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SOCIO-ECONOMIC DEVELOPMENT OF TOURIST DESTINATIONS: A CROSS-COUNTRY ANALYSIS

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ABSTRACT

The study aims to investigate the characteristics of socio-economic development in the context of countries' tourism advancement. The paper analyzes the Travel & Tourism Development Index (TTDI) and the Happiness Rating (HR). The sample covers data from 102 countries for the year 2021. The analysis showed that there are differences in the relationships between TTDI and HR, as well as their sub-indices, among groups of countries distributed according to income level. The research methodology includes the use of such methods as correlation analysis to determine the relationships between indicators like factor analysis to identify the degree of indicators' influence on the sample and a graphical method to visualise the analysis results. The study uses the World Bank approach to classify countries into income groups. The study confirms that a country's welfare level is one factor that determines patterns in various areas, including tourism.

Keywords: socio-economic development, tourism development, tourist destinations, Travel & Tourism Development Index, Happiness Rating

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INTRODUCTION

For many years, scholars have wondered why development is uneven across countries and regions and what the underlying causes of this phenomenon may be. Economic history has repeatedly proved that countries with similar starting conditions for economic activity have achieved fundamentally different development

outcomes. The key factor of a nation's success and well-being is often not as much the available resources as the state's choice of the right pathway. Choosing the right socio-economic development strategy is a major challenge for any state. The realization of this task depends on many factors, one of which is the practical implementation of the most successful countries' experience.

Tourism plays a significant role in the socio-economic development of many countries. The impact of tourism on a country's economy is manifested not only in higher revenues from tourist arrivals and the stimulation of domestic demand due to the increase in tourist flows but also in the generation of demand for travel and tourism-related goods and services. Business tourism indicators, for example, can be used as a proxy for national economic development (Yermachenko, Dekhtyar & Dorokhov, 2015).

Social development induced by tourism is much broader than economic development and includes the expansion of the multicultural environment by raising people's awareness in the host destination about the manners, customs, religions, etc., of tourists. In this way, tourism contributes to a society's increase of tolerance, patience, and empathy towards representatives of other countries and cultures, and the country receives a new impetus for social development. Cultural exchange and the advancement of cross-cultural communication are important factors accompanying travel.

In addition, tourism also contributes to the improvement of the educational level in the host destination. The increased demand for the services of qualified personnel, both in tourism and related industries, the need to improve language skills and service culture, and the development of abilities to work with digital technologies and software, which have become widespread in recent years, contribute to tourism promotion. In most cases, tourism has a positive impact on the socio-economic development of countries and regions.

The impact of tourism on society is significant, as it brings significant economic and social benefits. Due to tourism, the interaction between countries intensifies and leads first to improving transportation and personal communications, and in the long term to improving business relations. The positive impact of tourism is manifested not only by increasing the economic benefits of the host destination but also by improving the subjective impressions of both tourists and residents. In other words, tourism makes its participants happier. In this context, the study focuses on determining the changes in the relationship between the level of countries' tourism development and socio-economic development, as well as establishing the extent to which the level of tourism development is related to the level of happiness in countries with differing income levels. Therefore, the present study aims to determine the features of the relationship between the level of tourism development and the level of happiness in destinations by examining groups of countries.

LITERATURE REVIEW

The influence of tourism on the economies of countries and regions is significant. Thus, Puig-Cabrera & Foronda-Robles (2021) determined that tourism has an impact on socio-economic development, including through job creation and increased welfare, based on an example of 20 developing countries in Latin America from 2005 to 2015. Based on data from 2011 to 2017, Fafurida et al. (2020) note that the tourism sector positively impacts Indonesia's economic development. In addition, tourism has a significant positive influence on sustainable economic development in 57 Belt and Road countries observed in 2000-2018 (Umurzakov, Tosheva, & Salahodjaev, 2023). Using a sample of 143 countries, Pulido-Fernández & Cárdenas-García (2021) confirmed a bidirectional relationship between tourism and economic development from 1993 to 2017.

The direction, however, of the relationship between tourism and economic development varies across countries and regions. Thus, Alhowaish (2016) found a unidirectional Granger causality from economic growth to tourism growth in most Gulf countries from 1995 to 2012. In the case of the five Greater Mekong Subregion (GMS) countries from 2000 to 2012, the relationship between tourism and economic development is also unidirectional (Nonthapot, 2014). Karimi (2018), using data from 2000-2015, found a direct positive relationship between tourism and economic growth in Malaysia in the long run. The causality between international tourism and economic growth in Iran from 1981 to 2014 is also unidirectional (Yazdi, 2019).

The results of the study by Sokhanvar, Çiftçioğlu & Javid (2018) for 1995–2014 show that the causal relationship from tourism to economic growth in Brazil, Mexico and the Philippines, while in China, India, Indonesia, Malaysia and Peru it is unidirectional, and in Chile it is bidirectional. Park & Kim (2017) found a bidirectional causal relationship between economic growth and tourism growth in Korea; however, it turned out that this relationship is heterogeneous. In Portugal, the causal relationship between tourism development and economic growth in 1995-2010 is bidirectional, while in Spain, Italy, Tunisia, Cyprus, Croatia, Bulgaria and Greece it is unidirectional (Aslan, 2014).

