
Prospect of Private-Public Partnership in Tourism of Bangladesh

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Abstract: Tourism sector is a potential sector for the economic growth of Bangladesh. This paper is prepared to find out the prospect of Private-public-partnership (PPP) for economic growth in tourism sector in Bangladesh. The relationship between tourism industry of Bangladesh and its contribution to economic growth are analyzed to strengthen the probability of this private-public partnership. The market for tourism industry is identified through SCP (Structure, conduct, performance) framework and prospect of creating such market through PPP for greater revenue of the private sector which are showed in this article. Tourism is playing very diverse role in many developing countries and prospect of this industry in Bangladesh is very high. The objective of the paper is to present the recent trends of earning from tourism, tourist arrivals and identifications of barriers of tourism industry in Bangladesh. Further, government's different projects regarding tourism sector development are considered to see the greater prospect of profit from private sector which will contribute to economic growth of Bangladesh.

Keywords: Tourism, Economic Growth, Private Public Partnership (PPP), Tourism Market, SCP Framework, Bangladesh

1. Introduction

People move one place to another on their vacation. They search for natural beauty which can keep their mind calm and make their time wonderful. Tourism industry blooms on the people's necessity of moving across inside and outside of the country. Now days, Tourism industry is expanding and playing contribution to GDP growth as well as economic development of the country. Globalization accelerates this rapid expansion of tourism industry across the world. Recently, it has become one the promising sectors for revenue generation of a nation. European Commission communication on PPPs highlights "public sector infrastructure investment is an important means of maintaining economic activity". Greater investments in infrastructural development can ensure improved standard of living of the population of a nation and generation of higher revenue from this sector. (UNWTO, 2010) Worldwide tourism contribution to GDP is about 5% and 6% to 7% contribution to employment generation. Tourism is going to be the key economic sector for the developing countries like Bangladesh. Coastal areas, natural beauty and cultural diversity are the main attractions of tourists. Tourism creates employment opportunities through direct employment, indirect

placement and induced retirement. Tourism provides great opportunity of competitive labor cost advantage for developing countries (Bangladesh) than those of technology-oriented industries which demand knowledgeable workers. Abraham Maslow's hierarchy theory of motivation was one the most applied in the tourism literature. Maslow's model base consists of Psychological needs followed by higher level of psychological and self-actualization needs. Despite that tourism industry in Bangladesh is not so dominating to contribute economic growth of the country. Tourism has been known as potential contributor in economic sector based on long experience of many countries that sustain and improve the national economy through tourism industry (Winckler, 2008). Bangladesh is place of natural beauty. Bangladesh is listed as the "best value destination" by lonely planet in 2011. Government of Bangladesh should play significant role in infrastructural development to boost up tourism sector through public-private-partnership (P3). P3 is a contractual agreement between private and public (govt.) entity for sharing skills and assets for delivering services and facilities to general public. This strategy will provide the opportunity to pay clear attention to tourism sector development. Ultimately, this will have positive impact to gross domestic production through improving variables of macroeconomic factors of the country.

PPPs can be used in financial, developmental, efficiency, ideological and political reasons (IOB, 2013).

Financial reasons (risk diversification): P3 can be implemented as the government doesn't have enough resources to execute a project alone. Through PPP government and public sector can diversify Risk involve infrastructure development and implementation.

Development reasons: Environmental sustainability is one of the millennium development goal. P3 can generate a friendly business environment.

Efficiency reasons: With the participation of both public and private entity higher efficiency can be ensured in all aspects of tourism industry.

Ideological/political reasons: The changes in political environment means changes in policy and projects in Bangladesh. But, when it is in P3, the smooth performance and development will be ensued. For political reasons, government of Bangladesh may patronize economic liberalization and less state interventions. There are different types of PPP model: (Ayodele, 2011)

Build, Operate, Transfer (BOT): The private investor's challenge of construction risk, operating risk and social risk create obstacles to make profit. Under this model, the private entity plays role as a developer and financier who will build and own the property with the agreement that the client will possess the property in the future.

Design, Build, Finance, and Own (DFBO): It is a Public Finance Initiative (PFI) in which a private sector firm conceived a development idea, design, construct it, operate it and own in perpetuity.

Design, Build, finance, Operate and Transfer (DBFOT): in P3 model, the private investor is charged with the responsibility to design a project, build it, finance it and operate within an agreed period of time, after specific period transfer ownership title and operations to the government. The Gulistan- Jatrabari fly over is built under this contract.

Rehabilitate, Operate and Transfer (ROT): P3 is an agreement to rehabilitate public infrastructure, operate it for an agreed period of time and transfer ownership to government at the expiration of the contract.

Joint Development Agreement (JDA): P3 encourages the private and public sector to come together and sponsor the development of a project from scratch. At completion, both parties maintain the stakes in the management and running of the venture.

Operation and Maintenance (OM): In P3, the operation and maintenance function of the project remain at private hand but ownership and management remains with the government.

Management/Lease Contract: Management contract and lease contracts involve a private firm taking over the management and control of a public enterprise for a given period of time but the facility to be owned by the public sector. The public sector may retain the responsibility of financing the investments in fixed assets. In the case of management contracts, the public sector also finances working capital. In this plan, it is 100% Public sector owned.

Outsourcing: In P3 government outsources some

supporting services to the private sector such as billing, postage, stationary supplies, metering, transport, or cleaning.

Greenfield projects: Under Greenfield project a private organization or a public-private joint venture develops and executes a new facility for project contract period. The facility may return to the government at the end of the contract period or may remain under private ownership.

Divestiture: Under P3 model, Private entity may take over Government entity and operate profitably. Bangladesh Biman has taken over by private entity and it is operating well now.

