BŞEÜ Sosyal Bilimler Dergisi
6 (2), 192-202, 2021

BSEU Journal of Social Sciences
https://doi.org/10.33905/bseusbed.906691

e-ISSN:2548-088X (https://dergipark.org.tr/tr/pub/bseusbed)

Araştırma Makalesi - Research Article

The Impact of Economic Freedoms on Tourism Competitiveness: Empirical Evidence from Latin America Countries

Ekonomik Özgürlüklerin Turizm Rekabetçiliği Üzerine Etkisi: Latin Amerika Ülkelerinden Ampirik Kanıtlar

Mustafa Necati ÇOBAN[1]*

Received: 30/03/2021 ***Revised: 21/08/2021*** ***Accepted: 01/09/2021***

ABSTRACT

This study aims to investigate the relationship between economic freedoms and tourism competitiveness with respect to Latin American countries. Index of Economic Freedom published by Heritage Foundation was used as the indicator of economic freedoms. Travel and Tourism Competitiveness Index published by World Economic Forum was utilized as the indicator of tourism competitiveness. In addition to government spending, which is a sub-index of the index of economic freedom, Corruption Perception Index, GDP per capita, foreign direct investments, and trade openness ratio were included in the study as control variables. Panel data analysis was carried out using data of the period 2007-2019 belonging to 18 Latin American countries. It was found out at the end of the analysis that as economic freedoms increased in Latin American countries; tourism competitiveness also increased in these countries.

Keywords- economic freedoms, tourism competitiveness, Latin America countries, panel data analysis.

ÖZ

Bu çalışmada Latin Amerika ülkeleri kapsamında ekonomik özgürlüklerin turizm rekabetçiliği ile olan ilişkisinin araştırılması amaçlanmaktadır. Ekonomik özgürlük göstergesi olarak Heritage Foundation tarafından yayınlanan Ekonomik Özgürlük Endeksi kullanılmıştır. Turizm rekabetçiliği göstergesi olarak ise Dünya Ekonomik Forumu tarafından yayınlanan Seyahat ve Turizm Rekabetçiliği Endeksi kullanılmıştır. Ekonomik özgürlük endeksinin alt endeksi olan kamu harcamaları ve bunun dışında Yolsuzluk Algısı Endeksi, kişi başına düşen GSYİH, doğrudan yabancı sermaye yatırımları ve ticari açıklık oranı ise açıklayıcı değişkenler olarak çalışmaya dâhil edilmiştir. 18 Latin Amerika ülkesine ait 2007-2019 dönemine ait veriler kullanılarak panel veri analizi gerçekleştirilmiştir. Analiz sonucunda incelenen Latin Amerika ülkelerinde ekonomik özgürlükler arttıkça bu ülkelerde turizm rekabetçiliğinin arttığı bulgusuna ulaşılmıştır.

Anahtar Kelimeler- ekonomik özgürlükler, turizm rekabetçiliği, Latin Amerika ülkeleri, panel veri analizi

[1]* Sorumlu Yazar, Doç. Dr., Tokat Gaziosmanpaşa Üniversitesi, İktisadi ve İdari Bilimler Fakültesi, İktisat Bölümü, necati.coban@gop.edu.tr, (https://orcid.org/0000-0003-2839-4403)

BŞEÜ Sosyal Bilimler Dergisi
6 (2), 192-202, 2021

BSEU Journal of Social Sciences
https://doi.org/10.33905/bseusbed.906691

e-ISSN:2548-088X (https://dergipark.org.tr/tr/pub/bseusbed)

I. INTRODUCTION

One of the primary reasons for governments to support and promote tourism sector is the positive impact of this sector on economic growth and development. Tourism sector may have positive impacts on macroeconomic variables. It also creates employment and income, makes positive contribution to the balance of payments, enlivens the sectors supplying tourism sector, and leads increase in economic activities (Ivanov & Webster, 2007).

Today, tourism sector is described as one of the significant sectors contributing to the development of countries and regions. Therefore, it is observed that competitiveness has become a priority of countries regarding tourism policy. In this regard, the efforts to increase the competitiveness of tourism sector are of importance for achieving a success in tourism sector (Henriques, 2017).

The tourism sector is one of the fastest growing economic sectors facing the challenges and possibilities of globalization. The development of tourism sector is of paramount importance and plays an important role in the development of national economies (Karahuta et al., 2017).

