesn't care about the environment, even though this goes against the official policy of MTA (P17).*

Geographic Location

Island destinations are of their own nature insular and peripheral to mainland states. Participants argued that the more conspicuous these features are, the higher are the problems associated with market accessibility and visibility. It was observed that many factors determining destination competitiveness, such as climate, safety, and history, and the nature of destination tourism are in their turn affected by the geographic location which enhances or inhibits tourism growth.

Malta's central location in the middle of the Mediterranean Sea gives it an important comparative advantage. It was suggested that the geographic location explains the differences in historical and cultural patrimony of island destinations. There was no doubt in the participants' mind that the cultural and historical wealth resulting from Malta's strategic, political, military, and commercial importance emanated from its geographic position.

The geo-political location of the destination also determines the level of political stability, safety and security of the destination. Comparing Malta to Cyprus, P1 argued that these two island destinations are very similar in their product's offerings but differentiated by tourists' safety perceptions based on their relative geographic position:

> *Both are islands competing for British tourists. They have a similar history as British ex-colonies, both are EU states and have parallel economic development so that differences between them are*

thin and must be visibly and explicitly emphasised. Political stability, security and safety prove to be essential advantages of Malta over a divided Cyprus, sitting uncomfortably close to volatile and dangerous Middle Eastern countries.

Geographic positioning determines the physical proximity of a destination to its main tourism markets. P34 observed that, although Malta is at the southern periphery of mainland Europe, it is still "within a three hour flight" of most countries so that "if tourists want to take a weekend break, it's easier to travel to the Mediterranean than the USA" (P35). Other participants suggested that Malta should take advantage of its "crossroads" location, to become a "travelling hub". P4 contended that small destinations like Singapore, Hong Kong, and Dubai "have all played well the on-the-road-to-somewhere-else card, and have been so successful in this, becoming respected destinations in their own right".

Safety and Security

Participants underlined safety and security as important tourism determinants. These factors are "intangible facets" (P14) of a destination's appeal without which tourism can never succeed. Major world or regional upheavals such as tsunamis, terrorist acts and political unrest are obvious threats to tourism. Participants argued that safety and security becomes a priority "only if safety is an issue" (P25). A competitive advantage is achieved by default. One destination's failure to provide the expected level of safety and security is another's advantage. P21 commented as follows:

> *Each time there's an act of terrorism in some destination that competes with Malta, the following day our hotels are fully booked. That's how big the influence of safety on tourists' choice of destination is!*

Malta is still perceived as a very safe destination which is often taken for granted by the inhabitants though not necessarily by tourists. P25 remarked that "tourists want to come to Malta because they feel that round the clock, twenty-four hours a day, they feel safe and can go for walks any time without fear of being mugged, robbed, or harassed". P20 made the following observations:

> *Today, few destinations can take safety as given. We also operate in South Africa and there safety is an issue. Safety is a very strong positive factor that influences our competitiveness in tourism. For our industry, safety is vital, not only for tourists but also for adult and young students who come to learn English in our schools in Malta. In our marketing material, safety is always one of the top four attractions that we highlight prominently.*

Negative safety perceptions based on youth violence, drug and alcohol problems, as well as tourist-related crimes are damaging to the destination's image. A safe destination, according to some participants is also one that provides the best medical care in case of illness or accidents. A small island generates safety perceptions because "there are always people around" (P19).

4.6 Summary and Conclusion

The main objective of the qualitative phase of the MM design was to identify a set of factors that influence destination competitiveness. This study presented a framework (Figure 4.1 p. 123) that captures the main elements of competitiveness as described by the participants.

Destination competiveness is the outcome of the strategic interactions between tourism and business factors grouped into two major core categories: *Tourism Resources and Attributes and Destination Business and Management Factors.* The interrelation of destination attributes and supporting business factors provides the grounds for exploiting existing or potential competitive and comparative advantages to achieve and enhance tourism growth. Destination competitiveness is not the ultimate goal of the process but is itself a transmission mechanism to achieve societal and stakeholders' economic and social prosperity.

Research findings identified sixty factors that impact tourism competitiveness within an island destination context. Each variable was discussed for its importance, meaning, interactions, context and significance to island competitiveness as it emerged from the participants' rich and extensive descriptions.

Table 4.1 summarises the research findings. Each factor is matched to the corresponding conceptual category or subcategory, similar to placing comparable information in computer folders or drawers, until saturation is achieved.

The number of times participants referred to the particular factor is included in the table to demonstrate the importance of each competitiveness factor to the participants.

In this study, participants were also asked to indicate to which of these factors Malta needed to give priority in resources deployment for improvement. A frequency count was used and priority rankings obtained by taking factor count as a percentage of the total frequency in that category.

Table 4.2 ranks the tourism attractors and business factors in order of priority. Sixteen business-related factors and eleven tourism attractors have been identified as requiring immediate attention.

Core Tourism Attractors and Resources			**Core Destination Business and Management Factors**		
	Tourism Attractions	**Ref***		**Business-Related Factors**	**Ref***
Bequeathed	*climate/weather*	31	**Value Proposition**	*marketing*	35
Natural	*sun, sea and beaches*	35		*destination awareness/image*	22
environment	*visual appeal*	25		*positioning/branding*	20
	panoramic sea/harbour views	24		*accessibility*	35
	cleanliness	28		*price/cost*	31
National	*culture and history*	35		*value for money*	22
Patrimony	*megalithic temples, archaeology sites*	22		*service quality*	31
	historic landmarks, cities, building,	23		*service culture/orientation*	17
	museums and galleries	22		*tourism planning*	20
	quaint villages, village cores	15		*training and education*	25
Island Appeal	*island charm/exoticness*	21		*labour orientation/quality*	17
	island way of life	22		*role of MTA*	34
	relaxation/ carefree opportunity	26		*role of government*	22
Designed	*special events/festivals*	26	**Demand Orientation**	*type and profile of tourists*	24
Events	*music, concerts and performances*	20		*matching TD[+] offerings to tourists' preferences*	22
	conferences and incentives travel	18	**Business environment**	*business and economic climate*	24
Activities	outdoor activities	31	**Environment**	*competitive environment*	22
	water activities	26		*level of bureaucracy/red tape*	18
	diving	26		*innovative creative spirit*	19
	mix of tourism	29		*stakeholders' cooperation*	18
	English language schools	18		*support from related industries*	15
Hospitality	*hospitality*	32	**Supporting General**	*quantity and quality of public infrastructure*	31
	language communication	23	**Infrastructure**	*public transport*	28
	tourist participation in community life	17		*state of the roads*	21
Tourism	*quantity and quality of hotels*	29		*ICT infrastructure*	30
Infrastructure	*accommodation mix*	17	**Environmental**	*state/quality of the environment*	29
	mix of entertainment	29	**Management**	*environmental awareness/ education*	27
	shopping opportunities	23		*environmental commitment/enforcement*	34
	food, bars, restaurants	29	**Conditional Factors**	*geographic location*	19
	concentration of attractions	28		*safety and security*	26

*Ref = Number of references by participants   [+]TD = Tourism Destination

Table 4.1: The Key Factors of Tourism Destination Competitiveness

Rank	Business-Related Factors	%	Rank	Tourism Factors	%
1	marketing	13.3	1	cleanliness	18.7
2	air accessibility	11.9	2	culture and history	17.3
3	service quality	11.1	3	hospitality	14.7
4	state of the environment	10.4	4	sun, sea and beaches	12.0
5	value for money	8.9	5	quantity and quality of hotels	9.3
6	state of the roads	8.1	6	relaxation/carefree opportunity	8.0
7	price/cost	7.4	7	visual appeal	6.7
8	quantity and quality of infrastructure	6.7	8	special events/festivals	5.3
9	destination awareness/image	5.9	9	accommodation mix	4.0
10	public transport	5.2	10	conferences and incentives	2.7
11	tourism education and training	3.0	11	mix of entertainment	1.3
12	positioning/branding	3.0			
13	environmental commitment	2.2			
14	tourism planning	1.5			
15	type and profile of tourist	0.7			
16	matching TD offerings to tourists' preferences	0.7			

Table 4.2: Priority Areas for Improvement

The research findings from the first qualitative phase of the research design are used in the second quantitative stage of the study to measure the relative importance and competitiveness of each identified factor (Chapter 5). These findings form the basis for evaluating Malta's competitiveness and for identifying priorities for improvement which will be discussed in the following chapter.

CHAPTER FIVE

Analysis of Quantitative Data

5.1 Introduction

In Chapter 3, methods and systematic procedures were established for the analysis and interpretation of quantitative data. This chapter follows these procedures to examine the primary data and present the empirical findings of the survey questionnaire.

The demographic characteristics of the survey respondents are analysed first. This is followed by multiple comparisons between groups of categorical profile variables to detect any differences in scores of tourism and business attributes. Reliability and validity tests are reported in the next section. The analysis proceeds by setting island competitiveness analysis within a Mediterranean context and identifying the set of competing destinations. The next stage deals with measurement instruments of relative importance and relative competitiveness. After that, the analysis focuses on IPA models and the identification of priorities for enhancing TDC. The subsequent section combines and contrasts the various models and measures to establish a framework that best predicts priorities and assesses island destination competitiveness.

This framework is then used to measure Malta's competitiveness on various tourism attractions and business factors and determine priorities for action to improve its performance relative to competing destinations. The final section explores the structure of relationships among the various variables constituting competitiveness analysis.

5.2 Profile of Surveyed Population

The demographic profile of surveyed respondents is based on selected variables depicting age, gender, education, position within the organisation, the type of business, and experience in tourism. All variables are nominally measured except for data on tourism experience which is originally reported as a ratio metric. The objective of the designated profile is not only to have a basic descriptive understanding of the survey respondents but also to gain an insight into their ability to make 'expert' evaluative judgements with respect to island destination competitiveness. The baseline for respondent inclusion in the research is a managerial position in a hotel, travel agency, tour operator or destination management company (DMC) with no less than ten years experience in tourism.

Table 5.1 shows the demographic characteristics of the surveyed population. The research sample consists of 281 respondents, 24% of which are females. They all held a managerial post at the time of the survey with approximately 39% having a position of chief executive officer (CEO), company director or chairperson. The accommodation sector and destination management companies (DMC) constitute more than half of the represented businesses (56.2%), the rest consisting of travel agencies and tour operators. The majority of respondents are between 35 and fifty-four years of age (58%) with only a small minority exceeding sixty four years (3.2%). Eighty-one per cent of the survey participants have a post-secondary or higher level of education. The mean tourism experience is 19.8 years with 43% of respondents stating that they have worked for more than twenty years in the tourism sector.

		%			%
Gender	Male	76.2	**Education**	Secondary	19.2
	Female	23.8		Post-secondary	46.6
				Tertiary	34.2
Job	Chairman	2.1	**Type of**	Hotel Accommodation	33.8
Position	Director	31.3	**Business**	Travel Agency	24.6
	CEO/MD	5.7		Tour Operator	19.2
	Manager	60.9		DMC	22.4
Age	25 - 34	26.7	**Experience**	10 - 19	57.3
	35 - 44	29.2	**in Tourism**	20 - 29	24.6
	45 - 54	28.5	(years)	30+	18.1
	55 - 64	12.5		Mean	19.8
	65+ years	3.2		Standard Deviation	0.4

Table 5.1: Demographic Characteristics of Questionnaire Respondents

The characteristics of survey respondents suggest that they have the required qualities to make 'expert' assessments of the impact of both tourism and business factors on island destination competitiveness. Differences between categories of the same demographic feature of respondents and their potential to influence survey results are examined in the next section.

5.3 The Impact of Demographic Characteristics on Survey Results

The research objective is to assess whether differences between groups within a demographic variable influence measures of tourism and business importances. A series of one-way between-groups analysis of variance is performed to explore the impact of diverse groupings in age, education, position within the organisation, type of business and years of experience in tourism on factor scores. Respondents are classified into five age groups (25-34; 35-44; 45-54; 55-64 and 65

years and above), three education levels (secondary; post-secondary; and tertiary), four managerial grades (chairman; director; chief executive; and manager), four business classifications (hotel and accommodation; travel agency; tour operator; and destination management company) and three clusters of tourism work experience (10-19; 20-29; and 30 years and over).

Table 5.2 represents summary results for tourism and business factors. Levene's test for homogeneity of variance shows that the significance values are greater than 0.05. Thus, the assumption of homogeneity is not violated. That is, the variance in the scores is the same for each group in the different categorical variables.

ANOVA	Homogeneity of Variances		Anova		Tukey HSD
	Levene	Significance	F	Significance	Significance
Tourism					
Age	0.80	0.53	1.49	0.21	0.2
Education	0.18	0.83	0.13	0.88	0.8
Job Position	0.83	0.48	0.27	0.85	0.8
Business	0.29	0.83	1.00	0.39	0.4
Experience	0.95	0.39	0.20	0.82	0.8
Business					
Age	1.03	0.39	0.94	0.44	0.7
Education	0.73	0.48	2.12	0.12	0.7
Job Position	0.43	0.73	0.46	0.71	0.8
Business	0.79	0.54	2.05	0.11	0.2
Experience	2.43	0.90	2.76	0.07	0.1

T-test	Levene	F	Significance	t	Significance (2-tailed)
Tourism	equal	0.63	0.43	-1.91	0.6
Business	equal	0.91	0.34	-0.64	0.6

Significance level at 0.05

Table 5.2: Multiple Comparisons between Groups of Categorical Variables

The F statistics in the one way ANOVA columns exceed the 0.05 significance level in all cases, rejecting the null hypothesis that there are significant differences among the mean scores of the dependent variable for each category of the five nominal variables. Thus, differences in age, education, job position, business type and tourism experience levels do not impact on tourism and business attributes score index. Similarly, an independent t-test shows that gender does not either have an effect on the relevant tourism and business scores (p > 0.05).

5.4 Reliability and Validity Assessment

An important step in analysing questionnaire results is to establish the reliability and validity of the survey instruments and models used in measuring the relative importance and competitiveness of the diverse attributes and assessing TDC. To test for the internal consistency of tourism and business factors, reliability analysis is performed on the relevant data sets. Results show that Cronbach's Alpha (α) is 0.86 for the importance measure of thirty tourism attributes on the scale and 0.93 for business items. After pooling the tourism and business factors, the alpha coefficient rises to 0.92. These results suggest strong reliability of measures which exceed the minimum standard of $\alpha = 0.7$ (Hair et al. 1998; Spector 1992).

Since it is considered unfeasible to administer the questionnaire twice to the same respondents at different time intervals, split-tests are applied instead of test-retests reliability assessment. Results show that Cronbach's Alphas are greater than the 0.7 requirement for both tourism items ($\alpha = 0.77$; 0.77) and business factors ($\alpha = 0.89$; 0.86). These results provide further evidence that the items on the scale are measuring the same construct. Using a two-way random effects model (McGraw and Wong 1996), intra-class correlation coefficients also show that the average of the scores of respondents are highly reliable both for tourism items at 0.86 (interval 0.84 to 0.88 with 95% confidence, $p < 0.01$) and business items at 0.93 (interval 0.92 to 0.94 with 95% confidence, $p < 0.01$).

Other procedures are also applied to ensure that the concepts are well defined by the measures. Content and face validity are attained by a subjective, systematic evaluation of the correspondence between individual indicators of the constructs and the concepts of importance and competitiveness. This was carried out through pretesting and piloting procedures and expert assessment as explained in the relevant sections of Chapter 3. Results indicate that at face value, the measures have high content validity. Other validity tests were used to empirically assess the construct validity. Since the literature does not offer an established instrument to benchmark the construct validity of the study's instruments, one way of assessing the validity is through the computation of Cronbach's Alpha after removing each item sequentially from the data set (Cronbach 1951). Deleting each item from the scale did not increase Alpha but left it consistently high which indicates good construct validity.

Other norms such as convergent and predictive criteria were employed to assess the overall validity of measures and models. Correlation analysis examines the degree of convergence between different measures of the same construct. Nomological validity is evaluated by assessing the power of the relevant concepts and models to make accurate predictions on criterion measures

such as priority and overall competitiveness constructs introduced in this study. The results are presented and interpreted in subsequent subsections.

5.5 Malta's Competitor Destinations

The first stage of the survey analysis requires that TDC be examined relative to competition in a specified setting. The research objective is to establish which destinations in the Mediterranean constitute the set of competitors to Malta. The purpose is to have a reference group against which respondents can make their evaluations.

Table 5.3 ranks the leading competitor destinations by country. Several competitor islands are identified by name such as Majorca, Minorca, Ibiza, Sicily, Sardinia, Cyprus, Crete, others by clusters, such as Greek islands and Croatian islands while others simply by countries which have summer resorts in the Mediterranean such as Spain, Tunisia, and Egypt. The final classification is based on mother countries to facilitate interpretation. Rank positions are calculated on the percentage scores of the total as well as on weighted percentage scores to have a better spread of ranked ratings.

Rank	Destination	% Average Scores	% Weighted Scores
1	Spain	25.00	17.08
2	Cyprus	20.33	15.81
3	Greece	16.75	14.70
4	Italy	13.46	13.54
5	Tunisia	10.53	12.35
6	Turkey	6.28	10.17
7	Croatia	5.74	9.84
8	Egypt	1.91	6.52

Table 5.3: Malta's Main Competitor Destinations

The top five positions which exceed 10% of the total score are held by Spain, Cyprus, Greece, Italy and Tunisia in that order. This is comparable to the pilot study results which rate these destinations among the top five places, though not necessarily in the same order. Only Cyprus and Tunisia retain the same positions within the two classifications. Cyprus, like Malta is an island state with comparable economic development since their independence in 1960 and 1964 respectively. All the other islands in the Mediterranean are part of the territorial integrity of larger states.

5.6 Measures of Relative Importance and Relative Competitiveness

Having established a competitor set within the Mediterranean basin, the next step is to develop importance and competitiveness measures to enable island destinations to assess their competitiveness relative to competitor destinations. Both direct and indirect measures are evaluated for their suitability to the analysis.

5.6.1 Relative Importance Measures

5.6.1.1 Indirect Measures of Relative Importance

In order to obtain importance weights for tourism and business factors, correlation and regression analysis are performed on the two data sets. An overall measure of destination competitiveness is regressed on relative competitiveness scores of individual attributes. The relative importance of each attribute is inferred from the standardised beta regression coefficients which explain the contribution of each attribute to the overall destination competitiveness, and from correlation coefficients. Results for the two regression procedures show that the coefficient of determination is small for both tourism ($R^2 = 0.25$; F = 2.7, $p < 0.01$) and business factors ($R^2 = 0.36$; F = 4.7, $p < 0.01$). All regression coefficients have a p-value > 0.05 so that the results cannot be interpreted with confidence. Furthermore, thirteen tourism attributes (43%) and nine business factors (30%) have negative beta coefficients contradicting earlier results of the qualitative enquiry and the literature review that established that these factors are relatively important (positive values) in determining TDC. Negative values are non-interpretable as they violate the basic assumption underlying the IPA model. Correlation analysis presented similar problems. These results are similar to those of earlier studies (see, for example, Griffin and Hauser 1993, 1989) and support the contention that direct measures better reflect relative importance.

5.6.1.2 Direct Measures of Relative Importance

Given the problems encountered in the statistically derived measures of relative importance, the study focuses on two direct importance measures. In the tourism literature, Likert scale rating (LSR) is the most frequently used technique to measure relative importance. A new method of measuring the importance construct in tourism, the weighted partial ranking method (WPR), is also introduced in this study to address some validity concerns associated with LSR measurement.

Likert scale ratings are first used to measure the importance of tourism attributes relative to a competitive set of destinations. Table 5.4 shows tourism-related elements determining Malta's competitiveness as an island tourist destination in descending order of relative importance. Hospitality, cleanliness, sun, sea and beaches, as well as quantity of hotels and culture dominate

the top five rankings in the list. Music, concerts and performances, tourist participation and shopping opportunities occupy the bottom three positions of the classification.

Code	Tourism Factors	Rank	Mean	SD	SE*	M +1se	M - 1se
77	hospitality	1	6.63	0.65	.04	6.67	6.59
49	cleanliness	2	6.48	0.88	.05	6.53	6.42
85	sun, sea and beaches	3	6.38	0.85	.05	6.43	6.33
53	quantity and quality of hotels/amenities	4	6.31	0.99	.06	6.36	6.25
80	culture and history	5	6.28	0.71	.04	6.33	6.24
41	climate/weather	6	6.27	0.77	.05	6.32	6.22
83	language communication	7	6.23	0.81	.05	6.28	6.18
63	visual appeal	8	6.17	0.89	.05	6.22	6.11
55	island charm/exoticness	9	5.95	0.98	.06	6.01	5.90
47	concentration of tourism attractions	10	5.92	1.02	.06	5.98	5.86
66	historic landmarks	11	5.87	0.90	.05	5.92	5.81
79	megalithic temples, archaeology sites	12	5.85	1.00	.06	5.91	5.79
42	nightlife, bars and restaurants	13	5.83	0.96	.06	5.89	5.78
56	mix of entertainment	14	5.80	0.96	.06	5.86	5.75
88	English language schools	15	5.68	1.18	.07	5.75	5.61
71	conferences and incentives	16	5.67	1.13	.07	5.74	5.61
40	relaxation/carefree opportunity	17	5.62	1.13	.07	5.69	5.55
73	diving	18	5.57	1.08	.06	5.63	5.50
46	water activities	19	5.56	1.09	.06	5.62	5.49
57	panoramic sea/harbour views	20	5.56	1.33	.08	5.64	5.48
62	island way of life	21	5.51	1.10	.07	5.57	5.44
54	mix of tourism	22	5.48	1.26	.08	5.54	5.42
81	museums and galleries	23	5.48	1.04	.06	5.55	5.40
60	accommodation mix	24	5.44	1.31	.08	5.52	5.37
45	special events/festivals	25	5.43	1.03	.06	5.49	5.37
72	village core/quaint villages	26	5.37	1.14	.07	5.44	5.30
64	outdoor activities	27	5.14	1.18	.07	5.21	5.07
58	music, concerts and performances	28	5.08	1.17	.07	5.15	5.01
44	tourist participation	29	4.96	1.23	.07	5.03	4.89
87	shopping opportunities	30	4.92	1.31	.08	5.00	4.84
	Grand Mean		5.75				

*SE is the standard error of the mean at 95% confidence level

Table 5.4: Tourism Factors Ranked by Relative Importance (LSR)

To ensure that differences in rankings are not attributable to sampling error, the standard deviation (SD), the standard error (SE) at 95% confidence level and the mean +/-1 SE for each factor are calculated and presented in Table 5.4. The highest mean rating is 6.63 and the lowest 4.92, giving a spread of 1.71 units. This shows that respondents reveal moderate discrimination among attributes. The standard error ranges from a low of ± 0.04 to a high of ± 0.08 which would marginally alter the rank order of , for example, 'panoramic sea/harbour views' when taking into account +1SE. Otherwise, the rank order of attribute importances remain unchanged.

Even after allowing for sampling error (by ± 1 SE to the mean), the importance scores are higher than the neutral score of 4, suggesting that respondents' views are consistent with the framework on which they are based. That confirms the importance of these factors as established by the qualitative phase of the study.

Using the same approach to measure the importance of business factors determining Malta's competitiveness as an island destination, Table 5.5 ranks business elements by mean size in descending order. The top three positions in the list are given to quality of service, accessibility and value for money. The bottom three positions are awarded to support from related industries, type and profile of tourists and level of bureaucracy and red tape.

Table 5.5 also shows variance statistics to allow for validation of the results. The standard error of the mean of business-related factors varies between ±0.05 and ±0.8 exhibiting a slightly lower dispersion range than tourism factors. If sampling errors are to be taken into account, the rank order of the relative importance of each business factor does not change, confirming the validity of the analysis and results.

The relative importance scores of business factors remain above the neutral score of 4 notwithstanding the inclusion of the sampling error in the analysis. This again confirms earlier results on the importance of the business factors in determining TDC. The highest mean score is 6.59 (quality of service) and the smallest 5.17 (level of bureaucracy/red tape) giving a spread of 1.42 which is comparable to that of tourism attractors (1.71).

Thus, respondents can moderately discriminate between tourism-specific factors as well as business-related attributes. These results show that business elements are at least equally important as tourism attractors and support the notion that a comprehensive framework of destination competitiveness needs to include both tourism as well as business factors.

Code	Business Factors	Rank	Mean	SD	SE*	M +1se	M -1se
97	quality of service	1	6.59	0.76	.05	6.64	6.55
95	accessibility	2	6.58	0.85	.05	6.63	6.53
15	value for money	3	6.51	0.79	.05	6.56	6.46
12	marketing	4	6.51	0.87	.05	6.56	6.45
30	price/cost	5	6.45	0.81	.05	6.50	6.40
34	destination awareness	6	6.32	0.85	.05	6.37	6.27
16	tourism education and training	7	6.28	0.91	.05	6.33	6.22
35	environmental quality	8	6.23	0.91	.05	6.28	6.17
14	tourism planning	9	6.17	0.96	.06	6.23	6.12
33	safety and security	10	6.17	1.02	.06	6.23	6.11
18	quantity and quality of infrastructure	11	6.10	0.89	05	6.16	6.05
31	public transport	12	6.09	0.92	.05	6.14	6.03
17	state of the roads	13	6.01	1.03	.06	6.07	5.95
90	matching TD[+] offerings to tourists' preferences	14	6.00	0.88	.05	6.06	5.95
93	ICT infrastructure	15	5.96	1.00	.06	6.02	5.90
28	quality of labour force	16	5.93	1.05	.06	5.99	5.87
98	service culture	17	5.91	1.07	.06	5.97	5.84
13	national tourism agencies (MTA)	18	5.89	1.11	.07	5.95	5.82
11	positioning/branding	19	5.87	1.02	.06	5.93	5.81
27	stakeholder cooperation	20	5.84	0.98	.06	5.90	5.78
91	active role of government	21	5.81	1.21	.07	5.88	5.74
92	competitive environment	22	5.80	1.16	.07	5.87	5.73
29	environmental commitment	23	5.78	0.97	.06	5.84	5.73
36	environmental awareness/civic education	24	5.76	0.97	.06	5.82	5.70
22	geographic location	25	5.69	1.11	.07	5.75	5.62
25	innovative/creative spirit/culture	26	5.65	1.04	.06	5.71	5.59
23	business and economic climate	27	5.64	1.05	.06	5.70	5.58
19	support from related industries/networking	28	5.62	1.03	.06	5.68	5.56
39	type and profile of tourist	29	5.46	1.00	.06	5.52	5.40
10	level of bureaucracy/red tape	30	5.17	1.38	.08	5.25	5.08
	Grand Mean		5.99				

*SE is the standard error of the mean at 95% confidence level

[+] TD = Tourism Destination

Table 5.5: Business Factors Ranked by Relative Importance (LSR)

In this study, the determination of the relative importance of tourism and business factors are also determined by the WPR method, using a monotonic transformation of ranked data into a metric measure (see section 3.4.12.5 p. 117).

The computation of aggregate importance is based on equation 2:

Equation 2: $I_i = (n^{-1} \sum s_{ij})^{t/f}$

where I_i = the transformed importance measure (WPR); $\sum s_{ij}$ = sum of ranking scores given by the j-th rater to the i-th attribute; t = top number of preferences (5), f = number of attributes (30), and n = number of raters (281).

Table 5.6 ranks the relative importance of tourism factors by their aggregate means in descending order. The highest aggregate mean score is 0.9 (hospitality) while the lowest is 0.4 (shopping opportunities). This signifies a wide spread of 0.5 over importance scores. On a comparable 7-point scale, this spread amounts to 3.5 units approximately 2 times that obtained for the same tourism attributes using Likert scale ratings (1.71). Thus, using the WPR method for measuring relative importance ascertains better discrimination between attributes and improves the diagnostic qualities of IPA framework.

Hospitality, culture and history, cleanliness, sun, sea and beaches and visual appeal are classified in the five highest positions. These factors together with quantity and quality of hotels, climate and weather and English language communication are among the ten top rankings in both classifications using different measures of relative importance. Hospitality, a valued attribute in island tourism, tops the list in the two classifications while shopping opportunities, a typical feature of urban tourism, figures at the bottom position.

Using the same WPR procedures adopted to measure the relative importance of tourist attributes, Table 5.7 ranks business factors by their aggregate means in descending order. It is evident from this table that raters discriminate among business factors as effectively as they do among tourism attractors. Using this method to estimate relative importance, business attribute importances are also spread over a much larger range than in the LSR method. The highest aggregate mean is 0.84 (accessibility) and the smallest 0.36 (support from related industries), a spread of 0.48 units which is almost equivalent to that among tourism factors (0.5). On a 7-point scale this amounts to 3.36 units which is 2.4 times the range for the same attributes using Likert scale ratings (1.42).

Code	Tourism Factors	Rank	Mean
77	hospitality	1	0.90
80	culture and history	2	0.84
49	cleanliness	3	0.82
85	sun, sea and beaches	4	0.81
63	visual appeal	5	0.75
53	quantity and quality of hotels/amenities	6	0.74
41	climate/weather	7	0.74
83	language communication	8	0.70
40	relaxation/carefree opportunity	9	0.68
79	megalithic temples, archaeological sites	10	0.66
56	mix of entertainment	11	0.66
42	nightlife, bars and restaurants	12	0.66
55	island charm/exoticness	13	0.65
88	English language schools	14	0.63
47	concentration of tourism attractions	15	0.61
54	mix of tourism	16	0.59
60	accommodation mix	17	0.59
71	conferences and incentives	18	0.59
62	island way of life	19	0.57
73	diving	20	0.56
66	historic landmarks	21	0.56
57	panoramic sea/harbour views	22	0.54
45	special events/festivals	23	0.53
46	water activities	24	0.51
58	music, concerts and performances	25	0.50
44	tourist participation in local community	26	0.48
81	museums and galleries	27	0.46
72	Village core/quaint villages	28	0.45
64	outdoor activities	29	0.45
87	shopping opportunities	30	0.40
	Grand Mean		0.62

Table 5.6: Tourism Factors Ranked by Relative Importance (WPR)

Accessibility, quality of service, value for money, marketing and price/cost maintain the same top five positions established by the LSR method although not in the same order. Nine out of the ten highest ranked business factors including education and training, destination awareness, state of

the environment and planning are common to both classifications. Bottom listings of factors are slightly different for both methods. While the WPR method places geographic location, business and economic climate and support from related industries in the 28th, 29th and 30th positions, LSR puts support from related industries, type and profile of tourist and bureaucracy/red tape in the last three places in that order.

Code	Business Factors	Rank	Mean
95	accessibility	1	.843
97	quality of service	2	.840
15	value for money	3	.825
12	marketing	4	.795
30	price/cost	5	.770
16	tourism education and training	6	.709
34	destination awareness	7	.706
35	environmental quality	8	.698
14	tourism planning	9	.696
11	positioning/branding	10	.689
18	quantity and quality of infrastructure	11	.669
31	public transport	12	.652
98	service culture	13	.651
17	state of the roads	14	.645
27	stakeholder cooperation	15	.642
92	competitive environment	16	.638
91	active role of government	17	.636
13	national tourism agencies (MTA)	18	.634
29	environmental commitment	19	.625
39	type and profile of tourist	20	.619
25	innovative/creative spirit/culture	21	.568
36	environmental awareness	22	.568
90	matching TD[+] offerings to tourists' preferences	23	.561
28	quality of labour force	24	.527
33	safety and security	25	.524
10	level of bureaucracy/red tape	26	.517
93	ICT infrastructure	27	.500
22	geographic location	28	.469
23	business and economic climate	29	.439
19	support from related industries	30	.359
	Grand Mean		0.63

[+] TD = Tourism Destination

Table 5.7: Business Factors Ranked by Relative Importance (WPR)

Table 5.8 compares the placing of tourism and business factors in the two classifications using different measurement methods.

Tourism Factors			Business Factors		
Code	**WPR**	**LSR**	**Code**	**WPR**	**LSR**
	Rank	Rank		Rank	Rank
77	1	1	95	1	2
80	2	5	97	2	1
49	3	2	15	3	3
85	4	3	12	4	4
63	5	8	30	5	5
53	6	4	16	6	7
41	7	6	34	7	6
83	8	7	35	8	8
40	9	17	14	9	9
79	10	12	11	10	19
56	11	14	18	11	11
42	12	13	31	12	12
55	13	9	98	13	17
88	14	15	17	14	13
47	15	10	27	15	20
54	16	22	92	16	22
60	17	24	91	17	21
71	18	16	13	18	18
62	19	21	29	19	23
73	20	18	39	20	29
66	21	11	25	21	26
57	22	20	36	22	24
45	23	25	90	23	14
46	24	19	28	24	16
58	25	28	33	25	10
44	26	29	10	26	30
81	27	23	93	27	15
72	28	26	22	28	25
64	29	27	23	29	27
87	30	30	19	30	28

Table 5.8: Comparison of Tourism and Business Importances (WPR vs LSR)

Codes

40	relaxation/carefree opportunity	55	island charm/exoticness	72	village core
41	climate/weather	56	mix of entertainment	73	diving
42	nightlife, bars and restaurants	57	panoramic sea/harbour views	77	hospitality
44	tourist participation	58	music, concerts, performances	79	megalithic temples
45	special events/festivals	60	accommodation mix	80	culture and history
46	water activities (sailing, swimming)	62	island way of life	81	museums and galleries
47	concentration of tourism attractions	63	visual appeal	83	language communication
49	cleanliness	64	outdoor activities	85	sun, sea and beaches
53	quantity and quality of hotels	66	historic landmarks	87	shopping opportunities
54	mix of tourism	71	conferences and incentives	88	English language schools
10	level of bureaucracy	22	geographic location	35	environmental quality
11	positioning/branding	23	business and economic climate	36	environmental awareness
12	marketing	25	innovative/creative spirit	39	type and profile of tourist
13	national tourism agencies	27	stakeholder cooperation	90	matching TD offerings
14	tourism planning	28	quality of labour force	91	active role of government
15	value for money	29	environmental commitment	92	competitive environment
16	tourism education and training	30	price/cost	93	ICT infrastructure
17	state of the roads	31	public transport	95	air accessibility
18	quantity/quality infrastructure	33	safety and security	97	quality of service
19	support from related industries	34	destination awareness	98	service culture/orientation

To test the construct validity of the two measures of relative importance, Pearson's moment coefficient and Spearmen's rho are applied. If they are measuring the same construct, then they should be strongly correlated with each other and with the same measures used in the pilot study. Pearson's product moment correlation between LSR and WPR measures of relative importance of tourism attractors and business factors is 0.927 ($p < 0.01$) and 0.744 ($p < 0.01$) respectively. This shows that the two measures converge, having strong correlation coefficients. This correspondence between WPR and LSR measurement of attribute importances is also validated by pilot study results.

Table 5.9 shows the correlation coefficients between LSR and WPR measures of tourism and business importances in both the main and pilot study.

Spearman's Rho	Main Survey		Pilot Survey	
Tourism	LSR_{MT}	WPR_{MT}	LSR_{PT}	WPR_{PT}
LSR_{MT}[a]	1			
WPR_{MT}[a]	0.906* (0.000)	1		
LSR_{PT}[c]	0.676* (0.000)	0.612* (0.000)	1	
WPR_{PT}[c]	0.764* (0.000)	0.831* (0.000)	0.716* (0.000)	1
Business	LSR_{MB}	WPR_{MB}	LSR_{PB}	WPR_{PB}
LSR_{MB}[b]	1			
WPR_{MB}[b]	0.796* (0.000)	1		
LSR_{PB}[d]	0.754* (0.000)	.540* (0.002)	1	
WPR_{PB}[d]	.717* (0.000)	.744* (0.000)	0.564* (0.001)	1

*Correlation is significant at the 0.01 level (2-tailed)

a = Main Study Tourism Factors; b = Main Study Business Factors

c = Pilot Study Tourism Factors; d= Pilot Study Business Factors

Table 5.9: Correlation between LSR and WPR Measures of Relative Importance

Spearman's rho is used because of the large differences in sample sizes and distribution of the variables. Lower correlation coefficients are evidenced in the measurement of business importances with the lowest correlation (0.54) observed between LSR in the pilot and WPR in the main study. There are only two cases where the Spearman's rho falls below 0.6 with the highest coefficient noted between main study measures of tourism and business importances (0.9 and 0.8 respectively). All values are significant ($p \leq 0.01$). This shows that the two measures are strongly correlated and that they are consistent in the measurement of importance.

5.6.2 Relative Competitiveness Measures

From the previous section, it results that LSR and WPR measures of tourism and business factors are significantly correlated with each other, showing that both have convergent validity. However, the WPR method of estimating the relative importance of factors determining TDC discriminates better among attributes than LSR assessment since WPR has a wider spread over attribute importances.

The factors that are relatively important in determining tourism competitiveness may be common to island destinations but the extent to which an island destination is competitive on each attribute relative to competitor destinations is a contextual issue. That is, the evaluation of a destination's competitiveness on each element is singular to the specific destination.

Table 5.10 represents Malta's relative competitiveness on tourism attractors. It results that Malta is relatively competitive on such factors as English language communication, culture and history, climate and weather, panoramic views and diving. In most tourist destinations in the Mediterranean, the population speaks only in their native language or French. It is, therefore, expected that Malta, as an English speaking country, performs highly on this attribute.

Malta's indicated strength in culture and history and its various elements may be understood in terms of an extensively rich patrimony accumulated over long years of colonisation. Its history has been determined by its strategic geographic position at the crossroad of trade, and contrasting civilisations and cultures. Malta performs best on seven of the ten best rated importance factors (see Table 5.10).

However, Malta is much less competitive on visual appeal, shopping opportunities and cleanliness which are among the three worst rated items. According to these results, these factors represent the Island's main weaknesses. Cleanliness stands out as a major concern not only because it is placed at the bottom of the list but also because it achieves a significantly low rating.

Code	Tourism Factors	Rank	Mean	SD	SE	M +1se	M -1se
83	language communication	1	6.26	0.86	.05	6.31	6.21
79	megalithic temples	2	6.18	0.95	.06	6.24	6.12
88	English language schools	3	6.16	0.85	.05	6.21	6.11
66	historic landmarks	4	5.68	1.11	.07	5.74	5.61
41	climate/weather	5	5.54	1.18	.07	5.61	5.47
80	culture and history	6	5.44	1.24	.07	5.51	5.36
47	concentration of tourist attractions	7	5.37	1.33	.08	5.45	5.29
57	panoramic sea/harbour views	8	5.34	1.37	.08	5.42	5.26
73	diving	9	5.22	1.11	.07	5.29	5.16
72	village core/quaint villages	10	5.10	1.22	.07	5.17	5.02
77	hospitality	11	4.95	1.42	.08	5.03	4.86
62	island way of life	12	4.88	2.36	.14	5.02	4.74
46	water activities	13	4.79	1.27	.08	4.87	4.72
81	museums and galleries	14	4.78	1.27	.08	4.86	4.71
42	nightlife, bars and restaurants	15	4.75	1.41	.08	4.84	4.67
45	special events/festivals	16	4.66	1.33	.08	4.74	4.58
71	conferences and incentives	17	4.64	1.21	.07	4.72	4.57
44	tourist participation in local community	18	4.51	1.22	.07	4.59	4.44
40	relaxation/carefree opportunity	19	4.51	1.34	.08	4.58	4.43
64	outdoor activities	20	4.47	1.39	.08	4.55	4.39
58	music, concerts and performances	21	4.44	1.46	.09	4.52	4.35
53	quantity and quality of hotels/amenities	22	4.32	1.49	.09	4.41	4.24
54	mix of tourism	23	4.32	1.59	.09	4.41	4.23
60	accommodation mix	24	4.27	1.22	.07	4.35	4.20
55	island charm/exoticness	25	4.17	1.59	.09	4.27	4.08
85	sun, sea and beaches	26	3.89	1.61	.10	3.98	3.79
56	mix of entertainment	27	3.88	1.50	.09	3.97	3.79
63	visual appeal	28	3.78	1.57	.09	3.87	3.69
87	shopping opportunities	29	3.65	1.51	.09	3.74	3.56
49	cleanliness	30	3.15	1.49	.09	3.24	3.06
	Grand Mean		4.77				

*SE is the standard error of the mean at 95% confidence level

Table 5.10: Tourism Factors Ranked by Relative Competitiveness (LSR)

To check the validity of the results, the standard error is incorporated in the analysis and the results are shown in Table 5.10. After subjecting the mean of each attribute to ±1SE, item 40, relaxation/carefree opportunity, would marginally change position (by 0.01) if 1 SE is added to the mean. Otherwise, the position of each attribute within the IP grid is unaltered, leaving the importance-performance analysis and its results unaffected. The mean performance score of tourism-specific factors varies between 6.26 and 3.15, with a spread of 3.1 which is much wider than the 1.71 range for importance ratings of the same thirty items. This indicates that respondents discriminate better when rating the relative competitiveness of each attribute than when evaluating the respective relative importance.

Table 5.11 shows the results for Malta's relative competitiveness on business-related factors. Research participants rank safety and security, ICT infrastructure and geographic location as Malta's top three advantages relative to its competitors in the Mediterranean. They also view the role played by the Malta Tourism Authority and the central government as well as inter and intra-industry cooperation and support as significant strengths.

From Table 5.11, Malta's main weaknesses are in elements of marketing, demand factors, service quality and environmental considerations. However, Malta underperforms most on the state of the roads which received the lowest scoring. This is not surprising at all given the notorious condition of the roads for which Malta has acquired a widespread reputation.

Once again, sampling error considerations confirms that IP analysis and its conclusions are not negatively affected. The range between the highest and lowest score is 3.01 with safety and security obtaining the highest score (5.52) and the state of the roads the lowest (2.51). This supports earlier results which showed that respondents discriminate better when rating relative competitiveness than relative importance.

Although in tourism studies it is generally acceptable to measure performance by using Likert type scales, relative competitiveness can also be operationalised using the newly introduced WPR measurement method. Aggregate competitiveness rating is estimated by equation 3 (see section 3.4.12.5 p. 118):

Equation 3: $C_i = (n^{-1} \sum s_{ij})^{t/f}$

where C_i = the transformed relative competitiveness measure (WPR); $\sum s_{ij}$ = sum of ranking scores given by the j-th rater to the i-th attribute; t = top number of preferences (5), f = number of attributes (30), n = number of raters (281).

Code	Business Factors	Rank	Mean	SD	SE*	M +1se	M - 1se
33	safety and security	1	5.52	1.18	.07	5.59	5.45
93	ICT infrastructure	2	5.31	1.16	.07	5.38	5.24
22	geographic location	3	5.26	1.20	.07	5.33	5.19
23	business and economic climate	4	4.59	1.06	.06	4.66	4.53
27	stakeholder cooperation	5	4.45	1.14	.07	4.52	4.38
28	quality of labour force	6	4.38	1.30	.08	4.46	4.31
19	support from related industries	7	4.35	1.13	.07	4.42	4.29
13	national tourism agencies (MTA)	8	4.33	1.35	.08	4.41	4.25
16	tourism education and training	9	4.31	1.25	.07	4.39	4.24
91	active role of government	10	4.28	1.44	.09	4.36	4.19
25	innovative/creative spirit/culture	11	4.26	1.27	.08	4.34	4.18
39	type and profile of tourist	12	4.11	1.05	.06	4.17	4.04
98	service culture/orientation	13	3.99	1.31	.08	4.07	3.91
15	value for money	14	3.96	1.37	.08	4.05	3.88
11	positioning/branding	15	3.94	1.27	.08	4.02	3.86
92	competitive environment	16	3.93	1.20	.07	4.00	3.85
90	matching TD[+] offerings to tourists' preferences	17	3.93	1.27	.08	4.00	3.85
18	quantity and quality of infrastructure	18	3.89	1.41	.08	3.97	3.81
36	environmental awareness	19	3.88	1.34	.08	3.96	3.80
97	service quality	20	3.86	1.36	.08	3.94	3.78
14	tourism planning	21	3.79	1.35	.08	3.87	3.71
30	price/cost	22	3.78	1.39	.08	3.86	3.69
10	level of bureaucracy/red tape	23	3.77	1.26	.08	3.85	3.69
29	environmental commitment	24	3.73	1.32	.08	3.81	3.65
95	air accessibility	25	3.67	1.46	.09	3.76	3.58
34	destination awareness/image	26	3.62	1.39	.08	3.70	3.53
31	public transport	27	3.52	1.51	.09	3.61	3.43
12	marketing	28	3.33	1.36	.08	3.41	3.25
35	environmental quality	29	3.32	1.27	.08	3.39	3.24
17	state of the roads	30	2.51	1.20	.07	2.58	2.44
	Grand Mean		4.05				

*SE is the standard error of the mean at 95% confidence level
[+] TD = Tourism Destination

Table 5.11: Business Factors Ranked by Relative Competitiveness (LSR)

Figure 5.12 lists the relative competitiveness on each tourism attribute in order of descending aggregate mean.

