

Tourism Competitiveness by Shift-Share Analysis to way-forward Destination Management: A case study for Sri Lanka

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Abstract

Hospitality and Tourism are among the fastest-growing sectors and the source of foreign exchange with indirect-direct employments for quite an appreciable number of economies worldwide. The nature of the sector provides an avenue towards regional development through entrepreneurship venture creations, value addition to the abandoned resources, and regeneration of abandon natural resources with new themes as a novel approach. Tourism currently in a paradigm shift as a comparative advantage of destination is becoming less important than a competitive advantage. The traditional destinations are diminishing while creating novel destinations more relaxation-oriented while leading to residents' economically enriched livelihood. The paper critically analyzes the current tourism competitive position of Sri Lanka with a panel of five rival destinations by adopting shift-share analysis by developing two propositions. Regional Tourism arrivals in rival tourism destinations have been used to perform Shift-share analysis. Findings revealed (a) Sri Lanka as a destination is gaining the competitive advantage of four tourism regions out of six markets. The competitive strategies proposed as recommendations to gain market specialization to the regions with a competitive advantage; (a) market specialization by targeting the markets with a competitive advantage, (b) new marketing programs for markets with competitive disadvantage, and (c) collaborative programs among Asian tourism destinations. The results would be beneficial to Asian region tourism decision-makers trusted with the growth and application of competitive strategies.

Key Words: Competitive advantage, Destination Management, Market specialization, Shift-Share Analysis, Strategy, Tourism

JEL Classification: M16, Z32, Z38

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1. Introduction

Hospitality and Tourism is a worldwide phenomenon around the globe while creating Billions of wealth annually in different destinations. In the present context, the nature of leisure traveling and the way of enriching life by relaxation has been converted tremendously with the evolution of virtual realities and transportation modes. World Tourism Organization (WTO) defines *tourism* as activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business, and other purposes. Tourism has been recognized as one of the fastest rising sectors, a source of earning foreign currencies along with the provider of indirect and direct employments for quite an appreciable number of economies around the world. Further, high growth and development rate, a considerable volume of foreign currency inflows, and infrastructure development affect the various

sectors of the economy. The nature of the services sector provides an avenue towards regional development as by the way of entrepreneurship venture creations, value addition to the abandoned resources, and regeneration of abandon natural resources with new themes as a novel approach. The fierce competition of the destinations has induced the marketing and management of tourism destinations and the strategies to succeed. Hence the destination management is essential to be driven by the fundamental theoretical underpinnings of the cutting edge research outcomes and digital media. Tourism is ranked as the number one industry in the world as compared to its proportion in the world economy. Dipietro and Condly (2007) pointed out that the sector had represented a positive balance of trade with the flow from first world countries to developing countries, exceeding the opposite flow by 66 US\$ Million, as the only services sector in economy. Further, Tourism has identified as one of the largest and fastest-growing industries in the globe and the high growth and development rate, extensive capacity of foreign exchange inflows, and infrastructure-superstructure development actively affect the various sectors of the economy, specillay the socio-economic development (Nayomi and Gnanapala,2015; Fernando,2015).

The nature of the sector is diverse than other services, where the traveler himself seeking for the service or "doing visitation" (Miller and Gibson,2005) when compared to other services. The different nature of the service resulted in a huge influence on the local and regional socio-economic development, where the destinations income enhancement while creating "global visibility" of the destination. As stated by Bobirca (2007) the sector inherited the potentiality to create trade between each segment disregarding the development level within each region. While resulting in an uneven distribution of benefits depend on the ability of the country regarding the performance and ultimately leads to enhance competitiveness. The novelty of the sector is emerging as no longer the tourism satisfaction laid on traditional site seeing, religious and cultural artifacts, but with the value addition or the "refreshes/novelty/experience," the traveler might feel from the visit. The whole visitation process has now become more intensive while creating novel trends as community engagements, experience hunting, sex, and amusement related experiences in some extremes and youth tourism trends. These different novelties have caused a high standard of living, enthusiasm for life, and cause individuals to a tendency to travel and tourism to aroused while creating new destinations around the globe. Scholars (Iordache et al., 2010) stated the emerging condition of the sector as in a "paradigm shift" since the comparative advantages of tourism become less important than the competitive advantage within destinations. The traditional destinations and their comparative advantage are becoming less important while creating novel destinations more relaxation-oriented destinations with the digital era. This paradigm shift has created novel destinations more popular, while economically enriching the livelihood of residents. Cunha and Cunha (2005) stated as, by the nineteen-eighties, the opening of national economies globally results in the internationalization. That process significantly influenced travel and tourism, further, highlighted the importance of becoming the second most significant global sector in the economy. During that rapid boost, the sector was only seconded to the Finance sector in many economies around the globe. Competitiveness is a broad concept, whereby the factors; non-price related factors and price-related factors, are both important in the economic sectors. Concerning the Hospitality and Tourism sector, human resources endowment, technical factors, and innovativeness of the process, managerial and organizational factors, and other internal and external relationships with stakeholders might lead towards the competitiveness. Scholars stated the importance of non –price competition in different destinations around the globe (Iordache et al.,2010, Fernando and Long,2012, Fernando,2014). Further, strategic management of information, intelligence, and innovation, knowledge, and culture are key factors in differentiating the non-price competitiveness of the destinations. Hospitality and Tourism is a wide-spread phenomenon where the ability created to enhance the competitiveness among the regions /or destinations. The Digital era created the destinations more proximity, whereas the traditional mass tourism diminishing with the new generation. Social media platforms created the competition more intensive, whereas novel trends towards community tourism and nature-based travel more popular. More discretionary increased income and

