Effects Of Globalization On Tourism Development In Vietnam

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Abstract

Tourism is one of the typical examples of globalization. This paper aims to analyze and assess how globalization has impacted tourism development in Vietnam. Analyzing the positive and negative impacts of globalization on tourism development will provide an overview of what is happening in the context of Vietnam becoming one of the Asia countries having the highest tourism growth today. To take advantage of the positive effects of globalization in tourism development and minimize the negative impacts that globalization brings, Vietnam needs to have sustainable tourism development orientations.

Keywords: Vietnam Tourism, Tourism Development, Globalization.

I. INTRODUCTION

At the beginning of the 21st century, globalization is one of the processes in the world that have the strongest impact on the development of humanity. Global changes have affected almost every segment of our lives, including social, political, and cultural life, especially in the economic sector. As a result, there have been many researchers focusing specifically on issues related to globalization in recent years.

According to Čerović et al. (2015), global economic changes are manifested through the disabling of all barriers, leading to the liberalization of international commerce, competition, free movement of capital and independent labor force across national borders, free investment movement. Globalization of the tourism market has grown since the early 1950s, with the development of transnational corporations with branches in most countries and meeting a significant proportion of travel demand (Brelik, 2018).

Tourism is an example of the strong impact of globalization, especially when looking at the development of information technology, media, transportation, etc. Foreign Direct Investment (FDI) is unlikely to avoid in the context of tourism development in developing countries because it is truly a key element of growth.

Vietnam is one of the countries with hot growth in tourism. Tourism activities achieved impressive results in 2018, with the number of international tourists coming to our country reaching 15.5 million people. According to the General Statistics Office, the revenue of accommodation and catering services was estimated at 539.5 trillion VND in 2018, accounting for 12.3% of the total and increasing by 9.1% compared to 2017. The revenue from tourism is estimated at VND 41 trillion this year, accounting for 0.9% of the total and up 14.1% compared to the previous year. The demand for domestic and foreign tourism and the increasing number of international visitors to Vietnam has contributed to the increase in revenue for travel tourism (Source: General Statistics Office, 2018).

The remarkable growth figures once again also prove the position of the tourism industry in the country's overall economic development strategy. However, the hot growth may be accompanied by the consequences that are the appearance of possibilities affecting sustainable development in the tourism industry.

II. METODE PENELITIAN

It is difficult to determine the only definition of globalization because, over the years, this term has been used to describe many processes. According to Tomlinson (1996), globalization is a rapidly developing process of complex connections between societies, cultures, institutions, and individuals worldwide. This is a social process that involves "compressing" time and space, narrowing distance through a significant reduction in time physically, thus making the world seem smaller and bringing people together in a way in some sense.

By OECD1: "Globalization is a process in which markets and products in countries are increasingly dependent on each other thanks to the dynamic exchange of goods, services, finance and technology". From the point of view (Mowforth & Munt, 1998), globalization is a process in which an increasingly tightened network of relationships transcends national political boundaries connecting communities in the only sub-world and interdependence. A
narrowed world gradually erodes and sinks into the global social order.

Globalization is a benign force that leads us to the era of world income convergence (when developing countries like China are open to the world and see their increased income), converging institutions when democracy becomes a common norm, as well as cultural wealth when people have different backgrounds interact more often (Nezhad Haj Ali Irani & Reza Noruzi, 2011).

When referring to globalization, (Brelik, 2018) said that globalization is a comprehensive term to indicate a world in which the impact of advances and economic development, technology, and information is on its way to becoming borderless and interdependent. Any appearance anywhere in the world will affect elsewhere in one way or another. National differences gradually fade and engulf a single bloc or single socio-economic order.

To sum up, globalization is a process. The great developments over time in economy, technology, and information worldwide have blurred the boundary between nations, and people come clearer.

Motivation of Globalization According to Huang et al. (2009), some factors have played a big role in facilitating globalization in general and international tourism in particular. Including factors such as: (1) International Trade; (2) Technology Improvement; (3) Regionalization; (4) Roles of Multinational Corporations; (5) National Image.

In line with Bauer (2014), there are three driving forces globalizations: (1) The development of technology; (2) The Economy, and (3) Increasing the understanding of the country. Along with Dwyer (2015), there are five main drivers globalization, namely: (1) Economy; (2) Technology; (3) Demography; (4) Society, and (5) Politics. Globalization has had a significant effect on the world economy, and this is reflected in the global flows of goods, capital, labor, information, and technology on a world scale (Grozeva, 2016). According to the author, the factors that trigger this phenomenon are: (1) Accelerating development of high technology and development science and technology; (2) Liberalize the world market; (3) Changes in the political system of a part of countries.

