



## **Eco-tourism Development of Phu Quoc Island Under Resource-based View Approach**

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### **ABSTRACT**

Currently, eco-tourism has emerged as a debatable argument in a large number of forums and discussion in the tourism industry. Eco-tourism is defined by the International Eco-tourism Society as “responsible travel to natural areas that conserves the environment and improves the well-being of local people.” Phu Quoc Island in Vietnam can be taken as a typical example of eco-tourism. If eco-tourism is successfully developed, it can make not only the best use of Phu Quoc’s environmental and economic, but also diminish any harm to the environment of this island. However, any resolutions to promote eco-tourism development of Phu Quoc Island by creating stable competitive advantages were poorly conducted. As a result, this study found that if it would be used the resourced-based view approach to propose solution packages of advancing the sustainable competitive advantage of Phu Quoc island, it would be in order to boost the development of eco-tourism.

**Keywords:** Eco-tourism, Resource-based View, Sustainable Competitive Advantage

**JEL Classifications:** M20, M31, Z33

## **1. INTRODUCTION**

According to Eshetu (2014), eco-tourism benefits communities in terms of environment, culture and economics. Eco-tourism focuses on many factors including local cultures, wilderness and adventures. Main attractions of this type of tourism include scenery, plant life, wildlife and cultural heritage. Regions that are fairly underdeveloped are frequent destination of eco-tourists as they travel there with the inspiration to appreciate and participate. Unlike other kind of tourism, tourist of eco-tourism would have a chance to experience a non-consumptive use of natural world and resources as well as dedicate to these areas via employment or financial support in order to directly profit in the work of conserving of the destination and promoting the economics of local inhabitants.

In pursuant to Tran (2002), the approach of Vietnam on developing the national economics is to concentrate for immediate goals but ignore the environment issue. Vietnam, with the desire to bring national tourism into global market, has to have a comprehensive strategy with particular principles for eco-tourism that this kind of

tourism has to fulfill two targets: (1) Profiting the economy and, (2) preventing the degrading of environment.

Phu Quoc Island is not only the biggest island in Vietnam of 574 km<sup>2</sup> in total, but also the most renowned and important travel destination of Vietnam as it is named by travelers from south-western region as “tourism paradise.” In this paper, authors would use the resource-based view (RBV) approach to recommend resolutions for Phu Quoc eco-tourism in creating sustainable competitive advantage for this island.

## **2. RBV THEORY**

### **2.1. Resources**

For RBV, the fundamental unit for analyzing is resources which play a role of strengthen semi-permanently to the company as Wernerfelt (1984) argued. They are assets including financial, physical, human, technological and organizational possessions. According to Barney (1991), these assets are used by organization to develop, manufacture and bring products as well as services to

its customers. Financial or physical can be classified into Tangible assets, while Intangible assets can be employee's knowledge, skills, experiences, organization's reputation or brand name, etc.

## 2.2. Dynamic Capability

As Olszak (2014), the RBV competitive advantage has created the idea of dynamic capabilities. RBV defines capability as a set of resources which allow company or organisation to act or perform. In other words, it amalgamates all kinds of possessions, facilities and people as well as other procedures to generate results. In a more specific definition by Teece et al. (1997), it's the "the key role of strategic management in appropriately adapting, integrating, and reconfiguring internal and external organizational skills, resources, and functional competences to match the requirements of a changing environment." In pursuant to Vicent (2008), the idea of capabilities is defined by other authors who concentrate more on differentiate capability from two terms: Competency and capacity. According to these authors, the definition of competence is the quality or situation that a subject is able to have adequate or functionally appropriate strength, knowledge and skill.

## 2.3. Valuable - Rare - Inimitable - Organization (VRIO) Requirement

As Olszak (2014), not long before, sustainable competitive advantage can only be created once VRIO framework is satisfied by resources as follow: Valuable (allow a company or organization to realize the strategy of creating value), rare (are in a small quantity), Inimitable (competitors find it unfeasible to completely copy), and organization (whether a company is able to organize and capable of taking advantage of its resources and capabilities). In an extensive knowledge-based approach of RBV, assets of intangible category comprise off organization, human and networks. This approach allows company and organization to acquire, retrieve and preserve intangible resources as they are what companies use to integrate and adapt tangible resources.

