

## **ASEAN TIGERS' TRILEMMA: A TRAVEL AND TOURISM BATTLE IN COMPETITIVENESS AND RESPONSIVENESS**

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### **ABSTRACT**

*ASEAN is facing a trilemma in travel and tourism competitiveness and responsiveness which is shown in 2015 Travel & Tourism Competitiveness Index (TTCI) by World Economic Forum. The ranks of ASEAN member are so differs due to ASEAN members weakness and strength. By having considered that ASEAN's goals are to establish a strong economic community and to improve regional autonomy, development, competitiveness, to cope with poverty, human development and equality, then they should work out these issues, which are also as the focus in ASEAN 2016-2025 Tourism Strategic Plan. ASEAN should think as One Vision, One Identity and One Community, in any discussion or agreement to come out with the best solutions. It is demanded that the members and its public-private sectors to sacrifice some of its domestic and bilateral advantages, in order to gain ASEAN Regional competitive and responsive advantages to the global market demands. This paper is using qualitative method, which is supported by indexing and weighted average towards ASEAN 2015-2016 TTCI 14 pillar. It is utilizing the trend of global travellers and international visitors arrivals in ASEAN. Its results are 4 levels of priority for ASEAN Travel and Tourism Development, discovering the needs to socializing One Identity, One Vision, One Identity and One Community at the ASEAN national levels, recommendations in Intra-ASEAN and Interregional cooperations. The paper's purpose is present the competitiveness and responsiveness concepts and its problems that related to ASEAN trilemma that involves strategic policies and regional paradigm in travel and tourism synergized national policies and regulations.*

**Keywords:** *Tourism, Competitiveness, Sustainability, ASEAN Regional Strategy, Responsiveness.*

### **1. INTRODUCTION**

The goal of ASEAN Tourism Forum (ATF) is to make ASEAN as a single tourist destination. ATF discusses how to innovate, to analyse the trends, to develop and to facilitate joint policy formulations in order to accelerate ASEAN regional growth. Sustainable development is the major focus in the new ASEAN Tourism Strategic Plan 2016-2025, which it will include green supply chain management and sustainable society in ASEAN (ATF, 2016).

Travel and tourism industries has been well developed all around the world, as it is shown that its share in 2014 Global GDP is 3.1%. (See Tabel 1.) Travel and tourism sectors holds bigger share than automotive and chemical manufacturing, and holds slight less share than banking, education and agriculture sectors (Oxford Economics, 2015). Travel and tourism sector has been one of driving factor for economic growth. ASEAN member countries are also set up travel and tourism sector as its GDP earning generator.

Table 1. 2014 Industrial Sectors' Impacts towards GDP Global

Industry	GDP (\$US billions)	% of Global GDP
Automotive Manufacturing	914	1.2
Chemical Manufacturing	1,590	2.1
Travel & Tourism	2,365	3.1
Banking	2,436	3.2
Education	2,605	3.4
Agriculture	3,111	4.0
Mining	3,897	5.1
Retail (without wholesale)	4,261	5.5
Financial Services	4,796	6.2
Total	77,085	100

Source: Oxford Economics, May 2015.

In 2015 The World Economic Forum measured 141 economies in Travel & Tourism. The WEF published the report based on Travel and Tourism Competitiveness Index, which also including ASEAN country members. ASEAN country members are diversified in ranks, starting from Singapore on the 11th rank, until Myanmar on the 134th rank, and Indonesia on the 50th rank. (See Tabel 2.) By considering that ASEAN as one vision, one identity, one community, then it is important to find the best solution to overcome a trilema in travel and tourism battle. This article will focus on how to develop synergized cooperation within ASEAN country members in travel and tourism as a unity in ASEAN Economic Community that is competitive and responsive to the global demand.

