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## FACTORS INFLUENCING BUSINESS ENVIRONMENT WITHIN TRAVEL AND TOURISM COMPETITIVENESS

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**ABSTRACT.** Business environment is an essential indicator of a country's competitiveness in general, and in the tourism field in particular. The aim of this paper is to examine whether indicators of the Business Environment pillar of the Travel and Tourism Competitiveness Index (TTCI) share common factors. We use TTCI data of seven indicators obtained from World Economic Forum's Executive Opinion Survey for 119 countries during 2017 and 2019. Factor analysis shows two common factors, namely General legislative conditions (protection of property rights, regulations on foreign direct investment, indicators of legal and judicial systems, and market dominance) and Taxation (specifically, its extent and effect on incentives to work and invest). Data of TTCI show that overall Switzerland, Singapore, Hong Kong, and Finland have the best business environment. Contrastingly, doing business is most difficult in Venezuela, Bolivia, and Mauritania. The specific findings are very similar for both analysed years. The results of this study could be useful in any attempts to manage the business environment in travel and tourism.

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## Introduction

Travel and Tourism Competitiveness Index measures several indicators that contribute to the creation of an overall competitive tourism environment. This comprehensive index is a popular tool highlighting the positives and negatives of analysed countries in terms of tourism competitiveness. Its great advantage is that it allows comparisons between countries. Since its inception in 2007, the indicators have changed several times, but the methodology has remained the same in recent years (2015, 2017 and 2019). Since 2015, individual indicators form fourteen pillars, and those are grouped into four subindexes; specifically, I) Enabling Environment, II) T&T Policy and Enabling Conditions, III) Infrastructure, and IV) Natural and Cultural Resources. The data for TTCI calculation is obtained from Execution Opinion Survey (one third) and from various statistical databases (two thirds). Many studies focus on the TTCI as a whole (see Dwyer *et al.*, 2011; Bucher, 2015; Khan *et al.*, 2017; Litavcová and Vašaničová, 2019; Kalina *et al.*, 2019; Kumar and Dhir, 2020). Our study brings novelty because it focuses only on indicators forming the first of all fourteen pillars – Business Environment.

An active business environment is a prerequisite for the long-term competitiveness of a state in the international market (Buno *et al.*, 2015). Understanding the business environment is crucial to the planning, formulation, design, development, maintenance, and retention of a successful management strategy. In the process of globalization, the business environment is continually in flux, it is dynamic, and ever-changing. The rapid pace of change is instigated and enhanced by a variety of interrelated factors.

Extending awareness of the business environment can affect policy planning and tourism competitiveness in a long-term approach (Ik and Azeez, 2020). To increased tourism competitiveness, when providing successful tourism strategies, decision-makers have to explain not only past and up-to-date trends and shifts in the business environment but also people's opinions obtained by a questionnaire survey. The analysed first pillar of the TTCI consists of 12 indicators, of which seven are obtained through a questionnaire survey and five are hard data. In this paper, we aim to focus only on survey questions and examine whether they can form specific factors. This paper provides a basis for appropriate composition of indicators within measuring of the travel and tourism competitiveness to better knowing this complex and demanding area.

## 1. Literature review

Each business environment includes many institutions and government doctrines that regulate and influence business processes and development. Firms operating in transport, accommodation, attractions, and other tourism areas are controlled by the government through its investment, infrastructure, and regulation (Belas *et al.*, 2020). Government intervention is essential to ensure that the associated tourism advantages can increase and any potential difficulties can decrease for the benefit of the society, economy, and environment, as well as for the long-term favor of the tourism industry and competitiveness itself (Mura, 2020; Uslu *et al.*, 2020). Unfortunately, the levels and nature of intervention can differ broadly across countries (Moutinho *et al.*, 2011; Rate *et al.*, 2018).

In general, the business environment reflects the quality of many prerequisites crucial for doing business in the country. Some of them are part of the methodology used to determine the TTCI (see Table 1). It includes protection of property rights; restrictions of rules and regulations on foreign direct investment; efficiency of the legal and judicial systems for companies in settling disputes; private businesses difficulties to challenge government actions

and regulations through the legal system; extent of market dominance; extent and effect of taxation on incentives to work and invest.

