

TOURISM

FOR GLOBAL CONNECTIVITY AND
ECONOMIC DEVELOPMENT



EDITOR

AL BUSYRA BASNUR

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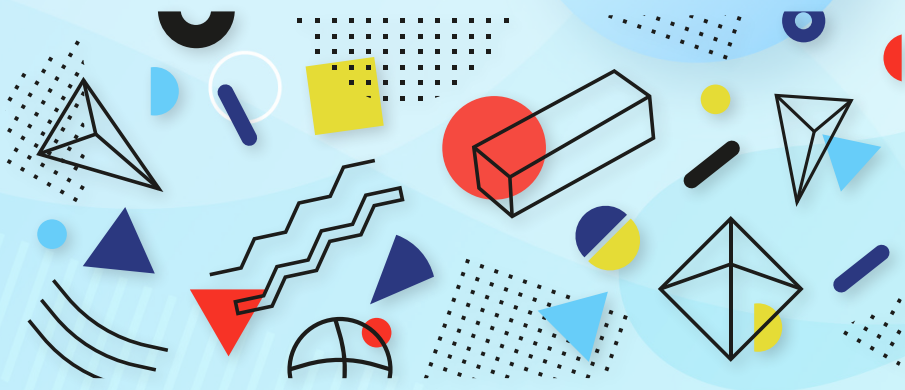
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WELCOME REMARKS



Al Busyra Basnur

Ambassador of Indonesia To Ethiopia, Djibouti and African Union

“Tourism for Global Connectivity and Economic Development” provides a tailored roadmap for Indonesia and Ethiopia to harness their distinct cultural and natural assets for sustainable tourism-driven growth. In Indonesia, an archipelago of unparalleled diversity, the book delves into strategies for enhancing connectivity among its many potentials, capitalizing on its rich cultural heritage and breathtaking landscapes. Through insightful case studies and practical recommendations, the book offers actionable insights to leverage tourism as a catalyst for economic development, job creation, and cultural preservation.

Meanwhile, in Ethiopia, a country steeped in ancient history and natural beauty, the book explores the transformative potential of tourism in fostering global connectivity and driving economic progress. By spotlighting Ethiopia’s UNESCO World Heritage Sites and ecotourism destinations, the book equips local authorities and

entrepreneurs with the tools needed to capitalize on the nation’s tourism assets responsibly. Embracing the principles outlined in “Tourism for Global Connectivity and Economic Development,” Ethiopia can not only unlock new economic opportunities but also safeguard its cultural and environmental treasures for future generations.

Ultimately, “Tourism for Global Connectivity and Economic Development” serves as a vital resource for both Indonesia and Ethiopia, offering tailored strategies and best practices to maximize the socio-economic benefits of tourism while promoting sustainability and inclusivity. By implementing the insights gleaned from the book, readers can get better understanding towards a more resilient, equitable, and prosperous tourism industry that contributes to global connectivity and economic development.

Addis Ababa, May 2024

REMARKS



Feyissa Ararssa

Founder and CEO of Harambee
Business Group

Dear readers,

It is with great pleasure that the Indonesian Embassy, Addis Ababa, and Harambee University in collaboration presented to you this insightful book on “Tourism for global connectivity and economic development.” Indonesian Embassy Addis Ababa organized researchers from Indonesia and Harambee University coordinated authors from Harambee University and other institutions. The two institutions played a pivotal role in making the writing of this book effective. In today’s interconnected world, tourism plays a crucial role in fostering cultural exchange, economic growth, and global connectivity. This book investigates the various aspects of tourism and its effect on both local communities and the global economy.

Tourism has long been recognized as a powerful tool for fostering global connectivity and driving economic development. In the book “Tourism for Global Connectivity and Economic Development,” the author explores the

multifaceted impact of tourism on local economies, international relations, and cultural exchange. Through a series of case studies and in-depth analysis, the book highlights how tourism can catalyze growth, innovation, and collaboration on a global scale. From promoting sustainable development to enhancing cross-cultural understanding, this book offers a comprehensive overview of the transformative potential of tourism in today’s interconnected world.