Liu et al (2022), based on an analysis of data from 2005-2017, concluded that both domestic and inbound tourism stimulate economic growth in China. These findings are supported by studies for Eastern (Wu et al., 2022; Wu, Ai &Wu, 2023) and Western China (Wu et al., 2023). The results of a research study on Sub-Saharan Africa for 2002-2018 showed that tourism expenditure has a negative impact on economic growth, while tourism revenue has a positive impact on growth (Nyasha, Odhiambo & Asongu, 2021). In the case of Italy (1997-2008; 2009-2019), tourism growth depends on past economic growth rates (Colacchio & Vergori 2023). Ady et al (2022) in their study found that international tourism performance is positively correlated with economic growth during the period 1991-2020.

Rout, Mishra & Pradhan (2016) found that tourism has a positive impact on economic growth (case India, 1990-2015). Kozhokulov et al. (2019) reached similar conclusions. Researchers identified that tourism has a beneficial effect on economic and social growth in the Issyk-Kul region of the Kyrgyz Republic, 2002-2017, and that this influence is increasing every year. Mazaraki et al. (2019), on the example of Ukraine (data 2000-2017) confirm the overall fact that tourism has a positive influence on economic growth.

Studies show that the impact of tourism on developing countries' development is not always unambiguous. For instance, in the case of Pakistan, even though tourism stimulates economic growth, it also leads to negative externalities such as higher crime rates, environmental pollution, and violation of community cultural norms, etc. (Jehan et al., 2022). Pulido-Fernández, Cárdenas-García & Sánchez-Rivero (2014) note that tourism growth does not affect the level of economic development in poor countries. Tourism in Botswana causes both positive and negative socio-economic consequences, such as a negative environmental impact in the form of pollution and a large amount of waste (Mbaiwa, 2003). In BRICS countries, from 1995 to 2013, tourism positively impacted economic growth but caused negative externalities in the form of pollution (Banday & Ismail, 2017). As Pal & Yashwant Singh (2020) point out, tourism can bring both positive (economic development in the region, cultural infrastructure, improved quality of life, etc.) and negative (increased cost of living in the host destination, social problems, financial losses, etc.) socio-economic impacts.

Tourism's impact on socio-economic development is not limited to stimulating growth and increasing income. The benefits of tourism are mixed. For example, a study by Kim, Song & Pyun (2016), using data from 1995 to 2012, found that tourism affects poverty differently: tourism reduces poverty in the least developed countries, while other countries do not experience positive tourism-related changes. The impact of tourism on income inequality was also mixed across 71 developed and developing countries from 1996 to 2016. On the one hand, tourism reduces inequality in countries with a low level of economic development, while on the other hand, it increases inequality in countries with a high level of economic development (Wang & Tziamalis, 2023).

A more detailed analysis of the socio-economic conditions of tourist destinations shows that these issues have also been under the close attention of researchers in recent years because the impact of tourism is not limited to the economic sphere. In addition to the economic impact, tourism also has a social influence on the host destination. Ma et al. (2013), for instance, note that the social responsibility of the destination has a significant positive impact on the country's development. The influence of tourism also manifests itself in other spheres of society. Thus, tourism is linked to human development, but this relationship is uneven from country to country (Stryzhak et al., 2021). Tourism development can improve the business climate and competition in a destination country (Kyrylov et al., 2022).

Thus, the scope of the impact of tourism is broad, affecting social relations across a wide spectrum. For example, tourism generates a positive response from the native population in Kusadasi (Turkey), given its strong economic, cultural, and environmental contributions (Ozturk, Ozer & Çalişkan, 2015). Chen & Li (2018), using the example of tourists arriving in Switzerland in 2015, found that there is a positive relationship between destination image and life satisfaction.

There is a noteworthy relationship between the level of tourism development and happiness. Based on the analysis of panel data of 119 countries for 2006-2017, Lee, Chen & Peng (2021) determined that the level of happiness in host countries affects both tourist arrivals and tourism revenues in all countries except European ones; however, this relationship is not always unambiguous. Godovykh, Ridderstaat & Fyall (2023) found that the effect of tourism on the self-perception of happy residents of a destination is positive in the long term and negative in the short term. The results of research by Rivera, Croes & Lee (2016) show that, although there is a positive relationship between the level of tourism development and happiness, it is nevertheless insignificant. Carneiro & Eusébio (2019) identified that the happiness of young tourists is also determined by various tourism value factors. Haini & Wei Loon (2023), based on data from 146 countries from 2005 to 2021, concluded that international tourism can contribute to the happiness of residents.

Pratt, McCabe, & Movono (2016) identified that tourism has a mixed impact on the well-being of Fijian villagers. On the one hand, tourism has a positive effect on the material well-being of those employed in this sphere, while on the other hand, it does not make them existentially happy. Juvan et al. (2021) obtained similar results. Therefore, even though tourism has a positive effect on the quality of life of travelers, the active development of tourism reduces the quality of life of the inhabitants of the host territory. Although tourism generates revenues, it also raises public costs by increasing the social costs of tourism. Meanwhile, previous studies did not find a significant relationship between life satisfaction and the level of tourism development. Croes et al. revealed that the relationship between tourism specialization and human development in Poland is indirectly negative (2021). At the same time, the specialization of tourism affects economic growth in the short term. Research by Kabat, Cibak & Filip (2020) has shown that workforce movements accompanied by remittances do not always produce economic growth.

