

European - ASEAN Regional Knowledge Sharing: Improving Competitiveness in Travel and Tourism

Judith Marilyn Tomasowa

Universitas Ciputra, International Class, International Business Management
UC Town, Surabaya, Indonesia 60219
judith.tomasowa@ciputra.ac.id

Abstrak-Beberapa negara Eropa terkenal akan daya saing dalam pariwisata dan turisme, sebagaimana diklasifikasikan oleh Forum Ekonomi Dunia tahun 2015-2016, dengan berdasarkan 14 pillar yang berhubungan dengan prinsip-prinsip masyarakat yang berkelanjutan di dalam kesejahteraan manusia, lingkungan dan ekonomi. Ranking para negara anggota ASEAN bervariasi karena keunikan kekuatan dan kelemahan masing-masing anggota. ASEAN telah melakukan benchmark terhadap proses integrasi Uni Eropa, termasuk semangat akan Satu Identitas, Satu Visi, dan Satu Komunitas, yang dinyatakan dalam berbagai kebijaksanaan dan peraturan, seperti yang tertuang di dalam ASEAN Tourism Strategic Plan 2016-2025. Ini menekankan daya saing dan keberlanjutan, dimana akan menempatkan ASEAN perlu melakukan benchmark terhadap region lainnya yang sudah menerapkan kebijakan satu tujuan tunggal. Para negara anggota ASEAN harus berpikir dengan Satu Identitas, Satu Visi, dan Satu Komunitas di dalam dialog mencari penyelesaian terbaik bagi seluruh anggota ASEAN, dimana para anggota harus mengorbankan keuntungan domestik dan bilateral, guna meraih keuntungan regional ASEAN. Tulisan ini telah mengidentifikasi 4 prioritas pembangunan berdasarkan 14 pilar Index Keunggulan, 2015-2016, Laporan WEF, Rencana Strategik Turisme ASEAN 2016-2020, Index Daya Saing Travel dan Turism 2015-2016 dan Laporan Benchmark Global 2015, termasuk juga indikator lainnya, tingkat pembangunan dan statistik sosio-ekonomi. Tulisan ini memaparkan konsep daya saing dan ketanggapan, juga relasinya dengan penyelesaian trilema masyarakat berkelanjutan, yang terkait dengan manajemen hijau rantai persediaan dan strategi internasional ASEAN. Tulisan ini ditujukan untuk memberikan rekomendasi penyelesaian trilema ASEAN dalam pariwisata dan turisme.

Kata kunci: keberlanjutan, kemampuan daya saing, turisme, benchmark, rencana strategis.

Abstract-Some European countries are famous for its competitiveness in travel and tourism as it was ranked by World Economic Forum in 2015-2016, based on 14 pillars related to sustainable society principles of human, environmental and economic wellbeings. ASEAN country members are diversified in ranks, due to its uniques strengths and weaknesses of each member countries. ASEAN has benchmarked the European Union integration process, including the spirits of One Identity, One Vision, One Community, which applied in policies and regulations, such as the new ASEAN Tourism Strategic Plan 2016-2025. It stressed out competitiveness and sustainability, that may require for ASEAN to benchmark other regions that have implemented one single destination policy. ASEAN member countries should think as One Vision, One Identity and One Community, in discussion to find the best solution for all member countries, since the members should sacrifice its domestic and bilateral advantages, in order to gain ASEAN Regional advantages. This paper has identified 4 regional development priority levels based on 14 pillars of Competitiveness Index, 2015-2016 The WEF Report, 2016-2020 ASEAN Tourism Strategic Plan, 2015-2016 Travel & Tourism Competitiveness Index, and 2015 Global Benchmark Report, includes other indicators, development rates and socio-economics statistics. This article's is the presentation of the competitiveness and responsiveness concepts and its relation to solve a trilemma of sustainable society, that related to green supply chain management and international strategy in ASEAN. This article aimed to give recommendation to solve a ASEAN's Trilemma in travel and tourism.

Keywords: sustainability, competitiveness, tourism, benchmark, strategic plan.

1. Introduction

Travel and Tourism plays a great role in economy activity in the world. Travel and Tourism sector in Asia Pacific, which included ASEAN, has become the third sector with high direct employment absorption (See Figure 1.). This is a sector that is so strategic, which involving many factors, such as environmental, labour, technology, safety, health, etc. It also has significant induced and indirect impacts to the society (Oxford Economics, 2016).

