

POLICY RECOMMENDATIONS OF THE

21st MEETING OF THE COMCEC TOURISM WORKING GROUP

A moderation session under the working group agenda titled “Formulation of Policy Recommendations for the 39th COMCEC Ministerial Session on “Promoting Entrepreneurship for Tourism Industry Competitiveness in The OIC Countries” was conducted during the 21st Meeting of the COMCEC Tourism Working Group. This document has been prepared to enrich the discussions during the said session to come up with concrete policy recommendations for policy approximation among the Member Countries. It has been drafted in accordance with the main findings of the research report conducted for this meeting.

Policy Advice 1. Encouraging transformation from informal economy in tourism industry to certified tourism products and services through designing regulations aiming to improve the entrepreneurial status and protect entrepreneurs.

Creating a business-friendly regulatory environment to make tourism investments more attractive largely depends on the legislative framework in countries, which can offer a wide range of opportunities. Informal sectors are generally associated with low productivity, reduced tax revenues, poor governance, excessive regulations, and poverty and income inequality. The informal economy poses a serious threat not only to the functioning of the labor market and the competitiveness of the tourism sector but also for the productivity of tourism entrepreneurs. The informal economy in tourism sector deteriorates the market relations and development of human capital. At the same time, burdensome bureaucratic procedures and taxation regulations are the key challenges hindering entrepreneurial activities especially at the initial stage of the starting a business. Hence, regulations should be designed by taking into consideration the balance between formality and burdensome bureaucracy so that the legislative process makes it easier to increase certified tourism products and services for member countries. Handling the reasons that lead to the informal activities in terms of the existing entry barriers is necessary to make them adhere to the regulations. Therefore, designing regulations is vital to improve transformation from informal economy to certification. Giving support to entrepreneurs in their early stage could help them to stay away from informal economy. In this regard, tourism licensing focuses on customer satisfaction and competitiveness of the related country as a tourist destination. While licensing ensures to follow standards and meet the customer satisfaction

for governments, it helps the entrepreneurs to access trainings and capacity building programs. This would also help businesses to get start and flourish.

Policy Advice 2. Developing/Improving sound public and private incentive mechanisms for facilitating tourism entrepreneurship, innovation, and job creation in tourism and hospitality industry.

Creating a sustainable entrepreneurial culture, reducing regulatory burdens to access national and international markets, providing a second chance for failed tourism entrepreneurs, enabling tourism entrepreneurs to use digitalization in their services, and focusing on resilience during difficult times are the key issues affecting tourism entrepreneurship. A successful entrepreneurial eco system also involves a variety of stakeholders, including public institutions, financial agencies, regional development agencies and training institutions and a continuous dialogue and cooperation among them. Incentive mechanisms, such as tax reduction, investment place allocation, VAT¹ exemption, customs and tax exemptions and assistance by renting land for a short time to the entrepreneurs are pertinent and major measures to motivate and encourage entrepreneurs in the tourism sector. In addition, strategies to support entrepreneurship in their early stages through providing the in-kind support, establishing incubators, and facilitating access to finance (e.g. angel capital) is crucial in promoting entrepreneurial activities. Furthermore, creating jobs in tourism sector by employee incentive programs allows companies to improve productivity, reduce employee retention, and lower production costs. This encourages teamwork and boosts motivation. Both the employees and employers benefit from the incentive programs.

Policy Advice 3. Promoting investments in niche tourism areas (i.e. cultural and heritage tourism, religious tourism, adventure tourism, gastronomy and ecotourism) and maintaining their sustainability through encouraging local entrepreneurship.

Along with mass tourism, niche tourism is also an important tool for destinations seeking to create, diversify or extend the market appeal of particular places. Niche tourism areas may also provide various benefits for the host communities, such as economic development, social cohesion, cultural preservation, and environmental conservation.

Cultural and heritage tourism enhances the competitiveness of destinations, as heritage resources are usually unique to the destination and can not be found elsewhere as well as appeal a more desirable profile of tourists. To ensure long-term and sustainable competitiveness in this area, positive discrimination towards local entrepreneurship should be made to support the tourism investments. This could be possible through introducing special incentives customized to encourage niche tourism.