Concession: The private entity needs not to be financier in concession. Government will provide funds and private entity will execute construction and maintenance activities for the project.

1.1. Objective of the Study

The main objective of the paper is to identify the contribution of tourism industry in the economic growth of Bangladesh after independent and then assess the possibility of PPP in tourism for infrastructural development of tourism industry to generate substantial revenue for the economy. Others objectives of this study are as follows-

- To find out the relationship between employment generation and revenue growth of tourism, and then create opportunities of employment for the huge unemployed people of Bangladesh.
- To create tourism facilities in international standard and ensure proper maintenance in Bangladesh through public-private-partnership has got priority in the paper, which identify the role of public-private partnership in different infrastructural development of the country and prospect of such public-private-partnership to tourism industry's development will be anticipated on the basis of the success rate PPP in Bangladesh.
- To anticipate the possibility of creating oligopolistic market for tourism industry through PPP and ensure maximum outcome from tourism industry.

1.2. Potential Contributions to Knowledge

This paper is papered to contribute to the field of "Macroeconomics" specially the contribution of "service sector (Tourism) of developing countries to GDP growth by:

- Developing a framework about the relationship of tourism and Creation of employment opportunities through PPP and then GDP Growth of the countries.
- To validate the assumptions of Tourism and GDP growth through PPP by using cause and effect relationship approach which may not be used previously.

1.3. Limitation of the Study

There are so many limitations of the study conducted. The study is totally based on projection. As Bangladesh did not implement any PPP project to provide support and develop infrastructure of tourism industry. So, we don't have any empirical data to anticipate that it will be successful if

implemented. The interest of private sector under PPP proposal is not considered to conduct the study. Though the initiatives from both government and private sectors are taken into consideration but how those initiatives would be implemented remain unearth. Different natural and social constraints are not considered in the PPP implementation process in case of tourism sector development. Projection on the arrival of tourist is based on historical analysis but reliability of receipts from that tourist is uncertain. The natural calamity of Bangladesh is not considered which is relevant in both south and north region of the country. The political turmoil of the country is not considered which is uncertain in Bangladesh.

2. Literature Review

Tourism is an important and dynamic sector for the world economy and for developing country like Bangladesh (Chowdhury, Fahim, & Dooty, 2013). For many developing and under developed country in the world tourism has emerged as a major income driving industry. As a promising alternative tourism sector along with the export sector has a positive effect on economy like employment generation, impacts on the expansion of linked industries, and poverty alleviation (Khondker & Ahsan, 2015). Any initiative by government and tourism authority has a positive impact on tourism and the arrivals of the tourist (Karambakuwa, et al., 2011).

There is a relationship between tourism and economic growth. The research findings on tourism and economic growth may be from tourism-led economic Growth, Economic-driven tourism growth, two-way casual relationship or uncommon no relationship between tourism and economic growth. By research it is identified that tourism led-economic growth in Spain (Balaguer & Cantavella-Jorda, 2002). The casual relationship is found between GDP growth and tourist arrivals in Taiwan (Kim, Chen, & S.Jang, 2006). In Turkey there is also found a relationship between tourism and economic development (Katircioglu, 2009). A total amount receipt is the factor in determining tourism and GDP growth. Huge amount is not factor in tourism. Generally, it is assumed that export growth led to economic growth of the country. Export-led growth hypothesis affirmed the contribution of export on economic development. Some researchers focused on non-trade goods tourism and economic growth tourism and trade, like (Balaguer & Cantavella-Jorda, 2002), (Dritsakis & Nikolas, 2004), (R.Durbarry, 2004), (Belloumi, 2010), (Katircioglu, 2009). Tourism industry of Bangladesh can contribute to achieve the vision of Bangladesh for 2021, by investing short, mid and long term projects with sufficient budgetary allocation (Parveen, 2013).

Tourism development is a win-win strategy as it provides the opportunity of jobs creation, infrastructural development and sustainability of the country (Baisakalova, 2009). Improving business environment, eliminating bottlenecks like visa obtaining procedures, incentives for innovations and knowledge for development can lead to the growth of inbound and domestic tourism. Investments in physical and human resources receipts from the tourism sector contribute to both

current level of GDP and Economic Growth of Sub-Arabian African Countries (Fayissa, Nsiah, & Tadasse, 2007). This finding indicates that PPP can lead to economic development through tourism sectors development. Public properties and continuity in governance can be ensured by providing proper training to the stakeholder in the area of PPP and domesticating established law (Oluwasanmi, 2014). By giving priority to PPP Eco-Tourism can also be benefited (Uddin, 2013).

Locations and price of services in tourism have positive influence on Tourism industry for Bangladesh (ali & mohsin, 2008). Authors mentioned that synergy between tourism marketing plan and its implementation process can lead to tourism sector as important constituents of economic development. Tourism is one the fastest growing economic industries in the world include so many SME which shows potentiality to be successful in the ever changing and competitive business environment (Yilmaz, 2008). Public private partnership can introduce a strategy to get competitive advantage in this environment. Tourism promotes well being of tourists as healthcare tourism that relates to travel and tourism (Lea & Changb, 2008). There is a strong relation between tourists' success to employment generation and economic development (Deegan, Moloney, & Tourism, 2005). Appropriate policy and regulations with public private partnership can show the path of economic development in the coming years. Development of tourism industry results in the benefit of poor people. So acceleration of economic growth, employment generation and poverty reduction come from tourism industry development (as tourism is labor intensive) (ProPoorTourism). ECM approach discovered two way relationships between receipts from tourism and GDP. Tourism is a macroeconomic variable which will raise the Goss Domestic Product (Ali & Parvin, 2010). There is a potential impact of tourism in generating employment, accelerating growth and adding revenue to government (Sinclair & Stabler, 1997). International tourism is a potential strategic agent of economic development (Stabler, 2002). So investment in tourism, can be considered as an alternative to exports, provides foreign remittance facilities to a nation. (Cohen & McKinnon, 1964) Both government and private sectors conduct investment in capital goods to provide services to tourists, to make tourism attractive that ultimately ensures countries growth. International tourism generates extra earning facilities to the nation by increasing competition among service providers and different tourist locations (Krueger, 1980). By proper collaboration and cooperation between government and private units the success of PPP project can be ensured (Khan & Ojha, 2015). Market structure and perfect competition in economy brings economics of scale among local companies (HELPMAN & KRUGMAN, 1986). Tourist can be attracted by making the information about the tourism sector available to the tourist (Nabi & Zaman, 2014).

