

Versatility in Hospitality Industry around the Globe Case study on Development and Challenges of Hospitality Sector of Palau

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Abstract: Palau was discovered by the Europeans on 28 December 1696 when the first map of Palau was drawn by the Czech missionary Paul Klein based on a description given by a group of Palauan's shipwrecked on the Philippine coast on Samar. This map and a letter sent to Europe by Klein in June 1697 had a vast impact on the surge of interest in Palau. It resulted in the first and failed Jesuit attempts to travel to the islands from the Philippines in 1700, 1708 and 1709. Palau's pursuit of niche tourism markets, which support value growth over volume growth, targets a more engaged traveller who seeks new, authentic experiences as opposed to low-budget sun-and-sea mass tourism. Mass tourism is becoming less desirable worldwide as it delivers negative environmental impacts and limits benefits to local communities. Hotel development projects aimed to service the low-end packaged traveller have cluttered the market and degraded Palau's pristine brand. To make matters Worse, Palau's identity as an exclusive world-class diving destination is eroding, due to significant overcrowding at key sites. Resolving these issues is crucial. Resolution will require the political will of the ROP government and a coordinated industry. The Responsible Tourism Policy Outlines the way forward. We must all pull together to implement needed Solutions. In Palau, tourism brings the "rising tide of economic development" and land is the boat few Palauans have. Given that tourism is first and foremost an agent of globalisation in a capitalist system; my degree program sought to explore how tourism can be adapted in destinations that continue to depend on it economically but are seeking more sustainable social and environmental solutions. Sustainability in tourism can be defined as beneficial for the livelihoods of local people and the conservation of life on our planet[1].

Keywords: Palau

I. INTRODUCTION

The Republic of Palau is located in the Micronesia region of the western Pacific Ocean, and is a well-known tourist destination for its outstanding scuba diving And snorkelling sites, picturesque rock islands, and unique jellyfish lake. Palau Has adopted an economic development strategy that is centred on tourism to these exceptional marine sites, a plan termed "Pristine, Paradise, Palau". However, over the past three years the number of tourists has increased by 70%, With growth primarily from Asia. This massive boom in tourist numbers is Threatening to degrade the very natural resources that tourists come to enjoy. In Addition, the shift towards a more mass tourism model is driving away higher- Paying dive tourists from Europe and North America, retaining fewer per- Person tourism dollars within Palau, putting stress on Palau's water, sewer, Garbage, energy, food and transportation infrastructure, and leaving some Palauan citizens without access to affordable housing or traditional food Sources. In light of Palau's rapidly emerging markets and changing tourism Profiles, it is important to explore potential tourism development trajectories, to Identify a strategy that will both take advantage of, and safeguard, the countries.[3]

Significant social and natural assets, and ensure a sustainable and resilient Tourism market for decades to come. The overall goal of the workshop was to help Palau explore some key

Overarching questions: What does Palau want from its tourism development? What are the ultimate goals? How can Palau evaluate whether it's on the right Track towards meeting those goals? How can Palau measure changes and

Trade-offs between the natural environmental, social stability, financial assets, and human wellbeing? In order to capture expert opinion across multiple Related sectors as well as build capacity, the workshop brought together Stakeholders from a wide range of Palau's economic sectors[.5]

Process

Scenario Planning: SP is a structured strategic thinking process that develops scenarios of possible events and situations. It can be used as a long- term risk assessment and management approach, which helps better understand the opportunities and threats presented by internal and external forces and influences. During SP, focus groups and interactive sessions challenged Palauan participants to think about

The following: -

- Their desires (and fears) for Palau's future;
- Important social, economic and environmental trends;
- Driving forces and influences that will shape the future and how these will Affect Palau's ability to achieve its objectives for tourism and beyond. Inputs Output Assessment: IOA examines the direct and downstream

Economic impacts of developments such as mines, tourist resorts, casinos, and National parks within locale scale economies.¹ In the context of this workshop, the IOA model was used to compare tourism benefits in terms of jobs, taxes, and income under the two prioritized tourism pathways developed in day 1

(high volume of Lowe end package tourists, and low volume of high end Tourists). The analysis examined how much tourists spend and where they spent it (e.g., hotels, restaurants, tours, taxes, park fees). Analysis also considered the Associated allocation of money by firms into wages, equipment, supplies, and Taxes, and the percentage of spending retained in the Palauan economy versus "Leaked" abroad.

