

Competitiveness and Value Creation of Tourism Sector: In the Case of 10 ASEAN Economies

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Abstract—The ASEAN Economic Community (AEC) is the goal of regional economic integration by 2015. In the region, tourism is an activity that is important, especially as a source of foreign currency, a source of employment creation and a source of income bringing to the region. Given the complexity of the issues entailing the concept of sustainable tourism, this paper tries to assess tourism sustainability with the ASEAN, based on a number of quantitative indicators for all the ten economies, Thailand, Myanmar, Laos, Vietnam, Malaysia, Singapore, Indonesia, Philippines, Cambodia, and Brunei. The methodological framework will provide a number of benchmarks of tourism activities in these countries. They include identification of the dimensions; for example, economic, socio-ecologic, infrastructure and indicators, method of scaling, chart representation and evaluation on Asian countries. This specification shows that a similar level of tourism activity might introduce different implementation in the tourism activity and might have different consequences for the socio-ecological environment and sustainability. The heterogeneity of developing countries exposed briefly here would be useful to detect and prepare for coping with the main problems of each country in their tourism activities, as well as competitiveness and value creation of tourism for ASEAN economic community, and will compare with other parts of the world.

Keywords—AEC, ASEAN, sustainable, tourism, competitiveness.

I. INTRODUCTION

THE World Tourism Organization declared in 1988 that sustainable tourism is “envisaged as leading to management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems.” Since then, there are increasing numbers of literature dealing with the sustainability assessment, like [1]-[5]. However, the most studies on sustainable tourism development are descriptive, based on qualitative data, not many develop a conceptual framework for tourism sustainability assessment based on quantitative basis.

Three main aspects usually mean “sustainable”: first, environmentally aspect as the activity minimizes any damage to the environment and ideally tries to benefit the environment in a positive way. Second, the activities that are socially and culturally sustainable do not harm, and may revitalize the social structure or culture of the community where they are located. Third, economic aspect as the activity continues to contribute to the economic well-being of the local community. Sustainable businesses should benefit their owners, their

employees, and their neighbors.

According to [6], the principles of sustainability can be applied to any type of tourism – mass or specialty; large or small. They also can be applied to all sectors of industry: lodging, tours, agencies, and transport. The twelve aims for making tourism sustainable are 1) Economic Viability: To ensure the viability and competitiveness of tourism destinations and enterprises, so that they are able to continue to prosper and deliver benefits in the long term. 2) Local Prosperity: To maximize the contribution of tourism to the economic prosperity of the host destination, including the proportion of visitor spending that is retained locally. 3) Employment Quality: To strengthen the number and quality of local jobs created and supported by tourism, including the level of pay, conditions of service and availability to all without discrimination by gender, race, disability or in other ways. 4) Social Equity: To seek a widespread and fair distribution of economic and social benefits from tourism throughout the recipient community, including improving opportunities, income and services available to the poor. 5) Visitor Fulfillment: To provide a safe, satisfying and fulfilling experience for visitors, available to all without discrimination by gender, race, disability, or in other ways. 6) Local Control: To engage and empower local communities in planning and decision making about the management and future development of tourism in their area, in consultation with other stakeholders. 7) Community Well-being: To maintain and strengthen the quality of life in local communities, including social structures and access to resources, amenities and life support systems, avoiding any form of social degradation or exploitation. 8) Cultural Richness: To respect and enhance the historic heritage, authentic culture, traditions, and distinctiveness of host communities. 9) Physical Integrity: To maintain and enhance the quality of landscapes, both urban and rural, and avoid the physical and visual degradation of the environment. 10) Biological Diversity: To support the conservation of natural areas, habitats, and wildlife, and minimize damage to them. 11) Resource Efficiency: To minimize the use of scarce and non-renewable resources in the development and operation of tourism facilities and services. 12) Environmental Purity: To minimize the pollution of air, water, and land and the generation of waste by tourism enterprises and visitors.