3. Research Methodology

The study is primarily based on secondary data. The data is collected from different journals, magazines, newspapers,

report of Bangladesh Parjaton Corporation. The trends of tourist’s arrival and receipts from them are considered and analyzed to forecast about the contribution from tourism industry in the future in Bangladesh. The world most attractive tourist spots facilities are considered to provide such facilities in different tourist spots in Bangladesh through PPP. Trend analysis on different aspects regarding direct contribution to GDP, Total contribution to GDP, Investment and Employment etc is done using Statistical Tools of Microsoft Excel. Moreover, Standard Deviation, Skewness, Correlation, F-Ratio, ZTEST, SRQ, TTEST, Intercept, ANOVA were done by using standard statistical technique. Different project, to facilitate tourists in terms of accommodation, has been undertaken under PPP is also considered to conduct study. Granger casualty test is done between direct contribution of tourism to GDP and Total contribution of Tourism to GDP and between Total contribution of Tourism to GDP and Purchase by tourism providers. This test is performed by using Box-cox transformation parameter 1, 1 seasonal period, “0” degree of seasonal and non-seasonal differencing and number of non-seasonal time lags in test 1. The vice-versa test is performed to provide greater strength of the test. Market structure for the growth of tourism industry is indentified in the study through SCP framework. Purpose of tourism of the people across the world is identified and prospect of Bangladesh to fulfill such purpose can be very high considering natural beauty and culture.

4. Scenario of Tourism in Bangladesh

4.1. Necessity of Public Private Partnership

Financing a project is one of the most important aspects of any infrastructural development. PPP has become one of powerful way of creating all the facilities in a project both service and manufacturing sector. Participation of government and private entity make a project strong in different way. Moreover under PPP risk can be effectively transferred to private sector and private sector can share some risk and transfer some to government.

Table 4.1. Risk scenario in different entity

| Criteria | Risk Scenario | | | |
|---------------------------|---------------|---------|---------|--------------|
| | Public | Private | PPP | Transferred? |
| Development Risks | | | | |
| Performance | Public | Private | Private | X |
| Interface | Public | Private | Private | X |
| Design Risks | | | | |
| Scope | Public | Private | Shared | X |
| Errors and Omissions | Public | Private | Private | X |
| Interference/Coordination | Public | Private | Private | X |
| Life Cycle | Public | Private | Private | X |
| Construction Risks | | | | |
| Performance | Private | Private | Private | |
| Schedule | Public | Private | Private | X |
| Cost Overruns | Public | Private | Private | X |
| Changes in Scope | Public | Private | Public | |
| Force Majeure | Shared | Private | Shared | |
| Financing Risks | | | | |

| Criteria | Risk Scenario | | | |
|----------------------------------|---------------|---------|---------|--------------|
| | Public | Private | PPP | Transferred? |
| Schedule Slippage | Public | Private | Private | X |
| Interest Rate Risk | Public | Private | Private | X |
| Interest Rate Risk | Public | Private | Private | |
| Supply Risk | Private | Private | Private | |
| Financing Risks | Public | Private | Private | X |
| Defects | Private | Private | Private | |
| Maintenance and Life Cycle Risks | | | | |
| Maintenance Level | Public | Private | Private | X |
| Maintenance/Repair | Public | Private | Shared | X |
| Defective Components | Private | Private | Private | |
| Residual Value | Public | Private | Shared | X |
| Operations Risks | | | | |
| Revenue | Public | Private | Shared | X |
| Service Level and Quality | Public | Private | Shared | X |

P3’s can provide necessary capital to finance different projects through maximizing innovations and efficiencies in private entity. In a survey in 2007 expressed two primary causes for PPP; cost reduction 86.7% and external financial pressures including 50.3% tax restrictions.P3 can deliver project faster than any other way within the budget limit. Due to pre-construction fundraising delays reduction the design and construction process is expedited. Tourism is a high value and large scale infrastructural project and for such projects using private funds for capital expenditure means P3 based project will ensure quick delivery just after completion of negotiations. PPP is seen as joint venture or collaborative enterprises occupying high level control and care from public sector avoiding negative perception involved in privatization or selling public property.

P3 can ensure total cost reduction and ensure maximum revenue for both private and public sector.P3 provides 7-10% cost saving for a project over the life of the project. One study found 24% cost reduction. Under P3 some costs are high but most of the costs are minimized than those of in public entity. Comparative picture of different cost structure in public and PPP run projects are depicted in figure below.