In his research, Brelik (2018) suggested that there are five significant factors driving globalization in tourism: (1) Unlimited access to information; (2) Continuous development and modernization of vehicles; (3) Free markets and related foreign trade, expanding hotel chains into international markets; (4) Significant demand for travel services; (5) International competition. The main drivers globalizaglobalisation stem from the advancement of technology, economic development, and the increasing need for trade and human exchanges.

### III. HASIL DAN PEMBAHASAN

Globally, tourism is considered a priority area based on economic benefits. In 2016, tourism generated 12% of the world's gross output. In the economy, tourism primarily serves macroeconomic functions and can stimulate the socio-economic development of tourist-receiving areas and thus promote the country's economic development by: 1. Creating added value, thereby contributing to the growth of the gross domestic product. 2. Increase foreign exchange revenue from handling tourist flows. 3. Stimulating the development of business investment and infrastructure. 4. Create new jobs and increase the income of local people. 5. Increase income for companies providing services to tourists and support start-ups and innovation. 6. Establish local government budget revenue.

A country's GDP depends heavily on the income from the sale of tourism services. This result comes from the business entities involving tourist traffic to form a chain of services made up of the following links: hotels, restaurants, travel companies, logistics companions etc (Constan, 2000).

With the effects of globalization, the tourism industry has made some changes in marketing, travel records, and technology. Due to these changes, new tourism concepts have emerged such as sustainable tourism, ecotourism, smart globalization creative tourism have megawattage of the negative impacts that globalization may have on tourism development, UNCTAD (2010) summarizes the positive and negative impacts of globalization as follows:

<table>
<thead>
<tr>
<th>Table 1. Impact of globalization on tourism development</th>
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<tbody>
<tr>
<td>Positive</td>
</tr>
<tr>
<td><strong>- Increase income / improve life;</strong></td>
</tr>
<tr>
<td><strong>- Employment opportunities;</strong></td>
</tr>
<tr>
<td><strong>- Improve tourism infrastructure and facilities;</strong></td>
</tr>
<tr>
<td><strong>- Increase revenue from taxes;</strong></td>
</tr>
<tr>
<td><strong>- Increase awareness of natural and social heritage;</strong></td>
</tr>
<tr>
<td><strong>- Provide funds;</strong></td>
</tr>
<tr>
<td><strong>- Transfer of professional and managerial skills;</strong></td>
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</table>
Tourism can contribute to poverty reduction, job creation, and remote areas development. It is also a major source of foreign currency for the host country. Improved infrastructure, public infrastructure, and increased tax revenue are other potential benefits of tourism. In addition to capital, foreign investors can provide technical and management expertise, market access, and higher quality security standards, as well as improve destination image. Tourism development can raise awareness of cultural and natural heritage and contribute to the many resources allocated to protect and preserve it.

Tourism's negative impacts include open space invasion, pollution and traffic congestion, rising prices (e.g. land, housing, food, and services), low-skilled employment and low wages, seasonal unemployment, negative impacts on cultural and natural heritage, and excessive reliance tourism. Such restrictions sometimes come with travel even when carefully developed and closely monitored.

GLOBALIZATION AND TOURISM DEVELOPMENT IN VIETNAM

The phenomenon of globalization takes place all over the world, and spreads across continents; Vietnam is no exception. Bill Clinton - US President, when visiting Vietnam in 2000 at Hanoi National University, mentioned the uncertainty of globalization, he said: "globalization is not what we can beggar or extinguish. It is the equivalent of natural forces in economics, like wind or water. We can get the wind to set sail. We can use water to create energy. We can strive to protect people and property from storms and floods. But there is no reason to deny the existence of wind and water or to try to make them disappear. The same goes for globalization. We can do it to maximize its benefits and minimize its risks, but we cannot ignore it, and it will not disappear" (AFP, November 17, 2000).

3.1. The positive effects

3.1.1. Tourists

In particular, in 2017, the number of tourists increased by nearly 30% compared to 2016, and this was also the first year Vietnam was ranked the 6th fastest growing tourist destination in the world by the World Tourism Organization (UNWTO). In 2019, the number of arrivals for Viet Nam was 18 million. The number of arrivals in Viet Nam increased from 2.14 million in 2000 to 18 million in 2019, growing at an average annual rate of 12.50% (Figure 1).

