



**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE**

**DEPARTMENT OF MARKETING MANAGEMENT**

**FACTORS AFFECTING THE LEVEL OF COMPETITIVENESS OF BAHIR DAR CITY  
AS A TOURIST DESTINATION**

**PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF MASTER  
OF ARTS IN MARKETING MANAGEMENT**

**By**

**TENSAE BITEW MITIKU**

**ADVISOR: GETIEANDUALEM (PHD)**

**SEPTEMBER 2018**

**ADDIS ABABA**

### **Statement certification**

This is to certify that Tensae Bitew has carried out her research work on the topic entitled “**Factors affecting the level of competitiveness of Bahir Dar City as a tourist destination**”, is her original work and is suitable for submission for the award of Masters of Art Degree in Marketing Management.

---

**Advisor: Dr. Getie Andualem**

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

## DECLARATION

I, Tensae Bitew, declare that this work entitled “**Factors affecting the level of competitiveness of Bahir Dar City as a tourist destination**”, is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the research advisor.

.....

Tensae Bitew

September 2018

**ADDIS ABABA UNIVERSITY  
COLLEGE OF BUSINESS AND ECONOMICS  
SCHOOL OF COMMERCE  
DEPARTMENTS OF MARKETING MANAGEMENT**

**FACTORS AFFECTING THE LEVEL OF  
COMPETITIVENESS OF BAHIR DAR CITY AS A  
TOURIST DESTINATION**

**BY TENSAE BITEW MITIKU**

**Approval Board Committee**

\_\_\_\_\_  
Chairman, Graduate Studies

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Research Advisor

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Examiner

\_\_\_\_\_  
Signature

## **ABSTRACT**

Tourism industry can greatly influence the socio-economic growth of the county, especially countries like Ethiopia which is naturally gifted with a variety of attraction sites. The aim of the study was to evaluate factors affecting the level of competitiveness of Bahir Dar City as a tourist destination. So that the research brings out mechanisms and examines the proposed hypothesis in order to help the city tourism development policies and strategies. The research applied both quantitative and qualitative research methodology in order to investigate the factors affecting the level of competitiveness of the city as a tourism destination. Semi-structured interviews and close ended questioner were conducted with potential respondents in the study area. Inherited/created resource of the city like Tis Abay Fall, Lake Tana and the surrounding monasteries greatly influence the tourism competitiveness of the city. Overall, the tourism industry in Bahir Dar City has shown encouraging and positive growth in the recent days. However, the city administration has to expand and improve transportation and communication facilities and related infrastructures to increase the tourism competitiveness of the city. Furthermore, political stability of the city together with tourists' safety has great impact on tourism development of the city. The research also shows that there should be more encouraging incentive packages to draw tourism investors in the city where tourist attractions are located.

**Key Words:** Tourism, Destination Competitiveness, Bahir Dar City, Tis Abay fall, Lake Tana, Surrounding Monasteries.

## **Acknowledgments**

First of all, I would like to thank GOD for his love, mercy and help throughout my life's success. Additionally, success and failure, life and death, sad and happiness, hopefulness and hopelessness are all in the hands of GOD but He fills my life with success, life, happiness and hopefulness; So GOD thank you again and again for being with me throughout my life!!!

I am very much indebted to my Advisor Dr. Getie Andualem for his invaluable comments and suggestions.

I wish to thank my family for their support. As they have always done throughout all the various stages of my education, my family assisted me in so many different ways. No words except thanking my husband, Mekonnen and my lovely son, Samuel and all the family members surrounding us.

Great credit and thanks also goes to my beloved father and mother for their endless encouragement and moral support to realize my dream.

I am also thankful to Bahir Dar travel agents, monasteries and Bahir Dar tourism bureau for their cooperation in providing me all kinds of information.

Last but not least my special thanks goes to my sister Dr. Addissalem Bitew and her husband Dr. Mulugeta Bezabih who assisted me in doing the research. Especial thanks to my brother Dessalegn Bitew who assisted me in distributing the questionnaire and collecting the data.

## TABLE OF CONTENTS

Abstract.....	i
Aknowledgment.....	ii
Table of Contents .....	iii
List of Tables .....	vi
List of Figures.....	vii
Acronyms.....	viii
<b>CHAPTER ONE</b>	
<b>1.INTRODUCTION .....</b>	<b>1</b>
1.1Background of the Study .....	1
1.2 Overview of Tourism Industry in Amhara Regional State .....	3
1.3Statement of the Problem.....	5
1.4Research Questions .....	7
1.5 Objective of the Study .....	7
1.5.1General Objective of the Study .....	7
1.5.2Specific Objectives of the Study .....	7
1.6 Scope of the Study .....	8
1.7 Significance of the Study .....	8
1.8 Definition of Terms.....	9
1.9 Organization of the Study .....	10
<b>CHAPTER TWO</b>	
<b>2. REVIEW OF RELATED LITERATURE .....</b>	<b>11</b>
2.1 Theoretical Review .....	11
2.1.1 Concepts of Competitiveness .....	16
2.2Empirical Review.....	17
2.2.1 The Integrated Model.....	21
2.3The Research Hypotheses.....	25
2.3.1 Conceptual Framework.....	26

## **CHAPTER THREE**

<b>3. RESEARCH METHODOLOGY</b> .....	28
3.1 Research Design.....	28
3.2 Research Approach .....	29
3.3 Target Population and Sampling.....	30
3.3.1 Population of the Study and Sample Size .....	30
3.3.2 Sampling Technique .....	31
3.4 Data Collection Techniques and Source of Data .....	31
3.4.1 Primary Sources .....	31
3.5 Data Analysis and Interpretation .....	31
3.5.1 Qualitative data analysis .....	31
3.5.2 Quantitative data analysis .....	32
3.6 Ethical Considerations .....	33

## **CHAPTER FOUR**

<b>4. RESEARCH ANALYSIS AND DISCUSSION</b> .....	34
4.1 Demographic Characteristics of the Respondents .....	34
4.1.1 Response Rate .....	34
4.1.2 Sex of the Respondents .....	34
4.1.3 Age of the Respondents .....	35
4.1.4 Educational Qualification of the Respondents .....	35
4.2 Descriptive Analysis .....	36
4.3 Data Processing and Analysis .....	36
4.3.1 Data Processing .....	36
4.3.2 Data Screening .....	37
4.4 Reliability and Validity Test .....	37
4.4.1 Reliability Test Result .....	37
4.4.2 Inter-Item Correlations .....	39
4.4.3 Validity Test .....	40
4.5 Assessment of Ordinary Least Square Assumptions .....	41
4.5.1 Multi Collinearity Test .....	41
4.5.2 Correlation Analysis Results .....	42

4.5.3Outliers .....	43
4.5.4Normality Test .....	44
4.5.5Assessment of Autocorrelation .....	46
4.6 The Regression Results and Hypothesis Testing.....	47
4.6.1Regression Results for Destination Competitiveness .....	47
4.6.2Hypothesis Test .....	49
4.7 Qualitative Analysis .....	51
<b>CHAPTER FIVE</b>	
<b>5. CONCLUSION AND RECOMMENDATION.....</b>	<b>54</b>
5.1 Conclusion .....	54
5.2. Recommendations.....	56
5.3. Limitation and suggestion for future research .....	57
References .....	58
Appendix I .....	63
Appendix II.....	67
Appendix III .....	69

## LIST OF TABLES

Table 4.1 Distribution of Respondents' by Gender .....	34
Table 4.2 Distribution of Respondents' by Age .....	34
Table 4.3 Distribution of Respondents' by educational status .....	34
Table 4.4 Reliability Estimates for Destination Competitiveness .....	34
Table 4.5 Reliability Estimates for Independent Factors.....	34
Table 4.6 Summary of Cronbach's alpha coefficient for all variables .....	40
Table 4.7 Tolerance and VIF values for multi collinearity test .....	42
Table 4.8 Pearson's correlation between the destination competitiveness and the five independent variables .....	43
Table 4.9 Durbin-Watson statistics value .....	47
Table 4.10 Regression result for Destination competitiveness.....	48
Table 4.11 Summary of hypothesis testing.....	51
Table 4.12 Respondents' characteristics of the interview .....	51

## LIST OF FIGURES

Figure 2.1 Conceptual framework of the study .....	27
Figure 4.1 The normal probability plot.....	45
Figure 4.2 Histogram for normality distribution .....	46
Figure 4.3 Reason of tourist flow to Bahir Dar city .....	52

## ACRONYMS

<i>CR</i>	<i>Created resources</i>
<i>DC</i>	<i>Destination competitiveness</i>
<i>DF</i>	<i>Demand factors</i>
<i>GTZ</i>	<i>German Technical Cooperation Agency {currently GIZ/ German Development GTZ Cooperation</i>
<i>IFMP</i>	<i>German Technical cooperation Integrated Forest Management Project</i>
<i>IR</i>	<i>Inherited resources</i>
<i>OECD</i>	<i>Organization for Economic Cooperation and Development</i>
<i>SC</i>	<i>Situational conditions</i>
<i>SF</i>	<i>Supported factors</i>
<i>SPSS</i>	<i>Statistical package for the social science</i>
<i>TALC</i>	<i>Tourist area life cycle</i>
<i>UNESCO</i>	<i>United Nations Educational, Scientific and Cultural Organization</i>
<i>UNWTO</i>	<i>United Nation World Tourism organization</i>

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1. 1 Background of the Study**

Over the last half century, the growth and development of tourism as both a social and economic activity has, by any stretch of the imagination, been remarkable. International tourism is notable in particular for its rapid and sustained growth in both volume and value since 1950. Technological developments, particularly in air travel; increases in personal wealth; and greater amounts of socially-sanctioned free time, such as holidays with pay, all of which have enabled more people to travel internationally and more frequently or, more succinctly, contributed to greater international mobility. In 1950, total worldwide international tourist arrivals amounted to just over 25 million. By the start of the new millennium, that figure had risen to more than 687 million and since then international tourism has continued its inexorable growth (Sharpley, 2009). In 2009, over 880 million international arrivals were recorded (UNWTO, 2010).

The substantial growth of the tourism activity clearly marks tourism as one of the most remarkable economic and social phenomena of the past century. For many developing countries tourism is one of the main sources for foreign exchange income and the number one export category, creating much needed employment and opportunities for development. Globally, as an export category, tourism ranks fourth after fuels, chemicals and automotive products. The contribution of tourism to economic activity worldwide is estimated at some 5%. Its contribution to employment tends to be slightly higher relatively and is estimated in the order of 6-7% of the overall number of jobs worldwide (UNWTO, 2010). According to UNWTO tourism highlights of 2010, the overall export income generated by inbound tourism including passengers transport, exceeded US\$ 1 trillion in 2009, or close to US\$ 3 billion a day. Tourism exports account for as much as 30% of the world's exports of commercial services and 6% of overall exports of goods and services (UNWTO, 2010). Apart from a vehicle for economic development, tourism is also increasingly becoming important sector for simultaneously instigating cultural and environmental conservation in many countries.

In Ethiopia tourism sector was actually a pioneer on the continent and a strong competitor to a current powerhouse on the continent Kenya. But today, Kenya's tourism industry attracts many more times the tourist arrivals as Ethiopia does (by almost a factor of 5 in 2007). What was true in 1960's is still true today; Ethiopia has as many attractions and a greater variety than its southern neighbor to share with tourists. It just has not been able to capitalize on its resources like Kenya has (Melaku, 2010).

According to the official statistics of the Ministry of Culture and Tourism of the Federal Democratic Republic of Ethiopia (2006-2008), Ethiopia hosts 383,399 tourists in the year 2008. Compared to 2005, 2006, and 2007 it has increased by 68.6%, 16.2% and 7.1 % respectively. For the year as a whole, in spite of the economic crises in the world, Ethiopia has achieved growth in the sector. As part of the international economy, tourism is a major force as it generates 13.98 % of Ethiopia's total exporting earnings in 2008 (Ministry of Culture and Tourism, 2009).

Although Ethiopia has many attractions and a greater variety than its southern neighbors to attract tourists, it has not been able to utilize its potential resources (Melaku, 2010). However, the remaining challenge is to formulating and implementing of comprehensive tourism development policy effectively, which specifically connects the tourism benefits into the local community. Then, it is obvious that for tourism to become an effective poverty alleviation tool, there needs to be a paradigm shift in the policies, plans and practices that are used in order to ensure the poor profit from the tourism development process (Jamieson *et al.*,2004).

In the past few decades, tourism has been recognized in its potential to provide not only greater financial benefit, but also in its enhancing of the involvement in the sector in the planning and management of tourism in an innovative way. Despite there are few attempts to develop tourism industries at different sites of Ethiopia like, Wonchi Creator Lake by GTZ, Bishangari (Lake Langano) in the 1990s by Farm Africa, Adaba-Dodola (Bale) which runs by GTZ IFMP, and Meket CBET project by TESFA; to date it is difficult to name fully functioning Tourism development that managed by the community in Ethiopia (Gebyaw, 2011). Similarly, there is little effort of tourism development in Awi administrative zone and Bahir Dar city administrative although there are great varieties of tourism resources, which can be a base to tourism development.

The factors are thus to formulate tourism competitiveness strategies which specifically harness this benefits into the local community. The effectiveness of tourism in the future will ultimately depend on what form of tourism has to be developed and who will benefit, as well as where, when and how it can be appropriately implemented. Different types of tourism will assume different forms and functions, and how they are developed and managed will also influence the degree to which they can contribute to development.

## **1.2. Overview of Tourism Industry in Amhara Regional State**

Ethiopia is endowed with diverse natural resources with a great potential to attract visitors, ranging from both domestic and foreigners, and also from day trippers to overnight visitors (Sintayehu, 2015). Amhara National Regional State, with Bahir Dar as the regional capital is one of the nine regions in Ethiopia; located in the Northwestern part of the country. Amhara region is basically a rural region with 89 percent of its population in the rural areas while only 11 percent are urban dwellers. The region is quite homogeneous in terms of culture. The national regional language is Amharic but other major languages in the region include Awi, Oromo and Argoba (Ajala, 2011).

A research by Ashenafi (2016) has identified that the Amhara Regional State has three major tourist destination corridors: Gondar, Lalibela and Bahir Dar.

### *I. Gondar*

Founded by Emperor Fasilades in 1636, Gondar is a popular second stop on the northern circuit, which served as Ethiopia's capital for almost 300 years. The modern city of Gondar is popular as a tourist attraction for its many picturesque ruins in the Royal Enclosure, from which the Emperors once reigned.

The most famous buildings in the city lie in the Royal Enclosure, which include Fasilades castle, it is an old castle built in 17th century for the Ethiopian emperor Fasilides. The other palaces and structures are Iyasu's Palace, Dawit's Hall, a banqueting hall, stables, Mentewab's Castle, a chancellery, library, and three churches. The royal enclosure lies within a high stone walled fortification with an area of 70,000 m.sq, and 12 entrances.

Inside the city the other attraction is Fasilades' Bath. During the heyday of Gondar the bath had been used for sports and religious rites on the day of Epiphany. Presently it is home to an annual Timket ceremony where the water is blessed and then opened for bathing. Qusquam complex built by Empress Mentewab, the eighteenth century Ras Mikael Sehul's Palace and the Debre Berhan Selassie Church; are the other magnificent tourist attractions in Gondar city.

To the North of Gondar, traditionally the preserve of hardened trekkers and hikers, lie the amazingly scenic Simien Mountain National Park, home to the country's main concentrations of the endemic Gelada Baboon, Walia Ibex and Ethiopian wolves. The region includes many summits above 4,000 meters, and culminates in the highest point in Ethiopia, Ras Dashen, which at 4,543 meters is also Africa's fourth highest mountain.

