



Local Livelihoods and the Tourism Value Chain: A Case Study in Siem Reap-Angkor Region, Cambodia

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Abstract Tourism, which has grown significantly in the Siem Reap-Angkor region, has had significant impacts on the livelihoods of local residents. This paper presents an overview of the Tourism Value Chain (TVC) in the region and examines the involvement of local residents in local TVC components. A qualitative approach, incorporating observations and semi-structured interviews with 25 local residents, was applied in this study. Secondary data were collected from the Siem Reap provincial tourism department and the Cambodian Ministry of Tourism. The results revealed that, although tourism has provided jobs and business opportunities to locals, their earnings have been consistently low. It is difficult for the poor to access tourism jobs and start tourism related businesses because of lack of financial resources, lack of small business knowledge, inability to use foreign languages and low education levels. Lack of knowledge to diversify products, of information about market needs and of capital to purchase production tools, machinery and raw materials are the main constraints facing local artisans to improve their livelihoods. Poor soil fertility, small agricultural landholdings, low agricultural technological know-how, poor extension services, inability to compete with imported products and limited connections between the tourism sector and local peasants also prevent the poor farmers from gaining economic benefits from tourism.

Keywords livelihoods, constraints, tourism value chain, agriculture.

INTRODUCTION

Tourism is considered by many to be an effective tool to accelerate economic growth, to preserve natural resources and local cultures and assist in alleviating poverty in least developed countries. Cambodia has become one of the fastest-growing tourism destinations in South-East Asia, owing to its rich diversity of culture, historical sites, recreational activities and natural attractions. In 2011, 2.88 million international tourists visited Cambodia, an increase of 15.9% compared to 2010 (Cambodian Ministry of Tourism 2012). Tourism has contributed significantly to the goals of promoting national economic growth. The macroeconomic benefits of tourism include employment, GDP growth, foreign exchange earnings and investment. The Royal Government of Cambodia has adopted tourism as a strategy for poverty reduction on the basis that it is one of the Cambodia's main opportunities for rebuilding its economy. The number of tourists has increased dramatically since 1994 and the Cambodian Ministry of Tourism has recently adopted a more conscious policy of promoting sustainable and equitable tourism as a means to national poverty reduction (CMT, 2012). The government expects the number of international tourists to increase, contributing to tourism-related revenues and providing more jobs for the Cambodian people (CMT, 2012).

However, in spite of the potential for tourism to benefit local people, there is much economic leakage in the tourism industry in Cambodia, as found in a study conducted by the United Nations

Development Program (Beresford et al., 2004). It has also been suggested that tourism development in Siem Reap has failed to develop local economic linkages (Beresford et al., 2004). A World Bank study (2006, p.2) acknowledges that "tourism, driven primarily by Angkor, has been a major contributor to economic growth in Cambodia over the last decade." However, this study also notes that "...the impact of tourism on poverty has yet to reach its potential." As a result, the Siem Reap Province, despite being a major tourist destination, is still one of the poorest provinces in the country (Beresford et al., 2004; World Bank, 2006; Cambodian Ministry of Planning, 2010; Siem Reap Provincial Department of Planning, 2012).

Furthermore, tourism has produced both positive and negative effects on local residents. It has resulted in dramatic changes to their livelihoods. As more tourists arrive, increasingly local residents have begun selling off their land and giving up their farms in exchange for off-farm jobs in tourism. Although there are some indications of linkages between tourism and poor people, few in-depth studies have been conducted to examine the complexity of these interrelationships (Gössling, 2004). One reason for this could be that while a livelihood perspective focuses on poor households, tourism research tends to place more emphasis on broader economic and environmental impacts. Drawing on Cattarinich's (2001) suggestion that micro-level analysis of tourism impacts and related interactions with the livelihood of local residents should complement the focus on macro-level impacts, this paper presents an overview of the tourism value chain (TVC) in the Siem Reap-Angkor region and examines the involvement of local people in each TVC component. A TVC is "the full range of activities that are required to bring a tourist to a destination and provide all the necessary services such as accommodation, catering, retail, excursions, etc." (Mitchell, 2009, p.1).