Tourism competitiveness refers to optimize the attractiveness of a touristic place for its residents or non-residents, to offer quality and innovative tourism services to consumers, and to have a share in local and global markets. The tourism competitiveness also covers the efficient and sustainable use of current resources supporting tourism (Dupeyras, A, MacCallum, 2013; Širá & Pukała, 2019).

Poon (1993), who is an authority in tourism competitiveness, urges that competitive power should always consist of the following 4 principles:

* Environment should be the first to consider in tourism planning.

* Tourism should become a leading sector.

* Distribution channels in the market should be strengthened.

*A private dynamic sector should be developed (Poon, 1993).

Tourism competition consists of the capacity of a tourism product or tourism enterprise to increase its share by adding value compared to its competitors in the same market, having a voice in the market and maintains itself. Tourism competition is also a competition between destinations. Destination competition refers to all efforts of competing regions, which are geographically close or of which potential customer profile is same and having similar touristic values and resources, to increase their shares in the market (Meriç et al., 2018).

The competitiveness of tourist destinations is becoming increasingly important for countries aiming to control a large part of the rapidly growing tourism market. This is a necessity, especially for countries, where tourism sector is important for economy and which depend on tourism sector. It can be argued that the interest of countries, relying on the development in other sectors rather than tourism, have developed (Gooroochurn & Sugiyarto, 2005). For this reason, analysis of the competitiveness factors of the tourism sector is of importance in both scientific and practical respects (Navickas & Malakauskaite, 2009).

Economic freedom refers to the extent to protect acquired properties and freedom of individuals to voluntarily engage in purchase and sale transactions. The main function of governments in an economically free society is to protect private properties and enforcement of contracts. If governments fail to protect private properties or initiates restrictions limiting purchase and sale of properties, they violate their citizens' economic freedom. Institutional regulations that restrict trade, increase transaction costs, weaken property rights and causes uncertainty will lead to a decrease in revenues to be obtained by commerce and a reduction in individuals' productive activities (De Haan & Sturm, 2000).

The basic components of economic freedom are personal choice, voluntary exchange, freedom of competition, and protection of individuals and property. If a society is free in terms of economy, the choices of individuals will determine which goods and services will be produced. In order to establish economic freedoms, institutions should be operated, and necessary policies should be implemented. When governments protect their subjects' properties and property rights against those attempting to acquire these by violence, pressure and fraud, they can ensure economic freedom (Gwartney & Lawson, 2003)

It is known that economic freedom levels are higher in the countries, where free trade conditions apply, a stable currency is available, public expenditures are under control, access to a finance opportunity is easy,

competitive conditions are maintained, there are no practices such as discrimination and favoritism, and taxation is lower(Miller & Kim, 2013).

Free movement of production factors should be ensured within the scope of economic freedoms. Complete free movement of production factors, such as labor and capital should be provided. Governments should not execute restrictive implementations in use of these production factors. Conditions of free market economy should not be violated, economic freedoms of individuals should be protected and maintained (Borović, 2014).

In the economies with an established legal system, a stable currency, in which trade liberalization conditions prevail and with lots of investment opportunities, having efficient workforce and product market, accordingly with high level of economic freedom, it is clear that there will be a more stable and competitive business climate (Ali, 2003; Knack & Keefer, 1995; Mauro, 1995).The tourism sector is in a tendency to develop in stable economic and commercial environments where institutions and policies are open, consistent and free, and in countries with higher levels of economic freedom(Das & Dirienzo, 2010).

If we consider the relationship between economic freedom and tourism competitiveness by considering the basic components of economic freedom, it will be seen that this is actually nothing different from examining the economic position of the state and the effect of economic liberalization on tourism competitiveness. Economic freedoms evoke the liberal economic system (Öcal et al., 2020). When tourists decide to visit a country, they may be interested in whether the economy of that country is liberal. Entrepreneurial activities are common only in countries with a high level of economic freedom. It can be stated that the quality of tourism services is better due to the increasing competitive environment in countries where entrepreneurial activities are common (Saha et al., 2017). With the increase in entrepreneurial activities, more tourism businesses will be opened. Again, in relation to economic freedom, reducing the tax burden and high business freedom will further increase entrepreneurial activities. Freedom of trade, which is one of the important elements of economic freedom, contributes to the diversity of goods and services and increases the satisfaction level of tourists coming to the country (Öcal et al., 2020).

