The Competitiveness of Travel and Tourism Industry of Sub-Saharan African Countries in the World Market

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Abstract

The purpose of this study was to investigate competitiveness of Travel and Tourism industry of Sub-Saharan African countries in the world market. The study used Normalized Revealed Comparative Advantage (NRCA) and Relative Trade Advantage (RTA) indexes as a measure of competitiveness based on secondary data from ITC trade database covering between 2000 and 2019. The findings of the study revealed that SSA countries like Mauritius, South Africa, Seychelles and Namibia have competitive T&T industry consistently in the years between 2000 and 2019. However, SSA countries such as Botswana, Tanzania, Senegal, Kenya and Rwanda have competitiveness vary by years. Moreover, South Africa has highest comparative advantage followed by Tanzania and Mauritius. The study provided valuable information to industry leaders, policy makers, business owners and international organizations such as UN and UNESCO to design appropriate strategies and systems aiming to sustain and improve travel and tourism industry competitiveness in SSA countries. It is the first study in applying NRCA and RTA indexes to investigate the competitiveness of T&T Industry in SSA countries.

Keywords: Competitiveness; export; import; performance; tourism; travel

Introduction

Tourism has been the backbone of economic development for most countries in the world and hence, many countries recognize the value of tourism (Navickas & Malakauskaite, 2009 as cited in Du Plessis & Saayman, 2018). According to the World Travel and Tourism Council (WTTC, 2020), the Travel and Tourism (T&T) sector contribute 10.3% of GDP in 2019 and generating $8.9 trillion. This has supported the growth of GDP by 3.5% which is higher by 2.5% than the overall GDP growth for nine successive years. The same source also shows that T&T generated 330 million jobs globally which means creating one out of ten all jobs and one out of four net all new job opportunities for the last five years. Thus, countries are constantly in competition with one another to acquire their share of the foreign exchange that international tourists bring into a country. By looking at the economic welfare and competition that global travel and tourism activities create, countries are focusing their attention on improving their competitive position (Du Plessis & Saayman, 2018).

131

Sub-Saharan African countries have immense travel and tourism potential despite achieving only a small part of the global and African travel and tourism marketplace. In 2019 T&T created 5.9 million job opportunities for SSA countries which is much lower compared to the African total of 24.6 million job opportunities created (WTTC, 2020). In addition, the sector helped the African countries to generate $168.5 Billion while the SSA countries only achieved around $42 million from T&T. World Travel and Tourism Council (2020) data also shows that SSA countries achieved 2.1% T&T GDP growth lower than the continent's average of 2.2% GDP growth.

Prior literature has provided a rich insight on the competitiveness of SSA countries including Ethiopia using destination competitiveness indicators like Travel & Tourism Competitiveness Index (TTCI) and Global Competitiveness Index (GCI) (e.g. Du Plessis & Saayman, 2018; Getahun & Dhaliwal, 2017; Krstic, Radivojevic & Stanisic, 2017; Wondowossen, Nakagoshi, Yukio, Jongman & Dawit, 2014; Zeleke & Biwota, 2020). After discussion of various models of tourism destination competitiveness models, Zeleke and Biwota (2020) concluded that those measures provide an understanding of factors affecting destination competitiveness. Thus, little is known about the current competitiveness of Sub-Saharan countries because TTCI and GCI only helps to examine the factors affecting destination attraction to troust. Therefore, we argue that investigating the current level of competitive performance of countries deserves much research focus than determinants of competitiveness.

From existing studies (Krstic et al., 2017; Wondowossen et al., 2014; Zeleke & Biwota, 2020), we know that the tourism sector is a significant tool in economic growth through job creation, GDP contribution, generating foreign exchange, and other economic benefits all over the world. In particular to SSA countries, recent studies examined the progress of the achieved level of competitiveness based on determinants (like infrastructures, human capitals, etc;) that lead to the tourism sector development (Krstic et al., 2017). Yet, much is not known about the sector's international competitiveness using international trade concept-import and export. This limits our theoretical understanding of tourism sector competitiveness which lead (Zeleke & Biwota, 2020) to suggest that the competitiveness of the travel and tourism sector needs more research using other models. To address this, the current study adopts competitive and comparative advantage from international trade concepts in economics and management to the travel and tourism field.

This study has the following contributions. First, it introduces the competitive and comparative advantage concept from economics and management fields (Bojnec & Ferto, 2016; Kostoska & Ilija, 2018; Winarno & Harisudin, 2018) to the Travel and Tourism field. The study will advance the knowledge of competitiveness analysis of the travel and tourism sector in the international market based on competitive and comparative advantage concepts. In addition, this study will provide important input to the debate and discussion on travel and tourism competitiveness measurement from an economics and strategic management perspective. Thus, it will serve as the first research work by providing a new insight to bridge between economics and management fields on one side and travel and tourism filed in another side.