In this paper, based on [7], the sustainable indicators are tested using real data for all the ten countries; that are Thailand, Myanmar, Laos, Vietnam, Malaysia, Singapore, Indonesia, Philippines, Cambodia, and Brunei. The using methodology also covers a range of tourism-related

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dimensions: economic sustainability (tourism assets, tourism activity, linkages, and leakage effects), the role of overall infrastructure and environmental and social sustainability.

II. IMPORTANCE OF TOURISM IN ASEAN

Tourism is an activity that plays an important role in the economy, especially as a source of foreign currency to create jobs and prosperity to the region. According to the Tourism Authority of Thailand, in 2006, approximately 13.8 million international tourist arrivals already created income worth 12.4 billion, or 470.3 billion baht. According to the World Travel and Tourism Council, Thailand's tourism industry is averagely valued of 6.73 per cent of GNP and economic activity related to tourism is accounted for 14.92 percent of GNP. These contribute to the employment more than 4 million people, accounted for 11.29 percent of the total employment. According to 2012 data, numbers of international arrivals data increase tremendously from the past: in 2012, there are 209,000 international arrivals for Brunei Darussalam, 8,044,000 arrivals for Indonesia, 3,584,000 arrivals for Cambodia, 2,140,000 arrivals for Lao PDR, 593,000 arrivals for Myanmar, 25,033,000 arrivals for Malaysia, 4,273,000

arrivals for Philippines, 11,098,000 arrivals for Singapore, 22,354,000 arrivals for Thailand, and 6,848,000 arrivals for Vietnam.

The liberalization of trade in services in the tourism industry can be classified according to the definitions of the World Trade Organization. Classifying into four sub-branches, they are, first, hotels and restaurants including preparation of food and beverages on site (Catering Service): CPC 641-643, second, tourism operators and travel agents (Travel Agencies and Tour Operators Services): CPC 7471, third, guided tours (Tourist Guides Services): CPC 7472, and, fourth, other travel services (Other). Therefore, the activities involve with tourism sector are various and should affect quite substantially the economic growth for this region.

III. 10 ASEAN COUNTRIES COMPARISON AND RANKING

As of 2012 data, all the ten countries in Asia are compared and ranked to show the competitiveness among the countries, Thailand, Myanmar, Laos, Vietnam, Malaysia, Singapore, Indonesia, Philippines, Cambodia, and Brunei by all dimensions as in Fig. 1.

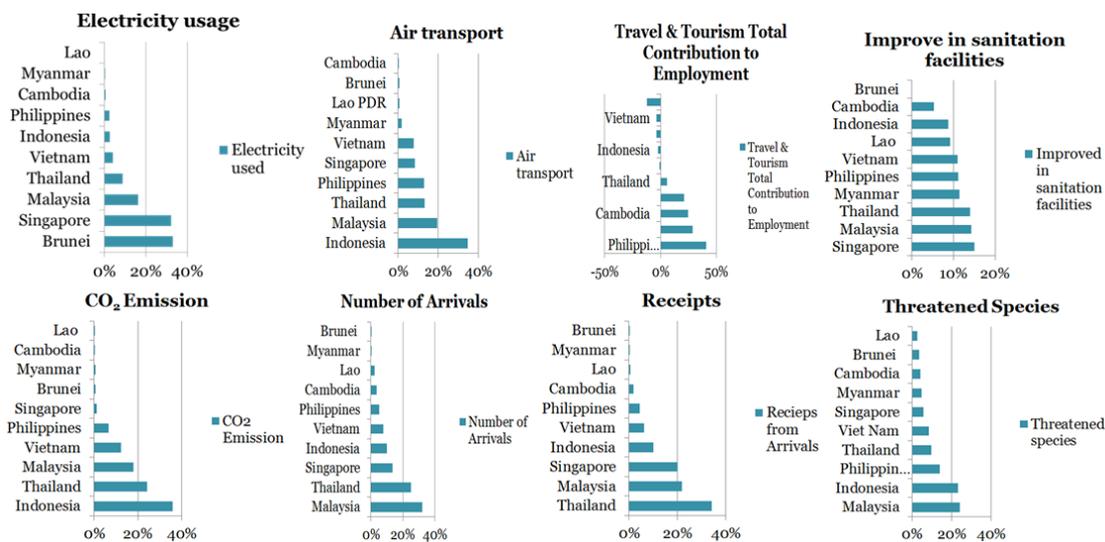


Fig. 1 Selected comparisons among AEC countries by rankings [8]