The aim of this study is to fill the gap in the relevant literature by investigating the effect of economic freedoms on tourism competitiveness, to emphasize the importance of economic freedom and therefore the liberal economic system for the tourism sector, and to present strong evidence with the econometric analysis. When the relevant literature is examined, it is seen that there are not enough studies on the subject. Accordingly, Travel and Tourism Competitiveness Index published by World Economic Forum was utilized as the indicator of tourism competitiveness. Index of Economic Freedom published by Heritage Foundation was used as the indicator of economic freedoms. This section is followed by literature review. Next, the data set and method of the study will be introduced. Following the data set and method section, the empirical results obtained will be reported. The last section discusses the conclusions of the study.

II. LITERATURE REVIEW

When examining studies on the relationship between economic freedom and tourism competitiveness index, it is seen that there are few studies on this topic. It was observed that there were generally studies investigating the effects of economic freedoms on economic growth. Regarding tourism competitiveness, there are studies on the relationship of tourism competitiveness with different variables. However, these studies are not adequate in number.

It is generally accepted that a country with an established and stable legal and currency system, efficient workforce and product markets, open trade and investment opportunities and which is economically free has a more stable economic structure as well as a more competitive business climate that covers tourism sector (Ali, 2003; Barro & Sala-i-Martin, 2004; Dawson, 1998; Easton & Walker, 1997; Knack & Keefer, 1995; Mauro, 1995).

Of the studies on the relationship between economic freedom and tourism competitiveness, the study conducted by Das and DiRienzo (2009) is significant. In the study examining the relationship between tourism competitiveness and freedom of press, economic freedom index was also used as a control variable. It was concluded that economic freedoms affected tourism competitiveness positively (Das & Dirienzo, 2009)

In another study by Das and Dirienzo (2010) on the relationship between tourism competitiveness and corruption, they investigated the influence of economic freedoms on tourism competitiveness. Panel regression analysis was performed in the study in which 119 countries were examined. The study reported that economic freedoms had a positive impact on tourism competitiveness (Das & Dirienzo, 2010).

Kubickova (2016) examined the impact of economic freedoms on tourism competitiveness. In the study analyzing 7 Central American countries, the data of these countries regarding the period of 1995-2007 were used. In the study performing an estimation with the vector error correction model, it was reported that the relationship between economic freedom and tourism competitiveness index was negative, but a statistically insignificant result was obtained(Kubickova, 2016).

Kubickovaand Li (2017) investigated the relationship between economic freedom and tourism competitiveness in Costa Rica, Guatemala and Honduras. In the study in which data belonging to 1995-2012 were utilized, analyzes were carried out using Johansen cointegration test, Granger causality test and VECM method. Johansen cointegration test concluded that there was a long-term relationship between variables. When examining the results of Granger causality test, while a long-term causality relationship was found out between economic freedom and tourism competitiveness in Guatemala, such a relationship was not identified in Costa Rica and Honduras. VECM results showed that there was a two-way short-term causality relationship between economic freedom and tourism competitiveness in Guatemala and Honduras (Kubickova & Li, 2017).

Saha, Su and Campbell (2016) examined the impact of economic freedoms on tourism movements from abroad to domestic. More than 110 countries were investigated in the study, where the period of 1995-2012 was examined. In the study conducting an estimation with fixed effects model, it was found out that economic freedoms had a positive impact on the tourism movements from abroad to domestic (Saha et al., 2017)

Özcan, Aslan and Nazlıoğlu (2017) investigated the causality relationship between economic freedoms and foreign tourist entries. Granger causality analysis was carried out in the study in which data belonging to 17 transition economies covering the period 1996-2012 were used. When examining the results, no causality relationship was found out between two variables, the results supporting neutrality hypothesis were obtained (Ozcan et al., 2017)

Muslija, Satrovicand Colakovic (2019) researched the relationship between economic freedoms and tourism industry. In the study in which balanced panel data analysis was performed, the data of 100 countries for the period 2002-2015 were used. It was concluded that economic freedoms had positive impact on tourism industry (Muslija et al., 2019)

Öcal, Altınözand Aslan (2020) examined the relationship between economic freedoms and tourist entries. In the study subjecting the Mediterranean countries, the data of these countries for the period 1996-2016 were utilized. In the study in which the panel vector autoregression method was executed, it was found that the increase in economic freedom indices negatively affected the tourist entries in Mediterranean countries. It was reported that economic freedoms would not bring advantage for tourists without any supportive public policy in tourism sector (Öcal et al., 2020).

