

Effect of Value Chain Enhancement On Sustainable Tourism Linkages and Enterprise in Rwanda a Case Study of Kigali Serena Hotel

Odunga P. O¹, Manyara G², Abuya J O³

¹Kirinyaga University, P.O Box 143-10300, Kerugoya, KENYA,

²Technical University of Kenya, P.O. Box 52428 - 00200. Nairobi- KENYA

³ KIM University, Kigali, P.O. Box 3286 Kigali, RWANDA

ABSTRACT

The Rwandan government launched the Economic Development and Poverty Reduction Strategy II (EDPRS 2, 2013-2018) that highlights enhancement of connectivity and linkages within the country's economy as one of the priority areas for economic transformation. Deepening the integration of key value chains of the economy is specifically mentioned. After a comprehensive analysis of Rwanda's global competitiveness, tourism was identified as one of the key sectors that would spur economic development in the country. Important as it is, however, the linkage of this sector to the rest of the economy was found to be weak and hence compromises on its ability to deliver on certain targets as expected. The objective of the study was to establish the effect of Value Chain Enhancement on Sustainable Tourism Linkages in Rwanda. The study was anchored on Michael Porter's value chain theory. Data was collected using structured questionnaires and focus group discussions whose reliability and validity were tested at an index of 0.70. The Cronbach's Alpha coefficient was used to measure the reliability on a 5-point Likert Scale for multiple items obtained from a pilot survey while content validation index of the questionnaire was done by value chain and tourism experts to determine its validity. Descriptive statistics like frequency tables, means, charts, and percentages were used besides content analysis to establish the effect of Value Chain Enhancement on Sustainable Tourism Linkages in Rwanda. The findings indicated that the revenue generated creates domestic and external linkages in the economy and prompts value chain formations and upgrading. Generally, most visitors were satisfied with Rwanda's tourism products except for its value for money. The impact of tourism on the economy can be enhanced by strengthening the indirect and induced components besides increasing domestic and foreign visitors' expenditure levels (i.e. direct impact). The most significant component of the indirect contribution is the supply chains created in the economy as a result of visitor expenditure. These supply chains should be identified, strengthened and enhanced by involving the local communities and enterprises so as to reduce on leakages in terms of input imports. Refurbishing and expansion of Kigali Serena hotel served to illustrate the effect of upgrading processes and products on the entire economy. The study recommends upgrading of tourism processes and products besides enhancing of returns by increasing length of stay and daily expenditure per visitor. The study further recommends that immediate steps to be taken are value addition to existing tourism product, reduction of barriers to entry into the sector by local entrepreneurs, encouraging innovation of new products, enhancing local and regional linkages and review of regulatory and institutional arrangements.

KEY WORDS: *Value Chain Enhancement and Sustainable Tourism Linkages*