Code	Tourism Factors	Rank	Mean
83	language communication	1	0.85
41	climate/weather	2	0.83
88	English language schools	3	0.81
79	megalithic temples, archaeological sites	4	0.80
80	culture and history	5	0.77
47	concentration of tourism attractions	6	0.74
57	panoramic sea/harbour views	7	0.73
77	hospitality	8	0.73
66	historic landmarks	9	0.72
46	water activities	10	0.68
85	sun, sea and beaches	11	0.65
64	outdoor activities	12	0.65
42	nightlife, bars and restaurants	13	0.64
73	diving	14	0.63
58	music, concerts and performances	15	0.61
72	village core/quaint villages	16	0.61
71	conferences and incentives	17	0.61
62	island way of life	18	0.60
63	visual appeal	19	0.59
81	museums and galleries	20	0.59
45	special events/festivals	21	0.58
53	quantity and quality of hotels/amenities	22	0.58
49	cleanliness	23	0.55
56	mix of entertainment	24	0.55
55	island charm/exoticness	25	0.55
54	mix of tourism	26	0.54
87	shopping opportunities	27	0.54
40	relaxation/carefree opportunity	28	0.53
44	tourist participation in local community	29	0.52
60	accommodation mix	30	0.48
	Grand Mean		0.64

Table 5.12: Tourism Factors Ranked by Relative Competitiveness (WPR)

English language communication tops the list of attribute performances. This is followed by climate and weather and English language schools. The worst performers are relaxation/carefree opportunity, tourist participation in the community and accommodation mix. Using WPR measurement, the spread over competitiveness is 0.37, the difference between items 83 (0.85) and 60 (0.48).

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Table 5.13 shows the relative competitiveness on business factors ranked by their aggregate mean using WPR. The range over which relative competitiveness of factors vary is significant (0.52).

Code	Business Factors (WPR)	Rank	Mean
33	safety and security	1	0.90
22	geographic location	2	0.87
93	ICT infrastructure	3	0.85
19	support from related industries	4	0.74
23	business and economic climate	5	0.73
28	quality of labour force	6	0.73
92	competitive environment	7	0.73
25	innovative/creative spirit/culture	8	0.68
13	national tourism agencies (MTA)	9	0.68
98	service culture/orientation	10	0.68
27	stakeholder cooperation/collaboration	11	0.67
91	active role of government	12	0.66
14	tourism planning	13	0.65
39	type and profile of tourist	14	0.64
36	environmental awareness	15	0.63
10	level of bureaucracy/red tape	16	0.60
90	matching TD$^+$ offerings to tourists' preferences	17	0.60
11	positioning/branding	18	0.58
16	tourism education and training	19	0.55
29	environmental commitment	20	0.53
34	destination awareness	21	0.52
30	price/cost	22	0.52
15	value for money	23	0.51
97	quality of service	24	0.51
31	public transport	25	0.50
95	accessibility	26	0.49
18	quantity and quality of infrastructure	27	0.48
12	marketing	28	0.41
17	state of the roads	29	0.39
35	environmental quality	30	0.38
	Grand Mean		0.61

$^+$TD = Tourism Destination

Table 5.13: Business Factors Ranked by Relative Competitiveness (WPR)

The strong discrimination among business factor performances (3.6 on a 7-point scale) resulting from the use of WPR measurement confirms its high relative validity when compared to other metrics.

The first three places are assigned to safety and security, geographic location and ICT infrastructure. Malta performs worst on marketing, state of the roads and environmental quality. The three top and bottom ranks are identical to those assigned by respondents using LSR except for environmental quality and state of the roads which exchanged position from 30th to 29th place.

Table 5.14 compares the position of the tourism and business attributes based on WPR and LSR measures of relative competitiveness. In the tourism factor classifications, items 83, 71, 53 and 55 are given the same placing. Both classifications rate Malta's relative competitiveness on language communication, climate and weather, English language schools, megalithic temples and archaeological sites, culture and history, concentration of tourism attractions, panoramic sea and harbour views, and water activities among the top performers. However, there is less congruence between LSR and WPR ranking of the worst performers. Only shopping opportunities and accommodation mix are ranked in the bottom five positions by both LSR and WPR.

There is more convergence between LSR and WPR rating of Malta's relative competitiveness on business factors. Items 33, 28, 90, 30 and 12 are given the same ranking and most of the factors are closely positioned whether WPR or LSR measures are used. Safety and security, geographic location, ICT infrastructure and business and economic climate are rated among Malta's top five strengths while destination image, price/cost, service quality, public transport and marketing share the bottom positions in both classifications.

Testing for the degree of congruence between LSR and WPR measures of relative competitiveness of the various attributes influencing island competitiveness, Pearson's correlation coefficient between the two measures is 0.826 (p = 0.01) and 0.894 (p = 0.01) for tourism and business factors respectively. These coefficients show very strong convergent correspondence between LSR and WPR measures. To validate these results, Spearman's rho is also applied to estimate the extent of consistency of correspondence between LSR and WPR using pilot study results for the two measures (Table 5.15).

Tourism Factors			Business Factors		
Code	WPR	LSR	Code	WPR	LSR
	Rank	Rank		Rank	Rank
83	1	1	33	1	1
41	2	5	22	2	3
88	3	3	93	3	2
79	4	2	19	4	7
80	5	6	23	5	4
47	6	7	28	6	6
57	7	8	92	7	16
77	8	11	25	8	11
66	9	4	13	9	8
46	10	13	98	10	13
85	11	26	27	11	5
64	12	20	91	12	10
42	13	15	14	13	21
73	14	9	39	14	12
58	15	21	36	15	19
72	16	10	10	16	23
71	17	17	90	17	17
62	18	12	11	18	15
63	19	28	16	19	9
81	20	14	29	20	24
45	21	16	34	21	26
53	22	22	30	22	22
49	23	30	15	23	14
56	24	27	97	24	20
55	25	25	31	25	27
54	26	23	95	26	25
87	27	29	18	27	18
40	28	19	12	28	28
44	29	18	17	29	30
60	30	24	35	30	29

Table 5.14: Comparison of Tourism and Business Competitiveness Ranks (WPR vs LSR)

Codes

40	relaxation/carefree opportunity	55	island charm/exoticness	72	village core
41	climate/weather	56	mix of entertainment	73	diving
42	nightlife, bars and restaurants	57	panoramic sea/harbour views	77	hospitality
44	tourist participation	58	music, concerts, performances	79	megalithic temples
45	special events/festivals	60	accommodation mix	80	culture and history
46	water activities	62	island way of life	81	museums and galleries
47	concentration of tourism attractions	63	visual appeal	83	language communication
49	cleanliness	64	outdoor activities	85	sun, sea and beaches
53	quantity and quality of hotels	66	historic landmarks	87	shopping opportunities
54	mix of tourism	71	conferences and incentives	88	English language schools

10	level of bureaucracy	22	geographic location	35	environmental quality
11	positioning/branding	23	business and economic climate	36	environmental awareness
12	marketing	25	innovative/creative spirit	39	type and profile of tourist
13	national tourism agencies	27	stakeholder cooperation	90	matching TD offerings
14	tourism planning	28	quality of labour force	91	active role of government
15	value for money	29	environmental commitment	92	competitive environment
16	tourism education and training	30	price/cost	93	ICT infrastructure
17	state of the roads	31	public transport	95	air accessibility
18	quantity/quality of infrastructure	33	safety and security	97	quality of service
19	support from related industries	34	destination awareness	98	service culture/orientation

Table 5.15 shows the correlation coefficients between LSR and WPR obtained in the main and pilot studies. The results suggest that LSR and WPR measures of relative competitiveness are strongly related and significant at $p \leq 0.01$.

Spearman's Rho	Main Survey		Pilot Survey	
Business Factors	LSR_{MT}	WPR_{MT}	LSR_{PT}	WPR_{PT}
$LSR_{MT}{}^{a}$	1			
$WPR_{MT}{}^{a}$	0.797* (.000)	1		
$LSR_{PT}{}^{c}$	0.846* (0.000)	0.655* (0.000)	1	
$WPR_{PT}{}^{c}$	0.704* (0.000)	0.760* (0.000)	0.639* (0.000)	1
Business	LSR_{MB}	WPR_{MB}	LSR_{PB}	WPR_{PB}
$LSR_{MB}{}^{b}$	1			
$WPR_{MB}{}^{b}$	0.854* (0.000)	1		
$LSR_{PB}{}^{d}$	0.880* (0.000)	0.782* (0.000)	1	
$WPR_{PB}{}^{d}$	0.873* (0.000)	0.861* (0.000)	0.905* (0.000)	1

*Correlation is significant at the 0.01 level (2-tailed)
a = Main Study Tourism Factors; b = Main Study Business Factors
c = Pilot Study Tourism Factors; d = Pilot Study Business Factors

Table 5.15: Correlation between LSR and WPR Measures of Relative Competitiveness

The correlation coefficient between LSR and WPR is consistently higher than 0.66 with the exception of WPR and LSR in the pilot study (0.64). This strong correspondence between the two measures is more pronounced in the case of business factors where the correlation coefficients vary between 0.78 and 0.90. This demonstrates the consistency of performance instruments and the validity of WPR as a measure of relative competitiveness.

5.7 Island Destination Competitiveness Framework

In the previous section, two direct measures of relative importance and relative competitiveness were used to evaluate island destination competiveness on an IPA framework. It was shown that while both LSR and WPR measures correlate strongly with each other, denoting good convergence and construct validity, WPR discriminates better among attribute importances.

The measurement of a destination's competitiveness on established attributes requires, however, not only the use of valid instruments to measure importance and performance but also a valid framework to identify its priorities for improvement. The importance-performance method provides a suitable tool to achieve this objective and is considered a useful diagnostic framework for management decisions.

In the following sections, scale-centred and data-centred quadrant approaches as well as diagonal methods using LSR and WPR metrics are compared and validated. The objective of this exercise is to identify the framework and measurement that best evaluates destination competitiveness and predicts priorities to improve the destination's competitiveness on individual factors.

5.7.1 Quadrant Approaches to IPA

In tourism studies, the quadrant models using direct measures of importance and performance based on Likert scale ratings are the most popular IPA frameworks for identifying priorities and resource allocation.

Figures 5.1 and 5.2 show the aggregate LSR mean scores of each attribute importance and relative competitiveness of tourism and business factors plotted in the IP space. The grid is divided into four quadrants, showing different areas of prioritisation: neutral priority (Quadrant 1); over-priority (Quadrant II); low priority (Quadrant III); and high priority (Quadrant IV).

The solid black lines show the cross-points at 4, the centre of the 7-point scale used to measure importance and relative competitiveness (scale-centred model). The dotted red lines exhibit the crosshair points at the actual means of importance and competitiveness of tourism attractors (4.8, 5.8) and business factors (4.1, 6.0).
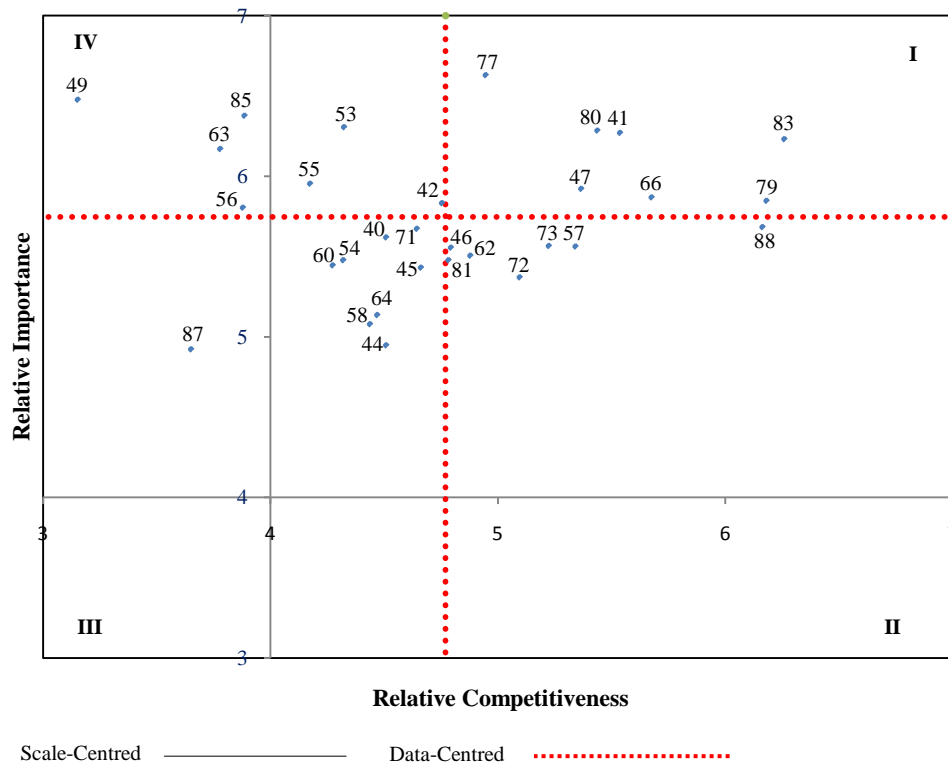
Figure 5.1: Tourism Factors - Scale vs Data Centred Approaches (LSR)

Codes

40	relaxation/carefree opportunity	55	island charm/exoticness	72	village core
41	climate/weather	56	mix of entertainment	73	diving
42	nightlife, bars and restaurants	57	panoramic sea/harbour views	77	hospitality
44	tourist participation	58	music, concerts, performances	79	megalithic temples
45	special events/festivals	60	accommodation mix	80	culture and history
46	water activities	62	island way of life	81	museums and galleries
47	concentration of tourism attractions	63	visual appeal	83	language communication
49	cleanliness	64	outdoor activities	85	sun, sea and beaches
53	quantity and quality of hotels	66	historic landmarks	87	shopping opportunities
54	mix of tourism	71	conferences and incentives	88	English language schools

Before interpreting the results, some validity concerns regarding the ability of IPA in the quadrant approaches to unambiguously classify elements within a single quadrant need to be addressed. Some points may fall too close to either or both of the axes to be clearly interpreted with confidence. Introducing a measure of variance in the analysis not only checks whether the rank order of attributes is disturbed as discussed earlier, but also verifies whether the sampling error alters the results (refer to Tables 5.4, 5.5, 5.10 and 5.11). Since the interpretation of results in IPA depends on the location of each attribute within a specified quadrant, the analysis will only be compromised if the position of items changes to different quadrants.

To test whether individual items are borderline cases or changed their position in the scale-centred and data-centred grids, the means ±1 SE of relative importance and relative competitiveness of tourism and business factors are subjected to binary procedures (0, 1):

Q1:   If $I_M > M_I$ and $C_M > M_C$ then 1, otherwise 0;
QII: If $I_M < M_I$ and $C_M > M_C$ then 1, otherwise 0;
QIII: If $I_M < M_I$ and $C_M < M_C$ then 1, otherwise 0;
QIV: If $I_M > M_I$ and $C_M < M_C$ then 1, otherwise 0.

where I_M and C_M are the relative importance mean and the relative competitiveness mean of an attribute respectively; M_I and M_C are the importance and competitiveness scale mean (4) in the scale-centred IPA grid; M_I and M_C are the actual means of importance (5.75) and competitiveness (4.77) respectively in the data-centred tourism factors IPA grid; and M_I and M_C are the actual means of importance (5.99) and competitiveness (4.05) respectively in the data-centred business factors IPA grid.

Comparing the results of the binary sets for each possible importance-performance combination, only in the scale-centred approach to IPA of business factors items 15, 90 and 92 are borderline cases while items 11 and 98 change from Q4 to Q1 when the standard error is taken into account. Except for these business factors in the scale-centred approach, the results and final conclusions are not affected.

5.7.2 Quadrant Models: Scale vs Data-Centred Approaches

The scale-centred approach to IPA allows for direct interpretation of the results (Figure 5.1). It is a useful method for comparing competitiveness to importance values of attributes because the use of the original scale offers a straightforward interpretation of the data. That is, the attributes are evaluated on the basis of an absolute threshold determined by the midpoint of the scale used. For example, cleanliness, visual appeal shopping opportunities and sun, sea and beaches are easily identified as priority candidates for improvement. However, as expected, all elements are concentrated in Q1 and Q4. This limits the validity and diagnostic usefulness of IPA since there is limited discrimination of attributes among quadrants.

This approach is extended so that importance and competitiveness attribute values can be assessed relative to the average of the observed importance and performance ratings. The advantage of this data-centred approach is that it allows for a study-specific relative explication of the attributes within the IP space. Since comparisons are in relation to actual mean self-reported values, the interpretation of the results has diverse consequences for management decisions. The importance-performance analysis and results shift from scale-focused to data-centred considerations. As IP

axes intersect at the means of attribute importance and competitiveness respectively, it shifts the location of the attributes within and among quadrants.

In Figure 5.1, shifting the axes to intersect at the grand means of the two constructs moves all points across the four quadrants, increasing the discriminatory power of the quadrants in the IPA framework. Applying the same approaches to business factors, LSR measures of relative importance and competitiveness give similar results.

In Figure 5.2, in the scale-centred approach, all business factors again cluster in the upper segments of the IPA, although there is a better spread of attributes among the quadrants in the data-centred approach.

Scale-Centred _____   Data-Centred ·······················
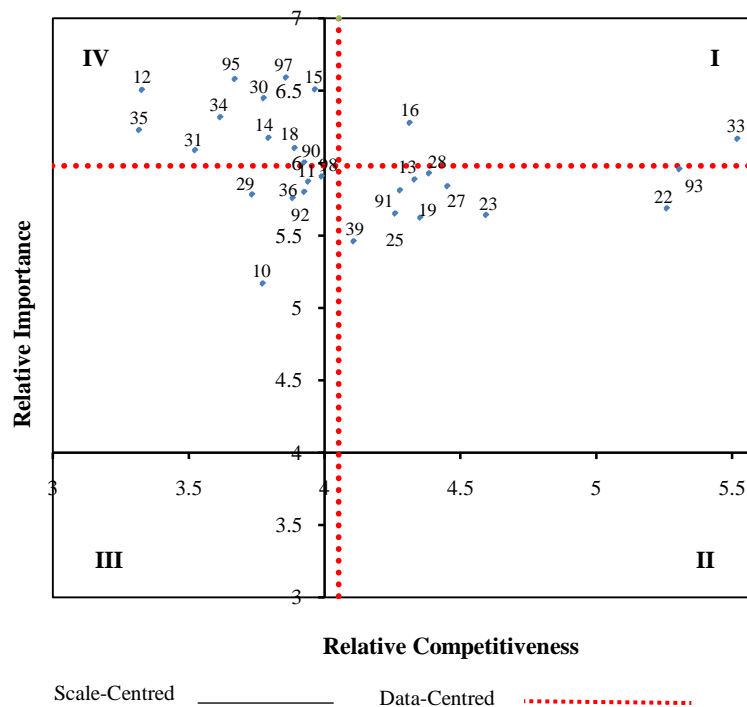
Figure 5.2: Business Factors - Scale vs Data-Centred Approaches (LSR)

Codes

10	level of bureaucracy	22	geographic location	35	environmental quality
11	positioning/branding	23	business and economic climate	36	environmental awareness
12	marketing	25	innovative/creative spirit	39	type and profile of tourist
13	national tourism agencies	27	stakeholder cooperation	90	matching TD offerings
14	tourism planning	28	quality of labour force	91	active role of government
15	value for money	29	environmental commitment	92	competitive environment
16	tourism education and training	30	price/cost	93	ICT infrastructure
17	state of the roads	31	public transport	95	air accessibility
18	quantity/quality infrastructure	33	safety and security	97	quality of service
19	support from related industries	34	destination awareness	98	service culture/orientation

Introducing WPR measurement in the analysis, aggregate WPR means of the relative importance and relative competitiveness of tourism and business attribute are plotted in the IPA space. It is

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observed from Figures 5.3 and 5.4 that discrimination between tourism and business attributes increase significantly.
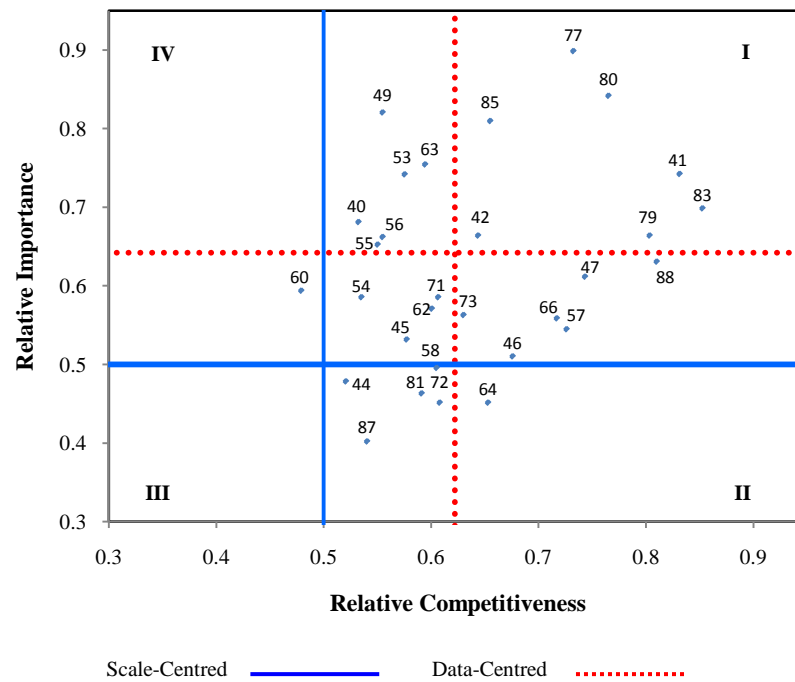

**Figure 5.3: Tourism Factors - Scale vs Data-Centred Approaches (WPR)**
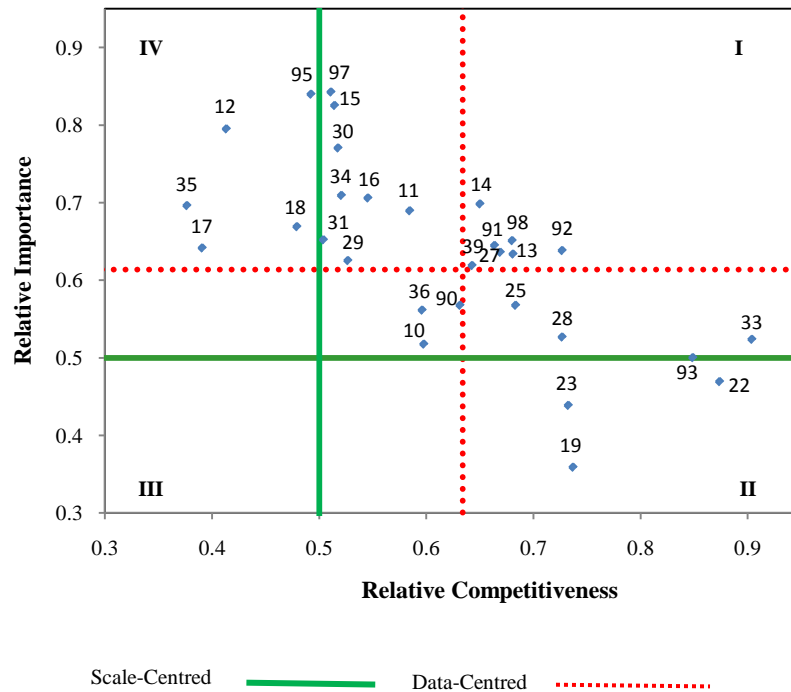
Figure 5.4: Business Factors - Scale vs Data-Centred Approaches (WPR)

Discrimination among quadrants also improves in the scale-centred approach with a wider spread of items to Quadrants I, II and IV, although most of the factors are concentrated in Quadrant I. However, the data-centred approach using WPR measures of relative importance and relative competitiveness prove to be the most discriminatory model with a wider spread of items over the four quadrants in both tourism and business IPA grids.

Table 5.16 shows different combinations of quadrant models and measurement methods and the diverse tourism and business items that fall within each respective division.

From Table 5.16, the data-centred approach that measures attribute relative importance and relative competitiveness using WPR is confirmed as having the highest spread among the four quadrants of the IP grid: QI (7, 13); QII (7, 7); QIII (10, 3); and QIV (6, 7) where the number in the brackets refers to the number of tourism and business items respectively. The scale-centred approach that uses LSR measures fails to discriminate effectively among quadrants with all items falling in Q1 and Q4. Data-centred approaches, irrespective of the measure used, tend to spread items over more segments than scale-centred models.

Method	Quadrant I	Quadrant II	Quadrant III	Quadrant IV
TRS Scale LSR	41,46,47,56,57,62, 66,72 73,77,79,80,81, 83,88			40,42,44,49,45,53,54,55, 58,60,63,64,71,78,85
BIS Scale LSR	13,16,19, 22,23,25,27, 28,33,39, 91,93			10,11,12,14,15,17,18,29,30 31,34,35,36,90,92,95,97,98
TRS Data LSR	41,47,66,77,79,80,83	46,57,62,72 73,81,88	40,44,45,54,58 60,64,71,87	42,49,53,55,56,63,85
BIS Data LSR	16, 33	13,19,22,23,25 27,28,39,91,93	10,29,92,36	11,12,14,15,17,18,30,31 34,35,90,95,97,98
TRS Scale WPR	40,41,42,45,46,47,49,53 54, 55,56,57,62,63,66,71 73,77, 79, 80, 83, 85, 88	44,58,64,72,81 87		60
BIS Scale WPR	10,11,13,14,15,16,25,27 28,29,30,31,33,34,36,39 90, 91, 92, 97, 98	19,22,23,93		12, 17,18,35,95
TRS Data WPR	41,42,77,79,80,83,85	46,47,57,64 66,73,88	44,45,54,58,60 62,71,72,81,87	40,49,53,55,56,63,
BIS Data WPR	15,16,17,18,19,22,23,30 31,34,35,95,97	19,22,23,25 28,33,93	10,36,90	13,14,27,39,91,92,98

TRS = Tourism; BIS = Business

Table 5.16: Discriminating between Attributes among IPA Quadrants

5.7.3 The Diagonal Model

The diagonal approach is introduced in the analysis as an alternative competitiveness model to the quadrant approaches. Different diagonal models using LSR and WPR measures of relative importance and competitiveness are represented in Figures 5.5 and 5.6.

The exact slope of each iso-priority line is obtained by the ratio of the regression coefficients when priorities are regressed on importance and performance means of tourism and business factors.

$$(1) \quad Pr_x = a_0 + a_1 I_x + a_p P_x$$

$$(2) \quad I_x = -(a_p/a_1) P_x + (Pr_x - a_0)/a_1$$

where Pr = Priority, I = Importance, P = Performance, $-(a_p/a_1)$ = the gradient of the diagonal line and $(Pr_x - a_0)/a_1$ = the intercept.

Using equation 2, the slopes of the diagonal lines for different measures are given by 0.38 and 0.88 for LSR and 0.57 and 1.62 for WPR measures of tourism and business factors respectively (see Appendix S pp. 362-364). Each iso-line is drawn by plotting importance against competitiveness using the crosspoints and endpoints respectively for each model. Once the exact slope of the diagonal line is computed, it is drawn to pass through the centre of the data, dividing the IP space into higher and lower priorities.

Figure 5.5 shows plots of the iso-lines for scale-centred models using different measures of attribute relative importance and relative competitiveness. From Figures 5.5a and 5.5b, the scale-centred models using LSR have poor predictive power since all attributes cluster in the upper segment of the diagonal line that separates the IP space into two parts. Since all items crowd into only one partition, the model proves of limited diagnostic use for tourism managers.

Figures 5.5c and 5.5d indicate that WPR measures of importance and competitiveness of tourism and business factors discriminate better not only between the diverse attributes but also among the two divisions of the IP space. In Figure 5.5c, fifteen tourism attributes are identified as areas of high priority while thirteen business factors are highlighted requiring immediate attention for improvement in Figure 5.5d.
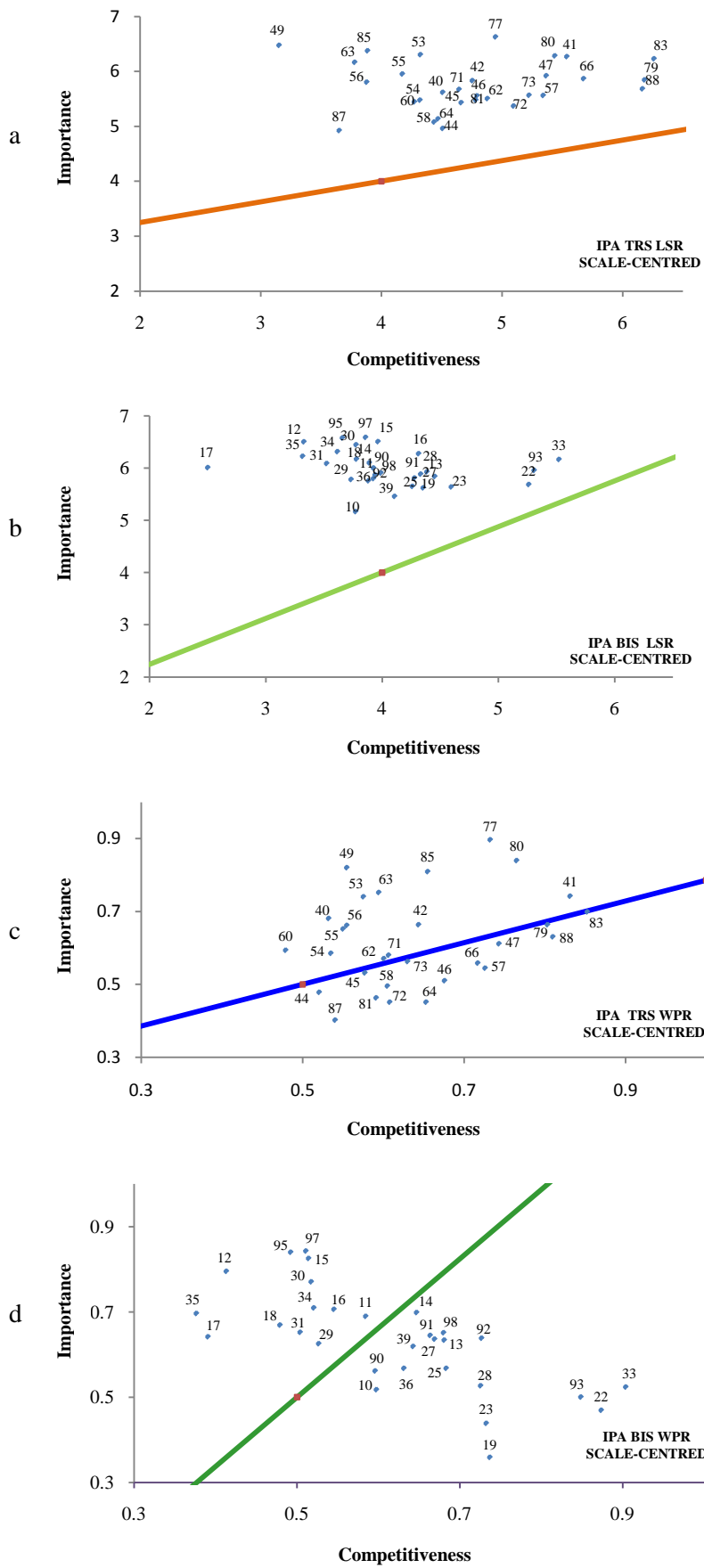
Figure 5.5: Scale-Centred Diagonal Models

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Figure 5.6 exhibits plots of the diagonals for data-centred models using different measures of attribute importances and performances. All data-centred models have aggregate mean values of items spread over the two partitions but discrimination between attributes is determined by the measure. In Figures 5.6a and 5.6b, LSR tends to concentrate attributes together and around the iso-diagonal line. WPR discriminates better between the attributes which are more widely spread over the two divisions of the iso-line (Figure 5.6c and 5.6d).

Table 5.17 compares the areas identified for improvement by different diagonal models. Eleven tourism attractors (40, 41, 42, 49, 53, 55, 56, 63, 77, 80, 85) and twelve business factors (11, 12, 15, 16, 17, 18, 29, 30, 31, 34, 35, 95 and 97) are highlighted by all models and measures as priority areas earmarked for action to enhance destination competitiveness. The business data-centred models using LSR and WPR measures identify an identical set of items that need attention for improvement.

Model		Priority Items (codes)	No
Tourism			
Scale-Centred	WPR	40, 41, 42, 49, 53, 54, 55, 56, 60, 62, 63, 71, 77, 80, 85	15
Data-Centred	LSR	40, 41, 42, 49, 53, 55, 56, 63, 71, 77, 80, 85	12
Data-Centred	WPR	40, 41, 42, 49, 53, 54, 55, 56, 60, 63, 77, 80, 85	13
Business			
Scale-Centred	LSR	11, 12, 15, 16, 17, 18, 29, 30, 31, 34, 35, 95, 97	13
Data-Centred	LSR	11, 12, 14, 15, 16, 17, 18, 29, 30, 31, 34, 35, 95, 97	14
Data-Centred	WPR	11, 12, 14, 15, 16, 17, 18, 29, 30, 31, 34, 35, 95, 97	14

Table 5.17: Priority Attributes in Diagonal Models

Tourism and business scale-centred (LSR) are not included in Table 5.17 because all factors are above the diagonal line (see Figure 5.5a and 5.5b)
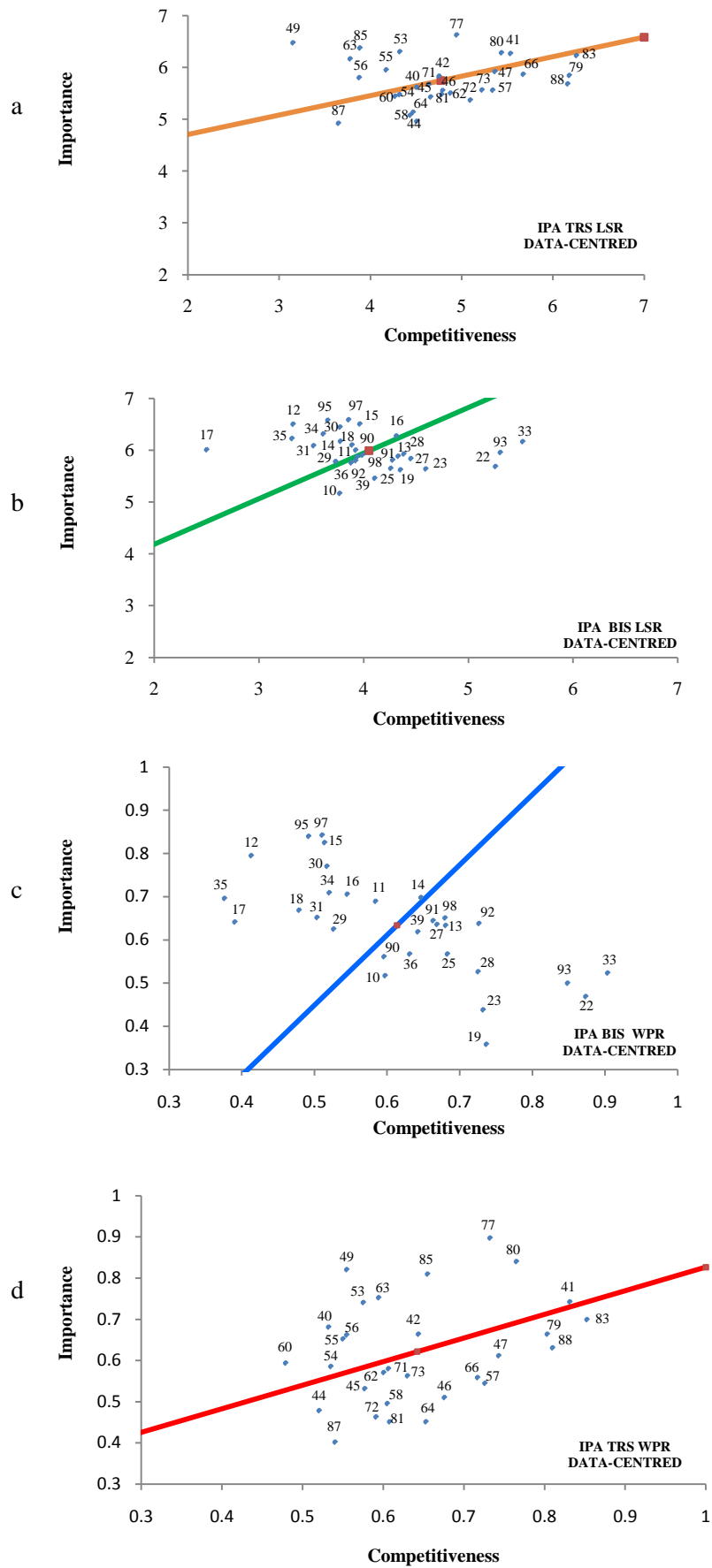
Figure 5.6: Data-Centred Diagonal Models

5.7.4 Comparison of Methods and Measures

In the previous sections various IPA models and measures were discussed to analyse destination competitiveness on tourism and business attributes. In this section, the research objective is to identify the combination of method and measure which best assess an island destination's competitiveness and determine its priorities. To achieve this objective regression analysis is performed on aggregate data of the means of LSR and WPR measures of attribute importance and competitiveness. Regressions with dummies are also applied to examine the predictive validity of the quadrant models.

The regression equations with dummy variables Q_1, Q_2, Q_4 for the scale-centred and data-centred quadrant models are specified by:

1. $Pr_s = a_o + a_1 Q_{s1} + a_2 Q_{s2} + a_3 Q_{s4}$

2. $Pr_d = a_o + a_1 Q_{d1} + a_2 Q_{d2} + a_3 Q_{d4}$

where Pr = priorities, s = scale-centred, and d = data-centred

Quadrant III is selected as the comparative priority category and therefore it is not necessary to explicitly enter the dummy variable Q_3 in the analysis.

The first research question is: which of the identified models for determining priorities should be used in IPA?

Table 5.18 summarises the main results for determining the predictive validity of the various models and measures.

Irrespective of the measure used to estimate the relative importance and competitiveness, the scale-centred approach has the lowest predictive power of all models. Given an adjusted $R^2 = 0.03$, only 3% of tourism-specific attribute priorities can be explained by the scale-centred model when importance and relative competitiveness are measured on Likert scales. Using WPR, the model's R^2 does not improve the overall model fit of the scaled-centred quadrant suggesting poor predictive validly. The adjusted R^2 of the scale-centred model for business factors moderately improves to 0.4 when using WPR measure but remains low at 0.2 when LSR is applied. These results can be interpreted with confidence since the significance $F \leq 0.5$ showing that the result was not due to chance.

Model	Measure	Main Study R² (Adj. R²)		Significance F	Pilot R² (adj. R²)		Sign F
Tourism Factors							
Scale-Centred Quadrant:	LSR	0.16	(0.03)	0.00	0.01	(0.1)	0.86
$PR_b = a_o + a_1 Qs_1 + a_2 Qs_2 + a_3 Qs_4$	WPR	0.17	(0.004)	0.05	0.32	(0.19)	0.00
Data-centred Quadrant:	LSR	0.37	(0.26)	0.01	0.25	(0.13)	0.04
$PR_b = a_o + a_1 Q_{d1} + a_2 Q_{d2} + a_3 Q_{d4}$	WPR	0.32	(0.20)	0.00	0.30	(0.18)	0.02
Diagonal Line:	LSR	0.65	(0.62)	0.00	0.19	(0.13)	0.06
$PR_b = a_o + a_1 I + a_2 P$	WPR	0.79	(0.77)	0.00	0.59	(0.56)	0.00
Business Factors							
Scale-Centred Quadrant:	LSR	0.32	(0.20)	0.00	0.25	(0.11)	0.00
$PR_b = a_o + a_1 Q_{s1} + a_2 Q_{s2} + a_3 Q_{s4}$	WPR	0.53	(0.42)	0.00	0.53	(0.44)	0.00
Data-centred Quadrant:	LSR	0.42	(0.31)	0.00	0.64	(0.57)	0.00
$PR_b = a_o + a_1 Q_{d1} + a_2 Q_{d2} + a_3 Q_{d4}$	WPR	0.50	(0.41)	0.00	0.58	(0.50)	0.00
Diagonal Line:	LSR	0.65	(0.63)	0.00	0.66	(0.64)	0.00
$PR_b = a_o + a_1 I + a_2 P$	WPR	0.70	(0.68)	0.00	0.72	(0.70)	0.00

Table 5.18: Predictive Validity of Methods and Measures

The predictive validity of data-centred models on average shows a moderate improvement on the scale-centred models. However, the coefficients of determination remain low. The adjusted R^2 increases to 0.26 in the tourist model using LSR, and to 0.4 in the business model using WPR. Significance F is in all cases ≤ 0.05.

The diagonal methods significantly outperform the scale and data-centred models and prove to have the best model fit. The adjusted R^2 of the diagonal method using LSR, predicts 62% of tourism priorities ($R^2 = 0.65$) which increases to 77% ($R^2 = 0.79$) when WPR is applied ($p < 0.01$). These results are confirmed by the results for business data with an adjusted $R^2 = 0.63$ ($R^2 = 0.65$) when LSR is used and 0.68 ($R^2 = 0.7$) when WPR is applied ($p < 0.01$). The robustness of the results for the diagonal methods can be seen by the small differences between the R^2 and adjusted R^2 statistics.

The results show that not only does the diagonal method outdo the other models in terms of relatively higher predictive validity but in absolute predictive terms it determines priorities for improving island destination competitiveness. The results of the pilot study tend to support these conclusions.

The second research question is: which importance and competitiveness measure should be used in IPA?

The results exhibited in Table 5.18 (p. 210) suggest that WPR performs better than LSR measures. Looking at the coefficients of determination for LSR and WPR measures in column 3 in Table 5.18, the adjusted R^2 in the diagonal models at 0.68 and 0.77 are higher than the adjusted R^2 of corresponding LSR measures. Similar significant differences are observed when comparing WPR and LSR measures in the scale-centred and data-centred models with the exception of LSR measure of tourism attractors in the data-centred model. Pilot study results appear to sustain these conclusions. In earlier sections, it was also demonstrated that WPR has higher discriminant power within attributes and among IPA segments.

5.8 Assessing Malta's Competitiveness on Tourism and Business Factors

In line with the study's objective, Malta's strengths relative to other destinations in the Mediterranean can be evaluated on the various tourism and business attributes using the diagonal method and WPR measure of the relevant constructs.

Figure 5.7 shows Malta's relative competitive strengths on tourism attributes and highlights areas for action to improve its performance.

The elements above the priority line underline Malta's potential weaknesses relative to its competitors. Cleanliness, visual appeal, island charm, hospitality, relaxation opportunity, sun, sea and beaches as well as mix of tourism, entertainment, accommodation and nightlife, bars and restaurant need to be given more attention and prioritisation in resource allocation to improve the island's competitiveness.

The area below the diagonal line indicates Malta's strengths on tourism factors which do not require immediate focus. This space has been segmented into parts utilised in quadrant models to distinguish between resource utilisation. It appears that appropriate resources are being applied to the areas of English language communication, English language schools and megalithic temples and archaeological sites but too much emphasis and resources are being employed on water and

outdoor activities, historical landmarks, panoramic views, and concentration of attractions. The remaining attributes have low priority, requiring limited resources.