These included: secondary supporting services such as airport Maintenance, sewer and water investment and maintenance; social costs such as road congestion and higher housing costs and displacement; and environmental costs such as solid waste pollution on coral reefs; as well as loss of income and tax revenue from displaced high-end tourists. Analyses were carried out across a 5-year time period and assumed a 10% discount rate[.2]

Results

Scenario Planning,

Desire of Palau's Future

Six broad desires for Palau's future were defined by participants from across all sectors. These elements are listed in Table 1 and are directly useful as an input to any tourism development strategy adopted by Palau. A consensus emerged that development should be in line with preserving Palauan culture and environment, as well as not disenfranchising Palauan citizens, in particular its youth.

Key trends currently affecting Palau :-

Overall, participants and facilitators distilled and re-expressed this list of trends

In terms of the following important driving forces (Annex 3):

1. Asian economic growth
2. Global economic growth
3. Market trends
4. Population growth (global and local)
5. Globalization and trade
6. Technology (information and energy)
7. Climate Change
8. Transportation access and cost (people, goods)
9. Governance conflicts (e.g. traditional vs. state and national government) [3]

Storyline Development

Tourism storylines for Palau up to the year 2030 were developed based on the Interaction of one, two or three driving forces with various factors considered Important for Palau's future. Participants developed 5 storylines. These were:

A. "The Rise and fall of Aria State"

Driving forces: Asian economic growth, high transportation access, high foreign control

B. "Aria State Endures"

Driving forces: Global market integration, high transportation access, High local control

C. "It's a Bird, It's a Plane, It's a Disaster"

Driving forces: Low transportation access, limited global integration

D. "Techy Valour" Driving forces: Easy technology access, self-sufficiency

E. "BOOM 2030" Driving forces: Global integration, foreign control [2]

Palau's Response and Focus:-

The primary focus of Palau's responsible tourism framework is to shift the Current tourism profile from a low-end, mass market, packaged travel model to a Niche, high-value tourism model coordinated to deliver the Pristine Paradise. Palau brand experience to discerning travellers. The directives that underpin this framework are designed to achieve six targets that will result in the market shift desired. These policies are intended to put into place the necessary conditions and controls, collaboration, and coordination needed to achieve the targets of a tourism industry that can sustain Palau[.4]

Palau's Responsible Tourism Policy Framework Legacy :-

This Responsible Tourism Policy Framework also builds on the recommendations arising from Palau's past tourism studies including the 2000 JICA Report and the 2008 Palau Tourism Action Plan. It also incorporates recommendations from the 2016 Asian Development Bank report, Policies for Sustainable Growth Revisited, A Private Sector Assessment for Palau as well as those provided by the Economic Advisory Group to the President of the Republic of Palau.1

Responsible Tourism Implementation

The organizational framework for implementing the Responsible Tourism Policy Framework and Action Plan involves the creation of one new entity and the collaboration of others. As a first step to strengthen the institutional Arrangements needed to effectively implement the policy framework and Tourism Action Plan, the ROP will establish the critically important National Tourism Coordination Board (NTCB), which will include representation from key government ministries, states, private sector organizations, and NGOs, especially those in the environmental sector (Appendix 2). NTCB will provide leadership and policy guidance to steer implementation of the Responsible Tourism Policy Framework and Action Plan; provide guidance to related ministries, direct the functions of the Bureau of Tourism and oversee and coordinate the implementation of the actions called for by this framework. While BOT, with the support of NTCB, must take the leading role in Coordinating these efforts to ensure needed outcomes, the implementation of This framework will require a whole-of-industry approach. Both the government and the private sector must commit to the actions called for in this framework. [2]

Roles and Responsibilities of Key Agencies

Organizations

National Tourism Coordination Board (NTCB) :-With members appointed by the president, NTCB will include representation from key government ministries, states, private sector organizations, and NGOs, especially those in the environmental sector. NTCB, chaired by the Minister of Natural Resources, Environment, and Tourism, will provide leadership and policy guidance to steer implementation of the Responsible Tourism Policy Framework and Action Plan; provide guidance to related ministries, seek support from development partners for priority projects, and convene ad-hoc meetings to formulate responses to unforeseen events requiring high-level decision making. See Appendix 3 for member agencies/organization and culture[.3]

Bureau of Tourism (BOT)

Primary government agency charged with the systematic development and management of Palau's tourism industry. BOT will implement and/or coordinate the policies, projects, and programs endorsed by NTCB, promote national and international investment in the tourism sector; organize programs and training to upgrade the quality and technical skills of the tourism industry, measure the flows and impacts of tourism activity (research), and manage the regulation and enforcement of standards and certifications.