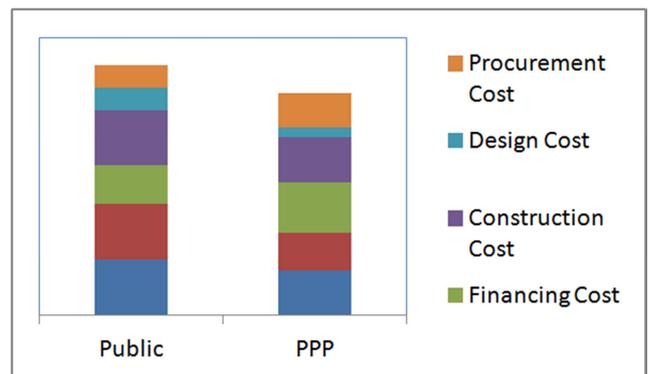


Figure 4.1. Cost structures in Public and PPP.

As revenue is shared by both Private and public entity so both private and public entity try to optimize benefits. In long term perspective PPP can provide benefits for both sectors.

When the Private entity will look for long term perspective, private sector will design project in the way to generate benefit in long term perspectives. Because, repair, maintenance and replacement cost will be considered by private sector for additional savings.

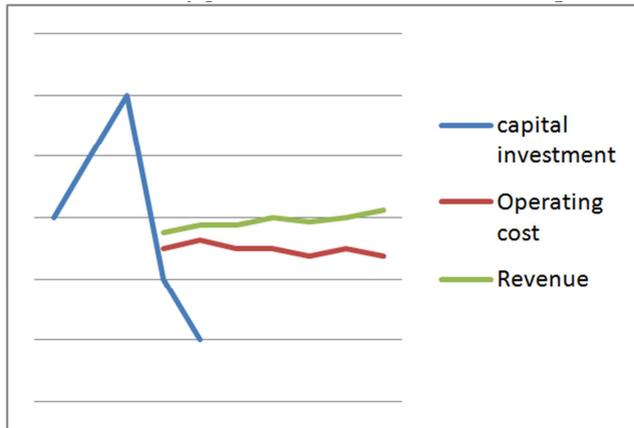


Figure 4.2. Overview of Tourism Industry and Its Role to Economic Development

Geographical locations and topography make Bangladesh one of the most promising nations in the world with immense tourism development prospects. The natural based and culture oriented tourism all over the beautiful Bangladesh provides Bangladesh the opportunity to be one the attractive tourist spots for both national and international tourists. Bangladesh Parjatan Corporation under the Ministry of Civil Aviation and Tourism was formed in September, 1972 to promote tourism sector development and attract tourists. Ever increasing number of tourist destinations across the world and increasing investments to this sector convert tourism as one of the key drivers of economic Growth by generating export revenue and creating employment opportunities. Over the past six decades tourism experienced continuous expansion and diversification to be one of the largest and ever-growing economic sectors with many emerging destinations of tourists despite economic melt-down in different parts of world. International tourist arrivals show uninterrupted growth from 25 million in 1950 to 278 million in 1980, 528 million in 1995 and 1087 million in 2013. International Tourism Receipts increased from 1078 billion in 2012 to US\$ 1159 billion 2013 worldwide which represents 7.51% increase. But this trend is not so satisfactory in Bangladesh though increasing. Economic benefits derived from tourism are often considered as one of the major sources to reduce dependency on foreign earnings and natural resources. Bangladesh tourist Industry is Referenced as one of the potential stakeholder to provide extensive economic benefits from preserved forests. In Bangladesh in-depth research and development is conduct in public and private level to discover the proper to the development of tourism industry. Bangladesh Parjaton corporation was formed in 1972 with some sound policy but implementation far way. Strategic partnership from both private and government level can open the door of infrastructural development of tourism industry. (Morshed, 2004)

Resource allocation for tourism industry is the most important issue. In Bangladesh most of the high quality hotels are located in Dhaka. But these hotels are used by tourists come for business or sports purpose. The rest part of the country is much neglected like Kuakata at potuakhali, shundharban at bagerhat etc. Not only accommodation facilities and other facilities are also absence in those areas. Due to lack of tourism facilities in September 2014 7, 32,105 Bangladeshis visited in India which is 14.79 % of total tourists' arrival in India in September 2014. But this 7, 32, 105 Bangladeshis should find their destinations in any part of the country, if facilities were so sound. Government of Bangladesh alone cannot provide all the facilities to tourism sector development. PPP can be the tool to clean obstacles involved in tourism industry of Bangladesh.

Tourism is one of the easiest ways to reduce the inequality of rich and poor in terms of earnings. Tourism is mainly a labor based industry. The people both male and female from root level involve in these sector that generate extra income through creating additional source of income for those people. Through tourism different economic units start operation. The regional development policies objectives can be achieved by sufficient capital investment from both public and private initiatives. Tourism is an eco-friendly industry which does not hamper environment but relates other components of the local economy. Tourism and development (Britton, 1982) and life-cycle model (Butler, 1980) are two approaches dominated tourism in dependency perspective in the period of tourism research. According to demand theory, Income of the consumer and price related to tourist's products service are the prime factors shaping tourists budget line. Income of origin country, price of destinations and price of alternatives destinations are the determinants of tourist arrivals (Song, Witt, & Li, 2009). Considering those factors, Bangladesh can be the most attractive location for tourist to visit. Comparative prices of tourist destinations and goods/services are low compared to the level income of tourists. Tourism is contributing to the economy of Bangladesh and it is increasing which is shown in research of (WTTC, 2014). This contribution is related with GDP growth and Employment generation. Though, historical data regarding employment generation from tourism sector shows negative trend. Bangladesh parjaton Corporation has made a positive projection of employment generation in future. Bangladesh is getting benefitted from direct, indirect and induced economic impact. Tourism is a composite product which involves different goods and services including transportation, accommodation, tour operators, travel attractions and retailing. Tourism is a worldwide market. It is not a single industry or single market. The maturity of tourism economics as a field of study comprises comprehensive bodies of knowledge and theoretical foundations in the context of tourism (Stabler, Papatheodorou, & Sinclair, 2010). So, Bangladesh can expand it tourism market across the world. As it has exclusive natural beauty that attracts people from all walks of life across the world. According to WTTC, in 2013 direct contribution tourism to Bangladesh GDP is Tk. 222.6 billion (2.1% of total