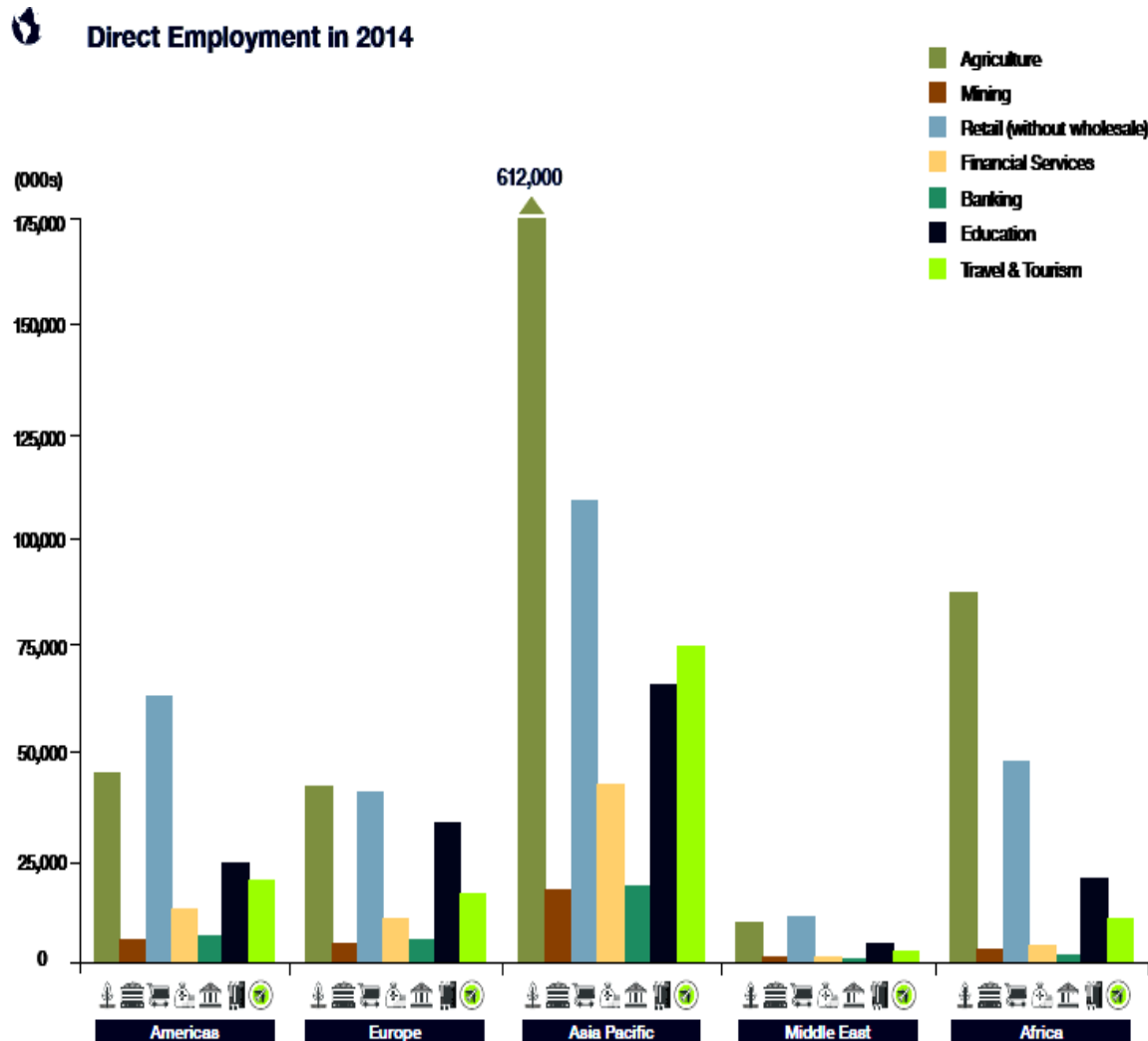


Figure 1. Direct Employment in 2014
Source: Oxford Economics, 2015

ASEAN has determined itself to focus more on travel and tourism sector through the 2016-2020 ASEAN Tourism Strategic Plan, which is an effort to create ASEAN as one single tourism destination under the spirit of One Identity, One Vision and One Community. In this strategic plan, ASEAN has set up the milestone to improve its competitiveness which also related to sustainability. How to do so, this article recommend that ASEAN should do some benchmarking especially to some European countries, whose ranks are high in 2015-2016 Travel and Tourism Competitiveness Index.

