

# The Study on Evaluation of the Tourism Economics Impaction

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## Abstract

During the last three decades, tourism industry in China has been witnessed impressive development, and China has become one of the world's most important tourism destinations as a result of the rapid growth of its economic and tourism development since economic opening and reforming in 1978. Tourism environmental impact has been a core issue in Tourism studies and its investigation has originated from 1960s abroad while it attracted researcher's attention till early 1980s in China. Although the impacts of tourism development on natural and social environment has been recognized, systematic studies of destination environment and its sustainable development in evaluation models, measure approaches, determinant factors, mechanism, integrative measures and management are still relatively rare. An evaluation index system on urban tourism radiation power that can reflect the level of the overall urban tourism economy growth, social development and ecological construction has been built based on respects like urban tourism revenue, scale of tourists, quantity of tourism resources, tourism employment and area of natural ecotourism sites. However, during the fast development, the quality issue in general has become an inevitable problem that seriously affected the competitiveness both of Chinese tourism industry and Chinese tourism enterprises in the global market. Consequently, motivating quality revolution of tourism industry in China for its sustainable development is so urgent. This paper firstly uses quantitative and qualitative methods to review total quality management (TQM) movement in China and emphasizes the need to implement TQM which is a holistic managerial approach for improving the quality of one industry's product for its further sustainable development in Chinese tourism industry.

*Keywords:* Tourism, Tourism Economics, Evaluation, total quality management

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## Introduction

More and more urban dwellers would like to visit countryside which can offer them pleasant reality experiences [1], which promotes the new countryside construction and the improvement of people's living quality in the context of Urban and Rural Integration development [2]. Meanwhile, some suburban scenery sites lose their attraction gradually for the lack of reality. Therefore, some tourists prefer to travel in the outer suburb areas, which provide the opportunity for rural tourism development (RTD) in remote districts, especially minority areas.

Personalization capabilities are undoubtedly valuable in tourism because there are many options of destination, events and activities for someone who goes sightseeing, were it for adventure, cultural/historical or holiday reasons. Bearing this in mind, users often need advice about where to go and what to visit, to see and to do in a specific destination. There exist recommender systems that help to decide a travel plan, indicating places to visit, road maps, options for hotels, air companies and so on, by matching the users' preferences (modelled in personal profiles) against all available tourism resources. Besides making trip planning much easier, existing systems support the user on move by providing ubiquitous access to tourism information of interest at any time, from anywhere and any media.

China's tourism industry is the product of the policy of

Economic Reform and Opening up. With the rapid development of China's economy, the property of tourism industry has been from fuzzy to clear; the scale of industry has been from small to big; the function of industry has been changed into pay more attention to the comprehensive function, rather than only focus on economic function; the importance of the industry position also has been got more and more attention. According to the National Tourism Administration's statistics, in the year of 2009, the number of inbound tourists was 1.26 million, international tourist foreign exchange income was 396.75 million US dollars, which were respectively decreased by 2.7% and 2.9% compared to the last year; the number of domestic tourists was 1.902 billion, the income is 1.018369 trillion RMB, which were respectively increased by 11.1% and 16.4%; Chinese citizens outbound toll to 47.6563 million, which was increased 4.0% as to the previous year; and total tourism income reached to 1.29 trillion RMB, which got 11.3% growth and accounted for 3.8% of national GDP. A number of tourism economic indicators were reached historically highest, and China has become the truly great tourism country; therefore, governments at all levels in China have been developing tourism industry with so high enthusiasm. Meanwhile, the year of 2010 is the first year to prepare the Twelfth Five-Year Plan and the year of 2011 is the critical year for implementing. Compared to targets achievements of Eleventh Five-Year

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Plan, tourism industry in China must solve the problems of changing developing mode, improving operating performance, optimizing supply and demand structure, improving the satisfaction and so on. Furthermore, the most outstanding problems is that it has been neglected to cultivate a sufficient number tourism market entities with core competitiveness in the process of developing tourism industry in China, which is the key could precisely promote the healthy and sustainable development of tourism industry in China.