leisure time has formed a basis for a new lifestyle, welcoming relaxation and travel unfamiliar destinations and seek novel experiences, fueled by the social media. The appeal of the destination is pivotal in destination marketing where the competitiveness could be enhanced. In this appeal, the role of destination marketing organizations (DMOs) also vital (Fernando and Long, 2012, Fernando, 2014) to better destination management. In the present context, Tourism is one of the booming industries and a major economic contributor in many developing countries, including Sri Lanka (Fernando, 2015). Tourism in Sri Lanka has a lengthy history, whereby, formally entered the industry in the year 1960 and playing a noteworthy role in the global market (SLTDA, 2019). Sri Lanka is recognized as a major travel destination with a variety of natural resource endowments from ancient. The unique characteristics of the destination and strategic location play a vital role in shape of tourism development. According to the Sri Lanka tourism development authority (SLTDA, 2019), Tourism arrival to Sri Lanka during the year 2017 was amounted to approximately 2,116,400, while becoming the third-largest foreign exchange earner in the year 2017, amounted 598,356 US\$ Million. Despite the diverse nature, tourism is one of the main foreign exchange providers to the economy, while identified as one of the best nature-based tourism destinations from ancient time. In addition to the main benefits, the sector highly affected by the socio and economic development of the country (Nayomi and Gnanapala, 2015). Particularly, top tourism destinations in developing countries most of the national parks, wilderness areas, lakes, and cultural sites are generally located in rurally (Okech et al., 2012), whereas the majority of the population live in rural.

1.1 Problem Statement

Sri Lanka is a famous tourism destination from ancient for various aspects, including the strategic location, shape as a teardrop, and exotic beaches with all-year-round sunshine. The strategic location of the country and the inheritance of the wide gold-brown beaches have created the destination more popular among the visitors. Emerging novel destinations of the region have led a position to think beyond the traditional boundaries of Sri Lanka. Accordingly, the statistics showed a tremendous growth of international tourist arrivals by reaching 1.4 billion in 2018, recording 5 % growth compared to the year 2017. After the defeating of terrorism in the year 2009 in Sri Lanka, the tourism sector continually grew by showing a 7% growth rate compared to the year 2018 (SLTDA, 2019). The positive environmental conditions, safety, and security of the country, strong outbound demand from major markets, political harmony, and recognition as a budget destination might contribute to overall results.

According to the statistics of the economy, during the year 2018, worker's remittance contributed as the most prioritized sector followed by textiles and garments concerning foreign exchange. Most importantly, the Tourism sector contributed as the third-largest foreign exchange earner with a large workforce directly and indirectly involved. Therefore by becoming the third place as a foreign exchange earner, the sector highlights a vital role among the local economy. Further, when compared with the 14.8% portion of total foreign exchange in the year 2017, the sector tremendously grew up to 15.9% within the year 2018. (SLTDA, 2019). The sector further enhanced the favorable conditions during the previous decade, where the overall tourism arrivals, per capita income, and investments of the sector increased. Per capita tourist receipts (per day) amounted to 170.1 US\$ in the year 2017 and grew up to 173.8 US\$ in the year 2018, highlighting the favorable economic condition of the tourism sector, (SLTDA, 2019). Competitive Strategy development is a must to the sector by focusing untapped-niche markets, specially catering the thematic clusters as proposed by Fernando and Long (2012). The tourism sector's competitive advantage is more focused on man-made resources linked with information technology and innovation. The vital role of natural attractions and resources is decaying and a paradigm shift towards "created" or man-made resource endowments has argued by scholars (Fernando and Long, 2012; Fernando, 2014). Therefore the destinations rely mostly on natural attractions and resources might look upon revising the strategy towards a new direction, either focusing more innovative segments and niche markets.