Second, the study's use of trade flow data, for the analysis of international competitiveness of SSA countries, is believed to significantly contribute to studies on comparative and competitive advantage. This is supported by Brakman and Marrewijk (2015) who noted that the gross trade flows provide sufficient information to analyze the structure of international trade, for instance, comparative advantage. As noted by Brkic (2020) contemporary theory introduces a broader and multidimensional concept of international competitiveness, connecting it with the supply and demand side, exports and imports, a nation,

and an industry/product/service. Thus, this study used import and export data from the Travel and Tourism industry of SSA countries from the International Trade Center (ITC) database to investigate T & T competitiveness of SSA countries in the region.

Third, this study contributes to the discussion on comparative and competitive advantage literatures by applying Yu et al. (2009) Normalized Revealed Comparative Advantage (NRCA) and the Vollrath (1991) Relative Trade Advantage (RTA). Although studies to date have used NRCA and RTA, research on competitiveness of travel and tourism would certainly contribute to validate the model application in wide areas of interest. Thus, this study provides valuable information on the use of those models or frameworks in the competitiveness analysis.

Literature review
Comparative and competitive advantage
Comparative advantage, which basis on Ricardian Model, is a classical economic theory which compare a country to another. It compares countries which are interdependent and can mutually benefit each other, and one of which is the economic benefit(Fakhrudin & Hastiadi, 2016). In addition, comparative advantage promise whether a person, a region, or a nation has an advantage or disadvantage in providing a particular product or service (travel and tourism in this study case) compared to another good that can be provides to the market. However, as noted by Porter (1990;98) to ensure a sustained long-term competitive performance of industries/sectors/nations, relying only on comparative advantage positions, positions based on agroecological advantages and favorable resource endowments-is generally viewed as problematic and unviable. Hence, economic units should find a competitive advantage. According to Porter (1990), a nation's success/prosperity through trade is not "inherited". It does not depend on the country's endowment of resources or the exchange rates. A country's prosperity is created by the county's firms' which are successful in the international markets. He (Porter) further argued that a country's competitiveness depends upon the capacity of its firms/industry/sectors to innovate and advance relative to its counterparts.

International competitiveness
The concept international competitiveness doesn't have a single and generally conventional definition while explanation of the concept comes from different disciplines such as politics, management, culture, economics etc (Brkic, 2020). The word competitiveness has been defined in different ways; however, it depends on the unit of analysis product, firm, company, or national level. The definitions in this study mainly focus on competitiveness at the industry level or travel and tourism industry in the countries considered.

As defined by Fagerberg (1988), competitiveness is the nation's ability to achieve the fundamental goals of its economic policy for instance growth and employment, without facing difficulties with its balance of payments. With a similar definition, Jones and Teece (1988) competitiveness refer to the degree to which an economy in a world of open markets produces goods and services that meet the requirements of these markets and simultaneously expands its GDP and GDP per capita at least as fast as its business partners do. Consistent with the above definitions, Chikan (2008) defined the term as the ability of a national economy to create, produce, distribute, and/or service products meeting the requirements of international trade in a way that the return on its factor endowments increases in the meantime. In addition, the scholars (Fajnzylber, 1988; Onsel, Ulengin, Ulusoy, Aktaş, Kabak & Topcu, 2008) defined competitiveness as the extent to which it can produce products under a free and fair market condition, which meet the standards of global markets while simultaneously expanding the real income of its citizens and thus, improving citizen's quality of life. Moreover, competitiveness

can be defined as the overall economic performance of a nation measured in terms of its ability to provide its citizens with growing living standards on a sustainable foundation and creating broad access to employment for those willing to work (European Union, 2010). Besides, a country can realize central economic policy goals, especially growth in income and employment, without running into the balance of payments difficulties (Bloch & Kenyon, 2001). The above definition is also supported by (Atkinson, 2013) who mentioned competitiveness as the ability of a nation to export more of value adding products than what it imports.

To conclude, the term of competitiveness doesn't have one universally conventional definition (Carraresi & Banterle, 2015). Mostly used and named interchangeably as competitive or comparative advantage this is entirely incorrect (Siggel, 2006). As explained above, it is necessary to determine whether we are examining it from a micro (firm-level) or macroeconomic (country or national level) perspective, as the indices to measure it are different. This study focuses on the assessment of competitiveness at the industry but cross country level where countries try to reach, conserve, and increase market share overtime against other competitors (in Sub-Saharan African countries).

Competitiveness measures

In the extant literature, various measures of competitiveness have been suggested by different authors such as Relative Trade Advantage, Revealed Comparative Advantage, Net Export Index (NXi), Foreign Direct Investment, Real exchange rate, The Growth-Share matrix, Business confidence indexes, Unit labor costs, Porter Diamond model, etc (Abei, 2017; Esterhuizen, 2006). However, the application of these measures varies with the type of data used in the analysis of a study. For instance, the Business confidence indexes and Porter Diamond model, are mostly employed for primary data collection and analysis (Angala, 2015; Boonzaaier, 2015; Esterhuizen, 2006; Jafta, 2014; Van Rooyen & Boonzaaier, 2016; Van Rooyen et al., 2011) while as stated by (Angala, 2015; Boansi, 2013; Boonzaiaer, 2015; Dlamini, 2012; Jackman, Lorde, Lowe & Alleyne, 2011; Jafta, 2014) Revealed Comparative Advantage, Real exchange rate, Foreign Direct Investment, Growth-Share matrix, Unit labor costs, and Relative Trade Advantage are used for secondary data collection and analysis.