“Protection of property rights includes written laws and/or social customs and norms that describe how property can legally be acquired” (Asoni, 2008, p. 956). Property rights protection is crucial because it generates impulses to undertake productive investments, enhances the efficiency of resource allocation, and its strengthening facilitates firms’ access to external financing (Fang *et al.*, 2021; Berkowitz *et al.*, 2015). In addition, it is a key to business growth (Beck *et al.*, 2005) and positively influences business productivity and performance (Lu *et al.*, 2013; Chen, 2015). Businesses operating in an environment with insecure property rights are uncertain about their ability to keep their drive and thus reduce their investments (Cull and Xu, 2005). Such firms have a lower market valuation (Berkowitz *et al.*, 2015); and, therefore, are less competitive. The principal concept is that secure property rights form an adequate incentive to invest in capital and new and more productive ways of managing existing resources (Asoni, 2008).

For an active business environment, foreign capital has great importance. One form of foreign capital is a foreign direct investment (FDI), ensuring the investor a certain share of ownership and control of a particular organization in the host country. FDI plays an essential role in the internationalization of economic activity, has a positive and significant impact on economic growth (Bajo-Rubio *et al.*, 2010). FDI coming from a country with a well-regulated and controlled financial sector can have a positive contribution to institutional development in emerging markets. Contractor *et al.* (2020) studied the impact of regulatory variables in attracting or deterring FDI. Their results show that countries with more stimulating contract enforcement and more coherent international trade regulations attract more FDI. It means that regulatory and business environmental factors are important for FDI inflows (see also Walsh and Yu, 2010). The business environment in which firms feel open to doing business should help attract more FDI (Bayraktar, 2013).

The business environment is full of social interactions. The existence of social interaction includes a series of agreements or disagreements between individuals or businesses concerning a large amount of money, a certain quality of products or services, and hence can get into conflict, which always affects the parties involved (Rădulescu, 2015). To some extent social interactions can be complicated due to the perception of technologies by some stakeholders (Blanca & Riccò, 2018), readiness to use benefits of recent technological changes (Jouhki, 2020), intensity of the use of corporate programs of personnel development (Samoliuk *et al.*, 2021). The importance of social interactions within the social environment affecting the well-being perception can be more evident in certain population groups, like youth (Tvaronavičienė *et al.*, 2021). In business, each interested party has the motivation to solve the problem quickly. Therefore, it is necessary to have efficient legal and judicial systems for companies in settling disputes. The more effective this system is, the better business conditions are in the country.

For small businesses, in particular, the obligation of complying with many complex and comprehensive rules can be unreasonable and reduce confidence in regulators and the regulatory structure (OECD, 2000). Therefore, in a competitive business environment, private businesses should challenge government actions or regulations through the legal system easily.

The business environment is also influenced by market dominance. Market dominance characterized by sharp competition, network effects, economies of scale, and vast product innovation is the issue of many publications (see Strong *et al.*, 2000; Almeida, 2006; Melnik *et al.*, 2008). It is hard to establish what level of market power is necessary and/or socially tolerable. The main challenge for competition policymakers is to maintain competitive opportunities without damaging successful competitors (Almeida, 2006). It is generally known

that the economy is more competitive in a country where many firms than few business groups operate in the business environment. Small firms usually have a low level of management. Therefore, it is necessary to suggest evidence-based recommendations for successful management in a highly competitive market (Plotnikov & Leontyev, 2015).

Corporate investment is a fundamental determinant of economic growth (Ohrn & Seegert, 2019) and a competitive business environment. Unfortunately, the willingness to invest is often affected by the level of taxation (Ji, 2016). The World Bank Enterprise survey shows that 45 percent of companies see tax rates as one of the major obstacles to doing business (World Bank, 2011; Koettl & Weber, 2012). Klemm and Van Parys (2012) pointed out that tax holidays, just like tax rates, do appear to affect FDI. Authors suggested that policymakers should think about other alternatives, e.g., reduced tax rates, which would also be precious for highly profitable investment. Moreover, it is well known that “redistributive taxes and transfers can negatively affect incentives to work and earn income” (Piketty & Saez, 2013). The incentives to work increase when the progressive tax system changes to a flat tax system. The reason is the proportional feature of a flat tax system and low rates of taxation (Luchko *et al.*, 2021; Nadirov *et al.*, 2021; Ngoc Huy, 2018; Peichl, 2014). Scholz and Lubell (1998; see also OECD, 2000) found that the sense of duty to pay taxes increases when government policies prove beneficial to the taxpayer.

## 2. Data and methodology

### 2.1. Data

The aim of this paper is to examine whether survey indicators of Business Environment of the TTCI can form specific factors. We used survey data from the Travel and Tourism Competitiveness Report of 2017 and 2019 that was originally obtained from the World Economic Forum’s Executive Opinion Survey (see, Crotti & Misrahi, 2017; Calderwood & Soshkin, 2019). The scale range is from 1 to 7. Specifically, we consider seven indicators of the Business Environment pillar of the TTCI and 119 countries. The list of these countries is in the Appendix – *Table 8*. Although the report provides the TTCI for 148 countries, we had to omit 29 countries due to missing data for some indicators in the analyzed years. In *Table 1*, we provide the names of these indicators, exact questions from the survey, and response options on the scale.