Urban tourism radiation power is determined by the tourism radiation scope that is the target city's influence and effects, including tourism economy, tourism society and tourism ecology etc, on the surrounding cities. In the recent 10 years, plentiful research achievements have been made on urban radiation power in China. Economic indicators, Field Strength Models, Breakpoint Theory, Concentration Coefficient Model, Regression Analysis and Wilson Model as well as Analytic Hierarchy Process and Principal Component Analysis were applied to study on radiation power to assess urban radiation power and calculate the urban radiation scope. However, the studies on urban tourism radiation power are still insufficient and the present studies focus on radiation effects in specific festival activities and study on the tourism economy intensity among cities with Gravity Model and tourism economic indicators but fail to definite the urban tourism radiation scope by establishing index system.

In a general sense, Total Quality Management (TQM) [3] is regarded as a total organizational approach for meeting customer needs and expectations that involves all managers and employees in using quantitative methods to improve continuously the organization's processes, products, and services. Western developed countries have recognized the significance of TQM and its implementation for many years, and it has been widely applied in manufacturing industry. During the last fifty years, economies throughout the whole world have witnessed extensive transformation, and one of the most significant changes is the increasing rate of spending on services. The World Tourism Organization forecasted continued growth for the tourism industry beyond the turning of this century, and in the onset of the new Millennium more than 637 million tourists are expected to cross international boundaries. Also, tourism industry in China has been undergone great growth and development in the last thirty years, and tourism has become an important part of people's daily life. Apart from the cost for traveling, the quality of the service has already been a hot debate issues which both of the tourism providers and customers pay more attention to. Consequently, quality of service has become an important catalyst in the overall tourism experience and expectation, and one of which will ultimately influence the crucial success of the tourism industry. Therefore, as a developing country, the more development gained in tourism industry in China, the higher demand to implement a particular

quality controlling standard TQM to support and regular the current growth and sustain further development in such a scope. According to the natural characteristic of intangibility involved in service product, the travel agencies and operators seem to be reacted less actively to the philosophy of TQM than the hotels and airlines. However, there are still doubts of if there is any need to apply TQM in the tourism industry. Furthermore, how well TQM that was mainly developed from the manufacturing with some notable success will fit the tourism industry.

## 2 Related Works

Of course, the label "advanced," almost by definition, aims at a moving target, given the rapid and profound developments in information and communication technology since the early 1990s. Indeed, one would nowadays not characterize as advanced the kind of information service that only provides a message "unexpected congestion on your usual route" 15 min before departure. In the early 1990s, however, transportation researchers did consider this kind of information to be advanced [3]. Similarly, while Bonsignore [4] and Khattak et al. [5] argued that the provision of traffic reports through radio –although not necessarily being fully accurate – constitutes advanced travel information, only a few years later, the notion of advanced travel information is, in fact, contrasted with possibly inaccurate radio traffic reports [6]. However, when ignoring the time dimension and the notion of ever-evolving technology, much heterogeneity remains in terms of the meanings assigned to the label "advanced." Take [7], where, in a relatively recent study, an advanced transit information service is presented. This service provides information about opening hours, fare, number of interchanges for a given trip, walking distance to the nearest stop, and availability of seats. Although, more or less, advanced technology is needed to provide the latter two information types, the former three types of information have, of course, been available to transit users for decades and do not rely on advanced technology. This contrasts with another perception of what constitutes: An advanced transit information service presented in [8] provides travellers, in-trip and possibly on the service's own initiative, with travel time information and the opportunity to search for or be advised on the best course of action to take given current conditions on relevant parts of the transit network. In yet another recent study [9], an advanced transit information service that provides real-time pre- and in- trip information on waiting time, travel time, or general information (specified as, e.g., referring to the next stop) was considered. This advanced transit information service's functionality clearly contrasts with that proposed in [10], which provides a wealth of transit information based on real-time data collection processes. Interestingly, that service also provides traffic information, but this information is much more basic than its transit counterpart. Referring to traffic infor-

mation, Kumaret al. [11] considered to be advanced an information service that provides travel time estimates for car and bus options based on speed limits and timetables. Most would consider this type of information to be less advanced than the information service labelled "advanced" in [12] more than ten years earlier. Clearly, these examples show how the notion of advanced information not only evolves through time but is subject to much heterogeneity in general as well.