Lu et al. (2021) investigated the relationship between preferences under uncertainty and tourism development. Economic freedom was used as one of the control variables in the study. The data of 74 countries for the period 1995-2019 were used. It was concluded that economic freedoms had a positive impact on tourist entries and tourism revenue (Lu et al., 2021).

III. DATA SET AND METHOD

In this study, a balanced panel data analysis was carried out using annual data of 18 Latin American countries for the period of 2007-2019. The fact that the data of the variables for the countries included in the study were available between the specified years was effective in determining the time interval in the study. The high tourism potentials of these countries were effective in conducting the research within the scope of Latin American countries. Travel and Tourism Competitiveness Index published by World Economic Forum was utilized as the dependent variable. Of the independent variables, Index of Economic Freedom published by Heritage Foundation was used as the indicator of economic freedoms. In addition to public expenditures, which are a sub-index of the index of economic freedom, Corruption Perception Index published by Transparency International, GDP per capita (current USD), foreign direct investments (net inflows) and trade openness ratio were included in the study as control variables. The countries included in the analysis are demonstrated in Table 1.

Table 1. The Countries Analyzed

Countries
Argentina
Bolivia
Brazil
Dominica
Ecuador
El Salvador
Guatemala
Honduras
Colombia
Kosta Rica
Mexico
Nicaragua
Panama
Paraguay
Peru
Chile
Uruguay
Venezuela

When working with panel data, balanced panel if each unit is observed for all time; for some units, if some time is lost, an unbalanced panel is in question. In this study, balanced panel data analysis was applied as each unit was observed for all times. Stata 14 package program was used to apply panel data analysis.

The variables in the study, the abbreviations of these variables, expected impacts of the independent variables on the dependent variables and the expected signs of the coefficients are shown in Table 2. Logarithmic values of per capita GDP, foreign direct investment and trade openness ratio variables were included in the analysis.

Table 2. Variables, Abbreviation of Variables and Expected Signs of Coefficients

Name of Variable	**Abbreviation of Variable**	**Expected Impacts on the Index of Travel and Tourism Competitiveness**
Index of Economic Freedom	EFI	+
Index of Government Spending	GSI	-
Corruption Perception Index	CPI	+
GDP per capita (Current USD)	LNGDP	+
Foreign Direct Investments (Net Inflows)	LNFDI	+
Trade Openness Ratio	LNTRADE	+
Travel and Tourism Competitiveness Index	TTCI	

The hypothesis of this study is as follows:

H_0= There is not a positive relationship between Economic Freedoms and Tourism competitiveness.

H_1= There is a positive relationship between Economic Freedoms and Tourism competitiveness.

The model developed is provided below.

$$TTCI_{it}=\alpha_0+\alpha_1 EFI_{it}+\alpha_2 GSI_{it}+\alpha_3 CPI_{it}+\alpha_4 LNGDP_{it}+\alpha_5 LNFDI_{it}+\alpha_6 LNTRADE_{it}+\alpha_i+\lambda_t+\varepsilon_{it}$$

$TTCI_{it}$ refers to travel and tourism competitiveness index, EFI_{it} means index of economic freedom, GSI_{it} shows index of government spending, CPI_{it} indicates corruption perception index, $LNGDP_{it}$ refers to GDP per capita corruption perception index, $LNFDI_{it}$ means foreign direct investments, $LNTRADE_{it}$ shows trade openness ratio, $\alpha_0$demonstrates fixed parameter, α_i indicates unit effect, λ_t refers to time effect and ε_{it} means error term.

First of all, the summary statistics of the variables will be provided. Later on, the presence of classic model will be investigated. After investigating the presence of the classical model, the model will be estimated by

fixed effects and random effects model. Next, heteroscedasticity, autocorrelation and cross-sectional dependence tests will be performed following the examination of which model is effective with Hausman test. After these tests are conducted, the model will be estimated with a proper resistant estimator.

