

Chiang Mai Tourism Industry Readiness for the ASEAN Mutual Recognition Arrangement on Tourism Professionals

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Abstract

This qualitative research aims to analyze the Chiang Mai tourism industry readiness for the Association of South East Asian Nations (ASEAN) Mutual Recognition Arrangement on Tourism Professionals (MRA-TP) by interviewing a manager and staff from Chiang Mai's top 5 hotels, top 5 restaurants and top 5 tourism agencies. The MRA-TP assesses acquired tourism skills and awards ASEAN recognized certificates allowing ASEAN labor mobility. Results show Chiang Mai is not ready for MRA-TP implementation. Management likely will hire ASEAN foreigners. Ubiquitous poor English language abilities and weak training cultures plague the Chiang Mai tourism industry. Low ASEAN and MRA-TP awareness inhibit implementation. Chiang Mai needs to prepare as soon as possible.

Keywords: ASEAN, MRA-TP, Tourism, Labor, Thailand, Chiang Mai, English

Tourism has features which are important to low income countries and poor communities. With no economic advantage, low income countries and poor communities could have a comparative advantage thanks to their warm climate, rich cultural heritage and beautiful scenery (United Nations World Tourism Organization, 2014).

In 2012, 84 million tourists visited countries in the Association of South East Asian Nations (ASEAN) (The World Bank, 2014). With 105,070 km of coastlines (Central Intelligence Agency, 2015), ASEAN has the 2nd longest amount of coastlines in the world in a warm, scenic and lush tropical environment. The United Nations World Tourism Organization (UNWTO) (2014) believes many disadvantaged ethnic minorities as well as

women and youth may find tourism labor convenient and suited to their limited skill set.

Table 1 shows Tourism in Thailand contributed 11.34% of the country's GDP while locally in Chiang Mai it brought in 29.71% of the provinces' GPP. World Bank (2014) data in Figure 1 shows international visitors to Thailand grew at an average rate 17.07% from 2010-2013. Calculating this average growth rate into the 2013 tourism numbers and Thailand would have had more than 31 million tourists in 2014. Using this adjusted 2010-2014 data to forecast 5 years into the future and Thailand may see 50 million international tourists by the year 2020. Thailand may have to significantly increase its current tourism professional's work force.

Tourism and hospitality, popular programs in Thai universities and vocational schools, train a significant portion of Thai tourism labor each year. Globally, there are also many tourism programs in universities around the world; however, an apparent mismatch exists between what is learned in these educational institutions and industry needs resulting in graduates working in other sectors due to limited opportunity or industry misperceptions (Pezúa & Bayardo, 2012, p. 27).

ASEAN's solution was to create the ASEAN Mutual Recognition Arrangement on Tourism Professionals (MRA-TP) (ASEAN, 2012). Mutual Recognition Arrangements (MRAs) are arrangements between two or more parties to mutually recognize or accept some or all aspects of one another's conformity assessment results (e.g. test reports and certificates of compliance) (ASEAN, 1998). The MRA-TP awards a certificate upon successful completion of an assessment of an individual's tourism skills in accordance with a framework of skills

as specified by ASEAN. An analogy of skills needed to earn a certificate is similar to the series of classes needed to earn a master's degree in a university. Important to note is this entire program is dependent 100% on English abilities. Individuals unable to speak English are unable to participate in this program. The MRA-TP will allow managed mobility of ASEAN tourism professionals within the ASEAN countries for work. This will create a regionally competitive tourism labor market able to fill critical tourism shortages throughout ASEAN (ASEAN, 2013).

This research examines the readiness of the Chiang Mai tourism industry for the MRA-TP. Readiness indicates the Chiang Mai tourism industry accepts the MRA-TP and is willing and capable of implementing it. Readiness is dependent on ASEAN and MRA-TP awareness, migration tendencies, English ability and capability of MRA-TP training. An analysis of the propensities of the Chiang Mai tourism organizations to reorganize their training in accordance with the ASEAN MRA-TP assessment framework and their propensity to hire ASEAN tourism labor as well as the propensity of the Chiang Mai tourism professionals to earn a MRA-TP certificate are the objectives of this research.