Through a collection of scholarly articles and case studies, this book aims to provide a comprehensive understanding of the role of tourism in promoting sustainable development, fostering cross-cultural understanding, and driving economic growth. We hope that the insights shared in this book will inspire policymakers, researchers, industry professionals, and students to further explore the potential of tourism as a tool for global connectivity and economic development.

We would like to express our gratitude to all the contributors who have shared their expertise and knowledge in this book. We hope that your contributions will spark meaningful discussions and pave the way for innovative solutions in the field of tourism.

Thank you for joining us on this journey to explore the transformative power of tourism for global connectivity and economic development.

Warm regards.

CHAPTER 4

Positive and Negative Impacts of Global Tourism

By Dr. Andini Risfandini

Global tourism connects people globally through multifaceted interactions that have diverse effects. It is based on the movement of people from their usual environment, enabling interactions between individuals from different cultural and socio-economic backgrounds (Amoiradis et al., 2021). Globalization processes play a crucial role in the development of the tourism industry, directly or indirectly combining the lives of people and influencing political and economic structures. Tourism is an emerging and widespread economic and socio-cultural activity across the world, fostering connections between individuals from diverse backgrounds (Sharma et al., 2022). Furthermore, tourism and related industries are integral to globalization in the world economy, facilitating interactions and exchanges among people from different regions (Bundzíkóvá & Jánošová, 2021).

Tourism also influences the socio-cultural activities of host communities, impacting their traditions, rituals, and daily lives (Windarti, 2019). Additionally, the tourism industry exerts a considerable impact

on other economic activities, contributing significantly to GDP, employment, and investments (Vukadinović et al., 2017). Moreover, the impact of Airbnb on hidden and sustainable tourism has been studied, highlighting the evolving nature of tourism and its influence on sustainable travel experiences (Mola et al., 2019). The development of the tourism industry is closely linked with social development, contributing to the development of tourism destinations and fostering global connections.

Tourism and globalization, recognized as significant drivers of economic growth, play pivotal roles in shaping the trajectory of various economies. Their impact is multifaceted, encompassing significant contributions to income generation, job creation, infrastructure development, international trade, and technological diffusion, (Ehigiamusoe et al, 2022). The symbiotic relationship between tourism and globalization underscores their interconnected influence on the economic landscape. Tourism, as a thriving industry, not only attracts visitors but also propels economic activities, fostering the creation of

employment opportunities and facilitating the development of essential infrastructure. Simultaneously, globalization, with its interconnected networks, amplifies the reach of these economic forces, creating a dynamic environment that transcends national boundaries. Together, they form a powerful force that shapes the economic fortunes of nations, offering both tangible and intangible benefits that permeate various sectors, contributing to the overall vitality and resilience of economies worldwide.

Nevertheless, it is imperative to confront and mitigate the adverse consequences of tourism on both the environment and local communities, a necessity emphasized by Croce (2018), in order to secure a trajectory of growth that is sustainable. The recognition of tourism's potential harm prompts a call to action, urging stakeholders to address the ecological and societal repercussions associated with the industry. Sustainable growth in tourism demands a conscientious effort to balance economic benefits with environmental preservation and community well-being. Croce's assertion highlights the significance of proactive measures and thoughtful planning to harmonize the positive aspects of tourism with the imperative need to protect and nurture the natural surroundings and local communities affected by its activities.

The economic advantages derived from tourism reach beyond the immediate attractions to encompass the

development of surrounding areas, establishing tourism as a pivotal industry capable of bolstering overall economic vitality (Ernawati, 2019). The influence of tourism radiates outwards, fostering infrastructure growth, local businesses, and community prosperity. However, the positive economic impacts are not uniformly distributed among communities. Disparities exist, and levels of support for tourism development vary based on the perceived economic benefits (Huong, 2017). This underscores a challenge in the equitable distribution of the advantages associated with tourism. While certain communities may experience significant economic growth and improvements, others may perceive fewer benefits, potentially leading to varying degrees of enthusiasm or resistance toward tourism development initiatives. Addressing these disparities is crucial for fostering sustainable and inclusive tourism practices that contribute positively to the economic well-being of all affected communities.