Tourism Factors
IPA Data-Centred (WPR)
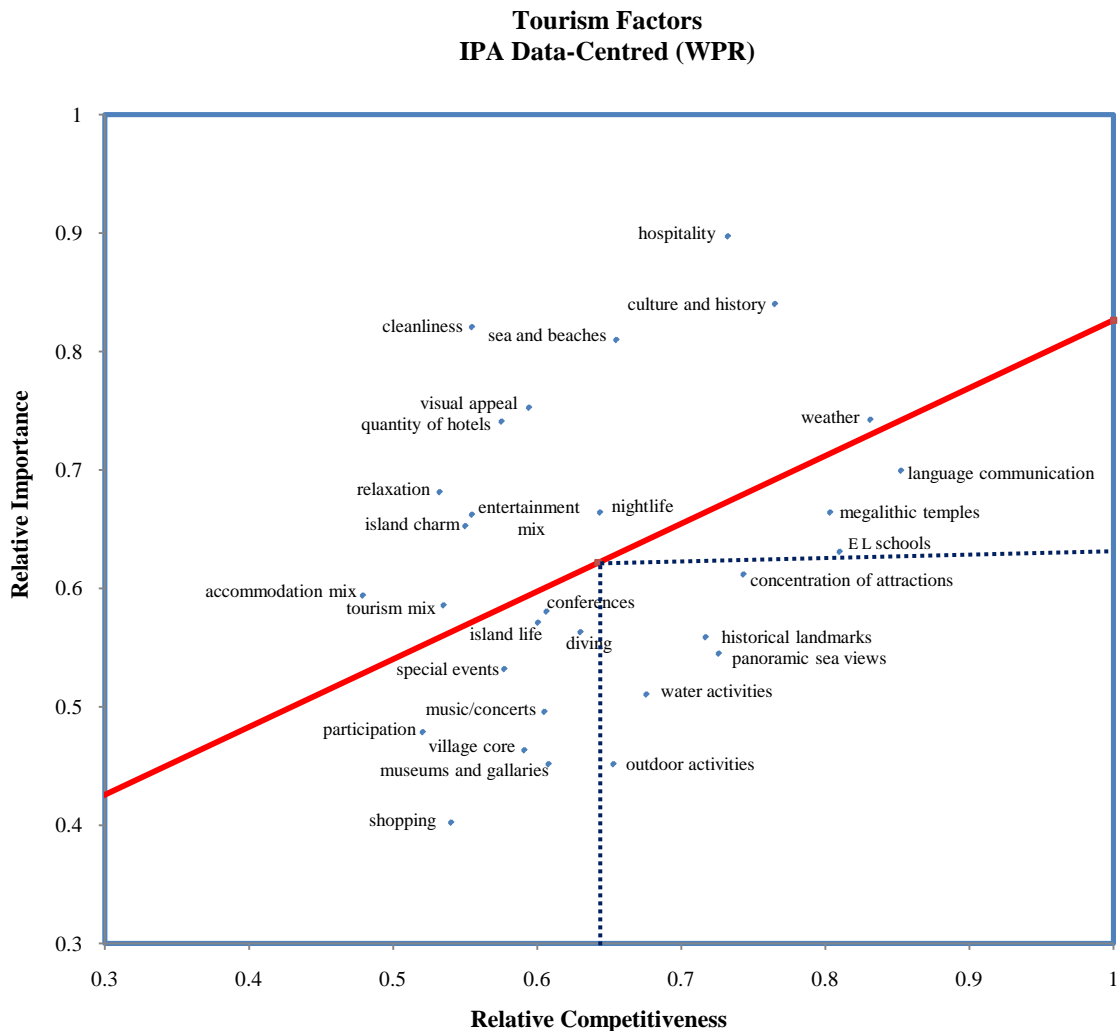
Figure 5.7: Malta's Tourism Priorities

Table 5.19 shows the relative competitiveness gap on each tourism attribute. The incongruity between the relative competitiveness on the factor and the corresponding relative importance attached to it measures the relative competitiveness gap. From Table 5.19, one can deduce that cleanliness is a top candidate for improvement, requiring immediate action to address the problem. Significant incongruence requiring focus and resources can also be observed on hospitality, quantity and quality of hotels, visual appeal, sun, sea and beaches and relaxation/carefree holidays.

Code	Tourism Attributes	Relative Competitiveness	Relative Importance	Incongruity C - I
49	cleanliness	0.55	0.82	-0.27
77	hospitality	0.73	0.90	-0.17
53	quantity and quality of hotels	0.58	0.74	-0.17
63	visual appeal	0.59	0.75	-0.16
85	sun, sea and beaches	0.65	0.81	-0.15
40	relaxation/carefree opportunity	0.53	0.68	-0.15
60	accommodation mix	0.48	0.59	-0.11
56	mix of entertainment	0.55	0.66	-0.11
55	island charm/exoticness	0.55	0.65	-0.10
80	culture and history	0.77	0.84	-0.08
54	mix of tourism	0.54	0.59	-0.05
42	nightlife, bars and restaurants	0.64	0.66	-0.02
71	conferences and incentives	0.61	0.59	0.02
62	island way of life	0.60	0.57	0.03
44	tourist participation in community life	0.52	0.48	0.04
45	special events/festivals	0.58	0.53	0.05
73	diving	0.63	0.56	0.07
41	climate/weather	0.83	0.74	0.09
58	music, concerts, performances	0.61	0.50	0.11
81	museums and galleries	0.59	0.46	0.13
47	concentration of tourism attractions	0.74	0.61	0.13
87	shopping opportunities	0.54	0.40	0.14
79	megalithic temples	0.80	0.66	0.14
83	language communication	0.85	0.70	0.15
72	village core	0.61	0.45	0.16
66	historic landmarks	0.72	0.56	0.16
46	water activities	0.68	0.51	0.17
57	panoramic sea/harbour views	0.73	0.54	0.18
88	English language schools	0.81	0.63	0.18
64	outdoor activities	0.65	0.45	0.20

Table 5.19: Relative Competitiveness Gap in Tourism Attributes

Figure 5.8 shows Malta's performance on business factors. As an island, Malta's tourism depends on ease of access to the destination and the effectiveness of its marketing effort. Both areas are highlighted as highly potential candidates for improvement. Destination image and positioning as well as general infrastructure, state of the roads and public transport represent significant

weaknesses that require immediate attention. Similarly, more focus should be placed on improving service quality, the price and cost structure of a holiday and the value for money spent on the vacation.
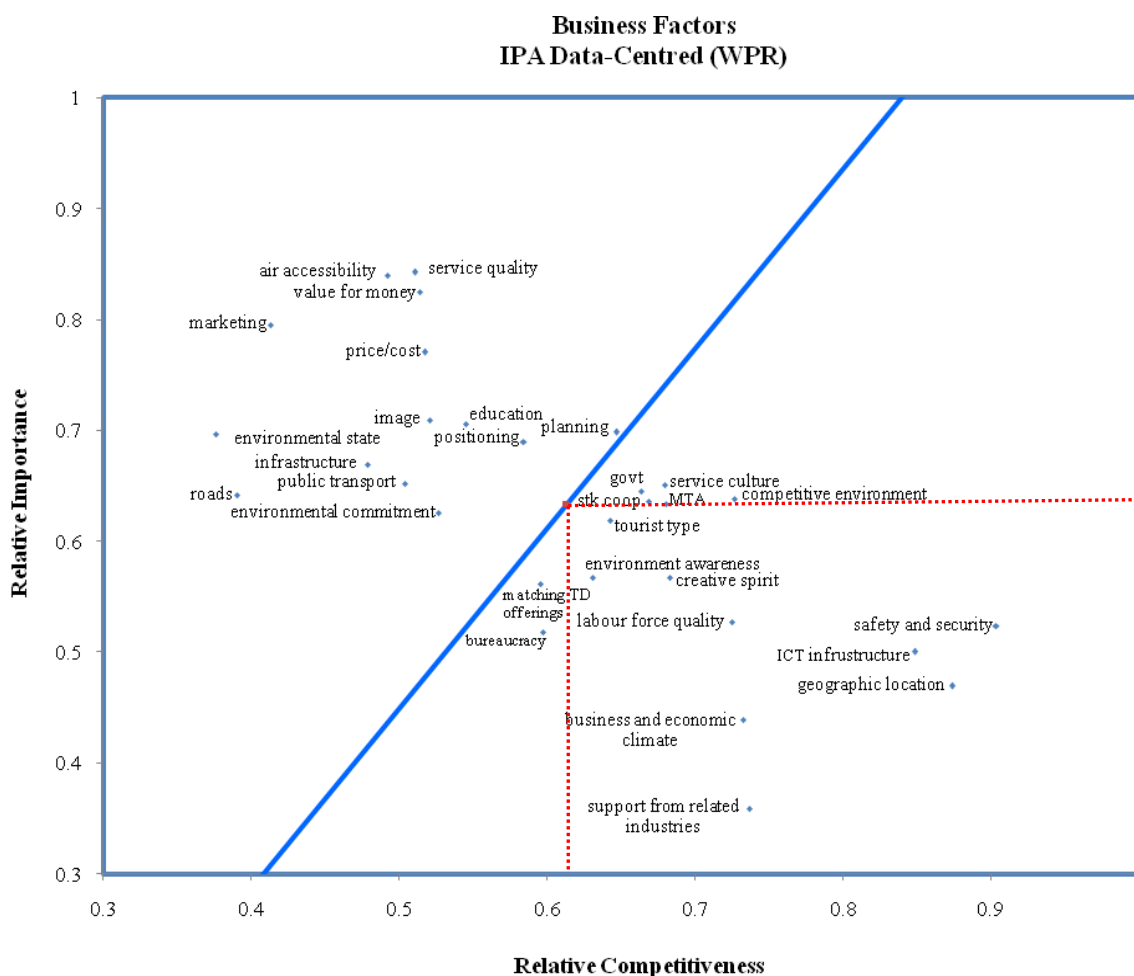

Figure 5.8: Malta's Priorities on Business Attributes

Other priority considerations include environmental quality and commitment, education and training and tourism planning. The remaining business factors that fall below the diagonal line denote some competitive strength on the factors. For example, Malta seems to be performing well on competitive environment and the active role of government in tourism. Malta is, however, over performing on such factors as ICT infrastructure and safety.

Table 5.20 shows the relative competitiveness gap on business factors. Half of the thirty attributes have a negative discrepancy so that performance falls below the perceived importance. This incongruence is significant in eleven of these factors suggesting a greater urgency for remedial action. Marketing (-0.38), air accessibility (-0.35), service quality (-0.33), state of the environment (-0.32) and value for money (-0.31) register not only the highest relative negative gaps but also

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significantly high absolute values. These factors are closely followed by price/cost and state of the roads.

Code	Tourism Attributes	Relative Competitivenes	Relative Importance	Incongruity C - I
12	Marketing	0.41	0.80	-0.38
95	Air accessibility	0.49	0.84	-0.35
97	Quality of service	0.51	0.84	-0.33
35	Environmental quality	0.38	0.70	-0.32
15	Value for money	0.51	0.83	-0.31
30	Price/cost	0.52	0.77	-0.25
17	State of the roads	0.39	0.64	-0.25
18	Quantity and quality of infrastructure	0.48	0.67	-0.19
34	Destination awareness/image	0.52	0.71	-0.19
16	Education and training	0.55	0.71	-0.16
31	Public transport	0.50	0.65	-0.15
11	Positioning/branding	0.58	0.69	-0.11
29	Environmental commitment	0.53	0.63	-0.10
14	Tourism planning	0.65	0.70	-0.05
91	Active role of government	0.66	0.64	0.02
39	Type and profile of tourist	0.64	0.62	0.02
98	Service culture/orientation	0.68	0.65	0.03
90	Matching TD$^+$ offerings to tourists' preferences	0.60	0.56	0.03
27	Stakeholder cooperation	0.67	0.64	0.03
13	National tourism agencies	0.68	0.63	0.05
36	Environmental awareness	0.63	0.57	0.06
10	Level of bureaucracy/red tape	0.60	0.52	0.08
92	Competitive environment	0.73	0.64	0.09
25	Innovative/creative spirit	0.68	0.57	0.12
28	Quality of the labour force	0.73	0.53	0.20
23	Business and economic climate	0.73	0.44	0.29
93	ICT Infrastructure	0.85	0.50	0.35
19	Support from related industries	0.74	0.36	0.38
33	Safety and security	0.90	0.52	0.38
22	Geographic location	0.87	0.47	0.40

$^+$ TD = Tourism Destination

Table 5.20: Relative Competitiveness Gap in Business Factors

At the other end of the spectrum, Malta's relative competitiveness on geographic location, safety and security, and support from related industries by far exceed their perceived importance.

5.9 Structure of Tourism and Business Variables

The final step in the analysis is to explore the data for structural relationships among attributes determining competitiveness. The main purpose of factor analysis in this study is to identify the structure of relationships among variables through data summarisation. To understand the structure of the perceptions of tourism and business attributes, R-type factor analysis based on a correlation matrix among variables is applied. A sample size of 281 observations is adequate for the computation of the correlations among variables and a 9-to-1 ratio of cases to variables falls within the acceptable limits.

Thirty tourism attributes are subjected to principal axis factoring analysis using SPSS. The data is first checked for its suitability to factoring analysis. A visual examination of the correlation matrix shows that 63% of the correlation coefficients are significant at the 0.01 level (Appendix S). This provides a basis for an empirical evaluation of adequacy for factor analysis on an overall basis as well as for each variable.

Bartlett's test of sphericity (Bartlett 1954) which is statistically significant ($p < 0.01$) provides further support to correlation results that the data is adequate for factor analysis. This test, however, only assesses whether the correlation matrix is an identity matrix. It does not indicate the degree of structure within these correlations. Anti-image matrices are, therefore, calculated to show measures of sampling adequacy (MSA) (see Appendix S p. 366). The Kaiser-Meyer Olkin test of sampling adequacy which shows the proportion of variance in the variables caused by underlying factors is 0.82 which exceeds the recommended value of 0.5 (Kaiser 1970, 1974). An inspection of the values of each variable also reveals that the individual variables significantly exceed the 0.5 threshold, meeting the fundamental requirements of factor analysis (Hair et al. 1998). The anti-image correlations or negative partial correlations are all low, confirming the strength of the interrelationships among variables. These measures indicate that a factor analysis is useful.

Principal axis factoring analysis with Promax rotation, provides the pattern and structure matrices with the factor loading for each variable on each factor. The analysis reveals nine components with eigenvalues greater than one. Since the correlation between factors is significant, only the pattern matrix is used to interpret the results, as recommended by Hair et al. (1998). Table 5.21 exhibits nine principal factors with strong loadings on each factor. To ensure practical significance, a minimum loading of ± 0.35 is set as a minimum standard so that lower values are omitted from the table to facilitate the interpretation of results. Higher significance is achieved at higher values so that coefficients that are $\geq \pm 0.5$ are deemed practically significant (Hair et al. 1998). Given a sample size of 281 observations, a minimum correlation value of 0.35 is also necessary to establish

statistical significance to interpret the factor loadings with confidence. This is comparable to achieving a statistical power of 0.8, at the 0.5 significance level.

Table 5.21 demonstrates that there is a clear structure among tourism variables. Five tourism attributes load moderately on the first factor denoting the importance of accommodation and amenities and concentration of attractions within a small area. The second factor groups several aspects of national heritage or cultural and historical patrimony of the island, with prominence given to historical landmarks. The general appearance and visual appeal of the island are highlighted by Factor 3, with sea and harbour views achieving the highest loading. This can be explained by the fact that sea views and natural harbours are perhaps the only real open vistas and constitute a prime attraction of a small island destination. Factors 4, 6, 7 and 8 represent typical important features of Mediterranean island destinations. Only two tourism attractors load on Factor 4 which identifies the importance of the sea as a major source of sporting activities epitomised by the internationally acclaimed diving activity. Factor 6 picks on the appealing notion of 'island exoticness', a perception that is a specific attraction for first time visitors. Factor 7 focuses on two major attractions that account for island summer tourism based on good weather, sun, sea and beaches. Factor 8 is the only component with one variable, 'tourists participation in the local community life', an attraction made possible by the small size of the island and its population. Factor 5 incorporates four tourism attractions, two emphasising the importance of hospitality aspects and the rest on organised events. Factor 9 discloses the importance of tourism mix in enhancing destination competitiveness with schools for English language teaching to foreigners constituting a dominant niche.

The results of the pattern matrix are consistent with those of other factoring techniques (see Appendix S p. 368). Since Promax rotations assume factors to be correlated, the sum of squared loadings cannot be added to obtain the total variance. The variation explained with principal axis factoring is approximately 45% which is about 16% less than the variance explained by the initial solution. Principal axis factoring tend to have lower loadings due to lower communalities of the variables used (Hair et al. 1998). The latent factors are unique to the original variables and the variability simply cannot be explained by the factor model. Nevertheless, even with these differences in variance explained, the patterns of loadings and basic interpretation of the methods applied are almost identical. The interpretation of these results is consistent with findings of the qualitative research on the structure of tourism competitiveness. This supports the use of these items for assessing the competitiveness of island destinations.

Factors	Total Variance Explained					Pattern Matrix*
Tourism Attributes	Initial Eigenvalues		Extraction Sums of Squared Loadings			**Factor**
	Total	% of Variance	Loading	% of Variance	Rotations Total[a]	**Loading**
1. Accommodation/Amenities	6.383	21.277	5.856	19.520	3.747	
mix of entertainment						.675
accommodation mix						.664
shopping opportunities						.453
concentration of attractions						.433
quantity and quality of hotels						.370
2. National Heritage	2.388	7.960	1.855	6.183	3.018	
historic landmarks						.811
megalithic temples, archaeology						.690
culture and history						.582
museums and galleries						.365
3. Overall appeal	1.827	6.091	1.343	4.477	4.243	
panoramic sea/harbour views						.772
cleanliness						.744
visual appeal						.661
4. Water Sports	1.539	5.129	1.045	3.485	3.541	
diving						.938
water activities						.815
5. Events and Hospitality	1.405	4.685	.909	3.031	4.478	
special events/festivals						.822
language communication						.683
music and performances						.485
hospitality						.436
6. Island Appeal	1.381	4.603	.797	2.656	3.325	
island charm/exoticness						.759
island way of life						.664
7. Natural Appeal						
climate/weather	1.190	3.966	.632	2.106	.974	.680
sun, sea and beaches						.562
8. Tourist Participation	1.057	3.523	.482	1.607	1.910	
tourist participation						.798
9. Tourism Mix	1.012	3.374	.456	1.521	1.108	.580
English language schools						.369
mix of tourism						
Total		61		45		

* Extraction Method: Principal Axis Factoring - Rotation Method: Promax with Kaiser Normalisation
a. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

Table 5.21: Pattern Matrix Tourism Factors

Similar procedures are applied to perform factor analysis on business factors influencing island destination competitiveness. An examination of the correlation matrix shows that more than 90% of the values are significant at 0.05 levels. Bartlett's test of sphericity supports the factoring of the correlation matrix ($p < 0.01$) and the overall measurement of sampling adequacy at 0.925 is well above the recommended 0.5 value. Each variable also exceeds the 0.5 requirement. Furthermore, negative partial correlations are small, confirming the strength of the interrelationships among variables (see Appendix S p. 367). Factor analysis is, therefore, considered as potentially valuable.

Principal axis factoring analysis using Promax rotation is applied to the thirty business attributes to provide the pattern and structure matrices with the factor loading for each variable on each factor. After examining, the eigenvalues values and the scree plot of the factors, eight factors are identified.

Table 5.22 exhibits eight principal factors with strong loadings on each factor. To ensure practical and statistical significance, a loading of ± 0.35 is set as a minimum standard and lower values are omitted from the table for better interpretation of the results. The table shows that there is an established structure among business variables.

The first factor has the greatest number of business variables loading on it. It depicts a value proposition underlined by the importance of a marketing mix to achieve destination competitiveness targets through offering the desired experience, sold at an acceptable price, in the right place and using effective promotion [product (experience), price (value), promotion (marketing), placement and physical evidence (accessibility), process (training and education) and people (service quality)].

Value for money, price/cost of holiday, education and training and service quality are value considerations while air accessibility and marketing are physical and virtual availability considerations. The two aspects are positively related and highlight the importance of value experience and virtual and physical access to geographically distant island destinations. Factor 2 comprises four variables with business and economic climate showing the highest correlation with the factor. The elements in this group are important considerations in defining a business environment in which tourism firms have to operate and which influence overall destination competitiveness. Factor 3 depicts the importance of national institutions in influencing competitiveness with only government and national tourism agency being represented in this group. The environment is defined by Factor 4 with three environmental considerations loading well on this factor: commitment, education and quality.

Factors	Total Variance Explained					Pattern Matrix*
Business Factors	Initial Eigenvalues		Extraction Sums of Squared Loadings			**Factor**
	Total	% of Variance	Loading	% of Variance	Rotations Total[a]	**Loading**
1. Value Proposition	10.52	35.096	10.042	33.473	7.316	
air accessibility						.583
price/cost						.532
marketing						.494
value for money						.445
quality of service						.435
tourism education						.435
2. Business Climate	1.827	6.089	1.388	4.627	5.845	
business climate						.578
support from industries						.548
innovative culture						.490
competitive environment						.455
level of bureaucracy						.370
3. Role of National Institutions	1.479	4.929	1.001	3.335	5.637	
active role of government						.658
national tourism agencies						.634
4. Environmental Considerations	1.216	4.053	.762	2.539	3.760	
environment commitment						.781
environment awareness						.721
environmental quality						.427
quantity of infrastructure						.408
5. Physical Infrastructure	1.127	3.756	.646	2.153	6.067	
state of the roads						.658
public transport						.620
ICT infrastructure						.421
6. Stakeholders' Cooperation	1.008	3.360	.523	1.742	7.687	
stakeholder cooperation						.476
service culture/orientation						.453
quality of labour force						.351
7. Demand Orientation	.999	3.102	.416	1.387	5.242	
matching TD to tourists' preferences						.537
type and profile of tourist						.353
8. Geographic Location	.995	2.984	.398	1.327	2.630	
geographic location						.484
Total		63		51		

*Extraction Method: Principal Axis Factoring. Rotation Method: Promax with Kaiser Normalisation.
a. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

Table 5.22: Pattern Matrix Business Factors

General infrastructure also loads on Factor 4, exposing the link between infrastructural development projects and maintenance works and their impact on the environment. Factor 5 includes variables that provide some essential aspects of the physical infrastructure, roads, transport and ICT that allow for the development of the tourism industry and enhancement of its competitiveness. Factor 6 groups together stakeholders' cooperation, service orientation and quality of the labour force. This accentuates the importance of stakeholders' cooperation and collaboration in harnessing labour supply towards service orientation to foster competitiveness. Demand orientation is qualified by two demand variables which load on Factor 7 with 'matching tourism destination offerings to tourists' preferences' having the greatest factor correlation. Only one variable constitutes Factor 8, identifying destination location as an important condition in achieving comparative advantage.

The results of the pattern matrix are identical to those of other factoring methods (see Appendix S p. 369). Using Promax rotations the sum of squared loadings cannot be added to obtain the total variance but principal axis factoring explains 51% of the variation. This represents a loss of 12% of explained variance when compared to the percentage cumulative extraction results obtained from initial solution. Nevertheless, in spite of these divergences in variance explained, the patterns of loadings and basic interpretation of the methods applied are very similar. The interpretation of these results is also consistent with the findings of the qualitative research on the structure of business variables impacting on tourism competitiveness. This supports the use of business items for assessing the relative competitiveness of island destinations.

5.10 Summary

In this chapter various statistical procedures were applied to establish findings from the analysis of survey data. The demographic characteristics of respondents were examined with the result that different categories within demographic profile variables do not significantly affect the mean scores of relative importance indices of tourism and business items. The study showed that direct measures are better at operationalising importance and relative competitiveness constructs than implicit statistically derived measures and that the new method of measuring these concepts (WPR) discriminates better between variables and among different segments of IPA space than the traditional Likert scale ratings (LSR). Among the various IPA frameworks for assessing a destination's competitive strengths, quadrant approaches have the lowest predictive power to identify priorities for enhancing destination competitiveness. Research results demonstrate that the diagonal model and WPR measures provide the combination that best predicts priorities for action and the most suitable framework for assessing island destination competitiveness. The validity of this approach was tested by evaluating Malta's strengths and weaknesses on established tourism and business factors determining competitiveness. Empirical findings identified cleanliness,

hospitality, hotel accommodation and amenities and marketing, accessibility and service quality as the highest priority candidates for improvement. In the final section, principal axis factoring established a clear structure in the relationships among tourism and business variables, consistent with qualitative research results. The theoretical and managerial implications of the results for island competitiveness assessment based on primary data research will be discussed in the next chapter.

CHAPTER SIX

Discussion and Conclusions

6.1 Introduction

This chapter examines the extent to which the research gaps identified in tourism destination competitiveness literature are addressed. It highlights some of the potential contributions and implications of the study findings to TDC and proposes several recommendations to improve the competitiveness of small island destinations. In effect, it provides a synthesis of the research findings and a discussion on the study's results in relation to the research problem and objectives which are identified in Chapter 1. These are:

   i.   to develop an island destination model for the identification of critical factors that impact on tourism competitiveness;

   ii.   to identify a reference set of competing destinations within a specified context;

   iii.   to construct quantitative measures that reveal the relative importance and relative competitiveness of tourism and business factors determining destination competitiveness;

   iv.   to establish an analytical framework for assessing island competitiveness relative to competing destinations and identifying priorities for action;

   v.   to test and apply the destination competitiveness model to Malta;

   vi.   to raise practical issues when applying models and measures of competitiveness to small island destinations;

   vii.   to suggest guidelines and recommendations to enhance the competitiveness of small island destinations.

This chapter starts by presenting the main elements of the TDC framework as it evolves from the exploratory stage of the study. It proceeds by examining the differences between the study's model and other comprehensive TDC frameworks. The factor structure of the emergent model is also compared to the statistical factor model, underlining its implications for TDC. The discussion then focuses on the study's contribution to the development of TDC measures, offering several recommendations for future elaboration. This is immediately followed by an appraisal of the study

findings on Malta's competitiveness on the basis of the proposed framework and measuring instruments. Each identified priority factor needing improvement is considered in turn and suggestions are put forth for enhancing the destination's performance on these attributes. The chapter closes with a section that highlights the study's overall contribution to knowledge, its limitations and potential areas for future research.

6.2 Identification of TDC Factors and Framework Relevant to Small Island Destinations

The first objective of this study is to identify a competitiveness framework consisting of factors that are relevant to island destinations, and specifically to the Maltese Islands. While some TDC models have been developed for large or developed countries (Ritchie and Crouch 2003; Dwyer and Kim 2004; Heath 2003), no attempt has been made to generate comprehensive frameworks and indicators that are applicable to small islands (Croes 2010; Crouch 2010). It is quite extraordinary that, for example, in spite of the fact that Malta is a mature destination with over fifty years of dependence on tourism for its economic growth and prosperity, no studies have been carried out on the Island's competitiveness on the basis of an integrative TDC model. By addressing these issues, the study makes a contribution on both theoretical and empirical grounds.

It is quite common for tourism researchers to extrapolate competitiveness factors with which to build their models from literature (see Enright and Newton 2004; Craigwell 2007). However, this study finds that a detailed exploratory qualitative inquiry (Chapter 4) is more meaningful for discovering which determinants influence island competitiveness and how they are related. On the basis of thirty-five in-depth interviews, sixty tourism-specific and business-related variables are identified by research participants as having significant influences on island TDC. The relevance, importance, context and linkages of each variable as they emerge from the elaborate descriptions of the research participants, make these competitiveness elements specifically germane to islands (see Chapter 4). Table 6.1 summarises the research findings of the qualitative inquiry by showing the most important variables that determine TDC. It also reveals their relative importance ranked by importance weights established in the quantitative study (see Section 5.6.1.2 p. 181).

Having identified what variables impact TDC, it is deemed necessary to find out the relevance and importance of each element in the model (Crouch 2008a; Dwyer et al. 2004). Even if TDC determinants are the same in all destinations, which is highly unlikely, their relative importance will be different (Crouch 2007). This can only be established in the context of a specific destination (Crouch 2010; Dwyer and Kim 2001). It is important for destination managers to know the relative salience of the variables that determine TDC because it indicates where they need to focus and what strategic orientations to adopt in allocating scarce resources to their best use. In fact, the top five variables in each category depicted in Table 6.1 are among Malta's top ten

priority factors identified by survey respondents as requiring attention as well as marginal resources to strengthen its competitiveness position (see Tables 5.19 p. 213 and 5.20 p. 215).

	Tourism Factors			Business Factors	
Rank		Wt	Rank		Wt
1	hospitality	0.90	1	accessibility	0.84
2	culture and history	0.84	2	quality of service	0.84
3	cleanliness	0.82	3	value for money	0.83
4	sun, sea and beaches	0.81	4	marketing	0.80
5	visual appeal	0.75	5	price/cost	0.77
6	quantity and quality of hotels	0.74	6	tourism education and training	0.71
7	climate/weather	0.74	7	destination awareness	0.71
8	language communication	0.70	8	environmental quality	0.70
9	relaxation/carefree opportunity	0.68	9	tourism planning	0.70
10	megalithic temples	0.66	10	positioning/branding	0.69
11	mix of entertainment	0.66	11	quantity and quality of infrastructure	0.67
12	nightlife, bars and restaurants	0.66	12	public transport	0.65
13	island charm/exoticness	0.65	13	service culture	0.65
14	English language schools	0.63	14	state of the roads	0.65
15	concentration of attractions	0.61	15	stakeholder cooperation/collaboration	0.64
16	mix of tourism	0.59	16	competitive environment	0.64
17	accommodation mix	0.59	17	active role of government	0.64
18	conferences and incentives	0.59	18	national tourism agencies	0.63
19	island way of life	0.57	19	environmental commitment	0.63
20	diving	0.56	20	type and profile of tourist	0.62
21	historic landmarks	0.56	21	innovative/creative spirit	0.57
22	panoramic sea/harbour views	0.54	22	environmental awareness	0.57
23	special events/festivals	0.53	23	matching TD[+] offerings to tourists' preferences	0.56
24	water activities	0.51	24	quality of labour force	0.53
25	music, concerts and performances	0.50	25	safety and security	0.52
26	tourist participation in community life	0.48	26	level of bureaucracy/red tape	0.52
27	museums and galleries	0.46	27	ICT infrastructure	0.50
28	village core/quaint villages	0.45	28	geographic location	0.47
29	outdoor activities	0.45	29	business and economic climate	0.44
30	shopping opportunities	0.40	30	support from related industries	0.36
	Grand mean	0.62		Grand mean	0.63

[+]TD = Tourism Destination

Table 6.1: Relative Importance of Factors Influencing TDC

On the basis of the qualitative findings, the study proposes a framework developed within a small island destination context that encompasses TDC elements that are grouped into categories and subcategories, showing various interactions among them to achieve overall destination competitiveness and economic prosperity (see Figure 4.1 p.123). Two broad categories, *core tourism resources and attributes* (tourism-specific factors) and *core business and management factors* (business-related factors), emerge as fundamental components on which TDC can be assessed. Their constituent subcategories and elements are summarised in Table 6.2.

The study's model, henceforth referred to as island model (IM), has many similarities to, as well as significant differences from mainstream comprehensive models. Comparing IM to Ritchie and Crouch's (2003) model (RCM), which is often used as a reference point in tourism literature, helps to underscore areas of convergence and divergence.

Table 6.2 summarises the two frameworks and contrasts their corresponding elements. In both models, the natural resource base, as well as the tourism built environment, play a fundamental role in establishing and enhancing tourism growth. However, while in the RCM these are grouped in one component, the IM, similar to Dwyer and Kim's (2003) model, classifies them in separate subcategories (*Bequeathed* and *Designed*) to underline their different functions in enhancing primary tourism appeal. Furthermore, whereas in the RCM the *Superstructure* includes elements of both tourism and the general public infrastructure, in IM these are differentiated. *Tourism Infrastructure* is identified as belonging to *Designed* resources aimed at enhancing tourism attractiveness. *Public Infrastructure* forms a separate subcategory that belongs to the *Business and Management Core Category* to emphasise its relevance to overall economic growth of all sectors and not just to tourism. This distinction is a better reflection of the realities of developing small island economies which are still struggling to build an adequate public infrastructure to support the overall development effort.

Other differences lie in the identification and placing of individual elements in diverse subcategories. For example, *Island Appeal* is explicitly recognised as a factor fitting *Bequeathed* assets, underlining the importance of island characteristics. Similarly, IM views *Hospitality* as a special feature of an island's tourism appeal and assigns it to '*Designed*' attributes within the *Tourism Attractions Core Category*. The RCM sees it as more fitting to designate *Hospitality* as a factor belonging to *Supporting Factors and Resources*.

The widest divergences between the IM and the RCM, as well as with other TDC models, are found in the structure of the *Business and Management Core Category*. In the IM there is a marked shift to marketing and demand orientation that contrasts with the supply-oriented RCM. This is very evident from the *Value Proposition* and *Demand Orientation* subcategories in the IM. The *Value Proposition* incorporates various factors that are spread over many categories in the RCM. Island periphery, insularity, vulnerability and smallness highlight the exigency of small island destinations to adopt a pragmatist marketing approach to TDC. Thus, in contrast to the supply focused approaches adopted in large destinations, the IM incorporates competitiveness factors such as *marketing, accessibility, price/cost, value for money, service quality* and *education and training* as a tourist-centric proposition based on value.

Ritchie and Crouch Model (2003)	Island Model
Core Resources and Attractors	**Core Tourism Attractors and Resources**
	Bequeathed
Physiography and Climate	Natural Environment
Culture and History	National Patrimony
	Island Appeal
Mix of Activities	**Designed**
Special Events	Events
Entertainment	Activities
Superstructure	Hospitality
	Tourism Infrastructure
	Core Destination Business and Management Factors
Destination Management	**Value Proposition**
Marketing	Marketing
Organisation	Destination Awareness/Image
Information/Research	Positioning/Branding
Human Resource Development	Accessibility
Finance and Venture Capital	Price/cost
Quality of Service	Value for Money
Resource Stewardship	Service Quality
Visitor Management	Service Culture/Orientation
	Tourism Planning
	Training and Education
	Labour Orientation/Quality
	Role of MTA
	Role of Government
Destination Policy, Planning and Development	**Business Environment**
System Definition	Business and Economic Climate
Philosophy/Values	Competitive Environment
Vision	Level of Bureaucracy/Red Tape
Positioning/Branding	Innovative Creative Spirit
Development	Stakeholders' Cooperation
Competitive/Collaborative Analysis	Support from Related Industries
Monitoring and Evaluation	
Supporting Factors and Resources	**Supporting General Infrastructure**
Infrastructure	Quantity and Quality of Public Infrastructure
Accessibility	Public Transport
Hospitality	State of the Roads
Facilitating Resources	ICT Infrastructure
Enterprise	
	Environmental Management
	Quality of the Environment
	Environmental Awareness/Education
	Environmental Commitment/Enforcement
	Demand Orientation
	Type and Profile of Tourists
	Matching Destination Offerings to Tourist' Preferences
Qualifying and Amplifying Determinants	**Conditional Factors**
Safety/Security	Geographic Location
Cost/Value	Safety and Security
Awareness/Image/Brand	
Interdependence	
Location	

Table 6.2: Comparison of Island TDC Model to Ritchie and Crouch's (2003) Model

This is complemented by an overt acknowledgement of the importance of demand factors in determining TDC, which is also evident in Dwyer and Kim's (2003) model, but not manifested in the RCM. Similarly, the IM gives prominence to the environment by identifying it as a key subcategory in recognition of its inseparability from sustainable island tourism growth. Moreover, the IM clearly differentiates between micro and macro influences on competitiveness by having separate subcategories for micro conditions, *Business Environment*, and for macro impacts, *Conditional Factors*.

The hierarchical structure of the RCM conjectures unlikely sequential linear relationships among the components, subcomponents and factors. By contrast, the IM attempts to show more realistic explicit depiction of these interlinkages through multidirectional arrows as displayed in Figure 4.1 (p. 123). Differences between the two frameworks underscore the utility of having a separate TDC model that is relevant to small islands.

Although the IM emerging from the exploratory qualitative study exhibits a coherent structure among its various components, the framework is validated in a more formal way through factor analysis (where factor in this context is taken to mean component). In the next section, the findings of the exploratory model are compared with the statistical model's results to gauge any significant divergences in the underlying factor structure of the TDC model.

6.2.1 Comparing Factor Structure of Exploratory Model to the Statistical Model

In this section, the results of the factor analysis based on survey research data are summarised, interpreted, discussed and contrasted with the findings of the initial exploratory study. The primary purpose of the factor analysis is to understand the structure of the survey respondents' perceptions of the variables that determine TDC. It actually reveals how the respondents connect and correlate sixty competitiveness factors to distinguish between different components and variables underlying TDC. The results are examined for corroborative or contradictory evidence to sustain or question the framework emerging from the qualitative inquiry (henceforth referred to as the Model).

The factor analysis demonstrates that respondents can discern between variables specific to tourism and others related to business and management elements which are more generic, but no less important to TDC. It shows that they can discriminate within tourism variables, distinguishing between created assets designed to augment the destination's appeal, and natural resources, island features, and cultural heritage that provide the basic tourism attractions. Without this resource-asset base, it is impossible for a destination to establish and stimulate tourism growth (Ritchie and Crouch 2003).

Table 6.3 exhibits the results of the Principle Axis Factoring and compares them to the Model's elements.

Factors (Tourism-Specific)	Factor Loading	Model Element	Factors (Business-Related)	Factor Loading	Model Element
T1. Accommodation/Amenities			**B1. Value Proposition**		
mix of entertainment	0.68	MT7	*air accessibility*	0.58	MB8
accommodation mix	0.66	MT7	*price/cost*	0.53	MB8
shopping opportunities	0.45	MT7	*marketing*	0.49	MB8
concentration of attractions	0.43	MT7	*value for money*	0.45	MB8
quantity and quality of hotels	0.37	MT7	*quality of service*	0.44	MB8
T2. National Heritage			*tourism education*	0.44	MB8
historic landmarks	0.81	MT2	**B2. Business Climate**		
megalithic temples, archaeology	0.69	MT2	*business climate*	0.58	MB9
culture and history	0.58	MT2	*support from industries*	0.55	MB9
museums and galleries	0.37	MT2	*innovative culture*	0.49	MB9
T3. Overall appeal			*competitive environment*	0.46	MB9
panoramic sea/harbour views	0.77	MT1	*level of bureaucracy*	0.37	MB9
cleanliness	0.74	MT1	**B3. Role of National Institutions**		
visual appeal	0.66	MT1	*active role of government*	0.66	MB8
T4. Water Sports			*national tourism agencies*	0.63	MB8
diving	0.94	MT5	**B4. Environmental Considerations**		
water activities	0.82	MT5	*environment commitment*	0.78	MB11
T5. Events and Hospitality			*environment awareness*	0.72	MB11
special events/festivals	0.82	MT4	*environmental quality*	0.43	MB11
language communication	0.68	MT6	*quantity of infrastructure*	0.41	MB10
music and performances	0.49	MT4	**B5. Physical Infrastructure**		
hospitality	0.44	MT6	*state of the roads*	0.66	MB10
T6. Island Appeal			*public transport*	0.62	MB10
island charm/exoticness	0.76	MT3	*ICT infrastructure*	0.42	MB10
island way of life	0.66	MT3	**B6. Stakeholders' Cooperation**		
T7. Natural Appeal			*stakeholder cooperation*	0.48	MB9
climate/weather	0.68	MT1	*service culture/orientation*	0.45	MB8
sun, sea and beaches	0.56	MT1	*quality of labour force*	0.35	MB8
T8. Tourist Participation			**B7. Demand Orientation**		
tourist participation	0.8	MT6	*matching TD to tourists' preferences*	0.54	MB12
T9.Tourism Mix			*type and profile of tourist*	0.35	MB12
English language schools	0.58	MT5	**B8. Geographic Location**		
mix of tourism	0.37	MT5	*geographic location*	0.48	MB13

Model Elements (Exploratory Study)
MT1.Natural Environment
MT2.National Patrimony
MT3.Island Appeal
MT4.Events
MT5.Activities
MT6.Hospitality
MT7.Tourism Infrastructure

MB8.Value Proposition
MB9.Business Environment
MB10.Supporting Infrastructure
MB11.Environmental Management
MB12.Demand Orientation
MB13.Conditional Factors

Table 6.3: Structure of TDC Determinants

Factor (T1) gives predominance to accommodation and related amenities as key determinants of competitiveness. In the minds of respondents, the quantity, quality and mix of accommodation, as well as the variety of venues that provides entertainment and shopping opportunities, are clearly associated with a built environment that can generate competitive advantages for the destination.

The concentration of these facilitates within time and space is viewed as a distinctive feature of small destinations. The indicators linked to this factor are identified with those in the *tourism infrastructure* component (MT7) as displayed in the Model. In the Model, the activities component (MT5) is broad enough to encapsulate diverse elements ranging from water sport to tourism mix. In the factor analysis, respondents are more incisive in that they separate the same elements into two distinct factors, one stressing specific destination water-related activities (T4), and the other accentuating innovative, and diverse activities represented by a mix of tourism (T9). This in no way shows inconsistency between the way respondents in the factor analysis and the Model view the role of activities in impacting TDC. Rather it highlights the respondents' perceptions on the significance of water-related activities to TDC (singling out diving as a primary attraction). It distinguishes water activities from other more generic, but equally important, activities generated through diverse niches, pointing to English language schools as a leading example. Rather than contradicting or weakening the Model, these divisions provide the destination with a greater focus on specific TDC determinants.

The factor analysis provides strong evidence that respondents can sharply discriminate among the diverse aspects of the created resources, as well as between *designed* and *bequeathed* resources. Factor T2 clusters together only national cultural and historical patrimony-related variables in the same manner as set out in the Model (MT2). This reflects the respondents' strong coherence in underlining heritage-related assets as important sources of comparative advantages.

While the factor analysis reveals that the respondents consider the natural environment as a separate category having a considerable impact on TDC as indicated by the Model, it goes further in showing that they place greater emphasis on the type of appeal that the natural environment can create on the basis of significant comparative advantages. All the elements presented in the natural environment component of the Model (MT1) are identified for their significance to TDC in the factor analysis, but they are classified as two distinct factors, namely *overall appeal* (T3) and *natural appeal* (T7). *Overall appeal* comprises elements that emphasise general visual appeal such as panoramic views and cleanliness. *Natural appeal* comprises solely climate and weather as well as sun, sea, and beaches. This distinction is quite logical because it discriminates between first impressions of a destination and the motivation for Mediterranean island tourism. The literature is full of examples that stress climate, and sun-and-sea as the prime reason for Mediterranean mass tourism (Aguilo, et al. 2005; Andriotis 2005; Bardolet and Sheldon 2008). In this case, the factor analysis not only renders support to the Model's consistency but also extends its rationale. Respondents also confirm the Model's suggestion that island features (MT3) can be isolated as a separate category that enhances TDC (T6).

The factor analysis underscores the importance of business and management factors in determining TDC by identifying eight distinct factors. In recent years, there has been a growing awareness of the relevance of strategic marketing management concepts and their application to firms and destinations in creating and maintaining competitive advantages (Dwyer and Kemp 2004; Jobber 2007). Strategic planning and management approaches enhance the destination's understanding of the complex dynamic competitive environment in which it operates and highlight the importance of creating a value proposition that satisfies or exceeds the needs or wants of tourists (Jobber 2007). The emphasis of the respondents on an integrative tourist-focused approach to TDC is evident from the elements constituting the value proposition (B1).

Factor B1 retains only what respondents perceive as the most basic elements of the value proposition presented in the study's Model. It is reasonable to expect that *air accessibility* achieves one of the highest loading since without this service islands are practically isolated (Graham and Dennis 2010). Air accessibility is a major factor that determines the number of potential tourists who make up their mind on the choice of destination based on various criteria such as frequency of flights, costs and convenience. Similarly, *price, cost* and *value for money* are intricately interrelated elements of this tourist-centric proposition. To suppliers, prices are set in terms of transactions and market constraints with a view to maximising their sales or profits. However, when it comes to tourists, prices are equivalent to costs. Consequently, they compare alternative destinations in order to optimise their perceptions of value for money. The respondents also give substantial weight to marketing which includes, among other variables, the elements of *destination awareness/image* and *positioning/branding*. These aspects, explicitly expressed in the Model, are implied in the all-encompassing marketing variable incorporated in the factor analysis. Marketing enhances the value proposition: it raises destination awareness, helps to create images, establishes communications and relationships among various stakeholders, stimulates demand, and facilitates branding and the positioning of the destination (Kotler, Wong et al. 2005). Marketing provides virtual access to the product's offerings as well as convenience to discriminate among destinations through modern telecommunication technologies (Buhalis 2000; Middleton et al. 2009).

Furthermore, in line with the Model's perspective, respondents know that, in tourism, the product, the process, and the outcomes are inseparable. Tourism is essentially a people's industry based on numerous encounters involving human interactions among employees, tourists, and the host population (Middleton 2009). This is manifested in a service delivery process in which the tourism experience (outcome) is intertwined with the people and situations contributing to its realisation. Thus, respondents identify service delivery with *service quality* and *training and education* which are seen as key, integral indicators of this value proposition. However, unlike the Model's perspective, they do not directly connect *service culture* and the *quality of labour force* to service

quality. These variables are grouped under *stakeholders' cooperation* (B6). Similarly, although the Model depicts the *role of government* and *national tourism agencies* as major influences on the value proposition, respondents seem to take a wider view of their importance and categorise them as an independent factor (B3).

Such divergences do not contradict the Model but reinforce it through clearer elaborations. The point is that through Factor B1, the respondents succinctly acknowledge the importance of a marketing mix and a tourist-value proposition as effective strategies to create competitive advantages (Anderson et al. 2006; Kotler and Armstrong 1999; Kotler, Wong et al. 2005).

The factor analysis indicates that the respondents prefer a different grouping for business climate (B2) which describes the business and economic environment in which firms have to operate. With the exception of *stakeholders' cooperation*, all the elements in B2 are the same as in the Model's MB9. Survey respondents assign substantive importance to stakeholders' cooperation in maintaining competitiveness. The fact that they classify it within a separate factor (B6) which incorporates *service culture* and *labour force quality* indicates their concern for a higher cooperative and coordinated effort to manage a culture change in favour of tourism services.