The negative attitude of the native population towards tourism may ultimately reduce the region's attractiveness for tourist arrivals. Therefore, maintaining a balance between increasing tourist attractions' attractiveness and ensuring local residents' comfort is crucial. Several studies confirm that the general positive attitude of the native population, expressed, among other things, by the happiness index, attracts tourists to the region. Huang et al. (2021) determined that a country's level of happiness affects its attractiveness to Chinese tourists, and the relationship is direct and significant between the level of happiness in a host destination and the number of Chinese tourists visiting it (case 113 countries for 2012-2017). Gholipour, Tajaddini & Foroughi (2022) proved that tourists spend more money in those countries where the level of happiness is higher when looking at a sample of 58 developed and developing countries.

To summarize the results of the analysis of the publications, tourism affects all spheres of state activity - economic, political, social and cultural. Its influence is growing yearly due to the increasing integration of countries into the world economy system and the digitalization of economic relations. At the same time, tourism also causes negative externalities, which are manifested by the environmental pollution of the host destinations, an increase in tourist traffic (both passenger and automobile), significant price growth in places of attractions, changes in activity levels, and a rise of noise levels in tourist centers, among others.

On the one hand, tourism contributes to an increase in employment, income growth, and tax revenues in tourist destinations; on the other hand, these positive externalities mainly affect those employed directly in tourism and related sectors. Local residents who are not involved in tourist activities and whose income does not depend on tourism often negatively perceive the growth of the tourist flow since the increase in the number of tourists leads to a rise in the cost of living in tourist locations. The level of happiness of local residents affects the desire to

visit a destination and promotes tourism, along with such factors as attractive natural conditions, developed tourist infrastructure, high quality of service, availability of attractions, and cultural heritage sites. Analysis of publications shows that researchers pay more attention to the economic aspects of tourism development rather than to the social ones. This research, to some extent, tries to address that gap.

METHODOLOGY

The realization of the research objective involves verification of the following hypotheses:

H1: there is a relationship between the level of happiness and the level of development of the tourist destination;

H2: there is a relationship between the level of tourism development and the level of economic development of the visited countries;

H3: differences between groups of countries in the relationship between the level of happiness and tourism development depend on the level of economic development.

This study uses the TTDI and HR indicators for 2021 (there is recent comparable data for all analyzed indicators for this year) to validate (refute) the hypotheses. The sample covers 102 countries that are represented in the ranking lists of both indices.

The Travel & Tourism Development Index (TTDI) is a comprehensive indicator developed by the World Economic Forum (WEF) that assesses the state of the travel and tourism sector development in 117 countries worldwide for the year 2021. TTDI is a redesign of the Travel & Tourism Competitiveness Index (TTCI) with a strengthening of the role of sustainability and resilience in the tourism sector. The improved methodology for calculating the index takes into account the consequences of the global pandemic and includes new indicators. The latest report also assesses the impact of the war in Ukraine on tourism, even though Ukraine is not represented in the 2021 ranking.

The Happiness Rating (HR) shows the level of life satisfaction among the country's residents. The ranking is based on subjective well-being assessments by residents of 137 countries worldwide for 2022. HR explains differences in welfare around the world, both within and between countries. Key ranking factors include 14 indicators, in particular, GDP per capita adjusted for population growth, job security, life expectancy, physical and mental health, human relations, character virtues (including pro-sociality and trust), social support, personal freedom, lack of corruption, and effective government, as well as proxy indicators of the state of society, such as confidence level, magnanimity, and generosity. Gallup International opinion polls of citizens on how happy they feel make up a significant proportion of the final rating. Overall, the ranking shows the ability of countries to provide a happy life for their citizens.

The initial phase of the study aims to determine the relationship between TTDI and HR in the whole sample. Preliminary analysis shows that the relationship between the indices is statistically significant (Figure 1). The graph also illustrates that there is some variation in the indicators. The graph indicates that the relationship between the indicators is heterogeneous across the sample. The next stage of the research aims to determine the reason for the heterogeneous distribution of the indicators.

The study classifies countries into income groups according to the World Bank's approach. The first group includes high-income countries (40 cases). The second group consists of upper-middle-income countries (29 cases). Low- and lower-middle-income countries form the third group (33 cases). The arithmetic mean values fill the gaps in some data in the analyzed groups since there is no mode in most subgroups of indicators. Figure 1 presents a visualization of the country distribution in space depending on the TTDI and HR values by groups.