Table 1. Variables entering the analysis

Code	Name of the indicator	Question in the survey	Scale
PropRigh	Property rights	In your country, how strong is the protection of property rights, including financial assets?	1 = extremely weak, 7 = extremely strong
RulesFDI	Impact of rules on FDI	In your country, how restrictive are rules and regulations on foreign direct investment (FDI)?	1 = extremely restrictive, 7 = not restrictive at all
SettDisp	Efficiency of legal framework in settling disputes	In your country, how efficient are the legal and judicial systems for companies in settling disputes?	1 = extremely inefficient, 7 = extremely efficient
ChallRegu	Efficiency of legal framework in challenging regulations	In your country, how easy is it for private businesses to challenge government actions and/or regulations through the legal system?	1 = extremely difficult, 7 = extremely easy

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MarkDom i	Extent of market dominance	In your country, how do you characterize corporate activity?	1 = dominated by a few business groups, 7 = spread among many firms
TaxWork	Extent and effect of taxation on incentives to work	In your country, to what extent do taxes and social contributions reduce the incentive to work?	1 = to a great extent, 7 = not at all
TaxInve	Extent and effect of taxation on incentives to invest	In your country, to what extent do taxes reduce the incentive to invest?	1 = to a great extent, 7 = not at all

Source: own compilation according to Calderwood and Soshkin (2019)

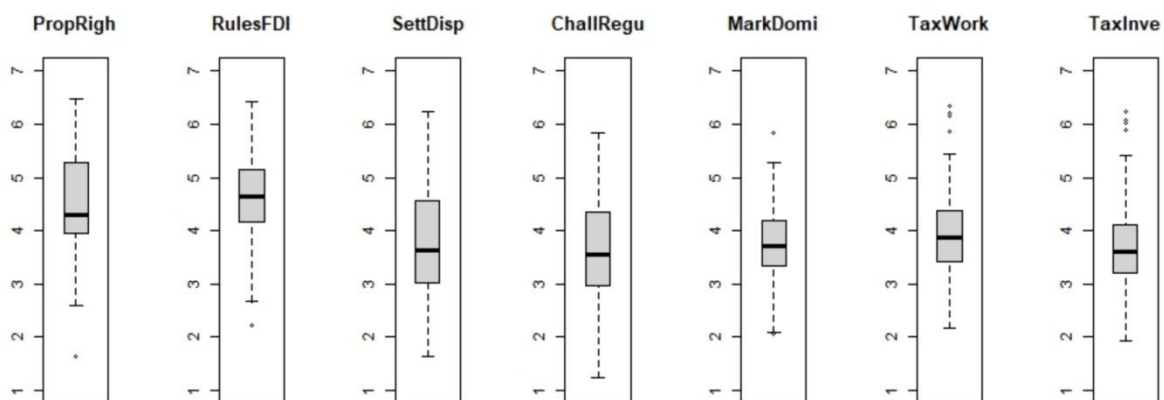
The descriptive characteristics of analyzed indicators are in *Table 2*, for 2017 and 2019, separately. In addition, *Graphs 1* and *2* visualize data through their quartiles in boxplots. We can see that the highest deviation among countries is within indicators “Efficiency of legal framework in settling disputes” and “Property rights”. On the other hand, the smallest variation is for “Extent of market dominance”.

Table 2. Descriptive statistics of variables entering the analysis

Variable	2017				2019			
	Mean	Std. Dev.	Min	Max	Mean	Std. Dev.	Min	Max
PropRigh	4.5088	0.9762	1.6482	6.4915	4.5269	0.9431	1.7020	6.5623
RulesFDI	4.6170	0.8084	2.2311	6.4306	4.6189	0.7541	2.4301	6.2258
SettDisp	3.8233	1.0207	1.6469	6.2301	3.7771	1.0003	1.4876	6.1648
ChallRegu	3.6551	0.9570	1.2283	5.8462	3.4538	0.8952	1.2470	5.6406
MarkDomi	3.7758	0.7147	2.0557	5.8441	3.8198	0.7182	2.1861	5.9894
TaxWork	3.9378	0.7837	2.1685	6.3364	3.8765	0.7806	2.1454	6.1562
TaxInve	3.7693	0.8493	1.9348	6.2296	3.7445	0.8507	1.9081	6.0753