Environmental considerations (B4) and *physical infrastructure* (B5) are considered as separate factors by respondents, lending support to the Model's categorisation of these components (MB11 and MB10). The only surprise is *quantity and quality of the infrastructure*, which respondents in the factor analysis opted to associate with environment variables. In their minds, infrastructural development and maintenance programmes may be too closely linked with environmental impacts. Nevertheless, it seems more sensible for this variable to be integrated with the other elements that constitute the factor that bears its name (see B5) as suggested by the Model (MB10). In similar fashion, respondents unmistakably view *demand orientation* (B7) and *geographic location* (B8) as separate factors in tandem with the Model's propositions (MB12 and MB13). Factor B8, however contains only one variable, *location*, and fails to give practical significance to the importance of *safety and security* in determining TDC.

Thus, the results of the factor analysis closely corroborate the suggestions and views of the research participants on the most important factors that impact TDC and support the overall structure of the Model. It establishes in a more formal manner the existence of a logical and coherent underlying structure of the interrelationships among tourism-specific and business-related variables emerging from the initial exploratory study. It is quite unrealistic to assume that a substantive interpretation of the factor loadings in a factor analysis will generate surrogate variables that completely represent the elements within the factor (Hair et al. 1998). It is equally

unlikely to have a perfect fit between the factors and their constituent elements based on survey results and those emerging from study's exploratory Model. Notwithstanding, the similarity of the results is remarkable. The factor analysis presents a robust treatment of TDC, with better results than those obtained in other studies (see, for example, Dwyer et al 2004 pp. 96-97 Table 1).

The factor analysis shows that the data can be summarised for further applications using multivariate techniques in future research. The specific factors can be used by different destinations with diverse TDC focus, but in so doing it is important for them to acknowledge their interrelationships. Irrespective of whether the factor rotation is orthogonal or oblique, destinations cannot disregard factor interdependence. Such an omission would not conform to the notion of integration promoted by comprehensive TDC models (e.g. Crouch et al. 1999; Dwyer et al. 2003).

6.3 Establishing Quantitative Measures of Importance and Relative Competitiveness

Once the TDC framework comprising factors influencing TDC is established, the question becomes one of operationalising the model to test the competitiveness of Malta on the set of indicated factors. The literature indicates IPA as a strategic and operational tool, popular with tourism researchers and useful to decision-makers for identifying areas of priority (Levenburg and Magal 2005; Martilla and James 1977). Its diagnostic qualities and utility in combining importance and performance perception measures to provide useful marketing and management insights on the strengths and weaknesses of a competitive product, however, mislead empirical studies into believing that validity considerations can be ignored (Huan et al. 2001). Interpreting IPA results with the required confidence and adopting suitable management strategies to achieve competitive advantages depend on the validity of the methods used. This insensitivity to validity concerns is still commonplace, particularly in tourism studies, and has been noted in several pre- and post-2000 studies examined by Oh (2001) and the author (see Table 2.6 p. 50). Various researchers have called for extensions of IPA and improved validation of IP measures (Deng et al. 2008; Tarrant and Smith 2002). In line with objectives iii and iv, this study addresses these concerns before proceeding to applying IPA to assess Malta's competitiveness.

One of the objectives of the study is to construct quantitative measures that reveal the relative importance and competitiveness of tourism and business factors determining TDC (objective iii). The literature suggests several techniques based on statistical estimation and direct reporting measures of these constructs, but empirical studies are inconclusive as to which approach is the most valid. In general, tourism studies adopt one of the available techniques, disregarding validity concerns with serious consequences for the interpretation of results. To address these issues, this study develops and compares different measures of importance and performance to arrive at the most valid instruments, in both relative and absolute terms, which can be used to assess TDC on

the elements identified in the qualitative study. In doing so, it contributes to the methodological development of importance and performance measurement and IPA.

The question for this study is, therefore, to determine which of the statistically derived and direct methods is the most valid approach for measuring attribute importance and the relative competitiveness of that attribute. To obtain statistically derived importance weights, empirical studies often use either correlation or regression analysis or paired comparison techniques (Anderson and Mittal 2000; Chu 2002). Statistical estimates generate relative measures of importance because they are computed on data for all attributes (Van Ryzin and Immerwahr 2007). In this study, tourism and business-related factors are correlated with, as well as regressed on, an overall measure of competitiveness. Study results show that the statistical estimates are inadequate measures of relative importance. In all data sets, the coefficient of determination of the regression models are found to be low (R^2 = 0.25; 0.36), while none of the individual regression values can be interpreted with confidence ($p \geq 0.5$). Moreover, several beta coefficients have negative values (43% of tourism and 30% of business-related factors), contradicting the fundamental assumption that all attributes under study are important as established by the qualitative inquiry. Correlation analysis presents similar problems. Many studies note the occurrence of negative values when correlation or regression procedures are applied (Griffin and Hauser 1989, 1993). The study results confirm the difficulties most empirical studies find in practice to conform to the strict assumptions underlying regression procedures, particularly those of linearity and unbiasedness (Lowenstein 1993; Ting and Choy 2002). The strong presence of multicollinearity among attributes has a considerable negative effect on the predictive validity of the model and its ability to discriminate among attributes (Danaher 1997; Matzler et al. 2004). To circumvent these problems, the literature proposes conjoint analysis as an alternative orthogonal technique that can avoid multicollinearity and other problems associated with correlation and regression estimation of importance weights (Linberg at al. 2001; Thyne et al. 2006). However, the fact that it makes stringent demands on respondents who are required to make substantial evaluative judgements makes it appropriate for examining only a few variables (Haider and Ewing 1991). In spite of their apparent advantages, conjoint techniques are not recommended for works that involve several variables.

This study, therefore, focuses on direct methods for importance and performance measurement. The literature suggests that irrespective of which direct method is used, reported measures of importance are relatively superior to statistical estimates (Chrzan and Golovashkina 2006). Given the popularity of Likert scale rating (LSR) with respondents, most empirical studies use this method to measure both importance and performance in IPA (Bottomley et al. 2000). However, it is noted in the literature that, although the measure can have high convergent validity, its predictive validity and ability to discriminate among variables are consistently low (Neslin 1981).

The main reasons for the observed low validity include various biases ranging from social desirability to unawareness, fatigue, lack of response, lack of involvement and common method (Podsakoff et al. 2003), as well as procedures that elicit absolute rather than relative measurement of the constructs (Garver 2003). Whilst this study takes every step in the research design and procedures to minimise these problems, it also introduces a modified weighted partial ranking method (WPR) to IPA studies in tourism, as an alternative to LSR measurement of importance and performance.

Study results show that both LSR and WPR measures have high convergent validity ($\rho = 0.9$ and 0.8, $p \leq 0.01$ for importance; and $\rho = 0.8$ and 0.9 for performance; see also Tables 5.9 p. 189 and 5.15 p. 198). This corroborates the conclusions of empirical findings that have established high convergent validity for direct measures of importance (Griffin and Hauser 1993). However, WPR is found to be much better at discriminating among attributes. Using LSR, the spread among thirty tourism-specific attributes is only 1.71 units, and 1.4 for 30 business-related factors. On the other hand, applying WPR on the same factors results in a spread of 3.5 units and 3.4 units or almost 2.5 times that of LSR. Although LSR has always been utilised for performance measurement, this study recommends that performance should also be measured using the new method. Both LSR and WPR are found to discriminate effectively among attribute performances (range ≥ 2.5), but WPR performs better than LSR.

The superiority of WPR over LSR in among-attribute discrimination lies in the method and procedures applied. Study results show that in LSR measurement, even after adjusting for sampling error, importance ratings are always higher than the mid-point of the seven-point scale, suggesting that the respondents' views are consistent with the model. This validates the importance of each individual factor as established in the qualitative study. However, when the respondents are asked to rate the importance of attributes one by one, which attributes have already been identified as important by the qualitative study, this may induce respondents to rate attribute importances uniformly high. By contrast the WPR procedures require respondents to rank scores relative to the other variables by assigning their top five preferences, thus ensuring effective discrimination among attributes. Rather than using absolute frequencies or percentages to rank order the mean values of attributes, equation 2 and 3 in subsection 3.4.12.5 (p.118) [Eq. 2: $I_i = (n^{-1} \sum s_{ij})^{t/f}$ and Eq. 3: $C_i = (n^{-1} \sum s_{ij})^{t/f}$], which take into account the proportion of ranked attributes to the number of attributes as well as the respondents' order of preference, are used to measure both attribute importances and the relative competitiveness on these attribute. These procedures minimise the possibility of low discrimination among attributes and among IPA segments.

While the newly adopted IP measures are effective in providing better discrimination among attributes and improving the overall validity of the constructs, it does not necessary follow that they also attain high predictive validity. Several studies show an acceptable spread among attributes but achieve low predictive power (see, for example, Abalo et al. 2007; Enright and Newton 2004). For the study results to be of use to decision-makers, it is essential to achieve a high predictive validity. Thus, this study introduces further refined procedures to test and ascertain that the proposed importance and performance (IP) measures as well as the IPA framework have high predictive power in both relative and absolute terms. These are discussed in the next section.

6.4 Establishing a Valid IPA Framework and IP Measures

One of the study requirements is to provide a valid analytical approach that includes robust measures for assessing island competitiveness and identifying priorities for action (objective iv). IPA is identified as a potential suitable technique to achieve this objective but it requires substantive modifications. Tourism studies use various techniques that generally involve the scale-centred, the data-centred and the diagonal variants of IPA frameworks, as well as direct and indirect measures of importance and relative competitiveness. The question is which combination of models and measures offers a valid technique for predicting priorities for action. The tourism literature offers no practical insights as to the best valid combination.

One issue concerns the ability of these models to unequivocally classify variables within one specific segment of IPA space (Tarrant and Smith 2002). Any variable that falls on or is too close to either of the two axes affects the validity of the results. This study introduces a measure of variance and binary procedures as a validity check. While the study findings show that the variables in the data sets are largely unaffected after accounting for sampling errors, they also demonstrate the effectiveness of these validity measures in the interpretation of results. It is, therefore, strongly recommended that any application of quadrant models in tourism studies should in future always include a measure of variance and apply the binary procedures as suggested in subsection 5.7.1 (p. 201). It appears that some of these problems can be circumvented by the diagonal method which facilitates a smoother transition from high to low priorities (Eskidsen and Kristensen 2002).

There is little evidence in tourism literature to show that any of these models has been explicitly compared and validated. This study shows that the scale-centred approach allows for direct interpretation of results, but fails to discriminate successfully among various competitiveness elements since all attributes fall in only two quadrants (see Figures 5.1 p. 200 and 5.2 p. 202). The data-centred model has a wider spread of variables over the four quadrants in all data sets, but the model that uses WPR achieves the highest relative spread. The worst performer is the scale-

centred model that uses LSR (see Table 5.16 p. 204). The diagonal approach in which the iso-line passes through the centre of the data and applies the WPR method proves to be the most effective in discriminating among attributions and between IPA partitions (see Table 5.17 p. 207; Figures 5.5 p. 206 and 5.6 p. 208).

To assess the predictive validity of the models and IP measures, this study introduces, for the first time in IPA tourism studies, a direct measure of priorities, which also serves to derive the most accurate gradient of the diagonal lines (see subsections 3.4.12.3 to 3.4.12.4 pp. 115-117). Using this priority measure and dummy variables for different quadrants, several regressions procedures are applied. The gradient of the diagonal lines is derived by regressing different IP measures on the priority construct, using the equation: $I_x = - (a_p/a_1) P_x + (Pr_x - a_0)/a_1$, where $- (a_p/a_1)$ is the gradient.

Study results summarised in Table 6.4 clearly show that the diagonal method using WPR, not only has the highest predictive power relative to all other combinations of models and IP measures, but also has a desirable level of predictive validity in absolute terms ($R^2 = 0.79$ and 0.70 for both data sets). Although some IPA studies indicate a preference for diagonal methods and direct measurement of importance and performance, they have never formally assessed or achieved a satisfactory level of the predictive validity for their choice of model and IP measures.

Model	Measure	R^2	Adjusted R^2
Tourism Factors			
Scale-Centred Quadrant:	LSR	0.16	0.030
$PR_x = a_0 + a_1 Qs_1 + a_2 Qs_2 + a_3 Qs_4$	WPR	0.17	0.004
Data-centred Quadrant:	LSR	0.37	0.26
$PR_x = a_0 + a_1 Q_{d1} + a_2 Q_{d2} + a_3 Q_{d4}$	WPR	0.32	0.20
Diagonal Line:	LSR	0.65	0.62
$PR_x = a_0 + a_1 I + a_2 P$	**WPR**	**0.79**	**0.77**
Business Factors			
Scale-Centred Quadrant:	LSR	0.32	0.2
$PR_x = a_0 + a_1 Q_{s1} + a_2 Q_{s2} + a_3 Q_{s4}$	WPR	0.53	0.42
Data-centred Quadrant:	LSR	0.42	0.31
$PR_x = a_0 + a_1 Q_{d1} + a_2 Q_{d2} + a_3 Q_{d4}$	WPR	0.50	0.41
Diagonal Line:	LSR	0.65	0.63
$PR_x = a_0 + a_1 I + a_2 P$	**WPR**	**0.70**	**0.68**
$F \leq 0.05$			

Figure 6.4: Determination of Model and Measures Validity

This analysis shows that the importance of a well-designed and carefully implemented survey strategy can never be overestimated. It demonstrates the value of the process that in the first phase

identifies both tourist attractors, and business and management factors that determine TDC and, subsequently, in a second phase, assesses the destination's relative competitiveness on each salient factor in a combined framework. It establishes that the proposed IPA framework and WPR method can analyse TDC and generate valid and useful results.

By operationalising TDC and introducing various measures to validate IPA models and IP measures, the study makes a valid contribution to IPA methodology. On the basis of the analysis and research results, the study proposes various recommendations for utilising IPA to evaluate TDC. It recommends the diagonal method as the most appropriate IPA framework. It suggests the use of direct measures of priorities to establish the gradient of the diagonal line and to ascertain the predictive validity of the model. The regression and binary procedures discussed in the methods chapter facilitate this process. Equations 1 and 2 in section 3.4.12.3 (p. 116) are particularly valuable. The study also strongly recommends the use of the newly introduced WPR direct method for measuring both the relative importance of the attributes as well as the destination's relative competitiveness on these factors. Equations 2 and 3 in Subsection 3.4.12.5 (p. 118) and the binary procedures in Subsection 5.7.1 (p. 201) work quite well in this study. This method has shown that it can discriminate effectively among variables, avoiding the tendency of the attributes to concentrate in upper segments of the IPA space.

6.5 Malta's Relative Competitiveness and Priorities for Improvement

This section reviews the study results on Malta's competitiveness, discusses issues that are identified as major priority areas and provides suggestions and recommendations for improvement (objectives vi and vii). Although all the determinants of island competitiveness deserve attention and monitoring, this analysis focuses on priority issues. After reporting on the study's general findings, the discussion proceeds to examine first tourism-specific concerns and subsequently business and management priorities.

In the first exploratory stage of the study, a TDC model consisting of factors relevant to island competitiveness is grounded in the research participants' detailed descriptions. The conceptual model finds support from the extant literature and survey results which synthesise respondents' views in a factor analysis. Once an analytical framework is established and, together with the corresponding measuring instruments, is refined and validated, the study applies the model to assess Malta's competitiveness relative to Mediterranean competitor destinations on the set of identified TDC determinants.

Table 6.5 sums up the results for priority areas in tourism-specific and business-related factors, according to the size of the competeiveness gap (see Table 5.19 p. 213, Table 5.20 p. 215, and

Figures 5.7 p. 212, and 5.8 p. 214). From this table, it appears that, with the exception of cleanliness, the competitiveness deficiency gaps that business-related areas have to address are much wider than those of the majority of tourism-specific factors. Priority considerations in tourism-specific areas will be discussed first in section 6.4.1, while priority issues in business-related areas will be discussed in section 6.4.2.

Priorities in Tourism-Specific Factors		Priorities in Business-Related Factors	
	C - I		C - I
cleanliness	-0.27	marketing	-0.38
hospitality	-0.17	air accessibility	-0.35
quantity and quality of hotels	-0.17	quality of service	-0.33
visual appeal	-0.16	environmental quality/state	-0.32
sun, sea and beaches	-0.15	value for money	-0.31
relaxation/carefree opportunity	-0.15	price/cost	-0.25
accommodation mix	-0.11	state of the roads	-0.25
mix of entertainment	-0.11	quantity/quality of infrastructure	-0.19
island charm/exoticness	-0.10	destination awareness/image	-0.19
culture and history	-0.08	education and training	-0.16
mix of tourism	-0.05	public transport	-0.15
nightlife, bars and restaurants	-0.02	positioning/branding	-0.11
		environmental commitment	-0.10
		tourism planning	-0.05

I = Relative Importance; C= Relative Competitiveness; C– I = Competitiveness Gap

Table 6.5: Priority Areas for Enhancing Malta's Competiveness

6.5.1 Tourism Priorities

Study results have identified twelve tourism-specific factors that deserve immediate attention and resources to improve Malta's competitiveness (Table 6.5 and Figure 5.7 p. 212). Each priority area is discussed in turn, highlighting the extent of the problem and potential action for improvement.

Cleanliness

Cleanliness is one of those factors that are often used to benchmark a destination's relative competitiveness on aesthetic appeal (Kozak 2002; Ritchie and Crouch 2003). Malta's performance on this factor is so low relative to its perceived importance that it is assigned top priority status, requiring considerable resources to improve performance. Efforts to deal with this perennial problem have been dismally ineffective. In a public interview, the President of MHRA admitted that "you can see filth everywhere and we cannot seem to get a handle on it. Everyone knows it is a large problem, so that it is really surprising that nothing is done about it" (cited in Manduca 2008 p. 3). A culture change facilitated through civic education is required to change people's attitude to cleanliness in general. Legislation that regulates dumping and waste disposal is in place but it

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needs to be rigorously enforced through engagement of 'green wardens' deployed in both urban and rural areas. It also requires radical changes in waste management practices and greater capital investments in disposal facilities as well as waste collection and recycling.

Visual Appeal

In small islands, problems that impact the visual appeal of the destination are more visible and accentuated because of their smallness. Visual appeal is an attraction within its own right. Malta is endowed with attractive physiographic features that are unique to the Island. The countryside, albeit small, offers distinctive scenic beauty and landscapes that should be enjoyed by anyone who likes country walks. However, even in this case, prioritisation is in order, to preserve and protect the natural environment, and particularly nature reserves (Henderson 2001). Afforestation programmes can go some way to mitigate some of the environmental degradation caused by overdevelopment. Better management of sites is also called for. More importantly, the countryside should be made accessible to local ramblers and tourists to enjoy in safety without being hindered or threatened by illegal practices and behaviour of hunters and bird trappers.

Sun, Sea and Beaches

Malta cannot boast of sandy beaches that stretch for kilometres, but its bays and foreshore are among the most picturesque in the Mediterranean. The sun, sea, beaches and coastline are among the biggest attractions of island tourism (Agarwal 2002; Andriotis 2005). Malta underperforms when it comes to providing effective access, better facilities, and quality services. More resources and investment should be allocated to treat all sewage affluent before it is dumped into the sea and to ascertain blue flag quality status in all beaches. There is greater need for better beach management and the provision of more lifeguard services. The coastline is a natural attraction for thousands of tourists and consequently it has witnessed the growth of considerable infrastructural development and waterfront projects (McCarthy 2004; Tunbridge 2002). This requires shoreline management strategies that operate within an integrated, sustainable, strategic coastal zone planning framework (Azzopardi, Margeta et al. 2001; Jennings 2004; PAP/RAC 2005).

Island Charm/Exoticness

Malta needs to improve its perceived exotic and charm characteristics with which tourists associate the island. The problem is how to satisfy the preconceived, subjective, almost romantic imagery of peripheral and insular islands. Perhaps marketing efforts should focus more on the authenticity of experiences to generate a specific notion of island 'exoticness' or charm. Resources are needed to enhance the authenticity of island characteristics (MacCannell 1976; Selwyn 1996). Together with "wanderlust" motivation (Gray 1970), the search for cultural diversity and mental enrichment

(Graburn 1978), and "sunlust" appeal (Aguilo et al. 2005), authenticity can improve the exoticism and charm of the island as "the pleasurable periphery" (Markwick 2001).

Relaxation

Relaxation can be sought by tourists in places and with people and an island way of life that might be familiar as well as different from what they are used to. Relaxation depends on the tourist's perception of leisure and respite (Crompton 1979; Klenosky 2002). Traffic congestion, crowded places and a sense of insecurity are not conducive to peace of mind and carefree holidays. The choice to laze about, to participate in events or to enjoy a variety of entertainment are the means to offer added opportunities to relax and have fun according to one's tastes.

Entertainment Mix

Malta needs to improve on its mix of entertainment if it wants to enhance its competitiveness. Although Malta does have places of entertainment, nightlife, bars, restaurants, and casinos, what is missing is higher quality and diversity in the provision of these services to cater for all ages and tastes. Business opening and closing times, as well as public transport services need to be changed to make places of entertainments more accessible. An innovatory approach can be encouraged through minor adjustments such as making more use of local talent, giving prominence to traditional Maltese cuisine, and putting emphasis on the authenticity of products and services. Greater efforts and more resources are needed to upgrade and build new demand-oriented facilities and services (Hoffman 2003). The problem is acute when it comes to family entertainment venues, which is exacerbated in the winter months. Children's demands are influential on the family choice of the destination (Bronnera and De Hoog 2008; Thornton 1997). It is a question of broadening the base and offering something for everyone (D'Hauteserre 2000). The destination can derive a significant competitive advantage if it is adaptive to the market and entrepreneurial in its leisure investments.

Quantity and Quality of Hotels

The hotel and tourist accommodation sector is the backbone of the tourism infrastructure and is a decisive influence on tourists' perceptions and evaluative judgements on relative price and destination value for money (Papatheodorou 2002). This is considered a priority area that needs improvement for several reasons. Accommodation in Malta is rated according to a local star classification that is not consistent with other destinations' higher evaluation. This is a cause for concern because it does not meet tourists' expectations. Broken promises generate tourist mistrust and dissatisfaction. A more realistic classification that reflects quality standards generally expected of EU destinations, as well as stringent enforcement of established regulations can go a long way in mitigating these issues.

Accommodation Mix

The structure and composition of the accommodation sector also raises some serious concerns. Past polices have encouraged investment in five-star properties, leaving a supply gap at the lower levels (see Appendix A p. 301). This is aggravated by the derelict state of most of the four-star and lower properties that need urgent attention (De Marco 2010). New policies and incentives are necessary to have more four and lower star hotels that are innovative in meeting new demands (Orfila-Sintes et al. 2005). This can be instrumental in closing the supply gap in occupancy rates. The competitiveness deficit is evident in the accommodation mix. More investments should be channelled to provide greater choice in price, setting, service and amenities. Boutique hotels (Aggett 2007; Galea Debono 2010) and student accommodation (Klenosky 2002) are examples of developments that can take place at both ends of the market to meet unsatisfied demand. It is contingent on the accommodation sector to provide for tourists with different budgets, tastes and motivations.

Culture and History

Cultural and historical heritage is one of Malta's most important sources of comparative advantage. It is identified as a priority area that needs attention not because of any deficiency in the quantity or quality of the assets but rather because of serious concerns involving the stewardship, management and preservation of such a vast, rich patrimony. Considerable investments need to be directed into this area where greater emphasis should be placed on turning static inanimate evidence of various civilisations into live experiences that are appealing and comprehensible to tourists (De Marco 2010; Franklin 2003; Jolliffe and Smith 2001). The development of modern visitor centres, interpretation facilities, and tourist access should be given immediate attention. The cultural and historic wealth of Malta differentiates the Island from other similar sun and sea destinations. It is this distinction that should form the basis of branding and positioning the destination to maximise on its competitive advantage (Boyd 2001). More resources should be targeted at raising international awareness about the Islands' unique national patrimony and carving a strong niche in cultural tourism. This facilitates the process of product diversification and tourism mix to enhance TDC based on differentiation.

Mix of Tourism/Niches

Although Malta has been successful in promoting specific niches such as English language teaching for foreigners and diving, it needs to harmonise its resources and efforts to develop other areas such as medical, sports and marine tourism (Bell 2004; Connell 2006; Fearne 2008; Weed and Bull 1999, 2009). 'Tourism mix', while desirable (Novelli 2005), also raises some specific issues which should be given priority. A case in point is when a niche grows out of proportion and starts conflicting with other tourist segments. For example, the rapid growth of foreign students

studying English as a foreign language has raised serious national concerns with regards to their behaviour and their crowding out effect on mainstream tourism (Ameen 2010; Calleja 2007). While more attention should be given to intensify the creation of diverse niches, strict regulation and enforcement to ascertain the highest quality standards should be in place. In some instances, such as in medical tourism, uncontrolled expansion and a relaxation of standards can prove disastrous not only to the particular niche but also to the overall competitiveness of the destination.

Hospitality

Notwithstanding Malta's reputation for being very hospitable to strangers, signs of gradual deterioration in positive attitudes to tourists generate concern. Tourists generally expect to be treated with basic courtesy and friendliness. If they experience negative attitudes or hostile behaviour, it will impact on their overall satisfaction with the destination. It is the extraordinary experience of local hospitality that makes the difference between destinations (Ritchie and Crouch 2003). Few destinations can boast of differentiating themselves as being particularly warm and friendly and Malta is one of them, giving it a competitive advantage. Yet, with changing life patterns, work and communication practices, people have less time for other people (Black 1996; Boissevain 1996; Ioannides 2001). To aggravate matters, environmental groups as well as hunters and bird trappers are more vociferous in venting their anger against tourism, which is blamed for the degradation of the environment and the destruction of traditional sport and pastime. It is not surprising, therefore, that attitudes towards tourism are changing for the worse (Boissevain and Theuma 1998). Unless action is taken to preserve traditional hospitality values, this important characteristic of the population will be lost. Awareness campaigns highlighting the economic benefits of tourism can to some extent neutralise these negative attitudes. Encouraging tourists to participate in community life can also facilitate wider acceptance, consolidating genuine hospitality values.

6.5.2 Priority Issues Affecting TDC in Business-Related Areas

Study results point to fourteen business-related TDC determinants that require priority in resource allocation to enhance Malta's competitiveness (see Figure 5.8 p. 214). It is of concern to note that almost half of these priorities entail all the elements of the Maltese tourism value proposition (see Table 6.2 p. 227). Each of these priority areas is examined to identify the core issues and implications, as well as to put forward suggestions for improvement.

Destination Marketing, Awareness and Branding

Destination marketing is perceived as the area that most deserves attention and channelling of resources to achieve competitive advantage. It is considered the top priority requiring remedial action not only because it is the second most rated important factor but also because it is the

second worst performer, with the widest competitiveness gap (see Table 5.20 p. 215). Marketing, along with accessibility and product development, are the cornerstones of the MTA's strategy to achieve tourism success (De Marco 2008; Farrugia 2010). For a small island like Malta, marketing holds the key to make the island's existence known internationally, to promote its distinct attractions as a destination different from its competitors, to construct an appealing image, and to create an emotional bond between the destination and its visitors. It appears that, on all counts, there is room for significant improvement. One problem is that marketing has still to be conceptualised as a long term holistic strategy that needs to operate within long term budgetary frameworks. Malta cannot compete with the financial resources available to larger countries, but even within its limitations it should be very effective if it focuses on specific targets (Buhalis 2000), harnesses the efforts of all stakeholders to common strategic objectives (King et al. 2000), and adapts to the dynamics of the market (Prideaux and Cooper 2003).

A recent IPSO-MORI survey of news editors of UK dailies, specialist magazines, and television and radio stations on their perceptions of Malta shows that the UK media is almost as unaware about Malta as the British public (IPSO-MORI 2010). Consistent and focused marketing campaigns can be successful in raising the Island's profile by adopting creative and innovative approaches that utilise cost-effective technology and internet based platforms (Buhalis 2000). Tourism planning can be instructive if it is guided by a vision that is unequivocally clear on the choice for sustainable tourism. Policy statements that propose sustainable tourism and marketing strategies that manifestly favour an intensification of mass tourism serve only to generate confusion. Such ambiguities add to the difficulties of the destination in establishing a definite market competitive positioning and a recognisable brand. Unsuccessful attempts in the past to brand Malta shows that more expertise and resources are needed to address this deficiency. Branding is a long term endeavour that is part of a marketing stratagem to build emotional bonds with tourists through focused communication strategies. Admittedly, branding a destination that is rich in a diversity of attractions is a difficult task, but it is the means of instituting destination differentiation (Morgan and Pritchard 2002).

Air Accessibility
Air accessibility is the second most important area that requires special attention. Air services represent the gateway to Maltese tourism with more than 98% of tourists travelling by air. The key issue to tourism growth is, therefore, associated with ease of access to the destination. Low cost carriers are seen as the main thrust behind tourism growth (Forsyth 2006). LCCs are expected to contribute to market diversification, de-seasonality of tourism, as well as attracting higher spending tourists, and decreasing tourism's reliance on tour operator business. Since the government took the decision in 2006 to introduce price incentives for new routes to attract LCCs

to fly to Malta, destinations have increased to 76 from 54 in 2007. Tour operators now account for 45% of business, which is well below the 75% level in 2006. LCCs contribute significantly to overcoming the perceived weakness that destinations without LCCs have to bear. While LCCs may be instrumental in attracting younger and more affluent tourists to visit the Islands, so far there is no evidence to suggest that they are having a major impact on the type of tourist profile, or the seasonal spread (Graham and Dennis 2010). Length of stay has fallen slightly, while 1-3 day short-term breaks have risen marginally (NSO Malta 2008; see also Appendix A). While air accessibility deserves all the attention it can get, some of the concerns expressed by the research participants in the qualitative study are worth noting. Will LCCs simply crowd out legacy airlines in the long run?

The introduction of LCCs, while effective in enhancing TDC, raises two interconnected issues. One concerns a highly sensitive political subject concerning government's subsidisation of LCCs which compete with the national airline. This has to be seen in the light of Air Malta's obligation to be commercially viable, while having to operate loss making routes in the national interest, without any possibility of public subsidies which are prohibited by EU legislation (European Commission 2005). This situation is contributing to the company's huge losses expected for 2010. Addressing a convention organised in Malta by the Association of British Travel Agents, the Maltese Prime Minster insisted that Air Malta had to be financially viable without giving up on its important national strategic role. The question is how to find a balance between the legacy and LCC airlines (Schembri 2010). This is an issue that Malta has to resolve with urgency (Zammit 2008). The other issue concerns the dangers of tourism being vulnerable to market dominance by LCCs. While these problems are well articulated in The Tourism Policy for the Maltese Islands 2007-2011 (Ministry for Tourism and Culture 2006 p. 40), Ryan Air has a 20% share of the tourist market (Debono 2010). Any abrupt withdrawal of LCCs' services would seriously affect TDC (see Appendix A). These issues merit further research.

Environmental Quality and Environmental Commitment
After many years of serious disregard for the environment, lack of commitment and enforcement of regulations, as well as ignorance of the importance of the environment to tourism, it is not surprising that survey respondents and research participants view environmental quality and commitment as top priorities requiring immediate attention and resources. It is only recently that the link between tourism and the environment has been officially recognised and identified as one of the main pillars on which Maltese economic development is based (Office of the Prime Minister 2010). This important step needs to be followed by concrete action. Environmental planning and control need not only to be in place but also to be rigorously enforced. Fiscal incentives should be used to channel efforts and investments in initiatives that favour the environment such as waste

reduction, separation, and recycling as well as the application of cleaner sources of energy. Putting the environment first need not raise irresolvable tensions between tourism growth and environmental considerations. Education can go a long way towards finding a balance between the demands of building developers and hunters and bird trappers and local and international environmental groups. Pending environmental issues with the EU Commission, especially those related to hunting and trapping (Camilleri 2010), and which are giving high bad publicity to Maltese tourism should be immediately settled for good.

Price/Cost and Value for Money

Price competitiveness is a priority for Malta because it is one of the most important demand determinants (Song and Witt 2009). The price elasticity for Mediterranean tourism is relatively high as there is minimal product differentiation in sun and sea destinations (Mangion et al. 2005; Papatheodorou 2002). Malta, where production and distribution costs are comparable to EU countries, but where prices are restrained by stiff competition and tour operator market dominance, is not one of the cheapest destinations in the Mediterranean. Enhancing price competitiveness is understandably a top priority. Government induced costs and taxation certainly do not make the industry any more competitive. A 2% increase in VAT on hotel and tourist accommodation as from January 2011, in addition to substantial increases in energy costs, is detrimental to price competitiveness. A fragile international economy and severe austerity measures announced in the UK budget for 2011, as well as an immediate rise by 9% in tax on all travellers from UK to Malta, should serve as a stark reminder of the vulnerability of tourism to a government considering prematurely withdrawing any positive action or, worse, introducing negative practices towards tourism. UK tourism constitutes more than 30% of total tourist arrivals in Malta (see Appendix A). Hotels should strive to be much less dependent on tour operator business and encourage independent travellers to gain more control on price determination.

It is more congenial for the destination to focus on competing on a basis of value for money (Papatheodorou 2002). It appears that, even on this basis, there is a serious deficit that requires immediate action. The perceived worth of a tourism experience is the result of a subjective evaluation that involves both price and quality (Oh 2003). It is a complex outcome of product characteristics and human interactions that can differentiate one destination from another. It is this feeling of fairness which needs to be augmented in order to close the gap between the perceived importance of value for money and the observed level of performance. This is a "shared responsibility among the government, the trade, and private sector alike" (De Marco 2008 p. 11).

Service Quality and Training and Education

Service quality shares the top position in relative importance with air accessibility. In terms of relative competitiveness, it is almost as low, being ranked as Malta's third most important priority that requires considerable improvement. Several functional aspects of service quality need to be addressed: timeliness, expediency, efficiency and consistency in providing the product. One of the main issues is quality standards in hotel and tourist accommodation, especially in lower star properties. A reclassification of hotel accommodation that reflects more stringent quality standards in line with tourists' expectations is a step in the right direction to maintain competitiveness. It may be useful to use fiscal incentives and favourable financing schemes to encourage entrepreneurs to renovate and refurbish their old properties to meet the required standards. It is also the tourist's right to be more informed and in control of services on offer and efforts should be made to meet these legitimate demands. While it is relatively easy to set standards, and measure and control the service quality in utility aspects of the product, it is more difficult to objectively assess service quality that is needed to meet the emotive aspects of tourists' demand. It is important first to understand tourists' perceptions of service quality and then to find out what influences service quality (Gronroos 2007). Tourists want to feel valued and deserving of personal attention and genuine care. Competitive advantage is enhanced by differences in individualised services that are marked by a personal touch and an emotive response to tourists' needs (Briggs et al. 2007). In Malta this requires a culture change that can be facilitated by education and training. This factor acts as a catalyst for change and transcends many other TDC determinants.

Training and education are considered a priority because, while nobody denies its importance in improving labour productivity, opportunities for human resource development are restricted. Tourism needs an educated, well-trained, entrepreneurial productive workforce that makes the difference between international-level excellence and mediocrity. The private sector should take a leading role by facilitating the training and education of its employees. It should, together with public tourist agencies, take a partnership role in ensuring that educational institutions in tourism are properly funded and provide quality training programmes at all levels. A balance should be sought between vocational requirements and academic focus (Inui et al. 2006; Churchward and Riley 2002). International opportunities for educational, professional, and vocational experiences in tourism should be created and encouraged to expose the workforce to new ideas and attitudes that are necessary to meet the challenges of a complex and competitive environment.

Quantity and Quality of Infrastructure, State of the Roads, and Public Transport

Public infrastructure is earmarked as a candidate that needs action to mitigate deficiencies in particular sectors that are undermining Malta's TDC. Infrastructural deficits can be a source of serious inconvenience to tourists (Kim and Prideaux1999). Tourism growth depends on the quality

of the infrastructural services which need constant upgrading and maintenance to meet new demands (Prideaux 2000; Ritchie and Crouch 2003). Infrastructural development is directly related to the ability of public authorities to effectively engage in strategic planning and implementation processes that guarantee transparency and accountability. Sound financial and capital programming is a prerequisite to sufficient funding to see projects through efficiently and sustainably. This is where Malta has to make a quantum leap if it wants to address this supply-side deficiency. Tourism stakeholders need to have a voice in infrastructural decisions that affect them.

Two particular infrastructural features, roads and public transport, are in such a disastrous state that they are identified as among the worst performers in enhancing TDC. The Parliamentary Secretary for Tourism and the Chief Executive of the Malta Tourism Authority both acknowledge that road infrastructure and signage, together with public transport, are major areas of tourist complaints. This is confirmed in a recent EU consumer survey that lists buses and public transport as the top complaints by users in Malta. Poorly maintained roads create negative visual images that contrast with superior facilities elsewhere. Huge investments are necessary to upgrade the system. These investments are also necessary to accommodate the shift to more independent tourism where visitors are more inclined to make use of the roads. Similarly, after years of indecision, a long overdue major reform in public transport system needs to be implemented with urgency. This reform must take into account the modern exigencies of tourism, improving efficiency and connectivity among localities (Khadaroo and Seetanah 2007). It should provide a viable alternative to private transport, thereby reducing traffic congestion, air pollution and the shortages of parking spaces. It should not miss the opportunity to introduce a radical change in the culture of taxi drivers and bus drivers in favour of travellers. This is often the subject of endless criticism and numerous editorials in leading newspapers.

In the next section, these research findings and results will be summed up and reviewed from a broader perspective with a view to greater generalisability or transferability. Although stress is laid on the study's contribution to the understanding and management of island destination competitiveness, various caveats and potential future research possibilities are also examined.

6.6 Conclusion

Managing island destinations that depend almost exclusively on international tourist flows for success is an onerous task which is rendered more difficult by global conditions and resource mobility as well as a multiplicity of factors that influence competitiveness. While many factors impacting TDC are within the management capability of the destination, many other influences and forces are beyond its control. These problems are compounded by the fact that the responsibility and management for tourism success is fragmented among numerous players with

frequently divergent interests. Conflicting interests often require intricate efforts to foster stakeholder cooperation, compromise, and collaboration which can be achieved through greater participation in decision-making processes that affect them (Long 2002; Reid et al. 2004). Other issues, which include the availability of quality data, appropriate TDC indicators, and valid measures to diagnose problems and priorities remain a perennial feature of small island destinations.

In recent years, research on TDC has focused on advancing general comprehensive TDC models for developed or large economies. These models have largely ignored the requirements and particular features of small island destinations. Several studies point out to this research deficiency and suggest new efforts in developing and testing TDC frameworks based on competitiveness determinants that are relevant to small islands (Croes 2010). Island economies tend to have greater dependence on tourism for their growth and prosperity, making it more vital for them to identify the factors that determine the destination's competiveness, to assess the strengths and weaknesses of the destination, and formulate effective strategies to manage TDC to achieve sustained and sustainable tourism growth.

This study is an attempt to address the deficiency gaps identified in TDC literature (see Chapter 2). The research objectives evolved from the quest to fill in these gaps. The previous sections presented a synthesis of the research effort and how these objectives have been achieved. Research findings and results are discussed in relation to each particular objective, outlining in detail the conceptual, methodological, and empirical contributions, as well as the implication for research, policy making and practice. Suggestions, guidelines and recommendations are also offered in consonance with the specified objectives. In the next sections, a much broader view is taken of the study's overall contribution to competitiveness research. The study's limitations will also be discussed with a view to attracting more research interest in these areas.

Historically, this is the first study that systematically examines and assesses Malta's competitiveness on a large number of tourism-specific and business related factors. It is also one of the very few attempts to construct a comprehensive TDC framework with small island destinations in mind and to test it empirically by applying it to Malta. Thus, the study not only contributes to the competitiveness literature on Malta but also on Mediterranean island tourism and beyond.

The study initially adopts an exploratory approach (see Chapter 4) to identify the most important TDC elements and a competitiveness framework relevant to island destinations (see Figure 4.1 p. 123 and Table 4.1 p. 174). Although the literature provides exhaustive lists of factors that can

influence TDC, these enumerations are no substitute for the rich, revealing descriptions offered by the research participants. The emerging model and associated factors are found to be more congenial to the realities of small islands. In contrast to other TDC models, the proposed framework addresses the exigencies of small island destination, unambiguously stipulating *Value Proposition*, *Business Environment*, *General infrastructure* and *Environmental Management* as major competitiveness components of the model. Similarly, it highlights several other elements such as *island appeal*, *island charm*, and *sun, sea and beaches* as competitiveness elements specifically relevant to islands. By integrating *Core Tourism Resources and Attractors* with *Core Destination Business and Management* in a single model, it provides a holistic understanding of a destination's competitiveness. Thus, it contributes to a better understanding of TDC in small islands. It moves away from one or a few variable model elaborations and advances an integrative broad framework capturing many of the elements that impact island competitiveness. Considering the limited research on island TDC, this addition makes a significant theoretical and methodological contribution to the development of TDC conceptualisations. The robustness of the model is supported more formally by a factor analysis that substantiates the model's coherent structure among its components and constituent elements (see Chapter 5).

The TDC framework has practical implications for tourism agents who can use it for diagnostic purposes. It can be used to design strategies to enhance competitiveness. The research findings provide valuable insights on the most important factors that influence TDC so that these variables can be used to measure the relative competitiveness of islands, to identify comparative and competitive advantages, and to establish priority areas for improvement. The model is flexible enough to allow for performance monitoring over time, competitiveness assessment for different market segments, as well as for comparisons with competitor destinations.

In the literature, not only is there scant research on TDC modelling for small islands but also limited empirical support for extant TDC models (Dwyer et al. 2004). In the second phase of the mixed design, this study engages into survey research to examine and assess Malta's competitiveness based on the findings of the initial qualitative inquiry. Thus it contributes to closing the literature gap in empirical studies on TDC in small islands. In the process, it also addresses some important deficiencies in tourism and generic competitiveness literature by developing a methodology that operationalises the conceptual TDC model in a way that is theoretically sound and empirically valuable to researchers, industry practitioners and policymakers.

While the exploratory study underscores the value of understanding TDC determinants to inform policymaking on the kind of development that fosters tourism growth and prosperity, the

quantitative study goes on to rank and weigh the relative importance of the sixty identified attributes. Hospitality, culture and history, cleanliness, sun, sea and beaches, hotel accommodation and amenities are considered as having a determining influence on island TDC influence. Similarly, accessibility, service quality, value for money, marketing, and prices are viewed as top influences on competitiveness. Unfortunately for Malta, they are all top priority factors requiring urgent attention. Thus, the study moves from the mere inventorying of attributes, common in the TDC studies, to establishing a competitor set of island tourism in the Mediterranean, and to prioritising the several tourism-specific and business-related determinants. Study results show that island destinations in Spain, Cyprus, Greece and Italy are the closest competitors to Malta (see Section 5.5 p. 180). These findings are supported by other studies (e.g. The Communications Group Report 2010).

In operationalising the TDC framework and developing measures to assess Malta's competitiveness, the study attends to several methodological and measurement flaws pointed out by the literature. In spite of over three decades of wide application of IPA methodology, validity considerations have been largely ignored in tourism studies and generally overlooked in the general competitiveness literature. A strong contribution of this study is the establishment of an IPA method and IP measures that have high overall validity to enable results to be interpreted with confidence. Thus, the study introduces, for the first time in IPA tourism research, a direct measure of priorities as well as a modified weighted partial ranking method (WPR) for measuring importance and competitiveness. Similarly, it introduces statistical, regression, and binary procedures to rigorously test the validity of different IPA frameworks and IP measures. Study results show that the diagonal variant of IPA and WPR measures of relative importance and competitiveness are the best combination to achieve overall model and measurement validity. The refined IPA technique and measures developed in this study offer tourism operators a quantitative, theoretically robust method that is relatively easy to apply in empirical TDC studies. It can assist them in policy formulation, and strategic and operational implementation of resource decisions.

The general practical applications and implications for managerial practice largely derive from the study's results. The findings provide some guidelines to policymakers and decision-makers on resource allocation to enhance TDC. A destination that is committed to creating value and improving its competitiveness, benefits from knowing its weaknesses and strengths and deploying marginal resources to attributes that promise to have the greatest impact on TDC. Research findings show that the elements constituting core resources and attractors represent the main destination appeal. Major competitiveness failings in bequeathed and designed attributes, as well as particular island features are unlikely to be compensated by competitive strengths in other areas. As discussed in section 6.5.1, appropriate measures must be taken to address deficiency areas.

Although competitiveness on tourism-specific attributes is necessary to maintain TDC, it is not sufficient to ensure overall tourism success. Business and management considerations, as demonstrated in section 6.5.2, play a major role in achieving tourism growth. Research findings indicate that, without a distinctive value proposition that is tourist-centric in perspective, it is difficult to exploit the destination's comparative advantages and create the competitive advantages to distinguish the destination from competitors. For small island destinations, marketing and accessibility represent the lifeline to tourism. Long term marketing strategies are critical to putting the destination on the world map; creating images, emotive bonds and relationships; and communicating the destination to potential markets. Accessibility is, on the other hand, the physical gateway to tourism. Any problems in these areas seriously constrain overall TDC. No resources, not least financial, should be spared to find solutions when difficulties arise. Research results also point to the need for prioritising resources in favour of providing adequate public infrastructural services and efficient environmental management.