## 2.4. Process to Create Sustainable Competitive Advantage

In pursuant to Barney (2001) and Sirmon et al. (2007), there are steps of defining sustainable competitive advantage of Phu Quoc Island's eco-tourism development which are: Examining available physical, human, technology, financial and organization, etc. resources; accosting tactical resources strategy; packing tactical resources and facilitating assortment for essential competences making competitive advantage (Figure 1).

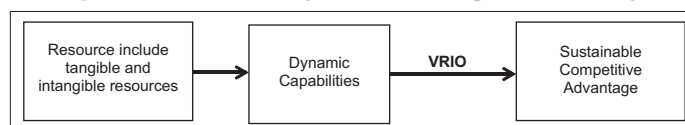
## 3. ECO-TOURISM DEVELOPMENT OF PHU QUOC ISLAND OF THE RBV APPROACH

The framework of integrating resources of Phu Quoc eco-tourism to create sustainable competitive advantages summarized as Figure 2.

This study will be analyzed four independent variables include: Physical resource, human resource, financial resource and government support resource of the RGV approach.

For physical resource: It will be analyzed in 3 factors as bellow:

**Figure 1:** Flow of creating sustainable competitive advantage



Source: Barney, 2001

- Environmental circumstances: Including environment, weather, mountain, sea, beach
- Hotel resources: Hotel quality, hotel reservation, hotel cost, hotel maintenance, and additional service in hotel
- Transportation resources: Including traffics, transportation convenience, quality of transportation, support for transportation, transportation cost.

For human resources, it will be analyzed in 2 factors as bellow:

- People including local people hospitality, local people behavior, local people communication, quantity of staffs working in tourism service, quality of staffs working in tourism service
- Tourism guide: Including tourism guide availability, tourism guide ability, tourism guide hospitality, tourism guide support, tourism guide cost price.

For financial resources, it is analyzed as economic performance including economic development, banking convenience, goods diversification, purchasing demand, citizen living quality.

For government support resources, it will be analyzed in 2 factors as bellow:

- Government investment and tourism encouragement: Including Phu Quoc investment for eco-tourism development, policy encouragement for tourists, tourism promotion, tourism advertisement, tourism public relation activity
- Administration policy: Including security administration, tourism policy administration, tourism organization administration, administration with people working in eco-tourism field, tourists support.

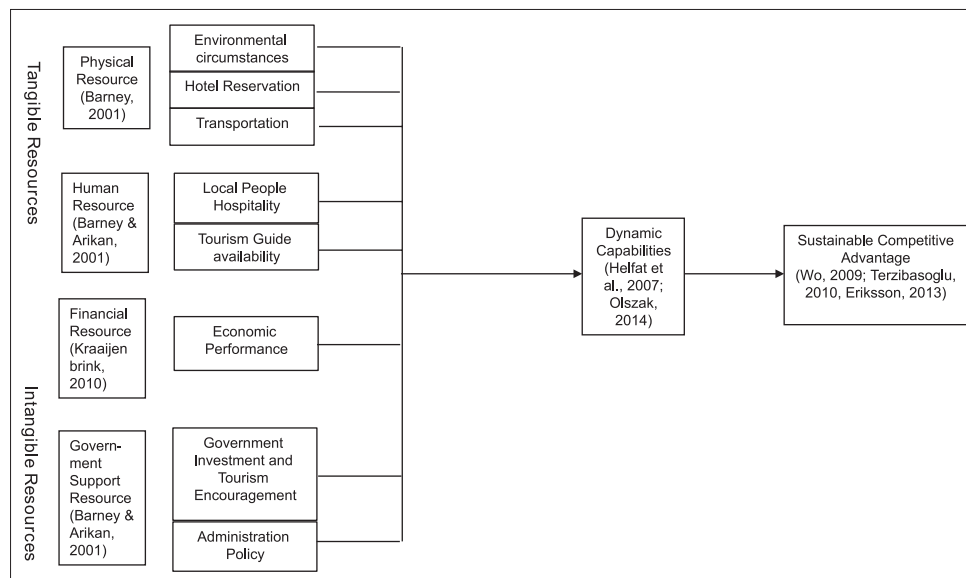
To create dynamic capability, the study will be combined as many as possible between above resource factor and figure out the dynamic capabilities that can be satisfied VRIO requirement as follow in Table 1.

