

The Vital Role of Institutional Capacity Interrelation with Impact of Sustainable Tourism Development: A Case Study of Inle Region, Myanmar

Thet Lwin Toh*, Amiya Bhaumik, Midhun Chakkaravarthy, Sui Reng Liana

Lincoln University College, Wisma Lincoln, No. 12-18, Jalan SS 6/12, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

*Corresponding Author's E-mail: Jackietoh@gmail.com

Abstract

This article intends to discuss the relationship between institutional capacity and the impact of sustainable tourism development beyond COVID-19 pandemics and political instability as a case study of the Inle region, Myanmar. According to the World Tourism Organization, direct tourism jobs (between 100 to 120 million) and related services industries (144 million workers worldwide) are currently at risk. Although Myanmar's tourism industry directly supported 570,000 jobs (2.5% of total employment) in 2017, those good results turned the whole tourism industry upside down beyond 2020. Especially, carrying capacity in the tourism sector is facing huge challenges due to a shortage of the tourism workforce. Meanwhile, most tourism-skilled laborers are no longer in the right position because of brain drain and survival situations.

The data for this study were mainly collected from secondary sources, like data issued by government authorities in Myanmar. Besides, the author interviewed the leading local service providers in private sector institutions stationed in the Inle Lake region.

Moreover, there are two issues to be found: (1) economic downsize due to fewer tourists arriving; and (2) shortage of skilled laborers in the tourism sector is being caused by the impact of institutional capacity, which is to be affected by sustainable tourism development by analyzing the qualitative research approach. However, not only the public sector but also private sector institutions are continuously emphasizing capacity-building issues as recommendations.

Hence, the industry and its workforce can find motivation and work towards rebuilding and shaping a more resilient tourism sector.

Keywords: *Capacity Building; Institutions; Sustainable Tourism Development*

Introduction

The aim of this article is to examine the relationship between institutional capacity and the impact of sustainable tourism development beyond COVID-19 pandemics and political instability as a case study in the Inle region of Myanmar. The Ministry of Hotels and Tourism (MOHT) has released secondary data on domestic and international visitor arrivals and hotel occupancy in open properties in the Inle region past COVID-19 through September 2023.

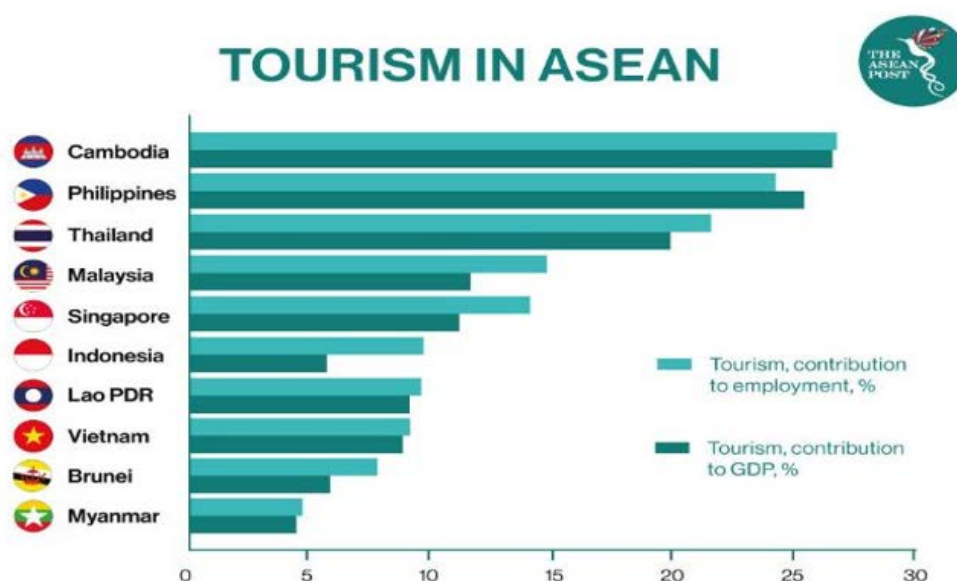
Although the global workforce ratio measure shows that 1 employee from the tourism sector among 10 employees in 2019, 50% of youngsters are being faced with a lack of opportunities for technical training in potential tourism destinations (Booyens, 2020).