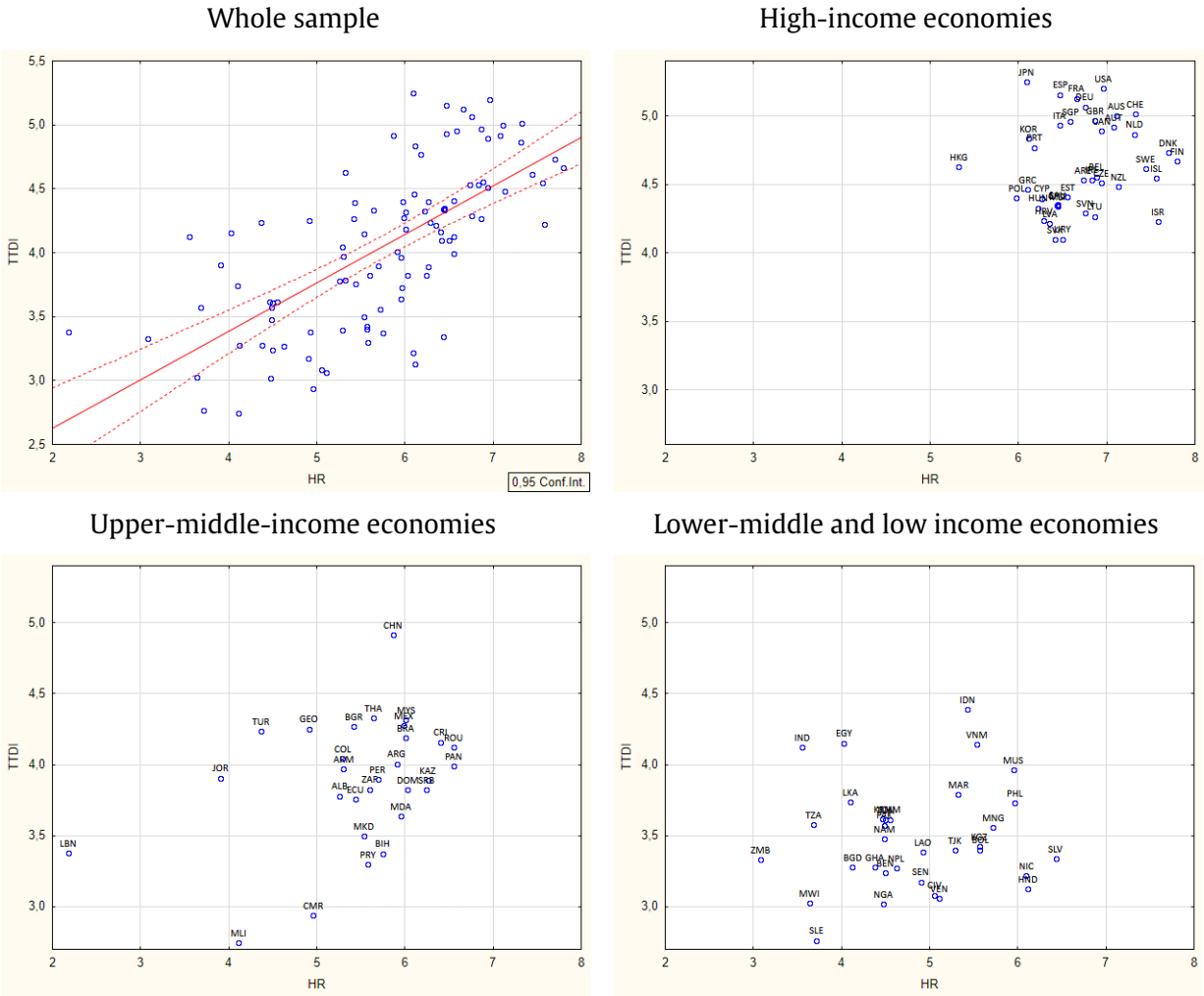

Figure 1: Distribution of countries according to TTDI and HR

Source: author's work.

The figure demonstrates the fact that certain groups of countries show a certain commonality in the distribution of indicators in space. As can be seen from the graphs, however, the groups contain so-called "outliers", i.e., countries showing dependencies that differ from the general ones for the group. For example, Japan, Hong Kong, and Israel stand out from the overall sample in the high-income group. China, Turkey, Jordan, Lebanon, Cameroon, and Mali differ from other countries in the middle-income group. For instance, despite its high income level, indicators of happiness and tourism development in Hong Kong are lower than for the group as a whole. The situation is similar in the group of upper-middle-income countries. The values of the analyzed indicators in Jordan, Lebanon, Cameroon, and Mali are lower than the average values for this group. The group of low-income countries demonstrates greater dispersion in space. This means that the patterns of indicators distribution in this group are weaker.

The study uses the calculation of Pearson correlation coefficients for the whole sample (as the number of data for analysis in the sample is N > 100) and Spearman's correlation coefficients by countries' groups (as the number of indicators is N<100 by groups) to determine the features of the relationship between TTDI and HR and their sub-indices.

Tables 1-4 show the results of the calculation.

Table 1: Pearson correlation for the whole sample

Variable	**Happiness rating**	Log GDP per capita	Social support	Healthy life expectancy at birth	Freedom to make life choices	Generosity	Perceptions of corruption
Travel & Tourism Development Index	0,676326	0,863815	0,613652	0,78591	0,274117	0,070639	-0,497503
Enabling Environment subindex	0,728085	0,892082	0,661351	0,799906	0,322544	0,067358	-0,523781
Travel and Tourism Policy and Enabling	0,386157	0,549371	0,493046	0,570835	0,268655	-0,061874	-0,127138
Infrastructure subindex	0,653893	0,862768	0,553799	0,759936	0,203113	0,052041	-0,484209
Travel and Tourism Demand Driverssubindex	0,265766	0,386901	0,22597	0,365291	0,065941	0,073811	-0,224803
Travel and Tourism Sustainability subindex	0,691584	0,746021	0,596856	0,655448	0,324286	0,122158	-0,630665
Business Environment pillar	0,488389	0,61907	0,33557	0,456446	0,329785	0,100313	-0,66845
Safety and Security pillar	0,437313	0,548662	0,358185	0,535835	0,312658	0,08239	-0,415865
Health and Hygiene pillar	0,735155	0,869925	0,7525	0,855484	0,221687	-0,008289	-0,34026
Human Resources and Labour Market pillar	0,692833	0,872062	0,619812	0,722457	0,292999	0,131281	-0,548687
ICT Readiness pillar	0,757279	0,923436	0,703443	0,814679	0,290002	0,039937	-0,414957
Prioritization of Travel & Tourism pillar	0,216374	0,424464	0,357227	0,427117	0,056123	-0,123372	-0,126723
International Openness pillar	0,691637	0,78446	0,597103	0,772542	0,335525	0,083812	-0,453736
Price competitiveness pillar	-0,514628	-0,545906	-0,32262	-0,497115	-0,0815	-0,118862	0,527292
Air Transport Infrastructure pillar	0,438519	0,675404	0,331184	0,557263	0,160364	0,137826	-0,440261
Ground and Port Infrastructure pillar	0,529306	0,712844	0,442128	0,603196	0,165282	0,053646	-0,550262
Tourist Service Infrastructure pillar	0,688209	0,807096	0,624932	0,767844	0,19113	-0,048983	-0,258225
Natural Resources pillar	0,072186	0,037479	0,094375	0,045386	0,096945	0,13945	-0,004301
Cultural Resources pillar	0,267737	0,418244	0,226369	0,425516	0,005814	-0,042537	-0,183408
Non-Leisure Resources pillar	0,361998	0,565108	0,277757	0,496337	0,070029	0,093582	-0,398871
Environmental Sustainability pillar	0,547736	0,527704	0,445945	0,468582	0,248129	0,048358	-0,532258
Socioeconomic Resilience & Conditions pillar	0,752605	0,805199	0,69954	0,768969	0,282855	0,097364	-0,492542
T&T Demand Pressure & Impact pillar	-0,15377	-0,087552	-0,205357	-0,205271	0,077176	0,093919	-0,21421