Sri Lanka is an island inherited with the factors of comparative advantage including vast natural resource endowment and rich cultural heritage (Fernando,2015). As suggested by scholars, the way of managing the resource endowment and integration with other competencies might lead to the destination competitive advantage, rather than the natural resource endowment. (Kim and Dwyer,2003; Fernando and Long, 2012; Fernando,2014). Measuring competitiveness is multifaceted combine with certain indicators in economics. Comparison of Travel and Tourism competitiveness of Sri Lanka as a tourism destination is vital. Herein, the Travel and Tourism competitiveness accounted for 78th place in the year 2009,81st place in the year 2011, 64th place in the year 2018 and decreased to 77th place in the year 2019 (World Travel and Tourism Competitiveness Reports, 2011 and 2019). Therefore the research questions developed by the researcher, to identify the position of the competitiveness among the regional tourism rivals and the nature of the specialization of the Sri Lankan Tourism sector.

1.2 Research Questions

The research questions have been formulated as;

- Whether Sri Lanka is gaining the regional competitive advantage of Tourism?
- Whether Sri Lanka is specializing in the regional tourism market?

1.3 Aims and Research Objectives

The research objectives of the study have been developed as a mechanism to answer the research questions. Therefore the aim of the study to critically analyze the tourism competitiveness of Sri Lanka as a tourism destination by comparing it with the regional competitors. Two main research objectives had been formulated as;

- To identify the regional competitive advantage of tourism when compared to the Asian rivals
- To identify the specialization position of the regional tourism market when compared to the Asian rivals

Based on the aims and objectives, two research propositions have been developed:

- Proposition A: Sri Lanka is accounted for the competitive advantage on all regions in tourism arrivals when compared to the Asian rivals
- Proposition B: Sri Lanka is currently specializing tourism arrivals on every region of the international market when compared to the Asian rivals

2. Literature review

According to Porter (1990), *competitiveness* is a concept that can be applied at the national level, and provide directions on how well an economy survives with the intensive rivalry. This concept leads to the competitive advantage where scholars contributed to destination competitiveness, firm, or cluster competitiveness as a whole with the help of the Diamond model of competitiveness proposed by Porter (Fernando, 2014). The body of the research has grown over the past decades, to develop a conceptual basis on how to achieve competitiveness by different sectors and economies around the globe. The prominence of the sector of Tourism has led the challenge to develop, preserve, keep, and reinforce the competitive position in an international market with immensely competitive. The challenge to become more competitive has been enhanced due to the fact that emerging destinations have created the sector more vulnerable. The dynamic nature of the world economy further enriched the certain need of the destinations, to build competitive strategies to attract more tourists for destinations. Further, the sudden shocks in the economy, terrorist attacks, or political downturns might have an impact to diminish the

popularity of certain destinations, while creating negative perceptions worldwide. By its nature, Tourism destinations are different than most commercially "competitive products" due to its nature as a service and provide "experience" to the visitors. The nature of the experience is multi-task with the participation of different stakeholder groups including the community of a destination. The above complexity is moreover compounded due to the uniqueness of tourist expectations, and a great challenge to ensure each unique tourist's satisfaction by meeting up with their expectations competitively.