According to literature reviews based on intuitive capacity and sustainable tourism development issues, and in comparison of Thailand and Myanmar tourism aspects, there are two issues to be found: Thailand’s tourism trend is increasing like a rocket within 1 year after reopening in 2022, and it could achieve target arrivals of 25 million by the end of 2023 (Ajitsa, 2023) Besides, Chinese tourist arrivals will reach up to 8 million in 2023 after the end of the COVID-19 epidemic, according to the Survey Report on Chinese Tourists’ Travel (Ivy Alliance Tourism Consulting, 2020).

But inbound tourists’ arrival to Myanmar is 1 million up to November end 2023, according to the MOHT report. Meanwhile, Myanmar's tourism recovery is still slowing due to political instability.

Those occurrences are impacting tourism stakeholders’ sustainability and are interrelated with each intuition's capacity. Meanwhile, most tourism workforces are no longer in the right profession, not only in the Inle Lake Region but also in some tourism destinations in Myanmar, because of the brain drain and survival situation due to PESTEL (Political, Economic, Social, Technology, Environment, and Legal) issues, especially political instability. These issues are going to impact less capacity in the tourism sector, and they are interrelated with sustainable tourism development.

Figure 1: Tourism in ASEAN



Sources: (Nortajuddin, 2020)

Research Problems

Although there are various issues mentioned as research problems, the author emphasized the focal issues of fewer international tourist arrivals and overnight domestic tourists in the Inle Region. Besides, there are private-sector tourism institutions in the Inle region that are suffering from a shortage of soft skills to find out the root causes. It will affect institutional capacity and threaten the sustainability of tourism destinations.

Research Objectives

The objective of this research is to examine the relationship between the institutional capacity of private tourism sectors and the impact of sustainable tourism development beyond COVID-19 pandemics and findings as a case study of the Inle region, Myanmar, according to tourism statistical data between 2020 to 2023 issued by MOHT.

As a research approach, the author reviewed the status of Inle Lake Region, Myanmar, using the Ministry of Hotels and Tourism statistical report. Furthermore, the impact of private tourism institutions on the Inle Lake region is being clarified through interviews with key tourism stakeholders in Myanmar. Finally, the study will support finding suitable solutions for sustainable tourism destination management in the Inle Lake region (An, & Robertson, 2014).

Literature Review

The beginning of 2020, the COVID-19 pandemic, which had a significant impact on many areas, including education, the economy, tourism, society, and public health, created a variety of challenges for the global populace. Myanmar, like other developing countries, felt the adverse effects of this crisis (Htet *et al.*, 2023). This study examines the importance of tourism institutions' capacity, especially in the private sector, in relation to the lack of soft skills and the impact of sustainable tourism development beyond the COVID-19 pandemic and political instability in Myanmar.

The concept of "institutional capacity" is defined as encompassing two primary dimensions: the functions or tasks that institutions must be able to carry out competently, and the requisite resources, which include human, technical, and financial assets, and the organizational structures necessary to support these functions. For analytical convenience, elements such as relationships, rules, values, and behaviors are integrated into the broader notion of organizational structure (Domorenok, Graziano, & Polverari, 2021). The institutional capacity of the private tourism sector is interrelated with tourism development, strengthened by the social capital associated with local trust, bonding networks, and the norm of reciprocity. The reason was that both hard and soft institutional capacities were crucial (Chansawang, 2010).

Referring to the Asia Development Bank (ADB), there were various difficulties in the Thailand tourism sector due to the impact of COVID-19. ADB provided an active response and expenditure support program (Asian Development Bank, 2020). According to the Tourism

Authority of Thailand's (2023) report, international tourists' arrivals reached 11.1 million in 2022, are expected to reach 25 million before the end of 2023, and target 3.5 trillion Baht in 2024 (Biswas, 2023). But Myanmar Tourism's total contribution to GDP was MMK6,468.9bn (USD 4,918.2mn), or 6.6% of GDP in 2017, and is forecast to rise by 5.4% in 2018. Furthermore, Myanmar's tourism industry directly supported 570,000 jobs (2.5% of total employment) in 2017 (Aung, 2019). However, those good results turned the whole tourism industry upside down due to the COVID-19 crisis and political instability. Especially, carrying capacity in the tourism sector is facing huge challenges due to a shortage of tourism workers.

According to the United Nations World Tourism Organization (UNWTO), direct tourism jobs (100 to 120 million) and related services industries (144 million workers worldwide) are at risk (United Nations World Tourism Organization, 2022).