In details, "eco-tourism package" is that Phu Quoc whole eco-tour with activity of visiting mountain, sea and beach of Phu Quoc. Moreover, Phu Quoc is suggested to broaden their eco-tour with other places of Kien Giang province. For example, for Phu Quoc eco-tour, tourist will be provided with free bus (or other kind of transportation) to Nam Du, Ba Lua and Hai Tac Island. Reversely, for those visiting Nam Du, Ba Lua and Hai Tac Island or other places in Kien Giang Province, they can take free transportation to Phu Quoc Island.

It is required the linkage between Tourism Organization providing Phu Quoc tour in particular and Kien Giang tour in general. Moreover, it also requires the transpiration facility that is qualified for huge potential number of tourist.

As VRIO requirement, the dynamic capability is analyzed as Table 2.

**Figure 2:** Conceptual framework for eco-tourism development of Phu Quoc Island



**Table 1: Dynamic capability of Phu Quoc eco-tourism**

Physical resource	Government support resource	Dynamic capability
Mountain, sea, beach, transportation	Policy encouragement for tourists, tourism promotion	Providing eco-tourism package with linkage between government and tourism organizations to provide free extra service

**Table 2: VRIO requirement analysis of Phu Quoc eco-tourism**

Dynamic capability	Providing eco-tourism package with linkage between government and tourism organizations
Valuable	This dynamic capability provide the high value for tourist coming to Phu Quoc Island including: <ul style="list-style-type: none"> <li>• A whole package for mountain, sea and beach tour</li> <li>• Free transportation to other places within Kien Giang Province</li> <li>• Free transportation from other places of Kien Giang to Phu Quoc Island.</li> </ul>
Rare	Currently, there is the first time a tourism destination plan to apply free transportation for all tourists, especially for eco-tourism this is the entire unique one
Inimitable	As Vietnam tourism (2013), in 2004, the Prime Minister signed Decision 178/2004/QD-TTg approving the “Overall development of Phu Quoc Island, Kien Giang province to 2010 and vision to 2020.” In May 5/2010, the Prime Minister has approved the adjusted general planning on construction of Phu Quoc Island in 2030. The overall planning of economic development and social Kien Giang province to 2020 has identified the goal of building the Phu Quoc become Special Economic and Administration Zone in 2020. For the special encouragement for special economic zone, Phu Quoc Island can take much more advantage in term of tax, investment, to develop eco-tourism, which is high quality, but still keep in affordable cost. Eco-tourism development in special economic zone is not easy to imitate for other places
Organization	For the policy encouragement and experience and resources of Phu Quoc in eco-tourism, Phu Quoc completely enables to exploit its resources and capabilities
Sustainable competitive advantage	To be qualified for VRIO requirement, “Providing eco-tourism package with linkage between government and tourism organizations” is considered as sustainable competitive advantage for eco-tourism development of Phu Quoc Island as RBV approach

VRIO: Valuable - Rare - Inimitable – Organization, RBV: Resource-based view

## 4. CONCLUSION

Based on RBV approach and its process to create the sustainable competitive advantage of Phu Quoc Island, this study recommended the solution to develop the sustainable competitive advantage for eco-tourism development of Phu Quoc Island and that is eco-tourism package with linkage between government and tourism organizations to provide free extra services. The solution is expected to contribute to enhance a tourism attractiveness and

economic development of Phu Quoc Island in particular and Kien Giang Province in general.

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