

**TOURISM IMPACT ON THE ECONOMIC DEVELOPMENT
OF THE REPUBLIC OF ARMENIA:
COMMUNITY-BASED TOURISM FOR REGIONAL DEVELOPMENT**

アルメニア共和国の経済開発における観光業の貢献

—地域開発のためのコミュニティの観光業—

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Abstract

Tourism industry has become one of the major industries as globally as well as a major sector for many countries, especially developing countries.

Tourism is a rapidly growing industry in the Republic of Armenia, one of the former Soviet Union countries; the international visitors' number reached 1 million 204 thousand in 2014 (from only 12 thousand in 1995). The aim of this study is to analyze tourism industry of the Republic of Armenia, since it enhances the investment and profit growth in the industry, which can be seen only from the growing numbers of the hotels: in 2011 the total number of hotels in the country was 338, in 2015 it became 523.

The first aim of the study is to analyze the role, position, effect of tourism on the country's economy in national level.

Community-based tourism has been promoted for assuring the social, environmental and economic development of local communities by their involvement in tourism activities. With respect to the increasing trends, the popularity of community-based type of tourism (CBT), where key actors of tourism activities are the community members and where tourists interact directly with locals. CBT can be used as an economy boosting tool for different countries (especially for developing ones), regions (remote areas), create better livelihood conditions for community members and be one of the bottom-up developing strategies for the counties.

The second aim is to find out the role of tourism in regional level, and specifically the current state of CBT in the Republic of Armenia, community members involvement in tourism activities and decision making processes and to increase the willingness of CBT participation and decision making processes. The perceptions for CBT considerations as a tool for the country's regional development since Armenian regions are less developed than the capital city. The country is rich with natural and cultural resources, which are the main requirements for CBT.

Both qualitative and quantitative methods have been used in the research. The literature related to the study area (academic books, journals, websites, and media), and projects have been used as qualitative methods. Various quantitative methods have been implemented in the study:

- The method of Input–Output (I-O) analysis has been used for finding out the benefits and importance of tourism industry in Armenia for the country’s economy, the interdependence of tourism and other sectors (agriculture, manufacturing and mining), the recent data of tourism industry trends and reasons for the changes: in particular, the I-O tables of Armenia for 2002 and 2006 have been analyzed, with the calculation of Output Multiplier, “Index of the Power of Dispersion” (IPD), “Index of the Sensitivity of Dispersion” (ISD), etc. Tourism Multiplier, Tourism Employment Multiplier and Specific Overnight Threshold (SOT) (the number of tourists visiting the destination over a year in relation to the number of population) have been used for finding the density of tourism in regions.
- Surveys/interviews have been conducted with the Armenian CBT entrepreneurs (small and medium CBT related business owners) to understand the current CBT picture in Armenia: the services provided within the framework of CBT, its issues and opportunities. In the scope of finding the cost efficient method to support CBT in regions, surveys with students of Armenian universities, colleges have also been conducted. This was done to find out their willingness to get internship in tourism industry; particularly in CBT planning process.

Major findings:

- Tourism plays a key role in the economic development of Armenia, by taking into account the fact that it is not dependent on the import, it has high value of Output Multiplier, Tourism Multiplier, Tourism Employment Multiplier and the contribution of the tourism export (visitor export) to the total export is very large, especially when it is compared with other countries. But it is highly concentrated in the capital city, which means that all those effects are real in macro level, the tourism industry for the regions is still on a low level.
- CBT entrepreneurs consider CBT as a tool for the regional development, they are eager to cooperate and gain knowledge for better operations of their businesses. Besides, the CBT stakeholders’ willingness to learn and implement the gained knowledge in practice, there is a high willingness of students to get unpaid internship in tourism industry, which means that the knowledge gained from

university education can be passed to the CBT participants without any huge investments/expenses, which in its turn will lead to the CBT, regional and overall country development. Based on earlier studies and research findings possible model suggestion for CBT development.

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LIST OF ABBREVIATIONS

CBT- Community-Based Tourism

CIS-Commonwealth of Independent States

FAO-Food and Agriculture Organization

GDP-Gross Domestic Product

GFC-Global Financial Crises

I-O-Input-Output

IPD-Index of Power of Dispersion

ISD-Index of Sensitivity of Dispersion

JICA-Japan International Cooperation Agency

MA&D- Market Analysis and Development

OVOP -One Village One Product

RA- Republic of Armenia

REST- Responsible Ecological Social Tours

SME DNC-Small and Medium Entrepreneurship Development National Center

SOT-Specific Overnight Threshold

SU-Soviet Union

TM-Tourism Multiplier

TEM-Tourism Employment Multiplier

UNWTO- United Nations World Tourism Organization

USAID-

VCE -Visitor Consumption Expenditure

WTO-World Trade Organization

CHAPTER 1

INTRODUCTION

1.1. Background

Travelling has become one of the inseparable parts of our lives. We travel at least once a year, even if it is within the borders of our countries. There are many motivations for travelling: the desire to gain knowledge, to know different cultures and local nature, to see famous places, hometowns of famous people, and the wonders that make our world the most beautiful planet in our solar system. Besides all the above-mentioned reasons, you could argue that the single biggest motivation for travelling is simply the willingness to change your daily routine.

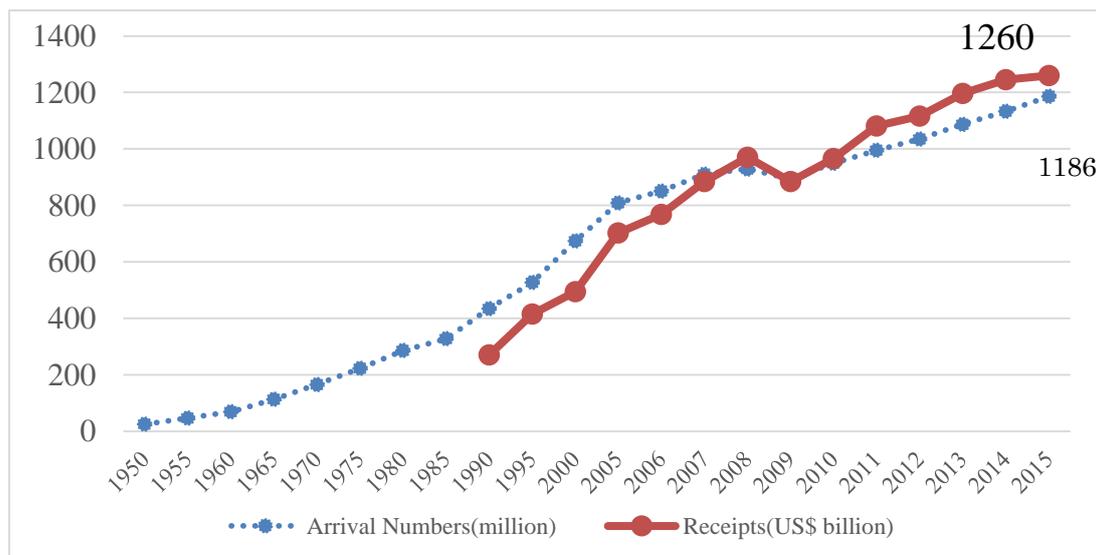
As travelling has become the indivisible part of our annual routine, its impact on economy cannot be any longer understated.

Tourism (also referred to as Travel and Tourism or T&T by the UNWTO), both domestic and international, is seen as a major driving force of economic recovery and growth (WTTC, 2012).

Tourism is termed as the 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 (UNWTO, 1994). Which generate sales and output, labor earnings and employment in a nation, or a province, state, department, municipality, or other local area within a nation. These economic contributions are of interest to private businesses, public agencies and individuals living in areas that tourists visit. In recent years tourism has been growing at a faster rate than the wider and more significant sectors of economy such as automotive, financial services, health care, etc.

According to the World Travel and Tourism (T&T) Council (WTTC) world data, in 2015 the T&T direct contribution to GDP was USD2, 229.8bn (3.0% of total GDP), the total contribution to GDP was USD7, 170.3bn (9.8% of GDP). Tourism directly supported 107,833,000 jobs (3.6% of total employment), the total contribution to employment, including jobs indirectly supported by the industry, was 9.5% of the total employment (283,578,000 jobs). The visitor exports generated USD1, 308.9bn (6.1% of total exports) and tourism investment in 2015 recorded USD774.6bn, which was 4.3% of the total investment.

Figure 1.1: Number of International Tourist Arrivals Worldwide, 1950-2015 and International Tourism Receipts, 2000-2015



Source: Statista, the Statistics Portal, WTO

International tourist arrivals have surged, reaching nearly 1.18 billion in 2015 (see Figure 1) and respectively, visitor spending also was growing. Visitors from emerging economies represent a 46% share of these international arrivals (was 38% in 2000), proving the growth and increased opportunities for travel from those new markets (WTTC, 2015).

According to ITB World Travel Trends Report (International Tourism Börse, Berlin, 2014), Asia and the Americas drive global growth: global outbound travel growth in 2014 was once again driven by Asia (+8%) and South America (+5%), as well as North America (+5%). European outbound travel grew by a solid 3% despite low economic growth. Africa grew by 4%, but the Middle East region was down by 4%. In terms of individual source markets, Germany maintained its position as the world's largest outbound travel market this year ahead of USA and China. For 2015 global outbound travel growth was once again driven by Asia Pacific (+5%) and North America (+5%) while South America (+4%) performed surprisingly well. European outbound travel grew by a good 4.5% driven by improving economic conditions. The Middle East grew by a strong 9% but Africa dropped by 6%. In terms of individual countries, Germany remains the 'world travel champion' as number one outbound market for international tourism worldwide, followed by the USA and the UK. Excluding all trips to Hong Kong and Macau, China is in the fourth place in the ranking. The USA, China and Germany are the top three in spending terms.

As a rapidly growing sector of many countries, international tourism has emerged as an important component of export-oriented development programs (Goodwin, Kent, Parker and Walpole 1997, 1998).

The growing significance of tourism on countries economy (generating additional business turnover, household income, employment and, government revenue, as an invisible export; foreign exchange earnings in many countries) has been attracting attention from governments, authorities, and others with an interest in economic development.

According to the World Tourism Organization (WTO, UNWTO) (see Figure 1) world tourism volume has been increased for 45 times in 65 years, in recent 15 years (2000-2014) it recorded a growth of 2.5 times for international tourist arrival numbers, respectively, the international tourism receipts grew for 1.6 times.

Tourism exports have become an important sector in many countries as a growing source of foreign exchange earnings. This has arisen through the rapid expansion of international tourism, which is mainly attributed to high growth rates of income in developed and newly industrialized countries, shorter working hours and the substantial decrease in transportation costs between countries (Lim, 2006).

The economic effects of tourism as an activity are influenced by the amount of money spent by tourists at particular destination (Stynes, 1997). The direct contribution is solely concerned with the immediate effect of expenditure made by tourists.

Consequently, it is not surprising to imagine that tourism can be a viable export-oriented economic growth strategy especially for developing countries in their quest for economic development, job creation and poverty reduction.

The number of international tourists and the receipts clearly indicate that tourism industry has an influence on the world economy.

The development of tourism is currently viewed as an important tool in promoting economic growth. In the researches of many scholars it has been shown and proved that tourism can promote the development of countries; not only for economic development but also for the development as a multidimensional process, leading to what can be described succinctly as a 'good change' (Scheyvens, 2002).

1.2 Problem Statement

Despite much interest of the Republic of Armenia government of in developing tourism industry, as can be seen from the Tourism Competitiveness Index, the prioritization of industry is still very low. Very few studies have been conducted (especially in English) for analyzing the overall economic impact and role of tourism industry in the country's economic development.

Moreover, there are no discussions about implementing a common system for any type of tourism where the community members are key actors in the planning, regulations and all activities. The governmental projects, such as Homestay project in Shri-Lanka or Malaysia, Community Based tourism mass projects in Thailand, etc., and their success factors should be taken into consideration for a bottom-up development strategy of the country.

1.3 Objectives of the Study

There are two objectives for this study: primary and secondary.

- Primary: RA tourism industry analysis; its role and contribution to the country's economic development in national level.
- Secondary: tourism industry analysis; its role and contribution to the country's regions, communities' economic development. Particularly analysis of community-based tourism current situation and the dominant types of services provided by the community members to tourists. The identification of the community members' perceptions towards the community-based tourism and its ability to promote regional development.

1.4 Hypothesis of the Study

Hypothesis 1:

- *Tourism industry is a key sector for the economic development of the Republic of Armenian.*

Hypothesis 2:

- *The development and support of community-based tourism will decentralize tourism industry and bring benefits to the community members, to the regions and finally to the country; can work as a bottom-up¹¹ development strategy.*

1.5 Study Area /Republic of Armenia

The Republic of Armenia is one of the Former Soviet Union countries; it gained its independence in 1991 when the Soviet Union was collapsed. Armenia is situated in the South Caucasus where the Alps-Himalayan system of the mountains is located. It occupies the northern and eastern parts of the Armenian highlands and has no exit to the sea. The northern side is adjacent to Georgia, north-eastern and south-western parts share the border with Azerbaijan. The border with Turkey lies on the west, the east of the country borders with Nagorno-Karabakh and with Iran in the south.

11 – if employees are paid more and their benefits are great they are more productive and more creative, thus making the company more profitable and competitive. The more profitable and competitive the company is the better for our overall economy.

Key indicators; Armenia:

- Population 3 million
- Area 29.8km., thousand square kilometers
- Major Language: Armenian
- Capital: Yerevan
- Currency :Dram(1US \$ is equal to 481 Dram)

Figure 1.2: Map of the Republic of Armenia



Armenia is small, landlocked country, which has absolutely no energy resources, but has a millennia old history, its rich cultural heritage, and a beautiful nature. First country which adopted Christianity and as such has a unique style of old churches and khachqars (stones on which crosses are carved), are attractive to tourists.

As a country which sets in a mountainous region, it is;

- ✓ Attractive to nature lovers.
- ✓ Great for hiking and mountain climbing in summer.
- ✓ Great for skiing in winter (region Tsaghkadzor is famous for winter sports).

Armenia has a modern feel to it with its lustrous lakes and rivers. Armenia has become famous for winter sports not only for domestic, but also for international tourists.

Four seasons in Armenia: every season is with bright colors and beautiful nature.

1.5.1 Some Facts about Armenia

6,000 year old wine press found in Armenian cave

Archeologists have unearthed the oldest wine-making facility ever found, using biochemical techniques to identify a dry red vintage made about 6,000 years ago in what is now southern Armenia.

The excavation paints a picture of a complex society where mourners tasted a special vintage made at a cave side cemetery, the researchers reported on Tuesday in the Journal of Archaeological Science.

5,500 years old leather shoe is the oldest ever discovered

An international team of archaeologists has discovered the world's oldest leather shoe. One thousand years older than the Great Pyramid of Giza in Egypt, the 5,500-year-old shoe was perfectly preserved by the cool, dry conditions in the sheep dung-lined cave in Armenia where it was found.

World's longest cable car line in Armenia

On 23 October 2010 Guinness World Records longest cableway in Armenia, the 5.7km (3.5 miles) engineering feat spans a spectacular Vorotan River Gorge to the country's

ancient Tatev monastery. The link will allow year-round access to Armenia's ninth-century Tatev monastery complex, one of the country's most important religious centers and a major tourist attraction. The cable car travels at a speed of 37km (23 miles) per hour and a one-way journey takes 11 minutes. At its highest point over the gorge, the car travels 320 meters (1,056 feet) above ground level. It has two cabins, each capable of carrying up to 25 passengers.

Pre-Historic and early Christian monuments

Through all the centuries, Armenia has managed to preserve a wealth of today's evidence of the evolution of humankind. There are innumerable historical monuments in Armenia. 40,000 are available for visiting and are waiting for an admiring traveler. Most of them are churches. However, only some 4,000 are readily accessible and commonly visited because of the difficulty of reaching the rest. Normally they are opening round-the-clock without any admission charge.

In Box 1.1 given the sites of Armenia registered in the UNESCO World Heritage Sites list.

Box 1.1: UNESCO World Heritage Sites In Armenia

Monasteries of Haghpat and Sanahin (inscription in 1996)

Cathedral and Churches of Echmiatsin and the Archaeological Site of Zvartnots (inscription in 2000)

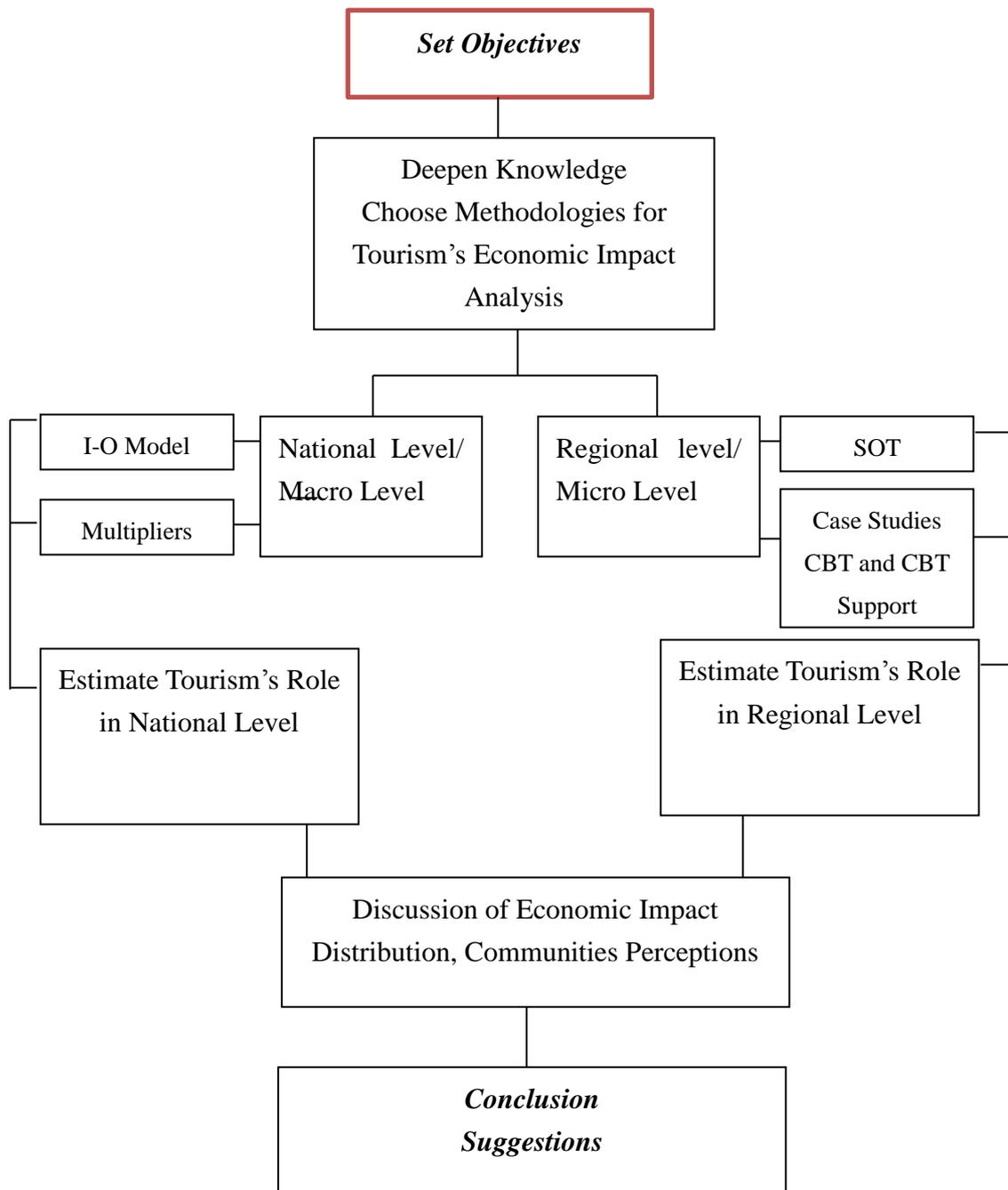
Monastery of Geghard and the Upper Azat Valley (inscription in 2000)

Detailed information about those sites, as well for others, can be seen from the Appendix 1.1: Armenia: Places to Visit.

1. 6 Structure of Thesis

Research Process

Figure 1.3: Research Process



Chapter1: highlights the scope of study, role of tourism industry, its contribution to the world's GDP and creating of jobs worldwide. Followed by overviewing trends and changes of international tourism over the time.

- Problem Statement
- Objectives of the Study
- Hypothesis of the Study
- Study Area
- Structure of thesis.

Chapter 2 provides fundamental understanding of tourism, defines the terms 'tourist', 'tourism', 'tourism product', 'effects of tourism', etc. Gives the framework of the study, the effects of tourism:

- Economic
- Social
- Environmental

In Chapter 3 given overview of the economy of RA and gives detailed information tourism industry. Discusses and evaluates changes which took place after the independence. Highlights uniqueness of the economy and tourism industry; big percentage of remittances and huge share of incoming tourists with Armenian ancestors, etc.

Chapter 4 highlights theoretical background for the tourism economic analysis described the chosen methodology and discussed the result of economic analysis of the tourism industry of the Republic of Armenia by employing various techniques, methodologies:

- The method of Input-Output analysis (theoretical background and analytical tools are described),
- Tourism Multiplier, Tourism Employment Multiplier
- Specific Overnight Threshold

Chapter 5 defines community-based tourism (CBT) and other types of tourism and other types of tourism where community members are key actors, introduces several projects of homestay, eco-tourism, supported by the governments of those countries or NGO's; projects in Armenia for CBT, NGOs, which are operating and providing support to frame of community-based, rural, etc. tourism where the communities actively involved in tourism activities. Followed, in Chapter 5 discussed the result of conducted CBT survey, with the Armenian CBT entrepreneurs (owners of small and medium sized business which are operating in the scope of the CBT) for finding out their perceptions towards CBT and using it as a source of additional income, as a tool for community, regional and finally country's development.

In Chapter 6 discussed prior literatures related to the tourism, hospitality student's internships and the need and benefits of internships for both sides.

Discusses survey conducted with the university and college students of the RA.

Chapter 7 given the concluding remarks of study findings, suggestions for tourism development and particularly proposing model for CBT development based on earlier studies and research findings.

CHAPTER 2

BACHGROUND/LITERATURE REVIEW

2.1 Defining Tourists, Tourism

Fundamental to tourism research and to successful tourism planning and development is an understanding of what tourism is, how it operates, what elements are involved in tourism and how these elements are interact. The combination of all of the factors involved in tourism is often referred to tourism system or tourism industry. In order to provide a basis to this study this chapter gives a definition of tourist, tourism, tourism product, etc.,

2.1.1 Tourist, Tourism

In beginning discussions on definitions of terms, their use and meanings, it is usual to draw on the major dictionary definitions to understand the broad cultural sense in which they are understood (Mccabe, 2009).

Tourist-one who travels for pleasure (The American Heritage Dictionary).

Fuster (1971) noted that in 1800, The Shorter Oxford English Dictionary published the first time the word `tourist': One who make a tour or tours. One who does this for recreation: one who travels for pleasure or culture, visiting a number of places for their objects of interest, scenery or the like (Netto, 2009).

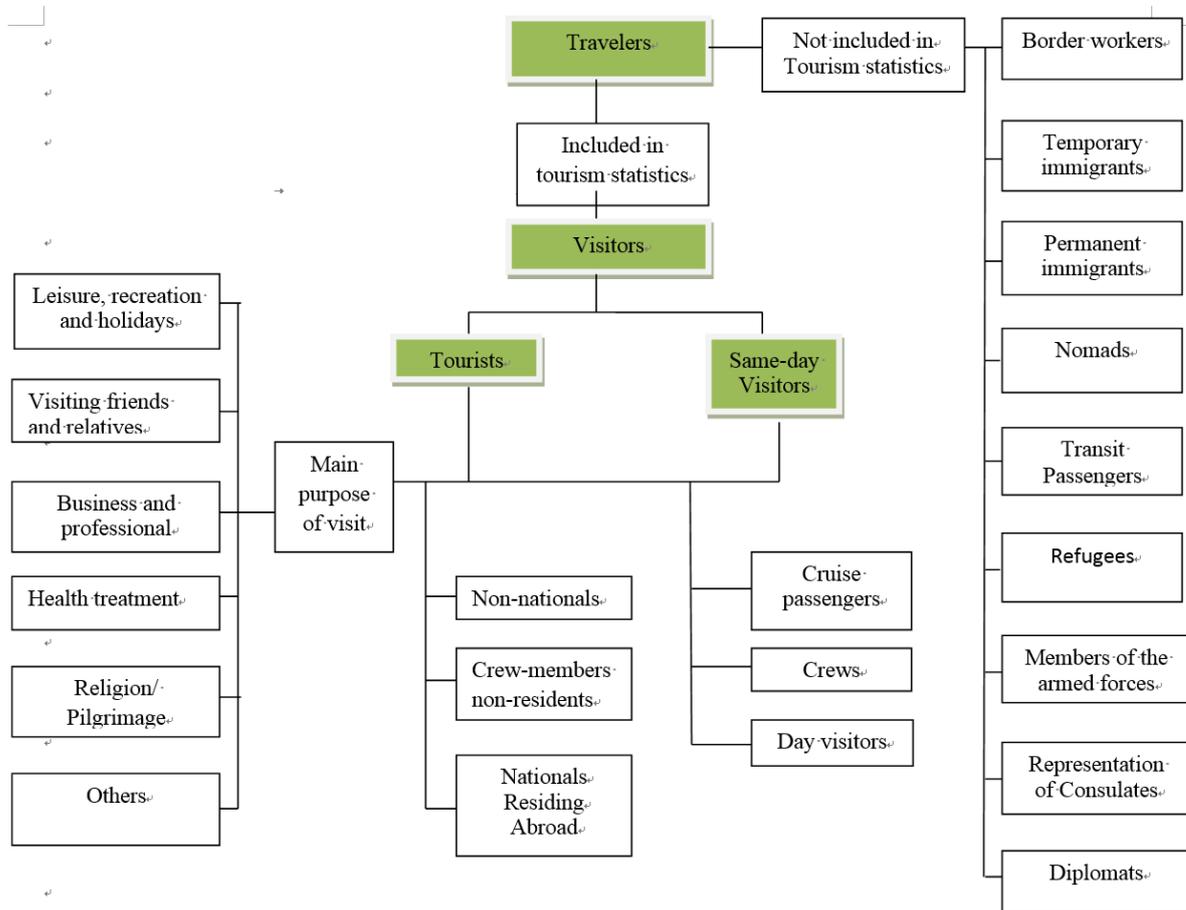
The classificatory system is needed to try to establish the significance of international tourism and to understand broad-based descriptive statistics on the types and reasons for travel. The classification has some recognition of temporal qualities of tourists-same-day visitors, tourist but not permanent or temporary migrants. Types of activities as well as purposes of travel are also identified: leisure, recreation and

holidays: visiting friends and relatives (VFR); business and professional travel ; health treatments; religious and pilgrimage trips; as well as others, A range of travel activities is also encompassed in the official definition of tourists: crews: returning non-nationals; day visitors etc.

World Tourism Organization (UNWTO)²¹ has spent a great deal of time working with the international community to develop and implement the Tourism Satellite Accounts based on the categories of international travelers and activities outlined in Figure 2.1. Figure 2.1 gives detailed understanding of travelers who are included in tourism statistics and considered as tourists and the purposes for traveling. As can be seen from the Figure 2.1 it shows also the types of none tourists; those who are not included in tourism statistics.

21-World Tourism Organization (UNWTO) is the United Nations agency, leading international organization in the field of tourism, which responsible for the promotion of responsible, sustainable and universally accessible tourism and promotes tourism as a driver of economic growth, inclusive development and environmental sustainability and offers leadership and support to the sector in advancing knowledge and tourism policies worldwide.

Figure 2.1: World Tourism Organization Classifications of International Travelers



Source: UNWTO

De Brabander (1992) makes a distinction between the ‘travel’ and ‘stay’ dimensions. As far as the travel component is concerned, he refers to three sub-dimensions:

1. Distance – short-, medium- and long-haul
2. Origin – domestic and international
3. Mode of transport – car, coach, train, plane, boat and other.

For the ‘stay’ dimension, there are another three classifications:

1. Duration: less than 24 hours (excursions) and more than 24 hours; for the latter group a further distinction is very often made between short holidays (one to three nights) and holidays (four nights or more)
2. Purpose: leisure, business, congress and personal (family, religion, health, education)

3. Accommodation: hotel, boarding house, camping, holiday village, rented apartment or villa, cruise, farm and other.

It is evident that excursions do not involve an overnight stay (cited in Vanhove, 2011).

A demand analysis estimates or predicts the number and/or types of visitors to an area via a use estimation, forecasting or demand model. The number of visitors or sales is generally predicted based on judgement, historic trends (time series methods), or using a model that captures how visits or spending varies with key demand determinants (structural models) such as population size, distance to markets, income levels, and measures of quality & competition (Walsh 1986, Johnson et al. 1992, Stynes, et al, 1997).

For better understanding of tourism types regarding to distances/ geography of travel, the definitions of the domestic, inbound, outbound, internal, national and international tourism which was updated²²in UNSD/UNWTO Workshop, Madrid, July, 2006(REC93) are given bellow:

- Domestic tourism: involving residents of the given country traveling only within this country;
- Inbound tourism: involving non- resident traveling in the given country;
- Outbound tourism: involving residents traveling in another country.
- Internal tourism :comprises domestic tourism and inbound tourism;
- National tourism: comprises domestic tourism and outbound tourism;
- International tourism, which consists of inbound tourism and outbound tourism

22- Definitions before updating are given bellow:

Domestic tourism: is the tourism of resident visitors within the economic territory of the country of reference.

Inbound tourism: is the tourism of non-resident visitors within the economic territory of the country of reference.

Outbound tourism: is the tourism of resident visitors outside the economic territory of the country of reference.

Internal tourism: is the tourism of visitors, both resident and non-resident, within the economic territory of the country of reference.

National tourism: is the tourism of resident visitors, within and outside the economic territory of the country of reference (REC'00).

McIntosh and Goeldner (1984) identified four different perspectives of tourism:

1. *The tourist.* The tourist seeks various psychic and physical experiences and satisfactions. The nature of these will largely determine the destinations chosen and activities enjoyed.

2. *The business providing tourist goods and services.* Business people see tourism as an opportunity to make a profit by providing the goods and services that the tourism market demands.

3. *The government of host community or area.* Politicians view tourism as a wealth factor in the economy of their jurisdictions. Their perspective is related to the incomes that their citizens can earn from this business. Politicians also consider the foreign exchange receipts from international tourism as well as the tax receipts collected from tourist expenditures, either directly or indirectly.

4. *The host community.* Local people usually see tourism as a cultural and employment factor. Importance of this group, for example, is the effect of interaction between large number of foreign visitors and residents. This effect may be beneficial or harmful, or both.

Length of stay is an important determinant of the overall impact of tourism in a given economy. The number of days that tourists stay at a particular destination has influence on the amount of their expenditure, for instance, the number of possible experiences to be undertaken by tourists depends on their length of stay (Menezes et al., 2009). In other words the more day's tourists spend in the particular destination the more amount of money they spend, even if it is only the daily payment for the accommodation and food.

Tourism consists of the activities undertaken during travel from home or work for the pleasure and enjoyment of certain destinations, and the facilities that cater to the needs of the tourist (Smith, 1989), define tourism ` more by what it is not than by what it is- it

is not home and it is not work: it is a change of scenery and lifestyle, an inversion of the normal` (cited in Franklin, 2003). Leiper (1979) lists three approaches to the definition of tourism: economic, technical and holistic.

To call tourism as an industry was the biggest arguable discussion among scholars already 4 decades. As noted Smith (1989): it (tourism) is not an 'industry' in the conventional sense as there is no single production process, no homogeneous product and no locationally confined market. According to **Weaver and Lawton (2002)** 'the tourism industry may be defined as the sum of the industrial and commercial activities that produce goods and services wholly or mainly for tourist consumption.' However, this definition neglects the purchase of goods and services, which are not produced wholly or mainly for tourists, because tourists also consume goods and services that are not designed for their consumption. Similarly **Ashworth and Voogt (1990)** describe the tourism product as a bundle of services and experiences (Cited in Vassiliadis, 2008). Gunn's (1988) define the tourism product as a complex consumptive experience that results from a process where tourists use multiple travel services during the course of their visit (cited in Murphy et al., 2000).

Jefferson and Lickorish (1988) offer another version of the components model of the tourism product. Observing that "the tourism product needs clear definition", they provide two views: the tourism product is a "collection of physical and service features together with symbolic associations which are expected to fulfil the wants and needs of the buyer" and, more succinctly, the tourism product "is a satisfying activity at a desired destination".

From the standpoint of a potential customer, the product may be defined as a bundle or package of tangible and intangible components (the packaged is perceived by the tourist as an experience) (Turtureanu, 2005; Bresler,2001)

2.2 Motivation of Travelling and the Types of Tourism/Tourism Products

People travel all over the world with different purposes/ reasons. Tourists various preferences born various types of tourism and the popularity of certain type of tourism in a period of time are always dynamic. It's changing from the destination choice or change of the earlier popular type of tourism.

Especially recently (from 20th century) the tourist consumption of travel is being radically changed and the nature of that changes can be characterized by the following factors: uptake and diffusion of broadband internet connections; change in the structure of the industry through the segmentation and depackaging of products; increasing importance of individual principal component sectors-such as airlines and hotels, etc. (Mccabe, 2009 in Tribe).

People travel for different reasons and they all have different preferences. Based on the variety of preferences various types of tourism (tourism products) are born. Followed given the definitions for some types of tourism.

Tourism is essentially an activity engaged in by human beings and the minimum necessary features that need to exist for it to be said to have occurred include the act of travel from one place to another, a particular set of motives for engaging in that travel (excluding commuting for work), and the engagement in activity in destination (Jafari, 1995).Abraham Maslow (1954) definition for the traveling motivation as a set of universal needs that he arranged in hierarchy. These needs are physical, psychological, and intellectual. By understanding what makes people travel we can do a better job of

advertising to them to induce them to travel. Additionally, we can do a better job of catering to their needs if we know what those needs are (from Christy, et al. 1990).

- Physical
- Belonging
- To Know and Understand
- Esteem
- Aesthetics

United Nations World Tourism Organization (as mentioned in the Figure 2.1, UNWTO, 2012) distinguishes up to nine purposes of tourist trips. They are divided into two main groups; personal and business professional (see also chapter 2 section 2.3 Motivations of travelling and the types of tourism):

- ***Personal***
 - ✓ *Holidays, leisure and recreation*
 - ✓ *Visiting friends and relatives*
 - ✓ *Education and training*
 - ✓ *Health and medical care*
 - ✓ *Religion and pilgrimages*
 - ✓ *Shopping*
 - ✓ *Transit*
 - ✓ *Other*
- ***Business and professions***

The most recent results from “TRAVELSAT” benchmarking survey (conducted by Tourism Competitive Intelligence Research, which provides global tourism and travel competitive intelligence, measure performances, identify travel market and consumer

trends) suggest, four out of ten international visitors actually choose their destination based on recommendations from their trusted inner circle. Since peer reviews are becoming the main decision making factor, it is important for destinations to focus on how to increase positive reviews and feedback from their current and future visitors by constantly developing their tourism products and services in line with the rising trends. The consumer behavior and the art of target marketing include researching the market in order to identify segments or audiences that can be targeted with given products. Or marketing data can be used to design or modify products to fit existing markets. The market can first be segmented according to the principal reason for travel, with following ranking:

- Recreational and leisure travel
- Visiting friends and relatives
- Business travel
- Adventure, cultural heritage, and experiential travel

These four groups have implications in terms of length of stay, intensity of travel, accommodation preference, propensity to spend, and general choice of activities.

2.3 Tourism Products/Types of Tourism

The complete list of tourism products recognized by UNWTO is shown in Table 2.1.

Table 2.1: Tourism Product

Accommodation services for visitors
Food and beverage serving services
Railway passenger transport services
Road passenger transport services
Water passenger transport services
Air passenger transport services
Transport equipment rental services
Travel agencies services
Cultural services
Sports and recreational services
Country specific tourism goods
Country specific tourism services

Source: United Nations World Tourism Organization(UNWTO),2012

Dressed components, which are important in the tourist satisfaction process, are:

➤ Attraction

The attraction for tourists and the existence of it can be different in different destinations. The attraction for one type of tourists can be a nature, for other history, for the rest may be social

➤ Accessibility

The transportation system, infrastructure of the destination is one of the important factors in the tourism industry, the visited sites easy accessibility plays important role, since the tourists mainly

- Destination Facilities
 - ✧ Accommodation units
 - ✧ Restaurants, bars and cafes
- Images of the destination

Its complex of offered product design, services and information offered to the costumer.

- Price

Prices of the offered tourism product in the particular destination determines the classes of the consumers.

2.3.1 Cultural tourism

All movements of persons might be included in the definition because they satisfy the human need for diversity, tending to raise the cultural level of the individual and giving rise to new knowledge, experience and encounters (broad definition). Movements of persons for essentially cultural motivations such as study tours, performing arts and cultural tours, travel to festivals and other cultural events, visits to sites and monuments (narrow definition) (UNWTO).

2.3.2 City Tourism and Culture

In the report of the WTO (2005) “City Tourism and Culture- the European Experience” two definitions have been used related to the city tourism and culture.

1. The movement of persons to specific cultural attractions in cities in countries other than their normal place of residence, with the intention to gather new information and experiences to satisfy their cultural needs.
2. All movements of persons to specific cultural attractions, such as heritage sites, artistic and cultural manifestations, arts and drama to cities outside their normal country of residence.

2.3.3 River Tourism

Among the natural elements important for tourists, rivers are one of the most salient recreation resources.

Rivers have been developed in the past century beyond their natural courses to include dams for reservoirs, wildlife preserves, national parklands and regions of cultural heritage (Timothy, 2009).

River-tourism activities such as adventure water activities, white-water rafting, kayaking, boating, tubing, swimming, fishing and cruising are such an attractive and enjoyable moment which are get a high demand from the tourist around the world especially tourist who is seeking for challenges, adventures, experiences and satisfaction(Nasarudin and Bahar, 2013).

2.3.4 Cruise Tourism

The concept of the use of ship as a floating resort and not a means of transport. The cruise tourism formula has been highly successful in Caribbean, although it cannot be replicated as such in other regions or contexts where the destination plays a very important role. This concept entails a thorough modernization of cruise ship facilities.

The product offered by cruise lines consists of the ship itself plus the itinerary/region. The itinerary, in turn represents the sum of several destinations/ports and the role of destinations is extremely important (WTO, 2010).

2.3.5 River Cruise Tourism

One of examples of the cruises is Mississippi river cruise (USA). Several cruise lines offers tours between cities with dinner. Important to note that along the Mississippi

River banks are most significant tourist attractions, historic towns and cities (Timothy, 2009).

From two definitions of the two types of tourism can be seen that the tourism types/forms are strongly interrelated to each other.

2.3.6 Heritage Tourism

Eric Cohen (1979) coined the term „existential tourism“ to describe tourists who traveled in search of a personal or spiritual “center” that is located beyond their immediate place of residence. For some, their destinations are places that have been adopted because they have played a significant role in the traveler’s personal life experience. For others, these are places of family genealogy and racial heritage. For both of these groups, they are places that have played a formative role in the development of the traveler’s self-identity (Lew and Wong, 2003). Poria (2003) argue, it is argued here that heritage tourism experiences are defined by the background and motives of the tourists and not inherent in the sites themselves. It is not the attraction or artifact per se that has heritage value; rather it is the way it is presented together with the motives and backgrounds of the visitors that create the experiential value (Ari & Mittelberg, 2008).

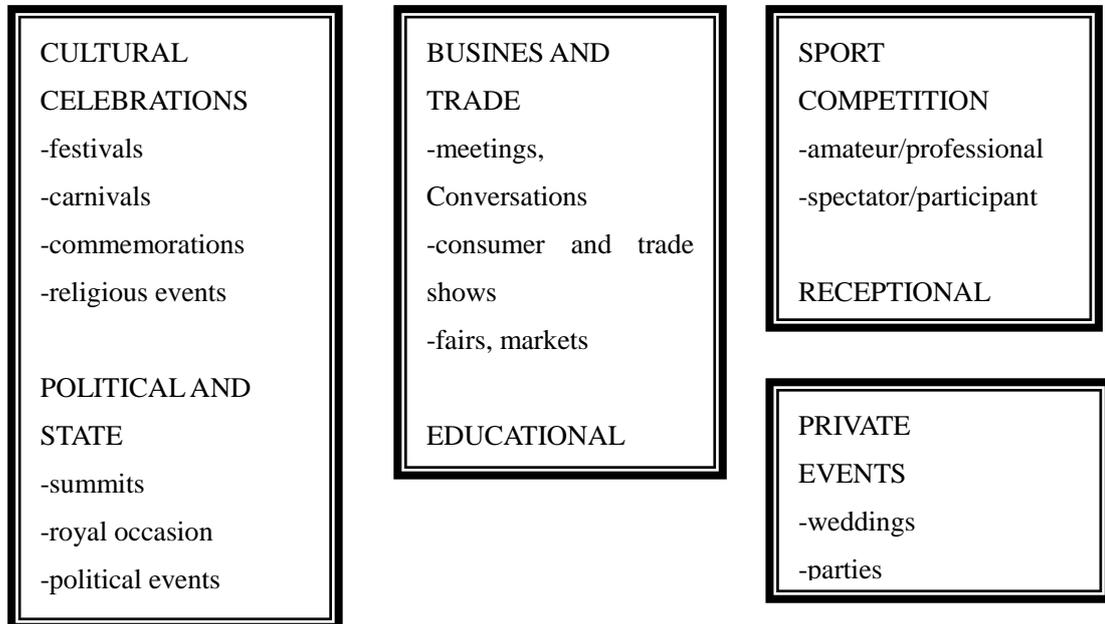
Prentice (2001), in discussing museum-based heritage tourism, argues that 'experiential cultural tourism is about the search for authentic experience. It is co-produced between tourism providers and consumers'. Prentice offers a useful list of ways that authenticity is evoked, including direct experience, location, associations with famous people and events, and national origins.

2.3.7 Event Tourism

Communities have used a variety of strategies to attract visitors; some have focused on natural amenities or historical attractions in their local areas, while others have developed infrastructure to enhance their ability to host a variety of entertainment events; e.g., concerts, sporting events, conventions, or trade shows (Nancy Hodur et al., 2008).

Events are an important motivator of tourism, and figure prominently in the development and marketing plans of most destinations. The roles and impacts of planned events within tourism have been well documented, and are of increasing importance for destination competitiveness. Yet it was only few decades ago that ‘event tourism’ became established in both the tourism industry and in the research community, much of the appeal of events is that they are never the same, and you have to ‘be there’ to enjoy the unique experience fully; if you miss it, it’s a lost opportunity (Getz, 2007). In Figure 2.2 shown the typology/ types of events.

Figure 2.2: Typology of Events



Source: Getz (2007)

Followed discussed the events which are involving and could involve the community members in those events organization, participation and gain from those events economically, socially, etc.

2.3.8 Festivals

Festivals are emerging worldwide as a growing and vibrant sector of the tourism and leisure industries and are seen to have significant economic, socio-cultural and political impacts on destination or host community. Concomitantly, there is an increasing interest in developing ways of identifying and understanding the various costs and benefits associated with festivals (Arcodia & Whitford, 2010). South Australian Tourism Commission (1997, p2) offer a comprehensive definition of festival:

Festivals are celebrations of something the local community wishes to share and which involves public as participants in the experience Festivals must have a prime objective a

maximum amount of people participation, which be an experience that is different from or broader than day to day living. It is not necessary to extend hand to hand on experience by more than one day, though it is often economically desirable (as cited in (Arcodia & Whitford, 2010).

By Raj (N.D.) noted:

- Festivals provide an opportunity for the local people to develop and share their culture, which create a sense of values and beliefs held by the individuals in a local community.
- Festivals provide the tourist the opportunity to see how the local communities celebrate their culture and help the visitors to interact with the host community
- Multiplier effects are often cited to capture secondary effects of tourism spending shows the wide range of sectors in community that may benefit from tourism (Malviya, 2005, vol.3).

2.3.9 Fair Trade

The concept and practice of 'fair trade' has been developed mainly in relation to the production of foodstuffs and handicrafts and is often linked to aid programs in developing countries. Examples include 'CaféDirect' coffee, organic chocolate and other foodstuffs and crafts goods produced by rural communities in southern countries, in collaboration with western aid agencies and charities (e.g. Oxfam, Tradecraft). The fair trade movement which is now established in Europe and North America, seeks to improve the working conditions, Production and marketing of goods and services in these communities, through premium pricing, training and investment with the goal of

minimizing economic leakage , widening the distribution of economic benefit and guaranteeing price stability and more sustained income (Brown, 1993).

This is a response to the otherwise fickle price variations and trade, and poor working conditions and commercial exploitation, which can lead to commodification, mass production and in the case of tourism, over-development, mass tourism and an unsustainable destination 'life cycle'.

Cibinskiene (2012) discusses the example of event in the city and its flow of contribution to the city residents and to the city itself.

2. 4 Effects, Impacts of Tourism

Most researchers think of tourism in terms of economic impacts, jobs, and taxes. However, the range of impacts from tourism is broad and often influences areas beyond those commonly associated with tourism. The impacts of tourism can be sorted into seven general categories (Malviya, 2005):

- Economic
- Environmental
- Social and cultural
- Crowding and congestion
- Services
- Taxes
- Community attitude

As can be seen from Malviya(2005) the effects of tourism can be categorized in three major categories economic, environmental and socio-cultural, since the effects of services and taxes can be combined to economic impact, community attitude to socio-cultural impact.

2.4.1 Economic Impacts of Tourism

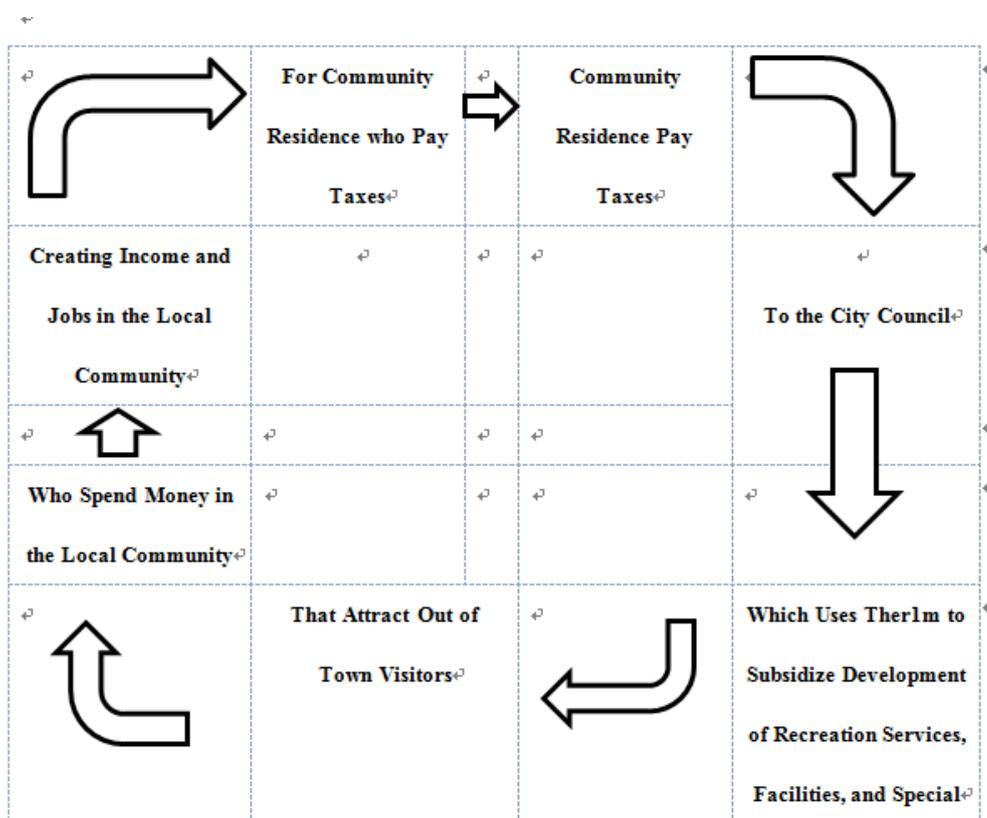
Economic impact studies in travel and tourism are undertaken to determine the effects of specific activities in a given geographic area on the income, wealth and employment of that area's residents. They are conducted for cities, counties, states, provinces, nations, and for individual facilities (e.g., museums) and events (e.g., Olympic Games). They often relate to an annual period, although seasonal and event impact studies are not unknown. The results indicate the contribution or cost of tourism activity to the economic well-being of residents of an area, usually in monetary terms. List of impacts of tourism on the economy (Frechtling, 1994):

- Additional income
- Improves standard of living
- Improves transport infrastructure
- Economic impact (direct, indirect, induced spending)
- Attracts investors and increases investment
- Increases sell of domestic product(visitor export)
- Creates jobs
- Creates new business opportunities
- Increases tax revenues
- All these together in turn develops the country's economy

The conceptual rationale for undertaking economic impact studies is illustrated in Figure 2.3. From Figure 2.3 can be seen that residents of a community pay funds to their city council in the form of taxes. The city council uses a proportion of these funds to subsidize production of an event or development of a facility. The event or facility

attracts non-resident visitors who spend money in the local community both inside and outside of the event or facility that they visit. This new money from outside of the community creates income and jobs in the community for residents. This completes the cycle; community residents invest the tax funds, and they receive the return on their investment in the form of new jobs and more household income.

Figure 2.3: The Conceptual Rationale for Undertaking Economic Impact Studies



Sources: Crompton et al. (2001)

Tourism has a high need for human capital and offers a diversity of jobs in a variety of operations of varied sizes and types (Szivas, Riley, & Airey, 2003). Fact that tourism creates jobs and that the tourism spending has a triple effect (direct, indirect and induced) makes the tourism industry more and more important. Tourism needs to be planned and managed as a renewable source industry based on local capacity and

community decision making (Murphy, 2013). Tourism becomes a driver and the most important tool for business, social and cultural exchange development of the third world, especially for developing economies. As a rapidly growing sector of many less industrialized countries, international tourism has emerged as an important component of export-oriented development programs (Goodwin, Kent, Parker & Walpole 1997, 1998).

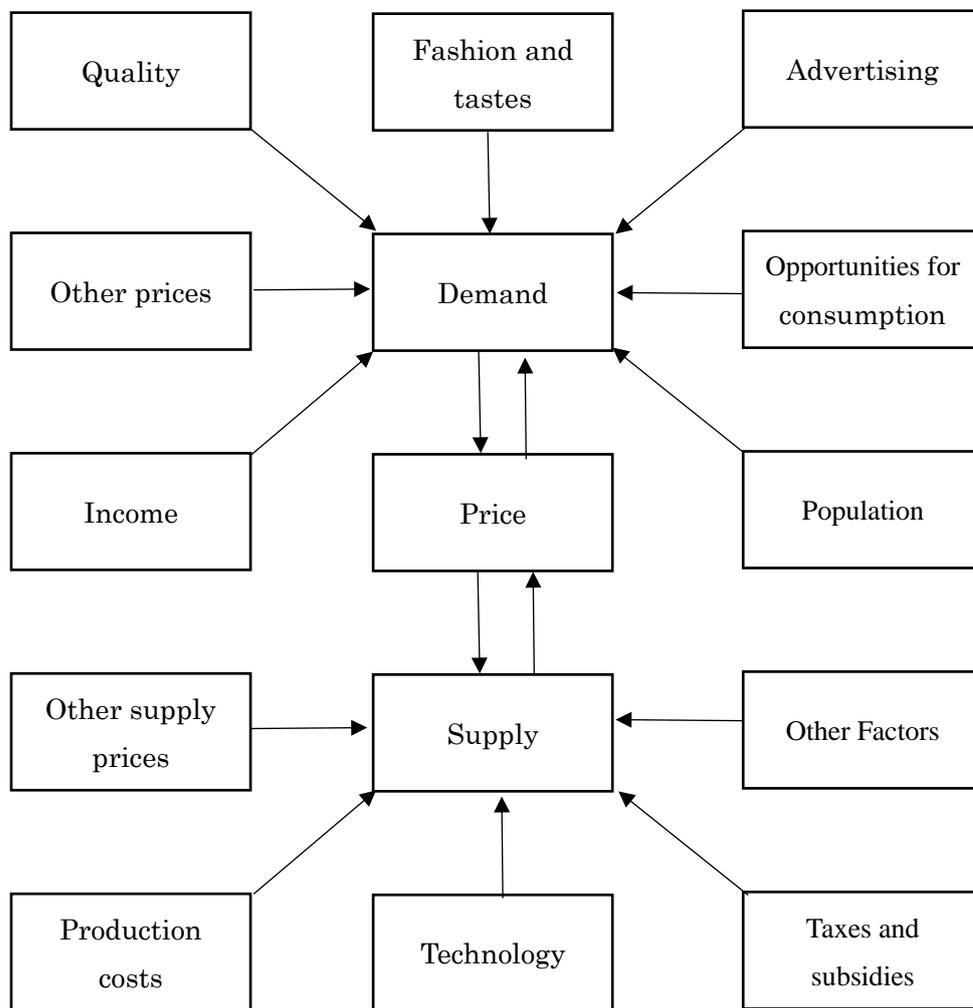
In the literatures of tourism there are many discussions of demand side, since demand analysis estimates or predicts the number and/or types of visitors to an area via a use estimation, forecasting or demand model. The number of visitors or sales is generally predicted based on judgement, historic trends (time series methods), or using a model that captures how visits or spending varies with key demand determinants (structural models) such as population size, distance to markets, income levels, and measures of quality & competition (Stynes, 1999). Tourism demand can be defined in various ways, depending on the economic, psychological, geographic and political point of view. The (main) geographic perspective defines tourism demand as the total number of persons who travel or wish to travel, and use tourist facilities and services at places away from their places of work or residence (Cooper et al. 1993).

Tourism demand is a special form of demand in that a tourism product is a bundle of complementary goods and services (Morley, 1992) In other words they are associated with the first flow of money paid by tourists for a tourism product, meaning goods and services within the tourism sector.

Given the importance of tourism to economic development and trade performance, government as well as tourism industry authorities are interested in factors that influence tourist flows to a particular destination and responsiveness of tourism

demand to these factors. Such knowledge is useful for making accurate prediction of tourism demand, the planning infrastructure and facilities for tourists, and the development of sensible tourism policies. Appropriate policy measures taken by the private and public sectors to stimulate tourism need to be underpinned by analytical research (Lim, 2006).