IV. ECONOMETRIC ANALYSIS

First of all, the statistics regarding the variables were reported. In Table 3, descriptive statistics of the variables can be seen. GDP, FDI and TRADE variables were included in the analysis by taking their logarithms.

Table 3. Descriptive Statistics of Variables

Variables	Number of Observation	Mean	Standard Deviation	Minimum	Maximum
TTCI	234	3.869701	0.3939177	3.1	4.7
EFI	234	60.25385	9.768712	25.2	79
GSI	234	76.96709	13.94714	41.2	96.1
LNGDP	234	8.71273	0.6630623	7.191399	9.759741
LNFDI	234	21.50052	1.91654	16.21805	25.35242
LNTRADE	234	4.117301	0.4304279	3.095848	5.116187

After reporting summary information regarding the variables, the presence of multicollinearity between independent variables will be investigated.

A multicollinearity refers to linear relationships between independent variables (Shrestha, 2020; Young, 2018). Misleading results can be achieved after a multicollinearity problem is faced and the analyzes performed by ignoring this. The results obtained by a model with a multicollinearity problem may not be reliable (Harrell Jr, 2015; Hosmer Jr et al., 2013; Shrestha, 2020).

In the following table, the correlation matrix of the model is seen. When examining the correlation matrix, it is seen that the correlation relationship between the independent variables in the model is below 75%. This shows that any linear-by-linear association problem was not seen in the model.

Table 4. Correlation Matrix

	EFI	GSI	CPI	logGDP	logFDI	logTRADE
EFI	1.0000					
GSI	0.6262	1.0000				
CPI	0.6327	0.0672	1.0000			
LNGDP	0.1970	-0.1696	0.5358	1.0000		
LNFDI	0.2005	-0.2939	0.3257	0.5012	1.0000	
LNTRADE	0.2062	0.5438	-0.1442	-0.4423	-0.5389	1.0000

VIF test is one of the ways applied to test the presence of the linear-by-linear association problem. Based on the VIF test results, an estimate can be achieved regarding a linear-by-linear association problem. It is known that a VIF value greater than 10 and a tolerance value below 0.2 refer to a multicollinearity problem. When examining the following table, it is observed that the VIF values of all independent variables are below 10. Tolerance values are also below 0.2. There is no linear-by-linear association problem.

Table 5. VIF Values

Variables	Tolerance	VIF Value
EFI	0.214195	4.67
GSI	0.306375	3.26
CPI	0.330535	3.03
LNGDP	0.526422	1.90
LNFDI	0.499261	2.00
LNTRADE	0.508550	1.97

After testing the multicollinearity problem and not concluding such a problem, the presence of a classical model is investigated in the model. A classical model is valid when the data does not differ by units (Yerdelen Tatoğlu, 2016). F test is used to test the classical model. In the following table, you can see F test results. Based on these results, the model is invalid. There are unit and/or time effects in the model.

Table 6. F Test

F Statistics	35.83
Probability Value	0.0000

After examination of the presence of classic model, Hausman specification test should be carried out in order to make a decision between fixed effects and random effects estimators. It is evident that fixed effects model is used more than panel data analyses. Statistically efficient features of the fixed effects model play a great role in its preferred more. However, it should be kept in mind that random effects model provides more efficient results than fixed effects model in some circumstances. Hausman test is utilized to specify which of these models is more effective (Baltagi, 2008). In the following table, you can see the results of Hausman test. It is seen that H_0 hypothesis was rejected, and the fixed effects model is valid.

Table 7. Hausman Test

Chi square statistics	39.07
Probability value	0.0000

Heteroscedasticity, which refers to change of variance according to units, should especially be tested in panel data models before analysis. In the case of heteroscedasticity, the standard errors of estimates may not be realistic. Regression estimates conducted by ignoring heteroscedasticity may be misleading. For this reason, it is of importance to test the heteroscedasticity. In the model, Modified Wald test was carried out to test heteroscedasticity. In the following table, you can see the related results. The results indicate that the variance showed change according to the units. H_0 hypothesis was accepted. A heteroscedasticity problem was identified.