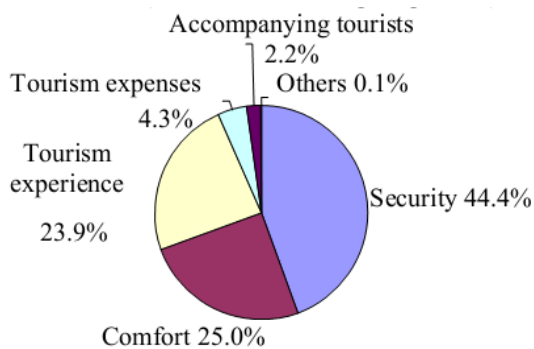


FIGURE 1 Focuses of Tourism Consumers.

### 3 Definition of Tourism Market

Market is the inevitable outcome of social division of labor, productivity and the commodity economy developing to a certain stage. And meanwhile, in the process of market's development and expansion, it also promotes the further development of social division of labor, productivity and the commodity economy. As a kind of special commodity economy activity, and different from the general economic activities, both parties of tourism business are always tending to exchange service rather than the specific physical commodity. Therefore, the narrow sense of definition of tourism market points to the places which realize the economic ties between supplier and demanders based on fully development of commodity's production and exchange. However, with further development of social division of labor and commodity economy, the meaning of tourism market is not just limited to a specific commodity exchange place, certain field or time, but through the whole process of commodities trading, which generalized definition of tourism market refers to the sum total of various economic phenomenon and economic relationship reflected in the exchanging process of tourism products, which is shown in Fig. 1.

#### 3.1 DEFINITION OF TOURISM MARKET ENTITY

According to the National Noun of Science and Technology Authorized Committee for the definition of market subjects, market entity refers to the legal person or the natural trading activities that are with independent economic interests and assets and also could enjoy civil rights

and bear civil liability to engage in the market exchange. As the goal of pursuing its own benefit maximization while the social needs could be met, any market entity participating in economic activities is always with clear purpose. As a kind of economic activity, all sorts of economic subjects must also be existed in the tourism market, which are individuals and organizational bodies with independent economic benefit and the assets could enjoy certain rights and bearing certain obligations to participate in economic activities in tourism market. Since the tourism industry itself has characteristics of relevance, networked, informative and comprehensive, kinds of economic subjects involved in tourism market are rather more than other industries, and finally a complex interests related group is formed by different entities through the whole process of exchanging tourism products. Therefore, stakeholder theory could be applied to analyse the market entity and how to deal with the relationships between different entities when studying on specific issues of tourism market entity, which then will be helpful to form a healthy and orderly tourism market.

#### 3.2 CLASSIFICATION OF TOURISM MARKET ENTITY

According to the classification of the general market entity, tourism market entity can be divided into tourism investors, tourism operators, tourism consumers and tourism server.

Tourism investors refer to legal person or natural persons who conduct general profit investment in the field of tourism industry.

Tour operators refer to the legal person, other organizations or person who are engaging in the production and operation of tourism products or providing paid tourism service, and they are regarded as suppliers of tourism activities. The qualifications of the tourism operators are generally concluded as following four aspects. Firstly, they must be qualified to participate in tourism activities, namely the prestige and credit ability. Secondly, they have specific scope of business. Thirdly, they own certain tourism assets and property. Fourthly, they must master relevant technical skills for managing and operating tourism. In specific tourism economy activity, tour operators and tourism investors often combine as a same subject, which are presented as a large comprehensive tourism group to carry out six aspects of comprehensive tourism investment and business as "Travel, tour, lodging, food, shopping and entertainment".

Tourism consumers refer to who demand tourism activities, and also be regarded as where tourism activities originated from. Tourism consumers' mind and body could be enjoyed pleasure through sightseeing tour, holiday leisure, sports activities, culture researching, countryside, experiencing and ecological tour. Meanwhile, tourism is a kind of consumer goods, and it is a consumption activity

that needs to be paid for. Therefore, tourism consumers could be concluded as the person who are purchasing tourism commodities or receiving tourism services with non-profit purpose.

Tourism server refers to the person who is hired by business travel enterprises to provide direct or indirect tourism products and service for tourism consumers, such as tour guide, travel agency staff, travel driver, hotel service personnel and so on. Furthermore, market is the effective tool and basic strength for allocating resources under the condition of market economy. However, the phenomenon of market failure will be appeared in the market of insufficient competition or incomplete competition. So it is unable to realize efficient allocation of resources through singly market regulating. At this time, the government should implement appropriate intervention to ensure the order and high efficiency of tourism economic activities. Although the government has not been listed as one of the market entities, in view of the industry regulator, it can solve the problems that market could not do, and also can lead the orderly, rapid and sustainable development of the market though making a series of tourism economic regulating measures and tourism industry policies, and then to realize the government intended target and market development goals could be harmonious and unified. Therefore, it is necessary to consider the correlation and difference between government and four tourism market entities when studying on the issues of tourism market entity, which is shown in Figure 2.