Figure 2.4: The Market for Recreation, Leisure and Tourism Product



Source: Tribe, 2011

Tribe (2011) described the relationship of tourism demand and supply (see Figure 2.4) and noted that the change of demand has been always from the change of price (generally, as the price of goods and services increases the demand for it falls). But

there are also other factors which are influential on the change of the demand for a good or service. They are as follows:

- Disposable income
- Price of other goods
- Comparative quality/ value added
- Fashion and tastes
- Advertising
- Opportunities for consumption
- Population
- Etc....

Economists posit that tourism demand is affected principally, mainly by income and prices. Also they posit that the information of changes in demand resulted from each of these variables are important for both: tourism suppliers and policy-makers. It is helpful, initially to examine the effects of each of these variables separately. In the case of rise in income with constant relative prices the effect on most types of tourism and most tourist destination is likely to be positive. Thus, an increase in income results in a rise in tourism purchases, similar to the effect of increasing income on the demand for most other goods and services (Stabler, et al., 2010).

Middleton also summarized the tourism demand determinants under 10 headings:

1. Economic factors and competitive prices
2. Demographic factors
3. Geographic factors
4. Socio-cultural attitudes to tourism
5. Mobility
6. Government/regulatory
7. Media communications
8. Information and communication technology
9. Environmental concerns and demand for more sustainable forms of tourism
10. International political developments and terrorist actions.

However, as Vanhove (2011) noted, tourism demand is also sensitive to changes in the supply of products and the capacity of supply.

Kreag(2001) pointed out the as positive as well as economic negative effects of tourism.

Table 2.2: Tourism's Positive and Negative Economic Impacts

<i>Positive impacts</i>	<ul style="list-style-type: none">• Contributes to income and standard of living• Improves local economy• Increases employment opportunities• Improves investment, development, and infrastructure spending• Increases tax revenues• Improves public utilities infrastructure	<i>Negative Impacts</i>	<ul style="list-style-type: none">• Increases prices of goods and services• Increases price of land and housing• Increases cost of living• Increases potential for imported labor• Cost for additional infrastructure (water, sewer, power, fuel, medical, etc.)• Increases road maintenance and transportation systems costs• Seasonal tourism creates high-risk, under or unemployment issues• Competition for land with other
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Source: Kreag(2001)

Kumar et al.(2015) also noted that even though the economic impacts of tourism are generally positive, it can have some negative economic effects, including leakage, decline of traditional employment and seasonal unemployment, and increased living costs. A leakage occurs in tourism when money is lost from a destination area. This could be because the hotels are owned by companies that operate in other countries and the profits are taken away from the local area. Also, larger travel and tourism companies buy their goods and services centrally in order to get the best prices (cited Cooper, Fletcher, Gilbert & Wanhill, 1993; Mathieson & Wall, 1982). The further discussions of tourism's economic impact and analysis are given in Chapter 4.

2.4.2 Environmental Impacts of Tourism

Environmental impacts of tourism both: negative and positive, those clearly defined in the report of “United Nations Environment Programme”. The quality of the environment, both natural and man-made, is essential to tourism. Tourism involves many activities that can have adverse environmental effects. Many of these impacts are linked with the construction of general infrastructure such as roads and airports, and of tourism facilities, including resorts, hotels, restaurants, shops, golf courses and marinas. The negative impacts of tourism development can gradually destroy the environmental resources on which it depends. On the other hand, tourism has the potential to create beneficial effects on the environment by contributing to environmental protection and conservation. It is a way to raise awareness of environmental values and it can serve as a tool to finance protection of natural areas and increase their economic importance. Negative impact of tourism on the environment can be minimized by right policies implication, towards environmental negative effects reduction and regulation of those (United Nations Environment Program). Regarding to the environmental effects of

tourism Lim (2006) noted that although destinations try to preserve and capitalize on their environment to attract tourists, the impact of tourism activities and tourism growth has arguably been detrimental to the environmental quality of countries. Pollution, waste overcrowding, crime and intensive use of certain geographical areas, are some of the adverse impacts of tourism on the natural, socio-cultural and physical environment of destination. Without paying attention to the environment, tourism growth is not sustainable in the long run.

United Nations Environment Program (UNEP) board noted that tourism has three main impact areas and those are:

Depletion of Natural Resources

- Water resources
- Local resources
- Land degradation
- Land degradation

Pollution

- Air pollution and noise
- Solid waste and littering
- Sewage
- Aesthetic Pollution

Physical Impacts/Physical impacts from tourist activities

- Construction activities and infrastructure development
- Deforestation and intensified or unsustainable use of land
- Marina development
- Trampling

UNEP board also noted that, uncontrolled conventional tourism poses potential threats to many natural areas around the world. It can put enormous pressure on an area and lead to impacts such as soil erosion, increased pollution, discharges into the sea, natural habitat loss, increased pressure on endangered species and heightened vulnerability to

forest fires. It often puts a strain on water resources, and it can force local populations to compete for the use of critical resources.

From the above mentioned facts it can be concluded that in case of appropriate policy implications, especially regarding to the environmental negative effects caused by tourism, negative effects can be minimized and even it can be turned into use of the tourism to preserve and protect environment.

Shortly tourisms positive and negative environmental impacts are:

Table 2.3: Tourism’s Positive and Negative Environmental Impacts

<i>Positive impacts</i>	<ul style="list-style-type: none"> • Protection of selected natural environments or prevention of further of ecological decline • Preservation of historic buildings and monuments • Improvement of the area’s appearance (visual and aesthetic) • A “clean” industry (no smokestacks) 	
	<ul style="list-style-type: none"> • Pollution (air, water, noise, solid waste, and visual) • Loss of natural landscape and agricultural lands to tourism development • Loss of open space • Destruction of flora and fauna (including collection of plants, animals, rocks, coral, or artifacts by or for tourists) • Degradation of landscape, historic sites, and monuments • Water shortages 	<i>Negative Impacts</i>

Source: Kreag(2001)

2.4.3 Socio-Cultural Impacts of Tourism

Socio-cultural effects are mainly dependent on the attitudes of host and guest. Although there is no universal definition of a community attitude (Ajzein & Fishbein, 1977; 1980), Getz argues that attitudes may be defined as enduring predispositions towards specific aspects of the individual's environment. He establishes that attitudes are reinforced by perceptions and beliefs and are closely related to the values and even personality of an individual (cited in Monterrubio & Bello, N.D.). Tourists during their stay in destination interact with local people/ residents and the outcome of their relationship is changes in host individuals' and host community's quality of life, value systems, labor division, family relationships, attitudes, behavioral patterns, ceremonies and creative experiences and creative expressions(Malviya, 2005,vol. 1). Socio cultural impacts of tourism are:

- Improves quality of life
- Preserves cultural exchange
- Tourists and hosts educational experience
- Better understanding of different nations/communities
- Increases demand for historical and cultural exhibits
- Greater tolerance of social differences

It has to be underlined that the negative environmental and social impacts of tourism can be prevented and mitigated with appropriate planning, management and monitoring of tourism activities, following integrated approaches and sustainability principles. Therefore, the seasonal increase of population by tourism not necessarily leads to the degradation of the environment. The cooperation between public authorities and the tourism private sector is a must to reduce negative impacts of

tourism and increase its contribution to the wellbeing of local communities. A key challenge for regional and local authorities is to develop capacities for handling the seasonal increase of demand for public services, in order to satisfy the needs of both residents and tourists. The ratio of tourists to local residents can be used as an indication of potential pressure on natural and social resources and conditions of major tourist receiving regions. It can be applied especially in peak periods, and at sub-national levels in tourist regions and local destinations, where tourists concentrate and the impacts occur (UNWTO, 2004).

Bellow given the positive and negative social and cultural effects accrued from tourism in the host communities.

Table 2.4: Tourism's Positive and Negative Social and Cultural Impacts

<i>Positive Impacts</i>	<ul style="list-style-type: none"> • Improves quality of life • Facilities meeting visitors (educational experience) • Positive changes in values and customs • Promotes cultural exchange • Improves understanding of different communities • Preserves cultural identity of host population • Increases demand for historical and cultural exhibits • Greater tolerance of social 	<i>Negative Impacts</i>	<ul style="list-style-type: none"> • Excessive drinking, alcoholism , gambling • Increased underage drinking • Crime, drugs, prostitution • Increased smuggling • Language and cultural effects • Unwanted lifestyle changes • Displacement of residents for tourism development • Negative changes in values and customs • Family disruption • Exclusion of local from natural resources
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Source: Kreag(2001)

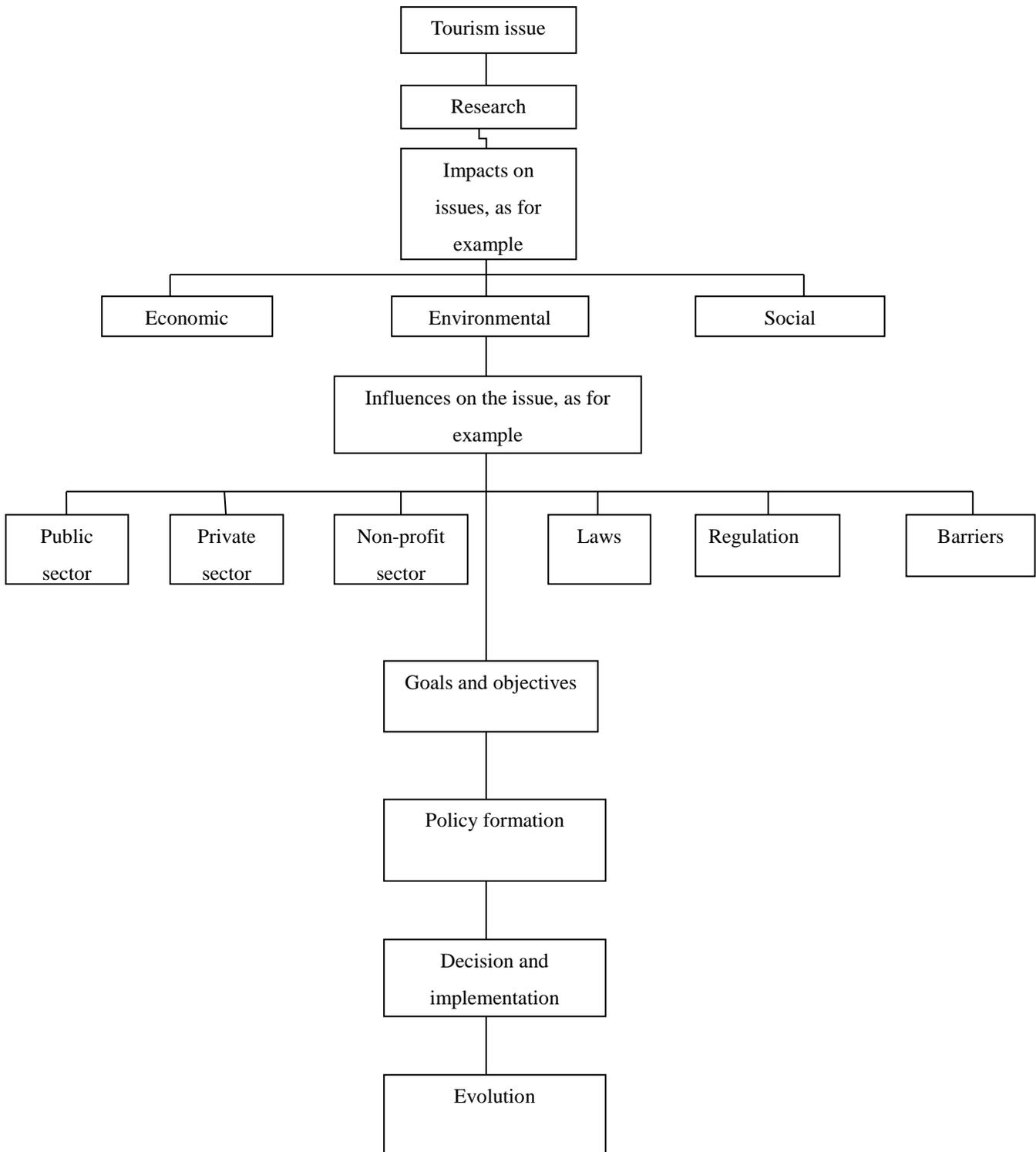
For reducing any types of negative influence of tourism there is a need of right chosen policies with the accordance and perceptions of the particular destination as hosts as well as tourist.

2.5 Tourism Polices

Edgell, et.al (2008) discusses tourism industry development process and success factors, and refers it to (upon) the countries the countries departments/ policy makers. Merriam-Webster Online Dictionary (2007) has defined policy as ‘A definite course or method of action selected from among alternatives and in light of given conditions to guide and determine present and future decisions’. In the popular tourism textbook “Tourism: Principles, Practices, Philosophies” (Goeldner & Ritchie, 2006) noted, ‘Tourism policy can be defined as a set of regulations, rules, guidelines, directives, and development/promotion objectives and strategies that provide a framework within which the collective and individual decisions directly affecting long-term tourism development and the daily activities within a destination are taken.

Countries departments/policy makers should and must consider both the tourism industry and the local residents when developing their tourism policy. This is crucial for the industry’s long-term success, and not understanding it can lead to a funding organization’s focus tied only to promotion or marketing and less to other initiatives of equal importance to tourism development, such as research, product development and environmental, social and economic sustainability. Resources should be earmarked to ‘give the tourists the product they want’ while taking care to protect and ‘extend the sustainability of the product’ and the tourism policy developing process, should take steps as firstly for formation of tourism policy (Edgell, et.al.,2008).

Figure 2.5: Tourism's Policy Formulation General Diagram



Source: Edgelet.al (2008)

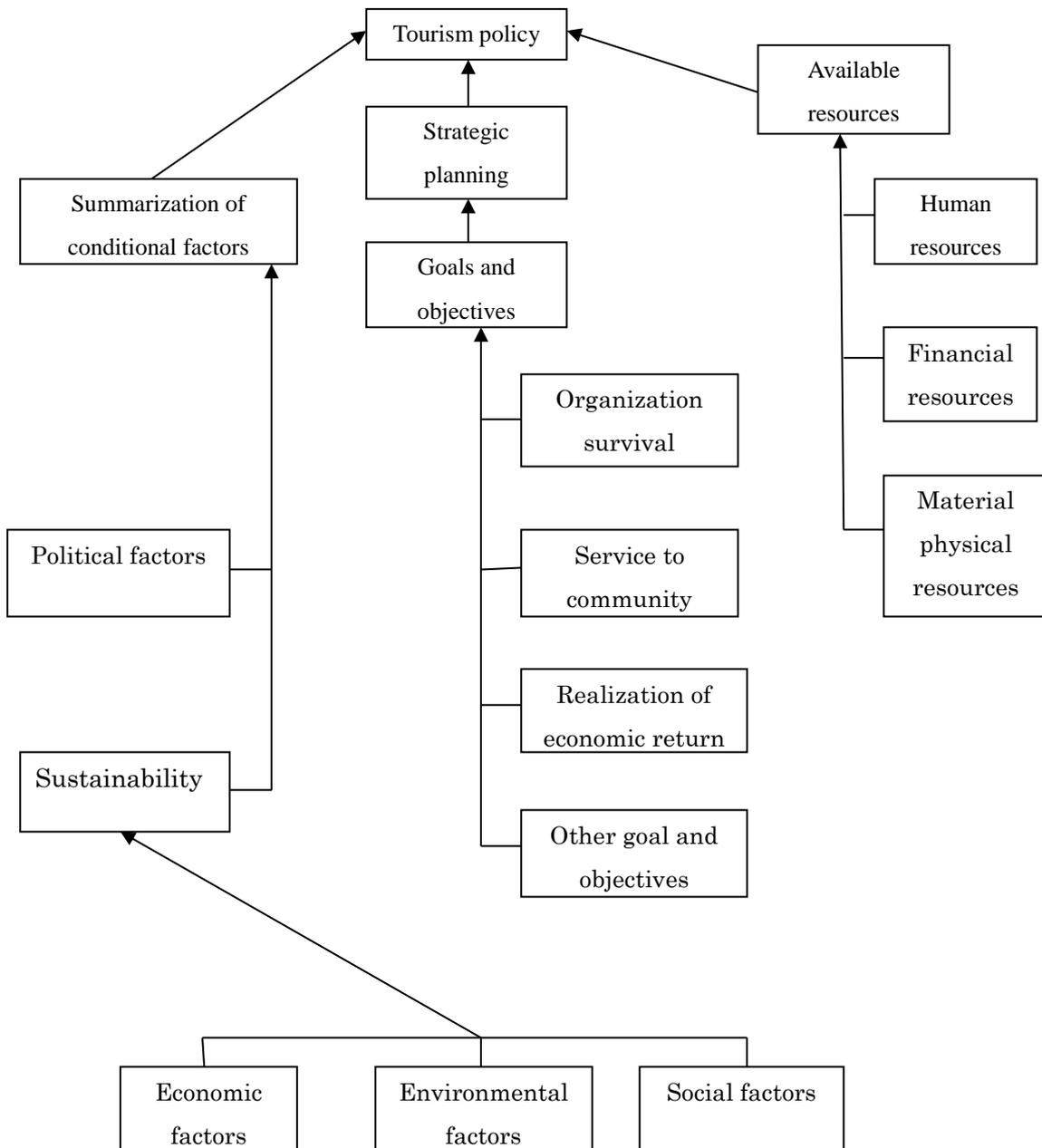
From Figure 2.5 can be seen that the policy formation based on researches, which means the outcome of researches decides the treat and regulation of the tourism product, its demand and supply.

Stynes (1999) refers Benefit Cost Analysis(BCA) the choice of policies generate the highest net benefit to society overtime, notes that, benefit cost analysis estimates the relative economic efficiency of alternative policies by comparing benefits and costs over time. BCA identifies the most efficient policies from the perspective of societal welfare, generally including both monetary and non-monetary values. B/C analysis makes use of a wide range of methods for estimating values of non-market goods and services, such as the travel cost method and contingent valuation method. In tourism, the product policy' content is determined by some specifically factors (Krippendorff, 1971):

- Natural factors (natural relief, clime, flora, fauna etc.); -
- Human' existence general factors (*socio-cultural* factors); -
- General infrastructure; -
- Tourism equipment's

The effects of tourism industry, especially of tourisms economic significance (for a variety of reasons) give the industry greater respect among the business community, public officials, and the public in general. This often translates into decisions or public policies that are favorable to tourism. Community support is important for tourism, as it is an activity that affects the entire community (Malviya, 2005, vol.3).Tourism policies should be constructed with regard to goals and objectives, and take to account available resources for reaching those goals. Policy development process shown in Figure 2.6.

Figure 2.6: Tourism's Policy Development Process



Source: Edgelet.al (2008)

With all three main factors of turism industry:envirenmental, economic and social, important to mainain sustainaibility, with maintaining the available human, financial

and physical resources. Understanding economic impact of tourism and reaching to strategic planning, which will give us tourism policy for the particular country, since every country is unique with its unique environmental, economic and social factors and its available resources.

2.6 Role of Marketing/Advertisement in Tourism

Tourism marketing is to identify and anticipate the needs of tourists and provide facilities to meet their needs and to inform them and motivate them to revisit the place all of which contributes to tourists' satisfaction and realization of organizational goals. Tourism marketing is in fact the use of appropriate marketing concepts to adopt strategies for attracting tourists to a destination that includes predicting the needs and satisfying the current and future tourists (Nouri, Soltani, 2015 from Movahed et al., 2011).

In general, marketing is a responsible process to identify, anticipate and supply the needs of customers in a profitable form that meets the customers' orientations and intentions practically. Marketing mix is a basic concept in tourism marketing that can improve it. McCarthy (1960) for the first time introduced the four factors of product, price, promotion and place of the distribution as the primary components of the marketing strategy (Nouri, Soltani, 2015).

Tourism industry has unique features that marketing make more difficult. These features include the following:

- In response to customer demand cannot change service of this industry rapidly.
- Demand for the services of this industry has very high elasticity (This means that a small change in price or income can result in relatively large changes in the

demand), also nature of this industry is seasonal and subjective factors such as a person's taste and lifestyle can impact on its.

- Tourism industry products is set of different services and if is observed weaknesses in one of the services, will be causing customer dissatisfaction or passengers and this weaknesses in product or service affects entire trip (Monsef, Raji,2013from Parsaeian & Erabi, 2003:236).

CHAPTER 3

REPUBLIC OF ARMENIA

TOURISM INDUSTRY

3.1 Republic of Armenia

3.1.1 Economy

During the Soviet Union period Armenia was under a central planning system. The country supplied machine tools, textiles, and other manufactured goods to sister republics (the rest of the SU countries) in exchange for raw materials and energy.

As mentioned in Chapter 1 Armenia gained its independency in 1991. The first important step after the independence was the creation of new economic and political policies for national security and monetary reform. The reform caused high inflation in all Soviet Union member countries. After independence, in early 1990s, a sharp boost of unemployment, reduction of wages, shrinkage of tax-base, persistent cash shortages generating large external and domestic expenditure arrears, which resulted in the crucial decline in living standards and rising poverty levels that caused a large migration. The reforms, initiated in the second half of the 1990s, attempted to revitalize the economy. As a result, the economy rebounded at the end of the 20th century. Armenia needed many years for reconstructing the old social system and reaching economic stability.

The principal economic activities of Armenia are construction, mining, food production, chemicals, jewellery and service sector. Armenia's economy is predominantly service based. In 2014 agriculture accounted for 21.94% of GDP and employed 38.90% of the population, manufacturing and industry accounted for 31.48% of GDP and employed 16.70% of the population, the service sector accounted for 46.58% of the GDP and employed 44.40% of the population. Positive results from agriculture, mining and tourism were offset by sluggish manufacturing and other services (World Bank, 2014). For 2015 (est.) figures stayed almost the same: agriculture - 23.3%, industry - 30.1%, services - 46.7 % (Central Intelligence Agency).

Agriculture - products: fruit (especially grapes), vegetables; livestock.

Industries: diamond processing, metal-cutting machine tools, forging and pressing machines, electric motors, tires, knitted wear, hosiery, shoes, silk fabric, chemicals, trucks, instruments, microelectronics, jewellery, software, food processing, brandy, mining.

In Table 3.1 the volume of services for 2009-2015, with the types of provided services in the country, is shown.

Table 3.1: Volume of Services, Million Drams, AMD, 2009-2015

	2009	2010	2011	2012	2013	2014	2015*
Total	698215.3	771597.2	840033.4	941280	988158.3	1090529	1144605
Accommodation and food service activities	34226	43401.8	48854.9	61061.9	73265.1	83682.8	90815.4
Arts, entertainment and recreation	21609.1	27915.5	32003	52161.3	61630.9	99811.7	176635.3
Education	37622.3	40181.2	40790.7	40463.1	43070.6	44891.1	48171.8
Human health and social work activities	20696.8	24936.2	30216.9	34247.7	42737.1	44140.2	44781.5
Real estate activities	19386	24774.6	24650.4	28220.9	32203.3	39343	41354.8
Information and communication	194508.9	196854.4	199486.3	207195.6	222882.4	223161.9	218594.7
Transport	163260.8	173808.1	179563	192198.7	168905	181602.3	147604.3
Administrative and support service activities	34769.2	42102.9	47910.8	55533.1	51688.6	55966.1	56984.9
Professional, scientific and technical activities	38495.3	48688.1	48665.2	49901.4	54451.8	58427.3	64143.7
Financial and insurance activities	121296.7	134757.1	172576	202466.6	218267.6	237278.5	231095.8
Other service activities	12344.2	14177.3	15316.2	17829.7	19055.9	22223.7	24423.1

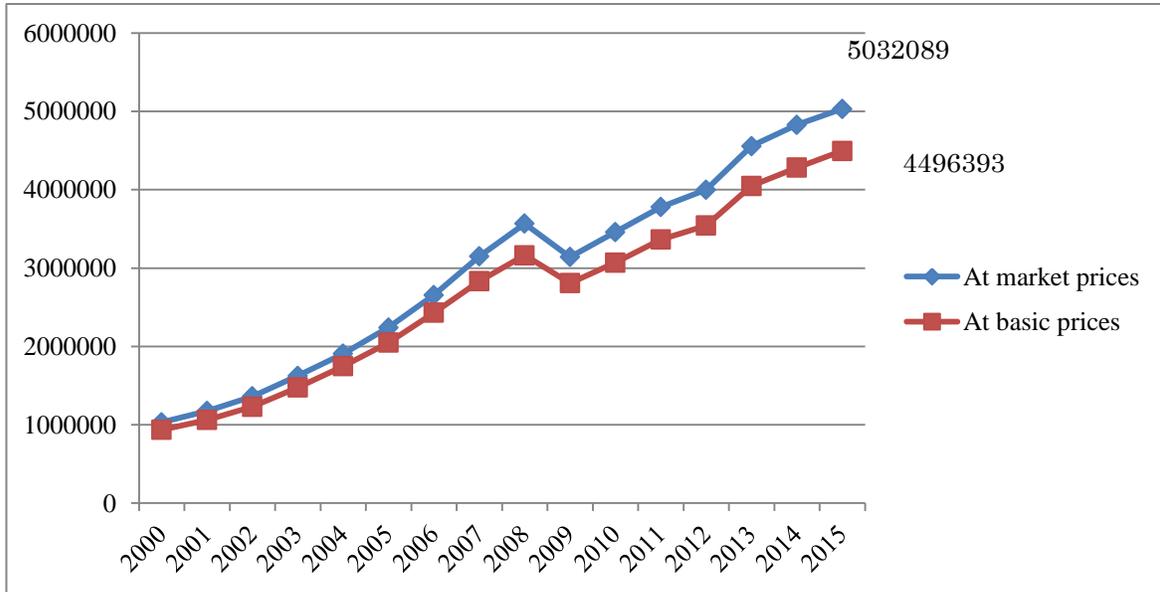
Source: NSS RA (the figures for 2015* are preliminary)

The *largest share* from total services has the “Financial and insurance activities” (20%), the second one is the “Information and communication” (19%), in the third place is the “Arts, entertainment and recreation” (15%) and the fourth is the “Accommodation and food service activities” (8%). *From top four service providers two are in a strong correlation with tourism; tourists in every destination are provided financial and insurance services, entertained, especially using accommodation and food services of destination, and the information about destination is reached in a recent technological era through websites (tour agencies are ordering websites,*

which means they make payments not only for the startup of the website, but also they make monthly or yearly payments for the updates of the website.

In Figure 3.1 the trends/changes of Gross Domestic Product (GDP) at the market prices and basic prices³¹ for 2000-2015 are shown.

Figure 3.1: RA Gross Domestic Product (Million Drams, AMD)



Source: National Statistical Service of the Republic of Armenia (NSS RA)

From Figure 3.1 it can be seen that the value of GDP was increasing year by year, although the changes were very slight. After several years of double-digit economic growth Armenia faced a severe economic recession with GDP declining in 2009. The decline was caused by the Global Financial Crisis, mainly through Russia, with the decline of the export value and sharp declines in the construction sector and workers' remittances, particularly from Russia-led downturn; the economy began to recover in 2010 with 2.1% growth and was continuously increasing for 3 years. Despite the positive economic changes in the country, wages still remain low.

31-GDP at market prices-refers to the Nominal GDP and basic prices-refers to a Real GDP.

Table 3.2: Average Monthly Nominal Wages, Drams (AMD)

2000	22706
2001	24483
2002	27324
2003	34783
2004	43445
2005	52060
2006	87406
2007	74227
2008	87406
2009	96019
2010	102652
2011	108092
2012	113163
2013*	146524
2014	158580
2015	171615
2016 (Jan)	177539

Source: NSS RA

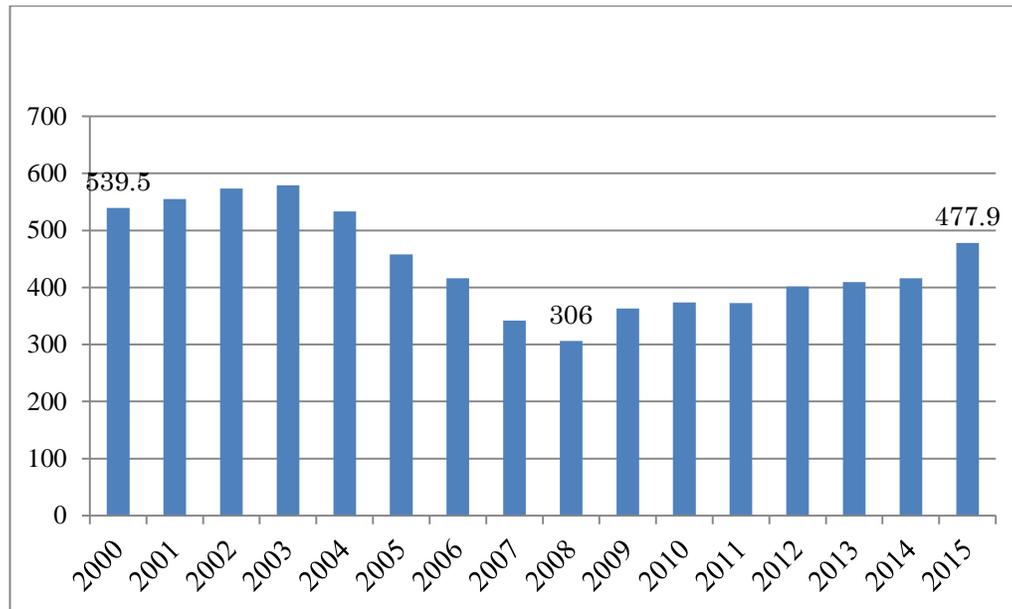
In Table 3.2 the average monthly nominal wages for 2000 to 2016 (Jan) are given. From Table 3.2 can be seen that wages have been increasing year by year, although a change took place and throughout 17 years it increased 7.8 times, it still remains low. For January 2016 it has reached up to 371 USD, in 2015 it was 359 USD. In comparison with Latvia (one of former SU country) Armenian average monthly wages are almost half of the Latvian average monthly nominal wages; in Latvia average monthly wages recorded 617 EUR/Month as for May 2016 (Central Statistical Bureau of Latvia). This big difference might be an influence of favourable location, polices, etc.

*-Since 2013 the indicator calculated by the RA Law “On Income Tax” acquired the force since 01.01.2013, according to which in the RA since 1 January 2013 “employer’s statutory social security contribution” is also included in the “employees’ remuneration and other payments equal to it”. As a result of change of the mentioned legislation, in order to provide comparability of indicators for 2012-2013, the corresponding indicators for 2012 were re-calculated by the current methodology, using the method of applying the calculated (conditional) rates of employer’s statutory social security contribution.

The prices in the Republic of Armenia from following groups: restaurants, markets, transportation, utilities, sports and leisure, clothing and shoes, rent per month is given in Appendix 3.1. According to the data, cost of living in Armenia is 60.50% lower than in Japan (aggregate data for all cities, rent is not taken into account). Rent in Armenia is 65.50% lower than in Japan (average data for all cities). Cost of living in Armenia is 20.24% lower than in Thailand (similarly, aggregate data for all cities, rent is not taken into account). Rent in Armenia is 30.23% lower than in Thailand (average data for all cities) (NUMBEO, 2016, the).

In Figure 3.2 below the exchange rate trends; rates in drams/official exchange rate of 1 US dollar, with its appreciation and depreciation periods is shown.

Figure 3.2: Armenian Currency/ Dram Exchange Rate of 1 US dollar



Source: NSS RA

Figure 3.2 shows that the currency was devaluating even in 2000s after 9 years of independence, shows appreciation towards till 2008, unfortunately the Global Financial Crisis had a negative influence in the currency appreciation dynamics and it faced depreciation once again after 2008.

Armenia has only two open trade borders - Iran and Georgia - because its borders with Azerbaijan and Turkey have been closed since 1991 and 1993, respectively, as a result of Armenia's conflict with Azerbaijan over the Nagorno-Karabakh region. Respectively, the transportation cost for export and import is very high for the Republic of Armenia.

Armenia joined the World Trade Organization (WTO) in January 2003. In recent years the Government has made some improvements in tax and customs administration.

In January 2015, Armenia joined Russia in the Eurasian Economic Union, the rouble's sharp depreciation in December 2014 led to currency instability, inflation and a significant decrease in exports from Armenia to Russia. Table 3.4 shows the volume of export-import and trade balance, in million US\$ for 2000 to 2015. From Table 3.3 it can be seen that there was a decline in the export volume. Although in 16 years the volume of export increased nearly five times, still the country faces huge trade deficit.

Table 3.3: RA Trade Volume; Export, Import and Trade Balance

Million US\$, 2000-2015

	Export	Import	Balance
2015	1485.3	3239.2	-1753.9
2014	1547.3	4424.4	-2877.1
2013	1478.7	4385.9	-2907.2
2012	1380.2	4261.2	-2881
2011	1334.3	4145.3	-2811
2010	1041.1	3748.9	-2707.8
2009	710.2	3321.1	-2610.9
2008	1057.2	4426.1	-3368.9
2007	1152.3	3267.8	-2115.5
2006	985.1	2191.6	-1206.5
2005	973.9	1801.7	-827.8
2004	722.9	1350.7	-627.8
2003	685.6	1279.5	-593.9
2002	505.2	987.2	-482
2001	341.8	877.4	-535.6
2000	300.5	884.7	-584.2

Source: NSS RA

Remittances from expatriates working in Russia are equivalent to about 20% of GDP and partly offset the country's severe trade imbalance (The Central Intelligence Agency, The World Factbook, 2016). Big volume of import is associated with the fact that Armenia does not have natural gas or oil resources. The biggest share in the import takes the “Fuels, petroleum products, bituminous substances; mineral waxes”, in 2014 it recorded 19% of the total import. The country does not produce any machinery or other mechanical equipments, which is the other biggest share from total import (in total 13%), followed by “Vehicle other than railway and parts thereof” (8%) and “Electrical machinery equipment, parts there of sound recorders and reproducers” (5%) for 2014 (NSS, RA).

Main export partners of Armenia are Russia, Germany, Bulgaria, Belgium, Iran, US, Canada, Georgia, Netherlands, Switzerland. Main import partners of Armenia are Russia, Germany, Bulgaria, Belgium, Iran, US, Canada, Netherlands, Georgia, Switzerland.

Armenia is rich in mineral resources such as iron, copper, molybdenum, lead, zinc, gold, silver, antimony, aluminium, as well as other scarce and hard-to-find metals. Iron and copper ore, especially, are exported in significant volume. More than 670 solid mineral mines, including 30 metal mines, are currently registered in the state inventory of mineral resources. About 400 of those are exploited, including 22 metal mines: seven copper-molybdenum mines, four copper mines (operated in the southern part of the country in Kadjaran, Dastakert and Agarak), 14 gold mines (operated in Zodq and Meghradzor) and gold-poly-metallic mines, two poly-metallic mines, two iron ore mines, and one aluminium mine. Armenia's territory is divided into three zones with metal deposits: Alaverdi-Kapan, Pambak-Zangezur and Sevan-Amasia. Armenia also possesses some of the world's most diverse non-metallic minerals, including almost all types of mineral rocks. Other resources such as tuff, perlite, pumice-stone, zeolite, scoria, basalts, granites, and marble are widely used in construction. Non-metallic mines for minerals such as quartzite, carbonate, zeolite, scoria and pumice-stone, clay, bentonite, diatomite, and gypsum, also comprise a significant part of Armenia's mining sector. Armenia is rich in mineral water as well. The cities of Jermuk, Dilijan, Bjni, Arzni, Hankavan and Sevan are well known in the world for both the medicinal and organoleptic qualities of their waters (Business and Legal Consulting, Invest in Armenia, 2016).

3.1.2 Demographics

There are around 1000 settlements in Armenia, which are unified in 926 communities (administrative units). 48 of the communities are urban, that is separate towns or cities, and 12 are the districts of Yerevan, the capital city. The capital city itself is not a community, but has a status of Marz (region/prefecture). The remaining 865 are rural communities. The total rural population of Armenia as for 2011 was 1 million 178 thousands, or 36% of the total population of the country. The 865 rural communities differ strongly in size and population, varying from small villages with less than 100 people of population to larger settlements with over 5000 people (NSS RA).

3.1.3 Infrastructure

3.1.3.1 Road Transport

Armenia's primary roads in total are 10,818 kilometres (km) and are divided into interstate (1,686 km), republican (1,747 km), local (4,271 km), and urban (3,114 km). The road network serves as the backbone of the country's economic development, providing connectivity within the country, to neighbouring countries, and to mainland Asia and Europe. The Aragatsotn region has the lowest road density disparity (274 meters per square kilometre (m/km²)) and the Armavir region has the highest (525 m/km²). The Government has improved almost 13% (about 988 km) of total road length (7,704 km), has kept 49% (3,811 km) in fair condition, and is planning to improve the remaining 38% (2,905 km). The Government has rehabilitated 15% (253 km) of the 1,686 km highway network; roughly 75% of the highway network is in a fair condition and 10% (about 169 km) requires rehabilitation. About 62% (about 1,083 km) of the 1,747 km secondary road system has been improved or is in fair condition, leaving about 1,540 km in need of rehabilitation. Out of 1,962 km of local roads, about 61% needs immediate upgrading.

3.1.3.2 Railway Transport

Armenia's railway infrastructure network plays a crucial role in providing mobility for people and freight. The country is connected with Georgia by railway system, the bulk of Armenia's railway freight from 2005 to 2009 consisted of imports or exports. The principal commodities transported by railways were (in order of decreasing importance) cereals, oil and oil products, cement, and chemical and mineral fertilizers.

The network includes metro system that serves commuters in Yerevan (the capital), which has a limited coverage (Armenia’s Transport Outlook, ADB, 2011).

3.1.3.3 Airports

Zvartnots Airport is able to handle about 3.2 million passengers a year, and it should be able to accommodate the ever-growing demand until 2030. The 23 airlines are connecting the country with multiple destinations. The airlines are (see Table 3.4):

Table 3.4: Airlines

1.	Aegean Airlines
2.	Scat Air
3.	Middle East Airlines
4.	Fly Dubai
5.	Qatar Airlines
6.	Ural Airlines
7.	Iranian Naft Airlines
8.	Atlasjet Airlines
9.	Ukraine International Airlines
10.	S7 Airlines
11.	Aeroflot-Russian Airlines
12.	UTAir Aviation
13.	VIM Airlines
14.	Nord Wind
15.	Air France
16.	Air Arabia
17.	Rossiya Airlines
18.	Mahan Air
19.	Iran Aseman Airlines
20.	Aircompany Armenia
21.	Grozny Avia
22.	Austrian Airlines
23.	Lot Polish Airlines

Source: Zvartnots Airport Homepage

Another small airport is Shirak Airport located in Gyumri with only 3 airlines and 3 destinations:

- Donavia (Adler-Sochi, Rostov-on-Don)
- S7 Airlines (Moscow-Domoddedovo)
- VIM Airlines (Moscow-Domoddedovo)

Figure 3.3: Map of Armenia with the Transport Roads



Source: Armenia's Transport Outlook (ADB, 2011)

In Figure 3.3 the road map for the country is given from which the connections, accessibility of the regions (touristic sites) and the administrative separations can be seen. The country is divided in 11 administrative divisions (see Figure 3.3): regions (Marz in Armenian, as mention in the section of demographics). The capital city Yerevan is considered as a separate region. The region names with centers are given in Table 3.5 below.

Table 3.5: RA regions and their administrative centers

Region	Center
Aragatsotn	Ashtarak
Ararat	Artashat
Armavir	Armavir
Gegharkunik	Gavar
Kotayk	Hrazdan
Lori	Vanadzor
Shirak	Gyumri
Syunik	Kapan
Tavush	Ijevan
Vayots Dzor	Yeghegnadzor
Yerevan	

Source: Armenia's Transport Outlook (ADB, 2011)

3.2 Armenian Tourism Sector Outlook

In the Soviet Era tourism, generally, was domestic; people were not only strongly encouraged to travel within their own country but were also provided the opportunity to do so. Most companies (which were state owned) had their own holiday resorts by the sea or lakes or at spa resorts, where their employees could enjoy a week's holiday with their families at affordable prices. Youth camps and educational trips for children were organized as well, so that the younger generation could also participate in tourism (Papp, et al., 2011, cited in Light and Dumbraveanu, 1999).

Before 1992 most tourists were only able to enter the Soviet Union countries with visas and travel itineraries provided by the state travel agency Intourist. The latter was founded by Joseph Stalin and managed many of the USSR's accommodations. Like in North Korea nowadays, visitors' experiences were tightly controlled and peppered with propaganda, with some travellers' conversations and actions were recorded and reported (Nesterov, 2011).

It was a long journey from state owned closed communistic tourism industry, with the SU central planned regulations of tourism industry (for all Former Soviet Union countries) to open system and economy.

The distinctive position of Armenian tourism industry comes from a combination of factors including post-Soviet infrastructure, a large Diaspora population and unique tourism resources.

In 1997 the Republic of Armenia became the full member of the United Nations World Tourism Organization (UNWTO), an effort to keep pace with the rapid developments in the global tourism market. Tourism industry in Armenia is regulated mainly by the “Law of RA On Tourism and Tourism Activities”, adopted in 2003. Before that, the Government of the newly independent Republic of Armenia had passed just one legal act related to tourism – the Concept Paper of Tourism Development (adopted by the Government of RA in 2000), which reflected the vision of the government on tourism development in the country rather than tried to regulate relations in tourism industry. The mentioned law, apart from defining the basic terms and notions used in tourism industry, stipulates the main rules of relations between the industry stakeholders, as well as their rights and responsibilities. It also specifies which authority is responsible for which actions in the process of elaboration and implementation of the state policy in the sphere of tourism. In the low given rules and regulations for licensing of tour guides, and tour escorts and other decrees passed by the Government of RA and other related legislation. The state authority in tourism industry is the Ministry of Economy of RA, which elaborates and implements the state policy in the sphere of tourism through its Department of Tourism. The major partners of the Government of RA in implementing tourism related projects are the National Competitiveness Foundation of Armenia, the Small and Medium Entrepreneurship Development National Center and several associations engaged in tourism industry.

From public sector tourism organizations are:

- Armenia's Union of Incoming Tour Operators; Association of legal entities,
- The Armenian Guides Guild; civil society organization,
- Armenian Tourism association; NGO,
- The Armenian representation of American Travel Agents (ASTA),
- The Armenian Ecotourism Association; NGO.
- Armenia “Hotel Union” Union of Legal Entities.

The Government of RA put this industry under focus since the first decade of the formation of the newly independent republic. Tourism and tourism infrastructure development are among the first priority sectors in the country's economic development strategy.

The Tourism Department of Ministry of Economics informs that the budget for Armenia's tourism industry development for the years 2015 and 2016 has accumulated 180 Million AMD (371800 USD) and that there were no other financial support from international organizations or monetary funds. Since the regions of Armenia are less developed than the capital city, more investments are needed for the overall industry development.

3.2.1 Policy Perspectives

- Effective national policy and policy framework: strategies, policies, statutory and non-statutory regulations, infrastructure, social programs, etc.
- Social dialogue, social cohesion and preservation of local identities: engagement of communities and tourism industry for better need assessment and servicing, promotion of local ownership.
- Public Private Partnership Developments: promotion of dialogue, engagement of private sector, local and central governments in development project planning, implementation and delivery.
- Local Employment and Income Opportunities: creation of local jobs and income opportunities especially for women and young workers.
- Better access to Armenia on the international tourism market, the favourable visa regime and the “open air” policy in particular.

During the last two decades the efforts of the Armenian Government to develop tourism were made in forms of elaboration and implementation of various projects such as:

- “Tsaghkadzor as a tourism center, corresponding to the international standards”
- “The tourism developing program 2010 in the Republic of Armenia” was confirmed on the 11th of February in 2010 according to N208-N decision of governmental conference.
- 2008-2012 festival program concept/plan of developing tourism, confirmed on the 16th of October in 2008.
- The 2008-2012 strategy of Jermuk city developing.
- The governmental decision of the Republic of Armenia about “Tatev tourism center”,

confirmed on the 26th of June in 2009.

- “The services of tourism assistance”, confirmed in 2011.
- Tourism festival calendar, carried out with the assistance of the Ministry of Economy of RA in 2012.

Apart from the development projects for some specific area or resort, the Government also elaborates and implements the annual tourism development programs, which cover tourism initiatives (marketing and promotion, infrastructure development, product and services development) for tourism industry nationwide. These are annual, routine programs, the responsibility of elaboration and implementation of which is stipulated by the Law On Tourism and Tourism Activities.

Armenia's human capital is one of its strongest resources; the labour force is generally well educated, particularly in the sciences. Almost every citizen of Armenia's population is literate. Enrolment in secondary school is over 90 percent, and enrolment in senior schools (essentially equivalent to American high school) is about 85 percent (U.S. Department of State, 2013).

With regards to the human resources for tourism industry, Armenia has the capability of having well-educated staff working in any trail of tourism industry. The list of universities, which are providing tourism related qualified education, within the frame of international standards is mentioned below.

- Armenian Institute of Tourism, the branch of Russian International Academy of Tourism
- Russian-Armenian (Slavonic) University
- Moscow State University of Service and Tourism, the branch in Yerevan.
- Management University of Yerevan
- The French University in Armenia
- The College of Humane
- Armenian-Greek State College of tourism, service and food industry
- Armenian State University of Economics
- Armenian State University of Economics (the branches in Yeghegnadzor and Ijevan)
- Yerevan Brusov State University of Languages and Social Sciences

3.2.2. Tax Law/Rate

Turnover tax has been introduced to the Armenian fiscal system since January 1, 2013. The following rates, based on the activity of the taxpayer, are applied (see Table 3.6):

Table 3.6: RA Taxation Rate

Activity carried out by the taxpayer	Tax rate
Trading activity	3,5%
Production activity	3,5%
Rental income, interest, royalties, assets' alienation (including real property)	10%
Notary activity	20%
Other activities	5%

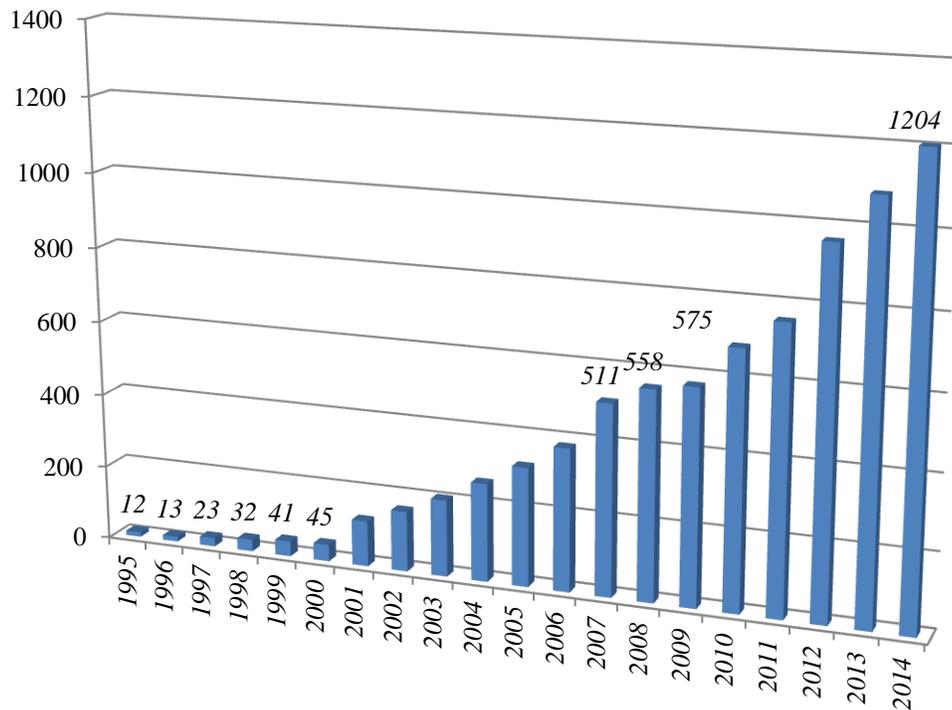
Source: RA Tax Law

Tourism related all businesses: tour agencies, hotels, restaurants are under “Other activities” category, thus, the taxation rate for all of them is 5 %.

3.2.3 Facts and Figures

In Figure 3.4 numbers of international tourist arrivals to Armenia are shown, for the years from 1995 to 2014 from which it can be seen that from 12000 in 1995 it became 1204000 in 2014, increasing by 100.3 times in 20 years. Even Global Financial Crisis had no influence on the numbers of international arrivals to Armenia; it recorded more than 1/3rd of the population in 2014.

Figure 3.4: International Tourism, Number of Arrivals/1000



Source: World Bank, 2015

The position of Armenian tourism industry in the global tourism market can be seen from the Travel & Tourism Competitiveness Index (TTCI), which measures “the set of factors and policies that enable the sustainable development of the “Travel & Tourism”(term is used in all WTTC reports for tourism’s economic accumulations) sector, which contributes to the development and competitiveness of a country”. According to the Travel & Tourism Competitiveness Report 2015, which was published by the World Economic Forum within the framework of the Global Competitiveness and Risks team and the Industry Partnership Program for Aviation & Travel, Armenia ranked the 89rd place among 141 countries. In 2015 first rank had Spain followed by France (2nd), Germany (3rd), the United States (4th), the United Kingdom (5th), Switzerland (6th), Australia (7th), Italy (8th), Japan (9th) and Canada (10th). In Japan the international tourists' arrivals reached 19.7 million for 2015. The other two popular Asian touristic destinations; Malaysia is ranked the 25th (Malaysia registered 25.7 million tourists in 2015) and Thailand is ranked the 35th (international tourists' arrivals to Thailand recorded 29.88 million in 2015). It might be concluded that the number of visitors would make the countries competitiveness higher, but since the TTCI is a combination of the values of 14 pillars in four groups; Enabling Environment, T&T Policy and

Enabling Conditions, Infrastructure, Natural and Cultural Resources, it might be lower, considering all those factors in the countries.

Table 3.7: Travel and Tourism Competitiveness Index of the Republic of Armenia, 2015

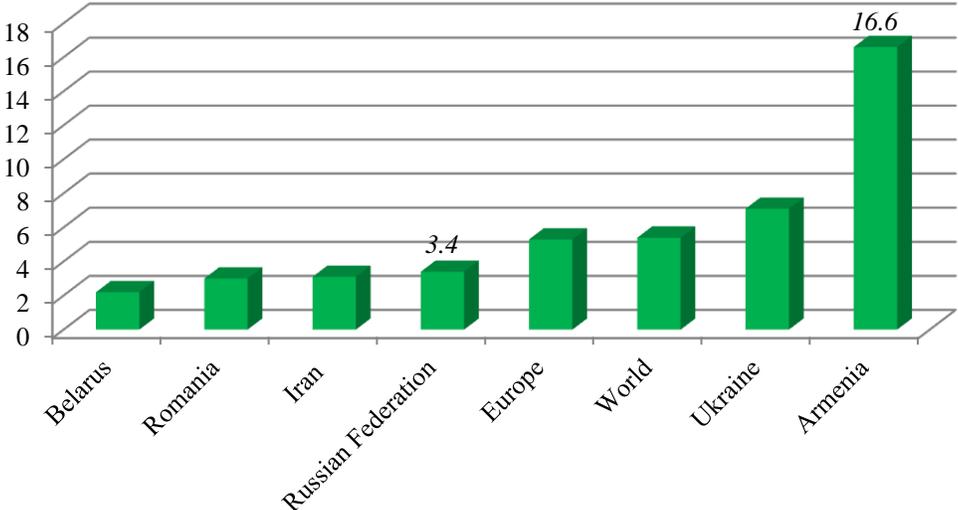
	Rank	Value
Travel & Tourism Competitiveness Index	89	3.42
Enabling Environment	57	5.00
Business Environment	50	4.62
Safety and Security	38	5.80
Health and Hygiene	48	5.92
Human Resources and Labor Market	71	4.48
ICT Readiness	69	4.16
Prioritization of Travel & Tourism	80	4.43
International Openness	83	2.78
Price Competitiveness	77	4.58
Tourist Service Infrastructure	73	4.18

Source: Travel and Tourism Competitiveness Index Report, 2015

In Table 3.7 the ranks of pillars/ indexes for the Republic of Armenia are shown, considering the fact that the country is still straggling to fit in the global tourism market (adopting world standards of the tourism market; overall the TTCI is still low (as mentioned earlier); among 114 countries its ranked the 89th. But on the other hand, considering the fact that it entered the market just 25 years ago as an independent country, the country could reach favourable business environment (it is ranked the 50th out of 114). Another important factor is that the “Safety and Security” pillar is ranked the 38th, which makes the country competitive in that aspect. Price competitiveness is low, the influence of high prices of the air tickets, since the prices of goods and services are not high in the country (see Appendix 3.1).

Notable that Armenian tourism’s visitor export value is very high. In Figure 3.5 the percentage of visitor export from total export for Armenia, Ukraine, Europe, Russian Federation, Iran, Romania, and Belarus is given.

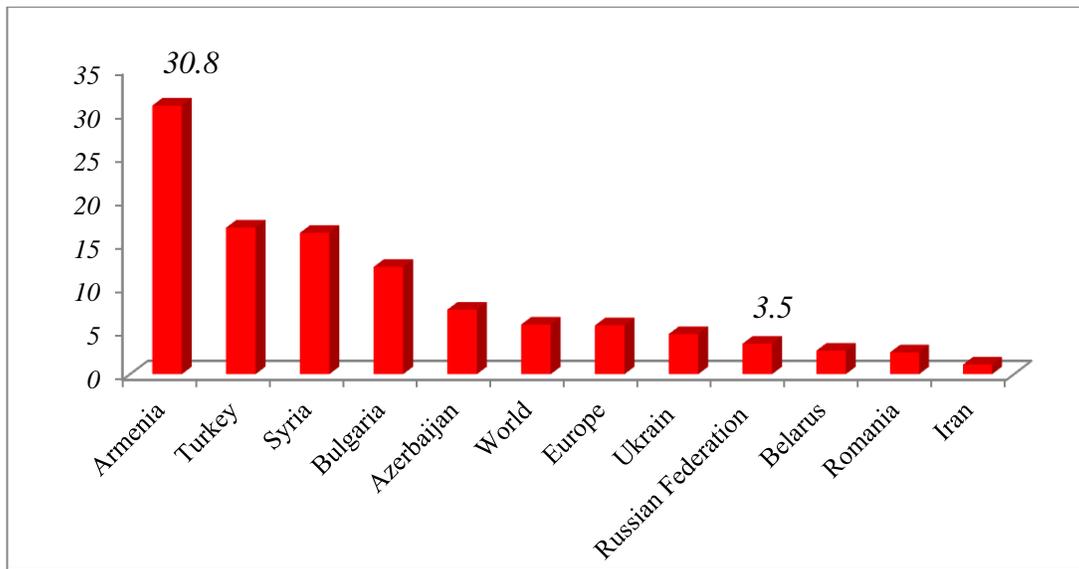
Figure 3.5: Visitor Exports Share to the Total Export, World, Europe... %, 2013



Source: WTTC, 2014

Visitor export share to the total export recorded 16.6 % in 2013 and became 30.8% in 2014 (see Figures 3.5 and 3.6, respectively), which is the highest record compared to other countries in the world. For 2014 the difference became bigger, e.g. compared to Russia, Armenian visitor export contribution to the total export is 8.8 times bigger.