The economic advantages stemming from tourism are intricately linked with non-economic benefits, a dynamic emphasized by Li et al. in 2022. Beyond monetary gains, tourism can empower residents by providing opportunities for skill development, cultural exchange, and community engagement. This multifaceted nature of tourism extends to different development options within the industry, such as mass tourism and alternative tourism. Each option carries distinct



socio-economic implications, influencing resident experiences and shaping the overall impact on local communities. Moreover, the impact of tourism is not confined to individual regions or enterprises; it reverberates globally. Tunçer (2018) highlights the far-reaching consequences of tourism on a worldwide scale, underscoring the interconnectedness of economies and societies. This global perspective accentuates the importance of adopting sustainable tourism practices. Recognizing that tourism's effects transcend borders, the imperative for responsible and sustainable approaches becomes paramount to ensure long-term environmental and social well-being.

The forces of globalization have wielded substantial influence over the evolution of the tourism industry (Khasawneh & Al-Smadi, 2019). The complex processes of globalization have left a significant mark, particularly evident in the realm of mass tourism, where the interconnected nature of global markets has brought about significant and, at times, challenging transformations. The impact of globalization on tourism is particularly pronounced, with consequences that extend beyond mere industry dynamics, shaping the very nature and patterns of tourism consumption on a global scale. Moreover, the economic landscape of countries is experiencing a notable shift propelled by the growing role of tourism (Minardi et al., 2020). Tourism is emerging as a key player in the economic develop-

ment of nations, exerting influence across diverse sectors. Beyond its direct economic contributions, tourism plays a pivotal role in shaping diplomatic relations among nations. The exchange of tourists fosters cultural understanding, economic collaboration, and international cooperation. This influence positions tourism not merely as an economic driver but as a dynamic force shaping broader aspects of global interactions and diplomacy. In essence, the interplay between globalization, tourism, and economic development forms a complex web of connections that defines the contemporary landscape of international relations.

The positive economic impacts derived from tourism reach far beyond mere financial gains and manifest in a multitude of ways (Yunikawati et al., 2020). The benefits of tourism extend to fostering rural development, where previously overlooked areas witness growth and improvement in infrastructure and local amenities. Additionally, tourism contributes significantly to foreign exchange earnings, as international visitors bring in currency, bolstering a country's economic reserves. The sector also serves as a potent driver of income generation, offering employment opportunities to local communities and individuals engaged in various tourism-related activities. Furthermore, the influence of tourism extends to regional development, creating opportunities for diverse locales to flourish and prosper. The injection



of investments into tourism infrastructure and services helps uplift communities and enhances the overall appeal of a region. This, in turn, contributes to broader business development initiatives, as new enterprises emerge to cater to the demands of the growing tourism sector. The economic advantages stemming from tourism exert a profound influence on the well-being of residents and significantly shape their stance toward future tourism development (Frleta et al., 2020). Residents who either directly or indirectly reap benefits from tourism exhibit a higher level of support for ongoing and future developments within the industry. The positive correlation between economic gains and support underscores the role of tourism in enhancing the overall welfare of communities.

However, this positive relationship is not universal, as emphasized by Liu et al. in 2018. There exists a segment of residents who perceive tourism development as a source of unwanted economic pressure. Their concerns may stem from various factors, such as changes in the local environment, increased cost of living, or disruptions to traditional ways of life. Acknowledging and addressing these apprehensions is essential for achieving a balanced and sustainable approach to tourism development. Global tourism has both positive and negative aspects. Global tourism has the potential to drive economic growth, cultural exchange, and sustainable development, while also posing challenges related to environmental degradation, cultural violations, and social exploitation which can be seen in Table 1.