2. Research Method

2.1. Data Collection Technique

The used secondary tour and tourism data are 2015 T&TCI, 2015 Global Benchmarking Report, 2014 foreign visitor in ASEAN that are taken from World Economic Forum, ASEAN Tourism Strategic Plan 2016-2025.

2.2. Data Analysis Technique

Qualitative analysis by using weighted average toward Travel and Tourism Competitiveness Index and Global Ranks.

3. Result and Discussion

3.1. The Travel And Tourism Competitiveness Index (TTCI)

Four categories of fourteen pillars: enabling environment; T&T policy and enabling conditions; infrastructure; natural and cultural resources. Environment in TTCI is not only business, but it also includes safety and security, human resources and labour market, health and hygiene. Environmental sustainability is one driver in policy and enabling conditions, beside of prioritization of travel and tourism, international openness, and competitive pricing. Tourist service is included in one of infrastructure. Natural resources and cultural resources are considered as TTCI Drivers (See Figure 2.)

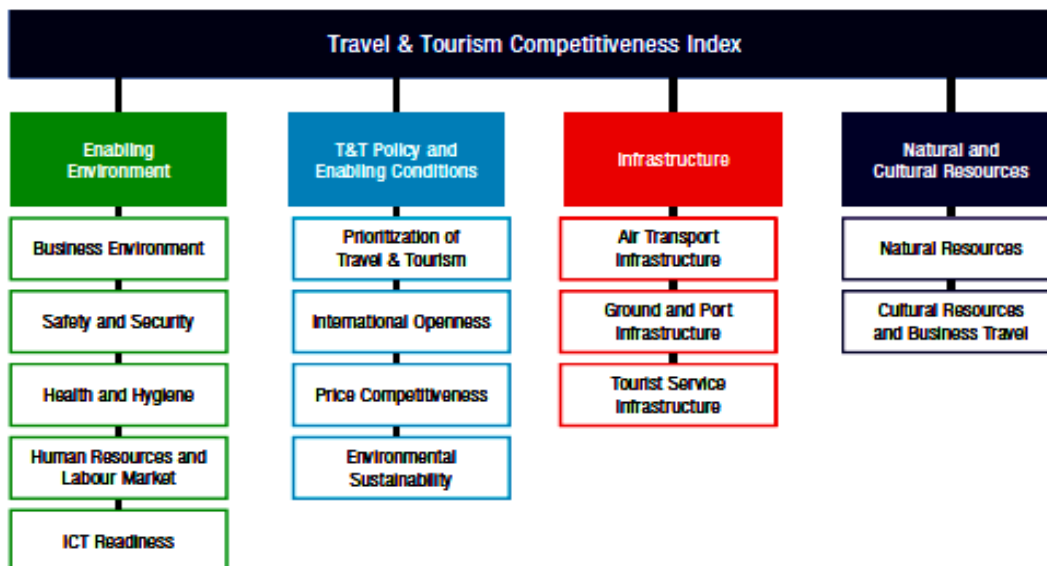


Figure 2: 2015-2016 Travel & Tourism Competitiveness Index
Source: Schwab, Snabe, Elde, Blanke, Moavenzadeh, & Drzeniek-Hanouz, 2015.

European countries have better competitiveness in travel and tourism compared to ASEAN member countries. Spain, France, Germany, and United Kingdom hold the toppest ranks, while ASEAN country members are so diverse. Singapore holds the 11th rank, the toppest rank, while Myanmar holds the 134th rank (See Table 1).

Every ASEAN country members has its unique strength and weakness, that lead to opportunities and threads. Finally, the summa strengths, weakness, opportunities and threads of individual countries will shape the ASEAN competitiveness as a region. These influenced its implementation strategic plans to create ASEAN as a single destination for travel and tourism. Then, how to increase the competitiveness of ASEAN country members in shorter time? ASEAN country members should plan, execute, and evaluate themselves in the mind set of One Identity, One Vision, One Community. European region is the best teacher to learn from for ASEAN country members.