Within five years from 2014 to 2018, inbound tourists to Vietnam nearly doubled (7.874 thousand in 2014, 15.500 in 2018). In particular, the number of visitors going from Asia soared significantly, more than doubling (from 5.342 thousand in 2014 to 12.075 thousand in 2018. In the past five years, the number of inbound visitors to Vietnam has doubled, especially those from Asia.

3.1.2. Effects on the economy

The increase in the number of tourists, in general, has shown a commensurate increase in positive economic, social, environmental, and political impacts on the concerned countries. According to World Tourism and Travel Council (WTTC), in the economic impact Report of travel and tourism in Vietnam in 2017, the total contribution of Vietnam's tourism and travel to GDP was 9.1%, standing above Brunei, Myanmar, and Indonesia.

The statistical results of Figure 3 show that an increase in Government Income accompanies a significant increase in the number of international tourists. In 2019, travel and tourism’s direct contribution to GDP for Viet Nam was 15.9 billion US dollars. Between 2000 and 2019, travel and tourism’s direct contribution to the GDP of
Vietnam has fluctuated significantly in recent years, it has tended to decline from 2000 to 2019, with 0.7 per cent in 2019. (Figure 4).

According to (Huang et al., 2009), cited from WTO (1981), the creation of foreign currency income contributes to the balance of payments, increasing government revenues from multinational corporations’ taxes, airline tickets, and hotel rooms; the positive balance of payments; and the creation of much-needed employment opportunities are the main positive economic impacts related to tourism globalization.

3.1.3. Multiplier effect

Global super-competition, brought about by globalization, has had multiplier effects in developing countries in Asia and Southeast Asia, including Vietnam. Many multinational and transnational companies have taken advantage of globalization to seek opportunities in Asia to grow businesses, increase market share and gain global dominance.

The globalization of tourism also creates new tourist attractions, markets for local products, and additional funds for new infrastructure such as water, roads, electricity, and telephone and benefits for local people (Huang et al., 2009). To maintain the viability of the hyper-competitive environment, tourism companies in Vietnam have also strived to provide high quality and standard products and services to keep up with international standards.

Vietnam’s travel and tourism spending has increased significantly from 39.8 to 604.7 billion VND from 1998 to 2017, with an annual growth rate reaching a maximum of 31.87% in 2008 and then decreasing to 11.52% in 2017 (Figure 5). In 2019, capital investment (LCU) for Viet Nam was 140,288 billion LCU. Capital investment (LCU) in Viet Nam increased from 4,703.7 billion LCU in 2000 to 140,288 billion LCU in 2019, growing at an average annual rate of 22.90%.

Quang Tung, said that the total revenue of the tourism industry is expected to be 45 billion USD, contributing 10% of the country’s GDP, creating 6 million jobs, including 2 million direct jobs.

As a developing country in the Asia region, the job market in Vietnam fluctuates greatly. The contribution of travel and tourism to job growth in Vietnam was 0.7 per cent in 2019. Though the direct contribution of travel and tourism to job growth in

Table 2. Revenue from tourism business activities

(Unit: Trillion VND)

<table>
<thead>
<tr>
<th>Activities</th>
<th>The year 2015</th>
<th>The year 2016</th>
<th>The year 2017</th>
<th>The year 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rev</td>
<td>% Total</td>
<td>Rev</td>
<td>% Total</td>
</tr>
<tr>
<td>Travel</td>
<td>30.4</td>
<td>12.4</td>
<td>34.1</td>
<td>11.9</td>
</tr>
<tr>
<td>Accommodation &amp; Dining</td>
<td>372.2</td>
<td>8.5</td>
<td>413.4</td>
<td>11.7</td>
</tr>
<tr>
<td>Total</td>
<td>402.6</td>
<td>12.4</td>
<td>447.8</td>
<td>12.7</td>
</tr>
</tbody>
</table>

(Source: Author compiled from General Statistics Office)
The number of tourists travelling to Vietnam increases every year, increasing the demand for tourism services such as accommodation, catering, and other services. Hotel corporates in the world realized that this was a potential investment opportunity, so it landed in Vietnam. Besides, Vietnamese companies in the accommodation business industry want to meet the needs of international guests best, they are willing to invite reputable foreign management companies to manage and operate. In addition to learning management experience, the reputation for quality service with international standards is also the reason to attract international tourists to stay in Vietnam. The world-famous hotel groups or leading management brands in Vietnam are InterContinental Hotels Group (IHG), Marriott International, Hyatt Hotels, and Accor Hotels.