Table 1 Positive and Negative Aspect of Tourism

Positive Aspect	Negative Aspect
1. Global tourism has potential to contribute to economic growth, employment, and investment, particularly in developing economies.	1. Global tourism also presents negative aspects, including its potential contribution to environmental degradation and climate change.
2. Tourism can foster connections between individuals from diverse backgrounds, promoting cultural exchange and understanding.	2. The development of the tourism industry can lead to violations of natural resources and cultural heritage, impacting the sustainability of local ecosystems and communities.
3. the development of sustainable tourism practices can lead to positive environmental and socio-cultural outcomes, benefiting local communities and preserving natural environments	3. the globalization of tourism has been associated with negative impacts on carbon emissions and ecological footprints, particularly in developing countries

Source: Summarize from: Deng et al., 2021; Carvache-Franco et al., 2018; Vasilyevna et al., 2018; Stanišić et al., 2022; Zhao & Li, 2018; Ehigiamusoe et al., 2022



To minimize the negative impact of global tourism, it is essential to focus on sustainable tourism development, stakeholder collaboration, responsible tourism practices, and community empowerment. In summary, mitigating the negative impact of global tourism requires a focus on sustainable development, stakeholder collaboration, responsible practices, and community empowerment. Insights from researchers (Guo et al., 2019; Hamimah et al., 2022; Nigg & Eichelberger, 2021; Bozdaglar, 2023; Jeong et al., 2021) underscore key strategies:

1. Implementing sustainable tourism policies to address environmental challenges.
2. Emphasizing stakeholder collaboration to minimize negative impacts.
3. Prioritizing sustainable product development for accessible tourism through stakeholder involvement.
4. Leveraging sustainable tourism certification programs to ensure development sustainability.
5. Encouraging citizen participation and empowerment to balance economic growth with resource protection, including the development of tools like a psychological empowerment scale for local involvement.

Based on the insights provided by previous researchers, here are key recommendations to minimize the negative impact of global tourism:

1. **Implement Sustainable Tourism Policies:** Governments and tourism authorities should prioritize and enact robust sustainable tourism policies that effectively address environmental challenges. These policies should emphasize responsible practices and sustainable development.
2. **Promote Stakeholder Collaboration:** Encourage active participation and collaboration among stakeholders, including local communities, businesses, and governments. This collaborative approach can help minimize the adverse effects of tourism and ensure that decision-making processes consider diverse perspectives.
3. **Focus on Sustainable Product Development:** Prioritize sustainable product development, especially in the context of accessible tourism. Engage stakeholders in the design and implementation of tourism products that are environmentally friendly, culturally sensitive, and economically viable.
4. **Leverage Sustainable Tourism Certification Programs:** Governments and industry bodies should promote and support



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CHAPTER 7

Intellectual Capital Mindset: A Key Advantage for HR in Global Tourism

By Prof. Dr. Widji Astuti, MM., CPMA.
and Dr. Andini Risfandini

In recent years, Intellectual Capital (IC) has gained popularity as a driver of organizational performance, social performance, and well-being (Bontis et al., 2018). Therefore, IC plays a crucial role in the direction of corporate revolution and sustainable corporate value, addressing how companies can simultaneously create value for customers while meeting the needs of internal stakeholders. IC is highly significant for the development, consolidation, management, and improvement of companies through related policies and strategies (Al-Musalli & Ismail, 2012).

The concept of IC, especially involving the activities of directors, intelligent employees, human resources, and organizational stakeholders, creates value (Mahmood & Mubarik, 2020). Additionally, IC is a crucial component within the company for achieving organizational goals. Furthermore, Alkan et al. (2022) provide an understanding of the significant contribution of IC

to the importance of knowledge for the company, specifically within the framework of the resource-based theory (RBT).

IC also provides insight into competencies and the sources available within the organization to make accurate assessments of a company's strategic competencies (Andrews, 1987). Different companies develop distinct competencies (Selznick, 1957), making each organization have different competitive capabilities. The concept of competence-based competitiveness was developed by Penrose (1959) and (Foss, 1997). The same is conveyed by Nelson and Winter (1982); Barney (1991), who found that companies are a collection of unique individual resources.