## *II. Lalibela*

For most visitors to Ethiopia, the highlight of the northern circuit is the medieval capital of Lalibela, where high in the chilly mountains of Wollo stands a complex of a dozen rock-hewn churches often and justifiably ranked as the eighth wonder of the ancient world. The churches stand today as an inspirational and active shrine to a Christian civilization. The series of churches was built under the order of King Lalibela, who planned to transform the city of Lalibela into a New Jerusalem, as Muslims mainly occupied the old Jerusalem in Israel.

A series of monolithic churches were built around 12th and 13th century and until now, the Rock-Hewn Churches still stand firm to continually amaze tourists around the world. It was honored as a UNESCO World Heritage Site in the year 1978. In total, there are eleven Rock-Hewn Churches constructed by king Lalibela and there are also other groups around the city: Bete Medhanalem, where in the Lalibela Cross can be found, Bete Maryam- the church believed to be the oldest among the Rock-Hewn Churches, Bête Golgotha, Bête Mikael, Selassie Chapel, Bete Meskel, Bete Danagel, Bete Amanuel, believed to be the royal chapel, Bete Merkorios, Bete Gabriel Rufael, Bete Abba Libanos, Bete Giyorgis, acclaimed to be the best well-preserved church among the series of churches, Monastery of Asetan Maryam, Yimrehane Kristos church.

### *III. Bahir Dar*

Bahir Dar, blessed with Blue Nile and Lake Tana, is itself a pleasant destination for tourists (Dube, 2012).

*The Blue Nile Falls:* The Blue Nile Falls was one of the greatest falls in Africa before the construction of the electric power dam. It is located in Ethiopian plateau, passing the Blue Nile River. This waterfall is also known as Tis Issat meaning smoking water.

*Lake Tana:* Lake Tana is famous mostly as the source of the Blue Nile and as the largest lake of Ethiopia and one of the highest large lakes in the world. At the same time, Lake Tana is also renowned for its monasteries which can be found directly on its shores, on peninsulas and on the many islands scattered all over the lake.

*Lake Tana Monasteries:* There are 37 islands that are scattered about the surface of Lake Tana, out of which some 20 shelter churches and monasteries of immense historical and cultural interest. Because of their isolation they were used to store art treasures and religious relics from all parts of the country. Kebran Gabriel, Ura Kidane Mehret, Daga Estifanos, Tana Cherkos, Narga Selassie, Debre Mariyam, Azuwa Mariam etc. are some of the monasteries (Ashenafi, 2016). Although the city is endowed with a number of tourist attraction destinations, as mentioned above, the development of tourism is still in its infant stage. This research is, therefore, a modest attempt to find out the main factors that affect the level of competitiveness of tourism in Bahir Dar city.

### **1.3. Statement of the Problem**

Tourism is an important component of the service economy and as the world's largest industry; tourism brings the tourist and service provider together and produces an experience for both. Large tour companies, hotels, and airlines promote them. Tourism is a very competitive industry in nature, and the travelers have a wide range of options and gives attention for those, which are good value for money. Inadequate quality infrastructure, uncompetitive rates, indifferent or product with poor quality, complexity in getting access to information on travel and tourist destinations and unskilled service providers have really negative effect on the competitiveness of the tourism destinations (Kotler *et al.*, 2012).

On the one hand, tourism is greatly influenced by the public sector, particularly in the provision of basic infrastructure (energy, roads, runways, water supply etc.) and in the promotion of strong national imagery to attract both tourists and tourism developers. On the other hand, the tourism sector usually consists of a multitude of fragmented small and medium sized, privately owned and operated businesses, which can be difficult to co-ordinate and legislate for (Robinson & Picard, 2006).

Heritage tourism has been and is a dominant mode of consumption in Ethiopia's case and tourists consume history as a commodity. Visitors to Lalibella, Axum, Gondar, Bahr Dar and other historical sites essentially buy the interpretation, reinterpretation and reconfiguration or reconstruction of the long and checkered history of these places. Ecotourism and adventure holidays are another mode of tourist consumption. The proliferation of private tour operators in the country has attracted tourists who are interested in such tourist sites as the Afar active volcano, the Semien, Bale and Awash national parks, Ankober's magnificent landscapes and ecology. Lastly, the development of themed spaces in Addis Ababa, Hawassa attracts leisure and entertainment spaces for both local and foreign tourists. These are family oriented spaces such as Debre Zeit's (Bishoftu's) Afro-Ashu, Babogaya, Kuriftu resorts; Hawassa's Haile G/ Sellassie's hotel/resort, hotels in Bahir Dar City, Edna Mall, and Yod Abyssinia in the Bole District of Addis Ababa.

Although Ethiopia is endowed with man-made and natural tourist attractive sites, it has not yet benefited from the sector due to various reasons. Bahir Dar, the capital of Amhara regional state, is rich in tourist attraction sites and is one of the main destinations for tourists in Ethiopia. However, the development of the tourism sector in the City is still in its infancy stage. Notwithstanding a large body of literature, a number of questions still remain unaddressed about the factors that affect the development of the tourism sector in the City. Most discussions have been simply descriptive and have not offered policymakers and practitioners lessons and good practices to guide new initiatives. This research is, therefore, a modest attempt to contribute to filling this gap by analyzing the factors affecting the level of competitiveness of Bahir Dar City as a tourist destination.

## **1.4. Research Questions**

Here are the basic research questions that the study attempts to answer:

1. Which resources (inherited/ created) of the city has great impact on the city's tourism industry or are these resources are equally important?
2. How the supporting factors (transport system, water supply, telecommunication, electricity generation system, etc.) affect the level of competitiveness of the city as a tourist destination?
3. How the management situation like environmental conditions, economic stability, and security/safety of the city affect the level of competitiveness of the city as a tourist destination?
4. In general, does the city satisfies tourists' demand and what are the possible measures to be taken in order to resolve challenges and to maximize the existing opportunities for Bahir Dar City to be more competitive as a tourist destination?

## **1.5. Objective of the Study**

### **1.5.1. General Objective of the Study**

The general objective of this study is to assess the main factors affecting the level of competitiveness of Bahir Dar city as a tourist destination.

### **1.5.2. Specific Objectives of the Study**

The specific objectives of this research are to:

1. Identify the main resources (inherited/ created) of the city that has great impact on the city's tourism industry.
2. Assess the supporting factors that are affecting the level of competitiveness of the city as a tourist destination.
3. Analyze the management situation like Environmental situation , economic stability, and security/safety of the city that are affecting the level of competitiveness of the city as a tourist destination.

4. Identify the possible measures to be taken in order to resolve the challenges and to maximize the existing opportunities for Bahir Dar city to be more competitive as a tourist destination.

### **1.6. Scope of the Study**

This study covered BahirDar City administration as a study area. It is due to the existence of better tourism destination initiatives within the city. Taking into account the limited financial and time resources, the study is limited to explore the level of competitiveness of tourism in Bahir Dar city by taking three development sites namely, Tis Abay, Tana monastery, and Lake Tana tourist destinations. Therefore, assessing the factors affecting the level of competitiveness of Bahir Dar city as a tourist destination delimits the study.

### **1.7. Significance of the Study**

The study has its central purpose to analyze the factors affecting the level of competitiveness of Bahir Dar city as a tourist destination. The findings of the study are vital for the sustainable benefit of the local community living in and around the City, for biodiversity conservation within the protected area and for other stakeholders in the area. In particular, the study will have the following significances:

- ❖ Tourism and environmental policy makers, tour operators, conservation area managers, government bodies and other stake holders will be aware about the competitive tourist destination.
- ❖ Shows policy gaps in protected areas, which is unable to cope up with the new collaborative tourist destination perspectives
- ❖ Inspires further studies in the area as a stepping-stone in different dimension and to extend further investigations in the future.

## **1.8. Definition of Term**

### **Definition of Tourism**

Tourism can be defined as the act of travel for the purpose of recreation and business, and the provision of services for this act. The World Tourism Organization defines tourists as people who are “traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited” (WTO, 2006). Jafari (1977) defined tourism as the study of man away from his usual habitat, of the industry which responds to his needs, and of the impacts that both he and the industry have on the host’s socio cultural, economic and physical environments. However, tourism is primarily a social activity. If people had neither the ability nor the desire to travel from one place to another, tourism would not exist.

Hence, tourism is an activity which involves individuals who travel within their own countries or internationally, and who interact with other people and places, people who are influenced and motivated by the norms and transformations in their own society and who carry with them their own ‘cultural baggage’ of experience, expectations, perceptions and standards. It is, in short, a social phenomenon, which involves the movement of people to various destinations and their (temporary) stay there or across the world (Adams & Hulme, 1992; Gilbert, 1991; Acott *et al.*, 1998; Ashley *et al.*, 2004)

### **Definition of Destination Competitiveness**

Large number of variables also appear associated with the notion of destination competitiveness. The factors could include objective measures such as visitor number, market share, tourist expenditure, employment, value added by the tourism industry, as well as subjective measures such as richness of culture and heritage, quality of the tourism experience, etc. Researchers have proposed different definitions on destination competitiveness from various approaches. Buhalis in 2000 and Ritchie in 2001 examined the definition in terms of the economic prosperity of destination resident, which is consistent with the view raised by World Economic Forum in 1990. This approach is specifically applicable to the international-level destinations. It is considered reasonable to examine destination competitiveness with the focus on economic prosperity, since the nations (destinations) compete in the international tourism market to foster

the economic well-being of residents , as well as the opportunity to promote the country as a place to live , trade with , invest in , do business with , play sport against , etc . in 2003, 2002. According to D'Hartserre in 2000, competitiveness is " the ability of a destination to maintain its market position and share and/or to improve upon them through time". Hassan in 200 defined competitiveness as " the destination's ability to create and integrate value-added products that sustain its resources while maintaining market position relative to competitors" Hassan in 2000 . Dwyer in 2003 stated that " tourism competitiveness is a general concept that encompasses price differentials coupled with exchange rate movements , productivity levels of various components of the tourist industry and qualitative factors affecting the attractiveness or otherwise of a destination " in 2003 proposed that destination competitiveness is " the ability of a destination to deliver goods and services that perform better than other destinations on those aspects of the tourism experience considered being important by tourists " in 2003, 2002. Consequently , based on the major objective and perspective of this study , in this study , destination competitiveness is defined as " the destination's ability to create and provide value-added products and quality experience which are important to tourists while sustaining its resources and maintaining market position relative to competitors " in 2003, 2002.

### **1.9. Organization of the Study**

The study is organized in five chapters. The first chapter deals with background of the study, statement of the problem, basic questions, objectives of the study, significance of the study, scope of the study, limitation of the study, and organization of the study. The second chapter addresses theoretical and empirical literature, and hypothesis of the study. Chapter three presents detailed description of the study area and methodology of the study. The fourth chapter deals with the analysis, interpretation, and presentation of data respectively. Finally, the fifth chapter presents the conclusion and recommendations of the study.

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### 2.1. Theoretical Literature

Tourism is an important component of the service economy and incorporates such services as entertainment, hotels and leisure (Mackinnon & Cumbers, 2007). As one of the world's largest industry, tourism brings the tourist and service provider together and produces an experience for both. John Urry (2002) has introduced the concept of the 'tourist gaze' to signify "the experience gained by the tourist in encountering scenes and landscapes that are distinctive from those associated with everyday life". Hunter and Green (1995) have identified four purposes of travel by tourists, namely: pleasure, visiting friends or relatives, work-related business (conferences) and personal business. Literature on different modes of tourism recognizes Fordist, Post-Fordist, Heritage, Ecotourism and themed space modes of consumption (Waitt, 2000; Shaw & William, 2004). The Fordist and Post-Fordist modes are based on mass consumption, economies of scale, and highly standardized in their delivery of services and amenities (Kidane-Mariam, 2015).

Along with this phenomenal growth in demand for tourism in the world over the past five decades the interest in tourism research is rising. While twenty years ago there were only a handful of academic journals that published tourism-related research, there are now more than 70 journals that serve a growing research community covering more than 3000 tertiary institutions across five continents (Song and Li 2008). According to a comprehensive survey by Li et al. (2005), 420 studies on tourism were published during the period 1960–2002. These studies focus on both qualitative and quantitative techniques to examine the level of competitiveness of Bahir Dar city as tourist destination.

Large tour companies, hotels and airlines promote them. Heritage tourism has been and is a dominant mode of consumption in Ethiopia's case and tourists consume history as a commodity. Visitors to Lalibela, Axum, Gondar, Bahr Dar and other historical sites essentially buy the interpretation, reinterpretation and reconfiguration or reconstruction of the long and checkered history of these places. Ecotourism and adventure holidays are another mode of tourist consumption. The proliferation of private tour operators in the country has attracted tourists who

are interested in such tourist sites as the Afar active volcano, the Semien, Bale and Awash national parks, Ankober's magnificent landscapes and ecology. Lastly, the development of themed spaces in Addis Ababa, Hawassa attracts leisure and entertainment spaces for both local and foreign tourists. These are family oriented spaces such as Debre Zeit's (Bishoftu's) Afro-Ashu, Babogaya, Kuriftu resorts; Hawassa's Haile G/ Sellassie's hotel/resort, Edna Mall and Yod Abyssinia in the Bole District of Addis Ababa (Kidane-Mariam, 2015).

There are many theories when it comes to tourism development but the most important ones when it comes to developing the tourism industry are discussed below briefly.

The first one is Christaller's theory (1963), in his theory he explained how tourist develops over time. He mentioned that once a destination developed and changed, different types tourists will arrive on that place and as time goes by, the experience of the tourists will change. There will be impacts and involvement on the destinations and after all these things, there will be new cycles involving new destinations.

Later, an American researcher named Plog (1972) put forth his theory based on the psychology of tourists. Plog's theory was based on a case study conducted on New York residents and their attitudes to travel (Essays, 2013). Plog discussed the tourist behaviour and motivations based on the psychology of the tourists. Thus there are two types of tourists, the allo-centric and psycho-centric types of tourist. He argued that there are particular psychological types who do not like unfamiliar environments or cultures, so when they select a holiday they will seek the familiar regions than unfamiliar remote regions (these he termed psycho-centric). Plog further added that there are still some groups in society who will be prepared to risk a far more uncertain holiday destination. These tourists will search for strange or unfamiliar and these he termed allo-centric (Essays, 2013).

While the psycho-centric would not travel far from the local environment the allo-centric would travel long distances to unfamiliar locations. He concluded that the majority of the tourists were neither fully psycho-centric nor fully allo-centric. Rather most of the tourists were located in the center point between the two extremes of psycho-centric and allo-centric. And that majority of the tourists would seek the familiar and prefer not to travel great distances to get there (Essays, 2013). An important point that emerged from the destination development of Plog's theory is that

different tourists destinations are attractive to different types of tourists based on the kind of traveller they are, psycho or allo-centric and that majority of the tourists will prefer to travel for short distances than longer ones to go for holidays.

While Plog's theory was based more on the psychological part of tourists, Erik Cohen's (1972) theory relate to the behaviour of the tourists. Erik Cohen who developed a classification of tourists where there was a four chief classification. The first type was the organized mass tourists who travel in groups, who prefer packaged holiday (travel, accommodation, food etc.) usually arranged by a travel agent. The second type was the individual mass tourists who use the same facilities as the organized mass tourists, but the difference lies only in decision making. This group makes more individual based decisions about their activity and trip. There are also the explorers and the drifters. While explorers (3<sup>rd</sup> type) would most often arrange their own trips, meet and interact with the locals drifters (4<sup>th</sup> type) avoid all contact with other tourists and leave with the locals. This classification of tourists lives longer than the other groups (Essays, 2013).