Referring to the International Labor Organization (ILO) (Ubenova, 2022), Myanmar skilled or semi-skilled employees lost about 1.6 million jobs in 2021 (Aljazeera, 2022). Notably, the recent "Employment in Myanmar between 2018 and 2022: A Rapid Assessment," conducted by the International Labor Organization (ILO) in 2022, stated that overall employment in the accommodation and food service sectors decreased in 2021 by an estimated 3 percent (around 80,000 persons). Due to the military takeover in February 2021, the accommodation and food services sector seeing the largest decrease in monthly job losses (30 per cent) in Myanmar. (Ipei Tsuruga & Qisha Quarina, 2023).

In comparison to the above 2 studies, direct tourism workforces (570,000 jobs, or 2.5% of total employment in 2017) were gone after the COVID-19 crisis in 2020 and beyond. In fact, overall employment in the tourism sector declined by up to 3% (around 80,000 people) in 2021. Meanwhile, most of the tourism workforce is no longer in the right profession because of brain drain and survival situations due to unforeseen circumstances.

On the other hand, other strategies can be considered for the development of many tourist destination infrastructures, such as an events calendar, creative economic products, and traditional souvenirs, and strengthening the institutional capacity management of tourist destinations that involve community components, youth groups, and other elements of society after the effects of the COVID-19 pandemic (Idrus & Akib, 2023).

Methodology

This study is descriptive in nature, and it is supported by secondary data. The study aims to identify the impacts of the COVID-19 pandemic and political instability, especially in the Myanmar tourism industry: a case study in the Inle Lake region. According to literature reviews on institutional capacity-related articles and academic dissertations, there are various measures that have proven the vital role of institutional capacity in the tourism sector.

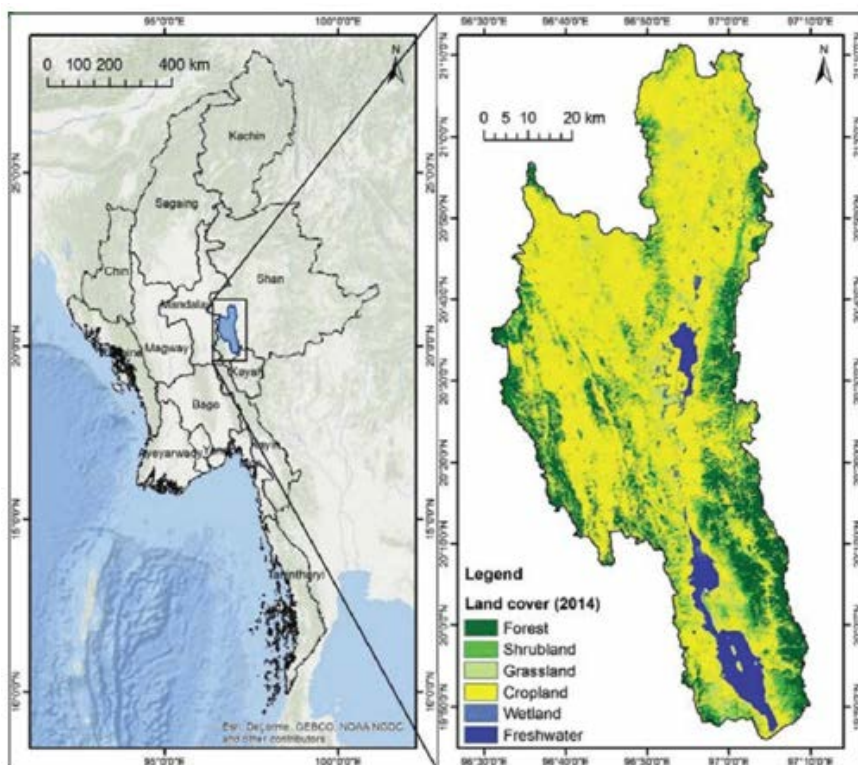
The Ministry of Hotels and Tourism's Tourism Myanmar Stellate Account, Myanmar (2010–2022), and ASEAN countries reports were the sources of the study's data, which also included

information from peer-reviewed articles and dissertations. To answer the research objective, implementation is being done using the qualitative research method. The targeted participants are mostly from the private tourism sector involved, as well as those stationed in the Inle Lake region.