Intellectual Capital Mindset (IC Mindset) and Competitive Advantage (CA)

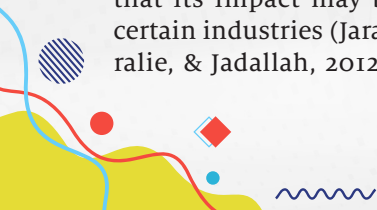
The new economic theme (Tappscott, 1998) is the theme of the

knowledge-based economy. The knowledge-based economy is built upon the availability of capital that has shifted towards intellectual resources. Therefore, IC is considered a key factor in increasing company value and sustaining competitive advantage (CA). Companies that aim to sustain CA must enhance existing skills and acquire new ones. A company is more likely to succeed in increasing its value if it can learn quickly and apply acquired knowledge faster than its competitors. Peter Senge (1990) believes that everyone in the organization must change their traditional perceptions of knowledge, continually improve and develop their skills and competencies, understand the entire organization and corporate functions, and achieve jointly set goals. Although it is challenging to accurately measure intellectual capital as a crucial intangible resource, the added value of IC remains unquestionable. It is not difficult to accept that a company is represented by a series of different resources, and it is essential to acknowledge that each organizational member possesses competencies. In practice, there are indications of a positive relationship between IC, competitiveness, company growth rates, and sustainable capabilities.

Although there is a viewpoint that IC influences the competitive position of companies across various industries, some researchers argue that its impact may be specific to certain industries (Jaradate, Al-Samralie, & Jadallah, 2012; Firer & Wil-

liams, 2003; PekChen, 2005). Over the past decade, studies on IC have continued to evolve, utilizing different analytical methods in various contexts (Sharabati, Jawad, & Nick, 2010). IC offers a potential source of Sustainable Competitive Advantage (SCA) (Hayton, 2005). Organizational resources can be tangible or intangible assets, directly or indirectly affecting CA (Omerzel & Gulev, 2011). Scholars and practitioners are concerned with understanding the relationship between IC and CA. Therefore, Chen (2008), Saad et al. (2016), and Kanan et al. (2020) conducted research to explore the positive influence of IC on CA.

Globalization and technological advancements have compelled organizations to compete fiercely in challenging environments (Hitt, Keats, & De Marie, 1998). Therefore, organizations must distinguish themselves and execute tasks differently to succeed in the market. Competitive Advantage (CA) does not arise solely from producing end products and services for customers but originates from the resources that produce them. CA will not be sustainable unless organizations use their resources effectively and efficiently to provide value in specific market segments (Hunt & Moran, 1995). This urges an organization to develop a Value Creation Strategy from its resources for Sustainable Competitive Advantage (SCA) (Porter, 1980; Barney, 1991).



Several frameworks are provided to explain the importance of Competitive Advantage (CA) in organizations. For example, the VRIN framework addresses critical issues for sustainability. This framework suggests that organizations must possess resources that are valuable, rare, imperfectly imitable, making them difficult for competitors to replicate, and not easily substitutable (Henkel, Bider, & Perjons, 2014). Intellectual Capital (IC) provides resources and capabilities to create Sustainable Competitive Advantage (SCA) in organizations. Organizations that do not leverage IC will struggle to gain a competitive position in specific markets or industries. Without CA, companies have limited reasons to endure in a business (Pearson et al., 2015). However, previous research examining the relationship between IC and CA is still scarce (Martos et al., 2009; Carlos et al., 2012, and Kanan et al., 2020). Thus, a company's CA and added value will largely depend on IC components (human capital, structural capital, innovation capital, and relational capital). From a resource-based perspective, SCA is influenced by intangible, valuable, and difficult-to-imitate intellectual resources within an organization (Kamukama, 2013, and Pearson et al., 2015).

Therefore, to have a set of sustainable competitive advantages, humans, as one of the crucial components, must meet the requirements referred to as Intellectual Capital (IC). In order to develop Competitive Advantage

(CA) through IC as one of the resources (Aaker, 1989, 1999), concrete actions are required to build a mindset, developed for this purpose, with what is called ASTUTI as the foundation for determining IC measurements.

A as Assets means viewing oneself as something valuable. Therefore, one must be willing to change for the better, capable of leading and taking responsibility because each of us is, in essence, a leader. It involves a commitment to becoming more useful with creativity and innovation. S as Skill means constantly upgrading oneself and enriching oneself with skills and experiences that grow over time. Meanwhile, T as Try it means being willing to try, signifying a readiness to take risks. With the intelligence at hand, one can anticipate and minimize potential risks, eliminating doubt in taking action.

