

# Sustainable Competitive Advantages for Ecotourism Development of Phu Quoc Island: Background and Literature Reviews

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**Abstract:** Despite various researches has been carried out on ecotourism development but only a small quantity of studies were conducted in Phu Quoc Island. As a result, literature on this topic is insufficient. Therefore, there is a need to comprehend resources contributing for competitive advantage for Phu Quoc. This research fills the gap by Resource-Based View approach. The main objective of the study is to develop the sustainable competitive advantage for ecotourism development of Phu Quoc Island. This writing reviews overview of the research and the past literatures related to the topics such as: Ecotourism definition, Tourism Sustainable development, Resource-based View Theory, Dynamic capabilities, Sustainable Competitive Advantage, etc.

**Keywords:** Ecotourism, Tourism, Sustainable development, Resource-based View Theory, Dynamic capabilities, Sustainable Competitive Advantage, Phu Quoc Island

## 1. Introduction

### 1.1. Ecotourism background in Vietnam

Currently, Vietnam is focusing on economic development in some temporary purposes and neglecting environmental problem. In an attempt to join into global tourism market, it is necessary for Vietnam to work out strategies and principles for ecotourism because it not only brings great benefits to the economy, as Tran Lam (2002), but also contributes to environmental degradation.

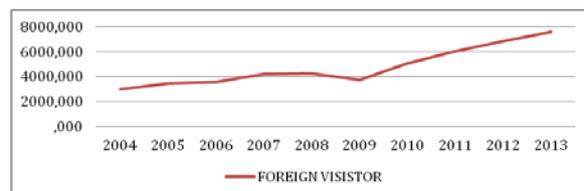
### 1.2. Benefits of Ecotourism development

Ecotourism can stimulate economic development and social welfare of the citizens and also protect the natural environment and cultural heritage by awareness creation (Manu et. Al, 2012). Moreover, as Eshetu (2014), it is helpful to use ecotourism as an approach to develop community-based natural resources management as well as diversify livelihood sources. It's useful in helping the economic development by increasing local employment and income, that is resulted in greater diversification of economic activities, thereby decreasing economic

risks and bringing opportunities for locally controlled ecotourism-related businesses. In addition, people can use the income from ecotourism to sustainably protect the environment of a destination.

### 1.3. Current Tourism Performance of Vietnam

From 2004-2013, tourism industry of Vietnam has gained outstanding achievements, it is clearly indicated via the number of foreign travellers coming to Viet Nam these current years. The figure 1.1 illustrates the numbers of international visitors to Viet Nam between 2004 and 2013.



**Figure 1.1: Number of foreign visitors to Vietnam from 2004-2009**

Source: General Statistics Office of Vietnam, 2013

Additionally, the biggest number of travellers coming to Vietnam is those from North Asia, America, South East Asia and Europe. Furthermore, North Asian region, including China, Korea, Japan and Taiwan, have the travelers to Vietnam at the top place in the period of 2004-2013 (General Statistics Office of Vietnam, 2013).

### 1.4. Tourism Development of Phu Quoc Island

Phu Quoc is Vietnam's biggest island with a total area of 574 sq.km. This is one of the most prominent locations for tourists in Vietnam. It is considered as a "tourism paradise" by people in south-western area. In Vietnam, Phu Quoc is currently a core region of sea island tourism that endowed with wild and natural beauty and substantial resources making advantages for it to develop tourism, and making Phu Quoc known as the most attractive tourist destination in the Mekong Delta. In recent years, Phu Quoc has achieved many expected results. The number of tourists to Phu Quoc has an increased annual average up to 15%. In 2012, Phu Quoc welcomed 313,851

tourists, including 92,880 foreign arrivals with a total turnover reached over 910 billion VND. In 2013, Phu Quoc expects to welcome 400,000 visitors with 35-45% foreign. According to Ngo (2014) – Director of Institute of Southern urban and rural Planning, planning adjustment implemented by Government and the Ministry of Construction will confirm the importance and new role that makes Phu Quoc become a worldwide high quality sea island ecotourism city marked on the global travel map. In current years, building the environmental landscape and infrastructure systems in Phu Quoc has been invested to be the “Smokeless industry” of Phu Quoc Island developing and attracting many economic stakeholders coming from internal and external province to participate in travel activities. Therefore, it’s no doubt that tourism is the potential industry bringing more profit to Phu Quoc economy. So, based on its strengths and ideal premises for ecotourism development, the research is to determine the competitive advantages for ecotourism development of Phu Quoc Island in Vietnam.

## 2. Literature Reviews

### 2.1. Ecotourism definition

As Ngece (2002), ecotourism is the kind of tourism that all environmentally responsible visits to natural places to enjoy and appreciate nature that can promote preservation, produce a low tourist influence and create a chance for local citizen to join in socioeconomic activities. According to Tao, et al., (2004), ecotourism happens in natural surroundings, that provides environmental education, respects nature preservation, and with an aim of integrated, it makes sustainable environmental management. According to Baker (2008), ecotourism complies with two main principles of sustainability including promoting preservation of the natural environment and supporting the local economies that is called the backbone of ecotourism. According to Agrawal et al. (2012), ecotourism is a kind of tourism activity that provides direct financial benefits to local citizens of ecotourism place. According to Cammorata (2013), ecotourism is a kind of travel to a far-away area to enjoy, save and raise awareness to endangered creatures. Currently, according to Eshetu (2014), ecotourism is a kind of travel that focuses on local cultures, wilderness, as well as adventures; a tour to destinations whose the scenery, flora, fauna and cultural heritage that are the primary attractions.