Tabel 2. ASEAN – Country Members' Rank based on 2015 Travel & Tourism  
Competitive Index

Global Rank	Country	Global Rank	Country
11	Singapore	75	Vietnam
25	Malaysia	96	Lao PDR
35	Thailand	105	Cambodia
50	Indonesia	134	Myanmar
74	Philippines		

\*) Excluded Brunai Darussalam

Source: Author's ranks ASEAN country members is based on 2015 World Economic Forum in Global Travel and Tourism Report

## 2. RESEARCH METHODS

### Data Collection Technique

The used secondary tour and tourism data are taken from The Travel & Tourism Competitiveness Report 2015-2016, ASEAN Tourism Strategic Plan 2016-2025, 2015 Benchmarking Travel & Tourism Report.

### Data Analysis Technique

This article is used qualitative analysis on ASEAN 14 Pillars of Travel and Tourism Competitiveness that is supported by quantitative approaches, that are indexing and weighted average on 14 pillars Travel and Tourism Competitiveness Indexing. (Neuman, 1997).

These 14 Pillars are indexed in Intra-ASEAN scope (Internal Scoring) and Asia-Pacific region compared to five other regionals (Regional positioning), such as Europe and Caucasus, the Americas, South-East and Southern Asia, Middle East and North Africa, Sub-Saharan Africa. ASEAN is being considered as Asia-Pacific countries.

This method is used in order create urgent issues proper priority between intra-ASEAN perspective and Asia Pacific as a region. By applying this analysis, this paper will present the holistic perspective for ASEAN to address their Travel and Tourism Competitiveness that sustains the Asia-Pacific as a region. Qualitative analysis by using weighted average in Travel and Tourism Competitiveness 14 Pillars and Regional perspective “Intra-ASEAN”, which produces the leves of priority. The levels of priority is viewed by the current trends in travel and tourism sector and ASEAN Tourism Strategic Plan 2016-2025.

### 3. RESULT AND DISCUSSION

The competitiveness of travel and tourism sector can be improved by development based on 14 Pillars of Travel and Toursim Competitiveness Index. Competitiveness drives business development, as a running competition for all related business entities to win. Without clear guidance, a competitiveness may cause mis-leading development and value chain distructive business strategy. Therefore, competitiveness needs a sustainable society concept as described in 2012 Sustainable Society Index.

The strategic plan in ASEAN development, ASEAN Tourism Strategic Plan 2016-2025, should be implemented with a new paradigma of ASEAN country members as one vision, one identiy, 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. ASEAN country members should sacrifice their domestic interests and bilateral interest, in order to gain regional competitiveness. In this part, every ASEAN country members will have a trilemma, how to negotiate and to come out with the best solution for all ASEAN country members.

New strategic cooperations must be taken between ASEAN country members, the government institutions, entrepreneurs, private-public sectors, all major local stakeholders to accelerate the improvement in travel and tourism sector which are clearly mapped in ASEAN Tourism Strategic Plan 2016-2025. ASEAN can learn from other region on how to create ASEAN as one single travel and tourism destination.

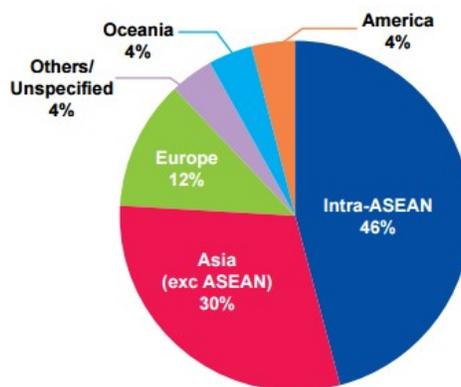


Figure 1: 2014 Share of International Visitors Arrivals in ASEAN  
Source: The Philippine Department of Tourism, 2015

### 2014 Visitors in ASEAN

Intra-ASEAN country members holds 46% share of total international visitors arrivals in ASEAN in 2014. The second largest share is 30% Asian (excluding ASEAN). The third is Europe 12 %. ASEAN growing market between 2010-2013 were China (+30.92%), Japan (+12.95%), Republic of Korea (+10.49%), Taiwan (+9.14%), and Australia (+8.24%). (The Philippine Department of Tourism, 2015)

Table 3: ASEAN Countries Rank in 2015 Global Travel and Tourism Competitiveness and Its Development Priorities.