According to Figs. 1 and 2, extracting all the data and then we composed to the dimensions namely, tourism asset, tourism activity, sustainability, attractiveness, infrastructure, linkage and leakage. Finally, all the weak and strong points are summarized as follows:

- 1) Brunei Darussalam is good at high economic and politics stability, encourages utilities, and encourages the development of tourism in long term reputation, so called Vision Brunei Year 2035. However, Brunei is quite a small country and has a few attraction places.
- 2) Kingdom of Cambodia is quite a cultural tourism destination with abundant natural resources in particular,

the woodland and has strong policy of tourism development like a concession to Russian investors to create a property for luxury travel including the building of a casino. However, Cambodia has relatively low domestic demand and some political stabilities.

- 3) Republic of Indonesia has bilateral agreements with various countries which help made airlines flying direct to Indonesia 32 airlines. There are a lot of and cheaper labor and abundant natural resources. However, Indonesia islands and Infrastructure has not developed as expected.

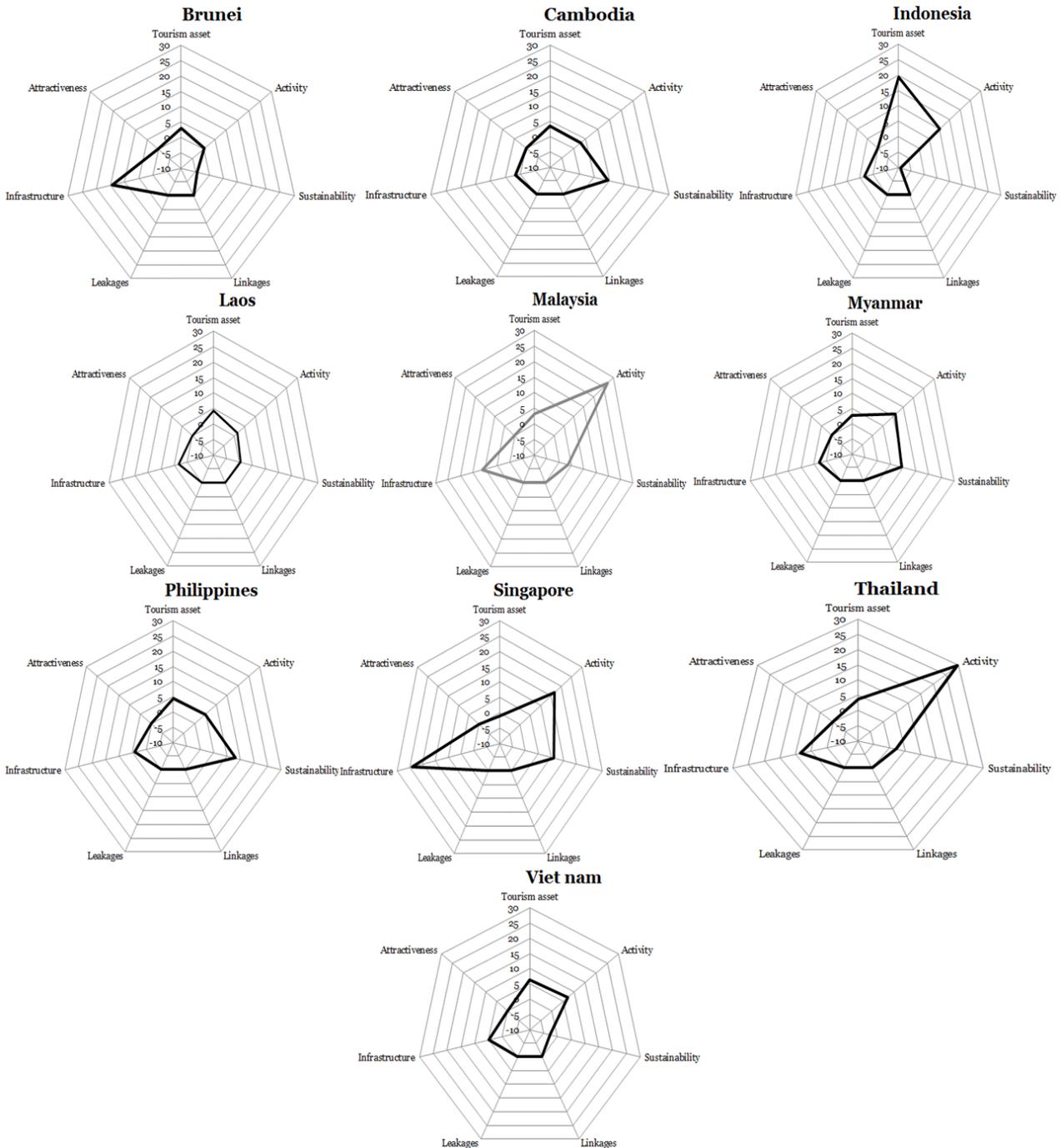


Fig. 2 Summarized comparisons in each dimension among AEC countries [9]

- 4) Lao People’s Democratic Republic has cultural and World Heritage Site and there is a path linked Cambodia to Vietnam with the opening of new routes from many destinations, including Singapore, China, Malaysia and South Korea flying to Laos. However, Land transportation is not convenient. Utilities are not covered and some cannot be developed under the World Heritage Site. The airport is appropriate for small planes.
- 5) Malaysia is good at health tourism with integrated system infrastructure and the development of the Internet link, whereas population is relatively small causing labor shortage and food produced in Malaysia are limitations and lack of diversity.
- 6) Republic of the Union of Myanmar has abundant natural resources. Borders are linked to larger countries like China and India. There are attractions such as the