In the mid-1990s, scholars developed a conceptual model by combining the attributes explained by the Porter in the Diamond model and tailored unique characteristics of the competitiveness within tourism destinations (Crouch and Ritchie,1995, 1999). The conceptual model developed by Crouch and Ritchie laid the foundation for much scholarly work, among them, Dwyer and Kim (2003) introduced an integrated model to the destination competitiveness. The work of the scholars combined the main elements of the Diamond model of competitiveness introduced by Porter (1990) and the competitiveness model introduced by Crouch and Ritchie (1995, 1999). Destination competitiveness was an interesting research area, where scholars shed their light on getting different destinations as the sample for the work. Among them, Crouch and Ritchie (1995, 1999), Alavi and Yasin (2000), Sirakaya et al.,(2002) Kim and Dwyer (2003), Enright and Newton (2005), Omerzel (2006), Crouch (2007), Gomezlj and Mihalic (2008), Cracoloci and Nijkamp (2009), Poon (2010), Ritchie and Crouch (2010), (Fernando and Long, 2012, Fernando,2014) could be considered. Among the different models by different scholars, Crouch and Ritchie developed a comprehensive model in mid-1990s (Crouch and Ritchie,1995 and 1999), however, the integrated model proposed by Dwyer and Kim (2003) taken in the account of previously neglected factors such as tourism demand (Armenski et al.,(2011). Among different models for competitiveness, Fernando and Wei (2012) further proposed an integrated model by combining innovation focus, further elaborated by Fernando (2015) by testing the model qualitatively. Among different approaches to measure competitiveness, the Shift-share analysis is one of the popular methods proposed by many scholars.

2.2 Shift-share analysis as a tool

The Shift-share analysis was originated in year 1940s by Daniel Creamer and later modified by Dunn in 1960s as an analysis method focusing on regional shifts (Shi and Yang,2008) The Shift-share analysis refers as a well-known method and a frequently applied technique to decompose growth rates into structural and competitive components, whereas scholars pointed out the importance (Khusaini,2015). The Shift-share analysis basically focused to measure the economic comparative development and employment growth comparisons within different regions. The analysis would measures changes in the performance (regional/ country-wise) relative to another country, region, or economy. Many scholars agreed to the fact that the less data requirement and less-cost to gather data from this analysis, yet provide beneficial information with regard to the economic performance in region-wise (Sirakaya et al.,1995, Herath et al.,2010). This led to the popularity of the Shift-share analysis in Tourism destination competitiveness studies. Further, scholars (Alavi and Yasin, 2000) proposed the applicability of the analysis to compare the tourism competitiveness, and examined the Middle-East region's competitive advantage, as the analysis more focused on region-wise data analysis. Herath et al., (2010) employed the dynamic shift-share analysis to analyze the employment growth pattern and policy implications in the economic development of West Virginia. Further, Khusaini (2015) conducted a shift-share analysis to measure the economic performance of the local government in East Java-Indonesia, while confirmed the suitability of the analysis as a useful tool. Moreover, Olaf et al., (2019) employed the shift-share method on assessing a freight modal shift's contribution towards carbon dioxide emission reduction and highlighted the diverse nature of the tool in various economic measurements.

The analysis reflects a benchmark to identify a particular destination, region, or a country's position in accordance with rivals' market share and growth rate as a management tool. Further, the

results would determine whether the region enriched with a competitive advantage among certain regions or markets were useful in future policy development. Further, the analysis would identify the "Allocation effect", to determine whether certain region or market is specializing in a particular market or not, as compared with rivals in the benchmark. Accordingly, the shift-share model is not intended to recognize the cause-effect relationships or could use as a forecasting instrument, but a tool, where could analyze with the configuration of economic variables with locational shifts. The Shift-share analysis has been employed by scholars (Chunyun et al., 2007; Vu and Turner, 2011, Khusaini,2015) as a helpful administration tool. Further scholars employed the results to identify the competitive position/ effect among the competitive regions in a different scenario. Chunyun et al., (2007) used shift-share analysis to illustrate international tourism with the variable of international tourism receipts. Further, Fuchs et al.,(2007) analyzed the relative competitive advantage of Asian regions with regard to the Tourism sector by employing the method. Vu and Turner (2011), employed with the tourism arrivals at Vietnam. Some scholars (Herath et al.,2010; Yasin et al., 2011) explained the importance of the analysis to the growth of economic variables since the method employs the secondary data and compares the behavioral change of the regional economic variables. Li and Huang (2010) employed the Shift-share analysis to measure the competitiveness of the Travel industry in Hong Kong whereas identified the relative disadvantage status of the travel services exports within the economy.

However, the limitations of the analysis also pointed out by scholars (Yasin et al., 2011; Olaf et al., 2019). Among the limitations, fewer capabilities for predictions and deficiency of theoretical content were highlighted by Yasin et al.,(2011). Further, Fernando and Long,(2012); Fernando (2015), pointed out the importance of identifying the competitive strategies where the Tourism sector of Sri Lanka could be uplifted, specially catering more progressively in destination competitiveness. This paper adopts the shift-share method to fulfill the research aims and objectives, focused on developed propositions by comparing regional shares of tourism. Further, Asian tourism rivals have been considered to the analysis. Hence the study will act as a useful tool for developing strategies to the Sri Lankan tourism sector. Further, the findings will be benefitted for various sectors of the economy such as Economics, Destination Management, and Marketing, Entrepreneurship, and Macro-Economic Forecasting.