6.6.1 Limitations and Future Research

In the final analysis, the study has achieved its set objectives and contributed to the literature in small island tourism competitiveness. It provides island destination with a much needed TDC framework and factors for examining, diagnosing, planning, and communicating their competitive strategies. It provides valuable insights to Malta in optimising its resources and capabilities to match international tourist demand. The research findings can be of value to similar settings and provides a sound foundation for further conceptual, methodological and practical development. Nevertheless, some caveats are identified. These limitations can actually be a source of future research undertakings as discussed below.

1. This study has limited the focus of the inquiry to Malta primarily because of time and cost constraints. However, it should be pointed out that this is an initial study where a conceptual TDC model, based on competitiveness factors relevant to island destinations, is developed, and tested applying refined analytical techniques and used to illustrate its application. Nevertheless, this may limit the generalisability of the study results. Additional research is required to explore the applicability of the main research findings to other island destinations which may be sovereign states or dependencies, located in different regions, or are at different stages of development.

2. This study is based on 'expert' evaluative judgement which excludes direct input by tourists. It may be argued that at least some aspects of TDC, such as physiography, service quality, and hospitality can be measured directly by surveying tourists. It will be instructive if future studies can incorporate tourist input on some model components. Notwithstanding this limitation, as

discussed in Section 3.4.3 (p. 92), industry expert assessments closely reflect market realities since they not only know tourists' views but actually contribute to their formation.

3. The measures used to assess TDC are based on subjective criteria. Further research is needed to develop objective measures of competitiveness factors. The challenge is to combine subjective and objective measures of TDC determinants that can also serve to construct a realistic competitiveness index for small islands. Questions have to be resolved as to how 'soft' and 'hard' measures are ascribed weights in determining TDC. This endeavour will have to face the almost insurmountable problem of finding comparable, adequate, quality data on islands. A lack of available quality data can be a serious obstacle to future research efforts. A national and international collaborative concerted drive to help small island tourist destinations in developing satellite accounting for tourism can go a long way in mitigating this problem.

4. The research concentrates on evaluating TDC for tourism in general. Future research can focus on examining the relative importance of TDC determinants and assessing the relative competitiveness on these factors in specific tourist market segments. There is a need for empirical research to focus on particular TDC attributes, tourist tastes, and decision-making processes affecting destination choice for specific niche markets. This should serve to improve the destination's value proposition in its endeavour to match or exceed the wants of special interest groups.

5. The competitiveness of a small island destination is subject to a multiplicity of diverse factors. There are no specified TDC factors that are relevant to all destinations at all times. Thus, the study is limited by the number of factors comprising its TDC model. It will benefit from more intensive research into specific factors or components relevant to other small island destinations. There is scope for further research in this area as the identified factors of the TDC model are merely building blocks that may require further extensions.

6. The study gives substantive attention to identifying priority factors that need marginal resources to enhance TDC, but it does not go into the costs of resource deployment. Although prioritising areas for action has important implications for private and public investment resource allocation decisions, this should be followed by an evaluation of the cost-effectiveness of these decisions. Additional research is warranted on the efficacy and the cost-effectiveness of alternative investment strategies to achieve competitive advantage whilst improving destination competitiveness.

7. The assessment of TDC on a set of competitiveness factors is based on a cross-sectional design which captures respondents' views at a particular moment in time. Longitudinal studies that measure competitiveness over a longer period of time may be more instructive to tourism operators in defining structural elements that are affecting TDC.

8. Another caveat should be considered when interpreting IPA results. Factors that do not fall in the priority region may be easily construed as unimportant to TDC and considered a waste of time and effort. While it is logical to prioritise resources and focus on priority areas for improvement, it is irrational for the destination to ignore attributes which have a positive or congruent competitiveness gap. It is possible that, without a good performance on these factors, overall destination competitiveness deteriorates, especially if these attributes are basic requirements for tourism growth. Furthermore, over-performance on some of these attributes may indeed be desirable to surprise tourists or exceed their expectations, especially where product differentiation is minimal. This can have important implications for inter-sector and intra-industry resource allocation decisions. Further research can contribute to a better understanding of these issues.

It is evident that there is substantial scope for further research on TDC in small islands. In spite of the limitations outlined above, the study makes a significant contribution to knowledge. The conceptual framework emerging from the qualitative inquiry provides a credible and transferable guide for the analysis of TDC. The methodology and techniques employed in measuring competitiveness and priorities offer tourism stakeholders practical, comprehensible and, above all, valid instrumentation that can guide and facilitate the development of policies and effective implementation strategies. The study provides useful insights in the assessment of the destination's competitiveness level, in the identification of attributes that need improvement, and in the adoption of strategies that are conducive to strengthening its competitiveness position. Given the limited research in TDC in small islands, the theoretical, methodological and empirical contribution of this study, as well as the implications of the research findings for TDC and future research, may be of significant interest to researchers, policymakers and management practitioners.

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APPENDIX A

Malta's Competitiveness
Internal and External Comparisons
(Objective Measures)

Malta's Competitiveness
Internal and External Comparisons
(Objective Measures)

1 Introduction

In the previous analysis, the competitiveness of Malta as a tourist destination was empirically examined on a number of factors that emerged from an earlier qualitative inquiry. This chapter extends this study by providing a TDC assessment based on objective measures

Several statistical sources were consulted and used to conduct this quantitative stage of the analysis. Malta and Cyprus have been in the business of tourism for over fifty years and provide very reliable, comparable tourism data. More specifically, the study is based on the publications of the Malta National Statistics Office (NSO), mainly on regularly updated "*News Release*" bulletins, "*Malta in Figures*" annuals as well as occasional reports and surveys. Other official references include the Central Bank of Malta's (CBM) "*Quarterly Review*" and "*Annual Report*"; the "*Economic Survey*" of the Economic Policy Division of the Ministry of Finance and Economic Affairs; and special reports of the Research Branch of the Malta Tourism Authority (MTA). Similarly, data analysis on Cypriot tourism is based on The Republic of Cyprus Statistical Service (CYSTAT) publications such as "*News Release*", "*Tourism Statistics*" (quarterly and annual), "*Economic Statistics*" and other ad hoc publications. For regional and international comparisons, the study relies on the United Nations World Tourism Organisation (UNWTO) statistical publications and reports, particularly "*Tourism Market Trends*", and the "*UNWTO World Tourism Barometer*" reports. The UNWTO classification incorporates the Southern/Mediterranean Europe (henceforth referred to as the Mediterranean) as a sub-region of Europe. This classification has been retained for ease of comparison.

In the following sections, a statistical interpretation of performance measures is carried out to assess the competitiveness of Malta over time. Historical data is the basis for statistical prediction and estimation of future trends. Although time series analysis, regression prediction and econometric modelling are beyond the scope of this phase of the inquiry, none the less, a temporal analysis of Malta's performance is useful for a better understanding of what makes a destination competitive and in proposing corrective action. A set of well established quantitative measures are analysed and discussed in the following order: accommodation capacity, international tourist arrivals, market share by nationality, average length of stay, tourist departures by month, and tourism receipts. These are commonly used performance yardsticks for many destinations and are considered among the most important variables in the tourism demand literature. For example, Lim (1997), in his review of international demand models, found that 44% of the studies defined

demand by arrivals/departures, 42%, by expenditure/receipts, 8% by length of stay, and 6% by travel exports/imports.

While such an analysis provides a practical means of evaluating a destination's competitiveness on the strength of an internal assessment, this study also compares Malta's performance to that of Cyprus to obtain an external evaluation. Cyprus is ideal for benchmarking Malta's TDC. It is the only other sovereign island state in the Mediterranean that also shares many similarities with Malta. It has a comparable land area and population size, with tourist intensity equal to that of Malta. It is a mature destination based on mass tourism that makes a significant contribution to the economy.

The competitiveness of Malta and Cyprus is, furthermore, evaluated within a global and Mediterranean context. This provides an external assessment of TDC and a measure of their resilience to regional and global shocks to tourism development. (Supporting statistical data, tables and workings are provided in Appendix AA p. 326)

2 Accommodation Capacity

Accommodation capacity provides an important indicator of TDC as it reflects the destination's ability to provide an essential service to visitors. At the end of 2009, in Malta, there were 161 collective accommodation units licensed by MTA (NS0 2010). The industry is dominated by hotels which constitute 64% of all tourist establishments, providing 83% of the available 38,947 total bed capacity (see Table 1). Figure 1 shows the percentage share of tourist accommodation by category. Five and four-star properties represent more than half of the hotel accommodation sector and 36% of licensed tourist establishments. One-star units are nonexistent while two-star hotels make up only 6% of classified hotels. This suggests an imbalance at the lower end of the hotel classification.

% of Total Accommodation Units in Malta (2009)
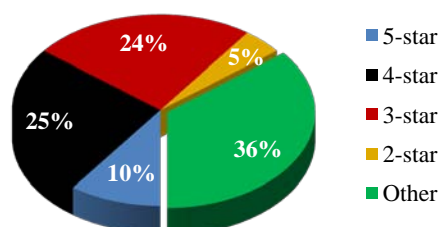
Other includes: aparthotels , tourist villages, hostels and guesthouse

Data based on NSO 2010

Figure 1: Structure of Accommodation Sector

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The number and structure of these establishments vary depending on the official tourism policy and the economic environment at the time. Overall, the accommodation sector has been contracting every year since 2003. The decline is significant in the lower hotel categories and other establishments but it is also evident in four-star properties. Although Malta is a mass tourism destination, the only increase in bed capacity came from the five-star sector which grew by three new properties in 2008, increasing bed availability in this sector by almost 48% on 2003 (see Table 1).

Table 1 shows the development of tourism establishments and bed capacity in Malta between 2003 and 2009.

	Year	2003	2004	2005	2006	2007	2008	2009
Hotels	**5-star**	13	13	12	13	13	16	16
	Beds	5,040	5,040	4,614	5,775	6,049	7,469	7,452
	4-star	47	44	41	43	40	41	41
	Beds	15,908	15,315	14,656	15,541	15,314	15,117	14,849
	3-star	53	45	50	48	43	39	39
	Beds	11,668	10,272	11,249	11,398	11,745	8,904	9,462
	2-star	18	16	11	11	10	8	8
	Beds	1,174	1,059	730	734	717	696	667
Total	**Hotels**	**131**	**118**	**114**	**115**	**106**	**104**	**104**
	Beds	33,790	31,686	31,249	33,448	33,825	32,186	32,430
Other*	**Total**	**79**	**76**	**65**	**64**	**60**	**59**	**57**
	Beds	8,333	8,084	6,767	6,754	7,004	6,743	6,517
All**	**Total**	**210**	**194**	**179**	**179**	**166**	**163**	**161**
	Beds	42,123	39,770	38,016	40,202	40,829	38,929	38,947

*Other includes aparthotels, apartments, tourist villages, hostels and other licensed units
** All = hotels + others
Based on NSO data 2003-2009

Table 1: Accommodation Capacity (Malta 2003 – 2009)

Investors continue to show an interest in five-star properties in spite of problems with bed utilisation, giving substance to the speculation that at the heart of this concern is real estate acquisition. The average occupancy rates have remained relatively stable for five-star at 56% of available beds compared to the consistently higher performance (65%) of four-star.

Figure 2 illustrates the occupancy rates for different accommodation categories for 2003-2009. It is evident from the bar graph that the highest performer is unfailingly the four-star category, achieving a peak occupancy rate of 68.4% in 2007. There seems to be an increase in the bed utilisation rate of the 2-star which is counterbalanced by the falling performance of the 3-star since 2007, receding to 32.6% in 2009 (Appendix AA, Table SC1).
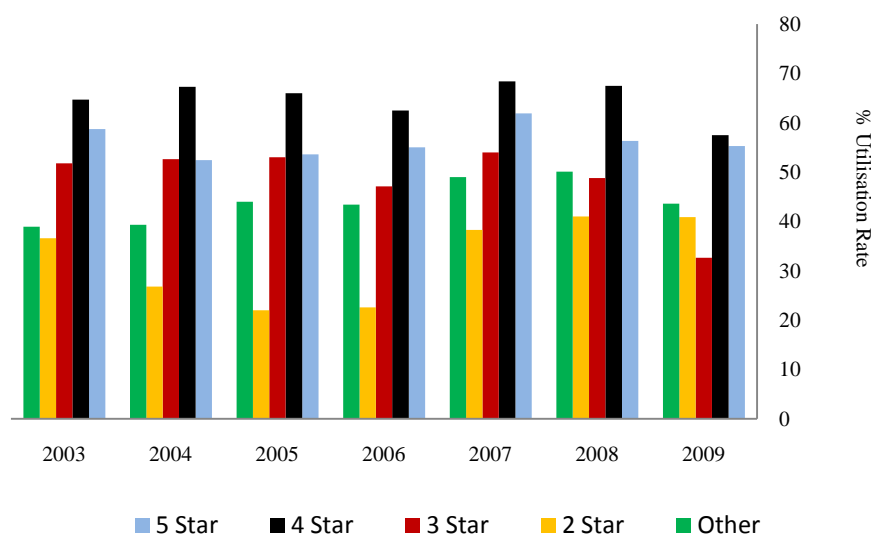
Based on NSO Data 2003 -2009

Figure 2: Bed Utilisation Rate (%)

Occupancy rates may not only reflect the business cycle, but also the quality of properties and their services as well as internal and external competition. When business is low, five-star hotels frequently reduce room rates to match four-star prices. Four-star hotels react by lowering their prices to compete. Other accommodation units are however, often unable to lower their already low prices so that they experience a fall in their bed utilisation.

By comparing Malta to the Mediterranean island state of Cyprus, one of its closest competitors, it is possible to understand better the similarities and differences in the structure of tourism development and efficiency in the accommodation sector and how they impact on their relative competitiveness.

In Cyprus, there are 855 licensed accommodation establishments of which 224 are classified as one to five-star hotels (25%) that provide 52,020 or 58.6% of the total bed capacity of 88,803 registered at the end of 2009 (Cyprus Tourism Organisation 2009). Other types of accommodation units consist of aparthotels, tourist villages, villas, apartments and camping sites. These figures suggest that there is a greater spread and variety of accommodation in Cyprus than in Malta.

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Although in both destinations hotels provide for most of the tourist accommodation, the market position of hotels in Malta is significantly more dominant than that in Cyprus (83% and 59% respectively). Such data sustains the view that Malta needs to diversify its accommodation sector to cater for different tourist preferences and pockets.

Figure 3 compares the performance of the accommodation sector in Malta and Cyprus between 2003 and 2009. It exhibits the total occupancy rates for residents and non residents as well as bed utilisation by tourists in both islands.

The total occupancy rates are slightly higher for Cyprus, reflecting its higher domestic demand because of a bigger population and larger distances in a bigger island. On comparing the bed utilisation by tourists after 2007, however, Malta performs much better than Cyprus. This can be explained by the overall greater fall in bed capacity in Malta between 2004 and 2009 (black bars) than that of Cyprus (green bars). The bed stock in Malta contracted significantly in 2004 and 2005 by 5.6% and 4.4% on the previous year, and expanded again by 5.8% and 1.6% in 2006 and 2007 to contract again in 2008 by 4.7%. By contrast, Cyprus experienced a gradual annual small drop in accommodation after an initial increase of 1.4% in 2004 on 2003 (Appendix AA, Table SC2 p.327).
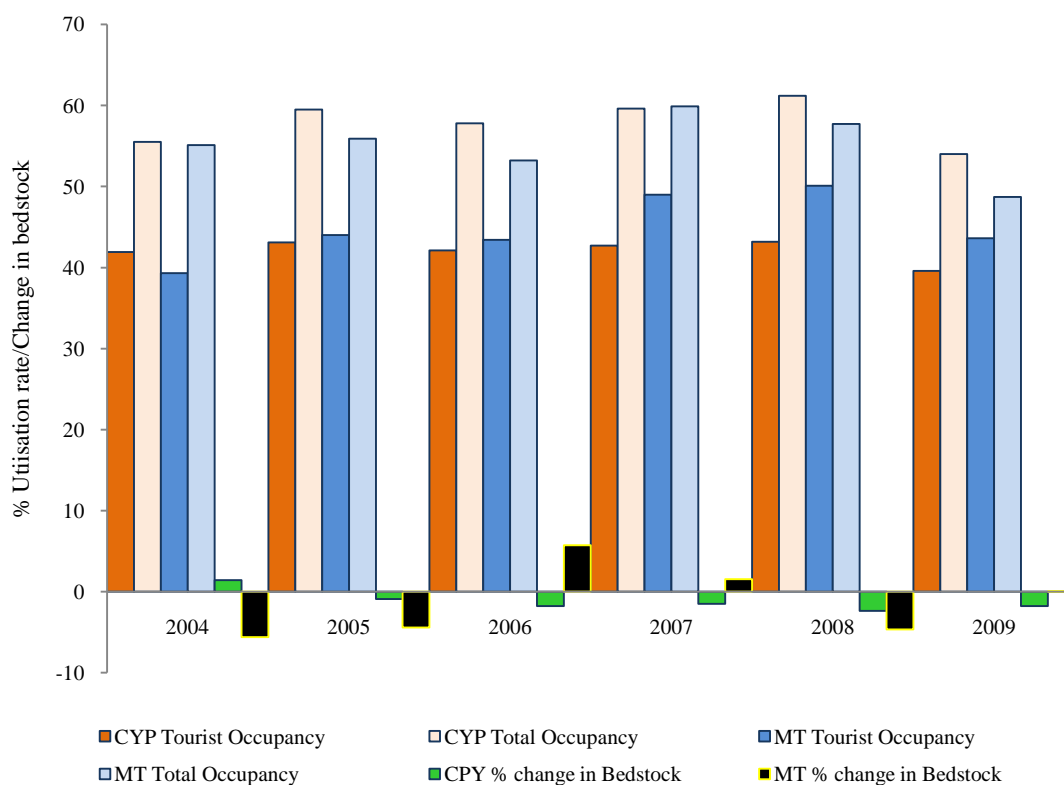
Based on NSO and CYSTAT 2004 – 2009

Figure 3: Occupancy Rates vs Accommodation Capacity (Malta/Cyprus 2004 - 2009)

It is impossible to have a balance between accommodation capacity and utilisation because of the seasonal nature of tourism, but a better accommodation structure reflecting tourist demand assists in closing the gap.

3 International Tourist Arrivals

The volume of tourists visiting a destination is by far the most popular means of measuring its competitiveness. The performance of a destination is frequently linked to the specific nature of tourism of the destination, its attractiveness, its efficiency in doing business and its national policies and strategies to respond effectively to extenuating market conditions. Tourism success, however, is always subject to international demand and economic cycles.

Over the last decade, Malta has received an average of 1.2 million tourists annually. The negative trends in tourist arrivals in 2001, 2002 and 2003 (-5.5%; -1.1%; -1.2%) were partly due to the prevailing adverse economic conditions in source markets as a result of the war in Iraq, the withdrawal of Malta from the core business of a dominant international tour operator, and the withdrawal of air services by a major airline. The following two years (2004-2005) saw a reversal of this trend due to a more buoyant world economy and a more diversified tourist market. However, price hikes in the energy sector and cut-throat price competition from emerging Mediterranean destinations and Eastern European countries resulted in a slump in tourist demand (-4%) in 2006 which registered 1,124,233 arrivals. This negative result was compensated by a significant increase in demand in 2007 and 2008 (10.6% and 3.8%) mainly attributable to the expanded operations by low cost carriers (LCCs) which provided easier access to the Island. Unfortunately, the financial crises and the global economic recession that followed wiped out these positive results in the third quarter of 2008 and the first nine months of 2009. In 2009, Malta experienced its worst year in a decade, losing 107,844 tourists or 8.4% of its total demand in a single year.

An analysis of tourist arrivals provides an internal measure for assessing Malta's competitiveness. An external evaluation of its competitiveness can be obtained by comparing Malta's performance to that of Cyprus.

Figure 4 shows the trend in tourist arrivals and the performance of Malta and Cyprus during this period, measured by the percentage change in arrivals over the previous year. It can be seen from this graph that the tourism demand is characterised by big dips in Cyprus contrasted with sharp peaks in tourism arrivals in Malta. Cyprus, over the last decade, lost 545,000 tourists, a 20.3% drop in its total arrivals compared to Malta's loss of 33,000, a 2.7% decline. It also appears that in

the 2009 tourism crisis, Malta fared better than Cyprus which lost 262,557 tourists, or 10.9% of its demand compared to Malta's loss of 8.4% (Appendix AA, Table SA1 p. 327). The relative competitiveness of Malta and Cyprus has to be examined within the regional and global context of tourism development.
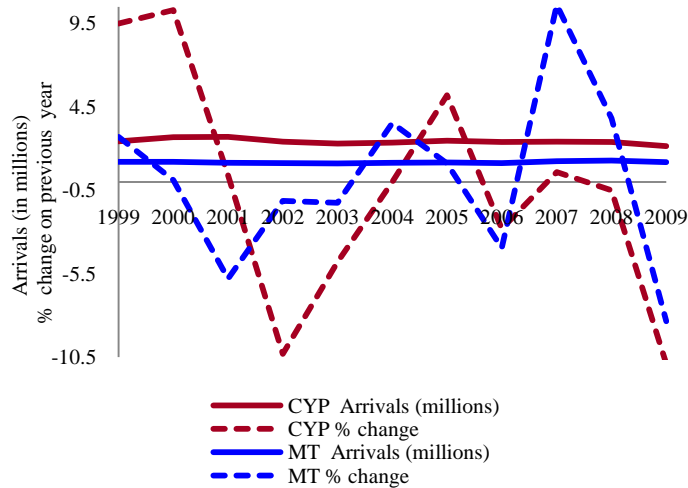
Based on NSO and CYSTAT data 1999 -2009

Figure 4: Tourist Arrivals and Performance in Malta and Cyprus (1999-2009)

Figure 5 shows the growth of global tourism in absolute terms (Appendix AA, Table SA2). It also projects Europe's share of the world demand as well as European Mediterranean's performance as a sub-region of Europe.
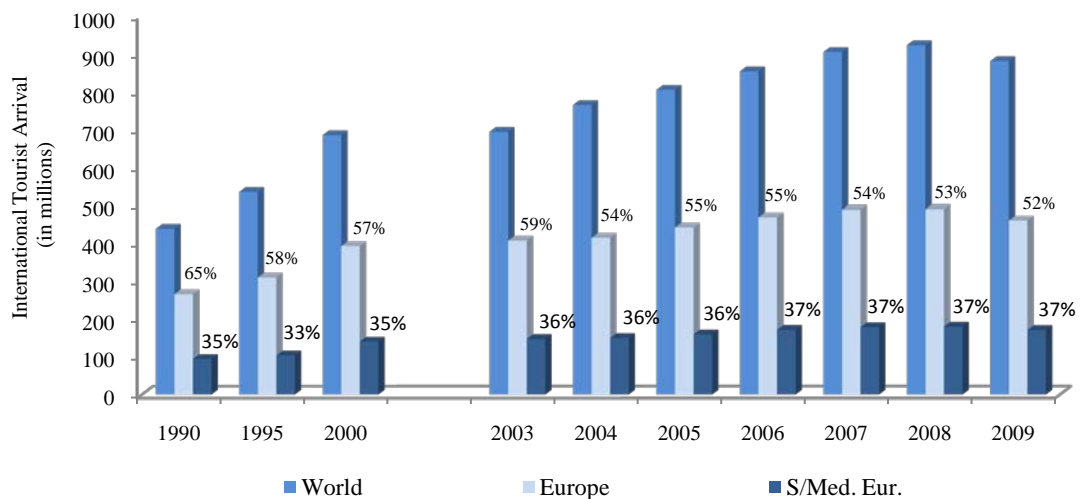
Based on UNWTO data 1990 -2009

Figure 5: International Tourism Growth

It is evident that Europe is the most popular tourist destination in the world, receiving more than half of the world's international tourists. As new destinations emerge in Africa, Asia and the Americas, its share is gradually declining, and it is estimated to fall to 45% of total arrivals by 2020 (UNWTO 2009). However, it will still remain the dominant tourism region.

Figure 6 shows Malta's and Cyprus' international tourist arrivals and their market share of Mediterranean, European and World demand. Tourist arrivals in Cyprus have averaged 2.3 million annually between 2003 and 2009, which is almost twice the annual average of 1.3 million arrivals in Malta over the same period. However, this should not be taken as a measure of their relative competitiveness. In the case of both Cyprus and Malta, both islands welcome on average an annual tourist population three times their resident population.
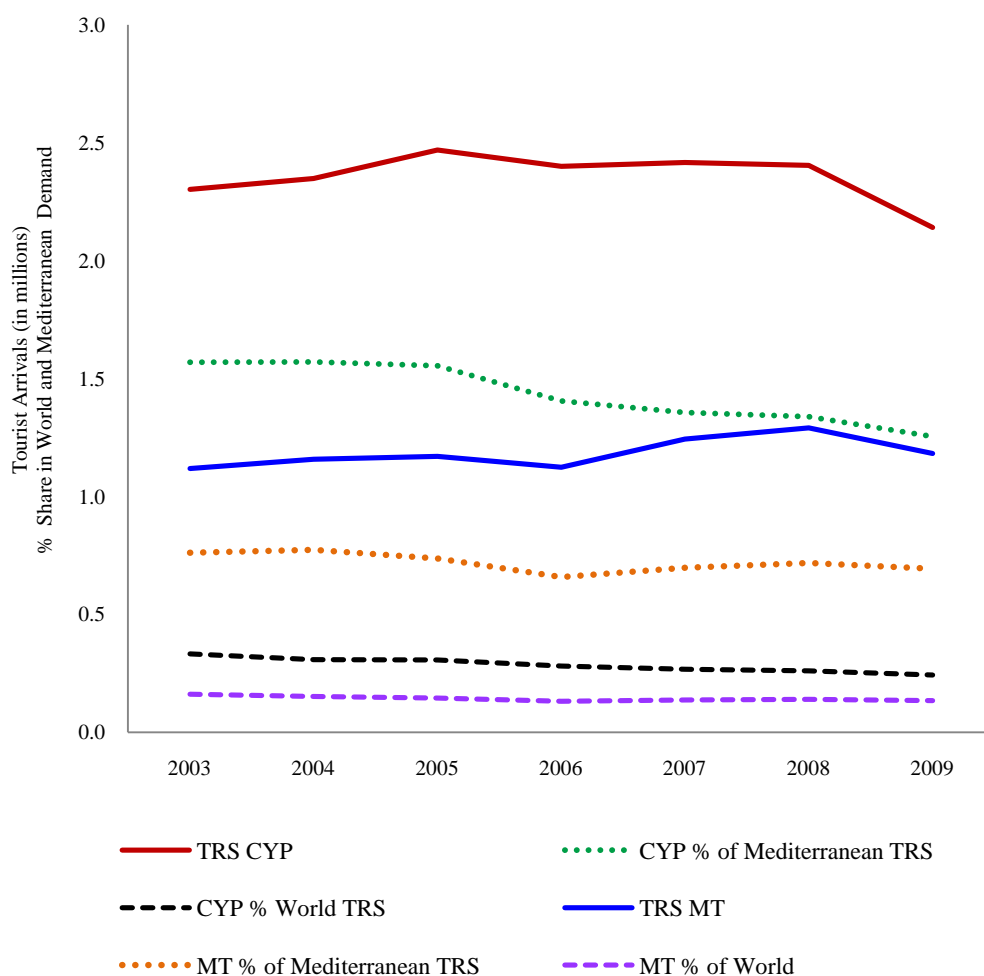
Based on NSO and CYSTAT data 2003-2009

Figure 6: Market Share of Tourist Arrivals - Malta and Cyprus (2003-2009)

Malta's and Cyprus' competitiveness can be measured by analysing their relative market share in Mediterranean and world tourism (Appendix AA Table SA3). From Figure 6, it can be deduced that between 2003 and 2009, Malta managed to defend its 0.14% and 0.72% share of Mediterranean and World tourism, respectively. Cyprus is experiencing a small but gradual decline in its market shares. As international tourist arrivals continue to grow, Malta's and Cyprus' share in total demand is not expected to grow significantly because their small size restricts their capacity for further growth. These considerations support the thesis that tourism development in these islands should be based on sustainable growth. It appears that Malta and Cyprus are capable of attracting and maintaining 1.2 and 2.3 million tourist annually, respectively, and should concentrate their resources on appealing to better quality, higher spending tourists.

Figure 7 exhibits the corresponding growth paths of Malta and Cyprus, Europe, and the Mediterranean. Market growth rates are shown as percentage changes on the previous year.
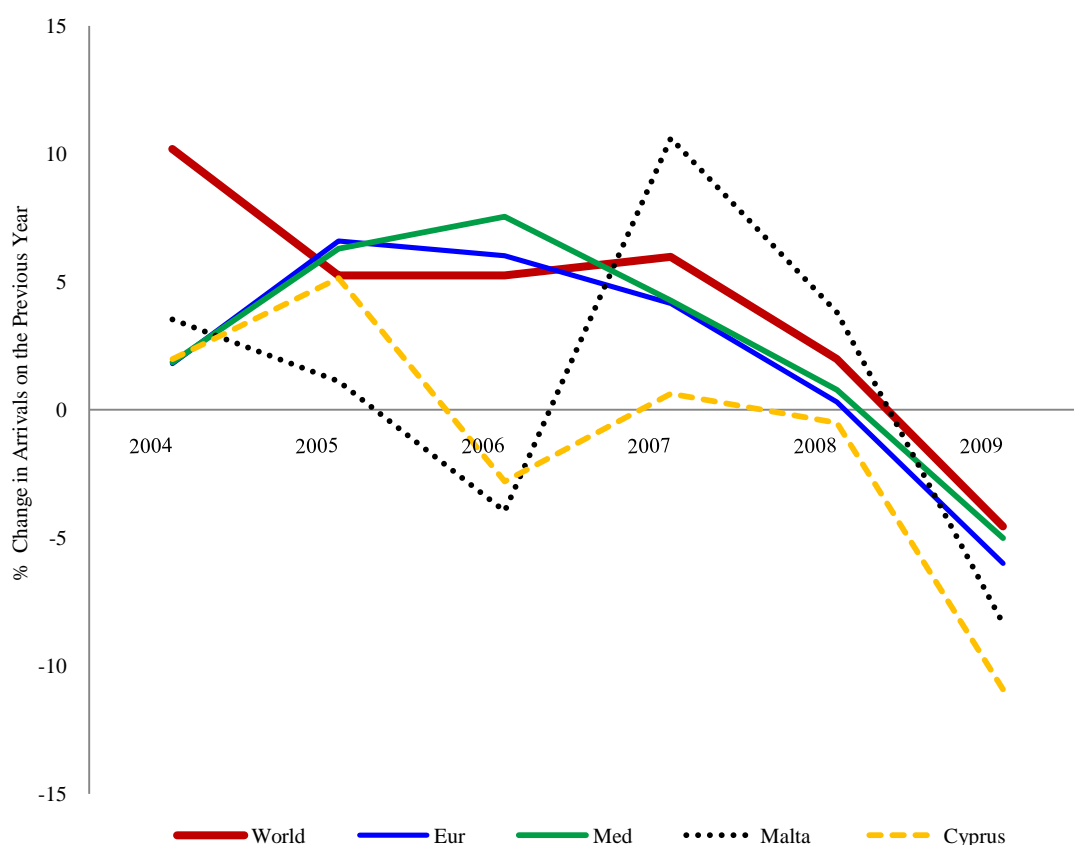
Based on NSO Malta, CYSTAT 2004 – 2009 and UNWTO World Tourism Barometer data 2008 - 2009

Figure 7: Growth Patterns in International Tourism Demand

The pattern of international arrivals growth is a reflection of the global economic cycle since tourism is a derived demand. Europe and the Mediterranean follow world demand patterns as they constitute significant components of the world tourism market. Malta and Cyprus are influenced by the particular phase of the demand cycles, but because they are small destinations and more vulnerable to external shocks, they experience bigger troughs and booms in their tourism demand.

World tourism has been in constant positive growth except for 2009 which saw a sharp decline of 4.5% in international arrivals. This change in direction appeared in the second half of 2008, reflecting the volatile world economic conditions brought about by the financial crisis and the subsequent economic recession aggravated by sharp rises in oil and commodity prices as well as large exchange rate fluctuations. Europe was the worst hit, experiencing a 6% fall in tourism demand, although the Mediterranean suffered a lower loss of 5%. Malta and Cyprus experienced a major drop in tourist arrivals, even if Malta performed better than Cyprus (see Appendix AA, Table SA4 p.327).

Fortunately, the first signs of a trend reversal appeared in the fourth quarter of 2009 which were confirmed in the first six months of 2010. In view of an anticipated recovery in the global economy, albeit a slow one, the UNWTO World Tourism Barometer (June 2010) predicts a 3-4% growth in global tourism. These positive trends are also reflected in Maltese and Cypriot statistics.

Malta and Cyprus have shown themselves to be quite resilient to external shocks. A crisis almost invariably acts as a catalyst for change and immediate action. For example, in Malta, it engendered greater synergy and cooperation among industry stakeholders. An appropriate and legitimate fiscal stimulus was immediately introduced and greater emphasis is being laid on sustainable tourism, cleaner renewable energy, and greener environmental technology. Unfortunately, economic constraints, particularly public deficit concerns can act as effective pressures to dilute these positive attitudes and practices gained in times of crises. The volcanic ash crisis in Europe in early 2010, a fragile global economic recovery, security threats, and simmering world pandemic diseases (such as A [H1N1]) should serve as a stark reminder of the vulnerability of tourism to these phenomena before premature withdrawal of positive action towards tourisms is considered.

4 Tourist Departures by Nationality

An analysis of the distribution of tourist arrivals by nationality provides the means of assessing Malta's competitiveness in specific market segments and their performance over time. The relative importance of major source markets will be discussed first, followed by an evaluation of tourist departures of selected markets over the last decade. Malta's competitiveness in key markets will be benchmarked against Cyprus' performance.

4.1 Market Shares by Nationality

The three most important markets that have accounted for more than 60% of all tourist arrivals in Malta since 1990 are the UK, Germany and Italy. The UK represents the highest demand for Maltese tourism and has dominated the market for the past fifty years. The Island's dependence on the UK has prompted several marketing initiatives to diversify its tourism. Although marketing strategies are instrumental in reducing the imbalance, external factors such as exchange rate fluctuations, energy prices, and emerging markets have a considerable impact on the structure of a destination's tourism demand.

Comparing the first decade of the new millennium to the 1990's, one notes a definite shift in market shares. In 1990, the UK was the top market accounting for 51.6 % of all tourist arrivals (450,000 tourists), followed by Germany 14.9% (130,200) and Italy 7.3% (64,000). By 2009, 415,300 tourist arrivals were recorded from the UK, a 16.5% fall on 1990. Simultaneously, Italy overtook Germany as the second most important market with a 6.1% rise, as German demand declined by 4.5%.

Figure 8 shows the percentage market share by nationality between 1998 and 2008. During this period, the UK has remained the largest market.
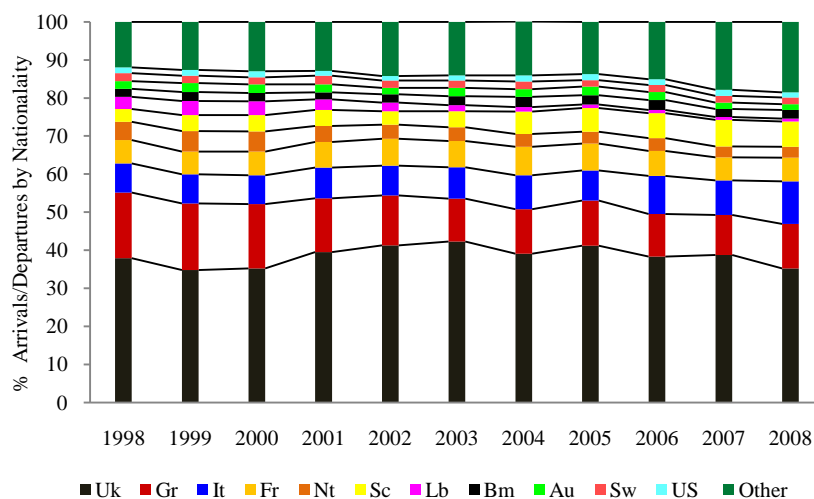
Based on NSO data 1998-2008

Figure 8: Market Share by Nationality (1998 – 2008)

Arrivals from Germany (Gr) declined and in 2008 it represented 11.7% of Maltese tourism. Italy (It) facilitated the diversification process as it consistently showed growth in its market share (except for 2007) to almost equal that of Germany in 2008. While the demand from France (Fr) was fairly stable, the Dutch market (Nt) contracted, though arrivals increased slightly by 1% in

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2008. The latter's decline was compensated for by the persistent rise in the Scandinavia's (Sc) market share which made up 6.6% of total demand, a mere 0.4 % less than the peak of 2007.

Libya (Lb), Belgium (Bm), Austria (Au), Switzerland and the US showed clear signs of decline over this period. Spreading tourism to more nationalities is a major step in achieving diversification. Arrivals from nations other than the key source markets demonstrated a persistent rise, increasing their share of the market by 18.5% on 1998 (Appendix AA, Table SDN1 p. 328).

4.2 Tourist Arrivals/Departures of Selected Nationalities

In analysing tourist arrivals by nationality, some factors impacting a destination's competitiveness are either global in nature or specific to a particular market segment. Malta depends for more than eighty per cent of its tourism on the European Union area (Appendix AA, Table SDN2 and 3). Figure 9 shows the growth in tourist arrivals from selected nationalities.
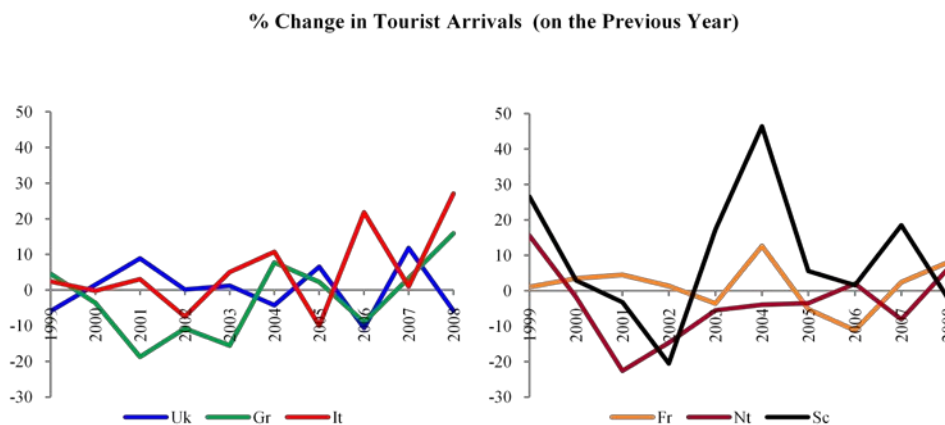
Based on NSO and CYSTAT data 1999 - 2008

Figure 9: Comparison of Tourist Arrivals by Nationality

Since 2000, UK arrivals have always shown a positive increase on a year to year basis, except for 2004, 2006 and 2008. In 2001, Malta experienced a fall in tourist demand from all its major markets except for France, Italy and the UK which performed better than other EU economies (Appendix AA, Table SDN4).

Arrivals from the UK stood at almost 466,800, an 8.9% increase on 2000. However, arrivals from Germany and the Netherlands amounted to 166,400 and 49,700 tourists respectively, a significant drop of 18.7% and 22.6% on the previous year. During this period, a major German tour operator decided to drop some of its destinations from its business, which included Malta. This adversely affected the number of German visitors to the Island. The incident highlights the vulnerability of the tourist industry that depends on a few major tour operators for business and the need to

diversify its sources of business. The large fall in Dutch tourists was notably due to the National Dutch Airline's decision to stop its operations to Malta. This demonstrates the strategic importance of air accessibility to island tourism and the need for diverse airlines and routes to counter the risks associated with over reliance on single carriers for bringing tourists to the Islands.

This negative trend continued in 2002 and 2003 with further declines in tourist arrivals of 10.85% and 15% from Germany and 14.7% and 5.5% from the Netherlands. Malta was still suffering the effects of its exclusion from Frosch Touristik packaged tours, at a time when it had to face stiff competition from Croatia and Spain which were offering extremely cheap holiday packages. While the economic conditions in Germany were still subdued, the UK economy seemed to have recovered from the effects of the war in Iraq. Thus, the influx of UK tourists continued to increase by 1.2% on 2002. A significant rise of 17.3% in tourist arrivals from Scandinavia and a 5% in Italian visitors were the only other positive results recorded for 2003.

In 2004, the strong euro and cheaper transatlantic flights diverted some tourism from the Mediterranean to non-European destinations. Tourists from the UK declined by 20,000, or 4.3%, to 453,000 persons. However, for the first time since 2000, German arrivals increased by 9,800 to 135,200 tourists or 7.8% on 2003, partly attributable to a single German travel agency bookings. An upsurge in Swedish tourists raised Scandinavian arrivals by 46.4% to 68,900 visitors. A strong marketing campaign in France was also instrumental in registering a 12% increase in French tourists, reversing the negative trend in 2003. Italian demand continued to increase by 10.7%, reinforcing its position as the third most important market.

UK arrivals recovered in 2005 with an increase of 6.6% on the previous year. The positive trend in German tourism was sustained while French and Italian and Dutch demand contracted. Scandinavian arrivals persisted in rising, offsetting some of the loss in other markets

The year 2006 was characterised by a hike in energy prices which saw a reduction in tourist arrivals by 10.6%, 9% and 11.1% from the UK, Germany and France respectively. At the same time, intense price competition from relatively new destinations in Mediterranean countries, such as Morocco and Tunisia, Turkey and Croatia, as well as Eastern European countries, had an impact on all traditional markets. The operation of LCC airlines and new routes, however, helped to sustain the growth of Italian tourism which reached 92,400 tourists, an increase of 21.8% on the previous year.

Intensified LCC operations, increased flight frequencies, and new routes in traditional markets were closely associated with the recovery in tourist arrivals from all source markets in 2007.

Tourist numbers recorded from the UK and Scandinavian countries reached 482,600 and 87,300, respectively, an increase of 11.8% and 18.5% on the previous year. The weaker performance of the German market based on a 3.4% increase in arrivals on 2006 was partly due to insufficient seat capacity, resulting from the withdrawal of chartered operations in 2006. The launch of a new German LCC in mid-2007 helped to remedy the situation in 2008.

The positive trend in 2007 continued in the first three quarters of 2008 aided by greater and cheaper accessibility by air to the Islands. Arrivals from Germany were registered at 150,800, an increase of 16% on 2007. Italian tourists amounted to 144, 500, or a 27.1% increase. A strong euro against the sterling, a lower consumer demand, following a fall in house prices, and the uncertainty surrounding the financial markets contributed to a 5.8% drop in UK arrivals.

The final quarter of 2008 was indicative of the world financial crisis and the economic recession fallout on tourism. All source markets continued to decline in the first nine months of 2009, and the situation could have been worse if markets had not started to recover in the fourth quarter. At the end of 2009, international arrivals dropped to 1.29 million tourists, an 8.4 % fall on 2008 figures. The UK, German and French demand contracted by 8.5%, 18% and 10% respectively, though 14,600 more Italian tourists visited Malta.

Comparing Malta to Cyprus offers an external benchmark to assess the level of competitiveness of the destination. For many years, the UK and Germany have been the dominant source markets in both islands, as in many other Mediterranean destinations. Figure 10 compares the market shares of the top four tourism source nations in Malta and Cyprus in 2009. While the UK, Germany, Italy and France are the key markets in Malta, providing approximately 65% of total arrivals, the UK, Germany, Russia and Greece represent the core sources for Cyprus, contributing to almost 70% of the total tourism demand.
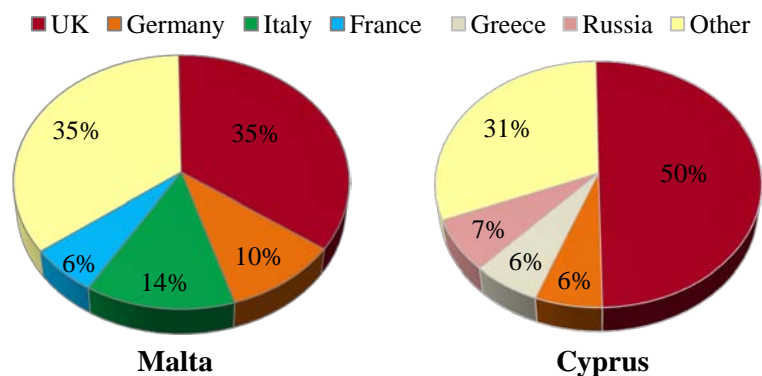
Based on NSO and CYSTAT data 2009

Figure 10: Comparison of the Main Markets in Malta and Cyprus in 2009

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The Cypriot tourist industry relies heavily on UK arrivals, making it extremely vulnerable to a single source destination for its success. The UK demand constituted 50% of arrivals in 2009 but, since 2000, it averaged more than 54% on an annual basis (Appendix AA, Table SDN5 p. 329).