As a target, six respondents must have at least ten years of working experience in the respective field, and the purposive sampling method was applied to get a sample. Useful information from respondents is being received by using semi-structured interview questions. The research questions were developed based on previous research findings. The author went to the Inle region last February 2023 as part of a pilot survey trip in order to meet with local tourism stakeholders (2 hoteliers, 1 restaurant operator, 2 transporters, and 1 souvenir shop owner) to interview them about recent business trends and their impact beyond the COVID-19 crisis.

The collected data are analyzed using content analysis techniques such as random sampling for generalization and equal treatment of all content as well.

Figure 2: Inle Region Map of the Study Site



Source: ICIMOD, (2017)

Findings and Discussion

The respondents are working as managers, owners, or operators at a tourism-related firm based in the Inle Lake Region of Myanmar.

Question 1: What do you think about the main causes of the economic downside in the tourism business in the Inle Lake region beyond COVID-19?

First, an interview with one of the leading hoteliers in the Inle Lake region was answered as follows:

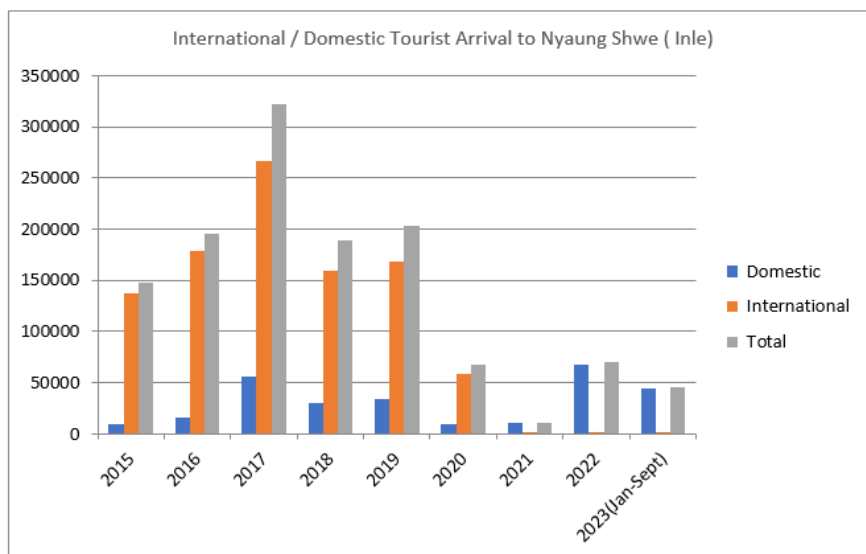
“The dimension of the tourism sector in Inle has totally changed since the COVID-19 pandemic and political instability crisis. The inbound market is completely stopped in Inle region’s main source of the business in the past. Now they go back to the old way of farming for survival. Almost all hotels are closed completely, but a few hotels have opened partially for the domestic market. The occupation is less than 10% compared to before the pandemic era.”

Most of the respondents answered that one of the main reasons is that there are fewer international tourists arriving in the Inle Lake Region, although domestic tourists are used to visiting there as a day return trip due to fewer facilities, a lack of electricity supply, and an unsafe destination. Those reasons are having an impact on tourism revenue in related sectors and causing the economic downside in this region.

Referring to secondary data from the Ministry of Hotels and Tourism of Myanmar (2023, October issue), there were 137,861 pax in 2015 as international visitors to the Inle region, although there were 58196 pax in 2020 during the COVID-19 crisis period and 358 pax in 2021 in the Inle region.

But there were a few international visitors' 2128 pax in 2022 and increased up to 2,283 pax in 2023, January to September ‘2023. Meanwhile, tourism recovery is still slow in comparison with neighboring countries. It caused the local economy to downsize, especially in the tourism sector in the Inle region.

Figure 3: Year 2015 to 2023 Visitors Arrival Comparison



Sources: (Authors, Analysis Data from Ministry of Hotels and Tourism, 2023)

Question 2: Do you know that tourism stakeholders are changing their careers as well as migrating to new places because they are facing a survival situation due to fewer tourist arrivals in the Inle Lake region?