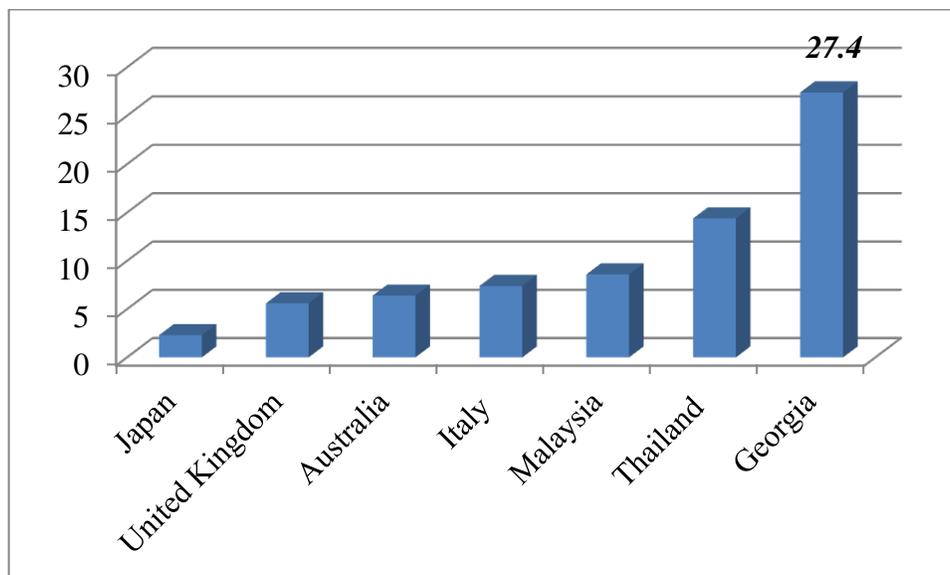
Figure 3.6: Visitor Exports Share to the Total Export, World, Europe... %, 2014



Source: WTTC, 2015

Visitor export is also high (Armenia still has the highest value of visitor export) for the neighbor country; Georgia, it recorded 27.4% (Figure 3.7) of total export, but for very popular touristic spot Thailand it is low as compared to Armenia and Georgia, and still higher than Malaysia (8.6%), Italy (7.4%), Australia (6.4%), United Kingdom (5.6%) and Japan (2.3%).

Figure 3.7: Visitor Exports Share to the Total Export, %, 2014



Source: WTTC, 2015

The Government of Armenia recognizes the importance of tourism industry and incoming tourism, acknowledged as Armenia's second export line item after mining and metal industry and covers more than half of services export.

According to "Armenian 2013 International Visitor Survey", (2014) average expenditure (for total tourist numbers) of tourists has only grown from 705 to 728 USD (see Table 3.8) and with a small decrease of the average length of stay (from 19.6 to 17.4 days in 2013), the average daily expenditure has only increased from 36 USD in 2007 to the current 42 USD, there are no sharp changes in these three measurements in five years.

Table 3.8: Expenditure of International Tourists in Armenia.
Comparison 2007- 2013 (in USD)

	Total Expenditure Per Person	Average Length of Stay	Average Daily Expenditure
2013	727,7	17,4	41,9
2007	705,4	19,6	36,0

Source: Armenian 2013 International Visitor Survey (2014)

Table 3.9 shows the dynamics of incoming tourism in Armenia by countries. From the Table 3.10 it can be seen that Russia has the largest share of the arrivals from the CIS countries, when the CIS recorded 22.7% of the total arrivals in 2013.

Table 3.9: Dynamics of Incoming Tourism Flows in Armenia by Country, %, 2006-2013

	2006	2007	2008	2009	2010	2011	2012	2013
<u>CIS countries</u>	<u>23.9</u>	<u>24.8</u>	<u>21.6</u>	<u>18.4</u>	<u>21.0</u>	<u>19.9</u>	<u>21.8</u>	<u>27.8</u>
Russia	19.6	18.3	18.9	16.2	18.3	16.8	18.5	22.7
Other CIS countries	4.3	6.5	2.7	2.1	2.7	3.0	3.3	5.1
<u>Non-CIS countries</u>	<u>76.1</u>	<u>75.2</u>	<u>78.4</u>	<u>81.6</u>	<u>79.0</u>	<u>80.1</u>	<u>78.2</u>	<u>72.2</u>
<i>EU countries</i>	<i>35.5</i>	<i>37.1</i>	<i>37.0</i>	<i>37.1</i>	<i>31.3</i>	<i>38.5</i>	<i>38.4</i>	<i>36.3</i>
France	14.8	12.1	11.0	13.4	9.4	10.0	8.6	7.7
Germany	5.3	6.7	6.5	7.5	5.7	5.5	5.5	6.1
United Kingdom	5.3	6.4	5.0	3.3	4.3	4.7	7.6	3.4
Other EU countries	10.1	11.9	14.4	12.8	11.9	18.3	16.7	19.1
<i>Other countries</i>	<i>40.6</i>	<i>38.1</i>	<i>41.4</i>	<i>44.5</i>	<i>47.7</i>	<i>41.6</i>	<i>39.8</i>	<i>35.9</i>
USA	21.6	21.0	17.8	18.1	14.4	14.8	13.1	12.2
Iran	5.3	5.0	5.3	7.7	10.4	7.4	6.8	5.8

Georgia			5.1	3.8	3.6	2.6	2.8	3.1
Turkey	1.2	0.9	1.4	1.2	2.8	1.4	0.8	0.7
Canada	2.1	1.9	1.7	1.9	2.0	1.7	1.3	1.3
Other countries	10.3	9.3	10.2	11.7	14.5	13.7	15.0	12.7

Source: Venue Consulting Group Report (2014), NSS RA

The constantly soaring international tourism demand is strongly determined by the evolution of the so called “Diaspora” (see definition and discussion related to Diaspora in Appendix 3.2) visitors, which account for nearly 66% of the arrivals in 2013 (and “only” 62% in 2007). The top source markets are heavily influenced by the ex-USSR markets: Russian tourists, Georgian, Ukraine, etc. also, USA tourists, due Diaspora existence (Armenian international tourism survey, 2014).

According to the Ministry of Diaspora of the Republic of Armenia the huge Armenian Diaspora destinations are (the data is for 2013): Russian Federation - 2.200.000; United States of America 1.200.000; France-500.000; Ukraine - 400.000; Georgia - 450.000; Latin America - 100.000, also residing in Germany, Canada, Argentina, Spain, Syria, Iran, Poland, etc.

In Table 3.10 the figures of total arrivals per source market and share of Armenian ancestry, for 2007 and 2013 are shown. From which it can be seen that 46.3 percent of arrivals from Russia with Armenian ancestry followed the second biggest share with Armenian ancestry Georgia (26.8 percent) and the third is Iran (6.7 percent).

Table 3.10: Total Arrivals per Source Market and Share of Armenian Ancestry (2007, 2013)

	2007	2013
Russia	34,9%	46,3%
Georgia	28,1%	26,8%
Iran	7,8%	6,7%
Ukraine	n.a.	2,5%
Germany	2,9%	1,8%
United States	4,5%	1,6%
Poland	n.a.	1,0%
UAE	n.a.	0,9%
Belarus	n.a.	0,9%
France	3,5%	0,8%
Italy	0,9%	0,7%

Czech Republic	n.a.	0,6%
Turkey	n.a.	0,6%
United Kingdom	1,9%	0,6%
Belgium	n.a.	0,6%
Austria	n.a.	0,5%
Netherlands	n.a.	0,5%
Kazakhstan	n.a.	0,5%
Spain	n.a.	0,5%
Canada	0,7%	0,4%

Source: Armenian 2013 International Visitor Survey, 2014

From the Armenian 2013 International Visitor Survey (2014) data it can be seen (see Table 3.11) that the purpose of “Visiting friends and relatives” has the highest share among other purposes: “Holiday and leisure”, “Business”, etc., it is recorded 44,8% in 2007 and more increased in 2013 (51,2%). High percentage of visitors with the purpose of “Visiting friends and relatives” is due to the same reason; because of the biggest share of Diaspora visitors from the total number of visitors (which is different from the result of “TRAVELSAT” benchmarking survey, see in Chapter 2).

Table 3.11: Total Arrivals per Trip Purpose, 2007-2013

	2007	2013
Visiting friends and relatives	44,8%	51,2%
Holiday and leisure	11,6%	14,4%
Business	22,4%	12,2%
Medical, health treatment	3,6%	8,5%
Employment	4,8%	3,9%
Education	1,8%	2,1%
Participation in cultural or sports events	1,5%	1,5%
Pilgrimage	n/a	0,3%
Other purposes	9,4%	6,0%

Source: Armenian 2013 International Visitor Survey, 2014

Regarding the **regions visited**, there is a very high concentration rate in Yerevan: 83% of the tourists received visited the Capital City. As for the overnights, Yerevan concentrates 50% of the total (Armenian International tourism survey, 2014).

In the “Tourism Development Concept Paper” (2008) mentioned about government's projection to increase the number of tourism hubs (the projection for 2010, 2020 and 2030). Those are shown in Table 3.12 for 2006, 2010, 2020, 2030 (the base year is 2006). The aim of this is to support the regions to be able to host tourists at the international standards. As well as, in the above-mentioned Paper (2008) Armenia’s tourism industry resources in the cultural heritage, religion, nature, wellness, adventure, winter tourism categories at the international standards have been evaluated (see Appendix 3.2).

Table 3.12: Tourist Hubs, 2006, 2010, 2020, 2030

	<i>2006</i>	<i>2010</i>	<i>2020</i>	<i>2030</i>
Tourist Hubs	Yerevan	Yerevan, Dilijan	Yerevan, Dilijan, Yeghehnadzor,	Yerevan, Dilijan, Yeghehnadzor,
Tourism Centers	Edjmiadzin, Tsaghazdzor Jermuk	Edjmiadzin, Tsaghazdzor, Jermuk	Edjmiadzin, Tsaghazdzor, Jermuk, Aragats, Sevan	Edjmiadzin, Aragats Tsaghazdzor, Jermuk, Sevan, Goris, Gyumri, Ijevan, Stepanavan, Meghri

Source: Tourism Development Concept Paper (2008)

In Table 3.13 the projected all tourism hubs/centers, with particular, main tourism products that will be presented and promoted in the market, with projected number of accommodations are presented (Tourism Development Concept Paper, 2008).

Table 3.13: Main Products by Hubs/Centers and Accommodations

Hub/Center	Main Product	Accommodation
Yerevan	Cultural Heritage, Urban Culture	20,000– 25,000
Dilijan	Nature, Cultural Heritage, Scientific/Educational	3,000– 5,000
Yeghegnadzor	Nature, History/Culture, Scientific/Educational	3,000– 5,000
Edjmiadzin	Religious/Pilgrimage, Cultural Heritage	1,000– 2,000
Aragats	Winter Sports, Nature, Cultural Heritage	1,000– 2,000
Tsaghazdzor	Winter Sports, Nature, Sports, Cultural Heritage	3,000– 5,000
Jermuk	Winter Sports, Health Treatment	3,000– 5,000

Ijevan	Nature/Adventure, Culture, Sports, Scientific/Educational	2000 – 4,000
Goris	Cultural Heritage, Nature/Adventure, Scientific/Educational	500 – 1,000
Gyumri	Cultural Heritage, Scientific/Educational	500 – 1,000
Sevan	Cultural Heritage, Nature	500 – 1,000
Stepanavan	Cultural Heritage, Nature/Adventure	500 – 1,000
Meghri	Cultural Heritage, Nature/Adventure	500 – 1,000

Source: Tourism Development Concept Paper (2008)

In Table 3.14 the numbers of hotels and in Table 3.16 the number of beds/days within a year (thousand) are given.

Table 3.14: Hotels Numbers by Regions, 2011-2015

	2011	2012	2013	2014	2015
Total	338	377	387	399	523
Yerevan city	195	225	232	220	296
ARAGATSOTN	8	9	5	5	8
ARARAT	9	12	7	7	8
ARMAVIR	4	4	2	2	5
GEGHARKUNIK	4	4	2	5	7
LORI	8	8	10	10	19
KOTAYK	35	37	36	42	53
SHIRAK	15	15	17	17	30
SYUNIK	19	19	28	34	33
VAYOTS DZOR	11	12	10	16	16
TAVUSH	30	32	38	41	48

Source: NSS RA

Table 3.14 shows that within 5 years the number of hotels has been increased 1.5 times, which shows positive relationship of the growth of visitors' numbers and investment growth in the hotel sector, more and more investors are willing to invest in the Armenian hotel business.

In recent years, not only new hotels have been constructed, but also many hotels (which are already famous in Armenia, as well in the Former Soviet Union countries) were rehabilitated to suite international standards.

Only from the number of hotels in Yerevan it can be concluded that the tourism industry has a high concentration and that the industry is still centralized in the capital city, even after 8 years of projection to increasing hubs in the country and the numbers of accommodations in the regions.

From 2014 new entries of hotel chains are:

Table 3.15: New Brands of Hotels in Armenia

Chain	Brand	Number of rooms/Number of Beds
Hyatt	Hyatt Place	95/190
Wyndham Hotel Group	Wyndham	203/406
InterContinental Hotels Group	Crowne Plaza	140/280
Wyndham Hotel Group	Ramada	120/240
Accor	Ibis	176/429
Wyndham Hotel Group	Harward Jhonson	120/200

Source: AMERIA

Table 3.16: Number of Beds/Days Given Within a Year, Thousand, 2005-2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<i>TOTAL</i>	452.6	595.3	638.2	594.3	402.4	524.2	556.9	699.3	526.4	886.1
<i>YEREVAN</i>	393.8	434.5	441.4	443.1	275.5	316	340.5	469.6	484.9	500.9
<i>ARAGATSOTN</i>	3.1	5.3	2.3	2.9	4	4.4	3.7	3.5	1.7	2.3
<i>GEGHARKUNIK</i>	1.2	94	99.2	31.5	152.5	20.9	21	19.2	10	18.7
<i>LORI</i>	6.4	6.4	6.7	9.9	7.6	11.7	16.5	14.3	62.1	19.7
<i>KOTAYK</i>	31.5	30.5	19.8	30	18.4	53.6	53.6	61.1	33.3	111
<i>SHIRAK</i>	4.1	5	5.5	7.7	12.1	11.1	7.9	17.2	8.2	11
<i>SYUNIK</i>	3.3	6.8	7.1	8.6	5.7	9.3	6.9	12.2	9.1	37.5
<i>VAYOTS DZOR</i>	0.1	8.6	42.6	45.5	49.9	43.5	41.4	51.1	29.4	92.7
<i>TAVUSH</i>	9.1	4.1	13.7	15.2	13.8	53.7	65.4	51.2	28.6	92.2

Source: NSS RA

If we compare 2005 (the share of Yerevan recorded 87% of the total beds/days given within a year) to 2014 (57%), the 30% difference already shows the changes. Notable is the increase of beds/days given within a year for the region of Vayots Dzor when it was just 100 in 2005 and already shared 10% of the total in 2014. Moreover, positive changes have recorded the regions of Syunik, Tavush and Kotayk (Table 3.16).

For two regions Ararat and Armavir data for the number of beds/days given within a year is not available, although there are few hotels in those regions.

3.2.4 Domestic tourism

The Government of Armenia pays much attention also on simulating population for traveling inside the country in various ways (projects, events, marketing side development, etc.), which gradually gives favourable results. According to the head of the Tourism Department of the Ministry of Economy (TD ME) report (2012), domestic tourism in Armenia is annually growing by 20%. More citizens of Armenia have begun spending their vacation in Armenia and Nagorno-Karabakh. To note, in line with these changes the implementation of social package system, in January 2012 by the Prime Minister, referred to introducing the social package for civil and public servants. One of the mandatory components of the package is a compulsory health insurance. The Minister of Finance, in turn, introduced 4 aspects of the social package: medical insurance, interest payments on mortgage loans (apartment repair), rest in Armenia and Nagorno-Karabakh (the public servants can spend their recreation time solely in Armenia and Nagorno-Karabakh) and education. The Ministry of Economy is collaborating with the tour operators who offer social package tours which meet the specified requirements and have applied for collaboration with the Ministry. The information on the collaborating tour operators and their offers are posted on the website of the Ministry of Economy (www.mineconomy.am particularly under <http://www.mineconomy.am/arm/20/text.html>). In 2016 a number of traditional festivals (information about festivals, as well cuisine and traditions see in Appendix 3.4, as well examples of tours provided by the “Arevi” tour agency given in Appendix 3.5) take place in the country. \$400,000 was provided for developing tourism promotion programs.

Table 3.17: Number of Domestic Travelers

	2009	2010	2011	2012	2013 (est.)
Domestic tourists	435.674	456.432	489.419	514.771	669.540

Source: Armenian 2013 International Visitor Survey, 2014

From Table 3.17 it can be seen that year by year the number of domestic tourists is increasing (as for the international visitor numbers), as well for the domestic travellers. According to 2016 September report (TD ME) over 501,000 tourists visited the country in January-June, a 2.4% year-on-year increase. The reporting period saw a 2.8% growth in domestic tourism against the same period last year. Armenia hosted the annual meeting of the UNWTO Affiliate Members (the affiliate members represent the private sector, businesses, and educational institutions).

CHAPTER 4
ECONOMIC IMPACT OF TOURISM
REPUBLIC OF ARMENIA (NATIONAL LEVEL)

4.1 Measuring Economic Impact of Tourism

Since recognition of the economic importance of tourism industry, in researches various methods, approaches have been used for estimating the economic impact of tourism on the countries economies, in macro and micro levels. As a sequence of lack of data, sometimes researchers facing limitation for the method choice, the choice of the analysis methodology often rely on the available dataset. In the tourism economic impact analysis studies, most frequently used methods, approaches are economic multipliers general equilibrium models, which includes Money Generation Model; I-O model with economic multipliers, Tourism Satellite Account, etc. Some general assumptions and methods are discussed below.

Tourism-based development is playing a pivotal role by contributing significantly to the GDP of developed and developing economies. Besides, it also receives a wide-spread recognition because of its ability to eliminate the disparities in the balance of payment (BOP) conditions by contributing positively to the services account of the BOP. The continuous expansion of the tourism sector made it possible to recognize it as the largest and fastest growing industry, considering either in a country specific or an aggregate global perspective (Mazumder et al., 2012)

Economic impact studies in travel and tourism are undertaken to determine the effects of specific activities in a given geographic area on the income, wealth and employment of that area's residents. They are conducted for cities, counties, states, provinces, nations, and for individual facilities (e.g., museums) and events (e.g., Olympic Games). They often relate to an annual period, although seasonal and event impact studies are not unknown. The results indicate the contribution or cost of tourism activity to the economic well-being of residents of an area, usually in monetary terms (Frechtling, 1994).

The facts that tourism creates jobs and that tourist spending generates not only direct but also indirect and induced effects, and it is in strong interrelation with various sectors in the economy makes its development extremely beneficial for the countries' economic development.

Tourism business depends extensively on each other as well as on other businesses, Government and residents of the local community. Economic benefits and costs of tourism reach virtually everyone in the region in one way or another. Economic impact analysis provides tangible estimates of these economic interdependencies and a better understanding of the role and importance of tourism in the region's economy (Malviya, 2005, vol1).

According to the tradition of tourism economic studies, "the economic impact of tourism" is a term that covers one, some or all of the following economic changes resulting from the presence of visitors in an area, their activities or their expenditures (Frechtling&Smeral, 2010):

- Business receipts
- Value added contribution to gross domestic or regional product
- Employment (jobs, persons employed)
- Labor earnings
- Other factor earnings (dividends, interest, rent, profits)
- Government tax revenue
- Other government revenue (e.g., user fees, fines, receipts of government enterprises)
- Distribution of income
- Government spending
- Externalities and public goods
- Multiplier effects on transactions, output, income, employment or government revenue
- New business formation
- Real property and other asset values
- Business investment in plant and equipment
- Price levels
- Interest rates on borrowed funds or return on capital
- Foreign exchange rates
- Imports and exports
- International Balance of Payments

Simply triple effects of tourism spending are:

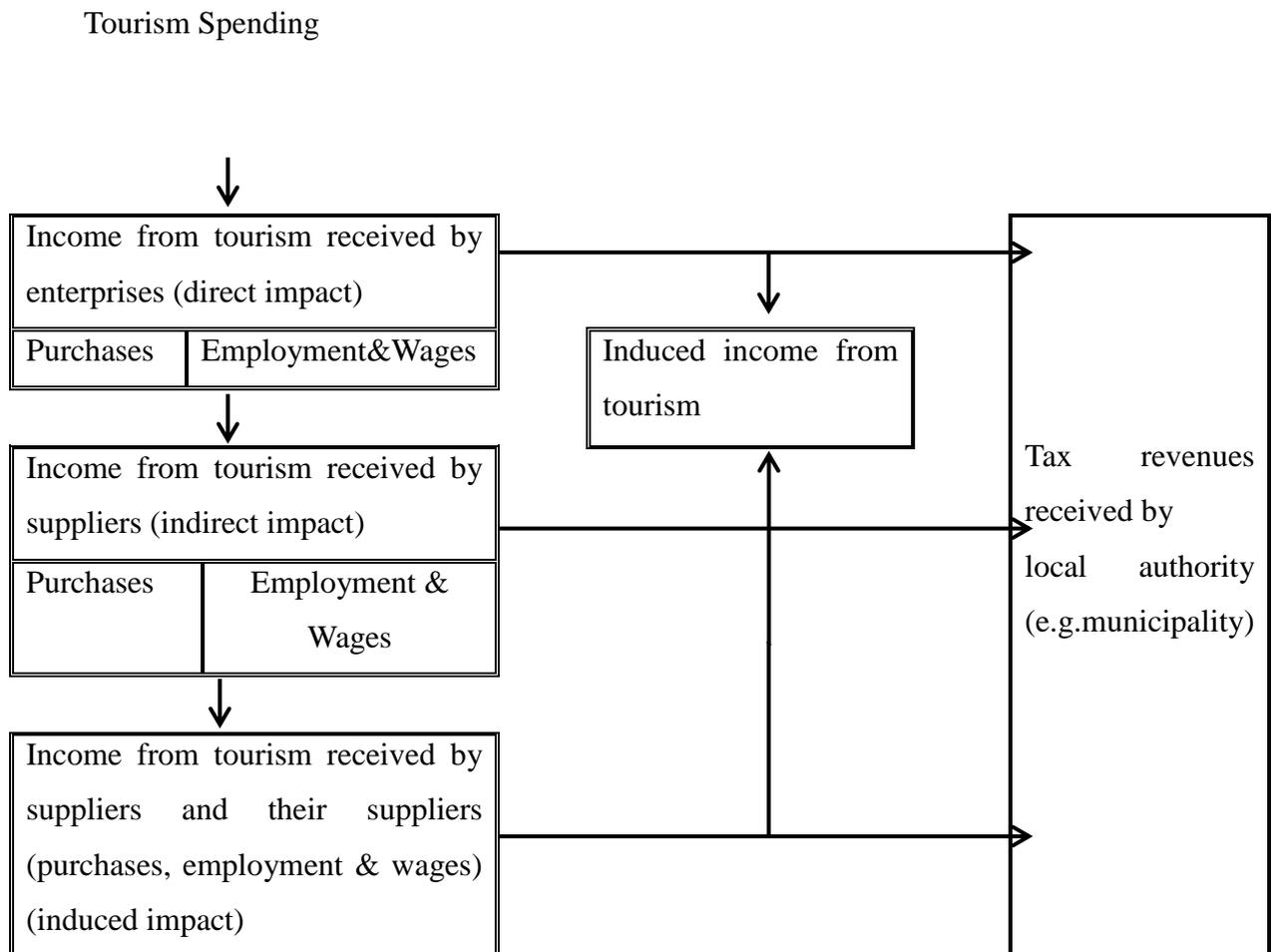
1. Direct: the spending of tourists in tourist destinations, example; in restaurants: food, beverages, etc.
2. Indirect: payments (profit) made to suppliers: food, beverages etc.
3. Induced: the sending's (profit) generated from the indirect effect spending.

Many scholars defined tourism spending triple effect:

The most direct effects occur within the primary tourism sectors - lodging, restaurants, transportation, amusements, and retail trade. Through secondary effects, tourism affects most sectors of the economy. An economic impact analysis of tourism activity normally focuses on changes in sales, income, and employment in a region resulting from tourism activity (Stynes, 1997).

Rátz and Puczko (2002) made a visual explanation of direct, indirect and induced effects of tourism (see Figure 4.1). How does the tourist spending circulate in the economy and generate taxes for the local/country government.

Figure 4.1: Model of the Economic Impacts of Tourism



Source: Rátz and Puczko, 2002 in Ardahaey,2011

Styne's (1997) definition for the triple effects and the outcomes of those triple effects in the economy are:

Economic Effects of Tourism

➤ Direct effects:	➤ Indirect effects:	➤ Induced effects:
✓ Sales	✓ Change in prices	✓ Household spending
✓ Jobs	✓ Change in the quality and quantity of goods and services	✓ Proprietor's increased income
✓ Tax revenues		
✓ Income levels	✓ Change in property and other taxes	
	✓ Social and environmental changes	

Direct effects are production changes associated with the immediate effects of changes in tourism expenditures. For example, an increase in the number of tourists staying overnight in hotels would directly increase room sales in the hotel sector. The additional hotel sales and associated changes in hotel payments for wages, salaries, taxes, supplies and services are direct effects of the tourist spending.

Indirect effects are the production changes resulting from various rounds of re-spending of the tourism industry's receipts in backward-linked industries (e.g. industries supplying products and services to hotels). Changes in sales, jobs and income in the linen supply industry, for example, represent indirect effects of changes in hotel sales. Businesses supplying products and services to the linen supply industry represent another round of indirect effects, eventually linking hotels by varying degrees to most other economic sectors in the region.

Induced effects are the changes in economic activity resulting from household spending of income earned directly or indirectly as a result of tourism spending. For example, hotel and linen supply employees supported directly or indirectly by tourism, spend their income in the local region for housing, food, transportation, and the usual array of household product and service needs. The sales, income, and jobs that result from household spending of added wage, salary, or proprietor's income are induced effects.

The indirect economic contribution occurs when firms that sell goods and services to visitors purchase inputs from other firms and these other firms (suppliers) purchase inputs from other firms (suppliers). In other words tourism expenditure generates direct, indirect and induced effect in particular destination (Dwyer et al., 2010).

Economic impacts associated with tourism arise as a result of the demand and supply relationships in the industry, the associated visitor and investment expenditure patterns that they stimulate, and the structure of the economy. The demand/supply factors influence the number of visitors, their length of stay, and their expenditure patterns while the economy's structural characteristics determine its propensity to re-circulate those expenditures internally. The more rounds of circulation generated within the economy, the greater the multiplier effect of the initial stimulus (Antigua and Barbuda Tourism Development Programme, 2003, cited in Ardahaey, 2011).

4.1.1 Visitor Consumption and Visitor Consumption Expenditure (receipts)

Visitor Consumption

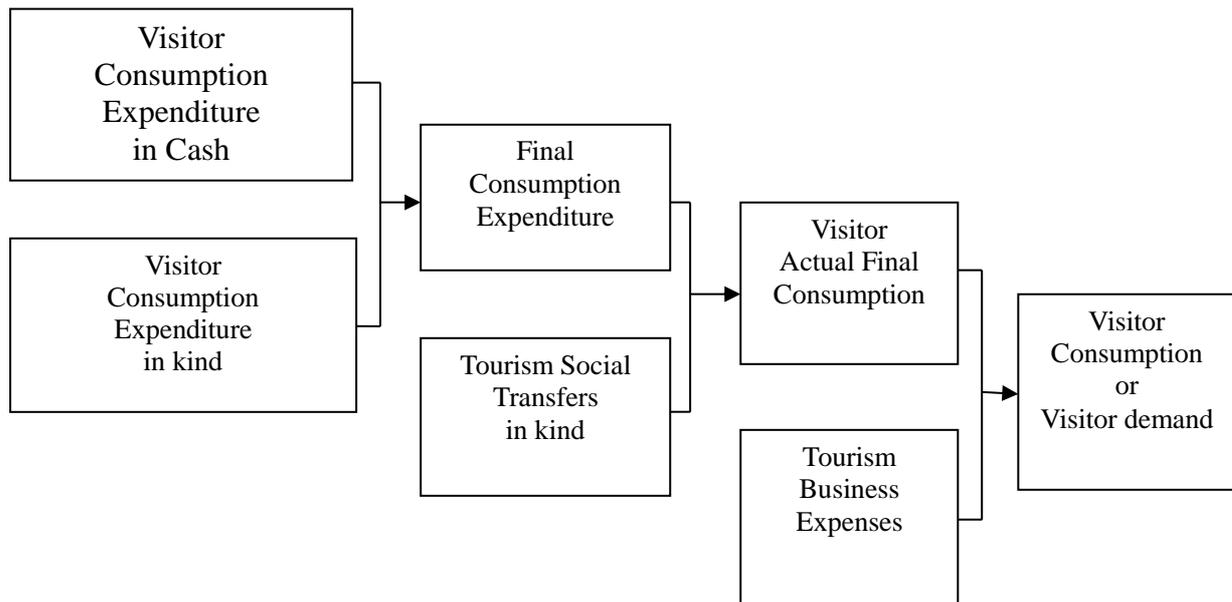
The components of visitor consumption are shown in Figure 4.2

There are four main categories:

1. Visitor final consumption expenditure in cash
2. Visitor final consumption expenditure in kind
3. Tourism social transfers in kind
4. Tourism business expenses

Visitor final consumption expenditure in cash covers what is usually meant by “visitor expenditure”, and is part of the final demand in input –output terms. It always represents the most important component of total consumption. Here, special attention should be paid to consumer durable goods. With respect to tourism, a distinction should be made between “tourism single-purpose goods”, which are goods used exclusively on trips (e.g. skiing equipment, camping equipment, and luggage) and “multipurpose consumer durable goods”, which are used on holidays, within usual environment (such as cameras and cars).

Figure 4.2: Components of Visitor Consumption.



Source: Vanhove, 2011

In the framework of the TSA convention, different treatment of both categories of durable is seen. Tourism single-purpose durable goods are always included, whether purchased before, during or after a trip, or even outside the context of a specific trip. Multipurpose consumer durables are only included if purchased during a holiday.

Visitor Consumption Expenditure (receipts)

Preliminaries Economic statistics on total tourism demand, comprising those related to the amount of visitor consumption expenditure are among the most important indicators required by the tourism industry, in particular for policy makers, marketers and researchers. They are used for monitoring and assessing the impact of tourism on the national economy and on the various sectors of the industry. Visitor consumption expenditure (VCE) is the basic component of total tourism demand. It is defined as the total consumption expenditure made by a visitor or on behalf of a visitor for and during his/her trip and stay at destination. This definition is generally recommended for the collection of data and their subsequent incorporation into tourism economic related statistics (i.e. Tourism Satellite Accounts). Visitor consumption expenditure, apart from intermediate consumption of enterprises, will thus conform to the concept of "final consumption" in the system of National Accounts (NA), regardless of type of consumer. There are various methodological

differences related the definition of VCE taking into account Recommendations on Tourism Statistics (RTS) or Tourism Balance of Payments (TBoP) concepts (International Workshop on Tourism Statistics, 2006).

Simply, tourist expenditure refers to the amount paid for the acquisition of consumption goods and services, as well as valuables, for own use or to give away, for and during the trip. It includes expenditures by visitors themselves as well as expenses that are paid for or reimbursed by others (Statistics of Norway, 2002).

4.2 Methods of Tourism Economic Impact Measurement

According to Rabahy (2003) there are three systems for measuring the impact of the tourism known globally:

1) The World Organization of Tourism's (UNWTO) valuation system seeks to standardize, in the whole world, the national accounts, being focused in the value of the tourism production and of their components: the estimate of the gross value added and of the tourist incomes; the cost/benefit of investments; the impact in the domestic economic growth in countries or regions that developed the tourism; the fixed gross capital formation in the sector and the average balance of the transactions with the exterior.

2) The Tourism Satellite Account is a high specialized system of the national account for capturing in a better way the impacts of the tourism, through a complex system of information. The Structure of TSA is composed by 10 tables: inbound tourism; domestic tourism; international tourism; tourist consumption; production and productive structure of the tourist activities; calculation of the added value and of tourist GDP; generation of employment; gross capital formation; public services of tourism; number of indicators that demonstrate the characteristics of the sector.

3) The Input-output model is a measurement system that seeks to find the value of what tourism generates in an indirect and induced form and in their successive reproductions. This model exposes the internal flows among the productive sectors of an economy, relating production of each of them, the intermediate consumption and the final consumption (cited in Flecha et al, 2010).

4.2.1. Tourism Satellite Account (TSA)

TSA is an account used to understand tourism economy systematically within the framework of the System of National Account (SNA).

Satellite accounts provide an adjunct framework in response to new economic activities that cannot be categorized within the traditional framework. They systematically position new activities within the SNA.

One of the most important inputs in the construction of the Tourism Satellite Account (TSA) is good quality data from consumer surveys on tourism expenditure. This data is needed in order to be able to correctly determine and separate the share of consumption made by tourists from non-tourism consumption in the national accounts (UNWTO, 2008).

In 1983, at the fifth session of its General Assembly, held in New Delhi, the UNWTO commended a report illustrating how it was possible to describe tourism within the recommendations on national accounts existing at that time, the System of National Accounts 1968. The report stressed the importance of a uniform and comprehensive means of measurement and comparison with other sectors of the economy. That report is still considered a general guideline for most UNWTO activities concerning the development of tourism concepts and statistics and their international harmonization. The Tourism Satellite Account: Recommended Methodological Framework 2008 is the culmination of many years of effort by numerous institutions, countries and individuals to integrate the measurement of tourism as an economic phenomenon within the mainstream of macroeconomic statistics. Its history and development are strongly related to that of the International Recommendations for Tourism Statistics 2008 and therefore only the special milestones that have been particularly important for the Tourism Satellite Account will be mentioned herein (UNWTO, 2008, Vellas, 2011, Vanhove, 2011).

More generally speaking, 'satellite account' is a term developed by the United Nations in order to estimate the specific economic importance of tourism: to analyze in detail all the aspects of the demand for goods and services associated with the activity of visitors; to observe the operational interface with the supply of such goods and services within the economy; and describe how this supply interacts with other economic activities in order to measure the size of economic sectors that are not included in their own right in national accounts.

The robustness of economic impact assessment relies heavily on the quality and completeness of data support. To meet this need, a statistical accounting framework - a

TSA - based on the internationally adopted concepts, principles, and structure of the System of National Accounts has been developed (Frechtling et al. 2010).

The five main sectors of the tourism industry are:

Table 4.1: Main Tourism Sectors

The attraction sector	The accommodation sector	The transport sector	The travel organizer sector	The destination organization sector
Natural attractions	Hotels	Airlines	Tour operators	National tourist offices
Cultural attractions	Motels	Railways	Travel agents	Regional tourist offices
Theme parks	Bed and breakfast	Bus and coach operators	Incentive travel organizers, etc.	Local tourist offices
Museums	Guest houses	Car rental operators		Tourism associations
National parks	Apartments, villas and flats	Shipping lines		
Wildlife parks	Condominium timeshares			
Gardens	Campsites			
Heritage sites	Touring caravans			
Entertainment	Holiday villages			
Events	Marinas			

Source: UNWTO (2008), Vanhove (2011)

In Figure 4.3 shown seven required tables for the Tourism Satellite Account, for estimating macroeconomic aggregates and interrelationship among those tables.

Figure 4.3: Tourism Satellite Accounts Tables Required for Estimating Macro-economic Aggregates

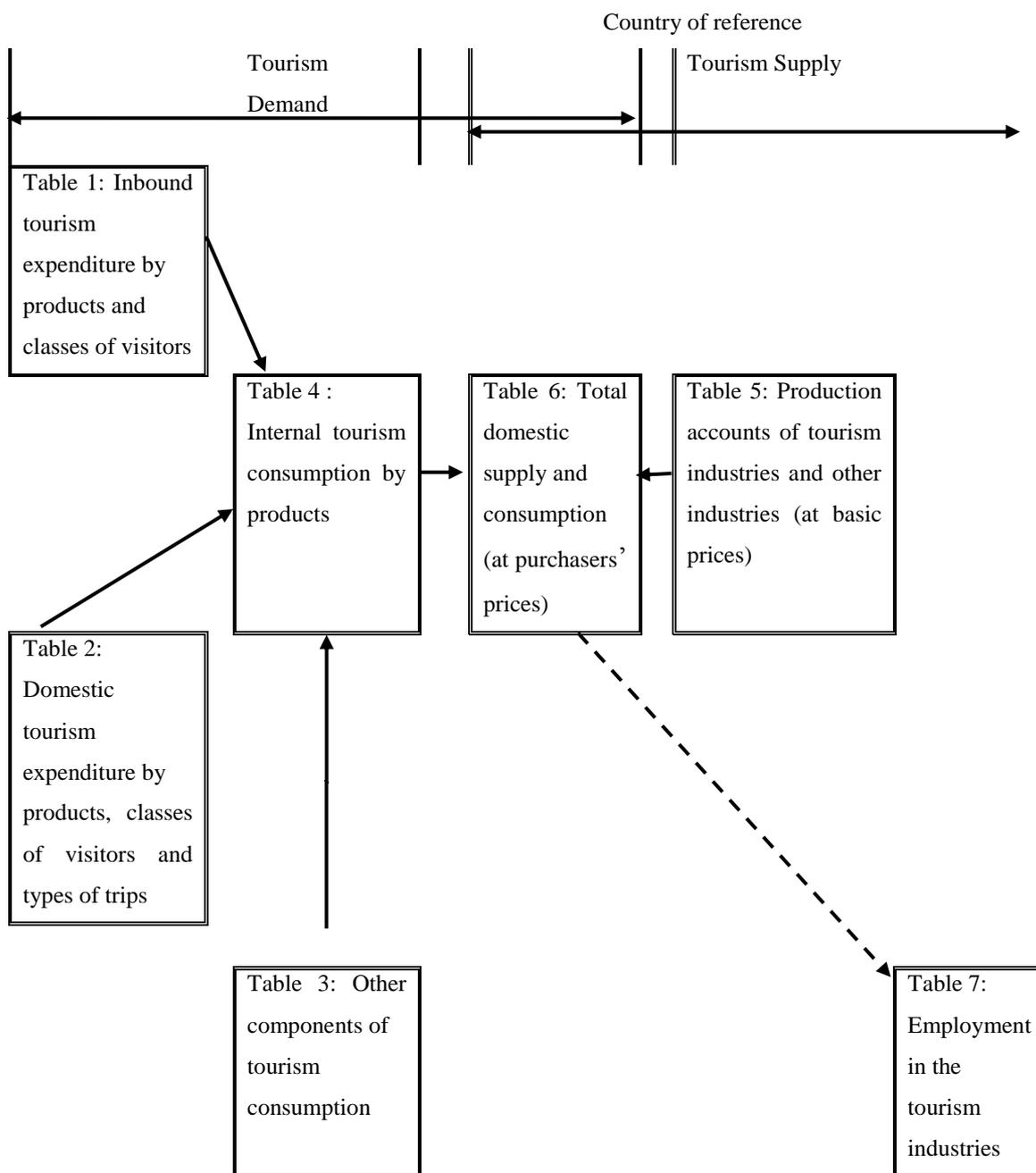


Table Outputs	Internal Tourism Expenditure, Internal Tourism Consumption	Tourism Direct Gross Value Added; Tourism Direct Gross Domestic Product	Gross Value Added of the Tourism Industries	Tourism Employment -Tourism Direct Employment
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Source: UNWTO, 2008

Total of 60 countries have been identified by early 2010 as having already produced or are currently developing a TSA exercise.

Table 4.2: Countries with Tourism Satellite Account

Australia	Egypt	Italy	Philippines
Austria	El Salvador	Jamaica	Poland
Bahamas	Estonia	Japan	Portugal
Belgium	Finland	Kazakhstan	Romania
Brazil	France	Korea, Republic of	Saudi Arabia
Canada	Germany	Latvia	Singapore
Chile	Greece	Lithuania	Slovakia
China	Guatemala	Malaysia	Slovenia
Colombia	Honduras	Mexico	Spain
Cuba	Hong Kong, China	Morocco	Sweden
Cyprus	Hungary	Netherlands	Switzerland
Czech Republic	India	New Zealand	Taiwan, Prov. Of
Denmark	Indonesia	Nicaragua	China
Dominican Republic	Ireland	Oman	United Kingdom
Ecuador	Israel	Peru	United States
			Uruguay

Source: UNWTO (2010)

There is a consideration: since TSAs focus on direct effects only, they tend to underestimate the overall economic contribution of tourism. Therefore, adjustments for indirect effects and intermediate consumption are needed (Smeral, 2006, Song et al., 2012).

4.2.2. Multipliers

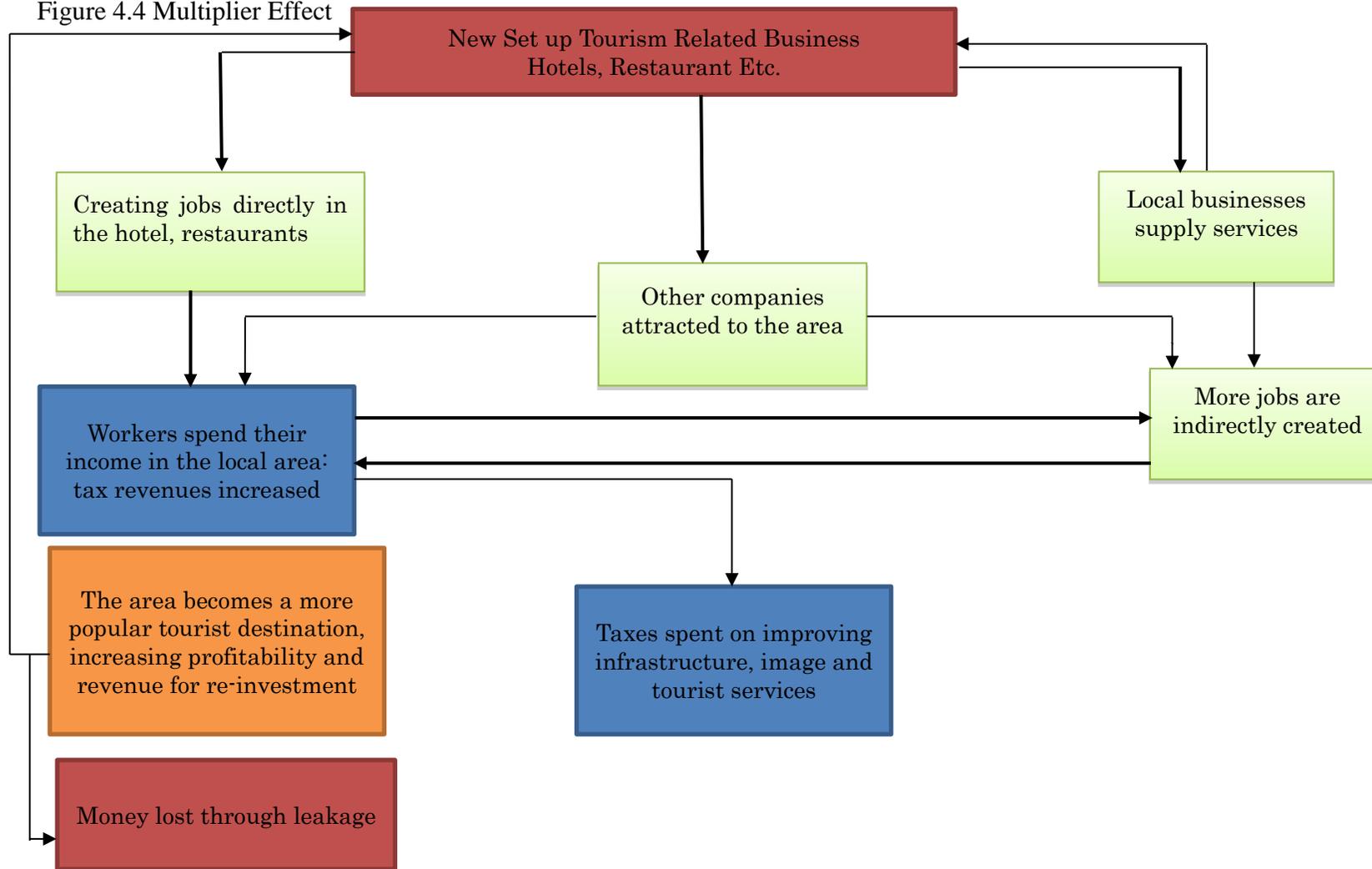
Since 1960s estimation of economic significance of tourism industry is playing a vital role in tourism economics. Most importantly, the determination of multipliers of tourist expenditure was the major concern constituted one of the most researched issues (Sinclair, 1998). Factors that affect the multiplier are the size of the local economy, the propensity of tourists and residents to buy goods or services, as well as propensity of residents to save

rather than spend (where saving reflects money kept out of circulation, i.e. not consumed or reinvested), and the rate of tax on household consumption (Dweyer,2010).

Tourism impact analysis has often relied on simple Keynesian multipliers. Multipliers measure the economic impact of an injection of a spending into an economy, including any flow-on effects. Multiplier effects refer to an economic concept that was conceived in the nineteenth century, but not formalized until the work of John Maynard Keynes in the 1930s. The concept is now universally accepted amongst economists and applies to changes in exogeneous demand for any industry's output. Within the context of tourism, multiplier effects are those economic impacts brought about by a change in the level or pattern of tourism expenditure (Rusu, 2011).

Macroeconomic theory (Keynesian multiplier) informs us that any injection of new money into an economy's circular flow of income will start a multiplier effect. That is, an initial change in autonomous spending will generate a magnified effect on total spending through many rounds of spending and re-spending. One person's spending thus becomes another person's income (Dweyer,2010).

Figure 4.4 Multiplier Effect



Source: Rusu (2011)

From Figure 4.4 can be seen how a primary expense made by tourists, in hotel, restaurant, any entertainment facility, will be used for new investments (equipments, facilities, etc.) to pay for staff, to pay for goods or services or payments or debts. In the the recipients will use the money to cover the personal needs or to pay their own debts, so spending the money several times, by allocating it between different sectors of the national economy, and thus generating new revenue each time (adopted from Rusu (2011) slight change).

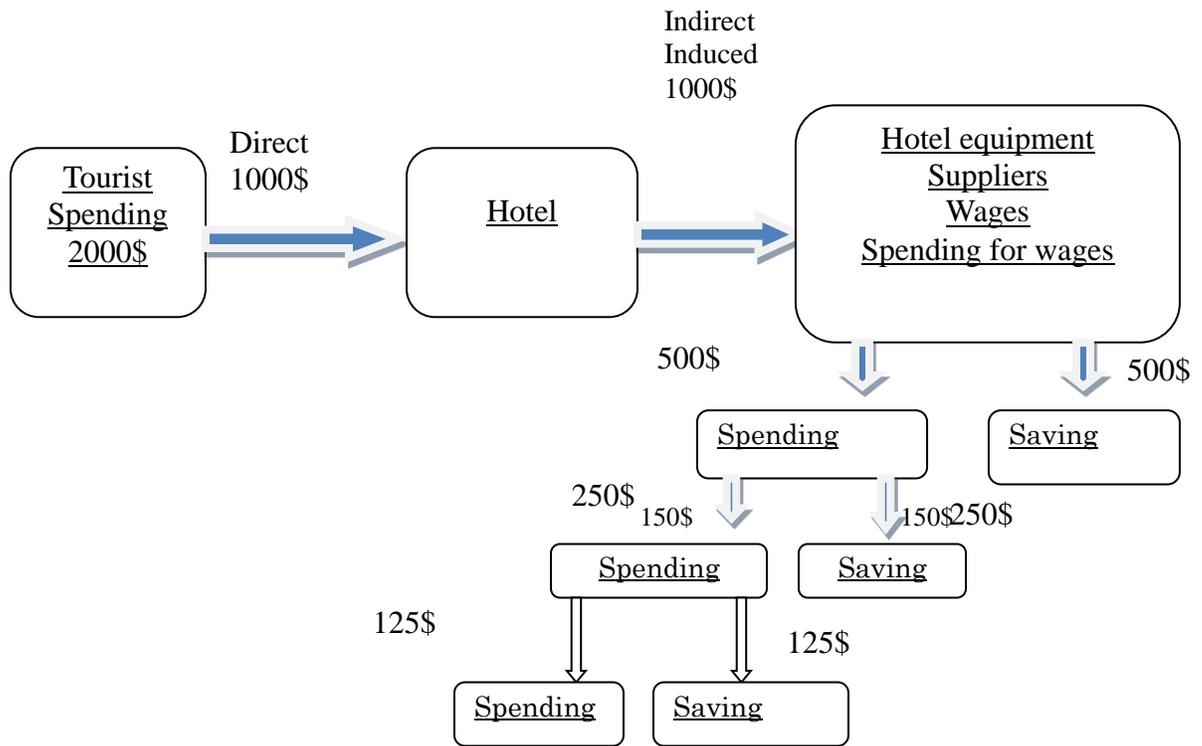
Basically considered that tourism is multiplier higher; which means that international tourism expenditure brings higher income for tourism suppliers, the income gets distributed over a wide area, i.e., wages and salaries, rent, interest, profits, and indirect income to suppliers of goods and services needed for tourists. This further distributed to food and beverage services, phone and electricity companies, fuel suppliers, taxis, printers and many others. The recipients of all these incomes may spend the new income or save it for further investment. To the extent that they choose to spend on goods and services produced locally, a round of new transactions creates new induced income for secondary suppliers. They themselves have more to spend and the cycle moves on (Seth, 2006).

The multiplier effect can be seen from an example of an American tourist spending by Seth (2006), with short rounds of spending's. Consider that an American spends US \$2,000 in Bombay, including the hotel bill. Of this amount \$1,000 is the direct income to the hotel. The \$1,000 is circulating in the economy from indirect or induced income. Since those who receive the money, keep certain part of it for further investments, they may recirculate only \$500. The next transaction may be \$250, and the subsequent for \$125. The total value of the income created over the same period works out to be $\$2,000 + \$1,000 + \$500 + \$250 + \$125 = \$4,000$. Multiplier = 2.

While the initial expenditure was only \$2,000, through the process of recirculation, it adds up to \$4,000. The value of 2 is directly related to responding habits of recipients of tourists' income.

41-Keynes called the exports of tourism associated with the consumption of material goods and the domestic spending "injection" for the economy. But if that money is immobilized in household savings or used to pay duty, import, the money lose its incentive value, and is named (by Keynes) "leakage" to other destinations (Rusu, 2011).

Figure 4.5: Circulation of Tourist Spending



Source: Adapted from Seth (2006)

In each round, they tend to spend less. This is called the Marginal Propensity to Consume (MPC).

Multiplier can be estimated as follows:

$$Multiplier = \frac{1}{1 - MPC}$$

Where M is marginal, P is propensity, and C is consume

$$MPC = \frac{\Delta Consumption}{\Delta Disposable income}$$

Another example of tourist initial spending is a \$10,000 spending of a tourist group in the region. The MPC has been estimated to be 0.5, which assumes that host region's industrial sectors and local people tend to spend 0.5, or half, of whatever they receive as additional revenues or income. Then, an addition to initial expenditure by the tourist of \$10,000 will yield the following impacts by way of sequencing rounds of new expenditures as follows (Table 4.3).

As you can see in Table 4.2, with the MPC 0.5, the initial expenditure of \$10,000 results in the accumulated impact of \$20,000, which yields the multiplier of 2.

Table 4.3: Rounds of Tourists Spending

Case with MPC = 0.5			
	Additional Impact per round	Accumulated Impacts	Relative Size of Response, Multiplier
0 round	\$10 000.00	\$10 000.00	1
1 round	\$5 000.00	\$15 000.00	1.5
2 rounds	\$2 500.00	\$17 500.00	1.75
3 rounds	\$1 250.00	\$18 750.00	1.875
4 rounds	\$625.00	\$19 375.00	1.9375
5 rounds	\$312.50	\$19 687.50	1.96875
6 rounds	\$156.25	\$19 843.75	1.984375
7 rounds	\$78.13	\$19 921.88	1.992188
8 rounds	\$39.06	\$19 960.94	1.996094
9 rounds	\$19.53	\$19 980.47	1.998047
10 rounds	\$9.77	\$19 990.23	1.999023
11 rounds	\$4.88	\$19 995.12	1.999512
12 rounds	\$2.44	\$19 997.56	1.999756
13 rounds	\$1.22	\$19 998.78	1.999878
14 rounds	\$0.61	\$19 999.39	1.999939
15 rounds	\$0.31	\$19 999.69	1.999969
16 rounds	\$0.15	\$19 999.85	1.999985
17 rounds	\$0.08	\$19 999.92	1.999992
18 rounds	\$0.04	\$19 999.96	1.999996
19 rounds	\$0.02	\$19 999.98	1.999998
20 rounds	\$0.01	\$19 999.99	1.999999
21 rounds	\$0.00	\$20 000.00	2
22 rounds	\$0.00	\$20 000.00	2

Source: Hara (2008)

The 'value' of tourism multipliers by Archer (1982), is that they measure the present economic performance of the tourism industry and the short-run economic effects of changes in the level of tourism. They are designed as an aid to study the economic impact of tourism expenditure on business turnover, incomes, employment, public sector revenue and imports and, in some cases, in the light of policy objectives how this effect compares with an equivalent increase in demand for the output of other sectors. They are concerned with the effects of short-run adjustments to a change in tourism expenditure and can provide a wealth of information of value to policymakers and planners.