While Malta has managed to considerably diversify its industry in the past two decades, Cyprus has remained precariously exposed to the fortunes of the UK demand.

Figure 11 illustrates the relative dependence of both islands on the UK and German markets and shows that Maltese tourism is better spread on a mix of diverse markets (55%) than Cyprus (44%) (Appendix AA, Table SDN6 p. 329).
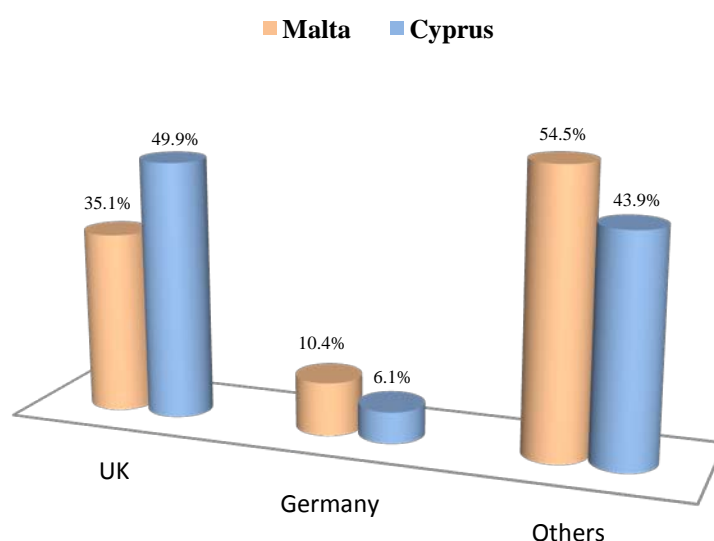
Based on NSO and CYSTAT data 2009   .

Figure 11: Market Dependence in Malta and Cyprus in 2009

Comparing tourist arrivals from the UK and Germany in both islands since 2000 indicates that Malta is more resilient to fluctuating market conditions, and is internationally more competitive than Cyprus.

Figure 12 shows the change in tourist arrivals expressed as a percentage on the previous year between 2000 and 2009. While peaks in UK arrivals are more pronounced in Malta, troughs are more severe in Cyprus. Since 2000, the UK market in Cyprus declined by 21% to 1,069,200 tourists in 2009, with the heaviest decline in arrivals, 14%, experienced in 2009. In spite of the reduction in the UK's market share of its tourism, Malta only lost 13,000 tourists, a drop of 3% over the same period. In the world tourism slump of 2009, Malta managed to contain its percentage losses in this market to almost half that of Cyprus.

If German tourist arrivals are compared in the two islands, Cyprus again proves to be less competitive than Malta. It is evident from Figure 12 that Malta and Cyprus face stiff competition from other Mediterranean destinations for this market. The decline in German demand was more volatile and sharper in Cyprus than in Malta. Since 2009, Cyprus lost 44% of its market or 102,500 German tourists with arrivals totalling 131,200 in 2009. Cyprus minimised its losses in 2009, suffering a minor deficit of 0.7% in German arrivals compared to the Malta's 18.5% loss.

Based on NSO and CYSTAT data 2000-2009
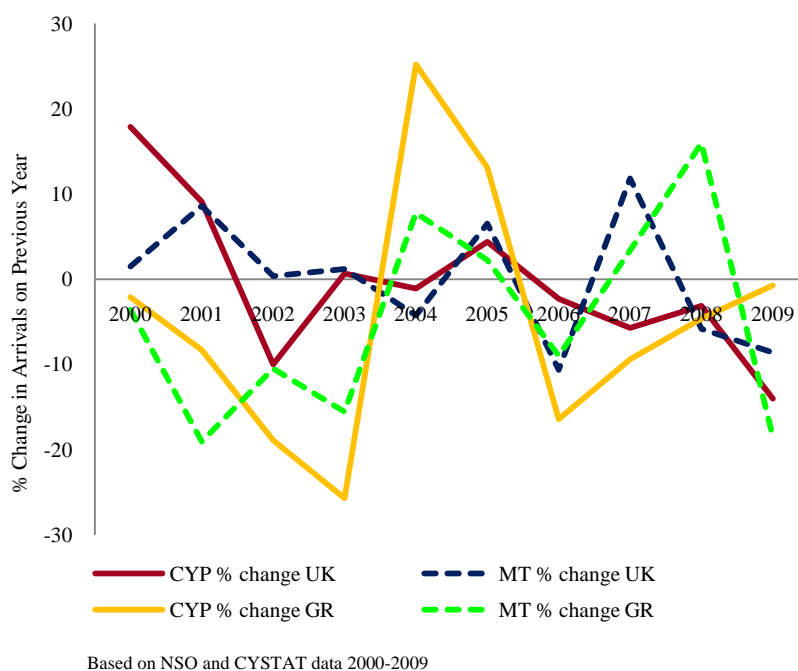
Figure 12: Arrivals by Nationality in Malta and Cyrus (2000-2009)

However, overall Malta performed slightly better because arrivals from Germany dropped by 40% or 81,800 since 2000, with the number of recorded arrivals reaching 122,900 in 2009 (Appendix AA, Table SDN7).

5 Average Length of Stay

Average length of stay is another measure of TDC. There are many factors that can influence the length of stay, but the most important determinants can be attributable to the socio-demographic profile of the tourist, including family and personal characteristics, as well as economic variables such as income and price of the holiday. Age, marital status, education, profession, stage in the family life cycle and the motivation for visitation play a significant role in shaping tourists' preferences. Furthermore, their sensitivities to income and price of the holiday (demand elasticities) have a bearing on their decisions. Their choices are fundamentally affected by financial and time constraints.

Figure 13 shows the trend in average length of stay in Malta and Cyprus between 2000 and 2009.

Figure 13: Average Length of Stay in Malta and Cyprus (2000 -2009)

The diagram demonstrates that the average duration of a holiday in Cyprus is higher than that of Malta. However, in line with tourism trends in Europe, and other Mediterranean destinations like Malta, in recent years Cyprus has experienced a drop in overnight stays. Since 2000, the average stay in Cyprus fell by 1.5 nights to 9.9 in 2009. The downward trend in both countries can be associated with the wider use of the internet which facilitates private bookings. Direct personal arrangements give the tourists the flexibility to choose the number of days to spend in a destination. Package tours normally restrict this choice to a week or more. Low cost airlines have facilitated tourists' control on decisions bearing on their vacation. They created the opportunity for frequent short breaks that is radically changing tourism patterns. It can be observed from Figure 13 that, as LCCs intensified their operations in 2006, Cyprus, and particularly Malta, experienced a noticeable sharp contraction in the average length of stay. Nights spent in Cyprus and Malta have fallen by 0 .05 and 1.0 respectively since 2006, although the trend seems to have stabilised at 8.5 in the case of Malta (Appendix AA, Table SL1 p. 330).

Although it is common practice for many destinations to attract tourists to spend more time on their holiday, it does not necessarily mean greater tourists' expenditure with higher overnight stays.

Figure 14 compares the average overnight stays to the average total expenditures (in hundreds of euro), by nationality, in Malta for 2009.

Malta 2009

Average Length of Stay (nights)   Average Expenditure (in €100)

■ UK ■ Germany ■ France ■ Italy

Based on MTA 2009
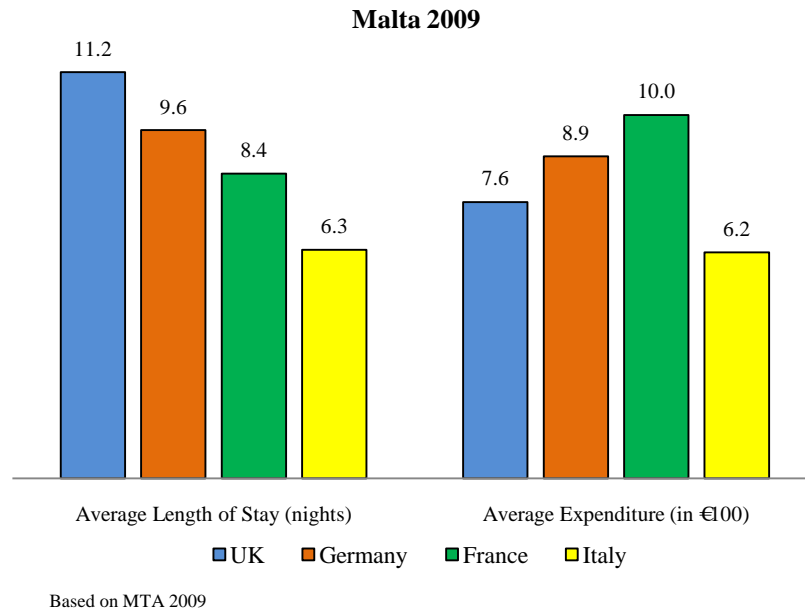
Figure 14: Average Length of Stay vs Average Total Spending

From the bar graph, it is clear that although the British are the ones who spend most time holidaying in Malta, they are the lowest spenders compared to the Germans and the French. While the average length of stay for tourists from the UK is 2.8 nights higher than that from France, the French on average spend a total of €240 more than the British (Appendix AA Table SL2). Some tourists stay longer because they are probably on a package tour but have less spending power. Others may stay for shorter periods but spend more.

6 Analysis of Tourist Departures by Month

Monthly data on tourist departures provides the basis for analysing the seasonality element of TDC and indicates its temporal performance. Time series analysis involving the comparison of different destinations can also reveal their relative competiveness.

Mediterranean island tourism is highly seasonal, characterised by a high concentration of arrivals between July and September, normally peaking in August. This period of summer vacation coincides with shutdowns for the annual break in many industrial concerns and educational institutions all over Europe. Thousands of tourists flock to Mediterranean islands to relax and enjoy the sun, the sea and the beaches. This large influx of tourists concentrated in two to three months of the year has serious economic, social and environmental implications for the destination. While the phenomenon tests to the limit the existing general and tourism infrastructural resources in the summer months, it leads to severe underutilisation of these resources in the lean months. The repercussions on the viability of tourism investment, the labour

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market and the economy has justified the decades-long efforts by public and private tourism agents to reduce the seasonality nature of island tourism through strategic marketing and the development of niche tourism.

Figure 15 shows the seasonal distribution of tourism in Malta for selected years. It can be observed that in the last fifteen years the seasonal pattern of tourist arrivals in Malta has not changed much in spite of concerted, explicit measures to mitigate the situation. In these landmark years, approximately 15% of tourist inflows occurred in the first quarter, 28% in the second, 37% in the third and 20% in the final quarter. These figures are a fair representation of the data in the intervening years (see Appendix AA, Tables SD1 and SD2 p. 331).

Tourist Distribution in Malta by Month for Selected Years
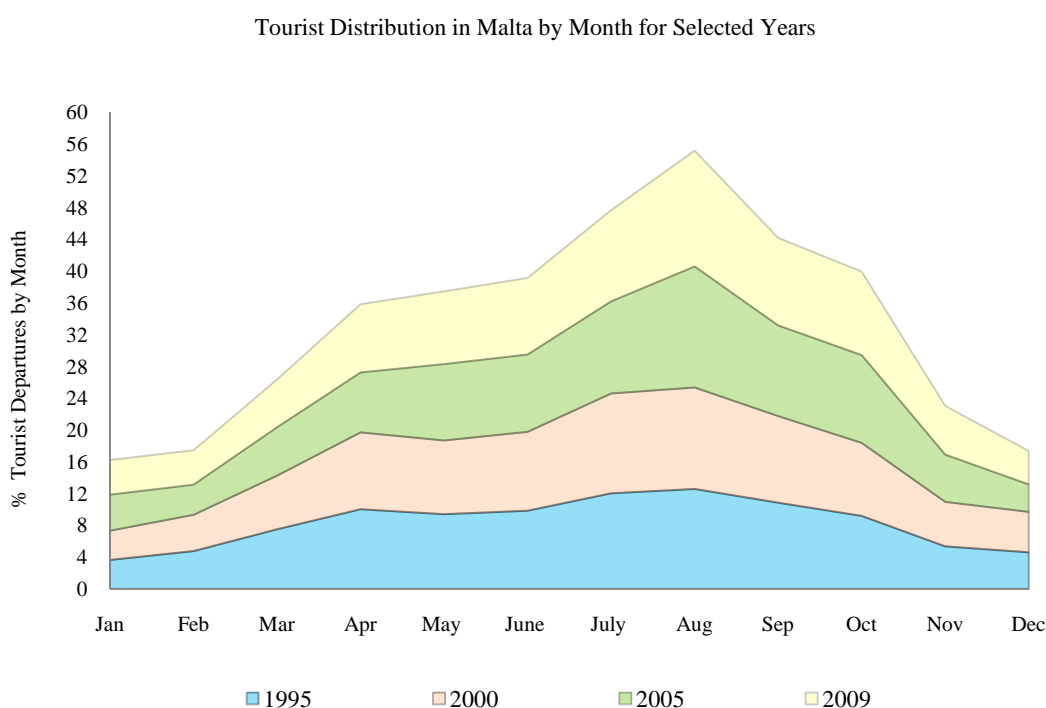
Based on NSO Data 1995 -2009

Figure 15: Seasonal Pattern of Tourism in Malta

Mediterranean tourism is characterised by these seasonal features because its main appeal has always centred on climate and the sea, attractions that have been reinforced by the image created by tour operators. Differences between destinations principally lie in the extent of seasonality. If the distribution of tourist departures in Malta is compared to that of Cyprus, one observes a very similar monthly pattern but Malta seems to perform better in its spread.

Figure 16 shows the percentage quarterly distribution of tourist departures in Malta and Cyprus from 2005 to 2009.

Seasonal Patterns: Departures (%)
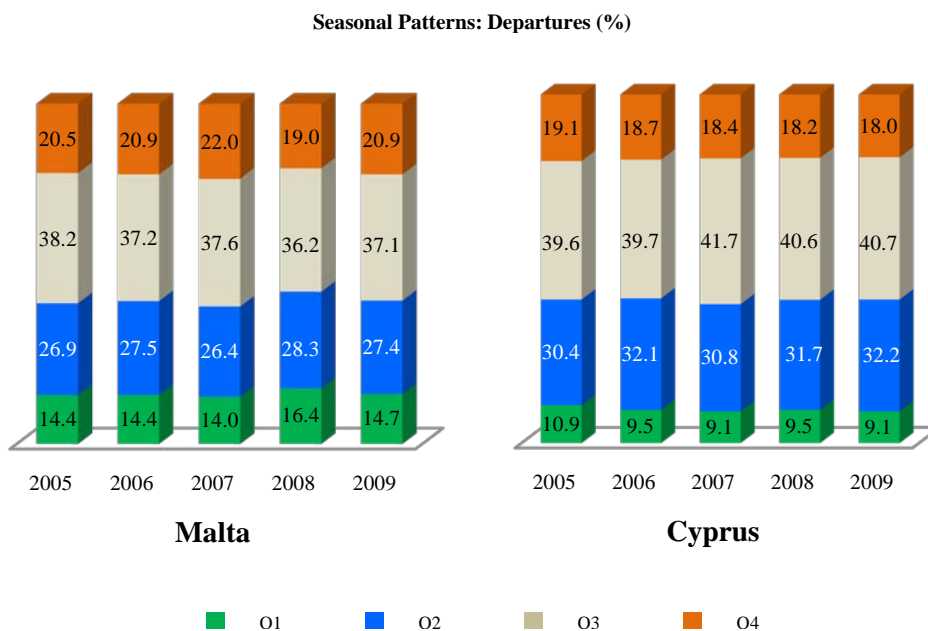
Based on NSO and CYSTAT data 2005 -2009

Figure 16: Distribution of Tourist Departures in Malta and Cyprus 2005-2009

It can be observed that the two islands' seasonal variation is very similar but Cyprus' tourism is more concentrated in the second and third quarter than Malta's. In the first three months, Cyprus receives an average of 9.6% of its annual tourists, 5.2% less than the Maltese average. In the second and third quarter Cyprus gets 72% of its tourism, 7.4% more than Malta.

However, tourist inflow in Cyprus drops to 18.5% in the fourth quarter, about 2.1 % below Malta's performance (Appendix AA, Table SD3 p. 331). This demonstrates that, although Malta is far from achieving a satisfactory monthly distribution of its tourism, it has been more competitive in attracting tourists in the leaner periods.

7 Tourism Receipts

Tourism plays an important role in the economic development of Malta and Cyprus due to its income and employment multiplier effects on the economy, as well as its contribution to their external payments positions. Earnings from tourism are, thus, one of the most important indicators of Malta's competitiveness. This will be examined by assessing its input to the gross domestic product (GDP) and to the balance in the balance of payments. This will be followed by an external evaluation of its performance by comparing the contribution of Malta and Cyprus to Mediterranean and World tourism receipts.

Maltese and Cypriot economies depend on various activities but services constitute a key driver for growth. Tourism is considered one of the most vital stimuli for development, and since 2004, has, on average, accounted for 12% of the GDP in Malta and 11.5% in Cyprus (Appendix AA, Tables SR1 and SR2 p. 332). While the contribution of tourism to the economy has been quite stable in Malta, it has been gradually declining on an almost annual basis, from 13% in 2004 to 8.8% in 2009. While the ratio of tourism income to GDP provides a direct measurement of its impact on the economy, indirect spill-over effects on other activities are much larger and difficult to measure in the absence of such tools as satellite accounting.

Revenue from tourism in Malta amounted to €621m in 2004, falling to rise again to €664m in 2007, experiencing a major fall to €558m in 2009 in line with the rest of the world. Essentially Cyprus went through the same pattern. It is evident that tourist receipts are highly correlated with arrivals (Appendix AA, Table SR3). This can be observed from Figure 17 which compares the volume of tourists (in millions) to receipts (in €billions) in both Malta and Cyprus for 2004-2009.
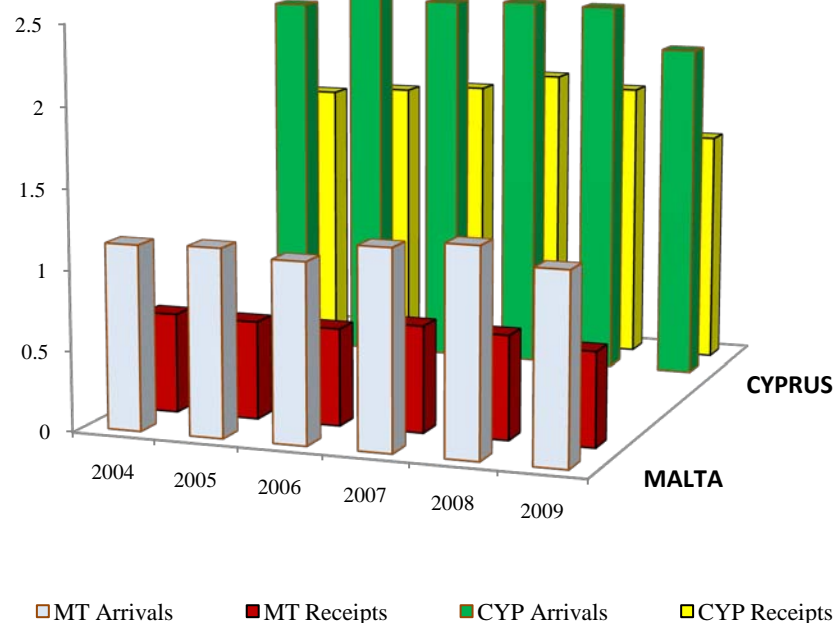
Based on NSO and CYSTAT data 2004 -2009

Figure 17: Comparison of Tourist Receipts (in €bn) to Arrivals (in millions)

That does not mean that tourist arrivals and receipts increase in the same proportion. They can even move in opposite direction. For example, the depreciation in the pound sterling in 2006 was partly responsible for a relatively small drop in tourist revenue compared to the drastic reduction

in UK tourism. For similar reasons, in 2006, Cyprus experienced a rise in tourist receipts when demand was falling (Figure 18). Substantial reductions in air fares and room rates and shorter length of stay can, on the contrary, lead to higher tourist numbers but lower revenue. Similarly, a rise in the number of tourists who, however, have proportionally much less spending power can lead to similar results.

Figure 18 shows the percentage changes in tourist arrivals and receipts in Malta and Cyprus between 2004 and 2009.
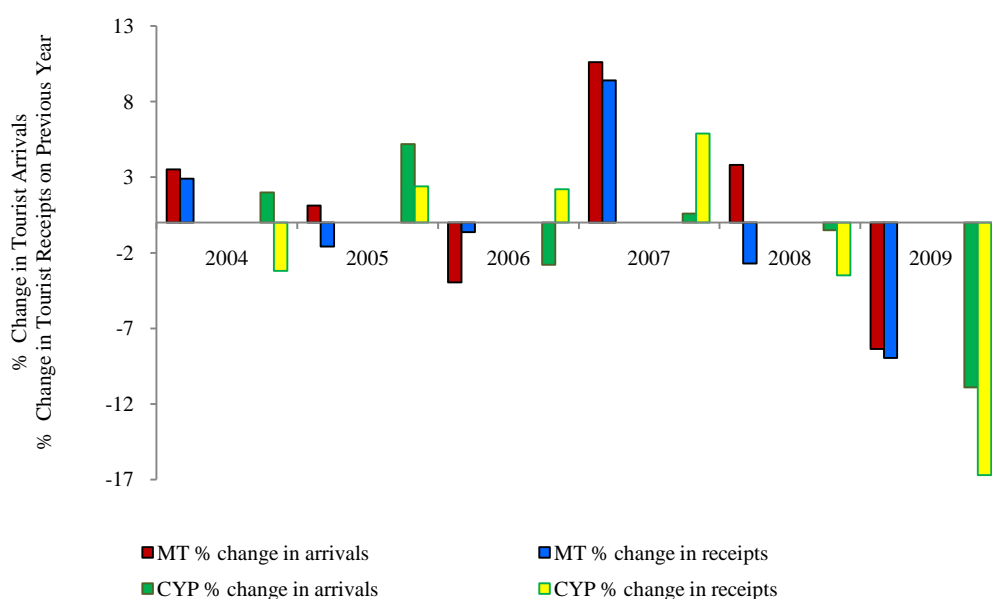
Based on NSO and CYSTAT data 2004 -2009

Figure 18: Growth in Tourist Arrivals vs Receipts (2004-2009)

It can be observed from Figure 18 that, in 2005 and 2008, while arrivals in Malta were growing on the previous year, receipts were falling considerably. Cyprus had an analogous situation in 2004 but an opposite situation in 2006 (Appendix AA, Table SR4 p. 332). Considering that tourist density in Malta and Cyprus is one of the highest in the world, higher tourism volume with lower earnings will have serious ramifications for sustainable growth. This means burdening already strained resources and transferring the cost to the host destination.

In general, tourism has proved beneficial to both islands. Foreign exchange earnings from tourism also make a significant contribution to the balance of payments, specifically by counterbalancing persistent deficits in the merchandise trade. Over the last five years, foreign exchange earnings from tourism in Malta, on average accounted for 15.4% of the total exports of goods and services (Appendix AA, Table SR6 p. 333).

Figure 19 shows the travel ratio and normalised travel ratio for Malta between 1975 and 2008.
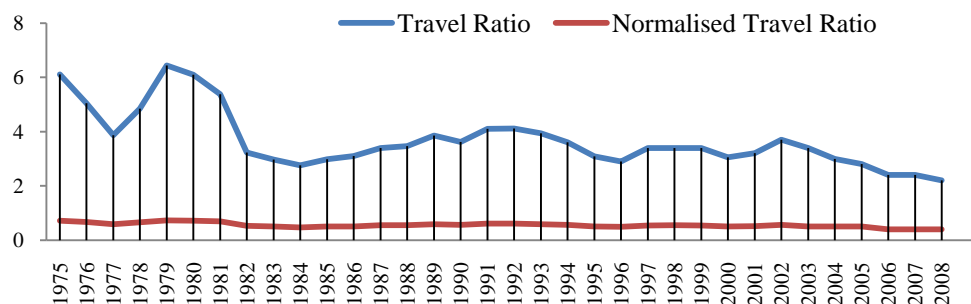
Figure 19: Travel and Normalised Ratio (1975-2008)

It can be seen from Figure 19, that the travelling ratio always exceeded one, revealing that Malta has always been a net exporter of tourism. As outbound tourism grew over time, the ratio fell, but it remains one of the highest in the European region (NSO 2009).

The normalised travel ratio or horizontal travel index also shows that Malta has always had a positive balance in its net travel receipts. The ratio which ranges between ±1, with 0 indicating an equilibrium between international tourist receipts and payments, has been consistently above +0.4 which is relatively higher than other destinations in the region (Appendix AA, Table SR5 p. 332).

Comparing earnings from tourism to exports of manufactured goods, the proportion of foreign receipts from tourism to manufacturing exports has been steadily rising, from 27.2% in 2002 to 37.4% in 2008, reflecting the ongoing contraction of the manufacturing sector (Appendix AA, Table SR6 p. 333).

While this analysis has facilitated an internal evaluation of Malta's competitiveness, assessing its performance within a world and regional context provides an external measure of its relative ability to compete internationally. In line with the international growth of tourist arrivals between 2004 and 2008, tourist receipts rose by 20% from €506bn in 2004 to €641bn in 2008. Similar positive trends were experienced in Europe and the Mediterranean with tourist revenue increasing by 12% to €321.5bn and 8% to €115.4bn, respectively. The global turmoil of 2009 not only had a strong negative effect on the volume of tourists but also on tourist expenditures. In one year, global tourist earnings fell by 4.7%. Europe and the Mediterranean suffered a greater loss of 8% and 7.5%. Malta and Cyprus followed the same cyclical pattern in foreign exchange earnings but Cyprus performed worse than Malta in times of crisis. In 2009, its revenue loss (-16.7%) was almost twice that of Malta (-8.9%).

Table 2 shows that Malta's share of World and Mediterranean receipts was fairly stable between 2004 and 2009. Receipts contributed to 0.11% and 0.54% of world and Mediterranean tourist earnings. Cyprus' share in international and Mediterranean receipts has been in constant decline, falling from 0.33% and 1.5% in 2004, to 0.24% and 1.29% in 2009. This provides further evidence that Malta is, relatively, a competitive destination (Appendix AA, Table SR7 p. 333).

	Tourist Receipts 2004 - 2009					
	2004	**2005**	**2006**	**2007**	**2008**	**2009**
Med. % of World	21.00	20.60	19.80	19.39	19.45	18.89
Med. % of Europe	40.51	39.92	38.97	38.24	38.79	39.03
CYP % of World	0.33	0.31	0.30	0.30	0.28	0.24
CYP % of Med	1.57	1.53	1.50	1.53	1.44	1.29
MT % of World	0.12	0.11	0.10	0.11	0.10	0.10
MT % of Med	0.58	0.54	0.52	0.55	0.52	0.51

Based on UNWTO World Tourism Barometer data 2008 - 2010

Table 2: Contribution to International Tourist Receipts

8 Summary and Conclusions

This chapter has examined Malta's competiveness on a number of objective measures over time, and compared its performance to the island of Cyprus within a Mediterranean and global context.

An analysis of competitiveness based on these statistical parameters has wide micro and macro applications in tourism. Occupancy rates are useful in assessing the efficiency of existing accommodation resources, planning property development, and devising pricing strategies to maximise bed utilisation, reflecting the seasonal pattern of tourist arrivals. Although tourist departures are a common measure of TDC over time, competitiveness is better evaluated by comparing tourism growth with other destinations, and within Mediterranean and global developments. An understanding of the main source markets and their significance to the overall structure and performance of the destination is instrumental in pursuing successful diversification strategies. Even an analysis of overnight stays is important because it can affect occupancy rates and tourist receipts, though not necessarily in the same direction.

Competitiveness is also assessed by measuring the net benefit of tourism to the economy. Higher tourist volumes do not necessarily mean greater expenditures. For small islands with limited carrying capacity, better quality tourists with bigger spending propensities are preferred to sheer numbers. An analysis of tourist expenditures facilitates the identifying and targeting of suitable tourists to achieve sustainability. GDP and travel ratios of foreign exchange earnings are valuable for quantifying tourism's contribution to the GDP, incomes and employment, as well as to the

external position in the balance of payments. A summary of the main measures and results based on an internal and external assessment of TDC are highlighted in Table 3.

Variables	Malta		Cyprus		Comparison: Malta vs Cyprus
Accommodation					
		Hotel Dominant		Good Mix	Malta offers less choice in accommodation and prices than Cyprus.
% of hotels to total	65		25		
% of hotel beds to Total capacity 2009	83		59		
		Need investment In low star		High excess capacity	Occupancy rates by tourists in Malta are relatively higher than those of Cyprus because of a sharper decline in bed stock.
Departures					.
		Stable		Falling	Departures are stable in Malta but falling in Cyprus
					Both islands have the same tourist intensity.
Tourism Intensity	3:1		3:1		
Annual Average (m)	1.30		2.30		Demand is characterised by sharp peak in Malta
% change 2009/2000	-2.7		-20		and deep troughs in Cyprus
% share of Mediterranean*	0.72		1.44		Malta's share in global and Mediterranean tourism
% share of World*	0.14		0.29		is stable but in decline in Cyprus.
By Nationality					
Key Markets		British		British	Malta and Cyprus are dependent on EU
		German		German	for 80% of their tourism
		Italian		Russian	
		French		Greek	
% of total	65		70		
UK % 2009	35	Dominant	50	Very Dominant	Cyprus is more dependent on the UK (54%) for its tourism than Malta (35%).
By Month					
Peak Months		Seasonal		Seasonal	Tourism is highly seasonal with practically
		Summer		Summer	no change over the last 15 years.
April – September % of total	65		72		Malta has a better distribution than Cyprus
Length of Stay					
	8.5		9.9		Overnight stay is higher in Cyprus which has a higher dependence on tour operators.
Receipts*					
% of GDP	12		11.5		The contribution of tourism to the economy is high in both islands but declining in Cyprus
% of Mediterranean	0.54		1.58		The contribution to Mediterranean and world
% of World	0.11		0.29		receipts is stable in Malta but falling in Cyprus.

* 2004 -2009

Table 3: An Overview of the Key Measures and Results

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APPENDIX AA

Malta's Competitiveness: Internal and External Comparisons
(Objective Measures)

Table SC1

Malta Bed Utilisation Rate (%) (2003 – 2009)

	2003	2004	2005	2006	2007	2008	2009
5 Star	58.7	52.4	53.6	55.0	61.9	56.3	55.3
4 Star	64.7	67.3	66.0	62.5	68.4	67.5	57.5
3 Star	51.8	52.6	53.0	47.1	54.0	48.8	32.6
2 Star	36.6	26.8	22.0	22.6	38.3	41.0	40.9
Other	38.9	39.3	44.0	43.4	49.0	50.1	43.6

Source NSO Malta 2003-2009

Table SC2

Bed Utilisation Rate (%) (Malta 2003 – 2009)

	2004	2005	2006	2007	2008	2009
Cyprus Tourist Occupancy	41.9	43.10	42.10	42.70	43.20	39.60
Cyprus Total Occupancy	55.5	59.50	57.80	59.60	61.20	54.00
Malta Tourist Occupancy	39.3	44.00	43.40	49.00	50.10	43.60
Malta Total Occupancy	55.1	55.90	53.20	59.90	57.70	48.70
CYP % Change in Bed Stock	1.42	-0.92	-1.77	-1.48	-2.35	-1.76
MT % Change in Bed Stock	-5.59	-4.41	5.75	1.56	-4.65	0.05

Source: NSO Malta; CYSTAT 2004-2009

Table SA1

Tourist Departures (in millions) and Performance - Malta and Cyprus (1999-2009)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
CYP Arrivals	2.434	2.686	2.697	2.418	2.303	2.349	2.470	2.401	2.416	2.404	2.141
CYP % change	9.5	10.3	0.4	-10.3	-4.8	2.,0	5.2	-2.8	0.6	-0.5	-10.9
MT Arrivals	1.214	1.216	1.145	1.132	1.118	1.158	1.171	1.124	1.244	1.291	1.183
MT % change	2.7	0.1	-5.8	-1.1	-1.2	3.5	1.1	-4.0	10.6	3.8	-8.4

Source: NSO Malta; CYSTAT 1999-2009

Table SA2

International Tourism Growth

	International Tourist Arrivals (m)									
	1990	1995	2000	2003	2004	2005	2006	2007	2008	2009
World	438.0	534.0	684.0	693.20	763.90	804.0	853.0	904.0	922.0	880.0
Europe	265.0	309.5	392.6	407.11	414.45	441.8	468.4	487.9	489.4	460.0
S/Med EU	93.9	103.4	139.9	146.77	149.49	158.9	170.9	178.2	179.6	170.6
Malta	0.9	1.0	1.2	1.1	1.2	1.2	1.1	1.2	1.3	1.2
Cyprus	2	2	2.7	2.3	2.3	2.5	2.4	2.4	2.4	2.1

Source: NSO Malta; CYSTAT; UNWTO 2006 Market Trends 2nd edition Annex 7; UNWTO 2009

Table SA3

Market Share of Tourist Arrivals - Malta and Cyprus (2003-2009)

	2003	2004	2005	2006	2007	2008	2009
Cyprus TRS (m)	2.30	2.30	2.50	2.4	2.40	2.40	2.10
CYP % of Med. TRS	1.57	1.57	1.55	1.40	1.36	1.34	1.26
CYP % World TRSM	0.33	0.31	0.31	0.28	0.27	0.26	0.24
Malta TRS (m)	1.10	1.20	1.20	1.10	1.20	1.30	1.20
MT % of Med. TRS	0.76	0.77	0.74	0.66	0.70	0.72	0.69
MT % of World TRSM	0.16	0.15	0.15	0.13	0.14	0.14	0.13

Source: NSO Malta; CYSTAT; UNWTO 2006 Market Trends 2nd edition Annex 7; UNWTO 2009

Table SA4

Growth Patterns in International Tourism Demand

	Arrivals: % Change on the Previous Year					
	2004	2005	2006	2007	2008	2009
World	10.20	5.25	5.25	5.98	1.99	-4.56
Europe	1.80	6.60	6.02	4.16	0.31	-6.00
Med.	1.85	6.30	7.55	4.27	0.79	-5.01
Malta	3.50	1.12	-3.96	10.61	3.81	-8.35
Cyprus	1.99	5.15	-2.80	0.63	-0.51	-10.92

Source: NSO Malta; CYSTAT; UNWTO 2006 Market Trends 2nd edition Annex 7; UNWTO 2009

Table SDN1

Market Share by Nationality Malta (% of Total Departures)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Uk	38.0	34.8	35.3	39.5	41.3	42.3	39.1	41.2	38.4	38.8	35.2
Gr	17.2	17.5	16.8	14.1	13.1	11.2	11.7	11.8	11.2	10.5	11.7
It	7.7	7.6	7.6	8.1	7.8	8.3	8.9	7.9	10.0	9.1	11.2
Fr	6.1	6.0	6.2	6.7	7.1	6.9	7.5	7.1	6.5	6.0	6.3
Nt	4.8	5.4	5.3	4.2	3.7	3.6	3.3	3.2	3.4	2.8	2.9
Sc	3.4	4.2	4.3	4.3	3.5	4.2	5.9	6.2	6.6	7.0	6.6
Lb	3.2	3.7	3.6	2.7	2.2	1.6	1.1	0.9	0.8	0.7	0.7
Bm	2.1	2.3	2.2	1.8	2.2	2.4	2.7	2.5	2.6	2.1	2.3
Au	2.0	2.4	2.3	2.1	1.7	2.2	2.1	2.3	2.1	1.6	1.5
Sw	2.1	1.9	1.8	2.3	2.0	2.0	2.0	1.7	1.9	1.8	1.7
US	1.5	1.5	1.6	1.2	1.1	1.4	1.6	1.5	1.5	1.6	1.4
Other	12.0	12.6	13.0	12.9	14.3	14.0	14.1	13.7	15.1	17.8	18.5

Source: NSO Malta; Economic Survey 1998 -2009); Malta in Figures 2004 -2009

Table SDN2

Tourist Departures by Area (Malta 2005-2009)

	Arrivals by Area				
	2005	2006	2007	2008	2009
Total Euro Area	465.0	462.9	496.6	580.5	548.1
% of Total	39.7	41.2	39.9	45.0	46.3
UK	482.6	431.3	482.4	454.4	415.3
% of Total	41.2	38.4	38.8	35.2	35.1
Other EU	78.0	79.3	103.5	98.7	85.8
% of Total	6.7	7.1	8.3	7.6	7.3
Total EU	1025.6	973.5	1082.5	1133.5	1049.1
% of Total	87.6	86.6	87.1	87.8	88.7
All Others	145.0	150.7	161.0	157.3	134.0
% of Total	12.4	13.4	12.9	12.2	11.3
Total	1,170.60	1,124.20	1,243.50	1,290.90	1,183.00

Source: NSO Malta 2005-2009

Table SDN3

Malta's Share of the European Tourist Market 2009

	millions
Total Euro Area	548.1
UK	415.3
Other EU	85.8
All others	134.0
Total	1183.2

Source: NSO Malta 2009

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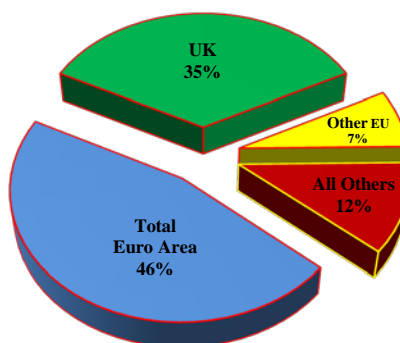
Table SDN4

Comparison of Tourist Arrivals by Nationality

					% Change on Previous Year in each market					
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Uk	-5.9	1.5	8.9	0.1	1.2	-4.3	6.5	-10.6	11.8	-5.8
Gr	4.5	-3.6	-18.7	-10.8	-15.5	7.8	2.3	-9.0	3.4	16.0
It	2.4	-0.2	3.0	-7.5	5.0	10.7	-10.0	21.8	1.0	27.1
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Fr	1.0	3.5	4.5	1.3	-3.6	12.6	-5.2	-11.1	2.4	8.0
Nt	15.6	-1.8	-22.6	-14.7	-5.5	-4.0	-3.5	2.0	-8.1	6.1
Sc	26.5	2.9	-3.3	-20.5	17.3	46.4	5.6	1.5	18.5	-2.0

Source: NSO Malta; Economic Survey 1998 -2009; Malta in Figures 2004 -2009

Table SDN5

Comparison of Tourist Arrivals by Nationality 2009

Cyprus		Malta	
UK	49.9	UK	35.1
Germany	6.1	Germany	10.4
Greece	6.2	Italy	13.4
Russia	6.9	France	6.1
Other	30.8	other	34.9

Source: NSO; CYSTAT 2009

Table SDN6

Market Dependence in Malta and Cyprus in 2009

	Market Dependence 2009		
Malta	% Share	Cyprus	%
UK	35.1	UK	49.9
Germany	10.4	Germany	6.1
Others	54.5	Others	43.9

Source: NSO; CYSTAT 2009

Table SDN7

Arrivals by Nationality in Malta and Cyprus (2000-2009)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
CYP % change UK	17.9	9.1	-10.0	0.7	-1.1	4.4	-2.3	-5.7	-3.1	-14.0
MT % change UK	1.5	8.6	0.4	1.2	-4.3	6.5	-10.6	11.8	-5.8	-8.6
CYP % change GR	-2.1	-8.3	-18.9	-25.7	25.2	13.1	-16.4	-9.4	-4.6	-0.7
MT % change GR	-3.6	-19.0	-10.5	-15.5	7.8	2.3	-9.0	3.4	16.0	-18.5

Source: NSO; CYSTAT 2000 - 2009

Table SL1

Length of Stay Malta and Cyprus (2000 – 2009)

	Malta	Cyprus
2000	8.4	11.6
2001	9.5	10.8
2002	8.9	11.2
2003	10.2	10.9
2004	9.7	10.7
2005	9.5	10.5
2006	9.5	10.4
2007	8.9	10.0
2008	8.5	10.1
2009	8.5	9.9
Average	9.16	10.6

Source: NSO Malta; CYSTAT 2000-2009

Table SL2

Length of Stay vs Expenditure

	UK	Germany	France	Italy	Total
Average Length of Stay (nights)	11.2	9.60	8.40	6.30	9.70
Total Average Expenditure (in €100)	7.60	8.90	10.0	6.20	8.20
Total Average Expenditure During Stay	3.02	3.18	3.63	3.09	3.22

Source: MTA Exp 09

Table SD1

Malta: Distribution of Tourists by Month for Selected Years

	Jan	Feb	Mar	Apr	May	Jun	
1995	40.87	53.31	83.92	112.08	105.12	110.03	
2000	44.72	55.49	82.07	117.64	112.80	120.70	
2005	53.13	44.40	71.28	88.28	112.56	113.93	
2009	51.64	51.24	71.15	101.60	108.28	113.95	
	Jul	Aug	Sep	Oct	Nov	Dec	Tot
1995	134.48	140.56	121.31	102.73	59.97	51.59	1115.97
2000	152.76	155.32	132.53	111.75	68.07	61.87	1215.71
2005	135.75	178.32	133.59	129.33	69.65	40.41	1170.62
2009	135.78	172.40	130.30	124.33	72.49	49.85	1183.01

Source: NSO Malta: Economic Survey 1995-2009

Figure SD1: Distribution of Tourists (000s)

Fig: SD 8.1:Distribution of Tourists (000s)
Based on Table SD 8.1
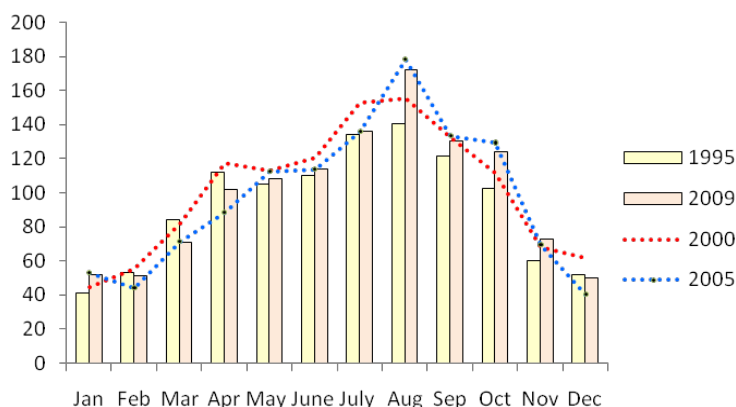
Based on Table SD1

Table SD2

Malta: Distribution of Tourists by Month (% of Annual Departures)

	Jan	Feb	Mar	Tot	Apr	May	Jun	Tot
1995	4	5	8	16	10	9	10	29
2000	4	5	7	15	10	9	10	29
2005	5	4	6	14	8	10	10	27
2009	4	4	6	15	9	9	10	27
			Av.	15			Av.	28
	Jul	Aug	Sep	Tot	Oct	Nov	Dec	Tot
1995	12	13	11	36	9	5	5	19
2000	13	13	11	36	9	6	5	20
2005	12	15	11	38	11	6	3	20
2009	11	15	11	37	11	6	4	21
			Av.	37			Av.	20

Source: NSO Malta 1995 -2009

Table SD3

Malta/Cyprus: Distribution of Tourists by Quarter (% of Annual Departures)

Malta		2005	2006	2007	2008	2009	Av.
	Q1	14.4	14.4	14.0	16.4	14.7	14.8
	Q2	26.9	27.5	26.4	28.3	27.4	27.3
	Q3	38.2	37.2	37.6	36.2	37.1	37.3
	Q4	20.5	20.9	22.0	19.0	20.9	20.6
Cyprus		2005	2006	2007	2008	2009	Av.
	Q1	10.9	9.5	9.1	9.5	9.1	9.6
	Q2	30.4	32.1	30.8	31.7	32.2	31.4
	Q3	39.6	39.7	41.7	40.6	40.7	40.5
	Q4	19.1	18.7	18.4	18.2	18.0	18.5

Source: NSO Malta; CYSTAT 2005-2009

Table SR1

Contribution of Tourism Receipts to Malta's GDP (%)

Malta	2004	2005	2006	2007	2008	2009	6 year average
Revenue	621	611	607	664	646	588	
GDP	4,495	4,785	5,114	5,463	5,678	5,720	
% of GDP	13.81	12.77	11.87	12.16	11.38	10.29	12.05

Source: NSO Malta News Release No 106/2010 9June 2010

Table SR2

Contribution of Tourism Receipts to Cyprus' GDP (%)

Cyprus	2004	2005	2006	2007	2008	2009	6 year average
Revenue	1,678.4	1,718.3	1,755.3	1,858.1	1,792.8	1,493.2	
GDP	12,653.6	13,462.3	14,435.2	15,879.1	17,247.8	16,946.5	
% of GDP	13.26	12.76	12.16	11.70	10.39	8.81	11.52

Source: CYSTAT 23/3/2010

Table SR3

Comparison of Tourist Receipts (€bn) to Departures (m)

Malta and Cyprus (2004-2009)

	2004	2005	2006	2007	2008	2009
MT Arrivals	1.16	1.17	1.12	1.24	1.29	1.18
MT Receipts	0.62	0.61	0.61	0.66	0.65	0.59
CYP Arrivals	2.35	2.47	2.40	2.42	2.40	2.14
CYP Receipts in Euros	1.68	1.72	1.76	1.86	1.79	1.49

Source: Malta NSO; CYSTAT 2004 - 2009

Table SR4

Growth in Tourist Arrivals vs Receipts (2004-2009)

	2004	2005	2006	2007	2008	2009
MT % change in arrivals	3.5	1.1	-4.0	10.6	3.8	-8.4
MT % change in receipts	2.9	-1.6	-0.6	9.4	-2.7	-8.9
CYP % change in arrivals	2.0	5.2	-2.8	0.6	-0.5	-10.9
CPY% change in receipts	-3.2	2.4	2.2	5.9	-3.5	-16.7

Source: Malta NSO; CYSTAT

Table SR5

Travel and Normalised Ratio (Malta 1975-2008)

Year	Travel*	Norm**	Year	Travel	Norm		Travel	Norm**		Travel	Norm**
1975	6.11	0.72	1980	6.1	0.72	1990	3.62	0.57	2000	3.05	0.51
1976	5.05	0.67	1981	5.38	0.69	1991	4.1	0.61	2001	3.21	0.52
1977	3.87	0.59	1982	3.23	0.53	1992	4.11	0.61	2002	3.7	0.57
1978	4.85	0.66	1983	2.97	0.5	1993	3.94	0.59	2003	3.4	0.5
1979	6.44	0.73	1984	2.76	0.47	1994	3.61	0.57	2004	3	0.5
			1985	2.98	0.5	1995	3.09	0.51	2005	2.8	0.5
			1986	3.1	0.51	1996	2.9	0.49	2006	2.4	0.4
			1987	3.4	0.55	1997	3.4	0.54	2007	2.4	0.4
			1988	3.47	0.55	1998	3.4	0.55	2008	2.2	0.4
			1989	3.85	0.59	1999	3.39	0.54			

*Travel Ratio **Normalised Travel Ratio
Source: NSO: News Release No 128/2002 14th November 2002; NSO: Malta in Figures 2004-2009

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Table SR6

Ratio of Receipts to Exports of Goods and Services and Exports of Manufactured Goods (Malta 2000-2008)

	Ratio to Exports of Goods and Services (%)	Ratio to Exports of Manufactured Goods (%)
2000	17	27.7
2001	18.6	33.3
2002	16.5	27.4
2003	18.1	28.7
2004	19.4	30.3
2005	16.5	31.2
2006	13.6	31.3
2007	13.6	34.3
2008	13.9	37.4
Average	15.4	32.9

Source: NSO Malta; Economic Surveys 2000 -2008

Table SR7

World/Regional International receipts (€billions)

	2004	2005	2006	2007	2008	2009
World	509	546	591	626	641	611
Europe	264	281.8	300.2	317.5	321.5	295.7
Mediterranean	106.9	112.5	117	121.4	124.7	115.4
Cyprus	1.68	1.72	1.76	1.86	1.79	1.49
Malta	0.62	0.61	0.61	0.66	0.65	0.59

Source : WTO World Tourism Barometer 4(2) June 2006; June2007; June 2008; October 2009; April 2010; UNWTO 2009; UNWTO November 2006; Tourism Market Trends, 2006 Edition (Annex 14); NSO Malta; CYSTAT

APPENDIX B

B1. INTRODUCTORY LETTER

INTERVIEW

Dear _____,

I am currently a doctoral student at The Robert Gordon University Aberdeen doing research on the international competitiveness of Malta as a tourist destination. The aim of this study is to develop a model of tourism destination competitiveness, and to assess the competitiveness of Malta relative to our competitors in the Mediterranean. The outcome of this project should be of special interest to policymakers, and industry stakeholders seeking to maintain or enhance Malta's competitive position as an island destination.