Actually, OIC Member Countries have a rich cultural and heritage tourism opportunities. Improving the utilization, quality and sustainability of cultural and heritage tourism in the OIC destinations by linking people with history and by investing in niche tourism types such as adventure tourism, rural tourism, eco-tourism, gastronomy tourism, health and wellness tourism. This can also provide sustainable tourism in the long term in terms of accommodation establishments, developing niche tours and activities as well as promoting sustainable and responsible tourism practices and local job opportunities.

Policy Advice 4. Raising awareness of entrepreneurs on tourism assets, facilities and attractions and their potential.

Among the most important needs of entrepreneurs who want to be involved in the tourism sector is the lack of sufficient awareness of the assets and potential of the sector. This process is also related with public awareness of their tourism assets, including attractions, resources, and facilities. Those two variables affect and feed each other's. Hence, raising public awareness on tourism assets, including attractions, resources, and facilities, and providing detailed information on tourism values to attract potential visitors are necessary steps to be taken for enhancing the value added of this sector.

In this regard, several strategies might be developed for raising the awareness of the public and supporting entrepreneurial activities especially for the young segment of the population. At the same time, seminars and short-term special education programs can be designed for raising awareness of tourism entrepreneurs and developing their knowledge, skills, and expertise.

Policy Advice 5. Investing in Destination Promotion and Marketing (i.e. digital content, branding) by utilizing digital contents (i.e. social media, bloggers) on tourism attractions for enabling entrepreneurs to market their services toward potential tourists.

Product and service promotion through digital marketing channels continues to improve consumers' awareness. Social media and digital marketing for travel destinations in accessible and understandable content on touristic places is beneficial for tourists to prefer products and services. Use of social media, websites, travel bloggers and bloggers, user generated content and influencer marketing may yield fruitful results for tourism entrepreneurs. Therefore, tourism entrepreneurs may be equipped with necessary skills for the better utilization of digital platforms to market their services to potential tourists. These initiatives would effectively contribute to enhancing tourist inflow to the member countries.²

Policy Advice 6. Developing entrepreneurial training (especially for first time entrepreneurs) and certification programs aiming to enhance human capital.

Developing capacity building and training programs to enhance human capital required by potential entrepreneurs at the destination. Governments should implement several programs that encourage and promote young entrepreneurs. For example, developing an effective entrepreneurship education and training program can boost potential young business owners' knowledge of sustainable practices, digital technology, and marketing, as well as their grasp of tourism management.

Therefore, the government should formulate policies to encourage youth entrepreneurship in tourism sector. Policies may be devised to enhance this groups entrepreneurial orientation, arrange awareness seminars, organize trainings, and initiate educational programs to develop their knowledge, skills, and expertise.

Instruments to Realize the Policy Advices:

COMCEC Tourism Working Group:

In its subsequent meetings, the Working Group may elaborate on the above-mentioned policy areas in a more detailed manner.

COMCEC Project Funding:

Under the COMCEC Project Funding, the COMCEC Coordination Office calls for projects each year. With the COMCEC Project Funding, the Member Countries participating in the Working Groups and OIC Institutions operating in the field of economic and commercial cooperation can submit multilateral cooperation projects to be financed through grants by the COMCEC Coordination Office. For the above-mentioned policy areas, the Member Countries and OIC Institutions can utilize the COMCEC Project Funding and the COMCEC Coordination Office may finance the successful projects in this regard. These projects may include organizing seminars, training programs, study visits, exchange of experts, workshops and preparing analytical studies, and needs assessments.

OIC/COMCEC Private Sector Tourism Forum:

The OIC/COMCEC Private Sector Tourism Forum may elaborate on the above-mentioned policy areas and the sub-areas from the private sector perspective in its future meetings.

1 Value Added Tax

2 Nowadays tourists watch digital content before they decide to visit a particular destination. The content on social media platforms like YouTube, TikTok and Instagram as well as websites plays a significant role in attracting tourists.