GDP). It is forecasted that GDP growth in 2014 would be 7.7% in 2014 and total contribution would be Tk. 239.8 billion which is 6.1% of total GDP. Between 2014 and 2024 the contribution would rise by 6.1%. In 2013, total contribution of travel and tourism to GDP was TK. 460.3 which is 4.4 % of total GDP. The forecasted growth of tourism to GDP in 2014 is 7.9%. The growth rate will continue at 6.5% per annum till 2024. In 2013 travel & tourism directly supported 1328500 jobs (1.8% of total employment). It is forecasted that in 2024 total contribution would be 180900 which is 1.9% of total employment. Indirectly travel and tourism contributed 2846000 jobs in 2013. It is predicted to grow by 4.2% in 2014 to 2014 to 2,965,000. Travel and tourism will contribute to 3,974,000 jobs in 2024, 4.2% of total employment.

From visitors export Bangladesh generated TK. 8.3 billion in 2013. It is expected to grow by 7.1% this year. By 2024, Bangladesh is expected to attract 611000 tourists contributing TK. 15.5 billion. Tourism of Bangladesh is mainly domestic based. Because in 2013, the contribution from domestic tourists was 97.8% of total spending and only 2.2% from foreign tourists. But this 2.2% spending did not come for the purpose of Recreation, holidays and leisure etc. but mostly from those tourists who came for business, professional purpose. The total contribution of travel and tourism is twice as its direct contribution. As tourism is labor intensive industry. Accommodation, transportations and many other services are related with tourism which increase employment

opportunities and earning for those people involve with

those professions.

“Internal” spending on tourism is the direct contribution of tourism to GDP as well as government spending on tourism services. Hotels, travel agencies, leisure and recreation services are directly related with tourism services. Direct contribution of tourism is consistent with output. It is calculated from total internal spending “netting out” expenditure made in purchase by different tourist sectors.

The indirect contribution tourism to GDP growth is very high. It includes government spending in infrastructural development, construction of hotels etc. For tourism marketing, promotion, administration, security and sanitation services, government made spending. The induced contribution of tourism to GDP growth and job creation is related with such spending.

4.3. Major Attractions and Tourist Destinations in Bangladesh

Bangladesh is a place of natural beauty. World renowned tourist Ibne Botuta has termed Bangladesh as “Hell with full of wealth and prosperity”. Culture and nature based tourism of Bangladesh has always been the attraction of tourists. But, it could not become the destinations of those tourists due to lack of facilities. The tourist destinations of Bangladesh are limited with Dhaka, Chittagong and Sylhet Divisions.

Table 4.2. Tourist's destinations in Bangladesh.

| Destinations in Dhaka | Destinations in Chittagong | Destinations in Sylhet |
|---|--|---|
| Sonargaon: cultural capital | Port city Chittagong | Madhobkundo |
| Chota & bora Katra | Sitakunda | Tamabil, Jaflong |
| Mukti juddho Museum & Bangabandhu Memorial Meseum | Himchori, Moheshkhali & Inani Beach of Cox'Bazar | Hakaluki Haor, Tangoe Haor, lawachara, Madhabpur Lake |
| The Dhaka Zoo | Cox'bazar and Saint Martin | Gour Gobinda Fort |
| Lalbagh Forth | Chimbuk, Bandharban | |
| Bahadur Shah Park | Khagrachori | |
| Central Shahid Minar | Kaptai Lake | |

There are so many tourists spots in Bangladesh basically Kuakatha Sea Beach at Patuakhali, World Largest Mangrove forest which is renowned all over the world, Shatgambuj Mosque in Bagerhat, In Rajshahi Division some attractive tourists spots are Paharpur at Noagoan, Mohasthanarh at Bogra, Rajbari, kantaji's temple, Ramsagor, swapnapuri at Dinajpu etc. These spots are world renowned but absence of tourism facilities create drawback to reach tourists in those places.

4.4. Tourism by Purpose

People travel for different reason from one country to another country. But the reason behind it is different. As most of facilities of life are available in most of the countries of the world so people travel basically for leisure, recreation and holidays. According World Tourism Organization (UNWTO)

More than 50% people travel for leisure. These activities basically involve seeing natural beauty and knowing cultural diversity at the same time heritage also. Bangladesh is place of Beauty in world map, so tourism industries prospect is very sound in Bangladesh. Every year huge number of people comes to Bangladesh as religious tourists and gathers in Tongi. Those people can be attracting through infrastructural development all over the country. World heritage Sundhaban and “Daughter of Sea” Patuakhali can be the desired destinations. This is also a potential source to make them as actual tourist. People also come to Bangladesh for visiting Friends and Relatives (VFR) is a source to attract tourist. Bangladesh is a developing country; businessmen across the world come to Bangladesh to analyze the potentiality of business in Bangladesh. The share of different purpose of tourism depicts that 52% tourist travel for recreation and leisure purpose.