As an important stakeholder in the Maltese tourism industry, your expert knowledge and valuable insights can assist me in achieving the study's objectives. I would greatly appreciate it if you can spend some time in answering some questions about tourism destination competitiveness. The interview will take between 40-60 minutes. With your permission, I will record the conversation, and take notes during the meeting. A copy of the interview transcript will be sent to you to verify its accuracy. The information acquired will be solely used for research purposes.

All university research involving the collection of data from individuals requires the approval of an Ethics Committee. The project has been approved at Robert Gordon University. The final results will be reported in the doctoral thesis and may be published in journals or presented at conferences. You are, however, assured of anonymity, and strict confidentiality. There will be no reference or indication, either directly or indirectly, to you or your company. In any report, you will be referred to as P1, P2 and so on, without following any particular order. Any document or tape recording and any other form of individual identification will be destroyed immediately after the study has been completed. You are also free to withdraw from active participation in this project at anytime.

However, I strongly urge you to support this study since without your kind cooperation it will be impossible for me to complete my research successfully. A copy of the final report will be made available to you once the study is concluded.

Should it be convenient to you, details of the meeting will be arranged with your personal assistant or secretary.

If you have further queries, you can contact me at e.azzopardi@rgu.ac.uk (or ernest.azzopardi@um.edu.mt), or you may contact Dr Robert Nash at n.nash@rgu.ac.uk, or Prof Bill Donaldson at w.g.donaldson@rgu.ac.uk. Any complaint regarding the nature of this research may be addressed to the Research Ethics Committee, The Robert Gordon University, Schoolhill, Aberdeen, AB10 1FR, UK

Thank you once again for your time and cooperation.

Yours sincerely,

Ernest Azzopardi

Student No 0165655

Mobile No

B2. INTRODUCTORY LETTER

SURVEY QUESTIONNAIRE

<div align="right">

Address

Date

</div>

Dear _____,

I am currently a doctoral student at The Robert Gordon University Aberdeen doing research on the international competitiveness of Malta as a tourist destination. The aim of this study is to develop a model of tourism destination competitiveness, and to assess the competitiveness of Malta relative to our competitors in the Mediterranean. The outcome of this project should be of special interest to policymakers, and industry stakeholders seeking to maintain or enhance Malta's competitive position as an island destination.

As an important stakeholder in the Maltese tourism industry, your expert knowledge and valuable insights can greatly assist me in achieving the study's objectives. I would greatly appreciate it if you can spend some time to complete the questionnaire. In answering the questions please keep in mind that there are no right or wrong answers, but you should answer the questions as honestly as possible. The questionnaire should not take more than 25 minutes to complete. It will be hand delivered, and will be picked up later, on a date agreeable to you. Two persons are assisting me in the administration of the survey. Their details are being attached and they will present an ID card for identification.

All university research involving the collection of data from individuals requires the approval of an Ethics Committee. The project has been approved at The Robert Gordon University. The final results will be reported in the doctoral thesis and may be published in journals or presented at conferences. However, there will be no reference or indication, either directly or indirectly to you or your company. You are assured of anonymity and strict confidentiality. Any document you will be submitting and any other form of individual identification will be destroyed immediately after the study has been completed. You are free to withdraw from active participation in this project at anytime, provided that this request is made within three weeks of sending your completed questionnaire. Submitting the questionnaire means that you have understood all the information provided, and agreed to participate in this voluntary research study.

I strongly urge you to support this study since without your kind cooperation it would be impossible for me to complete my research successfully. A copy of the final report will be made available to you once the study is concluded.

Any queries may be directed to Ernest Azzopardi at e.azzopardi@rgu.ac.uk (or ernest.azzopardi@um.edu.mt), or to Dr Robert Nash at n.nash@rgu.ac.uk, or to Prof Bill Donaldson at w.g.donaldson@rgu.ac.uk. Any complaint regarding the nature of this research may be addressed to Research Ethics Committee, The Robert Gordon University, Schoolhill, Aberdeen, AB10 1FR, UK

Thank you for your time and cooperation

Yours sincerely,

Ernest Azzopardi

Student No 0165655

Mobile No

B3. The International Competitiveness of Malta As a Tourist Destination

Questionnaire Survey

Competition among tourism destinations has sharply increased in recent years. As destinations adjust to a highly charged competitive environment, they are seeking answers to complex and multifaceted questions that affect their relative performance.

Malta, like other small islands, significantly depends on tourism for its economic growth and standard of living. The success of its tourism industry depends on its ability to identify its tourism priorities and deploy its scarce resources to areas which can effectively increase its competitiveness relative to other destinations in the Mediterranean. Managers need to know which factors impact on the destination's competitiveness, the role these factors play in determining competitiveness and the action needed to enhance the destination's competitiveness. The main goal of this research is to provide a framework to guide destination managers to achieve these endeavours.

Your participation in this research will contribute towards a more prosperous and successful tourism industry. The questionnaire generally should not take more than 20-25 minutes. You are assured of anonymity and confidentiality and the document you will be submitting will be destroyed immediately after the study has been completed. You are kindly asked to answer all questions. There are no right or wrong answers but you should answer the questions as honestly as possible.

Section 1

1. Which three tourist destinations in the Mediterranean region represent the highest competition to Malta?

Name them from the most to the least competitive.

1 _____

2 _____

3 _____

2. Assess the importance of each tourism-specific factor in contributing to the competitiveness of island tourism in the Mediterranean region by circling the number that best reflects your opinion.

1. Extremely Unimportant	2. Unimportant	3. Slightly Unimportant	4. Neutral	5. Slightly Important	6. Important	7 Extremely Important

	Specific Tourism Factors Relating to an Island Destination Competitiveness	Extremely Unimportant	Unimportant	Slightly Unimportant	Neutral	Slightly Important	Important	Extremely Important
85	sun, sea and beaches (bays, foreshore, coastline)	1	2	3	4	5	6	7
41	climate/weather	1	2	3	4	5	6	7
63	visual appeal (landscape, scenery, countryside)	1	2	3	4	5	6	7
57	panoramic sea/harbour views	1	2	3	4	5	6	7
49	cleanliness	1	2	3	4	5	6	7
80	culture and history	1	2	3	4	5	6	7
72	village core/quaint villages	1	2	3	4	5	6	7
79	megalithic temples, archaeological sites	1	2	3	4	5	6	7
66	historic landmarks (cities, buildings, churches)	1	2	3	4	5	6	7
81	museums and galleries	1	2	3	4	5	6	7
77	hospitality (friendliness, warmth, helpfulness, positive attitude to tourists)	1	2	3	4	5	6	7
42	nightlife, bars and restaurants	1	2	3	4	5	6	7
83	language communication (English)	1	2	3	4	5	6	7
45	special events/festivals (calendar of events)	1	2	3	4	5	6	7
64	outdoor activities (horse riding, abseiling, walks)	1	2	3	4	5	6	7
58	music, concerts and performances	1	2	3	4	5	6	7
46	water activities (sailing, swimming, yachting)	1	2	3	4	5	6	7
73	diving	1	2	3	4	5	6	7
54	mix of tourism (health, medical, weddings, religious)	1	2	3	4	5	6	7
88	English language schools	1	2	3	4	5	6	7
55	island charm/exoticness	1	2	3	4	5	6	7
62	island way of life	1	2	3	4	5	6	7
44	tourist participation in local community life	1	2	3	4	5	6	7
40	relaxation/care free opportunity	1	2	3	4	5	6	7
87	shopping opportunities	1	2	3	4	5	6	7
71	conferences and incentives (meetings)	1	2	3	4	5	6	7
56	mix of entertainment (adults, family, youth)	1	2	3	4	5	6	7
60	accommodation mix (timeshare, other)	1	2	3	4	5	6	7
53	quantity and quality of hotels/amenities	1	2	3	4	5	6	7
47	concentration of tourism attractions (within a short time/distance)	1	2	3	4	5	6	7

3. From the above list, identify the 5 most important tourism-specific factors that influence tourism destination competitiveness and rank them in order of importance (1 being the most important). You may simply quote the number in the box on the right.

1. The most important factor _____ [ ]

2. The second most important factor _____ [ ]

3. The third most important factor _____ [ ]

4. The fourth most important factor _____ [ ]

5. The fifth most important factor _____ [ ]

4. Assess the importance of each business-related factor in contributing to the competitiveness of island tourism in the Mediterranean region by circling the number that best reflects your opinion.

1. Extremely Unimportant	2. Unimportant	3. Slightly Unimportant	4. Neutral	5. Slightly Important	6. Important	7 Extremely Important

	Generic Business Factors Relating to Tourism Competitiveness	Extremely Unimportant	Unimportant	Slightly Unimportant	Neutral	Slightly Important	Important	Extremely Important
92	competitive environment	1	2	3	4	5	6	7
10	level of bureaucracy/red tape	1	2	3	4	5	6	7
25	innovative/creative spirit /culture	1	2	3	4	5	6	7
19	support from related industries/networking	1	2	3	4	5	6	7
23	business and economic climate	1	2	3	4	5	6	7
12	marketing	1	2	3	4	5	6	7
34	destination awareness/image	1	2	3	4	5	6	7
90	matching destination offerings to tourists' preferences	1	2	3	4	5	6	7
39	type and profile of tourist (demographic/psychographic)	1	2	3	4	5	6	7
13	national tourism agencies (MTA)	1	2	3	4	5	6	7
91	active role of government	1	2	3	4	5	6	7
27	stakeholder cooperation/collaboration	1	2	3	4	5	6	7
14	tourism planning	1	2	3	4	5	6	7
16	tourism education and training	1	2	3	4	5	6	7
28	quality of labour force (conditions of work, international exposure)	1	2	3	4	5	6	7
98	service culture/orientation	1	2	3	4	5	6	7
95	air accessibility (ease, cost, frequency, seat capacity, low cost airlines)	1	2	3	4	5	6	7
22	geographic location (strategic, cross-cultural, trade)	1	2	3	4	5	6	7
29	environmental commitment /policies & enforcement	1	2	3	4	5	6	7
36	environmental awareness/environmental and civic education	1	2	3	4	5	6	7
18	quantity and quality infrastructure	1	2	3	4	5	6	7
93	ICT infrastructure (internet, telephones, electronic services)	1	2	3	4	5	6	7
97	quality of service	1	2	3	4	5	6	7
31	public transport (bus, taxi)	1	2	3	4	5	6	7
17	state of the roads	1	2	3	4	5	6	7
35	environmental quality/state of the environment	1	2	3	4	5	6	7
30	price/cost	1	2	3	4	5	6	7
33	safety and security	1	2	3	4	5	6	7
11	positioning/branding	1	2	3	4	5	6	7
15	value for money	1	2	3	4	5	6	7

5. From the above list, identify the 5 most important business-related factors that influence tourism destination competitiveness and rank them in order of importance (1 being the most important). You may simply quote the number in the box on the right.

1. The most important factor _____ [ ]

2. The second most important factor _____ [ ]

3. The third most important factor _____ [ ]

4. The fourth most important factor _____ [ ]

5. The fifth most important factor _____ [ ]

6. Please think of the competitive set of tourist destinations that you have chosen earlier (Question 1). Now, assess the competitiveness of Malta on each of the following tourism-specific factors relative to its competitors by marking the number that best reflects your opinion.

1.	2.	3.	4.	5.	6.	7
Much Worse	Worse	Slightly Worse	Neutral	Slightly Better	Better	Much Better

	How Malta rates on specific tourism-factors relating to destination competitiveness when compared to competitor destinations	Much Worse	Worse	Slightly Worse	Neutral	Slightly Better	Better	Much Better
85	sun, sea and beaches (bays, foreshore, coastline)	1	2	3	4	5	6	7
41	climate/weather	1	2	3	4	5	6	7
63	visual appeal (landscape, scenery, countryside)	1	2	3	4	5	6	7
57	panoramic sea/harbour views	1	2	3	4	5	6	7
49	cleanliness	1	2	3	4	5	6	7
80	culture and history	1	2	3	4	5	6	7
72	village core/quaint villages	1	2	3	4	5	6	7
79	megalithic temples, archaeological sites	1	2	3	4	5	6	7
66	historic landmarks (cities, buildings, churches)	1	2	3	4	5	6	7
81	museums and galleries	1	2	3	4	5	6	7
77	hospitality (friendliness, warmth, helpfulness, positive attitude to tourists)	1	2	3	4	5	6	7
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73	diving	1	2	3	4	5	6	7
54	mix of tourism (health, medical, weddings, religious)	1	2	3	4	5	6	7
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44	tourist participation in local community life	1	2	3	4	5	6	7
40	relaxation/care free opportunity	1	2	3	4	5	6	7
87	shopping opportunities	1	2	3	4	5	6	7
71	conferences and incentives (meetings)	1	2	3	4	5	6	7
56	mix of entertainment (adults, family, youth)	1	2	3	4	5	6	7
60	accommodation mix (timeshare, other)	1	2	3	4	5	6	7
53	quantity and quality of hotels/amenities	1	2	3	4	5	6	7
47	concentration of tourism attractions (within a short time/distance)	1	2	3	4	5	6	7

7. From the above list, identify the top 5 tourism-specific factors in which Malta performs better than its competitors and rank these factors in order of relative achievement (1 being the highest). You may simply quote the number in the box on the right.

1st _____ ☐

2nd _____ ☐

3rd _____ ☐

4th _____ ☐

5th _____ ☐

8. Please think of the competitive set of tourist destinations that you have chosen earlier (Question 1). Now, assess the competitiveness of Malta on each of the following business-related factors relative to its competitors by marking the number that best reflects your opinion.

1. Much Worse	2. Worse	3. Slightly Worse	4. Neutral	5. Slightly Better	6. Better	7 Much Better

	How Malta rates on generic business factors relating to tourism competitiveness when compared to competitor destinations.	Much Worse	Worse	Slightly Worse	Neutral	Slightly Better	Better	Much Better
92	competitive environment	1	2	3	4	5	6	7
10	level of bureaucracy/red tape	1	2	3	4	5	6	7
25	innovative/creative spirit /culture	1	2	3	4	5	6	7
19	support from related industries/networking	1	2	3	4	5	6	7
23	business and economic climate	1	2	3	4	5	6	7
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90	matching destination offerings to tourists' preferences	1	2	3	4	5	6	7
39	type and profile of tourist (demographic/psychographic)	1	2	3	4	5	6	7
13	national tourism agencies (MTA)	1	2	3	4	5	6	7
91	active role of government	1	2	3	4	5	6	7
27	stakeholder cooperation/collaboration	1	2	3	4	5	6	7
14	tourism planning	1	2	3	4	5	6	7
16	tourism education and training	1	2	3	4	5	6	7
28	quality of labour force (conditions of work, international exposure)	1	2	3	4	5	6	7
98	service culture/orientation	1	2	3	4	5	6	7
95	air accessibility (ease, cost, frequency, seat capacity, low cost airlines)	1	2	3	4	5	6	7
22	geographic location (strategic, cross-cultural, trade)	1	2	3	4	5	6	7
29	environmental commitment /policies & enforcement	1	2	3	4	5	6	7
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18	quantity and quality infrastructure	1	2	3	4	5	6	7
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31	public transport (bus, taxi)	1	2	3	4	5	6	7
17	state of the roads	1	2	3	4	5	6	7
35	environmental quality/state of the environment	1	2	3	4	5	6	7
30	price/cost	1	2	3	4	5	6	7
33	safety and security	1	2	3	4	5	6	7
11	positioning/branding	1	2	3	4	5	6	7
15	value for money	1	2	3	4	5	6	7

9. From the above list, identify the top 5 business-related factors in which Malta performs better than its competitors and rank these factors in order of relative achievement (1 being the highest). You may simply quote the number in the box on the right.

1st   _____   [ ]

2nd   _____   [ ]

3rd   _____   [ ]

4th   _____   [ ]

5th   _____   [ ]

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10. Overall, how would you rate Malta's competitiveness as an island destination relative to similar destinations in the Mediterranean? Circle the number that best reflects your opinion.

Extremely uncompetitive   **1**

Very uncompetitive   **2**

Slightly uncompetitive   **3**

Neutral   **4**

Slightly competitive   **5**

Very competitive   **6**

Extremely competitive   **7**

11. Which tourism and business factors represent the top 3 areas of priority Malta should concentrate on to improve its competitiveness relative to similar competitor destinations in the Mediterranean? (1 being the highest and 3 the lowest)

1. _____

2. _____

3. _____

Section II

A. Gender: Male ☐   Female ☐

F. Age Group   25-34 ☐   35-44 ☐   45-54 ☐   55-64 ☐   65+ ☐

B. Highest Level of Education: Secondary ☐   Post-secondary ☐   Tertiary ☐

C. Job Title/Position.   Chairman ☐   Director ☐   CEO ☐   Manager ☐

                 Other _____

D. Type of Business/Work   Hotels ☐   Travel Agency ☐   Tour Operator ☐   DMO ☐

                 Other_____

E. How long has your work been linked to the tourist industry? _____ years

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Thank you for taking the time to complete this questionnaire.

APPENDIX S

(Statistics)

Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
.797	4	276	.528
Overall tourism importance			

Post Hoc Tests: Multiple Comparisons

(I) Age	(J) Age	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
25-34 years	35-44 years	-2.06959	2.24573	.888	-8.2361	4.0969
	45-54 years	1.55083	2.25910	.959	-4.6524	7.7541
	55-64 years	3.78476	2.87724	.682	-4.1159	11.6854
	65+ years	-3.94222	4.95830	.932	-17.5572	9.6728
35-44 years	25-34 years	2.06959	2.24573	.888	-4.0969	8.2361
	45-54 years	3.62043	2.20877	.474	-2.4446	9.6855
	55-64 years	5.85436	2.83790	.239	-1.9382	13.6469
	65+ years	-1.87263	4.93557	.996	-15.4252	11.6799
45-54 years	25-34 years	-1.55083	2.25910	.959	-7.7541	4.6524
	35-44 years	-3.62043	2.20877	.474	-9.6855	2.4446
	55-64 years	2.23393	2.84849	.935	-5.5877	10.0556
	65+ years	-5.49306	4.94167	.800	-19.0624	8.0763
55-64 years	25-34 years	-3.78476	2.87724	.682	-11.6854	4.1159
	35-44 years	-5.85436	2.83790	.239	-13.6469	1.9382
	45-54 years	-2.23393	2.84849	.935	-10.0556	5.5877
	65+ years	-7.72698	5.25310	.582	-22.1515	6.6975
65+ years	25-34 years	3.94222	4.95830	.932	-9.6728	17.5572
	35-44 years	1.87263	4.93557	.996	-11.6799	15.4252
	45-54 years	5.49306	4.94167	.800	-8.0763	19.0624
	55-64 years	7.72698	5.25310	.582	-6.6975	22.1515

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1175.473	4	293.868	1.488	.206
Within Groups	54525.424	276	197.556		
Total	55700.897	280			

SA1: Tourism One-Way-Anova Age

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Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
.184	2	278	.832

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	52.021	2	26.010	.130	.878
Within Groups	55648.876	278	200.176		
Total	55700.897	280			

Post Hoc Tests: Multiple Comparisons

Tukey HSD

(I) Education	(J) Education	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
secondary	post-secondary	-.77933	2.28802	.938	-6.1707	4.6120
	tertiary	-1.22685	2.40668	.867	-6.8978	4.4441
post-secondary	secondary	.77933	2.28802	.938	-4.6120	6.1707
	tertiary	-.44752	1.90085	.970	-4.9266	4.0315
tertiary	secondary	1.22685	2.40668	.867	-4.4441	6.8978
	post-secondary	.44752	1.90085	.970	-4.0315	4.9266

SA2: Tourism One-Way-Anova Education

Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
.832	3	277	.477

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	162.602	3	54.201	.270	.847
Within Groups	55538.295	277	200.499		
Total	55700.897	280			

Tukey HSD   **Post Hoc Tests: Multiple Comparisons**

(I) Job Title or Position	(J) Job Title or Position	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
chairman	director	4.38636	5.97452	.883	-11.0560	19.8287
	ceo	4.18750	6.77848	.926	-13.3328	21.7078
	manager	3.21637	5.88125	.947	-11.9848	18.4176
director	chairman	-4.38636	5.97452	.883	-19.8287	11.0560
	ceo	-.19886	3.84832	1.000	-10.1456	9.7479
	manager	-1.16999	1.85766	.922	-5.9715	3.6315
ceo	chairman	-4.18750	6.77848	.926	-21.7078	13.3328
	director	.19886	3.84832	1.000	-9.7479	10.1456
	manager	-.97113	3.70185	.994	-10.5393	8.5970
manager	chairman	-3.21637	5.88125	.947	-18.4176	11.9848
	director	1.16999	1.85766	.922	-3.6315	5.9715
	ceo	.97113	3.70185	.994	-8.5970	10.5393

SA3: Tourism One-Way-Anova Job Title

Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
.289	3	277	.834

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	596.768	3	198.923	1.000	.393
Within Groups	55104.129	277	198.932		
Total	55700.897	280			

Tukey HSD   **Post Hoc Tests: Multiple Comparisons**

(I) Type of Work/Business	(J) Type of Work/Business	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
hotel	travel agency	.91838	2.23094	.976	-4.8479	6.6847
	tour operator	3.87329	2.40374	.374	-2.3396	10.0862
	DMC	2.43943	2.29165	.711	-3.4838	8.3627
travel agency	hotel	-.91838	2.23094	.976	-6.6847	4.8479
	tour operator	2.95491	2.56261	.657	-3.6687	9.5785
	DMC	1.52105	2.45779	.926	-4.8316	7.8737
tour operator	hotel	-3.87329	2.40374	.374	-10.0862	2.3396
	travel agency	-2.95491	2.56261	.657	-9.5785	3.6687
	DMC	-1.43386	2.61564	.947	-8.1945	5.3268
DMC	hotel	-2.43943	2.29165	.711	-8.3627	3.4838
	travel agency	-1.52105	2.45779	.926	-7.8737	4.8316
	tour operator	1.43386	2.61564	.947	-5.3268	8.1945

SA4: Tourism One-Way-Anova Type of Work

Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
.945	2	278	.390

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	77.906	2	38.953	.195	.823
Within Groups	55622.991	278	200.083		
Total	55700.897	280			

Post Hoc Tests: Multiple Comparisons

Tukey HSD

(I) Experience in tourism	(J) Experience in tourism	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
10-19	20-29	-.51807	2.00584	.964	-5.2445	4.2084
	30+	1.16375	2.39847	.878	-4.4879	6.8153
20-29	10-19	.51807	2.00584	.964	-4.2084	5.2445
	30+	1.68182	2.71393	.809	-4.7131	8.0767
30+	10-19	-1.16375	2.39847	.878	-6.8153	4.4879
	20-29	-1.68182	2.71393	.809	-8.0767	4.7131

SA5: Tourism One-Way-Anova Experience in Tourism

Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Overall tourism importance	male	214	171.5374	14.59841	.99793
	female	67	175.2836	12.05518	1.47278

Independent Samples Test

Levene's Test for Equality of Variances			t-test for Equality of Means							
								95% Confidence Interval of the Difference		
	F	Sig.	t	df	Sig. 2tailed	Mean Difference	SE Difference	Lower	Upper
Equal variances assumed	.629	.428	-1.906	279	.058	-3.74620	1.96530	-7.61489	.12249
Equal variances not assumed			-2.106	131.901	.037	-3.74620	1.77902	-7.26531	-.22709

SA6: Tourism Gender T-Test

Test of Homogeneity of Variances

Overall Business Importance

Levene Statistic	df1	df2	Sig.
1.026	4	276	.394

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1143.899	4	285.975	.938	.442
Within Groups	84174.976	276	304.982		
Total	85318.875	280			

(I) Age	(J) Age	Mean Difference (I-J)	SE	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
25-34 years	35-44 years	-3.67236	2.79029	.681	-11.3342	3.9895
	45-54 years	.52917	2.80690	1.000	-7.1783	8.2366
	55-64 years	-3.30476	3.57494	.887	-13.1212	6.5117
	65+ years	-5.51111	6.16062	.899	-22.4276	11.4053
35-44 years	25-34 years	3.67236	2.79029	.681	-3.9895	11.3342
	45-54 years	4.20152	2.74437	.543	-3.3342	11.7373
	55-64 years	.36760	3.52605	1.000	-9.3146	10.0498
	65+ years	-1.83875	6.13239	.998	-18.6777	15.0001
45-54 years	25-34 years	-.52917	2.80690	1.000	-8.2366	7.1783
	35-44 years	-4.20152	2.74437	.543	-11.7373	3.3342
	55-64 years	-3.83393	3.53921	.815	-13.5522	5.8844
	65+ years	-6.04028	6.13996	.862	-22.9000	10.8194
55-64 years	25-34 years	3.30476	3.57494	.887	-6.5117	13.1212
	35-44 years	-.36760	3.52605	1.000	-10.0498	9.3146
	45-54 years	3.83393	3.53921	.815	-5.8844	13.5522
	65+ years	-2.20635	6.52692	.997	-20.1286	15.7159
65+ years	25-34 years	5.51111	6.16062	.899	-11.4053	22.4276
	35-44 years	1.83875	6.13239	.998	-15.0001	18.6777
	45-54 years	6.04028	6.13996	.862	-10.8194	22.9000
	55-64 years	2.20635	6.52692	.997	-15.7159	20.1286

SA7: Business: One-Way-Anova Age

Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
.730	2	278	.483

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1282.015	2	641.008	2.120	.122
Within Groups	84036.860	278	302.291		
Total	85318.875	280			

Tukey HSD **Post Hoc Tests: Multiple Comparisons**

(I) Education	(J) Education	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval Lower Bound	Upper Bound
secondary	post-secondary	-4.52629	2.81168	.243	-11.1516	2.0990
	tertiary	-6.01389	2.95751	.106	-12.9828	.9550
post-secondary	secondary	4.52629	2.81168	.243	-2.0990	11.1516
	tertiary	-1.48760	2.33590	.800	-6.9918	4.0166
tertiary	secondary	6.01389	2.95751	.106	-.9550	12.9828
	post-secondary	1.48760	2.33590	.800	-4.0166	6.9918

SA8: Business: One-Way-Anova Education

Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
.434	3	277	.729

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	421.659	3	140.553	.459	.711
Within Groups	84897.217	277	306.488		
Total	85318.875	280			

Tukey HSD   **Post Hoc Tests: Multiple Comparisons**

(I) Job Title or Position	(J) Job Title or Position	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
chairman	director	5.08712	7.38676	.901	-14.0054	24.1796
	ceo	3.47917	8.38074	.976	-18.1825	25.1408
	manager	2.62865	7.27143	.984	-16.1658	21.4231
director	chairman	-5.08712	7.38676	.901	-24.1796	14.0054
	ceo	-1.60795	4.75798	.987	-13.9059	10.6900
	manager	-2.45847	2.29677	.708	-8.3949	3.4780
ceo	chairman	-3.47917	8.38074	.976	-25.1408	18.1825
	director	1.60795	4.75798	.987	-10.6900	13.9059
	manager	-.85051	4.57688	.998	-12.6803	10.9793
manager	chairman	-2.62865	7.27143	.984	-21.4231	16.1658
	director	2.45847	2.29677	.708	-3.4780	8.3949
	ceo	.85051	4.57688	.998	-10.9793	12.6803

SA9: Business: One-Way-Anova Job Position

Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
.729	3	277	.535

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1853.416	3	617.805	2.050	.107
Within Groups	83465.460	277	301.319		
Total	85318.875	280			

Post Hoc Tests: Multiple Comparisons

Tukey HSD

(I) Type of Work/Business	(J) Type of Work/Business	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
hotel	travel agency	5.87323	2.74567	.143	-1.2235	12.9700
	tour operator	5.81365	2.95834	.204	-1.8328	13.4600
	DMC	3.95121	2.82040	.500	-3.3386	11.2411
travel agency	hotel	-5.87323	2.74567	.143	-12.9700	1.2235
	tour operator	-.05958	3.15388	1.000	-8.2114	8.0922
	DMC	-1.92202	3.02486	.921	-9.7404	5.8963
tour operator	hotel	-5.81365	2.95834	.204	-13.4600	1.8328
	travel agency	.05958	3.15388	1.000	-8.0922	8.2114
	DMC	-1.86243	3.21914	.938	-10.1829	6.4580
DMC	hotel	-3.95121	2.82040	.500	-11.2411	3.3386
	travel agency	1.92202	3.02486	.921	-5.8963	9.7404
	tour operator	1.86243	3.21914	.938	-6.4580	10.1829

SA10: Business: One-Way-Anova Type of Work

Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
2.427	2	278	.090

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1659.114	2	829.557	2.757	.065
Within Groups	83659.762	278	300.934		
Total	85318.875	280			

Tukey HSD   **Post Hoc Tests: Multiple Comparisons**

(I) Experience in tourism	(J) Experience in tourism	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
10-19	20-29	-4.35771	2.45995	.181	-10.1542	1.4388
	30+	-5.69414	2.94148	.131	-12.6252	1.2370
20-29	10-19	4.35771	2.45995	.181	-1.4388	10.1542
	30+	-1.33643	3.32835	.915	-9.1791	6.5063
30+	10-19	5.69414	2.94148	.131	-1.2370	12.6252
	20-29	1.33643	3.32835	.915	-6.5063	9.1791

SA11: Business: One-Way-Anova Experience in Tourism

Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Overall Business Importance	male	214	179.4019	15.54902	1.06291
	female	67	180.9701	22.59523	2.76045

Business Gender Independent Samples Test									
	Levene's Test for Equality of Variances		t-test for Equality of Means						
								95% Confidence Interval of the Difference	
	F	Sig.	t	df	Sig. 2 tailed	Mean Difference	SE Difference	Lower	Upper
Equal variances assumed	.909	.341	-.641	279	.522	-1.56828	2.44630	-6.38383	3.24727
Equal variances not assumed			-.530	86.433	.597	-1.56828	2.95801	-7.44820	4.31164

SA12: Business Gender Independent Samples Test

Tourism Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.497	.247	.157	1.169

ANOVA[b]

Model	Tourism	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	112.227	30	3.741	2.740	.000
	Residual	341.367	250	1.365		
	Total	453.594	280			

b. Dependent Variable: Malta's Overall Competitiveness

Business Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.603	.364	.288	1.074

ANOVA[b]

Model	Business	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	165.041	30	5.501	4.766	.000
	Residual	288.553	250	1.154		
	Total	453.594	280			

b. Dependent Variable: Malta's Overall Competitiveness

SS1: Indirect Measures of Relative Importance of Tourism and Business Factors
Regression and Correlation Analysis (Performance on Overall Destination Competitiveness)

	Regression									Regression							
	Unstandardiz		Standardized			Correlations				Unstandardiz		Standardized			Correlations		
C	Beta	SE	Beta	SE	Sig.	Zero-order	Partial	Part	C	Beta	SE	Beta	t	Sig.	Zero-order	Partial	Part
	0.56	0.83		0.67	0.5					0.52	0.51		1.01	0.31			
40	0.08	0.07	0.08	1.2	0.23	0.19	0.08	0.07	10	0.06	0.06	0.06	0.93	0.35	0.28	0.06	0.05
41	0.13	0.08	0.12	1.66	0.1	0.28	0.1	0.09	11	0.01	0.07	0.01	0.16	0.88	0.32	0.01	0.01
42	-0.02	0.06	-0.03	-0.4	0.69	0.11	-0.03	-0.02	12	-0.04	0.07	-0.04	-0.61	0.54	0.22	-0.04	-0.03
44	0.13	0.07	0.13	1.89	0.06	0.23	0.12	0.1	13	0.07	0.07	0.08	1.05	0.29	0.36	0.07	0.05
45	-0.04	0.07	-0.04	-0.57	0.57	0.12	-0.04	-0.03	14	0.06	0.07	0.06	0.8	0.43	0.39	0.05	0.04
46	-0.04	0.07	-0.04	-0.56	0.58	0.21	-0.04	-0.03	15	0.09	0.07	0.09	1.27	0.2	0.42	0.08	0.06
47	0.06	0.06	0.06	0.9	0.37	0.19	0.06	0.05	16	-0.01	0.07	-0.01	-0.15	0.88	0.33	-0.01	-0.01
49	0.04	0.06	0.05	0.7	0.49	0.15	0.04	0.04	17	-0.08	0.08	-0.08	-1.04	0.3	0.2	-0.07	-0.05
53	0.04	0.06	0.05	0.68	0.5	0.18	0.04	0.04	18	0.03	0.06	0.03	0.45	0.65	0.3	0.03	0.02
54	-0.03	0.08	-0.03	-0.43	0.67	0.03	-0.03	-0.02	19	-0.01	0.07	-0.01	-0.17	0.87	0.24	-0.01	-0.01
55	0	0.06	0	0	1	0.07	0	0	22	0.04	0.06	0.03	0.58	0.56	0.26	0.04	0.03
56	-0.05	0.07	-0.06	-0.75	0.45	0.03	-0.05	-0.04	23	0.03	0.08	0.03	0.44	0.66	0.3	0.03	0.02
57	0.1	0.06	0.11	1.62	0.11	0.26	0.1	0.09	25	0.05	0.07	0.05	0.8	0.42	0.32	0.05	0.04
58	0.11	0.06	0.13	1.78	0.08	0.22	0.11	0.1	27	-0.02	0.08	-0.02	-0.21	0.83	0.33	-0.01	-0.01
60	-0.12	0.07	-0.11	-1.65	0.1	-0.02	-0.1	-0.09	28	0.07	0.07	0.07	1.06	0.29	0.35	0.07	0.05
62	-0.06	0.03	-0.15	-2.32	0.02	-0.05	-0.14	-0.13	29	0.03	0.08	0.03	0.42	0.68	0.34	0.03	0.02
63	0.06	0.06	0.08	1.02	0.31	0.23	0.06	0.06	30	0.17	0.06	0.18	2.61	0.01	0.44	0.16	0.13
64	0.02	0.07	0.02	0.27	0.79	0.23	0.02	0.01	31	-0.02	0.06	-0.03	-0.39	0.7	0.28	-0.02	-0.02
66	0.06	0.09	0.05	0.65	0.51	0.17	0.04	0.04	33	0.05	0.06	0.05	0.83	0.41	0.16	0.05	0.04
71	0	0.07	0	-0.07	0.94	0.05	0	0	34	0.08	0.08	0.09	1.05	0.29	0.39	0.07	0.05
72	0.03	0.06	0.03	0.53	0.6	0.16	0.03	0.03	35	0.02	0.07	0.02	0.31	0.76	0.29	0.02	0.02
73	0.12	0.08	0.11	1.48	0.14	0.21	0.09	0.08	36	-0.03	0.07	-0.03	-0.44	0.66	0.28	-0.03	-0.02
77	0.11	0.06	0.12	1.7	0.09	0.16	0.11	0.09	39	-0.14	0.07	-0.12	-1.95	0.05	0.16	-0.12	-0.1
79	-0.01	0.1	-0.01	-0.1	0.92	0.15	-0.01	-0.01	90	0.11	0.07	0.11	1.6	0.11	0.37	0.1	0.08
80	-0.02	0.07	-0.02	-0.33	0.74	0.09	-0.02	-0.02	91	0.08	0.07	0.09	1.06	0.29	0.41	0.07	0.05
81	-0.07	0.07	-0.07	-0.99	0.32	0.1	-0.06	-0.05	92	-0.08	0.07	-0.08	-1.18	0.24	0.24	-0.07	-0.06
83	-0.11	0.11	-0.07	-1.02	0.31	0	-0.06	-0.06	93	0.07	0.07	0.06	0.99	0.32	0.27	0.06	0.05
85	0.06	0.06	0.08	1.02	0.31	0.18	0.06	0.06	95	0.04	0.06	0.05	0.78	0.44	0.31	0.05	0.04
87	0	0.06	0	-0.05	0.96	0.15	0	0	97	0.02	0.06	0.02	0.3	0.76	0.26	0.02	0.02
88	0.14	0.1	0.09	1.4	0.16	0.12	0.09	0.08	98	0.08	0.06	0.08	1.32	0.19	0.28	0.08	0.07

SS2: Indirect Measures of Relative Importance of Tourism and Business Factors
Regression and Correlation Analysis (Performance on Overall Destination Competitiveness)

TRS Item Statistics				TRSM Item-Total Statistics				
	Mean	SD		Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's α if Item Deleted
40	5.62	1.128	40	166.81	187.75	0.32	0.28	0.860
41	6.27	.769	41	166.16	192.37	0.28	0.33	0.861
42	5.83	.958	42	166.60	188.33	0.37	0.33	0.859
44	4.96	1.234	44	167.47	184.02	0.40	0.39	0.858
45	5.43	1.033	45	167.00	183.80	0.50	0.40	0.856
46	5.56	1.085	46	166.88	184.55	0.45	0.51	0.857
47	5.92	1.022	47	166.51	188.04	0.35	0.28	0.859
49	6.48	.883	49	165.95	189.32	0.36	0.32	0.859
53	6.31	.985	53	166.12	186.13	0.44	0.35	0.857
54	5.48	1.262	54	166.95	181.27	0.47	0.41	0.856
55	5.95	.975	55	166.48	185.10	0.49	0.47	0.856
56	5.80	.964	56	166.63	187.25	0.41	0.37	0.858
57	5.56	1.327	57	166.87	187.06	0.28	0.37	0.863
58	5.08	1.165	58	167.35	181.44	0.51	0.49	0.855
60	5.44	1.311	60	166.99	188.01	0.26	0.27	0.863
62	5.51	1.096	62	166.93	182.23	0.52	0.51	0.855
63	6.17	.885	63	166.26	188.49	0.40	0.29	0.858
64	5.14	1.175	64	167.30	178.67	0.60	0.50	0.852
66	5.87	.899	66	166.56	188.43	0.39	0.49	0.859
71	5.67	1.127	71	166.76	184.64	0.42	0.31	0.858
72	5.37	1.139	72	167.06	186.52	0.36	0.29	0.859
73	5.57	1.084	73	166.86	187.77	0.34	0.49	0.860
77	6.63	.648	77	165.80	191.06	0.42	0.29	0.859
79	5.85	1.004	79	166.58	187.89	0.36	0.47	0.859
80	6.28	.705	80	166.15	194.01	0.23	0.29	0.862
81	5.48	1.035	81	166.95	183.30	0.52	0.54	0.855
83	6.23	.806	83	166.20	191.62	0.30	0.22	0.861
85	6.38	.849	85	166.05	190.14	0.34	0.33	0.860
87	4.92	1.310	87	167.51	182.37	0.42	0.33	0.858
88	5.68	1.175	88	166.75	191.56	0.18	0.27	0.865

TRSM Summary Item Statistics							
	Mean	Min	Maxi	Range	Max/ Min	Variance	No
Inter-Item Correlations	0.18	-0.08	0.59	0.66	-7.45	0.01	30

TRSM Intraclass Correlation Coefficient

	Intraclass Correlation[a]	95% Confidence Interval		F Test with True Value 0			
		LB	UB	Value	df1	df2	Sig
Single Measures	.173[b]	0.15	0.20	7.28	280	8120	0.00
Average Measures	.863[c]	0.84	0.88	7.28	280.	8120	0.00

TRSM Scale Statistics			
Mean	Variance	SD	N0
172.43	198.932	14.104	30

TRSM Reliability Statistics	
Cronbach's Alpha	0.863
Standardized Cronbach's Alpha	0.865
No of items	30

TRSM Split-Half

Cronbach's Alpha		
Part 1	Value	.768
	N of Items	15
Part 2	Value	.767
	N of Items	15
	Total N of Items	30
Spearman-Brown Coefficient		
	Correlation Between Forms	.710
	Equal Length	.831
	Unequal Length	.831
	Guttman Split-Half Coefficient	.829