Shwedagon Pagoda, etc. There are zones for military, agriculture, industry and services, including tourism zone clearly indicated, but Infrastructure like electricity roads and ports are not on international standard. There is no proactive development of high-speed rail network and roads and harbors and there still is the political uncertainty.

- 7) Republic of the Philippines is good at English language communication and similar culture and religion to the western countries. There are links from Metro Manila to provinces at affordable prices. However, Philippines are located far from the ASEAN countries, and social welfare should be developed with problems of overpopulation due to religious beliefs about contraception.
- 8) Republic of Singapore is good at transport infrastructure as ranked 2nd in the world and communicates well in English with many recreational attractions such as Universal studio. However, Singapore has unskilled labor shortages and high cost of living.
- 9) Kingdom of Thailand has a wide range of travel products, both natural and cultural and ability to compete on price,

compared to neighboring countries with a geographical center of Southeast Asia and comparatively skilled and talent tourism staff. However, tourism management does not well regard the quality of the tourist attractions in the long term. Law enforcement is not active in the industry, although it was announced in Business and Guide Act 1992 already. High price competition in the country. As a result, the quality of service sometimes is to levels below the standard.

- 10) Socialist Republic of Vietnam has many famous prehistoric civilization places. In particular, there are evidence of Neolithic civilization, bronze drums Mohratuek, and ancient Dong Son communities, south of the mouth of the Red River. Vietnam is rich in natural beauty and abundance of labor and low wages. However, infrastructure is still in the development stage. Traffic is known for having a lot of motorcycles on the road and land rents are relatively high.



Fig. 3 Proposed planning for Tourism Management: Thailand case

IV. PROPOSED PLANNING FOR TOURISM MANAGEMENT

A proposed planning of tourism sector is summarized in Figs. 3 and 4. This paper shows some ideas about the demand and supply with social aspects and natural resource management should come together. In the meantime, each dimension has its own elements to link to each other. All will be discussed more when further study completed later.