Second, an interview with one of the leading hoteliers in the Inle Lake region was answered as follows:

“Employees who are working in hotels and related fields are finding new ways to survive by changing their career paths. Some went overseas for whatever job was available. Migrant workers are no different from the local people who left the region. It’s very much the emptiness feeling living in the Inle Region. The lifestyle of the local community in the Inle region also changed and focused on agriculture for their survival. The domestic tourism volume is also limited, and spending power is very cautious on spending.”

Besides, according to interviews with hoteliers, restaurant owners, tour operators, and guides, 60% of skilled laborers from the tourism sector were no longer in their services beyond the COVID-19 crisis because 80% of hotels in the Inle Lake region were still closed due to political instability in Myanmar (Ministry of Hotels and Tourism, 2023). Those impacts affected their survival and changed their career, as well as their migration to overseas countries for employment.

According to the Ministry of Hotels and Tourism of Myanmar’s report (2023), there are 110 licensed hotels. In the Inle region, 53 hotels have opened, and 57 hotels have closed recently. Meanwhile, more than 50% of hotels ceased operations beyond 2020, and according to the forecast, 60% of hotel employees were no longer using their hospitality services and may have changed their careers or migrated to other places. Refer to interviews with tourism stakeholders and hoteliers.

Figure 4: Recent Status of Active Hotels in Inle Region



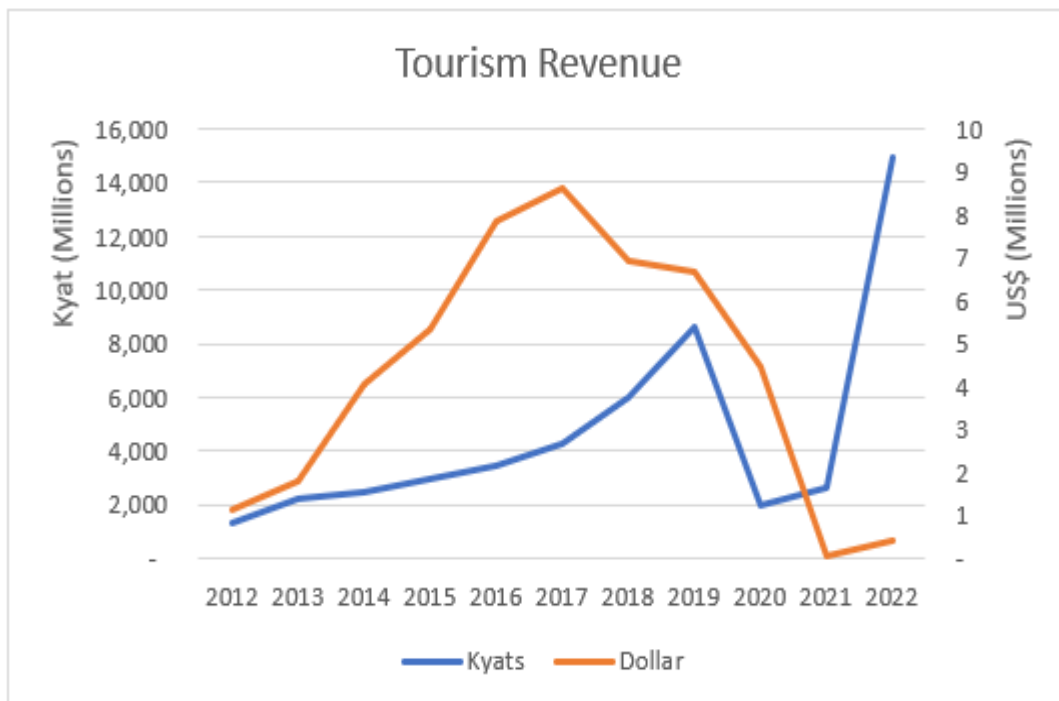
Sources: (Authors, Analysis Data from Ministry of Hotels and Tourism, 2023)

Question 3: How do you understand that the lack of tourism workforces in the Inle region is having an impact on sustainable tourism development?

The third interview with one of the leading hoteliers in the Inle Lake region was answered as follows: **“The skilled labor force in the tourism industry is less than 20% in the region. It’s far from normal running conditions and not ready to accept tourists if the tourism business is back on track. There are no regular preservation and sustainability processes seen at tourism spots in the region. A sustainable and tourism development plan must be in place with stakeholder’s government sectors.”**

Moreover, in accordance with the interview with the hoteliers, restaurant owners and tour operators could not maintain their existing positions due to less revenue, especially US dollar revenue, because of the few international visitors arriving in the Inle region and the difficulty of supporting facilities and providing enough benefits. Most staff were left to change careers as well as migrate to other countries, especially guides and skilled laborers from the tourism industry. So that reason is the lack of tourism workforces. It can be a threat to sustainable tourism destinations because international visitors may not satisfy the hospitality service in their respective sectors due to a shortage of skilled labor.

