

# Acting Together: How Rural Tourism Can Promote Sustainable Human Development?

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**Abstract:** In recent years, the diversification of livelihoods for people in rural areas has become the leading concern in developing countries. Under the pressure of a growing population and the process of industrialization and urbanization, on the one hand, and climate change, on the other hand, an increasing number of people, living in rural areas, have to leave the agricultural sector and look for unstable jobs in urban cities. This paper aims to describe and analyze the value chain of the rural tourism sector in Vietnam. Although the development of the Vietnamese rural tourism sector is still in its early stages, this paper argues that it could be a solution for rural people to stay in their villages and to face the aforementioned challenges to their livelihoods. Rural tourism can therefore actively contribute to rural development if local people use their collective agency to enhance the development of this new sector. In doing so, they will not only create new opportunities for themselves, but will also contribute to the sustainable human development of their communities. Developing this sector, however, is only possible if rural communities act together. Through their collective action, they are able to generate and enhance their individual and collective capabilities thus promoting sustainable human development in their communities.

**Key words:** collective capability; rural tourism; sustainable human development; Vietnam

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## 1. Introduction

Rural tourism is a segment of the tourist industry which is newly developing in Vietnam since around 10 years. There are many reasons for the growing interest of administrators in rural tourism. On one hand, the development of rural tourism would be a key to the diversification of tourist supply. On the other hand, it is also a necessary measure to reduce poverty and stimulate the economic growth by improving the living standards of local people in undeveloped regions.

This paper aims to describe and analyze the value chain of the rural tourism sector in Vietnam. Although the development of the Vietnamese rural tourism sector is still in its early stages, this paper argues that it could be a solution for rural people to stay in their villages and to face the aforementioned challenges to their livelihoods. Rural tourism can therefore actively contribute to rural development if local people use their collective agency to enhance the development of this new sector. Through their collective action, they are able to generate and enhance

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## **2. Concept of Rural Tourism**

Rural tourism includes several activities and services offered and run by the population living in rural areas which showcase rural life, art, culture and heritage. As its concept appears to be broad enough, rural tourism covers not only agritourism or farm tourism, but also ecotourism and other rural based types of holiday.

Formally, the concept of rural tourism has not yet been mentioned in legal documents or local plans of development in Vietnam. In practice, however, this type of tourism has been developed in several localities, spread out from the Northern mountainous areas to Mekong Delta region in the south.

The services of rural tourism in Vietnam could be named as:

- Visiting the beautiful places, historic and cultural sites, farms, handicraft villages and participating in village activities;
- Catering service with local food and products;
- Shopping for local specialties and souvenirs;
- Lodging service;
- Vehicle rental/transport services.

## **3. Rural Tourism and Rural Development**

Vietnam's economy is experiencing the structural shift from agriculture to industry and services. At present, the per capita income in rural areas is approximately two times lower than in the urban areas (GSO, 2012) and the income gap tends to become wider. Meanwhile, the investment and employment opportunities seem mainly concentrated in urban areas. In that context, there will be an inevitable trend of spontaneous migration, which has been proved by research that it would tear the social fabric of rural areas, encouraging deforestation and growing the pressure on the economy, society and environment in urban areas. Thus, in the long term, it is essential to find solutions to the rural development as well as the improvement of farmers' living standards.

In fact, the structural transformation from agriculture to non-agriculture would face hidden risks and challenges. Therefore, initially should only a part of agriculture sector be shifted to rural tourism and agricultural activities then will support the development of rural tourism. Conversely, the development of rural tourism will also contribute to increased reinvestment in agriculture sector. Tourism in general and rural tourism in particular have contributed relatively well to the poverty reduction, especially in remote areas. According to Mitchell and Le (2007), a minimum of 26 percent of tourism spendings had been within the hand of the poor.

The development of rural tourism will also help to reduce poverty through economic development, maintaining and expanding handicraft industry while at the same time contributing to heritage conservation and environmental protection. Besides, the condition of infrastructure, such as roads, canals, irrigation, power and information networks in rural areas would be also improved.

