

The Study of the Impact Tourism Affluence on the Thai Economy

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Abstract: This research has been conducted and accomplished in Thailand, based on touristic affluence faced by the country. According to the world's top international tourism earners (2013), Thailand is eighteenth on the list of most popular international tourist destinations, and ranks fifteenth on international earning tourism with the receipts of 7.7 billion and 124 million per capita receipts. The country being in constant development, the tourism industry plays a very big role in the Thailand economy: to meet the needs of the tourists and their satisfaction, there is a growing number of tour guard ,hotels and restaurant in almost every corner of cities, and touristic sites were rebuild and developed to attract customers and entertain them. Due to the growing number of tourist, we have seen also a shift on price of products and services and research have been done by interviews and questionnaire, and based on different results and answers collected from the foreigners and local population, does the affluence of tourist have an impact on the product prices and the local's residents?

Based on the answers collected, we came to the fact that the reason of price shifting is the result of growing demands due to the fact that the population is increasing: Thailand has 64 million of people and the affluence of other people in the country push the demand curve to shift to its higher level to meet the production. Another fact of the increasing price is that to satisfy the needs of tourist, the country is pushed to import many products to make the customer feel like home, and of course with the tax and the difference between currencies, the product will be overpriced. Last in the list we have discovered also that the power of buying of the tourist is high due to the fact that the product fit with their budget, also their standard of living in their country is higher than the one in Thailand and they demand better security and comfort for what they pay for. And as we further pursue our research, we found out also that tourism affect the local population a lot through the environment, social-cultural and economic related factors.

Keywords: Tourist destination, development, local population, price shifting, growing demands, overprice.

1. INTRODUCTION

Tourism has an impact to a country's economy, particularly in less developed regions, where it can drive growth. Tourism also tends to have important impacts on the environment and society at large. Many researchers have examined the consequences of tourism, but fewer have looked at the other side of the coin: the way economic, social and environmental factors can drive tourism. The few studies that have examined the issue have usually used the various factors to arrive at a point reflecting a particular country's attractiveness as a tourist destination. We wanted to look at this topic more deeply, not just how economic, social and environmental factors affect tourism, but also how they affect each other, both positively and negatively. To do this, we used the basic law factors that determine the economy situation of the moment in the region.

The major issues that affect the product price usually come from the basic laws of supply and demands. Which are:

- If demand increases and supply remains unchanged, then it leads to higher equilibrium price and higher quantity.
- If demand decreases and supply remains unchanged, then it leads to lower equilibrium price and lower quantity.
- If supply increases and demand remains unchanged, then it leads to lower equilibrium price and higher quantity.
- If supply decreases and demand remains unchanged, then it leads to higher equilibrium price and lower quantity.

So to be more specific, the price of the product normally depend on the number of demand: if the population increase, of course the demand will be higher .furthermore, the producers should supply more to meet the number of demand in that case the price of the product will remain the same, but if the number of supply cannot reach the number of demands, the price of the product will be higher. And of course the price can only be reduced if the number of demands is less than the supply number. The flip side of this basic knowledge when apply to tourism concept is a little bit tricky and brings a lot of misunderstanding and frustration from the immigrants: sometime people tend to think the price of the products is fixed depending on the customer nationality or his imaginary income. This analyses will be carried out in the hybrid of a qualitative and a little quantitative approaches with an emphasize in qualitative method. I had chosen this specified research because Thailand economy is mostly leaning on agriculture and tourism, but the tourism sector face a lot of issues that affect the local population and the factors are not only positives but negative also; thus based on price, environment and socio-cultural impacts.

Objectives:

The research was conducted to see if the fact that the population number increasing continually is the reason why the price of the products in the market are changing or it is just an opportunity for merchants to make more money .The information of the research were found on internet, from different previous research done, and also from the interview of some foreigner and local vendors. A questionnaire was made and distributed half to foreigner tourists and half to Thai people with no biased answer to understand better the situation. However, the most affected in this situation are the lower social class: they have to set their own price sometime just to survive weather they have to rip people off depending on their supply chain .So the intervening variable in this research is the foreigner resident who been living or intending to live in the country for business purpose or other commitments .rival countries are those around the bother of the country who offer better products prices and better touristic sites and understanding of tourists behaviors.