V. CONCLUSION

Finally, diverse tourism resources within the region range from different strong and weak points for each country. This counts competitiveness, and awareness, by current status. The tourism sector counts not only its own but also mingles in the

economy and relates to many activities. A good planning should consider demand and supply, social aspects, natural resources, as well as international relationship. And, finally, this study prepares for more theoretical concepts for further research soon.

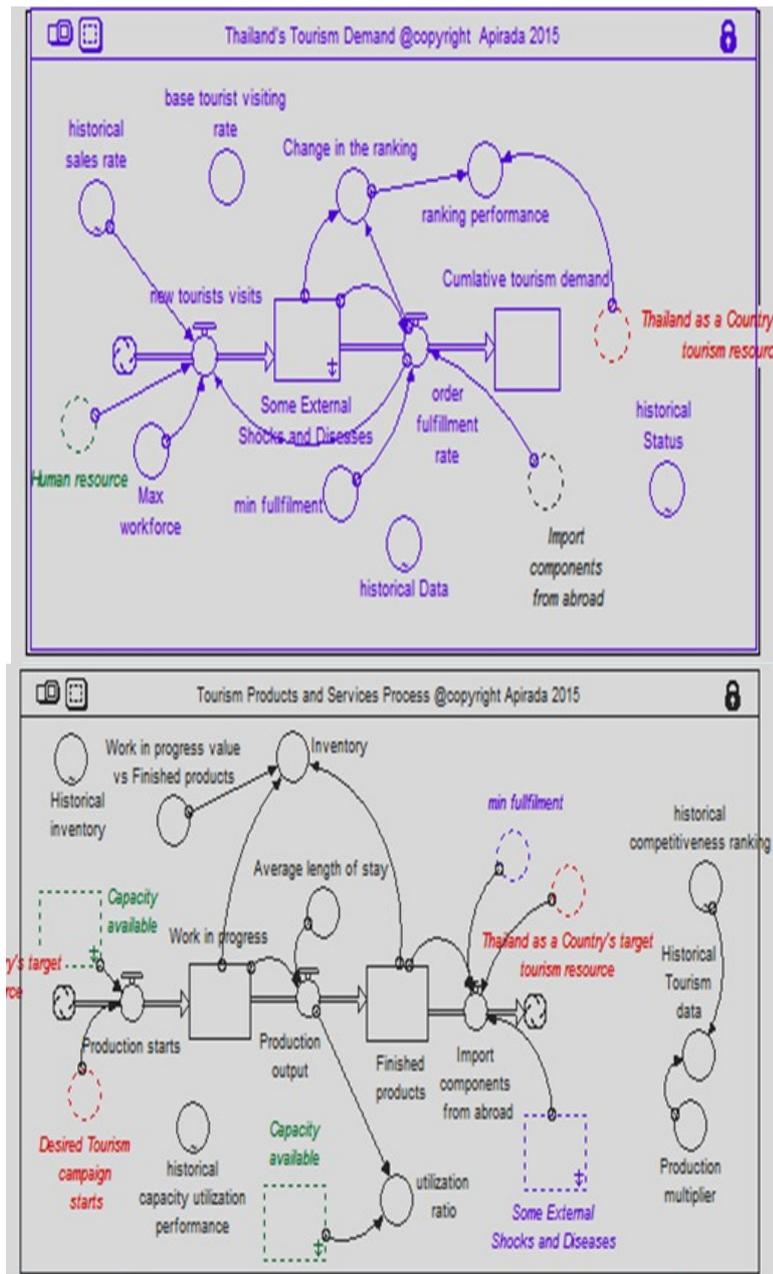


Fig. 4 Summarized relationship in each dimension in each country

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[8] Calculations from the raw data from each countries by each category, as of 2012 data.

[9] Calculations from the raw data from each countries by each category, as of 2012 data.