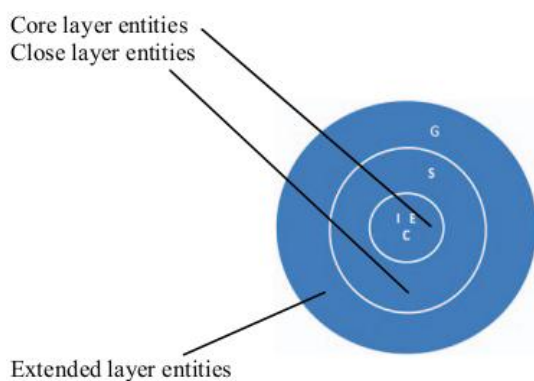


FIGURE 2 Schematic figure of stakeholders' system involved in tourism market.

I –Tourism investors; E –Tourism operators;  
C –Tourism consumers; S – Tourism servers; G – Government.

Stakeholders' analyzing model is one of common used researching theories applied by domestic and overseas scholars to analyze tourism developing and planning, tourism management and ecological tourism researching. Although tourism investors, tourism operators, tourism consumers, tourism server and government are different benefit entities, all of them pursue its maximum benefit in

tourism economic activities. And, they could form an organic system of correlated benefit entities in accordance with the core layer entity, close layer entity and extended layer entity. The balance of supply and demand is the core issue to study tourism economic in the market economic system. Tourism investors, tour operator and tourism consumers constitute the supply party and demand party of tourism market, which is the core layer entity of stakeholders' system involved in tourism market. Tourism investors and tour operator provide high satisfied tourist commodities and services for tourism consumers through capital operating, product business and effective management; while changes and development of tourism commodities' demand required from tourism consumers will be the vane for tourism investors and tourism operator to conduct strategic investing and operating, they always try to utilize impossible less input to meet the developing demand of tourism consumers. Tourism server is the effective carrier for tourism operator to truly realize the function of providing directly or indirectly tourism commodities or services for tourism consumers, and it is an important part to closely connect both the supply and the demand in tourism economic activities. Tourism server's professional quality and serving quality directly affect the tourism consumers' satisfaction, and also affect the benefit and interest to be maximized for tourism investors and tourism operators, and therefore tourism server become close layer entity of stakeholders' system involved in tourism market. Government is the special one among stakeholders' system involved in tourism market, although it is not directly involved in tourism commodities trading and it is also independently outside the core layer entity and close layer entity, its unique role of intervention could avoid risks of market failure, and then to realize effective allocation of tourism market's resources and sustainable development of tourism industry. Meanwhile, as the extended layer entity, government is not only could serve other benefit and interest entities, but also could balances contradictions between different entities. And then, unique will be realized in contradiction, and maximum benefit of every entity will be guaranteed under common framework.

#### 4 Implementation of TQM in Tourism Economics Impaction

Tourism enterprises, such as tour operators and travel agencies play a significant role in the total tourism industry in China. Therefore, the "acting" of TQM in the tourism industry should give enough space to the issue of the adoption of TQM in the factor of tourism enterprises. Actually, tour operators and travel agencies link various fragments of the tourism industry together, and providing the tourists with entire experience. Briefly, tour operators are the producers of the tourism industry, and while travel agencies are the retailers and distributors. However, the separating line between these two issues is not very distinct