The noted correlations are significant at p<.05000; N=102

Source: author's work.

Table 2: Spearman's rank correlations in the high-income countries group

Variable	**Happiness rating**	Log GDP per capita	Social support	Healthy life expectancy at birth	Freedom to make life choices	Generosity	Perceptions of corruption
Travel & Tourism Development Index	0,229831	0,57561	-0,240338	0,501126	0,039962	0,173921	-0,489047
Enabling Environment subindex	0,566792	0,810507	-0,048968	0,309931	0,418574	0,350281	-0,714855
Travel and Tourism Policy and Enabling	-0,403189	-0,444278	0,134709	-0,127464	-0,292495	-0,232083	0,449552
Infrastructure subindex	0,090432	0,532645	-0,379925	0,495682	-0,08743	0,124578	-0,331911
Travel and Tourism Demand Diverssubindex	0,077111	0,29925	-0,300188	0,38333	-0,086116	0,049906	-0,295605
Travel and Tourism Sustainability subindex	0,615197	0,583114	0,25591	0,355829	0,374484	0,501313	-0,614757
Business Environment pillar	0,462664	0,7606	-0,178424	0,128496	0,481426	0,301501	-0,761293
Safety and Security pillar	0,130582	0,313696	0,163415	0,176178	0,349531	0,102064	-0,208734
Health and Hygiene pillar	0,182552	-0,039775	0,091745	0,251549	-0,166417	-0,186116	0,019888
Human Resources and Labour Market pillar	0,605816	0,893058	-0,123265	0,23287	0,395872	0,454784	-0,686899
ICT Readiness pillar	0,45985	0,581989	0,081426	0,246199	0,383677	0,299625	-0,527604
Prioritization of Travel & Tourism pillar	-0,308068	-0,290807	-0,016323	0,016989	-0,090619	-0,213696	0,219992
International Openness pillar	0,265222	0,335022	-0,004597	0,339106	-0,052819	0,187635	-0,263639
Price competitiveness pillar	-0,513696	-0,545403	0,106567	-0,416933	-0,189306	-0,364916	0,507247
Air Transport Infrastructure pillar	0,042214	0,609006	-0,527955	0,397785	-0,057036	0,139962	-0,412684
Ground and Port Infrastructure pillar	0,03621	0,334522	-0,041276	0,320443	-0,230769	-0,021576	-0,292603
Tourist Service Infrastructure pillar	0,06773	-0,074296	-0,110694	0,229491	0,061914	0,04878	0,170177
Natural Resources pillar	0,153846	0,022514	0,030769	0,197015	0,042777	0,101313	-0,057132
Cultural Resources pillar	-0,017636	0,17636	-0,354784	0,263094	-0,157598	-0,025704	-0,141376
Non-Leisure Resources pillar	0,072983	0,45591	-0,405066	0,420593	-0,094371	0,094371	-0,41531
Environmental Sustainability pillar	0,435647	0,161351	0,44878	0,000094	0,199812	0,221388	-0,308457
Socioeconomic Resilience & Conditions pillar	0,464353	0,260788	0,412008	0,354515	0,29606	0,175235	-0,27384
T&T Demand Pressure & Impact pillar	0,067355	0,452345	-0,408443	0,098461	0,033771	0,237711	-0,350392

The noted correlations are significant at p<.05000; N=40

Source: author's work.