3.1.4. Effects on social culture

In this context, globalization is a major means to develop and improve cultural and social understanding by increasing tourists' contact with indigenous people around the world. International tourism has become an essential means of the interaction and communication between Vietnam and different cultures. This has helped improve the conservative and restrictive knowledge and limitation of people, especially those who live in the peripheral areas, the remote areas that have not been able to access much modernization (northern mountainous regions, central provinces of Vietnam...).

Travel experience is to enjoy on the spot, so the interaction between the host country and the guest is essential. The cultural exchange has promoted and contributed to the development of indigenous culture while also raising the awareness of the local people about the national identity, preserving cultural values, historic sites, and structures.

International tourism has also helped reduce or break down the preconceptions, barriers, doubts, and others between Vietnamese and international tourists. (Huang et al., 2009) shows tourism is an important means of development across cultural and international boundaries and contributes to international goodwill.

3.1.5. Effects on the environment

Tourism is an on-the-spot experience, so the sense of protecting and preserving world heritage is of great interest to organizations. Vietnam's natural and cultural heritage (tangible or intangible) is known as the largest cave in the world, Son Doòng, Ha Long Bay, The space of gong culture in the Vietnam Highlands, Ca Tru, and The Nguyen Dynasty woodblocks. These are all world heritage sites that UNESCO has recognized in recent years. The recognition as a world heritage will help the country owner of the heritage to have a better view of the value of the heritage and be more responsible in preserving the heritage.

3.1.6. Improve destination image

Because of the accumulated economic benefits from international tourism, Vietnam is trying to improve its image and position in the international market. This is due to the recognition that tourism growth is often constrained by a negative image in international media, mainly focusing on visa barriers; infrastructure status, tourism facilities; relatively high cost of support services, entrance fees, etc.

The Vietnamese government adopts tax incentives and concessions to call for investment, especially from abroad to address the image problem. Over the past years, Vietnam has implemented a "red carpet" policy to attract foreign investment with many investment policies, and incentives, including tax incentives. In particular, The Law on Corporate Income Tax (CIT) was passed in 2008. Law No. 32/2013/QH13 reformed some terms of CIT adopted by the National Assembly on June 19, 2013 (effective from 01/01/2014), considered a strong innovation with many preferential policies encouraging development investment. Accordingly, preferential tax rates (10% up to 15 years and 20% up to 10 years); tax exemption or reduction with a definite term (up to 9 years); allow losses (within five years); Exemption from taxation of profits transfer abroad; tax refund for reinvestment profits; allow for quick depreciation ...

3.2. The Negative effects

Besides the positive effects of globalization on tourism development in Vietnam, negative effects are inevitable. According to UNCTAD (2010), the negative
impacts of tourism include invasion of open space, pollution and traffic congestion, rising prices (such as land, housing, food, and services), low-skilled jobs and low wages, seasonal unemployment, negative impacts on cultural and natural heritage. Such restrictions sometimes come with tourism even when it carefully develops and strictly observes.

At the Vietnam Tourism Conference in 2018, Le Quang Tung, Deputy Minister of Culture, Sports and Tourism, also mentioned the issues that Vietnam's tourism is facing, such as low labor productivity, slow growth, the average national competitiveness, low sustainability with heavy dependence on a few markets and destinations. Moreover, some destinations have caused serious environmental destruction and degradation of cultural values.

### 3.2.1. Leaked economy

Thanks to the advancement of communication technology, big corporations can now develop strategic alliances to enhance their competitive advantage. Some international travel companies (Six Continents Hotels, German travel agency-TUI, Star Alliance in the air travel industry) offer a full package of services for tourists, from journey planning and purchasing tickets for travel, accommodation, food, and local tours. By doing this, most of the expenses are made by international companies. Tourists only spend a small amount of money at the destination, so the local community receives very little benefit. Local people can only provide services such as selling handicrafts, small transportation (taxis), shopping guides, etc., so they can only generate a small income. Moreover, because the destination host may not be able to create quality goods that meet the needs of international tourists, consumer goods may need to be imported from other countries to meet the needs of international travelers. According to (Bauer, 2014), cited by the United Nations Environment Program (UNEP), it is estimated that out of the 100 US dollars spent on a tourist by a tourist from a developed country, only about 5 US dollars are retained by local people at destinations, including Vietnam.

### 3.2.2. Change in culinary culture

Multinational corporations have taken the opportunity to expand their services to many parts of the world to meet the needs of Western tourists. McDonald's, KFC, and Starbucks are opened in big cities in Vietnam, such as Ho Chi Minh City, Hanoi capital, Da Nang, ... because these cities are tourist destinations and commercial centers of the nation. Similarly, Coca-Cola is promoted and sold in major tourist cities worldwide. These corporations bring American food products to other parts of Asia and Europe, and have changed the culinary culture of these cities.