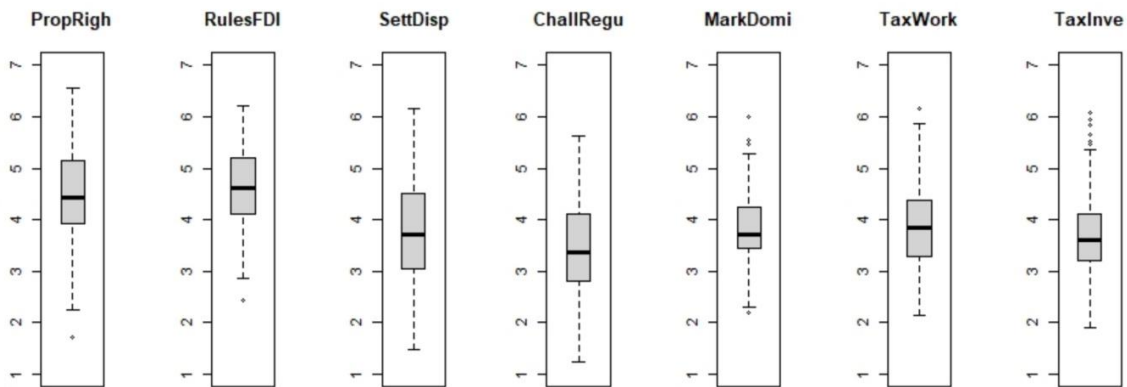
Source: own compilation

Note: Std. Dev. denotes standard deviation, Min is minimum value, and Max denotes maximum value, respectively.



Graph 1. Boxplot of analyzed variables – Year: 2017

Source: own processing



Graph 2. Boxplot of analyzed variables – Year: 2019

Source: own processing

In Table 3, we specify the top and the worst ten countries for the given indicators. In general, Switzerland, Singapore, Hong Kong, and Finland seem to have the best business environment. Contrastingly, doing business is the most difficult in Venezuela, Bolivia, and Mauritania. In general, countries from Europe ranked first, while countries from America and Sub-Saharan Africa ranked worst. Surprisingly, in the 6th and 7th indicators, countries from the Middle East and North Africa came in the top ten. On the other hand, countries from Europe were last. It suggests a specific factor structure, which is the issue of this paper.

Table 3. Top and the worst ten countries within analyzed indicators of business environment

	PropRigh		RulesFDI		SettDisp		ChallRegu		MarkDomi		TaxWork		TaxInve	
	2017	2019	2017	2019	2017	2019	2017	2019	2017	2019	2017	2019	2017	2019
1	CHE	FIN	IRL	HKG	SGP	SGP	CHE	FIN	CHE	CHE	QAT	SGP	ARE	BHR
2	FIN	CHE	HKG	SGP	HKG	FIN	FIN	CHE	DEU	DEU	ARE	HKG	BHR	HKG
3	SWE	SGP	SGP	GBR	CHE	HKG	HKG	HKG	DNK	ITA	SGP	CHE	HKG	SGP
4	LUX	LUX	SWE	FIN	SWE	CHE	NZL	LUX	TWN	NLD	HKG	QAT	QAT	QAT
5	SGP	GBR	FIN	LUX	FIN	NLD	NLD	NZL	AUT	TWN	CHE	ARE	SGP	LUX
6	GBR	HKG	GBR	IRL	GBR	LUX	NOR	DEU	BEL	DNK	OMN	LUX	LUX	MUS
7	HKG	NLD	LUX	PRT	NOR	SWE	LUX	NLD	NLD	MYS	BHR	BHR	CHE	CHE
8	IRL	CAN	RWA	CHE	NZL	NZL	QAT	QAT	ARE	BEL	LUX	MUS	MUS	ARE
9	NLD	NZL	EST	SVK	ZAF	ARE	GBR	ISL	QAT	AUT	RWA	MYS	OMN	CYP
10	NOR	AUS	PAN	ALB	ARE	GBR	ZAF	GBR	GBR	SGP	GEO	MLT	PRY	MLT
110	SRB	MOZ	ARG	BDI	PER	MKD	ITA	GRC	CHL	SLV	POL	BEL	HND	TCD
111	MDA	MKD	YEM	KWT	GRC	NIC	DOM	YEM	SRB	NPL	PRT	ITA	ALB	CIV
112	BOL	SLV	TCD	IRN	MRT	MRT	PRY	MKD	DOM	MOZ	ITA	SVK	ROU	ALB
113	YEM	TCD	KWT	TCD	BOL	GRC	HRV	ITA	YEM	VEN	ARG	POL	TCD	YEM
114	TCD	BDI	BDI	LSO	PRY	PRY	MRT	MRT	NPL	YEM	BEL	HRV	COL	BOL
115	HUN	YEM	IRN	MRT	HRV	PER	SVK	NIC	VEN	NIC	AUT	SVN	MRT	COL
116	BDI	ZWE	DZA	DZA	MDA	ITA	MDA	HUN	NIC	UGA	HRV	ARG	HRV	MRT
117	MRT	BOL	MRT	ZWE	ITA	BOL	NIC	HRV	MNG	TCD	GRC	BOL	ARG	ITA
118	ZWE	MRT	VEN	YEM	SVK	HRV	BOL	BOL	MRT	MNG	SVK	URY	GRC	ARG
119	VEN	VEN	ZWE	VEN	VEN	VEN	VEN	VEN	TCD	MRT	SVN	GRC	ITA	GRC