4.5. Market for Tourism Development

Every firm operates in different market that ultimately determines its output decisions, pricing behavior, creativity and innovation. Profitability, efficiency and growth of the firm dependent on that market structure. This market may be monopolistic, monopolistically competitive or oligopolistic etc. the SCP paradigm provides a framework to study tourism form a different market position. Market structure directly influences the performance of a firm (Davies, 1999) and (Pan, 2005). Franchising Strategy contributes to increase market concentration by hotel chains (Cunill & Forteza, 2010). Private sector or private organization can take this advantage to generate profit and expand business. Tourist usually expend in transportation, accommodation, food, recreation and treatment etc. that turn into the income of tourist industry. Those services can be provided most effectively by private industry with the strong regulations of government. PPP can help in this respect. According to SCP framework, oligopolistic market structure provides the highest opportunity for tourism to be successful. Though, Bangladesh is practicing open market policy, but very few private organizations are operating in this sector. Private-public partnership can motivate public sectors to join in PPP project. As, government intervention will be there so it will a lucrative opportunity to expand business in future. Because, PPP will create oligopolistic market for private sector due to have government involvement in this sector. Second component "C" conduct means pricing behavior. Under private-public- partnership, two projects are in preparation stage that will prove low hotel facilities. Some other projects are in development stage and some projects under approval stage by cabinet committee of Economic Affairs. Pricing effects on hotel industry is examined on the basis of hedonic pricing approach by (Abrate, Capriello, & Fraquelli, 2011). Innovative Investment and diversification can be helpful in tourism. Public-Private-Partnership can promote such environment in better way."P" of SCP framework means performance is measured by productivity and efficiency are important issue in tourism supply experiments. Inter-firm strategic interaction is important in tourism supply chains. In tourism, transportation, accommodation, treatment, recreation works together to generate revenue. One unit extra revenue of one industry turns into another extra revenue of other related industries. The game theoretical approach has examined the interaction among tourism supply members and their strategic options. Through private-public-partnership partnership such industry cluster can be formed.

Cost of production, supply of labor and competition-related policy concern are prevalent in tourism industry. Hotels,

transpirations, accommodation and security etc. have got more attention than tourist in tourism industry. Knowledge based and resources based have got attention to create and utilize competitive advantage in tourism industry.

4.6. Different Project under PPP to Develop Tourism in Bangladesh

Bangladesh Parjatan Corporation under Ministry of Civil Aviation and Tourism has undertaken a project to construct a 5 star hotel in Cox's Bazar in the name of Development of Tourism resort and Entertainment village at Parjatan Holiday Complex under PPP basis. This project will provide multiple facilities and services. This project is in preparation stage with estimated cost \$80 -200m. Bangladesh Parjatan Corporation will establish this hotel with participation of private sector due to lack of Fund. Bangladesh Railway under Ministry of Railway has undertaken a project to establish a 5 star hotel in the unused land of Bangladesh Railway at Zakir Hossen road, Chittagong. Total estimated capital requirement is \$80-200m. Due to fund limitations, Bangladesh railway has decided to construct the hotel with PPP basis. This project is in development stage. Moreover, cabinet committee of Economic Affairs has already two projects for tourism sector development in the name of "Establishment of Sabrang Exclusive Tourism Zone" and "Establishment of Intl. Standard Tourism Complex at Existing Motel Upal Compound of BPC at Cox's Bazar". (Public, 2015)

5. Statistical Analysis and Discussion

To validate the assumption that investment in tourism will expedite economic growth of the country different statistical analysis are done. Granger casualty test shows relationship between spending in tourism and GDP growth. The direct, indirect and induced contribution of tourism to GDP growth is considered to calculate Total GDP. Dickey-Fuller Unit root test with stationary, explosive, intercept, without intercept, trend with intercept showed the relationship between investment and GDP growth. KPSS test with trend and level for Investment and GDP shows hypothetical relation. To strengthen the investment and GDP Growth relationship Von Neumann's test, Standard normal homogeneity test (SNHT), Buishand's test, Mann-Kendall trend test provides dependable findings. The analysis is conducted using 5% significance level. It indicates that there is a long-run relationship between tourism development and GDP. So, the prospect of PPP in tourism sector is high in this respect.

Granger causality test between spending in tourism and contribution to GDP:

Table 5.1. Granger Causality Test.

| Granger Causality Test: $Y = f(X)$ | | | | |
|------------------------------------|--------|----------|--------------------|-------------------|
| Model | Res.DF | Diff. DF | F | p-value |
| Complete model | 1 | | | |
| Reduced model | 2 | -1 | 0.0143934705877519 | 0.923986260234152 |
| Granger Causality Test: $X = f(Y)$ | | | | |
| Model | Res.DF | Diff. DF | F | p-value |

| Granger Causality Test: $Y = f(X)$ | | | | |
|------------------------------------|--------|----------|------------------|--------------------|
| Model | Res.DF | Diff. DF | F | p-value |
| Complete model | 1 | | | |
| Reduced model | 2 | -1 | 289.821441298657 | 0.0373521939229046 |

Interpretation:

H₀: There is a Granger Causality between spending and GDP.

H_a: There is no Granger Causality between spending and GDP. As the computed p-value is greater than the significance

level $\alpha=0.05$, one cannot reject the null hypothesis H₀. If the relation is built in reversed way, the computed p-value is lower than the significance level $\alpha=0.05$, so we can not reject the Null hypothesis H₀.

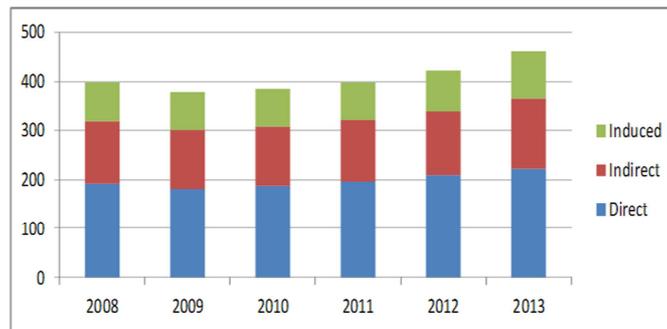


Figure 5.1. Trend of total and direct contribution of tourism to GDP.