4.2.2.1 Tourism/Ratio Multiplier

Beside Keynesian and standard I-O multipliers, exists also 'ratio' multipliers, given by the ratio of 'total' to 'direct' economic activity (generated from the additional tourism expenditure).

Ratio multiplier relates the final impact of an increase in expenditure to the direct income that it creates. Consequently, ratio multipliers are always greater than one (Robinson, 2012).

As can be seen from Table 4.2 the ratio multipliers concept based on the Keynesian multipliers, since the overall money circle divided to the initial money injection is giving us the value of Keynesian multipliers. In the case of ratio multipliers taken as the initial injection of the money; tourism direct spending (tourism direct contribution to GDP) and the money generated through the multiple circulation in the economy; total impact (total contribution to GDP).

$$\textit{Tourism Multiplier} = \textit{Total Impact} / \textit{Direct Impact}$$

Ratio multipliers provide a measure, specific to the area under study, of the degree of the linkage between the sectors which supply tourists and the other sectors of the economy, as well as of the internal linkage among the various economic sectors themselves: i.e., it is a kind of indicator of a region's 'economic self-sufficiency'. The greater the values of the 'ratio' multiplier, the stronger are these internal linkages. Keynesian and 'ratio' multipliers are not irreconcilable. They need the same basic data and very similar modelling techniques. It is mainly the choice of the quantity where the tourism economic impact is 'condensed' that is different in the two approaches. It is

therefore mandatory not to confuse, misuse or misunderstand the different approaches (Gasparino et al, 2008, Dweyer, 2010).

4.2.3 Money Generation Model (MGM) or Defining the Economic Impact of Tourism

Stynes (1997) extended the tourism economic impacts analysis methods to examine the impact of visitors' expenditure. The author developed the estimation of the key money generating model variables such as spending averages, economic multipliers, income and employment ratios using expenditure surveys and secondary data from government economic statistics to generate the economic impact of the tourism sector.

MGM captures the essential elements of an economic impact analysis, though the approach it takes is extremely simple. The economic impacts of tourism are typically estimated by some variation of the following simple formula (USDI, National Park Service, 1990) (Stynes, 1997, Flecha et al.,2010).:

$$\text{Economic Impact of Tourism} = \text{Number of Tourists} * \text{Average Spending per Visitor} * \text{Multiplier}$$

The formula suggests three distinct steps and corresponding measurements:

(1) The number of visited tourists determined the higher or lower opportunity of the economic change in the particular country, since they will spend money in the particular destination, that's why it is important to include it in the calculation of the economic impact of tourism, (2) Estimate average levels of spending² (often within specific market segments) of tourists in the local area. Spending averages come from sample surveys or are sometimes borrowed or adapted from other studies. Spending estimates must be based on a representative sample of the population of tourists taking into account variations across seasons, types of tourists, and locations within the study area (Stynes,1997).

2- Spending data from previous surveys may be adjusted over time using consumer price indices (CPIs). If spending is itemized in several categories, separate CPIs may be used for food away from home, lodging, or gasoline. If not, an aggregate CPI, which may not reflect the mix of goods that tourists purchase, must be used (Stynes, 1997)

Understanding tourist expenditure is critically important in measuring tourism's economic impact on the destination because tourism is an expenditure-driven economic activity (Frechtling, 2006).

(3) Apply the change in spending to a regional economic model or set of multipliers to determine secondary effects. Secondary effects of tourism are estimated using multipliers (Stynes, 1997). The overall effect of the tourists spending can be seen from multiplier size. For including the secondary effect of the tourism spending in the formula included tourism multiplier.

The MGM is an example of a simple approach that relies largely on judgment and available secondary data in a highly aggregate form. While an extremely simple approach, it captures the essential elements of an economic impact analysis. With sound judgment in choosing the parameters, the MGM model can yield reasonable ballpark estimates of economic impacts at minimal cost. This approach, however, provides little detail on spending categories or which sectors of the economy benefit from either direct or secondary effects. The aggregate nature of the approach also makes it difficult to adjust recommended spending rates or multipliers to different applications (in Appendix 1 given four levels of MGM variables estimation by Stynes, 1997) (Stynes and Rutz, 1995, Flecha et al., 2010, Kumar et al., 2014).

4.2.4 Inputs-Output (I-O) Analysis

An Input-Output matrix is a representation of national or regional economic accounting that records the way industries both trade with one another and produce for consumption and investments (D'Hernoncourt et al., 2011).

I-O Analysis: History

The Input-Output analysis was credited to Wassily Leontief in the 1930's and for his development of this model he was awarded Noble Prize in Economics.

Regional I-O multipliers are sharing similarities with what are commonly termed macroeconomic, Keynesian (see section of multipliers) multipliers. Both types of multipliers provide a way to estimate the economy-wide effects and based on the idea that an initial change in economic activity results in diminishing rounds of new spending (Bess & Ambargis, 2011).

The use of I-O multipliers for economic impact assessment rests on the fact that the direct effects of spending for a good or service (e.g. tourism expenditure) are followed by indirect and induced effects. These two types of effects are observed respectively because purchasing links with other industries in the region exist and employees who work in the value chain spend their incomes on regional goods and services (D'Hernoncourt et al., 2011).

Rasmussen (1956), Hirschman (1958) and Chenery and Watanabe (1958) are the early studies of the I-O analysis. Generally the I-O approach was used to identify the key sectors in the economy. As mentioned Rasmussen is one of the pioneers: Rasmussen's (1956) doctoral thesis of "Inter-Sectoral Relations", where he developed the analysis of industries key sectors identifying indices "Indexes of Power Dispersion" (IPD) and "Index of Sensitivity of Dispersion" (ISD). Sectors with strong indices are termed as key sectors, and play an important role in the development strategy of a country. And the Backward and Forward linkages, which are known as Hirschman linkages, they were introduced Hirschman's (1958) "*Strategy of Economic Development*" work. Hirschman, used only linkage indices to define key sectors.

Hazari (1970), Jones (1976) also proposed using *weighting scheme* in the backward and forward linkages in order to remedy the deficiency of the method developed by Rasmussen in identifying key sectors. The weights for backward linkages are the share of sectors in final demand. Both used linkage and output multiplier criteria (Kweka et al. 2001).

The first approach of input-output analysis for a national economic impact was for the economy of the United States by Leontief's (1936) in his work "Quantitative Input and Output Relations in the Economic Systems of the United States". It represented the flow of all goods and services in an easily accessible manner. Years later, he established the input-output accounting table showing the production structure in the United States, and published the results of his research work (W. Leontief, 1951). This work became a precursor to the input-output analysis.

In 1944 Leontief published the 1939 US I-O table with an analysis of the effects of demobilization on employment. As a result of the increased funding, Leontief and the Bureau of Labor staff were able to develop the table at a high level of detail – 450 industrial and 50 autonomous sectors. The I-O for 1954 was not published, when President Eisenhower took office, and his Defense Secretary eliminated all funding for input-output work. The compilation of US I-O tables continued from 1958 followed by 1963, 1967, 1972, 1977, 1982, 1987, 1992 and continuously every five years. The compilation of the I-O tables was with slight methodological, categorization changes: sector by sector, commodity by commodity (Meade, N.D).

The first compilation of the Input-Output tables for Japan dates back to 1955 for the reference year. When the Economic Planning Agency (current Cabinet Office), the Ministry of International Trade and Industry (current Ministry of Economy, Trade and Industry, others compiled provisional tables respectively. Thereafter, the Input-Output Tables came to be compiled as a joint work by the related ministries and agencies every five years.

The 1951 Input-Output Tables was compiled abridged tables for the year 1951 by the Economic Planning Agency (EPA) and the Ministry of International Trade and Industry (MITI) respectively, and published in 1955. At the same time, the Ministry of Agriculture and Forestry (current the Ministry of Agriculture, Forestry and Fisheries) compiled the abridged tables focused on the sector of agriculture and forestry. The tables compiled by the EPA and by the MITI covered all industries respectively, and the consisted of 9 sections. The Input-Output Tables compiled by the consisted of 182 sections. But both tables were compiled in accordance with different classifications, concepts, definitions, and different methods of estimation. As a result, inevitable differences in figures between both tables were found. The differences might be unavoidable, because both tables were compiled with different purposes. But, it was not desirable to have two different kinds of information for the same economy for the same reference year. Therefore, the Statistics Council of the Administrative Management Agency (current Ministry of Internal Affairs and

Communications) was reported as of 30 June 1955 that the related ministries should compile the integrated and unified Input-Output tables. From 1955 I-O tables of Japan were stably compiled for every 5 years (The History of Input-Output Tables for Japan, see the methodological changes and the I-O table structure from the file: link is given in the bibliography).

4.2.4.1 Input-Output Analysis: Key Sectors

The methodology used to calculate the linkage indices and the multiplier factors is the construction of an input-output matrix, which decomposes the flows between different economic activities, describing the structure of production in each sector. Any sector of the economy includes various activities and products (goods and services) to be produced and requires raw materials and intermediate goods that can be produced in the industry itself or in other related activity sectors or even abroad (imported products).

Input-output economics can be regarded as a vast collection of data describing our economic system, and/or as an analytical technique for explaining and predicting the behavior of our economic system. The table has one row and one column for each sector of the economy and shows, for each pair of sectors, the amount or value of goods and services that flowed directly between them in each direction during a stated period (Christ, 1995). The output of one sector used as the input for another sector production process and vice versa. The use of the I-O analysis to estimate intersectoral dependency and the role of each sector in the whole economy is the useful tool because of its ability to provide accurate and detailed information.

The use of an I-O framework is helpful in collecting and arranging data on information goods and services according to the categories of gross production and intermediate and final demand. I-O multipliers can be used to assess the regional (or national) economic impacts from an activity.

The growing number of studies in the field has produced a progressive broadening of the original view point and many discussions in economics, both theoretical and applied. The unifying element by which such study area inspired can found in original cultural attitude for which the fundamental interest of I-O approach is the elaboration and the development of the methodologies whose final purpose is application to contemporary policy. The achievement of I-O analysis approach reaffirm the validity of a line of thought that was destined to give answers at the level of the economic realities of our country, internally highly inter-connected, but also, more and more interdependent, in many ways, at the world level (Ciaschini, 1988).

Linkages using I-O models refer to the transactions among different economic sectors, for example; sectors that purchase and sell products to each other for production purposes. I-O multipliers provide useful information about the impacts of changes in exports and domestic demand; they reflect only backward linkages but many sectors' importance lies in their forward linkages (Pratt & Kay, 2006). Linkage analysis is a tool in measuring the importance of sectors that produced goods and services for the economy. It examines the interdependence of supply and demand within the sectors. The well-known method for the analysis of interdependence between the sectors is backward and forward linkages. The backward linkage indicates the interconnection of various sectors from which it purchases various inputs. Therefore, direct and indirect interconnections of inputs purchased from various sectors exist. Since the backward linkage involves inputs from various sectors thus it shows the inter relationships among the suppliers in the industries. The backward linkage may trace the output increment in the industry that supplies input to other industries. Forward linkage indicates the interconnection of output producer from a particular sector to other various sectors. It also indicates the interconnections of direct and indirect output providers between sectors in the industries. The forward linkage traces the increase of output for each sector if the final demand in each sector is to increase by one unit. Strong backward and forward linkages are required to identify the potential industry. The backward linkage is known as the Power of Dispersion Index and it influences the effect of the greater purchased of inputs on the entire industries. Similarly, the forward index is known as the Sensitivity of Dispersion Index. It indicates the influence of the effect of greater output productions on the entire industries. A sector with an index value of more than one means that it has a Power of Dispersion or Sensitivity of Dispersion greater than the average of all industries (Input-Output Tables, Malaysia, 2005).

Simões & Soares (2015) noted that the Hirschmann-Rasmussen (HR) connections rates, also called "back" and "forward" coefficients, indicate the strength of chaining across the various economic sectors. The values of these indicators express how a particular industry demand inputs or offers outputs to the remaining sectors.

Arabsheibani and Delgado-Aparicio (2002) explained that a forward linkage is measured by the index of sensitivity that shows how much an economic sector is demanded by the different sectors

and a backward linkage is measured by the index of the power of dispersion, which shows the amount a sector demands from different economic sectors. Weak forward and backward linkages between sectors indicate that the economy is poorly integrated and heavily dependent on imports (cited in Pratt & Kay, 2006).

With regards to multipliers explanation Gretton (2013) illustrated short overview about frame of the I-O analysis, how it can be used and idea of multipliers. I-O multiplier analysis can be used to decompose the effects of change according to:

- the initial output effect —the change in the production, employment and value added of an industry required to supply an additional unit of final output of that industry;
- the direct (or first round) effects —the changes in the output, employment and value added of industries supplying intermediate inputs to the industry in question; and
- the indirect (or induced) effects —the changes in the output, employment and value added in all stages of the production chain required to support an additional unit of final output to the industry in question and its suppliers.

4.2.4.2 Studies of Analyzing Economic Impact of Tourism Industry

Most studies of analyzing the role of tourism industry in the country's economy by I-O analysis methodology are using Leontief inverse matrix elements. Below given some studies using, which using I-O methodology for tourism industry analysis in the particular countries.

The study of estimating the Hawaiian tourism direct and indirect contributions to regional GDP; gives explanation on the factor that the TSA does not have ability to estimate the indirect impact of the tourist expenditure, and despite few I-O limitations it still the most useful tool for analyzing tourism the effects of tourism industry. The study uses the Leontief inverse matrix $(I-A)^{-1}$ for analysis (Tian et al., 2011).

Drejer (2002) discusses Hirschman's concepts of forward and backward linkages have been embraced by input/output economists due to an apparent intimate tie between the interdependencies studied in input/output analysis and the causal relations expressed in

Hirschmanian linkages. Drejer discussing about operational zing Hirschman's original concepts of backward and forward linkages starting with Rasmussen's dispersion indices and moving on to subsequent developments of the so-called Hirschman-Rasmussen linkage measures. Conducting empirical analyses applying Danish input-output data for the period 1966 to 1992 show a high degree of stability over time of the individual linkage measures, but the 'strength' of the key industries is very weak. It indicates that linkage measures are more applicable on incomplete input-output matrices, even with several empty cells.

Kweka et al.(2001) in the tourism economic analysis frame known study; uses input-output analysis to estimate the economic impact of tourism and assess whether it is a key sector for the Tanzanian economy. The findings of the study are that tourism has a significant impact on output, which is due to its strong inter-sector and linkage effects. The income impact of tourism is insignificant, presumably due to low value added in production. Tourism is identified as a key sector in the economy, which attests its potential to enhance economic growth. In the study used I-O table of Tanzania for 1992 (as a most recent available for the time) and calculated output multiplier, backward and forward linkages with Leontief inverse matrix. The output multiplier of tourism ranked 3-rd with the 1.840 value, backward linkage again ranked 3-rd with the 1.250 value and forward linkage ranked 7 with 1.078 value.

Zaman et al.(2010)study analyzing tourism industry of Romania by using the I-O model. A comparison was made of the matrix of direct technical coefficients (a_{ij}) and total requirement coefficients (b_{ij}) with the assistance of which the direct and propagated effects were determined for this activity by the indicators defining the dimensions of national economy, particularly calculated D_{ij} matrix which equals $b_{ij}-a_{ij}$, for estimating the difference of direct and total requirement coefficients. In the study used I-O tables for 2000 and 2008, with the calculation of the Leontief inverse matrix. The result of analysis showed that in 2000, the highest values of D_{ij} were recorded in the branches: hotels, restaurants and travel agencies (indirect self-consumption); foods, beverages, tobacco; agriculture-forestry, fishery and forestry exploitation; electric and thermal power, gas and water; extracting industry; chemistry and synthetic fibers; textiles, clothing, leather, footwear; financial and banking services. In 2008, the highest values of the D_{ij} coefficient were recorded in the branches: hotels, restaurants and tourism agencies (indirect self-consumption); extractive industry; agriculture-forestry, fishery, forestry exploitation; foods,

beverages, tobacco; electric and thermal power, gas and water; services for enterprises; chemistry and synthetic fibers; rubber and plastic materials; glass; machine building industry.

4.2.4.3 Advantages of I-O analysis

Devkota (2003) noted that the power of an I-O model lies in its ability to trace not only the direct impacts of specific changes in an economy but also the indirect impacts. Three basic principles of the I-O model are that the demand determines the output and supply determines the inputs, which reflects the circular flow of an economy (cited in Blake, 2005).

Input-Output table analysis is;

- I-O tables provide information for analyzing linkages between activities.
- I-O tables also provide the underlying core database useful for a range of economic models (Gretton, 2013).

4.2.4.4 Limitations of I-O analysis

Despite its wide economic impact application I-O models have a few limitations (Briassoulis, 1991; United Nations, 1999):

- Time/data issues: A single year's data is used to develop the I-O table but, because of the expensive and huge data requirement, the model is widely compiled every 5-year.
- Linear relationship: An I-O model assumes a linear relationship between increasing demand for inputs and outputs that may not happen in long run.

4.2.4.5 Analytical Tools

To simplify, if the national economy is deemed to be comprised only of Industry 1 and Industry 2, the Basic Transaction Table (Table 4.3) may be as indicated:

Table 4.3: Basic Transaction Table

	<i>Ind. 1.</i>	<i>Ind. 2</i>	Final demand	Total domestic products
<i>Industry 1</i>	x_{11}	x_{21}	F_1	X_1
<i>Industry 2</i>	x_{12}	x_{22}	F_2	X_2
Gross value added	V_1	V_2		
Total domestic products	X_1	X_2		

Where:

Supply-demand balance equation (balancing of total supply and total demand)

$$x_{11} + x_{12} + F_1 = X_1 \quad (1.1)$$

$$x_{21} + x_{22} + F_2 = X_2$$

When “ a_{11} ” is defined as the figure produced by dividing “ x_{11} ” representing the input of Industry 1 by “ X_1 ”, representing the domestic production, “ a_{11} ” represents the input required to produce one unit of production of Industry 1 from Industry 1.

(1.2)

$$a_{ij} = \frac{x_{ij}}{X_j}$$

The row entries of the I-O table describe the total sales as inputs to the column entries in the

economy. The column entries in the table describe the inputs used by each sector from different sectors. Therefore, the I-O coefficients examine how production in each sector changes in response to a change in the final demand of that sector (Chang, 2001).

Where: x_{ij} is the amount of inputs sector j purchases from the selling sector i , X_j is the output for the sector j and F_i is the final demand of sector i .

I-O model follows an accounting framework in which the total receipts by sellers must balance the total expenditures by buyers. By that convention, total output is equal to total input for each producing sector in the economy.

- Intermediate consumption is the basis for the input-output model itself and includes the matrix of intermediate flows. It represents the transactions for intermediate sales and purchases of goods and services among sectors.
- Final Demand- the final use of goods and services by households, state and local governments units, etc.
- Value added- the requirements of each sector for primary inputs (labour, capital, land). Each element of $A(a_{ij})$ technical or input coefficient, which represents the share of inputs from sector i in total output of sector j .

The calculation of *Leontief inverse* matrix shown in the following formula:

$$B = (I - A)^{-1} \quad (1.3)$$

Where: B is the Leontief inverse matrix I is the Identity matrix. In some literatures Leontief inverse matrix denoted as L or W .

The figure in each column in the inverse matrix coefficient table indicates the production required directly and indirectly at each row sector when the final demand for the column sector increases by one unit. The total (sum of column) indicates the scale of production repercussions on entire industries, caused by one unit of final demand for the column sector.

The figure for each row in the inverse matrix coefficient table indicates the supplies required directly and indirectly at each row sector when one unit of the final demand for the column sector.

The Leontief assumption related to the inverse matrix elements was used $(I-A)^{-1}$ inverse matrix, which is known as Leontief inverse matrix).

- Thus the column sum of the Leontief inverse matrix shows the direct and indirect effects on the economy of a unit change in final demand for the sector shown in the head of column.
- Similarly, the row sum of the Leontief inverse, shows the total effect on the i-the sector when each final demand increase by one unity, which also known as *output multiplier*.

Output multiplier

Miller and Blair (2009) define an output multiplier for a specific sector as the total value of production in all sectors of the economy that is necessary in order to satisfy a dollar's worth of final demand for the sector's output. The output multiplier is the ratio of change in gross output of all sectors to the change in final demand of a desired sector.

The interdependence coefficient matrix (or total requirements matrix—Leontief) shows production decisions' direct effects on intermediate demand and indirect effects on final demand. It also enables to determine the economic effects of a variation in final demand. Thus, the terms in each column of the inverse matrix represents a multiplication factor for the sector concerned.

$$O_j = \sum_j B_{ij} \tag{1.4}$$

The output multiplier for sector j (reflects the **backward linkage of sector**) is defined as the total change in the output of all sectors given a unit change in the demand for output of sector j, and is given by the column sum of B_{ij} (in the equation (2) it is denoted by O_j in some other literatures it is denoted as $(O_{MULT})_j$).

As mentioned earlier Armenia is landlocked country and the transportation cost is very high, respectively the import and export cost is very high, which can play a big role in the production process, for the clear understanding of the sectoral interdependency and their role in the economy, in the study used an open economy I-O analysis methodology, with the tabulation of a system by including the Import and Export. Including import in tabulating will show the influence of import in the particular sector output.

The open economy I-O model (with handling import and export)

For the n sectors we have a set of n equations

$$\text{Where } \hat{M} = \begin{bmatrix} m_1 & \dots & 0 \\ 0 & \dots & m_n \end{bmatrix} \quad \begin{array}{l} \text{import} \\ \text{matrix} \end{array} \quad \begin{array}{l} \text{coefficient} \\ \end{array}$$

Import coefficient diagonal matrix has an import coefficient (m_i) as the diagonal element and zero as the non-diagonal element. On the intersectoral distribution of the import, the import coefficient matrix elements can be the useful explanation of the sectoral dependency on import. In some earlier studies (Mustafa K. Mujeri and Mohammad(1994) referred to Acharya and Hazari (1971) regarding information to intersectoral distribution of imports, the import coefficient matrix derive from the assumption of the existence of a proportionality relationship between import and gross domestic product.

The calculation of import coefficient (equation4), includes also final demand, which will show the sector's import role and correlation with final demand.

Arranging equation (3) using equation (4), we can obtain X.

$$\begin{aligned} X_i - (1 - m_i) \sum_j a_{ij} X_j &= (1 - m_i) F_i + E \\ \dots \Downarrow \dots & \\ \left[I - (I - \hat{M})A \right] X &= (I - \hat{M})F + E \quad (2.5) \\ \dots \Downarrow \dots & \\ X &= \left[I - (I - \hat{M})A \right]^{-1} \left[(I - \hat{M})F + E \right] \end{aligned}$$

Where I is an $n \times n$ identity matrix and $\left[I - (I - \hat{M})A \right]^{-1}$ “Competitive Import Type” (CIT) inverse matrix (included import coefficient matrix).

Each element of B (b_{ij}) (inverse matrix) is called an inter-dependence coefficient, which shows the changes (effect: direct and indirect) of the output of sector i when sector j's final demand changes by one unit. “Competitive Import Type” inverse matrix, B is including import coefficient matrix.

Index of the Power of Dispersion (IPD)

The figure in each column in the inverse matrix coefficient table indicates the production required directly and indirectly at each row sector when the final demand for the column sector (that is, demand for domestic production) increases by one unit. The total (sum of column)

indicates the scale of production repercussions on entire industries, caused by one unit of final demand for the column sector.

The vertical sum of every column sector of the inverse matrix coefficients is divided by the mean value of the entire sum of column to produce a ratio. This ratio indicates the relative magnitudes of production repercussions; that is, which sector's final demand can exert the greatest production repercussions on entire industries. This is called the "Index of the Power of Dispersion" and can be calculated as follows:

$$IPD = \frac{b_{*j}}{\bar{B}} \quad (2.6)$$

$$where : b_{*j} = \sum_{i=1}^n b_{ij}; \bar{B} = \frac{1}{n} \sum_{i=1}^n \sum_{j=1}^n b_{ij}$$

Index of the Sensitivity of Dispersion (ISD)

The figure for each row in the inverse matrix coefficient table indicates the supplies required directly and indirectly at each row sector when one unit of the final demand for the column sector at the top of the table occurs.

The ratio produced by dividing the total (horizontal sum) by the mean value of the entire sum of row will indicate the relative influences of one unit of final demand for a row sector, which can exert the greatest production repercussions on entire industries. This is called the "Index of the Sensitivity of Dispersion," which can be calculated as follow (Sirasago Tetsuya, 2011):

$$ISD = \frac{b_{i*}}{\bar{B}} \quad (2.7)$$

$$where : b_{i*} = \sum_{j=1}^n b_{ij}; \bar{B} = \frac{1}{n} \sum_{i=1}^n \sum_{j=1}^n b_{ij}$$

4.3 Data Overview and Methodology

In the study employed various economic analyses: in the I-O framework employed various calculations: output multiplier calculation, power of dispersion, sensitivity of dispersion, import dependence coefficient etc. In the study used two types of inverse matrices for the output multiplier calculation; Leontief inverse matrix and Competitive Import Type, which are applied for closed and open economies analysis, since the country is facing huge trade deficit(see Chapter 3), it is important to test the influence of imports on the sectors output and on the interrelation amongst.

In the study the I-O table of Armenia for the year 2002 with the 23 sectors conducted by the World Bank research (developed by Miles K. Light, Ekaterine Vashakmadze, and Artsvik Khatchatryan, Gohar Gyulumyan) was used. I-O table was also submitted to the GTAP (Global Trade Analysis Project). And I-O for 2006 with 17 sectors, which was July-August 2008 carried out within the framework of the Project “Improvement of National Accounts” under the EU TACIS Program Contract “Statistics 10”.

In order to compile input-output tables, the professional or statistical information from administrative departments and statistical departments is needed, as well as the input-output investigation information. For example, information of final accounts from Ministry of Finance, statistical information of import and export amount of money by commodity, Balance of Payment, gross industrial output value by industry, costs and expenses of industrial enterprises, consumption expenditures of households, etc. are needed for compilation of I-O. All those data collection, analysis and finally compiling the I-O requires big amount of spending, big budget. For data collection needed big number of workforce, for data analysis; a technology, software’s and for the final stage I-O compilation; qualified specialists. All these together make the I-O compilation very expensive which almost all developing countries are not able to afford I-O table compilation for every five years, the budget for statistical institutions of Armenia (which are responsible for surveys, data collection and overall statistical information of the country) are small. That is the reason why in the study used I-O tables of Armenia for 2002 and 2006.

Calculated Tourism Multiplier by using the data of tourism direct and total contribution to GDP (WTTC), for the reason of estimating how much extra income is produced in an economy as a result of initial spending or injection of cash: tourist spending and for the years 2000 to 2015. And calculated “Specific Overnight Threshold” indicator for finding out the number of tourists visiting

the destination over a year in relation to the number of population. From which can be seen tourism development and per inhabitant benefiting levels.

4.4 Result and Discussion

4.4.1 Input-Output Table Analysis Result/ Discussion

This section presents and discusses the results of the analysis of Input-Output tables of Armenia for the 2002 and 2006 years. Following discussions of calculated tourism and tourism employment multipliers, and the SOT indicator.

I-O Table 2002

In Table below shown the Input-Output table with 23 sectors (with abbreviations), in a three grouping: Agriculture, Industry, Services and Other. Agriculture consist six sectors, Industry; ten sectors and Services and Other; seven sectors.

Table 4.4 : I-O Sectors Classification, 2002

	Abbr.	Sectors
		Agriculture
1	G R N	Wheat, potatoes, legumes
2	V F R	Vegetables, fruits, grapes
3	VO L	Vegetable oils and fats
4	M I L	Dairy products
5	O M T	Beef, pork, poultry
6	O C R	Other crops
		Industry
7	M I N	Mining and Quarrying
8	F O D	Food processing & beverages
9	T B C	Tobacco products
10	L M F	Light manufacturing and textiles
11	M T L	Metals and metal products
12	C R P	Chemicals rubbers and plastics
13	M N M	Mineral products and precious stones
14	M C H	Equipment, motor vehicles and optical
15	O M F	Other manufacturing
16	U T L	Electricity gas and water supply

		Services and Other
17	C O N	Construction
18	T R D	Retail & wholesale trade, catering
19	G O V	Governance, Defense, and public expend.
20	T R N	Transport and communications
21	O S R	Other services
22	D W E	Housing and dwellings
23	B N K	Banking lending and insurance

Source: I-O table, 2002

OSR (Other Services) sector accumulated for the rest of services, tourism not indicated as separate sectors. Therefore the analysis of I-O table for 2002 focuses on the OSR role and position in the whole economy.

Table 4.5: Output Multipliers (I-O,2002)

ABBR.	Oj(L)	Rank	Oj(CIT)	Rank	Oj(CIT)-Oj(L)
G R N	1.63	13	1.34	14	-0.29
V F R	1.62	14	1.37	10	-0.25
V O L	1.67	10	0.39	23	-1.28
M I L	1.63	12	1.40	8	-0.24
O M T	1.65	11	1.44	6	-0.21
O C R	1.68	9	1.38	9	-0.30
M I N	1.98	6	1.47	5	-0.51
F O D	2.04	4	1.57	1	-0.48
T B C	2.04	5	1.52	2	-0.52
L M F	2.16	3	1.49	4	-0.67
M T L	1.19	22	1.09	21	-0.09
C R P	2.30	1	1.50	3	-0.80
M N M	1.86	7	1.40	7	-0.46
M C H	2.30	2	1.23	16	-1.07
O M F	1.37	18	1.16	19	-0.21
U T L	1.28	20	1.17	18	-0.11

CON	1.72	8	1.21	17	-0.51
TRD	1.61	16	1.36	11	-0.25
GOV	1.57	17	1.35	13	-0.22
TRN	1.23	21	1.13	20	-0.10
OSR	1.61	15	1.36	12	-0.26
DWE	1.05	23	1.03	22	-0.02
BNK	1.33	19	1.28	15	-0.06

Source: Calculated from I-O table, 2002

As shown in the section of analytical tools the output multiplier is the column sum of the inverse matrix elements. Output multipliers are calculated with two types of inverse matrices “Leontief” and “Competitive Import Type” (CIT) (closed and open economy). The calculation of output multipliers with two types of inverse matrices will show the influence of import in the sectors output processing.

The calculated results of output multipliers, from the I-O table of Armenia for 2002, are shown in the Table 4.5. Where the first panel is the abbreviations of the sectors of the I-O table for 2002, $O_j(L)$ (O: Output multiplier, L: Leontief) is the value of output multipliers calculated from elements of Leontief inverse matrix followed with its ranking (third panel of the Table 4.5). $O_j(CIT)$ is the value of output multipliers calculated from the elements from “Competitive Import Type” inverse matrix: $O_j(CIT)$, followed with its rank panel. In the last sixth panel of the Table 4.5 is given the difference of: $O_j(CIT) - O_j(L)$. Comparing the results of two type of output multipliers by deducting the value of output multipliers calculated with the Leontief inverse matrix elements from the value of output multipliers calculated with the “Competitive Import Type” inverse matrix elements ($O_j(CIT) - O_j(L)$). From the result can be seen that all sectors in the economy negative difference between the values of open and closed economy output multipliers, which shows that the country’s economy heavily depends on the imports in the processing of any types of goods and services.

$O_j(L)$: output multiplier calculated with the elements of Leontief inverse matrix, is highest for the “Chemicals rubbers and plastics” (CRP), its 2.31 (Rank 1). It’s followed by “Equipment, motor vehicles and optical” sector, its different from “Chemicals rubbers and plastics” just 0.01, the multiplier is 2.30 (Rank 2).

In case of output multipliers calculated with the “Competitive Import Type” inverse matrix elements $O_j(CIT)$, the highest value of output multiplier: 1.57, has “Food processing &

beverages”(F O D, Rank 1) sector, followed by “Tobacco products” (T B C, Rank 2) with the value of output multiplier:1.52, and followed by “Chemicals rubbers and plastics”(CRP, Rank 3): 1.50, output multiplier value. “Chemicals rubbers and plastics” sector although has big difference between output multiplier values calculated with the two types of inverse matrix (Oj(CIT)-Oj(L):-0.80) , but still remaining in the top ranking of output multipliers.

Although Other Services sector multiplier is 1.61 and its ranked 15 among 23 sectors, but in the “Services and Others” group it is 2, the 1 in the group is the “Construction” sector whose share to GDP for 2002 is 13%. (NSS RA: ESA-95 A17 aggregation` by NACE 1.1. classification).The value of output multipliers show that every additional (Dram, any currency unit) worth of final demand, for example for the “Chemicals rubbers and plastics” sector, directly and indirectly, will generate a total value in production from all sectors in the economy of 2.31 (Dram, \$ or any currency unit).

Since from output multipliers calculation can be seen that the elements of Leontief inverse matrix does not indicates the real economic position of the sectors the IPD and ISD are calculated only with the “Competitive Import Type” inverse matrix elements.

Table 4.6: “Index of Power of dispersion” and “Index of Sensitivity of dispersion”, I-O 2002

Abbr.	IPD	Rank	ISD	Rank
GRN	1.04	14	1.02	3
VFR	1.06	10	0.99	13
VOL	0.3	23	0.07	23
OCR	1.08	8	1.11	11
MIL	1.12	6	0.98	14
OMT	1.07	9	1.08	12
MIN	1.14	5	0.8	18
FOD	1.22	1	1.15	7
TBC	1.18	2	0.78	20
LMF	1.16	4	0.91	16
CRP	0.85	21	1.19	4
MNM	1.16	3	0.62	22
MTL	1.09	7	1.18	6

MCH	0.96	16	0.8	19
OMF	0.9	19	1.12	10
UTL	0.91	18	1.19	5
CON	0.94	17	0.83	17
TRN	1.06	11	1.14	8
TRD	1.05	12	1.54	2
BNK	0.88	20	1.13	9
GOV	1.05	13	0.98	15
OSR	0.8	22	1.6	1
DWE	0.99	15	0.78	21

Source: Calculated from I-O table, 2002

“Index of the Power of Dispersion” IPD

The calculated result of IPD and ISD with their ranks given in Table 4.6 from which can be seen that highest rank of IPD has the following sectors:

- 1) “Food processing & beverages” (FOD) sector has the highest value of IPD: 1.22 and ranked 1, Armenia is known for the brandy and wine production (Ararat factory) and for dry fruits, as sweets production (from Chapter 3 and Appendix 3.3 can be seen above mentioned products).
- 2) “Tobacco products” (TBC) sector ranked 2 with the IPD value: 1.18 (country’s tobacco production is growing and they expand with the value of export, main producer is Grand Tobacco company⁴⁵),
- 3) “Mineral products and precious stones” (MNM) sector with IPD value of 1.16 (ranked 3).

It mainly represents the jewelry-cutting business in Armenia. These sectors exert great production repercussions to the entire economy, which means that the increase in final demand for the products of above mentioned industries will disperse to the whole economy by the value of ***“Index of the power of dispersion”***. ***In other words those sectors are the purchaser of goods and services and have greater influence on the economy.***

The power of those three sectors remains the same over the years since the top of exported products (See Table 4.7).

Table 4.7: Top Four Exported Products; 2008, 2015

The value of the exported top four products in 2008	
Ferrous metals	214465.8
Natural or cultured pearls, precious or semiprecious stones, precious metals	173088.3
Alcoholic and non-alcoholic and vinegar	145379.5
Ores, slag and ash	125679
The value of the exported top four products in 2015	
Ores, slag and ash	365981.6
Natural or cultured pearls, precious or semiprecious stones, precious metals	193970.9
Tobacco and manufactured tobacco substitutes	171110
Alcoholic and non-alcoholic and vinegar	125180.6

Source: NSS RA

Service-related sectors generally had lower production repercussions on the entire industries, but sensitive to the changes in economy, even slight positive change of the whole economy will affect the growth of those sectors.

“Index of the Sensitivity of Dispersion” ISD

“Other Services” (OSR) had the highest value of ISD is 1.6 (ranked 1). This means that the unit increases in final demand of the whole economy will increase the production of “Other Services” sector by 1.6units (considering to the fact that in normal circumstances in the economy take place GDP growth). *Simply, the sectors with the high value of ISD are suppliers they provide their output to the other sectors and their influence on the economy remarkable.*

The sectors with high ISD can be considered as promising sectors for the country’s economic development.

Analysis of Import Dependency

Import Dependence and Self-dependence Coefficients

For examining import direct effect on the sectors in the I-O framework, two of the useful coefficients are import dependency and self-dependency coefficients.

Table 4.8: Coefficients of Import-Dependency and Self-Dependency, 2002

Sectors	ABBR	Dependence on imports; m_i	Self-dependence or self-sufficiency: $1-m_i$
Wheat, potatoes, legumes	GRN	0.23	0.77
Vegetables, fruits, grapes	VFR	0.1	0.9
Vegetable oils and fats	VOL	9.38	-8.38
Other crops	OCR	0.1	0.9
Dairy products	MIL	0.02	0.98
Beef, pork, poultry	OMT	0.14	0.86
Mining and Quarrying	MIN	0.42	0.58
Food processing & beverages	FOD	0.09	0.91
Tobacco products	TBC	0.91	0.09
Light manufacturing and textiles	LMF	0.66	0.34
Chemicals rubbers and plastics	CRP	0.47	0.53
Mineral products and precious stones	MNM	1.74	-0.74
Metals and metal products	MTL	0.37	0.63
Equipment, motor vehicles and optical	MCH	0.97	0.03
Other manufacturing	OMF	0.46	0.54
Electricity, gas and water supply	UTL	0.1	0.9
Construction	CON	0.01	0.99
Transport and communications	TRN	0.44	0.56
Retail & wholesale trade, catering	TRD	0	1
Banking lending and	BNK	0.09	0.91

insurance			
Governance, Defense, and public expand	GOV	0.18	0.82
Other services	OSR	0	1
Housing and dwellings	DWE	0	1

Source: Own calculated from I-O table

Table 4.7 shows the result of calculated coefficients. The sectors with high self-dependency, production process is not dependent on the import, which means that all inputs used in production process, output processing are supplied by domestic suppliers, purchased from the other sectors in the economy, which are producing products. From the calculated coefficients it was noticed that “Other services” sector had the highest value of “*Self-dependence*” coefficient (the value is 1).

As can be seen from the figures in Chapter 3; the country is still facing huge trade deficit.

I-O Table 2006

In the same way as for the I-O table, 2002 calculated the output multiplier for the I-O table for 2006, by using Leontief and “Competitive Import Type” inverse matrices. In case of I-O table for 2006 “Hotels and restaurants” included in the table as a separate sector, which will give more precise understanding of the tourism industry related sector position in the country’s economy, despite to the fact that the consumers might be locals, domestic visitors or international visitors.

The result of analysis of I-O table for 2006 showed that (Table 4.8) output multiplier of the “Hotels and restaurants” sector was ranked 2, with the value 1.993, in case of calculation with the Leontief inverse matrix elements and the rank has become 1, with the 1.595 value. The result, change of the rankings of the sector shows the huge influence of the import on the other industries and less dependency on import “Hotels and restaurants” sector. Although in comparison of the two types of calculated output multipliers there still negative difference.

Table4.9: Output Multiplier and its Rank (I-O Table of Armenia, 2006)

	O _j (L)	Rank	O _j (CIT)	Rank	O _j (CIT)-O _j (L)
Agriculture, hunting and forestry	1.610	10	1.342	10	-0.268
Fishing	1.612	9	1.366	8	-0.246
Mining and quarrying	1.737	6	1.422	5	-0.315
Manufacturing	2.001	1	1.547	2	-0.454
Electricity, gas and water supply	1.546	12	1.349	9	-0.197
Construction	1.798	4	1.456	4	-0.342
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	1.638	8	1.317	11	-0.321
Hotels and restaurants	1.993	2	1.595	1	-0.398
Transport and communication	1.657	7	1.299	12	-0.358
Financial intermediation	1.255	15	1.183	14	-0.072
Real estate, renting and business activities	1.478	13	1.256	13	-0.222
Public administration	1.927	3	1.473	3	-0.454
Education	1.312	14	1.174	15	-0.138
Health and social work	1.755	5	1.393	6	-0.362
Other community, social and personal service activities	1.601	11	1.367	7	-0.234
Activities of private households as employers and undifferentiated production activities of private households	1.000	16	1.000	16	0
Extraterritorial organizations and bodies	1.000	16	1.000	16	0

Source: Calculated from I-O Table of Armenia, 2006

Similarly as for I-O table for 2002, calculated the IPD and ISD for the I-O table for 2006, with the purpose of finding out inter-sectoral relationships among sectors which are shown separately in the I-O table for 2006. IPD for the “Hotel and restaurants” sector is ranked first; it has a power to influence on the whole economy.

“Agriculture, hunting and forestry” has low ranking for the IPD but it is ranked 3 for the ISD. Which shows that Agriculture sector is one of the top suppliers sector in the whole economy and it is especially on of the main suppliers for the tourism sector. Although the country’s IT industry has a biggest volume in the services(see Chapter 3) but still “Transport and communication” has low IPD and ISD rankings(IPD:12, ISD:8), that shows weak interdependency.

Table 4.10 : Value of indices: “Index of Power of dispersion” and “Index of Sensitivity of dispersion”, I-O 2006

	IPD	Rank	ISD	Rank
Agriculture, hunting and forestry	1.780	10	1.993	3
Fishing	1.812	8	1.363	13
Mining and quarrying	1.886	5	1.599	7
Manufacturing	2.051	2	2.646	1
Electricity, gas and water supply	1.789	9	2.546	2
Construction	1.931	4	1.841	5
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	1.747	11	1.439	9
Hotels and restaurants	2.115	1	1.368	12
Transport and communication	1.722	12	1.441	8
Financial intermediation	1.569	14	1.893	4
Real estate, renting and business activities	1.666	13	1.749	6
Public administration	1.953	3	1.390	10
Education	1.557	15	1.371	11
Health and social work	1.848	6	1.338	14
Other community, social and personal service activities	1.813	7	1.259	17
Activities of private households as employers and undifferentiated production activities of private households	1.326	16	1.326	15
Extraterritorial organizations and bodies	1.326	16	1.326	15

Source: Calculated from I-O of Armenia for 2006

As for the “Other Services” sector in the I-O Table 2002, self-dependency coefficient equal to “1” which is the highest value for the coefficient.

But for the “Hotels and restaurants” (see Table 4.10) in I-O table for 2006 the self-dependency coefficient is 0.46, although the influence of import is not heavy on the sector, but still exist. Need to note that “Agriculture, hunting and forestry” sector has high self-dependency coefficient value: 0.94.

Table 4.10: Coefficients of Import-Dependency and Self-Dependency

	Dependence on imports m_i	Self-dependence or self-sufficiency: $1-m_i$
Agriculture, hunting and forestry	0.06	0.94
Fishing	0.00	1.00
Mining and quarrying	0.09	0.91
Manufacturing	0.39	0.61
Electricity, gas and water supply	0.00	1.00
Construction	0.00	1.00
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	0.00	1.00
<i>Hotels and restaurants</i>	<i>0.54</i>	<i>0.46</i>
Transport and communication	0.83	0.17
Financial intermediation	0.20	0.80
Real estate, renting and business activities	0.05	0.95
Public administration	0.03	0.97
Education	0.07	0.93
Health and social work	0.11	0.89
Other community, social and personal service activities	1.95	-0.95
Activities of private households as employers and undifferentiated production activities of private households	0.00	1.00

Extraterritorial organizations and bodies	0.00	1.00
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Source: Calculated from I-O of Armenia for 2006

4.4.2 Japanese I-O Table Analysis

For more precise understanding of the chosen way to analyze I-O output multipliers with the two types of inverse matrices Leontief and “Competitive Import Type”, in this section given the Japanese I-O44 tables (2005 and 2011) analysis; output multipliers calculated with the two types of inverse matrices Leontief and “Competitive Import Type” for the comparison purposes, since Japan has I-O data with the two types of inverse matrices. Even that the economies are to different, the comparison will be useful

Latest I-O table for Japan is the table for 2011, but since the latest available one for Armenia is the I-O table for 2006 for comparison taken Japan’s I-O table for 2005, followed also given the values of output multipliers for the I-O table of 2011.

From I-O table taken only three tourism related sectors: “Amusement and recreational services”, “Eating and drinking places”, “Accommodations”.

Table 4.11: I-O table of Japan for 2005

Tourism Related Sectors	Oj(L)	Oj(CIT)	CIT-L
Amusement and recreational services	1.585	1.579	-0.006
Eating and drinking places	1.876	1.932	0.056
Accommodations	1.840	1.847	0.007

Source: Ministry of Internal Affairs and Communication of Japan

From the result from I-O table for 2005 can be seen that output multiplier for the “Amusement and recreational services” sector has higher value in case of calculation with the Leontief inverse matrix elements,

44-Japan is the country for which has available I-O tables (free access for all users in the website of Ministry of Internal Affairs and Communication) calculated with both “Competitive Import Type” inverse matrix Leontief inverse matrix, from which the values of Output Multiplier, IPD and ISD in the section above.

but for the “Eating and drinking places”, “Accommodations” sectors output multiplier has higher value when its calculated with the “Competitive Import Type” inverse matrix elements, which means import has negative influence only on the “Amusement and recreational services”, for the rest of two it is opposite; import influence is positive. The economic situation is totally opposite to the Armenian case. The output multipliers becoming higher in case of applying the import effect for Japanese I-O table.

The possible the reason might be the high level of prices for domestically produced goods and services and the low level of prices of imported goods and services for particular sectors; for example goods imported from China.

Table 4.12: I-O table of Japan for 2011

Tourism Related Sectors	Oj(L)	Oj(CIT)	CIT-L
Hotels	1.876	1.872	-0.004
Eating and drinking services	1.978	1.934	-0.043
Amusement and recreational services	1.524	1.529	0.005

Source: Ministry of Internal Affairs and Communication of Japan

The values of output multiplier calculated from the 2011 I-O table of Japan with the two types of inverse matrix given in Table 4.12. For the three tourism related sectors: “Hotels”, “Eating and drinking services”, “Amusement and recreational services” can be seen that the output multipliers have higher values than in 2005, noticeable that in 2011 the output multiplier for the “Eating and drinking services” sector is lower in case of calculation with the “Competitive Import Type” inverse matrix elements, compared with the value of output multiplier calculated with the Leontief inverse matrix elements. In 2005 output multiplier for the sector had a higher value in case of calculation with the “Competitive Import Type” inverse matrix elements. The result shows that in 2011 the import had a negative influence on the sector’s output processing. And import had a vice versa effect on the “Amusement and recreational services” sector.

The analysis of three tourism related sectors from Japanese I-O table shows that the handling import in the process of output multipliers calculation gives different result for those, which means that calculation of output multipliers only with the Leontief inverse matrix elements does not show

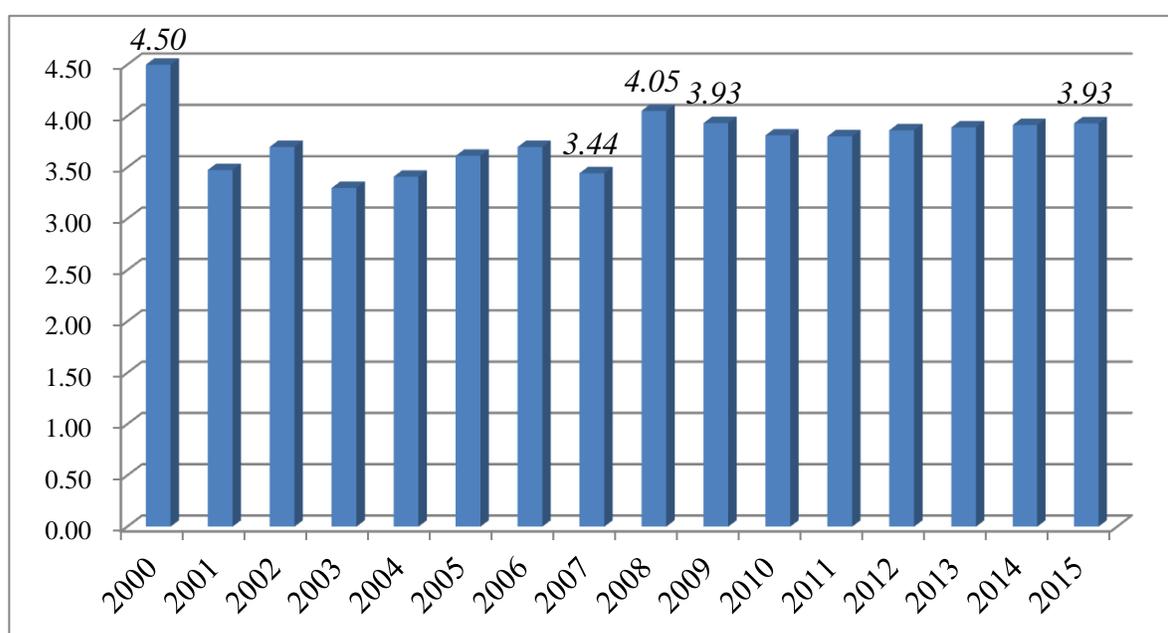
the real position of the sector in the economy, the interaction and interdependency with the rest of the sectors in the whole economy.

4.4.2 Multipliers

As shown in the section “Multipliers” tourism multiplier calculated by dividing the total contribution/effect to direct contribution/effect of tourism. Tourism multipliers calculated from the data of WTTC, form total and direct contribution to Armenian GDP, for the years 2000 to 2015.

From the Table 4.5 data calculated tourism multiplier (see Figure 4.4).

Figure 4.5: Tourism Multiplier



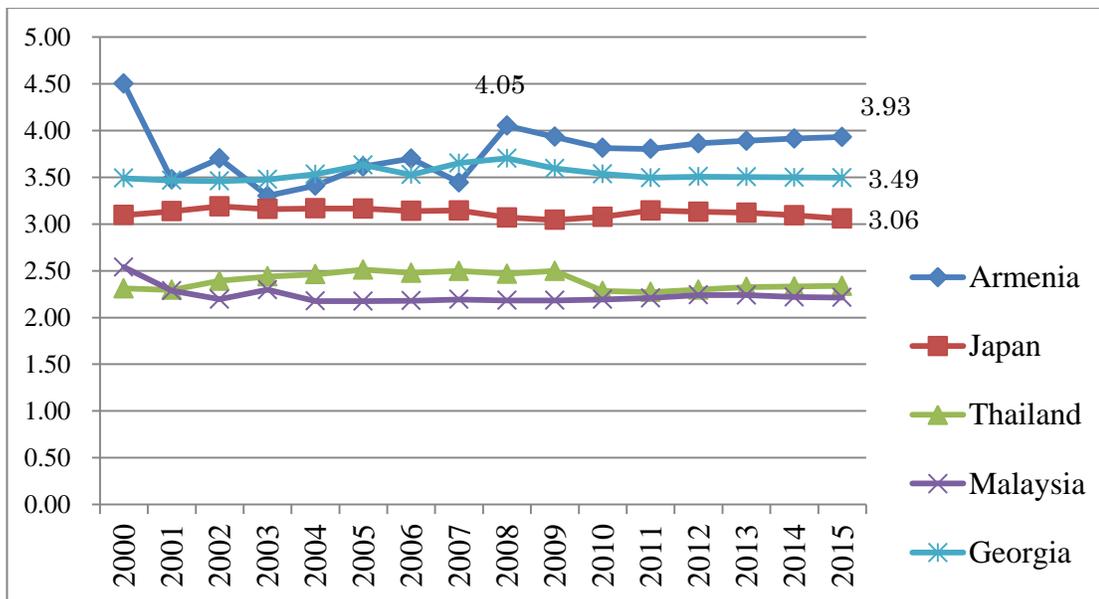
Source: Calculated from World Travel and Tourism Council Data

From the figures of tourism multipliers, it can be seen that it reach highest value in 2000 and in 2008, (4.05). It drop after 2008 and continued till 2011 by recording 3.80 and then started showing signs of growth from 2012(2012; 3.86). The reason again is GFC, although the number of international visitors didn't decrease during that period (see Chapter 3; number of arrivals), but the initial spending decrease, which also influenced on the money circuit in the economy. Tourism multiplier value reached 3.93 in 2015. The money spent by tourists impacted 3.93 times in the Armenian economy.

Generally, multipliers will be larger in larger regions than smaller ones because spending leakages tend to be larger in smaller regions. Thus it is clearly inappropriate to apply multiplier that has been estimated for larger regions (Fjeldsted, 1990).

For being able to make an comparison and have an visual understanding of the tourism impact and the re-spend of the tourists spending in the other economies from the same source calculated the tourism multipliers for Japan, Thailand and Georgia (Georgia is one of the former Soviet Union countries).

4.6: Tourism Multiplier Armenia, Japan, Thailand, Malaysia, Georgia



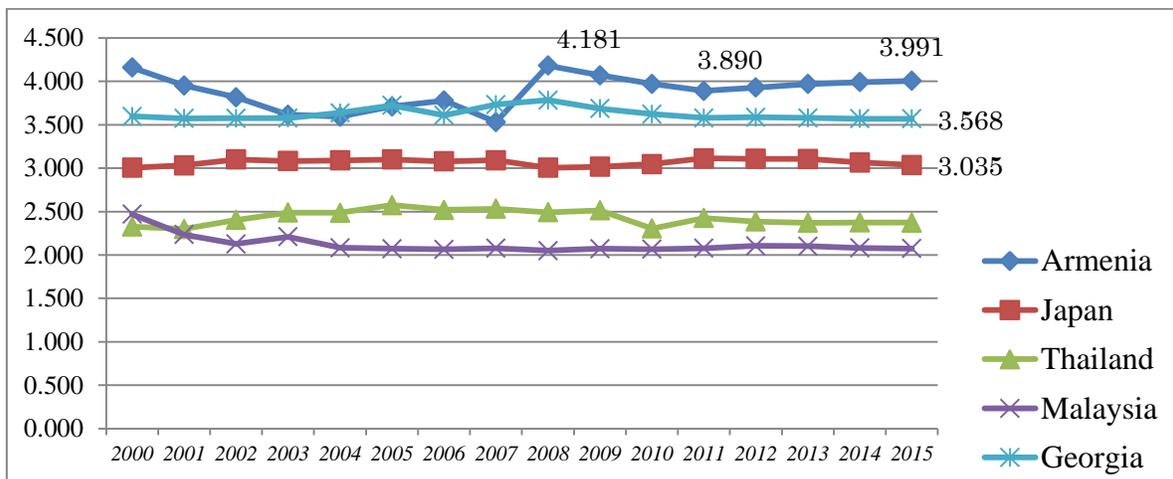
Source: Calculated from World Travel and Tourism Council Data

From Figure 4.6 can be seen that the highest value of tourism multiplier has Armenia followed by Georgia and Japan, although it has the smallest number of arrivals and volume of the capital generated by tourism. The international arrivals to Armenia in 2015 recorded 1.2 million which is highest since 1995 (see Chapter 3). For Japan the arrivals reached 19, 7 million, showing 47.1 percent change with regard to 2014. In Thailand foreign visitors were regarded to be 29.88 (2015) million, growing from 24.81(2014), Malaysia hosted 25.7 (2015) million international tourists (the number has been decreased), Georgian international tourists numbers for 2015 recorded 5, 9 million. From the TM value, it is obvious that the direct tourist spending

circulation in the Armenian economy more than in above mentioned all countries, considering to the fact that tourist spending's with triple effect and tourism is unbundle of different industries and services, country's economy benefit from tourist spending's higher compare to others.