3. Methods

3.1 Research population and sample

All Asian tourism destination could be considered as the research population, whereas a sample of destination has been selected to perform the analysis systematically. The research methods adopted are the quantitative approach, where a sample of five rival tourism destinations from the Asian continent has been selected to perform the study. The destinations within the panel have been selected based on a country-wide preliminary survey conducted by the researcher conducted by employing 324 tourism stakeholders, both demand and supply side, within the destination. Based on the results of the preliminary survey conducted by the researcher, five most rival destinations have been identified; (1) Thailand, (2) India, (3) the Maldives, (4) Malaysia, and (5) Singapore, for the panel.

3.2 Data collection

The secondary data has been employed to perform the Shift-share analysis gained from the UNWTO yearbook, as it provides a wide range of internationally available statistics on tourism in different countries. Further, based on the UNWTO statistics, the regions of (a) Americas, (b) Africa, (c) the Middle East,(d) Europe, (e) Eastern Asia and Pacific and (f) South Asia has been employed to compare the Sri Lankan regional tourism arrivals. Other than the secondary data, four key-stakeholder meetings have been conducted with supply-side stakeholders within the destination. The key findings of

those stakeholder meetings have been incorporated with the main findings of the study to triangulate the data. The data analysis method is the Shift-share analysis modified by Yasin et al. (2011), and regional tourism arrivals are the main variable for the comparison.

3.3 Study framework

The Shift-share analysis was originated in the 1940s by Daniel Creamer with the "locational shifts" analysis on the manufacturing sector, and later modified by Dunn in 1960s as an analysis method focusing on regional shifts (Shi and Yang,2008) and a tool to compare economic development (Dunn,1960). In the present research arena, the usage has been broadened up to various sectors in the economy, regional development, economic development, employment comparisons, and Tourism competitiveness. To conduct the analysis, to identify the destination tourism competitiveness of Sri Lanka with competing destinations, the competitive position and locational shifts proposed by Yasin et al.,(2011) with each regional markets performed.

Further, four components of the analysis have used to perform the analysis results as suggested by Yasin et al.,(2011). The analysis will partitions the progress in an economic variable (employment, output, income, etc.) in a specific area/or region (state, country, province, etc.) into various components comparably. The analysis is done by taking a benchmark economy. The analysis designed in a mathematical form decomposing the growth into four components as the technique uses as a diagnostic tool.

Shift-share analysis: $e_{ij}^t - e_{ij}^{t-1} = NG + IM + CS$ (1)

Here; i = index referring to the sectors: national/ benchmark economy

j = index referring to the regions: national economy

Δe_{ij} = total change in employment i^{th} sector in the j^{th} region

e_{ij}^t = employment in the i^{th} sector in the j^{th} region at time t

NG = national growth component IM = Industrial mix component

CS = competitive share effect

$$NG = i_{\Sigma} e_i^0 \frac{Et}{E0} - \sum e_i^0 \quad (2)$$

$$IM = i_{\Sigma} \left[e_i^0 \frac{E_i^t}{E_i^0} - e_i^0 \frac{Et}{E0} \right] \quad (3)$$

$$CS = i_{\Sigma} \left[e_i^t - e_i^0 \frac{E_i^t}{E_i^0} \right] \quad (4)$$

As denoted; $e = \sum e_j^i$ = sum of employment across sectors i in the region

$E = \sum E_j^i$ = sum of employment across sectors i in the national economy

t = final year of the study period 0 = beginning year of the study period

Study employs the Esteban-Marquillas (1972) version (of the analysis) , and has decompose the arrivals of the tourists to Sri Lanka and rival/competing destinations in benchmark economy.