Low awareness of ASEAN and the MRA-TP has resulted in very little research being available on the MRA-TP while none, to the best of the researcher's knowledge, was found dealing with readiness for this program. The inability for businesses and organizations to prepare for the MRA-TP could make the tourism industry less competitive with the rest of ASEAN resulting in loss of jobs and revenue for the city. Thai tourism professionals able to obtain the certificate might leave Thailand for ASEAN countries with more attractive benefits. Being prepared for the ASEAN MRA-TP may turn these negative issues into positive opportunities.

While ASEAN was formed in 1967, tourism cooperation didn't begin until 1976. Political

insecurity as well as armed conflict hampered attempts to grow the tourism industry in Southeast Asia. As conflict died down cooperation picked up. Today, ASEAN is one of the most dynamic regions in the world for tourism.

International trade theories influencing this research ranged from Adam Smith's Absolute Advantage to Michael Porters' Diamond theory with the latter applied to the tourism industry in Chiang Mai for an analysis. The Diamond theory argued a country can create a competitive advantage type environment for its businesses to operate in it (Juan & Lin, 2011, p. 206). High product demand and positive factor conditions, firm strategy, structure and rivalry and related and supporting industry impact the competitiveness of an industry in a country (Lim S. S., H. A. Latip, & D. A. Awang Marikan, 2013). Porter's theory pointed to English language ability as a possible factor to limit competitiveness in Chiang Mai.

In ASEAN, English is the lingua franca (2007, p. 29). A lingua franca is any language used as a common language between a multilingual group (Merriam Webster, 2015). According to a senior officer at the ASEAN Secretariat, "English is a basic requirement for the ASEAN MRA-TP. Those who cannot speak English would not be able to move between other ASEAN member states" (E. K. Soemawilaga, personal communication, September 30, 2013)." One reason is that many tourist believe they should be able to speak English because they cannot speak the language of the country they visit (Hashemi, Raftari, & Javed, 2014, p. 204). Additionally, tourist perceptions of quality are impacted by English abilities of the tourism organization they visit. (Chartrunguang, Turner, King, & Waryszak, 2006, p. 68).

As mentioned earlier, English is a problem for Thailand. The English language training center, "English First" (EF) ranked Thailand 3rd from the bottom in ASEAN and 5th from the bottom of 60 countries in their annual English

Proficiency Index in 2013. (English First, 2013).

Educational Testing Service (ETS) (2014, p. 3), creators of the test Tests of English as a Foreign Language (TOEFL) test, keeps detailed statistics of their results.

Table 2 compares ASEAN countries average results of the TOEFL iBT (Educational Testing Service, 2014, p. 14) statistics with the ASEAN countries average results of the EF-EPI measured from lowest score to highest score. Except for Malaysia and Singapore, TOEFL iBT rankings coincide with EF-EPI rankings. TOEFL iBT results score Singapore significantly higher than Malaysia. However, the TOEFL iBT show the Philippines score the same as Malaysia. Thailand scores low in both tables.

The ASEAN MRA-TP helps to facilitate tourism labor migration across ASEAN. Simply stated, migration occurs when citizens of one country move to another country for purposes other than tourism. A person who leaves a country for migration reasons is an emigrant. A person who comes into a country from another country for migration reasons is an immigrant. Push and pull factors are perceived differences between countries that regulate the supply and demand of migration. Push factors are characteristics of a country that motivate citizens to leave their home country while pull factors are characteristics of a country that foreigners find attractive. Often it is a combination of push and pull factors that influence migrants to leave their country (Hatzigeorgiou, 2010, p. 2). The difference between immigrants coming into a country and emigrants leaving a country is called net migration. Table 2 shows ASEAN net migration for 2012. Indonesia and the Philippines have 1.5 million of its citizens leaving more than coming into it while Thailand has 100,000 more entering than leaving.

The conceptual framework shown in Figure 3 graphically illustrates readiness is dependent on

ASEAN and MRA-TP awareness, migration tendencies, English ability and MRA-TP training of hotels, restaurants and tourism agencies.