### 2.2. Tourism Sustainable development

According to Coccossis (1996), sustainable development for tourism is being known differently based on different points of view. It can be regarded as “economic sustainability of tourism” in which the feasibility of travel activity is figured as basic goal. Furthermore, it impresses on the demand to achieve a

balance between economic and environmental aspect to ensure the permanence of the tourism (Butler, 1993). According to Wall (1997), tourism is only one of users of resources. So, if the tourism industry has appropriate resources in the narrow benefits, it may not be in harmony with the best benefits of the more extensive community. According to Woo (2009), sustainable development for tourism industry is a form of tourism perpetuated over a period time. Hence, tourism industry satisfies demand of today’s tourists without taking away from the future people the resource necessary to fulfill their own needs. So, there are criticisms over a definition for sustainable tourism development. Sustainable development was defined as long term economic sustainability within a framework of long term ecological sustainability plus the equity problem (Eriksson and Lidström, 2013). However, according to Craik, 1995; Wall, 1997; Butler, 1998, there are other aspects that deserve to be sustained like culture. Farrel (1992, cited in Eriksson Lidstrom, 2013) also defines sustainable development as the demand to ensure a balance in the development system between economy, environment and society.

### 2.3. Resource-Based View (RBV)

Resource-Based View was put forward by Wernerfelt (1984) and then popularized by Barney’s work (1991). According to Cosis (2012), Resource-Based View argues about the success of organization’s strategy deciding the configuration of its resources and capabilities that are the basis to build key competences. Acquiring, configuration, reconfiguration and developing of its available resources is critical factor to create the competitive advantage.

#### Resources

Resources are the basic unit of analysis for Resource-Based View. According to Maijoor & Witteloostuijn (1996) and Wernerfelt (1984), they can be defined as those assets that are cemented semi-permanently to the company. They comprise of financial, physical, human, commercial, technological, and organizational assets. As Barney (1991). And organisations use those assets to develop, manufacture, and deliver products and services to its customers. Resources can be categorized as tangible resources (such as financial or physical resources) or intangible resources (i.e., employee’s knowledge, experiences and skills, company’s reputation, brand name, organizational procedures).

#### Dynamic Capabilities

As Olszak (2014), the definition of dynamic capabilities is established in the Resource-Based View competitive advantage. Resource-Based View characterizes that capability is a bunch of resources

to perform an activity. It is a way of integrating assets, human and processes to convert inputs into output. According to Vincent (2008), many authors, defining definitions of capabilities, focus on distinguishing capability from competency and capacity. They define competence as the quality or state of being functionally appropriate or having sufficient knowledge, strengths and skills. Capability is a cooperative process can be deployed and by which individual competences can be applied and exploited. Capacity is characterized as the power to hold, receive or accommodate. According to Hamel and Prahalad (1990), the term "core competence" is made to differentiate those capabilities fundamental to a organisation's performance and strategy. Therefore, dynamic capabilities definition was processed and enlarged. According to Zollo and Winter (2002), dynamic capabilities are also differentiated from operational or ordinary capabilities. Operational capabilities empower organisation to make their daily living performance, "and while dynamic are used to maintain the status quo".

#### **Sustainable Competitive Advantage as RBV approach**

As Barney (1991) and Lado and Zhang (1998), sustainable competitive advantage is identified as the level of exceptional performance which a firm or destination achieves when it conceives and carries out a value-added strategy. It is not concurrently being followed by any existing or potential opponents and when these firms or destination are either incapable or reluctant to reproduce the benefits of this kind of strategy. As Meso and Smith (2000), strategic assets always lead to sustainable competitive advantage. According to Mahoney and Pandian (1992), competitive advantage is necessary for industry analysis, organizational governance and firm effects in the form of resource advantages and strategies (Halawi & McCarthy, 2005).

Moreover, Olszak (2014) supposed that to provide sustainable competitive advantage, resources should satisfy VRIO framework, i.e: Valuable (empower an organization to put a value-creating strategy into action), Rare (are in short supply), Inimitable (impossible to be perfectly copied by rivals) and Organisation (whether the firm organized, ready, and able to exploit its resources and capabilities). In an extended approach of RBV, resources involve intangible categories including organizational, human and networks. This knowledge-based resource approach of Resource-Based View empowers organizations to gain, access, and maintain intangible endowments. The reason is that these resources are the methods in which companies incorporate and convert tangible input resources and assets. Based on the aforementioned

theoretical fundamental, the research follows presentation of an integrated conceptual model and framework based on Resource-Based View to produce sustainable competitive advantage of Phu Quoc ecotourism.

### **3. Conclusion**

This research meets the requirements of Vietnam national tourism marketing in general and Phu Quoc tourism in particular. Therefore, the research could be used for marketing strategy of Vietnam tourism toward international tourist market. Therefore, it is beneficial for Vietnamese tourism-policy makers as well as tourist organisation managers. This study approach can be further applied to other research about Phu Quoc ecotourism in next periods of time.

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