RESEARCH METHOD

The research conducted for this paper forms part of a wider study on the role of tourism for poverty reduction. The main study includes face-to-face interviews and surveys with a range of tourism operators, tourism employees, local residents, other tourism stakeholders and international tourists as well as observations. Data for this paper were derived from interviews with 20 local residents, directly involved in the TVC and five other key informants. Non-probability sampling was employed to select research participants. While the key informants were selected by using purposive sampling, those involved in tourism and related tourism businesses were drawn through convenience /accidental sampling. Although this technique is "the least desirable" as it is "neither purposeful nor strategic" (Patton, 2002, p.242), it is often used because "it enables quick collection of data without the expense of a more systematic selection process" (Jennings 2010, p.139). This sampling technique is appropriate for this study because there is no sampling frame (list of local residents involved in the TVC). The study used both primary and secondary data.

RESULTS

Although the TVC starts from booking the tour, this study, which investigates the contribution of tourism to local livelihoods, is concerned with the actual trip to Cambodia only if this is packaged with local services, thereby affecting the ability of small operators to provide services. Therefore, only six employment components of the TVC are explored in this paper: local transportation, accommodation, food and beverages, handicraft and souvenir production, tourism sites and leisure activities.

Transportation

Transportation is a popular means of earning a living for local people. A taxi association, consisting of 94 motorbike taxi members and 231 car and van members (but excluding Tuk Tuks, as these were not in use in Siem Reap when the association was created) has a license to operate transport services from the airport to the city. Car taxi and van drivers earn USD 7-10 for

transporting customers from the airport to hotels and USD 30-35 for a whole day trip to the Angkor complex. In addition to the association membership fee (USD 9/month/car taxi driver and USD 3.75/month/motorbike taxi driver), the members have to contribute to the fee the airport owner charges the association (USD 3,500/month during the tourist high season and USD 3,148/month during the low season). There are also individual independent operators, not members of this association.

Motorbike taxis, which transport only one passenger, operate mainly in the city of Siem Reap and in some rural villages. Operators earn between USD 7-8 per day and most of their clients are locals and domestic tourists. They can earn USD 2 for transporting a tourist from the airport to a hotel and USD10 for a whole day trip to the Angkor complex. Although this type of transport is one of the main income sources of the poor (most operators are low income earners), inadequate foreign language capacity is a key constraint preventing them from accessing foreign visitors.

Tuk Tuks can carry four passengers and are popular among tourists. The number of Tuk Tuks has also increased significantly with the increase in tourism. Mainly operated by locals and immigrants from other provinces, poor families cannot afford to buy them. A brand new Tuk Tuk costs approximately USD 1,700 and a second hand one USD 1,000 - 1,300. A Tuk Tuk driver can earn USD 1 for a short trip in the downtown, USD 3-4 from Siem Reap airport to a hotel/guesthouse and USD10-15 for a whole day trip in the Angkor complex. However, if a trip is managed by a tour operator, a driver gets only USD 8-10 and it takes a few weeks to get paid. In order to get more clients, a driver must have good relationships with guesthouse owners, hotel staff and tour operators and also have a minimum level of foreign language skills to communicate with tourists. Another constraint excluding some poor local people from this livelihood source is that they live too far away from popular tourist places, particularly in the context of the road conditions (unpaved with many potholes). Some drivers have to work without pay, relying on receiving tips. Although most drivers are from poor backgrounds, not many poor local residents living in the periphery of the Angkor complex can access this potential job opportunity.

A former Tuk Tuk operator who became a motorbike taxi driver revealed that he sometimes had to drive the vehicle to the city, waiting unsuccessfully for customers for a whole day, wasting time as well as money for gasoline. For this reason he had to change his job.

A car taxi driver hired by a tour operator earns only USD 18-20 for a daytrip in the Angkor complex. A former car taxi driver who ran this business for more than 10 years revealed that some operators gave up this type of business because what they earned could not cover the price of gasoline, vehicle maintenance, and depreciation.

The bus stations are located four kilometers from downtown. Although motor taxi and Tuk Tuk operators could benefit from these stations, some hotels and bus companies provide free van services, excluding small operators from this opportunity.

Accommodation

In response to the rapid growth of tourism development, the number of hotels, guesthouses and apartments has increased significantly. According to the Siem Reap tourism department, there were 138 hotels (10,407 rooms), 230 guesthouses (3,207 rooms) and 8 apartment buildings (197 units) in 2012. This sector employs approximately 10,000 people, of which 8,372 (2,812 females) work in hotels and apartments and 1,184 (724 females) in guesthouses.