Table 8. Modified Wald Test

Chi square statistics	123.09
Probability value	0.0000

Another statistical problem frequently seen in panel data models, which is a combination of cross-sectional data and time-series data, is autocorrelation. Autocorrelation, which refers to an association of error terms with each other, prevents the efficiency of estimations. It is of importance to test the presence of an autocorrelation before an analysis. In this respect, Autocorrelation was tested by Bhargava, Franzini and Narendranathan's Durbin Watson and Baltagi-Wu's Local Best Invariant tests. The obtained results are seen in the following table. The values of both tests are highly below 2. This refers to a serious autocorrelation.

Table 9. Durbin Watson and Baltagi-Wu Autocorrelation Tests

Bhargava, Franzini and Narendranathan's Durbin-Watson Test Statistics Value	.80696271
Baltagi-Wu Test Statistics Value	1.114805

It is one of the general assumptions of panel data models is that the error terms are independent of units. However, the circumstances, violating this estimation and in which errors have concurrent correlations along cross-sectional units, may be generally seen. This prevents the correlation matrix from being a unit matrix. Therefore, it is of paramount importance to test the assumption of non-correlation between units (Yerdelen Tatoğlu, 2016). In this study, Pesaran test was conducted to examine the cross-sectional dependence. Pesaran test can be applied in cases where T is small and N is big. Due to T = 13 and N = 18, the model is proper for the Pesaran test. In the following table, you can see the results of the Pesaran test. According to the results, H_0 hypothesis is rejected while there is a cross sectional dependence.

Table10. Pesaran Test

Statistics Value	8.702
Probability Value	0.0000

As a result of the Hausman test, it was found that the fixed effects model was effective, and these three statistical problems were observed in the heteroscedasticity, autocorrelation and cross-sectional dependence tests. In the following stage, the model will be estimated in the presence of these statistical problems and by the Driscoll-Kraay robust estimator, which can also be conducted in the fixed effects model, and robust standard errors will be

produced. In the following table, you can see estimation results regarding the model. R^2 value is 0.1797. This value shows the power of independent variables to explain the dependent variable.

Table11. Estimation Results

Independent variables	Coefficient	Driscoll/KraayStandardError	Probability Value
EFI	.0111486	.0030742	0.003***
GSI	-.0056282	.0013285	0.001***
CPI	.0390467	.0363133	0.303
LNGDP	-.1713656	.0948938	0.096*
LNFDI	.0581543	.0217207	0.020**
LNTRADE	.3400127	.0761293	0.001***
R^2= 0.1797			
***: 1%Significance Level			
**: 5%Significance Level			
*: 10%Significance Level			

When examining the relationship between the variables EFI and TTCI, it is seen that the coefficient is positive. The probability value also refers to significance at 1% statistical significance. As the level of economic freedom increases in Latin American countries, the level of tourism competitiveness also increases.

It is seen that the coefficient of the GSI variable, which is one of the sub-indices of the Index of Economic Freedom, is negative. The probability value also refers to significance at 1% statistical significance. It is observed that as government spending increase, tourism competitiveness decreases in Latin America.

When examining the relationship between the CPI variable, which was included in the model as an indication of corruption, and TTCI variable, it has been identified that the coefficient is positive as expected. In Latin American countries, an increase in the corruption index (decrease in corruption) increases the competitiveness of tourism. However, the obtained results are statistically insignificant.

When the relationship between per capita GDP and tourism competitiveness is analyzed, it is seen that as the GDP per capita increases in Latin American countries, tourism competitiveness decreases. This is an unexpected result, and no statistically significant result was obtained.

When examining the relationship between the variables of LNFDI and TTCI, the relationship between these variables has been found to be positive. This result is also statistically significant at 5% significance level. As foreign direct investment inflows increase in Latin American countries, tourism competitiveness also increases.

When analyzing the effect of LNTRADE variable on TTCI variable, the coefficient confirms a positive relationship between the variables. As the commercial openness ratio increases in Latin American countries, the competitiveness of tourism sector increases. This result is also statistically significant at 1% significance level.

CONCLUSION

In this study, the effect economic freedoms on tourism competitiveness were investigated in Latin American countries in the period 2007-2019.To this end, balanced panel data analysis was conducted. In the model estimated, Travel and Tourism Competitiveness Index published by World Economic Forum was utilized as the indicator of tourism competitiveness. Index of Economic Freedom published by Heritage Foundation was used as the indicator of economic freedoms. In addition to government spending, which is a sub-index of the index of economic freedom published by Heritage Foundation, GDP per capita (current USD) published by World Bank, foreign direct investments (net inflows), trade openness ratio and Corruption Perception Index published by Transparency International, were included as control variables.