In the study calculated also the employment multipliers, with the same concept: ratio multipliers, for the same countries. The result is shown in the Figure 4.7 below.

Figure 4.7: Tourism Employment Multiplier Armenia, Japan, Thailand, Malaysia, Georgia



Source: Calculated from World Travel and Tourism Council Data

From the figure above can be seen that Armenia has the highest TEM which is very significant. Tourism has brought in new investments boosting the nation's economy by creating new jobs for the people through direct and induced effects which occur from the direct spending of tourist, expanding businesses and employing more employees for those expanded businesses or new entry's (business) in the tourism and related industries. 2014 was a recovery year for Armenia after it reduced from 4.181 in 2008 to 3.890 in 2011 but gradually rose to the current 3.991 and still maintaining a steady development.

Comparing Armenia's multiplier with countries like Georgia, Thailand and Malaysia, it can be said that tourism in Armenia shows more prospects of rapidly developing the economy when compared with others.

CHAPTER 5

TOURISM'S REGIONAL IMPACT

This chapter aims to find out the current position of tourism in the regions of Armenia, the number of tourists visiting the country and regions over a year in relation to the number of population, by calculating Specific Overnights Threshold (SOT) indicator.

Highlights the types of tourism, where the key actors in tourism activities are community⁵¹ members and the role of those types of tourism in communities' livelihood, governmental projects. Finally, it discusses the survey conducted with the small and medium entrepreneurs, which are operating in the community-based tourism frame in the regions of the Republic of Armenia. The industry will be decentralized (as it can be seen from Chapter 3 and Chapter 4, tourism industry in Armenia is extremely centralized in the capital city) and the community members will be able to gain from tourism industry by developing and promoting more of the regional tourism and especially the types of tourism, where communities are the key actors of tourism activities.

5.1 Specific Overnights Threshold (SOT)

By UNWTO in 2004 introduced an indicator: ratio of local residents to tourists in major tourist regions and destinations.

With the following definition: number of visitors (tourists and same day visitors) divided by the number of local residents in tourist destinations (average and in peak seasons or days).

51-Communities are a mutually supportive, geographically specific, social unit such as village or tribe where there is usually some form of decision-making (Mann, 2000).

And purpose: the ratio can indicate seasonal pressure on the environmental and social resources of host regions and populations.

It has relevance to sustainable/ unsustainable development, while tourism represents a key source of income and employment in most tourist receiving regions and destinations; it also exerts considerable pressure on the environmental and socio-cultural resources of host populations. Tourism is an activity highly concentrated in space and time, and many destinations experience huge seasonal influx of tourists and visitors. In many destinations the tourist population outnumbers local residents in peak periods, and the ratio of the number of tourists can be a multiple of the number of locals. During their stay tourists share the public spaces, public services (e.g. transport, communication), and natural resources (e.g. consumption of water and energy, waste generation) with local residents (UNWTO, 2004).

$$SOT = \frac{\frac{\text{Number of Overnights in Region/Town}}{365}}{\text{Number of inhabitants in region/town}} * 100$$

Specific Overnights Threshold (SOT) is an indicator that represents an attempt to determine and establish the boundary above which the achieved number of overnights generates negative effects, alongside positive effects, on natural resources, residents and businesses (Vojnovic and Knezevic, 2013). In the other hand it shows the portion that can benefit each member of population in the area, region.

The indicator was used by study of an innovative attempt to evaluate sustainability holistically, by Castellani and Sala (2010) in the study for defining specific targets through the definition of indicators suitable to measure and evaluate the temporal evolution of development policies, mainstreaming sustainability to reduce adverse effects on the environment and promoting conservation of local and traditional values. Application of sustainability indicators to measure welfare and development at local scales is strategic to evaluate the short and long-term effects of strategies developed through the European Charter participatory process. The indicator was barely used in previous literatures.

5.1.1 Result of SOT

For finding out the effect of tourism for the regions in study used the Specific Overnights Threshold (SOT) index (indicator), and from the perspective of tourism sustainability,

From the figures in Chapter 3 it can be seen that more concentration of visits is in the capital city. It will be useful to analyze the effect of visits by regions which will give more understanding of tourism effect for and per inhabitant.

Specific Overnights Threshold was calculated according to the formula using the number of beds/days given within a year by regions, number of population by regions for 2005 and 2014.

Table 5.1: Specific Overnights Threshold (SOT)

Number of beds/days	SOT
given within a year,	Population, thousand
thousand	

	2005	2014	2005	2014	2005	2014
REPUBLIC OF						
ARMENIA	452.6	886.1	3215.8	3012.4	0.0386	0.081
YEREVAN	393.8	500.9	1102.9	1067.3	0.0978	0.129
ARAGATSOTN	3.1	2.3	139.1	132.1	0.0061	0.005
ARARAT	-	-	273.4	260.4	-	-
ARMAVIR	-	-	278.2	266.8	-	-
GEGHARKUNIK	1.2	18.7	239.1	233.8	0.0014	0.022
LORI	6.4	19.7	289.9	230.1	0.006	0.023
KOTAYK	31.5	111	274.2	254.7	0.0315	0.119
SHIRAK	4.1	11	281.7	247.7	0.004	0.012
SYUNIK	3.3	37.5	153	140.7	0.0059	0.073
VAYOTS DZOR	0.1	92.7	55.9	51.5	0.0005	0.493
TAVUSH	9.1	92.2	134.4	127.3	0.0186	0.198

Source: Calculated from the NSS RA data

From the calculated SOT value it can be seen that the tourism development still very low overall in the country and specifically in the regions. Although in 10 years the progress took place, the number of beds/days given within a year increased in the regions and SOT value is higher for the 2014. The SOT value increased more for the Yerevan city(in 10 years) then for the whole country; for the whole country from 0.03 in 2005 became 0.081 in 2014, but for the Yerevan city it is 0.09 in 2005 and became 0.129 in 2014. Which is again showing high concentration and the high degree of tourism development in the capital city, compare to other regions. From the calculated

SOT result can be seen that as for the whole country as well for the regions the value of SOT too small way lower of the estimated boundary (25.00), set by Castellani and Sala (2010), beyond which tourism begins to generate negative effects alongside positive effects in an observed area (Vojnovic and Knezevic, 2013).

Capital city still remains the most visited destination by tourists. That means that estimated multipliers appropriate for the capital city only, multiplier effect will be less for the rest of regions.

5.2 The Types of Tourism Where Community Members Key Actors

In the 21st century the desire to return with some knowledge gained from the visited destination and nation has led to a shift from traditional city and hotel stays to more adventurous visits to remote areas (villages) and experiencing homestays/community based tourism. Tourism in which the community plays a key role goes by a great variety of names: 'Community Based Tourism' (CBT), 'Community Based Ecotourism', 'Agro tourism', 'Eco' and 'Adventure Tourism' and 'Homestay' are few of the prominent terms. Among academics worldwide, there is not yet any consensus on terms for various types of tourism (Community Based Tourism Handbook, 1997).

Tourists' preferences have been changing from just sightseeing to cultural and heritage tourism. Tourists seek out adventures that could immerse them in a culture or a place (Thompson, 1998). Since 1990s, cultural and heritage tourism has become a major new area in the tourism industry because of people's inclination to seek adventure, traditional culture, history, archaeology and interaction with local people (Hollinshead, 1993).

The popularity of alternative types of tourism: community-based tourism, homestay tourism, ecotourism, rural tourism and rapidly growing number of tourists preferring those ensures that many of the tourists visit the rural areas of the developing world as well as encourages the industry to expand into more remote destinations. Such expansions, actively promoted by the World Tourism Organization (WTO;UNWTO), which may make contributions in 'poverty alleviation, economic growth, and sustainable development' (UNWTO, 2005: 1) of rural areas of the developing world, which often have few alternative options to generate significant income (Brohman, 1996).

In the work of Boonratana (2010) it has been described that any form of tourism that is associated with local and/or indigenous communities is treated as community-based tourism, regardless whether they have actively participated in its development and management and/or if the communities have collectively benefitted from it. Community-based tourism is not simply a tourism business that aims at maximizing profits for investors. Rather, it is more concerned with the impact of tourism on the community and environmental resources. Community based tourism activities are based on unique elements of local culture, lifestyle and the natural world that local people feel particularly proud of.

"CBT is tourism that takes environmental, social, and cultural sustainability into account. It is managed and owned by the community, for the community, with the purpose of enabling visitors to increase their awareness and learn about the community and local ways of life"(REST,1997).

Community-Based tourism development is seen as one form of sustainable utilization with the potential to bring economic, as well as social, benefits to local communities

(Ashley and Garland, 1994). CBT emerges from community development strategy, using tourism as a tool to strengthen the ability of rural community organization that manages tourism resources with the participation of local people (CBT handbook).

The most important acknowledgement related to the increasing tourism demand in villages/remote are assisted growth of the business activities in regional level, and as result of that phenomena, many regions develop the tourism economy usually as part of the broader regional development strategies.

Saarinen (2003) states that, tourism persists as a tool for regional development, but carefully considered approaches are needed; i.e. understanding strengths, weaknesses, opportunities of particular regional and rural areas. Few studies have actually provided evidence of the extent to which tourism contributes to regional development (rural and remote areas), and several case studies presented the success of rural tourism (e.g., Müller, 2006; Sebele, 2012; Hussin & Kunjuraman, 2014).

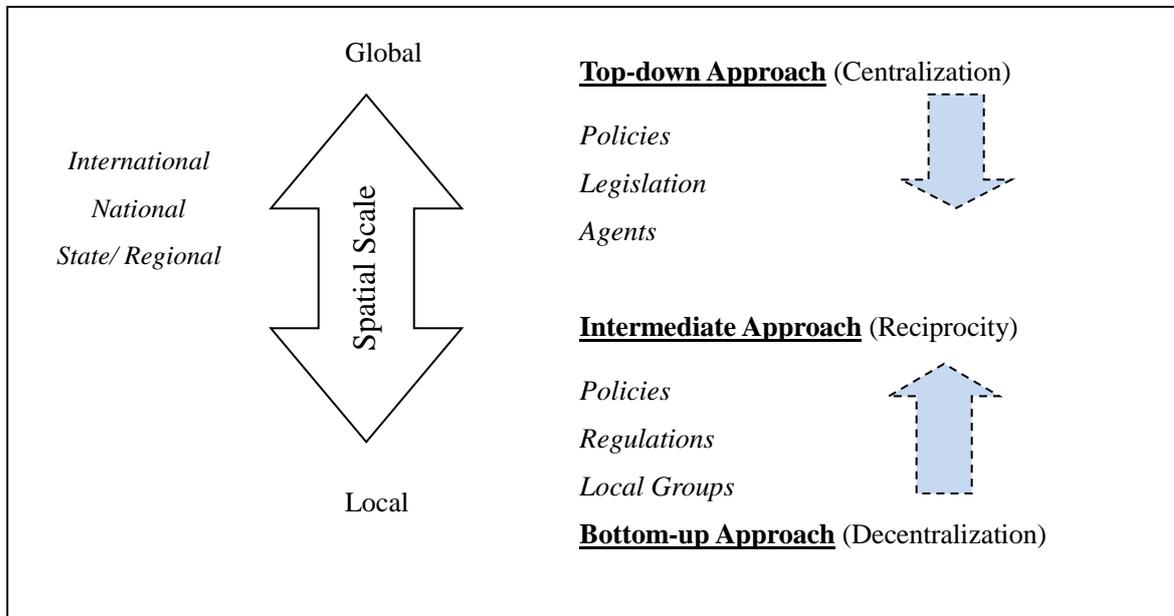
Much research has examined the value of tourism in rural communities (Reid 2003; Jamal & Getz 1999...), suggesting that:

“community-based tourism development may provide an opportunity for a sustainable tourism industry. Subsequently, community-based tourism has come to be understood as a bottom-up approach to tourism planning and development that incorporates local individuals in the planning process, in a meaningful way”(Koster, 2007).

In some countries a national tourism plan is prepared and implemented by central authority - very much a “top-down” approach, but with a strong focus on sustainable development. A more “bottom-up” approach can also be used where early public involvement determines what the community would like to see developed. Local

objectives are then fitted together in the national or regional plans. A combination of both ‘top-down’ and ‘bottom-up’ approaches can be used (UNWTO, 2010).

Figure 5.1: Conceptual Diagram of Policy Approaches



Source: Theerapappisit (2012); Adopted from Sofield, 2003; Howitt, 2001, Carley & Christie, 2000,

Figure 5.1 shows the conceptual relationship between the three main policy approaches: top-down, intermediate and bottom-up. There is, of course, no one right answer to the dilemma of how to balance top-down and bottom-up forces, either by reference to the criteria of democratic participation or efficiency in planning and management processes (Carley & Christie, 2000, cited in Theerapappisit, 2012)

Reid (2003) argues that traditional tourism planning is conducted from a social reform and or policy analysis perspective. These theories of planning are primarily top-down in approach, leaning heavily on government intervention, expertise and investment. These perspectives involve experts who analyze the situation in a scientific, rational way and determine an appropriate course of action to be administered at the local level (cited in Koster, 2007).

Recently CBT gained way more popularity in Thailand, more and more tourists prefer to spend their holidays with the locals, and so many scholars were giving attention and researched the projects and implementations of the CBT in Thailand.

Over the past 15 years, more than 80 Thai communities have worked to develop CBT. CBT in Thailand gives guests opportunities to experience and learn about Thai life, culture and nature through fun, hands-on activities led by community guides and local host families. CBT initiatives re designed to support Thai communities by developing community members’ knowledge and skills, generating income for local families, funding social and environmental projects, catalyzing community cooperation and celebrating local culture (Chumsri et al., 2015).

By Thailand’s “Responsible Ecological Social Tours” NGO, the benefits of community based tourism and its impact defined (Table 5.2) by the economic, social, cultural, educational, and political and health categories.

Table 5.2: Benefits of CBT

<i>Economic</i>	<ul style="list-style-type: none"> Generates sustainable and independent source of funds for community development Creates employment in tourism Increases household income
<i>Social</i>	<ul style="list-style-type: none"> Raises quality of life Promotes community pride Promotes gender and age equality Builds capacity for community management organizations
<i>Cultural</i>	<ul style="list-style-type: none"> Encourages respect for different cultures Fosters cultural exchange

	Embeds development in local culture Environmental Promotes environmental responsibility Raises awareness of the need for conservation for tourists and Villagers
<i>Educational</i>	Promotes the acquisition of new job skills <i>Creates new professions in the village</i> Encourages use of new knowledge in the village Cross-fertilization of ideas with other cultures, promotes mutual respect Fosters and promotes respect for local knowledge and skills
<i>Political</i>	Enables participation of local people Increases the power of community
<i>Health</i>	<i>Promotes good hygiene</i> Increases in and diversification of food production for tourists improves nutritional status

Source : adopted from Responsible Ecological Social Tours

(REST), 2003; in Satarat (2010)

5.2.1 Agri-tourism

According to Glenn and Rounds (1997), *agri-tourism* (agro tourism) farm tourism or farm-based tourism, has become a fast growing component of the tourism industry. The significance of agri-tourism was to provide additional income sources to the farm operators and relied upon farm vacation experience. The practice of agri-tourism was an alternative use of farmland that permitted vacationers to stay on a farm and to experience farm life and various activities provided by the farm (Hsu, 2002, Miller,

2003). Smith & Long (2000) has defined farm tourism as an opportunity for tourists to “reside and sometimes participate in the working activities of farms and ranches”. Accordingly, such on-farm activity could offer opportunities not only for local farmers to diversify and increase their revenues, but also for the general public to increase the awareness and education about agriculture (Knight, 1999; Hsu, 2002).

The benefits of agri-tourism are the reduction in migration by providing jobs (Friesen, 1995), transfer of ideas from rural to urban areas (Opermann, 1996), creating eventual market contacts with urban centers (Dernoi, 1983) and providing urban people with an experience of rural living (Lowri, 1996). At farm level, agri-tourism enhances the value of the farmer’s own products through its association with the social and cultural context (Nilsson, 2002, cited in Contini et al., 2009).

5.2.2 Ecotourism

In Mann (2000) and UNWTO (2002) ecotourism defined as a responsible travel to natural areas that conserves the environment. Main motivation of the tourists is the observation and appreciation of nature as well as the traditional cultures prevailing in natural areas. It contains educational and interpretation features. It supports the maintenance of natural areas which are used as ecotourism attractions by generating economic benefits for host communities, organizations and authorities managing natural areas with conservation purposes overall and improves the well-being of local people. *Ecotourism* is here to stay, as more and more people of ages are forsaking their sandals for hiking boots and venturing forth into the world’s game reserves and remote areas of mountains, rivers and forests in search of adventure and communion with a vanishing nature (Brackenbury, 1993). Poon (1993) identified ‘new’ tourists, the customers of holidays created on the bases of flexible production, as being more

experienced, more independent, more conscious about quality, spontaneous in acting and seeking individuality and believed that this costumers concerned with the inner-directed focus of `being`, leading to the appreciation of the natural and authentic.

Features of ecotourism include (Ecotourism Society, 1991):

1. Education of the tourist about the nature and local ecology;
2. Direct contributions to conservation of the destination or protected area visited ;
3. An element of local economic benefit or control that curbs dependence on resource-extraction and resource-degrading activities.

Scheyvens(1999) defined the impacts of ecotourism on the local community, and its impact identified as economic, psychological and social categories. The impacts of ecotourism on the local community with regards to those categories, signs of empowerments and signs with disempowerment are given in the table below.

Table 5.3: Framework for Determining the Impacts of Ecotourism

Initiatives on Local Communities

	Signs of empowerment	Signs of disempowerment
Economic empowerment	Ecotourism brings lasting economic gains to a local community. Cash earned is shared between many households in the community. There are visible signs of improvements from the cash that is earned (e.g. improved water systems, houses made	Ecotourism merely results in small, spasmodic cash gains for a local community. Most profits go to local elites, outside operators, government agencies, etc. Only a few individuals or families gain direct financial benefits from ecotourism, while others cannot find a way to share in these economic benefits because they lack capital and/or

	of more permanent materials).	appropriate skills.
Psychological empowerment	<p>Self-esteem of many community members is enhanced because of outside recognition of the uniqueness and value of their culture, their natural resources and their traditional knowledge. Increasing confidence of community members leads them to seek out further education and training opportunities. Access to employment and cash leads to an increase in status for traditionally low-status sectors of society e.g. women, youths.</p>	<p>Many people have not shared in the benefits of ecotourism, yet they may face hardships because of reduced access to the resources of a protected area. They are thus confused, frustrated, disinterested or disillusioned with the initiative.</p>
Social empowerment	<p>Ecotourism maintains or enhances the local community's equilibrium. Community cohesion is improved as individuals and families work together to</p>	<p>Disharmony and social decay. Many in the community take on outside values and lose respect for traditional culture and for elders. Disadvantaged groups (e.g. women) bear the brunt of problems associated with the ecotourism initiative</p>

	<p>build a successful ecotourism venture. Some funds raised are used for community development purposes, e.g. to build schools or improve roads.</p>	<p>and fail to share equitably in its benefits. Rather than cooperating, individuals, families, ethnic or socio-economic groups compete with each other for the perceived benefits of ecotourism. Resentment and jealousy are commonplace.</p>
<p>Political empowerment</p>	<p>The community's political structure, which fairly represents the needs and interests of all community groups, provides a forum through which people can raise questions relating to the ecotourism venture and have their concerns dealt with. Agencies initiating or implementing the ecotourism venture seek out the opinions of community groups (including special interest groups of women, youths and other socially disadvantaged groups) and provide</p>	<p>The community has an autocratic and/or self-interested leadership. Agencies initiating or implementing the ecotourism venture treat communities as passive beneficiaries, failing to involve them in decision-making. Thus the majority of community members feel they have little or no say over whether the ecotourism initiative operates or the way in which it operates.</p>

	opportunities for them to be represented on decision-making body.	
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Source: Scheyvens(1999)

5.2.3 Homestay Tourism

Many tourists recently seek authentic experience and architecture of the host culture and the decisions of tourist to visit the destination are based on the product or attractions. In the homestay context, product refers to the supplementary attractions such as nature, habitat and vernacular architecture, historical significance, art & crafts, music and cultural activities, traditional food and beverage, agriculture projects or activities, and special phenomena. These are the appeal factors as to why tourists are interested to stay and experience the uniqueness of the homestay (Maimunah& Abdul Rahim, 2009, in Ibrahim et al. 2014).

In 1996, holidays involving staying with an ordinary family in a private home were identified as a tourism product with the potential to grow in popularity (Jamal, et al, 2011). Wang (2007) referred *homestay* (a stay at traditional houses and introduction of the culture of residents by a traveler or a visiting foreign student) to cultural and heritage tourism.

Homestay tourism is a form of tourism where the local community has substantial control over and involvement in its development, management, and a major proportion of the benefits remain within the community (WWF International, 2001). Walter (2009) noted that homestay can thus be regarded as a *rural-cultural-community-based* tourism product and that the community-based tourism is planned and managed by local people, creating authentic, rewarding experiences for hosts and guests. Ancient

cultures and local wisdom are celebrated and shared; local people gain many new skills; and income from homestay, community-based tourism is divided fairly.

The term homestay is used with different concepts in different countries. In some countries, it's: students' living with the local families, in the period of the study in that particular country, in other countries it is the cultural exchange homestays, etc.

In Table 5.4 homestay concepts in different countries.

Table 5.4: Homestay Concept in Different Countries

Country	Homestay concepts
United States	<i>Agricultural Homestay, Educational Homestay</i>
Canada	<i>Cultural Homestay, Farmstay, Heritage Homestay</i>
Australia	<i>Farmstay</i>
Japan	<i>Home Visit, Educational Homestay</i>
South Korea	<i>Educational Homestay</i>
South Africa	<i>Leisure stay</i>
New Zealand	<i>Farmstay, Cottage Homestay</i>
Philippines	<i>Cultural Homestay</i>
Thailand	<i>Student Homestay, Volunteer Homestay, Cultural Homestay</i>
Singapore	<i>Urban Homestay</i>
Indonesia	<i>Cultural Homestay, Leisure Homestay</i>

Source: Hussin et al. (2014)

5.3 Homestay, CBT, Eco-Tourism Programs/Projects

In practice several countries have specifically chosen to adopt tourism policies which prioritize the interest of local people and seek to ensure that tourism development does not impinge on local well-being (Milne 1997). Thus in Samoa, effective budget-style tourism enterprises have been established on communal lands, allowing communities to retain control over tourism and ensuring a wide range of multiplier effects. *The tourism industry is largely made up of small to medium-sized enterprises that are locally owned and operated* (tourism earns more foreign exchange than any other sector, it provides numerous formal and informal sector jobs, and it has effectively rejuvenated a number of rural villages) (few examples discussed by Scheyvens, 2005).

5.3.1 Homestay in Sri Lanka

By Ministry of Economic Development and Sri Lanka Tourism Development Authority in 2009-2011 was launched the Home Stay program with the objective of engaging local community together with their expertise and capacity to become stakeholders in the tourism sector. They would become beneficiaries of tourism by offering accommodation facilities in their own homes to tourists. The Sri Lanka Home Stay program have a special feature where tourists will have a first-hand experience of local culture and life style which most of the tourists look for in their travel.

In the scope of the program tourists would enjoy encompasses taking site visits, tasting local cuisines, taking part in traditions etc. In addition, the program expected to complement the present investments flow to have more rooms in the country to meet the increasing demand for accommodation at various tourist destinations.

The program provided training and other facilities to those who operate; to offer clean, comfortable and affordable accommodation while ensuring a memorable experience to the guests who would become promoters of this program in their own countries.

The Sri Lanka authorities defined Home Stay Concept follows:

“It is a community based tourism program which is initiated with the objective of distributing the tourism benefit to a fair cross section of the society by preparing houses/accommodation units carrying various themes, bringing out Sri Lankan authenticity, located in various destinations within Sri Lanka, with suitable quality standards befitting the purpose of accommodating tourists, intending an interaction between the local community with the tourists giving opportunity to the tourist to experience Sri Lankan way of life. “

Ranasinghe (2015) investigated and pointed out the benefits of homestay tourism for the operators (hosts) and the community itself in Sri Lanka;

The Benefits to the operators (hosts) from homestay program were identified in key major areas such as, educational and social benefits. Educational benefits were the ones with some mental satisfaction or conditions with their mind set and new knowledge, experience or exposure. The social benefits were classified as a result of any social or human relations in between host, guest or community interrelationships.

Benefits to the Community; Homestay operators feel that the community also experiences a number of benefits due to the homestay business which were classified under material, social.

The prices of homestays available in the website(www.homestay.com) for Sri Lanka and the prices for Sri Lanka homestays were ranging from 10 US\$ to 70US\$ for one night.

5.3.2 Homestay Program in Malaysia

The Ministry of Tourism of Malaysia has identified the importance of homestay program as a tool to develop the rural communities. The communities' involvement in the program would give them the opportunity to gain benefits in the economic and social aspects. From the economic aspect, the homestay program creates job opportunities for the communities involved, increase in source of incomes and side incomes.

Social aspect; the homestay program will be beneficial in foreign language proficiency within the locals, and public facilities and infrastructural development (Hussin & Kunjuraman, 2014).

The potentialities of home stay accommodations are increasing year by year in Malaysia. Home stay income grow by 77% in 2009 from RM 6.4 million to RM 10.9 million compared to 2008. The tourists who stay in this accommodation are increased by 77% in this period. Furthermore, total income of home stay entrepreneurs were RM 8.9 million and average occupancy rate of home stay were 22.7% within the period of January to October in 2010. And the number of establishment of homestay program has drastically increased to 231 homestays in the year 2011 from 78 homestays in the year 2005. Malaysia has targeted to reach home stay accommodation contribution to total earnings from tourism sector in 2020, 5%. In the scope of homestay tourism program of Malaysia noted that the benefit of the homestay program is that it has opened up the rural communities' minds. They have started to realize that the homestay program can

help to develop their socio-economic level if they seriously get involved in it (Ministry of Tourism Malaysia, 2012b Bhuiyan et al., 2013).

The information related to homestay program can be easily found in the website of the Ministry of Tourism and Culture of Malaysia.

In the Table 5.5 given categories and activities of Malaysia's homestay program.

Table 5.5: Categories of Homestay in Malaysia and its Activities

<i>Culture and Lifestyle</i>	<i>Economic Activity</i>	<i>Recreation</i>	<i>Environmental preservation</i>
History	Rubber tapping	Sightseeing	Tree Planting Program: Tourists are encouraged to plant trees at their homestays with the aim of preserving the environment and further beautifying the landscape of the homestays.
Traditional dances, traditional songs and traditional food	Fish breeding	Jungle trekking	
Traditional games and sports	Agriculture: paddy, cocoa, oil palm, fruit	White water rafting	
Culture: marriage, assembly of animal sacrifice and festivals		Visit to nearby tourism products	

Source: Ministry of Tourism and Culture of Malaysia

Website: <http://www.motac.gov.my/en/faqs/141-malaysian-homestay-programme>.

In case of Malaysia even the activities offered from the homestay various, which means it will attract bigger number of tourists, with the various preferences. The

program works hand to hand with transportation sector and offers a new homestay package: the Malaysia Rail Explorer, where tourists are invited to experience rural life in Kelantan. Visiting Kelantan by train gives opportunity to experience the culture and traditions of the state apart from enjoying the railway journey from Singapore to Kelantan (www.malaysiarailexplorer.com).

The prices for 2-day 1-night homestay package are between RM150 and RM250 (which is around 33US\$ and 55 US\$) inclusive of accommodation, food and activities (the cost depends on the activities offered by the homestay operator and activities requested by tourists). A detailed cost for each package can be seen from the official Homestay Malaysia website ([atwww.go2homestay.com](http://www.go2homestay.com)).

5.3.3 CBT, Homestay and Eco-Tourism Programs in Thailand

In the last two decades NGOs of Thailand that promote environmental initiatives give more attention to the connectivity of the environment, livelihood, culture and social aspects. One of such organizations supporting exactly the community-based and homestay tourism in Thailand is Responsible Ecological Social Tours (REST), a non-profitable organization, which contributes all its generated income to local community development. REST was established in 1994 by a local charity. Thailand Volunteer Service (TVS), TVS-REST guides provide information and encourage travelers to visit locals (remote areas). The organization employs local guides to promote cross-cultural understanding and education between rural and urban people as well as between Thai people and foreign tourists.

In the report of APEC Working Group, prepared by Heah(2006) “Best Practices in Sustainable Tourism Management Initiatives for APEC Economies” one of the best

practices recognized Khiriwong Village Eco-Tourism Club project, Thailand and the other is Koh Yao Noi Eco-Tourism project.

The Ban Khiriwong (Khiriwong village) is a small village in Nakhon Si Thammarat province, southern Thailand and is located at the foot of Khao Luang (Mount Luang). Mt Luang was declared to be Khao Luang National Park since 1974 and ranked to be the 9th National park in Thailand.

Model is made up of local villagers who are responsible for the promotion and management of Khiriwong ecotourism and they are supported by the Kamlon Sub-district Administration Organization.

- It's a partnership program involving stakeholders where the majority is made up of the local people in the community because most of them are related to one another.
- The Khiri Wong community is an area with 4 villages

in it. They are:

- MU 5 Ban Khiriwong
- MU 8 Ban Khiri Thong
- MU 9 Ban Khun Khiri
- MU 10 Ban Khiri Tham

Together they form the Ecotourism Management Committee with characteristics:

- Ban Khiriwong (MU 5) is the location of the Kamlon Sub-district Administration Organization.
- Two leaders of each village or 8 in total, officially participate as members of the administrative committee in the organization.
- Within the 4 villages of the Khiriwong community, there are 8 sub-groups who act as the specialized local government. Each sub-group represents similar skill set,

interest and suitability. Each has its own leader and administration. The ‘local government’ sub groups are shown in Table 5.5.

Table 5.6: Local Government Sub Groups Type

Handicraft Group	Handicrafts and local arts
Bakery Group	Cakes & cookies
Herbal Group	Local medicine
Stop Smoking	Group Anti-smoking
Saving Group	Financial savings
Ecotourism Group	Ecotourism programs and activities
Preserved Durian (sweet)	Durian fruits
Fabric Group	Nature color tie-dye fabrics and others

Source: Heah(2006)

Project supported by REST is the Koh Yao Noi Eco-Tourism Club launched in 1994. The Koh Yao Noi Eco-Tourism Club had initiated a very popular homestay (and/or community-based, ecotourism) project. Tourism activities have been planned and managed by local Muslim fishers. In this initiative tourists are hosted by local families, are engaged in both traditional livelihood activities and tourist activities about the local environment, conservation and culture. In 2002, they were selected from the list of over 40 countries to receive the World Legacy Award for the best ‘Destination Stewardship’ from Conservation International and National Geographic; and in their home country, Tourism Authority of Thailand awarded them with the Tourism Award 2002 and 2004 for Tourism Development and Promotion Projects. The project received

Thailand Home Stay Standard 2005-2007, which is certified by the Office of Tourism Development, Ministry of Tourism and Sports.

By the year 2000, over 2000 tourists had been hosted in the homes of local people on Koh Yao Noi (Walter et. all, 2009). It is 3 day program, with the following activities.

Day 1 (includes Lunch and Dinner):

- Group will travel with REST Staff member from Bangkok to Phuket.
- Welcome Orientation by the Koh Yao Noi CBET Club. Q & A, Lunch
- Sightseeing trip around Koh Yao Noi island lead by local Koh Yao Noi Ecotourism Guides. Homestay: Guests will stay with local fishing families in traditional homes. Free time with host families for discussion and cultural exchange. English / Thai speaking translators available to assist communication.
- Overnight at homestay. Cultural exchange.

Day 2 (includes Breakfast, Lunch and Dinner):

- Experiencing CBT Out At Sea: Breakfast and then accompany homestay families fishing. Experiencing the daily life of hosts, learn about traditional fishing techniques, and trying casting a net!
- Picnic lunch on the beach, then return to the shore and free time.
- Evening dinner together with the Koh Yao Noi CBT club members.
- Discussion Session: How is CBT a Catalyst for Environmental Awareness, Community Development and Local Confidence Overnight at homestay.

Day 3 (includes Breakfast and Lunch):

- Breakfast at the local market

- Experiencing CBT on Shore: Local Guides lead participants to explore life on the island, including the small-scale rubber industry, local fishing markets, and the relationship between Koh Yao Noi's communities and mangroves.
- Lunch and wrap up discussion between participants and CBT Group. • Mid-afternoon, travel back to Phuket, in time for an evening flight back to Bangkok.

The information about Koh Yao Noi homestays and its prices is available in various websites. The prices of the offered tours are:

Minimum number of Guests: 6

Maximum Number of Guests: 25

- Price Per Guest: 6-9 Guests: \$395
 - 10-12 Guests: \$360
- 13-15 Guests: \$325 16+ Guests: \$300

The prices including Bangkok-Phuket return flights, meals as indicated, all activities as indicated, homestay accommodation, Thai-English speaking REST Project Study Tour Facilitator (REST Staff Member) and Local Guides, Insurance.

Generally the programs/activities offered in Koh Yao Noi vary, they can attract tourists with various preferences. The activities are:

- a) Beach and island sightseeing;
- b) Biking, trekking and truck tours;
- c) Fishing, sailing, cave kayaking, sea canoeing;
- d) Bird nest, butterfly watching, bird watching, and fish, lobster, prawn, squid and crab catching;
- f) Rice plating, coconut picking and rubber tapping;

g) Seasoning fruit orchard, nature study and local cooking lessons;

h) Thai boxing (Muay Thai), cultural art and dancing.

Important to mention that 10% of all income generated from tourism goes to the village development fund. The villagers in the community who are not involved in tourism also benefit from the money generated from tourism. The rationale is that every villager is a part of the effort to conserve natural resources, thus making this island a prime tourist attraction in Phang-nga. The project participants operate on a rotation system for tourism activities, guides and homestay accommodation to ensure equal opportunity to participate in tourism, so as to spread economic benefits fairly.

The other example of homestay tourism program in Thailand is Mae Kapong (village in province of Chiang Mai) program. It is a homestay program, which allows visitors to stay overnight with the resident family of Mae Kapong. The Mae Kapong program has been launched in 2000, under governmental support and funding. In 2012 the number of visitors to Mae Kapong reached to 4, 657, rising by 208% in 5 years. The figures show highest interest and willingness of tourists to stay in Mae Kapong homestays.

5.4 CBT Enterprises

Report of the project by Food and Agriculture Organization (FAO)/United Nations Foundation (2005) describes how community-based tourism activities were developed in Buhoma, Uganda in context of Community-Based Commercial Enterprise Development for the Conservation of Biodiversity at World Heritage Sites. The overall goal of this Enterprise Development Project (EDP), which was implemented from 2001 to 2004, was to create viable small-scale enterprises to generate additional income for local communities while providing incentives for sustainable natural resource management at Bwindi World Heritage Site. The project was implemented by a local

non-governmental organization (NGO), the Mgahinga and Bwindi Impenetrable Forest Conservation Trust (MBIFCT), which has been supporting community development in villages surrounding Bwindi Impenetrable and Mgahinga National Parks since 1995.

The main challenge of the project was identification of viable small-scale enterprises based on natural resources located outside of the park, and to establish a link between income generation and conservation of the park. To achieve this objective, the project used the FAO market analysis and development (MA&D) approach to select viable enterprises through the systematic inclusion of market, environmental, institutional, social and technological dimensions in the planning process. Participatory rapid market appraisals were used to combine existing knowledge with market and technology information from outside the area, while increasing the local capacity for market analysis and, therefore, ensuring market driven strategies for enterprises. The process of MA&D consists of three phases as presented in Box 1.

Box 5.1: Market Analysis and Development Process

Phase 1: Assess the existing situation.

Identify potential enterprises, lists existing resources and products, identifies products that already provide income for local people, and eliminates non-viable products. Local people interests in developing enterprises determine their own economic objectives.

Outcome: a shortlist of products of identification of local people who are interested in developing enterprises; investigation of the social, environmental, technical and institutional contexts of a range of products; and formation of interest groups to undertake the next phase.

Phase 2: Identify products, markets and means of marketing.

Outcome: a list of possible products based on detailed feasibility studies; data to help

the design of a business plan; formation of interest groups around promising products; and formation of a team to undertake the final phase.

Phase 3: Plan enterprises for sustainable development.

In the final phase, the enterprise strategy and business plans are prepared. Entrepreneurs are guided through a pilot phase and training, learning how to monitor progress and adapt when change is needed.

Outcome: enterprise strategies for selected products; marketing and management plans; action plans for proper implementation; and financing as specified in the capital needs statement.

5. 5 Community Based Tourism Projects, NGOs, Study in RA

In Armenia there are few NGOs, associations, which are operating towards ecotourism, agri-tourism or heritage tourism and projects related to community-based tourism development. One of those is The Armenian Ecotourism Association (ARMECAS)⁵³, which was created in 1997 to unite the people who consider ecotourism as a means of sustainable development of the country. The mission of the ARMECAS is to provide support and assistance to revive and restore the natural and cultural-historical heritage of Armenia, as well as to improve the welfare of the population through the development of ecotourism.

53- The information related to the Armenian Ecotourism Association retrieved from the association website:<http://www.ecotourismarmenia.com/pages/armecas.htm>

5.5.1 Projects of ARMECAS

The project “Tourist Information Center”

The extensive database was collected and “Tourism Armenia” web site was launched, courses for non-traditional tourism guides were organized.

The project “Sevan - Clean Shore”

Over 160 students had environment protection education course at summer Eco Patrol Camp on the shore of Lake Sevan. The volunteers collected and disposed the waste from the peninsula and explained their activities to the tourists on the beach. Such actions are customary for the organization and expand the audience through mass media. The project aimed at establishing contacts and acquired new members in three regions of Armenia, including the personnel of three protected areas. They collected videos and photos as a material for the creation of the Ecotourism in Armenia web-site (www.ecotourismarmenia.com), and filmed the first video advertisement devoted to ecotourism.

*Tatev Revival Project*⁵⁴ is under governmental support and has donors from 18 countries (around 140 people from Armenia, Russia, America, Kurd, India, Israel and representatives of many other countries, with \$80 million total investment in project).

⁵⁴-Information related to the *Tatev Revival Project* gathered from the website of the project itself: <http://tatev.am/> and from the

Ministry of Economy of the Republic of Armenia: <http://www.mineconomy.am/eng/index.html>

The project aims to combine the significance of Tatev Monastery with the construction of necessary infrastructure and community development that will develop the region into an attractive world-class tourist destination. The main goals of the project are:

- Revival of Tatev Monastery, including architectural restoration and revitalization of Tatev's monastic and educational heritage;
- Community development of nearby villages including participation in building of necessary hard and social infrastructure, creating jobs, helping local farmers and entrepreneurs;
- Development of areas nearby the Wings of Tatev ropeway (Tatev Gateway), including building of necessary tourism infrastructure (infocenter, hotel, playgrounds, hiking routes, camping areas, etc.).
- Promote Local Ownership and Community Participation
- Support community institutional strengthening for infrastructure management
- Undertake capacity building for pro-poor tourism products and micro entrepreneurship development
- Provide training and skill development with special focus on women and young workers
- Encourage preservation of local culture and traditions
- Facilitate access to preferential financing facilities with low interest rates
- Extend Public-Private Partnerships for future developments
- Promote community-based tourism networks in the region

5.5.2 Homestays in Tatev Village

Few villagers (11) in the neighborhood of the Tatev Monastery have started hosting tourists; the information about hosts is available on the website of Tatev Information

Center (website: http://www.tatevinfo.com/?page_id=98). The price for a night varies; the max is 6000 AMD (which equals to 12 USD). In the website can be seen the pictures of the hosting houses and short explanation of the location and the view from house. The houses just named by the name of the owners. Below given the pictures of the Rubik's house.

 **Rubik's House**
Comfortable family homestay



 **Rubik's House**
Comfortable family homestay



Rubik's house is located on the edge of the village, with a nice view into the gorge from its pretty outdoor seating space. There is one double room and one triple room, and a comfortable living room downstairs as well as a big yard. The family is warm and friendly. Below given the pictures of the Emma's house and Manushak's.

 **Emma's House**
Big, beautiful yard and spacious rooms



 **Manushak's House**
Fantastic Views



Emma's house is conveniently located right next door to a small market, and has a big, beautiful yard. There is one double room and one room that fit four people, both with

large, comfortable beds. The house has a beautiful view of the mountains and near to monastery.

Manushak's house described as one of the best decks in the village, with great views of the mountains, the garden, and the family's beehives. In addition to this great space for meals and relaxation, the house has one triple room and two double rooms, and a comfortable indoor dining room. The rooms are all spacious and comfortable and the family is very friendly and hospitable. And only in case of Manushak's House mentioned about possibility to interact in English, that the host's daughter speaks Basic English.

5.5.3 Project «COME HOME»

One of the main projects of the Ministry of Diaspora of RA is the project «**COME HOME**» (**ARI TUN**). The project was launched in 2009 program was successfully launched in 2009. In the frames of the program over 6000 Diaspora Armenian youth from 54 countries visited Armenia in 2009-2015. The project is mainly focused on the youth of Armenian Diaspora. The project goal is to be aware of the image homeland/ Armenia and the objective is to set Diaspora Armenian children and youth live with Armenian families, get to know the lifestyle in Armenia, the morals of the traditional Armenian family.

During the project, participants visited museums, memorials, places with historical importance, as well as learning Armenian language. For the educational part, they included learning Armenian national dance and songs.

Participating in the camp is a part of the project. Apart from knowing Armenian family, family members, the participants, as well, meet each other.

Selection of the host families is carried out by the administrative districts of Yerevan, RA community councils, and RA Ministry of Diaspora. The participants' stay with the Armenian families is not remunerated. The process of selection of groups and individuals for program participation is carried by the Diaspora community structures, educational institutions and the Diaspora Armenian organizations, with the support of RA diplomatic representations in the given country. Individual applications for participation in the program are also welcomed. Travel expenses are covered either by the participants or sponsors. The project «COME HOME» is ongoing. It takes place every year during summer. It is always announced in the web page of the Diaspora of the Republic of Armenia.

The project can be regarding to both types of tourism community-based, homestay and eco-tourism, since the Diaspora youth are staying with the local families and with them interacting with the culture and nature. The biggest difference is that the host families are not getting paid, it is in volunteering bases; they gain from socio-cultural interaction only. But for the other circles gain is financial as well.

The Diaspora Ministry also organizes «My Armenia», mainly dedicated to spreading traditional and classical music and «Diaspora» Summer School, where participants learn Armenian (intensive course), traditional/national dance and songs.

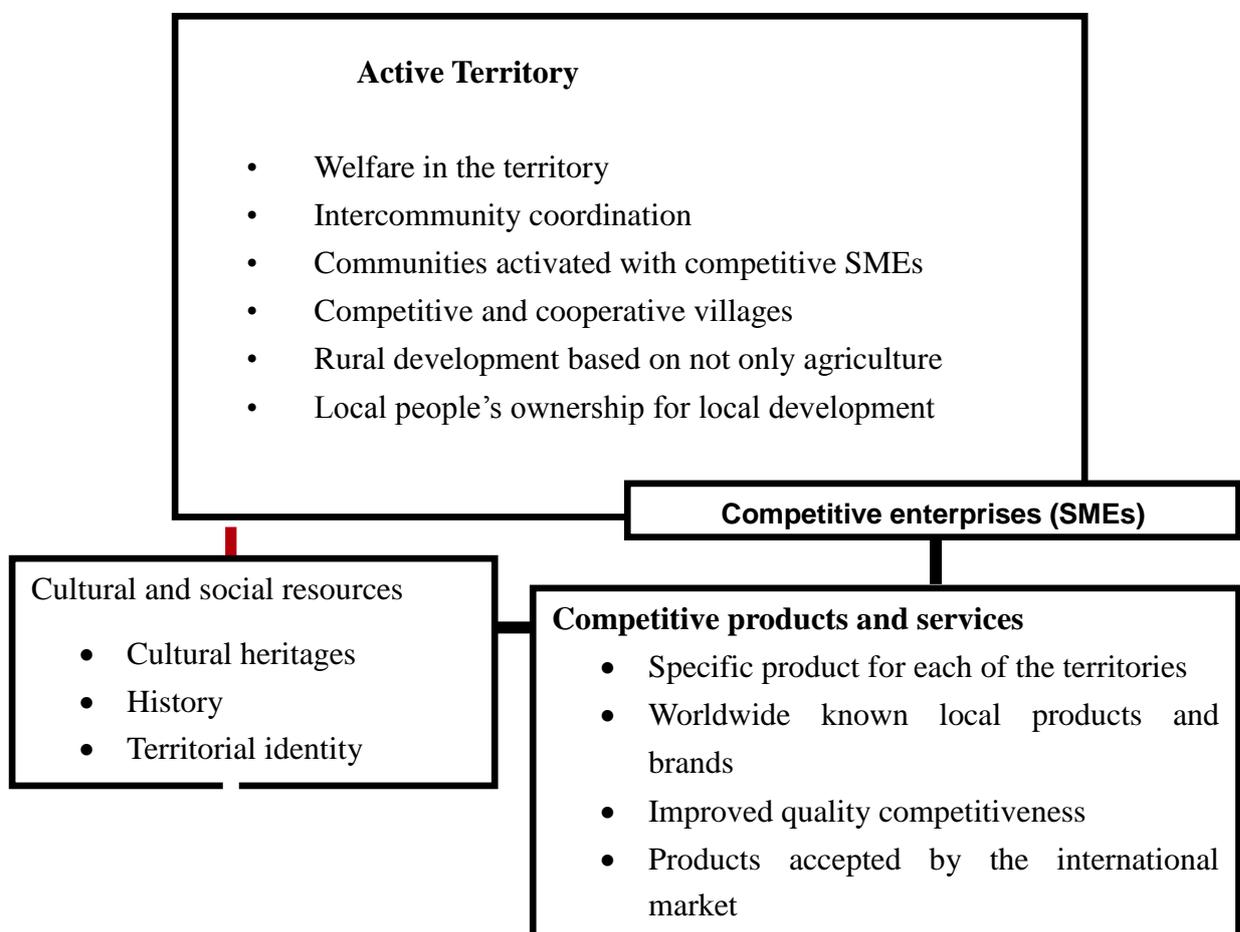
5.5.4 Armenian One Village One Product

Armenian One Village One Product (OVOP) movement, supported by the international cooperation project named “Development of local production and promotion of local brands in Armenia”. The project has been implemented since March 2013 by SME DNC (Small and Medium Entrepreneurship Development National Center) with the technical assistance of JICA (Japan International Cooperation Agency).

Armenian OVOP concept

The Armenian OVOP concept had been developed and defined by the *Small and Medium Entrepreneurship Development National Center (SME DNC)* as “the integrated efforts to promote local economy, small enterprises, products and services in a coordinated manner, by utilizing local resources and culture “as illustrated below in Figure 5.2.

Figure 5.2 : Armenian OVOP Concept



Source: OVOP project Armenia

The training department of SME DNC has conducted a series of ToT (training of trainers) on marketing and business administration methods based upon the Armenian OVOP concept with the Japanese experts since September 2013. Total 42 experts, including SME DNC and NGO staffs, participated in the training held in 2013 and total 39 experts joined in the year 2014.

Table 5.7: OVOP Implementation at SME DNC Central Office

SME DNC's Department	Activities in which Armenian OVOP concept is applied
Training Department	<ul style="list-style-type: none"> • Implementing OVOP training to the SME DNC staffs and related organizations • Application of the Armenian OVOP concept (Marketing) in the CEFE start-up support program
Information Support Department	<ul style="list-style-type: none"> • Providing SMEs with information on the Armenian OVOP concept and methods, such as Kaizen, 5S, group marketing, branding, etc.
Financial Support Department	<ul style="list-style-type: none"> • Giving priority to the business ideas related to the Armenian OVOP concept when approving the SME DNC loans • Coordinating the loan provision with the OVOP technical support
Local Economic Development Department	<ul style="list-style-type: none"> • Introducing OVOP approach to the regional and local SMEs so that the enterprises can increase the value of their products/services, by utilizing their originality and local resources

Business Internationalization Department	<ul style="list-style-type: none"> Combining the OVOP approach with the activities of other international agencies. (OVOP approach with GIZ, EU, and USAID marketing approaches).
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Source: OVOP project Armenia

The table below shows the names of companies that are being assisted by the branch officers who participated in the OVOP training program which was held in 2014.

Table 5.8: Local Companies Supervised with OVOP Concept by the SME DNC Branch Offices

Region	Company name	Activity
Aragatsotn	IE Edgar Serobyán	Roquefort cheese production
	IE Hamazasp Ghazaryan	Dried fruit production
	IE Shushanik Nersisyan	Production of bedding accessories
Ararat	IE Lusine Stepanyan	Dried fruit production
	IE Garnik Manukyan	Dried fruit production
	Artak	Cheese production
Armavir	Tsiatsan Ani, LLC	Dried fruit production
	Vaki Pharm, LLC	Cosmetic oil from herbs and fruits
	IE Vardan Vardanyan	<ol style="list-style-type: none"> 1. Wine and brandy production 2. Wooden souvenir production 3. Barrels for wine and brandy
Kotaik	Maghvi Qaghaq, LLC	Apiculture products

Lori	Aram Commercial Center production cooperative	Wild fruit vodka, pine honey and pine jams production
	IE Luiza Ghambaryan	Production of salted peanuts
	ECOMIS, LLC	Cattle breeding and meat sales
Shirak	IE Garegin Koseyan	Napkin production
	Qarastgh , LC	Stone mining and processing
	Gevorg yev Vahan , LLC	Textile
Syunik	Mkrtich Babayan, LLC	Lavash Production
	IE Araks Javahiryany	Textile
	IE Samvel Saqunc	Cheese production
Tavush	IE Gurgen Abovyan	Cheese production
	Ijevan Food, LLC	Fruit canning
	MIRG,LLC	Fruit canning
Vayots Dzor	IE Arman Hakhverdyan	Wine tasting hall
	IE Avet Karapetyan	Plastic can production
	IE Gohar Babayan	Food service

OVOP Marketing Platforms

Ijevan Art festival as an event-type platform

Ijevan Art Festival was held on 25 October 2013. The local producers had trial sales booths along with the exhibition of sculptures, presentation of local dance, and wall painting around the city which attracted many people.

Activities

The following activities were implemented in the event type of marketing platform.

- Before the event, the local producers participated in a seminar on marketing and branding based on the Armenian OVOP concept so that they could exhibit their products well.
- The participants exhibited their products as presented in the picture below, talking with the potential customers.
- After the event, the participants have made efforts to improve their products, by applying the customers' voices collected at the event.

Agricultural Festival in Yerevan as an event-type platform

An Armenian NGO “Green Lane” organized a two-day event in Yerevan on 10 - 11 October 2014, titled “Sustainable Agriculture: The Key to a Green Future”. The event was implemented in order to contribute to sustainable agriculture in Armenia by introducing environmentally friendly agricultural practices.

Activities

Several microenterprises, which are participants in the Armenian OVOP movement, presented and sold their products, talking with the people who came to the event. Thus, the participants learned the potential customers' observation on their products. After the event, they have applied it for improving their products.

It is important to mention that one of the OVOP participants, BeeCity LLC, received the best booth award of the event. The other OVOP participants also gained not only an experience of displaying the product but also a great result of the sales as well. Almost all of them expanded their business network during the event. For instance, some of them were invited to other similar events in Armenia and Georgia.

5.5. 5 Research of Armenian CBT

The study of Lalayan (2014) “Community Based Tourism in Armenia: Planning for Sustainable Development” with the purpose of evaluating the capacities of local communities in tourism planning, and to reveal the needs in capacity building and trainings as well as to find out institutional and regulatory constraints in initiating CBT projects in the communities of RA a survey has been carried out.

Mentioned that in late fall 2013 the questionnaire of study was sent via e-mail to RA MTA (Ministry of Territorial Administration of RA), for forwarding it to local communities through RA. The response rate, despite the follow-up efforts made including resending it for the second time in winter, remained at almost 0 level until the questionnaire was forwarded to local communities again in late March 2014, this time through RA ME (Ministry of Economy of RA). By the end of May 2014 39 responses have been collected, out of which only 27 responses were subject to consideration as 12 of the response sheets are incomplete and/or illegible.

In the study qualitative, quantitative discussions and conclusion based on 27 interviews of the local governmental officials. It reveals:

1. Raising of awareness and capacity building on community level are the first issues which predetermine the further success of establishment of a CBT framework in RA and hence the first issues to be addressed by the Government of RA, local self-government bodies and NGOs.
2. Local communities should get engaged in tourism planning in their communities on highest possible level and should have decision making role when it comes to CBT development in their community. Every member of the community should have the right to decide the level of his/her participation to CBT initiative.

3. Collective ownership in CBT initiatives should be encouraged, at the same time ensuring equal opportunities for any businesses in the CBT framework and also ensuring the rights of community members to decide the type and level of their engagement in businesses by themselves.
4. Equitable distribution of CBT benefits is crucial for further success and sustainability of any CBT initiative. The management system of CBT initiative should ensure equitable distribution of financial benefits among all participating members proportionate to their participation as well as of social, cultural and environmental benefits among all the members of the community.
5. Effective cooperation between all the stakeholders is essential for CBT success. Where this cooperation may already be based on good will and rules of ethics, nevertheless sound regulatory and institutional frameworks should clearly support effective cooperation and PPP.
6. If there are certain recognized principles for sustainable development, there are not universal models of sustainable CBT planning. Each CBT initiative should be tailored and planned in a way which would ensure sustainable development in all dimensions of sustainability.