## **4. Rural Tourism's Value Chain**

This paper adopts the value chain approach which was proposed by R. Kaplinsky and M. Morris. "The value chain describes the full range of activities which are required to bring a product or service from conception,

through the different phases of production..., delivery to final consumers and final disposal after use” (Kaplinksy & Morris, 2002). The value chain approach identifies the actors through the chain, as input suppliers, producers, processors, and traders. In order to develop the value chain of the rural tourism, the following elements were analyzed: markets, horizontal and vertical linkages, environment and institutional supports.

#### **4.1 Rural Tourism Markets**

Demands in the whole tourism market increased in the last years. According to General Statistic Office (GSO), in 2010, there were 8,234,200 incoming tourists go through all tour operators, so with 68% more than in 2006. Among this total, 2,385,800 tourists are foreigners, with more 25% than in 2006.

Concerning the customers of rural tourism in Vietnam, foreign visitors still dominate the market. Domestic customers seems focus primarily on the traditional type of sea tourism, not yet the rural areas.

However, the economic development in Vietnam after Doi Moi (rennovation) has raised the needs for leisure activities, including traveling. Besides, similar to the early stage of the rural tourism development in Western societies, there is a high demand of rural residents going back to the countryside on vacation after migrating to urban areas for employment and settlement. The rural tourism therefore has a lot of space to grow.

#### **4.2 Horizontal and Vertical Linkages**

Linkages are the most important factors for the operation of the value chain. Horizontal linkage refers to the relation between actors, which enable and increase the scale of operation and their power of bargaining in the value chain, while vertical linkage relates to the connection between farmers and purchasers of their products and services (tour operators) enable farmers to have more security in the sale of outputs (contractual arrangements).

In Vietnam, the horizontal relations of actors in the value chain of rural tourism are characterized by competition as well as cooperation. The survey in Vinh Long province reveals some travel companies hire or purchase the locations of homestay accommodation to compete with the local farmers. Meanwhile, survey in Ba Be district, Bac Kan province revealed that the households in Pac Ngoi village cooperated with each other when they received a large tourist group that exceeded the capacity of a single household. The cooperation between farmers is a source of competitive advantage. In 2012, the Association of Tourism Service Providers of Ba Be district was created with 63 members, including farmers providing all kinds of tourist services as hosted accommodation services; catering (restaurant) services; transport services...

Besides, the vertical integration in the value chain is very loose. Farmers and customers often do not obtain full information about each other. The relation between tour operators and farmers is usually an one-way linkage, which is obviously in favour of the businesses. The situation has lead to two consequences: *first*, the service provided by farmers hardly meet the requirements of customers; *second*, due to the lack of transparency of intermediary actors, customers likely have to pay much higher than the prices that farmers are actually paid. Survey results in Sapa, Lao Cai province showed that homestay tourists pay directly to travel companies instead of the host families. That means after welcoming guests, the hosts have to wait for the payment and at the price that is decided by these companies. In some cases, the tour operators provide the food for the hosts to cook and only pay them for the accomodation, no other service charges.

Despite the fact that farmers are the providers of products and services, they have no direct contact with customers but act through tour operators who play a decisive role in the value chain. As a result, the farmers remain the most vulnerable actors of the chain. According to a 2013 survey in two communes of Ta Van and Ta Phin, Sa Pa district, Lao Cai province, the households often have to advance all their spendings when receiving visitors. Only later tour operators will pay them back. Consequently, when the tour operators lower their prices to

better their competition, the farmers would be the first to suffer. The delay in payment is also their frequent risk. Moreover, the households themselves also humbled their prices to compete with each other, making increasingly poor quality of the service.

#### **4.3 Environment and Institutional Supports**

A present drawback of Vietnam's tourism in general, including rural tourism is that farmers appear to be the outsider of all tourism development programs. In other words, the development of tourism in Vietnam still favour the public and private sectors rather than farmers. This leads to long-existing problems in Vietnam such as harassing and overcharging (cheating) visitors or providing poor service quality. The development of tourism in such a way has brought many negative consequences instead of positive effects on the social life and rural environment, and has ruined gradually the cultural identity of many localities.

In Vietnam, rural tourism is still in its infancy and spontaneity without any specific undertakings of governments at all levels nor financial support. On the contrary, farmers have to pay cost for the qualification of their lodging facilities. Moreover, when there is a need of financial mobilization, the households engaged in tourism always seem to contribute more than others as they are assumed as the richer than the neighbourhood.