Table 3: Spearman's rank correlations in the upper-middle-income countries group

Variable	**Happiness rating**	Log GDP per capita	Social support	Healthy life expectancy at birth	Freedom to make life choices	Generosity	Perceptions of corruption
Travel & Tourism Development Index	0,271921	0,599015	0,097537	0,259209	0,347783	-0,000493	-0,290640
Enabling Environment subindex	0,171429	0,496059	0,086700	0,255020	0,383251	-0,089163	-0,224631
Travel and Tourism Policy and Enabling	0,105911	0,418719	-0,020197	0,376987	0,344335	-0,391133	-0,383251
Infrastructure subindex	0,326108	0,635961	0,160591	0,271283	0,396552	-0,023645	-0,245813
Travel and Tourism Demand Driverssubindex	0,198522	0,281281	0,116749	0,210423	0,076355	0,093596	-0,143842
Travel and Tourism Sustainability subindex	0,412315	0,402463	0,200000	0,074412	0,494089	-0,146305	-0,301970
Business Environment pillar	0,054680	0,259113	0,019212	0,201060	0,326601	-0,209852	-0,344828
Safety and Security pillar	0,101970	0,300493	0,029557	0,195146	0,315271	-0,088670	-0,178818
Health and Hygiene pillar	0,233990	0,568966	0,162562	0,136011	0,267980	0,043350	-0,088670
Human Resources and Labour Market pillar	0,174877	0,495567	0,041872	0,285574	0,434483	-0,125123	-0,153695
ICT Readiness pillar	0,381773	0,702956	0,274384	0,139953	0,450739	0,022660	-0,244828
Prioritization of Travel & Tourism pillar	-0,073399	0,078325	0,033498	0,195146	0,092611	-0,347291	-0,294089
International Openness pillar	0,185714	0,372414	-0,013300	0,418135	0,377340	-0,429064	-0,224631
Price competitiveness pillar	0,036453	0,283744	0,145813	-0,001478	-0,008867	0,070936	-0,165025
Air Transport Infrastructure pillar	0,241872	0,466502	0,114286	0,152766	0,176847	-0,041872	-0,214778
Ground and Port Infrastructure pillar	0,204433	0,574384	0,143842	0,167796	0,309852	-0,062562	-0,165025
Tourist Service Infrastructure pillar	0,255172	0,523645	0,086207	0,406554	0,260591	-0,099507	-0,168473
Natural Resources pillar	0,290640	0,177833	0,198030	0,165578	0,163547	0,169951	-0,108374
Cultural Resources pillar	0,135961	0,329557	0,051724	0,207712	0,036946	0,020197	-0,190148
Non-Leisure Resources pillar	0,137931	0,267980	0,056650	0,204016	0,053202	0,048276	-0,158128
Environmental Sustainability pillar	0,120197	0,062069	-0,124138	0,087471	0,278818	-0,190640	-0,208374
Socioeconomic Resilience & Conditions pillar	0,356158	0,512808	0,291133	0,076137	0,406404	0,077833	0,036453
T&T Demand Pressure & Impact pillar	0,248768	0,085222	0,021675	0,052729	0,233498	-0,161576	-0,450739

The noted correlations are significant at p<.05000; N=29

Source: author's work.

Table 4: Spearman's rank correlations in the low- and lower-middle-income countries group

Variable	**Happiness rating**	Log GDP per capita	Social support	Healthy life expectancy at birth	Freedom to make life choices	Generosity	Perceptions of corruption
Travel & Tourism Development Index	0,059492	0,619318	0,228610	0,373861	0,233623	-0,126671	-0,043783
Enabling Environment subindex	0,262701	0,660094	0,381350	0,462438	0,206551	-0,227273	0,040775
Travel and Tourism Policy and Enabling	0,287767	0,554479	0,343583	0,443553	0,429144	-0,012701	-0,059492
Infrastructure subindex	0,002674	0,586230	-0,034759	0,264561	0,148396	-0,275735	-0,141377
Travel and Tourism Demand Driverssubindex	-0,192179	0,342914	-0,081551	0,045625	-0,098596	0,077540	0,055147
Travel and Tourism Sustainability subindex	-0,217246	0,009024	0,078877	-0,149578	-0,100936	-0,064840	-0,207219
Business Environment pillar	-0,237634	0,241979	-0,110294	-0,090750	-0,106952	-0,203209	-0,184826
Safety and Security pillar	-0,033088	0,054479	-0,039104	0,050974	0,058824	-0,077540	-0,096591
Health and Hygiene pillar	0,504679	0,705882	0,639037	0,755912	0,248997	-0,195521	0,025735
Human Resources and Labour Market pillar	0,085227	0,568516	0,393382	0,286622	0,011698	-0,042781	0,175468
ICT Readiness pillar	0,309492	0,737968	0,314171	0,455252	0,164104	-0,229947	0,163436
Prioritization of Travel & Tourism pillar	0,210896	0,553476	0,385695	0,399766	0,076872	-0,101270	0,081217
International Openness pillar	0,362968	0,271390	0,204211	0,307512	0,638703	0,176805	-0,102273
Price competitiveness pillar	0,027072	0,273061	0,257019	0,224451	0,242313	0,037099	0,013369
Air Transport Infrastructure pillar	-0,082553	0,423128	-0,129345	0,173811	0,224265	-0,076537	-0,111965
Ground and Port Infrastructure pillar	-0,260361	0,360628	-0,153743	0,105958	0,060160	-0,159091	-0,251671
Tourist Service Infrastructure pillar	0,526738	0,668449	0,381350	0,464945	0,063837	-0,478944	0,040775
Natural Resources pillar	-0,094251	0,148396	0,100602	-0,186012	-0,025735	0,315508	-0,034091
Cultural Resources pillar	-0,058824	0,377340	-0,031751	0,202724	0,015040	-0,160094	-0,028409
Non-Leisure Resources pillar	-0,011364	0,460561	-0,038770	0,314030	0,092580	0,025401	0,125334
Environmental Sustainability pillar	-0,397393	-0,254011	-0,153409	-0,400769	-0,260027	-0,108289	-0,126003
Socioeconomic Resilience & Conditions pillar	0,251337	0,390040	0,422794	0,476644	0,025401	-0,150067	0,071524
T&T Demand Pressure & Impact pillar	-0,440842	-0,093249	-0,213570	-0,394752	-0,047794	0,068182	-0,292781

The noted correlations are significant at p<.05000; N=33

Source: author's work.