When examining the conclusions achieved in the study, it was found out that the economic freedoms in Latin American countries had a positive impact on tourism competitiveness. As the level of economic freedom increases in Latin American countries, tourism competitiveness increases in these countries. Accordingly, a one-unit increase in the economic freedom index will cause an increase of 0.0111486 units in the tourism competitiveness index. This result is also statistically significant. It is seen that this conclusion is in accordance with the conclusions reported in the literature (Das & Dirienzo, 2010; Das & DiRienzo, 2009).

When examining the relationship between the control variables of government spending index, one of the sub-indices of the index of economic freedom, and travel and tourism competitiveness index, a negative and statistically significant relationship was identified. In Latin American countries, tourism competitiveness decreases

as public expenditures increase. According to the findings, a one-unit increase in the government spending index will cause a -.0056282-unit decrease in the tourism competitiveness index.

As to the relationship between corruption perception index and travel and tourism competitiveness index, it was observed that as the corruption perception index increased (corruption decreased) in Latin American countries, the tourism competitiveness index also increased. A one-unit increase in the corruption perception index (decrease in corruption) leads to an increase of .0390467 units in the tourism competitiveness index. This conclusion is in accordance with the conclusions reported in the literature (Das & Dirienzo, 2010).

When examining the relationship between GDP and tourism competitiveness, the relationship between these variables was concluded to be negative. As the GDP per capita increases in Latin American countries, tourism competitiveness decreases. A one-unit increase in GDP per capita in Latin American countries leads to a decrease of -.1713656 units in the tourism competitiveness index. However, this conclusion is statistically insignificant (Significance only at 10% significance level).

When the relationship between foreign direct investments and tourism competitiveness was analyzed, it was observed that the relationship between them was positive. As foreign direct investment inflows to Latin American countries increase, tourism competitiveness also increases in these countries. A one-unit increase in foreign direct investments causes an increase of .0581543 units in the tourism competitiveness index. The coefficient is obtained as expected. Obtained conclusion is statistically significant.

When examining the relationship between tourism competitiveness and trade openness ratio in Latin American countries, it was concluded that the relationship between them was positive and the conclusion was also statistically significant at 1% significance level. A one-unit increase in trade openness in Latin American countries causes an increase of .3400127 in the tourism competitiveness index.

Based on the conclusions of this study carried out regarding Latin American countries, it can be urged that the establishment of economic freedoms is a subject that should be considered by all countries. Property rights in countries should be protected and legally secured. In addition, individuals' economic freedom should not be prevented by taxes. Levels of economic freedom should be increased by removing certain restrictions under the commercial activities of countries. In order to achieve more tourist entry and to increase the effectiveness of tourism sector, it is of paramount importance to guarantee economic freedoms and increase their protection.

REFERENCES

Ali, A. M. (2003). Institutional differences as sources of growth differences. *Atlantic Economic Journal*, 31 (4), 348–362.

Baltagi, B. (2008). *Econometric analysis of panel data*. John Wiley & Sons.

Barro, R., & Sala-i-Martin, X. (2004). *Economic growth second edition*. Cambridge MA.: The MIT Press.

Borović, Z. (2014). Does economic freedom impact economic growth: Evidence from two Western Balkan countries. *Industrija*, 42 (2), 57–70.

Das, J., & Dirienzo, C. (2010). Tourism competitiveness and corruption: A cross-country analysis. *Tourism Economics*, 16 (3), 477–492.

Das, J., & Dirienzo, C. E. (2009). Global tourism competitiveness and freedom of the press: A nonlinear relationship. *Journal of Travel Research*, 47 (4), 470–479.

Dawson, J. W. (1998). Institutions, investment, and growth: New cross-country and panel data evidence. *Economic Inquiry*, 36 (4), 603–619.

De Haan, J., & Sturm, J.-E. (2000). On the relationship between economic freedom and economic growth. *European Journal of Political Economy*, 16 (2), 215–241.

Dupeyras, A, &MacCallum, N. (2013). *Indicators for measuring competitiveness in tourism: A Guidance Document* (2013/02; OECD Tourism Papers).