Later in the mid-1970s, Doxey proposed the Irritation Index or the Irridex. The Irridex was based on the relationship between the tourists and the locals. The fundamental idea as it is evident from the name of the index itself is that over a time period as the number of tourist increase in a particular area, a greater irritation and hatred would build up amongst the locals towards the tourists. So, over the time as the locals gets more irritant with the visitors and become hostile, the number of visitors might actually decline or might not continue to grow at the same rate as previously (Essays, 2013).

Butler's Tourist Area Life Cycle (TALC) model on tourism which is still the most widely accepted and important theory deals with a particular destination, his theory explains how a destination emerge as a tourist destination after several stages. Butler suggested a model where a tourism destination develops over time as a result of several factors. Destination is a very important element in tourism. A destination is defined most widely as a product is marketed to its consumers. And like all other products, tourist destinations also have a life cycle. Butler proposed a model for tourism area life cycle in which he showed how a destination begins as a relatively unknown place and visitors first come in small fractions because of lack of access, facilities and local knowledge (Miller & Galluci, 2004 cited in Essays, 2013).

The central idea behind the model is that tourist destinations, resorts or cultural heritage sites undergo several stages starting from initial exploration to ultimate decline or rejuvenation (Hunter and Green, 1995). The development of the various tourist destinations in the Addis Ababa-upper rift valley corridor can be seen through the prism of a relaxed interpretation of the area cycle model as follows. The exploration stage is often associated with small-scale tourism development in which limited number of tourists explores new experiences at sites. In the involvement state, tourist sites experience slow growth as local entrepreneurs participate in the provision of tourist facilities. The experience in the capital city is symptomatic of the rapid growth and consolidation stages in which local and foreign businesses invest in a wide range of tourism-related infrastructures and services. The Sheraton, Hilton, Radisson, Intercontinental and Marriott have invested in the city, marketed their products internationally and contributed significantly to the local economy. The dilapidation and mismanagement of the condition of infrastructures and amenities in the once thriving Sodere hot spring resort about 100 kms from the capital city is an excellent example of the stagnation phase. The addition of new attractions, facilities and tourists in Addis Ababa, Bahir Dar and Hawassa reflects the rejuvenation phase of tourism development (Kidane-Mariam, 2015).

It is also useful to note that there seems to be a growing interconnectedness between the cultural landscape and political development. As Lefebvre (1991) noted, every society produces a space, its own space. The cultural landscape is thus conceived as “an emblematic site of representation, a locus of both power and resistance and a key element in the heritage process” (Lefebvre, 1991 cited in Kidane-Mariam, 2015:3). The building, rebuilding, and representation of the cultural landscape for the tourist gaze are continuous and show change and fluidity. Political developments in the country in the post-1991 period have revolved around the concepts of decentralizing and democratizing governance based on ethnic nationalism and federalism. The cultural landscape of the study area shows interesting physical manifestations of the new general trajectory of the politics of place (Kidane-Mariam, 2015).

Ethiopia’s tourism industry has experienced a number of inter-related challenges. The outbreak of war, political unrest, famine, unfavorable economic policies and poor infrastructure development have been among the major factors hindering the growth of tourism in Ethiopia. Despite this, only a small, but growing, number of scholars (Gebre 2011; Yabibal 2010; Christian

2012; Gebeyaw 2011; Yechale 2011; Yemane 2011; Kumar 2012) across different disciplines have documented tourism in Ethiopia from a historical perspective. With few exceptions (Getachew 2007; Ayalew 2009), little emphasis has been given to the incorporation of historical concepts, facts, and evidence in tourism history that would be an opportunity to compare tourism development over time. The history of tourism remains relatively unexplored, and within this context, there has not been adequate research done on how the tourism growth is affected by political instability, drought and famine, and unfavorable economic policy, in the framework of the changing political regimes. This study therefore addresses to factors affecting the level of competitiveness of Bahir Dar city as a tourist destination.

The battle of Adowa during the reign of Emperor Menelik II (r.1889–1913) (Bezabih 1985; Ayalew 2009; Getachew 2007). Among the Ethiopian tourist attraction centers, the Lake Tana area-particularly Bahir Dar, the capital city of the Amhara region, and its surroundings received considerable attention from the central government, due to its proximity to the Historic Route. Lake Tana is the largest freshwater lake in Ethiopia at 3,673 km<sup>2</sup> (Getenet 2004). The Blue Nile River along with its falls, contributes 86 % of its water to the main Nile, is also one of the main attractions of the Bahir Dar area. Bahir Dar is best remembered for its large number of islands and monasteries (Bureau of Bahir Dar Town Central and Tourism 2011). The monasteries were built by the kings of Ethiopia during the medieval period, and later became the most important religious and political center of the country. Politically, the Lake Tana Island monasteries played a significant role when the country experienced internal and external crises. The Christian Ethiopian kings used the monasteries as a place to hide their treasures and as a place of refuge, starting from the reign of Amda-Tsiyon (1314–1344) until the late nineteenth century (Gizachew 2013; Abbink 2003). The Ethiopian kings also used the monasteries as a place to pray for the triumph of their military campaigns (Chrstian 2012). In these churches and monasteries, the bodies of some medieval Ethiopian kings, including Emperor Dawit I (1382–1411), Emperor Zera Yacob (1434–1468), Emperor Susnyos (1607–1632), and Emperor Fasildes (1632–1687), are buried. It is also believed that the Ark of the Covenant was kept in the Island Monasteries of Lake Tana for over 800 years, until it was taken by king Ezana (a powerful Aksumite King in the fourth century), to Aksum. These ancient monasteries and churches also housed wall paintings, crosses, crowns, and clothes of kings from ages past (Tafesse 1987; Belete 2000; Negash 2000; Amhara National Regional State Bureau of Culture and Tourism 2006)

### 2.1.1 Concepts of Competitiveness

Competitiveness research starts arguably with the seminal work on the competitiveness of nations by Porter in 1990, who defined national competitiveness as an outcome of a nation's ability to innovatively achieve, or maintain, an advantageous position over other nations in key industrial sectors. Organization for Economic Cooperation and Development (OECD) defined competitiveness as the degree to which a country can, under free and fair market conditions, produce goods and services which meet the test of international markets, while simultaneously maintaining and expanding the real incomes of its people over the longer term. Adding a time dimension to the definition of the national competitiveness in Boltho 1996. Oxford Review of Economic Policy distinguished between the short and long run competitiveness of nations. It viewed the short run international competitiveness as the level of the real exchange rate that ensured internal and external balance with appropriate domestic policies; the longer run international competitiveness, on the other hand, could be associated with the highest possible growth of productivity that was compatible with external equilibrium. In terms of the driving factors that determine national competitiveness, Porter in 1990 argued that it is firms, not nations, which compete in international markets. Clark and Guy in 1998 believed that competitiveness ultimately depends upon the firms in the country competing both in domestic and international markets. The firm level competitiveness generally refers to the ability of the firm to increase in size, expand its global market share, and its profit. According to Papadakis in 1994, a nation's competitiveness can be measured by the accumulation of the competitiveness of firms operating within its boundaries; furthermore, the strength of these firms is considered to be the single most important criterion of national competitiveness.

*According to* Ritchie & Crouch (2003) *destination competitiveness depends on* capabilities to increase the tourism incomes, capabilities of constant attraction of tourists, providing pleasure and experience/adventure to cherish, profitability, ensuring life quality for locals and natural environment protection.

First step in grading the competitiveness is the evaluation of present state in tourist destination, which demands vast analysis with the aim of locating weaknesses, but as well creating the possibilities for shaping the propositions of destination competitiveness.

Magaš describes *competitive advantages* of tourist destinations as capabilities of a tourist destination management to develop and optimally combine derived and natural elements of tourist offer at all levels (Magaš, 2003).

Some tourism researchers concentrate also on the role of destination development. For instance Prideaux (2000) shows how the transport system is relevant for destination developments. Murphy et al. (2000) and Melián-González and García-Falcón (2003) examine the role of products and services to destination competitiveness. They find that several supply-side related factors (such as accommodation quality, resources, destination environment, tourism infrastructure, and perceived trip value) can influence tourist's intention to return.

## **2.2. Empirical Review**

Several scholars on tourism development identified that safety and security, lack of adequate resources and infrastructure, poor image and perception of Africa-political instability, limited connectivity, high operating costs -fuel prices and limited and expensive air access are the most challenges of the tourism industry. Biazen(2010), also support that the above idea and political uncertainty or disruption of infrastructure has a major influence of the tourism sector. Essential wages in the tourism sector tend to be low in comparison to others sectors (although agriculture in many cases is an exceptional).This mostly happens as the sector income is seasonal and lost confidence of many professional experts with high salary. In return such kind of insecurity may discourage people to join this institution or to stay in for long period of time. (Bull, 1995 cited in Tekabe, 2016) or employment problem is one of the bottlenecks of Ethiopian tourism.

According to Andarege(2013), lack infrastructure, problems of securities, lack of museum, lack of service and facilities, lack of preservation and protections of heritage, financial constraints are the major challenges of tourism development.

Elias (2018) conducted a study on **Determinants of Tourist Destination Comparativeness in Ethiopia**.The purpose of this study was to investigate the effect of quality of tourism experience on tourists perception of destination competitiveness. The study results indicated that the quality of tourism experience and tourists' perception of destination competitiveness do relate to each

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

Gizachew (2014) study on Challenges and prospects of Lake Tana Island monasteries as tourist site since in 1950's the case of Kibran Gebreal, This is because of the challenges that can be associated with human and natural threats. If different stockholders work jointly, It has a bright prospect for the development of tourism .The monastery historical and spiritual library of Ethiopia. However much attention concern is not given protection and preservation of the monastery, the ancient wall paintings made from naturally squeezed flowers and leafs from the 17<sup>th</sup> centuries are being scratched of fro the wall and the paintings are in every dangerous position resulted from the earlier leakage of water and bad temperature.

Birtukan (2016) Pitfalls Of Tourism Development In Ethiopia , The Case Of Bahir Dar Town and its surroundings. The history of tourism and its challenges in the context of the political, economic, and ideological shifts through three consecutive political regimes in Ethiopia: the imperial, Derg, and EPRDF

Destination competitiveness is firmly entrenched as an important topic of tourism research (Crouch& Ritchie, 2013). Destination competitiveness seems to be integrally associated with maintaining the richness of culture and heritage (Heath, 2003), preserving and upgrading environmental quality and attractiveness (Mihalič, 2000), increasing the ability of operators to sell higher value-added tourism products (Hassan, 2000), and improving customer satisfaction (Bahar & Kozak, 2007). Destinations strive to provide a superior tourist experience (Dwyer, Mellor, Livaic, Edwards, & Kim, 2004; Mazanec& Ring, 2011) and to improve the living standard and socioeconomic prosperity of the country's residents (Bahar&Kozak, 2007; Crouch & Ritchie, 1999; Dwyer & Kim, 2003).

A general model of destination competitiveness was first proposed by Crouch and Ritchie (1999) and Ritchie and Crouch (2003). Their aim was to develop a conceptual model based on the theories of comparative advantage of Smith (1776/1991) and Ricardo (1817) and competitive advantage of Porter (1990), tailored to the distinctive characteristics of destinations (Crouch, 2011). Crouch and Ritchie (1999) emphasize that destination competitiveness is based on a destination's resource endowments as well as its capacity to deploy resources to attract tourists. The model also acknowledges the impact of global macro environmental forces and competitive micro environments. The 36 major destination competitiveness attributes highlighted by Crouch and Ritchie (1999) are clustered into five main groups: supporting factors and resources; core resources and attractors; destination management; destination policy; and qualifying and amplifying determinates.

A general model of destination competitiveness has also been proposed by World Economic Forum (WEF) (2007) by way of a Travel & Tourism Competitiveness Index (TTCI). The TTCI is based on three broad categories of variables that drive travel and tourism (T&T) competitiveness: (1) the T&T regulatory framework sub index; (2) the T&T business environment and infrastructure sub index; and (3) the T&T human, cultural, and natural resources sub index. These three sub indexes comprise in total 14 pillars of T&T competitiveness. Each of the pillars is made up of a number of individual variables. Using this index WEF has ranked the competitive performance of 140 countries worldwide (WEF, 2013). Another general model of destination competitiveness was proposed by Dwyer and Kim (2003) and Dwyer et al. (2004). The model brings together the main elements of competitiveness as proposed in the wider economics and management literature (Moon & Peery, 1995; Narasimha, 2000; Waheeduzzan & Ryans, 1996) and the main elements of destination competitiveness as proposed by tourism researchers. The model builds upon the well-known framework of the "diamond of national competitiveness," which claims that success in international competition in a given industry depends on the relative strength of an economy in a set of business-related features or "drivers" of competitiveness (Porter, 1990). This so-called "Integrated Destination Competitiveness Model," which highlights 83 competitiveness attributes within four major groups of determinants, contains many of the variables and category headings identified by Hassan (2000), Buhalis (2000), and Mihalič (2000) as well as the studies of Crouch and Ritchie (1999) and Ritchie and Crouch (2000, 2003). The Integrated Model has been used in different

study contexts. The original context was Australia and Korea (Dwyer & Kim, 2003; Dwyer et al., 2004). Subsequently, the model has been applied to Slovenia (Omerzel Gomezelj & Mihalič, 2008; Ravid, 2008). The latter study, based on survey responses of Slovenian private and public tourism stakeholders, employed the Integrated Model and its competitiveness indicators in order to define the weak and strong competitiveness determinants of Slovene tourism. The study concluded that the Integrated Model was a useful framework with which to analyze the competitiveness of destination Slovenia, but suggested caution in uncritically grouping indicators under the main headings until the model is more fully tested. The use of the same competitiveness determinants and sub determinants as in the Integrated Model has also proved useful for comparison and policy recommendation in several Serbian studies (Armenski, Gomezelj, Djurdjev, Čurčić, & Dragin, 2012; Dragičević, Jovičić, Blešić, Stankov, & Bošković, 2012; Mihalič, Milutinović, & Prašnikar, 2011). Other research on destination competitiveness has been less ambitious than the aforementioned frameworks.

Most of the other research studies in the field of destination competitiveness have sought to (1) capture the destination competitiveness of a single destination (Ahmed & Krohn, 1990; Armenski et al., 2012; Dwyer, Livaic, & Mellor, 2003; Enright & Newton, 2004; Omerzel Gomezelj & Mihalič, 2008); (2) compare the competitiveness of different destinations (Dwyer & Kim, 2003; Enright & Newton, 2005; Kozak, 2003; Mazanec, 1995); or (3) focus on specific attributes of competitiveness (for instance, price competitiveness, environmental competitiveness, etc.) (Buhalis, 2000; Dwyer, Forsyth, & Rao 2000; Go & Govers, 2000; Hassan, 2000; Mihalič, 2000). The importance of testing competitiveness models has recently been argued for by Crouch (2011), who has tested his own destination competitiveness model using the Analytical Hierarchy Process. Crouch (2011) evaluated the attributes of competitiveness by experts' judgment using an online survey. The main aim of the present article is to test the validity of the identified attributes of the Integrated Model using available secondary data on destination competitiveness. Given that the model is being employed by researchers to make policy recommendations, it is important that its structure reflects the major attributes that enhance or reduce destination competitiveness.