Tourism industry in country (*j*), receiving tourists from region (*i*) can be expressed as ;

$$T_{ij}^1 - T_{ij}^0 = T_{ij}^0 (G_{AREA}) + T_{ij}^0 (G_{iAREA} - G_{AREA}) + \check{T}_{ij} (G_{ij} - G_{iAREA}) + (T_{ij}^0 - T_{ij})(G_{ij} - G_{iAREA})$$

Actual growth = Area wide effect + Region mix effect+ Competitive effect + Allocation effect

$$G_{ij} = \frac{T_{ij}^1 - T_{ij}^0}{T_{ij}^0}$$

$$G_{AREA} = \frac{T_{AREA}^1 - T_{AREA}^0}{T_{AREA}^0}$$

$$G_{iAREA} = \frac{T_{iAREA}^1 - T_{iAREA}^0}{T_{iAREA}^0}$$

$$\check{T}_{ij} = T_j^0 \frac{T_{iAREA}^0}{T_{AREA}^0}$$

T_{ij}^1 = tourists arrivals to country (*j*) from region (*i*) at period 1 (i.e. the end of the period)

T_{ij}^0 = tourists arrivals to country (*j*) from region (*i*) at period 0 (i.e. the beginning of the period)

G_{AREA} = overall growth rate in total tourist arrivals from al regions to the area from period 0 to 1

T_j^0 = total tourists arrivals from all regions to country (*j*) at period 0

T_{iAREA}^0 = total tourists arrivals from region (*i*) to area at period 0

T_{iAREA}^1 = total tourists arrivals from region (*i*) to area at period 1

T_{AREA}^0 = total tourists arrivals from all regions to area at period 0

T_{AREA}^1 = total tourists arrivals from all regions to area at period 1

G_{iAREA} = growth rate in tourists arrivals from region (*i*) to the area from period 0 to 1

G_{ij} = growth rate in tourists arrivals from region (*i*) to the country (*j*) from period 0 to 1

\check{T}_{ij} = represents what the tourist arrivals to country (*j*) from region (*i*) would be if the structure and pattern of tourist arrivals from region (*i*) were equal to the benchmark

According to analysis, the actual growth of the arrivals (tourism) to the destination (*j*) from the region (*i*) from period 0 to period 1 is decomposed ;

- (a) **Area-wide effect** [$T_{ij}^0(G_{AREA})$] : change of tourists arrivals to a destination would expect if it had a growth rate equal to the benchmark economy.



- (b) **Region-mix effect** $[T_{ij}^0(G_{iAREA} - G_{AREA})]$: difference among the tourism flows growth rate from the region (*i*) to the area, and then overall growth rate in all regions to the particular destination. Tourism rate from the region (*i*) is bigger than the total progress rate, which can observe a positive effect and this mentions that benchmarking economy focus on attracting tourism flows with higher than the average growth rate.
- (c) **Competitive effect** $[\check{T}_{ij}(G_{ij} - G_{iAREA})]$: difference among the tourism growth rate from the region (*i*) to country (*j*) and the progress rate from the region (*i*) to the area. If the result is positive, the destination is attracting a higher number of tourists from the region (*i*) than benchmarking countries. negative competitive effect elaborates the tourists' inflows from other regions are decreasing than its competitor countries in benchmark economies result for the competitive disadvantage compared in the benchmark economy.
- (d) **Allocation effect** $[T_{ij}^0 - T_{ij}(G_{ij} - G_{iAREA})]$: tourism arrivals growth attributed to the interactions of both, the region-mix and competitive effect. The allocation effect indicates the position of specialization in attracting tourists from competitive advantageous regions. The scale of the allocation effect mentions, the nature of attracting tourists from each region/area by the destination.

4. Results

After conducting the analysis, the results of the analysis have elaborated. To the study, a panel of tourism destinations has been selected based on a preliminary study conducted. Table 1 explains the overall results with the most competitive five tourism destinations with the Sri Lankan tourism market.

Table 1 demonstrates the results of the Shift-Share analysis with secondary data on Tourist arrivals. The panel of rival destinations has been identified from a preliminary survey conducted at the Sri Lankan Tourism sector Demand and Supply-side stakeholders during the study period. Accordingly, concerning Table 1, **Actual growth** was larger than the **area-wide effect** for all tourism regions and differences only in the African region. Further elaborate, the growth in the sector is comparably greater than the growth-share of competing destinations in the panel even though they reflect some Asian giants. According to the Shift-share analysis, attracting tourists from regions of (a) America, (b) the Middle East, (c) Europe and (d) South Asia, Sri Lanka got a competitive advantage. Further results suggest the competitive disadvantage from two tourism regions; African region and East Asia /Pacific region. The results would suggest a favorable position where the European region would account for high-end travelers and more than half of the market share. According to the findings of Table 2 on specialization position, both proposition one and proposition two has been rejected. Accordingly, Sri Lanka got a competitive advantage in four regions out of all tourism regions of the economy, further not specializing all tourism markets within the destination, referring to Table 2.