5.6 Case Study: Community-Based Tourism in RA

With regard to the purpose of finding out the best ways to develop the country's economy by using tourism as a platform/tool and with accordance to the reviewed literature and existing projects of community-based, homestay and eco-tourism, a case study has been conducted: survey with the entrepreneurs of CBT (small and medium businesses) of RA.

The case study has been conducted along with the primary and secondary objectives, with concentration and analysis of the CBT role in the economic development of the RA regions. For the case study a questionnaire has been administered (questionnaires;

online and hard copy version, given in Appendix 5.1 and Appendix 5.2). Building the questionnaire started with the understanding and finding out the types of small and medium tourism-related business, entrepreneurships (provided tourism activities) owned and managed by the community members, who are operating and residing in the particular communities, regions of the RA. As discussed in Chapter 3 and Chapter 4, tourism industry is strongly centralized in the capital city and the regions are less visited, although a growth in the number of visitors is observed in the recent years. However, a difference between the number of visitors to capital city and the regions is still very big. The survey/interview was aimed at gathering information for better understanding of the current stage of the CBT existence in the RA and examining the degree of communities' involvement in tourism industry, business, the types of activities and services provided by the community members in regions of RA. The survey was an attempt to find out the existing tourism resources in the particular region, which will make it possible to use them for the promotion of the region as a touristic destination.

The meeting with the Head of Tourism Department of the Ministry of Economy of RA - Mr. Mekhak Apresyan in December of 2015 resulted in setting collaboration which was continued by emails with one of the members from Tourism Department - Ms. Anahit Mkrtchyan. There was also collaboration with the Program Coordinator of Japan International Cooperation Agency in Armenia – Ms. Ruzan Khojikian, who introduced Armenian “One Village One Product” as well as with project coordinator Garnik Manukyan (project is conducted by the support of Japan International Cooperation Agency Office in Armenia) and the owners and guides of “Gardman Tour” and “Arevi” tour agencies.

For conducting the survey two delivery modes of the questionnaire - online and offline (hardcopy mode) have been used. The online questionnaire was distributed by Garnik Manukyan, the link of questionnaire was distributed by email among CBT members who were known from OVOP project. The hard copies of the questionnaire were distributed by the guide Narek Seyranyan from “Gardman Tour” tour agency and their connections (focal person) in the particular regions, as well as by the owner of the “Arevi” tour agency - Gevorg Gasparyan. For getting more accurate responses it was decided to provide (distribute) the questionnaires only in Armenian. As a result, 16 questionnaires (from the planned 20) from online distribution mode and 39 questionnaires from hard copy distribution mode have been collected.

Table 5.9 represents 11 regions of Armenia and their centers.

Table 5.9: Regions of the Republic of Armenia

Region	Center
Aragatsotn	Ashtarak
Ararat	Artashat
Armavir	Armavir
Gegharkunik	Gavar
Kotayk	Hrazdan
Lori	Vanadzor
Shirak	Gyumri
Syunik	Kapan

Tavush Ijevan
 Vayots Dzor Yeghegnadzor
 Yerevan

5.6.1 Discussion of CBT Survey Results

The respondents of CBT survey were from all regions. However, the big share of the respondents was from Syunik (12) and Ararat (10) since the tour agencies had more contacts and information about CBT entrepreneurs in those regions.

Gender

The female respondents were 62%, the male respondents were 35%. 2 respondents out of 55 skipped the question about the gender.

Age

The answer choices for the question concerning the age question are presented in three groups. Table 5.10 shows the number and percentage of responses in the particular group (one respondent skipped the question about the age).

Table 5.10: Age Groups of Survey Respondents, Number, %

	~30	31-45	45~
Number	8	23	23
Percentage	15%	42%	42%

Education Attainment

Five answer choices were given for finding out the attained level of education. Those were as follows: Secondary Education, College, Bachelor’s degree, Master’s degree and

PhD. Interestingly from 3 respondents out of 55 had PhD, 12 had Master's degree. Two respondents skipped the question.

Table 5.11: Education Level, Number, %

	Secondary Education	College	Bachelor's degree	Master's degree	PhD
Number	13	12	13	12	3
Percentage	24%	22%	24%	22%	5%

As it can be seen from Table 5.11, 13 respondents had secondary education, 12 had college diploma. These numbers might mean that those entrepreneurs might need an improvement of the level of education or some particular skills.

English Proficiency

Language is the key instrument in tourism industry as guest satisfaction starts from being understood. The guest's (tourist) demand can be satisfied only if the demand of the guest is understood by the host.

Communication is an important linkage between consequence and action in tourism organizations (Thitthongkam et al., 2010).

There have been many publications since 1970s in which it is mentioned that English is a language for many professions. English is a main language in different professional and vocational fields. The career areas that are covered are those in which English is widely used throughout the world: computer programming, international commerce, engineering, tourism and so on (Hall, 1976).

Many scholars have paid attention to the importance of language, especially in tourism industry: (Davies, 2000, Forey & Nunan, 2002, Barker 2008).

Good communication in foreign language becomes crucial in today's world owing the impact of globalization. For global competitors, most important factor is, the ability to communicate wider, quicker and clearer (Bobanovich et al., 2013).

In the report of World Travel and Tourism Council (WTTC) the imbalances between Travel & Tourism talent demand and supply has been outlined. In the report it is stated that talent imbalances in Travel & Tourism take many forms, covering both shortages and surpluses (WTTC, 2015). One of them is the shortage or surplus of job-specific skills, e.g. foreign languages.

With regard to the all mentioned facts, it was important to examine the English proficiency of the CBT entrepreneurs. Since it could be an influential factor on the success of the business as good speaking skills are required for communicating with the foreign tourists. The respondents were asked to mark/rate their English proficiency from 1 to 5 (where 1 is poor, 2 is better than poor, 3 is middle, 4 is good and 5 is excellent).

Table 5.12: English Proficiency (from 1 to 5; 1: poor, 5: excellent), Number, %

	1	2	3	4	5
Number	13	9	19	7	4
Percentage	24%	16%	35%	13%	7%

Unfortunately, 24% of the respondents had poor English proficiency, 16% rated their skills as better than poor, 35% had middle level of English proficiency, 13% had good English skills and just 7% of them rated their English proficiency as excellent.

From the figures it can be assumed that the respondents with the poor English proficiency level (40% from total) would possibly have misunderstanding with international tourists, which would lead to the overall bad impression of the country's tourism industry.

Importance of Trainings

Trainings, improvement of skills are inseparable part of any type of business success, especially for business operators in the CBT scope since the concept is new and operators are community members. Noticeable the majority interviewed CBT entrepreneurs acknowledge the importance of trainings for better business planning and benefits from those businesses. In Table 5.13. From given courses, trainings choices: English, Business Administration, Business Planning, Accounting, Marketing and “Other (multiple answers could be given)”. From given courses choices, the CBT entrepreneurs participated:

Table 5.13: Trainings (Courses) Participation, Number, %

	English	Business Administration	Business planning	Accounting	Marketing
Number	19	11	17	5	13
Percentage	35%	20%	31%	9%	24%

35% of the respondents participated in the English courses for improving English proficiency, 20% participated in Business Administration courses, 31% in Business planning, 9% in Accounting and 24 % in marketing courses and several respondents participated in multiple courses. 29% of the respondents (16 responses) either didn't participate in any courses or they just skipped the question. The question had “Other” answer choice and the respondents indicated the following courses: juridical, driving, computer courses, economy, and banking.

Table 5.13 shows the answers of the respondents to the question on willingness to participate in the above mentioned courses or others if they are organized and financed by

the government or NGOs for improving, developing particular owned business. The answers choices are multiple:

Table5.14: Willingness for Training; Participating in Following or Other Courses

	English	Business Administration	Business planning	Accounting	Marketing
Number	35	14	13	8	16
Percentage	64%	25%	24%	15%	29%

From 6 respondents out of 55 skipped this question, 64% expressed willingness to take English courses, 25% - Business Administration, 24% - Business planning, 15% - Accounting and 29% - Marketing. The answers presented in “Other” answer choice indicated the importance of taking courses of French. One respondent mentioned that continuous trainings are very important in the process of operating tourism-related business since the tendencies in tourism industry are frequently changed and that’s why the willingness to participate in various courses is very high. Another respondent mentioned that he would like to know how to book tickets for guests in best rates.

Provided Services to Tourists

Various services are provided in the regions within the framework of community-based tourism. According to the information received from the officials of Tourism Department of Ministry of Economy and the guides of tour agencies, the most provided services in the frame of CBT are lodging, guide services, trading services, catering services and transportation services.

Table 5.15: Services Provided to Tourists

Lodging	30
Guide Services	12
Trading Services (private shop, selling any products to tourists: homemade food, souvenirs, etc.)	11
Catering Services	30
Transportation services	13

Thus, the questionnaire included a question with respective answer choices on services to find out the most provided services.

Table 5.15 shows that 30 respondents provide lodging, 12 - guide services, 11 - trade services, 30 - catering services and 13 provide transportation services. It is worth to mention that 11 respondents out of 55 provide both lodging and catering services. The regions and communities of these 11 respondents are given in table below (V stands for village).

Table 5.16: Regions /Communities of 11 Respondents Providing Lodging and Catering Services

Region	Community
Syunik	V. Halidzor(Tatev)
Gegharkunik	V. Tsaghkunk
Vayots_Dzor	Areni
Aragatsotn	V. Byurakan
Shirak	Gyumri
Lori	V. Haghpat

Syunik	Goris
Syunik	V. Tatev
Lori	V. Haghpat

In the section “Other” a respondent from Vayots-Dzor region (Eghegnadzor city) mentioned that along with providing catering (food serving) services, they also have a tasting-room where visitors can taste homemade wines and fruit vodkas, dried fruits and jams during the lunchtime or dinner. Another respondent mentioned that along with providing lodging they also provide courses of traditional food preparation.

Existence of NGOs, Authorities Supporting CBT

An attempt was made to find out the existence, degree of support from the outside of community, existence of any organization, which supports the development of CBT-related businesses in the particular region/community or organizes events aimed at training and specialization of the persons involved in the field.

The support of NGOs or local governmental authorities is very important for the CBT since good planning and well tourism management can generate revenue for the local people and it can culminate in having a development in other ways. Furthermore, it allows people to learn how to work together at the level of local communities. In this regard, it can be considered as one of the methods that can strengthen the local community. The researchers hereby study by making use of the principle of management to help strengthening the community (Chumsri et al., 2015).

The responses are as follows:

- ✓ 24 (44%) responded “Yes”.
- ✓ 25 (45%) responded “No”.

The supporting organizations, authorities mentioned by the respondents are:

- ✓ The Goris city tourism center,
- ✓ Local Governmental authorities (Goris city),
- ✓ Initiatives for Development of Armenia (IDEA) foundation.

All these organizations are mentioned by the respondents from Syunik region (Tatev city and Goris city), USAID (Vayots Dzor region, Areni), World Vision (Lori region, village Haghpat).

Armenian B&B Association is mentioned by the respondents from Gegharqunik (Sevan city), Kotayk (Garni city), Lori (Alaverdi city). Small and Medium Entrepreneurship Development National Center was mentioned by the respondent from Vayots Dzor (Yeghegnadzor city). 6 respondents skipped the question.

The respondents from the particular communities of the regions presented on Table 5.16, mentioned that there is no any organization that supports CBT in their community (see Table 5.17).

Table 5.17: Regions/ Communities without Organizations Supporting CBT

Region	Community
Syunik	Tatev(V. Khot)
Syunik	Kapan
Syunik	Goris
Syunik	Halidzor
Ararat	Artashat
Lori	V.Haghpat
Gegharkunik	V.Tsaghkunk
Tavush	V.Koghb

Vayots_Dzor	Areni
Kotayk	Geghard
Kotayk	Garni
Aragatsotn	V.Byurakan
Shirak	Gyumri
Lori	V.Kartan
Lori	V.Haghpat
Syunik	Goris

Events Promoting CBT

Types of activities or programs are implemented for presenting the region/ community as a tourist site/ destination for inflow of tourists, since events are a tool for inflow of tourists to some particular destination and for making still unknown destination in tourism market known. The question was with four answer choices which are as follows: festivals, exhibitions, preparing advertising materials about the region and “Others”.

Table 5.18: Activities for Promoting Destination

Activities	Numbers	Percentage
Festivals	31	56%
Exhibitions	21	38%
Preparing advertising materials about the region	15	27%

Table 5.19 represents the communities where, according to the answers of the respondents, the three types of activities are implemented. Those are the communities where exist supporting organization.

Table 5.19: Promoted, Supported Communities

Region	Community
Syunik	Goris
Syunik	Sipan
VayotsDzor	Areni
Lori	Haghpat
Syunik	Tatev

It is notable that those communities and regions are already known as touristic sites due to different factors, organized activities and events. For instance, Areni is known for the wine festival, Haghpat is known for old churches and Tatev is known for the monastery and the longest ropeway in the world. Moreover, recently homemade vodka (oghi) festival has taken place in Goris and an attention was paid to this by the famous TV show Booze Traveler.

CBT as a Tool for Community Development

The most important part of the survey was the opinion of the respondents about the possibility to use (possible or no, can or not) community-based tourism-related small or medium businesses as a tool for the development of the region/community” (with the “Yes” or “No” answer choices). 54 respondents out of 55 chose the answer “Yes” (98%) and one skipped the question.

Suggestions for CBT Expansion and Development

The suggestions of respondents about the type of events, activities, which are possible to organize in particular region for improving the field of tourism-related small and medium size businesses, to present and promote them in both international and internal markets, are given in the Table 5.18.

Table 5.20: Activities for Supporting CBT in the Regions/Communities
(Respondents Suggestions)

Region	Community	Suggestion
Syunik	V. Khot	Create resorts, monitor the cleanliness of the city, and found the “Old Goris” reserve. Open tourism-related professions, faculties in Goris State University
Syunik	Kapan	Shape and develop advertising system of regional centers of tourist attraction, foundation of “Zangezur” Information Center
Syunik	Goris	Coordination and the expansion of services provided to tourists. Ecotourism Development
Syunik	Goris	Education improvement/development and increase awareness of the importance of tourism
Syunik	Goris	Provide modern technological equipments for tour buses and internet connection in tourist spots.
Syunik	Goris	Ensure the provision of the quality of services. Develop

		advertisement system. Improve English proficiency
Syunik	Tatev	Further development of cultural tourism (increase the numbers of participants, community members) in the surrounding communities of Goris
Syunik	Goris	Improve guiding services and the English language proficiency of guides
Syunik	V. Halidzor	To host Armenian, international youth camp in the Goris city
Syunik	V. Shinuhayr	Renovating and re-opening the Airport of Khot village, for tourist and entertainment, and making the cultural life more active, construct movie theaters, sports grounds, playgrounds
Ararat	Artashat	There is no specific plan for developing tourism in the region and there is no any authority/ body/ organization that governs it
Ararat	Artashat	Increase the number of catering services and public toilets
Ararat	Artashat	There are many artificial lakes, where fish are bred, but there are no sufficient catering services, where it would be possible to taste it. A need of building various types of catering services/ facilities.
Ararat	Artashat	There are no toilets for tourists and so they are forced to use the homes of villagers.

Ararat	Artashat	It is possible to develop rural tourism.
Ararat	Artashat	Scares of entertainment
Ararat	Artashat	Build places of entertainment, toilets, catering services
Ararat	Artashat	Providing Low-interest loans
Ararat	Artashat	State support projects/programs, with the coordination of government
Vayots Dzor	Chiva	Making vodka and wine for tourists
Lori	Tumanyan	Exhibitions of the regional artists, organizing charity events and organizing extreme/ adventure tourism and other similar events
Gegharquniq	Sevan	To re-open information center of tourism
Gegharquniq	Sevan	To Organize exhibitions, festivals.
Kotayk	Garni	Festivals, events for introducing and selling locally made products.
Lori	Alaverdi	To employ new projects.
VayotsDzor	Chiva	To organize events and festivals frequently.
VayotsDzor	Eghegnadzo	3rd year in a row that open a tasting hall, I work only with tour agencies and it became source of income for me and my family, every year adding providing services. From personal experience, I think that it is important to organize regular visits of tour agencies to the region organizations, which are operating in tourism field, providing travel services

5.7 Summary of Chapter

Armenia has all required resources; warm-hearted people, nature and unique traditions, for CBT, homestay or any type of tourism, where the locals are involved. Every region has its own unique features, which can be attractive for tourists. The festivals, national food: lavash, barbeque, dry fruits, etc., homemade products: wine, dry fruits, carpets, national souvenirs are tourist products, which are existing in all regions and any of those can be factor for attracting tourists to the particular region.

Key challenges:

- Lack of information about existing CBT operators
- Lack of support, management, planning
- Lack of appropriate knowledge for CBT operation

Advantages:

- The CBT entrepreneurs, operators give importance to trainings (gaining knowledge for better business operations)
- High awareness of CBT entrepreneurs about the issues and needs, in community, region for CBT development
- The CBT entrepreneurs acknowledge that CBT can be as a tool for the community, regional development.

CHAPTER 6

COST EFFICIENT CBT SUPPORT AND DEVELOPMENT:

STUDENTS AS WORKFORCE/INTERNS IN TOURISM INDUSTRY

All successful projects of community-based, homestay, etc. tourism, provide trainings to the community members for better understanding the duties, organization, and planning of the tourism in the local community for enhancing productive participation of local dwellers in the tourism industry activities(see Chapter 5). The trainings are usually organized by authorities responsible for the projects, basically NGOs, either on volunteering bases or they pay to particular specialists (managers, marketing specialists, English teachers, business planners, etc.) to conduct the trainings for community members, which are involved in the tourism activities. The trainings in some extent assure that bankruptcy of the tourism related businesses managed by community members is less likely to happen. And the trainings of the English language for the community members will assure better understanding between the host and the guest and further tourism related business development based on the tourists needs.

6.1 Internships, Literature Review

Internship is a type of hand on training. As the first step in professional career, internship does not mean an advance in career. However, as a supplement of theoretical education, it helps the students to gain new skills and experiences in practice and to reach the relevant field of business (Bogdana, Mihaela, & Anca-Iona, 2012).

Internships are practical work-placement programs designed to provide professional experience in an area related to field of study or the chosen career. The aim of providing industry-specific opportunities is to enable develop skills that will enhance prospects of

gaining meaningful employment, building career and starting the future. Internships can be tailored with individual needs by giving you the choice of industry, location, start date and duration (CareerDC). Many organizations recently became as middle circle between the interns and industries by connecting those to each other. One of those is CareerDC, which coordinates internship programs by connecting students with host organizations all over Australia. They cover many industries including Information Technology, Business (Accounting, Finance, Marketing, HR, and Administration), and Engineering (Civil, Mechanical, Electrical, Electronic, Chemical, Software/Computer etc.), Architecture, and many more...

Previous researchers have suggested that in order to be successful in the hospitality industry, students need to obtain work experience in addition to completing their degrees.

Several researchers have studied the perceptions of undergraduate tourism and hospitality management students.

Some recent studies have asserted the growing importance of developing the tourism curriculum to meet the needs of industry as well as employment of graduates that will be produced by the curriculum. Meeting the needs of industry and preparing students for employment have been two important challenges for tertiary institutions offering education and training especially in the field of tourism and hospitality (Owusu-Mintah & Kissi, 2012).

The study "A coincidence of needs?: Employers and full-time students" conducted by Curtis & Lucas (2001) discusses that students' employment provides them with advantages other than money – valuable *work experience*, the opportunity to meet people and to take on responsibility (Curtis, Lucas, 2001). Employers benefit from an

easily recruited workforce of intelligent, articulate young people who are numerically and functionally flexible, conscientious, accepting relatively low pay, and who are easy to control. Potential conflict is indicated as students do articulate dislikes about their work and employment conditions, yet they feel unable to challenge their employers about them.

Barron and Maxwell (1993) examined the perceptions of new and continuing students at Scottish higher education institutions. They found that in general the new students had positive images of the industry; *whereas the students with supervised work experience were much less positive in their views*. Purcell and Quinn (1995) surveyed 704 former tourism students and discovered that graduates complained of *having little opportunity to develop their managerial skills*.

Chellen, Nunkoo(2010) study underlying factors influencing students' commitment to employment in the tourism and hospitality industry. The factors are nature of work, social status, career prospects, promotion opportunities, physical working conditions and pay and fringe benefits. Results of the research indicated that the social status associated with employment in the industry as well as career prospects in the industry were the two major factors influencing students' commitment.

Owusu-Mintah & Kissi(2012) study based on conducted survey in 2011, which examines the effectiveness of internship in tourism education and training. 205 Tourism graduates from the Polytechnic in Ghana were selected and snowball sampling method was used for the study. A major challenge identified in the implementation of internship for students was how to find industrial placement for the tourism and hospitality students to ensure that they acquired the appropriate on-the-job skills. This paper argues that for polytechnic students to meet the needs of industry and be employed after

graduation, to the internship should be given priority in the design of the curriculum. The paper concludes that innovative ways should be found to ensure that sufficient periods of internship are undertaken by tourism students to give them hands-on training for being ready for employment with industry after graduation.

Dickerson and Kline (2008) conducted a study to determine the benefits cooperative experience on hospitality students' in early career retention by comparing three programs. A mail-based survey was sent to recent alumni from three hospitality programs having their own variation of a cooperative experience for students, with a 33% overall response rate (N = 155). The three programs are described below; they show differences in the amount of credit given and the inclusion of classroom components:

- Program A combined at least 600 hours of work experience with a minimum of six academic credits.
- Program B required a minimum of 600 hours of work but did not include classroom components concurrently, though academic coursework was required separately and credit was awarded for experience. 17
- Program C required a minimum of 600 hours of work experience, yet had no classroom components and did not offer academic credit for experience.

All three programs (A, B, and C) showed high percentages of graduates who entered the hospitality industry directly after graduation (93.5%, 87.0%, and 90.3%, respectively). However, participants' tenure in the industry showed statistically significant differences (76.6%, 76.1%, and 64.5%, respectively). Although most hospitality programs required some type of cooperative experience, at the same time, industry professionals were pushing students to gain additional industry-based

experiences (Dickerson & Kline, 2008).

Another study, conducted among the tourism students of Adnan Menderes University in Turkey, examined what tourism and hospitality *internship students* expect from working in the industry (Yüksel et al., 2003). The results showed that internship students gave high priority to: good and fair wages; opportunities for career development; tactful and professional management; and personal growth. Similarly, Jenkins (2001) has noted that undergraduate hospitality students' perceptions of the industry deteriorate as their degree course progresses. While many studies have focused on the impact of *internship/work* experience on students' attitudes towards hospitality employment intentions, the study seeks to find out the factors that influence students' perception towards working in the tourism industry (Chellen& Nunkoo, 2010).

Felicin et al.(2014) study utilized the descriptive qualitative design using 50 percent of the interns of second semester 2012-2013 as participants in the area of food and beverage and travel agencies. Results of the study revealed that interns have satisfactory level in academic performance. In training performance they were rated as very good in terms of knowledge, skills, attitude and personality. This study also revealed that there is no significant relationship between the academic performance and the training performance.

United States based Intern Bridge Inc. conducted survey with the purpose to contribute overall understanding with regard to unpaid internships, which exists currently in US.

In a survey conducted by Intern Bridge of college and university students throughout the country learned a great many things: that women are more likely, than men to participate in college internships; that academic majors such as Engineering, Computer Science, Agriculture and Natural resources, biological and physical sciences, and

Business majors cluster into separate groupings.

A total of 27,335 undergraduates at 234 colleges and universities throughout the United States completed Intern Bridge's on-line survey between September and December 2009. Their support was solicited through their institution's career services or internship offices. The survey was modified from a survey used in 2008, with questions that measured career maturity, career self-efficacy, various aspects of the internship experience they expected or encountered, and details about various aspects of their internship experience, including unpaid positions, faculty involvement, and supervisor support.

The profile of respondents reveals that 70% were female, predominately white (67%), with a grade point average above 3.0 (82%), and their average age was 23.8 (80% -- 25 or younger). These students were attending private colleges and universities (36%), public colleges under 15,000 students (30%) and large public colleges (29%).

From Survey Found that Significant Factors in Participation are:

- Women were significantly more likely to be engaged in an unpaid internship (77%).
- Academic major ($F=112.22$, $p=.000$) found three clusters of majors. Engineering and computer science majors had the lowest level of unpaid internship (13%) among all majors, reporting 87% in paid positions. Clustered in the middle with more than 50% of their internships being paid were agriculture and natural resources (66%), biological and physical sciences (65%) and business (70%) majors.
- Majors reporting more unpaid internships than paid included education (34% paid), social sciences (35% paid), health sciences (39% paid), communications

(41% paid) and arts and humanities (43% paid).

- Family income was significant but not in the direction assumed. Students with family income below \$80,000 participated in unpaid internships at 46% compared to 40% for students with family income above \$80,000.
- Other factors proving not to influence participation in unpaid internships were type of school the student was attending, with students from private colleges and smaller public colleges (fewer than 15,000 students) being more likely to be engaged in unpaid internships. Grade point proved insignificant, but, interestingly, students with GPAs between 3.3 and 3.7 tended to be more involved in unpaid internships than other students. Finally, ethnic affiliation and recipients of federal financial aid had no impact on participation in unpaid internships.

Significant Factors in Providing Unpaid Internships:

- Non-profit organizations proved to be the top provider of unpaid internships with 57% of the internships they offer being unpaid. Government made 48% of their internships available unpaid, and the for-profit sector offered 34% of their internships unpaid.
- Smaller firms and establishments (fewer than 100 employees) held significantly higher levels of unpaid internships than larger companies, with over 55% of their internships unpaid. The largest companies (over 5,000 employees) offered fewer than 20% of their internships as unpaid.
- Companies in the utilities, transportation, and manufacturing sectors were less likely to provide unpaid internships (less than 17% are unpaid) while government (54%), health (62%), non-profit organizations (63%) and the arts,

entertainment and broadcasting (68%) sector employers offer the majority of their internships as unpaid.

6.2. Survey with the Students of Armenian Universities and Colleges

6.2.1 Designing the Questionnaire

The main purpose of the survey is to find out the cost efficient way of supporting CBT, CBT entrepreneurs, particularly by employing students as interns, which will allow us to have workforce for the community-based tourism development and support. By analyzing previous studies and by taking into account that internships are requirement in the universities of Armenia⁶¹, according to the *RA Law on Higher and Post-Graduate Professional Educational System: Article 8.Point 2*.

State education standards of higher and post-graduate professional education include: requirements of mandatory minimum terms of higher and postgraduate professional education programs, including educational, industrial and pre-graduation practices and final attestation types, for the preparation of every profession.

A survey was conducted with the students of universities and colleges of the Republic of Armenia (all interviewed students were from the universities and colleges, which were located in the capital city of the country, Yerevan) with random sampling method (each and any student had equal chance to be chosen).

61-According to Ministry of Education and Science of the Republic Armenia the total numbers of students in Armenia are: 123.700 students, among them- 114.600 - Bachelor' s degree students.

The survey was conducted for finding out the willingness of students to get internship in tourism industry in different departments, fields where there was and will be a need for support. In a process of discussions with lecturer, Head of International Business Department, Suan Sunandha Rajabhat Univeristy, Bangkok , Thailand; Denis Ushakov, designed the questionnaire of survey .The questionnaire was on one sheet of A4 paper with 2 languages (Armenian, English).

It was distributed in hard copies to universities and colleges with the various specialization students, since tourism is a bundle of goods and services, so there is a need of different discipline specialists, interviewed 436 students(questionnaire of survey is in Appendix 6.1).

The questionnaire included information about the university, faculty, and degree. It contained demographic information, English proficiency (since English is the commonly used language in the industry and the satisfaction of the tourists' starts from understanding their needs, requests; see Chapter 5). And finally; since the students are also potential tourists, to find out their awareness about community-based tourism and the willingness to experience it.

Conducting surveys has become a reality only with the help of my former colleagues from the National Statistical Service of the Republic of Armenia, who also teach in the Armenian universities (the law of RA allows civil servants to work parallel in academic field):Vladimir Oboyanchev, professor in the National Polytechnic University of Armenia, Anahit Avetisyan professor in Armenian State University of Economics, Arevik Petrosyan as well as my mother, Svetlana Gevrogyan, specialist of Russian language and their connections in the universities.

6.2.2 Result and Discussion

University, Department

Names of universities and departments, with the number of interviewed students are given in the Table 6.1.

Table 6.1: Universities and Departments of Interviewed Students

Name of the University	Department	No.
Yerevan State University	Tourism	19
Yerevan State University	Economics	46
Yerevan State University	Theology	20
Yerevan State University	Informatics and Applied Mathematics	16
Yerevan State University	Mathematics and Mechanics	11
Yerevan State University	Sociology	1
Yerevan State University	Journalism	1
Yerevan State University	Radiophysics	10
Yerevan State University	International Relations	6
Yerevan State University	Philosophy and Psychology	15
Yerevan State University	Romance and Germanic Philology	12
Yerevan State University	History	16
Yerevan State University	Chemistry	3
Yerevan State University	Faculty of Law	11
Yerevan State University	Geography and Geology	1
Yerevan State University	Sociology	1
National Polytechnic University of Armenia	Computer Science	32
National Polytechnic University of Armenia	Economics	4
National Polytechnic University of Armenia	Mathematics	4

Armenia		
National Polytechnic University of Armenia	Tourism	1
National Polytechnic University of Armenia	Radio Engineering and Communications	13
National Polytechnic University of Armenia	Computer Systems and Informatics	30
National Polytechnic University of Armenia	Information security	1
National Polytechnic University of Armenia	Environment	1
National Polytechnic University of Armenia	Informatics	1
National Polytechnic University of Armenia	Energy	1
National Polytechnic University of Armenia	Cybernetics	2
Qvant College	Economics	7
Qvant College	Physics and Mathematics	9
American University	Business	4
Pharmacy and Chemistry University	Pharmacy	1
<u>Yerevan BRUSOV State University of Languages and Social Sciences</u>	Foreign Languages	4
Russian State Humanitarian University	Philology	1
Haybusak University	Stomatology	1
Armenian State University of Economics	Economics	4
Slavonic University	International Relations	1
Mehrabyan Medical College	Nursing	29
Mehrabyan Medical College	Dental Technician	6
Armenian State Pedagogical University After Khachatur Abovyan	Mathematics	1

Armenian State Pedagogical University After KhachaturAbovyan	Foreign Languages	1
Armenian State Pedagogical University After KhachaturAbovyan	Methodist	1
Armenian State Pedagogical University After KhachaturAbovyan	History	1
Armenian State Pedagogical University After KhachaturAbovyan	Physics	1
Armenian State Pedagogical University After KhachaturAbovyan	Russian Language and Literature	1
Armenian State Pedagogical University After KhachaturAbovyan	Informatics	3
Yerevan State Medical University	General Medicine	8
Yerevan State Medical University	Stomatology	1
Yerevan State Medical University	Military	1
National Agrarian University of Armenia	Plant Protection	1
National Agrarian University of Armenia	Agricultural	2
National Agrarian University of Armenia	Security	17
National Agrarian University of Armenia	Accounting	5
National Agrarian University of Armenia	Economics	11
MesropMashtots University	Latin and Germanic Philology	2
MesropMashtots University	Pedagogy and methodology	5
MesropMashtots University	Economics	5
Mesrop Mashtots University	Armenian language and literature	1
Mesrop Mashtots University	Design	10
Mesrop Mashtots University	Philosophy and Psychology	2
Mesrop Mashtots University	Journalism	1
Mesrop Mashtots University	Armenian Philology	1
Mesrop Mashtots University	Linguistic	6
Mesrop Mashtots University	Faculty of Law	2

Grade

42% from 436 interviewed people were first-year students, 17% were second-year, 22% were third-year, and 17% were fourth-year students.

Table 6.2: Grades of the Interviewed Students (N=436)

	1 Grade	2 Grade	3 Grade	4 Grade
Number	182	74	98	75
Percentage	42%	17%	22%	17%

Age and Gender

Socio-demographic characteristics presented here include age of students with the three group choices: under 20, 20-30 and above 30, and gender.

Table 6.3: Age and Gender of Respondents Students, (N=436)

<i>Age groups</i>	Number	Percentage
<i>~20</i>	297	68%
<i>20-30</i>	128	29%
<i>30~</i>	4	1%
<i>Gender</i>		
<i>Male</i>	142	33%

<i>Female</i>	284	65%
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The age of the interviewed students were more under 20, 68% of overall interviewees. As 81% of the interviewed people were first-, second-, third-year students, their ages varied from 17 to 19. 29% of overall interviewees were from 20 to 30 years old and just 1% was above 30. From the interviewed 436 students 7 skipped the question about the age and 10 skipped the question of gender.

English Proficiency

Table 6.4: English Proficiency of Students

English Proficiency (from 1 to 5; 1: poor, 5:excellent)	1	2	3	4	5
Number	58	80	115	118	57
Percentage	13%	18%	26%	27%	13%

From the results it can be seen that majority of them had higher level of English proficiency, 13% of them have poor level, 18 % higher than poor, 26% had average level, 27%, good and 13 % were with the excellent level of English proficiency. 66% of them had average level of English proficiency. This means that in a period of getting internship they can share not only the particular field knowledge but also be useful while interacting with the tourists. From interviewed students 8 skipped the question.

Willingness to get Internship

The most noticeable finding of the survey is that out of 436 students 339(78%) were willing to get internship in the tourism industry even if it is unpaid internship, even if it

is out of the curriculum, and just 8 students skipped this question. In case of curriculum requirements, they would be happier to get internship/ work experience and credits required for the university.

Table 6.5: Willingness to get Internship in Tourism Industry

Willingness to get unpaid internship in the tourism industry/service sector, if opportunity arises			
Yes	339	No	89
Yes(percent from total)	78%	No(percent from total)	20%

Considering the fact that the numbers of interviewed entrepreneurs were 55, by employing the interviewed students with the willingness of getting internship in the tourism industry will be valuable support to those community-based tourism businesses. Those students also can be employed in the organization of the events in the regions, (such as vodka testing in Goris, wine testing in Areni, etc.).

In the questionnaire, there were choices, in which field the students would like to be involved as interns.

As it can be seen from table 6.5 the choices are 4: English Teacher (or other language), which chose 57(13%) of the students, Business Administration/Planning, which chose 219(50%) students, Marketing, which was a choice of 91(21%) students.

Table 6.6: Field of Work as an Intern

Field of Expertise	Number	Percentage
English Teacher (or other language)	57	13%
Business Administration/Planning	219	50%
Marketing	91	21%
Other	36	8%

The option “Other” chose, 36 students. From 36 students 27 mentioned the exact preferred field, 7 students didn’t mention the preferred field to expertise, and 33 students skipped this question. The “Other” choices are: (see Table 6.7).

Table 6.7: Field of Work as an Intern, “Other” Choices

Information Technologies: programmer	8
Information Technologies: network specialists	5
Guide	4
Introducing culture(interpreter)	3
Nurse	7
Innovations’	2

As can be seen from Chapter 5, some of the CBT respondents mentioned about the qualified guides, which means the 4 students can be employed as interns in those communities as guides.

Awareness of CBT

With accordance to the second objective of this study is to find out the ways to develop regions by using tourism as a tool, especially community-based tourism, along with the willingness of students to get internship in tourism industry. It was also tested the

awareness of students about community-based tourism and the willingness to experience it, with the consideration of the fact that students are also potential tourists.

Table 6.8: Students Awareness of Community-Based Tourism and Willingness to Experience It

Have you ever heard of Homestay/Community-Based (tourists are hosted in local houses) Tourism?	
Yes	
Number	Percentage
266	61%
No	
Number	Percentage
163	37%
Would you like to experience Homestay/Community-Based Tourism, if opportunity arises?	
Yes	
Number	Percentage
318	73%
No	
Number	Percentage
111	25%

From Table 6.8 can be seen that 61 % (266 students) of students were aware of community-based tourism and 37% (163 students) didn't have image of this particular type of tourism. It is noticeable that, although 266 students were aware of community-based tourism, but 318 students expressed their willingness to experience CBT. Only from the survey with the students can be concluded that the CBT is not well advertised

and the information about its existence in the country is not available. 7 students skipped the question about the awareness of community-based tourism.

Summary of Chapter

Although interviewed students were not well informed, aware about community-based tourism, but they showed positive attitude towards the idea of being involved in tourism industry activities.

Two important findings:

- High rate of willingness to get internship in tourism industry
- High rate of willingness to experience community-based tourism

CHAPTER 7

CONCLUSION

This chapter introduces the conclusion, which is based on the findings of the study regarding economic analysis of tourism industry of the Republic of Armenia as well as the surveys conducted with Armenian CBT entrepreneurs and students. The conclusions are presented due to the primary and secondary objectives of the research and prove the two hypothesis of it. The following chapter captures the limitations, significance of the study and proposes recommendations and suggestions, a model for CBT (or any type of tourism where the key actors on its operation are the community members) implications and development in the country's regions.

Armenia is one of the oldest societies in history; approximately 2100 BC, the first country to adopt Christianity and as such has a unique style of old churches and khachqars (stones on which crosses are carved).

The country sits in a mountainous region, has a modern feel to it with its lustrous lakes and rivers. The country is rich with natural and cultural resources and can be attractive: to nature, tradition, culture and adventure lovers, great for hiking and mountain climbing in summer, great for skiing in winter (Tsaghkadzor region is famous for winter sports).

Recently, Armenia has become famous for winter sports not only for domestic, but also for international tourists. For example, Japan Skating Federation chose Armenia as a practice base for their Sochi Olympics preparations.

As it was mentioned earlier the country is rich with tourist resources and the evaluation⁷¹ of those, with accordance to the international standards of the tourism industry almost for all categories; high.

The country's tourism industry is rapidly growing; the direct contribution of tourism to GDP increased 8.2 times, in 16 years visitor export increased 7.7 times. Visitor export share to the total export recorded 30.8% in 2014, it almost doubled as compared with 2013, it was 16.6% (Chapter 3; Figure 3.5, Figure 3.6, Figure 3.7, pp 66-67), which is the highest record as compared to other countries in the world. Armenia has a year round tourist appeal (very little seasonality factor); as such, year round revenue is assured for tourism.

It is noticeable that in a frame of "Tourism Competitiveness Index " Armenia has a high rank for "Safety and Security⁷²", being ranked the 38th among 114 countries.

Country's disadvantage can be seen in terms of accessibility; it is accessible only in two ways; by air (Zvartnots International Airport) and Georgian borders (road transportation).

71-Evaluated by: Uniqueness/ Significance, Scale/ Quantity, Diversity Richness of choice Quality; Categories:

Cultural Heritage, Religion, Nature, Wellness, Adventure, Winter tourism (Appendix 3.3.)

72- Safety and Security – is the first priority condition for choosing any country to visit, regardless of the purpose of the visit

7.1 Summary of Findings

The country is lacking of natural resources like oil and gas and still facing huge trade deficit. For Armenia beneficial to focus on human resource based/ required industries, sectors, such as tourism, for overall development strategies, since Armenia is strong with human capital (Chapter 3, p. 62),

7.1.1 Research Objective One: The role and contribution of the tourism industry of the Republic of Armenia to the country's economy and economic development.

I-O Analysis Result

In I-O analysis framework used the I-O tables of the Republic of Armenia for the years 2002 and 2006. The output multipliers are calculated with two types of inverse matrices: "Leontief" and "Competitive Import Type" (closed and open economy), for finding out the influence of import on the country's economy, on sectors goods and services producing process. I-O analysis focused on "*Other Services*" sector position in the whole economy in I-O table of 2002. And for the I-O table 2006, the study focused on "*Hotels and restaurants*" sector. From the analysis it is observed that the output multiplier ranks for both sectors become higher when they are calculated in open economy, with considering the influence of import on the sectors processing output. The "*Other Services*" sector (I-O table, 2002) had a rank 15 (output multiplier value:1.61) in closed economy analysis case and it's becoming 12 (output multiplier value:1.36) in open economy analysis case. Similarly, "*Hotels and restaurants*" sector had the second rank (output multiplier value:1.99) and it became the first (output multiplier value:1.595) in case of import effect consideration. Although the values of output multipliers become smaller in case of calculation with the "Competitive Import Type" (open economy) matrix elements, still they show positive change of ranking of the

output multipliers, from close to open economy analysis cases, which is opposite for other sectors in the whole economy.

Followed analyzed the sectors power to dispersion and sensitivity to dispersion (“Index of the Power of Dispersion”, “Index of the Sensitivity of Dispersion”), sectors position as a purchasing and selling sectors in economy. OSR (I-O table, 2002) sector has a high sensitivity to disperse (first rank of the “Index of the Sensitivity of Dispersion”), which means that the sector is a major supplier sector and with any positive change in the economy, with any sector growth, will grow. The other important finding is that HR (I-O table, 2006) has a power to disperse (first rank of the “Index of the Power of Dispersion”), which means that HR sector has a power to influence on the other sectors in economy, it is a major purchaser, along with its growth the other sector in the economy will also grow.

Tourism is in strong interrelation with other sectors in economy, like agriculture (food and raw material for beverages), transport (tourists move locally and internationally), and information technology (booking air tickets, hotels, rent of cars and the associated financial transactions). The result of the I-O analysis reveals that tourism related sectors from I-O tables of 2002 and 2006 are among key sectors in the country’s economy. Top three sectors with high value of IPD and ISD are:

I-O table for 2002

- For “Index of Power of Dispersion” sector rankings are;
 1. Food processing & beverages (FOD) sector has the highest value: the IPD value is 1.22.
 2. Tobacco products (TBC) sector: the IPD value is 1.18.

3. Mineral products and precious stones (MNM) sector: the IPD value is 1.16.

➤ For Index of Sensitivity of Dispersion sector rankings are;

1. Other Services (OSR) had the highest value: the ISD value is 1.60.
2. Retail & wholesale trade, catering (TRD): the ISD value is 1.54.
3. Wheat, potatoes, legumes (GRN): the ISD value is 1.02.

I-O table for 2006

➤ For Index of Power of Dispersion sector rankings are;

1. “Hotels and restaurants” sector has the highest value: the IPD value is 2.115.
2. Manufacturing: the IPD value is 2.051.
3. Public administration: the IPD value is 1.953.

➤ For Index of Sensitivity of Dispersion sector rankings are;

1. Manufacturing sector has the highest value: the ISD value is 2.115.
2. Electricity, gas and water supply: the ISD value is 2.051.
3. Agriculture, hunting and forestry: the ISD value is 1.993.

Multipliers

The tourism multiplier/ratio multiplier for Japan, Thailand, Malaysia, and Georgia has also been calculated for comparison purposes. The results of ratio multipliers revealed that tourism multiplier were higher for the tourism industry for Armenia than for other countries: Japan, Thailand, Malaysia, and Georgia. Japan is chosen as a developed country, where in the economy any sector does not have lack of investments, Thailand and Malaysia as frequently visited touristic destinations. Georgia as one of former SU

countries, it's located in the same region as Armenia, but with one advantage, it has a sea access.

The high value of tourism multipliers (the value of multiplier was 3.93 in 2015) denotes that initial tourism spending circulates more (multiplied by the value of multiplier) times and generates more income in the RA than in other countries. The tourism employment multiplier is high for Armenia than for other countries as well.

The multiplier effect continues until the money eventually 'leaks' from the economy through imports - the purchase of goods from other countries. For making the leaks less and to make money continue its circulation in the local economy the domestically made products' purchasing should be given preferences to.

Armenian tourism itself is unique, different from others, since Armenian Diaspora counts 62% of incoming tourists to Armenia.

Diaspora tourism refers to the travel of people in the Diaspora to their ancestral homelands in search of their roots or to feel connected to their personal heritage. Whereas most tourists become attached to a destination after repeated visits, the tourist-destination relation in Diaspora tourism is unique, because tourists with immigrant origins often feel connected to the people, culture, and heritage of the destination before actually visiting the place (Huang et al., 2013).

Tourists from Diaspora, however, are more likely than most international tourists to have or make connections with the local economy; to stay in locally owned, smaller accommodations (or with relatives), to eat at local restaurants, and so forth. While they may not spend as much money as foreign tourists, on average, Diaspora tourists' expenditures are more likely to go directly into the hands of local businesses. Thus they

generally have a different and, in some respects, more positive development impact (Newland and Taylor,2010).

As noted by Atoyán (2016), 66.2% of all Diaspora tourists have made four or more visits to the country that repeat visitation is high. Main sources used to obtain information about Armenia – Friends & relatives (67.3%), Previous visits (31.4%). And 98.8% of all Diaspora tourists would like to visit Armenia again and a similar percentage would recommend the country to their friends and relatives.

Specific Overnights Threshold (SOT)

This indicator was used for finding out the degree of tourism development, its proportional distribution with regards to the number of inhabitants per annum in the regions of Armenia, its sustainability, since the indicator is used for measuring, tourism's, its the negative and positive effects of tourism in earlier studies (Castellani and Sala, 2010 and Vojnovic and Knezevic, 2013).

The finding (SOT analysis) showed that the tourism industry and its effects are highly centralized in the capital city, with regard or regardless of population number, which means that only the capital city dwellers can gain from tourism industry benefits.

The value of indicator for the overall country and the region low from the 25% Castellani and Sala (2010) acceptable value.

Since the negative effects of tourism occurs when the number of tourists is greater than the number of population; the ability, capacity of particular destination: environmental, social, etc. Where can arise scarce of resources such as water, energy, food and natural habitat areas. In addition, increased pollution and waste, discharges into the sea and waterways, increased pressure on endangered species of animals and plants,

and heightened vulnerability to deforestation, as well as loss of biodiversity (The Responsible Traveler Guide⁷³, United Nations Environment Program).

Findings from analysis of tourism industry of the Republic of Armenia in macro level support first hypothesis of the study, that tourism industry is a key sector for the country's economic development. Since "Tourism Multiplier" has high value (multiple circulations of initially injected money) and tourism related sectors among major purchasing and supplying sectors in the whole economy.

7.1.2 Research Objective Two: The Current Situation of Community-Based Tourism of the Republic of Armenia. Community members' perceptions towards the community-based tourism and its ability to promote regional development.

The budget for country's tourism development is limited and there are no supporting foreign institutional funds (see Chapter 3). It is beneficial for all stakeholders operating in tourism industry to focus on the CBT types of tourism development.

The survey focused only on the main actors; the CBT entrepreneurs, main stakeholders, beneficiaries from the CBT tourism, because of the lack of findings.

7.1.2.1 Community-Based Tourism: Survey Assumptions

During the last 3 decades, the types of tourism, where the key actors are community members (community-based, homestay, ecotourism, agritourism, etc.) and tourists, are directly interacting with the locals, gained popularity (Chapter 5; Jamal, et al, 2011, REST, 2003). The numbers of those trip types are on increasing.

73-The Responsible Traveler Guide (<http://green.hotelscombined.com/Rtg-Transportation.php>) is very useful for any new traveler, for planning and organizing a trip.

Its rising popularity can be attributed to three main motivators:

1. CBT/Homestays, etc., are much cheaper than staying in a hotel.
2. The desire to know the locals and the way they live from the inside; when people visit places and stay in hotels, visit museums, eat in a restaurant, they go back home without much interaction with the locals and hence not much knowledge of their livelihood is gained.
3. More and more tourists feel a need and motivation to help the communities to develop; understanding that the spending on their leisure is making valuable adding (gives a better life to community members) is motivating the tourists more to stay in homestays.

According to the fact that CBT can create jobs and thus, can create additional income for the community members, initially makes the general community develop.

The main purpose of the survey is to find out CBT entrepreneurs to understand the current situation of CBT, the willingness and involvement in it, as well as, the role of CBT in community/region development.

The results of the survey, carried out with the CBT entrepreneurs from all regions of the RA, showed that 25 (45% of total) respondents, out of the interviewed 55 CBT entrepreneurs, were of secondary and college education. And 21 (40% of total) respondents had poor level of English proficiency. A conclusion can be drawn that there is a need of training.

The interviewed CBT entrepreneurs showed their willingness to undertake training courses, which means they understand the importance of the required education and skills for operating CBT businesses. From the mentioned 5 types of courses, 64%

expressed a wish to attend English courses, 25% business administration, 24% gave importance to learning business planning, interestingly, the willingness to take accounting courses had the lowest percentage, 15% and 29% of them chose marketing courses.

As can be seen from earlier studies, the successful CBT project implementations started from community member training. Such project as: Homestay in Shri-Lanka, Homestay in Malaysia, Koh Yao Noi Eco-Tourism in Thailand (see Chapter 5).

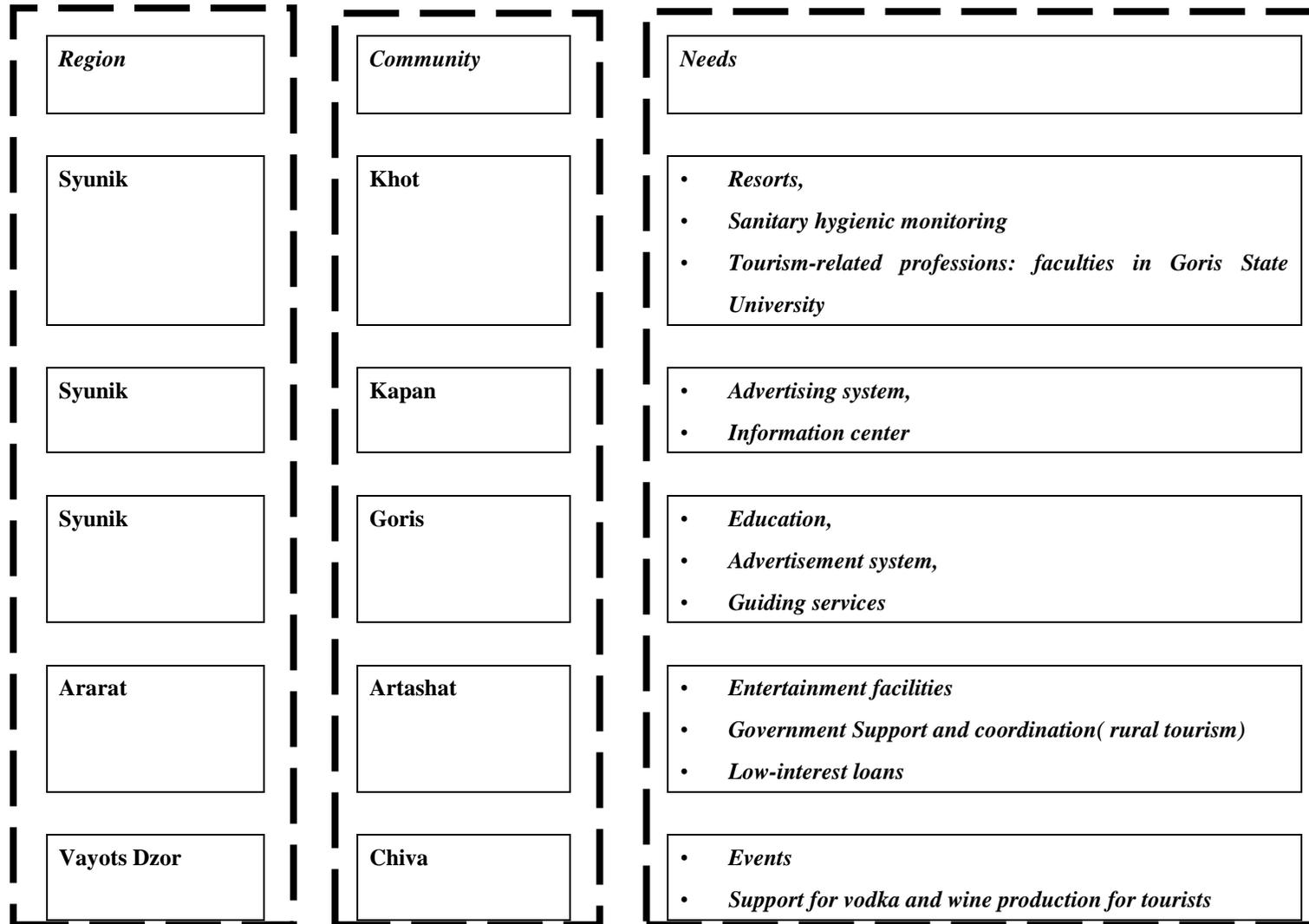
The services provided by interviewed entrepreneurs to tourists are: lodging (30), guide services (12), trading services (private shop, selling any products to tourists: homemade food, souvenirs, etc., 11), catering services (30), transportation services (13). From which it can be seen that many of them provide multiple services at the same time. Some entrepreneurs are aware of the possibility to provide multiple services to the same tourist.

25 (45%) CBT entrepreneurs, out of 55 respondents, mentioned that they do not have any supporting authority/organization for CBT development. Events promoting CBT are mostly organized in the communities where CBT supporting organizations exist.

The most important finding is that 54 respondents out of 55 are considering CBT as community (region) development tool.

From the suggestions of interviewed entrepreneurs concluded the needs of the particular communities.

Figure 7.1: Regions, Communities and Community Needs



Lori	Alaverdi	<ul style="list-style-type: none"> • <i>New community-based, tourism-related projects employment</i>
Lori	Tumanyan	<ul style="list-style-type: none"> • <i>Exhibitions of the regional artists,</i> • <i>Organizing charity events</i> • <i>Organizing extreme/ adventure tourism events</i>
Gegharquniq	Sevan	<ul style="list-style-type: none"> • <i>Re-open information center of tourism</i> • <i>Organizing exhibitions, festivals.</i>
Vayots Dzor	Eghegnadzor	<ul style="list-style-type: none"> • <i>Coordination</i> • <i>Cooperation with tour agencies</i>

7.1.2.2 Internship in Tourism Industry: Survey Assumptions (Support for Tourism's Regional Level Development)

From previous studies and projects of CBT, homestay, etc., can be seen that the success factor of CBT projects is trainings of the community members, for increasing their awareness of CBT role in their livelihood and community development. As well as, for training them how to operate, manage tourism-related businesses.

And some earlier studies discussed students' perceptions towards working, being as interns in tourism industry, where majority of the results indicated positive and high willingness of students to get hands on work experience in line with the academic knowledge (see Chapter 6; Curtis&Lucas(2001), Chellen&Nunkoo(2010)).

By taking into account the above-mentioned facts and the RA Law on Higher and Post-Graduate Professional Educational System: Article 8. Point 2, the internships are a requirement to complete the degree; it will be convenient to relocate students/interns and use them in CBT tourism (since tourism industry is a bundle of goods and services, various discipline specialists are needed).