Table 5.2. Dickey-Fuller test (DF-investment).

| | Stationary | Explosive | Intercept | No intercept | Intercept with trend |
|----------------------|------------|-----------|-----------|--------------|----------------------|
| Observed value | 0.000 | 0.000 | -0.452 | 3.999 | -1.795 |
| Critical Value | 0.000 | 0.000 | 0.389 | 1.441 | -0.120 |
| P-value (one-tailed) | <0.0001 | 1.000 | 0.179 | 0.002 | 0.435 |
| Alpha | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 |

Test Interpretation:

H₀: There is a unit root for the series

H_a: There is no unit root for the series.

When the series is stationary, As the computed p-value is lower than the significance level $\alpha=0.05$, one should reject the null hypothesis H₀, and accept the alternative hypothesis H_a. The risk to reject the null hypothesis H₀ while it is true is lower than 0.01%.

The series is explosive. As the computed p-value is greater than the significance level $\alpha=0.05$, one cannot reject the null hypothesis H₀. The risk to reject the null hypothesis H₀ while it is true is 100.00%

In case of intercept, as the computed p-value is greater than

the significance level $\alpha=0.05$, one cannot reject the null hypothesis H₀. The risk to reject the null hypothesis H₀ while it is true is 17.95%.

In case of no intercept, as the computed p-value is lower than the significance level $\alpha=0.05$, one should reject the null hypothesis H₀, and accept the alternative hypothesis H_a. The risk to reject the null hypothesis H₀ while it is true is lower than 0.25%.

In case of no intercept, as the computed p-value is greater than the significance level $\alpha=0.05$, one cannot reject the null hypothesis H₀. The risk to reject the null hypothesis H₀ while it is true is 43.46%.

Table 5.3. Dickey-Fuller test (DF-GDP).

| | Stationary | Explosive | Intercept | No intercept | Intercept with trend |
|----------------------|------------|-----------|-----------|--------------|----------------------|
| Observed value | 0.000 | 1.163 | 0.995 | 1.163 | -1.623 |
| Critical Value | 0.000 | 0.000 | 0.389 | 1.441 | -0.120 |
| P-value (one-tailed) | <0.0001 | 1.000 | 0.019 | 0.076 | 0.370 |
| Alpha | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 |

Test Interpretation:

H₀: There is a unit root for the series

H_a: There is no unit root for the series.

When the series is stationary, as the computed p-value is lower than the significance level $\alpha=0.05$, one should reject the null hypothesis H₀, and accept the alternative hypothesis H_a. The risk to reject the null hypothesis H₀ while it is true is lower

than 0.01%.

The series is explosive. As the computed p-value is greater than the significance level $\alpha=0.05$, one cannot reject the null hypothesis H₀. The risk to reject the null hypothesis H₀ while it is true is 100.00%

In case of intercept, as the computed p-value is greater than the significance level $\alpha=0.05$, one cannot reject the null

hypothesis H0. The risk to reject the null hypothesis H0 while it is true is 1.9%.

In case of without intercept, as the computed p-value is lower than the significance level $\alpha=0.05$, one should reject the null hypothesis H0, and accept the alternative hypothesis Ha. The risk to reject the null hypothesis H0 while it is true is lower than 7.6%.

As the computed p-value is greater than the significance level $\alpha=0.05$, one cannot reject the null hypothesis H0. The risk to reject the null hypothesis H0 while it is true is 37.04%.

Table 5.4. KPSS test ((Trend/level) / Lag: Short / Investment).

| | Trend | Level |
|----------------------|-------|----------|
| Observed value | 0.138 | 0.621 |
| Critical Value | 0.143 | 0.442 |
| P-value (one-tailed) | 0.070 | < 0.0001 |
| Alpha | 0.05 | 0.05 |

Test Interpretation:

H0: The series is stationary.

Von Neumann's test:

Ha: The series is not stationary.

As the computed p-value is greater than the significance level $\alpha=0.05$, one cannot reject the null hypothesis H0. The risk to reject the null hypothesis H0 while it is true is 7.01% Trend and 0.01% for level.

Table 5.5. KPSS test ((Trend/level) / Lag: Short / GDP).

| | Trend | Level |
|----------------------|-------|-------|
| Observed value | 0.138 | 0.463 |
| Critical Value | 0.143 | 0.463 |
| P-value (one-tailed) | 0.016 | 0.038 |
| Alpha | 0.05 | 0.05 |

Test Interpretation:

H0: The series is stationary.

Ha: The series is not stationary.

As the computed p-value is greater than the significance level $\alpha=0.05$, one cannot reject the null hypothesis H0. The risk to reject the null hypothesis H0 while it is true is 1.58% for Trend and 3.79% for Level.

Table 5.6. Standard normal homogeneity test (SNHT).

| | GDP | Investment | | GDP | Investment |
|---------------------|-------|--------------|----------------------|----------|------------|
| N | 0.581 | | T0 | 3.850 | 4.209 |
| P-value(one-tailed) | 0.012 | 0.272 0.0001 | t | 4 | 3 |
| Alpha | 0.05 | 0.05 | p-value (Two-tailed) | < 0.0001 | 0.047 |
| | | | alpha | 0.05 | 0.05 |

For VON Neumann's Test the p-value has been computed using 10000 Monte Carlo simulations. 99% confidence interval on the p-value:

Test interpretation: GDP and Investment.

H0: Data are homogeneous

Ha: There is a date at which there is a change in the data.