Easton, S. T., & Walker, M. A. (1997). Income, growth, and economic freedom. *The American Economic Review*, 87 (2), 328–332.

Gooroochurn, N., & Sugiyarto, G. (2005). Competitiveness indicators in the travel and tourism industry. *Tourism Economics*, 11 (1), 25–43.

Gwartney, J., & Lawson, R. (2003). The concept and measurement of economic freedom. *European Journal of Political Economy*, 19 (3), 405–430.

Harrell Jr, F. E. (2015). *Regression modeling strategies: with applications to linear models, logistic and ordinal regression, and survival analysis*. Springer.

Henriques, C. H. N. (2017). Measuring competitiveness in tourism. Journal of Research on Trade, *Management and Economic Development*, 8 (2), 109–116.

Hosmer Jr, D. W., Lemeshow, S., & Sturdivant, R. X. (2013). *Applied logistic regression* (Vol. 398). John Wiley & Sons.

Ivanov, S., & Webster, C. (2007). Measuring the impact of tourism on economic growth. *Tourism Economics*, 13 (3), 379–388.

Karahuta, M., Gallo, P., Matušíková, D., Šenková, A., & Šambronská, K. (2017). Forecast of using neural networks in the tourism sector. *CBU International Conference Proceedings*, 5, 218–223.

Knack, S., & Keefer, P. (1995). Institutions and economic performance: cross-country tests using alternative institutional measures. *Economics & Politics*, 7 (3), 207–227.

Kubickova, M. (2016). The role of government in tourism: linking competitiveness, freedom, and developing economies. *Czech Journal of Tourism*, 5 (2), 73–92.

Kubickova, M., & Li, H. (2017). Tourism competitiveness, government and tourism area life cycle (TALC) model: the evaluation of Costa Rica, Guatemala and Honduras. *International Journal of Tourism Research*, 19 (2), 223–234.

Lu, Z., Li, H., Lau, C. K. M., & Isah, A. B. (2021). Preferences and Tourism Development under Uncertainty: An Empirical Study. *Sustainability*, 13 (5), 2534.

Mauro, P. (1995). Corruption and growth. *The Quarterly Journal of Economics*, 110 (3), 681–712.

Meriç, S., Şahin, S., & Metin, D. (2018). *Uluslararası Rekabet ve Turizm*. In D. Şahin & A. T. Bayram (Eds.), Turizm Ekonomisi (pp. 179–198). Değişim.

Miller, T., & Kim, A. B. (2013). *Defining economic freedom*. Miller AT, Holmes KR, Feulner EJ (Eds), 87–94.

Muslija, A., Satrovic, E., & Colakovic, N. (2019). Dynamic panel data analysis of the relationship between economic freedom and tourism. *Çankırı Karatekin Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi*, 9 (2), 327–343.

Navickas, V., & Malakauskaite, A. (2009). The possibilities for the identification and evaluation of tourism sector competitiveness factors. *Engineering Economics*, 61 (1), 37-44.

Öcal, O., Altınöz, B., & Aslan, A. (2020). The Nexus Between Economic Freedom and Tourist Arrivals: Evidence from Mediterranean Countries.*İstanbul İktisat Dergisi*, 70 (2), 287-301.

Ozcan, C. C., Aslan, M., & Nazlioglu, S. (2017). Economic freedom, economic growth and international tourism for post-communist (transition) countries: A panel causality analysis. *Theoretical & Applied Economics*, 24 (2), 75-98.

Poon, A. (1993). *Tourism, technology and competitive strategies*. CAB international.

Saha, S., Su, J.-J., & Campbell, N. (2017). Does political and economic freedom matter for inbound tourism? A cross-national panel data estimation. *Journal of Travel Research*, 56 (2), 221–234.

Shrestha, N. (2020). Detecting multicollinearity in regression analysis. *Am J Appl Math Stat*, 8 (2), 39–42.

Širá, E., & Pukała, R. (2019). Competitiveness of Travel and Tourism in Selected Countries. *Czech Journal of Tourism*, 8 (1), 17–31.

Yerdelen Tatoğlu, F. (2016). *Panel Veri Ekonometrisi Stata Uygulamalı* (3rd ed.). Beta.

Young, D. S. (2018). *Handbook of regression methods*. CRC Press.