The most commonly used competitiveness measures are Revealed Comparative Advantage (RCA) introduced by Balassa (1965) and Relative Trade Advantage (RTA). But Balassa's index (1965) has been criticized for problems related to its relative order (Yeats, 1985). To solve the drawbacks of RCA other trade data analysis tools were introduced by different scholars for instance BRCA log by Vollrath (1991); Weighted Revealed Comparative Advantage (WRA), Proudman and Redding (1998); Symmetrical Revealed Comparative Advantage (SRCA), Laursen (2015); and Additive Revealed Comparative Advantage (ARCA) was introduced by Hoen and Oosterhaven, (2006) as cited in Fakhrudin and Hastiadi (2016). As noted by Fakhrudin and Hastiadi (2016) none of those indices could be the one that can be generally applied to the comparison between spaces (commodities, state, or region) and time. Therefore, the current study uses Normalized Revealed Comparative Advantage (NRCA) by Yu et al. (2009) and Relative Trade Advantage (RTA) by Vollrath (1991).

Particular to Travel and Tourism Industry, prior studies (e.g., Bojnec & Ferto, 2016; Wondowossen et al., 2014; Zeleke & Biwota, 2020) applied destination choice perspective using two well-known indexes: Global Competitiveness Index (GCI) and Travel & Tourism Competitiveness Index (TTCI). Zeleke and Biwota (2020) noted that the two indexes provide an understanding of factors affecting destination competitiveness. Thus, little is known about the current level and trend of the competitiveness of Sub-Saharan countries travel and Tourism Industry due to lack of using other models than usually applied models (TTCI and GCI).

Therefore, this study is based on the argument that investigating the current level of competitive performance of SSA countries Travel and Tourism industry deserves more research focus. As a result, the current study used NRCA and RTA models as discussed here under.

NRCA

NRCA index is developed by Yu, Cai, and Leung (2009) as a model that estimates the degree of deviation of actual export over a period from a neutral level i.e., comparative advantage. The noteworthy part of NRCA is its symmetrical distribution and independence of cross-product/service and country analysis. The current study uses NRCA for cross country analysis. The NRCA index is shown as follows:

$$NRCA_{ij} = E_{ij}/E - E_j E_i / EE$$

Where,
NRCAij = Normalized Revealed Comparative Advantage of service j of country i
Eij = export of service j of country i
Ej = total world export of same j service
Ei = total export of country i, and
E = total world export

NRCAij has both positive and negative signs, while the neutral point is zero. If NRCA has a positive value that means comparative advantage and negative indicates the comparative disadvantage in services or sectors. Its symmetrical distribution property represents magnitude or scores of NRCA which has ranging from $-1/4$ (disadvantage) to $+1/4$ (advantage). The higher the positive value stronger will be the advantage and the higher the negative value stronger will be the disadvantage.

RTA

Vollrath (1991) suggested an alternative specification of revealed comparative advantage, called the relative trade advantage (RTA), which accounts for exports as well as imports. RTA is calculated as the difference between Relative Export Advantage (RXA) and its counterpart, Relative Import Penetration Advantage (RMA):
This method is computed as follows;

$$RCA_{ij} = RXA_{ij} = \frac{\left[\frac{X_{ij}}{X_{ik}}\right]}{\left[\frac{X_{nj}}{X_{nk}}\right]} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (1)$$

Then, RMA:

$$RMA_{ij} = \left[\frac{M_{ij}}{M_{ik}}\right] / \left[\frac{M_{nj}}{M_{nk}}\right] \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (2)$$

In this case, M denotes imports. A positive value of RTA reflects the status of competitive advantage.

$$RTA_{ij} = RXA_{ij} - RMA_{ij} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (3)$$

Any value of RTA above one suggests that a nation has a competitive advantage in the considered commodity or service, and an index below zero indicates a competitive disadvantage, whereas index values between zero and one reveal that a nation is marginally competitive in that particular product. The numerators in the model above demonstrate a nation's exports or imports in a particular commodity relative to the exports or imports of the commodity by all other countries. The dominators show the exports or imports of all

commodities or services by reflecting the product in terms of the percentage of all other country's exports or imports of all commodities or services.