Testing the model can inform researchers about the appropriateness of the model structure, the validity of the groupings of destination competitiveness attributes, and the relevance of different indicators as measures of competitiveness. The data used for testing are comprehensive, covering

139 countries worldwide in the period 2007 to 2011. This article seeks to identify available competitiveness indicators of the attributes identified in the Integrated Competitiveness Model in order to quantify the competitiveness of destinations. It focuses on attributes of the Integrated Model that have not been rigorously tested for their relevance to date. In its past applications to different destinations, the model has served simply as a framework for grouping competitiveness attributes, without questioning the suggested groupings of the attributes. This has involved a search of various sources of indicators that could potentially be used to test the integrated model. Studies to date have gathered data by ascertaining tourism stakeholders' views on the importance of single attributes comprising different models. Although the relevance of stakeholder views is not denied, for present purposes, the use of secondary data helps to overcome the limitations involved with expressions of "expert or stakeholder opinion," which are subjective in nature. Different "experts" may have varied opinions as to the extent to which a destination possesses or does not possess competitiveness attributes. There remains a concern that only by using "hard" or "quantifiable" measures can destination competitiveness be rated objectively and consistently, or be tested in a meaningful way.

The article is structured as follows. The next section contains a summary overview of the Integrated Destination Competitiveness Model. The third section develops an extended list of indicators that are appropriate to test the model over a 5-year period.

The fourth section comprises a factor analysis to test the validity of the model and an interpretation of the findings. The factor analysis covers empirical data in order to group determinants, sub determinants, and indicators of destination competitiveness. The discussion in the fifth section interprets the findings for applied research and highlights issues for further development of the model.

### **2.2.1 The Integrated Model**

The Integrated Model displayed in Figure 1 was developed in a collaborative effort by researchers in Korea and Australia following a series of workshops, held in both countries, in 2001 attended by representatives of major tourism industry organizations, governmental officials, and academia (Dwyer & Kim, 2003). The model comprises major determinants of destination competitiveness that are interactively connected:

- **Resources (endowed, created, and supporting)**

- **Destination management (public and private)**
- **Demand conditions**
- **Situational conditions**

In addition to developing the model structure, outcomes of the workshops enabled Dwyer and Kim to nominate 83 key attributes of destination competitiveness considered to be relevant to rating and ranking tourism destinations. In the Integrated Model, *Resources* are those attributes of a destination that attract visitors and enable tourism visitation. *Core Resources* can be divided into two types—*Endowed (Inherited)* and *Created*. Endowed resources can be classified as Natural (mountains, lakes, beaches, rivers, climate, etc.) or Cultural/Heritage (cuisine, handicrafts, language, customs, architectural heritage, belief systems, and the like). Created resources include attributes such as accommodation, restaurants, organized tours, transportation, special events, and the range of available activities, entertainment, and shopping. *Supporting or Enabling Factors and Resources* enable or facilitate visitation by adding value to the tourism experience. As Crouch and Ritchie (1999) have claimed, “they exert more of a secondary effect by providing a foundation upon which a successful tourism industry can be established” (p. 148). They include: general infrastructure, quality of service, accessibility of destination, and hospitality of resident community. Although the mere existence of such resources is insufficient to generate visitation to a destination they enhance the quality of the visitor experience. *Destination Management* factors are those that can “enhance the appeal of the core resources and Attractors, strengthen the quality and effectiveness of the supporting factors and resources, and best adapt to the constraints imposed by the (situational conditions)” (Crouch & Ritchie, 1999, p. 149). In the Integrated Model, a distinction is made between destination management activities undertaken by the public sector and destination management undertaken by the private sector. Included among the activities of the public sector is the development of national tourism strategies, marketing by the national tourism organization, national and regional manpower programs, environmental protection legislation, climate change mitigation and adaptation policies, etc. Included among the activities of the private sector are those of tourism/hospitality industry associations, industry involvement in and funding of destination marketing programs, industry training programs, industry adoption of “green” tourism operations, environmental certification programs, and so on. The health, vitality, and sense of enterprise, entrepreneurship, and new venture development in a destination contribute to its competitiveness in a variety of

ways. Several researchers have emphasized how a firm can achieve “value competitive advantages” (Hall & Williams, 2008; Hjalager, 2002; Porter, Sachs, & McArthur, 2001).

Importantly, local businesses must continue to seek out and implement new technologies to improve their productivity. Poon (1993) argues that “flexible specialization” or “permanent innovative and ceaseless change provides for the demands of the ‘new tourism’ ” (p. 127). Developments in information and communications technology have greatly increased the potential for collaboration between businesses by making it much easier to integrate and coordinate network activities (Dwyer, Knežević Cvelbar, Edwards, & Mihalič, in press). Together, the activities of public and private sector tourism organizations influence types of products and services developed to match visitor preferences. *Demand Conditions* comprise three main elements of tourism demand—awareness, perception, and preferences. Awareness can be generated by various means including destination marketing and hospitality of resident community. Although the mere existence of such resources is insufficient to generate visitation to a destination they enhance the quality of the visitor experience. *Destination Management* factors are those that can “enhance the appeal of the core resources and attractors, strengthen the quality and effectiveness of the supporting factors and resources, and best adapt to the constraints imposed by the (situational conditions)” (Crouch & Ritchie, 1999, p. 149). In the Integrated Model, a distinction is made between destination management activities undertaken by the public sector and destination management undertaken by the private sector. Included among the activities of the public sector is the development of national tourism strategies, marketing by the national tourism organization, national and regional manpower programs, environmental protection legislation, climate change mitigation and adaptation policies, etc. Included among the activities of the private sector are those of tourism/hospitality industry associations, industry involvement in and funding of destination marketing programs, industry training programs, industry adoption of “green” tourism operations, environmental certification activities, and market ties (religious, sporting, ethnic, and so on). Destination image can influence perceptions and hence affect visitation.

Most scholars in the tourism field agree that destination image has very important influence, not only on the destination selection process, but also on the general tourist purchasing and travel

behavior (Chon, 1991; Lopes, 2011). Actual visitation will depend on the match between tourist preferences and perceived destination product offerings. The nature of demand conditions, specifically tourist preferences, and motives for travel, influences the types of products and services developed within a destination.

*Situational Conditions* are forces in the wider external environment that impact upon tourism flows and hence destination competitiveness. The situational conditions can be thought of as falling within one of two interactive and interrelated contexts of organizations operating in the destination—the operating environment and the remote environment.

The operating environments of the different private and public sector institutions in a destination are important because, to a large extent, the conduct and performance of these institutions depends on the overall structure of the industry in which they are situated (Porter, 1990). This is to acknowledge that the conduct and performance of firms depend on the overall structure of the industry in which they are situated (McGee, 1988; Porter 1980). The remote environment comprises those forces and events outside the destination that constrain the strategic options of organization or destination managers but over which they have no control (Dwyer & Edwards, 2009; Johnson & Scholes, 1997). Situational conditions thus relate to economic, social, cultural, demographic, environmental, political, legal, governmental, regulatory, technological, and competitive trends and events that impact on the way firms and other organizations in the destination do business, and present both opportunities and threats to their operations (Dwyer, Edwards, Mistilis, Scott, & Roman, 2009). The ability of destinations to adjust to such changes has an important impact on their destination competitiveness. The Integrated Model assumes that the final goal of tourism destination competitiveness is to attract visitors in order to maintain and increase the socioeconomic prosperity of a destination (Dwyer & Kim, 2003). Thus, the outcome of the process, is linked backwards to the various determinants of competitiveness and forwards to socioeconomic prosperity, or quality of life, to maintain and increase the real income of its citizens, usually reflected in the standard of living of the country (Garelli, 2000; Porter et al., 2001). A set of indicators can be used to measure various dimensions of destination competitiveness whereas another set relates to residents' quality of life. These indicators ideally comprise both “hard” (objective) and “soft” (subjective) measures. Hard measures are those that are “objectively” or “quantitatively” measurable. These would include economic indicators (e.g.,

exchange rate changes, tourism marketing expenditure). Soft measures of a destination's competitiveness would be those relating to qualitative attributes "scenic beauty," "friendliness of residents," "perceived safety and security," etc. Participants at the workshops also identified the important indicators of destination competitiveness falling under each of the eight main subgroups of the destination competitiveness model. The lists of possible indicators of destination competitiveness and quality of life that comprise the lower right-hand side boxes are unrestricted however. While there is no method available that can be used to integrate hard and soft factors into a single index, it is possible to convert the two measures into Likert scales. This approach is used in construction of the TTCI (WEF, 2013).

### **2.3.The Research Hypotheses**

Based on the research questions, hypotheses are proposed and a conceptual framework is used to determine how destination competitiveness could be influenced by the quality of tourism factors in Bahir Dar City. The research will also intend to identify the factors that are likely to influence the quality of tourism experience and the tourists' perceived destination competitiveness. The following research hypotheses are presented. The study will take into account comparative and competitive advantages aspects. The overall objective of this study will to show the importance of tourism for Ethiopia and to evaluate the efficiency of the Ethiopia Tourism policy. For this purpose, five independent variables are defined such as Inherited resources (IR), Created Resources (CR), Supported Factors (SF), Situational conditions (SC), Demand factors (DF) and one dependent variable, destination competitiveness. Based on the key findings of the mentioned research and based on research questions of this thesis, five hypotheses are proposed to determine the competitiveness of Bahir Dar City as a tourist destination:

**H1:** Inherited resources (IR) in Bahir Dar City positively and significantly affects tourist destination competitiveness

**H2:** Created Resources (CR) in Bahir Dar City positively and significantly affects tourist destination competitiveness

**H3:** Supported Factors (SF) in Bahir Dar City positively and significantly affects tourist destination competitiveness.

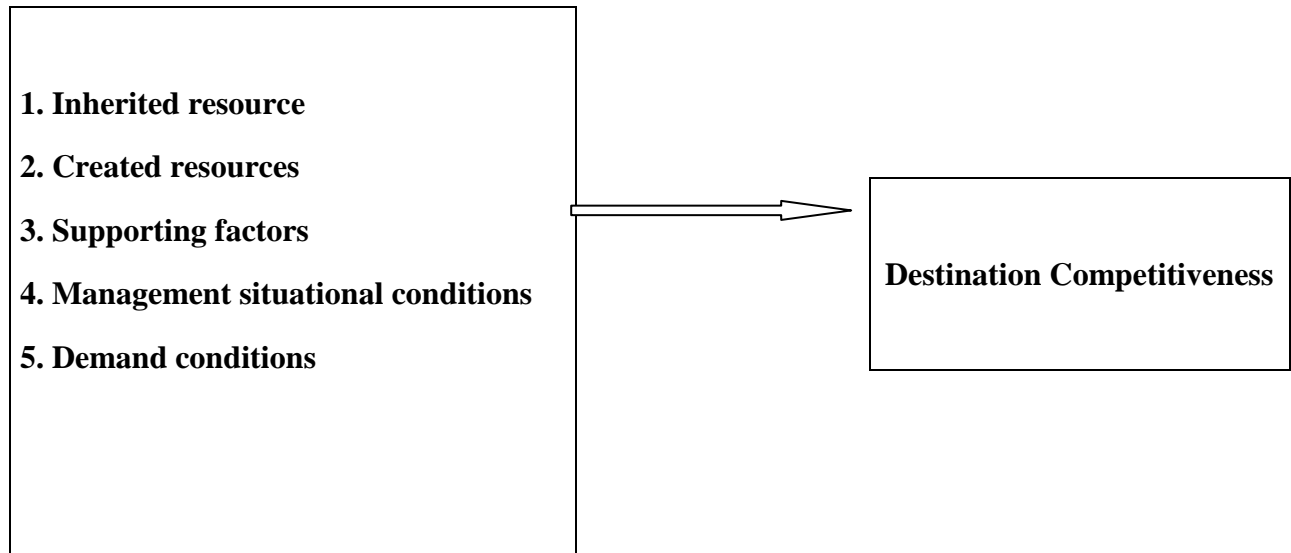
**H4:** Situational Conditions (SC) in Bahir Dar City positively and significantly affects tourist destination competitiveness.

**H5:** Demand factors (DF) in Bahir Dar City positively and significantly affects tourist destination competitiveness.

### **2.3.1 Conceptual Framework**

Conceptual framework can be presented either in written form or in a flowchart. The conceptual framework describes the concept and the procedure how the research will be performed. As mentioned, the research considers both qualitative and quantitative approaches. The qualitative research approach executes interview while the quantitative research approach considered in here performed by accounting both dependent and independent variables. The independent variables of the study include inherited resource, created resources, supporting factors, management situational conditions and conditions demand whereas the dependent variable of the study is destination competitiveness. These two types of variables then associated and analyzed applying Likert scale in SPSS. Thereafter, the output will be described, discussed, and summarized from both quantitative and qualitative analyses. The conceptual framework of the study is shown diagrammatically in Fig. 2.1.

Figure 2.1 Conceptual framework of the study: Independent variables Vs Dependent variable



Source: Author's Construction (2018)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

This section presents a systematic account of the research methods that answers to the research questions. It highlights the reasons for selecting descriptive and explanatory methods as the main tool of analysis. It also explains about the research approach, research design, target population, sample and sampling technique, source of data and data collection instruments, procedures of data collection, and data analysis techniques.

#### **3.1. Research Design**

Mouton describes a research design as “a set of guidelines and instructions to be followed in addressing the research problem. The main function of a research design is to enable the researcher to anticipate what the appropriate research decisions should be so as to maximize the validity of the eventual result” (Mouton, 1996). An appropriate research design is important to any research, as it will guide the process for collecting the desired data and also the process for analyzing that data. The research decisions therefore which are to be made and which in turn determine a particular research design revolve around issues of data collection and data analysis methods in any given research (Mouton, 1996).

As Kothari explains, research design is needed because “it facilitates the smooth sailing of the various research operations, thereby making research as efficient as possible yielding maximal information with minimal expenditure of effort, time and money. Research design stands for advance planning of the methods to be adopted for collecting the relevant data and the techniques to be used in their analysis, keeping in view the objective of the research and the availability of resources. Hence, it has a great bearing on the reliability of the results arrived at and as such constitutes the firm foundation of the entire edifice of the research work(Kothar1990).

Research design is the blueprint for fulfilling research objectives and answering research questions (John A.H. et al., 2007:20-84). In other words, it is a master plan specifying the methods and procedures for collecting and analyzing the needed information. It ensures that the

study would be relevant to the problem and that it uses economical procedures. The same authors discusses three types of research design, namely exploratory (emphasizes discovery of ideas and insights), descriptive (concerned with determining the frequency with which an event occurs or relationship between variables) and explanatory (concerned with determining the cause and effect relationships). The types of research employed under this study were descriptive and explanatory research.

Finally, the collected information was analyzed employing relevant theories and hypothesis and then the findings were summarized.

### **3.2. Research Approach**

According to Kothari (2004) there are two basic approaches of research, quantitative approach and the qualitative approach. Quantitative approach involves the generation of data in quantitative form which can be subjected to rigorous quantitative while qualitative approach to research is concerned with subjective assessment of attitudes, opinions and behavior. Thus in this study, to answer the research questions and achieve the objectives, the researcher has been used both approaches.

Based on purpose of doing the research and taking into account the research topic and the basic research questions, this study applied both mixed approach and employed descriptive and explanatory (or diagnostic) types of research design. Because, descriptive research studies concerned with specific predictions, with narration of facts and characteristics concerning individual, group or situation are all examples of descriptive research studies, whereas diagnostic research studies determine the frequency with which something occurs or its association with something else, studies concerning whether certain variables are associated, are examples of diagnostic research studies (Kothari, 2004).