Groups	14 Pillars	6 Regionals in 2015 T&T Competitiveness (ASEAN included in Asia Pacific)						Quantitative Data Processing			
		Europe & Caucasus	The Americas	South-East & Southern Asia	Asia-Pacific	Middle East & North Africa	Sub-Saharan Africa	ASEAN	ASEAN Internal scoring	Asia Pacific 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 Brunai Darussalam

\*) Degree of scoring is 1st Indexing: Internal ASEAN Indexing . 1 = 2<X<2.5, 2= 2.5< X<3.5, 3 = 3.5 <x<4, 5=4<x<5

\*) Regional positioning is 2nd Indexing: Asia Pacific Index among 6 regions, score: 1 until 6. 1= the lowest Index among the 6 regions. 6 = the highest among the 6 regions.

\*) the level of priority is 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

### Asean Travel and Tourism Priority Levels

2015 Travel and Tourism Report that scored 6 world regions including ASEAN country members based on 2012 sustainable society, is being analyzed and ranked in the perspective of ASEAN Internal Scoring and Regional Positioning, in order to produce level of improvement priority. Internal Scoring is a method of listing the ASEAN country members according to 2015 T&TCI. Regional Positioning is the driver rank listing according to regional comparison.

The 14 Pillar of Travel and Tourism Competitive Index are processed in quantitative process. The first indexing is ASEAN as an independent area. at Table 3 are categorized in 6 regional The second process is indexing ASEAN as a part of Asia Pacific region. Level of priority for a pillar is the average of ASEAN Internal Scoring and Asia Pacific Regional Positioning.

ASEAN Level of priority to be applied by private-public sectors by considering averagely internal perspective and regional positioning are:

- The first priority is Environmental sustainability.
- The second priority are ICT readiness, ground and port infrastructure, tourist service infrastructure, natural resources and cultural resources and business travel.
- The third priority are safety and security, health and hygiene, international openness, price competitiveness, air transport infrastructure.
- The fourth priority are business environment, human resources and labour market, prioritization of travel & tourism.

### The ASEAN Trend of Global Visitors

The trend of global visitors has changed, which previously in the 1995 trend showed that high economy class visitors were the majority travelers. But, since 2009 until today non-high economy class visitors were taking over the majority. (See Figure 2.). ASEAN local private-public travel and tourism institution should create business level strategies for non-high economy class.

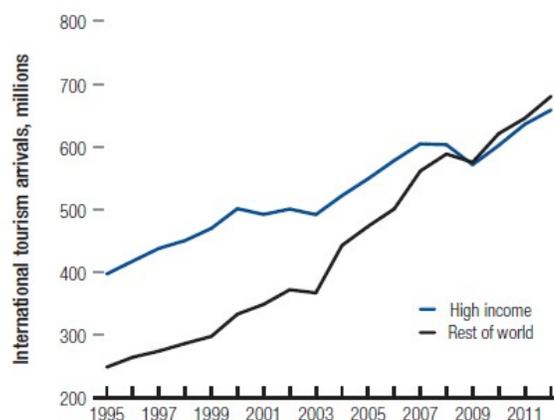


Figure 2: 1995 – 2011 International Tourism Arrivals Convergence

Source: Schwab, Snabe, Elde, Blanke, Moavenzadeh, & Drzeniek-Hanouz, 2015

America (4%) and Europe (12%) are not the major market for ASEAN travel and tourism due to long distance between ASEAN and these continents, and added to this is the lower ASEAN Travel and Tourism Index against theirs. Their expected satisfaction for traveling to ASEAN is not satisfying. ASEAN private – public sectors must be involved together in the new ASEAN Strategic Plan travel and tourism, so that ASEAN can be responsive to the demand of America and Europe continents. At the same time, ASEAN must maintain its competitiveness in Intra-ASEAN, Asian (excluding ASEAN), China, Republic of Korea, Taiwan, and Australia .