Table 1. The Top 9 Travel and Tourism Competitiveness Ranks in European Region and ASEAN Countries

European Countries		ASEAN Countries	
Rank	Countries	Rank	Countries
1	Spain	11	Singapore
2	France	25	Malaysia
3	Germany	35	Thailand
4	United Kingdom	50	Indonesia
6	Switzerland	74	Phillipines
8	Italy	75	Vietnam
12	Austria	96	Lao PDR
14	Netherlands	105	Cambodia
15	Portugal	134	Myanmar

Source: World Economic Forum, 2015

3.2. A Sustainable Society

A sustainable society is a society that sustained human, environmental and economic as it is defined by 2012 Sustainable Society Index. These three wellbeings are integrated and influenced each other. A sustainable development program must define its program in human wellbeing, environmental wellbeing, and economic wellbeing. (Radu & Podasca, 2014)

Table 2. 2012 Sustainable Society Index

Human Wellbeing	Environmental Wellbeing	Economic Wellbeing
Basic needs	Nature and Environment	Transition
Health	Natural Resources	Economy
Personal and Social Development	Climate and Energy	

Source: Radu & Podasca, 2014

The 14 pillars of 2015-2016 Travel & Tourism Competitiveness Index are using the same bases as a sustainable society index, which are human, environmental and economic wellbeing (See Table 3). ASEAN member countries must concentrate more in these wellbeings. The common frameworks must be set up in ASEAN and immediately ratified by the government of ASEAN country members. These frameworks are needed urgently before ASEAN business sectors, entrepreneurs and other stakeholders evolve themselves. Sustainable society and T&T Competitiveness Index will impact the supply chain management in ASEAN (Tomasowa, 2016).

Table 3. Interrelated 2012 Sustainable Society Index with 2015-2016 Travel & Tourism Competitiveness Index

	Human Wellbeing	Environmental Wellbeing	Economic Wellbeing
Enabling Environment	v	v	v
T&T Policy and Enabling Conditions	v	v	v
Infrastructure	v	v	v
Natural & Cultural Resources	v	v	v

Source: Author's analysis

3.3. Service Characteristics in Travel and Tourism

Five characteristics in service industry are: intangibility, inseparability, heterogeneity, perishability, and lack of ownership. Each of character brings its challenges and solution as shown in Table 4. (Hassanien, 2011):

Table 4. Service Characteristics Solutions and Challenges

Characteristics	The Challenges	The Solutions
Intangibility	<ul style="list-style-type: none"> • Unseenable, untouchable, untasteable, unsmellable • Not easily displayed prior to purchase • A difficult pricing 	<ul style="list-style-type: none"> • Utilize any tangible physical evidence and clues • Ensure service quality • Utilize information and social networking technologies personal sources • develop a strong organizational image
Inseparability	<ul style="list-style-type: none"> • Service provider within the production process • Customers' participation in the production process and shared experiences 	<ul style="list-style-type: none"> • Effective selection and training of personnel • Across multi-site operations brand standards implementing and ensuring
Heterogeneity	<ul style="list-style-type: none"> • The hospitality service excellent Standardisation • Quality control is difficult to achieve • Different customer expectations 	<ul style="list-style-type: none"> • Standardisation of the hospitality service • Customising the service experience so that it meet the customers' need
Perishability	<ul style="list-style-type: none"> • Service is time limited • Matching supply and demand challenges 	<ul style="list-style-type: none"> • Creative pricing and effective reservation systems • Effective yield management • Complementary services development • Development of non-peak demand strategies
Lack of Ownership	<ul style="list-style-type: none"> • Customer does not own the hospitality service • Customer only owns memories of the hospitality service experiences 	<ul style="list-style-type: none"> • Ensure quality of the hospitality service • Ensure the customer experiences "moment of truth"

Source: Hassanien, 2011.

Travel and tourism are also a service industry, that shared these five characteristic along with its challenges and solutions. In order to improve ASEAN travel and tourism's competitiveness then ASEAN country members must execute the necessary solution, such as quality, organizational image, personnel service performance, standardization, etc. These solutions are closely related to sustainable society in human wellbeing, environmental wellbeing, and economic wellbeing; and 14 pillars of 2015-2016 Travel & Tourism Competitiveness Index.

3.4. Implementing the ASEAN Tourism Strategic Plan 2016-2025

ASEAN has moved to a scenario of green economic growth in Tourism, in order to realise ASEAN One Single Tourism Destination, which involves marketing, quality standards, human resource development, connectivity, investment, community participation, safety and security, natural and cultural heritage conservation. Tourism commitment in ASEAN are responsible, sustainable that contributing to the socio-economic well-being (The Philippine Department of Tourism, 2015).