SR1: Tourism Reliability Statistics

	40	41	42	44	45	46	47	49	53	54	55	56	57	58	60	62	63	64	66	71	72	73	77	79	80	81	83	85	87	88
40	1	0.06	0.07	0.29	0.14	0.23	0.22	-0	0.2	0.28	0.29	0.26	-0	0.09	0.19	0.23	0.09	0.19	0.1	0.06	0.05	0.2	0.12	0.08	0.09	0.11	0.05	0.13	0.21	0.14
41	0.06	1	0.18	0.11	0.21	0.08	0.12	0.04	0.19	0.01	0.15	0.13	0.29	0.08	0.03	0.19	0.18	0.19	0.06	0.16	0.06	0.03	0.14	0.1	0.02	0.12	0.27	0.42	0.09	0.07
42	0.07	0.18	1	-0	0.24	0.3	0.22	0.08	0.32	0.06	0.24	0.35	0.21	0.28	0.18	0.23	0.21	0.34	0.05	0.17	0.13	0.13	0.22	0.04	-0	0.15	0.19	0.24	0.17	-0.1
44	0.29	0.11	-0	1	0.2	0.19	0.16	0.16	0.03	0.37	0.23	0.11	0.13	0.2	0.02	0.42	0.16	0.22	0.23	0.11	0.1	0.17	0.11	0.21	0.23	0.27	0.15	0.08	0.37	0.13
45	0.14	0.21	0.24	0.2	1	0.23	0.33	0.13	0.22	0.17	0.22	0.32	0.18	0.42	0.17	0.27	0.14	0.45	0.2	0.25	0.18	0.12	0.29	0.16	0.08	0.36	0.32	0.18	0.28	0.09
46	0.23	0.08	0.3	0.19	0.23	1	0.12	0.13	0.24	0.22	0.23	0.19	0.09	0.44	0.16	0.3	0.12	0.36	0.1	0.22	0.09	0.59	0.24	0.09	0.04	0.22	0.12	0.24	0.16	0.06
47	0.22	0.12	0.22	0.16	0.33	0.12	1	0.09	0.33	0.22	0.22	0.32	0.11	0.08	0.22	0.2	0.12	0.29	0.06	0.18	0.02	0.04	0.19	0.03	0.02	0.13	0.17	0.11	0.26	0
49	-0	0.04	0.08	0.16	0.13	0.13	0.09	1	0.27	0.18	0.27	0.11	0.3	0.23	0.1	0.18	0.31	0.27	0.19	0.2	0.16	0.04	0.23	0.16	0.17	0.31	0.06	0.15	0.21	0.06
53	0.2	0.19	0.32	0.03	0.22	0.24	0.33	0.27	1	0.23	0.29	0.3	0.24	0.22	0.24	0.26	0.23	0.35	0.08	0.33	0.09	0.14	0.19	0.06	-0	0.19	0.15	0.18	0.23	-0.1
54	0.28	0.01	0.06	0.37	0.17	0.22	0.22	0.18	0.23	1	0.36	0.16	0.08	0.31	0.08	0.34	0.19	0.28	0.24	0.27	0.17	0.34	0.23	0.25	0.16	0.18	0.13	0.04	0.27	0.24
55	0.29	0.15	0.24	0.23	0.22	0.23	0.22	0.27	0.29	0.36	1	0.24	0.2	0.25	0.09	0.54	0.32	0.3	0.21	0.19	0.18	0.12	0.19	0.16	0.14	0.1	0.12	0.18	0.19	0.09
56	0.26	0.13	0.35	0.11	0.32	0.19	0.32	0.11	0.3	0.16	0.24	1	0.1	0.22	0.39	0.21	0.23	0.34	0.09	0.25	0.06	0.03	0.18	-0	-0	0.2	0.1	0.19	0.27	-0
57	-0	0.29	0.21	0.13	0.18	0.09	0.11	0.3	0.24	0.08	0.2	0.1	1	0.06	-0.1	0.29	0.32	0.1	0.12	0.19	0.2	-0.1	0.24	0.14	0.02	0.29	0.06	0.13	0.03	-0
58	0.09	0.08	0.28	0.2	0.42	0.44	0.08	0.23	0.22	0.31	0.25	0.22	0.06	1	0.22	0.32	0.18	0.51	0.14	0.32	0.24	0.35	0.32	0.12	0.07	0.34	0.2	0.15	0.19	0.1
60	0.19	0.03	0.18	0.02	0.17	0.16	0.22	0.1	0.24	0.08	0.09	0.39	-0.1	0.22	1	0.05	0.11	0.27	-0	0.22	0.09	0.14	0.1	-0.1	-0.1	0.05	0.09	0.11	0.23	-0
62	0.23	0.19	0.23	0.42	0.27	0.3	0.2	0.18	0.26	0.34	0.54	0.21	0.29	0.32	0.05	1	0.26	0.28	0.21	0.23	0.21	0.14	0.24	0.17	0.15	0.32	0.18	0.2	0.24	-0.1
63	0.09	0.18	0.21	0.16	0.14	0.12	0.12	0.31	0.23	0.19	0.32	0.23	0.32	0.18	0.11	0.26	1	0.3	0.16	0.16	0.14	0.06	0.21	0.11	0.01	0.28	0.08	0.24	0.23	0.06
64	0.19	0.19	0.34	0.22	0.45	0.36	0.29	0.27	0.35	0.28	0.3	0.34	0.1	0.51	0.27	0.28	0.3	1	0.16	0.28	0.25	0.22	0.29	0.16	0.11	0.36	0.22	0.2	0.39	0.06
66	0.1	0.06	0.05	0.23	0.2	0.1	0.06	0.19	0.08	0.24	0.21	0.09	0.12	0.14	-0	0.21	0.16	0.16	1	0.11	0.34	0.05	0.17	0.55	0.4	0.51	0.14	0.15	0.23	0.19
71	0.06	0.16	0.17	0.11	0.25	0.22	0.18	0.2	0.33	0.27	0.19	0.25	0.19	0.32	0.22	0.23	0.16	0.28	0.11	1	0.31	0.24	0.22	0.18	0.01	0.23	0.07	0.11	0.16	0.05
72	0.05	0.06	0.13	0.1	0.18	0.09	0.02	0.16	0.09	0.17	0.18	0.06	0.2	0.24	0.09	0.21	0.14	0.25	0.34	0.31	1	0.16	0.18	0.28	0.23	0.28	0.06	0.15	0.13	0.18
73	0.2	0.03	0.13	0.17	0.12	0.59	0.04	0.04	0.14	0.34	0.12	0.03	-0.1	0.35	0.14	0.14	0.06	0.22	0.05	0.24	0.16	1	0.04	0.17	0.05	0.08	0.09	0.19	0.13	0.2
77	0.12	0.14	0.22	0.11	0.29	0.24	0.19	0.23	0.19	0.23	0.19	0.18	0.24	0.32	0.1	0.24	0.21	0.29	0.17	0.22	0.18	0.04	1	0.13	0.04	0.37	0.19	0.11	0.1	0.15
79	0.08	0.1	0.04	0.21	0.16	0.09	0.03	0.16	0.06	0.25	0.16	-0	0.14	0.12	-0.1	0.17	0.11	0.16	0.55	0.18	0.28	0.17	0.13	1	0.42	0.44	0.16	0.19	0.11	0.34
80	0.09	0.02	-0	0.23	0.08	0.04	0.02	0.17	-0	0.16	0.14	-0	0.02	0.07	-0.1	0.15	0.01	0.11	0.4	0.01	0.23	0.05	0.04	0.42	1	0.21	0.15	0.1	0.07	0.13
81	0.11	0.12	0.15	0.27	0.36	0.22	0.13	0.31	0.19	0.18	0.1	0.2	0.29	0.34	0.05	0.32	0.28	0.36	0.51	0.23	0.28	0.08	0.37	0.44	0.21	1	0.22	0.14	0.24	0.15
83	0.05	0.27	0.19	0.15	0.32	0.12	0.17	0.06	0.15	0.13	0.12	0.1	0.06	0.2	0.09	0.18	0.08	0.22	0.14	0.07	0.06	0.09	0.19	0.16	0.15	0.22	1	0.11	0.1	0.1
85	0.13	0.42	0.24	0.08	0.18	0.24	0.11	0.15	0.18	0.04	0.18	0.19	0.13	0.15	0.11	0.2	0.24	0.2	0.15	0.11	0.15	0.19	0.11	0.19	0.1	0.14	0.11	1	0.08	0.17
87	0.21	0.09	0.17	0.37	0.28	0.16	0.26	0.21	0.23	0.27	0.19	0.27	0.03	0.19	0.23	0.24	0.23	0.39	0.23	0.16	0.13	0.13	0.1	0.11	0.07	0.24	0.1	0.08	1	0.02
88	0.14	0.07	-0.1	0.13	0.09	0.06	0	0.06	-0.1	0.24	0.09	-0	-0	0.1	-0	-0.1	0.06	0.06	0.19	0.05	0.18	0.2	0.15	0.34	0.13	0.15	0.1	0.17	0.02	1

SR2: Tourism Reliability Statistics Inter-Item Correlation Matrix

BIS Item Statistics				BIS Item-Total Statistics				
	Mean	SD		Scale Mean if	Scale Variance if	Corrected Item-Total	Squared Multiple	Cronbach's α if Item
10	5.17	1.3	10	174.61	278.39	0.53	0.40	0.9324
11	5.87	1.0	11	173.90	284.02	0.57	0.42	0.9313
12	6.51	0.8	12	173.27	287.21	0.57	0.47	0.9314
13	5.89	1.1	13	173.89	283.79	0.53	0.46	0.9319
14	6.17	0.9	14	173.60	281.63	0.68	0.59	0.9300
15	6.51	0.7	15	173.27	287.96	0.60	0.45	0.9313
16	6.28	0.9	16	173.50	285.09	0.61	0.55	0.9310
17	6.01	1.0	17	173.77	282.82	0.60	0.54	0.9310
18	6.10	0.8	18	173.67	291.45	0.41	0.36	0.9331
19	5.62	1.0	19	174.15	283.29	0.59	0.48	0.9311
22	5.69	1.1	22	174.09	281.82	0.58	0.44	0.9312
23	5.64	1.0	23	174.14	284.25	0.55	0.46	0.9316
25	5.65	1.0	25	174.12	284.82	0.54	0.40	0.9317
27	5.84	0.9	27	173.94	284.91	0.57	0.52	0.9314
28	5.93	1.0	28	173.85	281.25	0.63	0.51	0.9305
29	5.78	0.9	29	173.99	287.09	0.51	0.57	0.9321
30	6.45	0.8	30	173.33	290.76	0.48	0.39	0.9323
31	6.09	0.9	31	173.69	284.09	0.64	0.57	0.9306
33	6.17	1.0	33	173.61	283.60	0.59	0.45	0.9311
34	6.32	0.8	34	173.46	287.56	0.57	0.44	0.9314
35	6.23	0.9	35	173.55	288.88	0.49	0.42	0.9323
36	5.76	0.9	36	174.02	287.41	0.50	0.54	0.9322
39	5.46	0.9	39	174.32	285.08	0.55	0.42	0.9315
90	6.00	0.8	90	173.77	287.41	0.56	0.46	0.9316
91	5.81	1.2	91	173.96	279.70	0.58	0.57	0.9312
92	5.80	1.1	92	173.98	284.89	0.47	0.32	0.9327
93	5.96	0.9	93	173.82	285.71	0.54	0.45	0.9318
95	6.58	0.8	95	173.20	293.2	0.37	0.31	0.9335
97	6.59	0.7	97	173.19	289.91	0.55	0.45	0.9318
98	5.91	1.0	98	173.87	283.59	0.56	0.47	0.9315

BIS Intraclass Correlation Coefficient								
	Intra-class correlation		95% Confidence Interval					
			LB	UB	Value	df1	df2	Sig
Single Measures	.320[b]	.320[b]	.283	.362	15.10	280	8120	.000
Average Measures	.934[c]	.934[c]	.922	.944	15.10	280	8120	.000

BIS Scale Statistics			
Mean	Variance	SD	No
179.78	304.710	17.456	30

BIS Summary Item Statistics							
	Mean	Min	Maxi	Range	Max/ Min	Variance	No
Inter-Item Correlations	.325	.070	.639	.569	9.119	.007	30

BIS Reliability Statistics	
Cronbach's Alpha	**0.934**
Standardized Cronbach's Alpha	0.935

BIS and TRS Pooled Reliability Statistics	
Cronbach's Alpha	**0.919**
Standardized Cronbach's Alpha	0.922
No of items	60

BIS Split-Half

Cronbach's Alpha

Part 1	Value	**.888**
	N of Items	15
Part 2	Value	**.866**
	N of Items	15
	Total N of Items	30

Spearman-Brown Coefficient

Correlation Between Forms	.858
Equal Length	.923
Unequal Length	.923
Guttman Split-Half Coefficient	.920

SR3: Business Reliability Statistics Inter-Item Correlation Matrix

	10	11	12	13	14	15	16	17	18	19	22	23	25	27	28	29	30	31	33	34	35	36	39	90	91	92	93	95	97	98
10	1	0.37	0.27	0.34	0.32	0.37	0.23	0.3	0.18	0.36	0.42	0.39	0.39	0.42	0.36	0.27	0.23	0.31	0.31	0.34	0.19	0.3	0.39	0.33	0.35	0.32	0.27	0.11	0.24	0.28
11	0.37	1	0.37	0.3	0.47	0.37	0.42	0.34	0.26	0.36	0.33	0.28	0.26	0.44	0.44	0.35	0.35	0.37	0.39	0.35	0.36	0.24	0.31	0.28	0.3	0.28	0.29	0.29	0.28	0.31
12	0.27	0.37	1	0.28	0.4	0.46	0.49	0.38	0.31	0.37	0.28	0.31	0.3	0.28	0.32	0.35	0.41	0.35	0.34	0.43	0.32	0.32	0.27	0.35	0.29	0.35	0.29	0.36	0.44	0.24
13	0.34	0.3	0.28	1	0.43	0.32	0.34	0.38	0.07	0.29	0.36	0.33	0.27	0.33	0.34	0.18	0.3	0.36	0.36	0.31	0.21	0.23	0.38	0.29	0.6	0.25	0.31	0.14	0.21	0.36
14	0.32	0.47	0.4	0.43	1	0.46	0.55	0.39	0.23	0.31	0.37	0.31	0.37	0.52	0.47	0.37	0.41	0.48	0.51	0.46	0.36	0.27	0.43	0.42	0.49	0.37	0.34	0.32	0.37	0.45
15	0.37	0.37	0.46	0.32	0.46	1	0.42	0.4	0.25	0.36	0.31	0.33	0.39	0.37	0.36	0.24	0.45	0.43	0.38	0.38	0.35	0.25	0.29	0.26	0.39	0.33	0.31	0.33	0.41	0.3
16	0.23	0.42	0.49	0.34	0.55	0.42	1	0.42	0.26	0.39	0.38	0.32	0.32	0.31	0.5	0.24	0.35	0.47	0.38	0.31	0.37	0.25	0.34	0.33	0.33	0.3	0.37	0.34	0.46	0.27
17	0.3	0.34	0.38	0.38	0.39	0.4	0.42	1	0.3	0.36	0.33	0.37	0.34	0.25	0.44	0.28	0.33	0.6	0.41	0.34	0.46	0.39	0.26	0.39	0.33	0.18	0.44	0.2	0.4	0.3
18	0.18	0.26	0.31	0.07	0.23	0.25	0.26	0.3	1	0.32	0.24	0.24	0.28	0.29	0.28	0.41	0.16	0.32	0.15	0.1	0.36	0.43	0.19	0.24	0.11	0.21	0.27	0.25	0.27	0.23
19	0.36	0.36	0.37	0.29	0.31	0.36	0.39	0.36	0.32	1	0.41	0.52	0.46	0.41	0.36	0.3	0.25	0.37	0.3	0.33	0.29	0.34	0.27	0.37	0.36	0.32	0.35	0.16	0.34	0.35
22	0.42	0.33	0.28	0.36	0.37	0.31	0.38	0.33	0.24	0.41	1	0.36	0.41	0.29	0.42	0.34	0.27	0.31	0.33	0.37	0.2	0.32	0.38	0.32	0.36	0.28	0.44	0.24	0.35	0.39
23	0.39	0.28	0.31	0.33	0.31	0.33	0.32	0.37	0.24	0.52	0.36	1	0.42	0.26	0.39	0.24	0.13	0.35	0.36	0.34	0.24	0.26	0.36	0.35	0.36	0.35	0.4	0.12	0.27	0.3
25	0.39	0.26	0.3	0.27	0.37	0.39	0.32	0.34	0.28	0.46	0.41	0.42	1	0.35	0.35	0.25	0.24	0.27	0.31	0.39	0.18	0.29	0.36	0.3	0.36	0.28	0.25	0.2	0.28	0.27
27	0.42	0.44	0.28	0.33	0.52	0.37	0.31	0.25	0.29	0.41	0.29	0.26	0.35	1	0.39	0.27	0.21	0.28	0.33	0.35	0.25	0.24	0.43	0.43	0.51	0.29	0.22	0.26	0.27	0.38
28	0.36	0.44	0.32	0.34	0.47	0.36	0.5	0.44	0.28	0.36	0.42	0.39	0.35	0.39	1	0.25	0.3	0.49	0.42	0.4	0.27	0.28	0.39	0.43	0.44	0.27	0.31	0.25	0.32	0.49
29	0.27	0.35	0.35	0.18	0.37	0.24	0.24	0.28	0.41	0.3	0.34	0.24	0.25	0.27	0.25	1	0.24	0.38	0.24	0.22	0.44	0.64	0.29	0.24	0.16	0.33	0.34	0.26	0.29	0.35
30	0.23	0.35	0.41	0.3	0.41	0.45	0.35	0.33	0.16	0.25	0.27	0.13	0.24	0.21	0.3	0.24	1	0.38	0.36	0.35	0.3	0.2	0.25	0.23	0.28	0.28	0.27	0.33	0.4	0.2
31	0.31	0.37	0.35	0.36	0.48	0.43	0.47	0.6	0.32	0.37	0.31	0.35	0.27	0.28	0.49	0.38	0.38	1	0.49	0.37	0.43	0.32	0.32	0.38	0.39	0.28	0.47	0.16	0.4	0.42
33	0.31	0.39	0.34	0.36	0.51	0.38	0.38	0.41	0.15	0.3	0.33	0.36	0.31	0.33	0.42	0.24	0.36	0.49	1	0.42	0.29	0.21	0.3	0.3	0.41	0.34	0.44	0.18	0.37	0.38
34	0.34	0.35	0.43	0.31	0.46	0.38	0.31	0.34	0.1	0.33	0.37	0.34	0.39	0.35	0.4	0.22	0.35	0.37	0.42	1	0.19	0.21	0.4	0.41	0.45	0.32	0.28	0.19	0.32	0.36
35	0.19	0.36	0.32	0.21	0.36	0.35	0.37	0.46	0.36	0.29	0.2	0.24	0.18	0.25	0.27	0.44	0.3	0.43	0.29	0.19	1	0.39	0.24	0.35	0.17	0.21	0.25	0.24	0.31	0.25
36	0.3	0.24	0.32	0.23	0.27	0.25	0.25	0.39	0.43	0.34	0.32	0.26	0.29	0.24	0.28	0.64	0.2	0.32	0.21	0.21	0.39	1	0.31	0.2	0.24	0.27	0.32	0.29	0.22	0.25
39	0.39	0.31	0.27	0.38	0.43	0.29	0.34	0.26	0.19	0.27	0.38	0.36	0.36	0.43	0.39	0.29	0.25	0.32	0.3	0.4	0.24	0.31	1	0.44	0.44	0.26	0.31	0.16	0.28	0.32
90	0.33	0.28	0.35	0.29	0.42	0.26	0.33	0.39	0.24	0.37	0.32	0.35	0.3	0.43	0.43	0.24	0.23	0.38	0.3	0.41	0.35	0.2	0.44	1	0.34	0.2	0.3	0.19	0.39	0.44
91	0.35	0.3	0.29	0.6	0.49	0.39	0.33	0.33	0.11	0.36	0.36	0.36	0.36	0.51	0.44	0.16	0.28	0.39	0.41	0.45	0.17	0.24	0.44	0.34	1	0.28	0.26	0.15	0.28	0.47
92	0.32	0.28	0.35	0.25	0.37	0.33	0.3	0.18	0.21	0.32	0.28	0.35	0.28	0.29	0.27	0.33	0.28	0.28	0.34	0.32	0.21	0.27	0.26	0.2	0.28	1	0.22	0.12	0.27	0.32
93	0.27	0.29	0.29	0.31	0.34	0.31	0.37	0.44	0.27	0.35	0.44	0.4	0.25	0.22	0.31	0.34	0.27	0.47	0.44	0.28	0.25	0.32	0.31	0.3	0.26	0.22	1	0.21	0.44	0.24
95	0.11	0.29	0.36	0.14	0.32	0.33	0.34	0.2	0.25	0.16	0.24	0.12	0.2	0.26	0.25	0.26	0.33	0.16	0.18	0.19	0.24	0.29	0.16	0.19	0.15	0.12	0.21	1	0.35	0.16
97	0.24	0.28	0.44	0.21	0.37	0.41	0.46	0.4	0.27	0.34	0.35	0.27	0.28	0.27	0.32	0.29	0.4	0.4	0.37	0.32	0.31	0.22	0.28	0.39	0.28	0.27	0.44	0.35	1	0.36
98	0.28	0.31	0.24	0.36	0.45	0.3	0.27	0.3	0.23	0.35	0.39	0.3	0.27	0.38	0.49	0.35	0.2	0.42	0.38	0.36	0.25	0.25	0.32	0.44	0.47	0.32	0.24	0.16	0.36	1

SR4: Business Reliability Statistics Inter-Item Correlation Matrix

Tourism Priorities on TRSM I and P (WPR)		Slope –(b2/b1)	0.572145		
Regression Statistics					
Multiple R	0.889066648				
R Square	0.790439504				
Adjusted R Square	0.774916504				
Standard Error	0.033673541				
ANOVA					
	df	*SS*	*MS*	*F*	*Significance F*
Regression	2	0.115478348	0.057739	50.92054	6.88141E-10
Residual	27	0.030615499	0.001134		
Total	29	0.146093848			
	Coefficients	*Standard Error*	*t Stat*	*P-value*	
Intercept	0.517084702	0.044363198	11.65571	4.82E-12	
X Variable 1	0.516167471	0.051761379	9.972058	1.51E-10	
X Variable 2	-0.295322388	0.064661955	-4.56717	9.74E-05	
BIS Priorities on BIS I and P (WPR)		**Slope – (b2/b1)**	**1.6232**		
Regression Statistics					
Multiple R	0.837857484				
R Square	0.702005163				
Adjusted R Square	0.679931472				
Standard Error	0.088345187				
ANOVA					
	df	*SS*	*MS*	*F*	*Sign F*
Regression	2	0.496433541	0.248217	31.8028	7.9766E-08
Residual	27	0.210731544	0.007805		
Total	29	0.707165086			
	Coefficients	*SE*	*t Stat*	*P-value*	
Intercept	0.810943816	0.210578778	3.851023	0.000656	
X Variable 1	0.418801225	0.194635392	2.151722	0.040523	
X Variable 2	-0.679796098	0.170044897	-3.99774	0.000445	

Diagonal line data points For TRSM WPR			
SCALE CENTRED		**Importance**	**Performance**
point 1	intercept	0.213927742	0
point 2	crosspoint	0.50	0.50
point 3	endpoint	0.786072258	1

Diagonal line data points For TRSM WPR			
DATA CENTRED		**Importance**	**Performance**
point 1	intercept	0.254255546	0
point 2	crosspoint	0.62	0.64
point 3	endpoint	0.826400062	1

Diagonal line data points For BIS WPR			
SCALE CENTRED		**Importance**	**Performance**
point 1	intercept	-0.3115975	0
point 2	crosspoint	0.50	0.50
point 3	endpoint	1.311597551	1

Diagonal line data points For BIS WPR			
DATA CENTRED		**Importance**	**Performance**
point 1	intercept	-0.3625132	0
point 2	crosspoint	0.63	0.61
point 3	endpoint	1.260681883	1

SD1: Diagonal Approach: Regression Output (Priorities on P and I)

Tourism and Business Factors (WPR)

TRSM PRIORITIES on TRSM I and P (LSR)		Slope – (b2/b1)	0.3754		
Regression Statistics					
Multiple R	0.80467792				
R Square	0.647506555				
Adjusted R Square	0.621395929				
Standard Error	0.043672656				
ANOVA					
	df	*SS*	*MS*	*F*	*Significance F*
Regression	2	0.094596724	0.047298	24.79858	7.70086E-07
Residual	27	0.051497124	0.001907		
Total	29	0.146093848			
	Coefficients	*SE*	*t Stat*	*P-value*	
Intercept	0.202351122	0.111864278	1.808898	0.081616	
X Variable 1	0.112786402	0.018209387	6.19386	1.27E-06	
X Variable 2	-0.042343891	0.010691664	-3.96046	0.000491	

Diagonal line data points For TRSM LSR			
SCALE CENTRED		**Importance**	**Performance**
point 1	intercept	2.498262552	0
point 2	crosspoint	4.00	4.00
point 3	endpoint	5.126303086	7

Diagonal line data points For TRSM LSR			
DATA CENTRED		**Importance**	**Performance**
point 1	intercept	3.956691238	0
point 2	crosspoint	5.75	4.77
point 3	endpoint	6.584731771	7

BUSINESS PRIORITIES on BIS I and P (LSR)		Slope – (b2/b1)	0.8793		
Regression Statistics					
Multiple R	0.808329652				
R Square	0.653396826				
Adjusted R Square	0.627722516				
Standard Error	0.095278474				
ANOVA					
	df	*SS*	*MS*	*F*	*Sign F*
Regression	2	0.370675061	0.185338	14.87151	4.42174E-05
Residual	27	0.336490024	0.012463		
Total	29	0.707165086			
	Coefficients	*SE*	*t Stat*	*P-value*	
Intercept	0.229405498	0.36850053	0.622538	0.538811	
X Variable 1	0.177657525	0.052773972	3.366385	0.002299	
X Variable 2	-0.156222451	0.030297746	-5.15624	2E-05	

Diagonal line data points For BIS LSR			
SCALE CENTRED		**Importance**	**Performance**
point 1	intercept	0.482615627	0
point 2	crosspoint	4.00	4.00
point 3	endpoint	6.63803828	7

Diagonal line data points For BIS LSR			
DATA CENTRED		**Importance**	**Performance**
point 1	intercept	2.430184053	0
point 2	crosspoint	5.99	4.05
point 3	endpoint	8.585606706	7

SD2: Diagonal Approach: Regression Output (Priorities on P and I)
Tourism and Business Factors (LSR)

TRSM Predictive Validity-SCALE CENTRED Model (WPR)					
Multiple R	0.41593				
R Square	0.17299				
Adjusted R^2	0.07470				
se	0.06689				
ANOVA					
	df	*SS*	*MS*	*F*	*Sign F*
Regression	3	0.025	0.008424	2.82395	0.058368
Residual	27	0.121	0.004475		
Total	30	0.146			
	Coefficients	*SE*	*t Stat*	*P-value*	
Intercept	0.653635102	0.067	9.771179	2.3E-10	
X Variable 1	0.009574181	0.068	0.140111	0.88961	
X Variable 2	-0.063260821	0.072	-0.87553	0.38901	
X Variable 3	0	0	65535	#NUM!	

TRSM Predictive Validity-SCALE CENTRED Model (LSR)					
Multiple R	0.40504				
R Square	0.16406				
Adj R^2	0.06278				
SE	0.06604				
ANOVA					
	df	*SS*	*MS*	*F*	*Sign F*
Regression	3	0.024	0.007989	5.49522	0.004637727
Residual	28	0.122	0.004362		
Total	31	0.146			
	Coefficients	*SE*	*t Stat*	*P-value*	
Intercept	0.635682437	0.013	48.12665	1.8E-28	
X Variable 1	0	0	65535	#NUM!	
X Variable 2	0	0	65535	#NUM!	
X Variable 3	0.075844239	0.032	2.344188	0.02639	

TRSM Predictive Validity - DATA CENTRED Model (WPR)					
Multiple R	0.60759				
R Square	0.36916				
Adjusted R^2	0.29638				
Standard Error	0.05954				
ANOVA					
	df	*SS*	*MS*	*F*	*Sign F*
Regression	3	0.054	0.017978	5.07172	0.006739
Residual	26	0.092	0.003545		
Total	29	0.146			
	Coefficients	*SE*	*t Stat*	*P-value*	
Intercept	0.620134560	0.018	34.54577	2.9E-23	
X Variable 1	0.051897305	0.028	1.875953	0.07193	
X Variable 2	-0.026407176	0.032	-0.82235	0.41836	
X Variable 3	0.093752490	0.030	3.102722	0.00458	

TRSM Predictive Validity - DATA CENTRED Model (LSR)					
Multiple R	0.56521				
R Square	0.31946				
Adjusted R^2	0.24094				
SE	0.06184				
ANOVA					
	df	*SS*	*MS*	*F*	*Sign F*
Regression	3	0.047	0.015557	4.0683	0.017019
Residual	26	0.099	0.003824		
Total	29	0.146			
	Coefficients	*SE*	*t Stat*	*P-value*	
Intercept	0.630486437	0.021	30.58727	6.5E-22	
X Variable 1	0.028282954	0.031	0.907567	0.37244	
X Variable 2	-0.031016064	0.031	-0.995270	0.32878	
X Variable 3	0.079176138	0.031	2.540670	0.01738	

SQ1: Tourism: Predictive Validity of Quadrant Models
Regression with Dummies (Comparison Quadrant 3)

Multiple R	0.72970				
R Square	0.53247				
Adj R^2	0.46080				
SE	0.11066				
ANOVA					
	df	SS	MS	F	Significance F
Regression	3	0.377	0.125515	15.3751	5.92359E-06
Residual	27	0.331	0.012245		
Total	30	0.707			
	Coefficients	SE	t Stat	P-value	
Intercept	0.35961	0.064	5.629	0.000	
X Variable 1	0.30724	0.068	4.511	0.000	
X Variable 2	0.00000	0.000	65535	#NUM!	
X Variable 3	0.44519	0.081	5.509	0.000	

Multiple R	0.56617				
R Square	0.32055				
Adj R^2	0.22486				
SE	0.13100				
ANOVA					
	df	SS	MS	F	Sig F
Regression	3	0.227	0.075562	13.2101	1.96909E-05
Residual	28	0.48	0.01716		
Total	31	0.707			
	Coefficients	SE	t Stat	P-value	
Intercept	0.5526604	0.038	14.61471	1.2E-14	
X Variable 1	0	0	65535	#NUM!	
X Variable 2	0	0	65535	#NUM!	
X Variable 3	0.1774372	0.049	3.634563	0.00111	

BIS Predictive Validity - DATA CENTRED Model (WPR)					
Multiple R	0.70911				
R Square	0.50284				
Adj R^2	0.44548				
SE	0.11628				
ANOVA					
	df	SS	MS	F	Sign F
Regression	3	0.356	0.118531	8.76578	0.000347855
Residual	26	0.352	0.013522		
Total	29	0.707			
	Coefficients	SE	t Stat	P-value	
Intercept	0.653903897	0.067	9.739888	3.70E-10	
X Variable 1	-0.01358982	0.085	-0.16003	0.8741	
X Variable 2	-0.12859380	0.077	-1.67992	0.10495	
X Variable 3	0.125871272	0.075	1.676917	0.10554	

BIS Predictive Validity - DATA CENTRED Model (LSR)					
Multiple R	0.6472				
R Square	0.41887				
Adj R^2	0.35181				
SE	0.12572				
ANOVA					
	df	SS	MS	F	Sign F
Regression	3	0.296	0.098736	6.24671	0.002445825
Residual	26	0.411	0.015806		
Total	29	0.707			
	Coefficients	SE	t Stat	P-value	
Intercept	0.64997293	0.051	12.66366	1.30E-12	
X Variable 1	-0.02736265	0.103	-0.26656	0.79191	
X Variable 2	-0.11130241	0.065	-1.71439	0.09836	
X Variable 3	0.120187216	0.063	1.91195	0.06696	

SQ2: Business Factors: Predictive Validity of Quadrant Models
Regression with Dummies (Comparison Quadrant 3)

Tourism KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		**.817**
Bartlett's Test of Sphericity	Approx. Chi-Square	2379.5368
	df	435
	Sig.	**.000**

	MSA	40	41	42	44	45	46	47	49	53	54	55	56	57	58	60	62	63	64	66	71	72	73	77	79	80	81	83	85	87	88
40	**0.80**	0.8																													
41	**0.69**	0.0	0.7																												
42	**0.85**	0.1	0.0	0.8																											
44	**0.81**	-0.2	0.0	0.1	0.8																										
45	**0.88**	0.0	0.0	0.0	0.0	0.9																									
46	**0.78**	-0.1	0.1	-0.1	0.0	0.0	0.8																								
47	**0.86**	-0.1	0.0	-0.1	-0.1	-0.2	0.0	0.9																							
49	**0.78**	0.1	0.1	0.1	-0.1	0.1	0.0	0.0	0.8																						
53	**0.88**	-0.1	0.0	-0.1	0.2	0.0	0.0	-0.2	-0.1	0.9																					
54	**0.84**	-0.1	0.1	0.1	-0.1	0.1	0.1	-0.1	0.0	-0.1	0.8																				
55	**0.79**	-0.2	0.0	-0.1	0.1	0.0	0.0	0.0	-0.2	0.0	-0.1	0.8																			
56	**0.85**	-0.1	0.0	-0.2	0.0	-0.1	0.0	-0.1	0.0	0.0	0.0	-0.1	0.9																		
57	**0.72**	0.1	-0.2	-0.1	-0.1	-0.1	-0.1	0.0	-0.2	-0.1	0.0	0.0	0.0	0.7																	
58	**0.86**	0.1	0.0	-0.1	0.0	-0.2	-0.2	0.2	-0.1	0.0	-0.1	0.0	0.0	0.1	0.9																
60	**0.81**	-0.1	0.0	0.0	0.1	0.0	0.0	-0.1	-0.1	-0.1	0.1	0.0	-0.3	0.1	-0.1	0.8															
62	**0.82**	0.0	0.0	0.0	-0.3	0.0	-0.1	0.0	0.1	0.0	-0.1	-0.4	0.0	-0.1	-0.1	0.0	0.8														
63	**0.88**	0.0	0.0	0.0	0.0	0.1	0.1	0.0	-0.1	0.0	0.0	-0.2	-0.1	-0.2	0.0	0.0	0.0	0.9													
64	**0.89**	0.0	-0.1	-0.1	0.0	-0.2	-0.1	-0.1	-0.1	-0.1	0.0	-0.1	0.0	0.1	-0.2	0.0	0.1	-0.1	0.9												
66	**0.79**	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	-0.1	-0.1	0.0	0.1	0.0	0.0	0.1	0.0	0.1	0.8											
71	**0.86**	0.1	-0.1	0.0	0.0	-0.1	0.0	0.0	-0.1	-0.2	-0.1	0.0	-0.1	0.0	-0.1	-0.1	0.0	0.0	0.0	0.1	0.9										
72	**0.80**	0.0	0.1	0.0	0.1	0.0	0.1	0.1	0.0	0.1	0.1	0.0	0.1	-0.2	-0.1	-0.1	-0.1	0.0	-0.1	-0.2	-0.2	0.8									
73	**0.69**	-0.1	0.0	0.0	0.0	0.0	-0.5	0.0	0.0	0.0	-0.2	0.1	0.1	0.1	-0.1	0.0	0.1	0.0	0.1	0.1	-0.1	-0.1	0.7								
77	**0.87**	-0.1	0.0	-0.1	0.1	-0.1	-0.2	-0.1	-0.1	0.0	-0.1	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.2	0.9							
79	**0.81**	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	-0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	-0.3	-0.1	0.0	-0.1	0.0	0.8						
80	**0.79**	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	-0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	-0.2	0.1	-0.1	0.0	0.0	-0.2	0.8					
81	**0.82**	-0.1	0.0	0.0	0.0	-0.1	0.0	0.0	-0.1	0.0	0.1	0.3	-0.1	-0.1	-0.1	0.1	-0.2	-0.1	-0.1	-0.3	0.0	0.0	0.0	-0.2	-0.2	0.1	0.8				
83	**0.80**	0.1	-0.2	-0.1	0.0	-0.2	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	-0.1	0.0	-0.1	-0.1	0.8			
85	**0.75**	0.0	-0.4	-0.1	0.0	-0.1	-0.1	0.0	-0.1	0.0	0.1	0.0	-0.1	0.1	0.0	0.0	-0.1	-0.1	0.0	0.0	0.1	-0.1	-0.1	0.0	-0.1	0.0	0.1	0.1	0.7		
87	**0.85**	0.0	0.0	-0.1	-0.3	-0.1	0.0	-0.1	-0.1	0.0	-0.1	0.1	0.0	0.1	0.1	-0.1	0.0	-0.1	-0.2	-0.1	0.0	0.0	0.0	0.1	0.0	0.1	0.1			0.8	
88	**0.67**	-0.1	0.0	0.1	-0.1	0.0	0.0	0.0	0.0	0.1	-0.2	-0.1	0.0	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.1	-0.1	-0.1	-0.1	-0.2	0.1	0.0	-0.1	-0.1	0.0	0.7

SF1: Tourism Factors Anti-image Matrices MSA

Tourism KMO and Bartlett's		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		**0.92**
Bartlett's Test of Sphericity	Approx. Chi-Square	3573.8378
	df	435
	Sig.	**.000**

	MSA	10	11	12	13	14	15	16	17	18	19	22	23	25	27	28	29	30	31	33	34	35	36	39	90	91	93	95	97	98	92
10	0.9	0.9																													
11	1	-0.1	0.9																												
12	0.9	0	0	0.9																											
13	0.9	-0.1	0	0	0.9																										
14	0.9	0.1	-0.1	0	-0.1	0.9																									
15	1	-0.1	0	-0.1	0	-0.1	1																								
16	0.9	0.1	-0.1	-0.2	-0.1	-0.3	0	0.9																							
17	0.9	0	0	-0.1	-0.1	0	0	0	0.9																						
18	0.9	0.1	0	-0.1	0.1	0	0	0	0	0.9																					
19	0.9	0	-0.1	-0.1	0	0.2	0	-0.1	0	0	0.9																				
22	0.9	-0.2	0	0.1	-0.1	0	0	-0.1	0	0	-0.1	0.9																			
23	0.9	-0.1	0	0	-0.1	0	0	0	-0.1	0	-0.3	0	0.9																		
25	0.9	-0.1	0.1	0.1	0	-0.1	-0.1	0	-0.1	-0.1	-0.2	-0.1	-0.1	0.9																	
27	0.9	-0.2	-0.2	0.1	0	-0.2	-0.1	0.1	0	-0.2	-0.2	0.1	0.2	0	0.9																
28	0.9	-0.1	-0.1	0.1	0.1	0	0	-0.2	-0.1	-0.1	0.1	-0.1	-0.1	0	0	0.9															
29	0.9	0	-0.1	-0.1	0	-0.1	0.1	0.1	0.2	-0.1	0	-0.1	0	0	0	0.1	0.9														
30	0.9	0	-0.1	-0.1	-0.1	-0.1	-0.2	0.1	0	0	-0.1	0	0.2	0	0.1	0	0	0.9													
31	0.9	-0.1	0	0.1	0	0	-0.1	-0.1	-0.3	-0.1	0	0.1	0	0.1	0.1	-0.1	-0.1	-0.1	0.9												
33	1	0	-0.1	0	0	-0.2	0	0	0	0.1	0.1	0	-0.1	0	0	-0.1	0.1	-0.1	-0.1	1											
34	1	0	-0.1	-0.2	0.1	-0.1	0	0.1	0	0.1	0	-0.1	0	-0.1	0	0	0	-0.1	-0.1	-0.1	0.9										
35	0.9	0	-0.1	0	0	0	-0.1	-0.1	-0.2	-0.1	0	0	0	0.1	0	0.1	-0.2	-0.1	-0.1	-0.1	0.1	0.9									
36	0.9	-0.1	0.1	0	0	0.1	0	0	-0.2	-0.2	-0.1	0	0.1	0	0.1	0	-0.5	0	0.1	0	0	-0.1	0.9								
39	0.9	-0.1	0	0	-0.1	0	0	-0.1	0.1	0	0.1	-0.1	-0.1	-0.1	-0.1	0	0	0	0	0	-0.1	0	-0.1	0.9							
90	0.9	-0.1	0.1	-0.1	0	-0.1	0.1	0.1	-0.1	0	-0.1	0	0	0	-0.2	-0.1	0.1	0	0	0.1	-0.1	-0.2	0.1	-0.2	0.9						
91	0.9	0	0.1	0	-0.4	-0.1	-0.1	0	0	0.1	0	0	0	0	-0.3	-0.1	0.1	0	-0.1	0	-0.1	0	-0.1	0	-0.1	0.9					
93	0.9	0	0	0.1	-0.1	0	0	0	-0.1	0	0	-0.2	-0.2	0.1	0	0.1	-0.1	0	-0.2	-0.2	0	0.1	-0.1	-0.1	0	0.1	0.9				
95	0.9	0.1	-0.1	-0.1	0	-0.1	-0.1	-0.1	0.1	0	0.1	-0.1	0	0	-0.1	-0.1	0	-0.1	0.1	0	0	0	-0.2	0.1	0	0	0	0.9			
97	0.9	0	0.1	-0.1	0.1	0.1	-0.1	-0.2	-0.1	0	0	0	0	0	0.1	-0.1	-0.1	0	-0.1	0	0	0.1	0	-0.1	0	-0.2	-0.1	0.9			
98	0.9	0.1	0	0.1	-0.1	-0.1	0	0.1	0.1	0	-0.1	-0.1	0	0	0	-0.2	-0.2	0.1	-0.1	-0.1	0	0	0	0.1	-0.2	-0.2	0.1	0	-0.2	0.9	
92	1	-0.1	0	-0.1	0	-0.1	-0.1	-0.1	0.1	0	0	0	-0.2	0	0	0	-0.1	-0.1	0	-0.1	0	0	-0.1	0	0.1	0	0	0.1	0	-0.1	0.9

SF2: Business Factors Anti-image Matrices   MSA

| | Principal Axis Factoring | | | | | | Principal Component Analysis | | | | |
| | Factor Loading | | | | | | Factor Loading | | | | |
Factor	Code	Varimax	Factor	Code	Promax	Factor	Code	Varimax	Factor	Code	Promax
F1			F1			F3			F3		
	56	.619		56	0.675		60	.728		60	.728
	60	.557		60	0.664		56	.672		56	.677
	64	.444		87	0.453		87	.513		87	.505
	47	.442		47	0.433		47	.465		47	.477
	87	.430		53	0.370		64	.442		64	.435
	53	.421									
F2			F2			F1			F1		
	66	.756		66	0.811		66	.781		66	.778
	79	.701		79	0.690		79	.740		79	.734
	80	.529		80	0.582		80	.720		80	.719
	81	.499		81	0.365		72	.537		72	.543
	72	.370					81	.486		81	.482
F3			F3			F6			F6		
	57	.580		57	0.772		49	.711		49	.713
	49	.533		49	0.744		63	.678		63	.676
	63	.480		63	0.661		57	.499		57	.497
F4			F4			F4			F4		
	73	.770		73	0.938		73	.794		73	.792
	46	.696		46	0.815		46	.773		46	.775
F5			F5			F5			F5		
	58	.463		45	0.822		45	.670		45	.669
	45	.582		83	0.683		58	.650		58	.648
	83	.414		58	0.485		83	.638		83	.651
	77	.374		77	0.436		77	.527		77	.528
F6			F6			F2			F2		
	55	.643		55	0.759		55	.650		55	.651
	62	.600		62	0.664		62	.645		62	.636
							54	.594		54	.596
							44	.593		44	.585
							40	.569		40	.580
F7			F7			F7			F7		
	41	.664		41	0.680		41	.766		41	.762
	85	.571		85	0.562		85	.741		85	.745
F8			F8			F8			F8		
	44	.743		44	0.798		71	.601		71	.603
							53	.449		53	.452
F9			F9			F9			F9		
	88	.516		88	0.580		88	.804		88	.802
	54	.416		54	0.369						

SF3: Comparison of Methods (Tourism)

Principal Axis Factoring				Principal Component Analysis			
Factor Loading				Factor Loading			
Factor	**Varimax**	**Factor**	**Promax**	**Factor**	**Varimax**	**Factor**	**Promax**
F1		**F1**		**F1**		**F1**	
95	.566	95	.583	**95**	.718	**95**	.730
30	.560	30	.532	**30**	.642	**30**	.630
12	.545	12	.494	**12**	.601	**12**	.562
15	.511	15	.445	**16**	.554	**15**	.508
97	.509	97	.435	**97**	.537	**97**	.476
16	.491	16	.435		.516	**16**	.467
F2		**F2**		**F3**		**F3**	
23	.606	23	.578	**92**	.758	**92**	.780
19	.586	19	.548	**23**	.676	**23**	.650
25	.529	25	.490	**19**	.674	**19**	.646
92	.440	92	.455	**25**	.662	**25**	.641
10	.427	10	.370	**10**	.495	**10**	.454
F3		**F3**		**F2**		**F2**	
91	.658	91	.658	**13**	.740	**13**	.732
13	.640	13	.634	**91**	.702	**91**	.676
14	.434	14		**14**	.438	**14**	.361
11		11		**11**	.393		
F4		**F4**		**F6**		**F6**	
29	.792	29	.781	**29**	.805	**29**	.808
36	.726	36	.721	**36**	.788	**36**	.792
18	.457	35	.427	**18**	.578	**35**	.577
35	.427	18	.408	**35**	.572	**18**	.533
F5		**F5**		**F5**		**F5**	
17	.653	17	.658	**17**	.701	**17**	.704
31	.639	31	.620	**31**	.684	**31**	.659
93	.441	93	.421	**93**	.645	**93**	.630
F6		**F6**		**F4**		**F4**	
27	.510	27	.476	**98**	.655	**27**	.655
98	.483	98	.453	**27**	.493	**98**	.457
28	.407	28	.351	**28**	.492	**28**	.447
F7		**F7**		**F7**		**F7**	
90	.552	90	.537	**90**	.708	**90**	.700
39	.399	39	.353	**39**	.531	**39**	.506
F8		**F8**		**F8**		**F8**	
22	.493	22	.484	**22**	.509	**22**	.493
				23	.418	**23**	.387

SF4: Comparison of Methods (Business)