As the computed p-value is lower than the significance level $\alpha=0.05$, one should reject the null hypothesis H0, and accept the alternative hypothesis Ha. The risk to reject the null hypothesis H0 while it is true is lower than 1.12% for GDP and 0.01% for Investment.

For Standard normal homogeneity test (SNHT), the p-value has been computed using 10000 Monte Carlo simulations. 99% confidence interval on the p-value:

Buishand's test:

Test interpretation: GDP and Investment.

H0: Data are homogeneous

Ha: There is a date at which there is a change in the data.

For GDP, as the computed p-value is lower than the significance level $\alpha=0.05$, one should reject the null hypothesis H0, and accept the alternative hypothesis Ha. The risk to reject the null hypothesis H0 while it is true is lower than 0.01%.

For Investment, as the computed p-value is lower than the significance level $\alpha=0.05$, one should reject the null hypothesis H0, and accept the alternative hypothesis Ha. The null hypothesis H0 while it is true is lower than 4.67%.

Table 5.7. Mann-Kendall trend test / Two-tailed test.

| | GDP | Investment | | GDP | Investment |
|---------------------|----------|------------|----------------------|--------|------------|
| Q | 2.482 | 2.753 | Kendall's tau | 0.733 | 1.000 |
| T | 3 | 3 | S | 11.000 | 3 |
| P-value(two-tailed) | < 0.0001 | 0.061 | p-value (Two-tailed) | 0.201 | 0.003 |
| Alpha | 0.05 | 0.05 | alpha | 0.05 | 0.05 |

The p-value has been computed using 10000 Monte Carlo simulations. 99% confidence interval on the P-value:

Test interpretation: GDP and Investment

H0: Data are homogeneous,

Ha: There is a date at which there is a change in the data. As the computed p-value is lower than the significance level

$\alpha=0.05$, one should reject the null hypothesis H0, and accept the alternative hypothesis Ha. The risk to reject the null hypothesis H0 while it is true is lower than 0.01% for GDP and 6.1% for Investment.

Mann-Kendall trend test / Two-tailed test:

An approximation has been used to compute the p-value.

Test interpretation:

H₀: There is no trend in the series.

H_a: There is a trend in the series. As the computed p-value is greater than the significance level $\alpha=0.05$, one cannot reject the null hypothesis H₀. The risk to reject the null hypothesis H₀ while it is true is 20.12% for GDP and 0.3% For Investment.

6. Conclusion

This paper investigates the relationship of tourism and investment in Bangladesh by using historical data. The paper tries to find out the prospect of PPP in tourism sector of Bangladesh and Find different tourist spots which are still latent in real terms. PPP can open the door to develop those spots and contribute to the economy and strength the industry

through cost reduction, maintenances, supporting facilities etc. A great deal of importance is given in the national budget of FY2014-2014 on Private-Public initiatives. Deficit Budget is the most alarming problem for infrastructural development of Bangladesh. The involvement of Private funds through PPP initiatives can open the door to overcome the constraint of sufficient fund. The total cost and revenue shared advantages in PPP can provide the opportunity to develop world largest mangrove forest Sundharban, Daughter of Sea patuakhali and convert them into the desired tourist destinations boat for inbound and outbound tourists. In 2013 tourism contributed 2.1% to total GDP of Bangladesh which is 5% higher than GDP of 2012. This initiative will harness both private and public sector “Know-How” and identify key policy to make PPP successful.

Appendix

Table 7.1. Tourism In the world: Key Figures.

| GDP | Employment | Exports | % of Export |
|--|-------------|------------------|--------------------|
| 9% of direct, indirect and Induce impact | 1 out of 11 | US\$1.4 trillion | 6% of world export |

Sources: UNWTO tourism Highlights 2014, Page-02 to 03.

Table 7.2. Statistical analysis.

| | DirectGDP | TotalGDP | Investment | Totalemployment | Directemployment |
|--------------|-----------|----------|------------|-----------------|------------------|
| Skewness | 0.777208 | 0.81327 | 0.306947 | 2.056733 | 1.974064 |
| Kurtosis | 0.465869 | 0.686831 | -1.38993 | 4.378017 | 3.97641 |
| ANOVA | 109.658 | 284.8 | 10.518 | 18499.34 | 2781.748 |
| St.Deviation | 10.47177 | 16.87602 | 3.243147 | 136.0123 | 52.74228 |
| F-ratio | 1.8 | 1.4289 | 3.4826 | 0.18467 | 0.46204 |

Table 7.3. Descriptive analysis.

| Lag | Autocorrelation | Standard error | Lower bound (95%) | Upper bound (95%) | Partial autocorrelation | Standard error | Lower bound (95%) | Upper bound (95%) |
|-----|-----------------|----------------|-------------------|-------------------|-------------------------|----------------|-------------------|-------------------|
| 0 | 1.000 | 0.000 | | | 1.000 | 0.000 | | |
| 1 | 0.388 | 0.408 | -0.800 | 0.800 | 0.388 | 0.408 | -0.800 | 0.800 |
| 2 | -0.075 | 0.466 | -0.913 | 0.913 | -0.265 | 0.408 | -0.800 | 0.800 |
| 3 | -0.343 | 0.468 | -0.917 | 0.917 | -0.258 | 0.408 | -0.800 | 0.800 |
| 4 | -0.366 | 0.508 | -0.996 | 0.996 | -0.178 | 0.408 | -0.800 | 0.800 |
| 5 | -0.104 | 0.550 | -1.000 | 1.000 | 0.047 | 0.408 | -0.800 | 0.800 |
| 6 | 0.000 | 0.554 | -1.000 | 1.000 | -0.154 | 0.408 | -0.800 | 0.800 |

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