While the RXA and RMA indexes are exclusively calculated using either export or import data, only the RTA considers both export and import activities. This is advantageous when looking at the perspective of trade theory, mostly due to the increase in intra-industry trade (Frohberg & Hartmann, 1997). Several scholars, notably Pitts, Viaene, Traill, and Gellynk (1995) and Batha & Jooste (2004) argue that it is crucial to consider both import and export values because if one takes into account only exports (RXA), for instance, some countries act as a transit and the RXA values might reveal high levels of competitive advantage that would be purely false.

Research methods

This study was carried out to investigate the competitiveness of the Travel and Tourism industry of Sub-Saharan Africa countries. The study was descriptive research in nature with a quantitative approach. As explained by Kothari (2004), descriptive research design refers to describing the characteristics of a particular phenomenon. In this study, a descriptive design was used to describe the current level as well as the trend of competitive performance of Sub-Saharan Africa countries such as Mauritius (54th), South Africa (61st), Seychelles (62st), Namibia (81st), Kenya (62nd), Cape Verde (68th), Botswana (92nd), Tanzania (95th), Senegal (106th), and Rwanda (107th) using quantitative data. These countries were chosen according to their world ranking and they are ranked within the top ten among African countries.

According to Creswell (2012), quantitative research emphasizes describing a research problem through a description of trends based on past and current data. The author also argued that quantitative research must be based on collecting numeric data using different techniques. The study used secondary data obtained from the ITC database covering the time between 2000 and 2019. The ITC data is more comprehensive, providing data for about 5, 300 harmonized systems, and coded services collected from about 220 countries ranging from 2000 to 2019. Data were analyzed using two popular measures of competitiveness: Normalized Revealed Comparative Advantage (NRCA) and Relative Trade Advantage (RTA).

Results and discussion

The study sought to investigate the competitiveness of SSA countries' Travel and Tourism industry using NRCA and RTA. The NRCA and RTA indexes were computed based on 20 years of data obtained from the ITC database covering the periods between 2000 and 2019. Table 1 below shows the result of the NRCA index of ten SSA countries namely Mauritius, South Africa, Seychelles, Namibia, Kenya, Cape Verde, Botswana, Tanzania, Senegal, and Rwanda.

Table 1: NRCA index of Travel and Tourism of SSA countries

Year	Country									
	Mauritius	**South Africa**	**Seychelles**	**Namibia**	**Kenya**	**Cape Verde**	**Botswana**	**Tanzania**	**Senegal**	**Rwanda**
2000	0.134028*	0.708055*	0.0314228*	0.0376714*	-0.0269149*	0.0039359*	0.0833988*	0.118027*	0.0124794*	0.00275417*
2001	0.162887*	0.731301*	0.036185*	0.091135*	-0.0308638*	0.007446*	0.103819*	0.221686*	0.0330191*	0.00263952*
2002	0.162795*	0.880594*	0.0420104*	0.0797688*	-0.027914*	0.0115263*	0.14102*	0.217349*	0.0307295*	0.00867565*
2003	0.171532*	0.00173413	0.0389496*	0.111048*	-0.0269428*	0.014392*	0.144343*	0.194522*	0.0216535*	0.0039883*
2004	0.18998*	0.001623432	0.0334228*	0.115991*	0.0147806*	0.0130926*	0.126976*	0.181269*	0.00668322*	0.00595353*
2005	0.16243*	0.001669146	0.0343235*	0.090307*	0.0202152*	0.0172037*	0.112639*	0.181267*	0.00949622*	0.00483022*
2006	0.191682*	0.001622073	0.0385257*	0.0824444*	0.0123289*	0.0360643*	0.0833336*	0.18536*	0.0116775*	-0.00119763*

2007	0.21158*	0.001453033	0.0468708*	0.0800051*	0.0471197*	0.0508709*	0.085203*	0.204893*	0.0637257*	0.00549902*
2008	0.209694*	0.001168097	0.039651*	0.0620375*	-0.0143617*	0.0508929*	-0.00235971*	0.203456*	0.0561403*	0.0255354*
2009	0.155955*	0.001229486	0.0421819*	0.0672333*	-0.0108517*	0.0451912*	0.00150027*	0.194033*	0.0577679*	0.0232574*
2010	0.157545*	0.001313161	0.0415845*	0.0380347*	-0.0386587*	0.0382397*	-0.0223819*	0.188383*	0.0478395*	0.030462*
2011	0.158845*	0.001204632	0.0396072*	0.014972*	-0.0234664*	0.0503961*	-0.0716305*	0.17672*	0.0396269*	0.0316308*
2012	0.149049*	0.001254007	0.0481596*	0.06514*	-0.0639919*	0.0540236*	0.054534*	0.199389*	0.021426*	0.0385108*
2013	0.130562*	0.001054806	0.0454239*	0.0201976*	-0.0826257*	0.0531491*	0.0537294*	0.221606*	0.0216489*	0.0302697*
2014	0.142778*	0.001006598	0.0360433*	0.0390431*	-0.0833978*	0.0473267*	0.0604977*	0.222978*	0.0179524*	0.029829*
2015	0.151691*	0.925344*	0.0356347*	0.0490084*	-0.087909*	0.0442046*	0.056306*	0.209446*	0.013593*	0.0277584*
2016	0.172455*	0.878209*	0.0366602*	0.0257232*	-0.0438022*	0.0438606*	0.0550436*	0.23942*	0.0161321*	0.0310022*
2017	0.180989*	0.919107*	0.0418101*	0.088019*	-0.0452489*	0.0495703*	0.05563*	0.232708*	0.0169286*	0.024411*
2018	0.1861*	0.8765*	0.04727*	0.03257*	-0.05162*	0.05368*	0.05563*	0.2416*	0.02484*	0.02443*
2019	0.1776*	0.8282*	0.05195*	0.0976*	-0.2147*	0.0537*	0.03528*	-0.1641*	-0.05648*	-0.0395*