Table 1 shows that there is a relationship between TTDI and HR for the sample as a whole, while there is no such relationship across the groups of countries. In addition, TTDI sub-indices are most strongly correlated with Log GDP per capita, suggesting that the level of tourism is more advanced in countries with higher levels of economic development. Price competitiveness is negatively correlated with all HR sub-indices except perceptions of corruption, which can be explained by the fact that the development of HR components is accompanied by rather high investments that low-income countries cannot afford. The study also found a negative correlation between perceptions of corruption and the TTDI sub-indices. In this case, however, the reason for the negative correlation is that the value of the perceptions of corruption index is reversed, i.e. a high corruption indicator means a poor corruption situation in the country.

In the high-income group (Table 2), the correlation between perceptions of corruption and almost all TTDI sub-indices is expectedly negative. At the same time, there is no relationship between TTDI and HR as such when there is a relationship between the separate sub-indices. For instance, Log GDP per capita shows a correlation with the TTDI sub-indices, such as enabling environment, business environment, human resources and labour market, and air transport infrastructure.

In the group of middle-income countries (Table 3), there is no relationship between sub-indices. The only exception is Log GDP per capita, which is positively related to TTDI and sub-indices such as infrastructure, ICT readiness, and ground and port infrastructure. In all other cases, the relationship between the indicators is not significant.

In the case of low-income countries (Table 4), there is a relationship between most of the TTDI sub-indices and Log GDP per capita. Notably, there is no relationship between generosity and perceptions of corruption and TTDI.

Thus, based on the information presented in the tables, the level of welfare in the countries largely determines the patterns between the indicators in different areas, including tourism.

The next stage of the study involves identifying the factors that describe the indicators by groups.

The study uses a factor analysis procedure to determine the factors, using the Principal Component Method (PCM) as a method. The results of the factor analysis are presented in Table 5.

Table 5: Factor loadings of indicators for groups of countries and the sample as a whole

Variable	Factor 1	Factor 2	Factor 1	Factor 2	Factor 1	Factor 2	Factor 1	Factor 2
	Whole sample		High-income economies		Upper-middle-income economies		Lower-middle and low income economies	
Enabling Environment subindex	-0,95685	-0,174948	-0,842199	-0,356703	0,89704	-0,315374	-0,873604	0,198223
Travel and Tourism Policy and Enabling	-0,59405	-0,168879	0,385785	-0,190173	0,87769	-0,100555	-0,771893	0,213251
Infrastructure subindex	-0,9493	0,197423	-0,747307	0,446821	0,86204	0,363646	-0,889272	-0,308672
Travel and Tourism Demand Driverssubindex	-0,48658	0,850984	-0,496815	0,742137	0,31494	0,921429	-0,557756	-0,553138
Travel and Tourism Sustainability subindex	-0,86751	-0,200922	-0,641503	-0,507933	0,64159	-0,428057	-0,343317	-0,271701
Business Environment pillar	-0,76457	-0,035422	-0,749995	-0,176715	0,55712	-0,052028	-0,595973	-0,394180
Safety and Security pillar	-0,6774	-0,406407	-0,364849	-0,461745	0,55304	-0,63856	-0,414432	-0,036128
Health and Hygiene pillar	-0,86269	-0,196449	-0,18597	-0,189383	0,74072	-0,33574	-0,650175	0,597397
Human Resources and Labour Market pillar	-0,92207	-0,041504	-0,815634	-0,174688	0,89276	-0,052482	-0,801754	0,050371
ICT Readiness pillar	-0,93646	-0,056705	-0,632567	-0,268142	0,93548	0,080217	-0,847595	0,222906
Prioritization of Travel & Tourism pillar	-0,43575	-0,150094	0,30699	-0,048983	0,46258	-0,037357	-0,647364	0,211466
International Openness pillar	-0,88664	-0,108722	-0,393478	-0,185195	0,77928	-0,133045	-0,570421	0,096529
Price competitiveness pillar	0,62551	-0,001051	0,641989	-0,067378	0,33717	0,015429	-0,447133	0,155339
Air Transport Infrastructure pillar	-0,76367	0,497414	-0,72882	0,53465	0,59658	0,682247	-0,809146	-0,468809
Ground and Port Infrastructure pillar	-0,83365	0,043838	-0,513216	-0,074976	0,77945	0,149171	-0,699170	-0,499459
Tourist Service Infrastructure pillar	-0,82373	-0,014615	-0,059882	0,350759	0,75002	-0,037233	-0,529185	0,404681
Natural Resources pillar	-0,1162	0,840882	-0,312587	0,618572	0,20555	0,856948	-0,316870	-0,538514
Cultural Resources pillar	-0,5283	0,726696	-0,349635	0,720902	0,31795	0,855511	-0,664459	-0,469789
Non-Leisure Resources pillar	-0,64332	0,701079	-0,6577	0,638357	0,38458	0,882751	-0,558181	-0,456649
Environmental Sustainability pillar	-0,66564	-0,307703	-0,275812	-0,658006	0,27403	-0,374828	0,051698	-0,406400
Socioeconomic Resilience & Conditions pillar	-0,86516	-0,301745	-0,321128	-0,582831	0,59894	-0,543491	-0,462189	0,496360
T&T Demand Pressure & Impact pillar	0,01279	0,364089	-0,376003	0,39178	0,26416	0,215706	-0,133123	-0,634203
Log GDP per capita	-0,91839	-0,058117	-0,788292	-0,133888	0,81326	-0,021971	-0,769302	0,356044
Social support	-0,68862	-0,185682	0,147302	-0,529795	0,43871	0,014073	-0,327254	0,639008
Healthy life expectancy at birth	-0,84189	-0,085609	-0,476947	0,028189	0,69483	-0,094358	-0,536889	0,579757
Freedom to make life choices	-0,32438	-0,133948	-0,338587	-0,425606	0,40745	-0,181106	-0,293569	0,057756
Generosity	-0,09281	0,061351	-0,400448	-0,27759	-0,05528	0,125025	-0,046630	-0,205873
Perceptions of corruption	0,57035	0,018417	0,751812	0,310732	-0,31662	-0,021235	0,024530	0,256910
Total variance	14,36156	3,468705	8,013814	4,900416	10,52773	5,101265	9,421257	4,352708
% Total variance	0,51291	0,123882	0,286208	0,175015	0,37599	0,182188	0,336473	0,155454