Figure 5: Tourism Revenue Downsize



Sources: (Authors, Analysis Data from Ministry of Hotels and Tourism, 2023)

Conclusion

The author's review article is based on the main dissertation of the research title, The Role of Institutional Capacity for Sustainable Tourism Destination Management in Myanmar: The Case of the Inle Lake Region, which emphasizes the vital role of institutional capacity, especially in the private sector.

Referring to the pilot survey process, the author mentioned two issues: economic downsizing in this famous tourist destination and a lack of tourism soft skills proven by interviews with selected private sector tourism stakeholders.

Besides, secondary data on tourist arrivals and hotel operation status issued by the Tourism Authority also supported proving economic downside in the Inle region.

The key issue is that most of the skilled laborers migrated to other places and overseas due to a lack of job creation, especially in tourism firms stationed in the Inle region due to political instability. This issue is to be threatened for sustainable tourism destinations by learning from literature reviews and interviews with key tourism stakeholders.

Finally, this study can contribute to the industry's ability to show how the shortage of skilled laborers and the institutional gap can be solved by supporting HR plans to meet the needs of sustainable tourism destinations. However, public and private tourism stakeholders' reliable data and qualitative research measures are continuously done by public and private tourism stakeholders as a recommendation. Thus, tourism soft skills development action plans can be materialized and meet the needs of institutions' capacity.

In conclusion, fewer international visitors' arrivals and operational high costs caused by a lack of electrical supply and unsafe destinations are going to impact the capacity of the tourism sector, and it is interrelated to the impact of sustainable tourism development as a case study of the Inle region: Myanmar.

Limitations of the Study

Due to time constraints and a restricted area for physical surveys at the moment, this study was a limitation for qualitative research approaches. Besides, it was quite difficult to engage with respondents due to a lack of motivation in career life.

Conflict of Interest

The authors declare that they have no conflict of interests.

Acknowledgement

The author expresses deep appreciation to the management of Lincoln University College for their invaluable guidance. Acknowledgment is also extended to Lincoln University alumni as well as various tourism stakeholders for their support. The colleagues at Vivekananda American University, Myanmar, are acknowledged for their assistance, and the participants are

appreciated for sharing their insights, which are crucial in understanding the situation in Myanmar.

References

Ajitsa, A. (2023). *Tourism in Thailand Statistics 2023: All You Need to Know*. Bangkok: GoWithGuidetravel. <https://gowithguide.com/blog/tourism-in-thailand-statistics-2023-all-you-need-to-know-5250>. Accessed on 27th February, 2022.

Al Jazeera. (2022). Myanmar lost 1.6 million jobs in 2021 amid COVID, coup: ILO. <https://www.aljazeera.com/economy/2022/1/28/myanmar-lost-1-6-million-jobs-in-2021-amid-covid-coup-ilo> Accessed on 27th March, 2022.

Asian Development Bank (June 2020), *COVID-19 Active Response and Expenditure Support Program: Impact of COVID-19 on Thailand's Tourism Sector*. <https://www.adb.org/projects/documents/tha-54177-001-rrp>. Accessed on 12th March, 2021.

An, M. I. I. D., & Robertson, B. (2014). Hotel Industry Economic Assessment: Destination Management Plan for the Inlay Lake Region Project Area. <https://www.mmiid.org/wp-content/uploads/2018/01/Hotel-Industry-Economic-Assessment-Destination-Management-Plan-for-the-Inlay-Lake-Region.pdf>.

Aung, M. (2019). Strategies to Survive and Thrive of Myanmar Tourism GDP: Case Study of Bagan Tourism. *International Journal on Recent Trends in Business and Tourism (IJRTBT)*, 3(1), 16-21. <https://ejournal.lucp.net/index.php/ijrtbt/article/view/90/76>

Biswas, R. (2023, May 26). *S&P Global Market Intelligence*. <https://www.spglobal.com/marketintelligence/en/mi/research-analysis/thailands-economy-rebounds-in-early-2023-as-tourism-surges-may23.html> Accessed on March 16th March, 2022.