### ASEAN: One Vision, One Identity, One Community

ASEAN country members have committed themselves to realise “ASEAN as One Vision, One Identity, One Community”. ASEAN country members will have to put aside their national interests, and must act and think in unity with ASEAN Vision, Identity and Community. If ASEAN country members unite themselves, then it strengthens ASEAN political economy, which is based on the culture and civilization of people (Iida, 2004).

This commitment must be implemented also in travel and tourism sector. ASEAN country members who have strength in the T&TCI drivers must develop a cooperation with ASEAN member countries with weaknesses. It should involve all ASEAN stakeholders, not just the government institutions. The exchange of knowledge, Foreign Direct Investment Intra-ASEAN member country will foster the liquid changes in travel and tourism sector.

Table 4. The Possible Strategic Cooperation Intra-ASEAN Country Members

	Drivers of Travel and Tourism	2 of The Most Outstanding country	2 of The Lowest Index Countries
<b>Enabling Environment</b>	Business Environment	Singapore, Malaysia	Myanmar, Cambodia
	Safety & Security	Singapore, Malaysia	Thailand, Philippines
	Health & hygiene	Singapore, Malaysia	Cambodia, Indonesia
	Human Resources & Labour Market	Singapore, Malaysia / Thailand	Myanmar Lao PDR
	ICT Readiness	Singapore, Malaysia	Myanmar, Cambodia
<b>T&amp;T Policy and Enabling Conditions</b>	Prioritization of Travel & Tourism	Singapore, Indonesia	Vietnam, Myanmar
	International Openness	Singapore, Philippines	Myanmar, Vietnam
	Price Competitiveness	Indonesia, Malaysia	Myanmar, Singapore
	Environmental Sustainability	Singapore, Thailand	Indonesia, Vietnam
<b>Infrastructure</b>	Air Transport Infrastructure	Singapore, Thailand	Myanmar, Cambodia
	Ground & Port Infrastructure	Singapore, Malaysia	Myanmar, Cambodia
	Tourist Service Infrastructure	Thailand, Singapore	Myanmar, Cambodia
<b>Natural &amp; Cultural Resources</b>	Natural Resources	Thailand, Indonesia	Myanmar, Singapore
	Cultural Resources and Business Travel	Indonesia, Malaysia	Lao PDR, Myanmar

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

### ASEAN Inter-Regional Learning

ASEAN can learn from other region on its strategic decisions to improve competitiveness as a single tourism destination which defined in promotion and marketing, product diversity, investment, human capital capacity and capability, tourism standards, infrastructure and facilitation; also to improve its sustainable tourism that involving local community and public-private sector participation in value chain, safety and security, environmental protection and climate change.

ASEAN can learn from Europe and Caucasus regions, as the champion of travel and tourism competitiveness. But, in sustainability ASEAN can learn from Middle East and North Africa for its public-private sector participation, since its has the highest rank in business environment. ASEAN can learn from Europe and Caucasus region for safety and security matters. At for environmental protection and climate change, ASEAN can learn from Sub-Saharan Africa. Sub-Saharan Africa region is the best in environmental sustainability.

Table 5. The Possible ASEAN Interregional Learning

	Strategic Action Program	The Most Outstanding Region
<b>Competitiveness</b>	Promotion & Marketing	Europe & Caucasus
	Product Diversity	Europe & Caucasus
	Investment	Europe & Caucasus
	Human Capital Capacity and Capability	Europe & Caucasus
	Tourism Standardisation	Europe & Caucasus
	Infrastructure	Europe & Caucasus
	Facilitation	Europe & Caucasus
<b>Sustainability</b>	Public-Private Sector participation	Middle East & North Africa
	Safety and Security	Europe & Caucasus
	Environmental Protection and Climate Change	Sub-Saharan Africa

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

## 4. CONCLUSIONS AND RECOMMENDATIONS

### Conclusions

Now, ASEAN is focusing on Travel and Tourism, especially it is the third influencing industry after the automotive and chemical manufacturing. The majority of the global travelers since 2009 are the non-high income class, and the growing market for ASEAN travel and tourism are China, Japan, Republic of Korea, Taiwan and Australia. Visitors from Intra-ASEAN country member (45%), and Asian non ASEAN (30%) are the major visitors in ASEAN. Europe is the third in row(12%).