Note: *the numerical values are in "000"

As noted by Yu et al. (2009), NRCA value can be positive or negative signs while the neutral point is zero. They suggest that if NRCA has a positive value that means comparative advantage and negative indicates the comparative disadvantage of the country in product or sector. In addition, NRCA value has symmetrical distribution property which represents a magnitude or scores ranging from－0.25 (disadvantage) to +0.25 (advantage). The Higher the positive value shows stronger will be the advantage, and the higher the negative value stronger will be the disadvantage.

Based on the above threshold, the positive NRCA value, in table 1 above, reveal that SSA countries like Mauritius, South Africa, Seychelles, Namibia, and Cape Verde Travel and Tourism Industry have a comparative advantage in the years between 2000 and 2019. In other SSA countries such as Kenya, Botswana, Tanzania, Senegal, and Rwanda, the NRCA value is negative in some years while positive for some years. For instance, Tanzania and Senegal have negative NRCA values in 2019 which means both countries have comparative disadvantages in 2019. The NRCA result also shows that Kenya has a competitive advantage for only five years (2004-2008) out of twenty years considered in this study while the country has comparative disadvantages in the remaining years. Meanwhile, the NRCA value in table 1 indicates Botswana maintains comparative advantage for most years except 2008, 2010 & 2011, and Rwanda Travel and Tourism Industry has comparative advantage except in 2006 and 2019.

To examine the trend of competitiveness of the Travel and Tourism Industry of SSA countries, the NRCA value is depicted in the figure 1 shown below. As shown in figure 1 above, South Africa more comparative advantage than any top ten SSA country compared in this study, as the higher value of NRCA indicates higher than 0.0005 in all years between 2000 and 2019, followed by Tanzania and Mauritius. It can be also inferred that SSA countries like Mauritius, Seychelles, Namibia, Cape Verde, Botswana, Tanzania, Senegal, and Rwanda T&T Industry able to achieve relatively consistent competitive performance while South Africa and Kenya competitiveness remain inconsistent. Moreover, in 2019 all countries notably achieved a decline in NRCA value which can be attributed to travel restrictions and other measures taken to stop a worldwide expansion of COVID-19 pandemic on December, 2019.
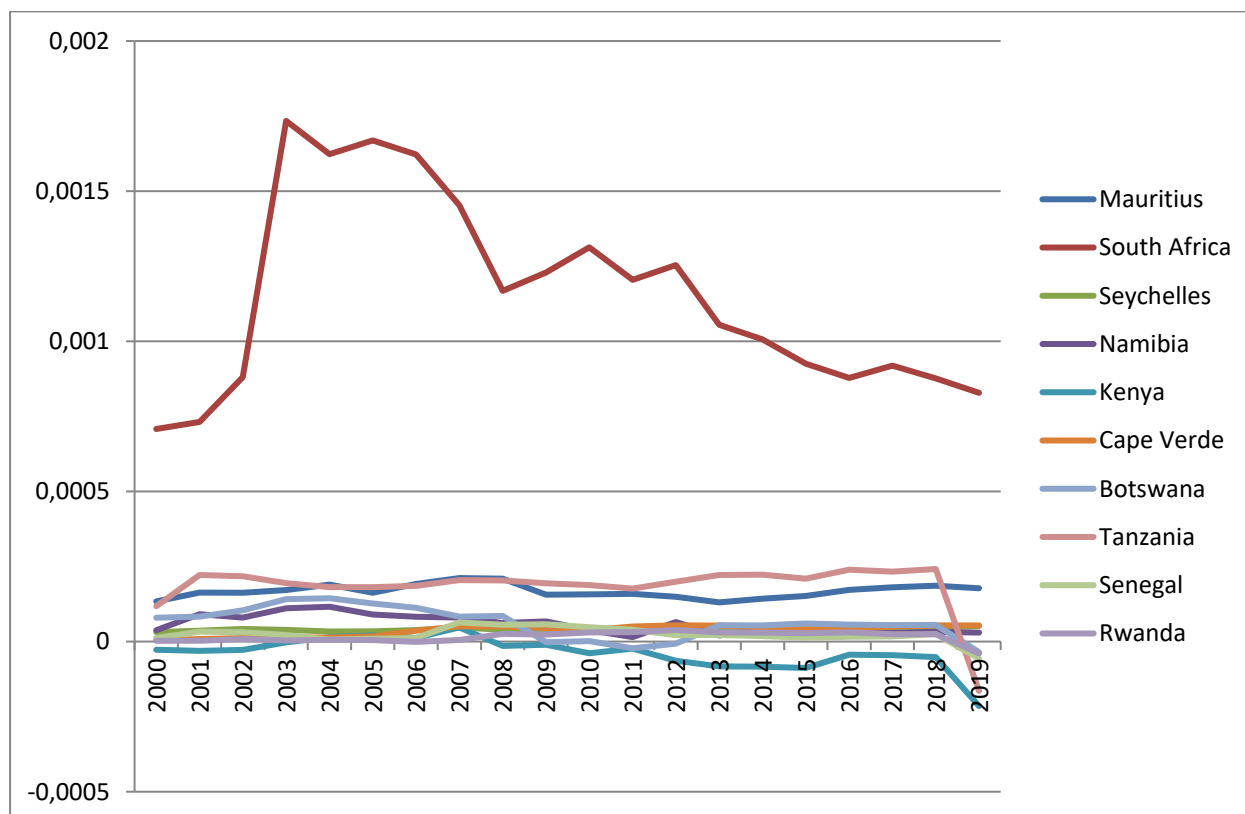
Figure 1: NRCA of Travel & Tourism Industry of SSA Countries
Source: ITC Database, 2021