Palau Visitors Authority (PVA)

Quasi-public agency tasked with brand management, promotion, and strategic Marketing of Palau as an international tourism destination.

Belau Tourism Association (BTA)

Nonprofits membership organization focused on the development of a quality visitor experience in Palau by expanding business opportunities for members through advocacy, education, community outreach, and stewardship of Palau's Environment and cultural heritage.

Palau Chamber of Commerce (PCOC)

Non-profits organization with the mandate of publicizing, promoting, and developing commercial and business opportunities within the Republic of Palau. Palau Conservation Society (PCS) :-

Non-governmental organizations focused on empowering Palau's communities to be good stewards of the environment.

State Tourism Councils (STC)

Composed of state leadership, PAN coordinators, and tourism representatives, and CBO (cheldebechel) /citizen stakeholders, state tourism councils will engage tourism planning and management at the subnational level. The councils will seek support from development partners to strengthen their ability to Mainstream tourism planning into local governance structures. States will engage with BOT, PVA, BTA and other actors to implement tourism related Policies, projects, and activities.[3]

Background & Key Issues

Tourism in Palau is at a crossroads. Global recognition of Palau's stunning Environment, biodiversity, and the many initiatives in place to ensure its pristine Conditions have led to more market opportunities than ever before. However dramatic increases in visitor arrivals within the past two years and the rapid proliferation of budget-oriented tourism development to service those visitors have led to concerns about devastating consequences on the industry, Environment and society. Before 2014, Palau's tourism industry was driven largely by higher spending Consumer segments dominated by the diving market. In 2014 and 2015, a dramatic spike in packaged travel groups from the People's Republic of China (PRC) shifted Palau's tourism industry and changed the nature of the tourism experience in Palau. This shift into mass-market tourism has been driven by vertically integrated package tours, bringing visitors who have prepaid their full itinerary, resulting in lower in-country visitor spending. Additionally, the dominance of a single source market, largely consisting of first-time travelers and the entry of numerous new, inexperienced tour operators into the tourism sector have strained the capacity of regulatory and management bodies to ensure that tourism in Palau is both profitable and sustainable.[4]

II. SUMMARY

The tourism industry and its internationally operating enterprises are considered as actors of social development and poverty reduction in the destinations.

However, it is recognized that the path towards sustainability in the tourism Industry has been a long process and remains unfinished business. Today's Challenges consist in the enhancement of the ratification and/or implementation Of Convention No. 172, in order to achieve the effective implementation of Good standards of HR practice and of existing sustainability initiatives, while Promoting decent work and taking into consideration workers rights, social

protection, employment and social dialogue, which is not common across the sector. At the same time, the wider environment within which HCT businesses operate – with respect to demographics, business ownership, management structure, Financial performance, use of technology and approaches to managing relationships with the natural and social environment – continues to change radically in response to both short-term need and longer term realities. Clearly, change has taken place in HCT workplaces in developed countries and elsewhere as a result of recent financial challenges, but whether these are temporary or herald more fundamental and structural change in this regard remains to be seen. Changing consumer expectations and behaviour towards environmental issues and climate change gives the sector the opportunity to modify its ways to operate in terms of consumption levels, efficiency, and impact on the environment. Through sustainable tourism, innovation and the creation of competitive advantage, is it possible for companies and destinations to change their approaches to operations and management and to the employment environment within their businesses? [2]

III. CONCLUSION

Palau is faced with crucial questions about the future of its tourism development; in particular which pathways it can pursue that will take advantage of, and safeguard, some of the most remarkable marine environments to be found in the entire Pacific. The workshop's goal was to develop a strategic planning process to help participants think outside the box of conservation versus development, to consider what internal and external forces will shape tourism development, and what facets Palau wants to protect, retain and build for its future. Based on these findings, workshop participants came to the following conclusions. Moving forward, any tourism development should be in line with those attributes considered important to Palau: the preservation of Palau's culture and environment. Presently, Palau's tourism model and associated infrastructure developments are in conflict with both its tourism tagline "Pristine, Paradise, Palau" and its notable environmental strategy. More generally, Palau should move to decouple tourism revenue from visitor departure numbers as much as possible and instead, promote on-island private sector spending as well as reduce associated leakage (e.g. through promoting Palauan ownership and retail).

New alternative mechanisms in which the government could capture tourism revenue should be explored in order to reduce reliance on per-capita fees. Examples included a modification of various tax laws, such as implementing a modest Value Added Tax (VAT), which leakage could be significantly reduced if more Palauan [2]

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