Based on the variables Building on the work of earlier researchers, we first developed a set of variables covering four aspects of a tourist destination: which are its economy, its infrastructure, its natural environment and its society. To measure the economy, we used five variables: consumer price index, purchasing power parity, trade volume, foreign direct investment and industry value added which are the most specific attributes of the economy. They reflect the way lower local prices or better exchange rates attract tourists to visit, and how a country's tourism tends to benefit when its businesses are doing well. Talking about the environmental issues affecting tourism, three measurespoints are important here: population density, carbon dioxide emissions and the number of environmental treaties ratified; according to the previous researches. The environment is important because people obviously prefer to visit places with natural surroundings example no high tower building just like in the ancient city of Chiangmai in Thailand. To analyze infrastructure, seven variables are used here to reflect a country's road network which are sanitation standards, electricity supply, and number of vehicles, Internet access, landline phone network and mobile phone network coverage. All these factors improve the tourism experience by providing easier travel, drinking water and better communication. Finally, society which is our main point of our research in a tourist destination was reflected in variables covering education, life expectancy, and locals' behaviors toward tourists. Social issues are relevant because local populations can react to tourism in different ways such as embracing it or rejecting it; just like some of these particular points

2. CAUSAL RELATIONSHIPS

After determined our variables, we tried to predict the most likely causal relationships between these four areas and tourism. We thought that a strong economy could have both positive and negative effects: higher local prices could discourage visitors, but growth would develop infrastructure and improves society, both of which could help tourism indirectly. As infrastructure develops, tourism should increase, but the environment might suffer.

Similarly social differences between tourists and their 'hosts' could either help or hinder tourism, depending on the local quality of life and people's attitudes towards making sacrifices for the tourist dollar. Social progress could also affect the environment – the more 'advanced' the society, the more enlightened its attitudes towards sustainability, view the law of demands and supply. And the more pleasant the environment, the more the tourist industry is likely to benefit.

3. SURPRISING RESULTS

We think a better economy has no *direct* influence on tourism. This challenges the idea that lower local prices or favorable exchange rates encourage people to visit a destination.

However, the economy does have a direct, positive effect on both infrastructure and society – and these two factors, in turn, affect tourism. This led us to the findings of earlier researchers, who found that better infrastructure encourages tourism. In fact, infrastructure is the single most important factor, even more than either the environment or the economy.

We also think that a well-developed infrastructure does indeed cause harm to the environment, as we expected. But a more developed society does not necessarily result in environmental improvements, and a better environment does not seem to drive more tourism either.

In the real world application, previous studies have looked at the way these areas affect tourism, without considering how they interact. We have taken a first step towards uncovering the causal relationships between the key factors affecting the tourism sector, and showing how they actually affect tourism. By using real-world situations and subjecting it to rigorous analysis, we have shown how tourism can be investigated in a more scientific, empirical way.

Our study has many potential applications. We had brought some aspects shown in our studies that are aiming to promote tourism in respective countries which we can also use or based on to make more informed decisions about allocating resources to different areas of development. For example, while higher local prices might be seen as negative, it's important to realize that a stronger economy drives infrastructural and social improvements that indirectly encourage tourism. Also this study is important for tourists who want to come visit Thailand to be aware of their implication and actions which may affect local, and how to avoid misunderstanding between hosts and immigrants. The tourism sector can benefit of our research also to manage the situation of local better to avoid frustration coming from both side and to be more efficient by improving their plan for tourism in the future

4. HYPOTHESIS

Null and alternate hypotheses of our work:

H1o- the increasing number of tourists and foreigners' resident has an impact on the product and services prices

H2o- the lack of culture recognition and difference of currency have an effect on the elasticity of product price

H3o- the desire to contribute on development of the country host has an impact on the local economy

H4o- the large difference on country economy, income and standard of living has an effect on the rip off attitude of locals toward tourists

H1a- The increasing number of tourists and foreigners resident doesn't have an impact on the product and services prices

H2a- The lack of culture recognition and difference of currency don't have an effect on the elasticity of product price

H3a- The desire to contribute on development of the country host does not have an impact on the local economy

H4a- The large difference on country economy, income salary and standard of living does not have an effect on the rip off attitude of locals towards tourists.