In addition to NRCA used, this study also used the RTA index to analyze the competitiveness of SSA countries Travel and Tourism Industry in the world. The result of RTA index is shown in table 2 below.

Table 2: RTA index for Travel and tourism industry of SSA counties

| Year | Country | | | | | | | | | |
	Mauritius	South Africa	Seychelles	Namibia	Kenya	Cape Verde	Botswana	Tanzania	Senegal	Rwanda
2000	2.12	1.63	2.43	4.56	0.47	-0.03	4.80	1.39	1.39	1.59
2001	2.18	1.77	2.72	11.10	0.46	-0.04	4.35	3.01	2.07	1.49
2002	2.54	3.11	3.00	11.46	0.40	0.16	4.25	3.41	1.98	3.74
2003	2.93	5.41	2.96	11.75	0.58	0.33	6.41	3.99	1.60	1.69
2004	3.66	5.41	3.16	18.30	1.10	0.30	7.63	3.64	1.25	2.00
2005	2.94	5.11	3.16	18.07	1.14	1.13	5.60	3.52	1.30	1.66
2006	4.21	5.18	3.61	8.39	0.91	2.58	6.40	3.27	1.41	0.46
2007	4.35	4.61	3.79	8.89	1.03	4.03	4.81	4.05	2.09	0.89
2008	3.98	4.06	3.62	7.90	0.52	3.15	5.14	4.23	2.32	3.29
2009	2.57	4.07	5.57	6.83	0.64	2.65	0.54	3.32	2.65	3.06
2010	2.41	3.65	5.81	3.31	0.56	1.71	0.82	3.00	2.31	5.78
2011	2.46	3.54	5.85	1.68	0.72	3.93	-0.30	2.77	2.09	4.38
2012	2.36	4.20	4.95	4.84	0.61	5.65	-0.07	2.93	1.46	6.98
2013	2.49	4.04	3.94	2.65	0.45	5.26	3.68	2.71	1.48	3.44
2014	2.80	4.27	3.32	3.09	0.52	5.57	3.31	3.04	1.44	3.67
2015	2.79	4.11	3.15	4.09	0.47	6.68	4.32	1.75	1.33	1.47
2016	3.21	4.21	2.93	3.11	0.77	6.24	4.41	2.89	1.39	1.56
2017	3.48	4.36	3.22	2.95	0.62	8.20	4.25	3.08	1.46	0.77
2018	4.12	4.51	3.67	3.72	0.71	8.82	4.78	4.23	1.74	1.00
2019	4.51	4.82	4.11	3.85	0.00	7.69	0.00	0.00	0.00	0.00