While most hotels are owned by outsiders, most guesthouses are owned by local people who have financial capital to invest. Most guesthouses are operated by owners who need only a few staff, mainly cleaners. Moreover, even though working in hotels is better-paid compared to guesthouses, most jobs require young people who have completed high school or university, that is, with a sufficient educational level and language ability to be able to communicate with customers. The salary of a hotel section manager is about USD 200-300 per month; that of a hotel receptionist USD 100-200; a guard USD 50-80; and gardeners and cleaners USD 40-60. Based on interviews with village chiefs, only a few poor households have members working in hotels.

However, the increased demand for tourist accommodation and other tourist venues has provided employment opportunities in construction and maintenance for poor unskilled local

people, especially poor villagers within the 15-40 age group. Although construction work is very hard labor, an unskilled worker earns on average only USD 7/day (men) and USD 5/day (women).

Food and beverages

This sector has grown significantly in response to the increasing number of tourists. There are two categories in this value chain unit: restaurants and roadside vendors. According to the Siem Reap tourism department, the number of registered licensed restaurants has increased from 17 in 1999 to 155 (2,926 tables and 9,160 seats) in 2012. This sector offered jobs to 2,290 (1,378 females) in 2012. The average monthly wage in this sector is approximately USD 50. The wages of restaurant managers range from USD 200-400. Most large restaurants are operated by foreign investors, and most restaurants in the Old Market are owned and operated by individual foreigners. Only a few locals own and operate restaurants that attract foreign tourists, whereas most locally owned restaurants are frequented by Cambodians.

There are also many self-employed roadside vendors who sell a diverse range of food, including traditional Cambodian foods, from bicycles, carts, stalls or tents. Some of the fruits they sell are imported from neighboring countries. The average daily earnings of vendors are approximately USD 5. Some roadside vendors employ people from poor backgrounds for approximately USD 2 per day.

Although local peasants are able to supply small quantities of products to this sector, most vegetables and meat consumed in hotels are imported. Similar to several other tourism destinations in developing countries, the constraints preventing local peasants from supplying agricultural products into this value chain are: small land holdings, poor soil fertility, low agricultural technological know-how, poor extension services, lack of market information, pests and diseases, lack of financial capital and high costs of inputs mainly fertilizers and pesticides. Inability to compete with imported products, price fluctuations and inadequate connections between the tourism sector and local peasants prevent the poor peasants from gaining economic benefits from tourism.

The Cambodian prime minister recognizes that there is economic leakage in the tourism industry, due to insufficient supply of local agriculture products to hotels and restaurants. Instead large quantities of agricultural goods from neighboring countries are imported to meet the demand from tourists. He claims that USD 400 million of the USD 2 billion Cambodian tourism income in 2012 has flowed out of Cambodia, to pay for agricultural imports (*Raksmei Kampuchea Daily Newspaper* 12/12/2012).

Handicraft and souvenirs

In Siem Reap, there are many workshops which produce handicraft products for souvenir shops, market stalls, hotels and restaurants. They are operated by NGOs, foreign and locally owned private companies. The monthly salaries of staff in managerial positions range from USD 200-500. The average monthly wage of an experienced sculptor is approximately USD 150, with a less-experienced sculptor earning about USD 60. There are also many handicraft and souvenir outlets (shops or stalls) managed by locals in the downtown, especially in the main markets: the Old Market, Central Market, and a few night markets. Most stalls are managed by family members, while some shops offer jobs for those who are from poor backgrounds, enabling them to earn monthly wages ranging from USD 30-50. According to the Siem Reap tourism department, there are approximately 6,400 people involved in the handicraft and souvenir value chain.

Handicraft and souvenir production has also become one of the main livelihoods and the main income source of some villagers living in proximity of the Angkor complex. Self-employment in this value chain unit has developed quickly in villages where handicraft production is a traditional livelihood. Some villagers have their own workshops at home, producing souvenirs made from various materials, including stone, wood, bamboo, palm leaves and trees, rattan, leather, copper, and silk.

Many villagers, from young to old, poor to better-off, of both genders, are involved in this value chain unit. While men typically make the products, it is the women and children who sell them. There are some roadside shops run by local residents in front of main ancient temples and along the roads to other tourist sites. Small souvenir/handicraft stands have sprung up at temple entrances and inside temple grounds. Several village children are involved in selling these, mainly after school hours. This kind of selling activity annoys many tourists, but souvenir vendors revealed that they have no alternatives.