In the study a survey was also conducted with the students of Armenian universities and colleges. Survey was conducted for finding out the willingness of Armenian students to get internship in tourism industry, especially in community-based tourism, in various fields where there was and will be a need for supporting Armenian community-based tourism. In the scope of the survey 436 university and college students with various specializations have been interviewed.

An important finding of the survey is that 40% of interviewed students had a good and excellent English proficiency, which is a valuable addition to their specialization, since they can interact with tourists easily during internship and most importantly they can make better the English proficiency of the CBT entrepreneurs.

The fields, specializations of getting interns have been chosen: English Teacher (or other language): 57, Business Administration/Planning: 219, Marketing: 91, Information Technologies: programmer: 8, Information Technologies: network specialists: 5, Guide: 4 Introducing culture (interpreter): 3, Nurse: 7.

The most important finding of the survey carried out with university and college students of the Republic of Armenia showed that their willingness to get internship in tourism industry is very high, even if it is unpaid. 339 (89%) interviewed students expressed willingness to get internship out of 436.

Since students are also potential tourists, the survey also attempted to find out the students' awareness of community-based tourism existence in Armenia.

163 interviewed students out of 436 ones (37%) generally, did not know about CBT. Although only 266 (61%) knew about CBT, 318 (73%) students expressed the willingness to experience it.

Hypothesis 2

Surveys finding attempts the second hypothesis of the study.

The CBT entrepreneurs see it as a tool for community and regional development. The country has all the required resources for CBT operations and development. Armenia is rich and blessed

with natural, cultural resources and supporting human capital; students who are willing to get internships in tourism industry.

7.2 Limitations of the Research

Armenia has just recently celebrated its 25th anniversary of independence; it is a new tourist destination in the global tourism market, before independence all SU countries were closed for tourism. After independence, the country's economic recovery took many years and as such the study had data limitations, scares of earlier studies of tourism industry of Armenia, especially studies focusing on regional tourism, CBT, homestay, etc.

The official recognition of CBT role was in 2008 when it was launched as the Tatev Revival Project, which is dedicated mainly to the Tatev Monastery reconstruction and it had a sub goal: to promote community-based tourism networks in the region.

Another limitation was readily available data for the Input-Output table analysis, for recent year, that's why analyzed I-O tables, that is, 2002 and 2006. A detailed commodity by commodity I-O table was not available. The only survey with the incoming tourists has been done by the USAID support and it was conducted with a 5-year interval for 2007 and 2013.

The lack of budget, finances limited the data collection with regards to the conducting surveys, that is why the study focused on the main beneficiaries: CBT entrepreneurs and students for supporting CBT. There was no available support for collecting data from the regions. The interviewed students were only from universities of the capital city.

7.3 Significance of Study

The study will be useful for governmental and non-governmental organizations (tour agencies

and tourism-related business) to better understand the current place and role of the Armenian tourism industry in the country's economy and its development. It will be helpful for policy makers, in order to build favorable conditions, rules, legislations, especially for regional community-based, rural tourism, for private sectors, NGOs, especially for those who are operating or willing to operate in a frame of CBT or any type of tourism, where the key actors are the community members.

Tourism's Economic Analysis

And it is worth mentioning that it will be useful for further studies, for researchers related to tourism's economic analysis by using the open economy I-O analysis methodology, Tourism Multipliers by using as measurement tourism contribution to GDP and combine with the analysis of tourism per regions, by using "Specific Overnight Threshold" indicator for finding out the position of tourism not only countries, general level, but also in regional level.

Community-Based Tourism

The qualitative and quantitative contribution of the study will be useful for further studies. Especially by taking into consideration that the study of Lalayan (2014) focused only on the local officials' perceptions about the community-based tourism.

The survey results can be used for particular communities' CBT, homestay development, mentioned suggestions, communities needs can be used for CBT development strategies and planning, and just generally the data and the existence of those CBT/ entrepreneurs will be useful for country's tourism authorities, since ME Tourism Department for December 2016 had information only about 16 accommodation providers.

7.4 End Notes/ Suggestions(CBT Model)

Marketing

A great effort and importance should be given to marketing strategies for making the country as a touristic destination of choice. The country almost does not have Asian tourists, which is the continent with a huge number of population and with potential tourists.

Organizing various events:

- ✓ Festivals
- ✓ Exhibitions
- ✓ Conventions

Future research

Since the study focused on economic aspects, effects of tourism, to conduct researches discussing analyzing the environmental, socio-cultural effects of tourism. Although according to the analysis it was found that in Armenia from tourism will not occur negative effects, since there is no visitors outnumbering of the locals, but still there is a need for further research for the environmental and socio-cultural effects of tourism. It will give a better understanding of tourism's overall effect on the country and ways to have maximal positive and minimal negative effects from tourism.

Assumptions

In case of Armenia (landlocked, small country in transition), the country without natural oil and gas resources, where the prices of export and import transportation is very high. Tourism industry positive beneficial influence on other sectors in economy makes the development of it extremely important and primary to country's economic development strategies. It is obvious that the government of Armenia should focus more on tourism industry

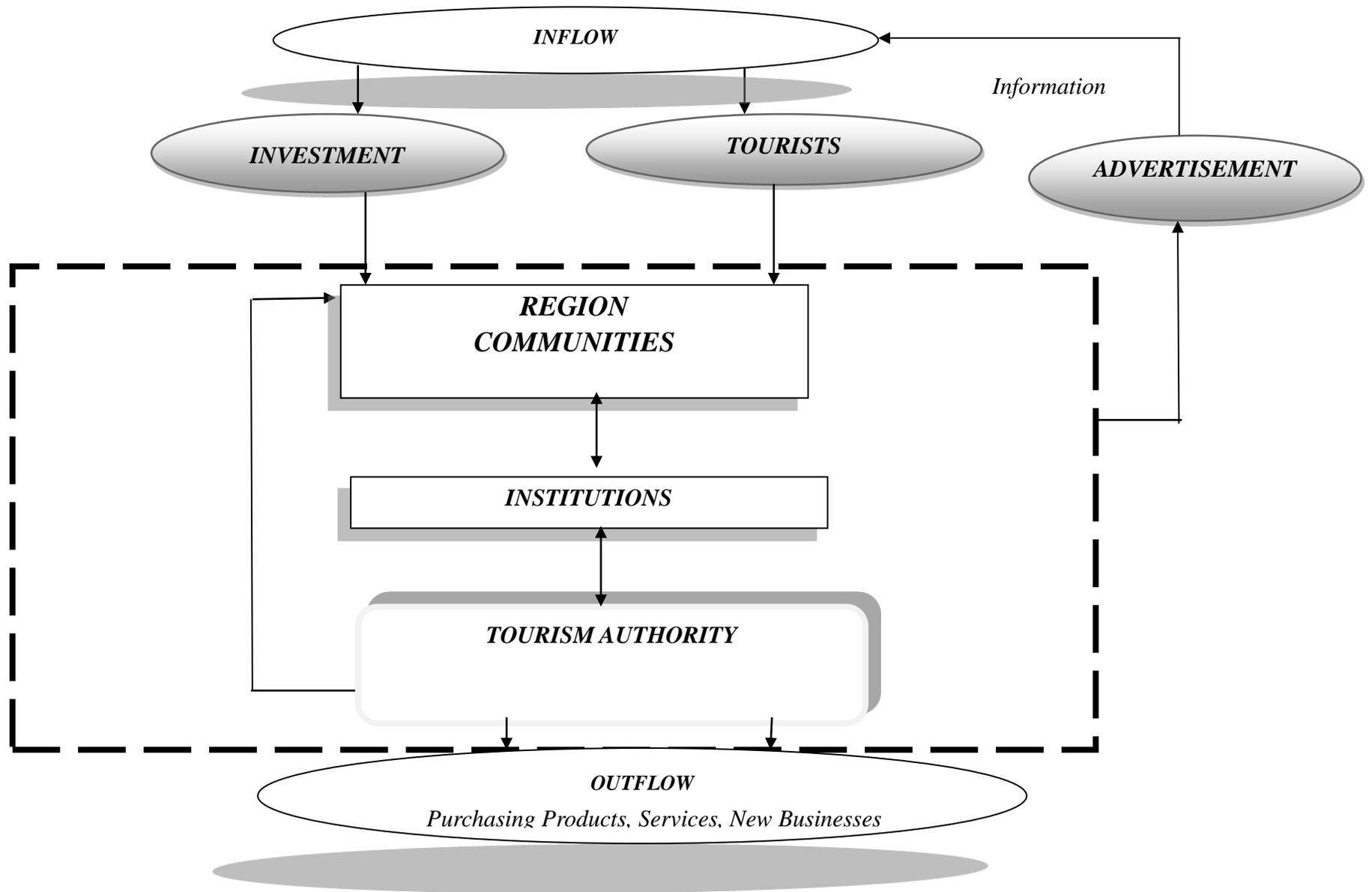
and put more efforts into its development. Although the Government of Armenia recognizes the importance of tourism industry, the “Prioritization of Travel & Tourism” still remains very low, it is ranked the 80th among 114 countries (Tourism Competitiveness Index, 2015).

Especially, much attention should be given to CBT types of tourism, considering that CBT development does not require large investments and that it will bring direct benefit to the community members and to region, which in its turn will lead to country’s overall development. The benefit from CBT/homestay, etc. tourism is really remarkable. By developing and promoting this type of tourism, the industry will be decentralized (since it is highly centralized in the capital city) and hence, will turn the participating communities into the key actors of tourism industry activities. It will bring direct benefit to the communities in the form of direct additional income from stays, food, and sale of handmade products, etc.

With the coordination, cooperation and support of the community members, a successful business model can be created, which will further benefit the community development. Being involved in CBT/homestay, etc., tourism will also motivate the community members to gain knowledge related to starting and running businesses. In the current global urbanization trend, with the fact that in the capital city of Armenia, Yerevan, lives more than one million (total population being 3 million) population (NSS, RA, 2014), the involvement in CBT will motivate villagers to remain in villages.

In Figure 7.2 it is given the suggested model for CBT, homestay, etc. types of tourism where the community members are the key actors. The model has been developed with a consideration of the earlier successful projects and results of the conducted surveys.

Figure 7.2: Proposed Model for CBT Development



As “Tourism Authority” in the model, can be represented by governments, local government, tourism authority (Tourism Department of ME), NGO (such as One Village One Product, since they have experience of working with the communities) and/or any organization which has willingness to work, develop and be responsible for CBT (homestay, ecotourism, etc., and or any types of tourism where the key actors are community members) in Armenia. The role of Tourism Authority is the regulation and planning of CBT projects and those implementations. Organizational support to CBT operators, destinations, will be essential for various types of events' organization to ensure the inflow of tourists to destinations.

The role of **institutions** is to support with the relocation of students as interns in CBT (homestay, ecotourism, etc., and or any types of tourism where the key actors are community members). The institutions should directly be connected to Regions/Communities, with Tourism Authority coordination and cooperation.

Students can be valuable in the market research phase too, by researching areas and finding the most attractive fact about it (history, nature, tradition, craft, etc.) to help to sell the destination (advertise, promote particular destination)and the product to tourists. As it was discussed in the survey, students can be employed in any field and stage of CBT implementation: conduct trainings/seminars for CBT members or just work with them.

Advertisement: Information is playing an important role in tourism (as in any type of tourism and business). More attention should be given to the spread of information and the promotion of CBT, especially for such countries as: Armenia (member of former Soviet Union) which is not well known as a tourist destination and especially CBT's are not known (even for domestic travelers), since the concept is new in the country.

There are various ways to increase the market in the tourism industry. The use of a brand name in getting the public's attention works well as a method of regional cooperation in tourism (Rong and Mu, 2013), however, the use of advertising as the primary means of success requires a careful analysis of the tools in the fields of scientific, social and economic behavior. Advertising is defined as the activity or profession of producing advertisements for commercial products or services (Salehi, Farahbakhsh, 2014, from Moradkhani, 2014).

With a proper coordination and cooperation of CBT (homestay, ecotourism, etc., or any types of tourism, where the community members are the key actors) the outgoing information will bring tourists; tourist spending, and investors to the destination, which will bring the inflow of money to the destination/community. The injected money to the destination will start its circulation: outflow to other businesses and inflow from other businesses.

With a proper planning, marketing and promotion of tourism, especially of CBT/homestay, etc., governments can achieve regional and local development goals in much shorter periods, and with much smaller investments.

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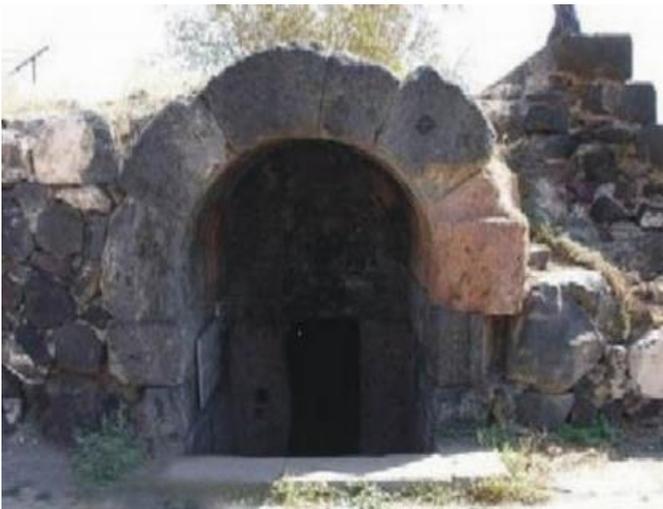
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APPENDIX 1.1

ARMENIA-PLACES to VISIT



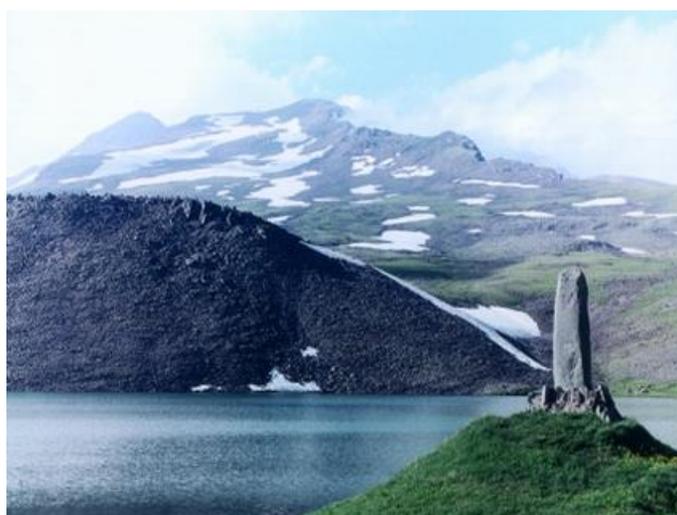
Agarak. Armenian researchers are unearthing a site here that is full of impressive stonework and ritual artifacts and promises to shed new light on the peoples of the Caucasus from the Early Bronze Age some 5000 years ago right up to the Middle Ages. The Armenian team has also begun excavating the remains of stone houses clustered along a street, along with a bounty of terra cotta statuettes and ceramic artifacts linking the site to the Kura-Araxes, a culture widespread in the Caucasus in the 29th to 27th centuries B.C.



Aghts - Mausoleum of Arshakuni Kings. The Arshakid kings' mausoleum is located in Aragatsotn region in the village of Aghts, where the remains of both pagan and Christian kings were buried. This small, rectangular hall is truly remarkable for its decorative and thematic elements. During their *pilgrimage to Armenia* many historians and just visitors have come to this place to have a look at least to the Mausoleum of Armenian famous kings. The northern wall depicts a relief of Daniel in a lion den. There are also many ornaments and symbolic carvings belonging to both pre-Christian ideas and Christian art. Just next to the Mausoleum there are the ruins of a 4th century church. Don't miss these sights when taking a *pilgrimage to Armenia*.



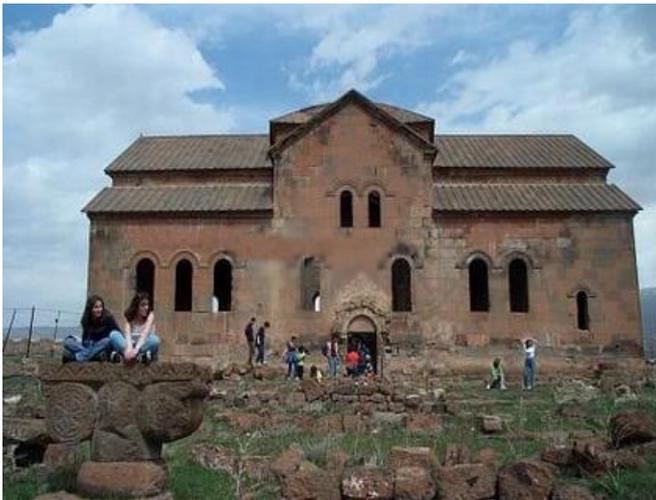
Amberd fortress stands at an elevation of 2300 meters above sea level on the high cape, in the canyon of two rivers high upon the southern slope of Mount Aragats. It is considered to be the only preserved monument of secular type on the territory of Armenia. The fortress, founded in the 7th century by Pahlavouni princes, had its own water-supply pipe which channels springs from the Aragats Mountain. The church inside the fortress was built in 1026 as shown by the date inscribed on the door. The church itself, the palace bathhouse with two domes, a floor heating system and a secret passage to the gorge are considered to be the most well-preserved monuments of Amberd. In the 13th century Amberd fortress was destroyed and set on fire by Mongolian invaders.



Aragats Mountain is shaped like an oval shield. A circle of four peaks rises in the middle of the shield. The highest of them has an elevation of 4090 meters. The others are only a few meters lower. This circle of mountains is the remains of a crater from a big volcano. The average temperature is minus 12 degrees in winter but sometimes the absolute temperature reaches minus 40 degrees. The snow disappears from the slopes in June. The Stone Lake with the Cosmic Rays' Scientific Research Center is situated on the mountain of Aragats.



Ashtarak town ("Tower" in Armenian) is famous as a scientific center. There are many scientific research institutes here. There are ancient burial sites and fortifications in Parbi, Mughni, Orgov. Going from Yerevan to Ashtarak, Kasakh river is spanned by a 5th c. bridge. It is a nice three-arched bridge built of apricot-colored tuff stone. The beautiful Karmravor church made of red stone stands on the rock rising above the bridge. Surprising churches of Karmravor, (7th c.), Marine (13th c.), Mughni (10th c.), Saghmosavank (12-13th c.), Ohanavank (5-13th c.) are also located in Ashtarak which makes this small city ideal for *pilgrimage to Armenia*.

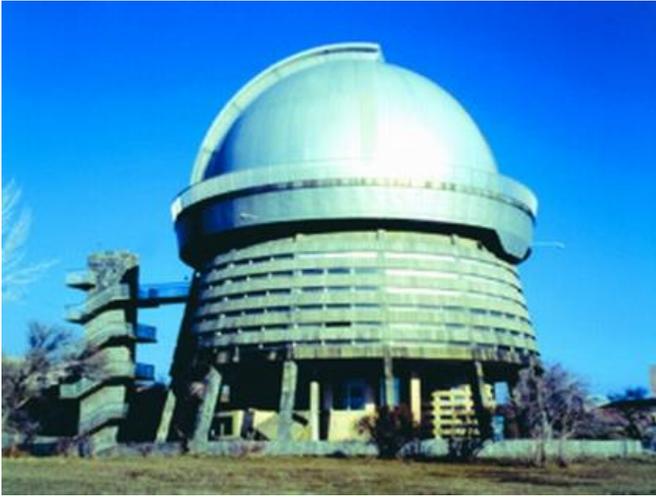


Arutch Cathedral. The village Aruj is one of the oldest settlements of Armenia. It is situated in historical Aragatsotn province, at the southern foot of Aragats Mountain near Ashtarak. It is mentioned as winter shelter for the king's army in V c. It was the capital city of Armenia during Ishkhan Grigor Mamikonyan's power (661-682). It became a town-settlement in X-XI cc. Arutch and its environs are rich with historical-architectural monuments; burial-vaults from Bronze Age, temples, palaces, fortresses, khachkars, etc. The temple of Arutch is one of the most important medieval Armenian architectural constructions. According to building inscriptions and manuscripts (Ghevond, Hovanes Draskhanakertsi, Stepanos Taronatsi) in 60-70's of VII c it was built by Grigor Mamikonyan and his wife Heghine. It belongs to the "domed hall" type of churches. Inside the big church's praying hall, by the longitudinal walls, over the two arches connecting the pillars, the dome with its drum raised (now destroyed).

Thanks to such order of the bearings the praying hall is taken as a united, non-separated territory; the big altar is well visible from all sides by which the sacristies are placed. There are two deep and wide bays in the eastern wall. Between them under the window, a building inscription is placed. The windows are decorated with beautifully ornamented arches; the cornices are carved as if they are woven like those in Zvartnots.



Bjni is placed in the region of Hrazdan. It is famous for its beautiful nature and is a big center of mineral water springs. Monuments in Bjni have a long history and are quite valuable for Armenia. In the time of Bagratouni Princes Bjni fell under the domain of the Pahlavouni Princedom, who built a fortress and a church in the 11th century. The church, dedicated to Surb Astvatsatsin (the blessed Virgin Mary), was erected in 1031 by order of Prince Grigor Magistros. Of small size, this sanctuary, planned as a cupola hall, presents a simple exterior architecture, crowned with a round drum and an umbrella-like dome. There are some admirable khachkars to the east of the church. Of the impregnable fortress of Bjni still are survived fragments of the north and the west fortified walls, the secret passage and some miscellaneous buildings.



Byurakan is a leisure and resort village famous for the Astrophysical Observatory. The observatory was founded in 1946, but the official opening was in 1956. It is on the chest of Aragats Mountain. The observatory Byurakan is one of the greatest World centers of Astronomy. The main tools used during explorations are telescopes. During last years galactic astronomy has been largely studied here. In 1967 the center has received a prize for its great successes and qualified specialists. The main explorations concern the problem of development of star systems. Byurakan is also a place of historical monuments. You can see here the church of St. Hovhannes (10th c.) with rich interior and two big praying rooms. There are many "vishaps", stone sculptures of mythical fishes - guards of Water, spread over the slopes of Aragats mount.



Dilijan is a spa-resort rich in curative mineral springs, some of which are comparable to those at Vichy in France and Davos in Switzerland. The surrounding mountains are covered by forests and Alpine meadows. The climate is rather mild with cool summers and warm sunny winters. Armenians believe that if there are woods, mountains and mineral springs in paradise, then paradise has to look like Dilijan. Its picturesque locality, healthy climate, mineral springs and rich flora attract many tourists. During your *pilgrimage to Armenia* you may visit Haghartsin and Goshavank Monasteries next to Dilijan.

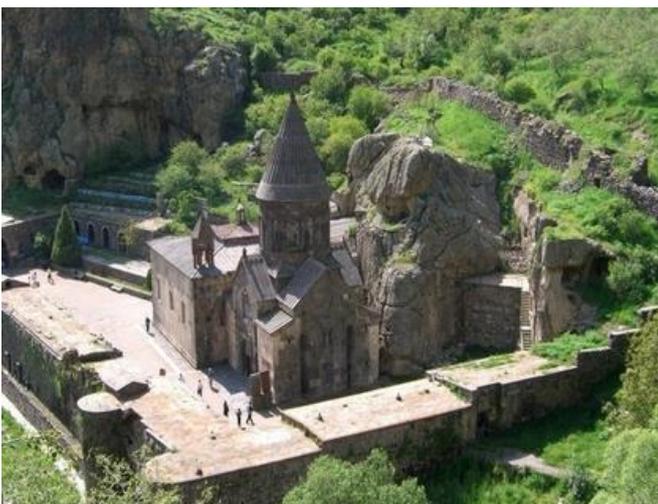


Echmiadzin, situated 20 kilometers far from Yerevan, is the religious capital of Armenia (Holy See). The Cathedral, the oldest Christian temple, was founded in 301 and is one of the first churches in the Christian World. Holy Mass takes place on Sundays in the Cathedral. It is an architectural monument of early Christianity. It houses a unique museum of religious artifacts. There is a small altar in the center of the Cathedral where, according to legend, Christ descended from Heaven and with a golden hammer pointed to the site upon which the Cathedral was to be built. The remnants of a pagan temple have been discovered during excavations made inside the Cathedral. For seventeen centuries the Cathedral has been the center of Armenian apostolic church where all church gatherings and religious holidays are being conducted. Every seven years there is a solemn ceremony of Christ preparation attended by thousands of Christians from all over the world. On Sundays and during church festivals, Holy Mass takes place with the participation of the All-Armenian Catholicos (head of the Armenian church), whose residence stands near the Cathedral. *No pilgrimage to Armenia* is complete without visiting the Holy See of Echmiadzin. Not far from the Cathedral, there is St. Gayane church (built in 630) with her silhouette forming a cupola basilica against the background of Ararat's snowy summits. The wonderful churches of Shoghakat, Marine and Virgin Hripsime are situated in Echmiadzin, as well as the Theological Academy of St. Echmiadzin, Synod of the Armenian Church and Library. Halfway from Yerevan to Echmiadzin, near Musaler village, one can see a red-stone monument dedicated to the heroic self-defense of

Armenians on Musa-Ler (Musa Dag) in Cilicia. The descendants of Musa-Ler defenders live in the village of Musaler.



Garni pagan temple was built in 1st. c. AC and was devoted to one of the Armenian Pagan Gods - Mitra. After Armenia converted to Christianity in the 4th c., the rulers of the country used the temple as their summer residence. King Khosrov stayed there often as the area was his favorite hunting ground. Garni was destroyed when the Arabs conquered Armenia but was rebuilt in the beginning of the 10th c. Its final destruction came in 1638 during the Turkish invasion. A violent earthquake buried what remained from it in 1679. The complete restoration of the temple began in 1970 and was over in 1978. The temple consists of dwellings and bath quarters built in the 3rd century in the Roman style. The fantastic landscape of Garni canyon shakes the human imagination. When taking a tour package in Armenia don't forget to visit Garni and Gehgard: it's a most!



Geghard was initially known simply as Ayrvank (Cave Monastery) and is another important place for *pilgrimage to Armenia*. The present buildings comprising it date back to 10-13th cc., at which time it was renamed as Geghard meaning "lance" (spear) in Armenian. The name refers to the biblical lance used by a Roman soldier to pierce Christ's body to find out if he was alive or not. The lance was kept in Geghard for a long time before being moved to the museum of Echmiadzin Cathedral. The main church, constructed in 1215, is the oldest building in the monastery complex.

Avazan church, 1283, is carved right into the solid rock and is an incomparable work of art. It leads to a rectangular portico and then to another church deeper in the rock. Along the southern and eastern walls of monastery, high above the valley, medieval dwellings appear. The monastery has withstood many assaults during a period of seven hundred years. Its walls have sheltered many scholars and it was revered throughout Armenia as one of the greatest spiritual and cultural centers in the country. Hundreds of khachkars (cross-stones) and caves are built in the rocks surrounding the Monastery.



Gladzor. The ruins of Gladzor monastery lie on the high slopes of Yeghegnadzor mountain. In 12-14th centuries it was the most important scientific center of Armenia. Many foreign students came to study at the book depository located in Gladzor. The picturesque road leading to the complex of monasteries goes through a narrow canyon. Columns of basalt and rocks piled chaotically testify to the volcanic nature of the terrain. The rich vegetation, unusual for mountains, gives particular splendor to the canyon. The trees and bushes grow out of cracks between rocks and stones and ice cold springs spout everywhere.



Goris town is situated in the southern region of Zangezur or Syunik, in the volcanic highlands (3552 m), on the left bank of the Vorotan river (600 m deep). Goris is a small but esthetically a very beautiful town with two-storied houses covered with red tiled roofs. In the outskirts of the town, the landscape is covered with pyramids. Goris is an ideal hub for *pilgrimage to Armenia*: connecting South with North via Lake Sevan and also Mother Armenia to Karabakh.



Goshavank - The monastery can be reached by a road by way of Parz (Limpid) Lake which originates in Dilijan. Goshavank was built in the 12th c. by Mkhitar Gosh, the famous scientist of medieval Armenia, famous author of fables. The oldest construction of the complex is the Virgin church (1196). There are monumental khachkars next to the main church.



Gyumri is one of the oldest cities in the world. With its population, territory, economic and cultural significance it is the second city of Armenia. Gyumri is situated in the north-west of Armenia at the distance of 126 km from Yerevan. The length of Shirak valley where Gyumri is situated is about 35 km and the breadth is about 25 km. This valley borders upon Turkey and Iran. People lived here from time immemorial. Gyumri emerged during the Argishti dynasty in VIII century BC. A cuneiform inscription found in the village of Vahramaberd (Akhurian region)

tells about the settlement called Kumayri. The Greek historian and military leader Xenophon also mentioned about this settlement in his *Anabasis*. Leninakan has been the official name of the city since 1924. Gyumri is known as the center of traditional Armenian architecture, science, public health service, tourism. The inhabitants of Gyumri have gained the reputation of hospitable hosts with rich sense of humor. But the terrible earthquake in 1988 overthrew by its infernal waves the city into ruins. Vanadzor, Spitak, Aragats, Stepanavan, Amasia were destroyed. The total death toll from the earthquake which devastated northern Armenia on December 7, 1988, is thousands of men, women and children. Gyumri exists for more than 2,500 years and this fertile land gave birth to worldly known scientists and writers, poets and musicians. Among them Anania Shirakatsi - brilliant mathematician and astronomer (7 c. AD), famous architect Trdat (10 c. AD), prominent poets Avetik Issahakian and Hovhannes Shiraz, talented composers Tigran Chukhadjian and Armen Tigranian, minstrels - Djivani, Sheram, and others.



Haghartsin monastery, not far from Dilijan spa, is hidden from the tumult of the world. The monastery is built by Minas architect in 1248 with lavish decorations of carved stone. The main church is typical of the churches built between the 10th and 13th centuries. The oldest church in the complex is with the cross-winged dome named after St. Gregory. The refectory of Haghartsin is also very unique in character. There is a number of very interesting khachkars in the complex.. The monastery itself is situated within an oak forest, in

the gorge of a small river. You can easily forget your worries when you are up there in nature surrounded by trees.

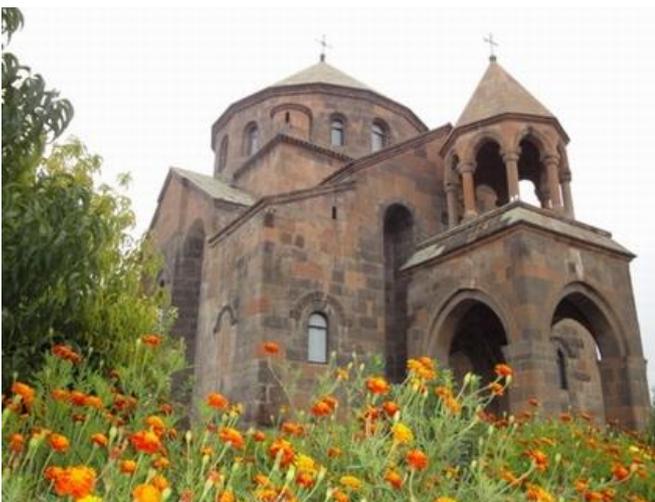


Haghpat is a Monastery complex the most prominent structure of which is the Savor's Church (956-967), built by architect Trdat for princes Gourgen and Smbat from the Kyurikian Kingdom. The eastern part of the church holds a bas-relief depicting the two princes holding the miniature copy of the actual church. The former village of Sanahin is located on the right side of the gorge. It has become a part of Alaverdi town nowadays. An interesting point is the Academy dating back to 1063, where famous scientist, philosopher and writer Grigor Magistros-Savor lectured. The Sanahin Monastery had many feudal properties, a great number of estates, lands, vineyards, oil-mills and factories.



Harich. The architectural monuments of Harich are situated in the village of the same name in the Artik District, on a cape formed by shallow ravines and the rivers flowing in them. In the village known since the second century BC there survived ruins of ancient fortifications. On the cemetery there are ruins of a small single-nave basilica of the fifth century with annexes in the sides of the altar apse and interesting tombstones with ornamented slabs of the 5th-6th centuries, now at Armenia's State History Museum, Yerevan. The founding date of the monastery is unknown. Probably it was built not later than the 7th century when its first church was erected. Over 800 years the monastery was repeatedly reconstructed. The largest of these date back to the second half of the 9th century after Harich was

made the summer audience of the Catholicos of Echmiadzin in 1850. A distinctive feature of Harich, which places it in a class by itself among similar structures of Armenia, is the absence of a graveyard on its territory. The first church of St. Gregory was of the cross-winged dome type and dated back to the 7th century. Later, in the 10th century, a one-storey annex was added to the south-eastern corner of the church, and in the 13th century was added a two-storey annex to its south-western corner. The second main church, main, church of Astvatsatsin was built in 1201. It belongs to the type, widespread at the end of the 12th - the beginning of the 13th century, of outwardly rectangular and inwardly cross-winged domed buildings with two-storey annexes in all the four corners. The interior is marked by its severe architecture. Its only decoration is a carved ornament on the front wall of the altar dais, consisting of the traditional early 13th century motives of interwoven stalks and stylized leaves with curls.



Hripsime temple is a masterpiece of architecture and a marvelous example of cross-cupola architecture of the 7th century. Weddings and baptisms are performed here on Saturdays and Sundays. Remnants of very old constructions were discovered under the temple in 1959 while the temple was being restored. Virgin Hripsime's tomb lies here in the crypt of the church.



Jermouk - is a health resort situated at 2100 meters above sea level. It is connected to Yerevan with a highway. Jermouk's famous mineral waters are used both for drinking and bathing and are highly recommended for curing many diseases. There are about 40 springs with a temperature ranging from 57 to 64 degrees. The beautiful landscape and the climate of this spa and its environment have very high curative qualities. There is a special pavilion in downtown where the guests can taste the mineral waters.



Khachkars or Cross Stones are the unique manifestation of Christian Armenian national art which in its Christian form and type has no other equivalent in the world. Khachkars constitute an integral dimension of Armenian sculptural art; with their high artistic standards and strong national character, they also occupy their worthy position in the treasury of international art. Khachkars are also an expression of the Christian faith and high esthetics taste of the Armenian nation, nation that was first to officially adopt the Christian faith in the year 301 AD. While spreading Christianity in Armenia, St. Gregory the Illuminator used to put wooden crosses in the places of pagan shrines as well as where Christian Churches were to be built. As the wooden crosses could be destroyed easily, the stone crosses replaced them later. Initially khachkars were carved on vertical stone stabs. Later cross stones attained such a perfection that they ceased to be mere religious symbols becoming unique pieces

of art. Khachkars cannot be counted in total but we know more than 100,000 were carved, each one a unique work of art. Their history and roots are deeper than the 4th and 5th century AD forms which first started dotting the Christian landscape, combining both pagan and Christian symbols into a stunning form that endures to this day. Recently in the deep respect and commemoration of the Khachkar by the International community, a Khachkar was placed in the front entrance of the Main Hall of the United Nations in New York.



Khndzoresk. 8 Km East from Goris, on an altitude of 1580 Meters above sea level, amongst the rocks, caves and gently inviting nature is found one of the most interesting sights in Armenia: Old Khndzoresk. This is a unique habitat, where every visitor feels as if the time has stopped. People have lived in this area, cut from the civilized world throughout centuries. They have lived amongst rocks; have protected themselves from enemies, from cold and from heat, from rains and animals in the nature itself. Strangely enough people have lived in these caves up to 1958, when Armenia was far an industrial developed country. The instinct of continuation of their family line was established so deeply in people of this city during millenniums, that they ignored all achievements of science and continued living in these caves. Old Khndzoresk was the largest village in Eastern Armenia. in 1913 there were 1800 houses, 7 functional schools out of which 2 were parochial and 5 were private.



Khor Virap is a place of pilgrimage for Armenians all over the world. According to history annals, Armenian pagan king Trdat imprisoned Saint Gregory the Illuminator in a cave which became known as Khor Virap. He was the first Patriarch of all Armenians. From here one can enjoy the majestic view of mount Ararat (where Noah's ark has landed according to Bible), not too far runs the Arax river. Khor Virap is the closest point to Mount Ararat from the territory of Armenia, the most convenient place for observing and taking pictures of the biblical mountain during your *pilgrimage to Armenia*.



Marmashen Monastery complex. Located to the northwest of Gyumri, this monastery has four churches (one of which, circular, has only recently been discovered with a jhamatun and a chapel); the jhamatun and the chapel are nearly in ruins. An inscription on the south wall of the main church informs us that it was built between 986 and 1029 by Prince Vahram Pahlavuni. Of cupola hall type with an umbrella shaped cupola, the church is constructed of huge stones, some of which are two meters high. Three of the exterior walls have double niches. The only entrance is on the west. Like the exterior walls, the drum of the cupola is adorned with half columns, which produce a beautiful decorative effect.



Mastara. In one of five epigraphic inscriptions at Mastara temple, Gregory Vanakan is mentioned as a builder, another one records the repair of the church in 891. Many points of view exist about the dating of the temple (V-VI, VI- VII cc). Some consider it to be built in VII c with the preserved remainders of still existing more ancient church. For various reasons the last version is considered more probable. The composition of the scheme of the church in Mastara is close with the scheme of Echmiadzin cathedral. It is cruciform inside and outside. The sides of the cross make half-rounded apses, which except the eastern one (with two side-chapels), advance as five-bordered volumes of facades. The main difference of the schemes of Echmiadzin's cathedral and the temple is the absence of four pylons in the praying hall. Thank to this, as in churches like dome halls, the praying hall isn't divided and is taken as a single inward volume.



Metsamor is an ancient fortress in Ararat Valley, next to Taronik village. From all the sides it is surrounded by water. Ancient excavations prove, that from fourth century BC to late Middle Ages it was a developed place of habitation. Excavated materials concern the Ages of Bronze and Iron. It was one of the greatest centers of art of that period. The fortress was protected by huge walls and inside it there were smelting houses and workshops which show that different crafts and trading were highly developed. The excavation results showed that around Metsamor fortress there were stone mausoleums in the center of which was buried their leader with a lot of objects made of gold, silver, bronze etc. In the 8th century BC it was burnt but for a short time the fortress was reconstructed.



Noradouz is a "forest of khachkars" (cross-stones), dating as far back as 996. The church of St. Astvatsatsin (9th c.) is also located here. Khachkar or Cross Stone is the unique manifestation of Christian Armenian national art which in its Christian form and type has no other equivalent in the world. Khachkars constitute an integral dimension of Armenian sculptural art; with their high artistic standards and strong national character, they also occupy their worthy position in the treasury of international art. Khachkars are also an expression of the Christian faith and high esthetics taste of the Armenian nation, nation that was first to officially adopt the Christian faith in the year 301 of Our Lord Savior. In total they cannot be counted, but we know more than 100,000 were carved, each one a unique work of art. Their history and roots are deeper than the 4th and 5th century AD forms which first started dotting the Christian landscape, combining both pagan and Christian symbols into a stunning form that endures to this day. Recently in the deep respect and commemoration of the Khachkar by the International community, a Khachkar was placed in the front entrance of the Main Hall of the United Nations in New York.



Noravank monastery is considered to be the pulpit of Syunik bishops. The main church of St. Karapet was built in 1227. The relieves on the entrance tympanum and the windows on the western facade are very interesting from an architectural point of view. To the south of the complex one can see a two-storied sepulcher church built in 1339. This tomb monument can be traced to the 4th or 5th centuries. To the right of the entrance of the tympanum, one can find recently discovered stalactite caves. The monastery had been completely reconstructed and reopened in 1999. The magnificent landscape of mountains, surrounding the monastery, display a beautiful array of colors from the sun's reflection.



Odzun cathedral (12 Km south-west from Alaverdi town), built in the 6th century, is a magnificent specimen of Armenian architecture of the early Christian period. This Cathedral has retained its original look to the day. The monastery, made of red and white felsite stone, presents a cross-domed basilica. Its exterior colonnade, arches and other details add a special gracefulness to the monastery. The burial site of the famous Armenian prince and hero Smbat Bagratouni is situated here.



Ohanavank Monastery complex was built by Gregory the Illuminator in the 4th c. It was rebuilt twice: in 573 and 1752 when the modern roofing was replaced by stone vaults. The building of the main cross-domed church of St. Karapet dates from 1216-1221. The most interesting portal is on the western side which is decorated with columns. The front door is framed with eight-point stars. the spaces between them are covered with fine floral ornament. In the tympanum there is a bas-relief with a representation of the "wise and unwise maidens". The figure of Christ is in the center. The walls surrounding the ensemble's periphery date back to the 12th century.



Oshakan is an ancient village northwest of Yerevan, on your way of *pilgrimage to Armenia*. It was the home-village of St. Mesrop Mashtots, the 4th c. monk scientist and philosopher from Echmiadzin, who invented the Armenian alphabet which is still in use today with almost no changes. The tomb of Mashtots is situated here in the crypt of a church built in the 5th c. and rebuilt in the 19th c. A recently opened seminary is nearby the church. Just outside Oshakan there is a memorial in the shape of an open book upon which the Armenian alphabet is carved. It was erected in 1962 on the occasion of the 1600th anniversary of the Armenian alphabet.



Saghmosavank is one of the remarkable cultural centers of medieval Armenia. It is situated in the north of the town of Ashtarak on the precipice of the Kasakh river gorge. The main church of St. Lion was erected in 1215. A four-column gate (1235) is placed to the west of the monastery. To the south of the church there is a book depository (1235) with a very original roof on top of criss-cross arches.



Sanahin is a monastery complex (10th c.) situated 17 Km from the Alaverdi town (280 Km from Yerevan). The construction of this monastery is associated to the glory of the Bagratouni Royal Family. The oldest structure of the monastery was built in 977-991 and was called the Holy Cross church. Holy water fills the small pool in the church. Believers say this water has curative qualities for people with poor health. Many cross-stones are built on the ground of the churches. A three-storied bell tower built in 1245 is part of the complex. Sanahin displays a complex architectural style. The monastery includes also a book depository dating back to the 13th century, a number of well preserved remarkable khachkars (cross-stones) dating back to the 11-13th centuries. Moreover, the dwellings in Haghpat are regarded as splendid specimens of 19th c. Armenian folk style. For a long time, Haghpat was one of the spiritual centers of Medieval Armenia. The scientist monks collected various specimens of written documents in Armenia. Famous Armenian poet and musician Sayat Nova spent 20 years here far from the civilization.



Sardarapat is a memorial complex, 38 Km west from Yerevan, erected in 1968 to commemorate the Armenian people's victory over Turkish invaders in 1918. The complex was designed by architect Raphael Israelyan and sculptor Ara Haroutyunyan. The complex consists of a bell-tower, "Path of heroes", bas-relief Victory Wall, the Ethnographic museum and two giant statues of bulls at the entrance of the Memorial Park. These bulls symbolize the titanic strength. Stairways lead up to the square dominated by a 35-meter high stone bell tower. On the background of Ararat mountain, one can hear the bells tolling. To the left of the bell tower, closer to the Victory Wall, runs a flower alley with stone eagles symbolizing the indomitable spirit of the Sardarapat heroes. In the center of the Victory Wall one can find an arch beyond which a panoramic view of Ararat Mountain, the silent witness of the heroic past and future of Armenian people, is being opened. The Memorial Complex is terminated by an originally designed Ethnographic Museum building and a domed structure - the Vardavar (Transfiguration) Refectory with several halls incorporating motifs of medieval Armenian architecture. Annually, after the "Navasard" harvesting festival is over, a replica of modern Olympic games is performed at the complex. The Ethnographic museum has got about 2.000 distinctive works of folk art on display including pottery, carpets, musical instruments, tapestry, lace and ceramics.



Selim (Sulema) pass and Caravanserai. From the days of Marco Polo and the Silk Road (from China to Europe) Medieval Armenia was a major thoroughfare for merchants, traders, and explorers alike. Weary travelers would look forward for a rest at one of many inns or caravansaries along the way. The Selim Caravanserai constructed in 1332 and situated in the Selim (Sulema) mountain pass on the border of Gegharkunik is one of the best preserved. The Caravanserai lies below the road just before the summit on the south side of Selim Pass (2410 m), a splendid relic of the days when an international trade route connected Vayots Dzor to the Sevan Lake and northern points. According to the Armenian inscription inside the entrance, Prince Chesar Orbelian and his brothers built this rest-house in 1332.



Sevan Lake, the wonder of nature, is situated 60 Km from Yerevan up on a highway, which cuts northward through mountains and rocks. Sevan is so austere and majestic that the gentle turquoise waters are astonishing. They fill the gigantic depression situated at the height of almost 2000 m above sea level. Sevan, with its pure air and sandy beaches, is a popular holiday resort. Besides, Sevan has always been famous for its fish "ishkhan" which means "prince-fish" in Armenian. The fish has graced many Lords' tables in old times. One of the most interesting sites in Sevan is the monastery on the rocky peninsula founded in 874 AD by King Ashot I and his daughter Mariam. On the shores of the Lake archaeological expedition has discovered traces of a highly developed civilization dating back to 2000 BC. Other monuments include

Sevan Monastery (874) and Astvatsatsin Church. The level of the water has considerably decreased in recent years due to a number of power stations and irrigation canals built on Hrazdan river. A tunnel drilled in basalt rocks directs the waters of Arpa river into Lake Sevan to save it from further shrinking.



Sisian town is famous for the Sisavan temple (7th c.), Cyclops erections (6th Millennium BC) believed to be an ancient observatory quite similar to Stonehenge in England. The columns sit like soldiers on a hill, huddled in formation. The 204 stones near Sisian have been ascribed with mystical, fertility and cosmic powers, but rarely have ancient monuments caused such a sensation in astronomical circles. These simple stones stretched out along the crest of a hill overlooking the Sisian River challenge the very dating of early astronomy and the answer to the question, "Who were the first astronomers?" If proven true, a current controversial dating of the stones at Sisian predate England's Stonehenge, they predate the Babylonian's claim to being the first astronomers, and they confirm what some people already suspect: that Armenia is the birthplace of the zodiac, and perhaps the beginning of navigation and the concept of time.



Talin Church. The big temple of Talin is unique monument of Armenian Church architecture and belongs to three-nave vaulted type of basilicas. Its prototype in the beginning of VII c is the reconstructed Dvin's St. Gregory temple, which from three-nave basilica turned into three-bayed temple. That was achieved by adding bays into the longitudinal walls, which were half-rounded from inside and polyhedral from outside. This new idea of foundation, improved in Talin's temple, became a complete, independent and the unique example of early medieval church type. In contrast to the prototype, in the scheme of the temple the mutual connection of some separate parts and symmetry of the whole picture is corrected.



Tatev monastery complex is located on a plateau surrounded by a precipice from three sides. Tatev monastery includes a number of structures. The main cathedral of St. Poghos and Petros (Paul and Peter) dates back to 885. The 8 meter high giant made of small stones topped by an airy cross rests on a hinge foundation. The cathedral is an example of 7th century monuments with free slanting pylons. To the south of the main cathedral, the church of St. Gregory (1295) is erected on the site of a former sanctuary from the 9th c. The periphery is surrounded by homes and other buildings. Among them a vaulted fount and fortification walls dating back to the 17th century. In one of the precipices around the monastery, you will see the Vorotan river, one of the miracles of nature, which runs under the Devil's Bridge. The walls of the canyon (where the river flows) are 250 to 300 meters high. A

large number of stalactites hang from the bridge, as well as numerous springs flow from the walls. Spanning 5.7 kilometers across the spectacular Vorotan River Gorge, the Tatev Aerial Tramway, “Tatev Wings” - the longest passenger aerial tramway in the world - is poised to be one of southern Armenia's most popular attractions and an important destination for *pilgrimage to Armenia*.



Tsakhkadzor is one of the favorite holiday resorts or Armenia both for summer and winter times. This district is considered to be Armenian Switzerland. Tsakhkadzor is a place where one can have a real rest during all seasons of year. This is a perfect place to admire the beauty of Armenian high mountains, fields with the largest variety of flowers. The climate here is calm and helpful due to the fresh air just coming from the graceful mountains. Tsakhkadzor accept many tourists every year and provides them an opportunity to stay at comfortable resting houses (House of Writers), camps for children, at the great Sport Complex, where there are a lot of amusements for everyone: swimming pools, games, campaigns, cafes etc. There is also great funicular railway consisting of three parts. Cable-car (funicular) connects the resort to the hills of surrounding mounts all covered by forests. On the way, you can have your cup of coffee or tea and continue your trip. In winter this is the best place for skiing. Tsakhkadzor is also known for its old churches. Recently renovated Kecharis monastery (11-13th c.) is situated here.



Vanadzor city, formerly (until 1935) Karakilisa, or Kirovakan (1935-93), lies at the confluence of the Pambak, Tandzut, and Vanadzoriget rivers in northern Armenia. In 1826 the villages of Bolshoy and Maly Karaklis were merged into the town of Karaklis. The construction of the Tiflis-Karaklis-Alexandropol railway at the end of the 19th century speeded the town's development. In 1935 the name of Karaklis was officially changed to Kirovakan to honor the Soviet official Sergey Kirov. The name Vanadzor was adopted in 1993, after Armenia had gained its independence from the former Soviet Union. Electricity from a nearby hydroelectric station on the Pambak River serves Vanadzor's chemical industries, which produce carbide, ammonia, acetate silk, synthetic corundum, and plastic resin and rubber. Other industries include the production of precision tools, chemical machinery, textiles, and foodstuffs. The city was one of several in Armenia that were devastated by an earthquake in 1988.



Zorats Kar or Karahunge (Power Stone) believed to be an ancient observatory quite similar to Stonehenge in England. The columns sit like soldiers on a hill, huddled in formation. The 204 stones near Sisian have been ascribed with mystical, fertility and cosmic powers, but rarely have ancient monuments caused such a sensation in astronomical circles. These simple stones stretched out along the crest of a hill overlooking the Sisian River challenge the very dating of early astronomy and the answer to the question, "Who were the first astronomers?" If proven true, a current controversial dating of the stones at Sisian predate England's Stonehenge, they predate the Babylonian's claim to being the first astronomers, and they confirm what some people already suspect: that Armenia is the birthplace of the zodiac, and perhaps the beginning of navigation and the concept of time. Scholars can't agree on their age, or purpose, or function. Some say they are at least 7000 years old and have served as an observatory. Others believe it was a pagan temple. Still others dismiss it as nothing more than a natural formation of stones. In 1998, archeological digs unearthed mass tombs as well as clay jars; household items and unique burial and ceremonial items are on display at the Sisian History Museum. The rest are being studied at the Archeology Institute in Yerevan. Researchers are leaning towards an approximate age of 3800-4000 years for this complex, which may have been a temple to the sun. The position of the rocks and the holes on each stone lead the scholars to believe that Zorakar served as an observatory where solar and lunar eclipses were predicted, and a calendar was created. Western scientists are quick to say that this is a copy of

similar stone formations, which have been found in France, Ireland, Scotland and elsewhere in Europe. Regardless the purpose of your visit to the South (classical tour, *pilgrimage to Armenia*, or a business trip) just take a short turn to Zorats Kar to feel the spirit of millenniums.



Zvartnots, a complex of structures erected in the middle of the 7th century near Echmiadzin, is of extreme architectural value. The complex consisted of St. Gregory temple or Zvartnots ("vigil forces" or "celestial angels") and the palace of Catholicos Nerses III, known as "Builder". Zvartnots, built as Armenia's main cathedral in 641-661, was to suppress Echmiadzin Cathedral by its grandeur and extraordinary artistic splendor. When about tourism in Armenia we mean also Zvartnots which became a symbol for many events worldwide. This determined by the size of the temple, its layout and spatial arrangement, its structural features and its decoration which emphasizes the central axis of the building and its upward sweep. The building consisted of three polyhedrons with rich ornamentation of outer walls and capitals. Zvartnots collapsed as the result of an earthquake in 930 and was never restored. A few years ago the columns of the first floor were restored. The international airport Zvartnots is only a few kilometers from the area where the "angels have fallen down".