Table 1: Shift-share analysis of overall tourism arrivals for five Asian tourism rivals with Sri Lanka

Destination	Tourism region	Actual growth	Area-wide effect	Region mix effect	Competitive effect	Allocation effects
Sri Lanka	Africa	-105	275	-425	75	-30
	America	14222	3151	-1721	11517	1276
	East	43617	7864	1468	148097	-113811
	Europe	95628	22840	-5661	30875	47575

	Middle East	20800	1954	3	7474	11369
	South Asia	41839	15227	3996	5530	17085
Thailand	Africa	8930	13926	-21494	18105	-1607
	America	-64373	106375	-58116	-99896	-12736
	East	560827	982514	183372	-695766	90706
	Europe	465536	478959	-118722	65730	39568
	Middle East	97229	41666	57	34348	21158
	South Asia	284031	83237	21847	266260	-87312
India	Africa	60666	15965	-24642	24043	45300
	America	165893	125803	-68460	29738	79306
	East	196073	101395	18924	305741	-229987
	Europe	78885	228875	-56732	-44126	-49132
	Middle East	16983	19473	26	-1207	-1310
	South Asia	-4402	123089	32307	-58239	-101560
Malaysia	Africa	-85746	14904	-23005	-120382	42737
	America	-2696	40398	-22071	-74241	53217
	East	2632366	2220261	43091	-1751	-526
	Europe	107203	120068	-29762	63618	-46722
	Middle East	-49715	25318	34	-115595	40528
	South Asia	171128	96668	25371	95110	-46017
Maldives	Africa	-66	666	-1028	318	-22
	America	4116	1695	-926	8724	-5377
	East	86875	14879	2777	246140	-176922
	Europe	7861	58225	-14433	-8641	-27291
	Middle East	2424	1077	1	1508	-163
	South Asia	7695	3384	888	5867	-2444
Singapore	Africa	-13952	9963	-15379	-9082	545
	America	38844	66950	-36877	8280	191
	East	1366732	791021	147633	424098	3980
	Europe	64497	180758	-44805	-81980	10524
	Middle East	6383	4487	6	7530	-5641
	South Asia	69599	129809	34071	-62394	-31887

Source: Data analysis on Shift-share method

Table 2: Competitive Advantage and Specialization from the Shift-share analysis

Destination	Tourism Region	Competitive	
		Advantage/ Disadvantage	Market Specialized / Not Specialized
Sri Lanka	Africa	Disadvantage	Specialized
	America	Advantage	Not Specialized
	East Asia/Pacific	Disadvantage	Specialized
	Europe	Advantage	Not Specialized
	Middle East	Advantage	Not Specialized
	South Asia	Advantage	Not Specialized
Thailand	Africa	Disadvantage	Specialized
	America	Disadvantage	Specialized
	East Asia/Pacific	Advantage	Not Specialized
	Europe	Advantage	Not Specialized
	Middle East	Advantage	Not Specialized
	South Asia	Disadvantage	Specialized
India	Africa	Advantage	Not Specialized
	America	Advantage	Not Specialized
	East Asia/Pacific	Disadvantage	Specialized
	Europe	Disadvantage	Specialized
	Middle East	Disadvantage	Specialized



	South Asia	Disadvantage	Specialized
Malaysia	Africa	Advantage	Not Specialized
	America	Advantage	Not Specialized
	East Asia/Pacific	Disadvantage	Specialized
	Europe	Disadvantage	Specialized
	Middle East	Advantage	Not Specialized
	South Asia	Disadvantage	Specialized
Maldives	Africa	Disadvantage	Specialized
	America	Disadvantage	Specialized
	East Asia/Pacific	Disadvantage	Specialized
	Europe	Disadvantage	Specialized
	Middle East	Disadvantage	Specialized
	South Asia	Disadvantage	Specialized
Singapore	Africa	Advantage	Not Specialized
	America	Advantage	Not Specialized
	East Asia/Pacific	Advantage	Not Specialized
	Europe	Advantage	Not Specialized
	Middle East	Disadvantage	Specialized
	South Asia	Disadvantage	Specialized

Source: Data analysis on Specialization position

5. Discussion

According to the main results from the analysis, by referring to Table 2, both propositions; *Preposition A*: Sri Lanka is accounted for the competitive advantage on all regions in tourism arrivals when compared to the Asian rivals

Preposition B: Sri Lanka is currently specializing tourism arrivals on every region of the international market when compared to the Asian rivals ; have been rejected.