Source: author's work.

The analysis identified two factors in each group and for the sample as a whole, describing about 60% of the variance for each group of indicators; however, the influence of these factors varies considerably both in the sample as a whole and in the analyzed groups.

The first factor in the whole sample describes 51.3% of the total variance and is closely related to the variables that characterize the degree of development and tourism industry potential. The second factor explains 12.4% of the total variance and is related to resources for supplying tourism demand. The other indicators are statistically insignificant. It should be noted that the directions of action of these factors are different.

In the group of high-income countries, two factors explain 46.1% of the total variance. The first factor describes the resource endowment of the tourism business environment, the second describes the culture of tourism demand. As with the whole sample, the directions of action of these factors vary.

The group of middle-income countries is represented by factors that explain 55.8% of the variance. The first factor, with a loading of 37.6%, can be interpreted as tourism industry development policy, and the second, with a loading of 18.2%, can be interpreted as socio-cultural support for tourism and travel. These factors also differ in their direction of impact.

In the group of low-income countries, the factors describe 49.1% of the variance, while the first factor describes the majority (33.6%) and is related with variables reflecting favorable socio-economic conditions for travel; the second factor has no significant relationship with individual variables, although it describes 15.5% of the variance. These two factors are also acting in opposite directions.

Thus, the results of the analysis suggest that various factors determine the socio-economic development of tourist destinations in groups of countries with different income levels. Moreover, in all groups, factors act in different directions. The results of the analysis can be used in determining the directions and tools for achieving tourism development targets.

DISCUSSION, CONCLUSION AND RECOMMENDATION

Overall, there is a relationship between TTDI and HR across the sample. For Hypothesis H1 (there is a relationship between the individual sub-indices by a group of countries), the study's results generally show that the degree of tourism development and the level of happiness are correlated. For Hypothesis H2 (regarding the level of economic development), there is no unambiguous direct relationship between tourism development and income levels in countries. Undoubtedly, the high level of prosperity in the country stimulates the development of all spheres, including tourism; however, this factor is not the only one that determines a destination's attractiveness to visitors. The level of economic development, in terms of GDP per capita, has a definite impact on tourist arrivals.

Nevertheless, other factors determine the attractiveness of a tourist destination. As for Hypothesis H3, it turns out that income level and self-perception of happiness are not always related. Even though happiness largely depends on the level of welfare, in this case, GDP per capita is not the determining factor because other indicators are also important. Regardless, the importance of the economic component in assessing the relationship between the degree of tourism development and the level of self-perception of happiness cannot be denied. This study has a certain limitation, as the TTDI was published only once, making it impossible to analyse relationships over time; however, this limitation may be removed in coming years with further index publication.

As the analysis shows, the groups of countries distributed by income level demonstrate different correlations between the indicators. Identifying such relationships is relevant and can be used for adjusting government development programs. For example, multi-subject management makes national tourism development possible, which delivers a synergistic effect (Okhrimenko et al., 2019). Countries that are radically different in terms of well-being cannot use the same recommendations to ensure development. Developing economies, therefore, can consider the experience of more successful countries in designing development strategies, but they must build their own economic policies with national features in mind.

While the economic contribution of tourism is significant, its social importance is also substantial. Thus, tourism can contribute to

improving the quality of life of residents of the host destination (Jaafar, Ismail & Mostafa Rasoolimanesh, 2015), as well as increasing cultural activities in the region (Işik, Ada & Boztoprak, 2016). At the same time, support for the development of tourism in the region is determined primarily by the personal economic benefits of local residents (Huy, 2020). In addition, tourism development has a beneficial effect on social well-being, as can be seen in the example of 45 African countries from 1996 to 2020 (Xuanming et al., 2023).

Nevertheless, the cultural diversity brought by tourism can contribute to mutual understanding and interaction between countries and people and generate conflicts due to cultural misunderstandings (Amin, 2020). Therefore, tourism development should be balanced in all aspects. In the case of an unfavorable social situation, such as the implementation of Sharia law, can reduce the number of tourists, as in the case of Iran, where the number of visitors to tourist sites has decreased since 2014 from an average of 8% to 25% in 2019 (Li & Shahraki, 2022). As such, tourism development in destinations should focus on achieving both economic and social key indicators.

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