### 3.2.3. Commodity price increase

The globalization of tourism often leads to an increase in the prices of basic commodities and high land values. Due to high land values, some local entrepreneurs have pushed away from the core tourism area, known as the "transition effect". According to (Bauer, 2014), multinational corporations may even render some indigenous-owned businesses completely inactive.

The fever land investment for resorts in Vietnam is constantly increasing. In early 2018, Da Nang's coastal land suddenly became vibrant. Prices soared day by day, in some areas tripling 3-4 times over the same period of 2016. From Da Nang, the land fever spread to Phu Yen; many coastal plots were pushed up by 3-5 times before. Con Dao, Ba Ria - Vung Tau province also recorded land fever in Lang Dai commune (Dat Do district, Ba Ria - Vung Tau), where the intention to build Loc An airport also recorded signs of sharp increase. Mui Ne, Phan Thiet land prices continue to increase when Phan Thiet airport, and Dau Day - Phan Thiet highway are ready to be completed (Source: CafeF).

### 3.2.4. Open space encroachment

One of the features of globalization is that tourists have multiple destination choices. When the quality of a destination is worse, it becomes less popular with tourists, so they do not hesitate to travel to similar destinations that still have quality assurance. At that time, the destination will only leave with degraded resources, unused facilities, and lost business opportunities. For instance, Nam O Beach Village, related to Nam O Ecotourism Project (Lancaster Nam O Resort, Lien Chieu District) becomes a hot spot because the investor has built a barrier to prevent people from placing the proximity of the sea or Tuyen Lam Lake in Da Lat illegally built or many projects encroach Nha Trang Bay such as Nha Trang Sao Park, Hon Rua resort, Champarama Resort & Spa...

### 3.2.5. Polluted environment, degraded heritage

On the environmental aspect, many tourists have tended to destroy the environment that attracted the original tourist. Unfortunately, many multinational corporations do not rank environmental protection among their priorities. Therefore, the impacts of their activities are almost unregulated (Bauer, 2014).

Report of Nguyen The Chinh (Dean of Institute of Strategy and Policy on Natural Resources and Environment, Ministry of Natural Resources and Environment) about National strategy on green growth stated: For the air environment, at points, intersections, construction area works, air pollution are showing signs of increase, especially in big cities. In Ho Chi Minh City, the concentration of pollutants in the
air along the roads, mainly CO₂, increases by 1.44 times and PM10 dust increases by 1.07 times. In Hanoi, if there is no solution, the dust emission concentration can reach 200mg/m³ per year by 2020, 10 times higher than the recommendations of the World Health Organization.

Besides pollution, the degradation of Vietnam's heritage is currently quite serious due to overexploitation and the absence of proper conservation and maintenance policies. Typically, some works and projects have been implemented to serve tourism, such as building a cable car to Sapa, the illegal construction on Cai Ha mountain in the core area of Trang An scenic beauty (Truong Yen commune), the 3-km cable car project to shorten the road to Son Doong, ... although there are projects that UNESCO has forced to suspend and dismantle or not approve, the serious degradation of monuments is inevitable.

4. CONCLUSION

The globalization of tourism into a global export product has brought many positive effects to Vietnam. However, the cumulative effects for each country depending on its level of development, the level of integration into the world economy, and the investment environment of each country. Tourism is a contemporary globalization phenomenon, appearing and developing at a certain stage of human society's development. Its influence combines economic, ecological, and social factors, religious relations, culture, and other scientific categories in human activity (Brelik, 2018). To take advantage of the positive effects of globalization in tourism development and minimize the negative impacts that globalization brings, Vietnam needs to have sustainable tourism development orientations.

Firstly, tourism continues to maximize human and natural potential, advantages of the sea, islands, and available strengths to develop tourism.

Secondly, to help life improve, tourism needs strong commitment and support from Governments, along with the active support of international and regional organizations such as UNWTO, UNDP, UNESCO, World Bank, ADB ...”

Thirdly, tourism needs to increase the budget for promotion to the world; Vietnam now has the lowest budget for tourism promotion among countries in the region.

Fourthly, there is a clear policy in commitment to protecting the environment and embellishing relics for the units and investors involved in exploiting tourism resources in Vietnam.

Fifthly, the priority is to address environmental issues at destinations, especially at world heritage sites, with the effective implementation of regulations on conserving and promoting heritage values.

### DAFTAR PUSTAKA/REFERENSI