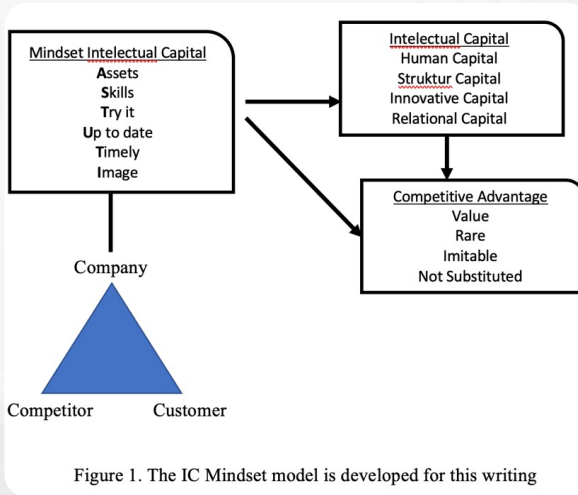
U as Up to date implies that individuals must continually update and develop their values to remain in sync with the changing environment and challenges faced at each stage. This way, personal growth continues, advancing without easily giving in to despair. Finally, T as Timely means being punctual – for anything good, never procrastinate. Postponing opportunities can lead to losing momentum, rendering existing creativity, innovation, and motivation futile.

In conclusion, I as Image signifies that, in any situation, credibility and



reputation are identities that should always be preserved and maintained as manifestations of IC as CA. Thus, the IC developed in this concept is depicted in the structural model as follows:

2020). Within the framework of a global mindset, intellectual capital is regarded as the cognitive element, involving aspects such as global business acumen, cosmopolitan perspective, and cognitive complexity (Murniati & Sutamto, 2023).



Intellectual capital Mindset for HR in the Tourism Industry

The success and competitive advantage of businesses in the tourism and hospitality sector depend significantly on intellectual capital and human resources (Angkasaputra et al., 2022). This is especially critical in the global tourism context, where the tourism and hospitality industries need to sustain their competitive edge (Angkasaputra et al., 2022). Additionally, the competitive advantage of organizations is linked to managerial intellectual capital, contributing to a global mindset (Peters & Okech,

In the tourism industry, the role of human resources (HR) is essential for maintaining competitiveness on a global scale (Varra et al., 2021). Research indicates that frequently used keywords in studies related to human resource management in the hospitality and tourism field include job satisfaction, hospitality, tourism, HRM, and work engagement (Pelit & Katırcıoğlu, 2021). Furthermore, the global tourism sector is grappling with a talent shortage, underscoring the significant human resource challenge it faces (Johnson et al., 2019). The COVID-19 pandemic has had a substantial impact on the tourism industry, resulting in reduced tourist arrivals and economic repercussions in various nations (Stanišić et al., 2022). Consequently, the importance of human resources in the tourism sector has been underscored, with human resources emerging as a critical constraint in the development of tourism villages in Indonesia (Umam et al., 2022). Additionally, coastal

hotels must secure an adequate workforce, uphold service quality, and ensure a stable revenue stream to achieve sustainable development goals (Xue et al., 2022).

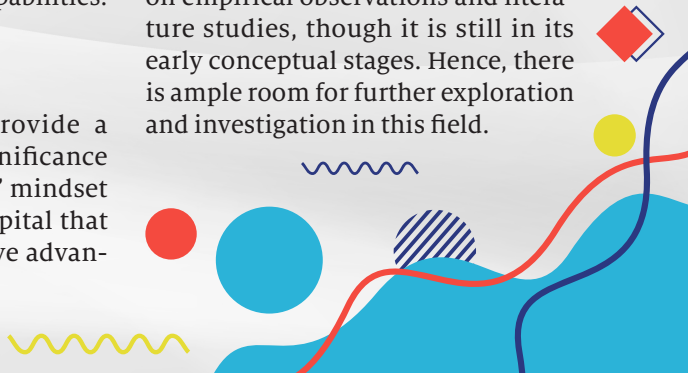
Moreover, there has been an exploration of intellectual capital within the sphere of the tourism industry, where studies aim to assess the extent of disclosure regarding intellectual capital components among companies in tourism and hospitality (Hatane et al., 2022). The findings reveal that intellectual capital, as an intangible asset, can be strategically managed by companies to enhance their competitive capabilities and overall value (Natsir & Bangun, 2021). In summary, both intellectual capital and human resources play pivotal roles in ensuring the success and sustainability of the global tourism and hospitality sector. The competitive advantage of small and medium-sized enterprises (SMEs) within this industry is significantly impacted by intellectual capital, while the challenge of a talent shortage requires critical attention. The COVID-19 pandemic has further underscored the significance of human resources in the tourism sector, underscoring the necessity for sustainable development and effective management of intellectual capital to bolster competitive capabilities.