Although this value chain unit has economic potential for local residents, especially those who are from poor backgrounds, only a small percentage of the handicraft and souvenir goods sold there are made in Siem Reap and in other provinces (Posat, Battambang, Kompong Tom) of Cambodia. About 80 % of goods are imported from other countries, mainly China, Thailand and Vietnam. This economic leakage phenomenon limits the extent to which locals can obtain economic benefits from this sector. As a result, this potential pro poor tourism opportunity is lost. Besides inability to compete with imported products, lack of financial capital, knowledge to diversify products, information about market needs, production tools and machinery, raw materials and transportation vehicles to bring product to market are the main constraints limiting the capacity of local artisans to improve their livelihoods.

Tourism assets

Natural and cultural tourism assets are managed by public institutions such as APSARA (Autorité Pour la Protection du Sites et l'Aménagement de la Région d'Angkor), Ministry of Culture and Fine Arts, Heritage Police and private companies. Private companies receive licenses from the Royal Government of Cambodia to collect entrance fees from visitors to the Angkor complex. Information on the total number of workers and employees working in the tourism asset TVC unit is not available. The monthly wages of temple, environmental and conservation guards range from USD 20-50, indicating that they are from poor backgrounds. They tend to reside in villages around temples. The monthly salaries of those employed in administrative and managerial positions range from USD 100- 200.

The Royal Government of Cambodia has a policy of giving priority to local residents for jobs as guards and cleaners of heritage and temple sites and as park rangers. One temple guard respondent revealed that between five to fifteen local residents from each village in the periphery of the temple complex are given these jobs and that the salary is USD 25-50/month. He explained that, although this is less than other jobs, the working conditions are easier than other types of employment and these workers still have time and energy to help family members with other work, such as handicraft production, souvenir-selling, and farm work.

Leisure activities

In response to tourism growth, the number of leisure activity operators has increased significantly. According to Siem Reap tourism department, the number of travel agencies and tour operators has increased from 12 in 1994 to 149 in 2012. The number of registered licensed tour guides has increased from 95 in 1994 to 3,572 in 2012. The number of registered licensed massage businesses, Karaoke bars and discotheques in Siem Reap Province is 47, 18, and 6 respectively.

This value chain sector employs approximately 3,000 people, excluding self-employed tourist guides, of which 796 (611 females) work in Karaoke bars and discotheques, 494 (432 females) in massage parlors, 577 (231 females) in tour companies and tour agents, 370 in resorts and 450 in golf clubs.

Tour companies and local tour agents pay higher wages than other tourist-related establishments. However, these are accessible only to those few with better education (especially with foreign language skills) and personal connections. Similar to hotel work, these companies employ only young, attractive people, who have good foreign-language communication skills, which is why such jobs are open only to a few. The salary of tour company staff is approximately

USD 250-450/month.

Tourist guide is a popular profession because of high incomes, compared to other tourism related trades and professions. An individual guide can earn from USD 20-40/day, depending on foreign language ability, with a premium for languages other than English. In recent years, Spanish, German and Russian speaking guides have earned more than other guides because only a few can communicate in these languages. The increasing number of Vietnamese, Chinese, and Korean tourists in the last two years has increased the requirement for more guides knowledgeable in these languages. For this reason, being a tour guide is the most popular job. Tour guides can also get extra income, such as tips from generous tourists and commission from restaurants, handicraft and souvenir shops. In addition to foreign language skills, tourist guides also require high school certificate. While inadequate education is a main constraint preventing those from poor backgrounds to access these jobs, another constraint, according to some respondents, is the requirement to pay an “unofficial” fee for a tourist guide license.

However, similar to other units in the local tourism value chain, the monthly average wages of employees who work in Karaoke bars, massage parlors, discotheques, and golf clubs are about USD 50. While some are from the villages in this area, the majority of them are from other provinces, from poor family backgrounds.

CONCLUSION

Tourism influences livelihoods in the Siem Reap area in several ways and there are complex interconnections between the poor residents of this region and actors in the various tourism sub-sectors. Consistent with prior studies in other areas, the poor residents in this area face considerable barriers to exploit opportunities presented by tourism. Although the number of tourists has increased significantly recently, the positive impact of tourism on local livelihoods has not been as significant. Poor families have received only a small portion of the revenue generated by tourism and more measures should be taken to integrate them into the TVC in ways that can improve their livelihoods.

By pointing out the constraints limiting the extent to which poor residents of Siem Reap can benefit from tourism, this finding can serve to help identify a set of possibilities that could remove or at least reduce those barriers, thereby contributing to reshaping tourism research towards paying more attention to improving livelihoods at the micro-level.

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