Statistical notation of all the conjectured hypotheses:

H1o- $P(\text{the increasing number of tourists and foreigners' resident} \wedge \text{product and services prices}) = P(\text{the increasing number of tourists and foreigners resident}) P(\text{product and services prices})$

H1a- $P(\text{lack of culture recognition and currency difference} \wedge \text{elasticity of product price}) \neq P(\text{lack of culture recognition and currency difference}) P(\text{elasticity of product price})$

H2o- $P(\text{the lack of culture recognition and difference of currency} \wedge \text{elasticity of product price}) = P(\text{lack of culture recognition and difference of currency}) P(\text{elasticity of product price})$

H2a- $P(\text{the lack of culture recognition and difference of currency} \wedge \text{elasticity of product price}) \neq P(\text{the lack of culture recognition and difference of currency}) P(\text{elasticity of product price})$

H3o- $P(\text{the desire to contribute on development of the country host} \wedge \text{the local economy}) = P(\text{the desire to contribute on development of the country host}) P(\text{the local economy})$

H3a- P(the desire to contribute on development of the country host ^ the local economy) # P (the desire to contribute on development of the country host) P (the local economy)

H4o- P(the large difference on country economy, income and standard of living ^ the rip off attitude of locals toward tourists) = P (the large difference on country economy, income and standard of living) P (the rip off attitude of locals toward tourists)

H4a- P (the large difference on country economy, income and standard of living ^ the rip off attitude of locals toward tourists) # P(the large difference on country economy, income and standard of living) P (the rip off attitude of locals toward tourists).

5. METHOD

This research is mostly qualitative because it is subjective in its existence. This research will use secondary data and this is also a sign of qualitative research in most of research studies. This research will be carried out by collecting data from different secondary data sources and analyze it with the thematic analysis method that will generate the results for this research in the fourth chapter.

Research problem: This research design will be used by the researcher to solve the issue of affluence of tourists and their impact on the local citizens and product prices

The type of study here is a qualitative research because it will give us the deep understanding and concrete insight of the phenomena or research problem that we have on hand and how it is related with the different variables available in the local economy and tourism sector, in the other words it help us to understand better the real situation that occur in the real life current situation here. Furthermore, we will use inductive approach because it aims to generate a theory that can generalize the observations and conclusions of this research. We will begin by observing the population and environment around the tourism sector and concludes with broader generalizations and theories and hypotheses.

Type of investigation: Due to the fact that our research topic reveals a casual investigation, we will be conducting a research based on the identification of the causes and effect relationships dressed among our variables where our research problem has been already narrowly defined.

Data collection method : We will use secondary data collection methods, that consists of previous researches on the same topic, government reports, articles and journals produced in the past on the same topic directly or indirectly. The main reason why the secondary data is used here in our research problem is because we are not located in all of the countries cited in our research at the same time, and the resources are very limited, so therefore we have used secondary data type for his whole research. Perhaps the reliability, authenticity and generalization of secondary data is less as compared to primary data , but to complete our research clearly, we will add some important primary data to support the secondary such ass questionnaire accompanied with a little hypotheses.

Extend of interference :To extend our research, we will use the partial interference method: because we assume that the partial interference will be superior to full in order to achieve true and accurate results of our hypothesis testing. We can't cover the whole country or sample opinion and answer, but we can have an idea of the full interference by bringing in surface the majority of answers of the same question and conclude.

The study setting: will be non-contrived, due to the fact that the subjects involve here will be observe in the natural setting of the daily function of real life. We are testing a hypothesis that pertains to a current situation of the economy and reaction of locals which can change at any time.

Unit of analyze: we will be focusing on individual's reaction of our intervening variable and analysis based on the tourists and locals reactions on the elasticity of the products and services prices and there level of satisfaction.