Source: ITC Database, 2021

According to Gibba (2017), the positive value of RTA represents a competitive advantage, and a negative result shows a competitive disadvantage. This threshold is more described by Momaya (1998) by stating that if the RTA index is less than 0, the country does not have a competitive advantage; if the RTA value is close to 0, a country is labeled as self-balancing; and if the RTA value is greater than 0, the country has a competitive advantage. Using Gibba's threshold level, the RTA index in table 2, shows that SSA countries like Mauritius, South Africa, Seychelles, Namibia, Kenya, Tanzania, Senegal, and Rwanda have competitive advantages from 2000 through to 2019. However, Cape Verde and Botswana have competitive disadvantages in 2000 & 2001 and 2011 and 2012, respectively while both countries remain competitive in the rest of the years considered in this study. Similar to the NRCA trend analysis conducted above, the study also depicted the RTA index value of ten SSA countries as shown in figure 2 below.
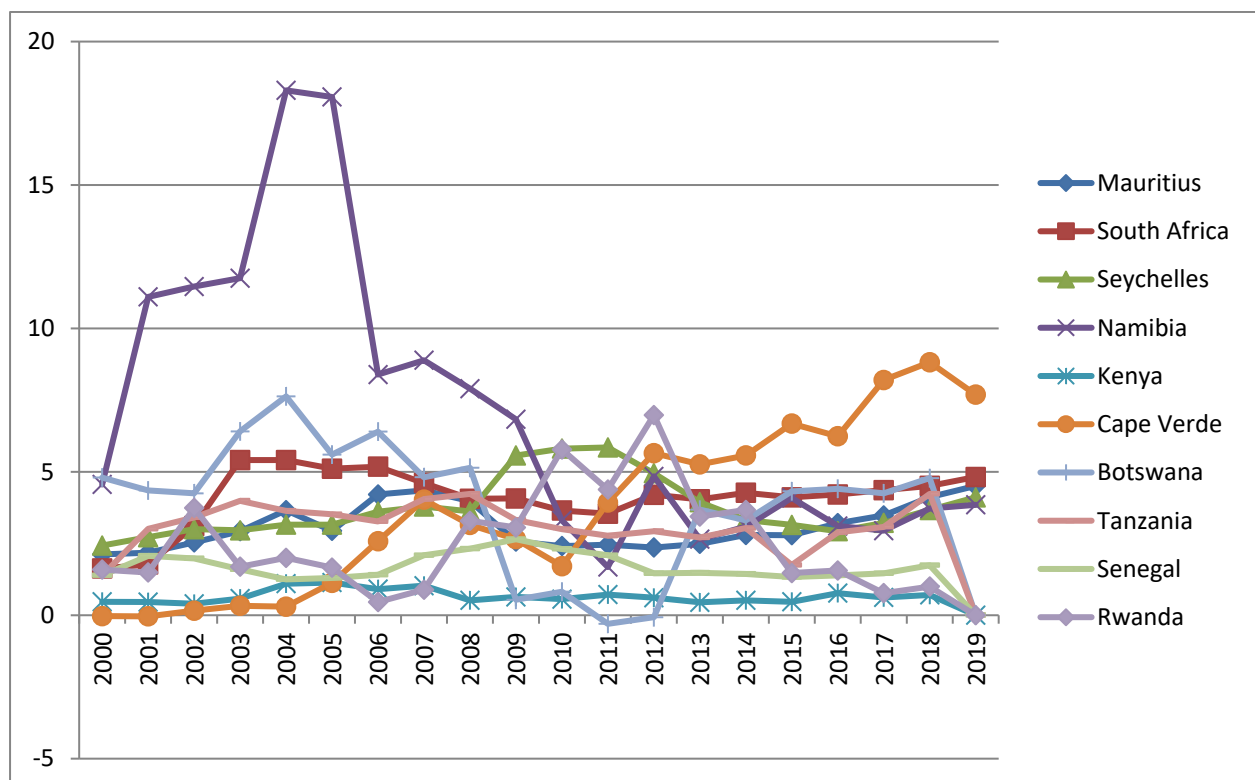

Figure 2: RTA index of Travel & Tourism Industry of SSA Countries
Source: ITC Database, 2021

The above figure 2 shows that all ten SSA countries have an inconsistent competitive performance in their Travel and Tourism Industry as indicated by RTA value. However, countries like Mauritius, South Africa, Seychelles, and Namibia have increasing competitiveness trends while other countries such as Cape Verde, Botswana, Tanzania, Rwanda, and Senegal have declining trend in RTA value. Therefore, SSA countries considered in this study can be classified into two categories on the basis of their competitive performance of the T&T industry indicated by RTA value. The first category includes SSA countries that achieved increasing competitiveness trend consisting of countries such as Mauritius, South Africa, Seychelles, and Namibia. The second category consists of SSA countries with a declining competitive performance of the T&T industry such as Cape Verde, Botswana, Tanzania, Rwanda, and Senegal.

Conclusion

By introducing comparative and competitive advantage models for examining the competitiveness of the Travel and Tourism industry of Sub-Saharan African countries in the world, this study is believed to have the following theoretical implication. First, it expands prior studies on the competitiveness domain (Bojnec & Ferto, 2016; Kostoska & Ilija, 2018; Winarno & Harisudin, 2018) that is integrated with international trade but was mainly focused on the Travel and Tourism Industry. The study could change the course of study from destination choice perspective or tourism destination competitiveness analysis (mostly conducted using TTCI and GCI models) to comparative and competitive advantage analysis (NRCA and RTA indexes) in the course of investigating the current level and trend of competitiveness of Travel and Tourism Industry in SSA countries. Prior research (for example, Du Plessis & Saayman, 2018; Getahun & Dhaliwal, 2017; Krstic, Radivojevic & Stanisic, 2017; Wondowossen, Nakagoshi, Yukio, Jongman & Dawit, 2014; Zeleke & Biwota, 2020) applied models like Travel and Tourism Competitiveness Index (TTCI) and Global Competitiveness Index (GCI) to examine determinants of competitiveness of tourism destination but have major flaws to investigate international competitiveness in the international trade. Thus, this study provides valuable information into the debate and discussion on travel and tourism competitiveness measurement from an economics and strategic management perspective. It will serve as the first research work by providing a new insight to bridge the gap between economics and management fields on one side and the travel and tourism on another side.