Moreover, the destination accounted for a competitive advantage in four regions out of all tourism regions of the economy, further not specializing all tourism markets within the destination. According to the results, the market with a competitive advantage, the destination is not currently specializing. Further, not strategically targeting the markets with an advantage to the economy. Sri Lanka not specializing in the markets with a competitive advantage to the economy whereas other rival tourism destinations do specialization strategically. Accordingly, without the competitive advantage from the regions, the African region, and East Asia/Pacific regions had specialized and it will be an unfavorable economic condition to the destination. Results show the unfavorable current position, whereas, while gaining the competitive advantage, not practicing the specializing strategy for the tourism regions (a) America, (b) the Middle East, (c) Europe, and (d) South Asia. The ultimate result would be the loss of tourism revenues to the economy from the profitable markets where the marketing competitiveness aligns with the market specialization. As a comparison, according to Table 1, Sri Lanka does not extract the reasonable tourist income share from the American region where the market opportunities are higher. Further, since Europe accounts as the number one tourism income provider for the economy, specializing in the European markets might provide clear direction on policy development, referring to Table 2 the Competitive position and Specialization of the market. Also, the multi-faceted aspects of tourism need to be promoted with an emphasis on experiences to the visitors, specially catering niche segments with higher-end tourism market as; eco-tourism, Agro tourism, tea tourism, gem tourism, and rural tourism. Further, the tendency on meditation by the American region could strategically invest in market developments with cultural, heritage, and spiritual tourism. Those findings could be developed as strategies within the market competition.

As limitations, this study considered the most competitive five tourism destinations within the region to Sri Lanka based on a preliminary survey conducted by the researcher. Further, the tourism

arrivals on limited duration have been considered due to the availability of data on region-wise. As these limitations way forward for new research gaps and issues as to decide on which variables would count on tourism competitiveness and what level they explain the competitiveness of a destination.

6. Conclusion

The study aims to critically analyze the Sri Lankan tourism competitiveness compared with competing destinations within the regional tourism markets. The study adopted the Shift-Share Analysis by developing two Proposition on Competitive advantage from Tourist arrivals and market specialization, compared to Asian rival destinations. The panel of five Asian tourism rivals has been selected based on a preliminary survey conducted in Sri Lanka by the researcher. The Shift-share analysis (modified by Yasin et al.,2011) has performed with secondary data of tourism arrivals by regional wise of the Panel. According to the findings, Sri Lanka currently gaining a competitive advantage from four regions out of six tourism regions, as in America, Europe, the Middle East, and South Asia. These favorable results would be a worthy signal to policymakers, economists, and tourism industry stakeholders to modify the shape of specialization with the regional competitive advantage. In this perspective, redefine the destination goodwill through highlighting novel and innovative markets/products with value addition to the economy could identify. This understanding of the competitive position is influential towards emerging a wide-ranging and methodical strategy and that should be viewed in the context of the role and potential of tourism as an economic growth opportunity. From an economic point of view, Sri Lanka as a tourism destination, necessities to methodically target or achieve favorable tourism markets, together with improving innovative tourism produce as a novel paradigm. This would be nourished with novel tourism products, services, and experience innovations and packages to capture the benefits from the emerging international market for tourism. Further, the findings direct the market specialization is not focused on tourism markets with a competitive advantage, whereas the markets with a competitive advantage are not specializing in the present context. Therefore, both propositions have been rejected, where the present market's competitive strategies would weaken the economy as a whole when compared to rivals.

The recommendations from the study have been provided for the destination management. The tourism value of the destination is the result of the ability of a destination to integrate demand-side value creation and supply-side resources. Further, tourist satisfaction of the demand factor would match with the marginal utility of the supply-side factors. In this process, the natural and created attractions, services, hospitality and infrastructure development would mainly focus on providing 'memorable tourism experience' than rival destinations.

Following competitive strategies could be proposed as recommendations;

- Strategy on promoting the Tourism sector by focusing the Tourism markets with a competitive advantage
- Strategy formulation on market specialization based on markets with a competitive advantage
- Strategy to develop novel tourism marketing programs for the markets with a competitive disadvantage
- Strategy to link with Asian tourism leaders as Thailand, Malaysia, and China to enhance competitive advantage from the regional tourism share

Eventually, with the enhancement of the destination competitive position, the quality of the residents' lives also enhanced, as the overall goal from the economic development.

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