APPENDIX 3.1

Standard of Living/Cost of Living in Armenia

Restaurants	Avg.	Range
Meal, Inexpensive Restaurant	3,000.00 AMD	2,000.00 – 4,000.00
Meal for 2 People, Mid-range Restaurant, Three -course	10,000.00 AMD	6,000.00 – 12,000.00
Domestic Beer (0.5 draught)	450.00 AMD	350.00 – 600.00
Imported Beer (0.33 liter bottle)	800.00 AMD	570.00 – 1,000.00
Cappuccino(regular)	725.68 AMD	400.00 – 1,000.00
Coke/Pepsi (0.33 liter bottle)	271.33 AMD	250.00 – 350.00
Water (0.33 liter bottle)	158.75 AMD	120.00 – 200.00
Markets	Avg.	
Milk(regular) , (1 liter)	422.00 AMD	350.00 – 500.00
Loaf of Fresh White Bread (500g)	240.00 AMD	200.00 – 300.00
Rice (white), (1kg)	551.69 AMD	400.00 – 800.00
Eggs (12)	747.68 AMD	600.00 – 840.00
Local Cheese (1 kg)	2,190.44	1,800.00- 2,500.00
Chicken Breasts (Boneless, Skinless), (1 kg)	1,812.48 AMD	1,400.00 – 2,200.00
Beef Round (1 kg) (or Equivalent Back Leg Red Meat)	2,681.82 AMD	2,400.00 – 3,200.00
Apples (1 kg)	400.00 AMD	300.00 – 550.00
Banana (1 kg)	839.17 AMD	750.00 – 900.00
Oranges (1 kg)	666.86 AMD	550.00- 800.00
Tomato (1kg)	419.09 AMD	250.00 – 800.00
Potato (1 kg)	219.81 AMD	158.10 – 250.00
Onion (1 kg)	290.00 AMD	250.00 – 400.00
Lettuce (1 head)	177.78 AMD	150.00 – 200.00
Water (1.5 liter bottle)	241.82 AMD	200.00 – 300.00

Bottle of Wine (Mid-Range)	1,800.00 AMD	1,500.00 – 2,000.00
Domestic Beer (0.5 liter bottle)	402.00 AMD	350.00 – 450.00
Imported Beer (0.33 liter bottle)	596.00 AMD	450.00 – 750.00
Pack of Cigarettes (Marlboro)	550.00 AMD	400.00 – 600.00
Transportation	Avg.	
One-way Ticket (Local Transport)	100.00 AMD	100.00 – 100.00
Monthly Pass (Regular Price)	6,000.00 AMD	5,500.00 – 7,000.00
Taxi start (Normal Tariff)	600.00 AMD	600.00 – 600.00
Taxi 1km (Normal Tariff)	100.00 AMD	100.00 – 100.00
Taxi 1 hour Waiting (Normal Tariff)	1,000.00 AMD	1,000.00 – 1,200.00
Gasoline (1 liter)	417.00 AMD	400.00 – 450.00
Volkswagen Golf 1.4 90 KW Trend line (or Equivalent New Car)	6,200,000.00 AMD	5,000,000.00 – 10,000,000.00
Toyota Corolla 1.6I 97 kW Comfort (or Equivalent New Car)	8,700,000.00 AMD	7,800,000.00 – 10,000,000.00
Utilities (Monthly)	Avg.	
Basic (Electricity, Heating, Water, Garbage) for 85m2 Apartment	36,759.89 AMD	25,000.00 – 50,000.00
1 min. of Prepaid Mobile Tariff Local (No Discounts or Plans)	25.88 AMD	15.00 - 35.00
Internet (100Mbps, Unlimited Data, Cable /ADSL)	7,452.38 AMD	5,000.00 – 10,000.00
Sports And Leisure	Avg.	
Fitness Club, Monthly Fee for 1 Adult	23,208.33 AMD	12,000.00 – 35,000.00

Tennis Court Rent (1 Hour on Weekend)	5,800.00 AMD	4,000.00 – 8,000.00
Cinema, International Release, 1 Seat	2,000.00 AMD	1,500.00 – 2,500.00
Clothing And Shoes	Avg.	
1 Pair of Jeans (Levis 501 Or Similar)	26,491.67 AMD	15,000.00 – 35,000.00
1 Summer Dress in a Chain Store (Zara, H&M,..)	20,940.26 AMD	15,000.00 – 25,000.00
1 Pair of Nike Running Shoes (Mid-Range)	40,454.55 AMD	30,000.00 – 55,000.00
1 Pair of Men Leather Business Shoes	35,500.00 AMD	30,000.00 – 45,000.00
Rent Per Month	Avg.	
Apartment (1 bedroom) in City Center	140,116.86 AMD	90,000.00 – 200,000.00
Apartment (1bedroom) Outside of Center	74,411.76 AMD	60,000.00 – 100,000.00
Apartment (3 bedrooms) City of Center	324,252.08 AMD	200,000.00- 600,000.00
Apartment (3 bedrooms) Outside of Center	136,428.57 AMD	90,000.00 – 200,000.00

Source: NUMBEO (2016)

APPENDIX 3.2

DIASPORA and TOURIM

Definition of Diaspora and Diaspora Tourism

Modern diasporas are ethnic minority groups of migrant origins residing and acting in host countries but maintaining strong sentimental and material links with their countries of origin - their homelands (Safran's ,1991).

Diaspora tourism comes in many forms, including family visits, heritage or “roots” tourism to medical tourism, business travel, and “birthright” tours. But regardless of the purpose of their travels, diaspora members are generally more likely to infuse money into the local economy when traveling to their country of heritage than most international tourists. Diasporas can help open markets for new tourist destinations in their countries of heritage. As diaspora tourists travel to less-visited regions to see friends and family or participate in various cultural events they will promote the creation of new restaurants, attractions, and general services for tourists outside of the major cities. The pioneering tourists themselves might choose to invest in businesses in the region after making connections on their visits. They will likely influence others to visit through word of mouth and may become involved with local community projects (Dumas, 2012). Diaspora members, although they may have relatively little experience in home country, often have an instilled sense of cultural awareness inextricably linked to the space of ‘home’, learned by the ways they and their families practice belonging to their particular diasporic community while non-diaspora tourists unable to appreciate the density of the space they visit, because they do not ‘know’ the visited place intimately (Wagner, 2008).The governments of countries of migrant origin may try to attract diaspora members as consumers of local products or experiences, as “first

movers” to open new opportunities in the international market, as sources of valuable word-of-mouth advertising, and as investors in tourism or export trade (Newland & Taylor, 2010)

2. Ministry of Diaspora of the republic of Armenia

Considering the fact that there is a huge number of Armenian Diaspora the Government of Armenia established the Ministry of Diaspora in 2008 with the following missions:

- Elaboration of the Concept on Armenia-Diaspora Partnership Development
- Elaboration of the Charter of the RA Ministry of Diaspora
- Preservation of Armenian Identity in the Diaspora (Language, Armenian Family, Culture and Religion).
- Identification of Armenian potential and its use for the development of Armenian economy
- Elaboration of projects to assist repatriation

One of the projects of the Ministry of Diaspora is the “Hayastan” All-Armenian Fund. The Hayastan All-Armenian Fund was founded by Presidential Decree in 1992. It is a unique institution whose mission is to unite Armenians in Armenia and overseas to overcome the country’s difficulties and to help establish sustainable development in Armenia. The Hayastan All-Armenian Fund implements its projects through a global network of 25 affiliates, which operate in the United States (Los Angeles and New York), Canada (Toronto and Montreal), France, Great Britain, Germany, Austria, Holland, Sweden, Switzerland, Australia, Brazil, Lebanon, Argentina (Buenos Aires and Cordoba), Greece, Cyprus, Syria, Uruguay, Romania, Russia, Iran, Italy and Kuwait. The funds’ financial resources are obtained through a variety of fundraising activities including annual telethons, phoneathons, radiothons, benefit bike rides, gala dinners,

concerts, and exhibitions, donations made at post offices in Armenia or through SMS, as well as contributions to donor-defined projects and wills.

Since 1996, every year the annual Telethon, broadcast from Los Angeles, reports on global fundraising totals for the year, familiarizes supporters with newly completed and ongoing projects, and rallies the worldwide Armenian community around an overarching development objective. Amounts raised at the Telethon are directed to the implementation of a comprehensive strategic project (“Hayastan” All-Armenian Fund:<http://www.himnadram.org/index.php?id=2>).

Diaspora support has played a crucial role in Armenia’s economic survival and development. Since 1991 Armenia has received several billion dollars’ worth of financial support from US-based Diaspora Armenians alone. Among the most prominent donors has been the Lincy Foundation run by California-based magnate Kerk Kirkorian, which on its own has invested nearly \$300 million in Armenia since independence.

APPENDIX 3.3

AREMANIAN TROURISM RESOURCES

	Uniqueness/ Significance	Scale/ Quantity	Diversity Richness of choice	Quality
Cultural Heritage	High over 4,000 years of rich history unique culture, architecture, literature, art of singing, dance, applied art, as well as cultural-historical monuments	High. Over 24000 cultural-historical monuments	High. Historical monuments represent several distinctive cultures: Uruartu, Hellenic, Christian,Muslim,Soviet	High. Three of cultural-historical and nature monuments are among global cultural treasures (UNESCO): Sanahin,Geghardavank and the valley of Azat river Egmiadzin together it with Zvartnots temple
Religion	Very High Armenia is the first Christian state in the world and the home of the indigenous Apostolic Church	High Armenia`s churches and monasteries count for over 15% of Armenia`s historical-cultural monuments.	Medium Armenia`s culture religious is exclusively Christian. 1paganism Garni temple and 7 Muslim monuments	High The majority of the most famous monuments is rather well-preserved and/or reasonably well-restored

<p>Nature</p>	<p>High Armenia has typical nature. This mountainous country has various climatic zones. Sometimes you can experience all four seasons of the year at a time in Armenia</p>	<p>High Currently there are 3 state reserves in Armenia. Armenia has more than 260 nature monuments</p>	<p>High There are seven climatic zones on the compact territory of Armenia. Many animals, like Bezorian goats are typical; of Armenia only</p>	<p>Medium Armenia's nature suffers from pollution and damage</p>
<p>Wellness</p>	<p>Above Medium Armenia is apparently endowed with some unique spa resources (like diverse and compactly located radon water sources), with healing power</p>	<p>Above Medium Armenia's spa tourism has significant potential. There are many spa zones.</p>	<p>Above Medium Existing Armenian resort and spas have the potential to offer various services</p>	<p>High Mineral water can be used for treatment of cardiovascular, gastrointestinal systems, liver, gallbladder, central nervous system, musculoskeletal system and other illness.</p>

Adventure	Medium Armenia has significant potential to offer unique adventure tourism products given its natural and human resources, as well as its distinctive traditions.	Medium Armenia has enough resources for the development of adventure tourism	Medium hiking, climbing, horseback riding, mountain climbing, windsurfing, geological explorations	Medium the quality of adventure experience can be considered average
Winter tourism	High Armenia has considerable resources to offer specific winter tourism products – Tsaghkadzor, Jermuk, Aragats, Aghveran	High Tsaghkadzor, Jermuk, Aragats, Aghveran	Medium Armenia is not prominent for offering variety of winter tourism services yet.	Above Medium Currently there are two winter tourism center in Armenia – Tsaghkadzor and Jermuk, which equipped with ropeways on a par with international standards

Source: Tourism Development Concept Paper (2008)

APPENDIX 3.4

ARMENIAN CUISINE, TRADITIONS, FESTIVALS

1. Cuisine

Armenian cuisine is attractive for tourists not only for its taste but also for the way it is prepared. Preparation of some dishes and the process of eating itself is not only just cooking and eating, but somehow it is a ritual.

The prominent features of Armenian cuisine were founded at least thousand years before Christianity and have been kept nearly unchanged over the next three thousand years. The type of oven (tonir) and utensil (crocery) that were used had a great influence on the distinctiveness of the culinary technique, diet.

1.1 Bread Lavash

The uniqueness of the Armenian flat bread called Lavash. Lavash is baked in tonir (a big jar dug in the earth in which fire is made). The fire is made from the dry branches of grape, and the thin rolled out dough “is beaten” to the warm walls of the tonir with the help of a special pillow. Lavash can be dried and kept for a long time, and when it is watered it becomes fresh again. Lavash is the most compulsory and important element of all the festive tables. Unlike most other types of bread, Armenian Lavash doesn't contain a yeast or traditional bread starter which makes Lavash healthier and suitable for almost any diet. Another prominent feature of lavash is versatility, which allows it to be used as a spoon, a plate, a saucepan or a napkin (especially centuries ago and in the areas where people were not rich). Crisp lavash can be sprinkled with water half an hour before serving, wrapped in a kitchen towel, set aside to absorb the water until it softens. In some villages, Armenians bake lavash in autumn to be stored for use throughout the winter. For this purpose, lavash is dried, stacked in a pile and stored in a dry place and then softened before serving. Soft lavash is astoundingly multi-function type of bread easily adaptable for making wraps and sandwiches as well as for scooping up food. It goes particularly well with different kind of appetizers, offering a massive opportunity for culinary creativity. As many other flat breads, lavash is of an ancient origin and has not changed much over several thousand years. That is why today we can

enjoy the taste and quality of the bread discovered by our ancestors (received from: <http://www.lavash.ca/>)

Cheese, herbs and lavash (traditional bread) are the indispensable components of the Armenian table. Every Armenian longs for the traditional bread lavash in any part of the world.. Armenians use lavash to wrap herbs, cheese, khorovats and other kinds of food.



1.2 Khorovats

Khorovats is meat marinated and barbequed, served with delicious crispy potatoes, onion rings and bread: lavash, smoky eggplants, tomatoes and peppers. The meat used is pork or lamb, preferably on the bone and with a little fat. Khorovats can be cooked on metal skewers, but for the special (smoked) test Armenians hung it into tonir as well whole lamb or goat is stuffed with rice or cracked wheat and hung into tonir. There is tradition to test first pieces near the fire. (ARMENIAN FOOD: FACT, FICTION & FOLKLORE, ISBN 1411698659, by Irina Petrosian and David Underwood: http://armenianfood.blogspot.com/2006/06/sexy-sarik-khorovats-barbecue_06.html).

In recent years khorovats festival is annually organized in Armenia. People can test barbeque, which is made in different ways. They also can test the barbeque of fish, vegetables and mushrooms. Later in festival section the detailed introduction of festival will be given (Festival of khorovats: <http://www.yourepeat.com/watch/?v=jbi-xPz73-g>)



1.3 Tolma

No one knows how many years tolma exists. Tolma is as old as the Armenian cuisine. Tolma is made from grape leaves which can be both fresh and preserved for winter. The pulp is made from beaten mutton, rice, spices and greens. The pulp is rolled in the leaves. In general tolma is rolled very tightly, in order not to open during cooking. Tolma is served with some yogurt and garlic.



1.4 Spas

Spas is a creamy, tart filling and soup served hot in winter and chilled during summer months.

This soup is a classic Armenian dish. It's made from yogurt and wheat and seasoned with mint or cilantro. In a mountainous country with harsh winters, most rural homes keep their cupboards well-stocked with dried buttermilk and grains. Making spas makes sense—it's an ancient comfort food.



1.5 Khash

Khash is one of the most festive Armenian dishes eaten mostly in the cold season. Its cooking and consumption is highly stylized and it is enjoyed early in the morning with good amounts of garlic and vodka.

Even the toasts are well defined and are announced in a specific order. Khash is eaten with dried lavash bread which is crumbled into the broth. Sometimes another soft piece of lavash is used as a wrap. It is cooked by boiling bovine shanks for hours until the tendon falls off the bones and the water becomes a thick broth. Many times cooked stomach pieces are also added to the dish. There is no salt used while cooking, but it is liberally seasoned with salt and crashed garlic after the dish is served. Khash is never eaten alone, it always a kind of family, relatives, friends party dish.

Traditionally khash is served in the morning between 7-10 a.m. Centuries ago, when rich people slaughtered animals, they used only meat and threw away the feet (as well as tails and entrails) and it is believed that poor people picked them up, cooked and ate them early in the morning so that nobody could see what they were eating.

Khash is mainly served with ingredients, such as garlic, salt, mineral water, greens, radishes, yellow chili peppers, lavash and vodka, which makes it possible to digest the “feet soup”.

Eating khash requires some sophisticated skills. After adding salt and garlic the meat of feet should be removed from the soup plate, put on another plate and covered with soft lavash. Then dried lavash is crumbed into the broth until it becomes like a sponge. True khash eaters –as they call themselves – eat it with their hands, using lavash for the spoon (Retrieved from <http://ostarmenia.com/cuisine/khash-armenian-soup/>)



1.6 Gata

On Trndez Armenian families bake round gata (a pastry of Eastern origin made of flour, butter and sugar) with a special ceremony. Armenian women are encouraged to put the love and warmth that they feel towards their family members into it, so that peace and success are present at their home the whole year. “Our ancestors used to bake gata in the tonir. The most interesting part is who gets the coin put in gata’s dough before baking”. Round gata is made of butter, flour, sugar, and egg. It is considered to be the most important decoration of the Lord’s Presentation to the Temple (Trndez). Trndez (Tiarn’ndaraj), or Candlemas as it is known in the West, symbolizes the presentation of the 40 day-old Christ Child to the Temple in Jerusalem. Traditionally Armenian youngsters go round the fire, lit in the yard, for seven times, and then they start jumping over the fire for three times to “defeat evil”. “Earlier people used to put gata on a tray on the back of the youngest in the family, and only then they started cutting gata. Later they started eating it, and waiting impatiently to find out who got the coin”.

Gata is also made in usual days, for serving with the coffee or tea. Armenians like gathering together for coffee, especially housewives with neighbors or relatives. Coffee with such sweets as gata, pakhlava, dried fruits, and fresh fruits is also served after dinner. Coffee drinking is not a usual coffee drinking for Armenians but rather a chit-chat, gathering time.



1.7 Sujukh

Sweet sujukh is the traditional component of the national cuisine of Kotayq Marz. Abundance of walnut trees and aged-old viticulture here are the bases of making sujukh. For preparing sujukh, shpot (substance like a thick jam) is made by adding some flour and species into grape juice.

The juice is cooked thick. Then, a chain of walnut is sunk into the mass repeatedly, for several times, after hanging to dry, in order to coat the chain with the mass. Sujukh making becomes a festival, guests are invited, who try shpot pouring in the plates and adding some walnuts on it. In villages people keep the traditions and way of making sujukh, it's a kind of a big ceremony, all family, relatives gather in the house where sujukh is made. Attending the process of making sujukh will be interesting to tourists. Retrieved from <http://www.armenianow.com/hy/node/41934>



1.8 Dry Fruits

Dried food production is a centuries-old tradition on the Armenian territories, and, connected with that, there are approximately 5,500 producers of dried food all over the country (BSC Business Support Center LLC, 2012, retrieved from http://card.am/wp-content/uploads/2014/03/Sustainable-Development-and-Poverty-in-Meghri-Region_final.pdf).

2. Armenian Brandy: Ararat

ArArAt has preserved the traditions of the legendary brandy manufacturing since 1887 when a merchant named NersesTairyan built the first wine and brandy factory in Yerevan. In 1899 the company was acquired by a Russian industrial company “Shustov and Sons”. At the beginning of the 20th century the company “Shustov and Sons” acquired the status of Armenian brandy supplier to the court of His Imperial Majesty Nicholas II.

The products of the company were awarded numerous medals at various international exhibitions. In 1902, Mkrtych Musinyants crafted the first Armenian vintage brandy Fine-Champagne Select and presented it in France - motherland of the cognac. Armenian brandy won the recognition of French masters which was evidence of the highest quality, a sign of leadership and innovative approach to making beverages. In 1907 Mkrtych Musinyants was awarded the diploma of cooperation during Bordeaux International Exhibition and Tasting.

During the nationalization of all wine and brandy factories in 1920, the Yerevan Factory was the first to be nationalized by the state.

In 1945, a special 50 degree cognac “Dvin” was produced in Armenia for Yalta Conference. Sir Winston Churchill liked it and asked J. Stalin for a batch of cognac. Since then “Dvin” was delivered for Churchill. When aged Churchill was asked about the secret of his longevity, he answered without hesitation: “Never be late for dinner, smoke Hawaiian cigars and drink Armenian cognac!”(The History of Armenian Brandy: http://www.welcomearmenia.com/armenia/armenian_brandy)

In 1953 it was renamed to Yerevan Brandy Company and transferred into a new monumental building. This plant, outfitted with the latest state-of-the-art equipment, produces the legendary Armenian ArArAt brandies to this day.

2.1 Tours in Yerevan

Yerevan Brandy Company Tour

Yerevan Brandy Company is almost as renowned a symbol of the Armenian capital as Mount Ararat. Immense reserves of precious brandy spirits, many put into barrels as far back as in the 19th century, are stored in its cellars. In 1887 the enterprise was equipped with Charente type distillers and specialized premises for spirit ageing. After Nikolai Shustov acquired the factory from Nerses Tairyan the auxiliary production units, new storage facilities and even a power plant were constructed. In 1953 the factory was moved to a new monumental building which is situated at the hill and decorated with traditional Armenian bas-reliefs, as if hovering over the city. It is only here that up to this very day the legendary Armenian brandies under ArArAt trademark are produced (Yerevan Brandy Company: <http://www.araratbrandy.com/en/ybc/tour>).

Nowadays there are many factories in Armenia which produce brandy, wine as well as beer. In Armenia there are attractive bottles (related to brandy, wine) with various the forms of horse, bird, shoe, etc., from glass or wood. The most important factor is that these kind of bottles are not expensive compared with other countries. In Armenia it can be purchased approximately starting from 30\$.

Other examples of tours given in Appendix 3.5, which are provided by the “Arevi” tour agency.

3. Festivals

Every year several kind of traditional festivals are organized in different regions of Armenia. During the festivals participants have an opportunity to get acquainted with Armenian traditions, rituals, national art, dance, singing and kitchen.

3.1 Armenian National Cloths “Taraz” Festival

The festival is organized by «Areni wine festival» foundation and «Teryan cultural centre», ususally take place in the end of spring, in May. The festival includes presentation of Armenian taraz (national cloth), national music, dances and puppet performances.



3.2 Bread in the Mountains

Traditional ritual and holiday dishes festival «Bread in the Mountains» , usually take place in mid of summer. The venue is unfixed (eg. Erebouni Museum, Yerevan). The aim of the festival is to reveal and disseminate national culinary traditions and forgotten dishes of traditional cuisine. The slogan of festival is “Perceive your Identity through Taste”. Exhibition-tasting of traditional dishes for 13 church holidays, as well as a holiday concert are also organized. One has an opportunity not only to taste the traditional dishes of Armenian cuisine but to take their recipes with you.



3.3 Arts and Crafts Festival

Gyumri, Shirak region, usually in first month of summer. The festival is organized by «Areni Wine Festival» foundation. Festival includes presentation of art and craft works, national songs, dances, games, traditional scenes, theatre performances and exhibition of paintings.



3.4 Tolma Festival

Sardarapat, Armavir region, usually take place in mid of summer.. Tolma (Armenian national meat dish) is one of the most favorite and popular dish for Armenians. The aim of the festival is making the traditional dishes public and establishing of intangible cultural values in the name of Armenian cuisine. Reportedly the demonstration of the dish as Armenian, denying the wrong spread opinion that tolma has Turkey roots is included in the frame of the “Tolma festival”. Tolma preparing needs long period of time and has difficult technology. Traditional “tolma” is made from lamb and grape leaf. During the festival different types of tolma (more than 60) made by representatives of different villages and regions are represented.



3.5 Barbeque Festival

Akhtala, Lori region, the aim of the “Barbeque festival” is to present and spread Armenian traditional cuisine, as well as to further the development of local tourism. During the festival one has the opportunity to taste different types of traditional Armenian barbeque. Festival program includes representation of different ways of barbeque making, professional barbeque maker’s competition, home-made barbeque makers’ competition, holiday concert and other interesting activities.



3.6 Areni Wine Festival

Areni, Vayots Dzor region, usually in the beginning of autumn. Armenia is famous for its good wine-makers and the tradition of wine-making has been preserved till now. According to Biblical legend, winemaking dates back to the time, when Forefather Noah planted grape on the slope of Mount Ararat. Archeological examinations found nuclei of grapes in Armenia that come to prove that winemaking has history of centuries in Ararat Valley. Lots of winemaking equipment with grape nucleus have been found in the caves of Areni village.



Traditional “Areni Wine Festival” is a great opportunity to explore Armenia. Wine producing factories and individual wine producers present their products and one is given an

opportunity to taste Armenian wines and find the best one for you. The program of events includes traditional dancing, singing, food making and tasting, wine-making and tasting, traditional games and competitions. Also there are such contests as “Armenia in your eyes” best wine label contest, “Gold Keg” prize as the best wine among the wine-producers, “Homemade wine producers” contest and “The best souvenir of the festival”.



*Arevi Travel
Company*
www.arevi.am

ARMENIA

7 days/ 6 night's tour

Day 1.

ARRIVAL/CITY TOUR: HISTORY MUSEUM-MATENADARAN-CASCADE

Arrival early in the morning in Yerevan.

Meeting with a guide and driver at the airport.

Transfer from the airport to the hotel /check-in/.

Late in the morning visit to History museum of Armenia.

Traditional lunch during the tour.

Visit to Matenadaran ancient manuscript repository. Currently this establishment is in possession of 17,000 manuscripts including Armenian ancient and medieval science and culture in almost all areas: history, philosophy, law, medicine, mathematics, literature, miniature, etc.

Then visit to **Cascade by walking.** The complex of Cascade was originally conceived by the famous architect of Alexandr Tamanyan who desired to connect the northern and central parts of the city with a vast green area of waterfalls and gardens, cascading down one of the city's highest promontories. But this plan remained largely forgotten until the late 1970 when it was revived by Yerevan's Chief architect Jim Torosyan. He incorporated new ideas that included a monumental exterior stairway, a long indoor shaft containing a series of escalators, and courtyards, outdoor gardens embellished with numerous works of sculpture bearing references to Armenia's rich history and cultural heritage.



Panoramic view of Yerevan from Victory park. Yerevan is one of the world's oldest cities: Yerevan is 29 years older than Rome.

Option for late spring, summer, early autumn season! In the evening you can go to Republic square where you can enjoy the singing fountains. It's a bright and beautiful show of light, music and water.

Fantastic!

Overnight in Yerevan.

Day 2.

GARNI- GEGARD- GENOCIDE MEMORIAL

Way to Kotayk region. **Visit to Garni and Geghard.**

On the road to Garni visit of **Charents Arch** for a wonderful view of Biblical Ararat Mountain if the weather will be fine.

Visit to **Geghard (UNESCO) monastery**, one of the masterpieces of the 13th century Armenian architecture. Some of the churches of the complex are masterfully hewn in a huge rock. The monastery, originally named Ayrivank (monastery in the rock) was renamed Geghard (the spear). Once a Roman soldier pierced the body of Christ crucified with a spear which was kept in this



monastery, but now that spear is preserved as a sacred relic in the small Cathedral Museum of Echmiadzin. Then visit to the **pagan temple of Garni**. Garni temple is the unique survived example of heathen culture in Armenia. King Trdat the First ordered building the temple in the first century A.D. and dedicated it to the God of Sun.

Traditional lunch during the tour.

(Armenian traditional bread-Lavash making and tasting).

Return to Yerevan.

Visit to Genocide memorial dedicated to the victims of the Armenian genocide 1915.

Then visit of **fruit market** of Gum. Free time for shopping.

Overnight in Yerevan.

Day 3.

YEREVAN-KHOR VIRAP - NORAVANK- ARENI- YEREVAN

Way to Ararat region.

Visit to **Khor Virap monastery** where Grigor Lusavorich (St. Gregory the Illuminator) was imprisoned for 13 years for preaching the Christianity. Khor Virap is the most famous pilgrimage site in Armenia. You can enjoy there the best view of Biblical Ararat Mountain. According to the Bible, Noah's Ark came to rest on the mountains of Ararat to save his family and animals from the Flood.

Way to Vayots Dzor region.



Visit to **Areni Wine Factory** (*Areni wine tasting*). This village is famous especially for its wine. Visiting the wine factory of the village you can feel the delicate taste of its wine assortments.

Traditional lunch during the tour.

Visit to **Noravank Monastery**. Noravank is one of the five major tourist attractions in Armenia. The monastery, perched at 1,550m, is dominated by high mountains featuring exceptional beauty. The monastery is famous for its ideal constructive and sculptural work.

Return to Yerevan.

Overnight in Yerevan.

Day 4.

YEREVAN-NORADUZ- SEVAN- GOSHAVANK- OLD DILIJAN –DILIJAN OR SEVAN

Hotel check-out.

Way to lake Sevan.

On the way to Sevan visit to **Noraduz**. Noraduz is a medieval cemetery with a large number of early cross-stones. The cemetery has the largest cluster of khachkars in the republic of Armenia.

Visit to **lake Sevan**, one of the largest high-altitude lakes in the world. The lake was at an altitude of 1,950 m above sea level. Sevan is famous for its different



kinds of fish, particular for *ishkhan*, which means “princely fish.”

Visit to **Sevanavank monastery** (9th c.), located on a peninsula.

Traditional lunch during the tour.

Way to Dilijan, Tavush region Visit to **Goshavank monastery** which was founded by Mkhitar Gosh, the Armenian scientist, chronologist, fabulist and author of the first code of law. There are excellent examples of memorial khachkars (cross stones) on the site, the best of them being one carved by the master craftsman Poghos.

Next visit to **Old Dilijan town**. Walking in Old Dilijan streets with visiting local arts and crafts places.

Hotel check-in.

Overnight in Dilijan or in Sevan.

Day 5.

DILIJAN-HAGHPAT-SANAHIN-YEREVAN

Hotel check-out.

Way to Alaverdi.

Visit to medieval monastic complexes of **Haghpat and Sanahin (10th-13th c.)** described as “masterpieces of religious architecture and a major educational center in the Middle Ages,” which are placed on UNESCO’s World Heritage List. There are a number of splendid khachkars (cross stones) from the 11th to 13th centuries standing on site of Haghpat, the best known among them being "Amenaprkich" (All-Savior), which has been standing since 1273.

Traditional lunch during the tour.

Return to Yerevan.

Hotel check-in.

Overnight in Yerevan.

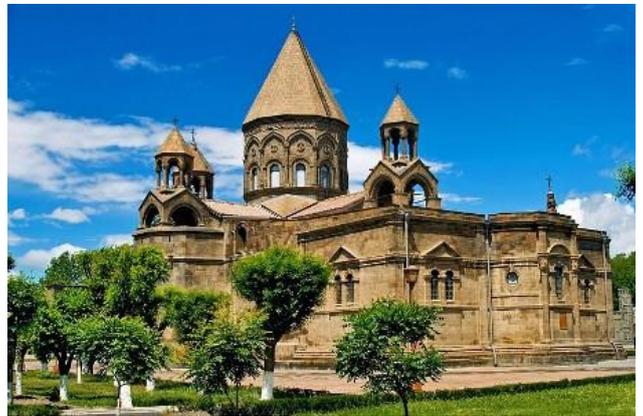
Day 6.

ZVARTNOTS- ECHMIADZIN

Way to Armavir region. On the way visit to **Zvartnots Cathedral (7th c.)** which is of extreme architectural value.

Then continue to Echmiadzin and visit to **St. Hripsime Church (7th c.)**-one of the magnificent examples of Classical Armenian architecture. Its central dome is a specimen of architectural perfection.

Visit to **St. Echmiadzin Cathedral** (founded at the beginning of the 4th c.) – The Spiritual centre of Armenian Apostolic church. St. Ejmiadzin cathedral is the most ancient



Christian structure of Armenia built in 301–303 by Grigor Lusavorich (St. Gregory the Illuminator), the founder of the Armenian Apostolic church.

Traditional lunch during the tour.

Return to Yerevan.

If week-end! Visit to Vernissage -open air market of souvenirs and art works. Free time for shopping.

Overnight in Yerevan.

Day 7.

DEPARTURE

Transfer to the airport, departure.

Prices for tour

2 pax - 1400\$ per person

4 pax - 950 \$ per person

6 pax - 800 \$ per person

8 pax - 750\$ per person

10 pax - 700 \$ per person

12 pax -670\$ per person

14 pax - 650 \$ per person

20 pax - 640\$ per person

30 pax - 610 \$ per person

50 pax - 580 \$ per person

SERVICES INCLUDE

- Transfers airport / hotel / airport in Armenia
- English, Russian, French, Japanese speaking guide
- An air-conditioned bus and good comfort for the entire trip
- Accommodation in DBL/TWN rooms with breakfast at " Nairi 3* ", " *Hrazdan 3* /"Royal Plaza 4*"/ "Ani Plaza 4*" or similar in Yerevan (5,5 nights), one night at "Dilijan Resort" or "Dilijan Paradise" hotel in Dilijan or "Bohemian Resort" in Sevan
- Dinners
- All breakfasts, 6x lunches, dinners
- The entrance fees to sites, tourist monuments and museums mentioned in the program
- Preparation of lavash in the village
- Coffee or tea during all lunches
- The still and sparkling water during all lunches

SERVICES DOES NOT INCLUDE

- Airline tickets
- Alcoholic drinks and personal expenses
- Posters
- Concert, spectacles
- Tips for guide and driver

7 days hiking tour

Day 1 – Yerevan – Historical Museum – Genocide Monument & Museum – Matenadaran – City Tour

Arrival early morning and transfer to Hotel. Rest in Hotel. Breakfast at 10:00. The excursion starts at 11:00 with the visits to the **Historical Museum** on the Republic Square. Followed, visiting the **Genocide Monument and Museum**. After lunch, Visit to the **Matenadaran Museum**, where collection of ancient manuscripts covering such lofty topics as philosophy, law, mathematics, medicine and geography exists, and concluded by the **Tour of the City**. Lunch/Dinner. Overnight in Yerevan. (Hotel Nairi)



Day 2 –Geghard – Garni – Azat River Canyon – Khosrov Natural Reserve – Havuts Tar – Yerevan (Trekking distance 13 km)



Visit to the cave Monastery **Geghard**. The name “Geghard” derives from the relics of the Armenian Apostolic church: the spear that one of the Roman guards had used to pierce the rib of crucified Christ. Next to **Garni Temple**, site of Roman Temple of the Sun built in the 1st century. Soon after Armenia adopted Christianity, the temple became the summer residence of Armenian royalty. After a picnic lunch, trekking



from **Azat River Canyon** to a stone symphony, cross an 11th century bridge and enter the **Khosrov National Reserve**, thereby visiting the monastery complexes of **Havuts Tar**. Return to **Garni** and drive to **Yerevan**.



Lunch/Dinner. Overnight in Yerevan. (Hotel Nairi)

Altitude

Garni temple- 1400m

Azat River Canyon 1250 m

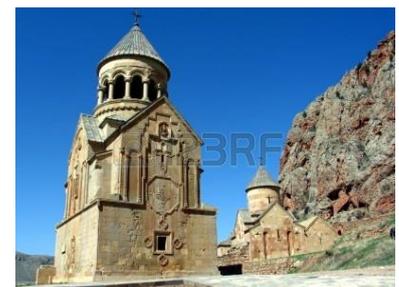
Havuts tar monastery 1590 m

Day 3 – Yerevan – Noravank – Spitakavor – Gladzor – Vernashen – Proshaberd Citadel – Hermon (Trekking distance 14 km)

We begin our exploration of Southern Armenia. Driving to the south we gain impressive views of the mountains, bizarre rocks and weirdly sculptured erosions add to the impressions. En route we visit **Noravank**, the masterpiece of medieval architect Momik, situated above an awesome gorge, and start hiking to **Spitakavor**. Our first stop is



Gladzor village, a major center of science and calligraphy in medieval Armenia. On to **Spitakavor Monastery** passing the village of **Vernashen**. Walking through the village, we have an



opportunity to meet and chat with locals and gain a true insight into their traditional ways of life. The trail continues through rough slopes and leads directly to **Proshaberd Citadel** crowning the rocky peak. Here we are rewarded for our efforts by the dramatic views of the mountains and the valley below. Picnic lunch during trekking. Dinner and overnight in **Hermon Village**.

Altitude

Vernashen village 1529m

Spitakavor 2180 m

Proshaberd Citadel 2380 m

Day 4 – Hermon – Tatev – Devil’s Bridge – Khendzoresk – Goris (Trekking distance 6-7 km)

Continue further to the South, on endlessly winding roads leaping through gorges over the mountains of **Syunik**. The trail is a perfect combination of natural and cultural wonders. We take the cable car (world’s longest) to the 9th century **Tatev Monastery** overlooking the Worotan valley. After visiting the hermitage, we continue walking to the limestone caverns of the **Devil’s bridge** with natural hot baths in a gorge so narrow, that the sun hardly reaches the bottom (trail length 5



km). After al fresco lunch and short rest,

we continue our day full of activities. Have you ever seen a ghost town with hundreds of uninhabited dwellings, a place that seems frozen in time? Drive to **Khendzoresk** cave town at the altitude of 1580 m on the steep slopes of Deep Gorge. Picturesque rock formations and gently inviting nature make this one of Armenia’s most popular sites. On to **Goris**, a cozy town with fine stone houses with arched windows and balconies on tree-lined lanes. The pace of life is slow here with little commercial or industrial activity, or even

tourist kitsch, so it really feels like you stepped back in time.

Dinner and overnight in **Goris city**. (Hotel Dina)

Altitude

Tatev Monastery 1565 m

Devil’s bridge 1026 m

Day 5 – Goris – Zorats Karer – Selim Pass – Caravanserei – Noraduz –Lake Sevan – Sevanavank – Sevan

Visit the **Soraz Stones** (Armenian Stonehenge). Drive to **Lake Sevan** via the **Selim Pass** to the **Caravanserei** (built in 1332 at 2410 m height). Followed by the visit to the Khatchkars (stone crosses) collection of **Noraduz**.



Drive to **Lake Sevan**, one of the few highly located big lakes (1900 m above sea level) in the world – presenting a nice Peninsula with the beautiful IX century churches of **Sevanavank**, viz. **St. Astvatsatsin** and **St. Arakelots**. Dinner and overnight at the Tcakhkadzor.



(Hotel Tcakhkahovit)

Day 6 – Tcaxkadzor – Aragats – Kari Lich (Stone Lake) – Yerevan (Trekking distance 14 km)

Mt. Aragats, the highest peak of Lesser Caucasus is a popular target for mountaineers. The mountain has sub-alpine and alpine zones as well as four peaks and one of the biggest craters in the world, created by a volcano eruption in the distant past. The route up to **Mt. Aragats** is virtually uninhabited and has gently sloping hills with occasional shepherds and beekeepers,



many wildflowers and great views. Hiking is especially spectacular in spring when the entire mountain is literally covered with poppies and mountain flowers. The most accessible peak of **Aragats** is the south peak, starting from **Kari Lich (Stone Lake)**, we will take this 3 hour hike to the summit on a steady slope (3,879m). More challenging is the trek to the western summit (4,080m) with spectacular views to **Mount Ararat**. Lunch during the trekking. Dinner and



overnight in Yerevan. (**Hotel Nairi**)

Altitude

Kari Lich (Stone Lake) 3200 m

South summit 3879 m

western summit (4,080m)

Day 7– Transfer to Yerevan-Zwartnots airport.

The prices for this tours is:

8 pax - 750 \$ per person

10 pax- 680 \$ per person

12 pax- 650 \$ per person

14 pax- 610 \$ per person

20 pax- 580\$ per person

30 pax- 565 \$ per person

50 pax- 540 \$ per person

Includes.

- **English,French, Russian, Japanese speaking guide**
- **High quality transport**
- **1 trekking guide**
- **Hotels accomodation**
- **Lunches, Dinners**
- **Entrance tickets**

Does not include:

- **Air ticket**
- **Visas**
- **Personal expanses**
- **Alcohol drinks**
- **Insurance**

The routes are of average complexity.

Depending on weather forecasts, the sequence of routes can be changed or totally removed from the program, by replacing with other one. Depending on the number of participants, preparedness, walking speed, during the each route certain changes possibly can be done to ensure project effectiveness. In case of the route ends ahead of time, the road will be extended and vice-versa. During hiking, lunch breaks will be organized under field conditions, by pre-prepared food packages. Escorts are always provided with the first aid modern box, radio connection. During the development of routes, the provision of safety is taken into consideration, according to which the main part of the routes are accessible for off road vehicles and in case of any accident, it is possible to arrange transfer of participants by vehicle.

Participants must have their hiking cane, cap, sun-lubricants and ecs.

The best time for the given route is June-November. This program also possible to start from May only Aragats day mast be changed by another hiking road. Please also note that in June sometimes on Aragats snow.

APPENDIX 5.1

Questionnaire

Community Based Tourism in the Republic of Armenia

Համայնքային Ջրոսաշրջությունը Հայաստանում

Հետազոտությունը իրականացվում է Աննա Դավթյանի՝ Ռիկկյո համալսարանի (Տոկիո, Ճապոնիա) ասպիրանտի կողմից:

Հարցերի դեպքում կարող եք կապվել հետևյալ էլ. հասցեներով:
14wg004n@rikkyo.ac.jp , davtyanann@yahoo.com

Հարգելի մասնակիցներ,
այս հարցաշարի նպատակն է պարզել զբոսաշրջության ոլորտում փոքր և միջին բիզնեսների կարևորությունը Հայաստանի Հանրապետության մարզերի (գյուղ, քաղաք), համայնքների տարածաշրջանային զարգացման, ինչպես նաև բնակիչների ապրելակերպի բարելավման համար:

Ձեր մասնակցությունը գնահատելի է, կանխավ շնորհակալություն:

The research is conducted by Anna Davtyan, Doctoral Candidate of Business Administration, Rikkyo University, Tokyo, Japan
Dear participants,

The questionnaire aims to find out to importance of the Community-Based Tourism (tourism related small and medium business) for the development of the regions and communities of the Republic of Armenia (villages, towns), as well as for the improvement of livelihood conditions of the community members .

In case of questions, feel free to contact: Anna Davtyan
E-mail: 14wg004n@rikkyo.ac.jp , davtyanann@yahoo.com
Your participation is highly appreciated. Thank you in advance.

1. Նշեք Ձեր մարզը, համայնքը. Please, indicate your region ,community					
Մարզ Region					
Համայնք Community					
2. Ձեր տարիքը և սեռը Age, Gender					
Տարիքը/Age(✓)		~30	31-45	45~	
Սեռը/Gender(✓)		Male/Արական		Female/Իգական	
3. Ձեր կրթությունը և անգլերենի իմացության մակարդակը. Your education and the level of your English proficiency					
Կրթությունը Education (✓)	Միջնակարգ կրթություն Secondary education	Քոլեջ/Ուսում նարան College	Բակալավր Bachelor's degree	Մագիստրոս Master's degree	Ասպիրանտուրա PhD
Անգլերենի իմացության մակարդակ, ինդրում եմ գնահատել 1-ից 5 (1-ը վատ և 5-ը գերազանց) Your English proficiency (from 1 to 5; 1: poor, 5:excellent)(✓)			1	2	3
			4	5	
4. Մասնակցել եք կամ կցանկանաք արդյոք մասնակցել հետևյալ դասընթացներին՝ Have you ever participated and or would you have willingness to participate in the following courses?					

Եթե "Այո", նշեք դասընթացները(✓) If "yes" please, indicate the course	Անգլերեն English	Բիզնեսիկառավարում Business Administration	Բիզնեսիպլանավորում Business planning	Հաշվադաշնություն Accounting	Մարքեթինգ Marketing
Այլ (խնդրում եմ նշել) Others (please, specify)					
Խնդրում եմ նշել դասընթացները, որոնց կցանկանաք մասնակցել (եթե այդ դասընթացները կազմակերպվում և ֆինանսավորվում են կառավարության կամ ՀՀԿ կողմից) (✓) Please, indicate the courses in which you would like to participate (if they are organized and financed by the Government or NGO)	Անգլերեն English	Բիզնեսիկառավարում Business Administration	Բիզնեսիպլանավորում Business planning	Հաշվադաշնություն Accounting	Մարքեթինգ Marketing
Այլ (խնդրում եմ նշել) Others (please, specify)					
5. Ինչպիսի ծառայություններ կամ անհատական արտադրանքներ եք մատուցում զբոսաշրջիկներին՝ (✓) What kind of services and products do you offer the tourists?					
Կացարանի տրամադրում Lodging (B&B, homestay, etc.)					
Էքսկուրսավարի ծառայություն Guide Services					
Առևտրային ծառայություններ (անձնական խանութ, ապրանքների վաճառք զբոսաշրջիկներին, կայլն) Trading Services (private shop, selling products to tourists: homemade food, souvenirs, etc.)					
Մենդի մատուցման ծառայություններ Catering Services					
Տրանսպորտային ծառայություն Transportation services					
Այլ (խնդրում եմ նշել) Others (please, specify)					
6. Արդյոք կա որևէ կազմակերպություն, որն աջակցում է Ձեր մարզում/համայնքում զբոսաշրջությանն առնչվող բիզնեսների զարգացմանը կամ իրականացնում է ոլորտում ներգրավված անձանց վերապատրաստմանը կամ մասնագիտացմանն ուղղված միջոցառումներ: (✓) Is there any organization that supports the development of tourism-related businesses in your region/community or organizes events aimed at training and specialization of the people involved in the field?					
Այո Yes		Ոչ No			
Եթե "Այո", նշեք կազմակերպության անվանումը և գործունեությունը If "yes" please mention the name of the organization and its activity					
6. Ի՞նչ միջոցառումներ կամ ծրագրեր են իրականացվում (կամ ի՞նչ միջոցառումներ կամ ծրագրեր է հնարավոր կազմակերպել) մարզը/համայնքը որպես զբոսաշրջային գոտի ներկայացնելու, զբոսաշրջիկների ներհոսք կազմակերպելու ուղղությամբ (✓) Which type of activities or programs are implemented (or what kind of events or projects are possible to organize) for representing the region/ community as a tourist zone or for the inflow of tourists					
Փաստաթղթեր					

Festivals		
Ցուցահանդեսներ Exhibitions		
Մարզի/համայնքի վերաբերյալ գովազդատեղեկատվական նյութերի պատրաստում Preparing advertising materials about the region/marz, community		
Այլ (խնդրում եմ նշել) Others (please, specify)		
7. Ձեր համայնքին բնորոշ առանձնահատկություններ կամ զբոսաշրջության զարգացմանը խթանող հնչ գործոններ կան(✓) Are there any characteristic features peculiar to your community, that promote the development of tourism		
Խոհանոցային Cuisine		
Արհեստների և տնայնագործության արտադրություններ Crafts and homemade products		
Խաղողի բերքահավաքի, գինեգործության, գորգագործության փառատոններ Festivals of grape harvest, wine making, carpet weaving		
Հացի, ավանդական գաթայի թխում Baking of bread and traditional “gata”		
Զրեղենի պատրաստում Dried fruit preparation		
Մեղվաբուծություն Apiculture		
Բնական՝ ջրային օբյեկտներ, անտառներ, հանքային ջրեր Aquatic ecosystem, forests, mineral waters		
Պատմաճարտարապետական ժառանգություն՝ եկեղեցիներ, վանքեր, հին բնակատեղիներ, դամբարաններ, ամրոցներ Historical and architectural heritage, churches, temples, ancient settlements, tombs, castles		
Էթնոմշակութային՝ բնակչության կենցաղի, աշխատանքային գործունեության առանձնահատկություններ The peculiarities of lifestyle and employment activities of different ethno-cultural population		
8. Արդյոք զբոսաշրջային փոքր և միջին բիզնեսները կարող է լինել գործիք/ միջոց համայնքի և մարզի զարգացման համար: Can tourism-related small or medium businesses be means/ tools for the development of the region/community?		
Այո Yes		Ոչ No
<p>Ի՞նչ միջոցառումներ է հնարավոր կազմակերպել Ձեր մարզում զբոսաշրջության, փոքր և միջին զբոսաշրջության ոլորտի բիզնեսների մակարդակի բարելավման, ներքին ու միջազգային շուկայում ներկայացնելու և խթանելու նպատակով.</p> <p>What kind of events can be organized in your region to improve the activities of tourism-related small and medium businesses, in order to present and promote them in both international and internal markets?</p> <p>Ձեր առաջարկները Please leave Your comments/suggestions</p>		

APPENDIX 5.2

Community Based Tourism in the Republic of Armenia

Online Questionnaire

Համայնքային Չքոսաշրջությունը Հայաստանում

Չետազոտությունը իրականացվում է Աննա Դավթյանի՝ Ռիկյո համալսարանի (Տոկիո, Ճապոնիա) ասպիրանտի կողմից:

Հարցերի դեպքում կարող եք կապվել հետևյալ էլ. հասցեներով:

14wg004n@rikkyo.ac.jp , davtyanann@yahoo.com

Հարգելի մասնակիցներ,

այս հարցաշարի նպատակն է պարզել զբոսաշրջության ոլորտում փոքր և միջին քիզնեսների կարևորությունը Հայաստանի Հանրապետության մարզերի (գյուղ, քաղաք), համայնքների տարածաշրջանային զարգացման, ինչպես նաև բնակիչների ապրելակերպի բարելավման համար:

Ձեր մասնակցությունը գնահատելի է, կանխավ շնորհակալություն:

1. Նշեք Ձեր մարզը և համայնքը.

Մարզ (գյուղ, քաղաք)

Համայնք

2. Ձեր տարիքը, սեռը.

~30

31-45

45~

Արական

Իգական

3. Ձեր կրթությունը և անգլերենի իմացության մակարդակը.

	Միջնակարգ կրթություն	Քոլեջ/Ուսումնարան	Բակալավր	Մագիստրոս	Ասպիրանտուրա
Կրթությունը	<input type="radio"/>				
Անգլերենի իմացության մակարդակ, ինչպես նաև գնահատել 1-ից 5 ձախից աջ հերթականությամբ (1-ը վատ և 5-ը գերազանց)	<input type="radio"/>				

4. Մասնակցել եք արդյոք հետևյալ դասընթացներին՝

	Անգլերեն	Բիզնեսի կառավարում	Բիզնեսի պլանավորում	Չաշվապահություն	Մարքեթինգ
Եթե "Այո", նշեք դասընթացները	<input type="checkbox"/>				
Խնդրում եմ նշել դասընթացները, որոնց կցանկանայ մասնակցել (եթե այդ դասընթացները կազմակերպվում և ֆինանսավորվում են կառավարության կամ ԳՅԿ կողմից)	<input type="checkbox"/>				

Այլ (խնդրում եմ նշել)

5. Ինչպիսի ծառայություններ կամ ինչ ապրանքատեսակներ եք մատուցում զբոսաշրջիկներին՝

- Կացարանի տրամադրում
- Էքսկուրսավարի ծառայություն
- Առևտրային ծառայություններ (անձնական խանութ, ապրանքների վաճառք զբոսաշրջիկներին, և այլն)
- Մնդի մատուցման ծառայություններ
- Տրանսպորտային ծառայություն
- Այլ (խնդրում եմ նշել)

6. Արդյոք կա որևէ կազմակերպություն, որն աջակցում է Ձեր մարզում/համայնքում զբոսաշրջությանն առնչվող բիզնեսների զարգացմանը կամ իրականացնում է ոչորտում ներգրավված անձանց վերապատրաստմանը կամ մասնագիտացմանն ուղղված միջոցառումներ:

- Այո
- Ոչ

Եթե "Այո", նշեք կազմակերպության անվանումը և գործունեությունը

7. Ի՞նչ միջոցառումներ կամ ծրագրեր են իրականացվում (կամ ի՞նչ միջոցառումներ կամ ծրագրեր է հնարավոր կազմակերպել) մարզը/համայնքը որպես զբոսաշրջային գոտի ներկայացնելու, զբոսաշրջիկների ներհույս կազմակերպելու ուղղությամբ

- Փառատոներ
- Ցուցահանդեսներ
- Մարզի/համայնքի վերաբերյալ գովազդատեղեկատվական նյութերի պատրաստում

Այլ

8. Տարեկան քանի (միջին թվով) զբոսաշրջիկների եք սպասարկում

9. Ձեր համայնքին բնորոշ առանձնահատկություններ կամ զբոսաշրջության զարգացմանը խթանող ինչ գործոններ կան

- Խոհանոցային
- Արհեստների ու տնայնագործության արտադրություններ
- Խաղողի բերքահավաքի, գինեգործության, գորգագործության փառատոներ
- Հացի, ավանդական գաթայի թխում
- Չրեղենի պատրաստում
- Մեղվաբուծություն
- Բնական՝ ջրային օբյեկտներ, անտառներ, հանքային ջրեր
- Պատմաճարտարապետական ժառանգություն՝ եկեղեցիներ, վանքեր, հին բնակատեղիներ, դամբարաններ, ամրոցներ
- Եթևմշակութային՝ բնակչության կենցաղի, աշխատանքային գործունեության առանձնահատկություններ
- Այլ

10. Արդյոք զբոսաշրջային փոքր և միջին բիզնեսները կարող է լինել գործիք/ միջոց համայնքի և մարզի զարգացման համար:

- Այո
- Ոչ

Ի՞նչ միջոցառումներ է հնարավոր կազմակերպել Ձեր մարզում զբոսաշրջության, փոքր և միջին զբոսաշրջության ոլորտի բիզնեսների մակարդակի բարելավման, ներքին ու միջազգային շուկայում ներկայացնելու և խթանելու նպատակով. Ձեր առաջարկները

Ավարտել

The link of the survey: <https://www.surveymonkey.com/r/9YXSHVG>

APPENDIX 6.1

Internship in Tourism Industry

Պրակտիկա Ջրասաշրջության Ոլորտում

Հետազոտությունը իրականացվում է Աննա Դավթյանի Ռիկկյո համալսարանի (Տոկիո, Ճապոնիա) ասպիրանտի կողմից,

Հերագոտության նպատակն է հայտնաբերել ուսանողների պատրաստակամությունն անցնել պրակտիկա Ջրասաշրջության բնագավառում, ինչպես նաև տեղեկաձվածությունը համայնքնաբին Ջրասաշրջության մասին տարածվածությունը, մասսայականությունը և պատրաստակամությունը փորձելու այն: Հարցերի դեպքում կարող եք դիմել հետևյալ էլ. հասցեներով:

14wg004n@rikkyo.ac.jp , davtyanann@yahoo.com

Հարգելի մասնակիցներ,

Ձեր մասնակցությունը գնահատելի է, կանխավ շնորհակալություն:

The research is conducted by Anna Davtyan, Doctoral Candidate of Business Administration, Rikkyo University, Tokyo, Japan
Dear participants,

The questionnaire aims at finding out to what extent the students are willing to get an internship in tourism industry. It also looks at the extent of popularity of Community-Based Tourism and willingness to experience it.

In case of questions feel free to contact: Anna Davtyan

E-mail: 14wg004n@rikkyo.ac.jp , davtyanann@yahoo.com

Thank you for participating. It is greatly appreciated.

1. Your University/ Նշեք Ձեր Համալսարանը		2. Department/ Բաժին		3. Grade/ Կուրս		
4. Age/ Տարիքը (✓)		~20	20-30	30~		
5. Gender/ Սեռը (✓)		Male/ Արական		Female/ Իգական		
6. Your English proficiency (from 1 to 5; 1: poor, 5: excellent)/ Անգլերենի իմացության մակարդակը, Խնդրում եմ գնահատել 1-ից 5 (1-ը վատ և 5-ը գերազանց)(✓)		1	2	3	4	5
7. Would you like to get unpaid internship in the tourism industry/service sector, if opportunity arises? Հնարավորության դեպքում կցանկանայիք արդյոք անվճար չվճարվող պրակտիկա Ջրասաշրջության/ ծառայությունների ոլորտում (✓)						
Yes /Այո		No/Ոչ				
8. Please choose the field where you would like to work as an intern (✓)/ Ընտրեք պրակտիկայի ոլորտը						
English Teacher (or other language)/ Դասավանդել անգլերեն						
Business Administration/ Planning/ Բիզնեսի պլանավորում, կառավարում						
Marketing/ Մարկեթինգ						
Other (please specify)/ Այլ (խնդրում եմ նշել)						
9. Have you ever heard of Homestay/Community-Based (tourists are hosted in local houses) Tourism? Երբևէ լսել կամ առնչվել եք համայնքային Ջրասաշրջության հետ (երբ զբոսաշրջիկները հյուրընկալվում են տեղաբնակների տներում, ինչպես նաև օգտվում են տեղաբնակների ծառայություններից)						
Yes /Այո		No/Ոչ				
10. Would you like to experience Homestay/Community-Based Tourism, if opportunity arises?/ Հնարավորության դեպքում կցանկանայիք արդյոք օգտվել համայնքային Ջրասաշրջության առաջարկած ծառայություններից						
Yes/Այո		No/Ոչ				

Your suggestions / Ձեր առաջարկները