### **3.3. Target Population and Sampling**

#### **3.3.1. Population of the Study and Sample Size**

The target population to be used for this study includes Lake Tana monasteries, Tis Abay fall and Lake Tana tourist destination sites. The researcher purposively selects 32 hotels, Jumia Travel (2018). (<https://travel.jumia.com/en-gb/hotels/ethiopia/bahir-dar/596>. Accessed Apr. 2018.) 10 Lake Tana monasteries, 2 tourism bureaus, and 3 travel agents based on the year of experience, high tourists flow and accessibility. Consequently, the target respondents of the study was 32 hotel managers, 10 monasteries' administrators, 5 tourism bureaus' officials, and 3 managers of travel agents. The reason for selecting the above respondents of tourism stakeholders is to associate the independent variables (inherited resource, created resource, supporting factors, management situational conditions, and demand conditions) with the dependent variable (destination competitiveness) of the research.

The selection targets those who are knowledgeable enough to give reliable information on the issue under investigation. Enderud in (Mikkelsen 1995) also holds that information maximization guides the selection of respondents, who are unique key persons and known to have particular knowledge.

Furthermore, to validate or triangulate the findings that are obtained from the above respondents, the researcher also targeted tourists coming to the tourism destinations in Bahir Dar city.

For the qualitative study, this research did not have a large sample as would be expected in a quantitative study. As Kvale (1996) rightly argued, this study arose from the desires to obtain deeper insights on the factors affecting the level of competitiveness of Bahir Dar city as a tourist destination and as such a small but reasonable sample is considered to be more appropriate. In view of the qualitative research design that utilized non-probability sampling, convenient sampling was used for selecting tourists in the study area.

### **3.3.2. Sampling Technique**

This research was conducted in Bahir Dar city tourist destinations, specifically in Tis Abay fall, Lake Tana Monastery, hotels, and others Lake Tana tourist destinations sites. These places are considered to be the main tourist destinations in the city. In view of the qualitative research design that utilized non-probability sampling, convenient sampling was used to select potential informants from tourists; and in view of quantitative research design, the research employed purposive sampling to select informants from tourism bureaus, monasteries, tour operators, and hotels.

### **3.4. Data Collection Techniques and Source of Data**

For the purpose of conducting a research, information sources play a critical role and are usually classified into two broad categories: primary and secondary (Kothari, 2004). The primary data are those which are collected for the first time and thus happen to be original in character. Secondary data, on the other hand, are data not gathered for the immediate study at hand but for some other purpose. This study used both primary and secondary sources of data. However, this study mainly used the primary data to examine the factors affecting the level of competitiveness of Bahir Dar City as a tourist destination.

#### **3.4.1. Primary Sources**

Primary data sources include self-administered survey/questionnaire (closed and open ended), in-depth key informant/ tourists interviews and field observation.

### **3.5. Data Analysis and Interpretation**

#### **3.5.1. Qualitative data analysis**

The qualitative data analysis in this study was based on the research questions, objectives, and research settings. Interviews were analyzed by direct quotations, transcribing and organizing of data collected from primary sources. Moreover, interpretations of observed and perceived

realities were also utilized. Simple descriptive statistics was used to show the flow tourists in the city of Bahir Dar.

### **3.5.2. Quantitative data analysis**

Data analysis is the process of linking data based on their relationships. Kitchen & Tate (2000) stated that data generation and analysis are not separated and both need to be considered carefully before starting the research. Description of how data of particular research problems analyzed is a principal component of research, demanding the researcher's knowledge and understanding of the subject (Alston & Bowels, 1998). Analysis of data provides sense and meaning for the whole skeleton of the research and the data collected during the fieldwork. According to Taylor & Bogdan (1984) in qualitative research analysis, researchers have their own approaches to make sense of the data gathered through qualitative methods.

To examine the factors affecting the level of competitiveness of Bahir Dar city as a tourist destination, the primary data was collected by asking respondents to rate how they perceived each variable listed in the structured interview using Likert scale: 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree; and 1 = Strongly Disagree.

Thereafter, the researcher transcribed the quantitative data collected into excel texts to ease the data analysis. Then data was further interpreted through SPSS method. They were edited, coded, tabulated and classified according to objective and the research question of study. The data was also analyzed by using simple and suitable mathematical and statistical tools like tabulation, percentage frequency and crosstabs. A relationship between data and variables was established by interpreting statements. Then narrative text, simple computations and logical reasoning used to represent the results. As well as analysis was carried out in relation to the research objective and questions which leads to conclude the study.

At last the results gained from qualitative and quantitative analyses were triangulated and presented in organized way.

### **3.6. Ethical Considerations**

This research followed established ethical guidelines for collecting data. Ethical considerations include cultural concerns, legislation and intellectual property rights, anonymity, confidentiality, and procedures for handling information (Jankowski *et al.*, 2001). Permission from the administrative authorities and informed consent from the respondent/informant in the study area are vital for conducting research ethically. Before starting the fieldwork, application for research permit was made from the Graduate School of the Addis Ababa University. All respondents were asked for their informed consent to participate in the research after explaining to them what the research addresses and how the information obtained from them is going to be used.

## CHAPTER FOUR

### RESEARCH ANALYSIS AND DISCUSSION

As indicating in the previous chapter, the main attempt of this study is to investigate factors affecting the level of competitiveness of Bahir Dar city as a tourist destination. Therefore, this chapter presents the analysis and discussions of the research findings obtained from the questionnaires and the interview. It reports the investigation results obtained from the respondents through questionnaire and interview. The discussion begins with the questionnaires' response rate followed by the descriptive statistics of the respondents relating with the questions; like the gender, age, and level of education. The results of the reliability analysis and the regression assumption test also reported and the results of hypothesis testing presented. Finally, the qualitative data obtained from the oral interview presented and triangulate with quantitative data.

#### 4.1 Demographic Characteristics of the Respondents

##### 4.1.1 Response Rate

A total of 50 questionnaires were collected out of the expected 50, representing a return rate of 100 percent. The distribution of the respondents by gender, age, educational level, and work experience are presented in Tables 1, 2, 3 and 4 respectively.

##### 4.1.2 Respondents Profile

The information in table 4.1 shows that 64 % of the respondents were male while 36 % respondents were female. This shows that the majority of the respondents were male.

Table 4.1: Distribution of Respondents' by Gender

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	32	64.0	64.0	64.0
Female	18	36.0	36.0	100.0
Total	50	100.0	100.0	

Source: Survey data (2018)

### 4.1.3 Age of the Respondents

Table 4.2 shows 4% fall in the age category between 18 years and 25 years while 8 % respondents were aged between 26 and 35 years and 24 % of the respondents were aged between 36 and 45 years. On the other hand, 40 % of the respondents are in between 46 and 55 years old while and 24 % of the respondents are above 55 years. As shown in Table 4.2, the majority of respondents are in the age range from 46 to 55 years. And, fewer respondents are below 25 years.

Table 4.2: Distribution of Respondents' by Age

Age	Frequency	Percent	Valid Percent	Cumulative Percent
18 to 25	2	4.0	4.0	4.0
26 to 35	4	8.0	8.0	12.0
36 to 45	12	24.0	24.0	36.0
46 to 55	20	40.0	40.0	76.0
above 55	12	24.0	24.0	100.0
Total	50	100.0	100.0	

Source: Survey data (2018)

### 4.1.4 Educational Qualification of the Respondents

The educational qualification level of the responded also gathered through the questionnaire. As shown in the Table 4.3, 14% of the respondents are high school completed whereas only 28% university degree. While 18% of respondents have a master/PhD degree, and 40% have college certificate and diploma respectively. Overall, majority of respondents were educated, as about 82% of them have with educational qualification from high school to university degree/diploma level.

Table 4.3: Distribution of Respondents' by educational status

Educational status	Frequency	Percent	Valid Percent	Cumulative Percent
high school completed	7	14.0	14.0	14.0
college certificate or diploma	20	40.0	40.0	54.0
university degree	14	28.0	28.0	82.0
masters or PhD	9	18.0	18.0	100.0
Total	50	100.0	100.0	

Source: Survey data (2018)

## **4.2 Descriptive Analysis**

This section the chapter presents measure of central tendency (i.e. mean), measure of dispersion (i.e. standard deviation) and measure of normality (i.e. skewness and kurtosis) values of all variables of which a total of 23 items were asked on a 5-point Likert scale considering 1 as being strongly disagree and 5 as being strongly agree.

Table 4.4 depicts the mean scores, standard deviation (SD), skewness and kurtosis values of all items measuring independent variables. From Table 4.4, the mean scores of competitive advantage (i.e. the 5 independent variables) ranged from 2.36 to 3.42.

Table 4.4 Extent of dependent and independent variables of the study: Mean scores, Standard Deviation (SD), Skewness and Kurtosis (N = 50) where items are measured on a 5-point Likert scale, from 1 = strongly disagree to 5 = strongly agree

This section presents measure of central tendency (mean), measure of dispersion (standard deviation) and measure of normality (skewness and kurtosis) values of all variables a total of 23 items were asked on a 5-point Likert scale, 1 being strongly disagree and 5 being strongly agree. In the appendix part Table 1.1 depicts the mean scores, standard deviation (SD), skewness and kurtosis values of all items measuring community participation. From Table 4.4, the mean scores of competitive advantage (i.e. the 5 independent variables) ranged from 2.36 to 3.42.

## **4.3 Data Processing and Analysis**

### **4.3.1. Data Processing**

After collecting the data through different techniques, the researcher has arranged, organized and prepared the collected data accordingly so that the information can be easily categorized and analyzed. Moreover, in order to ensure logical competence and consistency of responses, data editing was carried out once by the researcher. Thereby errors were soon identified and data gaps were rectified at the instant.

### **4.3.2. Data Screening**

Several data screening issues must be addressed in order to adequately prepare the data set for accurate statistical analysis (Kline, 1998). Generally, the researcher must examine the data for input accuracy and determine the best method for addressing missing observations while working on data screening. After close examination of the statistical analyses such as means, standard deviations and frequency distributions of collected data, it was determined that there were no invalid entries. Overall there were no missing data values as the survey held on the respondents were collected carefully.

## **4.4 Reliability and Validity Test**

### **4.4.1. Reliability Test Result**

Reliability can also be called as internal consistency. The internal consistency among the respective items considered as a measure of reliability for each of the dimensions in the model. Cronbach's alpha and item-to-total correlation were utilized to eliminate the poor performing items from the initial pool. In Leong and Austin (1996), Nunnally and Bernstein (1994) and Robinson et al. (1991) stated that a Cronbach's alpha value of 0.7 was employed as a cut-off value to determine the items which can retain. On the other hand, as disused in Bearden et al. (1989) and Zaichkowsky (1985), a value of 0.50 was considered and applied as an accepted level of corrected item to-total correlation to maintain an item. Thereby a Cronbach's alpha score of 0.60 and a corrected item-to-total correlation value of 0.50 were used as cut-offs for data reduction.

For the destination competitiveness, the Cronbach's alphas ranged from 0.699 to 0.933; the corrected item-to-total correlation coefficients ranged from 0.711 to 0.928. The five items for destination competitiveness had a Cronbach's alpha coefficient of 0.826. Based on the criteria suggested from Bearden et al. (1989), Nunnally and Bernstein (1994) and Robinson et al. (1991), all items which are considered to measure destination competitiveness for this study are adequate enough (see Table 4.5).

Table 4.4: Reliability Estimates for Destination Competitiveness

	Corrected item-to-total Correlation	Cronbach's Alpha
<b>DCitem1</b>	.711	.786
<b>DCitem2</b>	.928	.887
<b>DCitem3</b>	.865	.933
<b>DCitem4</b>	.787	.699

**Cronbach's  $\alpha$  coefficient for destination competitiveness = 0.826**

Source: Survey data (2018)

For the five independent variables constructed, there exists 18 items in total (i.e. four items for *Inherited resource*, three items for *Created resources*, five items for *Supporting factors resource*, three items for *Management situational conditions*, and three items for *Demand conditions*) and internal consistency check have also been made for them. The Cronbach's alphas for the five dimensions (i.e. or the five independent variables) are within the ranged from 0.655 to 0.799 (see Table 4.6).

Table 4.5: Reliability Estimates for Independent Factors

Factors	Corrected item-to-total correlation	Alpha if item deleted
<b><i>Independent variables</i></b>		
IRitem1	.777	.555
IRitem2	.677	.622
IRitem3	-.043	.921
IRitem4	.666	.744
IRitem5	.623	.687
<b>Cronbach's <math>\alpha</math> coefficient for Inherited resource = 0.7058</b>		
CRitem1	.501	.667
CRitem2	.671	.705
CRitem3	.811	.732
<b>Cronbach's <math>\alpha</math> coefficient for Created resources = 0.701</b>		
SFRitem1	.655	.777
SFRitem2	.019	.764
SFRitem3	.570	.679

SFRitem4	.731	.844
SFRitem5	.545	.932
<b>Cronbach's <math>\alpha</math> coefficient for Supporting factors resource = 0.799</b>		
MSCitem1	.788	.632
MSCitem2	.565	.554
MSCitem3	.445	.781
<b>Cronbach's <math>\alpha</math> coefficient for Management situationalconditions= 0.655</b>		
DCDitem1	.575	.938
DCDitem2	.822	.601
DCDitem3	.544	.671
<b>Cronbach's <math>\alpha</math> coefficient for Demand conditions = 0.736</b>		

Source: Survey data (2018)

Overall the results of internal consistency tests revealed that the Cronbach's alpha value for the five independent variables dimensions were acceptable.

#### 4.4.2 Inter-Item Correlations

Another method for constructing reliability assessment includes relating each separate item of the scale. Researchers commonly assess the inter-item correlation among the scale items when examining scale reliability. According to Robinson *et al.* (1991), inter-item correlations should exceed 0.30 in order to provide evidence that the scale items are highly interrelated, hence are drawn from the same domain of a single construct.

The results shown that the inter-item correlations of the scale items for all six variables considered in this study, provides strong evidence of inter-item correlations across all scale items. Most of the inter-item correlations among all six variables are more than 0.30. This indicates that there is an adequate correlation among item responses (Hair *et al.*, 1998). According to classical measurement theory, such a correlation among items suggests reliability of measures (DeVellis, 2003).

### 4.4.3 Validity Test

Validity is the degree to which a test measures what it purports to measure (Creswell, 2009). Validity defined as the accuracy and meaningfulness of the inferences which are based on the research results. It is the degree to which results obtained from the analysis of the data actually represents the phenomena under study. The validity of the questionnaire data depends on a crucial way the ability and willingness of the respondents to provide the information requested.

As mentioned before, the researcher previously adopted validity measures. A pilot study was conducted to refine the methodology and test instrument such as a questionnaire before administering the final phase. Questionnaires was tested on potential respondents to make the data collecting instruments objective, relevant, suitable to the problem and reliable as recommended by John Adams *et al.* (2007). Issues raised by respondents were corrected and questionnaires were refined. Besides, proper detection by an advisor was also taken to ensure validity of the instruments. Finally, the improved version of the questionnaires was printed, duplicated and dispatched to the selected respondents.

Table 4.6: Summary of Cronbach's alpha coefficient for all variables

Variables	No. of Items	Cronbach's Alpha
Destination Competitiveness	4	<b>0.826</b>
Inherited resource	5	<b>0.706</b>
Created resources	3	<b>0.701</b>
Supporting factor	5	<b>0.799</b>
Management situational conditions	3	<b>0.655</b>
Demand conditions	3	<b>0.736</b>
Entire	23	<b>0.737</b>

Source: Survey Data (2018)

## 4.5 Assessment of Ordinary Least Square Assumptions

### 4.5.1 Multi Co linearity Test

Ideally, independent variables are supposed to be highly correlated with the dependent variables than with other independent variables. Nevertheless, multi co linearity occurs as a result of highly correlation of independent variables with one another (i.e. there exists a relation when one independent variable is at linear combination with other independent variables) (Keith, 2006). Independent variables are highly correlated among themselves when they have (0.9 or above) (Hair *et al.*, 2010, Tabachnick & Fidell, 2007). When independent variables are highly correlated with one another (i.e. multi co linearity), the standard errors of the variables coefficient increases and thereby makes some independent variables statistically not significant while they could be in other way significant. Thence, multi co linearity of independent variables can affect the predictive power of the model and thus it leads standard errors. If there is multi-collinearity between dependent variables in the model, then the problem can be resolved by deleting the affected variables. Therefore, a multi collinearity check was performed for this study applying bivariate correlation test for all the independent variables.