Source: own compilation

Note: Cell colors indicates these regions: orange – Asia-Pacific, blue – Europe and Eurasia, yellow – The Americas, green – Middle East and North Africa, violet – Sub-Saharan Africa

## 2.2. Factor analysis

We use factor analysis to identify how the survey indicators of the Business Environment pillar are connected. This analysis allows us to reduce many indicators into a smaller set of factors (Williams et al., 2010; Štefko et al., 2021). We use Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (Kaiser, 1970) and Bartlett's test of sphericity (Bartlett, 1950) to assess the suitability of given data for factor analysis; the KMO has to be higher than 0.50, and the significance of Bartlett's test has to be confirmed ( $p < 0.05$ ).

We perform explanatory factor analysis because we are not aware of any study that realized the same examination. We use the principal components analysis extraction method and varimax rotation that finds the best distribution of the factor loadings in terms of the meaning of the factors. To determine the isolation of factors, we use the scree plot and factors with an eigenvalue greater than 1 (Štefko et al., 2021). We process data and provide factor analysis using the Stata software and the RStudio.

## 3. Results of the factor analysis and discussion

Each calculation presented in this Section will be performed for 2 years (2017 and 2019). If we want to use factor analysis, we must first verify whether the correlation between analyzed indicators is high enough. Table 4 indicates a statistically significant correlation ( $p = 0.0000$ ) between all pairs of indicators. The smallest relationship is between "Extent and effect of taxation on incentives to work" and "Impact of rules on FDI" in 2019 ( $r = 0.2223$ ). On the other hand, the highest relationship is between "Efficiency of legal framework in challenging regulations" and "Efficiency of legal framework in challenging regulations" in 2019 ( $r = 0.9524$ ). Statistical significance of correlation coefficients confirmed that would be appropriate for factor analysis.

Table 4. Correlation matrix for 2017 and 2019

Variables	PropRigh	RulesFDI	SettDisp	ChallRegu	MarkDomi	TaxWork	TaxInve
PropRigh							
RulesFDI	0.6855 0.6960						
SettDisp	0.8346 0.8415	0.4404 0.4565					
ChallRegu	0.8647 0.8942	0.4668 0.5064	0.9273 0.9524				
MarkDomi	0.7519 0.7271	0.4511 0.5117	0.6482 0.6420	0.6688 0.6648			
TaxWork	0.4199 0.3845	0.2419 0.2223	0.5759 0.5179	0.6079 0.4745	0.2980 0.2381		
TaxInve	0.5867 0.5468	0.4765 0.4282	0.5799 0.5818	0.6673 0.5803	0.4351 0.3938	0.7982 0.8151	

Source: own compilation

Note: Upper coefficient is for 2017, bottom coefficient is for 2019. All correlation coefficients are statistically significant ( $p = 0.0000$ ).

The KMO measure for sampling adequacy (KMO = 0.787 for 2017, KMO = 0.794 for 2019) allows a preliminary investigation of the factors, because the condition that the value must be greater than 0.5 is met. Moreover, according to the Bartlett's test of sphericity, variables



are not intercorrelated (for 2017:  $\chi^2(21) = 834.352$ ,  $p < 0.001$ ; for 2019:  $\chi^2(21) = 802.143$ ,  $p < 0.001$ ).