Conclusion

This study aims to provide a clearer insight into the significance of organizational members' mindset as a form of intellectual capital that contributes to a competitive advan-

tage, particularly within the tourism industry. The findings suggest that a proactive approach by management to invest in key intellectual resources, enhancing the strength of intellectual capital, can ensure the organization consistently maintains a competitive edge. To thrive in today's globally interconnected economy and effectively manage strategic intellectual capital resources within the tourism industry, management should prioritize intellectual capital resources. The sustainable competitive advantage in the tourism sector is no longer solely dependent on physical assets and financial capital but relies on the efficient distribution of intellectual capital. It is recommended that managers pay special attention to cultivating relationships with customers and other stakeholders to rebuild trust and enhance institutional reputation.

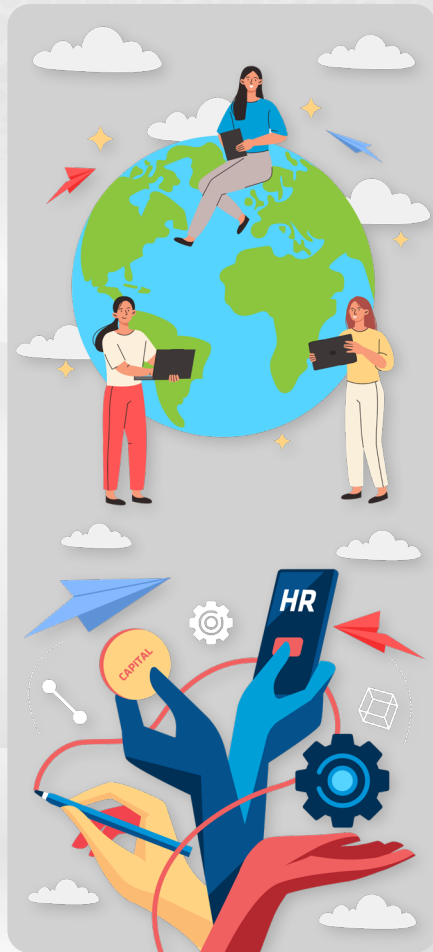
Recognizing human capital as a pivotal element in enhancing other aspects of intellectual capital (Maheran and Khairu, 2009; Martos, 2009), there is a need for a mindset shift. The focus should be on staff training and developing specific skills tailored to the technical demands within the tourism industry. The conceptual model presented here is based on empirical observations and literature studies, though it is still in its early conceptual stages. Hence, there is ample room for further exploration and investigation in this field.



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He was appointed by the Minister of Tourism to be a Steering Committee of Visit Wonderful Indonesia (VIWI 2018) program and in 2019 he was also assigned as Chairman for Accelerated Development of Halal Tourism Indonesia. In 2020 he was a curator of Tourism Incentive for The Ministry of Tourism and Creative Economy.

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Dr. Andini Risfandini, M.Sc., completed her bachelor's degree in Management in 2008. After working in the hospitality industry for 12 years, she decided to transition to higher education. She pursued her Master's degree in Tourism and Hospitality from Sunderland University in 2016, and later earned her Doctoral degree in Management from Brawijaya University in 2022.

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From Budi Luhur University, emerged as a dynamic individual with a rich background in the tourism industry. With a concentration in Tourism Communication, Alfiyyah has demonstrated her expertise and love in this field. During his time as a student at Budi Luhur University, he successfully organized and led an OpenTrip, showing off his leadership and organizational skills. In addition, Alfiyyah's dedication to academic research is evident through her involvement in research projects focused on tourism.

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