Second, the study's use of trade flow data, for the analysis of international competitiveness of SSA countries, is believed to significantly contribute to studies on comparative and competitive advantage. In this respect, we argue that the current dominant discussion of the competitiveness of the travel and tourism sector from an attraction perspective should be supported by commerce or trade view found in the fields of economics and management. In support, Brakman and Marrewijk (2015) argue that gross trade flows (gross import and export) provide sufficient information to analyze the structure of international trade, for example, comparative advantage. Using data related to import and export for the Travel and Tourism industry of SSA countries from the ITC database helps the academic world to view the industry from the destination perspective to commercial perspective which involves import and export contribution to a nation's economy. Particular to the Travel and Tourism industry, mixed competitive analysis resulting from both import and export data helps to provide strong insight into the international trade concept. In this study, NRCA provides estimates of the degree of deviation of its actual export over time while RTA calculates the difference between relative export advantage (RXA) and its counterpart, relative import penetration advantage (RMA).

Third, the study's use of competitiveness concepts, comparative advantage, and competitive advantage adds to the knowledge in the competitiveness literature by applying Yu et al. (2009) Normalized Revealed Comparative Advantage and the Vollrath (1991) Relative Trade Advantage (RTA). Even though studies to date have used Normalized Revealed Comparative Advantage and Relative Trade Advantage (RTA) indexes, research on competitiveness of the travel and tourism industry of SSA countries would certainly contribute to validate the model application in wide areas of interest. Thus, this study provides valuable information on the use of those models or frameworks in the competitiveness analysis. With this regard, Zeleke and Biwota (2020) suggested that the competitiveness of the industry needs more future research (studies like this research) using other models. To address this, the current study adopted NRCA and RTA indexes for competitiveness analysis adopted from the international trade concept in economics and management to the Travel and Tourism field.

The study also offers several managerial implications. First, it highlighted that ten SSA countries, considered for this study, have varied level and trend of T & T Industry competitiveness. For instance, SSA countries like Mauritius, South Africa, Seychelles, Namibia, Kenya, Tanzania, Senegal, and Rwanda have competitive advantages from 2000 through to 2019. However, Cape Verde and Botswana have competitive disadvantages in 2000 & 2001 and 2011 & 2012 respectively while both countries remain competitive in the rest of the years. Thus, industry leaders and policymakers in countries like Cape Verde and Botswana need to pay an emphasis on the factors contributing to those consistently performing countries in order to improve their competitiveness. This provides a better learning curve for industry leaders and actors in inconsistent performing SSA countries through careful examination of success stories in other countries of the region to design appropriate strategies and systems for their travel and tourism sector.

Furthermore, the findings from both NRCA and RTA revealed that the competitiveness of the Travel and Tourism industries of the ten SSA countries shows a declining performance level in the last month of 2019 compared to the previous years. This is mainly due to factors specific to each target country, maybe COVID-19. Thus, key players of the travel and tourism sector like industry leaders, policymakers, and business owners as well as international organizations such as UN and UNESCO should take appropriate research that shows the real factors and strategic actions on the Travel and Tourism industry of SSA countries.

Although this study has the aforementioned contribution, It may have some limitations. First, it was only based on secondary data to examine the current status of travel and tourism industry competitiveness and does not show which factors contribute to the consistent performance of the industry in some SSA countries while others are inconsistent. Thus, future researches should examine the determinants of the consistent and inconsistent competitiveness levels of the SSA countries based on primary data. Hence, future studies should go beyond the mere level and trend of competitiveness analysis to provide empirical evidence relating to why some countries are consistently competitive while others are not. This means that future studies need to investigate the factors affecting the competitiveness level and trend of the Travel and Tourism Industry of SSA countries in the world.

Second, this study selected only ten top-ranked SSA countries among the 54 countries for competitiveness investigation. Thus, the findings from this study may not reflect the status of Travel and Tourism competitiveness of other SSA countries due to oblivious differences among African countries in terms of tourism infrastructure, resource endowments, location advantage, and other factors. Therefore, future studies should also be expanded on other SSA countries' competitiveness analysis of the T&T industry by applying the concepts of comparative and competitive advantage. This helps to validate the findings of this research on the application of comparative and competitive advantage indexes as measures of competitiveness in a wide variety of industries and fields like the Travel and Tourism Industry.

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