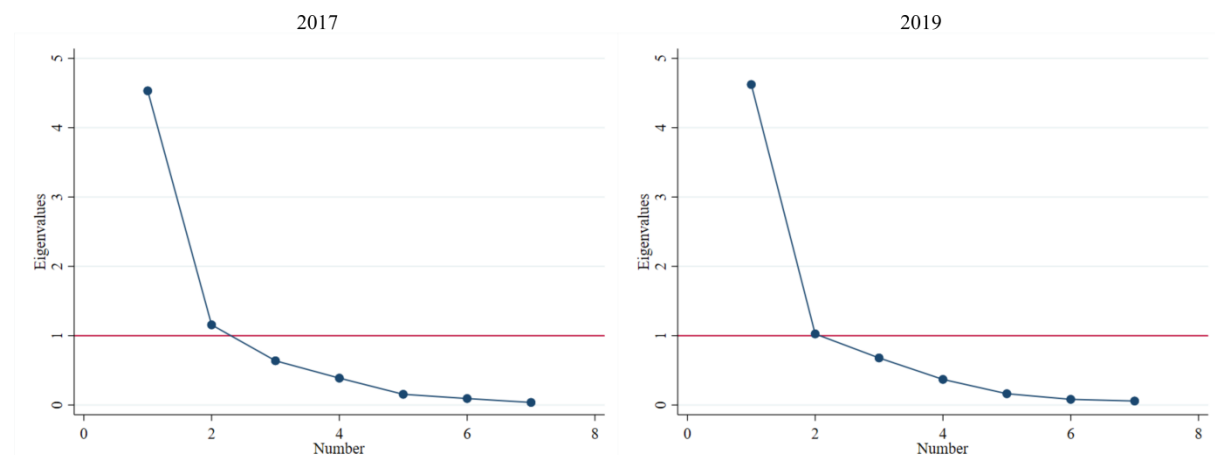
Table 5 shows calculated eigenvalues by using principal component analysis, where two factors meet the criterion that the minimum eigenvalue must be higher than 1.0. Graph 3, where the eigenvalues are plotted against the factor number, also confirms the result of two significant factors. The results are very similar for both analyzed years.

Table 5. Eigenvalues

Factor	2017				2019			
	Eigen.	Diff.	Prop.	Cum.	Eigen.	Diff.	Prop.	Cum.
Factor 1	<b>4.5317</b>	3.3752	0.6474	0.6474	<b>4.6224</b>	3.5969	0.6603	0.6603
Factor 2	<b>1.1565</b>	0.5183	0.1652	0.8126	<b>1.0255</b>	0.3463	0.1465	0.8068
Factor 3	0.6382	0.2499	0.0912	0.9038	0.6792	0.3097	0.0970	0.9039
Factor 4	0.3883	0.2336	0.0555	0.9592	0.3695	0.2061	0.0528	0.9567
Factor 5	0.1547	0.0612	0.0221	0.9813	0.1634	0.0814	0.0233	0.9800
Factor 6	0.0935	0.0563	0.0134	0.9947	0.0820	0.0239	0.0117	0.9917
Factor 7	0.0372		0.0053	1.0000	0.0581		0.0083	1.0000

Source: own compilation

Note: Eigen. denotes eigenvalues, Diff. is difference, Prop. denotes proportion, and Cum. denotes cumulative, respectively. Marked eigenvalues are higher than 1.0.



Graph 3. Scree plots

Source: own processing

To explain the solution set more easily, in Table 6, we present factor loadings after varimax rotation. It represents the degree to which each of the business environment indicators correlates with each of the factors. We consider that factor loadings higher than 0.7 form the final significant factor. We see that the first factor includes indicators that create general legislative conditions; the second factor is connected with taxation.



Table 6. Factor loadings after varimax rotation

Variable	2017		2019	
	Factor1	Factor2	Factor1	Factor2
PropRigh	<b>0.9210</b>	0.2749	<b>0.9144</b>	0.3123
RulesFDI	<b>0.7370</b>	0.0951	<b>0.7375</b>	0.0978
SettDisp	<b>0.7923</b>	0.4517	<b>0.7388</b>	0.5169
ChallRegu	<b>0.8397</b>	0.4065	<b>0.7438</b>	0.5658
MarkDomi	<b>0.8378</b>	0.0879	<b>0.8317</b>	0.1533
TaxWork	0.1371	<b>0.9540</b>	0.1426	<b>0.9533</b>
TaxInve	0.3452	<b>0.8674</b>	0.3638	<b>0.8353</b>

Source: *own compilation*

Note: Marked loadings are higher than 0.7.

In 2017, our two factors explain 81.26% of the variance; in 2019, it is 80.68% of the variance (see Table 7). The results show that the resulting factors explain almost the same variance in both analyzed years. These results confirm that indicators of the business environment (pillar that influences TTCI) show common factors (*Figure 1*).