in China. Tour operators may sometimes sell tours directly to customers, too; whereas some agencies occasionally prepare tour packages themselves. For instance, both tour operators and travel agencies are called Luxingshe in Chinese, while many of small Luxingshe are literally travel agents. Therefore, some big tourism enterprises in China would like to be called "tourism service" in English; for example, China Travel Service (CTS) and China International Travel Service (CITS) are the two famous travel enterprises in China. Competitive strategies refer to the broad formulae which determine how a business is to compete, what its goals should be and what policies will be needed to carry out these goals. The right vision for regarding the importance of tourism enterprises nowadays is to consider that the whole industry is in the transition from the old tourism to the new tourism. The main objective of a competitive strategy is to help the enterprise to form the core competence, which are the skills and capacities giving an enterprise its unique flavor, and which, cannot be easily intimidated by a rival. In order to be best served the tourism industry, TQM should be used as a competitive strategy for tourism enterprises in China. And also TQM is totally qualified to be a competitive strategy. Implementation of TQM in tourism industry in China ensures flexible, segmented tourism products of high quality, which indicates the inevitable trend of the tourism sustainable development. Moreover, by providing the high quality of customer service, TQM enables the tourism enterprises to form its core competence that linked with the performance of skillful, enthusiastic personnel-service. To use TQM as a competitive strategy in tourism enterprises sufficiently in China, the quadrilateral relationship among the tourism service providers, its target market, its competitors and its business partners should be handled properly. The service providers should firstly know which segment of the market it is going to be served. Then it must benchmark the competitors, and trying to do better than others. During this process, it requires the cooperation with certain business partners to form a kind of alliance, so that they can provide better service for the target market and also become more formidable than other competitors. The four aspects and also the issue of how a service provider treats them respectively determine the successful implementation of TQM in the tourism industry in China.

To ensure its survival and success in the competition, a tourism enterprise should firstly establish its own base area in the market. Traditionally, Mao, T defined the base areas for guerrilla forces as "the strategic bases on which the guerrilla forces rely on performing their strategic tasks and achieving the object of preserving and expanding themselves and destroying and driving out the enemy". Learning from Mao's definition and replacing the military terms of managerial terms, the term "base area" referring to the territories occupied by the tourism enterprises as the segment of the market on which the tourism service provider relies on performing its competitive strategies and

achieving the objects of preserving and expanding its market shares and reducing the market shares of competitive rivals in the market.

In order to successfully build the base areas, the tourism enterprises in China must firstly direct their products to the market and choose a proper segment. Secondly, it must understand the target market thoroughly. As soon as the target market has chosen for a certain period of time, the tourism enterprises should work strenuously to well familiarize the target market. Thirdly, to nurture customer loyalty. Fourthly, while both the external and internal market keep changing, the tourism enterprises must promptly adjust their positioning to fit for the market, and sometimes would have to scheme their products properly to the market. Consequently, it then will facilitate the acting targets of implementing TQM, and also rapidly increases the quality perceived by the customers.

The American Management Association reported that successful companies spend about 20 percent more money on personnel, including personnel training, than unsuccessful companies do. Currently, tourism enterprises in China are just in the initial stage of quality issues training. The most challenging elements to apply TQM in tourism industry in China are from the human factors, namely, the external factor of customers and the internal factor of employees. Hence, the tourism enterprises must set up a team with elites who are made up of skilful professional service persons with enthusiasm, commitment, patience and creation. The team with elites must begin with the commitment of the top management, which plays a very critical role in creating the necessary culture, and values that are essential for the quality programs setting. Therefore, the top management must firstly "act" the ideas of quality improvement to the staff before quality products are delivered to the external customers. But, it cannot be expected that every employee in tourism enterprises could devote to the quality improvement as sincerely as those elites. For instance, it will need to hire a considerable amount of temporary employees in peak seasons such as Golden Week in every 1<sup>st</sup> October in China; it is difficult to well train those temporary employees in a limited time. However, the elites and the incarnate quality-conscious culture will inspire temporary workers and other less active employees to be self-disciplined, adjusting their behaviors to fit for the standards set by the elites.

Consequently, the stable level of the service quality will be guaranteed. To nurture elites, training is vital important. High quality requires not only attitude, but also knowledge and skills that can only be acquired through training. For Chinese tourism enterprises, training should not only be limited in certain specific skills, instead of, the employees, especially the new recruits, should also be trained to grasp virtues of being amiable, cooperative, patient, responsible, flexible and creative, and what is most important is the essential of TQM applying in the tourism industry.

## 5 Conclusion

Tourism environmental impact has been a core issue in Tourism studies and its investigation has originated from 1960s abroad while it attracted researcher's attention till early 1980s in China. Although the impacts of tourism development on natural and social environment has been recognized, systematic studies of destination environment and its sustainable development in evaluation models, measure approaches, determinant factors, mechanism, integrative measures and management are still relatively rare. An evaluation index system on urban tourism radiation power that can reflect the level of the overall urban tourism economy growth, social development and ecological construction has been built based on respects

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