As labor restrictions are liberalized with the MRA-TP, Thailand may find more ASEAN foreigners replacing Thai labor in the tourism industry as well as a possible exodus of skilled labor from Chiang Mai. To what degree this occurs depends on how ready Chiang Mai is for the MRA-TP. If not ready, Chiang Mai may see more ASEAN labor immigrants. If ready, Thai labor will thrive and the tourism industry will benefit from the MRA-TP.

Method

Participant Characteristics

The 29 participants came from Chiang Mai (45%), other Thai cities (41%), countries outside of ASEAN (10%) and one country in ASEAN (3%). The gender ratio was 55% female and 45% male. From an education perspective, 14% had a master's degree, 72% had a bachelor's degree and 14% had less than a bachelor's degree. From the participants, 52% studied in Chiang Mai, 28% studied in other provinces, 10% studied abroad and another 10% had less than a university degree. Figure 4 shows a graphical representation of the participants.

Sampling procedures

TripAdvisor ratings were used to randomly select the top 5 hotels, the top 5 restaurants and top 5 tourism agencies in Chiang Mai. A manager and staff in each tourism organization were interviewed. Although 30 people were planned to be interviewed, 1 restaurant had no staff but still met top 5 criteria. Interviews were conducted at the convenience of the interviewee. The recorded interviews started with a PowerPoint introduction to the MRA-TP followed by questions. Each interview asked about ASEAN and MRA-TP awareness, English ability, migration tendencies and training ability. The interview was uploaded

later to cloud-based storage for safekeeping. Transcription followed at a later date.

Propensities of transcribed interview data were entered into a readiness guide matrix to identify response trends. The matrix was color-coded by the propensity of the answer in response to a question as it related to independent variables. Propensities ranged from 1 for no to 5 for yes. The numbers were color coded with Microsoft Excel with red for a number 1 (no), yellow for a number 3 (unsure) and green for number 5 (yes). This helped highlight possible trends which prompted a review of the transcripts for significant data.

Results

Nine organizations either failed to approve or complete the interview resulting in the next tourism organization on the list to be chosen as a replacement. It took 50 days to arrange and conduct the 29 interviews. The total time used was 16 hours and 33 minutes.

ASEAN and MRA-TP awareness is extremely low. Most had limited information on ASEAN and only 1 person interviewed heard of the MRA-TP.

Management of hotels and restaurants will hire ASEAN MRA-TP certificate holders while tour agencies already do in regards to elephant handlers and tour support. English speaking employees at hotels will earn the certificate and work abroad. Tour agencies were the most xenophobic with regards to hiring front end ASEAN labor.

The strongest English abilities are in the 5-star hotels that deal directly with foreigners; however, the 5 star hotels spend a lot on English training due to the shortage of qualified English speakers in Chiang Mai. Restaurants and tourism agencies are using a "learn as you go" approach to train their employees in English language or hire at a basic English level which they never try to improve.

The best structured training culture is in corporate-run hotels. Structured means training

records are kept and performance evaluations and career counseling are conducted. Most restaurants and travel agency training programs lack structure and are mostly on-the-job training.

The Chiang Mai tourism industry is not ready for the ASEAN MRA-TP due to very low ASEAN awareness, poor English abilities and a weak training structure. The majority of the tourism industry will find earning a certificate very challenging and they may be replaced by ASEAN MRA-TP certificate holders.

Discussion

Assumptions prior to the start of this research were positive in regards to the benefit for Chiang Mai. MRA-TP certificates are reflective of high skills tourism training which is needed in Chiang Mai to improve the tourism industry. Post analysis as mentioned in the results are disappointing and potentially threatening especially to those with a xenophobic mentality.

The MRA-TP training materials are written at a level found in university level textbooks in international programs. Thai tourism professionals have no chance of earning an ASEAN MRA-TP certificate if they can't speak English.

Management may see the MRA-TP as an opportunity to fill critical English positions in their organizations while MRA-TP certificate holders from other ASEAN countries may perceive the Chiang Mai tourism industry as very attractive employment destination.

Although not ready now, it does not mean Chiang Mai will never be ready. Awareness of the MRA-TP must increase in order for the tourism industry to respond to this program.

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