Table 7. Factor analysis

Factor	2017				2019			
	Var.	Diff.	Prop.	Cum.	Var.	Diff.	Prop.	Cum.
1 – General legislative conditions	3.5641	1.4399	0.5092	0.5092	3.3235	0.9991	0.4748	0.4748
2 – Taxation	2.1241		0.3034	0.8126	2.3244		0.3321	0.8068

Source: *own compilation*

Note: Var. denotes variance, Diff. is difference, Prop. denotes proportion, and Cum. denotes cumulative, respectively.

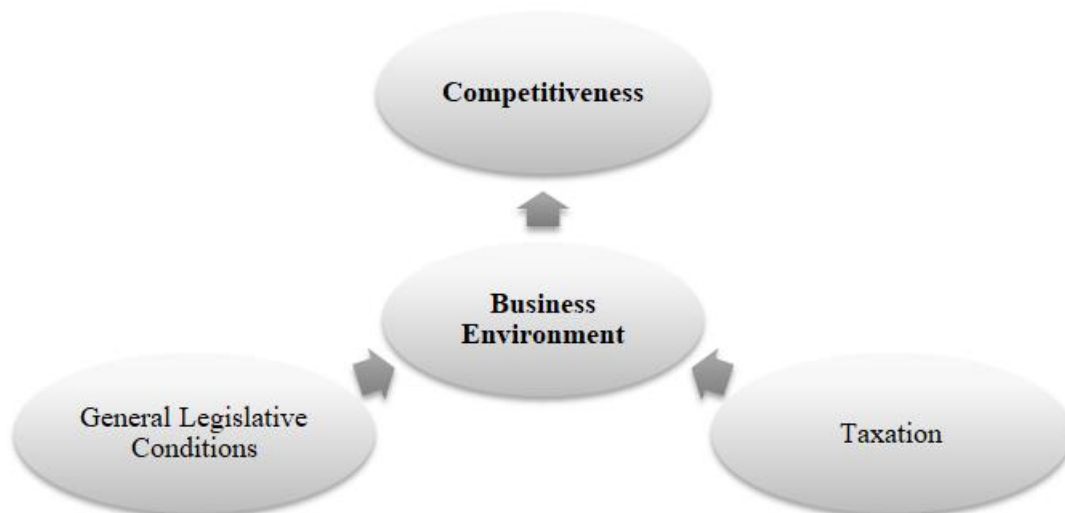


Figure 1. Factors influencing business environment

Source: *own processing*

Hyper-competitive market conditions are forcing a better understanding of the business environment. The business environment is not an essential indicator of a country's competitiveness in general but also in the tourism field. A quality business environment helps tourism companies to establish themselves in the target territory. The tourism industry is not only subject to specific tourism laws and regulations but also to laws and regulations

fundamentally predetermined for other areas (European Commission). Therefore, knowing other general legislative measures is fundamental for all companies operating in this extensive industry. The general legislative conditions factor describes how strong is the protection of property rights, how restrictive are rules and regulations on FDI, how efficient are the legal and judicial systems for companies in settling disputes, how easy is it for private businesses to challenge government actions and/or regulation through the legal system, and whether a corporate activity is dominated by a few business groups or spread among many firms.

In the business environment, it is important to support projects by using investment aid in the form of tax relief. The taxation factor explains to what extent taxes and social contributions reduce the incentive to work and invest. The tax legislation in some countries implies significant deficits. With confusing legislation, there is a clear investment winner. He can effectively avoid tax issues and ensure the achievement of above-average returns at a very appropriate risk. In most countries, the problems are mainly in insufficient justice, ambiguity, and increasing complexity and messiness. The problem is if the same income from different investments is tax differentiated. The tax system depends on the individual circumstances of each entity and may be modified in the future. The tax regime largely determines the competitiveness of companies and the business environment. Tax cuts have an epoch-making effect on the development of the business environment and on incentives to work. Taxes and levies affect entities' decision-making and thus influence the incentives to work and ultimately affect overall employment. From the employee's point of view, net salary influences his incentives to work (Košíková and Timková, 2018), which is a salary adjusted for all taxes. An increase in the tax burden, which reduces net wages, will also cause unemployment to rise, thus reducing the country's competitiveness. In the tourism industry, if the business environment in tourism is known for low tax rates and high tax incentives, the prices of products and services in this sector will fall. Then, according to Loganatan *et al.* (2019), tourist destinations are offering a low price, and it usually becomes a popular tourism spot.