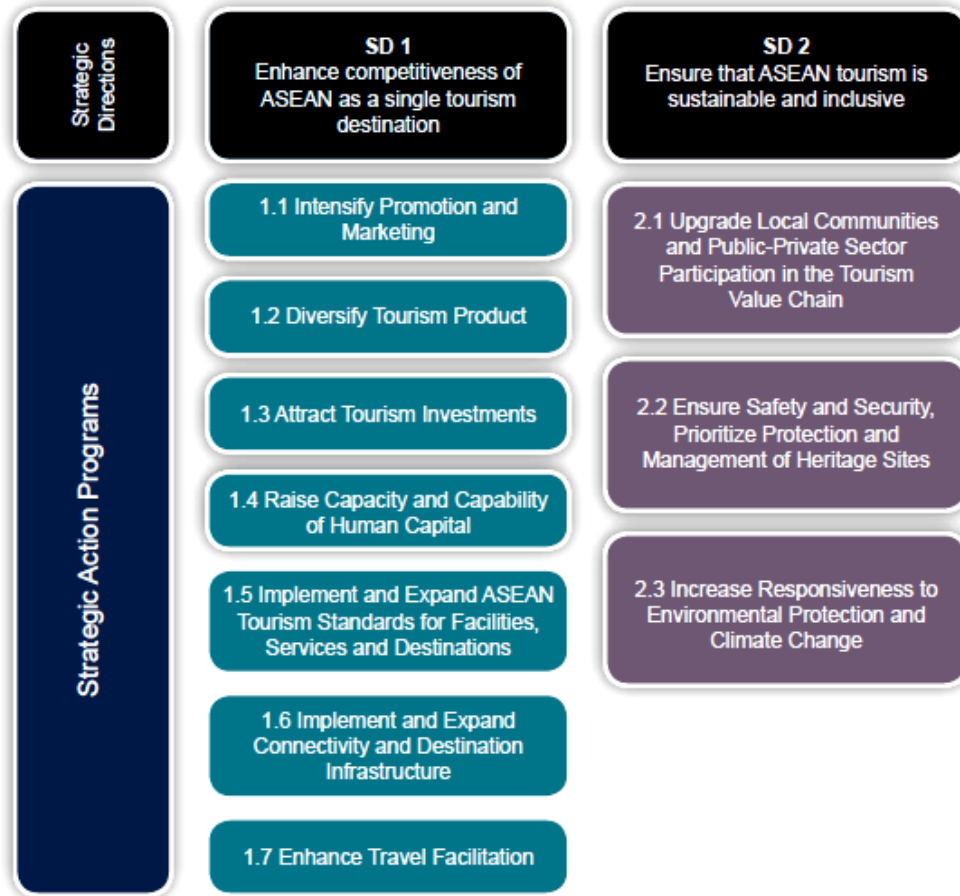


Figure 3. ASEAN Strategic Decision and Action Program
Source: The Philippine Department of Tourism, 2015

ASEAN Strategic Plan must have proper study to other region that owns higher ranks on 14 Pillars of Travel and Tourism Competitiveness Index. It can be done through knowledge sharing, such as benchmarking. A clear guidance enhances great development and greater value chain in business strategy. The strategic plan in ASEAN development in travel and tourism should be implemented with a new paradigm of ASEAN country members as one vision, one identity, one community. The policies and planning intra-ASEAN country members must support each others so that ASEAN Region will be more competitive and responsive to the international tourism and travel demands. Therefore, a benchmark to other developed regions is essential to do so.

ASEAN has weakness in Travel and Tourism sector based on the scoring in 2015-2016 Global Travel and Tourism Competitiveness. These weakness is viewed by Inter-ASEAN and Regional Rank weighted average to create level of priority (See Table 5). It turned up that environment and sustainability are in the top priority for ASEAN region. Indonesia and Vietnam have the most weakness in this issue. Germany, Switzerland, Luxembourg, Ireland, Finland, Norway, Hungary are outstanding in sustainability and environmental.