In this regard, multi collinearity has been examined between the independent variables in this study using Pearson's correlation and the results are shown in table 4.7. A correlation analysis has been carried out in order to clarify the relationship among all the variables and Pearson's correlation was used to examine the correlation coefficient between the variables. This was conducted before hypothesis testing with the aim of determining the extent at which level the variables are related. The Pearson values reveal the relationship between independent variables as a result it can be used as a method for diagnosing multi collinearity (Allison, 1999). Similarly, Allison (1999) states that any correlation with a value equal to 0.8 or higher is problematic.

Another way to verify the issue of multi collinearity is through the examination of Variance Inflation Factors (VIF) and tolerance values via regression result. The rule of thumb applied for a Variance Inflation Factors (VIF) with larger value is ten (10). Any VIF that is above 10 and has smaller values of the aspect of tolerance is an indication of multi co linearity (Keith, 2006). Similarly, any VIF values that exceed 10 and tolerance values that is less than 0.10 indicates

potential multi co linearity problem (Hair *et al.*, 2010). Therefore, to avoid multi co linearity problem, the VIF values should not exceed 10 and the tolerance values should not be less than 0.10(Table 4.8).

Table 4.7: Tolerance and VIF values for multi collinearity test

<b>Independent Variables</b>	<b>Tolerance</b>	<b>VIF</b>
IR	.754	1.327
CR	.735	1.361
SFR	.681	1.468
MSC	.709	1.411
DCD	.637	1.570

Dependent Variable: DC

*Source:* Survey Data (2018)

Table 4.8 shows the tolerance and Variance Inflation Factors (VIF) values computed for the independent variables considered in this study. As shown in the Table 4.8, the tolerance levels for all variables are greater than 0.10 and the VIF values are less than 10. This indicates that there were no multi collinearity problems that alters the analysis of the findings, rather it favour for the acceptance of tolerance and VIF values.

#### **4.5.2 Correlation Analysis Results**

A correlation analysis for evaluating multi collinearity of the independent variables has been discussed in the section 4.6.1. In here, correlation test performed to determine the degree of correlation among the independent variables as well as the correlation with dependent variable (destination competitiveness) is shown in Table 4.9. Initial correlation tests, reported in Table 4.8, showed a degree of correlation among the independent variables.

Table 4.8: Pearson’s correlation between the destination competitiveness and the five independent variables

	<b>DC</b>	<b>IR</b>	<b>CR</b>	<b>SFR</b>	<b>MSC</b>	<b>DCD</b>
<b>DC</b>	1					
<b>IR</b>	.367**	1				
<b>CR</b>	.347**	.422**	1			
<b>SFR</b>	.327**	.308**	.402**	1		
<b>MSC</b>	.488**	.354**	.393**	.475**	1	
<b>DCD</b>	.453**	.435**	.408**	.401**	.460*	1

Source: Survey Data (2018)

\*. Correlation is significant at the 0.01 level (2-tailed). where IR is Inherited resource, CR is Created resources, SFR stands for Supporting factors, MSC refries to Management situational conditions and DCD is Demand conditions.

\*.Correlation is significant at the 0.05 level (2-tailed).

The correlation analysis of the variables under study was subjected to a two-tailed test of statistical significance at two different level; significant ( $p < 0.01$ ) and significant ( $p < 0.05$ ), Table 4.9 above shows that correlations between all variables under study are statistically significant at ( $p < 0.01$ ) and ( $p < 0.05$ ). It can also be seen from the same Table 4.9 that the correlation of the variables ranges from 0.308 to 0.488. Hence, the problem of multi collinearity is not there.

### 4.5.3 Outliers

Outlying observations are data values that can be caused either from data entry errors, rare events affecting the observation or during data collection process. While outliers can occur by chance within a distribution, they may indicate either potential measurement error or a population consisting of a heavy-tailed distribution (Hair et al. 1992). The first recommended procedure to identify and resolve outliers is to examine the data set itself for inaccurate values.

Upon close inspection of the frequency tables of the study, six data scores were discovered as invalid entries and corrected by the researcher.

Another common assessment of potential outliers is the Mahalanobis Distance measure (D2), which considers the position of each observation in relation to the centroid or center of all observations for a variable set (Hair et al. 2010). Hair et al. (2010) recommends that for cases with values of  $D2/df$  (the Mahalanobis Distance measure divided by the degrees of freedom) exceeding 2.50 should be re-evaluated as potential outliers within the sample set.

In this research, the standard score was calculated by dividing each individual raw score of the variable by the sample standard deviation. The largest D2 value was computed by the SPSS software as well as using the degrees of freedom for the model. This value fell well below the prescribed cut-off point of 2.50, thus providing evidence to support the absence of outliers for the model.

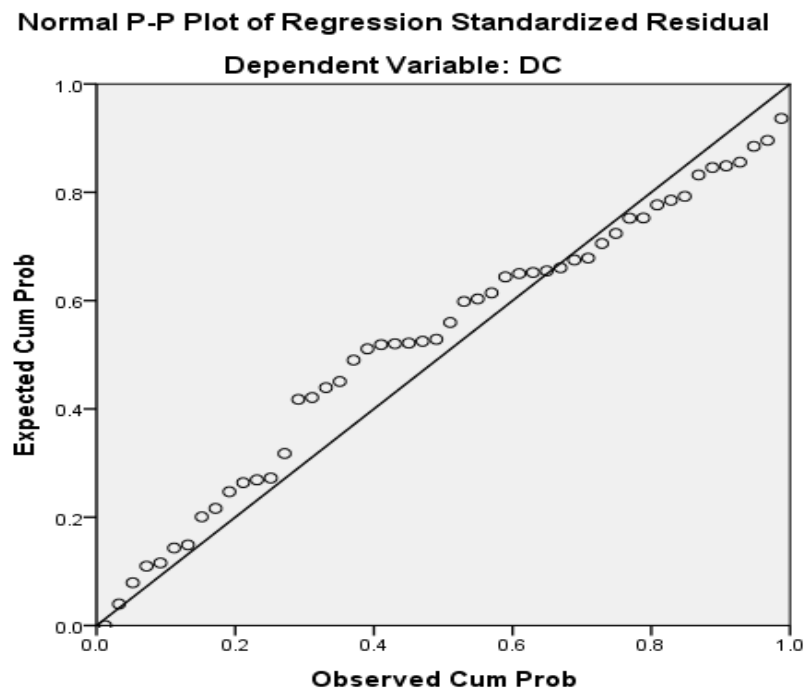
#### **4.5.4 Normality Test**

In order to test the normality of data, skewness and kurtosis value, Normal Probability Plot (NPP) and histogram tests of normality were used and conducted on SPSS 20. According to Hair et al. (2010), normality is the most important term of the three afore-mentioned assumptions in multivariate analysis and pertains to the bell-like shape of the distribution. Normality states that the distribution of errors of prediction is independently and normally distributed across all levels of the dependent variable. The bell shape of a normal distribution can be assessed along two dimensions; its degree of flatness or Preakness (i.e., kurtosis) and its lack of balance (i.e., skewness).

Researchers have suggested that “the most commonly used critical values are  $\pm 2.58$  (i.e. with 0.01 significance level) and  $\pm 1.96$ , which corresponds to a 0.05 level” (Hair et al. 2010,). After careful analysis of the skewness and kurtosis values across of the model, it is determined that the measures for all of the scale variables provide evidence of tolerable symmetrical distributions, thus supporting the critical assumption of normality.

The normality of the disturbance term is also required for estimating the parameters. If this is not the case, all the tests that have been used so far will be invalid. The parameters to be estimated must be the functions of a normally distributed variable (which is, most of the time, disturbance term). Normal Probability Plot (NPP) and histogram of residuals used for the test of normality of the disturbance term. A comparatively simple graphical device to study the shape of the probability density function of a random variable is the normal probability plot which makes use of normal probability plot, a special designed graph. If the variable is from the normal population, the normal probability plot will be approximately a straight line (Gujarati, 2009). Fig. 4.1 shows that, the residuals are approximately normally distributed, because a straight line seems to fit the data reasonably well.

Figure 4.1: The normal probability plot

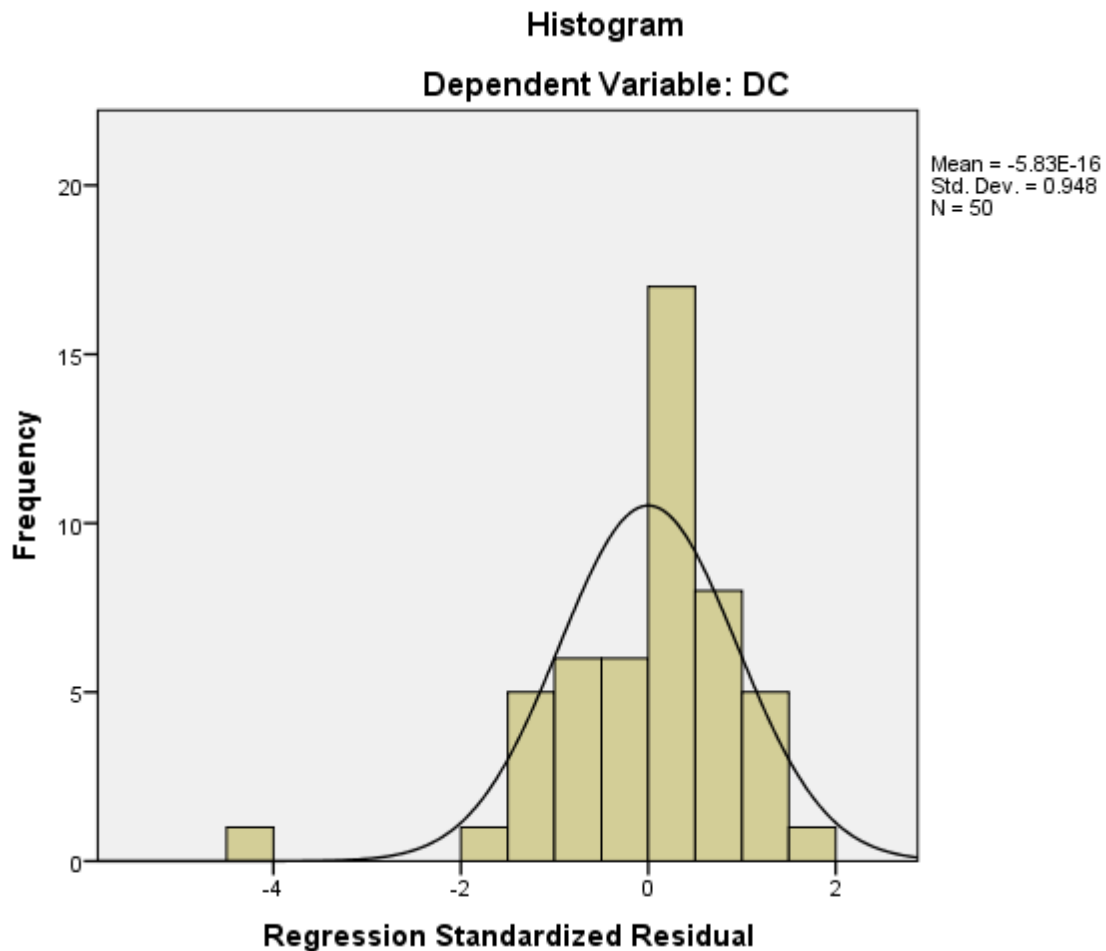


Source: Survey Data (2018)

A histogram of residuals is a simple graphical device that is used to learn something about the shape of the probability density function (PDF) of a random variable. On the horizontal axis, the researcher divides the values of the variable of interest (e.g., OLS residuals) into suitable

intervals, and in each class interval erect rectangles equal to the height of observations (i.e. frequency) in the class interval. If you mentally superimpose the bell-shaped normal distribution curve on the histogram (Fig. 4.2), you will get some idea as to whether normal (PDF) approximation may be appropriate (Gujarati, 2009). The histogram displays the error term is fairly normally distributed, therefore normality is that much not a problem in the model.

Figure 4.2: Histogram for normality distribution



Source: Survey Data (2018)

#### 4.5.5 Assessment of Autocorrelation

Data were assessed to ensure that the autocorrelation is not a threat for the use of OLS in the analysis. The Durbin-Watson test method which used to test for serial correlation between errors is applied in this study. According to Field (2000) a value closer to 2 is acceptable. As

described on Table 4.10, the Durbin-Watson statistics value in this study is 1.872 which is close to the suggested value, 2. Therefore there is no severe autocorrelation among error terms.

Table 4.9: Durbin-Watson statistics value

Model Summary <sup>a</sup>										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.833 <sup>b</sup>	.694	.660	1.39120	.694	19.987	5	44	.000	1.872

a. Predictors: (Constant), DCD, SFR, CR, MSC, IR

b. Dependent Variable: DC

Source: Survey Data (2018)

## 4.6 The Regression Results and Hypothesis Testing

The regression results that are obtained by regressing the *Destination Competitiveness* and the *Independent variables* on *inherited resource, created resources, supporting factors, management situational conditions and conditions demand*. Later in this subsection, the proposed hypotheses mentioned in chapter two were analyzed and evaluated based on the regression output results.

### 4.6.1 Regression Results for Destination Competitiveness

Regression coefficients were used to evaluate the strength of the relationship between the independent variables and the dependent variable. Beta coefficients of the independent variables were used to determine the relative importance to the dependent variable in the model. Therefore, regression coefficients were used to evaluate the strength of the relationship between the independent variables and the dependent variable. Chu (2002) claims that the beta coefficients of the independent variables can be used to determine its derived importance to the dependent variable compared with other independent variables in the same model

The  $R^2$  value in the model able to provide a measure of the predictive ability of the model or measured the percentage of variance in the dependent variable explained collectively by all of the independent variables (Garson, 2008). The regression equation fits more to the data when  $R^2$  value close to 1. In addition, F test was used to test the significance of the regression model as a whole.

The regression result explores the necessary indicators of the internal audit effectiveness by using the variables identified in the model. As indicated in the model summary (Table 4.11), the appropriate indicators of the variable used to identify the destination competitiveness were explored. That is, the value of  $R^2$  used to identify how much of the variance in the dependent variable (*destination competitiveness*) identify by the model. The larger the value of  $R^2$ , the better the model is.

The overall contribution or influence of *Inherited resource, created resources, supporting factors, Management situational conditions and conditions Demand to the Destination Competitiveness* accounted for 69% (with  $R^2 = .694$ ) of the variation in the *Destination Competitiveness*, the rest 31% are other variables not included in this study.

Table 4.10: Regression result for Destination competitiveness

Coefficients										
Model	Un standardized Coefficients		Standardized Coefficients	T	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
(Constant)	1.478	2.081		.710	.481					
IR	.162	.080	.191	2.018	.482	.495	.291	.168	.777	1.287
CR	.975	.127	.720	7.698	.000	.779	.758	.642	.793	1.261
SFR	.178	.089	.177	2.006	.041	.245	.289	.167	.889	1.124
MSC	.052	.132	.035	.391	.027	.160	.059	.033	.870	1.149
DCD	.030	.127	.020	.234	.016	.036	.035	.020	.955	1.047

Source: Survey Data (2018)

a. Dependent Variable: DC

*Predictors: (Inherited resource, created resources, supporting factors, management situational conditions and demand conditions)*

Moreover, the model summary also shows the significance of the model by the value of F-statistics ( $P = 0.000$ ) and  $F = 19.967$  which implies that there was strong relationship between the predictors and the outcomes of the regression variables.