Each of ASEAN members has different weakness and strength in travel and tourism. How to strengthen its industry as a nation based or a regional based? A Trilemma occurred within the heart of ASEAN members. Which priority they should choose? Is it a national level interest, a bilateral level interest with one of ASEAN members, or a ASEAN level interest? That needs holistic view and strong identity as ASEAN to set up the same priorities. ASEAN members might be trapped in national perspective and ignoring the ASEAN identity and agenda, which it will be contradictive to the new ASEAN Strategic Planning for Travel and Tourism. ASEAN as

a Sub-Regional of Asia Pacific must compete with other regions in enabling environment, policy and enabling conditions, infrastructure, natural and cultural resources.

As an example in the national level, Singapore is the champion in enabling environment, policy and enabling conditions also in infrastructure. But it has weakness in natural dan cultural resources. Indonesia Malaysia, Thailand can sustain Singapore in natural and cultural resources. Philippines has great international openness, as Singapore does. Myanmar, Cambodia, Lao DPR are the weakest in travel and tourism in many pillars of travel and tourism competitiveness. But, Thailand and Philippines have issue in safety and security. Indonesia has great concern in Environmental Sustainability, health and hygiene.

As a region, ASEAN has serious concerns in 4 levels:

1. The first priority is Environmental sustainability.
2. The second priority are ICT readiness, ground and port infrastructure, tourist service infrastructure, natural resources and cultural resources and business travel.
3. The third priority are safety and security, health and hygiene, international openness, price competitiveness, air transport infrastructure.
4. The fourth priority are business environment, human resources and labour market, prioritization of travel & tourism.

Europe & Caucasus, Middle East and North Africa, Sub-Saharan African are the most outstanding regions in the weak pillars of ASEAN as a region. They are the greatest ASEAN competitors in travel and tourism.

How to set up the priority in ASEAN to solve this effectively, efficiently, and feasible in travel and tourism in order to absorb non-high economy class? Then, the priority must consider factors inside of ASEAN, the Regional level, even at interregional level.

### **Recommendations**

- ASEAN country members should develop their national nor bilateral perspective in ASEAN Regional perspective. This new paradigm will demand win-win dialogues to over-come a trilemma.. ASEAN member countries should operate in ASEAN One Identity, One Vision and One Community, which also being implemented in ASEAN travel and tourism sector.
- INTRA-ASEAN regional competitiveness and responsiveness must be supported by regional Intra-ASEAN country members' strong growth paradigm, the trade paradigm, and the currency paradigm under One Identity, One Vision, One Community. INTRA-ASEAN Sustainable Society Socialization to the citizen of ASEAN member country through formal education and private-public sectors involvement
- INTRA-ASEAN cooperation between the outstanding countries with the low-score index countries, which can be done by private-public sectors involvement, such as Foreign Direct Investment, Accusition, standardization in travel and tourism.
- Several Destination Program of INTRA-ASEAN Travel and Tourism package for Non-High Income travelers, that it is to be offered global market, which will give more competitiveness and advantages to the ASEAN as a region.
- Once the competitiveness index improve, ASEAN can plan for market share improvement in America and Europe regions.
- ASEAN may create Intra-ASEAN Strategic Cooperations that can be done by private-publis sectors based on 14 pillars.

- ASEAN may do Interregional learning in competitiveness with Europe & Caucasus region; and for sustainability ASEAN can learn from the Middle East, North Africa, and Sub-Saharan Africa.
- Any further researches on sustainability society pillars, which are humanity, environmental and economy wellbeings in ASEAN tourism and travel are needed and it will be beneficial for ASEAN development.

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