Time horizon; Time horizon is longitudinal because we have no exact point of time frame for the collection and selection of research data because our data selection is scattered on multiple periods of time.

Data types; our secondary data chosen will be related to or research main problem , in that way we can access to plenty of information's that will be useful for our research topic, we will used the latest researches on internet about the subject, government records and public records about the subject to narrow theoretical generalization. And all in all it will be easier to get the information that way and will cost almost nothing.

Our research design took a mixed approach of primary quantitative components with the calculation of the population and sample unit to determine the number of people to whom we will be distributing our questionnaire; where an ordinal level of measurement will be employed, in the form of a scale from 1-5, in order to determine, quantitatively the validity of our hypothesis, and the rest of our research will be made with a qualitative approach of primary and secondary resources to complete our hypothesis test. As we said earlier, a qualitative approach has been chosen to help us to get accurate results individually and to gather the information faster, we will only bring up the most interesting hypothetical answer that are connected closer to our research topic to solve our research problem. Due to the fact that our research was closely integrated with the day by day observation of the population and our population was finite and carrying out the completion of the questionnaire. However, the tourism sector is interested in the results of our study so we will continue to gather the data as expediently as we can. Furthermore, we have carefully planned the analysis steps that will be taken once the raw data is acquired.

Our questionnaire (please see appendices) consisted of questions, of which were on a scale of satisfaction which will provide us with ordinal data that we will be able to analyze. Once the raw data is collected, we will use a bivariate test of difference to compare each rating from question 1-12 against the rating from question 13 (overall satisfaction).

In addition, we will do an analysis to determine the measure of association. Once again, we will compare each rating from question 1-12 against the rating from question 13 (overall satisfaction).

As a conclusion, tourism can bring many economic and social benefits, particularly in rural areas and developing countries, but mass tourism is also associated with negative effects. Tourism can only be sustainable if it is carefully managed so that potential negative effects on the host community and the environment are not permitted to outweigh the financial benefits.

In the positive side, tourism creates jobs, both through direct employment within the tourism industry and indirectly in sectors such as retail and transportation. When these people spend their wages on goods and services, it leads to creating more jobs. The tourism industry also provides opportunities for small-scale business enterprises, which is especially important in rural communities, and generates extra tax revenues, such as airport and hotel taxes, which can be used for schools, housing and hospitals.

In contrast to the economy, successful tourism relies on establishing a basic infrastructure, such as roads, visitor centers and hotels. The cost of this usually falls on the government, so it has to come out of tax revenues. Jobs created by tourism are often seasonal and poorly paid, yet tourism can push up local property prices and the cost of goods and services. Money generated by tourism does not always benefit the local community (especially the lower social class), as some of it leaks out to huge international companies, such as hotel chains. Moreover, destinations dependent on tourism can be adversely affected by events such as terrorism, natural disasters and economic recession.

On the other hand, the improvements to infrastructure and new leisure amenities that result from tourism also benefit the local community. Tourism encourages the preservation of traditional customs (talking about culture) and handicrafts, and it creates civic pride. Interchanges between hosts and guests create a better cultural understanding and can also help raise global awareness of issues such as poverty and human rights abuses. But visitor behavior can have a detrimental effect on the quality of life of the host community and also the economy. For example, crowding and congestion, drugs and alcohol problems, prostitution and increased crime levels can occur, taxes increasing, product prices as well and even, tourism can even infringe on human rights, with locals being displaced from their land to make way for new hotels or barred from beaches. Interaction with tourists can also lead to an erosion of traditional cultures and values such as the tipping habit, the non-bargaining attitude and the rip-off attitude from local vendors to take advantage of the situation to make money.