The beta ( $\beta$ ) sign also shows the positive effect of the independent variables coefficient over the dependent variable. And as shown in Table 4.11 above, beta sign of all the independent variables shows the positive effect of the predicting dependent variable. That means, any increase in the independent variables also leads an increment of the dependent variable, *destination competitiveness*.

Therefore, based on the coefficients of the dependent variable ( $\beta$ ) all the hypotheses proposed by the researcher are acceptable as all the five hypotheses stated before have positively relationship with the dependent variables.

#### **4.6.2 Hypothesis Test**

In table 4.11, the results of multiple regression analysis between the five identified factors (independent variables) and destination competitiveness (dependent variables) are summarized. The regression analysis results able to provide more comprehensive and accurate examination of the research hypothesis. Therefore, the regression results obtained from the model were used to test the hypotheses. The hypotheses sought to test the level of positive and significant influence of inherited resource, created resources, supporting factors, management situational conditions on tourist destination competitiveness of Bahir Dar city. Brief descriptions of the hypotheses test are stated as follows.

**Hypothesis 1 (H1):** Inherited resources (IR) in Bahir Dar city have positive and insignificant effect on tourist destination competitiveness

The first hypothesis of this research addresses the relation between the independent variable, inherited resources, and the dependent variable, destination competitiveness. It also shows the highly correlated relationship between the destination competitiveness and inherited resources. As shown in Table 4.11, the coefficient of IR (i.e.  $\beta = .0.162$ ,  $t= 2.018$ ,  $P<0.05$ ) meets the criteria mentioned in literatures. Therefore, the coefficients determined for inherited resource, independent variable in this study meet the criteria and are positively related with the quality of destination competitiveness, DC.

**Hypothesis 2 (H2):** Created Resources (CR) in Bahir Dar city has positive and significant effects on tourist destination competitiveness.

This hypothesis was supported by multiple regressions analysis which reveals  $\beta = .975$ ,  $t = 7.698$ , and  $P < 0.00$ . Therefore, Hypothesis 2 is accepted. Created Resources has positive relationship with tourist destination competitiveness and it has significant impact according to regression analysis result.

**Hypothesis 3 (H3):** Supported Factors (SF) in Bahir Dar city has positive and significant effects on tourist destination competitiveness.

Regression analysis reveals that Supported Factors results significant effect on destination competitiveness as  $\beta$  is 0.177,  $t$  is 2.006 and  $P < 0.05$ . The result shows that there is positive relationship between two variables. Therefore, Hypothesis 3 is supported.

**Hypothesis 4 (H4):** Situational Conditions (SC) in Bahir Dar city has positive and significant effects on tourist destination competitiveness

The regression analysis reveals that hypothesis 4 which is Situational Conditions has significant impact on the tourist destination competitiveness of Bahir Dar city. The coefficients of the independent variable Situational Conditions are  $\beta = 0.035$ ,  $t = 0.391$ ,  $P < 0.05$ . This is consistent with the argument of Arnstein (1969) as he strongly links Situational Conditions with destination competitiveness. In this study, though Situational Conditions has a positive relation, it does have significant influence on the destination competitiveness. Therefore, H4 is supported.

**Hypothesis 5 (H5):** Demand factors (DF) in Bahir Dar city has a positive and significant effects on tourist destination competitiveness.

The results of multiple regressions analysis reveal that Demand factors has positive relation with the dependent variable as well as it has significant impact the destination competitiveness except inherited resource. The coefficients of Demand factors except inherited resource were determined as  $\beta = 0.030$ ,  $t = 0.234$  and  $P < 0.05$ . The result is consistent with the argument of Arnstein (1969) who strongly links Demand factors with quality public service delivery.

Therefore, as the study shows that Demand factors except inherited resource have a positive and significant effect on destination competitiveness, H5 is supported

Table 4.11: Summary of hypothesis testing

No.	Hypothesis	Tool	Result
H1	Inherited resources (IR) in Bahir Dar city positively and in insignificantly affects tourist destination competitiveness	Regression analysis	Not Accepted
H2	Created Resources (CR) in Bahir Dar city positively and significantly affects tourist destination competitiveness	Regression analysis	Accepted
H3	Supported Factors (SF) in Bahir Dar city positively and significantly affects tourist destination competitiveness	Regression analysis	Accepted
H4	Situational Conditions (SC) in Bahir Dar city positively and significantly affects tourist destination competitiveness.	Regression analysis	Accepted
H5	Demand factors (DF) in Bahir Dar city positively and significantly affects tourist destination competitiveness	Regression analysis	Accepted

Source: Author's Construction (2018)

#### 4.7 Qualitative Analysis

The interview was conducted for 49 tourists among them 43 % are male whereas 57 % are women. Most of the tourists coming to Bahir Dar city are in the age range of 36 to 45 years (Table 4.13). All of the tourists coming to the city are educated and came from different countries of Europe, United Kingdom and Canada. Detail characteristics of the respondents' described in Table 4.13.

Table 4.12 Respondents' characteristics of the interview

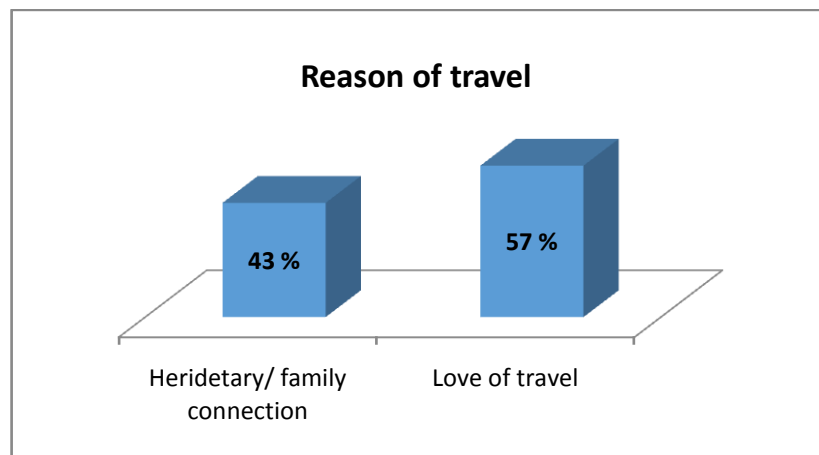
Gender	Age range (years)	Country	Educational status	Employment status
Male – 43 %	(26-35) 43 %	Europe – 72 %	University graduate (BSc., MSc) – 86 %	Private – 44 %
Female – 57 %	(36-45) 27 %	UK – 14 %	University graduate (PhD) – 14 %	Government employed – 14 %
	(46-55) 29 %	Canada – 14 %		Self employed – 28 %
				Student – 14 %

As the researcher understood from the interview, 86 % of tourists coming to Ethiopia choose Addis Ababa City as their tourist destination. This indicates that most tourists coming to Ethiopia may not have full information about tourist destinations in and around Bahir Dar City.

Therefore, the regional tourism bureau should create a means to promote the city's natural, inherited, and created resources by formulating tourist information center at Addis Ababa Bole International Airport and by constructing websites that provide full information regarding tourist destinations sites.

According to the interviews, the main reason for tourists flow to Ethiopia especially to Bahir Dar City is either due to hereditary/family connection or because of love of travel. As shown in the bar graph, higher percent of tourists coming to the Bahir Dar City is as a result of love to travel.

Figure 4.3: Reason of tourist flow to Bahir Dar City



Source: Author's Construction (2018)

Tourists are very satisfied of natural, inherited, and created resources of Bahir Dar City as well as they are very pleased with the friendly community of the city. One of the respondents says the following:

“In my opinion, Bahir Dar is a very beautiful city in Ethiopia. It's surrounding is even paradise, a gift of nature. I love it. That is why Bahir Dar is one of the best of tourist destinations” (Respondent, July 2018).

Tourists mentioned that many tourist attraction sites of Bahir Dar City like Lake Tana, the surrounding Monasteries, Blue Nile waterfalls, and significant expansion of transport and communication facilities make the city very competitive in the tourism sector.

The interview also shows that lack of shortage of performing arts, entertainment services, and others local creating products which could elongate the stay of visitors is not sufficiently provided. In addition, overcharging of tourists should be controlled by the concerned parties.

In order to improve the level of competitiveness of Bahir Dar City as tourist destination, tourists recommend the following:

- Establish professional tour agents and guiders,
- Provide hotels/ accommodations in affordable price,
- Deliver professional services in hotels,
- Present physical and cultural resources of the city intensively, and
- Ensure the psychological and physical well-being of visitors protecting heritages in collaboration with local community

Furthermore, the federal and regional government should expand and improve infrastructural facilities. The private stakeholders should play a key role in providing quality tourism services in types and capacity required. The federal government should prepare various regulations and directions in order to study, presume, control, register and conduct inventory of tangible cultural heritages apart from quality control and classification of standards in tourism areas. The federal government should spend on infrastructural development such as railways. The same focus should be geared to air and road transportations. There should be more encouraging incentive packages to draw tourism investors into remote areas where tourist attractions are located.

## CHAPTER FIVE

### CONCLUSION AND RECOMMENDATION

#### 5.1 Conclusion

This study addresses the factors affecting the level of competitiveness of Bahir Dar City as a tourist destination. For this, five independent variables such as inherited resource, created resources, supporting factors, management situational conditions, and demand conditions have been selected and choosing destination competitiveness as dependent variable.

Based on the findings of the study, the conclusions and recommendations of the study are presented in this chapter.

The research was then conducted in order to evaluate the proposed hypotheses as well as to investigate the relation between independent variables and dependent variable. And thus, which things can affect destination competitiveness at the city and the question factors affecting the level of competitiveness of Bahir Dar City as a tourist destination is answered.

A series of analyses have been performed such as reliability and validity test, multi-collinearity test, normality test, and assessment of autocorrelation, regression analysis, hypotheses test and others. The analyses confirm that the data collected is reliable and valid. While the multi collinearity reveals that there were no multi collinearity problems that alter the analysis of the findings, rather it favours for the acceptance of  $r$ , tolerance and VIF values.

Hypotheses test have been performed for all five hypotheses mentioned above. And, the results indicate that the independent variables except inherited resource have a great influence on the Destination Competitiveness of Bahir Dar city. Thus, this study provides evidence as to the manner in which independent variables contribute to Destination Competitiveness of city administration.

Pearson Correlation statistic found that all have significant and positive correlation on destination competitiveness. The finding indicates that improved destination competitiveness will depend on the five selected factors. As mentioned in chapter four (i.e. table 4.6), there is a

correlation between dependent and independent variables. Likewise, the hypothesis test shows that all independent variables considered in this study have positive relation with the dependent variable, DC. This indicates that in general the selected factors favour to achieve destination competitiveness.

As clearly discussed above, the quantitative analysis reveals that all the hypotheses proposed by the researcher are acceptable and have positively relationship with the dependent variables. Moreover, based on the statistical significances of the independent variable over the dependent variable at 5 % level of significance, all of the independent variables are significantly affect destination competitiveness at 5 and at 10 level of confidence. Consequently, as mentioned in the qualitative analysis and discussed in sec 4.7, created resources such as the physical and the cultural resources of the city should be intensively presented, supported factors that includes accommodation, communication and infrastructure facilities should be improved and expanded, situational condition (i.e. psychological and physical well-being of visitors) should be ensured, and demanding factors like services given under tour agents, guiders and hotels should be professionalized. As a result, the city's competitiveness as tourist destination will be increased. The tourists also underlined that the region as well as the federal government should prepare various regulations and directions in order to control, register and conduct inventory of tangible cultural heritages apart from quality control and classification of standards in tourism areas.

Overall, according to the research findings, the researcher recommends that the government should encourage and work on created resource, inherited resource, situational conditions, and supporting and demanding factors so that the city's competitiveness as a tourist destination will be enhanced.

The qualitative analysis also indicates that created resources such as the physical and the cultural resources of the city should be intensively presented, supported factors that includes accommodation, communication and infrastructure facilities should be improved and expanded, situational condition (i.e. psychological and physical well-being of visitors) should be ensured, and demanding factors like services given under tour agents, guiders and hotels should be professionalized.

Finally, this study adds to existing literature on tourist destination competitiveness of Bahir Dar City as well as of Ethiopia and other developing countries.

## **5.2. Recommendations**

Based on the findings of the study mentioned above, the researcher recommends the following points in order to improve better tourist destination in Bahir Dar City.

- Inherited resources such as monasteries, belief systems, and architectural heritages shall be protected by the concerned party.
- Created resources have significant impact on competitiveness of tourist destination. Therefore, the researcher recommends both the federal and the regional governments shall spend on infrastructural development such as construction and improvement of asphalted roads and railways as well as the same focus shall be geared towards air transportation system.
- Regarding supporting factors, as most people search online for tourist destinations, the city needs well organized tourism portal or websites which is easily understandable for the tourists. Additionally, the city shall give better quality service to increase the tourist flows and accessibility of foreign currency exchange facilities.
- Situational conditions have significant impact on competitiveness of tourist destination. Hence, the researcher recommends better securities and safety of tourists shall be practiced and implemented as well.
- Demand factor has positive relation with the dependent variable as well as it has significant impact on the destination competitiveness. In order to increase tourists flow, the city shall improve tourism demand awareness, perception, and preferences.
- Overall, according to the research findings, the regional as well as the federal governments should work on, improve, and protect inherited/created resources, supporting factors, and situational conditions in order to improve the competitiveness of the tourism destination of Bahir Dar City.

### **5.3. Limitation and suggestion for future research**

The study focuses on examining factors affecting the level of competitiveness of Bahir Dar City as a tourist destination. Based on the available data, the study concludes that the tourism industry in Bahir Dar City is not effectively managed. Compared with its high tourism resource potential, the amount of revenue and employment opportunities created by the industry is insignificant.

Future research is recommended by identifying other variables of the level of competitiveness of Bahir Dar City that could influence the tourist destination. The research further recommended a comparative research, taking other regional cities into account, in order to assess the level of tourism development in Bahir Dar City.

## REFERENCES

- Ahmed, Z. U., & Krohn, F. B. (1990). Reversing the United States declining competitiveness in the marketing of international tourism: A prospective on future policy. *Journal of Travel Research*, 29(2), 23–29.
- Armenski, T., Gomezelj, D., Djurdjev, B., Ćurčić, N., & Dragin, A. (2012). Tourism destination competitiveness—Between two flags. *Economic Research - Ekonomska istraživanja*, 25(2), 485–502.
- Bahar, O., & Kozak, M. (2007). Advancing destination competitiveness research: Comparison between tourists and service providers. *Journal of Travel & Tourism Marketing*, 22(2), 61–71.
- Buhalis, D. (2000). Marketing the competitive destination of the future. *Tourism Management*, 21(1), 97–116.
- Chen, C., Dwyer, L., & Firth, T. (in press). Factors influencing Chinese students' behavior in promoting Australia as a destination of Chinese outbound travel. *Journal of Travel & Tourism Marketing*.
- Chon, K. (1991). Tourism destination image modification process. *Tourism Management*, 12(1), 68–72.
- Crouch, G. I. (2011). Destination competitiveness: An analysis of determinant attributes. *Journal of Travel Research*, 50(1), 27–45.
- Crouch G., & Ritchie, J. R. B. (Eds.), (2013). *Competitiveness and tourism*. (Vols. I and II). Cheltenham: Edward Elgar.
- Crouch, G. I., & Ritchie, J. R. B. (1999). Tourism, competitiveness, and societal prosperity—1996/2006. *Journal of Business Research*, 44(3), 137–152.
- Dragičević, V., Jovičić, D., Blešić, I., Stankov, U., & Bošković, D. (2012). Business tourism destination competitiveness: A case of Vojvodina Province (Serbia). *Economic Research - Ekonomska istraživanja*, 25(2), 311–332.