Booyens, I. (2020). Education and Skills in Tourism: Implications for Youth Employment in South Africa. *Development Southern Africa*, 37(5), 825-839. <https://doi.org/10.1080/0376835X.2020.1725447>

Chansawang, R. (2010). *Local Government Capacity and Tourism Development in Thailand*. Sheffield Hallam University (United Kingdom). <https://www.proquest.com/openview/5f11d44684c24df77c102903d73567b5/1?pqorigsite=gscholar&cbl=2026366>. Accessed on 11th April, 2022.

Domorenok, E., Graziano, P., & Polverari, L. (2021). Introduction: Policy Integration and Institutional Capacity: Theoretical, Conceptual And Empirical Challenges. *Policy and Society*, 40(1), 1-18. <https://doi.org/10.1080/14494035.2021.1902058>

Htet, A., Liana, S. R., Aung, T., & Bhaumik, A. (2023). The Impact of Learning Management System on Learning Process in Myanmar: Student Perspective. *Journal of Engineering Education and Pedagogy*, 1(2), 37-44. <https://doi.org/10.56855/jeep.v1i2.686>.

Idrus, S. H., & Akib, H. (2023). Local Wisdom-Based Tourism: Towards Sustainable Tourism in Kendari, Indonesia, the Capital of Southeast Sulawesi. *International Journal on Recent Trends in Business and Tourism (IJRTBT)*, 7(2), 38-50. <https://doi.org/10.31674/ijrtbt.2023.v07i02.004>

International Labour Organization. (2022). Employment in Myanmar in 2021: A Rapid Assessment. https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-yangon/documents/publication/wcms_835900.pdf Accessed on 12th April, 2022.

Ivy Alliance Tourism Consulting (2020), Survey Report on Chinese Tourists' Travel Intent After the End of COVID-19 Epidemic., *China Comfort Travel Group and the Pacific Asia Travel Association*. <https://www.scribd.com/document/476391089/Survey-Report-on-Chinese-Tourists-Travel-Intent-After-The-End-of-COVID-19-Epidemic-pdf>

ICIMOD, M. (2017). A multi-dimensional assessment of ecosystems and ecosystem services at Inle Lake, Myanmar. ICIMOD Working Paper 2017/17. ICIMOD, Kathmandu. <https://lib.icimod.org/record/32745> Accessed on 12th March, 2023.

Ministry of Hotels and Tourism. (2023). Tourism Stellate Account reported by Directorate of Hotels and Tourism Office, Shan State, Myanmar. <https://tourism.gov.mm/statistics/> Accessed on 22nd May, 2023.

Ministry of Hotels and Tourism. (2022). Ministry of Hotels and Tourism, Myanmar Tourism Statistics. <https://tourism.gov.mm/wp-content/uploads/2023/06/Myanmar-Tourism-Statistics-2022.pdf> Accessed on 5th June, 2023.

Nortajuddin. (2020, July 28). THE ASEAN POST. *ASEAN Focusing on Domestic Tourism.*, <https://theaseanpost.com/article/asean-focusing-domestic-tourism>. Accessed on 12th February, 2023.

Singh A. (2023) Thailand Business News, <https://www.thailand-business-news.com/tourism/97871-tourism-authority-of-thailand-tat-expects-25-million-visitors-in-2023>

Tsuruga, I.& Quarina,Q. (2023). Who pays the price of unemployment? Employment termination and income security in Myanmar, *Yangon: International Labour Office*. https://www.ilo.org/yangon/publications/WCMS_889971/lang--en/index.html . Accessed on 15th July, 2023.

Tourism Authority of Thailand (TAT) News (2023). <https://www.tatnews.org/2023/01>

Accessed on 18th July, 2023.

United Nations World Tourism Organization. (2022). Secretary-General's Policy Brief on Tourism and COVID-19. <https://www.unwto.org/tourism-and-covid-19-unprecedented-economic-impacts> Accessed on 10th April, 2022.

Ubenova, R. (2022). ILO Brief-Employment in Myanmar in 2021: A Rapid Assessment Background. <https://policycommons.net/artifacts/8744933/ilo-brief-employment-in-myanmar-in-2021/9675790/> Accessed on 9th August, 2023.