6. RESULTS

Travel and tourism's economic benefits are usually considered, to be beneficial. However, the situation is much less pretty when the environmental and/or socio-cultural effects of a large and continued flow of people visiting places, are considered. This research observes that while there are some positive consequences, the negative environmental impacts of travel and tourism are much more important here too, for example here; the gains provided by the protection elements as air and water quality, the preservation of natural occurring vegetation, and the conservation of the best features of environment. The study observes the socio-cultural consequences for host communities of the routine presence of large

numbers of visitors. The reactions of both tourists and residents are considered, as well as the effects of the travel trade and its customers, employment, economy and the prevailing values, attitudes, customs, and morals that we could find in host communities.

Despite the many negative environmental and socio-cultural consequences of tourism that this research identified, the principal aim of tourism planners and the travel industry is to ensure that high levels of visitor enjoyment are achieved at destinations and attractions because of the financial benefits that arise from this. However, their secondary objective is clearly one of minimizing any environmental and socio-cultural negatives which may accompany economic success. An essential pre-requisite for this is to retain the host community's continued agreement that the tourism-induced changes that may occur to their way of life and the landscape around them are broadly acceptable ones (beside the economy and the changing price of products, we found out the environment is also another issue that affect the local people and residents. Tourism can have two contrasting relationships. As Mathieson A& Wall G (1982) observe, one of these is a symbiotic one where tourism and the environment are mutually supportive, while the other relationship is one of conflict. Just as vegetation can be damaged and animal life disrupted. Yet, at the same time, an increased visitor presence can lead to the preservation of ancient sites, and the retention of certain elderly disused buildings, as tourism attractions and facilities. Because of the varied effects of tourism developments and mass tourist arrivals, the best environmental response is careful planning by the national and local authorities, once the new visitor trends appear to be firmly established. Indeed, normal planning guidelines should always be faithfully followed, especially whenever there is pressure for these to be bent to satisfy the demands of local political or commercial pressure groups. Otherwise some degree of unwelcome environmental change, or even damage, is an almost inevitable consequence. Mass tourism or touristic affluence is without doubt the most important form of tourism and imposes the gravest consequences on the economic, natural and cultural situation of a tourist destination. It is characterized by important investments, headed by a few producers of specific markets. For a tourist destination, the promotion and the image are fundamental and must be carefully constructed in order to get benefits. As already mentioned, tourism is a form of conspicuous consumption and tourists exhibit their identity and social standing by the destination they choose to visit and the image it presents. This image is in the hands of who select and edit what is produced and distributed. Image can be deformed to attract tourists, for example, negative aspects such as poverty and crime are omitted while positive aspects are accentuated or exaggerated. Tourists can either accept the trickery or feel disappointed by the lack of authenticity, but for the locals the bad mage has much more serious implications, they suffer a loss of identity in their evolution into a new role. The false image gradually robs the culture and its authenticity and this can create a bad feeling and cause resentment from local people.

7. CONCLUSION

Tourism clearly provides a significant number of beneficial economic impacts to any country or locality which receives a steady flow of visitors. International visitors are a valuable source of foreign currency. At the same time, the spending of both domestic and foreign visitors produces an up and down effect of new money through the economy via the multiplier effect. Enterprise is stimulated, and new jobs created, together contributing to increased government revenue. But there are some negative factors also to be considered. These particularly concern leakages of expenditure out of the economy, pressures for increased imports, and new utility and infrastructural costs. Also relevant are possible inflationary effects, the problems of over-dependency on a major industry (ie tourism) and also, initially at least, on issues relating to foreign capital investment, seasonality, opportunity costs and displacement effects.

In balance, the economic impacts of tourism are usually considered to be beneficial for countries and localities looking for sustained growth. It is in the field of tourism's environmental and socio-cultural impacts where the real controversies lie. Tourism's environmental and socio-cultural impacts are usually considered to have a number of positives to offset some, at least, of travels allegedly negative effects. However, they may not always be able to do so with the same confidence that tourism's economic impacts can. There are many hidden costs to tourism, which can have unfavorable economic effects on the host community. Often rich countries are better able to profit from tourism than poor ones. Whereas the least developed countries have the most urgent need for income, employment and general rise of the standard of living by means of tourism, they are least able to realize these benefits. Among the reasons for this are large-scale transfer of tourism revenues out of the host country and exclusion of local businesses and products. The direct income for an area is the amount of tourist expenditure that remains locally after taxes, profits, and wages are paid outside the area and after imports are purchased; these subtracted amounts are called leakage. It is very important to mention the leakage effect