- Dwyer, L., & Edwards, D. (2009). Tourism product and service innovation to avoid 'strategic drift.' *International Journal of Tourism Research*, 11(4), 321–335.
- Acott TG, Trobe HLL, Howard SH (1998). An evaluation of deep ecotourism and shallow
- Adams W, & Hulme D. (1992). Conservation and Communities: Changing Narratives. Policies and Practices in African Conservation.
- Amhara Region (2005). Development Indicators of Amhara Region, Amhara Regional State Bureau of Finance and Economic Development.
- Alston, M. & Bowels, W. (1998). Research for Social Workers: An Introduction to Methods. Allen & Unwin, St. Leonards.
- Ashley C, Page S, Meyer D, Roe D. (2004). Tourism and the Poor: Analyzing and Interpreting Tourism Statistics from a Poverty Perspective. In C. Cooper (eds.) Progress in Tourism, Recreation and Hospitality Management, London, 3: 78-105.
- Dwyer, L., Edwards, D., Mistilis, N., Scott, N., & Roman, C. (2009). Destination and enterprise management for a tourism future. *Tourism Management*, 30(1), 63–74
- Dwyer, L., & Forsyth, P. (2011). Methods of estimating destination price competitiveness: A case of horses for courses? *Current Issues in Tourism*, 14(8), 751–777.
- Dwyer, L., Forsyth, P., & Rao, P. (2000). The price competitiveness of travel and tourism: A comparison of 19 destinations. *Tourism Management*, 21(1), 9–22.
- Dwyer, L., & Kim, C. (2003). Destination competitiveness: Determinants and indicators. *Current Issues in Tourism*, 6(5), 369–413.
- Dwyer, L., Knežević Cvelbar, L., Edwards, D., & Mihalic, T. (in press). Tourism firms' strategic flexibility: The case of Slovenia. *International Journal of Tourism Research*.
- Dwyer, L., Livaic, Z., & Mellor, R. (2003). Competitiveness of Australia as a tourism destination. *Journal of Hospitality and Tourism Management*, 10(1), 1–19.
- Dwyer, L., Mellor, R., Livaic, Z., Edwards, D., & Kim, C. (2004). Attributes of destination competitiveness: A factor analysis. *Tourism Analysis*, 9(1–2), 91–101.

- Enright, M. J., & Newton, J. (2004). Tourism destination competitiveness: A quantitative approach. *Tourism Management*, 25(6), 777–788.
- Essays, UK. (November 2013). Tourism Theories and Practices. Tourism Essay. Retrieved from <https://www.ukessays.com/essays/tourism/tourism-theories-and-practices-tourism-essay.php?vref=1> on May 2018.
- Gebeyaw Ambelu (2011). Practices, Challenges and Opportunities of Community Based Ecotourism Development in Meket Woreda, North Wollo Zone, Amhara Region. Unpublished Thesis.
- Haras way, D. (1988). Situated Knowledge: The Science Question in Feminism and The Privilege of Partial Perspective. *Feminism Studies*, 14 (3), 575-599.
- Jafari, J. (1977). Editor's page. *Annals of Tourism Research*, 5, 6-11. [http://dx.doi.org/10.1016/S0160-7383\(77\)80002-9](http://dx.doi.org/10.1016/S0160-7383(77)80002-9)
- Jankowski, W., Van Selm, & N., Hollander, E. (2001). On Crafting a Study of Digital Community Networks: Theoretical and Methodological Considerations. In: B. Loader & L. Keeble (Eds.), *Community Informatics Shaping Computer-Mediated Social Networks* (pp. 101-117). London: Rout ledge.
- Jamieson, Goodwin and Edmunds (2004). *Contribution of Tourism to Poverty Alleviation: Pro-Poor Tourism and the Challenge of Measuring Impacts*, For Transport Policy and Tourism Section Transport and Tourism Division, UN ESCAP, Bangkok
- Kidane-Mariam T (2015) Ethiopia: Opportunities and Challenges of Tourism Development in the Addis Ababa-upper Rift Valley Corridor. *Journal of Tourism Hospitality* 4: 167.
- Kothari, C.R. (1990). *Research Methodology: Methods and Techniques* (second edition). Jaipur: New Age International Publishers.
- Kotler, P., Bowen, J. & Makens, J. (2012). *Marketing for Hospitality and Tourism*. 2<sup>nd</sup> ed. Prentice Hall.
- Kitchin, R. & N.J., Tate (2000). *Conducting Research into Human Geography: theory, methodology and practice*. London: Person Educational Limited.

- Kvale, S. (1996). *Interviews. An Introduction to Qualitative Research Interviewing*. Thousands Oaks, Calif.: Sage Publications.
- Limb, M. & C., Dwyer (2001). *Doing Qualitative Research in Geography*. In: Limb, M. & Dwyer, C. (eds.) *Qualitative Methodologies for Geographers: Issues and Debates*. New York: Oxford University Press Inc.
- Mikkelsen, B. (1995). *Methods for Development Work and Research. A Guide for Practitioners*. Thousands Oaks, London: Sage Publications.
- Ministry of Culture and Tourism (2009). *FDRE Tourism development policy*. Addis Ababa. Ethiopia.
- Mouton, J. 1 (1996). *Understanding Social Research*. Pretoria: J.L van Schaik Publishers.
- Robinson, M. & Picard, D. (2006). *Tourism, Culture and Sustainable Development*. Division of cultural policies and intercultural dialogue, Culture Sector, UNESCO. France.
- Smith, S.J. (1984). Practicing humanistic geography. *Annals of the Association of American Geographers*, 74(3), 353-374.
- Taylor, S.J. & Bogdan, R. (1984). *Introduction to Qualitative Research Methods: The Search for Meaning* (2<sup>nd</sup> edition). John Wiley & Sons: New York.
- Yin, R.K. (2009). *Case Study Research: Design and Methods* (4th edition). Thousand Oaks, CA: Sage.
- Papadakis, M. (1994). Did (or does) the United States have a competitiveness crisis? *Journal of Policy Analysis and Management*, 13(1): 120. [Crossref], [Web of Science], [Google Scholar]
- Porter, M. E. (1990). *The Competitive Advantage of Nations*. New York: Free Press.
- Buhalis, D. (2000). Marketing the competitive destination of the future. *Tourism Management*, 21(1), 97-116.
- Ritchie, J. R. B., Crouch, G. I., Hudson, S. (2001). Developing operational measures for the components of a destination competitiveness/sustainability model: consumer versus managerial perspectives.

D' Hauteserre, A. M. (2000). Lessons in managed destination competitiveness : the case of Foxwoods casino resort. *Tourism Management*, 21, 23-32.

Kim, S., Crompton, J. L. (2002). The influence of selected behavioral and economic variables on perceptions of admission price levels. *Journal of Travel Research*, 41(2), 144-152.

Kauffman A (2008) Challenges and Future Perspectives for Tourism Development in the Central Rift Valley, Ethiopia.

Dwyer, L., Kim, C. (2003). Destination competitiveness: determinants and indicators. *Current Issues in Tourism*, 6(5), 369-414.

Ritchie, J., Crouch, B., (2003): *The Competitive Destination*, pg.151, CABI Publishing, Wallingford

Magaš, D., (2003): Management turističke organizacije destinacije, Fakultetza turističkii hotels kimenadžment Opatija& Adamić, Opatija-Rijeka

Melián-González, A. and J. García-Falcón (2003), 'Competitive Potential of Tourism in Destinations', *Annals of Tourism Research* 30, pp. 720-740.

Prideaux, B. (2000), 'The Role of the Transport System in Destination Development', *Tourism Management* 21, pp. 53-63.

## **Appendix I**

**Addis Ababa University**

**College of Business and Economics**

**Marketing management**

A questionnaire on

Factors Affecting the Level of Competitiveness of Bahir Dar City as a Tourist Destination.

**(To Be Filled by For Key Stakeholders of Tourism)**

Dear respondent,

I am Tensae Bitew, a postgraduate student of Marketing Management at Addis Ababa University, College of Business and Economics School of Commerce. Currently, I am conducting a research on “**Factors Affecting the Level of Competitiveness of Bahir Dar City as a Tourist Destination.**” The main objective of this study is to identify the factors that affect the level of competitiveness of Bahir Dar City as a tourist destination.

To this effect, the questions are prepared for key stakeholders of tourism (government tourism office, Hotels and monasteries and seek your views and experiences on the competitiveness of Bahir Dar city as a tourist destination. The interview is meant entirely for academic purpose, and will be kept confidential. Your name is not required. Your active participation in this regard is very important to identify the factors affecting the level of competitiveness of tourist destination in Bahir Dar City. You are, therefore, kindly requested to express your opinions and experiences as honestly and openly as possible.

**Thank you in advance for your cooperation!!!**



S.NO	Measuring Statements	Strongly disagree(1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
<b>1</b>	<b>Inherited Resources</b>					
1.1	Bahir Dar City has attractive climate for tourism	1	2	3	4	5
1.2	The city has artistic and architectural features	1	2	3	4	5
1.3	The city is clean	1	2	3	4	5
1.4	There are adequate traditional arts	1	2	3	4	5
1.5	The nature of the city is unspoiled	1	2	3	4	5
<b>2</b>	<b>Created Resources</b>					
2.1	The city has sufficient infrastructure system (roads, networks, airports, train system, bus system, water supply, Health, Hotel, telecommunication, electricity, financial and computer services)	1	2	3	4	5
2.2	There are special events e.g. spiritual holidays	1	2	3	4	5
2.3	The city has different recreation facilities like sport (swimming)	1	2	3	4	5
<b>3.</b>	<b>Supporting Factors and Resources</b>					
3.1	Tourists are satisfied with the variety & quality of services provided to them	1	2	3	4	5
3.2	Bahir Dar city has enough financial institutions and currency exchange facilities	1	2	3	4	5
3.3	Destination of marketing management enhances sustainable tourism through various action such as promotion or facilitation strategies	1	2	3	4	5
3.4	The community of /Bahir Dar City are friendly and has positive attitude for tourism	1	2	3	4	5
3.5	Tourism sites located around Bahir Dar city are easily accessible	1	2	3	4	5
<b>4</b>	<b>Management Situational Conditions</b>					
4.1	Bahir Dar city has comfortable	1	2	3	4	5

	environmental condition					
4.2	Economic variables like exchange rates has an impact on destination competitiveness	1	2	3	4	5
4.3	Bahir Dar city has sufficient security/ safe for tourists	1	2	3	4	5
<b>5</b>	<b>Demand Conditions</b>					
5.1	Tourists well know the destination & destination products before coming to the tourism sites	1	2	3	4	5
5.2	Tourist preferences fit with destination & products	1	2	3	4	5
5.3	Tourists have positive image of Bahir Dar city as a tourist destination	1	2	3	4	5

## Section II: Competitiveness of Tourist destination

**Direction:** Please indicate your degree of agreement/disagreement with the following statements related to the level of level of competitiveness of Bahir Dar city as a tourist destination by encircling the appropriate number. (Where, 1 = Strongly Disagree; 2 =Disagree; 3 = neutral; 4 =Agree; 5= Strongly Agree.

S.No.	Measuring Statements	Agreement/disagreement scale				
		Strongly disagree(1)	Disagree(2)	Neutral (3)	Agree(4)	Strongly agree(5)
<b>6</b>	<b>Destination Competitiveness</b>					
6.1	The city provides sufficient tourist attractions /competitive relative to other tourist destination in the country.	1	2	3	4	5
6.2	The total income generated from tourists has increased from time -to- time	1	2	3	4	5
6.3	The number of tourist's flow has increased from time -to- time	1	2	3	4	5
6.4	The number of tourist's destinations has increased from time -to- time	1	2	3	4	5

Thank You!!!

## Appendix II

**Addis Ababa University**  
**College of Business and Economics**  
**School of Commerce**  
**Masters of Marketing Management Program**  
  
**(Structured-Interview for Tourists)**

Dear respondents,

I am Tensae Bitew, a postgraduate student of Marketing Management at Addis Ababa University College of Business and Economics School of Commerce. Currently I am conducting a research on “**Factors Affecting the Level of Competitiveness of Bahir Dar City as a Tourist Destination.**”The main objective of this study is to identify the factors affecting the level of competitiveness if tourist destination in Bahir Dar city.

To this effect, the questions are prepared for tourists. Which seek your views and experiences on the competitiveness of Bahir Dar city as tourist destination. The interview is meant entirely for academic purpose and will be kept confidential. Your name is not required. Your active participation in this regard is very important to identify the factors affecting the level of competitiveness if tourist destination in Bahir Dar city. You are therefore kindly requested to express your opinions and experiences as honestly and openly as possible.

**Thank you for your time and cooperation!**

Date (day/month/year)			
-----------------------	--	--	--

### Section-I: Profile of the Interviewee

This section includes age, gender, education, and employment status:

<b>Gender</b>	<b>1-Male 2-Female</b>
<b>Age group</b>	1) 18- 25 years 2) 26-35 years 3) 36-45 years 4) 46-55 years 5) Over 55 years

<b>Your country/ region of origin</b>	
<b>Marital status</b>	1- Single 2- Married 3- Widowed 4- Divorced
<b>Highest Level of education</b>	1- No education 2- Elementary 3- Secondary 4-University degree (BA, BSc.) 5- Maters/PhD 6- No answer
<b>Employment status</b>	1-Student, 2- Self-employed, 3-Government employed, 4-Private employed, 5-Unemployed, 6-Pensioner, 7- Other/specify-----

## Section -II: Interview Questions

- 2.1 When and why did you come to Ethiopia?
- 2.2 Is Bahir Dar City your first stop? Yes/No
- 2.3 If yes, why you choose to come to Bahir Dar City and how do you find it?
- 2.4 If no, where is your first stop and how do you compare it with Bahir Dar City?
- 2.5 What are the factors/challenges that are affecting the level of competitiveness of Bahir Dar city as a tourist destination?
- 2.6 What actions to be taken to improve the competitiveness of Bahir Dar city as a tourist destination?
- 2.7 Which factors do you think ensure life quality for locals and natural environment protection?
- 2.8 In your opinion, what is expected from the regional government, policy makers and other stakeholders to improve the level of competitiveness of Bahir Dar City as a tourist destination?

I really thank you very much for sharing your experience with respect to “Factors Affecting the Level of Competitiveness of Bahir Dar City as a Tourist Destination.”

**Thank You Once Again!**

## Appendix III

### 1. Descriptive Statistics Table 1.1

**Descriptive Statistics**

	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Std. Error	Statistic	Std. Error
DCitem1	50	4	1	5	168	3.36	.182	1.290	.360	.337	1.158	.662
IRitem1	50	4	1	5	145	2.90	.141	.995	.337	.337	1.113	.662
CRitem1	50	4	1	5	135	2.70	.144	1.015	.402	.337	1.041	.662
SFRitem1	50	3	1	4	119	2.38	.183	1.292	.306	.337	1.653	.662
MSCitem1	50	3	1	4	118	2.36	.130	.921	.840	.337	.286	.662
DCDitem1	50	4	1	5	157	3.14	.194	1.370	.312	.337	1.340	.662
Valid N (listwise)	50											

Source: Survey data