Table 5: ASEAN Countries Rank in 2015-2016 Global Travel and Tourism Competitiveness and Its Development Priorities

		Europe & Caucasus	The Americas	South-East & Southern Asia	Asia-Pacific	Middle East & North Africa	Sub-Saharan Africa	ASEAN	Internal scoring	Regional Positioning	Level of Priority
Enabling Environment	Business Environment	4.61	4.16	4.45	4.65	4.69	4.14	4.60	4th	4th	4th
	Safety & Security	5.76	4.64	4.81	5.20	5.19	4.87	4.97	4th	3rd	3rd
	Health & hygiene	6.20	5.06	4.66	5.14	5.24	3.32	4.68	4th	2nd	3rd
	Human Resources & Labour Market	4.90	4.37	4.40	4.62	4.35	3.82	4.69	4th	4th	4th
	ICT Readiness	5.04	3.94	3.40	4.06	4.38	2.71	3.73	3rd	2nd	2nd
T&T Policy and Enabling Conditions	Prioritization of Travel & Tourism	4.76	4.66	4.66	4.74	4.33	3.99	4.89	4th	4th	4th
	International Openness	3.61	3.41	3.17	3.34	2.18	2.40	3.5	2nd	4th	3rd
	Price Competitiveness	4.19	4.60	5.04	4.75	5.27	4.71	4.99	4th	3rd	3rd
	Environmental Sustainability	4.47	3.90	3.41	3.61	3.74	4.71	3.49	2nd	1st	1st
Infrastructure	Air Transport Infrastructure	3.43	2.99	3.03	3.48	3.01	2.13	3.33	2nd	4th	3rd
	Ground & Port Infrastructure	4.33	3.41	3.47	3.83	3.66	2.90	3.51	3rd	2nd	2nd
	Tourist Service Infrastructure	5.14	4.35	3.36	3.68	4.10	3.03	3.70	3rd	2nd	2nd
Natural & Cultural Resources	Natural Resources	3.09	3.48	3.40	3.52	2.29	2.87	3.45	2nd	3rd	2nd
	Cultural Resources and Business Travel	2.57	2.26	2.23	2.85	1.77	1.37	2.32	1st	3rd	2nd

*)ASEAN Countries without Brunei Darussalam

*) Degree of scoring $X < 3.5 = 2$, $3.5 < X < 4 = 3$, $4 < X < 5 = 4$

*) Regional positioning : 1 = the lowest 4 = the highest

*) the level of priority : the average score of degree of scoring and the level of positioning

*) Pink = the highest score

Source: Author's calculation on ranks based on 2015 World Economic Forum in Global Travel and Tourism Report

4. Conclusion and Recommendation

- Travel and Tourism Global Competitive Index embraces the sustainable society that pointing out human wellbeing, economic wellbeing and environmental wellbeing.
- Travel and tourism as a service industry shared 5 service characteristics: intangibility, inseparability, heterogeneity, perishability, and lack of ownership. ASEAN country members must take into consideration of these characteristic along with challenges and solutions, in order to set up proper strategic plan and action plan for the government, business sectors and other stakeholders.
- Indonesia and Vietnam has the weakest point in environment and sustainability, which these two items are the key points in ASEAN Tourism New Strategic Plan. A common framework is needed as a platform for cooperations within ASEAN country members and Inter-Regional cooperations in travel and tourism.
- Knowledge sharing as an option for ASEAN, such as benchmarking with European countries. Especially in regards to environment and sustainability. The benchmark process should be done with the spirits of One Identity, One Vision, One Community to achieve ASEAN as One Single Destination.

References

- Hassanien, A. D. (2011). *Hospitality Business Development*. Oxford: Elsevier.
- Oxford Economics. (2015). *2015 Global Benchmarking Report*. London: World Travel & Tourism Council.
- Oxford Economics. (2016). *2016 Travel & Tourism Economic Impact*. London: The World Travel & Tourism Council.
- Radu, I., & Podasca, R. (2014). Study of the Interdependence. *Calitatea*, 15, 98-102.
- The Philippine Department of Tourism. (2015). *ASEAN Tourism Strategic Plan 2016-2025*. Jakarta: ASEAN.
- Tomasowa, J. M. (2016). Green Tourism Supply Chain Management in Indonesia: Taking Into Account Disaster Management In A Sustainable Society To Improve 2015 Travel and Tourism Competitiveness Index. *Prosiding Conference on Management and Behavioural Studies (CMBS) 2016* (pp. 476-486). Jakarta: Universitas Tarumanagara.
- World Economic Forum. (2015). *The Travel & Tourism Competitiveness Report 2015-2016: Insight Report Growth through Shocks*. Geneva: The World Economic Forum.