On training programs, these households enjoy free attendance in tourism training courses offered by professionally related bodies. For example, the health agencies would provide training on safety for catering services, while tourism bureau would organize classes on tourism knowledge. The training costs would be covered by the state budget. However, because rural tourism is only a sub-sector of the tourism industry without particular policies guided by local governments, the training activities focus mostly on hospitality skills. The surveys in provinces of Vinh Long, Ben Tre and Tien Giang showed that 100 percent of households providing homestay services participated in annual tourism training classes. However, they said that some professional skills, such as room service, were designed for hotels rather than family housing. The training courses should be more relevant and tailored to rural tourism. In addition, the training program of food safety which remains unchanged over the years has discouraged the participation of farmers.

### **5. Human Development and Collective Capability Perspective**

The analysis of the Vietnamese rural tourism value chain leads to the following ideas: to fulfil all its roles, rural tourism has to be developed in a way that ensures the long-term sustainability. Additional, local people need to involve to this process in an active way. In doing so, they will not only create new opportunities for themselves, but will also contribute to the sustainable human development of their communities. As a result, a better horizontal/vertical relationships in the value chain may lead to new prospective.

The capability approach developed by Sen (1987) provides a welcome broadening of vision in the field of human development studies. Based on welfare economics, this approach propose "the expansion of the 'capabilities' of people to lead the kind of lives they value — and have reason to value" (Sen, 1999). This analytical framework may be used to understand how local people can use their capabilities to enhance the development of the rural tourism sector. Briefly, local people have access to endowments (natural landscape and financial capital) and opportunities (rural tourism markets and public policies) which, combined with personal characteristics (i.e., specific skills, developed through learning or learning-by-doing process), are converted into a set of capabilities (doings and beings), some of which are chosen and become achieved functionings.

Gereffi et al. (2005) make a distinction between five types of governance for the value chains: market, modular, relational, captive and hierarchical, which is characterized by two criteria: the degree of coordination and the degree of asymmetry in power. The current Vietnamese value chain of rural tourism indicates a low level of coordination and a high degree of power asymmetry. Once the power of the actors is unequally distributed, the decision-making capacity cannot be the same for all actors.

According to Evans (2002), to enjoy a full range of capabilities, collective action may provide an arena for formulating shared values and preferences, and instruments for pursuing them. In addition, rural tourism, it is argued, is also a means to protect the environment and to preserve the cultural-historical heritages of rural communities, which is something we rarely can accomplish as individuals. Developing this sector, in fact, is only possible if rural communities act together. In a microeconomic perspective, the capability approach is ultimately about equating individual freedom (rural tourism activities) and collective development (environment & heritages protection) (Sen, 1999). Achieved functionings stand for achieved happiness, in this case, means a sustainable rural tourism development.

Organized collectivities are necessary to exploit the opportunities and to enlarge the capabilities of local people (Evans, 2002). Besides, the gathering endowments can provide a comparative advantage in the production of tourism thus contributing to positive overall objective. With the objective of integrating, once applied to the value chain, collective capability describes the interconnected links which exist between the various actors within the chain.

In Vietnam, there are several types of collective organizations, as farmer's union, women's union, cooperatives, etc. However, most of these organizations often operate in a formal way, without the initiative of members. Farmers still need a more active form of collectivity (e.g., the Association of Tourism Service Providers of Ba Be district), to process their collective action.

This approach also leads to analyzing the role of public policy in bringing together commodities and converting it's into a set of rural tourism products. Public policy, taking importance of collective action, should focus efforts to stimulate and sustain mass organizations. The latter are actually seen as an actor supporting for farmers.

## 6. Conclusion

In summary, with the advantages of rural communities and a large rural population, the potential of rural tourism development in Vietnam is obvious. However, the spontaneous development of rural tourism in passing years have showed instability. Due to the scatter and lack of comprehensiveness of small-sized households doing rural tourism, the potential and sustainability of the sector has not been ensured. Thus, rural tourism should be seen as a combination of sustainable tourism and rural development and there should be a proper strategy for the sector right from the beginning. In a near future, the formation of rural tourism associations at the local level should be also considered seriously.

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