Our results are in part consistent with the results of a study by Guisinger (2001), who specified the following elements of the international business environment: legal systems, tax regimes, restrictions, income level, political risk, economic geography and demography, culture, exchange rates (Sethi and Guisinger, 2002). In our first factor, we can include his legal system and restriction; in our second factor, we can involve tax regimes and income level (related to the incentives to work).

Indicators of Business Environment pillar of TTCI show that more competitive is a country: with stronger protection of property rights, including financial assets; with less restrictive rules and regulations on foreign direct investment; with extremely efficient legal and judicial systems for companies in settling disputes; with the extremely easy challenge of government actions and/or regulations through the legal system for private businesses; where corporate activity spread among many firms. The extent to which taxes and social contributions reduce the incentive to work and invest should be as low as possible.

## Conclusion

Country's business environment is surely an important factor influencing the motivation to begin a new business. The process of setting strategic business goals should be one of the essential issues of managers. The competitive position and action plans create the firm's strategy, which ultimately affects the firm's operational capabilities and business outcomes. The business environment is described by several indexes, such as Doing Business (The World Bank), Global Competitiveness Index (The World Economic Forum); unfortunately, these indexes do not take into account the tourism industry. Therefore, our study contributes to the

existing body of knowledge on travel and tourism competitiveness, while it is supplemented by the specific view on the business environment. Our research has considered that the seven indicators can be formed into several factors while studying competitiveness. These are general legislative conditions and taxation. The results of this study require considering in any attempts to manage the business environment in travel and tourism.

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## Appendix

Table 8. Analyzed countries

Code	Country name	Code	Country name	Code	Country name	Code	Country name
ALB	Albania	EST	Estonia	LSO	Lesotho	RWA	Rwanda
DZA	Algeria	ETH	Ethiopia	LTU	Lithuania	SAU	Saudi Arabia
ARG	Argentina	FIN	Finland	LUX	Luxembourg	SEN	Senegal
ARM	Armenia	FRA	France	MKD	North Macedonia	SRB	Serbia
AUS	Australia	GMB	Gambia	MWI	Malawi	SLE	Sierra Leone
AUT	Austria	GEO	Georgia	MYS	Malaysia	SGP	Singapore
AZE	Azerbaijan	DEU	Germany	MLI	Mali	SVK	Slovak Republic
BHR	Bahrain	GHA	Ghana	MLT	Malta	SVN	Slovenia
BGD	Bangladesh	GRC	Greece	MRT	Mauritania	ZAF	South Africa
BEL	Belgium	GTM	Guatemala	MUS	Mauritius	ESP	Spain
BOL	Bolivia	HND	Honduras	MDA	Moldova	LKA	Sri Lanka
BWA	Botswana	HKG	Hong Kong SAR	MNG	Mongolia	SWE	Sweden
BGR	Bulgaria	HUN	Hungary	MNE	Montenegro	CHE	Switzerland
BDI	Burundi	ISL	Iceland	MAR	Morocco	TWN	Taiwan, China
KHM	Cambodia	IND	India	MOZ	Mozambique	TJK	Tajikistan
CMR	Cameroon	IDN	Indonesia	NAM	Namibia	TZA	Tanzania
CAN	Canada	IRN	Iran	NPL	Nepal	THA	Thailand
CPV	Cape Verde	IRL	Ireland	NLD	Netherlands	TTO	Trinidad and Tobago
TCO	Chad	ISR	Israel	NZL	New Zealand	TUN	Tunisia
CHL	Chile	ITA	Italy	NIC	Nicaragua	TUR	Turkey
COL	Colombia	JAM	Jamaica	NOR	Norway	UGA	Uganda
CRI	Costa Rica	JOR	Jordan	OMN	Oman	ARE	United Arab Emirates
CIV	Côte d'Ivoire	KAZ	Kazakhstan	PAN	Panama	GBR	United Kingdom
HRV	Croatia	KEN	Kenya	PRY	Paraguay	URY	Uruguay
CYP	Cyprus	KOR	Korea	PER	Peru	VEN	Venezuela
CZE	Czech Republic	KWT	Kuwait	PHL	Philippines	VNM	Vietnam
DNK	Denmark	KGZ	Kyrgyz Republic	POL	Poland	YEM	Yemen
DOM	Dominican Republic	LAO	Lao PDR	PRT	Portugal	ZMB	Zambia
EGY	Egypt	LVA	Latvia	QAT	Qatar	ZWE	Zimbabwe
SLV	El Salvador	LBN	Lebanon	ROU	Romania		

Source: own compilation

Note: Cell colors indicates these regions: orange – Asia-Pacific, blue – Europe and Eurasia, yellow – The Americas, green – Middle East and North Africa, violet – Sub-Saharan Africa