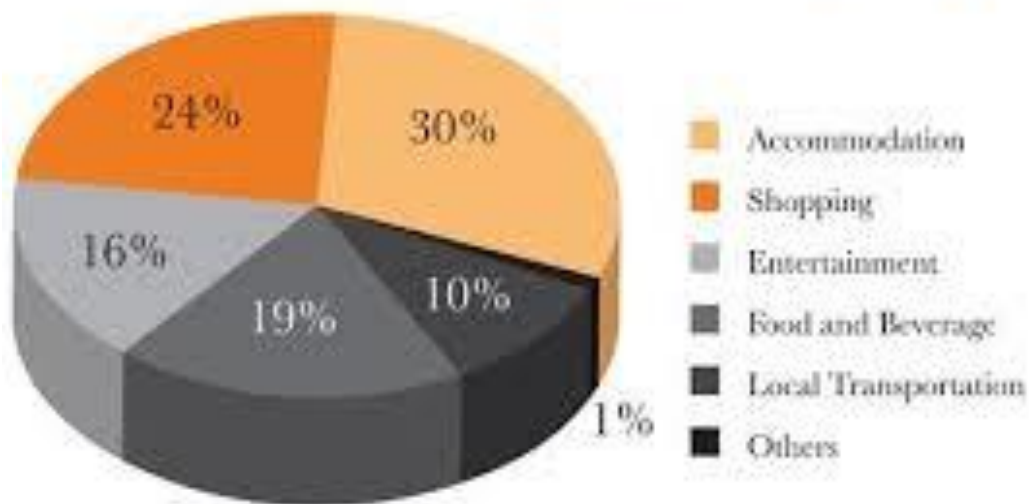
when talking about tourism and economy because the leakage has an huge effect on the host country revenues. Moreover, In most all-inclusive package tours, about 80% of travelers' expenditures go to the airlines, hotels and other international companies (who often have their headquarters in the travelers' home countries), and not to local businesses or workers. In addition, significant amounts of income actually retained at destination level can leave again through leakage. In Thailand for instant:

A study of tourism 'leakage' in Thailand estimated that 70% of all money spent by tourists ended up leaving Thailand (via foreign-owned tour operators, airlines, hotels, imported drinks and food, etc.). Estimates for other Third World countries range from 80% in the Caribbean to 40% in India.

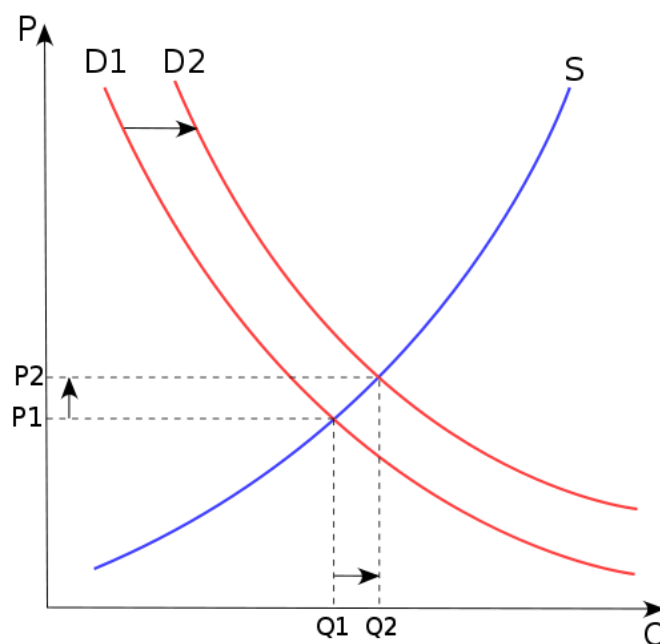
Source: Sustainable Living

Figures:

Tourism Expenditure by Type



Source: Department of Tourism, Thailand and C2 Headquarters Market Research



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